



DAILY SOFTS CURRENCY COMMENTARY

Friday November 25, 2016

DAILY COCOA COMMENTARY

11/25/16

In position to bounce as cheap price might spark demand

March cocoa traded lower on Wednesday and finished with a minimal loss. The market has been trading in a sideways pattern for the last seven sessions that has kept the market well clear of the multi-year low posted last Thursday. A major global trade house named cocoa as its most bullish bet for 2017 and while they point out the possibility of a second consecutive global production surplus for 2017-18, they also believe the potential of improving demand and feel that sales growth could continue to rise in Asia. Keep in mind that average cocoa prices during the fourth quarter are over 300 points below their third quarter average, and are roughly 600 points below their average for the fourth quarter of 2015 which may prompt end-users to stock up on cocoa beans while they are at multi-year low levels.



TODAY'S MARKET IDEAS:

It will take a close over 2425 for March cocoa to close higher for the week. Support for March cocoa comes in at 2397 and 2385, with 2480 and 2517 as resistance. Key downtrend channel resistance comes in at 2560 today and 2552 on Monday. It will take a move above this channel to turn the trend.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Long March Cocoa 2600 call from 39 with an objective of 119. Risk to 17.

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 (MAR) 11/25/2016: The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. The close above the 9-day moving average is a positive short-term indicator for trend. The market tilt is slightly negative with the close under the pivot. The near-term upside target is at 2478. The next area of resistance is around 2461 and 2478, while 1st support hits today at 2417 and below there at 2391.

DAILY COFFEE COMMENTARY

11/25/16

In position to find short-term low soon; 157.50 possible

While global demand remains good, a lack of fresh bullish supply news has left the coffee market vulnerable to additional long liquidation as speculators still hold a very large net long position. March coffee traded to a new 7 week low at 157.50 (more than 2.6% lower) on Wednesday before finishing with a heavy loss, a new low for the move and the first close below its 50-day moving average since October 6th. Coffee was under pressure on speculation that



Brazil may allow imports of Robusta beans stored in other countries, which would ease their domestic shortage caused by a poor crop this season. In addition, the harvest in Vietnam is reaching full speed after early delays, so bean deliveries should accelerate over the next few weeks. This should provide a clear picture on this season's crop that still has a wide range of forecast more than one month after the traditional start of their harvest.

Rains in Brazil are improving prospects for next year's crop, which is the "off-year" of their biannual cycle which should have a much larger impact on their Arabica production due to the issues in Robusta-growing regions. There was a recent projection from a major global trade house that coffee, which was one of this year's top performing commodities, would be their most bearish bet for 2017. While they forecast another global supply deficit during the 2017/18 season, they feel that weakness in emerging markets currencies will encourage producers in key coffee-growing nations (especially Brazil and Colombia) to market their supplies to foreign customers. China imported 5,780 tonnes in October, down 9.2% from last year and this left cumulative imports for 2016 of 6,655 tonnes, up 37.1% from last year.

TODAY'S MARKET IDEAS:

The market has fully corrected the overbought condition of early November and traditional technical indicators are oversold. While open interest is down significantly, the market may see additional selling. There is no sign of a short-term low yet but 157.50 is a key retracement support level. If this cannot hold, 150.70 is 50% of the February to November rally. Watch for a sign of a low soon.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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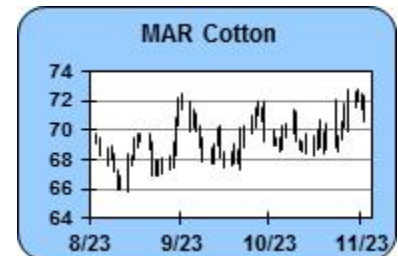
COFFEE (MAR) 11/25/2016: The close under the 60-day moving average indicates the longer-term trend could be turning down. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's short-term trend is negative as the close remains below 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 now at 154.60. The next area of resistance is around 159.70 and 162.60, while 1st support hits today at 155.70 and below there at 154.60.

DAILY COTTON COMMENTARY

11/25/16

Big picture demand fundamentals improving; uptrend at 69.12

A set-back to the key uptrend off of the contract low might be a good buying opportunity. News of higher quality and higher yielding West Texas crop might have helped to spark some selling on Wednesday and traders remain concerned with the very strong US dollar and the impact on exports. While there is a short-term slowdown in apparel sales in India due to cash crunch, traders are turning more optimistic over possible increase in demand in the US and China. There is a tendency to see increased bedding, curtains and furniture purchases when consumers move to a new home. Existing family home sales jumped 2% in October to a seasonally adjusted rate of 5.6 million units. This was much higher than expected and is up 5.9% from October of 2015 and also the strongest sales pace since February 2007. China imported 41,334 tonnes of cotton in October, down 1.8% from last year and this left cumulative imports for 2016 of 699,828 tonnes, down 41.8% from last year. While this is a bearish set-up, keep in mind that China state sales from their reserves have ended for this season and will not start up again until March 6th.



TODAY'S MARKET IDEAS:

The news of China halting reserve sales for the next 3 1/2 months might provide some support. The market is overbought short-term basis the COT report and basis traditional technical indicators. March cotton resistance is at 72.27 and 73.36, with 70.49 as support. Uptrend channel support off of the contract low is at 69.12 today. Consider buying a correction or a test of the uptrend.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

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COTTON (MAR) 11/25/2016: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. 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 target is at 73.24. The next area of resistance is around 72.48 and 73.24, while 1st support hits today at 70.80 and below there at 69.87.

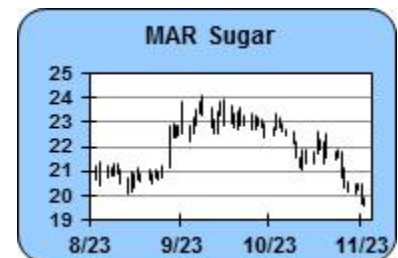
COTTON (MAY) 11/25/2016: Momentum studies are trending higher but have entered overbought levels. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market setup is somewhat negative with the close under the 1st swing support. The near-term upside target is at 73.86. The next area of resistance is around 73.13 and 73.86, while 1st support hits today at 71.49 and below there at 70.57.

DAILY SUGAR COMMENTARY

11/25/16

Oversold; long liquidation from emerging market currencies

Sugar price are still struggling to find their footing with a lack of fresh bullish supply news, and may be vulnerable to further long liquidation. March sugar traded to a new low for the move on Wednesday and finished with a moderate loss and its lowest close since early August. Sugar was pressured by a weaker Brazilian currency as its recovery move appears to have run out of steam. The market is still in a liquidation phase as the Non-Commercial and Non-Reportable combined net position was long 307,865 contracts in the latest COT report, which is down from an all-time high of 408,616 contracts but is still very large for an Ag commodity. Traders expect production to trail consumption by 5-6 million tonnes this season. Keep in mind that the recent upsurge in prices has encouraged Brazilian mills to emphasize sugar production over ethanol, and that may be subject to change if sugar continues to slide lower while crude oil makes a longer-term rebound. China imported 105,042 tonnes in October, down 70.5% from last year and this left cumulative imports for 2016 of 2.71 million tonnes, down 33.7% from last year.



TODAY'S MARKET IDEAS:

There is still no sign of a short-term low but technical indicators are reaching oversold levels. There is some key support near the 19.58-19.50 zone. Resistance is at 20.72 and 21.08. Watch for signs of a short-term low soon.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (MAR) 11/25/2016: Daily stochastics are trending lower but have declined into oversold territory. 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 lower than the pivot swing number. The next downside target is now at 19.34. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 19.74 and 19.97, while 1st support hits today at 19.42 and below there at 19.34.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (JAN) 11/25/2016: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market's short-term trend is positive on the close above the 9-day moving average. The market setup is supportive for early gains with the close over the 1st swing resistance. The next downside target is 207.80. The next area of resistance is around 214.70 and 217.55, while 1st support hits today at 209.85 and below there at 207.80.

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										
SBAH7	19.58	21.61	27.62	10.07	4.93	19.96	20.54	21.14	22.27	22.03
CTAH7	71.64	59.45	57.97	75.19	81.00	72.12	71.28	70.20	69.89	69.57
CTAK7	72.31	60.69	59.05	77.70	83.25	72.77	71.91	70.81	70.36	69.98
CCAH7	2439	36.80	34.36	18.49	22.93	2433.75	2427.67	2484.33	2613.13	2667.38
OJAF7	212.25	51.82	53.65	33.39	32.46	211.94	210.64	214.81	205.47	202.20
KCAH7	157.70	32.92	40.14	18.06	10.25	161.24	162.91	166.55	161.37	159.76
MAZ6	16.86	63.41	63.55	83.40	81.38	16.98	16.68	16.51	15.80	15.89

Calculations based on previous session. Data collected 11/23/2016

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						
SBAH7	Sugar	19.33	19.42	19.65	19.74	19.97
CTAH7	Cotton	69.86	70.79	71.55	72.48	73.24
CTAK7	Cotton	70.56	71.48	72.21	73.13	73.86
CCAH7	Cocoa	2390	2417	2434	2461	2478
OJAF7	Orange Juice	207.75	209.80	212.65	214.70	217.55
KCAH7	Coffee	154.60	155.70	158.60	159.70	162.60
MAZ6	Milk	16.57	16.69	16.89	17.01	17.22

Calculations based on previous session. Data collected 11/23/2016

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