



"No matter how attractive a person's potential may be, you have to date their reality." -
Mandy Hale

FRIDAY, JANUARY 06, 2017

Morning Summary: Stocks and Crude Oil remain near their most recent highs, while the U.S. dollar took a couple of steps backwards during the first trading week of 2017. Crude oil bulls seem pleased in hearing that OPEC members are supposedly sticking to their pledges to cut production. There was also a bit of a tailwind created when the U.S. Energy Information Administration reported a significant drawdown of -7.1 million barrels from stockpiles this past week due to lower imports. Interestingly, the data also showed U.S. production of crude grew by +4,000 barrels a day in the same week, a figure that is likely to rise in the postholiday period. It also showed large growth in distillates and gasoline stocks—of +10.1 million barrels and +8.3 million barrels respectively should help ease nearby prices at the pump a bit. Longer-term it will be interesting to see if cuts by some OPEC nations will offset the gains in production we are going to see here in the U.S. and the new oil coming online in Libya and Nigeria? Here at home today we have three Fed officials scheduled to speak. Chicago Fed President Charles Evans will kick things off speaks about the Economy and Policy, followed by Richmond Fed President Jeffrey Lacker, then Dallas Fed President Robert Kaplan speaking in Chicago. As for economic data it's all about the jobs report scheduled to be released this morning. Most insiders expect the December Employment report to show somewhere around +175,000 jobs added with the unemployment rate rising slightly to 4.7%. ADP this week showed employers added +153,000 jobs in the month, compared to expectations for +172,000. If the Labor Department does indeed show job gains today, this will mark the 75th month in a row of net job growth, the longest streak on record going back to 1939. The wage measure is likely to be the most closely watched component of the report as analysts look for any signs pointing to an emerging slowdown. For the most part, last year saw wages trending up, though they did take a small step back in November. Forecasters expect average hourly earnings to show a gain of +0.3% for December. With the labor market so tight, most analysts expect wage pressure to continue and with some predicting 2017 could eventually see wage growth push above +3%, compared to average growth of about +2.5% last year. Other economic data today includes Factory Orders and International Trade. Looking to next week, data is fairly light with JOLTS on Tuesday; Atlanta Fed Business Expectations on Wednesday; and Producer Prices, Retail Sales, Business Inventories and Consumer Sentiment on Friday. Fed-speak really picks up the pace with the highlight being a town hall meeting in Washington, D.C. hosted by Fed Chair Janet Yellen on Thursday. We will also hear from five other officials over the course of the week. Internationally, a lot of traders will be keeping an eye on Foreign Reserves data out of China this weekend. Then next week China will

also weigh in with their latest Trade Balance overnight Tuesday, followed Thursday by the Bank of England's latest policy announcement.

Something You May Not Know: *The Nasdaq closed at fresh new all-time record highs yesterday on the heels of a big performance by Amazon, who supposedly captured 38% of all online holiday sales. While many traditional "brick and mortar" stores like Macy's are slashing jobs right and left, Amazon seems to be capturing more and more market share. I've also found it interesting that Amazon is now rumored to be in the running to purchase "American Apparel". Many insiders were worried that Amazon Chief Jeff Bezos and president elect Donald Trump were going to clash. In what could be a very strategic move by Bezos, there's talk he might purchase American Apparel. Why is this so strategic? Keeping jobs in the United States has become a hot button political with president elect Trump. American Apparel, who's now in bankruptcy, built its business on its branding theme "Made in America" and just happens to own what they call the largest sewing facility in North America which employs some 4,500 workers. Perhaps if more companies are pressured to keep jobs here at home, Amazon looks like they might be trying to build the infrastructure to help facilitate the cause. Keep in mind Amazon had roughly \$12 billion in cash on its balance sheet at the end of the most recent quarter, and from what I've heard the starting price to buy part of American Apparel was floating around at a mere \$66 million. Meaning Amazon could make this play in the blink of an eye. I like the way Bezos is thinking, snapping up and assembling American infrastructure when it's cheap seems like an extremely smart play. In this new environment, I'm starting to really like companies that own U.S. infrastructure and manufacturing. Many may not realize it but Amazon founder Jeff Bezos is now estimated to be the fourth richest person in the world. Not bad for a kid who spent his summers working on a ranch in Texas with his grandfather. From what I understand his mother Jacklyn was a teenager at the time of his birth. Her marriage to his birth father only lasted a little over a year. In April 1968 (when Jeff was four) she married her second husband, Miguel Bezos, a Cuban who immigrated to the U.S. alone when he was just 15 years old. His new father worked his way through the University of Albuquerque, married Jacklyn, and legally adopted his stepson Jeff, who changed his surname from Jorgensen to Bezos. After the wedding the family moved to Houston, Texas, and Miguel became an engineer for Exxon. The young Jeff attended River Oaks Elementary School in Houston. The family then moved to Miami, Florida, where he attended Miami Palmetto Senior High School. While in high school, he attended the Student Science Training Program at the University of Florida, receiving a Silver Knight Award in 1982. He was high school valedictorian and was a National Merit Scholar. Bezos then attended Princeton University where he graduated summa cum laude and Phi Beta Kappa with a Bachelor of Science in Engineering degree in electrical engineering and computer science. After graduating from Princeton in 1986, Bezos went to work on Wall Street. Then in 1994 he founded Amazon.com after making a cross-country drive from New York to Seattle, writing up the Amazon business plan while on the way. He initially set up the company in his garage. He had left his "well-paying job" at a New York City hedge fund after learning "about the rapid growth in Internet use", which coincided with a then-new U.S. Supreme Court ruling holding that mail order companies were not required to collect sales taxes in states where they lack a physical presence. You talk about taking a shot when you see an opening, Bezos defiantly understands the concept! From what I've heard, Bezos has made several sales of Ama-*

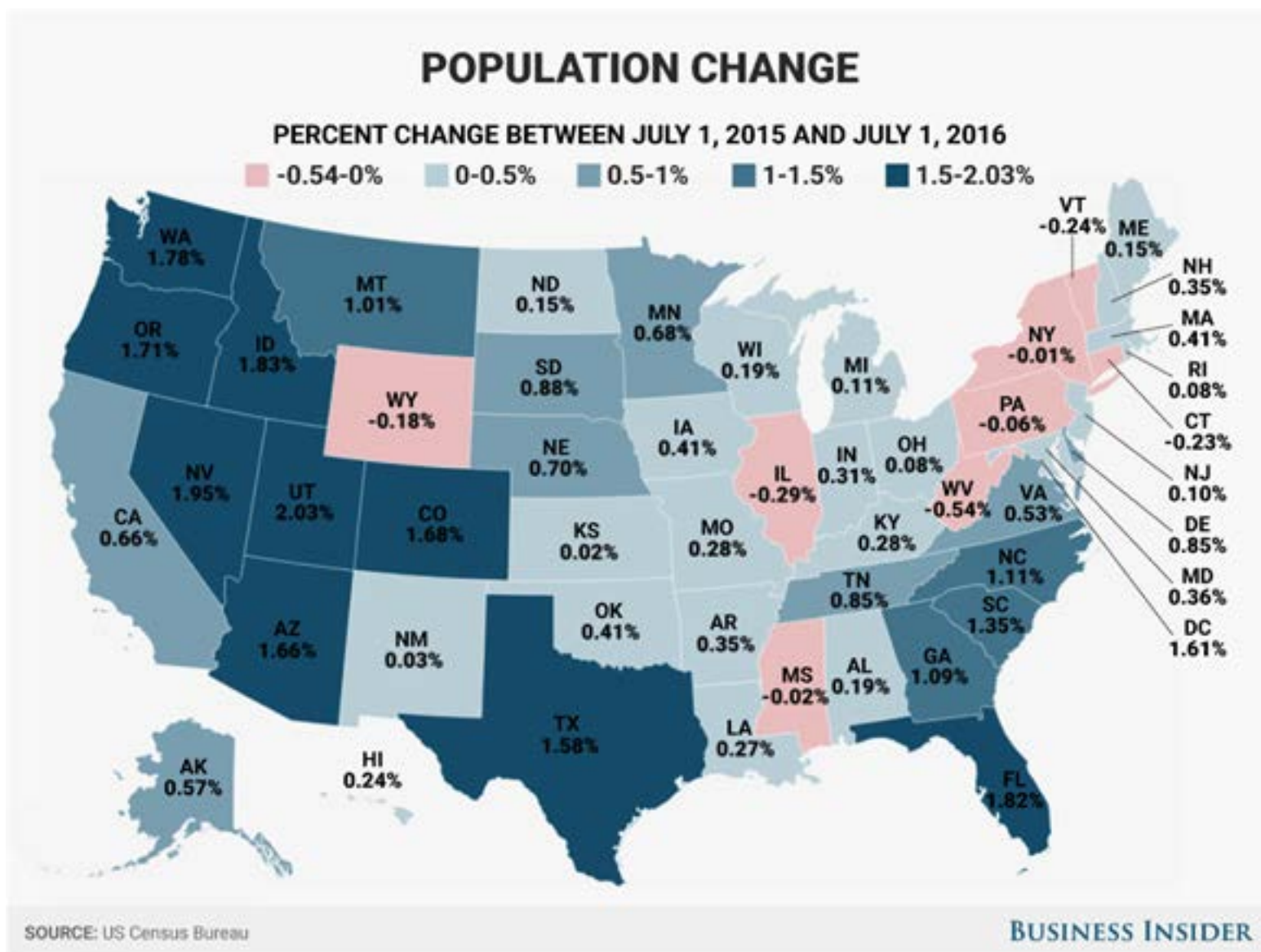
zon stock, one sale last summer of 1 million shares that netted him over \$750 million. At last count insiders believe he still still owns more than 80 million shares. Not bad when you consider the stock is valued at over \$780 per share as of yesterdays close. I should also mention that Bezos was supposedly one of the first investors in Google, investing \$250,000 back in 1998. That \$250,000 investment has resulted in some 3.3 million shares of Google stock. Wow what a story! (Source: [Wiki](#)).

China Considers New Rules To Stem Currency Slide: Over the past week, China's financial regulators have issued a host of new rules designed to curb capital outflows from the country as they seek to slow the decline of their currency. Anticipation of higher U.S. rates has sent the U.S. dollar soaring while it has absolutely hammered the Chinese yuan. The yuan did experience a pretty strong rally yesterday, rising more than +1%, but that came against a steep decline in the U.S. dollar, something most insiders just see as a temporary blip - and quite possibly the result of Chinese central bank actions, though the PBOC denies they were behind yesterday's moves. In 2016, the yuan fell -7% against the dollar, the biggest yearly decline since 1994. That in turn saw about \$760 billion in capital flee the country in the first 11 months of 2016, according to a Bloomberg Intelligence gauge and outflows have accelerated even more in recent months. To curb the outflow, officials have so far issued stricter rules on the conversion of yuan for dollars and tighter requirements for banks reporting cross-border transactions. They also have several contingency plans to further stem the tide, including ordering some state-owned companies to temporarily convert some of their foreign currency reserves into yuan. Sources tell Bloomberg that China is also considering selling more of its U.S. Treasuries if necessary to prop up the yuan in 2017. The nation's holdings of Treasuries declined to the lowest in more than six years in October as the world's second-largest economy used its currency reserves to support the yuan.

Saudi Oil Company Exploring Supply Cuts of 3-7 Percent: Saudi Aramco has started talks with customers globally to discuss possible cuts of 3 percent to 7 percent in February crude loadings to comply with OPEC production cuts. If you recall, the Organization of the Petroleum Exporting Countries (OPEC) agreed in late November to cut production in the first half of 2017 to reduce global oversupply and prop up prices. Under the deal, Saudi Arabia, the world's biggest oil exporter, agreed to cut output by 486,000 barrels per day (bpd), or 4.61 percent of its October output of 10.544 million bpd. Sources tell Reuters that Aramco is approaching all its customers for possible cuts between 3-7 percent from February and discussing likely supply scenarios. Additionally, Aramco just raised pricing for February oil sales to Asia and the U.S. Saudi oil buyers will be notified by Jan. 10 of their respective crude allocations for February. Iraq's oil minister yesterday also stated that they have begun implementing measures to reduce national oil output in keeping with their part of the production cut deal. Iraq had resisted production cuts, saying it needed revenue to fund a war against Islamic State militants, but ended up accepting a lower production reference level than what they were trying to get. Iraq's oil ministry says it has been in discussions with foreign companies operating Iraq's giant southern fields to implement some cuts during scheduled maintenance. (Source: Reuters, Bloomberg)

America's Fastest Growing And Shrinking States: The US Census Bureau recently released its population estimates for each of the 50 states and Washington, DC, for

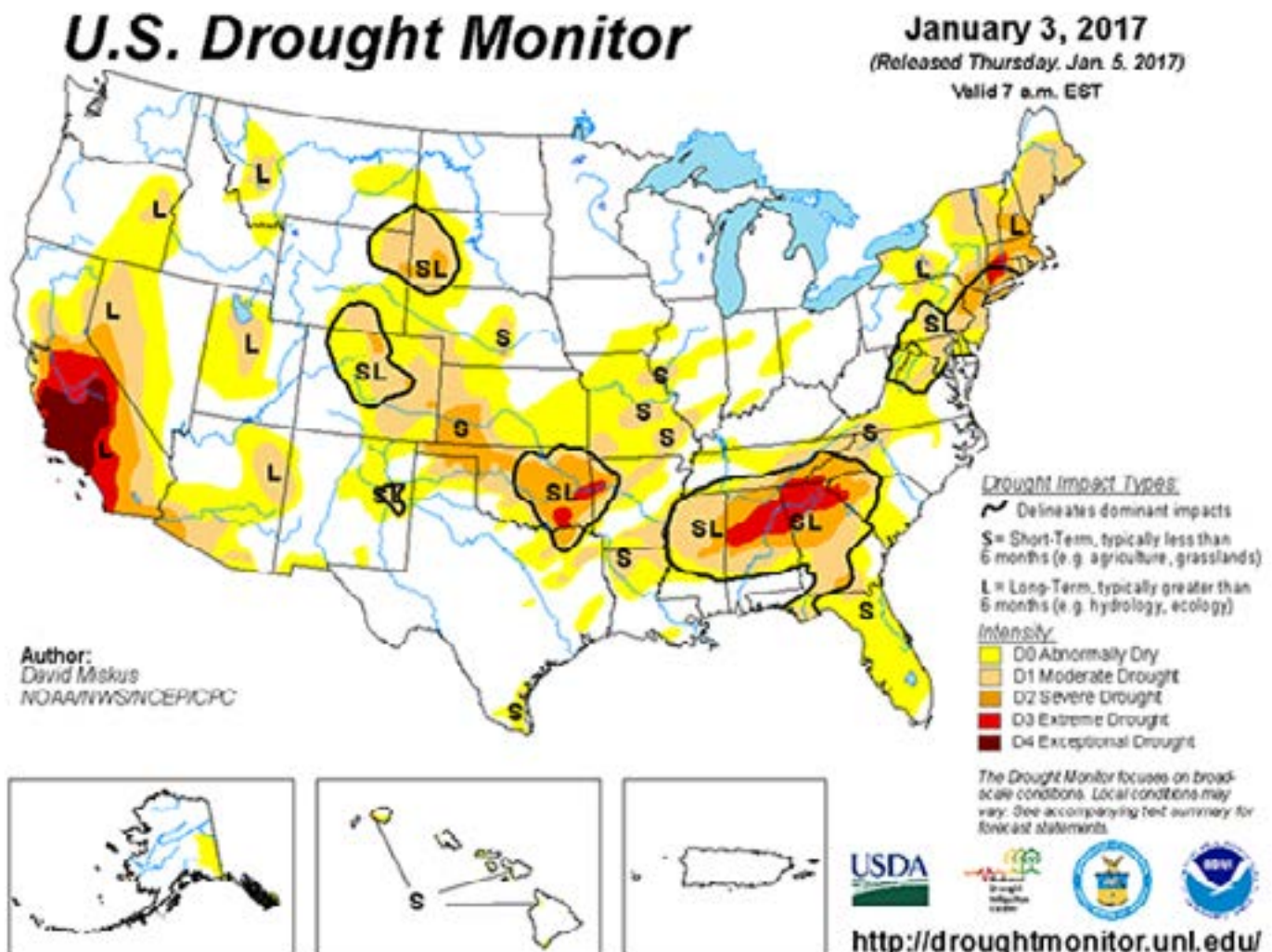
2016 and how populations changed from July 1, 2015, to July 1, 2016. Most states added population, from some combination of net births minus deaths, international migration, and domestic migration. Eight states — West Virginia, Illinois, Vermont, Connecticut, Wyoming, Pennsylvania, Mississippi, and New York — saw a net loss of population. The below map shows each state's percent population growth rate. Click for a larger view. (Source: Business Insider)



Weather continues to see Arctic-origin cold air cover most of the nation's mid-section. On the Plains, very cold weather prevails. However, sub-zero temperatures are limited to the northern half of the region, where a variable snow cover is providing winter wheat with some insulation. Recent light but beneficial snow has fallen across winter wheat areas of the central Plains, where drought is a concern (more on that below). In the Corn Belt, sub-zero temperatures were noted again this morning across the upper Midwest, maintaining stress on livestock. Meanwhile, light snow has fallen across portions of the southern and eastern Corn Belt. In the South, some light snow is spreading across Kentucky and environs. Cooler weather is arriving elsewhere, except for lingering warmth across southern Texas and Florida's peninsula. Northern and central California face the prospect of a major precipitation and flood event starting January 7. Flooding could be a consequence

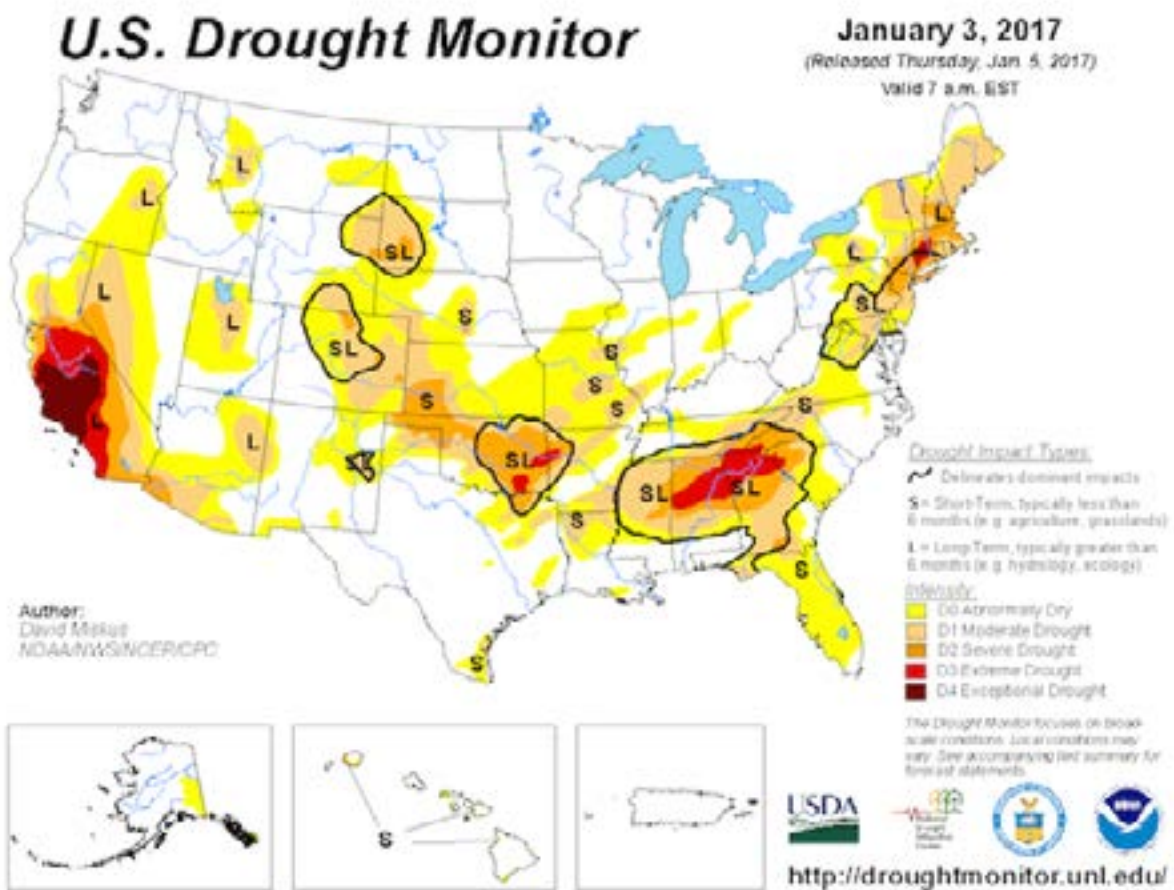
of precipitation totals that may reach 4 to 16 inches in the Sierra Nevada foothills during the next 5 days. The current cold weather will dominate the U.S. into the weekend, but abruptly warmer weather will overspread much of the country early next week. Checking in with Brazil, we see rainfall in crop areas remains highly variable. Central and southern locales have a generally favorable trend, with more showers forecast through the end of the week. The northeastern portion, however, is dry with little improvement indicated in the forecast through the next week. In central Argentina, recent rains in key corn and soybean areas is helping maintain adequate to surplus moisture for these crops while also increasing the risk of flooding.

Drought Continues to Impact the Middle Plains: *While precipitation and drought improvement was ongoing in the Southeast and parts of the Northeast, very dry and mild weather continued across the middle third of the Plains. Since early October, less than half of normal precipitation has fallen across eastern Colorado, western Kansas, northern Texas, and much of Oklahoma, accumulating deficits of 2-4 inches. Although this is typically a dry time of year, the lack of precipitation, above normal temperatures, and gusty winds have exacerbated conditions, with impacts worse than what the indices and data are depicting. For example, NASS/USDA Oklahoma winter wheat conditions rated poor to very poor went from 12% on Nov. 27 to 25% on Jan. 1., while topsoil moisture rated short to very short rose from 55% on Nov. 27 to 70% on Jan. 1. Over the past week, moderate and severe drought expanded across south-central and northeastern parts of the state and into northeastern Texas. Extreme drought was added to east-central Oklahoma.*

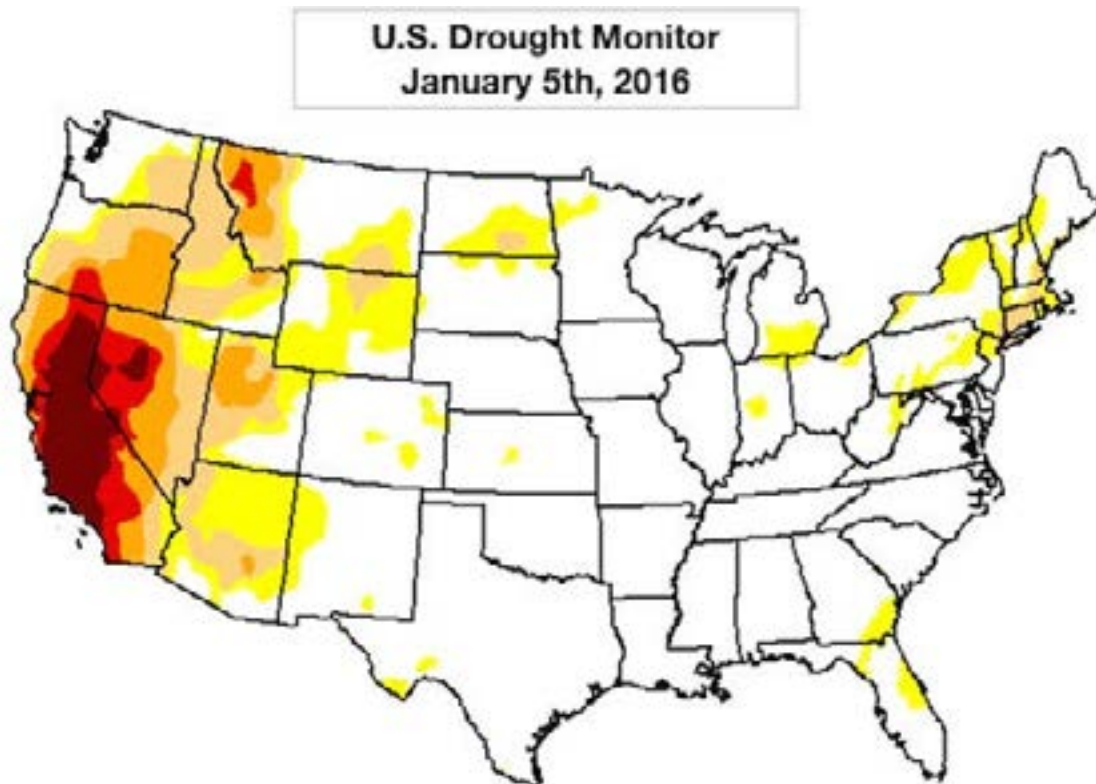


Corn bulls continue to see heavy rains in Argentina as more of a concern than the trade has been willing to give credit. As with most weather stories in South America, I'm hearing a ton of different guesses about the severity and how it will impact the crop. If you held a gun to my head I would have to say right now that we could shave -2 to -3 million from current USDA corn production estimate for Argentina. I would like to tell U.S. producers the damage is more severe and perhaps -5 MMTs could be cut from the Argentine estimate. I'm not saying that isn't possible and ultimately might be the case, but as of right now it doesn't seem that problematic or widespread. How the floods and heavy rains might impact logistics and shipments could be a bird of a different color, but as of right now I see the headlines as only mild bullish nearby. We still need to keep the hits rolling if we want the bulls to stay on the dance floor and keep dancing. There's also the lingering concerns about dry conditions perhaps spreading and intensifying in portions of northeastern Brazil, which I still don't see the market deeming yet as anytime of major concern. Here at home demand remains extremely strong with ethanol production again posting a new weekly record high. There's now more talk the USDA might need to reconsider their current estimate for corn used for ethanol and perhaps bump it higher again, this time by another +10 to +20 million bushels. Technically there seems to be some fairly heavy resistance on the charts for the MAR17 corn contract up between \$3.70 and \$3.85. Producers who feel like they need to make a few more old-crop sales might want make some type of move if we happen to push into that area. As for the new-crop DEC17 contract there's heavy resistance in the \$3.90 to \$3.96 area. Keep mind the new-crop contract hasn't traded above that level since a blip in mid-July. We are now only about 7 cents from that level, so make certain you are paying close attention. If there are any bullish surprises in next weeks USDA report we might get a shot at \$4.00 new-crop corn?

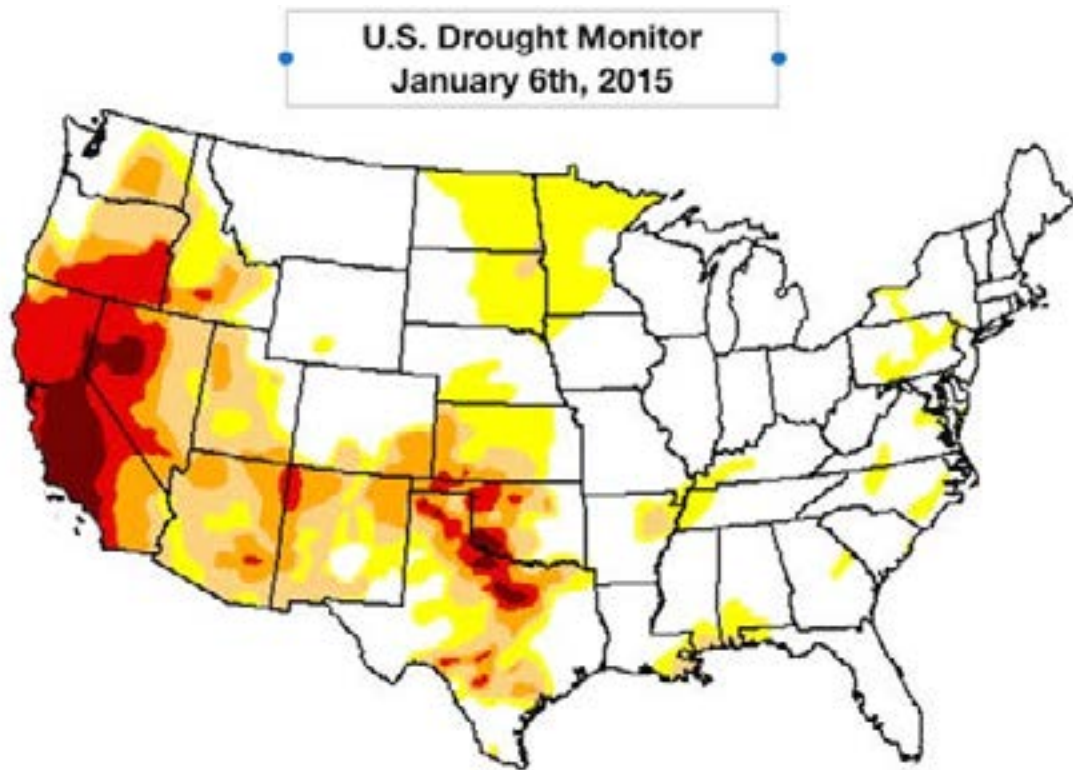
Comparing The Drought Maps: *I thought it would be interesting to stack the past several years of drought maps next to one another for comparison. I selected one of the first maps of each new year dating back to 2010. I'm not really certain what conclusion you would like to make, but from my perspective we are starting off 2017 with drought like conditions somewhat surrounding key production areas. There's no real scientific way of forecasting the exact weather or soil conditions from now to June, but if dry conditions start to expand the trade could start taking a much closer look.*



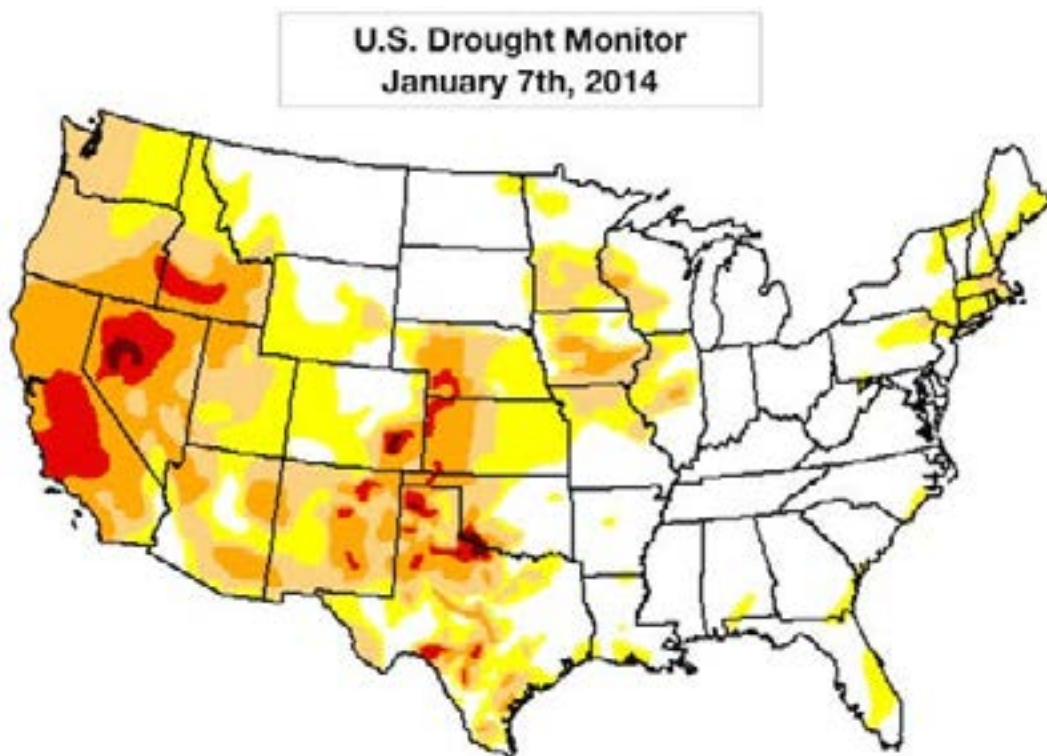
January prices in 2016 started just above \$3.50 per bushel, made a high in June just under \$4.40 per bushel, then tested the lows near \$3.00 per bushel in September. Finished the year just above \$3.50.



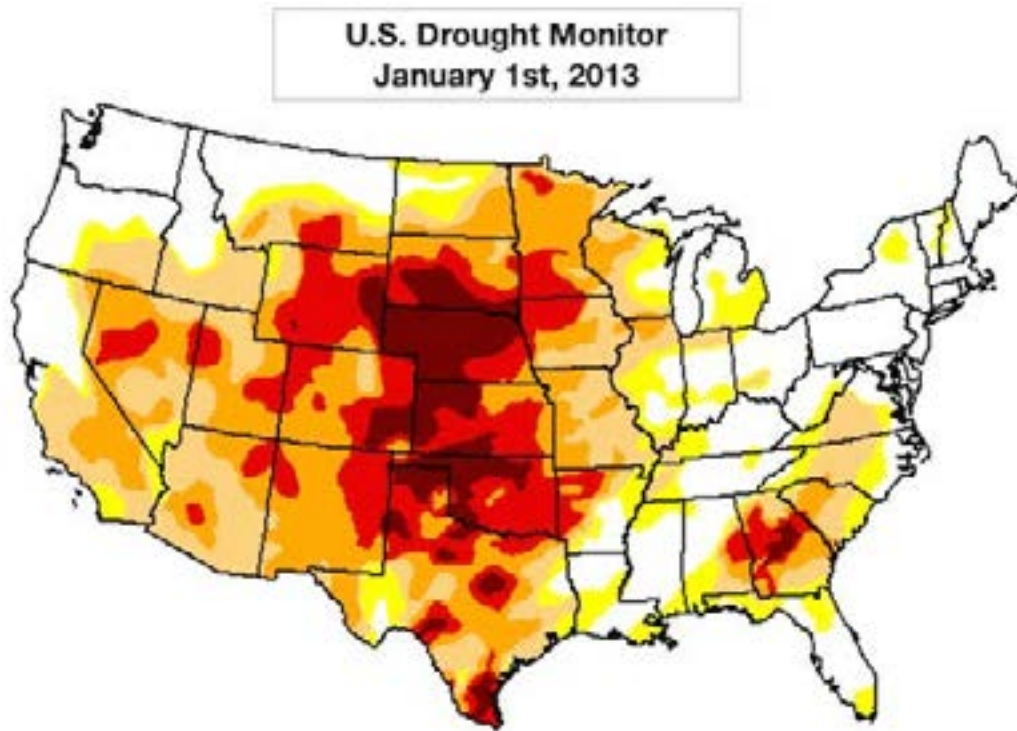
January prices started just under \$4.00 per bushel, by July we had rallied to a high just over \$4.40 per bushel, but ended the year back down closer to \$3.50.



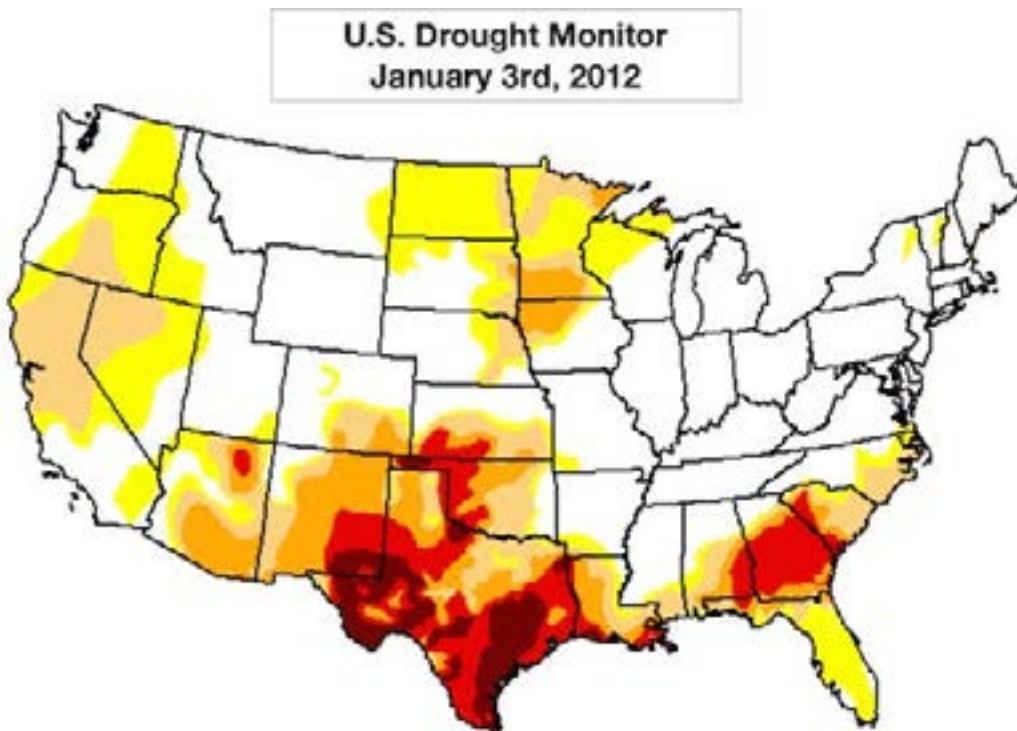
January prices started out around \$4.25, by April they had traded north of \$5.00 per bushel only to end the year back sub-\$4.00 per bushel.



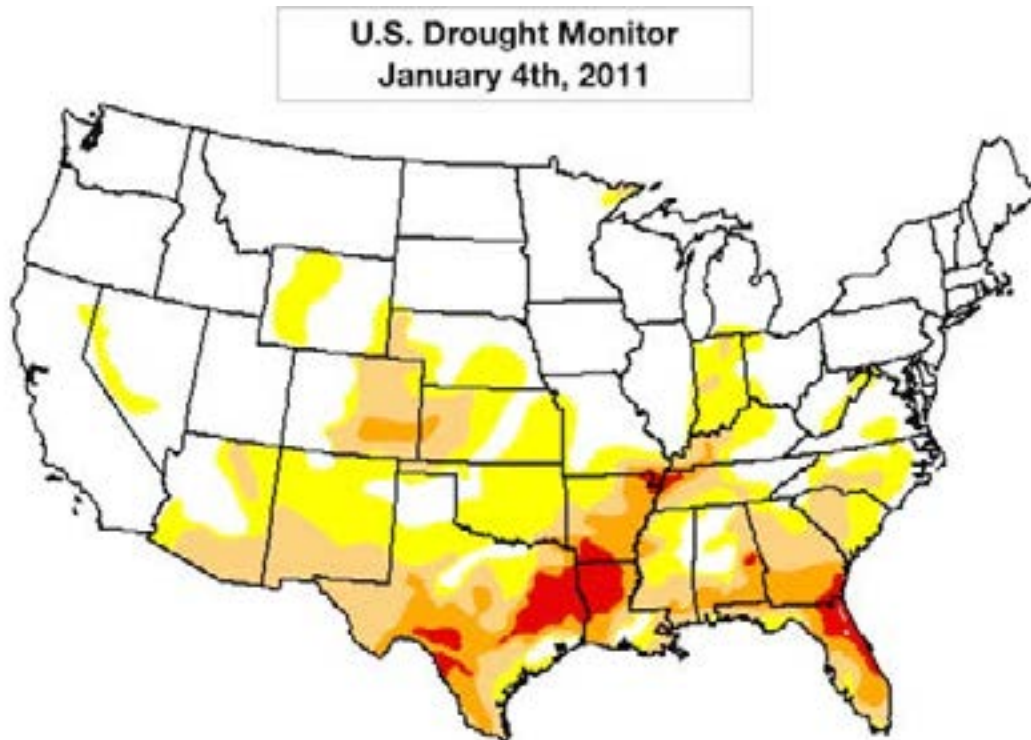
January 2013 prices started above \$7.00 per bushel, by year end the drought breaking rains and good growing season had driven prices back down to near \$4.00 per bushel.



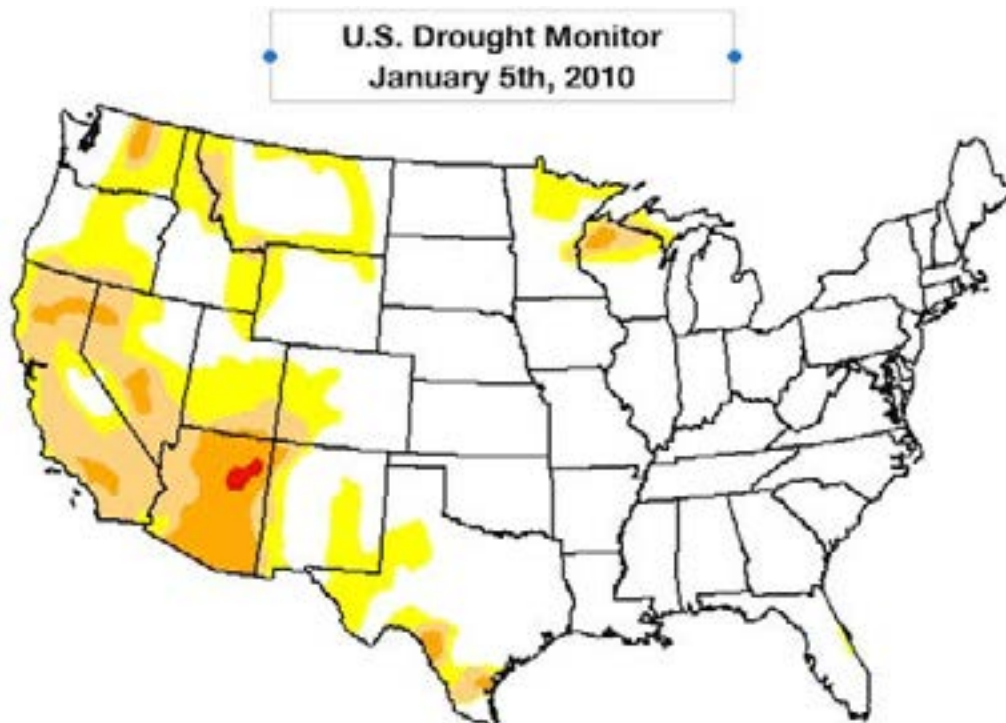
January of 2102 prices started near \$6.00 per bushel, by August we ere trying back north of \$8.00 on the heels of a severe drought across most of the entire Midwest.



January of 2011 prices traded around \$6.25 per bushel, by June of 2011 prices had exploded to nearly \$8.00 per bushel. Only to fall back to sub-\$6.00 by year end.



January thru July of 2010 prices were trading between \$3.25 and \$4.00 per bushel. By the end of the year corn prices had pushed north of \$6.00 per bushel.

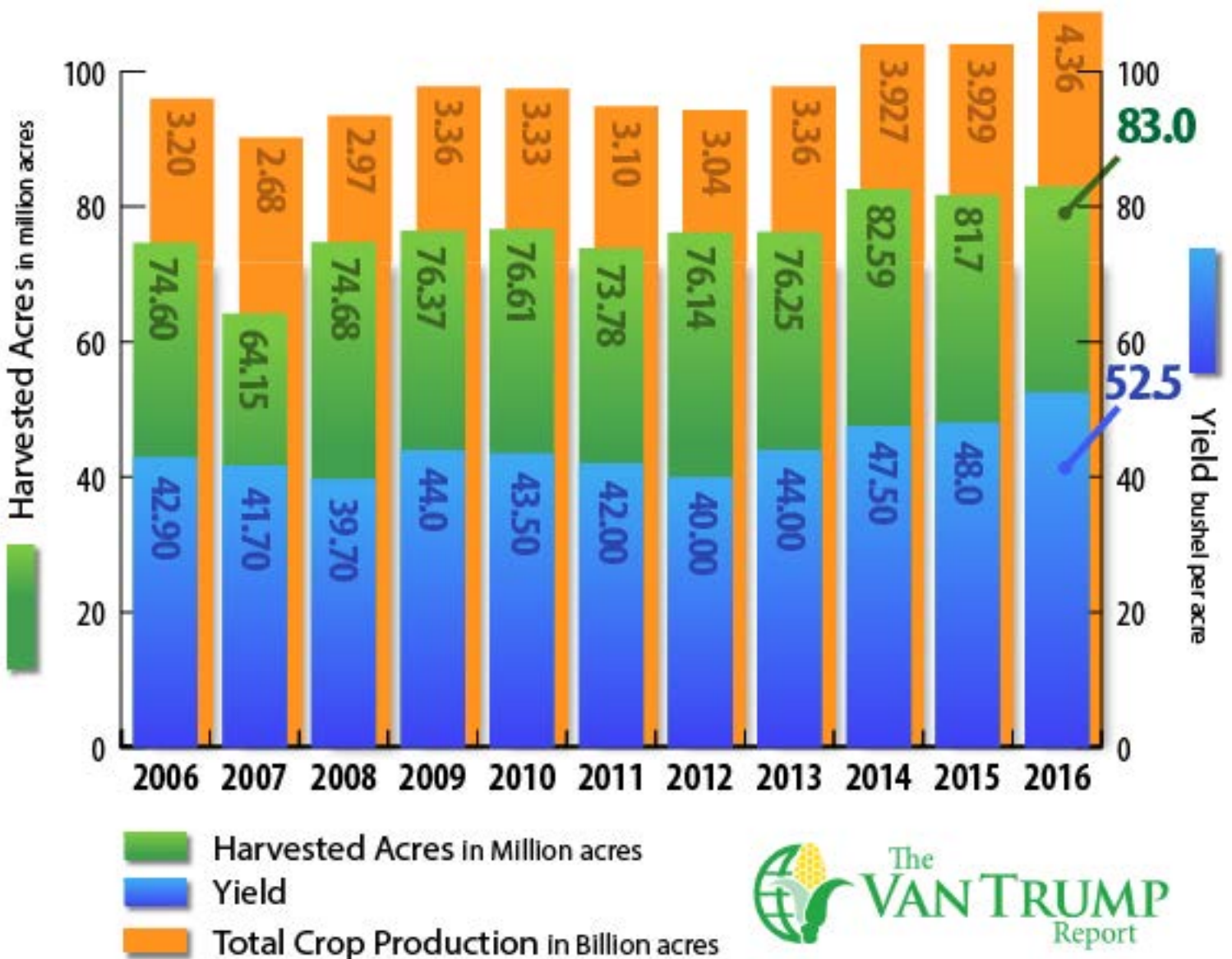


*Find more information and detailed maps at [The National Drought Mitigation Center](http://www.drought.gov)

Soybean traders continue to debate South American weather, global demand, bird flu complications and the "what if's" surrounding U.S. and Chinese relations. I continue to hear the same stories out of Argentina... some areas are extremely wet while other areas are thought to be too dry. As of right now it feels like the trade is thinking we could shave -3 to -4 MMTs from current USDA Argentine soybean production estimate of 57 MMTs. Production in Brazil seems little changed from the current USDA estimate of 102 MMTs. I think a few weeks back the bears could have argued estimates should be higher, but I actually think the USDA is now fairly close with their previous guess. I'm not looking for a lot of change in the Brazilian production estimate in next weeks big USDA report, while perhaps a slight reduction will be made to the Argentine crop. The bird flu complications continue to spread. Not only are problems with bird flu in Asia continuing to grow in size, but we now have an H5N8 strain of the virus being rapidly discovered in several European countries, and in Israel, during the past few weeks. France has announced they they have had to cull hundreds of thousands of ducks. Ireland has reported cases. The UK is reporting more cases. Wales has reported finding viruses in chickens, turkeys and ducks. Chile has even recently detected bird flu at a turkey production plant. Bottom-line, the bird flu virus is for real and could certainly taper back meal demand if the problems continue to spread like many are now forecasting. As for the "Get Tough on China" talk coming from the team recently assembled by president elect Trump, the soybean market is extremely curious to see how things play out. Not only are the Chinese are single largest U.S. buyer, but they also greatly influence the market by their movement. In other words just the hint of the Chinese becoming more agitated with U.S. politics could put the trade in a defensive mentality. Lets also keep in mind the continued talk of U.S. producer perhaps planting a new record +90 million acres of soybeans in 2017, which would be on top of the last three record setting crops.

Soybean Production 2006-2016

Production Harvested Acres Yields



Data Source: Updated USDA, December 09, 2016 WASDE

Wheat bulls are happy to see the market add +30 cents in the past seven trading sessions. The U.S. dollar has backpedaled just a bit and we've had some new concern about lack of snow coverage on the crop in many parts of the U.S. and in parts of Ukraine and Europe. With extremely low temps in the forecast and not enough snow on the ground for protection, there could certainly be some winter-kill concerns. Perhaps more concerning in the long run than the low-temps is the dry conditions in many areas. The bears however are quick to point to the fact larger more "real" fundamentals have not changed and the world is still awash in an oversupply of wheat. The bears are also saying they won't even take a second look until the market is able to trade through stiff technical resistance on the charts up beyond the \$4.30 to \$4.50 area. In other words the bears seem to believe the recent rally is nothing more than a bunch of saber rattling by the bulls. It's worth not-

ing that the MAR17 wheat contract is now trading back above its 50 and 100-Day Moving Average, so technically things are looking a bit brighter, now it's just a matter of if we can keep some fresh new bullish headlines coming across the wires to keep the bulls fed? I remain a conservative longer-term bull...



> Ethanol Production Hits New All-Time High: *Weekly ethanol production for week ending December 30 averaged 1.043 million barrels per day, up 15,000 barrels per day from last week. This was the tenth week in a row that production averaged over 1 million barrels and was the fourth new all-time high hit last year. Stocks were down just 5,000 barrels to 18.70 million.*

> Cofco Agri CEO Resigns: *The resignation of Matt Jansen, an American who rose through the ranks at Archer-Daniels-Midland Co. to head oilseeds trading before joining Cofco in 2015, could lead to a significant shift in trading strategy for the Chinese state-owned group. Jansen, who became chief executive officer of Cofco Agri Ltd. less than two years ago, left earlier this week for personal reasons, the company said in a statement, confirming the news first reported by Bloomberg.*

> EPA Says It May Revoke Genscape's Ability To Verify RINs: *Genscape could lose its ability to verify Renewable Identification Numbers after verifying "approximately 68 million invalid A-RINs," according to a notice from the US Environmental Protection Agency. The company, a subsidiary of DMG Information, verified "millions of RINs that were fraudulently generated by two companies: Gen-X Energy Group, Inc. (Gen-X), and Southern Resources and Commodities, LLC (SRC)," the EPA said. The EPA took civil action against Gen-X and SRC in December 2015 for producing invalid A-RINs. In addition to potentially revoking Genscape's verification privileges, the EPA will require the company to retire valid RINs within 60 days to replace the incorrectly verified RINs. Genscape has 60 days to send comments to the EPA in response to the notice. Until the EPA takes final action, Genscape can continue to verify RINs as a voluntary quality assurance plan (QAP) provider. Based on the price of 2015 D5 RINs, Genscape would have to spend more than \$69.5 million to buy the replacement RINs were the final action to match Wednesday's notice. In 2016, the US was on pace to fall more than 425 million D5 RINs short of the 530 million RIN blending mandate, based on five-year trends and EPA RIN generation data through November 30. That has pushed the value of D5 RINs up to some of their highest values in three years. S&P Global Platts on Wednesday assessed D5 RINs for 2017 compliance at \$1.04/RIN. (Source: Platts)*

> Ukraine Wheat At Risk From Severe Frost: *An expected sharp fall in temperatures*

in Ukraine could damage the country's winter grain crops because of a lack of snow cover on the fields, according to UkrAgroConsult. Meteorologists forecast a cold snap starting on Jan. 6 and predict that air temperatures will fall on average to 13-17 degrees Celsius below zero, perhaps even to minus 20 degrees. "The current level of snow cover is insufficient for reliable protection of winter crops against frosts harsher than minus 15 degrees lasting for five days," it said in a statement. "Survival of the upcoming frost by winter crops will entirely depend on the amount of snowfall in this period." A majority of Ukraine's fields are covered with at most 4-5 cm of snow as of Jan. 5, according to forecasters. Most of the sown winter grain area was seen in good and satisfactory condition as of Dec. 29. (Source: Reuters)

> Georgia Debuts New Chicken Pricing Index: The Georgia Department of Agriculture (GDA) on Wednesday launched a new chicken pricing index after controversy over its decades-old "Georgia Dock" system forced a change. A wave of media reports and an internal memo scrutinizing the dock — the wide disparity of its prices versus those of other industry benchmarks, and the fact that the index, which was based on a phone survey, wasn't independently verified — prompted the GDA to implement rules requiring that participating companies provide affidavits and other documentation to prove the accuracy of the information they submitted. That coverage followed lawsuits filed in September accusing the entire chicken industry of colluding to fix prices. Now comes the Georgia Premium Poultry Price Index (GPPPI), which will include three producer price indexes that will be reported to measure the aggregate change in prices of poultry sold on contract at 1-month, 6-month and 12-month base periods. You can check it out [HERE](#).

> Bird Flu Leads To Massive Duck Cull In France: France on Wednesday ordered a massive cull of ducks in three regions most affected by a severe outbreak of bird flu as it tries to contain the virus which has been spreading quickly over the past month, the agriculture ministry said. All free range ducks, as well as geese, will be slaughtered between Jan. 5 and approximately Jan. 20 in an area in southwestern France comprising parts of the Gers, Landes and Hautes-Pyrenees administrative departments, it said in a statement. All free range ducks, as well as geese, will be slaughtered between Jan. 5 and approximately Jan. 20 in an area in southwestern France comprising parts of the Gers, Landes and Hautes-Pyrenees administrative departments, it said in a statement. Some 800,000 of the birds, out of a total population of around 18 million in the whole of the southwest, will be culled in the coming week. It could rise further if the bird flu virus cannot be maintained - there are 1.3 million birds in the targeted area.

> China Reports Fourth Human Death From Bird Flu: A man in China's eastern province of Shandong has become at least the fourth person to die this winter from H7N9 bird flu, state media said on Thursday, while officials in southern Guangdong confirmed 14 cases of the virus in December. The 77-year-old man diagnosed in Shandong's Rizhao city on Tuesday died later the same day, the official Xinhua news agency said. The last major bird flu outbreak in China killed 36 people and caused more than \$6 billion in losses for the agricultural sector. The H7N9 strain does not seem to transmit easily among people, and sustained human-to-human infection has not been reported, the World Health Organization says. (Source: Reuters)

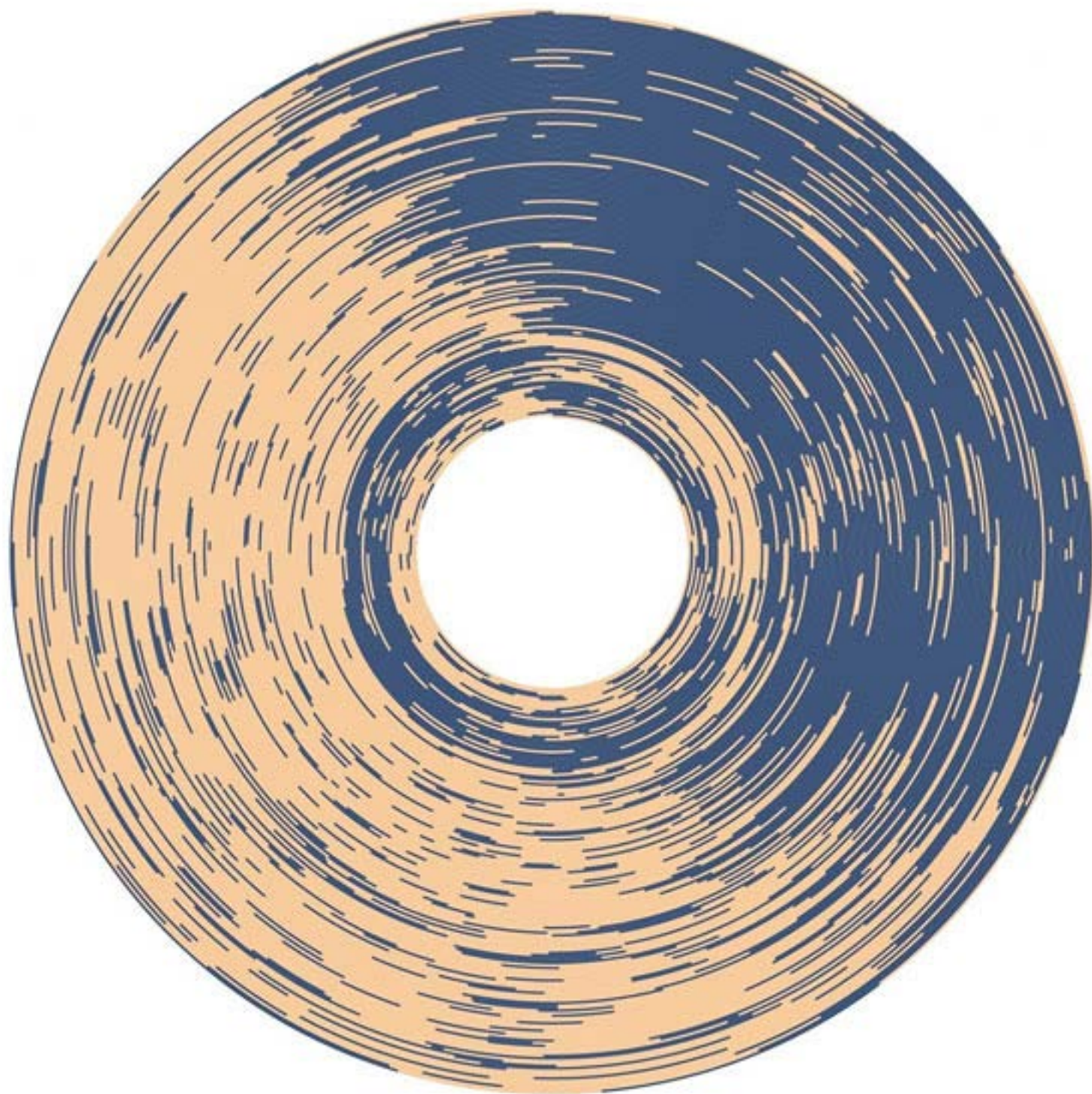
> Monsanto Reports \$29 Million Profit: Seed and agrochemical giant Monsanto re-

ported a net profit of \$29 million , or 7 cents per share, in its first fiscal quarter that ended November 30. That compares to a loss of -\$253 million, or 56 cents per share, during the same period a year earlier. Monsanto says the good performance was helped by higher demand in South America. The company's total net sales rose more than +19% to \$2.65 billion.

> CFTC Fines Ex-CEO of MF Global \$5 Mil Over Misuse Of Customer Funds: *on Corzine has agreed to a lifetime ban from the futures industry to settle a U.S. lawsuit that he failed to properly oversee MF Global Holdings Ltd. as the brokerage spiraled toward failure in 2011. Corzine, an ex-governor and U.S. senator from New Jersey and the former co-chairman of Goldman Sachs Group Inc., also agreed to pay a \$5 million penalty from his own pocket to the Commodity Futures Trading Commission, under a consent order approved by a federal judge in New York Thursday. The agency had been seeking the industry ban since at least October. The CFTC claimed Corzine failed to fix inadequate controls that led to \$1 billion in missing customer funds and knew of the New York-based firm's extreme cash shortage. The agency also said he didn't ask questions about the origins of funds used to make transfers that he had ordered.*

> Nebraska Absent From Ag Committees: *For the first time since 1969, Nebraska won't be represented on the Senate Agriculture Committee now that Ben Sasse has left to take seats on the Armed Services and Judiciary committees, the Omaha World-Herald reports. Sasse, in an interview with the news outlet, defended his decision, arguing that the new assignments will allow him to participate in two of the biggest debates in Congress over the next two years - filling the Supreme Court vacancy and further developing a national security strategy to combat cyber warfare and the Islamic jihad. And he said he plans to be just as active on the upcoming negotiations over the next farm bill. Nebraska, which ranks among the top five states in terms of agricultural output, also lost its representation on the House Agriculture Committee when Democratic Rep. Brad Ashford was defeated in his re-election bid by Republican Don Bacon. There is no guarantee that Bacon will land a spot on the panel, though new members have yet to be announced. (Source: Politico)*

> 2016's Most Beautiful Data Visualization: *Recently an enterprising Australian Redditor going by the handle "andrew_elliott" had a new baby with his wife, and got the idea of quantifying the child's first few months of life using the Baby Connect iPhone app. Using the app, he built a comprehensive database of his daughter's sleep and wake cycles for every single day of the first six months of her life. Being an industrial designer by trade he decided to take a crack at visualizing that data last month. The result, below, is the highest ranked post of Reddit's data visualization forum, r/dataisbeautiful. Using computer-assisted design software, Elliott drew the story of the dawn of his daughter's life, told in one continuous thread: a visualization representing six months of her sleep and wakefulness — dark blue for asleep, yellow for awake. The spiral begins at the interior of the circle, marking her birth. It then wraps outward as she gets older — each full revolution of the circle represents one 24-hour day, meaning that midnight is at the top of the "clock" and noon is at the bottom. You can see chaos near the center of the circle, as the baby alternately woke and slept during the day, night, and everything in between. Pretty cool little project! (Source: The Washington Post)*





West central Minnesota - *Using VRT prescription for seeding, we have seen yield increases over some of the lighter soils and sandy subsoils. Our soils are fairly heavy, good water holding soils with gravely-sandy hilltops and veins. I usually range from 24k on the low to 36k on the high side. I will go down to 20k on the really sandy areas. The poorest areas have increased yields up to 32%. Granted the last few years have had very favorable conditions, and no doubt some of that extra yield has come from that, but we were still dry in June to the point the corn was rolling the leaves. I would say half of the extra yield or more is from the variable rate. I have not seen any benefit to pushing populations any higher than 36k myself. On a whole field average I would say we are reducing the seeding rate about 1,000-1,500, saving between \$2.50 to a little over \$5.00 acre in seed depending on your cost of course.*

Northeast Iowa - *Been using some covers for about 6-7 years now. Most years plant green and spray pre / burndown off the back of both my planter and drill. Seem to get a good kill of the cover and have good luck with pre as long as it rains within a week to 10 days. If it stays dry the pre is tied up on the residue. If you spray pre on bare ground and it doesn't rain it doesn't work well either. Every year I lose faith that the pre will work through all the trash but any misses are a complete jungle so it must be working.*

Northwest Louisiana - *We are saving \$\$\$ on hot sandy ridges and actually getting yield bumps by lowering population in these areas. I'm not seeing a huge ROI by bumping pop much higher on the good land. We historically planted 32K on corn and 140K on beans. I'm averaging 30K now but I still have 34-36K on sweet spots. Dropping sandy areas to 24K and still have above APH potential with a little help from mother nature. The key is finding flex hybrids. I was skeptical that we might leave yield on the table in certain areas but had a neighbor convince me to drop to 24K and lower on the hot areas. Had a 40 acre ridge along a bayou this year that averaged 195bu at 24K. It will not do it every year, but we had good growing conditions and the hybrid had the flex to make it happen.*



Don't Get Complacent On Swine Viruses: *The director of the Swine Health Information Center (SHIC) is encouraging pork producers to remain vigilant even as disease threats lessen during the winter. Dr. Paul Sundberg says while there are currently fewer cases of Seneca Valley Virus compared to this past summer, it remains an issue. "We're still seeing it in packing plants (and) seeing it out at the farm. Perhaps not at as high a level as you would expect during the summer, but the data we have right now shows more cases of it this winter than we saw last winter." One of the major concerns with Seneca Valley is that symptoms mirror Foot and Mouth Disease (FMD). Sundberg tells Brownfield its imperative producers and their veterinarians report any cases of lameness, blisters or lesions. Sundberg says early detection is critical in preventing an FMD outbreak, which would have a significant economic impact on domestic and international trade of swine, cattle sheep and goats—all of which are susceptible. Listen to the full interview [HERE](#).*

Revenue Protection (RP) Use on Corn in the Midwest: *From [Gary Schnitkey, Department of Agricultural and Consumer Economics, University of Illinois](#) - Revenue Protection (RP) is the most used crop insurance plan for corn. Over time, RP use has grown to over 90% of corn acres insured in many counties in the corn belt (farmdoc daily, December 13, 2016). As illustrated by maps in this article, farmers in the corn belt typically select 80 and 85% coverage levels when using RP. Overall, use suggests farmers prefer revenue insurances that allow guarantees to increase if harvest prices are above projected prices. Use of high coverage levels suggests farmers value protection offered by crop insurance. According to 2016 Summary of Business statistics from the Risk Management Agency (RMA), RP use on corn acres is over 95% in most counties around the western corn-belt. Many counties in Illinois, Indiana, and Ohio have lower RP use than in the western corn-belt (see Figure 1). In these eastern corn-belt counties, higher use of Area Risk Protection (ARP) occurs. Some counties outside the corn belt have more use of Yield Protection (YP) insurance.*

China Media Warn Trump of 'Big Sticks' If He Seeks Trade War: *Chinese state media warned U.S. President-elect Donald Trump that he'll be met with "big sticks" if he tries to ignite a trade war or further strain ties. The article was published in response to Trump picking Robert Lighthizer, a former trade official in the Ronald Reagan administration who has criticized Beijing's trade practices, as U.S. trade representative. The latest salvo from state-run outlets followed others aimed at Peter Navarro, a University of California at Irvine economics professor and critic of China's trade practices whom Trump named to head a newly formed White House National Trade Council. Those choices plus billionaire Wilbur Ross, the nominee for commerce secretary, will form an "iron curtain" of protectionism in Trump's economic and trade team, according to the paper. The Global Times English version said the U.S. will adopt reckless protectionist policies and that China is powerful enough to withstand pressures from the administration. Read more from [Bloomberg](#).*

Watch The Trailer For The New "Becoming Warren Buffet" Documentary: *The trailer for "Becoming Warren Buffett" has arrived, and it features the Oracle of Omaha talking about cutting back his spending when stocks are falling. The storied investor says he opts for cheaper McDonald's breakfast sandwiches on down days for stocks, though this could just be a case of dry Midwestern humor. "Becoming Warren Buffett" is a documentary that is slated to premiere Jan. 30 on HBO. The Berkshire Hathaway CEO is the second-richest person on the planet, boasting a net worth of \$73.4 billion. Check out the clip over at [MarketWatch](#).*

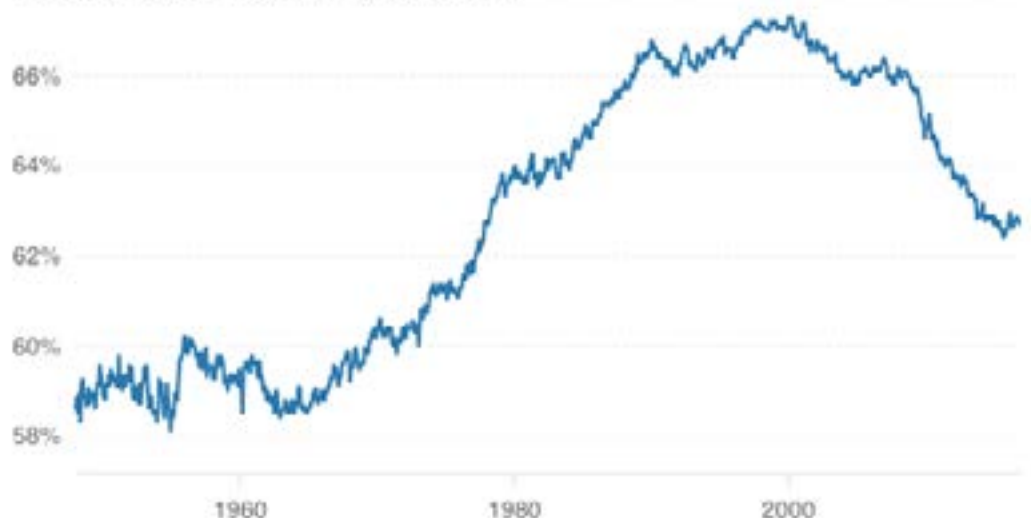
One Man's Quest to Change the Way We Die: *[The NYT Magazine](#) looks at one man's quest to change the way we die. It all started when an "electrical current arced out of a piece of equipment into the watch on his wrist. Eleven-thousand volts shot through his left arm and down his legs. When his friends reached him on the roof of the train, smoke was rising from his feet."*

The 10 most unusual things TSA confiscated in 2016: *Transportation Security Administration officials say they confiscate a lot of strange objects at airport checkpoints around the country — enough to blog about on a weekly basis. The agency recently published a YouTube video highlighting their 10 "most unusual finds" of 2016, complete with photos of the items and some commentary from TSA blogger Bob Burns. "Our officers have kept a lot of dangerous and often times wacky items off of commercial aircraft this year," read a caption appended to the video. See the Top 10 list, as ranked by the TSA, including photos the agency posted on Instagram and the names of the airports where each item was confiscated [HERE](#).*

'Routine' Jobs Are Disappearing: *One of the most worrying economic trends over the past few decades has been the decline of middle-class jobs in the U.S. As "routine" jobs—often middle-class work based on a relatively narrow set of repeated tasks, such as welding-machine operators or bank tellers—disappear, many workers who would typically have held them have taken on lower-paying low-skill manual work or simply dropped out of the labor force, according to new research from a trio of economists. The paper, called "Disappearing Routine Jobs," provides more evidence that the transformation of work in the U.S.—from an industrial economy to a digital one where routine work is automated or outsourced and the remaining jobs are concentrated in low-paid service work or high-skilled knowledge work—is contributing to the shrinking labor-force participation rate. Read more [HERE](#).*

National Labor Force Participation Rate

68% Labor Force Participation Rate (Seasonal)



Source: BLS. [Show details](#) -

[See more details](#) +

GRAPHIQ



Bad Infrastructure Continues to Plague Brazil's Ag Industry

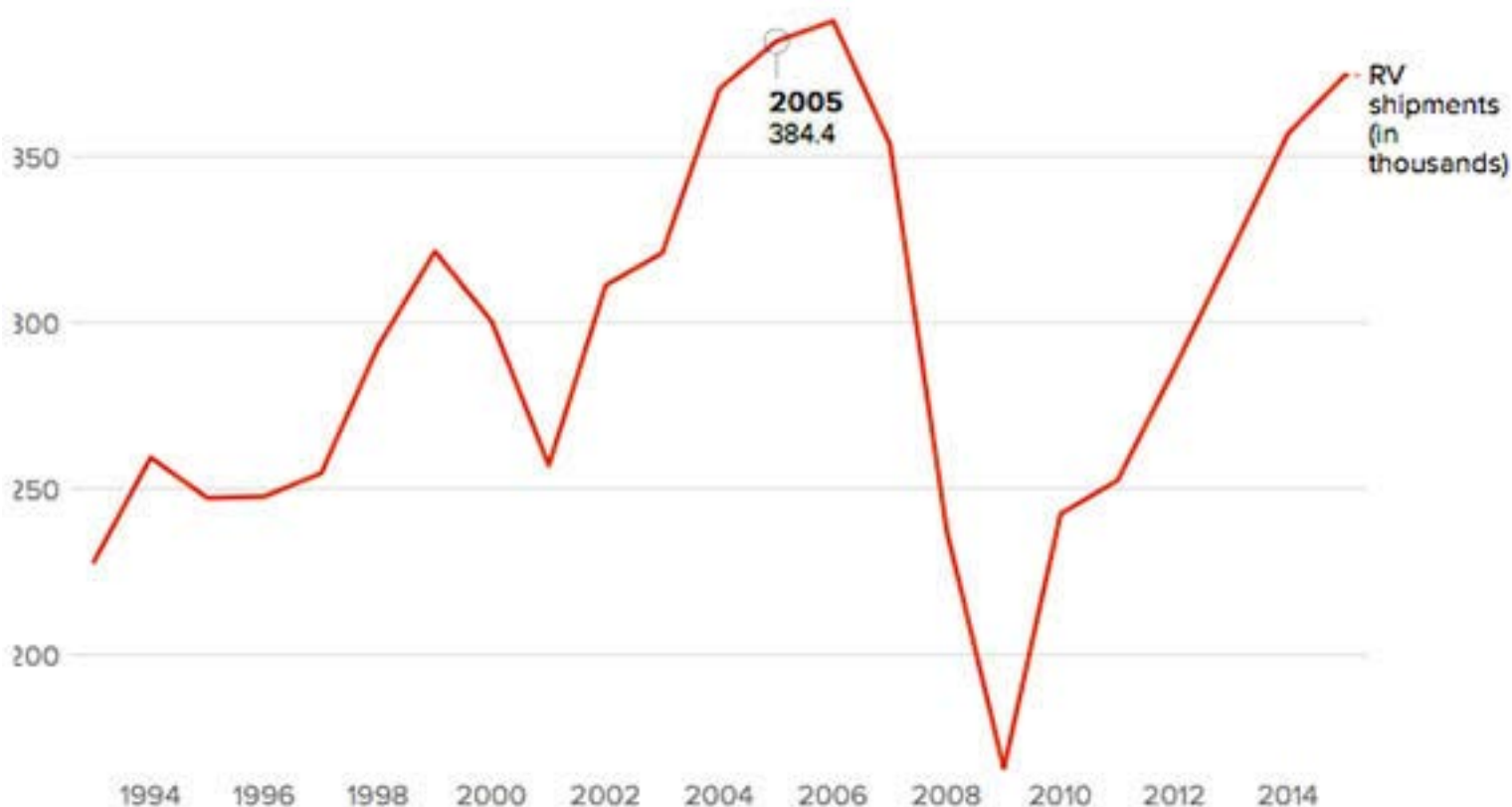
Being part of a group that owns farms in Brazil, I often tell folks how things we take for granted here at home aren't often the case in parts of Brazil. Bloomberg's Tatiana Freitas provide excellent proof in an article released this week titled, ["Mired in Mud, Brazil's Unpaved Roads Delay Farming Promise"](#). I encourage you to read the article in full detail, below are just a few of the highlights... During the last commodities boom, Brazil's exports were disrupted by port bottlenecks that saw scores of ships waiting to load. Now, with many of those issues fixed, another weak link is being exposed: the dire state of the nation's roads. Trucks traveling from Brazil's top soybean and corn producing region, Mato Grosso, often face 60 miles of mud on their trips to newly-expanded export terminals in the north. With 60 miles of the 1,000 mile roadway known as BR-163 still unpaved, about 40% of new port-terminal capacity in the northern state of Para will probably be idled this season amid bottlenecks and delays. This of course raises costs for everyone involved, from farmers to truckers and shippers. Understand, in the region crossed by BR-163 it rains more frequently in summer when the soybeans need to be carried from the countryside to the port. In spite of the rain delays private investments from companies including ADM, Bunge and Cargill is expected to lift port capacity in Brazil's north and northeast regions to 42 million metric tons this season. That's up from about 27 million tons the previous season. However, some analysts believe shippers won't be able to take full advantage. The lack of a strong system of paved roads in the region will likely limit grain handled by the terminals to about 30 million metric tons. The nation's economy has seen two straight years of recession, and political scandal and corruption have rocked Brazil's financial stability and sparked currency declines. That's a problem when it comes to road improvement, which is usually funded by the government. In an attempt to reduce their dependence on Brazil's government, trading companies including Cargill, Bunge and Louis Dreyfus are planning to build and operate a railway that would run from a major soybean growing region in Mato Grosso to Itaituba, where the grains will be placed in barge fleets that will drive the cargoes to different ports in the north. These companies are planning to invest as much as \$4 billion in the 580 mile railway, which would take 12 years to be finished. The project was included in Brazil's infrastructure concession plan that was announced in September and an auction to determine a builder is expected for 2017. While this railway is a good solution, it is temporary. Unpaved roads and heavy rains I suspect will continue to complicate shipping capacity in the new northern ports. (Source: Bloomberg) Below is pictured an unpaved section of BR-163 north of Sinop.



RV Sales As An Economic Indicator?

There was an interesting article released by [The Atlantic](#) the other day called ["What RVs Say About the American Economy"](#). It was written by Alana Semuels and contained some interesting data. Remember, famed Fed Chairman Alan Greenspan had once said a good gauge of the U.S. economy was the "Men's Underwear Index," which by tracking sales of male undergarments economist and traders can detect the beginnings of an economic setback or recovery. For what it's worth, mens briefs, boxer briefs or boxers, sales across North America increased by over +\$1.1 billion since 2009. Essentially the same theory holds true with RV sales. And why many investing guru's take a glance every now and then at the data. From what I understand the RV industry predicts that 2017 will be a banner year, with manufacturers shipping a record 438,000 units, up another +4.4% from 2016 and massively above the 165,700 units sold in 2009. Interestingly the RV industry has repeatedly fallen in "advance" of more widespread economic troubles. In other words... RV sales started dropping in 1999; the economy did not crash until 2001. Between 2006 and 2007, RV sales again dropped—this time -9.5%. The GDP still grew in that period, at an annual rate of +4.5%. But between 2007 and 2009 GDP growth slowed to +1.7%, and dropped -2% between 2008 and 2009. In fact, RV sales track closely with the Conference Board's Leading Economic Index, an oft-used measure that pulls together a series of factors, including average weekly hours in manufacturing, building permits issued, average weekly claims for unemployment insurance, manufacturers' new orders, stock prices, and average consumer expectations, to predict how the economy will fare. As Alana writes, "It makes sense that the RV industry is an accurate forecaster of the economy. People buy RVs when they have some extra money to spare. They also buy RVs when they feel financially secure enough to go on a long trip. Some Americans choose to spend their leisure time in RVs, and when Americans feel free enough to go on vacations and use their time to relax, and not work, it usually means the economy is ticking up." I'm just wondering if some economist aren't overlooking how much of the growth in the RV industry might be tied to the huge demographic shift of the "boomers" moving into retirement? I'm not saying the economy hasn't drastically improved, but I'm hesitant in using this indicator as an "all clear" signal when we have 10,000 or so baby boomers turning 65 every day, plus a large band of fifty-somethings who are planning for an active or early retirement. I guess what I'm trying to say, in today's world of mass media and overanalyzing data we need to be careful taking things as an "absolute." We have to be extremely careful thinking that charts and data we used as indicators in the past are going to work seamlessly in the future. I've seen many traders and long time investment guru's proved wrong and left scratching their head the past few years as markets and people simply don't follow the same dance steps they have in the past. Keep in mind there's a ton of things happening beneath the surface on a much larger scale i.e. huge global demographical shifts and massive change in technology. Just be careful when using the maps of the past...

Annual RV Industry Shipments



[Get The Data](#) | [Embed](#)

The Atlantic

Happy Birthday to The King of Rock 'n' Roll

Elvis Presley would have been 82 years old this Sunday, January 8, if he was still with us. The "King of Rock 'n' Roll" is widely regarded as one of the most significant cultural forces in American history. Presley is best known for his music - a blend of country, blues, rock and gospel - that brought rock & roll into the mainstream and turned Elvis into a teen idol. Presley's rise to fame wasn't exactly a direct shot. In fact, he had plenty of detractors, including his own self. The history as it's been passed down says that Elvis actually had plans to become a truck driver. In fact, that's why he wore his hair in a pompadour - it was the truck driver style at the time. He recorded two songs at Sam Phillips' Memphis Recording Service in the summer of 1953. Supposedly he was simply curious to hear how he sounded and was terribly disappointed by what he heard. Nonetheless, he went back a second time and at that session met Phillips. Phillips was at first not impressed, but then finally figured out that Elvis wasn't any good with the typical ballad - he needed music with some soul. Eventually, Phillips hooked Elvis up with a backing band and recorded their first single, Arthur "Big Boy" Crudup's "That's All Right" in 1954. It was an instant hit on a local Memphis radio show and even got Elvis an appearance at the Grand Ole Opry. Legend has it that after his performance he was advised by the Opry's talent coordinator to go back to driving trucks! Imagine how silly that guy felt when Presley shot to national fame just two years later following the release of his first record. That same year, Presley's first

movie, "Love Me Tender" also came out, which recouped its \$1 million price tag in just three days. As the saying goes, the rest is history. It's believed Elvis has sold more than one billion records worldwide, and as far as can be determined via the Recording Industry Association of America, he still holds the largest number of gold, platinum, and multiplatinum certifications of any artist in history. He also starred in over 30 feature films, which were consistently hits at the box office. If you are an Elvis fan, 2017 has some treats in store for you! This year marks the 40th anniversary of his death in August, and starting from his birthday weekend through the end of the year, there are all kinds of Elvis-centric events and celebrations planned. Things kick off tonight, January 6, with a special birthday event reserved for members of the Official Graceland Insiders club. Saturday, January 7, features an auction at Graceland. Some of the Elvis artifacts for sale can be bid for online [HERE](#). And on Sunday, his official birthday, there will be a "King" sized birthday celebration at Graceland, which includes a ribbon cutting and birthday cake! You can check out details of the festivities [HERE](#). There's even more Presley-mania on down the road a bit. In February, CMT premieres the new drama "Sun Records", which touches on Elvis's early years. And sometime in late summer, HBO will air a multipart Elvis documentary. August is sure to bring the biggest events of the year though, with a slew of tribute concerts, auctions and a big anniversary event at Graceland, which is still in the planning stages.





CASH SALES & HEDGING TOTALS

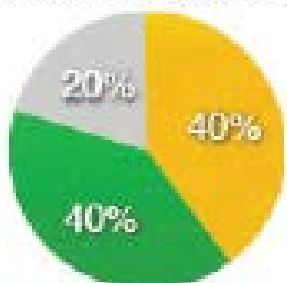
CORN 2015 CROP

100% SOLD
0% HEDGED
0% Cash Remaining



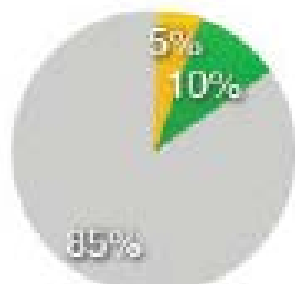
CORN 2016 CROP

40% SOLD
40% HEDGED
20% UNPROTECTED



CORN 2017 CROP

5% SOLD
10% HEDGED
85% UNPROTECTED



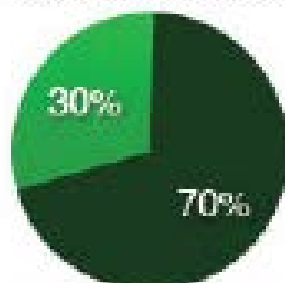
SOYBEANS 2015 CROP

100% SOLD
0% HEDGED
0% Cash Remaining



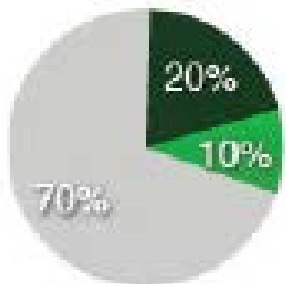
SOYBEANS 2016 CROP

70% SOLD
30% HEDGED
0% UNPROTECTED



SOYBEANS 2017 CROP

20% SOLD
10% HEDGED
70% UNPROTECTED



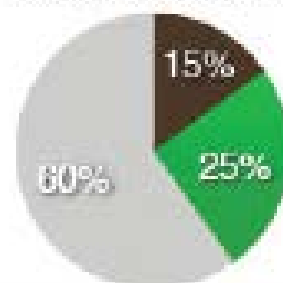
WHEAT 2015 CROP

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

