

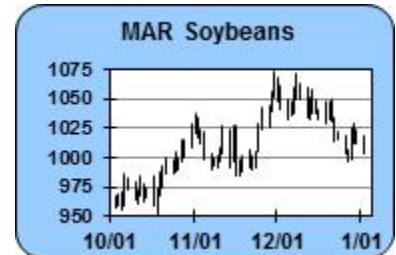


DAILY SOY COMPLEX COMMENTARY
01/03/17

Too much flooding concerns in Argentina to support

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
SOY BEANS -3.4, BEAN OIL +0.3, SOYMEAL -2.9

OVERNIGHT DEVELOPMENTS: March soybeans are trading down 3 cents this morning. China soybean futures were down 1.2% overnight and palm oil futures in Malaysia were up 1.7% higher. For second notice day, there were 100 January soybean deliveries, 69 January soybean meal and 841 January soybean oil. Global markets have taken on a positive, re-inflation-type tone to start the week, after end-of-year rebalancing sparked weakness late last week. Over the weekend, both "official" Chinese PMI numbers were released. One came in slightly below market forecasts while the December Caixin Chinese manufacturing PMI number came in at 51.9, which was a stronger than expected increase. While most of the world was still out on holiday on Monday, several European stock markets opened up the year with decent gains. The Dollar has put together a sizable gain to start out the New Year, mostly at the expense of the Euro, but this does not seem to be affecting other markets, with the possible exception of gold. The North American session will start out with a private survey of same-store sales that will see extra scrutiny as it will reflect post-holiday shopping levels. The December ISM manufacturing index is expected to uptick from November's 53.2 reading. November construction spending is expected to hold steady with October's 0.5% reading.



NEAR-TERM MARKET FUNDAMENTALS: The market traded up as much as 6 3/4 overnight but the surging US dollar and mixed views on Brazil weather helped to push the market back lower. We see the Argentina weather as especially threatening as too much rain recently and 2-5 inches more coming to key growing areas which are not even planted could cause lower acres. In addition, rains will be needed in Northeastern Brazil or significant stress will develop. The Argentina government indicated that it would cut the soybean export tax by 12% to 18% by 2020. Brazil exported 653,098 tonnes of soybeans in December from 316,094 in November and 731,439 tonnes last year. March soybeans came under pressure on Friday due to a slightly wetter forecast for northern Brazil for the long weekend and hopes for better rains out in the 11-15 day models. Weekly export sales came in at just 974,100 tonnes, below trade estimates of 1.0 to 1.5 million tonnes. As of December 22nd, cumulative soybean sales stand at 85.8% of the USDA forecast for 2016/2017 (current) marketing year vs. 78.7% as normal for this time of the year. Net meal sales came in at 251,900 tonnes for the current marketing year and 44,500 for the next marketing year for a total of 296,400 tonnes. Net oil sales came in at 18,900 tonnes for the current marketing year. March soybeans were up 6 cents on the week, the first weekly gain in the three weeks.

The Commitments of Traders reports as of December 27th showed Non-Commercial traders were net long 145,568 contracts, a decrease of 11,275 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 75,660 contracts, down 11,731 contracts for the week. Commodity Index traders held a net long position of 137,892 contracts, down 4,669 contracts for the week. For Soybean Meal, Non-Commercial traders were net long 33,444 contracts, an increase of 2,439 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 49,279 contracts, up 4,550 contracts for the week. Commodity Index traders held a net long position of 85,087 contracts, down 1,953 contracts for the week. For Soybean Oil, Non-Commercial traders were net long 107,987 contracts, a decrease of 18,012 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 123,288 contracts, down a whopping 21,394 contracts in just one week.

TODAY'S MARKET IDEAS:

The weather is clearly threatening in South America and a strong global economy and a re-inflation tone are

offsets to the dollar surge. Aggressive short-term traders can buy March soybeans at the market and assume the December 23rd lows will hold. We see short-term resistance at 1026 1/4 and 1035 1/2.

NEW RECOMMENDATIONS:

* Buy March Soybean 1030 call at 16 cents with an objective of 32. Risk a total of 5 cents.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 12/20/2016 - 12/27/2016						
	Non-Commercial		Net Position	Commercial		Non-Reportable
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	
Grains						
Soybeans	145,568	-11,275	-75,660	+11,732	-69,908	-456
Soymeal	33,444	+2,439	-49,278	-4,549	15,835	+2,111
Soyoil	107,987	-18,012	-123,288	+21,394	15,301	-3,382

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 (JAN) 01/03/2017: The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. 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 upside objective is 1015. The next area of resistance is around 1004 1/4 and 1015, while 1st support hits today at 988 3/4 and below there at 984 1/4.

SOYBEAN OIL (JAN) 01/03/2017: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's 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 downside objective is now at 34.18. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 34.57 and 34.78, while 1st support hits today at 34.27 and below there at 34.18.

SOYMEAL (JAN) 01/03/2017: The major trend has turned down with the cross over back below the 60-day moving average. 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's close below the pivot swing number is a mildly negative setup. The near-term upside target is at 320.4. The next area of resistance is around 316.5 and 320.4, while 1st support hits today at 309.3 and below there at 305.9.

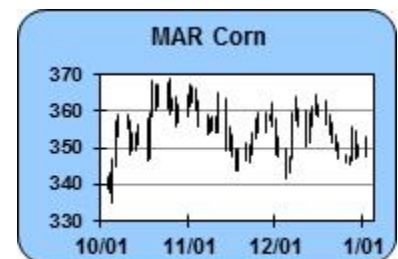
DAILY CORN COMMENTARY

01/03/17

Negative news already priced; look for bounce to at least 361 1/2

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

OVERNIGHT DEVELOPMENTS: March corn is trading 1/2 of a cent higher this morning. Outside market forces are mixed as a surging US dollar is a negative but a re-inflating global economy is bullish with strong gains for copper, crude oil



and sugar overnight. Taiwan is tendering to buy up to 65,000 tonnes of optional origin corn.

NEAR-TERM MARKET FUNDAMENTALS: The bulls might hold the edge short-term as flooding issues in Argentina should keep sellers on the sidelines and northeastern Brazil weather is also uncertain. Fund buying and short-covering could also favor the bulls. Brazil exported 1.005 million tonnes of corn in December from 961,433 tonnes in November and 6.267 million tonnes last year. Brazil exported 70.19 million liters of ethanol in December from 40.4 million in November and 286.7 million liters last year. While traders are concerned with the high USDA feed usage number for this year, Cattle-on-Feed placements were strong last month, the market hog supply is 2% higher than expected at 4% over last year and weekly egg sets are still expanding at a 2% clip. March corn closed 4 cents higher on the week last week. A weak U.S. dollar provided some support along with short covering prior to the year end.

A wet forecast for the Argentine corn area is being watched closely as there still is almost 30% of the corn crop to be planted. A private forecast late last week was 71.3% complete from 83% as normal. The majority of that total is in northern Argentina. With the new year upon us, the trade will focus on index fund rebalancing with some estimates for corn net buying as high as 60,000-100,000 contracts. Net weekly export sales for corn came in at 958,600 tonnes versus trade estimates of 800,000 to 1.2 million. As of December 22nd, cumulative corn sales stand at 62.5% of the USDA forecast for 2016/2017 (current) marketing year versus a 5 year average of 57.5%. The Commitments of Traders reports as of December 27th showed Non-Commercial traders were net long 5,311 contracts, a decrease of 22,134 contracts in just one week. Non-Commercial and Nonreportable combined traders held a net short position of 22,968 contracts, up 8,262 contracts for the week. Commodity Index traders held a net long position of 339,691 contracts, down 6,620 contracts for the week.

TODAY'S MARKET IDEAS:

Going into a time period when index funds might buy 60,000-100,000 contracts, trend-following fund traders (non-commercial less index funds) are holding a net short position of 110,648 contracts, the highest since October 11th. The longer-term bearish supply factors seem to be priced. March corn close-in buying support is at 349 3/4 with 355 and 357 1/4 as next resistance. Look for buyers to be much more active than sellers in the next 10 days with 361 1/2 as initial target.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Still long 4 May Corn 400 calls for a net cost of 20 cents from previous 4 by 1 spread. Hold calls and risk a total of 12 cents on the entire spread.

Commitment of Traders - Futures and Options - 12/20/2016 - 12/27/2016						
	Non-Commercial		Net Position	Commercial		Non-Reportable
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	
Grains						
Corn	5,311	-22,134	22,968	+8,262	-28,279	+13,872

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 (MAR) 01/03/2017: Daily stochastics are trending lower but have declined into oversold territory. The market's short-term trend is positive on the close above the 9-day moving average. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next downside objective is now at 346. The next area of resistance is around 354 1/2 and 356 1/4, while 1st support hits today at 349 1/2 and below there at 346.

DAILY WHEAT COMMENTARY

01/03/17

Strong dollar a concern, but re-balance buying just ahead

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

OVERNIGHT DEVELOPMENTS: March wheat is up 1 1/4 cents this morning. Outside market forces are mixed with the U.S. dollar up 0.63%. Matif futures are up 0.15% at 168.25 Euro.



NEAR-TERM MARKET FUNDAMENTALS: Algeria is seeking for 50,000 tonnes of soft wheat for March shipment although trades sources believe the tender will be much larger. The Egyptian supply minister commented that the country's wheat stockpiles are sufficient for five months after three tenders over the last six weeks. March wheat closed up 15 1/4 cents for the week. A deep freeze over the next two weeks in the Plains and central Midwest also caused some short covering ahead of the weekend. With the New Year upon us, traders are anticipating fund re-balance buying in the 30k to 50k contracts for Chicago wheat. Net weekly export sales for wheat came in at 568,100 tonnes compared to estimates of 250,000 to 500,000 tonnes. As of December 22nd, cumulative wheat sales stand at 78.2% of the USDA forecast versus a 5 year average of 73.4%. The Commitments of Traders reports as of December 27th showed Non-Commercial traders were net short 89,397 contracts, an increase of 147 contracts for the week. Non-Commercial and Non-reportable combined traders held a net short position of 79,214 contracts, down 3,366 contracts for the week. Commodity Index traders held a net long position of 101,604 contracts, down 2,341 contracts for the week. For Kansas City Wheat, Non-Commercial traders were net long 4,176 contracts, an increase of 6,610 contracts for the week. Non-Commercial and Non-reportable combined traders held a net long position of 5,414 contracts. These traders have gone from a net short to a net long position. Commodity Index traders held a net long position of 36,366 contracts, up 1,436 contracts for the week.

TODAY'S MARKET IDEAS:

Going into a time period when index funds might buy 30,000-50,000 contracts, trend-following fund traders (non-commercial less index funds) are holding a net short position of 125,584 contracts. This leaves the market vulnerable to short-covering. With the key 50 day moving average at 416 1/2 just above, it will not take much of a rally to get the shorts attention. While world wheat stocks are record large, this story has been with the market for several months. A re-balance or shift in sentiment could easily push the market up towards longer term resistance at 430-435 basis the March contract.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 12/20/2016 - 12/27/2016						
	Non-Commercial		Commercial	Non-Reportable		
	Net Position	Weekly Net Change		Net Position	Weekly Net Change	
Grains						
KC Wheat	4,176	+6,610	-5,413	-7,131	1,238	+522
Wheat	-89,397	-147	79,214	-3,366	10,183	+3,513

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 (MAR) 01/03/2017: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. Market positioning is positive with the close over the 1st swing resistance. The near-term upside objective is at 412 3/4. The next area of resistance is around 410 3/4 and 412 3/4, while 1st support hits today at 405 1/4 and below there at 401 1/2.

KC WHEAT (MAR) 01/03/2017: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next upside target is 425. The next area of resistance is around 422 1/2 and 425, while 1st support hits today at 414 1/2 and below there at 409 1/4.

MINN WHEAT (MAR) 01/03/2017: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is 531 1/4. The next area of resistance is around 541 and 543, while 1st support hits today at 535 and below there at 531 1/4.

RICE (JAN) 01/03/2017: The daily stochastics have crossed over up which is a bullish indication. Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. The close above the 9-day moving average is a positive short-term indicator for trend. Market positioning is positive with the close over the 1st swing resistance. The next upside objective is 9.528. Short-term indicators suggest buying dips today. The next area of resistance is around 9.447 and 9.528, while 1st support hits today at 9.263 and below there at 9.159.

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										
CNAH7	352	49.50	48.82	29.60	27.61	351.25	349.86	354.25	354.41	355.42
CNAK7	357 1/2	47.45	47.39	28.20	25.11	357.31	356.31	360.83	361.32	362.30
SSAF7	996 1/2	39.14	42.57	20.04	20.53	1005.31	1004.25	1019.33	1014.36	1005.77
SSAH7	1004	38.22	41.98	19.80	19.43	1014.38	1013.75	1029.43	1023.22	1014.01
SMAF7	312.9	47.54	48.16	33.67	41.40	315.43	312.17	314.42	315.57	313.01
BOAF7	34.42	26.41	34.22	13.38	9.63	34.73	35.22	36.17	35.82	35.57
WHAH7	408	52.00	49.07	36.74	42.10	405.94	402.44	406.97	415.59	419.18
WHAH7	420 1/2	52.10	48.88	37.94	44.41	418.56	415.19	418.99	428.92	432.78
RCAF7	9.355	42.43	41.90	14.96	16.55	9.29	9.33	9.55	9.67	9.86
KWAH7	418 1/2	56.25	52.58	59.23	67.42	415.50	412.47	411.83	420.21	422.91
MWAH7	538	53.34	53.73	44.73	41.51	535.81	536.78	536.64	530.37	530.25
OTAH7	228 1/2	58.94	57.13	53.07	57.25	227.81	224.47	225.07	223.67	218.41

Calculations based on previous session. Data collected 12/30/2016

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						
CNAH7	Corn	346	349 1/2	351 1/4	354 1/2	356 1/2
CNAK7	Corn	352	355	356 3/4	360	361 1/2
SSAF7	Soybeans	984	988 3/4	999 1/2	1004 1/4	1015
SSAH7	Soybeans	991 1/4	996	1007 1/4	1012	1023 1/4
SMAF7	Soymeal	305.8	309.2	313.1	316.5	320.4
BOAF7	Soybean Oil	34.18	34.27	34.48	34.57	34.78
WHAH7	Wheat	401 1/2	405	407 1/4	411	413
WHAH7	Wheat	415 1/4	418	420	423	424 3/4
RCAF7	Rice	9.158	9.262	9.343	9.447	9.528
KWAH7	KC Wheat	409	414 1/2	417	422 1/2	425

MWAH7	MINN Wheat	531	535	537	541	543
OTAH7	Oats	225 1/2	227	228 1/4	230	231

Calculations based on previous session. Data collected 12/30/2016

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