



"Generosity is giving more than you can, and pride is taking less than you need." —**Kahlil Gibran**

WEDNESDAY, APRIL 05, 2017

Morning Summary: Stock markets remain fairly sedated with most major indexes trading sideways during the past 30-days. For the year however the S&P 500 and Dow are both up around +5% with the Nasdaq up over +10%. Many of the larger money-mangers seem to be awaiting not only more substantial information on the U.S. economy, but perhaps more importantly the state of evolving policy in Washington. Economic data released yesterday was viewed by many as bit more optimistic, with Factory Orders up a healthy +1.0% and the U.S. trade deficit shrinking by -\$4.6 billion. The trade results reflected a +1.8% drop in imports and a +0.2% increase in exports. It has been strong demand for foreign consumer goods and foreign autos that has been a central factor behind the nation's trade deficits, and the news in February, at least in terms of the deficit, is positive. Also positive was an increase in consumer goods exports. Looking towards today, the most anticipated event will be the "minutes" from the Federal Reserve's March 14-15 policy meeting, in which the central bank raised U.S. interest rates for the third time since it was lowered to 0% in December of 2008. Investors will be looking at the minutes for hints as to what might serve as motivation for the next rate hike. For instance, to what degree might officials tolerate an overshoot of their 2% core PCE inflation rate? The minutes could also provide some information regarding the Fed's plans for its balance sheet. At the January meeting, the FOMC participants agreed that they should begin discussions "at upcoming meetings" about the economic conditions that could warrant changes in the existing policy of reinvesting proceeds. Additionally, several officials in the last week have said they expect the Fed to start reducing its balance sheet sometime this year. We also heard talk of two and possibly even three more rate hikes in 2017? Later this evening, Dallas Fed President Robert Kaplan will participate in a media Q&A session at the University of Kansas. In Washington, debate on the confirmation of Neil Gorsuch for the U.S. Supreme Court began in the Senate yesterday. Senate Democrats reportedly have enough votes to block the vote, aka "filibuster" his nomination. That means President Trump and Republicans have to either withdraw Gorsuch's name from consideration or Republicans will be forced to change Senate rules to eliminate the 60-vote requirement. Republican Senate leaders are vowing to confirm Gorsuch by Friday one way or another. Could bring some fear into the market and push a bit of money to the sideline as the streets clear to watch the gun fight...

North Korea Fires Another Missile, Should We Be Concerned? *The Pentagon reported that North Korea has fired another missile which landed in the sea nine minutes*

later. It said the rocket, believed to be a medium-range missile that could not reach the U.S., was fired from a land-based facility near Sinpo, North Korea. The launch comes directly ahead of President Trump's highly publicized meeting with Chinese President Xi. Many are saying it's clearly an act of defiance by North Korean leader Kim Jong Un. Keep in mind just last month North Korea fired four ballistic missiles into the Sea of Japan, with three landing within 150 miles of Japan's coast. In fact Kim Jong Un has gone as far as saying he will eventually be test firing a nuclear-capable intercontinental ballistic missile with the potential to reach the U.S. mainland. Although many experts believe North Korea has yet to master the technology needed for such a move. Several news agencies have reported that President Trump plans to urge China to put more pressure on North Korea. I thought it was interesting to hear U.S. Secretary of State Rex Tillerson say, "The United States has spoken enough about North Korea. We have no further comment." I suspect this means things are going to start getting more serious... stay tuned!

JPMorgan's Dimon Explains What's Wrong With America: JPMorgan Chase & Co. Chief Executive Officer Jamie Dimon used his 45-page annual letter to shareholders on Tuesday to list ways America is stronger than ever -- before jumping into a much longer list of self-inflicted problems that he said was "upsetting" to write. Dimon, who sits on Donald Trump's business forum aimed at boosting job growth, is renowned for his optimism and has been voicing support this year for parts of the president's business agenda. In February, Dimon predicted the U.S. would have a bright economic future if the new administration carries out plans to overhaul taxes, rein in rules and boost infrastructure investment. But on Tuesday, reasons for concern kept coming. Labor market participation is low, Dimon wrote. Inner-city schools are failing poor kids. High schools and vocational schools aren't providing skills to get decent jobs. Infrastructure planning and spending is so anemic that the U.S. hasn't built a major airport in more than 20 years. Corporate taxes are so onerous it's driving capital and brains overseas. Regulation is excessive. "It is understandable why so many are angry at the leaders of America's institutions, including businesses, schools and governments," Dimon, 61, summarized. Dimon's full shareholder letter is available [HERE](#). (Source: Bloomberg)

Fed Official Stepping Down Over Possible Leak: Jeffrey Lacker, president of the Federal Reserve Bank of Richmond, said on Tuesday he is stepping down immediately after acknowledging that he confirmed confidential information to an analyst back in 2012. Lacker said in his statement that in October of that year, he became aware that the analyst was in possession of non-public information about a policy decision, and by failing to refuse to comment, he may have inadvertently given the impression that he was acknowledging or confirming the info. The incident was later the subject of a Fed internal probe and has prompted investigation by agencies including the Department of Justice and the Federal Reserve Board's Office of Inspector General. Lacker has previously announced he would be stepping down in October, but yesterday's announcement makes his departure immediate "in light of these matters." The Richmond Fed says the well-known monetary hawk will be replaced in an acting capacity by first vice-president Mark Mullinix. (Source: Politico)

White House Condemns Syrian Gas Attack: U.S. officials say a gas attack in a Syrian town was carried out by the country's president, Bashar al-Assad. At least 50 people

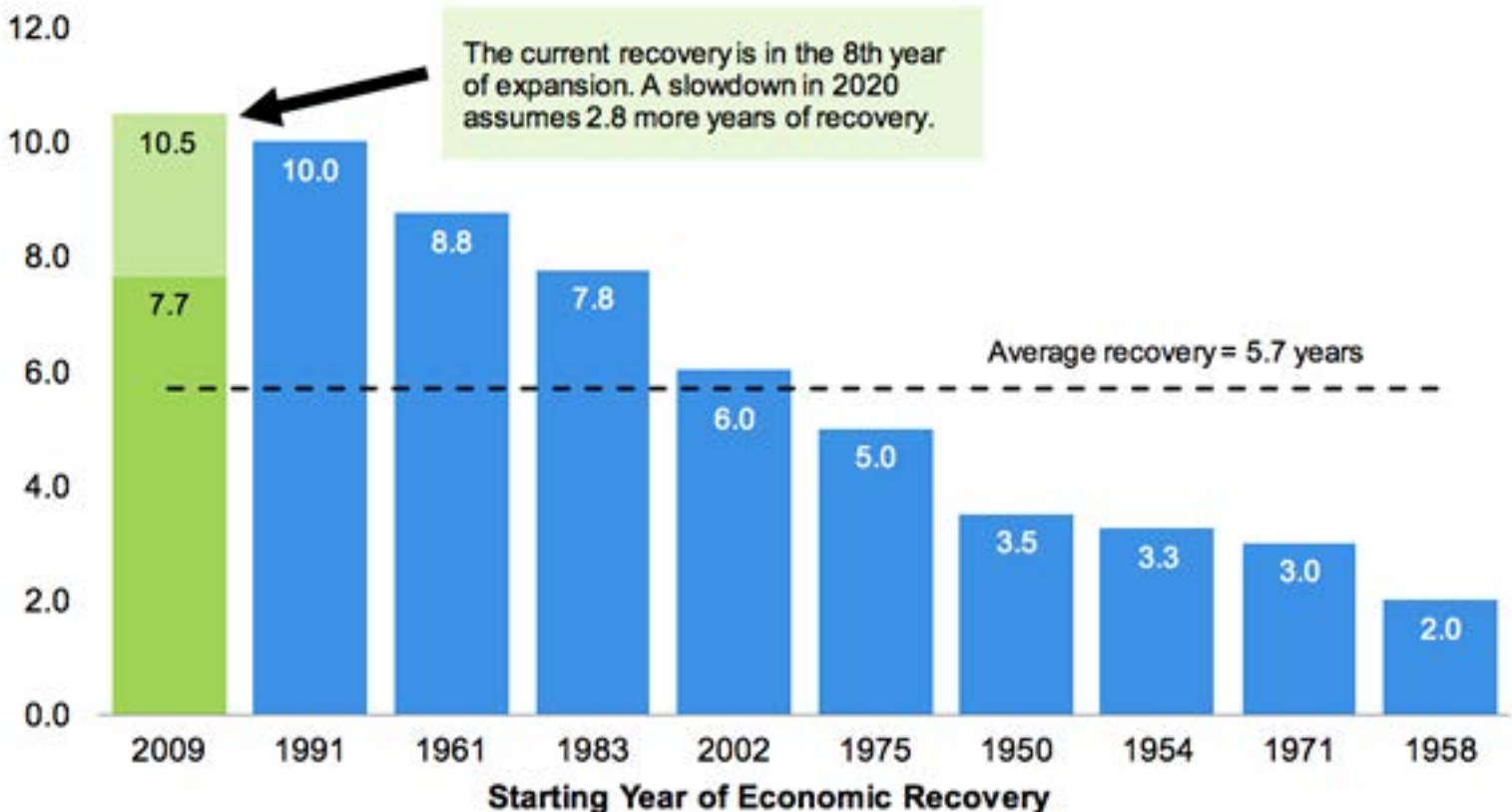
have been killed and over 300 wounded in the province of Idlib, which is controlled by rebels. Some local aid agencies put the death toll as high as 100. It's believed the attack was carried out by Syrian government jets. Syrian Army Command said in a statement that they "deny completely the use of any chemical or toxic material", while Russian authorities said the reports of the use of chemical weapons in the province was "absolutely fake." The world is now watching to see if the attack will have any impact on President Trump implied policy on Syria. Secretary of State Rex Tillerson recently said that al-Assad's fate "will be decided by the Syrian people," which most analysts took to mean the U.S. would no longer actively support the rebels seeking a regime change. White House press secretary Sean Spicer said yesterday that the attack could "not be ignored by the civilized world" and that "it was not 'in the best interest' of the Syrian people to have a leader who would wage such an attack against them." He refused to expound on whether Trump planned to take action against al-Assad and the alleged war crime. (Sources: Financial Times, Wall Street Journal, IBT)

Worth The Look: If you have anything invested in real-estate, health care, technology or automotive I found this research to be interesting and worth consideration. The research and presentation was recently released by [John Burns Real Estate Consulting](#) and titled, "[Industries at Risk and Implications for Housing, Health Care, Technology and Automotive](#)". This group provides lots of good research for several sectors.

We Forecast Current Cycle Will Extend 2+ Years to Become Longest Recovery on Record; Overborrowing/Increasing Risk Will Lead to Sector Downturns

Historical Length of US Economic Recovery

Length of expansion cycle in years

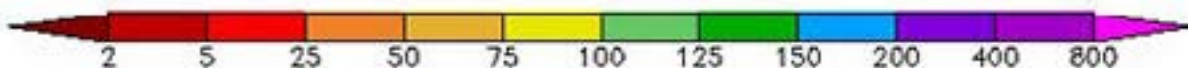
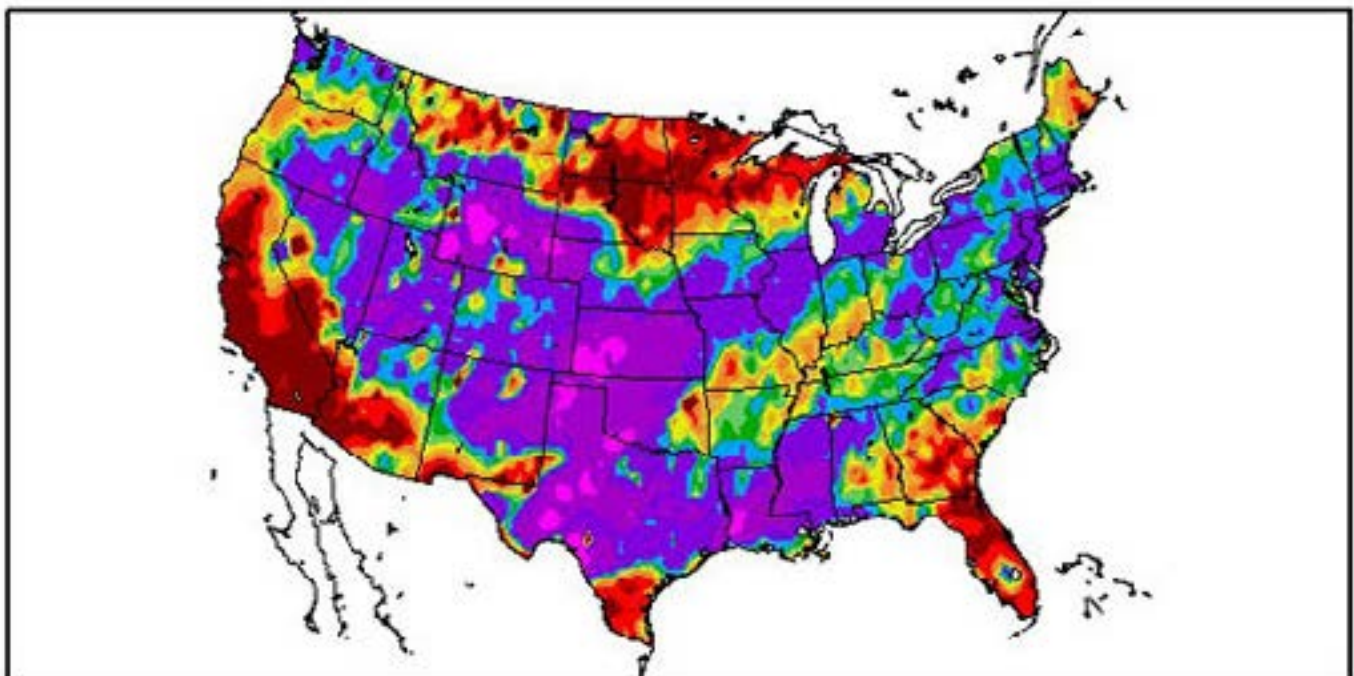


Sources: National Bureau of Economic Research; John Burns Real Estate Consulting, LLC (Data: Feb-17, Pub: Feb-17)

Weather for today is focused on varying conditions in the Midwest and heavy rains in South America. Over the Plains, chilly weather is surging southward behind a strong cold front, with rain and wet snow falling in some southern areas. Recent precipitation totaling +100% to +300% of normal has greatly improved soil moisture for winter wheat. Drier and warmer conditions later this week will promote development of crops and improve fieldwork conditions. As for the Midwest, western areas have mostly favorable conditions, however, the northern portions of the Dakotas may experience flooding. In eastern areas, rainfall this week will improve soil moisture, especially in recently dry portions of Missouri and Illinois. However, corn planting in southern areas of the Corn Belt could be delayed due to the increase in wet conditions. Yesterday saw a storm organize over northern Texas and produce late-season snow across the central and southern Plains, while rain -- changing to snow -- has fallen farther east and north of the storm's path. Storm total precipitation could reach 1 to 2 inches from southeastern Colorado into the central Corn Belt, central and eastern Great lakes, and Northeast. In Brazil, moderate to heavy rain is covering almost all the country's crop producing regions. The rain will favor soil moisture for second-crop corn as it moves into pollination. However, the rainfall may also delay the soybean harvest in southern Brazil. The story is much the same for Argentina which will see moderate to heavy rain across most of its major crop areas. This will delay harvest and could bring flooding in some locations. Below is a map illustrating just how wet it has been over the past few weeks for both the U.S. and South America.

Heavy Rains Across Much of the U.S.: Some locations have seen 800%+ the normal rainfall over the past week across the Corn Belt. It's been a very wet spring.

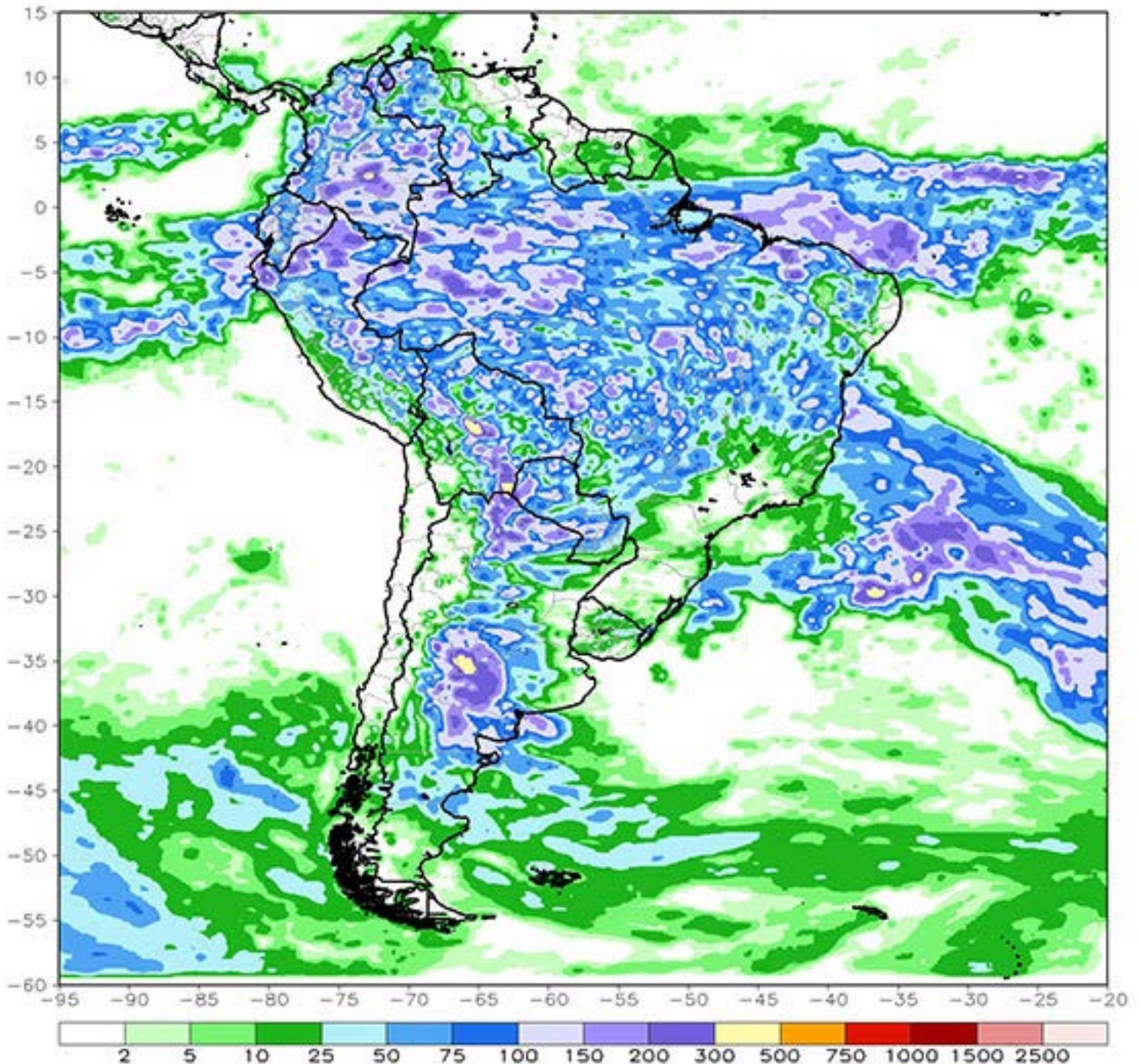
Percent of Normal Precipitation (%)
3/28/2017 - 4/3/2017



Huge Rains in South America: 12 inches of rain verified this past week in Argentina. Incredible rains...

CMORPH 10-Day Total Rainfall (mm)

Period: 23Mar2017 - 01Apr2017



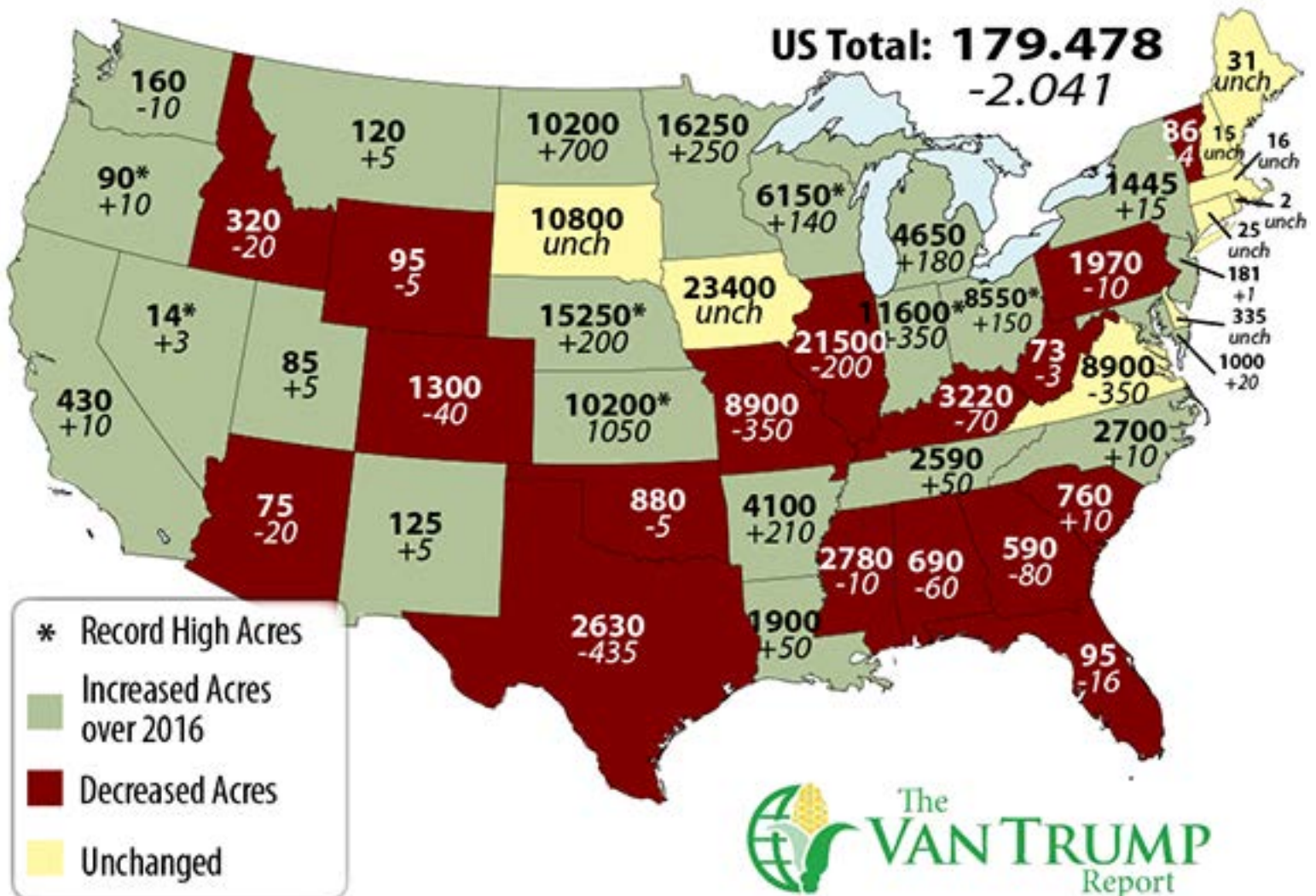
Corn bulls continue to talk about fewer U.S. acres, possible planting delays as conditions in many locations are too wet and may get a bit wetter, and strong demand for exports and ethanol. The bears continue to easily offset the arguments by pointing to the very real likelihood that U.S. ending stocks will push to an extremely burdensome +2.4 billion bushels. Even though USDA export demand is more than likely pushed higher, it will more

than likely be offset, and then some, by the reduction in corn used for feed. Lets also keep in mind the trade is now being forced to fully digest the massive rebound in South American production. Not only is the the trade digesting all-time record production, but many insiders are adjusting their numbers higher. Technical resistance in the old-crop MAY17 contract remains nearby at \$3.70 to \$3.75 per bushel, downside support appears to be in the \$3.50 to \$3.55 per bushel range. New-crop corn resistance in the DEC17 contract is up in the \$3.95 to \$4.05 range, nearby support is down in the \$3.70 to \$3.75 range.

Keeping An Eye On Bird Flu Headlines: *There are some new headlines floating around in regard to bird flu pushing deeper into China. Officials just recently announced there were six new cases in the Hunan province that included one death. The number of patients infected with the H7N9 strain in China has increased rapidly since December, with more than 16 provinces reporting an outbreak since the beginning of the year. The virus claimed 79 lives in January, more than triple the death toll for December and far surpassing the number of deaths in the same month in recent years. There were a reported 61 fatalities in February. Chinese officials have reported the median time from the onset of symptoms to death has become shorter: 13.5 days for the current wave, compared with 15 to 28 days for the previous waves. The government has taken market management measures by shutting down live poultry markets that impose potential threats to people living nearby. There is currently no vaccine to protect against H7N9, but researchers are working to develop one. Several US states have also confirmed outbreaks of the avian flu. The latest reports were from Wisconsin, Georgia, Kentucky, Minnesota, and Tennessee, where at least 74,000 chickens were culled. The World Organization for Animal Health is now deciding if there will be a ban on chicken products from Tennessee as the bird flu outbreak there was caused by the deadly H7 strain. Farmers hope that this new outbreak in the US will not be a repeat of the last major outbreak where approximately 9 million chickens had to be destroyed in Minnesota alone and caused a \$500 million damage to the state economy. There was also headlines released in France that mentioned animal feed would be reduced by over -300,000 MTs because of bird flu outbreaks and culling of flocks. France has been among the European countries hit by the highly contagious H5N8 bird flu virus.*

Fund Roll is thought to begin late this week and into late next week. Many rolling from May to July, but with old-crop supplies extremely burdensome, some will be opting to skip and move straight to the new-crop December or November contracts.

2017 Combined Corn & Soybean Planted Area (000) Acres and Change from Previous Year

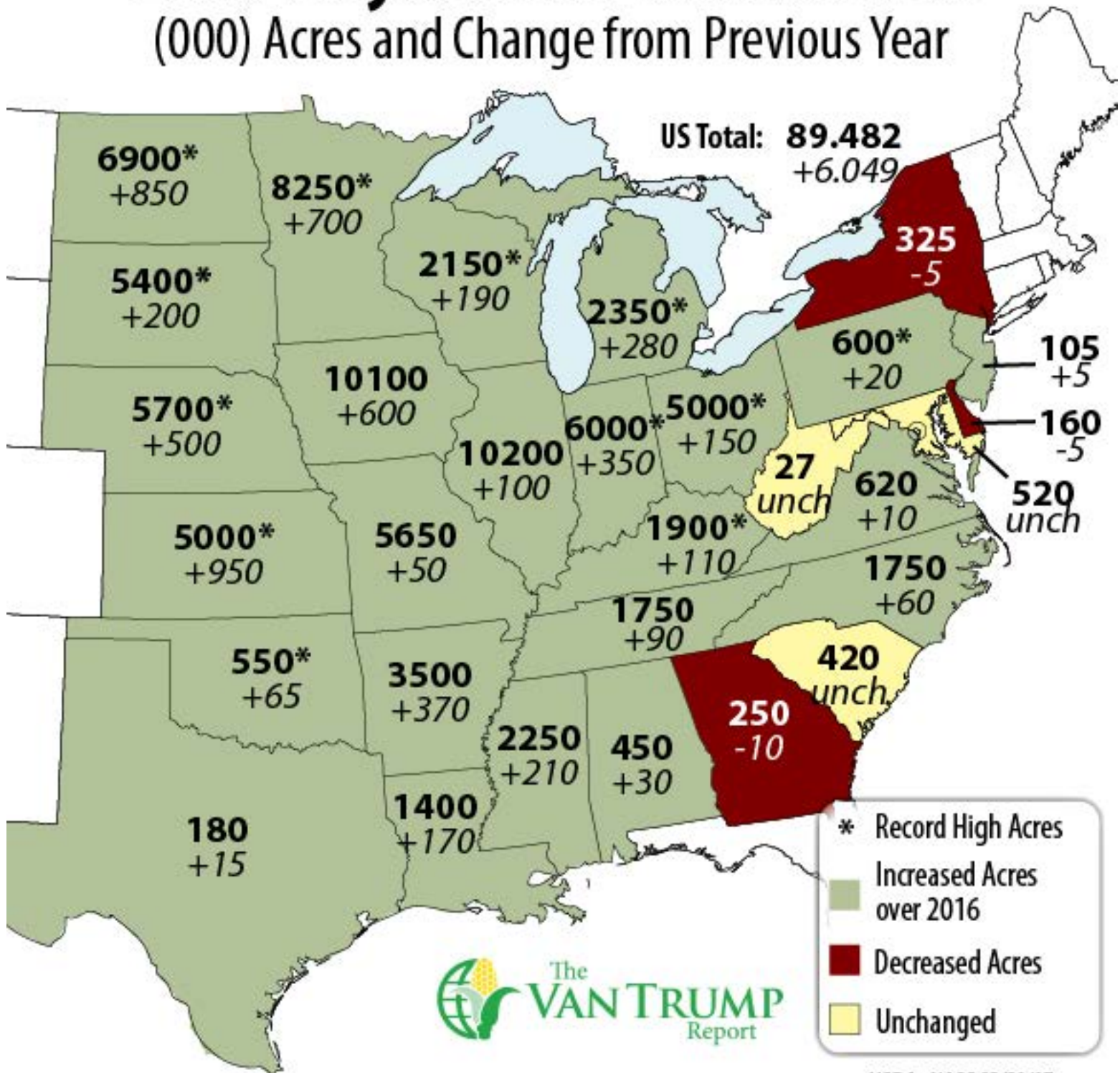


USDA - NASS 03/31/17

Soybeans traders are eager to see if Chinese buyers are going to show more interest in U.S. soybeans or has most all interest officially shifted to South American sources who now appear flush with supply? The Chinese are coming back from a brief holiday, but with crush margins still in the red, I don't anticipate much in the way of fresh game-changing demand headlines coming our direction. I could also argue weather here in the U.S. is somewhat bearish as any significant delay in corn planting could ultimately push more acres into soybeans, despite the recent narrowing of the corn/soybean ratio. Keep in mind the USDA is already projecting all-time record planted acres. In fact they are showing an increase of +500,000 acres or more in Kansas, Iowa, Minnesota, Nebraska and North Dakota. In total all twelve of the major soybean producing states will be planting record soybean acres. We are also sitting on the second largest March 1 stocks estimate here in the U.S. and a record large crop being harvested in South America. In fact Brazil's soybean exports in March were record setting for the month. I suspect April, May and June, though perhaps not record setting, will also be extremely strong, before they switch more of their attention over to corn in July forward.

2017 Soybeans Planted Area

(000) Acres and Change from Previous Year



Wheat continues to muddle around near the low end of the range. Bulls argue that with the funds aggressively short, "weather premium" could quickly be added, especially if more adverse conditions occur in the next few weeks. Many bulls are keeping a close eye on the low nighttime temperatures now being forecast in several areas of Colorado, Kansas, Nebraska and even parts of Oklahoma. The bears argue with both domestic and global supply so overly burdensome, it will take a highly unlikely and extreme act of nature to get the water flowing back in the opposite direction. As a spec I continue to believe

with this many voyagers leaning and looking over the same side of bearish boat, something from a different direction will be what knocks a few overboard. I continue to keep a close eye on Washington and geopolitical headlines as a possible spoiler for those on the bearish bandwagon.



> **U.S. DDG Production Falls -9%:** *US production of dried distillers grains with solubles fell -9% in February compared with January, but rose +5% from the same month a year earlier, data from the USDA showed. The agency said dry mill producers created 1.89 million metric tons of DDGS in February. That amount compares to 2.074 million in January and 1.9795 million in February 2016.*

> **Heavy Rains Slowing Argentine Soybean Harvest:** *According to a recent Oil World report, unusually strong rains developed in central Argentina last week and have continued into this one. The province of La Pampa has been affected the most. Oil World says the excessive precipitation has severely slowed the progress of Argentina's soybean harvest, which is currently running about 13 points behind last year. The consultancy warns the situation bears monitoring, especially in light of the large-scale losses of unharvested soybeans due to flooding in April 2016.*

> **Brazil's Soybean Harvest 74% Complete:** *The soybean harvest in Brazil has progressed to 74% of the planted area, according to the latest AgRural report. The five-year average for this period is 70%. The most advanced region is the Center-West with 99%, followed by the Southeast with 89%, the South with 50% and the North/Northeast with 42%. The South is said to currently be experiencing significant delays due to a longer growing cycle related to lower temperatures during the spring. Still southern soybean growers are expecting high yields, AgRural says. The consultancy's production projection is unchanged at 107 million metric tons.*

> **Russia Planning To Export 1.5 MMT of Ag Products To China:** *The Russian-Chinese LLC Export Food Trade and China's company Chinese-European Agricultural Development have signed a big long-term contract at the Ag Ministry for supplying Russian farm produce to China. This is the first project for implementing the initiative "New land grain corridor Russia – China." The arrival of the first train in China is expected in late April 2017. It will deliver 2016-crop pulses and oilseeds to the Qinhuangdao development zone from Siberian and Far Eastern farms and silos certified for supplies to China. Several trains of this type will be dispatched in the current year. It is projected that roughly 1.5 MMT of agricultural products will be exported via the new land corridor in MY 2018/19. These will primarily include cereals and oilseeds (soybeans, barley, rapeseed, linseed), as well as sunflower oil. Combined export volumes are expected to reach 52 MMT by 2028, accord-*

ing to UkrAgroConsult.

> Emergency Grazing Extended For Ranchers In Fire Zones: *The USDA has approved emergency grazing of Conservation Reserve Program (CRP) lands to aid ranchers devastated by the ongoing wildfires in Kansas, Oklahoma, and Texas. Ranchers are now beginning to assess losses – and damages are expected to grow. Kansas ranchers estimate between 3,000 and 9,000 head of cattle were lost, more than 600,000 acres burned – primarily pastureland, and the estimated cost to repair fencing exceeds \$36-million. Oklahoma ranchers have lost approximately 3,000 head of cattle, nearly 400,000 acres burned, and the estimated cost of fencing destroyed is more than \$22-million. Ranchers in Texas have lost approximately 3,000 head of cattle and 1,900 swine, more than 550,000 acres burned, with thousands of miles of fences expected to be a total loss. Senate Ag Committee Chairman Pat Roberts says the affected producers are struggling to feed what is left of their herds and need access to timely, deliverable assistance. Ranchers should contact their local Farm Service Agency if they need*

> Bird Flu Reminder For Organic Producers: *In light of confirmed cases of avian flu in a handful of Southern states, USDA is reminding organic growers that the National Organic Program does allow for poultry to be kept indoors in cases of disease outbreaks. In a notice issued Monday, USDA's Agricultural Marketing Service said it "supports bringing the birds inside on a temporary basis in areas in proximity to the recent [high and low pathogenic avian influenza] detections in Tennessee, Alabama, Kentucky and Georgia." Rules governing organic poultry - and an update to those regulations from the Obama administration that is set to take effect May 19 - require that birds have access to outdoor space. But exemptions exist in the case of outbreaks, since disease is often spread by interaction with wild fowl. The notice is here. (Source: Politico)*

> Mexico Eyes 2017 To Conclude EU Trade Deal: *A new free trade agreement with the European Union is of "paramount" importance for Mexico and both parties aim to conclude a deal this year, Mexico's deputy economy minister has said. Mexico and the 28-nation bloc are holding a third round of negotiations this week to upgrade an existing accord dating from 2000 that principally just cut tariffs on industrial goods. The two parties agreed in 2015 to modernize their trade relations and held two rounds of talks last year. The election of U.S. President Donald Trump has reinforced Mexico's need to reduce its reliance on the U.S. imports and exports. With EU-U.S. trade talks frozen, the European Union has turned its focus to sealing deals with three other partners - Japan, Mercosur and Mexico. Juan Carlos Baker, Mexico's deputy minister for foreign trade, told Reuters that the typically sensitive issue of agriculture might be easier to resolve because both partners were seeking greater access, albeit for different products. A new deal would add trade in services and access to public tenders and significantly boost trade in agricultural products, such as Mexican beef, sugar and bananas and EU dairy products. (Source: Reuters)*

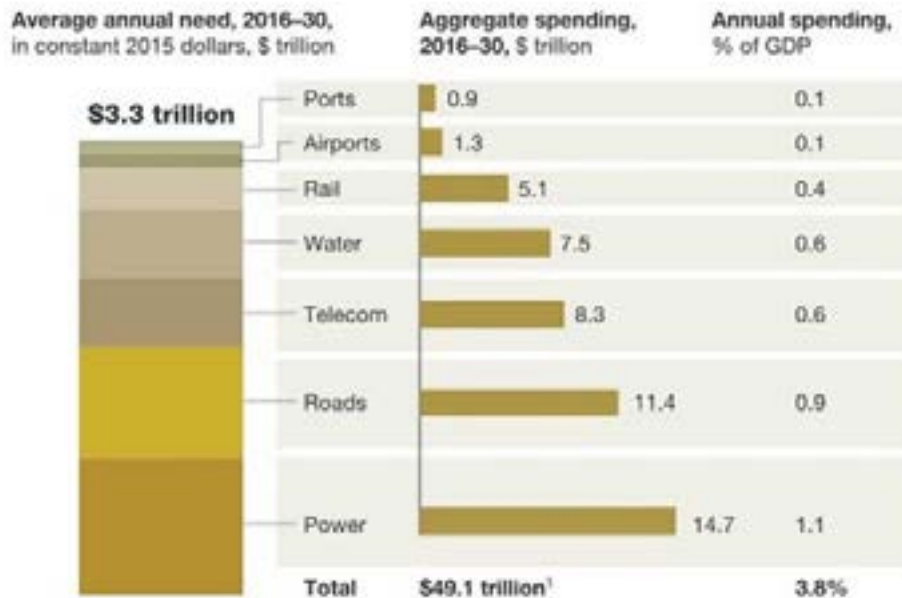
> Export Ban Lifted For Three Brazilian Meat Plants: *The Brazilian Agriculture Ministry has authorized three meat processors to resume exports after an audit concluded there were no irregularities at their facilities, according to a statement. A total of 21 meat-packers was blacklisted after a federal investigation accused company executives and food inspectors of corruption, raising concerns over the quality of the meat sold in domestic and foreign markets.*

Six of the plants targeted in the government’s audit suspended production, the statement said. After no irregularities were found in three, they were authorized to resume foreign sales. The companies which benefited from the lifting of the ban were FrigoSantos, Breyer & Cia and Argus, the government said in a statement. However, 18 remain forbidden to export pending the end of the audit. Brazilian fresh beef exports fell 2 percent in March from a year ago, according to Trade Ministry data, but the government said the drop was not due to the scandal. (Source: Reuters)

> The World Needs Over \$3 Trillion Of Infrastructure Investment To Maintain Growth: The United States is not alone in its failing infrastructure. In fact, infrastructure gaps are an even more urgent problem in the rest of the world. Other advanced economies also need to revive moribund investment, and emerging economies need to prepare for population growth, increased consumption, and higher demand for transportation spending. People who earn \$200 per year spend only 1% of their income on transportation, compared to 18% for people earning \$20,000. In the next two decades, the number of people earning \$6,000-\$20,000 will increase by more than one billion, and many of them will purchase their first car. Meanwhile, the number of people with annual incomes of \$20,000 and above will increase by almost 800 million, and many of them will begin to fly for leisure. Transportation networks in emerging economies will have to expand vastly to keep up with this growing demand. And while advanced economies already have extensive transportation infrastructure and stable populations, their networks urgently need renovation and repair. All in all, experts believe more than \$3 trillion in infrastructure EVERY YEAR, now through 2030.

Exhibit

To keep pace with projected growth, the world needs to invest \$3.3 trillion in economic infrastructure annually through 2030.



¹The estimate of total demand is lower than the \$57 trillion projection in previous MGI research. It has been adjusted for the following reasons: this projection covers a 15-year period (2016–30) rather than an 18-year period (2013–30); water numbers have been reduced by 40%, as Global Water Intelligence adjusted its water capital-expenditure definition to exclude equipment spending; base-year prices have been revised from 2010 to 2015; and GDP growth forecasts have been revised downward by IHS.



Central Illinois - *We have had some pretty good rains lately after having a winter that didn't give us as much snow as normal. The tile lines have ran pretty much all winter but at various times it was just a trickle, now they are running strong. I think that most guys in our area will stay with the same rotation and I know that we will stay with ours, being two thirds corn and one third beans. We have been that way for many years. The corn yields have not shown any drag on the corn on corn acres. The corn crop last year had yielded between 250bpa to 260bpa, so with these type yields its tough to switch acres to beans. There are a few guys I have heard of that have gotten over extended and they may be forced to do more bean acres because of operating lines being reduced. We hate switching away from mostly corn acres due to really being set up to grow corn. Our bins, legs and drying system were put in for corn and run darn efficiently. The bean yields are good but not over the top like some areas, which will average 55bpa to 60bpa on a normal year. The beans last year were good at 63bpa for our whole farm average but I was disappointed. There were guys that made over 70bpa that were not far from us. I think that we screwed up a little as I made the decision to not spend the extra money on fungicide, which guys that did, had higher yields on similar ground. We have seen rents stay steady. I thought that we might see more land change hands this spring but most is being farmed by the same guys.*

Central Missouri - *We are waiting for things to dry out after about a week of great rains that we desparately needed. Guys are ready to get going but we are too wet and probably will be for a bit. We may see a few more corn acres here as wheat fields switch to corn because of the current wheat outlook. We had great wheat yields last year making right at 85bpa but there were a lot of guys that made 100bpa. The 100bpa guys put more nitrogen on, right at 100# per acre, where we kept ours the same at 80# per acre. Before these recent rains the ponds were down and the tiles were not running. I know that we are still early but I think that most soil profile and moisture levels are recharged. As wet as it is, we may be delayed a week or two but I don't think that will get anybody too worried. We saw great bean yields last year that produced 55bpa for a whole farm average with the normal APH for us is in the low 40bpa. We had a lot of fields last year that made in the mid 60bpa range that is pretty good for our ground. Our corn crop for 2016 was the best yield, at 184bpa, that we have ever had for our whole farm average. The typical yield for this area is between 140bpa to 150bpa. The early weather was great last year and the temps and rain during pollination were very favorable for a great crop production. We are fortunate to have a poultry site near us that has kept the price better than most, making sales north of \$4 still a possibility.*

Eastern Michigan - *The only thing that has been planted up here so far for us this year*

is a few sugar beet acres. This area is right off of Lake Huron and any north or northeast wind brings the lake effect right down on us, making things very cold really quickly. We do have very good moisture levels and for the most part guys are very optimistic up here. Because of our area I think guys have their crop rotation figured out and locked in for this spring. We do a lot of sugar beets, edibles and white wheat. There are a few milling locations that keep the white wheat market pretty strong. Because of the strength in the white wheat market, the acres don't vary that much from year to year. Most of all the corn acres get fed to poultry and livestock feed lots. There have been less dgg's fed up here due to the increased amount of vomatoxin that has been in the corn. We are full tillage up here and guys will want to get in the field as soon as the weather will allow. Any guys that want to plant corn need to get things going as soon as possible. Normally, we do not have a moisture problem up here this time of year, usually have ample moisture. Any shift in acres from corn and soybeans, I would imagine go to edible beans. I think the edible bean market will stay strong as any new contracts that come up are gobbled up by guys very quickly. The bean acres stay pretty consistent up here but the corn acres will fluctuate due to the amount that will get fed to livestock.



Be Mindful Of Chilling Injury To Corn: An agronomist in the Upper Midwest is telling farmers to be mindful of chilling injury to newly planted corn plants. Craig LaVoi with Peterson Farms Seed says imbibitional chilling was a problem for some of his growers in southwest Minnesota last year. "Essentially, we just want to be mindful of the following 24 to 48 hours after we're planting. If they're forecasting a cold front to come through with some cold rain, it's probably a better idea just to pull the pin on the planter and let that weather move through." Corn seeds can be damaged by imbibing cold water, leading to poor stands. LaVoi says soil temps in his area remain below 50 degrees, but anticipates conditions will be fit for planting by the federal crop insurance date of April 11th. Listen to the full interview with [Brownfield Ag.](#)

Dicamba Glyphosate Tank Mixes Approved: DTN's Pam Smith explains some of the new tank-mixes now available, including for use with the new Roundup Ready 2 Xtend technology. EPA initially registered the new dicamba formulations with no tank-mix partners. Instead, the agency granted a "living label" to Engenia, FeXapan and XtendiMax. Each active ingredient, adjuvant, drift-reduction agent and nozzle being considered for use with these new dicamba formulations must endure wind tunnel testing to prove that it does not adversely affect spray drift properties. Dicamba herbicide manufacturers BASF, DuPont and Monsanto update a special website as approvals are granted. DTN has more info [HERE](#), including links to the manufacturers' websites.

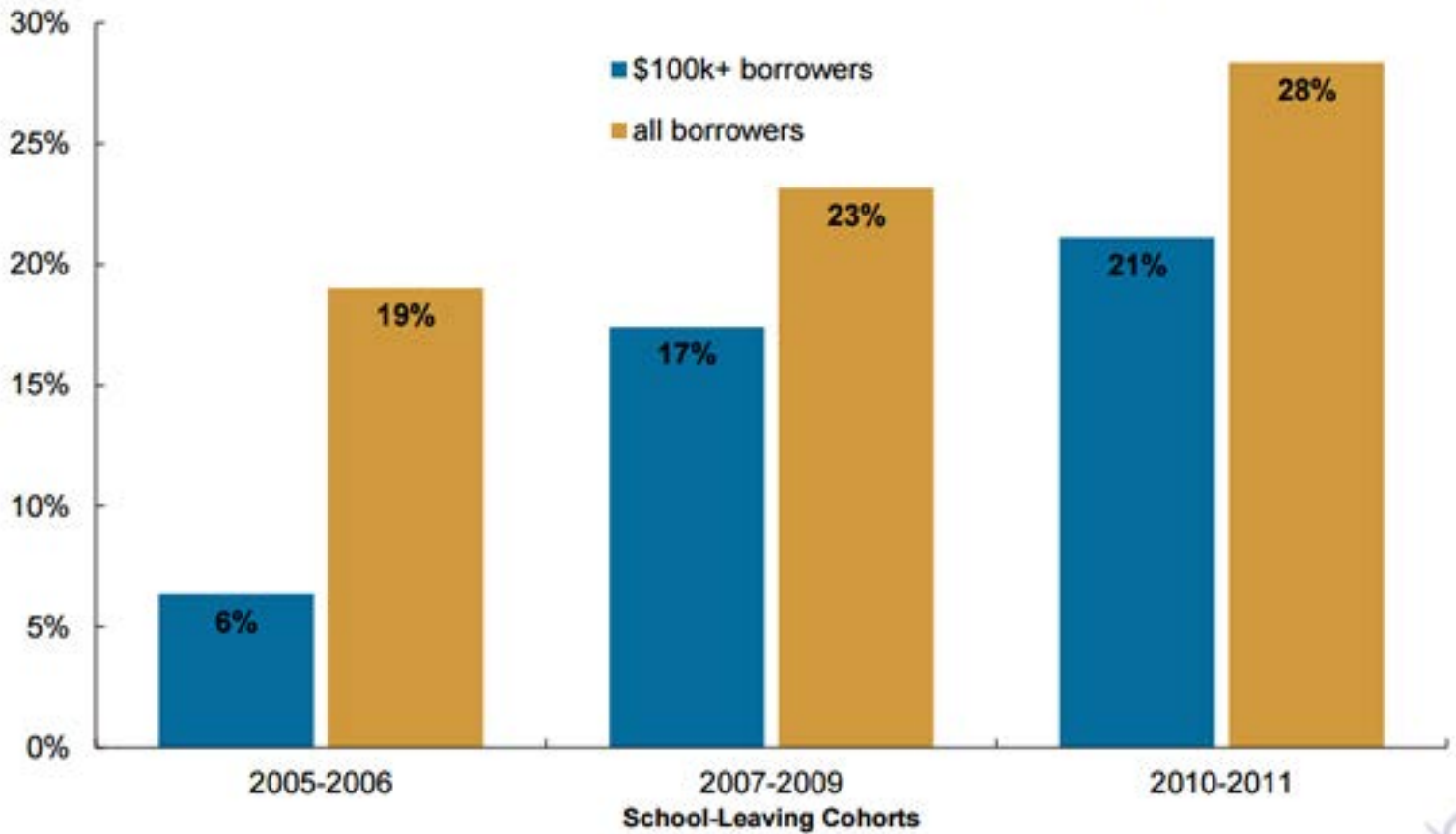
Not Even American Robots Can Find Work In U.S. Factories: *Numerous critics have asserted that President Trump's promises to bring manufacturing jobs back to the U.S. ignore the looming threat of robotic automation. But the reality may be even further removed from Trump's vision than critics believe. Across the U.S., companies of all sizes are turning to robots to mechanize tasks once done by humans. But not even those robots are American-made — the majority of them come from Japan and Europe. "If you want to build new production facilities in the US, a large part of the machinery and technology has to be imported because local alternatives are rarely available," Torsten Gede, a manager at the German investment group Deutsche Beteiligungs AG, told WSJ. Read more [HERE](#).*

Risk Is How Much Time You Need: *One of the craziest things about investing is that you can be wrong half the time and still do well. George Soros once said "It's not whether you're right or wrong that's important, but how much money you make when you're right and how much you lose when you're wrong." This is intuitive for high-risk, high-reward investments like derivatives or venture capital. But it's really true across all kinds of asset classes. The reason we don't think about it with "safer" asset classes is because it takes so long for it to play out. Take venture capital and large-cap public stocks. They have wildly different risk profiles. Venture is risky, suitable for high net worth and institutional investors. Large-cap stocks are safer, suitable for your grandmother's retirement account. But the distribution of returns among both asset classes isn't all that different. Read more from [Morgan Housel over at Collaborative Fund](#).*

Number Of People Owing Over \$100k In Student Debt Has Quadrupled In 10 Years: *The number of student loan borrowers with balances over \$100,000 has more than quadrupled in the last 10 years, according to data released by the Federal Reserve Bank of New York. The default rate of borrowers with high balances "appears to have deteriorated over time," Donghoon Lee, a research officer at the NYFed, said during a press briefing with reporters. In 2016, borrowers with \$100,000 in student loans or more make up just 5% of borrowers, but account for about 30% of total outstanding student debt, the data show. What's more, these borrowers appear to be struggling more than they have in recent years. But the default rates have spiked over the decade. Just 6% of borrowers with \$100,000 or more in loans who left school between 2005 and 2006 defaulted on their debts five years later, according to the NY Fed. More than 20% of borrowers who left school between 2010 and 2011 owing that amount defaulted within five years. Read more [HERE](#).*

Increasing Default Rate for Higher Balance Borrowers in Recent Cohorts

5-year default rate of high-balance borrowers by school-leaving cohort



The Importance of Transportation to Agriculture

In recent years, the movement of U.S. agriculture has represented +30% of all ton-miles moved on U.S. transportation systems including, highways, waterways and railroads. As we know much of this freight travels out of the country. Global agricultural supply and demand have changed rapidly since 1990. Corn and soybeans have increased dramatically in both consumption and production. During the past 5-years +50% of U.S. wheat was exported, along with 36% of the soybean crop and 19% of the corn crop. These exports travel from the inland areas where they are produced to borders and ports by way of a network of trucks, trains, and barges. Earlier this year, Director of Transportation Services Division, Bruce Blanton, gave a presentation at the Illinois Agriculture Leadership Program on the Importance of Transportation to Agriculture. I wanted to pass along some of the highlights. I also included some of the more informative and relevant graphics and charts from the presentation that I found interesting. (Source: USDA, AMS, Full Slide-Deck The

Importance of Transportation to Agriculture)

Importance of Trucking and Ag:

- Trucks carry about 75% of the tonnage of agricultural, food, forest, alcohols, and fertilizer products.
- The flexibility trucking offers is important to agricultural planting and harvesting seasons.
- Shipment distances have increased with consolidation of railroads, farms and facilities.

Importance of Rail for Ag:

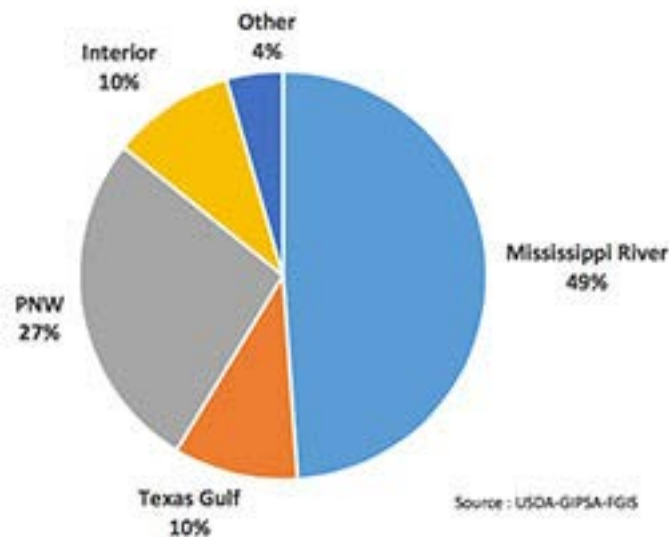
- Railroads move about 29% of all U.S. grain and 45% of export grain movements.
- Record investments in rail... \$28 billion in 2014 and \$30 billion in 2015 have helped.

Importance of Ocean Shipping for Ag:

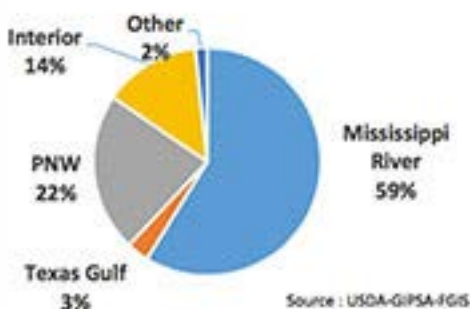
- About 75% of U.S. ag exports are shipped by ocean (28% in containers)
- Gulf and Pacific Northwest are the major ports for exporting U.S. grains.
- Labor negotiations are upcoming on all coasts in the next few years.

Agricultural Marketing Service

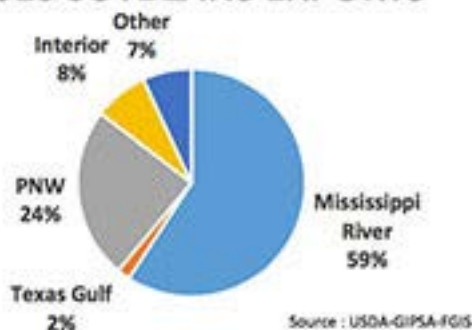
2016 GRAIN EXPORTS



2016 CORN EXPORTS



2016 SOYBEANS EXPORTS



2016 WHEAT EXPORTS



Truck Flows: Agriculture vs. Total Freight



Source: U.S. DOT, Bureau of Transportation Statistics and Federal Highway Administration, FAF version 4.2.

Truck Flows: Agriculture vs. Total Freight



Source: U.S. DOT, Bureau of Transportation Statistics and Federal Highway Administration, FAF version 4.2.

Barge Flows: Agriculture vs. Total Freight



Source: U.S. Department of Transportation. The map uses U.S. Army Corps of Engineers 2012 waterborne commerce data.

Rail Flows: Agriculture vs. Total Freight



Source: U.S. Department of Transportation. The map uses data from the 2013 Carload Waybill Sample.

Under Armour Stock Is Down Over -50%... Is It Time to Consider?

For disclosure purposes I am personally long Under Armour (UAA) stocks and looking to add to my current position on another leg lower. I am down approximately -15% in my current position. The stock itself is down over -50% in the past 12-months, perhaps trending lower and is the single worst performer in the S&P 500. The company and its stock has come up in a lot of private conversations as of late and I thought it might be worth passing along what I know and what I've heard. To begin, the fundamentals have been extremely negative. The company had a huge Q4 earnings miss and dismal guidance for Q1. From the data I have seen, revenue rose by +12% annually to \$1.3 billion, but that missed estimates by \$100 million and was much lower than the +20% growth the company had been posting the past six-years. The setbacks are said to be due to more competitive pressure in the space from Adidas and others who have been winning some market share. There are also headwinds being created by inventory management expenses and currency complications. There's some talk on the street they made a few big buying mistakes as they've tried to gain more market share in the more high-end and "professional fashion" athletic wear space. There's also arguably been a few flops with a couple of their new shoe releases. This is important to understand, since Under Armour started growing aggressively their revenue streams have shifted a bit. Their apparel revenue now account for about 67% of its top line, footwear revenue now accounts for over +20%, and accessories revenue accounts for about 9%. This means Under Armour's dependence on footwear has risen over the past few quarters, which is troubling because it's forced the company to compete more aggressively against shoe giants like Nike and Adidas. Both of these companies have taken a much more proactive approach to defending their market share and in fact seem somewhat prepared to "do whatever it takes" to defend their turf. Margins in the footwear space are being pressured as the giants battle it out. Many now argue that for Under Armour to promote new products and find more growth they will have to continue boosting their sales and marketing expense. Remember they are already paying huge money for young super stars like the NBAs Steph Curry; NFLs Tom Brady, Cam Newton, Julio Jones, Brandon Marshall; MLB's Bryce Harper, Clayton Kershaw, Buster Posey, Dee Gordon; Swimmer Michael Phelps; Tennis Andy Murray; Golfs Jordan Spieth, etc... There were also some big ripples across this group and amongst other influential professional athletes when CEO and founder Kevin Plank called Donald Trump a "real asset to the country" during a February television interview, ultimately drawing some disagreement and harsh remarks from key partners in professional sports. I personally found it sad that the stock took a heavy hit on Plank's comments in support of Trump, but in today's world of algorithmic trading it only takes few negative tweets or responses from some of your high profile athletes endorsers to spark a wave of negative comments and sell pressure. Now the question becomes can Under Armour stop the bleeding? I'm personally willing to bet in the long-run the stock will again find more favorable footing and is worthy of a longer-term look. Let's not forget Under Armour was founded by a feisty Kevin Plank. After finishing up college in 1996 as a so-so linebacker for the University of Maryland, he rounded up his savings of \$17,000, which he made while selling roses, and started a business out of his grandmother's house. While playing sports through the years Plank had become frustrated by his sweat-soaked cotton T-shirts' and the inability to keep him dry and comfortable. He searched for a synthetic material that would wick the sweat from his body. He tried several prototypes before deciding on the one he wanted to use. He then asked his former teammates to try on the shirts, claiming that his alternative to a cotton T-shirt would help their on field performance. As his friends and acquaintances moved on to play professionally,

he would send them T-shirts, requesting that they pass them out to other players in their locker rooms. Within just a few years his new company Under Armour was doing millions in sales. In 2003, Under Armour's first television advertisement featured a football squad huddled around Plank's former University of Maryland teammate Eric Ogbogu, shouting "we must protect this house". The phrase became a sales slogan and battle cry for Under Armour. In 2010 the company's revenues reached \$1 billion. I've read so many research pieces on this stock the past few weeks my head is spinning. There are experts saying the stock is a "buy" and experts saying the stock is a "sell" with still more downside in it's future. I certainly don't have a crystal ball, but I'm willing to make a small wager that a guy who started a multi-billion dollar business on a shoestring, that has since changed an entire industry, has a few more tricks up his sleeve and a whole lot of fight left in his soul. Yes, they have clearly stumbled and their "growth" is now in question, but in the long-haul I suspect their brand will remain popular amongst our nations youth. Hence the reason I like owning on the deeper breaks in valuation... As of this writing, Under Armour "A class" shares UAA were trading just above \$19 per share. "C class shares" UA were trading just under \$18 per share. I personally own the "Class A" UAA shares. As always make certain you clearly understand all the risk associated with any stock or option purchase and discuss your specific risk tolerance and strategy with your licensed advisor.



Come As You Are, As You Were...

It was on this day in 1994 that Kurt Donald Cobain ended his life. The Nirvana lead singer had been missing for days, and it wasn't actually until April 8, 1994 - two days after fatally shooting himself in the head - that his body was found, along with a suicide note. Cobain achieved superstar status at just 24 years of age, when Nirvana's major label debut, "Nevermind" became an instant success with the album's lead single "Smells Like Teen Spirit", which many music aficionados declared a major game-changer for music. The band went mainstream and popularized the alternative rock genre known as 'grunge'. Nirvana was suddenly the flagship band of the decade and Cobain was anointed "the voice of a generation," much to his own reluctance. Despite he and his band's astronomical success, Cobain struggled both physically and emotionally. Throughout most of his life, he suffered from chronic bronchitis and intense physical pain due to an undiagnosed stomach condition. Reportedly, Cobain began using heroin in the mid-80s and by 1990, he was a full blown addict. Cobain claimed that his heroin habit escalated because he discovered it alleviated his intense stomach pain. His drug habit was so bad by 1992 that it interfered with the band's support tour for Nevermind and he ended up in rehab for the first time later that year. His fatal downward spiral began on March 4, when Cobain overdosed on a combination of champagne and Rohypnol. The truth behind the incident was covered up by his publicity agents. Two weeks later, on March 18, police were called to the Cobain household by his wife, Courtney Love, who, according to the police report, told them that her husband was locked in a room with his guns and threatening to kill himself. According to the report, Cobain emerged from the room and denied that he was contemplating suicide. Police confiscated four guns, 25 rounds of ammunition, and a bottle of unidentified pills. But Cobain was still in possession of a shotgun. Ten days later, Love allowed a counselor to lead an "intervention," which resulted in Cobain being placed in a drug treatment center in Marina Del Rey. But Cobain escaped and for six days was MIA. Until April 8 when an electrician scheduled to install a security system found his body at his Seattle home. Nirvana drummer Dave Grohl would later comment that he believed for a long time that Cobain would die at an early age, saying that "sometimes you just can't save someone from themselves", and "in some ways, you kind of prepare yourself emotionally for that to be a reality". Cobain has been remembered as one of the most iconic rock musicians in the history of alternative music. What many don't realize is just how great of a musician he truly was. In fact David Fricke of Rolling Stone ranked him the 12th greatest guitarist of all time, and was later ranked by MTV as seventh in the "22 Greatest Voices in Music". In 2006 Cobain took the place of Elvis Presley as the top-earning deceased celebrity, after the sale of the Nirvana song catalogue, though Presley later reclaimed the spot. Cobain was survived by his wife, daughter Frances Bean, a countless number of grateful musicians and legions of fans across the world. If he'd have found the help he so obviously needed, he would have turned 50 years old this year. It's hard to believe it has been 23 years since his death... Click [HERE](#) to see Nirvana and Kurt Cobain perform an Unplugged version of "Come As You Are" in New York back in 1993.



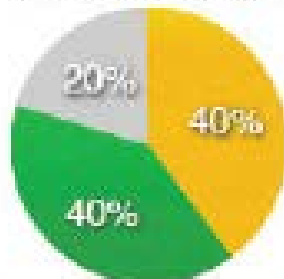
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CASH SALES & HEDGING TOTALS

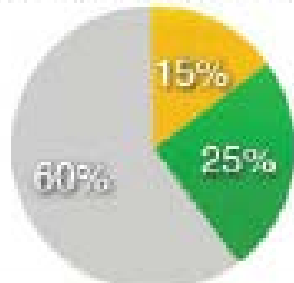
CORN 2016 CROP

40% SOLD
40% HEDGED
20% UNPROTECTED



CORN 2017 CROP

15% SOLD
25% HEDGED
60% UNPROTECTED



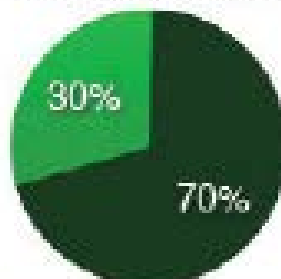
CORN 2018 CROP

0% SOLD
0% HEDGED
100% UNPROTECTED



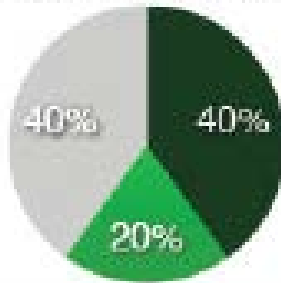
SOYBEANS 2016 CROP

70% SOLD
30% HEDGED
0% UNPROTECTED



SOYBEANS 2017 CROP

40% SOLD
20% HEDGED
40% UNPROTECTED



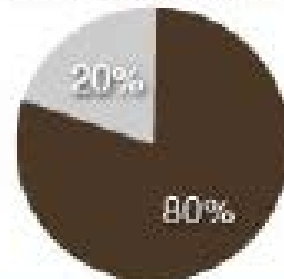
SOYBEANS 2018 CROP

0% SOLD
0% HEDGED
100% UNPROTECTED



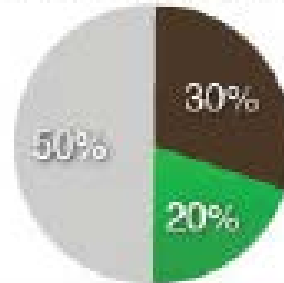
WHEAT 2016 CROP

80% SOLD
0% HEDGED
20% UNPROTECTED



WHEAT 2017 CROP

30% SOLD
20% HEDGED
50% UNPROTECTED



WHEAT 2018 CROP

0% SOLD
10% HEDGED
90% UNPROTECTED

