

Authors

Daria Efanova
Head of Research

FRI 07 JULY 2023 09:30

Softs Technical Charts

NY 2nd Month Sugar Futures



NY sugar edged lower yesterday after struggling above the previous day's high of 23.70 to close at 23.30. However, the support at the longer-term moving average held firm, and today's trading opened slightly on the front foot above these levels. The stochastics are showing a continued appetite for upside momentum, with the %K/%D strengthening out of the oversold, while the MACD diff is negative and converging. This suggests that we could see prices edge higher in the near term, and today's opening above the 10 DMA at 23.20 should add another layer of support. This could trigger gains to the 24.00 level before the 40 DMA at 24.74. Alternatively, if the moving average support at 23.20 is broken, we could see prices edge back down to 22.60 and 22.00, respectively. We expect futures to remain on the front foot today.

10 Day % K Stochastic	35.96 Rising		
10 Day % D Stochastic	29.78 Rising		
14 Day RSI	42.10 Rising		
Support	23.14	22.60	22.00
Resistance	24.09	24.96	25.15
Moving Averages (10,40,100)	23.20	24.74	23.14
Open Interest	945,033 (-16,689)	Volume	209,145

Source: ICE

Ldn 2nd Month Sugar Futures



Ldn sugar futures struggled above 650 once again, causing prices to close below this level at 647.10. Still, the moving averages are providing firm support on the downside, and the stochastics suggest further gains in the near term. The %K/%D is diverging on the upside out of the oversold, and the MACD diff is negative and converging, suggesting waning selling pressures. To confirm the indicators' move on the upside, futures have to break above 650 first before 661.10. The next robust level of resistance stands at the 40 DMA at 676.05. Alternatively, the 10 DMA is about to cross below the 100 DMA level, which is a traditionally bearish signal, and if futures break below this level, it could trigger losses down to 620. We expect futures to retest the 650 level today, holding above the moving average levels.

10 Day % K Stochastic	49.18 Rising		
10 Day % D Stochastic	38.23 Rising		
14 Day RSI	44.00 Falling		
Support	639.01	619	600
Resistance	650	661.10	676.05
Moving Averages (10,40,100)	639.01	676.05	638.95
Open Interest	89,874 (+964)	Volume	16,710

Source: ICE

NY 2nd Month Coffee Futures



NY coffee futures held their nerve yesterday after prices tested below 160 once again to close slightly above at 160.45. The RSI is rising, and %K/%D has converged on the upside in the oversold territory, acting as a strong bullish signal. The MACD diff is negative and converging, suggesting a further appetite for higher prices, but futures need to break above 160 completely to trigger the momentum. A break above this level towards the 10 DMA resistance at 162.96 would confirm the strong bullish momentum. Conversely, appetite for prices below 160 could trigger a test of support of 155, the low not seen since January. A long-legged doji candle shows indecision about either direction as it traded around the 160 level; the length of the wicks also points to increased volatility during the day. The indicators point to a change of appetite on the upside, but futures need to close above 160 completely, the level they struggled to break above in the last couple of sessions.

10 Day % K Stochastic	14.96 Rising		
10 Day % D Stochastic	12.02 Rising		
14 Day RSI	33.59 Rising		
Support	165	160	150
Resistance	164.05	170	171.85
Moving Averages (10,40,100)	162.96	177.59	180.81
Open Interest	198,067 (+1,498)	Volumes	43,094

Source: ICE

Ldn 2nd Month Coffee Futures



Ldn coffee futures held their nerve yesterday as marginal upside momentum saw prices close above the 2489 support once again at 2510. The RSI is beginning to rise as %K/%D continues to fall, diverging further into the oversold. The MACD diff is negative and converging, suggesting that downside pressures are beginning to wane. To confirm the indicators and the move on the upside, prices need to take out the 2500 level. A break above this level towards 10 DMA at 2586 would confirm the growing bullish momentum. Conversely, appetite for prices below 2489 could trigger a test of support of 2400. A gravestone doji candle shows potential rejection of higher prices, and with the 10 DMA crossing below the 40 DMA level, a robust resistance is building. In the meantime, we expect prices to remain supported above the 2489 level.

10 Day % K Stochastic	13.99	Falling	
10 Day % D Stochastic	18.38	Falling	
14 Day RSI	39.81	Rising	
Support	2489	2400	2377
Resistance	2500	2586	2600
Moving Averages (10,40,100)	2586	2604	2377
Open Interest	109,461 (-52)	Volumes	14,447

Source: ICE

NY 2nd Month Cocoa Futures



NY cocoa futures weakened yesterday after the market rejected prices above 3400. At the same time, the trend line held firm, and futures closed just above this level at 3313. The %K/%D indicator fluctuated between gains and losses in recent days, as futures struggled to find momentum, but recently converged on the downside and are now seen leaving the overbought territory. Likewise, the MACD diff is positive and converging, highlighting recent downside pressures. To suggest further weakness, prices need to break down the trend level and the short-term moving average level at 3296 before attempting to test the 3200 level. Alternatively, 3400 remains a robust resistance level. We expect to see moderate downside pressures today as futures test prices below 10 DMA.

10 Day % K Stochastic	74.56 Falling		
10 Day % D Stochastic	78.87 Falling		
14 Day RSI	60.26 Falling		
Support	3296	3200	3178
Resistance	3400	3414	3450
Moving Averages (10,40,200)	3296	3131	2715
Open Interest	333,042 (-5,476)	Volumes	104,411

Source: ICE

Ldn 2nd Month Cocoa Futures



Ldn cocoa weakened yesterday as protracted selling pressure triggered a close on the back foot at 2601. The stochastics are falling, and the RSI has also edged lower, sending a sell signal. The MACD diff is positive and converging, and the %K/%D indicators have converged on the downside, a strong sell signal. A full bearish candle suggests growing selling pressures; this could set the scene for lower prices to break below the 2600 support level. This would confirm the trend for falling prices, down to 2500. On the upside, resistance at 2678 has proven to be strong, and an appetite above that level would strengthen the bullish momentum. This could also trigger gains towards 2700. The bearish engulfing pattern suggests an impending market downturn, and we expect prices to continue to fall in the near term.

10 Day % K Stochastic	77.93 Falling		
10 Day % D Stochastic	83.76 Falling		
14 Day RSI	66.28 Falling		
Support	2600	2500	2473
Resistance	2650	2678	2700
Moving Averages (50,100,200)	2379	2258	2104
Open Interest	341,110 (+6)	Volumes	39,214

Source: ICE

Risk warning

This is a marketing communication. The information in this report is provided solely for informational purposes and should not be regarded as a recommendation to buy, sell or otherwise deal in any particular investment. Please be aware that, where any views have been expressed in this report, the author of this report may have had many, varied views over the past 12 months, including contrary views.

A large number of views are being generated at all times and these may change quickly. Any valuations or underlying assumptions made are solely based upon the author's market knowledge and experience.

Please contact the author should you require a copy of any previous reports for comparative purposes. Furthermore, the information in this report has not been prepared in accordance with legal requirements designed to promote the independence of investment research. All information in this report is obtained from sources believed to be reliable and we make no representation as to its completeness or accuracy.

This report is not subject to any prohibition on dealing ahead of the dissemination of investment research. Accordingly, the information may have been acted upon by us for our own purposes and has not been procured for the exclusive benefit of customers. Sucden Financial believes that the information contained within this report is already in the public domain. Private customers should not invest in these products unless they are satisfied that the products are suitable for them and they have sought professional advice. Please read our full risk warnings and disclaimers (www.sucdenfinancial.com/en/risk-warning-and-disclaimers).