



DAILY SOFTS CURRENCY COMMENTARY Tuesday April 11, 2017

DAILY COCOA COMMENTARY 04/11/17

Weak technical action continues; demand news tomorrow

Although the supply side of the market continues to have a bearish tone, recent developments in West Africa may indicate that the region's production may not live up to trade forecasts. July cocoa started the week on the defensive as it closed sharply lower yesterday as it experienced another day of active fund selling that drove the market to the lowest level since March 13th. In spite of fresh weather concerns for Ivory Coast's midcrop that is harvested between April to September, sellers stayed active as this recent downdraft appears to be more technical in nature. Heavy rains in western growing regions of the Ivory Coast and persistent dry conditions in the eastern growing areas has some traders seeing poor quality and maybe even lower yield for the mid-crop season. There have been reports of smaller bean sizes during the late stages of the main crop harvest, which would indicate that the "dry" season could end up negatively impacting West African mid-crop output.



TODAY'S MARKET IDEAS:

The market could see short-covering soon as traders head to the sidelines in front of European first quarter grindings results released early Wednesday. Near-term support for July Cocoa is at 1931 with resistance at 1997 and 2033.

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) 04/11/2017: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. A negative signal for trend short-term was given on a close under the 9-bar moving average. The close below the 1st swing support could weigh on the market. The next downside target is 1930. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 1983 and 2007, while 1st support hits today at 1945 and below there at 1930.

DAILY COFFEE COMMENTARY 04/11/17

In position to bounce after 3-week consolidation on supply

The market continues to consolidate. While the technical action Friday was supportive, the market lacked fresh headline news to rationalize the surge higher which may have helped keep the trade choppy yesterday. Vietnamese coffee exports came in at 168,000 tonnes (2.8 million bags), which was up 14%



from February's total and slightly above trade forecasts. This indicates that Vietnamese producers are starting to part with their supply, but this season's sharp drop from the previous season's output could keep their upcoming monthly export totals fairly subdued. Rabobank revised their 2017/18 global production forecast to 153 million bags from 155.4 million previously, and raised their global supply deficit estimate to 2.8 million bags from 2.55 million. ICE exchange coffee stocks rose by 5,783 bags on Monday and remain on course for a fourth monthly build, which would be the first time that occurred since March of 2013.

TODAY'S MARKET IDEAS:

While lukewarm demand remains a concern, coffee still has lower upcoming production to provide support and keep prices clear of the recent lows. Technically, a close for July Coffee through minor resistance at the 143.65 to 144.85 level would leave 152.55 as an upside technical objective. Near-term support for July coffee is at 140.45 and 139.95.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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COFFEE (JUL) 04/11/2017: 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 under the 18-day moving average indicates the intermediate-term trend could be turning down. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside target is 144.27. The next area of resistance is around 143.15 and 144.27, while 1st support hits today at 141.15 and below there at 140.28.

DAILY COTTON COMMENTARY

04/11/17

USDA supply/demand report may support a bounce to sell

A continued rally on the tightening old crop stocks situation should represent a selling opportunity. The cotton market managed to inch down to the lowest level since January 24th yesterday but failed to find new selling interest and closed sharply higher on the day (up 2.3%) and up to the highest close since April 3rd. The primary reason for the break off of the March highs has been the outlook for at least a 21% jump in US planted area and higher production expectations for the 2017/18 season for China, India and Pakistan. However, the short-term technical indicators are extremely oversold and the market faces a USDA supply/demand update for the 2016/17 season for release during the session today. Short-covering emerged ahead of the report and merchants also reported mill interest. The report is likely to have a bullish tilt as exports should be revised higher and ending stocks lower. The weekly cotton planting report showed 6% complete compared to 4% last week and 5% last year. The 10 year average for this time of year is 6%. The highest percent complete was 12% in 1990 while the lowest was 3% in 2015. Texas is 10% complete.



TODAY'S MARKET IDEAS:

The trend remains down but with the short-term technical indicators deeply oversold and the potential for a bullish tilt to the USDA report, a bounce may be in order. Close-in support for July cotton is at 75.50 with selling resistance on a bounce at 77.81 and 78.39.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

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COTTON (MAY) 04/11/2017: The daily stochastics gave a bullish indicator with a crossover up. The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The outside day up and close above the previous day's high is a positive signal. There could be more upside follow through since the market closed above the 2nd swing resistance. The near-term upside objective is at 76.67. The next area of resistance is around 76.12 and 76.67, while 1st support hits today at 74.18 and below there at 72.80.

COTTON (DEC) 04/11/2017: Momentum studies are declining, but have fallen to oversold levels. The close below the 9-day moving average is a negative short-term indicator for trend. The market setup is supportive for early gains with the close over the 1st swing resistance. The next downside target is 72.01. The next area of resistance is around 73.74 and 74.02, while 1st support hits today at 72.74 and below there at 72.01.

DAILY SUGAR COMMENTARY

04/11/17

Probing for low enough price to support higher demand

Sugar prices have been unable to lift clear of last week's low as large upcoming Brazilian production continues to weigh on the market. It is difficult to expect much buying at this time of the year without help from weather in Brazil or elsewhere as the Brazilian harvest will soon be in high gear. In addition, the surge in ethanol imports drove ethanol prices lower and this could support more cane than normal flowing to sugar. While there has been rainfall over the Center-South region during the first two weeks of April, harvesting and crushing should be at full speed by the start of May. Crude oil prices have risen more than \$5 per barrel over the last few weeks, but it may take further gains beyond that in order to shift Brazilian mills towards emphasizing ethanol production at the expense of sugar. News that French beet planted area is expected to jump 16% from last year was seen as a bearish force, as it provides fresh evidence that Euro zone producers are ramping up their production after EU output quota have been removed. Trend-following fund traders still held a net long position of 36,846 contracts in Friday's COT update, which leave the market vulnerable to long liquidation if risk sentiment takes a negative shift early this week.

**TODAY'S MARKET IDEAS:**

Without the benefit of fresh bullish supply news, sugar will have to rely on stronger risk sentiment in order to extend any recovery move. If risk appetites remain subdued, however, sugar prices could slide down into new low ground over the near future. Near-term support for July sugar is at 16.48 while resistance is at 16.95. If support cannot hold on a closing basis, 15.96 becomes next target.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (JUL) 04/11/2017: Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. The close below the 9-day moving average is a negative short-term indicator for trend. 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 next upside objective is 17.00. The next area of resistance is around 16.78 and 17.00, while 1st support hits today at 16.46 and below there at 16.35.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (MAY) 04/11/2017: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. 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 next upside target is 170.55. The next area of resistance is around 169.05 and 170.55, while 1st support hits today at 166.15 and below there at 164.65.

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	16.62	33.50	31.42	13.01	17.04	16.52	16.68	17.18	18.54	18.95
CTAK7	75.15	43.93	44.21	12.09	16.72	74.50	75.33	76.37	76.76	76.26
CTAZ7	73.23	41.28	42.23	21.07	20.19	73.05	73.39	74.35	74.47	73.80
CCAN7	1964	26.25	35.55	45.39	26.05	2043.50	2076.11	2099.89	2030.04	2061.80
OJAK7	167.55	50.59	48.42	24.83	31.33	164.45	161.47	171.38	169.68	169.05
KCAN7	142.15	50.37	46.35	24.79	29.68	141.06	141.07	142.34	145.32	147.85
MAK7	15.02	32.77	35.48	37.03	21.24	15.15	15.47	15.44	16.07	16.43

Calculations based on previous session. Data collected 04/10/2017

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	16.34	16.45	16.67	16.78	17.00
CTAK7	Cotton	72.79	74.18	74.73	76.12	76.67
CTAZ7	Cotton	72.00	72.73	73.01	73.74	74.02
CCAN7	Cocoa	1929	1944	1968	1983	2007
OJAK7	Orange Juice	164.55	166.05	167.55	169.05	170.55
KCAN7	Coffee	140.27	141.15	142.27	143.15	144.27
MAK7	Milk	14.89	14.95	15.03	15.09	15.17

Calculations based on previous session. Data collected 04/10/2017

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