

## CURRENCIES COMMENTARY

11/06/13

**Dollar under pressure from positive Euro zone data.**

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):  
US DOLLAR -167, YEN -5, SWISS +13, CA DOLLAR +12**

### Upcoming International Reports (all times CT)

11/06 France Services PMI 2:48 AM  
11/06 German Service PMI 2:53 AM  
11/06 Euro-Zone Services PMI 3:00 AM  
11/06 UK Industrial Production 3:30 AM  
11/06 Euro-zone Retail Trade 4:00 AM  
11/06 Canadian Building Permits 7:30 AM  
11/06 Canadian PMI 9:00 AM  
11/06 EIA Energy Stocks 9:30 AM  
11/06 Japan Leading Indicators 11:00 PM  
11/07 Japan Index of Business Cond  
11/07 Swiss Consumer Confidence 12:45 AM  
11/07 German Industrial Production 5:00 AM  
11/07 UK Monetary Policy 6:00 AM  
11/07 Euro-zone Monetary Policy 6:45 AM  
11/07 Initial Jobless Claims 7:30 AM  
11/07 EIA Gas Storage 9:30 AM  
11/07 Consumer Credit 2:00 PM



**DOLLAR:** After finding strength at home from improved US data, it has been overseas pressure that has put the Dollar back on the defensive coming into this morning's trading. With mixed messages coming from Fed officials on the "taper/no taper" debate since last week's FOMC meeting, the Dollar will need to see further evidence of an improving US economy before a December tapering move becomes more than a remote possibility. Safe-haven support has yet to become a major source of support for the Dollar after last month's Washington debacle, but today's notable improvement in global risk sentiment is not doing it any favors. Today's set of second-tier US numbers should help to relieve this morning's early pressure, but the Dollar may need to get past Friday's critical Non-Farm Payroll reading before it can make a large-scale extension to last week's rally. The Dollar may bounce back towards the 80.74 level later this morning, and needs to continue avoiding negative US data results in order to hold its ground in close proximity to the recent highs.

**EURO:** Some badly-needed "good news" from this morning's Service-Sector PMI readings and from German Industrial Orders has helped the Euro regain upside momentum and climb past its 50-day moving average again, but an inability to rise well clear of Monday's high may show a note of caution in front of tomorrow's ECB meeting. Weak inflation and record-high Unemployment are not going away anytime soon, and have ramped up speculation that the ECB will start fresh easing measures by the end of this year. However, this week's generally positive Euro zone data readings and a 3 cent pullback from the late October highs may be enough to keep the ECB from taking action tomorrow morning. The December Euro may slide back towards the 134.90 area later today, and clearly needs to put tomorrow's ECB meeting results in its rear-view mirror before making any extended recovery from these current price levels.

**YEN:** A bumpy overnight session has left the Yen back near unchanged levels coming into this morning's trading, as calmer global risk concerns and stronger Japanese equities are keeping it from sustaining any rebound from last week's lows. With little in the way of major Japanese data points until next week, the ebb and flow of safe-haven

support will remain in the driver seat for determining the Yen's near-term direction. Unless global markets shift back into a "risk off" attitude, the Yen is more likely to see a downside breakout than any extensive recovery from these recent price levels. A retest of the 101.64 overnight high may occur with weak US data this morning, but the December Yen may need to see a dovish ECB and sluggish US Payrolls later this week in order to make any strong upside move.

**SWISS:** After consolidating towards the middle of this week's price range, the Swiss Franc is finding moderate support early in today's trading. Weak Swiss inflation levels continue to weigh on the Swiss Franc this morning, however, and will make it difficult for sustaining any upside move without finding considerable carryover support from their Euro zone neighbors. The December Swiss may fall back towards the 109.64 level later today, and will clearly need help from outside markets in order to hold onto these early gains throughout the session.

**POUND:** Positive UK economic numbers continues to fuel the Pound's rally this week as prices were able to briefly clear the 161.00 level early this morning. The market may be setting up for disappointment with steady policy from the Bank of England tomorrow morning, but comparatively strong UK data and recent price action should insure that the Pound stays well clear of Monday's weekly low. The December Pound will remain well supported during today's trading, but a move above and beyond the 161.20 area may be a difficult task with tomorrow's BOE meeting already casting a long shadow over the market.

**CANADIAN DOLLAR:** This week's positive Canadian data as well as stronger energy and metals markets this morning have helped the Canadian Dollar regain upside momentum, although the market still has some ways to go in order to retest Monday's weekly high. Today's Canadian Building Permits and Ivey PMI readings could provide a boost later in the session, but further upside will be limited until Friday's Canadian jobs data is fully digested by the market. The December Canadian may rise up towards the 95.86 level this morning, and will benefit from improving global risk attitudes during today's trading.

#### **TODAY'S MARKET IDEAS:**

The Dollar may have a difficult time climbing back into positive territory this morning with today's early pressure, but a positive reception for US data later in the session should help it recover a portion of early losses.

#### **NEW RECOMMENDATIONS:**

None.

#### **PREVIOUS RECOMMENDATIONS:**

None.

### **CURRENCIES 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.

**US DOLLAR (DEC) 11/06/2013:** A positive indicator was given with the upside crossover of the 9 and 18 bar moving average. Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's close above the 9-day moving average suggests the short-term trend remains positive. The daily closing price reversal up is a positive indicator that could support higher prices. The market has a slightly positive tilt with the close over the swing pivot. The next upside objective is 81.08. The next area of resistance is around 80.95 and 81.08, while 1st support hits today at 80.64 and below there at 80.45.

**EURO (DEC) 11/06/2013:** 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. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside target is 134.0600. The next area of resistance is around 135.1000 and 135.5400, while 1st support hits today at 134.3600 and below there at 134.0600.

**JAPANESE YEN (DEC) 11/06/2013:** The moving average crossover down (9 below 18) indicates a possible developing short-term downtrend. Daily stochastics are trending lower but have declined into oversold territory. The market's short-term trend is negative as the close remains below the 9-day moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside objective is 101.03. The next area of resistance is around 101.73 and 102.07, while 1st support hits today at 101.21 and below there at 101.03.

SWISS (DEC) 11/06/2013: 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 close below the 1st swing support could weigh on the market. The next downside target is 108.99. The next area of resistance is around 109.90 and 110.26, while 1st support hits today at 109.27 and below there at 108.99.

## 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
<b>CURRENCY COMPLEX</b>										
DXAZ3	80.79	68.42	60.07	60.40	82.20	80.63	79.98	79.97	80.55	80.86
JYAZ3	101.47	41.59	45.10	30.05	19.62	101.49	101.92	101.93	101.63	101.74
EU6Z3	134.7300	30.26	38.82	42.57	18.74	135.16	136.60	136.51	135.23	134.72
BPAZ3	160.43	49.04	50.71	36.37	29.27	159.95	160.61	160.70	159.99	158.90
CAAZ3	95.50	37.56	40.30	19.47	18.57	95.75	95.64	96.16	96.40	96.18
SFAZ3	109.59	34.64	41.97	43.85	22.93	109.91	110.91	110.77	109.80	109.38
DAAZ3	94.66	47.48	51.78	27.77	20.65	0.94	0.95	0.95	0.94	0.93

Calculations based on previous session. Data collected 11/05/2013  
Data sources can & do produce bad ticks. Verify before use.

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist
<b>2 CURRENCY COMPLEX</b>						
DXAZ3	US Dollar	80.44	80.63	80.76	80.95	81.08
JYAZ3	Japanese Yen	101.03	101.21	101.55	101.73	102.07
EU6Z3	Euro	134.0600	134.3600	134.8000	135.1000	135.5400
BPAZ3	British Pound	159.07	159.85	160.22	161.00	161.37
CAAZ3	Canadian Dollar	95.15	95.28	95.58	95.71	96.01
SFAZ3	Swiss	108.98	109.26	109.62	109.90	110.26
DAAZ3	Australian Dollar	93.96	94.29	94.70	95.02	95.44

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## DAILY ENERGY COMPLEX COMMENTARY

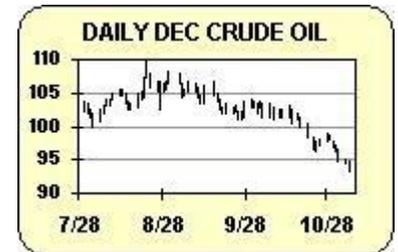
11/06/13

### Near term tech and fundamental backdrop favor corrective bounce

#### OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

CRUDE +72, HEATING OIL +197, UNLEADED GAS +342

**CRUDE OIL MARKET FUNDAMENTALS:** December Crude Oil prices rallied throughout the overnight and initial morning hours and climbed back above \$94.00 in the process. There are a number of supportive features behind the early lift including prospects for a smaller US inventory build, better than expected European economic readings and a strong showing in global equity markets. It is also possible that the nearly \$6.00 decline from last week's high into a new four month low yesterday has become technically oversold and ripe for a corrective bounce. Private industry data late Tuesday showed a weekly build that was quite a bit smaller than expectations for this morning's EIA report for a build in the range of 2.0 million barrels. This helped engineer a drive above yesterday's late-day high and seemed to attract further short-covering activity. An added source of support for the crude oil market this morning could be reports of rising violence in Libya, which is seen as a factor keeping a near term boost in export flows on hold. The bear trend for December Crude Oil remains intact, but susceptible to a corrective bounce back toward the \$95.00 level and perhaps back toward \$95.90 on supportive inventory data. Downside support for the market comes in at \$92.00, then the June swing low of \$91.05.



**PRODUCT MARKET FUNDAMENTALS: GASOLINE:** December RBOB prices saw a gap higher open Tuesday evening in the wake of private inventory data pointing to a larger than expected draw in supplies. Data late Tuesday showed a decline in US gasoline supplies last week that was significantly larger than expectations for this morning's EIA report in the range of 500,000 barrels. Another supportive feature for today's RBOB trade is upside breakout action in the December vs. January calendar spread, which posted a new four week high during the early morning hours. Ideas that recent weakness in RBOB have been over exaggerated to the downside, along with ideas that supplies might have drawn down by more than expected leave the bull camp with the early advantage. Early morning breakout action also supports more upside toward downtrend line resistance at \$2.5890.

**HEATING OIL:** December Heating Oil prices saw a gap higher open Tuesday evening and posted a higher high during the early morning hours. Early gains come in the wake of prospects that this morning's EIA data could show a larger than expected drawdown in US distillate supplies last week, in the range of 1.5 million barrels. That coupled with already seasonally tight inventory levels and severely oversold technical conditions offer the bull camp the early edge. A further advance this morning back above \$2.8930 favors a run back to \$2.9170.

**TODAY'S ENERGY MARKET GUIDANCE:** Prospects for bullish EIA inventory data this morning, near record highs in US equity markets, better than expected European economic readings this morning and severely oversold technical conditions offer the bulls the early advantage. This offers December Crude Oil the potential for a much needed corrective rally back toward the \$95.75 area. Aggressive bears might consider selling further strength in crude oil positioning for a retest of the \$93.00 area.

	High Estimate	Low Estimate	Stocks Last Week	Stocks Change Last Week
Crude Oil	1.8	1.4	383.9	4.1
Distillates	-1.1	-1.5	122.7	-3.1
Gasoline	-0.1	-0.5	213.8	-1.7

**NATURAL GAS:** Bullish reversal action in December Natural Gas from a new contract low yesterday, followed by a new three day high this morning favors more upside. Many traders cited that at these levels it would be hard for many users not to take advantage of the lower prices for longer term usage. Weather still offers a negative headwind, with longer range forecasts still pointing to mild temperatures throughout the month. Thursday's EIA storage data is now projected to show between a 35 to 40 bcf injection. The price action for December Natural Gas suggests more upside in the near term, with November 4th gap resistance up to \$3.513. An initial corrective target of the October through November slide comes in at \$3.616.

**TODAY'S MARKET IDEAS:**

Aggressive bears in the Crude Oil market might consider buying January put options on rallies back above \$96.00, positioning for a retest of \$93.50. Risk a close on the position above \$99.10.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

**OTHER ENERGY CHARTS:**



**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 (DEC) 11/06/2013:** Daily stochastics are trending lower but have declined into oversold territory. The market's short-term trend is negative as the close remains below the 9-day moving average. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next downside target is 91.89. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 94.35 and 95.54, while 1st support hits today at 92.53 and below there at 91.89.

**HEATING OIL (DEC) 11/06/2013:** 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. The market's close below the pivot swing number is a mildly negative setup. The next downside target is 284.03. The next area of resistance is around 288.08 and 289.88, while 1st support hits today at 285.16 and below there at 284.03.

**RBOB GAS (DEC) 11/06/2013:** Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The close below the 9-day moving average is a negative short-term indicator for trend. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is now at 249.86. The next area of resistance is around 253.48 and 255.01, while 1st support hits today at 250.91 and below there at 249.86.

**NATURAL GAS (DEC) 11/06/2013:** The sell-off took the market to a new contract low. 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 outside day up and close above the previous day's high is a positive signal. The close over the pivot swing is a somewhat positive setup. The next downside objective is 3.349. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 3.531 and 3.562, while 1st support hits today at 3.425 and below there at 3.349.

### 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
<b>ENERGY COMPLEX</b>										
CLAZ3	93.44	20.42	26.38	5.29	1.94	94.76	96.41	98.50	101.78	102.57
CLAF4	93.79	21.64	27.69	6.19	2.22	95.10	96.65	98.58	101.15	101.73
HOAZ3	286.62	30.67	35.03	19.99	10.28	2.89	2.92	2.96	3.00	3.03
HOAF4	287.32	31.14	35.45	20.42	10.48	2.90	2.93	2.97	3.00	3.03
RBAZ3	252.20	34.37	37.74	21.41	10.94	2.55	2.57	2.60	2.65	2.68
RBAF4	251.75	33.04	36.94	21.84	10.71	2.55	2.57	2.60	2.64	2.68
NGAZ3	3.478	27.22	31.90	7.32	4.07	3.50	3.61	3.74	3.79	3.79
NGAF4	3.563	26.65	31.14	6.45	4.14	3.59	3.69	3.82	3.88	3.88

Calculations based on previous session. Data collected 11/05/2013  
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### DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist
<b>2 ENERGY COMPLEX</b>						
CLAZ3	Crude Oil	91.88	92.52	93.71	94.35	95.54
CLAF4	Crude Oil	92.26	92.89	94.05	94.68	95.84
HOAZ3	Heating Oil	284.02	285.15	286.95	288.08	289.88
HOAF4	Heating Oil	284.69	285.84	287.64	288.79	290.59
RBAZ3	RBOB Gas	249.85	250.91	252.43	253.48	255.01
RBAF4	RBOB Gas	249.58	250.54	251.99	252.95	254.40
NGAZ3	Natural Gas	3.348	3.424	3.455	3.531	3.562
NGAF4	Natural Gas	3.433	3.509	3.540	3.616	3.647

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## UPCOMING AGRICULTURAL REPORTS

Nov 8	Crop Production	11:00 AM
Nov 8	USDA Supply/Demand	11:00 AM
Nov 12	Export Inspections	10:00 AM
Nov 12	Crop Progress	3:00 PM
Nov 22	Cattle on Feed	2:00 PM
Nov 22	Cold Storage	2:00 PM

## DAILY SOY COMPLEX COMMENTARY

11/06/13

**Still vulnerable to long liquidation selling but OI down sharply**

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):  
SOY BEANS +2.6, BEAN OIL +0.1, SOYMEAL +0.9**

**OVERNIGHT DEVELOPMENTS:** January soybeans were trading 2 3/4 cents higher near 7:00 am cst. China soybeans closed down 0.6% overnight. Palm oil futures in Malaysia closed down 1.3%. There were 271 new deliveries against the November contract overnight. Global equity markets benefit from a definitive risk on vibe, helped by upbeat guidance from Toyota and better than expected European economic data. The Japanese Nikkei posted a bullish outside day reversal in overnight action, lifted by a near record profit outlook from Toyota and weakness in the Japanese Yen. There was a different tone in China, where early breakout action in the Shanghai Composite failed to hold and finished in negative territory. The brunt of the weakness appeared to come from lackluster trading volume and uncertainty ahead of communist party meetings this weekend. The early morning tone improved by the combination of better than expected European corporate earnings and minor beats on October service sector PMI data in France, Germany and the Euro zone. US indices also took on a higher track and approached last week's contract high, with residual support coming from a surprise improvement in October Services data in yesterday's session and optimism ahead of Twitter's IPO today. The focus in the US market turns to the labor market, with a private read this morning on October job cuts and ahead of Friday's monthly Non-Farm Payroll data.



**NEAR-TERM MARKET FUNDAMENTALS:** The lowest close since August 14th combined with ideas that speculators still hold a hefty net long position in soybeans leaves the market vulnerable to increased selling if support is violated. Souring technical charts and what could be outright fund liquidation ahead of the USDA report for Friday kept pressure on the soybean market yesterday. Open interest is down just short of 50,000 contracts since the 25th of October. Talk of weaker cash markets is also pressuring spreads which leans bearish for the outright market. Bids in the export market have dropped 7 cents since late last week and are down over \$1.00 from the peak of last summer according to sources in the market. There is "carry" in the corn market while the soybean market remains "inverted" so commercial elevators and storage facilities have opted to move cash soybeans out of storage and into the market to provide space for the record corn crop. The fresh supply is being met with aggressive bidders however due to the strong meal and soybean export sales programs on the books. The CIF market was up a touch late yesterday with rumors of some activity from buyers due to the lower trade in the futures market. There is talk of more interest from China. The deliveries against the November contract suggests traders see it as profitable to deliver against the futures market rather than sell cash soybeans in the deliverable area. The Nov/Jan traded an inside day on Tuesday but is well off the +15 3/4 high.

Forecasts look very favorable in South America with another round of showers in both Brazil and Argentina by the 12th

of this month. Sources suggest Brazil planting is about 44% complete, up about 18% on the week and just slightly behind the year ago pace. At this moment, private forecasts for Brazil production are edging higher rather than lower although there is still plenty of growing season weather to navigate through. With record production expected once again for Brazil and possibly Argentina, talk of significant old crop stocks still being held by farmers in Argentina, and the likelihood for soybean acres to be favored over corn and cotton in some areas next year, the outlook for the soybean market on a long term basis is looking very bearish from a supply perspective. Of course, demand remains strong on the front end of the market but any contraction in Chinese crush margins and a marginal slowdown in imports could mean a significant slide in prices. Traders will monitor a large tender for meal to Thailand. Argentina meal export activity may be picking up.

For the report Friday, traders see soybean production up about 75 million bushels from the September USDA estimate which is down from private estimates out on Friday which were up near 150 million bushels from the September forecast of 3.149 billion bushels. For ending stocks, a key news service showed stocks near 172 million bushels from 150 in the September update but there are estimates as high as 240 million. Traders see world ending stocks near 72.3 million tonnes, up 760,000 tonnes from the September forecast. Keep in mind, the Argentina attache production estimate was revised higher by 4 million tonnes last week.

### ***TODAY'S MARKET IDEAS:***

Long liquidation continues in the soybean market ahead of the report with speculation the USDA may not take demand up as much as expected given the uncertain outlook on just how long US soybean and meal export demand will last. The production outlook for South America is also gaining more traction as well. January soybean next support is 1242 3/4 and then 1201 1/2. Resistance is at 1259 1/2. The November 2014 contract put in a new contract low on Tuesday. More downside is expected with 1107 as an eventual downside target. December meal resistance moves down to 396.50 with 390.20 and 386.20 as next downside targets.

### ***NEW RECOMMENDATIONS:***

Buy 8 January Soybean 1120 puts for 3 cents each for a total cost of 24 cents. Exit 4 at 6 cents, and hold the other 4 puts for a decline in January soybeans to 1152. The January Soybean 1120 puts should be trading around 14 cents each if this break occurs in the next 3 to 4 weeks. Risk a total of 16 cents on the entire options position.

### ***PREVIOUS RECOMMENDATIONS:***

1) Short Nov14 soybeans from 1179 with an objective of 1107. Risk to 1176. 2) Long July/short Nov14 soybeans from +75 1/2 July with an objective of +103 July. Risk to 65 1/2.

### **SOYBEAN COMPLEX TECHNICAL OUTLOOK:**

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SOYBEANS (JAN) 11/06/2013: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. 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 target is now at 1237 1/2. The next area of resistance is around 1257 3/4 and 1267 1/4, while 1st support hits today at 1242 3/4 and below there at 1237 1/2.

SOYBEAN OIL (DEC) 11/06/2013: The downside crossover of the 9 and 18 bar moving average is a negative signal. The daily stochastics gave a bearish indicator with a crossover down. Momentum studies trending lower at mid-range could accelerate a price break 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 40.74. The next area of resistance is around 41.40 and 41.73, while 1st support hits today at 40.90 and below there at 40.74.

SOYMEAL (DEC) 11/06/2013: The downside crossover of the 9 and 18 bar moving average is a negative signal. 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 close below the 1st swing support could weigh on the market. The next downside target is now at 386.5. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 396.7 and 402.0, while 1st support hits today at 388.9 and below there at 386.5.

## DAILY CORN COMMENTARY

11/06/13

### Trade pricing in bearish report for Friday; record oversold condition

#### OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

CORN +0.4

**OVERNIGHT DEVELOPMENTS:** December corn was trading 1/2 of a cent higher near 7:00 am cst. Outside market forces look positive today. South Korea passed on a tender to buy 70,000 tonnes of corn overnight indicating prices were too high.



**NEAR-TERM MARKET FUNDAMENTALS:** The market continues to drift lower into the key production report Friday. December corn closed 1 1/4 cents lower on the session and pushed down into new 38 month lows. Traders see corn production near 14 billion bushels for Friday's update, up 160 million bushels from the September USDA estimate. For ending stocks, a newswire poll showed stocks near 2.029 billion bushels from 1.855 billion in the September update but there are estimates as high as 2.292 billion. Traders see world ending stocks near 154.2 million tonnes, up from 151.42 million from the September forecast. Narrow trade ranges continue for the corn market with a breakout up or down likely ahead but this will depend on the results from the USDA on Friday. Volume continues to trend higher on a daily basis with open interest rising at the same time. Cash markets are mixed with basis bids firm in the western Corn Belt while the eastern Corn Belt bids are slumping under option price. Much of this is due to lower production and grain stocks in the western Corn Belt vs. the east as the market emerged from the 2012/13 marketing year. Minor harvest delays are expected this week as we edge closer to the weekend with snowfall showing up last evening in central NE and southern South Dakota. Radar had rainfall in central KS, nearly all of IA, central MO, and northern IL last night. Accumulation will be over an inch in some areas. Additional rainfall is expected for Argentina and Brazil by the 12th of the month. France and Germany are still looking wet in the 1 week forecast. Traders note firmer corn prices in Brazil on slow farmer sales, much like the US.

US farmers simply have no interest in selling these board levels so the cash market may need to work higher or heavy selling by farmers might be seen if futures can develop a strong short-covering bounce. The most aggressive bids seem to be coming from ethanol facilities and wires are reporting that more idled capacity is coming back on line due to the attractive margins. Demand-side bulls got another round of positive news with the USDA announcing that private exporters sold 140,000 tonnes of US corn to South Korea and 126,000 tonnes of US corn to unknown destination. Ukraine remains active in the market but shipments have slowed down a bit. Ukraine exports of corn as of November 4th (starting July 1st) totaled 2.672 million tonnes, down slightly from 2.922 million in the same period last year. Total grain exports rose 13% season to date to 10 million tonnes. Wheat accounted for the largest increase.

#### TODAY'S MARKET IDEAS:

The market closed lower for the 5th session in a row. Ranges continue to tighten and the coiling formation of the chart suggests a breakout is ahead. Resistance is 433 1/4 and 436. Another test of 424 or possibly another new low ahead of the report would not come as a surprise. Bears still dominating but the market profile is extremely oversold with very bearish sentiment. Spreads remain firm despite the bearish supply prospects. December corn downside targets remain at 421 3/4 and \$416.

#### NEW RECOMMENDATIONS:

None.

#### PREVIOUS RECOMMENDATIONS:

\* 1) Hit objective on long Dec corn 440 put for a 9 1/2 cent gain. 2) Short Dec corn 445 call from 10 with an objective of 1 3/4. Risk to 8. 3) Long July/short March corn from +15 1/4 July with an objective of +22 July. Risk to 12 1/4 July.

#### 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) 11/06/2013: 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 tilt is slightly negative with the close under the pivot. The next downside objective is 422 1/4. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 426 1/2 and 428 1/4, while 1st support hits today at 423 1/2 and below there at 422 1/4.

## DAILY WHEAT COMMENTARY 11/06/13

**Down enough to encourage new demand; US stocks outlook tightening**

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):  
WHEAT +2.6**

**OVERNIGHT DEVELOPMENTS:** December wheat was trading 2 1/4 cents higher on the session near 7:00 cst. Outside market forces look supportive today with an active risk-on vibe.



**NEAR-TERM MARKET FUNDAMENTALS:** The recent good rain with more than 91% of the crop already planted has added to the bearish tone of the market and the failure for corn and soybeans to find any upside momentum continues to leave the wheat market at risk of more downside. The active speculative selling and long liquidation selling in recent days leaves the market down as much as 55 1/2 cents in just 10 trading sessions. Ideas that the market is oversold and talk of tighter ending stocks estimates for Friday's supply/demand report might try to support the market ahead of the USDA report Friday. Furthermore, some commercial traders believe the recent break may cause US wheat to become more competitive on the global market. Egypt announced a tender just after the close and Jordan is tendering to buy 100,000 tonnes of wheat. Morocco bought 55,000 tonnes of soft wheat from the EU overnight. Traders see ending stocks for the report Friday near 520 million bushels from 561 million in the September update. World ending stocks are expected to be down about 400,000 tonnes from the September update of 176.28 million tonnes.

December wheat closed 6 3/4 cents lower on the session Tuesday and pushed down to the lowest level since September 24th. The fact that Egypt tendered for wheat after the close might be enough to keep bears cautious ahead of the trade on Wednesday. It's likely that French and/or Black Sea wheat is the winner of the business but a surprise deal by the US would certainly be supportive considering the recent talk of a slowdown in export demand in the Chicago market. The results of the tender should be released this morning or by 11 am cst. Daily volume has begun to back off which could be hinting at a slowdown in bearish momentum. PNW soft wheat cash markets were down slightly late yesterday.

December Kansas City wheat closed 7 cents lower on the session with spreads backing off as well. The souring technical charts and the breakdown in some of the calendar spreads could keep bulls on their toes. Funds are holding a net long position in the market so liquidation would be the driving force in additional downside. Russian wheat prices have begun to back off, mostly in step with other world origins including the US. Prices in the ports of Russia dropped by about \$2.50 per tonne last week for 11.5% protein. The early planting delays have been brushed aside and it seems more work was done than previously thought. To add, the weather over the last couple weeks has been favorable with warm and dry conditions. This has improved the prospects of the Black Sea crop.

### **TODAY'S MARKET IDEAS:**

With Argentina wheat offers for the first time in a while, traders are fearful that Brazil buying from outside of South America may be finished. This has added to the bearish tone. News that Egypt is in the market along with Jordan plus signs that world price levels are beginning to soften might be enough to support the market today. Dec Chicago wheat won't begin to gain momentum higher unless 676 1/4 is breached. Support is at the 650 to 655 3/4 zone and the market looks too oversold. Aggressive short-term traders might consider buying December KC wheat near 722 3/4 with 742 1/2 as a short-term target.

### **NEW RECOMMENDATIONS:**

None.

## PREVIOUS RECOMMENDATIONS:

None.

## 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) 11/06/2013: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside target is 648. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 661 and 668 1/4, while 1st support hits today at 651 and below there at 648.

KC WHEAT (DEC) 11/06/2013: The close below the 60-day moving average is an indication the longer-term trend has turned down. 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 defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside target is 715 3/4. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 726 1/4 and 732, while 1st support hits today at 718 1/4 and below there at 715 3/4.

MINN WHEAT (DEC) 11/06/2013: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. 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 target is now at 708 1/4. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 717 1/4 and 722 1/2, while 1st support hits today at 710 1/4 and below there at 708 1/4.

RICE (JAN) 11/06/2013: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The close above the 9-day moving average is a positive short-term indicator for trend. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next downside objective is now at 15.040. The next area of resistance is around 15.380 and 15.440, while 1st support hits today at 15.180 and below there at 15.040.

## 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
<b>GRAIN COMPLEX</b>										
CNAZ3	425	27.39	33.20	10.30	2.88	426.69	431.11	435.89	446.54	453.63
CNAH4	435 1/2	25.26	31.57	9.11	2.34	437.31	442.56	447.92	458.96	466.09
SSAF4	1250 1/4	31.53	36.19	20.07	8.00	1256.13	1270.78	1277.61	1306.21	1308.81
SSAH4	1236 1/4	31.65	36.01	18.08	7.17	1241.13	1253.86	1261.44	1288.49	1290.63
SMAZ3	392.8	29.97	36.45	26.22	10.09	397.05	408.33	409.35	415.88	414.40
BOAZ3	41.15	49.13	48.27	69.04	68.55	41.33	41.13	41.13	41.61	42.13
WHAZ3	656	23.40	33.61	11.13	2.24	663.50	675.39	684.69	672.28	666.85
WHAH4	667 1/4	23.31	33.57	12.82	2.75	675.19	686.72	695.13	682.65	677.65
RCAF4	15.280	48.29	47.08	24.57	22.05	15.15	15.26	15.38	15.47	15.56
KWAZ3	722 1/4	26.46	36.56	18.22	4.66	731.38	744.33	752.06	731.44	724.49
MWAZ3	713 3/4	23.34	32.85	9.61	1.66	722.19	732.31	742.60	730.13	731.51
OTAZ3	340	62.78	60.21	52.83	52.44	333.00	332.97	332.63	322.51	326.03

Calculations based on previous session. Data collected 11/05/2013

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## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>GRAIN COMPLEX</b>						
CNAZ3	Corn	422 1/4	423 1/2	425 1/4	426 1/2	428 1/4
CNAH4	Corn	432 1/2	434	435 3/4	437	439
SSAF4	Soybeans	1237 1/2	1242 3/4	1252 1/2	1257 3/4	1267 1/2
SSAH4	Soybeans	1224	1229	1238 1/4	1243 1/2	1252 1/2
SMAZ3	Soymeal	386.4	388.9	394.2	396.7	402.0
BOAZ3	Soybean Oil	40.73	40.90	41.23	41.40	41.73

WHAZ3	Wheat	647 3/4	651	658	661	668 1/4
WHAH4	Wheat	659 1/4	662 1/4	669 1/4	672 1/4	679 1/4
RCAF4	Rice	15.040	15.180	15.240	15.380	15.440
KWAZ3	KC Wheat	715 3/4	718	724	726 1/2	732 1/4
MWAZ3	MINN Wheat	708	710	715 1/4	717 1/2	722 1/2
OTAZ3	Oats	329 1/2	335 1/2	338 1/4	344 1/2	347

**Calculations based on previous session. Data collected 11/05/2013**

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# INSIDER INTEREST RATE ADVISORY



Wednesday November 06, 2013

## UPCOMING ECONOMIC REPORTS

CST/GMT	EST	High	Low					
11/05	Japan Services PMI			6:15	PM/23:15	-	-	-
11/06	France Services PMI			2:48	AM/07:48	50.2	-	-
11/06	German Service PMI			2:53	AM/07:53	52.3	-	-
11/06	Euro-Zone Services PMI			3:00	AM/08:00	50.9	-	-
11/06	UK Industrial Production			3:30	AM/08:30	0.5%	1.5%	0.2%
11/06	Euro-zone Retail Trade			4:00	AM/09:00	-0.4%	-	-
11/06	Canadian Building Permits			7:30	AM/12:30	-	-	-
11/06	Canadian PMI			9:00	AM/14:00	-	-	-
11/06	US Leading Index			9:00	AM/14:00	0.6%	0.8%	0.3%
11/06	EIA Energy Stocks			9:30	AM/14:30	-	-	-
11/06	Japan Leading Indicators			11:00	PM/04:00	-	-	-
11/07	Japan Index of Business Cond					-	-	-
11/07	Swiss Consumer Confidence			12:45	AM/05:45	-	-	-
11/07	German Industrial Production			5:00	AM.10:00	-	-	-
11/07	UK Monetary Policy			6:00	AM/11:00	-	-	-
11/07	Euro-zone Monetary Policy			6:45	AM/11:45	-	-	-
11/07	Initial Jobless Claims			7:30	AM/12:30	335k	-	-
11/07	Q3 US GDP			7:30	AM/12:30	2.0%	3.0%	1.25%
11/07	EIA Gas Storage			9:30	AM/14:30	-	-	-
11/07	Consumer Credit			2:00	PM/19:00	-	-	-
11/08	Swiss Employment			12:45	AM.05:45	-	-	-
11/08	German Foreign Trade			1:00	AM/06:00	-	-	-
11/08	France Industrial Production			1:45	AM/06:45	-	-	-
11/08	France Trade Balance			1:45	AM/06:45	-	-	-
11/08	Swiss Retail Sales			2:15	AM/07:15	-	-	-
11/08	UK Foreign Trade			3:30	AM/08:30	-	-	-
11/08	Canadian Housing Starts			7:15	AM/12:15	-	-	-
11/08	US Employment Situation			7:30	AM/12:30	125k	-	-
11/08	Canadian Labor Force Survey			7:30	AM/12:30	-	-	-
11/08	Wholesale Trade			7:30	AM/12:30	-	-	-
11/11	Germany ECRI Future Inflatio			3:30	AM/08:30	-	-	-
11/11	Japan Consumer Confidence Su			11:00	PM/04:00	-	-	-

## BONDS COMMENTARY

11/06/13

**Equity market rally & positive European data flow offer AM pressure**

### OVERNIGHT CHANGES THROUGH 6:05 AM (CT): BONDS -40

December 30-Year Bonds survived an overnight test of yesterday's low (132-24), despite a definitive risk-on vibe across most risk assets. US Treasury markets came under heavy selling pressure in response to yesterday's stronger than expected read on the US service sector. The upbeat October data points suggest that economic weakness from the October government shut-down might not be as bad as first thought and that also seems to pull the Fed's taper timeline forward. However, the lift in economic optimism has set the equity markets on a positive tear, with major US and European indices on a track to climb back into record high territory in today's session. Another seemingly negative factor for the early Treasury trade that seems overlooked is better than forecast service sector readings out of France, Germany and Euro zone, as well as strong UK Industrial Production figures. Meanwhile,



Treasuries enter the US session near unchanged to slightly higher levels, which is somewhat surprising given the outside risk vibe. Perhaps some of the Treasury market support comes from comments from San Francisco's Fed President John Williams as he supported the Central Banks' asset purchase program by suggesting that economic growth is not as strong as earlier forecasts. This tone was also echoed by comments from Jeff Lacker that expected US GDP growth to be only 2% in 2014. Despite the favorable service data yesterday, the tone out of the Fed seem to stack in favor of a potential March (to later) tapering decision. The Treasury focus turns to US economic data in the coming sessions for a better read on growth prospects. Today's flow of data presents a look at October job cuts, which is likely to boost chatter ahead of Friday's monthly payroll data. The second round of scheduled data presents September Leading Indicators that are expected to have inched fractionally higher on the month. A surprise here could offer some last minute adjustments for tomorrow's third-quarter GDP report. Also of interest this morning is the quarterly refunding announcement from the US Treasury, which is expected to show a contraction in borrowings during the fourth-quarter. There is one scheduled Fed member speech around mid-session from Cleveland Fed's Sandra Pianalto, which is expected to address the housing market and economy.

### **TODAY'S MARKET IDEAS:**

It is possible that yesterday's sell off in December Bonds and Notes might have been overdone to the downside and it is also possible that the Treasury market is suspect of this morning's strength in outside markets. The market faces a number of key economic stats in the coming sessions (GDP Thursday and Non-Farm Payrolls Friday), with further downside potential limited ahead of those reports. Yesterday's drop in December Bonds satisfied an initial price target of 132-24, and that coupled with a 3-00 drop over the last week could inspire some measure of support. Downside targeting for December 10-Year Notes comes in at 125-26, which supports a sell on strength mentality.

### **NEW RECOMMENDATIONS:**

None.

### **PREVIOUS RECOMMENDATIONS:**

Long two December bond 127 puts at 1-51. Use an objective of 2-30 on 1 of the 127 puts and look to hold the remaining put for an eventual decline down to 125-00 basis the December bond futures.

### **BONDS 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.

**BONDS (DEC) 11/06/2013:** The major trend has turned down with the cross over back below the 40-day moving average. Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next downside target is 131-280. The next area of resistance is around 133-190 and 134-150, while 1st support hits today at 132-100 and below there at 131-280.

**10 YR TREASURY NOTES (DEC) 11/06/2013:** Declining momentum studies in the neutral zone will tend to reinforce lower price action. The intermediate trend has turned down with the cross over back below the 18-day moving average. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside target is now at 125-315. The next area of resistance is around 126-280 and 127-090, while 1st support hits today at 126-075 and below there at 125-315.

### **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
<b>FINANCIAL COMPLEX</b>										
USAAZ3	132-300	35.46	43.70	66.75	45.34	133.87	134.59	134.11	132.61	132.08
TYAAZ3	126-175	41.19	48.51	70.29	50.74	126.92	127.28	126.97	125.81	125.36
SPAZ3	1761.50	65.17	64.42	90.58	88.04	1757.30	1757.61	1740.04	1703.80	1688.69
EPZ3	1761.50	66.04	64.90	90.66	88.46	1757.56	1757.75	1740.11	1703.84	1687.97
TFEZ3	1103.3	53.29	55.97	70.78	58.93	1099.53	1108.09	1102.98	1076.48	1062.47
NDAZ3	3390.50	70.59	68.80	93.56	92.45	3376.00	3378.69	3337.79	3248.61	3207.00
YMZ3	15579	65.55	62.53	89.92	88.32	15543.00	15534.44	15402.06	15239.40	15143.67

DFAZ3 15512 59.30 59.69 89.80 83.35 15552.00 15524.00 15387.72 15225.31 15182.48

Calculations based on previous session. Data collected 11/05/2013

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## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist
<b>2 FINANCIAL COMPLEX</b>						
USAAZ3	Bonds	131-270	132-090	133-050	133-190	134-150
TYAAZ3	10 Yr Treasury Notes	125-310	126-070	126-200	126-280	127-090
SPAZ3	S&P 500	1746.02	1754.85	1759.32	1768.15	1772.62
EPZ3	S&P E-Mini	1745.87	1754.75	1759.37	1768.25	1772.87
TFEZ3	Mini-Russell 2000	1089.9	1097.5	1101.5	1109.1	1113.1
NDAZ3	NASDAQ	3340.37	3360.25	3374.87	3394.75	3409.37
YMZ3	Mini-Dow	15417	15512	15550	15645	15683
DFAZ3	Dow	15462	15480	15526	15544	15590

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Wednesday November 06, 2013

## UPCOMING AGRICULTURAL REPORTS

Nov 8	Crop Production	11:00 AM
Nov 8	USDA Supply/Demand	11:00 AM
Nov 12	Export Inspections	10:00 AM
Nov 12	Crop Progress	3:00 PM
Nov 22	Cattle on Feed	2:00 PM
Nov 22	Cold Storage	2:00 PM

## DAILY CATTLE COMMENTARY

11/06/13

### Consolidating recent advance in beef prices; tighter supply ahead

The market continues to consolidate the September to October rally and February cattle have remained inside of the October 17th range for the past 13 trading sessions. Concerns over the potential for sluggish consumer demand has clashed with the outlook for tightening cattle supply. December cattle closed slightly lower yesterday and February closed slightly higher after choppy and two-sided trade. Traders are somewhat concerned with the possibility of steady/weak cash this week due to a higher showlist and sluggish beef demand. However, higher beef prices have helped to support the market at times. Slaughter came in below trade expectations for the second day in a row at 118,000 head which is sometimes a sign of weak demand from the packer. This brings the total for the week so far to 233,000 head, down from 245,000 last week at this time and down from 249,000 a year ago. USDA boxed beef cutout values were down 24 cents at mid-session yesterday and closed 11 cents lower at \$205.45. This was up from \$204.24 the prior week. Select beef was up 55 cents to \$189.98.



Traders see smaller cow slaughter as a reason to suspect declining production ahead. On-feed supply is tight and beef production looks to decline further into 2014. Beef production for the 2nd quarter of 2014 is projected at just 6.135 billion pounds, down 5.9% from 2013 and a 20 year low. Production for all of 2014 is expected to be down 5.7% from 2013.

### TODAY'S MARKET IDEAS:

February cattle support has been solid at 133.30 and there is further support (50% of the Sept-Oct rally) at 132.62. Aggressive short-term traders can buy at first support and look for 136.35 and 137.62 as next upside targets. A move under 133.10 could sour the technical outlook.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

1) Short December cattle 132.00 put from 95 with an objective of zero. Risk to 130. 2) Long February cattle 136.00 call from 135 with an objective of 287. Risk to 75.

## CATTLE 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.

**LIVE CATTLE (DEC) 11/06/2013:** 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 tilt is slightly negative with the close under the pivot. The next downside target is now at 131.670. The next area of resistance is around 132.300 and 132.650, while 1st support hits today at 131.820 and below there at 131.670.

**FEEDER CATTLE (JAN) 11/06/2013:** The cross over and close above the 40-day moving average is an indication the longer-term trend has turned positive. The daily stochastics have crossed over up which is a bullish indication. Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. The close below the 9-day moving average is a negative short-term indicator for trend. The gap up on the day session chart gave a bullish indicator and more follow through could be seen this session. The market's close above the 2nd swing resistance number is a bullish indication. The near-term upside target is at 165.325. The next area of resistance is around 165.174 and 165.325, while 1st support hits today at 164.975 and below there at 164.925.

## DAILY HOGS COMMENTARY

11/06/13

### Slaughter near last year's pace could pressure more; weights on the rise

The market remains in sharp retreat from last weeks highs as weakness in pork values, talk of hefty cold storage supply of hams and seasonal weakness in pork help to pressure. A sharp rise in hog weights due to cheap corn has added to the negative tone but bears remain cautious of the potential for lower slaughter due to pig virus issues. December hogs closed slightly lower yesterday with February hogs moderately higher on the day. The early buying dried up after the initial bounce and Dec closed 85 points down from the early highs. The market found early buying support due to a jump in pork cut-out values late Monday which helped push the market up as much as 77 higher on the day into the early mid-session. USDA pork cutout values, released after the close yesterday, came in at \$93.41, down \$1.08 from Monday and down from \$94.00 the previous week. Cash hogs were steady to lower with packers indicating that high weights are helping to limit the number of hogs demanded. The CME Lean Hog Index as of November 1st was 87.92 down 59 cents from the previous session and down from 91.12 the previous week. Western Cornbelt direct cash trade came in at 79.81, down \$1.89 on the session. Eastern Cornbelt direct cash trade came in at 82.75, down \$0.76 on the session. Slaughter came in higher than trade expectations for the second day in a row at 436,000 head which is sometimes an indication of strong demand from the packer. This brings the total for the week so far to 870,000 head, up from 860,000 last week at this time and up from 864,000 a year ago. Packer margins are strong and this may be helping to boost demand.



### TODAY'S MARKET IDEAS:

The market still looks vulnerable to further weakness "if" slaughter levels begin to come in anywhere near the level seen from the September Hogs and Pigs update. Rising weights are also a negative. Resistance is up at 89.47 for December hogs but if slaughter picks up, corrections could be very shallow. Look for continued weakness with 86.27 as next target.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

## PORK 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.

LEAN HOGS (DEC) 11/06/2013: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The daily closing price reversal down is a negative indicator for prices. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is now at 87.570. The next area of resistance is around 88.670 and 89.300, while 1st support hits today at 87.820 and below there at 87.570.

## 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
<b>MEAT COMPLEX</b>										
LCZ3	132.050	42.72	48.15	43.36	25.54	132.24	132.89	132.73	131.39	131.06
FCF4	165.075	47.11	49.81	16.89	17.36	164.02	165.27	166.35	163.75	162.45
LHZ3	88.250	44.83	49.31	54.44	35.91	88.53	89.76	88.77	87.83	86.75

Calculations based on previous session. Data collected 11/05/2013  
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## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>MEAT COMPLEX</b>						
LCZ3	Live Cattle	131.650	131.800	132.150	132.300	132.650
FCF4	Feeder Cattle	164.925	164.975	165.125	165.174	165.325
LHZ3	Lean Hogs	87.550	87.800	88.420	88.670	89.300

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## PRECIOUS METALS COMMENTARY

11/06/13

**Modest gains ahead but we need further proof of a consistent focus**

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):**

**GOLD** +10.10, **SILVER** +29.90, **PLATINUM** +15.00

London Gold AM Fix \$1,316.00 +\$5.75 from prior AM Fix LME Copper Stocks  
468,925 tons -1,050 tons.

Gold Stocks 7.155 million ounces -96, Silver Stocks 170.210 million ounces  
+839,326



**OUTSIDE MARKET DEVELOPMENTS:** Global equity markets benefit from a definitive risk on vibe, helped by upbeat guidance from Toyota and better than expected European economic data. The Japanese Nikkei posted a bullish outside day reversal in overnight action, lifted by a near record profit outlook from Toyota and weakness in the Japanese Yen. There was a different tone in China, where early breakout action in the Shanghai Composite failed to hold and finished in negative territory. The brunt of the weakness appeared to come from lackluster trading volume and uncertainty ahead of communist party meetings this weekend. The early morning tone improved by the combination of better than expected European corporate earnings and minor beats on October service sector PMI data in France, Germany and the Euro zone. US indices also took on a higher track and approached last week's contract high, with residual support coming from a surprise improvement in October Services data in yesterday's session and optimism ahead of Twitter's IPO today. The focus in the US market turns to the labor market, with a private read this morning on October job cuts and ahead of Friday's monthly Non-Farm Payroll data.

### **GOLD**

**GOLD MARKET FUNDAMENTALS:** The gold market has managed to right the ship overnight and that recovery might have been the result of a reversal in the Dollar. However, the trade generally thinks that the ECB is poised to cut rates in the future and that could resurrect the Dollar in the coming 48 hours and that might ultimately blunt the gold markets attempt to rally. On the other hand, some traders are suggesting that US data directly ahead might not be robust enough to keep the threat of a December US tapering hanging over the gold trade. In fact, dialogue from the Fed overnight suggests that the economic condition just isn't strong enough to warrant a premature tapering move and that might have contributed to the overnight recovery effort. December Gold did seem to run into resistance at \$1,320 overnight in the face of a flurry of international economic data points. While some Euro zone data was soft, UK Industrial production and German October Services PMI figures were a touch stronger than expected and that seemed to quell the upward bias in gold prices. It is also possible that gold was garnering some fresh lift off a recovery in global equities, as global equity of late have been mostly choppy to lower. While many traders do not expect the ECB to cut rates Thursday they do expect language in Draghi's speech to signal a potential rate cut in December. A more positive tilt in gold is in place, but that might be predicated on soft US data from a private jobs report later this morning. One caveat is that gold really hasn't shown a definitive market focus of late and therefore the reaction to the data could be surprising. Comex Gold Stocks were 7.155 million ounces down 96 ounces. Traders early Wednesday will probably be focused on private jobs figures, which will be followed later in the session by leading indicators. At this hour, we think that the bull camp needs to see soft data from the US to rally, as that pattern attempted to settle into the trade yesterday. However, it is also possible that gold instead, will attempt to take positive direction from favorable equity market

action and optimism off the Twitter IPO. In short, the gold market might discount the Challenger report and the US leading indicators and instead establish a positive correlation with US equities. Critical support today is seen at \$1,316 and resistance is pegged at \$1,320 and then at \$1,322.40. We need more proof that gold can rally off a specific theme, before expecting the market to throw off the late October and early November slide in prices.

## **SILVER**

**SILVER MARKET FUNDAMENTALS:** The question today is will silver manage to truly break its negative bias from the last three day's weaker chart action? Like gold, silver remained under liquidation pressure until 2:30 am central time this morning. It appeared as if a reversal in the dollar might have inspired the initial recovery in silver prices, or it is also possible that silver was lifted by the rather positive upside action in global equity markets. Yesterday silver temporarily benefited from classic physical commodity market developments and the trade will be watching closely for silver's reaction to US scheduled data flows later this morning. However, as in gold, the focus of the silver trade recently has been suspect and changing with enough to frequency to suggest that the trade is having a difficult time settling on a specific theme. While silver hasn't paid that much attention to physical supply side news lately, it is possible that some pressure was seen on Tuesday, because of news of a sharp increase in 3rd quarter silver production from Hecla Mining, but overall the silver market seems to be mostly interested in the demand side of the equation and that should make the markets reaction to US data this morning somewhat important. Comex Silver Stocks were pegged at 170.210 million ounces up 839,326 yesterday afternoon. Comex Silver Stocks are now at the highest levels since 07/15/1997. Holdings of silver derivatives yesterday were unchanged. Somewhat positive economic data out of Europe seems to have shifted the bias to a more positive track overnight and it will be interesting to see if the market can maintain that type of focus through the early Wednesday action. For the time being, the bull camp seems to have regained the upper hand and that could set the stage for a return to the \$22.50 level. Near term support moves up to \$21.93, but the bulls have to hope that silver can extend the rally off slack US private jobs results. We just don't see a definitive focus capable of establishing a solid near term trend.

## **PLATINUM**

The strongest of the three precious metals markets has shown the capacity to rise sharply if and when the rest of the metals complex gets out of its way. With the overnight rise January platinum as reversed a recent pattern of sideways action. January platinum has managed to rise up and away from the 50 day moving average and it would seem that the brunt of the gains in platinum and the rest of the metals markets came from Euro zone data and that might suggest that the action in the Dollar has a little more important to the platinum trade than has been the case recently. From the supply side of the equation, the AMCU rejected pay offers and some players now think that the mining companies will have to stand their ground on the upcoming negotiations, because of non existent profit margins and that could result in a protracted strike. With the AMCU demanding pay be doubled and a huge portion of the population in South Africa dependant on mining, the strikes are likely to have widespread support from the press and government sources. However, while platinum could rally sharply off the supply side threat it will probably take a more positive outside market environment in the early going today to extend the rally on the charts. Key support moves up to \$1,458.90 and resistance might not be seen until the January contract reaches up to the \$1,473 level. The platinum bulls need a positive correlation with equities today.

## **TODAY'S MARKET IDEAS:**

There would seem to be a fresh focus in the metals but that focus will have to prove it can maintain through this morning's US data flows.

## **NEW RECOMMENDATIONS:**

None.

## **PREVIOUS RECOMMENDATIONS:**

None.

## **COPPER COMMENTARY**

**11/06/13**

## Support has firmed up but the market lacks of definitive theme

**GENERAL:** The copper market saw a fresh lower low for the move Tuesday but the trade was able to reject that initial downside probe and return to levels just under the 50 day moving average. In the wake of the slightly better than expected ISM services sector readings yesterday, December copper managed a low to high bounce of roughly 3 cents and that suggests copper was able to benefit from positive economic data flows. December copper did manage to claw out some gains this morning the wake of data flows out of Europe, but that bounce might also have been the result of a weakening of the dollar. In short, copper doesn't seem to be overly positive, off a more positive global equity market track and therefore it could take a positive reaction to a private jobs survey later this morning or to US leaders to establish a bullish focus in the copper trade. In conclusion, copper has seen its focus shift a lot recently and therefore it could take a definitive on-hold US Fed, or it could take definitively solid US data to put copper back toward the upper end of the recent consolidation zone.



### MARKET IDEAS:

While copper appears to be a market in need of positive economic news to rally, we aren't sure that focus will dominate again today. We continue to think that position traders should wait for a long entry point down at \$3.22 because of the shifting focus in the metals complex recently. The 50 day moving average in December copper is seen up at \$3.2802 and critical support moves up to \$3.2505.

### NEW RECOMMENDATIONS:

Buy December copper at \$3.2240, with an objective of \$3.35. Risk the trade to a close below \$3.18.

### PREVIOUS RECOMMENDATIONS:

Long a March copper \$3.40/\$3.60 bull call spread for 550. \*Liquidated the short \$3.60 call at 390. \*Use an objective of 1200 on the long \$3.40 call. \*Risk the remaining long call to a close below 700.

### 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) 11/06/2013:** Declining momentum studies in the neutral zone will tend to reinforce lower price action. 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 1296.6. The next area of resistance is around 1318.7 and 1327.3, while 1st support hits today at 1303.3 and below there at 1296.6.

**COMEX SILVER (DEC) 11/06/2013:** Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The close below the 9-day moving average is a negative short-term indicator for trend. The upside closing price reversal on the daily chart is somewhat bullish. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is now at 2146.0. The next area of resistance is around 2182.0 and 2192.0, while 1st support hits today at 2159.0 and below there at 2146.0.

**COMEX PLATINUM (JAN) 11/06/2013:** Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The close below the 9-day moving average is a negative short-term indicator for trend. The daily closing price reversal down is a negative indicator for prices. The market tilt is slightly negative with the close under the pivot. The next downside objective is 1441.50. The next area of resistance is around 1457.50 and 1464.30, while 1st support hits today at 1446.10 and below there at 1441.50.

**COMEX COPPER (DEC) 11/06/2013:** 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. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is 322.72. The next area of resistance is around 327.82 and 329.41, while 1st support hits today at 324.48 and below there at 322.72.

## 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
<b>METALS COMPLEX</b>										
GCAZ3	1311.0	41.62	45.34	68.50	51.29	1315.65	1334.71	1319.04	1327.56	1340.91
SIAZ3	2170.5	40.56	44.63	54.12	34.18	2177.73	2228.70	2207.21	2217.93	2248.56
PLAF4	1451.80	54.04	53.63	79.53	70.27	1452.23	1459.48	1437.64	1434.68	1458.46
CPAZ3	326.15	43.13	45.95	39.08	25.91	327.84	327.98	328.94	327.94	328.99

Calculations based on previous session. Data collected 11/05/2013  
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## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>METALS COMPLEX</b>						
GCAZ3	COMEX Gold	1296.5	1303.3	1311.9	1318.7	1327.3
SIAZ3	COMEX Silver	2146.0	2159.0	2169.0	2182.0	2192.0
PLAF4	COMEX Platinum	1441.50	1446.10	1452.90	1457.50	1464.30
CPAZ3	COMEX Copper	322.71	324.47	326.06	327.82	329.41

Calculations based on previous session. Data collected 11/05/2013 Data  
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## **DAILY COCOA COMMENTARY**

**11/06/13**

### **Cocoa finds early pressure after Tuesday's huge rally.**

After failure to climb past yesterday's high early in the session, cocoa is finding modest pressure coming into this morning's trading. However, cocoa has seen a vast change in fortune over the past 24 hours after Tuesday's sharp rally took prices to within \$40 of their contract highs. A solid demand tone for the global markets plus poor production from Indonesia may more than offset better weather in West Africa, and the market appears to have seen a resumption of the uptrend with the bullish price action yesterday. December cocoa found moderate early support, then exploded to the upside after breaching the 2694 resistance level to recover close to 2 weeks' worth of losses and finish Tuesday's trading with huge gains, as well as posting its strongest one-day performance since October 7th. While cocoa is likely to still have a sizable net spec long position, a \$115 pullback from the October 22nd contract high to Monday's close should mean that the streak of consecutive record-sized net spec long positions in COT reports will end with the October 29th reading. Combined with Monday's hook reversal, these factors may have helped to trigger significant technically-based short-covering. In addition, there was a notable surge in commercial buying as those firms may have felt that prices have fallen low enough for them to aggressively step back into the market. A sharp rally in the British Pound this week has been another key positive factor for cocoa, as it more than offset a lukewarm tone from many outside markets. While weather over West African growing regions remains constructive and there have been positive early signs from the Ivory Coast and Ghana harvests, bleak production and export forecasts from Indonesia earlier this week due to too much rain should help to provide solid support for the market.



### **TODAY'S MARKET IDEAS:**

With a positive global demand outlook underpinning the market, cocoa should hold its ground in close proximity to Tuesday's new monthly high. December cocoa close-in buying support moves up to 2718 and 2705, with 2837 as next upside target. Look to buy futures, sell January out-of-the-money puts and buy February calls on minor corrections.

### **NEW RECOMMENDATIONS:**

None

### **PREVIOUS RECOMMENDATIONS:**

1) LONG the January Cocoa 2850 Call at a net premium paid of 14 points with an objective of 74 points. Risk the trade to 8 points. 2) SHORT a January Cocoa 2600 put at 52 points with an objective of zero. Risk the trade to 70 points. 3) LONG a February Cocoa 2800 call at 56 points with an objective of 118. Risk the trade to 38 points.

### **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) 11/06/2013: The market now above the 40-day moving average suggests the longer-term trend has turned up. The daily stochastics gave a bullish indicator with a crossover up. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The intermediate trend could be turning up with the close back above the 18-day moving average. The market's close above the 2nd swing resistance

number is a bullish indication. The next upside objective is 2808. The next area of resistance is around 2781 and 2808, while 1st support hits today at 2691 and below there at 2628.

## DAILY COFFEE COMMENTARY

11/06/13

### Coffee remains under pressure from abundant near-term supplies.

While prices have avoided a retest of Tuesday's multi-year low early in the session, coffee has shown little inclination so far for recovering this week's losses, much less the chart damage sustained over its 13-session losing streak during the second half of October. Given the oversold condition of the market and the likelihood that much of the burdensome global supply situation has already been priced into the market with a 39% break in prices from their January highs, traders might watch for technical signs of a near-term low. December coffee remained on the defensive during

Tuesday's trading session as the market fell to a new multi-year low before finishing the day with a modest loss. Since October 14th, coffee has only produced 1 positive close for the last 16 trading sessions. While coffee's net spec short position continues to build, abundant near-term supplies continue to dampen any attempts for a short-covering rebound. Rising Vietnamese exports this month, even with much of their 2013/14 crop yet to reach market due to poor harvest weather and tax disputes, is weighing heavily on the coffee market. There are reports that heavy rainfall will continue to impact Vietnamese growing regions through the end of this week, but they are not expected to cause any extensive delays for this season's harvest. A report that Guatemalan coffee exports during October were down 38% from last year's levels, was due in large part to the outbreak of the Roya fungus, and will likely be offset by fresh supplies from the start of the Colombian main crop harvest. The Brazilian Real has fallen sharply during the past week, which has been another source of pressure for coffee as it will make export firms from that nation more aggressive with marketing their near-term supplies to foreign customers. London closed slightly lower on Tuesday but the market has managed to hold well above last Friday's low, which was also a contract low and the low for the day with a higher close and key reversal.



### TODAY'S MARKET IDEAS:

With little help from outside markets so far, coffee looks to be having a tough time relieving early pressure this morning. Futures remain in a steep downtrend, while open interest has pushed up to the highest level since June. With RSI at 10.8 and fund traders seemingly building a larger and larger net short position, it is hard to be too negative but the market seems to be attracted to the even money 100.00 support basis December futures with close-in resistance at 105.60. It will take a move above steep downtrend channel resistance at 105.35 to expect any recovery bounce. If that occurs, watch for a further rally to at least 108.45 and maybe 110.15.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

### 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) 11/06/2013: The market made a new contract low on the break. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market tilt is slightly negative with the close under the pivot. The next downside target is 102.18. More downside action may be limited by the RSI under 20 putting the market in extremely oversold territory. The next area of resistance is around 104.09 and 104.77, while 1st support hits today at 102.80 and below there at 102.18.



## DAILY COTTON COMMENTARY

11/06/13

## Short covering combines with a slight improvement in economic views

Recently weakness in the CRB Index and Crude oil seemed to be adding into the

weakness in cotton prices, but overnight the overall macro economic view seems to have improved markedly. In fact, with US ISM readings better than expected Tuesday morning and global equity markets in positive ground to start today, there is clearly a more upbeat physical commodity market vibe in place.

While December cotton did settle lower for the 13th consecutive session yesterday, the decline was a mere 0.01 cent and therefore some might suggest that downside momentum has exhausted itself. While talk that China might begin to trim their reserve stocks by selling pieces to the domestic market and that is a potentially bearish force, the trade seems to have forged a very significant reversal move in the early Wednesday US trade action. Exchange stocks rose to 160,563 bales, up from 156,183 the prior session. Weather is mixed for the US harvest with Lubbock, TX in the clear for the next 5 days with steady temperatures. However, light showers are drifting through north TX and southern OK and for some that might be cause to cover shorts. The 5 day outlook in the southeast is mostly clear, with a chance of a 10th of an inch in the south delta. Otherwise, the rainfall for key production regions will back off and that should allow harvest progress.

### TODAY'S MARKET IDEAS:

Positive economic data in the US and from Europe has seemingly inspired a positive equity market reaction overnight and that might have added to what appears to be a classic technical short covering rally in cotton this morning. Some will suggest that a decline in crop conditions failed to inspire much of a bounce Tuesday, the capacity to rally off fundamental developments might remain limited until fresh data is provided by the USDA on the 8th. Support for December cotton this morning may be around 77.12 but it could take a significant bounce to correct the noted oversold technical condition of this market. Resistance points appear to be 77.63 and 77.87.

### 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 (DEC) 11/06/2013: 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 tilt is slightly negative with the close under the pivot. The next downside target is 74.87. With a reading under 20, the 9-day RSI indicates the market is extremely oversold. The next area of resistance is around 76.42 and 76.83, while 1st support hits today at 75.45 and below there at 74.87.

### DAILY SUGAR COMMENTARY

11/06/13

## Downside momentum waning but sugar needs help from macro economic views

The sugar market appears to be consolidating with a choppy and two-sided trade over the past four trading sessions. Short-term technical indicators are a bit oversold but the COT reports still show an overbought condition. Commercial buying interest seems a bit slack but Brazil production is also winding down and China demand indications remain stronger than expected. China import demand may slide some this year due to a larger crop this year, but imports of 2.6 million tonnes is still a

considerable figure. India has a big crop but Russia and Ukraine production levels are down sharply due to a reduction in planted area and on and off poor weather for the season. March sugar extended Monday's hook reversal to a new monthly high yesterday, only to lose upside momentum and slide back into negative territory by the close. Concerns over Russian and Ukrainian beet sugar production this year clearly helped to lift sugar prices early. Follow-through short-covering also provided some measure of support for sugar prices yesterday, but abundant near-term supplies



should continue to limit the advance. An Indian sugar industry official projected that his nation was aiming to export 3 million tonnes of sugar this season, adding to an already burdensome global supply outlook and that news was given added credence by weaker Indian sugar pricing overnight and by talk of waning Indian festival demand. In a supportive development overnight, the trade saw a Thai sale of 60,666 tons for a price that was 70 to 80 points above the futures overnight. However, with Thailand production expected to reach the market soon and a sluggish Brazilian Real, the bull camp continues to fight an uphill battle.

#### **TODAY'S MARKET IDEAS:**

A potential threat from a typhoon impact in the Philippines and positive China economic news flow could provide some underpin for sugar prices today. March sugar support today comes in at 18.10 and 18.02, with the 50 day moving average seen right on the market this morning at 18.15! The ability to hold above the 50 day moving average and seeing a close back over 18.43 could be enough to spark a bounce to at least 18.93 and maybe even 19.16. Aggressive short-term traders may consider approaching the market from the long side.

#### **NEW RECOMMENDATIONS:**

None.

#### **PREVIOUS RECOMMENDATIONS:**

None.

#### **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) 11/06/2013: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. 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's close below the pivot swing number is a mildly negative setup. The next downside target is now at 18.08. The next area of resistance is around 18.37 and 18.52, while 1st support hits today at 18.15 and below there at 18.08.

#### **OJ TECHNICAL OUTLOOK:**

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ORANGE JUICE (JAN) 11/06/2013: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market now above the 18-day moving average suggests the intermediate-term trend has turned up. With the close over the 1st swing resistance number, the market is in a moderately positive position. The near-term upside target is at 126.10. The next area of resistance is around 125.00 and 126.10, while 1st support hits today at 121.60 and below there at 119.25.

#### **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
<b>SOFTS MARKETS COMPLEX</b>										
SBAH4	18.26	34.36	42.44	21.10	8.01	18.29	18.65	18.84	18.29	17.99
CTAZ3	75.94	9.39	17.13	0.25	0.03	76.41	77.64	80.32	82.97	83.97
CCA3	2736	59.98	58.15	23.87	30.33	2679.50	2680.00	2710.39	2653.00	2608.07
OJAF4	123.25	52.68	48.41	31.61	42.26	122.61	121.16	121.67	127.67	129.64
KCAZ3	103.45	10.78	18.56	1.26	0.30	104.53	106.54	110.52	113.98	115.38
MAZ3	18.13	63.29	63.30	92.28	85.95	18.21	18.09	17.90	17.41	17.29

Calculations based on previous session. Data collected 11/05/2013

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#### **DAILY SWING STATISTICS**

Contract	Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>SOFTS MARKETS COMPLEX</b>					

SBAH4	Sugar	18.08	18.15	18.30	18.37	18.52
CTAZ3	Cotton	74.86	75.44	75.84	76.42	76.83
CCAZ3	Cocoa	2628	2691	2718	2781	2808
OJAF4	Orange Juice	119.20	121.55	122.65	125.00	126.10

KCAZ3	Coffee	102.17	102.79	103.47	104.09	104.77
MAZ3	Milk	17.93	18.03	18.13	18.23	18.33

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## UPCOMING ECONOMIC REPORTS

CST/GMT	EST	High	Low					
11/05	Japan Services PMI			6:15	PM/23:15	-	-	-
11/06	France Services PMI			2:48	AM/07:48	50.2	-	-
11/06	German Service PMI			2:53	AM/07:53	52.3	-	-
11/06	Euro-Zone Services PMI			3:00	AM/08:00	50.9	-	-
11/06	UK Industrial Production			3:30	AM/08:30	0.5%	1.5%	0.2%
11/06	Euro-zone Retail Trade			4:00	AM/09:00	-0.4%	-	-
11/06	Canadian Building Permits			7:30	AM/12:30	-	-	-
11/06	Canadian PMI			9:00	AM/14:00	-	-	-
11/06	US Leading Index			9:00	AM/14:00	0.6%	0.8%	0.3%
11/06	EIA Energy Stocks			9:30	AM/14:30	-	-	-
11/06	Japan Leading Indicators			11:00	PM/04:00	-	-	-
11/07	Japan Index of Business Cond					-	-	-
11/07	Swiss Consumer Confidence			12:45	AM/05:45	-	-	-
11/07	German Industrial Production			5:00	AM.10:00	-	-	-
11/07	UK Monetary Policy			6:00	AM/11:00	-	-	-
11/07	Euro-zone Monetary Policy			6:45	AM/11:45	-	-	-
11/07	Initial Jobless Claims			7:30	AM/12:30	335k	-	-
11/07	Q3 US GDP			7:30	AM/12:30	2.0%	3.0%	1.25%
11/07	EIA Gas Storage			9:30	AM/14:30	-	-	-
11/07	Consumer Credit			2:00	PM/19:00	-	-	-
11/08	Swiss Employment			12:45	AM.05:45	-	-	-
11/08	German Foreign Trade			1:00	AM/06:00	-	-	-
11/08	France Industrial Production			1:45	AM/06:45	-	-	-
11/08	France Trade Balance			1:45	AM/06:45	-	-	-
11/08	Swiss Retail Sales			2:15	AM/07:15	-	-	-
11/08	UK Foreign Trade			3:30	AM/08:30	-	-	-
11/08	Canadian Housing Starts			7:15	AM/12:15	-	-	-
11/08	US Employment Situation			7:30	AM/12:30	125k	-	-
11/08	Canadian Labor Force Survey			7:30	AM/12:30	-	-	-
11/08	Wholesale Trade			7:30	AM/12:30	-	-	-
11/11	Germany ECRI Future Inflatio			3:30	AM/08:30	-	-	-
11/11	Japan Consumer Confidence Su			11:00	PM/04:00	-	-	-

## STOCKS COMMENTARY

11/06/13

**Early risk-on vibe has bulls eyeing contract highs**

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):  
S&P 500 +870, DOW +103**

Global equity markets benefit from a definitive risk on vibe, helped by upbeat guidance from Toyota and better than expected European economic data. The Japanese Nikkei posted a bullish outside day reversal in overnight action, lifted by a near record profit outlook from Toyota and weakness in the Japanese Yen. There was a different tone in China, where early breakout action in the Shanghai Composite failed to hold and finished in negative territory. The brunt of the weakness appeared to come from lackluster trading volume and uncertainty ahead of communist party meetings this weekend. The early morning tone improved by the combination of better than expected European corporate earnings and minor beats on October service sector PMI data in France, Germany and



Euro zone. US indices took on a higher track and approached last week's contract high, with residual support coming from a surprise improvement in October Services data in yesterday's session and optimism ahead of Twitter's IPO today. The focus in the US market turns to the labor market, with a read this morning on October job cuts and ahead of Friday's monthly Non-Farm Payroll data.

**S&P 500:** The December S&P 500 broke out of its recent congestion zone to the upside in overnight action and looks poised for an attack of last week's contract high (1773.10). A push back above this level could inspire an added wave of buying interest as index fund managers try to keep pace with the index. Early morning support for the S&P 500 comes from a strong showing in Europe, helped by better than expected data on the service sector, as well as strong earnings from ING and Adecco. The positive early morning tone also turns focus to upcoming US data flow for confirmation of an improving macroeconomic tone. The early edge goes to the bulls, with 1773.10 in focus. Near term support for the index ratchets up to 1750.50.

**DOW:** The December E-mini Dow rallied throughout the overnight and initial morning hours and broke out to fresh five day high in the process. The index showed positive reversal action during yesterday's session in the wake of ISM Non-Manufacturing data that improved in October, pointing to a reduced impact of the government shutdown. Follow through optimism overnight, along with a strong profit outlook from Toyota, cultivated a 'risk-on' vibe for the Dow into the Wall Street opening. It is also possible that some of the upside this morning comes from gains in Microsoft as it narrows the search for a new CEO. Gains in the December E-mini Dow back above 15,600 turns the bias in favor of the bull camp, with last week's contract high of 15,676 in focus. Bulls maintain that edge until support at 15,475 gives way.

**NASDAQ:** The December NASDAQ showed impressive early morning gains despite disappointing earnings results from Tesla last night. The index posted a bullish outside day reversal in Tuesday's session, and garnered further upside momentum overnight from an improvement in economic data flow. An added source of strength comes from better than expected earnings from Cognizant, and that is a force boosting European technology-related shares by nearly 1.5% in early morning action. The December NASDAQ fell to a new eight day low yesterday, but a positive shift in sentiment has the bulls back in command with a focus on 3400.00.

#### **TODAY'S MARKET IDEAS:**

The early morning vibe across US equity markets is positive to start, with all of the major indices eyeing recent contract highs. It is possible that further upside could be limited ahead of tomorrow's third-quarter GDP data and Friday's Non-Farm Payroll report. Meanwhile, risk appetites continue to benefit from accommodative monetary policies from the ECB and Fed, as well as supportive corporate earnings flow. Disappointing earnings last night from Tesla has the potential to disrupt the bullish momentum trend in high-growth shares, and that could inspire profit-taking selling pressure during this morning's advance. Near term support for the December S&P 500 stands at 1747.00, and 15,475 for the E-mini Dow.

#### **NEW RECOMMENDATIONS:**

None.

#### **PREVIOUS RECOMMENDATIONS:**

Bought a December E-mini S&P 500 1725 Put at 19.50, with an objective 41.00. Risk a close on the premium below 9.75.

#### **STOCKS 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.

S&P 500 (DEC) 11/06/2013: Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The close above the 9-day moving average is a positive short-term indicator for trend. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside target is now at 1746.03. The next area of resistance is around 1768.15 and 1772.62, while 1st support hits today at 1754.85 and below there at 1746.03.

S&P E-MINI (DEC) 11/06/2013: Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. A positive signal for trend short-term was given on a close over the 9-bar

moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is 1745.88. The next area of resistance is around 1768.25 and 1772.87, while 1st support hits today at 1754.75 and below there at 1745.88.

DOW (DEC) 11/06/2013: Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. The close below the 9-day moving average is a negative short-term indicator for trend. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next downside target is 15463. The next area of resistance is around 15544 and 15590, while 1st support hits today at 15480 and below there at 15463.

MINI-DOW (DEC) 11/06/2013: 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 market's short-term trend is positive on the close above the 9-day moving average. The daily closing price reversal up is a positive indicator that could support higher prices. The close over the pivot swing is a somewhat positive setup. The next downside target is 15418. The next area of resistance is around 15645 and 15683, while 1st support hits today at 15513 and below there at 15418.

NASDAQ (DEC) 11/06/2013: Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. The market's short-term trend is positive on the close above the 9-day moving average. The outside day up and close above the previous day's high is a positive signal. A positive setup occurred with the close over the 1st swing resistance. The next downside target is 3340.38. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 3394.75 and 3409.37, while 1st support hits today at 3360.25 and below there at 3340.38.

MINI-RUSSELL 2000 (DEC) 11/06/2013: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The close over the pivot swing is a somewhat positive setup. The next downside target is now at 1090.0. The next area of resistance is around 1109.1 and 1113.1, while 1st support hits today at 1097.5 and below there at 1090.0.

## 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
<b>FINANCIAL COMPLEX</b>										
USAAZ3	132-300	35.46	43.70	66.75	45.34	133.87	134.59	134.11	132.61	132.08
TYAAZ3	126-175	41.19	48.51	70.29	50.74	126.92	127.28	126.97	125.81	125.36
SPAZ3	1761.50	65.17	64.42	90.58	88.04	1757.30	1757.61	1740.04	1703.80	1688.69
EPZ3	1761.50	66.04	64.90	90.66	88.46	1757.56	1757.75	1740.11	1703.84	1687.97
TFEZ3	1103.3	53.29	55.97	70.78	58.93	1099.53	1108.09	1102.98	1076.48	1062.47
NDAZ3	3390.50	70.59	68.80	93.56	92.45	3376.00	3378.69	3337.79	3248.61	3207.00
YMZ3	15579	65.55	62.53	89.92	88.32	15543.00	15534.44	15402.06	15239.40	15143.67
DFAZ3	15512	59.30	59.69	89.80	83.35	15552.00	15524.00	15387.72	15225.31	15182.48

Calculations based on previous session. Data collected 11/05/2013

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

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>FINANCIAL COMPLEX</b>						
USAAZ3	Bonds	131-270	132-090	133-050	133-190	134-150
TYAAZ3	10 Yr Treasury Notes	125-310	126-070	126-200	126-280	127-090
SPAZ3	S&P 500	1746.02	1754.85	1759.32	1768.15	1772.62
EPZ3	S&P E-Mini	1745.87	1754.75	1759.37	1768.25	1772.87
TFEZ3	Mini-Russell 2000	1089.9	1097.5	1101.5	1109.1	1113.1
NDAZ3	NASDAQ	3340.37	3360.25	3374.87	3394.75	3409.37
YMZ3	Mini-Dow	15417	15512	15550	15645	15683
DFAZ3	Dow	15462	15480	15526	15544	15590

Calculations based on previous session. Data collected 11/05/2013

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