

By Kira Brecht

ICE May coffee pressed lower in early trade Wednesday and is hovering just above contract low support at \$1.1335 hit on Jan. 20. The coffee market has been in a corrective phase since late January, but the trend outlook remains weak and the contract low is vulnerable to testing.

ICE May coffee recently traded down 90 points at \$1.1385 a pound.

The long-term trend pattern remains negative for coffee futures. The recent gains to the \$1.2595 peak on Feb. 5 were corrective and counter-trend. Recent trading action throughout February tugged the coffee contract back toward the contract low. Daily momentum is weak and pointing lower with the 14-day relative strength index at 40% early Wednesday. The momentum indicator favors the bears.

On the downside, the contract low at \$1.1335 is a bearish target and support. The lower daily Bollinger Band line at \$1.1175 is next support, and a minor support point is seen below there at \$1.1105 on the monthly continuation chart for ICE coffee.

Overall, the path of least resistance remains to the downside for the coffee market. Additional minor support zones are seen at \$1.1020, the January 2014 monthly continuation low ahead of a major bearish chart objective at \$1.0095, the November 2013 low.

On the upside on the daily chart, initial resistance lies at \$1.1655, Tuesday's daily high and then the 20-day moving average at \$1.1768. A recovery above those zones would be needed to improve the short-term trend bias. As long as those resistance points hold firm, the trend outlook favors the bears.

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