



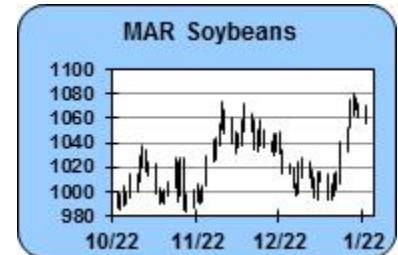
DAILY GRAINS COMMENTARY Tuesday January 24, 2017

DAILY SOY COMPLEX COMMENTARY 01/24/17

Will need to see huge losses in Argentina to see tightness

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
SOY BEANS +6.6, BEAN OIL +0.3, SOYMEAL +1.9**

OVERNIGHT DEVELOPMENTS: March soybeans are trading 7 1/4 cents higher this morning. China soybean futures were up slightly overnight and Palm oil futures in Malaysia were up 1.8%. Global equity markets were higher across the board in a move that was largely characterized as a relief bounce following political news from the prior trading session. The Asian economic calendar presented January "flash" Japanese manufacturing PMI which showed the fastest expansion in nearly three years. The European session started out with "flash" PMI readings from around Europe and Germany with the Euro numbers a bit disappointing and the German numbers very positive. In fact the German manufacturing PMI results were the strongest in 3 years and that should countervail a large portion of the disappointment from the broader union data. December UK public sector net borrowing gained more than was expected and the borrowing also posted a gain over year ago readings. The North American session will start out with a private survey of weekly same-store sales, followed by the January Markit "flash" manufacturing PMI reading that is expected to see a modest uptick from December's 54.3 reading. December existing home sales are forecast to see a moderate downtick from November's 5.61 million annualized rate, while the Richmond Fed manufacturing index will also be released.



NEAR-TERM MARKET FUNDAMENTALS: The short-term trend is up, open interest is on the rise and there is still plenty of weather uncertainty in South America. However, the market seems to be holding a huge weather premium and "if" improving Brazil production offsets most of the Argentina losses, the market looks quite overvalued vs. US and world supply. March soybeans traded lower for the third session in a row yesterday and bounced overnight. Soybean open interest increased 3,099 contracts on Friday and gained 92,000 contracts last week, which is the largest one week surge on record. The weekend weather in Argentina saw some beneficial rains fall in the southern regions which have been extremely dry. The flooded areas in the north were dry and the forecast continues to point to a warmer and drier outlook for the next ten days. Some concern remains with the potential for high pressure ridging to expand. Brazil's weather continues to be favorable other than minor harvest delays in the Mato Grosso region. Mato Grosso's harvest progress stands at 13% which is well above last year's 5% but could be further along with drier weather. China's Lunar New Year holiday starts on Friday and could slow Chinese demand in the short term. Weekly export inspections for soybeans came in at 1.290 million tonnes compared to the average estimate of 1.3 to 1.5 million tonnes. As of January 19th, cumulative soybean export inspections for the 2016-17 marketing year have reached 66.6% of the USDA forecast versus a 5 year average of 65.2%.

TODAY'S MARKET IDEAS:

With speculative length in soybeans, soymeal and soybean oil ballooning to 265,000 contracts, the highest level since June 7th of last year, the bull camp has raced into long side of the market. Bull markets need to be fed, and this one looks like it needs to test the resolve of the recent buyers. The first key support comes in at 1046 3/4 and a close below 1036 negates the bull setup. Resistance is at 1073.

NEW RECOMMENDATIONS:

* Buy 6 of the July soybean 960 puts and sell 1 July soybean 1080 put for a net premium paid of +15 cents with an objective of 59 cents. Risk a total of 16 cents.

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 (MAR) 01/24/2017: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. 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 upside objective is 1074 1/2. The next area of resistance is around 1065 and 1074 1/2, while 1st support hits today at 1050 1/2 and below there at 1045 3/4.

SOYBEAN OIL (MAR) 01/24/2017: Declining momentum studies in the neutral zone will tend to reinforce lower price action. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market tilt is slightly negative with the close under the pivot. The next downside target is 34.80. The next area of resistance is around 35.33 and 35.64, while 1st support hits today at 34.92 and below there at 34.80.

SOYMEAL (MAR) 01/24/2017: 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. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next upside objective is 352.5. The next area of resistance is around 347.5 and 352.5, while 1st support hits today at 339.5 and below there at 336.5.

DAILY CORN COMMENTARY

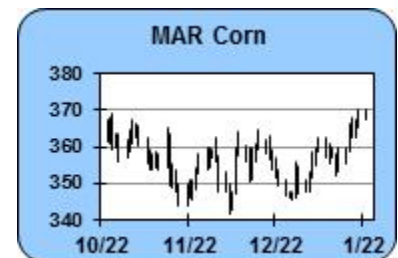
01/24/17

No sign of top yet but overbought and Brazil crop outlook big

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

CORN +0.6

OVERNIGHT DEVELOPMENTS: March corn is trading 1/2 of a cent higher on the session this morning. Outside market forces look mixed. A re-inflation psychology persists and this continues to support.



NEAR-TERM MARKET FUNDAMENTALS: The market pushed to the highest level since July 19th overnight. March corn traded in a narrow 2 1/2 cent range yesterday with prices little changed on the day. Open interest on Friday lost 6,957 contracts with the trend following managed money category covering 25,179 contracts last week, and their total short position now at 51,385 contracts. The market remains nervous over the initial seeding survey last week from Farm Futures of just 90.5 million corn acres for 2017, down 3.5 million from last year. Chinese corn imports for 2016 reached 3.168 million tonnes, down 33.0% from 2015. Their ethanol imports for 2016 were 890,140 cubic meters which was up 29.6% from 2015, but should begin to taper off due to the increase in the import tariff to 30.0% from 5.0%. Weekly export inspections for corn came in at 963,897 tonnes versus the average estimate of 800,000 to 1.0 million. As of January 19th, cumulative corn export inspections for the 2016-17 marketing year have reached 35.0% of the USDA forecast versus a 5 year average of 33.6%. Inspections of 1,142,211 tonnes are needed each week to reach the USDA forecast.

TODAY'S MARKET IDEAS:

The 200 day moving average is at 369 3/4 and the market has had two days to break above and seems to be struggling to do so. The trend following managed money traders have reduced their short position down to 51,385 contracts as of January 17th (last Tuesday) and if you include the balance of last week, their net short could be as

small as 30,000 contracts. Stochastics are overbought and setting up to cross over and the RSI is approaching 70%. Consider selling March corn at 370-374 zone looking for a set-back to 358 1/2. The December corn break-out counts to an objective of 403 1/4.

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. Sell 2 calls at 7 cents each.

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) 01/24/2017: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's close above the 9-day moving average suggests the short-term trend remains positive. The close over the pivot swing is a somewhat positive setup. The next upside target is 371 1/2. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 370 3/4 and 371 1/2, while 1st support hits today at 368 1/4 and below there at 366 3/4.

DAILY WHEAT COMMENTARY

01/24/17

Exports are already slow and basis weak; still short-cover fuel

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

WHEAT +0.2

OVERNIGHT DEVELOPMENTS: March wheat is down 1 cent this morning. Outside market forces look mixed. Matif futures are unchanged.



NEAR-TERM MARKET FUNDAMENTALS: The wheat market was strong yesterday with a weaker dollar providing support. Russian wheat offers have risen to the highest level in over eight months to \$185 per tonne, primarily due the strong ruble which is trading at the highest level since July of 2015. Russian grain exports for December fell 870,000 tonnes to 3.18 million tonnes from 4.05 million last month due to weather disruptions and also the stronger ruble. Analysts expect January exports to fall to 2.4 million tonnes, while SovEcon has stated that Russia will need to export 2.8 million tonnes of grain per month from January through June which could be a daunting task. Open interest on Friday went up 2,177 contracts, but the managed money trader's position barely changed over the last week with their net short position still at 85,017 contracts up 49 contracts as of January 17th. Weekly export inspections for wheat came in at 276,205 tonnes compared to the average estimate of 300,000 to 500,000 tonnes. As of January 19th, cumulative wheat export inspections for the 2016-17 marketing year have reached 50.7% of the USDA forecast versus a 5 year average of 62.3%. Gulf basis for hard red winter wheat has held steady recently at 10 under as compared with 60 over last year and a 5-year average of near 82 cents over. Even with the weak basis, exports remain slow.

TODAY'S MARKET IDEAS:

With the managed money trader still holding a sizeable short position in Chicago, further upside is possible. Trendline support has held since the December lows with support coming in today at 426. A close above 437 1/2 would get the shorts attention with short covering likely. The next upside target is at 443 1/2. March KC wheat support is back at 435 1/4 and 428 1/2.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Short March wheat 430 call from 10 3/4 cents with an objective of zero. Risk a total of 4 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 (MAR) 01/24/2017: Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. The market's close above the 9-day moving average suggests the short-term trend remains positive. Market positioning is positive with the close over the 1st swing resistance. The next downside objective is now at 425 3/4. The next area of resistance is around 436 1/4 and 438, while 1st support hits today at 430 1/4 and below there at 425 3/4.

KC WHEAT (MAR) 01/24/2017: Daily stochastics turning lower from overbought levels is bearish and will tend to reinforce a downside break especially if near term support is penetrated. The market's short-term trend is positive on the close above the 9-day moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside objective is now at 437 1/4. The next area of resistance is around 447 3/4 and 449 1/2, while 1st support hits today at 441 3/4 and below there at 437 1/4.

MINN WHEAT (MAR) 01/24/2017: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. 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 target is 558 1/2. The next area of resistance is around 567 3/4 and 572 1/2, while 1st support hits today at 560 3/4 and below there at 558 1/2.

RICE (MAR) 01/24/2017: The close below the 40-day moving average is an indication the longer-term trend has turned down. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The close below the 9-day moving average is a negative short-term indicator for trend. The downside closing price reversal on the daily chart is somewhat negative. The market tilt is slightly negative with the close under the pivot. The next downside objective is 9.673. The next area of resistance is around 9.870 and 9.952, while 1st support hits today at 9.730 and below there at 9.673.

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	369 1/2	72.49	65.42	86.73	92.93	367.63	363.14	359.33	356.18	356.25
CNAZ7	396	72.68	65.25	86.91	93.41	394.25	390.44	387.08	385.11	385.16
SSAH7	1057 3/4	60.54	58.78	79.38	82.19	1067.63	1050.17	1029.54	1032.23	1025.79
SSAX7	1025 1/4	63.53	59.73	80.88	86.25	1028.00	1018.33	1005.60	1009.77	1004.59
SMAH7	343.5	65.23	63.58	81.45	83.67	347.88	337.17	327.03	322.65	321.00
BOAH7	35.13	38.26	41.70	37.43	32.39	35.33	35.57	35.33	36.12	35.91
WHAH7	433 1/4	62.81	60.15	80.52	79.77	429.00	427.47	420.71	414.83	418.04
WHAN7	461 1/2	65.08	62.12	85.88	84.81	459.19	456.64	447.99	441.61	445.39
RCAH7	9.800	50.83	50.02	65.12	61.50	9.84	9.83	9.73	9.83	9.90
KWAH7	444 3/4	61.24	60.65	81.65	75.71	445.56	444.22	433.72	423.20	424.82
MWAH7	564 1/4	54.00	57.17	74.22	65.62	570.69	569.86	556.49	542.74	537.85
OTAH7	260	76.64	72.79	84.75	86.63	259.44	247.06	238.78	229.53	227.73

Calculations based on previous session. Data collected 01/23/2017

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	366 1/2	368 1/4	369	370 3/4	371 1/2
CNAZ7	Corn	393	394 3/4	395 1/2	397 1/4	398
SSAH7	Soybeans	1045 1/2	1050 1/2	1060	1065	1074 1/2
SSAX7	Soybeans	1017 1/2	1021 1/2	1025	1029	1032 1/2
SMAH7	Soymeal	336.5	339.5	344.5	347.5	352.5
BOAH7	Soybean Oil	34.79	34.91	35.22	35.33	35.64
WHAH7	Wheat	425 3/4	430	432	436 1/2	438 1/4
WHAN7	Wheat	455	459	460 1/4	464	465 1/2
RCAH7	Rice	9.672	9.730	9.812	9.870	9.952
KWAH7	KC Wheat	437 1/4	441 1/2	443 1/2	448	449 3/4
MWAH7	MINN Wheat	558 1/2	560 3/4	565 1/2	567 3/4	572 1/2
OTAH7	Oats	246	252 3/4	260 1/2	267 1/4	275

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