

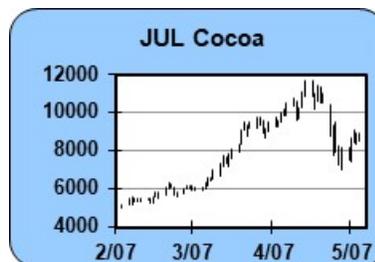


**DAILY SOFTS COMMENTARY**  
Monday May 13, 2024

**DAILY COCOA COMMENTARY**  
5/13/2024

**West Africa rains offer a chance for a better mid-crop.**

July cocoa's recovery rally stalled last week, and the market broke below a three-day consolidation overnight. Improvement in West African rainfall over the past few weeks and daily rain in the forecast through early next week should benefit late-harvested mid-crop cocoa as well as next season's main crop. Ivory Coast cocoa arrivals totaled 26,715 tonnes for the week ending May 12, bringing total arrivals since the marketing year began on October 1 to 1.4 million tonnes versus 2.01 million for the same period a year ago. A group of Ivory Coast processors said that their April grindings were 19.8% below last year, and that put full-season grindings 8.9% behind last year's pace. Rabobank analyst Paul Joules said on Friday that he expects a global production deficit of 360,000 tonnes in 2023/24 (versus 374,000 per ICCO) and that the 10% decline in production this year has been priced in. He expects another deficit in 2024/25 but a much smaller one than this year. Friday's Commitments of Traders report showed managed money traders were net buyers of 649 contracts of cocoa for the week ending May 7, increasing their net long to 14,374. The buying trend is supportive.



**TODAY'S MARKET IDEAS:**

Rain in the forecast for west Africa could limit upside in July cocoa, but the market could also find support at this month's lows until arrivals start to indicate the improvement in mid-crop output. The May 3 low at 6990 marked a 50% correction from the contract low to the contract high. Look for support at 8092 and 7788, with resistance at 9078 and 9356.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

Commitment of Traders - Futures and Options - 4/30/2024 - 5/7/2024						
	Non-Commercial		Net Position	Commercial		Non-Reportable
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	
<b>Softs</b>						
<b>Cocoa</b>	14,829	-1,081	-20,686	+31	5,857	+1,051

**COCOA TECHNICAL OUTLOOK:**

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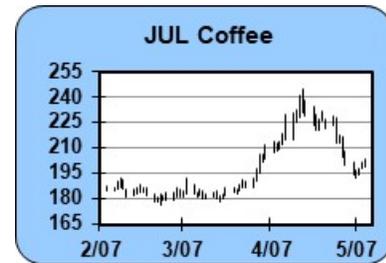
COCOA (JUL) 05/13/2024: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's close above the 9-day moving average suggests the short-term trend remains positive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside target is 9246. The next area of resistance is around 9115 and 9246, while 1st support hits today at 8667 and below there

at 8351.

## DAILY COFFEE COMMENTARY 5/13/2024

### Vietnam weather outlook improves.

Concerns that drier than normal conditions over Brazil's major Arabica growing regions will negatively impact a large portion of their upcoming 2024/25 crop may have lent support to the market at last week's lows. The harvest has begun in some of Brazil's Arabica growing regions, and the mostly dry weather in the forecast through early next week should help speed it along. ICE exchange arabica stocks rose by 12,255 bags on Friday to reach their highest level since April 2023. Friday's Commitments of Traders report showed managed money traders were net sellers of 9,292 contracts of coffee for the week ending May 7, reducing their net long to 59,048 contracts. This is down from the record 71,811 on April 16 but still historically high, which leaves the market vulnerable to heavy selling if support levels are taken out. The heat wave in Vietnam's Central Region is forecast to gradually recede during the second half of the month, according to their national weather agency. May 10-20 rainfall is seen reaching 460 mm, 11% higher than the historical average. Rainfall through June 10 is expected to be close to the historical average.



### TODAY'S MARKET IDEAS:

The fund net long is still large, rain is coming to Vietnam, and exchange stocks are still climbing. However, momentum indicators are flashing oversold, stochastics have recently crossed positive from a low level, and the market has managed to bounce off the 50% retracement of the rally from the contract low last year to the April contract high, which suggests a modest corrective rally is possible. Selling resistance in July NY coffee comes in at 207.70, with support at 196.05 and 192.15. A resumption of the downtrend would leave 184.35 as next support.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 4/30/2024 - 5/7/2024						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Coffee	64,204	-7,324	-67,403	+7,679	3,198	-355

### COFFEE TECHNICAL OUTLOOK:

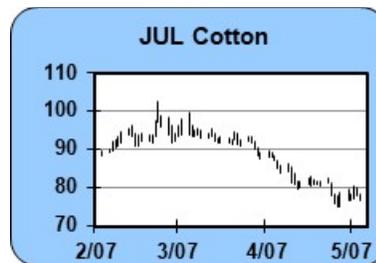
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COFFEE (JUL) 05/13/2024: A bullish signal was given with an upside crossover of the daily stochastics. Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. The close over the pivot swing is a somewhat positive setup. The next upside objective is 205.97. The next area of resistance is around 203.55 and 205.97, while 1st support hits today at 198.75 and below there at 196.38.

## DAILY COTTON COMMENTARY 5/13/2024

**USDA forecast for ample supply no surprise.**

The USDA supply/demand report on Friday came in at the bearish end of expectation but not extremely bearish. The cotton market fell in reaction to the report, but it did not threaten to take out its low from early this month. US growing conditions are good, but the market has little cushion if a weather problem develops. The USDA report showed US 2024/25 cotton production at 16.00 million bales versus an average expectation of 15.73 million bales and a range of expectations from 13.50 to 17.50 million. This was up from 12.10 million in 2023/24.



Exports came in at 13 million bales versus 13.14 million expected (range 12.10-14.00) and 12.30 million for 2023/24. Ending stocks were forecast at 3.7 million bales versus 3.49 million expected (range 2.70-4.25) and 2.50 million in 2023/24. World 2024/25 production came in at 119.05 million bales versus 116.74 million expected. The one bullish number was world ending stocks, which came in at 83.01 million bales versus 83.49 million expected and below a downwardly revised 83.08 million for 2023/24. US production is expected to be the highest since 2021/22. So far growing conditions in the US appear favorable, with the latest US drought monitor showing approximately 8% of US cotton production in an area experiencing drought versus 38% a year ago and 56% two years ago. World ending stocks are forecast to be the second highest since 2019/20 and the third highest since 2015/16. The Commitments of Traders showed managed money traders were net sellers of 11,765 contracts of cotton for the week ending May 7, increasing their net short to 13,699. This is their largest net short since last June and represents a dramatic change from the roughly 96,000 contracts they were net long in March. China's April CPI came in at +0.3% year over year versus +0.1% in March, which being viewed as a positive indicator for domestic consumption, which could also support US exports.

**TODAY'S MARKET IDEAS:**

Global cotton supply looks ample for the season ahead unless there is a poor crop somewhere. The US appears to be well positioned for a strong crop this year. However, with prices down 27% from their high in February and funds holding a modest net short position, it may be difficult to pressure the market too much below the May 3 low at 74.93, especially this early in the growing season. Look for resistance at 80.23 and 82.96.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

Commitment of Traders - Futures and Options - 4/30/2024 - 5/7/2024						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Cotton	6,817	-11,618	-6,786	+11,295	-30	+323

**COTTON TECHNICAL OUTLOOK:**

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COTTON (JUL) 05/13/2024: 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 market setup is somewhat negative with the close under the 1st swing support. The next upside objective is 79.39. The next area of resistance is around 78.27 and 79.39, while 1st support hits today at 76.35 and below there at 75.54.

COTTON (DEC) 05/13/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The close below the 9-day moving average is a negative short-term indicator for trend. The market's close below the 1st swing support number suggests a moderately negative setup

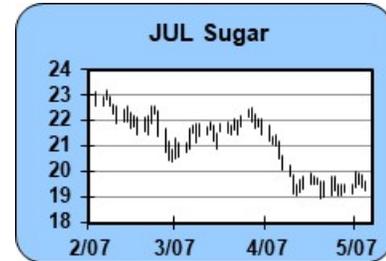
for today. The near-term upside target is at 77.10. The next area of resistance is around 76.00 and 77.10, while 1st support hits today at 74.26 and below there at 73.61.

## DAILY SUGAR COMMENTARY

5/13/2024

### Dry weather could lower Brazil yields as season progresses.

The sugar market has held within a 1.03 cent trading range for nearly four weeks, and during that time it has failed three attempts to break out, most recently Tuesday's move to a four-week high. Expectations that the next Unica supply report will show Brazil's Center-South sugar production remaining at a strong level pressured the market going into the weekend. In its first report for the 2024/25 season on April 26, Unica reported Brazil Center-South sugar production for the first half of April at 710,000 tonnes, up 31% from last year. But the dry conditions that Brazil has experienced since late 2023 that contributed to the strong start could also lower yields as the season progresses. Recent trade forecasts have projected the 2024/25 center-south cane crush to come in below 600 million tonnes from 654 million in 2023/24. Friday's Commitments of Traders report showed managed money traders were net sellers of 9,879 contracts of sugar for the week ending May 7, which took them from a net long position to a net short of 9,841, which is basically flat when compared to a 200,000 net long in November.



### TODAY'S MARKET IDEAS:

The strong start to Brazil's 2024/25 sugar output could fade as the dry conditions from earlier this year start to show up in cane yields. July sugar has been inside a range bound by 18.97 and 20.00 for almost four weeks. A breakout to the downside would leave an initial target of 17.94, and a breakout up to 21.03.

### NEW RECOMMENDATIONS:

Buy an August sugar 20.00/23.00 bull call spread at 0.45 with an objective of 2.50. Risk the entire spread premium on the trade.

### PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 4/30/2024 - 5/7/2024						
	Non-Commercial		Commercial		Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
<b>Softs</b>						
Sugar	9,670	-4,901	-6,339	-2,491	-3,331	+7,392

### SUGAR TECHNICAL OUTLOOK:

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SUGAR (JUL) 05/13/2024: The downside crossover of the 9 and 18 bar moving average is a negative signal. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The close below the 1st swing support could weigh on the market. The next upside target is 19.72. The next area of resistance is around 19.48 and 19.72, while 1st support hits today at 19.12 and below there at 19.01.

### OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (JUL) 05/13/2024: 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 gap up move on the day session chart is a bullish indicator for trend. Since the close was above the 2nd swing resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The next upside objective is 408.00. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 400.80 and 408.00, while 1st support hits today at 387.60 and below there at 381.50.

### 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>										
SBAN24	19.30	40.63	39.95	43.84	46.68	19.61	19.45	19.47	20.64	20.89
CTAN24	77.31	38.00	36.51	30.22	35.34	78.37	77.68	79.49	86.25	88.37
CTAZ24	75.13	38.13	37.18	31.35	36.10	76.26	75.83	76.86	80.54	81.34
CCAN24	8891	48.27	48.77	30.55	34.72	8707.50	8410.33	9506.06	8942.84	8168.98
OJAN24	394.15	74.24	67.32	71.49	80.42	380.60	373.96	369.93	364.45	364.08
KCAN24	201.15	37.69	42.42	15.44	16.35	199.20	203.50	216.10	204.07	198.84
MAM24	20.51	84.75	78.30	93.50	93.56	20.12	19.47	18.76	17.73	17.78

Calculations based on previous session. Data collected 05/10/2024

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>						
SBAN24	Sugar	19.00	19.12	19.36	19.48	19.72
CTAN24	Cotton	75.53	76.34	77.46	78.27	79.39
CTAZ24	Cotton	73.60	74.25	75.35	76.00	77.10
CCAN24	Cocoa	8350	8667	8798	9115	9246
OJAN24	Orange Juice	381.45	387.55	394.75	400.80	408.00
KCAN24	Coffee	196.37	198.75	201.17	203.55	205.97
MAM24	Milk	20.03	20.30	20.43	20.70	20.83

Calculations based on previous session. Data collected 05/10/2024

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