



DAILY SOFTS CURRENCY COMMENTARY Friday April 28, 2017

DAILY COCOA COMMENTARY 04/28/17

Open interest is high and price cheap for commercials

Cocoa prices are consolidating above last Thursday's multi-year lows. Going into today's session, July cocoa is up 0.9% for the week which would put it on course for breaking a stretch of four consecutive negative weekly results. While global markets are calming down after a turbulent week so far, sentiment is still some distance away from a "risk on" mood. There have been news headlines that the International Cocoa Organization (ICCO) and major cocoa-producing nations are making plans to coordinate their production strategies. Although the lack of success from this year's Oil Producers Agreement with supporting crude oil prices may not bode well for the ICCO's plans, keep in mind that over 70% of their 4.55 million tonne production estimate for this season comes from a group of neighboring West African nations. The latest COT report will reflect a 64 point decline between the April 18th and 25th measuring dates.



TODAY'S MARKET IDEAS:

A close above 1850 in July cocoa will break a 4-week losing streak. Open interest is high and prices appear cheap. Near-term support for July Cocoa is at 1837 with resistance at 1900 and 1920.

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) 04/28/2017: The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. A positive signal for trend short-term was given on a close over the 9-bar moving average. It is a slightly negative indicator that the close was under the swing pivot. The near-term upside objective is at 1907. The next area of resistance is around 1889 and 1907, while 1st support hits today at 1847 and below there at 1824.

DAILY COFFEE COMMENTARY 04/28/17

Higher open interest on lower trade; funds building net short

With only one positive daily result since reaching its monthly high on April 18th, coffee prices have been unable to overcome concerns with lukewarm global demand. July coffee traded to a new 1-year low of 128.65 before finishing with a moderate loss yesterday. The market is down 2.5% on the week and is on-track for a third negative weekly result in a row. While ICE exchange coffee stocks fell



by 291 bags on Thursday, they will likely finish the month of April above the 1.4 million bags level. This would not only represent a fourth monthly build in a row for the first time since early 2013, this would also be the highest month-end total since March of 2016. Demand concerns were further underscored after the close when major retailer Starbucks reported quarterly sales figures that came in below Wall Street forecasts. Coffee is also struggling this week as harvest has started in Brazil and Colombia. With both of their currencies seeing extensive weakness against the Dollar recently, there will be additional incentive to sell coffee to foreign customers. The latest COT report will be released after today's close and will reflect a hefty 13.15 cent decline (9.0% lower) between the April 18th and 25th measuring dates.

TODAY'S MARKET IDEAS:

Until there is a stronger gauge on the new Brazilian crop, coffee's best hope of regaining upside momentum may be from stronger risk sentiment that provide some hope that lukewarm global demand can improve. July coffee near-term support is at 128.40 with resistance at 131.50.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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COFFEE (JUL) 04/28/2017: Momentum studies are declining, but have fallen to oversold levels. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market tilt is slightly negative with the close under the pivot. The next downside objective is now at 127.02. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 130.87 and 132.51, while 1st support hits today at 128.13 and below there at 127.02.

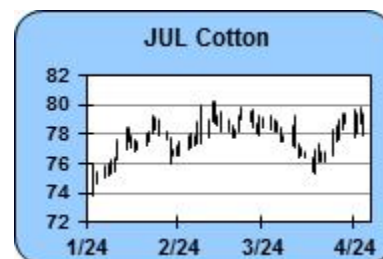
DAILY COTTON COMMENTARY

04/28/17

Weak technical action with speculators holding hefty net long

The lowest close since April 13th leaves the market vulnerable to long liquidation selling ahead as speculators continue to hold a historically high net long position in recent COT reports. The sharp sell-off was led by sluggish weekly export sales totals for the week and the market's reaction indicates just how sensitive the market is to old crop demand for US cotton. With a bearish outlook from a supply perspective for the new crop season, bullish traders are counting on continued short-term demand for US cotton to hold the market up.

Weekly export sales came in at just 115,500 bales for the current marketing year and 65,300 for the next marketing year for a total of 180,800 bales. As of April 20th, cumulative cotton sales stand at 101.7% of the USDA forecast for 2016/2017 (current) marketing year versus a 5 year average of 96.1%. Cumulative data still suggests that exports will be revised higher and ending stocks lower in the May 10th update. However, the report will also show the first supply/demand update for the new crop season and with planted area up 21% from last year, a normal yield could result in a surge higher in stocks for the new season.



TODAY'S MARKET IDEAS:

Technical indicators are turning down from overbought readings and the market looks vulnerable to long liquidation selling ahead. Selling resistance for July cotton is at 79.29 and if support at 77.03 cannot hold, look for a break to 73.67. Look for the July/Dec spread to pull back to a premium of near 195 points.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

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COTTON (MAY) 04/28/2017: 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. The gap lower on the day session chart is bearish and puts the market on the defensive. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next upside target is 80.12. The next area of resistance is around 79.65 and 80.12, while 1st support hits today at 78.98 and below there at 78.77.

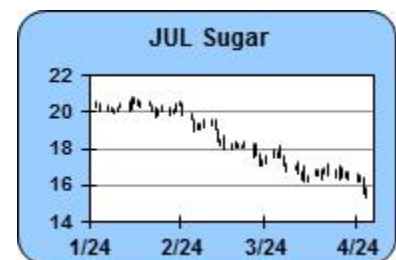
COTTON (DEC) 04/28/2017: The close below the 60-day moving average is an indication the longer-term trend has turned down. Rising stochastics at overbought levels warrant some caution for bulls. The close below the 9-day moving average is a negative short-term indicator for trend. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next upside objective is 75.40. The next area of resistance is around 74.80 and 75.40, while 1st support hits today at 73.80 and below there at 73.41.

DAILY SUGAR COMMENTARY

04/28/17

Brazil may impose tariffs on ethanol imports; firm

Given the oversold condition, it will not take much in the way of positive news for a bounce but the recent news flow is negative. This morning, the market is finding support from news that the Brazil Agriculture minister has asked the foreign trade council to impose tariffs on ethanol imports. If extended, this means more Brazil demand for sugar ethanol and less for corn ethanol. The sugar market remains in a steady downtrend, and the breakout on Wednesday may have attracted additional selling pressures yesterday. While oversold, the technical readings are not at an extreme level and the recent COT showed speculators with a significant net long position. The market is down over 6% on the week after Wednesday's steep decline. Brazil's Center South sugar cane crush for the first half of April was seen at 17.6 million tonnes with the sugar output at 704,000 tonnes down from last year's 1.4 million tonnes according to Unica. They see cane crush for the coming season down 3.65% from the 2016/17 season. The percentage of cane used for sugar was seen at 39.3% compared to 41% last year, with the percentage used for ethanol at 60.8% versus 59% last year. The EU Agriculture Commissioner Phil Hogan will not propose a vote on measures to boost sugar supplies at a meeting with member states due to the absence of any supply shortages to date.



TODAY'S MARKET IDEAS:

While a bit oversold, there is no technical sign of a low yet. Near-term resistance for July sugar is at the 15.70 to 15.84 zone, with 15.21 and 15.02 as next good support. It may take a move over 16.06 to suspect a low.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (JUL) 04/28/2017: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The close below the 9-day moving average is a negative short-term indicator for trend. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is 15.01. Selling may soon dry up since the RSI is under 20 indicating the market is extremely oversold. The next area of resistance is around 15.68 and 16.02, while 1st support hits today at 15.18 and below there at 15.01.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (MAY) 04/28/2017: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The outside day down is a negative signal. The market is in a bearish position with the close below the 2nd swing support number. The next downside objective is 151.10. The next area of resistance is around 159.25 and 163.25, while 1st support hits today at 153.20 and below there at 151.10.

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	15.43	19.96	23.78	16.25	9.41	15.90	16.27	16.42	17.51	18.20
CTAK7	79.32	59.03	58.45	83.07	85.59	80.20	79.04	76.95	77.15	77.05
CTAZ7	74.30	48.36	49.89	84.05	85.18	74.81	74.69	73.93	74.53	74.39
CCAN7	1868	39.18	38.82	22.41	27.93	1852.75	1864.00	1946.83	1999.62	2005.43
OJAK7	156.20	38.00	40.07	39.58	32.66	158.10	160.24	160.71	167.80	167.60
KCAN7	129.50	22.95	27.55	14.52	7.48	131.13	135.71	138.34	141.89	144.03
MAK7	15.50	53.96	50.24	45.56	52.61	15.44	15.36	15.34	15.61	15.99

Calculations based on previous session. Data collected 04/27/2017

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	15.00	15.17	15.51	15.68	16.02
CTAK7	Cotton	78.76	78.97	79.44	79.65	80.12
CTAZ7	Cotton	73.40	73.80	74.40	74.80	75.40
CCAN7	Cocoa	1823	1847	1865	1889	1907
OJAK7	Orange Juice	151.05	153.15	157.15	159.25	163.25
KCAN7	Coffee	127.01	128.12	129.76	130.87	132.51
MAK7	Milk	15.27	15.40	15.46	15.59	15.65

Calculations based on previous session. Data collected 04/27/2017

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