



DAILY SOY COMPLEX COMMENTARY
05/01/17

Finding support from other grains which may not last; weak

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
SOY BEANS +8.0, BEAN OIL +0.1, SOYMEAL +2.8



OVERNIGHT DEVELOPMENTS: July soybeans are trading 8 3/4 cents higher this morning. China futures are closed today and Palm oil futures in Malaysia are up slightly. The Chinese government released "official" April manufacturing PMI and April non-manufacturing PMI readings over the weekend, with both numbers coming in lower than expected. A US government shutdown may be avoided for now as there are reports that a funding deal was reached through September. Many markets in Asia and Europe are on holiday today, although the Japanese Nikkei posted a moderate gain as it continues to benefit from a weaker Yen. The North American session will start out with March personal income which is expected to see a modest downtick from February's +0.4% reading. The April ISM manufacturing index is forecast to have a moderate downtick from March's 57.2 reading. March construction spending is expected to downtick from February's 0.8% reading. During the session, April motor vehicle sales figures will be released during the day and are forecast to see decent improvement from March's 16.6 million annualized rate.

NEAR-TERM MARKET FUNDAMENTALS: Fears of wheat damage and a massive net short position for the other grains has supported the market overnight. The soybean market still has time to see further weakness before growing weather becomes more important. The drought monitor this week showed a record low 6.1% of the continuous US in drought condition. If the northwestern Midwest continues to show a slow fieldwork pace, some spring wheat or corn acres could shift to soybeans. July soybeans closed down 4 1/2 cents for the week. The market posted a high for the week on Monday and has drifted lower all week with open interest down 64,000 contracts on the week through Thursday. There were 1,015 contracts delivered against the May contract Friday which was a little more than expected. For today, there were 1,013 soybean contracts, 788 oil and 104 meal. According to Agrural, Brazilian soybean farmers have sold 49% of their crop, the lowest in seven years and below the five year average of 63%. Harvest is nearly complete and farmers continue to hold inventories waiting for higher prices.

A Chinese consumer backlash against GMO crops could put a dent in soybean demand and cause problems for the crushing industry. Soybean oil is made mostly from imported GMO soybeans. Some are replacing with GMO free sunflower, peanut and sesame oils. The average estimates for Tuesday's US March crush numbers are 162.3 million bushels, down 2.5% last year's 166.3 million bushels. Soybean oil reserves are estimated at 2.246 billion pounds, down 3.4% from last year's 2.325 billion pounds. For the weekly update on planting progress, traders see soybean plantings near 9-10% complete. The Commitments of Traders reports as of April 25th showed Non-Commercial traders were net short 38,371 contracts, an increase of 6,867 contracts for the week. Non-Commercial and Nonreportable combined traders held a net short position of 101,432 contracts, down 778 contracts for the week. Commodity Index traders held a net long position of 101,605 contracts, down a significant 9,055 contracts in just one week.

For Soybean Oil, Non-Commercial traders were net short 29,182 contracts, a decrease of 11,934 contracts for the week. Non-Commercial and Nonreportable combined traders held a net short position of 27,707 contracts, down 9,937 contracts for the week. For Soybean Meal, Non-Commercial traders were net long 23,819 contracts, a decrease of 4,143 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 31,727 contracts, down 2,085 contracts for the week. Commodity Index traders held a net long position of 84,913 contracts. This represents a decrease of 6,014 contracts in the net long position held by these traders.

TODAY'S MARKET IDEAS:

Close-in selling resistance for July soybeans is at 970 3/4 and then 980 with 929 1/2 as the next downside target. July meal resistance is at 322.30, with 304.20 as the next downside target. The next downside target for July soybean oil is at 30.57.

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.

Commitment of Traders - Futures and Options - 4/18/2017 - 4/25/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Grains						
Soybeans	-38,371	-6,867	101,431	-781	-63,061	+7,645
Soymeal	23,819	-4,143	-31,727	+2,085	7,908	+2,058
Soyoil	-29,182	+11,934	27,707	-9,936	1,475	-1,997

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) 05/01/2017: The daily stochastics have crossed over down which is a bearish indication. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market's short-term trend is negative as the close remains below the 9-day moving average. The market tilt is slightly negative with the close under the pivot. The next downside target is now at 950. The next area of resistance is around 959 1/4 and 961 3/4, while 1st support hits today at 953 1/4 and below there at 950.

SOYBEAN OIL (JUL) 05/01/2017: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The intermediate trend has turned down with the cross over back below the 18-day moving average. The market's close below the 1st swing support number suggests a moderately negative setup for today. The near-term upside target is at 32.36. The next area of resistance is around 31.99 and 32.36, while 1st support hits today at 31.43 and below there at 31.25.

SOYMEAL (JUL) 05/01/2017: 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 indicates the intermediate-term trend has turned up. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is 312.3. The next area of resistance is around 317.4 and 318.6, while 1st support hits today at 314.2 and below there at 312.3.

DAILY CORN COMMENTARY

05/01/17

Fears of replanting needed in areas hit with 4-8 inches

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
CORN +5.2**



OVERNIGHT DEVELOPMENTS: July corn is trading up 5 1/2 cents this morning. Outside market forces are mixed. There were 936 contracts of corn delivered overnight.

NEAR-TERM MARKET FUNDAMENTALS: Short-term corrections look like buying opportunities as funds hold a massive net short position, so any minor weather concern could spark short-covering. Damage from cold weather to the wheat crop plus concerns that areas of the Midwest where weekend rain totals were 4-8 inches might need to be replanted helped to support the market overnight. July corn recovered 3 cents off of the lows into the close Friday but still closed a bit lower. The market closed out the week up 3 cents. There seems to be better chances for planting in the forecast for this week and a warmer, and a drier outlook for the Corn Belt starting later this week was seen as a bearish force on Friday. The 6-10 day forecast is dry. The weekend rains will continue to slow plantings at least until the middle of next week. The average estimate for corn plantings for this afternoon's weekly update is 28% versus the ten year average of 34%. However, some traders are as high as 36% complete. Again, there is now concern that some areas of flooding rains may need to be replanted. The open interest in corn went down 54,000 contracts on Thursday and was down 118,000 for the first four days of the week. The market has been pressured by comments from the Trump administration threatening to terminate the trade agreement with South Korea. South Korea is the US's sixth largest trade partner, with the US goods trade deficit with South Korea at \$27.7 billion last year.

Also, news that Brazil's Ag Minister Blario Maggi is pushing Brazil's foreign trade council to place tariffs on ethanol imports. In the first quarter, the US shipped a record 720 million liters of ethanol to Brazil. Brazil's ethanol production has faded due to high prices encouraging a shift to sugar. The Commitments of Traders reports as of April 25th showed Non-Commercial traders were net short 123,048 contracts, an increase of 49,889 contracts in just one week. Non-Commercial and Nonreportable combined traders held a net short position of 92,269 contracts, up 30,808 contracts for the week. Commodity Index traders held a net long position of 282,545 contracts, down 6,523 contracts for the week.

TODAY'S MARKET IDEAS:

Managed money traders increased their net short position by 24,448 contracts to a whopping 196,257 contracts. This leaves the market extremely oversold going into a more weather sensitive time of the year. Remember, just a 5% hit on trendline yield with planted acres at 90.0 million (possibly getting smaller), ending stocks come in at 1.363 billion bushels. The short-term weather news and delivery news is somewhat bearish. December corn support is at 384 with resistance at 391 and then 394. Keep 413 1/2 as next upside target.

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.

Commitment of Traders - Futures and Options - 4/18/2017 - 4/25/2017							
	Non-Commercial		Net Position	Commercial		Non-Reportable	
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	Weekly Net Change	
Grains							
Corn	-123,048	-49,889	92,269	+30,809	30,779	+19,081	

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) 05/01/2017: The daily stochastics have crossed over down which is a bearish indication. Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. 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 361. The next area of resistance is around 369

1/4 and 371 3/4, while 1st support hits today at 363 3/4 and below there at 361.

DAILY WHEAT COMMENTARY

05/01/17

Weekend weather enough to spark short-covering surge

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
WHEAT +9.4

OVERNIGHT DEVELOPMENTS: July wheat is trading 10 1/2 cents higher this morning and KC wheat is up 16 1/4 cents. Outside market forces look mixed. MATIF futures are closed. There were 447 contracts delivered against the May contract Friday morning which was well below estimates. For today, 453 contracts were delivered for Chicago wheat and 576 for KC wheat.



NEAR-TERM MARKET FUNDAMENTALS: Cold and snowy weather leaves plenty of crop uncertainty ahead and traders will monitor the Kansas Crop tour this week for hints of potential damage. With a record high net short position, the market is vulnerable to significant buying if the weather continues to cause some issues. It will be cold for another night but the plains look to clear out of moisture over the next week. The western Kansas region might have taken on damage. In addition, traders will monitor the spring wheat planting progress for the weekly update today as plantings were just 22% complete last week, down 14% from normal. July wheat closed out the week for a gain of up 11 1/4 cents with KC wheat up 20 cents on the week. The market driver for the rally was concerns for freezing temperatures for several parts of the winter wheat areas. Some weather analysts believe 20% of the winter wheat crop could have been at risk of below normal freezing temperatures, but most thought it would occur Friday night/Saturday morning. There also will be significant rainfall amounts in both the hard red and soft red areas which will put disease pressure on the crops. The open interest in wheat went down 12,887 contracts Thursday and was down 45,000 contracts for the first 4 days of the week. French soft wheat conditions went down to 78% good to excellent compared to 85% last week and 94% last year.

The Commitments of Traders reports as of April 25th showed Non-Commercial traders were net short a record high 143,292 contracts, an increase of 22,290 contracts for the week. The "combined" spec and fund Net Short position has hit a new record level at 134,092 contracts, up 20,937 for the week. Commodity Index traders held a net long position of 133,420 contracts, down a significant 8,126 contracts in just one week. For Kansas City Wheat, Non-Commercial traders were net short 7,392 contracts, an increase of 6,850 contracts for the week. Non-Commercial and Nonreportable combined traders held a net short position of 4,169 contracts. These traders have gone from a net long to a net short position.

TODAY'S MARKET IDEAS:

July wheat support is at the 437-432 3/4 zone with resistance at 449 1/2 and a target of 462. The slow stochastics turned up on Thursday, indicating a buy signal from oversold levels. July KC wheat support is at 444 1/2 with 465 as next resistance. We were unable on buying July wheat futures on Friday's trade recommendation. Look for more short-covering support today.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 4/18/2017 - 4/25/2017						
	Non-Commercial		Commercial	Non-Reportable		
	Net Position	Weekly Net Change		Net Position	Weekly Net Change	
Grains						
KC Wheat	-7,392	-6,850	4,169	+7,418	3,223	-568

Wheat	-143,292	-22,290	134,092	+20,937	9,200	+1,354
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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) 05/01/2017: Momentum studies are rising from mid-range, which could accelerate 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. The close over the pivot swing is a somewhat positive setup. The near-term upside target is at 437. The next area of resistance is around 434 3/4 and 437, while 1st support hits today at 429 3/4 and below there at 427 1/4.

KC WHEAT (JUL) 05/01/2017: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's short-term trend is positive on the close above the 9-day moving average. The close over the pivot swing is a somewhat positive setup. The next upside objective is 443 1/4. The next area of resistance is around 440 1/2 and 443 1/4, while 1st support hits today at 434 and below there at 430 1/4.

MINN WHEAT (JUL) 05/01/2017: 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 upside closing price reversal on the daily chart is somewhat bullish. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside objective is at 562 1/2. The next area of resistance is around 559 1/2 and 562 1/2, while 1st support hits today at 550 and below there at 543 1/4.

RICE (JUL) 05/01/2017: The market made a new contract low on the break. 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's close below the pivot swing number is a mildly negative setup. The next downside target is now at 9.285. More downside action may be limited by the RSI under 20 putting the market in extremely oversold territory. The next area of resistance is around 9.490 and 9.565, while 1st support hits today at 9.350 and below there at 9.285.

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	366 1/2	44.88	45.44	37.61	36.40	368.56	367.14	369.93	372.24	375.37
CNAZ7	385	46.86	47.33	40.41	38.54	386.25	385.08	387.33	387.85	390.02
SSAN7	956 1/4	41.09	38.83	54.65	54.12	958.75	960.11	957.97	989.98	1007.42
SSAX7	953 1/4	40.52	39.40	55.38	52.42	955.88	957.69	955.57	979.42	989.70
SMAN7	315.8	48.30	45.60	43.12	42.63	315.50	315.54	315.07	323.64	328.98
BOAN7	31.71	44.33	43.92	53.00	53.17	31.92	31.90	31.79	32.61	33.05
WHAN7	432 1/4	49.13	45.80	31.47	37.98	429.25	427.83	434.40	444.28	449.81
WHAU7	445 3/4	48.41	45.14	29.04	35.61	442.63	441.78	448.24	458.73	464.14
RCAN7	9.420	11.82	20.99	13.91	4.92	9.46	9.84	10.14	10.06	10.03
KWAN7	437 1/4	57.79	51.24	38.13	54.08	430.25	425.50	431.13	447.98	455.39
MWAN7	554 3/4	66.61	60.64	64.66	78.18	550.81	544.25	538.74	544.47	549.08
OTAN7	228	64.94	56.08	44.38	60.30	222.94	219.83	219.57	229.83	234.43

Calculations based on previous session. Data collected 04/28/2017

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	361	363 3/4	366 1/2	369 1/4	372
CNAZ7	Corn	379 1/2	382 1/2	384 3/4	387 1/2	390

SSAN7	Soybeans	950	953 1/4	956	959 1/4	962
SSAX7	Soybeans	947 1/4	950 1/2	952 3/4	956	958 1/4
SMAN7	Soymeal	312.2	314.2	315.4	317.4	318.6
BOAN7	Soybean Oil	31.24	31.43	31.80	31.99	32.36
WHAN7	Wheat	427	429 3/4	432	434 3/4	437
WHAU7	Wheat	440 3/4	443 1/2	445 1/2	448	450 1/4
RCAN7	Rice	9.285	9.350	9.425	9.490	9.565
KWAN7	KC Wheat	430 1/4	434	436 3/4	440 1/2	443 1/4
MWAN7	MINN Wheat	543 1/4	550	553	559 1/2	562 3/4
OTAN7	Oats	217	223 1/4	226 1/2	232 3/4	236

Calculations based on previous session. Data collected 04/28/2017

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