ADMIS DAILY ENERGY & SOFTS MARKETS
Friday June 26, 2009

Today's Market Outlooks

ENERGY: Up on rising geopolitical supply side risk and weak Dollar

COTTON: Weak monsoon rains in India and better tone for global demand; firm

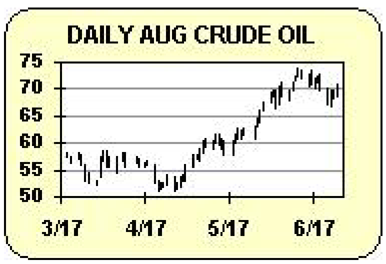
COFFEE: Some stability in London may help spark recovery bounce

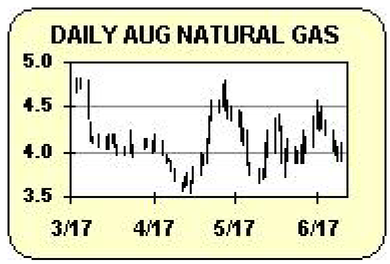
COCOA: Profit taking should be limited by the weak Dollar/firm Pound action

SUGAR: The market sees the potential for significant jump in India imports

Overnight Price Changes

CRUDE +41, **HEATING OIL** +37, **UNLEADED GAS** +139





Crude Markets Overview

Crude oil has been able to build on yesterday's strong gains in the overnight trade as ongoing geopolitical supply rise risks, a weaker Dollar and a more positive macro economic outlook are providing price support. Reports that militants continued their attack on Nigerian oil facilities overnight despite the President's amnesty offer has been the main driver behind the rally in oil prices this week as the market adds more of a geopolitical risk premium into prices. Therefore, the escalation in violence and the potential for more damage to be done by Nigerian militants will likely be enough to keep oil prices supported ahead of the weekend.

Natural Gas Market Overview

Natural gas has been able to build on yesterday's gains in the overnight trade with support coming from the strength in oil prices tied to rising geopolitical supply side risk and possibly more investment interest due to the weak action in the Dollar. The weak Dollar could be raising the appeal of natural gas as an inflation hedge, especially since the market trading near 6 1/2 year lows is still relatively cheap. Sentiment towards natural gas has likely been helped by this week's storage report showing a smaller than expected 94 bcf injection and possibly the outlook for a much smaller injection next week given the high cooling demand seen this week.

Soft Market Outlooks

COTTON: Traders await next week's critical USDA Planted Acreage report for direction and will also be monitoring the Texas weather. The market is concerned over possible abandoned acres in Texas as an issue. December cotton managed to close higher on the session yesterday as export sales were firm and the stock market strength gave traders more confidence that the global economy is on a recovery path.

COFFEE: The coffee market seems to be probing for a near-term low with open interest down to the lowest level since November. Technical indicators are also quite oversold and the market seems to have taken the entire weather premium out for Brazil harvest weather. More wet weather ahead for the harvest in some areas has turned weather to a slightly positive factor.

COCOA: Given the wide price swing in September cocoa yesterday, the technical action certainly gives the impression that a more significant low has been set.
While the weak action in the London market has pulled NY cocoa back from early overnight highs, the break in the Dollar and bounce in the Pound should limit the selling interest in September cocoa and may even be enough to provide additional price support this session. It was impressive to see the market rally sharply yesterday after first being pushed to a one month low and this type of action hints that the market reached a value zone on the move to the $2,426 level.

SUGAR: The market is in the process of absorbing news of a set-back in the monsoons in India and the potential impact on world sugar prices. "If" the India crop was normal this season, the USDA had already projected imports of near 2.5 million tonnes. If sugar production in India ends up at 17 million tonnes instead of 20 million projected, the trade believes that imports will rise by an additional three million tonnes with consumption in India thought to be well above 20 million tonnes and maybe as high as 23 million.

Price Outlooks

COTTON: Consider buying into support.

COFFEE: None.

SUGAR: None.