



**DAILY SOY COMPLEX COMMENTARY**  
04/21/17

**Record plantings expected and trend yield means record stocks**

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):**  
**SOY BEANS +2.4, BEAN OIL +0.0, SOYMEAL +1.2**



**OVERNIGHT DEVELOPMENTS:** July soybeans are trading up 3 3/4 cents this morning. China futures are up very slightly this morning and Palm oil futures in Malaysia were up 1% this morning. Global equity markets were mixed overnight with Asian stocks higher and the rest of the world generally weaker. The Asian session featured a "flash" reading for the Markit Japanese manufacturing PMI which showed acceleration. The European session also started out with "flash" Markit manufacturing PMI readings from around Europe. French & German PMI readings were positive and Euro zone activity reached a 6 year high. Furthermore while March UK retail sales were forecast to see a modest downtick from February's of 3.7% year-over-year they declined less than half of the anticipated level. The North American session will start out with March Canadian CPI which is expected to have a modest downtick from February's 2.0% year-over-year rate. The Markit "flash" US manufacturing PMI is forecast to see a minimal uptick from March's 53.3 reading. March existing home sales are expected to see a moderate increase from February's 5.48 million annualized rate.

**NEAR-TERM MARKET FUNDAMENTALS:** While weather scares might provide some support during late May to late June, the market still looks vulnerable for further losses before the growing season begins; especially with the outlook for record plantings. The soybean market was pulled lower yesterday in sympathy with the weaker wheat and corn markets. The market saw early strength tied to strong Malaysian palm oil markets but was not able to hold those gains. The bearish outlook for the new crop season may be starting to promote increased selling pressures. Brazilian processor group Abiove increased their soybean production number 3.2% to 110.7 million tonnes from 107.3 million. They estimate Brazil's soybean exports to 60.3 million tonnes from 59.8 million previously and estimate Brazil's soybean ending stocks at a record large 10.7 million tonnes compared to last year's 4.3 million tonnes and the previous record of 6.2 million tonnes in 2008.

The Buenos Aires Grains Exchange estimates the Argentine soybean harvest at 16.3% complete, equal to last year's total and they left their production estimate unchanged at 56.5 million tonnes. Weekly export sales for soybeans came in at 211,000 tonnes for the current marketing year and 14,000 for the next marketing year for a total of 225,000. Traders were looking for 300,000 to 500,000 tonnes. Old crop sales were over 400,000 for the previous two weeks and 681,000 three weeks ago. As of April 13th, cumulative soybean sales stand at 101.1% of the USDA forecast versus a 5 year average of 94.5%. Meal sales came in at 135,000 tonnes for the current marketing year and 100 for the next marketing year. Net oil sales came in at 33,200 tonnes for the current marketing year. Cumulative soybean oil sales stand at 80.8% of the USDA forecast versus a 5 year average of 70.1%.

**TODAY'S MARKET IDEAS:**

July soybeans are down 9 1/2 cents on the week, losing almost 1.0%. The market has closed lower in seven of the last nine weeks. The trade is searching for some type of positive news, but the Stats Canada canola acreage leans negative with analyst's estimates at 21.3 million acres up 4.6% and the second largest ever. Aggressive traders could sell July soybeans near 970 looking for a short-term target of 929 1/2 and then 882 as a longer-term target.

**NEW RECOMMENDATIONS:**

Sell the July/November soybean spread at +5 1/2 cents with an objective of -14 cents. Risk a total of 7 cents from

entry.

**PREVIOUS RECOMMENDATIONS:**

1) Long June Soybean 950 put from 10 1/2 cents with an objective of 34. Risk a total of 6 cents from entry. 2) Long 1 Nov soybean 900 put and short 2 Sept corn 350 puts for a cost of 4 1/2 cents. Hold for now and risk 9 cents from entry.

**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) 04/21/2017: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The close below the 9-day moving average is a negative short-term indicator for trend. The downside closing price reversal on the daily chart is somewhat negative. The market tilt is slightly negative with the close under the pivot. The next upside objective is 958 1/2. The next area of resistance is around 951 1/2 and 958 1/2, while 1st support hits today at 942 and below there at 939 1/4.

SOYBEAN OIL (MAY) 04/21/2017: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The intermediate trend could be turning up with the close back above the 18-day moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 32.39. The next area of resistance is around 32.20 and 32.39, while 1st support hits today at 31.64 and below there at 31.26.

SOYMEAL (MAY) 04/21/2017: The daily stochastics have crossed over down which is a bearish indication. Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The close below the 9-day moving average is a negative short-term indicator for trend. The close below the 1st swing support could weigh on the market. The next downside target is 303.8. The next area of resistance is around 310.5 and 314.3, while 1st support hits today at 305.3 and below there at 303.8.

**DAILY CORN COMMENTARY**

04/21/17

**World ending stocks may see major drawdown from record highs**

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):**

**CORN** -0.4

**OVERNIGHT DEVELOPMENTS:** July corn is trading 1/4 of a cent higher this morning. Outside market forces look mixed. China futures were up near 1%. South Korea bought 60,000 tonnes of optional origin corn overnight.



**NEAR-TERM MARKET FUNDAMENTALS:** The market pushed down to the lowest level since March 31st yesterday. News of a cargo of corn from Brazil's port of Paranagua shipped to Wilmington, North Carolina which is scheduled to arrive on May 20th helped to pressure. The shipper is Nidera Paraguay, with some cash sources indicating that high levels of vomitoxin in US stockpiles may be the reason for the imports. The news is damaging to the market and affirms abundant supplies in South America. The Brazilian government will offer subsidies to help corn producers sell their large crop in 2016-17. Corn buyers will compete in auctions for grants that they would receive to purchase corn in the domestic market. The program is aimed at boosting domestic sales, but some traders have in the past used the grants to finance export deals.

The Buenos Aires Grains Exchange left their corn production unchanged at 37.0 million tonnes with corn harvest progress seen at 16.3%. Weekly export sales for corn came in at 756,400 tonnes for the current marketing year

and 91,800 for the next marketing year for a total of 848,200. Traders were looking for 700,000 to 1.0 million tonnes. As of April 13th, cumulative corn sales stand at 88.6% of the USDA forecast for versus a 5 year average of 84.0%. Sales of 321,000 tonnes are needed each week to reach the USDA forecast.

#### **TODAY'S MARKET IDEAS:**

July corn extended lower and heads into the final session of the week down 13 3/4 cents. With the planting season just starting, traders are focused on big South American crops and taking what little weather premium is left out of the market. Just a 5% hit on trendline yields would take US ending stocks down 24.3 million tonnes from last year. If China weather is good, world ending stocks could decline 53.8 million tonnes when looking at just these two countries. This would be a near record drawdown in stocks and should help the market turn higher. Traders might consider buying December corn near 381 1/2 with resistance at 388, 391 and 394.

#### **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.

#### **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) 04/21/2017: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. A negative signal for trend short-term was given on a close under the 9-bar moving average. The close below the 1st swing support could weigh on the market. The next downside objective is 352 3/4. The next area of resistance is around 361 and 365 1/2, while 1st support hits today at 354 1/2 and below there at 352 3/4.

#### **DAILY WHEAT COMMENTARY**

04/21/17

#### **Short-term sellers active but lower production ahead**

#### **OVERNIGHT CHANGES THROUGH 6:05 AM (CT):**

WHEAT +0.2

**OVERNIGHT DEVELOPMENTS:** July wheat is trading slightly lower this morning. Outside market forces look slightly negative. MATIF futures are unchanged.



**NEAR-TERM MARKET FUNDAMENTALS:** The market looks poised to take out the contract low at 420 for July wheat. The improving crop outlook with beneficial rains expected for the US continues to put pressure on prices. The Kansas City July contract traded to a new contract low yesterday and is down over 5.0% on the week. Satellite imagery crop forecaster Planalytics raised their winter wheat yields to 49.8 bushels/acre from an earlier estimate of 49.0 bushels/acre. The Kansas yield was estimated at 44.2 bushels/acre versus 42.7 bushels/acre previously and compared to last year's Kansas record yield of 57.0 bushels/acre. The US Foreign Ag Service has estimated Australia's 2017-18 wheat production at 24 million tonnes, down 31% from this past year's 35 million tonnes. They also see exports dropping to 18 million tonnes in 2017-18 from 23 million in 2016-17.

The EU granted export licenses for 346,000 tonnes of wheat for the week which pushed cumulative exports for the season (beginning July) to 19.6 million tonnes from 24.1 million last year by this time. In a report from the USDA attache in Russia, they estimate their 2017-18 grain and pulses production at 110 million tonnes, down 7% from 2016-17. The wheat production is estimated at 66 million tonnes, down 6.5 million tonnes from last year's

72.5 million tonnes. Wheat exports are estimated at 28 million tonnes, unchanged from 2016-17. Weekly export sales came in at 414,000 tonnes for the current marketing year and 137,200 for the next marketing year for a total of 551,200 tonnes. Traders were looking for 250,000 to 450,000 tonnes. As of April 13th, cumulative wheat sales stand at 99.1% of the USDA forecast for the 2016/2017 (current) marketing year versus a 5 year average of 95.9%.

**TODAY'S MARKET IDEAS:**

The short-term forces are bearish but the big picture fundamentals for the 2017/18 season are much less bearish than last year. With trend yields, US production should be down 12.9 million tonnes. Australia is expected to decline 11 million and Russia 6.5 million tonnes. Wheat export sales were not that bad but trend followers have the upper hand. Counter-trend traders could look for value in the June upside calls. Traders could buy the June 430 calls at 5 1/2 cents (settled at 7 3/4 cents Thursday). Close-in support for July wheat is at 413 3/4 followed by 409 1/2, with first resistance at 429 3/4.

**NEW RECOMMENDATIONS:**

None

**PREVIOUS RECOMMENDATIONS:**

Stopped out of 470/540 bull call spread for a loss of 6 1/2 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 (JUL) 04/21/2017: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's short-term trend is negative as the close remains below the 9-day moving average. The close below the 2nd swing support number puts the market on the defensive. The next downside objective is 409 1/2. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 429 3/4 and 441 1/4, while 1st support hits today at 413 3/4 and below there at 409 1/2.

KC WHEAT (JUL) 04/21/2017: The market was pushed to a new contract low. The downside crossover of the 9 and 18 bar moving average is a negative signal. 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. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside target is now at 402 1/4. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 424 1/4 and 437, while 1st support hits today at 406 3/4 and below there at 402 1/4.

MINN WHEAT (JUL) 04/21/2017: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market back below the 18-day moving average suggests the intermediate-term trend could be turning down. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next upside target is 548 1/4. The next area of resistance is around 540 3/4 and 548 1/4, while 1st support hits today at 530 1/4 and below there at 527 1/2.

RICE (JUL) 04/21/2017: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The gap lower on the day session chart is bearish and puts the market on the defensive. The market is in a bearish position with the close below the 2nd swing support number. The next downside target is 9.939. The next area of resistance is around 10.227 and 10.368, while 1st support hits today at 10.013 and below there at 9.939.

**DAILY TECHNICAL STATISTICS**

CLOSE	9 DAY RSI	14 DAY RSI	14 DAY SLOW	14 DAY SLOW	4 DAY M AVG	9 DAY M AVG	18 DAY M AVG	45 DAY M AVG	60 DAY M AVG
-------	-----------	------------	-------------	-------------	-------------	-------------	--------------	--------------	--------------

				STOCH D	STOCH K					
<b>GRAIN COMPLEX</b>										
CNAK7	357 3/4	37.60	41.23	52.95	39.98	361.94	364.53	362.82	367.34	369.16
CNAZ7	382 1/2	38.42	42.30	58.21	46.09	386.38	388.72	387.03	389.41	390.55
SSAK7	946 3/4	38.89	35.31	32.90	40.26	949.06	946.94	950.32	992.25	1007.56
SSAX7	953 3/4	37.46	35.66	35.74	43.67	957.75	955.11	957.14	987.38	995.38
SMAK7	307.9	35.09	35.03	36.45	34.84	311.08	311.14	311.34	324.20	328.62
BOAK7	31.92	53.52	48.82	29.19	43.03	31.61	31.43	31.65	32.56	33.07
WHAN7	421 3/4	26.26	31.83	41.39	25.23	432.25	438.17	438.11	450.19	452.31
WHAU7	436 1/2	26.28	31.63	36.95	22.01	446.31	451.83	452.31	464.78	466.75
RCAN7	10.120	32.43	42.18	67.39	49.76	10.28	10.39	10.31	10.09	10.09
KWAN7	415 1/2	24.56	29.05	27.12	15.82	426.50	433.58	433.99	455.70	458.76
MWAN7	535 1/2	44.46	44.62	43.86	48.63	541.38	536.69	538.25	546.66	550.05
OTAN7	218	37.83	37.51	26.43	28.28	217.81	218.97	220.54	233.35	236.43

Calculations based on previous session. Data collected 04/20/2017

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

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>GRAIN COMPLEX</b>						
CNAK7	Corn	352 1/2	354 1/2	359	361	365 1/2
CNAZ7	Corn	376 3/4	379	383 3/4	386	390 3/4
SSAK7	Soybeans	939	942	948 3/4	951 1/2	958 1/2
SSAX7	Soybeans	946 1/4	949	955 3/4	958 1/2	965 1/4
SMAK7	Soymeal	303.7	305.2	309.0	310.5	314.3
BOAK7	Soybean Oil	31.25	31.63	31.82	32.20	32.39
WHAN7	Wheat	409 1/2	413 3/4	425 1/2	429 3/4	441 1/2
WHAU7	Wheat	424 1/2	429	439 3/4	444	455
RCAN7	Rice	9.938	10.012	10.153	10.227	10.368
KWAN7	KC Wheat	402	406 3/4	419 1/2	424 1/4	437
MWAN7	MINN Wheat	527 1/2	530 1/4	538	540 3/4	548 1/2
OTAN7	Oats	213	215 1/2	217 3/4	220 1/2	222 1/2

Calculations based on previous session. Data collected 04/20/2017

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

\*\*\*This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Opinions expressed are subject to change without notice. Any information or recommendation contained herein: (i) is not based on, or tailored to, the commodity interest or cash market positions or other circumstances or characterizations of particular investors or traders; (ii) is not customized or personalized for any such investor or trader; and (iii) does not take into consideration, among other things, risk tolerance, net worth, or available risk capital. Any use or reliance upon the information or recommendations is at the sole discretion and election of the subscriber. The risk of loss in trading futures contracts or commodity options can be substantial, and traders should carefully consider the inherent risks of such trading in light of their financial condition. Any reproduction or retransmission of this report without the express written consent of Lakefront Futures is strictly prohibited.