# The Van Trump Report

*"Don't compromise yourself. You are all you've got."* **- Janis Joplin**

**MONDAY, JANUARY 23, 2017**

**Morning Summary:** Stocks, the U.S. dollar and crude oil start the week steady to slightly lower. President Donald Trump has already started making changes in Washington. Just a few hours after being sworn in, he signed an executive order that encourages federal agencies to dismantle large parts of Obamacare. While only Congress can repeal the law, the nine-paragraph order effectively tells the federal government to take as much leeway as possible to "ease the burdens" on individuals, states and the health industry. He also ordered a freeze on all pending regulations until his administration can review them. Early headlines this morning show that President Trump is planing to speak with the leaders of Canada and Mexico to renegotiate the 23-year-old NAFTA trade deal. It's also worth noting that two of his cabinet nominees have been confirmed, including Marine Gen. James Mattis as Defense Secretary, Marine Gen. John Kelly as Homeland Security Secretary. Today the Senate will vote on Mike Pompeo's bid for head of the CIA. Look for volatility to increase even further this week as investors consider a host of other policy changes that start getting unveiled. Many insiders will be watching closely the first official Trump administration press briefing scheduled today at 12:30 CST. Thirty-four S&P 500 components are scheduled to report earnings this week. Of the 54 companies that have reported so far, 74% are beating earnings estimates by a median of +5%, according to Fundstrat. In fact fourth quarter corporate earnings have been fairly impressive to this point with S&P 500 companies expected to show average growth of +6.3% and perhaps double-digit growth during the first quarter of 2017. Earnings this week include a slew of bellwethers such as, Alcoa, Alibaba, Alphabet (Google), AT&T, Baker-Hughes, Biogen, Blackstone, Boeing, Bristol-Myers, Capital One, Chevron, Colgate-Palmolive, Comcast, Corning, Dow Chemical, DuPont, Ebay, Ford, Halliburton, Honeywell, Intel, Johnson & Johnson, Kimberly Clark, Lockheed Martin, McDonald's, Microsoft, Norfolk Southern, PayPal, Starbucks, Unilever, Verizon, Yahoo and 3M to name a few. Also on the calendar are eight IPO's, including four biotechs, two manufacturing companies, one tech firm, and one energy firm. 24/7 Wallstreet has a full rundown if you're interested in learning more. There are also a fairly heavy load of economic data on the calendar this week, with an emphasis on housing: PMI Manufacturing and Existing Home Sales on Tuesday; the FHFA Home Price Index on Wednesday; International Trade, New Home Sales, the Chicago Fed National Activity Index and Kansas City Fed Manufacturing on Thursday; and Durable Goods, Consumer Sentiment and the first estimate of fourth-quarter U.S. GDP on Friday. There are no scheduled Fed speakers as we officially enter the "blackout period" ahead of the next scheduled meeting on January 31-February 1.

**"Patriots vs. Falcons" in Super Bowl:** *The opening line for the Super Bowl has the New England Patriots -3 (favored) over the Atlanta Falcons. The over/under was set at 57 points. Vegas is looking for a shootout!*

**Davos Rundown:** The World Economic Forum has wrapped up their annual meeting in Davos, Switzerland, with a record 3,000 of the world's most influential global policy and business leaders showing up to discuss major global issues. The WEF's annual global risks report – culled from 700 experts – found that rising income and wealth disparity, and increasing polarization of sectors of society, were ranked first and third among the underlying trends that will determine the shape of the world in the next decade. In addition "climate change" was considered the second most important underlying trend. Below I've outlined some of the takeaways and talking points from this year's conference. I'm not saying I'm in agreement, but rather wanting to identify what many of our global leaders are focused on and considering. (Sources: WEF, Reuters, Fortune, Quartz, The Financial Times)

**Globalization -** *With unexpected events such as "Brexit" and Donald Trumps Presidential win in the United States the world leaders feel there's a growing trend of protectionism, therefore the issue of globalization was not surprisingly a heavily covered topic. Many attendees expressed concerns that the new Trump administration will gut free-trade deals and impose tariffs on China. IMF Director Christine LeGard and China's President Xi Jinping joined others in basically saying protectionist policies would be a disaster for international growth. Roberto Azevedo, director general of the World Trade Organization, the body that oversees trading rules, reminded delegates about the 1930s, when governments raised tariffs and wiped out two-thirds of global trade in three years. Others were much less alarmist, like Honeywell CEO David Cote, who said it was a little too early to press the panic button and that people needed to wait and see what actually ends up happening both in Europe and the U.S. Nonprofit groups like Oxfam spent the week pointing out how globalization has contributed to growing inequality and sought answers on how to redistribute the profits*

**Geopolitical Shifts -** *Another major topic that was brought up by many speakers was the shift in global powers, one that many see as moving backwards toward the days of the Cold War. Economist Nouriel Roubini said we are moving into a world in which we have many great powers, and those powers either need to work together, "or there will be increasing frictions and conflicts on trade and currency, on economics and finance." Vice President Joe Biden urged influential leaders in Europe and the U.S. to "lead boldly" and defend democracies against dangers that he said include Russian President Vladimir Putin. Additionally, fears about China's growing aggression in the South China Sea could prompt Trump and other Western leaders to take an even tougher stance against the Asian giant, leading to frosty relations that could turn into something much worse than a trade war.*

**New Economic World Order -** *Technological advances have brought a great deal of benefits to mankind, but policy-makers at Davos are greatly concerned that automation and other technologies threaten to further separate productivity from labor - meaning more goods with fewer workers. This obviously threatens global growth as it* *is impossible to accelerate if people can't afford to buy things. A report presented by Oxfam pointed to corporate strategy and a neoliberal public policy agenda have perpetuated inequality. Those policies include such things as privatization, fiscal austerity, deregulation, free trade, and reductions in government spending. Ideas for adjusting to this new world economic order varied widely from the radical concept of "universal basic income", to more traditional solutions like retraining people to make sure they have the skills they need and reforming tax systems.*

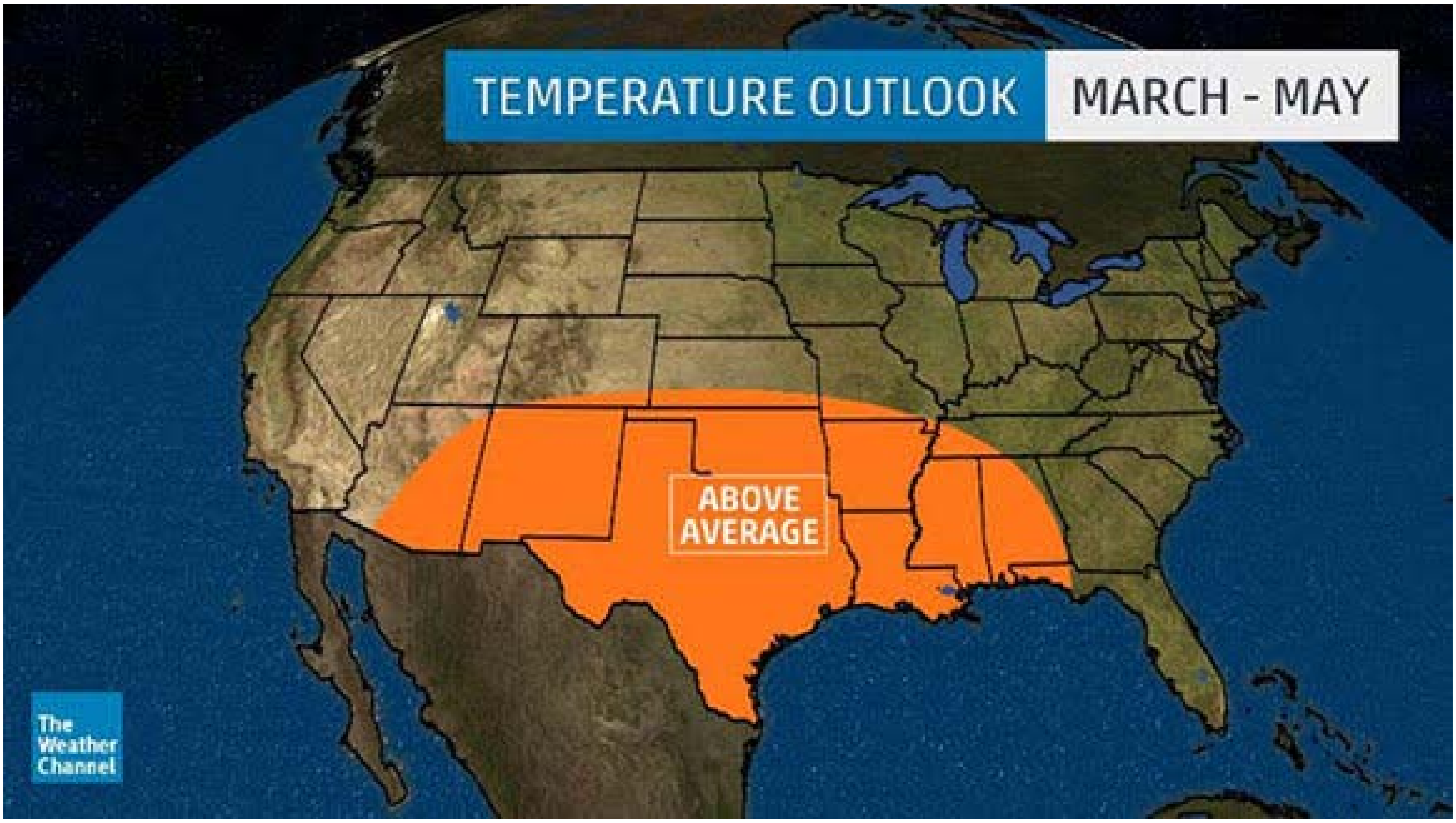
**Rebuilding Trust In Institutions -** *A pretty interesting theme present was in regard to a lack of trust in both private and public institutions. That is not a new issue, and trust in financial institutions was severely eroded starting with the global economic crisis. Obviously with some of the massive changes we've seen in global political sentiment, the public seems to have lost faith in government as well. Data presented at Davos showed that trust in institutions is at a significantly low point, with 85% of those surveyed do not believe that "the system" has their best interests in mind. Governments are distrusted in 75% of countries. This came from Richard Edelman's annual "Trust Barometer" report, based from an online survey composed of 33,000+ respondents in 28 countries. Some ideas for rebuilding that trust included greater transparency, expanding access to financial systems (currently 2.5 billion people worldwide are "unbanked"), embracing diversity, and action by both government and corporations to address local implications of global economic forces.*

**Preventing A Global Pandemic -** *A global coalition of governments, health professionals and philanthropists launched a new plan to "outsmart" future disease epidemics with a fund to prepare and create new vaccines. John-Arne Rottingen, interim chief executive officer of the Coalition for Epidemic Preparedness Innovations (CEPI), said it is designed as "a global insurance policy against epidemic and pandemic threats". Initial funding of $460 million came from the governments of Germany, Japan and Norway, the Bill & Melinda Gates Foundation and the Wellcome Trust global health charity. Bill Gates, Microsoft founder and co-chair of the Gates Foundation, said recent major viral disease epidemics - Ebola and Zika - showed how the world "is tragically unprepared to detect local outbreaks and respond quickly enough to prevent them from becoming global pandemics". The initial commitments mean CEPI has raised nearly half the $1 billion it needs for its first five years. It is now calling for proposals from researchers and companies who want to work on developing shots against its first target diseases - the Middle East Respiratory Syndrome (MERS), Lassa and Nipah viruses.*

**Climate Change -** *Environmental campaigners at Davos were deeply concerned that the Trump administration will undermine efforts to reverse climate change, fearing it will alter or make unavailable vital climate change data. Leaders from several developing countries touted their environmental records. India for example said they were "no longer on the fringe" of climate change policies and technologies, while several Chinese officials reiterated their commitment to the 2015 Paris climate deal. The potential profitability of clean energy other technologies that could help mitigate climate change was also heavily discussed. The International Energy Agency estimates that renewables will remain the fastest-growing source of electricity into 2021, reaching nearly 30 percent of all power generation by then. Paul Polman, chief executive of Unilever, who participated in a discussion forum, said, "To make America great again, climate action is* *very logical. This is a very convincing story for job creation and economic growth." It will be interesting to see how things play out with the differences of opinions that are now in play.*


**Weather** for this week looks to be generally mild for much of the Midwest. Rain showers that fell over the weekend will turn into a round of snow during the first part of the week, but precipitation totals won't be significant. Southern Plains over the weekend saw beneficial moisture for winter wheat. Across the northern Plains, there are no significant problems during the next five days as temperatures remain warm, with well above normal values. In the Southeast and Delta region, a drier pattern is in the forecast for the next 10 day which should help saturated fields dry out. Across Argentina, showers were limited to La Pampa and Buenos Aires border areas as well a far southern and eastern Buenos Aires and northwestern Cordoba. The next week to 10 days will see a break in the wet weather pattern though there are indications in the 11-15 day forecast that rain could return. Northern Brazil, is still experiences scattered rain which is expected to continue for the next 10 days. This should be beneficial for finishing soybean crops, but the rain will also cause some delay in harvest progress for early soybeans and early corn.

**Very Favorable Temperatures Forecasted for Spring Planting:** *Spring 2017 will likely see a continuation of warmth seen so far this winter for portions of the South,* *according to the latest outlook by The Weather Company. Current indications are that the best chance for warmer than average temperatures from March through May will be found from the Southwest through the southern Plains and into Alabama. As for the the rest of the lower 48, temperatures will likely be near average, perfect for a quick and successful planting season. La Nina has played a significant role in temperatures over the last few months but is expected to end and transition to neutral conditions by this spring. How the atmosphere responds to this transition will be an important factor in temperatures across the contiguous U.S.*

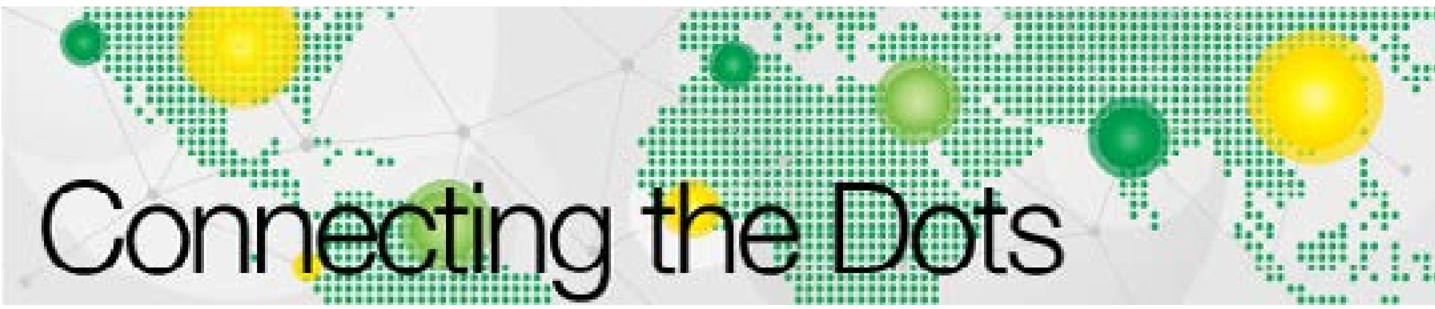



**Corn** is steady to slightly lower to start the morning, while bulls seem more than happy happy in picking up over +10 cents last week and over +25 cents since late-December. Technically this past Friday's close in the old-crop MAR17 contract was the highest we've seen since July 18th. As for the new-crop DEC17 contract, we haven't closed at these levels since back on June 27th. Producers who feel they might be a bit "undersold" or have been patiently waiting to reduce more risk might want to start taking a closer look. I made another small new-crop sale late last week and will continue to pay very close attention to the trade. With a blend of hedges and cash sales, I've now reduced about 30% of my new-crop price risk. We certainly haven't hit any home runs in the process as we are averaging just over $4.00 per bushel, but we are however locking in profits and taking some longer-term risk off the table when the opportunities present themselves. As I've mentioned several times, I would like to price another 10% between now and late-March or perhaps mid-April. Meaning I only really have two bullets (5% each) to fire off during the next 60 to 90 days. With South American weather remaining a "wild-card" and U.S. demand staying extremely strong, I'm going to stay patient in regard to firing more rounds immediately. Even though ethanol demand may have peaked and be starting to pullback both seasonally and on the heels of the Chinese increasing U.S. ethanol and DDGs import tariffs, I still think the current USDA estimate is a bit too conservative. Bulls can also argue U.S. export demand is a bit understated, especially if you believe there are going to be some logistical constraints and problems getting the exportable corn bushels harvested and out of South America in a timely fashion. The bears are arguing that Brazil's production is massively rebounding in comparison to last year +20 to +25 MMTs and is more than enough to offset any complications in Argentina. The bears also argue that U.S. producers will still race to plant corn regardless of what they might be saying today. In fact several sources believe as many as 90 million U.S. corn acres could again be planted in 2017, especially if prices are trading at or above $4.00 per bushel. There's also arguments being made that the USDA is still overestimating domestic corn feed and residual demand. Fundamentally the corn market seems fairly well balanced, with the bulls perhaps having a slight edge as of late on strong U.S. demand and increased headline activity surrounding South American weather. You also have to give the slight "technical" edge to the bulls as nearby prices continue to push the higher end of the six-month trading range.

**South American Weather???** *Weather in South America continues to play the lead role in the corn and soybean markets. Depending on the weather guru you like to follow, most are still in agreement that extreme heat and flooding in Argentina is cause for concern. There's also some arguments being made in regard to excessive heat and dry conditions in southern Brazil becoming more of a complication. From what I can gather, most sources don't see any significant changes in the forecast for a couple of more weeks. Meaning the "weather headlines" should continue to dominate the trade and perhaps more extreme weather volatility will be in play. Use it to your advantage!*

**Soybean** prices are down a bit this morning but up close to +50 cents since the late-December and early-January lows. Technically last weeks high close of $10.29^6 in the NOV17 new-crop contract has only been bettered once in the past twelve months. It's also worth noting that this new-crop contract is up over +$1.50 per bushel from last February's lows. Producers who are trying to eliminate risk should be perked up and paying extremely close attention. Psychologically the $10.40 to $10.50 area should be the next hurdle in the new-crop contract. While in the old-crop MAR17 contract could run into more heavy resistance in the $10.80 to $11.00 area. As a producer I've already reduce 40% of my estimated new-crop price risk and am now taking a slower, longer-term approach. The bears can clearly see the more traditional oversupplied global fundamentals out on the horizon, especially if you are a believer, like I am, that U.S. producers are going to plant another fresh new record number of soybean acres in 2017. Remember, just last week the folks at Farm Futures released a survey that estimated U.S. planted soybean acres in 2017 could reach 90.52 million, which is a massive increase from the 83.4 million acres planted in 2016. The bears also argue that with the funds already thought to be long close to +100k contracts, the upside may be somewhat limited. On the flip side the bulls argue that problems in Argentina are much worse than the trade has given credit and that getting "quality" soybeans out of the fields, to the crushing facilities, then to the ports is a much more daunting task in reality than when simply drawn up on paper and talked about in conversation. Hence more global demand may ultimately need to source supply from U.S. providers. I personally think that argument could be somewhat debatable as both Brazil and India appear to be in a much better position this year to offer global buyers some alternatives. Again I have to remind myself however to be careful in thinking logically and with a traditional fundamental mindset, because the market is clearly trading headlines and events. I also remind myself that many bigger money players have been trying to gain more Argentine and Brazilian exposure. There's a lot of speculation taking place that inflation is coming down as government spending is more aggressively being curtailed under new government leadership. In fact Brazilian policy makers recently cut interest rates by a whopping three basis points in one meeting. Talk inside the trade is that Brazil could collectively reduce rates by -4% to -5% during 2017. Throw on top reduced government spending, a boost in total GDP estimates and we are hearing more and more talk of further appreciation of the Brazilian currency. Don't forget Brazil's "real" was the world's best performing currency in 2016. It sounds like the strength in the U.S. dollar created major concerns for Brazil's central bank and their planned policy of cutting interest rates. Their central bank noticed markets needed liquidity and hence decided to implement an intervention program that involved "reverse swap contracts". Its been explained to me that the swaps don't really change the supply of physical dollars in Brazil, but they actively work to support the Brazilian currency. The intervention seems to also be boosting onshore dollar loan rates. Hence a collective reason funds may find interest in long soybean exposure. I personally think despite the traditional supply and demand fundamentals there could still be more room to the upside. Staying very patient!


**Wheat** has been mixed as of late with extreme price movement but very little to show in overall gains or losses. Hard Red Winter and Spring what prices are still aggressively higher than where we started the month, while SRW wheat has remained somewhat the laggard. During the past couple of weeks  the heavily short-sided funds have been buying back their positions. Meaning moving forward we will need to see more direct help from the bulls. The short covering bears have basically been halved in size and I have to suspect those still aligned with a bearish tone will be much more tight fisted and less apprehensive to be shaken from their longer-term positions. It’s these same longer-term fundamental bears that 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 technical resistance that is now on our doorstep. U.S. domestic wheat ending stocks remain at their highest levels since 1987-88. Domestic quarterly stocks are up around +19% compared to last year. We also have increased production estimates for Argentina, Russia and the European Union pointing once again to record world wheat production. From a longer-term bullish perspective U.S. producers are trying to adjust to the glut of supply by planting the fewest winter wheat acres on record dating back some 108 years. There's also some interest surrounding the current drought like conditions in the U.S.. There's really nothing however in regard to global weather that appears to be a major threat. As a spec I remain conservatively bullish longer-term with zero of this bias or weight stemming from the current traditional fundamentals, which are clearly bearish. I'm of the belief that the rules of engagement surrounding global governing is about to drastically change. As the cards are reshuffled and more "wild-cards" added to the deck the funds and large money mangers may look to use the long side of the wheat market as a possible cross-hedge. Not wanting to be caught in those rip currents or undertows I see no really reason to be a stubborn bear. Unfortunately those "geopolitical" headlines or so "wild-cards" I speak of have still not been dealt from the deck, hence the reason the current rally probably lacks legs and the trade will continue to find it tough to build on momentum.




**> Argentina Soybean Losses Estimated at 5.2 MMTs:** *The Rosario Grains Exchange (BCR) gave its first estimate of crop damage to Argentina's crops due to weather conditions over the past three weeks. The report estimates a -2.47 million acre reduction in harvest area which translates into -5.2 million metric tons. As a result, the total production estimate for Argentina grains in the 2016/17 cycle is being revised downward from 124.9 million metric tons in December to 119.7 million metric tons. The report gives an additional breakdown of area that will go unplanted by crops including 865,000 acres of soybeans and 494,000 acres of corn. In summary, the total planting area for the current campaign in Argentina is being reduced by -3.95 million acres, which includes 1.48 million acres that will go unplanted and 1 million acres already planted that will be abandoned due to flooding and various diseases that have impacted Argentina soybeans, corn, sunflower, sorghum and other crops this year. Additionally, the Buenos Aires grains exchange cut its estimate for Argentine soybean sowings for 2016/17 by a further -247,000 acres, following a downgrade of -741,000 two weeks ago. That puts their estimate for total planted area at 47.44 million acres.*

**> Brazil Farmers Face Harvest Difficulties Thanks To Rain:** *The uninterrupted rains over large sections of central Brazil and Mato Grosso (MT) in particular, are going to make soybean harvest activities difficult which is making producers apprehensive now that many areas are ready for harvest. Still there are no reports of loss of quality or productivity, according to meteorologist Marco Santos of Climatempo. More rain is in the forecast for the coming days with heat and high humidity facilitating cloud formation. And more rain is in the forecast for the states of Goiás, Mato Grosso do Sul, São Paulo and the southern half of Minas Gerais. The forecast calls for up to four inches or more of rain to fall between 1/21-1/25. As far as soil conditions, the rain is helping maintain "excellent" levels of humidity which is favoring crop development. But it is true that the cloudy weather can affect the* *maximum concentration of grain mass and also the growth of plants, as it reduces radiation rates and affects productivity.*

**> Brazil Seen Importing Wheat From Outside Mercosur Block:** *The National Supply Company (CONAB) says last year Brazil produced 6.7 million tons (MT) of wheat, imported 5.95 MT and consumed a total of 10.7 MT. This year, the scenario for the Brazilian producer may not repeat that of 2016, at least as far as wheat prices are concerned. Argentina, the main supplier of wheat to Brazil, is facing a combination of reduced planting area and crop failures. With this development, more of Brazil's imported wheat will need to come from other countries outside of the Mercosur trade bloc, which includes Argentina, Brazil, Paraguay, Uruguay, and Venezuela.*

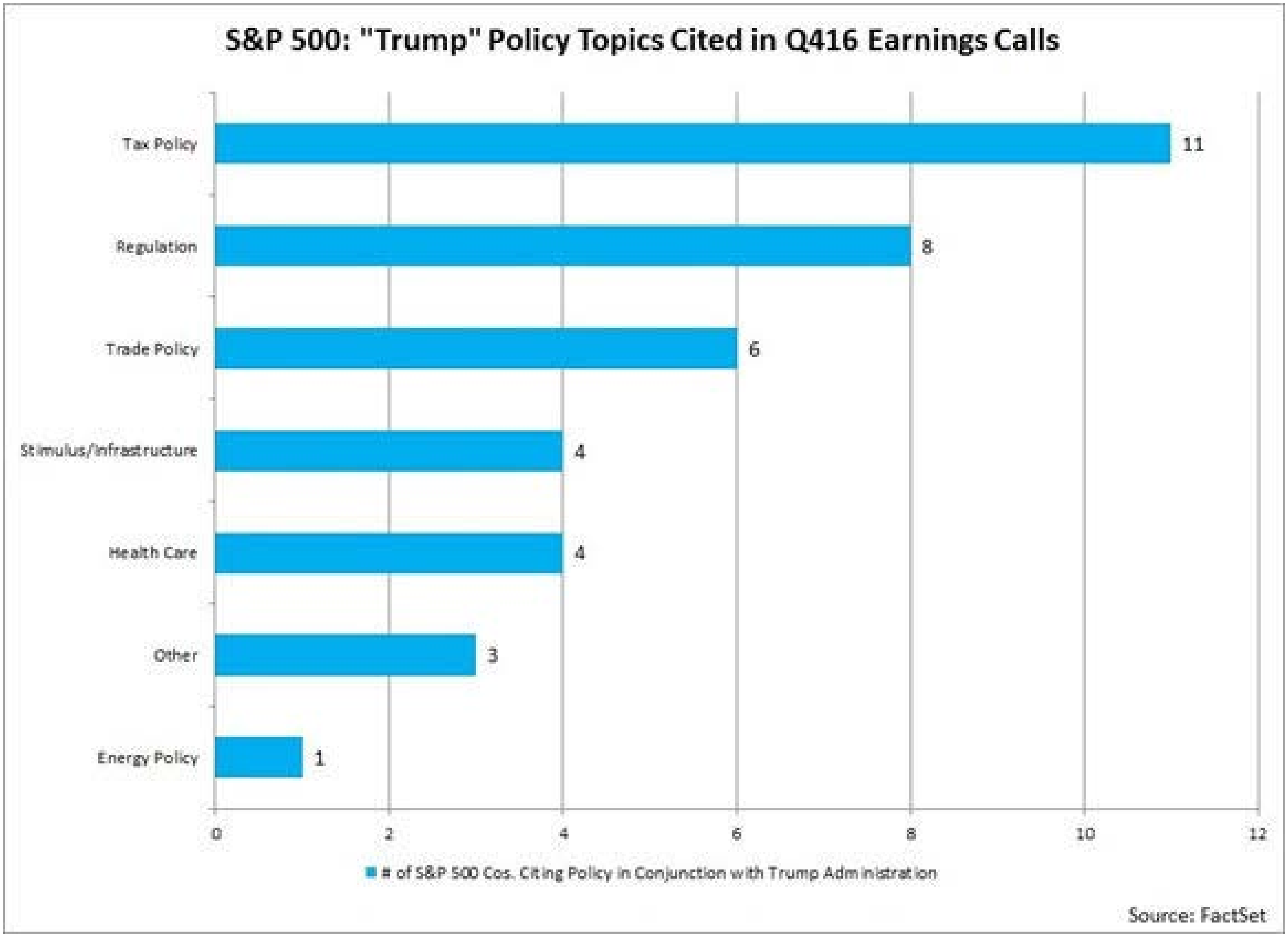
**> EU Wheat Exporters Make Most Of Hitches Facing Rivals:** *A weaker euro and healthy demand from importers such as Algeria are helping the European Union clear a reduced export surplus, while currency and logistical headwinds limit competition from big U.S. and Russian crops. EU wheat exports are still likely to fall by about a quarter over the full season, forecasters say, after a dire harvest in France reduced quantity and quality compared to a record, good-quality, EU crop in 2015/16. But despite the symbolic loss of the position of world's biggest wheat exporter it held for the past two seasons, the EU is exporting as much as could be expected in a global market laden with record wheat supplies. EU wheat has faced less fierce competition than many feared as Russia's rouble and the U.S. dollar strengthen, while the rhythm of Russian exports has also been hampered by poor weather. This favourable context for EU exports could fade, however. As the logistical snags of winter pass, Russia's exports could surge as it strives to trim hefty stocks before the next harvest. (Source: Daily Mail)*

**> Ukraine Wins Latest Egyptian Wheat Tender:** *Egypt's GASC, the state grain buying authority, purchased a 60,000 metric ton cargo of Ukrainian wheat on Friday, paying $188.74 per metric tons, excluding freight. That price compares to their last tender where the bought Ukrainian wheat at $187 per metric ton in December. An substantial increase in Russia's offering prices was notable at $194.75 and $196.95 per metric ton compared to wheat purchased from Russia just last Saturday at $187.50 and $187.95.*

**> Activists Petition USDA, SBA Over Loans To Poultry Farmers:** *Three environmental and animal welfare groups petitioned the USDA Farm Service Agency and Small Business Administration this week over the agencies' lending practices to poultry farmers in northeastern Arkansas, where two processing plants are expanding and in need of contract growers. The Center for Biological Diversity, Arkansas Rights Koalition (ARK) and Animal Legal Defense Fund are requesting that FSA and SBA place a moratorium on approving direct and guaranteed loans to these farmers until the agencies conduct a region-wide assessment of what the environmental and public health impacts will be of constructing potentially hundreds of new concentrated poultry facilities in northeastern Arkansas. The three organizations charge that FSA and SBA, in determining whether to approve the loan applications, are conducting environmental assessments on an individual basis and not considering the cumulative impact on the region. The petition argues that this violates their mandate under the National Environmental Policy Act, or NEPA, which requires federal agencies to analyze how their proposed actions will affect water and air quality, wildlife habitat, quality of public life and other factors. Both the FSA and SBA said they haven't* *formally received the petition, and therefore couldn't comment on it. (Source: Politico)*

**> Mexican Peso Slump Hits Kansas City Southern Profit:** *Kansas City Southern (on Friday reported a lower quarterly net profit that missed Wall Street estimates by a wide margin as a historic drop in the Mexican peso after the election of President-elect Donald Trump affected the regional U.S. railroad's operations in Mexico. In a conference call with analysts, Chief Executive Patrick Ottensmeyer noted the "political and economic uncertainty" that surrounds the incoming Trump administration. He told analysts that "there are still many questions" about the future of U.S.-Mexican trade relations. One of Kansas City Southern's selling points to investors has been its extensive network in Mexico. When Ford Motor Co (F.N) announced earlier this month that it was abandoning plans for a plant there and would invest in Michigan instead, the railroad's shares fell 4 percent. The Kansas City-based company reported fourth-quarter net income of $120.1 million or $1.12 per share, down from $133.4 million or $1.23 per share a year earlier. Analysts had expected earnings per share of $1.17. (Source: Reuters)*

**> Which Trump Policy Plans Are S&P Companies Citing in Q4 Calls?** *Politics and government policy will continue to be a focus area for the markets. Over the past few months, President Trump has outlined a number of areas for potential changes in government policy. During each corporate earnings season, it is not unusual for companies to comment on subjects that had an impact on their earnings and revenues for a given quarter or may have an impact on earnings and revenues for future quarters. While the majority of S&P 500 companies will report earnings results for Q4 2016 over the next few weeks, approximately 8% of the companies in the index (42 companies) have already reported earnings results. FactSet searched for the terms "Trump" and "administration" in the conference call transcripts of the 42 S&P 500 companies that have conducted fourth quarter earnings conference calls through January 18 to see how many companies discussed these terms. FactSet then looked to see if the company cited or discussed a policy topic in conjunction with the citation of "Trump" or "administration." The results are shown in the chart below. In terms of government policies in conjunction with the new administration, tax policy was cited or discussed by the highest number of S&P 500 companies. Note that companies that cited or discussed a potential border tariff or tax were counted under "Trade Policy" and not "Tax Policy" in the chart. (Source: FactSet)*





**Northwest Illinois - 2***016 presented many challenges for our 6th generation family farm - my father passed away, we had a combine fire and dealing with all the succession issues has been a load. Dad is with the Lord so we know we will see him again one day. We are in the midst of adapting to our challenging times and in the process of turning some land into organically certified. We have 40 acres in the middle of a large field that is growing Triticale at the moment which will eventually transfer over to organic in a couple of years. Once set we will create a yield history and then hopefully expand from within that field. Our popcorn business is taking off with our "in-store" count up to 100 and we just recently landed an account in Beverly Hills.*

**South central Iowa -** *I'm thinking about trying some more side dressing on corn this* *year. Last year most of our yields followed about a bushel/# of N applied so I think maybe we're shorting ourselves a little. I don't want to waste it so I feel splitting applications would be best on our 14-18 CEC ground. I plan on testing before doing so. Mainly put down just NH3 at one shot and DAP. I'm not sure if 200lbs of N is enough in certain years but I don't think CECs in our soils are high enough to hold more than that at once.*

**South central Kansas -** *After the rain last weekend and temps in the 50's this week the wheat has really greened up. I have only been farming for 5 years and don't remember seeing this. Not sure if it's good, bad or indifferent as there is a lot of winter left. Wheat that has looked not so great just all of a sudden greened up. Was very glad the moisture wasn't ice! Would have rather it stretched this moisture out over several weeks, but that seems to never be the choice.*


**A Battle For Acres Could Impact Farm Prices:** *An agricultural economist says one of the biggest concerns with the USDA's March planting intentions report is that there will be too many acres planted to one crop. Purdue University's David Widmar says the early preview the USDA released showed a nearly 4 million acre reduction in winter wheat. "The decline is mainly in the Great Plains," he says. "Those producers are facing some really tough times and they are looking to alternatives. We saw this come in to play last year with a jump in corn acres as fewer wheat acres were planted last year as well." He tells Brownfield the market is already under pressure with growing crop inventories. "If too many acres go to one crop, that could potentially further that scenario," he says. "Of course yield – through the summer growing season will be the decider. But, when we start to see large acre shifts that starts to set us up where inventories could again grow." Listen to the full interview HERE.*

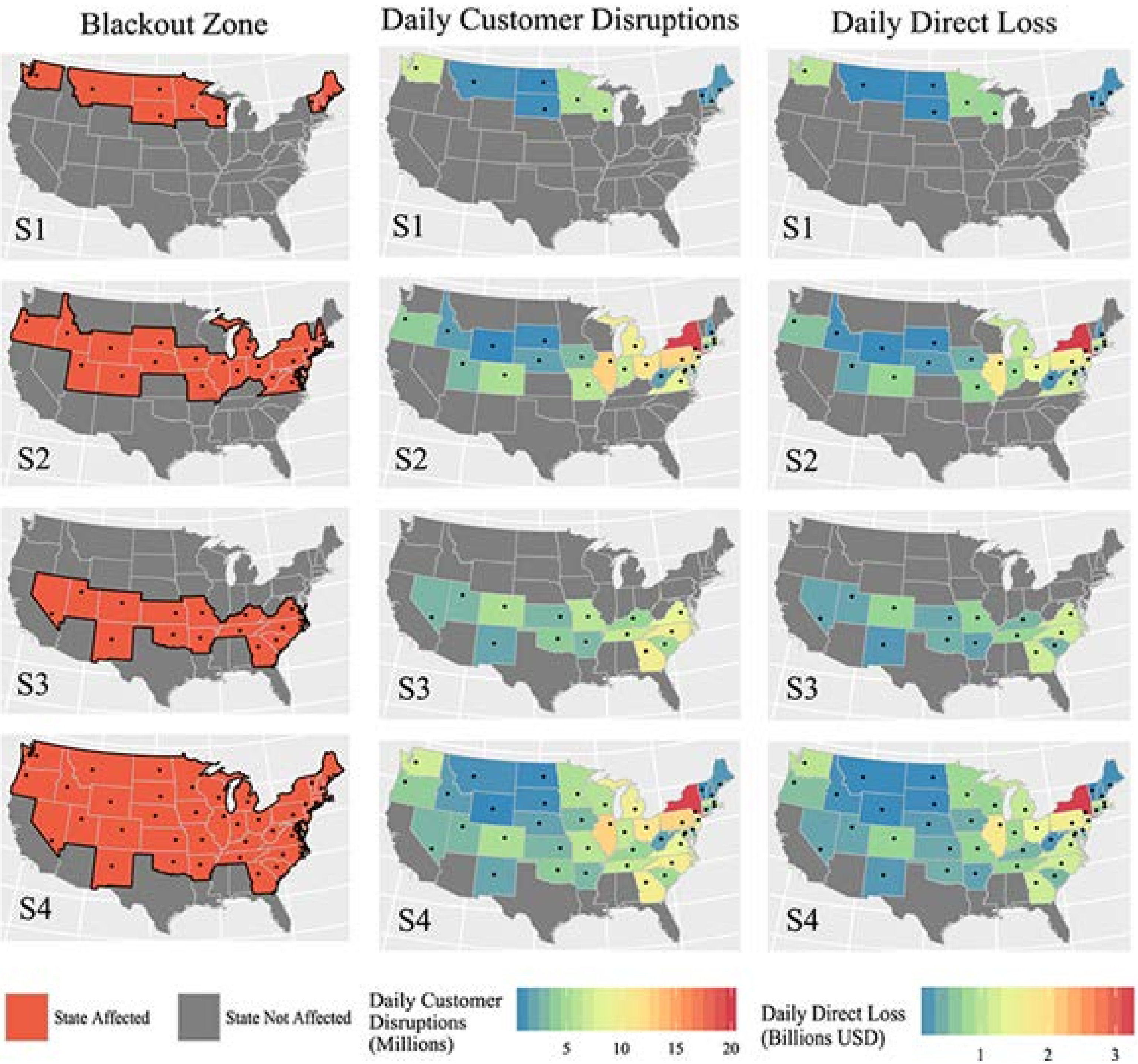
**Decline In U.S. Farmland Prices Extends Into Fifth Year:** *The correction in US farmland values has, amid continued worries over low agricultural commodity prices, extended into a fifth calendar year - although the pace of decline is showing signs of slowing. Farmland values in major US agricultural states have fallen for a 38th successive month in January – extending into 2017 a drop in values which began in late 2013, according to data from Creighton University. A farmland index compiled by the university came in at 33.8 for this month, remaining well below the 50.0 level which indicates a neutral market, and a figure termed as "frail" by Creighton. More details of the latest report are available at Agrimoney.*

**Turns Out, Cows Really Like Skittles!** *This story starts out about Skittles but ends up being about cows. A rural county in southeast Wisconsin had a sweet, sticky mystery along a highway last week. Hundreds of thousands of red Skittles were found spilled on a road in Dodge County. No one knew where the candy came from or where it was going, but county road crews said the Skittles spill was actually helpful, as the roads in the area* *have been icy the past couple of days and the thousands of little candies improved traction. So that's one unexpected silver lining from that mishap. The sheriff's department later found out that the Skittles fell off a truck that was hauling the red candies to be used as cattle feed. Yes, they're feeding candy to cows -- and they've been doing it for years. Read more about the surprisingly common practice from CNN.*

**Quick Actions Trump Could Take On Energy, Environment and Climate:** *Donald Trump has promised to get to work quickly after being sworn in as president of the United States, raising expectations that he will sign a slew of executive orders. Reuters has a comprehensive list of some of the executive actions and other maneuvers that could come quickly, including killing Obama's "Clean Power Plan" and overturning "Waters of the U.S." rule. Read more HERE.*

**What I've Learnt From Trading:** *A blog post by Saeed Amen over at Cuemacro explores some of the biggest things he has learned from trading over the past decade. Here's a brief excerpt: "Whilst I've always been a quantitative strategist and developed many strategies primarily for research purposes, I've had quite a bit involvement in creating models which have also been traded with real cash. So what has the experience of seeing my models trade real money taught me? For one, research does not teach you how to manage risk. Research is necessary to build a trading strategy. However, you simply cannot backtest pain and how you'd emotionally cope with that. Those periods when a trading strategy I've developed has been down several hundred thousand dollars or even over a million in a day, are painful. It simply isn't something you can understand when you look at a back-tested plot of returns." It's a really informative post that I encourage every trader to read!*

**Why We Need To Pay More Attention To Solar Flares:** *A report published in the journal Space Weather last week makes for sobering reading. In four scenarios envisaging the economic impact of a solar storm, the mildest triggers a daily loss to the U.S. economy of $6.2 billion, or 15 percent of daily output; the worst case sees a cost of $41.5 billion, wiping out every dollar the world's largest economy generates each day. What sort of event could do that? Something, say, along the lines of the massive explosion on the sun akin to "thousands of nuclear bombs exploding at the same time" that happened on March 10, 1989, according to the U.S. National Aeronautics and Space Administration. The explosion released a vast cloud of solar plasma that raced toward the earth at a million miles an hour. When it hit Canada, the electrically charged storm knocked out Quebec's power grid, leaving 6 million people without power for nine hours. A solar storm could be responsible for an off-the-charts economic disaster. Global Positioning Systems, satellite services and electronic communication systems are all at risk from the solar flares known as coronal mass ejections. Read more from Bloomberg View's Mark Gilbert.*



Blackout Zone
Daily Customer Disruptions
Daily Direct Loss
S1
S2
S3
S4
State Affected
State Not Affected
Daily Customer Disruptions (Millions)
5
10
15
20
Daily Direct Loss (Billions USD)
1
2
3


**10th Annual Land Investment Expo On The Horizon**

Our good friend Steve Bruere at Peoples Company is about to host his 10th annual Land Investment Expo. Steve and his crew launched their first annual Land Investment Expo back in 2008 and it's been a huge hit ever since. The event is often billed as one of the premier conferences in the Midwest bringing together major players in the land business and featuring high-profile speakers such as Jim Rogers, T. Boone Pickens, Dennis Gartman and Donald Trump. The event has grown in stature every year by featuring local, national and global perspectives, offering farmers and institutional investors incredible access to some of the world's foremost specialists on the economy, environment, technology and politics. This years' event will be equally informative with experts on hand such as Grover Norquist, Ben Stein, Dennis Gartman, "Machinery Pete" and Steven Eisman to name just a few. If you don't recognize the name, Eisman is the outspoken hedge fund manager whose story was chronicled in Michael Lewis' book "The Big Short" and later made into a box office hit movie. The event itself will kick-off with a social gathering on Thursday, February 2nd at the West Des Moines Sheraton, followed by a full day of activity on Friday, February 3rd. I encourage you to Click HERE to learn more about the event. There will defiantly be a good exchange of information and large diverse crowd for networking efforts.

**How Amazon Could Disrupt Even More Industries**
Online retail giant Amazon is planning to expand its reach into more areas that are well outside the internet. One of their big plans is to open brick-and-mortar grocery stores. According to documents that several news outlets have seen, they're going to start of with 20, the first of which will be opened in their home city of Seattle, Washington. The other stores in the pilot program would be opened in large urban areas like Las Vegas, New York, Miami and the San Francisco Bay Area. The documents that have been examined show that Amazon intends to experiment with different types of stores too. Ten would be locations that customers would just pick their online orders up from, known as "click-and-collect". The other ten would more closely resemble a traditional grocery store where perishable goods would be selected by the customer and put in their cart. For items with a longer shelf life, such as canned goods for instance, customers will select those via a smartphone app or touchscreen stations installed within the store. It sounds like all twenty stores will have a curbside pick-up option for orders placed online though. Amazon also has a plan to install equipment that would scan license plates as cars pull into the pick-up area, alerting workers that you are there and hopefully keeping wait times to a minimum. According to the reports, Amazon plans to have the 20 pilot stores opened by the end of 2018. In total however, the plans show they may open as many as 2,000 stores across the country if the pilot program proves to be successful. They also appear to be tossing around the idea of making the stores "members only", possibly only open to Prime members or even some separate type of membership. Speaking of Prime membership, another Amazon plan has been uncovered that shows they may soon be offering housecleaning services to members. The Seattle Times first reported that Amazon had posted job listings on its website for "home assistants." The job description says assistants would be helping customers in "tidying up around the home, laundry, and helping put groceries and essentials like toilet paper and paper towels away." Additionally, the ad notes that assistants would "advise customers on regular cleaning service visits and grocery replenishment offerings," which suggests that the employees could also sell customers on products they might need — perhaps through Amazon's Dash buttons or wands. The Seattle Times reports that the service — which would come in the form of a team including a professional cleaner and a helper — aims to provide "timesaving assistance to Amazon Prime members," so they can run an "errand-free" home. Amazon already offers customers the ability to contact cleaning and other services through its home-services marketplace that launched last year. However, those companies are not directly connected with Amazon in any way. The Seattle Times also notes that "the fact that it's only a couple of job postings has 'experiment' written all over it." Amazon itself has refused requests for comment on both the grocery stores and the cleaning services. Amazon created a cool little video to illustrate how their "Go" stores would work - Click HERE. (Sources: The Wall Street Journal, Consumerist)


**Cool Story about Wham-O and the Frisbee... Happy 60th**

It was on this day sixty years ago that the Wham-O toy company started rolling out its first batch of their aerodynamic plastic discs–now known to millions of fans all over the world as "Frisbees". The story of the Frisbee began in Bridgeport, Connecticut, where William Frisbie opened the Frisbie Pie Company in 1871. Students from nearby universities would throw the empty pie tins to each other, yelling "Frisbie!" as they let go. In 1948, Walter Frederick Morrison and his partner Warren Franscioni invented a plastic version of the disc called the "Flying Saucer" that could fly further and more accurately than the tin pie plates. After splitting with Franscioni, Morrison made an improved model in 1955 and sold it to the new toy company Wham-O as the "Pluto Platter"–an attempt to cash in on the public craze over space and Unidentified Flying Objects (UFOs). In 1958, a year after the toy's first release, the company changed the products name to the Frisbee disc, misspelling the name of the historic pie company. A company designer, Ed Headrick, patented the design for the modern Frisbee in December 1967, adding a band of raised ridges on the disc's surface–called the Rings–to stabilize flight. By aggressively marketing Frisbee-playing as a new sport, Wham-O sold over 100 million units of the famous toy by 1977. In the 1970s, Headrick himself also invented "Frisbee Golf," in which discs are tossed into metal baskets; there are now hundreds of courses in the U.S., with millions of devotees. The official Frisbee is owned by Mattel Toy Manufacturers, who bought the toy from Wham-O in 1994. On a side note, I learned that the Wham-O company was founded by Richard Knerr and Arthur "Spud" Melin, two USC college graduates who were unhappy with their employment, and began the company in 1948 in the Knerr family garage in South Pasadena. Their first product was the Wham-O slingshot, made of ash wood, which Knerr and Melin would promote by showing off their own skills at demonstrations. The powerful slingshot was used by clubs for competitive target shooting, as well as for small game hunting. The name "Wham-O" was based on the sound of the slingshot's shot hitting the target. Who would have thought their simple "sling shot" idea would have propelled the company to such greatness and American favorites such as... the Hula-Hoop (1958); the Slip 'N Slide (1961); Water Wiggle (1962); the Super Ball (1965); Silly String (1969), the Boogie Board (1974); and the Hacky Sack (1983)(Source: History.com)

# CASH SALES & HEDGING TOTALS

## CORN 2015 CROP

**100% SOLD**
**0% HEDGED**
**0% Cash Remaining**


## SOYBEANS 2015 CROP

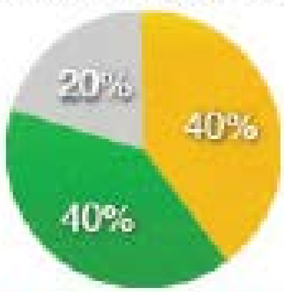
**100% SOLD**
**0% HEDGED**
**0% Cash Remaining**


## WHEAT 2015 CROP

**100% SOLD**
**0% HEDGED**
**0% Cash Remaining**

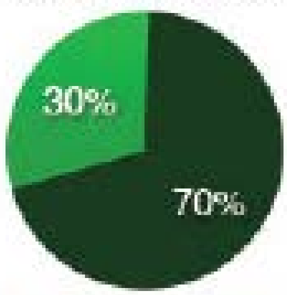

## CORN 2016 CROP

**40% SOLD**
**40% HEDGED**
**20% UNPROTECTED**



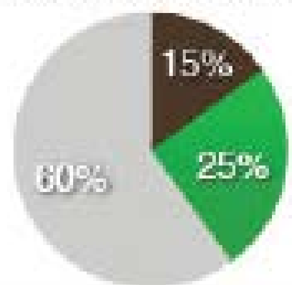

## SOYBEANS 2016 CROP

**70% SOLD**
**30% HEDGED**
**0% UNPROTECTED**



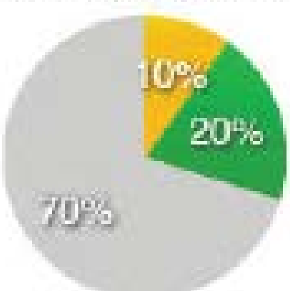

## WHEAT 2016 CROP

**15% SOLD**
**25% HEDGED**
**60% UNPROTECTED**



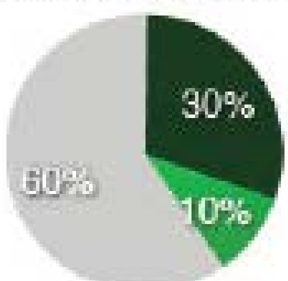

## CORN 2017 CROP

**10% SOLD**
**20% HEDGED**
**70% UNPROTECTED**




## SOYBEANS 2017 CROP

**30% SOLD**
**10% HEDGED**
**60% UNPROTECTED**




## WHEAT 2017 CROP

**0% SOLD**
**10% HEDGED**
**90% UNPROTECTED**