



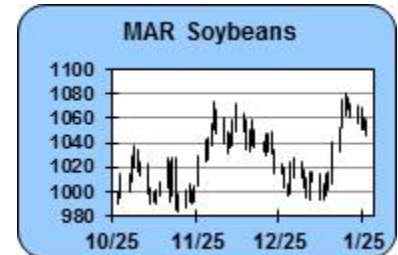
DAILY GRAINS COMMENTARY Friday January 27, 2017

DAILY SOY COMPLEX COMMENTARY 01/27/17

Huge weather premium and cash meal weak, DDG's cheap

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
SOY BEANS -3.6, BEAN OIL -0.2, SOYMEAL -0.6**

OVERNIGHT DEVELOPMENTS: March soybeans are trading unchanged this morning. China soybean futures were closed and Palm oil futures in Malaysia were down 0.5%. Global equity markets were mixed overnight with Asian/Pacific markets higher and the rest of the world weaker. The Asian session was relatively quiet as the Lunar New Year holiday started, and Japanese inflation readings contracted by slightly less than was anticipated. The European session was high-lighted by January French consumer confidence that reached up to the highest level in 3 years and that would seem to point to a recovering in the Euro zone. In other words France has clearly lagged behind Germany and now even France is showing forward motion. The North American session will start out with a preliminary reading on fourth quarter gross domestic product that is expected to come in around a 2.2% annualized rate, which compares to 3.5% during the third quarter. December durable goods are forecast to see a sizable improvement from November's -4.5% reading and climb up into positive territory. A private survey of January US consumer sentiment is expected to hold steady with the previous 98.2 reading.



NEAR-TERM MARKET FUNDAMENTALS: With weakness in distiller grains prices down near the lowest level since July of 2010 and plenty of cheap feedgrain substitutes, it will be important for soybean meal bulls to see significant damage to the Argentina soybean crop in order to rationalize the current high price for meal. Short-term weather looks bearish and the meal market is holding a huge weather premium. In addition, the market is overbought. March soybeans traded down to a low of 1043 1/4 this morning, almost filling the weekly continuation gap at 1043. The market was able to rebound off the lows but still has made lower highs and lows for six straight days. The Buenos Aires Grain Exchange estimated the Argentine soybean crop at 53.5 million tonnes, confirming the recent weather has lessened the damage. Other comments from that exchange stated that losses from the flooding affected 400,000 hectares and another 370,000 hectares should recover from flooding.

Brazil's weather has been ideal for most of the growing season and Deral (the state of Parana's rural economy agency) raised their state's soybean crop by 11% to 18.3 million tonnes. The market has become comfortable with a 2 to 4 million tonne reduction in Argentine production (USDA is at 57.0 million) and a potential Brazilian crop of 104 to 106 million tonnes (USDA at 104 million). Open interest in soybeans went up 5,793 contracts on Wednesday which suggests producer selling after this week's poor technical action. The continued concerns with trade disputes with China and Mexico have also provided negative overtones for the market. Net weekly export sales for soybeans came in at 539,400 tonnes for the current marketing year and 126,000 for the next marketing year for a total of 665,400 tonnes which was in line with estimates of 450,000 to 800,000 tonnes. Net meal sales came in at 282,900 tonnes. Net oil sales came in at 49,500 tonnes.

TODAY'S MARKET IDEAS:

March soybeans are down 18 cents on the week to Thursday's close. The recent length in the market, of which managed money traders added 35,632 contracts last week, must be a concern. With the Argentine crop stabilized and the Brazilian crop growing, production issues have subsided. In addition, Brazilian FOB basis is trading below US Gulf while the central Illinois meal basis is below last year and well below the five year average. The soy complex feels like a purge is coming. Aggressive traders could sell March soybeans at 1060 to 1065 as momentum indicators have turned negative. Look for break to 1036 1/4.

NEW RECOMMENDATIONS:

Sell July Meal at 348.90 with an objective of 321.70. Risk to close over 354.00.

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) 01/27/2017: 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 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 downside target is 1037 3/4. Daily studies pointing down suggests selling minor rallies. The next area of resistance is around 1056 and 1063 3/4, while 1st support hits today at 1043 and below there at 1037 3/4.

SOYBEAN OIL (MAR) 01/27/2017: A negative indicator was given with the downside crossover of the 9 and 18 bar moving average. Momentum studies are declining, but have fallen to oversold levels. The market's short-term trend is negative as the close remains below the 9-day moving average. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside target is 33.63. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 34.91 and 35.40, while 1st support hits today at 34.03 and below there at 33.63.

SOYMEAL (MAR) 01/27/2017: 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 market tilt is slightly negative with the close under the pivot. The next downside objective is now at 338.8. The next area of resistance is around 344.2 and 346.1, while 1st support hits today at 340.6 and below there at 338.8.

DAILY CORN COMMENTARY

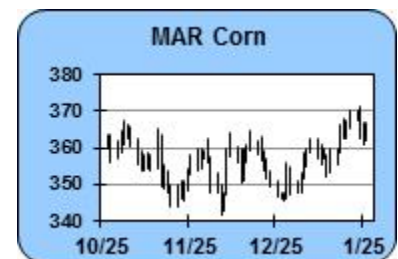
01/27/17

Trade concerns with Mexico and good South America weather

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

CORN -0.6

OVERNIGHT DEVELOPMENTS: March corn is trading 1/4 of a cent lower on the session this morning. Outside market forces look negative with a strong US dollar, weaker gold and lower energy prices.



NEAR-TERM MARKET FUNDAMENTALS: The uptrend channel from the August lows comes in at 351 1/4 today and with the sweeping reversal on Tuesday, the market seems to be in position to pull back to the lower end of the channel. March corn traded lower yesterday. Open interest went up 10,895 contracts on Wednesday, which suggests producer selling after this week's reversal action. The Buenos Aires Grains Exchange estimated corn plantings at 98.3% complete and left corn planted area unchanged at 4.9 million hectares. In their report, they noted that 160,000 hectares of corn may have been affected by the recent flooding but they anticipate better than average yields to offset some of the losses due to flooding. News during the session that Mexico's president will not be coming to the US next week also pressured the market as trade tensions seem to be escalating.

USDA baseline projections were updated earlier this week without much change, with corn acres at 91.5 and yield at 170 bushels/acres leaving ending stocks at 2.563 billion bushels. These numbers are primarily for budgetary use and clearly will change. Net weekly export sales for corn came in at 1,370,400 tonnes for the current marketing year and 21,000 for the next marketing year for a total of 1,391,400 tonnes which were above the trade estimates of 800,000 to 1.0 million tonnes. As of January 19th, cumulative corn sales stand at 69.1% of the USDA forecast for 2016/2017 (current) marketing year versus a 5 year average of 63.1%. Mexico imported 14.011 million tonnes of corn last season with 13.6 million from the US. This represents 28.2% of total US exports.

TODAY'S MARKET IDEAS:

March corn closed at the lower end of Wednesday's range and is 6 cents lower on the week. The market failed to break out above the 200 day moving average at 369 1/2 earlier in the week and now looks vulnerable to a break below the weekly low of 361. A close below 358 1/2 reverses the trend for a test of the 100 day moving average at 354 1/4. Aggressive traders could look to sell a recovery bounce up at 367 1/2 with an objective of 355 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) 01/27/2017: Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. A negative signal for trend short-term was given on a close under the 9-bar moving average. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is now at 359 1/2. The next area of resistance is around 366 and 368 3/4, while 1st support hits today at 361 1/2 and below there at 359 1/2.

DAILY WHEAT COMMENTARY

01/27/17

Some Russia weather concerns but other grains weak

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

WHEAT -1.0

OVERNIGHT DEVELOPMENTS: March wheat is down 1/2 of a cent this morning. Outside market forces look weak. Matif futures are up 0.7%.



NEAR-TERM MARKET FUNDAMENTALS: Some talk of cold weather issues with Russia for the weekend may have helped to provide some support overnight.

Egypt bought 410,000 tonnes of wheat from Russia yesterday for March 1-10 shipment. There were a total of 14 offers, 11 from Russia 2 from Romania and 1 from the US. The big push of Russian offers is realization of the depth of old crop stocks that will be present for international tenders well into the spring. The average price for the seven Russian cargoes that traded was \$203.96 with the cheapest offer at 203.25 C&F. The one US cargo offered was at \$197.00 FOB and with freight at a minimum of \$24.00 per tonne puts the US offer still way off the market. The market was able to pull away from the bearish overtones from corn and soybeans and closed with a 2 1/2 cent gain on the session yesterday. The calendar spreads have found some support of the Egyptian tender with March/May up 1/2 cent at -13 1/2 cent carry and March/July up 1 1/4 at -27 3/4 cents.

Technically the market is weak as it traded to a weekly low of 421 3/4, right on the 100 day moving average of

421 1/2. Net weekly export sales for wheat came in at 853,400 tonnes for the current marketing year and 103,900 for the next marketing year for a total of 957,300 tonnes. This is a marketing year high and also the highest weekly total since October 2013 for export sales with Indonesia taking 140,000 tonnes, Morocco taking 210,000 and Unknown destinations taking 212,000. As of January 19th, cumulative wheat sales stand at 84.5% of the USDA forecast for the 2016/2017 (current) marketing year versus a 5 year average of 78.9%.

TODAY'S MARKET IDEAS:

Big export sales gave the market a boost yesterday, but the market is still struggling to trade above resistance at 434 1/2 for March wheat. A close below 421 will reverse the recent minor uptrend for a potential test of the monthly low at 404 3/4. The next level of resistance is at 431 1/4 with the first level of support at 422 3/4.

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) 01/27/2017: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. A negative signal for trend short-term was given on a close under the 9-bar moving average. The upside daily closing price reversal gives the market a bullish tilt. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside target is 418. The next area of resistance is around 431 1/4 and 435 1/4, while 1st support hits today at 422 3/4 and below there at 418.

KC WHEAT (MAR) 01/27/2017: Momentum studies trending lower at mid-range should accelerate a move lower 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. The upside closing price reversal on the daily chart is somewhat bullish. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is now at 432 3/4. The next area of resistance is around 443 3/4 and 446 1/2, while 1st support hits today at 436 3/4 and below there at 432 3/4.

MINN WHEAT (MAR) 01/27/2017: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market now above the 18-day moving average suggests the intermediate-term trend has turned up. The market's close above the 2nd swing resistance number is a bullish indication. The next downside target is now at 554. The next area of resistance is around 572 1/4 and 575 3/4, while 1st support hits today at 561 1/4 and below there at 554.

RICE (MAR) 01/27/2017: The major trend has turned down with the cross over back below the 40-day moving average. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside objective is now at 9.664. The next area of resistance is around 9.807 and 9.893, while 1st support hits today at 9.693 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 3/4	53.46	54.69	80.16	73.81	365.69	365.31	361.57	357.15	356.25
CNAZ7	390 3/4	52.44	53.88	81.69	75.53	392.88	392.36	388.96	385.97	385.20
SSAH7	1049 1/2	53.59	54.74	76.72	72.83	1055.25	1061.03	1035.64	1035.96	1027.21

SSAX7	1023 1/4	59.76	57.87	83.51	83.54	1025.00	1025.03	1010.19	1012.03	1005.81
SMAH7	342.4	62.82	62.13	79.37	77.19	343.05	344.77	330.80	324.52	321.97
BOAH7	34.47	28.33	34.81	27.50	19.42	34.94	35.23	35.29	36.15	35.87
WHAH7	427	54.24	54.63	72.20	65.69	427.88	428.19	424.18	415.25	417.78
WHAN7	455	54.55	55.51	76.88	69.32	456.50	457.69	451.86	442.05	445.12
RCAH7	9.750	45.71	47.27	59.02	51.13	9.83	9.86	9.78	9.82	9.86
KWAH7	440 1/4	54.01	55.95	69.00	59.94	441.13	444.78	437.96	424.14	425.17
MWAH7	566 3/4	56.28	57.85	58.53	49.77	562.31	568.56	560.92	545.31	539.38
OTAH7	255 1/4	62.86	64.01	81.00	77.20	258.00	255.72	243.74	230.91	229.66

Calculations based on previous session. Data collected 01/26/2017

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	359 1/4	361 1/2	364	366	368 3/4
CNAZ7	Corn	386 1/2	388 1/2	391	393	395 1/2
SSAH7	Soybeans	1037 3/4	1043	1050 3/4	1056	1063 3/4
SSAX7	Soybeans	1014 1/2	1018 1/2	1023 3/4	1028	1033
SMAH7	Soymeal	338.7	340.5	342.4	344.2	346.1
BOAH7	Soybean Oil	33.62	34.02	34.51	34.91	35.40
WHAH7	Wheat	417 3/4	422 1/2	426 1/2	431 1/2	435 1/4
WHAN7	Wheat	446	451	454 1/4	459	462 1/2
RCAH7	Rice	9.663	9.692	9.778	9.807	9.893
KWAH7	KC Wheat	432 1/2	436 3/4	439 1/2	443 3/4	446 1/2
MWAH7	MINN Wheat	554	561 1/4	565	572 1/4	576
OTAH7	Oats	247 1/4	250	257 1/2	260 1/2	267 3/4

Calculations based on previous session. Data collected 01/26/2017

Data sources can & do produce bad ticks. Verify before use.

***This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Opinions expressed are subject to change without notice. Any information or recommendation contained herein: (i) is not based on, or tailored to, the commodity interest or cash market positions or other circumstances or characterizations of particular investors or traders; (ii) is not customized or personalized for any such investor or trader; and (iii) does not take into consideration, among other things, risk tolerance, net worth, or available risk capital. Any use or reliance upon the information or recommendations is at the sole discretion and election of the subscriber. The risk of loss in trading futures contracts or commodity options can be substantial, and traders should carefully consider the inherent risks of such trading in light of their financial condition. Any reproduction or retransmission of this report without the express written consent of Lakefront Futures is strictly prohibited.