



*"Failure is the opportunity to begin more intelligently...fail forward"* - **Eric Thomas**

**THURSDAY, MARCH 02, 2017**

**Morning Summary:** U.S. stocks climb to fresh record highs with the Dow topping 21,000 for the first time ever. The move marks the third-1,000 point milestone since Trump won the Presidency in November. Yesterday's milestone also ties with the 1999 climb to 11,000 for the fastest 1,000 point in the Dow's history. Investors are clearly optimistic about the direction President Trump outlined for the country in his Congressional address Tuesday night, with a great deal of enthusiasm still centered around his plans to cut taxes, ease regulations and boost infrastructure spending. Meanwhile, U.S. data continues to indicate an ever strengthening economy. The ISM Manufacturing Index for February rose to its highest level in over two years, while the Personal Income and Outlays report showed inflation is nearly at the Fed's 2.0% target, up a sharp +3 tenths to 1.9%. Additionally, both personal income and consumer spending saw healthy increases in January. Of course the major caveat to all that positive news is that it could prompt the Federal Reserve to lift rates sooner than expected. Looking to today, the only new reports due out are Chain Store Sales and Weekly Jobless Claims. We will also hear from Cleveland Fed President Loretta Mester, who tends to lean toward the more hawkish side on monetary policy. Dallas Fed President Robert Kaplan yesterday stated that he believes the Fed should move "sooner rather than later," adding that he believes the economy is much closer to meeting the Fed's employment and inflation objectives. Kaplan also said he he believes some of President Trump's proposed policies "could have positive impacts" particularly on productivity, Kaplan said, though he cautioned against policies that might slow immigration. He said growing the labor pool is important as the workforce ages and productivity slows. Crude oil prices are under a bit of pressure as data released yesterday shows U.S. stocks pushing to a fresh new record high. Yesterday's EIA report showed U.S. crude oil storage levels continued to set new records, as total inventories built another +1.5 million barrels, bringing total storage levels to 520.2 million, the most in weekly data going back to 1982. They have increased by more than +41 million barrels since the start of the year. Stocks at Cushing, Okla., also stepped higher by 500,000 bbl last week. Keep in mind U.S. crude stockpiles have now risen for eight straight weeks. The U.S. dollar is higher this morning as traders gear up for another Fed rate hike in March. Interestingly, at the same time the cryptocurrency BitCoin is hitting fresh new all-time highs and is up almost +30% in 2017.

**SNAP priced 200 million shares at \$17 each, above its expected range of \$14 to \$16 a share, valuing it at roughly \$24 billion, more than double the size of rival Twitter and the richest valuation in a U.S. tech IPO since Facebook five years ago. Snapchat will begin trading today on the NYSE.**

**U.S. Consumers Continue Buying Up SUVs and Pickups:** *U.S. February Motor Vehicle Sales were unchanged from last year, with carmakers reporting very strong SUV and pickup sales, due in part to some enticing deals. Overall sales had been expected to decline, but demand for some models definitely gave the whole industry a boost. Sales of the Chevrolet Silverado pickup jumped +17% from last February to more than 50,500 trucks, while Ford sold nearly 69,000 SUVs — a February record. Nissan said sales of its Rogue SUV jumped +54%. Good deals reeled in buyers. Ford was offering \$15,000 off on a 2016 Focus electric, while GM was offering zero-percent financing and up to \$10,000 off certain GMC Sierra and Chevrolet Silverado pickups, according to car shopping site Autotrader.com. Incentives per vehicle rose an estimated +13.5% to \$3,443 last month, with GM leading the pack at \$4,547 per vehicle. There are a couple of reasons for the generous deals. One is that February is traditionally a poor month for vehicle sales. A bigger reason however is seen being the fact that sales have increased for seven straight years now, setting a new record in 2016. Automakers are keen to hold onto their marketshare in order to avoid having to implement costly production cuts. "It is taking more effort and more money to move the metal this year than last," said Michelle Krebs, a senior analyst with Autotrader. Automakers are also spending more because vehicles cost more. Consumers are rapidly shifting out of cars and into SUVs and trucks, which cost more money. Kelley Blue Book said the price people paid for a vehicle last month was up +2% from last February to an average of \$34,352. The industry has an 80-day supply of vehicles it needs to sell, which is about 20 days more than the level considered ideal, so the good incentive deals are expected to continue for the next couple of months, at least.*

**Should We Be Bracing For A Government Shutdown?** *We are fast approaching some very important dates for the U.S. Government. First up is April 28, which is when the current funding bill expires. There are rumors swirling that Democrats are preparing for a bitter fight over several key issues, top among them being funding for Planned Parenthood and Obamacare. Democrats could filibuster any bill to keep the government open, forcing a showdown over Republicans' spending and policy decisions. Currently, the spending package is expected to top \$1 trillion, a hard pill for some to swallow with the additions of Trump's U.S.-Mexico wall and a sizable increase in defense spending. There are also some House conservatives demanding a round of budget cuts to "offset" new spending on the Pentagon and the wall. What's more, Senate Republicans only hold a 52-48 edge, short of a filibuster-proof 60. GOP leaders like House Speaker Paul Ryan of Wisconsin are eager to avert any shutdown. The most recent one, caused by House Republicans, came as tea party lawmakers insisted on a failed strategy of using shutdown threats as leverage to try to block implementation of Obama's health care law. But dysfunction is always possible in the House, especially if conservatives shun the measure as they have with previous bipartisan versions of spending bills. That led top leaders like then-Speaker John Boehner, R-Ohio, to turn to House Democratic leader Nancy Pelosi, hat in hand, to get enough votes. Now, with Trump in the White House, House Democrats can't be counted upon to help. Once they clear that hurdle, the next major fiscal obstacle will be the debt ceiling. March 15 marks the expiration of the 'debt ceiling holiday'. In 2015, the Obama administration and Congress agreed to suspend the federal debt ceiling until that date, at which time the Treasury Department will enact so-called emergency measures to buy more time to allow the government*

to continue paying its bills. Budget experts believe that by August or September, if Congress has not acted, the Treasury could begin falling behind on payments, potentially triggering a new crisis over whether the government will default. (Sources: AP, Washington Post)

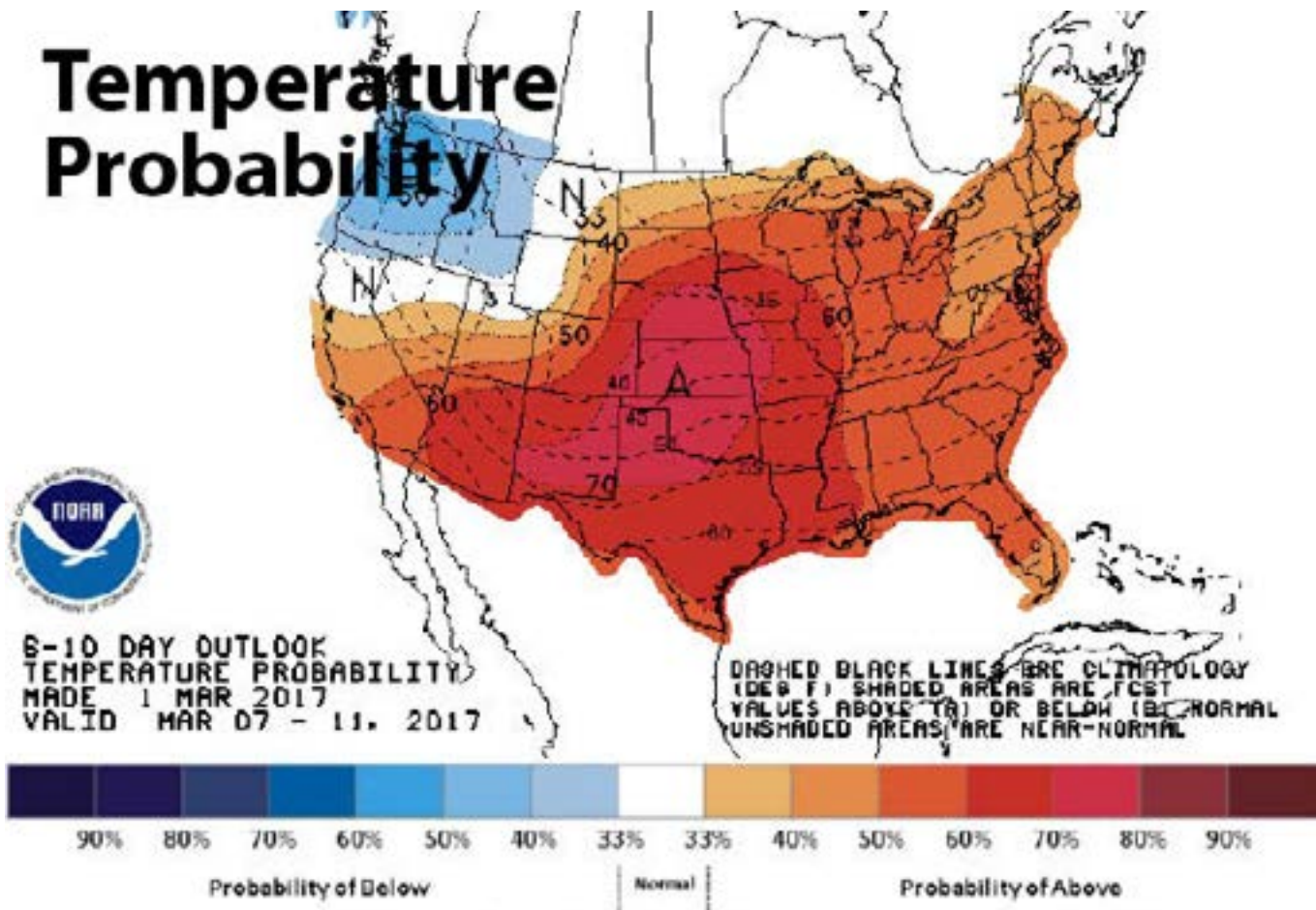
**A Look Back At DJIA 1,000 Point Milestones:** Dow 21,000 was hit just 35 calendar days after first closing above 20,000. If the current levels hold, it will be tied for the quickest run to a new thousand-point threshold after first surpassing the prior one. Back in 1999, the DJIA took down 11,000 just 35 days after first surpassing 10,000 for the first time. Given that 1,000 points is a much smaller percentage of 21,000 (4.8%) than it is of 11,000 (9.1%), the current run isn't nearly as impressive as the 35-day run in 1999, but the bulls will still take it. (Source: Bespoke Investment)

## DJIA 1,000 Point Thresholds

Threshold	First Upside Cross	Days Since Prior 1,000 Threshold First Crossed	1,000 Points (% of Threshold)	Upside Crosses	Downside Crosses	Total Crosses
1,000	11/14/72		100.0	30	29	59
2,000	1/8/87	5,168	50.0	13	12	25
3,000	4/17/91	1,560	33.3	12	11	23
4,000	2/23/95	1,408	25.0	3	2	5
5,000	11/21/95	271	20.0	1	0	1
6,000	10/14/96	328	16.7	4	3	7
7,000	2/13/97	122	14.3	7	6	13
8,000	7/16/97	153	12.5	28	27	55
9,000	4/6/98	264	11.1	24	23	47
10,000	3/29/99	357	10.0	34	33	67
11,000	5/3/99	35	9.1	44	43	87
12,000	10/19/06	2,726	8.3	18	17	35
13,000	4/25/07	188	7.7	19	18	37
14,000	7/19/07	85	7.1	8	7	15
15,000	5/7/13	2,119	6.7	9	8	17
16,000	11/21/13	198	6.3	10	9	19
17,000	7/3/14	224	5.9	14	13	27
18,000	12/23/14	173	5.6	21	20	41
19,000	11/22/16	700	5.3	1	0	1
20,000	1/25/17	64	5.0	2	1	3
21,000	3/1/2017	35	4.8	1	0	1

**Weather** forecasts are calling for dry to very little precipitation today through Sunday, with cooler temperatures. A drier pattern is expected in the 10 day forecast throughout the western Midwest, with variable temperatures. Rain may linger today in north and southeast areas in the eastern Midwest, with scattered light showers with locally heavier amounts returning Monday. Above normal precipitation is seen in the next 10 days in the eastern Corn Belt. In the southern Plains, mostly dry conditions are expected through Friday, then only a few light showers over the weekend. Otherwise, it's a mainly dry extended outlook through next week for winter wheat areas. Topsoil moisture shortages are apparent in drought affected areas of the central and southern Plains; very short to short ratings include 55% in Kansas, 46% Colorado, and 42% in Oklahoma. Over the weekend, warmth will return to the nation's mid-section during the weekend and gradually expand eastward. Markedly colder air will trail the rain into the upper Midwest and east, with weekend freezes possible as far south as Mississippi, Alabama, and Georgia. In Brazil, primary crop areas continue to see favorable conditions for harvesting soybeans and planting corn in central Brazil and for filling soybeans in southern Brazil. However, rain in the forecast this week will disrupt soybean harvests and lead to extensive disruptions and delays in the transport of harvested soybeans to export ports. Favorable conditions continue for developing and filling corn and soybeans in the major growing areas of central Argentina. There has been some improvement in rainfall in the double-crop soybean areas in the south.

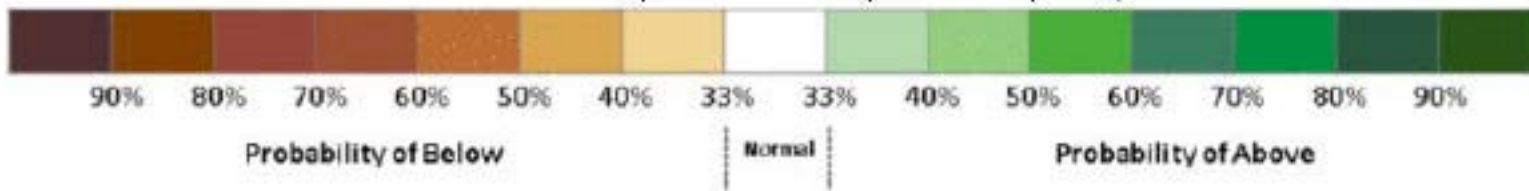
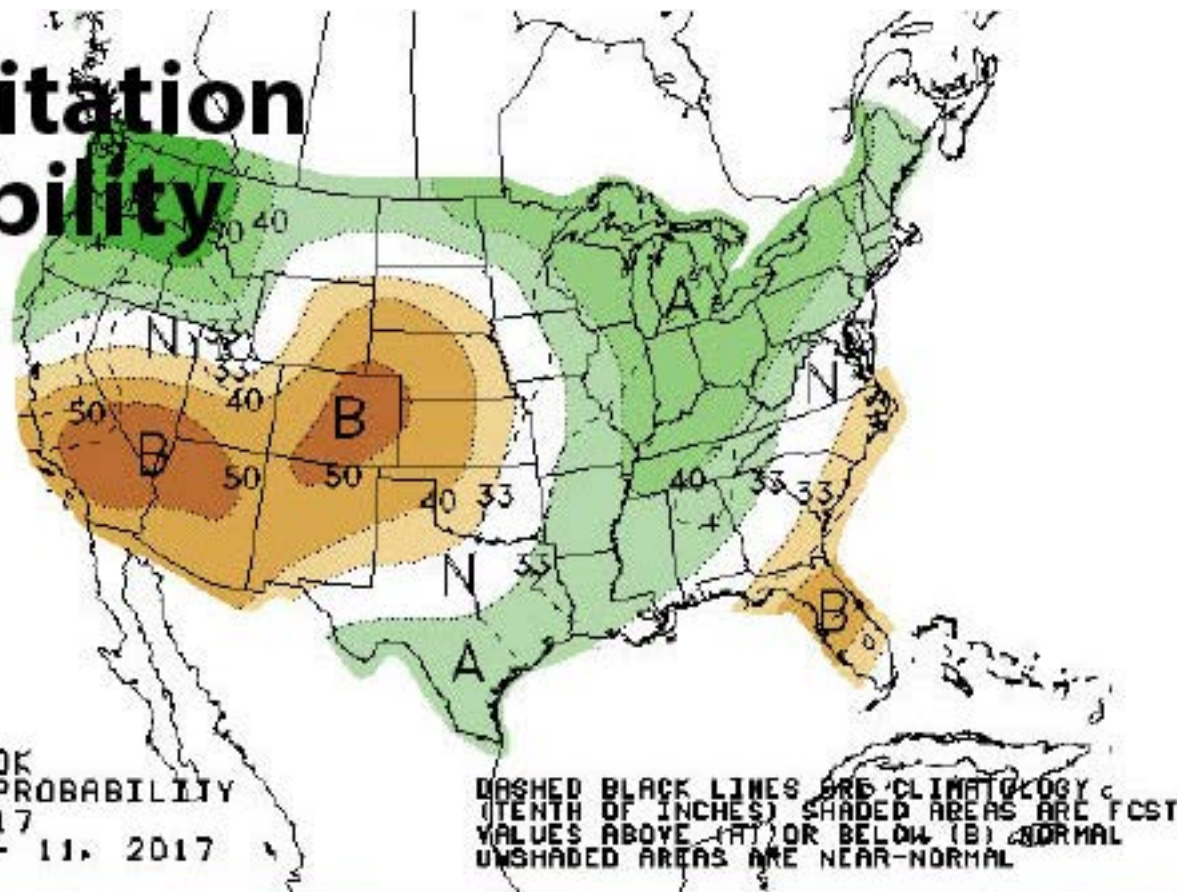
**6 - 10 Day Outlook:** *The National Weather Service's 6 to 10 day outlook for March 6 - 10 calls for the likelihood of warmer than normal weather nationwide, except for near normal temperatures in Maine and below normal temperatures in the Pacific Northwest. Meanwhile, wetter than normal conditions in the Great Lakes States, the lower Rio Grande Valley, and the Northwest will contrast with below normal precipitation in the southern Atlantic States and from the Southwest to the central and southern Plains.*



# Precipitation Probability



6-10 DAY OUTLOOK  
PRECIPITATION PROBABILITY  
MADE 1 MAR 2017  
VALID MAR 07 - 11, 2017



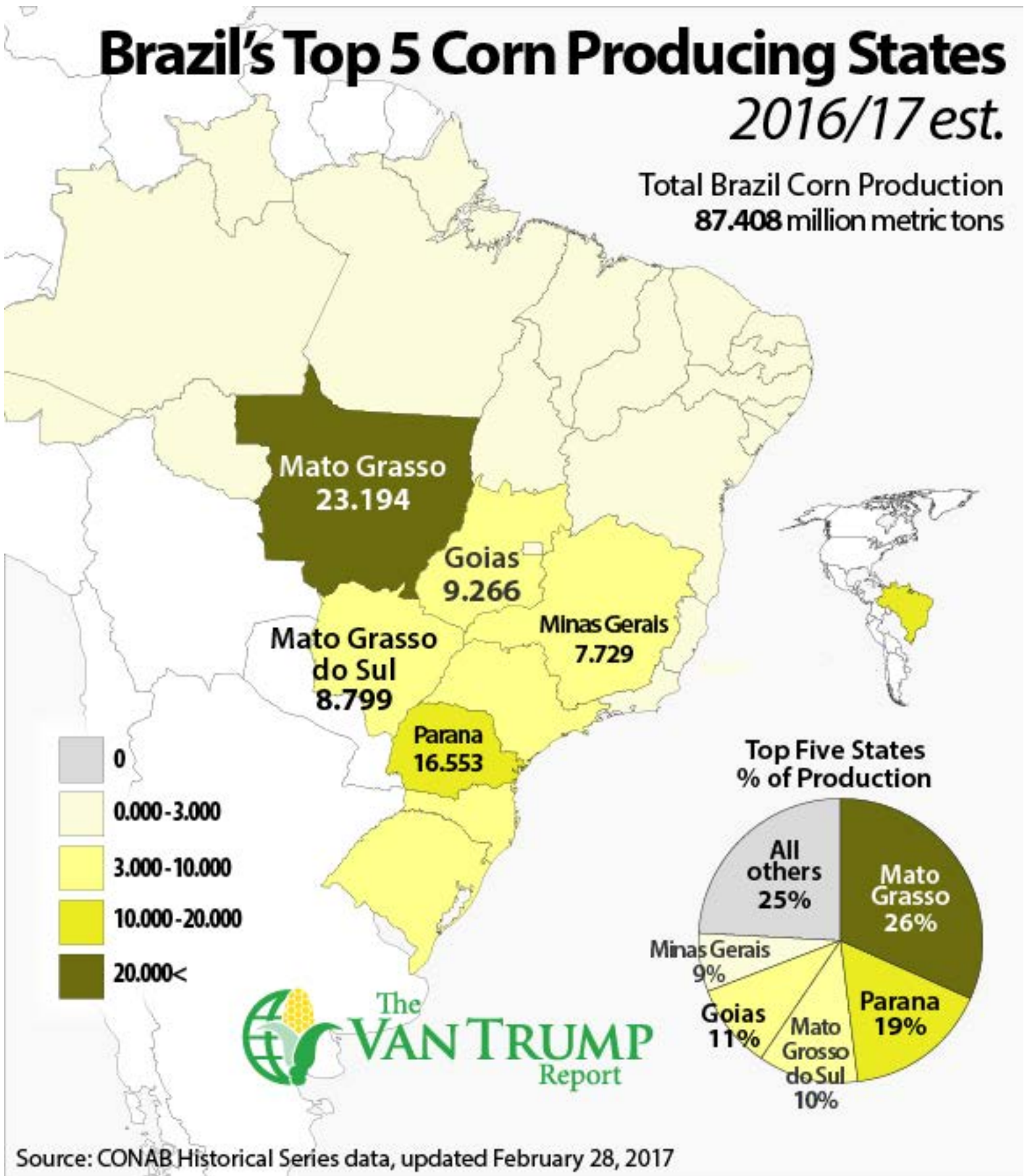
**Corn** producers are looking at some of the highest prices we've seen since mid-July. The million dollar question is will the funds continue to show interest from a macro perspective and push prices higher? The fear I have is that the traditional fundamentals will eventually float to the top and in this case rain on the bulls parade. From a technical perspective I'm very close to pulling the trigger and reducing some risk on remaining old crop bushels as prices test \$4.00 vs. the JUL17 contract. From a new-crop perspective, I've already reduced 40% of our price risk and have been comfortable waiting to see things play out. I suspect if we push to between \$4.05 and \$4.15 per bushel I will entertain making another small sale. I still believe we are somewhat range-bound for the next few weeks, barring any RFS tweets or rumors out of Washington that there will be adjustments to ethanol "RINS", "point of obligation", "E15," etc... As a spec I believe we have to be very cautious at this juncture as I'm hearing conflicting interpretations surrounding the recent ethanol rumors. There just seems to be a ton of "what if's" about how the changes could ultimately be packaged. What retailers, if any, might stop offering ethanol if they are forced to digest the RINS? What happens if the big refineries decide they want to drive RINS aggressively lower? The crazy part is I could argue decreased ethanol demand or increased ethanol demand based on just a few slight twist in the interpretation. As when any coach draws up a new play, it always looks good on the chalkboard, but how it plays out on the field could be an entirely different story. It feels like the market is wound fairly tight at the moment, so a couple of headlines regarding ethanol could theoretically create a significant splash in the market. Longer-term I don't really think it makes a major difference, but nearby

interpretation along with a large amount of money currently blowing around looking for a home, makes it a dangerous headline. As a producer I want to use the volatility to my advantage and will be looking to reduce a bit more risk on the next leg higher.

# Brazil's Top 5 Corn Producing States

## 2016/17 est.

Total Brazil Corn Production  
**87.408** million metric tons



Source: CONAB Historical Series data, updated February 28, 2017

**Soybean** bulls continue to talk about the “what if’s” surrounding possible changes to biodiesel tax-credits. Most sources inside the trade seem to believe the biodiesel space is in-line for some bullish headlines and support from Washington. The bears however argue it’s probably an opportunity to “sell-the-rumor and buy-the-fact,” as it’s very rare to ever see bean oil play the lead in a longer-term bullish marching band. The bulls are also talking about a few logistical hiccups in parts of Brazil and perhaps a small section of Argentina. The problem is the majority of the trade continues to see a record crop in Brazil and it ultimately being larger than what the USDA is currently estimating. Throw on top the fact U.S. producers are projected to plant a record number of soybean acres in the weeks ahead, and the bears argue the upside is extremely limited. From a technical perspective, it feels like the old-crop MAY17 contract will need to test the previous highs up between \$10.85 and \$10.90 before many of the bears start to consider or change their longer-term mindset. As for new-crop prices, I suspect we will need to see the NOV17 contract push north of \$10.40 and test the \$10.50 area before the bears start to reconsider. As a producer I continue to remain patient, but will be taking a much closer look if we test the upside technical hurdles mentioned above. As a spec I continue to respect the upside potential of this market and see no reason in trying to pick a nearby top. I still believe there’s some upside...but closely monitoring the overall direction of the U.S. dollar and big-money mood and mindset surrounding the “re-flation trade”.

**Wheat** traders continue to search for fresh new headlines. I still believe we are in somewhat of a vacuum or void as the market begins to transition to U.S. weather. Bulls are not only pointing to fewer U.S. acres, but also a crop that is in worse condition than last year. There’s also some uncertainty and question surrounding “weather” in the weeks ahead, particularly the abnormal heat that is now being forecast for several key production areas in the Plains and portions of the Midwest. Keep in mind there are also several areas that are running dry and in need of moisture, which very little looks to be in the nearby forecast. I suspect a bull could also argue with all the weather abnormality the potential of a more wide-spread and damaging late-freeze is also escalated. Globally the bears seem to remain in control as the crops in Argentina, Australia and India look to be record setting and well above last year. There’s also large supplies still available and circulating from Russia, Romania, Ukraine and France. As both a producer and a spec I’m staying bullish longer-term, but understanding we may be in a transition period where a lack of headlines pressure price and causes a back-and-fill type trade action. It’s just thought to keep the bulls fed this time of year without a strong demand story or a global weather hiccup.



**> Ethanol Production Week Ending February 24:** *Weekly ethanol production for the week averaged 1.034 million barrels per day, unchanged from last week and up +4.76% compared to last year. Stocks rose to 23.091 million barrels, up +1.86% from last week and up +2.06% from last year. Total corn usage is estimated at 108.57 million bushels.*

**> Oil World Forecasts Record Brazilian Soybean Crop:** *Brazil's soybean crop in early 2017 is likely to reach a record 105 million metric tons compared to 95.4 million metric tons last year, helping to boost Brazilian soybean exports, oilseeds analysts Oil World forecast on Tuesday. "Under the lead of Brazil, South American soybean exports are now increasing sharply," Oil World said. "Brazilian exports will be up steeply from last year in February and for February/August 2017 we expect record Brazilian exports of 52.3 million tonnes, 4.5 million tonnes more than last year." (Source: Reuters)*

**> U.S. HFCS, Corn Sectors Bank On Strong Logistic Ties To Mexico:** *Strong logistical links between the US and Mexico should provide some insulation to ensure flows of high fructose corn syrup and corn feed between the two countries despite a deterioration in political relations, Cassandra Kuball of the Corn Refiners Association told delegates Tuesday during a sweeteners conference. Having a premium market to the south of the US is a great asset, Kuball said at the International Sweetener Colloquium, since HFCS is not easy to ship, but she added that the U.S. could lose some market share. The U.S. imports around 1 million metric tons of sugar from Mexico and, in return, around 1 million mt of HFCS goes in the opposite direction. Much of that flow is governed by the North American Free Trade Agreement, which emerged as a key target for U.S. President Trump during his election campaign. Since the election and inauguration, relations between the US and Mexico have been strained and there is some uncertainty around how the new administration will approach the NAFTA agreement. HFCS exports from the US topped over 1.1 million mt in 2015-2016, according to data from the US Census Bureau, with around 85% of that volume going to Mexico. (Source: Platts)*

**> India Weighs Reinstating Wheat Import Tax:** *India could impose a 25 percent import tax on wheat by the middle of March, two government sources said on Wednesday, reinstating the tariff after a gap of nearly three months in response to recent large purchases from overseas. India, the world's second-biggest wheat producer, lowered the import tax on the grain to 10 percent from 25 percent in September 2016 and scrapped the duty on Dec. 8 last year. The decision encouraged imports from private traders who have sealed deals to buy more than 5 million metric tons of wheat since mid-2016 to meet a supply shortfall left by two years of drought. Higher imports and expectations of a bumper crop has now prompted the government to consider reinstating the 25 percent tax, two sources directly involved in the decision-making process told Reuters. Indian farmers will harvest the new-season crop from this month and Prime Minister Narendra Modi's government wants to curb imports to avoid a crash in local prices, fearing a backlash from millions of poorer citizens. (Source: Reuters)*

**> Japan Feedmakers Tap Into Emergency Stockpiles:** *Japan, the world's top corn importer, has tapped at least 330,000 metric tons of corn from emergency stockpiles after inventories fell to critically low levels due to a delay in shipments from the United States. An official at the Ministry of Agriculture, Forestry and Fisheries said on Wednesday*



it had received and approved applications from 11 feedmakers by the end of February for the use of 340,000 metric tons of grains - including a small volume of wheat - from the 850,000 (approximately 1 month of demand) held in emergency stockpiles. Blizzards, avalanches and heavy rain in the northwestern United States early this year have hurt the transportation of corn, soy and wheat to ports, causing lengthy delays to grain loadings in Japan's main corn supplier. Most of the feedmakers who tapped the stockpiles plan to refill inventories by around March 20. Others expect to do so by early April. Amid the shortages, Japanese trading houses are scrambling to find immediate supplies from other countries, including China, which sold Japan a small cargo last month. (Source: Reuters)

**> Farm Credit Official Reassures Lawmakers:** Even though loan delinquencies and other signs of repayment problems are expected to increase this year among farmers and ranchers, the Farm Credit System will be able to weather the downturn in the agricultural economy. That was the message that Dallas Tonsager, CEO and board chairman of the Farm Credit Administration, which oversees the banks in the system, gave to members of the House Appropriations agriculture subcommittee on Tuesday. It was the first time since 1998 that an official from the agency testified before the panel. Chairman Robert Aderholt (R-Ala.), Kevin Yoder (R-Kan.), David Young (R-Iowa) and other lawmakers sought assurances that the farm economy isn't headed for financial disaster, similar to the crisis in the 1980s that put tens of thousands of farmers out of business. Aderholt highlighted that in the last three years, net farm income has dropped nearly 50 percent, debt has increased, farmland values have fallen slightly and one in 10 farms is now highly leveraged. Young, beginning farmers who tend to lack working capital and valuable assets like land are the biggest concern, Tonsager said. But, overall, lenders in the Farm Credit System, which has a \$242 billion portfolio, expect delinquency rates to remain relatively low. There also are a lot more checks in place to ensure the 1980s crisis isn't repeated. For example, the FCA was restructured as an independent regulator with enforcement powers and Congress also established an insurance corporation to back bonds and protect investors. (Source: Politico)

**> Cargill Shuts Down Illinois Grain Elevator Due To Storm Damage:** Cargill Inc shut down its grain elevator in Ottawa, Illinois, after it was damaged by severe storms on Tuesday, a company spokeswoman said yesterday. "We have teams assessing the facility right now to determine the extent of the damage. Fortunately, no employees were injured and are all accounted for and safe," spokeswoman Antonella Bellman said in an email, adding that the elevator will remain closed until it is determined safe to operate. The elevator, located on the banks of the Illinois River, has a capacity to store at least 1.452 million bushels of grain and soybeans, according to grain industry data. (Source: Reuters)

**> BlackRock Cuts Employee Bonuses for First Time Since 2011:** BlackRock Inc., the world's largest money manager, reduced annual employee bonuses by an average of 2 percent to 4 percent for last year, the first such cut since 2011, a person with knowledge of the matter tells Bloomberg. The asset-management business is under increasing pressure as money flows from active strategies into cheaper passive offerings. In 2016, BlackRock saw its first decline in annual revenue since 2009 as performance fees fell by more than half, according to Bloomberg Intelligence. Bonuses across the industry were expected to be down 5 percent to 10 percent at traditional firms and as much as 15 percent at hedge funds because of the profit squeeze, according to a December report from

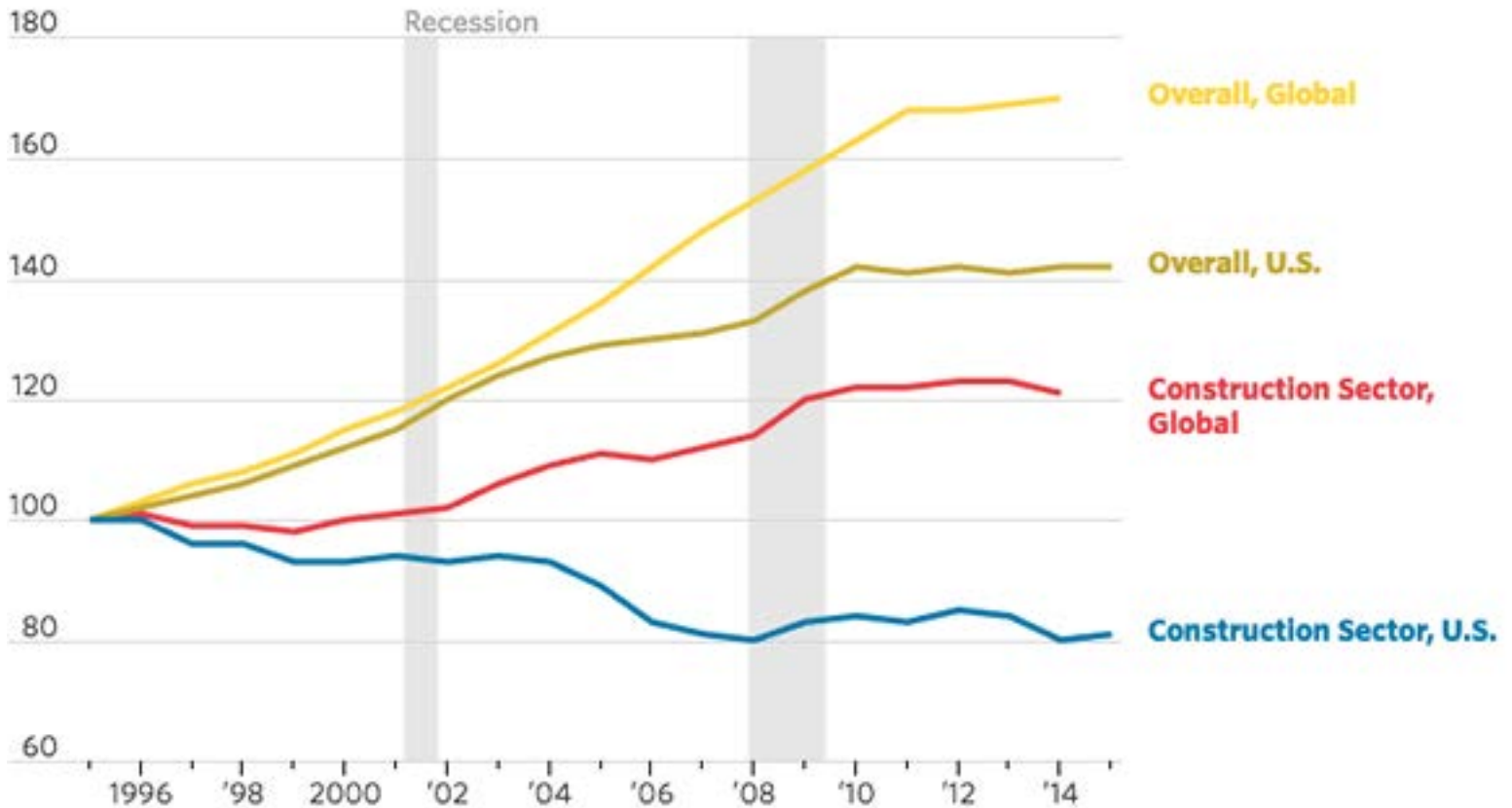
Greenwich Associates and Johnson Associates. (Source: Bloomberg)

**> Auction For Obamas' Book Deal Tops \$60 Million:** Penguin Random House will publish forthcoming books by former President Barack Obama and Michelle Obama, the former first lady, the publisher announced on Tuesday night, concluding a heated auction among multiple publishers. Details of the deal were not released, but according to people with knowledge of the sales process, the bidding had reached more than \$60 million, a record sum for U.S. presidential memoirs. Penguin Random House acquired world rights to the books, and worldwide sales could be substantial. The publisher plans to donate one million books in the Obama family's name to First Book, a Penguin Random House non-profit partner, and the Washington-based partner for the 2016 White House digital education initiative, Open eBooks. The Obamas also plan to donate a portion of their advances to charity, including the Obama Foundation. (Source: Financial Times, NY Times)

**> U.S. Construction Productivity Growth Is Particularly Weak:** The American construction sector is less productive now than it was in 1995, according to study released by the McKinsey Global Institute looking at productivity trends in the sector worldwide. Since 1995, overall productivity—defined as the output per hour of labor—has grown at a compound annual rate of 1.76%. The construction sector, by contrast, has seen its productivity decline at a 1.04% rate, the firm found. McKinsey defines the construction sector broadly, including firms as diverse as global infrastructure giants and neighborhood house-painters. The results are particularly relevant now that the Trump administration is working on a new infrastructure proposal, designed to invest billions in highway and bridge construction. If productivity remains low, taxpayers could get relatively little bang for their bucks. This is not just a U.S. phenomenon. Globally, labor productivity growth in construction has averaged 1% a year for the past two decades, as opposed to 2.8% for the overall world economy, according to the report. There are a number of reasons for this, the report finds. The sector's fragmentation makes it hard to adopt industrywide standards. Much of the construction industry relies on volatile government contracting, which makes it difficult for firms to plan very far ahead. Regulatory requirements can also reduce incentives to invest in productivity-boosting improvements. And much of the construction sector relies on low-skilled workers—including undocumented immigrants—who tend to be lower-paid and less productive than their skilled counterparts. (Source: The Wall Street Journal)

## Weak Foundation

Change in labor productivity in the construction sector and overall for the U.S. and the world (1995=100)



Source: McKinsey Global Institute

THE WALL STREET JOURNAL



**Southwest Illinois** - *The discussions seem to be more frequent around here about non-GMO vs GMO soybeans. We planted about 300 acres of them last year. They yielded right up there with the GMO's. Didn't have any more weed problem than any roundup beans. Sprayed some with fungicide, should have sprayed every acre. About a 10 bushel yield bump, but that was last year, this year could be different. Ended up finding a market for them, so now there will be a premium attached to them along with a little bit of seed savings, but not a lot.*

**Northwest Iowa** - *My father used to say to figure, on average, out of every 5 years of farming, expect 2 excellent years, 2 average years, and 1 poor year. I started fooling around with the corn yields over the 29 years which I have farmed. I decided to call 160 and greater excellent yields, 120-159 average, and 80-119 poor. Then*

split it into first half and second half of 29 years of farming, give or take a year. First half: 1988-2001: 4 excellent, 5 average, and 5 poor years. Second half: 2002-2016: 11 excellent, 4 average, and 0 poor years. Another interesting thing showed up: that the time period 1991-2001 was quite variable at our place. 4 years were excellent, and 5 years were bad. My 5 bad years, and their causes, were: 1993-that cool, cloudy summer due to the volcano somewhere. 1995 and 1997 due to greensnap episodes. 2000- a very localized drought, and 2001-drought and western bean cutworm disaster. So how much of this good luck run since 2002 has been due to GMO corn hybrids, which have taken care of corn borers and western bean cutworms and what else? More drought tolerance? Eliminated row crop cultivation blight? Spraying with fungicides? So the take home message for me from all this, is that I have been very, very blessed and very, very lucky the last 15 years, and that statistically, I am long over due for "The Big One" to hit.

**Western Tennessee** - We are right up close to the Mississippi river farming corn, beans and wheat. We will have a few more acres of corn this year just because of our normal rotation. If we can make 160bpa corn with very few water holes we will be happy. The beans can make us money if they are pushing the mid 50bpa yields and that all depends on the late August rains. The wheat was a good crop this year but we just haven't sold enough. We will normally get started planting by the 25th of March but a lot of years that turns in to the first of April. It all depends on the weather, both moisture and temps. We are not adding anything production wise in the technology side of things because it always seems to be another cost that adds up in the end and I don't know what I get for it.



**Crop Insurance Decisions for 2017:** From [Bruce Sherrick and Gary Schnitkey, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign](#) - The price discovery period used to determine projected prices and volatility factors for federally sponsored corn and soybean crop insurance products for 2017 is nearly completed. For the majority of the Cornbelt, the approved Projected Price (PP) for corn is expected to be about \$3.96 and the volatility factor is likely to be .19. For soybeans, the Projected Price is expected to be \$10.19 with a volatility factor of .16. For comparison, the 2016 prices and (volatility factors) were \$3.86 (.17) and \$8.85 (.12) for corn and soybeans respectively. The Projected Prices are used to determine a guarantee revenue based on futures prices, and do not reflect local basis. The Projected Price for corn is determined by averaging the closing December futures price during the trading days of February, and for soybeans by averaging the November Futures closing prices during February. The volatility factors are determined by an average of the most recent five trading days' implied volatility estimates, scaled for the interval of time from now until the middle of October -- the month during which average prices are used to determine Harvest Prices. For both corn and soybeans, the projected prices are higher than in 2016 reversing a multi-year

trend of declining coverage. The volatility factor summarizes the market's estimates of the likelihood for price movements of various magnitudes, and has corresponding impacts on premiums paid for Revenue and Harvest Price related products. All else equal, higher volatilities and higher projected prices will result in increases in premiums in 2017 compared to 2016, though other ratings changes often outweigh the direct effects.

**How Snap's IPO Could Damage Capitalism As We Know It:** *Snap Inc., the parent company of the ephemeral photo app Snapchat, is finally allowing the public to own a piece of its business. However, these new investors will have no voting rights and thus effectively have no say in how Snap runs its business. Anne Simpson, an Investment Director and corporate governance expert at the pension fund giant CALpers, recently told Yahoo Finance that such a voting rights scheme amounts to "banana republic governance" for Snap. "It's very odd for a forward-looking sector like tech to have a very backward looking view of their finances," Simpson said. "This really flies in the face of what markets are all about. You'll have a Soviet style economy nestled within the most innovative sector in the world."* Read more from [Yahoo Finance](#).

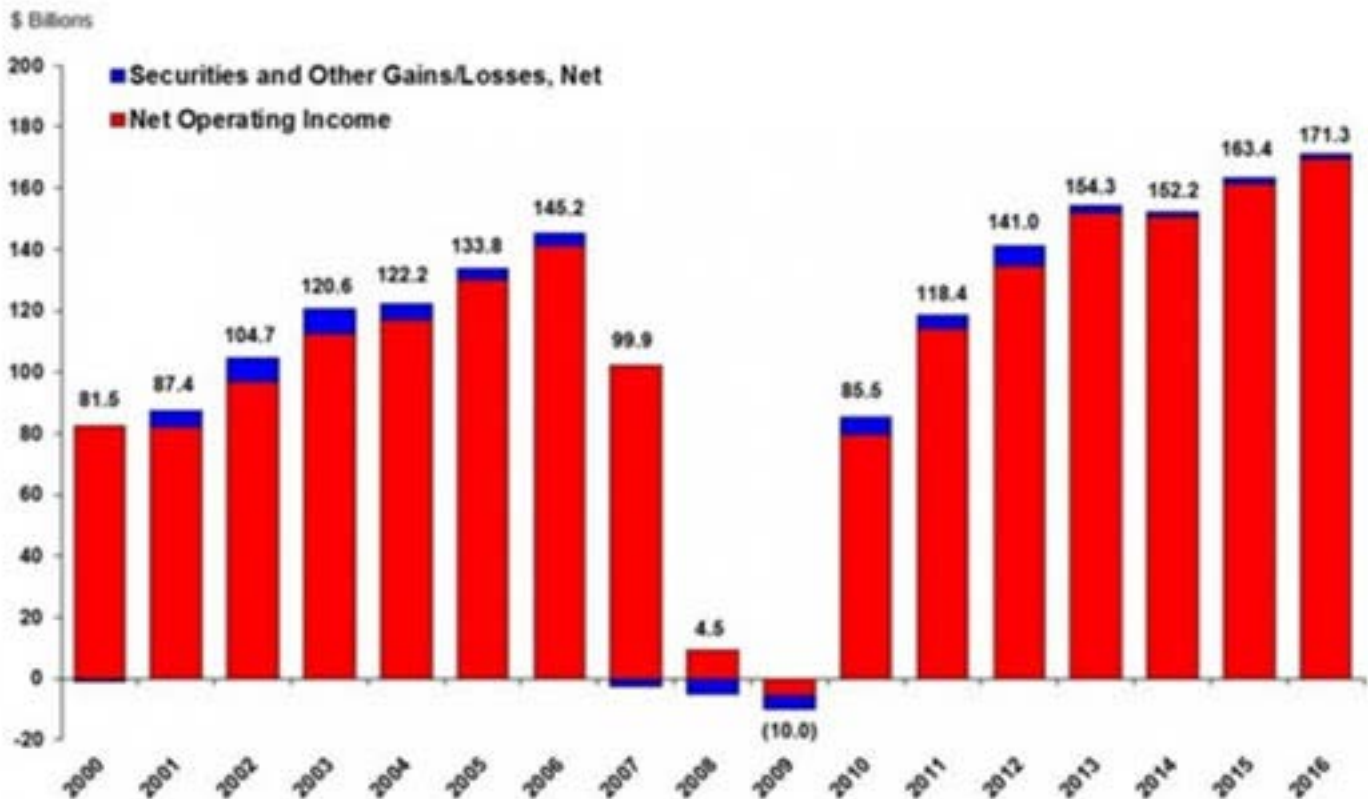
**99-Year-Old Woman Gets Arrested As Part Of Her Bucket List:** *A 99-year-old woman in the Netherlands decided she didn't want to die without ever going to jail. So her niece got her arrested as a present. The woman, only identified as "Annie," told her niece that getting jailed and booked was something she has always wanted to do, but hadn't. So her obliging niece called up the police in Nijmegen-Zuid, a city near the German border, and explained her aunt's unusual request. The police were happy to oblige, and drove to Annie's home last week, where they picked her up, put her in a police car and drove her straight to the pokey, according to TheLadBible.com. Annie was only behind bars for a few minutes, but seemed to enjoy the experience, based on police photos posted on Facebook. Read her great story [HERE](#).*

**Why This Tech Company Hires People With No Experience:** *Having years of experience sounds like a resume booster that could put you ahead of others when you're looking for a job, but the tech platform JumpCrew intentionally recruits people without a sales background to sell its social media marketing services. Launched in 2016, cofounder David Pachter says his company's initial inclination was to recruit people with as much experience as possible. "We couldn't afford to hire many of them, so we decided to get as many experienced people as we could and then blend them with folks who were talented enough to pick it up," he says. Surprisingly, the employees who had no experience were outperforming those who had 10 to 15 years of sales experience, says Pachter. "It became a fascination, and we changed our hiring focus to people without experience," he says. "Then we doubled down on the idea, and doubled our investment in training and development." Read more from [Fast Company](#).*

**Banks Profits Are Creeping Higher:** *The banking industry has cheered President Trump's promise to roll back regulations put in place after the financial crisis to rein in Wall Street. But the industry's record-setting profits complicate the arguments for rolling back those rules, which banking analysts have said could boost their profits even more. The country's nearly 6,000 banks — from large players like Bank of America to small community banks — pulled in more than \$171 billion in profits last year, according to the Federal Deposit Insurance Corp. That is up nearly 5 percent from 2015 and even surpasses*

the levels reached before the financial crisis when banks were profiting from a hot housing market. The industry is achieving those profits despite having to comply with hundreds of new regulations called for under 2010's financial reform law, known as Dodd Frank. Profits have also been hampered by the Federal Reserve keeping key interest rates low, which has made it more difficult for banks to make a profit on loans, industry analysts say. "Hard data on bank earnings and lending should lay to rest any notion that financial regulations are holding back the American economy, or getting in the way of American banks making money," Marcus Stanley, policy director at Americans for Financial Reform, said in a statement. Read more [HERE](#).

## Annual Net Income, 2000 - 2016



### Senate and House Farm Bill 2018 Hearings Underway

U.S. Senator Pat Roberts was in Kansas last week for the Senate Agriculture Committee's first field hearing on the 2018 Farm Bill. Roberts, who is currently chairman of the committee, has worked on crafting seven farm bills during his time in office. Speaking a day before the conference, Roberts told constituents in Wichita before the conference, "We are ... trying to prevent what could be a farm crisis on our hands." The 2014 Farm Bill was written

when commodity prices were high. They are now at a 60-year low, farm credit is tightening and the trade outlook is uncertain, particularly due to some of the positions taken by the Trump Administration, Roberts said. "I've been talking to some people that are at the White House dealing with trade and they are all wrapped up around ideology," he said, noting the administration has trade policy requirements that it wants to include in every deal, such as forcing other countries to adhere to U.S. environmental and labor laws. "That is just not going to happen," Roberts said. Another contentious issue is a proposed tax on imports, known as a "border adjustment," that has the support of House Republican leaders. Mexico has said it wants to negotiate free trade agreements with Brazil and Argentina, a prospect that Roberts contends is causing "angst" throughout the agricultural industry in this country. He worries that U.S. farmers will lose market share, jobs and the ability to export their products with the proposal. At the House Agriculture Committee's first hearing on the matter last week, a host of influential industry insiders testified. Economists from U.S. Department of Agriculture, the Federal Reserve Bank of Kansas City, Texas A&M University and the University of Missouri told the House Agriculture Committee that "farm finances look to dip in 2017 for the



fourth consecutive year." DTN's Chris Clayton reported that House Agriculture Committee leaders opened Wednesday's hearing by pointing out that the farm economy has slipped since the last farm bill was drafted. The 2014 Farm Bill also so far is projected to cost \$100 billion less than initially scored, mainly due to fewer people enrolled in nutrition programs. House Chairman Mike Conaway, R-Texas, told Clayton that the cost savings should push lawmakers to go beyond the target budget and start looking at the needs of rural America. "Because we were asked during the last Farm Bill -- when times were good -- to cut twice before measuring once, in the upcoming Farm Bill debate we will measure our requirements first and then determine what kind of a budget we will need to meet these needs," Conaway told Clayton. Joe Outlaw, an economist at the Agricultural and Food Policy Center at Texas A&M, noted that farm income has fallen -\$23.7 billion since the last Farm Bill was passed while commodity program payments have been \$13.2 billion, or a little more than half of the loss in crop receipts. "Thus, in no way are commodity payments making the farmer whole," he said. (Source: St. Louis Today, [DTN](#))

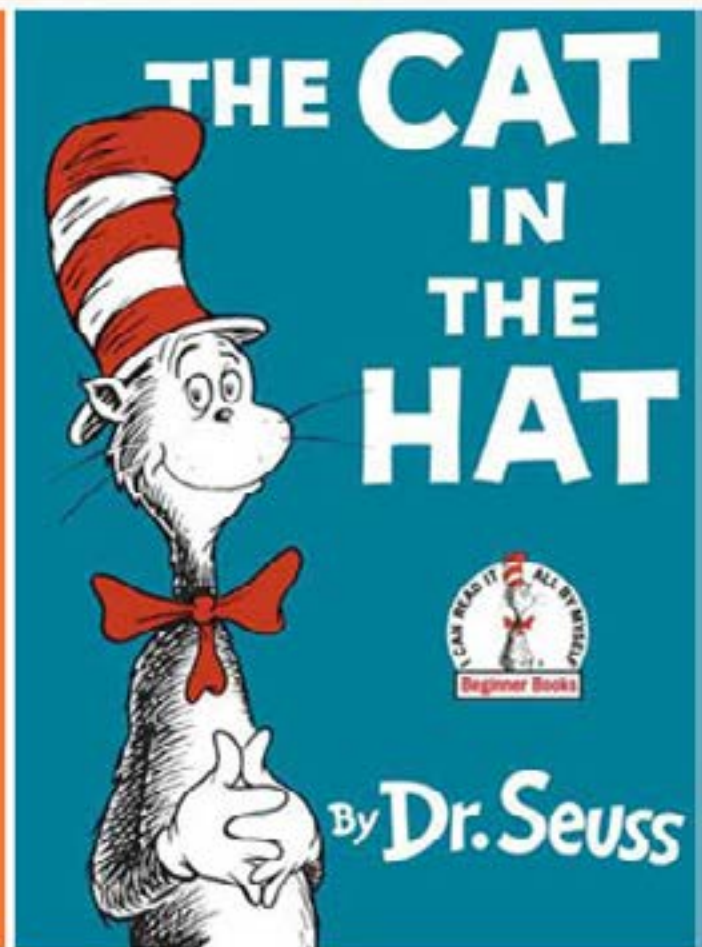
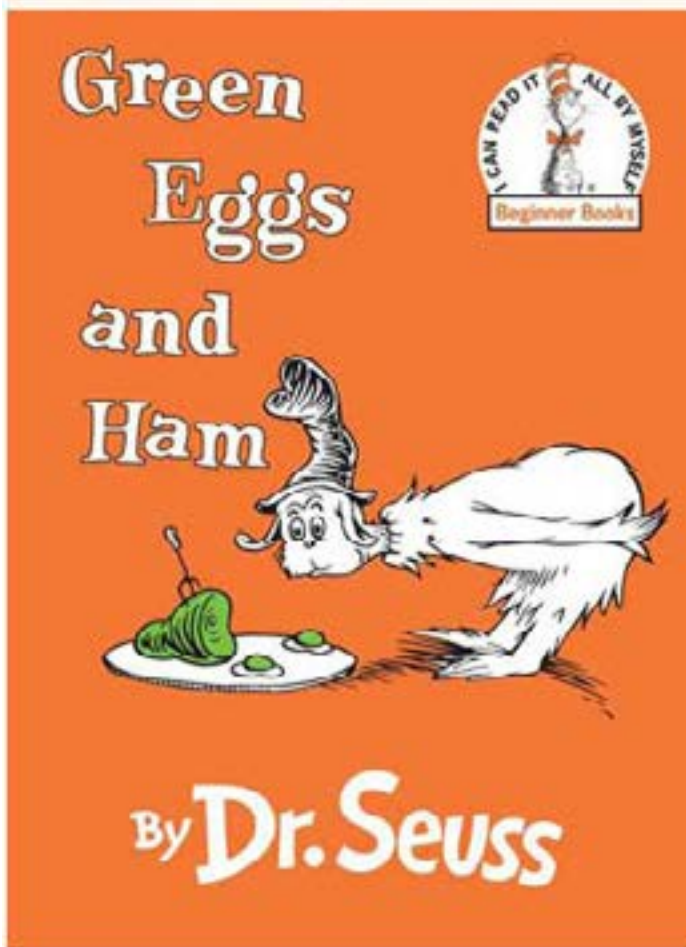
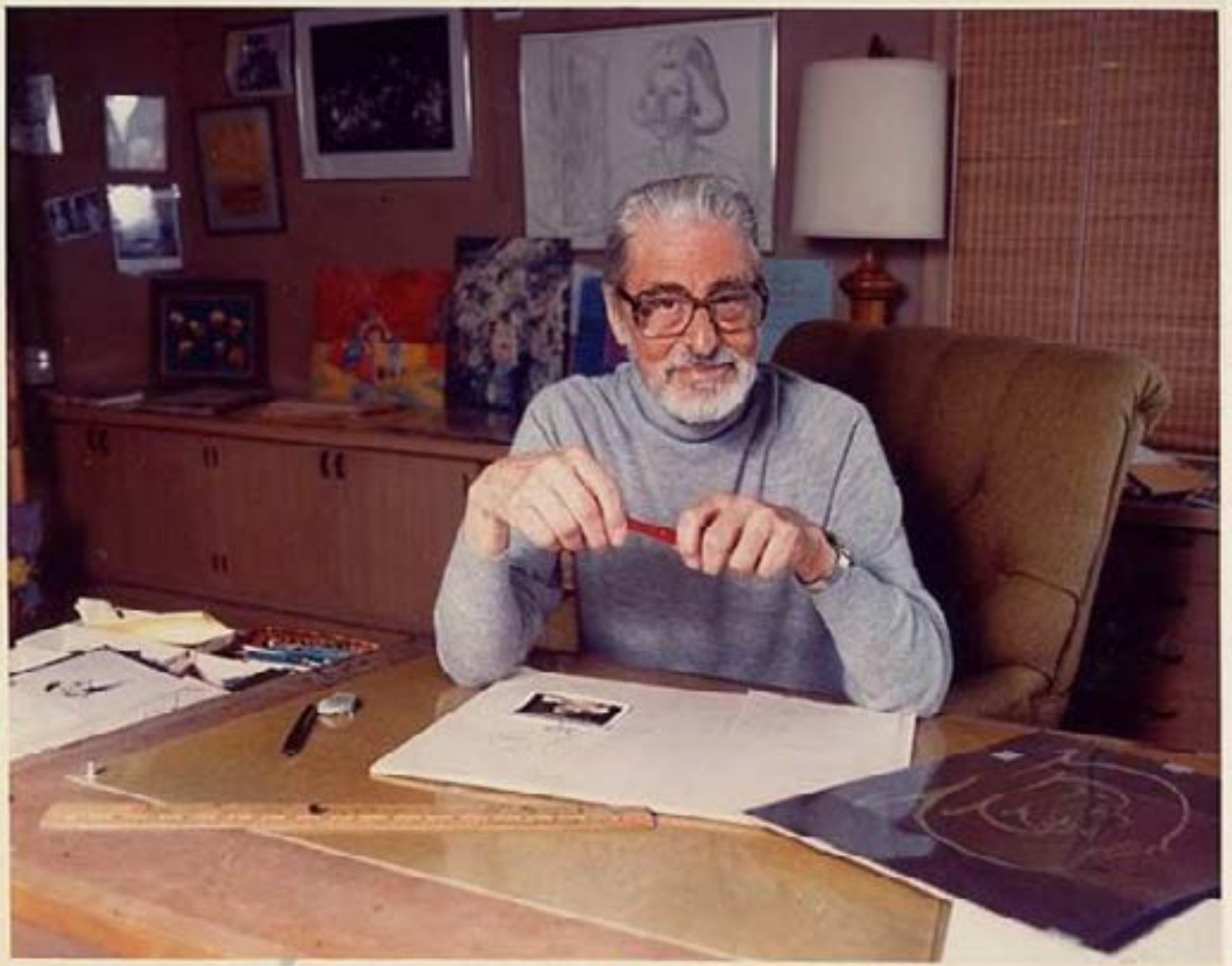
### **Happy Birthday to Dr. Seuss!**

Dr. Seuss is best known as a beloved children's book author and illustrator. Over his career, he published over 60 books, including the timeless classics 'The Cat in the Hat', 'Green Eggs and Ham' and 'How the Grinch Stole Christmas'. Theodore Seuss Geisel was born on March 2, 1904, in Springfield, Massachusetts, into a family of master brewers. His father also volunteered for the Springfield Parks Board, which granted them behind-the-scenes

access to the city's zoo. The zoo and its animals served as an huge influence on his favorite past time - drawing. His parents both encouraged his artistic endeavors. His father even brought home horns, beaks and various other parts from animals that had passed away, which Ted used to create quite a large collection of bizarre taxidermy sculptures. He left for Dartmouth College when he was 18 and snagged a job editing the school's humor magazine, Jack-O-Lantern. However, it was a short lived gig, as he lost it when him and his friends were caught drinking in their dorm room, violating Prohibition law. It was somewhat fortuitous though as in order to continue contributing to the magazine, they published his cartoons under the name 'Seuss'. He attended Oxford after graduating from Dartmouth with the intention of becoming a professor. In the interim, he submitted his work to various magazines and advertising agencies. His first professional sale was to The Saturday Evening Post, which prompted him to pack his bags and move to New York where he ended up spending several years in advertising. His first book, 'And to Think That I Saw It on Mulberry Street', was finally published in 1937 after being rejected no less than 27 times! It was with that book that Ted coined the pen name of Dr. Seuss and he went on to publish four more children's books before the U.S. entered World War II. When the war erupted, his work became increasingly politically and socially charged, and he found an eager audience among some of the days most popular periodicals. In 1942, too old for the World War II draft, Ted served with Frank Capra's Signal Corps, making animated training films and drawing propaganda posters for the Treasury Department and the War Production Board. Needless to say, his career as a children's book writer was put on hold. After the war, Ted and his wife moved to La Jolla, California where he returned to writing children's books, including such favorites as If I Ran the Zoo, Gerald McBoing Boing and Horton Hears a Who. His mainstream breakthrough came from a project he did for William Ellsworth Spaulding, however, who was at the time the director of the education division at Houghton Mifflin. In May 1954, Life magazine published a report on illiteracy among school children which concluded that children were not learning to read because their books were boring. The article prompted Spaulding to recruit Ted to write a book using the 250 words he felt were most important for first-graders to recognize. Incorporating 236 of Spaulding's words, Ted produced The Cat in the Hat. It retained the drawing style, verse rhythms, and all the imaginative power of Geisel's earlier works but, because of its simplified vocabulary, it could be read by beginning readers. His zany characters, fantastical places and magical use of words have endeared him to children the world over for generations now. When explaining the "logical insanity" of his work, Ted said in an interview, "If I start with a two-headed animal, I must never waiver from that concept. There must be two hats in the closet, two toothbrushes in the bathroom, and two sets of spectacles on the night table. Dr. Seuss went on to win two Academy awards, two Emmy awards, a Peabody award, the Laura Ingalls Wilder Medal, and the Pulitzer Prize. He also has a star on the Hollywood Hall of Fame. Ted Geisel died of oral cancer at his La Jolla, California home in 1991. He had no children, saying "You have 'em; I'll entertain 'em."



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## **Sports Record That Might Never Be Broken...**

Wilt Chamberlain, while playing for the NBA's Philadelphia Warriors, scored 100 points against the New York Knicks on this day back in 1962 (55 years ago). Interestingly in this particular contest, "Wilt the Stilt" sank 36 field goals and 28 foul shots, both league records. It was the first and last time any professional basketball player scored 100 points in an official NBA game. Many sports enthusiasts argue this is a record that may never be broken as "Wilt" simply dominated the game. Other NBA players who've come the closest to scoring 100 are... Kobe Bryant in 2006 when he scored 81 points against the Toronto Raptors; David Thompson scored 73 points in 1978; Elgin Baylor scored 71 points in 1960; David Robinson scored 71 points in 1994; Michael Jordan scored 69 points in 1990; Pistol Pete Maravich scored 68 in 1977; Rick Berry had 64 points in 1974. Below are few facts you might find interesting: (Source: History.com; Wiki)

**Size Matters:** *Wilt measured 6 feet tall at the age of 10 years old. He was 6 feet 11 inches when he entered Philadelphia's Overbrook High School and eventually grew to a full 7 feet 1 inches tall. He weighed 250 pounds as a rookie before bulking up to 275 and eventually to over 300 pounds with the Lakers.*

**Great Athlete:** *In addition to basketball, he competed in the high jump and long jump in college and also played volleyball, helping to launch a professional league in which he competed after his basketball career ended. In his early years Chamberlain was not interested in basketball. Instead, he was an avid track and field athlete: as a youth, he high jumped 6 feet, 6 inches, ran the 440 yards in 49.0 seconds and the 880 yards in 1:58.3, put the shot 53 feet, 4 inches, and broad jumped 22 feet.*

**College at KU:** *On December 3, 1956, Chamberlain made his varsity debut at Kansas University. In his first varsity game the center scored 52 points and grabbed 31 rebounds, breaking both all-time Kansas records. He ran the 100-yard dash in 10.9 seconds, shot-putted 56 feet, triple jumped more than 50 feet, and won the high jump in the Big Eight track and field championships three straight years.*

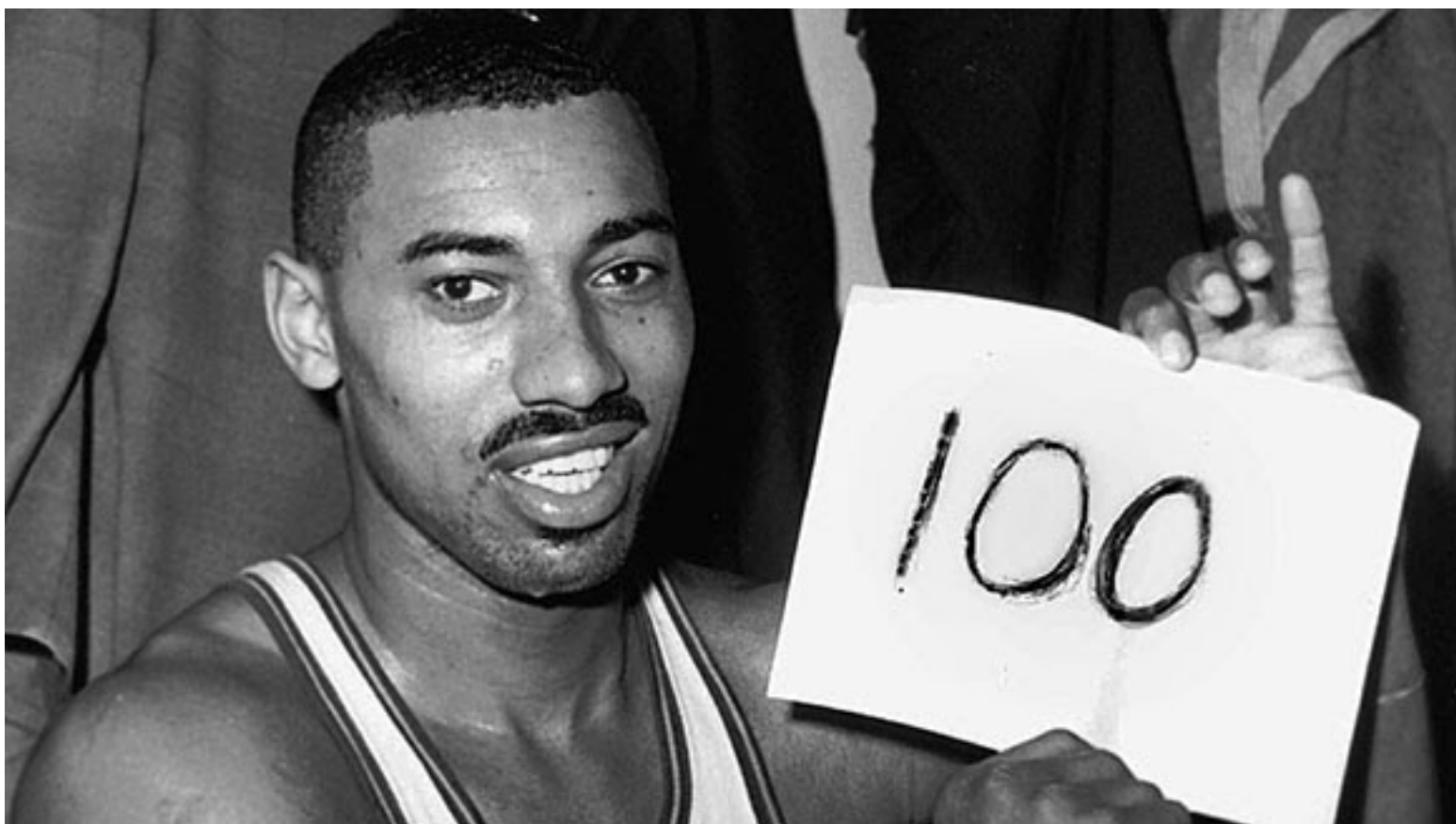
**A "Gap Year" With The Globetrotters:** *Chamberlain left Kansas University after his junior year. At the time, the NBA prohibited the signing of college-aged players, so Chamberlain spent a year playing with the Harlem Globetrotters, where he was paid \$50,000, before signing with the Warriors in 1959.*

**Amazing NBA Career:** *He came into the NBA in 1959 as the most dominant offensive force the league had ever seen. He was named Rookie of the Year and Most Valuable Player for the 1959-60 season, his first of four MVP awards. During the 1961-62 season—Chamberlain's most dominant offensively—he averaged 50.4 points per game (breaking his own record of 38.4 points per game from 1960-61) and 25.7 rebounds per game. He later led the Philadelphia 76ers and Los Angeles Lakers to NBA championships in 1967 and 1972 respectively. Chamberlain retired from the NBA after the 1972-73 season. He was inducted into the Basketball Hall of Fame in 1978 and still holds a number of NBA records, including most points per game for a season (50.1), most rebounds per game for a season (27.2) and most rebounds in a career, with 23,924. Keep in mind, Chamberlain is the only player in NBA history to average at least 30 points and 20 rebounds per game in a season, a feat he accomplished seven times.*

*He is also the only player to average at least 30 points and 20 rebounds per game over the entire course of his NBA career.*

**Politics:** *Chamberlain denounced the Black Panthers and other black nationalist movements in the late 1960s, and supported Republican Richard Nixon in the 1968 and 1972 presidential elections. Chamberlain accompanied Nixon to the funeral of Dr. Martin Luther King Jr. He considered himself a Republican.*

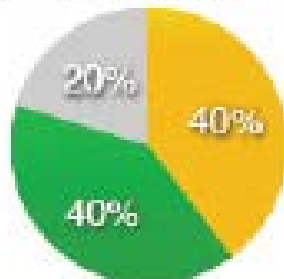
**I Think He Liked To Party:** *Chamberlain gained notoriety later in life by claiming in his autobiography, "A View From Above" published in 1991, that he had slept with 20,000 women in his lifetime as a bachelor. On October 12, 1999, he died of a heart attack at his home in Los Angeles. He was 63 just years old.*



# CASH SALES & HEDGING TOTALS

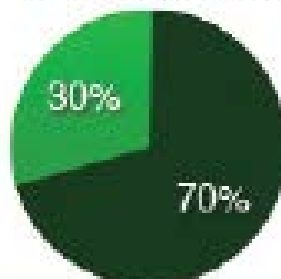
## CORN 2016 CROP

40% SOLD  
40% HEDGED  
20% Cash Remaining



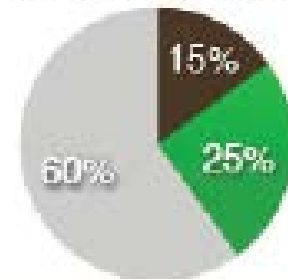
## SOYBEANS 2016 CROP

70% SOLD  
30% HEDGED  
0% Cash Remaining



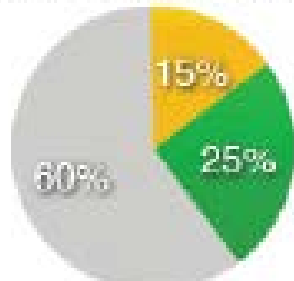
## WHEAT 2016 CROP

15% SOLD  
25% HEDGED  
60% Cash Remaining



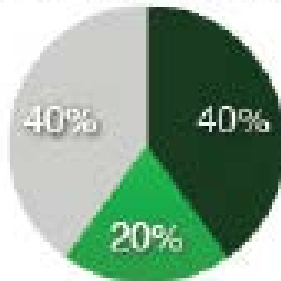
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15% SOLD  
25% HEDGED  
60% UNPROTECTED



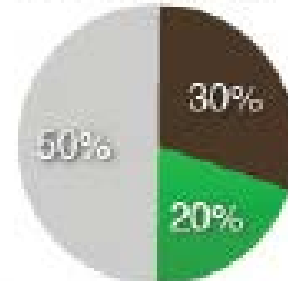
## SOYBEANS 2017 CROP

40% SOLD  
20% HEDGED  
40% UNPROTECTED



## WHEAT 2017 CROP

30% SOLD  
20% HEDGED  
50% UNPROTECTED



## CORN 2018 CROP

0% SOLD  
0% HEDGED  
100% UNPROTECTED



## SOYBEANS 2018 CROP

0% SOLD  
0% HEDGED  
100% UNPROTECTED



## WHEAT 2018 CROP

0% SOLD  
10% HEDGED  
100% UNPROTECTED

