

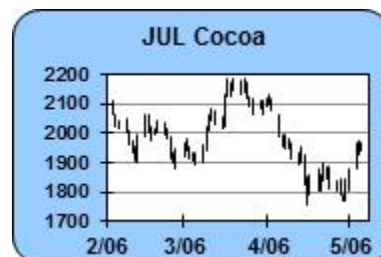


DAILY SOFTS CURRENCY COMMENTARY Thursday May 11, 2017

DAILY COCOA COMMENTARY 05/11/17

Plenty of supply so bulls count on improving demand

Cocoa needs a fresh boost to risk appetites in order to extend the recovery move. Although the market is more than 180 points above last week's low for the move (10.2% higher), cocoa has struggled to trade above the 50 day moving average over the past two sessions. Since reaching a new 5 1/2 month high Sunday evening after French election results were known, the Euro has fallen over 1.60 cents in value which could have a dampening effect on demand from that region. Recent discussions between the world's top 2 cocoa producers (Ivory Coast and Ghana) included ways to boost their domestic grindings which would result in a sharp increase for their cocoa product exports. West African cocoa beans that have not met size and quality standards for export make their way towards processing facilities in Ivory Coast and Ghana where they enter the global supply chain. If that trend continues, Ivory Coast should extend its lead as the world's top cocoa grinder while both European and North American grindings totals may be negatively impacted.



TODAY'S MARKET IDEAS:

Improvement in European and North American demand will be a key factor for fueling a longer-term recovery move in cocoa as multi-year low prices should encourage commercials to be more aggressive in acquiring supplies. The rally has stalled at the 50% mark of the March-April break at 1971. Near-term support for July cocoa is at 1920 while resistance is at 2022.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COCOA TECHNICAL OUTLOOK:

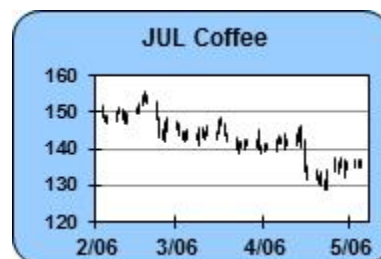
Note: Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report.

COCOA (JUL) 05/11/2017: The upside crossover of the 9 and 18 bar moving average is a positive signal. Rising stochastics at overbought levels warrant some caution for bulls. The market's close above the 9-day moving average suggests the short-term trend remains positive. It is a slightly negative indicator that the close was lower than the pivot swing number. The next upside target is 1982. The next area of resistance is around 1968 and 1982, while 1st support hits today at 1940 and below there at 1925.

DAILY COFFEE COMMENTARY 05/11/17

May have supply news to advance; stiff resistance at 137.60

Coffee's lukewarm global demand continues to weigh on prices, but the market may be able to resume its recovery move if and when risk sentiment can find a



more positive tone. The market continues to have coiling price action as it has been lacking overall direction since the beginning of the month. ICE exchange coffee stocks rose by a hefty 5,960 bags on Wednesday and have climbed above the 1.42 million level, which is their highest reading in a year as they are up 14% since the start of 2017. Following a sharp drop in Vietnamese output, the upcoming Brazilian crop is expected to decline 10% to 15% from last season just as their domestic stocks levels have been nearly exhausted after last season's poor Robusta crop. Brazil's green coffee exports fell 14.5% in the month of April to 1.87 million bags compared to 2.18 million last year according to CeCafe. Brazilian Arabica exports dropped to 1.84 million bags from 2.12 million last year while their Robusta exports fell to 26,600 bags from 59,647 bags last year. While sizable imports are unlikely, this shows how tight their domestic Robusta supply will be until this season's harvest reaches port around June and July.

TODAY'S MARKET IDEAS:

Coffee may be setting up for a breakout move from this recent consolidation as prices have remained fairly well supported in spite of lukewarm global risk sentiment. Near-term support for July coffee is at 134.35 with resistance at 137.60. A move through resistance might spark a further advance to 139.65.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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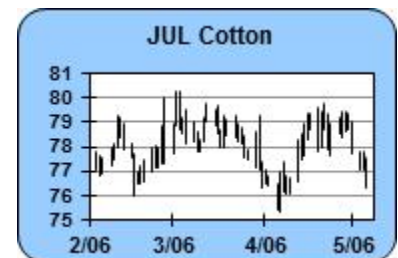
COFFEE (JUL) 05/11/2017: A positive indicator was given with the upside crossover of the 9 and 18 bar moving average. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The intermediate trend could be turning up with the close back above the 18-day moving average. A positive setup occurred with the close over the 1st swing resistance. The next upside objective is 138.22. The next area of resistance is around 137.65 and 138.22, while 1st support hits today at 135.65 and below there at 134.23.

DAILY COTTON COMMENTARY

05/11/17

Excluding China, global stocks increasing substantially

The USDA report news was bearish as July closed sharply lower on the session after the release. Old crop ending stocks were revised lower to 3.2 million bales from 3.7 million last month due to strong export sales on the books. For new crop, the USDA pegged ending stocks at 5.0 million bales from trade expectations for 4.6 million bales with a range of 3.5 to 5.9 million bales. This is a nine year high. The USDA initial yield estimate is at 810 lbs/acre vs. 869 last year. World ending stocks for the 2016/17 season came in at 89.52 million bales which are down from 90.91 million last month. New crop world ending stocks came in at 87.14 which is still a whopping 75.3% of one year usage. While world ending stocks are showing a drawdown of 2.38 million bales, Chinese stocks are expected to drop 9.05 million bales. In other words, excluding China, world stocks are expected to increase by 6.67 million bales.



TODAY'S MARKET IDEAS:

Speculators hold a large net long position and the close under 77.03 for July cotton could trigger more long liquidation selling with 75.35 and 73.67 as next downside targets. A move under 72.19 for December cotton would be considered bearish and leave 71.05 as next target.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Long July cotton 77.00 put from 115 with an objective of 325. * Risk to 145.

COTTON TECHNICAL OUTLOOK:

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COTTON (JUL) 05/11/2017: Momentum studies are declining, but have fallen to oversold levels. The market's short-term trend is negative as the close remains below the 9-day moving average. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next downside target is 75.52. The next area of resistance is around 77.09 and 77.93, while 1st support hits today at 75.89 and below there at 75.52.

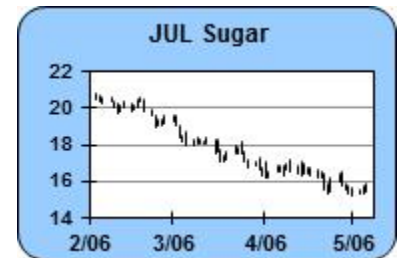
COTTON (DEC) 05/11/2017: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's short-term trend is negative as the close remains below the 9-day moving average. The market is in a bearish position with the close below the 2nd swing support number. The next downside target is 71.65. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 72.75 and 73.36, while 1st support hits today at 71.90 and below there at 71.65.

DAILY SUGAR COMMENTARY

05/11/17

Hard to bounce much on demand with big supply ahead

Sugar has been able to lift clear of last Friday's low for the move, but will need a stronger supply/demand outlook to sustain any longer-term recovery move. The major Brazilian analytics firm Datagro forecast that the world sugar market is heading for a third straight season with a supply deficit, with world consumption outpacing production by 200,000 tonnes while global production comes in at 184.5 million tonnes as world demand grows by 1.7% versus an average of 2.2% in recent years. This joins another US-based trade house who forecast a 2017/18 global supply deficit of 300,000 tonnes earlier this week. On the other hand, Sucden sees the 2017/18 season heading for a global surplus of 3.0 million tonnes due to output rising in Asia and Europe, which is more in-line with other trade forecasts that are calling for a sizable global production surplus. They see Indian production rebounding to 24 million tonnes compared to 20 million this season, while estimating that EU production will jump to 18.2 million tonnes with exports at 2.5 to 3.0 million tonnes.



TODAY'S MARKET IDEAS:

It may be difficult for sugar to have a third straight global supply deficit during the 2017/18 season unless Brazilian production is lower, which would require a sizable uptick in ethanol demand on top of any potential Center-South crop problems. July sugar will find near-term resistance at the 15.92-16.05 zone with support at 15.52 and 14.92.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (JUL) 05/11/2017: A bullish signal was given with an upside crossover of the daily stochastics. The

stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. The market's close above the 9-day moving average suggests the short-term trend remains positive. Market positioning is positive with the close over the 1st swing resistance. The near-term upside objective is at 16.19. Daily studies suggest buying dips today. The next area of resistance is around 16.06 and 16.19, while 1st support hits today at 15.62 and below there at 15.32.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (JUL) 05/11/2017: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's short-term trend is negative as the close remains below the 9-day moving average. The market is in a bearish position with the close below the 2nd swing support number. The next downside target is now at 137.15. The next area of resistance is around 147.65 and 153.10, while 1st support hits today at 139.70 and below there at 137.15.

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	15.84	47.67	42.67	18.08	21.35	15.49	15.70	15.98	16.80	17.51
CTAN7	76.48	33.52	39.60	44.46	24.04	77.22	78.19	78.46	78.07	78.01
CTAZ7	72.33	23.73	31.55	42.38	18.47	73.21	74.05	74.37	74.41	74.42
CCAN7	1954	61.60	54.53	57.29	75.73	1933.75	1868.00	1866.00	1981.40	1979.48
OJAN7	143.65	30.12	34.07	23.67	17.13	146.76	150.08	152.63	159.74	160.87
KCAN7	136.65	51.48	48.16	42.43	52.17	136.10	135.81	135.76	139.82	141.91
MAM7	16.09	67.04	59.65	62.01	73.77	15.92	15.70	15.61	15.74	15.99

Calculations based on previous session. Data collected 05/10/2017

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	15.31	15.62	15.75	16.06	16.19
CTAN7	Cotton	75.51	75.88	76.72	77.09	77.93
CTAZ7	Cotton	71.64	71.89	72.50	72.75	73.36
CCAN7	Cocoa	1924	1939	1953	1968	1982
OJAN7	Orange Juice	137.10	139.65	145.10	147.65	153.10
KCAN7	Coffee	134.22	135.65	136.22	137.65	138.22
MAM7	Milk	15.76	15.95	16.03	16.22	16.30

Calculations based on previous session. Data collected 05/10/2017

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