



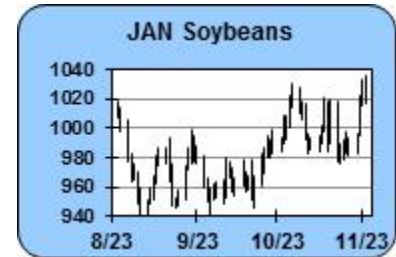
DAILY GRAINS COMMENTARY Friday November 25, 2016

DAILY SOY COMPLEX COMMENTARY 11/25/16

Soybean oil traders caught short with EPA announcement

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
SOY BEANS +4.2, BEAN OIL +2.4, SOYMEAL -8.5

OVERNIGHT DEVELOPMENTS: The market has seen impressive technical action recently and traders await the type of headline news which might slow the spec buying. Malaysia palm oil futures are up 1.1% overnight and China futures were down 0.9%. Global equity markets were mixed overnight with Asian and Pacific Rim markets higher and European markets under modest pressure. Overnight the UK posted somewhat anemic 3rd quarter GDP results while Poland posted unchanged unemployment results. French Consumer confidence was also unchanged in the wake of comments from the ECB that the Trump win was a threat to trade. The only other significant development overnight was a fresh 10 month high in the Nikkei off upbeat hopes for rising exports in the wake of the sharp declines in the Yen. The US economic report slate today starts with US Flash services PMI which is expected to show some minor decay. The US trading session will also see an Advance Economic Indicators Report due out at 7:30 cst. December options expire today.



NEAR-TERM MARKET FUNDAMENTALS: January soybeans closed 3 1/2 cents higher on the session on Wednesday but this was up 17 3/4 cents from the day's lows. The surge was led by EPA news (which was not much of a surprise but caught oil traders off guard) and from a continued bullish tone for a few selected commodity markets from fund traders in spite of the surging US dollar. Weekly export sales will be released ahead of the opening and expected to show soybean sales near 1.2 to 1.5 million tonnes. China imported 5.2 million tonnes of soybeans in October which pushed the year-to-date total to 66.4 million tonnes, up 2%. Soybean oil imports reached 49,000 tonnes in October which pushed the year-to-date total to 444,000 tonnes, down 37%. The rally on Wednesday was impressive given the US dollar trading up to a new 13 year high.

The EPA came out shortly after the morning opening with fresh 2017 biofuel quotas that increase the renewable fuel volume requirements. Refiners must mix 19.28 billion gallons of renewable fuel for next year, of which 15 billion for traditional corn based ethanol and 4.28 billion for advanced biofuel standard. This is a 19% increase over 2016 standard for biofuels, and the soybean oil market took off after the announcement as it traded limit up at one point and lifting the soybeans along with it. The oilshare spread is under significant pressure, as new length in soymeal is liquidating, pushing oilshare up 7.0% at one point. A consultancy group is projecting a steep drop in French rapeseed production next year after dryness reduced plantings by 7.5%.

TODAY'S MARKET IDEAS:

There is plenty of talk of meal backing up at plants due to sluggish demand but mainly due to the record crush pace, high DDG production and plentiful corn supply. Gulf basis for soybeans slipped to just 25 over from near +70 last year and near +90 as the 5-year average. The upside technical break-out for January soybeans leaves 1052 1/4 as next target but the market does not seem to have the fundamentals for much more buying. Support is back at 1009 3/4 and 1003 1/4. Watch for a technical sign of a top soon. January soybean oil experienced an impressive upside break-out on Wednesday which leaves 37.56 as next target. Support is 36.50.

NEW RECOMMENDATIONS:

None.

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 (JAN) 11/25/2016: The upside crossover (9 above 18) of the moving averages suggests a developing short-term uptrend. Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. 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 target is 1048 3/4. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 1043 1/2 and 1048 3/4, while 1st support hits today at 1025 and below there at 1012.

SOYBEAN OIL (DEC) 11/25/2016: 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. The outside day up and close above the previous day's high is a positive signal. There could be more upside follow through since the market closed above the 2nd swing resistance. The near-term upside target is at 39.06. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 38.28 and 39.06, while 1st support hits today at 35.42 and below there at 33.33.

SOYMEAL (DEC) 11/25/2016: Momentum studies are rising from mid-range, which could accelerate 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 market's close below the 1st swing support number suggests a moderately negative setup for today. The near-term upside target is at 330.4. The next area of resistance is around 322.5 and 330.4, while 1st support hits today at 310.3 and below there at 305.9.

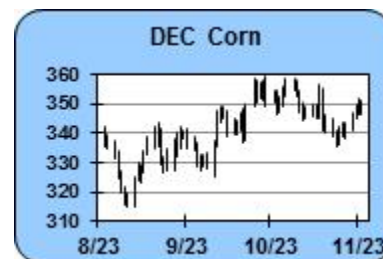
DAILY CORN COMMENTARY

11/25/16

Short-covering not a good foundation for extended bounce

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

OVERNIGHT DEVELOPMENTS: March corn remains in a short-term uptrend and with a weaker US dollar and a further advance in equity markets overnight, could see a little higher trade early today. December options expire today.



NEAR-TERM MARKET FUNDAMENTALS: While corn found some support from soybeans on Wednesday, the collapse in meal and another new high for the US dollar does not help. Weekly export sales will be released ahead of the opening and expected to show corn sales near 900,000 to 1.2 million tonnes. China imported 14,000 tonnes of corn in October which pushed the year-to-date total to 2.9 million tonnes, down 35%. March corn was under pressure early in the session on Wednesday and then the EPA came out with fresh 2017 biofuel quotas that increase the renewable fuel volume requirements. Refiners must mix 19.28 billion gallons of renewable fuel for next year, of which 15 billion for traditional corn based ethanol and 4.28 billion for advanced biofuel standard. The 15 billion gallon meets the congressional target for conventional fuels and was expected, but still provided support for the corn market. The surprise was in the biofuel mandate which is up 19% from the 2016 standard for biofuels, and the soybean oil market took off after the announcement, trading limit up at one point.

Ethanol production for the week ending November 18th averaged 1.014 million barrels per day. This is down 0.29% vs. last week and up 0.60% vs. last year. Total ethanol production for the week was 7.098 million barrels. Corn used in last week's production is estimated at 106.47 million bushels. Corn use needs to average 101.19 million bushels per week to meet this crop year's USDA estimate. Stocks were 18.952 million barrels, up 1.84% vs. last week and down 3.44% vs. last year. Slower production and higher stocks was seen as a bit bearish.

TODAY'S MARKET IDEAS:

While the market has seen an impressive bounce off of the November 15th low, the open interest is down 55,528 contracts on this rally. Short-covering is not a good foundation for an extended rally. Weather still looks favorable for South America. March corn resistance is at 359 1/4 and 367 1/4. Support is at 356 1/2 and 353 1/4.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

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 (DEC) 11/25/2016: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's close above the 9-day moving average suggests the short-term trend remains positive. The close over the pivot swing is a somewhat positive setup. The next upside objective is 354 1/4. The next area of resistance is around 353 and 354 1/4, while 1st support hits today at 348 1/2 and below there at 345 1/4.

DAILY WHEAT COMMENTARY

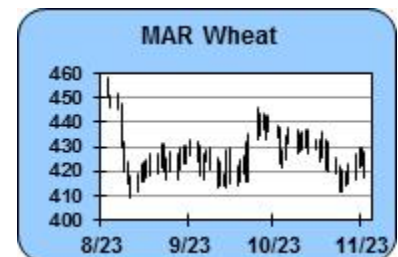
11/25/16

Watch for a solid export number today

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

WHEAT -3.4

OVERNIGHT DEVELOPMENTS: Matif wheat futures are trading up 0.15% at 168.50 Euro. Outside market forces are mixed with the US dollar trading down 0.20%.



NEAR-TERM MARKET FUNDAMENTALS: Weekly export sales will be released ahead of the opening and expected to show wheat sales near 350,000 to 600,000 tonnes. Preliminary open interest figures for Wednesday's trade is down 12,479 contracts. Taiwan bought 85,000 tonnes of U.S. wheat. Argentine wheat area is forecasted at 5.26 million hectare up from the October estimate of 5.17 million hectares according to the Argentine Agroindustry minister. Argentina's wheat output was pegged at 14.9 million tonnes with harvest at 17%. French soft wheat plantings have reached 98% complete versus 95% last week, with emergence at 83% compared to 73% a week ago. Ukraine's wheat exports rose by 9% in the first four months of the 2016-17 season to 8.24 million tonnes according to UkrAgro Consult. EU soft wheat exports are up 39% for the week at 480,720 tonnes compared to 345,679 tonnes. March wheat traded to a low of 417 1/2 early on Wednesday but rebounded off the lows with a rally in corn and soybean oil off the EPA announcement of increasing the renewable fuels to 19.28 billion gallons in 2017 from 18.11 billion in 2016. The market was under heavy pressure early Wednesday off of a stronger US dollar and forecasts for beneficial rains in the winter wheat areas. The December/March calendar spread traded to a two month low at a -22 1/2 cent carry, down 5 3/4 cents in two days. First notice day is next Wednesday with 414 receipts registered for delivery.

TODAY'S MARKET IDEAS:

March wheat recovered some on Wednesday with the rally in the soybean complex, but still trading under the 50 day moving average at 426 1/2. A settlement above 428 1/2 could spark some short covering and a test of the 440 1/2 which is the 100-day moving average.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Long March Wheat/March Corn spread from +69 1/2 cents with an objective of +89 1/2 cents. Risk to a close below +62 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 (DEC) 11/25/2016: The close below the 60-day moving average is an indication the longer-term trend has turned down. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. 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 1st swing support number suggests a moderately negative setup for today. The next upside objective is 412 1/2. The next area of resistance is around 407 and 412 1/2, while 1st support hits today at 396 and below there at 390 3/4.

KC WHEAT (DEC) 11/25/2016: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market tilt is slightly negative with the close under the pivot. The near-term upside objective is at 422 1/4. The next area of resistance is around 419 3/4 and 422 1/4, while 1st support hits today at 411 1/4 and below there at 405 1/2.

MINN WHEAT (DEC) 11/25/2016: 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 daily closing price reversal up is a positive indicator that could support higher prices. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside objective is 532 1/4. The next area of resistance is around 530 1/4 and 532 1/4, while 1st support hits today at 524 1/4 and below there at 520 1/4.

RICE (JAN) 11/25/2016: Positive momentum studies in the neutral zone will tend to reinforce higher price action. 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 near-term upside objective is at 9.743. The next area of resistance is around 9.622 and 9.743, while 1st support hits today at 9.448 and below there at 9.394.

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										
CNAZ6	350 3/4	58.36	55.13	44.65	59.20	349.25	344.06	346.00	345.37	342.28
CNAH7	359 1/4	58.79	55.11	42.80	57.58	357.38	352.14	354.42	354.56	351.75
SSAF7	1034 1/4	72.92	66.62	57.47	78.79	1019.56	1001.47	999.10	985.60	980.91
SSAH7	1043	73.41	67.26	58.89	79.99	1028.13	1010.06	1006.93	992.51	986.88
SMAZ6	316.4	54.95	54.52	50.65	61.78	317.85	313.23	312.07	307.73	308.43
BOAZ6	36.85	72.71	67.00	38.94	62.39	35.01	34.49	34.69	34.37	34.00
WHAZ6	401 1/2	43.79	45.46	41.50	43.44	406.75	402.56	407.46	407.04	405.73
WHAH7	423 3/4	48.51	48.00	42.13	49.92	425.81	421.14	425.49	426.77	425.84
RCAF7	9.535	41.51	41.61	31.98	37.52	9.64	9.58	9.71	10.06	10.02
KWAZ6	415 1/2	56.17	53.01	48.20	60.22	415.06	410.39	411.44	413.26	413.67
MWAZ6	527 1/4	61.65	58.55	68.18	76.41	527.56	522.47	518.65	519.58	512.47
OTAZ6	216 3/4	38.27	47.17	47.74	31.16	223.88	227.72	225.63	207.65	199.64

Calculations based on previous session. Data collected 11/23/2016

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						
CNAZ6	Corn	345 1/4	348 1/2	349 3/4	353	354 1/4
CNAH7	Corn	352 3/4	356 1/2	358	362	363 1/4
SSAF7	Soybeans	1012	1025	1030 1/2	1043 1/2	1049
SSAH7	Soybeans	1020 3/4	1034	1039	1052	1057 1/4
SMAZ6	Soymeal	305.8	310.2	318.1	322.5	330.4
BOAZ6	Soybean Oil	33.32	35.41	36.19	38.28	39.06
WHAZ6	Wheat	390 1/2	396	401 1/2	407	412 1/2
WHAH7	Wheat	413	418 1/2	423 1/4	429	433 1/2
RCAF7	Rice	9.393	9.447	9.568	9.622	9.743
KWAZ6	KC Wheat	405 1/2	411 1/4	414	419 3/4	422 1/2
MWAZ6	MINN Wheat	520 1/4	524 1/4	526 1/4	530 1/4	532 1/4
OTAZ6	Oats	212 1/2	214 1/4	217 1/2	219 1/4	222 1/2

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