

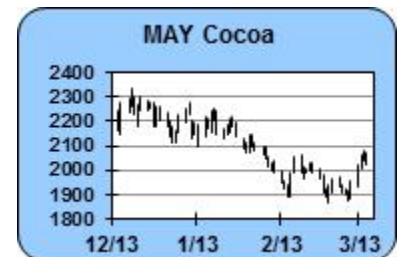


DAILY SOFTS CURRENCY COMMENTARY Friday March 17, 2017

DAILY COCOA COMMENTARY 03/17/17

Some back and fill on overbought but trend turning up

The market remains on-course for only its second positive weekly result over the past ten weeks. Comments by an official of the International Cocoa Organization that the market faces a "structural surplus" have cast a shadow over cocoa prices, even though the ICCO is forecasting this season's global grinding will increase by nearly 3% to 4.25 million tonnes, the second highest total in history. The ICCO and many analysts are calling for a global supply surplus this season of 200,000 tonnes or higher, but the surge in production needed to reach that level may be optimistic at best. Indonesia's cocoa bean output was seen falling to 320,000 tonnes this year, which compares to 345,000 in 2016. Indonesian cocoa plantations estimated planted area has declined to 1.0 million hectares from 1.7 million in 2010 as some cocoa farmers have switched to palm, rubber and corn plantings. The latest COT report will be released after today's close and will reflect a 141 point price increase (7.3% higher) between the March 7th and 14th measuring dates, so cocoa's net spec short positive should see a sizable decline.



TODAY'S MARKET IDEAS:

Cocoa price may remain on a bumpy ride but with a slumping Dollar helping the demand side of the market, are showing more signs that a near-term low has been put in. Near-term support for May cocoa is at the 2009-1999 zone with resistance at 2096 and 2159. Aggressive traders can use a pullback to enter long call option strategies.

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) 03/17/2017: The upside crossover (9 above 18) of the moving averages suggests a developing short-term uptrend. 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's close below the 1st swing support number suggests a moderately negative setup for today. The near-term upside objective is at 2083. The next area of resistance is around 2050 and 2083, while 1st support hits today at 2004 and below there at 1990.

DAILY COFFEE COMMENTARY 03/17/17

Building a base of support and may build some weather premium

The market failed to confirm the March 13th reversal lows with some follow-through buying but the market still looks to be building a base. With the positive



outside market forces, the market saw a nice bounce early yesterday but new buying interest was lacking. May coffee traded to a weekly high of 143.90 early in the day but pulled back from those levels, due in part to a weakening Brazilian Real to close just slightly higher on the day. Brazil's 2017-18 coffee crop is seen falling to 49.2 million bags from 54 million bags in 2016-17 according to Rabobank. They see Arabica falling to 36.7 million bags from 42 million with Robusta seen at 12.5 million bags versus 12.0 million last year. Conab will organize an auction on local Robusta coffee to help roasters find supply. Vietnamese coffee growers have sold 70% of the 2016-17 coffee crop as of March 15th compared to 55% for the same period last year. Traders await any further indication on the recent flowering period results for the 2017/18 season.

TODAY'S MARKET IDEAS:

With a more positive tilt from outside market forces and uncertainty for the Vietnamese flower period, the market seems to have enough reasons to turn higher. May coffee support is near 139.65, with 145.95 and 147.65 as initial resistance on a bounce.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

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) 03/17/2017: The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. A positive signal for trend short-term was given on a close over the 9-bar moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside target is at 144.88. The next area of resistance is around 142.92 and 144.88, while 1st support hits today at 139.98 and below there at 138.99.

DAILY COTTON COMMENTARY

03/17/17

Big open interest and near record spec long position; weak

After the impressive weekly export sales news, buyers were active early yesterday and the market challenged last week's highs. However, the buying support eased and some profit-taking emerged to see the market closed just 9 higher on the day and down 72 from the high. If focus shifts to the 2017/18 supply/demand set-up, the market looks vulnerable to a significant correction. Speculators hold a record high net long position and the 14.3% jump in planted area should leave a burdensome supply outlook for the US if the weather is close to normal. Ending stocks are likely to increase from an 8-year high this season. Weekly export sales came in at 316,500 bales for the current marketing year and 141,700 for the next marketing year for a total of 458,200 bales. As of March 9th, cumulative cotton sales stand at 94.7% of the USDA forecast for the 2016/2017 (current) marketing year versus a 5 year average of 90.4%. China sold 20,900 tonnes of cotton at their daily auctions. China futures are also weak and pushed down to the lowest level since January 20th on ideas that China acreage will increase in key growing areas. China harvested area is near the smallest since 1960.



TODAY'S MARKET IDEAS:

We continue to have a bearish tilt fundamentally. Technically, the market is overbought but remains in a solid uptrend. Perhaps a move under the minor uptrend channel at 77.14 today could sour the chart look. A close back under 76.73 might spark increased long liquidation selling and a break to 73.37.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

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COTTON (MAY) 03/17/2017: The daily stochastics have crossed over up which is a bullish indication. 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 79.19. The next area of resistance is around 78.61 and 79.19, while 1st support hits today at 77.73 and below there at 77.42.

COTTON (DEC) 03/17/2017: The rally brought the market to a new contract high. The daily stochastics have crossed over up which is a bullish indication. 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 75.85. The next area of resistance is around 75.66 and 75.85, while 1st support hits today at 75.26 and below there at 75.04.

DAILY SUGAR COMMENTARY

03/17/17

Consolidation is normally a continuation pattern; 17.74 next

With outside market forces like the US dollar, Brazilian currency and gold showing a significant positive influence, the slightly higher close yesterday, and close which was well off of the highs of the day is an indication of the weak relative strength of sugar compared with other markets. The failure of May sugar to find follow-through buying on the early bounce to 18.53 might be seen as a bearish technical development. Analysts at Wilmar have estimated India's sugar production at 19.5 million tonnes for the current season. If so, India may need to import some sugar this season. However, India officials see the crop size near 22 million tonnes. They also estimated the 2017-18 Thai sugar production at a record 12.0 million tonnes and the Brazilian 2017-18 sugar output also at a record 36 million tonnes. At the same conference, the Eurasian Sugar Association pegged the 2017-18 Russian beet sugar production at 5.8 million tonnes compared to 6.15 million in 2016-17. Russia is normally an importer but could export 550,000 tonnes for the 2016/17 season. Production from the Commonwealth of Independent States (CIS) is expected to jump by at least 1% to 9.1 million tonnes with planted area up 6%.



TODAY'S MARKET IDEAS:

China has delayed a decision and extended their sugar investigation to May 22nd. They will eventually decide on whether or not to impose punitive tariffs on imports. The market is still probing for some type of a signal that a low is in place. Cash supply fundamental news remains sloppy, but the short-term technical indicators are deeply oversold. Support for May sugar is at 18.09 and 17.96, with 18.68 and 18.90 as resistance. Don't rule out continued erosion to 17.74.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

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may appear elsewhere in this report.

SUGAR (MAY) 03/17/2017: Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. The market's short-term trend is negative as the close remains below 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 target is 18.65. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 18.42 and 18.65, while 1st support hits today at 18.08 and below there at 17.96.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (MAY) 03/17/2017: Momentum studies are trending higher but have entered overbought levels. A positive signal for trend short-term was given on a close over the 9-bar moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 179.55. The next area of resistance is around 178.45 and 179.55, while 1st support hits today at 176.55 and below there at 175.70.

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	18.25	30.00	32.57	9.06	10.39	18.21	18.33	19.08	19.92	19.73
CTAK7	78.17	58.85	58.15	54.91	55.34	77.57	77.85	77.20	76.13	75.01
CTAZ7	75.46	66.58	66.83	86.24	86.26	75.21	75.31	74.82	73.51	72.61
CCAK7	2027	58.82	53.43	60.66	73.43	2037.50	1971.78	1968.22	2042.18	2084.68
OJAK7	177.50	65.78	60.04	84.21	89.60	175.93	174.58	169.70	168.85	173.78
KCAK7	141.45	41.31	41.39	19.36	22.31	141.49	141.29	143.71	147.93	146.62
MAH7	15.68	24.64	27.64	6.71	5.74	15.69	15.78	16.00	16.68	16.83

Calculations based on previous session. Data collected 03/16/2017

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	17.95	18.07	18.30	18.42	18.65
CTAK7	Cotton	77.41	77.72	78.30	78.61	79.19
CTAZ7	Cotton	75.03	75.25	75.44	75.66	75.85
CCAK7	Cocoa	1989	2003	2036	2050	2083
OJAK7	Orange Juice	175.65	176.50	177.60	178.45	179.55
KCAK7	Coffee	138.98	139.97	141.93	142.92	144.88
MAH7	Milk	15.64	15.66	15.68	15.70	15.72

Calculations based on previous session. Data collected 03/16/2017

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