

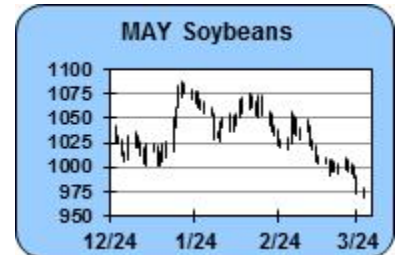


DAILY SOY COMPLEX COMMENTARY
03/28/17

Chinese import numbers grow, Brazil the exporter

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
SOY BEANS +1.6, BEAN OIL -0.0, SOYMEAL +1.5

OVERNIGHT DEVELOPMENTS: May soybeans are trading up 2 1/2 cents this morning. China futures were trading 0.7% higher overnight and palm oil futures in Malaysia were up 0.43%. Outside market forces are slightly positive with crude oil up 0.80% and equities look to open slightly higher.



NEAR-TERM MARKET FUNDAMENTALS: The market looks to stabilize with the overnight trade holding above yesterday's lows. There is speculation the recent break in prices could boost demand from Chinese crushers. A South American crop analyst raised their Argentine soybean production to 56 million tonnes from 55 million. The USDA estimate is 55.5 million tonnes. According to Beijing trade sources, China may import a record 90 million tonnes of soybeans for 2016-17 compared to 87 million tonnes forecasted by the USDA. High breeding profits should spur a restocking of hogs which could lead to a 5.0% boost in soybean meal consumption. China's soybean imports from Brazil could be 6 to 7 million tonnes larger than last year for the February thru August period according to sources with Sinograin Oils. The record harvest in Brazil will compete with the US exports in the 3rd and 4th quarter of 2017. Brazil's soybean harvest is 69% complete compared to the five year average of 63%. Like the US soybean crop last year, the Brazilian soybean estimates continue to creep higher. Brazilian consulting Fraca Junior sees the soybean crop at 111.4 million tonnes and other whisper numbers are upwards of 113 million tonnes.

The average estimate for soybean acreage is at 88.3 million acres versus the USDA Outlook Board at 88.0 million acres. The average estimate of March 1st stocks is at 8.543 billion bushels up 721 million bushels from last year's March 1st number. The Foreign Ag Services estimated Canada's oilseed production, (canola, soybean, sunflowers) up 1.0% at 25.3 million tonnes. Weekly export inspections for soybeans came in at 555,012 tonnes within trade estimates of 500,000 to 700,000 tonnes but well below last week's 744,000 tonnes. As of March 23rd, cumulative soybean export inspections for the 2016-17 marketing year have reached 84.0% of the USDA forecast versus a 5 year average of 85.2%. In years past, like 2007/08, when there is a big shift in acreage the USDA gives the trade a taste in the March plantings, then follows up with the balance in June plantings. What if soybean acres are only up 3.1 million to 86.5 million? Will the trade be able to hold the market down for 2 or 3 months, or will the Algo traders take the information and run.

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.

Down 16 of the last 18 trading days, an RSI at 24.8%, stochastic readings approaching single digits, who's left to sell the market? The managed money trader reduced their soybean length by 32,685 contracts to 65,669 contracts as of March 21st and the speculative length is much more manageable. Aggressive traders could buy the May 1000 calls at 7 1/2 cents looking for an oversold bounce. Close-in support in May soybeans is 966 1/2, followed by 962 1/4.

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. * Look to exit at the market this morning. 2) * Short July/Dec soybean meal spread from +\$13.30 with an objective of + 0.60. Risk to close over +\$6.10.

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) 03/28/2017: Momentum studies are declining, but have fallen to oversold levels. 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 under the swing pivot. The next downside objective is now at 962 1/4. The 9-day RSI under 20 suggests the market is extremely oversold. The next area of resistance is around 976 1/2 and 982 1/2, while 1st support hits today at 966 1/2 and below there at 962 1/4.

SOYBEAN OIL (MAY) 03/28/2017: 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 upside daily closing price reversal gives the market a bullish tilt. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is 31.42. The next area of resistance is around 32.65 and 32.89, while 1st support hits today at 31.92 and below there at 31.42.

SOYMEAL (MAY) 03/28/2017: Daily stochastics are trending lower but have declined into oversold territory. The market's short-term trend is negative as the close remains below the 9-day moving average. The close below the 1st swing support could weigh on the market. The next downside target is 312.3. Selling may soon dry up since the RSI is under 20 indicating the market is extremely oversold. The next area of resistance is around 317.2 and 320.2, while 1st support hits today at 313.3 and below there at 312.3.

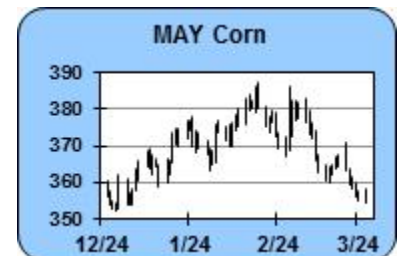
DAILY CORN COMMENTARY

03/28/17

Oversold and in need of a bounce

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
CORN +1.0

OVERNIGHT DEVELOPMENTS: May corn is trading up 1 1/2 cent this morning. Outside market forces look mixed with China futures up 0.18% and the dollar is slightly higher.



NEAR-TERM MARKET FUNDAMENTALS: The market is trying to break a streak of six consecutive days of losses, building off of yesterday's solid export inspection number which was up 15% from last week and up 57% from last year's inspection number. May corn traded to a low of 354 1/4 yesterday and has closed lower for six consecutive days. This is the lowest the market has traded since December 30th. The Dalian corn futures were up again this morning on a continued stock reduction program which has corn planted acreage moving lower. Heilongjiang province will lower corn area by 1.6 million acres this year after last year's 3.2 million reduction. Mexican Deputy Minister Juan Carlos Baker stated he is optimistic that an agreement will be struck soon with Brazil and possibly Argentina with zero tariffs. The average estimate for corn acreage is 90.9 million compared to the USDA Outlook Board at 90 million. The average estimate for March 1st stocks is 8.543 billion bushels, up 721 million from last year. Weekly export inspections for corn came in at 1,556,091 tonnes versus trade estimates of 1.2 to 1.5 million and compared to 1.368 million tonnes last week.

TODAY'S MARKET IDEAS:

The market lacks positive fundamental news although the oversold nature of the market could allow for a bounce. December corn closed with an outside day higher close yesterday. With growing season nearing, there will be with plenty of weather forecasts to trade over the next few months. In fact, there were reports Monday of Biblical floods happening in Peru due to sea surface temperatures off their coastline warming significantly. Last time this happened was in 1998, and before that in 1983. Guess what corn yields did: 1998 was down 3.1% and 1983 was down 40%. December corn could be trying to put in a short term low at 378 1/4. Look for bounce with 385 1/4 and 387 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.

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) 03/28/2017: Daily stochastics are trending lower but have declined into oversold territory. The close below the 9-day moving average is a negative short-term indicator for trend. 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 next downside objective is now at 352. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 357 3/4 and 360, while 1st support hits today at 353 3/4 and below there at 352.

DAILY WHEAT COMMENTARY

03/28/17

Rain event in the Plains will be closely watched

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

WHEAT +0.6

OVERNIGHT DEVELOPMENTS: May wheat is up 1 1/2 cents this morning. Outside market forces are slightly positive with crude oil higher and the dollar up slightly. MATIF futures are trading up 1.05% at 167.50 Euro.



NEAR-TERM MARKET FUNDAMENTALS: India imposed a 10% import tax on wheat effective immediately according to government sources. This has been rumored and should not come as a surprise to the market as the government wants to curb imports when Indian farmers are starting to harvest their crops. Romania's wheat crop is estimated at 7.85 million tonnes for 2017 down 5.6% from last year's 8.32 million according to UkrAgroConsult. Romanian wheat exports for the season starting in July could be down by as much 15% to 4.85 million tonnes. Algeria is tendering for 50,000 tonnes of durum wheat for May shipment. May wheat traded to a 12 week low at 418 1/4 yesterday, the lowest level since January 4th. The market was pressured by weather forecasts calling for as much as 1 1/2 to 3 1/2 inches of rain from Texas to Ohio in three separate systems over the next ten days. The weekly state crop conditions show Kansas wheat crop rated at 38% good to excellent (G/EX) unchanged from last week. Oklahoma was rated 37% (G/EX) down 3% from last week and Texas was 34% (G/EX) unchanged from last week. Next week the USDA will provide the trade with their first formal assessment of the winter wheat crop, and after the rain event forecast for this week, improvements will be expected. Weekly export inspections for wheat came in at 541,799 tonnes versus the average estimates of 450,000 to 650,000 tonnes and compared to 649,000 tonnes last week.

TODAY'S MARKET IDEAS:

The market is trying to find support this morning with spillover support from corn and soybeans. The Managed

Money traders were net short 27,385 contracts on February 21st, as of March 21st their net short swelled to 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 but with the key report at the end of the week, volatility should return to the market. The next support for May wheat is at 417 followed by 413 3/4.

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.

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) 03/28/2017: 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 413 3/4. The next area of resistance is around 424 1/2 and 429, while 1st support hits today at 417 and below there at 413 3/4.

KC WHEAT (MAY) 03/28/2017: Daily stochastics are trending lower but have declined into oversold territory. 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 next downside target is now at 413 1/2. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 426 and 432 1/2, while 1st support hits today at 416 1/2 and below there at 413 1/2.

MINN WHEAT (MAY) 03/28/2017: A positive indicator was given with the upside crossover of the 9 and 18 bar moving average. Momentum studies trending lower at mid-range should accelerate a move lower 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 tilt is slightly negative with the close under the pivot. The next downside objective is now at 528. The next area of resistance is around 536 and 540, while 1st support hits today at 530 and below there at 528.

RICE (MAY) 03/28/2017: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. A negative signal for trend short-term was given on a close under the 9-bar moving average. The daily closing price reversal up on the daily chart is somewhat positive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside objective is 9.628. The next area of resistance is around 9.895 and 9.987, while 1st support hits today at 9.715 and below there at 9.628.

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	355 3/4	27.15	33.50	9.38	6.60	356.88	361.03	366.15	371.59	370.25
CNAZ7	380	31.14	36.04	12.31	8.68	380.38	383.83	387.86	391.86	390.71
SSAK7	971 1/2	16.30	24.87	9.44	7.09	984.50	993.17	1006.68	1032.32	1033.63
SSAX7	971	20.54	28.02	14.12	9.40	984.50	990.19	1000.11	1011.47	1009.89
SMAK7	315.3	16.47	25.40	8.15	5.12	319.43	323.99	327.51	336.02	334.31
BOAK7	32.29	38.89	39.92	36.32	34.85	32.82	32.66	33.01	33.73	34.20
WHAk7	420 3/4	30.07	35.37	9.58	7.68	422.19	428.19	437.08	443.75	441.55
WHAN7	434 3/4	28.83	34.55	9.79	7.18	436.94	443.19	452.19	457.89	455.74
RCAK7	9.805	53.86	52.67	71.59	69.70	9.80	9.81	9.73	9.76	9.82
KWAK7	421 1/4	21.27	28.95	9.20	4.56	427.44	438.22	450.10	456.67	454.34

MWAK7	533	36.92	39.77	37.45	32.58	536.81	541.25	540.51	550.39	550.50
OTAK7	240 1/2	36.82	42.22	57.43	44.06	246.56	249.69	246.83	247.91	244.75

Calculations based on previous session. Data collected 03/27/2017

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	352	353 3/4	356	357 3/4	360
CNAZ7	Corn	376 1/2	378 1/4	380	381 3/4	383 1/2
SSAK7	Soybeans	962 1/4	966 1/2	972 1/2	976 1/2	982 3/4
SSAX7	Soybeans	963 1/2	966 1/4	973	975 3/4	982 1/2
SMAK7	Soymeal	312.2	313.2	316.2	317.2	320.2
BOAK7	Soybean Oil	31.41	31.92	32.15	32.65	32.89
WHAK7	Wheat	413 3/4	417	421 1/2	424 1/2	429 1/4
WHAN7	Wheat	428	431	435 3/4	438 1/2	443 1/2
RCAK7	Rice	9.627	9.715	9.807	9.895	9.987
KWAK7	KC Wheat	413 1/2	416 1/2	423	426	432 1/2
MWAK7	MINN Wheat	528	530	534	536	540
OTAK7	Oats	233	236	242 1/4	245	251 1/2

Calculations based on previous session. Data collected 03/27/2017

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