



KGI

CHINA
DEVELOPMENT
FINANCIAL

ENERGY COMPLEX COMMENTARY

For Monday, October 02, 2017

05:51 PM (Chicago, USA | UTC/GMT -5 hours)

OUTSIDE MARKET DEVELOPMENTS Global markets were able to hang onto a positive tone going into the end of the month and quarter. Ongoing hope for tax reform combined with a subtle shift away from an impending US rate hike provided a source of underlying support to risk appetites. Economic numbers on both sides of the Atlantic were mixed as a downtick in German unemployment was offset by lukewarm Euro zone CPI and UK GDP results, while a strong Chicago PMI reading was balanced against downticks in the core PCE index and a key private survey of consumer sentiment. US equities had bumpy ride early, but put together a late rally to finish with moderate gains as the S&P posted a new all-time high. Treasuries had mixed results as Bonds were able to shake off early pressure to finish near unchanged levels while Notes finished under pressure. The Dollar had a mild finish to the week while the Pound was pressured by increased Brexit concerns. Over the weekend, Chinese manufacturing PMI's saw divergent results as the "official" NBS number came in stronger than expected and reached its highest level since mid-2012, while the private Caixin survey was lower than forecast. In addition, there were reports of violence at an unauthorized vote for Catalonia to declare independence from Spain. Chinese markets will be closed all week for their National Day Golden Week holiday. The Asian session will be highlighted by a third quarter reading for the Tankan survey of Japanese industrial sentiment. The European session will feature Markit manufacturing PMI readings from around Europe and August Euro zone unemployment. The North American session will start out with September readings for the RBC Canadian manufacturing PMI and Markit US manufacturing PMI. The September ISM manufacturing index is expected to see a moderate downtick from August's 58.8 reading. August construction spending is forecast to improve on July's -0.6% reading and climb into positive territory. Dallas Fed President Kaplan will speak during afternoon US trading hours. Earning announcement will include Cal-Maine Foods before the Wall Street opening.

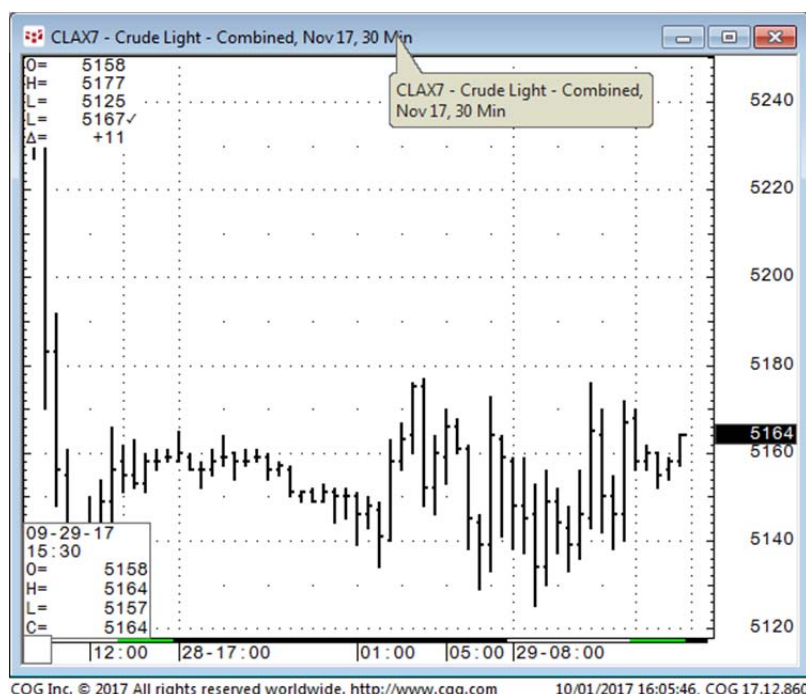
DAILY ENERGY COMPLEX PM COMMENTARY

Written: 10/01/17 at 5:49 PM (Chicago, USA | UTC/GMT -5 hours)

The edge remains with the bear camp

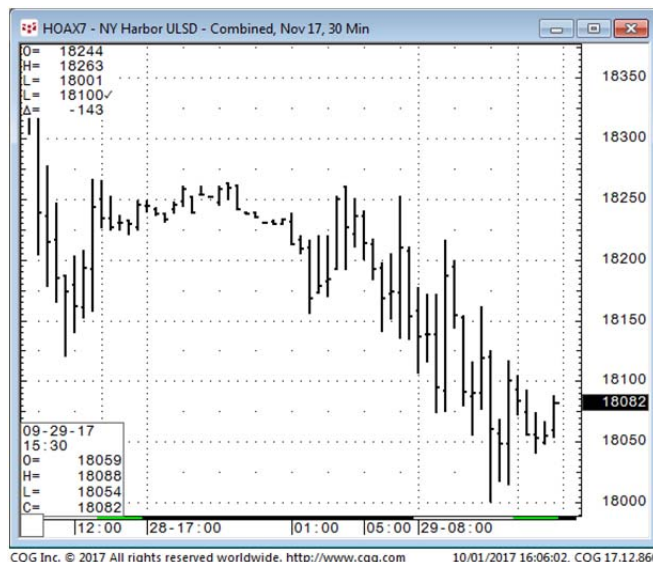
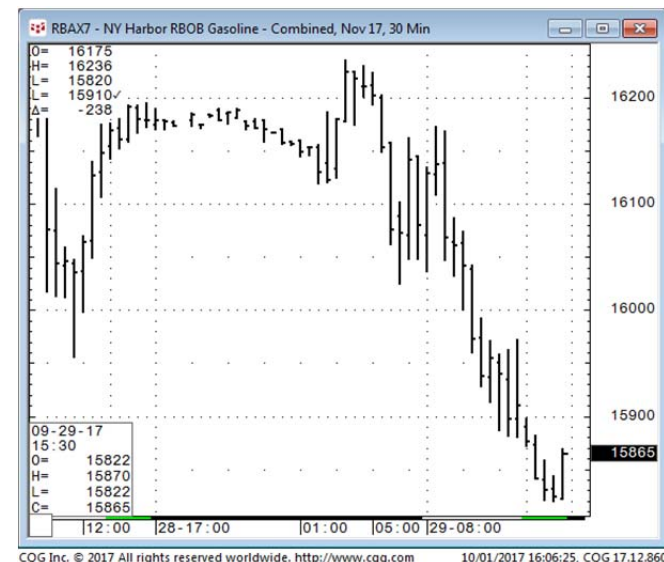
CRUDE OIL FUNDAMENTALS:

While the technical condition in crude oil remains supportive, the market has continued to build up its net spec and fund long positioning on soaring open interest. In fact, open interest at the end of last week reached up to 2.44 million contracts and the crude oil contract added 26,226 to its net spec long in the latest weekly reporting. We would also suggest that last Thursday's huge range up reversal and lower close speaks of a blow off top of sorts. From a fundamental perspective, the market saw a recent trend reversal in the US rig operating count which increased by five on the week! Fortunately for the bull camp, weekly crude stocks at the EIA last week declined by 1.8 million barrels (they remain below year ago levels) and the US refinery operating rate is returning to somewhat normal activity and that could help to keep crude oil stocks from rebuilding. Other issues that might provide some support to crude oil is news that a US oil shipment will reach India for the first time ever today. While the bull camp probably feels they maintain an edge



due to the late August/September rally, there are a couple of key points just under the market that need to be held or a more significant retracement on the downside might be seen. Those key pivot points under the market come in at \$50.94 (which is the 200 day moving average) and an uptrend channel support line at \$51.20 (which could be a critical pivot point instead of a support point in the event of a weaker start today). The Commitments of Traders Futures and Options report as of September 26th for Crude Oil showed Non-Commercial and Non-reportable combined traders held a net long position of 501,767 contracts. This represents an increase of 26,226 contracts in the net long position held by these traders.

CRUDE OIL PRODUCTS



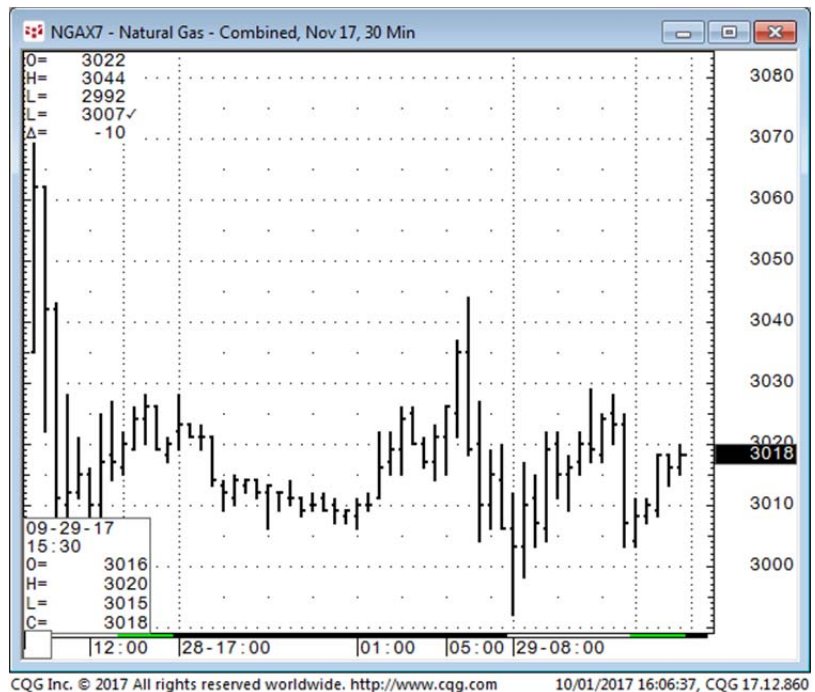
PRODUCT MARKET FUNDAMENTALS:

Clearly the gasoline market finished last week under significant pressure and appears to be much weaker than crude oil. In addition to the overbought condition going into last week's highs, the gasoline market was undermined by news of a slight downturn in US gasoline demand for the month of July. In another negative fundamental twist at the end of last week, US gasoline exports also declined from the prior month. Fortunately for the bull camp, the weekly implied gasoline demand reading from the EIA last week showed a residual early healthy implied demand reading of 9.5 million barrels per day. On the other hand, declining Gulf Coast gasoline prices combined with weakness in West Coast gasoline prices would seem to leave the path of least resistance pointing downward to start the new trading week. Even European gasoline margins fell to a six month low, and that combined with a normal seasonal erosion of demand leaves us projecting a return to the early September lows below \$1.5480. However, the market probably saw some long-term fundamental support from reports last week that sales of European gasoline powered cars came in above diesel powered vehicle sales. With the decline at the end of last week we suspect that the net spec and fund long position in gasoline has come down from the September 26th report, but that positioning clearly allows for additional stop loss selling. The Commitments of Traders Futures and Options report as of September 26th for Gasoline (RBOB) showed Non-Commercial and Non-reportable combined traders held a net long position of 91,844 contracts. This represents an increase of 2,936 contracts in the net long position held by these traders. In fact, the latest COT positioning report showed a new record combines spec and fund long reading in gasoline! The Commitments of Traders Futures and Options report as of September 26th for Heating Oil showed Non-Commercial and Non-reportable combined traders held a net long position of 86,763 contracts. This represents an increase of 8,137 contracts in the net long position held by these traders.

PETROLEUM MARKET IDEAS:

As mentioned already, there are several key pivot points in crude oil just below the market at \$50.94 and again at \$51.21. Other near term downside targets are seen from the September and October rally at the first retracement of \$50.29 and \$49.73 which is the bottom of the mid-September consolidation. As indicated already, the gasoline contract looks more vulnerable than crude oil and initial downside targets are seen at \$1.57 and \$1.5480.

NATURAL GAS FUNDAMENTALS: It is difficult to argue against additional consolidation type trade in December natural gas. However, milder temps throughout the US should reduce cooling demand without rekindling much in the way of heating demand. On the other hand, there could be wintry type conditions in parts of Nebraska, North Dakota and South Dakota this week and that could help to provide support in natural gas at the recent consolidation lows. While there was an unplanned outage in Norway, the market is generally immune to those supply-side issues. In conclusion, given the shoulder season for demand and given that US working gas storage has return to the upper historical range, the path of least resistance in gas from the Friday close points downward. The Commitments of Traders Futures and Options report as of September 26th for Natural Gas showed Non-Commercial and Non-reportable combined traders held a net short position of 31,920 contracts. These traders have gone from a net long to a net short position.



NATURAL GAS MARKET IDEAS:: With the path of least resistance pointing downward, near term downside targeting for December natural gas is seen at the consolidation lows of \$3.160 and then again down at \$3.138. Even lower downside targeting could be seen at \$3.100 in the event that natural gas sees an aggressive downdraft in the petroleum complex this week. In the event that the market decides to embrace an early start to the heating season because of a wintry mix in the northern Plains, that could provide a return to the top of the consolidation around \$3.250.

ENERGY COMPLEX 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.

CRUDE OIL (NOV) 10/02/2017: 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. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is now at 51.03. The next area of resistance is around 51.84 and 52.06, while 1st support hits today at 51.32 and below there at 51.03.

HEATING OIL (NOV) 10/02/2017: Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. The market's short-term trend is negative as the close remains below the 9-day moving average. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside objective is 178.37. Bearish daily studies indicate selling minor rallies this session. The next area of resistance is around 181.95 and 183.60, while 1st support hits today at 179.34 and below there at 178.37.

RBOB GAS (NOV) 10/02/2017: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The intermediate trend has turned down with the cross over back below the 18-day moving average. The close below the 1st swing support could weigh on the market. The next downside target is 155.13. The next area of resistance is around 160.34 and 163.42, while 1st support hits today at 156.20 and below there at 155.13.

NATURAL GAS (NOV) 10/02/2017: The downside crossover of the 9 and 18 bar moving average is a negative signal. Momentum studies are declining, but have fallen to oversold levels. 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 2.965. The next area of resistance is around 3.040 and 3.068, while 1st support hits today at 2.989 and below there at 2.965.

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
ENERGY COMPLEX										
CLAX7	51.58	62.86	61.53	85.77	81.24	51.79	51.24	50.37	49.27	48.68
CLAZ7	51.85	63.51	62.07	86.31	81.87	52.11	51.58	50.73	49.54	48.94
HOAX7	180.65	59.50	62.97	86.01	79.10	1.83	1.82	1.79	1.70	1.66
HOAZ7	180.25	61.08	63.95	86.64	80.13	1.82	1.81	1.78	1.70	1.66
RBAX7	158.27	44.90	51.56	68.02	51.16	1.62	1.62	1.61	1.55	1.51
RBAZ7	157.11	50.56	56.14	76.98	64.07	1.60	1.60	1.58	1.52	1.49
NGAX7	3.015	44.58	46.54	32.34	24.53	3.02	3.05	3.06	3.03	3.04
NGAZ7	3.187	45.92	47.60	35.59	28.24	3.19	3.21	3.22	3.18	3.19

Calculations based on previous session. Data collected 09/29/2017

Data sources can & do produce bad ticks. Verify before use.

DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
ENERGY COMPLEX						
CLAX7	Crude Oil	51.02	51.32	51.54	51.84	52.06
CLAZ7	Crude Oil	51.35	51.60	51.84	52.09	52.33
HOAX7	Heating Oil	178.36	179.33	180.98	181.95	183.60
HOAZ7	Heating Oil	178.12	179.03	180.55	181.46	182.98
RBAX7	RBOB Gas	155.12	156.19	159.27	160.34	163.42
RBAZ7	RBOB Gas	154.52	155.42	157.90	158.80	161.28
NGAX7	Natural Gas	2.964	2.988	3.016	3.040	3.068
NGAZ7	Natural Gas	3.137	3.162	3.186	3.211	3.235

Calculations based on previous session. Data collected 09/29/2017

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**KGI**CHINA
DEVELOPMENT
FINANCIAL**GRAINS COMMENTARY**
For Monday, October 02, 2017
05:50 PM (Chicago, USA | UTC/GMT -5 hours)

OUTSIDE MARKET DEVELOPMENTS

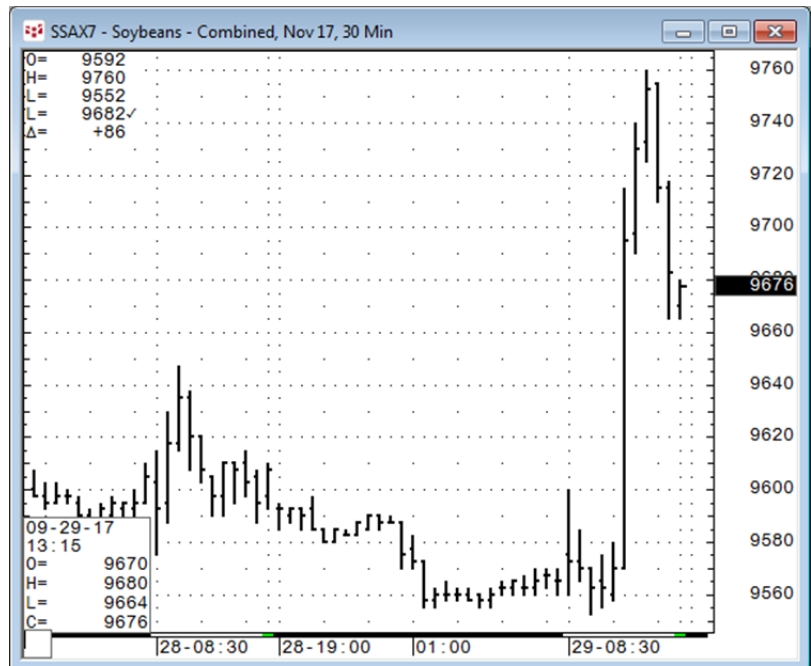
Global markets were able to hang onto a positive tone going into the end of the month and quarter. Ongoing hope for tax reform combined with a subtle shift away from an impending US rate hike provided a source of underlying support to risk appetites. Economic numbers on both sides of the Atlantic were mixed as a downtick in German unemployment was offset by lukewarm Euro zone CPI and UK GDP results, while a strong Chicago PMI reading was balanced against downticks in the core PCE index and a key private survey of consumer sentiment. US equities had bumpy ride early, but put together a late rally to finish with moderate gains as the S&P posted a new all-time high. Treasuries had mixed results as Bonds were able to shake off early pressure to finish near unchanged levels while Notes finished under pressure. The Dollar had a mild finish to the week while the Pound was pressured by increased Brexit concerns. Over the weekend, Chinese manufacturing PMI's saw divergent results as the "official" NBS number came in stronger than expected and reached its highest level since mid-2012, while the private Caixin survey was lower than forecast. In addition, there were reports of violence at an unauthorized vote for Catalonia to declare independence from Spain. Chinese markets will be closed all week for their National Day Golden Week holiday. The Asian session will be highlighted by a third quarter reading for the Tankan survey of Japanese industrial sentiment. The European session will feature Markit manufacturing PMI readings from around Europe and August Euro zone unemployment. The North American session will start out with September readings for the RBC Canadian manufacturing PMI and Markit US manufacturing PMI. The September ISM manufacturing index is expected to see a moderate downtick from August's 58.8 reading. August construction spending is forecast to improve on July's -0.6% reading and climb into positive territory. Dallas Fed President Kaplan will speak during afternoon US trading hours. Earning announcement will include Cal-Maine Foods before the Wall Street opening.

DAILY SOY COMPLEX PM COMMENTARY

10/01/17 at 5:49 PM (Chicago, USA | UTC/GMT -5 hours)**Smaller beginning stocks and chance that yields turn down**

NEAR-TERM MARKET FUNDAMENTALS:

The market seems to have posted a short-term low on Friday. Harvest pressures and continued reports of higher than expected yields could put some pressure on the market early this week but with the extremely dry last half of August and early September, it only makes sense that as later maturing crops are harvested, yield reports could taper off. China is on holiday this week so demand news could be slow. November soybeans settled down 16 cents on the week. For the month the market is up 2.4% and up 1.4% for the quarter. The September 29th Grain Stocks Report was considered bullish, as soybean stocks came in at 301 million bushels which was well below expectations and down 44 million bushels from the September supply/demand report. Stocks were also below the low end estimates for the report. Last year's production was revised down by 10.6 million bushels and so the rest of the cut was

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clearly from strong demand from crush and exports.

A one bushel-per-acre reduction in yield in the October USDA report (to 48.9) would put 2017/18 ending stocks at 339 million bushels, down from the September estimate of 475 million. A two bushel-per-acre decline to 47.9 would take ending stocks down to 249 million bushels. This could bring the stocks to usage ratio down to 5.7%, which would be the lowest since 2015/16 at 5.0%. If yield reports start to taper off from later-planted soybeans due to the dry finish to the growing season, the reduction in beginning stocks could set the table for significant change in the mindset of traders - from ample supplies to somewhat tight supplies. The Commitments of Traders report as of September 26th showed Non-Commercial traders were net long 34,616 contracts, an increase of 13,405 contracts for the week. Non-Commercial and Nonreportable combined traders held a net short position of 5,537 contracts, down 14,279 contracts for the week. Commodity Index traders held a net long position of 125,019 contracts, up a significant 3,250 contracts in just one week.

For Soybean Oil, Non-Commercial traders were net long 98,461 contracts, a decrease of 9,741 contracts for the week and the long liquidation selling trend is seen as a bearish force. Non-Commercial and Nonreportable combined traders held a net long position of 106,339 contracts, down 11,743 contracts for the week. For Soybean Meal, Non-Commercial traders were net long 17,652 contracts, an increase of 14,861 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 29,995 contracts, up 14,134 contracts for the week. Commodity Index traders held a net long position of 80,856 contracts, up 4,731 contracts in just one week.

TODAY'S MARKET IDEAS:

Aggressive short-term traders might consider buying January soybeans near 970 1/2 with 1006 1/2 and 1008 3/4 as initial targets. Managed money traders increased their net long position by 14,573 contracts for the week ending September 26th to push their net long to 28,320 contracts and the buying trend is a short-term positive force. December meal support is at 311.40 with 325.10 as next target.

SOYBEAN COMPLEX 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.

SOYBEANS (NOV) 10/02/2017: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market now above the 18-day moving average suggests the intermediate-term trend has turned up. A positive signal was given by the outside day up. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next downside objective is now at 946 1/4. The next area of resistance is around 978 1/2 and 987 1/2, while 1st support hits today at 958 and below there at 946 1/4.

SOYBEAN OIL (DEC) 10/02/2017: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's short-term trend is negative as the close remains below the 9-day moving average. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is 32.34. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 33.08 and 33.39, while 1st support hits today at 32.56 and below there at 32.34.

SOYMEAL (DEC) 10/02/2017: The major trend could be turning up with the close back above the 60-day moving average. Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. The close above the 9-day moving average is a positive short-term indicator for trend. A positive signal was given by the outside day up. There could be more upside follow through since the market closed above the 2nd swing resistance. The next downside objective is now at 307.1. The next area of resistance is around 319.5 and 322.2, while 1st support hits today at 312.0 and below there at 307.1.

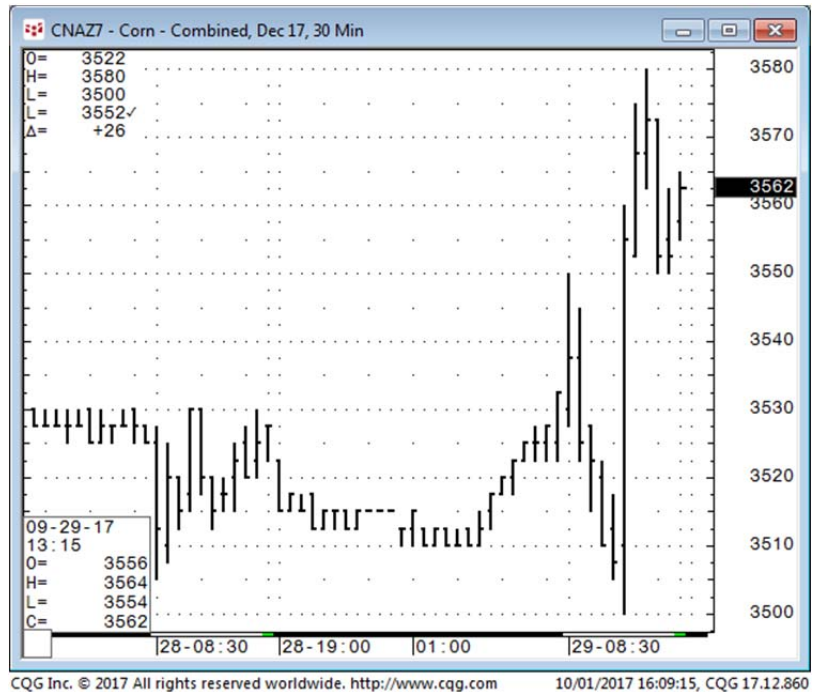
DAILY CORN COMMENTARY

Written: 10/01/17 at 5:49 PM (Chicago, USA | UTC/GMT -5 hours)

May not rally much but acts like major low in place

NEAR-TERM MARKET FUNDAMENTALS:

The market continues to show signs that a major low is in place on August 31st and that while there may be no tightness for a long time, the bearishness has likely reached a peak. Managed money traders as of September 26th still held a hefty net short position of 133,442 contracts and this leaves the market vulnerable to significant short-covering if there are any signs that the US or world ending stocks will not be as high as current estimates. December corn gained 2 3/4 cents on the session Friday and this left the market up 1 3/4 cents on the week. For the month, December corn was down 0.7% and for the quarter was down 9.4%. Today's USDA September 1st grain stocks report for corn was considered bullish versus trade estimates as September 1st stocks came in at 2.295 billion bushels compared to the average estimate of 2.346 billion bushels (range of 2.310-2.380 billion) and compared to last year's 1.737 billion bushels. This is down 55 million bushels from the September USDA Supply/demand estimate. With the market oversold and probing for a cheap enough prices to support better demand, the fact the stocks were down 55 million bushels from the USDA forecast and below the low end estimates is supportive.



If we assume that the USDA lowers yield by just 1.2% from last month to 167.9 bushels/acre (still third highest on record) for the October supply/demand update, ending stocks would come in at 2.113 billion bushels, down 222 million bushels from last month. Interfax cut the Russian corn crop by 4.6% to 14.5 million tonnes from 15.2 million tonnes previously due to heat in the southern regions during pollination hurting yields. South Africa's corn crop is estimated at 16.74 million tonnes, which is well above last year's drought-stricken 7.78 million tonnes. The Commitments of Traders reports as of September 26th showed Non-Commercial traders were net short 54,852 contracts, an increase of 857 contracts. Non-Commercial and Nonreportable combined traders held a net short position of 31,256 contracts, down 4,881 contracts for the week. Commodity Index traders held a net long position of 324,400 contracts, up a significant 6,189 contracts in just one week.

TODAY'S MARKET IDEAS:

December corn has consolidated since August 31st and the upcoming supply situation is not as bearish as believed. Traders will continue to monitor potential dryness issues in South America. Wet weather will emerge later this week in the US to stall the US harvest. Support for December corn moves up to 352 1/2 with 368 1/4 and 372 as next key upside targets.

CORN 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.

CORN (DEC) 10/02/2017: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The cross over and close above the 18-day moving average indicates

the intermediate-term trend has turned up. A positive signal was given by the outside day up. With the close over the 1st swing resistance number, the market is in a moderately positive position. The near-term upside objective is at 362 1/2. The next area of resistance is around 359 1/4 and 362 1/2, while 1st support hits today at 351 1/4 and below there at 346 3/4.

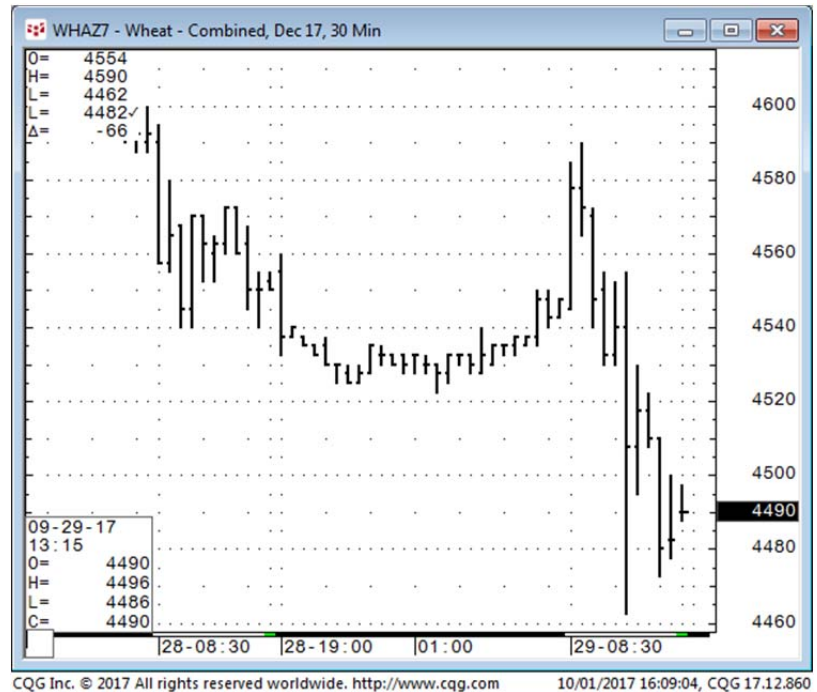
DAILY WHEAT PM COMMENTARY

10/01/17 at 5:49 PM (Chicago, USA | UTC/GMT -5 hours)

Bearish supply news and weak technical action; more downside

NEAR-TERM MARKET FUNDAMENTALS:

A bearish supply surprise and sluggish demand tone helped to turn the market lower on Friday. December wheat settled down 6 3/4 cents on the session Friday and down 1 1/4 cents on the week. For the month, December wheat was up 3.1% and down 17.7% for the quarter. Kansas City December wheat settled down 10 1/4 cents on the day and down 7 1/2 cents on the week last week. This left the market up 1.49% on the month and down 20.1% on the quarter. Minneapolis December wheat settled down 21 1/4 cents on the session Friday and down 11 cents on the week. This left the market down 2.6% for the month and down 17.9% for the quarter. Friday's USDA September 1st grain stocks and production report for wheat was considered bearish versus trade estimates as September 1st wheat stocks came in at 2.253 billion bushels compared to average estimate of 2.203 billion bushels (range of 2.083-2.450 billion).



All wheat production came in at 1.741 billion bushels versus the average estimate of 1.724 billion bushels. The hard red winter crop came in at 750 million bushels versus the average estimate of 758 million bushels. Soft red wheat came in at 292 million bushels versus the average estimate of 305 million bushels. White winter wheat came in at 227 million bushels versus the average estimate of 222 million bushels, and the key bearish number on the supply side was other spring wheat which came in at 416 million bushels versus the average estimate of 384 million bushels. The Small Grains Summary report had harvested spring wheat acres at 10.159 million acres, down 338 million acres from the August report. The surprise was that spring wheat production was higher than expected even with a 338,000 decrease in harvested acres.

This should pressure Minneapolis wheat versus Chicago and Kansas City. The soft red crop was 12 million bushels below the August estimate and hard red winter wheat was lowered by 8 million bushels. Still, September 1st stocks were 50 million bushels above the average estimate. Algeria bought 450,000 tonnes of wheat for December shipment at an average price of \$211-\$212 per tonne. Traders will still monitor the Australian and Indian production outlooks ahead as India monsoons were below average. The Commitments of Traders reports as of September 26th showed Non-Commercial traders were net short 43,309 contracts, a decrease of 5,667 contracts (short-covering) for the week. Non-Commercial and Nonreportable combined traders held a net short position of 48,718 contracts, down 1,643 contracts for the week. For Kansas City Wheat, Non-Commercial traders were net long 23,340 contracts, a decrease of 1,346 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 24,823 contracts, down 969.

TODAY'S MARKET IDEAS:

Bearish supply news and a turn down in technical indicators with a sell signal from slow stochastic readings is a bearish set-up for the market short-term. Managed Money traders reduced their net short position by 14,869 contracts for the week to a net short of 64,699 contracts. Chicago December wheat resistance is near 455 1/2 and 459, with a test of 442 1/2 and 437 3/4 as support.

WHEAT 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.

WHEAT (DEC) 10/02/2017: The close below the 40-day moving average is an indication the longer-term trend has turned down. The daily stochastics gave a bearish indicator with a crossover down. Daily stochastics turning lower from overbought levels is bearish and will tend to reinforce a downside break especially if near term support is penetrated. The close below the 9-day moving average is a negative short-term indicator for trend. The market is in a bearish position with the close below the 2nd swing support number. The next downside objective is now at 437 3/4. The next area of resistance is around 454 1/2 and 463, while 1st support hits today at 442 and below there at 437 3/4.

KC WHEAT (DEC) 10/02/2017: The close below the 40-day moving average is an indication the longer-term trend has turned down. The daily stochastics gave a bearish indicator with a crossover down. Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next downside objective is 431. The next area of resistance is around 450 1/4 and 461, while 1st support hits today at 435 1/4 and below there at 431.

MINN WHEAT (DEC) 10/02/2017: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market back below the 18-day moving average suggests the intermediate-term trend could be turning down. The market is in a bearish position with the close below the 2nd swing support number. The near-term upside target is at 656 1/4. The next area of resistance is around 637 1/2 and 656 1/4, while 1st support hits today at 610 and below there at 601 1/2.

RICE (NOV) 10/02/2017: Daily stochastics are trending lower but have declined into oversold territory. The market's close below the 9-day moving average is an indication the short-term trend remains negative. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is now at 11.897. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 12.052 and 12.126, while 1st support hits today at 11.938 and below there at 11.897.

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
GRAIN COMPLEX										
CNAZ7	355 1/4	53.53	48.04	50.04	58.03	353.50	352.19	353.54	362.22	370.41
CNAH8	367 3/4	53.40	48.09	51.09	59.41	366.25	364.86	366.06	374.52	382.27
SSAX7	968 1/4	52.92	52.63	64.83	59.52	964.19	968.72	966.88	958.41	972.01
SSAF8	978 1/2	52.99	52.83	65.95	60.55	974.75	979.19	977.14	967.78	981.13
SMAZ7	315.8	60.48	57.80	72.87	72.47	313.43	313.19	310.33	307.46	314.13
BOAZ7	32.82	20.06	29.33	9.68	5.65	33.08	33.84	34.46	34.44	34.31
WHAZ7	448 1/4	48.42	47.76	81.14	75.15	454.63	451.92	446.86	453.62	473.45
WHAH8	466 1/2	45.93	45.82	80.83	73.53	473.75	471.56	466.85	474.78	494.23
RCAX7	11.995	26.92	32.77	26.74	23.21	11.96	12.28	12.54	12.58	12.48
KWAZ7	442 3/4	42.92	43.86	80.23	72.46	451.75	450.08	446.32	453.92	474.68
MWAZ7	623 3/4	37.12	38.02	52.64	54.28	641.13	634.56	636.43	669.14	693.52
OTAZ7	251 1/4	64.06	55.82	78.78	85.58	249.75	248.25	241.88	253.70	262.56

Calculations based on previous session. Data collected 09/29/2017

Data sources can & do produce bad ticks. Verify before use.

DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
GRAIN COMPLEX						
CNAZ7	Corn	346 1/2	351 1/4	354 1/2	359 1/4	362 1/2
CNAH8	Corn	359 1/2	364	367 1/4	371 1/2	375
SSAX7	Soybeans	946 1/4	958	967	978 1/2	987 3/4
SSAF8	Soybeans	956 3/4	968	977 1/2	989	998 1/4
SMAZ7	Soymeal	307.0	311.9	314.6	319.5	322.2
BOAZ7	Soybean Oil	32.33	32.55	32.86	33.08	33.39
WHAZ7	Wheat	437 3/4	442	450 1/2	454 1/2	463 1/4
WHAH8	Wheat	456 1/2	460	469 1/4	473	482
RCAX7	Rice	11.896	11.937	12.011	12.052	12.126
KWAZ7	KC Wheat	431	435 1/4	446	450 1/4	461
MWAZ7	MINN Wheat	601 1/2	610	629	637 1/2	656 1/2
OTAZ7	Oats	241 1/4	247	250	255 1/2	258 3/4

Calculations based on previous session. Data collected 09/29/2017

Data sources can & do produce bad ticks. Verify before use.

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KGI

CHINA
DEVELOPMENT
FINANCIAL

METALS COMMENTARY
For Monday, October 02, 2017
05:51 PM (Chicago, USA | UTC/GMT -5 hours)

PRECIOUS METALS PM COMMENTARY

10/01/17 at 5:49 PM (Chicago, USA | UTC/GMT -5 hours)

The bear camp should retain control again today

OUTSIDE MARKET DEVELOPMENTS Global markets were able to hang onto a positive tone going into the end of the month and quarter. Ongoing hope for tax reform combined with a subtle shift away from an impending US rate hike provided a source of underlying support to risk appetites. Economic numbers on both sides of the Atlantic were mixed as a downtick in German unemployment was offset by lukewarm Euro zone CPI and UK GDP results, while a strong Chicago PMI reading was balanced against downticks in the core PCE index and a key private survey of consumer sentiment. US equities had bumpy ride early, but put together a late rally to finish with moderate gains as the S&P posted a new all-time high. Treasuries had mixed results as Bonds were able to shake off early pressure to finish near unchanged levels while Notes finished under pressure. The Dollar had a mild finish to the week while the Pound was pressured by increased Brexit concerns. Over the weekend, Chinese manufacturing PMI's saw divergent results as the "official" NBS number came in stronger than expected and reached its highest level since mid-2012, while the private Caixin survey was lower than forecast. In addition, there were reports of violence at an unauthorized vote for Catalonia to declare independence from Spain. Chinese markets will be closed all week for their National Day Golden Week holiday. The Asian session will be highlighted by a third quarter reading for the Tankan survey of Japanese industrial sentiment. The European session will feature Markit manufacturing PMI readings from around Europe and August Euro zone unemployment. The North American session will start out with September readings for the RBC Canadian manufacturing PMI and Markit US manufacturing PMI. The September ISM manufacturing index is expected to see a moderate downtick from August's 58.8 reading. August construction spending is forecast to improve on July's -0.6% reading and climb into positive territory. Dallas Fed President Kaplan will speak during afternoon US trading hours. Earning announcement will include Cal-Maine Foods before the Wall Street opening.

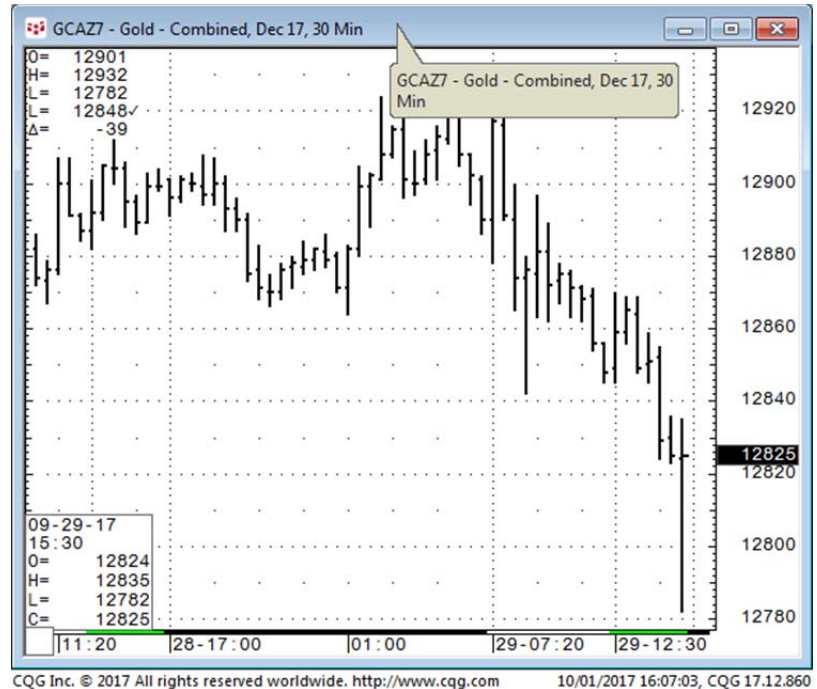
Upcoming Financial Reports

10/01/2017	6:50 PM	Japan Tankan Survey
10/02/2017		13 and 26 Week Bill Auction
10/02/2017	2:15 AM	Swiss Retail Sales
10/02/2017	2:30 AM	Swiss PMI
10/02/2017	2:50 AM	France Manufacturing PMI
10/02/2017	2:55 AM	German Manufacturing PMI
10/02/2017	3:00 AM	Euro-Zone Manufacturing PMI
10/02/2017	3:30 AM	UK CIPS/NTC Research Manufacturing PMI
10/02/2017	4:00 AM	Euro-zone Unemployment Rate
10/02/2017	9:00 AM	Construction Spending
10/02/2017	9:00 AM	ISM Manufacturing Index
10/02/2017	6:35 PM	Japan Manufacturing PMI

GOLD / SILVER

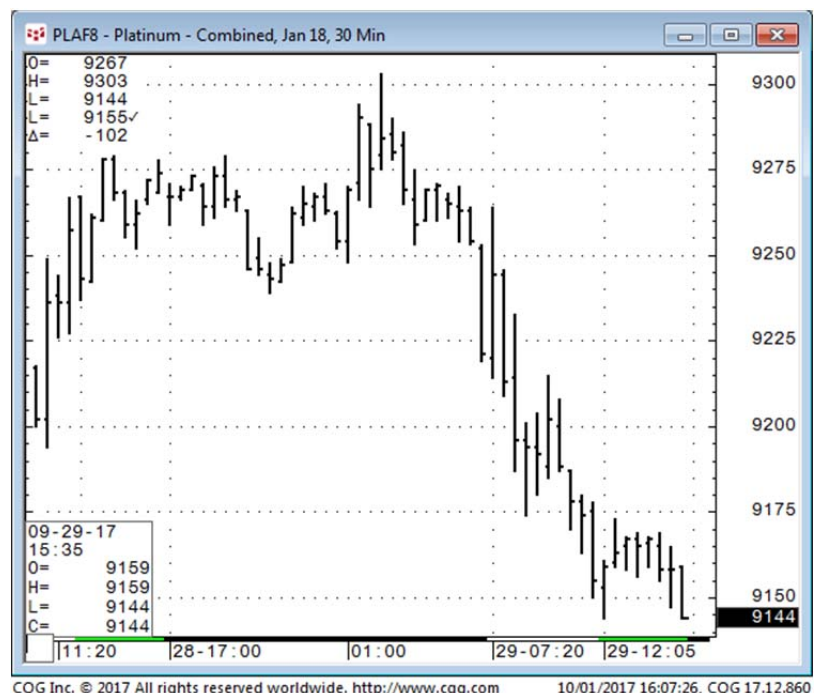
Given the technical damage in gold at the end of last week (a fresh lower low for the move and a lower close), we leave the technical edge with the bear camp to start out the new trading week. However, the fundamental picture is less conclusive as the press carried stories over the weekend of a possible diplomatic interaction between the US Secretary of State and North Korean officials, and that could certainly increase the downside stop loss selling in gold and therefore silver. On the other hand, President Trump over the weekend suggested that the US diplomatic contingent shouldn't even bother to talk to North Korea in an effort to play the "bad cop". In our opinion, it would appear as if the North Korean situation is set to return to the headlines after a fairly quiet week last week. Subsequent headlines suggest that the US is attempting to use diplomatic channels to avert a crisis. In a positive note for gold, US mint gold coins rose by over 21% in

September. Unfortunately for silver, US mint sales of American Eagle Coins hit a 10 year low in the third quarter. While the most recent positioning report showed gold to be reducing its net long positioning aggressively (in more liquidation appeared to be taking place after the report was measured) we still can't rule out additional stop loss selling on weakness. The Commitments of Traders Futures and Options report as of September 26th for Gold showed Non-Commercial and Non-reportable combined traders held a net long position of 245,529 contracts. This represents a decrease of 24,938 contracts in the net long position held by these traders. The Commitments of Traders Futures and Options report as of September 26th for Silver showed Non-Commercial and Non-reportable combined traders held a net long position of 72,303 contracts. This represents a decrease of 6,734 contracts in the net long position held by these traders.



PLATINUM

While the platinum market is quickly progressing toward an oversold technical condition and prices are nearing the bottom of the last five month consolidation zone, it is difficult to call for an end to the slide. With a moderating of global economic optimism, spillover weakness from the rest of the precious metals complex and a fresh new low for the move (on a very large trading range), the bear camp has plenty of fundamental and technical issues in its favor. Near term downside targeting in January platinum is seen at \$910.40 and then again down at \$906.90. Given that the January platinum contract from the COT report mark off fell an additional \$14, the net spec and fund long from the report is probably significantly overstated. In order to suggest that the positioning is mostly liquidated might require a net spec and fund long reading of 20,000 contracts or less. The



Commitments of Traders Futures and Options report as of September 26th for Platinum showed Non-Commercial and Non-reportable combined traders held a net long position of 32,140 contracts. This represents a decrease of 6,755 contracts in the net long position held by these traders. The Commitments of Traders Futures and Options report as of September 26th for Palladium showed Non-Commercial and Non-reportable combined traders held a net long position of 21,334 contracts. This represents an increase of 194 contracts in the net long position held by these traders.

PRECIOUS METALS MARKET IDEAS

While a reversal in the dollar at the end of last week might provide some cushion to gold and silver, if the currency extends last week's late corrective slide the focus of the precious metals trade this week could quickly shift back to the North Korean affair. In other words, seeing the attempt to use diplomatic efforts to calm the situation could add to the bears' September dominance of gold. However, as usual there would appear to be a difference of strategy between the top US diplomats and the White House. It is also unclear whether or not North Korea will be receptive to diplomatic solutions. If there is the prospect of a diplomatic solution, traders should not underestimate the capacity to aggressively throw gold prices lower, especially with the latest net spec and fund long in gold sitting at 245,000 contracts. Near term downside targeting in December gold is seen at \$1,275 and then again at a recent consolidation low of \$1,272.70. In order to throw off the downward track in prices might require a rally back above a downtrend channel resistance line up at \$1,302.00. In December silver, the failure to hold above a mid-August low would seem to leave little in the way of support until the \$17.03 level and to turn the bearish tide around might require trade back above \$17.22.

COPPER COMMENTARY

10/01/17

The bulls look to have a slim fundamental edge today

While the copper market finished last week with a generally positive short covering effort, the presence of a week-long Chinese holiday could have robbed the market of a distinct upward extension. A psychological resistance zone is seen at \$3.00 but a large decline in Shanghai copper stocks at the end of last week and a notably impressive close in US equities at the end of last week should give the bull camp a fundamental confidence. An issue that might provide minor resistance to prices is a report from last week that the Zambian 2017 copper production was on the rise and could reach 770,000 tons. Another potentially negative force facing copper to start the new trading week is news from the COT report of an overbought speculative positioning. The Commitments of Traders Futures and Options report as of September 26th for Copper showed Non-Commercial and Non-reportable combined traders held a net long position of 36,133 contracts. This represents a decrease of 2,676 contracts in the net long position held by these traders.



MARKET IDEAS:

In general, the bull camp would seem to hold a fundamental edge and could also see technical benefits in the event of a near term rise back above \$3.00. However, a Chinese holiday and the overbought technical condition of copper could make it difficult to mount outsized gains. Consolidation low support is seen down at \$2.92 while

initial resistance to start the week is seen at \$2.9925. In the event that global equities start out on a positive footing, and there is a glimmer of hope for US/North Korea diplomatic efforts we would favor the upward bias.

METALS 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.

COMEX GOLD (DEC) 10/02/2017: The market back below the 60-day moving average suggests the longer-term trend could be turning down. Daily stochastics are trending lower but have declined into oversold territory. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market could take on a defensive posture with the daily closing price reversal down. The close below the 1st swing support could weigh on the market. The next downside objective is 1274.6. The next area of resistance is around 1288.4 and 1296.2, while 1st support hits today at 1277.6 and below there at 1274.6.

COMEX SILVER (DEC) 10/02/2017: Momentum studies are declining, but have fallen to oversold levels. The close below the 9-day moving average is a negative short-term indicator for trend. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside target is 16.480. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 16.805 and 16.980, while 1st support hits today at 16.555 and below there at 16.480.

COMEX PLATINUM (JAN) 10/02/2017: Daily stochastics are trending lower but have declined into oversold territory. The close below the 9-day moving average is a negative short-term indicator for trend. A negative signal was given by the outside day down. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is now at 903.33. The 9-day RSI under 20 suggests the market is extremely oversold. The next area of resistance is around 924.05 and 935.12, while 1st support hits today at 908.15 and below there at 903.33.

COMEX COPPER (DEC) 10/02/2017: Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market could take on a defensive posture with the daily closing price reversal down. The market's close below the pivot swing number is a mildly negative setup. The near-term upside objective is at 3.00. The next area of resistance is around 2.97 and 3.00, while 1st support hits today at 2.93 and below there at 2.92.

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
METALS COMPLEX										
GCAZ7	1283.0	32.06	38.47	16.36	10.94	1290.30	1299.11	1316.34	1301.89	1287.04
SIAZ7	16.680	27.26	34.57	13.70	7.65	16.81	17.00	17.41	17.21	16.97
PLAF8	916.10	17.59	25.10	7.21	4.98	923.85	936.02	965.29	974.68	962.22
CPAZ7	2.95	44.79	46.28	19.81	25.02	2.95	2.95	2.99	2.99	2.93

Calculations based on previous session. Data collected 09/29/2017

Data sources can & do produce bad ticks. Verify before use.

DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
METALS COMPLEX						
GCAZ7	COMEX Gold	1274.6	1277.6	1285.4	1288.4	1296.2
SIAZ7	COMEX Silver	16.480	16.555	16.730	16.805	16.980
PLAF8	COMEX Platinum	903.32	908.15	919.22	924.05	935.12

CPAZ7	COMEX Copper	2.91	2.93	2.96	2.97	3.00
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KGI

CHINA
DEVELOPMENT
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SOFTS COMMENTARY

For Monday, October 02, 2017

05:50 PM (Chicago, USA | UTC/GMT -5 hours)

OUTSIDE MARKET DEVELOPMENTS

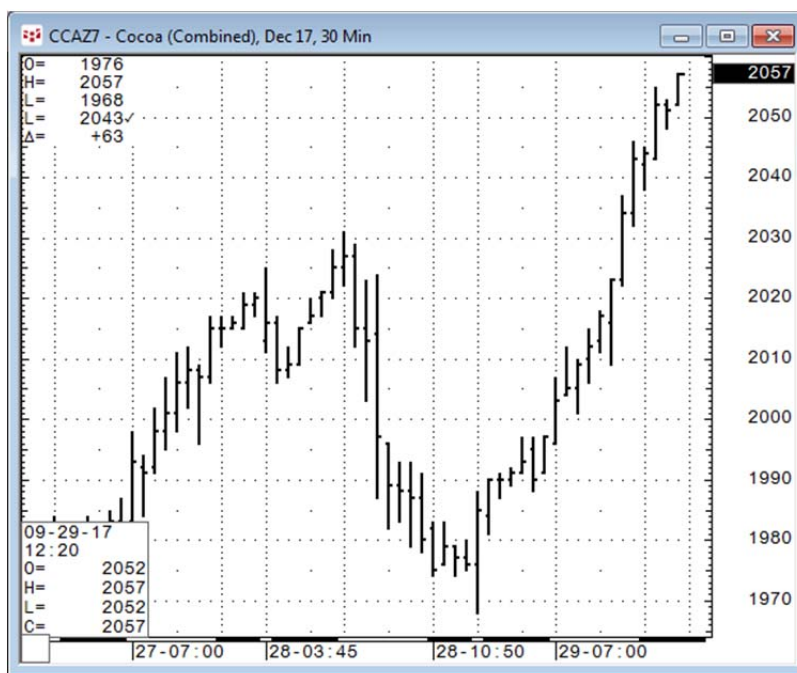
Global markets were able to hang onto a positive tone going into the end of the month and quarter. Ongoing hope for tax reform combined with a subtle shift away from an impending US rate hike provided a source of underlying support to risk appetites. Economic numbers on both sides of the Atlantic were mixed as a downtick in German unemployment was offset by lukewarm Euro zone CPI and UK GDP results, while a strong Chicago PMI reading was balanced against downticks in the core PCE index and a key private survey of consumer sentiment. US equities had bumpy ride early, but put together a late rally to finish with moderate gains as the S&P posted a new all-time high. Treasuries had mixed results as Bonds were able to shake off early pressure to finish near unchanged levels while Notes finished under pressure. The Dollar had a mild finish to the week while the Pound was pressured by increased Brexit concerns. Over the weekend, Chinese manufacturing PMI's saw divergent results as the "official" NBS number came in stronger than expected and reached its highest level since mid-2012, while the private Caixin survey was lower than forecast. In addition, there were reports of violence at an unauthorized vote for Catalonia to declare independence from Spain. Chinese markets will be closed all week for their National Day Golden Week holiday. The Asian session will be highlighted by a third quarter reading for the Tankan survey of Japanese industrial sentiment. The European session will feature Markit manufacturing PMI readings from around Europe and August Euro zone unemployment. The North American session will start out with September readings for the RBC Canadian manufacturing PMI and Markit US manufacturing PMI. The September ISM manufacturing index is expected to see a moderate downtick from August's 58.8 reading. August construction spending is forecast to improve on July's -0.6% reading and climb into positive territory. Dallas Fed President Kaplan will speak during afternoon US trading hours. Earning announcement will include Cal-Maine Foods before the Wall Street opening.

DAILY COCOA COMMENTARY

Written: 10/01/17 at 5:49 PM (Chicago, USA | UTC/GMT -5 hours)

Lower than expected Ivory Coast minimum farmgate price will rattle the market

Cocoa prices rebounded from the lows of their recent consolidation zone as the market finished the week, month and quarter on a very positive note. However, news over the weekend could lead to a turbulent few sessions before cocoa has another shot at finally following-through with an upside breakout. December cocoa shook off early pressure as it traded up to 2057 (3.8% higher and a new 7 1/2 week high) before finishing last Friday's trading session with a sizable gain and the first close above its 200 day moving average in the life of the contract. For the week, December cocoa finished with a gain of 60 points (3.0% higher). End of month/quarter short-covering was a notable source of support as cocoa ended up with both positive monthly and quarterly results. Over the weekend, Ivory Coast announced that their minimum farmgate prices for the 2017/18 main crop would be 700 CFA Francs (\$1.26) per kilo,



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10/01/2017 16:08:50, CQG 17.12.860

which is unchanged from the 2016/17 mid-crop but well below expectations for a hike up to 750 to 800 CFA Francs. Although there was some relief on the registration tax, this decision was not received well by Ivory Coast producers. In addition, this sets the stage for increased smuggling of cocoa from Ivory Coast to Ghana where 2017/18 official purchase prices are expected to remain unchanged from last season. Ghana announced that their main crop season will begin on October 13th, over one week later than usual, which will add to the uncertainty in the market over the first few weeks of October. The Commitments of Traders Futures and Options report as of September 26th for Cocoa showed Non-Commercial traders were net short 23,789 contracts, a decrease of 5,505 contracts. Non-Commercial and Nonreportable combined traders held a net short position of 17,227 contracts. This represents a decrease of 3,991 contracts in the net short position held by these traders.

TODAY'S MARKET IDEAS:

Cocoa was in a much better position to finally make an upside breakout, only for a disappointing Ivory Coast minimum farmgate price rattle the market coming into this week. While prices may have a bumpy ride, keep in mind that cocoa continues to find strong underlying support on near-term pullbacks and is likely to do so early this week.

Near term support for December cocoa is at 1996 with resistance at 2077.

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.

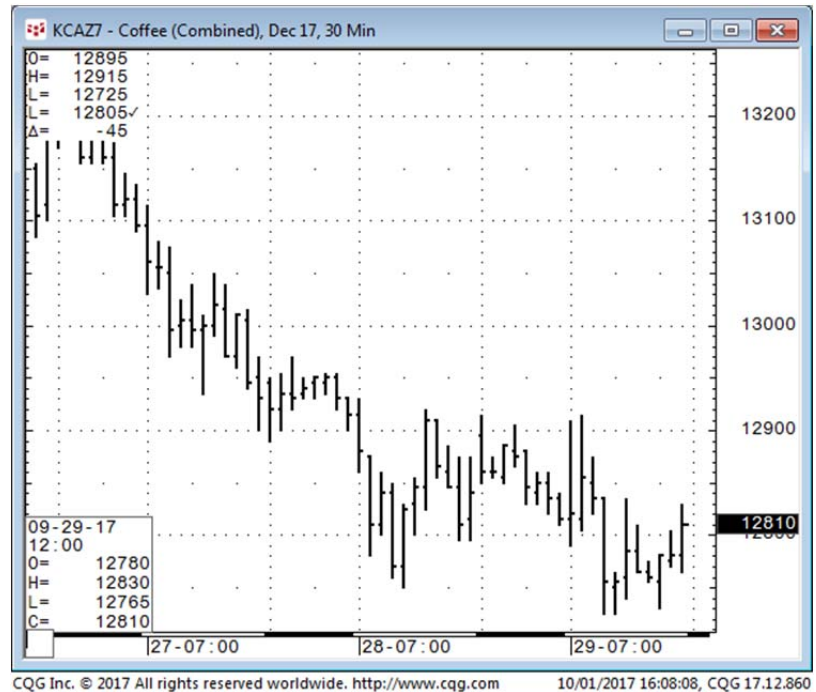
COCOA (DEC) 10/02/2017: The crossover up in the daily stochastics is a bullish signal. Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's short-term trend is positive on the close above the 9-day moving average. The outside day up is a positive signal. Market positioning is positive with the close over the 1st swing resistance. The near-term upside objective is at 2116. The next area of resistance is around 2087 and 2116, while 1st support hits today at 1999 and below there at 1939.

DAILY COFFEE COMMENTARY

Written: 10/01/17 at 5:49 PM (Chicago, USA | UTC/GMT -5 hours)

Lack of bullish supply/demand news keeps coffee under pressure

Coffee prices continue to hold their ground just above the late August/early September lows, but may need to find some bullish supply/demand news soon to avoid sliding down to a new 3 1/2 month low. December coffee traded down to 127.25 (0.90% lower and a new 3-week low) before finishing Friday's session with a modest loss. However, December coffee finished with a weekly loss of 6.40 cents (4.7% lower) and a second heavy weekly loss in a row. A strong 2-day rebound in the Brazilian currency and end-of-quarter short-covering provided little benefit as the market continues to face headwinds from both the supply and demand sides of the market. Rain will continue over Brazil's south Minas Gerais growing region until tomorrow with more rain expected this coming weekend. While this will not fully make up for the extended period of dry weather seen by that growing region over the past few months, it will boost the chances for decent results from their flowering period. Top Central American producer Honduras will have their 2017/18 coffee crop reach 7.2 million bags (which is roughly equal to last season) by the Honduras Association of Coffee Exporters, as a tree renovation program that boosted yields last season should continue to boost yields this year as well. ICE exchange coffee stocks fell by 535 bags on Friday but finished the month of September at 1.805 million. This is a ninth monthly increase in a row of at least 2% or higher, and is the longest monthly build streak in 4 1/2 years. The Commitments of Traders Futures and Options report as of September 26th for Coffee showed Non-Commercial traders were net short 8,451 contracts, a decrease of 1,608 contracts. Non-Commercial and Nonreportable combined traders held a net short position of 5,849 contracts. This represents a decrease of 2,059 contracts in the net short position held by these traders.



TODAY'S MARKET IDEAS:

The Vietnamese harvest will reach full speed later this month, and there is an increasing chance that their production will fall short of expectations. Until then, coffee may have to rely on an underwhelming flowering period for Brazilian coffee trees in order to lift decisively clear of these current low price levels. Near-term resistance for December coffee is up at 129.85 and 131.25, with critical near-term support down at 126.75.

COFFEE 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.

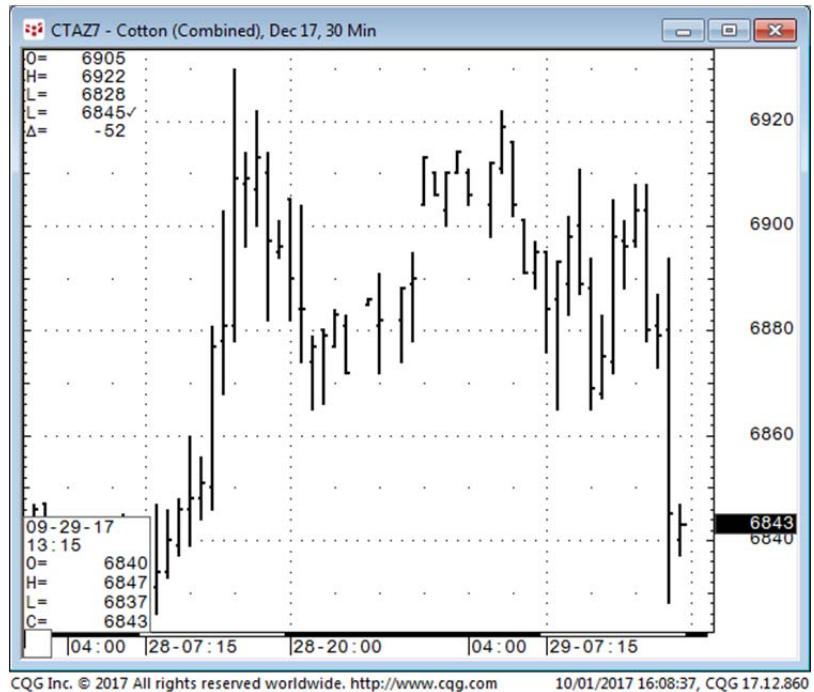
COFFEE (DEC) 10/02/2017: A negative indicator was given with the downside crossover of the 9 and 18 bar moving average. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's short-term trend is negative as the close remains below the 9-day moving average. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is now at 126.23. The next area of resistance is around 129.00 and 130.02, while 1st support hits today at 127.10 and below there at 126.23.

DAILY COTTON COMMENTARY

Written: 10/01/17 at 5:49 PM (Chicago, USA | UTC/GMT -5 hours)

Lower trade to start this week as weather non-threatening

The market seemed to have plenty of reasons to rally last week but could not, and this may be a sign of the potential impact of the bearish supply outlook. The world production surplus after two years in a row of deficits could help to pressure. In addition, US ending stocks are expected to jump to 6 million bales from 2.75 million this past season. Even if there is a one million bale revision lower in production due to hurricanes, ending stocks will still be at a 9-year high. Texas rains have cleared up with warmer weather ahead. December cotton closed 52 lower on Friday which pushed the market down to a 1 tick loss for the week. The Commitments of Traders reports as of September 26th showed Non-Commercial traders were net long 71,712 contracts, a decrease of 5,403 contracts for the week and the long liquidation selling trend is a short-term bearish force. Non-Commercial and Nonreportable combined traders held a net long position of 71,115 contracts, down 5,703 contracts for the week. Commodity Index traders held a net long position of 72,698 contracts. This represents a decrease of 720 contracts in the net long position held by these traders.



TODAY'S MARKET IDEAS:

The market had the ammunition to rally last week and could not. The COT report shows the market in a long liquidation selling mode and the weather has shifted from threatening last week to bearish this week. December cotton resistance is at 69.05 and 69.49, with 67.15 and 66.40 as support.

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 (DEC) 10/02/2017: Momentum studies are declining, but have fallen to oversold levels. 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 now at 67.66. The next area of resistance is around 68.91 and 69.53, while 1st support hits today at 67.98 and below there at 67.66.

COTTON (MAR) 10/02/2017: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's short-term trend is negative as the close remains below the 9-day moving average. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is now at 67.13. The next area of resistance is around 68.13 and 68.56, while 1st support hits today at 67.42 and below there at 67.13.

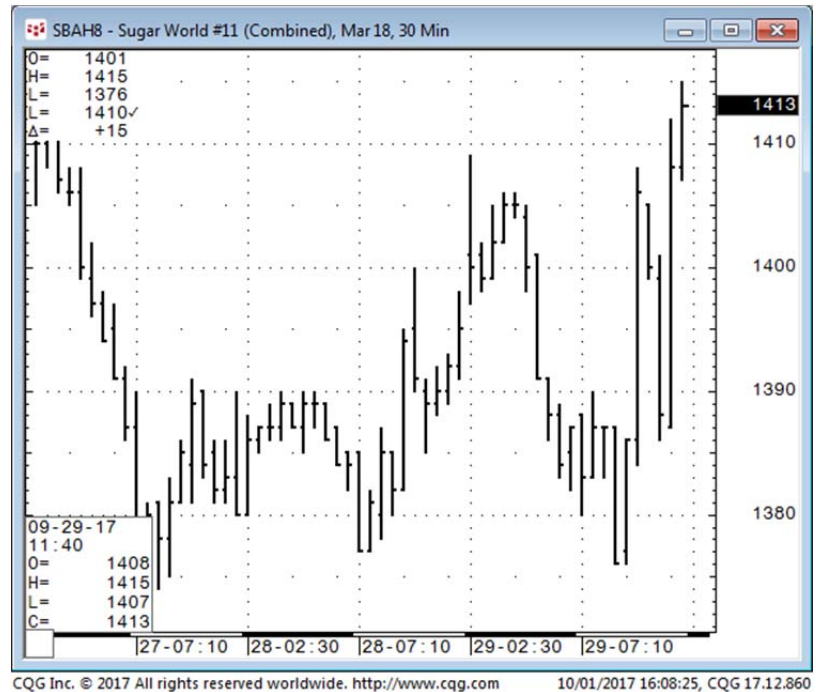
DAILY SUGAR COMMENTARY

Written: 10/01/17 at 5:49 PM (Chicago, USA | UTC/GMT -5 hours)

Limited upside while there are no major production issues

While sugar benefited from a stronger Brazilian currency and from short-covering going into the end of the month and quarter, the market continues to need fresh bullish supply news to lift decisively clear of its recent 3-month lows. March sugar traded down to 13.76 (over 1.0% lower) before rebounding to finish Friday's outside-day session in positive territory. However, March sugar finished over 3.5% lower for the week with a second consecutive weekly lower close. The ICE October delivery was seen at around 1.1 million tonnes, slightly higher than expectations but the smallest ICE contract delivery this year. Increasing global supply has been a dominant theme over the past few weeks as Brazil has received much-needed rainfall that could boost their Center-South cane harvest above current trade forecasts of 590 million tonnes. The USDA has pegged Thailand's 2017/18 sugar production at 11.2 million tonnes, a 12% jump from their previous El Nino-impacted crop.

The EU may offer the Mercosur group of nations a tariff-free ethanol import quota of 600,000 tonnes, which is considered below an acceptable level according to officials at the Brazilian trade group Unica. An earlier proposal by the EU included a Mercosur quota of 1 million tonnes, which may indicate that the extra sugar supply from the EU's removal of output quotas could end up boosting EU domestic ethanol production. Sugar's net spec short position saw a sizable uptick in the latest COT report, although it remains less than half the size of the record high total seen in late August. The Commitments of Traders Futures and Options report as of September 26th for Sugar showed Non-Commercial traders were net short 32,630 contracts, an increase of 9,062 contracts. Non-Commercial and Nonreportable combined traders held a net short position of 39,856 contracts. This represents an increase of 14,797 contracts in the net short position held by these traders.



TODAY'S MARKET IDEAS:

Short-covering and a stronger Brazilian Real can take sugar prices only so far to the upside early this week. With none of its major production regions currently having supply issues, sugar looks to have limited upside unless there is a sharp rally in energy prices. Near-term resistance for March sugar is at 14.37, while 13.72 remains as support with 13.23 as the next downside target.

SUGAR 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.

SUGAR (MAR) 10/02/2017: Daily stochastics are trending lower but have declined into oversold territory. A negative signal for trend short-term was given on a close under the 9-bar moving average. A positive signal was given by the outside day up. The market setup is supportive for early gains with the close over the 1st swing resistance. The next downside target is 13.64. The next area of resistance is around 14.29 and 14.41, while 1st support hits today at 13.91 and below there at 13.64.

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										
SBAH8	14.10	41.45	43.41	24.26	19.61	13.95	14.29	14.55	14.58	14.64
CTAZ7	68.45	40.01	43.27	13.67	13.10	68.71	68.83	70.05	69.66	69.24
CTAH8	67.78	41.16	43.60	10.99	10.24	67.88	68.00	69.20	69.03	68.69
CCAZ7	2043	62.89	59.65	67.06	70.67	2002.25	1994.22	1974.22	1966.98	1960.85
OJAX7	148.30	51.33	53.63	49.46	41.57	148.28	149.39	150.10	140.85	138.39
KCAZ7	128.05	32.58	38.12	30.60	16.32	129.54	132.34	133.49	135.11	135.33
MAX7	16.16	49.61	48.01	61.12	61.13	16.35	16.19	16.00	16.49	16.62

Calculations based on previous session. Data collected 09/29/2017

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						
SBAH8	Sugar	13.63	13.90	14.02	14.29	14.41
CTAZ7	Cotton	67.66	67.97	68.59	68.91	69.53
CTAH8	Cotton	67.13	67.41	67.84	68.13	68.56
CCAZ7	Cocoa	1938	1998	2027	2087	2116
OJAX7	Orange Juice	143.50	146.10	147.95	150.55	152.40
KCAZ7	Coffee	126.22	127.10	128.12	129.00	130.02
MAX7	Milk	15.95	16.04	16.19	16.28	16.43

Calculations based on previous session. Data collected 09/29/2017

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