



DAILY SOY COMPLEX COMMENTARY
03/17/17

Higher Brazil crop estimates; new crop outlook weakens

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
SOY BEANS +2.2, BEAN OIL +0.2, SOYMEAL +0.3

OVERNIGHT DEVELOPMENTS: May soybeans are trading down 2 1/2 cents this morning. China futures were down slightly and pushed down to the lowest level since November 21st yesterday. Palm oil futures in Malaysia were up 0.25%. Global equity markets were mixed overnight. The Asian session was relatively quiet, while the European session saw ongoing reaction to ECB comments yesterday regarding the prospect of raising rates. The North American session will start out with a January reading on Canadian manufacturing sales, followed by February industrial production which is forecast to see moderate improvement from January and climb into positive territory. The Conference Board's February reading on leading indicators is expected to slightly downtick from January's +0.6% rate. A major private survey on March consumer sentiment is forecast to have a moderate increase from February's 95.7 reading.



NEAR-TERM MARKET FUNDAMENTALS: Brazil estimates continue to rise and weather watchers are predicting El Nino and good growing conditions in the US. With normal weather, record high US ending stocks are likely. The market has consolidated inside of Tuesday's range for the past few sessions and the short-term technical indicators are showing deeply oversold levels. A weaker US dollar along with stronger soybean meal sales lent support to the market yesterday. US exporters announced the sale of 120,000 tonnes of soybeans to unknown destination. The trade continues to struggle with the "big crops getting bigger" chatter out of Brazil. In fact, we heard of a 111 million tonne crop estimate from a Brazilian brokerage house! The Buenos Aires Grains Exchange left their Argentine crop forecast unchanged at 54.8 million tonnes. They also commented that the crop could be raised on higher yields in future reports.

NOAA released their spring outlook with a flood risk for the North Dakota due to extensive snowpack with already saturated and frozen soil. As with last year, producers in North Dakota could be forced to soybean seedings instead of spring wheat, especially when you factor in the success they had with soybeans last year. Although, the bull camp might take solace in a report from SocGen looking for soybean acres to come in at 86.4 million, down from their previous estimate of 90.0 million. They cite improving profitability in corn compared to soybeans over the last couple of months. Their report also increased China's soybean import total to 90.0 million tonnes, up 3.0 million from the USDA's March estimate. Weekly export sales came in at 471,600 tonnes for the current marketing year and 225,800 for the next marketing year for a total of 697,400 tonnes compared to 515,000 tonnes last week. As of March 9th, cumulative soybean sales stand at 97.0% of the USDA forecast for the 2016/2017 (current) marketing year versus a 5 year average of 91.7%. Meal sales came in at 389,500 tonnes for the current marketing year and 4,300 for the next marketing year for a total of 393,800 compared to 302,000 tonnes last week. Net oil sales came in at -35,800 tonnes for the current marketing year and 1,200 for the next marketing year for a total of -34,600 tonnes. India rapeseed production for the 2016/17 season is likely to jump 20% to near 7 million tonnes.

TODAY'S MARKET IDEAS:

Technical indicators are deeply oversold and any minor upturn in the market will cause a potential reversal action. The managed money longs as well as the unhedged South American producers are waiting for any type of rally to sell into. We suggest traders consider selling bounces, using \$9.69 as a downside target for May Soybeans and \$9.56 1/2 for November Soybeans. Likewise, traders should keep \$320.70 as the next support level for May Soybean Meal. The July/November Soybean spread has pushed down to its lowest level since April 2016, and we

suggest using +1 1/2 cents as a downside target and +24 cents as a key resistance level. Consider selling July Soybeans near \$10.25 3/4 with an objective of \$9.72.

NEW RECOMMENDATIONS:

* Buy July soybean \$9.80 put and also sell June Soybean \$10.60 call for a net premium paid of +4 cents on the spread. Use an objective of +33 cents, risk a total of 9 1/2 cents.

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) 03/17/2017: 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. The close over the pivot swing is a somewhat positive setup. The next downside objective is now at 990 3/4. The next area of resistance is around 1006 3/4 and 1012, while 1st support hits today at 996 1/4 and below there at 990 3/4.

SOYBEAN OIL (MAY) 03/17/2017: Momentum studies are declining, but have fallen to oversold levels. 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 now at 31.84. The next area of resistance is around 32.48 and 32.76, while 1st support hits today at 32.03 and below there at 31.84.

SOYMEAL (MAY) 03/17/2017: The daily stochastics have crossed over up which is a bullish indication. Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. A positive setup occurred with the close over the 1st swing resistance. The near-term upside target is at 333.4. The next area of resistance is around 331.4 and 333.4, while 1st support hits today at 327.2 and below there at 325.1.

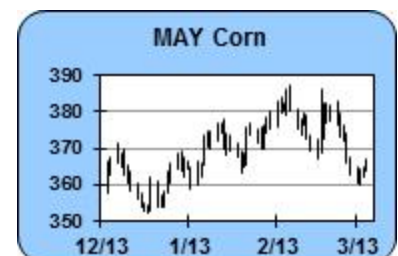
DAILY CORN COMMENTARY

03/17/17

Oversold and showing strong demand signals this week

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

OVERNIGHT DEVELOPMENTS: May corn is trading down 1/2 of a cent this morning. Outside market forces look slightly positive.



NEAR-TERM MARKET FUNDAMENTALS: Stronger than expected demand news has helped to support the 3-day bounce off of Tuesday's lows. The market heads into today up 1 3/4 cents on the week. Talk that China corn producers will slash planted area this year might provide some underlying support. Corn was supported this week by strong export sales number as well as the weaker US dollar. The EIA reported that the US exported the second highest amount of ethanol in 2016, up more than 26% to more than 1.0 billion gallons. Brazil surpassed Canada as the top destination for US ethanol exports purchasing 267 million gallons in 2016. The EIA forecast net exports of ethanol will increase 6.0% in 2017 to 1.2 billion gallons. In a report from SocGen, they have

increased corn planting to 92.0 million acres from 89.0 million previously due to improving economics for corn versus soybeans over the last couple of months.

A second case of bird flu was reported in a commercial breeder flock in Tennessee. The flock of 55,000 chickens is within 2 miles of the first Tennessee case found two weeks ago. The most recent US Drought Monitor showed approximately 11% of corn production is within a drought area as of March 14th. Net weekly export sales for corn came in at 1,255,400 tonnes for the current marketing year and 218,100 for the next marketing year for a total of 1,473,500 tonnes compared to 843,000 tonnes last week. As of March 9th, cumulative corn sales stand at 80.3% of the USDA forecast versus a 5 year average of 75.9%.

TODAY'S MARKET IDEAS:

May corn closed higher for the third day in a row on solid export sales along with the export business announced earlier this week. The 100 day moving average is just above at 367 1/4 and a weekly close above could spark reversal action. The slow stochastics are also turning up with a buy signal nearing. Traders could buy May corn at 363 1/2 looking for a recovery bounce to 371 to 374. 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:

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) 03/17/2017: Momentum studies are declining, but have fallen to oversold levels. The market's close below the 9-day moving average is an indication the short-term trend remains negative. Market positioning is positive with the close over the 1st swing resistance. The next downside target is now at 362 1/4. The next area of resistance is around 367 3/4 and 369, while 1st support hits today at 364 1/4 and below there at 362 1/4.

DAILY WHEAT COMMENTARY

03/17/17

Fresh forecasts have increased moisture in HRW belt

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

WHEAT +0.4

OVERNIGHT DEVELOPMENTS: May wheat is unchanged in very light volume this morning. Outside market forces are mixed with the dollar slightly higher and crude oil higher. MATIF futures are down 0.15% at 170.50 Euro.



NEAR-TERM MARKET FUNDAMENTALS: May wheat has traded in a narrow range with light volume overnight. The open interest in wheat went up 5,002 contracts yesterday and has increased over 62,000 contracts since February 26th. French wheat conditions were unchanged as of March 13th with the soft wheat crop rated 92% good to excellent according to FranceAgriMer. Turkey has removed Russia from an import license strategy that could disrupt Russia's shipments to its second largest wheat export market. New import licenses issued by the Turkish government did not include Russia among accepted origins. Sellers were active in Chicago yesterday with weak export sales and active inter-market spreading of Kansas City versus Chicago (KC/CHI) as well as Minneapolis versus Chicago (MPLS/CHI). The KC/CHI spread gained 2 3/4 cents yesterday and the MPLS/CHI spread gained 7 1/2 cents.

Favorable weather in the soft red region compared to dryness in the western half of the hard red region and a potentially wet spring in the Dakotas according to NOAA, led to the spread activity. Yet, this morning's weather models are wetter for the March 25th-30th timeframe for a large portion of the hard red wheat belt. US exporters announced the sale of 120,000 tonnes of HRW sold to Algeria. This is part of the Algerian tender which traders believe could be as much as 480,000 tonnes. Yesterday's Egyptian wheat purchase puts the total for the 2016-17 season at 5.55 million tonnes up 40% from last year. Weekly export sales came in at 264,400 tonnes for the current marketing year and 74,200 for the next marketing year for a total of 338,600 tonnes compared to 432,000 tonnes last week.

TODAY'S MARKET IDEAS:

May wheat traded in light volume overnight and heads into the last trading day of the week down 4 1/2 cents on the week. The expansion in open interest over the last two weeks has most likely led to an increase of speculative short positions and this could underpin prices until the spring weather picture becomes clearer. May wheat should find support from 433 3/4 to 430. A weekly close above the 100 day moving average at 437 3/4 could get the shorts attention.

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) 03/17/2017: 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside objective is 430 3/4. The next area of resistance is around 439 and 443, while 1st support hits today at 433 and below there at 430 3/4.

KC WHEAT (MAY) 03/17/2017: 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. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is 444 1/2. The next area of resistance is around 452 3/4 and 455 1/4, while 1st support hits today at 447 1/4 and below there at 444 1/2.

MINN WHEAT (MAY) 03/17/2017: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The market now above the 18-day moving average suggests the intermediate-term trend has turned up. A positive setup occurred with the close over the 1st swing resistance. The next upside objective is 554 1/2. The next area of resistance is around 552 and 554 1/2, while 1st support hits today at 544 and below there at 538 1/4.

RICE (MAY) 03/17/2017: The cross over and close above the 60-day moving average is an indication the longer-term trend has turned positive. Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. A positive signal for trend short-term was given on a close over the 9-bar moving average. Since the close was above the 2nd swing resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The next upside target is 9.959. The next area of resistance is around 9.914 and 9.959, while 1st support hits today at 9.745 and below there at 9.620.

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
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GRAIN COMPLEX

CNAK7	366	41.29	43.24	18.31	16.13	363.19	367.86	371.83	373.12	369.82
CNAZ7	387 1/2	41.80	43.73	20.74	18.87	385.06	389.08	392.17	392.96	390.36
SSAK7	1001 1/2	30.55	35.49	13.39	12.08	1001.19	1011.83	1022.68	1043.48	1037.46
SSAX7	995 1/2	34.42	39.02	22.05	16.85	996.31	1003.89	1009.72	1016.28	1010.73
SMAK7	329.3	39.56	41.70	14.68	15.57	328.75	329.81	333.32	338.90	333.81
BOAK7	32.26	32.47	35.30	26.47	19.82	32.23	32.91	33.18	34.21	34.57
WHAk7	436	39.45	43.02	20.83	18.70	433.25	442.17	446.25	446.11	440.17
WHAN7	451	39.40	43.14	22.85	19.79	448.50	457.47	461.00	460.27	454.22
RCAK7	9.830	60.63	55.95	66.29	76.17	9.77	9.69	9.67	9.81	9.82
KWAK7	450	39.38	42.97	23.45	20.56	445.63	457.00	462.67	460.04	452.88
MWAK7	548	54.69	50.94	20.43	33.35	538.06	538.42	545.28	553.55	549.74
OTAK7	249 1/4	52.45	52.52	59.47	69.16	251.56	246.86	246.79	246.72	241.90

Calculations based on previous session. Data collected 03/16/2017

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	362	364 1/4	365 1/2	367 3/4	369
CNAZ7	Corn	383 1/2	385 1/2	387 1/4	389 1/2	391
SSAK7	Soybeans	990 1/2	996	1001 1/4	1007	1012
SSAX7	Soybeans	987 1/4	991 1/2	995 1/2	999 1/2	1003 3/4
SMAK7	Soymeal	325.0	327.2	329.2	331.4	333.4
BOAK7	Soybean Oil	31.83	32.02	32.29	32.48	32.76
WHAk7	Wheat	430 1/2	433	436 3/4	439	443
WHAN7	Wheat	446	448 1/4	451 1/2	453 3/4	457
RCAK7	Rice	9.620	9.744	9.790	9.914	9.959
KWAK7	KC Wheat	444 1/2	447 1/4	450	452 3/4	455 1/2
MWAK7	MINN Wheat	538	544	546 1/4	552	554 1/2
OTAK7	Oats	242 1/2	244 3/4	251 1/2	253 3/4	260 1/2

Calculations based on previous session. Data collected 03/16/2017

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