



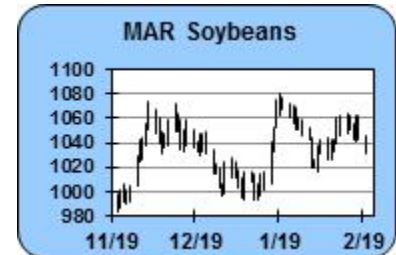
DAILY GRAINS COMMENTARY Tuesday February 21, 2017

DAILY SOY COMPLEX COMMENTARY 02/21/17

Minor concerns in Argentina but big S America crop to absorb

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
SOY BEANS +5.4, BEAN OIL -0.1, SOYMEAL +2.0

OVERNIGHT DEVELOPMENTS: March soybeans are trading up 4 1/2 cents this morning. China futures were lower yesterday and bounced today and closed just a few ticks higher than Friday. Palm oil futures in Malaysia were down 1.7% and fell to the lowest level since November 8th. The market is down 9.3% in just four trading sessions. Global equities were mixed overnight with the brunt of the markets trading higher. The markets were presented with mostly positive Euro zone economic data this morning but hawkish Fed dialogue from Monday has fostered talk of a US rate hike and that in turn has lifted the Dollar sharply! Euro zone business PMI registered the fastest growth in 5 years while Japanese and German PMI's reached up to the highest level in 3 years! The North American economic schedule will be fairly quiet, with the only data point of note being the "flash" Markit manufacturing PMI number that is expected to see a modest uptick from January's 55.0 reading.



NEAR-TERM MARKET FUNDAMENTALS: With another bearish weather forecast for South America this week, and the COT report showing speculators continuing to jump on the bull band wagon, the market looks vulnerable to a long liquidation sell-off. There are some light weather concerns for the weekend rains in Argentina but the region looks drier this week with more rain on the coming weekend. The Brazil harvest has already reached 24.8% complete as compared with the 5-year average of 17.1%. In addition, rains over the weekend in Argentina were not quite as heavy as feared. Palm oil was down sharply again overnight and down 9.3% in just four trading sessions. In their Outlook Forum on February 23rd, the USDA will present their first look at the US soybean crop for 2017/18. If soybean planted area comes in around 89.3 million acres, up 5.9 million from 2016/17, and yield comes in at the 20-year trend of 47.7 bushels/acre (down 8.4% from last year) production would come in around 4.226 billion bushels. If we further assume a reduction in export demand due to a much larger than expected South America crop this year, ending stocks come in around 603 million bushels, and the stocks/usage ratio could climb to 14.9%. If the average yield were to reach 50 bushels per acre (still below last year's level), ending stocks could surge to 806 million bushels.

There have been reports that a large percentage of Brazil's crop was planted with the type of high-yielding seed that has been in use in the US in recent years, and more and more trade estimates are putting Brazil soybean production at 107 to 109 million tonnes versus the February USDA update of 104 million. Just this past week, technical action in the China soybean futures have turned a bit negative, as feed margins in the poultry industry in China turned negative as well. Bird flu has spread to several large cities, and news of more human infections has begun to affect demand (and prices) for poultry. This is a primary concern for grain traders, as it hurts soybean meal demand. Weaker meal prices could hurt crush margins and slow Chinese soybean imports.

The Commitments of Traders reports as of February 14th showed Non-Commercial traders were net long 195,921 contracts, an increase of 19,519 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 117,612 contracts, up 19,406 contracts for the week. Managed Money traders increased their net long position by 20,354 contracts for the week to reach 170,668 net long. Commodity Index traders held a net long position of 151,991 contracts, an increase of 6,274 contracts for the week. For Soybean Oil, Non-Commercial traders were net long 81,799 contracts, an increase of 4,181 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 86,837 contracts, up 1,832 contracts for the week. Commodity Index traders held a net long position of 89,784 contracts, down a significant 5,219

contracts in just one week. For Soybean Meal, Non-Commercial traders were net long 91,618 contracts, an increase of 5,389 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 111,297 contracts, up 3,887 contracts for the week. Commodity Index traders held a net long position of 92,490 contracts, down 3,287 contracts for the week.

TODAY'S MARKET IDEAS:

The advancing Brazil harvest, good South America weather, an overbought condition basis the COT report and the demand concerns out of China are all seen as factors which could spark long liquidation selling ahead. Close-in selling resistance for May soybeans is at 1054 with 1030 1/2 and 1012 3/4 as next support. May meal selling resistance is at 350.40 with 327.20 as key support. Consider selling meal or soybeans on any bounce.

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.

Commitment of Traders - Futures and Options - 2/7/2017 - 2/14/2017							
	Non-Commercial		Net Position	Commercial		Non-Reportable	
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	Weekly Net Change	
Grains							
Soybeans	195,921	+19,519	-117,613	-19,407	-78,309	-113	
Soymeal	91,618	+5,389	-111,296	-3,886	19,679	-1,502	
Soyoil	81,799	+4,181	-86,837	-1,832	5,038	-2,349	

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) 02/21/2017: The close below the 60-day moving average is an indication the longer-term trend has turned down. The daily stochastics gave a bearish indicator with a crossover down. Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The close below the 9-day moving average is a negative short-term indicator for trend. The close below the 1st swing support could weigh on the market. The next downside objective is 1020 1/2. The next area of resistance is around 1040 and 1050 3/4, while 1st support hits today at 1025 and below there at 1020 1/2.

SOYBEAN OIL (MAR) 02/21/2017: 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 market is in a bearish position with the close below the 2nd swing support number. The next downside target is 32.26. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 33.29 and 33.87, while 1st support hits today at 32.49 and below there at 32.26.

SOYMEAL (MAR) 02/21/2017: The daily stochastics have crossed over down which is a bearish indication. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market's close below the 9-day moving average is an indication the short-term trend remains negative. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is now at 335.6. The next area of resistance is around 341.8 and 344.3, while 1st support hits today at 337.4 and below there at 335.6.

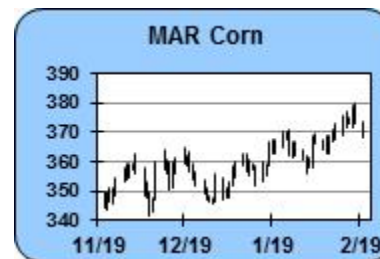
DAILY CORN COMMENTARY

02/21/17

Seems to be plenty of new buyers who could be disappointed

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

OVERNIGHT DEVELOPMENTS: March corn is trading 1 cent higher this morning. Outside market forces look bearish with a strong US dollar. South Korea bought near 62,000 tonnes of optional origin corn. The seller was China trading group COFCO.



NEAR-TERM MARKET FUNDAMENTALS: With the good weather in South America and a great start to the 2nd crop plantings for corn in Brazil, the outlook for demand for US corn could be weakening. For the outlook conference this week, if US planted area declines 4.5 million acres, and yield comes in at the 20-year trend of 167.2 bushels/acre (down just 4.2% from last year's record), production would fall to roughly 13.8 billion bushels. If we further assume that US exports fall by 325 million bushels (due to a much larger South American crop) and total usage falls to 14.375 billion bushels, ending stocks could come in at 1.802 billion bushels, down from 2.320 billion in 2016/17. This would result in a stocks/usage ratio of 12.5%, a 4-year low. With a near 28% jump in South America corn production from last year, we expect a decline of about 15% in US exports for the 2017/18 season. A 15% drop in US exports seems reasonable, but there are other factors that could influence exports as well, such as currency fluctuations, expanding global livestock production, and potential actions by China. US corn exports could also take a hit if trade relations with Mexico deteriorate. Mexican Senator Armando Rios is introducing a bill requiring Mexico to buy corn from Argentina and Brazil rather than the US. Rios plans to introduce the bill within a week. On average, Mexico has represented 25% of US corn exports.

May corn closed 5 1/2 cents lower on the session Friday and down 6 1/2 cents for the week. US exporters announced the sale of 194,112 tonnes of corn sold to Japan on Friday. Iowa State Climatologist Elwynn Taylor claimed to be 70% confident that the 2017 US corn yield will be above trendline yields based on the lack of La Nina indicators in the Pacific ocean temperatures readings around the equator so far this season. The USDA 10 year baseline is using a 170.8 trendline yield while the 20 year average corn yield is 167.2. The open interest in corn went down 7,135 contracts Thursday but is up 112,212 contracts over the last five trading days. The Commitments of Traders reports as of February 14th showed Non-Commercial traders were net long 205,809 contracts, an increase of 61,799 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 153,316 contracts, up 54,274 contracts for the week. Managed Money traders increased their net long position by a whopping 56,527 contracts for the week to 85,360. Commodity Index traders held a net long position of 373,926 contracts. This represents an increase of 6,830 contracts in the net long position held by these traders.

TODAY'S MARKET IDEAS:

Without help from South American weather, the corn market does not seem to have the supply fundamentals to continue to advance very far from current levels. We expect July Corn to trade in a range of 360 to 392 in the weeks ahead. Resistance for May corn is at 380 1/2 with 372 3/4 and 368 1/4 as initial support levels.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Short May Corn from 367 with an objective of 359 3/4. Also long 2 May Corn 400 calls for a net cost of 3 1/2 cents each.

Commitment of Traders - Futures and Options - 2/7/2017 - 2/14/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Grains						
Corn	205,809	+61,799	-153,315	-54,274	-52,493	-7,525

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) 02/21/2017: 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 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 objective is 364 1/4. Bearish daily studies indicate selling minor rallies this session. The next area of resistance is around 370 3/4 and 374 1/2, while 1st support hits today at 365 3/4 and below there at 364 1/4.

DAILY WHEAT COMMENTARY

02/21/17

Weekly reversal last week and sluggish exports; weak

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
WHEAT -2.0

OVERNIGHT DEVELOPMENTS: March wheat is down 1 3/4 cents this morning. Outside market forces look bearish with a strong US dollar. Matif futures are up slightly. The Philippines bought 54,000 tonnes of wheat from Australia. Indonesia buyers are in the market to book cargoes for May delivery.



NEAR-TERM MARKET FUNDAMENTALS: India imports are expected to slow with harvest expected to pick up in late March. With follow-through selling on Friday from the sweeping reversal on Thursday, the short-term trend looks to be down. March wheat closed 6 3/4 cents lower on the session Friday and this left the market down 7 cents for the week. A daily sweeping reversal on Thursday plus the weekly reversal is a bearish technical development. Egypt bought 360,000 tonnes of wheat from three different suppliers on Friday. The details of the purchase had four Russian cargoes sold, one Romanian and one Ukrainian at an average price of \$207.25 including freight. Algeria was also seen buying as much as 200,000 tonnes of durum wheat at a price of \$262 per tonne. In their Outlook Forum on February 23rd, the USDA will present their first full look at the US wheat crop for 2017/18. If US wheat planted area falls to 45.8 million acres and yield comes in at the 20-year trend of 47.2 bu/acre (down 10.3% from last year), production would come in around 1.890 billion bushels. If we further assume sluggish export demand of only 950 million bushels, ending stocks could drop to 978 million and the stocks/usage ratio would decline to 44.9%.

While these figures would be lower than 2016/17, the ending stocks total would still be the second highest of the past 30 years. The Commitments of Traders reports as of February 14th showed Non-Commercial traders were net short 14,365 contracts, a decrease of 34,881 contracts for the week. Non-Commercial and Nonreportable combined traders held a net short position of 12,377 contracts, down 31,649 contracts for the week. Managed Money traders reduced their net short position by a whopping 42,500 contracts for the week and remain net short 40,047 contracts. For Kansas City Wheat, Non-Commercial traders were net long 37,778 contracts, an increase of 10,771 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 37,768 contracts, up 11,065 contracts for the week. Commodity Index traders held a net long position of 48,978 contracts. This represents an increase of 3,145 contracts in the net long position held by these traders.

TODAY'S MARKET IDEAS:

With weak fundamentals and weakness in the other grains, the market looks set to see more follow-through from last week's sweeping reversal. May wheat selling resistance is at 467, with 449 3/4 and 441 1/2 as key support. Position trade buyers might wait for a set-back to the 454 1/2 to 446 1/2 zone for July wheat.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 2/7/2017 - 2/14/2017						
	Non-Commercial		Net Position	Commercial		Non-Reportable
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	
Grains						
KC Wheat	37,778	+10,771	-37,767	-11,064	-10	+294
Wheat	-14,365	+34,881	12,378	-31,648	1,988	-3,232

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) 02/21/2017: Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The market's close below the 9-day moving average is an indication the short-term trend remains negative. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is now at 435 1/4. The next area of resistance is around 444 1/2 and 449 1/2, while 1st support hits today at 437 1/2 and below there at 435 1/4.

KC WHEAT (MAR) 02/21/2017: A crossover down in the daily stochastics is a bearish signal. Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. The market's close below the 9-day moving average is an indication the short-term trend remains negative. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is now at 451. The next area of resistance is around 459 and 462 1/4, while 1st support hits today at 453 1/2 and below there at 451.

MINN WHEAT (MAR) 02/21/2017: The close under the 60-day moving average indicates the longer-term trend could be turning down. 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 market's close below the pivot swing number is a mildly negative setup. The next downside objective is now at 539. The next area of resistance is around 551 and 558, while 1st support hits today at 541 1/2 and below there at 539.

RICE (MAR) 02/21/2017: Daily stochastics are trending lower but have declined into oversold territory. The market's close below the 9-day moving average is an indication the short-term trend remains negative. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is 9.269. The next area of resistance is around 9.367 and 9.398, while 1st support hits today at 9.303 and below there at 9.269.

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	47.66	51.37	81.39	72.40	373.69	372.61	368.24	361.73	360.20
CNAZ7	394 1/4	46.65	50.69	83.93	74.26	398.88	398.19	394.76	389.44	388.40
SSAH7	1032 1/2	42.49	46.07	63.10	57.45	1045.63	1049.75	1043.67	1034.73	1037.85
SSAX7	1018 1/4	46.78	49.63	76.56	73.11	1024.88	1025.61	1020.38	1011.57	1014.16
SMAH7	339.6	50.90	53.21	60.21	59.18	342.00	340.98	338.93	330.12	328.24
BOAH7	32.89	24.49	30.24	35.15	22.80	33.62	34.10	34.18	35.05	35.62
WHAH7	441	52.69	54.90	79.64	71.68	448.25	444.56	434.93	423.62	420.61
WHAN7	468 1/2	54.32	56.02	80.01	73.06	474.44	469.94	461.25	450.33	447.19
RCAH7	9.335	31.46	35.67	17.02	13.03	9.38	9.45	9.54	9.65	9.74
KWAH7	456 1/4	56.39	57.78	80.48	76.24	462.19	456.53	446.47	435.18	430.21
MWAH7	546 1/4	34.05	40.97	50.06	34.54	558.19	561.94	559.54	554.68	549.38
OTAH7	256 3/4	57.82	58.23	52.14	54.58	254.25	254.69	254.14	242.61	237.02

Calculations based on previous session. Data collected 02/17/2017
 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	364 1/4	365 1/2	369 1/2	371	374 3/4
CNAZ7	Corn	390 3/4	392	395 1/4	396 1/2	399 3/4
SSAH7	Soybeans	1020 1/4	1025	1035 1/2	1040	1050 3/4
SSAX7	Soybeans	1008	1012 1/2	1019 1/2	1024	1031
SMAH7	Soymeal	335.5	337.4	339.9	341.8	344.3
BOAH7	Soybean Oil	32.25	32.48	33.06	33.29	33.87
WHAH7	Wheat	435 1/4	437 1/2	442 1/2	444 1/2	449 3/4
WHAN7	Wheat	463 1/4	465 1/2	469 1/2	471 1/2	475 3/4
RCAH7	Rice	9.268	9.302	9.333	9.367	9.398
KWAH7	KC Wheat	450 3/4	453 1/2	456 1/2	459	462 1/4
MWAH7	MINN Wheat	539	541 1/2	548 1/2	551	558
OTAH7	Oats	248 1/4	253	256	260 1/2	263 3/4

Calculations based on previous session. Data collected 02/17/2017
 Data sources can & do produce bad ticks. Verify before use.

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