



DAILY SOFTS CURRENCY COMMENTARY
Monday May 15, 2017

DAILY COCOA COMMENTARY
05/15/17

Coiled up and seems set for some additional short-covering

A weak US dollar and firm energy prices leaves a positive tilt to many commodity markets this morning. Cocoa prices have been weighed down by a bearish West African supply outlook since August of last year. While production is still going to have a sizable increase over last season, developments in Ivory Coast could lead to a fresh set of supply bottlenecks that may change the tone of the market. July cocoa broke out of a tight coiling price pattern and climbed to a 5-week high on Friday. For the week, July cocoa finished with a gain of 149 points (up 7.9%) that was a second weekly gain in a row as well as the largest weekly gain since 2012. There was a fresh outbreak of military unrest in the Ivory Coast as gunfire erupted in several cities, including the major port of Abidjan as well as Daloa in the heart of their western growing regions. In addition, mutineers blocked road access to the nation's second largest city of Bouake.



The dispute centers on the failure to pay bonuses to soldiers, due in part to Ivory Coast's financial problems as a result of the sharp drop in cocoa prices since mid-2016. This has fueled concerns about the availability of supply from the world's top producer of cocoa, as these incidents may continue to flare up until the remaining bonuses are paid, and could spread into other regions that impact the flow of cocoa beans to the ports of Abidjan and San Pedro. The Commitments of Traders reports as of May 9th showed Non-Commercial traders were net short 34,176 contracts, a decrease of 588 contracts. Non-Commercial and Nonreportable combined traders held a net short position of 26,273 contracts, up 1,814 contracts for the week in spite of the strong rally. The report suggests plenty of fuel for a continued bounce.

TODAY'S MARKET IDEAS:

Cocoa prices should have a near-term pullback if and when this current Ivory Coast unrest subsides. If it continues to simmer, however, cocoa still has a multi-year high net spec position that could fuel additional short-covering. Near-term support for July cocoa is at 1972 with 2090 and 2188 as next resistance. Use a pullback to support to enter long call option strategies.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 5/2/2017 - 5/9/2017						
Softs	Non-Commercial		Commercial	Non-Reportable		
	Net Position	Weekly Net Change		Net Position	Weekly Net Change	
Cocoa	-34,176	+588	26,273	+1,813	7,903	-2,402

COCOA TECHNICAL OUTLOOK:

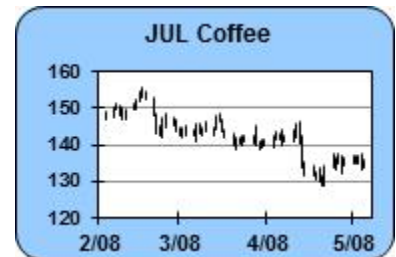
Note: Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report.

COCOA (JUL) 05/15/2017: The cross over and close above the 60-day moving average is an indication the longer-term trend has turned positive. Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The near-term upside target is at 2085. The next area of resistance is around 2058 and 2085, while 1st support hits today at 1972 and below there at 1914.

DAILY COFFEE COMMENTARY
05/15/17

May see some crop concerns develop on Brazil storms

A risk on mode today may be enough to spark buying in coffee. Coffee prices have spent nearly two weeks in a coiling 5-cent trading range as lukewarm risk sentiment has kept demand concerns a front-and-center issue with the market. The near-term supply outlook remains somewhat supportive, however, and may provide a catalyst for a fresh upside leg this week. For the week, July coffee finished with a loss of 0.75 cent (0.6% lower). Traders will monitoring the crop after weekend weather in Brazil as heavy rainfall passed through the Arabica-growing areas of Parana, Mato Grosso du Sol and Sao Paulo that increases the prospects of damage to mature coffee beans. This year's harvest is underway but will not reach full speed until June, so there is potential for further reduction to what already is an "off-year" crop in their biannual cycle.



Colombia's Finance Minister forecast his nation would produce 14.7 million bags of coffee this year and 15 million next year, but that increase in output is a fraction of the downtick in 2017/18 Brazilian production. ICE exchange coffee stocks rose by 3,520 bags on Friday and are now above 1.43 million, indicating that near-term global demand remains lukewarm at best. The latest COT report showed that coffee's net spec short position had a moderate decline, but the market remains nearly balanced and is a far cry from the huge net spec long position seen late in 2016 and early this year. The Commitments of Traders reports as of May 9th showed Non-Commercial traders were net short 2,639 contracts, a decrease of 1,503 contracts for the week. Non-Commercial and Nonreportable combined traders held a net short position of 1,165 contracts, down 1,271 contracts for the week. Commodity Index traders held a net long position of 33,672 contracts, up 1,544 contracts for the week.

TODAY'S MARKET IDEAS:

If there are reports of damage to coffee beans in Brazilian growing regions early this week, that news may become the catalyst for the coffee market breaking out of its recent consolidation zone to the upside. July coffee will find near-term support at 133.25 while resistance is up at 139.65 and 141.25.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 5/2/2017 - 5/9/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Coffee	-2,639	+1,503	1,165	-1,270	1,474	-232

COFFEE TECHNICAL OUTLOOK:

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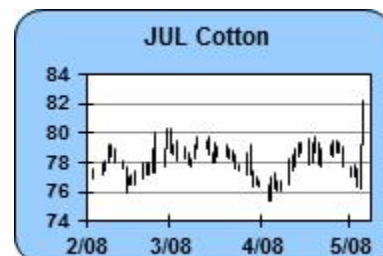
COFFEE (JUL) 05/15/2017: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The intermediate trend could be turning up with the close back above the 18-day moving average. The market has a slightly positive tilt with the close over the swing pivot. The next upside target is 136.80. The next area of resistance is around 135.95 and 136.80, while 1st support hits today at 133.95 and below there at 132.80.

DAILY COTTON COMMENTARY

05/15/17

three day surge of 13.3% may be enough to force pricing

July cotton is up as much as 13.3% in just three trading sessions as something spook mills who are caught without coverage. Ideas that US supplies will continue to tighten ahead of the new crop season and continued strong demand from India, where cotton prices are high and the currency has made imports pay, are factors which continue to support. Ideas that many mills were caught with unfixed sales plus decent weekly export sales last week were also seen as bullish forces. The market closed up the 300 point limit on Friday and the buying pushed the market up to a new 3-year high, The daily limit will move to 500 points today. The Commitments of Traders reports as of May 9th Cotton showed Non-Commercial traders were net long 111,529 contracts, a decrease of 1,726 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 112,334 contracts, down 3,027 contracts for the week and the long liquidation selling trend is a short-term bearish force. Commodity Index traders held a net long position of 69,491 contracts. This represents an increase of 51 contracts in the net long position held by these traders.



TODAY'S MARKET IDEAS:

While US stocks may continue to tighten, it is hard to see anything close to extreme tightness, especially with jumps in production expected from the US, China, India and Pakistan. Supply outside of China is increasing in the world. There is no sign of a near-term peak but many upside technical targets have been reached. There was a target at 83.08 for July cotton which might provide some support. Further support is back at 80.26. Resistance is at the 86.33 to 87.50 zone.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 5/2/2017 - 5/9/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Cotton	111,529	-1,726	-112,334	+3,027	805	-1,301

COTTON TECHNICAL OUTLOOK:

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COTTON (JUL) 05/15/2017: The market rallied to a new contract high. Momentum studies are trending higher but have entered overbought levels. The close above the 9-day moving average is a positive short-term indicator for trend. There could be more upside follow through since the market closed above the 2nd swing resistance. The next upside target is 84.45. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 83.69 and 84.45, while 1st support hits today at 80.67 and below there at 78.40.

COTTON (DEC) 05/15/2017: Daily stochastics are trending lower but have declined into oversold territory. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market setup is supportive for early gains with the close over the 1st swing resistance. The next downside target is 71.59. The

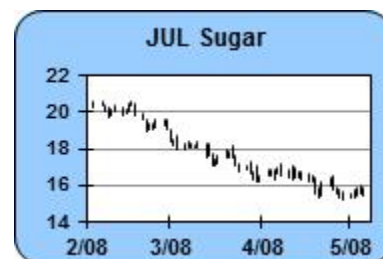
next area of resistance is around 74.73 and 75.64, while 1st support hits today at 72.71 and below there at 71.59.

DAILY SUGAR COMMENTARY

05/15/17

Jump in crude and weaker dollar may spark bounce

Outside markets carry a positive tilt to sugar this morning. Sugar prices had a lukewarm finish to the week last week, but did receive some badly-needed positive technical news. Whether the market can capitalize on the positive news may depends upon improved risk sentiment and stronger outside markets. For the week, however, July sugar finished with a gain of 20 ticks (1.3% higher) which broke a streak of 13 consecutive lower weekly closes. Sugar found support from recent strength in crude oil and the Brazilian currency, as well as from news from Unica that Brazil's Center South sugar output came in 38% below last year's total during the second half of April. While there were weather delays for harvesting and crushing, keep in mind that last year's Center-South harvest started a month early due to large amounts of leftover cane and was already running at a strong pace in late April.



A major private meteorological group forecast India's monsoon rainfall would be "below average", which follows the Indian government (IMD) estimate of rainfall coming in at 96% of average. With a potential El Nino weather event unlikely to develop in time to have any major impact, this season's monsoon should benefit both the 2017/18 and 2018/19 cane crops. However, India still has little margin for error with their mill stocks being worked down instead of allowing for more imports this season. Sugar's net spec long position continue to decline as it fell by over 9,000 contracts in the latest COT report. The Commitments of Traders reports as of May 9th showed Non-Commercial traders were net long 40,556 contracts, a decrease of 13,434 contracts for the week and the long liquidation selling is seen as a short-term bearish force. Non-Commercial and Nonreportable combined traders held a net long position of 30,915 contracts, down 9,407 contracts for the week. Commodity Index traders held a net long position of 184,481 contracts, down 3,922 contracts for the week.

TODAY'S MARKET IDEAS:

Although sugar broke its weekly losing streak, the market starts out this week less than 30 ticks above the May 5th low for the move. Unless there is fresh bullish supply developments, the trend is down. July sugar will find near-term support at 15.48 and 15.24, with 16.18 and 16.41 as next resistance. Look for a bounce.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 5/2/2017 - 5/9/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Sugar	40,556	-13,434	-30,916	+9,407	-9,641	+4,027

SUGAR TECHNICAL OUTLOOK:

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SUGAR (JUL) 05/15/2017: The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. A negative signal for trend short-term was given on a close under the 9-bar moving average. It is a slightly negative indicator that the close was under the swing pivot. The next upside objective is

15.96. The next area of resistance is around 15.70 and 15.96, while 1st support hits today at 15.32 and below there at 15.20.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (JUL) 05/15/2017: Daily stochastics are trending lower but have declined into oversold territory. The close below the 9-day moving average is a negative short-term indicator for trend. The market setup is supportive for early gains with the close over the 1st swing resistance. The next downside objective is 143.05. The next area of resistance is around 149.50 and 150.90, while 1st support hits today at 145.60 and below there at 143.05.

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										
SBAN7	15.51	39.79	38.03	20.76	22.72	15.61	15.57	15.86	16.68	17.35
CTAN7	82.18	71.16	66.53	54.08	72.13	78.82	78.59	78.74	78.15	78.09
CTAZ7	73.72	48.58	47.65	32.28	29.57	72.91	73.70	74.24	74.31	74.37
CCAN7	2015	69.84	60.95	72.05	86.13	1970.25	1902.89	1872.89	1984.33	1980.43
OJAN7	147.55	42.21	41.42	20.86	20.28	146.15	147.68	151.77	158.76	160.21
KCAN7	134.94	46.28	45.03	50.44	58.45	135.25	135.81	134.66	139.43	141.44
MAM7	16.21	65.03	59.98	73.50	81.98	16.14	15.88	15.72	15.73	15.95

Calculations based on previous session. Data collected 05/12/2017

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						
SBAN7	Sugar	15.20	15.32	15.58	15.70	15.96
CTAN7	Cotton	78.39	80.66	81.42	83.69	84.45
CTAZ7	Cotton	71.58	72.70	73.61	74.73	75.64
CCAN7	Cocoa	1913	1972	1999	2058	2085
OJAN7	Orange Juice	143.00	145.55	146.95	149.50	150.90
KCAN7	Coffee	132.80	133.95	134.80	135.95	136.80
MAM7	Milk	15.90	16.04	16.24	16.38	16.58

Calculations based on previous session. Data collected 05/12/2017

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