



**DAILY SOY COMPLEX COMMENTARY**  
05/05/17

**Demand tone remains firm and helping to hold price up**

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):**  
SOY BEANS -0.6, BEAN OIL +0.2, SOYMEAL -1.3

**OVERNIGHT DEVELOPMENTS:** July soybeans are trading 1/2 of a cent higher this morning. China futures are unchanged on the day and palm oil futures in Malaysia are up 1.7%. Global equity markets showed a "risk off" mood with the majority of key markets trading lower. The Asian session was relatively quiet due to a Japanese holiday, while the focus of European markets has shifted towards Sunday's second and final round of the French Presidential election. The North American session will start out with the highlight for global markets, the April employment situation report. April non-farm payrolls are expected to see a sizable improvement from March's 98,000 reading. The April unemployment rate is forecast to uptick from March's 4.5% reading while April average hourly earnings are expected to improve from March's 0.2% reading. The April Canadian unemployment rate is forecast to hold steady at 6.7% while they see modest improvement in their net employment reading. The April Canadian Ivey PMI is expected to uptick from March's 61.1 reading. March reading on US consumer credit will be released during afternoon trading hours. Deliveries overnight included zero soybean contracts, 277 oil and 177 meal deliveries.



**NEAR-TERM MARKET FUNDAMENTALS:** The focus of attention should shift to the new crop production outlook soon and the outlook is extremely burdensome. The market seems to be holding a weather premium. July soybeans traded to a five week high of 980 yesterday, but weakness in corn and wheat pulled the market lower. The July/November soybean spread closed up 4 1/4 cents at +9 1/2 cent inverse on potential renewed interest of Chinese bean purchases of the Pacific Northwest. All week there have been rumors of interest by the Chinese with improving crush margins and tight Brazilian farmer holding. With the entire grain complex seeing extensive selling, for the July/November spread to close 5 1/4 cents higher is odd to say the least. The Buenos Aires Grains Exchange left their Argentine soybean production unchanged at 56.5 million tonnes and estimated harvest progress at 49% complete.

Egypt is tendering for 30,000 tonnes of soybean oil for June-July shipment. Traders will be watching for any news regarding a decision on the anti-dumping charge against Argentina's biodiesel industry. News could come as early as today or the first part of next week. Weekly export sales for soybeans came in at 318,500 tonnes for the current marketing year and 12,800 for the next marketing year for a total of 331,300 tonnes. As of April 27th, cumulative soybean sales stand at 102.8% of the USDA forecast versus a 5 year average of 95.8%. Net meal sales came in at 103,600 tonnes for the current marketing year and 6,300 for the next marketing year for a total of 109,900 tonnes. Net oil sales came in at 10,600 tonnes. As of April 27th, cumulative soybean oil sales stand at 81.6% of the USDA forecast versus a 5 year average of 71.5%.

**TODAY'S MARKET IDEAS:**

July soybeans are up 18 cents on the week and November up 11 1/2 cents. The market is performing much better on the week compared to wheat and corn, even though all the headlines focused on wheat and corn crops and plantings. However, we still believe next week's report will have nothing for the bull camp to get excited about. Old crop ending stocks could be increased with the recent slowdown of the crush. New crop ending stocks could start out near a record high 600 million bushels with the increased acreage. July resistance is at 980 1/2 and 989 1/2.

**NEW RECOMMENDATIONS:**

None.

### **PREVIOUS RECOMMENDATIONS:**

1) Short July soybeans from 974 with an objective of 928. Risk to 989 1/2. 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. 3) Short the July/Nov soybean spread at +5 1/2 cents with an objective of -14 cents. Risk a total of 7 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 (JUL) 05/05/2017:** Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. A positive signal for trend short-term was given on a close over the 9-bar moving average. The daily closing price reversal down puts the market on the defensive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside target is 985. The next area of resistance is around 979 1/2 and 985, while 1st support hits today at 969 and below there at 964.

**SOYBEAN OIL (JUL) 05/05/2017:** Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market could take on a defensive posture with the daily closing price reversal down. The market tilt is slightly negative with the close under the pivot. The near-term upside objective is at 33.08. The next area of resistance is around 32.74 and 33.08, while 1st support hits today at 32.25 and below there at 32.08.

**SOYMEAL (JUL) 05/05/2017:** Positive momentum studies in the neutral zone will tend to reinforce higher price action. The close above the 9-day moving average is a positive short-term indicator for trend. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside target is at 321.5. The next area of resistance is around 320.3 and 321.5, while 1st support hits today at 316.9 and below there at 314.6.

## **DAILY CORN COMMENTARY**

**05/05/17**

**Drier forecast may allow planting but do not expect more than 90**

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

**OVERNIGHT DEVELOPMENTS:** July corn is trading up 2 1/2 cents this morning. Outside market forces are mixed. Weather leans bearish. There were 471 contracts of corn delivered overnight. China corn was down slightly.



**NEAR-TERM MARKET FUNDAMENTALS:** China sold 2.19 million tonnes of corn from state reserves from 2.5 million tonnes offered which was better than expected and indicates that China feed companies, ethanol plants and starch plants may be somewhat bullish on corn. These stocks are from 2013 and 2012 crop years, and the recent Beijing policy is to reduce the old stockpiles. Another 859,000 tonnes of 2014 corn will be auctioned off on Tuesday. The corn market gave back all of this week's gains with the collapse yesterday. The market has also been pressured by an onslaught of commodity selling in gold, industrial metals and crude oil. Weekend weather forecasts have lowered the amount of precipitation for Missouri, Illinois and Indiana, but plantings will still be put on hold and the temperatures remain below normal as well.

The western Corn Belt and northern Plains will have open weather for plantings for the next ten days. Corn planting progress is estimated at 43% complete for Monday's weekly update, with last year's total at 61% and the ten year average at 51%. Net weekly export sales for corn came in at 771,600 tonnes for the current marketing year and 24,100 for the next marketing year for a total of 795,700 tonnes compared to estimates of 700,000 to 1.1

million tonnes. As of April 27th, cumulative corn sales stand at 91.7% of the USDA forecast versus a 5 year average of 88.2%.

**TODAY'S MARKET IDEAS:**

A drier forecast and crude oil unraveling gave the bears courage to press the market lower yesterday. July corn needs to hold trendline support at 365 1/2 otherwise a retest of 360 3/4 looks imminent. We still think there is more potential to the upside from these levels, especially with potential replanting in many areas in southern Illinois and Indiana. Long-term traders could buy 1 December corn 420 call and sell 1 December corn 500 call and sell 1 December corn 340 put for a cost of 4 cents.

**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 (JUL) 05/05/2017: The close under the 40-day moving average indicates the longer-term trend could be turning down. 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 market back below the 18-day moving average suggests the intermediate-term trend could be turning down. The outside day down is somewhat negative. The market is in a bearish position with the close below the 2nd swing support number. The next downside target is 358 3/4. The next area of resistance is around 371 1/2 and 378 3/4, while 1st support hits today at 361 1/2 and below there at 358 3/4.

**DAILY WHEAT COMMENTARY**

05/05/17

**French wheat conditions continue to slide**

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

**WHEAT** +1.6

**OVERNIGHT DEVELOPMENTS:** July wheat is trading 2 1/2 cents higher this morning and KC wheat is up 2 3/4 cents. Outside market forces look mixed. MATIF September futures are unchanged at 168.50 Euro. There were 38 contracts delivered against the Chicago May contract and 41 against the Kansas City May contract.



**NEAR-TERM MARKET FUNDAMENTALS:** French soft wheat conditions went down to 75% good/excellent from 78% last week and compared to 87% last year. Rains are forecasted in the southwest of France today with which could total up to 1/2 inch of 70% coverage. Ikar has estimated Russian wheat exports at 27.1 million tonnes down from their previous estimate of 27.5 million. Stats Canada will release inventories as of March 31st this morning with all wheat inventories estimated at 18.12 million tonnes up from last year's 13.79 million. July wheat has retraced most of this week's gains on Thursday closing down 16 1/4 cents on the session yesterday. The annual Kansas Wheat Quality Tour has completed their tour and pegged the state's average winter wheat yield at 46.1 bushels per acre, down from 48.6 bushels last year. The five year average for the tour is 41.6 bushels per acre. The tour estimated Kansas winter wheat production at 281.7 million bushels compared to last year's USDA final estimate of 467.4 million bushels.

The fact remains there was damage done in western Kansas this past weekend, but four participants did not make any judgements as to lost acres as that will take weeks to assess. Pressure was also attributed to a selloff in several commodities as a risk off attitude was seen in many markets yesterday. Net weekly export sales for wheat came in at 258,400 tonnes for the current marketing year and 563,400 for the next marketing year for a total of 821,800 tonnes versus estimates of 300,000 to 550,000 tonnes. As of April 27th, cumulative wheat sales stand at 100.3% of the USDA forecast for the 2016/2017 (current) marketing year versus a 5 year average of 97.0%. Chicago July wheat and Kansas City July still have gaps from Monday's higher opening intact. These gaps need to stay unfilled for the bull camp to have something to hold on to. CHGO July wheat is still up 5 1/2 cents for the week with KC July up 7 1/4 cents for the week. Both markets are down 23 3/4 cents from their weekly highs.

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

Yesterday's selloff seemed more like a commodity melt down than an actual bearish fundamental reason for wheat to be down almost 4.0%. We understand that world and domestic stocks are burdensome, but think there are still too many unknowns in the hard red wheat areas and potential issues for the soft red areas. Initial resistance in July wheat is at 444 1/4 followed by 447 3/4.

#### **NEW RECOMMENDATIONS:**

None.

#### **PREVIOUS RECOMMENDATIONS:**

Long July wheat from 446 with an objective of 481. Risk to 434.

#### **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) 05/05/2017:** The close below the 60-day moving average is an indication the longer-term trend has turned down. The moving average crossover up (9 above 18) indicates a possible developing short-term uptrend. 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 market is in a bearish position with the close below the 2nd swing support number. The next upside target is 460 3/4. The next area of resistance is around 447 1/4 and 460 3/4, while 1st support hits today at 428 1/4 and below there at 422 1/2.

**KC WHEAT (JUL) 05/05/2017:** The close below the 60-day moving average is an indication the longer-term trend has turned down. Momentum studies are trending higher but have entered overbought levels. The close above the 9-day moving average is a positive short-term indicator for trend. The market is in a bearish position with the close below the 2nd swing support number. The near-term upside objective is at 470 3/4. The next area of resistance is around 455 1/4 and 470 3/4, while 1st support hits today at 433 3/4 and below there at 427 1/2.

**MINN WHEAT (JUL) 05/05/2017:** The close below the 60-day moving average is an indication the longer-term trend has turned down. The daily stochastics gave a bearish indicator with a crossover down. Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside objective is now at 535. The next area of resistance is around 555 1/4 and 566, while 1st support hits today at 539 3/4 and below there at 535.

**RICE (JUL) 05/05/2017:** Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. 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 near-term upside target is at 10.188. The next area of resistance is around 10.047 and 10.188, while 1st support hits today at 9.763 and below there at 9.619.

## 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
<b>GRAIN COMPLEX</b>										
CNAN7	366 1/2	44.68	45.92	52.54	52.41	372.75	370.08	370.60	371.51	374.83
CNAZ7	384 1/2	44.92	46.53	55.15	54.50	390.31	387.75	388.10	387.55	389.78
SSAN7	974 1/4	59.57	52.22	68.17	75.34	972.13	966.14	962.35	983.76	1001.94
SSAX7	964 3/4	53.88	49.65	65.37	69.29	966.00	961.67	958.94	974.98	986.35
SMAN7	318.6	54.11	50.45	48.19	52.18	317.75	317.07	316.34	321.67	327.49
BOAN7	32.50	58.56	53.73	68.51	75.32	32.46	32.16	31.93	32.50	32.89
WHAN7	437 3/4	48.63	48.55	60.97	65.22	450.44	437.56	437.01	443.33	449.49
WHAU7	452 1/4	49.29	48.89	60.75	66.15	464.06	451.22	450.74	457.68	463.76
RCAN7	9.905	51.73	48.11	22.98	33.38	9.76	9.64	9.99	10.04	10.02
KWAN7	444 1/2	52.15	51.47	68.28	70.39	460.31	441.83	436.76	446.43	455.10
MWAN7	547 1/2	49.29	50.71	70.09	64.29	557.25	551.53	544.63	544.35	548.98
OTAN7	244	75.71	68.31	75.80	87.10	240.81	230.31	224.65	229.66	233.95

Calculations based on previous session. Data collected 05/04/2017

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>						
CNAN7	Corn	358 3/4	361 1/2	368 3/4	371 1/2	378 3/4
CNAZ7	Corn	376 3/4	379 1/2	386 1/2	389 1/2	396 1/4
SSAN7	Soybeans	964	969	974 1/2	979 1/2	985
SSAX7	Soybeans	955 1/2	959 3/4	965 1/2	969 3/4	975 1/2
SMAN7	Soymeal	314.5	316.8	318.0	320.3	321.5
BOAN7	Soybean Oil	32.08	32.24	32.58	32.74	33.08
WHAN7	Wheat	422 1/2	428	441 3/4	447 1/2	461
WHAU7	Wheat	437 1/2	443 1/4	455 1/2	461 1/4	473 1/2
RCAN7	Rice	9.618	9.762	9.903	10.047	10.188
KWAN7	KC Wheat	427 1/4	433 1/2	449	455 1/2	470 3/4
MWAN7	MINN Wheat	535	539 3/4	550 1/2	555 1/4	566
OTAN7	Oats	237 1/2	241 1/4	243	246 3/4	248 1/2

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