



DAILY GRAINS COMMENTARY Wednesday May 17, 2017

DAILY SOY COMPLEX COMMENTARY 05/17/17

China buying US soybeans and US dollar lowest since election

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
SOY BEANS +3.0, BEAN OIL +0.3, SOYMEAL +0.1

OVERNIGHT DEVELOPMENTS: July soybeans are trading 2 3/4 cents higher this morning. China futures were up more than 1% this morning and palm oil futures in Malaysia were up 1.3%. Global equity markets were under noted pressure overnight off fears that the US political condition was poised for at least a partial meltdown. The European session started out with a UK unemployment rate reading that declined to a 42 year low but that news was offset by a decline in wage growth which economists noted was below the rate of inflation. April Euro zone CPI held steady at a +1.9% on a year-over-year basis with the month over month readings coming in softer than expected. The North American session will be fairly quiet for economic data and Fed speakers, and will feature a weekly private survey on mortgage applications. The weak US dollar and very strong Brazil currency continues to provide some support. The US dollar is at the lowest level since November 9th.



NEAR-TERM MARKET FUNDAMENTALS: July soybeans settled at the highest level since March 29th. The trade continues to see Chinese interest for US origin soybeans with yesterday's announcement of 132,000 tonnes of soybeans sold to unknown destinations. Traders believe as many as five cargoes of soybeans (up to 300,000 tonnes) have been secured by the Chinese over the last few days. The Brazilian currency has risen to its highest level since April 18th which has also supported prices as producers have been holding back supplies waiting for higher prices. While US exports may be revised higher, the recent slowdown in the crush could easily offset any increase the USDA will make in the June supply/demand report. Brazil's custom office is calling for a strike from May 16th-18th as workers protest against delays in Brazil's Congress on a vote for a law addressing salary adjustments. Santos (Brazil's main port) will continue to stay open with 30% of the staff operating facilities. The open interest went up 3,773 contracts on Monday which could have been new longs entering the market. The planting progress report showed 32% of the soybean crop is planted with a big jump in the western belt states of Iowa, Minnesota and the Dakotas. Brazil's processing group Abiove has estimated soybean production at 112.5 million tonnes compared to 110.7 million tonnes previous and the USDA at 111.60.

TODAY'S MARKET IDEAS:

July soybeans had their first two day advance since April 24th. The market settled just below the 50 day moving average at 977 3/4. The market traded through the 50 day on March 6th at 1049 1/2 and has never looked back. Two consecutive closes above the 50 day moving average could be interesting. Managed money traders are short 34,335 contracts as of May 9th with open interest up 5,700 contracts since then. Pullback support in July soybeans is seen at 970 3/4 followed by 965 1/4.

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) 05/17/2017: The market now above the 40-day moving average suggests the longer-term trend has turned up. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market now above the 18-day moving average suggests the intermediate-term trend has turned up. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next downside target is 960 1/4. The next area of resistance is around 982 3/4 and 986 1/2, while 1st support hits today at 969 3/4 and below there at 960 1/4.

SOYBEAN OIL (JUL) 05/17/2017: 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 downside closing price reversal on the daily chart is somewhat negative. The market tilt is slightly negative with the close under the pivot. The near-term upside objective is at 33.53. The next area of resistance is around 33.23 and 33.53, while 1st support hits today at 32.79 and below there at 32.64.

SOYMEAL (JUL) 05/17/2017: The cross over and close above the 40-day moving average indicates the longer-term trend has turned up. The downside crossover (9 below 18) of the moving averages suggests a developing short-term downtrend. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market now above the 18-day moving average suggests the intermediate-term trend has turned up. The outside day up and close above the previous day's high is a positive signal. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next downside objective is now at 309.9. The next area of resistance is around 319.9 and 321.6, while 1st support hits today at 314.1 and below there at 309.9.

DAILY CORN COMMENTARY

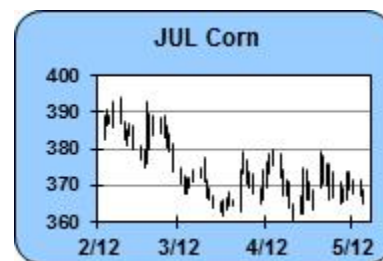
05/17/17

Volatile weather and early crop conditions look poor

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

CORN +1.0

OVERNIGHT DEVELOPMENTS: July corn is trading 1 cent higher this morning. Outside market forces look supportive with the US dollar down to the lowest level since the November election. Crude and gold are also firm. Taiwan bought 65,000 tonnes of corn from Brazil overnight.



NEAR-TERM MARKET FUNDAMENTALS: While the short-term forces are bearish, the big picture fundamentals look positive with smaller stocks for the US and the world. Early weakness yesterday was tied to the planting progress report on Monday that showed corn plantings at 71%, just above the five year average of 70%. The Western belt states of Iowa, Minnesota, Nebraska and South Dakota saw big jumps in planting progress. The Eastern belt did not have suitable weather last week for significant advances, but the forecast this week looks open and should see plantings catch up. A prominent crop scout increased their Argentine corn production to 39.0 million tonnes from 37.0 million previously. The recent USDA estimate for Argentina's corn production is at 40.0 million tonnes.

Illinois released their first state crop condition report yesterday prior to the initial USDA condition report next Monday. They have Illinois at 42% good/excellent which is the third lowest initial crop rating for Illinois since 1986. This also compares to 69% good/excellent for last year's initial rating for the state of Illinois. The estimates from analysts for the US ethanol production report which will be released today have production at 1.012 million barrels

per day in a range of 1.0 to 1.022 million. Stockpiles are estimated at 23 million barrels in a range of 22.65 to 23.31 million.

TODAY'S MARKET IDEAS:

Very little weather/risk premium remains in prices and next week's initial good/excellent rating should be well below last's year initial good/excellent rating of 72%. Illinois alone is rated 42% versus 69%, and with wet/cold weather entering the Western belt later this week emergence issues will continue. There is 2-4 inches of rain in the 5-day forecast for Missouri, Iowa and Minnesota. December corn buying support is at the 384 1/2 to 381 1/4 zone with 391 and 394 resistance. A move through resistance would spark aggressive short-covering and a likely bounce to 413 3/4.

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) 05/17/2017: The downside crossover of the 9 and 18 bar moving average is a negative signal. Momentum studies trending lower at mid-range should accelerate a move lower 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 market tilt is slightly negative with the close under the pivot. The next downside target is 364. The next area of resistance is around 369 1/2 and 370 3/4, while 1st support hits today at 366 and below there at 364.

DAILY WHEAT COMMENTARY

05/17/17

Rains coming to plains and not welcomed; could spark bounce

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

WHEAT +2.2

OVERNIGHT DEVELOPMENTS: July wheat is trading up 2 cents this morning and KC wheat is up 1 1/4 cents. Outside market forces are supportive with a drop in the US dollar to the lowest level since November 9th. MATIF September futures are up 0.5%.



NEAR-TERM MARKET FUNDAMENTALS: Good weather for Europe and the Black Sea and improved weather for Canada has helped to drive July wheat back down to key support at the 420-416 level. Tunisia bought 92,000 tonnes of optional origin milling wheat overnight and Egypt is raising protein requirements for imports. Egypt's General Authority for Supply Commodities is tendering for wheat today for June 15th-24th shipment. The last Egyptian wheat tender was on March 17th for 420,000 tonnes at an average price of \$209.50 per tonne CNF. Russia, Ukraine and France were the sellers as Egypt's total 2016-17 wheat imports stand at 5.56 million tonnes. In other export news, Jordan is re-tendering for 100,000 tonnes optional origin wheat and Japan seeks 115,000 tonnes of US and Canadian wheat.

The winter wheat rating went down 2% yesterday to 51% good/excellent. Noticeable declines in the state of Illinois, down 12% in the (G/EX) category and South Dakota also down 12% (G/EX). Texas was down 3% in the (G/EX) category and early yields from southern Texas have been disappointing, down on average by about 20% from last year. The weather will turn wet the western half of the country starting later this week and into the

weekend. The moisture will not be a welcome sight for wheat producers in the Plains. There is 1 1/2 to 4 1/2 inches of rain expected for Oklahoma, the eastern half of Kansas and eastern Nebraska. There is also hefty rain totals for the soft red crop in Missouri and southern Illinois. The open interest went up 7,808 contracts Monday with trend following traders increasing their net short position.

TODAY'S MARKET IDEAS:

July wheat is down 41 1/4 cents from the May 2nd high and Kansas City July wheat is down 53 3/4 cents. Both markets recovered off the lows, but remain oversold and in need of a bullish spark. Can the Egypt tender provide that spark? July wheat support is at 421 1/2, followed by 418 1/4. Resistance is at 436 and 440 3/4. Consider buying weakness.

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) 05/17/2017: The downside crossover of the 9 and 18 bar moving average is a negative signal. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The daily closing price reversal up is a positive indicator that could support higher prices. The market tilt is slightly negative with the close under the pivot. The next downside objective is now at 418. The next area of resistance is around 427 and 429 1/4, while 1st support hits today at 421 1/2 and below there at 418.

KC WHEAT (JUL) 05/17/2017: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. 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 now at 416 3/4. The next area of resistance is around 428 1/2 and 432 3/4, while 1st support hits today at 420 1/2 and below there at 416 3/4.

MINN WHEAT (JUL) 05/17/2017: The downside crossover (9 below 18) of the moving averages suggests a developing short-term downtrend. Daily stochastics are trending lower but have declined into oversold territory. 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 now at 533 3/4. The next area of resistance is around 543 and 546 3/4, while 1st support hits today at 536 1/2 and below there at 533 3/4.

RICE (JUL) 05/17/2017: 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 close over the pivot swing is a somewhat positive setup. The near-term upside target is at 10.797. The next area of resistance is around 10.715 and 10.797, while 1st support hits today at 10.535 and below there at 10.438.

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 | 43.41 | 37.56 | 368.94 | 368.81 | 369.29 | 369.63 | 372.40 |
| CNAZ7 | 385 1/2 | 46.74 | 47.82 | 45.24 | 38.45 | 386.69 | 386.72 | 387.10 | 386.51 | 388.25 |
| SSAN7 | 976 1/4 | 59.53 | 54.33 | 49.47 | 48.88 | 967.69 | 969.67 | 967.15 | 972.57 | 988.52 |
| SSAX7 | 967 3/4 | 56.88 | 52.80 | 52.18 | 49.85 | 963.06 | 964.33 | 962.71 | 966.50 | 978.08 |

| | | | | | | | | | | |
|-------|---------|-------|-------|-------|-------|--------|--------|--------|--------|--------|
| SMAN7 | 317.0 | 52.46 | 49.95 | 29.49 | 24.94 | 314.43 | 315.89 | 316.20 | 318.27 | 323.09 |
| BOAN7 | 33.01 | 62.27 | 57.99 | 66.46 | 69.14 | 32.84 | 32.76 | 32.44 | 32.32 | 32.65 |
| WHAN7 | 424 1/4 | 37.66 | 40.77 | 33.87 | 22.68 | 428.50 | 432.08 | 433.89 | 437.68 | 444.10 |
| WHAU7 | 438 1/4 | 36.33 | 39.96 | 34.77 | 22.89 | 442.75 | 446.61 | 447.99 | 452.03 | 458.55 |
| RCAN7 | 10.625 | 68.86 | 64.62 | 73.53 | 83.16 | 10.58 | 10.24 | 9.95 | 10.11 | 10.06 |
| KWAN7 | 424 1/2 | 35.04 | 39.88 | 40.97 | 27.61 | 433.25 | 438.86 | 438.83 | 439.67 | 449.15 |
| MWAN7 | 539 3/4 | 42.00 | 45.23 | 35.41 | 23.79 | 543.63 | 545.22 | 547.71 | 543.79 | 546.05 |
| OTAN7 | 229 3/4 | 39.80 | 45.39 | 69.20 | 53.72 | 236.81 | 242.06 | 234.64 | 230.49 | 233.06 |

Calculations based on previous session. Data collected 05/16/2017

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 | 366 | 367 1/2 | 369 1/2 | 371 |
| CNAZ7 | Corn | 381 1/4 | 383 1/2 | 385 | 387 1/2 | 388 3/4 |
| SSAN7 | Soybeans | 960 1/4 | 969 1/2 | 973 1/2 | 983 | 986 3/4 |
| SSAX7 | Soybeans | 956 | 963 | 965 1/2 | 972 1/2 | 975 |
| SMAN7 | Soymeal | 309.8 | 314.0 | 315.7 | 319.9 | 321.6 |
| BOAN7 | Soybean Oil | 32.63 | 32.78 | 33.08 | 33.23 | 33.53 |
| WHAN7 | Wheat | 418 | 421 1/2 | 423 3/4 | 427 | 429 1/2 |
| WHAU7 | Wheat | 432 3/4 | 435 1/2 | 438 | 441 | 443 1/4 |
| RCAN7 | Rice | 10.437 | 10.534 | 10.617 | 10.715 | 10.797 |
| KWAN7 | KC Wheat | 416 3/4 | 420 1/2 | 424 3/4 | 428 1/2 | 432 3/4 |
| MWAN7 | MINN Wheat | 533 3/4 | 536 1/2 | 540 1/4 | 543 | 546 3/4 |
| OTAN7 | Oats | 223 1/2 | 226 1/2 | 230 | 233 | 236 1/2 |

Calculations based on previous session. Data collected 05/16/2017

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