



DAILY GRAINS COMMENTARY Monday April 17, 2017

DAILY SOY COMPLEX COMMENTARY 04/17/17

A continued short-covering bounce may be selling opportunity

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
SOY BEANS +1.0, BEAN OIL +0.1, SOYMEAL -0.3**

OVERNIGHT DEVELOPMENTS: May soybeans are trading up 1 1/4 cents this morning. China futures had a wide sweeping outside-day down overnight and took out four days of trade and is trading down 0.7%. Palm oil futures in Malaysia were down 0.3% overnight and pushed down to the lowest level since September. Global equity markets overnight were weaker overnight despite seeing stronger-than-expected Chinese GDP growth. The Chinese growth rate was the strongest since the fourth quarter of 2015 with Chinese March factory output rising by the fastest rate since December of 2014. The dollar started the week out on a weaker footing due to the rising uncertainty off the potential for further US involvement in North Korea. The US economic calendar today will begin with an Empire state manufacturing survey that is expected to have weakened versus the prior month. Also due out today from the US is an NAHB housing market index which is also expected to have ticked downward. Late in the trading session today the Treasury will release international capital data and there will be a Federal Reserve Vice-Chair Stanley Fisher speech at Columbia University.



NEAR-TERM MARKET FUNDAMENTALS: Strong meal prices in China and technical buying from the oversold condition helped to support the market last week with May soybeans gaining 15 1/4 cents for the week. China producers intend to expand soybean planted area by 8.1% for the coming year. With US plantings at a record high and a jump in China and Argentina planted area, the market may need to see a serious weather problem develop to avoid further losses. The Brazil harvest is about 87% complete. The fundamental news flow for the soybean market continues to be very bearish, and while many traders have been saying that they have seen this situation before and that the market has already priced in the bearish supply setup, we think the market is still holding a significant premium to reality. So far this season, conditions in the Corn Belt have been wet, which has slowed field preparations for planting, particularly for corn. The wet weather is forecast to continue through the end of April. Likewise, heavy snow pack in Idaho, Montana and North Dakota could delay spring wheat plantings. These delays could force producers to switch more of their acres from spring wheat or corn to soybeans, which have a shorter growing season.

World ending stocks are pegged at a record 87.4 million tonnes. This is 10.3 million above last year. Brazilian soybean production is pegged at 111 million tonnes, up 14.5 million from last year. With beginning stocks at a burdensome 445 million bushels and record planted area, a trend yield of 48 bushels per acre could result in 2017/18 ending stocks coming in at a record-high 667 million bushels. July soybeans traded to a nine day high on Thursday. Chinese March soybean imports were up 3.8% at 6.33 million tonnes and the most for the month of March ever. China's first quarter soybean imports totaled 19.52 million tonnes, up 20% from year ago totals. Some analysts believe total Chinese imports for the year ending September 30th could be 90 million tonnes versus the latest USDA estimate at 88 million tonnes. The average estimate for the NOPA crush report today is 158.83 million bushels versus 156.69 million last year and 142.79 million for the month of February. Soybean oil reserves are estimated at 1.812 billion pounds versus 1.859 billion last year. Net weekly export sales for soybeans came in at 402,300 tonnes for the current marketing year and 124,700 for the next marketing year for a total of 527,000 tonnes. As of April 6th, cumulative soybean sales stand at 100.7% of the USDA forecast versus a 5 year average of 94.0%. Net meal sales came in at 158,700 tonnes for the current marketing year and 79,500 for the next marketing year for a total of 238,200 tonnes. Net oil sales came in at 18,600 tonnes. The Commitments of Traders reports as of April 11th showed Non-Commercial traders were net short 14,575 contracts, an increase of 30,025 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 89,026 contracts, up 27,708 contracts in just one week. The record short position is 166,905 contracts. Commodity Index traders held a net long position of 113,481 contracts, down 3,896 contracts for the week. For Soybean Meal, Non-Commercial traders were net long 34,767 contracts, a decrease of 6,452 contracts for the week. Commodity Index traders held a net long position of 92,230 contracts, down a significant 4,976 contracts in just one week. For Soybean Oil, Non-Commercial traders were net short 41,445 contracts, an increase of 11,374 contracts for the week.

TODAY'S MARKET IDEAS:

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. Selling resistance for July Soybeans comes in at 979 1/2.

NEW RECOMMENDATIONS:

* Sell the July/November soybean spread at +8 cents with an objective of -14 cents. Risk a total of 7 cents from entry.

PREVIOUS RECOMMENDATIONS:

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

Commitment of Traders - Futures and Options - 4/4/2017 - 4/11/2017						
	Non-Commercial		Net Position	Commercial		Non-Reportable
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	
Grains						
Soybeans	-14,575	-30,025	89,027	+27,708	-74,451	+2,317
Soymeal	34,767	-6,452	-38,853	+8,230	4,087	-1,777
Soyoil	-41,445	-11,374	36,960	+9,058	4,484	+2,315

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) 04/17/2017: The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. A positive signal for trend short-term was given on a close over the 9-bar moving average. Market positioning is positive with the close over the 1st swing resistance. The next upside objective is 967. Short-term indicators suggest buying dips today. The next area of resistance is around 961 3/4 and 967, while 1st support hits today at 949 1/4 and below there at 941 3/4.

SOYBEAN OIL (MAY) 04/17/2017: 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. The close below the 9-day moving average is a negative short-term indicator for trend. The daily closing price reversal down is a negative indicator for prices. It is a slightly negative indicator that the close was lower than the pivot swing number. The next upside objective is 31.57. The next area of resistance is around 31.35 and 31.57, while 1st support hits today at 31.03 and below there at 30.94.

SOYMEAL (MAY) 04/17/2017: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. The market's close above the 2nd swing resistance number is a bullish indication. The near-term upside objective is at 322.7. The next area of resistance is around 320.6 and 322.7, while 1st support hits today at 314.4 and below there at 310.2.

DAILY CORN COMMENTARY

04/17/17

A bit overbought short-term but too wet and oversold

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
CORN -1.2

OVERNIGHT DEVELOPMENTS: July corn is trading 1 1/2 cents lower this morning. Outside market forces look supportive.



NEAR-TERM MARKET FUNDAMENTALS: The most recent Crop Progress report showed 3% of the corn crop was planted as of April 9th. The estimates for this afternoons update suggest near 6-8% complete as compared with 14% normal. Recent forecast models show a wetter situation in the western and northern parts of the Corn Belt for the next ten days, and some longer term models show above-normal precipitation for the western two thirds of the belt. The 7-day models this morning show 2-4 1/2 inches across much of Missouri, the southern half of Iowa and much of Illinois with heavy amounts for Kentucky and Tennessee. While producer can plant significant acreage in a timely matter, it has been shown the later the crop is seeded the better chance that there will be a drag on yield, especially if the pollination period is pushed further into the hotter weather in mid-July and early August. The 10-year average for planting progress on May 1st is 34%, and it looks like this year the crops could be well behind that pace given the weather forecast.

With the 4.0 million acre reduction in corn planted area, a trend yield of 170.7 bushels per acre could reduce ending stocks by 252 million bushels. This assumes a 12% drop in exports (to 1.950 billion bushels), 5.600 billion bushels for feed and residual demand and 5.475 billion bushels for ethanol usage. If the crop yield comes in at 5% below trend (162.2 bushels per acre), ending stocks could drop to 1.363 billion bushels, and the stocks/usage ratio could fall to 9.4%. This scenario could take December Corn to \$4.75 to \$5.25. China planted area is expected to be down 4%. July corn traded to its highest level since March 9th on Thursday. Weekly export sales for corn came in at 738,000 tonnes for the current marketing year and 50,000 for the next marketing year for a total of 788,000 tonnes versus trade estimates of 750,000 to 1.3 million. As of April 6th, cumulative sales stand at 87.2% of the USDA forecast versus a 5 year average of 82.3%. The Commitments of Traders reports as of April 11th showed Non-Commercial traders were net short 56,279 contracts, an increase of 14,259 contracts for the week. Non-Commercial and Nonreportable combined traders held a net short position of 38,099 contracts, up 3,900 for the week. Commodity Index traders held a net long position of 296,572 contracts, up 1,229 contracts for the week.

TODAY'S MARKET IDEAS:

Trend-following fund traders hold a whopping net short position of 152,281 contracts so if weather is an issue for planting, the market may find increased buying if resistance is violated. Consider buying December corn near 388 3/4 with an objective of 422 3/4.

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 - 4/4/2017 - 4/11/2017						
Grains	Non-Commercial		Commercial	Non-Reportable		
	Net Position	Weekly Net Change		Net Position	Weekly Net Change	
Corn	-56,279	-14,259	38,098	+3,899	18,180	+10,359

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) 04/17/2017: The cross over and close above the 60-day moving average is an indication the longer-term trend has turned positive. Rising stochastics at overbought levels warrant some caution for bulls. 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 375 1/4. The next area of resistance is around 373 1/4 and 375 1/4, while 1st support hits today at 368 3/4 and below there at 366 1/2.

DAILY WHEAT COMMENTARY
04/17/17

Winter wheat ratings should show improvement

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
WHEAT -0.2

OVERNIGHT DEVELOPMENTS: July wheat is trading down 1 cent this morning. Outside market forces are mixed with the dollar down 0.26% and crude oil trading lower. MATIF futures are closed today.



NEAR-TERM MARKET FUNDAMENTALS: July wheat traded in a narrow 2 3/4 cent range overnight in light volume. The open interest in wheat went down 455 contracts on Thursday. Managed money traders reduced their net short position by 4,375 contracts last week to 134,459 contracts short as of April 11th. Traders will be expecting the winter wheat conditions to show slight improvement after active periods of rain last week. Russian wheat export prices have held gains from last week in anticipation of trade talks in Moscow with officials from Turkey. Black Sea wheat offers were offered unchanged from Friday's level at \$188 per tonne. July wheat struggled on Thursday with corn/wheat spreading as the wet forecasts continued to favor the long corn versus short wheat strategy. July wheat did close out the week with a 6 1/2 cent gain and is trading slightly lower this morning.

Some support was seen from news that Europe could end the season with their lowest stockpiles in 13 years. Inventories could be down as much as 37% to 10.1 million tonnes at the end of June according to a Strategie Grains report. Traders continue to watch European weather as dryness concerns in parts of France, Germany and Spain are still an issue. Net weekly export sales on Thursday came in at 421,600 tonnes for the current marketing year and 125,300 for the next marketing year for a total of 546,900 tonnes which was on the high end of trade estimates of 350,000 to 650,000. The Commitments of Traders reports as of April 11th showed Non-Commercial traders were net short 107,000 contracts, a decrease of 1,206 contracts. Non-Commercial and Nonreportable combined traders held a net short position of 102,518 contracts, an increase of 1,813 contracts for the week. For Kansas City Wheat, Non-Commercial traders were net long 1,902 contracts, a decrease of 170 contracts. Non-Commercial and Nonreportable combined traders held a net long position of 4,914 contracts, up 400 contracts.

TODAY'S MARKET IDEAS:

July wheat closed out the week up 6 1/2 cents and has seen light trade overnight. Abundant rain last week in the winter wheat areas and forecasts for more rain in southern Kansas, southern Missouri and Oklahoma later this week should keep conditions favorable. Last week 53% of the winter wheat areas were rated good to excellent. Still, with the trend following speculative funds short 134,459 contracts breaks should find support. Look for support against last week's low at 434 3/4 and below that at 432.

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 - 4/4/2017 - 4/11/2017		
Non-Commercial	Commercial	Non-Reportable

	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Grains						
KC Wheat	1,902	-170	-4,915	-400	3,012	+570
Wheat	-107,000	+1,206	102,518	+1,814	4,482	-3,019

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) 04/17/2017: 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 setup is somewhat negative with the close under the 1st swing support. The near-term upside target is at 438 1/4. The next area of resistance is around 433 1/4 and 438 1/4, while 1st support hits today at 426 1/4 and below there at 424.

KC WHEAT (MAY) 04/17/2017: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. The swing indicator gave a moderately negative reading with the close below the 1st support number. The near-term upside objective is at 435 1/2. The next area of resistance is around 431 and 435 1/2, while 1st support hits today at 423 1/2 and below there at 420 3/4.

MINN WHEAT (MAY) 04/17/2017: Momentum studies are trending higher from mid-range, which should support 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. The market's close below the pivot swing number is a mildly negative setup. The near-term upside objective is at 535 1/4. The next area of resistance is around 532 3/4 and 535 1/4, while 1st support hits today at 527 3/4 and below there at 525 1/2.

RICE (MAY) 04/17/2017: The daily stochastics gave a bearish indicator with a crossover down. Daily stochastics turning lower from overbought levels is bearish and will tend to reinforce a downside break especially if near term support is penetrated. A negative signal for trend short-term was given on a close under the 9-bar moving average. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is 9.928. The next area of resistance is around 10.284 and 10.387, while 1st support hits today at 10.055 and below there at 9.928.

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	371	64.05	57.98	61.42	74.47	368.38	365.47	362.00	369.03	369.97
CNAZ7	394 1/2	64.91	59.34	65.97	77.98	392.13	389.78	385.94	390.49	391.07
SSAK7	955 1/2	45.54	38.04	14.99	25.29	946.06	943.11	959.86	1002.41	1015.78
SSAX7	961 3/4	47.20	40.39	14.46	24.57	953.88	952.11	964.60	993.50	1000.02
SMAK7	317.5	59.08	49.03	21.27	38.85	312.15	310.02	313.78	327.23	331.11
BOAK7	31.19	35.52	36.55	13.86	14.06	31.21	31.39	31.97	32.83	33.33
WHAK7	429 3/4	50.79	48.23	56.74	66.83	431.25	428.53	426.08	440.05	440.09
WHAN7	442 3/4	50.02	47.61	56.05	66.85	444.56	441.47	439.57	453.90	454.02
RCAK7	10.170	64.48	63.36	86.91	85.87	10.22	10.18	10.00	9.81	9.84
KWAK7	427 1/4	46.92	43.36	37.38	51.90	428.13	424.44	425.18	448.81	449.41
MWAK7	530 1/4	49.03	45.80	22.28	31.12	526.50	525.42	531.68	543.07	546.28
OTAK7	225 1/2	43.98	40.93	14.19	21.31	221.56	221.36	230.56	241.26	242.76

Calculations based on previous session. Data collected 04/13/2017

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	366 1/2	368 3/4	371	373 1/4	375 1/2
CNAZ7	Corn	390	392 1/2	394	396 1/2	398
SSAK7	Soybeans	941 1/2	949	954 1/4	962	967
SSAX7	Soybeans	950 1/2	956 1/2	961	967	971 1/2
SMAK7	Soymeal	310.1	314.3	316.4	320.6	322.7
BOAK7	Soybean Oil	30.93	31.03	31.25	31.35	31.57
WHAk7	Wheat	423 3/4	426	431	433 1/2	438 1/4
WHAN7	Wheat	437 1/2	439 1/2	444	446	450 1/2
RCAK7	Rice	9.927	10.054	10.157	10.284	10.387
KWAK7	KC Wheat	420 1/2	423 1/2	428	431	435 1/2
MWAK7	MINN Wheat	525 1/2	527 3/4	530 1/2	532 3/4	535 1/2
OTAK7	Oats	221 3/4	224	224 3/4	227	227 3/4

Calculations based on previous session. Data collected 04/13/2017

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