



DAILY SOY COMPLEX COMMENTARY
01/17/17

Longer-term supply issues but Argentina weather scare supports

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
SOY BEANS +17.0, BEAN OIL +0.4, SOYMEAL +7.5



OVERNIGHT DEVELOPMENTS: March soybeans are trading up 16 3/4 cents this morning. China soybean futures were up 1.1% overnight and also up strong on Monday. Palm oil futures in Malaysia were up 1.6%. There were 191 January soybean deliveries, 47 meal and 108 oil. An exchange of barbs between the President elect and Euro officials combined with the potential for fresh hard exit dialogue from the British Prime Minister has fostered some risk off sentiment today. However the risk off news did not negatively influence Asian equities overnight as the two Shanghai markets managed higher closes. The Dollar was at least partially undermined by much better than expected German ZEW current conditions readings of 77.3 versus only 63.5 in December! Other news that might have provided some support to Non-Dollar currencies was news that UK inflation was pegged at a 2 year high in the latest monthly readings. The North American schedule will be fairly quiet coming out of the holiday weekend, and will be highlighted by the NY Fed's January Empire State survey which is expected to hold steady with December's 9 reading.

NEAR-TERM MARKET FUNDAMENTALS: The news that parts of Argentina received 2 1/2 to 4 1/2 inches of rain plus positive action for markets opened on Monday helped to sparked strong buying overnight and a run higher to the highest level since December 6th for March soybeans and July soybeans up to within a few cents of the December high. Oil World sees ending stocks to end up near 350 million bushels from 420 as the current estimate. This would be a normal seasonal decline but to increase US usage, it may take a significant production problem in South America. March soybeans now have seen three strong up days (as much as 58 1/2 cents from Thursday's lows. Thursday's report was the catalyst with a 60 million bushel cut in ending stocks off of reduced acreage and a cut in yield. Also, increased concerns about more flooding in the Santa Fe, Entre Rios, northern Buenos Aires and southeast Cordoba provided the market with bullish fodder going into the three day weekend. The soymeal market has jumped \$28.90 in the last three days so far which may be mostly short covering as open interest only went up 1,303 contracts on Thursday and up 4,609 on Friday. Argentina is the world's largest soymeal exporter, and like last spring, a production shortfall is very sensitive for the soymeal market with March meal now at the highest level since July.

U.S. exporters reported the sale of 132,000 tonnes of soybeans Friday, the first "flash" sale announcement since December 19th. NOPA December crush report will be released today with the average estimate at 162.8 million bushels compared to 160.7 million bushels last month. The Commitments of Traders reports as of January 10th showed Non-Commercial traders were net long 126,766 contracts, a decrease of 5,890 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 58,807 contracts, down 6,150 contracts for the week. Commodity Index traders held a net long position of 133,129 contracts, up 2,048 contracts for the week. For Soybean Meal, Non-Commercial traders were net long 38,712 contracts, an increase of 7,328 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 52,801 contracts, an increase of 6,796 contracts for the week. Commodity Index traders held a net long position of 90,324 contracts, up 4,460 contracts for the week. For Soybean Oil, Non-Commercial traders were net long 102,582 contracts, an increase of 8,221 contracts. Non-Commercial and Nonreportable combined traders held a net long position of 116,362 contracts, up 11,996 contracts for the week.

TODAY'S MARKET IDEAS:

March soybeans are in a position to test the November highs and a new high would leave 1104 3/4 as next swing

target. Close-in support is at 1054 and 1043 1/4. For March meal, a 50% correction of the June to September break leaves key resistance at 343.70.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 1/3/2017 - 1/10/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Grains						
Soybeans	126,766	-5,890	-58,809	+6,148	-67,959	-260
Soymeal	38,712	+7,328	-52,800	-6,795	14,089	-532
Soyoil	102,582	+8,221	-116,362	-11,995	13,780	+3,775

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) 01/17/2017: The upside crossover (9 above 18) of the moving averages suggests a developing short-term uptrend. Momentum studies are trending higher but have entered overbought levels. 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 near-term upside target is at 1055 3/4. The next area of resistance is around 1051 1/4 and 1055 3/4, while 1st support hits today at 1033 3/4 and below there at 1021.

SOYBEAN OIL (JAN) 01/17/2017: The major trend has turned down with the cross over back below the 60-day moving average. A positive indicator was given with the upside crossover of the 9 and 18 bar moving average. 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. The gap lower on the day session chart is bearish and puts the market on the defensive. The swing indicator gave a moderately negative reading with the close below the 1st support number. The near-term upside target is at 35.36. The next area of resistance is around 35.36 and 35.36, while 1st support hits today at 35.37 and below there at 35.37.

SOYMEAL (JAN) 01/17/2017: 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. Market positioning is positive with the close over the 1st swing resistance. The near-term upside target is at 340.2. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 337.6 and 340.2, while 1st support hits today at 327.3 and below there at 319.5.

DAILY CORN COMMENTARY

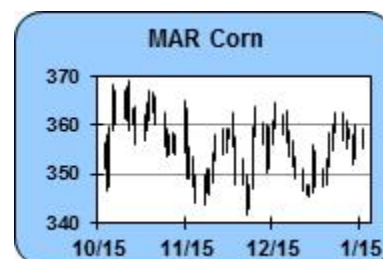
01/17/17

Argentina rains and jump in open interest point to more buying

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

CORN +3.2

OVERNIGHT DEVELOPMENTS: March corn is trading 3 1/2 cent higher this morning. Outside market forces look supportive with the weaker US dollar and



higher trade for gold and crude oil.

NEAR-TERM MARKET FUNDAMENTALS: The technical action is positive and there seems to be plenty of buying fuel ahead as the jump in open interest suggests short-covering could emerge soon. With the massive Brazil corn production estimates emerging, it will take major damage in Argentina or poor weather for the second corn crop in Brazil to see supply support. A prominent South America firm (Safras) pegged Brazil corn production at 94.89 million tonnes, up 8.39 million tonnes from the current USDA estimate. March corn traded inside Thursday's range on Friday with the market closing out the week with a very small gain. With the market still digesting the USDA report, the market had little conviction on Friday but seems to be following soybeans higher today.

Open interest went up 24,283 contracts on Thursday and up 20,672 contracts on Friday, and with the managed money traders still short 76,564 contracts, this suggests new shorts and new longs entered the market after the report Thursday. The excessive snow and rains in the Pacific Northwest have slowed movement out of the PNW ports and will continue to cause logistical problems for several weeks. The Commitments of Traders reports as of January 10th showed Non-Commercial traders were net long 50,464 contracts, an increase of 27,703 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 10,637 contracts, up 9,075 contracts for the week. Commodity Index traders held a net long position of 336,125 contracts, up a significant 16,598 contracts for the week.

TODAY'S MARKET IDEAS:

With the surge in open interest, it appears that the big managed money traders are still not yet covering short positions and the market looks poised to follow soybeans higher. Close-in support for March corn is at 357 1/4 with 364 3/4 and 372 as next upside targets.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Short May Corn from 367 with an objective of 354 1/2. Also long 4 May Corn 400 calls for a net cost of 20 cents.

Commitment of Traders - Futures and Options - 1/3/2017 - 1/10/2017						
Grains	Non-Commercial		Net Position	Commercial		Non-Reportable
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	
Corn	50,464	+27,703	-10,636	-9,075	-39,827	-18,628

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 (MAR) 01/17/2017: Rising stochastics at overbought levels warrant some caution for bulls. The market's close below the 9-day moving average is an indication the short-term trend remains negative. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 362. The next area of resistance is around 360 1/2 and 362, while 1st support hits today at 356 1/2 and below there at 353 3/4.

DAILY WHEAT COMMENTARY

01/17/17

Trend-following funds still net short 92,733 contracts; firm

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):



WHEAT +1.4

OVERNIGHT DEVELOPMENTS: March wheat is up 3 1/4 cents higher this morning. Outside market forces are supportive with a weak US dollar and a jump in energy. Matif futures are up 0.44%.

NEAR-TERM MARKET FUNDAMENTALS: While the central and southern plains absorbed a round of good moisture over the past week, the trade is focused on crop conditions into March, the weaker US dollar and the sharp drop in winter wheat planted acreage. March wheat traded inside of Thursday's range on Friday settling up 3 1/4 cents on the week. The market continues to be supported by the winter wheat seeding's number from Thursday's report. The 32.3 million acre estimate was the lowest acreage since 1909, and has provided the higher protein wheat class's bullish momentum. Kansas City wheat was up 15 1/2 cents on the week and Minneapolis wheat was up 30 cents on the week. Tunisia bought 100,000 tonnes of Durum for February-April shipment. The Philippines are tendering for 165,000 tonnes of feedwheat.

The Commitments of Traders reports as of January 10th showed Non-Commercial traders were net short 49,745 contracts, a decrease of 30,830 contracts for the week. Non-Commercial and Nonreportable combined traders held a net short position of 44,826 contracts, down 23,455 contracts for the week. Commodity Index traders held a net long position of 113,248 contracts, up 14,958 contracts for the week. For Kansas City Wheat, Non-Commercial traders were net long 24,241 contracts, an increase of 16,466 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 23,614 contracts, up 14,018 contracts for the week. Commodity Index traders held a net long position of 39,547 contracts, up 3,596 contracts for the week.

TODAY'S MARKET IDEAS:

Trend-following fund traders hold a net short position of 92,733 contracts which is the largest short position for any agricultural market. March wheat close-in support levels include 425 1/2 and 419 1/2, with 445 3/4 as next key resistance. Additional key resistance is up at 460.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 1/3/2017 - 1/10/2017							
	Non-Commercial			Commercial		Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change	
Grains							
KC Wheat	24,241	+16,466	-23,614	-14,017	-627	-2,448	
Wheat	-49,745	+30,830	44,826	-23,456	4,919	-7,375	

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 (MAR) 01/17/2017: Rising stochastics at overbought levels warrant some caution for bulls. 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 432. The next area of resistance is around 429 3/4 and 432, while 1st support hits today at 422 1/4 and below there at 417.

KC WHEAT (MAR) 01/17/2017: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. 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 next upside target is 455 1/2. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 453 1/4 and 455 1/2, while 1st support hits today at 444 3/4 and below there at 438 3/4.

MINN WHEAT (MAR) 01/17/2017: Momentum studies are trending higher but have entered overbought levels. The market's close above the 9-day moving average suggests the short-term trend remains positive. With the close over the 1st swing resistance number, the market is in a moderately positive position. The near-term upside objective is at 592 1/4. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 588 3/4 and 592 1/4, while 1st support hits today at 576 3/4 and below there at 568 1/4.

RICE (JAN) 01/17/2017: The market back below the 60-day moving average suggests the longer-term trend could be turning down. Rising stochastics at overbought levels warrant some caution for bulls. The close above the 9-day moving average is a positive short-term indicator for trend. The market's close below the pivot swing number is a mildly negative setup. The next upside target is 9.650. The next area of resistance is around 9.650 and 9.650, while 1st support hits today at 9.650 and below there at 9.650.

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										
CNAH7	358 1/2	55.88	54.09	69.73	73.11	358.06	358.56	354.21	354.17	355.77
CNAK7	365 1/2	56.95	54.68	71.22	75.60	364.88	365.11	360.71	360.94	362.62
SSAF7	1042 1/2	66.83	60.99	49.71	73.75	1020.75	1006.89	1005.57	1015.33	1011.69
SSAH7	1046 1/4	64.89	59.46	47.37	68.99	1027.94	1014.94	1014.35	1024.46	1020.21
SMAF7	332.5	70.93	64.92	53.68	77.66	320.20	315.12	313.64	315.58	314.95
BOAF7	35.36	48.66	47.78	43.40	57.04	35.61	35.23	35.22	35.80	35.72
WHAH7	426	61.35	58.24	83.50	87.11	424.44	422.17	412.31	413.73	418.29
WHAH7	439 3/4	63.54	59.60	83.30	85.62	437.75	434.39	424.79	426.48	431.67
RCAF7	9.650	59.49	54.82	63.93	76.62	9.57	9.50	9.42	9.58	9.71
KWAH7	449	72.32	67.15	89.27	93.99	440.94	434.53	423.50	420.84	423.99
MWAH7	582 3/4	86.81	80.31	89.86	95.83	569.88	558.25	547.51	537.18	534.69
OTAH7	242 1/2	69.70	65.50	68.46	78.54	234.13	233.31	228.89	226.03	223.61

Calculations based on previous session. Data collected 01/13/2017
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						
CNAH7	Corn	353 3/4	356 1/2	358	360 1/2	362 1/4
CNAK7	Corn	360 3/4	363 1/2	364 3/4	367 1/2	368 3/4
SSAF7	Soybeans	1021	1033 3/4	1038 1/2	1051 1/4	1056
SSAH7	Soybeans	1024 1/4	1036	1044 1/2	1056 1/2	1064 3/4
SMAF7	Soymeal	319.5	327.2	329.9	337.6	340.2
BOAF7	Soybean Oil	35.36	35.36	35.36	35.36	35.36
WHAH7	Wheat	417	422 1/4	424 1/2	429 3/4	432
WHAH7	Wheat	430 1/2	436	438 1/4	443 1/2	446
RCAF7	Rice	9.650	9.650	9.650	9.650	9.650
KWAH7	KC Wheat	438 1/2	444 3/4	447	453 1/4	455 1/2
MWAH7	MINN Wheat	568 1/4	576 3/4	580 1/4	588 3/4	592 1/4
OTAH7	Oats	232	238 1/4	240 1/2	246 3/4	249

Calculations based on previous session. Data collected 01/13/2017
Data sources can & do produce bad ticks. Verify before use.

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