

ADMIS DAILY ENERGY & SOFTS MARKETS

Monday November 17, 2014

Today's Market Outlooks

ENERGY: Global growth concerns turn focus toward ample supply situation; bears have edge to start.

COTTON: Sell rallies as supply builds and demand dwindles ahead

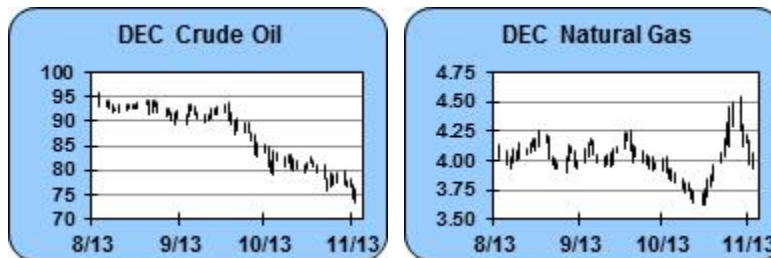
COFFEE: Big volume sessions last week may have forged low; firm

COCOA: Oversold basis traditional technical indicators but not COT

SUGAR: Wait to buy a return to the early Novembers lows

Overnight Price Changes

CRUDE -65, **HEATING OIL** -209, **UNLEADED GAS** -198

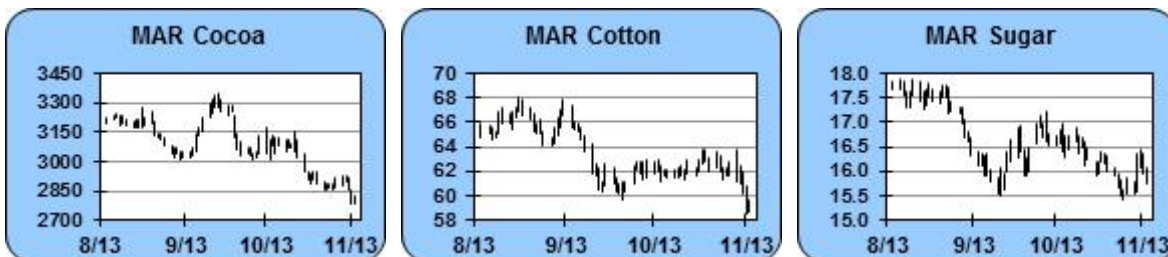


Crude Markets Overview

December Crude Oil prices began the new trading week under pressure, largely from a weaker than expected look at third-quarter growth data in Japan. An unexpected contraction in the third-quarter puts that country into a technical recession, and that provides a negative for the crude oil demand outlook. These concerns may have been exacerbated by renewed global slowdown concerns from this weekend's G-20 Summit in Australia.

Natural Gas Market Overview

December Natural Gas prices began the new trading week on a sharply higher track, supported in part by short-term forecasts calling for well-below average temperatures across the US. The market experienced a gap higher open Sunday evening and pushed into a new three day high in the process. The market showed positive reversal action late last week in the wake of a bearish EIA storage report.



Soft Market Outlooks

COTTON: Bearish technical chart signals, good harvest weather and rising exchange stocks favor the bear camp in cotton to start out the new trading week. ICE cotton exchange stocks are estimated at 20,364 bales, up from 19,663 bales the prior day. The supply pipeline in the US is slowly building and as a result, the December/March spread collapsed on Friday to trade down to +0.06 at one point.

COFFEE: With some big-volume trading sessions and a tightening supply outlook, the coffee market seems to have shifted towards an uptrend last week. March coffee closed 320 higher on the session Friday, and this left the market up 960 points for the week (or 5.1% higher). Short-covering and new buying emerged on talk of the oversold condition of the market.

COCOA: While cocoa's supply/demand outlook remains decidedly bearish, price action late last week may be an early sign that the market is getting close to a near-term low. March cocoa closed 24 lower Friday, and this left the market down 86 for the week (or down 3%) for a fifth straight negative weekly close. The market managed to hold above Thursday's low, which is very close to a 50% correction of the 15-month bull trend which peaked in late September.

SUGAR: The steep 2-day selloff at the end of last week leaves the sugar market in a choppy consolidation zone. The market seems to have the longer-term fundamentals to move up to a higher price level going into early next year, but more and more talk that demand is very weak on any bounce has helped to keep the trade skeptical that the market can hold onto gains. March Sugar closed 11 lower for Friday's session, but did manage to close 21 points higher for the week.

Price Outlooks

COTTON: The sharp decline in the December/March spread leans bearish, and hints at more comfortable supply levels in the US market ahead. Resistance for March Cotton is at 59.65 and 61.67.

COFFEE: The coffee market is recovering from an oversold condition, and the downtrend in open interest due to long liquidation selling may be just about complete. Coffee is one of the few commodity markets which face a global production deficit for next year, and this could begin to attract new buying interest from fund traders. March coffee buying support comes in at 193.15, with 202.05 and 297.25 as the next upside resistance levels. Consider buying call spreads or futures on a minor set-back.

SUGAR: While the technical action is sloppy and the market remains in a consolidation, trend-following fund traders remain net short a whopping 76,579 contracts which leaves the market vulnerable to significant short-covering if resistance levels are violated. The market seems to have the supply/demand fundamentals to trade up to a higher price level next year, given the first global production deficit in five years. March Sugar buying support comes in at 15.66 and 15.55, with 16.10 and 16.31 as next resistance. A move through the 50-day moving average at 16.29 might spark some increased buying.

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