



DAILY SOY COMPLEX COMMENTARY
03/16/17

Ready for more downside but outside forces positive

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
SOY BEANS +7.4, BEAN OIL +0.3, SOYMEAL +1.9

OVERNIGHT DEVELOPMENTS: May soybeans are trading up 7 1/2 cents this morning. China futures were down again overnight and pushed down to the lowest level since November 21st. Palm oil futures in Malaysia jumped 2%. The sharp drop in the US dollar and strength in the Brazil currency and other emerging market currencies has helped to support many commodity markets overnight. Global markets saw an abrupt shift in tone following events on Wednesday afternoon. While the FOMC meeting resulted in a 0.25% rate hike that was fully expected, the Fed's post-meeting guidance was seen to be more dovish than expected, as their forecasts project only 2 more hikes this year instead of the 3 that had been priced into the market. US equities turned sharply to the upside with the NASDAQ able to post a new record high. The People's Bank of China made a modest rate hike, but it also said that this did not reflect a change in Chinese monetary policy. The Bank of England will conclude their latest Monetary Policy Committee meeting today. This morning will start out with a weekly reading on initial jobless claims that are expected to have a modest downtick from the previous 243,000 reading. February housing starts are forecast to have a modest increase from January's annualized reading while February building permits are expected to see a moderate annualized decline. The March Philly Fed manufacturing survey is forecast to have a notable decline from February's 43.3 reading. The January job openings and labor turnover (JOLTS) survey will be released later during morning US trading hours.



NEAR-TERM MARKET FUNDAMENTALS: From a deeply oversold level, the market looks vulnerable to a bounce with positive outside market forces but the upside seems quite limited. May soybeans have closed lower for eight consecutive days. The market is down 50 1/2 cents over the same eight day stretch. The February crush data came in at 142.79 million bushels versus the average estimate of 146.5 million bushels. This compares to 160.6 million in January and 146.2 million last year. The market sold off after the release of the crush numbers. In order to reach the USDA's 1.940 billion bushel crush number, the monthly crush numbers need to come in above year ago levels. The weak soybean meal basis levels in the western Belt could have slowed the crush pace last month. The soybean oil stocks totaled 1.77 billion pounds compared to a 1.74 billion estimate and 1.79 billion pounds last year.

Finishing weather in South America remains favorable for soybeans and many remember the steady increase in soybean yields in the US last summer/fall. The August yield was estimated at 48.9, September at 50.6, October at 51.4, and November at 52.5. The USDA latest estimate is 52.1 bushels per acre, but you can see the trend. Can the Brazilian and Argentine soybean crops see a similar increase? For the weekly export sales report, traders see soybean sales near 350,000 to 700,000 tonnes.

TODAY'S MARKET IDEAS:

May soybeans closed at the lowest level since October 20th. The question remains, how long will the trend following speculative traders hold on to their soybean length? The managed money length is estimated at 100,000 contracts, which is down from 127,638 reported last Friday. A trade below 992 could accelerate selling into the end of the week. Traders could look to sell May soybeans on a rally to the 1012 1/4-1016 1/2 resistance zone. The next downside target for May meal is back at 320.60.

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) 03/16/2017: 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 lower than the pivot swing number. The next downside target is 987 1/4. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 1004 1/4 and 1012 1/4, while 1st support hits today at 991 3/4 and below there at 987 1/4.

SOYBEAN OIL (MAY) 03/16/2017: The downside crossover (9 below 18) of the moving averages suggests a developing short-term downtrend. 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 could take on a defensive posture with the daily closing price reversal down. The close over the pivot swing is a somewhat positive setup. The next downside target is 31.75. The next area of resistance is around 32.50 and 32.88, while 1st support hits today at 31.94 and below there at 31.75.

SOYMEAL (MAY) 03/16/2017: 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 market tilt is slightly negative with the close under the pivot. The next downside objective is now at 325.1. The next area of resistance is around 328.9 and 330.4, while 1st support hits today at 326.3 and below there at 325.1.

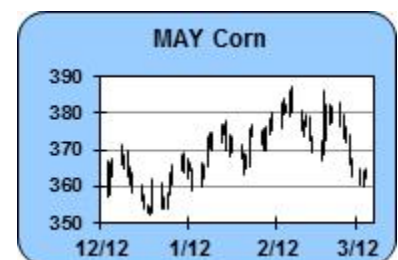
DAILY CORN COMMENTARY

03/16/17

Positive demand news for now; Brazil weather in April key

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
CORN +2.4

OVERNIGHT DEVELOPMENTS: May corn is trading up 2 1/2 cents this morning. Outside market forces look bullish with weakness in the dollar and a firm tone to energy and a surge higher in gold.



NEAR-TERM MARKET FUNDAMENTALS: From a deep oversold condition and with positive export and domestic usage news, the market looks poised for a bounce. However, unless the weather turns more threatening for the Brazil crop into early April, the upside appears limited. May corn traded higher yesterday with support from a higher crude oil market and a lower US dollar. The recent purchase of at least 3 cargoes of US corn by China continues to underpin prices. Shanghai's JCI Intelligence has commented that the sale could have been as large as 6-8 cargoes. This is the largest one-time US corn purchase by China since October of 2013. Taiwan is tendering to buy 65,000 tonnes of US corn.

Ethanol production for the week ending March 10th averaged 1.045 million barrels per day, and this is the 20th straight week with 1.0 million barrels or more of production. This is up 2.25% vs. last week and up 4.6% vs. last year. Total ethanol production for the week was 7.315 million barrels. Corn used in last week's production is

estimated at 109.73 million bushels. Corn use needs to average 97.5 million bushels per week to meet this crop year's USDA estimate. Stocks were 22.766 million barrels. This is down 0.4% vs. last week and down 0.4% vs. last year. For the weekly export sales report this morning, traders see corn sales near 700,000 to 1.2 million tonnes.

TODAY'S MARKET IDEAS:

Some recent export business, solid ethanol numbers (production up and stocks down), and charts that look like they want to turn up have us looking for a recovery bounce. The market lows this week came in right at the 50% mark of the August to February rally. Aggressive traders could buy May corn at 360-362 level, looking for a recovery bounce to 370 to 373 1/4. December corn should bounce to at least 392 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.

CORN TECHNICAL OUTLOOK:

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CORN (MAY) 03/16/2017: 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 has a slightly positive tilt with the close over the swing pivot. The next downside objective is 360 3/4. The next area of resistance is around 364 3/4 and 366, while 1st support hits today at 362 1/4 and below there at 360 3/4.

DAILY WHEAT COMMENTARY

03/16/17

World buyers are active, Egypt yesterday Algeria today

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

WHEAT +2.6

OVERNIGHT DEVELOPMENTS: May wheat is up 3 cents this morning.

Outside market forces are positive with the dollar lower and crude oil and metals higher. MATIF futures are down 0.15% at 171.25 Euro.



NEAR-TERM MARKET FUNDAMENTALS: The wheat market is seeing support this morning after yesterday's late break in the US dollar after the Fed announcement. The Saudi Grains Organization issued a tender to buy 1.5 million tonnes of feed barley from global suppliers for May-June shipment. Results from Algeria's recent tender should be released today with traders looking for as much as 480,000 tonnes purchased at roughly \$207 per tonne. Bulgaria's July thru December wheat exports rose 41.5% versus last year to 3.28 million tonnes according to the Ag Minister. Egypt bought 415,000 tonnes of wheat at an average price of \$209.55 including freight. There were five Russian cargoes sold, one Ukraine cargo and one French cargo. The cheapest offer was from the US, a cargo of soft wheat owned by Dreyfus and offered at \$189.60 FOB. With the cost of shipping included, the US is still at a disadvantage to Black Sea region suppliers. Still, the fact that four cargoes of US wheat were offered should underline that US wheat is competitive, especially after the recent rise in Russian offers.

Egypt is buying at the fastest pace since 2012-13 season to boost stockpiles and plug a gap in imports by private companies due to the recent currency devaluation in November. The market was also supported by cold

temperatures on Tuesday night in parts of the Southeast US which could have caused some minor winterkill. Temperatures fell below freezing as far south as Alabama and Georgia and could have hurt as much as 10% of the soft red wheat crop. Dry weather in the Plains is also being watched closely as recent forecasts have called for solid rains for the eastern half of the hard red wheat belt in the 6-10 day forecast. The open interest went up 5,069 contracts on Wednesday and has now gained over 44,000 contracts in the last seven trading days. The estimates for today's export sales for wheat are 300,000 to 650,000 tonnes.

TODAY'S MARKET IDEAS:

May wheat traded to a high of 440 3/4 overnight and is trading just above the 100 day moving average. With the extended move lower in the US dollar, prices should be supported today. A close above the 100 day moving average at 437 3/4 could get recent sellers to cover shorts. Traders could look to buy May wheat from 436 1/2 to 434, 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) 03/16/2017: 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. A positive setup occurred with the close over the 1st swing resistance. The next downside objective is 428 1/2. The next area of resistance is around 439 1/4 and 441 1/4, while 1st support hits today at 432 3/4 and below there at 428 1/2.

KC WHEAT (MAY) 03/16/2017: 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. Market positioning is positive with the close over the 1st swing resistance. The next downside target is 438 1/2. The next area of resistance is around 451 1/4 and 454 3/4, while 1st support hits today at 443 1/4 and below there at 438 1/2.

MINN WHEAT (MAY) 03/16/2017: The daily stochastics gave a bullish indicator with a crossover up. Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The near-term upside target is at 552. The next area of resistance is around 546 3/4 and 552, while 1st support hits today at 534 1/4 and below there at 527 1/4.

RICE (MAY) 03/16/2017: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The market's short-term trend is positive on the close above the 9-day moving average. The market setup is somewhat negative with the close under the 1st swing support. The near-term upside objective is at 9.820. The next area of resistance is around 9.740 and 9.820, while 1st support hits today at 9.610 and below there at 9.560.

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	363 1/2	35.02	39.62	19.41	12.56	362.75	369.50	372.36	373.11	369.77
CNAZ7	385	34.21	39.42	21.67	14.61	384.81	390.39	392.54	392.94	390.34
SSAK7	998	25.70	33.02	14.05	10.62	1002.44	1015.83	1025.00	1043.95	1038.34

SSAX7	993	30.37	36.83	24.65	16.55	997.38	1006.83	1010.99	1016.38	1011.13
SMAK7	327.6	33.16	38.33	14.24	13.38	328.60	330.22	334.13	338.69	333.73
BOAK7	32.22	31.50	34.73	29.79	20.65	32.33	33.15	33.23	34.29	34.65
WHAK7	436	39.45	43.02	21.90	16.97	434.38	444.11	447.33	446.19	439.93
WHAN7	450 3/4	39.01	42.93	24.38	18.35	449.81	459.39	461.97	460.34	453.95
RCAK7	9.675	49.14	47.80	61.34	64.99	9.73	9.66	9.65	9.81	9.82
KWAK7	447 1/4	35.46	40.69	24.89	17.06	447.00	459.42	463.74	460.04	452.48
MWAK7	540 1/2	45.41	44.54	13.96	19.72	535.69	538.39	545.64	553.64	549.62
OTAK7	257 1/4	66.39	61.74	54.63	73.29	250.81	246.08	246.90	246.17	241.51

Calculations based on previous session. Data collected 03/15/2017

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	360 3/4	362	363 1/2	365	366 1/4
CNAZ7	Corn	382 1/4	383 1/2	385	386 1/2	387 3/4
SSAK7	Soybeans	987 1/4	991 3/4	999 3/4	1004 1/4	1012 1/4
SSAX7	Soybeans	983	987 1/4	994 1/2	998 3/4	1006
SMAK7	Soymeal	325.0	326.2	327.7	328.9	330.4
BOAK7	Soybean Oil	31.74	31.93	32.31	32.50	32.88
WHAK7	Wheat	428 1/2	432 3/4	435	439 1/4	441 1/2
WHAN7	Wheat	443 1/2	447 1/2	450	454	456 1/2
RCAK7	Rice	9.560	9.610	9.690	9.740	9.820
KWAK7	KC Wheat	438 1/4	443	446 1/2	451 1/2	454 3/4
MWAK7	MINN Wheat	527	534 1/4	539 1/2	546 3/4	552
OTAK7	Oats	249 1/2	254	256	260 1/2	262 1/2

Calculations based on previous session. Data collected 03/15/2017

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