



*"Faith consists in believing when it is beyond the power of reason to believe." - Voltaire*

**FRIDAY, JANUARY 13, 2017**

*\*FYI I will be speaking for the [North Dakota Grain Dealers Association](#) in Fargo, ND on Monday. Then for our friends at [FarmLogs](#) on Tuesday in Des Moines, Iowa. From what I understand that event is FREE for producers. You can learn more by Clicking [HERE](#)*

**Morning Summary:** Macro traders are already starting to prepare for a busy holiday shortened trade week. The U.S. markets will be closed on Monday for a federal holiday that honors the birthday of Martin Luther King Jr.. Then on Tuesday, January 17th, some 3,000 people, many of who are considered the worlds most influential investment leaders, will converge on a small town in the Swiss mountains for the [World Economic Forum's Annual Meeting 2017](#), often referred to in the trade as "Davos". Believe it or not the theme of this years global meeting is "Responsive and responsible leadership". The best and brightest have concluded that our world is changing at breakneck speed and we have to make certain we are ready and prepared for the hurdles immediately ahead. This years meeting will also focus on four key leadership challenges: strengthening global collaboration, revitalizing economic growth, reforming capitalism and preparing for the Fourth Industrial Revolution – a huge leap powered by the digital "tech" age, which is transforming the way we live and work. After digesting the Davos headlines the trade will be quick to turn its attention to the inauguration of the 45th President of the United States, Donald J. Trump. I suspect the trade will then immediately start to gather all the pieces in an attempt to better forecast the first 100-days in office. There's a ton of questions to be answered: Will we see Trump propose a Constitutional Amendment for Congressional Term Limits? Will we see a renegotiation of NAFTA? Will he repeal and take steps to replace Obamacare? Will he officially take steps towards exiting TPP? Will he place a hiring freeze on the Federal workforce? Will Trump officially call out the Chinese as being currency manipulators? Will he lift restrictions on domestic oil and gas production? Who will he appoint as a Supreme Court justice? Will he suspend all immigration coming form terrorist regions? Will he order official action to be taken against illegal immigrants? The list of "what ifs" could go on and on. The point is there's simply a ton of uncertainty and unknowns coming quickly around the next corner. I have to imagine the headline traders are about to have a heyday and the volatility index (VIX) is about to be awakened. As for today, investors are eager to see Q4 earnings results from Bank of America, Blackrock, JPMorgan Chase and Wells Fargo. The big banks are of particular interest as their stock prices have seen a big boost since the election and traders will want to see quarterly results and forward guidance that justifies

those gains. Today also brings some of the more significant economic data for the week, including the Producer Price Index, Retail Sales, Business Inventories and Consumer Sentiment. Next week, bank earnings continue with Morgan Stanley on Tuesday followed by Citigroup and Goldman Sachs on Wednesday. Other key releases next week include American Express, CSX, General Electric, IBM, Kinder Morgan, Netflix, Pinnacle Financial, Schlumberger, Southwest Airlines, TD Ameritrade, Union Pacific and United Health. The data schedule picks up a bit more next week with Empire State Manufacturing on Tuesday, the Consumer Price Index, Industrial Production, the Housing Market Index and the Beige Book on Wednesday; and Housing Starts and the Philadelphia Fed Business Outlook on Thursday. There are also four Fed officials scheduled to speak throughout next week. Senate confirmation hearings resume next week with the schedule so far set for Secretary of the Interior pick Ryan Zinke and Secretary of Education choice Betsy DeVos on Tuesday, followed on Wednesday by Wilbur Ross to be Secretary of Commerce and Scott Pruitt for head of the EPA. Internationally, China will be a main attraction with GDP, Industrial Production and Retail Sales all released overnight Thursday. Thursday also brings the European Central Bank's latest policy decision, which is not expected to announce any changes. Bottom-line, next week is going to be extremely busy and there will be a lot of headline activity in a shortened holiday trade week.

**Friday the 13th:** *Today is Friday the 13th, a day many people have often associated with bad luck. A few years back [USA Today](#) ran a story explaining why, here are few of the highlights:*

- *Both Friday and the number 13 have some troubled ties to Christianity.*
- *Friday was the day that Jesus was crucified, and ever since, the day has been associated with "general ill omen." In the Middle Ages, for instance, weddings were not held on Fridays; likewise, it was not a day someone would set out on a journey.*
- *Friday was also unlucky in medieval times because it was "hangman's day"*
- *13 people at a table was seen as bad luck because Judas Iscariot, the disciple who betrayed Jesus, is said to have been the 13th guest at the Last Supper.*

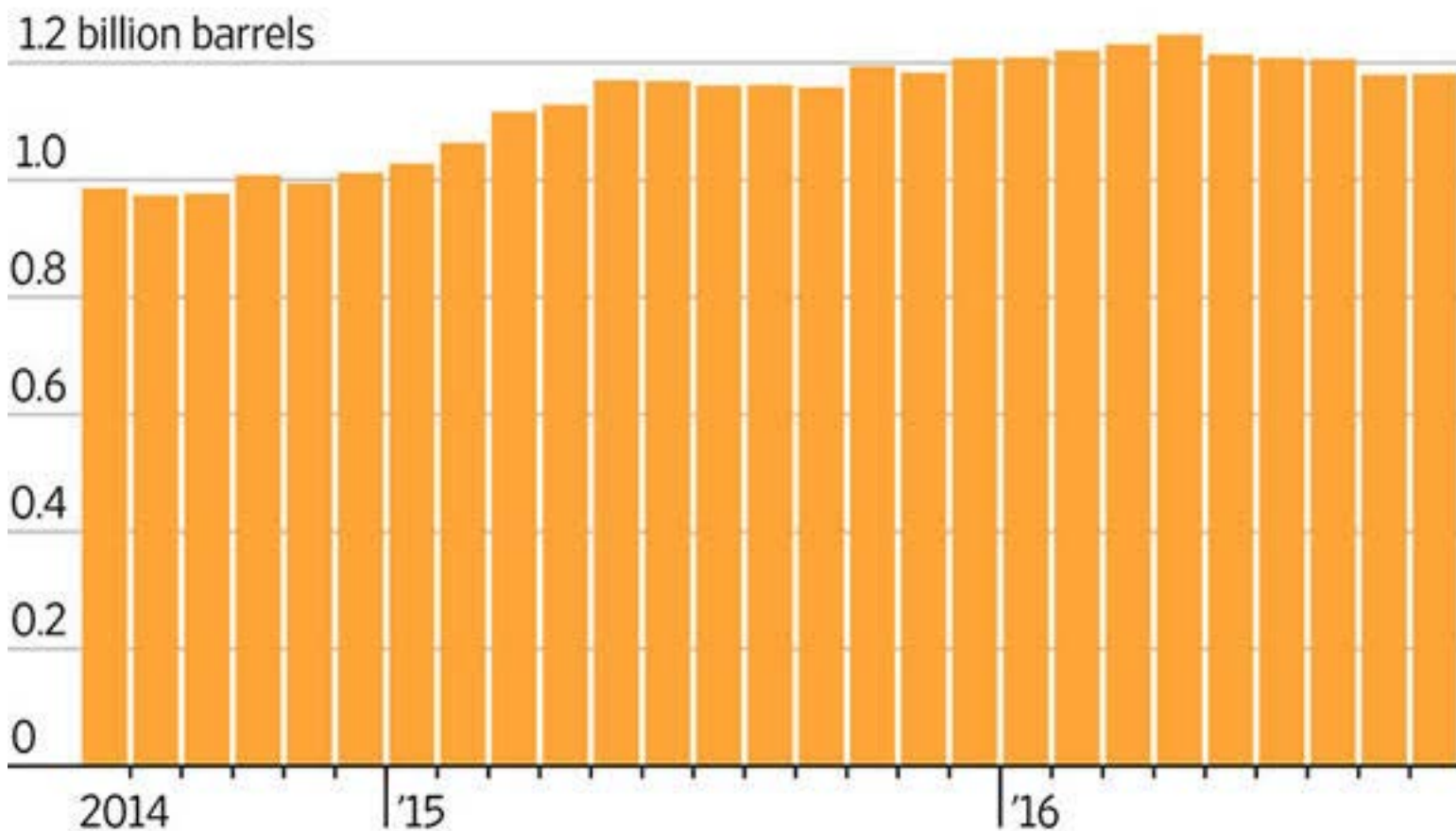
**U.S. Economy Looks Strong:** *Fed Chair Janet Yellen told people attending a town hall meeting yesterday that the U.S. economy is "doing quite well" and faces no serious obstacles in the short term, with the labor market looking strong. However she still fears longer-term issues like widening income inequality, weak growth in labor productivity and a rollback of Dodd-Frank regulatory changes.*

**OPEC Faces A Storage Problem:** *A big obstacle is emerging for the Organization of the Petroleum Exporting Countries' plan to raise oil prices with output cuts: vast global reserves of crude that threaten its power over markets. Oil prices have risen about 20% since the 13-nation group decided to cut production in November. However, analysts said there isn't enough incentive for oil traders to start emptying storage tanks that rose to a record of more than 1.2 billion barrels in 2016 in the Organization for Economic Cooperation and Development group of industrialized nations, which includes the U.S. Now, OPEC is scrambling to find ways to force stored-oil volumes down to more manageable levels before U.S. producers use the price recovery to kick-start output. Analysts said all that stored oil is a swing supplier, meaning it can be released when prices rise and built up when they fall. OPEC will need to force prices up quickly*

*to move oil out of storage, pushing the market into backwardation—a term that means oil is more expensive today than in the future. Storing oil generally works only when traders believe they can sell for higher prices in the future. (Source: The Wall Street Journal)*

## Oil Stash

Huge quantities of stored oil are posing a challenge to OPEC's plan to raise oil prices with production cuts.



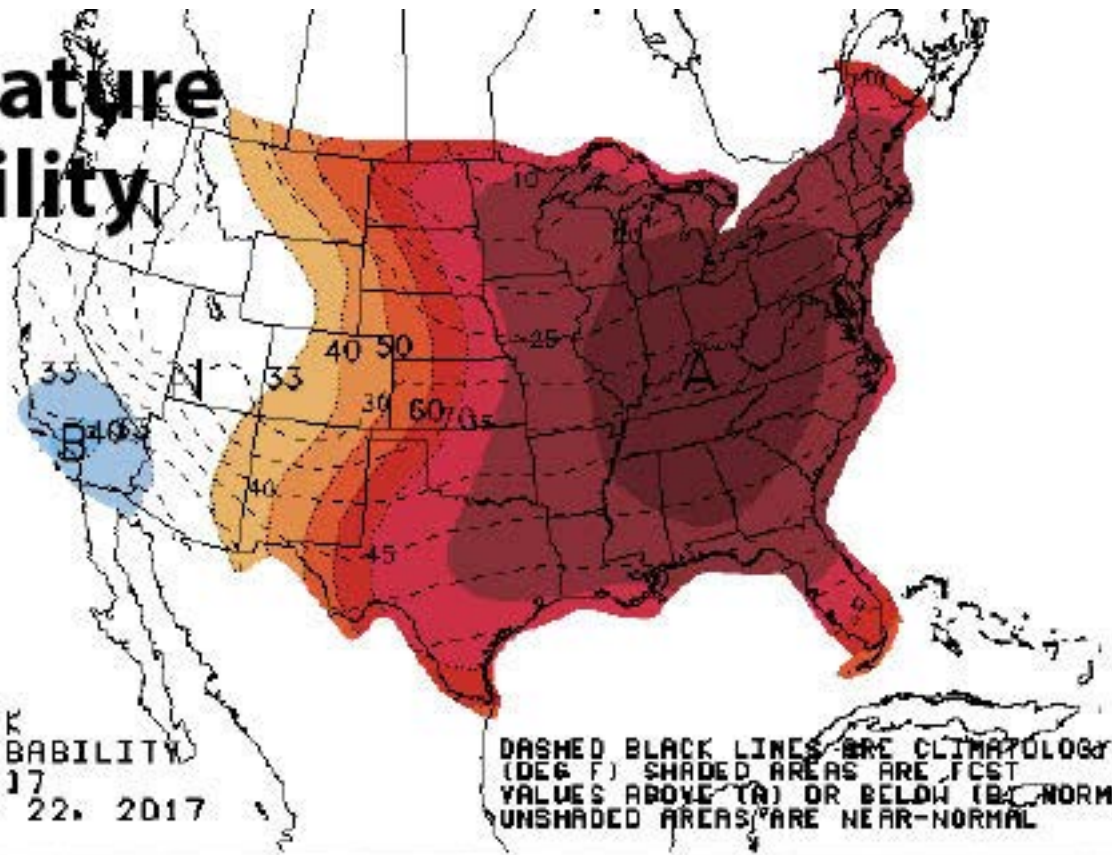
Source: International Energy Agency

THE WALL STREET JOURNAL.

**Weather** continues to focus on a new surge of cold air which is engulfing the Plains, Midwest and much of the West. On the southern Plains, a major precipitation event is indicated to begin today and last through the weekend. This likely means improving soil moisture for a large portion of the winter wheat belt, including Kansas. It also means a high risk for a freezing rain and sleet storm for the area. Across the northern Plains, bitter cold conditions continue to stress livestock through the weekend. A more moderate temperature trend is anticipated over the weekend and into next week. In the Corn Belt, a sharp cold front stretches from the lower Great Lakes region to Missouri. Today's temperatures plunged below 0 degrees F in the far upper Midwest but will later rise to near 70 degrees F along the Ohio River. Rain is falling in the vicinity of the cold front, while snow showers are occurring across the upper Midwest. In the South, unusual warmth follows last weekend's

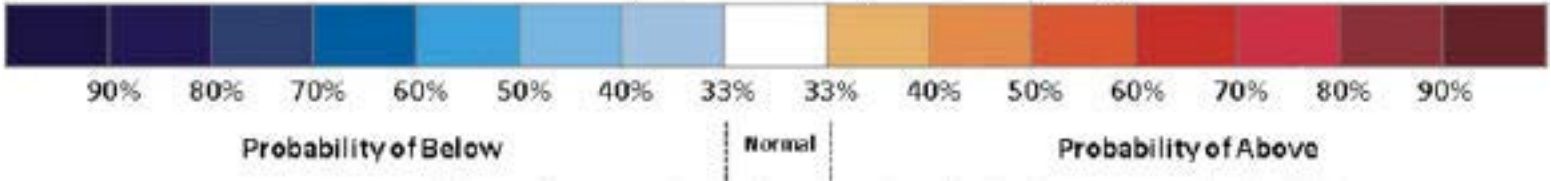
cold snap. The 6 to 10 day outlook for January 17 - 21 calls for near to above normal temperatures and precipitation across most of the nation. The greatest likelihood of warmth will stretch from the Mississippi Valley to the East Coast, while drier than normal conditions will be confined to portions of the southern Plains. Brazil continues to see generally favorable crop conditions. Far northeastern areas have additional chances for beneficial rain through the coming weekend. In central areas, Early harvest has a favorable forecast. Southern crop areas will see a hot spell for a few days. In central Argentina, additional rainfall is indicated over the next five days for Cordoba, Santa Fe and the northern half of buenos Aires provinces. This moisture will bring new flooding potential to an already very wet sector of Argentina. Meanwhile, dryness concerns for sunflower areas and minor corn and soybeans areas in La Pampa and southwest Buenos Aires will remain in effect following below normal December and early January rainfall and above normal temperatures.

# Temperature Probability



6-10 DAY OUTLOOK  
 TEMPERATURE PROBABILITY  
 MADE 12 JAN 2017  
 VALID JAN 18 - 22, 2017

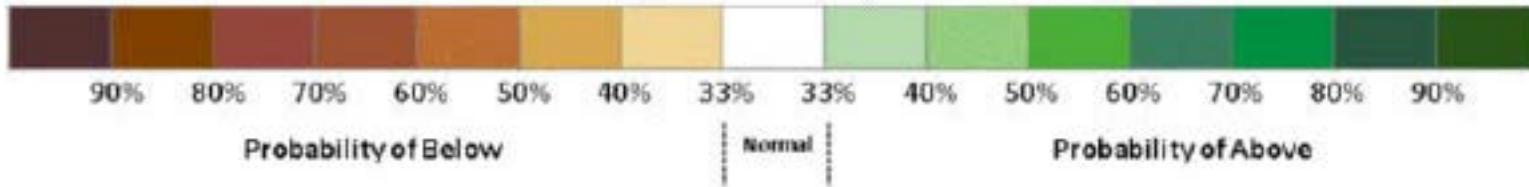
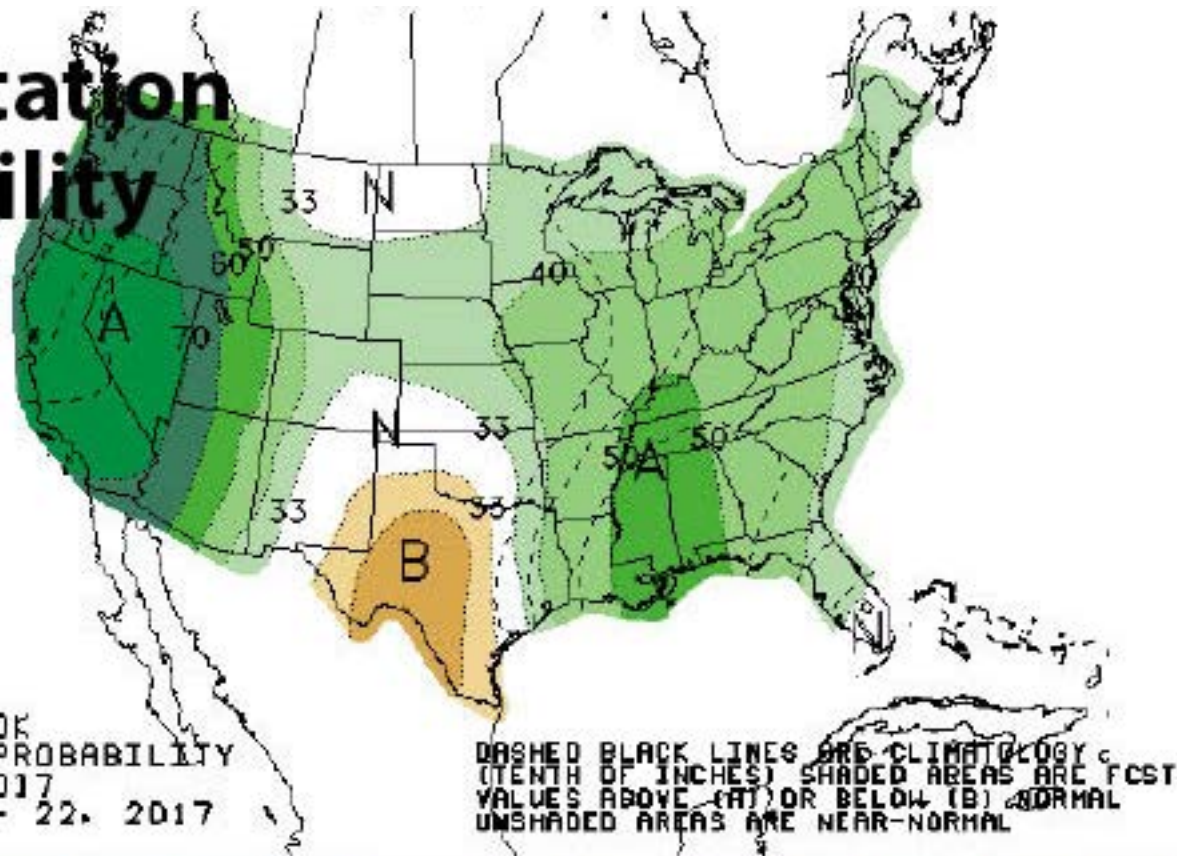
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# Precipitation Probability



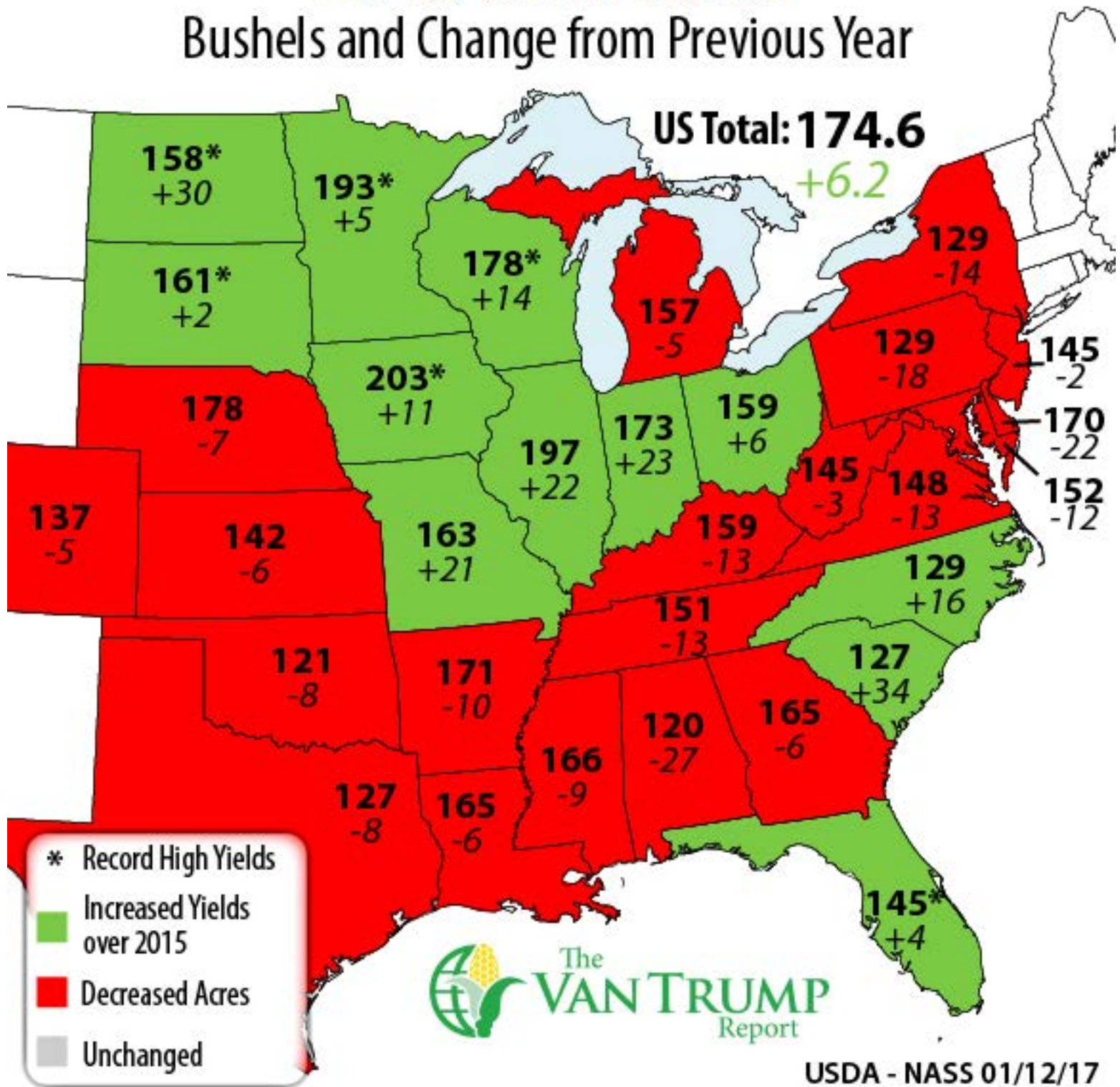
6-10 DAY OUTLOOK  
 PRECIPITATION PROBABILITY  
 MADE 12 JAN 2017  
 VALID JAN 18 - 22, 2017



**Corn** traders make little adjustment following the latest round of USDA data. Personally I didn't see any major surprises or changes in the USDA data. I could argue that the Argentine corn production number could have been reduced a bit, but fully understand the USDA wanting to wait until more information is known. There's also some argument that the USDA may have been a bit conservative with their originally Argentine estimate. Here at home U.S. planted acres, harvested acres and yield were all reduced a fraction, prompting total production to be lowered by -78 million bushels. We still however remain record large with 15.148 billion bushels being harvested on a yield of 174.6 bushel per acre. Exports were left "unchanged"; Ethanol usage bumped higher by +25 million bushels; Feed use lowered by -50 million bushels. Net-net total domestic demand was cut by -25 million bushels and ending stocks were lowered by -48 million bushels. The December 1 stocks report was also released yesterday and showed corn stored in all positions at 12.4 billion bushels, up +10% from December 1 of the past year. Of the total stocks, 7.61 billion bushels were thought the be stored on farms, up +11% from a year earlier. Off-farm stocks were reported at 4.77 billion bushels, up +8% from a year ago. I wish I could think of something new or exciting to say, but I feel we are stuck in the mud. I'm not real worried about the downside at this juncture. Unfortunately the upside doesn't offer much hope. I suspect we will have to trim more than -5 million new-crop U.S. acres to excite the trade in any capacity. Throw on top a weather story then perhaps we have something. Outside of all that I'm thinking we continue to trade in a fairly narrow range. Meaning I will be fairly quick to reduce more new-crop risk if we can push prices a bit higher. I continue to stay fully engaged and closely monitoring prices and headlines.

# 2016 Corn Yield

Bushels and Change from Previous Year

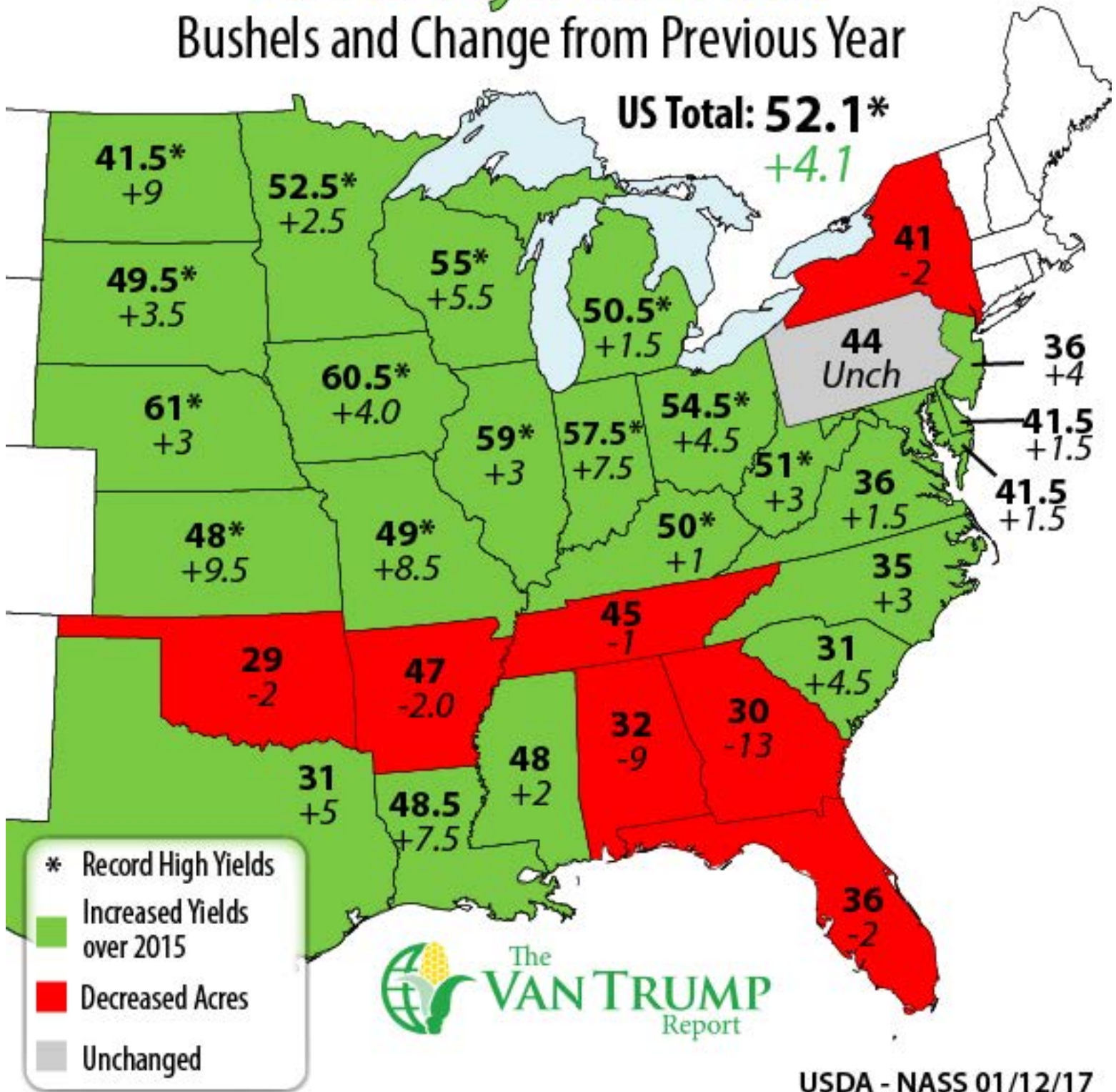


**Soybean** caught a nice tailwind on the USDA showing a larger reduction in domestic ending stocks than many had forecast. U.S. planted acres, harvested acres and yield were all lowered a touch, prompting total production to be reduced by -54 million bushels on a yield of 52.1 bushels per acre. Total production however still remains record large at 4.307 billion bushels. Imports were lowered by -5 million bushels while domestic demand was essentially left unchanged. The net result was U.S. ending stocks being lowered by -60 million bushels. With no bump in domestic demand this has bulls wondering if we don't

tighten even further in the weeks ahead. The December 1 quarterly stocks report soybeans stored in all positions at 2.90 billion bushels, up +7% percent from December 1 of last year and the highest in history. Soybean stocks stored on farms totaled 1.34 billion bushels, up +2% from a year ago. Off-farm stocks were reported at 1.56 billion bushels, up +11% from last December. Somewhat surprising the USDA decided to leave the Argentine crop "unchanged" and the market still rallied higher. Also interesting was the fact the market rallied into the USDA raising their Brazilian crop production higher by +2 MMTs as well as raising the Brazilian exports. I'm going to stay patient with this market. As a producer I have some longer-term targets in place that I still believe could be triggered. As a spec I've been kicking around the idea of initiating a bearish strategy on the next leg higher, but I'm going to stay hesitant. This market makes me nervous... I have a strange feeling the South American crop could have just posted it's high estimate. I'm starting to think there could be more problems in Argentina than many are forecasting. I'm also worried about the logistical complications in Argentina and how the world market seems impatient in waiting on major delays. Yes, we have the uncertainty surrounding Team Trump and The Chinese, but what if the market has that relationship all wrong? What if Trump negotiates rock solid deals? Based on his track record that could certainly be the case. I'm just saying this market doesn't feel right and hasn't felt right for the past few weeks. I think there might be more upside than wha the majority of the analyst are forecasting. Again, I'm staying patient and on the sideline waiting for higher prices to make my next move.

# 2016 Soybean Yield

Bushels and Change from Previous Year

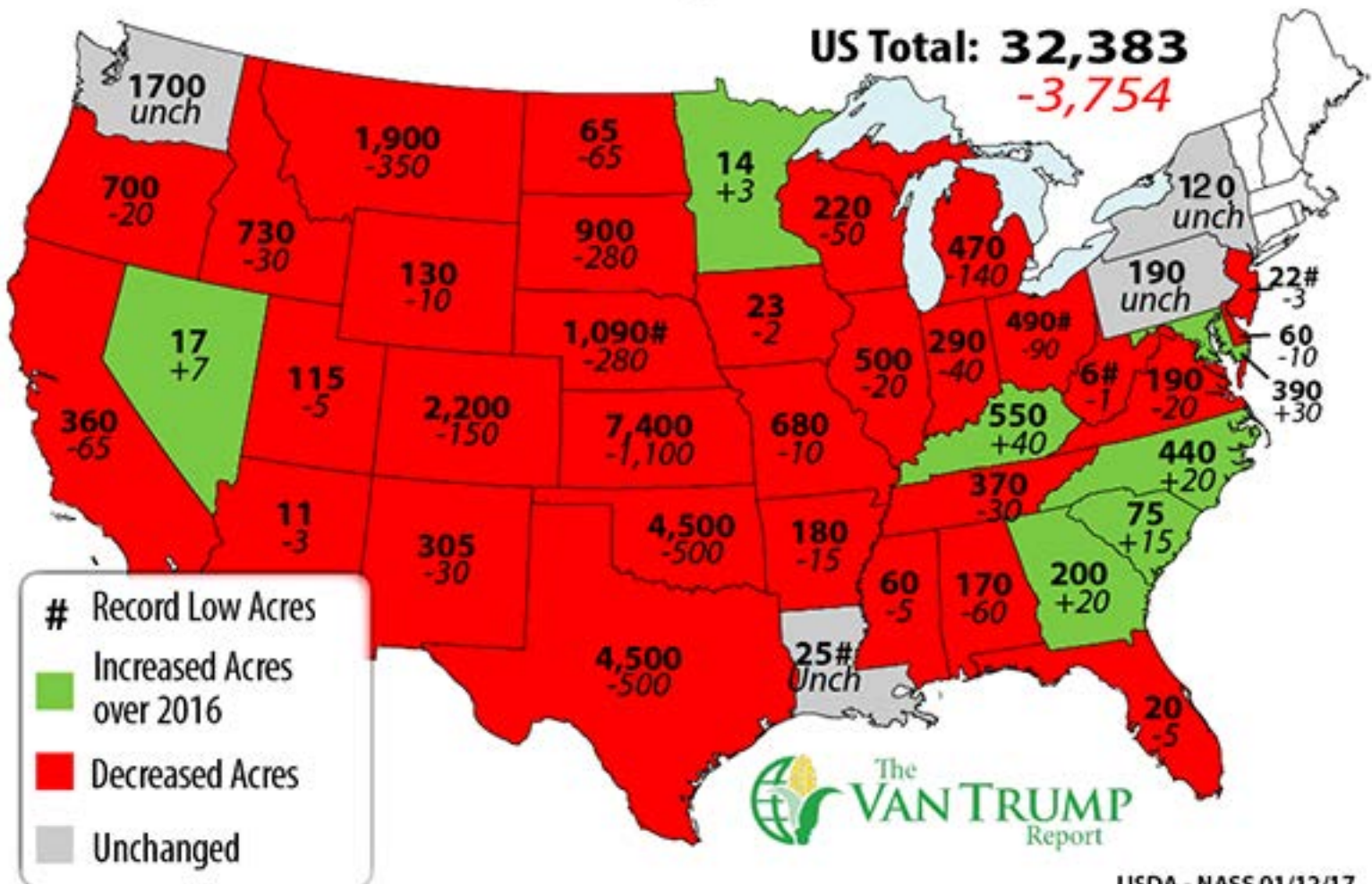


**Wheat** bulls again couldn't muster the momentum to breakthrough the \$4.30 area on the charts (MAR17 CBOT contract). The \$4.30 to \$4.50 area continues to remain extremely tough resistance and will be difficult to overcome based on traditional fundamentals. The USDA data released yesterday was of little surprise. Domestic wheat demand was lowered by -43 million bushels on a combination of reducing seed as well as feed and residual demand. Net-net, domestic U.S. ending stocks grew larger by +43 million bushels. From



a bullish perspective new-crop U.S. winter wheat acres were lowered even further and are now the lowest since 1909. Total winter wheat acres for 2017 are expected to total just 32.4 million, down -10% from 2016 and 18% below 2015. Personally I think it's going to move even lower... HRW wheat acres are down about -12% from 2016. Record low HRW wheat acreage was seeded in Nebraska and Utah. SRW wheat acres are down about -6% from last year. Which I still believe is overstated. White Winter wheat acres are down about -4% from 2016. The December 1 quarterly stocks data showed all wheat stored in all positions at 2.07 billion bushels, up +19% from a year ago. On-farm stocks are estimated at 571 million bushels, up +13% from last December. Off-farm stocks, at 1.50 billion bushels, are up +21% from a year ago. On the global front, the Russian wheat crop was bumped a hair higher from 72 to 72.5 MMTs. The EU wheat crop was also bumped a hair higher from 144.0 to 144.3 MMTs. World wheat crop was taken higher from 751.3 to 752.7 MMTs. Bottom-line, very little has changed from a fundamental perspective. I suspected the U.S. planted acres were going to get smaller and global production moved a hair higher. Despite the traditional fundamentals continuing to point to the downside, as both a spec and a producer I continue to like the longer-term potential associated with the upside. I remain extremely patient looking for longer term macro and geopolitical headlines to be game changing...

## 2017 Winter Wheat Planted Area (000) Acres and Change from Previous Year





**> Global Food Prices Fall For Fifth Year In A Row:** *Prices of major food commodities declined for the fifth year in a row in 2016, according to the Food and Agriculture Organization of the United Nations (FAO) Food Price Index. The index averaged 161.6 points for the year as a whole, some 1.5 percent below 2015 levels. 2016 was marked by a steady decline in cereal prices, which fell 9.6 percent from 2015 and were down 39 percent from their 2011 peak. At the same time, sugar and vegetable oil prices rose over the year by 34.2 percent and 11.4 percent, respectively. FAO's Cereal Price Index, largely stable since September, increased 0.5 percent in the month of December, with rice and maize quotations firming up while larger-than-expected production estimates in Australia, Canada and the Russian Federation led to lower wheat prices. FAO's Vegetable Oil Price Index rose 4.2 percent from November, capping a double-digit annual gain to reach its highest level since July 2014. The FAO Dairy Price Index also rose, by 3.3 percent, from November, due primarily to higher prices for butter, cheese and whole milk powder and restrained output in the European Union and Oceania. The FAO Sugar Price Index, while up almost a third over the year, declined 8.6 percent in the last month of 2016. The sharp fall was mainly driven by an ongoing weakening of the Brazilian Real against the U.S. dollar, along with a reported 18 percent jump in expected production in the Centre South, Brazil's main sugarcane-growing region. The FAO Meat Price Index declined 1.1 percent from its revised November level. Its average value in 2016 was 7 percent below that of 2015, due mainly to falls in the international prices of bovine and poultry meats.*

**> Black Sea Freeze Raising Grain Export Concerns:** *The cold blast across eastern Europe is raising concerns about a grain-export crunch as icy conditions restrict navigation at some of the region's most important ports. Blizzards and gales are curbing movements of vessels at Bulgaria's Varna port and navigation in the Hungarian part of the Danube river has been suspended. Romania's major grain-exporting hub of Constanta was disrupted this week and at least three ports in Ukraine's Odessa region have limited ship maneuvers due to ice. As forecasters expect another cold spell next week in Ukraine, one of Europe's top wheat and corn shippers, traders are concerned ports may close again and slow exports. Wibke Baars, a consultant at Agritel, told Bloomberg, "If colder conditions continue and it slows loading even more, then we could see an impact on prices." (Source: Bloomberg)*

**> Argentina's Corn Crop Prospects Slashed:** *The Rosario grain exchange has reduced its estimate for Argentina's corn crop, lowering its projection by -1 million metric tons to 35.5 million. The exchange says that despite the highest planted area in a decade, about "200,000 to 300,000 hectares (494,000 to 741,000 acres) that were severely affected by the drought problems of southern Buenos Aires, and the excessive rains of the central belt."*

**> U.S. Grain Rail Shipments Move Up Slightly:** *U.S. rail transportation of grain products in the week ended January 7 totaled 21,476 cars, up 0.9% from the corresponding week a year ago, According to the Association of American Railroads. Rail transportation of chemical products fell 11.5% year on year to 28,580 cars. AAR designates fuel-grade ethanol as a chemical product.*

**> USDA Lifts Forecast For 2017 Red Meat & Poultry Production:** *USDA raised its estimate for total red meat and poultry production for 2017 slightly in its latest report. Higher expected cattle placements in late 2016 and early 2017 underpin higher forecast beef production in 2017. For 2017, beef exports are raised as current demand strength is expected to carry into 2017. Imports are forecast higher on expectations of slightly larger supplies from Oceania in early 2017. The 2017 cattle price forecast is increased on continued strong demand into the first part of 2017. Steer prices (total all grades) are now forecast to average \$106 to \$113 per hundredweight, up from last month's forecast range of \$103 to \$111. Pork production for 2017 is raised based on estimates from the December Quarterly Hogs and Pigs report. The 5 percent year-over-year increase in the September–November pig crop will be slaughtered largely in the second quarter of 2017. The hog price forecast for first quarter 2017 is raised on demand strength, but price forecasts for subsequent quarters are lowered as hog supplies are expected to be large. The average 2017 prices for barrows and gilts are forecast in a range of \$38 to \$41 per hundredweight, down from last month's range of \$39 to \$41. Broiler production is raised for early 2017 on recent hatchery data, but the turkey production forecast is unchanged. Broiler prices are raised slightly on early-year demand strength and are now expected to average 80 cents to 86 cents per pound in 2017, up from last month's forecast range of 80 cents to 85 cents per pound. Turkey prices are forecast lower on relatively soft demand and are now projected to average \$1.05 to \$1.13 per pound, down from last month's forecast range of \$1.07 to \$1.15 per pound. (Source: MeatingPlace)*

**> USDA Announces \$252 Million Available for Regional Conservation Partnership Program:** *Agriculture Secretary Tom Vilsack announced that the agency's Natural Resources Conservation Service (NRCS) will reward \$252 million to locally driven, public-private partnerships that improve the nation's water quality, combat drought, enhance soil health, support wildlife habitat, and protect agricultural viability. Applicants must match or exceed the federal award with private or local funds. Potential conservation partners, including private industry, non-government organizations, Indian tribes, state and local governments, water districts, and universities, are encouraged to submit project applications for federal funding through the Regional Conservation Partnership Program (RCPP). Created by the 2014 Farm Bill, RCPP connects partners with producers and private land-owners to design and implement voluntary conservation solutions. By 2018, NRCS and its more than 2,000 conservation partners will have invested at least \$2.4 billion in high-impact RCPP projects nationwide. USDA is now accepting proposals for Fiscal Year 2018 RCPP funding. Pre-proposals are due April 21. More information is available [HERE](#).*

**> Dairy Groups Say Canada's Policies Harm U.S. Economy:** *U.S. dairy organizations and the state departments of agriculture across the country told President-elect Donald Trump that Canada's existing and soon-to-be-expanded protectionist policies are intentionally designed to block imports from the United States. These policies are in direct vio-*

lation of Canada's trade commitments under the North American Free Trade Act (NAFTA) and the World Trade Organization, said International Dairy Foods Assn., National Milk Producers Federation, National Assn. of State Departments of Agriculture and U.S. Dairy Export Council in a letter urging the president-elect and his key cabinet members to take immediate action. U.S. dairy suppliers are reporting that they are already losing business because of these programs, demonstrating that Canada's actions are resulting in lost revenues and jobs for dairy farmers and processors across the United States. (Source: Feedstuffs)

**> US December Federal Budget Deficit Increases To \$27.5 Billion:** *The US Federal Government posted a deficit of \$27.5 billion for December compared with a shortfall of \$14.4 billion for December 2015 and was above consensus forecasts of a deficit around \$23 billion. There was some upward pressure on spending as various entitlement payments were brought forward to December from January. There was a decline in revenue of 3.3% over the year as receipts were distorted by last year's payment of \$19.3bn to the Treasury by the Federal Reserve. Calendar anomalies meant that spending also declined 3.3% over the year. Income tax receipts were fractionally higher for the first three months of the year while corporate tax receipts fell by over 10%. In calendar 2016, the deficit widened to \$580.14bn and 3.1% of GDP from \$478.0bn and 2.7% of GDP in 2015.*

**> OPEC Members Will Meet Next Week To Evaluate Output Commitments:** *OPEC members will meet in Vienna next week to assess the progress being made by major producers that agreed to cut output by a combined -1.8 million barrels per day. UAE energy minister Suhail al-Mazrouei said the group will be evaluating the progress made so far, adding that he personally has "lots of trust in the commitment of those countries." He also noted that international oil prices this month had made a fair movement toward correction, "But the real correction will happen when we see some action from the concerned group who came together," referring specifically to the meeting between OPEC and non-OPEC members held in December. Mazrouei said it was too early to say whether OPEC production cuts would be extended beyond the six months agreed to in November, as he is of the belief that a natural decline in global output was already underway, predicting it would make itself felt within the next two years due to a large drop in investment in oil exploration and development.*

**> How Much It Costs To Transport Oil Across The U.S.:** *A Credit Suisse research team led by Jan Stuart shared a map showing the transport differentials for oil across the US in a recent note to clients. The gray routes represent rail transport and the light-blue routes represent pipeline transport across the states. Meanwhile, the yellow, red, and dark teal represent transport by ship — with the color indicating the destination. It's immediately evident that it is significantly cheaper to transport crude by pipeline than rail. (Source: Business Insider)*



**Northwest Iowa** - We are enjoying some sunshine up here today and temps should warm up nicely by the first of the week. I do not believe there will be a lot of fields with crop rotation changed up here. It seem like we are always opposite of what the trend is for everyone else. This year we will have more corn but primarily that's due to normal crop rotation, not dictated by the markets. We had very good yields for both corn and beans last year. Most corn fields made between 225bpa to 235bpa which was better than the 2015 crop. There was an increase in corn yields of anywhere from 25bpa to 35bpa year over year. Our APH is in the 200bpa area. We are all conventional tillage in this area, with some strip tillage. There is not any no till around us. I think that the soils are a little heavier and with our weather the soils just wouldn't warm up enough. Also, with all the cattle and hogs, guys near us will spread quite a bit of manure. Along with that, most of the grain up here is fed, which helps on the basis and demand. I have a lot of beans that are not priced since we had the yields that we had. The yields ranged between 70bpa to 80bpa, meaning we were not near as much sold as we thought we were.

**Northeast North Dakota** - I must say we are getting tired of the snow up here, but then again it is winter near the Canadian border. We grow beans, wheat, barley, durum and

flax seed. It was a tough year for a lot of the guys in the northern portions of the state. We planted into dry ground then we dealt with extreme wet conditions during the rest of the year after flax seed was mature. Fungicides didn't seem to provide much assistance with staving off the disease issues. Lots of Vomitoxin damage in wheat, barley and durum. Flax seed test weights down to 39lb so that only can be used for chicken feed rations.

**West central Kentucky** - Had an empty bin - air but no heat - and had 5,000 bu extra corn so I put it in there to keep from waiting in line and to speed up harvest. Went in around 16.5-17%. Temps were in the high 70's low 80's in October when it went in and I fanned it for about 2 weeks straight with no rain days. Checked right at 15%. I have checked it every few weeks, felt outside and hit lots of places on bin with infrared gun. Never any hot spots. Never any odor or humidity on bin roof or walls. Getting ready to draw it out, climb in the top today and noticed I didn't sink easily. Corn looks great, no discoloration. We've had 3 inches of rain the last several days, but bin walls and roof are dusty and no sign of any moisture. No moisture on kernels. No odor. Smells like corn. Took as much as I could out in my hat and sweatshirt front pocket and ran three samples through tester. 18, 21 and 22. Starting to clear off now, but humidity is still over 75%. Supposed to rain again next four days fairly steady. Had been in single digits over the weekend, and now it is 67 today, and 60 yesterday. Are 60 degree temp swings causing this? The corn is noticeably cold compared to ambient air obviously. Tester is supposed to compensate for temp but have probably never ran corn through it this cold.



**IFES 2016: Long-Term Weather and Prospects for a Recovery in Corn Prices:** [From Scott Irwin, Department of Agricultural and Consumer Economics, University of Illinois](#) - Corn and other grain prices have declined sharply since 2013 and have recently been as low as \$3 per bushel on a monthly average basis for the state of Illinois. The low level of prices has prompted some observers to declare that the "new era" in grain prices that began late in 2006 has come to an end. Whether the new era is indeed over depends on the mix of factors that have driven prices so low. If these factors are unlikely to be reversed, then there is little chance for a major price recovery. If at least some of these factors can be reversed then there is a possibility of price recovery within the new era price range shown below. The answer has obvious and important implications for farm incomes, land prices, crop input prices, land rental rates, and marketing strategies. The answer will also have important policy implications for U.S. agriculture.

**Ag Study Sees Environmental Gains Hitting Plateaus:** The third edition of "The National Indicators Report" says that the upward trajectory of environmental outcomes since 1980 affecting many agricultural practices was starting to plateau. The report found was continuous improvement in environmental outcomes in the period from 1980 to 2015. On the whole, the crops assessed have produced more yield on less land with improved environmental outcomes on a per-unit-of-production basis. However, over there are signs that

gains started to plateau in the past 5 to 10 years, meaning continued improved sustainability outcomes may require redoubled efforts. Read more [HERE](#).

**Will Trump's Attorney General Enforce Fed Marijuana Laws?** Ever since president elect Trump selected senator Jeff Sessions for U.S. Attorney General there's been a big buzz about marijuana and if he will enforce federal laws that make it illegal. Sessions, who in the past has been outspokenly opposed to legalized marijuana, admitted during questioning by his fellow U.S. senators that disrupting states' legal marijuana markets by enforcing federal marijuana laws could create an undue strain on federal resources. However, responding to a question from Democratic Sen. Patrick Leahy of Vermont, Sessions also said he "won't commit to never enforcing federal law." The senator said just last year that "we need grown-ups in charge in Washington to say marijuana is not the kind of thing that ought to be legalized... that it is, in fact, a very real danger." Keep in mind the U.S. marijuana industry generated an estimated \$6.7 billion in legal sales last year. Seven more U.S. states voted to legalize marijuana in some form on Election Day in November. In total, eight states have voted to legalize the drug recreationally and 29 states have now legalized medical marijuana. I personally have "zero" money in anything to do with marijuana and deem it be of extremely high investment risk as long as the Federal government classifies it as illegal. If you are an investor I would be extremely cautious! Read more at [Fortune](#) or [Politico](#).

**Man Finds \$1 Million Lottery Ticket 8 Days Before It Expires:** An Oregon man recently cleaning his office found a year-old lottery ticket that turned out to be a \$1 million winner! Lucky for Joemel Panisa, the ticket was eight days from expiration so he was able to claim his prize just in the nick of time. He credits some of his lucky timing on the recent snow and ice storm, which is what motivated him to clean his office to begin with. Read more [HERE](#).

**Birthday Backpack Saves Australian Man From Avalanche:** An Australian man credits a backpack he received as an early birthday present with saving him from being buried alive in an avalanche he triggered while snowboarding in Canada. He also caught the terrifying event on camera! The 29-year-old's run, which was posted to Facebook on Thursday, captured the cracking snow under his board. An instant before he was pulled beneath the snow, Mr Oye activated his backpack – a device similar to a car's airbag that threw a protective bubble of air around him. You have to watch the video to really appreciate how remarkable his story truly is - check it out [HERE](#).

**The World's Largest Megaprojects:** There is no blueprint or shortcut for building a world-changing megaproject. In fact, each one must be designed and built from the ground up, often amidst considerable amounts of red tape and criticism. Builders of megaprojects embrace the unknown, even when faced with incredible amounts of risk and massive cost overruns. At the same time, successful megaprojects can accomplish things that have never been done before. They can be pinnacles of human achievement, and spectacles such as the International Space Station and the U.S. Interstate Highway System have already changed the world. Futurism created an infographic that details nine of the world's largest megaprojects currently in construction. They range from giant \$64 billion theme parks (Dubailand) to massive canals that will take 48 years to build (South-North Water Transfer Project in China). Check out the full graphic [HERE](#).

Futurism

# MEGAPROJECTS

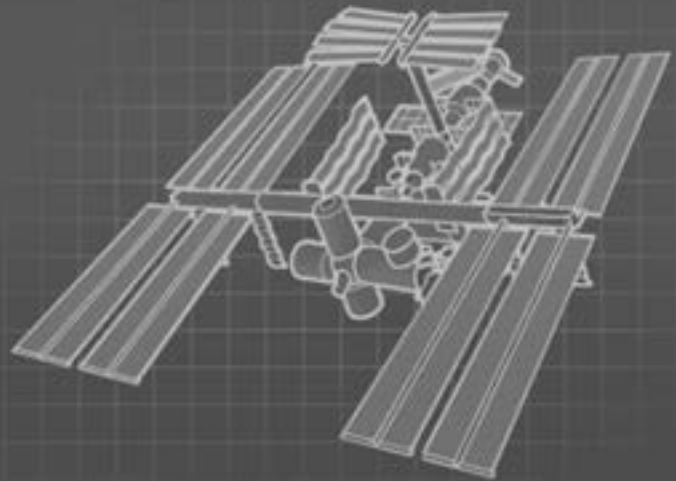
THE BIGGEST BUILDS IN THE WORLD

These enormous construction projects tip the scales on many levels—size, complexity and cost. Welcome to our roundup of the biggest, boldest and most expensive projects being built on Earth or above it.

## INTERNATIONAL SPACE STATION

\$150 BILLION (AS OF 2010)

The most expensive single item ever built currently orbits the Earth at an altitude of over 300 km (186 mi). Its expansion continues with current scheduled construction estimated at \$60 billion, and additional expansions well beyond 2020 projected to reach \$1 trillion. The ISS is the human species' most sophisticated offworld outpost—a jumping off point to the alien worlds beyond.







## **"Gene-Slicing" Could Be a Game Changer for Crop Protection**

Researchers at the University of Surrey and University of Queensland have developed a revolutionary new crop protection technique which offers an alternative to genetically-modified crops and chemical pesticides. The breakthrough research, published in [Nature Plants](#), could have huge benefits for agriculture and positively impact communities around the world. Plant pests and pathogens are estimated to reduce global crop yields by -30% to -40% a year, constraining global food security. At the same time, the need for higher production, regulatory demands and pesticide resistance mean there is a growing need for new approaches to crop protection. The researchers have found that by combining clay nanoparticles with designer 'RNAs' (molecule with essential roles in gene biology), it is possible to silence certain genes within plants. The spray they have developed -- known as BioClay -- has been shown to give plants virus protection for at least 20 days following a single application. When sprayed with BioClay, the plant thinks it is being attacked by a disease or pest insect and responds by protecting itself. This new technology, which is based on nanoparticles used in the development of human drug treatments, has a number of advantages over existing chemical-based pesticides. Since BioClay is non-toxic and degradable, there is less risk to the environment and human health. It can also be used in a highly targeted way to protect crops against specific pathogens. Understand, this latest research overcomes the instability of "naked" RNAs sprayed on plants, which has previously prevented them from being used effectively for virus protection. By loading the agents on to clay nanoparticles, they do not wash off, enabling them to be released over an extended period of time before degrading.

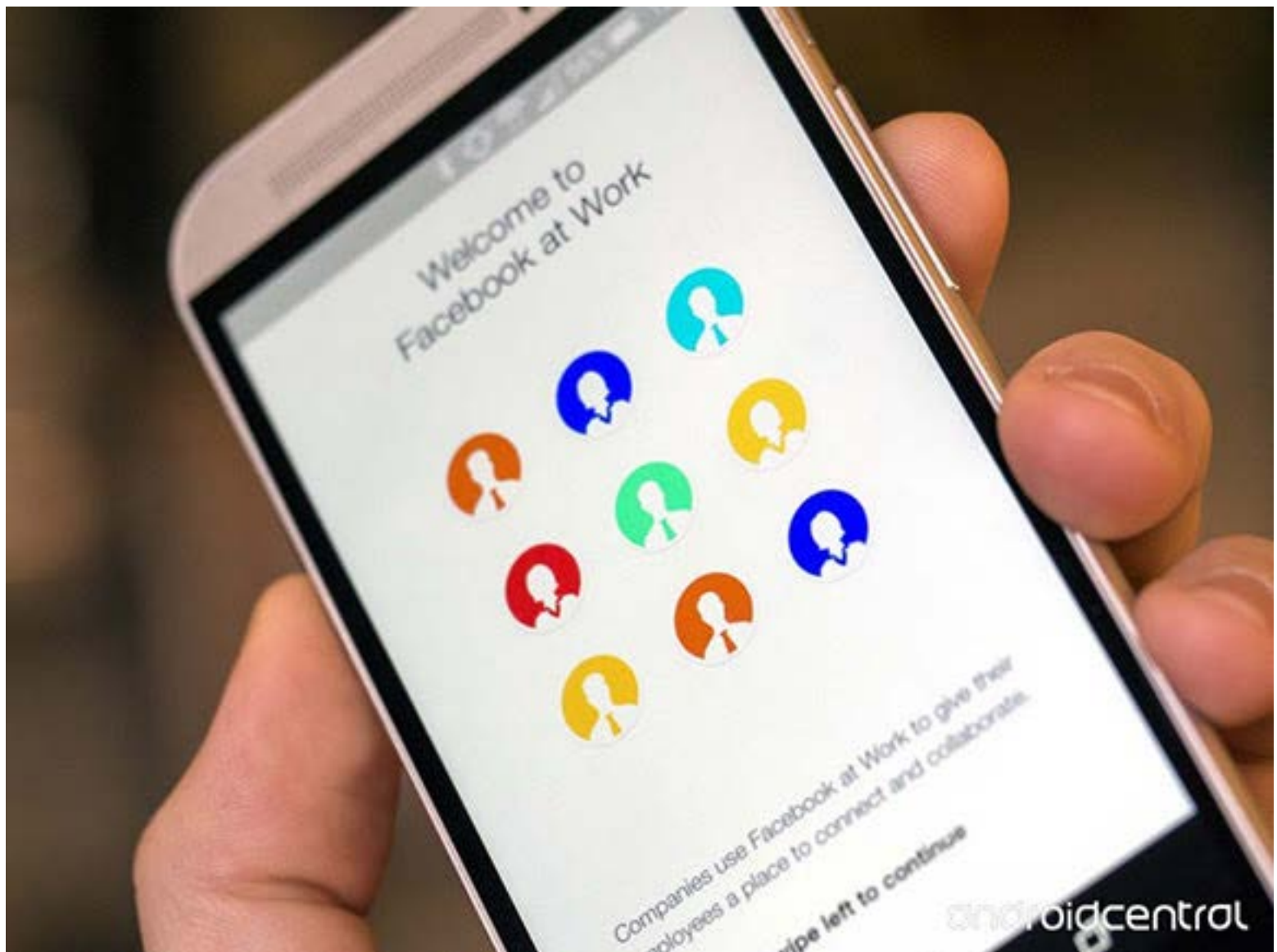


While the Queensland team focused on crop protection, the same technique could be used to prevent fruits from rotting. Monsanto for instance came up with a technique to dope vase water with RNA, which is to help stop flowers from wilting. Similar techniques could be used to kill potato bugs, aphids and other pests. Understand, this technique protects plants without modifying their underlying genome. This is what makes it different than genetic modification -- there's no genes being changed. I'm sure this new technology will face some opposition as environmentalist will argue that they are spraying RNA out in the open. However, unlike some pesticides, the material has been proven safe and doesn't linger in the soil or pollute waters. Again, a single spray of BioClay protects the plant and then degrades. Many believe this nanoparticle technology is truly a breakthrough and will

help influence agriculture over the next few decades. (Source: [Phys.org](http://Phys.org))

### **Facebook Might Have A Solution For Your Business**

Facebook just launched a new tool aimed at corporate communication, called Facebook at Work. It is basically a messaging app that follows the same vein as existing systems like Slack and Jive, which aim to displace email as the primary business communication tool. Facebook at Work lets you create a work account that is separate from your personal Facebook account. It allows people to use Facebook tools to interact with coworkers, something a large portion of people are probably familiar with - about one-quarter of the global population logs into a personal Facebook account on at least a monthly basis. This is one of the reasons that business experts believe Facebook could prove to be a tough competitor in the space, as adoption of their service could probably happen quickly and with relatively little training. Facebook has been testing the system for about two years now. Hundreds of companies have been part of the pilot project, including Royal Bank of Scotland and Telenor ASA. An account must be opened by businesses themselves, and they in turn invite employees to join the network. Users can chat in groups or privately. Things you share using your work account will only be visible to other people at your company. The newsfeed portion of the service works similar to personal accounts, with posts ranked based on a users previous activity. If your a business owner who has been looking for an easy way to build a social network inside your operation this might be worthing looking into? (Source: Wall Street Journal, Computerworld)



## **Awesome Motorcycle Auction... Steve McQueen's Vintage Harley Up For Sale**

Steve McQueen's affinity for foreign sports cars and motorcycles is well documented, both on the silver screen and in his personal collection. But the King of Cools style and swagger has become real Americana. Hardly surprising then is the fact McQueen had a taste for old-school Milwaukee metal. Now his vintage Big Twin is going up for grabs at an auction out in Vegas later this month. And this is the original Big Twin, the 1912 X8E. It was a landmark as it was Harley-Davidson's first legit chain-drive offering, with a 60ci engine, magneto ignition, skirted fenders and floating seat. In period, it was the range-topping model, rated for 8hp and priced at \$310, which was a \$10 premium over the 6.5 hp standard twin. The bike being auctioned retained its factory pistons with matching barrel stampings. If you really know these bikes you might notice some not-so-factory touches, namely the updated wheels and headlamp. Both were added so McQueen could race the bike in Pre-1916 Class at a vintage rally. Then there's the paint. It's a fire engine red with gold stencil lettering and heavy patina. Rumor holds that McQueen had Von Dutch rattle-can the bike red during a late-night binge drinking session. If you are into the history of American speed culture and love a vintage piece with a good back story this bike should plaster a big grin across your face. Best of all this 1912 Harley-Davidson X8E runs and Rides. Thoughts are it will bring close to \$120,000 at the Bonham's Las Vegas auction January 26th. Below are some additional items that will be auctioned off that I found interesting. You can check out all the auction details [HERE](#)

**1978 Honda Mini-Trail** - *Who hasn't ridden and jumped one of these mini bikes. This particular model has the redesigned frame with dual rear shocks allowing wannabe Evel Knieveler's a decidedly happier landing. Thoughts are it will go for between \$1,000 and \$1,500.*

**1974 Harley-Davidson X-90 'Shortster'** - *A full-featured minibike that was street-legal in many states. Introduced at a time when minis were all the rage in the U.S.*

**1974 Honda CR125 Elsinore** - *This and the 1973 CR250 were two bikes that changed the world of motocross as it brought the popularity of the 2-stroke, offering a fast, light, inexpensive and reliable motocross machine to the masses.*

**1981 Suzuki RM250** - *Another bike my buddies and I use to always ride. This along with the Yamaha version seemed to be what we all liked to ride. Thoughts are it will go for between \$3,000 to \$4,000.*

**1999 Harley-Davidson MT500 Military** - *While Harley isn't very forthcoming with details about the military bike project, it's believed that fewer than 500 MTs left the company's York, Pennsylvania factory from 1993-2000, making it one of the rarest Harley-Davidson models ever. The U.S. military's requirement that diesel be the common battlefield fuel brought production to an end. This 1999 model, equipped with plastic gun case and front-mounted ammo panniers, was uncrated by a previous owner and has remained unridden, zero miles. Thought to go for between \$20-\$24K*

**1935 Harley-Davidson Bobber** - *Taking an older bike like this 1935 Harley VL flat-head and making it your own became a kind of art form when soldiers returned home from WWII. Riders would take things off, trim other parts down, add discarded compo-*

nents from another brand, even from cars – whatever struck their fancy or was handy. Soon a style emerged, basically a flat-tracker made minimally street legal, personalized with paint and blooey pipes – the louder the better on both counts! The name 'bobber' or 'bob-job' stuck. It's a style that looked good then, and still does today 70 years later. Thoughts are it will go for between \$16-\$20k.

**1937 Harley- Davidson Knucklehead** - Taking an older bike like this 1935 Harley VL flathead and making it your own became a kind of art form. Riders would take things off, trim other parts down, add discarded components from another brand, even from cars – whatever struck their fancy or was handy. Soon a style emerged, basically a flat-tracker made minimally street legal, personalized with paint and blooey pipes – the louder the better on both counts! The name 'bobber' or 'bob-job' stuck. It's a style that looked good then, and still does today 70 years later. Thoughts are it will go for between \$70-\$90K.

**1973 Ducati 750CC** - Ducati has won fourteen World Superbike titles in the past 29 years, but until an Italian spring day exactly 45 years ago, the Bologna factory then owned by the Italian government and best known for its small- capacity four-stroke singles, some with desmodromic valve gear, had zero big-bike credentials. But Paul Smart's Imola 200 race victory on April 23, 1972, with teammate Bruno Spaggiari a close second, changed all that. This bike has a huge list of accomplishments. Thoughts are it will bring between \$100-\$140K

**2012 Indian Larry Panhead Chopper** - Demand for his old-school customs was so strong that in 2000 Desmedt and his partners formed the Gasoline Alley bike shop in Brooklyn, New York. Chopper building to Indian Larry was more than just mechanics and metalwork, it combined artisan skills like sculpture, painting, engraving and leatherwork. This chopper, running a Harley Panhead-style Pandemonium 88ci motor, was built in 2010 at the reformed Indian Larry Motorcycles. Christened 'The Machine' because of its sparse bare-metal beauty, the bike caught the eye of a visitor to the shop. Thoughts are it will go for between \$22 and \$26K



# CASH SALES & HEDGING TOTALS

## CORN 2015 CROP

100% SOLD  
0% HEDGED  
0% Cash Remaining



## SOYBEANS 2015 CROP

100% SOLD  
0% HEDGED  
0% Cash Remaining



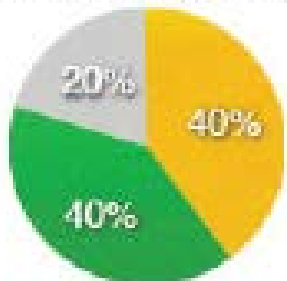
## WHEAT 2015 CROP

100% SOLD  
0% HEDGED  
0% Cash Remaining



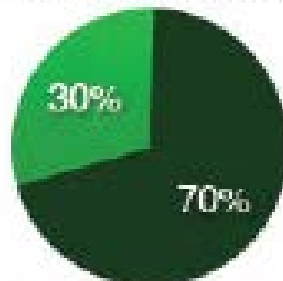
## CORN 2016 CROP

40% SOLD  
40% HEDGED  
20% UNPROTECTED



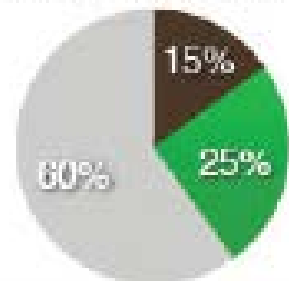
## SOYBEANS 2016 CROP

70% SOLD  
30% HEDGED  
0% UNPROTECTED



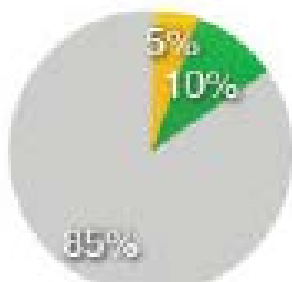
## WHEAT 2016 CROP

15% SOLD  
25% HEDGED  
60% UNPROTECTED



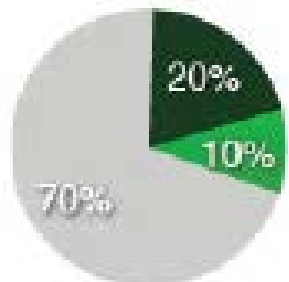
## CORN 2017 CROP

5% SOLD  
10% HEDGED  
85% UNPROTECTED



## SOYBEANS 2017 CROP

20% SOLD  
10% HEDGED  
70% UNPROTECTED



## WHEAT 2017 CROP

0% SOLD  
10% HEDGED  
90% UNPROTECTED

