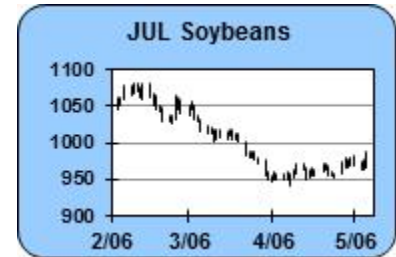




DAILY SOY COMPLEX COMMENTARY
05/11/17

USDA boosts US exports by 100 mb and Brazil ending stocks 189 mb

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
SOY BEANS +3.6, BEAN OIL +0.3, SOYMEAL +0.5



OVERNIGHT DEVELOPMENTS: July soybeans are trading 3 1/2 cents higher this morning. China futures were down 0.8% overnight and pushed down to the lowest level since May 2nd. Palm oil futures were up 1.6% overnight. Global equity markets were mixed with more markets trading higher than lower. The Asian session was highlighted by the April Eco Watchers survey which saw an "as expected" uptick from March's 47.4 reading. The European session started out with April Swiss CPI which was forecast to see a minimal downtick from March's +0.6% year-over-year rate. The April German wholesale price index was expected to see a modest uptick from March's unchanged reading but that reading was unchanged. March UK industrial and manufacturing production as expected saw modest downticks from their February readings. The highlight for the European session will be the results of the latest Bank of England monetary policy meeting which is expected to have no changes to rates or policy. The North American session will start out with a weekly reading on initial jobless claims which are forecast to see a modest increase from the previous 238,000 level. The April producer price index is expected to see a minimal downtick from March's 2.3% year-over-year rate. Deliveries overnight included zero soybean contracts, 56 oil and 16 meal deliveries.

NEAR-TERM MARKET FUNDAMENTALS: While the US new crop ending stocks came in well below trade expectations, the aggressive export outlook given the jump in supply in South America and ideas that planted area may end up higher than the current estimate helped to turn the market lower. Both July and November soybeans failed from 1 1/2 month highs after the release of the USDA numbers. After the trade analyzed the data, the market pushed lower with July soybeans closing down on 3 3/4 cents on the day and down 18 3/4 cents from the highs. Old crop and new crop ending stocks, while below the average estimates, were still plenty large. The old crop ending stocks were down 10 million bushels from the April report at 435 million bushels on an increase of 25 million in exports and a decrease of 15 million bushels in crush. The 2017-18 U.S. ending stocks were estimated at 480 million bushels compared to estimates of 584 million bushels. The new crop balance sheet has exports up 100 million from last year at 2.150 billion bushels and crush up 25 million at 1.950 billion bushels. Interestingly, the USDA chose to slash corn exports by 350 million bushels due to record Brazilian and Argentine production but raised soybean exports by 100 million bushels even with Brazil and Argentina soybean production at a combined record of 168.6 million tonnes up 15.3 million tonnes from last year. Brazil ending stocks are expected to increase by 5.15 million tonnes (189 million bushels) instead of moving on the world market. Expecting Brazil to increase their soybean stocks while the US exports expands further seems to be an aggressive demand idea.

Also, the 2016-17 World ending stocks came in at a record high 90.14 million tonnes versus the estimate of 87 million tonnes. The 2017-18 World ending stocks came in at 88.8 million tonnes versus the average estimate of 87 million tonnes. Brazilian soybean production came in at 111.6 mmt compared to the average estimate of 111.3 million and 96.5 million last year. Conab this morning pegged their soybean production at 113 million tonnes. Argentine production came in at 57 mmt versus the average estimate of 56.0 million tonnes and 56.8 last year. With record world ending stocks for the 2016/17 season due to surging South America production, the USDA still chose to push crush and exports higher for the new crop season.

TODAY'S MARKET IDEAS:

With old crop world ending stocks up 3 million tonnes from expectations, it is difficult to call the report supportive.

July and November soybeans both put in bearish "doji" candles on the charts yesterday. At first glance, the algorithmic traders found the data supportive but after digging into the numbers, many feel the new crop demand is overstated especially with the record South American production. With the potential for some drowned-out corn acres shifting to soybeans and slower than expected export demand, we see higher and record ending stocks unless there is a serious weather issue. A close under 959 1/2 support for July soybeans leaves 923 as next objective. A close under 956 1/4 support for November soybeans leaves 926 3/4 as next objective.

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) 05/11/2017: The major trend has turned down with the cross over back below the 40-day moving average. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close above the 9-day moving average is a positive short-term indicator for trend. 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 next downside target is 952. The next area of resistance is around 981 1/4 and 996 1/4, while 1st support hits today at 959 1/4 and below there at 952.

SOYBEAN OIL (JUL) 05/11/2017: The close below the 60-day moving average is an indication the longer-term trend has turned down. A bearish signal was triggered on a crossover down in the daily stochastics. Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next downside target is now at 31.72. The next area of resistance is around 32.64 and 33.15, while 1st support hits today at 31.92 and below there at 31.72.

SOYMEAL (JUL) 05/11/2017: The daily stochastics gave a bearish indicator with a crossover down. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market's close above the 9-day moving average suggests the short-term trend remains positive. The daily closing price reversal down is a negative indicator for prices. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is 309.4. The next area of resistance is around 322.6 and 329.1, while 1st support hits today at 312.8 and below there at 309.4.

DAILY CORN COMMENTARY

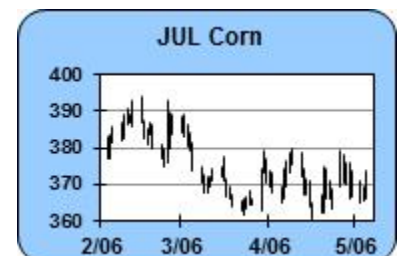
05/11/17

Dec corn consolidates since October; may now need weather premium

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

CORN -0.4

OVERNIGHT DEVELOPMENTS: July corn is trading down 1/4 of a cent higher this morning. Outside market forces look positive. There were 486 contracts of corn delivered overnight. China corn futures are up 0.4% this morning. China



sold 2.1 million tonnes of the 2.5 million tonnes of 2013 corn offered at auction overnight. Dry weather in China northeast Corn Belt has slowed plantings with 44.6% complete as of May 10th from 66.4% planted last year.

NEAR-TERM MARKET FUNDAMENTALS: If yield is down 5% from trend and planted area slips just 750,000 acres, ending stocks could slide to under 1.3 billion bushels which is 9.1% stocks/usage. In the past 44 years, there have only been four years with stocks/usage under 9.1%. In addition, a major drawdown in world stocks would suggest the building of some weather premium ahead. The corn market surged higher after the release of the USDA numbers. In addition to the supportive world numbers from the report, the trade is still aware that a wet pattern continues to hamper plantings in several areas in Missouri, southern Illinois and Indiana. Ending stocks came in at 2.295 billion bushels compared to trade expectations for 2.315 billion. The 2017-18 U.S. ending stocks were estimated at 2.110 billion bushels compared to the estimate of 2.129 billion. This is down 185 mb from the 2016/17 crop year with an increase in ethanol use of 50 million to 5.500 bb, and a decrease in exports of 350 million bushels to 1.875 billion bushels. The decrease in exports is due to significant rebound in South American corn production this year.

The 2016-17 world ending stocks are 223.90 million tonnes compared to trade expectations for 224 million tonnes. The 2017-18 world ending stocks came in at 195.27 million tonnes compared to the average estimate of 209 million tonnes. The drawdown in 2017-18 world ending stocks of 28.6 million tonnes is the largest drawdown since 1993 and the 18.3% stocks to usage is the lowest since 2012-13. Brazil production came in at 96 million tonnes versus the average estimate of 94.3 million tonnes. Conab this morning pegged their corn production at 92.8 million tonnes. Argentine production came in at 40 million tonnes compared to the average estimate of 38.5 million tonnes. Ethanol production for the week ending May 5th averaged 1.006 million barrels per day. This is up 2% vs. last week and up 4.6% vs. last year. Total ethanol production for the week was 7.042 million barrels. Stocks were 23.055 million barrels, down 0.68% vs. last week and up 8.5% vs. last year. For weekly export sales, traders see corn sales near 750,000 to 1.0 million tonnes.

TODAY'S MARKET IDEAS:

The corn market accelerated higher on the supportive USDA figures and partly on the realization that the weather for the next 10 to 14 days will continue to be a challenge for producers in the central Midwest. December corn support is at 388 with 413 3/4 as next target as the market begins to build a weather premium. Consider buying Dec Corn into support.

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) 05/11/2017: The cross over and close above the 60-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 cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. The market's close above the 2nd swing resistance number is a bullish indication. The next upside objective is 379 3/4. The next area of resistance is around 377 3/4 and 379 3/4, while 1st support hits today at 369 3/4 and below there at 364.

DAILY WHEAT COMMENTARY

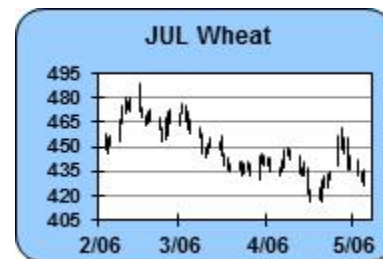
05/11/17

In position to push higher with too much rain in forecast

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

WHEAT +1.6

OVERNIGHT DEVELOPMENTS: July wheat is trading 1 3/4 cents higher this morning and KC wheat is up 1 1/4 cents. Outside market forces look positive. MATIF September futures are down slightly. There was 13 contracts delivered against the Chicago May contract and 5 against the Kansas City May contract.



NEAR-TERM MARKET FUNDAMENTALS: The wheat market was able to hold on to gains after the release of the USDA report. All wheat production was pegged at 1.820 billion bushels compared to trade expectations for 1.858 billion. This is down 490 million bushels from last year. Winter wheat production came in at 1.246 billion bushels versus the average estimate of 1.308 billion. The Kansas crop was estimated at 289.9 million bushels with a yield of 42.0 bushels per acre. Kansas abandonment rate was 16% or roughly 1.3 million acres and that number should grow. Winter wheat production is down 25% from last year at 1.246 billion bushels and could move lower if the damage in Kansas from the snow/freeze event two weeks ago is more pronounced. Old crop ending stocks were pegged at 1.159 billion bushels with new crop at 914 million bushels vs. 930 million expected.

World ending stocks came in at 255.4 million tonnes and the world 2017-18 ending stocks came in at 258.3 million tonnes. At first glance, the 2017-18 world ending stocks are a bit surprising until you see China's ending stocks went up 17.2 million tonnes from last year to 127.99 million. On a percentage basis, China is 49.5% of the world wheat ending stocks. As we know, China does not compete on the world export market and the accuracy of these stocks is uncertain. If you strip China out of the world ending stocks figure for 2017-18, world ending stocks went down 14.26 million tonnes. If the wet weather continues and yield and quality concerns become more prevalent, a 5% drawdown in yield would pull ending stocks down to 812 million bushels. For the weekly export sales report, traders see wheat sales near 300,000 to 650,000 tonnes.

TODAY'S MARKET IDEAS:

July wheat put in an outside day higher close yesterday. Chicago wheat acted better than Kansas City wheat, but that's most likely due to the managed money short in Chicago compared to the KC contract. We feel there is enough uncertainty in yields and harvested acres going forward that there should be support in the July contract against the 419 1/4 level. The real question is will the managed money short of 130,000 contracts cover the position or roll to the September contract. July wheat close-in support is at 429 1/4 and 419 1/4 with 439 1/2 and 443 3/4 as resistance. July KC wheat support is at 435 1/2 with 449 1/2 and 454 1/4 as support. Look for higher trade ahead.

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) 05/11/2017: Stochastics trending lower at midrange will tend to reinforce a move lower especially 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 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 next downside target is now at 421 3/4. The next area of resistance is around 436 1/2 and 441, while 1st support hits today at 427 and below there at 421 3/4.

KC WHEAT (JUL) 05/11/2017: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. 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. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is 429 1/2. The next area of resistance is around 444 and 448 3/4, while 1st support hits today at 434 1/2 and below there at 429 1/2.

MINN WHEAT (JUL) 05/11/2017: The major trend could be turning up with the close back above 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 short-term trend is negative as the close remains below the 9-day moving average. The daily closing price reversal up on the daily chart is somewhat positive. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside target is 535 1/4. The next area of resistance is around 549 1/2 and 553 1/2, while 1st support hits today at 540 1/2 and below there at 535 1/4.

RICE (JUL) 05/11/2017: The cross over and close above the 60-day moving average indicates the longer-term trend has turned up. 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. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The near-term upside target is at 10.586. The next area of resistance is around 10.482 and 10.586, while 1st support hits today at 10.088 and below there at 9.797.

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	373 3/4	55.47	53.28	48.26	50.78	369.25	370.50	369.19	370.06	373.65
CNAZ7	391 1/2	56.14	54.11	50.53	53.28	387.31	388.39	387.03	386.61	389.07
SSAN7	970 1/4	52.58	49.40	64.09	58.97	970.50	969.64	965.29	977.30	995.01
SSAX7	966 3/4	55.20	51.34	64.69	62.63	965.50	964.36	961.53	970.16	982.20
SMAN7	317.7	51.96	49.66	48.96	48.75	316.68	317.06	316.41	319.94	325.40
BOAN7	32.28	48.02	48.82	69.46	62.62	32.75	32.51	32.22	32.35	32.74
WHAN7	431 3/4	44.00	45.19	50.51	42.11	434.25	441.22	434.72	440.16	447.17
WHAU7	446 3/4	44.63	45.59	51.95	44.17	449.06	455.36	448.78	454.56	461.60
RCAN7	10.285	67.47	61.05	46.32	63.22	9.99	9.83	9.88	10.06	10.01
KWAN7	439 1/4	47.31	48.23	58.75	51.55	443.06	450.08	437.33	442.81	452.70
MWAN7	545	47.53	49.00	51.65	41.61	546.25	552.08	547.21	543.77	547.58
OTAN7	244 1/4	67.38	64.26	85.36	84.89	246.81	242.06	230.42	230.51	233.79

Calculations based on previous session. Data collected 05/10/2017

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	364	369 3/4	372	377 3/4	380
CNAZ7	Corn	382	387 1/2	389 3/4	395 1/2	397 1/2
SSAN7	Soybeans	951 3/4	959	974	981 1/2	996 1/4
SSAX7	Soybeans	952	958 1/4	969	975 1/4	986
SMAN7	Soymeal	309.3	312.7	319.2	322.6	329.1
BOAN7	Soybean Oil	31.71	31.92	32.43	32.64	33.15
WHAN7	Wheat	421 1/2	427	431 1/4	436 1/2	441
WHAU7	Wheat	437	442	446 1/4	451 1/2	455 1/2
RCAN7	Rice	9.796	10.087	10.191	10.482	10.586
KWAN7	KC Wheat	429 1/4	434 1/2	439	444	448 3/4
MWAN7	MINN Wheat	535	540 1/2	544 1/4	549 1/2	553 1/2
OTAN7	Oats	239 1/2	242	244 1/4	246 1/2	249

Calculations based on previous session. Data collected 05/10/2017

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