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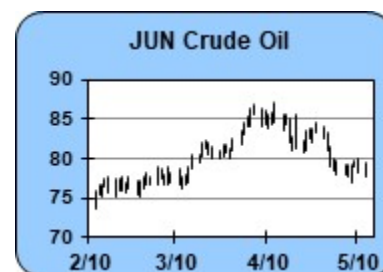
## DAILY ENERGY COMPLEX COMMENTARY

5/14/2024

### Middle East events secondary to US interest rate focus

**OVERNIGHT CHANGES THROUGH 6:06 AM (CT):**  
**CRUDE -12, HEATING OIL -7, UNLEADED GAS -152**

**CRUDE OIL MARKET FUNDAMENTALS:** At least in the early trade today energy prices are likely to be impacted by big picture macroeconomic signals from the first of two key US inflation readings. Fortunately for the bull camp, the charts remain constructive with uptrend channel support in July crude oil today tested and respected early on at \$75.61. The bull camp also has the buttress of a strong oil demand growth forecast from OPEC, OPEC projections its April oil output fell by 48,000 barrels per day and predicting non-OPEC oil production falling by 198,000 barrels per day last month. In a supportive development for WTI, an analyst on Reuters overnight suggested Asian refinery margins have shifted to favor importing crude oil from the Americas. However, that favorable margin shift could easily be negated with a noted strengthening of the US dollar. Furthermore, predictions from the US call for US shale output to hit a six month high next month. However, there are several crosscurrents operating in the petroleum markets with geographical supply imbalances and global demand differentials likely to add a measure of volatility to prices regardless of the situation in the Middle East. The market was technically oversold into the early May low, with crude oil prices trading \$10 per barrel below the April highs and at a level where the trade has found support in the past. Fortunately for the bull camp, global crude oil in floating storage fell by 11% on a week over week basis and the trade generally expects OPEC to extend production restraint through the third quarter. In other words, fundamentals are contributing to the prospect of a strong value zone in July crude oil around \$75.61 especially with the net spec and fund long reduced significantly from the levels seen in early April.



**PRODUCT MARKET FUNDAMENTALS:** We are surprised to see July gasoline spike higher overnight and reach the highest level since September 27th of 2023! However, gasoline might be focusing on long-term developments with the crack margin in New York the weakest in 13 months which combined with 11.5% of US refinery capacity already idled could provide the potential for tightening US gasoline supplies later this year. However, the bear camp should be emboldened by recent indications the Russian gasoline export ban may come to an end after the new government is in place, especially with all three major product categories in the weekly EIA inventory report holding surpluses to year ago levels. We suspect the focus of the gasoline trade will become more intense on the demand side of the equation with weekly implied demand managing only one reading above 9 million barrels per day this year. On the other hand, predictions that the US will see the largest Memorial Day travel of the post-pandemic era could help the bull camp respect consolidation support of \$2.4795 basis the July contract and allow for more near term gains.

**NATURAL GAS:** In retrospect, chart action in natural gas yesterday remained in favor of the bull camp following yesterday's resounding rejection of an early dip in prices with the June contract at times managing to trade \$0.13 above the early low! Obviously, a pattern of short covering from long held short positions was underway, but it appears the bias has reversed to the downside this morning. Undermining the gas market today is a week over week 5.4% jump in LNG on floating storage, slightly cooler recent US temperatures and the prospect of an increase in US gas production next month. However, the gas market should be cushioned against the current

slide from the US forecast calling for increased cooling degree days in the Northwest, California, Southwest, Gulf Coast, Florida, and the Tennessee Valley throughout the next week. Support in the July natural gas contract is \$2.43 and then down again at \$2.36.

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

Despite residual energy demand concerns, projections of a jump in US shale production for next month, a significant overbought technical condition in gasoline futures and options, the bias in petroleum prices is up with gasoline prices becoming the leadership market. In the end, fundamentals early today are contributing to the prospect of a strong value zone in July crude oil around \$75.61. In gasoline prediction of the largest Memorial Day travel of the post-pandemic era could project gasoline prices toward \$2.55.

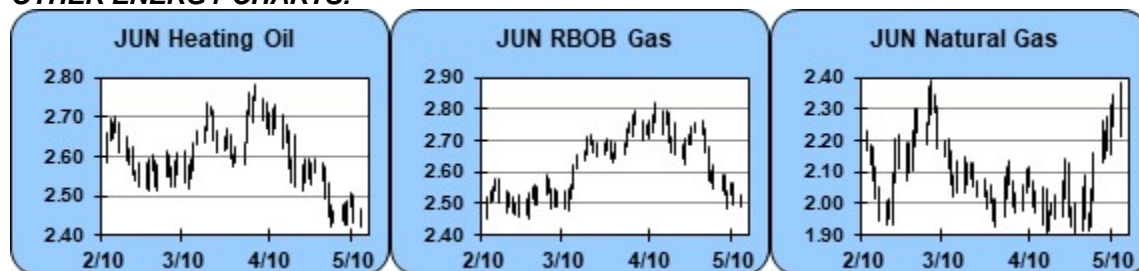
#### **NEW RECOMMENDATIONS:**

None.

#### **PREVIOUS RECOMMENDATIONS:**

None.

#### **OTHER ENERGY CHARTS:**



#### **ENERGY COMPLEX TECHNICAL OUTLOOK:**

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**CRUDE OIL (JUN) 05/14/2024:** 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 upside closing price reversal on the daily chart is somewhat bullish. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside target is at 80.59. The next area of resistance is around 79.98 and 80.59, while 1st support hits today at 78.28 and below there at 77.18.

**HEATING OIL (JUN) 05/14/2024:** The daily stochastics have crossed over down which is a bearish indication. Momentum studies are declining, but have fallen to oversold levels. The close below the 9-day moving average is a negative short-term indicator for trend. The upside daily closing price reversal gives the market a bullish tilt. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is 239.87. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 246.21 and 248.64, while 1st support hits today at 241.83 and below there at 239.87.

**RBOB GAS (JUN) 05/14/2024:** Momentum studies are declining, but have fallen to oversold levels. A negative signal for trend short-term was given on a close under the 9-bar moving average. The daily closing price reversal up is a positive indicator that could support higher prices. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is now at 247.27. The next area of resistance is around 253.40 and 255.26, while 1st support hits today at 249.40 and below there at 247.27.

**NATURAL GAS (JUN) 05/14/2024:** 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. A positive signal was given by the outside day up. A positive setup occurred with the close over the 1st swing resistance. The next upside target is 2.503. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 2.453 and 2.503, while 1st support hits today at 2.283

and below there at 2.164.

## 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>ENERGY COMPLEX</b>										
CLAM24	79.13	40.55	41.74	19.38	22.85	78.91	78.73	80.72	81.72	80.57
CLAN24	78.63	40.09	41.54	19.05	22.21	78.46	78.30	80.16	81.09	79.96
HOAM24	244.02	27.37	32.15	15.99	14.50	2.46	2.45	2.51	2.60	2.59
HOAN24	245.65	28.63	33.17	15.88	14.49	2.47	2.47	2.52	2.60	2.59
RBAM24	251.40	31.18	35.25	15.16	12.60	2.52	2.55	2.63	2.67	2.63
RBAN24	250.10	32.17	36.21	17.03	15.48	2.50	2.52	2.59	2.63	2.59
NGAM24	2.368	71.86	66.52	78.49	87.30	2.28	2.18	2.09	2.06	2.09
NGAN24	2.575	69.02	63.98	75.47	85.45	2.52	2.45	2.39	2.38	2.39

Calculations based on previous session. Data collected 05/13/2024

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

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>ENERGY COMPLEX</b>						
CLAM24	Crude Oil	77.17	78.27	78.88	79.98	80.59
CLAN24	Crude Oil	76.76	77.81	78.40	79.45	80.03
HOAM24	Heating Oil	239.86	241.82	244.25	246.21	248.64
HOAN24	Heating Oil	241.51	243.49	245.83	247.81	250.15
RBAM24	RBOB Gas	247.26	249.40	251.26	253.40	255.26
RBAN24	RBOB Gas	245.88	248.07	249.93	252.12	253.98
NGAM24	Natural Gas	2.163	2.283	2.333	2.453	2.503
NGAN24	Natural Gas	2.403	2.503	2.546	2.646	2.689

Calculations based on previous session. Data collected 05/13/2024

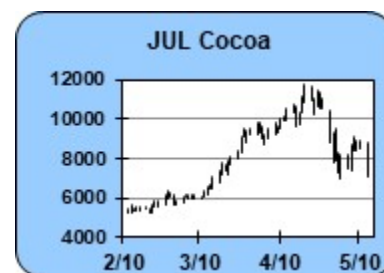
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## DAILY COCOA COMMENTARY

5/14/2024

### West Africa outlook improves but rain still needed.

July cocoa recovered slightly overnight after finishing yesterday with its biggest single-day loss since 1960. A shift towards wetter weather over West African growing areas has become a significant source of pressure, along with the general idea that the market priced in the tight supply setup with its move to all-time highs. However, West African trees still face stress from the hot and dry conditions earlier this year, and global supplies are still tight. Rabobank said over the weekend that it expects a fourth straight global supply deficit in 2024/25, but that it would be smaller than the one for 2023/24. Farmers across most of Ivory Coast's main growing region said that so far there has not been enough rainfall to ensure good production during the last stage of the mid-crop. The only exception was Abengourou, where rains were well above average last week and have been throughout the month of May. Maxar Technologies senior meteorologist Donald Keeney said on Monday that rains should improve conditions quite a bit in Ghana and northern Indonesia. He stated that Ivory Coast should benefit from wet weather but still needs more rain to completely end the dryness stressing the crops.



### TODAY'S MARKET IDEAS:

Key support for July cocoa could be the May 3 low of 6990, as a move below there would suggest a resumption of the selloff. Additional support can be found at the 100-day moving average at 6738. Look for resistance at 8381.

### NEW RECOMMENDATIONS:

None.

#### **PREVIOUS RECOMMENDATIONS:**

None.

#### **COCOA TECHNICAL OUTLOOK:**

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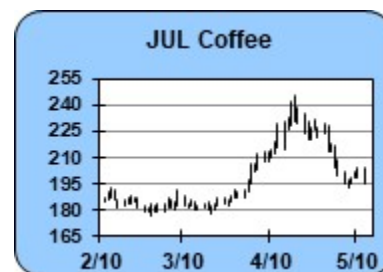
COCOA (JUL) 05/14/2024: The market back below the 60-day moving average suggests the longer-term trend could be turning down. The daily stochastics gave a bearish indicator with a crossover down. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's close below the 9-day moving average is an indication the short-term trend remains negative. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next downside objective is 5741. The next area of resistance is around 8069 and 9354, while 1st support hits today at 6263 and below there at 5741.

#### **DAILY COFFEE COMMENTARY**

**5/14/2024**

##### **Brazil coffee exports up 61% from year ago in April.**

The coffee market received more bearish news yesterday with the Brazilian trade group Cecafe reporting that Brazil exported 3.9 million bags of green coffee during April, up 61% from the same period last year. January-April shipments totaled 16.2 million bags, up 42% from last year. Arabica shipments totaled 3.22 million, up 40%, and conilon (robusta) shipments totaled 677,000, five times what they were a year ago. ICE exchange coffee stocks rose by 9,852 bags on Monday and were up 61,000 bags for the month so far. Crop weather in Vietnam has turned favorable recently after hot and dry conditions earlier this year.



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

Vietnam is forecast to have increased rainfall during the second half of May, which improves the outlook for their upcoming crop. Key support in July coffee comes in at last week's low at 192.15. A break below there would leave the next downside target at 184.35.

#### **NEW RECOMMENDATIONS:**

None.

#### **PREVIOUS RECOMMENDATIONS:**

None.

#### **COFFEE TECHNICAL OUTLOOK:**

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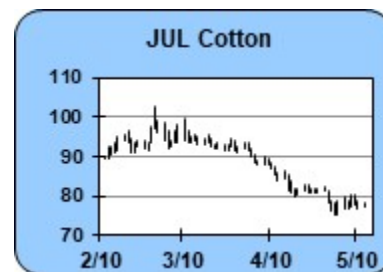
COFFEE (JUL) 05/14/2024: The major trend has turned down with the cross over back below the 60-day moving average. The daily stochastics gave a bearish indicator with a crossover down. Momentum studies are declining, but have fallen to oversold levels. The market's short-term trend is negative as the close remains below the 9-day 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 188.55. The next area of resistance is around 200.75 and 207.35, while 1st support hits today at 191.35 and below there at 188.55.

## DAILY COTTON COMMENTARY

5/14/2024

### Planting progress ahead of a year ago.

Soil moisture conditions in Texas are much better than they were a year ago, which puts the crop in a good position at the start of the season. At the low earlier this month, prices had fallen 27% from the February high, which may leave the market vulnerable to short covering if there is a weather scare. The weekly Crop Progress report showed 33% of the US cotton crop was planted as of Sunday, up from 24% the previous week and slightly ahead of a year ago and the 10-year average, both of which are 31%. The top producing state of Texas was 28% (+4% from last week), Georgia 35% (+14%), Arkansas 46% (+16%), Mississippi 54% (+22%), and North Carolina 34% (+17%). Heavy rain is forecast for Mississippi, Alabama, and Georgia over the next week, which could slow planting progress. A stronger than expected Chinese CPI number on Monday may have been encouraging for the bulls, as it seemed to suggest that the government's stimulus measures are boosting Chinese consumer confidence, which could support stronger demand. China's agriculture ministry forecast their 2024/25 cotton output at 5.58 million tonnes, down from 5.62 million in 2023/24. Imports are expected to fall to 2.0 million tonnes from 2.8 million, and domestic consumption is expected to increase to 7.8 million from 7.7 million.



### TODAY'S MARKET IDEAS:

Not much of a weather premium, but growing conditions look extremely favorable for the US crop. Look for support in July cotton at 76.64 and 74.93, with resistance at 79.84.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

### COTTON TECHNICAL OUTLOOK:

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COTTON (JUL) 05/14/2024: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside target is at 79.02. The next area of resistance is around 78.29 and 79.02, while 1st support hits today at 76.97 and below there at 76.38.

COTTON (DEC) 05/14/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. 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 near-term upside objective is at 76.52. The next area of resistance is around 76.09 and 76.52, while 1st support hits today at 75.16 and below there at 74.64.

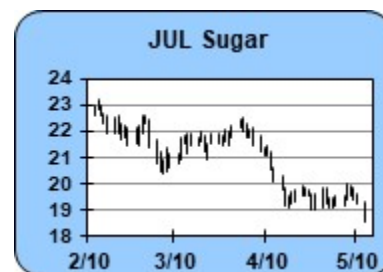
## DAILY SUGAR COMMENTARY

5/14/2024



## Trade expecting a bearish for UNICA report this week.

July sugar broke below its April/May consolidation yesterday, leaving a downside target of 17.94. UNICA is expected to issue a report on Brazil Center South sugar production for the second half of April in the next few days, and traders are looking for a 50% increase from a year ago. Output in the first half of April was up 31% from the same period last year. Dry conditions this year in Brazil have gotten the harvest off to a fast start, but there are concerns that it could lead to lower yield as the season progresses. China's agriculture ministry forecast a 10.6% increase in sugar output in 2024/25, to 11 million tonnes. Louis Dreyfus Co. has asked ICE to intervene in a dispute over delays to sugar deliveries. They have yet to receive some of the sugar sold by Wilmar International Ltd. against the March contract. Louis Dreyfus accused Wilmar of exploiting a loophole in the delivery specs in that ICE does not state a timeframe for vessels to be loaded provided the seller pays demurrage. Dreyfus reportedly bought 1.3 million tonnes when the March expired and Wilmar delivered more than 80% of the total. The slow delivery suggests that sugar supplies could be tighter than thought or there is some problem with the sugar.



### TODAY'S MARKET IDEAS:

The breakout below the four-week consolidation leaves a downside target of 17.94 for July sugar. The trade may be counting too much on a strong UNICA number, which could leave the market vulnerable to a reversal if the second-half April production comes up short of a 50% increase from last year.

### NEW RECOMMENDATIONS:

Long an August sugar 20.00/23.00 bull call spread at 0.32 with an objective of 2.50. Risk the entire spread premium on the trade.

### PREVIOUS RECOMMENDATIONS:

None.

### SUGAR TECHNICAL OUTLOOK:

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SUGAR (JUL) 05/14/2024: A bearish signal was triggered on a crossover down in the daily stochastics. Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The close below the 9-day moving average is a negative short-term indicator for trend. The close below the 2nd swing support number puts the market on the defensive. The next downside objective is 18.04. The next area of resistance is around 19.01 and 19.55, while 1st support hits today at 18.25 and below there at 18.04.

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