



DAILY SOFTS CURRENCY COMMENTARY

Friday June 09, 2017

DAILY COCOA COMMENTARY

06/09/17

Move under 1931 will sour the technical picture; weak

Cocoa prices went on a roller coaster ride yesterday with little in the way of fresh supply/demand news. Positive guidance from the ECB's post-meeting statement may have helped to trigger the early-session updraft, as lukewarm European demand has weighed on cocoa prices for nearly a year now. While cocoa traded above well above the 100 day moving average at 2009, it did not see sustained short-covering type buying from managed money traders who were short 28,393 contracts as of May 30th. As a result, the lack of surprises from the Comey testimony in Washington encouraged some shorts to re-establish their positions late in the day. The first UK election exit polls showed a surprising "hung" Parliament that sent the British Pound into a tailspin. If that poll matches up with actual results, a sharply weaker Pound could put cocoa prices under fresh pressure early today. The latest COT report will be released after today's close and will reflect a 62 point decline between the May 30th and June 6th measuring dates.



TODAY'S MARKET IDEAS:

If the Pound can put together a sizable rebound, cocoa could see a bounce but the weak action yesterday leaves a tilt to the bears today. Uptrend channel support comes in at 1931 and a move below this level will damage the charts. Resistance for July cocoa 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.

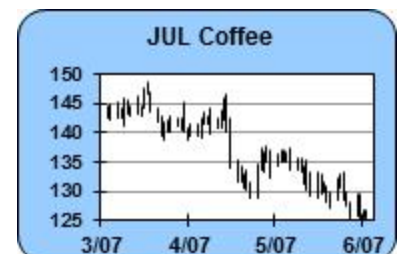
COCOA (JUL) 06/09/2017: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market tilt is slightly negative with the close under the pivot. The next downside target is 1886. The next area of resistance is around 2012 and 2081, while 1st support hits today at 1914 and below there at 1886.

DAILY COFFEE COMMENTARY

06/09/17

Smaller Colombia output, slow Vietnam exports and weather

Coffee has now posted a fifth daily low in a row within a 0.45 cent range, but continues to have trouble lifting clear of its recent lows without help from the demand side of the market. Although there was some mild improvement with



risk sentiment now that the ECB meeting and the Comey testimony is out of the way, coffee's demand outlook remains lukewarm at best. ICE exchange coffee stocks rose by 7,591 bags yesterday and climbed above the 1.5 million bag level for the first time since March of 2016, which reflects the build-up of coffee supply at warehouses both in the US and Europe. Vietnam's coffee exports were seen at 122,163 tonnes (2.06 million bags) in May, which was down from 161,988 tonnes (2.70 million bags) shipped in May of last year. The January-May coffee export total is seen at 708,815 tonnes (11.81 million bags), which is down 14% from last year. The northern sections of the Brazilian state of Parana could experience a weak frost this weekend while the Highlands region of Pocos de Caldas in Brazil's Minas Gerais state may also get an isolated weak frost as well. The latest COT report will reflect a 6.55 cent decline between the May 30th and June 6th measuring dates, so coffee's net spec short position is likely to see a sizable increase.

TODAY'S MARKET IDEAS:

If risk sentiment shows some improvement going into the weekend, coffee could lift clear of its recent lows and post a positive weekly result. Questionable weather ahead could spark some short-covering. July coffee will have near-term support at 125.25 and 123.70 with 130.05 and 131.55 as resistance.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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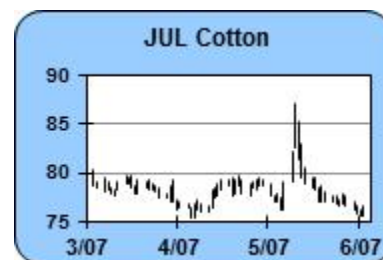
COFFEE (JUL) 06/09/2017: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. A negative signal for trend short-term was given on a close under the 9-bar moving average. The daily closing price reversal up is a positive indicator that could support higher prices. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is now at 124.80. The next area of resistance is around 127.05 and 127.60, while 1st support hits today at 125.65 and below there at 124.80.

DAILY COTTON COMMENTARY

06/09/17

With oversold condition, bears need some help from USDA report

With the extreme oversold condition of the market, it may take a bearish surprise for the USDA report today to expect further short-term weakness. The market pushed to the lowest level April 10th yesterday, but failed to find new selling interest and the market experienced a higher close with an outside trading session. Support was found from higher grain prices and solid export sales news which did not include significant cancellations. Weekly export sales came in at 82,700 bales for the current marketing year and 187,500 for the next marketing year for a total of 270,200 bales. As of June 1st, cumulative cotton sales stand at 102.8% of the USDA forecast for 2016/2017 (current) marketing year versus a 5 year average of 102.8%. For the USDA supply demand report today, 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 but the range is 4.8 to 5.5 million. World cotton production is seen at 113.7 million bales compared with 113.2 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 with a range of 85 to 90.4.



TODAY'S MARKET IDEAS:

From an extreme oversold technical condition, the market is vulnerable to a bounce, especially if there is neutral or positive news from the USDA today. Close-in support for July cotton is at 75.90 with key resistance points up at

78.40 and 80.03. A move through support would leave 71.97 as a longer-term downside target.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

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COTTON (JUL) 06/09/2017: The daily stochastics gave a bullish indicator with a crossover up. 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 close below the 9-day moving average is an indication the short-term trend remains negative. The outside day up is a positive signal. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The next upside objective is 77.50. The next area of resistance is around 77.12 and 77.50, while 1st support hits today at 75.98 and below there at 75.23.

COTTON (DEC) 06/09/2017: 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. A positive signal for trend short-term was given on a close over the 9-bar moving average. There could be more upside follow through since the market closed above the 2nd swing resistance. The near-term upside objective is at 73.57. The next area of resistance is around 73.41 and 73.57, while 1st support hits today at 72.79 and below there at 72.34.

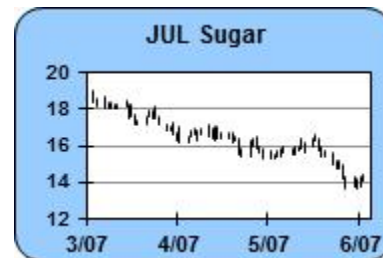
DAILY SUGAR COMMENTARY

06/09/17

Enough harvest delay to provide a bounce in a bear trend

While a bit oversold and still vulnerable to a bounce with the Brazil weather, the big picture supply and demand fundamentals remain bearish. The market closed slightly higher yesterday and a fourth positive daily result in a row. Cold temperatures and heavy rains this weekend which could bring frost in large parts of southern and central Parana state in Brazil have supported prices this week. There are several days of rainfall in the forecast for Sao Paulo early next week which could bring fresh harvesting delays. The US Climate Prediction

Center (CPC) has downgraded the chances that an El Nino weather event will occur by late this year, which strengthens the case that major Asian sugar producers will have larger output during the 2017/18 season. Chinese sugar production this season remains ahead of last season's pace, while Philippine sugar output was forecast at 2.33 million tonnes as of May 28th which exceeds their previous estimate of 2.25 million for their entire crop year according to their Sugar Regulatory Administration. The latest COT report will reflect a 104 tick decline (6.9% lower) between the May 30th and June 6th measuring dates.



TODAY'S MARKET IDEAS:

Weather issues in Brazil's Center-South region have helped to underpin sugar prices well above last week's low for the move. If risk sentiment can improve, sugar could see a temporary bounce. July sugar will have near-term support at 13.98 with resistance is at 14.76 and 15.11.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (JUL) 06/09/2017: The daily stochastics have crossed over up which is a bullish indication. Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. A negative signal for trend short-term was given on a close under the 9-bar moving average. The close over the pivot swing is a somewhat positive setup. The near-term upside target is at 14.68. The next area of resistance is around 14.53 and 14.68, while 1st support hits today at 14.15 and below there at 13.92.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (JUL) 06/09/2017: Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. Since the close was above the 2nd swing resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The near-term upside objective is at 143.65. The next area of resistance is around 140.65 and 143.65, while 1st support hits today at 133.25 and below there at 128.80.

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	14.34	37.32	36.54	14.20	16.39	14.09	14.36	15.18	15.74	16.16
CTAN7	76.55	42.58	43.99	6.99	7.98	76.17	76.70	78.12	78.10	78.14
CTAZ7	73.10	49.83	47.87	25.32	27.60	72.73	72.87	73.25	73.68	73.95
CCAN7	1963	46.26	48.50	54.76	49.67	1972.25	1990.00	1998.78	1946.16	1987.58
OJAN7	136.95	49.36	43.97	20.19	28.65	134.29	134.46	136.90	146.64	151.72
KCAN7	126.35	39.56	39.88	16.03	12.80	126.53	128.00	129.54	134.07	136.24
MAN7	16.53	37.80	44.75	41.77	23.85	16.73	16.93	16.89	16.42	16.42

Calculations based on previous session. Data collected 06/08/2017

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	13.92	14.15	14.30	14.53	14.68
CTAN7	Cotton	75.22	75.98	76.36	77.12	77.50
CTAZ7	Cotton	72.33	72.79	72.95	73.41	73.57
CCAN7	Cocoa	1885	1914	1983	2012	2081
OJAN7	Orange Juice	128.75	133.20	136.20	140.65	143.65
KCAN7	Coffee	124.80	125.65	126.20	127.05	127.60
MAN7	Milk	16.39	16.44	16.56	16.61	16.73

Calculations based on previous session. Data collected 06/08/2017

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