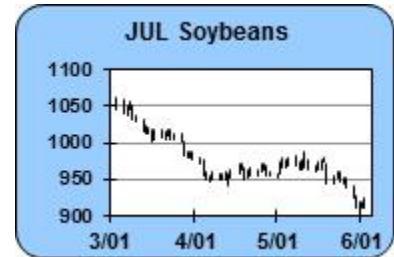




DAILY SOY COMPLEX COMMENTARY
06/05/17

Funds build huge net short into growing season; weather shift

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
SOY BEANS -0.2, BEAN OIL +0.1, SOYMEAL -0.5



OVERNIGHT DEVELOPMENTS: July soybeans are trading 2 1/4 cents lower this morning. China futures were up 1.7% and palm oil futures are up slightly. Global equity markets were mostly lower overnight with the exceptions the RTS, MICEX and Hang Seng which carved out minimal gains. The markets were initially presented with a positive Chinese PMI reading which rose to 54.5 in May compared to 54.0 in April. The European session presented Markit services and composite PMI readings from around the region with France posting an improvement over the prior month, unchanged readings from Germany, and the Euro zone Composite services ticking down. However, Italian Services PMI readings fell rather significantly taking away some of the positive buzz from France and China. The North American session will start out with a first quarter reading for non-farm productivity expected to show modest improvement with unit labor costs that are forecast to see a moderate decline. The May ISM non-manufacturing index is expected to have a moderate downtick from April's 57.5 reading. April factory orders are forecast to have a modest downtick from March's 0.2% and fall into negative territory. The Fed's labor market conditions index and the Markit services PMI number will also be released during morning US trading hours, both of which are expected to improve on their previous readings.

NEAR-TERM MARKET FUNDAMENTALS: The shift in the weather pattern may have helped the market put in a significant low last week. The soybean market should find support from a warm and dry 6-10 day forecast, and also from the oversold condition basis the COT update. The weather should allow producers to finish plantings but the pattern has certainly switched from too wet to possibly too dry. The 8-14 day models are warm and wet but very little rain is in the forecast this week and new shorts have entering the market at depressed levels, the drier trend could be cause for some nervousness from the bear camp. July soybeans closed up 9 cents on Friday but down 5 1/4 cents on the week. US exporters announced the sale of 200,000 tonnes of soybeans to Spain. The market found support on Friday after the "flash" sale announcement as well, as solid export sales of 610,200 tonnes of old crop soybeans were 29% higher than the previous week and the largest for this week since the USDA data began in 1990. As of May 25th, cumulative soybean sales stand at 104.7% of the USDA forecast for the 2016/2017 (current) marketing year versus a 5 year average of 98.1%. Meal sales came in at 123,600 tonnes for the current marketing year and 900 for the next marketing year for a total of 124,500 tonnes. Net oil sales came in at 22,800 tonnes.

FC Stone raised their Brazilian soybean production to 113.2 million tonnes from their previous estimate of 111.8 million tonnes. The open interest in soybeans went up 10,564 contracts Thursday and is up over 32,000 contracts over the previous six trading days. Soybean meal open interest is up 24,000 contracts and soybean oil is up 30,000 contracts over the same period. The managed money trader increased their net short position in all three commodities with soybeans net short at 89,310 contracts up 26,955 contracts last week, soybean meal net short at 44,500 contracts, up 9,039 and soybean oil net short 22,313 contracts, up 13,692 in just one week.

The average estimate for Friday's WASDE report supply/demand report has 2016-17 US ending stocks at 434 million bushels and 2017-18 ending stocks at 513 million bushels as compared with 480 million last month. The average estimate for world ending stocks is at 89.5 million tonnes in a range from 83.7 to 92.0 million tonnes. The May world ending stocks were at 88.8 million tonnes. The average estimate for Brazilian production is at 112.3 million tonnes compared to the May estimate of 111.6 million tonnes and Argentine production is estimated at 57.1 million tonnes compared to the May estimate of 57.0 million tonnes.

The Commitments of Traders reports as of May 30th for Soybeans showed Non-Commercial traders were net short 76,276 contracts, an increase of 25,765 contracts for the week. Non-Commercial and Nonreportable combined traders held a net short position of 138,599 contracts, up 25,428 contracts in the net short position for the week. Commodity Index traders held a net long position of 99,016 contracts, up 3,179. For Soybean Oil, Non-Commercial traders were net short 8,142 contracts, an increase of 11,299 contracts for the week which represents a change from a net long to net short position. Non-Commercial and Nonreportable combined traders held a net short position of 10,607 contracts. These traders have gone from a net long to a net short position. For Soybean Meal, Non-Commercial traders were net short 23,119 contracts, an increase of 11,477 contracts for the week. Non-Commercial and Nonreportable combined traders held a net short position of 21,407 contracts, up 13,725 contracts for the week.

TODAY'S MARKET IDEAS:

July soybeans experienced the lowest weekly close since March 11th, 2016. With the managed money short position up 27,000 contracts last week and a slightly drier hint to the forecast, the week could start out with some choppy to higher trade. Traders looking for a cheap bullish strategy for the next few weeks should look at the November 1000/1100 call spread which closed at 11 cents on Friday. Close-in support for July soybeans is at 912 1/4, with 939 3/4 and 949 1/4 as initial key resistance.

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 29 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.

Commitment of Traders - Futures and Options - 5/23/2017 - 5/30/2017						
	Non-Commercial		Commercial		Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Grains						
Soybeans	-76,276	-25,765	138,599	+25,429	-62,323	+337
Soymeal	-23,119	-11,477	21,406	+13,725	1,712	-2,248
Soyoil	-8,142	-11,299	10,607	+15,642	-2,465	-4,342

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) 06/05/2017: 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. The outside day up is somewhat positive. A positive setup occurred with the close over the 1st swing resistance. The next downside objective is now at 906 1/4. The next area of resistance is around 927 3/4 and 932 1/2, while 1st support hits today at 914 3/4 and below there at 906 1/4.

SOYBEAN OIL (JUL) 06/05/2017: 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 swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is 30.65. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 31.23 and 31.54, while 1st support hits today at 30.79 and below there at 30.65.

SOYMEAL (JUL) 06/05/2017: A bullish signal was given with an upside crossover of the daily stochastics. Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. The close below the 9-day moving average is a negative short-term indicator for trend. The outside day up and close above the previous day's high is a positive signal. The market's close above the 2nd swing

resistance number is a bullish indication. The near-term upside target is at 307.5. The next area of resistance is around 305.2 and 307.5, while 1st support hits today at 298.6 and below there at 294.4.

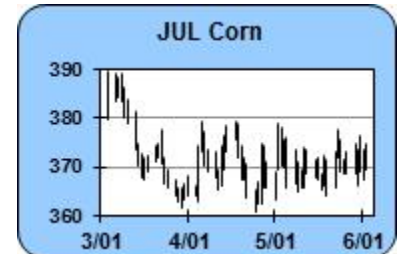
DAILY CORN COMMENTARY

06/05/17

Shift in weather might spark some short-covering from specs

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
CORN +0.0

OVERNIGHT DEVELOPMENTS: July corn is trading up 1/2 of a cent and traded up as much as 1 3/4 cents overnight. Outside market forces look slightly negative. China futures are up 0.25%.



NEAR-TERM MARKET FUNDAMENTALS: The market saw a bounce overnight. While a shift in the weather outlook may open the door for different types of crop issues in the future, the short-term impact on the crop of mostly dry weather this week is bearish. In addition, traders are bracing for increased competition from Argentina and Brazil in the months just ahead. Traders see weekly crop conditions this afternoon near unchanged at 65-66% rated good/excellent but some traders see conditions improving. The updated 6-10 day forecast leaning hot and dry, and traders are well aware the speculative funds (who added to their net short position last week) are starting to get impatient with the market. July corn closed up 2 1/4 cents on Friday and down 1 1/2 cents for the week. The market was supported by a weaker dollar and a warmer/drier forecast with a potential high pressure ridge that could possibly expand into the northern Midwest. The spring wheat areas in the Dakotas have seen dry conditions for several weeks, and traders now fear that this pattern could expand further into the northern Corn Belt. FC Stone increased their Brazilian corn production to 97.6 million tonnes from 96.2 million tonnes. They also raised corn exports to 28.0 million tonnes from 26.0 million previously and compared to 18.9 million last year. Safras & Mercado raised their Brazilian corn production to 106.4 million tonnes from 98.0 million tonnes and compared to the latest USDA estimate of 96.0 million.

Weekly export sales came in at 412,100 tonnes for the current marketing year and 139,700 for the next marketing year for a total of 551,800 tonnes. As of May 25th, cumulative corn sales stand at 95.0% of the USDA forecast versus a 5 year average of 93.1%. The managed money trader has increased their net short position by 24,478 contracts to 200,981 as of May 30th. This is once again bumping up against the record short of 229,000 contracts. Non-Commercial traders were net short 138,038 contracts, an increase of 26,884 contracts in just one week. Non-Commercial and Nonreportable combined traders held a net short position of 103,695 contracts, up 25,003 contracts for the week. The average estimate for Friday's WASDE report has 2016-17 ending stocks at 2.284 billion bushels and 2017-18 ending stocks at 2.072 billion bushels from 2.110 billion last month. The average estimate for world ending stocks is 196.5 million tonnes compared to the May estimate of 195.3 million tonnes. The average estimate for Brazilian corn production is at 96.6 million tonnes versus 96.0 in May and Argentine corn production is estimated at 40.0 million tonnes compared to 40.0 million tonnes in May.

TODAY'S MARKET IDEAS:

July corn settled within 370 3/4 and 374 1/4 (a 3 1/2 cent range) over the last five weeks. The large speculative short could be getting impatient, especially going into the growing season. We feel the trade is concerned that corn acres could be lowered by 1 to 2 million acres. In addition, the crop condition report today most likely will not show improvement and there is some concerns for dryness; especially the Dakotas. In the last two weeks, there has been less than 1/2 of an inch of rain for large areas of North and South Dakota, central Minnesota, Eastern Nebraska and far western Iowa and there are even a few spots in southern Iowa and central Illinois. Consider buying December Corn near 385 1/2.

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.

Commitment of Traders - Futures and Options - 5/23/2017 - 5/30/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Grains						
Corn	-138,038	-26,884	103,695	+25,002	34,343	+1,881

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) 06/05/2017: Positive momentum studies in the neutral zone will tend to reinforce higher price action. 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 next upside objective is 377 1/2. The next area of resistance is around 375 1/4 and 377 1/2, while 1st support hits today at 370 1/4 and below there at 367 1/4.

DAILY WHEAT COMMENTARY

06/05/17

Spring wheat crop deteriorating and market oversold

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

WHEAT -1.0

OVERNIGHT DEVELOPMENTS: July wheat is trading 1 cent lower this morning and KC wheat is down 2 1/4 cents. Outside market forces are slightly negative. MATIF September futures are down 0.3%.



NEAR-TERM MARKET FUNDAMENTALS: Russia prices are up for the third week in a row with some minor crop concerns helping to support. Some early yields out of Texas and Oklahoma were below average and winter wheat producers should pick up the pace of harvesting over the next couple of weeks. July wheat closed up 1/2 cent on the session Friday and down 8 3/4 cents on the week. Minneapolis spring wheat July traded to a high of 590 and settled at 583 3/4, up 15 cents on the week. The warm and dry pattern in the Dakotas looks to continue although the National Weather Service 6-10 day and 8-14 day forecast has above normal precipitation in the northern Plains through June 18th. Traders will be locked into the weather forecast for the spring wheat areas as they realize that protein wheat will be ever more important this year with another poor quality winter wheat crop expected. This morning, it looks like near 1/4 inch of coverage for the next five days. Traders see spring wheat crop conditions near 59-60% good/excellent vs. 62% last week.

Informa estimated the winter wheat crop at 1.259 billion bushels compared to a 1.246 billion bushel estimate in May. Winter wheat was estimated at 751 million bushels versus 737 million last month and soft red wheat was estimated at 290 million bushels with white wheat at 218 million bushels. Weekly export sales came in at -29,000 tonnes for the current marketing year and 810,300 for the next marketing year for a total of 781,300 tonnes. As of May 25th, cumulative wheat sales stand at 20.2% of the USDA forecast versus a 5 year average of 18.0%. The managed money traders increased their short position by 549 contracts and are now short 113,760 contracts as of May 30th. The managed money trader is long 3,221 (up 1,055) contracts in Kansas City wheat and long 4,976 (up 1,993) contracts in Minneapolis wheat as of May 30th. For Non-Commercial traders in Chicago, they were net short 97,576 contracts, an increase of 6,598 contracts for the week. Non-Commercial and Nonreportable combined traders held a net short position of 91,670 contracts, up 10,488 contracts for the week. For Kansas City Wheat, Non-Commercial traders were net long 11,563 contracts, an increase of 99 contracts. Non-Commercial and Nonreportable combined traders held a net long position of 14,148 contracts, up 284.

For Friday's WASDE report, the average estimate for 2017-18 all wheat production is at 1.823 billion bushels compared to 1.820 billion in May. All winter wheat is estimated at 1.242 billion bushels versus 1.246 billion in May. Hard red wheat is estimated at 731 million bushels, soft red at 297 million bushels and white wheat at 213 million bushels. The world wheat ending stocks are estimated at 258.8 million tonnes compared to 258.3 million in May. Traders see US ending stocks at 910 million bushels from 914 million last month.

TODAY'S MARKET IDEAS:

July wheat's weekly close was the lowest since the week of April 21st. The spring wheat areas look like they could see some rain in the near-term but if the rains are a bust, then the Minneapolis market could really accelerate. The next target in the Minneapolis July contract is at 595 with the contract high of 605 1/2 just above. July wheat support is at 423 1/4 with 440 3/4 and 445 3/4 as resistance.

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.

Commitment of Traders - Futures and Options - 5/23/2017 - 5/30/2017						
	Non-Commercial		Net Position	Commercial		Non-Reportable
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	
Grains						
KC Wheat	11,563	+99	-14,149	-284	2,585	+185
Wheat	-97,576	-6,598	91,670	+10,488	5,906	-3,890

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) 06/05/2017: 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. The close over the pivot swing is a somewhat positive setup. The near-term upside target is at 437 1/4. The next area of resistance is around 433 1/4 and 437 1/4, while 1st support hits today at 425 3/4 and below there at 422 1/2.

KC WHEAT (JUL) 06/05/2017: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The close above the 9-day moving average is a positive short-term indicator for trend. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside objective is 442 1/2. The next area of resistance is around 437 3/4 and 442 1/2, while 1st support hits today at 428 3/4 and below there at 424 1/4.

MINN WHEAT (JUL) 06/05/2017: Momentum studies are trending higher but have entered overbought levels. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market setup is supportive for early gains with the close over the 1st swing resistance. The near-term upside objective is at 596 1/4. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 590 and 596 1/4, while 1st support hits today at 577 1/2 and below there at 571.

RICE (JUL) 06/05/2017: Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. A positive signal for trend short-term was given on a close over the 9-bar moving average. The daily closing price reversal up is a positive indicator that could support higher prices. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is 10.849. The next area of

resistance is around 11.257 and 11.398, while 1st support hits today at 10.983 and below there at 10.849.

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	372 3/4	53.42	52.21	50.06	53.59	370.56	371.28	370.42	370.36	370.00
CNAZ7	391	53.61	52.64	56.53	60.51	389.25	389.69	388.54	388.02	387.03
SSAN7	921 1/4	34.08	35.04	9.93	9.73	915.56	931.25	948.32	955.98	967.88
SSAX7	925 1/2	33.33	34.58	10.26	9.78	920.31	933.61	947.40	953.62	962.76
SMAN7	301.9	39.07	38.36	6.44	10.62	298.78	302.46	308.10	312.44	316.21
BOAN7	31.01	25.35	33.21	14.02	6.61	31.26	31.80	32.30	32.12	32.30
WHAN7	429 1/2	46.42	46.67	42.49	42.65	429.31	431.39	430.32	434.57	437.15
WHAU7	443 3/4	46.29	46.47	42.72	43.60	443.75	445.39	444.40	448.58	451.43
RCAN7	11.120	65.31	64.71	88.95	86.70	11.12	11.05	10.81	10.37	10.28
KWAN7	433 1/4	48.79	48.03	41.48	45.76	432.25	433.00	433.25	435.34	439.49
MWAN7	583 3/4	79.34	71.78	85.69	90.85	575.63	567.56	556.11	548.12	547.52
OTAN7	246	54.78	55.57	69.58	68.46	247.69	244.83	241.89	231.81	233.34

Calculations based on previous session. Data collected 06/02/2017

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	367 1/4	370	372 1/2	375 1/2	377 3/4
CNAZ7	Corn	385 3/4	388 1/2	390 3/4	393 1/2	395 3/4
SSAN7	Soybeans	906	914 1/2	919 1/4	928	932 1/2
SSAX7	Soybeans	912 3/4	920	923 3/4	931	934 3/4
SMAN7	Soymeal	294.3	298.6	300.9	305.2	307.5
BOAN7	Soybean Oil	30.64	30.78	31.09	31.23	31.54
WHAN7	Wheat	422 1/2	425 3/4	430	433 1/4	437 1/2
WHAU7	Wheat	437	440 1/4	444	447 1/4	451
RCAN7	Rice	10.848	10.982	11.123	11.257	11.398
KWAN7	KC Wheat	424	428 1/2	433 1/4	438	442 1/2
MWAN7	MINN Wheat	571	577 1/2	583 3/4	590	596 1/2
OTAN7	Oats	230 3/4	236 1/2	250	255 1/2	269 1/4

Calculations based on previous session. Data collected 06/02/2017

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