



DAILY SOY COMPLEX COMMENTARY
03/14/17

Probing for cheap enough level to entice more demand

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
SOY BEANS -4.2, BEAN OIL +0.2, SOYMEAL -2.3

OVERNIGHT DEVELOPMENTS: May soybeans are trading 6 1/4 cents this morning and down to the lowest level since November 17th. China futures were down 0.8% overnight and palm oil futures in Malaysia rallied 1.1% after first pushing down to the lowest level since October. Global markets appeared to be taking a breather before they faced key events later on in the week, as they remained in fairly tight trading range for most of Monday's trading session. There were few economic numbers of note from around the globe, although the Fed's labor market conditions index came in slightly below estimates but remained in positive territory. Treasuries were unable to sustain early upside momentum and fell back into negative territory as they reflect concern that Fed guidance on Wednesday will take a more hawkish tone. The Dollar was able to rebound from a new monthly low to climb back towards unchanged levels late in Monday's session although it was unable to sustain upside momentum. The dollar is higher this morning. While January Chinese industrial production came in slightly better than forecast, January Chinese retail sales at a 9.5% year-over-year rate was well below estimates. The North American calendar will feature the February producer price index that is forecast to have a modest uptick from January's +1.6% year-over-year rate.



NEAR-TERM MARKET FUNDAMENTALS: While technical indicators are a bit oversold, the COT report suggests the market is vulnerable to increased selling as support levels are violated. May soybeans found support against the \$10.03 level yesterday but pushed under 10.00 today. There is large put open interest at the May \$10.00 strike of some 20,000 contracts. There is also close to 14,000 contracts open interest in the May \$9.80 puts. This could provide some support to prices on breaks below the \$10.00 as long option holders tend to be unhedged and will have deltas to buy on breaks. US exporters announced the sale of 120,000 tonnes of new crop soybeans to unknown destination yesterday. This gave the November contract a boost versus the front end of the curve and the July/November soybean spread has traded to a low of +13 1/2 cents, the lowest the spread has traded at since April 8th, 2016. The high trade for 2017 was +65 on January 18th.

Informa updated their estimate for soybean acreage to 88.7 million acres, up slightly from January and compared to the USDA Outlook Board's 88.0 million acres. If we plug in 88.7 as planted area and use a 48.5 yield for the coming season, ending stocks come in at 651 million bushels from 435 million this year and 197 million last year. Weekly export inspections came in at 656,288 tonnes compared to 946,000 tonnes last week. As of March 9th, cumulative soybean export inspections for the 2016-17 marketing year have reached 80.6% of the USDA forecast versus a 5 year average of 82.4%. Oilshare yesterday settled at 32.77%, just above the 8 month low of 32.56%.

TODAY'S MARKET IDEAS:

The increase in South America production opens the door for possible cancellations of China's soybean purchases from the US. The weekly US Export Sales reports indicate that there are 2.6 million tonnes of US soybeans that have been sold to China and 3.2 million to "unknown" destinations (assumed to be China) that have yet to be exported. These could be cancelled. There are also rumors that China may look to sell 2.2 million tonnes of their own reserve stocks (out of a total of 7 million tonnes) in April. Traders could look to sell a bounce to close-in resistance at 1006 1/2 to 1010 1/2 for May soybeans looking for a continuation of the downtrend. Close-in support is at 997 1/2 with 969 as next downside 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 to close over +\$6.80.

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) 03/14/2017: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. 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 999 3/4. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 1009 1/4 and 1013, while 1st support hits today at 1002 3/4 and below there at 999 3/4.

SOYBEAN OIL (MAY) 03/14/2017: Momentum studies are declining, but have fallen to oversold levels. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market is in a bearish position with the close below the 2nd swing support number. The next downside objective is 31.46. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 32.54 and 33.17, while 1st support hits today at 31.69 and below there at 31.46.

SOYMEAL (MAY) 03/14/2017: A bullish signal was given with an upside crossover of the daily stochastics. Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. A negative signal for trend short-term was given on a close under the 9-bar moving average. Market positioning is positive with the close over the 1st swing resistance. The near-term upside objective is at 333.7. The next area of resistance is around 332.6 and 333.7, while 1st support hits today at 329.2 and below there at 326.8.

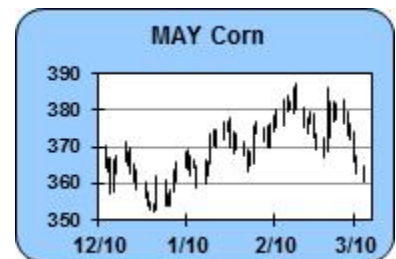
DAILY CORN COMMENTARY

03/14/17

Specs got long and it will be a long wait for weather support

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
CORN -0.6

OVERNIGHT DEVELOPMENTS: May corn is trading unchanged this morning. Outside market forces look negative with crude oil down and the US dollar higher. Dalian corn futures are trading down 0.2%. South Korea bought 199,000 tonnes of corn and 65,000 tonnes of feed wheat overnight from optional origin. South Korea also bought about 65,000 tonnes of US corn overnight.



NEAR-TERM MARKET FUNDAMENTALS: May corn traded lower for six sessions in a row and has given back half of the September to February rally. Lower crude oil along with follow through technical selling pressured prices to start the week. China reported 61 fatalities and 160 cases of human infections from the H7N9 bird flu in February. The total for last month is lower than January's 79 fatalities, but it was the highest for the month of February since the deadly strain was first identified in 2013. The total of 140 fatalities for the first two months of 2017 already surpasses the annual totals for Avian flu in China in recent years. This keeps demand for poultry low and feed usage may decline short-term. Informa released an updated acreage number of 90.8 million acres versus 90.5 million in January and compared to the USDA Outlook Board's 90 million acres. While up 0.8 million

acres from the Outlook Board, one must take into account the November soybean/December corn ratio has rallied from 2.54% in late February to 2.61% today. Brazil's safrinha corn crop was estimated at 86% planted versus 95% last year and the five year average of 83%. The weather in Central Brazil is favorable into the end of March with normal rains and mild temperatures. Weekly export inspections for corn came in at 1,547,022 tonnes compared to 1.450,000 last week. As of March 9th, cumulative corn export inspections for the 2016-17 marketing year have reached 51.2% of the USDA forecast versus a 5 year average of 46.1%.

TODAY'S MARKET IDEAS:

May corn has closed lower for six consecutive days, the longest losing streak since June of last year. A second close below the key 100 day moving average at 367 1/2 sparked long liquidation from the speculative longs. The market also broke below a long term trendline at 364 1/2 on Friday which also triggered some selling interest. Larger corn crops in South America, more bird flu stories and a technical breakdown in the charts has left corn without much of a story. Less acres and weather issues in the US growing season could be in play, but that's too far down the road for recent longs in the market. Resistance is at 367 1/2 for May corn followed by 370 1/2. The next key support is at 353 1/2.

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.

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) 03/14/2017: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside objective is now at 357 1/2. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 363 1/4 and 366 1/4, while 1st support hits today at 358 3/4 and below there at 357 1/2.

DAILY WHEAT COMMENTARY

03/14/17

May see oversold bounce soon but need drier forecast

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

WHEAT -0.2

OVERNIGHT DEVELOPMENTS: May wheat is down 1 1/2 cents this morning. Outside market forces are negative. MATIF futures are unchanged.



NEAR-TERM MARKET FUNDAMENTALS: May wheat traded to the lowest level since February 1st yesterday. The forecasts continue to get wetter for the Southern Plains in the 10-15 day outlook. Total precipitation amounts could be in the 1.0 to 1.5 inch range for most parts of Kansas, Oklahoma and northern Texas. After the close yesterday, the state crop ratings were released and show Kansas wheat crop at 40% good to excellent (G/EX) down from 43% last week. Oklahoma was rated 42% (G/EX) down from 43% last week. Texas crop was rated 35% (G/EX) up from 34% last week. These ratings will probably not do much for price action, especially with the forecasts leaning negative. A shift to a drier forecast would get the markets attention though. Informa updated their wheat planting number this morning at 45.6 million acres versus their January number of 45.8 million and compared to the USDA Outlook Board's 46 million acres. In export news, Saudi Arabia purchased 735,000 tonnes

of hard wheat to be sourced from EU, North America, South America or Australia. Jordan has tendered for 100,000 tonnes of wheat and Algeria tendered for 50,000 tonnes of optional origin milling wheat. Weekly export inspections for wheat came in at 519,127 tonnes compared to 584,000 tonnes last week. As of March 9th, cumulative wheat export inspections for the 2016-17 marketing year have reached 71.8% of the USDA forecast versus a 5 year average of 75.2%.

TODAY'S MARKET IDEAS:

May wheat has closed lower for five consecutive days and settled well below the 100 day moving average at 438 1/4. The market is down 26 cents from last week's high with momentum studies getting a bit oversold. Aggressive traders could look to buy May wheat at 427 to 424 1/2 area looking for a quick bounce from oversold territory.

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.

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) 03/14/2017: The close under the 60-day moving average indicates the longer-term trend could be turning 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 defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside target is now at 421 1/4. The next area of resistance is around 436 1/2 and 445 1/4, while 1st support hits today at 424 1/2 and below there at 421 1/4.

KC WHEAT (MAY) 03/14/2017: The close under the 60-day moving average indicates the longer-term trend could be turning down. 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 defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside objective is now at 432. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 449 3/4 and 460, while 1st support hits today at 435 3/4 and below there at 432.

MINN WHEAT (MAY) 03/14/2017: 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 close below the 2nd swing support number puts the market on the defensive. The next downside target is 525 1/4. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 535 and 540 1/2, while 1st support hits today at 527 1/2 and below there at 525 1/4.

RICE (MAY) 03/14/2017: The cross over and close above the 40-day moving average is an indication the longer-term trend has turned positive. The moving average crossover up (9 above 18) indicates a possible developing short-term uptrend. 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. The market's close above the 2nd swing resistance number is a bullish indication. The next upside objective is 9.965. The next area of resistance is around 9.920 and 9.965, while 1st support hits today at 9.750 and below there at 9.625.

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 | 361 | 28.63 | 35.96 | 28.17 | 14.19 | 366.13 | 373.47 | 374.65 | 373.24 | 369.87 |
| CNAZ7 | 383 1/2 | 29.59 | 36.82 | 30.77 | 15.21 | 387.75 | 393.78 | 394.35 | 393.02 | 390.45 |

| | | | | | | | | | | |
|-------|----------|-------|-------|-------|-------|---------|---------|---------|---------|---------|
| SSAK7 | 1006 | 29.49 | 35.75 | 17.98 | 11.37 | 1011.31 | 1026.03 | 1032.18 | 1044.41 | 1039.87 |
| SSAX7 | 1002 1/4 | 37.23 | 41.66 | 33.42 | 21.87 | 1004.19 | 1014.22 | 1014.92 | 1016.13 | 1011.88 |
| SMAK7 | 330.9 | 38.89 | 42.17 | 14.73 | 17.09 | 329.80 | 332.37 | 336.49 | 338.16 | 333.49 |
| BOAK7 | 32.11 | 28.57 | 32.97 | 40.18 | 24.65 | 32.86 | 33.63 | 33.43 | 34.44 | 34.82 |
| WHAk7 | 430 1/2 | 31.24 | 38.40 | 29.40 | 18.82 | 440.50 | 448.92 | 450.83 | 446.38 | 439.66 |
| WHAN7 | 446 1/2 | 31.76 | 38.94 | 32.84 | 21.87 | 456.31 | 463.97 | 465.15 | 460.47 | 453.59 |
| RCAK7 | 9.835 | 65.44 | 57.55 | 53.44 | 72.65 | 9.71 | 9.65 | 9.64 | 9.82 | 9.84 |
| KWAK7 | 442 3/4 | 28.49 | 36.75 | 35.53 | 19.96 | 456.69 | 465.83 | 467.25 | 460.16 | 451.91 |
| MWAK7 | 531 1/4 | 29.89 | 34.91 | 11.44 | 8.70 | 535.75 | 543.00 | 548.58 | 554.25 | 549.65 |
| OTAK7 | 246 | 51.51 | 51.07 | 37.93 | 45.60 | 244.13 | 243.17 | 246.29 | 244.88 | 240.62 |

Calculations based on previous session. Data collected 03/13/2017

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 | 357 1/2 | 358 3/4 | 362 | 363 1/4 | 366 1/2 |
| CNAZ7 | Corn | 380 1/2 | 381 1/2 | 384 1/2 | 385 1/2 | 388 1/2 |
| SSAK7 | Soybeans | 999 3/4 | 1002 1/2 | 1006 1/2 | 1009 1/2 | 1013 1/4 |
| SSAX7 | Soybeans | 995 | 999 | 1001 3/4 | 1005 1/2 | 1008 1/2 |
| SMAK7 | Soymeal | 326.7 | 329.1 | 330.2 | 332.6 | 333.7 |
| BOAK7 | Soybean Oil | 31.45 | 31.69 | 32.31 | 32.54 | 33.17 |
| WHAk7 | Wheat | 421 1/4 | 424 1/2 | 433 1/4 | 436 1/2 | 445 1/4 |
| WHAN7 | Wheat | 437 | 440 1/2 | 449 | 452 1/2 | 461 |
| RCAK7 | Rice | 9.625 | 9.750 | 9.795 | 9.920 | 9.965 |
| KWAK7 | KC Wheat | 432 | 435 3/4 | 446 | 449 3/4 | 460 |
| MWAK7 | MINN Wheat | 525 1/4 | 527 1/2 | 533 | 535 | 540 3/4 |
| OTAK7 | Oats | 241 1/2 | 244 | 245 3/4 | 248 | 250 |

Calculations based on previous session. Data collected 03/13/2017

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