



DAILY SOFTS CURRENCY COMMENTARY Monday January 23, 2017

DAILY COCOA COMMENTARY 01/23/17

Still may be undervalued if arrivals do not jump significantly

Mixed quarterly grindings results have left a question mark over global demand prospects. The weaker US dollar is helping to support this morning. For the week last week, March cocoa finished down 3.3% and has lost over 5% in value over the past two weeks. Of the two negative fourth quarter grindings results, the North American reading on Thursday may have been the more disappointing as Dollar strength did not provide lasting benefit to the region's demand. Market focus will shift back towards the supply side of the equation and on the current West African main crop harvest. Ivory Coast port arrivals may have been subdued over the past few weeks due to a flare-up of tensions within that nation. If the situation there remains calm and port arrivals do not see a notable pick-up, however, then their overall 2016/17 production is unlikely to reach some early trade forecasts for 1.8 million tonnes. The Commitments of Traders reports as of January 17th showed Non-Commercial traders were net short 7,498 contracts, a decrease of 2,559 contracts for the week. Non-Commercial and Nonreportable combined traders held a net short position of 2,359 contracts, down 3,713 contracts in the net short position held by these traders.



TODAY'S MARKET IDEAS:

Cocoa prices have continued to hold above their recent lows despite fourth quarter grinding results. Trend-following fund traders hold a net short of position of 19,557 contracts, the most oversold since June 2012. Near-term support for March cocoa is at 2135 while resistance is at 2198. Consider buying the May Cocoa 2300/2600 bull call spread at 38 or better with an objective of 170.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Long May cocoa 2400 call from 42 with an objective of 122. Risk to 18.

Commitment of Traders - Futures and Options - 1/10/2017 - 1/17/2017							
	Non-Commercial		Net Position	Commercial		Non-Reportable	
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	Weekly Net Change	
Softs							
Cocoa	-7,498	+2,559	2,360	-3,711	5,139	+1,154	

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 (MAR) 01/23/2017: The moving average crossover down (9 below 18) indicates a possible developing short-term downtrend. Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. The market tilt is slightly negative with the close under the pivot. The next downside objective is now at 2100. The next area of resistance is around 2161 and 2185, while 1st support hits today at 2119 and below there

at 2100.

DAILY COFFEE COMMENTARY 01/23/17

Caution to bulls with stochastics at 87; 156.20 next

March coffee broke out to the upside from its recent consolidation zone on Friday and pushed to another new high this morning. For the week, March coffee finished with a gain of 3.90 cents (2.6% higher) for a fourth consecutive weekly gain. Coffee's uptrend has remained fairly strong over that timeframe with the market sensitive to weather over Brazil's Robusta-growing areas of Espirito Santo, the possibility of Brazil allowing coffee imports and rumors of Vietnamese farmers halting sales until after the Tet/Lunar New Year holiday that starts later this week. With Brazil already looking at a sizable downtick in coffee production next season, the market is focusing on Vietnam's output. The Commitments of Traders reports as of January 17th showed Non-Commercial traders were net long 28,435 contracts, an increase of 8,123 contracts. Non-Commercial and Nonreportable combined traders held a net long position of 30,592 contracts, up 7,146 contracts for the week.



TODAY'S MARKET IDEAS:

A bullish longer-term supply outlook should help to keep coffee prices well supported. Near-term support for March coffee is at 150.70 with 156.20 as next resistance. Traditional technical indicators are at an extreme overbought level.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 1/10/2017 - 1/17/2017						
	Net Position	Non-Commercial Weekly Net Change	Net Position	Commercial Weekly Net Change	Net Position	Non-Reportable Weekly Net Change
Softs						
Coffee	28,435	+8,123	-30,591	-7,145	2,157	-977

COFFEE TECHNICAL OUTLOOK:

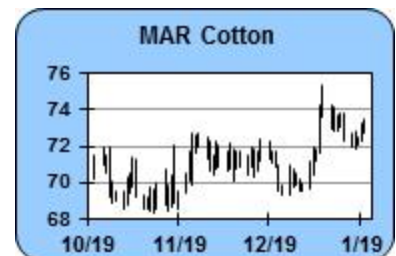
Note: Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report.

COFFEE (MAR) 01/23/2017: The cross over and close above the 60-day moving average indicates the longer-term trend has turned up. 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. A positive setup occurred with the close over the 1st swing resistance. The next upside target is 155.37. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 154.59 and 155.37, while 1st support hits today at 151.80 and below there at 149.78.

DAILY COTTON COMMENTARY 01/23/17

Bounce to 6-session high but does not seem to have follow-thru

A positive tilt to the export sales news and some concerns that commercial shorts will be forced to cover has supported the bounce to a five session high on Friday and the weak US dollar is supporting a further advance this morning.



Weekly export sales came in at 346,500 bales for the current marketing year and 31,700 for the next marketing year for a total of 378,200 bales. Sales were considered better than expected, but the sales pace would not suggest that sales are high enough to raise the forecast. As of January 12th, cumulative cotton sales stand at 77.6% of the USDA forecast for the season versus a 5 year average of 77.2%. The Commitments of Traders reports as of January 17th showed Non-Commercial traders were net long 118,810 contracts, a decrease of 7,407 contracts from last week's record.

Non-Commercial and Nonreportable combined traders held a net long position of 128,492 contracts, a decrease of 9,159 contracts for the week. Last week was an all-time record high. Commodity Index traders held a net long position of 63,104 contracts. This represents a decrease of 143 contracts in the net long position held by these traders. ICE certified deliverable warehouse stocks as of January 20th increased to 117,526 bales from 114,730 bales the previous season and from near 40,000 bales a few weeks ago. The USDA announced a special import quota last week which will be established on January 26th, 2017. The quota will be for one week's worth of domestic usage or near 63,686 bales.

TODAY'S MARKET IDEAS:

The cotton market does not seem to have the fundamentals to move to a higher price level. Sales were strong but deliverable stocks continue to rise. Short-term resistance is at 73.59 and 74.01. Keep 69.52 as an initial downside target.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 1/10/2017 - 1/17/2017						
	Non-Commercial		Commercial		Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Cotton	118,810	-7,407	-128,493	+9,158	9,682	-1,752

COTTON 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.

COTTON (MAR) 01/23/2017: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close above the 9-day moving average is a positive short-term indicator for trend. The market has a slightly positive tilt with the close over the swing pivot. The next downside objective is now at 72.35. The next area of resistance is around 73.39 and 73.76, while 1st support hits today at 72.69 and below there at 72.35.

COTTON (MAY) 01/23/2017: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is 72.93. The next area of resistance is around 74.02 and 74.34, while 1st support hits today at 73.32 and below there at 72.93.

DAILY SUGAR COMMENTARY

01/23/17

Weak technical set-up and China selling reserves

Sugar is seeing solid support from outside market this morning. For the week, however, March sugar finished with a loss of 34 ticks (1.7% lower) and a weekly reversal from a 2-month high. Sugar still has a bullish supply outlook to provide



underlying support, but fresh news from Asia may provide early headwinds this week. Over the weekend, China announced that they will auction 249,300 tonnes of sugar from their state reserves today. While this will dampen their near-term import demand, the potential for 1.5 million tonnes of state reserve sales would only be a small portion of China's domestic supply deficit this season. A major trade house forecast Brazil's 2017/18 Center South region sugar production will fall slightly to 35.1 million tonnes compared to 35.3 million this season. The firm also pegged Center-South cane output at 580 million tonnes versus 598 million this season as mills divert 47.55% of cane processing to sugar versus 46.3% this season while ethanol output is seen declining to 24 billion liters from 25.2 billion this season. The Commitments of Traders reports as of January 17th showed Non-Commercial traders were net long 200,044 contracts, an increase of 7,390 contracts. Non-Commercial and Nonreportable combined traders held a net long position of 244,674 contracts, up 9,421 contracts for the week. Commodity Index traders held a net long position of 151,261 contracts, down 8,573 contracts for the week.

TODAY'S MARKET IDEAS:

The dollar weakness supports this morning but sugar remains vulnerable to a negative shift in risk sentiment given its large net spec long as well as its weekly reversal. In spite of Chinese state reserves sales, however, the Asian near-term supply outlook remains bullish which should help to keep any further pullback shallow in nature. Near-term support for March sugar is at 19.61 with resistance at 21.00.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 1/10/2017 - 1/17/2017						
	Non-Commercial		Net Position	Commercial		Non-Reportable
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	
Softs						
Sugar	200,044	+7,390	-244,674	-9,422	44,630	+2,031

SUGAR TECHNICAL OUTLOOK:

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SUGAR (MAR) 01/23/2017: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. 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 downside target is 19.75. The next area of resistance is around 20.42 and 20.72, while 1st support hits today at 19.94 and below there at 19.75.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (MAR) 01/23/2017: 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 close below the 1st swing support could weigh on the market. The next downside objective is now at 163.35. Selling may soon dry up since the RSI is under 20 indicating the market is extremely oversold. The next area of resistance is around 167.80 and 169.60, while 1st support hits today at 164.70 and below there at 163.35.

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										

SBAH7	20.18	49.51	51.72	75.19	65.44	20.52	20.53	20.13	19.64	20.22
CTAH7	73.04	61.11	59.02	52.95	51.52	72.53	72.67	72.12	71.60	71.05
CTAK7	73.67	63.64	60.80	58.71	58.49	73.08	73.18	72.54	72.04	71.51
CCAH7	2140	39.49	40.85	48.39	40.11	2193.00	2192.56	2203.11	2286.22	2353.60
OJAH7	166.25	17.94	22.94	13.46	7.34	169.33	176.74	183.49	197.22	200.69
KCAH7	153.20	76.03	65.69	88.72	93.46	150.76	149.21	143.61	147.19	152.60
MAH7	17.40	53.64	55.54	63.12	63.80	17.39	17.43	17.33	16.99	16.73

Calculations based on previous session. Data collected 01/20/2017

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						
SBAH7	Sugar	19.74	19.93	20.23	20.42	20.72
CTAH7	Cotton	72.34	72.68	73.05	73.39	73.76
CTAK7	Cotton	72.92	73.31	73.63	74.02	74.34
CCAH7	Cocoa	2099	2118	2142	2161	2185
OJAH7	Orange Juice	163.30	164.65	166.45	167.80	169.60
KCAH7	Coffee	149.77	151.79	152.57	154.59	155.37
MAH7	Milk	17.32	17.35	17.42	17.45	17.52

Calculations based on previous session. Data collected 01/20/2017

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