



DAILY GRAINS COMMENTARY Tuesday April 25, 2017

DAILY SOY COMPLEX COMMENTARY 04/25/17

Correcting oversold condition with choppy trade; more down

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
SOY BEANS -4.4, BEAN OIL -0.2, SOYMEAL -1.1**

OVERNIGHT DEVELOPMENTS: July soybeans are trading down 4 3/4 cents this morning. China futures are down 0.6% this morning and Palm oil futures in Malaysia are down 1.7% this morning. Asian and European stocks held onto a mostly positive tone this morning with the Nikkei continuing to lead the way due to weakness in the Yen. There were few economic numbers of note overnight, although the UK's public sector net borrowing (PSNB) came in much higher than market forecasts. The North American session will start out with a February reading for the Case-Shiller home price index that is expected to hold steady with January's 5.7% year-over-year reading. March new home sales are forecast to see a modest downtick from February's 592,000 annualized rate. An April reading for the Conference Board's survey on consumer confidence is expected to have a moderate downtick from March's 125.6 reading. The April Richmond Fed manufacturing index is forecast to have a notable decline from March's 22 reading. The US dollar is slightly lower.



NEAR-TERM MARKET FUNDAMENTALS: China imported 6.326 million tonnes of soybeans in March to push 1st quarter imports to 19.521 million, up 20% from last year. The weekly plantings update report showed 6% of the crop is planted compared to 3% last year and 3% five year average. The highest percent complete was 7% in 2012 while the lowest was 2% in 2007. Arkansas (39%), Louisiana (59%) and Mississippi (60%) are all more than double their five year average planting progress. Illinois showed 4% planted versus the five year average of 2%. Brazil's soybean harvest is estimated at 93% complete compared to 87.45% last week and the five year average of 90.4%. While Stats Canada estimated their second highest canola plantings at 22.3 million acres, snowy/wet weather this week continues to hamper some areas in Alberta province ability to harvest some of last year's crop before getting this year's crop seeded. Most Canadian plantings occur in May, but this year it could take until June. July soybeans traded in positive territory for the entire session yesterday, and the market rallied hard into the close settling up 11 cents on the day. This is the largest percentage gain for July soybeans since March 1st. Open interest in soybeans went down 42,914 contracts on Friday due to the large May option expiration.

Saturated soybean farms in Argentina's Santa Fe and Entre Rios provinces are not recovering from recent heavy rains according to a report from the Agroindustry Ministry. Soybean harvest continues to lag the five year average by 21%. This along with a Brazilian farmer who is a tight holder of soybeans due to low prices has given the US some Chinese interest of Pacific Northwest (PNW) supply over the last few days. The managed money traders increased their net short position by 16,095 contracts to 45,828 contracts. This is the largest net short position in soybeans since March 1st 2016 and the total grain complex short is now at 359,763 contracts, the second largest to 392,772 contracts on March 1st, 2016. Weekly export inspections for soybeans came in at 634,877 tonnes versus 446,000 tonnes last week. As of April 20th, cumulative soybean export inspections have reached 88.8% of the USDA forecast versus a 5 year average of 88.6%.

TODAY'S MARKET IDEAS:

Talk of increasing planted area adds to the bearish new crop outlook. July soybeans closed at the highest level since March 30th. A short term uptrend is building and follow through strength could be seen. Still, the fundamental set-up for the new crop season is extremely bearish and it will take a major weather issue to avoid record US ending stocks. Close-in resistance in July soybeans is seen at 977 1/4 followed by 980 1/4. The downside target remains at 929 1/2.

NEW RECOMMENDATIONS:

Sell July soybeans at 979 1/2 with an objective of 929. Risk to 991.

PREVIOUS RECOMMENDATIONS:

1) Long June Soybean 950 put from 10 1/2 cents with an objective of 34. Risk a total of 6 cents from entry. 2) Long 1 Nov soybean 900 put and short 2 Sept corn 350 puts for a cost of 4 1/2 cents. Hold for now and risk 9 cents from entry. 3) Short the July/Nov soybean spread at +5 1/2 cents with an objective of -14 cents. Risk a total of 7 cents from entry.

SOYBEAN COMPLEX 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.

SOYBEANS (JUL) 04/25/2017: The moving average crossover up (9 above 18) indicates a possible developing short-term uptrend. Momentum studies are rising from mid-range, which could accelerate 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. The market's close above the 2nd swing resistance number is a bullish indication. The next upside target is 980 1/4. The next area of resistance is around 977 1/4 and 980 1/4, while 1st support hits today at 966 1/4 and below there at 958 1/2.

SOYBEAN OIL (JUL) 04/25/2017: 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. The market could take on a defensive posture with the daily closing price reversal down. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next upside objective is 33.00. The next area of resistance is around 32.44 and 33.00, while 1st support hits today at 31.42 and below there at 30.97.

SOYMEAL (JUL) 04/25/2017: A bullish signal was given with an upside crossover of the daily stochastics. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. The market's close above the 2nd swing resistance number is a bullish indication. The next upside target is 326.6. The next area of resistance is around 324.5 and 326.6, while 1st support hits today at 316.7 and below there at 311.1.

DAILY CORN COMMENTARY

04/25/17

Latest models have increased rain totals into early May

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

CORN -1.2

OVERNIGHT DEVELOPMENTS: July corn is trading 2 1/4 cents lower this morning. Outside market forces look slightly negative with crude oil lower. Dalian corn market is down 0.55%.



NEAR-TERM MARKET FUNDAMENTALS: The market has set back overnight after the crop progress report showed plantings were further along than anticipated. July corn closed with a 1 3/4 cent gain on Monday, the first higher close in five trading days. China's corn imports for March plunged 99.1% from a year ago, with imports at 5,262 tonnes the lowest since 2013. The gap between international prices and domestic prices has closed as a result of Beijing's farm support policy. The latest GFS models have increased rain amounts in Illinois, Missouri and Arkansas areas for the weekend and into early next week. The weekly Corn Planting report showed 17%

complete compared to 6% last week and 28% last year. The 10 year average for this time of year is 18%. The highest percent complete was 41% in 2010 while the lowest was 2% in 1984.

With the big jump in Illinois and Missouri plantings some producers will actually welcome the rains. The market could stabilize after last week's steep decline as the managed money trader's net short position increased 13,392 contracts to 171,809 contracts as of April 18th. The largest managed net short corn position in the last ten years is 229,000 contracts in March of last year. Some feed demand support could also come from Friday's Cattle on Feed report showing 111.1% placements versus trade estimates of 106.5%. Weekly export inspections for corn came in at 1,453,506 tonnes compared to 1,330,000 tonnes last week. As of April 20th, cumulative corn export inspections for the 2016-17 marketing year have reached 66.1% of the USDA forecast versus a 5 year average of 59.4%.

TODAY'S MARKET IDEAS:

From a technician's standpoint, July corn and December corn both put in a "doji" star on Friday's close which could be a signal of weakening selling pressure and possibly a change in trend. Historically, the month of May is not a time of year to press the downside. Traders might consider buying a September corn 390 call at 13 1/2 cents with an objective of 34 cents. Risk a total of 6 cents from entry. Or buy a March Corn 390/450 bull call spread at 16 1/2 cents and also sell a March Corn 360 put at 14 cents for a net cost of 2 1/2 cents on the spread. Use a gain of 44 cents on the entire spread as an objective, and risk a total of 9 cents.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

1) Long December Corn from 385 with an objective of 413 1/2. Risk the trade to a close under 378. 2) Long September Corn 420 call from 11 cents with an objective of 29 cents. Risk to 5 cents.

CORN 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.

CORN (JUL) 04/25/2017: The downside crossover of the 9 and 18 bar moving average is a negative signal. Momentum studies are declining, but have fallen to oversold levels. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market has a slightly positive tilt with the close over the swing pivot. The next downside objective is 360 3/4. The next area of resistance is around 367 3/4 and 369 1/2, while 1st support hits today at 363 1/4 and below there at 360 3/4.

DAILY WHEAT COMMENTARY

04/25/17

The shift of spring wheat acres is starting to take hold

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

WHEAT -1.2

OVERNIGHT DEVELOPMENTS: July wheat is trading 1 cent lower this morning. Outside market forces are mixed with the dollar slightly lower and crude oil slightly higher. MATIF futures are up 0.61% at 163.75 Euro.



NEAR-TERM MARKET FUNDAMENTALS: July wheat has seen a slightly lower trade overnight in moderate volume. The market traded up to a high of 425 on Monday, but gave back the early gains. Tunisia is seeking 67,000 tonnes of soft wheat for July shipment. India's 2016-17 wheat output could reach a record 98 million tonnes compared to an earlier estimate of 96.64 million tonnes according to the Agricultural ministry. China's March wheat imports jumped 140% to 505,000 tonnes due to a shortage of high quality wheat in the domestic

market. The imports were from Australia and the U.S. China sold 525,221 tonnes of wheat out of 2.6 million tonnes offered at auction on Tuesday. Slow spring wheat planting and cool and wet weather has analysts looking for more corn and soybean acres in the northwest. Noted crop scout "Soybean and Corn Advisor" has raised their corn acreage to 90.5 million acres and soybeans to 91 million acres at the expense of wheat acreage. The weekly progress update showed 54% of the winter wheat crop was rated good/excellent compared to 54% last week and 59% last year. The 10 year average for this time of year is 48%. Kansas and Oklahoma saw 1% increases in the good/excellent category with Texas still lagging at only 42% of the crop in good/excellent condition. Spring wheat plantings are 22% complete compared to 13% last week and 40% last year. The 10 year average for this time of year is 26%.

The recent snow/rain event in North Dakota and Canada could keep fields water logged and continue to push spring wheat plantings further behind. Concerns are growing for the wheat crops in Europe too, with limited rains and a dry near term forecast, although May is the critical moisture period for European crops. The managed money traders raised their net short position by 7,667 contracts to 142,126 contracts as of April 18th. This is just short of the record 151,417 contract short position posted on October 4, 2016. Weekly export inspections for wheat came in at 612,536 tonnes compared to 685,000 tonnes last week. As of April 20th, cumulative wheat export inspections for the 2016-17 marketing year have reached 85.3% of the USDA forecast versus a 5 year average of 87.5%.

TODAY'S MARKET IDEAS:

With the market hovering just above the contract lows, it's difficult to try and pick a bottom. With weather issues popping up in Europe, the Northwest US and Canada, a catalyst could be developing for the shorts to take interest. When the wheat market short has swelled to 150,000 contracts in the past, the market seems to eventually see a recovery bounce. The relative strength index is down to 29.0%, the lowest since December 1st of 2016. Slow stochastics are oversold as well. The short-term fundamentals remain bearish, but seem to be priced in already. Traders could look to buy 1 July 425 call and sell 2 July 465 calls at 4 1/4 cents on the 1x2 spread. Look for a bounce back up to 440-445 area to exit strategy. July wheat next support is at 415 3/4 followed by 413 1/2.

NEW RECOMMENDATIONS:

None

PREVIOUS RECOMMENDATIONS:

None.

WHEAT TECHNICAL OUTLOOK:

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WHEAT (JUL) 04/25/2017: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The downside closing price reversal on the daily chart is somewhat negative. The market's close below the pivot swing number is a mildly negative setup. The next downside target is now at 413 1/2. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 422 3/4 and 427 1/4, while 1st support hits today at 415 3/4 and below there at 413 1/2.

KC WHEAT (JUL) 04/25/2017: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. A negative signal for trend short-term was given on a close under the 9-bar moving average. The daily closing price reversal down puts the market on the defensive. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is 407 3/4. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 418 1/4 and 423 1/2, while 1st support hits today at 410 1/4 and below there at 407 3/4.

MINN WHEAT (JUL) 04/25/2017: A positive indicator was given with the upside crossover of the 9 and 18 bar moving average. The daily stochastics gave a bearish indicator with a crossover down. Momentum studies

trending lower at mid-range should accelerate a move lower if support levels are taken out. The close below the 9-day moving average is a negative short-term indicator for trend. The downside closing price reversal on the daily chart is somewhat negative. The market setup is somewhat negative with the close under the 1st swing support. The next downside target is now at 523 3/4. The next area of resistance is around 536 1/4 and 542 3/4, while 1st support hits today at 526 3/4 and below there at 523 3/4.

RICE (JUL) 04/25/2017: The downside crossover of the 9 and 18 bar moving average is a negative signal. 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. The close below the 2nd swing support number puts the market on the defensive. The next downside objective is 9.700. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 9.989 and 10.159, while 1st support hits today at 9.760 and below there at 9.700.

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
GRAIN COMPLEX										
CNAN7	365 1/2	40.47	42.58	38.41	27.81	365.44	370.11	370.14	373.52	375.88
CNAZ7	383 1/2	41.94	44.27	44.96	32.95	383.63	387.61	387.24	388.61	390.24
SSAN7	971 3/4	56.69	47.55	44.10	59.77	962.44	960.61	959.31	997.49	1013.55
SSAX7	967 1/2	58.08	49.53	48.56	64.37	959.75	958.19	956.24	984.47	993.35
SMAN7	320.6	58.21	51.65	40.50	48.30	315.33	316.43	314.98	326.11	330.77
BOAN7	31.93	48.95	46.11	41.46	53.38	32.00	31.73	31.84	32.73	33.23
WHAN7	419 1/4	24.39	30.36	28.36	16.14	424.13	433.97	436.33	447.67	451.18
WHAU7	434 1/4	24.54	30.28	25.45	14.86	438.69	447.94	450.49	462.28	465.60
RCAN7	9.875	21.12	31.81	44.86	21.44	10.09	10.27	10.30	10.10	10.08
KWAN7	414 1/4	25.66	29.51	20.26	13.56	419.13	429.03	431.78	452.49	457.18
MWAN7	531 1/2	39.37	41.29	42.94	39.73	536.94	538.22	537.43	545.14	549.31
OTAN7	217 3/4	39.76	38.58	26.21	26.46	217.25	219.19	219.31	231.99	235.50

Calculations based on previous session. Data collected 04/24/2017
Data sources can & do produce bad ticks. Verify before use.

DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
GRAIN COMPLEX						
CNAN7	Corn	360 1/2	363 1/4	365	367 3/4	369 1/2
CNAZ7	Corn	378 1/4	381	383 1/4	386	388 1/4
SSAN7	Soybeans	958 1/2	966 1/4	969 1/2	977 1/4	980 1/2
SSAX7	Soybeans	957 3/4	963 1/2	966	971 1/2	974 1/4
SMAN7	Soymeal	311.0	316.7	318.8	324.5	326.6
BOAN7	Soybean Oil	30.96	31.42	31.98	32.44	33.00
WHAN7	Wheat	413 1/2	415 3/4	420 1/2	422 3/4	427 1/2
WHAU7	Wheat	428 1/2	431	435 1/4	437 1/2	442
RCAN7	Rice	9.700	9.760	9.930	9.989	10.159
KWAN7	KC Wheat	407 1/2	410 1/4	415 1/2	418 1/4	423 1/2
MWAN7	MINN Wheat	523 3/4	526 3/4	533 1/4	536 1/4	542 3/4
OTAN7	Oats	213 1/4	215 1/2	217 1/2	220	221 3/4

Calculations based on previous session. Data collected 04/24/2017
Data sources can & do produce bad ticks. Verify before use.

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