



"Risk takers are history makers." - **Dani Johnson**

THURSDAY, JANUARY 19, 2017

Morning Summary: Stock markets maintain their narrow trading range as markets prepare for President Trump's inauguration and digest the latest statements from Fed Chair Janet Yellen. In a speech yesterday, Yellen stated that it made sense to gradually reduce the level of monetary support as the economy approaches the central bank's dual objectives of maximum employment and inflation near 2%. She estimated that the current 4.75% unemployment rate is equivalent to "full employment". In spite of that, she still sees good potential for wage growth in the job market. Moving forward, she expects interest rates to increase "a few times a year" until by the end of 2019 when they are seen hitting the Fed's estimate of the long-term neutral rate of 3.0%. In appeasing any worries about the economy suddenly taking a downturn, she said there was plenty of room for expansionary monetary policy, despite the fact that there is not much room for interest rates to move lower. She also noted there is the risk to a surprise increase inflation if the Fed does not continue inching toward its neutral rate goal. Today brings another speech from Yellen which will again focus on monetary policy, as well as another speech from San Francisco Fed President John Williams. Also on the central bank front, European Central Bank officials meet this morning and as expected left policy "unchanged". It is also worth noting that in France, Marine Le Pen, the populist leader of the National Front is gaining support and has scuttle taken the lead in a major new survey of voters' intentions for the first round of the presidential election. Remember, Le Pen has pledged to take France out of the euro if she wins. The World Economic Forum is also ongoing through Friday, which has continued to generate a host of interesting thoughts from business, government and financial leaders all week long. In financial news, today will bring Housing Starts and the Philadelphia Fed Business Outlook Survey. Investors will likely be much more interested in today's earnings results though, which will include American Express, Bank of New York Mellon, IBM, M&T Bancorp, Southwest Airlines and Union Pacific. Keep in mind that China is set to release GDP, Industrial Production and Retail Sales overnight tonight, which could generate some unexpected market moves tomorrow.

Trump Picking Sonny Perdue As Secretary of Agriculture: *Several sources are saying that Trump is going to select former Georgia Governor Sonny Perdue as his Secretary of Agriculture. I thought DTN's Chris Clayton penned an excellent article about the selection that I encourage you to read in full-detail. The article is titled, ["Trump Picks Perdue for USDA"](#). It goes into some interesting details about Perdue's deep roots in the grain, feed and fertilizer industry. As well as details about Perdue growing*

up the son of a farmer and a schoolteacher in central Georgia and has a doctorate in veterinary medicine from the University of Georgia. He also served in the Air Force as a captain before returning back to Georgia in the mid-1970s to start his career.

IEA Chief Warns Of Increased Volatility For Oil Markets: Ahead of the release of the January Oil Report due out today, the head of the International Energy Agency (IEA) predicted a "significant" boost to U.S. crude output thanks to higher prices. Fatih Birol in an interview with Bloomberg in Davos yesterday said "a lot of shale plays in the United States would make perfect sense to produce." Oil prices have risen about 20 percent since OPEC countries reached a deal to curtail supply last year. The Nov. 30 agreement prompted a surge in activity in the U.S. — not an OPEC member — where oil and gas producers increased drilling the most since April 2014. Birol did say that markets were on a path to rebalancing, but warned that "We are entering a period of much more volatility." He added that as a result of a huge withdrawal of investment in drilling in recent years by big producers, whose profits have been hit by the slump, the market could ultimately see a major price spike in the years ahead. "This year, if there are no major investments coming, we may well see in a few years from now significant supply-demand gap with serious implications on the market." Oil and gas discoveries around the world dropped last year to their lowest since the 1940s. The agency's latest report is due out today. Meanwhile, OPEC's monthly oil market outlook yesterday forecasts a falling oil supply surplus in 2017. OPEC said its members pumped 33.085 million barrels per day in December, down 221,000 barrels per day from November. As well as reporting lower output from its own members, OPEC cut its forecast of supply in 2017 from non-member countries following pledges by Russia and other non-members to join OPEC in limiting output. The group now expects non-OPEC supply to rise by 120,000 barrels per day this year, down from projected growth of 300,000 barrels per day last month, despite its own upwardly revised forecast of U.S. supply. Global oil demand growth in 2016 is expected to come in at 1.25 million barrels per day after a marginal upward revision of around 10 thousand barrels per day, mainly reflecting the better-than-expected performance in OECD Asia Pacific and Europe. World oil demand is expect to average 94.44 million barrels per day in 2016. In 2017, world oil demand is anticipated to rise by a solid 1.16 million barrels per day year-on-year to average 95.60 million barrels per day.

Netflix Posts Largest Number Of New Subscribers Ever: Netflix shares were surging in overnight markets thanks to the company not only crushing its own guidance for new subscribers in the fourth-quarter, but also its largest quarterly subscriber growth ever. The company added 7.05 million new subscribers in the final quarter of 2016, topping its own expectations by more than 2 million. 5.12 million of the new users were international. Additionally, the company is forecasting first quarter subscriber growth of 5.2 million, though they note that their strong fourth quarter results likely pulled forward some net adds from the current quarter to fourth-quarter 2016. Earnings for the quarter were also a solid beat, coming in at 15 cents per share on revenue of \$2.48 billion - approximately a +35% year-on-year sales gain. It's worth noting that the company does continue to burn through cash, with its free cash flow deficit growing to \$639 million, compared to \$276 million a year ago. They do emphasize that they consider their increased expenditures a "long-term" investment, most of which is going to original content that they say is being very well received overseas. They also own the

rights to all the content they are creating. Netflix reaffirmed its plan to produce 1,000 hours of original content in 2017, up from 600 hours in 2016.

Most Popular Google Searches In 2016 By State: *Estatefy recently measured Google searches for world events, famous people who passed away and those who made news, things that made us laugh and cry and shake our fists, new movies and shows, and even the stupid memes and celebrity missteps that distracted us from more important events throughout 2016. Some of them make a lot of sense, like New Jersey's obsession with Donald Trump to Illinois' curiosity about hometown boy turned national sports reporter, Craig Sager, who passed away last year. Others are a bit more silly, like the "Branjelina" divorce for Delaware and Pepe meme in Nebraska. Then of course the extremely pessimistic "2016 worst year ever?" that Californians kept checking in on. All in all, it does highlight what a diverse country we live in!*

What Each State Googled More Than Any Other State in 2016



Weather continues to see a dryer, milder pattern spread across much of the nation's mid-section. On the Plains, rangeland, pastures and winter grains from Nebraska southward are benefiting from recent soil moisture improvements. Drier conditions will allow for repair and recovery in Kansas and Oklahoma following the recent ice storm. Across the northern Plains, there are no significant problems during the next five days as temperatures turn warmer. In the Corn Belt, mild, dry weather prevails. In the wake of recent rainfall, several stream and rivers -- also in the central and eastern Corn Belt -- are running high. In the South, locally heavy showers and thunderstorms are developing west of the Mississippi Delta. In contrast, warm, dry conditions prevail across the lower Southeast. On January 15, topsoil moisture was rated 46% very short to short in Florida, with the most significant dryness affecting the peninsula. Looking forward, multiple rounds of heavy precipitation will continue to overspread the West and the Southeast. In contrast, mostly dry weather will prevail during the next few days across much of the Midwest. Overall, mild conditions will dominate the central and eastern U.S.

Update on Argentina Flooding: *Over this past week, widespread rain continued throughout the region, maintaining adequate to locally excessive levels of moisture for corn, soybeans, and cotton. In central Argentina, the heaviest rain was concentrated over southern Cordoba and northern Buenos Aires, marking the fourth week of above normal rainfall for parts of that particular areas. Initially beneficial, the persistent rain has caused localized flooding and has likely destroyed some significant acreage. Drier weather is now needed. Meanwhile, the heat and dryness will further stress crop areas of southern Buenos Aires and La Pampa. Several stations in this sector of Argentina have yet to record any precipitation in January.*

CLIMATE PREDICTION CENTER, NOAA
Computer generated contours
Based on preliminary data

Corn bulls argue that a slightly less bearish USDA report and renewed concerns about Argentine production should provide enough momentum to breakout of the recent six-month trading range. We also have to keep in mind the USDA recently elected to leave Argentine production estimates “unchanged,” while the latest rounds of extreme weather should prompt a more significant reduction in next months report. There’s a lot of question inside the trade about the upcoming Argentine corn harvest and how it will adversely be impacted? The trade is eager to see just how aggressively the USDA will reduce their current estimate of 36.5 MMTs. I’m personally hearing a wide range of guesstimates that seem to be ranging from between -2 MMTs and -5MMTs. On the flip side the bears continue to

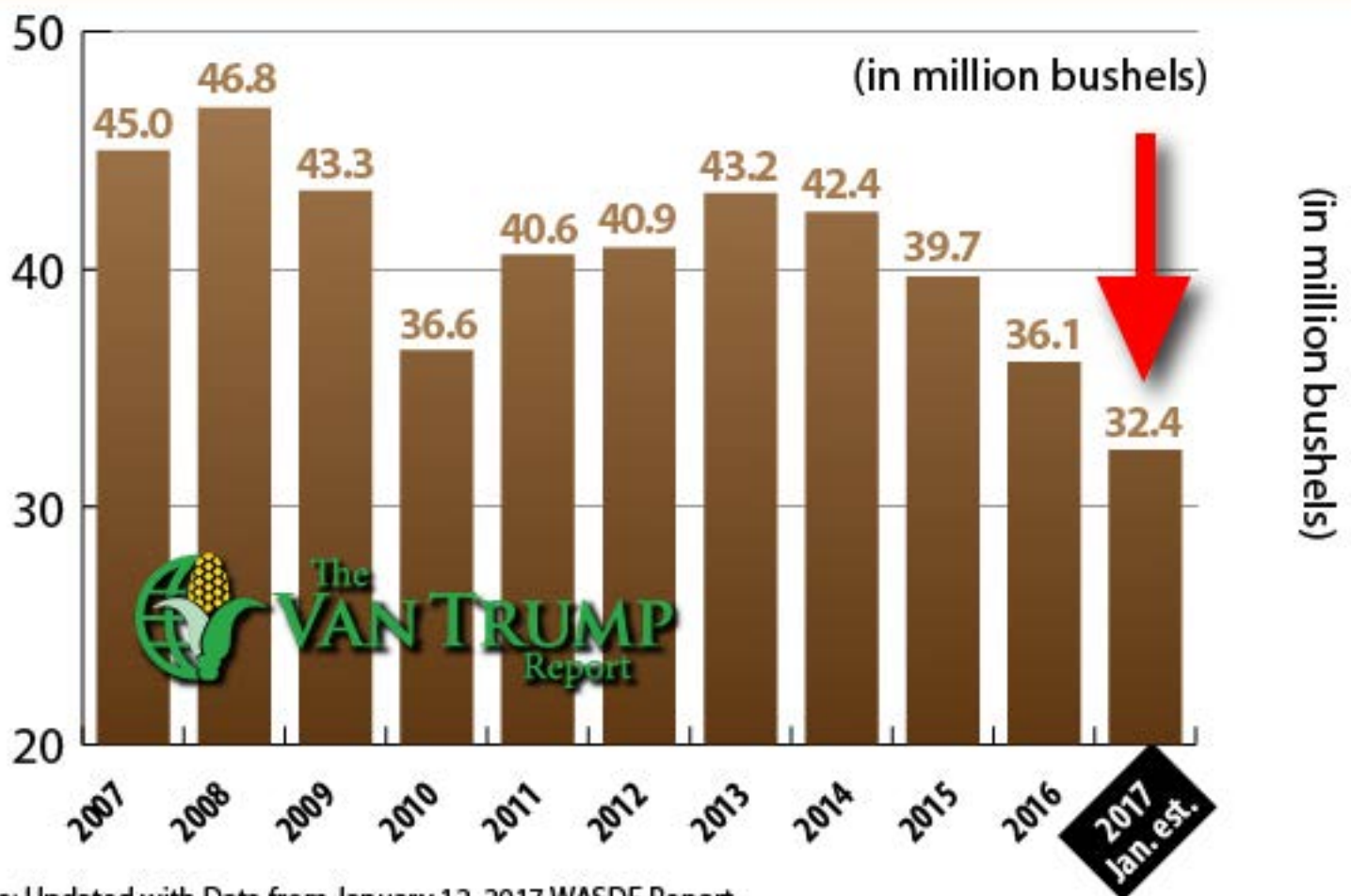
talk about massively improved crop conditions in Brazil compared to last year and the fact Brazilian corn production could rebound by +20 to +25 MMTs. From what I understand an additional +5% to +10% more second-crop corn acres may have been planted in Brazil this year. Yes, the additional second-crop corn acres have to initially be digested as bearish, but it also means there is at least three to four more months of weather uncertainty and potential hiccups in the Brazilian headlines. The bears are also talking about the Chinese increasing their import tariffs on U.S. ethanol and DDGs and how it might eventually slow down the ethanol plants and overall gross profit margins. Meaning it could eventually create a headwind for overall U.S. demand. As a producer I continue to carefully monitor the trade, looking for longer-term opportunities to reduce additional price risk. Make sure you are paying close attention the next few weeks...

Soybean traders continue to monitor and assess crop stress in Argentina. The bulls argue that not only are there extreme complications and problems associated with the heavy rains and flooding in the central and northeastern areas, but there are also some major drought complications brewing in areas to the south and southeast. Some producers I have spoken with are concerned that the heavy rains early on in the growing cycle didn't allow the crops to get well rooted and with the heat turning up it could cause increased yield drag and greater stress to the plant. Also keep in mind the length of time that a soybean plant can remain completely submerged and survive is thought to be somewhere between just two and four days assuming the soils they were sitting on were not saturated when the flooding occurred. Hot sunny conditions following the heavy rains and flooding are thought to make the situation even worse. I've also been reminded that after only a few days of sitting in overly wet conditions, soybean plants tend to become a lighter green color due in part to poor nitrogen fixation since little oxygen is present in the saturated soils. You also have to wonder if and when the herbicides start having to be applied how the plant will respond and or hold up? The bears seem willing to acknowledge the concerns in Argentina, but believe perhaps the world isn't as dependent on Argentine meal as many of the bulls want to argue. There's widespread talk that with China smacking U.S. DDGs with increased import tariffs it will cause a glut of U.S. supply to start competing with meal in the global marketplace. The bears also believe that the Brazilian crop and supply out of India is going to be much stronger than last year, allowing for more global options and sourcing of soybeans. I should also note that the recent truckers strike in Brazil is said to be fizzling out with little impact to the market. We also have to keep in mind the recent rally in soybeans in comparison to corn is doing nothing but incentivizing U.S. producer to roll out even more soybean acres in 2017. I personally believe that U.S. producer are going to plant a massive fresh new record number of soybean acres. I know it may sound extreme, but I'm not ruling out the possibility of 88-90 million planted new-crop soybean acres in the U.S.. Despite the bears dragging their feet the bulls have been winning the battle as of late with the MAR17 contract recently trading to fresh new multi-month highs, gaining almost +80 cents from the early-January lows. Producers who feel they may have been a bit "undersold" to this point should certainly be taking a closer look. As a spec I have to imagine the trade is pausing a bit, wanting to get a better look at the extended forecast. It wouldn't surprise me to see some of the bulls bank a few profits as we head into the weekend. Looking for more extreme volatility in the days ahead!

Wheat bears continue to argue the recent rally has ran its course and that a fresh set of new headlines are needed to provide the momentum to push through the heavy techni-

cal resistance the market is now bumping into. Producer sitting on old-crop supply and needing the cash-flow may want to talk a more serious look at all available opportunities. As a spec I remain in my conservatively longer-term bullish positions, but I'm afraid without fresh food for the bulls to digest they may soon run out of energy and become a bit tired. Hence we might start to find it harder and harder to maintain our recent run to higher ground. The more traditional fundamentals, as usual, will eventually start to float back towards the surface. I'm personally in this conservative bullish position for the long haul, waiting on much sexier geopolitical headlines and or a game changing Black Swan event to spark a major rally. To make it simple, I'm of the belief the shifts and leadership changes taking place globally may bring about an inordinate number of Black Swans. I'm setting up in the wheat market thinking it might provide me the easiest spot to get off a clean shot if they start to fly. Again, somewhat of a non-traditional and strange reason to be bullish, but then again what hasn't been "strange" or "non-traditional" the past several months? I see nothing new fundamentally. U.S. domestic ending stocks remain at their highest levels since 1987-88. Domestic quarterly stocks were up around +19% compared to last year. U.S. producers are trying to adjust to the glut by planting the fewest winter wheat acres on record dating back some 108 years. On the flip side increased production estimates for Argentina, Russia and the European Union point once again to record world wheat production.

U.S. All Winter Wheat Planted Acres





> Ukraine Winter Grains In Mostly Good Shape: *Ukraine says that farmers have sown winter grains on 17.80 million acres, pegging emergence at 95% on 16.80 million acres of that. Of the emerged area 83% of the crops are said to be in in good/satisfactory condition and 17% weak/thinned.*

> Oil World Forecasts Recovery In China Rapeseed Imports: *Market analyst Oil World says China's imports of rapeseed and canola have been "recovering noticeably." The predict January - March imports will increase to 1.3-1.5 million metric tons, up from 920,000 during the same time period last year. The Asian buyer has apparently been a strong buyer of Canadian supplies, a necessary move in order to offset low Chinese production this season. Their buying spree also includes shipments scheduled for the April - June quarter.*

> India May Need To Allow Duty-Free Sugar Imports: *The India Sugar Mills Association reported that the country's production so far this season, starting on October 1, stands at 10.5 million metric tons, down -5.3% year-on-year, thanks to cane shortages. 56 mills have closed in Maharashtra, with 21 mills closed in Karnataka, both major sugar production areas. Nick Penney at Sucden Financial says the numbers re-enforce beliefs that the government may be forced to allow duty free imports to curb internal price rises. So far, ministerial spokesmen have said that there are no plans to cut the import duty but global traders are still watching the situation very closely for any hints that policy may be changed.*

> NFU Disturbed By Trump Deal With Bayer, Monsanto: *National Farmers Union President Roger Johnson says reports that President-elect Donald Trump has struck a deal with Bayer AG that would help it complete its acquisition of Monsanto are "deeply disturbing." He's urging Trump to instead block the merger. Werner Baumann and Hugh Grant, the CEOs of the German chemical company and U.S. seed giant respectively, agreed, during a meeting at Trump Tower last week, to make \$8 billion available for research, create 3,000 new jobs and to keep 9,000 jobs in the U.S., if their \$66 billion merger is allowed to go through. But NFU's Johnson says in a statement that he remains concerned especially over the loss of competition in the agricultural input market and the resulting higher costs that farmers may pay. (Source: Politico)*

> USDA Wants Venison Added To COOL Rules: *USDA's Agricultural Marketing Service announced plans to publish a proposed rule to amend the country-of-origin labeling (COOL) regulation to add muscle cuts of venison and ground venison to the list of commodities covered under the labeling law. In December 2015, Congress repealed the COOL regulations for muscle cuts of beef and pork, and ground beef and pork and USDA stopped enforcing the law for those products. COOL regulations still require retailers to notify their*

customers with information regarding the source of other certain foods, however, including muscle cut and ground meats from lamb, goat, and chicken; wild and farm-raised fish and shellfish; fresh and frozen fruits and vegetables; peanuts, pecans, and macadamia nuts; and ginseng. Comments must be submitted by March 14. (Source: MeatingPlace)

> Trump's EPA Choice Says He Supports Biofuels Program: Oklahoma Attorney General Scott Pruitt, President-elect Donald Trump's choice to lead the Environmental Protection Agency, said on Wednesday he would honor the intent of the U.S. biofuels program, but remained open to tweaking it. Pruitt said during his confirmation hearing on Wednesday that he was committed to Congress' plan, laid out in 2007, to annually increase the amount of ethanol and other renewables blended with petroleum fuels. He said the waivers that EPA has already used to set requirements below those targets to accommodate market conditions should be used "judiciously". He explained his view that the EPA should not use those waivers to "undermine commitments" from Congress but that they are needed in some cases, including when there is lower-than-expected fuel demand. The comments quelled some concerns from within the industry over the nominee, who as Oklahoma's attorney general had described the program as "flawed" and "unworkable."

> Ireland Reports Mad Cow Case: Ag officials in Ireland said that a dead cow has been confirmed as having bovine spongiform encephalopathy (BSE), more commonly known as mad cow disease. The animal tested positive for 'Atypical BSE', Ireland's agriculture department said in a statement, referring to the strain that it said has been identified more recently and which occurs spontaneously in older animals with a low incidence rate. That type is distinct from 'Typical BSE' which was the basis of widespread cases of mad cow disease that began in the 1980s. There have been 101 'Atypical' cases identified in the EU from 2003 to 2015 compared to 2,999 'Typical' cases, it added. Beef is one of the agriculture sector's largest exports. In 2015, Ireland became the first EU country to regain access to the lucrative U.S. market, 17 years after Washington banned EU imports over the BSE epidemic that spread from Britain to mainland Europe. China also agreed to lift its ban on Irish beef two years ago. However the ag department says the disease has not entered the food chain and poses no risk to human health or beef's trade status. (Source: Reuters)

> JPMorgan Settles U.S. Suit Over Mortgage Fraud: JPMorgan Chase has agreed to settle a U.S. Justice Department lawsuit for \$55 million. The U.S. alleged the banker discriminated against minority borrowers by allowing mortgage brokers to charge them more for home loans. "We've agreed to settle these legacy allegations that relate to pricing set by independent brokers," JPMorgan spokeswoman Elizabeth Seymour said. "We deny any wrongdoing and remain committed to providing equal access to credit." The alleged discrimination involved so-called wholesale loans that were made through mortgage brokers the bank used to help originate loans, the complaint said. Chase allowed brokers to change rates charged for loans from those initially set based on objective credit-related factors, the complaint said.

> China Has More Bubbles In Sight For 2017: After a string of market bubbles in recent years, China will again see assets threatened in 2017 by prices detaching from fundamentals. That's the opinion of all but one of 14 economists surveyed by Bloomberg. Half penciled in the risk of a real-estate bubble inflating, despite efforts by policy makers in recent months to avoid exactly that outcome. An additional four saw the corporate

bond market as most vulnerable to becoming a bubble, again even as officials take steps to raise costs and reduce a build-up in debt. Regulators the world over struggle to head off irrational exuberance. Making things all the tougher for China are the increasingly tight capital controls limiting the money that can be invested abroad. That leaves a large stockpile of cash seeking a home in domestic assets. And with a slowing economy and a still-powerful pace of credit growth, the money ball is only getting larger. The blowout in credit initially came at the local-authority level, with provincial and municipal officials overseeing an explosion in the local government financing vehicles that became a poster child for China's lack of transparency. Much of the money flowed into real estate, sparking a boom in prices, especially in the largest cities. The state also had a hand in an epic equity bubble -- a surge that saw the benchmark CSI 300 index more than double in about eight months. As property prices were coming down in mid-2014, official media encouraged investors to put money in stocks. It's harder to strip out evidence of leverage at work in the credit markets, as prices of assets such as corporate bonds are already seen as artificially inflated thanks to the perception of implicit government guarantees. In commodity markets as well, policy makers have had to intervene with stricter rules as signs of speculative excess emerged. But reining in risk-loving spirits can be difficult, and once regulators have driven down one bubble another one tends to pop up. China last week reported that credit continues to expand, with aggregate financing rising 1.63 trillion yuan (\$236 billion) in December, against the median estimate for 1.3 trillion yuan in a Bloomberg survey. (Source: Bloomberg)

Bubble Trouble: Gauging Risk in China

Which Chinese market is most vulnerable in becoming a bubble in 2017?





Central Nebrasksa - We operate 1200 acres near the Platte River that we recently transferred over to organic. We grow corn and Alfalfa. Premiums were sufficient to provide positive revenues per acre. We are starting to wonder if the organic side of things is getting overcrowded as we are seeing a lot more conventional farmers showing up at the organic conventions. The paperwork is a pain in the butt but better than losing money with the hay and alfalfa we had previously planted. The corporate types who come out to visit and assess cannot get past the manure and pests they encounter. Not sure they will make the leap!

Eastern Maryland - Been farming for 40 years and currently planting corn/beans and malt barley for our local micro breweries on our irrigated land. 2016 was a good year for all our crops and I learned of a new variety of barley seed imported from Wisconsin which will increase our bottom line with increased premiums from the breweries. I reached out for assistance this year with my marketing but I felt all it did was take my eye off the ball as I let others focus on decision making. I will be doing my own again this year. I was able to get some booked between \$4.25 and \$4.58 but sitting on many bushels now. Won a yield contest and a trip to San Antonio but daughter gets to go as I have prior commitments.

Central Ohio - Went to a local land auction today. It brought about what we expected for land in this area. 80 acres with a barn that wasn't worth much brought \$1,598,400 plus 3% buyers premium making the actual total \$1,646,352. All went in lots at right about \$20,580/acre. I would say there are about 75 acres tillable on this farm. We farm the field that is against it on the long side. Farm will average 160 bu corn and 55 bu beans. Most all of it was purchased by Amish to build a house, small barn, have a pasture for their horse, and maybe a field. They are driving the land market in our area. It has been said the Amish need another 600 houses each year in this area.



Dry Spell In Argentina May Spoil Buzz For Soybean Bulls: From [Reuters' Karen Braun](#), a look at how drier conditions in Argentina may upset soybean bulls who have been excited by the recent excessive rains. This past weekend was another wet one for the core soybean region in Argentina. Most areas picked up between 1 and 2 inches , but

up to 3 inches were observed in already saturated locations like eastern Córdoba. Traders have made the most of the weather story in Argentina this year. Soybean planting was delayed early on due to dry weather, but by the end of December, rains started to move in and ever since the turn of the year, the market has been fixated on possible flooding. This scenario draws up memories of last year's harvest, when excessive rainfall late in Argentina's soybean season sent analysts into a frenzy, with many predicting losses of up to 10 million metric tons – roughly 17 percent of the crop. But last year's harvest losses were closer to 2 million metric tons. USDA has this year's crop pegged at 57 million metric tons, but some in the trade are throwing around a number closer to 50 million metric tons. But the waterlogged fields are about to get a significant break. Forecast models are in relative agreement that the entire agriculture belt should be fairly dry for at least the next two weeks, which should give the water levels a chance to go down.

Mexico Hog Expansion Could Hurt U.S. Pork Exports: Mexico is expanding its hog herd, and a market analyst says it could significantly impact demand for U.S. pork. Steve Meyer, vice president of pork analysis for EMI Analytics, says Mexico is taking steps to grow its breeding herd by nearly 20 percent. "They can't feed hogs as cheaply as we can because we have an advantage on the feed side. But, they have a free trade agreement with Japan. So that allows them to ship high-value product to Japan, keep their lower-value product at home perhaps. And that means they would compete with us in Japan and Mexico." Mexico was the top destination for U.S. pork in 2016, followed by Japan. Meyer says President-elect Trump's criticism of the North American Free Trade Agreement is another potential headwind for exports. "My concern is more with the Mexican domestic supply situation, then if you add any trade things on top of that (it) would just add to those. So I think we've got some challenges with Mexico regardless." Listen to the full interview with [Brownfield Ag.](#)

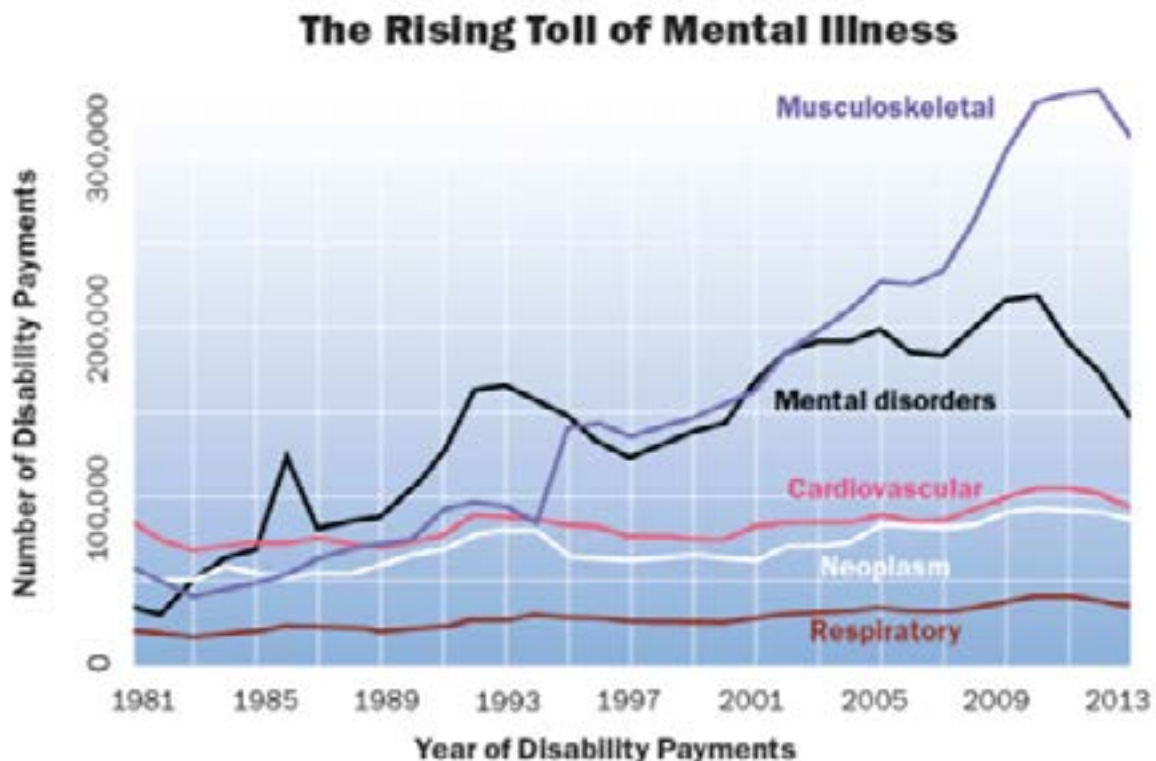
The Ignorance Of The Future: People spend a lot of time thinking about the future, it's part of what makes us human. The problem is we're not very good at dealing with uncertainty. We assume too many constants and not enough change. We underestimate progress and we overestimate failure. The way that this manifests itself in many investors is thinking about how much companies will earn and how much the market will pay for them. In general, earnings are what drive stocks. But knowing them ahead of time would not necessarily help us make money. Sure, there are times when knowing what the S&P 500 will earn over the next twelve months told you all you needed to know. For instance, if at the beginning of 2008, you knew that they would drop 77.5%, a 38.5% decline would have been avoided. But that was the outlier. Earnings fell 25% in 1991 and stocks gained 26%. By and large, even investors with perfect information are hardly guaranteed perfect results. There is no model that will ever consistently predict "Mr. Market's" mood. Read more from [The Irrelevant Investor.](#)

Icahn Hedge Fund Loses -20% of Its Value in 2016: Billionaire Carl Icahn is coming off another poor investment year as a nearly \$6 billion hedge fund that he oversees suffered a loss of 20.3% in 2016 after a decline of 18% in 2015, according to a disclosure in a regulatory filing in conjunction with a bond deal and rights offering being made by Icahn Enterprises, a publicly traded limited partnership that is controlled by Icahn. The weak 2016 performance reflected Icahn's bearish stance as the fund had a sizable short position in the U.S. equity market that hurt results as the S&P 500 index gained almost 10% last year. The Icahn fund had a net short position of 138% at the end of the third quarter—fourth quarter positioning has not yet been disclosed. It's ironic that Icahn, one

of the Wall Street's prominent supporters of president-elect Donald Trump, failed to capitalize on the post-election market rally in stocks. Icahn said on the day after the election that he bought "a lot of stock" the prior night in the market selloff that immediately followed Trump's surprise win. But those purchases may have simply reduced his investment fund's net short position. Read more [HERE](#).

Bond Guru Who Called Last Bear Market 40 Years Ago Says Go Long: The problem is money velocity in the U.S. (as measured by M2) has fallen to a record-low of 1.44, meaning every dollar spent circulates only 1.44 times in the economy, down from over 2 times at the peak in 1997. To Hunt and other adherents, that shows even after years of unprecedented money printing by the Federal Reserve, inflation will remain subdued and elusive, largely because the private sector has chosen to hoard, and not spend, the money in the years after the financial crisis. I encourage you to read the full article by Bloomberg's Andrea Wong [HERE](#)

Is Mental Health Declining in the U.S.? The 1990s and 2000s were glorious decades to be a psychiatrist. It seemed as though each year several new, potentially life-changing medications were brought to market. Options became available to tackle long-standing, treatment-resistant disorders. It did not hurt that big pharma had deep pockets to promote the new offerings. Today the shine has dimmed. The mental health of the nation may have even declined in the past 20 years. This trend is what Thomas Insel, former director of the National Institute of Mental Health, calls one of the "inconvenient truths" of mental illness. Suicide rates per 100,000 people have increased to a 30-year high. Substance abuse, particularly of opiates, has become epidemic. Disability awards for mental disorders have dramatically increased since 1980, and the U.S. Department of Veterans Affairs is struggling to keep up with the surge in post-traumatic stress disorder (PTSD). The most discouraging assessment came in 2013 from an in-depth analysis by the U.S. Burden of Disease Collaborators. Combining premature death and disability to calculate the burden of each disease, they found that the toll of mental disorders had grown in the past two decades, even as other serious conditions became more manageable. Scientific American has more [HERE](#).





Bamboo Might Be Big For U.S. Agriculture

Major opportunities seem to be aligning for bamboo production in the U.S. and a small slice of the global market could bring windfall profits to American agriculture. Bamboo is often referred to as “green gold” as it can be used for everything from biocomposites to elegant furniture. As a regenerating perennial grass resistant to extreme weather, it’s the strongest growing woody plant on Earth. The U.S. is a second-class participant in this \$60 billion international bamboo industry as an importer and consumer, but hasn’t yet entered the production side of growing and manufacturing. However, that could quickly be changing. Resource Fiber, a company at the vanguard of U.S. bamboo, is preparing to contract with U.S. growers and manufacture bamboo railroad ties, joists and truck decking, as well as selling its fiber to industrial companies looking for an alternative to timber and petroleum based resources. Resource Fiber operates the largest commercial bamboo nursery in the U.S. near Eutaw, Alabama and is building a manufacturing plant as well. Understand, there are more than 1,400 bamboo species worldwide, but two in particular are an ideal fit for U.S. farmland: moso, the premier variety for high value wood products, and rubromarginata (rubro), a biomass bamboo grown for biochar, biocomposites and a variety of other products. Bamboo product is a combination of tree farm and row crop farming. After planting, establishment time is 6 years for the rubro and 10 years for the moso. Once established, producers cull 25% to 33% of a standing crop each year, a harvest that stretches an astounding 50 years or more before replanting is necessary. Essentially, the repeat harvest every year means the cost of goods sold declines each year. Understand, bamboo is a colony plant in which you see about 50% of it and you walk on the other 50%. As bamboo spreads underground it must be maintained to keep a grove from getting out of control, but it’s a relatively easy process. From what I understand, the biomass value of harvested rubro is projected at \$400 per acre. With moso, the product is essentially timber bamboo and may bring a far higher harvest value of \$1,000 per acre. The harvesting of the bamboo can also be done in the field which adds value for efficiency. In 2021, Resource Fiber says they will begin selling bamboo plants to producers. The Eutaw nursery is expected to produce 17 million plants over the next 20 years, enough plants for 100,000 acres of farmland. For a crop that requires minimal water and fertilizer, yet no pesticides, bamboo will be difficult for producers to overlook. It’s annually renewable, produces 20 times more fiber than trees and captures significantly more carbon than a comparative stand of timber. This really is an interesting proposition as bamboo could be an opportunity for farmers to get involved with the establishment of a new but proven industry. I don’t think it’s overstating the case to say this could be a game-changer for U.S. agriculture. If you would like more information about bamboo farming you can check out [Resource Fiber](#). (Source: [AgPro](#))



World's Largest Trading Floor Up For Sale

Stamford, Connecticut may not be the city one naturally associates with Wall Street, but it is actually home to what used to be the world's largest trading floor. Over 5,000 traders filled the 40-foot high room before the financial crisis, but failed to refill the space in the subsequent years of the recovery. Many of the traders that were headquartered at UBS were moved back to Manhattan, leaving the floor nearly empty. The property was built in the mid-1990's for Swiss Bank Corp., which merged with UBS in 1997. Stamford actually became something of a Wall Street alternative during this period as firms were actively seeking to flee the skyrocketing rents of Manhattan. Stamford saw that as a golden opportunity to reinvigorate its stagnating city and began offering very enticing tax incentives. By 1991, Stamford had the third largest concentration of Fortune 500 headquarters in the country, behind only New York and Chicago. Two of the city's largest employers were UBS and Royal Bank of Scotland - which had a large trading floor of its own right across the street. The UBS property represents the city's largest office vacancy and one of Stamford's most visible buildings, which is situated right next to the train station. The complex was added to the Guinness Book of World Records in 2002 as the world's largest trading floor at approximately 167,000-square-feet. By 2005, every ninth share traded was handled by the Swiss bank. Then of course the financial crisis hit and UBS almost collapsed from subprime mortgage-backed securities losses, which led to the dismissal of hundreds of bankers and traders. Even as banks began to recover following the financial crisis, new rules and regulations largely prevented them from reestablishing their trading operations to their former glory. The servicer that controls the UBS building's \$149.4 million mortgage has hired Mission Capital Advisors to unload the debt, which fell into default when the property owners failed to pay it off by its October maturity date. The debt is expected to sell well below the amount of the mortgage as the value of the building is estimated

only around \$65 million. And it will probably be exceptionally difficult to find interested buyers in general. After all, how many businesses in today's world need a 14-story high space that's as big as 20 basketball courts? The investment and business world continues to rapidly change and adapt.



What You Need To Know About The Presidential Inauguration

Donald J. Trump will be inaugurated tomorrow in Washington D.C. as the 45th president of the United States. I thought I would take this opportunity to pass along some of the facts surrounding the ceremony:

When Will It Start? *From what I understand it will officially start at 11:30 a.m. EST with a musical prelude. Security gates for viewing locations will open at 6 a.m. EST. Prior to the official event president-elect Trump and his wife will go to the White House to meet with President Obama and his wife for coffee or tea. Then the outgoing and incoming first couples will travel to the Capitol together to kick things off. The official transfer of power will happen around noon. President Obama will escort Trump and he will watch him take the oath of office, then the Obamas will fly one last time on Air Force One to a vacation spot before returning to their new residence.*

The Official Swearing In? *The official swearing-in ceremony takes place at noon, when Trump will swear to "faithfully execute the office of president of the United States." Mike Pence will take the Vice Presidential oath of office first, administered by Supreme Court Justice Clarence Thomas. The Mormon Tabernacle Choir performs, and then Donald Trump takes the presidential oath of office, administered by Supreme Court Chief Justice John Roberts. I find the fact somewhat sad, but Lyndon Johnson was the first and only president ever to be sworn in by a woman, U.S. District Judge Sarah T. Hughes in 1963.*

The Bibles? *When Vice President Mike Pence gets sworn into office he will place his hand on the same Bible and same Bible verse that former President Ronald Reagan used when he took his oaths of office. President Donald Trump will swear on two different Bibles during his inauguration ceremony, one of which will be the same Bible used by Abraham Lincoln during his first inauguration and Trump's own Bible that was given to him by his mother when he graduated from Sunday Church Primary School at First Presbyterian Church in New York back in June of 1955. Chief Justice John Roberts will conduct Trump's swearing-in ceremony. Theodore Roosevelt's 1901 oath was the only one not sworn in on a Bible.*

The Inaugural Address? *Word from insiders is that Trump has actually written his own inaugural address. There was some early thoughts that senior policy adviser Stephen Miller was going to pen the speech as he was the one in charge of speeches during the campaign. Most on his team expect it to be a relatively short inaugural address — possibly less than 20 minutes while talking a lot about National Unity and "Making America Great Again". For what it's worth, William H. Harrison's was the longest inaugural address at 8,445 words. George Washington's was the shortest inaugural address at 135 words.*

What Former Leaders Will Be On Hand? *Besides Trump, his family and the Obamas, several living ex-presidents will be in attendance. Jimmy Carter was the first to say he will attend, and so will George W. Bush. Former Vice President Dick Cheney also said he will be there. Both former President Bill Clinton and 2016 presidential election nominee Hillary Clinton are also slated to attend. A George H. W. Bush spokesman said he will not be there, citing health concerns.*

How Many Will Be In Attendance? *Most insiders are thinking about 800,000 people will be in attendance, though strong, this is still well below President Obama's first inaugural.*

When Is the Parade? *Following all of the traditional festivities, President Donald Trump and Vice President Mike Pence are scheduled to participate in the traditional inaugural parade, which is scheduled to start at 3 p.m. EST. The parade route will follow Pennsylvania Avenue between the Capitol to the White House, and much of it will be open to the public and unticketed. It will pass right past Donald Trump's hotel in the Old Post Office. This one will be shorter than those at previous inaugurations because, according to committee officials, Trump wants to get to work before attending the inaugural balls that night.*

Who Will Be Performing at the Inauguration? *Three Doors Down, Toby Keith, the Rockettes, the Mormon Tabernacle Choir, and 16-year old Jackie Evancho, who will sing the national anthem. New York's Cardinal Timothy Dolan and Franklin Graham are among the faith leaders who will offer prayers or readings during the ceremony.*

The Inaugural Ball? *There will be three official balls: two with guests from across the country and a ball for the armed services that is dedicated to the military, first responders and other service personnel. The two main balls will take place at the Walter E. Washington Convention Center, and the invitation-only Salute to Our Armed Services Ball will be at the National Building Museum. Three separate pro-Trump biker groups*

are said to be organizing rallies honoring the new president, as well as a litany of unofficial inaugural balls. The first inaugural ball was held for James Madison in 1809.



CASH SALES & HEDGING TOTALS

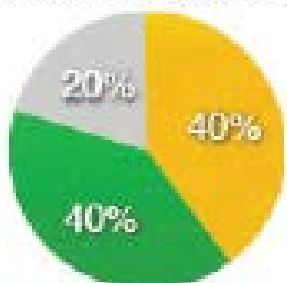
CORN 2015 CROP

100% SOLD
0% HEDGED
0% Cash Remaining



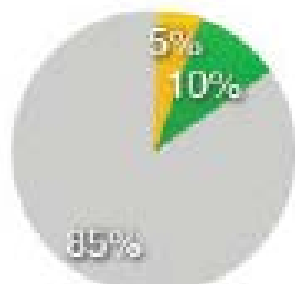
CORN 2016 CROP

40% SOLD
40% HEDGED
20% UNPROTECTED



CORN 2017 CROP

5% SOLD
10% HEDGED
85% UNPROTECTED



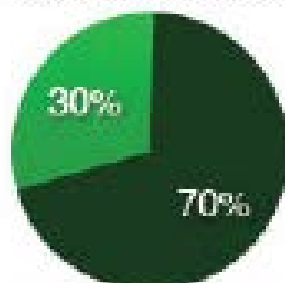
SOYBEANS 2015 CROP

100% SOLD
0% HEDGED
0% Cash Remaining



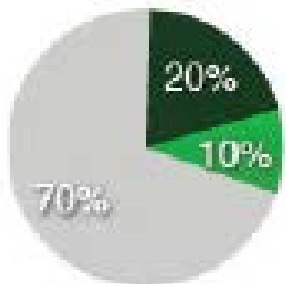
SOYBEANS 2016 CROP

70% SOLD
30% HEDGED
0% UNPROTECTED



SOYBEANS 2017 CROP

20% SOLD
10% HEDGED
70% UNPROTECTED



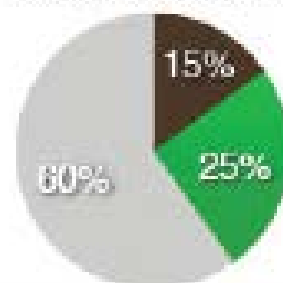
WHEAT 2015 CROP

100% SOLD
0% HEDGED
0% Cash Remaining



WHEAT 2016 CROP

15% SOLD
25% HEDGED
60% UNPROTECTED



WHEAT 2017 CROP

0% SOLD
10% HEDGED
90% UNPROTECTED

