



DAILY SOY COMPLEX COMMENTARY
04/03/17

Down \$1.07 1/2 since Feb 28th and oversold bounce possible

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
SOY BEANS +2.4, BEAN OIL +0.2, SOYMEAL +0.6



OVERNIGHT DEVELOPMENTS: May soybeans are trading up 2 cents this morning. China futures were trading slightly higher on the session after first trading down to the lowest level since October. Palm oil futures in Malaysia were up 0.6% this morning. Outside market forces are slightly negative with the dollar slightly higher. Global markets were mixed overnight with Asian markets showing positive action and European markets starting out a little soft. Over the weekend, the Caixin (private) survey of March Chinese manufacturing PMI came in with a positive result for the 9th straight month but some were concerned that the pace of growth slowed. The Asian session started out with the Bank of Japan's first quarter surveys of Japanese manufacturing which generally improved upon their fourth quarter results. The European session started out with Markit manufacturing PMI readings from around Europe with the UK PMI growth losing momentum and Switzerland posting a moderate uptick, Italy surprising with strong results while German readings reached a 6 year high. French and the Euro zone PMI results also registered very strong readings compared to their previous levels. February Euro zone unemployment readings ticked down from January's 9.6% reading. The North American session will start out with manufacturing PMI readings from the US and Canada followed by the March US ISM manufacturing index which is expected to see a moderate decline from February's 57.7 reading. February construction spending is forecast to have a sizable jump from January's -1.0% reading and climb into positive territory.

NEAR-TERM MARKET FUNDAMENTALS: With very bearish crop reports coming out of Brazil and very weak basis in the US and a sharp drop in Chinese soybean futures last week, the fundamental news flow remains as a strong bearish force. July soybeans closed 16 1/4 cents lower on Friday and this left the market down 29 1/4 cents for the week. Since February 28th, the market is down \$1.07 1/2. The USDA grain stocks report for soybeans was considered bearish versus trade estimates as March 1st soybean stocks came in at 1.734 billion bushels compared to the average estimate of 1.684 billion bushels. The 50 million bushel difference could show up as higher old crop ending stocks and stocks were up 203 million bushels from last year. The USDA Prospective Plantings report was also bearish as planting intentions came in at a record high 89.5 million acres versus the average estimate of 88.3 million acres. Even though the market is on a \$1.00 dollar plus break, rallies will be hard to come by unless there is a weather issue during the growing season. If we assume beginning stocks will be up to 460 million bushels and we use a yield of 48.5 bushels/acre (down 6.9%) we see ending stocks at a record high 714 million bushels. If yield is down 10%, ending stocks would be 572 million and even if yield is down 15%, ending stocks come in at 342 million bushels.

The Commitments of Traders reports as of March 28th showed Non-Commercial traders were net long 56,309 contracts, a decrease of 27,914 contracts for the week. Non-Commercial and Nonreportable combined traders held a net short position of 25,068 contracts. These traders have gone from a net long to a net short position. Commodity Index traders held a net long position of 128,476 contracts. This represents a decrease of 10,307 contracts in the net long position held by these traders. For Soybean Oil, Non-Commercial traders were net short 12,674 contracts, a decrease of 4,721 contracts. Non-Commercial and Nonreportable combined traders held a net short position of 11,605 contracts, down 2,213 contracts for the week. Commodity Index traders held a net long position of 87,895 contracts. This represents an increase of 7,966 contracts in the net long position held by these traders. For Meal, Non-Commercial traders were net long 51,269 contracts, a decrease of 31,093 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 59,404 contracts,

down 34,981 contracts.

TODAY'S MARKET IDEAS:

The market is deeply oversold but the news flow is still very bearish. Trend-following fund traders (as of March 28th) held a net long position of 10,256 contracts, down 22,884 contracts in just one week so it appears that by now, the net long position is likely gone. July soybean resistance is at 972 1/4 and 979, with 940 1/4 as next support. Longer-term, we cannot rule out a break to 882. July looks to trade to a discount of near 15 cents to November. Meal is extremely oversold and in need of a technical correction.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 3/21/2017 - 3/28/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Grains						
Soybeans	56,309	-27,914	25,069	+29,653	-81,377	-1,738
Soymeal	51,269	-31,093	-59,403	+34,982	8,135	-3,888
Soyoil	-12,674	+4,721	11,606	-2,212	1,069	-2,508

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) 04/03/2017: 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. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next downside objective is 928 1/2. More downside action may be limited by the RSI under 20 putting the market in extremely oversold territory. The next area of resistance is around 957 and 972 3/4, while 1st support hits today at 935 and below there at 928 1/2.

SOYBEAN OIL (MAY) 04/03/2017: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. 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 31.00. The next area of resistance is around 32.16 and 32.51, while 1st support hits today at 31.40 and below there at 31.00.

SOYMEAL (MAY) 04/03/2017: 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. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next downside objective is now at 301.0. The 9-day RSI under 20 suggests the market is extremely oversold. The next area of resistance is around 312.9 and 319.1, while 1st support hits today at 303.9 and below there at 301.0.

DAILY CORN COMMENTARY

04/03/17

Huge fund short position caught with smaller than expected acres



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

OVERNIGHT DEVELOPMENTS: May corn is trading up 2 3/4 cents this morning. Outside market forces look slightly negative with a firm US dollar.

NEAR-TERM MARKET FUNDAMENTALS: December corn is already up as much as 13 1/4 cents from Friday's low. The market closed sharply higher on the session Friday and closed up 8 3/4 cents for the week last week. The USDA Prospective Plantings release was considered bullish versus trade estimates, as March 1st planting intentions came in at 89.99 million acres which was near 1 million acres below trade expectations and also down a bit more than 4 million acres from last year. With soybeans pulling acreage away from corn and the southern Midwest and Delta regions getting hit with wet weather, the trade could soon question whether or not the USDA plantings number will be achievable. As the focus shifts to the new crop season, the market seems to have already priced-in a very large South American crop, ample US supply and record high world ending stocks for the 2016/17 season. If it looks like world ending stocks for the 2017/18 season may decline, the market is likely to build a weather premium in December corn for the summer planting weather. The USDA March 1st Grain Stocks report was considered bearish at 8.616 billion bushels which was up 82 million bushels from trade expectations.

With the smaller planted area and a trend yield of 170.7 bushels per acre, we expect ending stocks to decline to 2.134 billion bushels from 2.32 billion this season. However, if yield slips just 5% from trend to 162.2 bushels/acre (which is still the 5th highest on record), ending stocks slide to 1.429 billion bushels for a stocks/usage of just 9.9%. In the last 43 years, stocks/usage has been under 10% only six times. The market may have reacted even more to the upside Friday if it were not for the bearish news for soybeans. Ethanol exports are up strong due to movement to Brazil but Brazil is threatening an import tax. Higher ethanol blending in the US might add some demand growth which would be positive and not expected. The market is deeply oversold basis traditional technical indicators and the COT update. The Commitments of Traders reports as of March 28th showed Non-Commercial traders were net short 43,927 contracts, an increase of 81,783 contracts which represents a change from a net long to net short position. Non-Commercial and Nonreportable combined traders held a net short position of 58,667 contracts. Commodity Index traders held a net long position of 314,581 contracts, down 36,979 contracts for the week in the net long position held by these traders.

TODAY'S MARKET IDEAS:

Trend-following fund traders increased their net short position by a whopping 71,727 contracts in just one week to 149,285 contracts. December corn close-in support is at 386 3/4 and 385. Resistance is at 394 and 399 1/4. Option traders might consider buying September corn 4.20 call at 11 cents with an objective of 29 cents.

NEW RECOMMENDATIONS:

* Buy December corn at 381 1/2 with an objective of 413 1/2. Risk to a close under 375.

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.

Commitment of Traders - Futures and Options - 3/21/2017 - 3/28/2017

	Non-Commercial		Net Position	Commercial		Non-Reportable	
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	Weekly Net Change	
Grains							
Corn	-43,927	-81,783	58,667	+71,776	-14,740	+10,007	

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) 04/03/2017: 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 cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. A positive signal was given by the outside day up.

There could be more upside follow through since the market closed above the 2nd swing resistance. The near-term upside target is at 374 1/4. The next area of resistance is around 370 and 374 1/4, while 1st support hits today at 358 1/2 and below there at 351.

DAILY WHEAT COMMENTARY

04/03/17

Report day, wheat could break out of narrow weekly range

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

WHEAT +4.0

OVERNIGHT DEVELOPMENTS: May wheat is 4 1/2 cents higher this morning. Outside market forces are slightly negative with the dollar higher. MATIF futures are trading up 0.76%. South Korea bought 125,000 tonnes of optional origin feedwheat overnight. Iraq cancelled a tender to buy 50,000 tonnes.



NEAR-TERM MARKET FUNDAMENTALS: The higher close Friday after a 15 1/4 cent range helps to confirm a short-term low, and trade focus may shift to northern spring wheat plantings soon. A spike in heat in India last week has some traders concerned that wheat production might not reach earlier expectations for a record crop at 96.64 million tonnes. The USDA grain stocks report was considered slightly bearish versus trade estimates as March 1st wheat stocks came in at 1.655 billion bushels compared to an average estimate of 1.627 billion bushels. The USDA Prospective Plantings report was considered neutral as all wheat planted area came in at 46.059 million acres versus the average estimate of 46.1 million acres. The report news was bearish but with the market already pricing in bearish news, new selling ran dry on the move to new lows. Wheat acres are at 109 year lows and cash wheat basis levels are already hovering just above loan levels.

With last week's rain event in the Plains and Central Midwest with more to come this, the winter wheat crop conditions should improve dramatically. Kansas is expected to receive 1/2 to 1 1/2 inches of rain tomorrow with more in the 5-day. Weekly crop conditions reports start today. Crop conditions from various states have reported with Kansas, Texas, Oklahoma, Colorado and Nebraska good to excellent ratings all well below last year's ratings at this time. In fact, they are very similar to the 2015 crop year which yielded 43.7 bushels per acre. A trendline yield of 47.1 bushels and a 5% below and above "what if" scenario shows that with all three yields, the wheat balance sheet sees an ending stocks decline from 1.129 billion to 822 million, 916 million and 1.009 billion bushels.

The takeaway point here is there is plenty of weather that still will be traded over the next two months for the wheat trade. With wheat at very depressed price levels and the trend-following speculator short 157,615 contracts, the downside looks limited. If weather suddenly turns for the worse or a late spring freeze occurs, the wheat market could see a significant rally. In addition, Friday saw an outside day higher close, with the RSI and slow stochastics all turning up from oversold levels. The Commitments of Traders reports as of March 28th Non-Commercial traders were net short 108,342 contracts, an increase of 18,949 contracts for the week. Non-Commercial and Nonreportable combined traders held a net short position of 102,240 contracts, an increase of 19,112 contracts for the week. For Kansas City, Non-Commercial traders were net long 6,936 contracts, a decrease of 13,113 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 8,014 contracts, down 12,187 contracts for the week.

TODAY'S MARKET IDEAS:

July wheat close-in support is at 434 1/4 with resistance at 453 and 458 3/4. Close-in support is at 438 3/4. Don't rule out a recovery rally to 466 "if" some crop issues develop in the US, Europe or the Black Sea. Consider buying July wheat 450/500 bull call spread near 8 3/4 cents with an objective of 22 cents.

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.

Commitment of Traders - Futures and Options - 3/21/2017 - 3/28/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Grains						
KC Wheat	6,936	-13,113	-8,014	+12,187	1,078	+926
Wheat	-108,342	-18,949	102,240	+19,111	6,102	-163

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) 04/03/2017: The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. The market's close above the 9-day moving average suggests the short-term trend remains positive. The outside day up is a positive signal. Market positioning is positive with the close over the 1st swing resistance. The near-term upside objective is at 441. Consider buying pull-backs since daily studies are bullish. The next area of resistance is around 434 1/4 and 441, while 1st support hits today at 418 3/4 and below there at 409 3/4.

KC WHEAT (MAY) 04/03/2017: The daily stochastics gave a bullish indicator with a crossover up. 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. The daily closing price reversal up is a positive indicator that could support higher prices. The close over the pivot swing is a somewhat positive setup. The near-term upside target is at 434 1/2. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 427 1/4 and 434 1/2, while 1st support hits today at 413 3/4 and below there at 407 3/4.

MINN WHEAT (MAY) 04/03/2017: A negative indicator was given with the downside crossover of the 9 and 18 bar moving average. A bearish signal was triggered on a crossover down in the daily stochastics. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market back below the 18-day moving average suggests the intermediate-term trend could be turning down. The outside day down and close below the previous day's low is a negative signal. The close below the 2nd swing support number puts the market on the defensive. The next downside objective is 521 1/2. The next area of resistance is around 542 1/2 and 554 1/2, while 1st support hits today at 526 and below there at 521 1/2.

RICE (MAY) 04/03/2017: The crossover up in the daily stochastics is a bullish signal. 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. The market has a slightly positive tilt with the close over the swing pivot. The next upside objective is 10.065. The next area of resistance is around 9.979 and 10.065, while 1st support hits today at 9.810 and below there at 9.725.

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	364 1/4	54.85	49.31	18.12	29.18	359.50	358.53	361.89	370.40	370.21
CNAZ7	388 1/4	58.59	52.38	21.12	33.53	383.25	382.11	384.60	391.01	390.77
SSAK7	946	9.79	18.25	6.17	4.44	962.50	976.61	990.72	1023.24	1030.12
SSAX7	954	14.73	22.38	8.37	7.11	964.38	977.08	987.81	1006.08	1008.10
SMAK7	308.4	11.97	20.33	5.37	4.69	313.60	317.54	323.15	333.13	333.92
BOAK7	31.78	32.99	36.09	29.83	24.40	32.12	32.54	32.56	33.46	34.00
WHAK7	426 1/2	44.54	43.29	15.41	21.22	424.38	423.64	430.21	442.21	441.75

WHAN7	439	41.69	41.41	12.94	17.81	437.25	437.67	444.93	456.18	455.90
RCAK7	9.895	60.15	56.96	68.36	69.50	9.84	9.82	9.79	9.74	9.82
KWAK7	420 1/2	28.46	32.16	7.50	7.90	421.31	425.92	438.81	453.83	453.75
MWAK7	534 1/4	41.21	42.57	39.19	38.37	539.00	537.94	539.04	548.84	550.76
OTAK7	224 1/4	21.77	29.99	24.43	11.74	229.44	239.75	244.18	246.26	244.58

Calculations based on previous session. Data collected 03/31/2017

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	350 3/4	358 1/2	362 1/2	370	374 1/4
CNAZ7	Corn	375	382 1/2	386 1/4	394	397 1/2
SSAK7	Soybeans	928 1/2	935	950 3/4	957	973
SSAX7	Soybeans	938 1/2	945	956 1/4	963	974
SMAK7	Soymeal	300.9	303.8	310.0	312.9	319.1
BOAK7	Soybean Oil	30.99	31.40	31.75	32.16	32.51
WHA7	Wheat	409 3/4	418 1/2	425 1/2	434 1/2	441 1/4
WHAN7	Wheat	422 3/4	431 1/2	438	446 1/2	453 1/4
RCAK7	Rice	9.725	9.809	9.895	9.979	10.065
KWAK7	KC Wheat	407 1/2	413 3/4	421	427 1/4	434 1/2
MWAK7	MINN Wheat	521 1/2	526	538	542 1/2	554 1/2
OTAK7	Oats	218	221	224 1/2	227 1/2	231

Calculations based on previous session. Data collected 03/31/2017

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

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