



DAILY SOY COMPLEX COMMENTARY
05/19/17

More down in Brazil currency may spark more S American sales

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
SOY BEANS +7.0, BEAN OIL +0.2, SOYMEAL +2.1

OVERNIGHT DEVELOPMENTS: July soybeans are trading 6 cents higher this morning. China futures were down 0.6% overnight and palm oil futures in Malaysia were up 0.4%. Global equity markets were able to regain their footing as a lack of fresh news headlines out of Washington helped to soothe risk anxiety and investors overnight appeared to be willing to bargain hunt. Another positive factor for global markets was that economic numbers (UK retail sales, US jobless claims and the Philly Fed survey) all came in better than forecast. However the Fed's Mester said that the Fed should remain vigilant on falling behind with rate hikes, which may have taken some steam out of the markets late in the Thursday session. The Asian session was fairly quiet, while the European session started out an April reading on German PPI which showed a greater than expected jump in inflation readings. May Euro zone consumer confidence is forecast to have a modest uptick from April's -3.6% reading. The North American session will be relatively quiet data-wise from the US, and will be highlighted by key economic data from Canada. Outside forces are supportive for grains early today with a weak US dollar, a bounce in the Brazil currency and higher energy prices.



NEAR-TERM MARKET FUNDAMENTALS: There are some short-term concerns over too much rain in Argentina but the threat of a continued collapse in the Brazil currency is real and could spark aggressive selling from Brazil in the weeks ahead. July soybeans pushed down to the lowest level since April 18th. The sharp sell-off in the Brazilian Real (down over 7.0%) sparked selling from producers in Brazil. In fact, a brokerage house in Mato Grosso described Thursday as the biggest daily sales volume in recent years. Farmers were holding out for 60 Brazilian Reals per bag, and yesterday offers reached that level with the sharp break in their currency. Brazilian markets were thrust into turbulence due to reports that President Temer is involved in a cover up scheme tied involving paying hush money to ex-government officials.

The market was trending higher earlier in the week off of increased soybean interest in US origin soybeans from the Chinese buyers, but yesterday's massive decline in the Brazilian currency increased farmer selling making Brazilian soybeans a cheaper and more attractive option to the world buyers. Weekly export sales came in at 355,300 tonnes for the current marketing year and 41,500 for the next marketing year for a total of 396,800 tonnes versus 451,000 last week. As of May 11th, cumulative soybean sales stand at 102.8% of the USDA forecast versus a 5 year average of 96.9%. Net meal sales came in at 113,600 tonnes for the current marketing year and 60,300 for the next marketing year for a total of 173,900 tonnes. Cumulative soybean meal sales stand at 85.0% of the USDA forecast versus a 5 year average of 84.0%. Net oil sales came in at 14,900 tonnes for the current marketing year and 600 for the next marketing year for a total of 15,500 tonnes. Cumulative soybean oil sales stand at 84.3% of the USDA forecast versus a 5 year average of 75.3%.

TODAY'S MARKET IDEAS:

The uncertainty around the Brazilian political scene could unravel markets further and the producer is still well behind last year's soybean sales figures. The weak Brazilian Real also pulled the Argentine Peso lower yesterday, which was down 2.5%. With soybean harvest at 74.7% in Argentina, cheaper supplies from South America will be around for a while. Recovery rallies to 956 3/4 to 959 1/2 should be sold with 923 as next downside target. The close under 32.51 for July soybean oil is bearish and leaves 32.02 and 31.35 as next support. July meal resistance is at 311.60 with 303.40 as next objective.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

1) * Short July soybeans from 974 with an objective of 928. * Risk to 980 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 to close over +9 1/2.

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) 05/19/2017: The market back below the 40-day moving average suggests the longer-term trend could be turning down. A crossover down in the daily stochastics is a bearish signal. Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. The gap lower on the day session chart is bearish and puts the market on the defensive. The market is in a bearish position with the close below the 2nd swing support number. The next downside target is 921 1/2. The next area of resistance is around 959 1/2 and 980 3/4, while 1st support hits today at 930 and below there at 921 1/2.

SOYBEAN OIL (JUL) 05/19/2017: The market back below the 60-day moving average suggests the longer-term trend could be turning down. A bearish signal was triggered on a crossover down in the daily stochastics. Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. 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 31.67. The next area of resistance is around 32.89 and 33.47, while 1st support hits today at 31.99 and below there at 31.67.

SOYMEAL (JUL) 05/19/2017: Momentum studies are declining, but have fallen to oversold levels. 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 objective is 301.2. The next area of resistance is around 311.6 and 317.5, while 1st support hits today at 303.4 and below there at 301.2.

DAILY CORN COMMENTARY

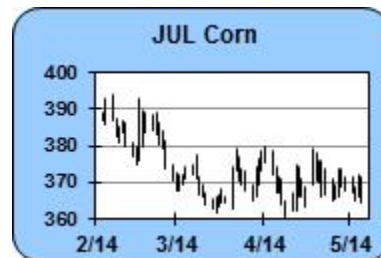
05/19/17

Lack of weather premium and world stocks decline to support

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

CORN +2.0

OVERNIGHT DEVELOPMENTS: July corn is trading 3 cents higher this morning. Outside market forces look supportive with US dollar weakness and a jump in energy prices. China futures were up 0.4% overnight.



NEAR-TERM MARKET FUNDAMENTALS: China sold 989,630 tonnes of corn out of state reserves this morning from 2011 and 2012 harvests from 1 million tonnes offered. With the new crop season off to a slow start and the USDA already seeing a 15% drop in US exports due to large Brazil crop, the corn market may find solid support on breaks as the market offers little in the way of a weather premium. Brazilian turmoil involving President Temer in an alleged cover up scheme has roiled the Brazilian currency which traded down more than 7.0% yesterday, and has caused massive selling of cash commodities from the country's producers. The weakness in Brazil's Real spilled into other Latin America currencies, with the Argentine Peso trading down 2.54%, causing producer selling

out of Argentina as well. Total oilseed and grain sales in Argentina stand at \$7.7 billion for the year to date compared to \$9.1 billion at this time last year.

Corn harvesting in Argentina has slowed due to rains in the central regions, as the Buenos Aires Grains Exchange estimated harvest at 33.1% complete. Their production estimate is unchanged at 39.0 million tonnes compared to the USDA estimate of 40.0 million. The forecast over the next seven days could bring rains as much as 6 inches in northwest Missouri and eastern Kansas. Heavy 3 plus inch rains look to fall in Illinois, Iowa, Indiana and Kentucky along with colder than normal temperatures will continue to keep emergence and seed germination problematic. Net weekly export sales for corn came in at 705,300 tonnes for the current marketing year and 168,000 for the next marketing year for a total of 873,300 tonnes versus 223,000 last week. As of May 11th, cumulative corn sales stand at 93.4% of the USDA forecast versus a 5 year average of 90.6%.

TODAY'S MARKET IDEAS:

We think buying weakness in July against 360 or December against 380 will prove to be a good move. Re-planting, rain, cold temperatures over the next two weeks could easily take the top end of yield potential out of the picture. On 89.25 million corn acres, with a 5% reduction in yield to 162.2 bushels per acre, ending stocks would be 1.298 billion bushels and 9.1% stocks to usage. Stocks/usage has been lower in only 4 of the past 44 years. Long term traders could buy the 1 December 400 call and sell 1 December 500 call and sell 1 December 350 put for a cost of 6 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:

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CORN (JUL) 05/19/2017: 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 market back below the 18-day moving average suggests the intermediate-term trend could be turning down. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside objective is 359 3/4. The next area of resistance is around 369 1/2 and 374, while 1st support hits today at 362 1/2 and below there at 359 3/4.

DAILY WHEAT COMMENTARY

05/19/17

Market bounce on wet and cold weekend

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

WHEAT +4.0

OVERNIGHT DEVELOPMENTS: July wheat is trading up 4 cents this morning and KC wheat is up 6 cents. Outside market forces are positive with the US dollar lower. MATIF September futures are up 0.45% at 166.50 Euro.



NEAR-TERM MARKET FUNDAMENTALS: French soft wheat conditions declined 1% to 75% good/very good this week versus 76% good/very good last week and compared to 85% last year according to FranceAgriMer. The Russian wheat plantings are lagging with only 39% of the total forecasted acreage having been planted as of May 18th. Only 5.3 million hectares have been planted compared to 6.5 million last year according to the Russian Ag

Ministry. Indonesia bought 70,000 tonnes Australia wheat and 60,000 tonnes Black Sea wheat and Venezuela will start importing as much as 60,000 tonnes of Russian wheat per month. July wheat was pulled lower by a sharply lower soybean market yesterday. A dramatic move in the Brazilian Real early yesterday caused soybeans to unravel due to producer selling out of Brazil. The open interest in Chicago wheat went up 5,444 contracts and Kansas City went up 2,717 contracts on Thursday.

The Buenos Aires Grains Exchange estimated that 2.8% of the 2017-18 wheat acreage has been planted with total area expected at 5.5 million hectares up from last year's 5.1 million hectares. The U.S. weather forecast is wet for the Plains and western belt over the next five days with totals of 3 inches in the eastern sections of Kansas, northern Missouri, Oklahoma and Texas keeping quality issues heightened. Net weekly export sales for wheat came in at 247,600 tonnes for the current marketing year and 393,100 for the next marketing year for a total of 640,700 tonnes. As of May 11th, cumulative wheat sales stand at 14.8% of the USDA forecast for 2017/2018 (next) marketing year versus a 5 year average of 13.9%. Sales of 326,000 tonnes are needed each week to reach the USDA forecast.

TODAY'S MARKET IDEAS:

July wheat is down 3 3/4 cents on the week and with the forecast of more wet weather this weekend on already waterlogged crops support will be seen against the 420 level. Chinese wheat areas will see 100 degree plus temperatures over the next few days as well. The slow stochastics look to cross and turn up possibly indicating waning bearish momentum. Also, managed money traders most likely increased their net short position over the last week to 120,000 contracts, so a potential bounce next week seems possible. July wheat support is at 421 3/4 followed by 417 1/2. Traders could consider buying 1 July 425 call and selling 2 July 460 calls for a cost of 4 3/4 cents.

NEW RECOMMENDATIONS:

Buy September wheat 450 call at 16 1/2 cents with an objective of 34. Risk 7 cents from entry.

PREVIOUS RECOMMENDATIONS:

None.

WHEAT TECHNICAL OUTLOOK:

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WHEAT (JUL) 05/19/2017: 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. The market tilt is slightly negative with the close under the pivot. The next downside objective is 417 1/2. The next area of resistance is around 429 3/4 and 433 1/2, while 1st support hits today at 421 3/4 and below there at 417 1/2.

KC WHEAT (JUL) 05/19/2017: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's short-term trend is negative as the close remains below the 9-day moving average. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is 418 1/2. The next area of resistance is around 429 1/2 and 432 1/4, while 1st support hits today at 422 1/2 and below there at 418 1/2.

MINN WHEAT (JUL) 05/19/2017: The cross over and close above the 40-day moving average indicates the longer-term trend has turned up. Daily stochastics are trending lower but have declined into oversold territory. 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 target is 537 1/4. The next area of resistance is around 548 and 550, while 1st support hits today at 541 1/2 and below there at 537 1/4.

RICE (JUL) 05/19/2017: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's close above the 9-day moving average suggests the short-term trend remains positive. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside target

is 11.097. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 11.005 and 11.097, while 1st support hits today at 10.765 and below there at 10.618.

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	44.51	46.09	39.50	32.57	368.25	368.83	369.75	369.56	371.87
CNAZ7	384	44.59	46.37	40.83	33.69	385.94	386.72	387.51	386.59	387.92
SSAN7	944 3/4	32.54	36.41	45.46	34.50	965.50	966.69	966.49	970.42	985.71
SSAX7	944 3/4	31.61	36.17	46.76	35.22	960.25	962.25	961.90	964.83	976.15
SMAN7	307.5	34.54	38.00	24.06	15.93	313.08	314.48	315.57	317.41	322.00
BOAN7	32.44	46.40	48.74	66.92	63.10	32.91	32.78	32.53	32.34	32.64
WHAN7	425 3/4	40.47	42.40	25.71	18.23	425.06	429.06	434.58	436.71	442.75
WHAU7	439 3/4	39.16	41.59	25.63	17.32	439.06	443.44	448.56	451.01	457.14
RCAN7	10.885	73.43	68.73	82.09	89.70	10.76	10.47	10.05	10.15	10.09
KWAN7	426	37.28	41.16	29.09	17.94	426.38	434.19	440.00	438.32	447.35
MWAN7	544 3/4	49.41	49.57	26.84	20.25	541.38	543.44	548.75	543.79	545.58
OTAN7	236	50.45	52.14	58.11	47.56	232.88	239.69	236.72	229.96	232.67

Calculations based on previous session. Data collected 05/18/2017

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	359 3/4	362 1/2	367	369 1/2	374 1/4
CNAZ7	Corn	378	380 1/2	384 3/4	387 1/2	391 1/2
SSAN7	Soybeans	921 1/2	930	951 1/4	959 1/2	981
SSAX7	Soybeans	926	933	949 1/2	956 1/2	973
SMAN7	Soymeal	301.1	303.4	309.3	311.6	317.5
BOAN7	Soybean Oil	31.67	31.99	32.57	32.89	33.47
WHAN7	Wheat	417 1/2	421 3/4	425 1/2	429 3/4	433 1/2
WHAU7	Wheat	432	436	439 1/4	443 1/2	446 1/2
RCAN7	Rice	10.617	10.765	10.857	11.005	11.097
KWAN7	KC Wheat	418 1/2	422 1/2	425 1/2	429 1/2	432 1/2
MWAN7	MINN Wheat	537	541 1/2	543 1/2	548	550
OTAN7	Oats	228 3/4	233	235	239	241 1/4

Calculations based on previous session. Data collected 05/18/2017

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