



DAILY SOFTS COMMENTARY

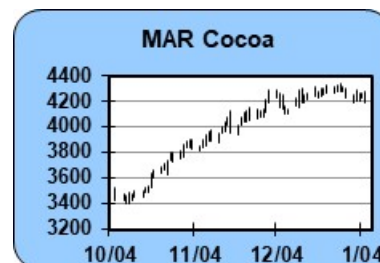
Monday January 08, 2024

DAILY COCOA COMMENTARY

1/8/2024

Rising concern with near-term demand leads to downside breakout

The cocoa market has started this week by breaking out below its late December/January consolidation zone. Global markets have made a sluggish start to the year, and that has weakened cocoa's near-term demand outlook and left it vulnerable to further downside price action. Stronger than expected December US jobs data on Friday increased the prospect that US rates will stay at elevated levels through the first half of this year. This could weaken domestic demand for discretionary items such as chocolate. In addition, a sluggish start to 2024 for European equity markets and the Euro also weighed on cocoa prices as that could weaken demand in Europe, a region that accounts for the largest share of global grindings while at the same time having no domestic source for cocoa beans. Reuters estimated last week's Ivory Coast port arrivals at 46,000 tonnes, which compares to 87,000 for the comparable week last year. This put their 2023/24 full season total at 873,000 tonnes which is 35.2% behind last season's pace. The January 2nd Commitments of Traders report showed Managed Money traders are net long 62,942 contracts after net buying 1,220 contracts. Money managers have increased their bullish London cocoa bets by 1,285 contracts to 60,986 according to weekly ICE Futures Europe data. This is the largest net long position in four weeks.



TODAY'S MARKET IDEAS:

Cocoa should continue to find support from a bullish supply outlook, particularly with the major West African growing nations. Near-term demand concerns have become a larger issue with prices still relatively close to the 46-year highs reached in late December, so the negative tone to global risk sentiment may encourage more profit-taking and additional long liquidation. Near-term resistance for March cocoa is at 4220 while support is down at 4100.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 12/26/2023 - 1/2/2024

	Non-Commercial		Commercial		Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Cocoa	60,796	+327	-60,889	+1,214	93	-1,541

COCOA TECHNICAL OUTLOOK:

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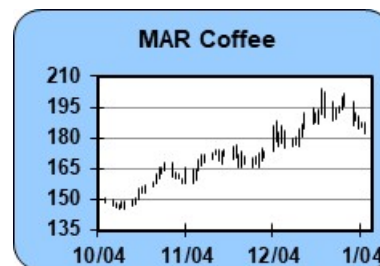
COCOA (MAR) 01/08/2024: The downside crossover (9 below 18) of the moving averages suggests a developing short-term downtrend. Declining momentum studies in the neutral zone will tend to reinforce lower price action. A negative signal for trend short-term was given on a close under the 9-bar moving average. The outside day down and close below the previous day's low is a negative signal. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside objective is 4139. The next area of resistance is around 4244 and 4299, while 1st support hits today at 4164 and below there at 4139.

DAILY COFFEE COMMENTARY

1/8/2024

Uncertain out-of-home demand outlook continues to pressure

After a mildly positive start to the year, coffee prices are on track to have a 4-day losing streak. Until market sentiment starts to improve, the coffee market may remain under pressure early this week. The prospect of increased production from Brazil, Colombia and Honduras continues to pressure coffee prices. The USDA projected 2023/24 global Arabica production at 97.315 million bags, which compares to 87.886 million bags during the 2022/23 season and would be the fourth highest total on record. Brazil's government said that their December green coffee exports came in at 243,560 tonnes (4.059 million bags), and that compares to 182,101 tonnes (3.035 million bags) last year. Colombia's December coffee production came in at 1.22 million bags which compares to 981,000 bags in December 2022. As a result, Colombia's 2023 coffee production came in at 11.3 million bags which was 2% above last year and was their first annual production increase since 2019. ICE exchange coffee stocks were unchanged at 253,144 on Friday after no grading took place, but they now have 16,901 bags waiting to go through the exchange grading process. ICE exchange coffee stocks are on-course for a second monthly increase in a row. The January 2nd Commitments of Traders report showed Coffee Managed Money traders added 1,316 contracts to their already long position and are now net long 41,077. This is their largest net long position since September 2022. Money managers increased their bullish robusta coffee bets by 614 net-long positions to 33,298 according to ICE Futures Europe data.



TODAY'S MARKET IDEAS:

Global equity markets have made a sluggish start to the year, and that will further weaken coffee's home demand outlook. Until a "risk on" mood redevelops, increased production and lukewarm near-term demand should keep the coffee market under pressure. Near-term resistance for March coffee is at 183.25 while support is down at 176.50.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 12/26/2023 - 1/2/2024						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Coffee	46,113	+134	-47,381	+417	1,268	-551

COFFEE TECHNICAL OUTLOOK:

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COFFEE (MAR) 01/08/2024: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. A negative signal for trend short-term was given on a close under the 9-bar

moving average. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside target is now at 178.30. The next area of resistance is around 185.55 and 189.30, while 1st support hits today at 180.05 and below there at 178.30.

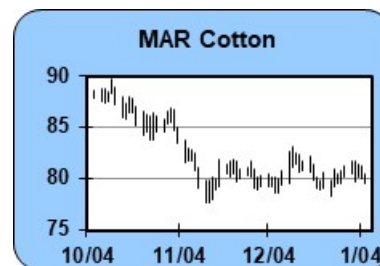
DAILY COTTON COMMENTARY

1/8/2024

Low US production this season continues to underpin prices

Cotton prices have been unable to close above their 50-day moving average since mid-October, but the market has stayed clear of the November and December lows early this year. If a rebound in global risk sentiment can improve its demand outlook, cotton prices can regain and sustain upside momentum early this week. Rain in the forecast for southeastern US growing areas has weighed on cotton prices recently as that should improve the prospects for the region's 2024/25 cotton production. The latest USDA Export Sales report showed that for the week ending December 28, net cotton sales came in at 131,063 bales

for the current marketing year and none for the next marketing year for a total of 131,063 bales. This was a 65% decline from the 372,497 bales sold in the December 21st report, but the market was expecting a significant weekly decline due to slow end-of-year "holiday" business. Cumulative export sales have reached 75.2% of the USDA forecast for the 2023/2024 marketing year versus a 5-year average of 76.8%. Sales need to average 81,000 bales per week to reach the USDA forecast. The largest importers of cotton in the December 28th report were China (50,735 bales) Vietnam (31,778 bales) and Pakistan (25,640 bales), all of which are during the current marketing year. Cotton positioning in the Commitments of Traders for the week ending January 2nd showed Managed Money traders are net short 4,388 contracts after net selling 541 contracts.



TODAY'S MARKET IDEAS:

While recent rainfall should benefit the upcoming 2024/25 US cotton crop, the 14-year low in 2023/24 US production will continue to underpin cotton prices early this year. If global risk sentiment can see a positive turnaround, cotton prices can extend a recovery move. Near-term support for March cotton is at 79.35 while resistance is at 80.80.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 12/26/2023 - 1/2/2024

	Non-Commercial		Commercial		Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Cotton	8,809	+2,303	-8,496	-1,599	-312	-704

COTTON TECHNICAL OUTLOOK:

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COTTON (MAR) 01/08/2024: The moving average crossover up (9 above 18) indicates a possible developing short-term uptrend. Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The close below the 9-day moving average is a negative short-term indicator for trend. The daily closing price reversal up on the daily chart is somewhat positive. It is a slightly negative indicator that the close was under the swing pivot. The near-term upside target is at 81.11. The next area of resistance is around 80.68 and 81.11, while 1st support hits today at 79.70 and below there at 79.16.

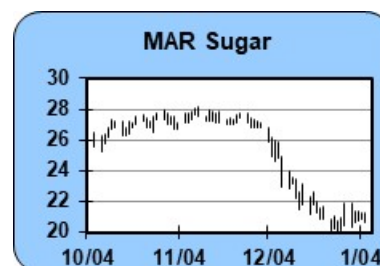
COTTON (JUL) 01/08/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. A positive signal for trend short-term was given on a close over the 9-bar moving average. The daily closing price reversal up on the daily chart is somewhat positive. The market's close below the pivot swing number is a mildly negative setup. The next upside target is 82.97. The next area of resistance is around 82.58 and 82.97, while 1st support hits today at 81.72 and below there at 81.24.

DAILY SUGAR COMMENTARY

1/8/2024

Sharp drop in Thailand production and exports continues to provide support

Sugar has spent all of this year's trading so far inside of the December 29th daily range as the market continues to see coiling price action. After overcoming bearish supply news late last week, sugar is likely to maintain upside momentum early this week. Brazilian December sugar exports came in at 3.853 million tonnes which compares to 2.203 million in December 2022. Although some of their December total was for shipments that were delayed by Brazil's recent port congestion, the sharp increase from last year is due in larger part to Center-South sugar production being on a record pace this season. In contrast, Thailand's Sugar and Cane Board forecast their 2023/24 sugar production at 8 to 8.5 million tonnes which would be a 25% decline from last season. This should also result in Thai sugar exports having a sharp decline from last season which helped the market recover from last Friday's early lows. India is likely to extend their sugar export ban through the rest of this season, and that has underpinned sugar prices early this week. India's government relaxed their ban on using cane juice for ethanol production and will currently allow 1.7 million tonnes of sugar production to be diverted to ethanol production. India is still targeting a 20% ethanol blending rate for their gasoline by 2025. While there has been an increase in ethanol production from grains, India's mills will still need to increase the amount of ethanol produced from cane juice over the next 2 years. The Commitments of Traders report for the week ending January 2nd showed Sugar Managed Money traders are net long 18,197 contracts after net selling 3,963 contracts. This is their smallest net long position since October 2022. In London white sugar Money Managers net sold 1,386 contracts and now sit net-long 9,534 contracts, according to ICE Futures Europe data. The net-long position was the least bullish in about 22 months.



TODAY'S MARKET IDEAS:

While Brazil is still on-track to have record high sugar production and sugar exports this season, their flow of sugar exports should start to taper off during the first quarter. Thailand's sizable production decline will have its largest impact on the global export market during the first half of this year, and that can help sugar prices extend a recovery move over the next few weeks. Near-term support for March sugar is at 20.90 while resistance is up at 21.85.

NEW RECOMMENDATIONS:

Buy a March Sugar 21.00/23.00 bull call spread at 0.55 or better with an objective of 1.70. Risk the spread to 0.15.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 12/26/2023 - 1/2/2024						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Sugar	43,140	-15	-61,949	+2,424	18,808	-2,410

SUGAR TECHNICAL OUTLOOK:

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SUGAR (MAR) 01/08/2024: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside target is 21.61. The next area of resistance is around 21.41 and 21.61, while 1st support hits today at 20.81 and below there at 20.40.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (MAR) 01/08/2024: 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 close below the 9-day moving average is a negative short-term indicator for trend. The gap lower price action on the day session chart is a bearish indicator for trend. The swing indicator gave a moderately negative reading with the close below the 1st support number. The near-term upside objective is at 328.90. The next area of resistance is around 324.00 and 328.90, while 1st support hits today at 316.40 and below there at 313.65.

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
SOFTS MARKETS COMPLEX										
SBAH24	21.11	42.26	38.00	25.02	31.75	20.99	20.89	21.29	24.49	25.15
CTAH24	80.19	48.59	47.97	48.16	51.37	80.30	80.39	80.30	80.36	81.71
CTAN24	82.15	52.90	51.20	61.68	65.41	82.23	82.11	81.76	81.75	83.07
CCAH24	4204	43.95	49.74	47.46	34.00	4244.25	4255.89	4259.56	4146.11	4036.00
OJAH24	320.15	36.14	37.02	16.82	20.03	326.79	322.41	341.41	361.55	362.54
KCAH24	182.80	40.24	46.89	40.85	23.08	186.19	190.66	190.64	179.84	174.68
MAG24	15.53	30.91	30.52	12.37	11.24	15.58	15.66	15.89	16.73	17.11

Calculations based on previous session. Data collected 01/05/2024

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

DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
SOFTS MARKETS COMPLEX						
SBAH24	Sugar	20.39	20.80	21.00	21.41	21.61
CTAH24	Cotton	79.15	79.70	80.13	80.68	81.11
CTAN24	Cotton	81.23	81.71	82.10	82.58	82.97
CCAH24	Cocoa	4139	4164	4219	4244	4299
OJAH24	Orange Juice	313.60	316.35	321.25	324.00	328.90
KCAH24	Coffee	178.30	180.05	183.80	185.55	189.30
MAG24	Milk	15.32	15.40	15.58	15.66	15.84

Calculations based on previous session. Data collected 01/05/2024

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