



DAILY SOFTS CURRENCY COMMENTARY Wednesday March 29, 2017

DAILY COCOA COMMENTARY 03/29/17

In position for some back and fill action to clear up supply

The market looks vulnerable to a set-back. May cocoa traded down as much as 1.8% lower on the session yesterday before finishing with a moderate loss. The Dollar's rebound led to sizable losses for the Eurocurrency and British Pound, both of which could dampen European demand prospects which are already an ongoing concern for the market. In addition, the Ivory Coast Cocoa and Coffee Council (CCC) announced that they had offered cocoa beans at a discount to futures at auction in London on Monday. The CCC had been offering beans at price levels either equal to or at a small premium to futures in earlier auctions. However, the CCC offered Monday's beans at a discount in order to accelerate sales of mid-crop supply that starts its harvest in early April. Shippers estimate that there still could be as much as 80% of the Ivory Coast mid-crop yet to be sold by the CCC. There have already been hints that Ivory Coast will lower their minimum farmgate price for their mid-crop cocoa due to the steep drop in prices since the middle of last year. The prospect of sizable Ivory Coast sales over the next few months could damage already fragile sentiment in the market given that the threat of re-auctioned cocoa supply following exporter defaults was a key factor in a slide of cocoa prices to new contract lows during February and March.



TODAY'S MARKET IDEAS:

Ongoing weakness in the Eurocurrency and British Pound along with potential Ivory Coast mid-crop sales could be enough to trigger a near-term pullback. Near-term resistance for May cocoa is at 2142 with support at 2065 and 2027. Wait for signs that a near-term low has been put in before approaching the long side of the market.

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) 03/29/2017: The daily stochastics have crossed over down which is a bearish indication. Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market tilt is slightly negative with the close under the pivot. The next downside objective is now at 2081. The next area of resistance is around 2155 and 2186, while 1st support hits today at 2103 and below there at 2081.

DAILY COFFEE COMMENTARY 03/29/17

Hook reversal but no follow through, chop/lower ahead



The market did not see follow-through buying yet to help confirm at least a temporary low might be in place. Besides Monday's hook reversal, there are not many signs of a low and London May Robusta futures closed lower with an inside trading session yesterday and are lower this morning. With the Indonesian harvest in April and the Brazilian harvest beginning in May and June, supply tightness is expected to ease and the trade does not see a reason (yet) to build any kind of weather premium. Open interest is up to the highest level since January which suggest that funds are building a larger net short position. May coffee traded a bit higher on Tuesday after scoring a five day low and higher close on Monday. Vietnam's March coffee exports are estimated at 162,000 tonnes (2.7 million bags) compared to February's exports of 146,000 tonnes (2.43 million bags). First quarter coffee exports are estimated at 449,000 tonnes (7.48 million bags), which is down 5.3% from last year's first quarter according to the Vietnam's Ministry of Ag and Rural Development.

TODAY'S MARKET IDEAS:

There is still no confirmation of a short-term low, and the jump in the US dollar does not help the bull case. The trend is still down and the market lacks fresh news to spark a short-covering trend. Minor support for May coffee is at 137.20 with key support at the December 28th lows of 135.50. It will take a move above the downtrend channel resistance at 144.45 today to turn the minor trend up. Close-in resistance is at 141.30.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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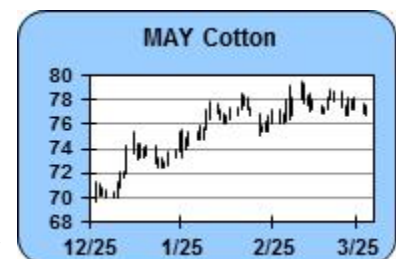
COFFEE (MAY) 03/29/2017: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market could take on a defensive posture with the daily closing price reversal down. The market has a slightly positive tilt with the close over the swing pivot. The next downside objective is now at 136.88. The next area of resistance is around 139.79 and 140.67, while 1st support hits today at 137.90 and below there at 136.88.

DAILY COTTON COMMENTARY

03/29/17

Bearish supply fundamentals but export tone strong

The market inched lower in quiet trade this week so far with a key USDA prospective plantings report for release on Friday. December cotton absorbed fairly aggressive speculative long liquidation selling to drive the market down to the lowest price level since March 2nd. With very high open interest and a near record net long position from speculators, long liquidation could get active ahead of the USDA update. Traders see cotton planted area for the coming year at 11.409 million bales (range of 10.5-12.3 million) as compared with the USDA Outlook Forum preliminary estimate of 11.5 million acres. This would be an increase of 13.2% from last year, and many traders see the fact that cotton has gained sharply on grains in the last six weeks as a reason to suspect plantings above 11.5 million acres. Ending stocks would likely come in near 6.5 million bales or higher for the 2017/18 season as compared with 4.5 million this year and from 3.8 million last year. China sold 18,600 tonnes of cotton from state reserves which were 62% of what was offered. Sales toward the end of this month are smaller than during early March when demand was very strong.



TODAY'S MARKET IDEAS:

The market continues to look top-heavy and vulnerable to a long liquidation selloff. The COT reports show speculators holding a near record high net long position while the market closed at the low end of the range for

the month. Selling resistance for May cotton is at 77.47 and 78.06, with key support levels at 75.75 and 74.60. Consider selling a bounce looking for a setback to at least 73.45.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

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COTTON (MAY) 03/29/2017: 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's close below the pivot swing number is a mildly negative setup. The next downside target is now at 76.19. The next area of resistance is around 77.28 and 77.80, while 1st support hits today at 76.48 and below there at 76.19.

COTTON (DEC) 03/29/2017: 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 market's close below the pivot swing number is a mildly negative setup. The next downside objective is now at 74.18. The next area of resistance is around 75.21 and 75.47, while 1st support hits today at 74.57 and below there at 74.18.

DAILY SUGAR COMMENTARY

03/29/17

Good early harvest weather and weak technical action

The lack of supply concerns with expectations for record production out of Brazil this year and the potential for a surge in EU production leaves the market in a downtrend. The technical failure yesterday and a 4-day low close for May sugar plus the increasing open interest on the break are bearish short-term technical considerations. At this point, a close under 17.46 for May sugar might be enough to signal a resumption of the downtrend and leave 16.58 as an eventual downside target. May sugar traded up to a six day high of 18.17 early in the session yesterday, but reversed to trade lower on the day. Cyclone Debbie was downgraded to a category four as the weather system made landfall in the northeastern coast of Australia. About half of Queensland's 35 million tonne crop was in the path of the cyclone. Cane growers said it was too early to assess the damage of the cane, but there is a chance for full recovery. Dryness returns to Brazil's Center South sugar cane region with a dry period and high temperatures expected through April 4th. This is a bearish development and could get the new crop season off to a good start after excellent moisture over the past few months.



TODAY'S MARKET IDEAS:

An end to the rainy season and a jump in the US dollar is not a good combination for the bulls, and the weak technical action suggests the market is vulnerable to more selling ahead. Near-term resistance for May sugar is at 17.73 and 18.09, with 17.31 as close-in support. A close through 17.46 would leave 16.66 and 16.58 as downside targets.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (MAY) 03/29/2017: Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. A negative signal for trend short-term was given on a close under the 9-bar moving average. The downside closing price reversal on the daily chart is somewhat negative. It is a slightly negative indicator that the close was under the swing pivot. The next upside objective is 18.38. The next area of resistance is around 17.90 and 18.38, while 1st support hits today at 17.22 and below there at 17.01.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (MAY) 03/29/2017: The close under the 60-day moving average indicates the longer-term trend could be turning down. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close below the 9-day moving average is a negative short-term indicator for trend. The close below the 1st swing support could weigh on the market. The next downside objective is now at 166.55. The next area of resistance is around 172.75 and 175.50, while 1st support hits today at 168.30 and below there at 166.55.

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	17.55	31.22	31.71	21.04	26.63	17.64	17.70	18.09	19.42	19.65
CTAK7	76.88	44.15	48.40	29.42	21.05	77.14	77.40	77.61	76.83	75.95
CTAZ7	74.89	44.79	51.36	67.66	55.31	75.22	75.30	75.27	74.24	73.45
CCAK7	2129	60.94	58.79	85.72	85.61	2146.50	2117.89	2040.83	2032.89	2071.08
OJAK7	170.50	37.90	43.76	65.07	43.16	177.75	181.29	177.43	170.64	172.58
KCAK7	138.85	38.06	39.55	32.19	27.84	139.04	141.26	141.38	145.80	146.63
MAJ7	15.16	39.91	37.36	24.95	24.42	15.05	15.16	15.45	16.33	16.61

Calculations based on previous session. Data collected 03/28/2017

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	17.00	17.21	17.69	17.90	18.38
CTAK7	Cotton	76.18	76.47	76.99	77.28	77.80
CTAZ7	Cotton	74.17	74.56	74.82	75.21	75.47
CCAK7	Cocoa	2080	2102	2133	2155	2186
OJAK7	Orange Juice	166.50	168.25	171.00	172.75	175.50
KCAK7	Coffee	136.87	137.89	138.77	139.79	140.67
MAJ7	Milk	14.90	15.04	15.14	15.28	15.38

Calculations based on previous session. Data collected 03/28/2017

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