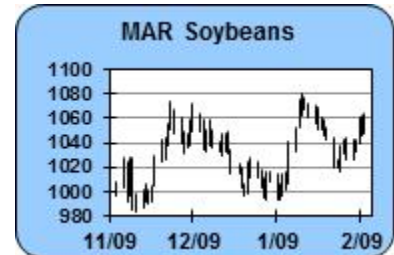




**DAILY SOY COMPLEX COMMENTARY**  
02/13/17

**With normal weather, a massive long liquidation threat ahead**

**OVERNIGHT CHANGES THROUGH 6:06 AM (CT):**  
**SOY BEANS -6.0, BEAN OIL -0.3, SOYMEAL -0.6**



**OVERNIGHT DEVELOPMENTS:** March soybeans are trading down 6 1/4 cents this morning. China futures were up 0.4% overnight but closed well off of the highs. Palm oil futures in Malaysia were down 1.1%. Global equity markets were higher overnight with the only exceptions the FTSE 100 Index and the MICEX Index which were minimally lower. The Asian session featured a +1.1% gain in the fourth quarter Japanese GDP which was a downtick from third quarter's +1.3% annualized rate. Overnight the EU raised its 2016 growth forecast to 1.9% from 1.8% and they are saw positive growth throughout the Bloc in the coming 2 years. The North American session will be relatively quiet data-wise, which may keep the market focus on developments in Washington. Earnings announcements will include Teva Pharmaceuticals before the Wall Street opening.

**NEAR-TERM MARKET FUNDAMENTALS:** The short-term weather forecast in South America looks bearish and the market will need to absorb a record Brazil crop over the near-term. The market seems to be holding a weather premium of at least \$1 but the currency move in Brazil has helped producers hold back on selling. In addition, the combined net long position of managed money traders for soybeans, oil and meal combined reached a near record net long position of 340,700 contracts on January 24th and by February 4th was down to 273,991 contracts. Long liquidation of this massive position is the biggest threat to the bulls. It seems that many of the reasons traders continue to buy soybeans are longer-term reasons, or on hopes that weather conditions sour in South America. In addition, traders are hopeful that US producers do not increase planted area that much and that weather in the US causes lower yields this season.

If acres are up 5.9 million, and yield comes in at 47.9 bushels/acre (down 8% from last year), and we assume record demand again next season, ending stocks still come in at 515 million bushels. Ending stocks have been over 500 million only twice in history. May soybeans closed 8 1/2 cents higher on the session Friday and this left the market with a gain of 32 3/4 for the week. Continued talk of strong Chinese demand helped to support. Cash sources have speculated that China has secured up to 25 cargoes of soybeans primarily from Brazil and this has kept buyers active. Total Chinese January soybean imports were seen at 7.66 million tonnes, up 35% from last January's total and the highest January import total since 2010. China imported 9.0 million tonnes of soybeans in December. Also, US exporters announced the sale of 140,000 tonnes of soybeans to unknown destinations. The open interest in soybeans went up 7,410 contracts on Thursday and was up 17,329 contracts over the previous three days with more trend following length entering the market. While the USDA sees Brazilian production near 104 million tonnes, many traders are at 105.50 to 107.00 million. Mato Grosso harvest has reached 46% and this has helped push total Brazilian harvest to near 18% complete from near 11% average. The Rosario Exchange sees Argentina soybean crop rated 77% good to excellent.

The Commitments of Traders reports as of February 7th showed Non-Commercial traders were net long 176,402 contracts, a decrease of 4,699 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 98,206 contracts, down 3,282 contracts for the week. Commodity Index traders held a net long position of 145,717 contracts. This represents an increase of 3,412 contracts in the net long position held by these traders. For Soybean Oil, Non-Commercial traders were net long 77,618 contracts, a decrease of 5,152 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 85,005 contracts, down 6,376. Commodity Index traders held a net long position of 95,003 contracts. This represents an increase of 1,392 contracts in the net long position held by these traders. For Soybean Meal, Non-Commercial

traders were net long 86,229 contracts, a decrease of 3,763 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 107,410 contracts, down 4,119. Commodity Index traders held a net long position of 95,777 contracts, up 5,047 contracts for the week.

**TODAY'S MARKET IDEAS:**

With normal weather in the next few weeks, the market looks vulnerable to a long liquidation selling trend with managed money traders still holding a combined net long position of 273,991 contracts for soybeans, meal and oil as of February 4th. The surging open interest and active fund buying last week means the net long is likely higher. May soybeans have some resistance at 1069 3/4 and 1076, but a resumption of the uptrend leaves a technical target up at 1111 1/2. Support is at 1057 1/2 and 1050 1/2. Key support is back at 1030 1/2 and 1012 3/4. The move over the January high for November soybeans leaves 1048 1/4 as next target.

**NEW RECOMMENDATIONS:**

None.

**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. 3) Short July soybean meal from 343.20 with an objective of 321.70. Risk the trade to a close over 350.00. 4) Long 3 July soybean meal 310.00 puts and short 1 July soybean meal 350.00 call for a net premium paid of +0.90. Use an objective of +37.50 on the spread, and risk a total of 8.00 from entry.

Commitment of Traders - Futures and Options - 1/31/2017 - 2/7/2017						
	Non-Commercial		Commercial	Non-Reportable		
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	Weekly Net Change
<b>Grains</b>						
<b>Soybeans</b>	176,402	-4,699	-98,206	+3,282	-78,196	+1,417
<b>Soymeal</b>	86,229	-3,763	-107,410	+4,119	21,181	-356
<b>Soyoil</b>	77,618	-5,152	-85,005	+6,376	7,387	-1,224

**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) 02/13/2017: 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. Market positioning is positive with the close over the 1st swing resistance. The near-term upside objective is at 1073 1/4. The next area of resistance is around 1067 and 1073 1/4, while 1st support hits today at 1051 and below there at 1041 1/4.

SOYBEAN OIL (MAR) 02/13/2017: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. It is a slightly negative indicator that the close was lower than the pivot swing number. The next upside objective is 35.23. The next area of resistance is around 34.90 and 35.23, while 1st support hits today at 34.31 and below there at 34.04.

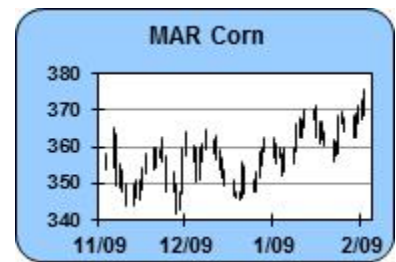
SOYMEAL (MAR) 02/13/2017: The daily stochastics have crossed over up which is a bullish indication. Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The intermediate trend could be turning up with the close back above the 18-day moving average. A positive setup occurred with the close over the 1st swing resistance. The near-term upside target is at 348.0. The next area of resistance is around 345.4 and 348.0, while 1st support hits today at 338.8 and below there at 334.7.

**DAILY CORN COMMENTARY**  
02/13/17

**US exporters brace for big S America crop ahead**

**OVERNIGHT CHANGES THROUGH 6:06 AM (CT):**  
CORN -0.2

**OVERNIGHT DEVELOPMENTS:** March corn is trading 1 1/4 cents lower this morning. Outside market forces look slightly negative. China corn futures remain near a 2-month high and officials see planted area falling 670,000 hectares this year.



**NEAR-TERM MARKET FUNDAMENTALS:** May corn remains in a steady uptrend with a series of higher lows and higher highs. May corn closed 4 3/4 cents higher on Friday and this left the market with a gain of 9 1/4 cents for the week and up to the highest level since July. If planted acres are down 4.0 million, and yield comes in at the 20-year trend of 167.2 bushels/acre (down 4.2% from last year's record), and we assume lower demand due to a much larger South American crop, ending stocks come in at 1.729 billion bushels from 2.320 billion this season. South Korea is tendering for 210,000 tonnes of corn. The market found solid support in recent days from crude oil, copper and other key commodity markets which are attracting aggressive buying from fund traders. In just eight trading sessions, open interest has surged over 100,000 contracts as fund traders keep buying. Cash sources did note a significant increase in producer selling on the rally Friday. December corn closed at 399 1/4, the highest settlement since June 22nd of last year.

Traders are bracing for the negative impact on demand for US corn if the South American crop is as high as advertised and production is up about 1 billion bushels from last year. The second crop in Brazil (safrina) is 47% planted, well ahead of normal. The managed money category increased their net longs by 25,372 contracts last week. The Commitments of Traders reports as of February 7th showed Non-Commercial traders were net long 144,010 contracts, an increase of 31,068 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 99,042 contracts, up 31,007 contracts for the week. Commodity Index traders held a net long position of 367,096 contracts, up 6,393 contracts for the week.

**TODAY'S MARKET IDEAS:**

With open interest surging 100,000 contracts in just eight trading days, fund traders are clearly active buyers. The market will need continued strong buying from funds to hold the trend up and the massive crop potential from Brazil will be watched closely "if" weather turns normal for the month ahead. December corn support is at 395 1/4 with 401 3/4 and 403 1/4 as next swing targets. March corn close-in support is at 369 with 376 3/4 and 379 1/4 as next resistance.

**NEW RECOMMENDATIONS:**  
None.

**PREVIOUS RECOMMENDATIONS:**

Short May Corn from 367 with an objective of 354 1/2. Also long 2 May Corn 400 calls for a net cost of 7 cents.

Commitment of Traders - Futures and Options - 1/31/2017 - 2/7/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
<b>Grains</b>						
Corn	144,010	+31,068	-99,041	-31,006	-44,968	-61

**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) 02/13/2017: The upside crossover (9 above 18) of the moving averages suggests a developing short-term uptrend. Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's close above the 9-day moving average suggests the short-term trend remains positive. With the close over the 1st swing resistance number, the market is in a moderately positive position. The near-term upside objective is at 380 1/4. The next area of resistance is around 378 and 380 1/4, while 1st support hits today at 371 and below there at 366 1/4.

## DAILY WHEAT COMMENTARY

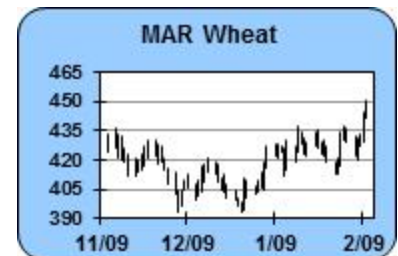
02/13/17

### Big Australia crop slows buying interest; new crop?

#### OVERNIGHT CHANGES THROUGH 6:06 AM (CT):

WHEAT -2.6

**OVERNIGHT DEVELOPMENTS:** March wheat is down 4 1/4 cents this morning. Outside market forces look slightly negative. Matif futures are down slightly.



**NEAR-TERM MARKET FUNDAMENTALS:** Australia officials (ABARES) pegged the 2016/17 wheat production at a record high 35.13 million tonnes this morning. This is up from 33 million tonnes from the USDA report last week. While there is some moisture short-term for Oklahoma, Kansas and Nebraska look dry for the next 15 days. If planted acres are down 4.7 million, and yield comes in at the 20-year trend of 47.2 bushels/acre (the 2nd highest on record), and we assume slightly higher usage, ending stocks come in at 796 million bushels from 1.139 billion this season. The USDA has lowered their forecast for Kazakhstan wheat production for the 2016/17 season to 14.99 million tonnes from 16.5 million previously. March wheat closed 5 1/2 cents higher on the session and traded up to the highest level since August and managed to post a gain of 18 3/4 cents for the week. Continued short covering from the managed money traders who are still estimated to be carrying a short of 82,547 contracts as of February 4th and this has helped to support. Open interest is down 17,450 contracts in the last eight trading days.

Technically the market broke above a five month high and could continue to see speculative short covering. It was a "risk on" day for many commodities on Friday with copper up 4.5% on the day and crude oil up 1.5%. Chinese wheat production was seen falling to 128.85 million tonnes from 130.19 million last year, according to a report from the Foreign Ag Services. The Commitments of Traders reports as of February 7th showed Non-Commercial traders were net short 49,246 contracts, a decrease of 13,320 contracts for the week. Non-Commercial and Nonreportable combined traders held a net short position of 44,026 contracts, a decrease of 13,216 contracts for the week. Commodity Index traders held a net long position of 126,650 contracts, up 4,483 contracts for the week. For Kansas City Wheat, Non-Commercial traders were net long 27,007 contracts, an increase of 3,207 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 26,703 contracts, up 2,600.

#### TODAY'S MARKET IDEAS:

Declining open interest on the rally is a sign of short-covering, but the COT report indicates that there is more fuel. The move over the October high for March wheat is bullish and leaves 466 as next target. Close-in support is at 442 1/2 and 438 3/4. July wheat support is at 465 3/4 with 488 3/4 as next target.

#### NEW RECOMMENDATIONS:

None.

#### PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 1/31/2017 - 2/7/2017						
	Non-Commercial		Net Position	Commercial		Non-Reportable
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	
<b>Grains</b>						
KC Wheat	27,007	+3,207	-26,703	-2,601	-304	-607
Wheat	-49,246	+13,320	44,026	-13,216	5,220	-104

## 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) 02/13/2017: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. A positive signal for trend short-term was given on a close over the 9-bar moving average. The close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 457. The next area of resistance is around 453 3/4 and 457, while 1st support hits today at 444 1/4 and below there at 437 3/4.

KC WHEAT (MAR) 02/13/2017: The upside crossover of the 9 and 18 bar moving average is a positive signal. Rising stochastics at overbought levels warrant some caution for bulls. The market's short-term trend is positive on the close above the 9-day moving average. With the close over the 1st swing resistance number, the market is in a moderately positive position. The near-term upside target is at 471. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 467 and 471, while 1st support hits today at 454 and below there at 445 1/4.

MINN WHEAT (MAR) 02/13/2017: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's close above the 9-day moving average suggests the short-term trend remains positive. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside target is at 578 3/4. The next area of resistance is around 576 and 578 3/4, while 1st support hits today at 569 and below there at 564 1/2.

RICE (MAR) 02/13/2017: The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. The market's close above the 9-day moving average suggests the short-term trend remains positive. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside objective is at 9.706. The next area of resistance is around 9.647 and 9.706, while 1st support hits today at 9.483 and below there at 9.377.

## 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	374 1/2	67.37	63.46	76.69	85.06	370.81	367.53	366.21	360.01	358.31
CNAZ7	399 1/4	64.32	61.38	81.03	87.84	397.19	394.61	393.26	388.16	386.85
SSAH7	1059	60.62	57.84	51.21	61.67	1052.75	1041.39	1048.79	1034.53	1034.27
SSAX7	1030	62.07	58.97	68.30	77.78	1025.94	1018.00	1021.00	1011.24	1011.53
SMAH7	342.1	60.90	59.27	42.48	47.63	339.40	336.27	340.22	327.76	326.11
BOAH7	34.61	49.42	46.78	40.75	49.47	34.57	34.37	34.62	35.46	35.70
WHAH7	449	69.16	64.59	74.11	86.03	438.94	433.06	429.24	419.51	418.28
WHAN7	474 3/4	69.51	64.97	69.86	84.49	463.25	458.42	456.60	445.81	445.02
RCAH7	9.565	45.86	44.96	20.80	24.99	9.51	9.52	9.67	9.73	9.78
KWAH7	460 1/2	71.51	66.35	63.29	79.34	448.31	442.56	441.39	429.24	427.20
MWAH7	572 1/2	64.93	61.12	40.31	57.76	563.50	559.19	561.76	551.73	546.18
OTAH7	254 1/2	54.31	56.93	54.98	52.21	255.13	254.50	255.40	239.53	235.33

Calculations based on previous session. Data collected 02/10/2017

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	366 1/4	371	373 1/4	378	380 1/4
CNAZ7	Corn	393 1/4	396 3/4	398 1/4	401 3/4	403 1/4
SSAH7	Soybeans	1041 1/4	1051	1057 1/4	1067	1073 1/4
SSAX7	Soybeans	1019 1/4	1025	1029 1/2	1035	1039 3/4
SMAH7	Soymeal	334.6	338.7	341.3	345.4	348.0
BOAH7	Soybean Oil	34.03	34.30	34.63	34.90	35.23
WHAH7	Wheat	437 3/4	444	447 1/2	454	457 1/4
WHAN7	Wheat	461	469 1/4	472	480 1/4	483
RCAH7	Rice	9.376	9.482	9.541	9.647	9.706
KWAH7	KC Wheat	445	454	458	467	471
MWAH7	MINN Wheat	564 1/4	569	571 1/2	576	578 3/4
OTAH7	Oats	250 3/4	252 3/4	254 1/4	256 1/4	257 3/4

Calculations based on previous session. Data collected 02/10/2017

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