



**DAILY SOFTS CURRENCY COMMENTARY**  
**Monday February 06, 2017**

**DAILY COCOA COMMENTARY**  
**02/06/17**

**Good weather and excess stocks at ports keeps trend down**

Cocoa has been unable to put firm brakes on what is closing in on a 6-month downtrend as neither the supply or demand sides are providing any lasting source of underlying support. March cocoa traded to a new contract low of 2052 (also the lowest front-month price level since March of 2013) before finishing Friday with a moderate loss. For the week, March cocoa finished with a loss of 23 points for a fourth consecutive weekly decline. The Dollar managed to hold its ground through the US jobs data window which in turn kept the Eurocurrency from extending its recovery move and boosting European demand prospects. In addition, cocoa prices continue to struggle with near-term supply bottlenecks in West Africa along with producers in the region who are holding onto supply that needs to get to port. This may dampen weekly Ivory Coast port arrivals totals until the situation has been resolved, so it may be difficult to have a good gauge on late main crop and mid-crop production.



The outlook for West African mid-crops has improved with decent rainfall along with relatively mild Harmattan winds over recent weeks, but the West African "dry" season still has more than a month left to go. The Commitments of Traders reports as of January 31st showed Non-Commercial traders were net short 16,303 contracts, an increase of 3,747 contracts. Non-Commercial and Nonreportable combined traders held a net short position of 10,381 contracts, an increase of 3,532 contracts for the week.

**TODAY'S MARKET IDEAS:**

Cocoa is well into oversold territory and "value zone" territory after falling more than 900 points since mid-August, but it needs to see fresh bullish supply developments in West Africa to lift clear of its current low price levels. Close-in support for May cocoa is at 2066 and 2042, with 2125 and 2143 as resistance.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

**Commitment of Traders - Futures and Options - 1/24/2017 - 1/31/2017**

Softs	Non-Commercial		Commercial		Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
<b>Cocoa</b>	-16,303	-3,747	10,381	+3,533	5,922	+215

**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) 02/06/2017: The sell-off took the market to a new contract low. Momentum studies are declining, but have fallen to oversold levels. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market's close below the pivot swing number is a mildly negative setup. The next downside

objective is 2037. The next area of resistance is around 2089 and 2104, while 1st support hits today at 2055 and below there at 2037.

## DAILY COFFEE COMMENTARY

02/06/17

### Tighter outlook ahead to support further advance

March coffee traded to a new 3 1/2 week low on Friday but rebounded to finish with a modest gain and a hook reversal. For the week, however, March coffee finished with a loss of 6.15 cents (4.0% lower) for a second negative weekly result in a row. Colombian coffee production last month was up 12% over last year's total, and keeps their annualized output pace well above the 14 million bag level. A Reuters poll of traders and analysts pegged 2017/18 Brazilian production down 5 million bags at 50 million, which is in-line with an "off-year" decline in their biannual crop cycle. The Reuters poll has Vietnam's 2016/17 crop down 4.2 million bags at 24.5 million, which is a 14.6% decline. Heavy rains over the next five days are expected over Arabica and Robusta areas in southeastern Brazil which will improve prospect for their upcoming crop. ICE exchange coffee stocks rose by 6,403 bags on Friday and continue to climb from their multi-year low month-end total for December. The Commitments of Traders reports as of January 31st showed Non-Commercial traders were net long 34,546 contracts, a decrease of 176 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 37,581 contracts, down just 214 contracts for the week. Commodity Index traders held a net long position of 36,131 contracts, up 1,072 contracts for the week.



### TODAY'S MARKET IDEAS:

If Vietnamese marketings are sluggish as they start their first full week after the Tet holiday, it may be the boost required for coffee to extend a recovery move. Near-term support for May coffee is at 148.00 while resistance is at 151.80. Look for a turn higher with 163.90 as next upside target.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

### Commitment of Traders - Futures and Options - 1/24/2017 - 1/31/2017

	Non-Commercial		Commercial		Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Coffee	34,546	-176	-37,582	+213	3,035	-38

### COFFEE 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.

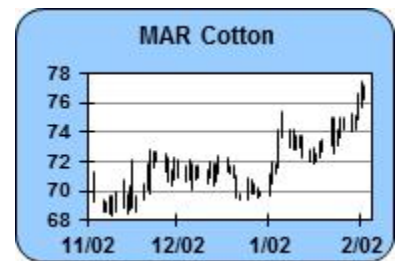
COFFEE (MAR) 02/06/2017: The downside crossover of the 9 and 18 bar moving average is a negative signal. Momentum studies are declining, but have fallen to oversold levels. A negative signal for trend short-term was given on a close under the 9-bar moving average. The daily closing price reversal up is a positive indicator that could support higher prices. The market's close below the pivot swing number is a mildly negative setup. The next downside target is 143.23. The next area of resistance is around 147.75 and 149.22, while 1st support hits today at 144.75 and below there at 143.23.

## DAILY COTTON COMMENTARY

02/06/17

## Solid uptrend in open interest with spec buying active

The cotton market remains in a solid uptrend and the continued push higher in open interest illustrates that speculative buyers remain active. May cotton closed lower with an inside day on Friday while December cotton closed higher and pushed to a new high for the move. High 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. Weekly export sales came in at 417,700 bales last week was again higher than expected.



As of January 26th, cumulative cotton sales stand at 84.4% of the USDA forecast for the season versus a 5 year average of 82.4%. ICE certified stocks deliverable to the exchange jumped to 205,230 bales from 194,718 bales, 153,635 bales and 135,759 bales the previous three sessions. This is up from near 40,000 earlier this year. The Commitments of Traders reports as of January 31st showed Non-Commercial traders were net long 121,427 contracts, an increase of 5,054 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 131,435 contracts, up 4,127 contracts for the week. Commodity Index traders held a net long position of 66,908 contracts, an increase of 1,632 contracts for the week.

### TODAY'S MARKET IDEAS:

There is still no sign of a peak yet, but the market is getting more and more overbought. Close-in support for December cotton is at 72.55 and a push through the August highs will leave 77.55 as next target. May cotton support is at 75.85 and the push through the August highs leaves 80.02 as next objective and a longer-term technical objective of 81.58. Uptrend channel support is at 75.02 today.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 1/24/2017 - 1/31/2017						
	Non-Commercial		Commercial		Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Cotton	121,427	+5,054	-131,435	-4,127	10,008	-927

### 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 (MAR) 02/06/2017: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The close above the 9-day moving average is a positive short-term indicator for trend. It is a slightly negative indicator that the close was under the swing pivot. The near-term upside target is at 77.48. The next area of resistance is around 76.88 and 77.48, while 1st support hits today at 75.94 and below there at 75.61.

COTTON (MAY) 02/06/2017: 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 market tilt is slightly negative with the close under the pivot. The next upside target is 78.09. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 77.52 and 78.09, while 1st support hits today at 76.62 and below there at 76.28.

## DAILY SUGAR COMMENTARY 02/06/17

## Smaller crop in India and off-season Brazil to support more up

The market managed to take out the January 19th highs overnight and looks set to test the next key resistance at 21.61 for May sugar. The market experienced the highest price and highest close since mid-November on Friday. The European Union delayed a decision to authorize more sugar exports amid lower stockpiles and high prices, as EU sugar stockpiles are forecast to fall to their lowest level in more than a decade for the 2016-17 season. EU production quotas will be lifted for their 2017/18 crop which is widely expected to produce a sizable uptick in their production, but that supply (and potential exports) will not be a factor in the global outlook until the European beet sugar harvest begins late this year. There are more problems with India's sugar cane crop as signs of "sudden death" could become a reality, according to a report from SocGen whose updated recent production estimate is at 19.3 million tonnes compared to 25.1 million last year. They are the first major firm to project Indian 2016/17 sugar production below 20 million tonnes, but many trade estimates have been downgraded in recent months while expectations for India to import sugar this season continue to rise. Sugar's net spec long remains fairly large at over 240,000 contracts, leaving the market vulnerable to long liquidation "if" support is violated. The Commitments of Traders reports as of January 31st showed Non-Commercial traders were net long 199,740 contracts, a decrease of 1,891 contracts. Non-Commercial and Nonreportable combined traders held a net long position of 242,635 contracts, up 680.



### TODAY'S MARKET IDEAS:

Consider buying corrective breaks as tightness from India and off-season production from Brazil should keep the short-term trend up. Near-term support for May sugar is at 20.73 with resistance at 21.60.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

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

Commitment of Traders - Futures and Options - 1/24/2017 - 1/31/2017						
	Non-Commercial		Commercial		Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
<b>Softs</b>						
<b>Sugar</b>	199,740	-1,891	-242,634	-680	42,895	+2,571

### 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) 02/06/2017: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market setup is supportive for early gains with the close over the 1st swing resistance. The near-term upside target is at 22.02. The next area of resistance is around 21.62 and 22.02, while 1st support hits today at 20.60 and below there at 19.98.

### OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (MAR) 02/06/2017: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. The upside closing price reversal on the daily chart is somewhat bullish. It is a slightly negative indicator that the close was lower than the pivot swing number. The near-term upside objective is at 169.25. The next area of resistance is around 168.30 and 169.25, while 1st support hits today at 165.75 and

below there at 164.10.

## 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	21.11	65.60	61.92	43.37	52.13	20.74	20.54	20.55	19.74	19.98
CTAH7	76.41	69.27	67.03	80.98	85.48	76.18	75.04	73.94	72.32	71.98
CTAK7	77.07	71.29	68.88	84.97	88.37	76.82	75.68	74.53	72.76	72.46
CCAH7	2072	34.90	37.81	17.77	12.72	2092.00	2118.44	2154.44	2220.42	2272.62
OJAH7	167.00	38.75	37.59	33.08	33.17	169.41	169.47	172.18	188.25	193.54
KCAH7	146.25	39.28	44.76	47.39	29.28	147.98	150.24	150.34	145.07	149.50
MAH7	17.19	48.73	50.04	40.14	43.32	17.22	17.14	17.28	17.21	16.93

Calculations based on previous session. Data collected 02/03/2017

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	19.97	20.60	21.00	21.62	22.02
CTAH7	Cotton	75.60	75.94	76.54	76.88	77.48
CTAK7	Cotton	76.27	76.61	77.18	77.52	78.09
CCAH7	Cocoa	2036	2055	2070	2089	2104
OJAH7	Orange Juice	164.05	165.70	166.65	168.30	169.25
KCAH7	Coffee	143.22	144.75	146.22	147.75	149.22
MAH7	Milk	16.81	16.99	17.21	17.39	17.61

Calculations based on previous session. Data collected 02/03/2017

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

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