



DAILY GRAINS COMMENTARY Monday April 24, 2017

DAILY SOY COMPLEX COMMENTARY 04/24/17

A better risk tone will not help ease burdensome supply ahead

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
SOY BEANS +7.0, BEAN OIL +0.3, SOYMEAL +1.9**

OVERNIGHT DEVELOPMENTS: July soybeans are trading up 7 1/4 cents this morning. China futures are up very slightly this morning and Palm oil futures in Malaysia are up 1% this morning. The main event for markets today and early this week occurred on Sunday with the first round of the French Presidential Election. What could have potentially been a market-shaking risk event appears to have run to form as centrist Emmanuel Macron and the National Front's Marine Le Pen were the two qualifiers for the second (and final) round of voting on May 7th. Given that most other candidates and parties are likely to shift their support to Macron, this provided a sizable amount of relief for global risk anxiety and caused the Eurocurrency to have a sharp rally versus the Dollar and versus the Yen. Asian equities were mostly higher with the Nikkei leading the way due to a weaker Yen, but Chinese shares were a notable exception as the Shanghai Composite posted a sizable loss (down 1.4%) on fears of increased regulation and a tightening of leverage. The latest German IFO survey came in slightly better than forecast, which has strengthened sizable gains by European equities with the French CAC-40 up by more than 4% early on. The North American session will start out with the Chicago Fed's March national activity index which is forecast to see a modest downtick from February's 0.34 reading. The Dallas Fed's April manufacturing business index is forecast to see a modest downtick from March's 16.9 reading. The sharp drop in the US dollar and "risk-on" tone are supportive.



NEAR-TERM MARKET FUNDAMENTALS: "Less risk" over the French election and the weakness in the US dollar are not big enough forces to shift the psychology for the soybean complex. Rallies are still selling opportunities as the new crop outlook is even more burdensome than this season. Sluggish crush demand and the possibility that Brazil is an aggressive exporter into the summer which will hurt US demand are factors which could lead to even higher ending stocks. With beginning stocks already at a burdensome 445 million bushels and record planted area, a trend yield of 48 bushels per acre this summer could result in 2017/18 ending stocks coming in at a record-high 667 million bushels. This is a huge increase from 197 million in 2015/16. July soybeans traded in a tight seven cent range on Friday with the market trading slightly higher. The market closed 5 1/2 cents lower for the week. US exporters announced the sale of 146,000 tonnes of soybeans to unknown destinations. This is the first "flash" sales announcement since March 30th when 165,000 tonnes were sold to China. Cash sources have seen new inquiries for US soybeans from the Pacific Northwest over the last couple of days.

According to the Rosario Grains Exchange, the Argentine soybean harvest is 21% complete compared to the five year average of 42% and 15% last year. The recent rains have many farms in tough harvest conditions with the risk of pods opening and potential production losses. However, the short-term forecast is dry and this should help ease loss concerns. Stats Canada estimated canola acreage at 22.4 million acres, up 9.9% from last year and above analyst estimates of 21.3 million. Their soybean acreage was estimated at 6.95 million acres, up 27% from last year's 5.4 million. The Commitments of Traders reports as of April 18th showed Non-Commercial traders were net short 31,504 contracts, an increase of 16,929 contracts for the week and the selling trend is a short-term bearish force. Non-Commercial and Nonreportable combined traders held a net short position of 102,210 contracts, up 13,184 contracts for the week. Commodity Index traders held a net long position of 110,660 contracts, down 2,821 contracts for the week.

For Soybean Oil, Non-Commercial traders were net short 41,116 contracts, a decrease of 329 contracts. Commodity Index traders held a net long position of 82,916 contracts. This represents a decrease of 1,126

contracts in the net long position held by these traders. For Soybean Meal, Non-Commercial traders were net long 27,962 contracts, a decrease of 6,805 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 33,812 contracts, down 5,042 contracts for the week.

TODAY'S MARKET IDEAS:

The fundamental set-up for the new crop season is extremely bearish and it will take a major weather issue to avoid record US ending stocks. South America weather is bearish and wet weather in the US might encourage even higher acres. July soybean selling resistance is at 970 3/4 and 979 3/4 with 929 1/2 and eventually 882 as next targets.

NEW RECOMMENDATIONS:

1) Sell July soybeans at 979 1/2 with an objective of 929. Risk to 991. 2) 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.

Commitment of Traders - Futures and Options - 4/11/2017 - 4/18/2017						
	Non-Commercial		Net Position	Commercial		Non-Reportable
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	
Grains						
Soybeans	-31,504	-16,929	102,212	+13,185	-70,706	+3,745
Soymeal	27,962	-6,805	-33,812	+5,041	5,850	+1,763
Soyoil	-41,116	+329	37,643	+683	3,472	-1,012

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) 04/24/2017: 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 upside daily closing price reversal gives the market a bullish tilt. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 957 3/4. The next area of resistance is around 955 and 957 3/4, while 1st support hits today at 947 and below there at 942.

SOYBEAN OIL (MAY) 04/24/2017: 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 next upside objective is 32.33. The next area of resistance is around 32.15 and 32.33, while 1st support hits today at 31.73 and below there at 31.49.

SOYMEAL (MAY) 04/24/2017: The upside crossover (9 above 18) of the moving averages suggests a developing short-term uptrend. Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The upside closing price reversal on the daily chart is somewhat bullish. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is 305.9. The next area of resistance is around 311.3 and 312.7, while 1st support hits today at 307.9 and below there at 305.9.

DAILY CORN COMMENTARY

04/24/17

Tightening world ending stocks plus very wet week ahead

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
CORN +2.0

OVERNIGHT DEVELOPMENTS: July corn is trading 2 cents higher this morning. Outside market forces look very supportive with a collapse in the US dollar and firm energy markets. Risky assets are favored over safe-haven assets. Taiwan is tendering to buy up to 65,000 tonnes of corn.



NEAR-TERM MARKET FUNDAMENTALS: So far, traders have not responded to the wet spring as traders realize that it only takes 4-5 days of dry weather for many producers to get the crop in the ground. However, 3-6 inches of rain are in the 7-day forecast for much of Arkansas, Missouri and Illinois and 1.5-2.5 inches is expected for much of Nebraska, Iowa, Minnesota, Wisconsin and northern Illinois. The 6-10 day is cold and wet and the 8-14 day models show cooler than normal temperatures and slightly above normal precipitation. The estimate for today's USDA planting number is 12%-15% compared to the 10-year average of 18% and last year's 28% complete. July corn traded to a low of 360 3/4 on Friday, the lowest level since December 30th before closing with a loss of 14 1/4 cents for the week. The old crop fundamentals remain bearish but funds are short already and open interest on Thursday was up 21,136 contracts which points new shorts on the extended break Wednesday through Friday. The Commitments of Traders reports as of April 18th showed Non-Commercial traders were net short 73,159 contracts, an increase of 16,880 contracts for the week. Non-Commercial and Nonreportable combined traders held a net short position of 61,461 contracts, up a significant 23,362 contracts in just one week. Even index funds were sellers holding a net long position of 289,068 contracts, down 7,504 contracts for the week.

If US weather is normal this growing season, US ending stocks could decline by 6.4 million tonnes and if yield comes in just 5% below trend, stocks could decline by 24.3 million tonnes. This past week China lifted its two-year old curb on refinery expansion. As a result, China could see its industrial capacity increase by 15-20 million tonnes this coming year and China's corn consumption for starch, HFCS and alcohol alone could be up 9 million for the new crop season. Also, based on recent trends feed usage in China could expand by 8 million tonnes. China's production is expected to decline by 12.5 million due to the smaller acreage base, which means that China could see a stocks drawdown of 29.5 million tonnes for 2017/18. For China and the US alone, world ending stocks could decline 35.9 million tonnes if the weather is normal. If yields in both countries come in a mere 5% below trend, world ending stocks could drop a whopping 64.2 million tonnes. A 64.2 million-tonne drawdown would be the largest in history going back to at least 1961/62.

TODAY'S MARKET IDEAS:

The short-term technical actions looked bearish last week but Friday now looks like a successful test of a low and a short-term low could be in place. With the weather turning more threatening and managed money traders holding a massive net short position of 171,809 contracts, the downside looks limited. A shift in focus to the new crop season which might show a significant drawdown in US and world ending stocks could help the market forge a short-term low. Traders might consider buying December corn at 383 with an objective of 414. Or, buy a September corn 390 call at 11 cents with an objective of 34 cents and risk a total of 6 cents from entry.

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.

Commitment of Traders - Futures and Options - 4/11/2017 - 4/18/2017

	Non-Commercial		Commercial		Non-Reportable	
	Weekly		Weekly		Weekly	
Net Position	Net Change	Net Position	Net Change	Net Position	Net Change	Net Change

Grains						
Corn	-73,159	-16,880	61,460	+23,362	11,698	-6,482

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) 04/24/2017: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market's close below the pivot swing number is a mildly negative setup. The next downside target is now at 352 1/4. The next area of resistance is around 359 1/4 and 361 1/4, while 1st support hits today at 354 3/4 and below there at 352 1/4.

DAILY WHEAT COMMENTARY

04/24/17

Dryness in Western Europe starting to get attention

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
WHEAT +3.2

OVERNIGHT DEVELOPMENTS: July wheat is trading 3 1/4 cents higher this morning. Outside market forces look positive with the dollar down 0.84% and crude oil up slightly. MATIF futures are up 1.23% at 164.50 Euro.



NEAR-TERM MARKET FUNDAMENTALS: July wheat has firmed this morning following strong a MATIF market and a weaker dollar. Algeria is seeking 50,000 tonnes of durum wheat for June shipment. Iraq is tendering 50,000 tonnes of wheat from US, Canada or Australia. The open interest in wheat went down 10,492 contracts mostly tied to the expiration of May option contracts. Egypt has 2.6 months of wheat reserves according to the Minister of Supply and hopes to buy 4.0 million tonnes from farmers this season. Ukraine's cold spell with some snow could delay spring cereal plant development but damage to crops looks to be a minor issue. The short-term technical action is bearish and the move under the December lows for July wheat leaves 393 3/4 as a longer-term downside target. July wheat traded to a low of 416 1/4 on Friday but closed just slightly lower on the day. It still was a tough week for the wheat market trading down over 5.0%. Stats Canada estimated the all wheat plantings at 23.1 million acres, which is unchanged from last year and up slightly from analyst's estimate of 21.4 million. The durum acreage is down 16.9% at 5.1 million acres and the spring wheat was up 8.2% at 16.6 million acres. French soft wheat conditions went down 4% to 85% good to excellent over the last week. The USDA Ag attache in Australia has estimated the country's 2017-18 wheat crop at 24.0 million tonnes compared to the record 35.0 million in 2016-17. Russia's Interfax has lowered the country's 2017 wheat production by 13.1% to 64 million tonnes compared to 72.5 million in 2016.

Traders will monitor Eastern Europe and Black Sea region weather closely with concerns for a drier trend ahead. The Commitments of Traders reports as of April 18th showed Non-Commercial traders were net short 121,002 contracts, an increase of 14,002 contracts in just one week. Non-Commercial and Nonreportable combined traders held a net short position of 113,156 contracts, up 10,638 contracts for the week. For Kansas City Wheat, Non-Commercial traders were net short 542 contracts, an increase of 2,444 contracts which represents a change from a net long to net short position. Non-Commercial and Nonreportable combined traders held a net long position of 3,249 contracts, down 1,665 contracts for the week.

TODAY'S MARKET IDEAS:

While the short-term fundamentals remain bearish, the new crop outlook leaves some hope that world ending stocks will be below this year's record high. In addition, managed money traders already hold a net short position of 142,126 contracts which is getting close to the record 151,417 contracts. Given the oversold condition, pressing the short-side seems dangerous in the short term. July wheat next support is at 413 3/4. Close-in

resistance is at 429 and 432 3/4.

NEW RECOMMENDATIONS:

None

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 4/11/2017 - 4/18/2017						
	Non-Commercial		Net Position	Commercial		Non-Reportable
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	
Grains						
KC Wheat	-542	-2,444	-3,249	+1,666	3,791	+779
Wheat	-121,002	-14,002	113,155	+10,637	7,846	+3,364

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) 04/24/2017: The sell-off took the market to a new contract low. The downside crossover (9 below 18) of the moving averages suggests a developing short-term downtrend. Momentum studies are declining, but have fallen to oversold levels. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market tilt is slightly negative with the close under the pivot. The next downside target is 413. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 424 3/4 and 428 1/4, while 1st support hits today at 417 1/4 and below there at 413.

KC WHEAT (JUL) 04/24/2017: The market was pushed to a new contract low. 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 upside daily closing price reversal gives the market a bullish tilt. The market tilt is slightly negative with the close under the pivot. The next downside target is 407 3/4. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 421 1/2 and 425, while 1st support hits today at 413 and below there at 407 3/4.

MINN WHEAT (JUL) 04/24/2017: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The close below the 9-day moving average is a negative short-term indicator for trend. It is a slightly negative indicator that the close was under the swing pivot. The next upside objective is 542 3/4. The next area of resistance is around 539 1/2 and 542 3/4, while 1st support hits today at 531 1/2 and below there at 527.

RICE (JUL) 04/24/2017: The close below the 60-day moving average is an indication the longer-term trend has turned down. Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. 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 9.960. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 10.100 and 10.160, while 1st support hits today at 10.000 and below there at 9.960.

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	357	36.44	40.43	45.74	31.31	359.56	364.25	362.89	366.69	368.88
CNAZ7	382	37.56	41.70	50.96	36.48	384.31	388.44	387.14	388.95	390.36
SSAK7	951	44.99	39.21	37.62	47.05	948.50	947.94	949.18	989.57	1005.67

SSAX7	959 1/2	47.53	42.04	40.65	50.46	957.06	956.22	956.50	985.72	994.28
SMAK7	309.6	40.85	38.79	35.34	33.11	310.13	311.39	311.03	323.27	328.01
BOAK7	31.94	53.85	49.05	37.80	55.00	31.65	31.47	31.63	32.51	33.02
WHAN7	421	25.72	31.40	34.47	20.63	428.56	436.47	437.35	448.88	451.77
WHAU7	435 1/2	25.53	31.04	30.74	18.33	442.81	450.25	451.50	463.49	466.20
RCAN7	10.050	28.43	38.76	56.56	34.91	10.20	10.34	10.31	10.10	10.08
KWAN7	417 1/4	27.77	31.04	23.62	16.60	423.56	431.69	433.04	454.02	458.02
MWAN7	535 1/2	44.46	44.62	44.55	45.91	540.88	537.72	538.01	545.80	549.75
OTAN7	216 1/4	34.24	35.43	26.09	25.40	217.25	219.00	219.75	232.69	235.94

Calculations based on previous session. Data collected 04/21/2017

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	352 1/4	354 3/4	356 3/4	359 1/4	361 1/4
CNAZ7	Corn	377 1/2	380	381 3/4	384	386
SSAK7	Soybeans	942	947	950	955	958
SSAX7	Soybeans	949 1/4	955	958	964	966 3/4
SMAK7	Soymeal	305.9	307.9	309.3	311.3	312.7
BOAK7	Soybean Oil	31.49	31.73	31.91	32.15	32.33
WHAN7	Wheat	412 3/4	417	420 1/2	425	428 1/4
WHAU7	Wheat	427 3/4	431 3/4	435 1/4	439 1/4	442 3/4
RCAN7	Rice	9.959	10.000	10.060	10.100	10.160
KWAN7	KC Wheat	407 3/4	413	416 1/2	421 1/2	425 1/4
MWAN7	MINN Wheat	527	531 1/2	535	539 1/2	543
OTAN7	Oats	213 1/2	215	216 1/4	217 1/2	219

Calculations based on previous session. Data collected 04/21/2017

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

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