



DAILY SOFTS CURRENCY COMMENTARY

Wednesday April 05, 2017

DAILY COCOA COMMENTARY

04/05/17

Demand tone has been weak but 1st quarter might be OK

Cocoa has followed a 6 session/76 point price range with a 5 session/67 point price range as the market continues to see coiling price action. In spite of lukewarm to sluggish risk sentiment, however, cocoa remains well above its recent lows. West Africa's mid-crop harvest is now underway, so the market will be watching for a fresh surge of port arrivals that would reinforce a positive view towards the region's upcoming production. First quarter grindings totals will be released in mid-April and in spite of the upsurge in "origin" processing in recent years (where grindings are done in the nation where beans were grown), year-over-year gains for Asia and Europe could help to boost prices further to the upside. In a report from Moody's, leading cocoa producers Cote d'Ivoire and Ghana should be able to withstand short term price fluctuations with the current cocoa price reflecting a drop of about 30% compared to mid-2016. Minimum farmgate prices have protected farmers in Cote d'Ivoire, while Ghana's oil sector could help offset the impact on the short term price fluctuations.



TODAY'S MARKET IDEAS:

Near-term pullbacks should still be used as an opportunity to enter long call options strategies. Near-term support for May cocoa is at the 2069-2066 zone with resistance at 2137. A close over 2137 leaves 2237 as next target.

NEW RECOMMENDATIONS:

Buy July Cocoa 2100/2300 bull call spread for 52 with an objective of 172. Risk a total of 37 points.

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) 04/05/2017: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market's short-term trend is negative as the close remains below the 9-day moving average. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is 2065. The next area of resistance is around 2130 and 2146, while 1st support hits today at 2090 and below there at 2065.

DAILY COFFEE COMMENTARY

04/05/17

Trade sees no reason for weather premium yet: consolidation

Brazil's top Arabica growing state of Minas Gerais will have a mostly dry forecast through the middle of next week, but this follows decent rainfall over the past few months. While a normal "off-year" Brazilian crop sees a decline of 5 to 6 million bags from the previous season, upcoming 2017/18 production may see a smaller decline due to good growing conditions. March Brazilian coffee



exports upticked from February (2.491 million bags) but were over 10% below last year's total, due in large part to last year's poor Robusta crop. Guatemalan March coffee exports were seen at 343,880 bags, up from 298,384 bags in February and 339,468 bags last year according to the National Coffee Association, which is in-line with the strong output numbers seen from Honduras earlier this week. ICE exchange coffee stocks rose by just 165 bags.

TODAY'S MARKET IDEAS:

Our bias is to the upside but coffee needs to find a fresh source of bullish supply/demand news fairly quickly, as this season's sharp drop in Vietnamese production and a smaller upcoming Brazilian crop appears to be priced into the market already. Key near-term support for May coffee is at 137.20 with resistance at 140.30.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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COFFEE (MAY) 04/05/2017: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The close below the 9-day moving average is a negative short-term indicator for trend. The market tilt is slightly negative with the close under the pivot. The next downside target is now at 135.32. The next area of resistance is around 138.87 and 139.81, while 1st support hits today at 136.63 and below there at 135.32.

DAILY COTTON COMMENTARY

04/05/17

Jump in US plantings plus China/India acreage also up

With fund traders holding a near record net long position, the lowest close January 30th yesterday leaves the market vulnerable to increased speculative long liquidation selling just ahead. Ideas that there is enough old crop cotton to fulfill stronger than expected demand helped to pressure the market as the new crop production looks higher in India, China and especially the US. India who has been a traditional exporter in the past several years is now an active importer as their economy is doing better than expected and their currency is strong. The stronger old crop demand could lower US ending stocks for the 2016/17 season but the bearishness of the new crop outlook is far more of a force than a little tighter old crop supply; especially if the weather is anywhere close to normal.



TODAY'S MARKET IDEAS:

US producers are expected to increase plantings by 21% so normal yield should cause ending stocks to surge. Once the focus of attention shifts to the new crop, the supply outlook is burdensome and this could spark significant selling. Resistance for May cotton is at 75.43 and 76.10, with support at 73.45. Uptrend channel support off of the February 2016 lows comes in at 74.50 today. A close under this uptrend would sour the chart pattern and could entice increased selling.

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) 04/05/2017: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is now at 73.83. The next area of resistance is around 75.43 and 76.16, while 1st support hits today at 74.27 and below there at 73.83.

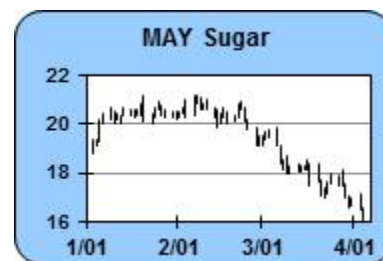
COTTON (DEC) 04/05/2017: Momentum studies are declining, but have fallen to oversold levels. The market's close below the 9-day moving average is an indication the short-term trend remains negative. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is 71.93. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 73.57 and 74.28, while 1st support hits today at 72.40 and below there at 71.93.

DAILY SUGAR COMMENTARY

04/05/17

Extreme oversold condition and India import news to support

News that India will allow 500,000 tonnes of duty-free raw sugar helped to drive the market higher overnight. Traders had given up on the idea of old crop imports for India. The imports are allowed until June 12th. The market traded down to 16.12 (down 2.5% and the lowest price level since April 28th of last year) before finishing yesterday with a heavy loss. Sugar prices fell for seven days in a row until the bounce overnight amid a projected 2017/18 global production surplus that follows several seasons of global supply deficits. March



Brazilian sugar exports were down more than 30% from last year's levels, but keep in mind that the 2016 harvest got off to an early start due to carryover cane supply. Brazil's Center-South cane harvest could see some early delays as there is daily rain forecast for their top-producing state of Sao Paulo starting Thursday and going through early next week. Even so, the combination of a Center-South cane crop above 600 million tonnes with Brazilian mills continuing to favor sugar over ethanol will cast a long shadow over the market. News that Cargill plans to reduce levels of sugar in soft drinks and processed food by using EverSweet sweetener in 2018 has been a negative feature, as it adds to concerns over lower global demand prospects going forward.

TODAY'S MARKET IDEAS:

With the India import news coming at a time that the market is extremely oversold, the market could see a decent recovery bounce. After correcting the oversold condition, however, the market will need help from Brazil or European weather for much follow-through. Near-term support for May sugar is at 16.49 and 16.12, with resistance at 17.14 and 17.39. A close through resistance would leave 18.17 as target.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (MAY) 04/05/2017: 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. The market setup is somewhat negative with the close under the 1st swing support. The next downside objective is 15.81. More downside action may be limited by the RSI under 20 putting the market in extremely

oversold territory. The next area of resistance is around 16.38 and 16.70, while 1st support hits today at 15.94 and below there at 15.81.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (MAY) 04/05/2017: 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 closing price reversal on the daily chart is somewhat bullish. The close over the pivot swing is a somewhat positive setup. The next downside objective is 145.90. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 159.95 and 165.25, while 1st support hits today at 150.30 and below there at 145.90.

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	16.16	13.97	19.37	13.19	7.49	16.57	17.11	17.53	19.00	19.36
CTAK7	74.85	32.37	38.21	17.12	12.10	75.97	76.51	77.00	76.97	76.19
CTAZ7	72.98	25.90	33.55	29.87	19.54	73.56	74.36	74.82	74.46	73.68
CCAK7	2110	56.50	55.86	69.56	63.02	2102.00	2120.00	2089.56	2027.78	2063.08
OJAK7	155.05	24.88	31.93	21.02	10.79	156.66	167.38	173.63	169.82	170.09
KCAK7	137.75	34.08	37.23	26.26	21.78	138.55	138.85	140.59	144.04	146.28
MAJ7	15.36	48.31	44.12	50.86	64.30	15.39	15.22	15.28	16.10	16.45

Calculations based on previous session. Data collected 04/04/2017

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	15.80	15.93	16.25	16.38	16.70
CTAK7	Cotton	73.82	74.26	74.99	75.43	76.16
CTAZ7	Cotton	71.92	72.39	73.10	73.57	74.28
CCAK7	Cocoa	2064	2089	2105	2130	2146
OJAK7	Orange Juice	145.85	150.25	155.55	159.95	165.25
KCAK7	Coffee	135.31	136.62	137.56	138.87	139.81
MAJ7	Milk	15.14	15.22	15.41	15.49	15.68

Calculations based on previous session. Data collected 04/04/2017

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