



"The greater danger for most of us is not that our aim is too high and we miss it, but that it is too low and we hit it." - Aristotle

WEDNESDAY, APRIL 26, 2017

Morning Summary: Stocks have extended their rally pushing the Nasdaq through the 6,000 mark and setting a new record high for the second day in a row. Both the Dow and S&P 500 are also back within striking distance of their all-time highs. Traders are upbeat thanks largely to the streak of stronger earnings results. Positive sentiment can also be attributed to headlines out of Washington where president Trump is expected to release details on his tax reform plan today, which could include an attempt at cutting corporate taxes from 35% down to 15%. The President has also indicated that he would sign off on a funding bill even if it didn't include money for the Mexican border wall, which has helped to ease concerns about a government shutdown. Trump is not abandoning the project, just perhaps trying to take a different approach and wait for better timing. Keep in mind, the current spending bill expires at midnight Friday. There is no significant economic data on the calendar today outside of the Petroleum Status Report from the U.S. Energy Information Administration. Globally, China will be releasing Industrial Profits overnight. And the European Central Bank will likely release their latest policy decision before markets open tomorrow morning. Insiders see little chance of any changes to interest rates or current stimulus, though some anticipate the ECB may indicate a timeframe for unwinding or exiting some of their monetary easing. At this point the trade is clearly taking on a more bullish tone towards global growth. Caterpillar stock just rallied to its highest level in the past couple of years as it reported its world retail sales rose +1%, the first increase in 51 quarters. The strength came on a 46% surge in machinery sales in the Asia/Pacific, their best Asian performance going all the way back to April 2011. Let's also keep in mind John Deere stock yesterday posted its all-time high and has risen over +34% since mid-September and is thoroughly now outperforming the S&P 500. Cummins and Komatsu have also been showing strong gains in the sector. Keep in mind both the OECD and IMF recently bumped their expectations for global growth higher during the next two years. The "World Economic Outlook" report recently noted global economic activity is picking up with a "long awaited cyclical recovery in investment, manufacturing, and trade". Meaning perhaps many global money-managers may now seem underweight or underinvested. Bottom-line, a "risk on" appetite has been spreading amongst the market as more traders acknowledge the improving global economies. Here at home today and more micro in detail, U.S. corporate earnings will again be in the spotlight with a slew of releases scheduled from key companies, including Amgen, Boeing, Buffalo Wild Wings, Dish Network, Dr. Pepper-Snapple, Fiat Chrysler, GlaxoSmithKline, Hershey, Ingersoll Rand, Nintendo, Norfolk Southern, O'Reilly Auto, Owens Corning, Pepsi, Procter & Gamble, Seagate, Suncor, and Twitter.

Will New Canadian Lumber Tariff Increase New Home Prices? *A new duty imposed by the U.S. Commerce Department on Canadian softwood lumber is designed*

to level the playing field between Canadian and U.S. lumber producers, and just the anticipation of it has pushed lumber prices higher by about +22% since the start of this year. The Trump administration argues that government subsidies for Canadian lumber are unfair. While the tariff's are good news for U.S. lumber producers, they aren't great for U.S. homebuilders, who inevitably pay the price. National Association of Home Builders (NAHB) chairman Granger MacDonald says the organization is "deeply disappointed in this short-sighted action by the U.S. Department of Commerce that will ultimately do nothing to resolve issues causing the U.S.-Canadian lumber trade dispute but will negatively harm American consumers and housing affordability." According to the NAHB, the cost of this new duty will increase Canadian lumber costs for U.S. customers by +6.4%, which will be passed on to homebuyers. The NAHB estimates it will increase the price of an average new single-family home by \$1,236. Builders are going to have to offset that with higher prices, perhaps raising them 3 to 5 percent. The median sale price of a newly built home in March rose just 1 percent compared with a year ago. This is likely because builders are still leery of a spike in mortgage rates. Pulte, an Atlanta-based homebuilder that reported quarterly earnings Tuesday, noted a drop in demand for its entry-level homes. That is likely due to weakening affordability amid a severe shortage of homes for sale, both new and existing. The shortage is exacerbated by higher construction costs. (Source: CNBC)

Nasdaq Took 17 Years To Make Its Latest Move: *The Nasdaq first hit 5,000 during the dot-com bubble in 2000, which means its thousand point move to 6,000 took more than 17 years. Tech stocks plunged after the dot-com bubble burst then, and once again during the Great Recession of 2008. The Nasdaq didn't make it back to 5,000 until 2015. While the actual number doesn't really mean much, big round numbers are important psychological milestones for the stock market. Interestingly, the top five contributors to the Nasdaq's 2017 gains — Apple Inc., Facebook Inc., Amazon.com Inc., Microsoft Corp., Alphabet Inc. — account for roughly 40% of the index's advance, according to stock-market research firm Birinyi Associates. The index itself is up around +12% for the year. Technology stocks have become a somewhat surprising winner since the post-election rally. Investors see them as a safer way to bet on U.S. growth that isn't tied to anticipated policy changes like tax cuts, deregulation and infrastructure spending. Tech companies in the S&P 500 are on track to post +14% earnings growth, according to reported results and analyst estimates on FactSet. That compares with the 10% growth rate expected for the broader S&P 500. (Sources: Wall Street Journal, CNN)*

Employers Looking To Hire More College Graduates: *The latest forecast from the National Association of Colleges and Employers finds that employers expect to hire 5% more graduates than they brought on last year, the eighth year in a row that companies say they are increasing their college hires. Yet a separate survey of employers and college seniors suggests that, when it comes to courting recruiters, the Class of 2017 has some homework to do. This year's job-seeking seniors are ill-prepared for the job hunt and many coveted positions, concludes a survey of roughly 400 employers and 400 college students conducted by iCIMS Inc. Among other things, employers reported that one-third of all applications for entry-level roles come from unqualified candidates. More than 60% of employers in the survey said applicants ought to be more familiar with the company and industry, and must ask better questions in interviews. Plus, those employers say, three out of four applicants fail to send thank-you notes after interviews. The mismatch extends to hard skills, too. Engineering, business and*

computer science majors are in highest demand, with at least two-thirds of employers seeking graduates in those fields, according to NACE. But fewer than half of the students surveyed by iCIMS majored in those subjects. (Source: The Wall Street Journal)

The College Majors Employers Want

Employers are on the hunt for engineering, business and computer-science graduates; here's how popular those majors are among college seniors.

MAJOR	PCT. OF EMPLOYERS LOOKING TO HIRE	PCT. OF SENIORS IN MAJOR
Business/Accounting	81.3%	19.2%
Engineering	75.9%	5.2%
Computer sciences	64.3%	3.1%
Economics/Social sciences	33.9%	8.8%
Physical sciences	20.5%	1.6%
Humanities	11.6%	2.3%
Agriculture	4.5%	1.9%
Education	1.8%	4.8%
Health sciences	1.8%	11.4%

Note: Current hiring plans compared with degrees conferred in 2015

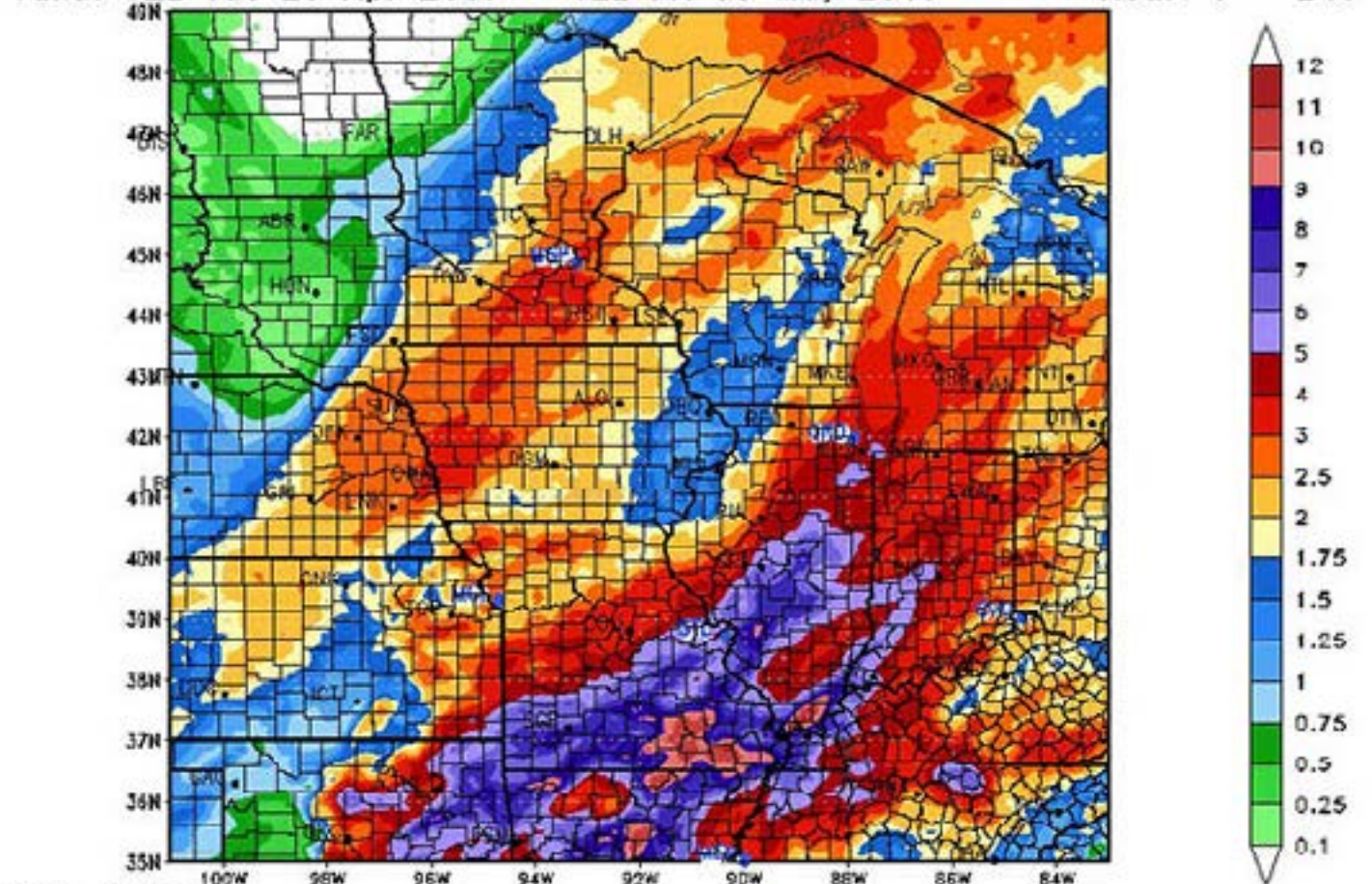
Sources: National Association of Colleges and Employers;
National Center for Education Statistics

THE WALL STREET JOURNAL.

Weather in the Corn Belt provided a brief surge of warmth favoring summer crop planting from the Mississippi Valley eastward. Forecasts are highlighting heavy rain across the Midwest during the next week. The rain, along with a colder weather pattern, will disrupt planting progress. The greatest delays in progress will be noted in the western and northern Midwest, north of Interstate 80. In the southern Plains, rain continues to move through the region offering beneficial soil moisture for winter wheat. Temperatures will be lower this week, with several occurrences at or near the freezing mark. This bears watching for possible damage to heading wheat. Heading progress in Kansas is at 25% this week. Some freeze damage may have already occurred from sub-freezing conditions over the past weekend. In the northern Plains, the pattern continues to offer wet conditions and lower temperatures. This will continue to hamper fieldwork and planting for row crops and spring wheat. By late week, a storm will arrive across the central and southern Plains, As a result, 5 day precipitation totals could reach 1 to 2 inches across the area as well as the Rockies, Pacific Northwest, and from the Great Lakes region into the Northeast. Much higher rainfall totals, of 2 to 6 inches or more, may occur in the mid-South and the middle Mississippi Valley, along with the possibility of severe thunderstorms and isolated tornadoes.

10-Day Rainfall Forecast Is Concerning: *Below is a 10-day precipitation forecast for the Corn Belt. Locally there could be 10 inches of rain fall by May 5th. Much of that rain will fall by the end of the week, with upwards of 6+ inches possible in the south-east corner of Missouri by Sunday. Flooding could become a concern once we get into May...*

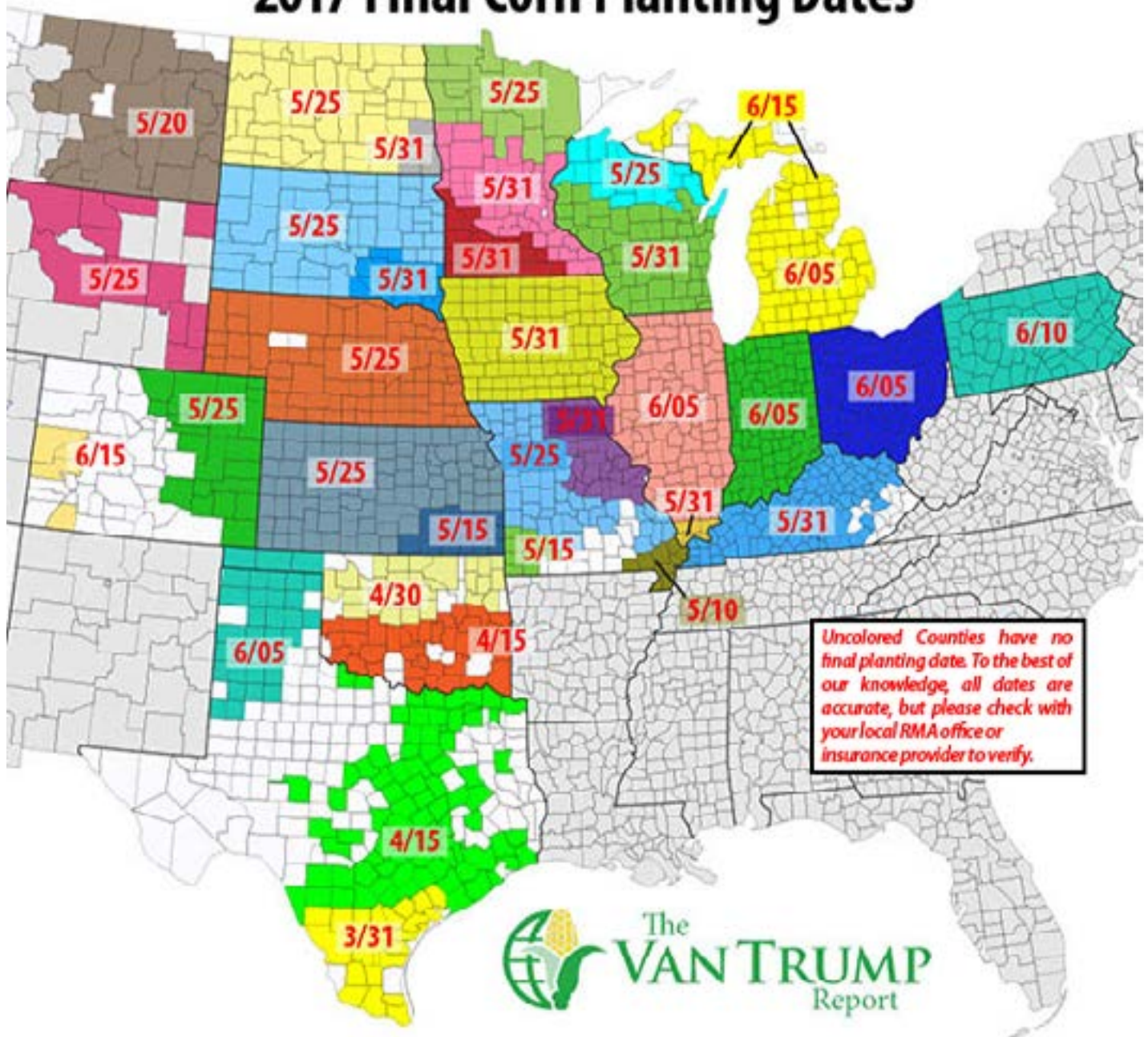
240 Hour Total Precipitation (in) ECMWF-MAXRES
 Valid: 12z Tue 25 Apr 2017 - 12z Fri 05 May 2017 Hour: 0 - 240



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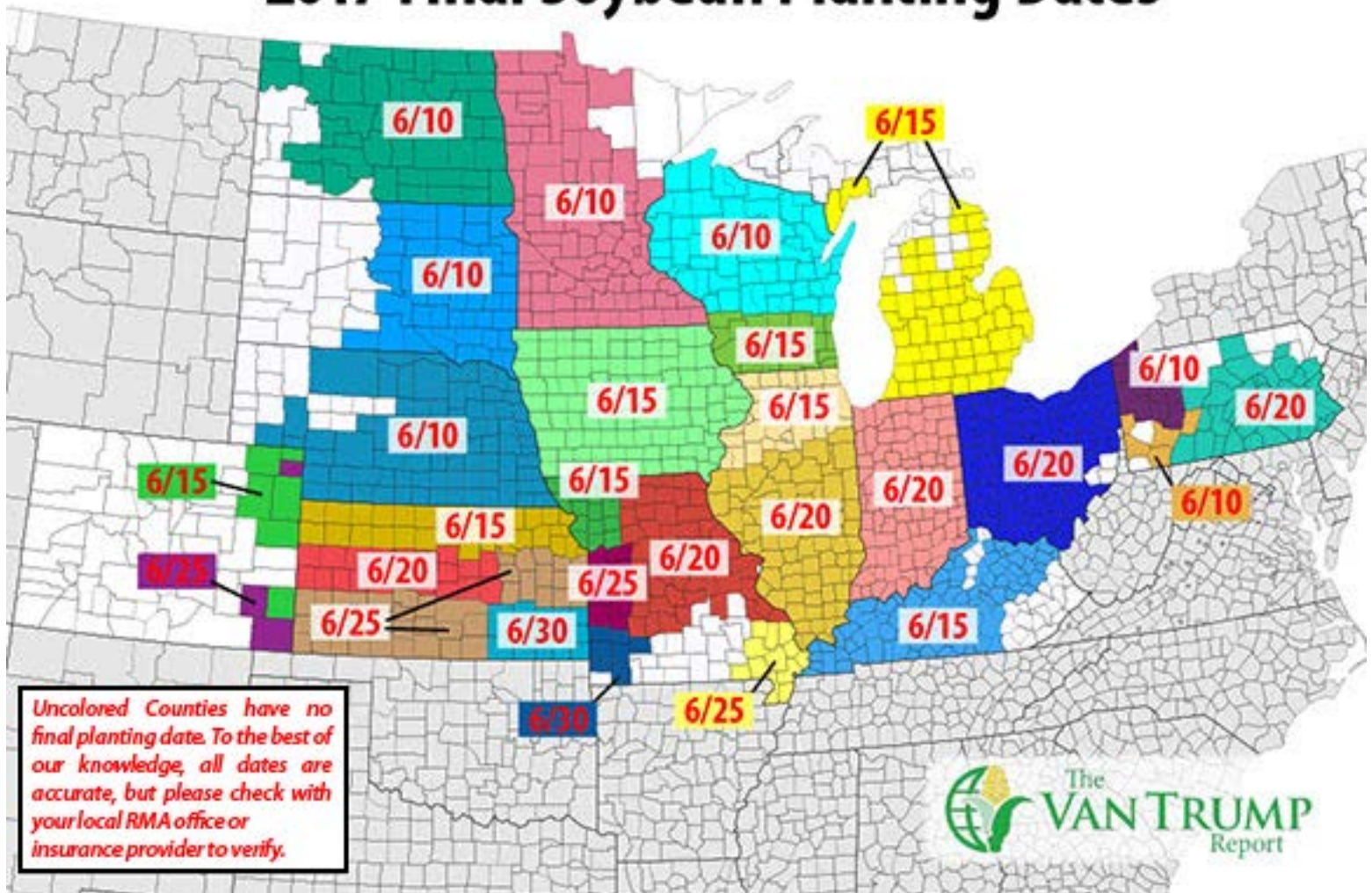
Corn traders are debating planting delays here in the U.S. against ample rainfall spreading across Brazil which is further enhancing the odds of strong second-crop yields. The harvest in Argentina has been delayed but producers should get a chance to gain back some ground as the forecast offers up a drier pattern. Despite the latest USDA data showing almost no delay in U.S. planting compared to our 5-year average, I find myself much more concerned than the numbers indicate. The heavy rains and cool temps in many key U.S. growing regions feels like it should be carrying more "risk-premium". As you can see from the graphic below, we still have a lot of time left before final planting dates start to come into play, but with early delays and fields being too wet it can certainly set the table and create the right environment for yield-drag further down the road. As a producer I continue to keep a close eye on new-crop prices. It sounds like everybody and their brother has sales targets up in the \$4.05 to \$4.15 range vs. then DEC17 contract. I should also point out I am keeping a very close eye on the DEC18 contract as it traded \$4.05 yesterday. It wouldn't hurt my feelings much to get 10% to 20% of my longer-term risk removed for 2018 on the next leg higher.

2017 Final Corn Planting Dates



Soybean bulls continue to hold out hope that the market can post another run to \$10.00 per bushel. The traditional fundamentals are clearly stacked against them, but the global macros might eventually provide enough tailwind to make it happen. There are many large money-mangers talking about improved global growth, in particular improved economic conditions in China, the worlds largest buyer of soy. The bulls are also talking about Chinese soybean acres being down some -7% to -10% compared to last year. I suspect this helps confirm continued growth in Chinese soy imports. We continue to see Chinese interest in U.S. soy which is keeping the domestic demand story alive. Lets also keep in mind the trade has a close eye on the upcoming ruling in regard to allegations that Argentina and Indonesia are violating U.S. trade laws by flooding the U.S. market with subsidized biodiesel. The National Biodiesel Board (NBB) recently reported that 2016 should have been a banner year for U.S. biodiesel producers, but instead dumped and subsidized biodiesel from Argentina and Indonesia entered the U.S. in record volumes. NBB said biodiesel imports from Argentina and Indonesia increased 464% from 2014 to 2016. That growth has taken over +18% of market share from U.S. manufacturers. According to the U.S. Census Bureau, U.S. biodiesel imports from Argentina in 2014 amounted to 156,407 tonnes valued at \$136 million. That increased to 1.475 million tonnes in 2016 valued at \$1.2 billion. Imports from Indonesia went from 170,962 tonnes valued at \$137.8 million in 2014 to 370,969 tonnes valued at \$268.2 million. (Source: World-Grain.com Susan Reldy). Bottom-line, if the U.S. government delivers a ruling on May 8th to place tariffs on imported soybean oil and biodiesel the trade will feel much more comfortable about demand. Talks of more substantial rains and possible flooding should also provide the market with some nearby tailwind.

2017 Final Soybean Planting Dates



Wheat bears continue to talk about cool weather and better moisture helping the U.S. winter crop. Bulls are saying too much of a good thing can eventually turn bad and that too much rain is now creating a "quality" concern in several locations. Spring wheat planting continues to lag and many bulls believe the acres will eventually be pushed lower. From a global perspective there's talk that Ukraine's wheat crop could end up being -2 to -3 MMTs below last year's crop. Unfortunately I'm hearing more talk of improved rainfall in the forecast for some dry areas in Europe. This is obviously being digested as bearish as the world is already awash in wheat supply. Remember, the USDA currently has global ending stocks projected at a fresh new record of 252 MMTs. Hence without some global production hiccups the balance sheet stays overly burdensome and the bears can continue their stranglehold on the market. I'm keeping a more close eye on Canada as President Trump announces plans to slap a 20% tariff on softwood lumber coming into the U.S. from our neighbors to the north. President Trump is also saying his administration 'will not stand' for Canada making business tough for U.S. dairy farmers in border states. I'm not sure if any of these moves directly impact wheat in any manner, but it clear makes me believe Canadian officials will soon be on the clock and looking to move some game pieces. Eventually there could be a play involving wheat... stay tuned.



> CME Group Plans Variable Storage Rate For K.C. Wheat Futures: *CME Group Inc said on Monday it plans to adjust its hard red winter wheat futures contracts, after some U.S. farmers said they had lost faith in the market because it was not converging with local cash prices. The exchange operator will implement a "variable storage rate" mechanism in the K.C. wheat futures market starting on March 18, 2018, according to a notice sent to clients. (Source: Reuters)*

> China's Wheat Imports Hit 3-Year High: *China's wheat imports jumped +140% year-on-year to 505,000 metric tons in March, the highest level since March 2014. The import total included 219,957 metric tons for the U.S. That compares with no wheat imports from the U.S. in March 2016. A trader at Shanghai JC Intelligence says there is a shortage of high-quality wheat on the domestic market. Additionally, even with high tariffs, imports are still cheaper than domestic grains.*

> Brazil's Weather Remains Good For Corn Crop: *Soybean & Corn Advisor reports that weather for the safrinha corn crop has generally been good, though a little more variable in top producers Mato Grosso. Weather has been very cooperative in the central part of the state, while much dryer in southern and southeastern Mato Grosso. The earlier planted corn in Mato Grosso has already pollinated and is well into the grain filling phase. The later planted corn in Mato Grosso is approaching pollination. The safrinha corn harvest in Mato Grosso will start by the end of May. For most of the corn in Mato Grosso, the crop is close to "being made." Two or three more weeks of good weather and the crop will*

be far enough along in most areas of the state to make it through the grain filling phase. Weather in southern Brazil has improved for the safrinha corn in Parana, Sao Paulo, and southern Mato Grosso do Sul. Brazilian farmers continue to be slow sellers of their anticipated safrinha corn crop. According to Safras & Mercado, Brazilian farmers have sold 17% of the safrinha corn crop compared to 44.5% sold last year at this time. (Source: [Soybean & Corn Advisor](#))

> Judges Skeptical Of EPA In RFS Argument: Two of the three federal appeals judges presiding over Monday's oral arguments on RFS issues seemed doubtful of EPA's logic on its use of general waiver authority in lowering conventional biofuel requirements for 2016. Under the law, the authority is only intended to be used if the lack of supply would cause environmental or economic harm. "I don't see the statute as necessarily giving that grant of authority to EPA," said Judge Brett Kavanaugh, an appointee of President George W. Bush. "It's a separation of powers issue - if it's screwed up, Congress can fix it." D.C. Circuit decisions often take months to emerge, making it likely that EPA could publish a volume proposal in the coming weeks before the court's ruling. This case concerns actions taken under the Obama administration. EPA cut the quotas for ethanol and other biofuels for the years 2014, 2015 and 2016 from the totals laid out in the 2007 legislation. EPA argued it could do so under a provision allowing it to adapt to a production shortfall. There was no shortfall, but the EPA argued that "production" could include the fact that the market couldn't absorb the additional fuel, Spence said. (Sources: Politico, Bloomberg)

> U.S. Slaps Tariffs On Canadian Lumber: The U.S. has imposed tariffs of up to 24.1 percent on Canadian lumber, saying the government provides unfair subsidies to producers. The U.S. lumber industry alleges Canadian wood is heavily subsidized and that imports are harming American mills and workers. A group representing U.S. companies filed a petition in November asking Washington to impose punitive tariffs. The U.S. Commerce Department announced April 24 that it will levy countervailing duties ranging from 3 percent to 24.1 percent on Canadian lumber producers. Further charges may be applied when the department releases its decision on anti-dumping duties by June 23.

> DuPont Profit Falls: Chemicals and seeds producer DuPont, which is merging with Dow Chemical, reported a better-than-expected profit for the seventh straight quarter, helped by a rise in seed sales. DuPont has moved from selling its farm products to retailers and distributors, focusing instead on selling directly to farmers in the United States. This pushed the timing of some seed sales to the first quarter from the fourth. Demand was also propelled by late-season seed demand in South America and the planting of the largest combined corn and soybean acres on record in the United States. Operating earnings at DuPont's agriculture business rose 12 percent to \$1.24 billion in the first quarter ended March 31. Net income attributable to DuPont fell to \$1.11 billion, or \$1.27 per share, in the first quarter, from \$1.23 billion, or \$1.39 per share, a year earlier. Excluding items, operating profit in the latest quarter was \$1.64, above analysts' estimate of \$1.39, according to Thomson Reuters. Net sales rose 4.6 percent to \$7.74 billion, beating estimates of \$7.50 billion.

> Lighthizer Approved By Senate Panel For USTR: The Senate Finance Committee on Tuesday approved President Donald Trump's choice for U.S. Trade Representative, bringing Robert Lighthizer a step closer to taking office. The panel also voted to approve a legal waiver for Lighthizer from a 1995 law that prohibits people who did work on behalf of foreign governments from serving as the top U.S. trade negotiator. Lighthizer did work on

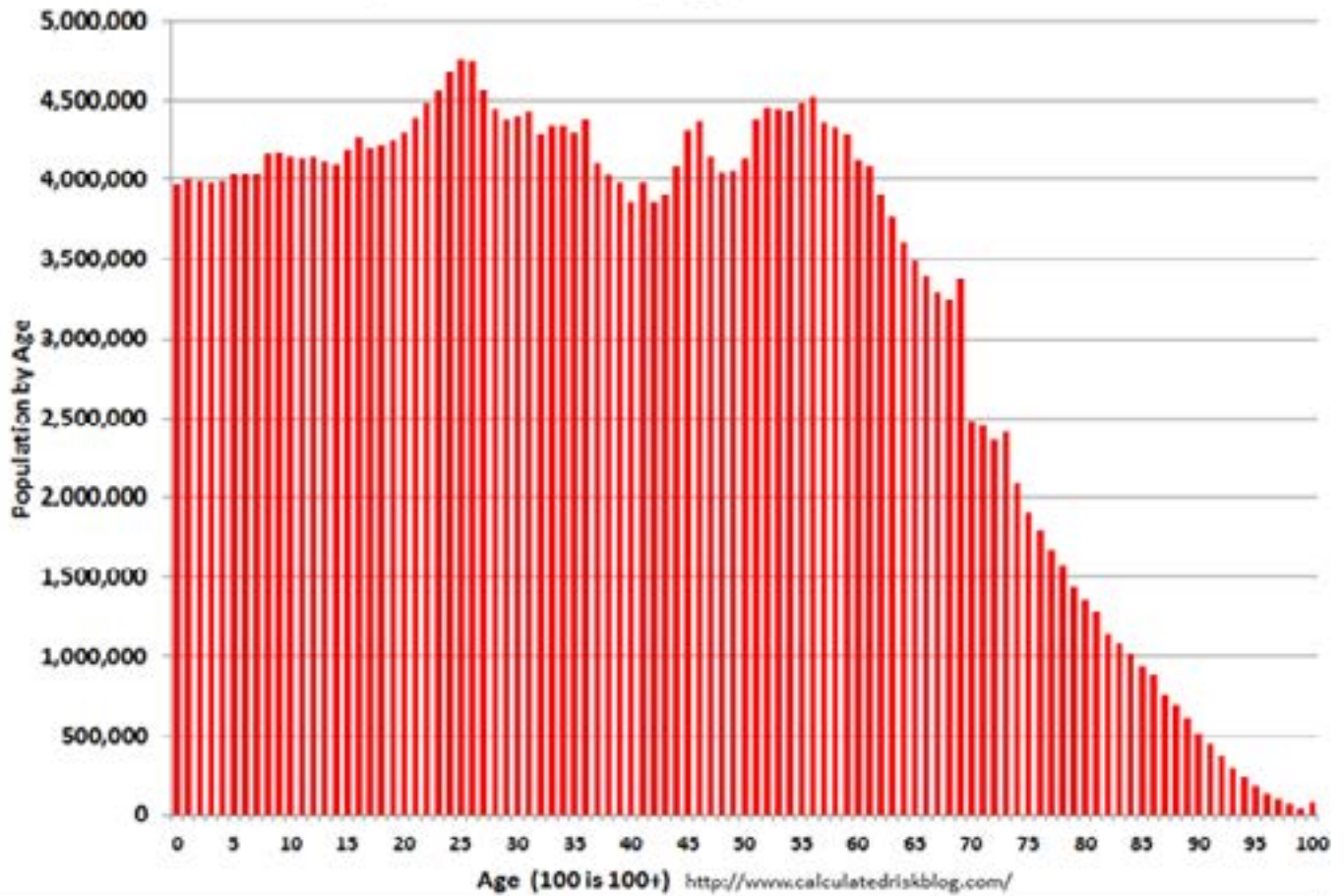
behalf of the Brazilian agriculture agency in the late 1980s and assisted a colleague with work for a Chinese electronics industry group in 1991. Lighthizer's nomination now moves to the full U.S. Senate for approval. If confirmed, he will represent the Trump administration in its planned renegotiation of the North American Free Trade Agreement. (Source: Reuters)

> China's Unemployment Rate Falls To 14-Year Low: *China's official registered unemployment rate fell to a 14-year low of 3.97% in the first quarter. The Ministry of Human Resources and Social Securities said demand for workers in manufacturing increased faster than the labor demand growth across all industries. While the jobless gauge is known for barely changing with economic cycles, and statistics officials are working on a newer and more accurate survey-based version, the decline in unemployment coincides with economic growth posting the first back-to-back quarterly acceleration in two years. Still, the employment situation this year remains difficult. There's a long-term shortage of skilled workers in some newer, upgraded sectors, while aged, low-skilled workers and fresh college graduates find it hard to nail jobs, according to the ministry. (Source: Bloomberg)*

> Who Could Replace Janet Yellen? *Speculation is building on Wall Street that - should President Trump choose to replace Fed Chair Janet Yellen when her term expires next year - a likely replacement to run the central bank would be Gary Cohn. He's director of the National Economic Council and Trump's closest economic advisor. Cohn is also a former chief operating officer of Goldman Sachs. (SeekingAlpha)*

> What Are The Most Common Ages In The U.S.? *This graph, based on the 2016 population estimate, shows the U.S. population by age in July 2016 according to the Census Bureau. Note that the largest age groups are all in their mid-20s. And below the graph is a table showing the top 11 cohorts by size for 2010, 2016 (released this month), and Census Bureau projections for 2020 and 2030. By the year 2020, 8 of the top 10 cohorts will be under 40 (the Boomers will be fading away), and by 2030 the top 11 cohorts will be the youngest 11 cohorts. (Source: Calculated Risk)*

U.S. Population Estimate by Age, 2016 Census Estimate



Population: Largest 5-Year Cohorts by Year

Largest Cohorts	2010	2016	2020	2030
1	45 to 49 years	25 to 29 years	25 to 29 years	35 to 39 years
2	50 to 54 years	20 to 24 years	30 to 34 years	40 to 44 years
3	15 to 19 years	55 to 59 years	35 to 39 years	30 to 34 years
4	20 to 24 years	50 to 54 years	Under 5 years	25 to 29 years
5	25 to 29 years	30 to 34 years	55 to 59 years	5 to 9 years
6	40 to 44 years	15 to 19 years	20 to 24 years	10 to 14 years
7	10 to 14 years	45 to 49 years	5 to 9 years	Under 5 years
8	5 to 9 years	35 to 39 years	60 to 64 years	15 to 19 years
9	Under 5 years	10 to 14 years	15 to 19 years	20 to 24 years
10	35 to 39 years	5 to 9 years	10 to 14 years	45 to 49 years
11	30 to 34 years	Under 5 years	50 to 54 years	50 to 54 years



FROM THE FIELD

Eastcentral Nebraska - *Our family has been on this land since the 1800's. We have been told by state officials that we are only one of five or six families in which the farm was passed on from father to son to son to son to son to son. We are proud of our heritage and look forward to continuing the tradition. Our yields have been getting better and better each year and I believe it has to do with the no-till farming we began in 1987. We are dry land farmers and no tilling keeps at least 1-1.5" of moisture in the ground which would otherwise be lost when the soil is turned. We grid sample often and use VRT in our applications. We have not been able to complete planting as storms keep coming and going. We will wait like everyone else.*

Southwestern Minnesota - *It's cold and wet here again and although some of the boys have been in the field for a bit, I've chosen to wait - looking for a more stable weather pattern. We still have plenty of time as May 10th is still our "OK" day but I've seen guys have to wait until the third week of May before planting. We only have 5% of our old crop corn left and as I tell the young men these days when it comes to marketing -"you got to be flexible, know that every year will be different and finally you have got to know your breakevens before you can work a plan. We had a great 2016 and with our 23" of annual rainfall, we are just fine on this dryland acreage. Heck, there has been years when we were in a drought and we received 1" of rain in August and down the road three miles they continued to get nothing. When we ended up with a quality harvest and the neighbors had nothing - I learned then that timely rain is way more important than quantity.*

Northeast Illinois - *We have been pushing pretty hard to get everything planted. We just lack one patch of corn to plant and we will be 100% done. For the bean acres, we are right at 75% planted and feel like we are out there by ourselves. There are hardly any bean acres in the ground for the guys around us. Most guys haven't even started doing field work, tillage, fertilizer or any planting. I am not for sure why they have waited this long. We are not normally the earliest but I like getting things in once soil temps get high enough. I think that some guys may be still working with their lender on finalizing operating lines for this spring. I think it's pretty amazing that some guys have gotten to that point. We have some liquid fertilizer left that I am going to put on some of my bean acres this year. I haven't done it before but why not. I am still needing to make sales but the basis has gone the wrong way over the past few weeks.*

CROSSING WIRES

A place to share intelligent thoughts...

Perdue Outlines Priorities At USDA Debut: *Newly confirmed Secretary of Agriculture Sonny Perdue made his debut at the USDA yesterday. "I've been waiting to see y'all," he says. "And it looks like y'all have been waiting to see me too, right?" He told USDA employees and others that American ag needs an advocate to promote its interests in the global market and trade will be a top priority. "One of the challenges I heard as I visited with over 75 Senators was – we need to have a good trade policy," he says. "Because our producers out there have been so productive we have a lot of stuff we need to sell. And we're going to sell it – worldwide." You can listen to his full statement over at [Brownfield Ag.](#)*

Inside China's \$43 Billion Bid for Food Security: *The worst famine in human history occurred in China from 1959 to 1961. An estimated 34 million people starved to death. The horrors were beyond imagining—the elderly and disabled left to perish because they couldn't work; murder and cannibalism within families. Hundreds of millions of Chinese people today, including most of China's top leaders, survived that famine. The legacy of that searing experience—the most recent of China's many famines throughout history—continues to influence the country's strategic thinking. It's a major factor behind China's biggest-ever foreign corporate acquisition: ChemChina's planned takeover, for \$43 billion in cash, of Syngenta, the Swiss-based world leader in advanced insecticides, herbicides, and other crop-protection products and the No. 3 producer of seeds. Why should we care about a Chinese chemical company buying a Swiss agricultural business? The purchase actually provides some valuable insight about China's broader view of its future. Read more from [Fortune.](#)*

Western Europe Dryness Resumes; Canadian Prairies Too Wet: *Drought affected western Europe last summer and autumn, with France feeling the brunt of the impact. Late autumn and winter rainfall came along to fix the moisture deficits — at least for a while, but the region is quickly drying out once again and that is raising concern for some of the small grain crop once again. In the meantime, portions of Canada's Prairies never did get the 2016 harvest completed, and wet weather this spring already has had a negative impact on the region raising concern that spring cereal planting will be less than usual. World Weather, Inc. conducted a study during last summer's prolonged dryness and looked at similar conditions that have occurred periodically in Europe in recent years. The study determined that the trend in Europe is not some new trend that has never been seen before, but rather the return of a dry pattern that has been noted to occur periodically over the past few hundred years. Read more from [World Grain.](#)*

What Happens To All Those Plastic Bottles We Use Everyday? *If you consider every plastic soda, water, or juice bottle you've ever used, you might assume that because the label says it's a recyclable bottle that the bottle itself is made of recycled plastic too. But this is hardly ever true. Coca-Cola sources just 7% of its plastic from recycled materials,*

the company told BuzzFeed News. Nestlé Waters North America said 6% of its bottles are made from recycled plastic. PepsiCo declined to share a percentage, saying only that it grew to 139 million pounds in 2015. A recent Greenpeace report found six of the largest soft drinks companies, excluding Coca-Cola, use a combined average of just 6.6% recycled plastic globally. Read more [HERE](#).

Harvard Thinks It's Found The Next Einstein: Harvard University believes the world's next Einstein is among us — and she's a 23 year old millennial. The Cuban-American Chicago native graduated from the Massachusetts Institute of Technology in just three years with a 5.0-grade point average, the highest possible, and is currently a Ph.D. candidate at Harvard with full academic freedom — meaning she can pursue her own study on her own terms without staff interference. Click [HERE](#) to read more.

Dale Earnhardt Jr. Announces NASCAR Retirement: Dale Earnhardt Jr. is retiring from NASCAR at the end of 2017m Hendrick Motorsports announced Tuesday morning. His retirement means NASCAR's three biggest stars will have retired in consecutive seasons. Four-time champion Jeff Gordon, who helped sub for Earnhardt Jr. in 2016, retired at the end of the 2015 season, while three-time champ Tony Stewart hung up his firesuit at the end of 2016. And while Stewart and Gordon's retirements — along with the sudden departure of Carl Edwards — were NASCAR-rattling events, Junior's has the potential to be even more so. Because of his popularity among fans that started out as fans of his father, he's the last driver left who so clearly bridges old NASCAR and new NASCAR. Read more [HERE](#).

U.S. Military Personnel Deployments by Country: [The Visual Capitalist](#) provides some very interesting graphics about the U.S. military. One shows that even before the proposed \$54 billion budget increase fro 2018, the U.S. already spends more that the next seven countries combined. It also does a great job of showing where our troops and military is deployed. Click [HERE](#) to view details.

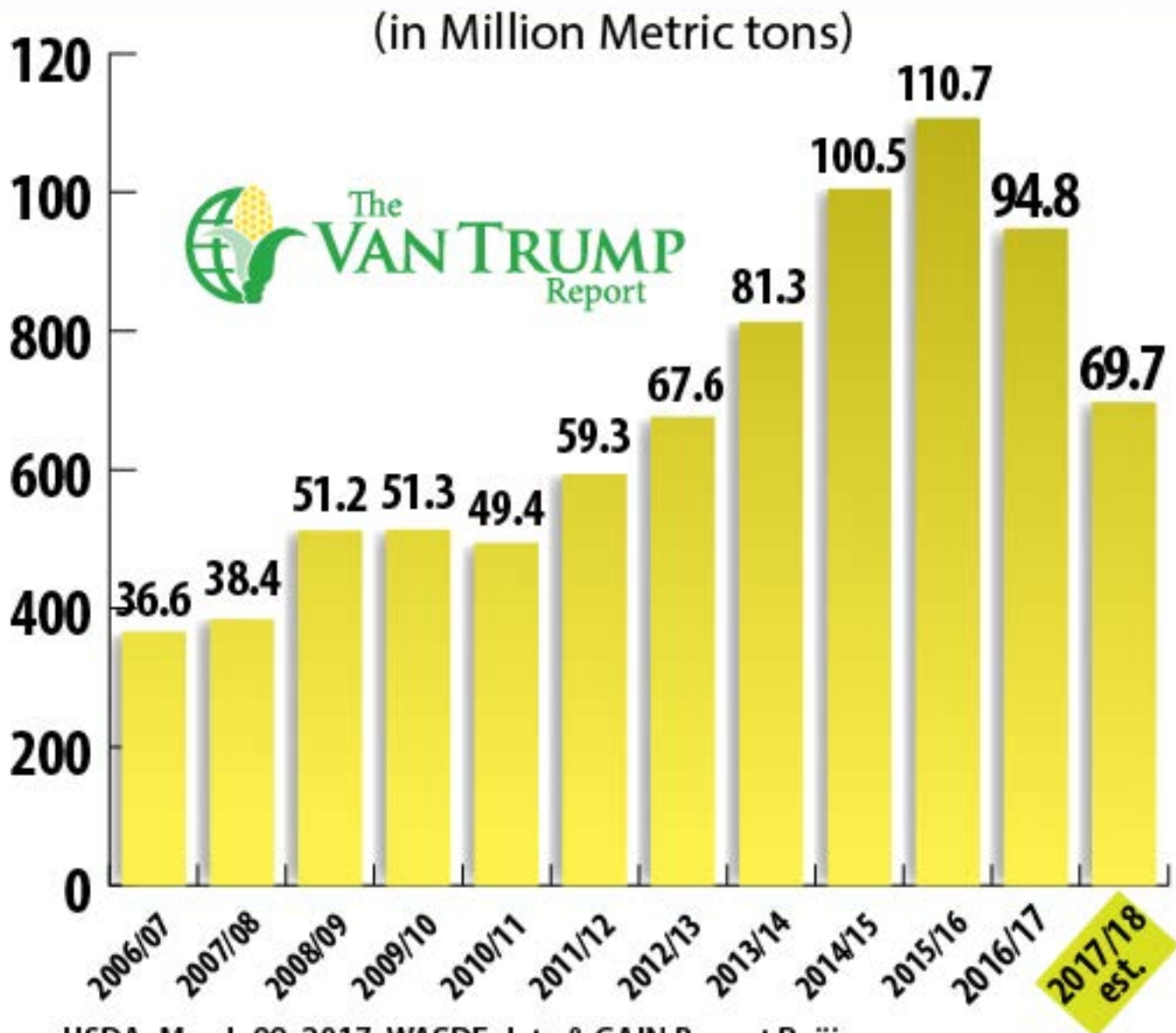




Chinese Corn Stocks Moving Lower, Wheat Acres Pushing Higher

Recent policy proclamations in China have introduced a wave of farm stimulus programs to help encourage nearly 250 million Chinese farmers to diversify production. Overall, China has moved past a food security program focused on staple grains and is looking to a feed security program based on a basket of products. Producers now have several market-based and policy incentives to diversify their fields, including wheat, rice, soybeans, sorghum and others. As a result of the new reforms, Chinese corn plantings are forecast to fall to a five-year low just under 80 million acres, thanks to the reduction in government support. Before 2016/17, harvested area had not fallen since the 2003/04 season, when the price support system was first introduced. Before you get bulled up, most insiders suspect the lower acres are going to be offset by increasing yields as better practices come into play and farmers in Asia gain access to improved technology. In fact, Chinese corn production is forecast to reach 217.0 million metric tons. The good news is the USDA's Beijing bureau is now forecasting that Chinese corn stocks will fall to a five-year low of 69.758 million metric tons, thanks to limiting acres and steadily growing demand. The bureau's forecast however still leaves the "stocks to use ratio" at a lofty 28.7%, but this is low compared to two years earlier, when China's stocks to use reached over 50%. Ultimately, policy changes seem as if they want shift a portion of farmers away from corn. Interestingly, there are reports of more acres going into wheat, somewhat opposite of what we have seen happening here in the U.S.. The Chinese wheat acres are forecast to be up +1% year-over-year at around 60 million. This is the highest level of wheat plantings since corn prices support was introduced back in 2003. The USDA bureau sees planting intentions supported by higher prices and strong producer margins. Graphic below gives an updated forecast on Chinese corn stocks. For Marketing Year 2017/18 corn stocks are forecast at 69.7 million metric tons, down 32.5 million metric tons from USDA's March estimates for Marketing Year 2016/17. Now that Chinese corn stocks are moving back towards more normal levels, perhaps if they run into a weather hiccup, which seems well overdue, the trade will be more concerned and therefore inclined to add a bit more risk-premium. (Source: USDA, [GAIN](#) Report)

Chinese Corn Stock Piles

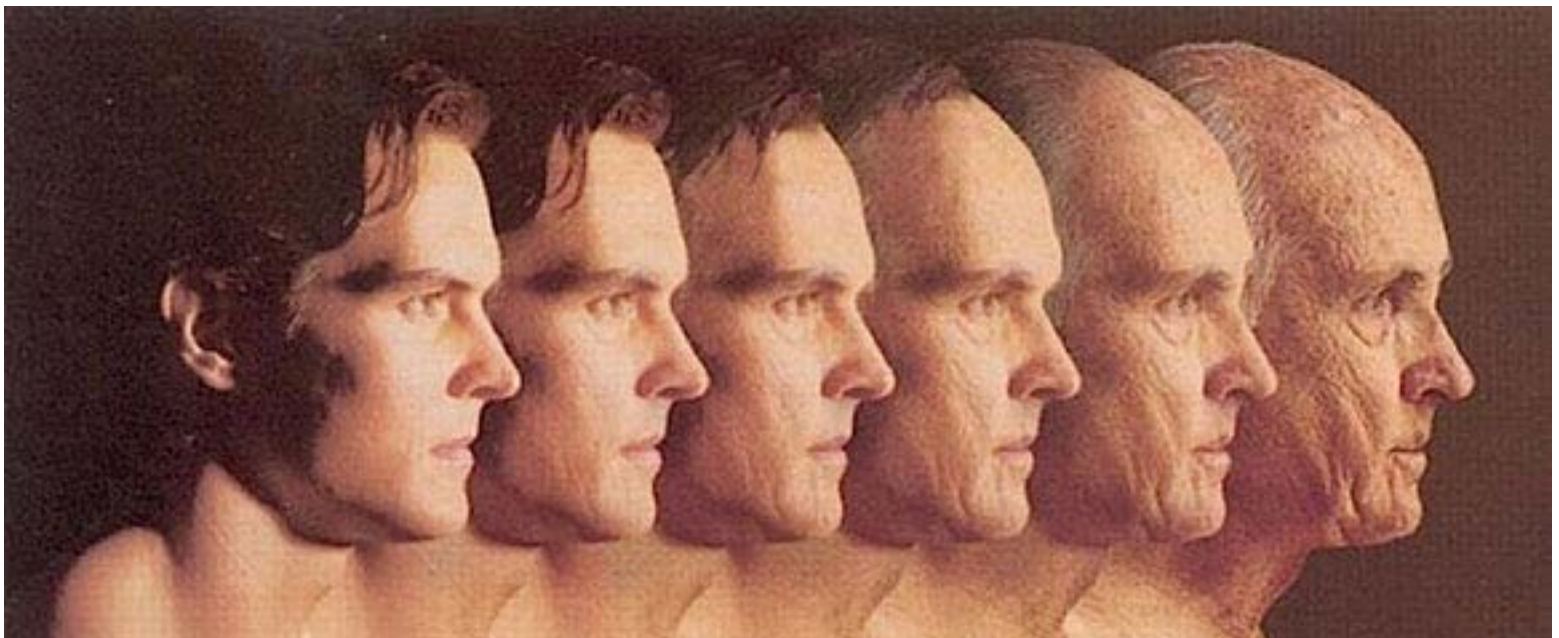


Source: USDA, March 09, 2017, WASDE data & GAIN Report Beijing

A \$12 Billion Startup Believes It Can "Cure" Aging

Samumed has been raising huge amounts of cash on the hopes that its technology can reverse a whole host of age-related conditions including baldness, wrinkles, and even worn-down joints. The company's \$12 billion valuation is one of the highest on the planet for a private biotech company, with their "fountain of youth" promise proving to be a very popular one. It's hardly surprising though that a technology that might be able to deliver new approaches to treat the effects of aging would be an investor magnet - if the tech really works, the company is sure to deliver some massive returns. There is however plenty of skepticism, with a long list of drugs in the pipeline but not a single one yet on the market. Anything that they end up hoping to bring to the public will also need FDA approval. Samumed's first drugs are targeted at specific organ systems. One aims to regrow hair in bald men. The same drug may also turn gray hair back to its original color, and a cosmetic version could erase wrinkles. A second drug seeks to regenerate cartilage in ar-

thritic knees. Additional medicines in early human studies aim to repair degenerated discs in the spine, remove scarring in the lungs and treat cancers. The firm's focus, disease by disease, symptom by symptom, is to make the cells of aging people regenerate as powerfully as those of a developing fetus. This is done by triggering something called progenitor stem cells. CEO Osman Kibar explains these cells are in charge of repairing and replenishing specific organs in the body. "For example, a mesenchymal stem cell of the osteoblast lineage can go in and repair bone that's damaged." The company's treatments manipulate the WNT pathway, a set of proteins that tell these stem cells to spring into action. Kibar says these WNT levels get out of balance as we age. By successfully manipulating the WNT pathway, Samumed hopes to reverse various conditions or even prevent some diseases from occurring to begin with. Samumed has seven drugs in human clinical trials up to phase two and plans to be in 10 disease areas by the end of 2017. The one nearest to getting to a phase-three trial treats osteoarthritis by regenerating cartilage. If it proves successful, it will be the first treatment ever capable of regrowing cartilage. The company has a distinct lack of healthcare specialist investors, though, which has led to perhaps even greater skepticism. That doubt has been somewhat amplified since the Theranos scandal, the blood testing company that raised \$725 million and had a \$9 billion valuation before The Wall Street Journal published an investigation that questioned the accuracy of those tests and led to its labs getting shut down. Like Theranos, Samumed has kept the details of its technology a very tightly-held secret. Kibar says they will be publishing later-stage trial data in academic journals, saying they are willing to provide proof that it does work. "How it works," says Kibar, "you just need to wait a little longer, because we want to build as much a head start as we can." Personally, I've learned some very valuable lesson investing in the health and bio-med space. I've learned that I've never heard a bad story or one that I didn't think would help the world or mankind. The problem is there's a lot more involved in being a profitable business than just "the story", being a company that returns gains on investments to shareholders is an extremely challenging hurdle, especially with technology so rapidly advancing in this space. There are definitely some huge home runs that can be hit in this sector, but I've learned I'm just not a disciplined enough hitter in this space to know what pitches to swing at. In other words I can't tell if it's a fastball or curve-ball when it leaves the pitchers hand, therefore I'll strike out twenty times in a row before I put the bat on the ball. I just don't want to battle that psychology in an environment that's been offering up such easy layups in other areas. (Sources: Business Insider, Forbes)



What You Need To Know About Round Two Of The Stanley Cup Playoffs

If you weren't a hockey fan, you should be after round-one of the 2017 NHL Playoffs. It's hard to believe but 18 of the 42 games played went to overtime. In addition 28 of the 42 games were won by just one goal. This was all a record for the NHL and brought a lot of excitement to the sport. Eight teams remain and the second round kicks off tonight. Unfortunately my Chicago Blackhawks got knocked out of the race, being upset by the Nashville Predators. As a Blackhawk fan I share the disappointment of many as it's the second straight first-round exit for Chicago and the first time they've been swept in the opening round since 1993. On a brighter note the last time the Hawks had back-to-back first-round exits they won the Stanley Cup the following year, so there is perhaps a silver lining. I'm not sure how round two can be any more exciting but I can't wait to find out. I hope your team is still alive and now I have to decide who to cheer for.... Below are the second round matchups along with some insights:

Eastern Conference

Washington Capitals vs. Pittsburgh Penguins

This is the matchup everyone wanted to see and it may well be the best series of the playoffs. In fact many argue these are the best two teams in all of hockey. Washington has a chance to move on to its first conference finals since 1998 at the expense of a bitter rival — the Penguins who went on to win the Stanley Cup last season after defeating the Capitals in the second round. Every move the Capitals have made, from the offseason trade for Lars Eller to the trade deadline acquisition of Kevin Shattenkirk, has been done with this series in mind. You can argue that Washington is the deeper, healthier team this time around, and that should be the difference. Pittsburgh's strength is the depth of its forward corps. The Penguins have the best one-two punch in the league with its top two centers in Sidney Crosby and Evgeni Malkin. On Crosby's wing is speedy young forward Jake Guentzel, who played just 40 games in the regular season as a rookie bouncing between the American Hockey League and the NHL. He's been an impressive linemate for Crosby, scoring five goals in five playoff games against Columbus, which included a hat trick.



Ottawa Senators vs. New York Rangers - *In a series that could have pitted the Boston Bruins against the Montreal Canadiens, the Rangers and Senators did their parts to change the script. The Rangers last won a Stanley Cup back in the 1994 season while the Senators have never won a championship. They did, however, compete for one in 2007 in a losing effort against the Anaheim Ducks. I suspect Senator fans have some concerns about Erik Karlsson's health as he is playing with two hairline fractures. I'm not sure he will be able to maintain the quality minutes he is used to and that could prove critical. Look for a good matchup to play out with the Ottawa's defense versus the Rangers four-line rotation. The Rangers will offer a much stiffer challenge to the*

Senators defense than did the Bruins in round one. Keep an eye the goalies as well - pitting the Rangers Henrik Lundqvist against the Senators Craig Anderson. Lundqvist is in the midst of his best stretch of the season after an inconsistent regular season. He led Eastern Conference goalies in goals-against average (1.70) and save percentage (.947) in the first round. I imagine if he keeps his good play going it will prove difficult for the Senators.

Western Conference

Anaheim Ducks vs. Edmonton Oilers - *This series can be liked simply for the Ryan Kesler vs. Connor McDavid matchup making it worth the price of admission and then some. We have a Selke Trophy candidate trying to shut down and get under the skin of the Oilers' franchise superstar sophomore who was the league's leading scorer. The Ducks were 2-1-2 against the Oilers in the regular season, with Edmonton winning the last game 3-2 in overtime April 1 in Edmonton; Anaheim won 4-3 at home on March 22. For a second series in a row, the Oilers are pitted against a deeply experienced team; the Ducks' 18 playoff wins over the past three years ranks second only to the Chicago Blackhawks in the Western Conference during that span. Of note, Ducks top defender Cam Fowler hasn't played since April 4 because of a knee injury. He appears on the mend, practicing with his teammates Sunday. He should be back at some point in Round 2. I have to give the goalie advantage to the Oilers Cam Talbot as he played outstanding in round one despite getting hammered 7-0 in game 4.*

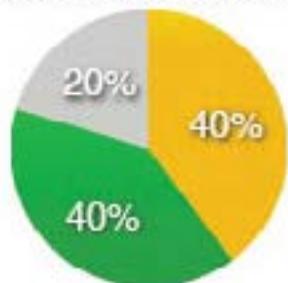
St. Louis Blues vs. Nashville Predators - *Two teams that at various points during the season looked like they might miss the playoffs entirely have rebounded to blow through higher seeds in the first round. The Predators edged the Blues 3-2 during the season, but four of those games took place before the Blues' coaching change. What is more interesting is that the Predators, who have never faced the Blues in the post-season, have never advanced beyond the second round, while the Blues are looking to advance to the Western Conference finals for the second straight year as they look for their first Stanley Cup in their 50-year history. Defensively, the Predators are going to have their hands full once again. The Blues aren't lacking for high-end offensive talent, but luckily for Nashville coach Peter Laviolette, his team has a stable of defenders that might be able to do what Minnesota couldn't and shut St. Louis' offense down. Helping the blues to counter the Predators defense will be Vladimir Sobotka who returned to the Blues near the end of the regular season after playing in the Kontinental Hockey League for the past three seasons paid immediate dividends, as he had a goal and two assists in the first round. Both goalies entered the first round with much to prove and both wrote a dynamite narrative.*



CASH SALES & HEDGING TOTALS

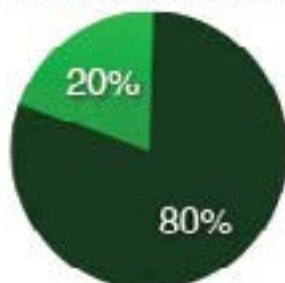
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40% HEDGED
20% UNPROTECTED



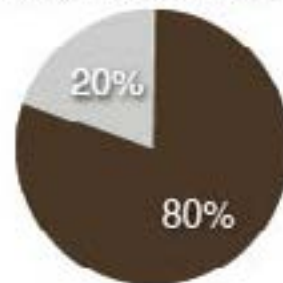
SOYBEANS 2016 CROP

80% SOLD
20% HEDGED
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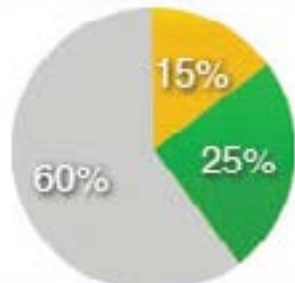
WHEAT 2016 CROP

80% SOLD
0% HEDGED
20% UNPROTECTED



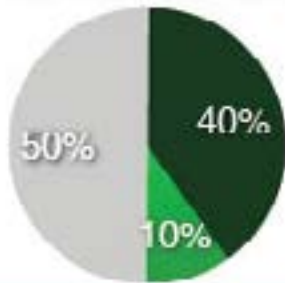
CORN 2017 CROP

15% SOLD
25% HEDGED
60% UNPROTECTED



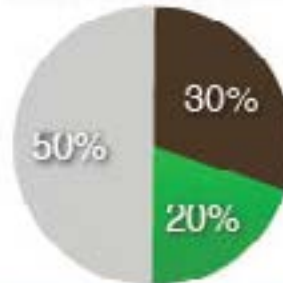
SOYBEANS 2017 CROP

40% SOLD
10% HEDGED
50% 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

