



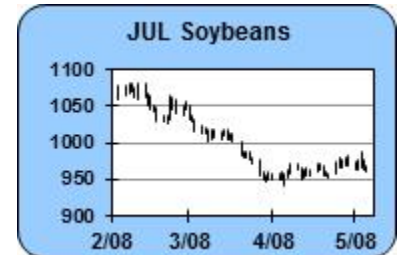
DAILY GRAINS COMMENTARY Monday May 15, 2017

DAILY SOY COMPLEX COMMENTARY 05/15/17

Period of warm and dry allow for plantings to advance

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
SOY BEANS +1.4, BEAN OIL +0.1, SOYMEAL +0.1**

OVERNIGHT DEVELOPMENTS: July soybeans are trading 1 1/2 cents higher this morning. China futures were down 0.4% overnight and palm oil futures in Malaysia were up 1.2% and jumped to the highest level since early April. Global equity markets were mixed overnight with Chinese, Spanish and Russian stocks higher and Australian and German measures lower. Over the weekend, a major global cyber-attack and a North Korean missile test have given a mild boost to risk concerns at the start of this week. The Asian session started out with the April Japanese PPI which posted a moderate uptick of +0.2% from March's +1.4% year-over-year rate. Unfortunately for commodity bulls April Chinese industrial production "growth" slowed to +6.5% over year ago levels which is below the prior month's rise of +7.6% on a year over year basis. April Chinese retail sales "growth" also slowed with a year over year reading of +10.7% compared to the prior month's year over year growth pace +10.9%. The European session today presented April Italian CPI which held steady with March's +1.8% year-over-year rate. The North American session will start out with a May reading for the New York Fed's Empire State manufacturing survey that is forecast to have a mild uptick from April's 5.20 reading. The May NAHB housing market index is expected to hold steady with April's 68 reading.



NEAR-TERM MARKET FUNDAMENTALS: Outside market forces are positive today but the advancing corn plantings had traders feeling "less" concerned with a jump in soybean plantings. The news flow remains bearish and the market looks vulnerable to more weakness ahead. July soybeans struggled last week as it closed down 10 cents on the week. Planting progress speed up over the weekend with estimates for today's soybean plantings at 24%-27% complete compared to the five year average of 32%. Informa raised their soybean acreage estimate by 1.0 million to 89.7 million acres which is up 200,000 from the USDA estimate in March. Increases were noted in Missouri, Illinois and South Dakota with decreases seen in Indiana and Minnesota. They estimated total production at 4.270 billion bushels compared to the USDA at 4.255 billion. Consulting firm Safras & Mercado raised their Brazilian soybean production to 113.4 million tonnes from 111.5 million. The average yield was estimated at 3,378 kilos per hectare which is the equivalent of 50.2 bushels per acre. With Brazilian inventories on the rise, up 29% (189 million bushels) versus last year, it's hard to grasp that the US exports will rise 100 million bushels for the new crop season that begins on September 1st.

Brazil is unlikely to hold inventories, and US exports from September 2017 through January 2018 could easily be below year ago levels. The average estimates for today's NOPA crush is 147.46 million bushels versus 153.06 million in March and compared to 147.61 million last year. Soybean oil inventories are estimated at 1.810 billion pounds versus 1.815 billion in March and compared to 1.943 billion last year. The Commitments of Traders reports for May 9th showed Non-Commercial traders were net short 22,903 contracts, a decrease of 10,304 contracts for the week. Non-Commercial and Nonreportable combined traders held a net short position of 86,574 contracts, down 8,095 contracts for the week. For Soybean Oil, Non-Commercial traders were net short 1,903 contracts, a decrease of 16,488 contracts in just one week. Non-Commercial and Nonreportable combined traders held a net long position of 4,248 contracts. These traders have gone from a net short to a net long position. For Soybean Meal, Non-Commercial traders were net long 21,359 contracts, an increase of 6,938 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 29,399 contracts, up 7,879 contracts for the week.

TODAY'S MARKET IDEAS:

The managed money traders reduced their net short position in soybeans by 13,332 contracts last week and are now short 34,335 contracts. July soybeans remain in a longer-term downtrend, and the market appears poised to break out to the downside of a bear flag formation. Stochastics gave a sell signal from an overbought condition on May 8th. The market made a new high for the move on the day of the USDA report and followed that up with a lower close on the day, and this was seen as a bearish force as well. A close under uptrend channel support at 962 3/4 today or under 963 3/4 tomorrow would sour the chart pattern further and leave 923 as the next downside target. Aggressive traders could buy the June 950 puts (expire on May 26th) for 3 cents, looking for an extension lower this week for a test of 923.

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.

Commitment of Traders - Futures and Options - 5/2/2017 - 5/9/2017							
	Non-Commercial		Net Position	Commercial		Non-Reportable	
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	Weekly Net Change	
Grains							
Soybeans	-22,903	+10,304	86,575	-8,094	-63,671	-2,209	
Soymeal	21,359	+6,938	-29,400	-7,881	8,040	+941	
Soyoil	-1,903	+16,488	-4,248	-16,996	6,151	+508	

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) 05/15/2017: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The intermediate trend has turned down with the cross over back below the 18-day moving average. The market tilt is slightly negative with the close under the pivot. The next downside target is 956 1/2. The next area of resistance is around 966 1/2 and 970 3/4, while 1st support hits today at 959 1/2 and below there at 956 1/2.

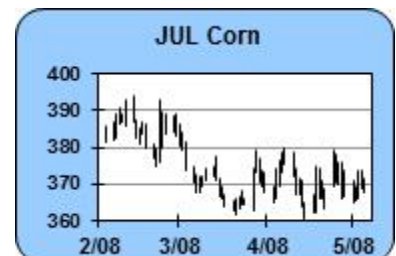
SOYBEAN OIL (JUL) 05/15/2017: The cross over and close above the 60-day moving average is an indication the longer-term trend has turned positive. Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. A positive signal for trend short-term was given on a close over the 9-bar moving average. Market positioning is positive with the close over the 1st swing resistance. The next downside objective is now at 32.07. The next area of resistance is around 33.16 and 33.36, while 1st support hits today at 32.52 and below there at 32.07.

SOYMEAL (JUL) 05/15/2017: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's short-term trend is negative as the close remains below the 9-day moving average. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is now at 311.9. The next area of resistance is around 314.2 and 315.5, while 1st support hits today at 312.4 and below there at 311.9.

DAILY CORN COMMENTARY

05/15/17

Short-term sell-off may be a buy; declining world stocks supports



**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
CORN -1.0**

OVERNIGHT DEVELOPMENTS: July corn is trading 1 cent lower this morning. Outside market forces look supportive with dollar weakness and a jump in crude oil and metal markets. China officials plan to offer more than 5 million tonnes of corn from state reserves this week with four million from the 2013 harvest. China futures pushed up to the highest level since April 11th.

NEAR-TERM MARKET FUNDAMENTALS: The short-term news is bearish with hefty supply and bigger South American crops which will limit demand for US corn on the export market. Last week's sales were very poor. It is important to point out that the 28.6 million-tonne drop in world stocks is an estimate based on trend yields. If the US yield is down 5% from trend to 162.2 bushels per acre (still the 5th highest on record), world ending stocks could decline by 49.49 million tonnes. If China were to see a 5% nick as well, world stocks could drop a near-record 57.24 million tonnes. A drop of this size would suggest a December corn expiration closer to \$4.39. The market starts out this week basically at the same level as last week. Producers had a fairly wide open weekend to catch up on plantings and summer-like 80's temperatures were seen in many areas. In fact, highs in the mid to high 80's are expected for today and tomorrow for the majority of the Corn Belt, so emergence should see a significant increase in the coming days. The estimates for today's planting progress report is 65% complete versus the five year average of 71% planted. Support was noted from Informa's updated acreage estimate on Friday at 89.7 million acres, down 1.0 million from their previous estimate of 90.7 and down 280,000 from the USDA's 90 million estimate. The forecast continues to show dry weather with warm temperatures for the next couple of days which will give producers a few more days of planting weather. Rains later this week shift north and west with 0.50 to 4 inches in S. Dakota, southern Minnesota, Iowa and Nebraska. The longer term 11-15 day forecast continues to lean wet for the western belt and parts of the southern Illinois and southern Indiana.

The open interest in corn went up 3,976 contracts Friday and is up 29,000 contracts over the last six days. In an interview last week, a delegate from the Mexican government claimed Mexico could import as much as 3 to 5 million tonnes of corn from Brazil in the long-term. Mexico's yearly imports total 14 million tonnes which 98% come from the US. Infrastructure and logistics still favor US exports with Mexico still courting new trade partners amid NAFTA concerns. The Commitments of Traders reports as of May 9th showed Non-Commercial traders were net short 139,057 contracts, an increase of 25,982 contracts for the week. Non-Commercial and Nonreportable combined traders held a net short position of 112,432 contracts, up 29,557 contracts for the week. Commodity Index traders held a net long position of 277,886 contracts, down 4,186 contracts for the week.

TODAY'S MARKET IDEAS:

Managed money traders hold a net short position of 208,642 contracts up 24,012 over the past week. This is not far off of the record short of 229,176 contracts from March 8th of 2016. The large drawdown in world ending stocks posted in this past week's USDA report suggests that the market may need to build some weather premium ahead. The short term weather forecast is bearish, but the trade is still aware that a wetter pattern continues to hamper plantings in several areas in Missouri, southern Illinois and Indiana. December corn support is at 384 1/2 with 413 3/4 as next target. Traders could look to buy the December 420 call and sell the December 500 call and sell the December 340 put for a total cost of 4 1/4 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.

Commitment of Traders - Futures and Options - 5/2/2017 - 5/9/2017						
	Non-Commercial		Commercial		Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Grains						
Corn	-139,057	-25,982	112,432	+29,557	26,625	-3,575

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) 05/15/2017: The cross over and close above the 40-day moving average indicates the longer-term trend has turned up. 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. The upside daily closing price reversal gives the market a bullish tilt. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside target is at 373 3/4. The next area of resistance is around 372 3/4 and 373 3/4, while 1st support hits today at 369 1/4 and below there at 367.

DAILY WHEAT COMMENTARY

05/15/17

More big rains in the Plains by mid-week

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

WHEAT -4.0

OVERNIGHT DEVELOPMENTS: July wheat is trading 3 3/4 cents lower this morning and KC wheat is down 4 cents. Outside market forces are mixed. MATIF September futures are down 0.44% at 168.75 Euro.



NEAR-TERM MARKET FUNDAMENTALS: July wheat is under pressure this morning on drier and warmer weather over the weekend allowing wheat crops to stabilize. However, the forecast for the western Midwest and Southern Plains by mid-week and into the weekend has soaking rains that will linger into next week keeping disease pressure an issue. The winter wheat conditions report out later today is expected to show a 1%-3% decline in the good to excellent category. Iraq bought 50,000 tonnes of Australian wheat over the weekend and Algeria bought 470,000 tonnes of optional origin soft wheat last week from the Black Sea region at an average price of \$198 per tonne. SovEcon raised their Russian wheat crop forecast to 70.4 million tonnes from 69 million tonnes and compared to the USDA estimate of 67 million tonnes. The open interest in wheat went down 2,248 contracts on Friday with short covering noted. The managed money traders reduced their net short position by 16,746 contracts to 107,892 and increased their net long position in Kansas City wheat to 13,692 contracts.

Informa estimated the spring wheat acreage at 10.9 million down 420,000 acres from their previous estimate. Decreases were seen in North Dakota, Montana, Minnesota and Idaho. They also estimate the spring wheat crop at 496 million bushels down from 534 million bushels previously. French wheat crops improved slightly from last week with 76% of the soft wheat in good/excellent condition compared to 75% last week and compared to 87% last year. The Commitments of Traders Futures and Options report as of May 9th for Wheat showed Non-Commercial traders were net short 89,812 contracts, a decrease of 14,407 contracts. Non-Commercial and Nonreportable combined traders held a net short position of 84,200 contracts. This represents a decrease of 13,095 contracts in the net short position held by these traders. For Kansas City Wheat, Non-Commercial traders were net long 22,858 contracts, an increase of 13,815 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 21,272 contracts, up 11,200 contracts for the week.

TODAY'S MARKET IDEAS:

July wheat is down 4 this morning just above last week's low of 426. Disease pressure and potential yield loss is still an issue going forward along with uncertainty of harvested acres. Look for support in July wheat at 426 followed by 420. Aggressive traders could buy 1 July 430 call and sell 2 July 470 calls (1X2) for a cost of 4 3/4 cents. Look to exit the position on a test of the 200 day moving average at 451.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 5/2/2017 - 5/9/2017						
	Non-Commercial		Net Position	Commercial		Non-Reportable
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	
Grains						
KC Wheat	22,858	+13,815	-21,271	-11,200	-1,586	-2,615
Wheat	-89,812	+14,407	84,199	-13,096	5,612	-1,312

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) 05/15/2017: Momentum studies trending lower at mid-range should accelerate a move lower 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 downside closing price reversal on the daily chart is somewhat negative. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is now at 427 1/4. The next area of resistance is around 436 and 440, while 1st support hits today at 429 1/2 and below there at 427 1/4.

KC WHEAT (JUL) 05/15/2017: 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 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 objective is 434 1/4. The next area of resistance is around 442 1/4 and 446 1/2, while 1st support hits today at 436 1/4 and below there at 434 1/4.

MINN WHEAT (JUL) 05/15/2017: The close below the 60-day moving average is an indication the longer-term trend has turned down. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market back below the 18-day moving average suggests the intermediate-term trend could be turning down. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is 543 1/4. The next area of resistance is around 548 1/2 and 551, while 1st support hits today at 544 1/2 and below there at 543 1/4.

RICE (JUL) 05/15/2017: 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 market could take on a defensive posture with the daily closing price reversal down. The market setup is somewhat negative with the close under the 1st swing support. The next upside objective is 10.962. The next area of resistance is around 10.650 and 10.962, while 1st support hits today at 10.170 and below there at 10.003.

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	371	51.55	50.69	48.36	48.92	370.13	370.08	369.13	369.74	372.98
CNAZ7	388 3/4	51.76	51.17	51.07	52.03	388.13	388.00	387.00	386.49	388.63
SSAN7	963	44.49	44.54	54.38	43.45	968.38	969.94	965.81	974.58	991.42
SSAX7	959 3/4	44.96	45.33	57.70	48.77	964.50	965.03	961.79	968.13	979.97
SMAN7	313.3	42.36	43.54	38.85	26.21	316.10	316.37	316.07	319.09	324.20
BOAN7	32.84	59.46	56.05	64.53	61.89	32.63	32.67	32.33	32.31	32.68
WHAN7	432 3/4	45.32	46.05	44.79	39.64	431.94	438.81	434.38	438.91	445.68
WHAU7	446 3/4	44.77	45.69	46.18	40.81	446.50	453.17	448.47	453.28	460.15
RCAN7	10.410	63.87	60.42	62.90	75.55	10.30	10.05	9.90	10.09	10.04

KWAN7	439 1/4	47.30	48.23	52.88	47.32	439.50	447.53	438.39	441.21	450.99
MWAN7	546 1/2	49.03	49.98	46.18	41.36	545.19	549.56	547.76	543.91	546.74
OTAN7	241	57.21	58.05	83.17	79.20	244.31	244.25	233.25	230.91	233.64

Calculations based on previous session. Data collected 05/12/2017

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	367	369 1/4	370 1/2	372 3/4	374
CNAZ7	Corn	385	387	388 1/4	390 1/2	391 1/2
SSAN7	Soybeans	956 1/4	959 1/2	963 1/2	966 1/2	970 3/4
SSAX7	Soybeans	955	957	960 1/2	962 1/2	966
SMAN7	Soymeal	311.9	312.4	313.7	314.2	315.5
BOAN7	Soybean Oil	32.06	32.51	32.71	33.16	33.36
WHAN7	Wheat	427	429 1/2	433 1/2	436	440
WHAU7	Wheat	442	444	447 3/4	449 1/2	453 1/2
RCAN7	Rice	10.002	10.170	10.482	10.650	10.962
KWAN7	KC Wheat	434	436	440 1/4	442 1/2	446 1/2
MWAN7	MINN Wheat	543	544 1/2	547	548 1/2	551
OTAN7	Oats	235 1/4	237 1/2	242 1/4	244 1/2	249 1/4

Calculations based on previous session. Data collected 05/12/2017

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