



DAILY GRAINS COMMENTARY Wednesday April 26, 2017

DAILY SOY COMPLEX COMMENTARY 04/26/17

Bullish weather corn and wheat opens door for more bean acres

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
SOY BEANS -0.6, BEAN OIL +0.2, SOYMEAL -1.2**

OVERNIGHT DEVELOPMENTS: July soybeans are trading down 2 1/2 cents this morning. China futures are up slightly this morning and Palm oil futures in Malaysia are up 1.1% this morning. Asian stock indices were generally higher overnight as they played "catch-up" with Tuesday's US gains, with Japanese equities continuing to benefit from the weaker Yen. Most European stock markets are finding mild pressure this morning, with Italy's MIB-30 index down over 0.50%. The North American session will start out with a weekly private survey of mortgage applications, followed by March Canadian retail sales that are expected to see a hefty decline from February's 2.2% year-over-year rate. Traders await the details of the Administrations tax reform package which should be released today. The dollar is firm but energy and gold markets lower.



NEAR-TERM MARKET FUNDAMENTALS: Too much rain in the one week outlook might support corn but opens the door for increased soybean planted area and we expect another leg down before the market puts in a seasonal low. The focus of the trade yesterday was on corn and wheat with weather forecasts causing seeding issues. Weakness in soybeans could have been tied to the reality that some marginal corn or wheat acres that struggle to get planted could get switched to soybeans. The 7-day models show 4-7 inches of rain across much of Arkansas, Missouri and much of Illinois and Indiana with 5-12 inches for parts of the region. The open interest in soybeans went down 17,439 contracts on Monday with short covering noted. The soybean planting progress report has soybean plantings at 6% complete compared to 3% last year. Most of the progress is in the Delta region states of Mississippi, Louisiana and Arkansas. With the wet forecast for the weekend into the first week of May, some analysts are already raising soybean acreage estimates at the expense of wheat and corn.

A key Illinois based advisor raised his soybean acreage estimate to 91.0 million acres from the USDA's 89.5 million. This would be a 7.6 million increase over last year. Using 91.0 million acres with a trendline yield of 48.0 bushels/acre (which is down 8.5% from last year's 52.1), ending stocks swell to 710 million bushels, and this is while using a generous demand base of 1.945 billion bushel crush and 2.000 billion bushel exports for this example. The highest ending stocks figure ever was 574 million bushels in 2006-07 when November soybeans traded below \$7.00. 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. China's March soybean imports came in at 6.32 million tonnes up 3.7% from last year. The US received 66.7% of the business for the month. For the first three months of the year, China has bought 19.52 million tonnes of soybeans, up 20% from last year with the US providing 15.42 million tonnes of this total.

TODAY'S MARKET IDEAS:

July soybeans need to see a trade above the 972 1/2 level soon, otherwise the bear camp will take control. The slow stochastics are getting a bit overbought and are starting to roll over. Another failure against close-in resistance at 972 1/2 will open up for a possible test of the downside target at 929 1/2. Close-in resistance in July soybeans is seen at 968 1/4 followed by 972 1/2. 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) 04/26/2017: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The close above the 9-day moving average is a positive short-term indicator for trend. The close below the 1st swing support could weigh on the market. The near-term upside objective is at 973. The next area of resistance is around 968 1/4 and 973, while 1st support hits today at 961 3/4 and below there at 959 3/4.

SOYBEAN OIL (JUL) 04/26/2017: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The market's short-term trend is positive on the close above the 9-day moving average. It is a slightly negative indicator that the close was lower than the pivot swing number. The next upside objective is 32.35. The next area of resistance is around 32.12 and 32.35, while 1st support hits today at 31.58 and below there at 31.26.

SOYMEAL (JUL) 04/26/2017: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market's short-term trend is positive on the close above the 9-day moving average. The market could take on a defensive posture with the daily closing price reversal down. It is a slightly negative indicator that the close was lower than the pivot swing number. The near-term upside objective is at 322.8. The next area of resistance is around 319.8 and 322.8, while 1st support hits today at 315.6 and below there at 314.3.

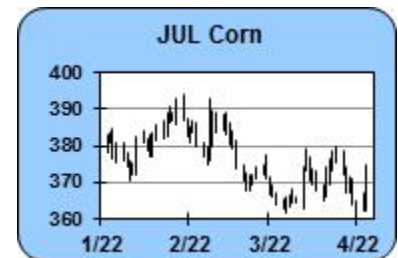
DAILY CORN COMMENTARY

04/26/17

Lots of acres already in southern Midwest may need replant

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
CORN +1.2

OVERNIGHT DEVELOPMENTS: July corn is trading up slightly this morning after trading as much as 2 1/2 cents higher. The wetter Midwest forecast supported the market early. Outside market forces look slightly negative with crude oil lower and the dollar strong. Dalian corn market is up slightly.



NEAR-TERM MARKET FUNDAMENTALS: Traders are bracing for rains in the next 5 days with a large area of 5 inch plus rain (up to 12.3) for much of Arkansas, Missouri and the southern half of Illinois. Active plantings in the past few days could be washed out and replanting may be necessary if rain amounts are close to expectations. July corn and December corn saw big reversal up days yesterday, with December corn putting in an outside day higher close. The market is finally putting some weather premium back into prices after the latest weather models continue to push projected rain amounts higher. Some models have a continued wet pattern throughout the Midwest over the next two weeks. Even with Illinois and Missouri planting progress well advanced (at 34% and 46% respectively), other producing areas will be under a wet and cold pattern into the first week of May.

A key advisor raised their corn acreage estimate to 90.5 million acres compared to the USDA's 90.0 million, citing slow spring wheat plantings that could swing to corn or soybeans. They also raised their Brazilian corn production to 92 million tonnes, up 2.0 million from the previous estimate after good rains were seen during pollination of the "safrihna" second corn crop. The estimates for the weekly ethanol production report are 988,625 barrels per day

in a range of estimates at 976,000 to 1.0 million barrels per day. The stockpiles estimate is 22.8 million barrels in a range of 22.5 to 23.18 million barrels. A plan to boost ethanol blending in Mexico for motor fuels has been presented to energy regulators.

TODAY'S MARKET IDEAS:

The market reversed higher with a bullish outside day higher close yesterday. A strong seasonal buy starts on May 5th for corn, the question is will the managed money short exit a fair amount of their net short position? Aggressive traders could buy 1 July corn 370 call and sell 2 July corn 410 calls for a cost of 5 1/4 cents. Producers still hold a fair amount of old crop corn, so a rally up to the 390 level will be met with on-farm selling. Look to exit this strategy on a rally to 390. Or, longer term traders could 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. Close-in support for December corn is at 370 1/4 and 367 3/4 with 386 1/2 resistance.

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) 04/26/2017: Stochastics trending lower at midrange will tend to reinforce a move lower especially 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. The market's close above the 2nd swing resistance number is a bullish indication. The next downside target is 358. The next area of resistance is around 377 3/4 and 382 1/4, while 1st support hits today at 365 3/4 and below there at 358.

DAILY WHEAT COMMENTARY

04/26/17

Rain, snow, and cold not what HRW needs as it begin to head

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

WHEAT +1.4

OVERNIGHT DEVELOPMENTS: July wheat is trading 1 cent higher this morning. Outside market forces are mixed with the dollar slightly higher and crude oil lower. MATIF futures are up 0.91% at 166.00 Euro.



NEAR-TERM MARKET FUNDAMENTALS: July wheat traded in a narrow 3 1/4 cent range overnight in moderate volume. The open interest in Chicago wheat went down 17,053 contracts yesterday with short covering, the KC wheat market saw open interest down 9,662 contracts also with short covering action. EU soft wheat production is forecasted to rise 5.9% to 143.8 million tonnes from 135.8 million last year according to Strategie Grains. They also stated that France and Spain need rains but the crop is still in good condition and the situation is not critical. French soft wheat production is estimated at 9.7 to 10.0 million tonnes well above last year's flood affected 5.3 million tonnes. They raised EU exports to 26.2 million tonnes in 2017-18 from 23.5 last year. Russia's wheat crop could fall to 67.1 million tonnes down 8.5% from last year's record 73.3 million tonnes according to ProZerno. Tunisia seeks 67,000 tonnes of soft wheat with the lowest offer coming in at \$173.85 per tonne from Europe markets. July wheat turned in a bullish outside day higher close from new contract low of 416 yesterday.

Traders are finally starting to give the extreme wet and potentially cold weather later this week and into the weekend some respect. The Kansas City July contract also put in an outside day higher and Minneapolis wheat closed 13 cents higher yesterday. With rains of 7 to 10 inches forecast in Missouri, Arkansas, and Southern Illinois, there are concerns of disease in the soft red wheat crop. Also, with the hard red wheat crop heading in 40% or more of the crop this weekend, the potential of below freezing temperatures in Texas and Kansas this weekend could be a significant market mover. The spring wheat market is also reacting to snow and wet forecasts in the Canadian Prairies with spring wheat and canola plantings still being delayed, some areas in Alberta are still trying to get last year's crop harvested prior to seeding this year's crop. The renewed weather concerns could spark short covering from the managed money traders who are net short 142,126 contracts in Chicago and 15,245 contracts in Kansas City.

TODAY'S MARKET IDEAS:

With the market only 12 cents off of the contract lows, follow through strength is needed to continue to get the attention of the trend following shorts. The first moving average that comes into play is the 100 day at 446 3/4. Beyond that is the 50 day moving average at 448 1/2 and the 200 day moving average at 454 1/2. The relative strength index has turned up and the slow stochastics are ready to turn up from oversold levels. Traders could look to buy 1 July 440 call and sell 1 July 420 put at even money. Look for a bounce back up to the 450 area to exit strategy. Close-in support is at 420 1/2 with resistance at 433 1/2 followed by 438.

NEW RECOMMENDATIONS:

None

PREVIOUS RECOMMENDATIONS:

None.

WHEAT 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.

WHEAT (JUL) 04/26/2017: The market was pushed to a new contract low. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The outside day up is a positive signal. The market setup is supportive for early gains with the close over the 1st swing resistance. The next downside objective is 411 3/4. The next area of resistance is around 433 1/2 and 438, while 1st support hits today at 420 1/2 and below there at 411 3/4.

KC WHEAT (JUL) 04/26/2017: The crossover up in the daily stochastics is a bullish signal. 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. The outside day up is a positive signal. There could be more upside follow through since the market closed above the 2nd swing resistance. The near-term upside target is at 435 1/2. The next area of resistance is around 431 1/2 and 435 1/2, while 1st support hits today at 418 and below there at 408 1/2.

MINN WHEAT (JUL) 04/26/2017: The cross over and close above the 40-day moving average indicates the longer-term trend has turned up. The crossover up in the daily stochastics is a bullish signal. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market now above the 18-day moving average suggests the intermediate-term trend has turned up. There could be more upside follow through since the market closed above the 2nd swing resistance. The next upside target is 556. The next area of resistance is around 551 3/4 and 556, while 1st support hits today at 537 1/4 and below there at 526 3/4.

RICE (JUL) 04/26/2017: The market broke to a new contract low. 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. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside target is 9.259. Selling may soon dry up since the RSI is under 20 indicating the

market is extremely oversold. The next area of resistance is around 9.752 and 10.028, while 1st support hits today at 9.368 and below there at 9.259.

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	371 3/4	54.34	51.41	38.41	38.40	366.31	369.89	370.46	373.28	375.80
CNAZ7	389	54.99	52.52	43.84	41.59	384.25	387.44	387.63	388.49	390.23
SSAN7	965	49.02	43.38	50.94	64.61	963.56	962.19	958.50	995.56	1011.87
SSAX7	961 3/4	49.96	45.03	54.93	67.69	960.63	959.67	955.89	983.21	992.29
SMAN7	317.7	51.26	47.32	44.15	51.45	315.95	316.90	314.89	325.46	330.26
BOAN7	31.85	47.38	45.20	45.18	52.63	32.02	31.79	31.80	32.69	33.18
WHAN7	427	39.87	39.81	26.34	22.30	422.25	431.69	435.69	446.74	450.80
WHAU7	441	38.87	38.97	24.02	21.17	436.81	445.72	449.78	461.33	465.22
RCAN7	9.560	13.88	23.61	34.08	12.54	9.90	10.16	10.27	10.09	10.06
KWAN7	424 3/4	42.73	40.52	21.25	23.23	417.94	427.11	431.13	451.24	456.62
MWAN7	544 1/2	57.26	53.44	45.15	49.57	536.75	539.22	537.15	544.79	549.12
OTAN7	221 1/2	51.26	45.69	29.23	35.28	218.38	219.42	219.25	231.46	235.17

Calculations based on previous session. Data collected 04/25/2017

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	358	365 1/2	370 1/4	378	382 1/2
CNAZ7	Corn	375 3/4	383	387 1/2	395	399 1/4
SSAN7	Soybeans	959 3/4	961 1/2	966 1/2	968 1/2	973 1/4
SSAX7	Soybeans	957 1/2	959	962 3/4	964 1/2	968
SMAN7	Soymeal	314.2	315.5	318.5	319.8	322.8
BOAN7	Soybean Oil	31.25	31.57	31.80	32.12	32.35
WHAN7	Wheat	411 1/2	420 1/2	424 3/4	433 1/2	438
WHAU7	Wheat	426 1/4	434 1/2	439	447 1/2	451 3/4
RCAN7	Rice	9.258	9.367	9.643	9.752	10.028
KWAN7	KC Wheat	408 1/2	418	422	431 1/2	435 1/2
MWAN7	MINN Wheat	526 1/2	537	541 1/4	552	556
OTAN7	Oats	216 1/2	219 1/2	220 3/4	223 1/2	225

Calculations based on previous session. Data collected 04/25/2017

Data sources can & do produce bad ticks. Verify before use.

***This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Opinions expressed are subject to change without notice. Any information or recommendation contained herein: (i) is not based on, or tailored to, the commodity interest or cash market positions or other circumstances or characterizations of particular investors or traders; (ii) is not customized or personalized for any such investor or trader; and (iii) does not take into consideration, among other things, risk tolerance, net worth, or available risk capital. Any use or reliance upon the information or recommendations is at the sole discretion and election of the subscriber. The risk of loss in trading futures contracts or commodity options can be substantial, and traders should carefully consider the inherent risks of such trading in light of their financial condition. Any reproduction or retransmission of this report without the express written consent of Lakefront Futures is strictly prohibited.