



"Be wary of advice that comes from those who don't have to live with the consequences."
- Dr. Scott Smith

WEDNESDAY, MARCH 08, 2017

Morning Summary: Stock markets continue to backpedal a bit with expectations growing that the U.S. Federal Reserve will hike rates next week. The start of the week has also delivered little in the way of fresh news to sway investors one way or the other. Bets that the Fed will raise interest rates at their March 14-15 meeting have in turn pushed the U.S. dollar and short-term bond yields close to multiyear highs. CME's FedWatch tool suggests there's now over an +80% chance that the Fed rate will be raised by +25 basis points. At this point, most insiders believe the only thing that might cause the central bank to remain on hold would be a very disappointing February Employment Report, which is due out Friday. We will get an early peak at what the numbers may show today with ADP's Employment Report, which is expected to show a gain of 183,000 jobs added in the month. That would be a touch below expectation's for around 185,000 jobs added in the official report. All signs point to another month of healthy gains. An index of last month's service-sector activity, released Friday, recorded the fastest expansion in 16 months, while initial jobless claims have been hovering near four decade lows. Another report investors will be watching today is Productivity and Costs for the fourth-quarter. The first estimate showed productivity remained weak, while employment costs were still on the rise. Analysts expect little change in today's report. Another interesting global report released yesterday that a few funds like to pay attention to is data from the International Air Transport Association (IATA) — a group representing 265 individual airlines accounting for 83% of total global air traffic. Their most recent data shows revenue passenger kilometers (RPKs) grew by +9.6% compared to a year earlier, the fastest pacer since April 2011. In other words more data pointing to the fact the global economies appear to be rebounding and gaining some strength. I have to imagine this continues to fuel the "reflation" minded macro bulls.

Republicans Push Ahead On Repealing And Replacing Obamacare: *House Republicans plan to take up legislation designed to repeal and replace Obamacare at a very swift pace, with two committees — Energy and Commerce and Ways and Means — scheduled to hold votes on the two measures today. A vote in the full House is expected to follow within weeks. The Senate had never planned to do markups on the Obamacare repeal bill, so if it passes the House, it will go straight to the Senate floor, expediting the whole process even more. Speaker Paul Ryan in a statement claimed that ObamaCare "is rapidly collapsing" and vowed the GOP's plan — dubbed the American Health Care Act — will "give every American access to quality, affordable health insurance." Donald Trump has said only that he is "proud to support" the GOP's plan.*

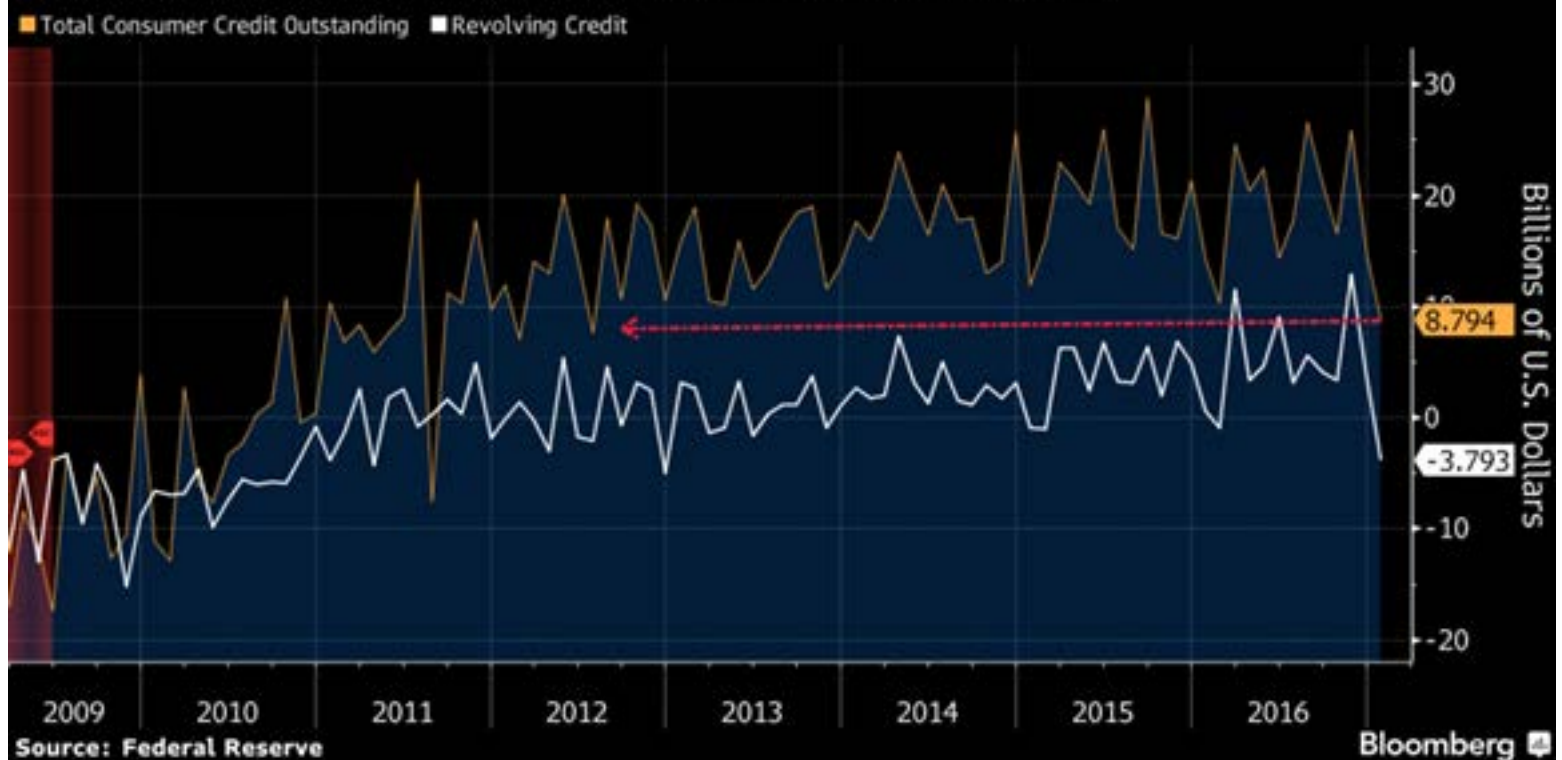
However, some conservatives are unhappy with the proposal, which they are calling "Obamacare Lite." Senator Rand Paul of Kentucky says the measures should be stopping mandates, taxes and entitlements, not keeping them. Paul and members of the conservative House Freedom Caucus have especially taken issue with the plan's refundable tax credits, which they call a new entitlement program. Some Republican leaders believe the legislation in its current form will lack the support it needs to pass. One qualm Democrats and some Republicans share is the fact that the legislation has not received a score from the nonpartisan Congressional Budget Office, which would give lawmakers an idea of how much the law will cost and how many U.S. citizens may lose coverage under the current proposal.

EIA Lifts 2017 U.S. Crude Production Estimate: The U.S. Energy Information Administration (EIA) released its Short Term Energy Outlook (STEO) yesterday, forecasting U.S. pump prices in 2017 will average \$2.40 per gallon, compared to the 2016 average of \$2.15 per gallon. The estimate marks a one cent increase from their previous forecast. EIA lifted its projection for U.S. crude oil production to average 9.2 million barrels per day this year, up from a previous forecast of 9 million barrels per day. They also boosted their projection for 2018 from 9.53 million barrels per day to 9.73 million barrels per day. EIA lifted their forecast for crude oil prices by three cents, pegging the benchmark West Texas Intermediate (WTI) crude oil average at \$53.49, versus an average of \$43.33 in 2016. The average price for Brent crude this year was raised by eight cents to \$54.62, which compares to 2016's average of \$43.73. The agency also noted that the oil market is showing signs of closure between supply and demand in early 2017, with OPEC and some non-OPEC producers appearing to be achieving a "high degree of compliance" with their agreed upon output limits. EIA estimates that global oil inventories fell at a rate of almost 1.0 million barrels per day in February, which would be the third-largest monthly decline rate since the beginning of 2014. However, they also say the outlook for the oil market remains uncertain because of supply developments. While supply from non-OPEC countries in the second quarter of 2017 is expected to be close to its level from the fourth quarter of 2016, OPEC supply is forecast to decline during the same period. EIA expects increases in non-OPEC supply, particularly in the United States, to limit upward oil price pressure through much of 2017.

Consumer Borrowing Posts Smallest Gain In Nearly Five Years: U.S. consumer debt outstanding in January posted the smallest gain since July 2012 as American households reduced their credit-card balances. The \$8.8 billion advance last month was smaller than the lowest estimate in a Bloomberg survey and followed a revised \$14.8 billion gain in the prior month, Federal Reserve figures showed Tuesday. Revolving debt, which includes credit cards, declined by the most since December 2012 as households got to work reducing balances that had built up over the holiday-shopping season. The figures also help explain a moderation in consumer spending so far in the first quarter. At the same time, the pace of non-revolving credit picked up in January from a month earlier on financing of big-ticket purchases such as cars and school loans. Revolving debt, which includes credit cards, dropped \$3.8 billion after a \$3.6 billion increase, the Fed's report showed. Non-revolving debt, such as that for college tuition and the purchase of vehicles and mobile homes, climbed \$12.6 billion after an \$11.2 billion increase. (Source: Bloomberg)

Consumer Borrowing Cools

Weakest advance since 2012 on smaller credit-card balances

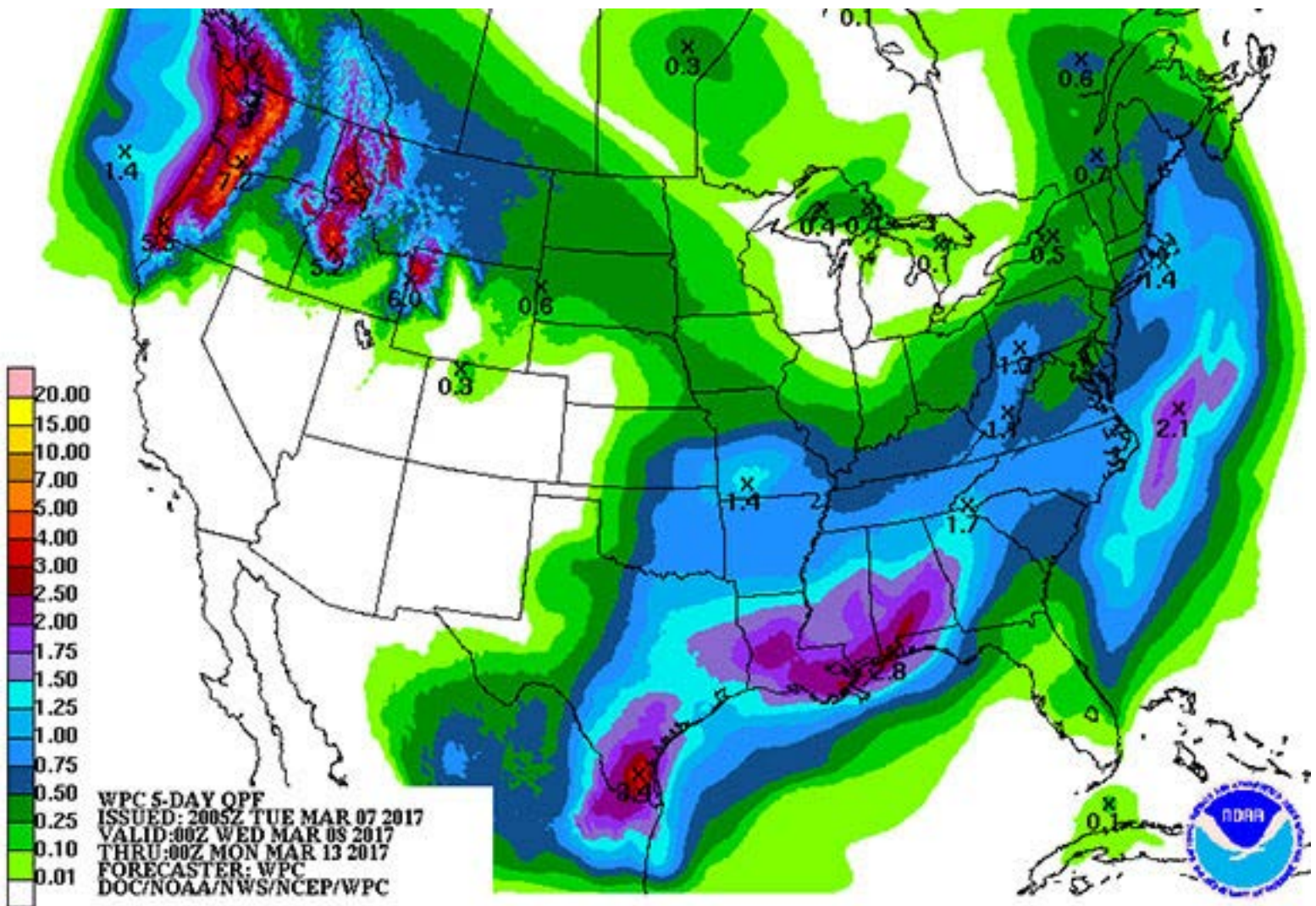


Girl Stares Down The Wall Street Bull: *In honor of International Women's Day, U.S. fund manager State Street commissioned and placed a statue of school-aged girl in front of Wall Street's massive bronze bull, as if to fearlessly stare it down. Anne McNally, a spokeswoman for State Street, said it was the firm's way of calling attention to the lack of gender diversity on corporate boards and the pay gap of women working in financial services. Although women have made some headway against the glass ceiling, State Street said one out of four of the companies that make up the Russell 3000 Index still have no female representation on their boards. (Source: Reuters)*



Weather on the Plains continues to be windy across northern areas. Where snow fell over the weekend, including parts of North Dakota, some travel disruptions continue. Meanwhile, cooler less windy conditions are aiding wildfire containment efforts on the central and southern Plains, where Monday's fires were driven by high winds. The dry southern Plains are seeing crop ratings running 15 percentage points below last year. In addition, wheat in Kansas was rated Poor to Very Poor, at 22% this year compared to 7% in 2016. Temperatures will continue to stay well above normal also, adding to the soil moisture loss issues. In the Corn Belt, recovery efforts continue from Monday's severe weather outbreak, which covered a broad area centered on Missouri, Iowa and Illinois. Showers and thunderstorms have all but moved out of the eastern Corn Belt along with the threats of wind damage and tornadoes. While Monday's storms brought some moisture for crops, there is little benefit indicated for recent dry areas of the western Midwest, notably in Missouri. Looking ahead, a sharp north-to-south temperature gradient will develop across the U.S. as the week progresses, with periods of snow possible within the cold sector. Additional rain showers can be expected late in the week in the Southeast. In Brazil, light rain in the central and northern growing areas is favoring soybean harvest along with easing transportation disruptions and allowing for planting progress of second crop corn. Southern Brazil will have locally heavy rainfall with some harvest delays; however, this sector of Brazil had had favorable harvest conditions recently. In Argentina, recent improvement in rainfall is noted in double-crop soybean areas in southern growing areas.

5 Day Rainfall Outlook: Valid Wednesday March 8 through Monday March 13.

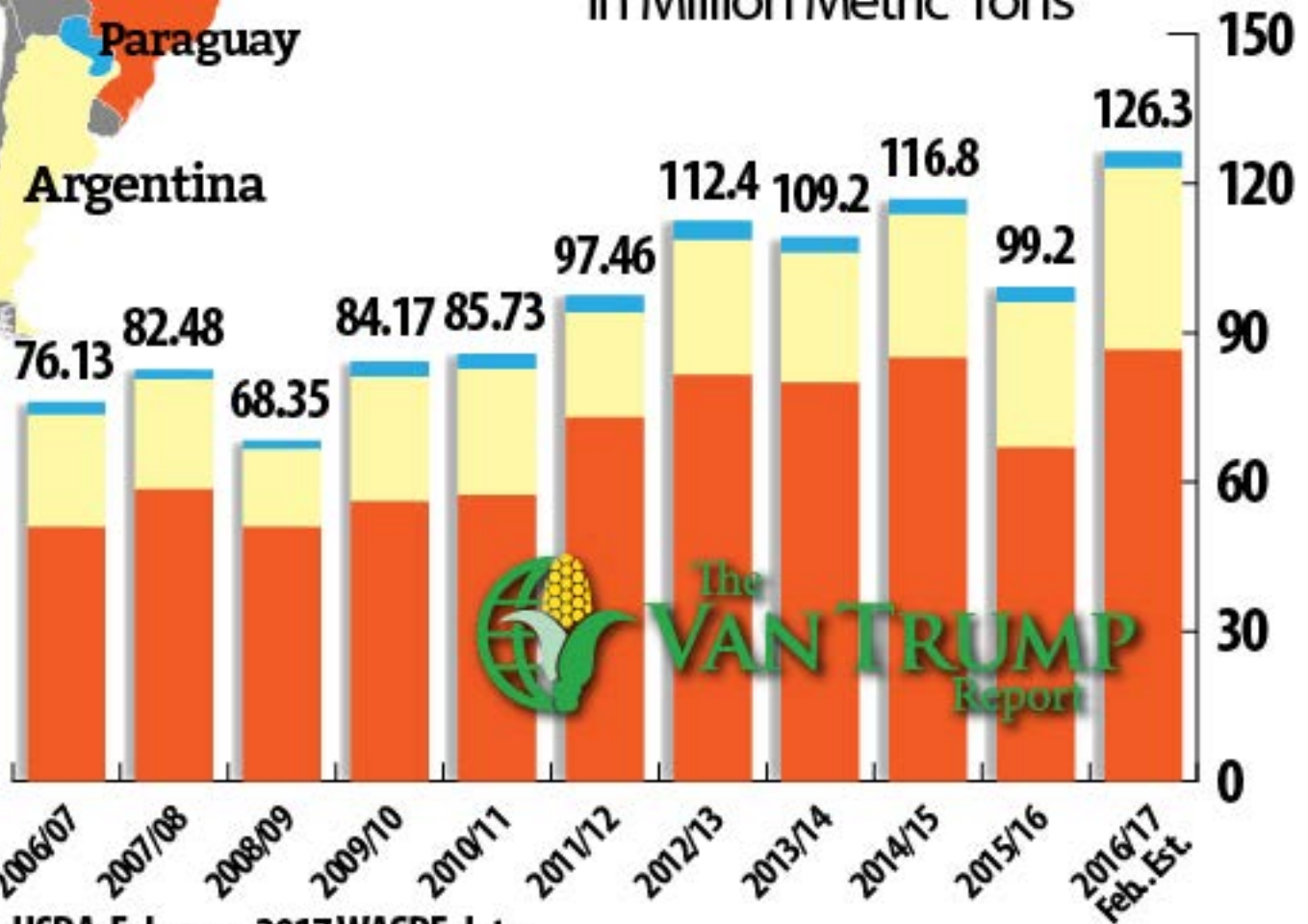


Corn traders await tomorrow's USDA numbers and the latest updates surrounding South American production. As it stands right now most sources inside the trade seem to believe the Brazilian crop is again moving higher. The USDA currently has the crop forecast at 86.5 MMTs, but there have been several private estimates as of late pushing north of 90 MMTs. I'm a bit worried that even if the the USDA bumps their current estimate higher by +1 to +2 MMTs, like many suspect, the trade will still be wanting it moved even higher, hence providing extended bearish headwinds. I included a graphic below that shows the combined record production already being forecast for Argentina, Brazil and Paraguay. When you pencil in the suspected gains to the current estimate, you can see production will not only be a fresh new record, but perhaps a whopping +30 MMTs higher than last year and possibly +18 to +20 MMTs higher than any previous years combined production. The bears argue that with cheap feed wheat readily available in the supply-chain, additional corn from South America is only going to make global supplies that much more burdensome. Without a significant weather complication in the U.S. during the next six-months, the argument is prices are perhaps +30 to +50 cents overvalued, obviously depending on the final U.S. yield. As a longer-term bull, I would love to see the total U.S. crop in 2017 fall to sub-13.0 billion bushels, unfortunately I'm of the opinion for that to happen harvested acres can't be any greater than 81 million and an average yield of no more than 160 bushels per acre can be harvested. That's a longways from the current estimates, so don't hold your breath. I'm just trying to point out the players on the field and who I'm cheering for. We need lower acres and a -10% weather related yield hiccup. From a technical perspective it feels like the old-crop MAY17 contract has nearby support down in the \$3.60 to \$3.70 range with resistance up in the \$3.85 to \$3.95 range. Nearby new-crop DEC17 support appears first at \$3.90 with heavier longer-term support in the \$3.75 to \$3.85 range. On the upside the DEC17 contract is still trying to break above last-weeks high of \$4.04 per bushel.

Top Corn Producers in South America



Total for top three producers
in Million Metric Tons



Source: USDA, February 2017 WASDE data

Bird Flu Outbreak Reported In Wisconsin More Countries Ban U.S. Imports:
The United States reported an outbreak of avian flu on a farm in Wisconsin, the second in the country in less than a week although the virus found this time is considered less virulent, the World Organization for Animal Health (OIE) said. A strain of low pathogenic H5N2 avian flu has been discovered in a flock of 84,000 turkeys in Barron County, Wisconsin, according to the USDA. The new outbreak comes after the detection of highly pathogenic H7 bird flu last week in a chicken breeder flock in Tennessee farm. As opposed to highly pathogenic strains which can cause high mortality rates among poultry, low pathogenic ones typically cause few or no clinical signs in birds. Japan, Singapore, Taiwan and Hong Kong have now joined South Korea in banning some imports of U.S. poultry. (Source: Reuters)

Soybean bulls have backpedal as more headlines circulate in regard to a large South American crop perhaps growing even larger. The USDA and CONAB will release numbers tomorrow, the trade consensus is that the USDA's current 104.0 MMTs Brazilian estimate is much too conservative, despite some of the problematic weather we've been hearing about in select locations. From what I'm understanding, similar to corn, the USDA may

raise their estimate tomorrow by +1 to +2 MMTs, but the trade could still walk away feeling it needs to be raised higher, and again setting up another bearish hurdle down the road. Here at home the headlines don't get much better as many suspect the current forecasted record planted acres grows even larger in the weeks ahead. The USDA currently has planted soybean acres at record large 88 million, while many source I speak with are thinking we could push to +90 million very easily. That means any type of trend-line yield average being harvested in 2017 pushes us back into what many deem an oversupplied environment. Outside of the traditional fundamentals I still believe money is rotating to a more "reflationary" mindset and could easily find soybeans an attractive place to push money. As a spec, this power of "money-flow" is the reason I do not want to play the bearish side of this market. My fear is that I make my initial wager based on the obvious bearish fundamentals. Then if the market moves higher and the fundamentals have NOT changed, much like we've seen the past few months, my next move would be to continue adding to my short portion based on my previous fundamental reasoning. In other words I would more than likely stay oblivious to the "money-flow" and continue to view the market behind my own fundamental rose colored glasses. It's never the first move that kills you, it's always the second, third and fourth move and the inability to see what you are missing. To this point the market hasn't been dancing to the traditional fundamentals and I'm not smart enough to predict when the music is going to change. I have to "listen" just like everyone else, hence the reason I continue to fear the upside... the downside is easily explainable. As a producer and a spec I'm staying extremely patient. No need to get in a hurry in either direction!

Wheat bulls continue to talk about possible weather complications brewing here in the Plains. Like I've mentioned several times the past few days, high winds are drying out areas at a much quicker pace than many had forecast. In addition many areas were already experiencing dry conditions. Throw on top abnormal daytime heat and a crop that's clearly breaking dormancy early and the "weather risk," at least from my perspective, seem to be escalating. Lets also keep reminding ourselves that this is the smallest U.S. wheat crop we've seen planted in over 100-years. Meaning any type of talk regarding a significant setback in the average yield could certainly give the short-sided funds reason to move to the sideline. If nothing else at least reason enough to move to the sideline until the storm or fears surrounding upcoming U.S. "weather" have passed. We all understand wheat tends to have nine-lives, so I'm certainly not getting excited this early and penciling in a major yield reduction. But if the weather headlines become strong enough it could move the bears and open up the door for more bullish macro type interest. Global wheat production remains a headwind, but those numbers have been well advertised, and the trade doesn't seem interested in aggressively reacting to those headlines. With the market acting like it has grown tired or callused of the same old over-supplied headlines and tradition fundamentals, I'm comfortable looking in another direction for what will move the trade. As both a spec and a producer I remain a longer-term bull, believing it's what we know we don't know that eventually moves this trade.

U.S. Ending Stocks 2016/17

	March Est.	Avg. Trade Guess	Trade Range	USDA Feb.	USDA 2015/16
Corn	???	2.317	2.245 - 2.385	2.320	1.737
Soybeans	???	0.418	0.444 - 0.444	0.420	0.197
Wheat	???	1.135	1.050 - 1.164	1.139	0.976

World Ending Stocks 2016/17

	March Est.	Avg. Trade Guess	Trade Range	USDA Feb.	USDA 2015/16
Corn	???	218.51	217.0 - 223.1	217.56	210.4
Soybeans	???	81.52	80.44 - 83.0	80.38	77.2
Wheat	???	248.62	246.00 - 250.00	248.6	240.8

South American Production

	March Est.	Avg. Trade Guess	Trade Range	USDA Feb.	USDA 2015/16
Brazil Corn	???	87.78	86.00 - 91.50	86.50	67.0
Brazil Soybeans	???	105.95	104.00 - 109.00	104.00	96.5
Argentina Corn	???	36.46	35.0 - 37.0	36.50	29.0
Argentina Soybeans	???	55.20	54.0 - 56.0	55.50	56.8



> Iowa Governor Shoots Down RFS Rumors: *Iowa Governor Terry Branstad says he is aware of reports of a backroom deal in Washington, D.C., that would hurt the renewable fuels industry, but has been assured President Donald Trump's administration will support producers of ethanol and biodiesel fuels. Last week, a national advocacy group said a Trump official told the organization the president would sign an executive order shifting the burden for blending ethanol and biodiesel into the nation's fuel supply from oil refiners to fuel retailers. The move, critics said, would hurt farmers and consumers by hindering the widespread use of ethanol and biodiesel. The White House subsequently distanced itself from the reports. Branstad told reporters that he has talked with his son, Eric Branstad, who works in the Trump administration, and that his son told him that "this is not going to happen." Branstad added, "It would be much more difficult to enforce the renewable fuels standard if you had to deal with all the retailers in the nation, rather than the people who are distributing the fuel," pointing out that that is why practically the rumor doesn't make sense. (Source: The Des Moines Register)*

> Brazil's February Ethanol Imports Highest Since 2011: *Brazilian ethanol imports in February were the highest since December 2011 at 257.4 million liters, up 49% from January and up from just 33 million liters a year earlier, data from the Secretariat of Foreign Trade (SECEX), showed Tuesday. In December 2011, Brazil imported a record of 280 million liters. Almost 100% of the volume was product originating from the U.S. and to be used as fuel blended into gasoline. Brazil has increased imports over recent months amid tight supply in the domestic market as producers have directed more cane to produce sugar at the expense of ethanol because of high international sugar prices. In the first two months of the year, total ethanol imports reached a record of 429 million liters, up from just 61.7 million liters over the same period last year, SECEX showed. The previous two-month record was in 2012 when nearly 282 million liters were imported over January-February. (Source: Platts)*

> Australia's Wheat Production Seen Falling -32%: *Australia's crop forecaster Abares projects the country's 2017-18 wheat production will fall -32% to 23.98 million metric tons. That compares to this past season's record output of 35.13 million metric tons. The lower output brings down forecasted exports to 21 million metric tons, an -8% decline year-on-year. The planted area for 2017-2018 is forecast to drop -1% to 31.63 million acres, with farmers favoring alternative crops like canola and pulses. Additionally, Abares forecasts global wheat prices to remain weak. "The world wheat indicator price is forecast to average US\$190 a metric ton in 2017-18, largely unchanged from the forecast average for 2016-17," Abares said. If realized, the agency says it will be the lowest annual average price since 2001-02.*

> Mexico Cancels Sugar Export Permits To U.S.: *Mexico has canceled existing sugar export permits to the United States to avoid penalties in a dispute over the pace of shipments, a document seen by Reuters said, partly blaming the issue on unfilled positions at the U.S. Department of Commerce. It was not immediately clear what impact the cancellation would have on exports to the United States. The document, sent by Mexico's sugar chamber to mills on Monday, said existing permits would be reissued in April. Mexico's sugar mills are currently in full swing at the height of the harvest. The amount of sugar sent to the United States varies from season to season, with the document referring to a quota of 820,000 tonnes in 2016-2017. The document made no suggestion that the present dispute was related to wider political disagreements between the U.S. and Mexico, but did describe as "absurd" an interpretation by "low-level" Commerce Department officials of a clause in so-called suspension agreements, which have regulated the sugar trade between both countries since the end of 2014. In the document, Chamber president Humberto Jasso says the interpretation relating to how much sugar Mexico can send in the six months up to March 31 means it would only be able to export 40 percent of the quota allocated by the United States in the period, causing a concentration in the second half of the season. The Mexican Economy Ministry decided to cancel the permits since it has no counterparts at the Commerce Department to resolve the issue, the document said. (Source: Reuters)*

> Herbster Is A Possible Candidate For Deputy Ag Secretary: *Two sources in Trump's ag orbit told Politico's Morning Agriculture that Charles Herbster, the Nebraska cattle rancher who led Donald Trump's agricultural advisory committee during the campaign, is being considered for Deputy Ag Secretary. He joins a list of other rumored candidates that include Ted McKinney, director of the Indiana Department of Agriculture; A.G. Kawamura, a former California agriculture secretary from 2003-2010; and Kip Tom, an Indiana farmer who helped grow Tom Farms, LLC into a global crop production business and a leading supplier of seed corn to Monsanto. All three were also members of Trump's agricultural advisory committee. R-CALF USA, the ranchers' legal action fund, floated the idea of appointing Herbster to the position in a letter to Trump last week. Incidentally, Herbster had dinner with Trump this past Friday.*

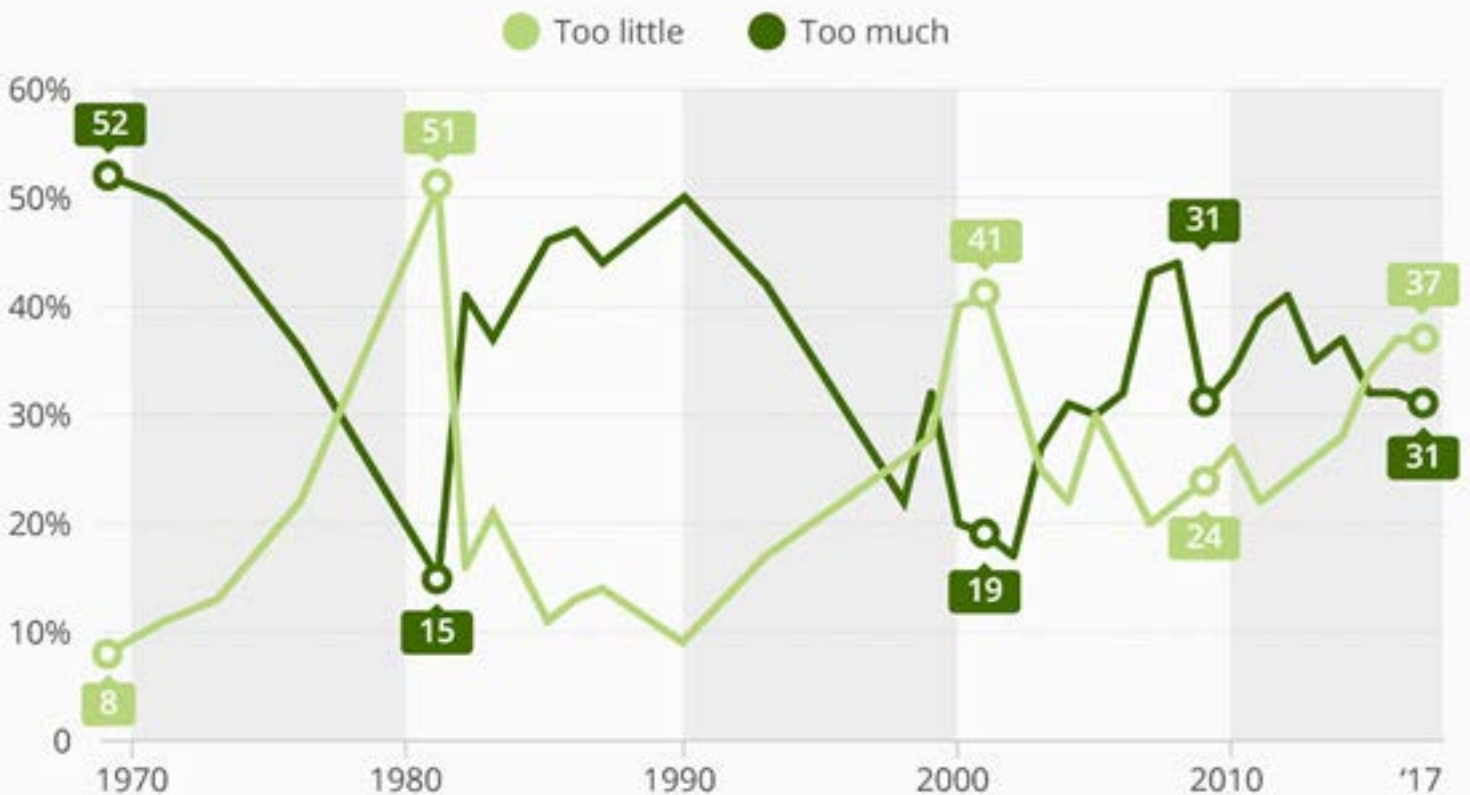
> Andersons To Sell Farm Center Locations In Florida: *The Andersons, Inc. has signed an agreement to sell its farm center locations in Florida to Wedgworth's Inc. The agreement includes real estate and assets owned by The Andersons at Zellwood, Clewiston, and Lake Placid as well as the assets and operations located in Immokalee. "Over time it has become clear the Florida farm centers are not strategically aligned with our locations in the Eastern Corn Belt," said Pat Bowe, chief executive officer (CEO). The Andersons obtained the Florida farm centers through the acquisitions of Douglass Fertilizer in 2008 and Immokalee Farmers Supply, Inc. in 2011. The Andersons' products will continue to be available to customers in the region through a distribution agreement with Wedgworth's. The sale of the farm centers is the second proposed transaction that the company has announced in 2017. In mid-January, The Andersons announced its plan to sell and exit the retail business altogether.*

> Does The U.S. Spend Enough On Defense? *President Donald Trump recently indicated that he is seeking to raise the U.S. defense budget by 10 percent. In the most recent fiscal year which ended on September 30, 2016, the Pentagon's budget came to \$585 bil-*

lion and Trump's proposal would increase that to \$603 billion. Gallup recently conducted a poll to gauge public opinion on the current level of U.S. military expenditure. It found that 37 percent of people think the government is spending too little compared to 31 percent who say it's too much and 28 percent who think it's about right. Still, slightly more Americans say the U.S. spends too little on defense than say it spends too much. This has happened somewhat infrequently in Gallup's trend since 1969. All of the instances in which "spends too little" has exceeded "spends too much" have come just before, or just after, a Republican presidential administration has replaced a Democratic one. Before the 2016 presidential campaign, the last time that Americans were more likely to say "too little" than to say "too much" was 2000-2002, spanning the 2000 election as well as the aftermath of 9/11. The percentage saying "too little" also exceeded the percentage saying "too much" when Ronald Reagan took office in 1981, after campaigning on a pledge to rebuild the military. At that time, half of Americans thought there was too little defense spending, the highest in Gallup's trend since 1969. (Source: [Statista](#))

1 In 3 Say The U.S. Spends Too Little On The Military

% thinking the U.S. spends too little/too much on the military & defense



* About the right amounting not represented
 @StatistaCharts Source: Gallup



Central Missouri - *With all the talk on switching some acres to organic... here are my thoughts - not everyone is going to get top dollar on organic crops. I talked to a producer this summer who was behind the 8 ball as the buyer backed out on his organic grain and was having to search for a new buyer and it took him a bit to find one. I have another contact who was transitioning some ground through some program at the FSA office. He has bottom land and did the covers per the program and he couldn't get in the field to plant corn as quick as the rest and had to wait till later to plant to limit cross-pollination. Well, it got too late and he filed prevent plant. He is the only organic guy in the county and they denied his prevent plant claim....he has a dated receipt for when he had to call a wrecker to pull his tractor out and disk out trying to get the ground ready. So he's in the appeals process on that... It's not all roses going organic and it was a losing money deal for me and a bigger headache than the produce for me. So I said good riddance and moved on. The prices look good but when you start figuring in the time spent on paperwork, the hassle, the cost of all the tillage I was coming up with a lot less than just planting gmo seed beans.*

Eastern Colorado - *There are a few guys that are actually in the fields now. I normally wait until at least mid May to plant. It takes a little tweaking on the seed varieties to make things work. The herbicide residual stays around to keep things under control. Along with that, we will plant a shorter variety of corn, normally 95-102 day. We haven't seen any problems on the backend, always maturing ok but I do grow all new varieties on my test plot the year before. Our 10 year average is only 70bpa, but last year we were able to make 93bpa. We did have a few fields go over 100bpa which we do not see often. We usually get between 17" to 20" of rainfall last year at 18", so when we plant we have to keep the populations down. Last year I planted at a 14000 population and will increase that a little if it is wetter or expecting more moisture. We had a yield contest last year and I took 3rd place with 155bpa in my specific test area. With the dryland corn our August rains make or break our crop. We have good ethanol plants and feed lots and with the shorter varieties, we will harvest earlier than most, right around the first of October. We will usually finish the wheat planting and go straight to corn harvest.*

Central Minnesota - *We have had to diversify on our farm over the past few years adding the specialty crops, with the corn and beans. We are normally a 50/50 rotation for our row crops and will just have a slight increase with the beans. I have sold a good portion of my beans for next year above \$10. We were blessed with a great bean crop last year with many areas in fields that made +80bpa on the monitor. On a normal year we will see farms averages for bean yields in the mid to high 50bpa range. Our final yields beat our previous record by +25bpa. We look to be setting up for another good year with very*

fit soil. We had a pretty wet fall and winter, even though we haven't had much snow this year. Normally, we will start planting around mid April, depending on soil conditions and temps. The corn averaged about 230bpa last year, which was our third year in a row with great crops. It has been a strange winter here, with not much land changing hands during the winter, that you would normally see in the past.



Rare Fund Anomaly Makes Feeder Cattle Futures A 'Potential Buy': *Feeder cattle represent the best buy among commodities. At least, according to one analysis technique, from Societe Generale, of weekly data on investor positioning. The weekly data from the Commodity Futures Trading Commission on the relative positioning of the likes of speculators and index funds in agricultural commodity derivatives are already closely monitored for clues on how money flows may effect prices. Substantial managed money net long, or net short, holdings, for instance, are seen as top heavy - increasing the vulnerability of derivatives to a price reversal. But SocGen has added an extra twist by factoring in supplemental data in the reports showing too the balance of funds long or short in a commodity. Learn more about their technique and what it's signally for feeder cattle [HERE](#).*

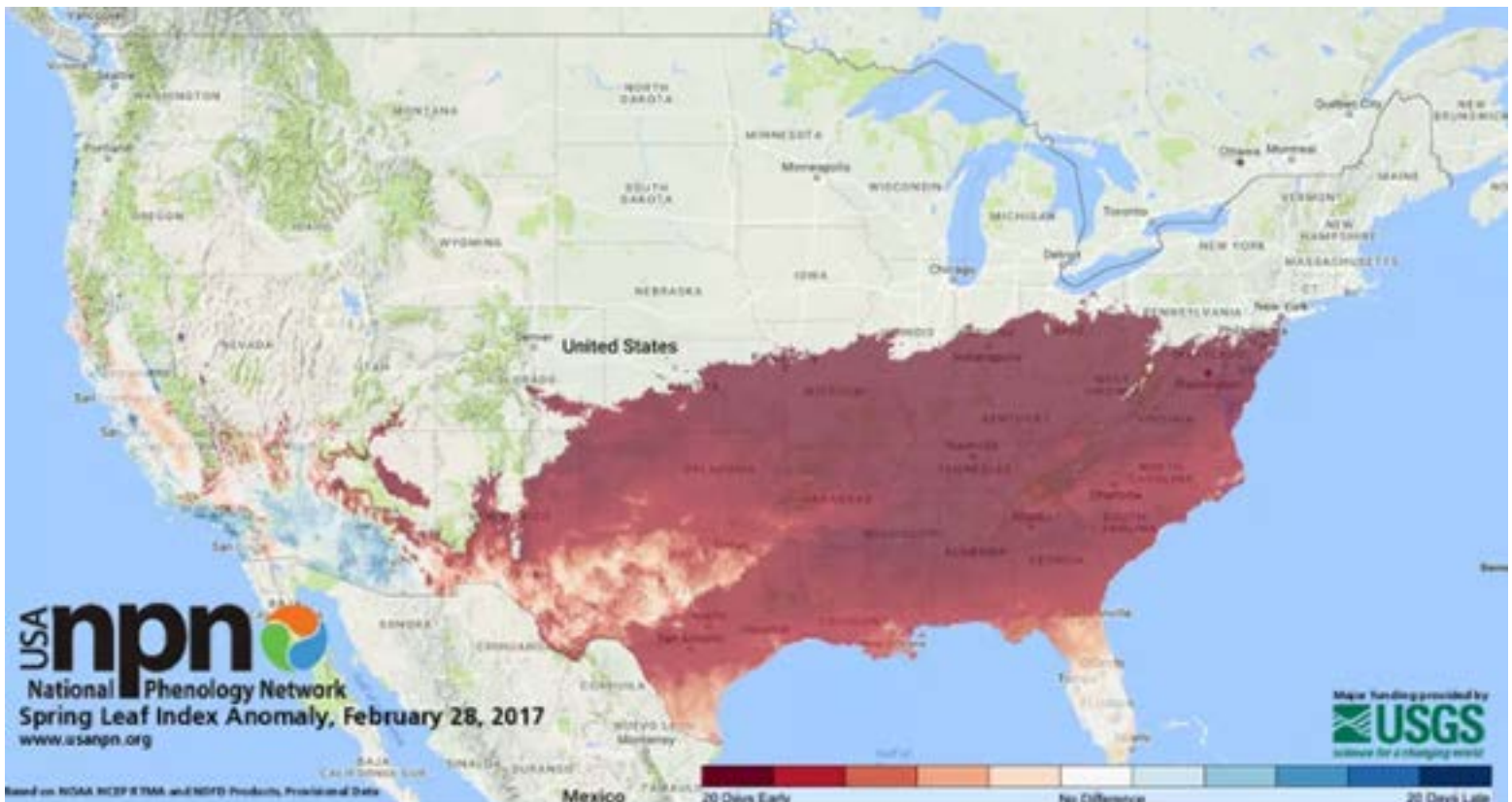
Indian Wheat Could Weigh On 2017-18 World Balance Sheet: *India will be the first major wheat-growing country to harvest the 2017/18 crop, and most of its wheat will be cut by the time the U.S. Department of Agriculture rolls out its first production estimate in May. Despite the early glimpse this should provide to the wheat market, the Indian government's data could actually downplay the potential impact of the country's bumper crop on global balance sheets due to some data discrepancies with USDA. India, the world's second-largest wheat grower and consumer, is due to begin harvesting the 2017/18 crop later this month. The Ministry of Agriculture (MOA) pegs the upcoming harvest at 96.64 million metric tons, which would be an all-time high for the country according to the USDA's records. Some analysis groups predict that the 2017/18 wheat harvest could reach 100 million metric tons, which if realized would represent an increase on the year of up to 15 percent – much larger than MOA data implies. And this means India will likely be contributing much more heavily to world wheat supply in 2017/18 relative to the year before. Read more from [Reuters](#).*

10 Breakthrough Technologies You Need To Know About: *From [Technology Review](#), 10 technologies that the publication says "have staying power." They will affect the economy and our politics, improve medicine, or influence our culture. Some are unfolding now; others will take a decade or more to develop. But you should know about all of them right now.*

How A Website In Norway Is Making Sure People Really Read The News: *A web-*

site run by the Norwegian public broadcasting corporation recently started making people take a short multiple choice quiz to prove they've actually read articles before commenting. It's an effort to combat the destructive human impulse to react to news before we've bothered to understand exactly what we're reacting to. A 2016 study found that 60% of social media links are never actually clicked, even by the people who shared them. This impulsiveness imperils our politics. It can also threaten our safety. For proof, [Quartz](#) looks back to Nov. 9, 1874, when the New York Herald broke the news of a horrifying public emergency unfolding on the streets of New York City.

Maps Show How Early Spring Will Start In Your State...If It Hasn't Already: The U.S. Geological Survey has a neat set of maps, updated daily, showing how early spring has arrived in each state this year — an index based on plant events, like leaves appearing on trees and flowers blooming. In a swath of the country from San Antonio to New York City, spring arrived two to three weeks earlier than usual. In Washington, DC, spring arrived 22 days early. "These findings are consistent with the fact that the instrumental record shows that 2016 was the hottest year ever recorded for the globe, and that it was the third record-breaking year in a row," USGS notes. On one level, it's nice to have spring weather in February. But as the agency points out, these early spring onsets can have all sorts of wide-ranging impacts on human health and agriculture — both positive and negative. Read more [HERE](#).





Will There Be A Much Feared Bacon-Shortage?

There has been a lot of talk the past few months about the shortage of pork belly inventories, which are down 77% over the last year and at their lowest level in 60 years. The shortage was highly advertised, and after a run up in price, the market fell back by more than -20%. The bulls argue that the discounts at the supermarket may end up being short-lived. The USDA's most recent data on pork bellies showed that January stockpiles were 14 million pounds, a record-low for the month. Pork belly is the source of bacon, for those not familiar. Concerns about a shortage were first raised at the beginning of February, when the USDA reported that pork belly inventories at the end of 2016 hit a multi-decade low of 17.8 million pounds. With January inventories down nearly another -4 million pounds, it is understandable that people would start getting worried. However, industry experts say there is no reason for bacon lovers to start hoarding the delicious meat slices. The dramatic drop in supplies stems from two main issues. The first is, without a doubt, very strong consumer demand. Normally, bacon demand is stronger in summer and wanes in the winter. This past year, however, demand never really saw a seasonal dip with retail demand running strong, restaurants adding it to every type of dish conceivable and McDonald's rolling out their very popular all-day breakfast. In fact, the strong demand resulted in bacon prices more than doubling since August. That price hike is where the second supply issue stems. High wholesale belly prices deterred processors from storing them in U.S. warehouses for later use, hence pushing more supply to the front of market. Some also argue the low belly stocks could be due to a decline in physical storage by speculators after the demise of Chicago Mercantile Exchange belly trading pit. The debate then becomes, will record hog production here in the U.S. be able to provide the current demand with enough up front supply? As of right now there seems to be a plentiful supply of fresh bellies in the marketplace. Also keep in mind the USDA is forecasting that production will remain high the first two quarters of this year, so many industry experts think the likelihood of a real 'bacon shortage' is unlikely anytime soon. There's some speculation and arguments being made that higher prices and perhaps less available bacon supply could play out in mid to late-summer. (Source: Reuters, Daily Livestock Report)



What's All The Buzz About The New "Soda Tax"

Pepsi recently announced that they will lay off 80 to 100 workers at Philadelphia-area distribution centers in response to plummeting soda sales that they blame on the city's sweetened beverage tax. Last summer, Philadelphia passed a 1.5 cent per ounce tax on soda and other sweetened beverages, including 'diet' varieties. The tax went into effect on January 1 and retail figures show that soda sales have since fallen by nearly -45%. A typical 12-pack of 12 ounce cans before the tax cost \$5.58. Now, it cost around \$7.74. A 20-ounce soda that was \$1.88 is now up +30 cents, to \$2.18. The rise in cost has hit hardest proportionally on customers buying cheaper store brands, with prices in many instances up nearly +100%. Grocery stores are reportedly cutting shelf space for sweetened beverages from all brands by as much as 50%. The fallout from decreased sales isn't limited to just Pepsi and other beverage makers, either. Convenience store chain ShopRite told the local news that they were cutting their employees' hours and that city-wide, as many as 300 jobs at their stores could be cut. As the unfortunate job losses were being reported last week, the city was quick to announce that the tax has generated almost \$6 million in revenue, leading to the creation of 251 new jobs. Philadelphia Mayor Jim Kenney contends that Pepsi and others that oppose the tax are playing politics. "Talk about using your employees as pawns. I always thought they sunk to a low, but this is a new low for them," he said. Pepsi vehemently denies that they are using the layoffs as any sort of fear-mongering tactic, claiming it is just a simple matter of economic reality. While Philadelphia is the first major U.S. city to witness the impact of a soda tax, they are not going to be the last. Next up is Cook County, Illinois, which includes the city of Chicago and is by far a much bigger market than Philadelphia. A similar sweetened beverage tax goes into effect there in July. The Illinois Beverage Association projects the tax will have a large economic impact on the county in terms of layoffs, too. County officials are championing the tax as a way to help balance their \$4.9 billion budget. The added revenue potential has a grow-

ing number of cities throughout the U.S. considering similar taxes. San Francisco, Oakland and Boulder have already passed measures to tax sweetened beverages, while Santa Fe, New Mexico is currently holding hearings on the idea.



"The Fight Of The Century"

Muhammad Ali and Joe Frazier battled it out for 15 rounds in what was dubbed the "Fight of the Century" on this day back in 1971. Joe Frazier was the WBC/WBA heavyweight champion and Muhammad Ali was the Ring magazine heavyweight champion. The two met at Madison Square Garden for the first time in their careers to determine the undisputed Heavy Weight Championship. Both fighters came into the match undefeated as well as previous gold medal winners in the Olympic Games. The bout marked Ali's return to the marquee three-and-a-half years after boxing commissions revoked his license over his refusal to fight in the Vietnam War. It was also Ali's first chance to win back the heavyweight championship, which had been stripped by the WBA. The fight held broader meaning for many Americans, as Ali had become a symbol of the left-wing anti-establishment movement during his government-imposed exile from the boxing world, while Frazier had been adopted by the conservative, pro-war movement. New York City was ablaze with

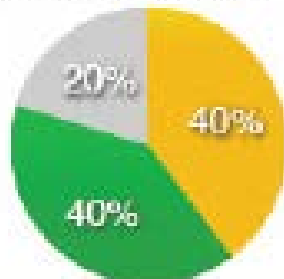
the excitement surrounding the fight. The bout was a sell out and even some of the day's hottest celebrities couldn't get a ticket. Frank Sinatra found himself in that situation and managed to get Time Magazine to allow him to be their photographer for the fight which garnered him a ringside seat. Each fighter was guaranteed \$2.5 million for putting it all on the line, which would be close to \$15 million in today's dollars. This is a far cry from the "Mayweather vs. Pacquiao" fight, where Mayweather walked away with a reported \$230 million and Pacquiao took home a little more than \$150 million. The fight itself exceeded even its promotional hype and went the full 15-rounds. Muhammad Ali dominated the first three rounds, peppering the shorter Frazier with sharp quick jabs that raised welts on the champion's face. Frazier began to dominate in the fourth round, catching Ali with several of his famed left-hooks and pinning him against the ropes to deliver tremendous body blows. As the fight wore on, Ali couldn't maintain his early round aggressiveness. Ali took a hook to the face in the 11th round and went to his knees as well as going to his back in the 15th round. Frazier won the fight with a unanimous decision as he handed Ali his first professional loss - which of course Ali disputed in the media. The two fighters would battle twice more, in 1974 and 1975, with Ali winning both fights. Frazier would lose his title to George Foreman in 1973 in a second round knockout. Ali of course went on to become what many deem "the greatest" to ever step inside the boxing ring. (Source History, Wikipedia)



CASH SALES & HEDGING TOTALS

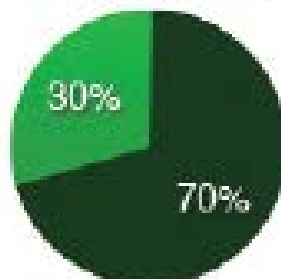
CORN 2016 CROP

40% SOLD
40% HEDGED
20% Cash Remaining



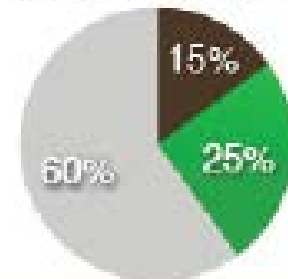
SOYBEANS 2016 CROP

70% SOLD
30% HEDGED
0% Cash Remaining



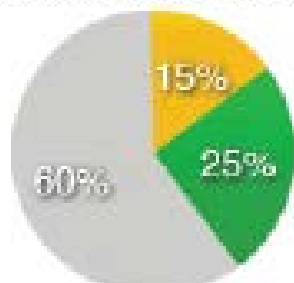
WHEAT 2016 CROP

15% SOLD
25% HEDGED
60% Cash Remaining



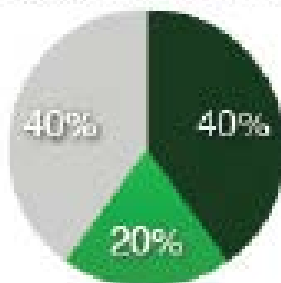
CORN 2017 CROP

15% SOLD
25% HEDGED
60% UNPROTECTED



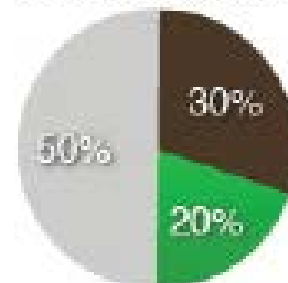
SOYBEANS 2017 CROP

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

