



DAILY SOFTS CURRENCY COMMENTARY Tuesday February 21, 2017

DAILY COCOA COMMENTARY 02/21/17

Weekly key reversal should help to underpin cocoa market

Cocoa's recovery move ran out of steam late Friday, but the market will start out this week more than 100 points above Wednesday's contract low. For the week, May cocoa finished with a gain of 38 points (1.9% higher) for its first positive weekly result since the beginning of the year as well as a weekly key reversal. While a stronger Dollar was a noted source of headwinds late last week, the uptick in West African production remains the main source of pressure. The latest reading on Ivory Coast port arrivals showed that arrivals for the February 13th-19th timeframe were well above the comparable period last year. However, the 2016/17 total remains only marginally ahead of last season's pace 4 1/2 months into the season.



While West African weather has been much improved from last season, there is still some question of how much Ivory Coast production has been held back from being marketed due to supply bottlenecks seen over the past few months. Ivory Coast cocoa farmers may be paid less for their beans during the second half of this year's season due to falling prices according to their nation's industry regulators. The Commitments of Traders reports as of February 14th showed Non-Commercial traders were net short 20,408 contracts, an increase of 1,855 contracts for the week. Non-Commercial and Nonreportable combined traders held a net short position of 12,984 contracts, up 1,205 contracts for the week. Index funds reduced their net long position by 3,350 contracts to just 16,024.

TODAY'S MARKET IDEAS:

While last Friday's pullback was disappointing to the bulls, cocoa was able to post a weekly key reversal that should help to underpin prices. With West African near-term supply hanging over the market and a strong US dollar this morning, the market is setting back. Close-in support for May cocoa is at 1975 and 1955, with 2069 and 2111 as near-term resistance. Consider buying corrections.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 2/7/2017 - 2/14/2017						
Softs	Non-Commercial		Commercial	Non-Reportable		
	Net Position	Weekly Net Change		Net Position	Weekly Net Change	
Cocoa	-20,408	-1,855	12,983	+1,204	7,424	+650

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 (MAY) 02/21/2017: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The close above the 9-day moving average is a positive short-term

indicator for trend. The daily closing price reversal down is a negative indicator for prices. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next upside objective is 2084. The next area of resistance is around 2036 and 2084, while 1st support hits today at 1964 and below there at 1940.

DAILY COFFEE COMMENTARY

02/21/17

Tight near-term supplies will help to fuel recovery move

Coffee prices continue to see bumpy price action, but may be ready to lift clear of their recent consolidation zone. For the week, May coffee finished with a gain of 1.40 cents for its first weekly gain in 4 weeks. With Brazil looking at a potential decline of 6 million bags or more with their upcoming 2017/18 crop, near-term supply issues are providing underlying support. Dry weather heading for Vietnam over the next week should favor their late coffee harvest but in spite of weather-related delays, most of this year's crop has already been harvested. Vietnamese producers have been reluctant to part with their supply, which could indicate that they expect higher prices over the near future as the extent of their nation's production decline is better known.



Uganda (Africa's largest coffee exporter) expects above normal rainfall in their western growing areas for the March/May season, with those early rains aid this season's crop which has been hit by a recent drought. ICE exchange coffee stocks rose by 5,717 bags on Friday and with six sessions left in February are on-track for having back to back monthly increases for the first time in nearly two years. The Commitments of Traders reports as of February 14th showed Non-Commercial traders were net long 27,025 contracts, a decrease of 1,949 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 29,654 contracts, down 2,578 contracts for the week.

TODAY'S MARKET IDEAS:

Softening demand may become more of a concern if risk appetites start to soften over the next few weeks. However, Vietnam's crop reduction this season may continue to support and Brazilian imports will further tighten near-term supplies. Near-term support for May coffee is at 147.70 while resistance is at 153.55. A close through resistance leaves 165.05 as upside target. Consider buying any corrective break.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 2/7/2017 - 2/14/2017						
	Non-Commercial		Net Position	Commercial		Non-Reportable
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	
Softs						
Coffee	27,025	-1,949	-29,655	+2,577	2,629	-629

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 (MAY) 02/21/2017: The cross over and close above the 60-day moving average indicates the longer-term trend has turned up. Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. A positive signal was given by the outside day up. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next upside target is 152.31. The next area of resistance is around 151.12 and 152.31, while 1st support hits today at 147.98 and below there

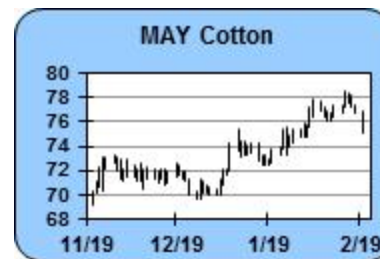
at 146.02.

DAILY COTTON COMMENTARY

02/21/17

Massive and record spec long and weak fundamentals

The penetration of the key uptrend channel on Friday is bearish and the market looks vulnerable to a significant sell-off ahead. News that China imports for January reached 114,900 tonnes, up 20.2% from last year has helped to support the market overnight. Last year exports were very slow and the support may not hold for long. May cotton closed 125 lower on the session Friday as a rally in the US dollar and ideas that the outlook for higher planted area for the coming season may boost ending stocks again helped to pressure. This left the market with a loss of 157 points (down 2%) for the week. The market closed lower for the fourth session in a row, and the drop in open interest is a bearish technical development as long liquidation selling is a significant threat to the bulls. Exchange deliverable stocks jumped to 306,705 bales from 300,235, 292,743 and from 285,246 bales the previous three sessions.



The March/May bull spread has collapsed to new contract lows with March now at a 204 point discount to May from 61 under on February 1st. The May/July spread action is also bearish with a move to a new contract low. The Commitments of Traders reports as of February 14th showed Non-Commercial traders were net long a record high 131,179 contracts, an increase of 3,862 contracts for the week. The "combined" spec and fund net long position has hit a new record level at 140,759 contracts, an increase of 2,478 contracts for the week. Commodity Index traders held a net long position of 72,156 contracts. This represents an increase of 721 contracts in the net long position held by these traders.

TODAY'S MARKET IDEAS:

The weak technical action from an extreme overbought technical condition and from a record high speculator net long position indicates significant fuel for a significant sell-off. Close-in resistance for May cotton comes in at 76.35, with 74.10 as close-in support. Don't rule out a break to key support back at 69.80.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 2/7/2017 - 2/14/2017						
	Non-Commercial		Commercial		Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Cotton	131,179	+3,862	-140,758	-2,477	9,580	-1,384

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 (MAY) 02/21/2017: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market back below the 18-day moving average suggests the intermediate-term trend could be turning down. The close below the 2nd swing support number puts the market on the defensive. The next downside target is now at 73.88. The next area of resistance is around 76.45 and 77.63, while 1st support hits today at 74.58 and below there at 73.88.

COTTON (DEC) 02/21/2017: Daily stochastics turning lower from overbought levels is bearish and will tend to reinforce a downside break especially if near term support is penetrated. 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 objective is now at 72.36. The next area of resistance is around 74.45 and 75.15, while 1st support hits today at 73.06 and below there at 72.36.

DAILY SUGAR COMMENTARY

02/21/17

Asian near-term supply problems are not going away soon

Sugar has seen volatile price action as a bearish longer-term supply outlook has been balanced against bullish near-term supply issues. However, this season's Asian production situation does not appear to be improving anytime soon which in turn could help support. May sugar was able to shake off early pressure on Friday but ended with an inside-day trading session with a modest loss. For the week, May sugar finished with a loss of 17 ticks (0.8% lower) for a second negative weekly result in a row. The India Sugar Mills Association (ISMA) pegged this season's Indian sugar output 15% behind last season's pace as of February 15th, a sharp drop for their previous reading of 10% behind on January 31st.



A major reason for that drop-off is that most mills in the states of Maharashtra and Karnataka have already shut down operations for the season, so that deficit is likely to rise going forward. The ISMA still feels that mill stocks are sufficiently high enough to not need import duties relaxed, but an increasing amount of analysts are projecting India will end up importing sugar this season. The Commitments of Traders reports as of February 14th showed Non-Commercial traders were net long 197,326 contracts, a decrease of 16,376 contracts for the week and the long liquidation selling trend is a negative force. Non-Commercial and Nonreportable combined traders held a net position of 237,151 contracts, down a significant 28,239 contracts in just one week.

TODAY'S MARKET IDEAS:

A very large net spec long will leave sugar vulnerable to the ebb and flow of risk appetites. However, this season's Indian and Thai production outlooks continue to deteriorate which will keep the Asian near-term supply situation as a positive force. May sugar will find near-term support at 19.99, while resistance is at 20.71.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Short May sugar 19.75 put from 61 with an objective of 41. Risk to 83.

Commitment of Traders - Futures and Options - 2/7/2017 - 2/14/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Sugar	197,326	-16,376	-237,151	+28,239	39,825	-11,863

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 (MAY) 02/21/2017: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market's short-term trend is negative as the close remains below the 9-day moving average. The market tilt is slightly negative with the close under the pivot. The next downside target is now at 20.02. The next area of resistance is around 20.38 and 20.49, while 1st support hits today at 20.14 and below there at 20.02.

OJ 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.

ORANGE JUICE (MAY) 02/21/2017: 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 has a slightly positive tilt with the close over the swing pivot. The next upside target is 173.40. The next area of resistance is around 172.75 and 173.40, while 1st support hits today at 170.75 and below there at 169.35.

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										
SBAK7	20.26	44.89	48.68	35.73	32.01	20.34	20.42	20.49	19.88	19.65
CTAK7	75.52	42.55	49.58	70.28	55.81	76.88	76.89	76.40	73.91	73.40
CTAZ7	73.76	56.33	62.16	93.81	88.39	74.29	74.21	73.34	71.52	71.12
CCAK7	2000	43.87	41.60	21.58	33.71	1983.50	1982.78	2045.22	2143.20	2194.65
OJAK7	171.75	58.65	50.99	53.94	64.31	169.53	167.99	167.05	176.77	184.85
KCAK7	149.55	54.67	51.67	24.64	32.39	147.71	147.06	149.43	147.69	148.34
MAH7	16.87	41.56	43.76	28.70	27.36	16.94	16.91	17.02	17.20	17.08

Calculations based on previous session. Data collected 02/17/2017

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						
SBAK7	Sugar	20.01	20.14	20.25	20.38	20.49
CTAK7	Cotton	73.87	74.57	75.75	76.45	77.63
CTAZ7	Cotton	72.35	73.05	73.75	74.45	75.15
CCAK7	Cocoa	1940	1964	2012	2036	2084
OJAK7	Orange Juice	169.30	170.70	171.35	172.75	173.40
KCAK7	Coffee	146.01	147.97	149.16	151.12	152.31
MAH7	Milk	16.72	16.79	16.87	16.94	17.02

Calculations based on previous session. Data collected 02/17/2017

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

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