



DAILY GRAINS COMMENTARY Monday March 06, 2017

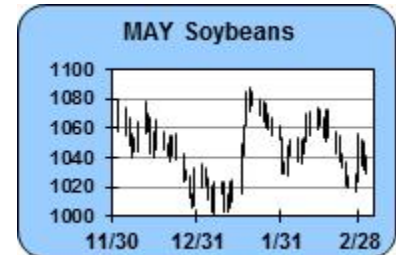
DAILY SOY COMPLEX COMMENTARY

03/06/17

Fund buying could slow; market may need supply reasons to bounce

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
SOY BEANS +4.0, BEAN OIL +0.1, SOYMEAL +0.6**

OVERNIGHT DEVELOPMENTS: May soybeans are trading 5 1/2 cents higher this morning. China futures were down 0.3% overnight. Palm oil futures are up 1%. There were 506 deliveries for soybeans this morning to push total for the month to 2,700 contracts. There were 444 oil (3,430 to date) and 253 meal (1,261 to date). Global equity markets were mixed overnight with Asian shares showing strength and European markets starting out on a softer tone. The markets might have seen some pressure as a result of a North Korean missile test and the markets might also have seen some pressure as a result of a negative GDP reading in Greece. The Asian economic calendar will be relatively quiet, while the European session was highlighted by the March Sentix index of Euro zone investor confidence that came in at 20.70 versus February's 17.4 reading. As we indicated already Greek GDP posted a decline of 1.2% and that might rekindle a measure of financial concern toward the EU. The North American session will feature January factory orders which are forecast to see a slight down tick from December's +1.3% reading.



NEAR-TERM MARKET FUNDAMENTALS: The market has held up remarkably well given the supply fundamentals and the outlook for more planted area this year. Keep in mind; insurance pricing levels for the 2017 crop will be \$10.19 as compared with \$8.85 last year and soybeans offer a good return to producers while corn does not. May soybeans rebounded from early losses on Friday and traded back to unchanged levels, closing with a weekly gain of 13 1/4 cents. Brazil's largest producing state of Mato Grosso reported that soybean harvest is 78% complete. Crop conditions and weather remain favorable in Brazil and Argentina with record yields being reported in many areas of Brazil. The average estimate from analysts for Brazilian production is at 106 million tonnes from a 104 million USDA estimate last month. There are now many traders seeing 108-109 million tonnes. The Argentine estimate is at 55.2 million versus the USDA at 55.5 million tonnes. Traders see world ending stocks moving up to 81.52 million tonnes from 80.38 million last month. For this week's supply/demand update, traders also see US ending stocks at 418 million bushels (400-440 million range) as compared with February's estimate of 420 million bushels. The Commitments of Traders reports as of February 28th showed Non-Commercial traders were net long 164,243 contracts, a decrease of 17,757 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 86,583 contracts, down 14,945 contracts for the week and the long liquidation selling trend is a short-term negative force.

Commodity Index traders held a net long position of 157,939 contracts, up 2,038 contracts for the week. For Soybean Oil, Non-Commercial traders were net long 43,188 contracts, a decrease of 10,240 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 48,531 contracts, down 12,090 contracts in just one week. Commodity Index traders held a net long position of 83,942 contracts, down a significant 5,547 contracts for the week. For Soybean Meal, Non-Commercial traders were net long 93,963 contracts, a decrease of 4,832 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 108,477 contracts, down 7,645 contracts.

TODAY'S MARKET IDEAS:

Rumors of more financial relief for the bio-fuels sector is a supportive longer-term issue, but the short-term fundamentals still look bearish with talk of a much bigger Brazilian crop now and a larger US crop on the way. There is a 1-day strike of port workers at Rosario. Resistance for May soybeans is at 1044 1/4 and 1052 1/2 with support at 1024 1/2 and 1002. Our bias is for a further downside correction.

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 to close over +\$9.70.

Commitment of Traders - Futures and Options - 2/21/2017 - 2/28/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Grains						
Soybeans	164,243	-17,757	-86,583	+14,946	-77,660	+2,812
Soymeal	93,963	-4,832	-108,478	+7,643	14,514	-2,813
Soyoil	43,188	-10,240	-48,531	+12,090	5,343	-1,850

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 (MAY) 03/06/2017: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's short-term trend is positive on the close above the 9-day moving average. The daily closing price reversal up on the daily chart is somewhat positive. The market's close below the pivot swing number is a mildly negative setup. The near-term upside objective is at 1048 1/4. The next area of resistance is around 1043 1/2 and 1048 1/4, while 1st support hits today at 1031 1/2 and below there at 1024.

SOYBEAN OIL (MAY) 03/06/2017: Momentum studies are rising from mid-range, which could accelerate 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. The upside closing price reversal on the daily chart is somewhat bullish. The close over the pivot swing is a somewhat positive setup. The next upside target is 34.86. The next area of resistance is around 34.68 and 34.86, while 1st support hits today at 34.08 and below there at 33.66.

SOYMEAL (MAY) 03/06/2017: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The close below the 9-day moving average is a negative short-term indicator for trend. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is now at 328.3. The next area of resistance is around 335.2 and 337.5, while 1st support hits today at 330.7 and below there at 328.3.

DAILY CORN COMMENTARY

03/06/17

Supply news turns more burdensome into spring

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
CORN +0.4

OVERNIGHT DEVELOPMENTS: May corn is trading 1/2 of a cent higher this morning. China futures jumped 2% overnight. Outside market forces look mixed. There were 219 deliveries overnight to push the month-to-date to 455 contracts.



NEAR-TERM MARKET FUNDAMENTALS: With plenty of corn in China, and more and more traders pushing

Brazil corn production estimates up to or over 90 million tonnes, cheap feedwheat and bird flu, it seems difficult to find news which might support the market. However, the technical action remains supportive. Keep in mind; Brazil produced 67 mmt last year so 90 million this year would mean an "extra" 905 million bushels (23 mmt) of corn available on the world market for the market in the months ahead. The market held onto the idea that ethanol production could continue to expand ahead late last week as it managed to hold onto most of the gains from earlier in the week. May corn closed out the week with a 10 cent gain and completed a bullish outside week higher close. Speculative buying from the fund community along with the biofuel debate continues to support prices on pullbacks.

Traders are also taking into account the weather with Thursday's Drought Monitor continuing to expand dryness into Missouri, southern Illinois and southern Indiana. Mato Grosso (the top producing state for corn in Brazil) has reported that 92% of the winter corn crop has been planted. The average analyst's estimates on corn production in Brazil are at 87.8 million tonnes versus the USDA February estimate of 86.5 million. The Argentine production was estimated at 36.5 million tonnes compared to the USDA at 36.5 million as well. For this week's supply/demand update, traders also see US ending stocks at 2.137 billion bushels (2.245-2.385 billion range) as compared with February's estimate of 2.320 billion bushels. The Commitments of Traders reports as of February 28th showed Non-Commercial traders were net long 199,836 contracts, a decrease of 11,005 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 165,240 contracts, up 8,245 contracts for the week. Commodity Index traders held a net long position of 385,550 contracts, down 1,363 contracts for the week.

TODAY'S MARKET IDEAS:

The technical action remains positive. Given the possibility of smaller acreage and the hefty short-term supply, buyers might concentrate on new crop and sellers on July corn. December corn support is at 394 with 409 1/2 as next upside target. May corn support is at 374 3/4 with 387 1/2 and 394 3/4 as next resistance.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Long 2 May Corn 400 calls for a net cost of 3 1/2 cents each after exiting May futures for a loss of 13 cents. * Exit one of the calls at 9 1/2 cents.

Commitment of Traders - Futures and Options - 2/21/2017 - 2/28/2017						
Grains	Non-Commercial		Net Position	Commercial		Non-Reportable
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	
Corn	199,836	-11,005	-165,240	-8,244	-34,596	+19,250

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 (MAY) 03/06/2017: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's short-term trend is positive on the close above the 9-day moving average. The close over the pivot swing is a somewhat positive setup. The next upside objective is 384 1/4. The next area of resistance is around 382 3/4 and 384 1/4, while 1st support hits today at 378 3/4 and below there at 376.

DAILY WHEAT COMMENTARY

03/06/17

No rain in 7-day forecast for central and western plains



OVERNIGHT CHANGES THROUGH 6:05 AM (CT):**WHEAT +6.0**

OVERNIGHT DEVELOPMENTS: May wheat is up 6 3/4 cents this morning. Outside market forces look mixed. Matif futures are down 1%. There were 395 Chicago deliveries (3,380 month to date) and 0 KC wheat deliveries (296 month to date).

NEAR-TERM MARKET FUNDAMENTALS: Some wheat fungus concerns on the India/Bangladesh border plus the US dry weather outlook plus news from Australia officials that wheat production for the 2017/18 season might be just 23.98 million tonnes, down 32% from this year's record are also factors which supported the overnight bounce. There is very little rain in the forecast for the next two weeks for central and western Kansas and Oklahoma and until there is better organized rain in the forecast, the market may find solid support on breaks. May wheat managed to gain 5 1/2 cents for the week with dryness concerns in the Southern Plains. For this week's supply/demand update, traders see US ending stocks at 1.135 billion bushels (1.050-1.164 billion range) as compared with February's estimate of 1.139 billion bushels. The average estimate for world wheat ending stocks is 249.1 million tonnes versus the last USDA estimate of 248.6 million tonnes.

The Commitments of Traders reports as of February 28th showed Non-Commercial traders were net short 32,410 contracts, an increase of 34,519 contracts for the week which represents a change from a net long to net short position. Non-Commercial and Nonreportable combined traders held a net short position of 28,272 contracts. These traders have gone from a net long to a net short position. For Kansas City Wheat, Non-Commercial traders were net long 46,756 contracts, an increase of 4,295 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 44,626 contracts, up 2,601 contracts for the week.

TODAY'S MARKET IDEAS:

The dry forecast plus potential Australia production issues ahead plus the short positioning in the COT update are all seen as supportive forces. Global prices are inching higher and the US weather is becoming more and more of a concern. Look to buy a pullback near support at 466 1/2 to 462 1/2 for July wheat with 502 1/2 as next upside target.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Long the July Wheat 470/540 bull call spread from 12 1/2 cents with an objective of 29 cents. Risk to 6 cents.

Commitment of Traders - Futures and Options - 2/21/2017 - 2/28/2017						
	Non-Commercial		Commercial		Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Grains						
KC Wheat	46,756	+4,295	-44,626	-2,601	-2,130	-1,694
Wheat	-32,410	-34,519	28,271	+32,409	4,138	+2,110

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 (MAY) 03/06/2017: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market's short-term trend is positive on the close above the 9-day moving average. The upside daily closing price reversal gives the market a bullish tilt. The market tilt is slightly negative with the close under the pivot. The next downside objective is 445 1/4. The next area of resistance is around 457 1/4 and 460, while 1st support hits today at 449 3/4 and below there at 445 1/4.

KC WHEAT (MAY) 03/06/2017: The moving average crossover down (9 below 18) indicates a possible developing short-term downtrend. Momentum studies trending lower at mid-range could accelerate a price break

if support levels are broken. The market's short-term trend is positive on the close above the 9-day moving average. The upside closing price reversal on the daily chart is somewhat bullish. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is 463 1/4. The next area of resistance is around 475 1/2 and 478 1/4, while 1st support hits today at 468 and below there at 463 1/4.

MINN WHEAT (MAY) 03/06/2017: The close below the 60-day moving average is an indication the longer-term trend has turned down. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The close below the 1st swing support could weigh on the market. The next downside objective is now at 541 3/4. The next area of resistance is around 551 and 555, while 1st support hits today at 544 1/2 and below there at 541 3/4.

RICE (MAY) 03/06/2017: The daily stochastics gave a bearish indicator with a crossover down. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close below the 9-day moving average is a negative short-term indicator for trend. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is now at 9.465. The next area of resistance is around 9.645 and 9.705, while 1st support hits today at 9.525 and below there at 9.465.

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										
CNAK7	380 3/4	57.64	56.45	47.10	55.30	379.00	375.81	377.94	371.99	369.44
CNAZ7	399 1/4	57.30	56.17	50.42	59.15	398.19	395.25	396.72	391.94	390.15
SSAK7	1037 1/2	46.90	47.33	31.71	35.21	1040.56	1033.53	1047.07	1044.38	1043.60
SSAX7	1022	53.24	52.61	52.26	59.29	1023.56	1015.56	1020.58	1014.02	1013.33
SMAK7	333.0	36.72	42.59	21.63	16.48	335.88	336.82	341.04	336.75	332.83
BOAK7	34.38	56.78	52.03	42.72	59.24	34.30	33.45	33.92	34.70	35.26
WHAk7	453 1/2	52.72	53.24	39.14	37.58	451.75	450.33	454.04	443.26	437.26
WHAN7	468 1/4	54.02	54.20	41.71	40.23	466.13	464.53	467.24	457.08	450.85
RCAK7	9.585	38.93	39.86	33.88	33.57	9.61	9.65	9.67	9.84	9.91
KWAK7	471 3/4	55.15	55.81	54.43	52.37	470.69	468.33	468.82	456.03	447.74
MWAK7	547 3/4	40.86	44.02	23.63	19.27	553.13	552.14	557.64	553.99	549.57
OTAK7	242 1/4	41.60	45.43	28.40	23.08	242.81	246.72	249.15	243.35	239.11

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

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

DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
GRAIN COMPLEX						
CNAK7	Corn	376	378 1/2	380 1/4	383	384 1/2
CNAZ7	Corn	395 1/4	397 1/2	398 3/4	401	402 1/4
SSAK7	Soybeans	1024	1031 1/2	1036 1/4	1043 1/2	1048 1/2
SSAX7	Soybeans	1008 1/2	1016	1020 1/4	1028	1032
SMAK7	Soymeal	328.2	330.6	332.9	335.2	337.5
BOAK7	Soybean Oil	33.66	34.08	34.26	34.68	34.86
WHAk7	Wheat	445	449 3/4	452 1/2	457 1/4	460
WHAN7	Wheat	460	464 1/2	467 1/2	472	475
RCAK7	Rice	9.465	9.525	9.585	9.645	9.705
KWAK7	KC Wheat	463 1/4	468	470 3/4	475 1/2	478 1/4
MWAK7	MINN Wheat	541 3/4	544 1/2	548 1/2	551	555 1/4
OTAK7	Oats	235	239	241 1/2	245 1/2	248

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

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