



DAILY SOFTS CURRENCY COMMENTARY

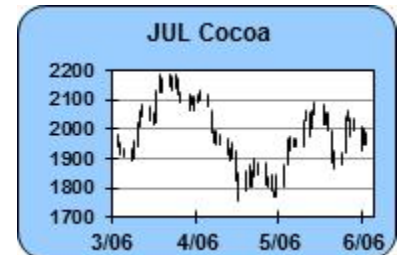
Thursday June 08, 2017

DAILY COCOA COMMENTARY

06/08/17

Coiling price action and bearish supply news absorbed; firm

Cocoa has seen coiling price action over the past few sessions as the market may be setting up for a breakout move. With little recent change to a bearish near-term supply outlook, however, it may be volatile action from outside markets over the next few sessions that could trigger a sizable cocoa price move. While yesterday was cocoa's fourth negative result in a row, the market stayed within a 52 point price range over Tuesday and Wednesday's activity. However, Wednesday's close was the first below July cocoa's 50-day moving average (1965) since May 26th. Risk sentiment could have a bumpy ride today following the ECB meeting as well as from the events in Washington. If a "risk off" mood develops, a sizable net spec short position could mean that cocoa may see short-covering. Also, traders may head to the sidelines in front of the UK election as the first exit polls will be released several hours after cocoa's close. While ICE cocoa's correlation with the British Pound is not as strong as it was when ICE/LIFFE cocoa arbitrage did not have the assistance of computers, a sizable post-election move in the Pound could drag cocoa in the same direction. Ghana's cocoa output could be hampered by diseased and old trees that may affect 17% of their crop, according to the Ghana Cocoa Board. In addition, Ghana may not pay bonuses to farmers this season due to lower cocoa prices, and will use money from their cocoa stabilization fund to help maintain prices paid to farmers.



TODAY'S MARKET IDEAS:

Ghana is looking less and less likely to reach the ICCO's production forecast of 950,000 tonnes. Near-term support for July cocoa is at 1927 while resistance is at 2005. Forced to a conclusion, look for jump to 2172.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COCOA TECHNICAL OUTLOOK:

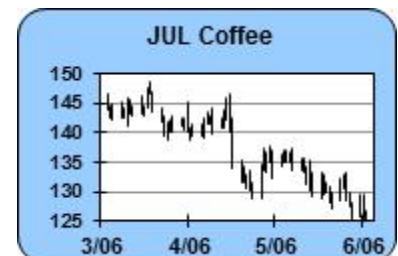
Note: Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report.

COCOA (JUL) 06/08/2017: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is 1927. The next area of resistance is around 1982 and 2002, while 1st support hits today at 1944 and below there at 1927.

DAILY COFFEE COMMENTARY

06/08/17

With smaller Colombia output, may be need for some premium



Some need for a slight weather premium plus smaller Colombia production are factors which might support at least a bounce. Over the past four sessions, coffee prices have seen daily lows posted within a tight 0.45 cent range that may be an early sign of a near-term bottom. Coffee's main source of pressure remains a lukewarm global demand outlook, which has been underscored by ICE exchange coffee stocks that rose by 2,627 bags on Wednesday and are more than 20% higher from their 2016 year-end levels. If global markets can make it through the ECB meeting results and Washington testimony with positive risk sentiment intact, coffee could benefit from a broad-based "risk back on" mood in commodities. Colombia's May coffee output fell to 901,000 bags, which was down 22.5% compared to last year and due in large part to a delay in coffee flowering amid excess rain. Colombia's May coffee exports fell 6.0% over the same period to 840,000 bags, however, which would indicate their nation's output remains on-pace to remain above a 14.5 million bag annualized rate. Total 2017/18 coffee output in Ethiopia and Uganda (which combined account for more than 60% of African coffee production) is forecast at 10.9 million bags according to the US Foreign Ag Service, roughly 700,000 higher from the 2016/17 season.

TODAY'S MARKET IDEAS:

Coffee is near the front of the line of commodities that would benefit from stronger outside markets and risk sentiment, as sluggish global demand has now overshadowed what still remains a bullish near-term supply outlook. July coffee will have near-term support at 125.25 and 123.60, with resistance at 130.00 and 131.50.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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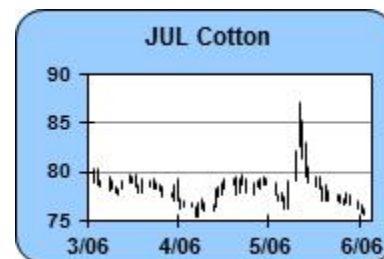
COFFEE (JUL) 06/08/2017: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The close below the 9-day moving average is a negative short-term indicator for trend. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is now at 124.59. The next area of resistance is around 126.42 and 127.28, while 1st support hits today at 125.08 and below there at 124.59.

DAILY COTTON COMMENTARY

06/08/17

May see sideways of higher trade to correct oversold; exports?

Given the extreme oversold condition and a grain rally, the market may finally see some corrective action. It is possible that the market consolidates to help correct extreme technical readings (stochastics at 6 and 7 this morning). July cotton found some early support yesterday from higher trade in the grain markets, but closed moderately lower on the session as it pushed down to the lowest level since April 10th and close to the lowest level since January. Futures are extremely oversold technically basis traditional technical indicators, but the COT report continues to show an overbought condition. Large and small speculators as of May 30th held a net long position of 108,129 contracts which is near the high end of the historic range. Traders will monitor the weekly export sales report this morning for signs of cancellations, especially from India. With the monsoon rains in India coming early, many millers and traders have been looking forward to suspending or canceling some import orders that were in place as they will wait for the new crop season. There are some light rains in the Lubbock, Texas region in the forecast for the five day period which should keep crop conditions in good shape.



For the USDA supply demand report on Friday, traders are looking for US production for the 2017/18 crop season to come in around 19.3 million bales, up 100,000 bales from last month. Traders see US ending stocks near 5

million bales which would be unchanged from last month. World cotton production is seen at 113.7 million bales compared with 113.22 million projected in the May. World ending stocks are expected near 87.5 million bales from 87.1 million projected by the USDA last month. ICE daily exchange deliverable stocks as of June 6th came in at 445,351 bales, up from 440,044 bales the previous session.

TODAY'S MARKET IDEAS:

From an extreme oversold technical condition, the market is vulnerable to a bounce but the fundamental news flow remains bearish. Traders will monitor the weekly export sales data today for any evidence of cancellations from India or China. July cotton resistance is at 77.31 and 77.72, with 71.97 as the next downside target.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

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) 06/08/2017: Daily stochastics are trending lower but have declined into oversold territory. 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 lower than the pivot swing number. The next downside objective is 75.30. The next area of resistance is around 76.07 and 76.43, while 1st support hits today at 75.51 and below there at 75.30.

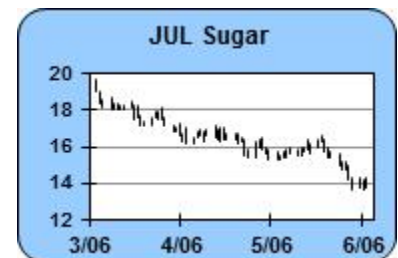
COTTON (DEC) 06/08/2017: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The close below the 9-day moving average is a negative short-term indicator for trend. The upside closing price reversal on the daily chart is somewhat bullish. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is now at 72.24. The next area of resistance is around 72.88 and 73.05, while 1st support hits today at 72.48 and below there at 72.24.

DAILY SUGAR COMMENTARY

06/08/17

Slowdown in Brazil production plus oversold condition; bounce

The market has already absorbed a very bearish flow of negative news in the past few months and some stability in energy values or any signs that the cheaper price might attract better demand could spark at least a recovery bounce. The market experienced a third positive daily result in a row yesterday, the first time the market has done that since May 15th-17th. In addition, sugar overcame a huge selloff in energy markets that would normally have dampened near-term ethanol demand. Sugar prices are currently less than 2 cents above ethanol prices, which has taken away much of the incentive for Brazilian mills to produce sugar over ethanol. This season's Chinese sugar production is running 8% ahead of last season's pace, but that will still leave a sizable gap between their supply and domestic consumption levels. China may hold additional state reserve sugar sales over the next few months, but have also enacted stiff duties on sugar imports above and beyond their 1.94 million tonne quota from the World Trade Organization (WTO). Along with India and Thailand, China is expected to see their 2017/18 sugar production have a sizable increase from this season's output.



TODAY'S MARKET IDEAS:

The market may see new delays for this season's Brazilian harvest as rain is in the forecast for the Center-South region over the next week. If risk sentiment improves after today's events are digested by the market, sugar prices should continue to grind to the upside going into the weekend. July sugar will have near-term support at 13.80 while resistance is at 14.76 and 15.11.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (JUL) 06/08/2017: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's close below the 9-day moving average is an indication the short-term trend remains negative. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside objective is 13.52. The next area of resistance is around 14.42 and 14.65, while 1st support hits today at 13.86 and below there at 13.52.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (JUL) 06/08/2017: Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. The market's short-term trend is negative as the close remains below the 9-day moving average. The market's close below the pivot swing number is a mildly negative setup. The near-term upside objective is at 134.85. The next area of resistance is around 133.25 and 134.85, while 1st support hits today at 130.60 and below there at 129.50.

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	14.14	31.22	32.68	13.11	12.30	13.94	14.51	15.24	15.78	16.22
CTAN7	75.79	34.33	39.59	6.50	3.91	76.20	76.77	78.43	78.10	78.17
CTAZ7	72.68	42.73	43.59	24.18	20.56	72.73	72.89	73.28	73.68	73.98
CCAN7	1963	46.26	48.50	57.31	52.31	1981.75	1980.44	2001.67	1949.47	1989.18
OJAN7	131.90	32.29	32.80	15.96	17.30	133.18	134.35	137.49	146.94	152.27
KCAN7	125.75	37.09	38.35	17.65	12.49	126.33	128.33	130.02	134.37	136.52
MAN7	16.67	42.58	48.19	50.72	35.23	16.84	17.01	16.90	16.42	16.42

Calculations based on previous session. Data collected 06/07/2017

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	13.51	13.85	14.08	14.42	14.65
CTAN7	Cotton	75.29	75.50	75.86	76.07	76.43
CTAZ7	Cotton	72.23	72.47	72.64	72.88	73.05
CCAN7	Cocoa	1926	1944	1964	1982	2002
OJAN7	Orange Juice	129.45	130.55	132.15	133.25	134.85
KCAN7	Coffee	124.58	125.07	125.93	126.42	127.28
MAN7	Milk	16.52	16.57	16.71	16.76	16.90

Calculations based on previous session. Data collected 06/07/2017

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