



"Of course it's hard. It's supposed to be hard. If it was easy, everyone would do it. Hard is what makes it great. - Jimmy Dugan "A League of Their Own"

MONDAY, MARCH 27, 2017

Morning Summary: U.S. stocks are down sharply this morning. Crude oil and the U.S. dollar are also lower as "risk" continues being removed. Economic data has been extremely light the past several sessions and from my perspective will continue to take a backseat to political headlines out of Washington. The massive rally in stocks has been based on plays drawn up on the chalkboard and hopes they will work as designed when called on the field of play. Unfortunately one of the first plays called in from the "head coach" was met with confusion in the huddle and hit with a "delay of game" penalty. Now all of a sudden some of the big-money mangers who placed larger wagers on "growth, reform, repeals and deregulation" are having some second thoughts. The inability to pass the new health care bill designed to repeal and replace Obama's Affordable Care Act is clearly the markets focus. What does this mean moving forward and are we going to see similar results in Washington if Trump's proposals become stymied? For now, Obamacare remains in place and many Republican voters across the nation are scratching their head in disbelief, as this is only the second time since 1929, the Republican Party has had control of the House, Senate and White House, yet still can't get on the same page and get changes made. This clearly has large investors more nervous and rethinking longer-term wagers. Personally I'm staying optimistic and hoping the folks in Washington are eventually going to find a way to work together and bring about some of the necessary changes that can help facilitate future growth. We are clearly seeing continued growth in U.S. oil production as Baker Hughes recently reported the U.S. oil rig count jumping for 10th straight week, with active drills rising by +21 to 652. U.S. horizontal oil rigs were up by +13 to 543. All told, Baker Hughes shows the U.S. rig count is now up +345 from this same time last year. I should also point out that "new-home sales" continue to push higher and in the latest report were up +12.8% year-over-year. For the first two months of 2017, new home sales are up +7.1% compared to the same period in 2016. We should be getting additional homes sales data this week as well, which most suspect will confirm continued strength in this sector. We will also be hearing from a whole slew of U.S. Fed officials, with at least two central bankers scheduled to speak every day this week, starting today with Chicago Fed President Charles Evans and Dallas Fed President Dennis Kaplan. On Friday, New York Fed President William Dudley expressed his belief that the U.S. economy is in a "pretty good place" right now and that the Fed's monetary policy should be "a little bit less accommodative." He also emphasized that if policy were to remain too accommodative, "we would actually get an inflation problem." Internationally, British prime minister Theresa May has set March 29th, this Wednesday, as the day the United Kingdom invokes

"Article 50," which starts the process for Britain to leave the European Union. It's worth noting that European leaders will meet this weekend in Rome where they hope to iron out some solutions to several ongoing disputes that are further straining eurozone unity. Meaning there could be some interesting headlines coming out of Europe following their meeting. The trade will also be looking for China to release updated manufacturing data, while Japan releases fresh consumer spending and inflationary data. Don't forget tomorrow we have U.S. "consumer confidence" data being released. The trade is eager to know if the recent unbridled strength is going to continue? I suspect the press and media will take some more serious shots at the President and the Republicans this week as questions are raised in regard to implementation and execution of the new "play calling". I will view any large breaks as opportunities to shop for "value".

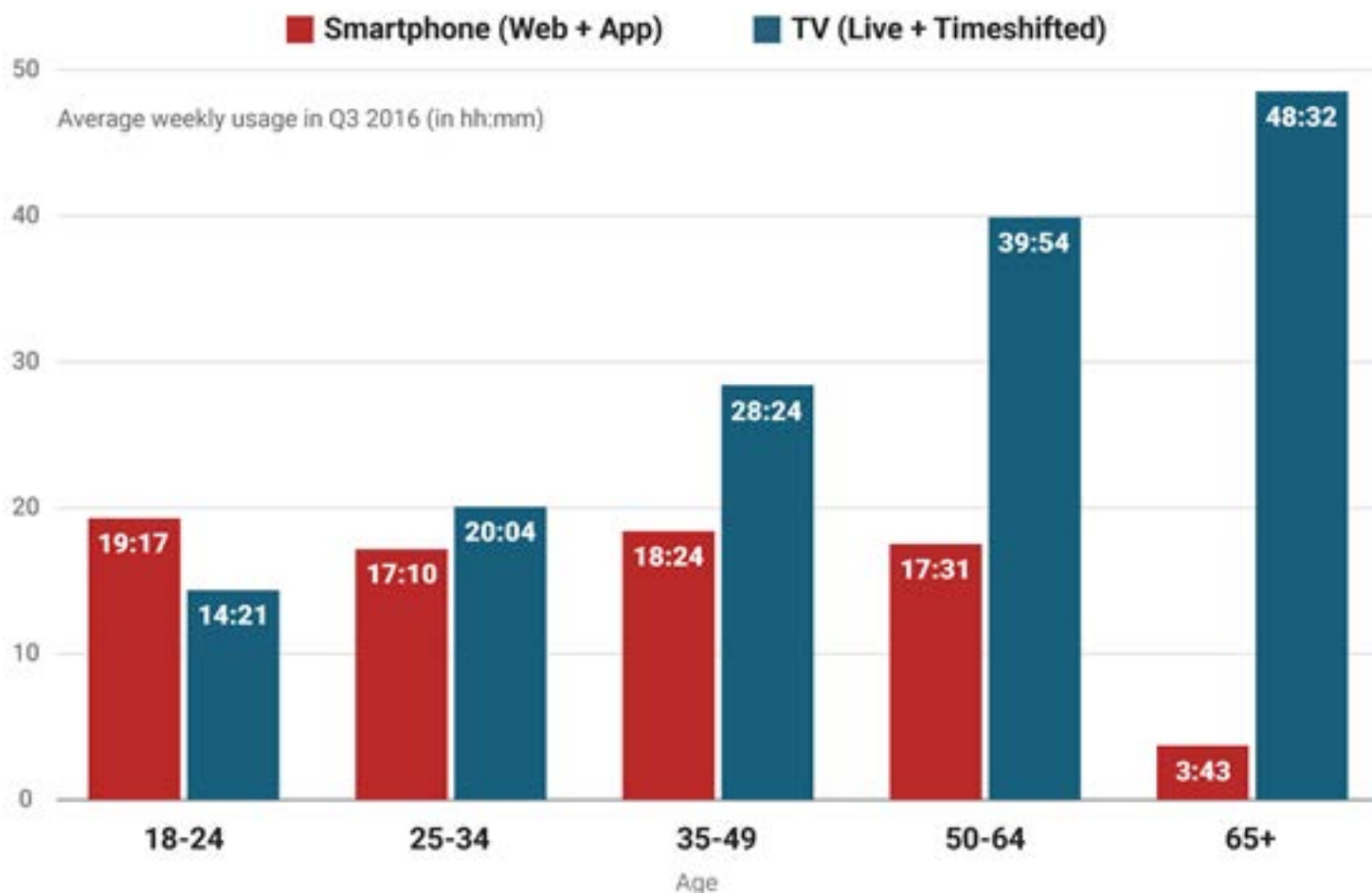
America Has A Record Number Of Millionaires: *As of the end of 2016, there were a record 10.8 million millionaires nationwide, according to a new study from Spectrem Group's Market Insights Report 2017. That's more than ever before and marks a 400,000 person increase from the previous year. The increase is thanks to a recovery of the U.S. economy since the Great Recession in 2008 and the Wall Street rally that followed the election of Donald Trump, according to George Walper, Jr., President of Spectrem Group. "The record levels of households reflect the significantly higher values of all asset classes, post-recession," he says in a press release accompanying the release of the report. "And the recent record level of the United States markets following the presidential election has added demonstrably to the asset level of most affluent investors." In 2016, there were 9.4 million individuals with net worth between \$1 million and \$5 million, 1.3 million individuals with net worth between \$5 million and \$25 million, and 156,000 households with more than \$25 million in net worth, the report says. At the same time that there is a record number of millionaires in the U.S., the middle class is shrinking. The percent of American adults who are considered middle-income fell from 55 percent in 2000 to 52 percent in 2014, according to a 2016 report from the Pew Research Center. (Source: CNBC)*

Russia Is Planning For \$40 Oil: *Policy makers in Moscow said on Friday they see their Urals export blend trading at an average of \$50 a barrel this year, but falling to \$40 by the end of 2017 and then staying near that level in 2018-2019. Forecasting oil is no game for the Bank of Russia. Its 65 percent plunge in 2014 and 2015 battered the nation's currency, forced an emergency rate increase in the middle of the night and pushed Russia into recession. The share of oil and gas revenue was at 36 percent of budget income in 2016. Even as the historic OPEC supply-cut deal helped halt oil's collapse, pushing it up to \$55 a barrel and setting the stage for Russia's economic recovery, the central bank is taking nothing for granted. "The Finance Ministry, the cabinet and the central bank are leaning on the cautious side in terms of their expectations regarding growth, driven still to a large degree by oil," said Piotr Matys, an emerging-market currency strategist at Rabobank in London. As Russia's central bank honed its oil price forecasts, it also gingerly resumed monetary easing, unexpectedly cutting rates on Friday to its lowest level since 2014 as inflation continues to fall at a faster pace than it expects. During the press conference after the decision announcement, central bank governor Elvira Nabiullina suggested that Friday's cut was not a one-off, but that further monetary easing will be gradual. Meaning more rate cuts are likely on the horizon. (Sources: Bloomberg, Associated Press)*

Traditional TV Is Losing Its Grip On Americans: *Even as the smartphone has exploded in popularity, the television has remained the most viewed screen in most Americans' lives. As this chart from Statista shows, though, its grip is starting to loosen. According to the most recent Total Audience Report from research firm Nielsen, young Americans between the ages of 18 and 24 now spend more time using smartphones than watching TV, with about a five-hour gap between the two. Older generations still prefer TV by a good margin, but the younger you go, the closer the gap gets. This doesn't necessarily mean traditional TV is dying, but it does further the notion that when and where people consume media is diversifying. It's no wonder so many companies are trying to get ahead of the streaming TV game. (Source: Business Insider)*

TECH CHART OF THE DAY

WEEKLY SMARTPHONE AND TV USAGE OF ADULTS IN THE US



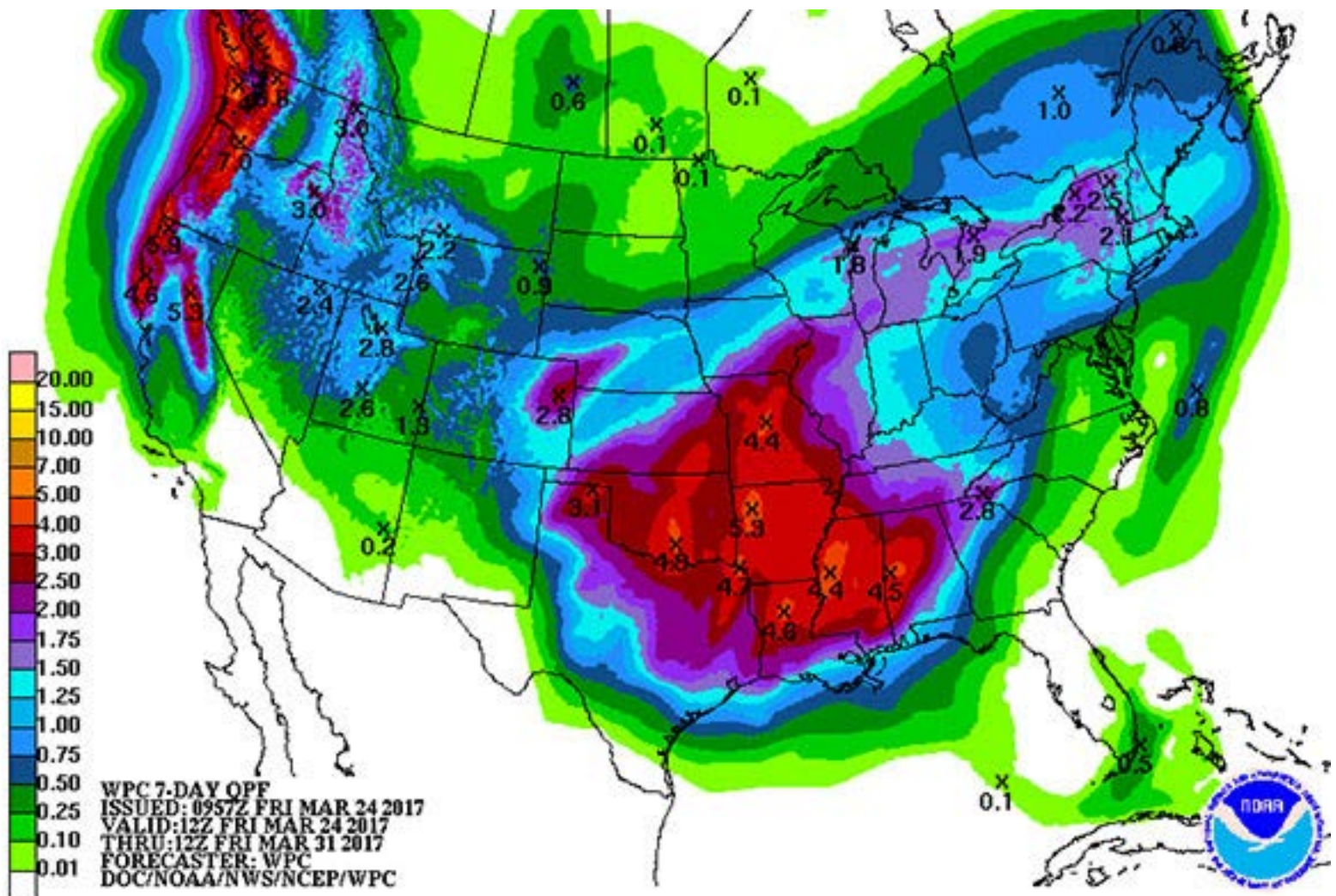
SOURCE: Nielsen Total Audience Report

statista | BUSINESS INSIDER

Weather forecasts indicate more rainfall this week for much of the central U.S. despite the heavy rain that fell over the weekend. On the Plains, beneficial rain stretched across the central portion of the region bringing much needed moisture to drought-affected Kansas, Oklahoma and Texas. In fact, the rain will continue until the end of the week, improving conditions for developing winter wheat. Crop ratings have been falling due to hot

and dry weather conditions depleting soil moisture. Similarly, the Midwest will continue to experience moderate to heavy rain this week with beneficial coverage to the driest sector of the southern half of the region. This precipitation will be very useful in easing dryness ahead of spring planting. Looking ahead, yet another storm system will develop somewhere across the central or southern Plains. This third storm will ultimately result in widespread precipitation, gusty winds, and locally severe thunderstorms across a broad geographic area. Five day rainfall totals could reach 2 to 5 inches in the mid-South and the middle Mississippi Valley, with 1 to 2 inch amounts common in many other locations across the central and eastern U.S. Mild conditions continue in Brazil as periods of showers continue to bring favorable conditions for developing second crop corn. In addition, favorable conditions for maturing and harvesting soybeans are in effect in southern Brazil. Argentina remains under a weather pattern of very seasonal temperatures and periods of showers. This combination favors late filling and maturing corn and soybeans in the major growing areas.

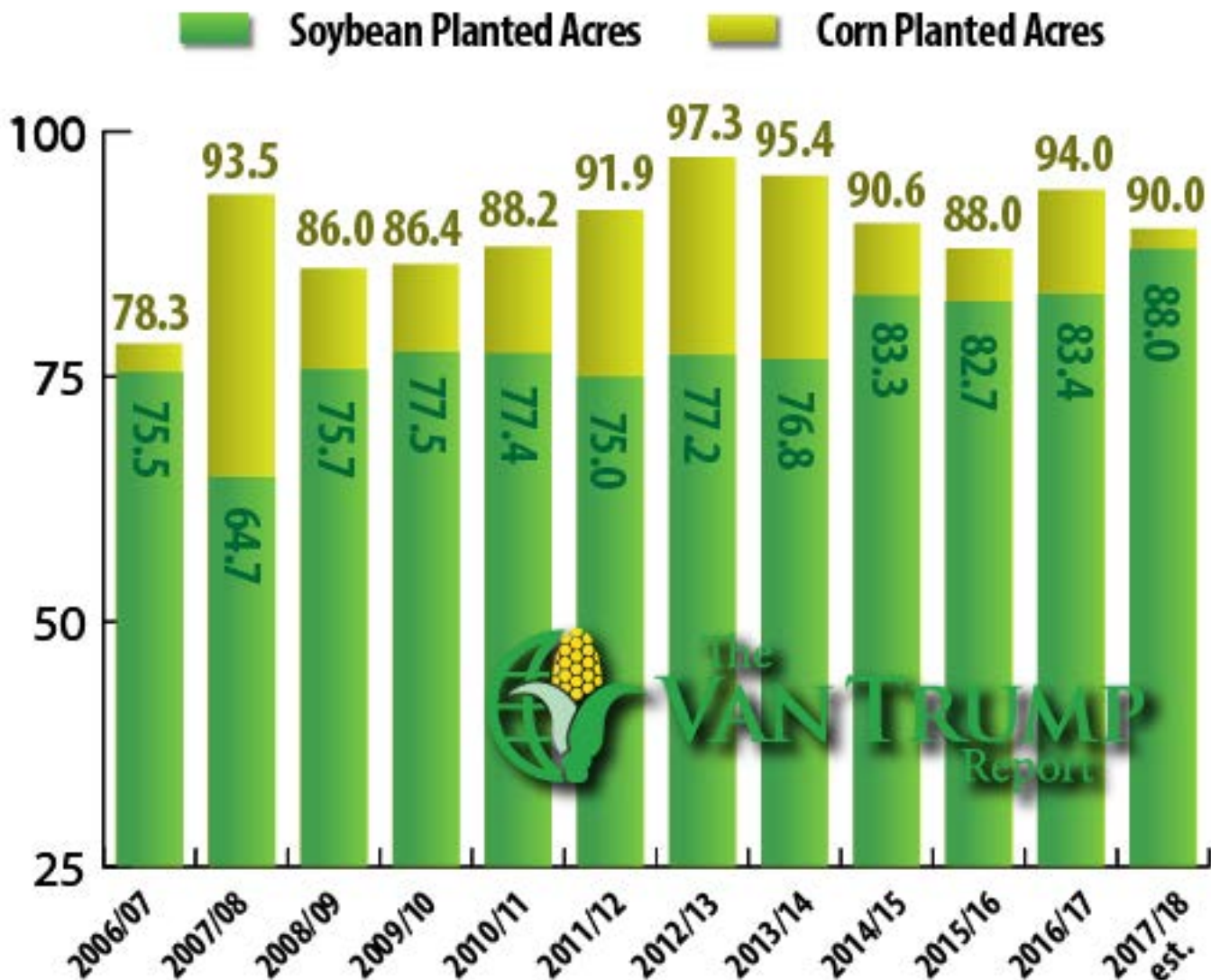
Biggest Rains Seen Over Some Of The Driest Areas: *Over the weekend, scattered showers tracked across the southern and central Plains, but biggest rains are likely this week. Widespread 1 to 3 inch totals are likely in the majority of Plains wheat this week which will aid growth. These series of Midwest storms will likely hinder early corn seeding for much of the next 2 weeks. While pockets of excess rain are possible, rain deficits could be nearly wiped out for Midwest/Delta wheat. Below is a seven day rainfall map showing precipitation from Friday the 24th to Friday the 31st.*



Corn prices in the old-crop MAY17 contract are down -30 cents from the recent highs set back in February. The new-crop DEC17 contract is down -25 cents in the past 18 trading sessions. The 800-pound gorilla in the room is obviously the fact South American production will rebound dramatically higher this year, up over a combined +30 million metric tons when compared to last years production. This additional corn surplus along with a glut of global wheat supply provides the bears with a strong enough fundamental argument to prompt the bulls to pause and push prices lower. We are clearly in a vacuum where South American weather premium is being pulled out of the market and very little if any new weather premium is being added back. We've also seen a large mass exodus of fund money leaving the commodity markets as Trump policy and global growth have become a bit more uncertain. Looking ahead, this week will be all about the USDAs report on planted corn acres, expected to be released on Friday. The trade is clearly wondering what acreage number will need to be used in its balance sheet? Last year we planted 94 million corn acres vs. 88 million in 2015 vs. 90.6 million in 2014. From what I've been able to gather, most sources inside the trade are looking for U.S. producers to plant between 88.5 and 91.5 million corn acres in 2017. I suspect anything sub-90 million will be viewed as bullish, while anything over 91 million will be viewed as clearly adding to our already burdensome domestic surplus. The trade is also going to start paying much more attention and adding weight to the U.S. weather forecast. Keep in mind, if recent U.S. rainfall forecasts are correct and as heavy as some are predicting, the trade could quickly shift from an "early-planting" mindset, to concerns more heavily centered around planting delays and the number of U.S. corn acres that will not get planted in 2017. As a producer I will continue to keep all hedges in place. As a spec I continue to look for longer-term "value plays" in what could be viewed as depreciated or undervalued asset classes. With money-managers having their bellies full on U.S. equities and valuations appearing to have become more over-valued, there's an argument being made that commodities trading under their "cost of production" might soon start to move back into vogue. Especially if and when some of the Trump policies eventually start to move through Washington. There's a lot of moving parts right now so stay extremely nimble and continue to pay close attention to the weather and Washington!

READ THIS... If You're Curious About Ethanol RINS and or Carl Ichan: The folks at Blue Harbinger recently posted a somewhat controversial article titled ["CVR Energy: 10.2% Yield, Trump-To-Icahn 'Kickback' Pending"](#) that may help explain some of the recent reasons for the heavy RIN debate and a few of the motives.

U.S. Corn & Soybean Planted Acres Comparison



Source: USDA, February Outlook Forum numbers

Soybean prices fell by almost -25 cents last week and the MAY 17 contract is now down over -\$1.10 from the mid-January highs as South American weather premium is pulled from the market and another record crop is being digested. The market has also taken a couple steps back in regard to overall demand as bird flu continues to rip through Asia, the Chinese crush margins have eased, and the latest U.S. crush estimate from NOPA shows a bit less than expected domestic demand. There's also a lack of weather related headlines in play right now as U.S. producers gear up to plant a new all-time record number of soybean acres, suspected somewhere between 88 and 90 million acres vs. 83.4 million planted last year. Another kicker weighing on the soybean market as of late has been a large portion of the Trump "re-flationary" trade has come under pressure as many Wall Street money-managers now fear changes in Washington aren't going to happen as easily as some had drawn up on paper. Meaning macro money-flow that had been looking to add more length and risk to their portfolio has paused and started moving money back to the sideline. As a longer-term bull I continue to keep my eyes and ears open in regard

to any fresh talk and rumors about the biodiesel mandate and if it will in fact limit incentives for foreign imports. Unfortunately right now there's still no specifics or certainty. I'm also keeping a somewhat bullish eye still on possible late-heavy rains in the forecast for Argentina, which could obviously create logistical complications and further delays in South American exports. As a producer I continue to keep all hedges in place! As a spec I am waiting on additional downside before dipping a toe in the water and building a bullish position into a U.S. weather market.

Wheat bears have been in full control as of late as the MAY17 SRW wheat contract has tumbled -50 cents since the mid-February highs. Interestingly, despite wheat price being down over -17% in the past twelve months, wheat and oats are all that's left of the grains and soys to still be in positive territory for 2017. Wheat is up about +1% since January 1st and Oats are up just over +7%, everything else in negative territory. Bears have obviously been leaning on the traditional fundamentals and the fact both domestic and global supplies are overly burdensome. There's also been very few global weather hiccups to excite the bulls or cause concerns about production. Here at home traders have been keeping a close eye on U.S. weather, especially some key HRW wheat growing regions in the western and southern Plains. Bears are pointing to improved rainfall totals and forecasts that are calling for more widespread showers. From a demand perspective we've seen U.S. wheat becoming much more competitive in the global marketplace and the bulls hoping increased demand is on the horizon. Unfortunately with increased talk that the Russian wheat crop could again be record large, along with the Ukraine spring crop going in the ground with very little difficulty, the Australian and Argentine wheat crop estimates being moved higher, and strong competition from Romania and France, our competitive prices might not attract that much more business. In fact several sources inside the trade fear the current USDA export estimate is still overly optimistic. Even though cash exporters believe the downside is fairly limited for the next few weeks as the U.S. battles to become low-cost provider, from a technical perspective bears are still arguing the market has another -15 to -20 cents of downside risk. I personally believe there's still a ton of weather uncertainty surrounding the upcoming U.S. wheat crop. I also believe there's some potential geopolitical headlines that could provide us with some type of short-covering rally. Remember the funds are holding a near record short position in the market and we are heading into Spring without much weather premium built into the current price. I continue to remain extremely patient and longer-term bull.



> European Wheat Crop Estimate Gets A Boost: *Coceral raised its forecast for E.U. grains production in 2017-18, pegged the soft wheat harvest – the world's biggest – at 144.8 million metric tons, a rise of +9.7 million metric tons year on year. The forecast is above the 143.9 million metric tons forecast by Strategie Grains, and the 143.0 million metric tons that the European Commission is estimating. Coceral was notably upbeat on*

prospects for a recovery in output in France, the EU's top wheat producer, where the crop last year was "heavily affected by strong rains in June". The group forecast a "strong recovery" in France's soft wheat harvest, by +10.7 million metric tons to 38.6 million, well above the 36.2 million metric ton crop expected by the commission. The forecasts came as data from FranceAgriMer, the official French crop bureau, showed the domestic soft wheat crop rated an elevated 91% in "good" or "excellent" condition. (Source: Agrimoney)

> China Confirms Bird Flu Outbreak On Egg Farms: China confirmed an outbreak of H7N9 bird flu at a poultry farm in Hunan province in the southern part of the country, according to a Ministry of Agriculture statement on Friday. The outbreak in Yongzhou, a city of more than 5 million people, was detected among farmers raising so-called layers with about 29,760 birds infected, and around 18,500 dying of the disease. Laboratory tests confirmed the birds had the H7N9 virus, leading to the culling of 171,179 chickens, said the statement on the ministry's website. The case comes after a surge in the rate of human infections with H7N9, leading to 161 deaths in China since October. (Source: Reuters)

> USDA On Alert For Deadly Bird Flu Found In China: Though there have not been any U.S. cases of the strain of avian flu that has killed more than 140 people in China this year, the U.S. Department of Agriculture's head veterinarian says the agency is making preparations to combat the deadly virus in case it reaches North America. The USDA's Dr. Jack Shere stresses that it's impossible to predict how far a particular bird flu strain may travel or mutate. In the meantime, however, scientists are on alert. "We look at the 21 biggest poultry states and we test wild birds throughout the year in those states to make sure that we have an early warning notice if this virus is changed, if we got a new virus. That we have an awareness and we can pick it up," Shere says. Recent confirmed cases of avian flu in Tennessee and Alabama are from a different strain of bird flu than the strain circulating in China. The Centers for Disease Control and Prevention says the health risk to people is low from strains recently found in U.S. poultry. (Source: Harvest Public Media)

> U.S. Beef Exports Up Despite Dollar Strength: First-quarter 2017 U.S. beef exports were up 10 million pounds, largely due to the strength of export sales to Japan, other Asian countries and our North American partners, according to USDA's latest Livestock, Dairy and Poultry Outlook report. January exports showed a 21-percent year-over-year increase. Export increases were seen in Japan (up 40 percent), South Korea (up 38 percent), Mexico (up 41 percent), and Canada (up 11 percent). Export sales continue to exhibit strength despite potential headwinds from the strength of the dollar. The beef exports trade-weighted U.S. dollar index is at its highest levels since 2015. This index reflects the dollar value against currencies of the major countries to which the U.S. exports beef and veal. These six countries' exports (Mexico, Japan, Canada, South Korea, Taiwan and Hong Kong) make up 90 percent of U.S. beef. Increased beef exports to Mexico were rather surprising in the face of the significant decline in the value of the peso, the report noted. First quarter 2017 exports are forecast at 635 million pounds, with the full-year forecast at 2.7 billion pounds. (Source: MeatingPlace)

> E.U. Moves Toward Banning Neonics: The European Commission has proposed a full ban on three neonicotinoid pesticides suspected of having a negative impact on bee colonies, POLITICO Pro Europe reports. Though member countries must still vote on the proposal, draft documents show the Commission wants to take all seed and plant protec-

tion products containing Clothianidin, Imidacloprid and Thiamethoxam off the market unless they are used inside permanent greenhouses. Member countries would still be able to obtain permission to use the neonics in an emergency if farmers can show they have no alternative. (Source Politico)

> ED&F Man Expanding Grain Trading Business: *ED&F Man Holdings Ltd. is expanding its grain trading business in the Black Sea region and China, according to Bloomberg. The London-based agricultural commodities company's decision to open an office in Kiev, Ukraine, and establish a team in Shanghai, China, comes about a year after the company expanded into Ukraine and Russia. According to Bloomberg, the Kiev office will have 12 to 15 people who will be responsible for trading grains, sugar and molasses. Meanwhile, in Shanghai, six grain traders are expected to share an office with the company's sugar team. Founded in 1783, ED&F Man sources, stores, ships and distributes agricultural products, including coffee, sugar, molasses and grain. (Source: World Grain)*

> U.S. Approves Construction Of Keystone Pipeline: *The Trump administration on Friday gave the green light to begin construction on the Keystone XL pipeline. The pipeline would link oil producers in Canada and North Dakota with refiners and export terminals on the Gulf Coast. The pipeline still faces hurdles before it can be built. It needs the approval of the Nebraska Public Service Commission and local landowners who are concerned about their water and land rights. Protests are likely since the project has become an important symbol for the environmental movement. Opponents say the pipeline is unnecessary at a time when American oil production is soaring and future demand has been put in question. The United States Chamber of Commerce and other business groups applauded the administration's action.*

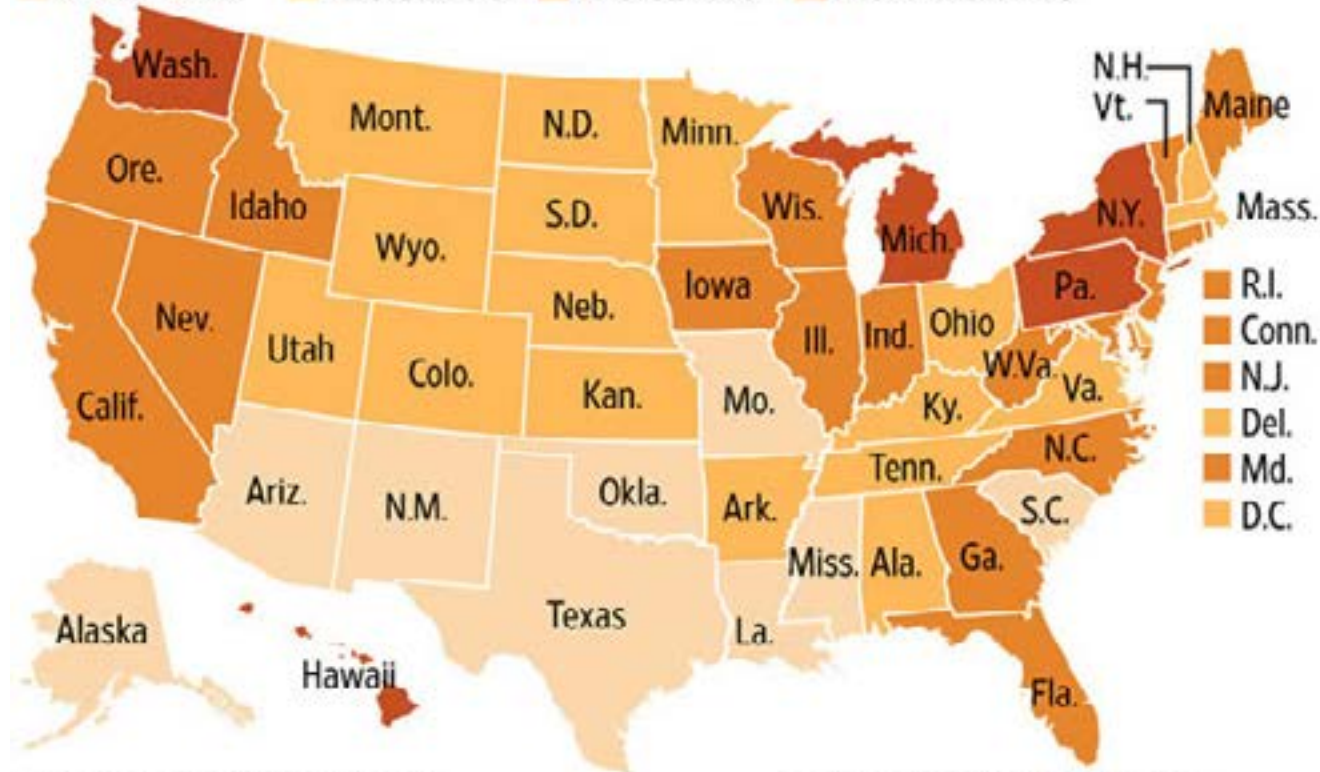
> States Aren't Waiting On Washington To Fix Infrastructure: *Nearly 20 states, with both Republican and Democratic governors, have raised gas taxes or recalculated gas-tax formulas in recent years to generate funds for upgrades to aging roads and bridges. This legislative season, at least a dozen more are considering such measures. Pushing states to this point are, on one side, rising construction costs, and on the other lower tax receipts from declining pump sales, which are themselves the result of more fuel-efficient vehicles and a slow economic recovery. Washington hasn't raised the federal gas tax since 1993, and the Republican party platform explicitly opposes any further increases to it. Even with President Donald Trump's pledge to invest as much as \$1 trillion in national infrastructure, states are realizing they can't rely on federal funding to repair overburdened roads and bridges. (Source: The Wall Street Journal)*

Pumping Up

To help pay for infrastructure, many states are raising gas taxes, which tend to be higher in the north and west and lower in the south.

State taxes and fees on gasoline, cents per gallon

■ \$20 or less
 ■ \$20.01-\$30
 ■ \$30.01-\$40
 ■ More than \$40



Highest state gas taxes

Pennsylvania	\$58.2
Washington	\$49.4
Hawaii	\$44.4
New York	\$43.9
Michigan	\$40.4
Connecticut	\$39.9
California	\$38.1
New Jersey	\$37.1
Florida	\$36.8
North Carolina	\$34.6
Illinois	\$34.0
Rhode Island	\$34.0
Indiana	\$33.6
Nevada	\$33.5
Maryland	\$33.5

Lowest state gas taxes

North Dakota	\$23.0
Alabama	\$22.9
Virginia	\$22.4
Colorado	\$22.0
Arkansas	\$21.8
Tennessee	\$21.4
Louisiana	\$20.0
Texas	\$20.0
Arizona	\$19.0
New Mexico	\$18.9
Mississippi	\$18.8
Missouri	\$17.3
Oklahoma	\$17.0
South Carolina	\$16.8
Alaska	\$12.3

Note: Data are as of Jan. 1
Source: The Tax Foundation



Central Missouri - We have seen a very mild winter, with very little snow or rain around here. The ground has very little subsoil moisture and the topsoil is losing out with the high winds the last two days. We need a rain soon. The anhydrous has been being put down and we are about done. We dug our feet a little on putting it down because things were so dry. We are at least 10 days away from planting. We had a guy plant almost 4 weeks ago now. It has not emerged yet that I know of but some guys said that it might be trying to spike through. I am not for sure if it will come up at all. We will be staying with the same rotation, which has usually been a little heavy on the beans. I believe it will be right at 60/40 beans to corns. Our crops made their best ever yields last year. The beans made near 60bpa. I was a little surprised of the yields because in June we had little or no rain. Then we had an unusually wet July. Our normal July's bring very infrequent rains but last year we had one every two or three days. The corn was close to 200bpa, which is way above the 160bpa to 180bpa that we will normally make in a good year.

Southwest South Dakota - We had snow at the beginning of the week, then rain last night of about a half inch but not much sun. Areas to the west of us had severe weather last night where they had some baseball size hail. There are guys out doing fieldwork. We have been doing some discing breaking things down a little. The dirt is pretty fit, with the fields looking good. The frost is out of the ground but it did help break up some area that had some compaction issues. We will start planting right around April 15th, which we have done the past 10-15 years. We normally are 70/30 corn to beans being heavy on the corn but will get that closer to a 50/50 rotation this year. Corn on corn acres have been a given around here but we will roll those to beans this year. It should give the ground a break from corn on corn and the markets are telling us to grow more beans.

Central Nebraska - I rent my ground out as I work my other 2 jobs. We rent it out and I get the corn to market as my percentage. I am a new subscriber - felt I needed better information to keep up with the cash markets. We don't have enough crops to worry about using the board in my opinion. It just rained approximately 2" of a couple days ago which was needed as we are in extremely dry conditions and seriously concerned about more wildfires popping up. Planters should be rolling out in 3 weeks max as April 15th seems to be the safe date around here. The soil conditions are perfect now as they are in many areas but as we know could change prior too planting. We are seeing a lot more minimal till in this area over the last few years. This has greatly reduced erosion due to the dry and windy conditions we see a lot in the springtime.



Tainted Meat Scandal In Brazil Could Have Widespread Ripple Effects: *Everyone involved in the meat sector in Brazil are doing their best to contain the fallout of the Carne Fraca (Weak Meat) investigation announced by the Brazilian Federal Police on March 17. Even though there were only a few facilities implicated, many countries have issued a blanket suspension of all Brazilian meat from all of Brazil's processing facilities. Countries such as China, Hong Kong, and Egypt, which combined account for 44% of Brazil's beef exports, have temporarily suspended all meat imports from Brazil. Most immediately imperiled are meat shipments already in foreign ports or on their way to the ports. If the bans are not lifted quickly, the exporters must try to reroute the containers to other destinations or return the containers to Brazil. If the bans remain in place, all the available options for the exporters are bad and the losses will be in the millions. Processing facilities would have to close at least temporarily and livestock production would then be reduced. This in turn could impact feed manufactures and the price of corn and soybean meal. All the other industries associated with livestock production could also be impacted. A BRF poultry processing facility in Toledo, Parana has already announced they will close for an indefinite period of time, which impacts 1,500 employees. Beef processing facilities in Mato Grosso have announced a multiday suspension in the purchase of any cattle. In a worst case scenario, it could result in more corn exports from Brazil due to the reduced domestic demand. Read more from [Soybean & Corn Advisor](#).*

U.S. Can't Really Know If Farmers Are Cutting Back On Antibiotics: *When the Food and Drug Administration created controls in January on how farmers can give antibiotics to livestock, scientists concerned about antibiotic resistance and advocates for animal welfare called it a historic shift in how meat animals are raised. But a new federal report, released last week, says the long-awaited FDA initiative — first attempted back in 1977 — falls short in so many areas that it may not create the change that backers hoped for. The FDA initiative, which was created by several documents called Guidances and is usually called its "judicious use" program, made it impossible for livestock producers to use routine micro-doses of antibiotics known as growth promoters. However, the report by the Government Accountability Office says the FDA is not collecting usage data that will allow it to know if its effort has been successful. In addition, despite urging by the GAO that goes back to 2004, the FDA and USDA have not negotiated access to farms that would allow them to see the types and manner of antibiotics being given — not even when outbreaks of drug-resistant foodborne illness need to be investigated. The FDA's usage data relies on sales information given by manufacturers, which contains no details about how the drugs actually are used. Read more from [NPR](#).*

Number Of People Living In Extreme Poverty Hits Record Low: *For the first time in*

modern history, the number of people living in extreme poverty has fallen below 10 percent of the global population, based on a report released Thursday by the International Food Policy Research Institute. The increasing number of refugees fleeing violence in the Middle East and North Africa, including the wars in Syria, Yemen, Iraq and South Sudan, have exacerbated hunger and malnutrition in those parts of the world, IFPRI notes in its sixth annual Global Food Policy report. Also, income inequality has risen, economic growth is stagnant, and the number of extremely poor people remains high, with hundreds of millions living on less than \$1.90 a day - all of which create uncertainties about future progress on food security. IFPRI's report, which analyzes major food policy developments and events, focused this time on rapid urbanization in developing countries and the challenges it poses for the food system. This trend is expected to put pressure on farmers as agricultural production is stressed by environmental degradation, climate change and extreme weather conditions. Strong investments in supply chains and rural infrastructure that connect small farmers to urban consumers can spur economic development and food security, the report advises, and more data and research on the urban poor is needed so effective policies to support them can be designed. Read more [HERE](#).

There's Always a Bull Market in Fearmongering: Volatility has declined very sharply, so quite naturally, pundits suggest that investors are complacent and conditions are ripe for a nasty surprise. But Charles Lieberman of Advisors Capital Management contends such warnings deserve harsh criticism. "Fear mongering has grown to the point it has become an art form and a profession. There is a very long list of people -- the industry refers to them as perma-bears -- who are quoted regularly in the media warning of the next market decline or the next market collapse. In mild form, they now merely suggest investors have become complacent. But are they really forecasting anything, or are they just promoting fear? Most of the forecasts of gloom and doom come without an expiration date. The authors expect a large bear market, but don't provide a clear indication of when doomsday is expected to arrive. Of course, this makes such views evergreen, since they never expire. And if they are repeated often enough, the prediction remains comfortably off in the future without any effort to change the text of the forecast. How convenient is that? " Read more from [Bloomberg View](#).

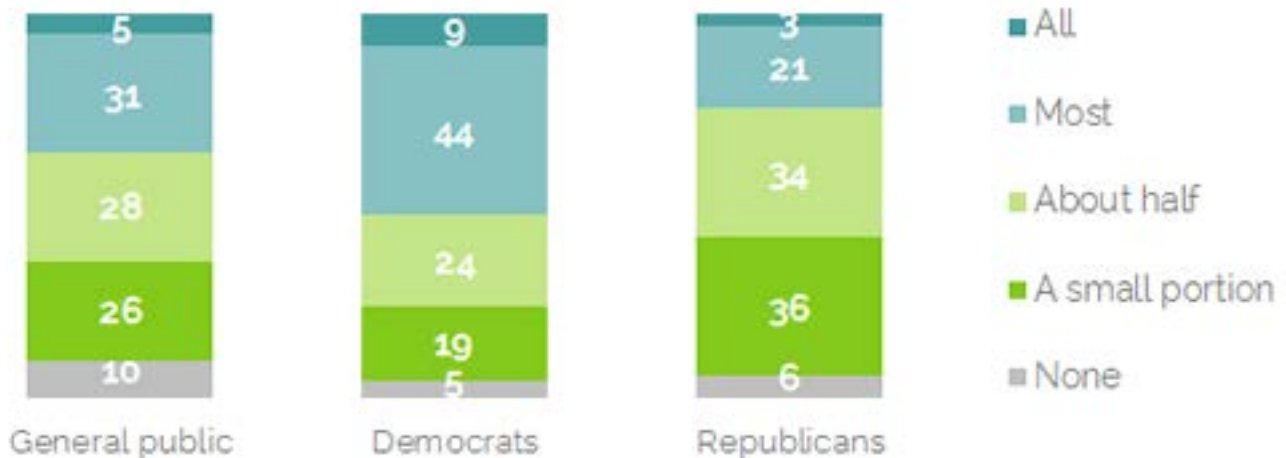
How to Tell a Good Story, as Explained by George Saunders, Ira Glass, Ken Burns, Scott Simon, Catherine Burns & Others: All of us instinctively respond to stories. This has both positive and negative effects, but if we don't understand it about ourselves, we've won't fully understand why people believe what they believe and do what they do. Even given the deep human attachment to narrative, can we clearly explain what a story is, or how to tell one? Read more at [OpenCulture](#)

Does The Public Trust Government Statistics? Public opinion about the Republican health care reform bill (American Health Care Act) remains partisan, with little change in judgments after the Congressional Budget Office reported that up to 24 million could lose health insurance coverage in the next few years. That partisan divide has been evident in Economist/YouGov Polls since the introduction of the Affordable Care Act/Obamacare in 2009, but partisanship also plays a role in how people view the output of the CBO and other agencies that provide important government statistics, such as the jobless rate and the Census count. Many Americans pick and choose the statistics they believe, with Republicans generally more skeptical. But while public skepticism takes on a partisan tinge

on health care reform, Democrats and Republicans have similar reactions to some other government statistics. A majority of Democrats think all or most government statistics are reliable, but fewer than half as many Republicans agree. 42% of Republicans believe few or no statistics put out by the government. Read more [HERE](#).

General trust in the government

In general, how many of the statistics reported by the government are reliable and accurate? (%)



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March 19-21, 2017

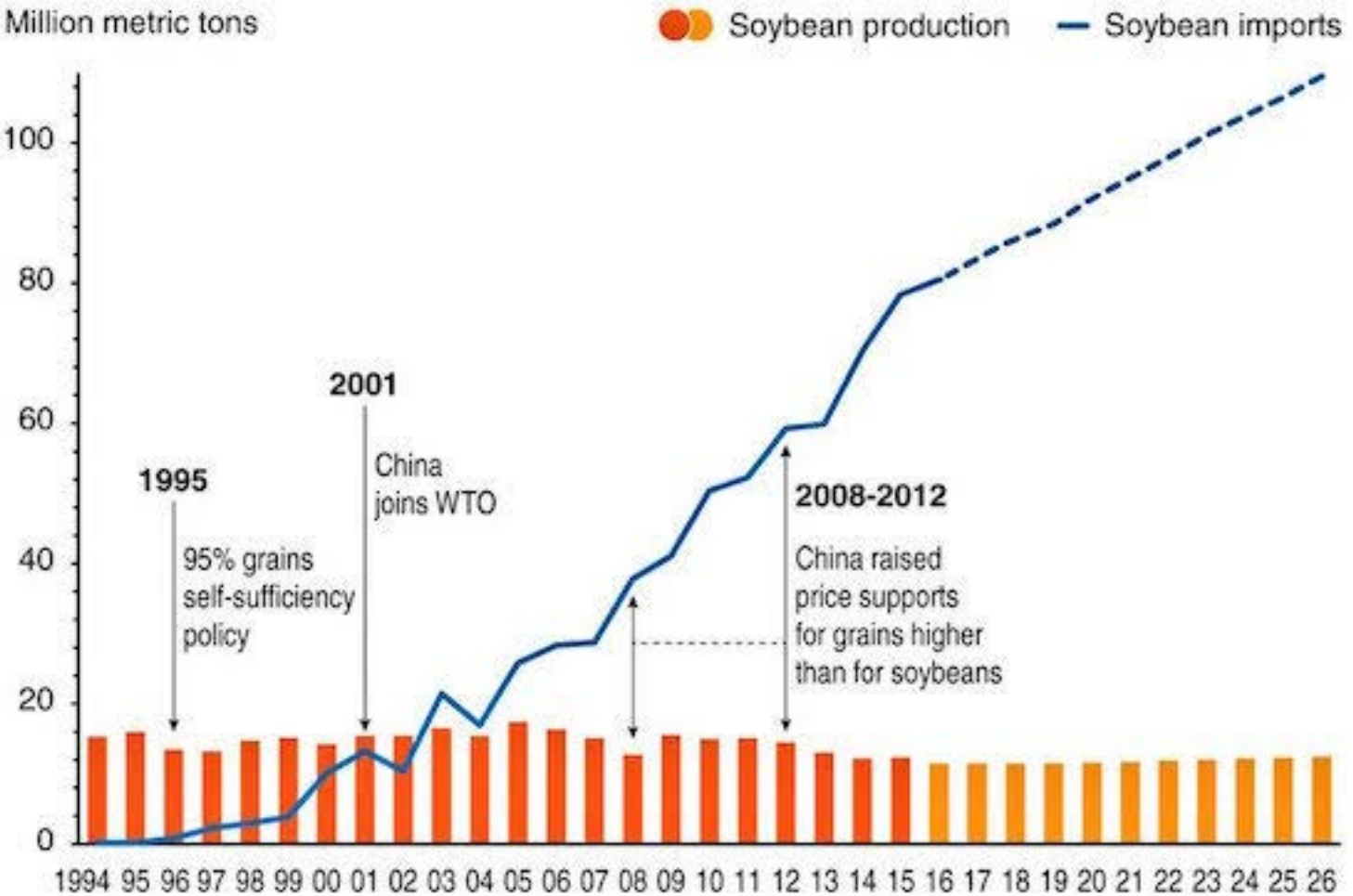


China's Massive Demand for Oilseeds Continues to Outpace Production

China continues to be the largest soybean importer in the world, and shows no signs of slowing down. China's total oilseed imports for 15/16 reached 87.9 million metric tons, accounting for about 61% of total world exports, and around 59% of total U.S. soybean exports. The USDA, FAS post in Beijing estimates in its [latest report](#) that this growing trend in soybean imports will continue to push towards 90 million metric tons in. According to the post, rising incomes, urbanization and the modernization of the domestic feed and livestock sectors will continue fostering Chinese oilseed consumption. It's important to know that a recent change in government policy has encouraged farmers to plant more oilseeds instead of corn. However, growth in China's oilseed production remains constrained by limited arable land and stagnant yields. This is why the post has forecast China's oilseed production to rise just modestly. We can't talk about Chinese soybeans without addressing the country's demand which is driven by increased consumption of meats, eggs, milk, sea-

food, and vegetable oils. As a result of China's limited domestic production and increased consumption, soybean imports are expected to stay robust. In fact soybean imports could reach 90 million metric tons sooner than some may think. Annual imports from the U.S. are expected to stay strong at over +30 million metric tons. However, while the demand outlook for U.S. soybeans is positive, we still face fierce competition from South American suppliers. Moral of the story, growth in China's domestic oilseed production continues to lag behind growth associated with their domestic demand. In other words I have to imagine they will continue to source record supplies from U.S. and South American providers in the months ahead. The question is who specifically will win the business? Hence the markets keen interest on President Trumps negotiations and relations with the Chinese government. With close to 60% of total U.S. soybean exports dependent on Chinese purchases the relationship is highly critical. (Source: USDA, FAS - Gain report)

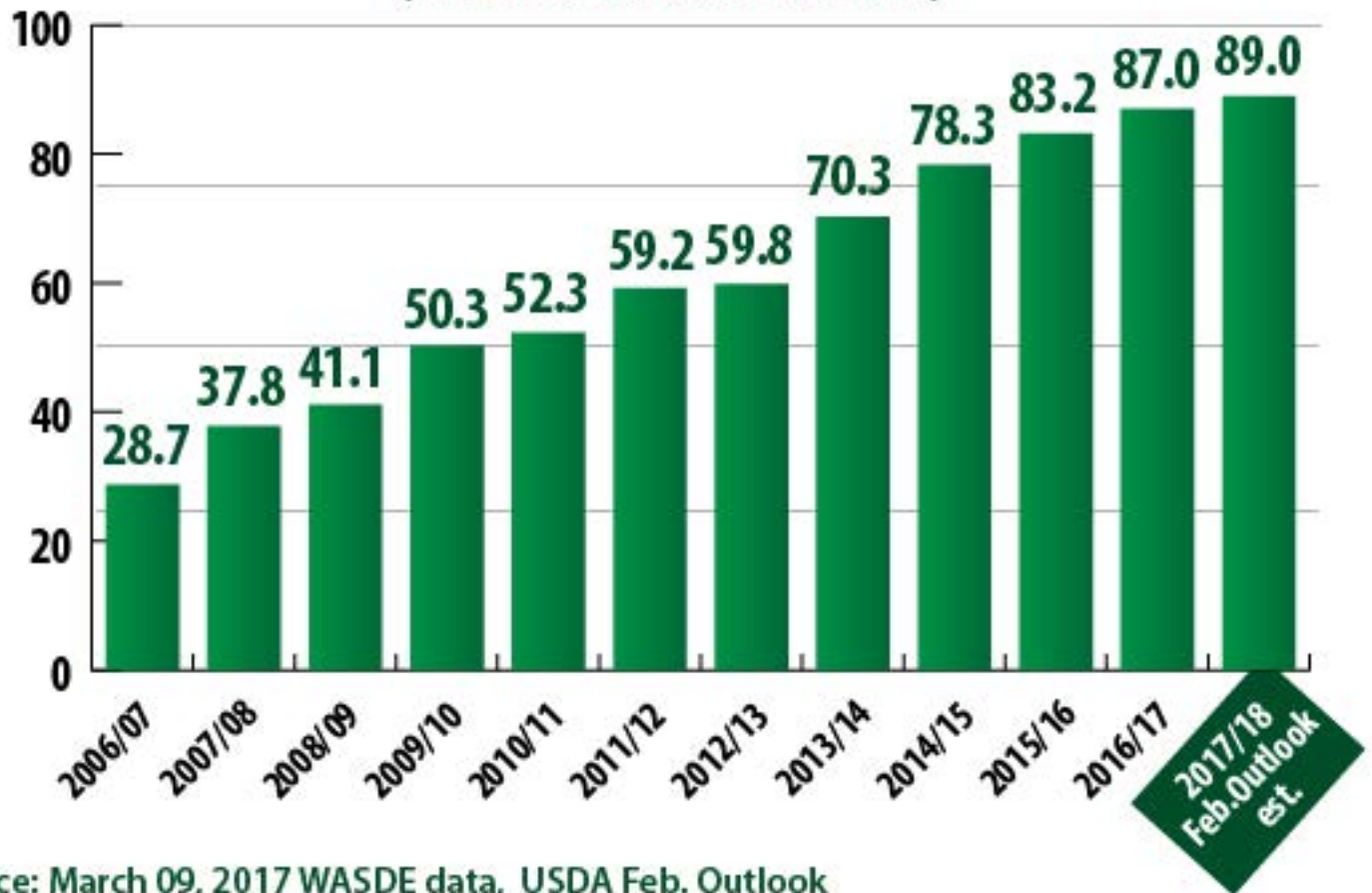
Soybean production and imports in China



Note: Dashed line and light-colored bars represent the projection period. WTO = World Trade Organization.
 Source: USDA, Economic Research Service, based on the USDA 2016 International Baseline data product.

Chinese Soybean Imports

(in Million Metric Tons)



Source: March 09, 2017 WASDE data, USDA Feb. Outlook

What's Your Auction Bidding Strategy?

My wife and I love attending auctions. In fact the kids make fun of us now, telling us we are getting old, because date night often consist of going to a local Kansas City auction on a Wednesday or Thursday night. Interestingly we've always liked attending auctions, just during some of the leaner years we clearly couldn't bid as often or as high on an item of interest. Now a days we primarily attend art, antique, automobile or charity auctions. Occasionally we will hit a farm auction if the ground is of real interest and within proximity of our home base. It seems to both Michelle and I that auctions are starting to once again get more popular, as attendance seems to be on the rise. I ran across an article the other day that that made me think about my bidding style. "Are you a "stealth" bidder, who bids with a wink, a nod or a surreptitious wave? Or do you bid aggressively, hoping to scare off the competition? What's your online bidding style? Are you a sniper or a squatter? Do you bid online using the same style of bidding that you use at a live auction? When you offer your own online auctions, can you tell where your price will end up by the type of bidders you are attracting? Like most everything else in our search for the truth, academia has thoroughly researched these topics and we're going to have a look at some of their results. (Source: [Antique Trader](#))

Auction Sniping - *It's the auction equivalent of military sniping. It's the S.W.A.T. team*

of auction bidding. When the winning bid in your auction comes from "out of nowhere," you have been sniped. Bidders never know when a sniper lurks in the background until, in the final few seconds of an auction, the sniper's bid appears. Most snipers will use a stealth type style of bidding. Often times you are not even certain where the bid is coming from. Other bidders are rattled up and simply can't respond fast enough to top the sniped bid. Providing that the sniped bid is the highest, it wins the auction suddenly and aggressively. If are bidding on a extremely rare or unique item that will not be available at other auctions or sales and multiple bidders are entrusted, then snipe the auction. Set up the snipe with your maximum bid written down and then leave it alone. You'll either win it or you won't.

Auction Squatters - These are the opposite of auction snipers: They enter an auction early and take up residence until the bidding ends. Squatters bid early and often. They respond to competing aggressively, they let the crowd know immediately they want the item. Most squatters will use a loud and attention getting signal to bid. Studies make a strong case in favor of squatting, and claim that the strategy produces a "competition effect," which can help drive others away. Unfortunately in if an item is extremely rare or highly unique the edge shifts to "snipping". Bottom-line, if item seems less than unique and can be found at other auctions or sales, the edge seems to go to the squatter type style. If you decide to squat, be aggressive about it. Don't bid the minimum amount; doing so just invites competition. Instead, bid a significant percentage of what you are ultimately willing to pay. Bid bigger early so it doesn't allow others to get in the game and become personal, sort of like bluffing or raising the pot early in a poker game so as not to let others draw out and win the hand.





Two Billionaire Brothers Attempt To Corner The Silver Market Goes Awry

It was 37 years ago today, back in 1980, that the Hunt Brothers created the panic of "Silver Thursday". Nelson Bunker Hunt and William Herbert Hunt were the sons of Texas oil tycoon H.L. Hunt and at one time one of the world's wealthiest men. When H.L. passed away in 1974, he left his billions to his family, which included a total of thirteen surviving children. Shortly after they collected their inheritance, brothers Nelson and William began buying up large amounts of silver. The brothers and their legal team argued years later that the move was designed as a hedge against the skyrocketing inflation of the decade. Nelson, in particular, believed there would be inflationary pressures that would destroy the value of any investments tied to paper currency, which made precious metals an at-

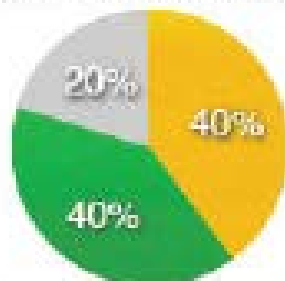
tractive 'safe' alternative. It was illegal to trade gold in the 1970s, so Nelson set his sights on silver, which he projected would increase tenfold as a result of the plummeting real value of the dollar. No matter the true reason behind the brothers eventual accumulation of roughly two-thirds of all the privately held silver in the world, it proved to be an historically bad strategy that nearly took down the U.S. financial system. By the end of 1979, each brother owned around 21 million ounces of physical silver. In addition, they had very sizable positions in the futures market - Nelson was long contracts that amounted to over 45 million ounces, while William was long contracts that amounted to more than 20 million ounces. By the new year, with every dollar increase in the price of silver, the Hunts were making \$100 million on paper. But unlike most investors, when their profitable futures contracts expired, they took delivery and had it shipped to Switzerland. This began creating a shortage of the metal for industrial supply, and in turn prices started to skyrocket. From a spot price of around \$6 per ounce in early 1979, the price of silver shot up to over \$50 per ounce in January of 1980. In response to the Hunts' accumulation, exchange rules were changed and no additional silver contracts were to be created, as well as prohibiting contracts from being purchased on margin. Silver prices in turn began to plummet, which was very bad news for the heavily leveraged Hunt brothers. Of the \$6.6 billion worth of silver the Hunts held at the top of the market, the brothers had "only" spent a little over \$1 billion of their own money. The rest was borrowed from over 20 banks and brokerage houses. On March 25, one of their largest creditors, Bache Group, issued the Hunts a \$100 million margin call, which the Hunts could not supply. That left Bache no choice but to begin unloading silver and with the Hunts facing a potential \$1.7 billion loss, other institutions followed. On March 27, "Silver Thursday," the silver futures market dropped by over -30% to \$10.80. Just two months earlier, these contracts had been trading at four times that amount. The brothers eventually ended up filing for bankruptcy and in the process almost dragged their lenders down with them. The Hunts' default and resulting collapse of silver prices blew holes in balance sheets across Wall Street. A privately orchestrated bailout loan from a number of banks allowed the brothers to start paying off their debts and keep their creditors afloat, but the markets and regulators were rattled. In the words of then CFTC chief James Stone, the Hunts' antics had threatened to punch a hole in the "financial fabric of the United States" like nothing had in decades. Writing about the entire episode a year later, Harper's Magazine described Silver Thursday as "the first great panic since October 1929." What many folks don't know is that just a few years earlier, the Hunt brothers made a similar type play in the soybean market. In 1977, the price of soybeans was rising fast. Trade restrictions on Brazil and growing demand from China made them a hot commodity, and both Bunker and Herbert decided to enter the futures market in April of that year. When the Hunts decided to go long in the soybean futures market, they went very, very long. Between Bunker, Herbert, and the accounts of five of their children, the Hunts collectively purchased the right to buy one-third of the entire autumn soybean harvest of the United States. Wow! (Source: [Priceonomics](#), Investopedia)



CASH SALES & HEDGING TOTALS

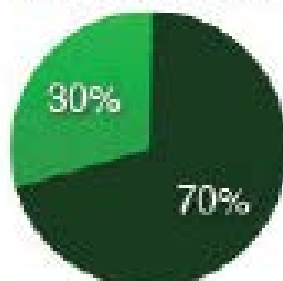
CORN 2016 CROP

40% SOLD
40% HEDGED
20% Cash Remaining



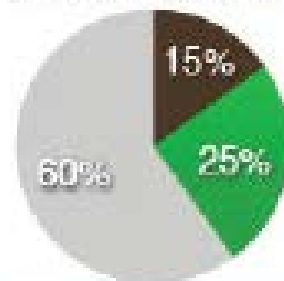
SOYBEANS 2016 CROP

70% SOLD
30% HEDGED
0% Cash Remaining



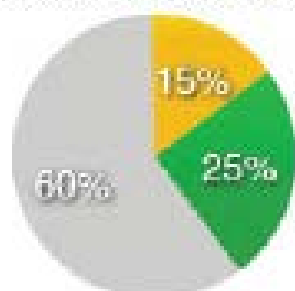
WHEAT 2016 CROP

15% SOLD
25% HEDGED
60% Cash Remaining



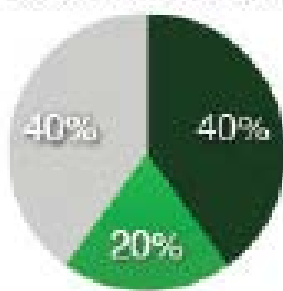
CORN 2017 CROP

15% SOLD
25% HEDGED
60% UNPROTECTED



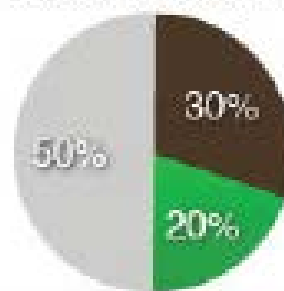
SOYBEANS 2017 CROP

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

