



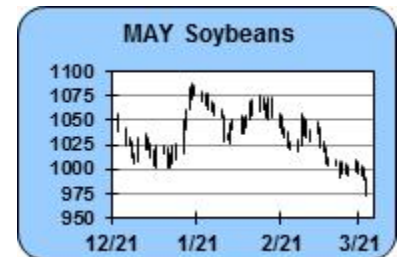
DAILY GRAINS COMMENTARY Monday March 27, 2017

DAILY SOY COMPLEX COMMENTARY 03/27/17

Focus shift to new crop leaves record ending stocks in sight

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
SOY BEANS -2.4, BEAN OIL -0.3, SOYMEAL -0.2

OVERNIGHT DEVELOPMENTS: May soybeans are trading down 2 1/2 cents this morning. China futures were trading 2.2% lower overnight and palm oil futures in Malaysia were down 1.9%. Global markets were unable to fully shake off a negative shift in risk sentiment last week and while they found their footing late in Friday's trading, they are squarely back on the defensive early this week. A set of better than expected Euro zone PMI numbers and durable goods provided a boost, but were unable to shake market focus from the events in Washington. Although the health care reform bill was ultimately pulled before it reached a vote, a perceived shift towards working on tax cuts and fiscal spending initially helped avoid a "risk off" mood to develop. That optimism did not last the weekend, however, as a risk off mood quickly redeveloped in Asian trading. Chinese equities were able to finish the day near unchanged levels, but the Nikkei sustained heavy losses.



NEAR-TERM MARKET FUNDAMENTALS: The US dollar is weaker this morning but so are key commodity markets. Dalian soybeans traded as much as 3.1% lower overnight the lowest since October 20th, due to speculation about sales of China state soybean reserves as well as an increase in planting of soybeans this year. While traditional technical indicators are oversold, the COT report is not, with managed money traders still long 65,559 contracts as of March 21st. The short-term cash fundamentals remain bearish as weakness in South America prices should cause a shift away from the US to Brazil for new purchases. The tail will be long as South America is seeing a record high production year. In addition, poor poultry margins in China have hurt Chinese crush margins so demand could temporarily slide. The market experienced long liquidation for the second session in a row on Friday. After trading water at the 1000 level for seven consecutive sessions, May soybeans have declined almost 27 cents in two days.

The Brazilian soybean basis is in decline, and fell as much as 13 cents last week with the realization of ample supplies from a record crop. May soybeans closed 23 3/4 cents lower for the week last week. A Bloomberg survey of 34 analysts has been released with the average estimates for planted soybean acres at 88.3 million. The USDA Outlook Board estimated soybean acreage at 88.0 million in late February. The range of estimates is 86.4 to 90.2 million acres. The average estimate for March 1st stocks is at 1.676 billion bushels compared to last year's 1.531 billion bushels. The range of estimates is 1.627 to 1.734 billion bushels.

The Commitments of Traders reports as of March 21st showed Non-Commercial traders were net long 84,223 contracts, a decrease of 35,151 contracts for the week and the aggressive long liquidation selling trend is a short-term bearish force. Non-Commercial and Nonreportable combined traders held a net long position of 4,584 contracts, down a significant 33,885 contracts in just one week. For Soybean Oil, Non-Commercial traders were net short 17,395 contracts, an increase of 26,795 contracts which represents a change from a net long to net short position. Non-Commercial and Nonreportable combined traders held a net short position of 13,818 contracts. These traders have also gone from a net long to a net short position. For Soybean Meal, Non-Commercial traders were net long 82,362 contracts, a decrease of 2,264 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 94,385 contracts, down 3,036 contracts for the week. Commodity Index traders held a net long position of 95,703 contracts, up 2,213 contracts for the week.

TODAY'S MARKET IDEAS:

With the key March 1st stocks report as well as the Plantings report this Friday, a more two sided trade could

develop later in the week. Momentum indicators are extremely oversold, and a relief bounce cannot be ruled out. The downside breakout for July soybeans leaves 976 and 959 1/2 as next downside targets. Resistance is at 992 1/2 and 1016 1/4. Consider selling a bounce. The July meal downside target was achieved on Friday at 322.70. Close-in resistance is at 325.60 and 327.40 with 301.20 as a longer-term target.

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 to close over +\$6.80.

Commitment of Traders - Futures and Options - 3/14/2017 - 3/21/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Grains						
Soybeans	84,223	-35,151	-4,584	+33,885	-79,639	+1,266
Soymeal	82,362	-2,264	-94,385	+3,036	12,023	-772
Soyoil	-17,395	-26,795	13,818	+29,322	3,577	-2,527

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) 03/27/2017: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The close below the 9-day moving average is a negative short-term indicator for trend. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside objective is now at 960. The 9-day RSI under 20 suggests the market is extremely oversold. The next area of resistance is around 985 and 997 1/4, while 1st support hits today at 966 1/2 and below there at 960.

SOYBEAN OIL (MAY) 03/27/2017: 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 market is in a bearish position with the close below the 2nd swing support number. The near-term upside objective is at 33.57. The next area of resistance is around 32.77 and 33.57, while 1st support hits today at 31.69 and below there at 31.40.

SOYMEAL (MAY) 03/27/2017: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. A negative signal for trend short-term was given on a close under the 9-bar moving average. The close below the 1st swing support could weigh on the market. The next downside objective is 314.2. Selling may soon dry up since the RSI is under 20 indicating the market is extremely oversold. The next area of resistance is around 320.3 and 322.7, while 1st support hits today at 316.1 and below there at 314.2.

DAILY CORN COMMENTARY

03/27/17

Too much rain in the US delta may slow early plantings

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
CORN +0.4

OVERNIGHT DEVELOPMENTS: May corn is trading up 1/2 cent this morning.



Outside market forces look slightly positive with China futures up 0.41% and the dollar down 0.54%.

NEAR-TERM MARKET FUNDAMENTALS: The market has been down for five sessions in a row coming into the new week, and the technical action is weak. However, the market is deeply oversold basis traditional technical indicators and basis the COT update. Also, the forecast for the southern corn-belt remains very wet for the next two weeks slowing the early planting season. This sets the bar high for the bears going into the USDA's Planted Acreage and Stocks reports due at the end of the week. China's Ag commission plans to further cut corn plantings this year with Heilongjiang reducing planted area by 1.65 million acres. South African corn stocks fell 33% at the end of February to 1.92 million tonnes. A Bloomberg survey of 34 analysts has an average estimate for corn acres at 90.9 million compared to the USDA Outlook Board's February estimate of 90 million. The range of estimates is 89.0 to 92.5 million. The average estimate for March 1st stocks is 8.543 billion bushels compared to last year's March 1st stocks at 7.822 billion. The range of estimates is 8.280 to 8.817 billion bushels.

The bears expect a high stocks number as quarterly feeding demand could have been negatively impacted by the sharp drop off of DDG's exports and record DDG's production of the past quarter and from cheap cash wheat prices. May corn closed 11 1/4 cents lower for the entire week last week. The Commitments of Traders report as of March 21st showed Non-Commercial traders were net long 37,856 contracts, a decrease of 63,241 contracts in just one week. Non-Commercial and Nonreportable combined traders held a net long position of 13,109 contracts, down 57,433 contracts for the week. Commodity Index traders held a net long position of 351,560 contracts, down 6,754 contracts for the week.

TODAY'S MARKET IDEAS:

The market lacks positive fundamental news. Managed money traders were net long 92,216 contracts on February 21st and have flipped to a net short of 81,691 contracts in three weeks. This is still a far cry from the record short of 229,176 contracts but with funds already short, a further sharp drop at this time of the year may be difficult without perfect weather or a steep drop in soybean values. Watch for signs of a short-term low for December corn near 375 3/4. May corn support is at 353 1/2 with 359 3/4 and 366 1/4 as resistance.

NEW RECOMMENDATIONS:

None

PREVIOUS RECOMMENDATIONS:

Long 2 May Corn 400 calls for a net cost of 3 1/2 cents each after exiting May futures for a loss of 13 cents.

Commitment of Traders - Futures and Options - 3/14/2017 - 3/21/2017						
Grains	Non-Commercial		Net Position	Commercial		Non-Reportable
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	
Corn	37,856	-63,241	-13,109	+57,434	-24,747	+5,808

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) 03/27/2017: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. 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 lower than the pivot swing number. The next downside target is 353 3/4. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 357 1/2 and 359, while 1st support hits today at 355 and below there at 353 3/4.

DAILY WHEAT COMMENTARY

03/27/17

May be close to pricing in good rains and burdensome supply

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
WHEAT -2.2**

OVERNIGHT DEVELOPMENTS: May wheat is down 2 cents this morning. Outside market forces are mixed with the dollar down 0.54%. MATIF futures are down 0.60% at 166.00 Euro the lowest since December 7th.



NEAR-TERM MARKET FUNDAMENTALS: Seasonally, the market has a tendency to push lower at this time and with forecasts of beneficial rains in the parched hard red winter areas that trend could continue. Yet, this forecast has been touted for over a week and with speculators already holding a massive net short position, it may be difficult for the market to push substantially lower at this time. The Plains states are expected to see 1 1/2 to 3 inches of rain in the next five days and this will be monitored closely. Crop conditions are poor, but should improve dramatically if these rains verify. Egypt will continue to import wheat during the local wheat buying season as it aims to increase its strategic reserves. May wheat rebounded off of Thursday's low and traded higher for a minor bounce on Friday. However, the market was down 11 1/2 cents last week. The open interest in wheat went up another 11,007 contracts on Thursday, and has increased a total of 105,000 contracts over the last 17 trading days.

A Bloomberg survey of 34 analysts has the average estimate for wheat acres at 46.1 million in a range of 44.2 to 48.6 million. The average estimate for March 1st stocks was at 1.627 billion bushels in a range of 1.498 to 1.721 billion bushels. The March 1st stocks estimate last year was 1.372 billion bushels. The Commitments of Traders reports as of March 21st showed Non-Commercial traders were net short 89,393 contracts, an increase of 17,264 contracts in just one week. Non-Commercial and Nonreportable combined traders held a net short position of 83,128 contracts, up 16,733 contracts for the week. For Kansas City Wheat, Non-Commercial traders were net long 20,049 contracts, a decrease of 10,352 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 20,201 contracts, a decrease of 8,917 contracts for the week. Commodity Index traders held a net long position of 47,391 contracts. This represents a decrease of 1,778 contracts in the net long position held by these traders.

TODAY'S MARKET IDEAS:

Managed Money traders were net short 27,385 contracts on February 21st and as of March 21st, this group was net short a whopping 121,005 contracts. The record short for managed money traders is 151,000 contracts, and it feels as if the trade is getting closer to that number after last week's action. There is still no technical sign of a low and the forecast for the Plains this week looks bearish. The next support for July wheat is at 431 1/2 with 446 1/4 as resistance.

NEW RECOMMENDATIONS:

None

PREVIOUS RECOMMENDATIONS:

Long the July Wheat 470/540 bull call spread from 12 1/2 cents with an objective of 29 cents. Risk to 6 cents.

Commitment of Traders - Futures and Options - 3/14/2017 - 3/21/2017						
	Non-Commercial		Commercial	Non-Reportable		
	Net Position	Weekly Net Change		Net Position	Weekly Net Change	
Grains						
KC Wheat	20,049	-10,352	-20,201	+8,918	152	+1,435
Wheat	-89,393	-17,264	83,129	+16,734	6,265	+531

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 (MAY) 03/27/2017: Daily stochastics are trending lower but have declined into oversold territory. A negative signal for trend short-term was given on a close under the 9-bar moving average. Market positioning is positive with the close over the 1st swing resistance. The next downside target is 418 3/4. The next area of resistance is around 427 1/2 and 429 1/2, while 1st support hits today at 422 and below there at 418 3/4.

KC WHEAT (MAY) 03/27/2017: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The close below the 9-day moving average is a negative short-term indicator for trend. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is 423. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 430 3/4 and 434 1/4, while 1st support hits today at 425 1/4 and below there at 423.

MINN WHEAT (MAY) 03/27/2017: A bearish signal was triggered on a crossover down in the daily stochastics. 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 close below the 1st swing support could weigh on the market. The next downside target is now at 531 1/4. The next area of resistance is around 538 3/4 and 543, while 1st support hits today at 532 3/4 and below there at 531 1/4.

RICE (MAY) 03/27/2017: The major trend has turned down with the cross over back below the 60-day moving average. The daily stochastics have crossed over down which is a bearish indication. Daily stochastics turning lower from overbought levels is bearish and will tend to reinforce a downside break especially if near term support is penetrated. A negative signal for trend short-term was given on a close under the 9-bar moving average. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside objective is now at 9.702. Short-term indicators on the defensive. Consider selling an intraday bounce. The next area of resistance is around 9.827 and 9.891, while 1st support hits today at 9.733 and below there at 9.702.

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	356 1/4	27.84	33.99	10.77	6.53	358.25	361.75	367.61	372.04	370.24
CNAZ7	379 1/2	29.16	34.98	14.12	8.22	381.50	384.31	389.04	392.21	390.68
SSAK7	975 3/4	17.76	26.15	10.61	7.87	992.00	996.25	1011.14	1034.64	1034.52
SSAX7	977	23.49	30.49	16.48	12.95	991.31	992.81	1003.51	1012.76	1010.30
SMAK7	318.2	19.49	28.07	9.66	7.30	322.05	325.31	328.84	336.81	334.43
BOAK7	32.23	37.72	39.17	37.05	37.93	33.03	32.66	33.15	33.80	34.25
WHAK7	424 3/4	33.94	37.92	10.53	8.33	423.63	429.28	439.10	444.25	441.45
WHAN7	439 1/2	33.32	37.59	11.10	8.24	438.81	444.42	454.19	458.42	455.63
RCAK7	9.780	51.77	51.33	72.53	70.28	9.80	9.80	9.72	9.77	9.82
KWAK7	428	25.04	31.99	11.52	5.83	431.69	440.58	453.21	457.42	454.33
MWAK7	535 3/4	39.93	41.77	39.89	38.96	538.13	541.19	542.10	551.00	550.42
OTAK7	246 1/4	45.20	48.06	64.11	57.94	249.88	251.17	247.17	248.14	244.55

Calculations based on previous session. Data collected 03/24/2017

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	353 3/4	355	356 1/2	357 1/2	359 1/4
CNAZ7	Corn	377 1/2	378 1/2	379 3/4	380 1/2	382
SSAK7	Soybeans	960	966 1/2	978 3/4	985	997 1/2
SSAX7	Soybeans	962 1/4	968 1/2	979 1/2	985 1/2	996 3/4
SMAK7	Soymeal	314.1	316.0	318.4	320.3	322.7
BOAK7	Soybean Oil	31.39	31.68	32.48	32.77	33.57
WHAK7	Wheat	418 1/2	422	424	427 1/2	429 1/2
WHAN7	Wheat	434	437	439	442	444
RCAK7	Rice	9.701	9.732	9.796	9.827	9.891

KWAK7	KC Wheat	423	425	428 3/4	431	434 1/2
MWAK7	MINN Wheat	531	532 3/4	537	538 3/4	543
OTAK7	Oats	242 1/2	244	247	248 1/2	251 1/2

Calculations based on previous session. Data collected 03/24/2017

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