



DAILY SOY COMPLEX COMMENTARY
05/04/17

Some export demand may support but new crop outlook bearish

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
SOY BEANS -3.6, BEAN OIL -0.0, SOYMEAL -1.9



OVERNIGHT DEVELOPMENTS: July soybeans are trading 4 cents lower this morning. China futures are down slightly with an outside-day trading session and palm oil futures in Malaysia are up 0.6%. Global equity markets were mostly mixed overnight with a slight edge to the bulls. The Asian economic calendar featured the April Caixin Chinese services PMI that was expected to see a modest uptick from March's 52.2 reading but instead the measure fell to an 11 month low. The European session started out with services and composite PMI readings from around the region. Euro zone April services PMI showed a slight improvement, Germany showed a slight decline but bested expectations, French readings saw a decline and were worse than expectations while Italian PMI readings improved dramatically from the prior month and were much better than forecasts. Uncertainty off the French election continues to fall in the wake of a poor debate showing by the already trailing Le Pen. UK Services PMI data was better than forecast and better than the prior month with consumer lending in the UK declining and mortgage approvals also declining in March. The North American session will start out the April Challenger survey of job cuts, followed by a weekly reading on initial jobless claims that are expected to downtick from the previous 257,000 reading. The March international trade balance is forecast to see a modest increase in the monthly deficit. March factory orders are forecast to see a minor decline from February's +1.0% reading. First quarter non-farm productivity and first quarter unit labor cost readings will also be released during morning US trading hours. Deliveries overnight included 49 soybean contracts, 320 oil and 226 meal deliveries.

NEAR-TERM MARKET FUNDAMENTALS: Strong export demand news helped support the bounce yesterday but with focus of attention shifting to the new crop season, sellers could get more active. It seems that it will be difficult for the USDA to come out with an ending stocks estimate for the 2017/18 season which is less than a new record high. Pakistan bought 65,000 tonnes of US soybeans and more than 100,000 tonnes of Black Sea rapeseed in recent weeks. July soybeans experienced the highest settlement price since March 29th. The market was supported by rumors of renewed Chinese interest in US soybeans shipped from the Pacific Northwest as Brazilian farmers have been tight holders of supplies of late. Chinese crush margins have rallied back to break-even levels over the last week. While US export pace might suggest a higher export estimate for next week's supply/demand update, this may be offset (or more than offset) by lower crush.

Brazil's soybean exports for the month of April were record large at 10.4 million tonnes. Exports were 27.7 million tonnes for the January through April timeframe which is up 17% from last year. China accounted for 78% of Brazil's soybean exports, and Brazil is scheduled to ship 6.7 million tonnes of soybeans in May. FC Stone increased their Brazilian soybean production number to 111.8 million tonnes from 111.6 million last month. Informa increased their Brazilian production number to 113 million tonnes from 111 million, but lowered their Argentine production to 56.8 million tonnes from 57.5 million. The USDA sees Brazil production at 111 million tonnes last month and 56 million tonnes for Argentina. For the weekly export sales report, traders see sales near 400,000 to 800,000 tonnes of soybeans, 50,000 to 250,000 tonnes of soybean meal and 8,000 to 30,000 tonnes of soybean oil.

TODAY'S MARKET IDEAS:

We still believe next week's report will have nothing for the bull camp to get excited about, as old crop ending stocks could be increased with the recent slowdown of the crush. New crop ending stocks could start out at a

record 600 million bushels even if the USDA uses a 47.0 bu/acre yield to start. They are likely to use 48 yield. November soybeans should find resistance at 972 and 979 1/4. July resistance is at 980 1/2 and 989 1/2.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

1) Short July soybeans from 974 with an objective of 928. Risk to 989 1/2. 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) 05/04/2017: Momentum studies are trending higher but have entered overbought levels. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside target is at 983 1/4. The next area of resistance is around 980 1/4 and 983 1/4, while 1st support hits today at 970 1/4 and below there at 963 1/2.

SOYBEAN OIL (JUL) 05/04/2017: Rising stochastics at overbought levels warrant some caution for bulls. A positive signal for trend short-term was given on a close over the 9-bar moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 33.00. The next area of resistance is around 32.79 and 33.00, while 1st support hits today at 32.33 and below there at 32.08.

SOYMEAL (JUL) 05/04/2017: The daily stochastics have crossed over up which is a bullish indication. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The intermediate trend could be turning up with the close back above the 18-day moving average. The market has a slightly positive tilt with the close over the swing pivot. The next upside objective is 323.5. The next area of resistance is around 321.6 and 323.5, while 1st support hits today at 316.0 and below there at 312.2.

DAILY CORN COMMENTARY

05/04/17

Drier forecast may allow planting but do not expect more than 90

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
CORN -2.4

OVERNIGHT DEVELOPMENTS: July corn is trading down 2 1/2 cents this morning. Outside market forces are looking bearish with weakness in energy markets and gold. There were 544 contracts of corn delivered overnight to push the monthly total to 4,180 contracts. China corn was up slightly.



NEAR-TERM MARKET FUNDAMENTALS: With an improved weather outlook for getting the crop planted, and weakness in the other grains, corn could struggle to find much support unless the weather shifts to wetter ahead. The market traded lower early in the session yesterday but found support from a wet forecast in the waterlogged areas of Missouri, southern Illinois and southern Indiana with rains of as much as 3 or more inches forecast from May 3rd through May 8th. Replanting, potential yield drag and possible prevent plant options are all topics that will take hold in the days and weeks ahead. China will auction off up to 2.5 million tonnes of old corn stocks from 2012 and 2013 crop years beginning Friday. Analysts look for auction prices that will be low enough to attract

buyers. FC Stone raised their Brazilian corn production to 96.15 million tonnes from the previous estimate at 93.3 million. Informa also updated South American production numbers with Brazil at 96 million tonnes versus 95.0 million previously and Argentina at 38 million tonnes down from 38.2 million last month. The USDA last month had Brazil corn production at 93.5 million tonnes.

Ukraine's grain exports are up 9.0% compared to last year with corn exports at 16.1 million tonnes, up 3.7% from last year. For the weekly export sales report, traders are looking for corn sales near 700,000 to 1.1 million tonnes compared to last week's 999,000 tonnes. Ethanol production for the week ending April 28th averaged 986,000 barrels per day. This is down 0.1% vs. last week and up 6.8% vs. last year. Total ethanol production for the week was 6.902 million barrels. Corn used in last week's production is estimated at 103.53 million bushels. Corn use needs to average 99.7 million bushels per week to meet this crop year's USDA estimate. Stocks were 23.213 million barrels. This is down 0.24% vs. last week and up 4.56% vs. last year.

TODAY'S MARKET IDEAS:

July corn was able to turn higher after early weakness yesterday as traders are becoming concerned with the wet pattern that is affecting the southern Midwest region. Replanting and prevent plant options will start to become hot topics if the forecast verifies with big rains this weekend. The open interest has not come down like one would think with the large managed money short; in fact, it went up 3,264 contracts on Tuesday. However, it feels like the managed money short of 196,257 contracts is holding on. Long-term traders could buy 1 December corn 420 call and sell 1 December corn 500 call and sell 1 December corn 340 put for a cost of 5 1/4 cents. For traders holding long futures, consider selling the July corn 380 call near 9 1/2 cents as a short-term hedge.

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) 05/04/2017: 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 upside closing price reversal on the daily chart is somewhat bullish. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside target is 379 1/2. The next area of resistance is around 377 1/2 and 379 1/2, while 1st support hits today at 372 and below there at 368 1/4.

DAILY WHEAT COMMENTARY

05/04/17

Welcome rains in Europe but US weather still an issue

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

WHEAT -4.0

OVERNIGHT DEVELOPMENTS: July wheat is trading 4 3/4 cents lower this morning and KC wheat is down 5 cents. Outside market forces look negative. MATIF September futures are down 0.44% at 169.50 Euro. There were 0 contracts delivered against the Chicago May contract and 150 against the Kansas City May contract.



NEAR-TERM MARKET FUNDAMENTALS: The Kansas crop tour sees winter wheat yields in western Kansas at 32.8 bushel per acre from 25 samples taken on the second day of the tour. Last year's yield on the second day for the same areas was 49.3 bushels. Many fields still had some snow cover and at least two fields were a complete loss. France received 44% of normal rainfall for the month of April according to the French Ag Ministry. The biggest deficits were seen in the north and southwest, rainfall is down 26% since March 1st. Rainfall is forecasted for France, Germany, and Poland next week which could bring relief to dry areas. Global wheat stocks will reach a 17 year high in 2017-18 according to the U.N.'s FAO, stockpiles will rise 3.3% from last year to 247.6 million tonnes. Russia will resume wheat exports to Turkey without restrictions as of today according to the Turkish Economy Minister. An agreement ended the dispute over food imports. Tunisia is tendering for 75,000 tonnes of durum for August-October shipment. Egypt has bought 500,000 tonnes of wheat from local farmers according to the Supply Minister. Egypt plans to buy as much as 4.0 million tonnes of wheat from local suppliers this season.

July wheat was able to recoup early losses and closed at 454 yesterday. The market traded as low as 445 3/4 early yesterday, but rallied back on more weather concerns. Some weather forecasts still have potential sub-freezing temperatures in the soft red wheat areas for this coming weekend with Sunday night into Monday morning looking the coldest. With Illinois at 67% heading, Indiana at 32% and Ohio at 5% damage could be done if temperatures do get below 30 degrees for an extended period. There is another wide swath of rain from Missouri, Illinois, Indiana and Ohio which could put disease pressure on the soft red wheat crop. Informa estimated 2017 all wheat production at 1.923 billion bushels compared to 2.310 billion bushels last year. The yield was 48.4 bushels per acre versus 52.6 bushels last year. They surveyed prior to the weekend storm, so these numbers are already outdated as harvested acres due to abandonment should increase. The USDA's Foreign Ag Service has estimated India's 2017-18 wheat production at 96.5 million tonnes up from last year's 87.0 million. They see imports dropping to 4.0 million tonnes from 6.0 million last year. Ukraine's grain exports are up 9.05 compared to last year with wheat exports at 15.8 million tonnes up 11.0% from last year and barley at 5.1 million tonnes up 21.0% from last year. The average estimate for this morning's export sales are 250,000 to 550,000 tonnes.

TODAY'S MARKET IDEAS:

July wheat continues to hold above the 50 day (445 3/4) and the 100 day (447 3/4) moving averages this morning. With the potential for another weekend with damaging cold temperatures and excessive rains in the SRW areas, the market should continue to find support at the 446 to 448 area. A close above 461 should accelerate to a possible test of 488 3/4. Traders could buy July wheat at 447 3/4 on a pullback looking for more short covering going into the end of the week.

NEW RECOMMENDATIONS:

* Buy July wheat at 446 with an objective of 481. Risk to 434.

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) 05/04/2017: Momentum studies are trending higher but have entered overbought levels. The close above the 9-day moving average is a positive short-term indicator for trend. The market tilt is slightly negative with the close under the pivot. The next upside target is 462 1/2. The next area of resistance is around 459 and 462 1/2, while 1st support hits today at 449 and below there at 442 1/4.

KC WHEAT (JUL) 05/04/2017: The moving average crossover up (9 above 18) indicates a possible developing short-term uptrend. Rising stochastics at overbought levels warrant some caution for bulls. 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 objective is at 475. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 469 1/4 and 475, while 1st support hits today at 457 1/4 and below there at 450 3/4.

MINN WHEAT (JUL) 05/04/2017: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's short-term trend is positive on the close above the 9-day moving average. The daily closing price reversal up is a positive indicator that could support higher prices. The market has a slightly positive tilt with the close over the swing pivot. The next upside target is 570 1/4. The next area of resistance is around 567 and 570 1/4, while 1st support hits today at 555 1/2 and below there at 547.

RICE (JUL) 05/04/2017: The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. The market's close above the 9-day moving average suggests the short-term trend remains positive. 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 target is at 10.256. The next area of resistance is around 10.127 and 10.256, while 1st support hits today at 9.693 and below there at 9.387.

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	374 3/4	56.40	54.02	52.60	62.60	372.75	369.78	370.64	372.01	375.11
CNAZ7	392 1/4	57.45	55.16	55.47	65.83	390.44	387.47	388.10	387.92	389.98
SSAN7	975 1/4	60.93	52.95	64.59	72.63	967.63	964.64	961.18	985.66	1003.39
SSAX7	970	61.81	54.15	63.41	70.99	963.13	961.08	958.10	976.48	987.27
SMAN7	318.8	54.60	50.75	46.19	48.98	317.05	316.51	315.94	322.20	327.90
BOAN7	32.56	60.13	54.59	65.10	75.08	32.26	32.12	31.89	32.55	32.93
WHAN7	454	69.23	61.91	58.84	74.89	449.06	435.69	436.93	444.06	449.78
WHAU7	467 1/4	68.97	61.61	58.05	75.26	462.44	449.36	450.60	458.41	464.04
RCAN7	9.910	52.01	48.29	17.79	26.05	9.64	9.66	10.02	10.04	10.02
KWAN7	463 1/4	70.68	63.91	67.23	81.12	458.50	438.81	436.19	447.41	455.42
MWAN7	561 1/4	67.21	62.60	72.99	75.65	559.06	550.19	543.44	544.76	549.15
OTAN7	238 1/4	70.54	63.79	70.14	81.28	236.81	227.22	223.10	229.64	234.03

Calculations based on previous session. Data collected 05/03/2017

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	368	372	373 3/4	377 1/2	379 1/2
CNAZ7	Corn	385 3/4	389 1/2	391 1/2	395	397 1/4
SSAN7	Soybeans	963 1/2	970 1/4	973 1/2	980 1/4	983 1/2
SSAX7	Soybeans	960 1/2	966	968 1/2	974	976 1/2
SMAN7	Soymeal	312.1	315.9	317.8	321.6	323.5
BOAN7	Soybean Oil	32.08	32.33	32.54	32.79	33.00
WHAN7	Wheat	442 1/4	449	452 1/2	459	462 3/4
WHAU7	Wheat	456	462 1/4	466	472 1/4	476
RCAN7	Rice	9.386	9.692	9.821	10.127	10.256
KWAN7	KC Wheat	450 3/4	457	463	469 1/2	475 1/4
MWAN7	MINN Wheat	547	555 1/2	558 3/4	567	570 1/2
OTAN7	Oats	228 1/4	233 1/2	237 3/4	243	247 1/4

Calculations based on previous session. Data collected 05/03/2017

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.