

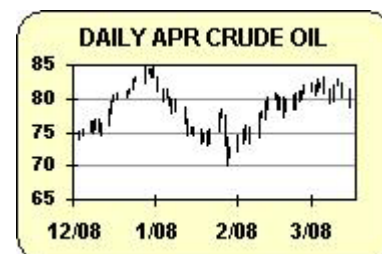
DAILY ENERGY COMPLEX COMMENTARY

03/23/10

Resiliency to limit weakness in petroleum not weakness in N-Gas

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
CRUDE -22, HEATING OIL -62, UNLEADED GAS -52

CRUDE OIL MARKET FUNDAMENTALS: Although close to unchanged levels going into the opening today, May crude oil has held at levels well above yesterday's lows as the market looks to have survived the threat of a long liquidation rout again. The market may be waiting for this week's storage numbers to gain further direction, as demand news may play a key role in getting prices to move out of their recent trading ranges. Quiet action in the Dollar today has helped to consolidate prices within close proximity to yesterday's close and that might give the bulls a slight technical edge. Furthermore, the recovery in U.S. equity prices could help to underpin energy prices, as an extension of that rally could help to take crude oil prices along with it. Once again May crude oil showed extended weakness but it was also clear again that the trade was unable to sustain May crude oil prices below the \$80.00 level. It is possible that energy prices were initially concerned Monday about anti speculation regulations but since the Senate AG committee delayed the release of their draft legislation through the end of this week, it is possible that bargain hunting buyers were enticed back into crude oil yesterday. While many trade and Press outlets continue to think that oil prices are too expensive for current economic conditions and for internal supply factors, it would seem like the market is having trouble sustaining pressure on the energy complex. In fact, it is even possible that mild US temps are serving to partly undermine demand views today and it is also possible that uncertainty over the direction of the Dollar is spooking out some traders. However, reports of lower US highway travel in the month of January released Monday, doesn't even seem to be capable of putting crude oil prices down sharply today. Therefore, the action in equity prices directly ahead and the pace of scheduled US economic readings should not be discounted in the coming trading sessions, as that might serve to mitigate what seems to be negative internal oil market fundamentals. We think the path of least resistance is pointing down initially but that the bear camp won't be able to push May crude oil below \$80.00 without some extremely negative economic development.



PRODUCT MARKET FUNDAMENTALS: GASOLINE: May gasoline has held within close proximity to the prior session's close during overnight trading, but it also remains well off of yesterday's lows. Prices may be looking for a larger than expected decline in stocks this week, in order for the market to move back towards the recent highs but that news would seem to be counter to the highway travel news from the US government yesterday morning. Like the crude oil market, the unleaded market was able to reject aggressive selling pressure on Monday, but we think that May RBOB could still see a temporary slide back down to \$2.22 off near term bearish news flow. However, the gasoline market will continue to be ultra sensitive to demand stories in the coming trading sessions, as the year over year surplus of gasoline stocks is still burdening the bull camp and the need to see real progress from the economy is made even more important by the news of lower US highway travel in the month of January. The bears have a slight edge today, unless the equity market lights up for a big rally and or the US Dollar falls sharply.

HEATING OIL: May heating oil has put it a subdued overnight session, but yesterday's recovery off of the lows may help the market find support over the next few days. Expectations of a draw in stocks this week could also help to sustain the recovery effort, but the end of the heating season in the U.S. directly ahead could limit any moves in heating oil prices back towards the recent highs. The market will likely need more positive demand news, a weaker Dollar and soaring equity prices in order to move above the recent highs. Critical support and a possible early target today for heating oil is seen at \$2.08 in May contract.

TODAY'S ENERGY MARKET GUIDANCE: The bears have control but solid support isn't very far down on the

charts today.

NATURAL GAS: While May natural gas has been able to hold a small gain going into the open today, it remains solidly near multi-year lows as the fundamentals continue to remain mostly bearish. Weak demand continues to weigh on this market, and will probably continue to do so until there is a widespread recovery view embraced in the U.S. economy. Near term temps also seem to favor the bear camp today, as the prospect of a sustained late winter cool down are declining with every new weather forecast. While the overall macro economic outlook looks to have improved in the wake of the end of the intense US health care reform debate, that doesn't appear to be enough of a change to alter an entrenched down trend in the natural gas market. We think it will take robust optimism in the US equity markets, a sharply weaker Dollar and perhaps a wide spread wave of buying of physical commodity markets JUST to shut off the downtrend in this market.

TODAY'S MARKET IDEAS:

Less downside pressure but not an end to the down trend pattern.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None

OTHER ENERGY CHARTS:



ENERGY COMPLEX TECHNICAL OUTLOOK:

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CRUDE OIL (APR) 03/23/2010: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market now above the 18-day moving average suggests the intermediate-term trend has turned up. The upside daily closing price reversal gives the market a bullish tilt. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is now at 77.72. The next area of resistance is around 82.71 and 83.55, while 1st support hits today at 79.79 and below there at 77.72.

HEATING OIL (APR) 03/23/2010: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market now above the 18-day moving average suggests the intermediate-term trend has turned up. The upside closing price reversal on the daily chart is somewhat bullish. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is now at 200.85. The next area of resistance is around 211.80 and 213.48, while 1st support hits today at 205.48 and below there at 200.85.

RBOB GAS (APR) 03/23/2010: Daily stochastics turning lower from overbought levels is bearish and will tend to reinforce a downside break especially if near term support is penetrated. A negative signal for trend short-term was given on a close under the 9-bar moving average. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is now at 218.41. The next area of resistance is around 228.83 and 230.46, while 1st support hits today at 222.81 and below there at 218.41.

NATURAL GAS (APR) 03/23/2010: The market was pushed to a new contract low. Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. The

close below the 9-day moving average is a negative short-term indicator for trend. The swing indicator gave a moderately negative reading with the close below the 1st support number. The near-term upside target is at 4.228. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 4.156 and 4.228, while 1st support hits today at 4.024 and below there at 3.964.

DAILY TECHNICAL STATISTICS

	CLOSE	9 DAY RSI	14 DAY RSI	14 DAY SLOW STOCH D	14 DAY SLOW STOCH K	4 DAY M AVG	9 DAY M AVG	18 DAY M AVG	45 DAY M AVG	60 DAY M AVG
ENERGY COMPLEX										
CLAJ0	81.25	52.57	53.95	72.54	66.74	81.77	81.56	80.90	78.17	79.01
CLAK0	81.70	53.07	54.13	72.30	67.17	82.11	81.87	81.25	78.63	79.49
HOAJ0	208.64	50.52	52.14	73.05	65.59	2.11	2.10	2.08	2.03	2.06
HOAK0	210.00	50.90	52.45	73.48	66.15	2.12	2.11	2.09	2.04	2.07
RBAJ0	225.82	52.77	54.79	77.13	71.79	2.28	2.27	2.25	2.16	2.17
RBAK0	225.81	52.37	54.43	76.79	70.75	2.28	2.27	2.25	2.17	2.18
NGAJ0	4.090	21.24	25.20	7.40	8.26	4.16	4.31	4.48	4.98	5.16
NGAK0	4.150	20.52	24.69	7.24	8.21	4.23	4.38	4.55	5.04	5.21

Calculations based on previous session. Data collected 03/22/2010

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

DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
ENERGY COMPLEX						
CLAJ0	Crude Oil	77.72	79.79	80.64	82.71	83.55
CLAK0	Crude Oil	78.10	80.24	81.00	83.15	83.90
HOAJ0	Heating Oil	200.84	205.47	207.16	211.80	213.48
HOAK0	Heating Oil	202.12	206.80	208.52	213.20	214.92
RBAJ0	RBOB Gas	218.40	222.80	224.43	228.83	230.46
RBAK0	RBOB Gas	218.16	222.69	224.40	228.93	230.64
NGAJ0	Natural Gas	3.964	4.024	4.096	4.156	4.228
NGAK0	Natural Gas	4.018	4.081	4.156	4.219	4.294

Calculations based on previous session. Data collected 03/22/2010

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DAILY COCOA COMMENTARY

03/23/10

Good weather in February and March set stage for larger mid-crop

The market seems to have corrected the oversold condition with the recent consolidation and the market now appears poised for an eventual resumption of the downtrend. Good rains in February and March in the Ivory Coast set the stage for a higher mid-crop which will be harvested from April through September. Without an offsetting surge in demand, the market looks to drift lower. While demand from developing countries is likely picking up some steam with the recovery in the world economy, demand from Europe and the US still appears sluggish as the industry is still adjusting to high prices of last year. Cocoa arrivals at ports in the Ivory Coast reached 873,000 tonnes by March 21st which is only about 4,000 tonnes more than last year at this time but arrivals were only about 4,000 for the week as compared with 14,049 last year for the same week. The tail end of the season is seeing a narrowing of the supply flow from last year but without actual crop tightness and without the political uncertainties seen in the last few years, buyers do not seem too anxious to extend coverage.

The cocoa market saw a big range down yesterday with a probe to test last week's lows, only to have that move reversed with a moderately higher close. The initial pressure was probably the result of a strong Dollar but it is also possible that cocoa was feeling some early pressure off concern for the pace of the US recovery. Seeing the Pound recover probably took away the overtly negative outside market impact but in the end cocoa was probably



taking a lot of direction from the action in sugar and energies. Weakness in the dollar and a strong recovery in energy prices on the session also helped support the market. The COT reports from Friday showed non-commercial (fund) traders were still net long 20,216 contracts as of March 16th and this leaves the market vulnerable to long liquidation selling if support levels are violated.

TODAY'S GUIDANCE: The market turned down after hitting \$2960 for May cocoa last week which is a 50% correction of the February 17th to March 16th break, and this is a bearish development. Traders can look to sell near \$2908 with some support at \$2828.

TODAY'S MARKET IDEAS:

Keep \$2662 as the next downside objective. Consider selling the May cocoa 2950 call and/or buying the June 2850/2700 bear put spread.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COCOA TECHNICAL OUTLOOK:

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COCOA (MAY) 03/23/2010: The moving average crossover up (9 above 18) indicates a possible developing short-term uptrend. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. The daily closing price reversal up on the daily chart is somewhat positive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 2972. The next area of resistance is around 2931 and 2972, while 1st support hits today at 2815 and below there at 2741.

DAILY COFFEE COMMENTARY

03/23/10

Tightening exchange stocks and crop uncertainty to support

The market seems to be in a position to see higher prices ahead as the market builds some type of weather premium for the Brazil harvest ahead. The market seems to have priced-in a large crop and uneven flowering in the fall is likely to keep the quality as a question mark as ripe beans are harvested with green beans. Trend-following fund traders are holding a net short position of near 2,600 contracts as of March 16th and without a turn down in the trend, this group could decide to cover shorts and build a net long position but the short-term trend will be the key. The market has consolidated over the past seven weeks and is showing some positive technical indications such as a series of higher lows. May coffee closed slightly higher on the session yesterday after an inside trading day. The market was under pressure early in the day as the dollar remained strong against the European currencies but a steady rally in energy markets and a move from higher to lower for the dollar helped support the market late in the day. With expectations of a bumper Brazilian crop having put pressure on the market for the past several months, ideas that the harvest may be difficult due to variations in flowering times kept negative pressure in check and may have helped support the bounce. Physical buyers may be looking for additional positive news, however, before they start coming into the market in force to extend coverage. The official Brazil coffee production estimate in January was 45.9-48.7 million bags. Vietnam exporters continue to face defaults as the weakness in London coffee has caused producers to hold coffee and exporters are having difficulty providing contracted coffee to customers. Coffee exports from Central America, Mexico, Colombia, Peru and the Dominican Republic in February were 2.4 million bags, down 5.9% from last year and this pushed the October to February cumulative exports to 8.84 million bags, down 15.1% from last year. Daily ICE certified deliverable coffee stocks were down by 28,747 bags to 2.656 million with 33,985 bags pending review.



TODAY'S GUIDANCE: Tightening supply in the US and Japan along with some uncertainties on production could support increased bookings of coffee over the near-term.

TODAY'S MARKET IDEAS:

Consider buying a minor set-back or consider bull call spreads for the July coffee. Buying support for May coffee is near 131.55 with 136.10 and 138.45 as resistance.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Long July 135.00/142.50 bull call spread from 230 points and also short the July 117.50 put from 194. Hold for a gradual uptrend and risk a total of 100 points from entry.

COFFEE TECHNICAL OUTLOOK:

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COFFEE (MAY) 03/23/2010: The daily stochastics have crossed over down which is a bearish indication. 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. The close over the pivot swing is a somewhat positive setup. The next downside target is 129.83. The next area of resistance is around 134.40 and 135.42, while 1st support hits today at 131.60 and below there at 129.83.

DAILY COTTON COMMENTARY

03/23/10

It may take an outside obstruction to prevent new highs in cotton.

May cotton remains stalled near its recent highs, waiting to gather the energy needed to push through the 84.00 to 85.00 level. The Greek crisis seems to be back in the mix on the currency front with this week's summit by EU leaders appearing to be in danger of not agreeing to an aid package for the heavily indebted Greek government. This is helping to support the dollar against the Euro and that in turn may have helped to keep a lid on cotton prices overnight.

However, the dollar remains short of its Feb-March highs and it may take a sharper rise in the dollar, or a sharper rise in cotton prices, to seriously curtail cotton export demand. In fact, a stronger dollar could actually wind up having a marginally bullish effect on US domestic demand in terms of increased consumer buying power for finished cotton goods. Yesterday's recovery in equities from overnight losses seems to signal that the economic recovery is still on track for now. However, big problems continue to exist on the jobs front and in housing which should keep growth in consumer demand from really taking off. Planting is underway in the US and this will last until mid May. That factor alone should help to support prices since cotton still needs to attract at least 1.25 million acres away from soybeans and other crops in order to meet trade expectations. For now, conditions are mostly favorable, at least in terms of soil moisture, and this is being bolstered by mostly dry weather with forecasts for more of the same into mid week. Stocks registered for delivery against the ICE No. 2 contract rose for the third day in a row yesterday to 733,508 running bales from the previous total of 717,649 running bales.



TODAY'S GUIDANCE: Cotton appears to be ready to advance past the March 1st high at 84.60, barring any negative developments such as a sharp rise in the dollar or a sharp setback in the US economy. If we make it through the March high, the intermediate objective is in the area of 90.00 to 91.00 in the nearby contract. First support in the May contract remains at 81.17 and then at 79.82 to 80.10. First resistance is still near 83.00 to 83.12 and then at 84.60.

TODAY'S MARKET IDEAS:

Look to buy July calls on any setback of up to 1 cent.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

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COTTON (MAY) 03/23/2010: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The market's close above the 9-day moving average suggests the short-term trend remains positive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside target is 83.47. The next area of resistance is around 83.04 and 83.47, while 1st support hits today at 81.94 and below there at 81.26.

DAILY SUGAR COMMENTARY

03/23/10

May be close to a low but COT report still overbought; 16.97 next

The collapse in London white futures to under \$500 helped spark additional speculative long liquidation selling overnight and a move to yet another new low for the move. Open interest is down 34,583 contracts in just two trading sessions and this is stronger evidence that specs are moving to the sidelines in sugar. Keep in mind; the March 16th COT report showed the combined net long position of small and large speculators was still near 163,000 contracts. May sugar fell sharply yesterday and took out last week's lows to push to the lowest level since July 8th, 2009. Weakness in energy markets and a strong US dollar helped pressure the market early but when these market trends reversed, the sugar market failed to respond. The dollar weakness and a strong US stock market failed to slow the speculative long liquidation selling and the selling drove sugar sharply lower on the day. News that a cyclone in Eastern Australia may have damaged this season's crop gave mild support to the market but was overshadowed by the broad sell-off in commodity markets after the opening. Weakness in London sugar led the market down and speculative long liquidation selling added to the bearish tone. Expectations of large production this season from several major growing areas have weighed on the market over the past few weeks. Although Pakistan bought 200,000 tonnes of white sugar, other large-scale commercial buyers have held off, waiting for the market to stabilize before making any commitments. Traders still see the possibility that the US imports an extra 1 million tonnes by September. There was talk of increased buying this week from Egypt, Tunisia and China as well. China is seeing a second year in a row of a production deficit and drought conditions in key growing areas will need to be watched closely.



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TODAY'S GUIDANCE: While technically oversold, the COT report shows continued vulnerability to long liquidation selling and there is no technical chart sign of a low. The next swing objective on the downside is 16.97 and there is some chart support near the 16.40 level for May sugar with resistance at 18.34.

TODAY'S MARKET IDEAS:

None.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

* Hit stop on short May sugar 17.00 put for an 18 point loss. *

SUGAR TECHNICAL OUTLOOK:

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SUGAR (MAY) 03/23/2010: A crossover down in the daily stochastics is a bearish signal. 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 setup is somewhat negative with the close under the 1st swing support. The next downside objective is now at 16.77. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 18.47 and 19.29, while 1st support hits today at 17.21 and below there at 16.77.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (MAY) 03/23/2010: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. 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 141.60. The next area of resistance is around 146.00 and 147.45, while 1st support hits today at 143.10 and below there at 141.60.

DAILY TECHNICAL STATISTICS

	CLOSE	9 DAY RSI	14 DAY RSI	14 DAY SLOW STOCH D	14 DAY SLOW STOCH K	4 DAY M AVG	9 DAY M AVG	18 DAY M AVG	45 DAY M AVG	60 DAY M AVG
SOFTS MARKETS COMPLEX										
SBAK0	17.84	24.14	26.56	11.89	11.75	18.46	18.90	20.56	24.26	24.66
CTAK0	82.49	62.67	62.01	55.21	63.20	82.01	81.12	81.58	76.69	76.30
CCAK0	2873	46.67	43.11	46.70	52.43	2876.25	2870.78	2862.22	3065.58	3129.18
OJAK0	144.55	41.32	47.07	56.90	42.10	145.68	148.15	147.75	143.75	143.04
KCAK0	133.00	50.38	48.78	58.75	58.40	133.66	133.05	132.17	134.43	136.53
MAJ0	12.35	27.42	30.87	9.02	4.17	12.42	12.58	12.73	13.24	13.57

Calculations based on previous session. Data collected 03/22/2010

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
SOFTS MARKETS COMPLEX						
SBAK0	Sugar	16.77	17.21	18.03	18.47	19.29
CTAK0	Cotton	81.25	81.93	82.36	83.04	83.47
CCAK0	Cocoa	2740	2815	2856	2931	2972
OJAK0	Orange Juice	141.55	143.05	144.50	146.00	147.45
KCAK0	Coffee	129.82	131.60	132.62	134.40	135.42
MAJ0	Milk	12.35	12.35	12.35	12.35	12.35

Calculations based on previous session. Data collected 03/22/2010

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