

Authors

Daria Efanova
Head of Research

FRI 02 FEBRUARY 2024 09:45

Softs Technical Charts

NY 2nd Month Sugar Futures



NY sugar futures softened yesterday after prices failed above the 23.42 level, prompting a close on the back foot at 22.76. The stochastics are falling and diverging, with %K/%D edging out of the overbought territory, and the MACD diff is also converging on the downside, outlining the upcoming weakness in the market. Selling pressures have not been strong, but yesterday's close below the key support level of 10 DMA suggests an increased appetite for lower prices. A break of 22.50 could set the scene for lower prices at 22.00. Alternatively, if prices can gain a footing back above the 10 DMA level at 23.02, the bulls could then target 23.42 in order to regain upside conviction. We anticipate prices to remain on the back foot in the near term.

Ldn 2nd Month Sugar Futures



Ldn sugar futures weakened yesterday, falling below the trend support level. The market closed at 642.10. The stochastics are falling, and the MACD diff is also positive and converging, pointing to a near-term decline in prices. Yesterday's bearish engulfing candle points to a potential trend change for lower prices. To confirm this, prices need to break below support at 628.10 before targeting 40 DMA at 620.44. This would break the ascending triangle pattern. Conversely, if support at 630 can hold firm, this could trigger gains towards the resistance at 660. A breach of this level would confirm the outlook for higher prices, with gains towards the 100 DMA. We expect the momentum to remain on the back foot, but the ascending triangle needs to be confirmed.

NY 2nd Month Coffee Futures



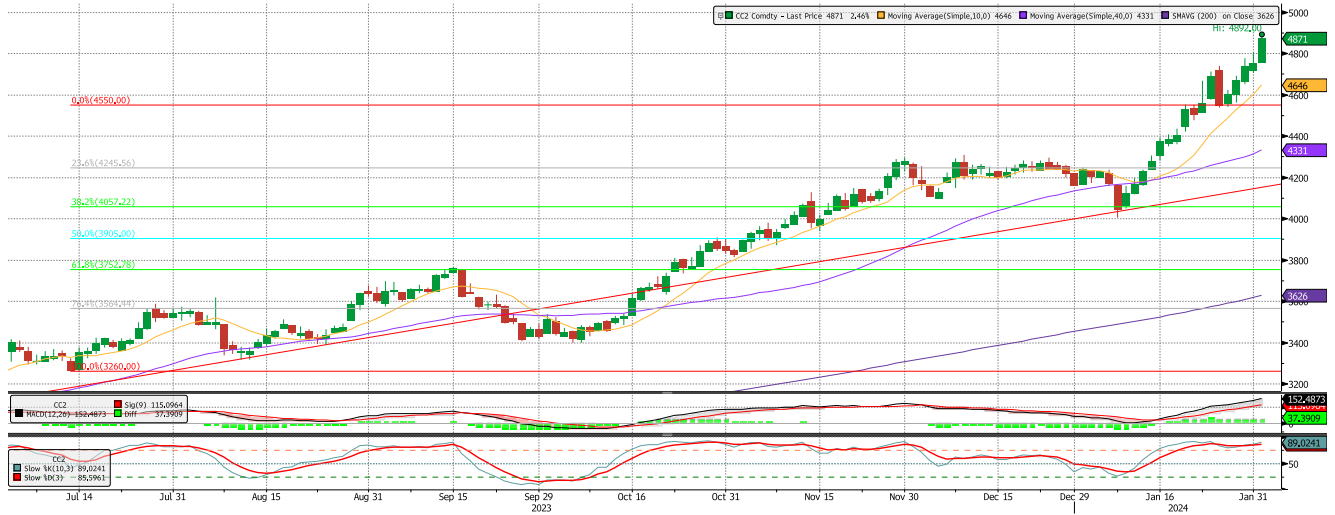
NY coffee futures held their nerve once again yesterday as moderate buying pressure prompted a close above 190 at 190.95. The stochastics are rising, but the upside momentum is stalling, with %K/%D flattening out in the overbought. The MACD diff is positive and diverging, suggesting that prices might remain elevated in the near term. To confirm another bullish candle, futures need to close above 192.42 and then target 195. On the downside, the break below the current support level of 190 could set the scene towards the shorter-term moving averages. However, the market struggled below these levels in recent sessions, and with the 10 DMA breaking above the 40 DMA level, a golden cross formation, the support is likely to remain intact. We expect prices to remain supported above 190 in the near term.

Ldn 2nd Month Coffee Futures



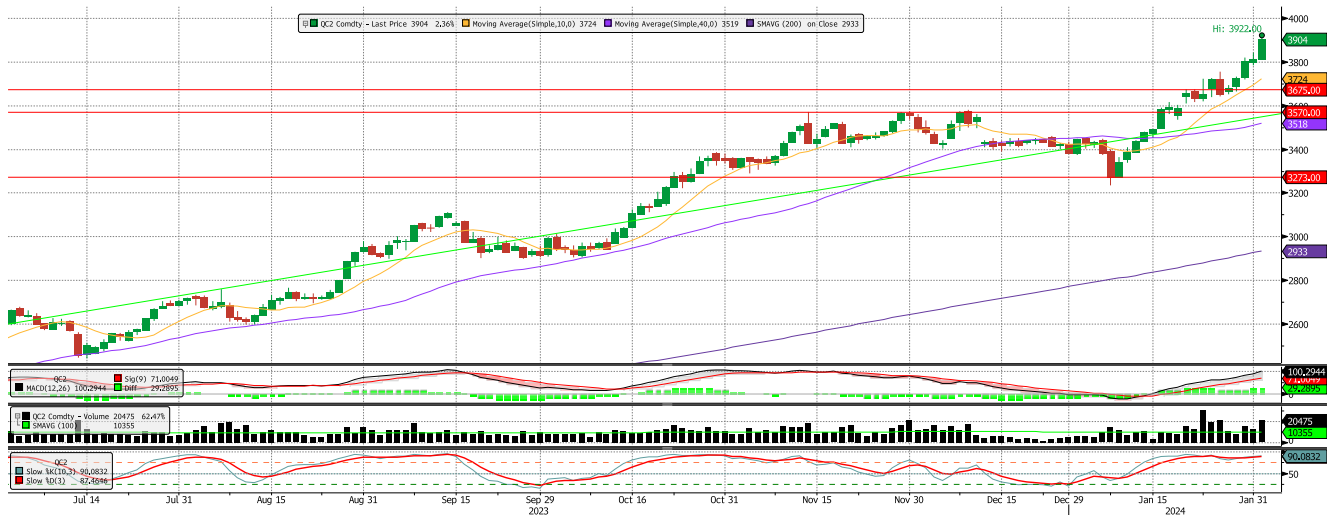
Ldn coffee futures held their nerve yesterday as yesterday's moderate softness caused prices to fall below the longer-term trendline at 3151. The stochastics are falling, and the MACD diff is negative and diverging, suggesting lower prices in the near term. To confirm the outlook of lower prices, futures need to remain below the trend support and then target 3100. The 10 DMA is now resisting prices on the upside. Alternatively, a rejection of prices below 3100 could trigger gains back towards 3172. A break above this level would confirm the trend on the upside. Two narrow-bodied candles in the last couple of sessions point to market uncertainty, and the futures need to break out of current resistance/support to confirm the longer-term outlook.

NY 2nd Month Cocoa Futures



NY cocoa futures rallied yesterday, reaching new highs, and managed to close above the previous resistance of 4800 at 4871. The stochastics are rising further into the overbought once again, with %K/%D diverging on the upside, and the MACD diff is positive and diverging, prompting further buying pressure. We expect futures to remain supported in the near term, with near-term resistance at 4900 and a secondary level at 5000 if buying pressure persists. On the downside, if futures fail into 4800, then we could see a break back below the 10 DMA at 4871. We expect futures to remain elevated in the near term.

Ldn 2nd Month Cocoa Futures



Ldn cocoa futures skyrocketed in recent sessions, and on Thursday, the protracted buying pressure triggered a close on the front foot at 3904, marking a new high. The %K/%D is diverging further on the upside into the overbought. The MACD diff is positive and diverging, outlining the recent market rally. On the downside, a break back below the support level of 3800 could trigger losses back towards the 10 DMA at 3724; a break below 3600 would confirm the outlook for a trend reversal. On the upside, a complete break above 3900 could trigger gains through the resistance at 4000 towards new highs. The market rally was strong, with three white soldiers' formation confirming the strength of bull sentiment. We could see prices trend even higher today, but watch out for the next robust resistance at 4000, given it is a physiologically robust level.

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. Sudden 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.suddenfinancial.com/en/risk-warning-and-disclaimers).