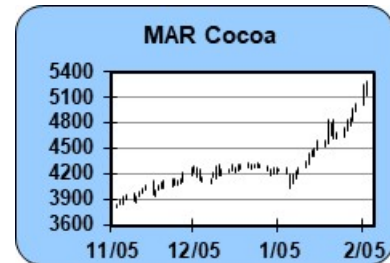




**DAILY COCOA COMMENTARY**  
2/7/2024

**Analysts worry about a 4th straight production deficit.**

March cocoa extended its gains overnight, as it continued its march towards all-time highs. Ivory Coast's Cocoa and Coffee Council is forecasting mid-crop production at 400,000-450,000 tonnes, down from 550,000 in 2023. A Reuters poll of traders and analysts projected a 375,000-tonne global deficit for the 2023/24 marketing year, which was more than double the projection from a previous poll last August. This would be the third deficit in a row, which is not a surprise given the problems this marketing year. The poll also put Ivory Coast production at 1.8 million tonnes in 2023/24 and 2.0 million in 2024/25 versus an ICCO's estimate for 2022/23 at 2.18 million tonnes. The poll also put Ghana's 2023/24 crop at 620,000 tonnes and 2024/25 at 700,000 tonnes versus ICCO's 2022/23 estimate of 680,000. Despite the recovery in both nation's crops in 2024/25, the poll called for a global deficit of 135,000 tonnes. One factor that traders mentioned was the need for farmers to gain better access to fertilizers and pesticides. Ghana cocoa arrivals since the 2023/24 marketing year started on September 1 reached 341,000 tonnes as of January 31, down 35% from the same period a year ago, according to the Ghanaian marketing board COCOBOD. Their production is estimated to have dropped by 200,000 tonnes from 2022/23.



**TODAY'S MARKET IDEAS:**

Open interest has declined on the recent leg higher, which suggests the current rally could be running out of steam. RSI at 86 and stochastics at 88-90 suggest an overbought market vulnerable to a corrective move. However, the market reached new highs again overnight, and there is no indicator of a top. The all-time high for NY cocoa occurred in July 1977 when it reached an intra-day high of \$5379. This could be the next upside objective.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

**COCOA TECHNICAL OUTLOOK:**

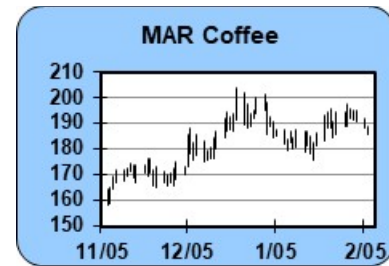
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COCOA (MAY) 02/07/2024: Momentum studies are trending higher but have entered overbought levels. The market's short-term trend is positive on the close above the 9-day moving average. The market has a slightly positive tilt with the close over the swing pivot. The next upside target is 5248. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 5179 and 5248, while 1st support hits today at 5035 and below there at 4961.

**DAILY COFFEE COMMENTARY**  
2/7/2024

## January Colombian coffee production up 10.5% from 2023.

March coffee bounced off the 50-day moving average yesterday, which lent support overnight, but the supply news has taken a negative turn this week, and we would not be surprised to see the market retest yesterday's lows at some point this week. ICE exchange Arabica coffee stocks have continued their march higher, increasing another 7,290 bags on Tuesday to 288,745. They are up 38,916 bags since the end of January and are the highest they have been in 2 1/4 months. There are 43,494 bags pending review. The increase in exchange stocks could be an indication of subdued demand from retailers. Last week, Starbucks Corp lowered its 2024 sales outlook. On the other hand, robusta stocks are at a record low, and a resumption in the London robusta futures could lend support to the NY Arabica contract. Safras and Mercado this week raised its 2022/23 Brazil coffee crop estimate to 61.1 million bags from a previous estimate of 58.9 million. Colombia produced 959,000 bags of washed Arabica coffee in January, up 10.5% from January 2023. Exports totaled 935,000 bags, up 12.4% from a year earlier. Colombia produced 11.3 million bags in 2023, up 2% from 2022. The weather forecast for Minas Gerais, Brazil has chances of rain for six of the next seven days and another extended period starting at the end of next week. This could ease concerns about 2024/25 production after the dry conditions the area has experienced since November.



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

March coffee bounced off the 50-day moving average at 186.00, and that level offers initial support today, but increasing exchange stocks and the revisions higher in Brazilian production could limit a recovery. A break below 186.00 would leave the next target at the gap at 179.95-181.35. Look for resistance at 191.85.

### **NEW RECOMMENDATIONS:**

None.

### **PREVIOUS RECOMMENDATIONS:**

None.

### **COFFEE TECHNICAL OUTLOOK:**

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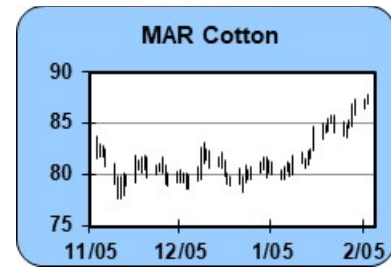
COFFEE (MAY) 02/07/2024: The close below the 40-day moving average is an indication the longer-term trend has turned down. Daily stochastics turning lower from overbought levels is bearish and will tend to reinforce a downside break especially if near term support is penetrated. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market's close below the pivot swing number is a mildly negative setup. The next downside target is now at 181.73. The next area of resistance is around 186.70 and 188.12, while 1st support hits today at 183.50 and below there at 181.73.

## **DAILY COTTON COMMENTARY**

**2/7/2024**

## China stock market rally adds to bullish ideas.

March cotton was mixed overnight after trading to its highest level since October 16 yesterday. The market has garnered support from an improvement in the weekly exports data over the past few weeks, to the point where some traders think the 2023/24 crop could be nearly sold out. The sharp recovery in the Chinese stock markets over the past two days also lends support on ideas that a strengthening economy could keep them as active buyers. Traders will be looking to tomorrow's export sales report for verification of the strong export pace, but sales could start to slow down ahead of the Lunar New Year holidays, which start this week. Last week's export sales report showed net sales of 374,533 bales for the week ending January 25, which was the second highest since November. Sales have been above 200,000 in five of the last six weeks. Shipments totaled 396,711 in last week's report, which was the highest since last April. The strong shipments pace has eased concerns about the potential for cancellations due to competition from South America and Australia. After the export sales report early tomorrow morning, the trade will be confronted with the monthly USDA supply/demand report at 11:00 AM Central time. For the report, the average trade expectation for US 2023/24 ending stocks is 2.86 million bales, with a range of guesses from 2.65 to 3.00 million. This would be down from 2.90 million in the January update. Exports are expected to be around 12.09 million bales (range 12.00-12.25) versus 12.01 million in January. World ending stocks are expected to come in around 84.37 million bales versus 84.38 million in January, with world consumption at 112.33 million bales versus 112.43 million in January.



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

There may be some hesitancy to push prices too much higher ahead of tomorrow's USDA export sales and supply/demand reports. The next resistance for march cotton comes in at 88.08, with support at 87.21.

### **NEW RECOMMENDATIONS:**

None.

### **PREVIOUS RECOMMENDATIONS:**

None.

### **COTTON TECHNICAL OUTLOOK:**

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**COTTON (MAY) 02/07/2024:** Momentum studies are trending higher but have entered overbought levels. The market's close above the 9-day moving average suggests the short-term trend remains positive. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 89.10. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 88.78 and 89.10, while 1st support hits today at 88.02 and below there at 87.57.

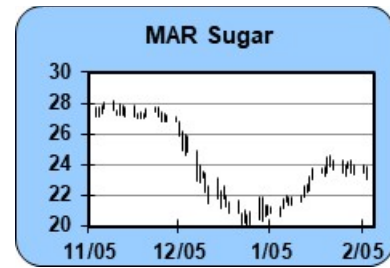
**COTTON (JUL) 02/07/2024:** Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The close above the 9-day moving average is a positive short-term indicator for trend. The close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 89.49. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 89.21 and 89.49, while 1st support hits today at 88.53 and below there at 88.12.

## **DAILY SUGAR COMMENTARY**

**2/7/2024**

**Mixed ideas on global supply.**

March sugar bounced off the 50-day moving average yesterday and tried to build on those gains overnight. The market could be approaching an inflection point, as it balances record Brazilian production with lower output in Thailand, India, and possibly Australia. Yesterday, Australia-based sugar and biofuels analytical firm Green Pool said that it expects the global sugar deficit to widen to 788,000 tonnes in 2024/25. The 2023/24 deficit was forecast at 427,000 tonnes versus an 8.4 million-tonne deficit in 2022/23. This contrasts with a report from StoneX earlier in the week that projected a 2023/24 global surplus of 3.4 million tonnes, which was up from their previous estimate of 730,000. Crude oil was up overnight for the third straight session, but this followed a six-day collapse that saw March crude oil prices fall 9%. A couple of rain events over the next week or so in Brazil could ease concerns about the upcoming cane crop.



**TODAY'S MARKET IDEAS:**

If March sugar closes above 24.00 today, technical traders may view the action as the completion of a bull flag that would set it up for a resumption of the uptrend off the December lows. This would leave the next upside target at 25.04. Key support comes in at the 50-day moving average at 22.95.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

**SUGAR TECHNICAL OUTLOOK:**

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SUGAR (MAY) 02/07/2024: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. The daily closing price reversal up on the daily chart is somewhat positive. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside objective is 22.14. The next area of resistance is around 23.20 and 23.50, while 1st support hits today at 22.52 and below there at 22.14.

**OJ TECHNICAL OUTLOOK:**

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ORANGE JUICE (MAR) 02/07/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The close above the 9-day moving average is a positive short-term indicator for trend. The market setup is supportive for early gains with the close over the 1st swing resistance. The next upside objective is 388.15. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 385.35 and 388.15, while 1st support hits today at 376.50 and below there at 370.40.

**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>										
SBK24	22.86	55.02	54.68	73.62	67.44	22.86	22.97	22.62	21.89	22.90
CTA24	88.40	78.96	74.31	91.26	93.77	88.06	86.99	85.50	82.90	82.44
CTAN24	88.87	78.95	74.76	92.40	94.65	88.59	87.62	86.10	83.48	83.02

CCAK24	5107	86.23	81.64	92.46	93.51	4994.25	4809.44	4624.33	4361.78	4287.75
OJAH24	380.90	77.79	70.22	87.18	92.00	375.93	352.74	328.19	336.80	349.60
KCAK24	185.10	46.93	49.80	75.94	71.50	187.94	188.02	184.90	184.90	181.38
MAH24	17.45	64.99	62.22	76.86	81.44	17.53	17.08	16.60	16.69	16.96

**Calculations based on previous session. Data collected 02/06/2024**

**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>						
SBAK24	Sugar	22.14	22.52	22.82	23.20	23.50
CTAK24	Cotton	87.56	88.01	88.33	88.78	89.10
CTAN24	Cotton	88.11	88.52	88.80	89.21	89.49
CCAK24	Cocoa	4960	5035	5104	5179	5248
OJAH24	Orange Juice	370.35	376.45	379.25	385.35	388.15
KCAK24	Coffee	181.72	183.50	184.92	186.70	188.12
MAH24	Milk	16.68	17.02	17.54	17.88	18.40

**Calculations based on previous session. Data collected 02/06/2024**

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