

ADMIS DAILY ENERGY & SOFTS MARKETS

Tuesday May 01, 2012

Today's Market Outlooks

ENERGY: Delta purchase of PA refinery weighs on RBOB; nat gas into 1-month hi

COTTON: More rains in Lubbock to help jump-start crop this year; India exports

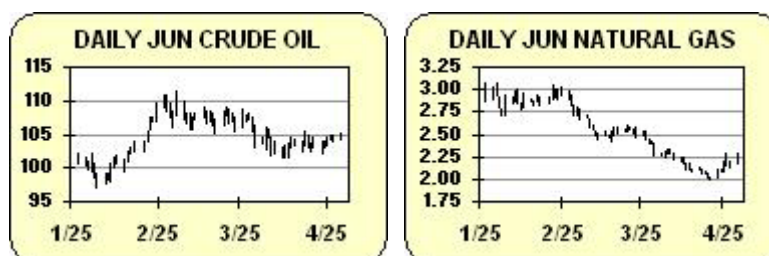
COFFEE: Lukewarm market sentiment puts coffee prices under pressure.

COCOA: July cocoa finds its footing after Monday's severe selloff.

SUGAR: Oversold but specs still net long 85,000 contracts; long liquidation?

Overnight Price Changes

CRUDE -30, HEATING OIL -125, UNLEADED GAS -347



Crude Markets Overview

June crude oil prices experienced a choppy to lower trade throughout the overnight and early morning hours, falling sharply following an early morning challenge of \$105.00. The macroeconomic tone is mixed for the crude oil market, with fractional gains in equity markets, rebound in the US dollar and soft economic data. Official PMI data in China showed an improvement from March levels but came in slightly under street estimates.

Natural Gas Market Overview

June natural gas prices broke out to their highest level since March 29th during the initial morning hours as it tries to leave the April trade as an intermediate low. It seems that the bears in the natural gas market have grown concerned over the prospect of more production cuts. This comes after Encana and Royal Dutch Shell indicated potential shifts in their production plans last week.



Soft Market Outlooks

COTTON: The weakening technical action, a good start to the planting season and the outlook for increased supply for the coming year are seen as factors which might turn the trend down for cotton. More rain this week in

the Lubbock area will help get the crop off to a decent start and increases the chances that non-irrigated land will produce; unlike last year when the Texas drought left no crop at all without irrigation. The weekly Cotton Planting report showed that 26% of the crop is planted compared to 18% last week and 16% last year.

COFFEE: July coffee was unable to sustain Monday's recovery rally and has fallen into negative territory this morning. Lukewarm outside market factors may be keeping further gains in check, although coffee was able to overcome some fairly negative headwinds during yesterday's session. The International Coffee Organization reported that global coffee exports last month were down 6.7% from 2011 levels, which was thought to provide some fundamental support for yesterday's rally.

COCOA: July cocoa has posted a modest gain for the session but has climbed more than \$80 above yesterday's lows as the market tries to recover from Monday's severe downdraft. The cocoa market went from a fresh 1-month high to the lowest price levels since April 13th in less than 30 minutes, with a high to low spread of \$187. There was no single catalyst for yesterday's massive selloff, although many traders felt that producer selling from the Ivory Coast and Ghana undermined the market's early rally.

SUGAR: The market remains in a steep downtrend as the aggressive long liquidation selling trend from speculators continues with a general sense that the market faces a world production surplus again this coming season. Traders believe there were 500,000-700,000 tonnes of sugar delivered against the expiring May contract which was well above trade expectations. One large trade house took all of the deliveries.

Price Outlooks

COTTON: July cotton selling resistance is at 89.95 and 91.85 with 85.88 and eventually 78.05 as next downside targets. December cotton resistance is 87.57 with 84.10 as next downside target.

COFFEE: July coffee selling resistance will be around the 179.75 level, with 171.30 and then 169.40 as the next downside targets.

SUGAR: July sugar resistance comes in at 21.27 and 21.42 with 19.52 as next longer-term target.

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