



DAILY GRAINS COMMENTARY Monday March 13, 2017

DAILY SOY COMPLEX COMMENTARY 03/13/17

Some stability after an ugly week

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
SOY BEANS +0.0, BEAN OIL -0.1, SOYMEAL +0.5

OVERNIGHT DEVELOPMENTS: May soybeans are trading 1 cent lower this morning in light volume. China futures were up 0.8% overnight on speculation low prices could spark demand from the Chinese crush industry. Palm oil futures in Malaysia have sold off aggressively after trading as much as 1.3% higher and are now down 1.8% at 2720.00. The US dollar is slightly higher and crude oil is down 0.40% at 48.30 the lowest level since November 30th.



NEAR-TERM MARKET FUNDAMENTALS: The market closed out the week down 31 cents on follow through weakness from last Thursday's bearish report. Dalian futures have stabilized with value buying from domestic crushers after last week's sell off of 3.9% on rumors that the Chinese government may start auctioning off soybean reserves. The Brazilian soybean harvest was seen at 56% done versus 50% last year at this time and the five year average of 45%. With South American supplies large and most likely getting larger, it's interesting to note that there is 5.8 million tonnes of US soybeans sold to China/Unknown destinations that still remain unshipped. The preliminary open interest was up 3,795 contracts on Friday. Friday's COT data should show managed money traders have reduced their net length by 3,938 contracts to an estimated 127,638 contracts as of March 7th.

The Commitments of Traders Futures and Options report as of March 7th for Soybeans showed Non-Commercial traders were net long 160,945 contracts, a decrease of 3,298 contracts. Non-Commercial and Nonreportable combined traders held a net long position of 80,472 contracts. This represents a decrease of 6,111 contracts in the net long position held by these traders. The Commitments of Traders Futures and Options report as of March 7th for Soybean Oil showed Non-Commercial traders were net long 39,007 contracts, a decrease of 4,181 contracts. Non-Commercial and Nonreportable combined traders held a net long position of 46,244 contracts. This represents a decrease of 2,287 contracts in the net long position held by these traders. The Commitments of Traders Futures and Options report as of March 7th for Soybean Meal showed Non-Commercial traders were net long 86,839 contracts, a decrease of 7,124 contracts. Non-Commercial and Nonreportable combined traders held a net long position of 101,178 contracts. This represents a decrease of 7,299 contracts in the net long position held by these traders.

TODAY'S MARKET IDEAS:

The market starts the week with the speculative length larger than what the trade had anticipated. With the confirmation of larger South American supplies, rallies should find solid resistance. Close-in support is at 1001 1/4 followed by 997 1/2. Aggressive traders could look to sell a bounce at 1011 1/4 to 1016 3/4 with 969 as downside target. The July/Nov soybean spread pushed down to +14 1/2 the lowest level since April, use +1 1/2 cents as downside target and +24 resistance.

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 +\$6.80.

Commitment of Traders - Futures and Options - 2/28/2017 - 3/7/2017						
	Non-Commercial		Net Position	Commercial		Non-Reportable
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	
Grains						
Soybeans	160,945	-3,298	-80,472	+6,111	-80,473	-2,813
Soymeal	86,839	-7,124	-101,178	+7,300	14,339	-175
Soyoil	39,007	-4,181	-46,244	+2,287	7,237	+1,894

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) 03/13/2017: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. A negative signal for trend short-term was given on a close under the 9-bar moving average. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is now at 997 1/2. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 1011 1/4 and 1016 3/4, while 1st support hits today at 1001 3/4 and below there at 997 1/2.

SOYBEAN OIL (MAY) 03/13/2017: 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. The market setup is somewhat negative with the close under the 1st swing support. The next downside target is 32.15. The next area of resistance is around 33.01 and 33.47, while 1st support hits today at 32.35 and below there at 32.15.

SOYMEAL (MAY) 03/13/2017: Daily stochastics are trending lower but have declined into oversold territory. The market's short-term trend is negative as the close remains below the 9-day moving average. The upside closing price reversal on the daily chart is somewhat bullish. The market has a slightly positive tilt with the close over the swing pivot. The next downside objective is now at 324.7. The next area of resistance is around 330.4 and 331.4, while 1st support hits today at 327.0 and below there at 324.7.

DAILY CORN COMMENTARY

03/13/17

Market trading below 100 day moving average @ 367 1/2

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

CORN -1.4

OVERNIGHT DEVELOPMENTS: May corn is trading 2 cents lower this morning. Outside market forces look negative with crude oil down 0.40% to the lowest level since November 30th. Dalian corn futures are trading down 0.58% the lowest level since February 24th. Israeli importers are tendering for 85,000 tonnes of corn and 50,000 tonnes of feed wheat.



NEAR-TERM MARKET FUNDAMENTALS: May corn traded down to a low of 362 1/4 overnight and with the market closing below the 100 day moving average of 367 3/4 on Friday, speculative longs could be in liquidation mode. There have been rumors of Argentine corn being sold to Mexico for summer shipment that has provided a negative tone for the market. The combined Brazilian and Argentine corn export total of 56.50 million tonnes is 20.60 million tonnes higher than last year. Export competition will be fierce in the months to come. The Brazilian forecast has no threat of long term dryness over the next two weeks which should help early development of the

safrinha crop. The market was down 16 1/2 cents last week and closed right on long term trend support at 364 1/2. The preliminary open interest was up 4,392 contracts on Friday. The latest COT data showed managed money traders have reduced their net length by only 2,054 contracts to 80,081 contracts. The Commitments of Traders Futures and Options report as of March 7th for Corn showed Non-Commercial traders were net long 195,817 contracts, a decrease of 4,019 contracts. Non-Commercial and Nonreportable combined traders held a net long position of 160,925 contracts. This represents a decrease of 4,315 contracts in the net long position held by these traders.

TODAY'S MARKET IDEAS:

Trend line support from last August comes in at 364 1/2, and this feels like this is the "throw the towel in" level for the bull camp. Close-in support in the May contract is at 361 3/4 followed by 359. December corn key support is back at 381 1/4 and 375 3/4.

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 - 2/28/2017 - 3/7/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Grains						
Corn	195,817	-4,019	-160,925	+4,315	-34,892	-296

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) 03/13/2017: 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. The market tilt is slightly negative with the close under the pivot. The next downside target is now at 359 1/2. The next area of resistance is around 366 3/4 and 369 3/4, while 1st support hits today at 361 3/4 and below there at 359 1/2.

DAILY WHEAT COMMENTARY

03/13/17

Matif futures at lowest level in nine days

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

WHEAT -3.0

OVERNIGHT DEVELOPMENTS: May wheat is down 2 3/4 cents this morning. Outside market forces are negative with MATIF futures down 0.86% this morning at 172.25 Euro and at the lowest level since February 28th. Saudi Arabia finalized their tender to buy 735,000 tonnes of hard wheat for May-July shipment. Jordan is seeking 100,000 tonnes of wheat for September shipment.



NEAR-TERM MARKET FUNDAMENTALS: May wheat settled down 13 cents on the week and the lowest close since February 28th. The market continues to slide this morning with the market trading below the 100 day moving average at 438 1/4. The latest National Weather Service 6-10 day forecast has a dry outlook for the

Southern Plains thru March 22nd, although the 8-14 day forecast has rains in the eastern portions of Oklahoma and Kansas as well as northern Texas in the March 22nd-26th timeframe. The managed money traders increased their net short position in Chicago wheat by 7,714 contracts to 63,180 contracts. They decreased their net length in Kansas City wheat 2,252 contracts to 35,105 contracts, and decreased their net longs in Minneapolis wheat by 1,829 contracts to 7,950 contracts. Preliminary open interest for Chicago wheat went up 5,633 contracts on Friday. The Commitments of Traders Futures and Options report as of March 7th for Wheat showed Non-Commercial traders were net short 38,804 contracts, an increase of 6,394 contracts. Non-Commercial and Nonreportable combined traders held a net short position of 37,640 contracts. This represents an increase of 9,368 contracts in the net short position held by these traders. The Commitments of Traders Futures and Options report as of March 7th for Kansas City Wheat showed Non-Commercial traders were net long 43,769 contracts, a decrease of 2,987 contracts. Non-Commercial and Nonreportable combined traders held a net long position of 43,679 contracts. This represents a decrease of 947 contracts in the net long position held by these traders.

TODAY'S MARKET IDEAS:

The market has closed down for four straight days going into Monday's trade. This morning the market is trading below the 100 day moving average at 438 1/4, and a close below would be the first since January 31st. Close-in support is seen at 437 followed by 434 3/4.

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 - 2/28/2017 - 3/7/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Grains						
KC Wheat	43,769	-2,987	-43,680	+946	-90	+2,040
Wheat	-38,804	-6,394	37,641	+9,370	1,164	-2,974

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) 03/13/2017: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. 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 now at 434 3/4. The next area of resistance is around 444 and 448 3/4, while 1st support hits today at 437 and below there at 434 3/4.

KC WHEAT (MAY) 03/13/2017: The major trend has turned down with the cross over back below the 40-day moving average. Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside objective is now at 446 1/4. The next area of resistance is around 461 and 468 1/2, while 1st support hits today at 450 and below there at 446 1/4.

MINN WHEAT (MAY) 03/13/2017: Momentum studies are declining, but have fallen to oversold levels. The close below the 9-day moving average is a negative short-term indicator for trend. The daily closing price reversal down is a negative indicator for prices. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is now at 531 1/2. The next area of resistance is around 542 1/2 and 547 3/4, while 1st support hits today at 534 1/2 and below there at 531 1/2.

RICE (MAY) 03/13/2017: 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 next upside target is 9.786. The next area of resistance is around 9.737 and 9.786, while 1st support hits today at 9.633 and below there at 9.577.

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	364 1/4	32.06	38.69	35.17	21.60	369.88	374.89	375.81	373.38	369.98
CNAZ7	386 1/2	33.53	39.88	38.54	23.72	390.88	394.92	395.24	393.13	390.55
SSAK7	1006 1/2	29.73	35.92	21.28	14.20	1016.13	1029.33	1034.96	1044.74	1040.57
SSAX7	999 3/4	33.71	39.70	39.20	25.76	1007.00	1016.00	1016.07	1016.00	1012.17
SMAK7	328.7	30.49	37.95	13.55	12.35	329.90	332.98	337.21	337.93	333.35
BOAK7	32.68	33.75	36.82	47.94	37.32	33.27	33.83	33.55	34.51	34.90
WHAk7	440 1/2	38.80	44.00	34.69	27.86	447.00	450.39	452.67	446.51	439.62
WHAN7	456 1/4	39.71	44.82	38.33	31.75	462.56	465.31	466.76	460.53	453.48
RCAK7	9.685	53.04	48.70	43.84	56.27	9.64	9.62	9.64	9.82	9.84
KWAK7	455 1/2	37.24	43.71	43.32	32.10	464.13	468.14	469.21	460.23	451.65
MWAK7	538 1/2	36.39	39.60	12.82	12.43	537.81	545.11	550.63	554.55	549.77
OTAK7	246 1/4	51.95	51.36	34.09	40.26	242.63	242.97	246.74	244.67	240.43

Calculations based on previous session. Data collected 03/10/2017

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

DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
GRAIN COMPLEX						
CNAK7	Corn	359 1/2	361 1/2	364 3/4	367	370
CNAZ7	Corn	382 3/4	384 1/2	386 3/4	388 1/2	390 3/4
SSAK7	Soybeans	997 1/2	1001 1/2	1007 1/4	1011 1/2	1017
SSAX7	Soybeans	992	995 1/2	1000 1/2	1004	1009
SMAK7	Soymeal	324.6	327.0	328.0	330.4	331.4
BOAK7	Soybean Oil	32.15	32.35	32.81	33.01	33.47
WHAk7	Wheat	434 3/4	437	441 3/4	444	448 3/4
WHAN7	Wheat	450 1/4	452 1/2	457 1/2	460	464 3/4
RCAK7	Rice	9.576	9.632	9.681	9.737	9.786
KWAK7	KC Wheat	446	450	457 1/4	461	468 1/2
MWAK7	MINN Wheat	531 1/2	534 1/2	539 3/4	542 1/2	548
OTAK7	Oats	236 1/2	242	244 3/4	250 1/2	253

Calculations based on previous session. Data collected 03/10/2017

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