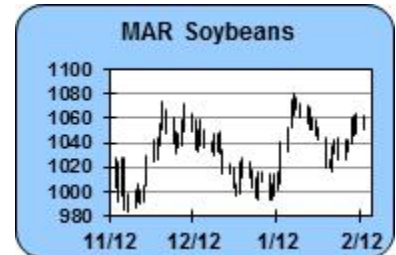




**DAILY SOY COMPLEX COMMENTARY**  
02/14/17

**Technical action remains positive as funds want to be long**

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):**  
**SOY BEANS -3.2, BEAN OIL +0.1, SOYMEAL -1.6**



**OVERNIGHT DEVELOPMENTS:** March soybeans are trading down 4 1/4 cents this morning. China futures were up 0.8% overnight. Palm oil futures in Malaysia were up 0.4%. Global equity markets were mixed overnight with the FTSE MIB making the biggest gain and the MICEX Index posting the biggest loss. The Asian session started out with a reading on Chinese January CPI which saw a moderate uptick from December's +2.1% year-over-year rate with a gain of +2.5%. December Japanese industrial production was forecast to hold steady but instead was revised higher to a gain of +0.7%. The European session started out with a reading on German inflation as their January CPI which was expected to hold steady at a +1.9% year-over-year rate but instead it logged a decline of 0.6% which is a reading that should make it difficult to move away from negative interest rates. However, fourth quarter German GDP bested expectations with an uptick of +1.7% on a year-over-year basis. January Swiss CPI posted its first positive result since September of 2014. January UK CPI saw a dip to -0.5% even though it was still up on a year over year basis. Fourth quarter Euro zone GDP was expected to hold steady but instead it managed a +0.4% month over month rise. December Euro zone industrial production was forecast to show a sizable downtick but instead it managed a +0.4% month over month gain. Lastly the February ZEW survey of German economic sentiment was expected show a moderate downtick and it fell to 10.4 from 16.6 in the prior month. The North American session will feature the January producer price index which is forecast to show a minimal downtick from December's +1.6% year-over-year reading. The highlight of North American trading will be Fed Chair Yellen's testimony in front of the Senate Banking Committee.

**NEAR-TERM MARKET FUNDAMENTALS:** With good weather in South America and the advancing harvest, the positive outside market forces overnight (gold, energy, \$) failed to provide support. Fears of a long liquidation selling trend of a massive net spec long position is the biggest threat to the bulls. It seems that many of the reasons traders continue to buy soybeans are longer-term reasons, or on hopes that weather conditions sour in South America. In addition, traders are hopeful that US producers do not increase planted area that much and that weather in the US causes lower yields this season. There is also talk that China demand is underestimated by the USDA. If acres are up 5.9 million, and yield comes in at 47.9 bushels/acre (down 8% from last year), and we assume record demand again next season, ending stocks still come in at 515 million bushels. Ending stocks have been over 500 million only twice in history.

A late profit taking selloff yesterday pushed the market lower and there was some light long liquidation selling again overnight. With non-threatening weather in South America and harvest progress likely over 20% complete in Brazil versus 15.7% last year, traders expect producer selling to increase. The open interest was up 16,795 contracts on Friday and up 34,124 contracts over the last four trading days, the fund net long position is likely much higher than stated in Friday's COT update. In a survey from AgriSource taken from producers in six Midwestern states, they have soybean acreage jumping to an all-time record of 90.2 million planted acres from 83.4 million this year. Using 90.2 million acres and a trend line 47.7 yield, assuming carry in stocks of 420 million bushels, exports at 2.150 million bushels and crush at 1.950 million bushels, ending stocks would be 479 million bushels. That is not a real bullish scenario, especially if we see another year with soybean yields over 50 bushels per acre. Chinese demand will be watched closely this week, as crush margins have slipped to 24 cents down from 31 cents last week and compared to 78 cents last year. Avian flu concerns have been reported recently along with stories of 30% of live poultry markets in big cities in China contaminated with the H7N9 virus. Weekly export inspections for soybeans came in at 1,145,336 tonnes compared to analyst's estimates of 1.1 to 1.3 million

tonnes. As of February 9th, cumulative soybean export inspections for the 2016-17 marketing year have reached 74.5% of the USDA forecast versus a 5 year average of 74.2%. Pakistan bought near 60,000 tonnes of soybeans from Brazil.

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

If South America weather remains normal, the market looks vulnerable to a long liquidation selling trend "if" support levels are violated. March soybean resistance is at 1059 1/4 and 1069 3/4, with support 1041 1/2. The technical action remains positive but a shift in focus to the new crop season shows some negative supply issues ahead.

#### **NEW RECOMMENDATIONS:**

None.

#### **PREVIOUS RECOMMENDATIONS:**

1) Long 6 of the July soybean 960 puts (near 11 5/8th) and short 1 July soybean 1080 put (near 56 7/8th) from a net premium paid of +12 7/8th with an objective of + 59 cents. Risk a total of 16 cents from entry. 2) Short July/Dec soybean meal spread from +\$13.30 with an objective of -\$2.50. Risk a total of \$4.00 on the spread. 3) \* Hit stop on short July soybean meal position for a loss of 7.10. 4) Long 3 July soybean meal 310.00 puts and short 1 July soybean meal 350.00 call for a net premium paid of +0.90. Use an objective of +37.50 on the spread, and risk a total of 8.00 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 (MAR) 02/14/2017:** 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 tilt is slightly negative with the close under the pivot. The near-term upside objective is at 1066 1/4. The next area of resistance is around 1059 3/4 and 1066 1/4, while 1st support hits today at 1048 3/4 and below there at 1044.

**SOYBEAN OIL (MAR) 02/14/2017:** 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. The close below the 1st swing support could weigh on the market. The near-term upside objective is at 34.83. The next area of resistance is around 34.44 and 34.83, while 1st support hits today at 33.90 and below there at 33.74.

**SOYMEAL (MAR) 02/14/2017:** 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 348.1. The next area of resistance is around 345.7 and 348.1, while 1st support hits today at 340.7 and below there at 338.1.

#### **DAILY CORN COMMENTARY**

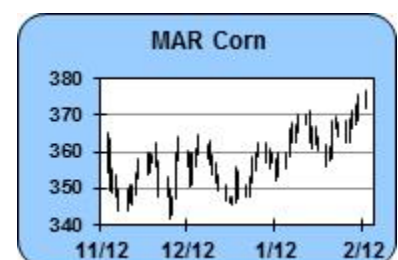
**02/14/17**

**Focus shifting to new crop planted acreage; surging OI**

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

**CORN -1.6**

**OVERNIGHT DEVELOPMENTS:** March corn is trading 1 1/2 cents lower this morning. Outside market forces look positive with strength in energy and gold



and weakness in the US dollar.

**NEAR-TERM MARKET FUNDAMENTALS:** Another new high for the move for old crop and new crop futures leaves the chart pattern bullish as speculators remain active, or even aggressive buyers of corn. The market is up for five consecutive days of higher highs and higher lows since Tuesday and traded to its highest level since July 14th, 2016 yesterday. The open interest in corn was up 42,469 contracts Friday and has increased by 130,431 contracts in the last nine trading days. Exporters announced the sale of 101,600 tonnes of US corn to unknown destination. In a report from AgriSource that surveyed 2,000 producers in six Midwestern states of Iowa, Nebraska, Illinois, Minnesota, Indiana and Missouri, the US corn acreage will fall to 89.7 million acres. This would be down from 94.0 million acres planted last year. Using 89.7 million planted acres and a 20-year trend yield of 167.2 yield, and demand at a very optimistic 5.650 billion bushel feed, 5.365 billion bushel ethanol usage and 2.050 billion bushel exports, then ending stocks would be 1.683 billion bushels from 2.32 billion this year. A 171 yield, however, pushed ending stocks back to 2 billion bushels. Weekly export inspections for corn came in at 1,255,893 tonnes compared to analyst's estimates of 900,000 to 1.1 million tonnes. As of February 9th, cumulative corn export inspections for the 2016-17 marketing year have reached 41.2% of the USDA forecast versus a 5 year average of 38.2%.

**TODAY'S MARKET IDEAS:**

There has been a surge in open interest as fund money has plowed into the corn market. It's the time of year when bets are placed, with another US Ag Baseline report on Thursday of this week and a fresh 2017 planted area forecast from the USDA Outlook Conference on February 23rd. Look for a set-back to 368 3/4 to 366 1/4 retracement levels over the next few days.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

Short May Corn from 367 with an objective of 354 1/2. Also long 2 May Corn 400 calls for a net cost of 7 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 (MAR) 02/14/2017: 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside target is 379 3/4. The next area of resistance is around 378 and 379 3/4, while 1st support hits today at 373 and below there at 370.

**DAILY WHEAT COMMENTARY**

02/14/17

**Impressive run higher but may need reason for more short cover**

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

**WHEAT -3.2**

**OVERNIGHT DEVELOPMENTS:** March wheat is down 3 cents this morning. Outside market forces look supportive. Matif futures are down 0.6%.



**NEAR-TERM MARKET FUNDAMENTALS:** Impressive technical action with July wheat pushing up to the highest level since August may attract more short-covering ahead "if" there are any real weather issues which develop. The market has seen five consecutive days of new highs. Australia's ABARES raised their wheat production to a

record 35.1 million tonnes in 2016-17 versus their December estimate of 32.6 million tonnes and compared to last year's 24.2 million tonnes. Russian wheat export prices rose to an eight month high of \$188.00 per tonne up 1.1% last week according to IKAR. Last week's USDA report lowered Kazakhstan (1.5 million tonnes) and Egyptian (3.0 million tonnes) production by a total of 4.5 million, and was directly responsible for the push in offer levels. Ukraine's wheat prices were unchanged at \$185.50 per tonne, holding at an eight month high. Weekly export inspections for wheat came in at 307,506 tonnes compared to analyst's estimates of 350,000 to 550,000 tonnes. As of February 9th, cumulative wheat export inspections for the 2016-17 marketing year have reached 63.8% of the USDA forecast versus a 5 year average of 67.4%. With temperatures in the Plains expected to be in the 70's and 80's, concerns remain with dryness and fluctuating temperatures in the month of March.

**TODAY'S MARKET IDEAS:**

The managed money category reduced their net short position to 82,547 contracts, down 16,540 contracts as of February 7th. With last Wednesday, Thursday and Friday's volume well above the 15 day average volume, it's probable that the managed money short could be at a very manageable 50,000 contracts today. The fact remains that when the short covering is over, the wheat market is still looking at ending stocks of over 1.000 billion bushels, not to mention the recent rally continues to leave US offers non-competitive. A back and fill trade is possible with momentum studies getting a bit overbought. March wheat retracement support is at 439 3/4 followed by 434 1/2.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

**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) 02/14/2017: Momentum studies are trending higher but have entered overbought levels. 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 near-term upside target is at 462 3/4. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 458 and 462 3/4, while 1st support hits today at 446 1/2 and below there at 439 1/2.

KC WHEAT (MAR) 02/14/2017: 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 close over the pivot swing is a somewhat positive setup. The next upside objective is 475 3/4. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 472 1/4 and 475 3/4, while 1st support hits today at 461 1/4 and below there at 453 3/4.

MINN WHEAT (MAR) 02/14/2017: The moving average crossover up (9 above 18) indicates a possible developing short-term uptrend. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's short-term trend is positive on the close above the 9-day moving average. It is a slightly negative indicator that the close was lower than the pivot swing number. The near-term upside target is at 580 1/4. The next area of resistance is around 575 3/4 and 580 1/4, while 1st support hits today at 565 3/4 and below there at 560 1/2.

RICE (MAR) 02/14/2017: Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. 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 upside target is 9.580. The next area of resistance is around 9.530 and 9.580, while 1st support hits today at 9.440 and below there at 9.400.

## 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>										
CNAH7	375 1/2	68.68	64.38	80.61	88.45	372.56	369.28	366.79	360.39	358.75
CNAZ7	399 1/2	64.74	61.67	84.05	90.08	398.00	395.97	393.69	388.44	387.18
SSAH7	1054 1/4	56.81	55.56	56.49	67.07	1055.63	1044.69	1047.64	1034.42	1035.20
SSAX7	1027 1/4	58.59	56.95	71.99	79.35	1027.88	1020.92	1020.94	1011.13	1012.21
SMAH7	343.2	62.56	60.30	47.54	57.65	341.23	337.22	339.78	328.18	326.59
BOAH7	34.17	41.47	41.92	43.00	47.49	34.54	34.40	34.54	35.37	35.69
WHAH7	452 1/4	71.11	66.07	78.81	88.21	444.31	436.56	430.42	420.65	418.83
WHAN7	478 3/4	71.95	66.88	76.20	88.88	469.13	461.92	457.56	447.01	445.55
RCAH7	9.485	40.42	41.57	21.94	24.21	9.52	9.51	9.65	9.71	9.77
KWAH7	466 3/4	75.07	69.19	71.00	86.41	455.13	446.69	442.19	430.72	427.89
MWAH7	570 3/4	62.23	59.53	48.96	66.26	567.31	561.67	561.61	552.66	547.05
OTAH7	254 3/4	54.76	57.17	54.23	52.75	254.44	255.67	255.28	240.24	235.72

Calculations based on previous session. Data collected 02/13/2017

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

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>GRAIN COMPLEX</b>						
CNAH7	Corn	370	373	375	378	380
CNAZ7	Corn	396	398	399 1/4	401	402 1/2
SSAH7	Soybeans	1044	1048 1/2	1055 1/4	1060	1066 1/2
SSAX7	Soybeans	1016 1/4	1022	1027	1032 1/2	1037 3/4
SMAH7	Soymeal	338.1	340.7	343.1	345.7	348.1
BOAH7	Soybean Oil	33.73	33.89	34.28	34.44	34.83
WHAH7	Wheat	439 1/2	446 1/2	451 1/4	458	463
WHAN7	Wheat	466	473 1/4	477	484 1/4	488
RCAH7	Rice	9.400	9.440	9.490	9.530	9.580
KWAH7	KC Wheat	453 3/4	461 1/4	464 3/4	472 1/4	475 3/4
MWAH7	MINN Wheat	560 1/2	565 3/4	570 1/2	575 3/4	580 1/2
OTAH7	Oats	247 1/2	250 1/2	255 3/4	259	264

Calculations based on previous session. Data collected 02/13/2017

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.