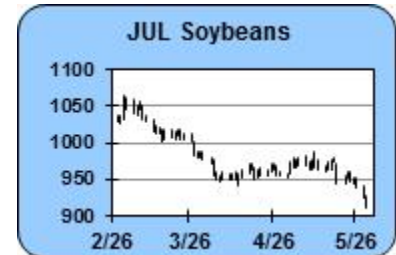




DAILY SOY COMPLEX COMMENTARY
05/31/17

Short-term oversold condition and corn bounce may support

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
SOY BEANS +2.2, BEAN OIL -0.1, SOYMEAL +1.6



OVERNIGHT DEVELOPMENTS: July soybeans are trading up 2 cents this morning after first trading down to the lowest level since March 9th of 2016. China futures were down 2.8% and palm oil futures are down 0.2% and recovered from the lowest level since April 25th. Global equity markets were mixed again with Pacific Rim markets generally positive but European bourses mixed. The Asian session started out with an April reading on Japanese industrial production which posted a sizable uptick from March's -1.9% reading and that reading was the highest reading in over 8 years! "Official" (NBS) Chinese PMI numbers were released, with the May manufacturing PMI forecast to have a slight downtick from April's 51.2 reading but instead the measure "held up" with a better than expected result. Furthermore while April Japanese housing starts were expected to decline from March's 0.2% reading and fall into negative territory they instead managed an unexpected gain. However, the European session started out with April German retail sales that posted an unexpected decline despite expectations to hold steady with March's rate. A preliminary look at May French CPI posted an as expected moderate decline from April's 1.4% year-over-year rate. May German unemployment was forecast to have a minimal downtick from April's 5.8% reading and that was achieved with a 5.7% result. The Bank of England released April readings on UK mortgage approvals which fell to a 7 month low and consumer credit which showed a rise from the prior month. April Euro zone unemployment was expected to downtick from March's 9.5% reading but the figure came in at 9.3% which is the lowest reading since 2009! The European session culminated its active report flow with May Euro zone CPI that ticked down from April's 1.9% year-over-year rate to the lowest level this year. The North American session will start out with private weekly surveys on mortgage applications and same-store sales. First quarter Canadian GDP is expected to have a sizable increase from the previous 2.6% annualized rate. April pending home sales is forecast to see a moderate improvement from March's -0.8% reading. The latest Fed Beige Book will be released during afternoon US trading hours and will be scrutinized for clues on upcoming Fed policy. Fed Governor Powell will speak during morning US trading hours.

NEAR-TERM MARKET FUNDAMENTALS: July soybeans traded down to 909 1/2 overnight before a recovery to trade 2 1/2 cents higher on the session this morning. The market is down as much as 51 1/2 cents in just six trading sessions and short-term technical indicators are in oversold status. The drier weekend weather helped producers get caught up with soybean plantings and the forecast for somewhat drier weather next week helped to pressure prices. The weaker Brazilian Real and Argentine Peso could have also promoted increased selling from South American producers. Celeres estimated that 58% of Brazilian soybeans have been sold compared to 69% last year. The weekly planting update showed 67% of the soybean crop is planted compared to 53% last week and 71% last year. The 10 year average for this time of year is 66%. Illinois soybean planting progress of 62% complete lags the five year average of 71% along with Indiana 54% vs. 71%, Ohio 54% vs. 71%, Wisconsin 45% vs. 66% and Michigan 56% vs. 68%. Soybean emergence is at 37% versus last year at 42% and the five year average of 40%. With some rain and some dryness over the next few weeks, soybean plantings should have no problem finishing up in a timely matter.

The COT data on Friday showed managed money traders have increased their net short position in all three soy complex contracts, with soybeans increasing by 25,832 contracts to 62,355 contracts, soybean meal by 23,773 contracts to 35,461 contracts and soybean oil by 2,613 contracts to 8,621 contracts. Weekly export inspections came in at 335,519 tonnes compared to expectations for 250,000 to 450,000 tonnes. As of May 25th, cumulative soybean export inspections for the 2016-17 marketing year have reached 91.0% of the USDA forecast versus a 5

year average of 91.1%. With China back from a two day holiday today, some pricing is almost certain. Argentine port workers at the Rosario port complex plan to strike from May 31st to June 2nd which will halt any grain shipments and could support soybeans today. However, today is the last day of the month and the managed money trader has increased their net short position in soybeans and soybean meal and could look to press levels for a month end mark.

TODAY'S MARKET IDEAS:

The July 900 puts have 18,000 contracts open and yesterday the volume was heavy. The premium on these puts went up over 35% and settled at 9 1/4 cents in a bit of a panic mode. Owners of these puts will have deltas to buy on a potential break below the 900 level. We feel the market could be due for a relief rally in the near term. A bounce to 934 1/4 or even 939 3/4 is possible into the end of the week.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

* 1) Took a 46 cent gain on short July soybean position from 974. 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 -12 cents. Risk to close over even money.

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) 05/31/2017: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. 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 898 1/4. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 921 3/4 and 934, while 1st support hits today at 903 3/4 and below there at 898 1/4.

SOYBEAN OIL (JUL) 05/31/2017: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market's close below the pivot swing number is a mildly negative setup. The next downside target is now at 30.84. The next area of resistance is around 31.71 and 32.01, while 1st support hits today at 31.13 and below there at 30.84.

SOYMEAL (JUL) 05/31/2017: 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 market is in a bearish position with the close below the 2nd swing support number. The next downside objective is now at 293.4. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 300.3 and 304.3, while 1st support hits today at 294.9 and below there at 293.4.

DAILY CORN COMMENTARY

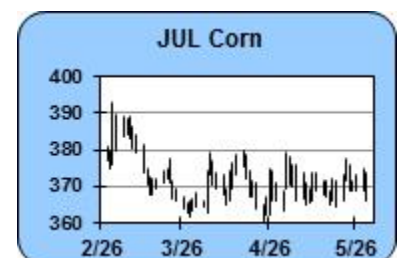
05/31/17

Some wet spots but weather improving; crop conditions poor; firm

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

CORN +4.4

OVERNIGHT DEVELOPMENTS: July corn is trading 4 1/2 cents higher this morning. Outside market forces look mixed to positive with a weaker US dollar



and firm gold. China futures are near unchanged. South Korea bought 140,000 tonnes of optional origin corn.

NEAR-TERM MARKET FUNDAMENTALS: The EU grain industry lobby Coceral lowered EU corn production to 60 million tonnes from 61 million in March. The weekly US conditions report showed 65% was rated good/excellent for the initial report of the season. Last year's initial rating was 72% good/excellent and the 10 year average for this time of year is 74%. The two states that stand out are Illinois, 52% good/excellent, and Indiana, 43% good/excellent. The poor/very-poor ratings for both states are 15% and 17% respectively. In 2016's initial ratings, Illinois was rated 71% (G/EX) and Indiana was rated 69% (G/EX). Ohio is also struggling with 49% (G/EX) compared to 63% last year at this time and a poor/very-poor rating of 12%. With 91% of the crop planted, that leaves 8.1 million acres that still need to be planted and when added the total acres that are rated poor/very-poor is 7.063 million acres. That leaves 15.163 million acres (16.7% of the total corn area) that is unplanted or in poor/very-poor condition. The area that is unplanted will certainly get planted, but pollination will be pushed back further into the heat of the summer. The bottom line is that these are the worst initial ratings for Illinois and Indiana in ten years and surrounding states of Kansas, Missouri, Wisconsin, North Dakota and South Dakota are all well below last year's initial crop ratings.

December corn traded sharply lower yesterday due to drier weather over the 3-day weekend allowing rapid planting and replanting in some of the problem areas in southern Illinois and southern Indiana. This week's temperatures are forecast to be below normal, but next week temperatures should warm up which should spur emergence rates for the crop. The 7-day forecast models show near 1 inch of rain for much of the Corn Belt but trouble spots could still emerge with 2-3 inches for much of Indiana, Ohio and southwestern Pennsylvania. The weekly planting report showed 91% complete compared to 84% last week and 93% last year. The 10 year average for this time of year is 91%. The managed money trader reduced their net short position by 27,406 contracts to 176,503 contracts as of May 23rd. Weekly export inspections for corn came in at 1,194,729 tonnes compared to expectations for 950,000 tonnes to 1.25 million. As of May 25th, cumulative corn export inspections for the 2016-17 marketing year have reached 76.3% of the USDA forecast versus a 5 year average of 69.6%. December corn enters the final day of the month up 3/4 of a cent.

TODAY'S MARKET IDEAS:

After the crop ratings report yesterday the market should find support, especially with the healthy speculative short. The market has been in sideways congestion for over three months with a break above 395 3/4 needed to spark further upside. We feel the crop ratings should wake the trade up to the fact that trendline yield of 170.7 bushels per acre will be difficult to achieve. Remember, just a 5% hit on yield to 162.2 bushels/acre brings ending stocks down to 1.3 billion bushels. December corn below 380 this early in the growing season is void of any weather premium. Consider buying December corn at 385 1/4 with an objective of 413.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

* 1) Hit protective stop on long December Corn position for a 1 3/4 cent gain. 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) 05/31/2017: The close under the 60-day moving average indicates 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 could accelerate a price break if support levels are broken. The intermediate trend has turned down with the cross over back below the 18-day moving average. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside target is 361. The next area of resistance is around 370 3/4 and 376, while 1st support hits today at 363 1/4 and below there at 361.

DAILY WHEAT COMMENTARY

05/31/17

Drier weather for Dakotas may spark more buying; Kansas wet

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
WHEAT +3.6

OVERNIGHT DEVELOPMENTS: July wheat is trading 3 cents higher this morning and KC wheat is up 2 3/4 cents. Outside market forces are firm. MATIF September futures are up 0.45%.



NEAR-TERM MARKET FUNDAMENTALS: Egypt tendered for wheat last night with Romania the lowest offer at \$191.46. There are 13 offers from four different countries. The EU grain industry lobby Cocal lowered EU wheat production to 142 million tonnes from 144.8 million in March. July wheat traded down to the lowest level since May 19th yesterday but recovered overnight as spring wheat conditions look poor. July Minneapolis wheat is up 5 cents this morning and up to the highest level since February 16th. A drier outlook in the Plains prior to the start of winter wheat harvest along with forecast rains into the dry spring wheat areas pressured prices yesterday. The weekly winter wheat Conditions report showed 50% was rated good/excellent compared to 52% last week and 63% last year. The 10 year average for this time of year is 47%. The hard red areas saw a decrease with Kansas down 2% good/excellent, Texas down 5% (G/EX) and Oklahoma down 4% (G/EX). The 7-day forecast has near 2 inches of rain across much of Kansas which might be seen as somewhat supportive. The soft red states held their ratings well and Illinois jumped 7% in the (G/EX) category. The quality will be the big issue, especially in the hard red states of Kansas, Oklahoma and Texas.

The weekly spring wheat planting report showed 96% complete compared to 90% last week and 98% last year. The initial weekly spring wheat conditions report showed 62% was rated good/excellent compared to 79% last year. The 10 year average for this time of year is 75%. South Dakota with 23% poor/very-poor is the state that sticks out the most, and forecasts have needed moisture in the 7 day outlook but South Dakota looks to miss out on the heavier amounts. This morning's models show very little rain for the next 7 days for North and South Dakota. Friday's COT data showed the managed money trader had reduced their net short position by 8,174 contracts to 113,211 contracts. There was little change in KC and MPLS with managed money traders net long 2,166 contracts in KC wheat and net long 2,983 contracts of MPLS spring wheat.

The Chief of Agriculture in Argentina has estimated the Argentine wheat crop at a record 20.0 million tonnes in 2017-18. This compares to their previous estimate of 17.5 million and the USDA estimate of 17.0 million. He commented that the bump was due to better crop technology and more fertilizer. Weekly export inspections for wheat came in at 602,913 metric tonnes compared to 674,559 tonnes last week. As of May 25th, cumulative wheat export inspections for the 2016-17 marketing year have reached 96.0% of the USDA forecast versus a 5 year average of 96.9%.

TODAY'S MARKET IDEAS:

Minneapolis July was down almost 8 cents at one point yesterday yet closed down just 3/4 of a cent and is up as high as 573 3/4 this morning from 523 1/2 as the April low. The spring wheat areas need rain, and if the latest forecast does not verify, the spring wheat market could get interesting. In addition, there are reports that 700,000 hectares (1.7 million acres) of crops in Canada's top producing province of Saskatchewan might not get planted due to excessive rainfall. The old high in Minneapolis July is at 575, which is just 1 1/4 cents away from today's early high. A close above this would suggest a challenge the contract high of 605 1/2. Can the rising tide lift all boats? July wheat support is at 425 3/4 with key resistance at 443 3/4 and 452 1/4.

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) 05/31/2017: The market back below the 40-day moving average suggests the longer-term trend could be turning down. Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The daily closing price reversal down puts the market on the defensive. The close below the 1st swing support could weigh on the market. The next upside target is 444. The next area of resistance is around 436 and 444, while 1st support hits today at 423 and below there at 418 1/4.

KC WHEAT (JUL) 05/31/2017: The close under the 40-day moving average indicates the longer-term trend could be turning down. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. 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 upside objective is 443 3/4. The next area of resistance is around 438 3/4 and 443 3/4, while 1st support hits today at 427 3/4 and below there at 422.

MINN WHEAT (JUL) 05/31/2017: Momentum studies are trending higher but have entered overbought levels. The market's short-term trend is positive on the close above the 9-day moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside objective is at 574. The next area of resistance is around 571 3/4 and 574, while 1st support hits today at 564 1/4 and below there at 558 3/4.

RICE (JUL) 05/31/2017: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The near-term upside objective is at 11.455. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 11.360 and 11.455, while 1st support hits today at 11.010 and below there at 10.755.

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	45.15	46.83	47.95	44.20	370.44	370.69	369.75	369.91	370.55
CNAZ7	385 3/4	46.05	47.64	52.41	49.97	388.88	388.81	387.76	387.41	387.29
SSAN7	912 3/4	21.56	27.30	14.35	6.24	931.75	945.03	957.35	960.29	973.92
SSAX7	919 3/4	22.20	27.90	16.32	7.12	934.06	945.03	954.68	956.94	967.50
SMAN7	297.6	21.32	28.14	5.01	2.30	302.63	306.04	310.97	313.75	318.00
BOAN7	31.42	30.63	37.24	26.88	14.08	31.84	32.36	32.56	32.21	32.45
WHAN7	429 1/2	46.18	46.56	40.61	46.83	432.75	431.42	431.75	435.08	439.14
WHAU7	444	46.51	46.63	39.53	46.25	446.38	445.11	445.86	449.14	453.42
RCAN7	11.185	70.92	68.27	90.79	92.81	11.04	10.97	10.61	10.30	10.22
KWAN7	433 1/4	47.88	47.62	34.87	42.26	433.69	432.42	435.64	435.61	442.03
MWAN7	568	68.77	63.59	72.65	86.33	565.00	557.22	551.22	545.83	545.96
OTAN7	242 1/4	54.96	55.30	60.93	65.29	241.75	240.92	241.49	230.26	232.70

Calculations based on previous session. Data collected 05/30/2017

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	361	363 1/4	368 1/2	370 3/4	376

CNAZ7	Corn	379 3/4	382	387	389 1/2	394 1/4
SSAN7	Soybeans	898	903 3/4	916	921 3/4	934
SSAX7	Soybeans	909	913	922 1/4	926 1/2	935 1/2
SMAN7	Soymeal	293.3	294.8	298.8	300.3	304.3
BOAN7	Soybean Oil	30.83	31.12	31.42	31.71	32.01
WHAN7	Wheat	418	423	431	436	444
WHAU7	Wheat	433	438	445	450	457
RCAN7	Rice	10.754	11.010	11.105	11.360	11.455
KWAN7	KC Wheat	422	427 3/4	433	438 3/4	444
MWAN7	MINN Wheat	558 3/4	564	566 1/2	572	574 1/4
OTAN7	Oats	236	239 1/4	242	245 1/4	248

Calculations based on previous session. Data collected 05/30/2017

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