



DAILY SOFTS COMMENTARY Thursday February 22, 2024

DAILY COCOA COMMENTARY 2/22/2024

Slight improvement in Ivory Coast forecast, but not widespread.

May cocoa was higher overnight following yesterday's breakout rally to another new contract high. Hot, dry conditions in West Africa point to lower mid-crop production and have analysts looking for an even supply/demand tighter setup for the 2023/24 marketing year. An official from Ghana's Cocoa Board said he expects their 2023/24 production to come in at 650,000 to 700,000 tonnes, down from an earlier forecast of 850,000. This would be their lowest in 14 seasons. He added that an estimated 150,000 tonnes were lost to smuggling.

Ghana is the world's second-largest producer. There appears to be a better chance of rain in some areas of Ivory Coast over the next two weeks, but the outlook is mixed, and any rains that do arrive may not be widespread. Soubre has a greater than 50% chance of rain in nine of the next 14 days. Other areas show only three days with a 50% chance or more, and some areas are less than that. Reports are that chocolate manufacturers not covered for their needs in upcoming quarters, which suggest that any setbacks in prices will attract commercial buyers.



TODAY'S MARKET IDEAS:

Cocoa's open interest reached a 10-month low on Tuesday, and it has fallen more than 77,000 contracts (23%) since the end of January. This suggests that short covering has behind the recent leg higher, which is not necessarily bullish. Look for support in May cocoa at 5674, with resistance at the overnight high of 6020.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COCOA TECHNICAL OUTLOOK:

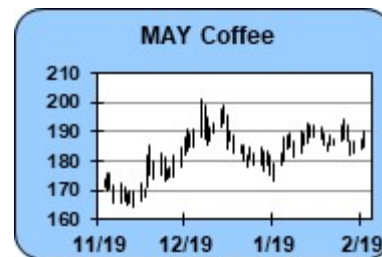
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COCOA (MAY) 02/22/2024: The daily stochastics have crossed over up which is a bullish indication. Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's short-term trend is positive on the close above the 9-day moving average. Market positioning is positive with the close over the 1st swing resistance. The near-term upside target is at 6145. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 6012 and 6145, while 1st support hits today at 5710 and below there at 5540.

DAILY COFFEE COMMENTARY 2/22/2024

Brazil crop expectations improving but guarded.

Coffee prices have maintained a coiling pattern since reaching a 4-week low last Wednesday, and they have extended their "higher low" pattern to a fourth session in a row overnight. The market appears to be building towards an inflection point, and the recent rainfall in Brazil's growing region lends a bearish fundamental tone to the market. The two-week forecast for Minas Gerais shows daily rainfall through Saturday, followed by several days of dry conditions, and rains resuming on February 29 and continuing for another week. Brazil's largest co-op said that their 2024/25 yields may come in higher than they originally expected due to the increased rain of the past two weeks. StoneX is projecting Brazil's 2024 crop at 67 million bags, up 4.2% from 2023 but down from previous forecasts due to the record heat and below-average rains in recent months. The Arabica harvest is forecast at 44.3 million bags, up 3.6% from 2023, and robusta at 22.7 million, up 5.5%. This is the on-year in Brazil's biennial cycle for Arabica coffee. ICE exchange coffee stocks were unchanged for a second day in a row yesterday at 307,262 bags. There are 126,982 bags pending review. A sharply lower dollar overnight could lend support to the Brazilian real, which would ease pressure on Brazilian growers to market their coffee.



TODAY'S MARKET IDEAS:

March coffee's coiling pattern could be heading to an inflection point, and a move through trendline in either direction could signal the next move. If consolidation means continuation, the move would be higher. However, the recent wetter trend in Brazil has us favoring the bear track. Trendline support for May coffee is at 184.45, with resistance at 192.75.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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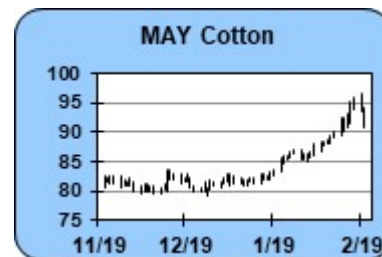
COFFEE (MAY) 02/22/2024: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The market now above the 18-day moving average suggests the intermediate-term trend has turned up. The market has a slightly positive tilt with the close over the swing pivot. The next downside objective is 184.35. The next area of resistance is around 189.74 and 190.94, while 1st support hits today at 186.45 and below there at 184.35.

DAILY COTTON COMMENTARY

2/22/2024

Quick bounce after a two-day setback.

May cotton was higher overnight as it extended yesterday's recovery from Monday's selloff. Traders are awaiting the weekly export sales data on Friday. Last week's report showed net sales of 168,209 bales for the week ended February 8, down from 318,655 the previous week and the lowest since December 28. Tomorrow's report could be a key inflection point if it shows a recovery from last week's numbers. The sales in tomorrow's report will reflect activity during the week-long Lunar New Year holiday, which could keep them on the low side. Traders have been encouraged by the pace of shipments, and another strong representation on that end would be appreciated. This week, the National Cotton Council's annual early season plantings intentions survey put 2024 cotton planted area at 9.8 million acres, down 3.7% from 10.23 million in 2023. This contrasts with the 11.0 million acres from the USDA Outlook Forum numbers last week. The dollar sold off sharply



overnight but bounced off key support at the 200-day moving average. If the dollar continues to work lower, it will improve the US export outlook.

TODAY'S MARKET IDEAS:

After a two-day correction, May cotton is approaching the contract high from last Friday at 96.42. Key support comes in at 90.84. The market may not be expecting much from tomorrow's export sales report given that it will reflect activity during the Lunar New Year holiday.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

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COTTON (MAY) 02/22/2024: Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. 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 next downside target is 90.00. The next area of resistance is around 94.70 and 95.89, while 1st support hits today at 91.76 and below there at 90.00.

COTTON (JUL) 02/22/2024: Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market has a slightly positive tilt with the close over the swing pivot. The next downside objective is now at 89.86. The next area of resistance is around 94.21 and 95.33, while 1st support hits today at 91.48 and below there at 89.86.

DAILY SUGAR COMMENTARY

2/22/2024

Brazil rains are improving crop expectations.

May sugar has held above the 50-day average for the past three sessions, and it appears destined to test that level today. Conditions have improved in Brazil's key Center-South growing region with the recent rainfall, and this lends a bearish fundamental tone. The two-week forecast has a better than 50% chance of rain in 12 out of the next 14 days. This helps ease concerns that the dry conditions earlier this year will adversely affect production. Rabobank said that even if the weather improves, they don't expect the crop to be anywhere near the exceptional levels of last year.



TODAY'S MARKET IDEAS:

Key support for May sugar comes in at 28.89, and a break below there would leave the next support at 21.75 and 21.29. Look for resistance at 22.89.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (MAY) 02/22/2024: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. A negative signal for trend short-term was given on a close under the 9-bar moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is now at 21.72. The next area of resistance is around 22.53 and 22.73, while 1st support hits today at 22.03 and below there at 21.72.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (MAR) 02/22/2024: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. The close below the 2nd swing support number puts the market on the defensive. The next downside objective is 356.00. The next area of resistance is around 367.35 and 374.15, while 1st support hits today at 358.30 and below there at 356.00.

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										
SBAK24	22.28	42.30	46.07	32.15	24.45	22.33	22.67	22.82	21.92	22.34
CTAK24	93.23	63.60	66.13	82.04	74.32	93.66	92.70	89.97	85.36	84.28
CTAN24	92.85	61.29	64.43	81.52	71.72	93.54	92.71	90.27	85.85	84.77
CCAK24	5861	75.88	76.35	82.83	83.37	5609.00	5598.78	5242.67	4674.40	4545.13
OJAH24	362.80	52.29	54.37	55.73	46.92	367.91	366.20	364.12	337.58	346.97
KCAK24	188.10	53.21	52.76	44.50	42.08	186.55	187.28	187.88	186.48	184.13
MAH24	16.98	49.71	51.13	42.05	31.36	16.90	17.05	17.13	16.63	16.82

Calculations based on previous session. Data collected 02/21/2024

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						
SBAK24	Sugar	21.71	22.02	22.22	22.53	22.73
CTAK24	Cotton	89.99	91.75	92.94	94.70	95.89
CTAN24	Cotton	89.86	91.47	92.60	94.21	95.33
CCAK24	Cocoa	5539	5709	5842	6012	6145
OJAH24	Orange Juice	355.95	358.25	365.05	367.35	374.15
KCAK24	Coffee	184.35	186.44	187.64	189.74	190.94
MAH24	Milk	16.63	16.82	16.95	17.14	17.27

Calculations based on previous session. Data collected 02/21/2024

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