



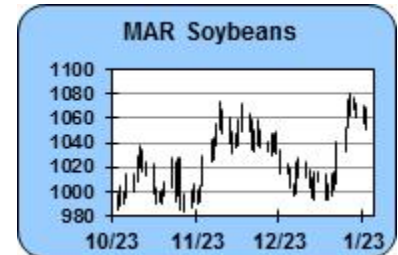
DAILY GRAINS COMMENTARY Wednesday January 25, 2017

DAILY SOY COMPLEX COMMENTARY 01/25/17

Will need daily supportive news to avoid long liquidation

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
SOY BEANS -5.2, BEAN OIL -0.1, SOYMEAL -2.0**

OVERNIGHT DEVELOPMENTS: March soybeans are trading 4 3/4 cents lower this morning. China soybean futures were down slightly overnight and Palm oil futures in Malaysia were down 0.7%. Global equity markets were mostly higher with the exceptions being the RTS Index and the MICEX Index. The Asian economic calendar brought forth the first Japanese trade balance result in six years with some analysts suggesting that the surplus was the result of lower oil prices and stronger exports to China. The European session started out with a January reading on French business climate that softened relative to December's reading and that was followed by the January IFO survey of German business climate reading that contracted. The North American session will be relatively quiet and will feature a weekly reading on mortgage applications and the FHFA house price index.



NEAR-TERM MARKET FUNDAMENTALS: The market will need to be fed a constant flow of bullish supply news to hold onto the recent strong rally as the market has built up a huge weather premium. South Korea bought 165,000 tonnes of soybeans from Brazil overnight. March soybeans traded to a low of 1050 overnight (the lowest level since January 13th) and has seen four consecutive days with lower highs and lower lows. US exporters announced the sale of 163,000 tonnes of soybeans to unknown destination and 112,000 tonnes of soybeans to Mexico, both sales included old and new crop delivery. Informa Economics revised their 2017-18 acreage numbers with soybean acres at 88.6 million compared to last month's estimate of 88.9 million. They also are using a 47.2 bushel per acre yield which would suggest a crop of 4.153 billion bushels compared to 4.307 billion this year. The South American weather still leans negative for Brazil with active showers over the next ten days with just minor harvest delays in Mato Grosso, and continued drying in Argentina with the rains returning next Wednesday.

South American crop analyst Cordonnier has left his Brazilian production unchanged at 103.0 million tonnes and estimated Argentina at 51.0 million tonnes which also is unchanged from last week's estimate. Acreage lost to floods is still highly debatable and Argentine production estimates are as low as 48 million to as high as 53 million at this point. Goldman Sachs upgraded their outlook on commodities to overweight due to the lasting impact of China's stimulus and also believes policies from the new US President Trump may reinforce inflationary pressures impacting raw materials. The trend followers continue to add to their already large net longs as soybean open interest was up 5,348 contracts and soymeal open interest was up 5,175 contracts on Monday.

TODAY'S MARKET IDEAS:

March soybeans traded in a 16 3/4 cent range yesterday and closed up 3/4 of a cent. Today's low of 1050 is 30 cents off last week's high and pressing the market from here could be risky. The South American production is still a question mark, although weather seems to be getting better in Argentina and the bull camp is unlikely to give in this early in the game. Short term traders could buy March soybeans at 1047-1049 looking for a quick bounce to 1065-1068. Support comes in at 1046 3/4 but a close below 1036 negates the bull setup. Consider positioning for an eventual significant break.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

* Long 6 of the July soybean 960 puts (near 11 5/8th) and short 1 July soybean 1080 put (near 56 7/8th) from a net premium paid of +12 7/8th with an objective of + 59 cents. Risk a total of 16 cents from entry.

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) 01/25/2017: 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 pivot swing number is a mildly negative setup. The near-term upside objective is at 1075 3/4. The next area of resistance is around 1066 3/4 and 1075 3/4, while 1st support hits today at 1050 1/4 and below there at 1042 1/2.

SOYBEAN OIL (MAR) 01/25/2017: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market's close below the 9-day moving average is an indication the short-term trend remains negative. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside objective is 34.95. The next area of resistance is around 35.47 and 35.72, while 1st support hits today at 35.09 and below there at 34.95.

SOYMEAL (MAR) 01/25/2017: The daily stochastics gave a bearish indicator with a crossover down. 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 pivot swing number is a mildly negative setup. The next downside objective is 336.0. The next area of resistance is around 346.4 and 349.5, while 1st support hits today at 339.6 and below there at 336.0.

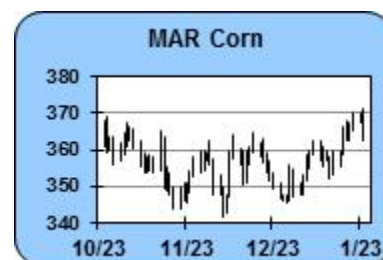
DAILY CORN COMMENTARY

01/25/17

Extreme overbought condition and fears of slowing trade

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
CORN -1.0

OVERNIGHT DEVELOPMENTS: March corn is trading 3/4 of a cent lower on the session this morning and took out yesterday's lows. Outside market forces look mixed with weak energy and a lower US dollar.



NEAR-TERM MARKET FUNDAMENTALS: Fears that lifting NAFTA will send Mexico corn demand to South America and fears that the EPA will delay implementation of biofuel policies are factors which may be helping to spark selling. March corn scored a new six month high yesterday and closed sharply lower. Weakness in the market could have been tied to rhetoric out of the White House concerning trade deals, as well as the executive orders to move forward with the Keystone XL and Dakota Access oil pipelines which favor energy infrastructure and causing some concerns to the ethanol industry, not to mention a cabinet full of "big oil" executives. President Trump also ordered a freeze on all EPA regulations for further review which caused a 13% plunge in renewable identification numbers (RINs) down to .60 cents. The president of the Renewable Fuels Association (RFS) called the postponement "temporary and procedural" that will not affect the implementation, enforcement or compliance within the RFS.

Informa Economics estimated corn acres at 90.5 million compared to their previous estimate of 90.15 million. Using a corn yield at 170.4 bushels per acre would equal a crop near 14.170 billion bushels compared to 15.148 billion this year. Rabobank has lowered their Argentine corn crop to 34.0 million tonnes versus 36.0 million. Brazilian weather looks wet for the next ten days and could delay soybean harvest in Mato Grosso, and this could

also delay the planting of the safrinha crop in Brazil. US exporters announced the sale of 125,000 tonnes of corn to Unknown destinations. The EIA will release the ethanol production and stocks report today with production estimates coming in at 1.043 million barrels per day. The stockpiles are estimated at 21.32 million barrels with a range of 20.9 to 21.67 million barrels.

TODAY'S MARKET IDEAS:

March corn put in a very bearish outside day lower close engulfing four previous sessions. Fresh longs may be trapped (open interest up 12,375 Monday) and a close below 358 1/2 will spark long liquidation. Slow stochastics and the RSI indicators have confirmed waning momentum, so look to sell a recovery bounce up at 367 1/2 with an objective of 358 1/2 or maybe 356 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) 01/25/2017: 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 market's short-term trend is negative as the close remains below the 9-day moving average. A negative signal was given by the outside day down. The close below the 2nd swing support number puts the market on the defensive. The next downside objective is now at 356 1/4. The next area of resistance is around 367 1/2 and 373 1/2, while 1st support hits today at 359 and below there at 356 1/4.

DAILY WHEAT COMMENTARY

01/25/17

The market technical action turns bearish and exports slow

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

WHEAT -2.6

OVERNIGHT DEVELOPMENTS: March wheat is down 3 cents this morning. Outside market forces look mixed. Matif futures are down slightly. Iraq is tendering to buy at least 50,000 tonnes of wheat.



NEAR-TERM MARKET FUNDAMENTALS: The market pushed through the uptrend channel off of the December 23rd lows and this is a bearish technical development. The wheat market failed to break through resistance at 434 1/2 yesterday and experienced more back and fill action before closing at the low end of the range. The US dollar stabilized after Monday's slide which could have provided some long liquidation from recent wheat longs. The Argentine wheat crop is estimated at 16.5 million tonnes according to the Agroindustry Minister (USDA at 15.0), who also estimated the wheat export availability at 10 million tonnes which is up 15% from last year.

Iraq is seeking to buy 50,000 tonnes of wheat from US, Canada or Australia. Egypt's 2016-17 wheat purchases are 8.9% above last year after last week's purchase from Ukraine. Total purchases stand at 3.47 million tonnes so far this season compared to 3.185 million last year at this time. Morocco's wheat import estimate will increase to 5.5 million tonnes from 5.0 million according to the Foreign Agricultural Service. China sold 173,287 tonnes out of the 2.6 million tonnes offered at auction today. Informa Economics estimated 2017 US wheat acres at 45.8 million versus 50.2 million last year. Using a 47.1 bushel yield would suggest a crop near 1.877 billion bushels versus

2.310 billion this year.

TODAY'S MARKET IDEAS:

March wheat failed at a key resistance level of 434 1/2 and traded lower but held right on a long term support line at 426 yesterday. Breaking the uptrend line this morning leaves 420 1/2 and 415 1/4 as initial key support. Aggressive traders should sell a bounce to 429 looking for a test of 415.

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) 01/25/2017: Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. The market's short-term trend is negative as the close remains below the 9-day moving average. A negative signal was given by the outside day down. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside target is 420. Short-term indicators on the defensive. Consider selling an intraday bounce. The next area of resistance is around 431 and 437 1/4, while 1st support hits today at 422 1/2 and below there at 420.

KC WHEAT (MAR) 01/25/2017: 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 close below the 9-day moving average is a negative short-term indicator for trend. The daily closing price reversal down is a negative indicator for prices. The market tilt is slightly negative with the close under the pivot. The next downside target is 436 1/2. The next area of resistance is around 444 3/4 and 448 3/4, while 1st support hits today at 438 3/4 and below there at 436 1/2.

MINN WHEAT (MAR) 01/25/2017: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside objective is 556. The next area of resistance is around 563 3/4 and 567 3/4, while 1st support hits today at 557 3/4 and below there at 556.

RICE (MAR) 01/25/2017: The cross over and close above the 60-day moving average is an indication the longer-term trend has turned positive. Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. A positive signal for trend short-term was given on a close over the 9-bar moving average. The outside day up and close above the previous day's high is a positive signal. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next downside objective is now at 9.664. The next area of resistance is around 10.047 and 10.133, while 1st support hits today at 9.813 and below there at 9.664.

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	363 1/4	53.96	55.00	85.15	81.98	367.19	363.69	359.79	356.56	356.25
CNAZ7	391	54.98	55.41	85.85	83.71	394.06	390.94	387.46	385.43	385.18
SSAH7	1058 1/2	60.90	59.02	79.53	79.82	1063.50	1055.14	1031.44	1033.65	1026.30
SSAX7	1026	64.11	60.10	82.55	85.90	1027.44	1021.22	1006.90	1010.63	1004.96
SMAH7	343.0	64.37	63.03	81.19	80.66	345.85	340.00	328.22	323.32	321.36

BOAH7	35.28	43.33	44.35	35.55	31.79	35.25	35.53	35.32	36.14	35.90
WHAH7	426 3/4	54.08	54.64	78.93	75.75	427.94	427.47	421.67	415.11	417.95
WHAN7	456	56.21	56.66	84.22	80.89	457.81	456.83	449.18	441.91	445.31
RCAH7	9.930	60.35	55.95	64.67	63.76	9.85	9.86	9.75	9.83	9.89
KWAH7	441 3/4	56.52	57.75	78.38	71.83	442.94	444.61	435.00	423.67	424.94
MWAH7	560 3/4	50.33	54.45	69.05	58.69	567.50	569.81	557.69	543.68	538.35
OTAH7	256 3/4	69.65	68.31	83.73	81.68	259.38	250.42	240.35	230.07	228.48

Calculations based on previous session. Data collected 01/24/2017

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	356 1/4	359	365	367 1/2	373 3/4
CNAZ7	Corn	385	387 1/2	392	394 1/2	399
SSAH7	Soybeans	1042 1/4	1050	1059	1067	1075 3/4
SSAX7	Soybeans	1014 1/4	1020	1026	1032	1037 3/4
SMAH7	Soymeal	336.0	339.6	342.8	346.4	349.5
BOAH7	Soybean Oil	34.94	35.08	35.33	35.47	35.72
WHAH7	Wheat	419 3/4	422 1/2	428 1/2	431	437 1/4
WHAN7	Wheat	450	452 1/4	457 1/2	459 3/4	465
RCAH7	Rice	9.663	9.812	9.898	10.047	10.133
KWAH7	KC Wheat	436 1/4	438 1/2	442 1/2	445	448 3/4
MWAH7	MINN Wheat	556	557 3/4	562	563 3/4	568
OTAH7	Oats	250 1/4	253 1/2	256 3/4	260	263 1/4

Calculations based on previous session. Data collected 01/24/2017

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