



DAILY SOY COMPLEX COMMENTARY
03/31/17

Brazil's crop continues to get larger

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
SOY BEANS -2.0, BEAN OIL -0.3, SOYMEAL +0.3

OVERNIGHT DEVELOPMENTS: May soybeans are trading down 1 1/2 cents this morning. China futures were trading unchanged overnight and the most active contract is down 8.0% for the month. Palm oil futures in Malaysia were down 0.49% this morning and are down 3.92% on the week. Outside market forces are slightly negative with crude oil down 0.28% and the US dollar slightly higher.



NEAR-TERM MARKET FUNDAMENTALS: May soybeans traded to the lowest price level since October 13th yesterday. Traders anticipate volatility to return to the trade today after the release of the USDA report. The average estimate for soybean acres is 88.3 million acres in a range of 90.2 to 86.4 million acres. The average estimate for March 1st stocks is 1.684 billion bushels in a range of 1.885 to 1.627 billion bushels. The open interest went up 4,050 contracts yesterday which could be some bottom picking type buying after the 90 cent break since the March 1st high of 1052 1/4. US exporters announced the sale of 165,000 tonnes of new crop soybeans sold to China yesterday. The Brazilian soybean basis continues to slide with harvest pressure and a crop that continues to swell. Agroconsult raised their Brazilian soybean estimate to 113.3 million tonnes from 111 million tonnes. They estimate average yields at a record 55.8 bags per hectare compared to 48.3 bags per hectare, a 13.4% increase in yield. They also estimated Brazilian soybean exports at 61.4 million tonnes for 2017 and total Brazilian grain production at 236 million tonnes versus 189 million tonnes last year. The Buenos Aires Grains Exchange left their soybean production estimate unchanged at 56.5 million tonnes. The Buenos Aires Exchange also called attention to a "Pampero" weather front that could bring abundant rain and storms with hail and torrential downpours into the central farming area. Traders remember April 2016 rains that hampered the Argentine crop.

Yesterday's net weekly export sales for soybeans came in at 681,000 tonnes for the current marketing year and 315,600 for the next marketing year for a total of 996,600 compared to 818,000 tonnes last week. As of March 23rd, cumulative soybean sales stand at 99.2% of the USDA forecast for the 2016/2017 (current) marketing year. Net meal sales came in at 162,600 tonnes for the current marketing year and -1,000 for the next marketing year for a total of 161,600 compared to 161,000 last week. Net oil sales came in at 12,500 tonnes for the current marketing year and none for the next marketing year for a total of 12,500.

TODAY'S MARKET IDEAS:

May soybeans are down 12 3/4 cents so far this week. The market feels as if the managed money length, which was at 65,669 contracts as of March 21st, could be liquidated. The market closed at 1001 1/2 on March 21st, so we are down 38 1/2 cents in the seven trading days since then, with all but one of those days a down day. The stochastics and RSI are deeply oversold and could correct on a neutral report. Long term support in May soybeans is seen at 937 1/4 with resistance at 978 3/4 and 984 1/2.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

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) 03/31/2017: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The close below the 9-day moving average is a negative short-term indicator for trend. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside objective is now at 955 1/4. With a reading under 20, the 9-day RSI indicates the market is extremely oversold. The next area of resistance is around 967 1/2 and 973 1/4, while 1st support hits today at 958 1/2 and below there at 955 1/4.

SOYBEAN OIL (MAY) 03/31/2017: 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 market tilt is slightly negative with the close under the pivot. The next downside objective is now at 31.11. The next area of resistance is around 32.43 and 32.80, while 1st support hits today at 31.59 and below there at 31.11.

SOYMEAL (MAY) 03/31/2017: 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 under the swing pivot. The next downside objective is now at 312.9. Selling may soon dry up since the RSI is under 20 indicating the market is extremely oversold. The next area of resistance is around 316.0 and 317.4, while 1st support hits today at 313.8 and below there at 312.9.

DAILY CORN COMMENTARY

03/31/17

Report day finally here, will volatility come with?

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
CORN +1.0

OVERNIGHT DEVELOPMENTS: May corn is trading up 1 cent this morning. Dalian corn futures are up 0.31% this morning. Outside market forces look mixed with crude oil down 0.36% and the dollar slightly higher.



NEAR-TERM MARKET FUNDAMENTALS: The market awaits the USDA stocks and plantings report for release during the session. Corn plantings are expected at 90.9 million acres, with a range of 89.0 to 92.5 million. The average estimate for March 1 stocks is 8.534 billion bushels in a range of 8.900 to 8.205 billion. Amid rising domestic prices, Chinese feed millers are coming back to DDG's from the US. Mills have recently booked small quantities of 100,000 tonnes or less to be shipped in containers. The government also looks to release as much as 20 million tonnes from state reserves in mid-April to feed mills in the south and ethanol plants in the northeast according to JC Intelligence. May corn traded with an inside day yesterday and settled down 1 cent. Rumors yesterday of Mexico looking to secure South American origin corn after reports of one cargo had been sold yesterday.

Ukraine corn exports rose 6.7% versus last year to 10.4 million tonnes for the September 2016 through February 2017 time period. Destinations included South Korea, a typical US buyer, which has booked 400,000 tonnes so far. The open interest in corn went down 4,263 contracts. Heavy rains will continue to hamper harvest activity in Argentina with forecasts showing active storms from April 6th to 12th according to the Buenos Aires Grains Exchange. The Exchange also left their corn production estimate unchanged at 37.0 million tonnes. Agroconsult left their Brazilian corn production number unchanged at 95.0 million tonnes. Yesterday's net weekly export sales for corn came in at 716,900 tonnes for the current marketing year and 125,000 for the next marketing year for a total of 841,900 versus last week's 1.474 million tonnes. As of March 23rd, cumulative corn sales stand at 83.9% of the

USDA forecast for 2016/2017 (current) marketing year.

TODAY'S MARKET IDEAS:

May corn is up 2 1/4 cents on the week. The market has had a 6 1/2 cent range so far this week, but today's release of fresh data for traders to analyze should spark more volatile action. With the average stocks estimate running 726 million bushels above last year, most of the bearish slant from stocks have been priced in. The surprise could be a larger corn planting number; remember, there were 3.6 million acres left out of the USDA Outlook total. Longer range support in May corn is at 349 1/4 followed by 342 with longer term resistance at 371.

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:

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CORN (MAY) 03/31/2017: 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 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 upside objective is 359 1/2. The next area of resistance is around 358 1/2 and 359 1/2, while 1st support hits today at 356 1/2 and below there at 355 3/4.

DAILY WHEAT COMMENTARY

03/31/17

Report day, wheat could break out of narrow weekly range

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

WHEAT +1.2

OVERNIGHT DEVELOPMENTS: May wheat is 1 1/2 cents higher this morning. Outside market forces are slightly negative with crude oil lower and the dollar up slightly. MATIF futures are trading down 0.15% 163.50 Euro.



NEAR-TERM MARKET FUNDAMENTALS: The average estimate for March 1st wheat stocks is 1.627 billion bushels in a range of 1.498 to 1.721 billion bushels. The average estimate for wheat plantings is 46.1 million acres in a range of 44.2 to 48.2 million acres. May wheat was under pressure yesterday trading to a low of 419 1/2. MATIF wheat futures traded to a contract low at 162.75 this morning. Tunisia bought 75,000 tonnes of barley and 100,000 tonnes of soft wheat. The EU wheat exports fell 17% to 17.81 million tonnes from the period started July 1st through March 28th. This compares to 21.37 million tonnes for the same period last year according to the European Commission. Ukraine new crop 12.5% protein wheat is offered at \$175 per tonne this morning, slightly below the recent Russian new crop offers at \$176.50 per tonne. Most of the Plains states received one month's worth of rain this week with more forecast for the weekend. The region from Texas up through Nebraska received upwards of two inches of rain with excellent coverage. Yesterday's net weekly export sales for wheat came in at 464,100 tonnes for the current marketing year and 163,500 for the next marketing year for a total of 627,600 compared to 568,000 tonnes last week. As of March 23rd, cumulative wheat sales stand at 94.1% of the USDA forecast for the 2016/2017 (current) marketing year versus a 5 year average of 92.9%. Sales of 165,000 tonnes are needed each week to reach the USDA forecast.

TODAY'S MARKET IDEAS:

May wheat enters the last day of week down 2 1/2 cents for the week. The market has traded in a tight 9 1/4 cent range since March 22nd, and will most likely break out of this range after today's report. Large speculative shorts will be looking to bank profits on weakness today, and given "neutral" numbers by the USDA, these shorts might want to bank profits because of month end and quarter end. A fair amount of the bearish sentiment could already be priced in. Longer range support in July wheat is at 420 with longer range resistance at 457 1/2.

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) 03/31/2017: 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 market's short-term trend is negative as the close remains below 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 428 1/2. The next area of resistance is around 424 1/4 and 428 1/2, while 1st support hits today at 417 3/4 and below there at 415 1/4.

KC WHEAT (MAY) 03/31/2017: 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. The close below the 2nd swing support number puts the market on the defensive. The next downside target is 411 1/2. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 421 and 426 3/4, while 1st support hits today at 413 1/2 and below there at 411 1/2.

MINN WHEAT (MAY) 03/31/2017: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market's close above the 9-day moving average suggests the short-term trend remains positive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 552 3/4. The next area of resistance is around 547 3/4 and 552 3/4, while 1st support hits today at 539 1/4 and below there at 536.

RICE (MAY) 03/31/2017: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The close above the 9-day moving average is a positive short-term indicator for trend. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is 9.735. The next area of resistance is around 9.900 and 9.955, while 1st support hits today at 9.790 and below there at 9.735.

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	357 1/2	35.04	37.57	12.60	15.69	357.38	358.44	362.54	370.55	370.24
CNAZ7	381	36.36	38.79	14.91	17.27	381.19	381.89	385.03	391.06	390.75
SSAK7	963	13.92	22.50	7.03	5.50	968.88	982.56	995.13	1025.76	1031.41
SSAX7	963 1/4	18.29	25.61	8.99	6.35	968.63	981.47	991.11	1007.62	1008.85
SMAK7	314.9	18.01	25.85	5.72	4.54	315.33	319.57	324.42	333.95	334.14
BOAK7	32.01	36.02	38.08	32.54	28.50	32.25	32.65	32.67	33.52	34.06
WHAK7	421	34.13	37.32	12.51	14.06	422.94	424.06	431.88	442.52	441.80
WHAN7	434	31.56	35.65	10.50	10.55	436.19	438.39	446.74	456.53	455.95
RCAK7	9.845	56.17	54.36	67.78	66.90	9.82	9.81	9.77	9.74	9.82
KWAK7	417 1/4	21.98	28.56	7.31	5.63	421.50	428.67	441.69	454.54	454.04

MWAK7	543 1/2	53.56	50.17	39.60	45.66	538.69	539.50	539.33	549.38	550.87
OTAK7	227 1/4	23.97	31.92	30.78	14.18	233.50	242.69	245.06	246.77	244.79

Calculations based on previous session. Data collected 03/30/2017

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	355 1/2	356 1/2	357 1/2	358 1/2	359 1/2
CNAZ7	Corn	379	380	381	382	383
SSAK7	Soybeans	955 1/4	958 1/2	964 1/4	967 1/2	973 1/4
SSAX7	Soybeans	955 3/4	959	964	967 1/2	972 1/4
SMAK7	Soymeal	312.8	313.7	315.1	316.0	317.4
BOAK7	Soybean Oil	31.10	31.58	31.95	32.43	32.80
WHAK7	Wheat	415 1/4	417 1/2	422	424 1/2	428 3/4
WHAN7	Wheat	428 1/2	430 3/4	435	437 1/4	441 1/2
RCAK7	Rice	9.735	9.790	9.845	9.900	9.955
KWAK7	KC Wheat	411 1/4	413 1/2	419	421	426 3/4
MWAK7	MINN Wheat	536	539 1/4	544 1/2	547 3/4	553
OTAK7	Oats	222 3/4	224 1/2	228	230	233 1/4

Calculations based on previous session. Data collected 03/30/2017

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