



DAILY GRAINS COMMENTARY

Thursday April 13, 2017

DAILY SOY COMPLEX COMMENTARY

04/13/17

Short-term recovery bounce led by US dollar drop

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
SOY BEANS +10.6, BEAN OIL +0.2, SOYMEAL +4.4

OVERNIGHT DEVELOPMENTS: May soybeans are trading up 8 cents this morning. China futures were up slightly and Palm oil futures in Malaysia were down 0.9% overnight and pushed down to the lowest level since October. Global equity markets were mostly lower overnight with the exception the Shanghai Stock exchange composite and the CSI 300. The Asian economic calendar produced a March reading on the Chinese trade balance that showed the largest export tally in 2 years. In the end Chinese exports increased by 14% and imports increased by 20%. Adding into the improving Chinese economic vibe is news that Chinese 1st quarter oil demand hit a fresh record high at 12.2 million barrels per day. The European session started out with March German CPI that was as expected at a 1.6% year-over-year rate. March CPI readings from France held steady while Italian inflation dipped slightly. The North American session will start out with a weekly reading on initial jobless claims that are expected to see a modest uptick from their previous 234,000 reading. The March producer price index is forecast to see a modest uptick from February's 2.2% year-over-year rate. A private survey of April consumer sentiment is expected to have a mild decline from March's 96.9 reading.



NEAR-TERM MARKET FUNDAMENTALS: The steep drop in the US dollar helped to support the market overnight but palm oil was down again on news of a higher than expected export tax from Malaysia. Rains over the weekend for Argentina were said to be as high as 8 inches and traders see 1 million hectares affected. If there was a wet forecast, the situation would be more critical but a mostly dry outlook for the next 10 days should ease crop-loss fears. The crop is about 8% harvested and yields were very high on early harvested crops. July soybeans experienced a rally to the highest the market has traded since March 31st. Tuesday's report confirmed large crops out of South America and the market has taken a "buy the news" attitude. The Buenos Aires Grains Exchange left their production estimate unchanged at 56.5 million tonnes, but reduced their soybean acreage to 18.4 million hectares from 18.7 million. The open interest went up 10,494 contracts on Tuesday which could be new shorts. Brazil's farmers have been hoarding their soybean crop in hopes that the market will rebound in the coming months. With domestic prices down more than 30% from a record high in June, Agrural consultancy estimates farmers sales stood at 49% of the total crop compared to the five year average of 63%. For the weekly export sales report, traders see soybean sales near 450,000 to 750,000 tonnes.

TODAY'S MARKET IDEAS:

July soybeans are up about 13 cents for the week. Traders are reluctant to press the market further, especially in front of a three day weekend. A continued wet pattern could eventually push some more acres to soybeans, especially in the spring wheat areas which look to be already experiencing minor flood issues. A close under the August low of 940 1/4 could open the door for a run to 882 in July soybeans. Rallies are selling opportunities. Traders may look to sell July soybeans on a recovery bounce to 971 1/4 to 978 1/2.

NEW RECOMMENDATIONS:

* Buy June Soybean 950 put at 10 1/2 cents with an objective of 34. Risk a total of 6 cents from entry.

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) 04/13/2017: Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market setup is supportive for early gains with the close over the 1st swing resistance. The near-term upside objective is at 957 1/4. Short-term indicators suggest buying dips today. The next area of resistance is around 952 3/4 and 957 1/4, while 1st support hits today at 942 3/4 and below there at 937.

SOYBEAN OIL (MAY) 04/13/2017: Momentum studies are declining, but have fallen to oversold levels. The market's short-term trend is negative as the close remains below the 9-day moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside objective is 30.81. The next area of resistance is around 31.44 and 31.61, while 1st support hits today at 31.04 and below there at 30.81.

SOYMEAL (MAY) 04/13/2017: 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 above the 9-day moving average suggests the short-term trend remains positive. The market setup is supportive for early gains with the close over the 1st swing resistance. The near-term upside objective is at 316.4. Consider buying pull-backs since daily studies are bullish. The next area of resistance is around 314.8 and 316.4, while 1st support hits today at 310.6 and below there at 308.0.

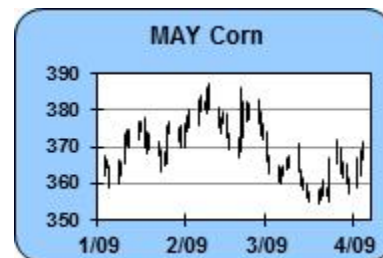
DAILY CORN COMMENTARY

04/13/17

A little early to be concerned with wetness; 34% planted by 5/01

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

OVERNIGHT DEVELOPMENTS: July corn is trading 1 3/4 cents higher this morning. Outside market forces look supportive with a steep drop in the US dollar.



NEAR-TERM MARKET FUNDAMENTALS: Watch for the market to continue to build some weather premium ahead of the planting and early growing season. The market found support yesterday off of a wetter than desired forecast into the second half of April. Both the 6-10 day and 11-14 day weather forecasts leans wetter through April 26th, with two storms next week in the eastern Great Plains and much of the Midwest remaining too wet for rapid planting progress. The planting delay rallies are normally a fade, but managed money traders are heavily short. July corn jumped to the highest level since April 3rd. The open interest went up 7,807 contracts on Tuesday with fresh buying interest after the release of the report. The Dalian futures market was down 1.15% yesterday and the market is down slightly this morning. Talk that Chinese state reserve corn stocks are being sold at bargain prices has helped to pressure.

For the weekly export sales report, traders see corn sales near 800,000 to 1.3 million tonnes. Ethanol production for the week ending April 7th averaged 986,000 barrels per day which was the lowest production number since October 7th. This is down 3.2% vs. last week and up 5.12% vs. last year. Total ethanol production for the week was 6.902 million barrels. Corn used in last week's production is estimated at 103.5 million bushels. Corn use needs to average 100.3 million bushels per week to meet this crop year's USDA estimate. Stocks were 22.9 million barrels. This is down 3.4% vs. last week and up 2.6% vs. last year.

TODAY'S MARKET IDEAS:

The COT data will be released on Friday afternoon with the managed money trader most likely still short upwards of 130,000 contracts. The market could not close above the 50 day moving average at 377 yesterday, but a close above that level today could spark a rally next week. Close in support for July corn is at 373 1/2 followed by 370 3/4. Intra-market spread traders could look to buy 1 November soybean 880 put/sell 2 September corn 350 puts paying 2 cents for the spread.

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.

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) 04/13/2017: The cross over and close above the 40-day moving average indicates the longer-term trend has turned up. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The close above the 9-day moving average is a positive short-term indicator for trend. The market has a slightly positive tilt with the close over the swing pivot. The next upside objective is 374. The next area of resistance is around 371 1/2 and 374, while 1st support hits today at 366 1/2 and below there at 363 3/4.

DAILY WHEAT COMMENTARY

04/13/17

Short-covering and weak dollar may support but weather?

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

WHEAT +2.0

OVERNIGHT DEVELOPMENTS: July wheat is trading 1 1/2 cents higher this morning. Outside market forces are supportive. MATIF futures are trading up 0.6%.



NEAR-TERM MARKET FUNDAMENTALS: July wheat found support from corn and soybeans yesterday and is finding support from the US dollar overnight. The market will need to find a more serious weather issue from a major producer ahead in order to expect more than a short-covering bounce. More good weather in the forecast for the winter wheat crop could help crop conditions continue to improve. The market sold off late in the session yesterday to settle lower. The wet forecast for the Midwest and eastern Great Plains over the next ten days should be beneficial for winter wheat crop development. There was active corn/wheat spreading yesterday as the forecasts leans supportive to corn and negative to wheat. Also, the spread could not take out the 100 day moving average at 67 3/4 cents on Tuesday and failed at that level yesterday. French soft wheat stockpiles were estimated down 12% at 2.6 million tonnes versus an earlier estimate of 2.96 million tonnes. Strategie Grains lowered their 2017/18 EU wheat crop to 143.8 million tonnes which is still up 6% from last year. The open interest went down 7,800 contracts Tuesday, which most likely points to short covering after the release of the USDA report. Egypt's Supply Minister commented that the government's wheat stockpiles were sufficient for two months. For the weekly export sales report, traders see wheat sales near 300,000 to 650,000 tonnes.

TODAY'S MARKET IDEAS:

July wheat is up 11 1/2 cents on the week so far. A late selloff yesterday took the market below the 100 day moving average at 448 1/2. A weekly close above this level would get the attention of managed money traders. They remain short 138,834 contracts as of April 4th. Aggressive traders could buy 1 July 465 call and sell 1 July 430 put for a cost of 2 cents or better. Look for a bounce to 465 to 470 to exit the strategy.

NEW RECOMMENDATIONS:

Buy July Wheat at 442 with an objective of 466. 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.

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) 04/13/2017: 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 438 1/2. The next area of resistance is around 435 3/4 and 438 1/2, while 1st support hits today at 430 3/4 and below there at 428 3/4.

KC WHEAT (MAY) 04/13/2017: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market's short-term trend is positive on the close above the 9-day moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside target is at 434. The next area of resistance is around 431 3/4 and 434, while 1st support hits today at 428 1/4 and below there at 426 3/4.

MINN WHEAT (MAY) 04/13/2017: Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. A positive signal for trend short-term was given on a close over the 9-bar moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside target is at 539 3/4. The next area of resistance is around 533 1/4 and 539 3/4, while 1st support hits today at 524 1/4 and below there at 521 1/2.

RICE (MAY) 04/13/2017: Momentum studies are trending higher but have entered overbought levels. The market's short-term trend is positive on the close above the 9-day moving average. The market could take on a defensive posture with the daily closing price reversal down. The close below the 1st swing support could weigh on the market. The next upside target is 10.340. The next area of resistance is around 10.249 and 10.340, while 1st support hits today at 10.110 and below there at 10.060.

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	369	60.90	55.69	54.89	66.53	365.50	364.72	361.58	369.19	369.99
CNAZ7	392 1/2	61.53	56.89	59.96	70.18	389.63	389.08	385.49	390.56	391.02
SSAK7	947 3/4	34.39	30.92	9.84	15.29	942.69	942.06	962.31	1004.93	1017.92
SSAX7	955 1/2	36.53	33.57	9.40	14.43	950.81	951.25	966.36	994.98	1001.13
SMAK7	312.7	44.93	38.78	12.49	21.14	309.63	309.01	314.29	327.85	331.70
BOAK7	31.24	36.30	37.02	13.76	12.62	31.32	31.46	32.05	32.92	33.41
WHAk7	433 1/4	57.84	51.96	51.70	67.11	429.81	428.17	426.11	440.36	440.36
WHAN7	446 1/4	56.55	51.20	50.64	67.14	442.94	441.06	439.72	454.19	454.33
RCAK7	10.180	65.93	64.20	87.44	89.10	10.24	10.15	9.98	9.80	9.84
KWAK7	430	51.69	45.78	30.12	45.93	426.75	423.69	426.18	449.42	450.03

MWAK7	528 3/4	46.50	44.19	17.85	24.85	523.50	525.86	532.68	543.67	546.85
OTAK7	224 1/2	41.59	39.43	10.63	15.52	219.31	221.22	231.96	241.80	243.11

Calculations based on previous session. Data collected 04/12/2017

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	363 3/4	366 1/2	369	371 1/2	374 1/4
CNAZ7	Corn	388	390 1/4	392 1/2	394 3/4	397
SSAK7	Soybeans	936 3/4	942 1/2	947	953	957 1/4
SSAX7	Soybeans	945 3/4	951	954 3/4	960	963 3/4
SMAK7	Soymeal	308.0	310.6	312.2	314.8	316.4
BOAK7	Soybean Oil	30.81	31.04	31.21	31.44	31.61
WHAK7	Wheat	428 1/2	430 3/4	433 1/2	435 3/4	438 1/2
WHAN7	Wheat	442	444	446 3/4	448 1/2	451 1/2
RCAK7	Rice	10.059	10.109	10.200	10.249	10.340
KWAK7	KC Wheat	426 3/4	428	430 1/2	432	434 1/4
MWAK7	MINN Wheat	521 1/2	524	530 3/4	533 1/2	540
OTAK7	Oats	215 1/2	220 3/4	223	228 1/4	230 1/2

Calculations based on previous session. Data collected 04/12/2017

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