



DAILY SOY COMPLEX COMMENTARY
03/21/17

Lacking new demand news while supply news remains bear force

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
SOY BEANS -1.6, BEAN OIL +0.2, SOYMEAL -1.4

OVERNIGHT DEVELOPMENTS: May soybeans are trading down 1 1/2 cents this morning. China futures were down 1.2% overnight. Palm oil futures in Malaysia were up 1%. Global equity markets were mixed with the losers spread out around the globe. The biggest overnight news was probably the action in the Dollar which forged yet another lower low for the move and the lowest price since February 6th. The Asian session had a quiet economic calendar again, while the European session started out with February Swiss trade balance data that showed a decline in their monthly surplus. The highlight of European trading will be the latest look at UK inflation as their February CPI is forecast to show a moderate increase from January's +1.8% year-over-year rate. February UK public sector net borrowing (PSNB) is expected to see a sizable increase from January's -9.8 billion pound reading. The North American session will feature January Canadian retail sales that are forecast to have significant improvement from December's -0.5% reading and climb into positive territory.



NEAR-TERM MARKET FUNDAMENTALS: The supply fundamentals remain historically bearish and any minor demand news which is less than impressive might spark another round of long liquidation selling. The USDA Foreign Agriculture service believes that China poultry production could slide to 11 million tonnes this year from 12.3 million in 2016 due to bird flu issues. This could reduce meal demand and hurt crush margins. May soybeans traded to a high of 1008 3/4 yesterday but lost upward momentum. Interestingly, May soybeans have settled between 1001 1/2 and 998 over the last five sessions. The market has either found value or really getting coiled up for a big move. The Brazilian Real traded to its highest value since February 23rd and was a negative feature yesterday.

Brazilian soybean processor group Abiove raised their soybean production number to 107.3 million tonnes from 104.6 million last month while Brazilian consultancy Agroconsult raised their production number to 111 million tonnes, up from 107.8 million last month. With the size of the Brazilian crop continuing to swell and Chinese crush margins staying negative, the Chinese buying pace has slowed over the last two weeks. Weekly export inspections came in at 737,255 tonnes compared to 677,000 tonnes last week and trade expectations for 400,000-600,000 tonnes. The managed money category reduced their net long position by 29,284 contracts last week to 98,354 contracts as of March 14th. This is their lowest net long position since January 10th and the long liquidation selling trend is seen as bearish.

TODAY'S MARKET IDEAS:

May soybeans are hovering at the 1000 level waiting for fresh inputs. The sheer size of the South American production on top of an acreage number that could approach 90 million acres and a March 1st stocks figure that could be 150 million larger than last year's 1.531 billion bushels makes it difficult for the bull camp. Consider selling July soybeans on a bounce to 1013 1/2 or 1023 3/4 with an objective of 972. May soybean resistance is at 1012 with 985 1/2 as the next level of support.

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) 03/21/2017: 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. The downside closing price reversal on the daily chart is somewhat negative. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is now at 991. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 1004 3/4 and 1012, while 1st support hits today at 994 1/4 and below there at 991.

SOYBEAN OIL (MAY) 03/21/2017: The daily stochastics gave a bullish indicator with a crossover up. Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. The close above the 9-day moving average is a positive short-term indicator for trend. There could be more upside follow through since the market closed above the 2nd swing resistance. The next upside target is 33.20. The next area of resistance is around 33.00 and 33.20, while 1st support hits today at 32.48 and below there at 32.17.

SOYMEAL (MAY) 03/21/2017: The daily stochastics have crossed over down which is a bearish indication. 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 downside closing price reversal on the daily chart is somewhat negative. The market setup is somewhat negative with the close under the 1st swing support. The next downside target is 323.2. The next area of resistance is around 328.8 and 332.0, while 1st support hits today at 324.4 and below there at 323.2.

DAILY CORN COMMENTARY

03/21/17

Oversold technically but reversal keeps sellers active

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
CORN -1.4

OVERNIGHT DEVELOPMENTS: May corn is trading down 1 1/4 cents this morning. Outside market forces look supportive with a large drop in the US dollar.



NEAR-TERM MARKET FUNDAMENTALS: Yesterday's reversal leaves the chart pattern bearish and the market is bracing for a massive jump in South America production and the likely impact on US exports. May corn traded to a 7 session high yesterday, only to reverse lower and close well below Friday's low. Exporters announced the sale of 132,000 tonnes of US corn sold to South Korea. A weak crude oil market along with a stronger Brazilian Real provided some negative forces along with favorable weather for the entire Corn Belt with beneficial rains boosting soil moisture and warmer temperatures leading into planting season. The market is finding it difficult to sustain rallies as the Brazilian corn production continues to be reported at record levels. Friday's Safras estimate was 98 million tonnes compared to the USDA's recent 91.5 million tonnes.

The managed money category sold a massive 103,683 contracts as of March 14th to flip their net position to short 23,602 contracts. The corn open interest has increased 38,818 contracts over the last four trading days, which could indicate they are adding to that short position. Weekly export inspections for corn came in at 1.333 million

tonnes compared to 1.566 million last week. As of March 16th, cumulative corn export inspections for the 2016-17 marketing year have reached 53.5% of the USDA forecast versus a 5 year average of 48.2%.

TODAY'S MARKET IDEAS:

With the recent increase in open interest, the managed money net short position could be as much as 50,000 contracts. Going into the plantings report at the end of the month and the growing season just ahead, don't look for the managed money traders to push the short side this early in the process. In fact, most money managers will be on the sidelines watching every update of the weather models hoping to plow into the market from the long side on a bullish forecast. Position traders might be patient and wait for a set-back to key support for December corn at 381 1/4 level or even 375 3/4. May corn close-in resistance is at 365 1/4 with 355 3/4 as a short-term target.

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.

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) 03/21/2017: The daily stochastics gave a bearish indicator with a crossover down. 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. A negative signal was given by the outside day down. The close below the 2nd swing support number puts the market on the defensive. The next downside objective is now at 357 1/2. The next area of resistance is around 367 1/4 and 372 3/4, while 1st support hits today at 359 3/4 and below there at 357 1/2.

DAILY WHEAT COMMENTARY

03/21/17

Crop conditions deteriorating but rain in forecast

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

WHEAT -1.6

OVERNIGHT DEVELOPMENTS: May wheat is down 1 1/2 cents this morning. Outside market forces are supportive with a sharp drop in the US dollar. MATIF futures are down 0.5%.



NEAR-TERM MARKET FUNDAMENTALS: July wheat experienced a sweeping hook reversal yesterday and may swing down to 438 1/4 short-term before finding much support. May wheat traded to a one week high early yesterday, but reversed on updated weather forecasts looking for beneficial rains in the hard red winter belt starting on March 29th. The weekly state crop conditions update show Kansas winter wheat crop rated 38% good to excellent (G/EX) down from 40% G/EX last week. The Oklahoma wheat crop was rated 40% G/EX down from 42% last week. Texas crop was rated 34% G/EX down from 35% last week. The ratings decrease shows the importance of the rains that are forecast to fall later this week and into next week. The managed money category in the COT reports increased their net short position by 37,449 contracts to 100,629 contracts as of March 14th. This is the largest net short position since January 31st and the open interest in wheat went up 6,949 contracts on Friday and is up 38,482 contracts over the last five trading days. This could indicate the net short from managed money trend followers is larger than 100,629 contracts. Weekly export inspections for wheat came in at 624,334 tonnes compared to 544,000 last week and trade expectations for 350,000-550,000 tonnes. As of March 16th, cumulative wheat export inspections for the 2016-17 marketing year have reached 74.1% of the USDA forecast

versus a 5 year average of 77.2%.

TODAY'S MARKET IDEAS:

May wheat put in a bearish outside day lower close almost engulfing last week's entire range. A close below the January 31st low at 427 would be bearish and point to a test of the 420 level. Still, another flip to a drier scenario in the winter wheat areas could get the trade leaning the wrong way. The next level of support in May wheat is at 423 1/2 followed by 419 1/2. Traders could look to buy May wheat against this level as it has provided solid support since early January.

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) 03/21/2017: 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 outside day down is a negative signal. The close below the 2nd swing support number puts the market on the defensive. The next downside target is 419 1/2. The next area of resistance is around 437 and 446 3/4, while 1st support hits today at 423 1/2 and below there at 419 1/2.

KC WHEAT (MAY) 03/21/2017: The close below the 60-day moving average is an indication the longer-term trend has turned down. The daily stochastics gave a bearish indicator with a crossover down. Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's short-term trend is negative as the close remains below the 9-day moving average. The outside day down and close below the previous day's low is a negative signal. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside target is 433 1/2. The next area of resistance is around 452 1/2 and 462 3/4, while 1st support hits today at 438 and below there at 433 1/2.

MINN WHEAT (MAY) 03/21/2017: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market's short-term trend is positive on the close above the 9-day moving average. The daily closing price reversal down is a negative indicator for prices. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 557. The next area of resistance is around 552 and 557, while 1st support hits today at 544 1/2 and below there at 542.

RICE (MAY) 03/21/2017: Momentum studies are trending higher but have entered overbought levels. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market's close below the pivot swing number is a mildly negative setup. The next upside objective is 10.011. The next area of resistance is around 9.932 and 10.011, while 1st support hits today at 9.778 and below there at 9.702.

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	37.92	40.97	18.93	18.79	365.13	365.25	370.51	373.17	370.05
CNAZ7	386 1/4	40.48	42.74	22.99	24.62	387.13	387.08	391.22	393.06	390.53
SSAK7	999 1/2	29.28	34.69	12.76	12.29	999.75	1004.83	1018.72	1041.92	1036.36
SSAX7	993 1/2	32.71	37.89	18.16	14.73	993.88	998.53	1007.44	1015.67	1010.36
SMAK7	326.6	33.27	37.93	14.70	13.61	328.10	328.76	331.88	339.06	334.14
BOAK7	32.74	44.36	42.32	24.31	24.48	32.38	32.59	33.13	34.05	34.42

WHAK7	430 1/4	33.66	39.25	18.74	15.06	434.63	436.78	444.07	446.00	440.72
WHAN7	445 1/2	33.83	39.43	20.24	16.10	449.69	452.19	458.94	460.18	454.81
RCAK7	9.855	59.65	56.07	75.28	82.04	9.82	9.76	9.69	9.80	9.82
KWAK7	445 1/4	36.49	40.66	23.52	22.10	449.00	451.69	460.56	460.01	453.68
MWAK7	548 1/4	54.67	51.06	34.97	48.88	546.44	540.14	545.04	553.23	550.08
OTAK7	250 3/4	54.58	53.96	64.08	67.82	251.81	248.61	246.64	247.51	242.74

Calculations based on previous session. Data collected 03/20/2017

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	359 1/2	365 1/4	367 1/2	373
CNAZ7	Corn	381	383	387 3/4	389 1/2	394 1/2
SSAK7	Soybeans	991	994 1/4	1001 1/2	1004 3/4	1012
SSAX7	Soybeans	986 1/4	989	995	998	1003 3/4
SMAK7	Soymeal	323.2	324.4	327.6	328.8	332.0
BOAK7	Soybean Oil	32.16	32.48	32.68	33.00	33.20
WHAK7	Wheat	419 1/4	423 1/2	433	437	446 3/4
WHAN7	Wheat	434 3/4	439	448	452	461 1/4
RCAK7	Rice	9.701	9.777	9.856	9.932	10.011
KWAK7	KC Wheat	433 1/4	438	448	452 1/2	462 3/4
MWAK7	MINN Wheat	542	544 1/2	549 1/2	552	557
OTAK7	Oats	245 1/4	248 1/2	250	253	254 3/4

Calculations based on previous session. Data collected 03/20/2017

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