



DAILY SOFTS CURRENCY COMMENTARY Tuesday January 31, 2017

DAILY COCOA COMMENTARY 01/31/17

Supply issues continue to pressure and demand uncertain

March cocoa traded to a new contract low with a moderate loss yesterday. Events over the weekend cast a shadow over risk appetites and put pressure on the British Pound and Eurocurrency, both of which kept cocoa's demand outlook subdued even though prices are at multi-year lows. The latest update on Ivory Coast port arrivals showed that arrivals during January 23rd-29th period were roughly even with the comparable period last year. While some producers may have held back on marketing their cocoa beans in recent weeks due to the political unrest and shipping problems at Ivory Coast ports, this still put this season's arrival total even to slightly ahead of last season's pace. In addition, there are reports that Ghana's official purchases were running behind last season's pace through mid-January, even though this season's total was inflated by supply smuggled across the border from Ivory Coast due to those political and shipping issues. After decent weather over the past few months, West Africa growing areas have turned more seasonal with hotter and drier conditions that could help to limit cocoa output during the first half of this year.



TODAY'S MARKET IDEAS:

Near-term support for March cocoa is at 2048 while resistance is at 2140.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

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

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) 01/31/2017: The sell-off took the market to a new contract low. Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's short-term trend is negative as the close remains below the 9-day moving average. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is 2050. The next area of resistance is around 2095 and 2119, while 1st support hits today at 2061 and below there at 2050.

DAILY COFFEE COMMENTARY 01/31/17

Overbought condition easing and long term fundamentals firm

The market continues to inch lower and technical traders see bearish chart patterns. Rainfall is forecast to return to the state of Espirito Santo's Robusta-growing regions late this week with more rains expected into next week. Also, rainfall is expected in decent volumes for all of the Arabica regions over the next



6 to 10 days. Brazil's 2017/18 season will be "off-year" in their biannual crop cycle that is expected to result in a 6 million bag production decline from this season. However, Brazil's Robusta crop is widely forecast to improve on this season's abysmal result so this upcoming precipitation should help to give production an additional boost. Brazil's near-term Robusta supply is very tight, but prospects for a decent recovery could ease demands for that nation to import coffee during the first half of this year. ICE exchange stocks rose by 3,340 bags on Monday and with one day left to go are looking at a sizable build for the month of January.

TODAY'S MARKET IDEAS:

With Vietnam off-line for their Lunar New Year holiday and Brazilian rainfall front and center with the market, coffee prices may continue to grind their way lower early the week but should find their footing before a retest of the mid-January lows. Key support for March coffee is at the 147.75 to 144.90 zone. Consider buying breaks into this zone.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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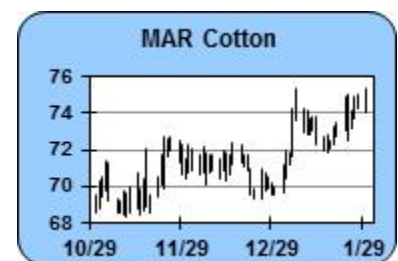
COFFEE (MAR) 01/31/2017: Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market's close below the pivot swing number is a mildly negative setup. The next downside target is 148.67. The next area of resistance is around 152.32 and 153.36, while 1st support hits today at 149.98 and below there at 148.67.

DAILY COTTON COMMENTARY

01/31/17

Reversal action and very overbought condition; back and fill

The cotton market looks vulnerable to some back and fill action as open interest is very high, speculators hold a massive net long position and ICE exchange stocks continue to advance. Commercial traders seem uninterested in ownership over the 75.00 level. March cotton has hit 75.00 three times this year and closed sharply lower on the day on each occasion. The market experienced an outside day with a sweeping reversal yesterday as May cotton traded up to the highest price level since August 8th before closing moderately lower. Open interest jumped 4,996 contracts to 272,698. ICE exchange deliverable stocks jumped to 135,759 bales from 128,144 bales the previous session and up from 40,000 bales earlier this year. Large and small speculators combined held a net long position of 127,308 contracts on January 24th, just shy of the record 137,651 contracts.



TODAY'S MARKET IDEAS:

Global demand prospects look strong but the market is overbought. May cotton close-in resistance is at the 75.28 to 75.82 level, with key support at 73.50 and 72.28. Look for a setback to key support.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

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COTTON (MAR) 01/31/2017: 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 outside day down is a negative signal. The market setup is somewhat negative with the close under the 1st swing support. The near-term upside objective is at 75.67. The next area of resistance is around 74.76 and 75.67, while 1st support hits today at 73.51 and below there at 73.16.

COTTON (MAY) 01/31/2017: 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 could take on a defensive posture with the daily closing price reversal down. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next upside target is 76.11. The next area of resistance is around 75.35 and 76.11, while 1st support hits today at 74.29 and below there at 74.00.

DAILY SUGAR COMMENTARY

01/31/17

Consolidation could be continuation pattern; 21.71 next

Sugar continues to have trouble sustaining upside momentum but has managed to hold its ground above the mid-January lows. Sugar's net spec long position may be nearly half the size of its record high in early October, but it remains the largest net spec long of any Ag commodity by a margin of over 100,000 contracts. A new 3-month high in the Brazilian currency provided some measure of support as it eases pressure on their exporters to market their supply to foreign customers. India's food ministry will begin to randomly check sugar stockpiles at their nation's mills and trading firms to prevent price surges in domestic prices. Indian mills have been strongly encouraged to work down their sugar stocks, with that supply potentially helping them to avoid importing large amounts of sugar this season. This season's Indian production is widely forecast to reach a 7-year low which could leave them with very small ending stocks.



TODAY'S MARKET IDEAS:

Sugar's Asian supply outlook remains bullish for now and should continue to provide underlying support to the market and keep near-term pullbacks relatively shallow in nature. Near-term support for March sugar is at 20.10 with resistance at 20.65. A resumption of the uptrend leaves 21.71 as next key resistance. Consider selling May sugar 19.50 put near 62.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (MAR) 01/31/2017: Declining momentum studies in the neutral zone will tend to reinforce lower price action. 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 lower than the pivot swing number. The next downside target is 19.97. The next area of resistance is around 20.48 and 20.64, while 1st support hits today at 20.14 and below there at 19.97.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (MAR) 01/31/2017: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside objective is at 183.00. The next area of resistance is around 180.80 and 183.00, while 1st support hits today at 174.95 and below there at 171.25.

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	20.30	50.20	52.20	42.48	30.80	20.34	20.43	20.54	19.66	20.05
CTAH7	74.14	59.43	59.38	65.54	70.21	74.27	73.69	73.40	71.91	71.50
CTAK7	74.82	62.24	61.59	72.16	75.50	74.86	74.29	73.89	72.34	71.98
CCAH7	2078	33.62	37.20	29.76	18.08	2124.25	2155.56	2186.44	2249.38	2303.85
OJAH7	177.80	54.39	47.26	22.68	36.11	170.51	168.19	175.99	191.98	196.65
KCAH7	151.15	56.26	56.02	78.20	70.62	151.98	152.09	149.27	145.76	151.11
MAH7	17.08	42.85	46.81	37.54	31.89	17.06	17.18	17.25	17.12	16.85

Calculations based on previous session. Data collected 01/30/2017

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	19.96	20.14	20.30	20.48	20.64
CTAH7	Cotton	73.15	73.50	74.41	74.76	75.67
CTAK7	Cotton	73.99	74.29	75.05	75.35	76.11
CCAH7	Cocoa	2049	2060	2084	2095	2119
OJAH7	Orange Juice	171.20	174.90	177.10	180.80	183.00
KCAH7	Coffee	148.66	149.97	151.01	152.32	153.36
MAH7	Milk	16.88	16.99	17.05	17.16	17.22

Calculations based on previous session. Data collected 01/30/2017

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