



DAILY SOY COMPLEX COMMENTARY
03/15/17

Oversold after 64 cent break in just 10 trading sessions

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):
SOY BEANS +7.4, BEAN OIL +0.4, SOYMEAL +1.4



OVERNIGHT DEVELOPMENTS: May soybeans are trading up 5 1/2 cents this morning. China futures were down 0.5% overnight and pushed down to the lowest level since November 21st. Palm oil futures in Malaysia jumped 2.4%. For a change, most of the major economic numbers released overnight had a positive tone and were highlighted by better than expected results for Japanese industrial production, French CPI and UK unemployment that down-ticked to 4.7% while showing a larger than forecast decline in their claimant count. Asian shares showed mixed results with Japanese stocks finding moderate pressure while Chinese equities ground out a modest gain. However, major European stocks were able to find early strength this morning in front of today's events with the DAX, CAC-40 and FTSE-100 all in positive territory. The North American session will begin with the February consumer price index which is expected to show a modest uptick from January's 2.5% year-over-year rate. February retail sales are forecast to see a moderate downtick from January's 0.4% reading but remain in positive territory. The NY Fed's March Empire State survey, the March NAHB housing market index and January business inventories will also be released today and are generally expected to come in around their previous readings. The main events for global markets will be during afternoon US trading hours, starting with the results of the latest FOMC monetary policy meeting. While a 0.25% rate hike is generally expected by the market, more attention may be paid towards updated forecasts and post-meeting comments by Fed Chair Yellen on the trajectory of upcoming Fed monetary policy. Around mid-afternoon, the first results of the Dutch general elections will start to come in.

NEAR-TERM MARKET FUNDAMENTALS: May soybeans fell as much as 64 1/4 cents in just 10 trading sessions and this leaves the market in a short-term oversold condition. Short-covering ahead of a key financial market time frame plus a jump in palm oil due to El Nino fears helped to support the bounce overnight. In addition, India vegoil imports in February reached 1.3 million tonnes, up 17% from last year. May soybeans traded under \$10 for the first settlement below the 1000 level since October 20th. A continuation of good finishing weather for the soybean crops in South America as well as production estimates that continue to rise has helped to drive the market lower. An Illinois crop advisory service released results from a survey of producers in 33 states that showed soybean plantings at 88.8 million acres compared to the recent USDA Outlook Board at 88.0 million. If we plug in 88.8 million as planted area and use a 48.5 yield (down 6.9% from last year) for the coming season, ending stocks come in at 656 million bushels from 435 million this year and 197 million last year.

NOPA crush data will be released today with the average estimate looking for February crush at 149.02 million bushels, up 1.9% from last year. The market did see an inter-day rally yesterday off of news off a 24 hour Brazilian port strike scheduled for today. Workers will halt activities to protest against pension systems reform, but should not cause major delays in shipping operations. Celeres Consulting reported that Brazilian farmers have sold just 46% of their record high soybean crop as of March 10th compared to 52% last year and the five year average of 54%. They also commented that soybean prices in Reals probably will not return to levels seen three months ago.

TODAY'S MARKET IDEAS:

May soybeans closed below the 1000 level for the first time in five months. Speculative longs are in liquidation mode, not only in grains but also in energies. It now seems that the trade not only has speculative longs that are waiting to sell any type of rally but also a South American producer who is undersold. Traders could look to sell

May soybeans on a rally to key resistance at 1016 1/2 to 1024.

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) 03/15/2017: 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. The market is in a bearish position with the close below the 2nd swing support number. The next downside objective is now at 983 3/4. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 1007 1/4 and 1015 1/2, while 1st support hits today at 991 1/4 and below there at 983 3/4.

SOYBEAN OIL (MAY) 03/15/2017: 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 daily closing price reversal up on the daily chart is somewhat positive. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is now at 31.47. The next area of resistance is around 32.65 and 32.88, while 1st support hits today at 31.95 and below there at 31.47.

SOYMEAL (MAY) 03/15/2017: A bearish signal was triggered on a crossover down in the daily stochastics. Daily stochastics are trending lower but have declined into oversold territory. A negative signal for trend short-term was given on a close under the 9-bar moving average. The outside day down is somewhat negative. The close below the 1st swing support could weigh on the market. The next downside objective is now at 322.5. The next area of resistance is around 330.0 and 333.6, while 1st support hits today at 324.4 and below there at 322.5.

DAILY CORN COMMENTARY

03/15/17

Export business stabilizes the recent slide

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):

CORN +2.2

OVERNIGHT DEVELOPMENTS: May corn is trading up 2 cents this morning. Outside market forces are positive with crude oil up 2.2% and the dollar slightly lower. Dalian corn futures are trading down 0.6 %.



NEAR-TERM MARKET FUNDAMENTALS: The market continues to find support on yesterday's news that China has bought as much as 500,000 tonnes of US corn for May/June shipment due to poor quality of domestic feed stocks. In addition, US exporters sold 120,000 tonnes of corn to Mexico, and South Korea bought 199,000 tonnes of optional origin corn and 65,000 tonnes of optional origin feed wheat. May corn traded down to a low of 360 yesterday, and rebounded to trade positive for the first time in six sessions. For those in the bull camp, the market held right on the 50% retracement level of 359 7/8. This retracement is from the August 31st low to the February 16th high. You can't get any closer than yesterday's low of 360. The market needs to build on the higher close

with follow through strength for the balance of the week.

A South American crop scout left their Brazilian corn production unchanged at 86.0 million tonnes citing that pollination will occur in April through early May. They raised their Argentine production 1.0 million tonnes to 37.0 million tonnes. Private forecasters see a large portion of the safrinha crop getting widespread rains over the next two weeks, which should boost yield potential in Brazil. As much as 90% of the growing area could see three inches of rains in the two week period. A private Illinois analyst has pegged this year's corn seeding's at 90.01 million acres versus last year's 94.0 million and the Outlook Board's 90.0 million. The survey was taken from an undisclosed number of producers from 33 states. Today's ethanol production report estimates have production at 1.028 million barrels per day in a range of 1.024 to 1.035 million. Stockpiles were estimated at 22.74 million barrels in a range of 22.0 to 23.15 million.

TODAY'S MARKET IDEAS:

The market is finding support today with strong crude oil and a lower US dollar. Stochastics are turning up from depressed levels as well as the RSI. Aggressive traders could buy May corn at 361 1/2 -363 looking for a recovery bounce to 370 to 373 1/4.

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.

CORN TECHNICAL OUTLOOK:

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CORN (MAY) 03/15/2017: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The close below the 9-day moving average is a negative short-term indicator for trend. 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 downside objective is now at 357 3/4. The next area of resistance is around 364 1/2 and 366 3/4, while 1st support hits today at 360 and below there at 357 3/4.

DAILY WHEAT COMMENTARY

03/15/17

Egypt in today along with a drier forecast for Plains

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):

WHEAT +6.2

OVERNIGHT DEVELOPMENTS: May wheat is up 5 3/4 cents this morning. Outside market forces are positive with the dollar slightly lower and crude oil up over 2.0%. MATIF futures are up 0.74% at 171.25 Euro.



NEAR-TERM MARKET FUNDAMENTALS: Egypt is tendering for wheat today for April 15th-25th shipment. The last Egyptian wheat purchase was on March 1st for 535,000 tonnes from Russia, Ukraine, Romania and France at an average price of \$210.95 including freight. The markets attention is back on weather with concerns that cold temperatures this week could have caused winterkill issues as well as somewhat drier forecasts in the Southern Plains. India's 2016-17 wheat production is seen at 90-92 million tonnes according to some analysts. They see India having to import 2.0 to 3.0 million tonnes of wheat to meet local demand. China sold just 1,500 tonnes out of 95,413 tonnes offered at auction yesterday. The grain offered was US soft winter wheat from 2013. The government did sell 424,193 tonnes out of 2.6 million offered on Tuesday.

Germany's 2017 grain harvest is seen at 46.4 million tonnes, up .55 from last year, with wheat production increasing 2.2% to 25.1 million tonnes. Wheat traded both sides of unchanged yesterday. The market had closed lower for the previous five sessions with open interest rising rapidly during that stretch. Open interest went up 5,873 contracts yesterday and is up 39,558 contracts over the last five trading days. This most likely is a continuation of new shorts from speculative traders. In other export news, Algeria is tendering for 50,000 tonnes of soft wheat and Japan purchased 146,000 tonnes of milling wheat from The US and Canada.

TODAY'S MARKET IDEAS:

May wheat has found support against the 430 level with momentum indicators turning up. The recent rise in open interest points to new shorts on top of the 63,180 contract short position in the managed money category in the last COT update. Moisture supplies in the Plains are needed soon, and the outlook for April remains dry. Aggressive traders could look to buy July wheat near 446 1/2, looking for a quick bounce from oversold territory with 460 3/4 and 466 as resistance.

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:

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WHEAT (MAY) 03/15/2017: 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. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is 425. The next area of resistance is around 433 1/2 and 437, while 1st support hits today at 427 1/2 and below there at 425.

KC WHEAT (MAY) 03/15/2017: Daily stochastics are trending lower but have declined into oversold territory. The close below the 9-day moving average is a negative short-term indicator for trend. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is now at 436. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 445 3/4 and 449 1/4, while 1st support hits today at 439 1/4 and below there at 436.

MINN WHEAT (MAY) 03/15/2017: 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 upside closing price reversal on the daily chart is somewhat bullish. The market's close below the pivot swing number is a mildly negative setup. The next downside target is now at 526. The next area of resistance is around 535 1/4 and 537 1/4, while 1st support hits today at 529 3/4 and below there at 526.

RICE (MAY) 03/15/2017: The close under the 40-day moving average indicates the longer-term trend could be turning down. Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The close above the 9-day moving average is a positive short-term indicator for trend. The close below the 1st swing support could weigh on the market. The near-term upside target is at 9.861. The next area of resistance is around 9.787 and 9.861, while 1st support hits today at 9.683 and below there at 9.652.

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	362 1/4	31.78	37.78	22.83	12.14	363.63	371.28	373.33	373.18	369.76
CNAZ7	384 1/4	31.84	38.10	25.20	14.08	385.63	391.89	393.32	392.99	390.36

SSAK7	999 1/4	26.28	33.45	15.77	11.34	1005.69	1020.19	1028.15	1044.31	1039.15
SSAX7	994 1/2	31.41	37.58	28.70	19.25	1000.25	1010.03	1012.71	1016.40	1011.52
SMAK7	327.2	31.65	37.55	14.67	14.55	328.83	331.02	335.16	338.45	333.62
BOAK7	32.29	32.32	35.31	34.36	22.73	32.55	33.36	33.32	34.37	34.73
WHAk7	430 1/2	31.24	38.40	24.36	14.29	436.38	445.97	448.74	446.28	439.68
WHAN7	445 3/4	31.22	38.52	27.40	16.50	452.06	461.19	463.25	460.41	453.67
RCAK7	9.735	54.62	51.20	59.52	71.68	9.74	9.66	9.65	9.81	9.83
KWAK7	442 1/2	28.34	36.63	28.80	15.34	450.81	461.97	465.06	460.11	452.10
MWAK7	532 1/2	32.24	36.31	11.09	10.37	535.25	539.78	546.50	553.93	549.51
OTAK7	253 3/4	62.51	58.80	45.29	60.03	246.63	243.97	246.58	245.46	240.99

Calculations based on previous session. Data collected 03/14/2017

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 3/4	360	362 1/4	364 1/2	366 3/4
CNAZ7	Corn	379 1/4	382	384	386 1/2	388 3/4
SSAK7	Soybeans	983 1/2	991 1/4	999 1/2	1007 1/4	1015 1/2
SSAX7	Soybeans	979	986 1/2	995	1002 1/2	1011
SMAK7	Soymeal	322.4	324.4	328.0	330.0	333.6
BOAK7	Soybean Oil	31.46	31.94	32.17	32.65	32.88
WHAk7	Wheat	425	427 1/2	431	433 1/2	437
WHAN7	Wheat	440 1/2	443	446	448 1/2	451 1/2
RCAK7	Rice	9.651	9.682	9.756	9.787	9.861
KWAK7	KC Wheat	435 3/4	439	442 1/2	446	449 1/4
MWAK7	MINN Wheat	526	529 1/2	531 3/4	535 1/2	537 1/2
OTAK7	Oats	239 1/4	247 1/2	252	260	264 3/4

Calculations based on previous session. Data collected 03/14/2017

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