



DAILY SOFTS CURRENCY COMMENTARY

Wednesday April 19, 2017

DAILY COCOA COMMENTARY

04/19/17

Struggling to find much support but demand news OK

Cocoa is seeing some mildly positive signs from the demand side of the market, but expectations for strong West African output have not been diminished and are making it difficult for prices to sustain upside momentum. After decent early gains, July cocoa turned back to the downside yesterday before finishing with a moderate loss. First quarter Asian cocoa grindings will be released early Thursday and are forecast to see a "double-digit" gain on last year. If the North American first quarter grindings total released later on Thursday also show a positive result, it will mean that the three major quarterly grindings totals (European, Asian and North American) had year-over-year gains during a period seen by many analysts and traders to have "lukewarm" demand for cocoa. The latest reading on Ivory Coast cocoa port arrivals came in above the comparable period last year while the season-long total remains well ahead of last season's pace, but recent weekly arrival totals are coming in well below totals seen early this year. Given that heavy rainfall over West African growing regions could have a negative impact on mid-crop output, market expectations for the region's full-season production total may have to be dialed down.



TODAY'S MARKET IDEAS:

It may take several more weeks of their mid-crop harvest to gauge if West African production can live up to its current lofty expectations. However, demand is showing signs of improvement that can help to underpin cocoa prices. Near-term support for July Cocoa is at 1899 with resistance at 1955 and 1983.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Long July Cocoa 2100/2300 bull call spread from 46 with an objective of 172. Risk to 9.

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 (JUL) 04/19/2017: 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 daily closing price reversal down is a negative indicator for prices. The market's close below the pivot swing number is a mildly negative setup. The next downside target is 1866. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 1943 and 1975, while 1st support hits today at 1889 and below there at 1866.

DAILY COFFEE COMMENTARY

04/19/17

Built a nice base of support and set for bounce to 152.70

The market is inching higher this morning in spite of a strong dollar and



weakness in gold. Coffee still has to deal with demand-side concerns that are helping to keep near-term supply at relatively high levels. However, the market continues to have a bullish longer-term supply outlook that is lifting coffee prices further away from the recent lows. July coffee traded to a new 3 1/2 week high and finished yesterday with a moderate gain. Brazil's top Arabica-growing region of south Minas Gerais is forecast to see hot and dry conditions through late next week with high temperatures consistently above 90 degrees Fahrenheit. While the area saw decent weather over recent months, this increases the chance that Brazil's "off-year" crop will come in 5 to 6 million bags below last season's total. Even with larger production expected from Colombia and Central America, coffee remains on-course for a sizable global supply deficit during the 2017/18 season. A weaker Dollar should relieve pressure on exporters to market their coffee, but there continues to be a steady build-up of near-term supply. Following the highest month-end US green coffee stocks total in over 15 years, ICE exchange coffee stocks rose by a hefty 7,151 bags yesterday and are closing in on the largest monthly gain in over four years.

TODAY'S MARKET IDEAS:

Demand concerns will not be fully extinguished until near-term supply begins to decline, but there is not enough improvement expected from other major producers to offset the sharp drop in upcoming Brazilian output. July coffee near-term support is at 143.40, with 150.00 and 152.70 as next upside targets.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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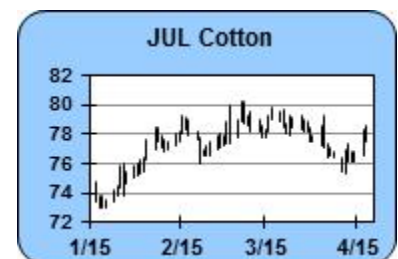
COFFEE (JUL) 04/19/2017: The cross over and close above the 40-day moving average is an indication the longer-term trend has turned positive. The upside crossover of the 9 and 18 bar moving average is a positive signal. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's close above the 9-day moving average suggests the short-term trend remains positive. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next upside objective is 148.50. The next area of resistance is around 147.40 and 148.50, while 1st support hits today at 143.70 and below there at 141.10.

DAILY COTTON COMMENTARY

04/19/17

Clash of old crop demand vs new crop supply bulge persists

The market is at a critical juncture but if focus shifts to the new crop season, the market appears a bit overpriced. Cotton experienced choppy and two-sided trade yesterday and closed 1 tick lower on the day. The market experienced an early sharp break, but minor support held and the market bounced. Focus on strong short-term demand and tightening US ending stocks have helped to support. If focus shifts to the new crop season, traders see a surge of 21% in US planted area and higher production expected from Pakistan, India and China as negative forces. Speculators still held a hefty net long position in the last COT update which leaves the market a bit overbought, but long liquidation should not be a significant factor unless support does not hold. News that the India, monsoon activity this year is projected to be near normal is seen as a slightly bearish force as this could boost Indian production. Some rains in South America could lower quality of the harvest.



TODAY'S MARKET IDEAS:

The clash of tightening old crop supply due to aggressive US demand pace with the outlook for plentiful supply in the new crop season continues. Close-in resistance for July cotton comes in at the 78.35 to 78.40 level, and a

close above this level would be bullish. However, a close back under support at 77.81 and 77.23 would sour the chart picture. Minor uptrend channel support is at 76.85 today and 77.10 tomorrow.

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) 04/19/2017: 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 daily closing price reversal down puts the market on the defensive. The market has a slightly positive tilt with the close over the swing pivot. The next upside target is 78.06. The next area of resistance is around 77.42 and 78.06, while 1st support hits today at 76.22 and below there at 75.65.

COTTON (DEC) 04/19/2017: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. 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 74.94. The next area of resistance is around 74.74 and 74.94, while 1st support hits today at 74.07 and below there at 73.59.

DAILY SUGAR COMMENTARY

04/19/17

Consolidation to correct oversold but could see more down soon

Sugar will continue to find pressure from expectations of larger upcoming production, but the market has now made two sizable bounces in as many weeks from a retest of its early April lows. July sugar traded down 1.2% on the day yesterday before putting together a sizable recovery move to finish with an outside-day session with a moderate gain. While it is still early in the Brazilian harvest, it appears that their current cane crop should avoid any sizable decline in production. The Brazilian trade ground Conab forecast their nation's total 2017/18 sugar production at 38.7 million tonnes, which is roughly unchanged from last season with cane crushings seen at 647.6 million tonnes compared to 657.2 million last year. Brazil's ethanol output is seen falling 4.9% to 26.45 billion liters, the lowest in five years as millers divert additional cane juice to produce sugar with Conab estimating 47.1% of crushing for sugar this season versus 45.9% in 2016/17. While there are increasing chances for an El Nino weather event late this year, both India and Thailand's 2017/18 sugar production is expected to see significant improvement from this year's output. Production in one of India's key producing regions (Maharashtra) is seen increasing by 70% this season.



TODAY'S MARKET IDEAS:

While an outside day higher usually results in upside follow-through, sugar prices need to see significant improvement in risk sentiment to offset expectations of larger upcoming production. Near-term resistance for July sugar is at 17.17 and 17.39, with 16.22 and 15.79 as next downside targets.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (JUL) 04/19/2017: Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. The close above the 9-day moving average is a positive short-term indicator for trend. The daily closing price reversal up is a positive indicator that could support higher prices. Market positioning is positive with the close over the 1st swing resistance. The next upside objective is 17.47. Short-term indicators suggest buying pullbacks today. The next area of resistance is around 17.19 and 17.47, while 1st support hits today at 16.47 and below there at 16.03.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (MAY) 04/19/2017: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The close above the 9-day moving average is a positive short-term indicator for trend. A positive setup occurred with the close over the 1st swing resistance. The near-term upside objective is at 169.50. The next area of resistance is around 167.30 and 169.50, while 1st support hits today at 160.00 and below there at 154.80.

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										
SBAN7	16.83	46.38	40.21	22.05	26.64	16.67	16.61	16.90	18.13	18.67
CTAK7	76.82	58.37	54.34	39.95	56.55	76.05	75.24	75.88	76.69	76.50
CTAZ7	74.41	58.48	54.28	39.00	53.85	73.82	73.42	73.89	74.44	74.03
CCAN7	1916	26.84	33.61	17.51	11.44	1931.25	1987.44	2056.11	2021.33	2041.07
OJAK7	163.65	47.97	46.33	33.31	39.79	161.11	162.67	165.02	169.13	168.32
KCAN7	145.55	66.20	58.03	46.90	64.30	142.73	141.95	141.59	144.64	146.81
MAK7	15.21	43.76	42.65	26.03	22.58	15.26	15.21	15.39	15.86	16.23

Calculations based on previous session. Data collected 04/18/2017
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						
SBAN7	Sugar	16.02	16.47	16.75	17.19	17.47
CTAK7	Cotton	75.64	76.21	76.85	77.42	78.06
CTAZ7	Cotton	73.59	74.06	74.27	74.74	74.94
CCAN7	Cocoa	1865	1888	1920	1943	1975
OJAK7	Orange Juice	154.75	159.95	162.15	167.30	169.50
KCAN7	Coffee	141.10	143.70	144.80	147.40	148.50
MAK7	Milk	15.02	15.11	15.22	15.31	15.42

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