



DAILY SOFTS CURRENCY COMMENTARY
Monday April 17, 2017

DAILY COCOA COMMENTARY
04/17/17

Fund traders building up a short position with trend down

After three sessions of consolidation, cocoa's lackluster price action to finish last week's trading indicates that the market will need to see much more positive demand news to offset a bearish supply outlook. July cocoa finished with a heavy loss and a new 1-month low on Thursday. For the week the market lost 92 points. A double-digit gain for Malaysian first quarter grindings bodes well for the upcoming Asian first quarter grindings release and indicates that emerging market demand continues to improve. Even with the additional help of a stronger Eurocurrency and British Pound, however, cocoa prices have been unable to overcome market expectations for sizable West African production this season. While the region's mid-crop harvest is already underway, it may take until late May to gauge whether output will be strong enough to boost Ivory Coast full-season production up towards the 2 million tonne level. Keep in mind that last year's El Nino has its most negative impact on 2015/16 mid-crop production, so Ivory Coast and Ghanaian output over the next few weeks should in all likelihood come in ahead of last year's levels. Cocoa's net spec short position saw a sizable increase in the latest COT report, but it remains below the multi-year highs seen early last month. The Commitments of Traders reports as of April 11th showed Non-Commercial traders were net short 15,949 contracts, an increase of 6,216 contracts for the week and the selling trend is bearish. Non-Commercial and Nonreportable combined traders held a net short position of 7,698 contracts, up 5,737 contracts for the week.



TODAY'S MARKET IDEAS:

Until the market can digest Asian and North American grindings totals, cocoa prices may need a bullish shift in near-term West African supply news to sustain any bounce. Near-term support for July cocoa is at 1891 while resistance is at 1961.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Long July Cocoa 2100/2300 bull call spread from 46 with an objective of 172. Risk to 9.

Commitment of Traders - Futures and Options - 4/4/2017 - 4/11/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Cocoa	-15,949	-6,216	7,698	+5,737	8,251	+479

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 (JUL) 04/17/2017: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's short-term trend is negative as the close remains below the 9-day moving average. The market is in a bearish position with the close below the 2nd swing support number. The next downside objective is

1869. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 1944 and 1986, while 1st support hits today at 1886 and below there at 1869.

DAILY COFFEE COMMENTARY

04/17/17

Bullish longer-term supply outlook helps support

Coffee prices have spent most of April so far bouncing around a 6 cent trading range, but at least have been able to hold their ground above the March/April lows. July coffee was once again unable to sustain an upside move Thursday, but managed to finish with a modest gain. For the week, however, July coffee finished with a loss of 1.15 cents (0.8% lower). Decent weather over Arabica-growing regions in Brazil's state of Minas Gerais and Sao Paulo have improved the production outlook, but Brazilian output is still looking at a hefty decline due to the 2017/18 season being an "off-year" in their biannual crop cycle. Colombia's coffee production has been improving in recent seasons but may be getting close to a plateau as the last few years have result in output total between 14.0 and 14.5 million bags. Vietnamese near-term supply remains fairly tight well after their harvest has been completed, which has offset the start of the Indonesian harvest. In spite of the Dollar's sharp selloff, coffee's demand outlook has been dampened by the negative shift in risk sentiment. ICE exchange coffee stocks rose by 987 bags on Thursday, but that put them above the 1.4 million bag level for the first time since the spring of 2016 which underscores lukewarm demand since the start of this year. The Commitments of Traders reports as of April 11th showed Non-Commercial traders were net long 13,249 contracts, an increase of 1,260 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 16,381 contracts, up 969 contracts for the week.



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TODAY'S MARKET IDEAS:

Even if global risk appetites show improvement, coffee prices are still likely to remain on a bumpy ride early this week. However, there should be enough underlying support from a bullish longer-term supply outlook for coffee to hold its ground. Near-term support for July coffee is at 139.35 while resistance is at 143.40.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 4/4/2017 - 4/11/2017

	Non-Commercial		Net Position	Commercial		Non-Reportable	
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	Weekly Net Change	
Softs							
Coffee	13,249	+1,260	-16,381	-969	3,132	-291	

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.

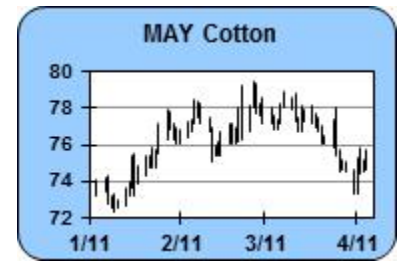
COFFEE (JUL) 04/17/2017: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. It is a slightly negative indicator that the close was lower than the pivot swing number. The next upside target is 143.06. The next area of resistance is around 142.07 and 143.06, while 1st support hits today at 140.43 and below there at 139.77.

DAILY COTTON COMMENTARY

04/17/17

Supply fundamentals look sloppy but demand remains positive

The market closed a bit higher on Thursday and is trading a little higher overnight finding support from a weaker US dollar. The West Texas region did not receive the heavy rains which were expected over the weekend and this might have helped to support. There are still rains in the 7-day forecast for the region of about 1/2 of an inch. Strong weekly export sales helped to support the market on Thursday. Net weekly export sales came in at 307,200 running bales for the current marketing year and 204,200 for the next marketing year for a total of 511,400. As of April 6, cumulative cotton sales stand at 99.1% of the USDA forecast for 2016/2017 (current) marketing year versus a 5 year average of 94.1%. Sales are running well ahead of the new and adjusted higher export outlook from the USDA. The Commitments of Traders reports as of April 11th showed Non-Commercial traders were net long 95,996 contracts, a decrease of 12,852 contracts for the week and the long liquidation selling trend is a short-term bearish force. Non-Commercial and Nonreportable combined traders held a net long position of 97,182 contracts, down 12,361 contracts for the week. Even index funds were sellers. Commodity Index traders held a net long position of 62,670 contracts, down a significant 2,873 contracts for the week.



TODAY'S MARKET IDEAS:

A weaker dollar, a bounce in soybeans and less rain than expected in Texas might help the market bounce but the trend still looks down unless new crop supply is threatened. Close-in selling resistance for July cotton is at 77.23 and 77.80. The next downside targets are 74.58 and then 71.20.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 4/4/2017 - 4/11/2017

	Non-Commercial		Commercial		Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Cotton	95,996	-12,852	-97,181	+12,362	1,186	+491

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) 04/17/2017: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's close above the 9-day moving average suggests the short-term trend remains positive. Since the close was above the 2nd swing resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The next upside objective is 76.48. The next area of resistance is around 76.16 and 76.48, while 1st support hits today at 75.08 and below there at 74.33.

COTTON (DEC) 04/17/2017: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. 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 objective is at 74.02. The next area of resistance is around 73.73 and 74.02, while 1st support hits today at 73.11 and below there at 72.77.

DAILY SUGAR COMMENTARY

04/17/17

Big Brazilian output continues to weigh on price

Sugar prices have lost nearly 19% in value since their downtrend began in late February, due in part to the market's inability to sustain upside momentum. July sugar reached a new 1 1/2 week high early Thursday but finished with an outside-day session with a moderate loss. For the week, July sugar finished with a relatively modest loss of 17 ticks (1.0% lower) that was nonetheless a ninth negative weekly result in the past ten weeks. A major European trade house forecast sugar prices would slide to 16.00 cents by mid-year and would finish 2017 around that area, due in part to sizable output from Brazil this season. Brazil's Center-South harvest has not reached full speed due to weather delays, but will have mostly dry weather after today to next weekend.



Some analysts feel that a slower early harvesting pace may actually lead to higher Center-South sugar production as more cane will be harvested at a point when yields are higher. Sugar was able to find some measure of support from a slumping Dollar, as that will ease pressure on Brazilian exporters to market their early season supply to foreign customers. Sugar's net spec long position saw another moderate decline in the latest COT report, but at nearly 80,000 contracts, remains large enough to fuel additional long liquidation if risk sentiment remains subdued. The Commitments of Traders reports as of April 11th showed Non-Commercial traders were net long 85,011 contracts, a decrease of 997 contracts. Non-Commercial and Nonreportable combined traders held a net long position of 79,906 contracts, down 5,551 contracts for the week and the selling trend is bearish.

TODAY'S MARKET IDEAS:

The outside day down may lead to downside follow-through early today, so sugar will need to see stronger risk appetites to find footing. Unless there are further difficulties with Brazilian cane harvesting and crushing, sugar will have difficulty lifting decisively clear of these current price levels. Near-term resistance for July sugar is at 16.78 with 15.87 as next downside target.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 4/4/2017 - 4/11/2017

	Non-Commercial		Commercial		Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Sugar	85,011	-997	-79,905	+5,552	-5,105	-4,554

SUGAR TECHNICAL OUTLOOK:

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SUGAR (JUL) 04/17/2017: Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. The close below the 9-day moving average is a negative short-term indicator for trend. A negative signal was given by the outside day down. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next upside target is 17.28. The next area of resistance is around 16.85 and 17.28, while 1st support hits today at 16.28 and below there at 16.13.

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) 04/17/2017: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market could take on a defensive posture with the daily

closing price reversal down. The market tilt is slightly negative with the close under the pivot. The near-term upside target is at 165.85. The next area of resistance is around 163.10 and 165.85, while 1st support hits today at 158.40 and below there at 156.40.

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										
SBAN7	16.57	34.20	32.38	19.51	22.03	16.67	16.57	16.97	18.29	18.78
CTAK7	75.62	49.75	47.95	23.48	32.80	75.13	74.85	75.90	76.68	76.38
CTAZ7	73.42	44.90	44.65	26.03	30.31	73.31	73.18	73.97	74.43	73.92
CCAN7	1915	24.54	32.54	24.78	11.75	1958.50	2029.67	2082.83	2024.42	2048.98
OJAK7	160.75	39.77	41.46	29.10	31.30	162.81	161.17	168.18	169.42	168.46
KCAN7	141.25	45.84	44.22	33.04	37.02	141.60	140.98	141.70	144.89	147.21
MAK7	15.20	42.60	41.92	30.07	27.20	15.24	15.32	15.46	15.95	16.31

Calculations based on previous session. Data collected 04/13/2017

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						
SBAN7	Sugar	16.12	16.27	16.70	16.85	17.28
CTAK7	Cotton	74.33	75.08	75.41	76.16	76.48
CTAZ7	Cotton	72.76	73.10	73.39	73.73	74.02
CCAN7	Cocoa	1868	1885	1927	1944	1986
OJAK7	Orange Juice	156.35	158.35	161.10	163.10	165.85
KCAN7	Coffee	139.76	140.42	141.41	142.07	143.06
MAK7	Milk	14.90	15.01	15.28	15.39	15.66

Calculations based on previous session. Data collected 04/13/2017

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