



DAILY SOFTS CURRENCY COMMENTARY Monday April 24, 2017

DAILY COCOA COMMENTARY 04/24/17

Outside market forces support more active buying

The cocoa market will need to show evidence that West African production is not as strong as trade forecasts in order to see follow-through buying support ahead. July cocoa shook off early pressure on Friday and posted a sizable gain. In spite of bouncing over 90 points above last Thursday's contract low, July cocoa finished with a weekly loss of 65 points (3.4% lower) as it had a negative result for a fourth consecutive week. Cocoa should benefit from a "risk on" mood in global markets after the first round of French Presidential voting went as expected which in turn gave the Eurocurrency a sizable boost. Market focus will shift back towards the supply side, and in particular Ivory Coast output that is running well ahead of last season's pace.



Ghana's Cocoa Board will remove and replant 11 million trees on farms in their northwestern and eastern regions as diseased trees will be removed, with a survey showing 17% of them were affected by swollen shoot disease. The Ivory Coast was forced to reduce their 2017 budget by 10% after cocoa prices slumped this year, but there were reports over the weekend that the IMF will provide budget support over the coming months. While lower cocoa prices hurt Ivory Coast's income, expenses have soared as the government has tried to defuse military and social unrest while also dealing with exporter defaults. The Commitments of Traders reports as of April 18th showed Non-Commercial traders were net short 23,026 contracts, an increase of 7,077 contracts for the week. Non-Commercial and Nonreportable combined traders held a net short position of 13,026 contracts, up 5,328 contracts for the week.

TODAY'S MARKET IDEAS:

Cocoa should receive decent support from much lower Euro zone risk anxiety and a sharply higher Eurocurrency. However, the market will need to see West African output stay at current or lower levels into late May to believe that full-season production will be unable to reach current market forecasts. Near-term support for July Cocoa is at 1808 with resistance at 1899 and 1943.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

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

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) 04/24/2017: The daily stochastics gave a bullish indicator with a crossover up. Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. A negative signal for trend short-term was given on a close under the 9-bar moving average. Market positioning is positive with the close over the 1st swing resistance. The next upside target is 1904. The next area of resistance is around 1884 and 1904, while 1st support hits today at 1816 and below there at 1767.

DAILY COFFEE COMMENTARY

04/24/17

Positive outside forces but long liquidation last week

Lukewarm demand has become a front and center issue for the coffee market and has more than offset a sharp decline in upcoming Brazilian production. While demand concerns are not going away anytime soon, a positive shift in risk appetites may put some brakes on coffee's downdraft early this week. July coffee traded to a moderate loss on Friday and for the week, finished with a loss of 8.35 cents (down 5.9%) which is the biggest weekly decline since the first week of December. ICE exchange coffee stocks rose by 2,850 bags on Friday and at 1.408 million with one week left in April are on course for a fourth monthly increase in a row. This follows the multi-decade high seen in US green coffee stocks at the end of March. An Asian trade house forecast that this season's Brazilian coffee production could fall 15% to 20% from last season, which would be a 7.5 to 10 million bag decline that would be larger than the normal 5 to 6 million bag output cut seen during the "off-year" in their biannual crop cycle. Uganda coffee exports were estimated 2.25 million bags, up 35% from last year's 1.67 million bags which will go some way to offset the lack of Robusta supply from Brazil and Vietnam. The Commitments of Traders reports as of April 18th showed Non-Commercial traders were net long 19,931 contracts, an increase of 6,682 contracts. Non-Commercial and Nonreportable combined traders held a net long position of 22,106 contracts, up 5,725 contracts for the week and the buying left the market overbought.



TODAY'S MARKET IDEAS:

Stronger risk appetites after the French election results could help coffee prices to lift clear of last Friday's low for the move, but the market will need additional help on the demand front in order to climb back towards its recent consolidation zone. July coffee near-term support is at 131.60, with resistance up at 137.20.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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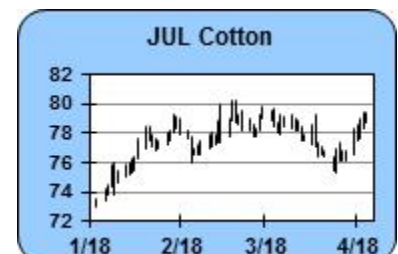
COFFEE (JUL) 04/24/2017: The downside crossover (9 below 18) of the moving averages suggests a developing short-term downtrend. Momentum studies are declining, but have fallen to oversold levels. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market's close below the pivot swing number is a mildly negative setup. The next downside target is now at 129.45. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 134.75 and 136.85, while 1st support hits today at 131.05 and below there at 129.45.

DAILY COTTON COMMENTARY

04/24/17

Bullish stock market action provides more demand support

The clash of supportive demand for US cotton with a bearish outlook for the 2017/18 season ahead continues. US exports for the 2016/17 season should be revised higher again in the next supply/demand update which will pull ending stocks lower. However, the May reports also give the first view of the new crop season. With a surge in US planted area and expected increases in production for China, India and Pakistan, the new crop outlook should carry a bearish tilt. July cotton closed 22 higher on the session Friday and managed to gain 279



points (up 3.6%) for the week. May cotton closed sharply lower on Friday. The Commitments of Traders reports as of April 18th showed Non-Commercial traders were net long 98,160 contracts, an increase of 2,164 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 102,288 contracts, up 5,106 contracts for the week and the hefty net long position suggests that the market is overbought. The record net long position is 140,759 contracts.

TODAY'S MARKET IDEAS:

The technical action remains positive and there is no sign of a top, but the upside seems limited. Strong export demand has supported the rally and traders will monitor if the export pace slows due to recent higher prices. Until weather becomes an issue and the focus of attention shifts to the more burdensome supply outlook for the new crop season, the short-term trend remains up. July cotton support comes in at 78.38 and 77.80, with 80.27 and 82.14 as next resistance. If support fails, the trend may be turning down.

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) 04/24/2017: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's close above the 9-day moving average suggests the short-term trend remains positive. It is a slightly negative indicator that the close was under the swing pivot. The next upside objective is 81.00. The next area of resistance is around 79.89 and 81.00, while 1st support hits today at 78.08 and below there at 77.37.

COTTON (DEC) 04/24/2017: The upside crossover (9 above 18) of the moving averages suggests a developing short-term uptrend. Momentum studies are trending higher but have entered overbought levels. The market's short-term trend is positive on the close above the 9-day moving average. The close over the pivot swing is a somewhat positive setup. The next upside objective is 75.19. The next area of resistance is around 75.11 and 75.19, while 1st support hits today at 74.81 and below there at 74.58.

DAILY SUGAR COMMENTARY

04/24/17

Could see recovery bounce and risk appetites; Index funds buy

Sugar still remains at the bottom of its February/April downtrend, but has managed to avoid a downside breakout of its recent consolidation zone after threatening to do so over much of last week's trading. Stronger risk appetites early this week may lift prices towards their recent highs, but the market needs to find more bullish supply/demand news in order to sustain a recovery move. July sugar had a bumpy ride on Friday before finishing the day with a moderate gain. For the week, July sugar finished with a loss of 6 ticks after trading in a 72 tick range. Chinese sugar imports during March were up a sizable 43.9% over last year's total and were up 47.7% for the first quarter over last year's comparable total. While this may reflect a crackdown on smuggling sugar supplies from Myanmar, the steep increase over 2017 levels has also occurred during a period when Chinese state sugar reserves were being sold. India's 2017/18 sugar output was estimated at 23.5 million tonnes by consulting firm Datagro, which is down from their previous estimate of 25-26 million tonnes due to adverse weather in the production areas of Maharashtra and Karnataka. However, that reflects a sizable uptick in output from this season's sub-20 million tonne production total.



Datagro's latest forecast for the 2017/18 global sugar supply/demand balance is from a surplus of 2.2 million

tonnes to a deficit of 1.5 million tonnes, which compares to many other trade estimates that firmly expect a surplus from 2.5 million tonnes to 5 million tonnes. The Commitments of Traders reports as of April 18th showed Non-Commercial traders were net long 87,484 contracts, an increase of 2,473 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 79,289 contracts, down 617.

TODAY'S MARKET IDEAS:

Commodity Index traders held a net long position of 183,946 contracts, up a significant 16,864 contracts in just one week. Sugar prices should receive a mild boost as risk appetites improve again after the French election results. However, the market needs to find additional bullish supply/demand news in order to lift clear of its recent consolidation zone. Near-term resistance for July sugar is at 16.95 and 17.17. Support is at 16.44 and 16.22. Another swing down would leave 15.79 as the next downside target.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (JUL) 04/24/2017: The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. The close below the 9-day moving average is a negative short-term indicator for trend. The upside closing price reversal on the daily chart is somewhat bullish. The market has a slightly positive tilt with the close over the swing pivot. The next upside objective is 16.86. The next area of resistance is around 16.68 and 16.86, while 1st support hits today at 16.34 and below there at 16.17.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (MAY) 04/24/2017: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. It is a slightly negative indicator that the close was under the swing pivot. The near-term upside target is at 164.35. The next area of resistance is around 161.90 and 164.35, while 1st support hits today at 158.05 and below there at 156.60.

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	16.51	39.50	36.60	25.11	26.54	16.57	16.61	16.70	17.89	18.48
CTAK7	78.98	64.95	61.10	65.40	77.96	78.39	76.79	76.16	76.76	76.71
CTAZ7	74.96	65.20	59.18	65.23	82.92	74.67	74.02	73.80	74.45	74.18
CCAN7	1850	30.19	33.23	15.60	17.24	1859.50	1911.00	2003.06	2014.13	2023.10
OJAK7	160.00	41.73	42.70	45.61	50.77	162.71	162.33	162.06	168.83	168.31
KCAN7	132.90	27.10	31.19	34.67	20.19	138.35	140.37	140.66	143.78	145.69
MAK7	15.64	59.44	52.95	29.71	39.59	15.34	15.27	15.40	15.74	16.12

Calculations based on previous session. Data collected 04/21/2017

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	16.16	16.33	16.51	16.68	16.86
CTAK7	Cotton	77.37	78.08	79.19	79.89	81.00
CTAZ7	Cotton	74.57	74.80	74.88	75.11	75.19
CCAN7	Cocoa	1766	1815	1835	1884	1904
OJAK7	Orange Juice	156.55	158.00	160.45	161.90	164.35
KCAN7	Coffee	129.45	131.05	133.15	134.75	136.85
MAK7	Milk	15.22	15.46	15.57	15.81	15.92

Calculations based on previous session. Data collected 04/21/2017

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