



## DAILY SOFTS COMMENTARY

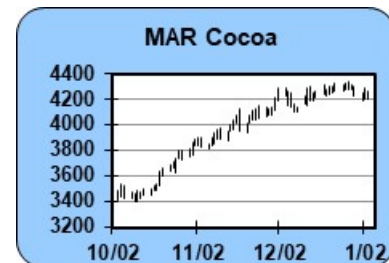
Thursday January 04, 2024

### DAILY COCOA COMMENTARY

1/4/2024

#### Near-term demand outlook remain uncertain, leaves market vulnerable to pullback

After a positive start to the year, cocoa prices have lost upside momentum. While global risk sentiment has seen a mild positive turnaround early in today's trading, cocoa prices remain vulnerable to sliding further. The Euro has found moderate strength this morning after losing 2% over the past four sessions which may provide carryover support to the cocoa as that will make it easier for European grinders to acquire near-term supplies. Although there has a recent increase in optimism over this season's West African cocoa production, any increase in supply is unlikely to occur until their late main crop harvest (February and March) and mid-crop harvest is underway April to September. With sharp early declines from last season, the 2023/24 season is on-track for a sizable global production deficit.



#### TODAY'S MARKET IDEAS:

While global equities and the Euro have found their footing early today, cocoa's near-term demand outlook will remain in question. Following huge 2023 gains, cocoa prices remain vulnerable to profit-taking and additional long liquidation over the rest of this week. Near-term resistance for March cocoa is at 4280 while support is down at 4195.

#### NEW RECOMMENDATIONS:

None.

#### PREVIOUS RECOMMENDATIONS:

None.

#### COCOA TECHNICAL OUTLOOK:

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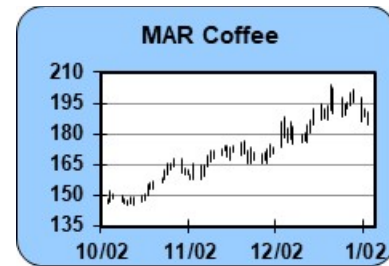
COCOA (MAR) 01/04/2024: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is now at 4170. The next area of resistance is around 4272 and 4307, while 1st support hits today at 4204 and below there at 4170.

### DAILY COFFEE COMMENTARY

1/4/2024

## Uncertain out-of-home demand outlook continues to pressure

Coffee prices have had a rough start to 2024 as demand concerns have flared up due to sluggish global risk sentiment. Following a strong fourth quarter performance and a managed money net long position close to a 1 1/2 year high of 39,761 contracts, coffee remains vulnerable to profit-taking and additional long liquidation. There has been decent rainfall over Brazil's major Arabica-growing regions over the past few weeks and while the weather turns dry starting tomorrow for several days, daily rains are forecast to return Tuesday. This should benefit next season's Brazilian production, and that has weighed on coffee prices this week. ICE exchange coffee stocks increased by 1,920 bags on Tuesday to 253,144 bags. Keep in mind that 60% of the coffee that went through the exchange grading process on Wednesday (2,880 bags) were rejected while there are only 9,736 bags waiting to be graded.



### TODAY'S MARKET IDEAS:

Coffee consumption at restaurants and retail shops tends to decline whenever global market risk anxiety is on the rise, and that could continue to weaken coffee's near-term demand outlook. Although a mild "risk on" mood has developed early in today's trading, coffee prices need to find additional support to lift clear of this week's lows. Near-term resistance for March coffee is at 190.00 while support is at 182.50.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

### COFFEE TECHNICAL OUTLOOK:

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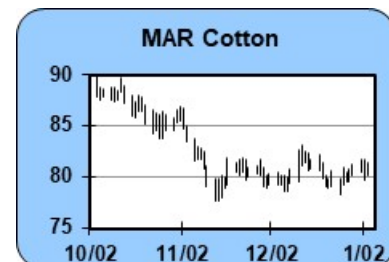
COFFEE (MAR) 01/04/2024: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The market is in a bearish position with the close below the 2nd swing support number. The next downside target is 180.84. The next area of resistance is around 189.37 and 193.33, while 1st support hits today at 183.13 and below there at 180.84.

## DAILY COTTON COMMENTARY

1/4/2024

### Sharp recovery move in crude oil providing carryover support

Cotton was a standout commodity Wednesday defying a negative demand environment and a strong Dollar. A sharp rally in crude oil prices in the wake of an explosion at a Tehran cemetery and Red Sea shipping attacks provided carryover support to cotton prices as that could increase the raw material costs for nylon and polyester clothing. The Pakistan Cotton Ginners Association lowered their domestic 2023/24 production forecast to 8.5 million bales from their earlier estimate of 12.8 million. Despite the revision, 8.5 million would still be a 9-season high. There is also some market optimism that US cotton shipments to China will remain strong. This week's export sales report release is delayed until Friday due to Monday's holiday.



### TODAY'S MARKET IDEAS:

Energy prices are providing early carryover support, but that could evaporate quickly if the weekly EIA report is bearish. Global risk sentiment appears to be on the mend, and that can help to strengthen demand expectations. If cotton can close above the 50-day moving average, cotton should maintain upside momentum. Near-term support for March cotton is at 80.25 while resistance is up at 82.20.

#### **NEW RECOMMENDATIONS:**

None.

#### **PREVIOUS RECOMMENDATIONS:**

None.

#### **COTTON TECHNICAL OUTLOOK:**

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COTTON (MAR) 01/04/2024: The major trend could be turning up with the close back above the 40-day moving average. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside target is at 82.19. The next area of resistance is around 81.60 and 82.19, while 1st support hits today at 80.26 and below there at 79.52.

COTTON (JUL) 01/04/2024: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's short-term trend is positive on the close above the 9-day moving average. The market setup is supportive for early gains with the close over the 1st swing resistance. The next upside objective is 83.80. The next area of resistance is around 83.34 and 83.80, while 1st support hits today at 82.24 and below there at 81.59.

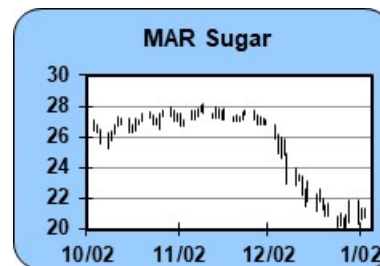
#### **DAILY SUGAR COMMENTARY**

1/4/2024

##### **South Asian production issues continue to underpin prices**

Sugar prices have seen recent coiling action that has resulted in only one "lower low" since the market reached a 9-month low in late December. The sugar market may be close to making a trend decision and with the latest net spec long position (64,373 contracts) one-quarter of the size it had during mid-October (260,384 contracts). Indonesia set their 2024 sugar import quota at 4.77 million tonnes, which compares to 3.6 million last year which has provided mild early support to prices.

There are early indications that next season's Brazilian Center-South sugar production will come in around 43 million tonnes, which will surpass this season's record high total and has weighed on sugar prices early this year. This would be due to a larger 2024/25 cane crush, but also to Center-South mills potentially allocating 50% or higher of their crushing to sugar production for the entire 2024/25 season. In addition, the Brazilian currency has already fallen more than 1.4% below its 2023 year-end level which has put pressure on sugar prices as that gives further encouragement for mills to produce sugar for export.



#### **TODAY'S MARKET IDEAS:**

Brazil's 2024/25 cane harvest is not expected to reach full speed until mid-April, and that can help to shift market focus back towards India and Thailand and their production/export issues. Unless global markets intensify this week's "risk off" mood, sugar prices can regain upside momentum. Near-term support for March sugar is at 20.50 while resistance is up at 21.35.

#### **NEW RECOMMENDATIONS:**

Buy a March Sugar 21.00/23.00 bull call spread at 0.50 or better with an objective of 1.70. Risk the spread to

0.15.

**PREVIOUS RECOMMENDATIONS:**

None.

**SUGAR TECHNICAL OUTLOOK:**

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SUGAR (MAR) 01/04/2024: Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market could take on a defensive posture with the daily closing price reversal down. It is a slightly negative indicator that the close was lower than the pivot swing number. The near-term upside objective is at 21.64. The next area of resistance is around 21.19 and 21.64, while 1st support hits today at 20.51 and below there at 20.27.

**OJ TECHNICAL OUTLOOK:**

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ORANGE JUICE (MAR) 01/04/2024: Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market's close above the 2nd swing resistance number is a bullish indication. The next upside target is 356.35. The next area of resistance is around 349.15 and 356.35, while 1st support hits today at 325.20 and below there at 308.40.

**DAILY TECHNICAL STATISTICS**

	CLOSE	9 DAY RSI	14 DAY RSI	14 DAY SLOW STOCH D	14 DAY SLOW STOCH K	4 DAY M AVG	9 DAY M AVG	18 DAY M AVG	45 DAY M AVG	60 DAY M AVG
<b>SOFTS MARKETS COMPLEX</b>										
SBAH24	20.85	38.25	35.32	18.67	22.79	21.02	20.78	21.52	24.75	25.35
CTAH24	80.93	55.97	52.29	44.82	52.08	80.71	80.17	80.50	80.54	81.97
CTAN24	82.79	60.18	55.55	56.72	67.25	82.48	81.75	81.84	81.90	83.29
CCAH24	4238	49.21	53.70	58.18	46.91	4241.25	4270.67	4259.94	4129.22	4010.73
OJAH24	337.15	46.90	43.90	11.65	20.20	321.88	327.56	345.86	364.02	363.37
KCAH24	186.25	45.17	50.40	58.27	44.08	190.68	192.42	189.88	178.84	173.47
MAG24	15.55	29.26	29.42	13.09	12.53	15.65	15.68	16.03	16.83	17.19

Calculations based on previous session. Data collected 01/03/2024

Data sources can & do produce bad ticks. Verify before use.

**DAILY SWING STATISTICS**

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>SOFTS MARKETS COMPLEX</b>						
SBAH24	Sugar	20.26	20.50	20.95	21.19	21.64
CTAH24	Cotton	79.51	80.26	80.85	81.60	82.19
CTAN24	Cotton	81.58	82.23	82.69	83.34	83.80
CCAH24	Cocoa	4169	4203	4238	4272	4307
OJAH24	Orange Juice	308.35	325.15	332.35	349.15	356.35
KCAH24	Coffee	180.83	183.12	187.08	189.37	193.33
MAG24	Milk	15.41	15.46	15.59	15.64	15.77

Calculations based on previous session. Data collected 01/03/2024

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