



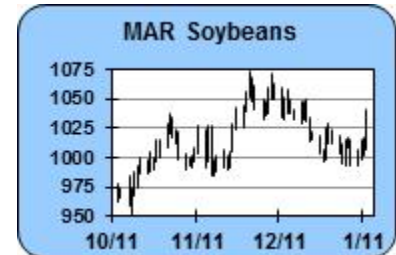
DAILY GRAINS COMMENTARY Friday January 13, 2017

DAILY SOY COMPLEX COMMENTARY 01/13/17

Longer-term supply issues to pressure if weather normalizes

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
SOY BEANS -4.4, BEAN OIL -0.2, SOYMEAL -1.3**

OVERNIGHT DEVELOPMENTS: March soybeans are trading down 5 cents this morning. China soybean futures were up slightly overnight and palm oil futures in Malaysia were up 0.15%. There were 104 January soybean deliveries, 203 meal and 93 oil. Global equity markets were mostly higher but weakness was seen in some Pacific Rim markets perhaps because of disappointing Chinese trade figures. The European session started with a December German wholesale price index that managed a rise of 1.2% in December. The German Price Index monthly rate was significantly higher than the 0.3% expected and this was also the strongest annual increase since October 2012. The North American session will start out with December retail sales which are expected to show a moderate increase from November's +0.1% reading. The December producer price index is forecast to show a modest uptick from November's +1.3% year-over-year rate. November business inventories are expected to see a moderate increase from October's -0.2% reading and climb into positive territory. A private survey of January consumer sentiment is forecast to see a modest uptick from December's 98.2 reading.



NEAR-TERM MARKET FUNDAMENTALS: US ending stocks came in below expectations due to a smaller crop last year but the market still faces enormous supply ahead unless major weather issues emerge soon in South America. The further surge in the soy/corn ratio plus the sharp drop in wheat planted area points to surging US planted area for 2017. The soybean market pushed sharply higher on the session yesterday led by a bullish surprise for US supply and active fund buying. The USDA reports were considered bullish versus trade estimates as December 1st soybean stocks came in at 2.895 billion bushels which was 40 million bushels below trade expectations but still 181 million bushels above last year and also a record high. Soybean ending stocks for the 2016/17 season came in at 420 million bushels compared to the average estimate of 468 million (407-510 million range) and 480 million last month. Stocks were 197 million last year.

U.S. final production came in at 4.307 billion bushels which was 67 million bushels below trade expectations but still a record high. Yield was revised down to 52.1 bushels per acre from 52.5 (still a record high) and harvested acres were revised down by 300,000 acres. Brazilian soybean production came in at 104.0 million tonnes compared to the average estimate of 102.4 million and Argentine production came in at 57.0 million tonnes compared to the average estimate of 56.4 million. World ending stocks are estimated at 82.3 million tonnes, down 300,000 tonnes from expectations but still a record high. With the report clearly the driver for yesterday's 2.8% rally, there is major concern throughout the trade with the Argentine soybean crop. Some private crop scouts are starting to lower the crop as much as 5 million tonnes due to flooding and with forecasts still calling for more rain into this weekend and beyond, that number could get larger. While Brazil could easily offset some of those losses, the headlines will be what fuels the market. Not to mention, Argentina is the world's largest exporter of soymeal, hence the \$13.00 rally (4.13%) in March soybean meal yesterday.

The soybean market will be super sensitive to Argentine weather for the next two to three weeks. Weekly export sales for soybeans came in at just 348,900 tonnes for the current marketing year and -57,000 for the next marketing year for a total of 291,900. As of January 5th, cumulative soybean sales stand at 86.6% of the USDA forecast for the 2016/2017 (current) marketing year versus a 5 year average of 81.4%. Meal sales came in at 120,100 tonnes. Soybean Oil sales came in at 7,300 tonnes. Cumulative soybean oil sales stand at 57.1% of the USDA forecast versus a 5 year average of 50.0%. China imports in December reached 9 million tonnes from 7.84 million in November. For the year, imports were 83.91 million tonnes, up 2.3% from last year. Vegetable oil

imports for the year were 5.53 million tonnes, down 18.3%. Vegetable oil imports from India in December reached 1.2 million tonnes, down 15% from the previous year.

TODAY'S MARKET IDEAS:

March soybeans closed yesterday above the 50% retracement level of 1033 1/4 and with momentum on its side, the next target is at 1043 and then 1050. A bullish report and more concerns about the Argentine crop production may keep the market supported until the South American production can be quantified. Ultimately a retest of the November highs at 1074 is not out of the question as the market will be anticipating Chinese interest after the bullish surprise yesterday. March soybean support is at 1028 1/4 and 1023 3/4.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

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) 01/13/2017: The cross over and close above the 60-day moving average indicates the longer-term trend has turned up. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. The market's close above the 2nd swing resistance number is a bullish indication. The near-term upside target is at 1058 1/4. The next area of resistance is around 1049 1/4 and 1058 1/4, while 1st support hits today at 1014 3/4 and below there at 989 1/2.

SOYBEAN OIL (JAN) 01/13/2017: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. The close over the pivot swing is a somewhat positive setup. The next upside target is 36.16. The next area of resistance is around 36.06 and 36.16, while 1st support hits today at 35.64 and below there at 35.33.

SOYMEAL (JAN) 01/13/2017: The cross over and close above the 60-day moving average is an indication the longer-term trend has turned positive. A positive indicator was given with the upside crossover of the 9 and 18 bar moving average. The daily stochastics have crossed over up which is a bullish indication. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The intermediate trend could be turning up with the close back above the 18-day moving average. There could be more upside follow through since the market closed above the 2nd swing resistance. The near-term upside objective is at 334.5. The next area of resistance is around 331.1 and 334.5, while 1st support hits today at 317.3 and below there at 307.0.

DAILY CORN COMMENTARY

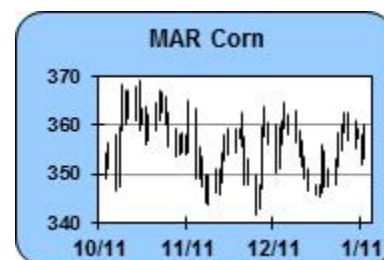
01/13/17

Smaller crop but Dec 1 stocks well above expectations; demand?

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

CORN -0.6

OVERNIGHT DEVELOPMENTS: March corn is trading 1 cent lower this morning. Outside market forces look mixed as a weaker dollar is offset by



weaker crude and gold.

NEAR-TERM MARKET FUNDAMENTALS: Corn production last year was lower than expected but the December 1st stocks suggests that this was MORE than offset by weaker than expected demand. March corn closed higher on the session yesterday as a late surge in fund buying and strength in soybeans and wheat helped to pull the market 5 1/4 cents up from the lows into the close. Prior to the USDA release, exporters announced the sale of 100,000 tonnes of US corn to Japan and 253,888 to unknown destination. The USDA Supply/Demand and grain stocks reports for corn were considered mixed versus trade expectations as December 1st stocks came in at 12.384 billion bushels, up 84 million bushels from trade expectations and a new all-time record high. Ending stocks for the 2016/17 season came in at 2.355 billion bushels, which was 30 million bushels below trade expectations and still the highest since the 1987/88 season. Feed use was reduced by 50 million bushels which was partially offset by a 25 million bushel increase in ethanol use. US final corn production came in at 15.148 billion bushels, down 48 million from trade expectations and down 78 million from the December estimate. Yield was revised lower to 174.6 bushels/acre (still a record high) and harvested acres were down slightly.

The Brazilian corn crop was estimated at 86.5 million tonnes compared to average estimates of 87.2 million, and the Argentine corn production was estimated at 36.5 million tonnes compared to the average estimate of 36.3 million. The Buenos Aires Grain Exchange reported that 90.7% of their corn crop was planted with acreage unchanged at 4.9 million hectares. The Rosario grain exchange lowered their production estimate by 1 million tonnes to 35.5 million. World ending stocks are estimated at 220.98 million tonnes compared to the average guess of 221.9 million. Net weekly export sales came in at 603,300 tonnes for the current marketing year and 151,700 for the next marketing year for a total of 755,000. As of January 5th, cumulative corn sales stand at 64.3% of the USDA forecast for the 2016/2017 (current) marketing year versus a 5 year average of 58.9%.

TODAY'S MARKET IDEAS:

On paper the USDA report could have been construed as supportive, but a 2.355 billion bushel ending stocks figure equates to a 16.1% stocks to usage. The fact that December 1st stocks were well above expectations even with lower production last year means that usage data was extremely disappointing. With the Brazilian corn crop getting bigger every day with some estimates as high as 94.9 million tonnes, and the U.S. producer still holding a fair share of last year's crop, rallies should be met with selling. However, the prospects for a sharp drop in planted area next year should support the market on breaks. The November 2017 soybean/December 2017 corn ratio to 2.63% continues to favor soybean acreage. The range in the past several years has been 2.1% to 2.7%. The next resistance is at 361 1/4 followed by 364 1/4 for March corn with support at 352 1/4 and 347 3/4.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Short May Corn from 367 with an objective of 354 1/2. Also long 4 May Corn 400 calls for a net cost of 20 cents.

CORN TECHNICAL OUTLOOK:

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CORN (MAR) 01/13/2017: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's short-term trend is positive on the close above the 9-day moving average. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside target is at 364 1/4. The next area of resistance is around 361 3/4 and 364 1/4, while 1st support hits today at 354 3/4 and below there at 350 1/2.

DAILY WHEAT COMMENTARY

01/13/17

Low acreage might spark more short-covering but not much more

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

WHEAT -0.6

OVERNIGHT DEVELOPMENTS: March wheat is down 1 1/4 cents this morning. Outside market forces are mixed. Matif futures are up 0.3%.



NEAR-TERM MARKET FUNDAMENTALS: The sharp drop in planted area leaves some hope of tightening supply next year but the market will still need help from the weather to put together an extended recovery rally. The market closed higher yesterday led by Kansas City wheat as the lowest winter wheat seeding's figure since 1909 sparked strong buying from fund traders. The acreage came in at 32.38 million acres, which was down 1.76 million from the average estimate. This represents about 100 million bushels in production with a high yield. However, the USDA supply/demand and grain stocks reports were a bit negative. December 1st stocks came in at 2.073 billion bushels which was 17 million bushels above trade expectations and the highest since 1987. The wheat ending stocks figure came in at 1.186 billion bushels which was up 38 million bushels from trade expectations and the highest since the 1987/88 season. World ending stocks estimate came in at a record high 253.3 million tonnes compared to the average estimate of 252 million (250.2-254.0 million range). Weekly export sales came in at 391,000 tonnes. Cumulative wheat sales stand at 80.4% of the USDA forecast versus a 5 year average of 75.2%. The European Union has granted export licenses for the 2016/17 season of 13.2 million tonnes (as of Jan 10th) as compared with 13.3 million last year. South Korea bought 60,000 tonnes of feed wheat. Turkey is tendering for 99,000 tonnes of milling wheat from the EU and Tunisia bought 100,000 tonnes of durum wheat.

TODAY'S MARKET IDEAS:

March wheat spiked to a new high of 430 right after the release of the USDA report yesterday. While the winter wheat seeding's report was a bit friendly, the rest of the report did not have much for the bull camp. The Chicago market took leadership from Kansas City and Minneapolis wheat, both of which traded to price levels not seen since last summer. Both Kansas City and Minneapolis have length from the trend followers as Kansas City has 11,405 contracts and Minneapolis has 6,825 contracts. The Chicago market is still holding a short position of 103,593 from the trend followers and with a new weekly high, today's trade could be interesting. A rally up to the 450 level in March wheat should be sold.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

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) 01/13/2017: The cross over and close above the 60-day moving average indicates the longer-term trend has turned up. Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. 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 near-term upside target is at 439 3/4. The next area of resistance is around 434 and 439 3/4, while 1st support hits today at 418 1/2 and below there at 408 3/4.

KC WHEAT (MAR) 01/13/2017: 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. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next upside objective is 460. The next area of resistance is around 454 1/2 and 460, while 1st support hits today at 435 and below there at 420 3/4.

MINN WHEAT (MAR) 01/13/2017: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's short-term trend is positive on the close above the 9-day moving average. Since the close was above the 2nd swing resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The near-term upside objective is at 586 1/2. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 581 3/4 and 586 1/2, while 1st support hits today at 566 1/4 and below there at 555 1/4.

RICE (JAN) 01/13/2017: The cross over and close above the 60-day moving average is an indication the longer-term trend has turned positive. Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's short-term trend is positive on the close above the 9-day moving average. If yesterday's gap higher on the day session chart holds, additional buying could develop this session. Since the close was above the 2nd swing resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The near-term upside target is at 10.002. The next area of resistance is around 9.924 and 10.002, while 1st support hits today at 9.615 and below there at 9.383.

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	358 1/4	55.33	53.78	68.04	71.99	358.44	357.83	354.08	354.26	355.85
CNAK7	364 3/4	55.32	53.72	69.04	73.71	365.25	364.22	360.57	361.04	362.70
SSAF7	1032	63.07	58.06	37.69	57.62	1009.25	1001.78	1005.25	1014.63	1010.67
SSAH7	1040 1/4	62.63	57.73	36.57	56.15	1017.69	1010.25	1014.38	1023.83	1019.23
SMAF7	324.2	64.29	59.52	41.69	58.42	314.53	312.94	312.79	315.25	314.49
BOAF7	35.85	59.57	53.88	36.58	52.92	35.59	35.12	35.30	35.81	35.72
WHAH7	426 1/4	61.71	58.46	81.69	85.98	424.75	420.17	411.38	413.87	418.53
WHAH7	439 1/4	63.09	59.29	82.14	85.11	437.81	432.25	423.79	426.67	431.91
RCAF7	9.770	68.86	60.25	57.58	74.16	9.52	9.47	9.41	9.58	9.73
KWAH7	444 3/4	69.78	65.14	86.91	90.88	438.31	431.14	421.60	420.53	423.82
MWAH7	574	83.66	77.13	86.88	94.04	564.13	553.28	545.38	535.82	533.85
OTAH7	235 3/4	62.26	60.03	63.42	67.17	229.88	231.75	227.86	225.65	222.96

Calculations based on previous session. Data collected 01/12/2017

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						
CNAH7	Corn	350 1/2	354 3/4	357 1/2	361 3/4	364 1/2
CNAK7	Corn	357 1/4	361 1/2	364	368	370 3/4
SSAF7	Soybeans	989 1/2	1014 3/4	1024	1049 1/4	1058 1/2
SSAH7	Soybeans	996 3/4	1022 1/2	1032	1058	1067 1/4
SMAF7	Soymeal	306.9	317.3	320.7	331.1	334.5
BOAF7	Soybean Oil	35.32	35.64	35.74	36.06	36.16
WHAH7	Wheat	408 3/4	418 1/2	424 1/4	434	439 3/4
WHAH7	Wheat	420 1/2	430 1/2	437 3/4	448	455
RCAF7	Rice	9.382	9.614	9.692	9.924	10.002
KWAH7	KC Wheat	420 3/4	435	440 1/2	454 1/2	460 1/4
MWAH7	MINN Wheat	555 1/4	566	571	582	586 3/4
OTAH7	Oats	232	234	235 1/2	237 1/2	239

Calculations based on previous session. Data collected 01/12/2017

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