

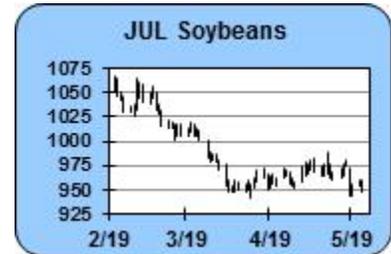


DAILY SOY COMPLEX COMMENTARY
05/24/17

If the Brazil currency weakens further, more selling ahead

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
SOY BEANS +0.2, BEAN OIL +0.0, SOYMEAL +0.4

OVERNIGHT DEVELOPMENTS: July soybeans are trading up slightly this morning. China futures were up 1% and pushed up to the highest level since April 17th. Palm oil futures in Malaysia were down 1.4%. Global equity markets were once again mixed even within geographical areas! The European session was highlighted by a June reading on the Gfk survey of German consumer climate which managed an uptick of +0.2 compared with May's 10.2 reading. The North American session will start out with the FHFA house price index, followed by April existing home sales that are expected to have a modest downtick from March's 5.71 million annualized rate. The Bank of Canada will have the results of their latest monetary policy meeting which is forecast to have no changes to either rates or policy. During the early afternoon, the FOMC will release the meeting minutes of their last monetary policy gathering which will be scrutinized for clues to their upcoming policy moves.



NEAR-TERM MARKET FUNDAMENTALS: July soybeans traded down more than 5 cents overnight but managed to hold just above the May 18th lows and bounced. The market closed moderately lower on the session yesterday in spite of a flash sale announcement of 126,000 tonnes of 2016-17 soybeans sold to unknown destination. The weekly planting progress report showed 53% of the soybean crop was planted as of May 21st compared to the five year average of 52%. Soybean emergence was at 20% compared to 21% five year average with Eastern belt states running slightly behind average. Soybean production in Argentina's Cordoba province was cut to 14.0 million tonnes from 14.2 million tonnes estimated last month. Heavy rains in the southern part of the province impeded harvest and lack of rain in the north trimmed yields. Cordoba produces about 25% of Argentina's soybean production. July soybean meal traded to a new low for the move at 306.30 and the July/December soybean meal spread traded to a new contract low of -5.20 yesterday and both of these factors are bearish.

China's April import and export data was released yesterday with soybean imports at 8.015 million tonnes, up 13.4% from last year. The total year to date soybean imports were 27.53 million tonnes up 18% from last year's January-April total. With month-end seven days away, July soybeans are down 8 cents on the month as of yesterday. In the month of April, July soybeans were down 3/4 of a cent. The month of March was the big move with July soybeans down 87 1/2 cents. The low in the month of March was 957, just 8 3/4 cents higher than yesterday's settlement.

TODAY'S MARKET IDEAS:

The market fears another Brazilian and/or Argentine onslaught of selling due to a currency shift. However, the currency has stabilized over the past two days. We know much more today than we did at the end of March: record South American production, record US soybean acres (and most likely getting a little larger), softer crush number offset by possibly larger exports. Still, with a 435 million bushel old crop ending stocks and with record new crop planted acreage, one would think the market would have sold off a bit more than 8 3/4 cents over the last seven weeks. Selling resistance in July soybeans is at 954 1/4 followed by 962 3/4. For now, keep 935 3/4 and 923 as next downside targets.

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) 05/24/2017: Momentum studies are declining, but have fallen to oversold levels. The market's short-term trend is negative as the close remains below the 9-day moving average. The close below the 2nd swing support number puts the market on the defensive. The next downside target is now at 938 1/2. The next area of resistance is around 954 1/4 and 962 3/4, while 1st support hits today at 942 1/4 and below there at 938 1/2.

SOYBEAN OIL (JUL) 05/24/2017: The close below the 60-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 close under the 18-day moving average indicates the intermediate-term trend could be turning down. The market is in a bearish position with the close below the 2nd swing support number. The next downside objective is 31.71. The next area of resistance is around 32.75 and 33.34, while 1st support hits today at 31.93 and below there at 31.71.

SOYMEAL (JUL) 05/24/2017: 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. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is 304.0. The next area of resistance is around 307.7 and 309.7, while 1st support hits today at 304.9 and below there at 304.0.

DAILY CORN COMMENTARY

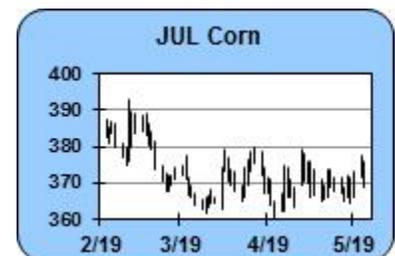
05/24/17

Huge spec short positioning for good weather ahead; firm

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

CORN +0.4

OVERNIGHT DEVELOPMENTS: July corn is trading 1 1/4 cents higher this morning. Outside market forces look mixed. China futures were up slightly.



NEAR-TERM MARKET FUNDAMENTALS: December corn remains in a very tight trading range since October as the outlook for declining world ending stocks is offset by burdensome old crop ending stocks in the US. Monday's weekly planting progress report showed corn planting at 85% complete compared to the five year average of 84%. Next week, the USDA will release their first crop condition report, with last year's initial rating at 72% good/excellent and the ten year average at 72% good/excellent. Producers have been able to seed even with trying conditions this year, but re-plant issues are not taken into account in the weekly planting report and will still need to be monitored. The open interest in corn went up 7,067 contracts on Monday and is up 19,690 contracts over the last five trading days.

The forecast leans warmer in the western Corn Belt into the weekend, but the eastern Midwest and Delta will see heavy rainfall over the next 6-10 days. A cool and wet profile is still seen into the first week of June according to the National Weather service 8-14 day outlook. A prominent consultancy firm increased their corn production for

Argentina to 93 million tonnes from 92 million which compares to the USDA estimate of 95 million tonnes. The average estimates for the weekly ethanol production report is 1.022 million barrels per day in a range of 1.01 to 1.035 million. The stockpiles are estimated at 23.3 million barrels in a range of 23.0 to 23.61 million.

TODAY'S MARKET IDEAS:

July corn settled right on the 50 day (369 3/4) and the 200 day (369 1/2) moving averages. The market has traded in a 20 1/2 cent channel since March 20th, defined by 381 1/4 on the high end and 360 3/4 on the low end. The managed money trader was short 81,691 contracts as of March 21st and are now short 203,909 contracts. The trade will need hot and dry forecasts in order to shake the speculative short out of the market, the cool/wet story has not shaken their resolve. However, below average crop ratings along with increased re-plant acres should cap yield potential and provide underlying support. Consider buying December corn at 384 with an objective of 413.

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) 05/24/2017: The close under the 60-day moving average indicates the longer-term trend could be turning down. The downside crossover (9 below 18) of the moving averages suggests a developing short-term downtrend. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The intermediate trend has turned down with the cross over back below the 18-day moving average. The close below the 1st swing support could weigh on the market. The next upside objective is 377 1/2. The next area of resistance is around 372 3/4 and 377 1/2, while 1st support hits today at 366 1/4 and below there at 364 1/4.

DAILY WHEAT COMMENTARY

05/24/17

Wet forecast for Kansas/Nebraska; need warm and dry to finish

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

WHEAT -1.0

OVERNIGHT DEVELOPMENTS: July wheat is trading 1/2 of a cent higher this morning and KC wheat is up 1/4 cent. Outside market forces are mixed. MATIF September futures are down slightly.



NEAR-TERM MARKET FUNDAMENTALS: The market continues to probe for a short-term low. Turkey has put on new restrictions for Russia wheat which might slow Russia export flow. The market pushed lower yesterday led by news that weekly crop conditions showed a slight increase in good/excellent (G/EX) ratings. The winter wheat ratings showed 52% rated (G/EX) versus analysts estimates looking for a 1%-2% decline. Kansas (G/EX) ratings improved by 3% and South Dakota improved by 14% after timely rains last week. Illinois declined by 8% with too much rain last week. The spring wheat plantings are 90% complete versus an 84% five year average. The trade now feels the only issue with winter wheat will be quality, not quantity.

Japan is tendering for 117,000 tonnes of milling wheat this week, while Jordan cancelled its tender for 100,000 tonnes of soft wheat due to high prices. The Chinese plains received beneficial rains over the last 48 hours but

the 10 day forecast remains very warm with little or no rain in the forecast which will continue to stress crops. The US weather has rains in the eastern belt through the end of the month with drier conditions in the Plains but near 1 inch of rain for western Kansas and Nebraska. The 11-15 day forecasts have rains returning to the Plains and central Midwest.

TODAY'S MARKET IDEAS:

Last week, July wheat was able to hold above the 420 level, and a re-test of that level looks possible again. Selling wheat on breaks has proven to be an unprofitable endeavor. Support in July wheat is at 425 3/4 followed by 423. Resistance is at 436 and 440 3/4.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Long September Wheat 470 call and short Sept Wheat 420 put for a net cost of 4 cents. Use an objective of 31 cents on the spread, and risk 8 cents from entry.

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) 05/24/2017: Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. A negative signal for trend short-term was given on a close under the 9-bar moving average. The swing indicator gave a moderately negative reading with the close below the 1st support number. The near-term upside target is at 438 1/4. The next area of resistance is around 433 1/4 and 438 1/4, while 1st support hits today at 425 3/4 and below there at 423.

KC WHEAT (JUL) 05/24/2017: The market back below the 40-day moving average suggests the longer-term trend could be turning down. Momentum studies are declining, but have fallen to oversold levels. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The close below the 1st swing support could weigh on the market. The next downside objective is 425 1/4. The next area of resistance is around 433 3/4 and 438, while 1st support hits today at 427 1/4 and below there at 425 1/4.

MINN WHEAT (JUL) 05/24/2017: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market's close above the 9-day moving average suggests the short-term trend remains positive. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next upside target is 561 3/4. The next area of resistance is around 557 1/2 and 561 3/4, while 1st support hits today at 551 and below there at 548 1/2.

RICE (JUL) 05/24/2017: 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 daily closing price reversal down puts the market on the defensive. The market's close below the 1st swing support number suggests a moderately negative setup for today. The near-term upside objective is at 11.157. The next area of resistance is around 11.010 and 11.157, while 1st support hits today at 10.810 and below there at 10.758.

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	369 1/2	48.96	49.25	45.81	48.84	370.75	370.03	370.26	369.50	371.59
CNAZ7	387 3/4	49.65	49.93	48.02	51.82	388.69	387.83	388.11	386.76	387.91
SSAN7	948 1/4	38.26	40.19	32.41	23.60	950.63	961.00	965.32	966.57	981.74
SSAX7	948 1/2	39.20	41.03	35.18	27.61	950.31	957.92	961.14	962.03	973.46
SMAN7	306.3	33.67	37.20	12.34	5.73	307.15	311.29	314.17	315.77	320.42

BOAN7	32.34	44.15	47.06	59.15	47.30	32.69	32.81	32.66	32.34	32.63
WHAN7	429 1/2	46.00	46.07	26.92	28.00	431.19	429.53	435.38	435.62	441.36
WHAU7	444	46.22	46.07	26.20	27.33	445.06	443.50	449.43	449.84	455.69
RCAN7	10.910	67.05	65.23	88.35	90.46	10.92	10.77	10.30	10.21	10.14
KWAN7	430 1/2	44.11	45.22	25.59	24.17	432.63	432.22	441.15	436.54	445.25
MWAN7	554 1/4	57.45	55.43	41.04	53.65	553.50	547.72	549.90	543.99	545.53
OTAN7	241 1/4	55.02	55.40	57.70	58.96	241.44	238.72	240.39	230.06	232.56

Calculations based on previous session. Data collected 05/23/2017

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 1/4	366	371	373	377 3/4
CNAZ7	Corn	382 3/4	384 1/2	389	391	395 1/4
SSAN7	Soybeans	938 1/2	942	950 3/4	954 1/2	963
SSAX7	Soybeans	939 3/4	943	950 3/4	954	961 3/4
SMAN7	Soymeal	303.9	304.8	306.8	307.7	309.7
BOAN7	Soybean Oil	31.70	31.93	32.52	32.75	33.34
WHAN7	Wheat	423	425 1/2	430 3/4	433 1/2	438 1/2
WHAU7	Wheat	437 3/4	440 1/2	445	447 1/2	452 1/4
RCAN7	Rice	10.757	10.809	10.957	11.010	11.157
KWAN7	KC Wheat	425	427 1/4	431 1/2	433 3/4	438
MWAN7	MINN Wheat	548 1/4	551	555	557 1/2	561 3/4
OTAN7	Oats	236 1/4	238	242 3/4	244 1/2	249 1/4

Calculations based on previous session. Data collected 05/23/2017

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