

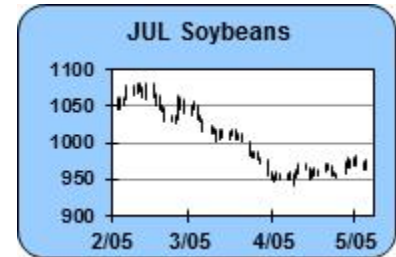


DAILY SOY COMPLEX COMMENTARY
05/10/17

USDA first look at 2017/18 ending stocks could be record high

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):
SOY BEANS -0.6, BEAN OIL -0.2, SOYMEAL -0.2

OVERNIGHT DEVELOPMENTS: July soybeans are trading 3/4 of a cent lower this morning. China futures are up slightly overnight and palm oil futures in Malaysia are closed. Global equity markets were mixed overnight. The Asian session saw the latest reading on Chinese inflation, with April CPI posting a rise over the prior month. March readings for the Japanese leading economic index and Japanese coincident index were released with leading indicators showing a moderate expansion compared to last month and coincident readings falling and at least partly offsetting the leaders result. The European session saw March EU trade balance figures move to a surplus with March French industrial production coming in much stronger than expected. The North American session will be fairly quiet data-wise and will feature the April export price index and April import price index that are both expected to come in at slightly above unchanged levels. Deliveries overnight included zero soybean contracts, 94 oil and 75 meal deliveries.



NEAR-TERM MARKET FUNDAMENTALS: The results of the USDA Supply/demand reports today should set the tone. Without a major surprise, we see a burdensome stocks situation and a record new crop ending stocks outlook as a key bearish force. China demand is on the rise but this should be more than offset by the record South America supply. July soybeans closed moderately higher on the session yesterday. The market was led up by soybean meal which rallied on increased feed/meal demand. Strength in soybean meal was also attributed to the potential slowdown in the Argentine crush due to the recent news that the US may impose hefty import tariffs on biodiesel from Argentina which could squeeze their crush margins. Also, Monday's record large Chinese import number continues to support the trade with analysts looking for USDA to up the Chinese import number for 2016-17 to 90 million tonnes or higher. A wet forecast with cool temperatures also has provided support as producers will struggle with sub-par planting conditions in the next two weeks.

Conab will release their Brazilian soybean production number tomorrow with the average estimate at 111.8 million tonnes compared to the April estimate of 110.2 million. Agrural has estimated the Brazilian production at 112.3 million tonnes compared to 111.6 million previously. The average estimate for 2016-17 ending stocks is at 443 million bushels (range of 417-513 million) and 2017-18 ending stocks at 584 million bushels (range of 420-759 million). The previous all-time record high ending stocks in soybeans was in 2006-07 at 574 million bushels. For world ending stocks for 16/17, traders see soybean stocks at a record high 87.5 million tonnes from 87.4 million as the April estimate. For the new crop season, traders see 86.6 million tonnes with a wide range of estimates from 80.5 to 94 million range. Brazilian production is pegged at 111.3 million tonnes from 111.0 million last month with a range of 110.5 to 113 million.

TODAY'S MARKET IDEAS:

The November soybean/December corn ratio traded to a 2 1/2 week high at 2.51%, yet producers are having issues getting their corn planted or replanted and soybean acres are at a record (89.5 million acres) and new crop ending stocks could come in at 600 million bushels or higher in today's report. Just a 5% increase in trend line yield to 50.4 bu per acre this year (52.1 last year) would leave ending stocks over 800 million bushels even with a healthy increase in the export number. Consider selling November soybeans against trend line resistance at 980 with an objective of 930. July soybean close-in resistance is at 976 1/4 with support at 959 and at 955 1/2, and a move through support would leave 925 1/4 as the next downside target.

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) 05/10/2017: The cross over and close above the 40-day moving average is an indication the longer-term trend has turned positive. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market's short-term trend is positive on the close above the 9-day moving average. A positive setup occurred with the close over the 1st swing resistance. The next downside target is now at 958 1/2. The next area of resistance is around 980 3/4 and 985 3/4, while 1st support hits today at 967 1/4 and below there at 958 1/2.

SOYBEAN OIL (JUL) 05/10/2017: 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. It is a slightly negative indicator that the close was lower than the pivot swing number. The next upside objective is 33.29. The next area of resistance is around 33.06 and 33.29, while 1st support hits today at 32.71 and below there at 32.58.

SOYMEAL (JUL) 05/10/2017: A positive indicator was given with the upside crossover of the 9 and 18 bar moving average. The crossover up in the daily stochastics is a bullish signal. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. Since the close was above the 2nd swing resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The near-term upside target is at 323.4. The next area of resistance is around 321.5 and 323.4, while 1st support hits today at 315.5 and below there at 311.3.

DAILY CORN COMMENTARY

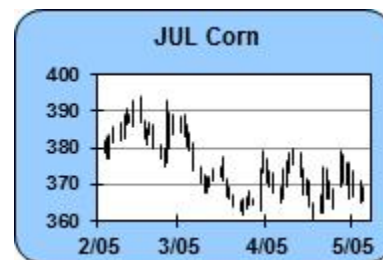
05/10/17

Big picture fundamentals supportive; need good US/China crops

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):

CORN +0.0

OVERNIGHT DEVELOPMENTS: July corn is trading 1/4 of a cent higher this morning. Outside market forces look slightly positive. There were 579 contracts of corn delivered overnight.



NEAR-TERM MARKET FUNDAMENTALS: The results of the USDA Supply/Demand report should set the short-term tone for the market. The big picture fundamentals for the 2017/18 season look supportive as US and especially world ending stocks look to fall. In fact, the low end of the range of estimates for world ending stocks would suggest the largest drawdown in world ending stocks since 1988. The crop looks to get planted on time but does not look to be off to a great start. Open interest went up 26,029 contracts on Monday which most likely was new shorts. The corn planting progress came in at 47% complete, up from 34% the previous week and slightly behind the five year average of 52%. The western Corn Belt was able to make progress last week, but Illinois, Indiana and Ohio saw little progress. A wet pattern continues to stick with the longer term forecasts with a split jet

stream that continues to show three systems crossing the belt over the next two weeks. Some forecasters are starting to show similarities in this spring's weather pattern and the weather pattern from the spring of 1993. In 1993, flooding inundated crop areas around the Mississippi and Missouri rivers affecting Illinois, Iowa, Missouri and Minnesota and several other states.

Just as a reminder, 1993 harvested acres were 86% of planted compared to the average of 91% and the yield came in at 100.7 bushels per acre, over 20% below trendline yield of 125 bushels per acre. Replanting decisions have already been made in several areas of southern Illinois, Indiana and Arkansas. The start of the 2017-18 planting/growing season has started off with some significant set-backs that could make trend-line yield (170.7 bushels/acre) difficult to achieve. The average estimates for Conab's Brazilian corn production is 95.1 million tonnes compared to Conab's April number of 91.5 million. Agrural has estimated Brazil's corn production at 94.4 million tonnes up 44% from last year's 66.5 million tonnes. The average estimate for today's supply/demand report has 2016-17 ending stocks at 2.315 billion bushels (range of 2.269-2.458 billion). For 2017-18 ending stocks are estimated at 2.129 billion bushels (range of 1.811-2.513 billion). The key number traders should focus on is 2017-18 world ending stocks estimated at 209 million tonnes (range of 191-225 million) compared to near 224 million this year.

TODAY'S MARKET IDEAS:

December corn is still above the 200 day moving average, finding support at this level (384) over the last four days. Given the somewhat wet and cool forecast, and the amount of replant that needs to be done, the downside in new crop corn seems limited over the next four weeks while the upside could be significant. Traders should consider buying December Corn at 381 with an objective of 413. Or, buy the December 420 call and sell the December 350 put for a cost of 5 3/4 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) 05/10/2017: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. 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 363 1/2. The next area of resistance is around 368 1/4 and 370 3/4, while 1st support hits today at 364 3/4 and below there at 363 1/2.

DAILY WHEAT COMMENTARY

05/10/17

Tighter supply next year but this year still burdensome

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):

WHEAT +0.0

OVERNIGHT DEVELOPMENTS: July wheat is trading 1 1/2 cents higher this morning and KC wheat is up 1 1/4 cents. Outside market forces look positive. MATIF September futures are down 1.2%. There was 17 contracts delivered against the Chicago May contract and 30 against the Kansas City May contract.



NEAR-TERM MARKET FUNDAMENTALS: The USDA Crop Production for winter wheat and the Supply/demand update should set the tone this week. While some damage and lost acres may lower the supply, the upside action has been minimal as traders see record world stocks as a key bearish force. Both Chicago and Kansas City wheat struggled yesterday with pressure coming from a higher dollar and mostly steady crop condition report on Monday. The winter wheat crop was rated 53% good/excellent, down 1% from the previous week and above what traders were expecting after the recent cold/snow event in the Plains. The weather forecast continues to point to a wet pattern over the next two weeks and could continue to put disease pressure and quality concerns on both hard and soft red wheat. India's wheat production was raised to a record 97.44 million tonnes from 96.6 million according to the Farm Ministry.

Mexican companies are looking to purchase 30,000 to 50,000 tonnes of Argentine wheat this week as they test alternatives to US grain supplies. Taiwan bought 96,000 tonnes of US milling wheat for June shipment, Japan is tendering for 138,000 tonnes of US, Canada or Australian wheat and Algeria issued an international tender for 50,000 tonnes of soft wheat. French officials lowered old crop ending stocks to 2.4 million tonnes from 2.6 million previous. The USDA will release the May crop production report today with the average estimate for winter wheat production at 1.308 billion bushels (range of 1.200-1.617 billion) and all wheat production at 1.858 billion bushels (range of 1.775-2.022 billion). The 2016-17 ending stocks are estimated at 1.160 billion bushels (range of 1.144-1.199 billion) and new crop ending stocks are estimated at 930 million bushels (range of 779 million-1.160 billion). For world ending stocks for the 2016/17 season, traders see wheat stocks at a record high 252.16 million tonnes from 252.26 million as the April estimate. For the new crop season, traders see a drop to 246.1 million tonnes (range of 238-257 million).

TODAY'S MARKET IDEAS:

July wheat closed at the lowest level in eight sessions with weakness coming from a higher dollar. The market is damaged with the stochastics crossing over and turning down Friday. With the wet forecast and potential for disease and yield loss still an issue, the market should stabilize against the 420 level. July wheat close-in support is at 426 1/2 followed by 424 1/2. July KC wheat support is at 435 1/2 with 447 1/4 and 451 1/2 as resistance.

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) 05/10/2017: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The close below the 9-day moving average is a negative short-term indicator for trend. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is 424 1/2. The next area of resistance is around 432 1/2 and 436 1/2, while 1st support hits today at 426 1/2 and below there at 424 1/2.

KC WHEAT (JUL) 05/10/2017: The close below the 40-day moving average is an indication the longer-term trend has turned 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 market is in a bearish position with the close below the 2nd swing support number. The next downside target is now at 433 3/4. The next area of resistance is around 442 and 447, while 1st support hits today at 435 1/2 and below there at 433 3/4.

MINN WHEAT (JUL) 05/10/2017: The major trend has turned down with the cross over back below the 40-day moving average. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market's close below the 9-day moving average is an indication the short-term trend remains negative. It is a slightly negative indicator that the close was lower than the pivot swing number. The next

downside objective is 532 3/4. The next area of resistance is around 546 1/4 and 553 1/2, while 1st support hits today at 535 3/4 and below there at 532 3/4.

RICE (JUL) 05/10/2017: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market back below the 18-day moving average suggests the intermediate-term trend could be turning down. The market setup is somewhat negative with the close under the 1st swing support. The near-term upside target is at 9.973. The next area of resistance is around 9.912 and 9.973, while 1st support hits today at 9.828 and below there at 9.804.

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	45.37	46.35	47.00	40.60	367.44	370.00	369.43	370.27	373.91
CNAZ7	385	46.32	47.38	49.16	42.81	385.56	387.86	387.19	386.71	389.20
SSAN7	974	57.09	52.03	66.65	65.10	971.50	968.19	965.07	978.73	996.73
SSAX7	967 1/2	56.33	52.00	65.72	66.44	965.00	963.00	961.25	971.19	983.20
SMAN7	318.5	53.85	50.84	49.06	51.83	316.90	316.73	316.63	320.30	325.95
BOAN7	32.89	64.32	58.03	72.88	73.99	32.81	32.47	32.17	32.39	32.78
WHAN7	429 1/2	41.36	43.45	54.72	45.93	435.75	441.17	435.33	441.04	447.95
WHAU7	444 1/2	41.88	43.79	55.83	47.83	450.44	455.11	449.28	455.44	462.34
RCAN7	9.870	49.23	46.96	37.87	47.07	9.90	9.73	9.89	10.05	10.01
KWAN7	438 3/4	46.86	47.93	62.35	55.41	444.38	449.47	437.33	443.82	453.55
MWAN7	541	43.14	46.12	56.67	44.34	546.88	553.00	546.86	543.84	548.03
OTAN7	245 3/4	71.21	66.63	85.59	88.11	246.75	239.64	229.31	230.28	233.86

Calculations based on previous session. Data collected 05/09/2017

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 1/4	364 1/2	367	368 1/2	370 3/4
CNAZ7	Corn	382	383 1/4	385 1/2	386 3/4	389
SSAN7	Soybeans	958 1/2	967	972 1/4	981	986
SSAX7	Soybeans	955 1/4	962	966	973	976 3/4
SMAN7	Soymeal	311.2	315.4	317.3	321.5	323.4
BOAN7	Soybean Oil	32.58	32.70	32.94	33.06	33.29
WHAN7	Wheat	424 1/2	426 1/2	430 1/2	432 1/2	436 1/2
WHAU7	Wheat	439 1/4	441 1/2	445 1/2	447 1/2	451 3/4
RCAN7	Rice	9.803	9.827	9.888	9.912	9.973
KWAN7	KC Wheat	433 1/2	435 1/2	440 1/4	442	447
MWAN7	MINN Wheat	532 1/2	535 3/4	543	546 1/4	553 1/2
OTAN7	Oats	241 3/4	243 1/2	246 1/2	248	251 1/4

Calculations based on previous session. Data collected 05/09/2017

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