



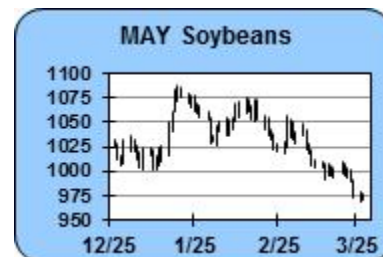
## DAILY GRAINS COMMENTARY Wednesday March 29, 2017

### DAILY SOY COMPLEX COMMENTARY 03/29/17

**More short covering prior to report is possible**

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):  
SOY BEANS +2.6, BEAN OIL +0.0, SOYMEAL +1.3**

**OVERNIGHT DEVELOPMENTS:** May soybeans are trading up 2 1/4 cents this morning. China futures were trading 0.2% lower overnight and are down 13.0% on the year, which would be the largest quarterly loss since the 4th quarter 2008. Palm oil futures in Malaysia were up 0.57% this morning. Outside market forces are supportive with crude oil up 0.48%.



**NEAR-TERM MARKET FUNDAMENTALS:** May soybeans are firm this morning with more short covering ahead of Friday's report. Overnight volume has picked up primarily off of a large trade in the May/July calendar spread. Malaysian palm oil closed higher today and is seeing better demand in anticipation of the upcoming Ramadan festival period. The market was able to break the four day losing streak yesterday, albeit by only a 1/2 cent. Heading into the one of the biggest reports of the year on Friday, we can look back to where the market was trading last year for comparison.

Last year on March 30th, 2016, May soybeans settled at 909 versus 972 today. The combined Brazilian and Argentine production was 158.50 million tonnes last year and getting smaller, versus 163.50 million tonnes this year and getting larger. The ending stocks were estimated at 460 million bushels last year versus 435 million today. The average farm price listed by the USDA in May 2016 was 825 to 925, today it is 930 to 990. The only similarity is that the managed money trader was long 75,450 contracts on March 30, 2016 compared to 65,669 contracts of length today. Last year, the story was poor finishing weather in South America while it is hard to find a story this year. In a conference in Beijing, analysts have stated that China's soybean import total could reach 89 to 90 million tonnes for 2016-17 due to higher breeding profits spurring a restocking of their hog herd. Consumption of feed is estimated to grow by 5% versus last year, and with the decrease of DDG imports, soybean meal demand could benefit.

#### **TODAY'S MARKET IDEAS:**

May soybeans managed to close higher by a 1/2 cent yesterday in light volume. The selling seems to have subsided, yet buyers will want to wait to see the USDA numbers on Friday before their next move. A short covering rally prior to Friday is possible given the oversold nature of the market, with the RSI at 27% and the slow stochastics approaching single digits. The next level of resistance is at 975 1/4 followed by 979.

#### **NEW RECOMMENDATIONS:**

None.

#### **PREVIOUS RECOMMENDATIONS:**

1) \* Exited long 6 July 960 puts and short 1 July soybean 1080 put for a gain of 12 3/4 cents. 2) \* Exited short July/Dec soybean meal spread for a gain of \$12.70.

#### **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) 03/29/2017: 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 tilt is slightly negative with the close under the pivot. The next downside target is now at 966 1/4. The 9-day RSI under 20 suggests the market is extremely oversold. The next area of resistance is around 975 1/4 and 979, while 1st support hits today at 968 3/4 and below there at 966 1/4.

SOYBEAN OIL (MAY) 03/29/2017: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. A negative signal for trend short-term was given on a close under the 9-bar moving average. The close over the pivot swing is a somewhat positive setup. The next downside target is 31.98. The next area of resistance is around 32.69 and 32.90, while 1st support hits today at 32.24 and below there at 31.98.

SOYMEAL (MAY) 03/29/2017: 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 objective is now at 313.1. Selling may soon dry up since the RSI is under 20 indicating the market is extremely oversold. The next area of resistance is around 316.6 and 318.3, while 1st support hits today at 314.0 and below there at 313.1.

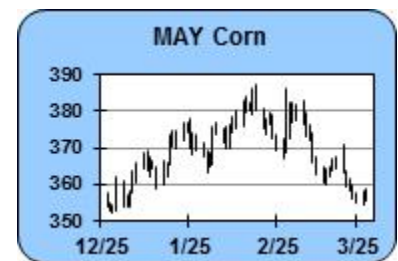
## DAILY CORN COMMENTARY

03/29/17

Follow through from yesterday a positive feature

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):**  
CORN +2.2

**OVERNIGHT DEVELOPMENTS:** May corn is trading up 2 cents this morning. Dalian corn futures are down 1.4% this morning on profit taking, Dalian corn is up 10% on the year and on course for its largest quarterly gain since the 1st quarter of 2010. Outside market forces look supportive with crude oil up 0.54%.



**NEAR-TERM MARKET FUNDAMENTALS:** May corn broke a streak of six consecutive lower closes yesterday and is seeing some follow through strength this morning. Argentine weather will be closely watched by traders with as much as 3 to 6 inches of rain forecast over the 6 to 10 days. Traders remember the wet stretch in Argentina last year, and the longer term forecasts have the potential for more wet weather into mid-April. Some corn harvest delays are expected. South African corn production is estimated at 14.3 million tonnes, their largest crop since 1981 and well above last year's 8.2 million tonne crop. With Friday's USDA report in two days, we look back at prices from last year prior to the Plantings report for comparison.

May corn was trading at 367 versus 357 3/4 this year, Brazilian and Argentine combined production was estimated at 111 million tonnes last year versus 129 million this year. The ending stocks estimate last year was 1.837 billion bushels versus 2.320 billion bushels this year. The USDA average price was 340 to 380 last year versus 320 to 360 this year. A bearish March 31st corn report last year drove May corn down to 347 1/4 on the report day, which also was the contract low. The average estimates for today's ethanol production report are 1.032 million barrels per day with a range of 1.015 to 1.051 million. Stockpiles are estimated at 22.62 million barrels in a range of 22.39 to 22.95 million.

### TODAY'S MARKET IDEAS:

The market should continue to be supported going into Friday's report as short covering tied to potential planting delays in the southern Corn Belt along with some hefty rains in Argentina could be a concern. Technically the slow stochastics gave a buy signal from deeply oversold levels yesterday. A recovery bounce to 362 1/2 to 364 1/2 in May corn should cap any rally attempt prior to the report.

### 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) 03/29/2017: 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. A negative signal for trend short-term was given on a close under the 9-bar moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside target is 360 1/2. The next area of resistance is around 359 1/4 and 360 1/2, while 1st support hits today at 356 1/4 and below there at 354 1/2.

**DAILY WHEAT COMMENTARY**

03/29/17

**Minneapolis wheat up 5 1/2 cents, spring flooding expected**

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):**

**WHEAT** +3.0

**OVERNIGHT DEVELOPMENTS:** May wheat is up 2 1/4 cents this morning. Outside market forces are mixed with crude oil higher and the dollar up slightly. MATIF futures are trading down 0.15% 166.50 Euro.



**NEAR-TERM MARKET FUNDAMENTALS:** May wheat has traded as high as 427 1/2 this morning on short covering prior to Friday's report. Russia and Turkey's economic ministries agreed to meet and hold "grain trade" talks in order to iron out their recent spat with Russian wheat exports into Turkey. Algeria bought 200,000 durum wheat yesterday. China sold just 1,500 tonnes of soft wheat out of 92,901 tonnes offered at auction on Wednesday. The government sold 459,232 tonnes of soft wheat out of 2.7 million offered yesterday. The rain event this week in the winter wheat belt is bringing beneficial moisture into Texas, Oklahoma and Kansas and should bring excellent coverage of up to 3 inches of rain over the next seven days. Monday's state conditions report saw a slight deterioration in Oklahoma's good to excellent ratings, with Kansas and Texas good to excellent ratings holding steady. All three states did see increases in the poor to very poor ratings, and this week's rain event should improve those ratings for next week. India is reinstating the 10% import tax on wheat imports effective immediately. A large domestic wheat crop encouraged the government to impose the tax to protect local farmers prior to the harvest.

**TODAY'S MARKET IDEAS:**

May wheat seems to be finding support around the 420 level over the last four trading days. More likely is that there is no interest in selling wheat below that level, as it has not been a profitable endeavor in the recent past. The next support for May wheat is at 421 1/4 followed by 417.

**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) 03/29/2017: A bullish signal was given with an upside crossover of the daily stochastics. The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. The close below the 9-day moving average is a negative short-term indicator for trend. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside target is at 430. The next area of resistance is around 427 3/4 and 430, while 1st support hits today at 421 1/4 and below there at 417.

KC WHEAT (MAY) 03/29/2017: 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 upside closing price reversal on the daily chart is somewhat bullish. The market has a slightly positive tilt with the close over the swing pivot. The next downside objective is now at 415. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 428 1/4 and 432 1/4, while 1st support hits today at 419 3/4 and below there at 415.

MINN WHEAT (MAY) 03/29/2017: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. A negative signal for trend short-term was given on a close under the 9-bar moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside target is now at 530 1/2. The next area of resistance is around 537 1/4 and 539 1/2, while 1st support hits today at 532 3/4 and below there at 530 1/2.

RICE (MAY) 03/29/2017: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market tilt is slightly negative with the close under the pivot. The next downside target is 9.630. The next area of resistance is around 9.820 and 9.890, while 1st support hits today at 9.690 and below there at 9.630.

## 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
<b>GRAIN COMPLEX</b>										
CNAK7	357 3/4	34.51	37.37	9.53	9.83	356.63	360.39	364.94	371.17	370.29
CNAZ7	381 3/4	37.95	39.73	12.39	12.56	380.31	383.47	386.93	391.54	390.75
SSAK7	972	17.20	25.33	8.63	7.03	977.56	990.28	1003.06	1030.21	1032.81
SSAX7	972 1/4	22.81	29.31	12.14	8.17	977.88	987.89	997.36	1010.29	1009.53
SMAK7	315.3	16.47	25.40	6.91	4.42	317.38	322.62	326.42	335.32	334.20
BOAK7	32.47	42.53	42.22	35.92	35.14	32.55	32.69	32.92	33.67	34.15
WHAK7	424 1/2	37.58	39.48	10.07	11.05	422.75	426.92	435.51	443.25	441.67
WHAN7	437 1/2	34.57	37.69	9.63	9.29	436.94	441.72	450.56	457.36	455.83
RCAK7	9.755	49.09	49.73	68.94	63.66	9.80	9.82	9.74	9.76	9.82
KWAK7	424	26.35	31.80	8.33	6.59	425.31	435.64	447.53	455.93	454.29
MWAK7	535	40.59	41.94	35.16	30.59	536.13	540.64	539.51	549.89	550.56
OTAK7	235	30.70	37.52	48.15	29.59	242.44	247.22	246.65	247.61	244.88

Calculations based on previous session. Data collected 03/28/2017

Data sources can & do produce bad ticks. Verify before use.

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>GRAIN COMPLEX</b>						
CNAK7	Corn	354 1/2	356 1/4	357 1/2	359 1/4	360 1/2
CNAZ7	Corn	379 1/4	380 1/2	381 1/2	383	383 3/4
SSAK7	Soybeans	966	968 3/4	972 1/2	975 1/4	979
SSAX7	Soybeans	967 1/4	969 1/2	972 1/2	975	977 3/4
SMAK7	Soymeal	313.1	314.0	315.7	316.6	318.3
BOAK7	Soybean Oil	31.97	32.23	32.44	32.69	32.90

WHAK7	Wheat	417	421 1/4	423 1/2	427 3/4	430
WHAN7	Wheat	431 1/4	434 1/2	437	440 1/2	442 3/4
RCAK7	Rice	9.630	9.690	9.760	9.820	9.890
KWAK7	KC Wheat	414 3/4	419 1/2	423 1/2	428 1/2	432 1/4
MWAK7	MINN Wheat	530 1/2	532 3/4	535	537 1/4	539 1/2
OTAK7	Oats	228 1/2	231	236 1/2	239	244 1/2

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