



"No pressure, no diamonds." - **Thomas Carlyle**

WEDNESDAY, JANUARY 04, 2017

Morning Summary: U.S. stocks are steady this morning while the U.S. dollar continues to trade near its highest level since December 2002. Insiders suggest the recent strength in the dollar is being aided by economic data that continues to show U.S. manufacturing has improved and construction spending is at its highest level in over a decade. Crude oil continues to trade in a volatile fashion between \$50 and \$55 per barrel. The market is facing a few renewed "oversupply" headwinds as more talk circulates about Libya production coming back online. The talk is that Libya plans to export close to +1.9 million barrels of crude that they've recently pumped from a newly reopened oil deposit. The Fed will be in the spotlight today as traders digest "minutes" from their most recent December meeting. A meeting that produced just the second rate hike in a decade and provided an outlook for three rate hikes in 2017. Investors will obviously want to see what finally convinced the policymakers to make the move as well as what signals are pushing them towards a more aggressive approach in 2017? Many insiders believe the proposed Trump policies and a very tight U.S. labor market have Fed anticipating accelerating inflation in the year ahead, even though that was not reflected in their official 2017 forecasts. The economic forecasts the Fed released after their policy announcement in December only slightly lifted estimates for growth and their inflation forecasts remained unchanged. The minutes should provide more details into their reasoning and more specifically, what their opinions are on how possible Trump policies could impact the economy. Also on the calendar today is ADP's Employment Report. Analysts expect ADP will show a total of +172,000 jobs added in December, which is in line with expectations for +175,000 jobs added in the official government Employment Report due out on Friday. I'll also be keeping an eye on today's latest auto sales figures. While many are forecasting our seventh consecutive year of increased production and even perhaps a new record exceeding +17.5 million cars and trucks produced in the U.S., there's talk that the tide could be turning. In fact some auto makers are already starting to backpedal as a glut of new cars are starting to build in the U.S. marketplace. I believe General Motors recently announced their first layoffs since 2010 as they just had to cut hundreds of jobs in two plants in Michigan and at a plant in Ohio. The word on the street is that cheap fuel and Americans love trucks and SUV's has dramatically slowed the sale of small cars, sedans and sports cars. Moral of the story, if you're in the market for a new vehicle there might be some increased incentives out there as manufactures try to reduce the surplus.

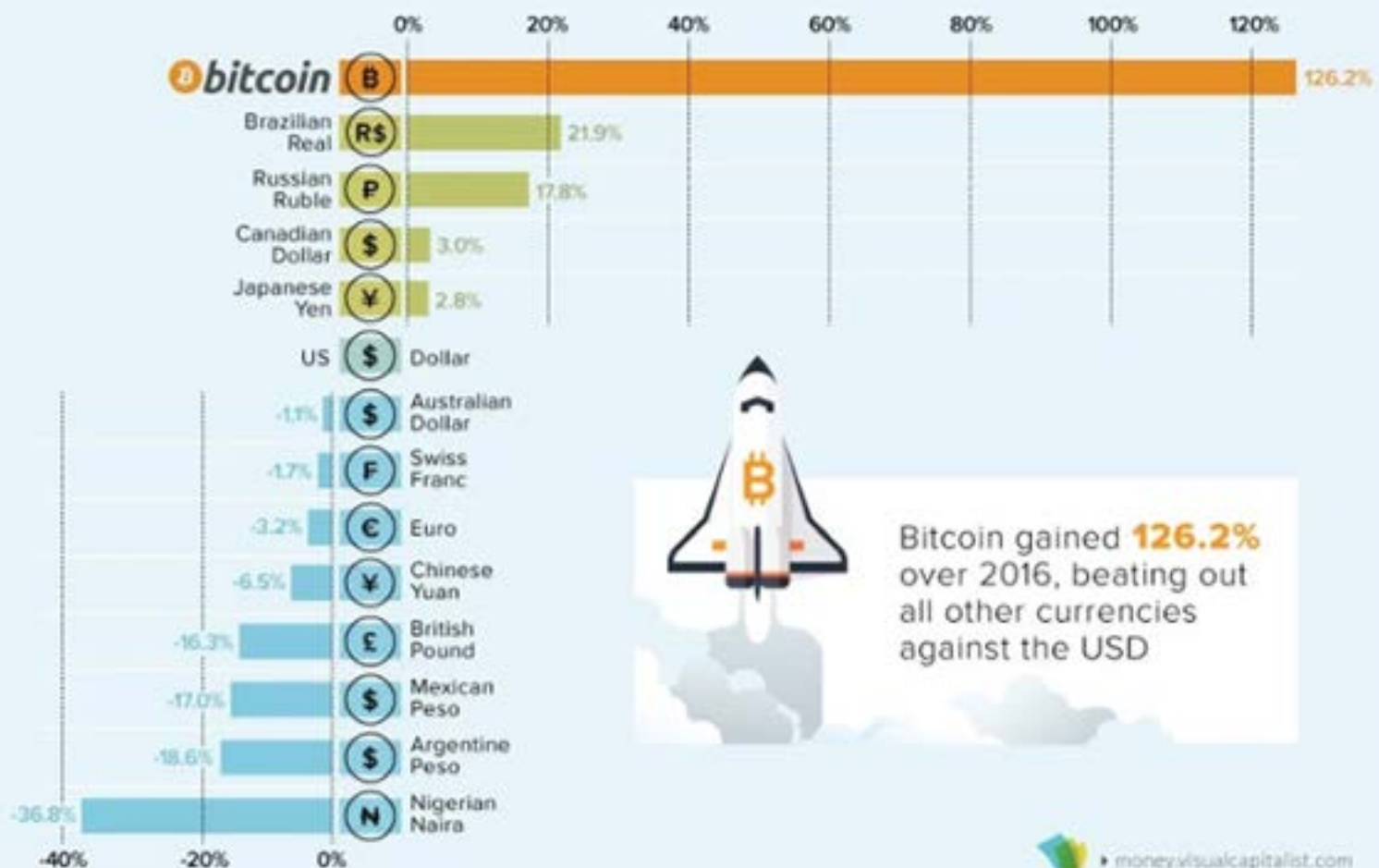
Congress Makes Some Interesting Moves On Their First Day Back In D.C.: *The new 115th Congress got underway yesterday, which saw Republican Paul Ryan easily*

reelected as House Speaker while Democrat Nancy Pelosi maintained her position as House Minority Leader. The real shock of the day however came when House Republicans reversed course on a proposal to gut the Office of Congressional Ethics. The proposal was approved Monday night in a closed door session, a move that came under fire from President-elect Donald Trump. Trump scolded lawmakers with a Tweet saying, "With all that Congress has to work on, do they really have to make the weakening of the Independent Ethics Watchdog, as unfair as it...their number one act and priority." Before Trump's Tweet, the press and independent ethics groups were already chiding the proposal as going against Donald Trump's campaign promise to "drain the swamp" of corruption. House GOP leaders held an emergency meeting and decided to withdraw the proposal by yesterday afternoon. Another controversial rule did get passed though, which would slap fines on lawmakers that take photos or videos on the chamber floor. The rule barring pictures or video of the House floor is not a new one, but it is has routinely been violated, with offenders suffering no consequences. Violators now face a fine of up to \$2,5000. In the Senate, GOP leaders took the first steps toward dismantling the Affordable Care Act, introducing legislation that will allow Republicans to pass a repeal measure against portions of the Act with a simple majority vote.

Analysts Have High Hopes for Fourth-Quarter Earnings: The estimated earnings growth rate for S&P 500 companies in the fourth-quarter is +3.2%, according to analysts polled by FactSet. If the index does indeed report earnings growth, it will mark the first time the index has seen year-over-year growth in earnings for two consecutive quarters since fourth-quarter 2014 and first-quarter 2015. Earnings season unofficially kicks off next Monday, January 9, with Alcoa reporting, with major Wall Street banks starting their string of releases on January 13. By the end of January, 149 companies are expected to have reported results, according to the WSJ Market Data Group. While much of the stock market rally has so far been equated to Donald Trump in anticipation of fiscal stimulus, tax cuts and more business friendly policies, the bottom line is that earnings are what drive share prices. Considering it could be months before any new government policies actually get passed, insiders believe a strong fourth-quarter earnings season will help bridge the gap between now and later this year when Congress is finally able to move things through. Additionally, FactSet's data shows that analysts expect S&P 500 earnings in both the first and second quarters to grow by +11%, followed by growth of +9.1% in the third-quarter. (Source: The Wall Street Journal)

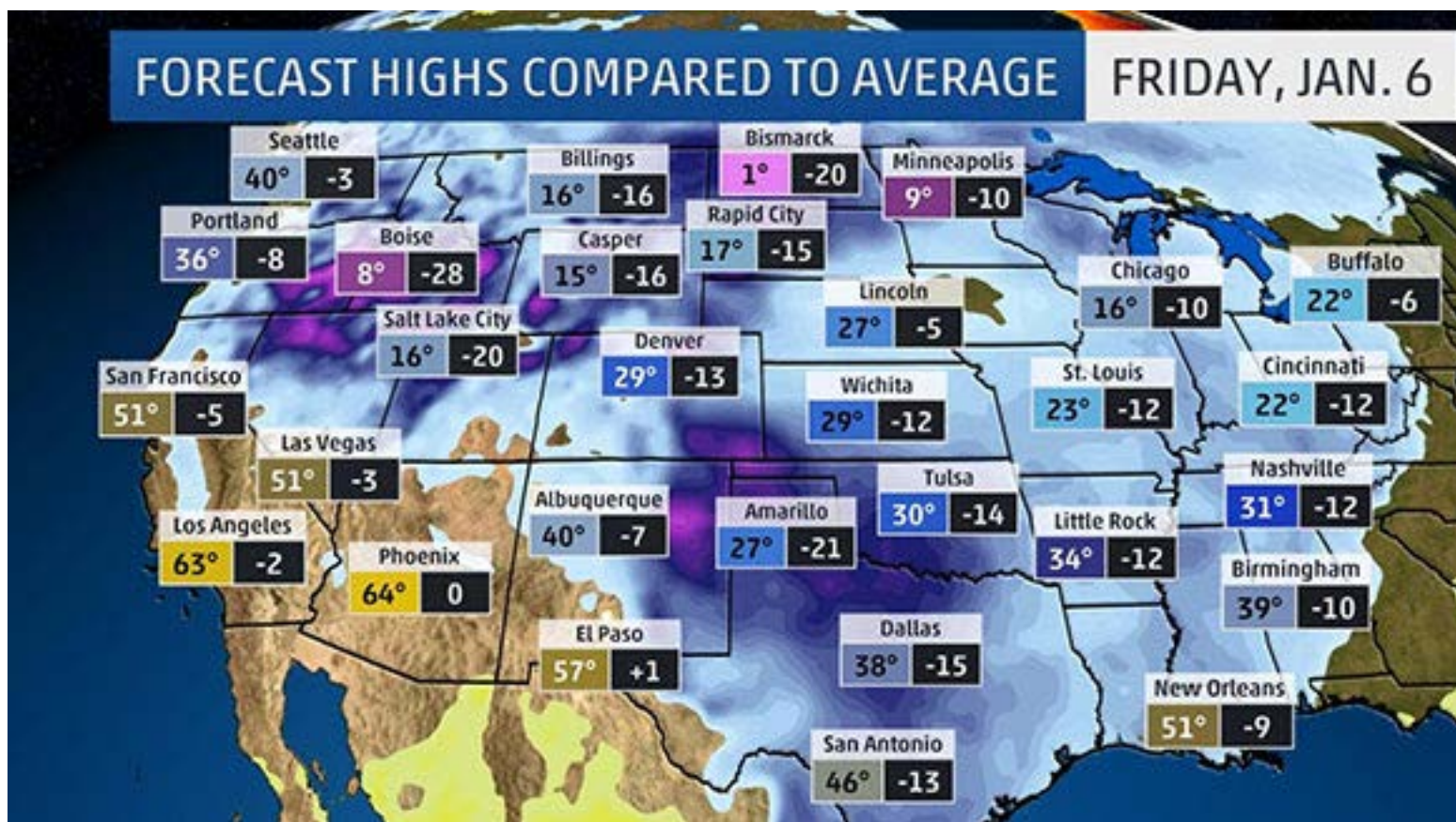
Bitcoin Doubled Its Value In 2016, Brazilian & Russian Currency Strong: If you are searching for "volatility" you might find Bitcoin extremely interesting. For each of the last four years, the cryptocurrency has either been the best or the worst performing currency – with nothing to be found in between. Brazil's real rallied 21.9% on the year, the most in seven years. Traders are hoping that center-right President Michel Temer can ease public spending following the departure of Dilma Rousseff. Russia's ruble also finished the year with double-digit gains, up 17.8% against the U.S. dollar. This was largely due to the recovery in Brent oil prices, which gained \$10/bbl over the course of 2016. Click the graphic below for a larger view. (Source: [The Money Project](#))

► Bitcoin: Top Currency in 2016



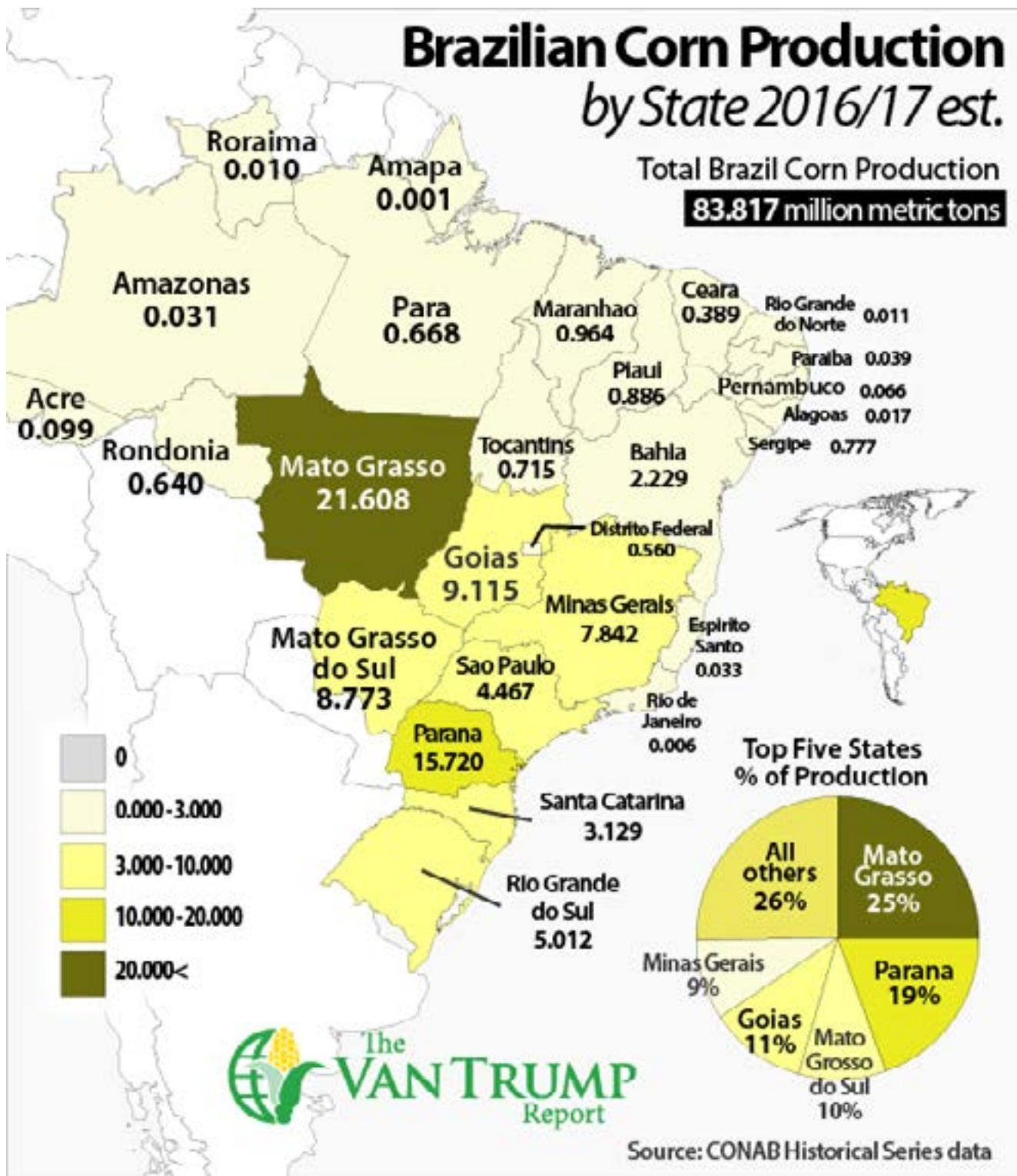
Weather is focused on bitter cold temperatures this week across much of the U.S. as well as mixed rainfall in Brazil and dryness in southern Argentina. On the Plains, any warmth is confined to the southern half of Texas. Elsewhere, windy, colder weather prevails. The last few mornings saw temperatures plunge below -20 degrees F in parts of Montana; however, most winter wheat production areas that experienced sub-zero readings had a protective snow cover. In the Corn Belt, rain lingers from the Ohio Valley into the lower Great Lakes region. Foggy conditions prevail in many other areas of the Corn Belt, but a strong cold front is crossing the upper Midwest. As a result, the leading edge of sharply colder, windy weather is pushing across the upper Mississippi Valley. Over the next few days, cold air will cover much of the U.S. Multiple days of sub-zero temperatures can be expected from the interior Northwest into the upper Midwest. The central Plains' winter wheat areas should receive some protective snow before the coldest air arrives. As we said above, Brazil is receiving mixed rainfall with favorable conditions in place for developing soybeans except in the far northeast where more rain is needed. Drier weather in central Brazil will favor early harvest. In Argentina, recent or forecasted moderate to heavy rain in key corn and soybean areas will maintain adequate to surplus moisture for these crops. Less rainfall and higher temperatures may need to be watched as it concerns sunflower areas of the southwest and south-central areas.

A Cold Reality Is Setting In This Week: A weather pattern change has arrived to start the month of January, ushering in much colder temperatures for a large swath of the U.S. that will last for several days in many areas. Arctic air flowing southward out of Canada into the Lower 48 states will drop temperatures 20 - 40 degrees colder than average in the northern Plains and Rockies. As the week moves on, arctic air will spread a little farther south and east each day. By late week, the below average temperatures should cover much of the Lower 48 states. The worst of the cold appears likely to remain locked into the northern Plains and Rockies, with highs remaining well below average through late week. Some places won't even reach zero degrees Wednesday through Friday, especially across parts of Montana, North Dakota and northern Minnesota. Below is a map comparing forecast highs for Friday, compared to average temperatures. Forecast highs are at left. The departure from average is at right.



Corn bulls are saying "fund rebalancing" has helped give the market a little new-year boost. The bears want to argue the gains are limited with improved weather forecasts in Argentina and Brazil. Even though I personally still believe there is risk on the horizon. I'm also thinking U.S. corn acres in 2017 might be less than many inside the trade are currently forecasting. Obviously a lot will depend on the weather and to the extent it provides the farmer with a cooperative window of opportunity this Spring. But for many producers, tightening "lines-of-credit" and a much more burdensome "basis" makes soybeans a more clear and obvious choice. Throw in a few major weather delays in the Dakotas and perhaps parts of Minnesota fooling a late-winter, and an argument can be made that U.S. acres could fall under increasing pressure. Then I wake up from my dream and quickly remind myself that I was burned on thinking this way last year, so I'm not willing to bet the farm on a major drop in acres. I'm just saying the current "environment" is definitely ripe for

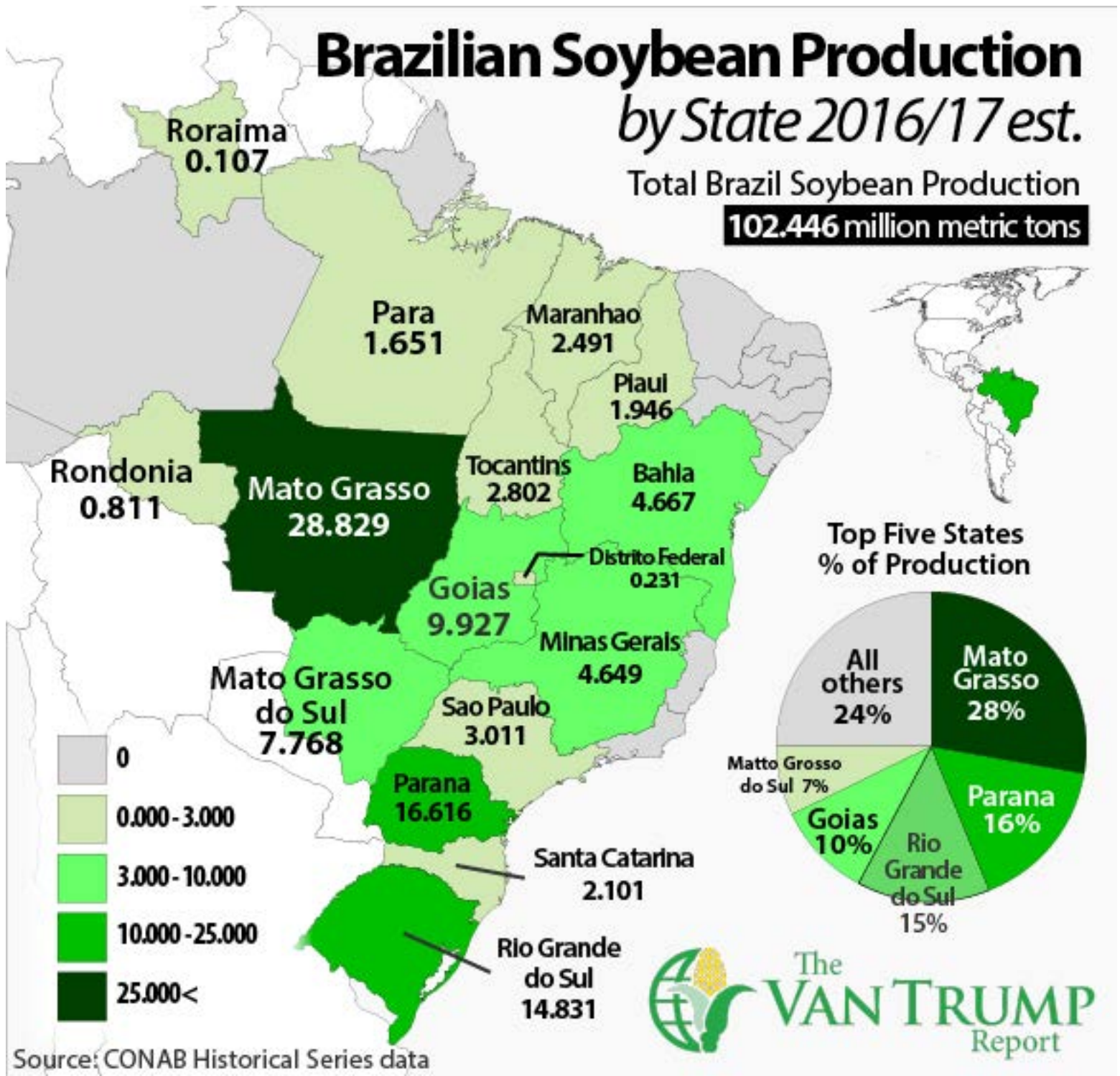
the U.S. farmer to dramatically cut corn acres in 2017. Not only is it a no brainer for a lot of folks from a financial standpoint, but just the slightest hint of problematic planting weather and it could tip hands even further in that direction. Hence the reason I'm staying patient in regard to reducing more long-term risk and hesitant to price more corn. Yes, I understand that here in the U.S. we are sitting on one of the biggest piles of corn we have seen in the past three decades. Yes, I understand we have a newly elected president about to come into office that could easily ignite a temporary trade war. Yes, I understand the U.S. dollar is trading at or near 14-year highs. Yes, I understand South American corn production looks as if it will dramatically increase when compared to last year.... But the trade also understands and has been digesting all of the items I have mentioned above. Remember, it's not necessarily what the market "knows," but rather what the market "does not yet know" that provides the opportunity. I'm staying extremely patient!



Are We Setting The Table For A Trade War? What You Need To Know... There's some concern brewing around the fact newly elected President Trump seems to be assembling a hard-lining team that could soon rock the boat with China and Mexico. The latest move inside Washington was Trump naming Robert Lighthizer, an official in the Reagan administration and harsh critic of China's trade practices, to be his chief trade negotiator, responsible for better deals aimed at reducing U.S. trade deficits. For years Lighthizer has argued that China has failed to live up to commitments made in 2001 when it joined the World Trade Organization and that tougher tactics are needed to change the system, even if it means deviating from World Trade Organization rules. Keep in mind Lighthizer is one of the main players credited with stemming the tide of imports from Japan in the 1980s with threats of quotas and punitive tariffs. "Bob Lighthizer is very smart, very strategic and totally fearless," said a Washington attorney who has worked with him for three decades but asked not to be named. "You can expect him to use every tool available to create leverage to get China and anyone else to stop the cheating. He is no fan of the WTO." There's early talk that Lighthizer will be instrumental in immediately renegotiating the NAFTA deal, meaning Mexico could also be in the hot-seat. Bottom-line, Trump is definitely going to try and negotiate better deals for the U.S. and the team he is assembling seem to be extremely serious about the task at hand. We have no way of knowing how foreign leaders will respond, but I have to imagine the initial knee-jerk could be to kick, scream and try to buck the proposals. Unfortunately the U.S. may have to take a couple steps backwards in the process before ultimately moving forward. This potential backpedaling has given the bears a slight nearby edge when talking U.S. agriculture. I think longer-term it's bullish and will be healthy for the U.S. farmer, it's just the initial taste might make it tough to swallow. We need to continue closely monitoring negotiations and relations with our biggest ag buyers i.e. China, Mexico, Japan, etc.. All the people Trump is assembling are clearly agents of "change" and seem to be people who get things done, so I feel like we have to expect some shakeups. (Read more at [Reuters](#))

Soybeans close below important psychological support and now seem a bit more comfortable trading sub-\$10.00 per bushel. The bears will argue improving weather conditions in parts of Argentina and Brazil. However I'm still hearing concerns surrounding northeastern parts of Brazil and southern parts of Argentina. Bears are also pointing to the increasing fear and talk surrounding potential trade wars with the Chinese in the months ahead. Considering the Chinese are the soybean market, any thought of upsetting the applecart makes the trade extremely nervous and can keep a lid on most all major rallies. Think about it like this, the tougher the trade team that Trump assembles in Washington, that much more nervous the market becomes about Chinese buying. Keep in mind since 2005 China's import demand for soybeans has tripled and they now buy +60% of the world's exportable soybean supply. Technically, there's talk that if the MAR17 contract takes out the low set back in November at \$9.83⁶, that there's very little support on the charts until we reach \$9.50 per bushel. The new-crop NOV17 contract will be trying to hold its head above \$9.75. As a producer I'm staying extremely patient, having already reached my goal for pricing new-crop bushels and zero price risk remaining on recently harvested old-crop bushels. It just feels like the market wants to test the downside as a portion of the money in the commodity space repositions itself. Longer-term I'm still worried about a potential massive jump in U.S. soybean acres and the probability that the media will blow

out of proportion negative headlines and comments regarding U.S. and Chinese relations. As I've learned countless times through the years, it's not a matter of "fact" but a matter of "perception". If the market starts to perceive +90 million U.S. soybean acres and the media makes people perceive relations with the Chinese are becoming strained the event drive crowd and high frequency traders will respond accordingly. Hence the reason I was aggressively pricing bushels when the bigger profits presented themselves.



Wheat supplies both here in the U.S. (+1.1 million bushels) and globally remain ex-

tremely burdensome. This allows the bears to continue using the fundamentally oversupplied headlines to leverage their short-side positions. Bulls continue to argue that wheat feeding is perhaps stronger than currently forecast, U.S. exporters have become a bit more competitive, and that U.S. planted winter wheat acres are near their lowest level in some 100-years. Not to mention that U.S. conditions are less than ideal with several key growing areas across the U.S. experiencing uncomfortably dry conditions. Regardless, the trade continues to deem we are in an oversupplied environment. Hence the markets main job is to further reduce production. What's the best way to guarantee lower production? Drive prices to low enough levels that nobody wants to grow the crop. Moral of the story, until the "trade" deems that we are no longer in an oversupplied environment or foresees or is caught offside by some type of major black-swan event, rallies will continue to be difficult to maintain. Longer-term I remain optimistic. Believing the upside potential, while the trade is aggressively overweight the short-side, outweighs the nearby downside risk. Bottom-line, I still don't like playing the short-side of this market regardless of what the fundamentals might be telling us. Unfortunately the bullish bet involves a lot more long-shots and a lot more swinging and missing. I just can't stomach getting bearish this market while down at these levels, the funds aggressively short and this much "weather risk" and "geopolitical uncertainty" in the road ahead.



> November Soybean Crush Rises Year-On-Year: *USDA's monthly oilseeds report showed November soybean crush at 5.12 million tons (171 million bushels), down from October's 5.28 million tons (176 million bushels) but handily topping November 2015's 4.97 million tons (166 million bushels). Total soyoil stocks were estimated at 1.777 billion pound, down -18 million pounds from October.*

> Soybeans In Flowering Stage In Southernmost Brazil: *The soybean crops in the Brazilian state of Rio Grande do Sul, the southern-most state in the country, have started to go into the flowering stage. For this time of the year, it is early to be in that stage. The reason why they are so far advanced is because much of the crop was planted too early – prior to October. In some regions, as the case of Ijuí in the western part of Rio Grande do Sul, some leaves are wrinkled, bringing worries for farmers, according to the state's Rural Institute of Technical Assistance. On the other hand, the overall condition of the plants is considered good because of recent rains. (Source: Agrosouth)*

> Argentina Makes Further Adjustments To Soy Export Tax: *The Argentine government said they'll cut their soybean export tax by half a percent every two months in 2018 and 2019, which will result in a reduction from of 12 percentage points to 18%. The current 30% export tariff will remain at its current level through 2017. This differs from the last plan that called for cutting the tax to 27% this year. The same monthly half-point*

reduction plan will apply to meal and oil as well, from their current 27% tariff rate.

> Ukraine Winter Cereals In Good Shape: UkrAgroConsult says Ukraine's winter cereal currently face no threats from weather or otherwise so far. They currently peg 83% of the crops in good-to-satisfactory condition.

> Australian Farmers Expected To Store Record Grain Amounts On Farm: Grain growers are expected to store a record amount of harvested grain on their farms this season. A combination of a huge harvest and historically low prices on offer for wheat and barley is driving the move. Grain storage specialist Peter Botta, who works with the Grains Research and Development Corporation, said there had been a big increase in the use of silo or 'sausage' bags, typically made of plastic, which offer a temporary storage option. Botta also said that a lot of growers are talking to him about 2017 being a possible tough year for mice, because there will be so much feed around for them. One area of some debate is how long grain can be safely stored in silo bags, as they are intended to be a temporary fix. (Source: ABC)

> China's Rural Asset Reforms Aim To Boost Farmer Incomes: China has kicked off reforms to allow farmers to turn their assets into shares in various ventures to help boost their incomes, the country's agriculture minister said on Tuesday. "At the present, it's urgent to safeguard farmers' property rights and it's more difficult to sustain increases in farmers' incomes," Han Changfu told a news conference. Under the reform plan, farmers will be allowed to turn their assets, including land use rights and operating assets, into shares in various ventures, Han said. The government will carry out "verification and evaluation" of collectively owned rural assets, which will be finished in around 3 years, starting from 2017. "After that, operating assets will be quantified and allocated to members of collective economic organizations in the form of shares or allotments," Han said, adding that such reform will be completed in around 5 years. (Source: Reuters)

> Meat Companies Buck Downward Trend In Grocery Sales: Hormel Foods and Tyson Foods both posted stronger sales in the 12 weeks ended Dec. 18 — a period that saw the biggest overall sales decline in packaged foods and beverages in more than five years, according to retail scanner data highlighted in a BMO Capital Markets report. Tyson sales increased 2 percent, reflecting significant volume gains in each of the company's top four categories: frozen processed chicken, breakfast meat, refrigerated meat and dinner sausage, BMO analysts said. Five percent higher volume offset 3 percent lower pricing. Hormel sales increased 1 percent despite deflationary pressure in protein, with Jennie-O Turkey Store and shelf-stable dinner brand Compleats both experiencing growth. Overall volume gains of 4 percent offset 3 percent lower pricing. All U.S. packaged food and beverage sales decreased 0.8 percent during the 12-week period, likely due to the timing of the holidays, BMO said. (Source: MeatingPlace)

> South Korea Nixes Egg Import Tariff: South Korea has cut its import tax on egg products to zero effective today, as the government attempts to ease a domestic shortage as a result of a widespread bird flu outbreak. South Korea's agriculture ministry said on Tuesday the tariff cut will be applied to a total of 98,600 metric tons of eight types of egg products including fresh eggs, liquid egg and egg powder until June 30 and, if necessary, it will consider extending the period. At present, tariffs of 8 percent to 30 percent are im-

posed on imported egg products but Korea has not imported fresh eggs since 1999. The average retail price for 30 eggs has jumped nearly 52 percent since the outbreak started. Korea's agriculture ministry is in discussions with the United States to clear egg imports and is planning to finalise the negotiations as early as possible, according to the ministry statement. (Source: Reuters)

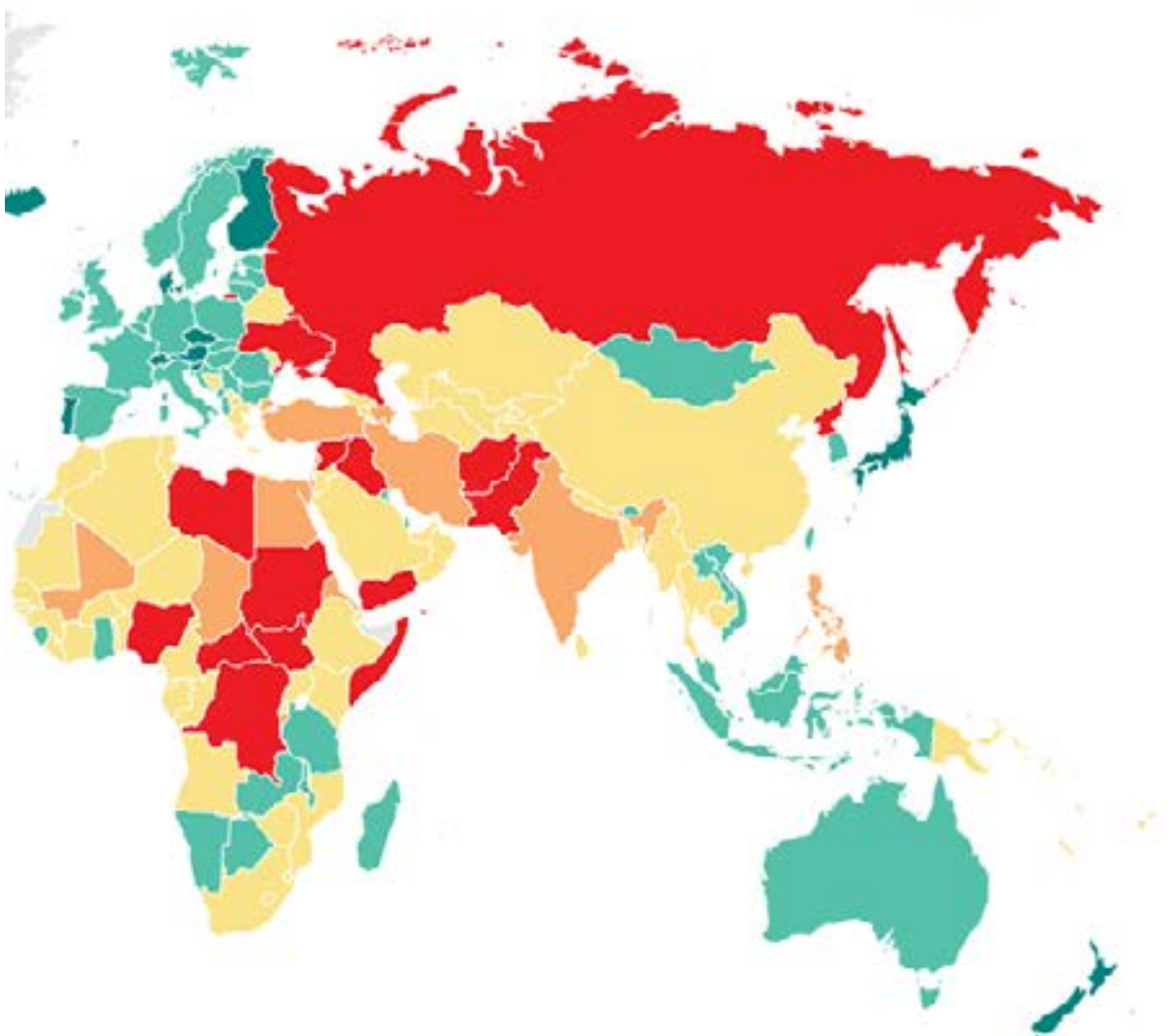
> Loan Deficiency Payments On Wheat Set New Record: *The U.S. Department of Agriculture in the 2016-17 crop year to date (June 1, 2016, through Dec. 26) has made a record \$110.9 million in loan deficiency payments (LDPs) to wheat growers, eclipsing the previous record outlay of \$106.7 million on LDPs for wheat for all of 2009-10. All or nearly all of the payments this year have been made to producers of hard red winter wheat. In contrast, the "vast majority" of LDPs totaling \$106.7 million in 2009-10 and \$102.7 million in 2010-11 were made to durum growers, according to the USDA. Growers are eligible to receive LDPs on their wheat when wheat prices as posted at elevators in their county (posted county prices) fall below the county marketing assistance loan rate announced by the USDA in the spring, in advance of the year's harvest. To date this crop year, wheat producers have collected \$110.9 million on 537.6 million bushels of wheat, which equated to an average LDP of about 20.6¢ per bushel. Of the 2016 total, farmers of the Southwest — Kansas, Oklahoma, Texas, Colorado and Nebraska — have collected \$93.2 million in LDPs on 451.8 million bushels of wheat. Kansas growers alone have collected \$53 million in LDPs on 267.5 million bushels of wheat, or on 57% of the state's 2016 production. (Source: World Grain)*

> Iceland Is The World's Safest Country: [*The 2016 Global Peace Index*](#), put together by the Institute for Economics and Peace, recently measured the safety and peacefulness of 163 countries according to "23 qualitative and quantitative indicators." After indicators such as terrorism impact, perception of criminality, and political instability were taken into account, Iceland was found to be the world's safest country for the sixth year in a row. The index scored each country on a 1 – 5 scale, one being the highest, and Iceland's score of 1.192 was almost perfect. Denmark took second (1.192), followed by Austria in third (1.278), making this year's top three identical to last year's index. The countries at the bottom of the list are all in a state of serious unrest. Syria was considered the most dangerous with a score of 3.806, followed by South Sudan (3.593) and Iraq (3.570). The United States didn't even come close to cracking the top 10. It sits between Guinea and Cambodia at 103rd.

Very high
High
Medium
Low
Very low
Not included



A SNAPSHOT OF THE GLOBAL STATE OF PEACE





Central Ohio - *This is my final From the Field as I have just retired from active farming. I have been a VTR subscriber for over 5 years and love everything Kevin and his team have done and are doing for the industry. Having made it through quintuple bypass earlier this year and seeing lots of others looking for land to farm, we have sold most and will rent the rest. We have lots of our Amish friends looking to pick some smaller parcels and thought it a good time to provide an opportunity. We will still operate a custom harvest business serving over 10,000 acres. Most of all, I look forward to more traveling with my wife!!*

Southwest Kansas - *Our wheat is dryer than we would like at this point but we remain optimistic for now. We will plant corn, milo and beans on top of the wheat this season. This will be only our third year running beans and we couldn't be happier with our Agronomist. We got to 70bpa of beans last year and look forward to more of the same. We are cutting back on corn a bit and going with more beans as we feel confident more profit lies there. We also like the fact they do not require as much water which works out well here in SW Kansas. We do have 800 acres of irrigated corn that we turn to silage for the few cattle we raise.*

Southeast Pennsylvania - *We are looking at having someone custom farm the land while we build some equity and gain some equipment. I have some of mine custom farmed when I am too busy at my job. He also does my corn planting. He does a very good job and does it on time. I think that there are a lot of farmers that spend more on machinery than it would take to hire everything done. I have sometimes wondered if a farmer with a pickup truck only could make more than a fully equipped farmer. Pay attention to scouting, research best varieties and chemicals, work on marketing. I don't think there are many other businesses where the man actually doing the work is the one making the most money.*



Tightened Rules for Antibiotics for Food Livestock Go Into Effect: *Under the Food and Drug Administration policy, antibiotics that have been designated “medically important” — in other words, they’re needed to treat people — cannot legally be given to healthy animals to speed their growth. The policy, three years in the making, required producers of agricultural antibiotics to change labeling on the drugs to make clear they should not be used for so-called growth promotion. All manufacturers agreed to abide by the new rule. The policy also requires that from now on, food animals can only be given medically important drugs under the supervision of a veterinarian — a move designed to restrict their use to the treatment of animal illnesses. Read more at [STAT](#)*

Ag Confidence Index Results: *DTN’s latest Ag Confidence Survey shows farmers are very optimistic about the future, putting a “tremendous amount of hope into the new presidential administration.” Answers farmers gave to the early December survey produced an Ag Confidence Index of 98, up considerably from the 72 rating in August, and up from the 75.1 rating farmers set in December 2015. The DTN/PF index centers on a baseline of 100. Confidence levels above 100 indicate optimism, the higher the number, the greater the optimism. Indexes below 100, which has been the case since March 2014, indicate farmers are pessimistic about their condition. See full results of the survey [HERE](#).*

Manhattan Home Prices Tumble: *Bloomberg recently released a report that showed the median price for apartments in Manhattan fell by -6.3% to \$900,000, the biggest decline in the past four years. Some insiders suggest a “canary in the coal mine” and that real estate might be starting to slow. Read more [HERE](#)*

The Businesses That Platforms Are Actually Disrupting: *Platforms are all the rage these days. Powered by online technologies, they are sweeping across the economic landscape, striking down companies large and small. Uber’s global assault on the taxi industry is well known. Many platforms, some household names and others laboring in obscurity, are doing the same in other sectors. Surveying these changes, you might conclude that if your business isn’t a platform, you had better worry that one is coming your way. Traditional businesses should worry, and maybe they should think about platform strategies. But David S. Evans and Richard Schmalensee over at Harvard Business Review think these conclusions are overwrought — and miss what’s really going on. See what businesses they find are most at risk [HERE](#).*

To Be a Great Investor, Worry More About Being Wrong Than Right: *If all you learn from the stunning surprises of 2016 is that the unexpected will happen, you haven’t learned nearly enough. Great investors like Warren Buffett practice trying to disprove their investing assumptions to determine whether they are correct. This past year showed how tightly most of us cling to our preconceived notions, how fiercely we resist evidence that we might be wrong and how adept we are at deluding ourselves into thinking we were*

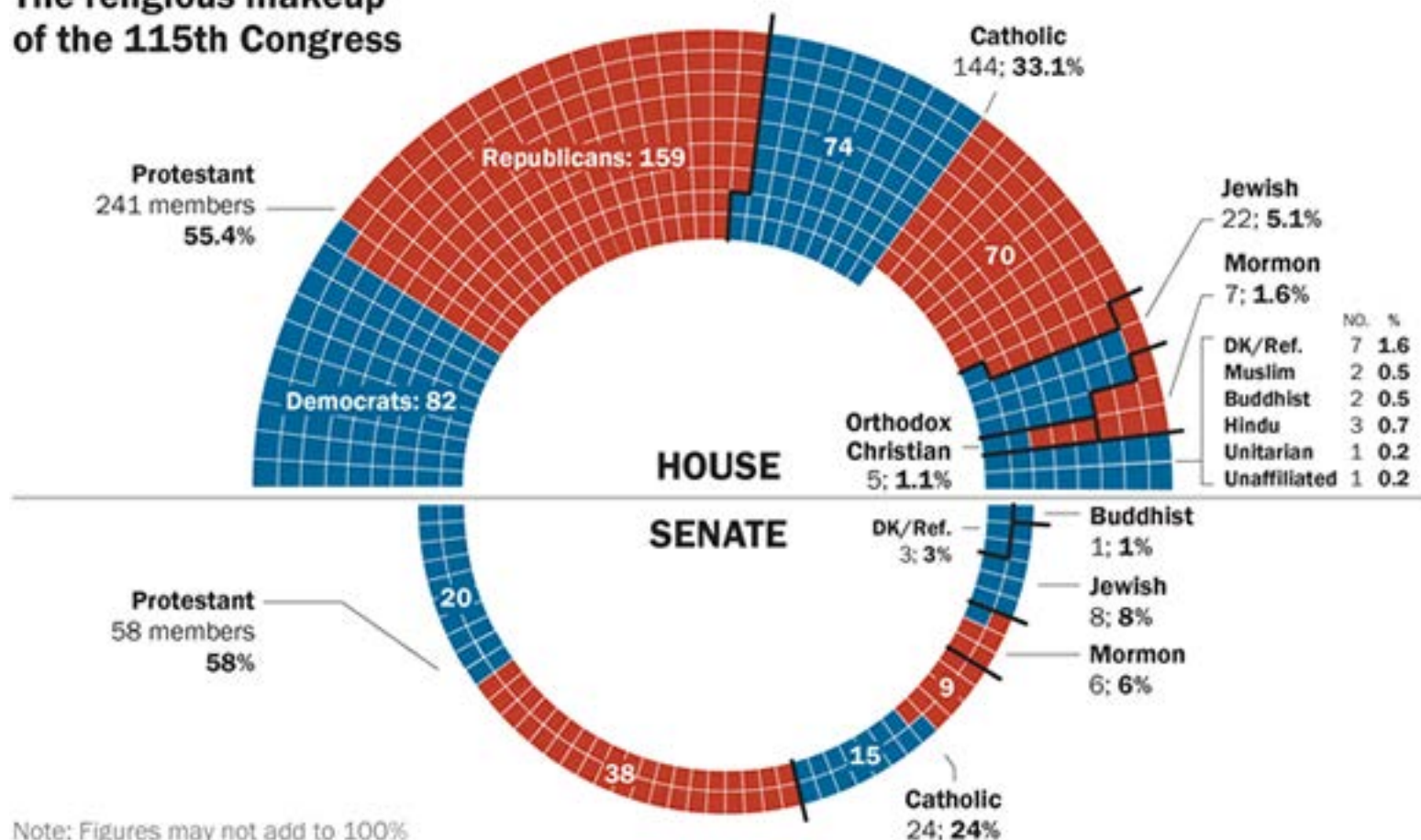
right all along. Instead of opening their minds to the possibility of being wrong, investors often wall themselves off from new information that could threaten their views. However, [Jason Zweig over at The Wall Street Journal](#) has some tips on how to combat our cognitive biases.

Making A Change: One Small Step: *Change is hard. But what if we could make it a little easier? As Lao Tzu so eloquently puts it, maybe we just need to focus on that first step. This is the time of year for New Year's resolutions. It shouldn't surprise you that we tend to be pretty terrible at following through on them. The average American makes the same resolution ten years in a row without success. Within four months, 25 percent of resolutions are abandoned. And those who succeed in keeping their resolutions usually do so only after five or six annual broken promises. With a track record like that, it definitely seems like time to look at the problem differently. There is an interesting short book by Robert Maurer called, *One Small Step Can Change Your Life: The Kaizen Way*; in it, he uses his experiences as a clinical psychologist using something called Kaizen to help people make changes in their lives. Read more from the [Farnam Street](#) blog.*

Blackstone's Byron Wien unveils his big surprises for 2017: *Blackstone Vice Chairman and ace investor Byron Wien has unveiled his list of 10 surprises for 2017. Wien started this tradition in 1986, when he was Morgan Stanley's top investment strategist, and he continued it when he joined Blackstone in 2009. The predictions range from political (President-elect Donald Trump will step away from extreme positions) to financial (the 10-year yield will approach 4%). Read more [HERE](#)*

Faith On The Hill: *The share of U.S. adults who describe themselves as Christians has been declining for decades, but the U.S. Congress is about as Christian today as it was in the early 1960s, according to a new analysis by Pew Research Center. Indeed, among members of the new, 115th Congress, 91% describe themselves as Christians. This is nearly the same percentage as in the 87th Congress (1961 to 1962, the earliest years for which comparable data are available), when 95% of members were Christian. See more of Pew's key findings about the religious make-up of our new Congress [HERE](#).*

The religious makeup of the 115th Congress



Note: Figures may not add to 100%

or to subtotals due to rounding. Figures for Democrats include independents.

Source: Figures for Congress based on Pew Research Center analysis of data collected by CQ Roll Call, reflecting members of Congress to be sworn in on Jan. 3, 2017.

PEW RESEARCH CENTER

2011 '12 '13 '14 '15 '16

Source: WSJ Survey of Economists

THE WALL STREET JOURNAL



New Chemical Tech Could Boost Wheat Yields By Up To +20%

A new synthetic molecule created by UK scientists has the potential to increase wheat yields by as much as 20%. Jointly developed by Rothamsted Research and Oxford University, the new application is based on using synthetic 'precursors' of the sugar trehalose 6-phosphate (T6P) – a first-of-its-kind strategy that used chemistry to modify how sugars are used by plants. Rothamsted had identified T6P as being essential to how wheat uses sucrose, which is the main fuel generated by photosynthesis, and key to the development of wheat grains. The researchers discovered that the more T6P available to the wheat grains, the greater the yield. Rothamsted researchers then turned to Oxford's Chemistry

Research Lab to create a synthetic version of T6P precursors that could be absorbed by the plant. That was then added to a solution and sprayed directly on the plants. The spray causes what's called a "pulse" of T6P, which in turn led to more sucrose being drawn into the plant when exposed to sunlight. Tests in the lab have shown the technique can increase wheat grain size and yield by up to 20%. Another discovery they made was that the precursor molecule can enhance the plants' ability to recover from drought. The plants were sprayed after they flowered, either on the ears or the whole plant at intervals of five days after the plants first flowered, with just one application sufficient to increase yield. To test the responses to drought conditions, the plants were grown until just before the wheat plant developed its stem. It was then deprived of water for ten days, with T6P solutions being added on the ninth of these days. The researchers say the study was a "proof of concept, showing that it is possible to influence how plants use the fuel they produce for agricultural benefit." Dr. Matthew Paul, senior scientist at Rothamsted and co-author of the paper - which appeared in *Nature* - says the next step is to replicate the results in the field. The method has the potential to boost yields across a wide number of crops, as T6P is present and performs the same function in all plants. Needless to say, this could radically alter how we farm, possibly even eliminating the need for some GMO traits. Dr. Paul and his colleagues point out that it could be an important step forward in being able to help increase food production as the global population balloons from 7.4 billion to 8.1 billion in 2025. (Source: Phys.org; University of Oxford)



Amazon Is Building An App To Match Truckers With Shippers

Amazon is supposedly developing an app that will link available trucks and truck drivers with cargo that needs to be transported. What some have dubbed "Uber for trucking", the online retail giant plans to launch the app this summer. It's all part of the company's larger plan to handle more of its own shipping. Over the past year, they began buying their own branded trucks, leasing cargo planes and acquired an ocean shipping license. Amazon is one of the biggest shippers in the country, and their Prime members get free shipping. It was estimated that about 50% of U.S. households would have an Amazon Prime membership by the end of 2016, adding 12 million new members on top of the 10 million added

in 2015 and 7 million in 2014. While they collect a flat \$99 fee from members every year, the company is losing an estimated \$1 billion to \$2 billion a year on the free two-day shipping costs. So building their own shipping infrastructure makes a ton of sense. The app would eliminate the need for freight brokers, which would likely be extremely pricey considering Amazon's shipping volume. Truck drivers interested in handling a shipment would be offered real-time pricing, driving directions and even recommendations of the best truck stops along the way. And believe it or not, this new way of connecting cargoes and truckers would be pretty high-tech. Most of the shipping industries business is still conducted using phones and fax machines and the whole process can be a huge time waster for truckers. There are several other companies that are already trying to compete in the "Uber for trucking" space, including Uber - though Uber is wanting to eliminate drivers altogether, which is why they purchased the autonomous truck company, Otto. There is some speculation that Amazon may eventually compete directly with the likes of UPS and FedEx, branching into a full-scale logistics company. In fact, shipping industry experts estimate that Amazon's daily delivery volume will exceed that of FedEx's within the first three years and will overtake UPS sometime in the next seven. It's big business too, with the trucking market estimated to be worth about \$800 billion. Of course, Amazon's shipping volume contributes a big chunk to that. Unlike other shippers though, Amazon would be it's own supplier. It's just crazy when you think about how disruptive technology is changing the face of many industries.



The "Art" of Price Discovery... I always remember famed Wall Street floor trader Art Cashin telling some of his favorite stories. One that has always stuck in my mind and has again resurfaced coming to me via e-mail from a few friends, is an awesome tale about "price discovery" involving two of our nations most famous business titans. As many of my friends in the trading world like to say, our Universities are filled with books and professors who are trying to elaborately explain business when perhaps we can learn the most from our ancestors and the stories associated with their great success. So the story goes...The two main characters of this timeless tale are Charles Lewis Tiffany (The famous Jeweler) and John Pierpont Morgan (JP Morgan).

Being the astute jeweler that he was, Mr. Tiffany knew that Mr. Morgan had an acute affinity for diamond stickpins. One day, Tiffany came across a particularly unusual and extraordinarily beautiful pin. As was the custom of the day, he sent a man around to Morgan's office with the stickpin elegantly wrapped in a robin's egg blue gift box with the following note:

"My dear Mr. Morgan. Knowing your exceptional taste in stickpins, I have sent this rare and exquisite piece for your consideration. Due to its rarity, it is priced at \$5,000. If you choose to accept it, please send a man to my offices tomorrow with your check for \$5,000. If you choose not to accept, you may send your man back with the pin."

The next day, the Morgan man arrived at Tiffany's with the same box in new wrapping and a different envelope. In that envelope was a note which read:

"Dear Mr. Tiffany. The pin is truly magnificent. The price of \$5,000 may be a bit rich. I have enclosed a check for \$4,000. If you choose to accept, send my man back with the box. If not, send back the check and he will leave the box with you."

Tiffany stared at the check for several minutes. It was indeed a great deal of money. Yet he was sure the pin was worth \$5,000. Finally, he said to the man: "You may return the check to Mr. Morgan. My price was firm."

And so, the man took the check and placed the gift-wrapped box on Tiffany's desk. Tiffany sat for a minute thinking of the check he had returned. Then he unwrapped the box to remove the stickpin.

When he opened the box he found – not the stickpin – but rather a check from Morgan for \$5,000 and a note with a single sentence – "JUST CHECKING THE PRICE."

I just love this story as it shows us we always have to be "thinking"... Please share with the kids. Good Stuff!



CASH SALES & HEDGING TOTALS

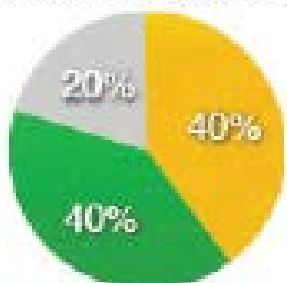
CORN 2015 CROP

100% SOLD
0% HEDGED
0% Cash Remaining



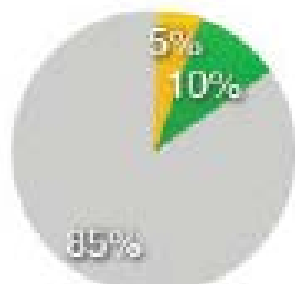
CORN 2016 CROP

40% SOLD
40% HEDGED
20% UNPROTECTED



CORN 2017 CROP

5% SOLD
10% HEDGED
85% UNPROTECTED



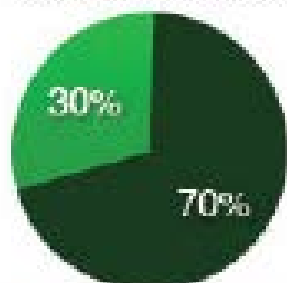
SOYBEANS 2015 CROP

100% SOLD
0% HEDGED
0% Cash Remaining



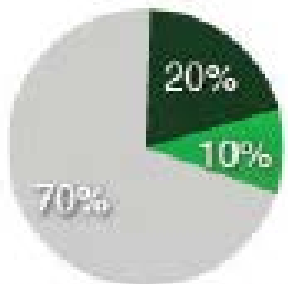
SOYBEANS 2016 CROP

70% SOLD
30% HEDGED
0% UNPROTECTED



SOYBEANS 2017 CROP

20% SOLD
10% HEDGED
70% UNPROTECTED



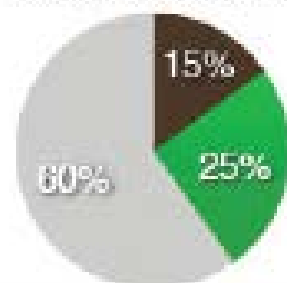
WHEAT 2015 CROP

100% SOLD
0% HEDGED
0% Cash Remaining



WHEAT 2016 CROP

15% SOLD
25% HEDGED
60% UNPROTECTED



WHEAT 2017 CROP

0% SOLD
10% HEDGED
90% UNPROTECTED

