



DAILY SOFTS CURRENCY COMMENTARY

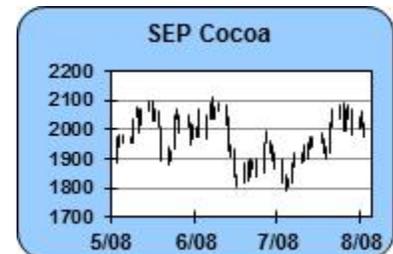
Thursday August 10, 2017

DAILY COCOA COMMENTARY

08/10/17

In position for uptrend due to smaller production outlook

The bounce off of key support for September cocoa at 1976 yesterday leaves the appearance that a short-term low may be in place. If the forecasts for a sharp drop in Ivory Coast production for the Oct-Dec time frame are close to correct, the market may see tighter than expected supply in a period of expanding demand. Grinders seem to have the positive margins to support higher demand for beans just ahead and the global economy seems to have seen better economic growth than expected. September cocoa traded down to 1971 early yesterday (down over 2.3% and the lowest since July 27th) before closing just slightly lower on the day. Ivory Coast arrivals for the week of July 31st to August 6th were seen at 16,000 tonnes compared to 13,000 tonnes a year ago. The total for the season that started on October 1st is 1.916 million tonnes compared to 1.527 million tonnes last year. Nigeria's cocoa port arrivals continue to be delayed by damaged roads that lead into the port of Lagos.



TODAY'S MARKET IDEAS:

The clash of burdensome short-term supply and improving demand continues but the outlook for a sharp decline in new crop production from the Ivory Coast leaves a bullish tilt to the market. Close-in support for September cocoa is at 1976 with 2030 and 2045 as resistance. Clearing resistance would be seen as a bullish technical development and leave 2135 as next target.

NEW RECOMMENDATIONS:

* Buy December cocoa 2150 call at 56 with an objective of 149. Risk a total of 30 points from entry.

PREVIOUS RECOMMENDATIONS:

None.

COCOA TECHNICAL OUTLOOK:

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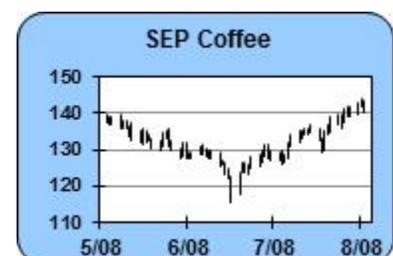
COCOA (DEC) 08/10/2017: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. The market's close below the pivot swing number is a mildly negative setup. The next downside target is 1959. The next area of resistance is around 2028 and 2052, while 1st support hits today at 1982 and below there at 1959.

DAILY COFFEE COMMENTARY

08/10/17

Too overbought and longer-term supply view is bearish; correct

Open interest is down sharply since the July 25th lows and this points to short-covering as a primary positive force for the recent advance. This is not a good



foundation for an extended move higher. Brazil's July green coffee exports fell to 1.5 million bags from last year's 1.6 million bags. The International Coffee Organization raised their 2016-17 coffee output forecast to 153.9 million bags from 151.6 million bags. The Arabica output was estimated at 97.3 million bags with Robusta estimated at 56.6 million bags. The organization cited upgrades in Indonesia's output to 11.5 million bags from 10.0 million bags for the revision. Uganda will offer as much as \$900 million in loans to the coffee industry in order to try and boost output fivefold by 2030. The country will develop a coffee financing program with the central bank and Treasury by 2020 to provide credit to farmers, coffee businesses and investors according to the Uganda Coffee Development Authority. The country plans to increase output to 20 million bags by 2025 up from the current 4 million bag output. ICE deliverable certified stocks increased by 6,174 bags to 1.565 million bags which is a short-term negative force. Traders await any further old crop production or quality issues out of Brazil for further support. Once focus shifts to the new crop season, traders suspect a jump in Vietnam production for the harvest which begins in October and also the potential for a huge Brazil crop next year.

TODAY'S MARKET IDEAS:

The highly sensitive weather period for the new Brazil crop will be September as the traders monitor flowering. The market overbought condition is near extreme and the sharp drop in open interest is seen as a slight negative as the short-covering phase could be near complete. Key resistance for September coffee is at 145.30 with technical support back at 138.25 and then 136.55. Key uptrend channel support comes in at 136.70.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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COFFEE (SEP) 08/10/2017: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's short-term trend is positive on the close above the 9-day moving average. The market tilt is slightly negative with the close under the pivot. The next upside objective is 145.38. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 144.22 and 145.38, while 1st support hits today at 141.08 and below there at 139.09.

DAILY COTTON COMMENTARY

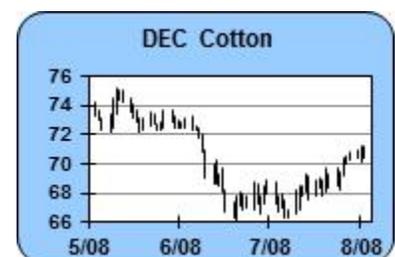
08/10/17

USDA Today to set tone; bullish estimates could disappoint

The technical action remains positive but indicators are in an overbought status ahead of weekly export sales report early today and the August USDA Crop Production and Supply/Demand update for release during the session. Traders suspect that exports will be revised higher for the 2016/17 season and for the 2017/18 season. Old crop exports look higher, which could pull ending stocks for the 16/17 season down to near 3 million bales from 3.2 million in July.

However, new crop ending stocks were at 5.3 million bales in July and if there is any adjustment higher in yield or in harvested acres, it will be hard to expect ending stocks below 5.0 million bales. Traders expect ending stocks at 4.8 million bales for the report today, so the bar seems to be set low for the bears.

Crop conditions are improving. World ending stocks are expected to be down about 400,000 bales from 88.7 million bales last month. World consumption was 117 million bales last month and traders see the possibility of an increase of up to 500,000 bales due to strong global economy. Certified deliverable stocks continue to slide and reached 20,135 bales from 22,338 the previous session. Talk of pest and flooding issues for the India crop has helped to provide underlying support. Planted area through August 4th was 11.43 million hectares, up 18% from



last year.

TODAY'S MARKET IDEAS:

There is still no sign of a near-term peak and the market is likely to follow the results of the USDA report for release at mid-session today. The next key resistance is at 72.06 for December cotton with key support at 69.81. Technical indicators are showing overbought status with slow stochastics at 93 and 88.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

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COTTON (OCT) 08/10/2017: 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside target is 72.36. The next area of resistance is around 72.14 and 72.36, while 1st support hits today at 71.50 and below there at 71.07.

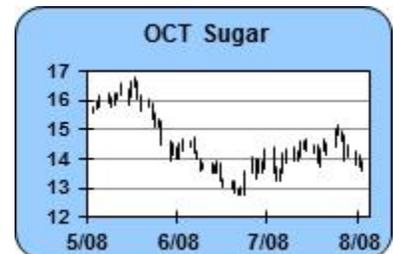
COTTON (DEC) 08/10/2017: Rising stochastics at overbought levels warrant some caution for bulls. The close above the 9-day moving average is a positive short-term indicator for trend. The downside closing price reversal on the daily chart is somewhat negative. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 71.74. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 71.50 and 71.74, while 1st support hits today at 70.72 and below there at 70.17.

DAILY SUGAR COMMENTARY

08/10/17

Short-term trend down with global production surplus ahead

With October sugar closing lower for seven consecutive days, the technical picture remains bearish. While some of the August slide in sugar prices is the result of emerging geopolitical growth headwinds, the sugar market is also seeing bearish internal supply and demand developments. In fact Petrobras has cut their diesel and gasoline price effective yesterday and that could increase diesel/gasoline use and decrease ethanol demand. Another issue pressuring prices is an extension of dry weather in Brazil's center South region as conditions continue to accelerate harvest activity. If the charts weren't negative and the near term trend wasn't pointing downward, the sugar market might have found some support from a private long-term sugar report which covers the influence of China on the sugar market out to 2025. In fact rising demand for commodities like sugar is an accepted reality by most traders when presented with Chinese involvement in a market. It should also be noted that sugar in the month of August appears to have established a very tight correlation with crude oil and gasoline prices again but it could take a definitive recovery rally in gasoline to think about energy action actually managing to reverse the downward path in sugar. Australia production was less effected by cyclone than expected.



TODAY'S MARKET IDEAS:

Excellent weather in Brazil plus the outlook for big crops in Europe and India this season has helped to keep the market in a short-term downtrend. Bear spreads pushed to a new low which adds to the bearish tone. The close under 13.66 is bearish for October sugar and suggests a test of the June 28th-29th lows. Resistance is at 13.95 and 14.24.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (OCT) 08/10/2017: Momentum studies are declining, but have fallen to oversold levels. 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 next downside objective is now at 13.39. The next area of resistance is around 13.79 and 14.00, while 1st support hits today at 13.49 and below there at 13.39.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (SEP) 08/10/2017: The cross over and close above the 40-day moving average is an indication the longer-term trend has turned positive. Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside objective is 130.40. The next area of resistance is around 134.85 and 135.95, while 1st support hits today at 132.10 and below there at 130.40.

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										
SBAV7	13.64	34.66	40.63	39.12	19.45	13.86	14.30	14.29	13.94	14.34
CTAV7	71.82	65.24	59.73	77.98	81.18	71.49	71.24	70.23	70.18	71.43
CTAZ7	71.11	73.66	65.18	90.25	94.21	70.85	70.10	69.27	68.99	70.04
CCAZ7	2005	47.19	50.19	67.03	55.74	2024.00	2054.33	2016.94	1979.49	1992.52
OJAU7	133.40	51.52	50.58	61.46	59.91	133.60	133.52	131.98	133.59	134.12
KCAU7	142.65	72.87	68.02	90.69	91.99	141.90	140.34	137.38	131.14	131.38
MAU7	16.94	52.66	51.27	44.96	38.59	16.69	16.96	16.85	16.95	17.05

Calculations based on previous session. Data collected 08/09/2017

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						
SBAV7	Sugar	13.38	13.48	13.69	13.79	14.00
CTAV7	Cotton	71.06	71.49	71.71	72.14	72.36
CTAZ7	Cotton	70.16	70.71	70.95	71.50	71.74
CCAZ7	Cocoa	1958	1981	2005	2028	2052
OJAU7	Orange Juice	130.35	132.05	133.15	134.85	135.95
KCAU7	Coffee	139.08	141.07	142.23	144.22	145.38
MAU7	Milk	16.28	16.67	16.81	17.20	17.34

Calculations based on previous session. Data collected 08/09/2017

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