



DAILY SOFTS CURRENCY COMMENTARY
Monday June 05, 2017

DAILY COCOA COMMENTARY
06/05/17

Still oversold basis COT and will need to see big production

Cocoa experienced an inside-day trading session on Friday with a moderate loss. For the week, however, July cocoa finished with a gain of 90 points (4.7% higher) for a third positive weekly result in the past four weeks. Cocoa found little benefit from a post-US jobs rally in the Eurocurrency to a 6 1/2 month high as the market was pressured by end-of-week profit-taking. There are reports that Ivory Coast and Ghana have made progress with coordinating their cocoa bean marketing which may include having the same minimum farmgate price in both nations. Keep in mind that recent smuggling of beans from Ivory Coast to Ghana was due more to supply bottlenecks and political turmoil than to any cross-border price advantage. Ivory Coast rainfall during May 1st-21st was considered relatively significant according to their National Meteorological Service, but levels as a whole are about the same as last year's totals.



Ivory Coast rainfall since the beginning of the year ranges from 200 to 450 millimeters with higher levels noted in the Daloa area (their top producing region) but lower in their southwest areas. Cocoa's net spec short positive saw a modest decline in the latest COT report, but remains fairly close to a multi-year high in spite of prices climbing more than 220 points above their early May lows. The COT report as of May 30th showed Non-Commercial traders were net short 24,427 contracts, an increase of 1,251 contracts for the week. Non-Commercial and Nonreportable combined traders held a net short position of 19,229 contracts, a decrease of 415 contracts. Commodity Index traders held a net long position of 20,942 contracts, down a significant 1,463 contracts in just one week.

TODAY'S MARKET IDEAS:

North American demand may remain lukewarm, but European demand should benefit from continued strength in the Eurocurrency. Cocoa prices may have a bumpy ride but will remain fairly well supported if recent West African weather diminishes their mid-crop output. Near-term support for July cocoa is at 1971 while resistance is at 2041.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 5/23/2017 - 5/30/2017						
Softs	Non-Commercial		Commercial	Non-Reportable		
	Net Position	Weekly Net Change		Net Position	Weekly Net Change	
Cocoa	-24,427	-1,251	19,229	-415	5,198	+1,666

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) 06/05/2017: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. 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 lower than the pivot swing number. The near-term upside objective is at 2047. The next area of resistance is around 2021 and 2047, while 1st support hits today at 1981 and below there at 1966.

DAILY COFFEE COMMENTARY

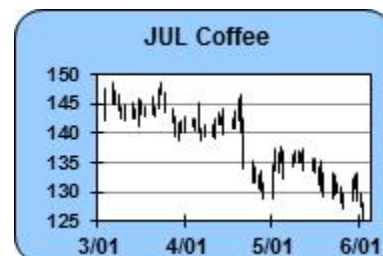
06/05/17

No sign of low yet as funds continue to build net short

So far, there is not aggressive follow-through selling from the downside break-out Friday as fund traders continue to build a hefty net short position but the supply fundamentals are not aggressively bearish.

Sluggish global demand (big deliverable stocks in the US and Europe) continues to drag coffee prices further to the downside as the market needs to find fresh bullish supply/demand news to put some brakes on this current selloff.

For the week, July coffee finished with a loss of 5.65 cents (4.3% lower) and a fourth negative weekly result in a row. Brazilian May coffee exports were 2.296 million bags, which was not only a 16% increase on April's total but was also more than 5% above last year's levels. Brazilian near-term supply was thought to be very tight going into the start of this year's harvest due to a poor 2016/17 Robusta crop, so May's uptick from last year could signal that upcoming monthly export totals could remain decent despite an "off-year" crop during the 2017/18 season.



This month's Vietnamese exports are forecast at 90,000 to 120,000 tonnes (1.5 to 2.0 million bags), which would be a second monthly decline in a row and reflects this season's sharp output decline. ICE exchange coffee stocks rose by a hefty 8,421 bags on Friday which was its sixth daily increase in a row, and have climbed above the 1.485 million level for their highest reading since March of 2016. The Commitments of Traders Futures reports as of May 30th showed Non-Commercial traders were net short 10,581 contracts, an increase of 2,756 contracts for the week. Non-Commercial and Nonreportable combined traders held a net short position of 7,865 contracts, up 3,192 contracts for the week as speculators build a significant net short position.

TODAY'S MARKET IDEAS:

Brazil is still looking at a 4 to 5 million bag output decline from last season, so commercials may step up to the buy side if prices slide much further. However, demand needs to show clear signs of improvement for coffee prices to sustain a recovery move. July coffee will have near-term support at 124.75 while resistance is at 129.55 and 131.00.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 5/23/2017 - 5/30/2017

	Non-Commercial		Net Position	Commercial		Net Position	Non-Reportable	
	Net Position	Weekly Net Change		Weekly Net Change	Weekly Net Change			
Softs								
Coffee	-10,581	-2,756	7,865	+3,192	2,716	-436		

COFFEE 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.

COFFEE (JUL) 06/05/2017: 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-

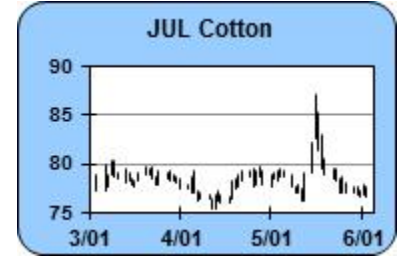
day moving average. The close below the 2nd swing support number puts the market on the defensive. The next downside target is 123.23. The next area of resistance is around 127.00 and 129.02, while 1st support hits today at 124.10 and below there at 123.23.

DAILY COTTON COMMENTARY

06/05/17

India crop outlook improving and US off to good start

The market looks vulnerable to increased selling ahead if the US crop gets off to a decent start. July cotton closed 94 lower on Friday, and this left the market down 40 points for the week. It was the lowest close since May 10th. Net weekly export sales came in at 110,900 bales for the current marketing year and 159,600 for the next marketing year for a total of 270,500 bales. As of May 25th, cumulative cotton sales stand at 102.2% of the USDA forecast for 2016/2017 (current) marketing year versus a 5 year average of 101.5%. Shipments were solid at 370,400 bales for the week. The pace is strong and exports could inch higher, but not enough for there to be significant old crop tightness. With anything close to a normal yield, the market faces a 10 year high in ending stocks for the new crop season. ICE exchange warehouse deliverable stocks jumped to 443,854 bales from 421,908 bales previously. The Commitments of Traders reports as of May 30th showed Non-Commercial traders were net long 103,278 contracts, a decrease of 8,723 contracts for the week, and the long liquidation selling trend from a hefty net long position is a bearish short-term indicator. Non-Commercial and Nonreportable combined traders held a net long position of 108,129 contracts, which was down 8,156 contracts for the week. Commodity Index traders held a net long position of 70,496 contracts, up 713.



TODAY'S MARKET IDEAS:

The short-term news flow is bearish and the COT report is showing a long liquidation selling trend. July cotton resistance is at 77.72 and 79.87, with 76.34 and 75.50 as support. Keep 71.97 as a downside target.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 5/23/2017 - 5/30/2017

	Non-Commercial		Net Position	Commercial		Non-Reportable	
	Net Position	Weekly Net Change		Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs							
Cotton	103,278	-8,723	-108,128	+8,157	4,851	+567	

COTTON 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.

COTTON (JUL) 06/05/2017: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The close below the 9-day moving average is a negative short-term indicator for trend. The close below the 1st swing support could weigh on the market. The next downside objective is 75.73. The next area of resistance is around 77.29 and 78.13, while 1st support hits today at 76.09 and below there at 75.73.

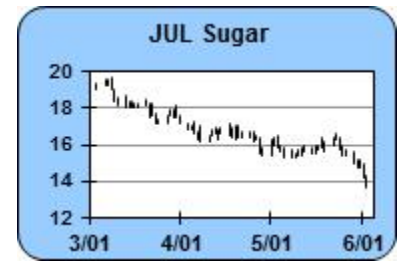
COTTON (DEC) 06/05/2017: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. It is a slightly negative indicator that the close was lower than the pivot swing number. The near-term upside target is at 74.04. The next area of resistance is around 73.55 and 74.04, while 1st support hits today at 72.69 and below there at 72.31.

DAILY SUGAR COMMENTARY

06/05/17

Brazil an aggressive sugar exporter last month and may not slow

Sugar prices have dropped 16% in value over the past 2 weeks and nearly 30% over the past 3 months as they have found little lasting support from either the supply or demand sides of the market. With sugar firmly into oversold territory now, it may not take much in the way of fresh bullish supply/demand news to trigger a near-term bounce. July sugar traded down to the lowest price since February 24th of 2016 before finishing with a sizable loss and down for eight negative daily closes in a row. For the week, July sugar finished with a loss of 131 ticks (8.7% lower) as the market has only seen two positive weekly results since early February. Brazilian sugar exports last month were 1.987 million tonnes, which was 19% above last year's level and a massive 76% increase from April's total, underscoring a bearish supply outlook both over the near-term and longer-term.



A major Brazilian bank forecast their nation's Center South sugar output during the second half of May rose to 1.69 million tonnes (up 0.5% from last year) with the sugar cane crush at 31.9 million, as mills were expected to use 46% of cane to make sugar compared to 42% last year while ethanol output was seen at 1.22 billion liters (down 16% from last year). The latest COT report showed that sugar's net spec long position fell by more than half and is now below 20,000 contracts, a far cry from the more than 400,000 contract net long position seen last October. The Commitments of Traders reports as of May 30th showed Non-Commercial traders were net long 39,635 contracts, a decrease of 17,717 contracts. Non-Commercial and Nonreportable combined traders held a net long position of 27,119 contracts, down 24,235 contracts in just one week. The long liquidation selling trend is a short-term bearish force.

TODAY'S MARKET IDEAS:

Stronger crude oil prices and/or a rally in the Brazilian currency could help sugar prices to rebound from last Friday's 15-month low. However, a longer-term recovery move may require some weather-related supply issues from Brazil, the EU or India. July sugar resistance is at 14.35 and 14.76, with 13.41 as next support.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 5/23/2017 - 5/30/2017

	Non-Commercial		Net Position	Commercial		Non-Reportable	
	Net Position	Weekly Net Change		Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs							
Sugar	39,635	-17,717	-27,119	+24,235	-12,516	-6,518	

SUGAR 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.

SUGAR (JUL) 06/05/2017: Daily stochastics are trending lower but have declined into oversold territory. A negative signal for trend short-term was given on a close under the 9-bar moving average. The close below the 1st swing support could weigh on the market. The next downside objective is 13.15. With a reading under 20, the 9-day RSI indicates the market is extremely oversold. The next area of resistance is around 14.10 and 14.58, while 1st support hits today at 13.38 and below there at 13.15.

OJ TECHNICAL OUTLOOK:

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may appear elsewhere in this report.

ORANGE JUICE (JUL) 06/05/2017: The daily stochastics have crossed over up which is a bullish indication. Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. The close below the 9-day moving average is a negative short-term indicator for trend. The daily closing price reversal up on the daily chart is somewhat positive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside target is at 137.25. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 134.95 and 137.25, while 1st support hits today at 130.05 and below there at 127.40.

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	13.74	18.58	24.73	19.16	7.78	14.47	15.18	15.51	15.97	16.43
CTAN7	76.69	39.56	43.00	11.80	7.14	77.14	77.33	78.71	78.21	78.28
CTAZ7	73.12	46.99	46.45	30.41	30.83	73.04	72.96	73.29	73.75	74.11
CCAN7	2001	52.83	52.74	61.79	63.32	2027.50	1983.11	1998.33	1957.96	1988.25
OJAN7	132.50	26.63	29.47	10.48	11.04	133.60	135.19	139.54	148.26	153.97
KCAN7	125.55	31.76	35.20	23.53	15.93	128.68	129.40	131.48	135.35	137.38
MAN7	16.95	53.85	55.80	69.51	62.93	17.10	17.00	16.86	16.41	16.41

Calculations based on previous session. Data collected 06/02/2017

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	13.14	13.38	13.86	14.10	14.58
CTAN7	Cotton	75.73	76.09	76.93	77.29	78.13
CTAZ7	Cotton	72.30	72.68	73.17	73.55	74.04
CCAN7	Cocoa	1965	1980	2006	2021	2047
OJAN7	Orange Juice	127.35	130.00	132.30	134.95	137.25
KCAN7	Coffee	123.22	124.10	126.12	127.00	129.02
MAN7	Milk	16.74	16.83	16.97	17.06	17.20

Calculations based on previous session. Data collected 06/02/2017

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

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