



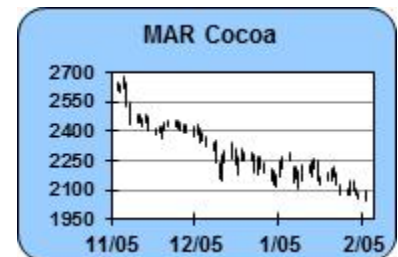
DAILY SOFTS CURRENCY COMMENTARY Tuesday February 07, 2017

DAILY COCOA COMMENTARY 02/07/17

No technical signs of a low yet and good weather pressures

The market is lower this morning and posted another contract low. Cocoa prices seem to be well into oversold and "value zone" territory, but continue to lack a supply/demand catalyst to help the market stabilize. May cocoa traded down to a fifth new contract low in the past seven sessions yesterday before closing with an outside-day session with a moderate loss. The latest update on Ivory Coast port arrivals showed that arrivals during the January 30th-February 5th period were fractionally above last year's comparable total for a second week in a row.

This keeps the 2016/17 season-long arrivals mildly ahead of last season's pace after more than 4 months of harvesting. Recent stories of cocoa beans piling up at Ivory Coast ports as well as their government having spot sales over the past month in anticipation of domestic exporter default have fed ideas that cocoa is being held back from marketing until supply bottlenecks are relieved.



Combined with weather that West Africa growing regions have received during the past few months that was much milder than last season, and some traders and analysts feel that production in the region will not only improve but will see a significant increase from last season. While the Dollar has fallen back from the multi-decade high that it posted at the start of this year, it remains strong enough to send a chill into cocoa demand prospects around the globe. This is particularly true for Europe where over one-third of global grindings take place and is a region without a domestic source of cocoa beans.

TODAY'S MARKET IDEAS:

Yesterday's outside day down may keep cocoa on the defensive until risk appetites improve, but the market may not need much in the way of bullish supply/demand news to trigger a sizable turnaround. Near-term support for May cocoa is at 2042 and then 2026. A move back over 2086 is needed to turn the minor trend up.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

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 (MAY) 02/07/2017: Momentum studies are declining, but have fallen to oversold levels. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The outside day down is a negative signal. The market setup is somewhat negative with the close under the 1st swing support. The next downside objective is 2015. The next area of resistance is around 2081 and 2115, while 1st support hits today at 2031 and below there at 2015.

DAILY COFFEE COMMENTARY 02/07/17

Smaller Brazil crop this year to support; London correction

After contract highs last week, London futures closed lower for three sessions in a row and pushed down to the lowest level since January 10th this morning but have pushed higher on the day. The New York market remains in a steady 2-week downtrend channel and with little visibility yet from Vietnam coming out of the holiday period, coffee prices continue to have a difficult time finding support. Over the past ten sessions, May coffee has only seen one "higher high" and one "higher low" even though there have been four positive closes over that timeframe. The Brazilian government will request authorization from its chamber of foreign trade Camex to start importing Robusta coffee which Brazil's Ag Minister came out in favor of last year. However, the Brazilian Ag Ministry will also "reassess" their inventory of Robusta stocks throughout their nation before a decision is made as Brazil's producers remain firm that there is no need for imports this season. In addition, wet weather in northern Brazil was also seen as a negative force as it will boost prospects for the upcoming Robusta production in their state of Espirito Santo. ICE exchange coffee stocks rose by 5,910 bags on Monday and are at their highest level since early summer, indicating that global demand may be softening.



TODAY'S MARKET IDEAS:

While there continues to be a bullish longer-term supply set-up, uncertainty from Brazil and Vietnam continues to weigh on prices. Near-term support for May coffee is at 144.50 while resistance is at 150.10. A push back over 151.35 turns the short-term trend up with 164.40 as target.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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COFFEE (MAY) 02/07/2017: The major trend has turned down with the cross over back below the 40-day moving average. Daily stochastics declining into oversold territory suggest the selling may be drying up soon. 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 1st swing support number suggests a moderately negative setup for today. The next downside target is now at 144.22. The next area of resistance is around 148.02 and 150.11, while 1st support hits today at 145.08 and below there at 144.22.

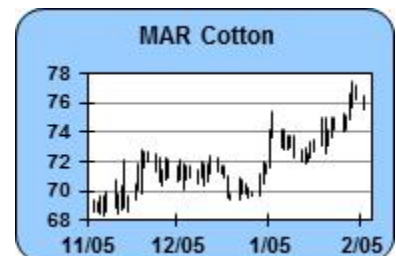
DAILY COTTON COMMENTARY

02/07/17

Higher planted area for US and India might spark selling

The cotton market looks poised for at least a technical correction over the near-term. A stochastic crossover sell signal from a significantly overbought level is seen as a negative development. Open interest seems to have stabilized over the past few sessions after a steep uptrend since late December. Ideas that traders might lighten up on long positions ahead of the February USDA report on Thursday helped to spark some selling. Trend-following fund traders (non-commercial traders less index funds) held a net long position of 104,264

contracts as of January 31st which is down just slightly from the record high of 110,898 contracts. The data goes back ten years and this leaves the market extremely overbought. ICE certified stocks deliverable to the exchange jumped to 214,550 bales from 205,230 bales, 194,718, 153,635 and 135,759 bales the previous four sessions. This is up from near 40,000 earlier this year. The International Cotton Advisory Committee sees India cotton planted area up 7% from last year for the 2017/18 season and many traders see a major jump in US cotton



plantings as well.

TODAY'S MARKET IDEAS:

If focus shifts to new crop, normal weather could boost US ending stocks by "millions" of bales and if India crop recovers and India competes on the world market, US exports could sour. The cotton market is showing more and more signs of putting in at least a short-term peak. Surging ICE exchange stocks may be seen as a negative factor and some spec long liquidation could occur ahead of the USDA report later this week. Close-in resistance for May cotton is at the 77.08 to 77.50 zone, with 74.79 as 1st key support.

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 (MAY) 02/07/2017: A bearish signal was triggered on a crossover down in the daily stochastics. Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. A positive signal for trend short-term was given on a close over the 9-bar moving average. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is now at 75.71. The next area of resistance is around 76.79 and 77.40, while 1st support hits today at 75.95 and below there at 75.71.

COTTON (DEC) 02/07/2017: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's close above the 9-day moving average suggests the short-term trend remains positive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 74.28. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 74.15 and 74.28, while 1st support hits today at 73.73 and below there at 73.43.

DAILY SUGAR COMMENTARY

02/07/17

Two year drawdown of near 13 million tonnes for stocks; firm

Increased tightness for the next few months should keep the sugar market in a short-term uptrend but longer-term, traders are growing concerned that supply may exceed demand for the 2017/18 season. For the next two months, the market could see tightness as two years of a major drawdown of world stocks of near 13 million tonnes helps support. March sugar closed slightly higher on the session yesterday as the market continues to find strength on concerns about India's production. Australian researcher Green Pool estimated the India's sugar production at 20.3 million tonnes versus a previous estimate of 20.5 million, and this would be down from near 25 million tonnes last year. As a result, India may need to import 1.0-1.5 million tonnes. The market is up 18.7% since making a low on December 15th, and is on track to reach the 20% threshold which would define a bull market. The rally pushed the market up to the highest level since November 15th. Many traders see the global sugar balance shifting from a 5 million tonnes production deficit for the 2016/17 season to a surplus for the 2017/18 season. Expectations for record Brazilian production and significant jumps in production from India, Europe and Thailand (if the weather is good) are the main reasons for the potential for a surplus.



TODAY'S MARKET IDEAS:

May sugar surged higher early yesterday to take out the January highs, but the market closed well off of the highs and back into the month-long consolidation. Some see the action as a bit negative technically, but there are no

clear technical signs of a peak. Tightening short-term supply should provide underlying support. Close-in support for May sugar is at 20.73 with 21.61 and maybe 21.75 as next upside targets.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Short May sugar 19.75 put from 61 with an objective of 0. Risk to 83.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (MAY) 02/07/2017: Positive momentum studies in the neutral zone will tend to reinforce higher 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 near-term upside objective is at 21.35. The next area of resistance is around 21.14 and 21.35, while 1st support hits today at 20.80 and below there at 20.66.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (MAY) 02/07/2017: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's short-term trend is negative as the close remains below the 9-day moving average. The close below the 1st swing support could weigh on the market. The next downside target is 160.25. The next area of resistance is around 163.00 and 164.30, while 1st support hits today at 161.00 and below there at 160.25.

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										
SBAK7	20.97	68.48	64.89	54.69	63.62	20.77	20.56	20.52	19.56	19.66
CTAK7	76.37	62.44	63.08	84.07	82.28	77.02	75.90	74.68	72.86	72.57
CTAZ7	73.94	81.70	75.57	87.30	95.39	73.48	72.47	71.85	70.62	70.47
CCAK7	2056	32.53	36.46	18.08	11.20	2086.75	2107.67	2145.83	2208.36	2261.02
OJAK7	162.00	34.08	33.80	29.24	27.25	164.11	166.11	168.43	184.95	190.63
KCAK7	146.55	33.33	40.60	38.35	19.72	149.08	151.80	152.58	147.28	151.40
MAH7	16.92	38.24	42.74	38.36	34.79	17.17	17.12	17.25	17.22	16.94

Calculations based on previous session. Data collected 02/06/2017

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						
SBAK7	Sugar	20.65	20.79	21.00	21.14	21.35
CTAK7	Cotton	75.70	75.94	76.55	76.79	77.40
CTAZ7	Cotton	73.42	73.72	73.85	74.15	74.28
CCAK7	Cocoa	2015	2031	2065	2081	2115
OJAK7	Orange Juice	160.20	160.95	162.25	163.00	164.30
KCAK7	Coffee	144.21	145.07	147.16	148.02	150.11
MAH7	Milk	16.71	16.79	16.97	17.05	17.23

Calculations based on previous session. Data collected 02/06/2017

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