



"Either you deal with what is the reality or you can be sure that the reality is going to deal with you." - Alex Haley

WEDNESDAY, JANUARY 25, 2017

Morning Summary: Media vs. the Markets... The media continues to report that President Trump's moves are worrisome while the market and its participants continue to seem encouraged by his quick action on enacting some of his most popular campaign promises, including boosting infrastructure spending, relaxing regulations and bringing manufacturing jobs back to the U.S. The stock market looks poised to reach fresh new all-time highs and the Dow looks set to reach 20,000. Crude Oil is down a bit after Trump revived two pipeline projects, vowed to streamline the regulatory process for those and other infrastructure projects, as well as relax "out of control" environmental rules. The President is expected to sign executive actions today that would address immigration, which sources say will restrict access to the United States for refugees and visa holders from some countries. "Big day planned on NATIONAL SECURITY. Among many other things, we will build the wall!" the President wrote on his personal Twitter feed. Trump also announced that he would make his Supreme Court nomination next Thursday, to replace the late Justice Antonin Scalia. Congress is out today as members attend policy retreats. The GOP is expected to map out plans to repeal several Obama regulations, including The Interior Department's methane emissions rule, Labor Department's blacklist rule, and the Environmental Protection Agency's (EPA) stream protection rule. The Congressional Review Act allows lawmakers to overturn recently published regulations with a simple majority, meaning Republicans don't need Democratic support to repeal these rules and it's unlikely that President Trump would veto the actions. The only U.S. data of note today is the FHFA House Price Index. In contrast, the earnings schedule remains very active with key releases scheduled from AT&T, Abbott Labs, Boeing, Ebay, Murphy Oil, Norfolk Southern, Novartis, Qualcomm, State Street, and Western Digital. Bottom-line, the headlines are consumed with the changes and swift actions taking place in Washington. I'm trying to dig in and stay well grounded as the winds of change start to more heavily blow.

Trump Advances Keystone XL and Dakota Access Pipelines: *President Donald Trump signed executive actions on Tuesday to advance the Keystone XL and Dakota Access oil pipelines. Trump said the orders would create +28,000 new jobs in the United States, and that the pipelines would be built with U.S. steel and U.S. labor. "We will build our own pipeline, we will build our own pipes, like we used to in the old days," Trump said. Keep in mind, his orders do not force the approval of either project but it does reopen the door to making them possible. Both pipelines require different approv-*

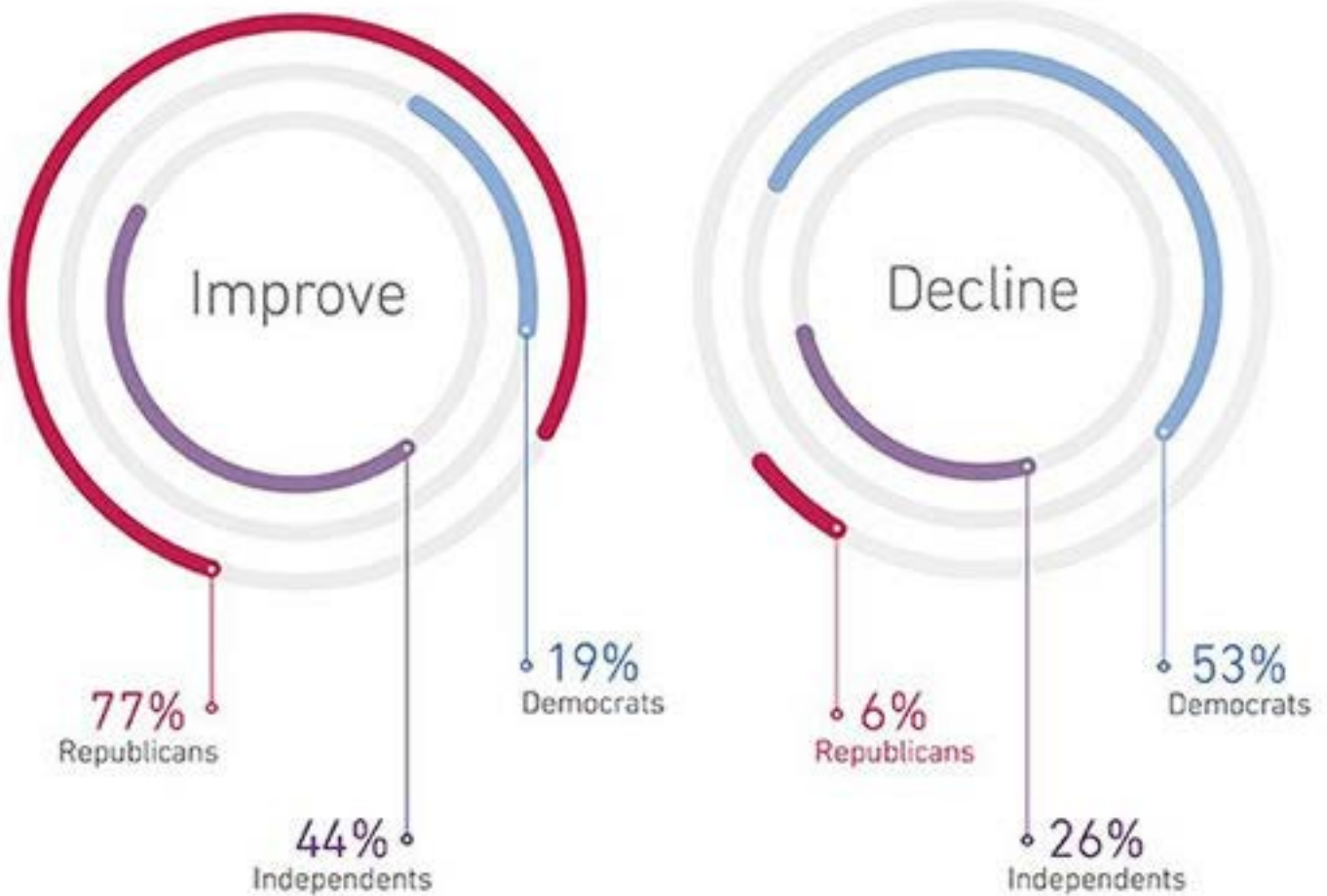
als. Keystone, which would run from Alberta, Canada's oil sands to the Gulf Coast in Texas, needs a presidential permit to build across the Canadian border. Dakota Access, developed by Energy Transfer Partners, needs an Army Corps of Engineers easement to build under Lake Oahe in North Dakota. Trump's orders will expedite both. Trump also said he wanted to renegotiate terms with the pipelines' developers, one of which could include getting a financial return from Keystone. TransCanada, the company developing Keystone, said they are already preparing their new application. Trump also met with executives from the big three Detroit automakers yesterday, promising to reduce "out of control" environmental regulations. Trump said that to a large extent, he is an environmentalist, but wants "regulation that means something." Trump also stuck with his theme of reviving American manufacturing, urging the automakers to build new factories in the U.S.

Libya Looking For Cash To Boost Oil Output By 70%: *Libya's oil output is currently at a three-year high, but the head of Libya's National Oil Corporation thinks the country can boost that by almost 70% by the second half of this year - if they can scrounge up some cash. Mustafa Sanalla, chairman of the NOC, has called on the central bank to free up more money for the energy sector to help boost production. At the same time he is trying to attract investment from international oil companies. Sanalla believes with the proper investment, the country could get production back towards 1.2 million barrels per day, compared to current output of about 700,000 barrels per day. According the Financial Times, Libya's output before the 2011 revolution that threw the country into chaos was 1.6 million barrels a day. Companies may be wary of investing in the country, however, considering the political divisions and threats from terrorists still looming large. Sanalla argues that NOC has proved it could "generate a very high rate of return" as current oil production is double what it was in September, thanks to agreements the NOC struck with armed groups blockading pipelines to get the oil flowing again. Keep in mind, Libya was exempted from the OPEC agreement to cut output this year due to their ongoing internal conflict. At the time the deal was struck in November 2016, Libya's output was just 575,000 barrels per day.*

How Americans Feel About Their Finances: *Slightly more than half (51%) of Americans who responded to a survey by credit reporting agency Experian said they believe their own personal finances will improve. However, sentiment varies widely depending on political leanings - Republicans were most likely to feel their personal financial status will improve in the next four years, with 70% saying it would. About 51% of Independents and 36% of Democrats said they thought their own personal finances would improve. Additionally, some 77% of Republicans feel that all Americans' personal finances will improve in the next four years, compared with 44% of Independents and just 19% of Democrats. Experian also found that despite general optimism, many Americans plan to make changes to improve their finances. In fact, 35% of survey respondents said they will make a "drastic" change. The top changes cited, tied at 43%, include looking for a better-paying job and increasing overall savings. Thirty-nine percent of those surveyed said they will decrease their spending. The top financial goal for the next four years for all respondents is to save more, followed by being a smarter shopper and paying off credit card debt. (Source: Experian)*



Financial outlook by political party lines:



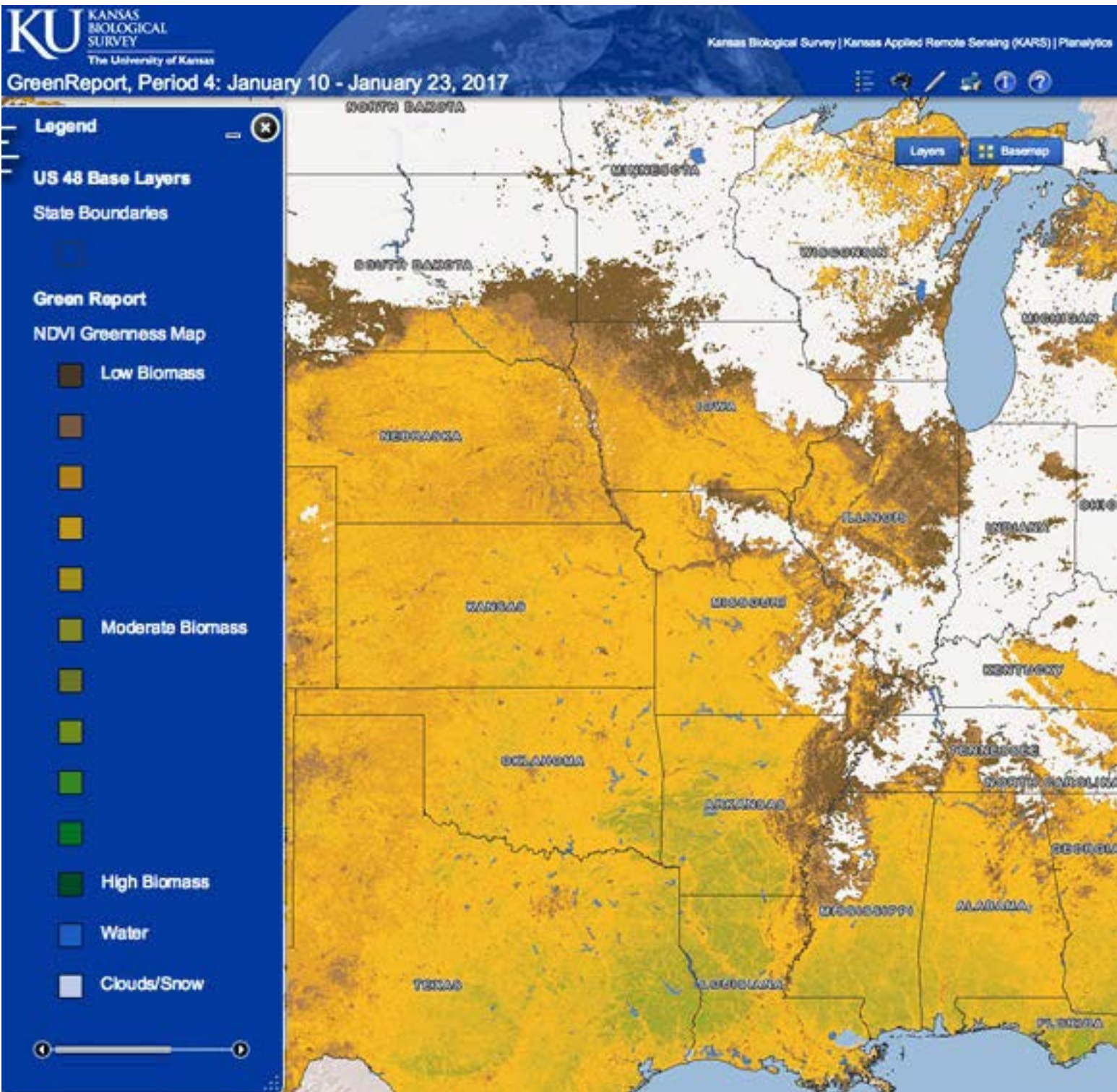
Top financial goals during next four years:



Source: Experian survey of 1,000 adults from Nov. 10 to Nov. 21

Weather across the Plains has seen snow spread from Wyoming across western sections of South Dakota and Nebraska. In contrast, warm, dry, breezy weather prevails on the southern Plains and is leading to some evaporation of moisture on the wheat crop. Depending on how long this pattern lasts, wheat could be put back in a position of needing additional precipitation to maintain the improved prospects later this spring. In the Corn Belt, a few patches of light precipitation linger across the upper Midwest. Elsewhere, mild weather has prevailed for the past few days. We did see clouds move in across the region as an approaching storm is overspreading the western Corn Belt. In the South, mild, dry weather follows the recent deluge and severe weather outbreak. Southeastern drought coverage and intensity has been further reduced by the rain. In tornado affected areas of the Deep South, recovery efforts are proceeding under generally favorable weather conditions. Later today, snow will reach the Great Lakes and Northeastern States, while cooler air and lake-effect snow squalls will trail the storm. Meanwhile, much drier weather will prevail across the West, although significantly below normal temperatures will persist through week's end. Mostly dry weather will also prevail during the next several days across the southern Plains, and the mid-South. Argentina's northern and central crop areas continue with a drier pattern and very warm to locally hot weather during the balance of this week. This will favor developing corn and soybeans in Cordoba, Santa Fe and northern Buenos Aires. Extreme heat that occurred in southern Buenos Aires and La Pampa early this weekend ended with a few strong storms later in the weekend. Another round of heat/dryness is expected this week. This will maintain high stress and reduce crop yield prospects for La Pampa, west and south Buenos Aires. We continue to get more forecast data on Spring planting conditions here in the U.S. The long-term forecasts show warmer trends in April/May favoring an early start to planting in Midwest corn and soybeans. Wetter than normal patterns in the northern third of the Corn Belt could hamper seeding progress and needs to be watched for reductions in acreage. Trends also point to Plains hard red winter wheat crop running to the drier side of normal, raising concerns for heading, particularly in Kansas.

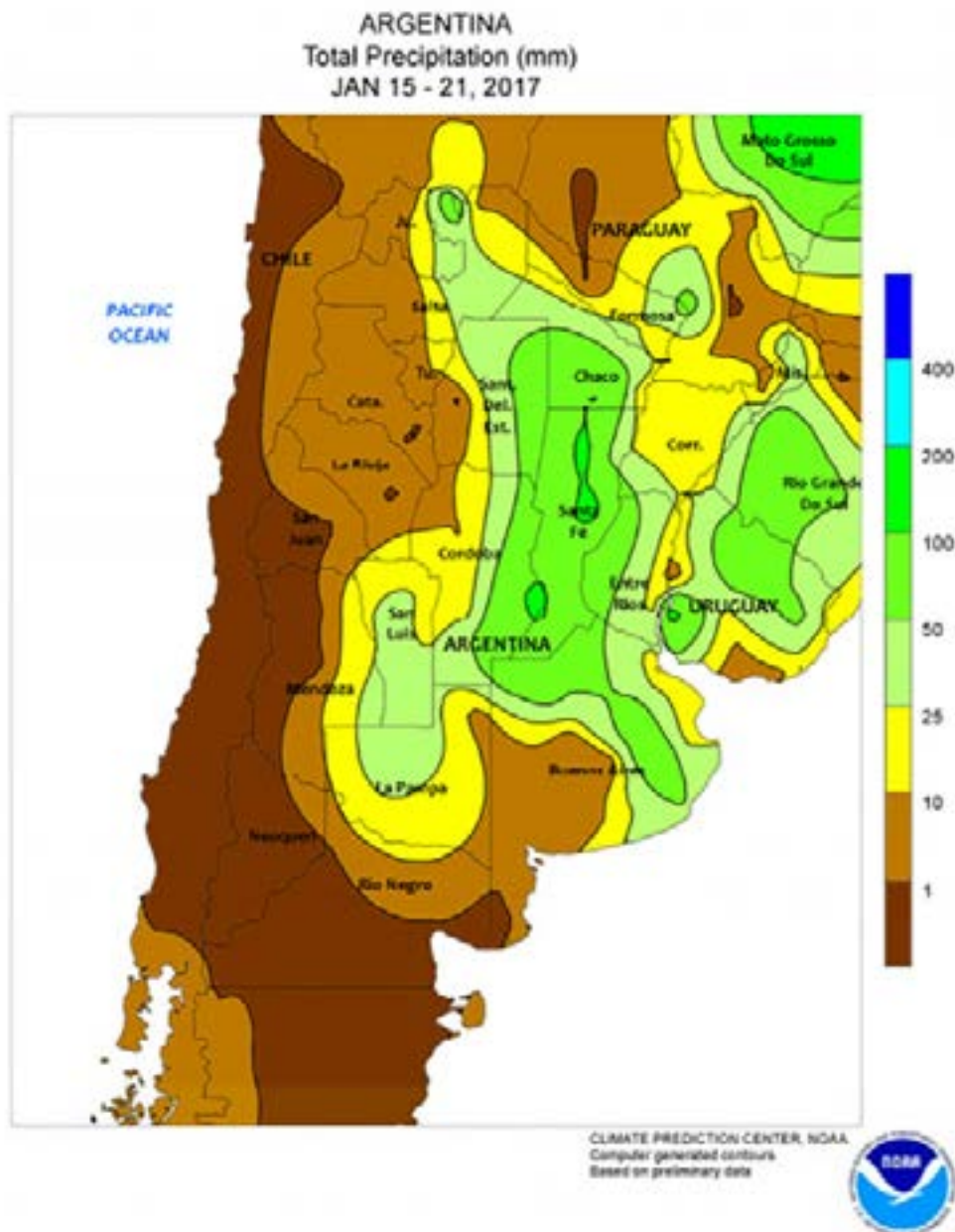
The GreenReport Shows Dryness in Wheat Belt: *The Kansas Applied Remote Sensing Program (KARS) uses satellite data to produce a weekly map series called the GreenReport which illustrates current and relative vegetation conditions and trends for the U.S. The GreenReport combines current satellite data with historic data to present a more complete picture of vegetation condition and progress. As you can tell, conditions of much of the southern Plains wheat falls somewhere between low biomass and moderate biomass.*



Corn has given a bit back during the past 24-hours as traders contemplate the repercussions surrounding some of the latest political moves in Washington. Domestic demand currently remains extremely strong, but the bears are obviously concerned how it will fair moving forward as trade deals are repealed and renegotiated. Not only are there questions about TTP and NAFTA but also headlines surrounding ethanol. Argentine production is still in question, but there's just really nothing new to report or fresh headlines to feed the bulls, most of the recent headlines are being gobbled up by the bears, hence the reason upside momentum has run into more heavy headwinds. I'm not saying we couldn't move another 20 cents, because we certainly could, but I just don't feel like the market

is currently positioned to breakout in either direction. As a producer, if we were to catch a +10 to +20 cent move to the upside, I suspect I would be looking aggressively to reduce more nearby and longer-term risk, moving both old and new-crop bushels. As a spec I like the thought of perhaps selling straddles or building some type of bearish nearby position on the next leg higher. Likewise if the market were to undergo a significant nearby break in price to the downside I would be looking to build a more bullish strategy. Moral of the story, I still believe we are stuck in some type of trading range until the market learns more about South American weather and U.S. planting.

Argentina Is Hot and Looks to Continue That Way: *Unseasonable wetness persisted in sections of central Argentina over the past week, slowing the final stages of summer crop planting. Dry weather dominated southwestern Buenos Aires and much of La Pampa, where moisture remained limited for normal development of corn and second-crop soybeans. Weekly temperatures reached 104 degrees F at week's end, exacerbating the impact of the dryness on crops in the drier southwestern farming areas. As we wrote above, more hot, dry weather is in the forecast this week for southern Buenos Aires and La Pampa and will need to be watched carefully as it could damage developing corn and second-crop soybeans.*



Soybean prices in the MAR17 contract have given back close to -30 cents since posting last Wednesday's high. Traders seem to have become a bit more nervous about trade renegotiations and there's really nothing fresh or new in the headlines regarding South American weather. Personally I believe we've seen the high water mark for total South American soybean production. Meaning the USDA estimates from here on out will be lower than their current levels. Not only is the current Argentine estimate overstated, but I think the current Brazilian estimate might also be a bit strong. The bears argue, regardless the U.S. producer is going to plant a fresh new record number of soybean acres in 2017 and the global market will still be well supplied. The argument is anyway you slice it 88 to 91 million U.S. soybean acres going in the ground makes it tough to get wildly bullish out on the horizon. Nearby however I can still argue higher prices as the funds appear content on bullish cross-hedges, currency plays and what appears to be ongoing South American weather uncertainty. The soybean market as of late seems filled with a ton of unfiltered "noise," which is making it more difficult to hear the actual "music". As both a producer and a spec I'm staying extremely cautious and sticking with my "wait-and-see" approach.

Wheat continues to bump into more heavy resistance each time it pushes to the upper edge of the nearby range. It's tough to get overly bullish from a traditional fundamental perspective without a major weather story hitting one of the world's low-cost providing nations. In other words for the market to get excited, U.S. demand needs to aggressively pick up some momentum. That's probably not happening without a more positive stream of headlines involving increased export interest. We probably don't get the increased export demand headlines without some type of major weather hiccup inside Russia, Romania, Ukraine, the European Union, Australia, Canada, etc... or some type of major geopolitical event that would push global buyers back to the U.S. for reasons involving safety and security of delivery. Unfortunately those fundamentals are not in play at the moment and leave the bulls perhaps pulling at straws. Yes, there are some longer-term bullish macro type plays that a few funds may find interesting from a cross-hedging perspective or some bullish black swan type wagers that could be argued, but those types of bullish bets just aren't large enough in volume to offset the bearish fundamental tilt without a more constant stream of weather headlines and or more escalated geopolitical unrest. I remain a longer-term conservative bull, but believe nearby prices will continue to find it difficult to climb aggressively higher without the help of the "wild-cards".



> Brazil Soybeans Suffering From Moisture Deficit On 15% Of Planted Area: *FC Stone says that rain has been below average on over 13 million acres planted to soybeans in Brazil this season, which amounts to roughly 15.7% of the total soy area. This is the largest area experiencing below-average-rainfall since the 2011-12 season. They note that low rainfall amounts in October and November hurt initial soybean development in parts of Mato Grosso do Sul, Parana and Sao Paulo. The current lack of rain is impacting north-eastern Brazil, particularly Bahia. FC Stone forecast total Brazilian soybean this season at 102.8 million metric tons earlier this month, a forecast they are expected to review later this week.*

> E.U. Winterkill Not Widespread: *The European Union's crop monitoring unit, MARS, says most crops avoided major winterkill in the first half of January where temps in some areas dropped to their lowest levels on record. Countries most likely to suffer some degree of damage include Hungary and Romania, where crops had little in the way of snow cover when the bitter cold spell hit. Some winter crops in France also run a high risk of frost kill due to previously mild air and soil temperatures that have resulted in a low tolerance for cold and frost.*

> China Vows To Boost Farmland Protection As Grain Output Falls: *China has vowed to step up its protection of farmland in the wake of the country's first drop in grain output in over a decade, as rapid urbanization swallows agricultural resources. The Communist Party of China Central Committee and the State Council said there was strong pressure on arable land and called for stronger protection and more efficient use of such land. It added that it would achieve that using measures such as "strengthening control of land use" and "building high-quality farmland on a large-scale", although it did not give specific details. China's 2016 grain output fell -0.8% from the year before to around 616 million metric tons, the official Xinhua news agency reported on Monday. The nation also had a shortfall of about 20 million metric tons in the amount of grain it produced and consumed.*

> USDA Cold Storage Shows Higher Beef Supplies But Shrinking Pork: *Total red meat supplies in freezers as of December 31 were up +1% from the previous month, but down -2% from last year. Total pounds of beef were up +7% on the month and up +11% from last year. Frozen pork supplies were down -% from the previous month and down -13% from last year. Pork belly inventories were down -4% from last month and down -67% from last year.*

> U.S. Broiler, Turkey Production Fell In Late 2016: *Poultry production figures for the end of 2016 came in lower than anticipated, although early 2017 numbers are projecting slightly higher, according to the latest USDA outlook report on proteins. Preliminary*

broiler production was slightly lower in December than previously forecast, which pulled down the estimate for the final quarter of last year by 25 million pounds, USDA said. The report noted that broiler exports also were lower than expected in November. The study said the export forecast for broilers in 2017 remains unchanged for now as the effect on demand stemming from Europe and Asia's avian influenza outbreaks since November of 2016 become clearer. Meanwhile, preliminary turkey production data also was 10 million pounds lower than expected in the fourth quarter, USDA said. Turkey stocks in cold storage at the end of the year increased to 245 million pounds following higher-than-expected stocks at the end of November. USDA noted that the year-end figure for turkey stocks is the highest at the end of a calendar year since 2012. USDA also raised its forecast for turkey stocks at the end of 2017 to 275 million pounds. (Source: MeatingPlace)

> Egg Production Rose +11% In December: U.S. egg production in December 2016 rose +11% in December 2016 to 8.97 billion. The total number of laying hens in December averaged 372 million, up +7% from last year. All layers as of January 1, 2017 totaled 372 million, up +6% from last year. Egg-type chicks hatched in December total 46.2 million, down -1% from December 2015. Broiler-type chicks hatched during December 2016 totaled 811 million, up +2% from December 2015.

> DuPont Says Dow Deal Will Take Longer Than Forecast, Beats Earnings Estimates: DuPont indicated that its merger with Dow Chemical will take longer to finalize than previously anticipated. The companies are still waiting on approval from EU regulators, who earlier this week gave the companies 10 more working days in connection with the ongoing review and set a March 14 deadline. The regulators were mainly concerned about the companies' crop protection businesses and DuPont "has been focused on a remedy package", a company executive said on a post-earnings call. He did not provide further details. The \$130 billion merger will create the world's largest crop protection and seeds company and is expected to close in the first half of this year. DuPont said adjusted profit for the three months ended in December were 51 cents a share, compared to a loss of 26 cents a year earlier and well ahead of the Wall Street forecast of 41 cents. Revenue for the three-month period, however, slowed 2% to \$5.2 billion owing to local price declines and lower volumes. Full-year sales, the company said, were also down 2% to \$24.6 billion.

> USDA, EPA Ordered To Halt External Communication: President Trump has instituted media blackouts at the U.S. Department of Agriculture and the Environmental Protection Agency. Personnel at the USDA's Agricultural Research Service were told in an email Monday to stop disclosing any information to the public and to the media, but a spokesman for the ARS said that ban did not apply to scientific publications. Doug Ericksen, the communications director for Trump's transition team at EPA, confirmed the communications ban, but said he expected it be lifted by the end of the week. "We're just trying to get a handle on everything and make sure what goes out reflects the priorities of the new administration," Ericksen said.

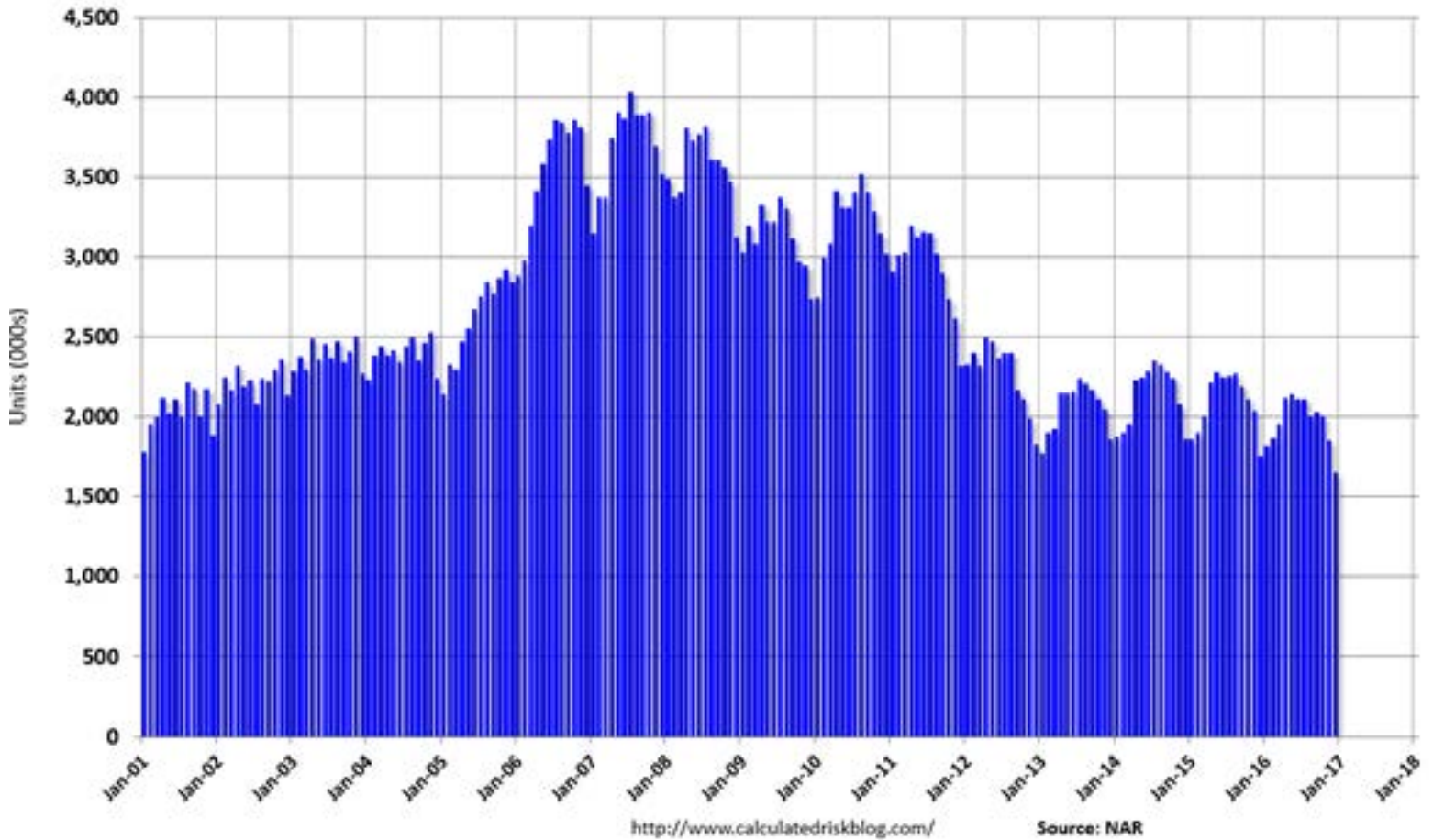
> U.S. One Step Closer To Passing Weather Forecasting Reforms: Members of the U.S. House of Representatives just recently reintroduced a bill that aims to improve America's weather forecasting technology. The Weather Research and Forecasting Innovation Act, H.R. 353, would direct the administrator of the National Oceanic and Atmo-

spheric Administration (NOAA) to modernize the nation's weather modeling, weather data collection and weather simulation capabilities. The legislation actually dates back to 2013. It was initially passed by the Senate just this past December but was unable to pass the House. The main point of contention stemmed from a water resources provision which called for a study of water availability of the Chattahoochee River, a major water source for Florida, Georgia and Alabama. The new version, introduced by Oklahoma Representative Frank Lucas, strips out the water resources stipulation and is expected to easily pass through the house and gain the President's signature. Lucas explains that the main goal is to save people's lives by giving them earlier severe weather warnings strengthening the underlying atmospheric science while simultaneously advancing innovative technology and reforming operations to provide better information. Specifically, the bill is designed to support advances in long-range forecasts between two weeks and two years, as well as improving dangerous weather communication. The legislation also reforms NOAA's weather satellite programs, requiring the agency to consider ways to reduce costs and stay on schedule after years of cost overruns and delays. It further calls on NOAA to enter into a pilot program contract to evaluate the private sector's capabilities in providing space-based weather data.

> Update Every Apple Device You Have As Soon As Possible: Apple released updates to the operating systems behind all its most popular devices—including the iPhone, iPad, Apple Watch, Apple TV, and Apple computers—and although the company often updates its operating systems with minor changes or fixes, these may be more pressing. Apple doesn't provide specific information on the vulnerabilities it's discovered in its operating systems, so as to not alert hackers to the issues, but as Wired points out, each operating system's fixes involve removing an attacker's ability to "execute arbitrary code with kernel privileges"—essentially being able to take control of the device running that system. Apple also released updates for its Safari web browser, and the Windows versions of its iCloud and iTunes software—all of which have similar security issues. If you're not sure how to update your device, check out the Apple support page [HERE](#).

> Existing Home Sales Are Struggling Under Inventory Constraints: Existing-home sales closed out 2016 as the best year in a decade, even as sales declined in December as the result of ongoing affordability tensions and historically low supply levels, according to the National Association of Realtors. Existing home sales fell -2.8% in December to a lower-than-expected 5.490 million annualized rate. Supply is the lowest it's been since at least 1999 when the National Association of Realtors began tracking the data. The number of houses on the market fell -11% in the month to 1.650 million. At the current sales rate, supply fell from 3.9 months to only 3.6 months. Yet the lack of supply isn't making for new price increases as the median, at \$232,000, is down -0.9% on the month for a year-on-year rate of only plus +4.0%. This is down from +6.5% in November and is now back to multi-year lows.

Existing Home Inventory



North central North Dakota - *Been farming up here near the border for over 40 years and never seen as much rain as I have the last 3 - 4 years. We plant wheat and canola on 25K acres up here and had a good year except for the prices and the rain. I had an old-timer once tell me he lost more money in wet years than he ever did in the dry ones. I never believed that statement until now!! It didn't rain inches on us at a time, it rained feet on us at a time. Made the harvest a bit of a pain and of course took much longer. The only thing left for us now is finishing up a few repairs and watching the snow melt.*

Eastern South Dakota - *We are looking back at what was a decent year for us in 2016. The big game changer for us last year was the hail that hit us at the end of August. It shredded the beans pretty good but the corn held up much better. Overall, across all farms the corn had about a 5% reduction in yields due to the hail. I think we will plant less corn next year because of the markets but also because we have had so much snow up here so early in winter. We got 38" of snow in December, which is a lot for us. The problem it has created is that the ground wasn't froze before the snow. Now it's all we have had and things are melting and it's a mess. If we continue to have snow and rain it*

will be later in the spring before we can start field work, which should push more guys to beans. The bean yields got whacked with the hail last season by 50%. We will normally make 50bpa for our beans and we can grow them consistently at this level. The 25bpa yield after the hail storm really hurt. The crop had looked good all year until then. We will have more bean acres next year, with some bean on bean, which we haven't done a lot of. Beans pencil better for next year, then maybe the following year corn can come back. Basis has been very wide here but the seed bean premium has helped and we will look to have more next year.

Central Georgia - *The first Roundup resistant (should be called Roundup proof) Palmer Amaranth was found about twenty-five miles from me. The good and diligent farmers here manage them very well, however a hoe is a very important tool for most operations here. Frankly we could not manage them here without the use of a hoe. It is a part of life now. Most everyone here who is doing a good job managing this weed is using a chopping crew as part of their management plans and many good farmers are doing a lot of chopping themselves. I know a couple of very large farmers who use a crew for the big jobs, but they take care of a lot of scattered weeds and escapes themselves.*



Production Costs Coming Back Into Line: *Production costs for corn and soybeans continue to come down. Iowa State University (ISU) Extension farm management specialist Steve Johnson says when ISU releases its annual cost of production estimates this week, it will show a significant drop in those input costs. "We're going to make some adjustments in machinery and equipment. We're going to lower our cash rent equivalent by about 12 percent. And the overall cost of production for growing corn and soybeans in 2017 is going to be around 12 percent less than it was last year," he says. Johnson says many farmers have already made those adjustments. "I think farmers have the strong message. Reduce your cost of production and focus on the fixed costs, the big three—land, machinery and equipment, and family living," he says, "and for those farms that have made those adjustments, I think these margins are much more attractive in 2017 than what we've seen the last couple years." Listen to the full interview over at [Brownfield Ag.](#)*

Threats To U.S. Ag Trade With China, Mexico 'Far Bigger Deal' Than TPP: *Erik Norland, executive director and senior economist of CME Group, downplayed President Trump's decision on Monday to withdraw the US from the TPP, the Trans-Pacific Partnership free trade deal, saying that "I do not think it really changes very much". The TPP, even if Mr Trump had not intervened, "lacked support to get through Congress", Mr. Norland told investors on a call organized by Chicago broker Allendale. While the deal held out the potential for opening up "some opportunities to US farmers to export more" to other nations signed up to TPP... "the good news for US farmers is that it does not change the status quo because the agreement had not been ratified in any case". However, Mr. Norland warns that threats to trade with China or Mexico look far more serious. Read more*

from [Agrimony](#).

Are We At Peak Millennial? Over the past decade, many American cities have been transformed by young professionals of the millennial generation, with downtowns turning into bustling neighborhoods full of new apartments and pricey coffee bars. But soon, cities may start running out of millennials. A number of demographers, along with economists and real estate consultants, are starting to contemplate what urban cores will look like now that the generation — America's largest — is cresting. Dowell Myers, a professor of demography and urban planning at the University of Southern California, recently published a paper that noted American cities reached "peak millennial" in 2015. Over the next few years, he predicts, the growth in demand for urban living is likely to stall. Read more from [The Upshot](#).

How to Read Financial News Headlines: Ben Carlson over at A Wealth of Common Sense has adapted some of the advice given by Robert Mortorana on how portfolio managers should read the news for regular investors. As he put it, "if portfolio managers have a difficult time sorting through the noise of the financial news, can you imagine how confusing it must be for regular investors? Plus, people don't really read the news anymore. It's all consumed through headlines." He's got some great tips - with timely examples - on how to interpret them [HERE](#).

Feds Find \$20 Million Hidden Under A Mattress: When federal authorities recently raided an apartment in Westborough, Mass., they found money hidden under the mattress — approximately \$20 million. Read more at [NPR](#)

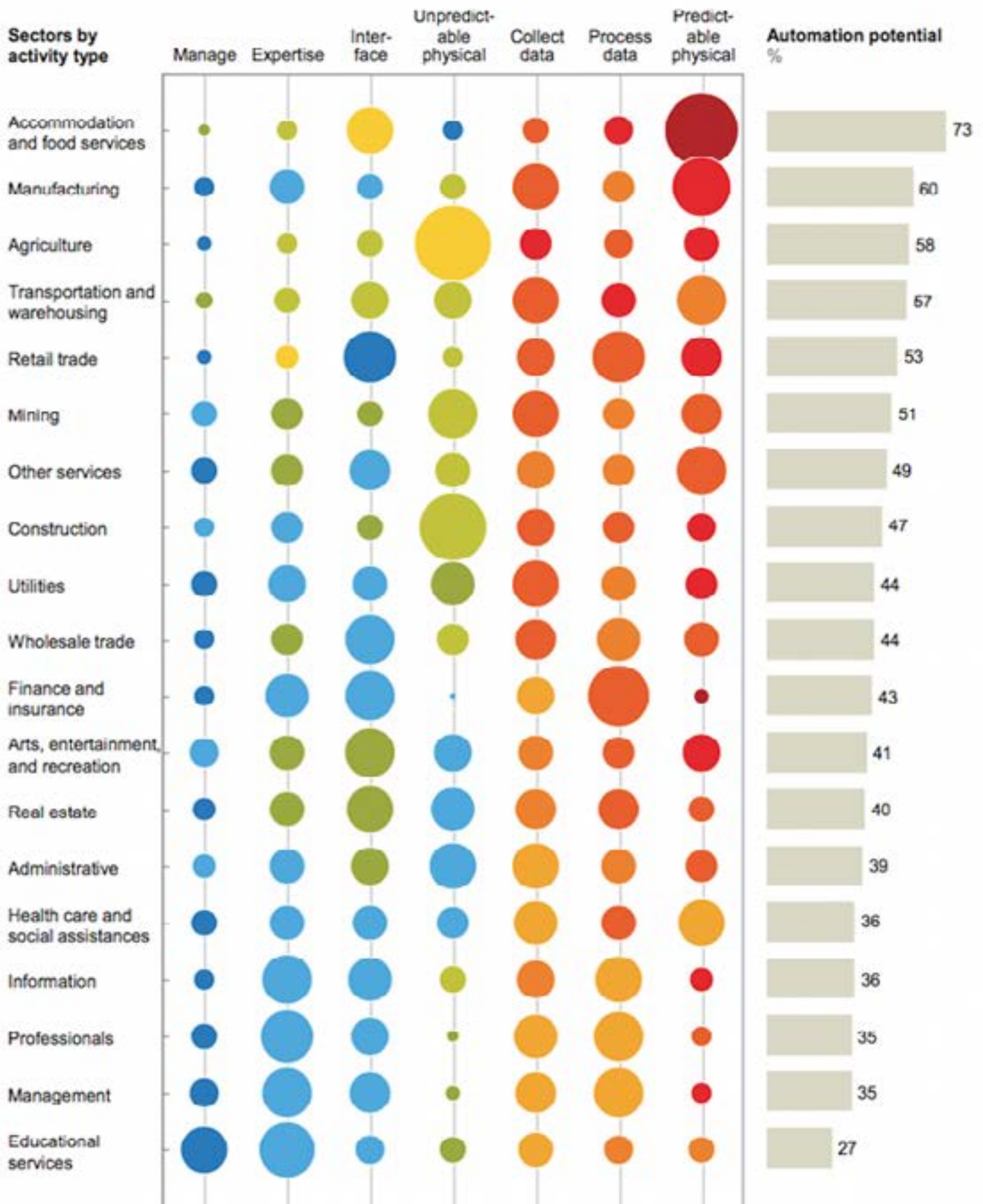
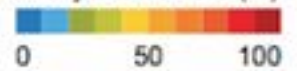
7 Ways to Persist When Everything in You Wants to Give Up: This was sent my way by a friend the other day and it made me stop and think about several life lessons. I had personally never viewed life from a few of these perspectives and I found there to be some definite merit. Click [HERE](#) to read the article.

Skills Your Kids Should Cultivate To Be Competitive In The Age Of Automation: We're all getting used to the thought that in a not-so-distant future, competition for jobs won't just be other humans, it will also be an intelligent robot, self-driving car, or other artificial agent. But in our gut, we know this can't be the full truth, that there's a more nuanced story. We at least believe that elite human skills will remain valuable even as automation eats the world. The hard part is figuring out which ones will be the most valuable and where they will be the most prized. Common wisdom—learn to code, cultivate empathy, study STEM—isn't especially useful because it isn't specific enough about what it takes to stay ahead of the robots for years to come. So, instead of analyzing what jobs will be most threatened by AI, Dave and Helen Edwards turned their model upside down to look at what careers require human capabilities that the robots won't be able to beat for a very long time. Check out findings over at [Quartz](#).

Technical potential for automation across sectors varies depending on mix of activity types

Size of bubble indicates % of time spent in US occupations

Ability to automate (%)





New Report Confirms Ethanol Is Cleaner Burning Than Previously Thought

A recent report released by the USDA finds that U.S. corn-based ethanol reduces greenhouse gas emissions (GHG) by an estimated 43% compared to gasoline, greater than previous estimates and something the ethanol industry has been saying for years. Unlike other studies of GHG benefits, which relied on forecasts of future ethanol production systems and expected impacts on the farm sector, this study reviewed how the industry and farm sectors performed over the past decade to assess the current GHG profile of corn-based ethanol. The report finds greater lifecycle GHG benefits from corn ethanol than a number of earlier studies, driven by a variety of improvements in ethanol production,

from the corn field to the ethanol refinery. Farmers are also producing corn more efficiently and using conservation practices that reduce GHG emissions, including reduced tillage, cover crops and improved nitrogen management. Corn yields are also improving -- between 2005 and 2015, U.S. corn yields increased by more than +10%. Between 2005 and 2015, ethanol production in the U.S. also increased significantly -- from 3.9 to 14.8 billion gallons per year. At the same time, advances in ethanol production technologies helped reduce GHG emissions at ethanol refinery plants. By 2022, given current trends, the GHG profile of corn-based ethanol is expected to be almost 50%



lower than gasoline primarily due to improvements in corn yields, process fuel switching and transportation efficiency. It seems that previous estimates anticipated that growing corn to produce ethanol would result in "indirect land use change" -- in other words, land would be converted from grasslands and forests to commodity production as a result of increased demand for corn used in ethanol production. However, based on new data and research, there is compelling evidence that while land use changes have occurred, the actual patterns of changes and innovation within the farm sector have resulted in these indirect emissions being much lower than previously projected. Renewable Fuels Association President and CEO Bob Dineen released a statement that sums up this exciting research quite well: "This is not your grandfather's ethanol industry. Today's farmers and ethanol producers use less energy than ever before, have lowered costs with new value-added markets and technologies, and evolved into the most cost-effective, cleanest-burning source of octane on the planet. Moreover, as this study proves, concerns about land use change were terribly overblown, and U.S.-produced corn ethanol is a stone-cold winner for the environment, providing dramatic reductions in greenhouse gas emissions." (Source:

USDA: "Life Cycle Analysis of the Greenhouse Gas Emissions of Corn-Based Ethanol")

Have You Thought About Buying Her A Colored Diamond... Demand Soaring!

As investors seek to increase their returns, a pretty interesting trend has emerged - demand for "colored gemstones" is skyrocketing. That demand is also helping to push the cost for colored diamonds. In just the last eight years, the price for pink diamonds has increased almost +180%! Blue and yellow diamonds are up by around 70% and 90%, respectively, over the same period. Part of the big changes have been the result of low returns on more traditional assets like bonds and equities. Even funds are getting in on the colored diamond trade, mostly investing on behalf of wealthy clients. Last spring, Mahyar Makhzani, a Geneva-based fund manager, and a business partner paid more than \$1 million per carat for a rare orange diamond. Investors or funds such as Mr. Makhzani's Sciens Coloured Diamond Fund typically buy the stones outright or in partnership with other investors. Last May, a 14.62-carat blue diamond sold for \$57.5 million at auction in Geneva, making the gem the most expensive jewel ever sold at auction. The demand all around for colored diamonds has even made brown diamonds extremely popular. Traditionally, they were mostly used for industrial purposes, not jewelry. A piece now sells for thousands of dollars. The total demand picture has also been driven up thanks to an increase of the world's "superrich", in turn creating even more buyers. It's just been in recent years that investors have realized how rare colored diamonds really are. Only one of every 10,000 diamonds is a "fancy colored diamond." Red diamonds are one of the most rare with just a handful of them known to even exist. Unfortunately, the steep demand and rising prices for colored diamonds is not all that easy to gauge. Most transactions are made between private parties, making it tough for investors to truly know what the value of a stone might be. The diamond industry has been really smart in how they tightly control supplies, too. Any one mining company usually only sells to a handful of dealers and brokers. In



fact, the supply of colored diamonds has been diminishing over the last six years and can hardly keep up with demand. And as prices continue to hit new highs, that demand is just expected to keep climbing. In turn, demand for synthetically colored diamonds has also been rising. Most of these are treated with irradiation and because they are not the rare, naturally colored diamonds, those stones are generally much more affordable. (Source: The Wall Street Journal, Naturally Colored)

Just How Quickly Time Fly's

As I get older there's no doubt time fly's by faster and faster. One of the things that always blows me away is when I turn on the classic rock station here in town and hear a song that seems like it was just recently released. How can enough time have passed already for that to be considered an "oldie"? I was recently sent a video compilation of Billboard hits that turn 20 years old and it left me with the same sense of disbelief (Click [HERE](#) or the screen shot below to watch). These songs would have hit the charts and been playing on pop radio stations back in 1997. This was also the year Apple Computer brought Steve Jobs back onboard as temporary CEO; Tiger Woods became the youngest golfer ever to win the Masters at age 21; and the Titanic movie made history as not only the most expensive movie ever made at the time, but tied with the 1950 movie All About Eve for the most Oscar nominations ever received. It's just crazy to think that 20 years have flown by. There were no smart phones, no Facebook, no Twitter, no Snapchat, Uber or Craigslist. Under Armor and Google were just being launched, kids played outside and people only took pictures on special occasions. Below are a couple of other interesting bits of trivia to take you back:

Average Cost of a New Car - \$16,900.00

Average Cost of a New Home - \$124,100.00

Average Monthly Rent - \$576.00

The Lion King Musical debuted on Broadway.

The first book in the award winning Harry Potter series by J. K. Rowling is published in Europe.

Princess Diana is killed in a car crash in Paris.

Microsoft Became the world's most valuable company at \$261 billion.

WorldCom and MCI Communications announce the largest merger in history.

The Dow Jones closes above 7,000 for the first time, we are now above 19,000.

Mother Teresa dies at age 87 in Calcutta, India.

Woolworths shuts its last remaining stores after more than 100 years in business.

Mike Tyson Bites Evander Holyfield's ear during a match and is suspended from boxing.

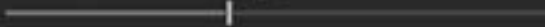
Hong Kong kills all the chickens within its territory (1.25 million) to stop the spread of a potentially deadly bird flu strain.

Scientists in Scotland reveal the first successful cloning of an adult mammal a sheep named Dolly.

WORLD OF BUZZ



00:38



00:56

CASH SALES & HEDGING TOTALS

CORN 2015 CROP

100% SOLD
0% HEDGED
0% Cash Remaining



SOYBEANS 2015 CROP

100% SOLD
0% HEDGED
0% Cash Remaining



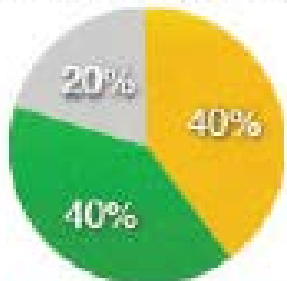
WHEAT 2015 CROP

100% SOLD
0% HEDGED
0% Cash Remaining



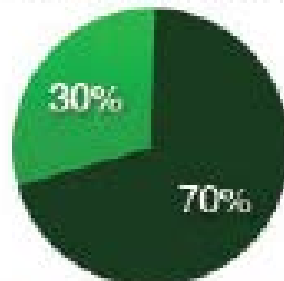
CORN 2016 CROP

40% SOLD
40% HEDGED
20% UNPROTECTED



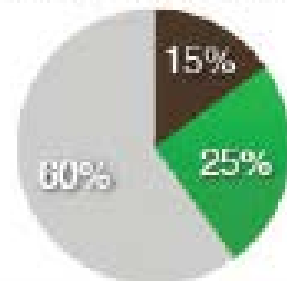
SOYBEANS 2016 CROP

70% SOLD
30% HEDGED
0% UNPROTECTED



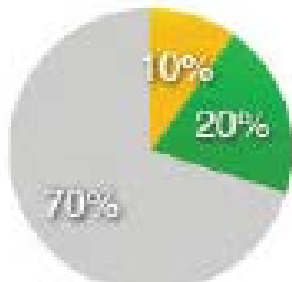
WHEAT 2016 CROP

15% SOLD
25% HEDGED
60% UNPROTECTED



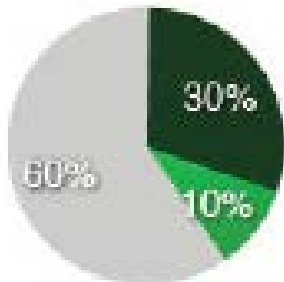
CORN 2017 CROP

10% SOLD
20% HEDGED
70% UNPROTECTED



SOYBEANS 2017 CROP

30% SOLD
10% HEDGED
60% UNPROTECTED



WHEAT 2017 CROP

0% SOLD
10% HEDGED
90% UNPROTECTED

