



**DAILY SOFTS CURRENCY COMMENTARY**  
 Tuesday January 03, 2017

**DAILY COCOA COMMENTARY**  
 01/03/17

**Oversold bounce possible after loss of over 32% for year**

The market pushed to a contract low overnight and is trading higher so a higher close might spark some buying. Cocoa finished last year with a loss of over 32% for the worst performance by any major commodity and its worst yearly performance since 1999, but will need to overcome bearish near-term supply news before it can have a large scale short-covering rally. March cocoa traded to a new contract low of 2119 this morning. For the week, March cocoa finished with a loss of 138 points (6.1% lower) while it finished the fourth quarter with a loss of 19%. Continued stories of supplies piling up at Ivory Coast ports and warehouses have contributed to the negative tone as it underscores the surge in West African near-term supplies during November and December. While the region's dry season is well underway, Harmattan winds have not been as harsh as last year so output may not be negatively impacted until late January or February. Cocoa has now had a net spec short position for three weekly COT reports in a row, however, so there is fuel for short covering if and when the market regains upside momentum. The Commitments of Traders Futures and Options report as of December 27th for Cocoa showed Non-Commercial traders were net short 10,843 contracts, a decrease of 924 contracts. Non-Commercial and Nonreportable combined traders held a net short position of 9,030 contracts. This represents a decrease of 277 contracts in the net short position held by these traders.



**TODAY'S MARKET IDEAS:**

Cocoa will have difficulty regaining and sustaining upside momentum until there is a clear downtick in West African near-term supplies, but it may not take much in the way of bullish supply-side news to trigger a short-covering rebound. Close-in support for March cocoa is at 2111 while near-term resistance is at 2175. Wait for a clear sign that a near-term low has been put in before entering long call option strategies

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

Commitment of Traders - Futures and Options - 12/20/2016 - 12/27/2016						
Softs	Non-Commercial		Commercial	Non-Reportable		
	Net Position	Weekly Net Change		Net Position	Weekly Net Change	
Cocoa	-10,843	+924	9,030	-277	1,813	-647

**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 (MAR) 01/03/2017: The market broke to a new contract low. 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. The market's close below the 1st swing support number suggests a moderately negative setup for today.

The next downside target is 2069. The next area of resistance is around 2162 and 2214, while 1st support hits today at 2090 and below there at 2069.

## DAILY COFFEE COMMENTARY

01/03/17

### More supply issues developing; up in spite of dollar

Coffee was able to find a positive tone at year-end, but may be waiting on fresh supply news from Vietnam before making a strong upside move. March coffee gained ground for a second day in a row on Friday and finished with a moderate gain. For the week, March coffee finished with a gain of 0.90 (up 0.66%) which was also a weekly reversal. Follow through weakness in the Dollar continued to provide support to coffee prices which are still waiting on better visibility on the Vietnamese harvest. Dry weather in Brazil's Robusta-growing state of Espirito Santo may be of increasing concern to the market given the problems that region faced last year, which in turn put more emphasis on the magnitude of Vietnamese production losses this season. ICE exchange coffee stocks fell by 2,107 bags on Friday and posted their lowest month-end total since February of 2000 as global demand prospects remain positive going into 2017. The latest COT report showed another sizable decline in coffee's net spec long position which should make it easier for the market to extend its current recovery move into the New Year. The Commitments of Traders reports as of December 27th showed Non-Commercial traders were net long 16,975 contracts, a decrease of 7,052 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 20,694 contracts, down 8,402 contracts for the week.



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### TODAY'S MARKET IDEAS:

If the decline in Vietnamese production is larger than expected, coffee prices should lift well clear of the current price levels but it may take several more weeks of harvest to be able to gauge that result. Close-in support for March coffee will be at 135.55 with resistance found at 139.75. A close over 140.55 would help confirm that a low is in place.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 12/20/2016 - 12/27/2016							
	Non-Commercial		Net Position	Commercial		Non-Reportable	
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	Weekly Net Change	
Softs							
Coffee	16,975	-7,052	-20,695	+8,402	3,719	-1,350	

### COFFEE TECHNICAL OUTLOOK:

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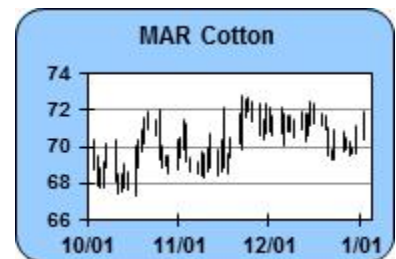
COFFEE (MAR) 01/03/2017: The daily stochastics have crossed over up which is a bullish indication. Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. The market's short-term trend is negative as the close remains below the 9-day moving average. The market has a slightly positive tilt with the close over the swing pivot. The next upside target is 140.42. The next area of resistance is around 138.69 and 140.42, while 1st support hits today at 135.40 and below there at 133.83.

## DAILY COTTON COMMENTARY

01/03/17

## Surging stock market and strong consumer confidence; firm

The short-term trend looks to be higher for the stock market and the economy and this should help support higher cotton prices. If higher consumer sentiment readings cause consumer spending to jump, it could help clear the cotton pipeline and help to support more active movement. In addition, weekly export sales last week were very strong at 343,200 running bales for the current marketing year and 4,200 for the next marketing year for a total of 347,400. Longer-term, there are plenty of supply issues to deal with as burdensome supply could be a major factor to limit a significant advance. In addition a surge higher in the US dollar could help to limit the advance. The Commitments of Traders reports as of December 27th showed Non-Commercial traders were net long 108,010 contracts, an increase of 149 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 115,307 contracts, up 480. Commodity Index traders held a net long position of 63,478 contracts, down 533 contracts for the week.



### TODAY'S MARKET IDEAS:

The technical action remains positive and the market seems to have the economic news to advance. Short-term support for March cotton is at 70.64 with 72.75 and 74.05 as next upside targets. Longer-term, the market is unlikely to spend much time above 74.00 without lots of help from weather.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 12/20/2016 - 12/27/2016							
	Non-Commercial		Net Position	Commercial		Non-Reportable	
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	Weekly Net Change	
<b>Softs</b>							
Cotton	108,010	+149	-115,307	-479	7,297	+331	

### COTTON TECHNICAL OUTLOOK:

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COTTON (MAR) 01/03/2017: Positive momentum studies in the neutral zone will tend to reinforce higher price action. A positive signal for trend short-term was given on a close over the 9-bar moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 72.45. The next area of resistance is around 71.41 and 72.45, while 1st support hits today at 69.89 and below there at 69.40.

COTTON (MAY) 01/03/2017: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. The close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 72.64. The next area of resistance is around 71.70 and 72.64, while 1st support hits today at 70.33 and below there at 69.89.

## DAILY SUGAR COMMENTARY

01/03/17

### Supply news from India and Brazil help support more up

The strong US dollar slowed the strong start to the market today but the market managed to rally to the highest level since late November. Fresh supply-side news is helping to support the recent uptrend. March sugar traded in a tight



inside range Friday before finishing with a minimal gain. For last week, March sugar finished with a gain of 136 ticks (7.5%) that was only the second positive weekly result in the past 11 weeks. Weather concerns in Brazil and near-term supply issues with India have caused a reversal of fortune for sugar that was clearly oversold coming out of the Christmas holiday. Thailand's harvest has reached full speed after early delays, but there are increasing indications that their 2016/17 sugar production could come in under 9 million tonnes. China sold all of the 92,000 tonnes of white sugar offered at auction on Friday which indicates that their demand outlook remains healthy while over the weekend, Egypt tendered for another 50,000 tonnes of sugar. The market may face long liquidation and rebalancing selling over the first weeks of this year. The Commitments of Traders reports as of December 27th showed Non-Commercial traders were net long 170,712 contracts, a decrease of 7,442 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 188,024 contracts, down 744.

#### TODAY'S MARKET IDEAS:

Sugar now has supply issues (both in Asia and in Brazil) back in a front-and-center position with the market, which should help the market regain and sustain upside momentum. Near-term support for March sugar is at 19.29, with 20.23 as resistance. Consider buying breaks with 20.97 as a longer-term objective\*

#### NEW RECOMMENDATIONS:

None.

#### PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 12/20/2016 - 12/27/2016						
	Non-Commercial		Commercial		Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
<b>Softs</b>						
Sugar	170,712	-7,442	-188,024	+745	17,312	+6,698

#### 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 (MAR) 01/03/2017: 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 19.81. The next area of resistance is around 19.65 and 19.81, while 1st support hits today at 19.37 and below there at 19.24.

#### OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (JAN) 01/03/2017: 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 close above the 9-day moving average suggests the short-term trend remains positive. The market has a slightly positive tilt with the close over the swing pivot. The next upside objective is 203.75. The next area of resistance is around 201.75 and 203.75, while 1st support hits today at 194.40 and below there at 189.00.

#### 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
<b>SOFTS MARKETS COMPLEX</b>										
SBAH7	19.51	64.75	54.10	42.24	61.11	19.13	18.61	18.78	20.00	20.75
CTAH7	70.65	52.50	50.71	25.94	30.62	70.16	69.97	70.68	70.59	70.33

CTAK7	71.02	52.38	50.47	26.66	32.42	70.56	70.38	71.02	71.06	70.78
CCAH7	2126	31.98	33.53	31.61	21.16	2183.25	2224.89	2248.44	2383.53	2449.37
OJAF7	198.05	47.79	44.89	15.46	23.72	192.74	195.18	200.72	209.58	206.37
KCAH7	137.05	37.04	35.36	18.62	21.52	135.05	138.68	140.34	153.60	154.90
MAF7	16.47	40.67	46.60	23.21	13.81	16.52	16.70	16.78	16.36	16.11

Calculations based on previous session. Data collected 12/30/2016

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

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>SOFTS MARKETS COMPLEX</b>						
SBAH7	Sugar	19.23	19.36	19.52	19.65	19.81
CTAH7	Cotton	69.39	69.88	70.92	71.41	72.45
CTAK7	Cotton	69.88	70.33	71.26	71.70	72.64
CCAH7	Cocoa	2068	2089	2141	2162	2214
OJAF7	Orange Juice	188.95	194.35	196.35	201.75	203.75
KCAH7	Coffee	133.82	135.40	137.12	138.69	140.42
MAF7	Milk	16.34	16.39	16.49	16.54	16.64

Calculations based on previous session. Data collected 12/30/2016

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