



DAILY SOFTS CURRENCY COMMENTARY

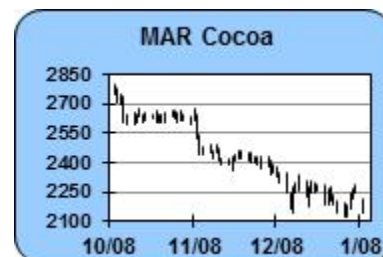
Tuesday January 10, 2017

DAILY COCOA COMMENTARY

01/10/17

Threatening a resumption of downtrend; big supply but demand?

With near-term supply anxiety relieved and West African weather avoiding harsh conditions during the early dry season, cocoa prices have slumped back to the lower end of the recent consolidation zone. March cocoa saw a gap-lower opening yesterday before finishing with a heavy loss. While a sharp selloff in the British Pound clearly did not help matters, the main source of pressure was news that the Ivory Coast government and their soldiers had reached an agreement to end their "munity" as barricades were lifted and access roads to most cities were reopened. The latest reading on Ivory Coast port arrivals came in below the total for the comparable period last year, but arrivals from Friday through Sunday were likely restricted by the conflict, so many traders and analysts will give the benefit of the doubt that there would have been a sizable weekly arrivals total. Ghana's official cocoa purchases during October-December were up fractionally from 2015's total, which was in-line with Ivory Coast being roughly even to slightly ahead of last season's pace. While the Harmattan winds have been milder than last season, growing areas in both nations have seen little rain over the past few weeks. West African output may remain strong through much of January, but upcoming mid-crop production looks to be vulnerable if conditions intensify during their dry season.



TODAY'S MARKET IDEAS:

With Ivory Coast tensions soothed (for now), the market will need to see additional signs of diminished West African output in order to regain upside momentum. Near-term support is at 2135 while resistance is at 2205 and 2225. The market needs a quick close through resistance or we could see a resumption of the downtrend with 2054 as next target.

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 (MAR) 01/10/2017: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. More selling pressure is likely given yesterday's gap lower price action on the day session chart. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next upside target is 2256. The next area of resistance is around 2221 and 2256, while 1st support hits today at 2147 and below there at 2107.

DAILY COFFEE COMMENTARY

01/10/17

Market has built a nice base of support; higher ahead

In spite of some mixed results from outside markets and lukewarm risk sentiment, coffee has been able to maintain upside momentum early this week. After shaking off early pressure, March coffee traded up more than 2.5% higher on the session yesterday before finishing higher with an outside day. Risk appetites were subdued coming out of the weekend which put pressure on equities, but the Brazilian and Colombian currencies continued to gain ground as they reached their highest values since last autumn. Brazil's largest Arabica coffee region of southern Minas Gerais saw rainfall of only 1 inch over the past week which is well below normal. Also, farmers in the Robusta coffee growing areas of Espirito Santo have just resumed irrigation to the region that is parched from three weeks of little or no rain. With some recent estimates having this season's Brazil Robusta production coming in below 8 million bags (the lowest in more than a decade), a Vietnamese crop that is still being harvested (90% complete) well past the usual late December finish is taking on a more prominent role in the global supply equation. ICE exchange coffee stocks rose by 5,029 bags on Monday, which may reflect a softening of global demand at the start of this year.



TODAY'S MARKET IDEAS:

An outside-day higher should lead to upside follow-through for coffee prices today. Near-term support for March coffee is at 141.30 while resistance is at the 200-day moving average of 146.65 and 149.95. The upside swing target is 151.70.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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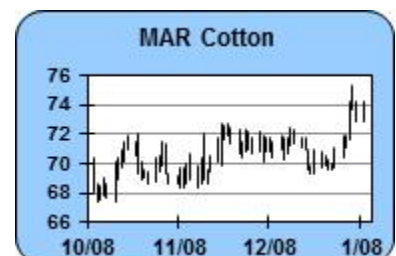
COFFEE (MAR) 01/10/2017: Rising stochastics at overbought levels warrant some caution for bulls. The close above the 9-day moving average is a positive short-term indicator for trend. The upside closing price reversal on the daily chart is somewhat bullish. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next upside objective is 149.66. The next area of resistance is around 147.07 and 149.66, while 1st support hits today at 141.33 and below there at 138.17.

DAILY COTTON COMMENTARY

01/10/17

Increasing planted area ahead; Big jump in deliverable supply

The short-term cash market fundamentals are weak and the cotton trade is positioning ahead of Thursday's USDA Supply/Demand update. The recent jump in exchange warehouse stocks plus talk of the overbought technical condition of the market plus talk that cotton planted acreage could rise this year are factors which helped to pressure the market yesterday with a sharply lower close and a loss of 1.35%. After the recent surge higher led by longer-term demand fundamentals, remainders of hefty short-term supply and the threat of speculative long liquidation selling are factors which leave the market vulnerable to a short-term setback. A jump in ICE exchange deliverable stocks and the possibility of increased producer selling are short-term negative forces as well. The COT reports as of January 3rd showed Non-Commercial and Nonreportable combined traders held a net long position of 123,588 contracts, up 8,281 contracts for the week and the recent surge in open interest suggests that the market is quite overbought. With cotton up for the last two years and corn down, producers in the US might increase cotton and decrease corn acres for the coming year. Producers in China,



India and Pakistan may also increase plantings for 2017.

TODAY'S MARKET IDEAS:

ICE cotton certified deliverable stocks jumped to 101,612 bales from 90,639 the previous session and up from near 40,000 two days ago. Producer selling could pick up ahead of the USDA update and the COT report leaves the market overbought and vulnerable to long liquidation selling if support is violated. Short-term resistance for March cotton is at the 73.79 to 74.09 zone, with 72.35 and 71.63 as next support.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

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COTTON (MAR) 01/10/2017: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The close above the 9-day moving average is a positive short-term indicator for trend. The market setup is somewhat negative with the close under the 1st swing support. The next upside objective is 74.61. The next area of resistance is around 73.67 and 74.61, while 1st support hits today at 72.31 and below there at 71.88.

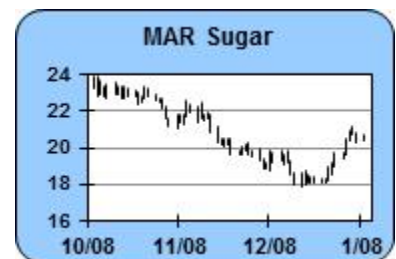
COTTON (MAY) 01/10/2017: Momentum studies are trending higher but have entered overbought levels. The market's close above the 9-day moving average suggests the short-term trend remains positive. The daily closing price reversal down puts the market on the defensive. The market setup is somewhat negative with the close under the 1st swing support. The next upside target is 74.84. The next area of resistance is around 74.04 and 74.84, while 1st support hits today at 72.84 and below there at 72.44.

DAILY SUGAR COMMENTARY

01/10/17

Index fund sellers could be active this week; buy breaks

Sugar prices held up comparatively well yesterday and continue to hold onto a large portion of the recent gains. Sugar's role as top-performing Ag commodity during 2016 (up over 29%) meant that the annual index fund rebalancing selling would be a consistent source of pressure this week. Outside markets were a mixed bag as the continued recovery in the Brazilian currency was more than offset by a steep selloff in crude oil. Near-term supply issues in Asia and Brazil continue to underpin sugar prices, but there were few fresh developments to add further support. Egypt expects local sugar output of 2.3 million tonnes in 2017 versus total consumption of 3.1 million tonnes, and so plans to import 800,000 tonnes of sugar during the current marketing year according to their Supply Minister. Russia produced 5.75 million tonnes of beet sugar in 2016/17 which is up 600,000 tonnes from a year earlier according to the Russian Union of Sugar Producers. In addition, EU 2016/17 sugar output was up as well and is expected to see a notable upsurge next season when their production quotas are removed.



TODAY'S MARKET IDEAS:

Sugar will have to face headwinds from index fund selling this week but the market should remain fairly well supported due to Asian supply issues. Near-term support for March sugar is at 19.90 and 19.63. Resistance is at 20.89 and 21.18.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (MAR) 01/10/2017: The major trend has turned down with the cross over back below the 60-day moving average. Momentum studies are trending higher but have entered overbought levels. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market's close below the 1st swing support number suggests a moderately negative setup for today. The near-term upside target is at 20.87. The next area of resistance is around 20.61 and 20.87, while 1st support hits today at 20.23 and below there at 20.10.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (JAN) 01/10/2017: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The close below the 2nd swing support number puts the market on the defensive. The next downside target is 178.85. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 183.95 and 187.00, while 1st support hits today at 179.90 and below there at 178.85.

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										
SBAH7	20.42	65.80	60.05	78.54	82.63	20.71	19.99	19.13	19.87	20.54
CTAH7	72.98	61.84	59.93	63.10	68.71	73.71	71.92	71.26	70.99	70.76
CTAK7	73.44	63.53	60.95	65.58	72.15	73.97	72.25	71.58	71.44	71.21
CCAH7	2184	42.18	41.55	43.72	48.23	2236.00	2204.78	2234.33	2337.49	2412.62
OJAF7	181.90	25.66	29.98	23.93	15.98	188.60	191.37	194.57	206.54	205.75
KCAH7	144.20	59.29	51.13	54.85	71.13	143.15	138.91	140.54	150.80	153.95
MAF7	16.62	49.60	51.32	18.36	20.81	16.58	16.55	16.74	16.47	16.21

Calculations based on previous session. Data collected 01/09/2017

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						
SBAH7	Sugar	20.09	20.22	20.48	20.61	20.87
CTAH7	Cotton	71.87	72.30	73.24	73.67	74.61
CTAK7	Cotton	72.44	72.84	73.64	74.04	74.84
CCAH7	Cocoa	2106	2146	2181	2221	2256
OJAF7	Orange Juice	178.80	179.85	182.90	183.95	187.00
KCAH7	Coffee	138.16	141.32	143.91	147.07	149.66
MAF7	Milk	16.55	16.59	16.61	16.65	16.67

Calculations based on previous session. Data collected 01/09/2017

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