



DAILY SOFTS CURRENCY COMMENTARY

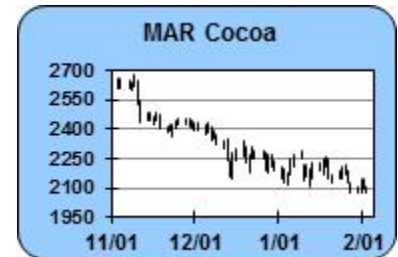
Friday February 03, 2017

DAILY COCOA COMMENTARY

02/03/17

Too much supply at Ivory ports keeps price trend down

With little help from the demand side in recent weeks, near-term supply issues are helping to keep cocoa prices on the defensive and March cocoa posted a new low for the move this morning. Mild desert winds and plentiful rains are improving the outlook for mid-crop production in the Ivory Coast and Ghana, while news stories of cocoa piling up on Ivory Coast ports as their government has spot sales of cocoa beans in anticipation of domestic exporter defaults have kept prices under pressure. While output from Ivory Coast and Ghana was running even to slightly ahead of last season's pace through late January, it may take several more weeks of evidence to see if late main crop and mid-crop production can improve to the degree needed to match 2016/17 forecasts for sizable increases over last season. A "wild card" factor for cocoa prices during today's session could come from US jobs numbers. The latest COT report will be released after today's close and will reflect a 98 point decline between measuring dates.



TODAY'S MARKET IDEAS:

Close-in support for May cocoa is at 2072 and 2042, with 2125 and 2142 as resistance.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

* Hit stop on long May cocoa 2400 call position for a 24 point loss.

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) 02/03/2017: Daily stochastics are trending lower but have declined into oversold territory. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market's close below the pivot swing number is a mildly negative setup. The next downside target is 2052. The next area of resistance is around 2102 and 2123, while 1st support hits today at 2066 and below there at 2052.

DAILY COFFEE COMMENTARY

02/03/17

Set back in London from 5 1/2 year highs pressures New York

The two-day correction in London futures after contract highs and 5 1/2 year highs on February 1st is sparking selling pressure. New York pushed to a new 3 1/2 week low. Honduran coffee exports during January were up more than 41% from last year's levels while Costa Rican coffee exports during January were up 16.5% from last year, indicating that Central American producers are seeing strong output levels this season. Vietnam has not come back fully on-line after



their holiday, but there were reports that exports this month could decline as much as 500,000 bags from January's total. Brazil's Conab will auction off 9,000 bags of Arabica coffee from public inventories on February 9th to help regulate domestic prices, which will be their second coffee auction in 2017. In an interview in Reuters, Brazil's Ag Minister came out in favor of his nation importing Robusta beans this season but noted there would be strong resistance from producers. ICE exchange coffee stocks rose by 3,002 bags and are close to rising back above the 1.3 million level for the first time since last summer. The latest COT report released after today's close will reflect a 2.80 cent decline between measuring dates.

TODAY'S MARKET IDEAS:

Key support for May coffee is at 147.25 which is a 50% correction of the Dec-Jan rally. The break from 5 1/2 years highs for robusta seems to be the reason for the sell-off. It will take a move over 153.60 to turn the charts up. Consider call strategies on a minor set-back.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

* Hit stop on short May coffee 145.00 put position for a 102 point loss.

COFFEE TECHNICAL OUTLOOK:

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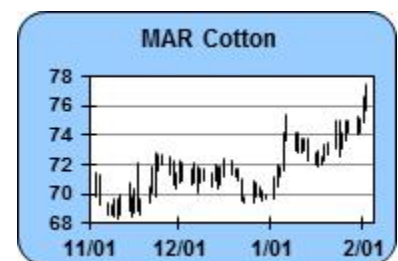
COFFEE (MAR) 02/03/2017: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside objective is 141.67. The next area of resistance is around 148.72 and 152.76, while 1st support hits today at 143.18 and below there at 141.67.

DAILY COTTON COMMENTARY

02/03/17

Surging open interest up to highest level since Feb 2008

The cotton market remains in a steep uptrend and has closed higher in six of the past seven trading sessions, with May cotton pushing moderately higher on the session yesterday and up to the highest level since July of 2008. The market is lower this morning. Open interest jumped 6,145 contracts to 282,747, the highest since February of 2008. In spite of the rally, export news remains supportive. Net weekly export sales for cotton came in at 328,700 bales for the current marketing year and 89,000 for the next marketing year for a total of 417,700 bales. As of January 26th, cumulative cotton sales stand at 84.4% of the USDA forecast for 2016/2017 (current) marketing year versus a 5 year average of 82.4%. Higher prices in India have shut India out of new export business on the world market, and this has helped support much better than expected US exports. Fund traders remain aggressive buyers with talk of a strong global economy and expectations for usage growth ahead. The International Cotton Advisory Committee sees 2017/18 ending stocks at 17.13 million tonnes, down 4.9% from this year. While stocks are coming down, the 70.5% stocks to usage is still seen as a very plentiful level. ICE certified stocks deliverable to the exchange jumped to 194,718 bales from 153,635 bales and 135,759 bales the previous two sessions. This is up from near 40,000 earlier this year.



TODAY'S MARKET IDEAS:

There is no sign of a peak yet, but the market is getting more and more overbought. Close-in support for May cotton is at 75.82 and uptrend channel support is at 74.84. The push through the August highs leaves 80.02 as next objective and a longer-term technical objective of 81.58.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

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COTTON (MAR) 02/03/2017: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's short-term trend is positive on the close above the 9-day moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside objective is 78.41. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 77.75 and 78.41, while 1st support hits today at 76.07 and below there at 75.06.

COTTON (MAY) 02/03/2017: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's close above the 9-day moving average suggests the short-term trend remains positive. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside objective is at 78.94. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 78.37 and 78.94, while 1st support hits today at 76.77 and below there at 75.74.

DAILY SUGAR COMMENTARY

02/03/17

Choppy trade continues; short-term tightness, hope for big crop

The market turned down yesterday but did not take prices out of the January/February consolidation zone. March sugar traded to a weekly high, but then plunged 85 ticks (4.0% lower) in the space of roughly one hour to finish with a moderate loss. There was no supply-side catalyst for the sharp selloff, but news that Egypt's Supply Minister stated that their sugar stockpiles are enough to last four months may have dampened demand prospects. Indian sugar production through the first four months of the 2016/17 was running 10% behind last season's pace, a deficit that is likely to grow as mills in the states of Maharashtra and Karnataka are closing early because they have no cane to process. While the Indian government and several trade organizations feel that their current stocks will be sufficient, some analysts feel that India will relax sugar import duties by the end of the current season. The latest COT report released after today's close will reflect a 13 tick decline between measuring dates.



TODAY'S MARKET IDEAS:

With both the Indian and Thai crops smaller than expected, the Asian near-term supply situation will remain fairly tight. Near-term support for May sugar is at 20.20 and 20.03. It will take a move back through resistance at 20.73 to attract new buyers. Until support is violated, keep 21.60 as upside target.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Short May sugar 19.75 put from 61 with an objective of 0. Risk to 83.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (MAR) 02/03/2017: Momentum studies are rising from mid-range, which could accelerate a move higher

if resistance levels are penetrated. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market could take on a defensive posture with the daily closing price reversal down. The market setup is somewhat negative with the close under the 1st swing support. The next upside target is 21.51. The next area of resistance is around 20.97 and 21.51, while 1st support hits today at 20.13 and below there at 19.82.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (MAR) 02/03/2017: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance 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's close below the 1st swing support number suggests a moderately negative setup for today. The next upside objective is 175.25. The next area of resistance is around 170.05 and 175.25, while 1st support hits today at 162.75 and below there at 160.60.

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	20.55	54.43	54.70	38.99	39.09	20.54	20.49	20.51	19.71	20.00
CTAH7	76.91	75.68	71.11	78.73	87.46	75.61	74.84	73.75	72.21	71.85
CTAK7	77.57	78.34	73.35	83.27	90.59	76.26	75.47	74.32	72.64	72.34
CCAH7	2084	36.60	38.85	20.30	14.39	2093.50	2128.78	2160.67	2228.04	2278.83
OJAH7	166.40	37.49	36.75	33.03	35.27	172.13	168.97	172.86	189.25	194.38
KCAH7	145.95	37.96	44.02	56.44	37.59	149.20	151.26	150.23	145.22	150.03
MAH7	17.40	60.12	57.07	38.55	44.54	17.20	17.14	17.29	17.19	16.91

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

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						
SBAH7	Sugar	19.81	20.12	20.66	20.97	21.51
CTAH7	Cotton	75.05	76.06	76.73	77.75	78.41
CTAK7	Cotton	75.74	76.77	77.34	78.37	78.94
CCAH7	Cocoa	2051	2066	2087	2102	2123
OJAH7	Orange Juice	160.55	162.70	167.90	170.05	175.25
KCAH7	Coffee	141.66	143.17	147.21	148.72	152.76
MAH7	Milk	16.97	17.20	17.36	17.59	17.75

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

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