



"If you want to change the world, you better find some people to help you paddle." - **Bill McRaven**

MONDAY, JANUARY 09, 2017

Morning Summary: S&P 500 and Nasdaq start the week coming off fresh new all-time highs, while the Dow remains just a step away from reaching the 20,000 milestone. Most inside sources are forecasting a +3% to +7% gain for the U.S. stock market in 2017. Just five trading days into the new-year and the S&P 500 is already up nearly +2% and the Nasdaq is up over +3%. To say we've gotten out of the gates a bit quickly might be an understatement. I was always told it's not how you start the race but rather how you finish, so I'm trying not to give the early price action a ton of credence. Backing up the rally, recent U.S. economy data has shown a sizable increase in consumer confidence, an increase in construction spending and a much improved employment picture. Even though this past Friday's monthly jobs report was perhaps a slight disappointment for the headline traders, as we only added +156,000 jobs in December, it did however show average wages jumping the most in the past seven years at +2.9% annually, which further backs up the Fed's comments regarding their recent rate hike. The theory is if wages start to aggressively move higher, inflation becomes a bit more of a concern and reason for the Fed to be more aggressive in their stance towards tightening. Keep in mind "minutes" from the Fed's most recent meeting showed that many Fed officials think the central bank may have to raise rates at an even faster pace in 2017 if the labor market continues to improve. Just last week, two Fed officials, Cleveland Fed President Loretta Mester and Richmond Fed President Jeffrey Lacker, both pointed to the possibility of a steeper rate rise than the currently being forecasting. Mester said she is anticipating faster economic growth and higher inflation than many of her central bank counterparts and believes we may need more than three rate hikes in 2017. I suspect while the strength in the labor market is one contributing factor to a more tightening Fed, another would be the thoughts surrounding the transition to the Trump team in Washington. Pay close attention this week as we digest a ton of headlines from Washington as well as a wave of FedSpeak. From what I understand we will hear from Fed Presidents Rosengren, Harker, Bullard, Lockhart, Evans and on Thursday night from Federal Reserve Chair Janet Yellen who hosts a town hall meeting with educators in Washington, D.C.. As for U.S. economic data, things really don't get interesting until later in the week when we digest the latest in Retail Sales data and the newest Michigan Sentiment numbers. We also have Consumer Credit today and Producer Price Index on Friday that could gather a bit of headline interest. Lets also keep in mind that earnings season kicks off today with Alcoa reporting fourth quarter results. The week also brings key earnings from Biomerica and Delta on Thursday, followed by Bank of America, Blackrock, JP Morgan Chase and Wells Fargo on Friday. Remember, earn-

ings in the third quarter for S&P 500 companies rose for the first time in five quarters, and analysts are currently expecting earnings growth of +4.4% in the fourth quarter. Interestingly, expectations for earnings growth in calendar year 2017 is now forecast at just over +11%. Meaning perhaps we are clearly coming out of our recent earnings recession. I'm thinking the rally on Wall Street continues as the worry surrounding the transition in Washington is trumped by real data that shows the U.S. economy continues to improve and U.S. corporations are growing their earnings. As long as corporate "growth" is outpacing the Fed's tightening I suspect we continue to push higher. At least until some larger looming headline event shows a negative twist on the radar. I'm certainly not short this rally, I'm also not aggressively adding, but rather finding myself building more of a protective moat around my investments. It seems the higher we climb, I become a bit more uneasy. That's probably not the right mindset for an investor to have, but one I seem to be personally battling and one that seems to be keeping me underweight the equity markets. I just feel like at some point during the next 24-months I'm going to get an opportunity to buy things at better valuations. Only time will tell, but I continue to remain very conservative.

Big Week In Washington: *From what I understand there will be at least nine Senate confirmation hearings this week, starting on Tuesday with one for Senator Jeff Sessions (R., Ala.), whom Mr. Trump nominated to lead the Justice Department. We also have president elect Trump on Wednesday holding his first official news conference since the election. There's also thought to be a series of votes being put into play that will set the stage to repeal Obama Care.*

Republican Senators Call For Further Russian Sanctions: *Republican Senators Lindsey Graham and John McCain are urging the Trump administration to implement new sanctions against Russia over hacking allegations during the U.S. Presidential election. The two senators, in a joint interview on Meet the Press, also said the U.S. intelligence community's evidence of Russian interference during the American presidential campaign is overwhelming, and that Trump should accept those findings. President-elect Donald Trump said last week that his meeting with intelligence officials over the hacking accusations was "constructive", though he also says the interference did not effect the outcome of the race. Graham said he and McCain will introduce bipartisan legislation to introduce sanctions against Russia that go beyond what President Obama has done and "hit them in the financial sector and the energy sector where they're the weakest." Obama has expelled 35 Russian diplomats suspected of being spies and shut down two Russian facilities in the United States. McCain also noted that its not just U.S. elections that Russian hackers have been targeting, saying that the violations are "across the board." Trump remains opposed to enacting additional sanctions. Over the weekend, the European Commission said they have seen an escalation in Russian cyber attacks and also expressed concern that hackers could interfere in French and German elections set for later this year. It will be interesting to see how Russian relations play out once Trump officially takes office...lots of questions starting to circulate.*

North Korea Again Threatens ICBM Attack On U.S.: *North Korea over the weekend said they were ready to test-launch an intercontinental ballistic missile (ICBM) at any time from any location, blaming a "hostile U.S." for its stepped up arms development. This follows an announcement made by leader Kim Jong Un on January 1 that said his country was close to testing an ICBM. Experts believe North Korea is still years away*

from a successful launch, but that capability would pose a direct threat to the U.S., which is just 5,500 miles from the Hermit Kingdom. Military officials also do not believe North Korea is capable of mounting a nuclear warhead on an ICBM, at least not yet. North Korea has been subject to increasingly harsh international sanctions since 2006 due to their repeated violations of nuclear and ballistic missile tests. The country conducted its fifth nuclear test in September. U.S. Defense Secretary Ash Carter says that the United States is fully prepared to shoot down a missile or launch test if it was coming toward U.S. territory or that of its allies. Nonetheless, he called North Korea's nuclear capabilities a "serious threat." It's believed the country has at least 10 nuclear devices and may possess up to 30.

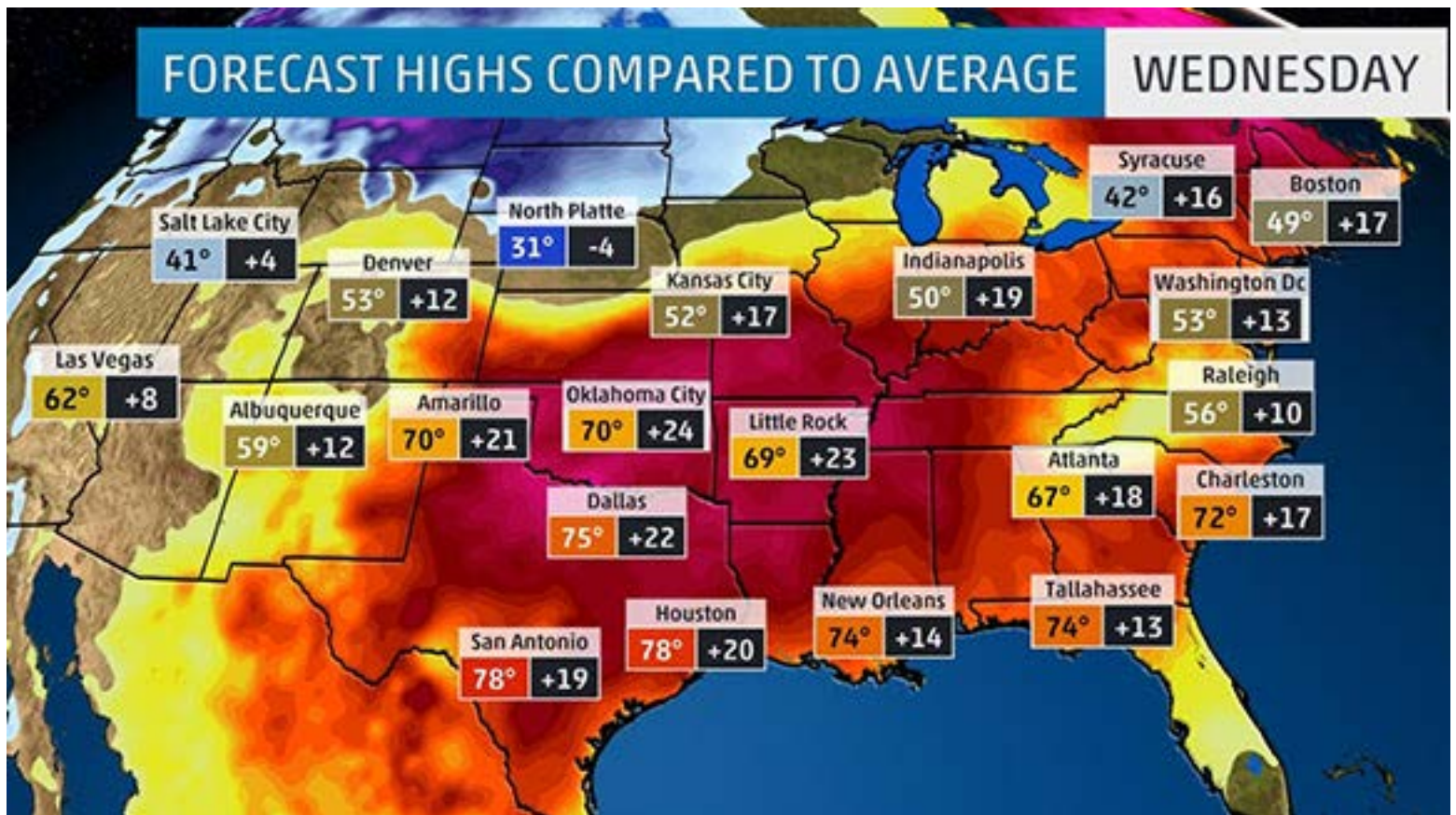
Tennessee Whiskey... Here's a great story of a daughter who filmed her father singing "Tennessee Whiskey" in his work truck. Now the video has gone viral. From what I understand the gentleman's name is Kris Jones and the video was posted last week. By this weekend it had already amassed millions of views. Glad I could help pass it along. I hope it propels him and his family on to something great! Click [HERE](#)



Weather for the beginning of this week is focused around a stagnant situation for weather in South America and dryness in key winter wheat areas of the southern Plains. Over the weekend, the bitter cold Arctic temperatures continued across the Midwest causing some stress to soft red winter wheat areas throughout the region. Much warmer weather and more rain are indicated for this week (more on that below). In the southern Plains, a

round of snow fell at the end of last week which caused some livestock stress. However, there was not much moisture in this snow so it did not do much to improve soil moisture for wheat significantly. Very warm weather is indicated early this week, so dryness will continue. In the northern Plains, extreme cold was the trend over the weekend. Brief moderation is called for early this week, but more cold is expected late in the week. Moving to Brazil the weather trend looks to remain consistent through this coming week. Scattered showers for key southern and central growing regions remain in the forecast. This should maintain and improve soil moisture and favor developing corn and soybeans. Drier and warm conditions in northern crop areas favors early harvesting. Interestingly, we are getting reports out of Europe of bitter cold and snow as far south as southern Italy and Greece. Understand, these conditions are abnormally cold for crop areas in these regions and should be watched.

January Thaw Is On Its Way: *January began with temperatures much colder than average across the U.S., but a pattern change will allow milder temperatures to return this week. Very cold temperatures will start the week for much of the country. However, by Tuesday, above-average temperatures will spread from the West into much of the Midwest and East. High temps will reach the 40s and 50s from the central Plains into the Ohio Valley and into the Mid-Atlantic and Northeast. Temperatures will also climb into the 60s and 70s across the South mid-to-late week. Not everyone will experience the above-average conditions. The exception to the milder temperatures will be from the northern Rockies into the northern Plains and upper Mississippi Valley.*



**Our apologize on this past weekends "Quick Look" as some old price data got mixed in with current commentary.*

Corn traders will continue to heavily debate conditions in Argentina and small portions of Brazil. Heavy rains and flooding have been of primary concern in Argentina, but the forecast seems to have improved a bit over the weekend and rains looks as if they will start to subside in some of the more concerning areas. The obvious question is how much damage has already been done and how will the crop respond moving forward? As many producer know, overly wet conditions can often be much tougher to manage than the trade gives it credit. Hence the reason I lean towards the damage ultimately being a bit worse than we currently calculate, it just seems to be the nature of the beast. I feel like through the years the trade has tended to over-react to drought related headlines and under-react to the complications created by heavy rains and flooding. I'm certainly not declaring the conditions in Argentina or northeastern and central Brazil are game changers, because I don't see that as being the case. I'm just proposing that we may have already digested the most bearish global "supply and demand" forecast of the year? Perhaps we will know bit more following this weeks highly anticipated USDA report. Not only are there a ton of questions about the South American crop estimate, but a lot of traders are wondering what the USDA will do to the final estimate of the 2016 U.S. crop? Obviously it will be a new all-time record in regard to production, but has the total number of bushels grown even larger since the last update? We know overall demand for U.S. corn has been extremely strong. We also know that corn used for ethanol continues to impress, perhaps leading to an eventual bump by the USDA in their current estimate. There seems to be a bit of longer-term debate about exports, especially when you consider the strength of the U.S. dollar and rebound compared to last year in regard to South American production. There's also a lot of debate in regard to feed and residual demand and if increased wheat or alternative feeding took any toll on overall corn demand? There's just a lot of balls in the air this week! On top of it all the DEC17 new-crop contract is bumping up against fairly stout resistance in the \$3.90 to \$3.95 area. Rember, the new-crop DEC17 contract hasn't traded above \$4.00 since back in late-June. And the highest its ever been in the past year is \$4.22⁶, which happened back on June 8th of 2016. As a producer I'm still wanting to reduce a bit more new-crop risk ahead of spring planting. Ideally I would like to price or get a floor in place on another 10-15% of my estimated production. I'm hoping this might be the week I get the opportunity to take at least a small shot at that goal. Bottom-line, there will be a lot more in the headlines this week than we have seen in some time. Perhaps this increased volatility will provide us the opportunity we have been waiting for. Make sure you have a game plan in place and tactics that both protect to the downside and allow you to quickly and efficiently reduce risk should price spike higher. It fells to me like we are at some type of an inflection point in this market. As both a producer or end-user this is when you have to clearly identify your objective so as to make it easier to "execute". For most of us it's not the plan, strategy or understanding of the market that we lack, but rather the ability to "execute" when called upon. I personally believe it's because we don't clearly identify what position we are playing. In other words, if you're the goalie on the hockey team your job is to "defend" not "score". I challenge you take some time and clearly define what your position is on your team. Are you the "RISK" manager or are you the guy swinging for the fences trying to hit home runs. Trust me when I tell you can't play every position on the field.... I've tried! The end result is lack of execution and standing like a deer in the headlights, confused about the decision that is now directly in

your face. Look at your team, identify, clearly define your responsibility and execute! Take some time and really think about your responsibilities and objectives. I promise it allows you to play the game at a much faster speed. As my coach always said, "It aint the big that eats the small, but rather the fast that eat the slow." In todays world you have to be able to make decisions and execute quickly. Make certain you are providing yourself the best opportunity to make that happen.

Soybean prices have fallen by close to -60 cents from the late-November highs despite some recent concerns about South American weather. Technically prices continue to teeter around critical support in the \$9.80 area. Many insiders believe the trade needs a fresh new wave of bullish headlines or price could continue to drift lower perhaps down towards \$9.50 before stopping to take another look around. Obviously South American weather will continue to play the lead roll in this market for the next several weeks. As the forecast flips and flops I suspect so will price. Even though Chinese demand remains extremely strong, a bearish cloud seems to be hanging over the market in regard to how trade relations will play out with newly elected president Trump and the Chinese government. Most insiders believe before trade deals get better between the two nations perhaps some steps backwards might need to be taken. This is where the "uncertainty" comes into play. Will the steps backwards involve the U.S. soybean market? There also seems to be a small bearish cloud building out on the horizon in regard to increased U.S. soybean acres coming into the equation in 2017. There's a lot of talk that U.S. planted soybean acres could jump by +5 to +8 million to yet another new all-time record high. Keep in mind the USDA will be releasing a lot of fresh data this week and many sources are thinking we could see a massive stocks number. As a producer, I feel I've been aggressive in reducing price risk to this point and have taken advantage of profitable opportunities as they've presented themselves. I now believe I'm in a position to take a more "wait-and-see" approach with time clearly on my side. As a spec, I feel like the upside is a bit more limited than the down, at least for the moment. I suspect some of the bullish money in play as of late might be a bit nervous about this weeks USDA data and being just one Trump Tweet away from sparking negative headlines about Chinese trade relations. Remember, a "trade war" doesn't have to actually happen, but rather the trade simply become convinced that one is around the next corner. Staying extremely cautious, thinking this market could be heavily impacted by the more macro centric headline traders in the days ahead.

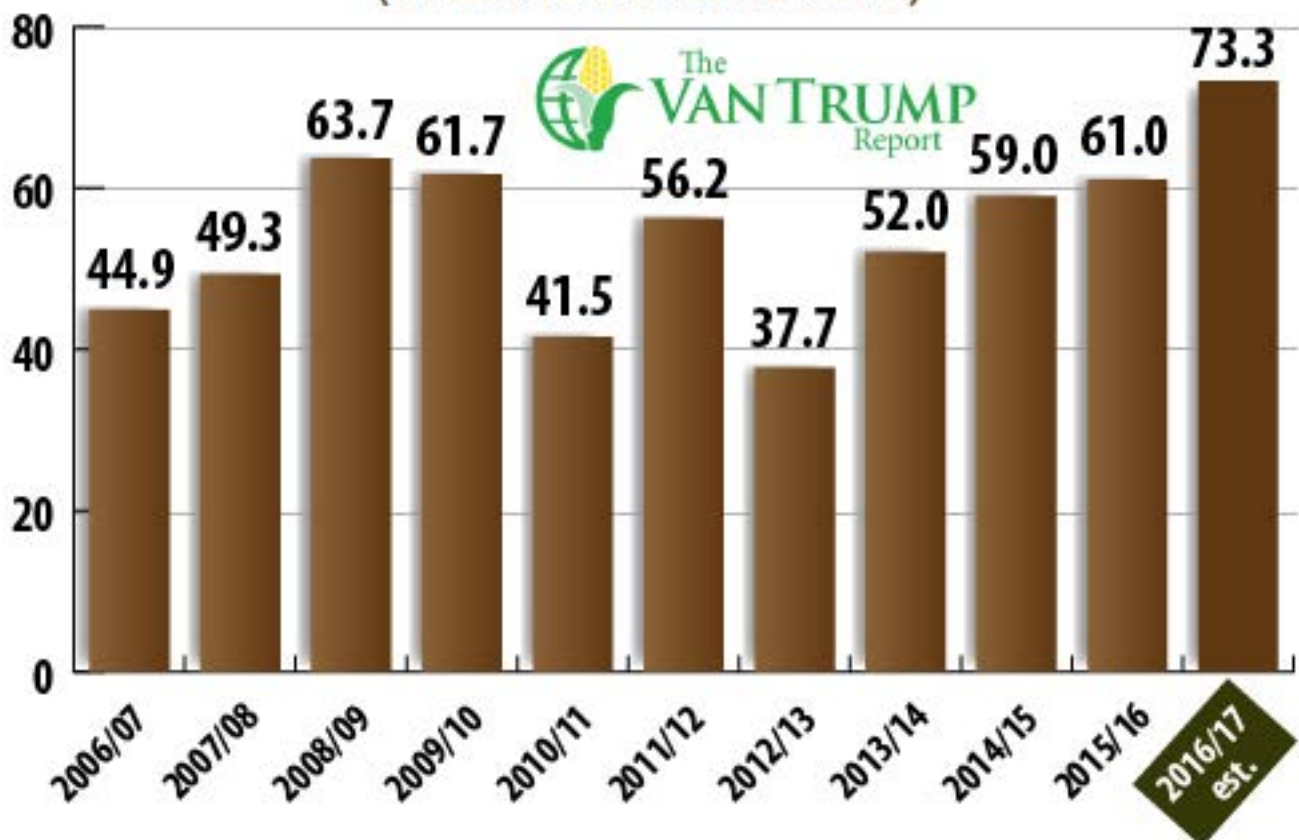
Wheat bulls have been up to bat the past couple of weeks. The question now becomes can we keep the rally going or will we groundout into an inning ending double-play? We've added close to +30 cents to the JUL17 contract since we came back from the Christmas holiday on dry conditions and lack of snow-cover here in the U.S., Europe and parts of the Black Sea region. We've also started to see some questions being raised about the continuing strength in the U.S. dollar. Have we reached an intermediate high and is the dollar overdue for a pullback? From a fundamental "supply and demand" perspective very little has changed. Wheat out of Argentina, Romania, Russia, etc... continues to perform in the lead role as the words low-cost alternative. There's a glut of global surplus and domestic ending stocks here at home are also considered burdensome. From my personal perspective, any type of additional movement to the upside or breakout to higher ground will not come in the way of a "demand" headline. In fact I suspect as prices rally the U.S. exporters become even less competitive. Therefore the bullish headlines have to come from increasing concerns about production i.e. bullish weather headlines or perhaps some type of

geopolitical back swan event that creates logistical fears for buyers of cheap wheat coming from the low-cost providing nations. Obviously if importing nations become worried or concerned that they might not be able to readily and easily get supplies out of Europe or the Black Sea region they will be forced to turn to a more reliable source here in the U.S.. Again, thinking this way is considered betting on "long-shot", as weather and politics simply contain too many "what ifs". But from my perspective, with the funds still aggressively short the wheat market and the bearish fundamental cards having been clearly turned over and well defined for sometime, the risk-to-reward associated with betting on a long-shot seems palatable....at least for the moment. I look at it like this, the weather seems extremely uncertain, La Niña, El Niño, nobody seems to know? Lets also keep in mind the previous rules governing global politics are about to be thrown out the window. In other words one of my two long-shots might have a chance. As a producer I continue to stay patient in regard to reducing more new-crop risk. As a spec I remain conservatively bullish.

Russia Harvests Record Amount of Wheat: According to Russian reports, Russia harvested 73.3 million metric tons of wheat in 2016, a record amount, up +18.6% from 2015.

Russia Wheat Production

(in Million Metric Tons)



Source: USDA, FAS - Russian Federal Center of Quality & Safety Assurance for Grain & Grain Products



> U.S. Strikes Deal To Export Eggs To South Korea: *The United States has reached an agreement that is expected to open the door for its first-ever exports of shell eggs to South Korea, as the North Asian country labors through its worst outbreak of bird flu in history, U.S. government and industry officials said on Friday. Jim Sumner, president of the USA Poultry and Egg Export Council, a trade group, said the two sides reached an agreement over health statements. They were in talks after South Korea lifted a ban on imports of U.S. shell eggs that it imposed when the United States grappled with its own bout of bird flu in 2015, according to the USDA. In South Korea, more than 30 million birds have been culled, most of them egg-laying hens, since the outbreak began in November. The losses have pushed up egg prices and created a shortfall. The country's agriculture ministry said in a statement on Friday that under terms of a previously flagged plan it will spend 900 million won (\$758,000) to support air and seaborne shipment costs for imported eggs through the end of February. South Korean egg distributors on Friday said government plans to subsidize fresh egg imports amid a record bird flu outbreak were too little, too late to alleviate a shortage ahead of peak demand in the upcoming Lunar New Year holiday season. (Source: Reuters)*

> Soybean Exports Hit Marketing Year Low: *U.S. soybean export sales hit a marketing-year low last week, the U.S. Department of Agriculture said on Friday in a report that revealed China and other importers will take crops previously listed as sold to undisclosed buyers. The relabeling of destinations for shipments previously earmarked "unknown" surprised traders who had expected China, the world's top soybean buyer, to make bigger new purchases in the latest week. Exporters in the week ended Dec. 29 struck deals to sell just 87,500 tonnes of U.S. soybeans for delivery in the 2016/2017 marketing year, which ends on Sept. 1, according to the USDA. That was down 91 percent from the previous week and 94 percent from the prior four-week average. China bought 641,500 tonnes, according to the USDA. However, the total included 626,000 tonnes that had previously been labeled as sold to "unknown destinations," meaning the purchases were not new business.*

> Argentine Soybean Acreage Reduced: *The Buenos Aires Grain Exchange lowered their estimate for Argentina's 2016-17 soybean area by -741,316 acres (-300,000 hectares) to 47.69 million acres. The exchange cites planting difficulties due to excessive rain in core production areas and drought in southern Buenos Aires. According to the Buenos Aires Grain Exchange, the soybean planting in Argentina is 92.9% complete which leaves an estimated 3.21 million acres left to plant. Approximately 71% of the soybeans left to plant are in northern Argentina, 8% are in the core production region, 21% are in southern Argentina. The soybean acreage left to plant does not include any soybeans that may need to be replanted due to the flooding. (Source: Soybean & Corn Advisor)*

> Brazil Soybean Premiums Up 90%: *The premiums currently being offered by soybean buyers in Brazilian ports for shipment in February are 90 percent higher than this time last year, according to several grain traders consulted by Reuters' Gustavo Bonato. "According to specialists, the premiums being offered are higher in an attempt to stimulate sales which have been below average levels over the past two years, and they also reflect good demand for Brazilian soybeans. Buyers are offering a premium of US\$0.57 per bushel above the first contract on the Chicago exchange for beans to be loaded in the Port of Paranaguá in February compared to the US\$0.30 per bushel being offered at the same time last year, according to Thomson Reuters. "If you are playing around with very low premiums, you're not going to achieve anything. You've got firm demand on one side and producers reluctant to sell on the other side," said INTL FCStone Director of Commodities, Glauco Monte. (Source: Reuters)*

> \$2.6 Million Missing From OK Beef Council: *A federal investigation has been launched into the alleged embezzlement of \$2.6 million by an employee of an Oklahoma state board that promotes the beef industry, money created by a mandatory government program funded by farmers and ranchers. No criminal charges have been filed, but the non-profit Oklahoma Beef Council in October 2016 filed a civil lawsuit seeking the recovery of money it says was obtained by its former accounting and compliance manager, identified in court records as Melissa Morton. Discovered in July 2016, according to the audit, the Oklahoma Beef Council kept the embezzlement under wraps until an inquiry by Harvest Public Media and StateImpact Oklahoma. The U.S. Attorney's office in Oklahoma City confirmed an investigation last week, but refused to give any more details. (Source: Harvest Public Media)*

> Ranstetter Calls On Trump To Block "Mega" Ag Mergers: *Bruce Ranstetter, an Iowa agribusiness leader and Republican mega-donor, is calling on the incoming Trump administration to block pending mergers among chemical and seed giants. The billion-dollar deals between Bayer AG and Monsanto, DuPont and Dow Chemical Co., and China National Chemical Corporation and Syngenta AG will limit competition, raise costs for farmers and stunt job growth, Ranstetter said in an interview last week with Politico. "These mergers would accomplish the opposite of what President-elect Donald Trump campaigned on: greater opportunity in America," he said. "If they are approved, it could cause irreversible damage to farmers." Ranstetter, a member of Trump's agricultural advisory committee, attributes the wave of consolidation in the industry to the U.S. government's long and costly approval process for new biotech products and patent licensing laws. For example, companies spend millions developing a new seed trait or chemical and then face an uncertain timeline for getting a green light from U.S. regulators, which eats into potential profits and complicates corporate R&D decision-making. Ranstetter said he will press the Trump administration and Congress to focus on overhauling regulations to help open the door to smaller businesses, which could spur economic growth and foster competition in the agricultural industry. Ranstetter also is encouraging industry groups to join him and stand up for farmers. (Source: Politico)*

> Genscape Criticizes EPA's Plan To Revoke RIN Verification Ability: *Genscape criticized the Environmental Protection Agency's intent to revoke the company's ability to verify Renewable Identification Numbers as a third party, saying its quality assurance plan identified invalid RINs that would have otherwise slipped through the cracks. The EPA released a notice late Wednesday of its intent to revoke Genscape's ability to act as*

a third-party quality assurance plan (QAP) provider after verifying "approximately 68 million invalid A-RINs." But Genscape said it was the one that identified the fraud and issued a notice of potentially invalid RINs thanks to its audit process. In addition to potentially revoking Genscape's verification privilege, the EPA is requiring the company to retire valid RINs within 60 days to replace the incorrectly verified RINs.

> North American Metals and Mining Sector Attracts Investors: Improved outlook for Chinese demand, supply rationalization, cost-cutting measures and balance sheet repair have improved asset and equity valuations in the North American metals and mining sector over the course of 2016, according to Fitch Ratings. More sustainable free cash flow (FCF) generation has relieved the pressure to sell assets, raise equity or cut dividends. Re-inflation pressures should be modest and supply discipline should hold for most mined commodities. Furthermore, domestic steel is benefiting from trade curbs and infrastructure spending prospects. Capital discipline is easing. Guidance from major miners indicates that 2017 may be the nadir for investment spending but commodity prices may remain short of incentive levels for greenfield investment with the notable exceptions of zinc and metallurgical coal. Fitch expects supply response to be tempered by slower long-term growth expectations resulting in more buying for growth rather than building. (Source: Fitch Ratings)

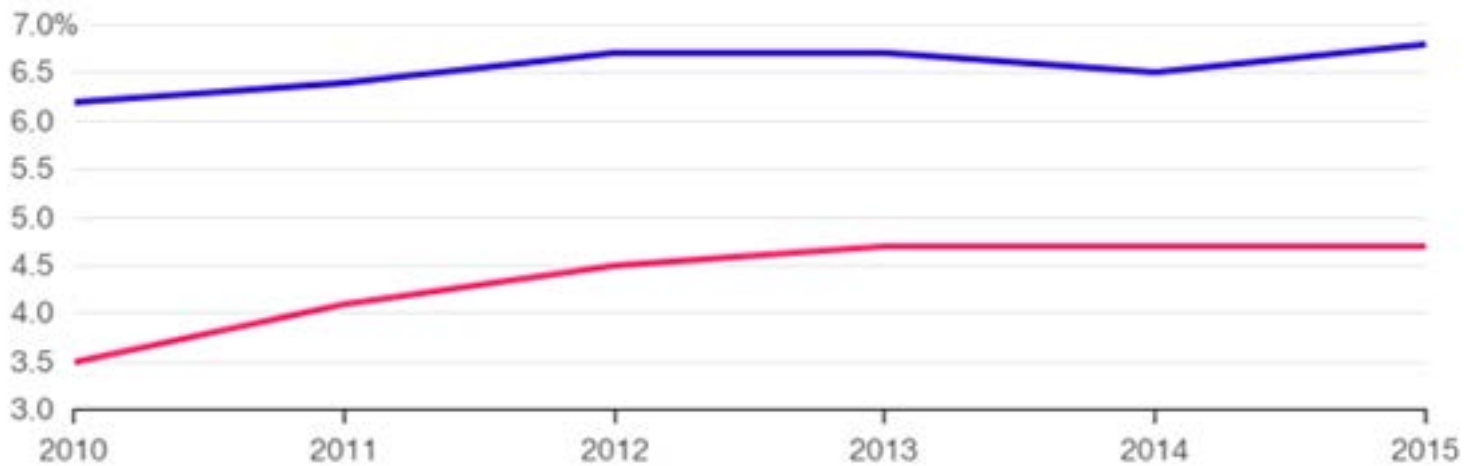
> Seven Straight Years Of Dividend Growth: Last quarter was another good one for dividends. It was the 27th quarter in a row of dividend growth for the S&P 500 stocks. Quarterly dividends rose +5.95%. Interestingly, Q4 had the fastest growth rate of the year. For all of 2016, dividends rose +5.53%. It was the seventh calendar year in a row of rising dividends. Over the last seven years, dividends have grown at an average rate of +10.72% per year. As Eddy Elfenbein of Crossing Wall Street points out, investors sometimes overlook the importance of dividends. Consider these stats: From the market's closing low on March 9, 2009 until yesterday's close, the S&P 500 gained +233.74%. But the S&P 500 Total Return Index, which includes dividends, gained +294.06%. (Source: Crossing Wall Street)

> Americans Putting Billions More Than Usual In Their 401(k)s: It's not news that Americans aren't saving enough. The typical baby boomer, whose generation is just starting to retire, has a median of \$147,000 in all of his retirement accounts, according to the Transamerica Center for Retirement Studies. And if you think that's depressing, try this on: 1 in 3 private sector workers don't even have a retirement plan through their job. It's not news that Americans aren't saving enough. The typical baby boomer, whose generation is just starting to retire, has a median of \$147,000 in all of his retirement accounts, according to the Transamerica Center for Retirement Studies. And if you think that's depressing, try this on: 1 in 3 private sector workers don't even have a retirement plan through their job. An increase in retirement savings of 0.6 percentage points might not sound like much, but it represents a 10 percent rise in the amount flowing into those plans over just five years, or billions of dollars. About \$7 trillion is already invested in 401(k) and other defined contribution plans, according to the Investment Company Institute. If Americans keep inching up their contribution rate, they could end up saving trillions of dollars more. Workers in these plans are even starting to meet the savings recommendations of retirement experts, who suggest setting aside 10 percent to 15 percent of your salary, including any employer contribution, over a career. (Source: Bloomberg)

More Money Flows into 401(k)s

Amount saved in retirement plans as a percentage of salaries and payroll.

■ Average worker contribution to retirement plan ■ Company contributions



Plan Sponsor Council of America's 59th Annual Survey of Profit Sharing and 401(k) Plans

Bloomberg



Southwest Tennessee - We are enjoying a nice snow storm working through our area today. We operate a 3500-acre farm with an 80/20 split of beans and corn, beans being the 80%. We had run cotton for three seasons prior to last and due to good crops and decent pricing this season, we are considering planting it again. We run year-to-year sharecropping contracts and are all set going forward. Cash rents down here range from \$60 - \$200 and sales are going \$2,500 for farmland and \$4,500 if being developed.

South central Iowa - 2016 actually turned out to be a very good year for our farm operation. We of course run a normal rotation of corn and beans and the corn this year exceeded our 2004 highs as we finished with 235bpa. Building on the successes of harvest we were fortunate to sell nearly all of our corn stock and better yet in the \$4 area. The bean crop was our best ever, but we are sitting on most of them - guess we are waiting for the price to drop:):). Rental prices here are starting to ease a bit in our area going around \$250.

Central Nebraska - We are an all irrigated corn and bean farmer in Nebraska that had great yields this past year. The corn didn't make an all time best yield only because we had some wind that came through and lay some fields down. There were fields that had anywhere from 10% to 25% damage. Along with that, we did have some issues with

western bean cut worm that was seen at the ear tip. We did use some insecticide with the fungicide application. Last year we had a perfect growing season and made 255bpa, this year with the problems we saw farm average yields at 235bpa. The beans were the best crop that we ever had. The beans made right at 80bpa, which we had been close to in the past few years but could never get to. We do grid sampling with variable rate fertilizer that has paid off. We are seeing fields that are much more uniform and consistent. We are treating the poor spots and letting the good areas run on there own. The planters have done an outstanding job leaving or double up anywhere. We do dribble some starter in the furrow which seems to pay off too. I think most guys will stick with their normal rotation here in our area.



Syngenta Warns Palmer Amaranth Top Of Weed Watch List Yet Again: *Syngenta agronomists warn that last year's most notorious weed, Palmer amaranth, will continue to hold its place as the No. 1 weed to monitor in 2017. Not only has the weed continued to spread northward to new states, it also is now showing resistance to multiple herbicide modes of action. Palmer amaranth has earned its title as one of the most threatening weeds because it has shown the ability to reduce soybean yield by up to 79 percent and reduce corn yield up to 91 percent. Found for the first time in Minnesota this fall, Palmer amaranth hasn't spread to North Dakota yet, and researchers with the North Dakota State University Extension urge landowners to keep it that way. This comes a year after South Dakota reported its first detection of Palmer amaranth in 2015. The weed's spread is accelerated by its ability to produce nearly half a million seeds that are relatively small and travel easily, according to Purdue University Extension. Read more [HERE](#).*

South American Crop Likely To Get Bigger: *Ray Grabanski with Progressive Ag Marketing says intermediate dryness in parts of Brazil and Argentina won't be enough to reduce expectations when the next WASDE report is released. "Argentina was a little dry in December. First it was all of Argentina with a dry weather pattern. Then it was just southern Argentina. Then, the dryness in Argentina went away the last two to three weeks." He tells Brownfield a similar dry pattern has developed in central Brazil, and continues to move around. "And when that happens, you get intermittent periods of wetness, followed by intermittent periods of dryness. That generally leads to bigger crops. We'll probably get an update on the South American crop on the January 12th report." Grabanski says while its possible production estimates for Brazil and Argentina remain the same, there's a good chance the USDA increases projections for both corn and soybeans. Listen to the full interview [HERE](#).*

George Lucas Can't Give His \$1.5 Billion Museum Away: *"I've been ready to retire for a few years," George Lucas said. "The idea of going out and doing another Star Wars is something I'm not that crazy about. You know, it's very consuming." It was January 2013, and the creator of one of the highest-grossing movie franchises of all time was*

talking to this magazine about his decision to sell his company, Lucasfilm, to Walt Disney for \$4 billion. And yet in retirement, he's mounted a legacy project that's grand even by the standards of someone who thinks on a galactic scale. He wants to construct a Lucas museum to house and display his art collection—much of it proudly lowbrow, such as works by the sentimentalist Norman Rockwell; original Flash Gordon comic book art; Mad magazine covers; and memorabilia from his own Star Wars films. According to an early plan for the museum, his trove of Star Wars material includes 500,000 artifacts from the prequels alone. Lucas refers to such works as "narrative art," the kind that "tells a story." He believes they've been unfairly ignored by snooty critics and curators, and he wants his museum to rectify that. But so far, Lucas hasn't found a permanent home for his museum. Read the rest of the story [HERE](#).

These Are The Jobs Getting The Biggest Pay Raises: *Waiters, writers of tech manuals, undertakers and construction workers are among the millions of Americans finally getting a decent pay raise. The government on Friday said the amount of money an average worker earns rose by 2.9% last year to \$26 an hour — the biggest increase since 2009. For years pay raises lagged at around 2% annually or less. Pay is finally rising after years of sluggish growth amid prolonged gains in hiring that have lowered the unemployment rate to 4.7% and shrunken the pool of skilled workers for hire. Most economists expect wages to continue to rise as companies compete more aggressively to attract or retain key employees. Although wages are rising across the board, some types of jobs and certain industries are doing much better than others. See the list of the top wage gainers over at [MarketWatch](#).*

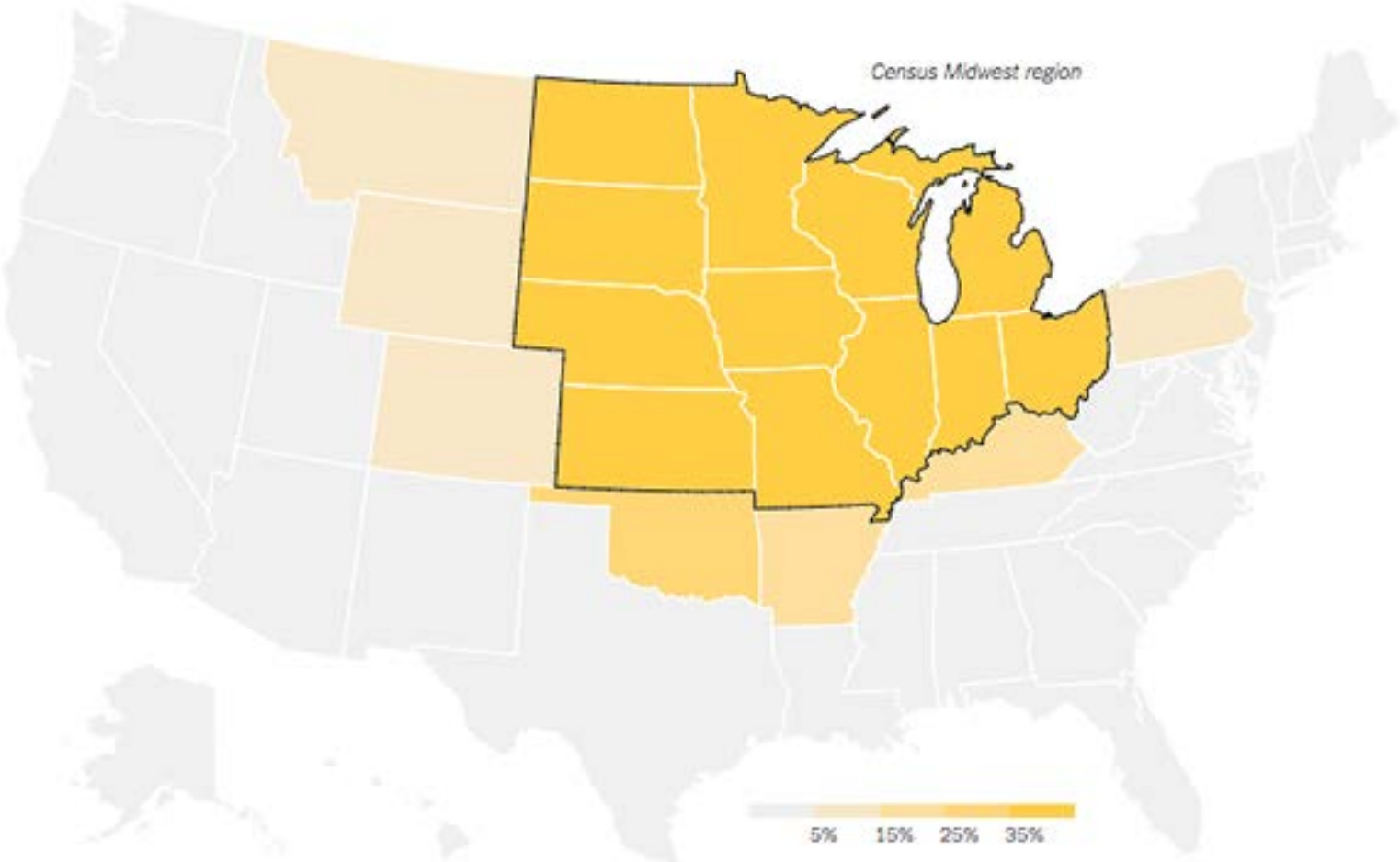
Exercise Is Excellent For Health But Might Not Be Great For Slimming Down: *The folks over at Vox recently ran an article titled "[Why you shouldn't exercise to lose weight, explained with 60+ studies](#)". As someone who works out a lot but still massively battles my weight I found this to be an interesting read.*

Where Is America's Heartland? *That seems like a simple enough question, but determining exactly what area it encompasses is hard to determine. Opinions vary widely, even among those who probably live somewhere in the Heartland! As the New York Times says, "The word captures an idea that is more expansive than the Midwest, harder to map than Appalachia, more evocative than the Great Plains." Check out the results of their recent reader poll and read more about this elusive place [HERE](#)!*

The heartland as a synonym for “the Midwest”

23% of Times readers chose this option.

Which states are in the Midwest, according to the United States Census and a survey of self-described Midwesterners



	TRUMP	CLINTON	WHITE	BLACK	HISPANIC	ASIAN	OTHER
In this area	49%	45%	77%	10%	7%	3%	3%
Not in this area	45%	49%	58%	13%	20%	6%	3%

Table based on official Census divisions



New Research Will Use Drones To Improve Seed Breeding... Interesting!

The National Institute of Food and Agriculture (NIFA) has awarded \$975,000 to Kansas State University for work that incorporates unmanned aerial vehicles in the process of breeding better wheat varieties. The research is designed to give scientists deeper understanding of in-field conditions so they can improve breeding programs in the U.S. and internationally. As you well know, unmanned aerial vehicles (UAVs) or drones, are quickly becoming recognized as a valuable tool for mapping agricultural crops. Kansas State University has been developing uses of UAVs to collect data on thousands of plots, including work in Kansas, Mexico and India. Understand the goal of this project is to deliver in-season yield prediction with models that combine genetic information from DNA sequencing and

crop physiology that is gathered from UAV measurements on tens of thousands of breeding lines. Most of the grant money is expected to be used to build a database that will hold the information collected by UAVs collected from numerous wheat-breeding nurseries. According to K-State researchers, UAVs will provide millions of collected images that scientists will match with field values to develop a phenotype of wheat varieties. A phenotype is a complex map of an organism's observable characteristics -- such as its biochemical or physiological properties -- and the influence of the environment on those characteristics. Scientists will use the phenotype to evaluate desired



agronomic traits of wheat based on the UAV images at a speed and scale much faster and larger than what can be done by manual measurements. Ultimately, researchers are hoping this plot-level data will give wheat breeders real-time insights on crop performance that they can use to more precisely and quickly improve future varieties. Plant breeding is really a numbers game and new technologies like remote sensing with low-cost UAVs, help look at more varieties and increase the chances of finding ones that can become the next best varieties to release to farmers. NIFA made the award to Kansas State University through the International Wheat Yield Partnership. The project includes scientists from Washington University in St. Louis; Cornell University; and the International Maize and Wheat Improvement Center, a network of 15 centers across the world that involves nearly 10,000 scientists, researchers, technicians and staff. (Source: [K-State Research and Extension](#))

iPhone Turns 10-Years Old...

It was 10-years ago today that iconic entrepreneur Steve Jobs unveiled a “tech gadget” that revolutionized the mobile phone industry and changed many of our lives, especially our children’s. Steve Jobs started his presentation on the Macworld stage saying he’d be introducing a bigger iPod with touch controls, a revolutionary mobile phone and a breakthrough internet device. The new device would combine three separate Apple gadgets... the iPod, the iMac and the mobile phone into one “revolutionary and magical product”, called the iPhone. The phone did away with clunky keyboards and stylus pens of the Blackberry and Palm phones. The iPhones touch display required nothing more than one’s finger to zoom, select and scroll, and came equipped with the iPod media player and a 2 megapixel camera. The first iPhone was priced at \$499 for 4GB variant and \$599 for 8GB variant. Today the iPhone 7 Plus has a dual camera 12-megapixel system allowing for 2x optical zoom and 10x software zoom. The telephoto lens on the iPhone 7 Plus has an $f/2.8$ aperture. The new iPhone’s now come with the choice of 32GB, 128GB or 256GB. It’s just insane how much storage prices have come down and how much can now be loaded on one of these devices. Looking back, it’s funny to think how the initial reviews were so scathing. There were tons of headlines that called the new iPhone a “flop”. One of the most revered programming gurus at the time, David Platt, predicted it would be a “bigger marketing flop than Ishtar and Waterworld combined.” Others claimed that the phone was being rushed to market and was nothing more than an iPod that could make calls. Business experts felt it was “inadequate” to be used as an enterprise tool so it was not the future. Some arguments against it even claimed that customers did not want a “combination” device, meaning they didn’t want their phone to also be an Mp3 player. History obviously proved these early predictions very, very wrong. When the iPhone went on sale six months later, people were lined up for blocks - days ahead of time. By November, Apple’s biggest “flop” had sold over +1.4 million units and was declared Time magazine’s “Invention of the Year.” I’ve included a cool YouTube vide that shows the first advertisements for the new iPhone which started running in early 2007. It’s funny seeing them show us how we can get on the internet from our phone, use a map or listen to music. A bit off subject, but I always get a little sad when I look back, as I remember all the loved ones we’ve lost and how much they’ve missed out on and particularly how much I miss them. Click [HERE](#) to see the video or on the image below.



Marine Vet's Fantastic Gift... It's All About Perception

I know times might be financially tough for many of us in the ag industry, but we need to constantly remind ourselves how blessed we really are! Retired U.S. Marine Sgt. John Peck wiggled his fingers to mark the start of the New Year, which was an incredible feat for the double transplant recipient. Peck became a quadruple amputee after stepping on an explosive device in Afghanistan back in 2010. He lost both his legs, part of his right arm and severely damaged his left arm, which eventually had to be amputated. Last August, he underwent a double arm transplant and has been undergoing intense physical therapy ever since. The rigorous rehabilitation is necessary for the arms to become functional limbs. As his doctors explain, the nerves in such transplants grow extremely slow, so controlling them is very difficult to begin with. However, just four months after his transplant, Peck is able to wiggle his fingers slightly, something his doctors are incredibly impressed with. Dr. David Crandell, the amputee program medical director at the Spaulding Rehabilitation Network in Boston, said that Peck's skills and drive as a Marine were evident in his rehabilitation efforts. Peck shared a video of his left-hand fingers moving on Christmas and his excitement is impossible to miss. Check it out on his Facebook page [HERE](#). Peck's whole story is pretty incredible. He actually suffered a traumatic brain injury in Iraq when his vehicle hit an IED. Nonetheless, he was determined to return to active duty, which he did, but that's when he suffered his devastating injuries in Afghanistan, just three years later. The transplant surgery reportedly took some 14 hours, with a team of 12 surgeons and another dozen different specialists. At a press conference following the transplant, Peck said, "I just want the donor family to know that this gift, it's not going to go to waste at all." Peck is right now a motivational speaker, but says the movement in his fingers means he's one step closer to fulfilling his dream of becoming a chef. Again, here at The Van Trump Report, we would like to take this opportunity to thank our veterans and all of those who have sacrificed for our freedoms. This is just one story from the thousand of individuals and families who have sacrificed for our betterment. I know the new year is upon us and we are all now knee-deep in trying to accomplish our own goals and objectives and perhaps burning it at both ends of the candle. Just make sure you continue to take a quick moment each day to pay respects and gratitude to those who have helped pave the path. Remember, "gratitude" is said to be one of the key components to reducing personal stress. Make sure you are finding things each day that evoke a moment of "gratitude". (Source: Daily Mail, ABC)



CASH SALES & HEDGING TOTALS

CORN 2015 CROP

100% SOLD
0% HEDGED
0% Cash Remaining



SOYBEANS 2015 CROP

100% SOLD
0% HEDGED
0% Cash Remaining



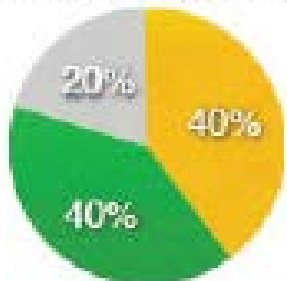
WHEAT 2015 CROP

100% SOLD
0% HEDGED
0% Cash Remaining



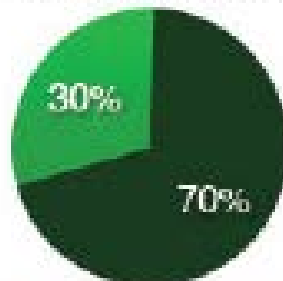
CORN 2016 CROP

40% SOLD
40% HEDGED
20% UNPROTECTED



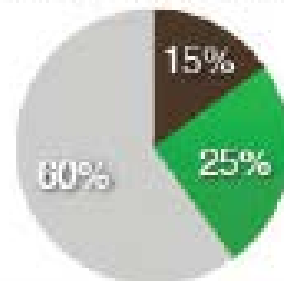
SOYBEANS 2016 CROP

70% SOLD
30% HEDGED
0% UNPROTECTED



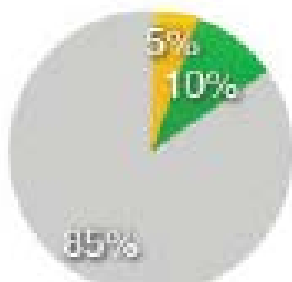
WHEAT 2016 CROP

15% SOLD
25% HEDGED
60% UNPROTECTED



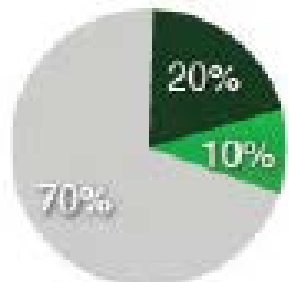
CORN 2017 CROP

5% SOLD
10% HEDGED
85% UNPROTECTED



SOYBEANS 2017 CROP

20% SOLD
10% HEDGED
70% UNPROTECTED



WHEAT 2017 CROP

0% SOLD
10% HEDGED
90% UNPROTECTED

