

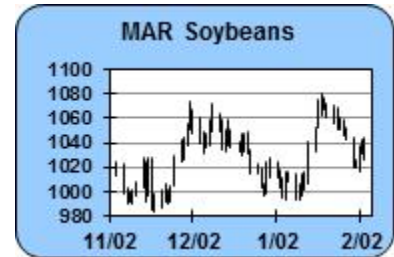


**DAILY SOY COMPLEX COMMENTARY**  
02/06/17

Recovery bounce this morning but bearish tilt to weather

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):**  
SOY BEANS +9.0, BEAN OIL +0.3, SOYMEAL +2.6

**OVERNIGHT DEVELOPMENTS:** March soybeans are trading 10 cents higher this morning. China futures are up 0.8% overnight while Palm oil futures in Malaysia were down 0.4%. Global equity markets were mixed with Europe and US markets showing some minimal positive action early on. The European session started out with December German Manufacturing orders figures which gained 5.2% over the prior month. The February Sentix index of Euro zone investor confidence down ticked from January's 18.2 reading. The North American session will be relatively quiet and will feature the Fed's labor market conditions index. Philadelphia Fed President Harker will speak during afternoon US trading hours.



**NEAR-TERM MARKET FUNDAMENTALS:** A positive tilt to the USDA Supply/Demand report estimates plus talk of continued strong demand from China plus talk of too much rain in the forecast for northern Brazil helped to support the market overnight but the upside seems limited. The short-term trend looks to remain down as weather looks bearish and the market is still holding a very high weather premium. Mato Grosso is already 30% harvested which is ahead of normal. March soybeans put in a very bearish outside day lower on Friday. Not only did the market close down 10 3/4 cents on the day, it was down 22 3/4 cents on the week. The well-respected Brazilian analytics firm Safras raised their Brazilian soybean production estimate to 107.1 million tonnes as compared with the USDA estimate of 104 million tonnes. The average yield was seen at 3.20 million tonnes per hectare versus 2.9 million last year. Informa also raised its estimate for Brazilian soybean production to 106.5 million tonnes and left their Argentine production unchanged at 55.0 million tonnes versus the USDA's 57 million. The average estimates for Thursday's USDA report have been released with US ending stocks at 412 million bushels versus last month's 420 million. The average estimate for Brazilian production is at 104.1 million tonnes and Argentina at 54.4 million tonnes. World ending stocks are estimated at 81.2 million tonnes versus last month's USDA estimate of 82.3 million tonnes.

There are many traders who believe that time and time again, we see high ending stocks estimates for US soybeans during the marketing year only to see stronger than expected global demand eat into the surplus. Ending stocks estimates last year started at 500 million bushels and ended at 197 million bushels as strong Chinese demand and especially flooding in Argentina boosted US usage. For the 2014/15 season, ending stocks reached as high as 475 million bushels and collapsed to 191 million by September. Usage estimates for this year are already historically high and without a weather issue, a record Brazilian crop this year should keep world demand saturated for the March to September timeframe, and ending stocks are likely to remain at a 10-year high. The Commitments of Traders reports as of January 31st showed Non-Commercial traders were net long 181,101 contracts, a decrease of 19,757 contracts for the week and the long liquidation selling trend is seen as a short-term bearish force. Non-Commercial and Nonreportable combined traders held a net long position of 101,488 contracts, down 23,665 contracts for the week. Commodity Index traders held a net long position of 142,305 contracts, up 2,331 contracts for the week.

For Soybean Oil, Non-Commercial traders were net long 82,770 contracts, a decrease of 35,189 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 91,381 contracts, down a whopping 43,067 contracts in just one week. For Soybean Meal, Non-Commercial traders were net long 89,992 contracts, a decrease of 3,037 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 111,529 contracts, down 4,517.

### TODAY'S MARKET IDEAS:

There seems to be a positive tilt to the global economy and a willingness by fund traders to hold agricultural commodities. This re-inflate psychology continues to support soybeans and other key commodity markets like cotton, sugar and cattle. March soybean close-in selling resistance is at 1041 and 1048 1/2. Keep 1009 and 992 1/4 as next downside targets.

### NEW RECOMMENDATIONS:

1) Sell July soybean meal at 343.20 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.

Commitment of Traders - Futures and Options - 1/24/2017 - 1/31/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
<b>Grains</b>						
Soybeans	181,101	-19,757	-101,488	+23,664	-79,613	-3,908
Soymeal	89,992	-3,037	-111,529	+4,517	21,537	-1,480
Soyoil	82,770	-35,189	-91,381	+43,066	8,611	-7,878

### 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) 02/06/2017: 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 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. 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 1013 1/4. The next area of resistance is around 1036 and 1049, while 1st support hits today at 1018 and below there at 1013 1/4.

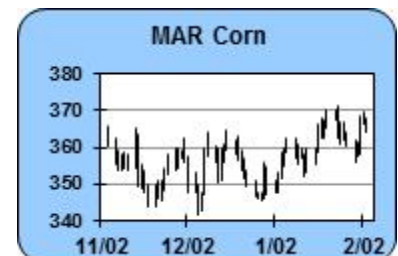
SOYBEAN OIL (MAR) 02/06/2017: Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. The close below the 9-day moving average is a negative short-term indicator for trend. The close below the 2nd swing support number puts the market on the defensive. The near-term upside target is at 35.00. The next area of resistance is around 34.33 and 35.00, while 1st support hits today at 33.39 and below there at 33.13.

SOYMEAL (MAR) 02/06/2017: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market's short-term trend is negative as the close remains below the 9-day moving average. The market tilt is slightly negative with the close under the pivot. The next downside objective is 327.8. The next area of resistance is around 334.0 and 337.4, while 1st support hits today at 329.2 and below there at 327.8.

### DAILY CORN COMMENTARY

02/06/17

**Fund sellers last week; Big S America crop to slow US demand**



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

**OVERNIGHT DEVELOPMENTS:** March corn is trading up 2 cents this morning. Outside market forces look mixed.

**NEAR-TERM MARKET FUNDAMENTALS:** It will take a move over the January high in the short-term in order to avoid a trading range view for corn. Argentine and Brazilian dry areas received good rains and the market looks vulnerable to pull back from the high end of a 4-month trading range. This year, the weather so far in Brazil has been ideal, with the second, "safrinha" corn crop getting planted earlier than normal following a quick harvest for the soybean crop. Mato Grosso's safrinha crop is 27% planted versus 11% last year. Without help from the weather in South America, demand for corn could fall sharply into the spring and summer. March corn was pulled lower on Friday from weak soybeans and the rejection of key technical resistance on Thursday. While the market closed lower Thursday and Friday, March corn for the week was up 2 3/4 cents. Informa released new estimates for South American production with Brazilian corn crop at 89.0 million tonnes, up 2.0 million from their previous estimate and up 2.5 million tonnes from the USDA estimate. Their Argentine production estimate was 35.2 million tonnes, down from 36.0 million. Agrural consulting estimated Brazil's total corn production at 89.3 million tonnes up from 88.6 million and up from the USDA's 86.5 million estimate. The average estimate for Thursday's USDA report for Brazilian production is at 87.1 million tonnes compared to 86.5 million and Argentine production at 35.8 million tonnes versus 36.5 million last month.

The average estimate for corn ending stocks is at 2.334 billion bushels compared to last month's 2.355 billion. World corn ending stocks are estimated at 220.5 million tonnes versus 221.0 million last month. Last year, a late-season drought cut the Brazilian corn crop to 67 million tonnes, and flooding in Argentina shaved their corn crop down to 29 million tonnes. That gave US exporters a significant advantage from late last spring into the end of 2016, as Brazil was out of the export market for most of last year. We would consider an estimate for Argentina's production of 34 million tonnes, down 2.5 million from the January USDA estimate, as a good working number. At this rate, we would expect the combined production for the two countries to come in around 125 million tonnes, up from 96 million last year. That is a jump of 29 million tonnes (1.141 billion bushels) in exportable corn from last year.

The Commitments of Traders reports as of January 31st showed Non-Commercial traders were net long 112,942 contracts, a decrease of 21,444 contracts for the week and the selling trend is a short-term bearish force. Non-Commercial and Nonreportable combined traders held a net long position of 68,035 contracts, a decrease of 19,159 contracts for the week. Commodity Index traders held a net long position of 360,703 contracts. This represents an increase of a significant 8,017 contracts in just one week.

**TODAY'S MARKET IDEAS:**

In our opinion, the corn market is still range-bound and traders will probably have to be content with trading the ranges for a while. One way to trade this might be to sell March corn futures somewhere in the range of \$3.68 to \$3.72 and buy 2 May \$390 calls at 6 1/2 cents each. Traders can look to cover the futures on a retest of the recent lows at \$3.50-\$3.55 and stay long the May calls into the early spring.

**NEW RECOMMENDATIONS:**

\* Buy March corn \$3.70 put at 6 1/2 cents with an objective of 17 cents. Risk a total of 3 1/2 cents from entry.

**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.

<b>Commitment of Traders - Futures and Options - 1/24/2017 - 1/31/2017</b>						
	<b>Non-Commercial</b>			<b>Commercial</b>		<b>Non-Reportable</b>
	<b>Net Position</b>	<b>Weekly Net Change</b>	<b>Net Position</b>	<b>Weekly Net Change</b>	<b>Net Position</b>	<b>Weekly Net Change</b>
<b>Grains</b>						
Corn	112,942	-21,444	-68,035	+19,159	-44,907	+2,285

## 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) 02/06/2017: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The market's short-term trend is positive on the close above the 9-day moving average. The close below the 1st swing support could weigh on the market. The near-term upside target is at 369 1/4. The next area of resistance is around 367 and 369 1/4, while 1st support hits today at 363 1/2 and below there at 362.

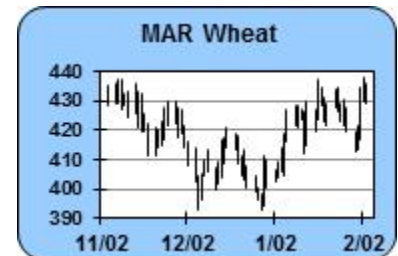
## DAILY WHEAT COMMENTARY

02/06/17

**Spring weather a little more important with lower acres**

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):**  
WHEAT +0.2

**OVERNIGHT DEVELOPMENTS:** March wheat is up 1 cent this morning. Outside market forces look mixed. Matif futures are up 0.3%.



**NEAR-TERM MARKET FUNDAMENTALS:** There is a very dry 5-day forecast for the central and southern Plains while the 6-10 and 8-14 day models are showing above-normal temperatures and below-normal precipitation. The University of North Dakota is citing spring wheat acres could be down 1.5 million acres which is also a supportive force, so spring weather will be critical. With this set-up, it is difficult to get bearish over the near-term. Clearly, the short-term overbought condition plus some weakness in the other grains could spark a setback in the range. However, breaks are likely buying opportunities for the new crop futures. March wheat closed 4 1/4 cents lower on Friday. This left the market up 9 cents on the week and it was the highest weekly close since November 4th. Thursday's open interest went down 4,389 contracts with short covering featuring on the rally. Stats Canada estimated December 31st total wheat stocks up 17% at 25.03 million tonnes compared to 21.43 million last year. The average ending stocks estimate for Thursday's USDA report came in at 1.176 billion bushels versus last month 1.186 billion. As of January 26th, cumulative wheat export sales stand at 86.2% of the USDA forecast versus a 5 year average of 80.3%. This leaves the USDA with the data to inch up exports.

World wheat ending stocks were estimated at 253.2 million tonnes compared to 253.3 million last month. The Commitments of Traders reports as of January 31st showed Non-Commercial traders were net short 62,566 contracts, an increase of 9,689 contracts for the week. Non-Commercial and Nonreportable combined traders held a net short position of 57,242 contracts, an increase of 8,835 contracts for the week. Commodity Index traders held a net long position of 122,167 contracts, down 1,371 contracts for the week. For Kansas City Wheat, Non-Commercial traders were net long 23,800 contracts, a decrease of 10,204 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 24,103 contracts, down 9,266 contracts for the week.

### TODAY'S MARKET IDEAS:

March wheat close-in resistance is at 434 with key support back at 420 1/2. Close-in resistance for July wheat is 461 with key support at 448 1/4. Consider buying into support or consider buying the July 460/530 bull call spread for 14 cents.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

	Non-Commercial		Net Position	Commercial		Non-Reportable	
	Net Position	Weekly Net Change		Net Position	Weekly Net Change	Net Position	Weekly Net Change
<b>Grains</b>							
KC Wheat	23,800	-10,204	-24,102	+9,268	303	+938	
Wheat	-62,566	-9,689	57,242	+8,834	5,324	+854	

## 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) 02/06/2017: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market's close above the 9-day moving average suggests the short-term trend remains positive. The close below the 1st swing support could weigh on the market. The next upside objective is 437 3/4. The next area of resistance is around 433 1/2 and 437 3/4, while 1st support hits today at 427 and below there at 425.

KC WHEAT (MAR) 02/06/2017: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The daily closing price reversal down is a negative indicator for prices. The market's close below the pivot swing number is a mildly negative setup. The near-term upside target is at 451 3/4. The next area of resistance is around 445 1/4 and 451 3/4, while 1st support hits today at 435 3/4 and below there at 433.

MINN WHEAT (MAR) 02/06/2017: Momentum studies are declining, but have fallen to oversold levels. 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 target is now at 553 1/2. The next area of resistance is around 561 1/4 and 565 1/4, while 1st support hits today at 555 1/4 and below there at 553 1/2.

RICE (MAR) 02/06/2017: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. A negative signal for trend short-term was given on a close under the 9-bar moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside target is 9.450. The next area of resistance is around 9.595 and 9.650, while 1st support hits today at 9.495 and below there at 9.450.

## 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
<b>GRAIN COMPLEX</b>										
CNAH7	365 1/4	54.45	54.77	64.16	65.09	365.19	363.81	363.47	358.03	356.84
CNAZ7	392 3/4	54.67	54.79	66.96	69.95	392.69	391.22	390.83	386.62	385.65
SSAH7	1027	41.17	45.70	46.13	34.46	1031.38	1040.08	1045.13	1034.12	1030.32
SSAX7	1009 3/4	46.02	48.54	58.40	50.32	1010.31	1016.14	1017.24	1010.74	1008.51
SMAH7	331.6	42.45	49.05	56.07	41.61	334.00	338.01	337.59	325.75	324.19
BOAH7	33.86	34.89	36.58	21.58	23.89	34.15	34.35	34.96	35.83	35.74
WHAH7	430 1/4	55.72	55.23	59.57	66.17	429.81	425.78	426.63	415.94	417.19
WHAN7	456 1/4	54.35	54.62	57.07	60.26	456.00	453.36	455.00	442.47	444.41
RCAH7	9.545	35.05	39.69	24.82	15.07	9.54	9.69	9.76	9.79	9.81
KWAH7	440 1/2	54.35	54.76	44.98	46.21	438.50	437.08	440.65	424.94	425.68
MWAH7	558 1/4	49.78	51.73	28.07	25.21	555.88	557.75	563.81	548.87	542.73
OTAH7	258 3/4	63.94	63.17	59.77	57.87	252.19	253.08	250.07	234.91	232.69

Calculations based on previous session. Data collected 02/03/2017

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

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>GRAIN COMPLEX</b>						
CNAH7	Corn	361 3/4	363 1/2	365 1/2	367	369 1/4
CNAZ7	Corn	389 3/4	391	393	394 1/2	396 1/4
SSAH7	Soybeans	1013	1018	1031	1036	1049
SSAX7	Soybeans	998 1/4	1002 1/2	1012 3/4	1017	1027 1/4
SMAH7	Soymeal	327.8	329.2	332.6	334.0	337.4
BOAH7	Soybean Oil	33.12	33.38	34.06	34.33	35.00
WHAH7	Wheat	425	427	431 1/2	433 1/2	438
WHAN7	Wheat	450 1/4	453	457	459 1/2	463 3/4
RCAH7	Rice	9.450	9.495	9.550	9.595	9.650
KWAH7	KC Wheat	433	435 3/4	442 1/2	445 1/4	452
MWAH7	MINN Wheat	553 1/2	555 1/4	559 1/2	561 1/4	565 1/2
OTAH7	Oats	248 1/4	254 1/2	257	263	265 3/4

Calculations based on previous session. Data collected 02/03/2017

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