



DAILY SOFTS CURRENCY COMMENTARY

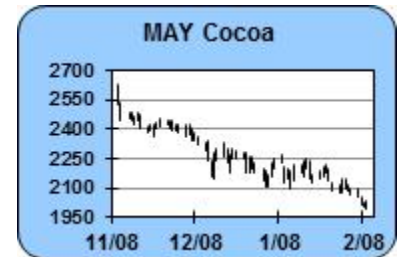
Friday February 10, 2017

DAILY COCOA COMMENTARY

02/10/17

On contract lows for sixth day in a row; weak

May cocoa is down at contract lows for the sixth session in a row this morning. Given that the market has fallen well into oversold territory, any minor positive news could give the market a bounce. In spite of multi-year low prices, improving demand prospects are finding little traction with the market and were dealt a further setback by the recent weakness in the Eurocurrency. A bearish near-term supply situation has fueled ideas of a huge increase in West African production this season and until supply bottlenecks are relieved, it will be difficult to get an accurate gauge on the region's output and what supply producers are still holding onto. A shift towards drier weather starting this weekend could cause some stress on growth development for mid-crops in the Ivory Coast and Ghana. While dry conditions will aid in the main crop harvesting process, growing areas in the key Ivory Coast region of Daloa have been extremely dry over the last six weeks. The latest COT report will be released after today's close and will reflect an 85 point decline between the January 31st and February 7th measuring dates.



TODAY'S MARKET IDEAS:

Near-term support for May cocoa is at 1965 while resistance is at 2050. There are still no signs of a low.

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) 02/10/2017: The market made a new contract low on the break. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The outside day down is somewhat negative. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is now at 1955. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 2021 and 2054, while 1st support hits today at 1971 and below there at 1955.

DAILY COFFEE COMMENTARY

02/10/17

Move over 148.75 for May coffee could spark move to 153.50

With the oversold condition, a move above the well-defined downtrend channel might be enough to spark significant buying. May coffee will penetrate this



channel on a move over 148.75 today. Coffee prices received support yesterday from a report that Brazil's output could fall to 40.4 million bags from 50.7 million last year due to the low-yielding cycle and adverse weather, according to consultant firm A&R Coffee. An "off-year" in Brazil's biannual coffee cycle normally results in a production decline of 5 to 6 million bags, but this is the second forecast this week (following the co-op Cooxupe) looking for a crop in the low to mid 40-million bag range. Brazilian exports last months were at 2.38 million bags, down 6% from December and down 12% from last year's total, but only included slightly more than 22,000 bags of Robusta which underscores a tight supply situation in that nation. ICE exchange coffee stocks fell by 1,901 bags on Thursday but are up over 5% than their ending 2016 total which may indicate some softening of global demand levels at the start of this year. After prices fell by almost 7 cents (4.6% lower) between COT measuring dates, coffee's net spec long position should see a notable decline in today's report.

TODAY'S MARKET IDEAS:

If coffee can avoid a negative shift in risk appetites, the market is only 1.25 cents from posting a weekly reversal and less than 3.00 cents away from climbing above its 200-day moving average for the first time since February 2nd. Near-term support for May coffee is at 145.95 and 145.45 with resistance is at 149.95 and 151.75. Watch for bounce to at least 153.50.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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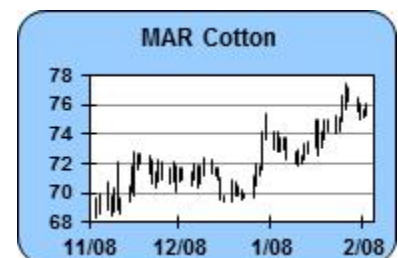
COFFEE (MAY) 02/10/2017: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The close below the 9-day moving average is a negative short-term indicator for trend. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next downside target is now at 144.33. The next area of resistance is around 149.00 and 149.92, while 1st support hits today at 146.20 and below there at 144.33.

DAILY COTTON COMMENTARY

02/10/17

India defaults could push additional export business to US

India exporters have cancelled some export contracts and are delaying others and this may be providing short-term support. It will not take much in the way of negative news to spark a significant long liquidation selling trend from speculators who hold a near record net long position. There were no surprises for the USDA report. US ending stocks were revised down by 200,000 bales to 4.8 million compared with 3.8 million last year due to a 200,000 bale increase in exports. This is still an eight year high. Higher prices in India have allowed the US export sales to jump in the past few months. India plans to boost planted area this year by 7% and US acreage is thought to be up sharply. World ending stocks were revised lower by 750,000 bales to 89.90 million bales due to improved demand with a noted increase in demand from India. World ending stocks were tighter but still represent 79.9% of global usage.



ICE certified stocks deliverable to the exchange jumped to 239,949 bales from 235,024 bales and 224,737 bales the previous two sessions and up from 153,635 bales just last week. This is up from near 40,000 earlier this year. The May/July cotton spread pushed down to a new contract low this week. Net weekly export sales for cotton came in at 208,100 bales for the current marketing year and 46,000 for the next marketing year for a total of 254,100 bales. As of February 2nd, cumulative cotton sales stand at 86.1% of last month's USDA forecast versus a 5 year average of 84.3%.

TODAY'S MARKET IDEAS:

Chinese production was revised higher by 500,000 bales yesterday and this leaves Chinese ending stocks representing 135% of one year usage. Close-in selling resistance for May cotton is at 77.50, with 74.79 as first key support.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Short May Cotton 80.00 call and long May cotton 73.00 put for a net premium received of 39 points. Use an objective of +390 points on the spread and risk a total of 105 points from entry.

COTTON TECHNICAL OUTLOOK:

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COTTON (MAY) 02/10/2017: Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. The market's short-term trend is positive on the close above the 9-day moving average. The market has a slightly positive tilt with the close over the swing pivot. The next downside objective is 75.85. The next area of resistance is around 77.09 and 77.64, while 1st support hits today at 76.20 and below there at 75.85.

COTTON (DEC) 02/10/2017: 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 close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 74.47. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 74.36 and 74.47, while 1st support hits today at 73.96 and below there at 73.68.

DAILY SUGAR COMMENTARY

02/10/17

Back consolidating; clash of tightness close by with surplus

With the further sell-off overnight, May sugar is back deep into the consolidation and to the lowest level since February 3rd. Thailand's sugar output was seen at 4.9 million tonnes from cane crushing of 49.4 million tonnes as of February 8th. This season's crushing had a late start on December 6th, and compares to 5.5 million tonnes from cane crushing of 57.7 million tonnes at this point last year. Thailand produced 9.78 million tonnes of sugar from cane crushing of 94 million tonnes in the 2015-16 season so even with the late start, this points towards a sizable decline from last season's production total. India may be looking at a 15% production decline or more from last season, but may have enough stocks on-hand at mills for their government to avoid relaxing import duties this season. The USDA lowered sugar's 2016/17 stocks/usage ratio from 15.4 to 14.8 while also raising their forecast for beet sugar exports this season, which could point towards domestic tightness later this year if issues with Mexican imports remain unresolved. The latest COT report will reflect a 27 tick price increase between the January 31st and February 7th measuring dates, which should result in a modest decline in sugar's net spec long position.



TODAY'S MARKET IDEAS:

It may take a "risk on" mood developing across global markets for sugar to re-challenge its recent highs, but a bullish near-term Asian supply situation will not go away soon which in turn should help to underpin prices. Near-term support for May sugar is at 20.35, with 21.61 and 21.75 as the 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) 02/10/2017: A bearish signal was triggered on a crossover down in the daily stochastics. 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. The daily closing price reversal down is a negative indicator for prices. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is 20.36. The next area of resistance is around 20.83 and 21.08, while 1st support hits today at 20.47 and below there at 20.36.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (MAY) 02/10/2017: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside target is at 171.45. The next area of resistance is around 170.20 and 171.45, while 1st support hits today at 167.30 and below there at 165.60.

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	20.65	54.76	56.61	56.49	54.91	20.75	20.66	20.56	19.69	19.63
CTAK7	76.65	63.87	63.84	77.35	73.77	76.40	76.41	75.23	73.19	72.89
CTAZ7	74.16	82.78	76.59	93.83	97.16	74.02	73.27	72.33	70.91	70.73
CCAK7	1996	25.15	31.50	9.87	5.53	2020.00	2061.33	2118.11	2183.44	2238.85
OJAK7	168.75	50.02	44.49	37.75	46.72	166.11	166.92	166.19	181.83	188.58
KCAK7	147.60	42.61	45.02	20.57	14.88	146.13	148.88	151.63	147.19	150.21
MAH7	16.97	43.33	45.39	32.00	30.37	16.91	17.07	17.15	17.22	16.99

Calculations based on previous session. Data collected 02/09/2017

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	20.36	20.47	20.72	20.83	21.08
CTAK7	Cotton	75.85	76.20	76.75	77.09	77.64
CTAZ7	Cotton	73.67	73.96	74.07	74.36	74.47
CCAK7	Cocoa	1954	1971	2004	2021	2054
OJAK7	Orange Juice	165.55	167.25	168.50	170.20	171.45
KCAK7	Coffee	144.32	146.19	147.12	149.00	149.92
MAH7	Milk	16.62	16.82	16.92	17.12	17.22

Calculations based on previous session. Data collected 02/09/2017

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