



"There are two times in a man's life when he should not speculate; when he can afford it, and when he can't." - Mark Twain

MONDAY, MARCH 06, 2017

Morning Summary: Stock markets are coming off another week of gains. In fact the S&P 500 chalked up its sixth weekly run to higher ground and is now up over +250% from the lows set back in March of 2009. Not only is there market optimism surrounding newly elected President Trump's economic proposals, but there's also a wave of optimism in regard to global growth. The "energy recession" that has been in play the past two years seems to have stabilized and is now in the rearview mirror. Rail traffic in February is about +4% higher than it was last year. The CRB index has rebounded by over 100%. U.S. mortgage delinquency rates are now at their lowest levels since 2008. The overall employment picture has dramatically improved. We also have China continuing to stimulate their economy and aggressively pushing "social financing". In other words the world's #1 and #2 economies seem to be improving and moving past the recent energy sector meltdown. It looks like the Fed is thinking along the same line, as Fed Chair Janet Yellen on Friday indicated the central bank is on the cusp of lifting rates again, predicting that the pace of tightening is likely to accelerate from the sluggish speed set in 2015 and 2016 as it seeks to prevent the U.S. economy from "overheating". The odds of a rate hike at the Fed's next meeting on March 14-15 have now climbed to nearly 80%, according to the [CME's Fed-Watch Tool](#). Investors today will hear from Minneapolis Fed President Neel Kashkari, which is the last central banker we will hear from until after their highly anticipated meeting next week. Economic data this week is much lighter, with the biggest scheduled event being the release of February's monthly employment numbers on Friday, which are expected to a gain of roughly +175,000 new jobs and an unemployment rate slipping to just 4.7%. As for today, the trade will be digesting the most recent Factory Order data. Other reports due out this week include International Trade and Consumer Credit on Tuesday; the ADP Employment Report and Productivity & Costs on Wednesday; and Import/Export Prices on Thursday. Internationally, China will be updating trade data overnight Tuesday, followed by Consumer and Producer Price Indexes overnight Wednesday. Also keep in mind the European Central Bank's policy meeting is Thursday. E.U. inflation in February hit the ECB's 2% target rate, so there is some growing pressure for them to hike interest rates, but most central bank officials have stated they want to wait and see if rising inflation is a definitive trend or just a one month fluke.

Japan moved to the highest possible alert level after Pyongyang fired four ballistic missiles into nearby waters, three of which landed in the country's exclusive economic zone. *"This clearly shows North Korea has entered a new stage of threat," Prime*

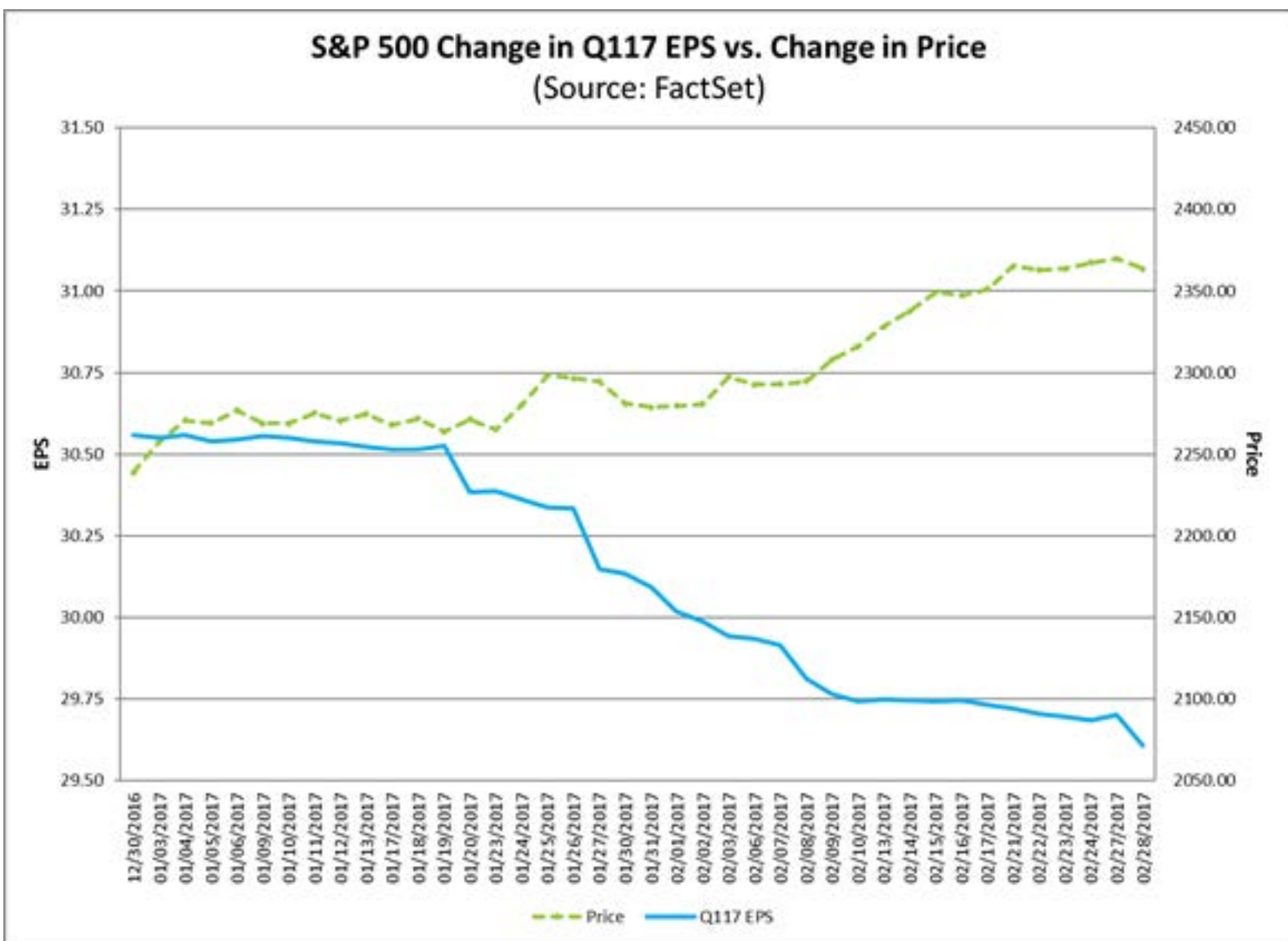
Minister Shinzo Abe declared. The launches come as South Korea and the U.S. conduct their annual military drills and war games. (Source: SeekingAlpha)

Trump's Energy Policy May Be Less Bullish Oil Than First Thought: *President Trump's "America First Energy Plan" was initially perceived by the market to be bullish for energy, and perhaps his policies will be. Less regulation, more drilling and infrastructure plays sound like a plan to revive an industry plagued by lower oil prices the last two years. But the potential issue with the plan, especially at a time when the market is attempting a supply/demand rebalance, is that it could create an environment where supply dominates and oil prices decline. CNBC's exclusive oil survey polled 14 traders, analysts, and hedge fund managers on the administration's impact on oil prices, and about half said Trump is not bullish for oil prices. Pumping more oil without a reciprocal boost in demand is net-net bearish. "The Trump Administration is modestly bearish for prices of crude oil, but demonstrably bullish for domestic crude oil production," said Dennis Gartman, the founder of The Gartman Letter. Domestic crude production is already on the rise, adding roughly half a million barrels a day since late last year to get the U.S. back over 9 million barrels a day, according to the U.S. Energy Information Agency. EIA data also shows that exports of both crude and refined products is rising. The expectation is that exports will continue to increase under President Trump. How exports will impact the market is unclear. A little more than one-third of survey respondents said exporting more U.S. product could lower prices by putting domestic product in competition with global products. A little less than a third said oil prices could rise on increased exports, because global consumption creates demand. The remaining 40 percent said there would be no impact at all. Despite a more bearish view emerging about Trump policies and energy, 60 percent of those polled said oil prices will "rise." (Source: CNBC)*

China Kicks Off One Of It's Most Significant Meetings Of The Year: *China's National People's Congress got underway over the weekend. The annual meeting draws some 3,000 lawmakers and runs one to two weeks. The government has not released an official schedule, but the legislative meeting often provides a window into political tensions behind the scenes: Before the last big reshuffle five years ago, the NPC foreshadowed the downfall of a potential Xi rival who was later jailed for life. The NPC may feature an update on various points of tension too, including plans to lay off half a million workers in smokestack industries and create a super regulator to oversee the securities, banking and insurance sectors. Investors will also watch to see if Premier Li Keqiang signals a tolerance for economic growth of below 6.5 percent for 2017, a move that could jeopardize a party goal to double gross domestic product from 2010 to 2020. Then there's the budget deficit forecast. Many economists foresaw a jump to more than 3 percent in 2017 to increase government spending and bolster the economy. But there are signs, as Bloomberg reported, that authorities will hold the deficit at last year's level of 3 percent. We can also expect plenty of discussion surrounding relations with the U.S. The heads of almost all the big state-owned companies will be there as well, along with billionaire chairmen of private companies. (Source: Bloomberg)*

Below Average Cuts to S&P 500 Earnings Estimates for Q1: *During the first two months of the first quarter, analysts lowered earnings estimates for companies in the S&P 500 for the quarter. The Q1 bottom-up EPS estimate (which is an aggregation of*

the EPS estimates for all the companies in the index) dropped by 3.1% (to \$29.61 from \$30.56) during this period. During the past year (four quarters), the average decline in the bottom-up EPS estimate during the first two months of a quarter has been 3.7%. During the past five years (20 quarters), the average decline in the bottom-up EPS estimate during the first two months of a quarter has been 3.3%. During the past 10 years, (40 quarters), the average decline in the bottom-up EPS estimate during the first two months of a quarter has been 3.9%. Thus, the decline in the bottom-up EPS estimate recorded during the first two months of the first quarter was smaller than the 1-year, 5-year, and 10-year averages. One sector that contributed to the below average decline in the bottom-up EPS estimate for the S&P 500 over the past two months is the Energy sector. This sector recorded a decrease in the bottom-up EPS estimate of 2.4% (to \$3.09 from \$3.17) during the first two months of the quarter. This 2.4% decrease is much smaller than the average decline of 39.0% over the past year and the average decline of 13.6% over the past five years. (Source: FactSet)



Weather is focused on a mainly dry outlook for the Midwest and Plains and variable weather for Brazil's crops. For the week no significant weather is expected to affect transportation or increase stress to livestock. In the eastern Midwest, soil moisture has been

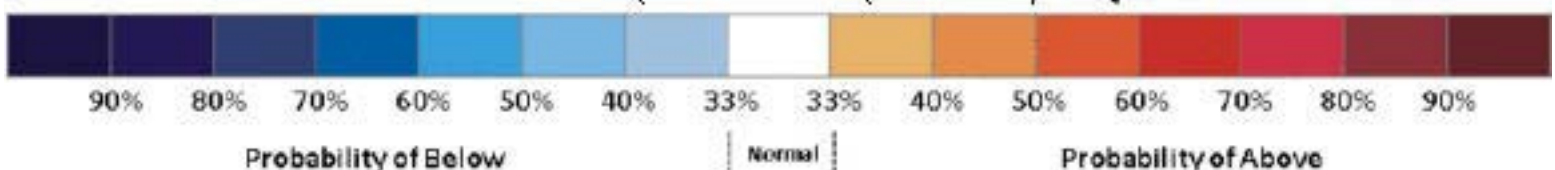
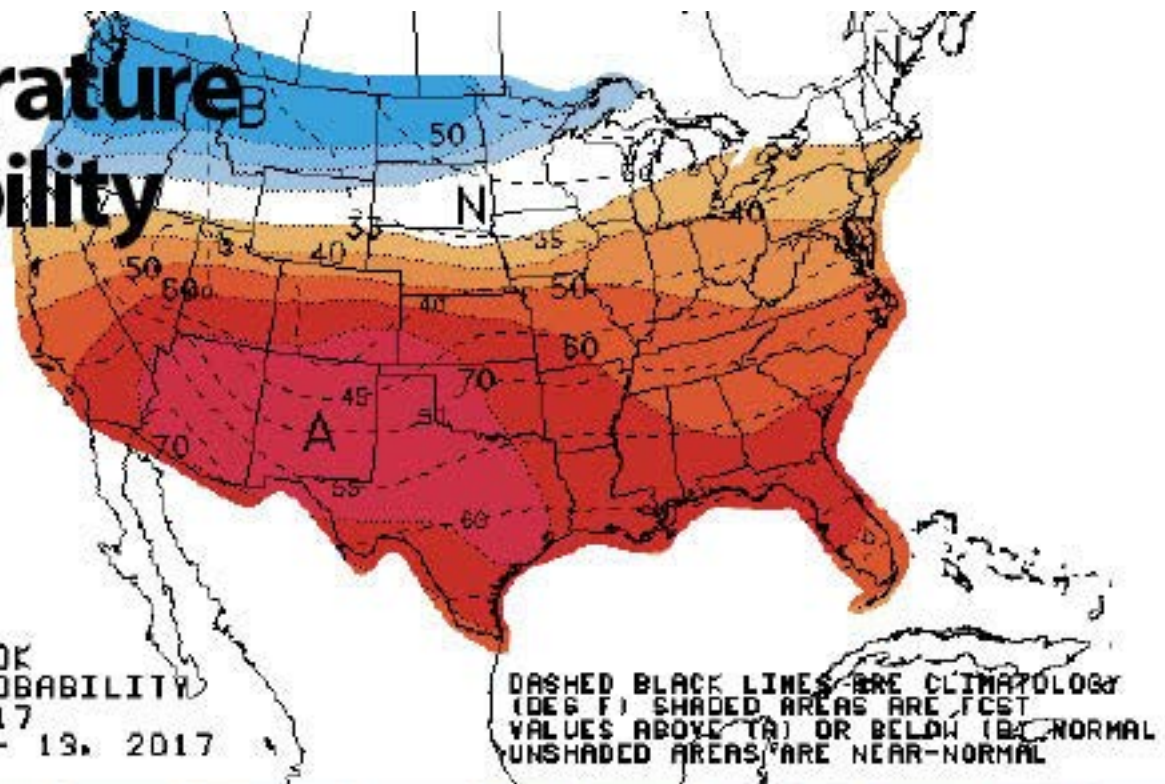
recharged this winter after drought conditions in southern areas last fall. In the six to 10 day outlook for the Corn Belt, above normal temperatures and below normal precipitation are expected. In the southern Plains, mostly dry conditions settled in over the weekend and will continue through this week. The National Weather Service issued red flag warnings over the weekend in many areas of the central and southern Plains; wildfire dangers were high because of dryness, low humidity and high winds. The six to 10 day outlook continues to see below normal precipitation. In the South, freeze warnings were issued for Saturday morning in the Southeast as far south as central Georgia. Although early March freezes are not unusual in this part of the Southeast, this year's record setting February warmth has left blooming fruit trees and other sensitive vegetation vulnerable to freeze injury. Farther north, sub-zero temperatures also occurred over the weekend across parts of the interior Northeast. Meanwhile, unusually warm weather pushed into the nation's mid-section and will remain through this week. In Brazil, wet weather in Mato Grosso in Brazil has raised concerns about quality of the soybeans being harvested. This pattern of above normal rainfall looks to continue during this period. Wet weather favors development of second crop corn in central Brazil areas. IN Argentina, 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.

The 6 to 10 Day Outlook: *The National Weather Service's 6 to 10 day outlook for March 9 -13 calls for the likelihood of above normal temperatures nationwide, except for colder than normal conditions in the Northwest. Meanwhile, near to above normal precipitation across the majority of the U.S. will contrast with drier than normal weather in parts of Florida and a broad area stretching from southern California into the western Corn Belt.*

Temperature Probability



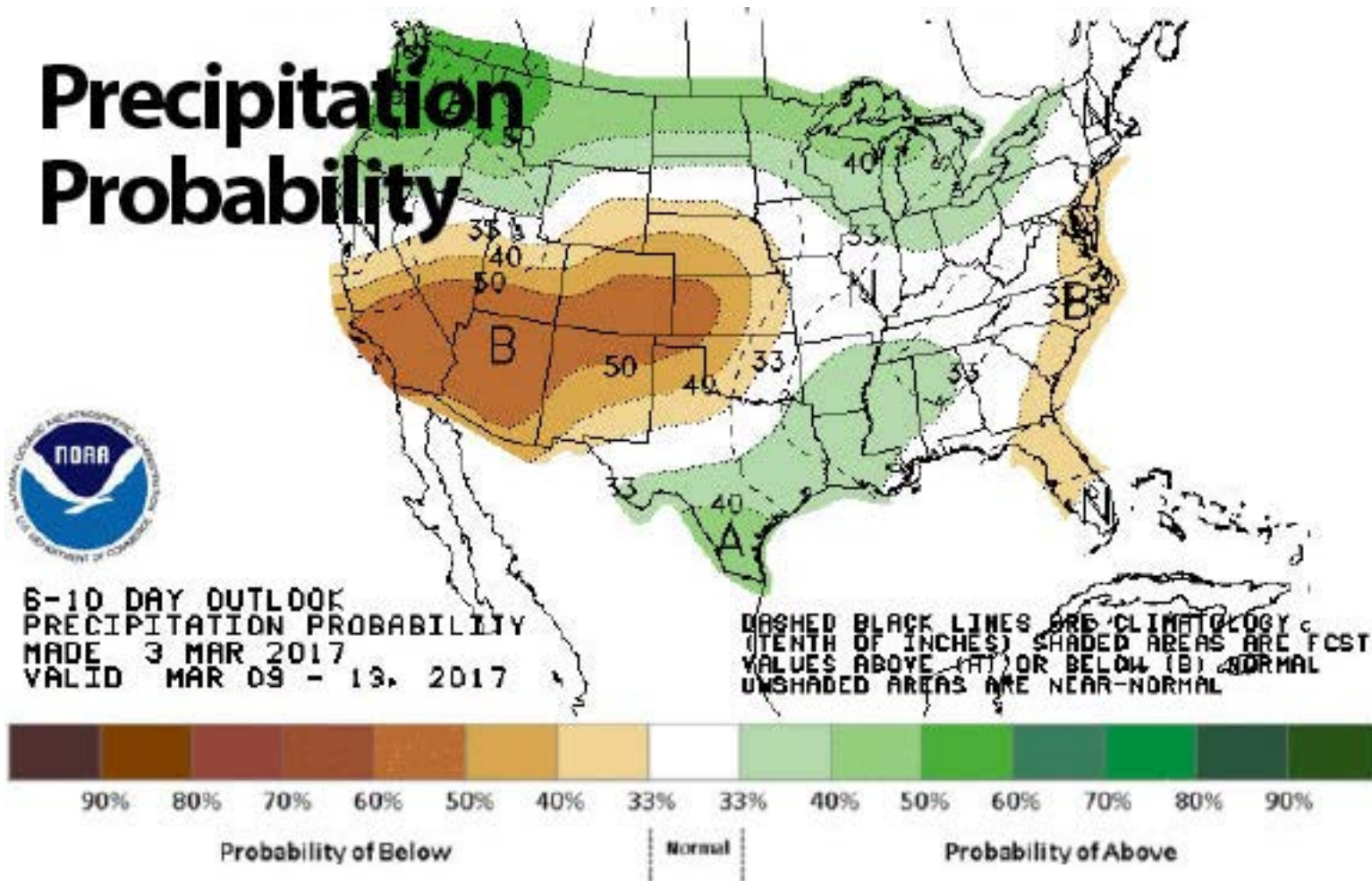
6-10 DAY OUTLOOK
TEMPERATURE PROBABILITY
MADE 3 MAR 2017
VALID MAR 09 - 13, 2017



Precipitation Probability



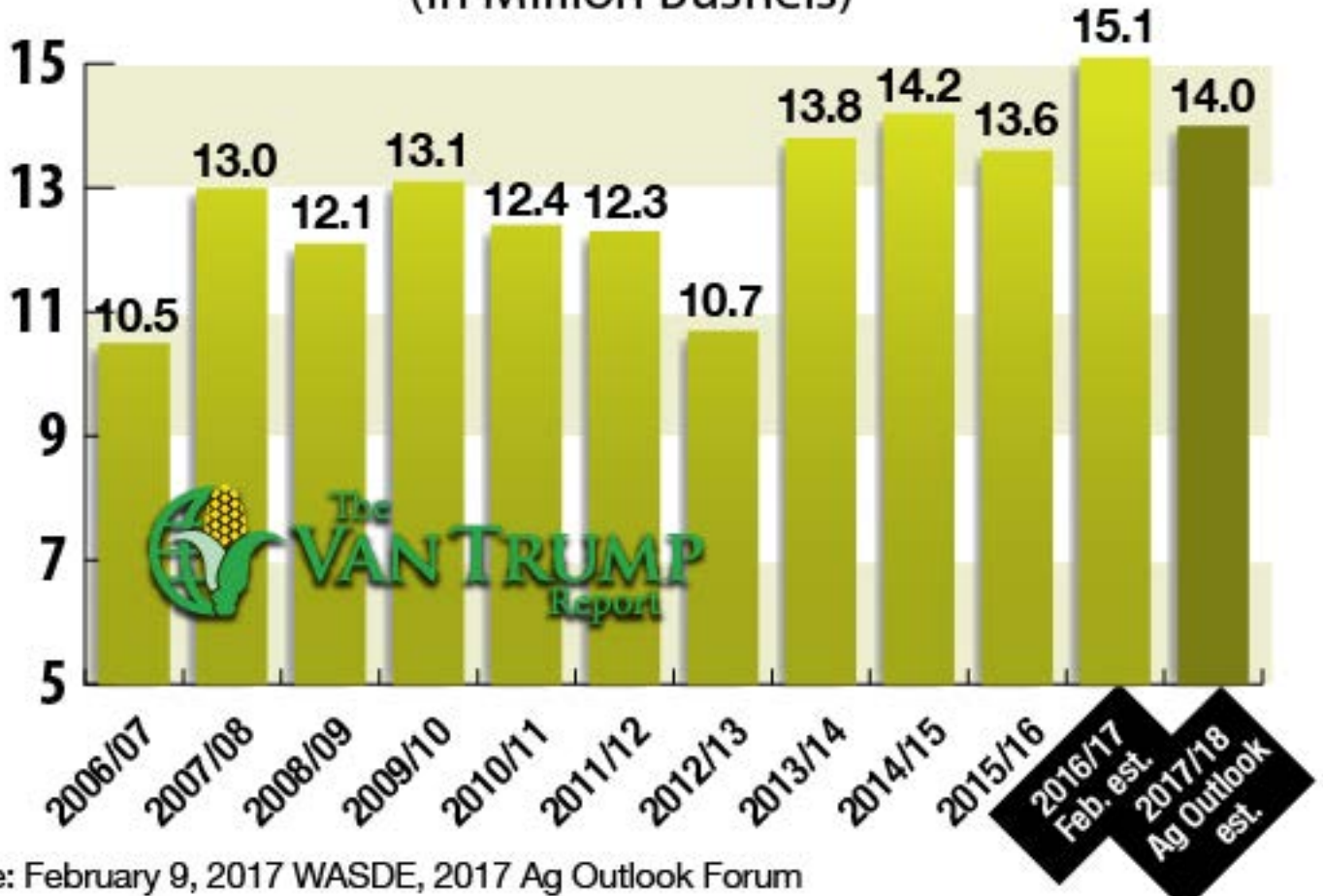
6-10 DAY OUTLOOK
PRECIPITATION PROBABILITY
MADE 3 MAR 2017
VALID MAR 09 - 13, 2017



Corn traders this week will be eager to see the latest USDA updates. Sources appear focused on South American production, where most are thinking the Brazilian corn crop estimate will be raised higher by +1.0 to +2.0 MMTs. Keep in mind this could ultimately push this years Brazilian corn crop north of 88.0 MMTs, which is a whopping +21 MMTs higher than last year. It feels like the USDA's Argentine crop estimate of 36.5 MMTs is fairly close and may only be adjusted slightly. Regardless, this year's Argentine crop is still going to be well above last years production estimate of just 29.0 MMTs. Ultimately, when you add it all together, the crop coming out of the field in South America could be +30.0 MMTs larger than last year. The trade is also eager to see the latest headlines out of China, particularly how they plan to lower their current supply of corn. Here at home the trade will also be searching for fresh new headlines out of Washington in regard to ethanol, bio-fuel and trade negotiations. Will they change the "point of obligation"? Will we see a more government backed push towards E15? Will there be any new light shed on trade deals involving, Mexico and China? I also suspect U.S. weather will soon start to transition back into the headlines as corn down south is already beginning to emerge. There remains a ton of debate surrounding U.S. planted acres in 2017, particularly will planted corn acres be fewer than planted soybean acres?

U.S. Corn Production

(in Million Bushels)



Source: February 9, 2017 WASDE, 2017 Ag Outlook Forum

Soybean bears are hoping to get some help from the USDA on Thursday, after they update their latest monthly supply and demand numbers. Most sources seem to be looking for a +1.0 to +3.0 MMT bump in the Brazilian soybean production estimate. The USDA is currently estimating the Brazilian crop at +104.0 MMTs, while the folks at Informa recently bumped their number to 108.0 MMTs. The bottom-line is the Brazilian crop is growing larger not smaller. Ultimately, total South American production, including Argentina, Brazil and Paraguay, could be some +10 million metric tons higher than last year. The bulls this week will be searching for more clues out of Washington and the recent rumors surrounding the biodiesel tax credit, specifically if there's a deal on the table that could turn the biodiesel tax credit from a "blender credit" to a "producer credit"? Similar to corn, there's also lots of unanswered questions in regard to new U.S. trade negotiations and how many U.S. soybean acres will ultimately be planted in 2017? My guess is that the USDA's current all-time record estimate of 88 million ends up being a bit too conservative. As a producer, I've already got 60% of my new-crop price risk removed and have now taken on a more "wait-and-see" approach. As a spec I'm still concerned that the recent rally in price could give ground as market bulls transition more of their attention from South America to the U.S. and China "switches" from U.S. to more South American origination. Ultimately I still believe there's more upside potential in the soybean market, but nearby we might just have to digest a more fundamental pullback, before seeing prices post their next leg

higher. Staying patient and wanting to build a longer-term bullish position on a more significant break in price. Still uncomfortable navigating positions from the short-side of this market.

Bullish Bets On Commodities Could Change Longer-term Landscape: I've been talking a lot as of late about money flow and the overall rotation of equity. I thought the Wall Street Journal article posted this weekend titled, ["Bullish Commodity Bets Hit Record Highs as Investors Seize on Signs of Growth,"](#) did a great job of explaining a few of the moving parts. "Data from Citigroup shows that commodity assets under management globally rose +7% in January from the previous month to \$391 billion, up more than 50% compared with the previous year." The bank also says, "long positions at actively managed funds rose to the highest level since 2014." The moral of the story is as signs of "inflation" and improving global demand have returned to the headlines, investors are beginning to plow some money back into commodities. In fact, the last time oil, copper and cotton set all-time highs together was in 2008.

Wheat traders are starting to more aggressively debate the U.S. crop. Unfortunately we don't start getting weekly USDA crop-condition ratings for a few more weeks, which creates a lot of ambiguity inside the trade. The data we are receiving from the states show the Kansas, Nebraska, Oklahoma and Texas crop all worse off than they were last year at this time. The bears however continue to point to the simple fundamentals and the fact domestic and global supply remains burdensome. Also the fact new-crop estimates out of Argentina, Australia and India are now pointing to record production. We also still have stiff competition from Romania, Russia, Ukraine and European sources. From a bullish perspective I would like to believe the market is starting to transition to U.S. weather headlines, but I'm probably a bit premature with my thoughts. The weather across most of the country has been uncannily warm this winter and is starting to bring more about uncertainty and questions about the weeks ahead. Keep in mind there are also several areas that are running dry and in need of moisture. As a longer-term bull I've also been ignoring most of the traditional fundamentals, believing wheat could eventually become a cross-hedging opportunity for geopolitical concerns and a place for more optimistic macro money flow. Bottom-line, I'm staying conservatively bullish longer-term and keeping my eye on U.S. weather uncertainties, global refaltion and overall macro money-flow.



> Brazilian Army Steps In To Get Soybean Exports Flowing: *The Brazilian military stepped in to get soybean trucks moving along rain-damaged roads, allowing the resumption of shipments north along the Amazon. After heavy rains last month, thousands of trucks were stuck along unpaved roads heading north out of Mato Grosso. The delays*

have slowed the pace of barge loadings at Amazon depots to a crawl. According to the National Department of Transport Infrastructure (Dnit), the line of trucks was expected to be cleared Friday, barring any weather complications. Although the northern route has been disrupted, the more important southern route out of the grain belt, to the large ports in the south of the country, have seen no such disruption. (Source: Agrimoney)

> Argentine Corn Planting Wraps Up: Corn planting has finished in the last few days in Argentina and the new estimate for output of the cereal is 37 million metric tons, a new record, according to the Buenos Aires Cereal Exchange. The volume would be +23% higher than the previous crop, which was 30 million metric tons. There was a recovery from the floods of previous week, but still the crop output is far away from its full potential, with planted area up +30% compared to last season.

> China May See Higher Numberw Crushers Shut Down: More soybean crushers are likely to shut down during March-April for overhaul, which may reduce soymeal supplies and support domestic physical prices, China National Grain and Oils Information Center (CNGOIC) said in email report on Friday. The pace of crushing may fall to 1.5m tons/week from 1.8m tons/week at present. Some crushers in Shandong shut for overhaul due to high meal inventories. Some in Guangdong shut down due to shortage of soy supplies, while crushers in Tianjin closed due to suspension of natural gas supply. (Source: Bloomberg)

> World Meat Prices Rise As Australia Rebuilds Herd: Higher quotations for Australian beef boosted worldwide meat prices in February and helped send overall food prices to a new two-year high, according to an index compiled by the United Nations' Food and Agriculture Organization. The FAO Meat Price Index climbed 1.1 percent in February from January as herd rebuilding in Australia reduced global availability of beef. Lamb and mutton prices also increased, triggered by the end of the seasonal slaughter peak in the Pacific islands region. The FAO recently issued long-term food trend projections, cautioning that the world's agriculture and food systems must improve productivity and resource-use efficiency to meet the needs of a burgeoning global population. Greater numbers of people will be eating fewer cereals and larger amounts of meat, fruits, vegetables and processed food due to an ongoing global dietary transition that will drive more deforestation, land degradation, and greenhouse gas emissions, the agency said. (Source: MeatingPlace)

> Ag State Lawmakers Push Agro-Terrorism Bill: Senate Ag chairman Roberts has signed onto an effort to require DHS, through an assistant secretary, to secure the nation's food, agricultural and veterinary systems against terrorist attack. Rep. David Young (R-Iowa) introduced the Securing our Agriculture and Food Act in May but it stalled after passing the House by voice vote. Sen. Claire McCaskill (D-Mo.) joined Roberts, who has long been vocal about the potential risk, in introducing a Senate companion to Young's measure, which he proposed again earlier this week.

> A High School In Silicon Valley Made \$24 Million From The Snap IPO: A private Catholic high school in California's Silicon Valley that made \$24 million from an initial public offering of shares in Snap Inc. will use the windfall for financial aid, professional development, teacher training and funding of school programs. St. Francis High School President Simon Chiu says none of the money will be used for teachers' salaries or other

labor costs. The board of the high school in Mountain View agreed to invest \$15,000 in seed money in Snap in 2012. That's when the company was just getting started. Chiu says board members had been invited to do so by one of the student's parents, a venture capital investor. The school held onto the investment until this week when Snap went public.

> How Long Does It Take For A Hot IPO To Crash? Snap continued to rally Friday after staging the largest public debut of the year on Thursday. In its first two trading sessions, the Snapchat parent gained as much as 69% above its IPO price of \$17. Meanwhile, analysts and investors continue to question whether the company is overvalued, and how much ad-revenue share it will be able to steal from digital giants like Facebook and Google. The enthusiasm around Snap could sustain for at least a few more weeks if the history of major IPOs repeats itself. "Our composite path of the largest 20 IPOs shown below projects a peak 38 trading days (two months) after the first trade date on average followed by a substantial four-month decline," said Tom Leveroni and Shourui Tian of Nautilus Investment Research in a note. Their composite includes Goldman Sachs' 1999 debut, and Alibaba's offering in 2014. They added that the issuing companies and investment banks have been quite good at selling near the market tops. (Source: Business Insider)

Markets Chart of the Day

Composite of 20 Largest US IPOs





Eastcentral Michigan - *The corn yields on our farm have been on a slow steady increase. I attribute much of this to a few things. Patience - which I lacked a lot of when I was younger and focusing on the best job I can doing the basics. By this I mean waiting until our ground is fit to work or plant even if the whole neighborhood is going gung-ho. Making sure we have the best seedbed possible, making an extra pass if necessary. Proper planter adjustments, check seed depth umpteen times a day. Tile, tile, and did I mention tile. I am very slow to try new products that come in 2.5gal jugs. I don't want to leave yield on the table nor do I want to piss money away. I see a lot of products come along that are the great yield booster, then in about three years you never hear about them anymore.*

Northeast Pennsylvania - *Side dressing 50% of needed N is our insurance policy for our corn. I had our local fertilizer company run an N test one year and their test said I didn't need the side-dress on about 25 acres. Man that was a false reading. Glad it was only a few acres. I try to separate sales hype from true return on investment. That is an ongoing battle with all the tech stuff and miracle products coming that seem to be rolling out non-stop. Oh yea, getting good ground has also been one of our keys to success. It feels like I've thrown a lifetime of money at somewhat hilly ground and never seem to get 1/2 the return on investment as I do on good river flats.*

Westcentral Alberta - *We are considering the benefits and pitfalls of organic farming, which with our cropping options would require a green manure crop in the rotation. We have cattle, but have most acres in crops right now. Trying to find ways to harvest something of value each year, especially during transition years, if we were to go that route. We are trying to determine if a green manure/plow down crop needs to be incorporated or just left to decompose. Also wondering if our cattle are allowed to "terminate" the crop, will it have the same effect. With the new "transitional certification" from the USDA it allows us to potentially make a little premium.*



The Battle For The Internet In Rural America: *A digital divide drama is playing out across America, as access to high-speed internet becomes the great infrastructure opportunity of this century — and a challenge, perhaps, even more pressing than the “crumbling” highways, bridges and airports that President Donald Trump has promised to address. Broadband is “taking its place alongside water, sewer and electricity as essential infrastructure,” the Broadband Opportunity Council declared last year. The initial effort to provide better internet is costly, which is why profit-focused national providers are loathe to invest, particularly in less-sexy locales. That’s why smaller municipalities feel compelled to pursue public solutions in a field typically led by private companies. Read more from [OZY](#).*

How Expensive Are Stocks -- Really? *What defines these markets? A secular bull market is an extended period of time (10 to 20 years) during which investors show an increasing willingness to pay more and more for each dollar of earnings. Consider the 1982-2000 market, which began with price-earnings ratios in the single digits and ended with a P/E ratio over 30 and markets 1,000 percent higher. About three-quarters of those gains were due to multiple expansion. It’s the “psychological” component that drives stock valuations. Read more at [Bloomberg Barry Rhitholtz](#)*

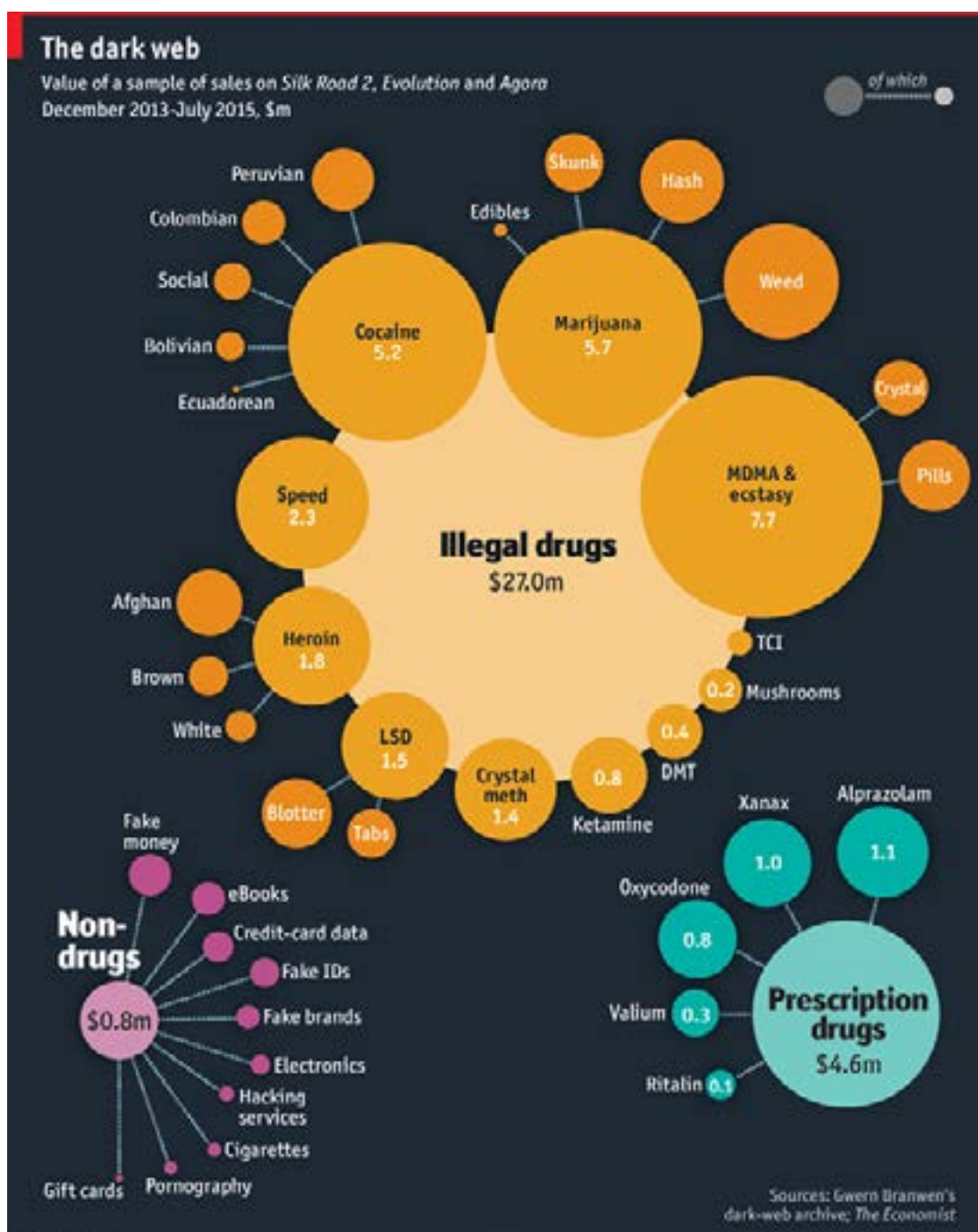
Good French, UK Crop Condition Fuels Hopes For EU Harvest Rebound: *Ideas of a recovery in the European Union wheat harvest this year received a boost with crop reports from two of the bloc’s top three wheat-producing nations, although there is a diverging picture on spring sowings progress. FranceAgriMer - crop bureau for France, the EU’s top grain-growing country – pegged at 93% the proportion of the domestic soft wheat crop rated in “good” or “excellent” condition as of Monday, a figure unchanged week on week. For winter barley, the rating was 90%, unchanged week on week, although the durum figure, at 82% was down 3 points week on week. Although all three figures were a little below those of a year ago, they are still well within territory pointing to decent yield prospects – assuming no repeat of 2016’s poor summer weather, which devastated the quality and quantity of France’s summer-harvested grains. Read more from [Agrimoney](#).*

The First White Dwarf Pulsar in the Universe Has Been Found After Half a Century - *Scientists have finally laid eyes on the first white dwarf pulsar in the known Universe, and while the star is roughly the size of Earth, it’s got 200,000 times more mass, and an electromagnetic field 100 million times more powerful. Until now, the thousands of pulsars that have been discovered all formed the same way - the core of a massive star explodes, and collapses into a spinning neutron star. But this new pulsar is something completely different, and it’s been eluding astronomers for over half a century. Read all about it [HERE](#).*

You Are A Different You: *You’re a completely different person at 14 and 77, the longest-running personality study ever has found: Look at a photo of yourself as a teenager and, mistaken fashion choices aside, it’s likely you see traces of the same person with the same personality quirks as you are today. But whether or not you truly are the same person over a lifetime—and what that notion of personhood even means—is the subject of ongoing philosophical and psychology debate. The longest personality study of all time, published in *Psychology and Aging* and recently highlighted by the British Psychological Society, suggests that over the course of a lifetime, just as your physical appearance*

changes and your cells are constantly replaced, your personality is also transformed beyond recognition. [Quartz](#) has more on the study results.

The Dark Web: *What It Is And How It Works:* We often hear about the dark web being linked to terrorist plots, drug deals, knife sales and child pornography, but beyond this it can be hard to fully understand how the dark web works and what it looks like. So just for a minute imagine that the whole internet is a forest – a vast expanse of luscious green as far as the eye can see. And in the forest are well worn paths – to get from A to B. Think of these paths as popular search engines – like Google – allowing you as the user the option to essentially see the wood from the trees and be connected. But away from these paths – and away from Google – the trees of the forest mask your vision. Off the paths it is almost impossible to find anything – unless you know what you’re looking for – so it feels a bit like a treasure hunt. Because really the only way to find anything in this vast forest is to be told where to look. [Security expert Daniel Prince](#) explains what the dark web is and how it works.





How "Transitional Organic Certification" Will Expand Premium Markets

I suspect everyone knows by now that 36 months is the time-frame required to gain certified organic status. Though many see the premiums obtained through certified organic sales as a motivator to switch over, the decision is not as easy nor inexpensive as some may think. The costs of new equipment as well as the time spent transitioning while not benefiting from the premiums derived as a "Organic Certified," producer turns many away. Take heart as a new option has recently been unveiled - "Certified Transitional Organic". In January the Organic Trade Association (OTA) announced a new partnership with the U.S. Department of Agriculture to help guide farmers transitioning into certified organic agricultural production. Using standards developed by OTA, the National Certified Transitional Program will provide oversight to approved Accredited Organic Certifying Agents offering transitional certification to producers. This will help ease the process for those choosing to produce organic crops and allow farmers to sell their products as "certified transitional" at a premium price. This in turn will help encourage more organic production and meet the rising demand. Currently, only 1% of U. S. cropland is certified organic and the demand for CO crops has seen double-digit growth over the last few years. The newly established program will create opportunities that were unavailable under the rigorous 36-month process. As "certifications" expand we should see our markets expand as well. This is where one global player has already jumped on board. "Kashi - a maker of nutritious whole grain cereals and other plant-based foods sourced according to sustainable and ethical farming practices - "is committed to delivering plant-based foods that support powerful uplifting health in ways that are sustainable," said Nicole Nestojko, senior director of supply chain and sustainability at Kashi. "One of the ways we're delivering on that commitment is by offering our second line of Certified Transitional products - Chewy Nut Butter Bars. "We are actively looking at opportunities to include more Certified Transitional ingredients throughout our portfolio in the future, and our ambition is that all of our products will be made from USDA Certified Organic or Certified Transitional ingredients." As we have traveled this winter, my team and I have been running across more and more organic growers. I suspect that organic producers will continue to increase as "transitional" certification eases the barrier of entry. As the market seems to be calling for more certified organic products - it is certainly something to consider.(Source: USDA, Cone Communications)



How Traffic Jams Are Taking A Bite Out Of Our Pocketbook

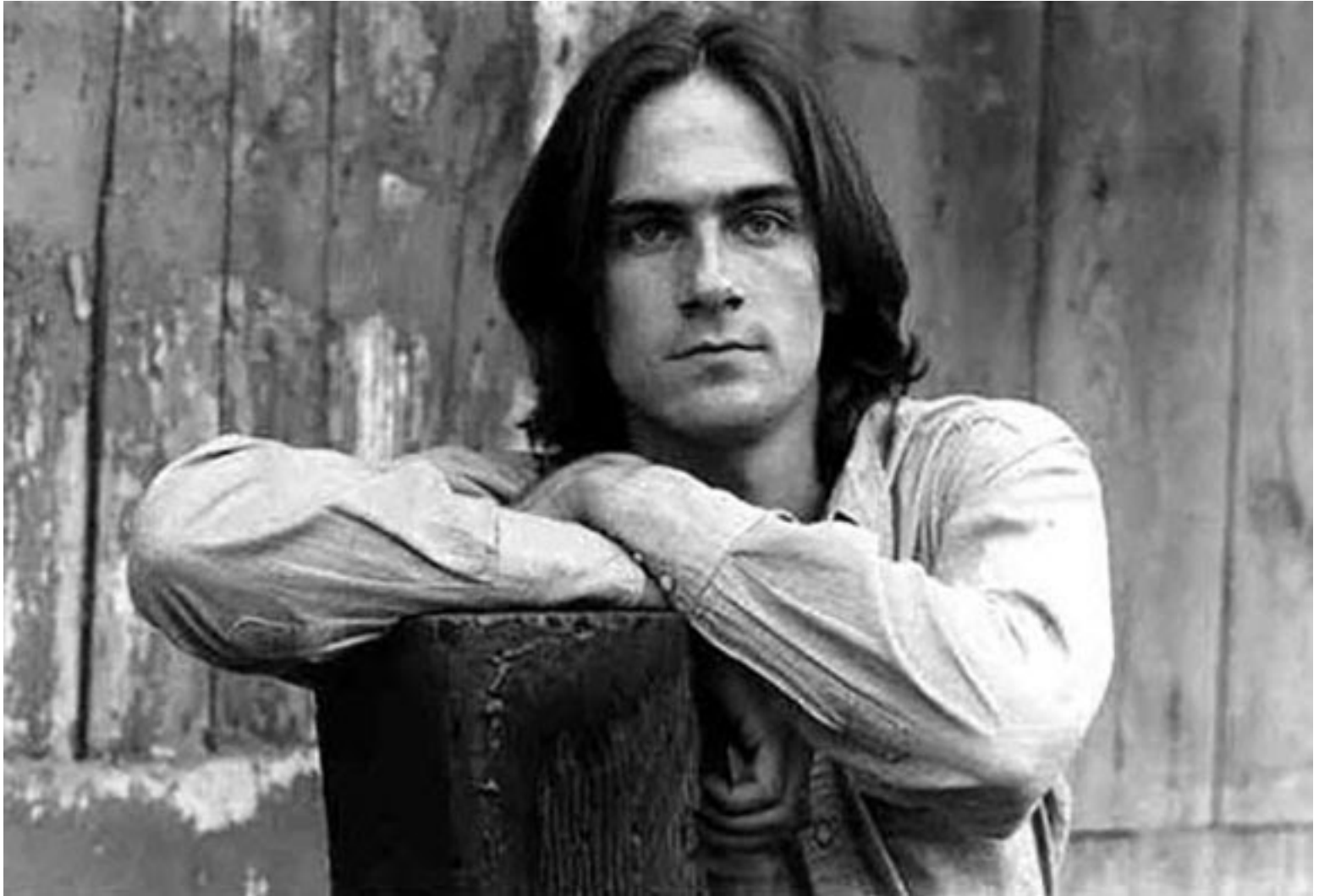
Congestion on the roadways cost U.S. drivers nearly \$300 billion last year according to transportation analyst INRIX. That works out to an average of \$1,400 per driver. The INRIX Global Traffic Scorecard analyzed and ranked the impact of traffic congestion in 1,064 cities across 38 countries worldwide. The U.S. overall was ranked as the first most congested developed country in the world and accounted 11 of the top 25 most congested cities worldwide. Los Angeles ranks first on the global list, while New York is third and San Francisco is fourth. Drivers in the U.S. spend an average of 42 hours a year trapped in rush hour traffic, but that number is going to be more or less depending on where you live. In top ranked Los Angeles, commuters are stuck in traffic jams an average of 104 hours per year, or nearly 13% of their total driving time in slow traffic. This congestion cost drivers in Los Angeles \$2,408 each last year, and the city as a whole \$9.6 billion from direct and indirect costs. Direct costs relate to the value of fuel and time wasted, and indirect costs refer to freight and business fees from company vehicles idling in traffic, which are passed on to households through higher prices. Despite the high costs of congestion in some of America's largest cities, the average driver doesn't have it near as bad as some other countries. For example, congestion costs German drivers an average of \$1,938, with commuters spending 38% more time in traffic than their American counterparts. INRIX says a combination of economic growth and relatively cheap gasoline contributed to congestion in U.S. last year. Los Angeles is a perfect example - L.A.'s unemployment rate had the sixth-largest drop in the country while the city's GDP rose +4%. An improved economy is good on one hand, but obviously highlights the fact that the infrastructure in L.A. and other highly congested cities simply isn't equipped to handle the growth. As you can imagine, as the country experiences more economic gains, traffic can be expected to just get worse and the resulting costs are likely to rise. (Source: INRIX, Fortune)



James Taylor's Rise To Pop Icon

Singer-songwriter James Taylor is a living legend, whose rise to mainstream fame in the early 1970s accompanied a shift in the cultural tone of America as it was winding down from the turbulent 60s. The raucous music of Jimmy Hendrix and the Rolling Stones began to give way to the more mellow, introspective styles of folk and singer-songwriter. James Taylor's self-confessional style redefined the genres and garnered him an instant, though small, cult following with the release of his first album in 1968. It was his second album, *Sweet Baby James*, in 1970 that really launched him into the spotlight though, with his song "[Fire and Rain](#)" and the Carol King composition, "[You've Got A Friend](#)." Those two songs and several performances in 1970 and 1971 became instant pop culture icons. Time magazine saw fit to declare a new trend happening, placing James Taylor on its March 1971 cover under the headline "The New Rock: Bittersweet and Low." The wrote, "Over the last year a far gentler variety of rock sound has begun to soothe the land." The Time article contrasted Taylor's music to the "walloping folk rock of Bob Dylan," the "thunderous eloquence of the Beatles" and the "leer of the Rolling Stones." The article declined to offer a straightforward explanation for the apparent shift in public tastes, but it offered a trenchant sociological analysis of James Taylor's particular appeal. On the one hand, the story argued, there was the subject matter of his songs, most of which dealt with the kind of internal struggles that "a lavish quota of middle-class advantages—plenty of money, a loving family, good schools, health, charm and talent—do not seem to prevent, and may in fact exacerbate." And then there was this: "Lean and hard (6 ft. 3 in., 155 lbs.), often mustachioed, always with hair breaking at his shoulders, Taylor physically projects a blend of Heathcliffian inner fire with a melancholy look that can strike to the female heart—at any age." Interestingly, many music aficionados argue it was his openly emotional, almost autobiographical style, which actually stemmed from a rocky beginning to Taylor's adulthood that made him famous. He'd been playing guitar since around age 12 and was part of singer-songwriter duos and bands throughout junior high and high school. His senior year, however, he descended into a deep depression and in 1965, committed himself to the McLean Hospital in Belmont, Massachusetts for psychiatric treatment. He spent nine months at the hospital, even acquiring his high school diploma from the facilities connected school. Taylor has described his stay at McLean as "a lifesaver... like a pardon or like a reprieve." He has also been very open about his mental health struggles, calling them "an inseparable part of my personality." When he checked out of McLean, he spent a semester at Elon University, but was persuaded by an old high school friend and former band mate Danny Kortchmar to move to New York. Their band, Flying Machine, fell apart after a few years though, in no small part due to Taylor having developed a full-blown heroin addiction. He has said of the period, "I learned a lot about music and too much about drugs." Following the breakup of the band, he spent the next few years trying to launch his solo career as he simultaneously battle his addiction, with several stints in treatment centers. In fact, he was in treatment in Massachusetts when his first album was released. It wasn't a commercial success, but the critics loved it. However, it garnered him enough notoriety to snag a six-night headlining gig at the iconic Troubadour in Los Angeles, and a slot at the infamous Newport Folk Festival in the summer of 1969. He decided to move to LA in December of that year, where he recorded *Sweet Baby James*. Released in February 1970, it was an instant triumph for Taylor. While it would not end up being his best-selling or most critically acclaimed, it did establish him as a major figure in American pop music and

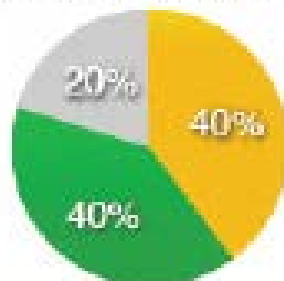
culture. Taylor has won six Grammy Awards; been inducted into both the Rock and Roll and Songwriters Hall of Fames; ranked 84th in Rolling Stone's list of "The Immortals: 100 Greatest Artists of All Time"; received the Presidential medal of Freedom and is a Kennedy Center Honoree. (Source: The Album, Wikipedia)



CASH SALES & HEDGING TOTALS

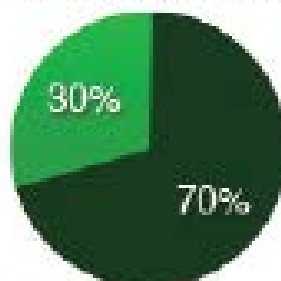
CORN 2016 CROP

40% SOLD
40% HEDGED
20% Cash Remaining



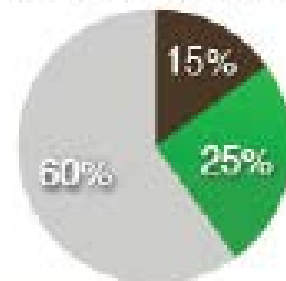
SOYBEANS 2016 CROP

70% SOLD
30% HEDGED
0% Cash Remaining



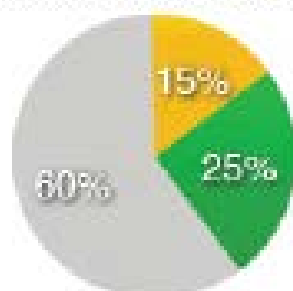
WHEAT 2016 CROP

15% SOLD
25% HEDGED
60% Cash Remaining



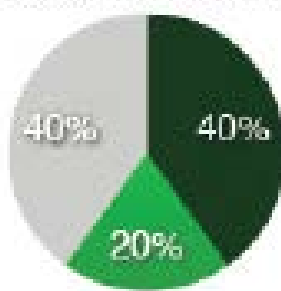
CORN 2017 CROP

15% SOLD
25% HEDGED
60% UNPROTECTED



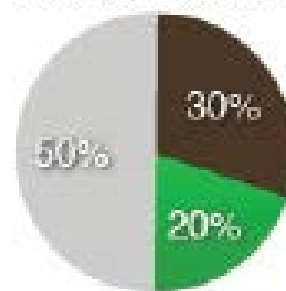
SOYBEANS 2017 CROP

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

