



DAILY SOFTS CURRENCY COMMENTARY Wednesday February 01, 2017

DAILY COCOA COMMENTARY 02/01/17

Key reversal, market may have priced big supply outlook

March cocoa traded to a contract low yesterday before putting together a sizable rebound and a key reversal. While the Dollar's nosedive provided a boost to many commodities, a new 7-week high in the Eurocurrency and strong gains in the British Pound were particularly helpful for cocoa as it will help to improve European demand going forward. Fourth quarter 2016 Ivory Coast cocoa bean exports were at 308,125 tonnes which were 15% below 2015's total. While there were logistical problems in early October followed by political unrest over the past few months, there were not ongoing supply bottlenecks so there may be some evidence that this season's Ivory Coast production will not live up to some trade forecasts of a record high crop above 1.8 million tonnes. Keep in mind that after one-third of the 2016/17 season has been completed (October through January), Ivory Coast and Ghana (who combined account for over 55% of global production) are only even to slightly ahead of last season's output pace.



TODAY'S MARKET IDEAS:

The prospect of a longer-term Dollar decline should provide a boost to global demand prospects and the key reversal is a positive technical signal. Near-term support for May cocoa is at 2079 with resistance at 2146 and 2164. Look for a test of key downtrend channel resistance at 2187. Penetration of this channel will leave 2278 as initial upside target. Consider buying.

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) 02/01/2017: The market was pushed to a new contract low. Momentum studies are declining, but have fallen to oversold levels. A negative signal for trend short-term was given on a close under the 9-bar moving average. The upside daily closing price reversal gives the market a bullish tilt. The market setup is supportive for early gains with the close over the 1st swing resistance. The next downside target is now at 2029. The next area of resistance is around 2142 and 2185, while 1st support hits today at 2064 and below there at 2029.

DAILY COFFEE COMMENTARY 02/01/17

Long term fundamentals positive with growing demand base

Coffee prices survived a test of the mid-January lows, but may need to find a more bullish tone from near-term supply news to regain upside momentum. The



market managed to close back above its 50-day and 200-day moving averages after trading below both earlier in the day. Forecasts for widespread rain over the next 6 to 10 days will bring relief to most of Brazil's coffee-producing areas, and will be particularly helpful for Robusta-growing regions in the state of Espirito Santo that saw very dry conditions last year. The International Coffee Organization (ICO) reported that world coffee exports rose to 10.17 million bags in December from 9.5 million last year while October-December exports were also up 8.3% to 29.8 million bags. Strong Brazilian Arabica production and more aggressive Vietnamese marketing contributed to that increase, but it also dampens the bullish supply outlook going into the early part of this year. ICE exchange coffee stocks rose by a hefty 6,156 bags on Tuesday to finish January with an increase of 52,143 bags, the largest monthly increase since February of 2013 which indicates that global demand may be starting to soften early this year.

TODAY'S MARKET IDEAS:

The prospect of a longer-term decline in the Dollar and improving risk appetites could help to keep coffee prices fairly well supported over the near-term. The first key support for May coffee at 150.10 held on a closing basis which is a positive development for the bulls. At this point, a close over 155.45 would leave 163.15 and 163.90 as next upside targets.

NEW RECOMMENDATIONS:

* Sell May coffee 145.00 put at 440 with an objective of Zero. Risk to 555.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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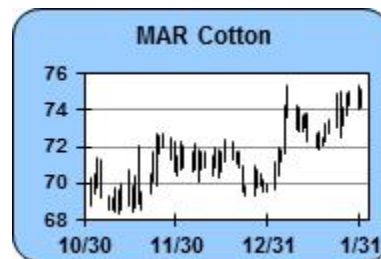
COFFEE (MAR) 02/01/2017: The market back below the 60-day moving average suggests the longer-term trend could be turning down. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. A negative signal was given by the outside day down. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside objective is 143.65. The next area of resistance is around 152.50 and 155.45, while 1st support hits today at 146.60 and below there at 143.65.

DAILY COTTON COMMENTARY

02/01/17

Continued positive demand tone supports more buying; OI high

With open interest at the highest level since 2008 and speculators holding a near record high net long position, the cotton market will need to see a steady flow of bullish news to remain in an uptrend. The market closed higher yesterday as May cotton experienced the highest close since August 8th. A surge lower in the US dollar to the lowest level since December 8th helped to support the market. The higher price for Indian cotton has helped to support better export sales news for US cotton and traders will monitor sales closely over the near-term. Technically, the rally stalled below Monday's highs and a sharp break in the stock market may have been factor to limit the gains with May cotton experiencing an inside trading session. The market has pushed to a new high for the move this morning. ICE exchange deliverable stocks were steady on the day at 135,759 bales from 128,144 bales two sessions ago 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, which is just shy of the record of 137,651 contracts.



TODAY'S MARKET IDEAS:

If the focus shifts away from March cotton fixations and to 2017 plantings outlook, the combination of higher acres and good subsoil might be seen as negative. For now, demand news has stayed firm. May cotton close-in

resistance is at 76.51. Uptrend channel support is 74.43. Key support is at 73.50 and 72.28.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

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) 02/01/2017: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The close above the 9-day moving average is a positive short-term indicator for trend. The market setup is supportive for early gains with the close over the 1st swing resistance. The near-term upside target is at 75.80. The next area of resistance is around 75.45 and 75.80, while 1st support hits today at 74.43 and below there at 73.75.

COTTON (MAY) 02/01/2017: Rising stochastics at overbought levels warrant some caution for bulls. The market's short-term trend is positive on the close above the 9-day moving average. Market positioning is positive with the close over the 1st swing resistance. The near-term upside target is at 76.38. The next area of resistance is around 76.07 and 76.38, while 1st support hits today at 75.13 and below there at 74.49.

DAILY SUGAR COMMENTARY

02/01/17

Consolidation could be continuation pattern; 21.61 next

Sugar prices continue to see coiling price action inside of the wide-sweeping outside day range on January 19th, but the market is staying clear of its mid-January lows as well as its 50-day and 200-day moving averages. After this much consolidation, we have to assume that this is a continuation pattern and that we will eventually see an upside breakout. Sugar benefited yesterday from broad-based support given to commodities by the Dollar's sharp selloff, although the Brazilian currency fell back from a new 18-month high to post a negative result. While this season's Brazilian harvest has wound down, there are contrasting views on their upcoming crop. Brazil's 2017/18 Center South sugar production could reach 36.8 million tonnes according to Datagro Consulting, which compares to 2016/17's 35.6 million while 2017/18 Center South sugar cane output was forecast at 612 million tonnes versus 605.5 million in 2016/17. Archer Consulting also released estimates for 2017/18 Center South sugar production at 35.4 million tonnes with cane crushing seen at 586 million tonnes. There is daily rainfall forecast over sugar-growing regions in Brazil's top-producing state of Sao Paolo until the middle of next week, which combined with this month's precipitation should help out the upcoming 2017/18 cane crop. A different Trade house estimate showed a global production surplus for the 2017/18 season of near 2.7 million tonnes from a deficit of 5.7 million this year.



TODAY'S MARKET IDEAS:

Brazilian crop prospects are good and traders expect improving production prospects for Europe, India and Thailand for the 2017/18 season. However, old crop tightness may support for several months ahead. Near-term support for May sugar is at 20.47 and a close through minor resistance at 20.73 would leave the market in a short-term uptrend with 21.61 as upside target.

NEW RECOMMENDATIONS:

* Sell May sugar 19.75 put at 64 with an objective of 0. Risk to 83.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (MAR) 02/01/2017: 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 close over the pivot swing is a somewhat positive setup. The next downside objective is 20.14. The next area of resistance is around 20.59 and 20.70, while 1st support hits today at 20.31 and below there at 20.14.

OJ 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.

ORANGE JUICE (MAR) 02/01/2017: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. The market's close below the 1st swing support number suggests a moderately negative setup for today. The near-term upside objective is at 179.20. The next area of resistance is around 175.60 and 179.20, while 1st support hits today at 170.20 and below there at 168.35.

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	20.45	54.43	54.49	38.51	30.57	20.36	20.37	20.52	19.68	20.03
CTAH7	74.94	65.43	63.40	69.16	76.40	74.53	73.99	73.44	71.98	71.59
CTAK7	75.60	68.24	65.61	75.28	81.50	75.13	74.61	73.97	72.41	72.08
CCAH7	2103	38.95	40.29	25.71	17.61	2102.00	2141.11	2179.00	2241.91	2295.03
OJAH7	172.90	46.40	42.40	28.16	39.13	172.08	168.54	174.82	191.17	195.86
KCAH7	149.55	49.67	52.01	72.20	60.20	151.14	152.13	149.70	145.58	150.83
MAH7	17.15	47.01	49.17	36.16	33.39	17.11	17.17	17.26	17.14	16.87

Calculations based on previous session. Data collected 01/31/2017

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	20.14	20.31	20.42	20.59	20.70
CTAH7	Cotton	73.74	74.42	74.77	75.45	75.80
CTAK7	Cotton	74.48	75.12	75.43	76.07	76.38
CCAH7	Cocoa	2029	2064	2107	2142	2185
OJAH7	Orange Juice	168.30	170.15	173.75	175.60	179.20
KCAH7	Coffee	143.65	146.60	149.55	152.50	155.45
MAH7	Milk	16.85	17.02	17.11	17.28	17.37

Calculations based on previous session. Data collected 01/31/2017

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