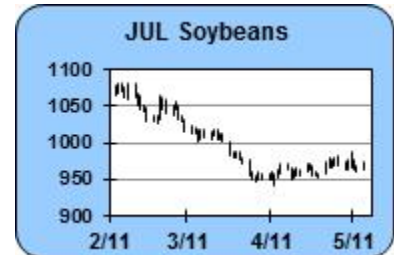




DAILY SOY COMPLEX COMMENTARY
05/16/17

Getting crop in the ground; more acres and lower crush

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
SOY BEANS +0.0, BEAN OIL +0.0, SOYMEAL +0.2



OVERNIGHT DEVELOPMENTS: July soybeans are trading 1/4 of a cent lower this morning. China futures were down 0.3% overnight and palm oil futures in Malaysia were up slightly. Global equity markets were generally higher overnight with weakness generally seen in European bourses. The Asian session was highlighted by a March reading on a Japanese tertiary industry index which posted an "as expected" downtick from February's 0.2% gain but that result was offset by a sharp rise in machine tool orders for the month. The European session started out with an unchanged April French CPI and that was joined by a flat first quarter Italian GDP result on a quarter over quarter basis. However, the Euro zone posted records in both trade surplus and exports for the month of March. April UK CPI was released overnight and was expected to see a moderate increase from March's 2.3% year-over-year rate and that was achieved with a bump of .1. The May ZEW survey of German economic sentiment was forecast to have a moderate uptick from April's 19.5 reading and it saw a rise of 1.1 points from the prior result. First quarter Euro zone GDP was expected to hold steady with the previous 1.7% year-over-year reading but instead it managed a rise of +0.1%. The North American session will start out with April readings for housing starts and building permits, both of which are forecast to see modest upticks in their March annualized readings. April industrial production is expected to have a minimal downtick from March's 0.5% reading.

NEAR-TERM MARKET FUNDAMENTALS: Without some additional short-term demand from China, the soybean market looks set for a resumption of the downtrend. July soybeans traded as much as 10 cents higher early yesterday as rumors of Chinese demand coming back to US origins lent support. The Brazilian Real is trading at the strongest level since April 18th and continues to cause slow producer selling from the Brazilian farmer. Also, Argentine soybean exports are down 15% compared to last year, which has spurred talk that China could still be interested in US supplies. The market sold off from the highs on a poor NOPA crush number that came out midsession showing the April crush at 139.13 million bushels versus the average estimate of 145.73 million and compared to last year's 147.61 last year. This is the third month in a row that the actual crush number has come in below the average estimate, with this month's number down 4.5% from the average estimate and down 5.7% from last year's figure. The data suggests that the June Supply/Demand report could show a drop of 20 million bushels in crush demand.

The weekly progress report showed soybean plantings at 32% complete compared to 14% last week and 34% last year. The 10 year average for this time of year is 29%. Producers out West were able to make solid progress with Iowa 40% planted versus 9% last week, Minnesota 47% (4%), North Dakota 29% (4%), and South Dakota 29% (5%). Illinois, Indiana, Ohio, did not make much progress but the forecast favors a drier trend in the Eastern Corn Belt for the next few days. The open interest went up 3,576 contracts on Friday and the managed money traders reduced their net short position by 13,332 contracts to 34,335 contracts as of May 9th. Weekly export inspections came in at 281,465 tonnes compared to 371,000 tonnes last week. As of May 11th, cumulative soybean export inspections for the 2016-17 marketing year have reached 89.8% of the USDA forecast versus a 5 year average of 90.2%.

TODAY'S MARKET IDEAS:

Chinese rumors or not, the price action has not been good and the market looks vulnerable to a resumption of the downtrend. A close under uptrend channel support at 963 3/4 for July soybeans would sour the chart pattern

further and leave \$9.23 as the next downside target. Traders could look to sell July soybeans at 970 3/4 looking for a test of 923. July meal resistance is at 315.80 with 303.50 as 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) 05/16/2017: 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside objective is now at 955 1/2. The next area of resistance is around 970 3/4 and 977 1/4, while 1st support hits today at 959 3/4 and below there at 955 1/2.

SOYBEAN OIL (JUL) 05/16/2017: The daily stochastics have crossed over up which is a bullish indication. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market's short-term trend is positive on the close above the 9-day moving average. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside target is at 33.53. The next area of resistance is around 33.26 and 33.53, while 1st support hits today at 32.77 and below there at 32.54.

SOYMEAL (JUL) 05/16/2017: 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. A negative signal was given by the outside day down. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is 309.1. The next area of resistance is around 314.7 and 318.0, while 1st support hits today at 310.3 and below there at 309.1.

DAILY CORN COMMENTARY

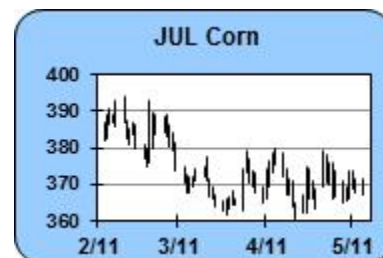
05/16/17

Surge in plantings; rain forecast was bullish, now seen bearish

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

CORN -1.4

OVERNIGHT DEVELOPMENTS: July corn is trading 1 3/4 cents lower this morning. Outside market forces look supportive with dollar weakness, firm crude oil and higher gold.



NEAR-TERM MARKET FUNDAMENTALS: The short-term trend remains down as planting progress was better than expected late last week and over the weekend. Warm and dry weather helped producers catch up on planting progress. The weekly progress report showed that 71% of the crop is planted compared to 47% last week and 73% last year. Traders expected 68% complete. The 10 year average for this time of year is 69%. The Western Corn Belt saw significant progress over the last seven days with Iowa 85% planted versus 52% last week, Minnesota 84% (35%), Nebraska 78% (48%), South Dakota 77% (32%), North Dakota 58% (23%) and Wisconsin 48% (15%). Illinois saw little progress but at 75% planted is just behind the five year average of 77%.

Indiana, Michigan and Ohio are still behind their five year averages but weather looks open for the Eastern Corn Belt for several more days this week. Once again, the producer has proven they only need a small window of opportunity given today's technological advances in equipment to plant their crop.

Corn emergence is at 31%, which is still behind the five year average of 36%. Farmers will welcome warmer temperatures in the near term. A Mexican livestock group has signed a contract to import 60,000 tonnes of corn from Brazil for August shipment. The open interest went up 3,329 contracts on Friday, the managed money traders category increased their net short position by 24,012 contracts to 208,642 contracts as of May 9th. Weekly export inspections came in at 1,395,853 tonnes compared to 843,000 tonnes last week. As of May 11th, cumulative corn export inspections for the 2016-17 marketing year have reached 72.0% of the USDA forecast versus a 5 year average of 65.6%.

TODAY'S MARKET IDEAS:

Managed money traders hold a net short position of 208,642 contracts so it will not take much in the way of a weather problem to spark buying. However, there are no serious weather issues just yet and short-term global stocks are at a record high. A close below 367 1/4 for July corn would be a breakout of a wedge pattern and could spark a sell-off to 360 3/4. Longer term support for December corn is at 380 1/4. Consider bullish longer-term option strategies on a test of key 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) 05/16/2017: The major trend has turned down with the cross over back below the 40-day moving average. 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 back below the 18-day moving average suggests the intermediate-term trend could be turning down. The outside day down and close below the previous day's low is a negative signal. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside objective is 364 1/4. The next area of resistance is around 370 and 373, while 1st support hits today at 365 1/2 and below there at 364 1/4.

DAILY WHEAT COMMENTARY

05/16/17

KC wheat down as much as 50 3/4 cents in 10 trading days

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

WHEAT -2.0

OVERNIGHT DEVELOPMENTS: July wheat is trading 1 3/4 cents lower this morning and KC wheat is down 3 1/4 cents. Outside market forces are supportive. MATIF September futures are down 0.75%.



NEAR-TERM MARKET FUNDAMENTALS: Improved weather for Europe and the Black Sea region plus ideas that widespread moisture in the US plains will help support better overall yield in the US which will more than offset frost damage has helped to drive the market lower. July wheat pushed to a three week low yesterday. The weekly conditions update showed that 51% of the winter wheat crop is rated good/excellent compared to 53% last

week and 62% last year. The 10 year average for this time of year is 48%. The biggest declines were seen in Texas at 37% good/excellent (G/EX) versus 40% last week, South Dakota 40% (G/EX) versus 52% and Kansas actually went up 1% in the (G/EX) to 44%. In soft red areas Illinois dropped from 60% (G/EX) to 52%. The weekly progress update showed spring wheat plantings reached 78% complete compared to 54% last week and 87% last year. The 10 year average for this time of year is 69%. All in all, the report will not excite the bull camp especially after Monday's poor action.

A wet forecast for the western half of the US and into the Plains will hamper some winter wheat with quality concerns, and this could be dragging the market down with the anticipation of more poor quality wheat. The open interest went down 2,388 contracts on Friday with short covering. The managed money category reduced their net short position by 16,746 contracts to 107,892 contracts. They also increased their net long position in Kansas City wheat to 13,180 contracts. Weekly export inspections came in at 691,226 tonnes compared to 658,000 tonnes last week. As of May 11th, cumulative wheat export inspections for the 2016-17 marketing year have reached 91.4% of the USDA forecast versus a 5 year average of 93.2%.

TODAY'S MARKET IDEAS:

The recent wet weather in the hard red wheat areas with more to come later this week could increase disease pressure. However, traders see rain as good for yield. The 420 level in nearby wheat has proven to be a buying opportunity in December and April. July wheat support is at 418 1/2 followed by 415 1/4.

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) 05/16/2017: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. A negative signal for trend short-term was given on a close under the 9-bar moving average. The gap lower on the day session chart is bearish and puts the market on the defensive. 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 415 1/4. The next area of resistance is around 428 and 434 1/4, while 1st support hits today at 418 1/2 and below there at 415 1/4.

KC WHEAT (JUL) 05/16/2017: The close below the 40-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 close under the 18-day moving average indicates the intermediate-term trend could be turning down. The gap lower price action on the day session chart is a bearish indicator for trend. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside target is now at 420. The next area of resistance is around 433 3/4 and 441 1/4, while 1st support hits today at 423 1/4 and below there at 420.

MINN WHEAT (JUL) 05/16/2017: The close under the 40-day moving average indicates the longer-term trend could be turning down. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close below the 9-day moving average is a negative short-term indicator for trend. The close below the 2nd swing support number puts the market on the defensive. The next downside target is now at 532 1/2. The next area of resistance is around 544 1/4 and 549 3/4, while 1st support hits today at 535 3/4 and below there at 532 1/2.

RICE (JUL) 05/16/2017: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The close above the 9-day moving average is a positive short-term indicator for trend. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside objective is at

10.945. The next area of resistance is around 10.800 and 10.945, while 1st support hits today at 10.460 and below there at 10.265.

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	367 3/4	46.88	47.62	46.33	42.27	370.44	369.58	369.10	369.65	372.64
CNAZ7	385 1/4	46.29	47.54	48.64	43.79	388.19	387.47	386.93	386.47	388.40
SSAN7	965 1/4	47.49	46.38	49.76	40.52	966.19	969.56	966.07	973.44	989.79
SSAX7	960 3/4	46.63	46.32	53.35	44.65	962.81	964.58	961.93	967.27	978.92
SMAN7	312.5	40.71	42.46	31.77	17.62	314.60	316.09	315.92	318.66	323.59
BOAN7	33.02	62.57	58.15	65.11	66.28	32.66	32.71	32.39	32.31	32.66
WHAN7	423 1/4	36.17	39.86	39.47	28.83	430.38	435.39	433.75	438.18	444.84
WHAU7	438	35.92	39.72	40.71	29.77	444.88	449.83	447.89	452.54	459.31
RCAN7	10.630	69.11	64.80	68.72	80.37	10.49	10.16	9.92	10.10	10.05
KWAN7	428 1/2	37.94	41.96	47.65	37.17	436.94	443.17	438.33	440.34	450.09
MWAN7	540	42.25	45.40	41.22	31.30	544.94	547.61	547.47	543.78	546.39
OTAN7	230 1/4	40.41	45.87	76.94	64.48	240.44	243.00	233.99	230.72	233.33

Calculations based on previous session. Data collected 05/15/2017

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	365 1/2	368 1/2	370	373
CNAZ7	Corn	381 3/4	383	386 1/4	387 1/2	390 3/4
SSAN7	Soybeans	955 1/2	959 3/4	966 1/2	970 3/4	977 1/2
SSAX7	Soybeans	954	957	961 3/4	964 1/2	969 1/2
SMAN7	Soymeal	309.0	310.2	313.5	314.7	318.0
BOAN7	Soybean Oil	32.53	32.76	33.03	33.26	33.53
WHAN7	Wheat	415 1/4	418 1/2	424 3/4	428	434 1/4
WHAU7	Wheat	430 1/2	433 1/2	439 1/4	442 1/2	448
RCAN7	Rice	10.265	10.460	10.605	10.800	10.945
KWAN7	KC Wheat	419 3/4	423	430 1/2	434	441 1/4
MWAN7	MINN Wheat	532 1/4	535 1/2	541	544 1/2	549 3/4
OTAN7	Oats	219	223	233 3/4	237 1/2	248 1/2

Calculations based on previous session. Data collected 05/15/2017

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