



DAILY SOFTS CURRENCY COMMENTARY

Wednesday April 26, 2017

DAILY COCOA COMMENTARY

04/26/17

Some bean size issues could mean smaller production

While the market still has to contend with a bearish near-term supply outlook, cocoa prices may be starting to benefit from this week's upsurge in risk sentiment. The Eurocurrency is more than 2 cents higher for the week so far following Sunday's French election and has reached its highest value in 5 months. This should help to soothe demand concerns from a region that accounts for more than one-third of global cocoa grindings without any domestic bean sources. Reports that Ghana may need to borrow another \$400 million to complete this season's official purchases could lead to some near-term supply problems if they have difficulty finding their bridge financing. While this season's West African mid-crop output should still run well ahead of last season's El Nino-impacted production, indications that many cocoa beans have size and quality problems could lead to a tightening of export-grade supply. BMI Research estimates 2018 global cocoa demand at 4.31 million tonnes versus 4.22 million in 2017, with 2018 global output forecast at 4.29 million tonnes in 2018 compared to 4.5 million in 2017. They also see global grindings staying strong as economic growth accelerates, with Russia and Indonesia as potential "bright spots" for consumption growth.



TODAY'S MARKET IDEAS:

While a bearish near-term supply outlook remains intact for now, size and quality issues for West African cocoa beans could be a sign that the region's mid-crop production may not live up to lofty market expectations. Near-term support for July Cocoa is at 1843 with resistance at 1920 and 1971.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Long July Cocoa 2100/2300 bull call spread from 46 with an objective of 172. Risk to 9.

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 (JUL) 04/26/2017: Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. A negative signal for trend short-term was given on a close under the 9-bar 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 upside target is 1898. The next area of resistance is around 1880 and 1898, while 1st support hits today at 1824 and below there at 1785.

DAILY COFFEE COMMENTARY

04/26/17

Technical action turns positive; at least a bounce ahead

Coffee is showing early signs that it has finally reached a near-term low, but has



plenty of work to do in order to repair the chart damage sustained over the past week. Stronger risk sentiment was a key element for coffee's demand outlook to improve, so this week's "risk on" mood has provided some measure of underlying support for coffee prices. The Brazilian harvest will start next month and reach full speed in June, with this season's "off-year" crop to have a sizable decline from last season. However, decent weather over the past few months over Brazil's Arabica-growing region have made it difficult to gauge whether the 2017/18 crop will fall by 10% (roughly 5 to 6 million bags) or drop by 15% or more (7 to 10 million bags or higher) that some analysts have forecast. Keep in mind that 5% difference between each end of the range of forecasts is larger than the entire production of all but the top 10 coffee growing nations. ICE exchange coffee stocks rose by 995 bags on Tuesday and have climbed above 1.41 million, which would be the highest month-end total since March of 2016. Coffee inventories stored at European ports rose by 1.8% in February to 646,535 tonnes compared to 635,359 tonnes in January, according to the European Coffee Federation.

TODAY'S MARKET IDEAS:

A reversal from an 11-month low should result in upside follow-through, but coffee prices will continue to need positive risk sentiment in order to ease demand concerns enough to allow for an extended recovery move. July coffee near-term support is at 131.50 and 130.50 with resistance at 136.55 and 138.45.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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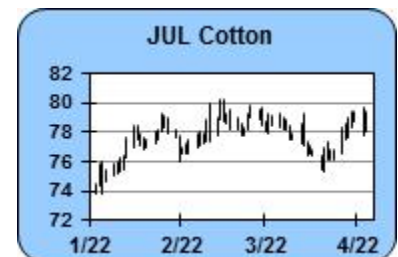
COFFEE (JUL) 04/26/2017: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The upside closing price reversal on the daily chart is somewhat bullish. The market's close below the pivot swing number is a mildly negative setup. The next downside target is now at 129.65. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 133.60 and 134.45, while 1st support hits today at 131.20 and below there at 129.65.

DAILY COTTON COMMENTARY

04/26/17

Big jump in US acres and West Texas soils near ideal

The market remains in a short-term uptrend as the market recouped all of Monday's losses yesterday with outside markets providing a boost. It was still an inside trading session, but July cotton experienced the highest close since May 17th. While traders seem well aware that US planted acreage is expected to jump significantly (at least 21%) and bigger crops are expected in China, Pakistan and India, traders seem to want to hold onto long positions to make sure the crop gets planted in a timely manner, especially the non-irrigated acreage in northwestern Texas. This area can be very dry at this time of the year, but near ideal soils appear ready for active planting just ahead. In addition, Chinese imports in March reached 121,000 tonnes, down 12.4% from February. A strong upmove in the stock market and a break in the US dollar were factors which helped to support the rally.



TODAY'S MARKET IDEAS:

The inside day after the sweeping downside reversal on Monday leaves traders nervous over increased volatility ahead. It looks like the Lubbock, Texas region crop will get into the ground in good shape. If so, the focus shift to new crop could be bearish. July cotton resistance is at 79.50 with 77.49 and 76.98 as support.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

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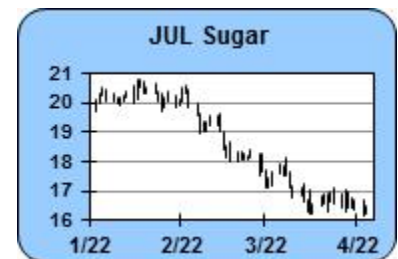
COTTON (MAY) 04/26/2017: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's short-term trend is positive on the close above the 9-day moving average. A positive signal was given by the outside day up. Market positioning is positive with the close over the 1st swing resistance. The near-term upside target is at 81.99. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 81.56 and 81.99, while 1st support hits today at 79.86 and below there at 78.58.

COTTON (DEC) 04/26/2017: Momentum studies are trending higher but have entered overbought levels. 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 near-term upside target is at 75.48. The next area of resistance is around 75.30 and 75.48, while 1st support hits today at 74.70 and below there at 74.27.

DAILY SUGAR COMMENTARY**04/26/17****Big supply hard to absorb at this time of year; weak**

While outside market forces continue to tilt positive, the sugar market remains in a slow and eroding bear trend. Too much supply in the forecast for the coming season and a weak consumer demand trend have helped to keep the trend pointing down. FO Licht sees a jump of 13 million tonnes for global sugar production for the 2017/18 season to 190.3 million tonnes. July sugar pushed lower for the second day in a row but stayed inside of Monday's range. The market is trying to break a streak of eleven consecutive lower weekly closes.

Chinese March sugar imports were 301,701 tonnes up 43.9% from last year's March imports. The sugar market will see a surplus of 3.14 million tonnes compared to a deficit of 6.31 million tonnes last year, according to analysts at Platts Kingsman. They peg global production at 187.7 million tonnes in 2017-18 compared to 176.4 million tonnes last year and see global consumption growth is slowing by 1.0% in 2017/18. According to the Thai Sugar Millers Corporation, Thai cane output may top 93 million tonnes in 2017-18 on expanding acreage. India's sugar demand could fall by 1.0 million tonnes to 23.8 million tonnes from 24.8 million according to the director general of the Indian Sugar Mills Association. They see production at 20.3 million tonnes versus 25.1 million last year and ending stocks at 4.55 to 4.75 million tonnes.

**TODAY'S MARKET IDEAS:**

There is no sign of a low, and more and more traders see a big jump in world production this year led by a jump in EU production and a recovery in Indian production. Near-term resistance for July sugar is at the 16.52-16.56 zone, with 15.84 as the next downside target.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (JUL) 04/26/2017: 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 tilt is slightly negative with the close under the pivot. The next downside objective is 16.07. The next area of resistance is around 16.40 and 16.56, while 1st support hits today at 16.16 and below there at 16.07.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (MAY) 04/26/2017: The moving average crossover up (9 above 18) indicates a possible developing short-term uptrend. A crossover down in the daily stochastics is a bearish signal. 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 market tilt is slightly negative with the close under the pivot. The next downside target is now at 156.20. The next area of resistance is around 159.00 and 159.95, while 1st support hits today at 157.15 and below there at 156.20.

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										
SBAN7	16.28	33.69	33.21	23.07	20.02	16.38	16.52	16.58	17.73	18.35
CTAK7	80.71	71.91	66.70	77.31	89.26	79.97	77.97	76.59	76.95	76.89
CTAZ7	75.00	65.67	59.54	79.00	91.35	74.94	74.39	73.85	74.50	74.29
CCAN7	1852	35.28	36.20	17.31	19.94	1829.25	1879.44	1972.06	2005.49	2013.12
OJAK7	158.05	39.28	41.02	43.93	40.34	159.13	160.79	160.74	168.24	168.04
KCAN7	132.40	27.88	31.43	22.50	12.60	132.88	138.12	139.63	142.94	144.87
MAK7	15.32	47.07	45.88	39.90	47.44	15.48	15.35	15.39	15.67	16.06

Calculations based on previous session. Data collected 04/25/2017

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

DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
SOFTS MARKETS COMPLEX						
SBAN7	Sugar	16.06	16.15	16.31	16.40	16.56
CTAK7	Cotton	78.57	79.85	80.28	81.56	81.99
CTAZ7	Cotton	74.26	74.69	74.87	75.30	75.48
CCAN7	Cocoa	1784	1823	1841	1880	1898
OJAK7	Orange Juice	156.15	157.10	158.05	159.00	159.95
KCAN7	Coffee	129.65	131.20	132.05	133.60	134.45
MAK7	Milk	15.09	15.19	15.35	15.45	15.61

Calculations based on previous session. Data collected 04/25/2017

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