



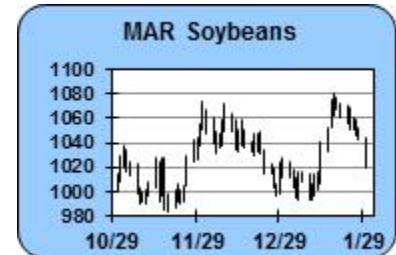
DAILY GRAINS COMMENTARY Tuesday January 31, 2017

DAILY SOY COMPLEX COMMENTARY 01/31/17

Without weather issue in Argentina, too much meal to pressure

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
SOY BEANS +3.2, BEAN OIL +0.2, SOYMEAL +0.8**

OVERNIGHT DEVELOPMENTS: March soybeans are trading 3 cents higher this morning. China soybean futures were closed and Palm oil futures in Malaysia were down 1.3%. Global equity markets were mixed overnight with Asian markets weaker and European stocks carving out modest gains. The Asian session started out with a series of Japanese economic data points with December Japanese unemployment holding steady at 3.1%, December household spending and December industrial production actually coming in better than expectations. The Bank of Japan's latest monetary policy meeting left rates unchanged but they did revise GDP readings for 2017 slightly higher than earlier forecasts. December readings for Japanese housing starts were positive but less positive than expected while construction orders posted a gain of 7.1% on the year. The European session started out with fourth quarter French GDP that rose +0.5% with December German retail sales weaker in the face of forecasts for a sizable improvement. January German unemployment fell to 5.9% from 6.0% and that is the lowest reading since reunification. The North American session will start out with December Canadian GDP which is forecast to see a moderate uptick from November's -0.3% reading and climb into positive territory. The November Case-Shiller home price index is expected to see a minimal downtick from October's +5.1% year-over-year rate. The Conference Board's January survey on consumer confidence is forecast to see a downtick from December's 113.7 reading.



NEAR-TERM MARKET FUNDAMENTALS: March soybean oil pushed down to the lowest level since October 6th yesterday and the bullish attitude for meal is fully dependent on a collapse in soybean production in Argentina. Indonesia palm oil production last year was down 3% to 31.5 million tonnes for the first drop in 18 years and this was the foundation for last year's rally. Production is expected to jump to 35.5 million tonnes this year, up 12.7% and this idea has helped push palm oil to the lowest level in five weeks with the market down 2.6% for the year. March soybeans plummeted down to the lowest since January 12th yesterday. The South American weather remains favorable to crop development as rains will expand over the next two weeks in Brazil which will aid crop development. Argentina has seen net drying over the weekend but should get beneficial moisture of as much as 1 1/2 to 2 1/2 inches this week. The large jump in managed money length for soybeans, soybean meal and soybean oil of as much as 73,000 contracts combined (as of January 24th) has caught the complex leaning to the bull side, with weather turning negative and Chinese demand turning to South American origins.

The combined length in the soy complex now stands at 340,000 contracts as of January 24th, which is about 15,000 contracts more than the total when the markets topped out in the first week of June last year. The soybean harvest in the main growing region of Mato Grosso has reached 16.3% according to the Ag Minister which is ahead of normal. Weekly export inspections for soybeans came in at 1,630,581 tonnes versus estimates of 900,000 to 1.2 million. As of January 26th, cumulative soybean export inspections for the 2016-17 marketing year have reached 69.5% of the USDA forecast versus a 5 year average of 68.3%. In the weekly newsletter, we listed 8 good reasons to be short meal. The combined soy complex length has increased by 156,463 contracts since January 3rd. The bulk of that in soybeans (+82,163) and soybean meal (+49,529), of which we believe soymeal is the weakest of the two. Stories of commercials storing untold amounts of meal in rail cars and barges making consumption look normal only to dress up crush margins has been considered by many in the trade. The Western meal basis has been reported at \$50 to \$60 dollars under the board, and the central Illinois basis at \$3 over as of last week compares to a five year average of \$25 over for this time of year.

TODAY'S MARKET IDEAS:

March soybeans are still up 18 3/4 cents on the month. The massive influx of length into the complex is just too much, too soon. March soybean selling resistance is at the 1042 1/4. Look for a break to at least 1009.

NEW RECOMMENDATIONS:

* 1) Sell July soybean meal at 343.90 with an objective of 321.70. Risk the trade to a close over 350.00. 2) Sell the July/Dec soybean meal spread at +\$13.30 with an objective of -\$2.50. Risk a total of \$4.00 on the spread.

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) 01/31/2017: The close below the 60-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 intermediate trend has turned down with the cross over back below the 18-day moving average. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside objective is now at 1002 1/4. The next area of resistance is around 1035 1/4 and 1052 1/4, while 1st support hits today at 1010 1/4 and below there at 1002 1/4.

SOYBEAN OIL (MAR) 01/31/2017: 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 close below the 2nd swing support number puts the market on the defensive. The next downside target is 32.77. Selling may soon dry up since the RSI is under 20 indicating the market is extremely oversold. The next area of resistance is around 34.08 and 34.64, while 1st support hits today at 33.14 and below there at 32.77.

SOYMEAL (MAR) 01/31/2017: 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 defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside objective is 326.9. The next area of resistance is around 338.7 and 344.4, while 1st support hits today at 330.0 and below there at 326.9.

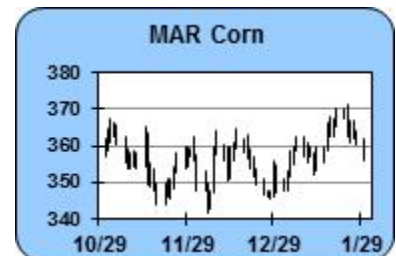
DAILY CORN COMMENTARY

01/31/17

In position to follow meal lower with burdensome supply

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

OVERNIGHT DEVELOPMENTS: March corn is trading up 1/2 of a cent on the session this morning. Outside market forces look supportive with weak US dollar and strength in gold.



NEAR-TERM MARKET FUNDAMENTALS: The rally to the January 24th peak emerged from support from soybeans and a general "re-inflate" attitude among world money managers. Without help from soybeans, the market faces a burdensome supply and a weak seasonal tone for February. March corn traded to a two week low of 355 3/4. US exporters announced the sale of 105,000 tonnes of corn to Columbia. Brazil's fertilizer deliveries rose 12.9% in 2016 to a record 34.1 million tonnes up from 30.2 million last year. With fertilizer use up along with

planted area, and ideal weather so far for the first corn crop, some of the optimistic 90 plus million tonne estimates could be right on target. The USDA is at 86.5 million tonnes. The US corn export window will most likely close quickly in the spring. The massive flip from the managed money category in the recent COT data was one of the largest one-week swings on record. The managed money traders bought 72,283 contracts for the week ending January 24th to flip from a short of 51,000 contracts to a long of 21,000 contracts.

Weekly export inspections for corn came in at 1,061,865 tonnes compared to estimates of 750,000 to 950,000 tonnes. As of January 26th, cumulative corn export inspections for the 2016-17 marketing year have reached 37.0% of the USDA forecast versus a 5 year average of 34.9%. March corn is up 5 3/4 cents on the month. The managed money traders were short 96,369 contracts to start the month of January, and now with one day left in the month they are long 21,000 and the market is barely up. It is safe to say that the producers sold into this rally nicely, and hopefully they sold some new crop corn too.

TODAY'S MARKET IDEAS:

The 50 day moving average for March corn is at 356 3/4 and the 100 day moving average is at 354 3/4, so a close below those levels could get the trend followers to flip again. Resistance is at 361 1/2 and 363 1/4 with 352 1/4 as next support. December corn resistance is at 388 3/4 with 382 and 377 1/2 as key support levels.

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) 01/31/2017: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. The close below the 2nd swing support number puts the market on the defensive. The next downside target is now at 352 1/4. The next area of resistance is around 360 3/4 and 364 1/4, while 1st support hits today at 354 3/4 and below there at 352 1/4.

DAILY WHEAT COMMENTARY

01/31/17

Crop conditions improve in past month but still below average

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

WHEAT +0.6

OVERNIGHT DEVELOPMENTS: March wheat is unchanged this morning. Outside market forces look supportive. Matif futures are down 0.45%.



NEAR-TERM MARKET FUNDAMENTALS: March wheat traded down to the lowest level since January 11th yesterday. The market was pressured by a weak soy complex but buyers retreated after last week's poor technical close. Algeria's state grains agency is seeking to buy 50,000 tonnes of soft wheat and 50,000 tonnes of barley for April shipment. Russian wheat offers rose to an eight month high of \$185.50 per tonne last week after Egypt's tender for 410,000 tonnes. This was the largest single purchase Egypt has made from Russia since 2012. The winterkill issues over this past weekend in parts of Russia and Ukraine were minimal which led to selling in MATIF wheat futures which closed down 1.47% on the day at 167.00 Euros yesterday.

Individual state crop ratings for winter wheat were released after the close yesterday with Kansas holding steady at 44% good to excellent (G/E) versus 44% in December. Oklahoma was 33% G/E versus 25% last month, Colorado 36% G/E versus 40%, Nebraska 47% G/E versus 46% and Illinois 74% G/E versus 69%. The ratings are somewhat of a mixed bag, but still all the states except Illinois are well below average and could use moisture. Weekly export inspections for wheat came in at 321,479 tonnes versus trade estimates of 200,000 to 400,000 tonnes. As of January 26th, cumulative wheat export inspections for the 2016-17 marketing year have reached 63.3% of the USDA forecast versus a 5 year average of 63.8%.

TODAY'S MARKET IDEAS:

March wheat is up 6 cents for the month going into the last day of January. More importantly, the market is on a 23 1/2 cent slide since mid-month. Stochastics and the RSI are pointing lower indicating further weakness, and a test of 410 is likely. Selling wheat below 400 seems like a trap with the managed money category short back up to 88,699 contracts. Resistance is at 417 1/4 followed by 421 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) 01/31/2017: The market back below the 60-day moving average suggests the longer-term trend could be turning down. 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's close below the 1st swing support number suggests a moderately negative setup for today. The next downside target is 408 1/2. The next area of resistance is around 417 1/4 and 421 1/2, while 1st support hits today at 410 3/4 and below there at 408 1/2.

KC WHEAT (MAR) 01/31/2017: Momentum studies trending lower at mid-range should accelerate a move lower 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 market is in a bearish position with the close below the 2nd swing support number. The next downside target is 420 1/4. The next area of resistance is around 429 1/4 and 434 1/2, while 1st support hits today at 422 1/4 and below there at 420 1/4.

MINN WHEAT (MAR) 01/31/2017: Momentum studies trending lower at mid-range should accelerate a move lower 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 gap lower price action on the day session chart is a bearish indicator for trend. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next downside objective is 544. The next area of resistance is around 555 3/4 and 561 3/4, while 1st support hits today at 546 3/4 and below there at 544.

RICE (MAR) 01/31/2017: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. The daily closing price reversal down puts the market on the defensive. The market tilt is slightly negative with the close under the pivot. The next downside target is now at 9.634. The next area of resistance is around 9.832 and 9.903, while 1st support hits today at 9.698 and below there at 9.634.

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
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GRAIN COMPLEX

CNAH7	357 3/4	41.03	46.53	69.09	55.27	362.56	364.89	362.26	357.23	356.25
CNAZ7	385 1/2	40.44	45.87	69.27	53.90	389.81	391.92	389.58	386.00	385.18
SSAH7	1022 3/4	36.46	43.58	68.74	57.25	1044.19	1056.19	1039.69	1036.07	1028.10
SSAX7	1004	37.73	44.52	78.71	69.03	1019.50	1024.00	1013.35	1012.11	1006.67
SMAH7	334.4	47.42	52.54	75.30	69.08	340.78	344.18	333.51	325.04	322.71
BOAH7	33.61	19.15	27.40	19.74	12.28	34.31	34.87	35.20	36.10	35.82
WHAH7	414	39.44	44.74	58.14	40.89	421.50	425.42	425.29	414.81	417.27
WHAN7	442 1/2	38.37	44.67	62.21	44.43	450.06	454.78	453.31	441.63	444.63
RCAH7	9.765	46.99	48.03	51.62	43.64	9.79	9.83	9.80	9.82	9.85
KWAH7	425 3/4	36.60	44.04	54.96	38.35	434.50	440.22	439.49	424.00	425.10
MWAH7	551 1/4	41.58	47.03	45.52	30.38	558.88	564.33	562.90	546.66	540.25
OTAH7	243 3/4	44.94	51.32	73.16	62.81	253.06	256.31	245.57	231.79	230.68

Calculations based on previous session. Data collected 01/30/2017

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	352 1/4	354 3/4	358 1/4	360 3/4	364 1/4
CNAZ7	Corn	381	383	386	388	391
SSAH7	Soybeans	1002 1/4	1010 1/4	1027 1/4	1035 1/4	1052 1/4
SSAX7	Soybeans	986	993	1007 3/4	1015	1029 1/2
SMAH7	Soymeal	326.8	329.9	335.6	338.7	344.4
BOAH7	Soybean Oil	32.76	33.13	33.70	34.08	34.64
WHAH7	Wheat	408 1/2	410 3/4	415	417 1/4	421 1/2
WHAN7	Wheat	438	439 1/2	443 3/4	445 1/2	449 1/2
RCAH7	Rice	9.633	9.697	9.768	9.832	9.903
KWAH7	KC Wheat	420 1/4	422	427 1/2	429 1/2	434 3/4
MWAH7	MINN Wheat	544	546 3/4	553	555 3/4	562
OTAH7	Oats	236	238 3/4	246	248 3/4	256

Calculations based on previous session. Data collected 01/30/2017

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