

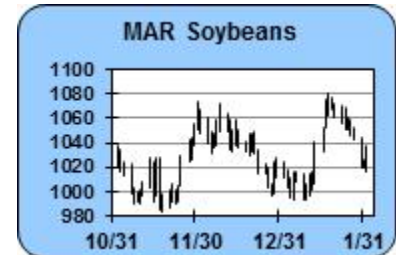


DAILY SOY COMPLEX COMMENTARY
02/02/17

Will need steady flow of bullish news to support weather premium

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
SOY BEANS -2.0, BEAN OIL +0.2, SOYMEAL -1.9

OVERNIGHT DEVELOPMENTS: March soybeans are trading 3 1/2 cents lower this morning. Palm oil futures in Malaysia were up 1.4%. Global equity markets were mixed overnight with the biggest loser overnight the XETRA DAX and the RTS Index the bigger gainer. The Asian session started with January Japanese consumer confidence readings that showed a modest gain. The European session started out with December Swiss retail sales that declined by more than expected and January UK construction PMI number that fell sharply in the month of January. However, the highlight of the European trading session was news that December Euro zone PPI reached the highest level in 4 years. Later this morning the markets will see the results of the Bank of England latest monetary policy meeting but the trade does not expect changes to UK rates or policy. The North American session will start out with the January Challenger job cuts survey, followed by a weekly reading on initial jobless claims that are forecast to see a minor decline from the previous 259,000 reading. Fourth quarter non-farm productivity is expected to have a notable decline from the third quarter's +3.1% reading while fourth quarter unit labor cost are forecast to have notable improvement from the third quarter's +0.7% reading.



NEAR-TERM MARKET FUNDAMENTALS: The market experienced an impressive recovery bounce yesterday but it will take a steady flow of bullish supply news for the market to hold onto the massive weather premium. Demand news was positive yesterday with a fresh announcement of 236,700 tonnes of US soybeans sold to unknown destination as well as talk of Chinese interest in securing more soybean cargoes due to solid crush margins. March soybeans put in a bullish outside day higher close. The market could also be reacting to anecdotal stories from Brazilian producers who are reporting early yields in Mato Grosso do Sul and Paraguay as better than last year but below early expectations. Soybean yields in the southern part of Mato Grosso do Sul were seen at 47 to 49 bushels per acre versus early estimates of 50-53 bushels.

For the weekly export sales report this morning, traders see soybean sales near 400,000 to 900,000 tonnes. US soybean crush for December came in at 169.23 million bushels versus average trade estimates near 170.5 million bushels. Cumulative crush of 654.11 million bushels is 33.89% of the current USDA estimate for the year. The average crush pace for this time of year is 34.71%. US soybean oil stocks in December came in at 1.873 billion pounds versus 1.781 billion last month and last year. The average estimates were seen at 1.848 billion pounds. March soybeans closed 12 1/4 cents higher yesterday but the July/November spread only closed 1 1/2 cents higher. This is a little bit of a "head-scratcher", as at one point during the rally it seemed as if November was leading the way. To us, it spells new money entering the Ag space and fund managers who do not want to buy the inverse.

TODAY'S MARKET IDEAS:

The market fell as much as 63 cents from the January 18th highs and was due for a bounce. Resistance is at 1040 1/2 and 1048 1/2 for March soybeans. The market is still too long and looking to lighten up. Keep 1009 and 992 1/4 as next downside targets. March oil resistance is at 35.14 and 35.57.

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) Buy 3 July soybean meal 310.00 puts and sell 1 July soybean meal 350.00 call for a net premium paid of +3.00 or better on the spread. Use an objective of +37.50 on the spread, and risk a total of 8.00 from entry.

PREVIOUS RECOMMENDATIONS:

1) 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. 2) Short July/Dec soybean meal spread from +\$13.30 with an objective of -\$2.50. Risk a total of \$4.00 on the spread.

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) 02/02/2017: The major trend could be turning up with the close back above the 60-day moving average. 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 outside day up is somewhat positive. The market's close above the 2nd swing resistance number is a bullish indication. The next downside target is 1011 1/2. The next area of resistance is around 1047 and 1052 1/2, while 1st support hits today at 1026 1/2 and below there at 1011 1/2.

SOYBEAN OIL (MAR) 02/02/2017: The crossover up in the daily stochastics is a bullish signal. Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. A negative signal for trend short-term was given on a close under the 9-bar moving average. A positive setup occurred with the close over the 1st swing resistance. The next upside objective is 34.84. The next area of resistance is around 34.62 and 34.84, while 1st support hits today at 34.00 and below there at 33.59.

SOYMEAL (MAR) 02/02/2017: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market's short-term trend is negative as the close remains below the 9-day moving average. The outside day up is a positive signal. The market has a slightly positive tilt with the close over the swing pivot. The next downside objective is 329.6. The next area of resistance is around 338.6 and 340.0, while 1st support hits today at 333.4 and below there at 329.6.

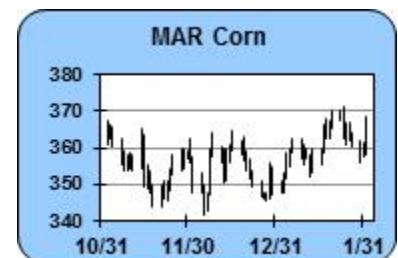
DAILY CORN COMMENTARY

02/02/17

Impressive technical buying but may need weather help to extend

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
CORN -1.2

OVERNIGHT DEVELOPMENTS: March corn is trading down 1 3/4 cents this morning. Outside market forces look slightly positive.



NEAR-TERM MARKET FUNDAMENTALS: A lack of new selling interest plus aggressive fund trader buying seems to have supported grain markets yesterday and corn was especially well supported. March corn traded up 2.3% as a new month most likely brought fresh money into the market on fresh "re-inflate" type buying going into the February crop insurance pricing month. Talk that corn may need to rally to buy acres may have supported as well. News that the EU Commission cut its corn ending stocks to 9.95 million tonnes from the previous 15.9 million also provided support. The EU Commission attributed the decline to better ethanol usage for the past five years.

For the weekly export sales report this morning, traders see export sales near 700,000 to 1.3 million tonnes. Ethanol production for the week ending January 27th averaged 1.061 million barrels per day. This is up 0.95% vs. last week and up 10.64% vs. last year. Total ethanol production for the week was 7.427 million barrels which was a record. Corn used in last week's production is estimated at 111.41 million bushels. Corn use needs to average

98.1 million bushels per week to meet the USDA estimate. Stocks were 21.87 million barrels and the highest since April of last year. This is up 0.65% vs. last week and down 2.20% vs. last year.

TODAY'S MARKET IDEAS:

Typically there are three day buying waves when fund traders turn aggressive buyers, but resistance should be a bit thicker up against 370-375 in the March and 400-405 in the December contract. The slow stochastics are getting ready to cross over, indicating further upside momentum. Another day or two of strength is possible, but producer selling should increase. March corn resistance is at 373 1/2 followed by 376 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) 02/02/2017: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The next downside target is 355 1/4. The next area of resistance is around 373 1/2 and 376 1/4, while 1st support hits today at 363 and below there at 355 1/4.

DAILY WHEAT COMMENTARY

02/02/17

Surge in fund buying to start the month; short-covering?

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

WHEAT -2.0

OVERNIGHT DEVELOPMENTS: March wheat is down 1 1/2 cents this morning. Outside market forces look slightly supportive. Matif futures are unchanged.



NEAR-TERM MARKET FUNDAMENTALS: Algeria bought 585,000 tonnes of optional origin milling wheat overnight. Ethiopia postponed a deadline on the tender to buy 400,000 tonnes. The US is donating 100,000 tonnes of wheat to Jordan. March wheat traded sharply higher yesterday as recent tensions between Russia and Ukraine may have sparked buying. Reports of a Ukrainian military plane being shot at from a drilling platform in the Black Sea fueled a wheat rally in Chicago as well as MATIF futures. The MATIF futures closed up 2.1% on the day. The Russian Agriculture Minister stated that 650,000 hectares out of the total of 17.4 million hectares of winter grain seeding's could be at risk to damage from the recent cold weather. He also noted that prospects are quite high for the 2017 crop. The open interest in wheat was up 7,971 contracts on Tuesday and is up 16,702 contracts over the last five trading days. Wheat open interest is at the highest level since November 23rd of last year, and with futures falling almost twenty cents since the January 24th high, one would assume this is new shorts entering the market over the last five days. Jordan is tendering for 100,000 tonnes wheat for May shipment. For the weekly export sales report, traders see sales near 300,000 to 600,000 tonnes.

TODAY'S MARKET IDEAS:

March wheat rallied 13 cents yesterday due to short covering and new money entering the markets on the first of

the month. Technically the market closed above key resistance at 428 which should reverse the recent trend. The slow stochastics have also crossed over and are turning up, indicating a shift in momentum. The wheat market still is carrying a large net short from the managed money category of 88,699 contracts as of January 24th. We still like owning call spreads for further upside, look for a pullback towards the 428 level for March wheat to initiate these strategies. Consider the July 460/530 call spread for 14 cents.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

* Hit protective stop on short March wheat 430 call position for a gain of 1 3/4 cents.

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) 02/02/2017: The crossover up in the daily stochastics is a bullish signal. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The next upside objective is 447 1/4. The next area of resistance is around 442 1/2 and 447 1/4, while 1st support hits today at 425 and below there at 412 1/4.

KC WHEAT (MAR) 02/02/2017: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market now above the 18-day moving average suggests the intermediate-term trend has turned up. There could be more upside follow through since the market closed above the 2nd swing resistance. The next downside objective is 420 1/4. The next area of resistance is around 448 3/4 and 453 1/2, while 1st support hits today at 432 1/4 and below there at 420 1/4.

MINN WHEAT (MAR) 02/02/2017: The major trend could be turning up with the close back above the 40-day moving average. Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The outside day up is somewhat positive. The market setup is supportive for early gains with the close over the 1st swing resistance. The next downside target is now at 543 1/2. The next area of resistance is around 561 and 564 3/4, while 1st support hits today at 550 1/2 and below there at 543 1/2.

RICE (MAR) 02/02/2017: Momentum studies are declining, but have fallen to oversold levels. 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 9.425. The next area of resistance is around 9.590 and 9.665, while 1st support hits today at 9.470 and below there at 9.425.

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	368 1/4	61.10	58.97	62.40	61.45	362.06	364.53	362.65	357.46	356.51
CNAZ7	396 1/4	62.81	60.09	63.08	64.51	389.56	391.72	390.04	386.18	385.40
SSAH7	1036 3/4	47.45	49.75	56.78	46.36	1033.31	1046.86	1041.56	1035.26	1029.30
SSAX7	1012	48.05	50.04	65.65	54.31	1010.56	1019.00	1014.35	1011.44	1007.55
SMAH7	336.0	50.35	54.11	68.19	61.45	337.00	340.99	335.36	325.58	323.56
BOAH7	34.31	39.20	39.46	17.71	18.10	34.01	34.55	35.07	35.96	35.77
WHAH7	433 3/4	60.53	58.22	52.26	53.40	422.25	425.42	425.83	415.06	417.11
WHAN7	459 3/4	59.70	57.98	53.30	50.63	449.69	453.69	454.18	441.73	444.40
RCAH7	9.530	33.41	38.79	36.16	20.39	9.66	9.75	9.78	9.80	9.83

KWAH7	440 1/2	55.44	55.38	44.27	37.90	432.50	437.50	439.99	424.16	425.24
MWAH7	555 3/4	47.51	50.37	31.87	20.85	553.88	559.25	563.43	547.76	541.29
OTAH7	250 3/4	54.95	57.34	63.07	54.20	248.00	254.08	246.72	233.02	231.65

Calculations based on previous session. Data collected 02/01/2017

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	355 1/4	363	365 3/4	373 1/2	376 1/4
CNAZ7	Corn	383	391	393 1/2	401 1/2	404
SSAH7	Soybeans	1011 1/2	1026 1/2	1032	1047	1052 1/2
SSAX7	Soybeans	991	1003 1/2	1008	1020 1/2	1025
SMAH7	Soymeal	329.5	333.4	334.8	338.6	340.0
BOAH7	Soybean Oil	33.58	33.99	34.21	34.62	34.84
WHAH7	Wheat	412 1/4	425	429 3/4	442 1/2	447 1/4
WHAN7	Wheat	438 1/2	451	455 3/4	468 1/2	473
RCAH7	Rice	9.424	9.469	9.545	9.590	9.665
KWAH7	KC Wheat	420 1/4	432	437	449	453 3/4
MWAH7	MINN Wheat	543 1/4	550 1/2	554	561	564 3/4
OTAH7	Oats	241 3/4	246 1/2	250	255	258 1/4

Calculations based on previous session. Data collected 02/01/2017

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