

INFINITY DAILY ENERGY AND SOFTS MARKETS

Friday April 29, 2011

Today's Market Outlooks

ENERGY: Crude concerned by soft US growth; natural gas up on nuclear outages

COTTON: May need consolidation before new direction after hitting objective

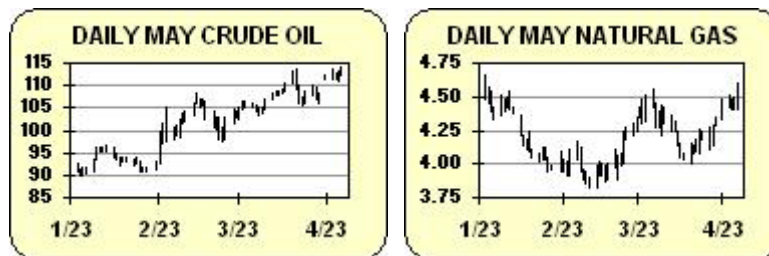
COFFEE: Appears to be losing momentum in a period of bullish outside markets

COCOA: Positive action attracting new buyers; 3325 next key resistance

SUGAR: Probing for low into May sugar expiration but no sign of low yet

Overnight Price Changes

CRUDE -25, HEATING OIL +41, UNLEADED GAS -129



Crude Markets Overview

June crude oil spent most of the overnight and initial morning hours in negative territory on concerns of slowing US demand. This view was highlighted in yesterday's monthly EIA figures that showed a decline in February US oil demand as well as slower than expected US 1st quarter GDP. However, ongoing weakness in the US dollar and Middle East turmoil are expected to provide a level of support to crude oil.

Natural Gas Market Overview

June natural gas prices are on a higher track this morning and have broken out to their best level since March 28th. Thursday's price action in June natural gas formed a bullish outside day reversal that was confirmed with a noted pick up in trading volume. The significant shift in sentiment was partially supported by a smaller than expected storage build.



Soft Market Outlooks

COTTON: The cotton market could not find follow-through support from the firm close yesterday, and it pushed moderately lower in the overnight session. Futures in China were down 0.7% overnight. This may have eased the

short-covering support from late yesterday.

COFFEE: The coffee market posted a new 14-year high yesterday, but prices were unable to make a strong move beyond the significant 300.00 level. July coffee could not sustain an early move to new high ground but still managed to finish the session with moderate gains. With that early upsurge, coffee prices reached their highest price levels since the spring of 1997.

COCOA: The cocoa market has shown surprising strength over the past few sessions, reaching its highest price levels since mid-March in spite of the imminent arrival of Ivory Coast cocoa to the global marketplace. July cocoa continued with a sharp move outside of the recent price consolidation pattern, ending the session with huge gains for the second day in a row. Ongoing problems with the resumption of cocoa exports from the Ivory Coast have been the main supportive feature of the market, although there was news of progress during the session.

SUGAR: With positive outside market forces and closed markets in London, there was some hope for a short-term bounce in the overnight action, but this did not occur, and the market pushed sharply lower and below yesterday's lows, with July sugar pushing down to its lowest level since November 23rd. May was down a full 100 points and back under 23 cents for the first time since November 17th. Traders are concerned that sugar from Thailand might be delivered against the May contract.

Price Outlooks

COTTON: July cotton reached the downside objective of its head and shoulders top formation at 147.88. There is additional support back at 143.11. Resistance is 156.40. December cotton hit key support at 121.03 yesterday, its subsequent reversal was impressive. However, we cannot rule out a further drop to 113.75. It will take a move over 131.55 today to turn the trend up.

COFFEE: We remain concerned with the lack of open interest for the rally and the lack of upside momentum. With bullish outside market forces and a decisive upside breakout yesterday, the weak close and the weakness overnight was disappointing to the bulls. Declining open interest is not a good base of support for an extended bull trend. In addition, the RSI divergence is significant and suggests a loss of upside momentum. At the February peak, the RSI was 83. At the March peak it was 82, and at the April 20th peak it was 75. Uptrend channel support for July coffee comes in at 293.30 today, and a move below this would be considered bearish. A resumption of the uptrend would leave 308.45 and 313.95 as the next upside objectives. Longs might consider lightening up or at least tighten up stops.

SUGAR: July sugar close-in resistance is at the 22.40-22.59 zone with 20.69 as next downside objective.

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