



*"Good instincts tell you what to do long before your head has figured it out."* - **Michael Burke**

**THURSDAY, JANUARY 12, 2017**

**Morning Summary:** U.S. stocks are a bit lower this morning as investors are starting to seem more cautious as we head deeper into the fourth-quarter earnings season and Donald Trump's inauguration on January 20. Interestingly gold and silver continue to rally and in fact are up more than the stock market. Gold is up close to +4% already this year and silver up over +6%. On the flip side both the U.S. dollar and crude oil prices are down to start the year by around -1.5%. It's worth pointing out St. Louis Fed President James Bullard said that President-elect Donald Trump's fiscal policy plans will be more a story for 2018-2019 than this year, and he thinks the economy remains in a low interest-rate environment that is not going to change from a "snapping fingers." Bullard also said he still thinks economic conditions will justify only one interest rate hike in 2017 and the Fed has time to wait and see what develops. This has caused the dollar to backpedal. As for today's economic news, I suspect it will be another a fairly quiet one for stocks. The main economic reports due out include Import and Export Prices and weekly Jobless Claims which aren't likely to cause much market movement. There are however several Fed officials speaking today, which include Fed Chair Janet Yellen. Her talk however doesn't begin until after markets close and is a town hall meeting format, meaning perhaps not much talk about official monetary policy. Throughout the rest of the day we will hear from Philadelphia Fed President Patrick Harker, Chicago Fed President Charles Evans and Atlanta Fed President Dennis Lockhart. Most insiders are of the thinking that the large money managers are sitting on their hands as they wait to see results of big bank earnings that start tomorrow, as well as some more significant economic data that includes Producer Prices and Retail Sales. In politics, it's another busy day in the Senate with confirmation hearings scheduled for James N. Mattis to be Secretary of Defense; Benjamin Carson for Secretary of Housing and Urban Development; Rex Wayne Tillerson to be Secretary of State; and Mike Pompeo, the pick for CIA Director.

**The Extraordinary Size of Amazon in One Chart:** [Visual Capitalist](#) ran an extremely interesting graphic a few days back that has been getting heavy traffic around the trade. To read even more interesting data on the subject Click [HERE](#).

# THE EXTRAORDINARY SIZE OF AMAZON IN ONE CHART

Amazon is bigger than most brick and mortar retailers put together

Market value as of December 30, 2016



Here is how the value of these companies has changed over the last 10 years:

COMPANY	MARKET VALUE 2006	MARKET VALUE 2016	% CHANGE
sears	\$27.8B	\$1.1B	↘ 96%
JCPenney	\$18.1B	\$2.6B	↘ 86%
NORDSTROM	\$12.4B	\$8.3B	↘ 33%
KOHL'S	\$24.2B	\$8.8B	↘ 64%
★macy's	\$24.2B	\$11.0B	↘ 55%
BEST BUY	\$28.4B	\$13.2B	↘ 54%
TARGET	\$51.3B	\$40.6B	↘ 21%
Walmart	\$214.0B	\$212.4B	↘ 1%
amazon	\$17.5B	\$355.9B	↗ 1,934%



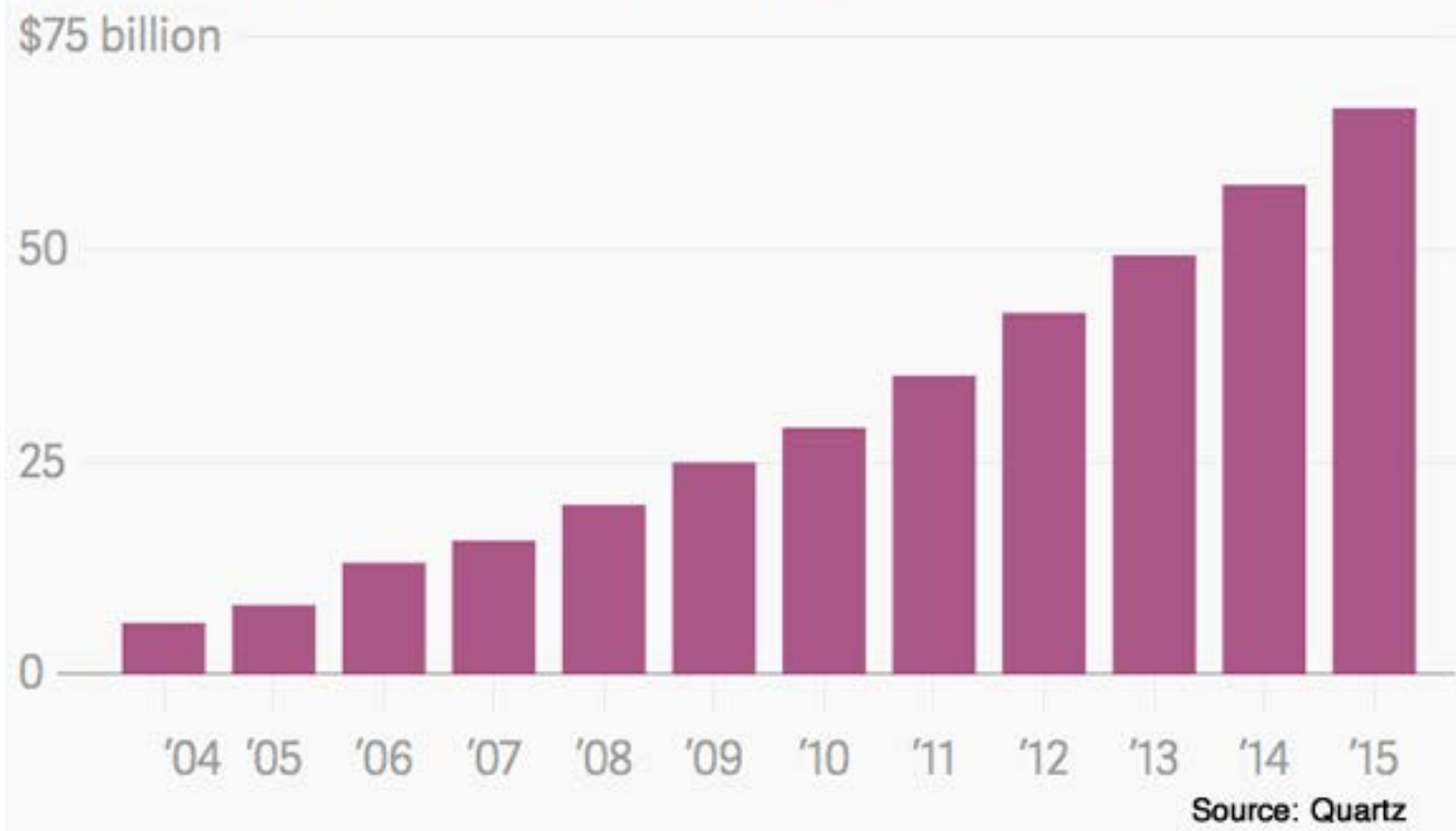
**Trump Reiterates Goals To Create U.S. Jobs, Make Better Trade Deals:** *In his first official press conference since winning the U.S. Presidential election, Donald Trump criticized the media for printing unverified reports or "Fake News" that claim Russia had compiled incriminating evidence against him. He also reproached the intelligence community for allowing the information to be leaked. Trump then moved on to more pressing fundamentals, including outlining a plan to turn over the operations and control of his companies to a trust controlled by his eldest sons. Sheri Dillon, a lawyer for Mr. Trump, explained that no new foreign deals would be allowed during the presidency and that new domestic deals would be subject to strict restrictions. She also added, "President-elect Trump should not be expected to destroy the company he built." On his plans going forward, Trump reiterated his determination to create a substantial number of jobs in the U.S. economy, and said he expected to announce "big news" in the next few weeks about companies that would build factories in the Midwest. Trump also reiterated that the U.S. needed to make better trade deals in order to combat annual trade losses with countries such as China and Mexico. He warned that businesses would not be able to move manufacturing capacity to Mexico as they would be required to pay border taxes. As for the wall along the Mexican border, he said he did not want to wait for a year to get started. As for Obamacare, Trump said the plan to "repeal-and-replace" would be submitted as soon as the Senate approves his nominee, Rep. Tom Price, R-Ga., for secretary of the U.S. Health and Human Services Department.*

**Chinese Bankers Told Not To Disclose Capital Outflow Curbs:** *China's forex regulator is telling banks to keep its instructions about curbing capital outflows secret and to ensure that research analysts keep any negative views about the yuan's prospects to themselves, several bankers have told CNBC. Both demands are seen as an attempt by the authorities to prevent alarm that could trigger further declines in the yuan. The yuan lost more than -6% against the dollar last year and is at eight-year lows, prompting a flurry of restrictive measures on capital outflows from the State Administration of Foreign Exchange (SAFE), including setting limits on banks' currency volumes in some cities or provinces and requiring approval for ever smaller transactions. SAFE, which is part of the People's Bank of China (PBOC), is insisting in oral instructions to dozens of banks that they don't reveal its role in such restrictions, six bankers said, which was damaging their relationships with clients since they were unable to explain why they were turning away business. The banks were also told to "manage sentiment" to prevent public panic and that the banks' research analysts should not broadcast any negative views on the yuan. Furthermore, the bankers say that SAFE wants them to encourage clients to buy yuan and sell dollars, a play that is likely to lose clients money. (Source: CNBC)*

**Americans Over 60 Have \$67 Billion In Student Debt:** *It's no secret that Americans carry an enormous amount of student debt: \$1.3 trillion in total, owed by 44 million borrowers. Less well known is that many debtors aren't borrowing for themselves, but for their children and grandchildren, and the number of Americans over 60 with student debt is soaring. According to a new report from the Consumer Financial Protection Bureau, borrowers over 60 have \$66.7 billion in student loan debt. The number of debtors over 60 has quadrupled in a decade—to 2.8 million in 2015 from 700,000 in 2005—making them the fastest growing age segment with student debt. While*

some of it was borrowed for their own education, more than two-thirds of the debt is owed for children or grandchildren. While the average debt load for older borrowers is lower—\$23,000, compared with \$37,172 for the average 2016 college graduate—their ability to pay off the debt is often less certain. Debtors over 65 had twice the default rate of those under 50, and in some cases, the government will withhold social security checks for senior debtors in default. Borrowers over 60 also have less saved for their own retirement, compared to those their age with no student debt, according to the report, and will face greater financial uncertainty as they age. (Source: Quartz)

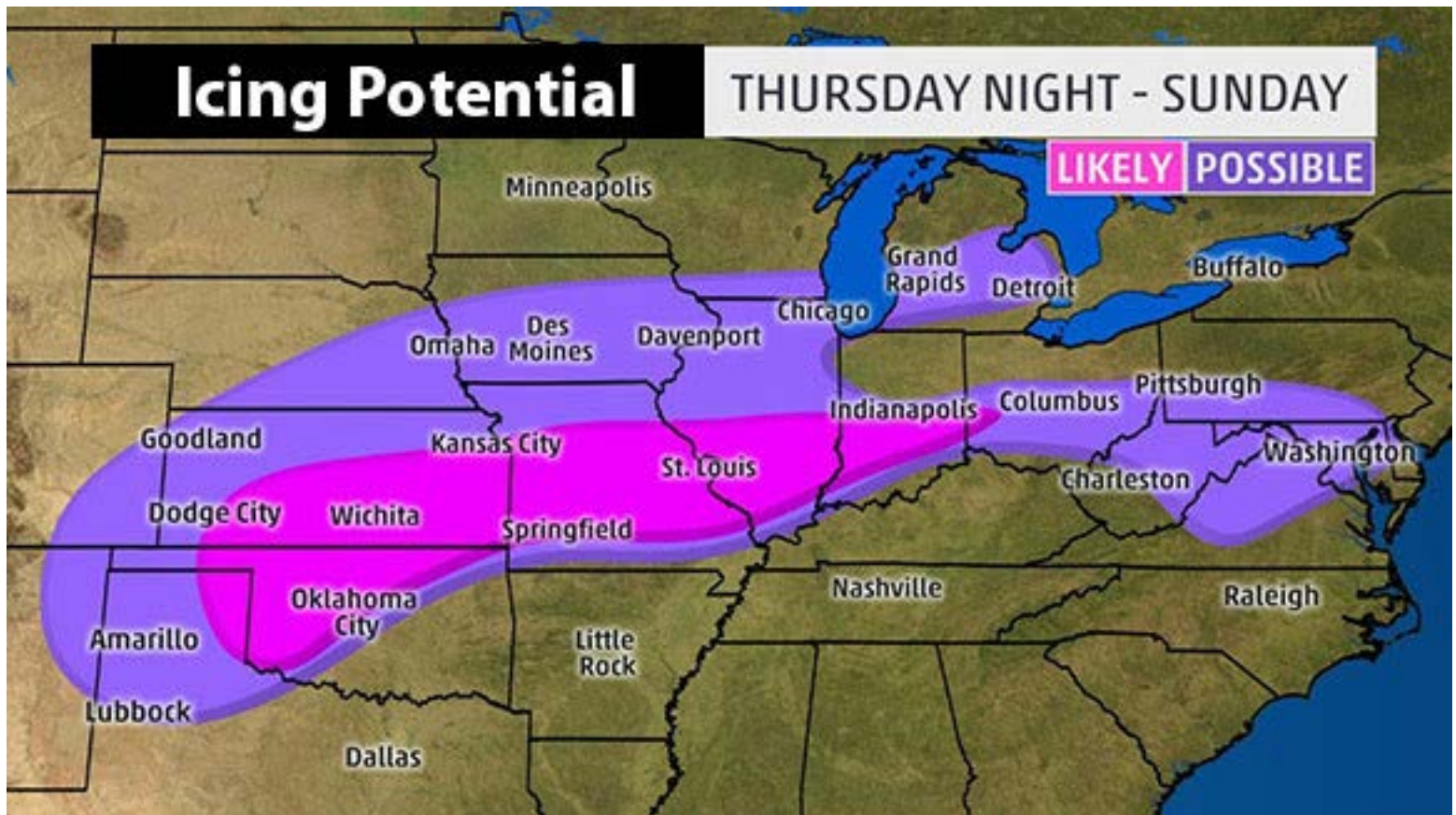
## Student loan balances for US borrowers over 60



**Weather** continues to center around prospects for heavy precipitation in the southern Plains as well as a good chance for rain in the dry northeast Brazil. On the Plains, bitter cold has returned to Nebraska, Montana and the Dakotas. Morning temperatures have plunged below -20 degrees F in northern Montana, maintaining stress on livestock. In sharp contrast, warm, windy weather prevails across the southern half of the Plains. We continue to get a clearer picture of the major precipitation event likely to hit the southern Plains this coming weekend. This likely means improving soil moisture for a large portion of the winter wheat belt, including much of Kansas. It also means a high risk for freezing rain and sleet. Heavy ice accumulation may be stressful to the wheat crop. In the Corn Belt, cold, breezy conditions and snow showers have returned to the upper Midwest, where livestock have endured several weeks of wet or snowy weather, along with Arctic outbreaks. Mild weather prevails across the remainder of the Corn Belt in advance of a cold front. In the South, sudden warmth has replaced a sharp cold snap. Producers in Deep South Texas

and southern Louisiana continue to monitor temperature sensitive crops in the wake of the January 7 - 8 freezes. Looking South, crop areas of northeast Brazil, which have had very dry conditions for much of the growing season, has a promising round of rain in the forecast through the next few days. This moisture will be useful for developing soybeans. Other crop areas in Brazil look to be coming along just fine as they have generally seen favorable conditions and adequate soil moisture supplies. In Argentina, the story is a bit different. In central Argentina, a dry pattern will settle in for next week, bringing only light precipitation which will be favorable for crops areas recovering from recent heavy rain and flooding. In southern Argentina, however, dryness will continue to bring stress to crops from a lack of moisture.

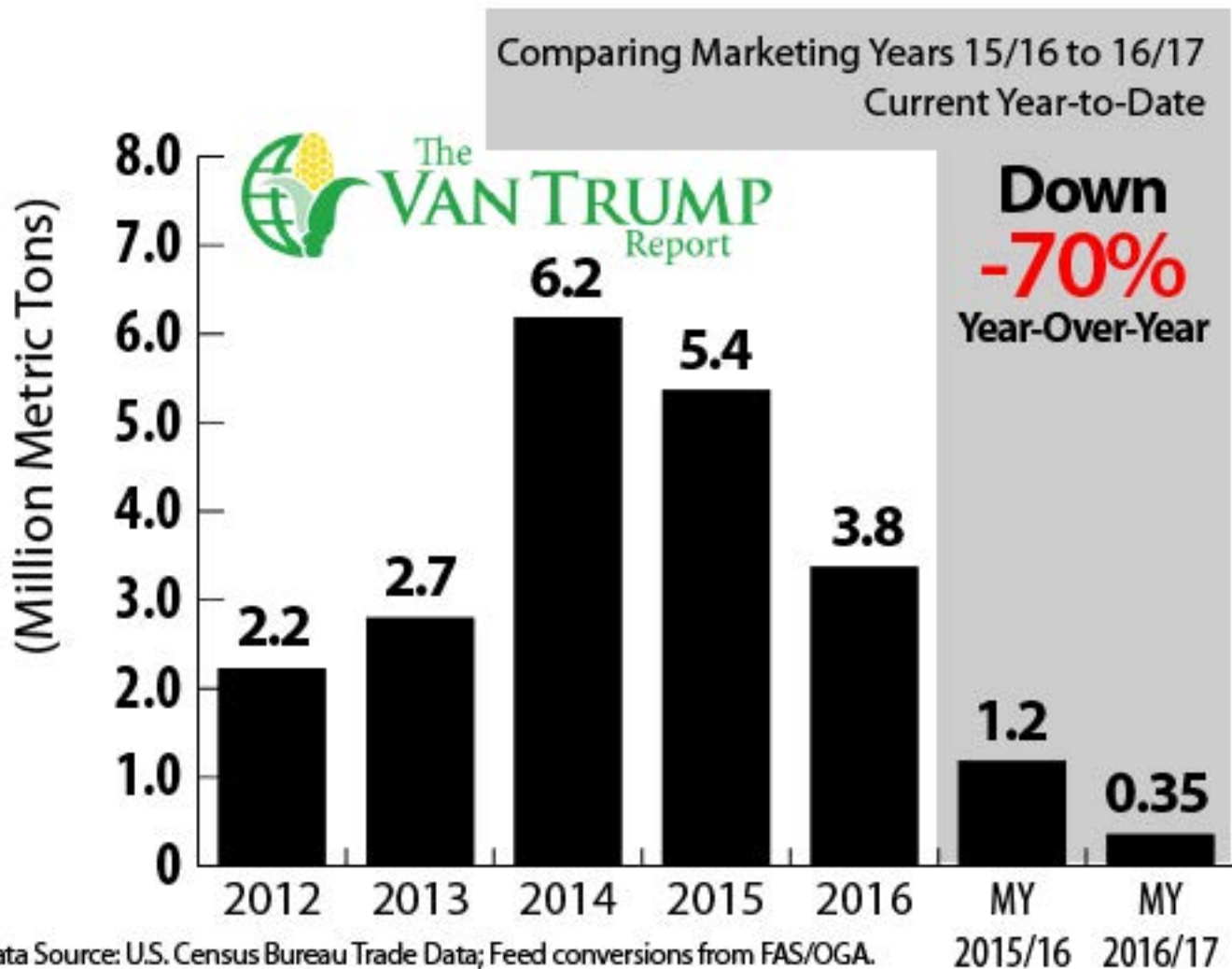
**Clearer Picture Of Ice Storm Coming:** *After hammering California's Sierra Nevada Mountains with blizzard conditions and feet of snow, this winter storm is likely to become an ice storm late this week as it expands across the Plains, Midwest and parts of the Northeast that could last into early next week. The setup for the potential ice storm kicking into gear Friday is a familiar one in January. Namely, warmer, more moist air from the Gulf of Mexico is expected to glide over subfreezing air near the ground over the Plains, Midwest and Northeast. Below is a map showing the potential ice impacts Thursday - Sunday. The heavy ice accumulation could cause downed trees and power lines and widespread power outages that could last for days. (Source: Weather.com)*



**Corn** traders have all eyes on today's USDA report. As I've mentioned all week, any time the USDA is about to release a large wave of data the trade starts to become more nervous about the outcome. I personally don't foresee a "wild-pitch" being thrown, but then again who ever does? Yes, the USDA will make an adjustment to "total production". The trade seems to be leaning towards a slight reduction on fewer harvested acres and a slight pull-back in yield. Regardless, everyone is still in the camp that record production was harvested in 2016 and that the U.S. is swimming in over +2.3 billion bushels in ending stock. There's obviously the continued debates surrounding domestic demand with the largest wild-card obviously being "feed and residual". Ethanol has been strong and could see an uptick, while I suspect exports will see little adjustment. I feel that fed and residual number should ultimately be pulled back, but this pitch has notoriously been tough to predict and one the USDA often throws outside the strike zone. South American production adjustments will also be closely monitored. The trade seems to be leaning towards a slight downshift in Argentine production and a boost to the Brazilian production estimate. From my perspective the USDA adjustment will be somewhat minor compared to the bigger picture which is that Brazilian corn production last year was just 66.6 MMTs compared to a crop this year that could be north of +87.0 MMTs. As for non-USDA headlines, the big talk as of late is coming from the Chinese increasing tariffs on imported U.S. DDGs. The fear is with record setting ethanol production we are creating a massive pile of DDGs as a byproduct. If we can't export the overflow to China then perhaps it starts backing up here in the U.S. and competing with other feed alternatives, creating more of a glut and driving prices lower.

**U.S. DDG Exports To China Continue to Slide:** *China has increased tariffs on imports of U.S. DDGs significantly from levels first proposed last year. In a final ruling, the anti-dumping duties will range from 42.2% to 53.7%, up from 33.8% in its preliminary decision in September. Understand, China is the world's top buyer of DDGs and imports almost all of its needs from the U.S., the largest exporter. Many Chinese buyers have already started to wind back imports of U.S. DDGs since the September ruling. As a consequence, imports from the U.S. have steadily dropped in recent months. Year-to-date for the Current Marketing Year, we are down -70% compared to this time last year.*

# U.S. Exports of DDGs to China Continue to Plunge



Data Source: U.S. Census Bureau Trade Data; Feed conversions from FAS/OGA.

2015/16 2016/17

Last data update: 2017-01-06

**Soybean** producers who have little if any new-crop production risk removed have to be sitting on the edge of their seat today. Prices will pencil for a lot of producers at our current level, but many remain apprehensive in regard to pricing more bushels, I suspect hoping to see another run towards \$11.00. The problem is the USDA could rain all over that parade with a bearish surprise. For me locking in profits on 40% to 50% of estimated new-crop production has been somewhat of a no brainer. The downside is clearly a longer-term fundamental concern, especially if the U.S. farmer is going to followthrough with planting the soybean acres they are currently talking about. So why I haven't I priced even more of my new-crop production? That's a good question... For me it comes down to the individual farm and operation. If you are someone who doesn't plan or have the capabilities to store 40-50% of your unpriced soybean bushels next year if prices break lower, then I would probably be taking an even more aggressive approach to reducing risk. If you are all irrigated then perhaps even a more aggressive approach. Bottom-line, there remains serious downside concern in the soybean market. Remember, the funds are still long a fairly aggressive number of contracts. Weather will remain a huge wild-card, but if it cooperates

there's a very real possibility that global supply will become even more burdensome in the weeks ahead. Hence the reason I continue to like the thought of banking profits and reducing longer-term risk on the rallies. If the USDA happens to give us a bullish surprise I will be looking closely at reducing even a bit more risk. I'm not looking for much change in U.S. production. I suspect similar to corn, the USDA will reduce Argentine production and bump the Brazilian crop a hair higher. Perhaps in the days or weeks ahead I suspect we will start to hear more talk about the Argentine crop getting smaller due to the overly wet conditions and flooding. The problem is that comes to full fruition probably around the same time the USDA releases their outlook numbers in late-February, which I suspect will show yet another new record round of U.S. soybeans going in the ground. Also keep in mind the current talk is that Brazil will produce in excess of +102 MMTs compared to just 95.4 MMTs last year. Moral of the story, I continue to find it difficult to have a longer-term bullish perspective based on the current cards on the table and fundamentals in play. As a producer I remain extremely risk averse! As a spec I like the thought of building a short-term bearish position on the next rally.

**Wheat** bulls backpedal a bit ahead of today's USDA data and more talk from the weather guru's that forecasts are improving. The fundamentalist feel like the USDA is going to leave global and domestic stocks at extremely burdensome levels. There's also talk that more widespread moisture is going to move across some of the dry areas in the Plains, which will eliminate a portion of the fears surrounding the current drought. The only real bullish fundamental that can not be easily debated or rebutted by the bears is the fact U.S. planted winter wheat acres are at their lowest level in the past 100-years and perhaps moving lower. There's also some bullish reasoning behind the fact the funds are still aggressively short the market and an entire new set of rules are about to go into play governing geopolitical gamemanship. Meaning the headline and event driven traders might soon have a heyday once Trump and his appointed team start to play "hardball". I continue to like the longer-term thought that the funds and or larger asset managers are eventually going to look towards a long wheat position as an opportunity to protect downside portfolio risk. I remain conservatively bullish fully understanding the market could continue to drift sideways to lower during the next several weeks. Staying extremely patient...



**U.S. Corn & Soybean Production**

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

**December 1 Quarterly Stocks**

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

**2016/17 U.S. Ending Stocks**

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

**2016/17 World Ending Stocks**

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

**Winter Wheat Acreage**

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

**South American Crop Production**

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



**> Ethanol Production Sets A New Weekly Record:** Weekly ethanol production for week ending January 6 averaged 1.049 million barrels per day, up +0.58% from last week and up +4.59% compared to last year. Stocks rose to 20.009 million barrels, up +7.13% from last week but down -6.26% from last year. Total corn usage is estimated at 110.15 million bushels.

**> China Formally Announces New Anti-Dumping, Anti-Subsidy Tariffs On U.S. DDGs:** China's Commerce Ministry issued a final ruling for punitive tariffs on imports of U.S. DDGs. Anti-dumping rates will range from 42.2% to 53.7%, up from a preliminary rate of 33.8% proposed in September. Additionally, anti-subsidy tariffs of 11.2% to 12% will also be imposed. On Wednesday, Beijing said it found the domestic DDGS industry had "suffered substantial harm" due to subsidized imports from the United States. The new tariffs go into effect today, January 12, and will remain in place for five years.

**> Russia Sets New Corn Export Record:** Russia in November 2016 recorded its largest ever volume of monthly corn exports, moving 860,000 metric tons, 83% more than in November 2015, UkrAgroConsult reports. Russia, which harvested a bumper corn crop this past year, also saw its corn exports from September-November 2016 increase by 59% to 1.8 million metric tons compared to 1.13 million in the same period in the previous crop year. UkrAgroConsult said the E.U. and Iran remain the top importers of Russian corn, accounting for 22% and 21% of Russian exports, respectively. It said Russia is seeing increasing corn purchases from Japan as well as Southeast Asian countries. So far this year, Russia has shipped an all-time high of 227,314 metric tons of corn to Japan and a combined 120,000 metric tons to Bangladesh and Vietnam, which are relatively new corn export markets for Russia.

**> GrainCorp Announces Near-Record Grain Harvest Receivals:** GrainCorp announced that its harvest receivals reached 12 million metric tons, with record or near-record receivals at 26 of its country silos across Queensland, New South Wales and Victoria. "This is the biggest winter harvest since 2010-11, where our network received 12.3 million metric tons by the same time," said Nigel Lotz, general manager of operations for storage and logistics. Wheat and canola grain quality has been good, according to GrainCorp. The company is now focusing on its export program, saying they have already moved over 1 million metric tons of grain from their silos to sub-terminals and ports. (Source: World Grain)

**> Three Million U.S. Eggs On The Way To South Korea:** The first batch of fresh eggs from the United States will arrive in South Korea on Saturday to ease the country's egg shortage caused by its worst-ever bird flu epidemic. The imports come to a total of 2.98

million metric tons, all of which will be distributed to grocery stores ahead of the Lunar New Year Holiday. These are the first fresh egg imports from the U.S. to South Korea since 1999. An additional 200 metric tons of eggs will be transported by two Korean Air aircraft sometime next week, one of the industry sources said. Egg importers are also seeking to bring eggs in from Spain.

**> NCC Cautions Against Jumping On Slow-Growing Birds Bandwagon:** *The idea of slower-growing broilers has caught on quickly in both food production and consumption circles. For processors, it also may help address woody breast problems that are costing the poultry industry about \$200 million a year, at least. But the National Chicken Council (NCC) is urging consumers, the foodservice and retail industries, and non-governmental organizations to invest in studying the environmental and financial impact of the growing market for "slower growing" broiler chickens. The industry group says in a news release that the trend promises to end up in a sharp increase in prices and an increase in the use of water, air, fuel and land. According to NCC, if only one-third of broiler chicken producers switched to a slower-growing breed, nearly 1.5 billion more birds would be needed annually to produce the same amount of meat currently generated domestically. That, in turn, would require another 670,000 more tractor-trailers of feed, 7.6 million acres of additional land a year, would produce 28.5 billion additional pounds of chicken litter to be used or disposed of, and an additional 1 billion gallons of water for the chickens. The total additional cost would be \$9 billion, NCC calculated. (Source: MeatingPlace)*

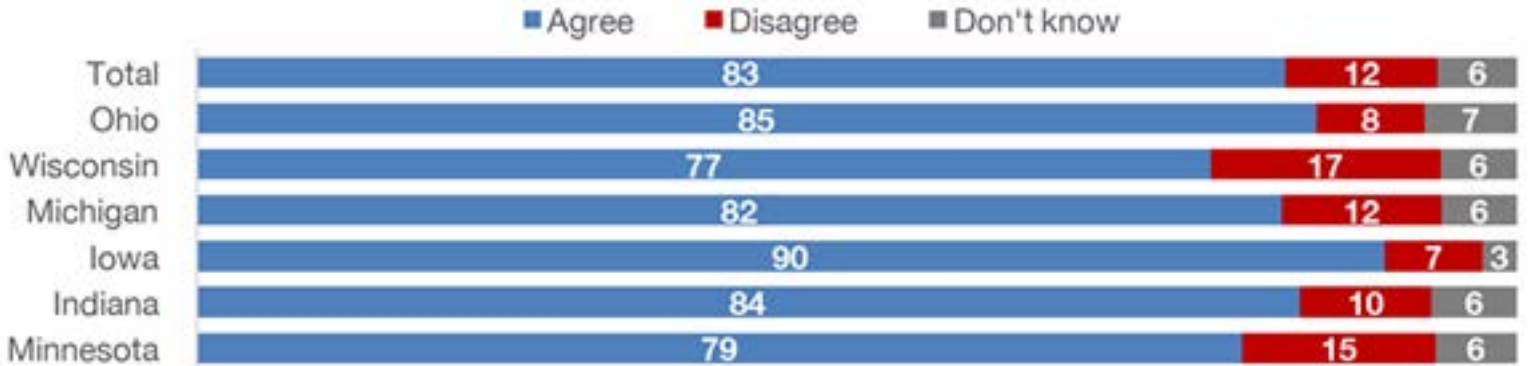
**> USDA Takes Step To Boost Organic Food Production:** *The U.S. Department of Agriculture on Wednesday took a step toward increasing the production of organic foods - which has not kept pace with demand - by launching a program to certify farmland that growers are in the process of switching to organic. Obtaining certification under the program will allow farmers to sell products raised in accordance with organic guidelines for higher prices than conventionally-grown goods, according to the Organic Trade Association, an industry group. That should help growers cover the extra costs associated with transitioning to organic farming, the group said. The program will "facilitate the investment in transitional agriculture through a consistent set of rules, and ultimately support the continued growth of organic agriculture," the USDA said in a notice. Those who are switching farmland to organic production must follow the same regulations as those who have already been fully certified, the trade group said. So far, however, farmers have not been able to designate their crops as being in transition in an attempt to sell the products for higher prices. Producers of grains, such as wheat, will benefit most from the new certification program because that is the sector in which demand is most outstripping supply, said Nate Lewis, farm policy director for the trade association. (Source: Reuters)*

**> Trump Voters Overwhelmingly Support Ethanol:** *A new post-election survey released today shows that decisive voters in the 2016 presidential election are staunch supporters of American ethanol. The survey of 3,000 Trump voters in the Midwestern battleground states of Michigan, Wisconsin, Ohio, Iowa, Indiana and Minnesota found that more than eight in 10 respondents agree with the President-elect's vocal support for ethanol and believe the homegrown biofuel is vital to American jobs and energy security. "Conservatives and liberals alike need to take a fresh look at Trump voters in the Midwest - they are staunchly pro-ethanol," said Emily Skor, Growth Energy CEO. According to the poll, conducted between December 6 and 22 by Quadrant Strategies, 83 percent of Midwestern*

Trump voters agreed with the President-elect's campaign promise to promote the addition of more homegrown ethanol in America's fuel supply. 85 percent of respondents said ethanol was important to U.S. energy security and 88 percent indicated that ethanol was important to creating American jobs. (Source: Grow The Energy)

### CAMPAIGN PROMISE

Donald Trump campaigned in favor of continuing to blend the American-made biofuel ethanol into our gasoline, as it currently is. How strongly do you agree or disagree?



**Southwest Iowa** - We had decent yields but in June when prices ran up we were dry, with no rain for almost all month, and I didn't feel like I could make sales. Then we started to see rains in July but prices were already headed down. I don't have much corn priced for, but I probably will plant more beans next year. They just seem to pencil much better than corn. We can make bean yields near 60bpa with out much problem. When we add the nitrogen late and fungicide early then can push yields into the high 70bpa range and sometimes near 80bpa. Our dirt has always been able to produce good beans. The corn yields have been just average over the past few years. We will normally make in the 155bpa to 165bpa for our corn whole farm average. With corn at \$3.50, it is tough to really get to excited about corn. The plan is to forward contract many of next years beans and see what happens.

**Southeast South Dakota** - We have been tossing around the idea of growing some milo as a cash crop. Our local ethanol plant has started buying it. We are all corn and soybean rotation right now and thought this might be a way to diversify our operation in a low market. Seed cost will be 50% or less of corn. Fertilizer is basically the same as corn. It tends not to like cool nights which is opposite of corn. We are a little concerned about our sandy soil and what yields may be but feel the diversification will be beneficial in a low market.

**Southwest Indiana** - We are having some crazy weather today with temps near 60, with rain and fog this morning. The shop has been getting a lot of use so far this new year. We are talking with suppliers on what the plan will be this year. We have locked in the fertilizer, which we are all liquid here and have all our 28% booked. Prices have gone up since we locked in back in December. There won't be much changed on rotation next year but we are getting more specific on our prescriptions. Our plan is to take our grid samples and focus on maximizing those yields to their fullest potential. There will be some additional tissue sampling to fine tune and tweak the plan, to spoon feed certain fields to increase yields. I would like to push things closer to 300bpa. We had many fields last year make 220bpa, with 30% green snap. In 2014, we had fields make 268bpa and last year we had some test plots that made 298bpa. We are taking 300 to 400 acres as a test trying to reach yields that these seed companies say that we can grow. We will still grow some beans but our ground is not the best for them and they do not pencil with our yields.



**Too Much Wheat Is Forcing Its Farmers to Other Crops:** *Wheat is the weed that feeds. The grain-yielding grass is such a hearty plant that it is grown on more land than any other crop in the world. After four straight seasons of record harvests, bins are bulging from Kansas to Western Australia and prices are near the lowest in a decade. But there are signs the glut may not last much longer, or at least that supplies may tighten enough to halt the four-year slump in wheat futures. Farmers are planting less because many are losing money. At the same time, global consumption is at an all-time high. While many money managers remain bearish -- they've bet on lower prices for 17 months straight -- wheat is expected to gain in 2017 for the first time in five years, according to a Bloomberg survey of 13 analysts. Rabobank says there is a "real possibility" of a supply shock in the U.S. and Europe if farmers shift to more profitable crops, and JPMorgan Chase & Co. predicts a stockpile drop this year of 8.4 percent. Read more over at [Bloomberg](#).*

**Is Farming Still Cyclical?** *The head of the nation's largest farmer-owned cooperative says the current farm economy could be the new normal. President and CEO of CHS Carl Casale tells Brownfield right now agriculture is experiencing a time of too much supply and not enough demand, but eventually they will balance out. "Farming will again be profitable, but not to the extraordinary levels that we'd seen over the last few years. You go back in history and the periods in which we had surplus profits like that sustained over a period of time, it's just not possible." He says it's important for farmers to understand what's going on in the marketplace and what factors they can control. "We can wish and will all we want but we can't as individuals make corn \$7, but what we can do is to look at our operations and say what can I do more efficiently, stuff as simple as 'Am I doing tillage I don't need to? Listen to his full interview with [Brownfield Ag](#).*

**10 Things You Can't Learn From a Backtest:** *Ben Carlson of A Wealth of Common*

Sense says we are currently living in "the golden age of the backtest." For those not familiar with the term, backtesting is the process of applying a trading strategy or analytical method to historical data to see how accurately the strategy or method would have predicted actual results. Carlson points out that there are a plethora of tools available to conduct these tests now, including algorithms for algorithms and computing power that's off the charts. Entry-level analysts can now perform calculations with Excel spreadsheets that the world's smartest scientists and mathematicians could only dream about a generation or two ago. There is, however, a downside to all of this. Check out his list of 10 things you can't learn from a backtest [HERE](#).

**Americans Name the 10 Most Significant Historic Events of Their Lifetimes:** Shared experiences define what it means to be an American. The Sept. 11, 2001, terrorist attacks were such a unifying event for modern Americans. Nothing else has come close to being as important or as memorable, according to a new survey conducted by Pew Research Center in association with A+E Networks' HISTORY. Roughly three-quarters (76%) of the public include the Sept. 11 terror attacks as one of the 10 events during their lifetime with the greatest impact on the country. Just as striking as the public's consensus on the impact of 9/11 is the steep drop-off in the proportion of Americans who name other notable events. The election of Obama is the second-most frequently named event, listed by 40% of the public. Every other event is named by fewer than one-quarter of all adults. Check out the full results from [Pew Research](#).

**The Cost Of Being An American Tourist:** Good news for globe-trotting Americans: most countries around the world are free or very cheap to get in to. But, as this map shows, some countries do charge through the nose for a visa. And it's not the ones you would expect. First, let's get a persistent myth out of the way, the one that says Americans don't travel overseas. That so-called fact is proven by an oft-cited statistic: only 10% of U.S. citizens – or thereabouts – have passports. Wrong! According to the State Department, the actual figure is closer to 46%. And that corresponds to more than 131 million American passport holders. But quite a few nations are not satisfied with passports alone. They require a visa – and to obtain that visa, you must pay. Sometimes you can purchase it on arrival, often you must get it at the embassy or consulate of your destination country. So, who wants how much? Check out the details over at [HowMuch](#).

# Tourist Visa for Americans Around the World



## K-State Scientists Gain the Upper Hand On Devastating Wheat Scab Disease

I was sent an interesting note about the first Wheat Scab resistance gene being written by Professor of Plant Pathology, of Kansas State University, Bikram Gill. I wanted to share a bit of it with our readers as I found it interesting. Fusarium head blight, or wheat scab has been described as a wheat-industry-threatening disease that has caused billions in U.S. wheat field losses the past couple of decades. Essentially this fungus thrives on corn stubble. When you plant wheat into corn stubble, the fungus can jump into the wheat flower and cause the disease. From what I understand all wheat varieties are essentially susceptible to this disease. It turns out that the only source of resistance is in the Chinese landrace Sumai 3. All the other world's landraces of wheat lack this resistance. It sound like the team at K-State essentially cloned the DNA of this variety into bacteria. There were million and millions of clones and eventually, through painstaking work, they identified a small piece of DNA, which when it was introduced into wheat plants made them resistant. According to the Professor, this gene hunt has been ongoing for the last 20 years, and he and his team were essentially the folks who first identified it. Now that they have this gene, they are able to diagnose whether any variety has this resistance or not. Secondly, Gill's team can now play around with the gene to find perhaps more valuable data and insight. Furthermore, they can also use the gene sequence to fix susceptible genes in other cultivars with a technique called genome editing. Generally, if a plant resists a disease it's a very long pathway with many genes involved. Now that Gill knows one piece of



the puzzle, he and his team can more quickly work to uncover the entire pathway. That will help lead to many more approaches and many more targets where intervention can make plants resistant to a disease. Gill's findings are published online in the [Journal Nature Genetics](#). The article details about 20 years of research that included scientists in China and several American Universities. Lots of good stuff is happening in ag tech... (Source: [KSU](#))



### **New Way People Are Breaking Into Cars with Keyless Entry Systems**

It's freaky enough hearing stories of hackers who can disable brakes, control a steering wheel or shut down an engine as a vehicle drives down the road, but I'm now hearing that hacking can happen when a car is vacant and shut down. There's apparently a device making its way over from Europe that tricks keyless systems into unlocking and starting a car for a thief. I've personally never seen the device but the L.A. Times recently ran an alert for readers. Reportedly, the National Insurance Crime Bureau, a non-profit organization created by people in the insurance industry and based in Illinois, got the device from a third-party security expert at an overseas company -- whatever that means -- and began testing it. The device supposedly works by using two sets of equipment. A thief holds the first device while a car owner parks and locks the vehicle, picking up the signal sent from the key fob to the car. With a keyless start, a car susceptible to the device then unlocks and authorizes the car to start. The organization tested 35 different vehicles with the device (pictured below) and reported that the device opened 19 of them. Of those opened, they were able to start and drive away in 18 of them. I suspect it's only a matter of time until they have the hack entirely mastered. The reports circulating say some of the more vulnerable cars included the 2015 Ford Edge, 2016 Chevrolet Impala, 2017 Toyota Camry and the 2013 Volkswagen Jetta Hybrid. The organization heard of the device being used in Europe and entering the U.S., but there are no reports from U.S. law enforcement that indicate the device has been used to steal a car on this side of the pond...at least not yet. If this isn't unsettling enough, the L.A. Times reports that this is just one of several technologies used to hack into keyless entry systems. I've often wondered if someone had a device that could pick up the signal being emitted from our garage door openers...I guess

now I know the answer. Wow! (Source: [L.A. Times](#))



### **Boots For Christmas and Information I Didn't Know**

It seemed like new cowboy boots were the theme around the Van Trump house this season. The girls also got a couple of new pairs, but I would classify them as more fashion type boots by companies like Donald J. Pliner and Frye. For the men it was the more traditional "cowboy boot". It was following the industrial revolution that boots were first able to be mass-produced. One early mass-produced boot style was called the Wellington boot, (a shorter but cavalry-oriented boot) became popular with cowboys in the U.S. into the mid to late-1800s. Then we entered more of the "cattle drive" era and the Wellington went to the wayside and more of a working style boot became popular. The design was modified to allow more easy insertion and removal of the foot into the stirrup of the Western saddle. The taller heel minimized the risk of the foot sliding forward through the stirrup, which could be life-threatening if it happened and the rider were to be unseated. There was often considerable risk that a cowboy would fall from a horse, both because he often had to ride young, unpredictable horses, but also because he had to do challenging ranch work in difficult terrain, that often meant that he could accidentally become unseated by a quick-moving horse. If a rider fell from a horse but had a boot get caught in the stirrup, there arose a very great risk that the horse could panic and run off, dragging the cowboy, causing severe injury and possible death. The tall leather shaft of the boot helped to hold

the boot in place in the absence of lacing. The tall shaft, comfortably loose fit, and lack of lacing all were additional features that helped prevent a cowboy from being dragged since his body weight could pull his foot out of the boot if he fell off while the boot remained stuck in the stirrup. While mounted, the shaft also protected the lower leg and ankle from rubbing on the stirrup leathers, as well as fending off brush and thorns, particularly if also worn with chaps or chinks. While dismounted, the shaft helped protect the leg and foot from rocks, brush, thorns, and rattlesnakes. In wet weather or creek crossings, the high tops also helped prevent the boot from filling with mud and water. Decoration varied widely. Early boots were cowhide leather pieced together with single rows of top stitching, but as custom boots were made, cowboys asked for decorative stitching, cutouts in the high tops (early on, often Texas stars), and different materials. The interaction of wild west shows and, later, western movies influenced styles that working cowboys at times adopted. Interestingly modern cowboy boots are available in all kinds of colors and can be made from just about every animal whose skin can be made into leather, including exotic materials such as alligator and ostrich. The American-style boot was first taken up by bootmakers in the cattle ranching areas of Texas, Oklahoma, and Kansas. Two of the best known early bootmakers of the era were Charles Hyer of Hyer Brothers Boots in Kansas, and H. J. "Daddy Joe" Justin of Justin Boots in Texas. I personally like to wear Lucchese's but as of late have found some nice Justin's and Tony Lama's that I've added to my closet. Below are a few interesting insights:

**H.J. "Daddy Joe" Justin** started in the boot business repairing boots in and around the Gainesville, Texas area. Soon after repairing boots for many years he decided to start making his own boots in 1879, where Justin boots were founded. By 1908 Justin decided to make his sons, John and Earl, equal partners in the family business, which is when the name of the company changed to H.J. Justin & Sons. In 1925 after Justin moved the business to Fort Worth where shipping was easier, the Nocona brand of cowboy boots was made by Enid Justin Stelzer, the eldest daughter of H. J. Justin, who stayed in Nocona with her husband, and the couple continued the family business of boot making. Then in 1950 Joe's grandson, John Justin Jr. rounded up some money and bought out all of the Justin boot company stock and gained control of the company. Then in 1972 the name was officially changed to Justin Industries, Inc. Throughout the eighties John bought Nocona Boot Company, Chippewa Shoe Company, and Tony Lama Boots. Soon after all of these purchases John stepped down from chairman and Warren Buffet purchased Justin Industries, Inc. for close to \$600 million, which he still owns today.

**Lucchese Boot Company** was established in the year of 1883 by Salvatore Lucchese and his brother Joesph in San Antonio, Texas. Salvatore and his brother were immigrants in the United States originally from Sicily, Italy. When the company first opened they called Lucchese Bros. The company was originally the main customer of the United States Army stationed at Fort Sam Houston. In 1964 Lyndon B Johnson admitted Lucchese boots were his favorite. In 1970, Lucchese was sold to Blue Bell Corporation, the parent company to Wrangler. By 1987, the company had moved from San Antonio, Texas to El Paso, Texas, where it is still headquartered. In 1989 Lucchese made a pair of inaugural boots for U.S. president George H.W. Bush. By 1998, Blue Bell Corporation sold Lucchese to Arena Brands, a Western Apparel conglomerate that was formerly known as Hat Brands, Inc.

**Tony Lama Boots** was founded in 1911 by Tony Lama in El Paso, Texas. Lama first

*started to learn the boot trade at the age of 11 while apprenticing for a shoemaker in Syracuse, New York. Lama opened his company to initially specialize in boot repair, however, the boots he was making were becoming popular. By the 1930's the Tony Lama boots were starting to become popular throughout the western part of America. Harry S Truman wore a pair of custom made Tony Lama boots inlaid with gold and silver. By the 1960's the company began making over 750 pairs of boots a day. Justin Industries bought Tony Lama Boots in 1990.*

\*Below are three of the boots I received as gifts: on the left a black ostrich Tony Lama; in the middle an elephant and shark skin boot by Justin; and on the right an alligator boot by Lucchese.



# CASH SALES & HEDGING TOTALS

## CORN 2015 CROP

100% SOLD  
0% HEDGED  
0% Cash Remaining



## SOYBEANS 2015 CROP

100% SOLD  
0% HEDGED  
0% Cash Remaining



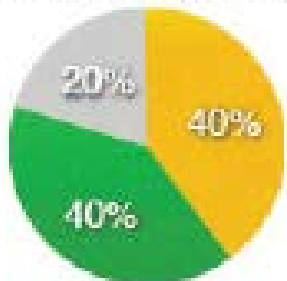
## WHEAT 2015 CROP

100% SOLD  
0% HEDGED  
0% Cash Remaining



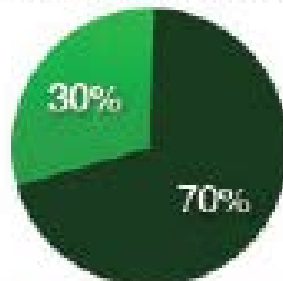
## CORN 2016 CROP

40% SOLD  
40% HEDGED  
20% UNPROTECTED



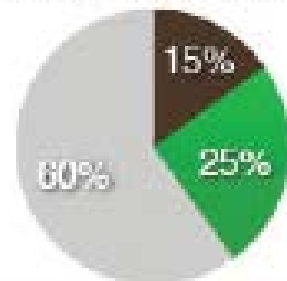
## SOYBEANS 2016 CROP

70% SOLD  
30% HEDGED  
0% UNPROTECTED



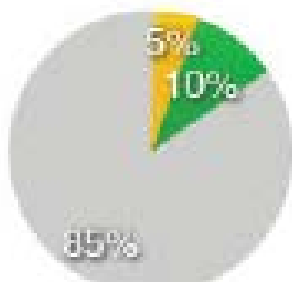
## WHEAT 2016 CROP

15% SOLD  
25% HEDGED  
60% UNPROTECTED



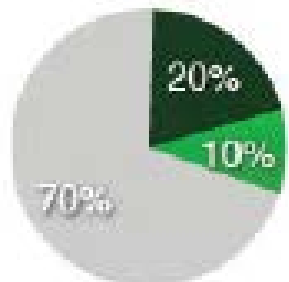
## CORN 2017 CROP

5% SOLD  
10% HEDGED  
85% UNPROTECTED



## SOYBEANS 2017 CROP

20% SOLD  
10% HEDGED  
70% UNPROTECTED



## WHEAT 2017 CROP

0% SOLD  
10% HEDGED  
90% UNPROTECTED

