



DAILY SOFTS CURRENCY COMMENTARY Tuesday March 14, 2017

DAILY COCOA COMMENTARY 03/14/17

In position to see significant short-covering ahead

Cocoa may finally be seeing some positive news coming into the market after expectations of abundant West African supply have driven prices down to multi-year lows. Cocoa prices had a solid start to the week, rocketing to the upside yesterday after a large spec net short position left the market vulnerable to short covering. Reports that Ghana's official purchases were still running behind last season's pace as of mid-February provided a catalyst for the cocoa rally, as it was viewed as an indication that West Africa's 2016/17 production may not be as strong as earlier forecast. It's a low bar to clear for West Africa's mid-crop to improve upon last season's El Nino-impacted harvest. Keep in mind that Ghana has not had the supply bottlenecks and political unrest that Ivory Coast has, and it has also benefited from supply being smuggled over the border from Ivory Coast. Even with reports of financing issues, Ghana's official purchases are running even with last season. This may not bode well for trade forecasts for Ivory Coast production to reach record highs this season. The West African dry season is starting to wind down, but there were reports of hot temperatures in many areas over the past week. This could negatively impact this season's mid-crop and next season's main crop.



TODAY'S MARKET IDEAS:

With record high open interest and a huge net short position held by speculators, a minor bit of positive news can go a long way. Near-term support for May cocoa is at 1972 and 1945, with resistance at 2071 and 2119.

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 (MAY) 03/14/2017: The daily stochastics gave a bullish indicator with a crossover up. 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. There could be more upside follow through since the market closed above the 2nd swing resistance. The near-term upside target is at 2086. The next area of resistance is around 2061 and 2086, while 1st support hits today at 1973 and below there at 1909.

DAILY COFFEE COMMENTARY 03/14/17

Reversal action may attract some short-term buying

Coffee has been unable to shake off its recent volatile price pattern, but it may



be setting up for at least a short-term recovery bounce. Prices fell to a new 2 1/2 month low yesterday, only to regain upside momentum and the finish the outside day session with a modest gain and reversal. There has been decent rainfall in Brazilian growing areas since the start of this year, and this may help reduce the drop in production that normally occurs during an "off year" in their biannual crop cycle. But given that a typical off-year decline runs around 5 to 6 million bags, it would take nearly ideal weather through the start of the harvest to reduce that figure by a significant margin. Vietnamese coffee exports have been increasing since early February. This has also been weighing on coffee prices this week. Vietnamese trade officials have projected a decline of 20% to 30% in exports this year, and traders believe this could be indicating that their production will drop sharply this season's. ICE exchange coffee stocks fell by 1,030 bags on Monday, but March is still on-course for a third straight monthly build, something that has not occurred since June 2013.

TODAY'S MARKET IDEAS:

An outside-day higher and reversal from a 2 1/2 month low is a positive signal for the market. Near-term support for May coffee is at 141.55 and 138.60, with 145.95 and 147.65 as resistance. Consider buying.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

* Hit a stop a long May coffee 155.00 call position for a 130-point loss.

COFFEE TECHNICAL OUTLOOK:

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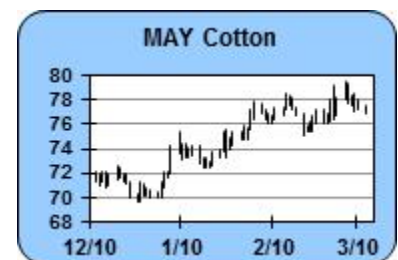
COFFEE (MAY) 03/14/2017: Daily stochastics are trending lower but have declined into oversold territory. The market's close above the 9-day moving average suggests the short-term trend remains positive. The outside day up is somewhat positive. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next downside objective is now at 136.73. The next area of resistance is around 144.85 and 146.72, while 1st support hits today at 139.85 and below there at 136.73.

DAILY COTTON COMMENTARY

03/14/17

It may be a long time before the market gets any weather help

A bearish tone in cotton's supply/demand outlook combined with a still hefty speculator net long position suggests cotton will remain on the defensive over the near term. May cotton was able to shake off early pressure and climb into positive territory at one point yesterday, only to lose upside momentum and finish with a moderate loss for the third straight session. A bearish supply outlook continues to weigh on prices. Chinese state auctions have been suggesting that their demand should remain strong going forward, but unfortunately that also means that a significant portion of potential Chinese imports will be offset by those state reserve sales. The US remains far and away the world's largest cotton exporter (over three times as much as number-two Australia), so while a dollar rebound after the FOMC meeting results (and likely Fed rate hike) would cause some headwinds, the US is unlikely to lose any significant amount of market share. One potential hurdle is that US cotton planted acreage is expected to rise by 14% this year, which could result in the highest total acreage in five seasons and set the stage for another huge total for US production.



TODAY'S MARKET IDEAS:

The bears will start out with the upper hand today as the cotton market remains vulnerable to additional long liquidation if risk sentiment does not show improvement. May cotton closed below uptrend channel support at 77.30, and this could attract increased technical selling. May cotton short-term resistance is at 78.24, with support at 75.75 and 74.60.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

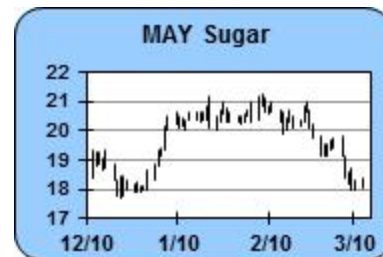
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COTTON (MAY) 03/14/2017: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is 76.27. The next area of resistance is around 77.25 and 77.80, while 1st support hits today at 76.49 and below there at 76.27.

COTTON (DEC) 03/14/2017: The daily stochastics gave a bearish indicator with a crossover down. Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The close below the 9-day moving average is a negative short-term indicator for trend. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside target is now at 74.21. Bearish daily studies indicate selling minor rallies this session. The next area of resistance is around 75.35 and 75.69, while 1st support hits today at 74.61 and below there at 74.21.

DAILY SUGAR COMMENTARY**03/14/17****No sign of low yet and spec net long still high**

The shift in focus towards upcoming production is making it difficult for sugar prices to sustain upside momentum. May Sugar inched lower in quiet trade yesterday. Prospects for larger Brazilian production are weighing on prices, particularly with fresh estimates for their 2017/18 cane crop ranging above 600 million tonnes in the wake of recent, plentiful rainfall over their top producing state of Sao Paulo. Brazilian mills had already started to put a larger share of their cane crushing efforts towards sugar and away from ethanol last season, and the more than \$5.00 drop in crude oil prices over the last four sessions may further diminish demand for ethanol and push more can crushing to sugar. The EU approved an additional 700,000 tonnes of sugar exports for this season, which points towards expectations for a sharp jump in their production during the upcoming season as their output quotas have been removed. The prospect of India relaxing their sugar import duties later this season remains on the table, and may get more support as this season's production total is likely to fall below 20 million tonnes.

**TODAY'S MARKET IDEAS:**

With a large Brazilian cane crop and slumping crude oil prices shadowing the market, as well as political uncertainties for the US/Mexico sugar dispute, the market remains in a short-term downtrend. Close-in resistance is at 18.68 and 18.90 while support is at 17.80.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

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may appear elsewhere in this report.

SUGAR (MAY) 03/14/2017: Momentum studies are declining, but have fallen to oversold levels. The close below the 9-day moving average is a negative short-term indicator for trend. The daily closing price reversal down is a negative indicator for prices. The market's close below the pivot swing number is a mildly negative setup. The next downside target is now at 17.86. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 18.34 and 18.54, while 1st support hits today at 18.01 and below there at 17.86.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (MAY) 03/14/2017: Rising stochastics at overbought levels warrant some caution for bulls. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside objective is at 174.45. The next area of resistance is around 173.80 and 174.45, while 1st support hits today at 171.80 and below there at 170.40.

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	18.18	26.74	30.73	8.87	7.14	18.20	18.78	19.43	20.06	19.73
CTAK7	76.87	47.00	50.95	59.35	52.31	77.52	77.76	76.98	75.86	74.70
CTAZ7	74.98	56.99	61.53	89.39	86.04	75.30	75.17	74.64	73.24	72.32
CCAK7	2017	60.94	53.35	35.23	47.68	1940.25	1932.56	1962.44	2052.62	2095.65
OJAK7	172.80	58.26	54.53	75.98	79.11	172.75	170.48	168.66	169.02	174.64
KCAK7	142.35	43.17	42.63	17.53	17.51	141.48	142.28	144.89	148.33	146.82
MAH7	15.68	20.34	25.57	8.18	6.48	15.78	15.89	16.21	16.79	16.92

Calculations based on previous session. Data collected 03/13/2017

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	17.86	18.00	18.20	18.34	18.54
CTAK7	Cotton	76.26	76.48	77.03	77.25	77.80
CTAZ7	Cotton	74.20	74.61	74.95	75.35	75.69
CCAK7	Cocoa	1908	1972	1997	2061	2086
OJAK7	Orange Juice	170.35	171.75	172.40	173.80	174.45
KCAK7	Coffee	136.72	139.85	141.72	144.85	146.72
MAH7	Milk	15.57	15.62	15.68	15.73	15.79

Calculations based on previous session. Data collected 03/13/2017

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