



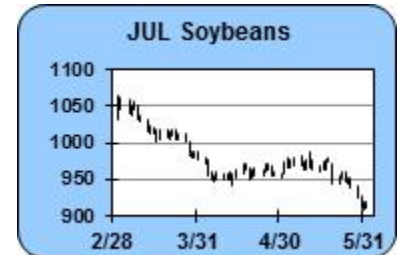
DAILY GRAINS COMMENTARY Friday June 02, 2017

DAILY SOY COMPLEX COMMENTARY 06/02/17

Great weather forecast for fast start to crop; weak China demand

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
SOY BEANS +2.0, BEAN OIL -0.2, SOYMEAL +1.1**

OVERNIGHT DEVELOPMENTS: July soybeans are trading up 2 cents this morning. China futures were up 0.7% and palm oil futures are down 0.65%. Global equity markets were higher overnight with the CSI, MICEX, Hang Seng and RTS bucking the trend and trading lower. The Asian session was fairly quiet data-wise but featured a May reading on Japanese consumer confidence which as expected showed a modest uptick to 43.60 from April's 43.2 reading. The European session started out with a May reading on the UK construction PMI that surprised the trade with an up-tick of 2.9 to 56.00 compared to the prior month reading of 53.10. April Euro zone PPI was expected to have a moderate increase from March's 3.9% year-over-year rate but instead it registered a stronger than expected print of 4.30%. The North American session will start out with the highlight for global markets, the May employment situation report. May non-farm payrolls are forecast to come in around the 180,000 to 190,000 level which compares to April's 211,000 reading, but may be vulnerable to an upside surprise after the strong ADP employment survey. May unemployment is expected to hold steady at 4.4% while May average hourly earnings are forecast to see a minimal downtick from April's 0.3% reading. The April international trade balance is expected to show a moderate increase to the monthly deficit. April Canadian international merchandise trade is forecast to have a modest downtick in their monthly deficit. Philadelphia Fed President Harker will speak during morning US trading hours while Dallas Fed President Kaplan will speak during the afternoon.



NEAR-TERM MARKET FUNDAMENTALS: Ideas that the market is cheap and that US weather might turn bullish are clashing with China demand concerns and massive world and US supply. China crush margins this week are at the most negative since September of 2014 due to weak product prices. July soybeans settled lower and to the lowest settlement since March 8th of last year. Traders are bracing for possible Chinese cancellations or switches of cargos to new crop for the weekly export sales report this morning. The near term forecast of warmer and drier conditions continues to pressure prices as producers should have no issues completing soybean plantings. The 7-day forecast models have very little rain for the Dakotas, Minnesota, Eastern Nebraska, Iowa, Missouri, Illinois and Indiana. For the weekly export sales report today, traders see soybean sales near 200,000 to 450,000 tonnes compared to 479,000 tonnes last week.

Brazilian consultancy Agroconsult increased their soybean production estimate to 115.0 million tonnes from 113.3 mmt previous. The USDA is at 111.6 million tonnes. The Brazilian Ag Minister estimated the 2017-18 soybean planted area to increase 2% to 3% next season. Brazil's Trade Ministry published export data for the month of May and has soybean exports at 10.96 mmt versus 10.43 million in April and 9.92 million last year. US soybean crush for April came in at 149.76 million bushels. Cumulative crush of 1.29 billion bushels is 66.61% of the current USDA estimate for the year. The average crush pace for this time of year is 68.59% and the data suggests that the USDA may lower crush usage estimates. US soybean oil stocks came in at 2.234 billion pounds versus 2.337 billion last month and last year.

TODAY'S MARKET IDEAS:

July soybeans are down 14 1/4 cents on the week through yesterday and settled at the lowest level since March 8th of 2016. The market is oversold with the relative strength index at 28.5% and stochastics at extremes. If there are cancellations in today's export sales report, look for "sell the rumor, buy the fact" trade action. The market will fade the bearish news. The July 900 soybean puts have 18,000 contracts open with 22 days until expiration. The

owners of these puts will have plenty of gamma to scalp on breaks below the 900 strike.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

1) * Long 1 Nov soybean 900 put and short 2 Sept corn 350 puts for a cost of 4 1/2 cents. Look to sell the Nov 900 put at 33 cents and hold corn puts for now. 2) 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) 06/02/2017: Daily stochastics are trending lower but have declined into oversold territory. The market's short-term trend is negative as the close remains below the 9-day moving average. The daily closing price reversal down puts the market on the defensive. The market tilt is slightly negative with the close under the pivot. The next downside objective is now at 905. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 916 3/4 and 923 1/4, while 1st support hits today at 907 3/4 and below there at 905.

SOYBEAN OIL (JUL) 06/02/2017: 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 market's close below the pivot swing number is a mildly negative setup. The next downside objective is now at 30.92. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 31.45 and 31.71, while 1st support hits today at 31.05 and below there at 30.92.

SOYMEAL (JUL) 06/02/2017: 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. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is 295.5. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 298.7 and 300.4, while 1st support hits today at 296.3 and below there at 295.5.

DAILY CORN COMMENTARY

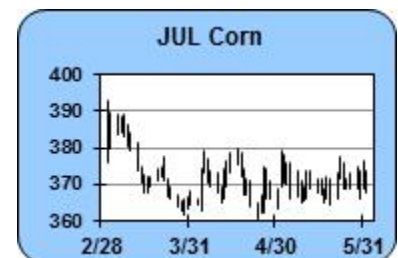
06/02/17

Firm demand tone and lack of weather premium may support

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

CORN +0.4

OVERNIGHT DEVELOPMENTS: July corn is trading up 2 1/2 cents this morning. Outside market forces slightly negative. China futures are up 0.8%. China sold 1.36 million tonnes of corn from state reserves today from 2.3 million tonnes offered. South Korea bought 138,000 tonnes of optional origin corn overnight and 64,000 tonnes of feedwheat.



NEAR-TERM MARKET FUNDAMENTALS: The US weather is bearish (except for a dry forecast for the Dakotas) and the China weather is a bit threatening. The warmer and drier near term weather forecast pressured prices yesterday. The latest National Weather Service 8-14 day forecast shows a return to normal temperatures into mid-June. Brazil's Agroconsult has estimated the corn production at 99.7 million tonnes, well above their previous estimate of 90.0 million tonnes and the latest USDA estimate at 96.0 million. Brazil's corn exports were seen at

32.5 million tonnes versus an estimate of 25-30 million tonnes. Brazil's Trade Ministry published the export data for the month of May with 309,986 tonnes of corn shipped versus 154,749 tonnes in April and 26,704 tonnes last year.

China sold 3.2 million tonnes of 2013 corn out of 3.4 million offered at a state reserve auction yesterday, which represents 93% sold as recent state auctions have been very successful. Ethanol production for the week ending May 26th averaged 1.02 million barrels per day, up 0.99% vs. last week and up 6.25% vs. last year. Total ethanol production for the week was 7.14 million barrels. Corn used in last week's production is estimated at 107.1 million bushels. Corn use needs to average 97.752 million bushels per week to meet the USDA forecast. Stocks were 22.763 million barrels, up 0.35% vs. last week and up 9.60% vs. last year. For the weekly export sales report today, traders see corn sales at 400,000 to 800,000 tonnes compared to 458,000 tonnes last week.

TODAY'S MARKET IDEAS:

December corn settled just below the 100 day moving average of 389 3/4. The forecast is definitely less threatening with warmer and drier weather through the entire belt through June 10th. We feel the trade is concerned that corn acres will be lowered by 1.0 to 1.5 million and the crop condition report on Tuesday has the speculative short concerned. A close above 392 1/2 would be the fourth consecutive weekly higher close, and a close above 394 3/4 (the 200 day moving average) would really get the bull camp exited. Consider buying December corn at 385 1/4 with an initial objective of 413.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

1) * Long December Corn from 388 1/2 with an objective of 447. Risk 11 cents from entry. 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) 06/02/2017: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. 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 lower than the pivot swing number. The next upside objective is 376 3/4. The next area of resistance is around 373 1/2 and 376 3/4, while 1st support hits today at 367 1/2 and below there at 364 1/2.

DAILY WHEAT COMMENTARY

06/02/17

Dakota's have dry weather forecast and drought monitor supports

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

WHEAT +0.0

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



NEAR-TERM MARKET FUNDAMENTALS: The market continues to probe for a short-term low. Planalytics satellite imagery crop forecasting has increased their winter wheat yield estimate to 51.3 bushels per acre from 51.0 bushels forecast last week and compares to last year's record 55.3 bushels per acre. The EU grain industry's Cocalal cut their 2017 soft wheat production estimate to 141.9 million tonnes from the March estimate of 144.8 million due to heat and drought conditions in parts of France and Spain. The EU's soft wheat exports fell 23% so

far this season through May 30th to 22.1 million tonnes according to the European Commission. The Russian Ag Minister has lowered their grain crop to 100-105 million tonnes compared to 110 million estimated last month due to unfavorable weather in Russia's grain producing areas. They also estimated wheat exports at 26-27 million tonnes for the 2017-18 season starting in July versus the USDA estimate of 29.0 million tonnes.

Argentine farmer intentions are to plant 5.0 million hectares of wheat in 2017-18 which could be too optimistic, as waterlogged farms in Santa Fe and central Buenos Aires could go unplanted due to flooding. There are an estimated 1.0 million hectares of wheat farms that could be affected. Egypt's local wheat purchases are running 33% behind last season with the government purchases at 3.1 million tonnes so far this season compared to 4.6 million tonnes at this time last year. For the weekly export sales report, traders see wheat sales near 250,000 to 600,000 tonnes compared to 545,000 tonnes last week.

TODAY'S MARKET IDEAS:

Minneapolis July traded to a new high for the move yesterday. The next target is at 593, the old high for spot contract, then 605 1/2 which is the Minneapolis July contract high. The Drought Monitor yesterday showed some of the Dakotas entering severe drought status, with the forecast not offering much in the way of moisture. Protein will be king, especially with the winter wheat quality concerns. July wheat support is at 425 3/4 with 436 and 440 3/4 as next resistance. Consider buying breaks.

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) 06/02/2017: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The close below the 9-day moving average is a negative short-term indicator for trend. The market tilt is slightly negative with the close under the pivot. The near-term upside target is at 437 1/2. The next area of resistance is around 434 and 437 1/2, while 1st support hits today at 424 and below there at 417 3/4.

KC WHEAT (JUL) 06/02/2017: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. 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 upside target is 440 3/4. The next area of resistance is around 436 and 440 3/4, while 1st support hits today at 425 1/2 and below there at 419 1/2.

MINN WHEAT (JUL) 06/02/2017: 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. There could be more upside follow through since the market closed above the 2nd swing resistance. The next upside target is 585. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 582 3/4 and 585, while 1st support hits today at 574 3/4 and below there at 569 1/4.

RICE (JUL) 06/02/2017: A bearish signal was triggered on a crossover down in the daily stochastics. Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. The close above the 9-day moving average is a positive short-term indicator for trend. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside objective is 10.892. The next area of resistance is around 11.142 and 11.261, while 1st support hits today at 10.958 and

below there at 10.892.

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	370 1/2	50.10	50.08	48.30	48.35	370.94	371.25	370.04	370.21	370.12
CNAZ7	389 1/4	50.98	50.93	54.54	56.16	389.63	389.61	388.17	387.82	387.06
SSAN7	912 1/4	23.80	28.51	10.03	6.09	916.88	934.78	950.74	957.27	969.71
SSAX7	917 3/4	21.36	27.19	10.50	5.51	921.25	936.53	949.39	954.56	964.18
SMAN7	297.5	22.54	28.69	4.35	3.88	298.75	303.02	308.75	312.82	316.75
BOAN7	31.25	28.42	35.56	17.73	9.34	31.40	32.03	32.41	32.15	32.35
WHAN7	429	45.55	46.17	42.41	43.15	431.50	432.03	430.54	434.77	437.70
WHAU7	443 1/2	45.79	46.20	42.28	44.02	445.63	445.92	444.68	448.80	451.99
RCAN7	11.050	62.92	63.20	90.08	88.11	11.09	11.01	10.74	10.34	10.26
KWAN7	430 3/4	44.75	45.78	39.35	42.72	433.31	433.53	433.86	435.42	440.23
MWAN7	578 3/4	76.53	69.45	83.12	92.88	571.88	564.44	553.94	547.36	546.83
OTAN7	255	69.70	65.47	70.14	80.09	247.25	244.36	242.03	231.28	233.18

Calculations based on previous session. Data collected 06/01/2017

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	367 1/2	370 1/2	373 1/2	376 3/4
CNAZ7	Corn	383	386	389 1/4	392 1/2	395 1/2
SSAN7	Soybeans	905	907 1/2	914 1/4	917	923 1/2
SSAX7	Soybeans	911 3/4	914	919	921 1/2	926 1/4
SMAN7	Soymeal	295.4	296.2	297.9	298.7	300.4
BOAN7	Soybean Oil	30.91	31.05	31.31	31.45	31.71
WHAN7	Wheat	417 1/2	424	427 1/2	434	437 1/2
WHAU7	Wheat	433	439	442 1/4	448	451 1/2
RCAN7	Rice	10.891	10.957	11.076	11.142	11.261
KWAN7	KC Wheat	419 1/2	425 1/2	430 1/4	436	441
MWAN7	MINN Wheat	569	574 3/4	577	582 3/4	585
OTAN7	Oats	242 1/2	249 1/2	253 3/4	260 1/2	265

Calculations based on previous session. Data collected 06/01/2017

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