



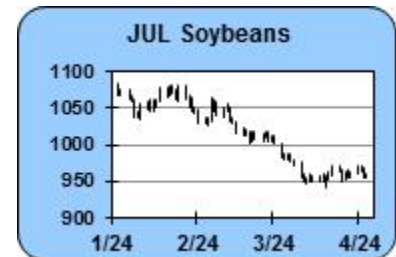
DAILY GRAINS COMMENTARY Friday April 28, 2017

DAILY SOY COMPLEX COMMENTARY 04/28/17

No sign of short-term low with focus on new crop; not exports

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
SOY BEANS +0.4, BEAN OIL +0.1, SOYMEAL +0.1**

OVERNIGHT DEVELOPMENTS: July soybeans are trading 3/4 of a cent lower this morning. China futures are trading slightly higher this morning and Palm oil futures in Malaysia are up slightly. Global markets were weaker overnight off slack Japanese retail sales readings and building doubt over the US tax reform volley from the US President. The Asian session was clearly undermined by misses on Japanese Core inflation and manufacturing readings. However, there were some positives sprinkled within the Japanese data that moderated economic sentiment. The European session data set today includes first quarter reading for French GDP, followed by March German retail sales that are expected to improve from February's -2.1% year-over-year reading. First quarter UK GDP is forecast to see a modest uptick from the fourth quarter's 1.9% year-over-year rate. The highlight for the European session will be the April Euro zone CPI which is expected to uptick from March's 1.5% year-over-year rate. The North American session will start out with a preliminary reading on first quarter gross domestic product which is forecast to have a sizable downtick from the fourth quarter's 2.1% annualized rate. February Canadian GDP is expected to downtick from January's 0.6% reading but are expected to remain in positive territory. The April Chicago PMI is forecast to downtick from March's 57.7 reading. A key private survey of April consumer sentiment is expected to hold steady at the previous 98 reading.



NEAR-TERM MARKET FUNDAMENTALS: The market still looks vulnerable to another leg down. Talk that China consumers are shying away from oils produced from GMO seeds (like soybean oil produced from US soybean imports) could sour one of the few bullish forces at work for the soybean market outlook. July soybeans traded both sides of unchanged yesterday with choppy trade. The late sell-off came as a surprise to the bulls given the strong old crop export sales numbers. Net sales of 808,000 tonnes of old crop soybeans were three times that of last week's sales and the most for the third week of April in five years! The Buenos Aires Grains Exchange estimated Argentine soybean production at 56.5 million tonnes, which is unchanged from their previous estimate. The planted area lost to flooding due to late March rains was estimated at 250,000 hectares (617,750 acres) which brought the total lost acreage at 1.05 million hectares (2.6 million acres). They commented in the report that yields offset the lost acreage with record yields seen in many areas, and the present estimate of 56.5 million tonnes could be increased.

The open interest in soybeans went down 25,031 contracts on Wednesday and since April 17th is down 134,162 contracts. Total soybean open interest is at 648,552 contracts, which is the lowest since early January. Weekly export sales came in at 808,100 tonnes for the current marketing year and 72,300 for the next marketing year for a total of 880,400 tonnes, well above the estimate of 350,000 to 700,000 tonnes. As of April 20th, cumulative soybean sales stand at 102.4% of the USDA forecast for the 2016/2017 (current) marketing year versus a 5 year average of 95.1%. Net meal sales came in at 112,000 tonnes for the current marketing year and 1,400 for the next marketing year for a total of 113,400, in line with estimates. Oil sales came in at -2,000 tonnes.

TODAY'S MARKET IDEAS:

Soybean deliveries this morning came in at a hefty 1,015 soybeans, 303 meal and 1,442 oil and even corn deliveries were big at 1100 contracts. This was a bit of a surprise. July soybeans closed fractionally higher yesterday but given the solid export number, one would have thought the market would have had a stronger finish. A close under 953 for July soybeans would suggest more selling and a 929 1/2 short-term target. Close-in resistance is at 960 1/2 and 965 1/2. Aggressive traders could buy 1 July soybean 940 put and sell 1 July

soybean 1000 call, paying 2 1/2 cents for the put as a spread.

NEW RECOMMENDATIONS:

None.

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) 04/28/2017: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The upside daily closing price reversal gives the market a bullish tilt. It is a slightly negative indicator that the close was under the swing pivot. The near-term upside target is at 964 1/2. The next area of resistance is around 960 3/4 and 964 1/2, while 1st support hits today at 953 3/4 and below there at 950 1/2.

SOYBEAN OIL (JUL) 04/28/2017: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. 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 under the swing pivot. The near-term upside target is at 32.46. The next area of resistance is around 32.16 and 32.46, while 1st support hits today at 31.76 and below there at 31.65.

SOYMEAL (JUL) 04/28/2017: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The upside daily closing price reversal gives the market a bullish tilt. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is 311.3. The next area of resistance is around 316.4 and 318.0, while 1st support hits today at 313.1 and below there at 311.3.

DAILY CORN COMMENTARY

04/28/17

More trade agreement speed bumps from the Trump administration

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

CORN -1.4

OVERNIGHT DEVELOPMENTS: July corn is trading down 1 3/4 cents this morning. Outside market forces are slightly positive with crude oil higher and the dollar slightly lower. Dalian corn market is unchanged on the day.



NEAR-TERM MARKET FUNDAMENTALS: There were 1,100 contracts of May deliveries this morning, issued by Wells and JP Morgan and no significant stoppers. The May/July corn spread has weakened by 3/4 of a cent this morning trading at -8 cent carry. The weather looks unchanged with soaking rains this weekend in Missouri, S. Illinois, Arkansas and parts of Oklahoma. The European weather models have a drier outlook in the 6-10 day forecast, but temperatures remain below normal which will leave soil temperatures low and keep producers anxious. Brazil's Ag Minister Blairo Maggi has asked Brazil's trade council to place tariffs on ethanol imports. In the first quarter the US shipped a record 720 million liters to Brazil. President Trump is threatening to terminate

the US trade agreement with South Korea calling it a "horrible" deal. South Korea is the US's sixth largest trade partner and the US trade deficit with South Korea was 27.7 billion dollars last year. This after President Trump's back and forth banter about NAFTA earlier this week finally stated that he will look to re-negotiate NAFTA instead of a possible withdrawal.

The open interest in corn went down 54,000 contracts yesterday and is down over 90,000 contracts over the last two days with fund short covering and May first notice liquidation. The Buenos Aires Grains Exchange left their corn production unchanged at 37.0 million tonnes. They also pegged corn harvest at 25.8% complete. Net weekly export sales for corn came in at 987,900 tonnes on Thursday for the current marketing year and 11,100 for the next marketing year for a total of 999,000 tonnes, which was in line with estimates. As of April 20th, cumulative corn sales stand at 90.3% of the USDA forecast for the 2016/2017 (current) marketing year versus a 5 year average of 86.1%.

TODAY'S MARKET IDEAS:

July corn enters the last day of the week up 3 1/2 cents. The trade has seen some spillover support from the rally in wheat this week along with the wet/cold pattern that will keep producers out of the fields. The market needs a trade above the 374 1/2 level July to get the speculative shorts nervous. Remember, just a 5% hit on trend-line yields equals 162.2 bushels per acre and with planted acres at 90.0 million (possibly getting smaller), ending stocks come in at 1.363 billion bushels. The take home point is that last year we had perfect planting and growing conditions, while this year seems to be starting out with some issues. Longer term traders could buy a March Corn 390/450 bull call spread and also sell a March Corn 360 put 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) 04/28/2017: A bullish signal was given with an upside crossover of the daily stochastics. Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The market's close above the 9-day moving average suggests the short-term trend remains positive. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside target is at 374. The next area of resistance is around 371 3/4 and 374, while 1st support hits today at 366 3/4 and below there at 363 3/4.

DAILY WHEAT COMMENTARY

04/28/17

Weekend weather will dictate direction on Monday

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

WHEAT +0.2

OVERNIGHT DEVELOPMENTS: July wheat is trading 2 1/2 cents higher this morning. Outside market forces are positive with a lower US dollar and higher energy markets. MATIF futures are up 0.3%.



NEAR-TERM MARKET FUNDAMENTALS: There were 447 May contract deliveries which were a little lower than

expected. The May/July wheat spread has rallied 1 1/2 cents this morning to -16 1/4 cent carry. The weather will be watched closely this weekend with frost/freeze potential focused on Kansas. The French wheat crop ratings fell to 78% good to excellent compared to 85% last week and 94% last year. There is some rain forecasted for France in the next 3-5 days. July wheat regained most of Wednesday's selloff and traded to a high of 433 yesterday. The wheat classes were led by the Kansas City (KC) wheat which traded as much as 2.1% higher. The KC July wheat/Chicago July wheat spread closed at +2 1/4 cents premium to KC, the first time that KC has closed above Chicago since March 24th. The hard red winter wheat areas in Kansas saw temperatures dip below freezing in several locations Thursday morning, and the forecast continues to show below freezing potential for the weekend in several winter wheat locations. The open interest in wheat went down 12,887 contracts yesterday.

Managed money traders were short 142,126 contracts as of April 18th as short covering has been the theme with the threatening weather conditions. Managed money traders were short 15,245 contracts of KC wheat as of April 18th and open interest is down 19,000 contracts in KC wheat over the last two days also indicating short covering. The Kansas wheat quality tour starts on Monday with many traders anticipating reports as to what (if any) damage to the crop has been done. Canada's grain production (wheat, corn, barley, oats) for 2017-18 is seen falling 7.2% to 52.6 million tonnes from 56.7 million according to the USDA's Foreign Ag Service. Wheat production is seen at 28.6 million tonnes versus 31.7 million tonnes this year. Net weekly export sales for wheat came in at 61,700 tonnes for the current marketing year and 305,400 for the next marketing year for a total of 367,100 tonnes, which was below estimates of 350,000 to 650,000 tonnes. As of April 20th, cumulative wheat sales stand at 99.3% of the USDA forecast for 2016/2017 (current) marketing year versus a 5 year average of 96.4%.

TODAY'S MARKET IDEAS:

July wheat closed higher yesterday led by a strong KC market. With the potential for some damaging weather over the weekend in the hard red wheat areas, it would not surprise us to see more short covering today. The 50 and 100 day moving averages are still some 15 cents above the market, but the managed short position is still estimated at more than 100,000 contracts. The slow stochastics turned up on Thursday, indicating a buy signal from oversold levels.

NEW RECOMMENDATIONS:

* Buy July wheat at 427 1/2 with an objective of 460 1/2. Risk to 415 1/2.

PREVIOUS RECOMMENDATIONS:

None.

WHEAT TECHNICAL OUTLOOK:

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WHEAT (JUL) 04/28/2017: A bullish signal was given with an upside crossover of the daily stochastics. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. A positive signal for trend short-term was given on a close over the 9-bar moving average. A positive setup occurred with the close over the 1st swing resistance. The next upside target is 438. The next area of resistance is around 435 1/4 and 438, while 1st support hits today at 427 1/4 and below there at 422 1/4.

KC WHEAT (JUL) 04/28/2017: 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. With the close over the 1st swing resistance number, the market is in a moderately positive position. The near-term upside target is at 444 1/4. The next area of resistance is around 440 and 444 1/4, while 1st support hits today at 427 1/2 and below there at 419 1/2.

MINN WHEAT (JUL) 04/28/2017: 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside target is at 561 1/2. The next area of resistance is around 557 1/4 and 561 1/2, while 1st support hits today at 549 1/4 and below there at 545 3/4.

RICE (JUL) 04/28/2017: 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 market tilt is slightly negative with the close under the pivot. The next downside objective is now at 9.334. Selling may soon dry up since the RSI is under 20 indicating the market is extremely oversold. The next area of resistance is around 9.492 and 9.583, while 1st support hits today at 9.368 and below there at 9.334.

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	369 1/4	49.82	48.63	38.22	39.30	368.31	367.89	370.42	372.54	375.64
CNAZ7	386 3/4	50.40	49.62	41.35	40.37	385.88	385.67	387.72	388.00	390.20
SSAN7	957 1/4	42.06	39.39	54.92	57.03	962.63	960.94	957.58	991.66	1009.06
SSAX7	954 1/2	41.95	40.26	56.85	56.74	959.44	958.69	955.40	980.56	990.68
SMAN7	314.8	45.86	43.91	43.36	41.80	316.70	315.76	314.81	324.14	329.41
BOAN7	31.96	49.43	46.89	52.92	59.04	31.98	31.93	31.79	32.64	33.10
WHAN7	431 1/4	47.50	44.72	28.21	32.49	426.00	428.22	434.85	445.05	450.27
WHAU7	444 1/2	46.33	43.76	25.76	29.89	439.75	442.19	448.72	459.54	464.61
RCAN7	9.430	11.98	21.18	18.41	4.83	9.57	9.94	10.19	10.07	10.04
KWAN7	433 3/4	54.10	48.49	30.15	42.37	424.50	424.58	430.85	448.99	455.86
MWAN7	553 1/4	65.29	59.62	57.91	71.45	545.00	542.33	537.83	544.58	549.13
OTAN7	222 1/2	54.00	48.02	36.41	45.21	220.38	218.78	219.26	230.29	234.68

Calculations based on previous session. Data collected 04/27/2017

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	363 3/4	366 1/2	369	372	374 1/4
CNAZ7	Corn	381	384	386 1/2	389 1/2	392
SSAN7	Soybeans	950 1/2	953 3/4	957 1/2	960 3/4	964 1/2
SSAX7	Soybeans	949 1/2	952	954 3/4	957	960
SMAN7	Soymeal	311.2	313.0	314.6	316.4	318.0
BOAN7	Soybean Oil	31.64	31.75	32.05	32.16	32.46
WHAN7	Wheat	422	427 1/4	430	435 1/4	438
WHAU7	Wheat	435 1/2	440 1/2	443 1/2	448 1/2	451 1/2
RCAN7	Rice	9.333	9.367	9.458	9.492	9.583
KWAN7	KC Wheat	419 1/2	427 1/2	432	440	444 1/2
MWAN7	MINN Wheat	545 1/2	549 1/4	553 1/2	557 1/4	561 1/2
OTAN7	Oats	219	221	222	224	225

Calculations based on previous session. Data collected 04/27/2017

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