



"I do have my ducks in line if I want to run, but I'd love to see the Republicans pick somebody that was going to win and take over this country and frankly, to use the expression, 'Make America Great Again'." - Donald J. Trump

FRIDAY, JANUARY 20, 2017

Morning Summary: New day.... New President! Stocks remain near their all-time high as Donald Trump prepares to be sworn in as our nation's 45th President. Economic data continues to point to a strengthening economy with weekly unemployment claims coming in at the lowest levels in over 43 years. Additionally, December Housing Starts were up +11.3%, which caps off a solid year for home building. The better than expected results are on trend with other recent data, which is causing some concerns among insiders that the Federal Reserve may need to raise interest rates more aggressively than many had forecast. We may learn a bit more today when Philly Fed president Patrick Harker delivers a speech in the morning, followed in the afternoon by Federal Reserve Bank of San Francisco president John Williams. We should also keep in mind the Consumer Price Index this week came in above 2% for the first time in 2 1/2 years. There are no economic reports scheduled for today, though there are a couple of noteworthy earnings releases, including General Electric, Kansas City Southern, Procter & Gamble and Schlumberger. Today's main event is of course Trump's swearing in which will be followed by the President's Inaugural Address. Traders are eager to see what executive actions President Trump will take to roll back a number of Obama's policies on his first few days in office. Look for the headlines from Washington to start pick up even more momentum and market volatility to be more extreme during the first 100-days. Regardless of our party affiliations we have to be excited to see the "good" that can come from the change our new government may be able to create. I wish the first family a safe and successful tenure as they serve our great nation. Go America!



Bill Gates Warns Governments Need More To Prepare For Bioterrorism: *Microsoft founder Bill Gates speaking in Davos yesterday urged governments and private organizations to make "substantial investments" to prepare for a potentially damaging bioterrorism attack. The Microsoft co-founder said organizations involved in prevention need to discuss what to do in the event of such an attack as the damage could be "very huge." This is not the first time Gates has weighed in on the subject. Just last year he said one of his biggest concerns was biological tools that could be used by a bioterrorist. He also feels the world is grossly unprepared to deal with the consequences. The Bill and Melinda Gates Foundation is part of the Coalition for Epidemic Preparedness Innovation (CEPI). CEPI focuses on creating vaccines that could stop the outbreak of future diseases. Gates believes that bioterrorism could be used to spread a disease, leading to an epidemic...possibly a pandemic even. Gates says that in order to prevent bio-terrorism, governments will need to get involved and work together. Because epidemics "don't respect borders."*

U.S. Again Backing Turkey In ISIS Fight: *American warplanes and combat advisers are once again backing Turkish military units battling Islamic State fighters in northern Syria, a positive sign that tension between the two countries may be easing. Four airstrikes this week have hit Islamic State construction equipment and tactical vehicles, including an armored personnel carrier. U.S. military officials say American forces are likely to remain active in and around the area in the days ahead, saying the operation that was jointly developed with Turkey commanders is "in our mutual interest." Launched in November despite objections from the Pentagon, Turkey's offensive in the area began as the U.S. sought to galvanize support for its effort to route Islamic State fighters from Raqqa, the group's de facto capital about 125 miles to the east. The U.S. stopped providing the Turks with air support and ground-level military advisers after Turkey refused to join that effort. The standoff sparked concern that Turkey might curtail the Americans' access to Incirlik Air Base, a major hub for the air campaign in Iraq and Syria. With the resumption of U.S. support for Turkey, it remains to be seen whether Turkey, in turn, will prioritize any of its troops and weapons for the Raqqa fight. The Americans' most capable allies there are members of a Syrian Kurdish militia, forces Turkey considers associates of terror groups responsible for attacks on Turkish soil. (Source: Military Times)*

The Obama Rally: *Call it skill, call it blind luck or simply being in the right place at the right time. Regardless, President Obama has been a part of one of the most impressive stock market rallies in our nations history. The chart below is circulating inside the trade and shows the impressive +166% climb in value since Obama's first inauguration and his final day in the White House. WOW! At the same time however our federal governments debt increased by more than +\$9.3 billion during his eight years in office, far more debt than was accumulated by any previous president. In fact nearly twice as much as the \$4.8 billion in additional debt that piled up during the eight years George W. Bush served as president. (Source:[cnsnews](#); stocktwits)*



Bagwell, Raines & Pudge Rodriguez Selected To Hall of Fame: Jeff Bagwell, Tim Lincecum and Ivan "Pudge" Rodriguez were elected to the Baseball Hall of Fame this week, while Vladimir Guerrero and Trevor Hoffman fell just short of the 75 percent threshold required in voting by the Baseball Writers' Association of America. Bagwell got 86.2 percent of the vote, and Raines got 86 percent. Rodriguez got 76 percent, receiving four more votes than the necessary 332 of 442. Hoffman was five votes short, and Guerrero was 15 short. Roger Clemens (54.1 percent) and Barry Bonds (53.8 percent) continued to gain ground in the voting but also fell short of election. Curt Schilling received 45 percent, Lee Smith at 34.2 percent and Manny Ramirez at 23.8 percent. In this years group, Pudge Rodriguez is the career leader among catchers with 2,844 hits, 1,354 runs, 572 doubles and 2,543 games played. Raines is considered by many to be the second greatest leadoff hitter in MLB history behind Rickey Henderson. He ranks fifth behind Henderson, Lou Brock, Billy Hamilton and Ty Cobb with 808 stolen bases, and his 84.7 percent success rate is the best ever among players with at least 400 career attempts. Bagwell played his entire 15 year career at first base for the Houston Astros amassing 449 home runs with a very unusual wide crouched stance.

This Is What It's All About: Regardless if your a St. louis Cardinals fan you have to be a fan of Matt Holiday and his wife for all they do to help. I felt since the media is constantly bombarding us with all the negatives and crazy stuff our star athletes are a part of, I could do my part and pass along the "good stuff". A bit of background information, Matt Holiday is leaving the Cardinals to play for the Yankees. This was a part of his farewell. Click [HERE](#) or on the image below. I am definitely a fan of the Holiday's, I wish them the best!



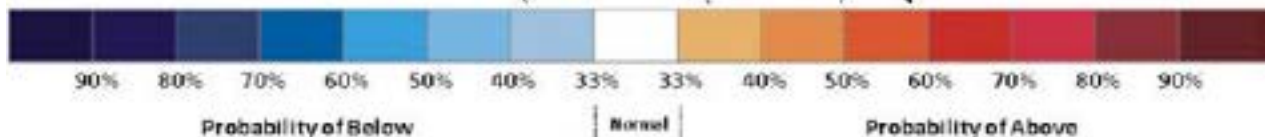
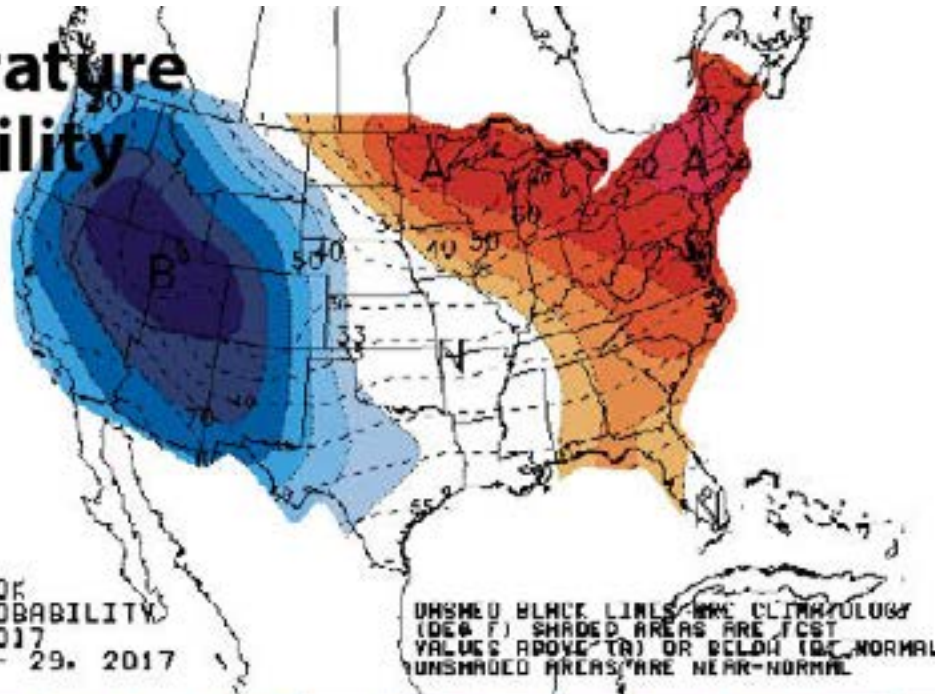
Weather on the Plains has seen a period of mild, dry conditions following the recent storminess that deposited beneficial moisture for rangeland, pastures and winter wheat from Nebraska southward. Across the northern Plains, mild weather is eroding a previously expansive snow cover. In Billings, Montana, the current snow depth of 4 inches is down from peaks of 20 inches on December 16 and 10 inches on January 11. In the Corn Belt, mild and foggy weather prevailed over the past few days. Rain showers have spread across the central Corn Belt, including the middle Mississippi Valley, maintaining muddy conditions. Temperatures will average above to much above normal, with the eastern Midwest seeing temperatures at least 25 degrees F above normal Saturday. In the South, locally heavy showers persist from the Gulf Coast to the Mississippi Delta. Meanwhile, rain is still needed across Florida's peninsula, where producers continue to irrigate citrus, strawberries, and vegetables. In Brazil, scattered thunderstorms in central Brazil crop areas may improve the outlook for second crop corn, but the rain will also delay the harvest of early soybeans and early corn. A developing upper-level ridge for Argentina's corn and soy crop area looks to promote mostly dry and hot weather over the next week. This will favor developing corn and soybeans in Cordoba, Santa Fe and northern Buenos Aires after recent heavy rains and flooding. However, it will be highly unfavorable for crops growing in the region from La Pampa to western Buenos Aires, as these areas missed out on the weekend rain and have been drier and warmer than normal since early December. Back at home, the latest Pacific storm train will remain active, with significant weather systems expected to reach the West Coast on January 20 and 22. Five day precipitation totals could reach 4 to 10 inches in coastal and mountain sections of California and 2 to 5 inches in parts of the Southwest. Meanwhile, little or no precipitation should occur into early next

week across the Great Plains. Elsewhere, generally cool weather in the West will contrast with above normal temperatures from the Plains to the East Coast. The 6 to 10 day outlook for January 25 - 29 calls for above normal temperatures across the eastern half of the U.S., while colder than normal conditions should stretch from the Pacific Coast to the High Plains. Meanwhile, above normal precipitation from the Four Corners region into the Great Lakes and Northeastern States will contrast with drier than normal weather in northern California, the Northwest, and from Texas to the Mississippi Delta.

Temperature Probability



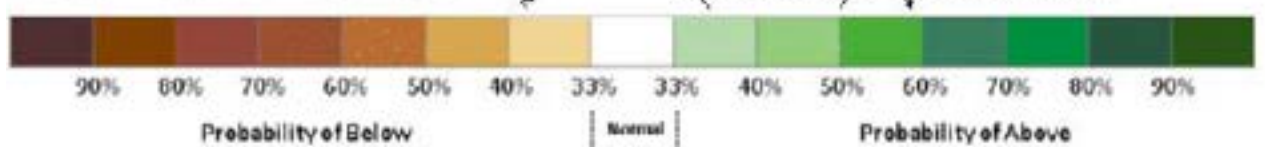
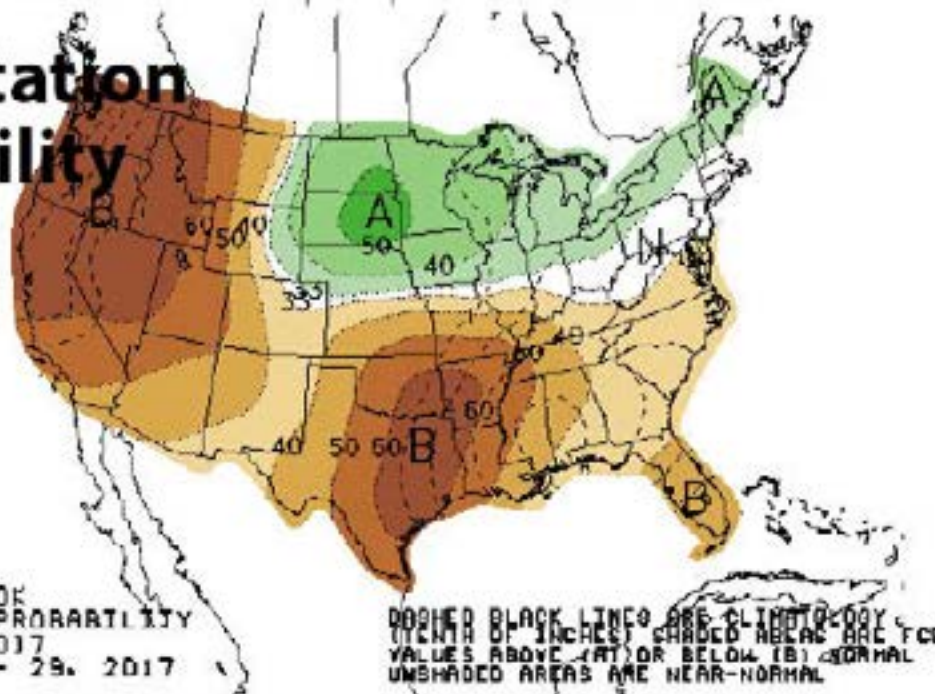
6-10 DAY OUTLOOK
TEMPERATURE PROBABILITY
MADE 19 JAN 2017
VALID JAN 25 - 29, 2017



Precipitation Probability



6-10 DAY OUTLOOK
PRECIPITATION PROBABILITY
MADE 19 JAN 2017
VALID JAN 25 - 29, 2017



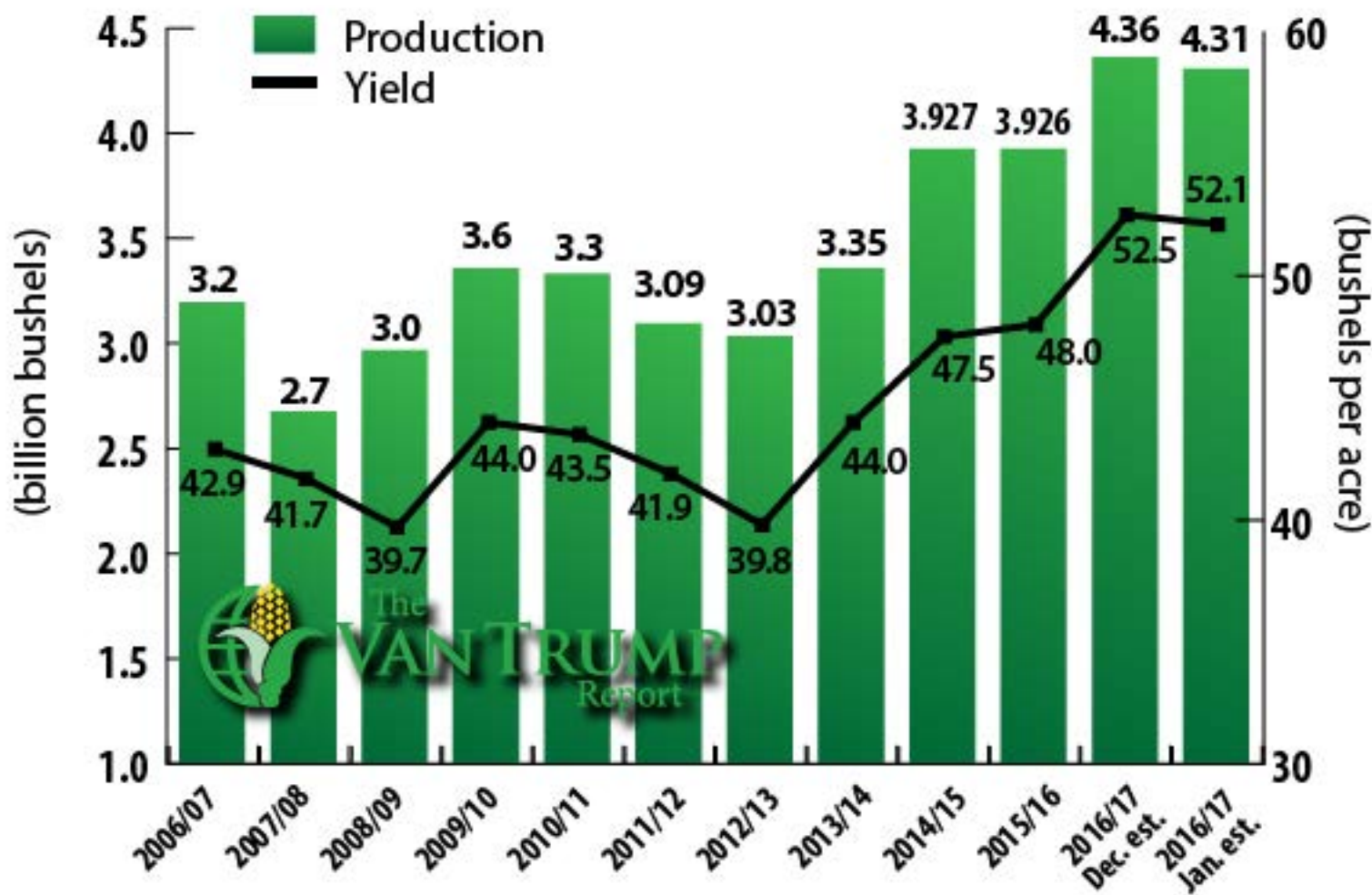
Corn bulls were happy to see another weekly round of record ethanol production. While the bears are wondering if this might be the final week at such robust levels as the Chinese tariffs start to pressure the industry and backup supply into the pipeline. Also keep in mind gross margins at U.S. ethanol plants have started to weaken. I'm not saying demand is going to abruptly buckle, but I am saying headlines continuing to read "record corn usage" may begin to fall out of favor in the next few weeks. The lack of bullish demand headlines could therefore have an adverse impact on the algo's and their enthusiasm to play this market from the long side. There's also the fear that we might start seeing more global competition in the corn exporting arena, again something that could weigh on the algorithms and formulas that encourage being bullish. As a producer I might have jumped the gun a bit, as I decided yesterday to reduce a little more of my new-crop risk. I priced 5% of my estimated new-crop production yesterday at \$3.94 per bushel vs. the DEC17 contract. I did have a price target in place at between \$4.05 and \$4.10, but I didn't want to risk letting this opportunity slip away, so I pulled the trigger. I felt I was a bit "undersold" and wanted to insure I had at least 30% of my new-crop price risk removed at profitable levels prior to planting. Ultimately I would still like to price another 10% of my estimated production before we bust open the bags this spring, but for now I'm going to remain patient. There still a ton of weather uncertainty in South America, especially that surrounding second-crop corn acres in Brazil. We also have an entire U.S. growing season that could easily run into complications. I still see no need to get in a major hurry once you've locked in profits on 30% to 40% of your estimated production. As a spec it still feels like we are somewhat range-bound in old-crop between \$3.25 and \$3.75 and new-crop between \$3.60 and \$4.10 per bushel. As we start to push towards the high-end of those ranges, those who feel they are undersold or need to free up cash may want to start taking a much more serious look at reducing exposure. I still believe we are in a "two-strike approach" environment. Meaning we should simply be trying to get to first base to move the runners. We are down by too many runs (oversupplied) to be swinging for the fences! If you can bunt for a base hit why not lay one down?

Interesting Thought On Ethanol: *In a note from our friend [Tregg Cronin](#) this morning... "Weekly ethanol production which didn't disappoint with a new weekly production record at 1.054 million bbls/day, up 5,000 bbls/day on the week. The production surge to a new record was a bit of a surprise considering margins continue to dwindle with higher corn prices, declining ethanol prices and floundering DDGs prices. Production at 1.054 million bbls/day was 7.2% above the same week a year ago, and continues to blow away the pace needed to hit the USDA's recently increased ethanol demand for corn estimate. If production moderates even somewhat, the USDA is still too low on this figure. The bigger surprise, however, might have been the 1.106 million bbl build in ethanol stocks which followed a 1.331 million bbl build a week ago. The combined increase of 2.437 million bbls was the largest two week build in stocks on record. Stocks at 21.115 million bbls are now the largest since mid-July. This comes amid the rumors of China canceling ethanol cargoes related to the increase in their preferential tariff, and also as Brazil stares at what could be the largest corn crop on record. After the drought-reduced crop last year, they focused their efforts on making sugar instead of ethanol and instead looked to the US to import fuel ethanol. That could be set to change in 2017."*

Soybean bulls take a small step back on no additional threats to the South American weather forecast and further confirmation of a massive jump in U.S. soybean acres in 2017. In case you missed yesterday's headline, a survey released by Farm Futures estimates planted soybean acres in 2017 will be 90.52 million, which is a massive increase from the 83.4 million acres planted in 2016. I've been saying for the past few months we could add an additional +5 to +8 million planted soybean acres in 2017. This survey number seems to fall right in that wheelhouse, so I remain a big believer in more producers are going to make the jump to soybeans. As for South America, the weather in Brazil seems to be highly cooperative, while the troubles in Argentina continue to mount. From what I'm hearing 1-2 million acres of Argentine soybeans haven't been able to get planted because of the heavy rains and flooding. How much of that this season will never get planted seems to be the question many inside the trade are asking? I'm hearing all kinds of guesstimates, when I know more specifics I will relay the information. There's also a ton of speculation obviously circulating in regard to what type of "yield drag" the crop that did get planted is going to experience based on the current extreme weather conditions? There's also speculation surrounding more wide-spread abandonment and re-planting, particularly where and how much? I continue to hear talk that we could ultimately see a sub-50MMTs total production number, which is well below the USDAs current estimate of 57MMTs. From a technical perspective, many inside the trade are looking for the \$11.00 area to act as psychological resistance for the old-crop contract, perhaps another +20 to +30 cents higher. On the other hand, new-crop NOV17 soybeans will be looking to log fresh new highs if it can trade back above \$10.43 per bushel. As you can see in the graphic below, despite the small adjustment lower by the USDA in last weeks report, we still produced a mammoth record crop. Also take a close look at how big the jumps have been for the past three years. Make certain you are adjusting your yield estimates for the gains in technology. My guess is this will make your breakevens a bit better than you think. Meaning current prices allow for profitable farming and should be heavily considered for a portion of your production. I feel one of our problems the past few years is that we've consistently underestimated our production on many fields and therefore failed to take advantage of some opportunities when they presented themselves. I just didn't think they would be profitable. I'm certainly not advocating getting oversold or being overly optimistic about production. But I think by nature we all start out a bit pessimistic in this business, so as not to disappoint ourselves. I'm just wondering if that overall attitude isn't costing us opportunities to look in profits. I think we are really starting to see "technology" kick in and for some of us we might need to re-think some of our outdated thoughts? Play with the numbers a bit and see what a +5 bushel per acre bump does to you breakeven's...

U.S. Soybean Production and Yields

updated with January 12, 2017 WASDE data



Wheat backpedals a bit into the weekend as the longer-term forecast doesn't offer up much in the way of major complications for the U.S. In other words several forecasters are thinking the current drought like conditions will soon take care of themselves with more wide-spread moisture. There's really nothing in regard to global weather that appears to be any major threat either. Hence no major running of the "weather bulls," at least not for the time being. I should point out whenever I talk longer-term weather I feel my skin start to crawl. In fact I suspect there's never been any one more thing I've lost money on than investing based on weather forecasts. Therefore whenever I start find myself believing or buying into a longer-term weather projection I refer to my most trusted weather forecasting stone. I've include a picture of it below along with the rules for 100% accuracy. Trust me when I tell you it's saved me fortunes as I've matured... Have a great weekend and continue to monitor the weather:)

JOHN'S WEATHER FORECASTING STONE

CONDITION	FORECAST
Stone is Wet	Rain
Stone is Dry	Not Raining
Shadow on Ground	Sunny
White on Top	Snowing
Can't See Stone	Foggy
Swinging Stone	Windy
Stone Jumping Up & Down	Earthquake
Stone Gone	Tornado •



> Ethanol Production Sets Yet Another Record: *Weekly ethanol production for week ending January 13 was record large, averaging 1.054 million barrels per day, up -0.48% from last week and up +7.22% compared to last year. Stocks rose to 21.115 million barrels, up +5.53% from last week and up +3.76% from last year. Total corn usage is estimated at 110.67 million bushels.*

> China Cancels Ethanol Shipments: *Buyers in China have canceled up to seven ethanol import shipments due to arrive by April, the first sign a likely hike in import duties is threatening to stall demand for both ethanol and DDGs. The proposed import tariff is expected to rise to 30% from 5% and would shut imports out of the market based on current prices. Seven cargoes could equate to between 266,000 and 443,000 cubic meters of ethanol. Ethanol shipments to China in the first 11 months of 2016 hit 765,000 cubic meters, up 51% on the prior year.*

> IGC Sees Dip In 2017-18 World Wheat Harvest: *World wheat production will fall next season – but not by much, the International Grains Council said, with global area to see only a “marginal” drop despite the slump in U.S. winter sowings to the lowest in 108 years. The IGC, in its first estimate for the 2017-18 global wheat harvest, pegged production at 735 million metric tons. While a drop of 17m tonnes from this season’s all-time high, a harvest at that level would still be the third biggest on record, and leave little potential for an erosion of inventories, seen entering next season at a record 225 million metric tons. From this season’s all-time high, a harvest at that level would still be the third biggest on record, and leave little potential for an erosion of inventories, seen entering next season at a record 225 million metric tons. The council also only marginally lowered global wheat area, noting that while U.S. plantings will see a sharp decline, sown acreage in India surpassed expectations, leaving the total harvested area projection mostly unchanged from before and similar to last year. IGC raised its estimate for world production of coarse grains and wheat in 2016-17 by 10 million metric tons to 2.094 billion, calling it “easily the largest crop on record.” Apart from barley, solid production growth is expected for most grains, and in particular a sharp increase in corn output. IGC lifted their forecast for the global corn harvest by 3 MMTs to 1.045 billion, a rise of 77 MMTs year on year.*

> EU Wheat Exports Seen Rebounding: *Strategie Grains lowered its forecast for the 2017 European Union soft wheat harvest by 1.2 million metric tons to 143.8 million, citing expected damage to crops in the eastern EU due to severe cold this month. That level of output would still be higher than last year’s production of 135.9 million metric tons. Strategie says the anticipated rise in EU production should allow the EU to increase exports. They peg the EU’s 2017-18 soft wheat exports at 26.5 million metric tons, which would be*

an increase over the estimated 23 million tons to shipped in 2016-17.

> December Saw Record U.S. Red Meat & Pork Production: *Commercial red meat production for the United States totaled 4.40 billion pounds in December, up +3% from the 4.27 billion pounds produced in December 2015, according to the USDA's monthly Livestock Slaughter report. Beef production, at 2.17 billion pounds, was +6% above the previous year. Cattle slaughter totaled 2.61 million head, up +7% from December 2015. The average live weight was down 7 pounds from the previous year, at 1,381 pounds. Pork production totaled 2.21 billion pounds, up slightly from the previous year. Hog slaughter totaled 10.5 million head, up +1% from December 2015. The average live weight was down 2 pounds from the previous year, at 283 pounds. January to December 2016 commercial red meat production was 50.4 billion pounds, up +4% from 2015. Accumulated beef production was up +6% from last year, veal was down -9%, pork was up +2% from last year, and lamb and mutton production was down slightly.*

> China Warns Boeing, U.S. Ag Would Be Victims Of Trade War: *An influential Chinese state-run newspaper on Thursday again warned that U.S. aircraft manufacturer Boeing Co and U.S. agricultural imports could be targets for retaliation in any trade war ushered in by U.S. President-elect Donald Trump. Trump has criticised China's trade practices and threatened to impose punitive tariffs on Chinese imports. Billionaire investor Wilbur Ross, Trump's choice for commerce secretary, voiced sharp criticism of China's trade practices on Wednesday, telling senators he would seek new ways of combating them. In an editorial, the Global Times said that as the United States has the stronger economy, China may suffer more once a trade war starts, but China "will take the U.S. on to the end". The paper also charged that the Trump team has underestimated China's ability to retaliate. "China is a major buyer of American cotton, wheat, beans and Boeing aircraft," the paper added. In November, the Global Times warned China could switch large orders from Boeing to Europe, Apple phones would "essentially be crowded out" and U.S. soybeans and corn banished from China if Trump creates problems for China on trade. (Source: Reuters)*

> Union Pacific Beats Estimates: *No. 1 U.S. railroad Union Pacific Corp (UNP.N) on Thursday reported a better-than-expected quarterly net profit and said 2017 looked like a better year for the railroad's business following two tough years of slumping coal freight volumes. The railroad said it expects "low single digit" growth in freight volumes in 2017 and productivity gains of between \$350 million and \$400 million. Union Pacific reported a higher fourth-quarter profit as improved efficiency offset a slight drop in revenue. In the fourth quarter, the railroad's coal volumes still declined 6 percent, but that was moderate compared with a full-year 2016 plunge of 25 percent. Overall, freight volumes were down 3 percent in the quarter, an improvement over the 7 percent decline the railroad reported for the full year. The company reported fourth-quarter net income of \$1.14 billion, or \$1.39 per share, compared with \$1.12 billion, or \$1.31 a share, a year earlier. (Source: Reuters)*

> IEA Says OPEC Cuts Are On Track: *The International Energy Agency said yesterday that OPEC members began cutting back output even before their agreed to cuts went into effect. The IEA said that while it was "far too soon" to gauge OPEC members' compliance with promised cuts, commercial oil inventories in the developed world fell for a fourth consecutive month in November, with another decline projected for December. The IEA said*

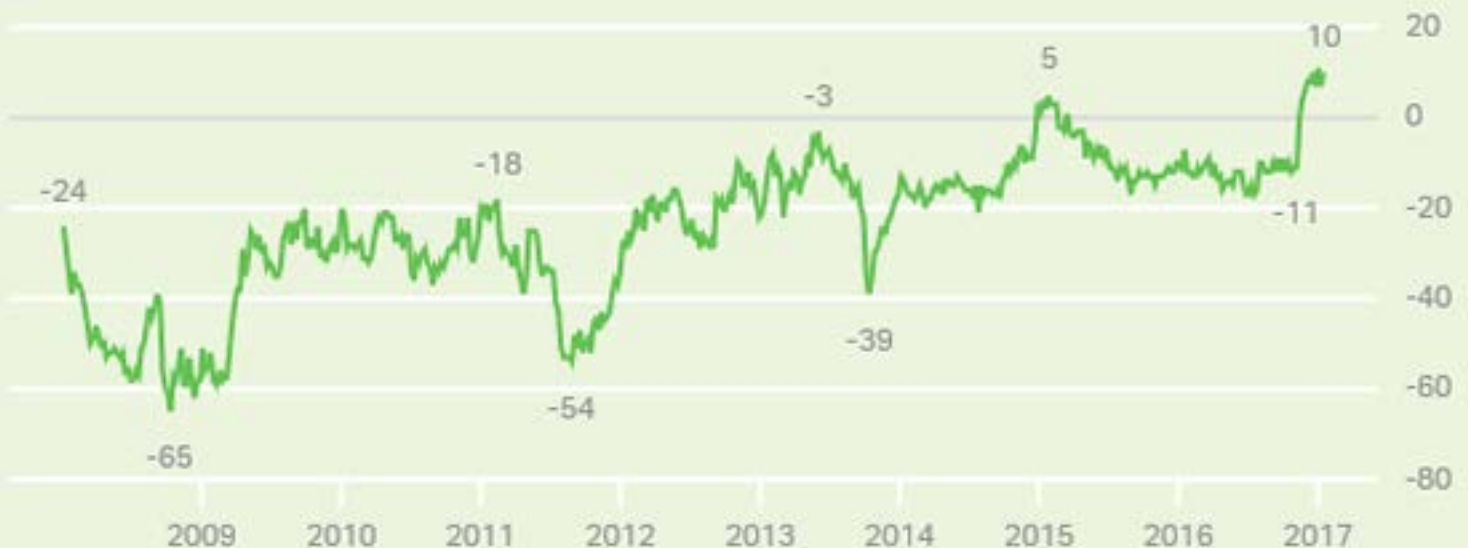
crude production from OPEC fell 320,000 barrels a day from record rates, to 33.09 million barrels a day in December, after lower Saudi output and disruptions in Nigeria curbed supply. The IEA expects their output will see an even steeper decline for January. The report did, however, show U.S. oil production was expected to increase by 320,000 barrels a day to average 12.8 million barrels a day. Long-planned projects coming on stream in Brazil and Canada will also bring a combined increase of 415,000 barrels a day, IEA said. (Source: The Wall Street Journal)

> Americans Remain Upbeat About The Economy: Americans' economic confidence remained in positive territory last week, with Gallup's U.S. Economic Confidence Index registering +10, up from +7 the prior week and is just one point below the nine-year high the index hit in the last week of December 2016. After nine years of nearly uninterrupted negative economic assessments, Americans' views of the economy brightened significantly after the November presidential election. This positive swing mostly stems from surging confidence among Republicans and independents who lean Republican, whose index score stood at +16 last week. This score represents a sharp reversal from their highly negative scores before the election, including -43 in early November. By contrast, confidence in the economy has fallen among Democrats, with Democrats and Democratic leaners' score falling from +27 before the election to last week's +8. Nonetheless, even if Democrats' confidence in the economy has slumped since the election, it is still considerably higher than the negative levels that prevailed among Republicans for much of President Barack Obama's tenure.

Gallup's U.S. Economic Confidence Index -- Weekly Averages

January 2008-January 2017

■ Economic Confidence Index



GALLUP DAILY TRACKING



Western Tennessee - We are getting plenty of moisture around our area lately. 2016 was an average season for us - no real issues to mention only low prices to deal with. We have marketed our entire stocks for the year so at least that is finished. We run corn, beans and wheat and will have more corn acres this year as our rotation falls that way this season and we have no plans to change. Waiting for fertilizer prices to come down - not having luck with the local retailer in seeing lower prices. Rest of winter we will finish working on planters and wait for March.

Western Kansas - We have been extremely dry out here all fall and winter. This past weekend through the early part of the week we were supposed to get plenty of rain but only ended up getting .4 through it all. We had a lot of extremely cold temperatures in mid December that was down in the teens on wheat that had no snow cover and little moisture. I think the winter wheat is hanging on by a thread. We will not know until late February, depending on the weather. As it comes out of dormancy it will let us know, but I think at the very least, we will see some damage, with a lot of brown showing up. We definitely don't like the wheat prices but have not done beans in these parts for a long time. If its a bad winter late, with many fields damaged on wheat, we have still not ruled out beans yet. For beans out here, we battle the high elevation, limited moisture and many hail storms throughout the year. It may be the way we go if prices stay up and beans pencil like they do now.

Central North Carolina - I'm semi-retiring this season - cut it back to just 500 acres of corn, beans and wheat. Got rid of the 50 cattle as well. Really dry down here now and that is not good news as a couple years ago that resulted in 22bpa beans and 90bpa corn. Hoping for better this season. We've taken to doing some hauling this winter and that is really keeping us busy and providing good income. We remain with our normal rotation as it has always provided us the best weed controls year in and out. We just were able to open more bottom acres after getting the ripper out and working it.



Farm Sector Welcomes Choice Of Perdue As U.S. Ag Secretary: *Voices from the U.S. farming sector responded positively to the news that President-elect Donald Trump has selected an agribusiness insider for his Agriculture Secretary choice. Mr. Trump named senate ally, and former veterinarian, Sonny Perdue as his choice for the post. Born and educated in Georgia, Mr Perdue was known for pro-business policies during his time as governor of the state. In 2011, he founded the Atlanta-based trading company Perdue Partners, which trades in food ingredients and other agricultural goods. "From growing up on a farm to being governor of a big agriculture state, he has spent his whole life understanding and solving the challenges our farmers face, and he is going to deliver big results for all Americans who earn their living off the land," Mr Trump said in a statement. Read more about the new ag chief over at [Agrimoney](#).*

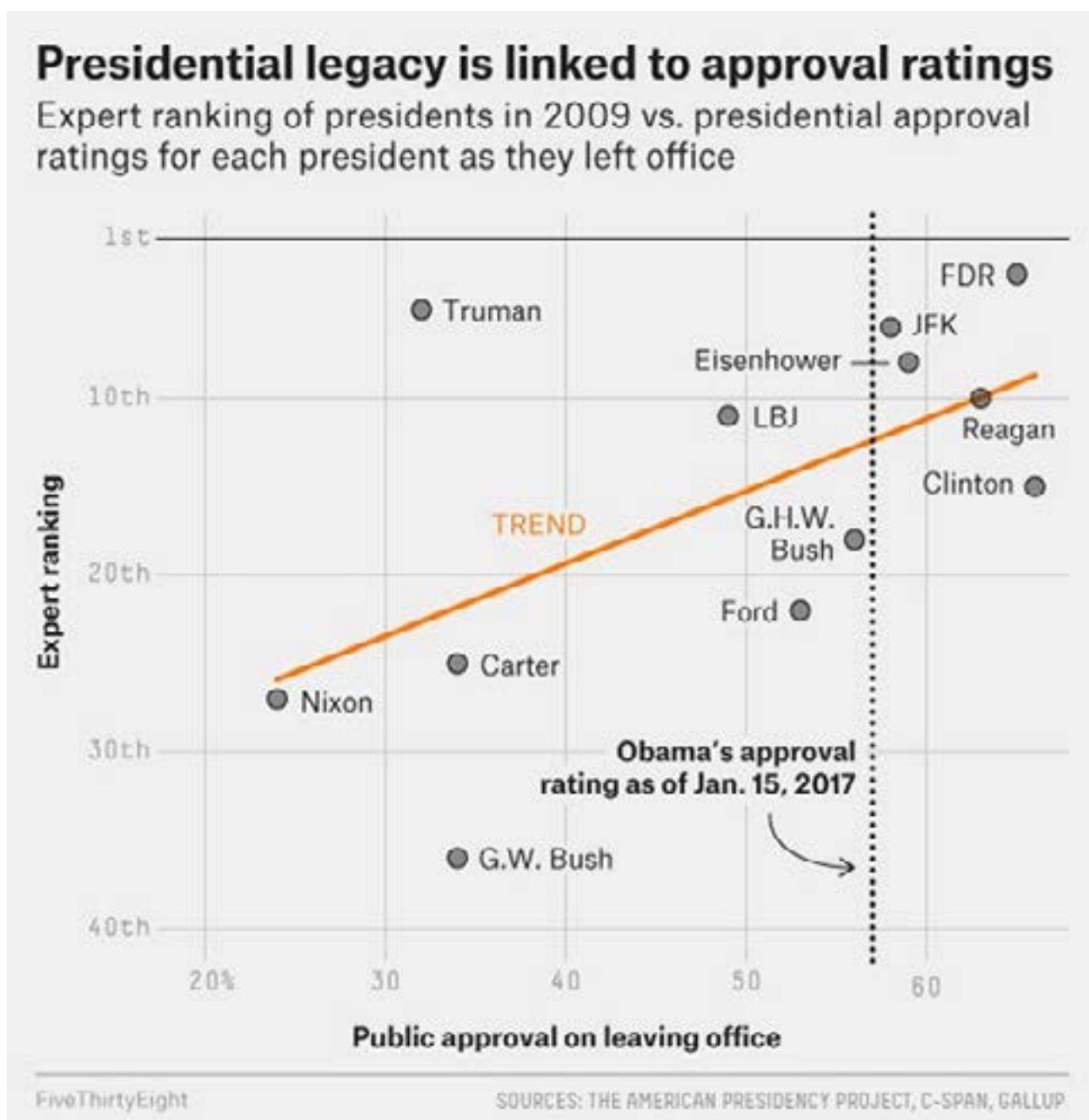
Brazilian Crop Observations: *Soybean & Corn Advisor spent last weekend driving to Mato Grosso, which took them through Brazilian crop areas in Sao Paulo, western Minas Gerais, southwestern Goias and then southeastern Mato Grosso. They note that weather in southeastern and central Brazil has been quite wet the last week or so. "Every place we drove the soils were wet and there were areas of standing water on the edges of the fields." According to their observations, about 25% of soybean fields in Goias are turning yellow and will be ready for harvest within 2 weeks. A few of the early planted beans have already been harvested in both Goias and Mato Grosso. Read their full report [HERE](#).*

Researchers Have Mapped The U.S. By People's Fear Of Romantic Intimacy: *Does it ever seem like everyone around you is freaking out about their love life in exactly the same way? According to research from the University of Michigan, that's because geography has a role in our approach to romance. Researchers analyzed data from Americans in all 50 states, looking for two specific relationship traits: Attachment anxiety, or clinginess, whereby people are preoccupied by the idea that they might lose their relationship. And avoidance anxiety, which manifests as a fear of intimacy and the tendency to clam up. They found notable geographic differences across the country. Some states, like New York and West Virginia, were home to a disproportionately large number of people who suffered from the urge to cling on, which can include constantly checking in on a partner, needing to know their movements, and craving reassurance. Others, like Nevada and Kentucky, had more avoidant people, who shun intimacy and try desperately to hide their feelings. See the full results of their study [HERE](#).*

Iceland Knows How To Stop Teen Substance Abuse: *In Iceland, teenage smoking, drinking and drug use have been radically cut in the past 20 years. Today, Iceland tops the European table for the cleanest-living teens. The percentage of 15- and 16-year-olds who had been drunk in the previous month plummeted from 42 per cent in 1998 to 5 per cent in 2016. The percentage who have ever used cannabis is down from 17 per cent to 7 per cent. Those smoking cigarettes every day fell from 23 per cent to just 3 per cent.*

The way the country has achieved this turnaround has been both radical and evidence-based, but it has relied a lot on what might be termed enforced common sense. Experts who have witnessed the radical turnaround argue that if the techniques were adopted in other countries, the Icelandic model could benefit the general psychological and physical wellbeing of millions of kids. Read more [HERE](#).

Presidential Legacy Is Linked To Approval Ratings: After eight years in office, Barack Obama will end his presidency on Friday. There has already been much talk of his accomplishments, failures and legacy, but it will take years or even decades for historians, political scientists, journalists and the American people to confidently assess his place among other American presidents. While the public's rankings may be fickle, it turns out that presidential approval ratings do a reasonably good job of suggesting where presidents rank in the longer term. Five Thirty Eight created the chart below showing the ranking of post-World War II presidents by historians and political scientists commissioned by C-SPAN in 2009 along with their final approval rating collected by Gallup (for consistency). There's a clear, if rough, relationship: The more popular a president when he leaves office, the more highly, on average, he will be rated by historians. Read more [HERE](#).





Ag Land Values Difficult To Forecast for 2017

When trying to understand where Ag land values are headed in 2017, several factors will come into play according to the latest from Farmers National Company and their [January 2017 Land Values Report](#). In the past three years, agricultural landowners in most regions across the country have seen a decline in profits, which also pushed land values lower. However, questions abound when trying to formulate a picture of the future. Direction of commodity prices, interest rates, inflation, challenges in the world economy, weather and U.S. tax law -- all these cards are in the deck. Buyers of Ag land are asking if it is an opportune time to make a purchase of a farm or ranch, while sellers are asking if the market dynamics are indicating that it is good time to sell land. For more insight on to where Land Values may be headed in 2017, let's look at some of the regional findings from the 2017 report:

- **Michigan, Ohio, Indiana, Illinois, Missouri, Kentucky, Tennessee, Arkansas, Mississippi:** *Top quality land values in this region have held steady, while medium quality land has trended downward. In fact, most states in the region are seeing high quality land values hold fairly steady. During 2016, more private transactions occurred, but approximately 60% of transactions still were through auctions. Looking into the near future, there seems to be very little activity moving into 2017 at this time. With interest rates beginning to increase, the political movement completed and commodities fluctuating at lower levels, cropland values will be remaining stable to slightly trending lower during 2017.*
- **Iowa:** *The second half of 2016 saw a jump in land auctions in the state of Iowa. Auctions continue to be the most successful approach to selling land in Iowa, with 97% of auctions resulting in a sale the day of the event. Top quality land remains stable with a possible five percent decrease. Medium quality land is experiencing a five percent decrease and low quality land is seeing a 10% decrease in value. Approximately 85% of buyers are local farmers and 15% are investors. Looking to 2017, a lot will depend upon how much land comes on the market. Current commodity prices indicate land values should be trending downward, but if we continue to see so few farms come on the market, prices will stay steady.*
- **Kansas and Oklahoma:** *Land values in the two states haven't changed much from mid-year 2016. Top quality land is still holding the same values if in the right location. Medium quality land has seen a slight decline of 5%, while poor quality land has been difficult to sell. Auctions remain the best method for moving medium to high-quality land. There has been a new wave of interest from investors. Farmers are still buying the "right" farm if it is available, something next door or a good addition to a current operation. Investors are looking at better values than the past three or four years.*

About Farmers National Company: *Farmers National Company is the nation's leading agricultural landowner services company and manages more than 4,850 farms in 24*

states comprising over 2.1 million acres. The company has sold over 3,700 farms and more than \$2.65 billion of real estate during the last five years. Good folks, glad to help support them in their efforts!

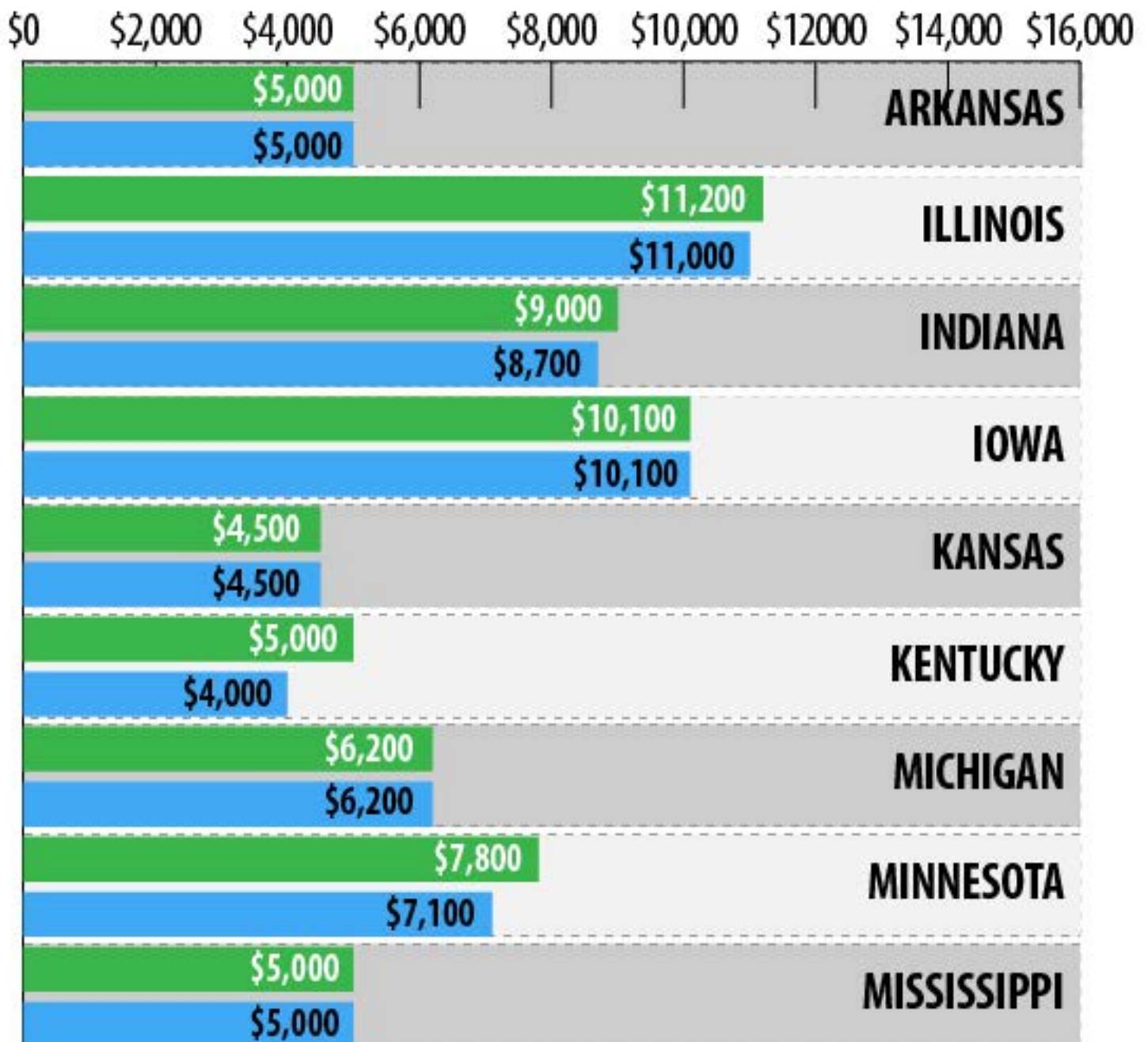
High Quality Land Values by State

Average Sale Price Per Acre



JANUARY 2016

JANUARY 2017



U.S. Air Force Releasing Its Newest Heavy Bomber in Decades

The U.S. Air Force recently gave us our first glimpse of what will hopefully become America's next stealth bomber. Originally designated the Long-Range Strike bomber, the aircraft will now be called the B-21 "Raider". After holding a naming contest several months ago, they've finally picked a winner. The Air Force has stated that they expect to be testing initial capability by the "mid-2020s" and some have speculated it will be flying in the fleet shortly thereafter. The plane is being designed as a very long-range multirole aircraft. From what I understand the bat-winged B-21 will be the U.S. Air Force's first new heavy bomber released in decades. The plane is supposed to complement and eventually replace the B-2 Spirit, B-52 Stratofortress and B-1B Lancer. We've heard it will have the ability to disrupt enemy communication and control clearing a path for other planes, drop bombs on its own and potentially even serve as a battlefield control center to run a squadron of drones. The U.S. Air Force recently reported that they plan to buy as many as one-hundred B-21 Raider's at an alleged price of over \$550 million apiece. Some say this is a bargain considering a B-2 Spirit ended up costing them over \$2 billion. The B-21 is a critical part of America's air power future, and at the very least it represents a partial panacea for emerging area-denial and anti-access (AD/A2) capabilities -- in other words, perhaps getting past things that deny U.S. forces the ability to come within hundreds or even thousands of miles of an enemy's territory. Today these high-end capabilities are being developed and deployed by countries like China and Russia, but they will soon be available to others as well. With this in mind, the B-21 is designed to be able to penetrate the most advanced enemy air defenses after traveling thousands of miles from the safety of its own home base. Once it arrives in its operating area the B-21 will have a devastating and diverse payload of weaponry. Of course, specifics on the plane's configuration and capability are expected to stay shrouded in secrecy for many more years, but barring any unforeseen delays insiders suspect to see the B-21 entering into U.S. service around 2025. (Source: [Jalopnik](#))



Circus No More...

Ringling Brothers and Barnum & Bailey Circus has announced their final curtain call. Children and their parents have been entertained under the big top for over 146 years by "The Greatest Show On Earth," sadly that is all coming to an end. In case you haven't heard, this rite of passage most of us experienced as children amidst the smells of popcorn, hay bales and animals will end its' historic storied career in New York on May 21st. Each year Ringling Bros. and Barnum & Bailey Circus entertain over one million attendees while showcasing high flying acts and exotic animals. Low ticket sales in 2016, poor advance ticket sales for 2017, along with the high operating costs for the show which boasts over 400 cast and crew, finally lead to the difficult decision to close it down. "The competitor in many ways is time," said their CEO, Kenneth Feld. Adding that transporting the show by rail and other circus quirks — such as providing a traveling school for performers' children— are throwbacks to another era. "It's a different model that we can't see how it works in today's world to justify and maintain an affordable ticket price. So you've got all these things working against it." Feld's father purchased the show back in 1967 and the Feld Entertainment company has produced it ever since. Traditionalist argue that kids and families have simply lost interest. Kids are saying they can simply see more exciting items on their smart phones and iPads. From my perspective that's a sad thought, but unfortunately where society is headed. There's also some talk that PETA - People for the Ethical Treatment of Animals, may have had a hand in dramatically complicating things for the Circus. For nearly the past 36 years the group has asserted it is cruel and unnecessary for the show to force animals to perform. Subsequently, under pressure the Elephants were recently removed from the show in May of last year and placed on a conservation farm in Florida. This move of course also led to decreasing ticket sales as the show was now forced to substitute performances for the iconic beasts. As P.T. Barnum once said, "To me there is no picture so beautiful as smiling, bright-eyed, happy children; no music so sweet as their clear and ringing laughter." I hope the world can find something as wholesome and creative to replace what we have lost... Sad!





CASH SALES & HEDGING TOTALS

CORN 2015 CROP

100% SOLD
0% HEDGED
0% Cash Remaining



SOYBEANS 2015 CROP

100% SOLD
0% HEDGED
0% Cash Remaining



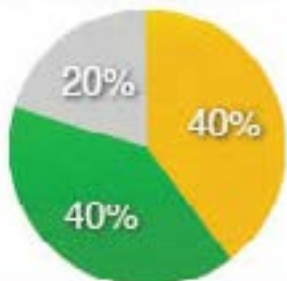
WHEAT 2015 CROP

100% SOLD
0% HEDGED
0% Cash Remaining



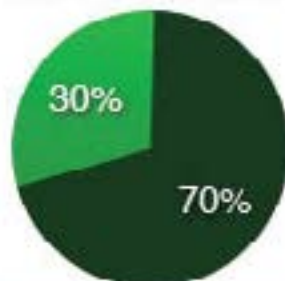
CORN 2016 CROP

40% SOLD
40% HEDGED
20% UNPROTECTED



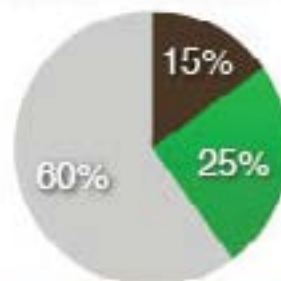
SOYBEANS 2016 CROP

70% SOLD
30% HEDGED
0% UNPROTECTED



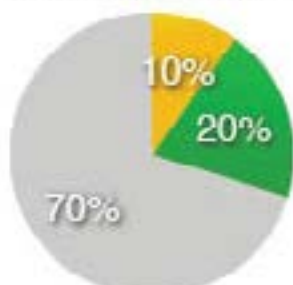
WHEAT 2016 CROP

15% SOLD
25% HEDGED
60% UNPROTECTED



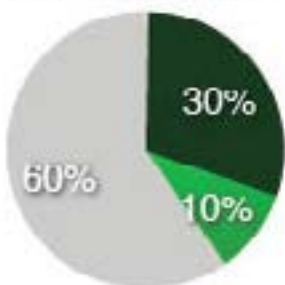
CORN 2017 CROP

10% SOLD
20% HEDGED
70% UNPROTECTED



SOYBEANS 2017 CROP

30% SOLD
10% HEDGED
60% UNPROTECTED



WHEAT 2017 CROP

0% SOLD
10% HEDGED
90% UNPROTECTED

