



DAILY GRAINS COMMENTARY Monday April 10, 2017

DAILY SOY COMPLEX COMMENTARY 04/10/17

Oversold and too much rain in Argentina might spark bounce

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
SOY BEANS +4.2, BEAN OIL -0.3, SOYMEAL +2.2

OVERNIGHT DEVELOPMENTS: May soybeans are trading up 5 cents this morning. China futures were up 1.4% and Palm oil futures in Malaysia were down 2.5% overnight. Global equity markets were mixed overnight with a number of geopolitical developments tempering investor interest. In addition to concerns that Russia might retaliate against the US airstrike on Syria last week the markets are also off balance because of talk that the US Fed might begin to shrink its balance sheet by the end of this year. Other issues contributing to a partial risk off psychology to start the new trading week are hints of a looming showdown with North Korea, fresh issues with a Libyan oil field and residual disappointment with last week's US non-farm payroll result. The Asian session featured a February reading on the Japanese current account which bounced back and hit a record in the month of February. The European was highlighted by an April reading of the Sentix survey of Euro zone investor confidence that was forecast to have a modest downtick from March's 20.7 reading but instead it posted an impressive rise to 23.9. The North American session will start out with March Canadian housing starts that are expected to see a moderate increase from February's 210,200 annualized rate. A March reading on the Fed's labor market conditions index will be released during morning US trading hours. Fed Chair Yellen will speak during afternoon US trading hours.



NEAR-TERM MARKET FUNDAMENTALS: Weakness in palm oil is being offset by strong China action and just too much rain for Argentina over the weekend. Malaysia palm oil production in March reached 1.46 million tonnes, up 16.3% from February. The Brazilian crop keeps getting larger, but the trade will be monitoring the Argentine crop closely early this week. Big rains again over the weekend could leave many fields in a similar situation as last year where beans begin to sprout in the pod. China is an active buyer of Brazilian soybeans in the past two weeks and traders will wonder if needs have been met for now. The short-term cash fundamentals remain very weak and unless Brazilian producers hold back on selling, it will be difficult to expect the market to find much support. July soybeans closed 1/2 of a cent higher on the session Friday and nearly 5 cents up from the lows, but still closed 3 3/4 cents lower for the week. Talk of the oversold consolidation of the market helped to support the bounce off of the lows. For the USDA Supply/Demand update on Tuesday, traders see US ending stocks near 447 million bushels (range 402-480 million) as compared with 435 million last month. World ending stocks are expected to jump to a record high 84.4 million tonnes (range of 81.5-87.3 million) as compared with 82.8 million last month and 76.6 million last year. Brazil is expected to see production jump to 110 million from 108 million last month and 96.5 million last year and Argentina at 56 million tonnes vs 55.5 million last month.

AgRural raised their Brazilian production forecast to 111.6 million tonnes from 107 million last month. Harvest is said to be 82% complete vs. a 5-year average of 78% for this time of the year. There are still estimates above 113 million tonnes. Again, traders will try to determine if higher Brazilian production will offset flooding issues in Argentina over the weekend. The Commitments of Traders reports as of April 4th showed Non-Commercial traders were net long 15,450 contracts, a decrease of 40,670 contracts in just one week. Non-Commercial and Nonreportable combined traders held a net short position of 61,318 contracts, up 36,250 contracts in the net short position for the week. Commodity Index traders held a net long position of 117,377 contracts, down a significant 11,099 contracts in just one week. For Soybean Oil, Non-Commercial traders were net short 30,071 contracts, an increase of 17,397 contracts for the week. Non-Commercial and Nonreportable combined traders held a net short position of 27,902 contracts, up 16,297 contracts. For Soybean Meal, Non-Commercial traders were net long 41,219 contracts, a decrease of 10,050 contracts for the week. Non-Commercial and Nonreportable combined

traders held a net long position of 47,083 contracts, down 12,321 contracts for the week.

TODAY'S MARKET IDEAS:

The market remains very oversold, and perhaps the Argentina flooding news will be enough for a bounce. Rallies, however, look like selling opportunities. July soybean close-in resistance is at 964 and 968 3/4 with 940 1/4 as next target. Given the supply/demand set-up, we cannot rule out an eventual target of 882. Look for bounce short-term.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 3/28/2017 - 4/4/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Grains						
Soybeans	15,450	-40,670	61,319	+36,250	-76,768	+4,420
Soymeal	41,219	-10,050	-47,083	+12,320	5,864	-2,271
Soyoil	-30,071	-17,397	27,902	+16,296	2,169	+1,100

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) 04/10/2017: 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 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. It is a slightly negative indicator that the close was lower than the pivot swing number. The next upside target is 949 3/4. With a reading under 20, the 9-day RSI indicates the market is extremely oversold. The next area of resistance is around 946 and 949 3/4, while 1st support hits today at 938 and below there at 933 3/4.

SOYBEAN OIL (MAY) 04/10/2017: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. 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 next downside target is 30.85. The next area of resistance is around 31.94 and 32.12, while 1st support hits today at 31.30 and below there at 30.85.

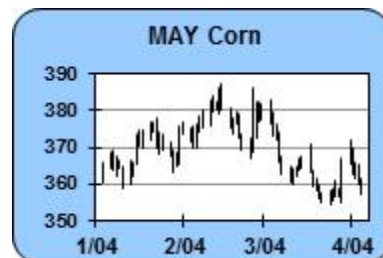
SOYMEAL (MAY) 04/10/2017: The daily stochastics gave a bearish indicator with a crossover down. Daily stochastics are trending lower but have declined into oversold territory. The market's short-term trend is negative as the close remains below the 9-day moving average. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is 304.7. Selling may soon dry up since the RSI is under 20 indicating the market is extremely oversold. The next area of resistance is around 309.0 and 311.0, while 1st support hits today at 305.8 and below there at 304.7.

DAILY CORN COMMENTARY

04/10/17

Uncertainty for new crop plantings might help to support

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):



CORN -0.2

OVERNIGHT DEVELOPMENTS: July corn is trading up 1 1/4 cents this morning. Outside market forces look somewhat positive.

NEAR-TERM MARKET FUNDAMENTALS: Once the focus of attention shifts to the new crop season (perhaps after Tuesday's report), the market seems to be in position to put in a little weather premium. However, the short-term action is weak as burdensome old crop supply continues to grow. July corn closed 1 1/4 cents lower on the session Friday and 2 cents up from the lows but still closed 4 1/2 cents lower for the week. The high for the week was Monday and the low was on Friday. Demand news was pretty good for the week, but traders see larger world and US ending stocks for the report this week. The first weekly crop progress report of the year will be tonight and is expected to show plantings near 5-7% complete from 4% average as the Deep South producers got plenty of corn planted before the big rains.

The 7-day forecast shows hefty rains (1.5-3.5 inches) across Missouri, Iowa and Illinois and Indiana but it looks fairly dry for the far southern and eastern sections of the growing region. Beyond that, a wet and warm pattern looks to develop in the 6-10 and 8-14 day models. For the USDA Supply/Demand update tomorrow, traders see US ending stocks near 2.342 billion bushels (range of 2.270-2.484 billion) as compared with 2.320 billion last month. Improving demand for ethanol production could partially offset the weaker feeding demand. World ending stocks are expected to jump to a record high 222.2 million tonnes (range of 219.5-225.7 million) as compared with 220.7 million last month and 210.9 million last year. The Commitments of Traders reports as of April 4th showed Non-Commercial traders were net short 42,020 contracts, a decrease of 1,509 contracts. Non-Commercial and Nonreportable combined traders held a net short position of 34,199 contracts, down a significant 24,070 contracts in just one week. The market is less oversold than expected. Commodity Index traders held a net long position of 295,343 contracts, down a significant 19,238 contracts in just one week.

TODAY'S MARKET IDEAS:

Trend-following fund traders were still net short 138,510 contracts as of April 4th after reducing the net short position by 10,377 contracts for the week. It will not take much in the way of a weather threat to spark a bounce. Close in buying support for December corn is at 381 1/4. Consider buying a break with 413 1/2 as an initial upside target.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

1) Long December Corn from 385 with an objective of 413 1/2. Risk the trade to a close under 378. 2) Long September Corn 420 call from 11 cents with an objective of 29 cents. Risk to 5 cents. 3) 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 - 3/28/2017 - 4/4/2017							
	Non-Commercial			Commercial		Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change	
Grains							
Corn	-42,020	+1,509	34,199	-24,069	7,821	+22,561	

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) 04/10/2017: The upside crossover (9 above 18) of the moving averages suggests a developing short-term uptrend. The daily stochastics have crossed over down which is a bearish indication. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. 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 355.

The next area of resistance is around 361 3/4 and 364, while 1st support hits today at 357 1/4 and below there at 355.

DAILY WHEAT COMMENTARY

04/10/17

Big short and higher stocks expected for old crop; new crop?

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

WHEAT -1.2

OVERNIGHT DEVELOPMENTS: July wheat is trading 1 cent higher this morning. Outside market forces are slightly supportive. MATIF futures are trading slightly lower.



NEAR-TERM MARKET FUNDAMENTALS: The market continues to show some support near the current lows, but it will take some type of a weather issue to spark a short-covering bounce. Perhaps the shift in focus to the new crop will begin soon and help wheat forge a low. If the market senses that US and world ending stocks will decline for the 2017/18 season from the 2016/17 season, wheat may see higher prices ahead. The old crop stocks situation is burdensome, but this situation is well-known and already priced-into the market. For the USDA's upcoming supply/demand update, traders are looking for 2016/17 ending stocks to come in around 1.147 billion bushels (with estimates ranging from 1.1 to 1.2 billion). This is down from the USDA's March estimate of 1.129 billion. If the crop sees a trend yield for the upcoming crop, then 2017/18 ending stocks could fall to around 916 million bushels, a drop of 213 million bushels (5.8 million tonnes). World ending stocks for the 2016/17 season are expected to jump to a record-high 250.4 million tonnes (with estimates ranging from 249 to 253 million). This is up from 249.9 million tonnes estimated in the March USDA report and up from 240.3 million for 2015/16. Assuming normal weather, Australia, Canada, Ukraine and Russia could each see their output decline 2-3 million tonnes each for 2017/18. This should be enough to offset higher production in India and the EU. Add to that a 5.8 million-tonne drop in US ending stocks, and we could see global stocks decline slightly for the new crop season.

If there are weather problems, significant tightening is possible. US weather remains a bearish force in the short term, but dry conditions in northern Africa and a drier than normal pattern for Black Sea region wheat could spark the need for a minor weather premium. These regions should be monitored. Kansas crop conditions started the growing season in relatively weak condition with only 43% rated good to excellent as of April 2nd, down from 55% a year ago. Open interest has reached its highest level since February 22nd of 2011! Trend-following fund traders held a net short position of 157,932 contracts as of April 4th, slightly larger than the previous week but not as large as the record net short of 164,690 contracts from October 4th. On October 3rd, July wheat hit a low of \$4.36 3/4, and the market was up 21 1/4 cents in just nine trading sessions after that. July wheat closed 1/4 of a cent higher on the session Friday and well up from the lows but still closed 2 3/4 cents lower for the week. The Commitments of Traders reports as of April 4th showed Non-Commercial traders were net short 108,206 contracts, an increase of 182 contracts. Non-Commercial and Nonreportable combined traders held a net short position of 100,705 contracts, down 1,217 for the week. Commodity Index traders held a net long position of 137,494 contracts, up 1,234. For Kansas City Wheat, Non-Commercial traders were net long 2,072 contracts, a decrease of 4,864 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 4,514 contracts, down 3,500.

TODAY'S MARKET IDEAS:

The market has not done much over the past three weeks suggesting that improving US crops and higher ending stocks for the old crop season may already be "priced-in". Consider buying July Wheat near 434 1/4 with an objective of 459. Resistance is at 447 1/2 and 453.

NEW RECOMMENDATIONS:

Buy July Wheat at 434 1/4 with an objective of 459. Risk a total of 8 cents from entry.

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 - 3/28/2017 - 4/4/2017						
	Non-Commercial		Net Position	Commercial		Non-Reportable
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	
Grains						
KC Wheat	2,072	-4,864	-4,515	+3,499	2,442	+1,364
Wheat	-108,206	-182	100,704	-1,218	7,501	+1,399

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) 04/10/2017: 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 negative as the close remains below the 9-day moving average. The daily closing price reversal up on the daily chart is somewhat positive. The market tilt is slightly negative with the close under the pivot. The next upside target is 428 3/4. The next area of resistance is around 426 3/4 and 428 3/4, while 1st support hits today at 421 1/4 and below there at 417 1/2.

KC WHEAT (MAY) 04/10/2017: 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 daily closing price reversal up on the daily chart is somewhat positive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside target is 427. The next area of resistance is around 424 3/4 and 427, while 1st support hits today at 418 3/4 and below there at 414 3/4.

MINN WHEAT (MAY) 04/10/2017: 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 swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is 513. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 521 1/2 and 525 3/4, while 1st support hits today at 515 and below there at 513.

RICE (MAY) 04/10/2017: 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. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside objective is at 10.334. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 10.290 and 10.334, while 1st support hits today at 10.170 and below there at 10.095.

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	359 1/2	42.95	43.36	41.39	40.93	362.00	361.53	361.28	369.58	370.00
CNAZ7	384 1/2	45.83	46.00	47.67	48.02	386.88	385.83	384.83	390.71	390.87
SSAK7	942	19.41	22.67	5.66	6.60	941.38	950.42	971.79	1011.78	1023.81
SSAX7	949 1/2	20.79	24.83	6.12	6.13	950.81	956.78	973.49	999.26	1004.48
SMAK7	307.4	19.58	23.80	5.81	5.73	308.50	310.67	317.33	329.64	333.13
BOAK7	31.62	39.42	39.19	16.80	15.38	31.56	31.79	32.23	33.14	33.65
WHAK7	424	41.97	42.15	32.13	36.06	426.00	425.47	426.83	440.93	440.90
WHAN7	436 1/4	39.06	40.10	29.22	33.20	438.69	438.22	440.71	454.74	454.93
RCAK7	10.230	77.94	70.39	79.65	86.36	10.16	10.01	9.91	9.77	9.84
KWAK7	421 3/4	37.27	36.95	13.13	15.87	422.13	421.42	429.82	450.97	451.63
MWAK7	518 1/4	26.18	32.05	15.61	7.85	522.94	530.97	536.11	545.66	548.67

OTAK7 216 1/2 17.77 25.84 9.06 4.70 220.13 224.86 237.28 243.82 243.94

Calculations based on previous session. Data collected 04/07/2017

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	357 1/4	359 1/2	361 3/4	364
CNAZ7	Corn	380 1/2	382 1/2	384 1/2	386 1/2	388 1/2
SSAK7	Soybeans	933 3/4	938	941 3/4	946	949 3/4
SSAX7	Soybeans	942 3/4	946	949 1/2	953	956 1/4
SMAK7	Soymeal	304.6	305.8	307.8	309.0	311.0
BOAK7	Soybean Oil	30.84	31.29	31.48	31.94	32.12
WHAK7	Wheat	417 1/2	421	423 1/4	427	429
WHAN7	Wheat	430 1/4	433 1/2	435 1/2	439	440 3/4
RCAK7	Rice	10.095	10.170	10.215	10.290	10.334
KWAK7	KC Wheat	414 3/4	418 1/2	421	425	427 1/4
MWAK7	MINN Wheat	513	515	519 1/2	521 1/2	526
OTAK7	Oats	213 1/4	214 1/2	217	218 1/2	220 3/4

Calculations based on previous session. Data collected 04/07/2017

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

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