

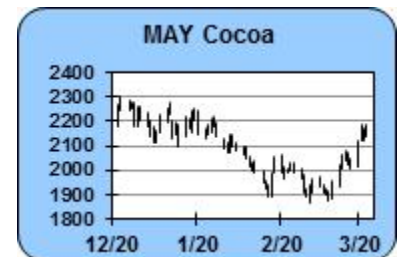


DAILY SOFTS CURRENCY COMMENTARY Friday March 24, 2017

DAILY COCOA COMMENTARY 03/24/17

Getting a bit overbought technically; COT tonight

Cocoa managed a positive close for all 4 sessions this week as the market continues to lift further away from its early March lows. May cocoa could not take out the weekly high from Tuesday, but did shake off early pressure to finish yesterday with a moderate gain. A major Wall Street firm forecast the 2016/17 global production surplus at 205,000 tonnes and while that is nearly a 400,000 tonne difference from the 2015/16 global supply deficit, it does show that market sentiment may be starting to improve as recent surplus forecasts have been ranging up above 400,000 tonnes. The main supply-side event for cocoa will come as the West African mid-crop harvest will begin in early April while the region's "dry" season continues to wind down. Nigerian cocoa prospects may be improving as rains are returning to the southwest part of that nation which accounts for 60% of their cocoa production, and their midcrop output would benefit if that rainfall continues into the end of March. The latest COT report will come out after today's close and will reflect a 96 point rally between the March 14th and 21st measuring dates. This should lead to cocoa's net spec short position seeing a sizable decline.



TODAY'S MARKET IDEAS:

Cocoa prices may get caught up in a "risk off" mood if there are further delays to the health care reform bill, but recent market action reinforces the case that a near-term low has indeed been put in. Near-term support for May cocoa is at 2096 with resistance at 2213 and 2256. Aggressive traders can use a pullback to the 2097 level 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) 03/24/2017: 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside target is at 2211. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 2197 and 2211, while 1st support hits today at 2155 and below there at 2127.

DAILY COFFEE COMMENTARY 03/24/17

Weak technical action just after near upside break-out

May coffee traded to a new weekly low yesterday before finishing with both a



moderate loss and a third consecutive negative daily result. Demand concerns have been simmering for a while, but are clearly flaring up now with the negative shift in risk sentiment over the past few sessions. In fact, ICE exchange coffee stocks rose by 4,533 bags on Thursday and are near their highest level for 2017, giving further evidence of lukewarm global demand. Signs of ample supplies in Central America and Colombia are also weighing on coffee prices, while Brazilian farmers are gearing up to start the harvest late next month which should relieve the very tight Robusta supply situation. Vietnam's near-term tight supplies could still offer support to the market as producers are still holding back supplies in the wake of this season's output decline. However, the Indonesian harvest is starting to ramp up which in turn could relieve some Asian near-term supply issues. The latest COT report after today's close should lead to a modest increase in coffee's net spec long position.

TODAY'S MARKET IDEAS:

Coffee prices will need a positive turnaround in risk appetites and outside markets in order to find their footing, or else a risk off wave could overwhelm a bullish longer-term supply set-up and send prices down to a new 2 1/2 month low. May coffee will have critical near-term support at 138.60 with 143.90 as resistance.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Long July Coffee from 144.90 with an objective of 160.40. Risk to 141.80.

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) 03/24/2017: The moving average crossover down (9 below 18) indicates a possible developing short-term downtrend. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market's close below the 9-day moving average is an indication the short-term trend remains negative. It is a slightly negative indicator that the close was lower than the pivot swing number. The near-term upside objective is at 142.89. The next area of resistance is around 141.64 and 142.89, while 1st support hits today at 139.35 and below there at 138.30.

DAILY COTTON COMMENTARY

03/24/17

Impressive exports but China now selling stocks daily

Bullish weekly export sales data supported the early bounce yesterday, but the market failed to move above Wednesday's highs and the market slipped back to close lower on the day. While the bullish export news might spark another increase in exports of 100,000-200,000 bales to pull ending stocks down some from the current USDA estimate of 4.5 million bales, the expected 18% jump in planted area for the end of the month prospective plantings report would suggest an ending stocks number for the new crop season near 7 million bales.

Weekly export sales came in at 328,200 bales for the current marketing year and 201,300 for the next marketing year for a total of 529,500 bales. As of March 16th, cumulative cotton sales stand at 97.4% of the USDA forecast for the 2016/2017 (current) marketing year versus a 5 year average of 91.8%. Weakness in bull spreads and continued active selling of China government-owned stocks are seen as potential bearish forces. China imported 138,262 tonnes of cotton in February which pushed year-to-date total to 253,680 tonnes which is up 67.2% from last year's pace. While this is an impressive pace, Chinese state auctions started in early March and we have seen stock sales of 19,700-30,000 tonnes per day. China sold 19,700 tonnes today which was 64.2% of the total offering.



TODAY'S MARKET IDEAS:

The market remains in a consolidation pattern as talk of tightness for the old crop season clashes with the potential bearish outlook for the new crop season. Selling resistance for May cotton is at 78.06 and 78.39, with

key support levels at 75.75 and 74.60. Consider selling a bounce looking for a set-back to at least 73.45.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

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) 03/24/2017: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market's close below the 9-day moving average is an indication the short-term trend remains negative. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is 76.70. The next area of resistance is around 77.64 and 78.17, while 1st support hits today at 76.90 and below there at 76.70.

COTTON (DEC) 03/24/2017: Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. The market's close above the 9-day moving average suggests the short-term trend remains positive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside objective is now at 74.80. The next area of resistance is around 75.79 and 75.99, while 1st support hits today at 75.19 and below there at 74.80.

DAILY SUGAR COMMENTARY

03/24/17

In position for at least a technical recovery bounce

Follow-through buying above Wednesday's highs helps to confirm the reversal low pattern for sugar prices, and this is likely to spark at least a temporary low and a recovery bounce ahead. May sugar gained 1.7% on the session yesterday and the turn higher this week is coming from a deeply oversold condition. China's February sugar imports were 182,526 tonnes, which was down from January's 409,700 tonnes but up more than 70% from last February's total. India's sugar output is estimated at 20.0 million tonnes with stockpiles seen at 2.8 to 3.0 million tonnes as of October 1st according to India Trade Association, who also commented that India's sugar imports during the 2016-17 season were likely to be no more than 1.5 million tonnes. The market break into this week's lows was led by excellent weather for the Brazil crop and from fears of a major jump in European Union production with one main trade house indicating EU production up 17% from last year.



TODAY'S MARKET IDEAS:

While May sugar fell from 19.84 as the March 6th high, open interest on the break is up about 30,000 contracts which might point to some funds building a larger net short position on the break. In other words, part of the February-March break was long liquidation and the last few weeks have seen some building of shorts. Near-term support for May sugar is at 17.31 with 18.62 as initial key resistance. Downtrend channel resistance is at 17.79 today, and a move above this level may spark more active spec buying.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

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) 03/24/2017: A bullish signal was given with an upside crossover of the daily stochastics. Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. The close below the 9-day moving average is a negative short-term indicator for trend. Market positioning is positive with the close over the 1st swing resistance. The near-term upside objective is at 18.00. The next area of resistance is around 17.84 and 18.00, while 1st support hits today at 17.35 and below there at 17.00.

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) 03/24/2017: A crossover down in the daily stochastics is a bearish signal. Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. The market's short-term trend is positive on the close above the 9-day moving average. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next downside objective is 179.55. The next area of resistance is around 188.00 and 191.00, while 1st support hits today at 182.30 and below there at 179.55.

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	17.60	30.26	31.01	12.71	14.47	17.47	17.88	18.39	19.60	19.70
CTAK7	77.27	48.71	51.36	40.75	31.54	77.20	77.49	77.60	76.63	75.61
CTAZ7	75.48	59.25	61.22	79.05	74.53	75.30	75.29	75.20	73.99	73.14
CCAK7	2176	75.24	66.85	83.21	91.01	2152.75	2086.00	2003.28	2034.44	2074.03
OJAK7	185.15	65.45	63.06	89.09	85.48	186.83	181.33	175.31	169.88	173.19
KCAK7	140.50	39.44	40.97	41.38	41.52	143.05	142.24	142.28	146.93	146.54
MAH7	15.80	40.68	36.14	15.04	22.20	15.76	15.72	15.84	16.49	16.70

Calculations based on previous session. Data collected 03/23/2017

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	17.00	17.34	17.50	17.84	18.00
CTAK7	Cotton	76.69	76.90	77.43	77.64	78.17
CTAZ7	Cotton	74.79	75.19	75.39	75.79	75.99
CCAK7	Cocoa	2127	2155	2169	2197	2211
OJAK7	Orange Juice	179.50	182.25	185.25	188.00	191.00
KCAK7	Coffee	138.30	139.35	140.60	141.64	142.89
MAH7	Milk	15.79	15.79	15.80	15.80	15.81

Calculations based on previous session. Data collected 03/23/2017

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

***This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Opinions expressed are subject to change without notice. Any information or recommendation contained herein: (i) is not based on, or tailored to, the commodity interest or cash market positions or other circumstances or characterizations of particular investors or traders; (ii) is not customized or personalized for any such investor or trader; and (iii) does not take into consideration, among other things, risk tolerance, net worth, or available risk capital. Any use or reliance upon the information or recommendations is at the sole discretion and election of the subscriber. The risk of loss in trading futures contracts or

commodity options can be substantial, and traders should carefully consider the inherent risks of such trading in light of their financial condition. Any reproduction or retransmission of this report without the express written consent of Lakefront Futures is strictly prohibited.