



"Far more money has been lost by investors preparing for corrections, or trying to anticipate corrections, than has been lost in corrections themselves." - Peter Lynch

WEDNESDAY, JANUARY 11, 2017

Morning Summary: Washington headlines take center-stage as president elect Trump holds his first official press conference since the November election. In its wake the Nasdaq will try to keep its fire burning, as it has logged four straight record closes and is already up over +3% on the year. Meanwhile the Dow is still struggling to break through 20,000 as slumping oil prices continue to place a drag on energy stocks. Oil prices have struggled the past few days as concern grow in regard to increased U.S. production and increased crude exports by some OPEC countries. A new report circulating yesterday indicates that Libya has greatly ramped up their oil production. Keep in mind that Libya was exempted from the production cuts implemented back in November as rebel fighting in the country has greatly disrupted its output since 2011. However, militia's that control critical oil infrastructure are now cutting deals with Libya's National Oil Co. (NOC) to keep the oil flowing. According to NOC, total production this week has hit a three-year high of 708,000 barrels per day. Furthermore, NOC believes output could rise to as much as 900,000 barrels per day later this year, up from the 575,000 barrels per day they were producing when the OPEC deal was struck back in November. If realized, the increase would offset the -300,000 barrel per day production cut agreed to by non-OPEC member Russia. Additionally, the U.S. Energy Information Administration (EIA) in a report issued yesterday forecast U.S. oil production will start picking up more significantly in the weeks ahead. Thoughts are production will increase by another +110,000 barrels per day in 2017, which is a lot different from last months forecast for a -80,000 barrel per day year-over year decline. They are also now forecasting a gain by another +300,000 per day in 2018. That follows outlooks issued by both Barclays and Citi recently that project U.S. shale companies in 2017 would increase spending on drilling and completing wells by as much as 36%. Today's U.S. economic data includes Atlanta Fed Business Inflation Expectations and the EIA's Petroleum Status Report. Data yesterday showed that U.S. job openings increased to 5.522 million. Hirings meanwhile continue to lag openings at 5.2 million, indicating employers are still having a tough time finding the right people to fill positions. Today also brings a speech on "banking culture" from New York Fed President Willia Dudley. In Washington, the Senate will look to confirm Gen. John Kelly as secretary of Homeland Security following a pretty friendly confirmation hearing yesterday. GOP Senators pushed back confirmation hearings for two nominees that were scheduled for today. Trump's pick for CIA chief, Representative Mike Pompeo, will have his hearing on Thursday, while Education secretary pick Betsy DeVos was moved to next week. Attorney General pick Jeff Sessions was the first to undergo

the Senate hearing process, which will continue for him tomorrow. Also on the schedule today is Trump's Secretary of State nominee, Former ExxonMobil CEO Rex Tillerson, and his pick for Transportation secretary Elaine Chao. Remember, President-elect Trump is also scheduled to give his first official press conference this evening. In other words, continue to look for the headlines from Washington to "trump" all others.

Commodity Exporting Nations Seen Boosting Global Growth: *The World Bank is predicting higher global growth in 2017 on a rebound in commodity-exporting emerging economies and further recovery in advanced economies such as the U.S. Global growth is expected to accelerate to +2.7% this year after growing +2.3% in 2016. Advanced economies as a group are expected to grow at a slightly faster +1.8%, up from +1.6% in 2016. U.S. growth is projected to expand +2.2%, up from an estimated +1.6% last year. That forecast increase comes before tax cuts, infrastructure spending and deregulation that incoming President Donald Trump has promised will boost growth. Ayhan Kose, lead author of the bank's annual Global Economic Prospects, adds that strong growth in the U.S. is likely to help lift other parts of the global economy. But a strengthening dollar, higher US interest rates and their impact — particularly on corporate debtors in emerging economies — posed risks, he said. The bank also expects surging growth in commodity exporting emerging and developing economies, which are seen expanding +2.3% this year. Recessions in countries such Brazil and Russia that followed the collapse in commodity prices were likely to end this year thanks to a modest recovery in prices, the bank said. The World Bank said it remained concerned about a slowdown in global investment growth, which had fallen from 10 per cent in 2010 to below 3.5 per cent in 2016. It was more optimistic, however, about global trade, the slowdown in which has plagued the world economy for the past five years. World trade volumes are expected to expand by +3.6% this year compared to +2.5% in 2016. (Source: Financial Times)*

Walmart Announces Another Round of Layoffs: *Walmart is preparing to lay off almost 1,000 people by the end of January. According to The Wall Street Journal, which cited unnamed sources, a good chunk of the job cuts will be in Walmart's human resource department at headquarters and in regional offices, rather than stores, given belief among some top executives that such functions can be filled by consultants, according to the report. Walmart, the nation's largest private employer with around 1.4 million workers, has been struggling to become more efficient at the management level, as it also is feeling the pinch from wage hikes to store workers and huge investments made in e-commerce operations. The company began cutting around 7,000 accounting and invoicing positions in September. Several other retailers have recently announced payroll cutbacks as well, including Macy's, who is cutting 10,000 jobs and closing 68 stores, and The Limited, who this weekend announced 4,000 workers would be laid off as it unexpectedly began closing all 250 of its mall-based retail stores.*

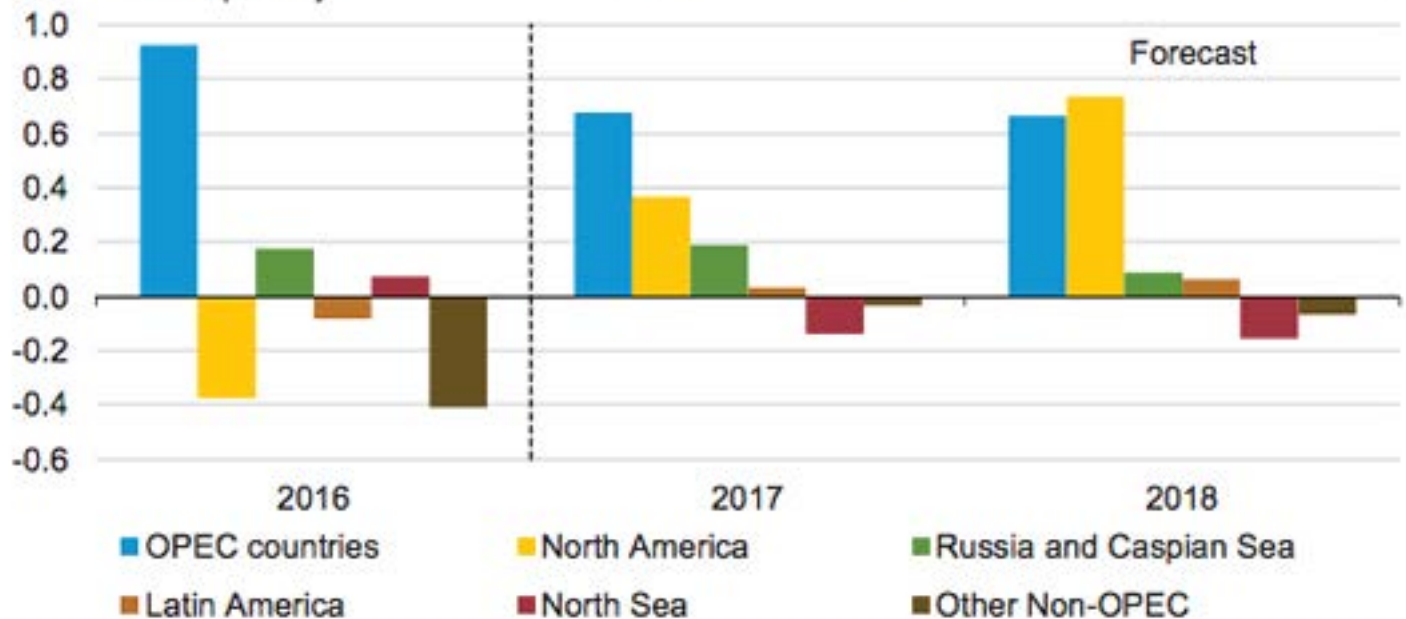
EIA Says Decline In U.S. Oil Production May Be Over: *US oil output, which climbed from 6.14 million barrels per day in January 2012 to a peak of 9.5 million barrels per day in December 2014, may have bottomed out at 8.69 million barrels per day in July 2016 and now appears to be on a new upswing, the EIA said in its Short-Term Energy Outlook. The agency forecast U.S. production, which averaged 8.89 million barrels per day in 2016, to climb back above the 9 million threshold in April 2017 and reach*

as high as 9.44 million barrels per day by December 2018. "The general decline in US crude oil production that began almost two years ago is likely over, as higher average oil prices and improvements in drilling efficiency are giving a boost to output," EIA Administrator Adam Sieminski said in a statement. Production is expected to average 9 million barrels per day in 2017 and 9.30 million barrels per day in 2018. EIA said that higher-than-expected crude oil prices have allowed domestic producers to increase active rigs at a faster pace than initially predicted. EIA also expects OPEC production to rise to 33.22 million barrels per day in 2017, up from an average of 32.89 million barrels per day in 2016, with Iran and Libya accounting for nearly all of the increase. Total world consumption, which average 93.82 million barrels per day in 2015 and 95.57 million barrels per day in 2016, is expected to climb to 97.2 million barrels per day in 2017 and 98.71 million barrels per day in 2018. EIA forecast WTI prices to average \$52.50 a barrel and Brent to average \$53.50 a barrel in 2017, both up \$1.84 a barrel from last month's price projections and the highest since the agency began its projections for 2017 a year ago. (Sources: EIA, Platts)

World crude oil and liquid fuels production growth



million barrels per day

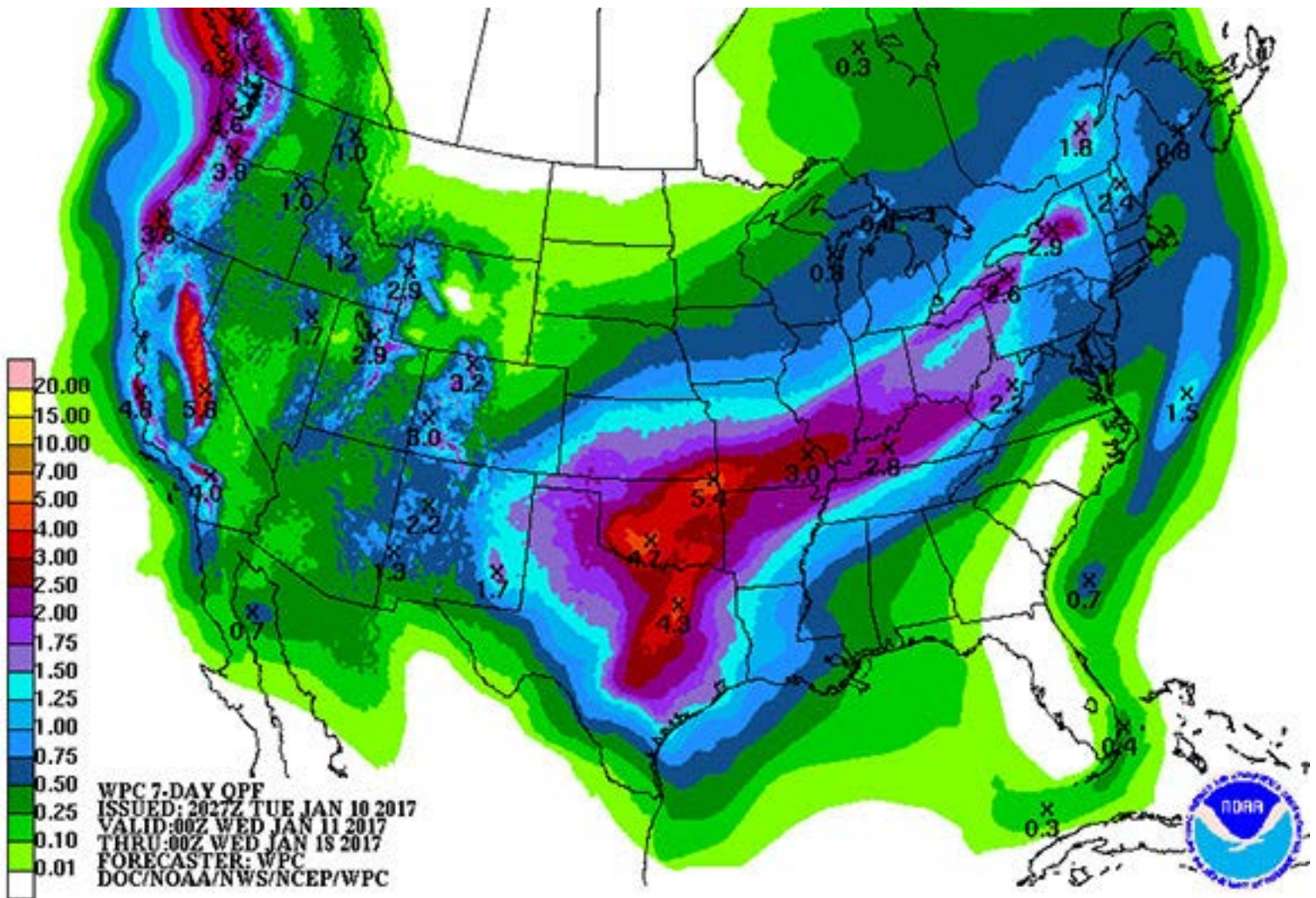


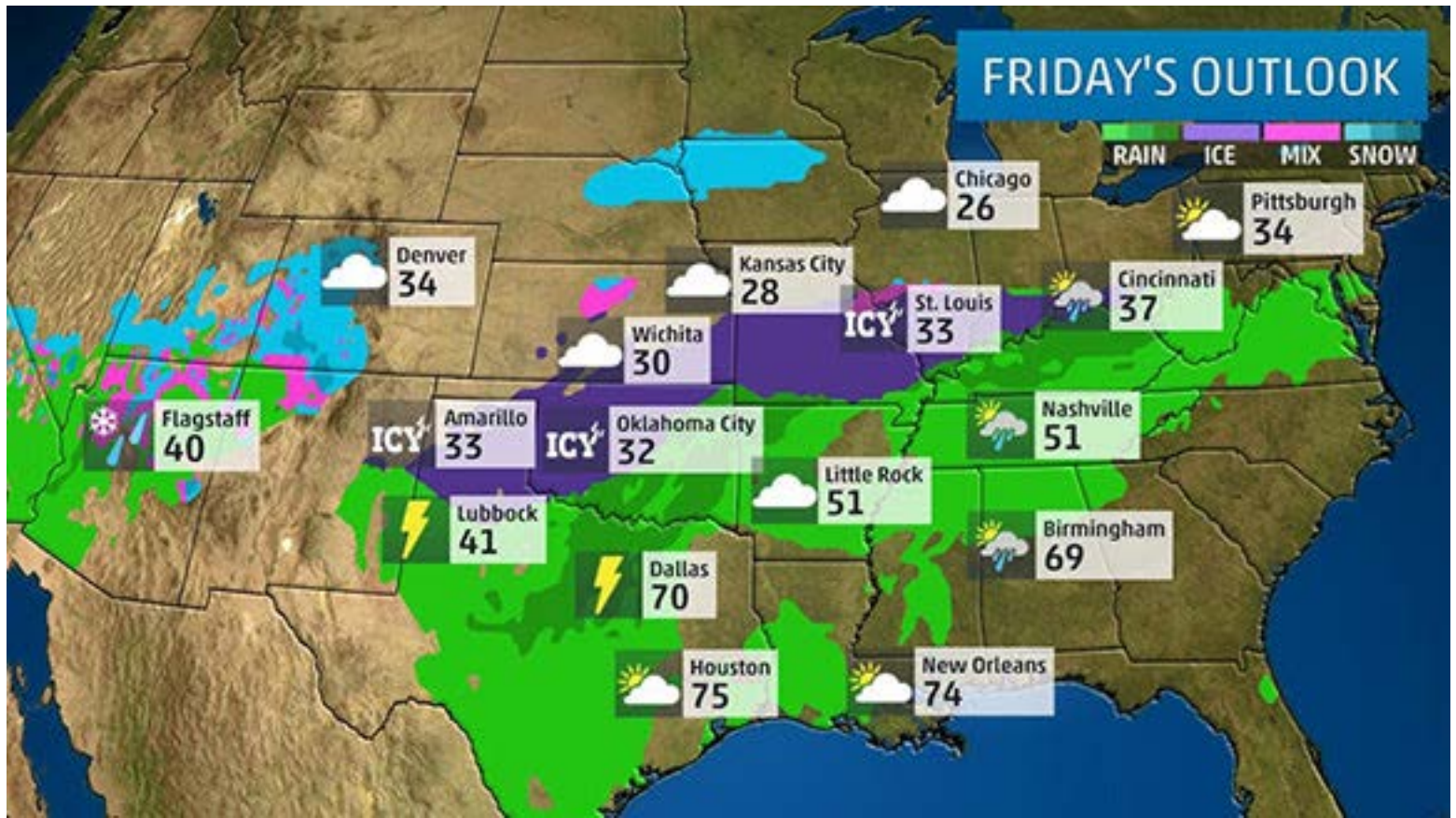
Source: Short-Term Energy Outlook, January 2017.

Weather is focused around possible significant precipitation this weekend for the southern Plains. In the Corn Belt, a low-pressure system centered over the lower Missouri Valley is producing a variety of precipitation types, including rain, freezing rain, sleet, and snow. The most significant snow has fallen across the upper Midwest, but travel disruptions are occurring throughout the northern Corn Belt. Forecasts are calling for a secondary surge of very cold weather to increase stress to livestock for a couple of days for the western Midwest and northern Plains. Looking to the southern Plains, light to moderate showers will develop through southern and east-central areas on Friday. Episodes of moderate to heavy

rain and thunderstorms Saturday and Sunday through central and north Texas and Oklahoma could possibly reach southeast Kansas. Light to moderate precipitation with locally heavier elsewhere in southern and eastern Kansas are forecast during this period. The precipitation event is significant: if verified, it will improve soil moisture for likely much of the Oklahoma/Texas winter wheat areas during the coming days. We do need to keep an eye on the risk of snow and ice impacting winter wheat and feedlots in southwest Kansas and the northern Texas Panhandle this weekend. The 6 - 10 day outlook for January 15 - 19 calls for the likelihood of above normal temperatures across the eastern half of the U.S. and the Pacific Northwest, while colder than normal conditions will be limited to the Intermountain West. Meanwhile, below normal precipitation from the desert Southwest to the northern Plains will contrast with wetter than normal weather across the remainder of the country.

Precipitation To Expect Over the Next Week: 7-Day Precipitation outlook valid Wed. Jan. 11 - Wed. Jan 18.





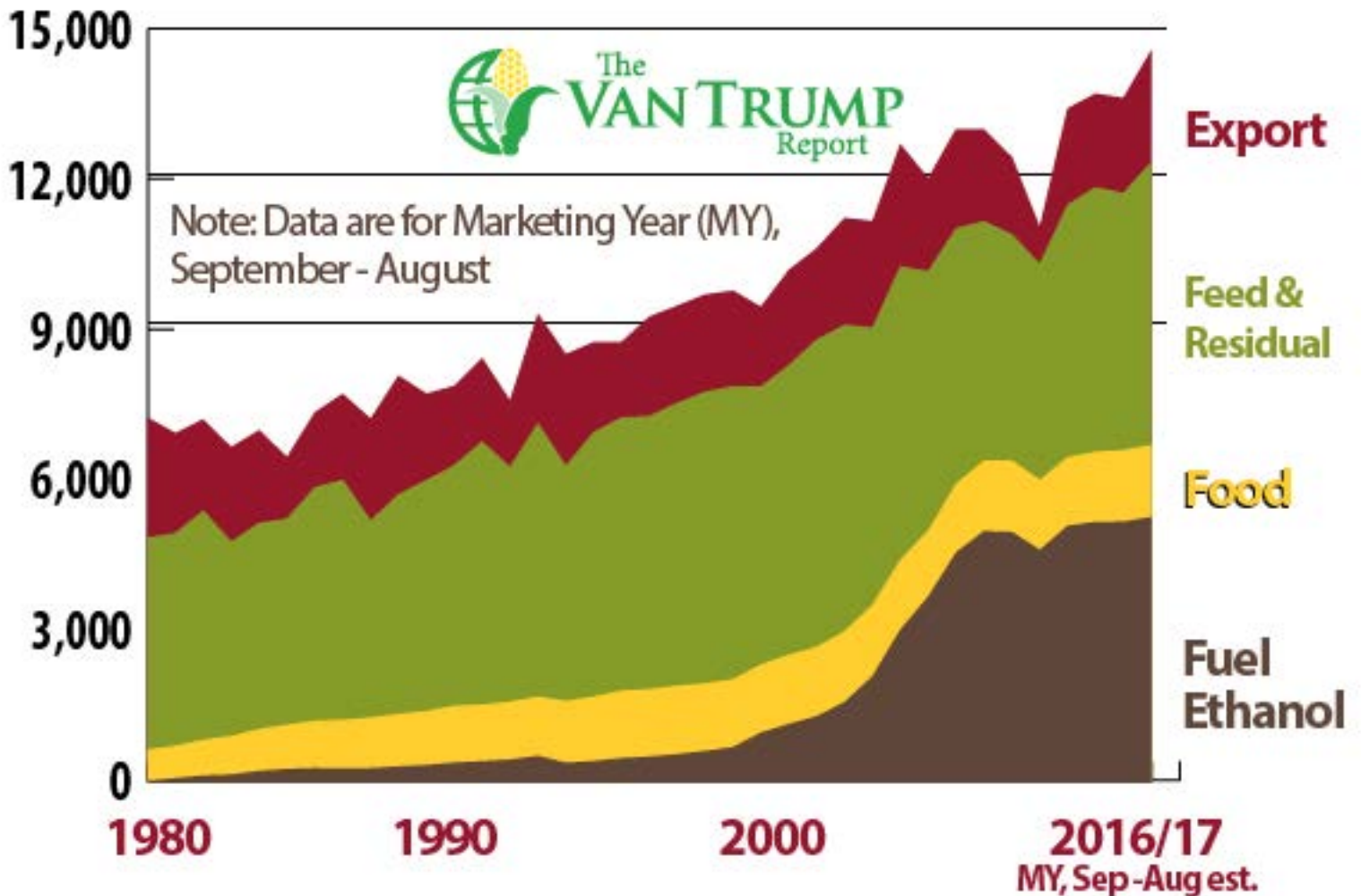
Keeping A Close Eye On Chinese DDGs Tariffs: *The Chinese have made a move to increase dumping tariffs on imports of U.S. DDGs. Some suspect a move that could escalate tensions and be grounds for sparking a trade war. The other concern is it could backup supply here in the U.S. and simply add to the glut of feed alternatives.*

Corn continues to consolidate near the high-end of it's recent trading range as all traders eagerly await tomorrow's USDA report. One important question will obviously be South American production. The folks over at CONAB adjusted their Brazilian corn production estimate yesterday higher from 83.8 MMTs to 84.5 MMTs. This gives some the thought that the USDA might make the same adjustment themselves, but we have to keep in mind the USDA is already forecasting Brazilian production up at 86.5 MMTs. Keep in mind Brazil only produced 66.6 MMTs of corn last year as a drought gave them fits. I'm personally thinking the USDA leaves their current estimate for Brazil "unchanged". There's been some problems with weather in the northeastern areas of Brazil, but the forecast seems to be improving and there's still a ton of time left in regard to second-crop corn. In other words, I think the USDA will want to take a bit more time before making an adjustment to the Brazilian crop. As for Argentina's production, I'm in the camp that the USDA will trim their current production forecast. Again, I think it's still a bit early so I'm not looking for the USDA to get aggressive in either direction with changes to their South American estimates. A small adjustment lower makes sense for Argentina. Here at home there's nothing new to report. The trade clearly recognizes that demand is strong, but another record harvest has the bins busting with supply. Throw on top ample global supply, South American production rebounding aggressively in comparison to last year and a glut of cheap wheat still floating around in the marketplace, it's tough to make a strong nearby bullish fundamental argument. I could certainly get a bit more creative with "time" on my side. I could argue the fact we are definitely going to see fewer corn acres planted in the

U.S. in 2017. I could also argue the massive jump in “anhydrous” cost the past few weeks might pull even more acres out of corn production. I could also argue the fact we’ve had three consecutive years of extremely cooperative weather and that another round of dry conditions could be right around the next corner. I could also argue that the macro world has been leaning heavily on the bearish side of commodities for the past four years and perhaps a swing in sentiment is now brewing. Bottom-line, as a producer I will be looking to reduce a bit more risk on the next leg higher so as I can buy more “time”. As it’s “time” that may allow some of my bullish hopes to become a reality. From a spec perspective the remainder of the week will be all about the latest USDA data. Even though the landing looks smooth, the captain has turned on the “fasten seat belt” sign...

How Is Corn Used?

in Billion Bushels



Source: USDA, ERS, “U.S. Bioenergy Statistics: Data Set,” - Updated Jan. 5, 2017

Bird Flu Cases Continue To Expand: *We’ve all seen the recent headlines that state officials in Montana have found a wild mallard duck with the H5N2 bird flu virus. At this point no other detections of the virus have been found in wild or domestic birds in the state. Across the world China is reporting more and more cases of the H7N9 bird*

flu virus, from data that's being released at least 35 known deaths have been reported this season. From what I understand they are finding a lot of cases inside their live-bird markets. We are also seeing a more widespread outbreak of H5N8 in poultry flocks across Europe including more cases being reported out of France and Germany.

Soybean traders, similar to grain traders are eager to see tomorrow's latest USDA data. Many sources are looking for stronger demand numbers, but seasoned insiders remind us that the USDA often tends to underestimate soy demand in the January forecast. Hence there's some fear the bulls could be a bit disappointed, especially if the USDA takes the recently harvested record yield even higher. South American production estimates will also be in play tomorrow. CONAB took the opportunity yesterday to bump their Brazilian soybean production estimate higher from 102.5 to 103.8, which is clearly above the USDA's current estimate of 102.0 MMTs, and well above the 95.4 MMTs Brazil produced the previous season. The bulls are hoping if the USDA bumps the Brazilian estimate higher they will reduce their Argentine estimate by a similar amount or hopefully even more. Meaning, even though production in Argentina will more than likely be cut, some of that could be offset by gains in Brazil. Unfortunately this leaves me feeling that a lot of time has come off the clock and not much has changed in regard to "total production". Global supply looks as if it will remain adequate and U.S. producers seem to be gearing up to plant a record number of soybean acres in 2017. There's also starting to be more questions surrounding Chinese demand as their crush margins weaken. You have to imagine it's only a matter of time until they start "switching" their purchases to South American sources. As a producer the down-side in this market continues to make me nervous. I feel by reducing risk early I'm now in a position to be more patient and able to let things play out. I will continue to keep all hedges in place. As a spec I remain on the sideline, but still tend to see more nearby opportunity to the downside, especially as the Argentine and Brazilian weather forecasts seem a bit more cooperative.

Wheat traders continue to talk about weather and fund rebalancing. Weather here in the U.S., as well as parts of Ukraine, Russia and Europe have been sparking some headline interest as of late. Unfortunately those headlines have subsided a bit as forecasters signal some improvements out on the horizon. Perhaps garnering some of the most attention as of late have been the dry conditions building here in the U.S.. Most of the weather guru's I follow however are now calling for improved widespread moisture in some of the more concerning areas. I'm certainly not saying the conditions will dramatically improve out in the fields, I'm just saying the trade is going to seem a bit less concerned as they see increased rainfall in the forecast for several locations. There's still a lot of weather uncertainty ahead of us so I'm not giving the nearby forecast much weight. I will however be closely looking at the data released tomorrow by the USDA. Even though I don't suspect any serious surprises or wild-pitches, I've learned when the USDA has the ball in their hand and is on the mound you have to be ready for any type of pitch.

USDA's final production estimates for 2016 released January 12 @ 11:00 CST**U.S. Corn & Soybean Production**

	Jan. #	Previous USDA	Avg. Guess	Range of Guesses	USDA 2015
Corn Crop Total	???	15.226	15.196	14.999 - 15.320	13.601
Corn Yield Avg.	???	175.3	175.1	172.3 - 176.5	168.40
Corn Harvested Acres	???	86.836	86.747	85.514 - 88.231	80.70
Soybean Crop Total	???	4.361	4.374	4.262 - 4.440	3.926
Soybean Yield Avg.	???	52.5	52.7	51.6 - 53.5	48.0
Soybean Harvested Acres	???	83.047	83.013	82.500 - 83.400	81.80

December 1 Quarterly Stocks

	Jan. #	Dec. 1 2015	Avg. Guess	Range of Guesses
Corn	???	11.238	12.300	11.600 - 12.700
Soybeans	???	2.715	2.935	2.745 - 3.119
Wheat	???	1.746	2.056	1.828 - 2.158

2016/17 U.S. Ending Stocks

	Jan. #	Previous USDA	Avg. Guess	Range of Guesses
Corn	???	2.403	2.385	2.206 - 2.800
Soybeans	???	0.480	0.468	0.407 - 0.510
Wheat	???	1.143	1.148	1.113 - 1.340

2016/17 World Ending Stocks

	Jan. #	Previous USDA	Avg. Guess	Range of Guesses
Corn	???	222.25	221.94	218.00 - 225.00
Soybeans	???	82.85	82.58	79.60 - 84.20
Wheat	???	252.14	252.01	250.23 - 254.00

Winter Wheat Acreage

	Jan. #	USDA 2016 Seedings	Avg. Guess	Range of Guesses
Hard Red Winter	???	26.586	24.954	22.600 - 26.664
Soft Red Winter	???	6.020	5.662	4.800 - 6.600
White Winter	???	3.531	3.473	3.200 - 4.300
Total Winter	???	36.137	34.139	31.700 - 36.381

South American Crop Production

	Jan. #	Previous USDA	Avg. Guess	Range of Guesses
Argentina Corn	???	36.50	36.30	34.00 - 37.50
Argentina Soybeans	???	57.00	56.48	54.00 - 58.00
Brazil Corn	???	86.50	87.24	86.50 - 91.10
Brazil Soybeans	???	102.00	102.40	101.70 - 104.50



> Conab Lifts Brazilian Soybean Projection: *Brazil's crop agency Conab lifted its forecast for the country's soybean output by +1.35 million metric tons to a record 103.80 million, which would be an increase of +8.8% from last year's output. The agency cited good growing conditions that have improved yield prospects. Conab says planted area was up +1.6% and also notes that farmers increased their use of agricultural inputs after a disappointing harvest last season. For corn, Conab lifted its forecast by +700,000 metric ton to 84.5 million. The crop in Mato Grosso, the top corn production state, is expected to see year-over-year yield increases of +10.3% with planted area up +1.3%, giving the state an estimated record output of 29 million metric tons. Also of note, Conab has lifted its forecast for Brazil's wheat imports to a three-year high of 5.95 million metric tons from a previous 5.10 million. Conab said its higher import forecast reflected unexpectedly strong wheat volumes brought in late last year, helping drive total purchases for calendar 2016 to 6.87 million metric tons, a jump of +33% year-on-year. Conab says the country imported 1.67 million metric tons of Argentine wheat in the August-to-December period, along with 1.0 million metric tons of US supplies.*

> Argentine Fires Affected Mostly Cattle Areas: *Fires that were raging through Argentina finally seem to have been suppressed, with authorities saying the blazes impacted about 3.4 million acres. Most of this area is located in the provinces of La Pampa, Rio Negro and southwest of Buenos Aires and the majority of the fields belong to cattle farmers. The financial losses were not accounted yet, but the government announced subsidized credit rescue programs to help those ranchers.*

> Cargill Profits Get A Boost From Rising Meat Demand: *Booming demand for thanksgiving turkey and beef in the US boosted Cargill's profits, while processing margins for cocoa also improve. The company saw adjusted profits rise +80% year-on-year, to \$1.03 billion, in the three months to November 30, although net profits were sharply down due to the sale of Cargill's pork and steel businesses a year ago. Cargill reported revenues at \$26.9 billion, down -1% year-on-year. Cargill's animal feed and protein segment was the biggest contributor to profits, thanks to rising meat demand. "Thanksgiving holiday demand boosted whole-bird sales in the turkey business, while a more normalised cattle supply, optimized production and healthy consumer demand contributed to a recovery in beef from last year's low." And the global poultry business saw rising earnings, helped by good results in Asia. Earnings in the ingredients also bounced back, witnessing good gains in sweeteners and edible oils in most regions. The company's grain trading and processing business was slightly up, with good demand for the record U.S. soybean crops, thanks to "domestic and international growth in livestock production and reduced South American competition for exports". (Source: Agrimoney)*

> HPAI Infected Duck Leads Calls To Scrap Organic Rule: *The Agriculture Department's announcement Monday that it had found H5N2 avian influenza in a wild duck shot in Montana is fueling calls for USDA to ditch its planned rules to allow organic poultry more outdoor access. Farmers are worried that the discovery of the sick bird, which was harvested for surveillance purposes, could be a harbinger of another outbreak of avian flu, like the one that decimated poultry farms in 2014 and 2015. USDA Chief Veterinarian Jack Shere said the duck "appears" to have suffered from one of the strains in the previous outbreak. He called the finding "a powerful reminder that there is still HPAI circulating in wild birds, and producers and industry need to continue to be vigilant about biosecurity to protect domestic poultry." Large organic egg producers are pointing to that warning as reason for USDA's National Organic Program to end its efforts on an organic animal welfare rule that would require birds to have the option of leaving the coop. The risk of avian influenza "is precisely the reason why we have opposed USDA's misguided effort to force organic hens to be exposed to the outdoors," Jim Byrum, president of the Michigan Agri-Business Association, which represents egg giant Herbruck's Poultry Ranch, among others, said in a statement. "In light of this announcement, USDA should immediately end any consideration of an organic rule that would threaten hens nationwide and put farm families at needless risk of economic devastation." (Source: Politico)*

> Bunge Plans New U.S. Plant For 2019: *Bunge says it will build its first new U.S. soybean processing plant in 15 years in Indiana or Ohio to serve growing domestic and export demand for soy products. The plant is expected to be on line by the end of 2019. Bunge wants to improve their "asset footprint" in the Eastern U.S., which is a key market for soybeans. The southeast is home to major hog and poultry production, and processed soy products could also gain easy access to export facilities along the Gulf Coast and East Coast via river barge, rail or truck.*

> Canada Ag Minister Urges Bilateral Trade With U.S.: *Lawrence MacAulay, the Canadian Minister of Agriculture and Agri, stressed the importance of strong bilateral trade between the U.S. and Canada during his keynote address at the Legislative Agriculture Chairs Summit of the State Agriculture and Rural Leaders (SARL) in Baton Rouge, Louisiana, U.S. MacAulay pledged to work with the incoming U.S. administration and Congress to further strengthen the bilateral agricultural trading relationship between the two countries. He spoke of the many benefits of the Canada-U.S. agriculture relationship, and the need for continued cross-border collaboration to ensure the respective agriculture sectors remain globally competitive and prosperous. Canada was the top destination for U.S. agricultural exports valued at \$20.3 billion (U.S. dollars) and 15.7% of total ag exports in 2016. (Source: World Grain)*

> Chem China and Syngenta Submit Minor Concessions To EU: *China National Chemical Corp (ChemChina) and Swiss pesticides and seeds group Syngenta have proposed minor concessions to the EU's competition watchdog to address concerns over their \$43 billion merger plan, sources told Reuters. One person close to the deal said it was unlikely ChemChina would have to sell its Adama Agricultural Solutions unit, with discussion focusing on remedying concerns over specific products that Adama may own. This person said the overall divestments would be less than \$500 million. Israel-based Adama makes generic crop protection and pest control products and is the largest supplier of generic*

crop protection products in Europe. The EU Commission's concerns are widely seen as one of the last major regulatory hurdles, with U.S. antitrust approval also pending.

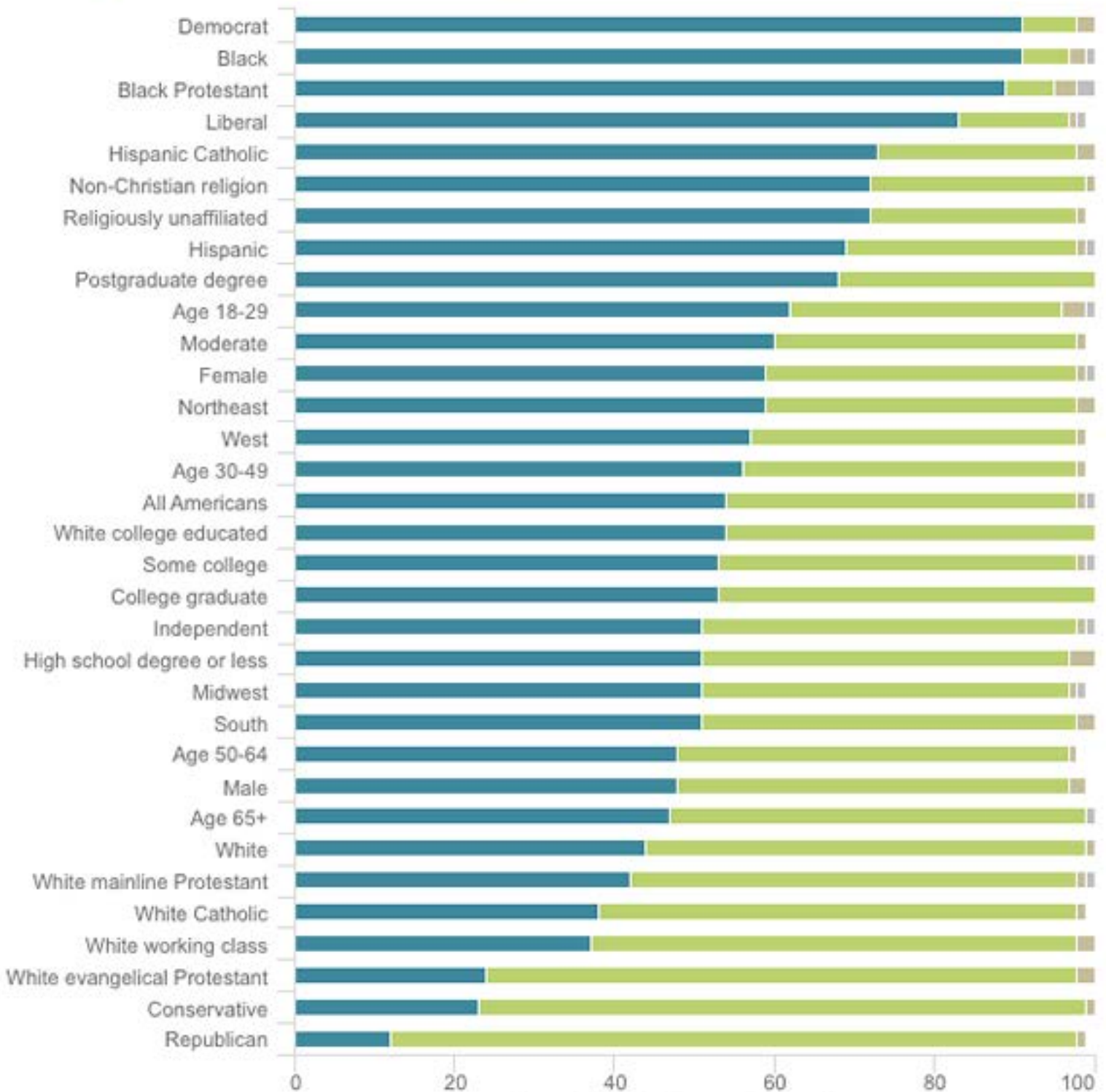
> VW Agrees To \$4.3 Billion Settlement On Emissions Scandal: *Volkswagen has agreed to a \$4.3 billion draft settlement to end a legal fight with U.S. federal regulators over its diesel emissions scandal. The company said it would pay the fine and also plead guilty to criminal misconduct as part of a criminal and civil settlement, Reuters reports. According to the report, VW will now commit to spending more than the \$19.2 billion it had previously earmarked to deal with legal issues arising from the scandal. Regulators said VW had equipped up to 11 million vehicles with "defeat devices," or software allowing the cars to emit more toxic chemicals than is allowed under federal law.*

> America's View Of Obama: *After an historic eight years in office, President Obama offered his farewell address to the nation and final insight on the state of the union last night. Using the 2016 American Values Survey, PRRI took a look at where Americans of different religious, racial, class, and political stripes stand on their views of the outgoing president. A majority (54 percent) of Americans view President Obama at least somewhat favorably, a high number for an outgoing president. Forty-four percent view the president mostly or very unfavorably. Democrats and Republicans show steadfast party loyalty on the question and the most extreme views: About nine in ten (91 percent) Democrats view Obama favorably, while more than eight in ten (86 percent) Republicans view him unfavorably, including 63 percent who view Obama very unfavorably. Young Americans are more likely to view the outgoing president favorably than their older counterparts. More than six in ten (62 percent) young adults (ages 18-29) say they hold a mostly or very favorable view of Obama, while a slim majority (52 percent) of seniors (ages 65+) view him mostly or very unfavorably. (Source: PRRI)*

Widely Varying Views of Obama at the End of His Presidency

Please say whether your overall opinion of Barack Obama is favorable or unfavorable

● Favorable
 ● Unfavorable
 ● Have not heard of
 ● Don't know/Refused



Source: PRRI 2016 American Values Survey.



Central Illinois - *We had a decent year but were down 2 - 3 bushels per acre in both corn and beans from 2015 numbers. I have only had corn in the bin once in the last 7 years. I don't see the sense in paying the .15 - .18 cents per bushel for maintaining the crop in storage so we haul it down the road when it comes out of the ground. For the most part, all of our corn is marketed before it is harvested. This year that netted us a lot of \$4 corn. We still have 4000 bushels of beans to move.*

Northwest Texas - *I operate 2000 acres alone of which I leave anywhere from one-third to one-half fallow. I used to grow cotton, operating on all 2000 acres years ago, but no one wanted to work so it got down to just me and I changed crops. I grow milo for seed as well as a sorghum crop. Last year was tough as we had major pollination problems with 100 degree temps and 50 mile an hour winds, not to mention our third year in a row of drought conditions. I am actually considering going back to cotton as U.S. acres are down over the last few years and conditions may be more conducive now. Currently looking for a better document to get my breakevens figured out as that will be critical to any success I might have this season.*

South central Kansas - *My current equipment is a 12 row gladiator strip till, a 12 row 7300 planter, and a 1997 great plains solid stand drill. My planter has been planting all our corn, milo, and beans. Does a good job, but as our operation has grown, it does slow us down and get a lot of wear each year. Drill is a conventional till on 7.5". I would like a no till drill to no till milo, beans, dc beans and millet but realizing it may not be in the budget. I'm wanting to utilize the drill more so I can cover more acres in beans. Trying to get canopy sooner with narrower rows, split work load on 2 different tractors and also keep wear on planter down. If I don't get a no till drill I was thinking about strip tilling milo and bean ground and using drill to plant with. I would "twin row" on 30's, 2 rows open and two rows closed.*



Set Goals For The New Year: *A timely article from our friend Lance Woodbury over at DTN on the importance of setting succession goals for the new year. Woodbury points out that setting such goals are not as easy as those we establish for both personal and business goals. The latter objectives have measurable outcomes, whereas succession planning goals for a family business are much more difficult to quantify. Another reason is that the finish line keeps moving: business growth brings new challenges, tax laws and asset changes call for tweaking an estate plan, and relationships get better or worse depending on how unforeseen situations are handled within the family and business. In addition, the process can simply feel overwhelming. Where do you even begin? Check out Woodbury's advice [HERE](#).*

Is China Curbing Ambitions to Challenge World's Top Grain Traders? *Anyone seeking signs of shrinking Chinese ambitions in world agriculture markets need look no further than the inaugural speech of Jingtao Chi, tapped to run the global trading unit of the nation's biggest food company. While Chi, 53, vowed to serve clients both in China and globally during a live video beamed to Cofco International Ltd. offices from Kiev to Connecticut and Sao Paulo, he did so through an English interpreter. The language barrier contrasts with predecessor Matt Jansen, an American who was snapped up by Cofco after zooming up the ranks of rival Archer-Daniels-Midland Co. Jansen left last week after less than two years in the job. The shift to Mandarin also hints at a greater focus on domestic Chinese business. Growth plans, which included aggressive acquisitions and a stock-market listing of a separate international trading house, are on hold for now, according to people familiar with company strategy. Read more about Cofco's shifting priorities from [Bloomberg](#).*

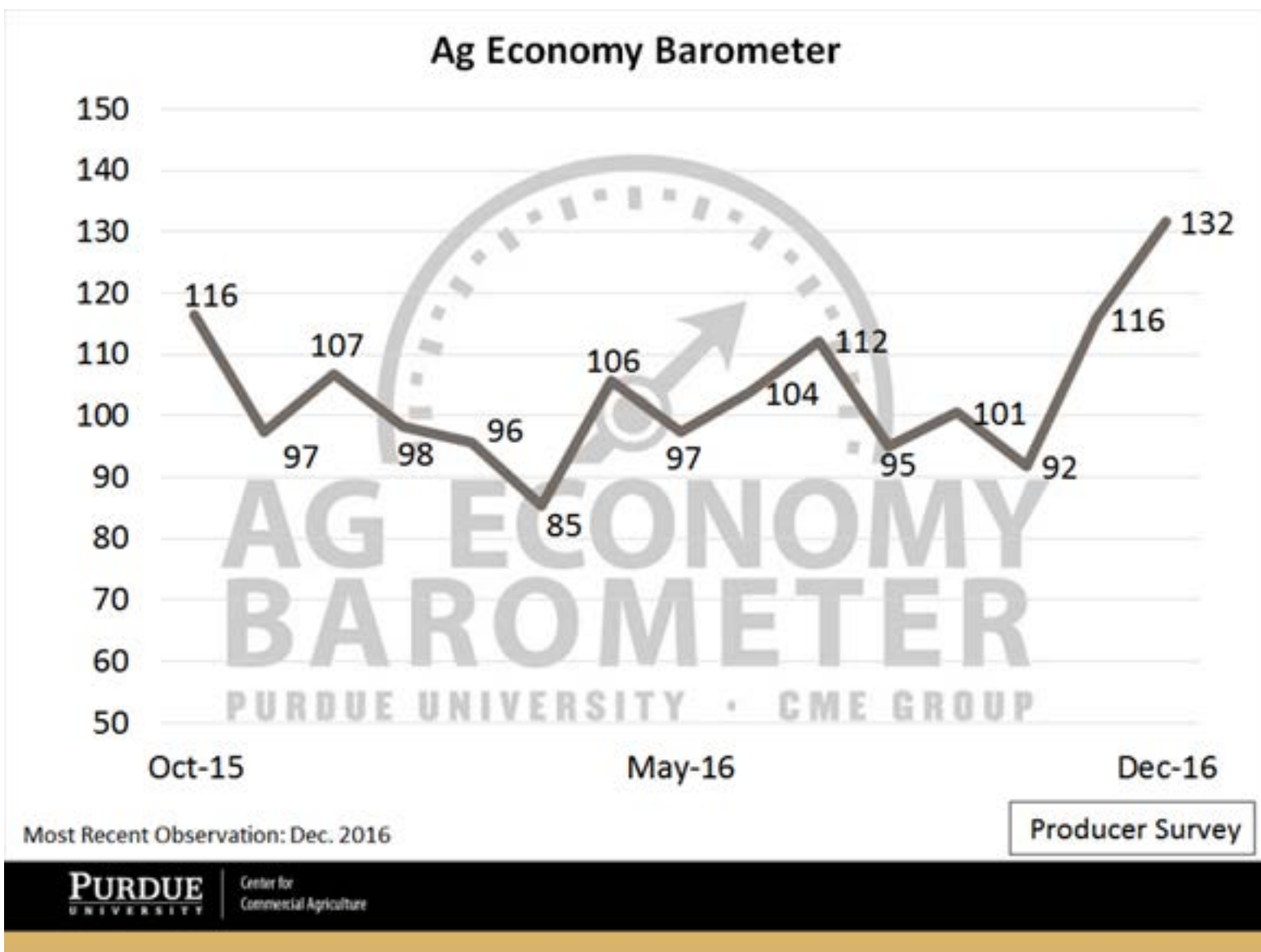
A Glimpse Inside The World Of ESPN College Football Analysts: *Many fans watching TV at home don't realize they're not hearing a lot of what a college football analyst is saying during a game - even while a play is developing live. BMillions of Americans spend a good part of their Saturdays from September through December listening to and watching these college football analysts, either calling games or offering in-studio and on-location insights, on subjects ranging from Clemson's electric offense and Alabama's granite-like defense to Ohio State's deep talent pool and Washington's trickeration. But relatively little is publicly known about how former players obtain analyst jobs or how they're trained for TV. [ESPN](#) offers up an inside look.*

We Need To Train Our Brains To Embrace Uncertainty: *We don't like experts to express uncertainty. Imagine a politician running for president who promises "I'll try to make good decisions most of the time. Our policies will probably improve the economy." Would you vote for them? Probably not. We also want doctors devoid of any doubt over treatments and scientists with perfect foresight about climate change variables. That's because we believe that leaders and authorities are supposed to know and tell us exactly what's going to happen, thereby absorbing our uncertainty. But life is rife with risks. Misperceiv-*

ing and underestimating these risks can lead to vital mistakes. Therefore, to make well-informed decisions, we need to become comfortable with uncertainty. Read more [HERE](#).

Post-Election Improvement in Ag Producer Sentiment Continues in December:

Agricultural producer sentiment rose sharply as 2016 drew to a close. December's reading of 132 for the Purdue/CME Group Ag Economy Barometer marked the second month in a row that the index increased, rising to its highest level since data collection began in October 2015. The December reading is 16 points above November's and 40 points higher than in October (Figure 1). The barometer is based on a monthly survey of 400 agricultural producers from across the country. Optimism about both current and future economic conditions helped drive the barometer higher during December. Although both of the Ag Economy Barometer's sub-components, the Index of Current Conditions and Index of Future Expectations, increased during December, the biggest improvement was in producers' expectations about future economic conditions. Check out full results of the latest survey [HERE](#).





Temperatures Again Pushing Off the Charts in 2016

I hate to sound like a broken record, but yet again in 2016 we recorded the hottest year on record globally. While the world is still waiting for confirmation regarding just how high the record, there's been a lot of data data dumped as of late that's worth considering. Nearly every square inch of the U.S. was dramatically warmer than normal. Record-daily highs outpaced record-daily lows by 5.7-to-1 in 2016, according to preliminary data from the National Centers for Environmental Information (NCEI). For what it's worth that's the largest ratio in the past 95 years of record keeping. Look at it another way, 85% of extreme temperatures records set in 2016 were of the hot variety. That fits with the fact that 2016 will be the second-hottest year on record for the U.S. during which 98% of weather stations had a warmer-than-normal year. Understand, each month had more record highs than lows, in many cases by a large margin. November saw an incredible 48 record highs for every record low and February, March and October weren't too far behind. Even December ended up just being kind of cold and still finished the month with more record highs than lows, despite that cold snap the likes of which hadn't been seen in decades in some places around the country. More record highs than record lows is what you'd expect in a world that has been trending toward more and more highs compared to lows for a few decades. the 2010s are on track to have the highest ratio of record highs to record lows of any decade on record. Now you can do what you want with this information, but when you look at this set of data, you can understand why 2016 will go down as the year of the wildest record heat ratios. Having said all of that global forecasters are expecting heat in 2017 to back off, ending a 3 year straight streak of the hottest years on record. However, while the streak is expected to end, in part because of the demise of one of the strongest El Ninos on record, 2017 is still expected to be among the hottest years in more than 130 years of record keeping. (Source: [Climate Central](#))

HEAT BEATING COLD

Percent of U.S. Daily Temperature Records in 2016

HIGHS



JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC

LOWS

Source: NOAA/NCEI Climate at a Glance

CLIMATE CENTRAL

What You Might Not Know About The Virgin Islands

From what I've heard there's a year long celebration taking place in the Virgin Islands honoring the 100th anniversary of the U.S. taking control of the three islands from Denmark. The island chain was originally called the Danish West Indies before being sold to the U.S. in 1916. Their official status in the U.S. is as an "unincorporated and organized territory", which basically means they are self-governing. They were originally given their name by Christopher Columbus in honor of Saint Ursula and her group of holy virgin followers. According to legend, Ursula and her 11,000 virgin handmaidens were slaughtered by the Huns in a massacre near Cologne, Germany in about 383 A.D. The islands were held by nearly every European empire in the subsequent two hundred years, including Spain, Great Britain and France. It was the Danes that first brought European settlers to the Virgin Islands however, establishing a lucrative sugarcane industry. Unfortunately much of its economic success was said to be the result of slave labor. When slavery was abolished on the islands in 1848 and the territory became an economic burden. The U.S. began negotiating to buy the islands from Denmark in 1867, but various disagreements and objections from the U.S. Congress prevented a deal being finalized until 1916. One of the main motivators for the U.S. at that time was the onset of World War I and officials' fears that Germany would seize the islands and establish a submarine base nearby U.S.

borders. The U.S. took control of the islands on March 31, 1917 and renamed them the Virgin Islands of the United States. Today, millions of tourists flock to the Virgin Islands and their famous white sand beaches. St. Thomas is actually home to the most visited port in the Caribbean, drawing hundreds of cruise ships and yachts every year. If your planning a warm getaway this year, the 100 Year Celebration might make The Virgin Islands worthy of consideration. I hear there are some good deals and several incentives being offered by a variety of travel sources. (Source: Thrillist, Wikipedia)



Say Goodbye to Victory Motorcycles

Victory Motorcycles, an Iowa-based American motorcycle company best known for making classic cruiser-style bikes, is ceasing production immediately. It had an 18 year run under corporate owners Polaris Industries. The brand launched in 1998 and attempted to compete head-to-head with Harley Davidson. Victory assembles its motorcycles at its Spirit Lake plant in Iowa. It was not immediately clear how many local jobs would be impacted by Victory's elimination. In April 2011, Minnesota-based Polaris acquired Indian Motorcycle, the nation's oldest motorcycle manufacturer. Polaris announced in a press release that Victory has struggled to establish the market share needed to succeed and be profitable. As a result, it's getting axed. The brand had sold nearly 60 motorcycle models in 18 years, mostly cruisers and heavy touring bikes and one very expensive electric upright sport bike

called the Empulse TT. When you read the statement in its entirety, you get the sense that Polaris execs were basically saying "we tried with the Victory brand, but it was easier to buy Indian." It seems as if there have been some issues with Victory and Indian hurting each other by coexisting and competing. From what I understand, Victory Motorcycles are cheaper than Indians, and the Indian brand still outsells its sister brand by about 11 times at the Spirit Lake, IA shop. Polaris said they will immediately begin winding down the Victory brand, assisting dealers in liquidating existing inventories. The company will continue to produce parts for the next 10 years and will still provide warranty and service coverage to dealers and customers. Ultimately, Polaris plans to focus their motorcycle efforts on the iconic Indian Motorcycle brand, which they believe has greater potential than Victory. Being a fan of motorcycles myself, and understanding the pride you feel towards your brand, I feel for Victory fans. As I understand it, the news was a total surprise at Okoboji Motorsports and Okoboji India Motorcycle in Sprit Lake. The only thing left to say about this unfortunate circumstances is, if you ever wanted a Victory bike, now's the time to jump on it. I've never personally ridden one, but have a couple of buddies who've had some good luck with them. (Source: Des Moines Register)



CASH SALES & HEDGING TOTALS

CORN 2015 CROP

100% SOLD
0% HEDGED
0% Cash Remaining



SOYBEANS 2015 CROP

100% SOLD
0% HEDGED
0% Cash Remaining



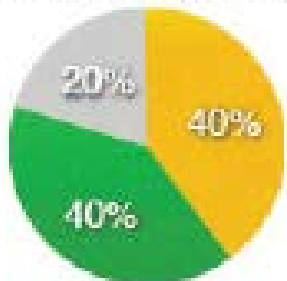
WHEAT 2015 CROP

100% SOLD
0% HEDGED
0% Cash Remaining



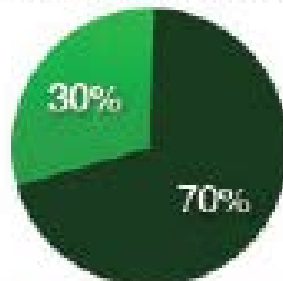
CORN 2016 CROP

40% SOLD
40% HEDGED
20% UNPROTECTED



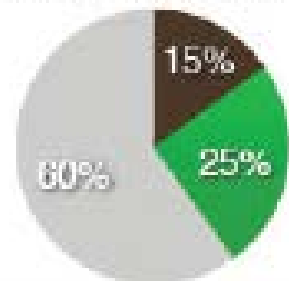
SOYBEANS 2016 CROP

70% SOLD
30% HEDGED
0% UNPROTECTED



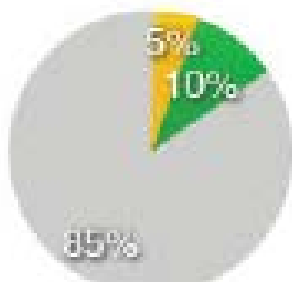
WHEAT 2016 CROP

15% SOLD
25% HEDGED
60% UNPROTECTED



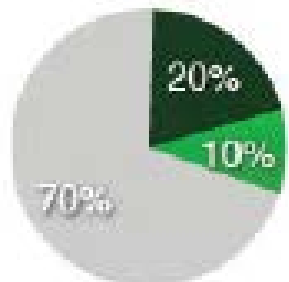
CORN 2017 CROP

5% SOLD
10% HEDGED
85% UNPROTECTED



SOYBEANS 2017 CROP

20% SOLD
10% HEDGED
70% UNPROTECTED



WHEAT 2017 CROP

0% SOLD
10% HEDGED
90% UNPROTECTED

