



"Until you make peace with who you are, you'll never be content with what you have." -
Doris Mortman

MONDAY, MARCH 20, 2017

Morning Summary: Investors will have little new U.S. economic data to digest this week, with not a single significant report due out till Wednesday when Existing Home Sales are released. That will be followed by New Home Sales on Thursday, then Durable Goods Orders and Flash PMI on Friday. Fed-speak however will be kicking back into high gear, with seven central bank officials scheduled to deliver speeches throughout the week, including Janet Yellen on Thursday. Today we will hear from Chicago Fed President Charles Evans, who will be talking about current economic conditions and monetary policy. Many market insiders continue to debate and wonder if a rising tide will in fact lift all boats? It feels like the markets, for the first time in almost a decade, trying to pivot away from monetary policy and focus more attention on actual growth. This obviously has caught some extremely large money-managers offside and in desperate need to reposition, hence the active rotation of money-flow. In looking for fresh news, I suspect headline traders will again turn their heads towards Washington where we could see a fairly active week. The Senate will hold the first confirmation hearing for U.S. Supreme Court nominee Neil Gorsuch today. The hearings could last three or four days. Also starting today is the House Intelligence Committee's public hearing on Russia's supposed election interference. At the President's request, the committee is also looking into allegations that the Obama administration had wiretapped Trump Tower. The U.S. Justice Department on Friday said it delivered documents to congressional committees in response to their request for information that could shed light on the claims. FBI Director James Comey is expected to be questioned on the matter by the panel today. Also still in the spotlight will be the legal challenges to Trump's newly released travel ban. President Trump is reportedly planning to pick top adviser Kellyanne Conway's husband to head the Justice Department's civil division, which would put him at the forefront of defending the controversial ban. This week could also see a House vote on the bills to repeal and replace the Affordable Care Act and more talk about the Trump budget.

No "Perfect Bracket" This Year! *Reports circulating from tens of millions of brackets including the Capital One March Madness Bracket Challenge game at NCAA.com, as well as games at Bleacher Report, CBS, ESPN, Fox Sports and Yahoo, show that after 40 games in the NCA tournament there are now NO perfect brackets. From what I've seen circulated, there was a bracket submitted on Yahoo's bracket game, that managed to reach 39 straight correct picks before Iowa State fell short of a comeback against Purdue and handed the bracket its first loss of the tournament. Last year, the*

longest perfect bracket tracked busted after 25 games. The obvious brake buster this year came when #8-seed Wisconsin downed overall #1-seed Villanova in the 34th game of the tournament. Since 1985, there have been an average of nine first round upsets, and last year's tournament saw a record 15 upsets in the Round of 64. This year was only the second time in the past 13 years that there have been fewer than seven upsets in the opening round. Read more fun facts about this year's bracket [HERE](#)

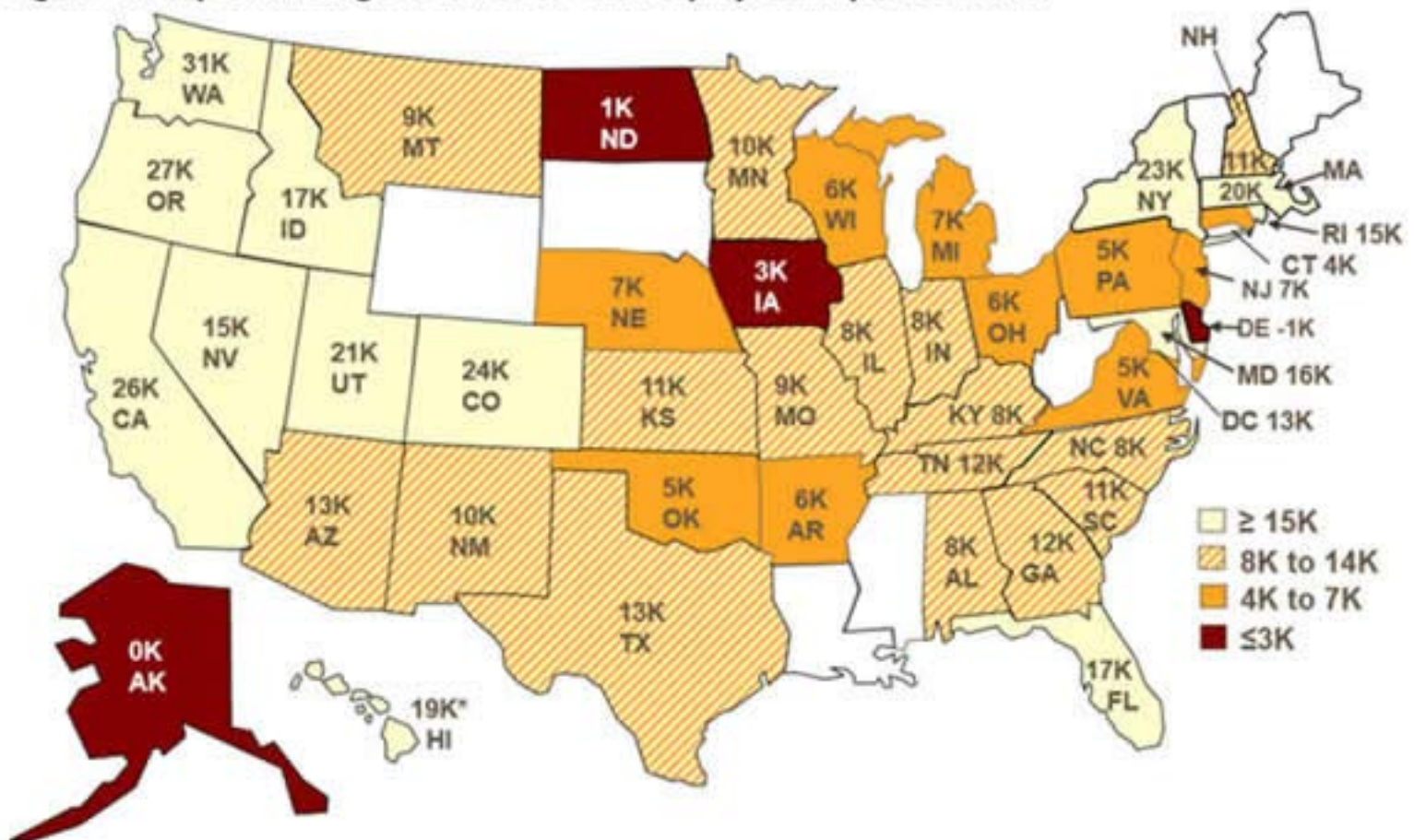
Non-OPEC Oil Producers Only Deliver 64% Of Pledged Cuts: Eleven non-OPEC oil producers that joined a global deal to reduce output to boost prices delivered 64 percent of promised cuts in February, an industry source said on Friday, still lagging the higher levels of OPEC itself. The Organization of the Petroleum Exporting Countries (OPEC), Russia and other producers agreed to cut production by 1.8 million barrels per day (bpd) from Jan. 1 to boost prices and reduce a supply glut. On Thursday, Saudi Energy Minister Khalid Al-Falih urged better delivery from exporters that have vowed to reduce their oil supply. Compliance numbers were reviewed at a meeting in Vienna on Friday comprised of officials from countries monitoring adherence to agreed output levels — OPEC members Kuwait, Venezuela, Algeria plus non-OPEC Russia and Oman. Russia plans to step up its adherence, saying on Friday that it will cut output by the full amount it had pledged — 300,000 bpd — by the end of April and will maintain that level until the deal expires at the end of June. Last week, Al-Falih told CNBC that Russia had cut more slowly than he would have liked in the first two months of the deal, but confirmed Moscow was accelerating reductions in March. Saudi Arabia has provided the lion's share of output curbs to date. The meeting on Friday also discussed OPEC's own compliance, which it put at 106 percent, in line with figures published in OPEC's latest monthly report early last week. (Source: CNBC)

Trump And Merkel Finally Meet: President Donald Trump hosted German Chancellor Angela Merkel on Friday, with the two both describing their first meeting as "productive." The two aired some of their grievances as well, with Trump saying the NATO agreement is unfair to the U.S. Trump told Merkel he supports a "strong NATO" but added that her country and other European nations must pay their "fair share" of the costs of the alliance. Trump also criticized trade agreements between the U.S. and Germany, which he said overwhelmingly favor Berlin. Commenting on the meetings, Merkel only said, "I've always said it's much, much better to talk to one another and not about one another, and I think our conversation proved this". At the news conference with Trump, Merkel said Germany believes in "European unity and European integration," and "I am saying it in the United States, also here in Washington in my talks with the president". Trump and Merkel have been part of a back-and-forth for several months now, with Trump criticizing the EU's immigration policy and saying that Germany is using the European Union as a "vehicle" for its own economic ambitions. Merkel, meanwhile, has questioned Trump over his criticism of the EU, NATO, free-trade agreements and other multi-national agreements.

Over 1 Million U.S. Homeowners Regained Positive Equity in 2016: According to CoreLogic, U.S. homeowners with mortgages (roughly 63 percent of all U.S. homeowners) saw their equity increase by a total of \$783 billion in 2016, an increase of 11.7 percent. Additionally, just over 1 million borrowers moved out of negative equity during 2016, increasing the percentage of homeowners with positive equity to 93.8 per-

cent of all mortgaged properties, or approximately 48 million homes. In Q4 2016, the total number of mortgaged residential properties with negative equity stood at 3.17 million, or 6.2 percent of all homes with a mortgage. This is a decrease of 25 percent year over year from 4.23 million homes, or 8.4 percent of all mortgaged properties, compared with Q4 2015. Negative equity peaked at 26 percent of mortgaged residential properties in Q4 2009 based on CoreLogic equity data analysis. Dr. Frank Nothaft, chief economist for CoreLogic, says the equity build-up has been supported by home-price growth and paydown of principal. "Further, about one-fourth of all outstanding mortgages have a term of 20 years or less, which amortize more quickly than 30-year loans and contribute to faster equity accumulation." The states with the largest home-price appreciation last year, according to the CoreLogic Home Price Index, were Washington and Oregon at 10.2 percent and 10.3 percent. (Source: World Property Journal)

Figure 4: Map of Average Year-Over-Year Equity Gain per Borrower

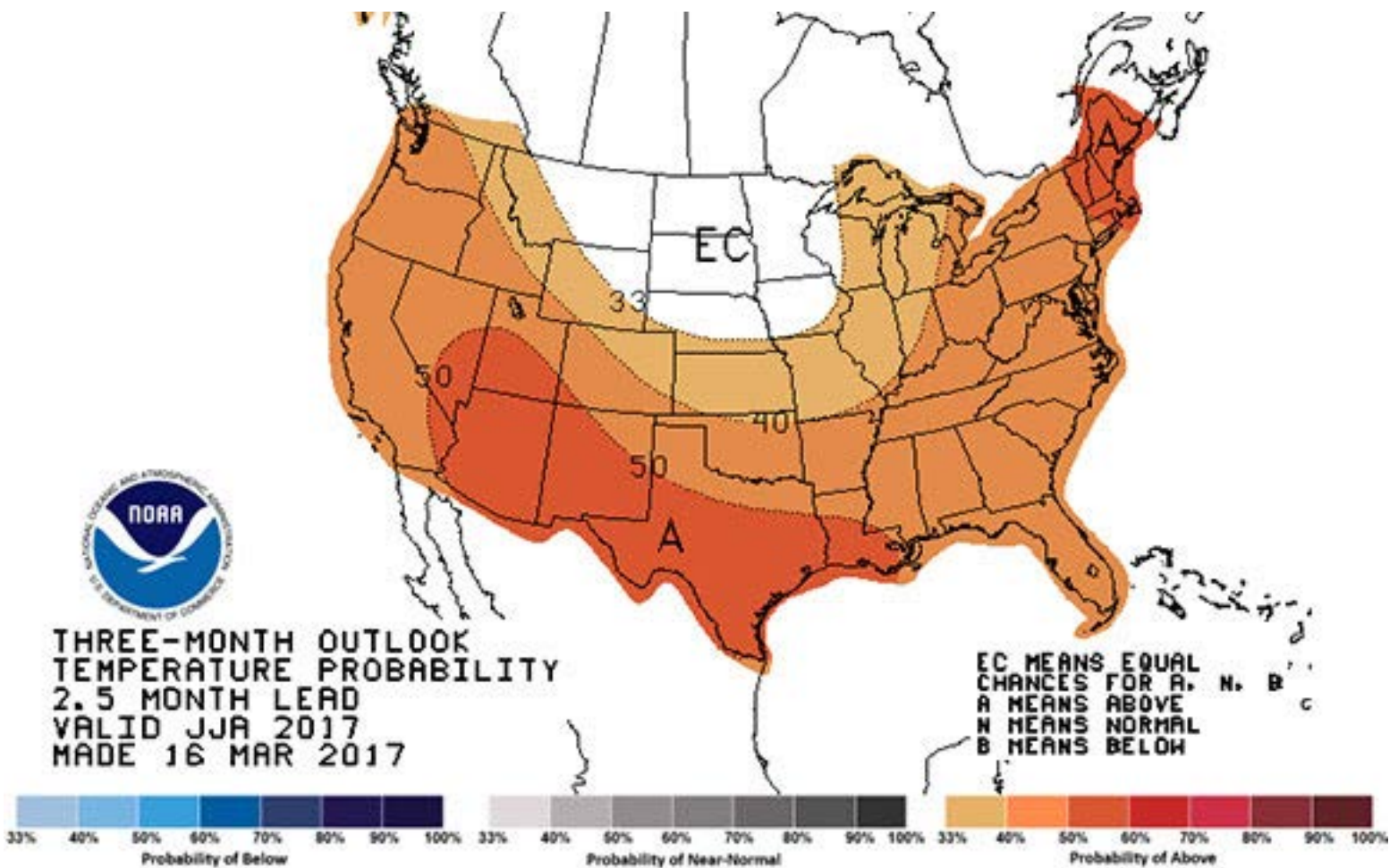


* Hawaii average equity gained is from Q3 2016
 Source: CoreLogic Q4 2016

Weather forecasts are calling for the warming trend that began over the weekend to continue for this week. Values will be well above normal in western areas, and near to above normal in eastern sectors. This milder trend should allow for spring field work to resume in the western Midwest. On the Plains, slightly cooler air has arrived across Montana and the Dakotas, but warm, dry weather covers the remainder of the nation's mid-section. Drought impacts on rangeland, pastures, and winter wheat remain a concern across por-

tions of the central and southern Plains. On March 12, Oklahoma's rangeland and pastures were rated 35% poor to very poor. There does appear to be some chance for rainfall to occur next week, but most activity will be outside the driest sectors of the western and southwestern portions of region. Temps in the 80s and low 90s this past weekend continued to increase stress to developing wheat. In Brazil central areas are in the middle of a five day rain forecast. This rain is expected to be beneficial for second crop corn. Meanwhile generally favorable conditions for filling soybeans are in effect in southern Brazil. In Argentina, central crop growing regions are having beneficial temperatures for late season crop stages. A mostly dry pattern is in the forecast, which will favor early harvests. We continue to hear reports of strong yields for corn and soybeans.

Hot Summer Forecasted: *The latest from the NOAA Climate Prediction Center's summer outlook for June - August features high chances for above normal temperatures across the entire nation. There is an equal chance of normal temperatures showing for the northern regions of the Midwest and High Plains, but the lion share of the country will be hot. I do want to make note that this forecast raised chances for high temperatures from last month's forecast due to climatological trends and hotter weather models. This falls right in line with a developing El Nino come this summer.*

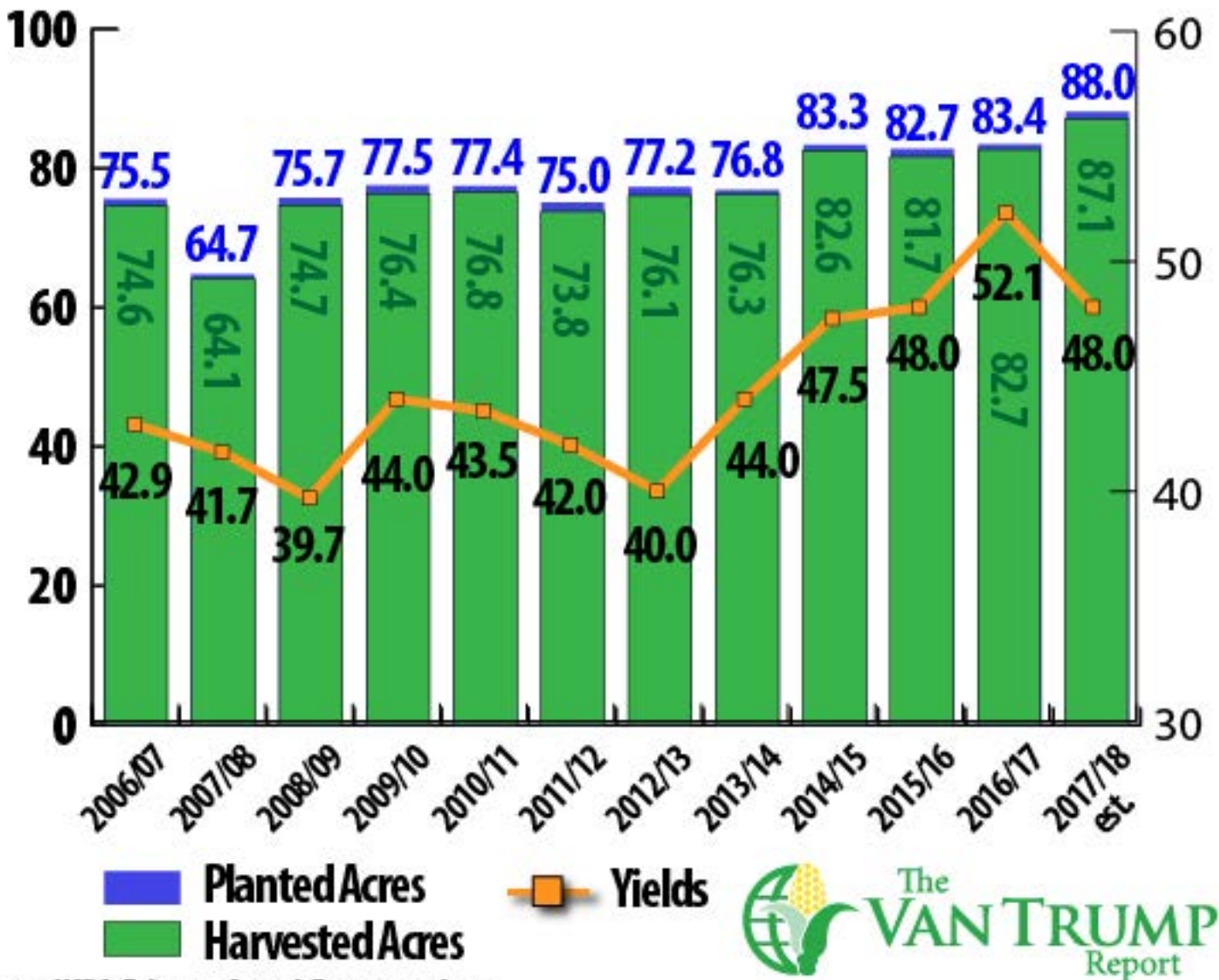


Corn bulls continue to talk about strong demand. Not only has corn for ethanol continued to impress, but U.S. corn exports are arguably stronger than many suspected, including perhaps the USDA, who may eventually need to bump their U.S. corn export estimate higher. Lets also keep in mind just last week the trade was digesting unexpected headlines and rumors that Chinese buyers had purchased a few cargoes of U.S. corn. I'm still uncertain of the exact details, having heard anywhere from between 200,000 and 600,000 metric tons could have been booked by Chinese buyers. Most inside source doubt the Chinese purchases will continue in any type of meaningful manner, but it's certainly something worth keeping our eye on and monitoring in the days ahead. I should note there's also more headlines and talk circulating that Chinese producer are going to plant fewer corn acres in 2017. The bears are pointing to the fact the South American crop may actually be larger than many in the trade have been anticipating, including myself. Not only will the South American crop be +30 MMTs larger than last year, but some respected sources are forecasting it will be even larger. The folks at Safra's just recently forecast the Brazilian crop at 98 MMTs, which is well above the most recently raised USDA forecast of 91 MMTs. I know this might sound somewhat strange, but many bears are also talking more loudly about a "storage" shortage in South America. It's been said for years amongst some of the sharper minds in the ag space that the achilles heel for the U.S. producer might just be the glut of on-farm storage that has been added the past ten-years. Meaning while the U.S. producer is looking to store their bushels, the producers in South America and the Black Sea region will simply continue to grow more and dump more supply on the market each and every year as they have no where to go with the excess supply. The market is slightly higher to start the week, but I see nothing in the nearby headlines that has enough strength to break us out of our current range. As both a spec and a producer I remain patient.

Soybean bears continue to point to already large crops in South America perhaps getting even larger. There's also talk that a new export terminal in Brazil is going to help improve some of the logistical constraints associated with another record harvest. Even though the record setting Brazilian crop is currently having a tough time getting out of the country, most insiders suspect it's only a matter of time before supplies start being more readily available to the global marketplace and potentially creating headwinds for U.S. exporters for many more months. The bears also want to point to somewhat negative demand headlines that have highlighted a less than expected domestic U.S. crush estimate from NOPA last week and more concerns about bird-flu spreading not only hear at home but also across a large portion of Asia. Looking forward the trade continues to heavily debate upcoming U.S. planted acres. The USDA is already forecasting a new all-time record of 88 million planted soybean acres in 2017. Unfortunately, based on my recent travels and conversations, I'm in the camp that the new record number of soybean acres is going to work itself even higher, perhaps closer to 90 million and possibly even greater than the number of U.S. corn acres planted? As a result I've reduced more new-crop price risk than I usually would for this time period, as I believe there is no way around record U.S. soybean acres being planted. I currently have 60% of my estimated new-crop price risk removed, where as generally I would only have between 30% to 40% priced or hedged at this juncture. I still believe there's upside potential and the ability to take out the previous nearby highs, but we are going to need a U.S. weather story and the funds to stay interested in the more bullish macro "reflationary" trade. As a spec I like the thought of building a longer-term bullish position on a major pullback in price. As the market transitions form a

South American weather market to a U.S. market I suspect the lack of current worries and and or weather related hiccups in the forecast could cause some of the bulls to backpedal a bit. I'm keeping an extremely close eye on "money-flow", but I'm not buying any nearby head-fake to the upside, as I still respect the bearish fundamentals that remain in play and the record number of U.S. acres about to be planted.

U.S. Soybean Planted Acres, Harvested Acres & Yields



Source: USDA, February Outlook Forum numbers



Wheat bulls are keeping an extremely close eye on rain and any late-inning freezes in the U.S. forecast as temps across a large portion of the Midwest set fresh new all-time record highs. The HRW wheat crop has several important production areas here in the U.S. that are witnessing abnormally warm and dry conditions. Keep in mind the HRW crop is already experiencing close to a -12% reduction in planted acres, followed by a -3% reduction in Spring wheat acres, as well as a setback in SRW wheat acres. In other words, with planted acreage so low, any weather uncertainty or headlines in the U.S. might generate more

concern than normal. I still believe there is a lot of uncertainty surrounding the upcoming U.S. wheat crop along with potential geopolitical headlines that could provide us with much better prices to market our wheat in the weeks or months ahead. The bears however continue to point to overly burdensome U.S. and domestic supplies and better weather and rainfall in the forecast ahead. I'm staying extremely patient as a producer, while as a spec I continue to hold a very conservative longer-term bullish position, looking to add on any significant break in price.



> Saudi Arabia Ramps Up U.S. DDGS Purchases: *Last month, Saudi Arabian buyers purchased 18,000 metric tons of U.S. distiller's dried grains with solubles (DDGS), a relatively large amount according to the U.S. Grains Council (USGC). "The timing of the purchases by Saudi Arabia could not be better," said Kurt Shultz, USGC senior director for global strategies. "The DDGS export market has been under pressure with a slowdown in exports to key markets like China and Vietnam. However, other countries like Saudi Arabia are helping to fill that void. Total DDGS exports are down only 2% from last marketing year." While the dairy and poultry sectors in Saudi Arabia are large and modern with an estimated annual compound feed demand of 6.9 million metric tons, the USGC said its progress in persuading the Saudi industry to utilize DDGS has been limited by shipping distance and local subsidies that did not incentivize use of the product. Now, those policies are changing, and DDGS is priced well in the market. As a result, Saudi buyers — and others in the region, including in Egypt, Turkey, Morocco and Pakistan — are taking a closer look at U.S. DDGS. (Source: World Grain)*

> Turkey Denies Banning Russian Wheat Imports: *Turkey's economy ministry on Friday denied claims that Turkey has banned imports of certain products from Russia, adding that all of its trade policy is in line with World Trade Organization (WTO). The ministry has added country information in tax-free import licenses but does not aim to ban any supplier or any product, it said in a statement without referring to specific products. Industry and trade sources said on Friday that Turkey had unexpectedly removed Russian wheat from an import license scheme, effectively disrupting Russia's shipments to its second-biggest wheat export market.*

> U.S. Ethanol RIN Generation Fell -8% In February: *U.S. ethanol RINs generated in February fell by 99 million RINs, or 7.89%, from January to 1.155 billion RINs, Environmental Protection Agency data shows. February biomass-based diesel (D4) RINs rose by 18.13 million RINs, or 9.33%, to 214 million RINs generated. Advanced biofuel (D5) RIN generation fell by 306,000 RINs, or 5.44%, to 5.316 million RINs generated. Cellulosic biofuel (D3) RINs generated jumped by 15.43 million RINs, or 3,359.65% to 15.889 million RINs. Total RINs generation was at 1.6390 billion RINs, down 65 million RINs, or*

4.5%, from January. (Source: Platts)

> Brazil Meat Producers Probed In Alleged Bribery Scheme: *Brazilian meat producers including JBS SA and BRF SA are being investigated as part of a probe into an alleged bribery scheme involving agricultural inspectors and the sale of adulterated food. Federal police said in a statement Friday they're serving 309 court orders, 27 of which are for preventive detention and 11 for temporary detention. Officials are also serving 194 search warrants and 77 orders to take people in for questioning. The judge responsible for the case also issued orders for the police to search some BRF and JBS plants. Federal agents who inspect agricultural goods allegedly agreed to clear adulterated food that was unfit for human consumption and allow it to be sold domestically as school meals or to be exported, Brazil's Federal Revenue agency said in a separate statement. (Source: Bloomberg)*

> Consumer Companies Reformulated About 20% of Products in 2016: *Global consumer-goods makers reduced ingredients such as sugar and salt in about 20 percent of their products in 2016 as shoppers shift toward healthier brands. A survey of 102 companies, including Nestle SA and Procter & Gamble Co., found that 180,000 products were reformulated in 2016, according to a report from the Consumer Goods Forum. That was about double the previous year. The biggest producers are losing share to smaller, localized brands which are capitalizing on shoppers' growing preference for healthier and more sustainable products. Organic growth for global consumer companies has fallen to less than 3 percent for the last three years, according to Credit Suisse analysts. Adding to changing consumer tastes, some governments are even clamping down on unhealthy products. In March, the U.K. followed Mexico in imposing a tax on sugary drinks in an effort to cut obesity. The U.S. Food and Drug Administration last year announced companies would be required to label products with more detailed information about their sugar content. There is also a growing number of U.S. cities that are trying to pass "sweetened beverage" taxes. (Source: Bloomberg)*

> Perdue Gets A Hearing Date: *Sonny Perdue, Trump's pick for Ag Secretary, has a hearing before the Senate Agriculture Committee on March 23. Senate Democrats have signaled they won't block Perdue, though Sen. Debbie Stabenow, the committee's ranking member, has said she won't decide on whether to vote for him until she's had a chance to review all of his paperwork. Perdue's nomination has widespread backing within the industry.*

> Trump and Bill Gates To Meet Today: *Trump will meet today with Microsoft co-founder Bill Gates, Tony reports. Gates has been outspoken about engaging the president on issues related to clean energy, highlighting the business gains that investing in the sector would provide for the country. He's also mentioned that the government's role in funding foreign aid is so sizable that a policy like the global gag rule Trump has instituted to block funding to organizations providing abortion advice or care creates a "void" that no foundation, not even one as massive as The Gates Foundation, could fill. (Source: Politico)*

> The First Private Moon Landing *could be made by a group of European scientists next year. The engineers - called PTScientists - built a landing module and two rovers, which are expected to launch in 2018 aboard a SpaceX Falcon 9 rocket. The team has been*

working for a decade on the machines, teaming up with Audi to build the solar-powered machines. (Source: SeekingAlpha)

> Consumer Confidence Hits 13-Year High: *On Friday, the latest consumer sentiment numbers from the University of Michigan released Friday showed that in March confidence rose again, as the index of consumer sentiment rose to 97.6 from a final reading of 96.3 in February. Though just below readings seen in January and February, March's preliminary reading indicates consumers haven't been this consistently confident since early 2004. "The overall level of consumer sentiment remained quite favorable in early March due to renewed strength in current economic conditions as well as the extraordinary influence of partisanship on economic prospects," said Richard Curtin, chief economist for the survey. "The Current Economic Conditions component reached its highest level since 2000, largely due to improved personal finances."*

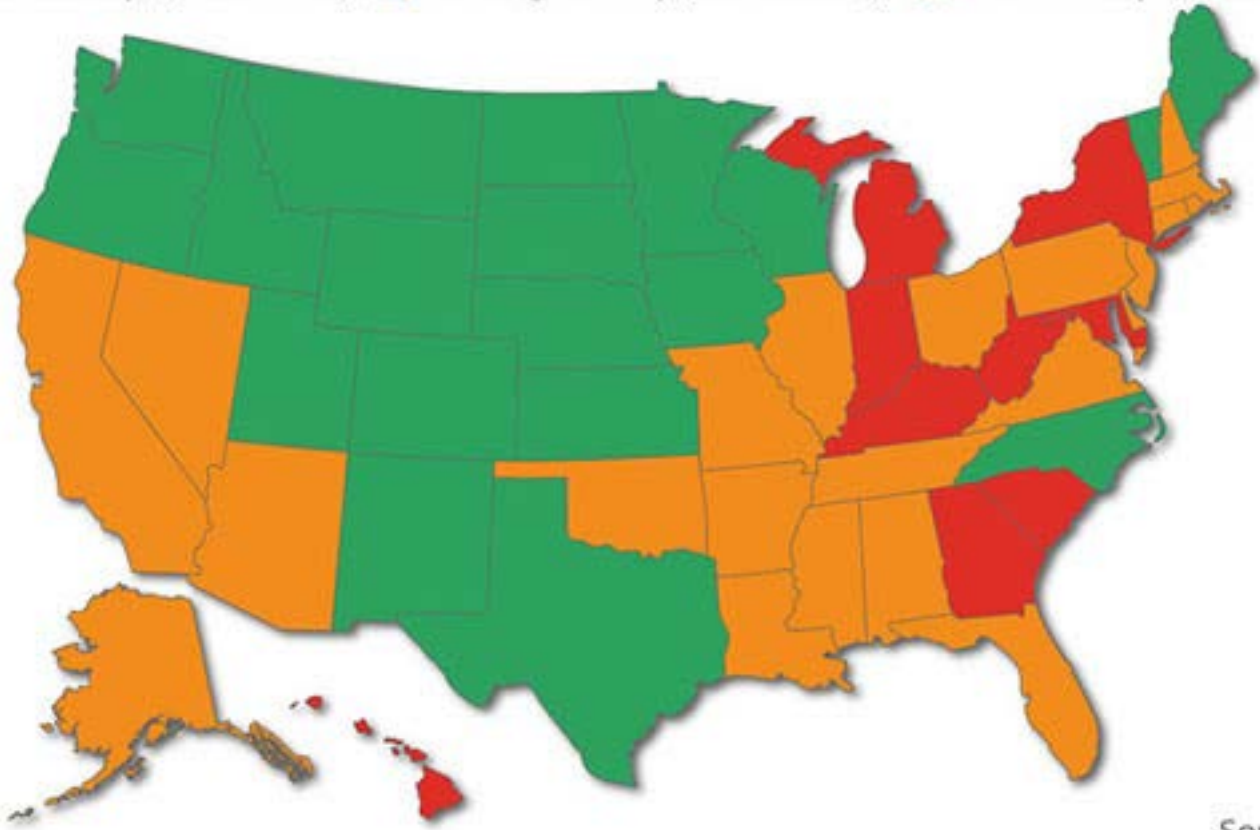
> Personal info of thousands of customers of Saks Fifth Avenue *has been made publicly available in plain text online. "We take this matter seriously," a Hudson's Bay spokesperson told BuzzFeed News. The records included email addresses and product codes for the items customers expressed interest in buying; some also contained phone numbers. (Source: SeekingAlpha)*

> Millions Of Americans Don't Get Enough Sleep: *Nearly one in three adults in this country get an average of less than seven hours of sleep a night, according to a study released by the Centers for Disease Control and Prevention. Overall, 65.2% of adults got seven or more hours of sleep a night, which is what the CDC recommends. For the most part, people living in the eastern part of the country were more sleep deprived than those in the central and western part of the country. Residents of Hawaii get the least sleep (just over 56% get seven or more hours a night), while residents of South Dakota get the most (71.6%). The CDC cautions that getting too little sleep can put your health at risk. "Sleeping less than 7 hours per night is associated with increased risk for obesity, diabetes, high blood pressure, coronary heart disease, stroke, frequent mental distress, and all-cause mortality," the report reveals. (Source: MarketWatch)*

One in three Americans don't get enough sleep

Percentage of adults who reported seven or more hours sleep per 24-hour period

■ Least sleep (56%-61%) ■ Average sleep (62%-65%) ■ Most sleep (66%-71%)



Source: CDC



Northeast Indiana - *It has been cold and rainy this week but really we are a little dry for this time of year. We would like to be putting down some anhydrous but things are just wet enough to keep us out of the field. I think we have only had three rains, a .5 and two .3's, for March. The rains have kept the top of the dirt wet but we really have no subsurface moisture. There has not been any tiles running all winter, with the creeks and ponds lower than normal. We have had some freezing temps in the overnights that don't help. We will start planting in mid April. I have planted in early April in the past but don't like too with cold temps hanging around. I heard there was a guy not too far from me planting some wheat on narrow rows and a few acres of beans, that were late group IV to experiment with them. We will be heavier on the beans this year with the rotation being 70/30 beans to corn. We have had vomatoxin two out of the last five years. It has been pretty bad and I hate the low prices and getting docked on the quality also. We have had a couple of years*

with heavy rains in August with very cool temps overnight. I think in our area there could be more corn acres switch to beans before things get planted this year.

Central Illinois - *There is nothing being done around us as we had another round of thunderstorms this morning. We had 4" to 5" of snow earlier this week but everything has melted and soaked in. I think that we are in great shape on the moisture side of things. All of the tiles are running and have been most of the winter. With the weather permitting we like to wait until the 3rd or 4th week of April, to start planting. We just have not gotten in a hurry over the last few years. I learned my lesson the hard way rolling the planters in March. We had really great yields last year with our corn being a record and the beans just off the record that was set in 2015. Our normal bean yields have been in the low 60bpa area but last year we were closer to the 65bpa mark and 68bpa in 2015. We did not have the large viney beans that many had but they were full of pods. We had great weather when the pods filled and timely rains to finish. The corn was the best that we had seen for our farms. Over the last three years we have had exceptional yields. The yields last year were right at 227bpa. If we can make 210bpa to 220bpa on a whole farm average we are good. I have not heard of many guys switching more acres to beans because they like to grow corn and will stay with their normal rotation.*

Eastern Washington - *We still have a little snow on the ground after having more worse of a winter than we have had in the past. There was snow early in December then continued with rains that have kept things wet. There was some winter wheat that didn't get seeded because the fields were just to saturated. Some guys planted anyway and mudded it in. Those fields looked pretty rough for a few months. A lot of the wheat is coming out of dormancy right now and greening up nicely. We are not out of the woods yet but there has not been much frost at night, so unless we turn off with lower temperatures, we should avoid any large amounts of winterkill. We do not have any of the snow mold that they have seen north of us. It is looking like we will have a late spring with as wet as it is, pushing things out to mid April. We will need to spray the spring wheat areas for burndown to get ready for planting. We grow a lot of blue grass. With less guys growing bluegrass in our area, I made the decision a few years back, to stick with it, which has been very profitable for our farms.*



Where Is Drone Technology Heading? *During 2012, drone technology companies that identified agriculture as an industry of focus, raised \$326 million in venture capital funding. That was a 189% increase on 2014, according to [AgFunder data](#). The startups that raised funding in 2015 were split broadly into two categories: the unmanned aerial system (UAV) manufacturers and the drone software platforms mapping out flights and providing some analysis on the images received. Some did both. But towards the end of the year, there were signs that the technology may have been overhyped for the industry. One po-*

tential indicator of this could be the 64% drop in funding in 2016 to \$118 million. But it also showed in the agriculture community. The commoditization of drones, which can now be purchased for as little as a few hundred dollars, has also made the actual vehicle for flying of less importance; now it's all about the sensor attached to the drone; the processing and analysis of that imagery, and the real-time, actionable insights that analysis can give to farmers. Here is a selection of startups you may not have heard of to highlight how drone technologies for agriculture are evolving to resolve some of the pain-points and add more value to the industry. Read more [HERE](#)

China Brushes Off U.S. Questions Over State Enterprises At WTO: China responded to U.S. questions about its state trading enterprises in a World Trade Organization filing on Thursday that looked unlikely to end U.S. suspicions that China is breaking WTO rules. China's five page response suggested that U.S. concerns were misplaced, and said its state firms conducted "market-based operations without government intervention", or imported for other firms on commission but with no mark-up. Robert Lighthizer, U.S. President Donald Trump's nominee to be the top U.S. trade negotiator, said at his confirmation hearing last Tuesday that Beijing's industrial policies had supported vast amounts of "uneconomic" production capacity that would not survive without state support. Read more from [Reuters](#).

Icahn Bets Against Renewables Market: Carl Icahn, the billionaire investor and adviser to President Donald Trump, said he's betting on a decline in the market for renewable-fuel credits that he's urging the president to overhaul. Icahn participates in the market through CVR Energy Inc., the oil refiner in which his Icahn Enterprises LP owns an 82 percent stake. CVR is required to buy the credits, known as renewable identification numbers, or RINs, when it makes gasoline. But Icahn said it's delaying those purchases in a wager that prices will fall. In effect, he's shorting the market. "I'm not selling 'em, I'm not buying 'em," the 81-year-old investor said in an interview at his New York office last week. Read all of the details [HERE](#)

Brazilian Farmers Calling For Cheap Credit To Ease Grain Storage Crunch: Grain growers in Mato Grosso, Brazil's top growing state, are moving to address a structural shortage of grain storage, as harvests get ever bigger. The lack of storage forces farmers to move their crops down the supply chain as fast as possible, leaving Brazilian exports vulnerable to the sort of disruption seen this year, when heavy rains damaged a key road route. Last week Aprosoja-MT, the soybean and corn producers association of Brazil's top grain state, announced a plan to remedy storage problems. Aprosoja-MT has requested the Brazilian Minister of Agriculture to reduce the interest rates charged on loans for production and the building of grain storage, from the current 9.5% to 7.5%. Read more [HERE](#).

Are You Really Addicted To Facebook? Too many of us know the "Ahhh" satisfaction of a phone filled with likes, hearts and retweets. Also the "Awww" disappointment when nobody responds. Research, still in its very early days, offers a glimpse at what makes social media so hard to resist and, in some extremes, potentially as addictive as gambling. Habit-forming apps have been great business, and now psychologists and neuroscientists are studying what impact they are having on our minds. There's scant evidence that social media actually harms brains or that it's turning us into the "dumbest generation." But the

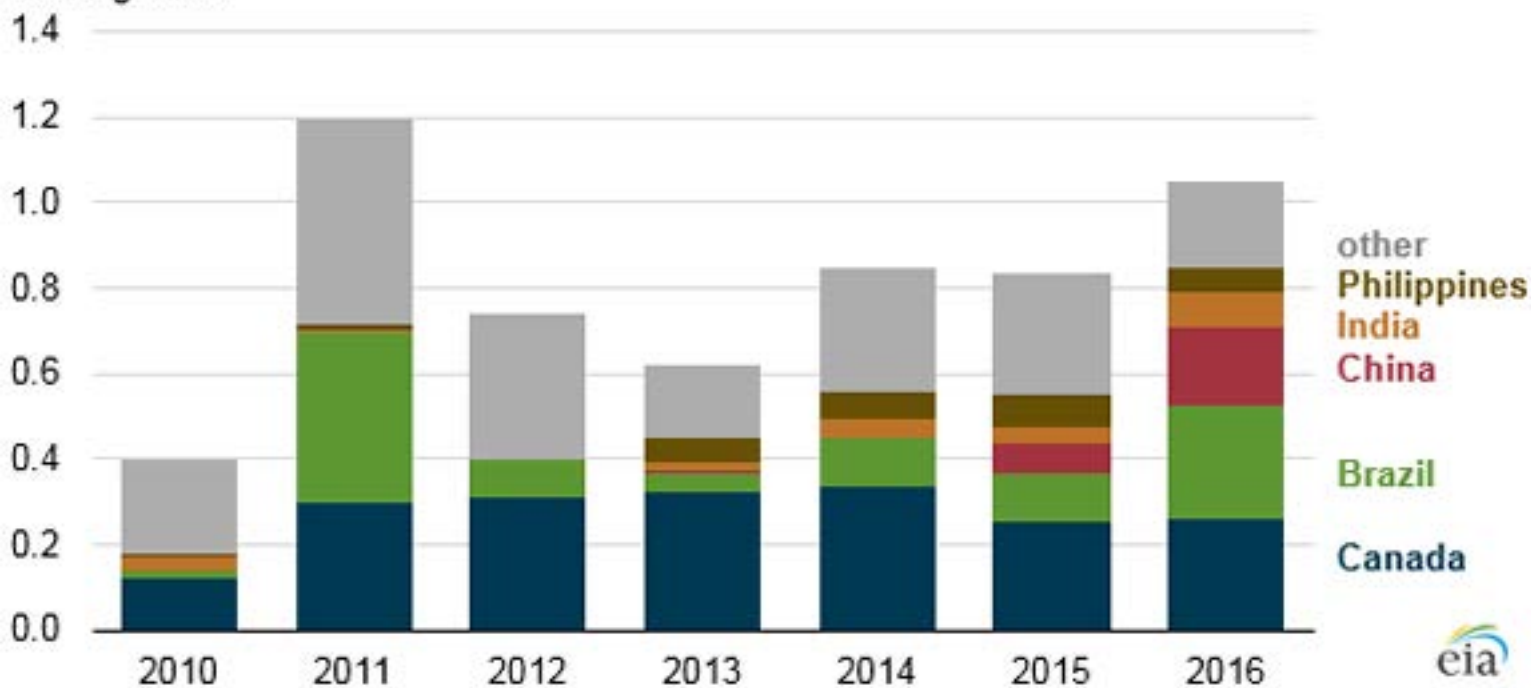
urge to be on Facebook or Twitter can take a toll at home, work or school when it overwhelms our limited attention spans and working memory. "When you're having a conference call and going on Facebook at the same time, you can feel the burden of those two pieces of information colliding," says Dr. Gazzaley. You think you're a good multi-tasker, but you aren't. Read more over at [The Wall Street Journal](#).

How the Non-Voting Share Boom Went Bust: Non-voting shares are back, thanks to the company behind Snapchat, but last time they didn't last long. A century before before Snap's IPO, a now-forgotten Harvard economist railed against shareholder disenfranchisement, and won. Over at [Bloomberg View](#), economic historian Stephen Mihm recounts a battle that started with a silverware company and set a precedent for decades.

U.S. Ethanol Exports Were Second-Highest On Record Last Year: The United States exported more than 1 billion gallons (68,000 barrels per day) of fuel ethanol in 2016, an increase of 26% from export levels in 2015. U.S. imports of ethanol, which are relatively much smaller, decreased by 60% to 36 million gallons in 2016. The United States remained a net exporter of fuel ethanol for the seventh consecutive year, exporting ethanol to 34 different countries, with Asian and South American markets receiving the highest volumes. U.S. ethanol production reached a record level of 15 billion gallons in 2016 (equivalent to about 1 million barrels per day). Volumes of domestic production beyond those used in U.S. ethanol blending were exported in 2016, mainly to countries with ethanol mandates and those that use ethanol to increase octane levels. Read the full report from the [EIA](#).

Annual U.S. exports of fuel ethanol (2010-16)

billion gallons

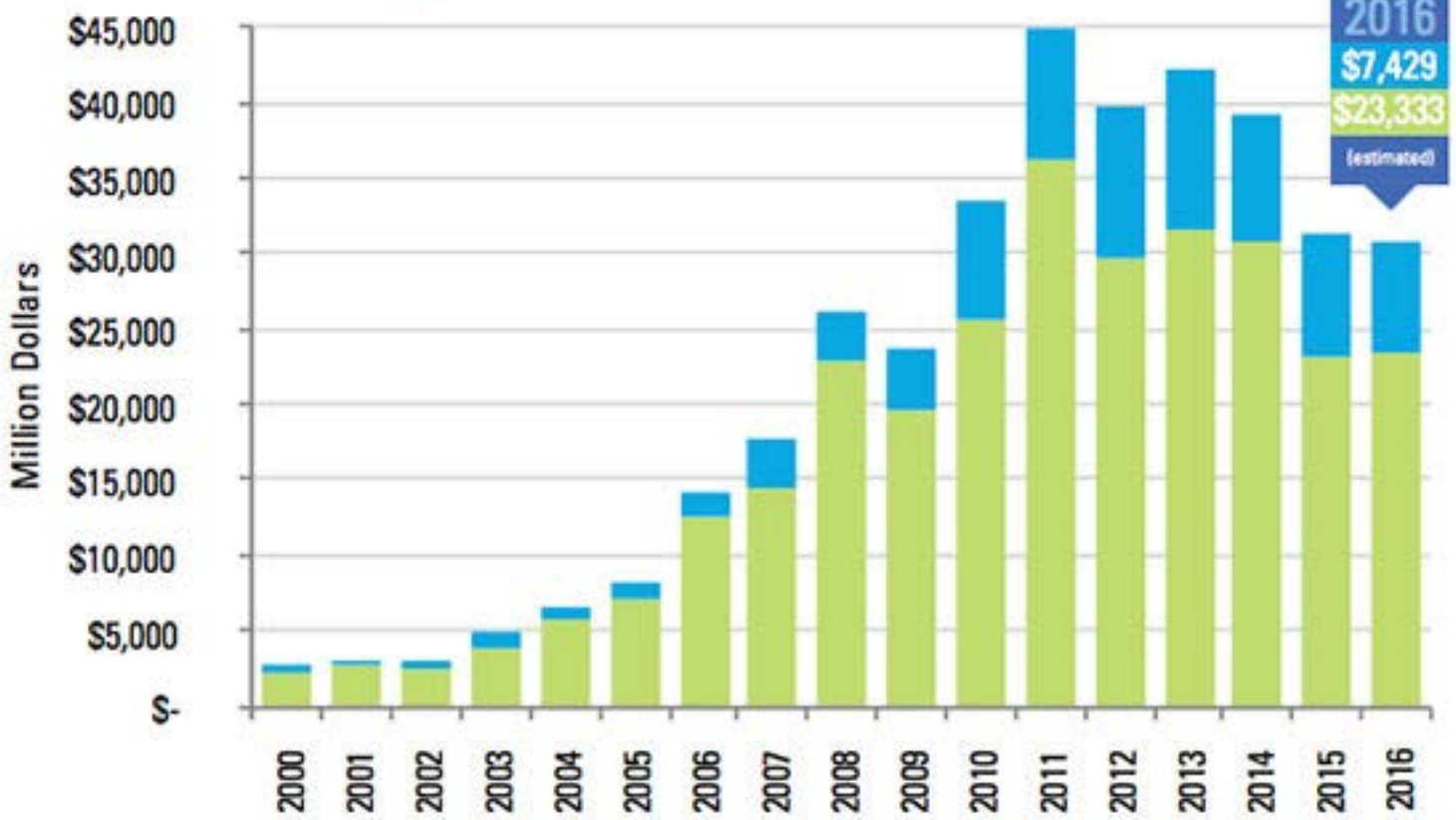




Ethanol Usage And Benefits To The U.S. Economy In 2016

2016 was undoubtedly one of the best years ever in the history of the U.S. ethanol industry. Driven by unprecedented domestic use and strong export demand, ethanol production reached record heights. On top of that, the EPA announced that the blending requirements in the Renewable Fuel Standard Act would be returned to statutory levels in 2017. Meanwhile, farmers harvested a record corn crop, ensuring ample feedstock supplies. In response to this incredible demand, 200 operating ethanol bio-refineries in 28 states produced a record 15.25 billion gallons of high-octane renewable fuel in 2016, along with roughly 42 million metric tons of high protein animal feed. Low oil prices sparked record gasoline consumption, leading to never-before-seen ethanol use in E10, E15 and E85 blends. As for the impact on the agricultural economy and the overall economy at large, ethanol helped spur vital economic activity and supported high-paying jobs. Indeed, the downturn in the farm economy would have been far worse without the ethanol industry's stabilizing effects. As you are well aware, net farm income fell to a seven year low in 2016, causing concern across rural America about the state of the ag economy. However, in 2016, the production of a record 15.25 billion gallons of ethanol supported 74,420 direct jobs in renewable fuel production and agriculture, as well as 264,756 indirect and induced jobs across all sectors of the economy. Furthermore, the industry added \$42 billion to the nation's Gross Domestic Production in 2016 and paid roughly \$9 billion in taxes. The sector's economic activity and job creation helped raised household income by \$23 billion. The extended reach of U.S. ethanol in global markets is also supporting the economy here at home. Growing exports of both ethanol and co-products are helping to not only reduce the U.S. trade deficit, but also support jobs and income in the local economy. (Source: [RFA](#))

GROSS VALUE OF
U.S. ETHANOL
INDUSTRY OUTPUT



Source: RFA calculations based on U.S. Dept. of Agriculture data

Co-products
Ethanol

In 2016, the production of 15.25 billion gallons of ethanol and 42 million metric tons of co-products had substantial economic impacts, including:

- 74,420 direct jobs
- 264,756 indirect and induced jobs
- \$42 billion contribution to GDP
- \$23 billion in household income
- \$9 billion in tax revenue

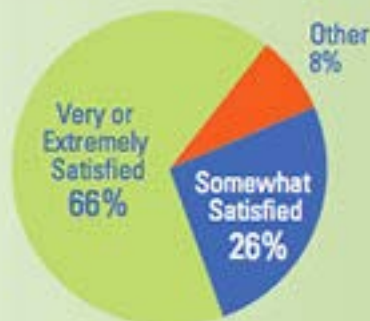
“We find that counties with high and medium levels of ethanol production capacity show higher employment and wages than non-producing ethanol counties.”

– Pepperdine University

U.S. ethanol and co-product exports in 2016 supported:

- 14,940 direct, indirect, and induced jobs
- \$3 billion contribution to GDP
- \$4 billion reduction in the U.S. trade deficit

ETHANOL INDUSTRY JOB SATISFACTION



A recent survey of ethanol industry employees found more than nine out of 10 workers are satisfied with their jobs.

Source: Ethanol Producer Magazine

First Day Of Spring!

The 2017 vernal equinox delivers spring to the Northern hemisphere today. Astronomically speaking, this is when the Sun crosses directly over the celestial equator and Earth's two hemispheres are receiving the sun's rays equally. "Equinox" comes from the Latin words for "equal night". Because the Sun is basically over the center of the Earth, day and night are almost exactly equal in length. This happens twice a year - Spring and Autumn. Because Earth doesn't orbit upright, but is instead tilted on its axis by 23-and-a-half degrees, Earth's Northern and Southern hemispheres trade places in receiving the sun's light and warmth most directly. As the Sun progressively moves further north throughout the Spring season, daylight hours will increase over the Northern Hemisphere. This in turn warms up our temperatures. While we have the benefit of modern science to help us better understand the changing of the seasons, these shifts were also recognized by humans going back thousands of years. This was of course in large part because it marked the beginning of nature's renewal during which their food supplies would be restored. Here are a few other facts about the Vernal Equinox and start of Spring:

- *Meteorologically speaking, in the Northern Hemisphere, the official spring season always begins on March 1 and continues through May 31. Weather scientists divide the year into quarters this way to make it easier to compare seasonal and monthly statis-*

tics from one year to the next.

- *Spring plays a major role in Christian traditions because Easter is always on the first Sunday following the first full moon after the Vernal Equinox.*
- *On the Northern Hemisphere's vernal equinox day, a person at the North Pole would see the sun skimming across the horizon, beginning six months of uninterrupted daylight. A person at the South Pole would also see the sun skim the horizon, but it would signal the start of six months of darkness.*
- *An equinox oddity: A rule of the calendar keeps spring almost always arriving on March 20 or 21—but sometimes on the 19th. In 1582 Pope Gregory XIII established the Gregorian calendar, which most of the world now observes, to account for an equinox inconvenience. If he hadn't established the new calendar, every 128 years the equinox would have come a full calendar day earlier—eventually putting Easter in chilly midwinter.*
- *In Japan, the Vernal Equinox is the national holiday "Shunbun no Hi" and is part of a seven-day period of festival called "Haru no Higan". Families recognize the day holding reunions and visiting family graves.*
- *Folklore tells us that on this day, you can stand an egg on its end due to equal gravitational balance between the Sun and Earth. This is where the tradition of "egg balancing" comes from. (Fact: you have an equally good chance of balancing an egg on any day of the year as the Earth's gravity does not change.)*



Rock n' Roll Legend Chuck Berry Passes At 90...

Chuck Berry passed away this weekend at the age of 90, but his legendary songs about girls, cars, parties and America will live on forever. In fact some music aficionados say

Chuck Berry did as much as anyone to help define the world of "rock n' roll". While Elvis Presley may have been rock's first pop star and teenage heartthrob, Chuck Berry was its master theorist and conceptual genius, the songwriter who understood what the kids wanted before they knew themselves. With songs like "Johnny B. Goode" and "Maybellene," he gave his listeners more than the jukebox entertainment. Almost every rock guitarist worth a riff, at some point during their career, has paid homage to Chuck Berry. Many music experts say while Berry didn't invent rock 'n' roll guitar, he was one of the first to perfect it. Emerging from St. Louis in the mid-50s, Chuck Berry was among the first generation of rock n' roll stars who performed his own material in a singer-guitarist type style. Interestingly, Berry grew up in a segregated middle-class neighborhood of St. Louis during a very rough period in American racial history. He spent three years in reform school after a spree of car thefts and armed robbery while visiting Kansas City. Berry was married and had one child by the age of 25. Early on he tried to support his family by taking various jobs in St. Louis, working briefly as a factory worker at two automobile assembly plants and as a janitor in the apartment building where he and his wife lived. He studied at night, then went on to receive a degree in hairdressing and cosmetology and actually worked for a time as a beautician. By the early 1950s, he was playing guitar and singing blues, pop and some occasional country tunes around the local clubs. It was reported that he learned a technique from Texas guitarist T-Bone Walker, where he would bend two strings at once, which would allow Berry to rough up and turn tunes into his own personal style, a technique that many of the great, like the Rolling Stones and countless others would go on to emulate years later. Berry also liked to add some hillbilly twang and country style to his guitar riffs, which created a new and unique blend. His combinations and creativity of music actually started bringing white as well as black listeners to some of the biggest clubs in St. Louis. Berry's music was clearly one of the first to cross all racial barriers with such broad sweeping strokes. In 1955 he traveled to Chicago and met Muddy Waters, who suggested he write his own music, find a studio and release a record. The rest is rock n' roll history as a series of smash hits poured from his soul: "Maybellene" in 1955; "Roll Over Beethoven" in 1956; "Rock and Roll Music" in 1957; and "Johnny B. Goode" in 1958. He also released legendary hits like "Back in the U.S.A.," "You Never Can Tell," "Sweet Little Sixteen," "I'm Talking About You," "School Days," "Promised Land," "My Ding-a-Ling," "Memphis, Tennessee," and on and on and on. In December 1959, Berry ran into a major speed-bump, facing allegations that he had been in a sexual relations with a minor who he had been transporting across state lines to work as a hat-check girl at one of his night clubs. After a two-week trial in March 1960, he was convicted, fined \$5,000, and sentenced to five years in prison. He appealed the decision, won, and a second trial was heard in the Spring of 1961, resulting in another conviction and a three-year prison sentence. After another appeal failed, Berry ended up serving one and one-half years in prison, from February 1962 to October 1963. It was after his release from prison that he wrote and recorded one of my all time favorites called "Nadine". It was during the 1960s that Berry also become a top concert draw globally. Not only did he play large events here in the U.S., like New York's Central Park in the summer of 1969, but also huge venues in Canada and across Europe. During the 1970's Berry toured on the strength of his earlier success and had become known as a rock legend. I thought it was interesting to read that performing a backup role with Berry during the 1970s were such greats as Bruce Springsteen and Steve Miller who was just starting his career. In July 1979, at the request of then President Jimmy Carter, Chuck Berry actually performed at the White House. Three days later however he was sentenced to 120 days in federal prison and four years' probation for

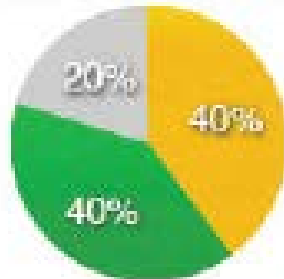
income tax evasion. He was in the first group of musicians inducted into the Rock and Roll Hall of Fame in 1986. Hard for some to believe, Mr. Berry continued performing well into his 80s. He usually played with local pickup bands, as he had done for most of his career, but sometimes he played with fellow rock stars. In 2012, at the age of 85, he headlined a Cleveland concert in his honor with a genre-spanning bill that included Darryl McDaniels of Run-D.M.C. and country legend Merle Haggard. I should also note that Berry's music is part of a select group that will remain alive forever, as his smash hit "Johnny B. Goode" was selected as the only rock n' roll song to be placed on the "golden records" within the Voyager I and II spacecraft, and launched into space in 1977. Even though emergency healthcare professionals couldn't revive Mr. Berry at his home in Wentzville, MO, about 45 minutes west of St. Louis, this past Saturday, his music and creativity will live on with us forever. I've included a video below of Chuck Berry and Rolling Stone legend Keith Richards performing the smash hit "Nadine". [Click HERE to listen](#) #RIPChuckBerry! (Source: Wiki, NY Times)



CASH SALES & HEDGING TOTALS

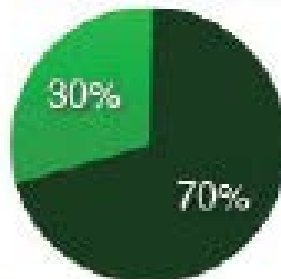
CORN 2016 CROP

40% SOLD
40% HEDGED
20% Cash Remaining



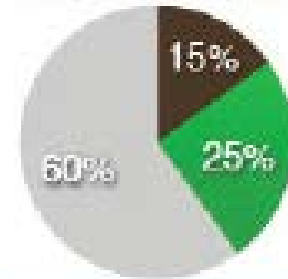
SOYBEANS 2016 CROP

70% SOLD
30% HEDGED
0% Cash Remaining



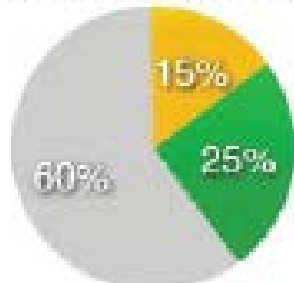
WHEAT 2016 CROP

15% SOLD
25% HEDGED
60% Cash Remaining



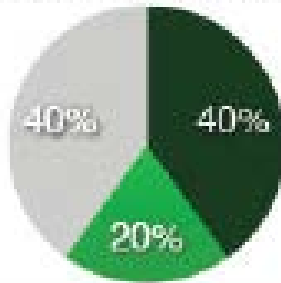
CORN 2017 CROP

15% SOLD
25% HEDGED
60% UNPROTECTED



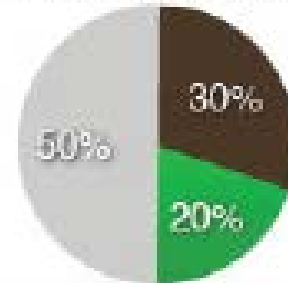
SOYBEANS 2017 CROP

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
90% UNPROTECTED

