



*"At the end of the day, you can either focus on what's tearing you apart or what's holding you together."* - **Unknown**

**MONDAY, APRIL 10, 2017**

**Morning Summary:** Stocks continue to trade in a narrow range near the all-time record highs as we move into a short holiday trade week. Remember the markets are closed this Friday in celebration of the Easter holiday. The major indexes have proven to be remarkably resilient, with very little downward movement on less than ideal headlines the past couple of weeks. This past Friday, the March Employment Report was considered by many a major disappointment, showing only 98,000 jobs created during the month compared to expectations for around 175,000. Many of the bulls simply discounted the data by blaming bad weather in several parts of the country for the weaker than expected results. The unemployment rate came in at 4.5%, down from a previous 4.7% and the lowest rate since May 2007. In addition average hourly earnings ticked up +0.2%, which many argue could pressure inflation higher and increase the odds of yet another Fed rate hike. Economic data should be a bit lighter this week. The only report due out today being the Labor Market Conditions Index. The most highly watched economic data out this week will probably be the Michigan Consumer Confidence numbers released Tuesday and the Retail Sales numbers out on Friday. In addition there are just two Fed speakers scheduled for this week, but one is from Fed Chair Janet Yellen later this afternoon and could be market moving. I suspect Yellen will not only be fielding questions about upcoming rate hikes, but also her thoughts on how the Fed plans to begin shrinking their massive \$4.5 trillion balance sheet without rocking the markets? Don't forget corporate earning season will start picking up momentum this week when banking giants like JPMorgan Chase, Wells Fargo and Citigroup all report earnings on Thursday. On the political front the trade appears to be keeping a very close eye on headlines from Russia and how they are reacting to the increased U.S. military involvement in Syria. U.S. Secretary of State Rex Tillerson attend the Group of Seven gathering over the weekend in Italy and will soon be meeting with Russian counterpart Sergei Lavrov in Moscow in a few days. I suspect the Russian meeting will be of particular interest as the situation in Syria looks to be escalating. There will also be fresh headlines and opinions circulating in regard to a possible U.S. military response towards North Korea. As an investor in the stock market, I would like to believe improved U.S. corporate earnings scheduled for release during the next couple of weeks will create enough tailwind to allow the market to re-test its recent record highs, but in the back of my mind are the flashing lights and sirens associated with increased geopolitical tension and the road blocks that have recently started to slow things down in Washington. I'm hoping since many of our leaders will be going on an extended two-week Easter holiday

some of the negative headlines that have been holding us back as of late will be somewhat limited.

**China To Lift Ban On U.S. Beef Imports...** *Reports circulating this weekend stated that China has announced they are willing to end a ban on U.S. beef imports that has been in place since the 2003 mad-cow scare. Keep in mind per capita beef consumption in China has increased by about +33% between 2012 and 2016. There is also rumors and talks that they have agreed to buy more grains and other agricultural products as they seek to reduce tensions stemming from the \$347 billion annual trade surplus in goods that it enjoys with its biggest trading partner the U.S.. With U.S. net farm income expected to fall for a fourth straight year to \$62 billion, down from a record \$124 billion in 2013, any bit of additional export business is certainly welcomed.*

**Credit-Card Debt Tops \$1 Trillion:** *U.S. Consumer Credit increased by \$15.2 billion in February to a seasonally adjusted \$3.79 trillion, amounting to an annual growth rate of +4.8%. Revolving credit, which includes credit cards, increased at an annual rate of +3.5% in February to \$1 trillion, the Fed report showed. This completely reversed a -3.2% drop in January, which was the first monthly decline in credit-card debt since November 2013. Analysts said the decline in January wasn't unheard of as consumers often seek to quickly pay down their holiday borrowing. Nonrevolving credit, such as loans for education and cars, increased +5.3% to \$2.79 trillion, down only slightly from a +5.9% gain in the prior month.*

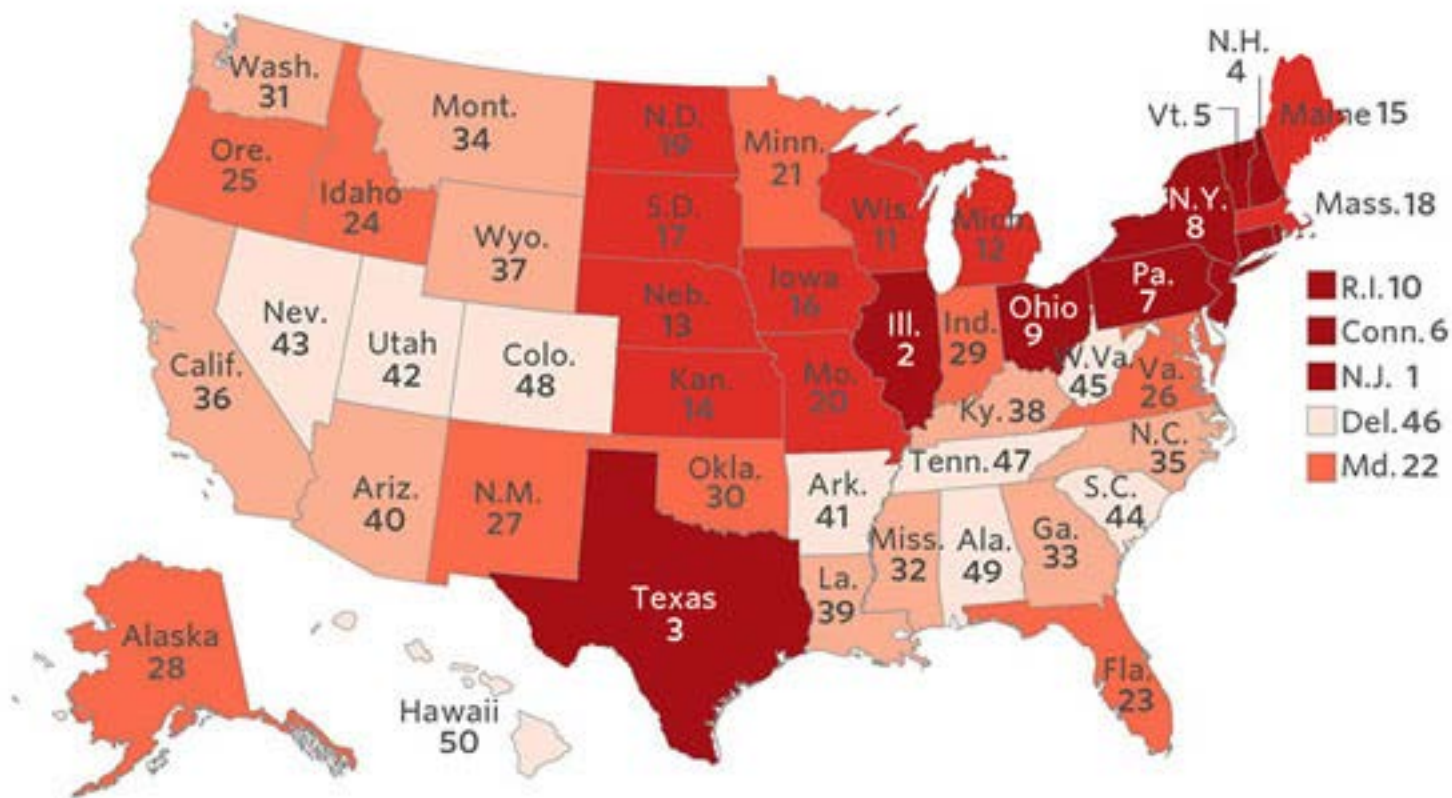
**Trump Preparing To Expand U.S. Offshore Drilling:** *President Donald Trump is preparing to issue an executive order with the goal of giving oil companies more opportunities to drill offshore, reversing Obama-era policies that restricted the activity. The offshore drilling directive is set to be issued soon, Interior Secretary Ryan Zinke told an industry conference in Washington last week. The coming order is set to push the Interior Department to schedule sales of new offshore oil and natural gas rights in U.S. Atlantic and Arctic waters, amending a five-year Obama administration leasing plan that left out auctions there. The order is also expected to begin the process of revoking former President Barack Obama's decision to indefinitely withdraw most U.S. Arctic waters and some Atlantic Ocean acreage from future leasing. However, that doesn't mean we are going to see a massive uptick in U.S. production anytime soon. For one, the reversal is likely to be challenged in court. Also, even though Trump can set those policy changes in motion with an executive order, the real work falls to bureaucrats in the Interior Department and could span years. Wedging new Arctic and Atlantic lease sales into the government's five-year plan would require environmental analysis and public comment periods — perhaps consuming a year for seas north of Alaska and even longer for parcels along the U.S. East Coast. (Source: Bloomberg)*

**Interesting Look At How Property Taxes Affect Housing Markets:** *Americans paid nearly \$300 billion in property taxes in 2016 - but as with everything in real estate, it's all about location. Yet property taxes don't just tell a story about local and regional housing markets - they also show how the country is changing. Americans are fleeing areas with higher property taxes, making housing markets and local finances more stagnant in those areas. And even an influx of younger people into the urban areas that anchor those areas, like the Northeast and Midwest, isn't enough to offset*

the exodus to low-tax areas like the Southeast and West. A report out this week from Attom Data illustrates the stark difference between the highest tax burdens and the lowest. Effective tax rates range from 0.32% in Hawaii (ranked #50) to 2.31% in New Jersey (ranked #1). In dollar amounts, that meant an average property tax bill of \$776 in Alabama in 2016 to nearly that much every month for the average New Jersey homeowner. The annual tax bill there is \$8,477. According to Daren Blomquist, vice president with Attom Data, those discrepancies aren't just important for homeowners considering where to live, but also say a lot about the state of the national housing market now, and offer some previews of the future. In particular, Blomquist told MarketWatch, states with higher property tax burdens are also those that have lagged behind in the housing recovery. Nationwide, home prices have risen about 45% in the past five years, but in high-tax states New Jersey, prices have gained only 5% in that time. Meanwhile, low-tax Colorado has seen prices soar 59%, and prices in Arizona are up 83%. In 2016, United Van Lines reported, New Jersey was the state with the most "outbound" movers, followed by Illinois, New York and Connecticut. The top ten "inbound states" included some with a higher tax burden, like #5 Vermont, but also Nevada and South Carolina, which rank #43 and #44, respectively. (Source: MarketWatch)

## State property tax burdens, ranked

State property tax burdens, ranked



Note: 2016 data

Source: Attom Data

**Weather** over the weekend saw surges of cool air push into eastern and western portions of the U.S., contrasting with unusually warm weather across the nation's mid-section. At the end of the last week, frost advisories were in place in parts of Kansas and Oklahoma where cool weather was lingering after the storms of last week. However, warm air has spread throughout much of the southern and central Plains with 80 degree temperatures being felt all across the region yesterday. These warmer conditions in the coming days will help promote development of the winter wheat crop. We are hearing reports of generally favorable conditions for the upcoming spring planting season in the Northern Plains. However, flooding is of some concern in areas of northern North Dakota due to snow melt and high rivers. In the Corn Belt, a similar situation happened last week with frost advisories in place for the southwestern Corn Belt. However, mild air spread throughout much of Midwest over the weekend, bringing generally favorable conditions. Remember, last week's heavy rain and cooler temperatures helped improve soil moisture in recently drier areas of Missouri and Illinois. However, corn planting will likely be delayed due to the increase in soil moisture this past week. Looking ahead, warm weather will likely return to the eastern U.S., while slightly cooler air will arrive on the Plains later this week. Despite a fairly dry weekend for the eastern half of the U.S., the forecast for today shows rain spreading across the nation's northern tier. In addition, showers and thunderstorms should develop along a cold front from the eastern Corn Belt to Texas. In Brazil, Favorable conditions are in the forecast for developing second crop corn in central Brazil. Rainfall over Rio Grande do Sul during the next five to seven days may favor late-filling soybeans but would be unfavorable for maturing crops and harvesting. Another heavy rain event impacted La Pampa and southern Buenos Aires, Argentina over the weekend. The additional rain in this area is not beneficial for maturing crops and will likely disrupt harvests. Losses due to excessive rain and local flooding appear likely due to this consistent weather pattern.

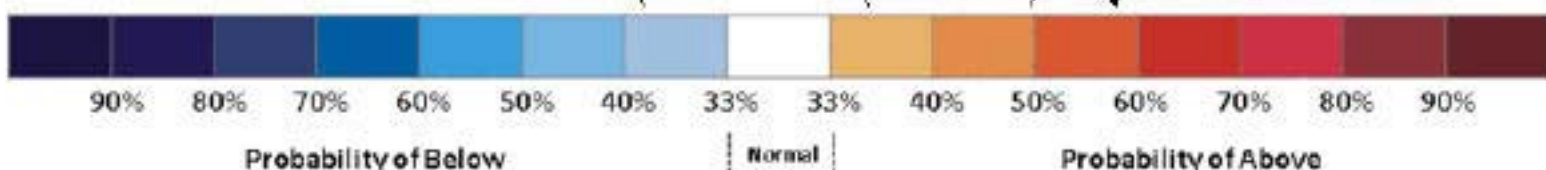
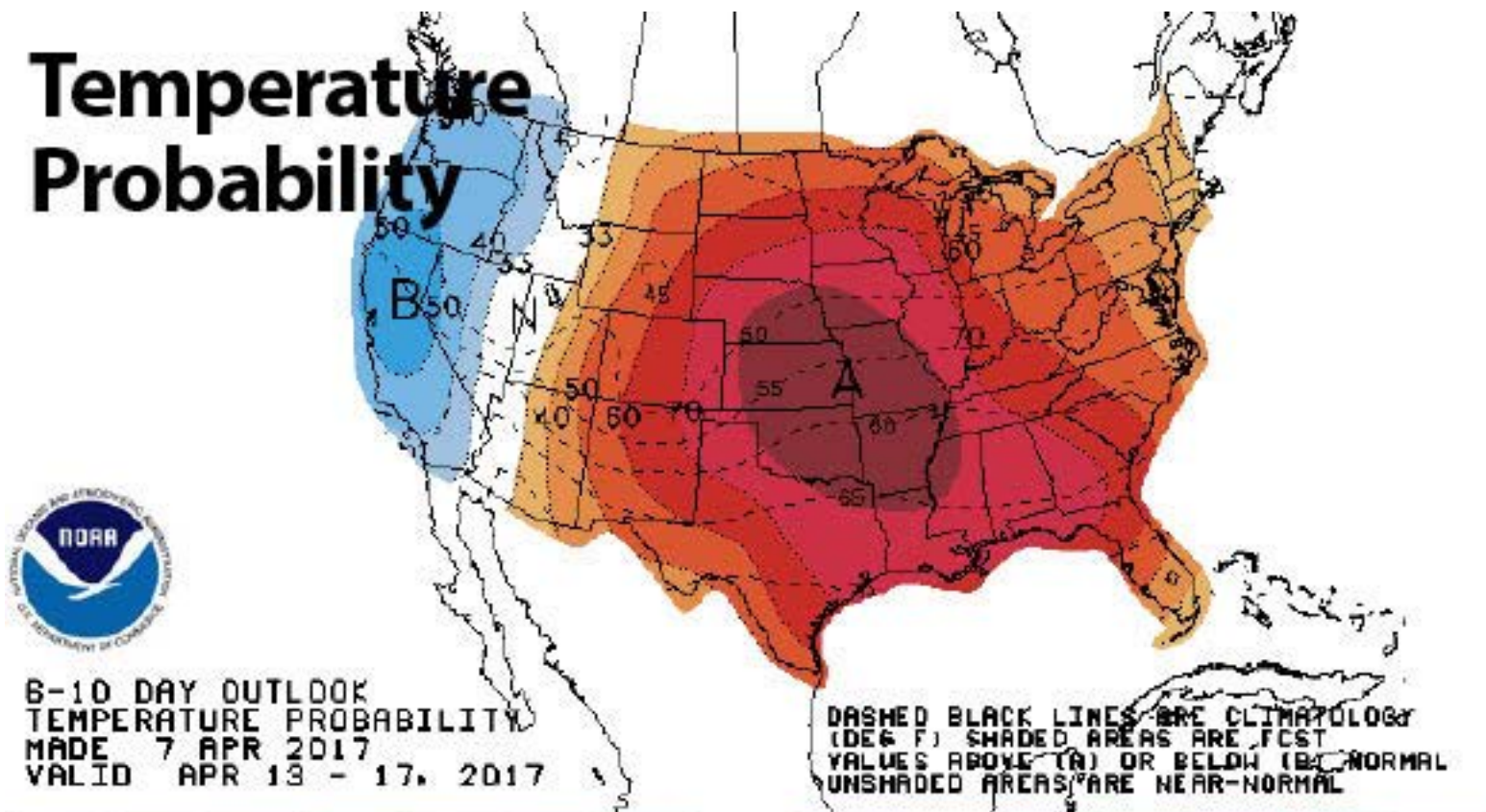
**Short-term Forecast Shows Above Average Temps for Midwest:** *The National Weather Service's 6 to 10 day outlook for April 12 - 16 calls for the likelihood of near to above normal temperatures nationwide, except for cooler than normal conditions in the Pacific Coast States. Meanwhile, near to above normal precipitation can be expected across the western and central U.S., while drier than normal weather should cover much of the East.*



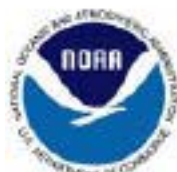
# Temperature Probability



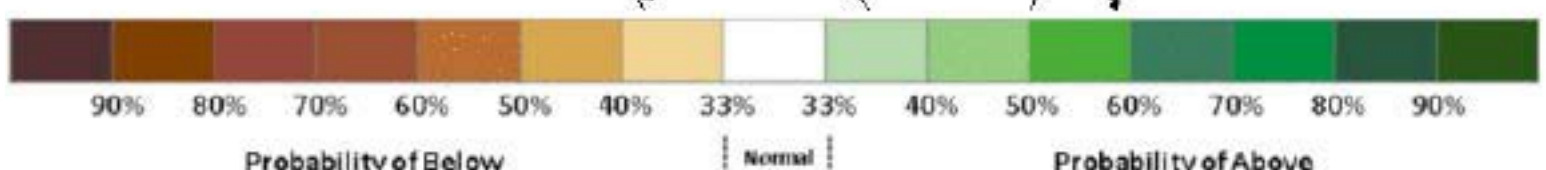
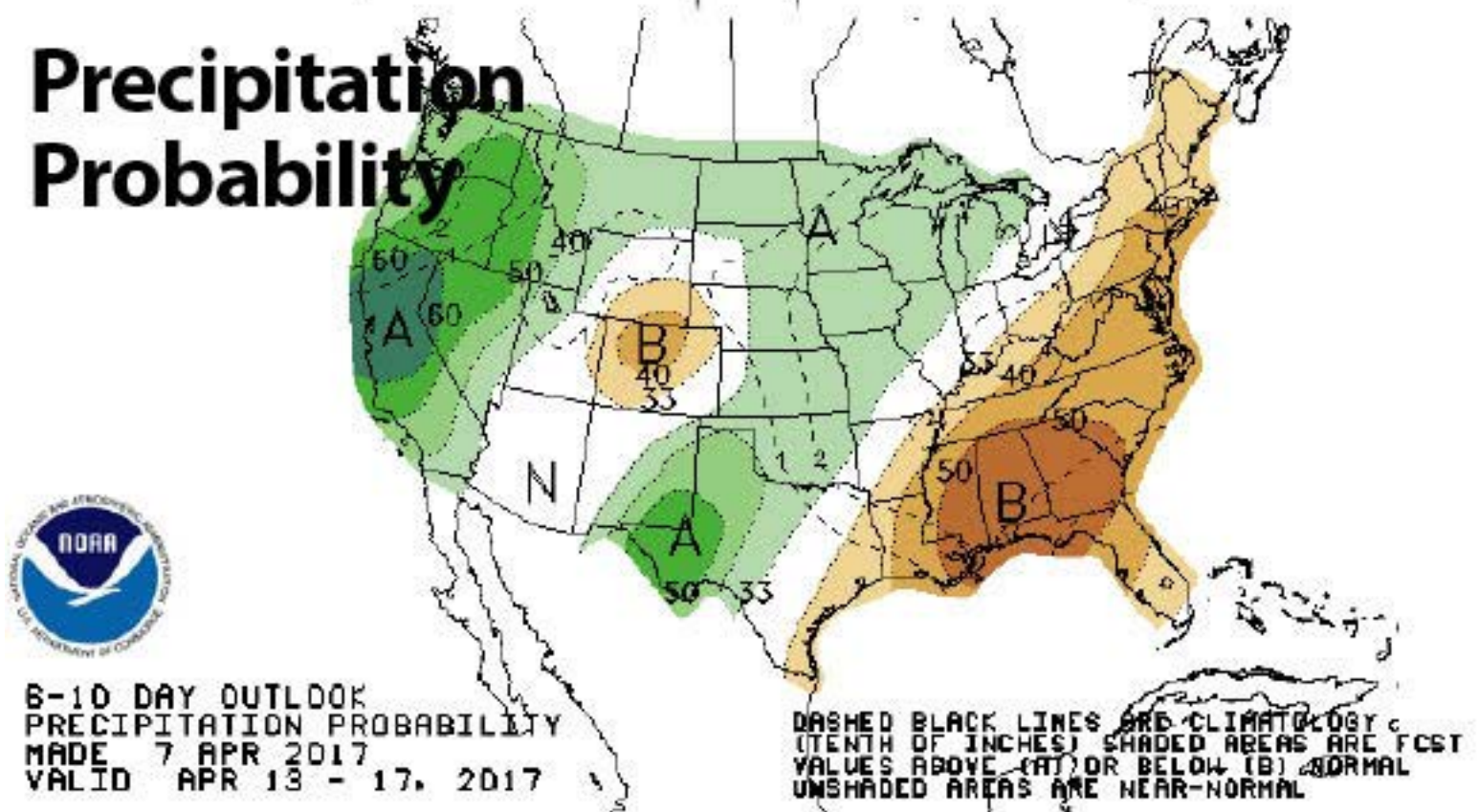
6-10 DAY OUTLOOK  
TEMPERATURE PROBABILITY  
MADE 7 APR 2017  
VALID APR 13 - 17, 2017



# Precipitation Probability

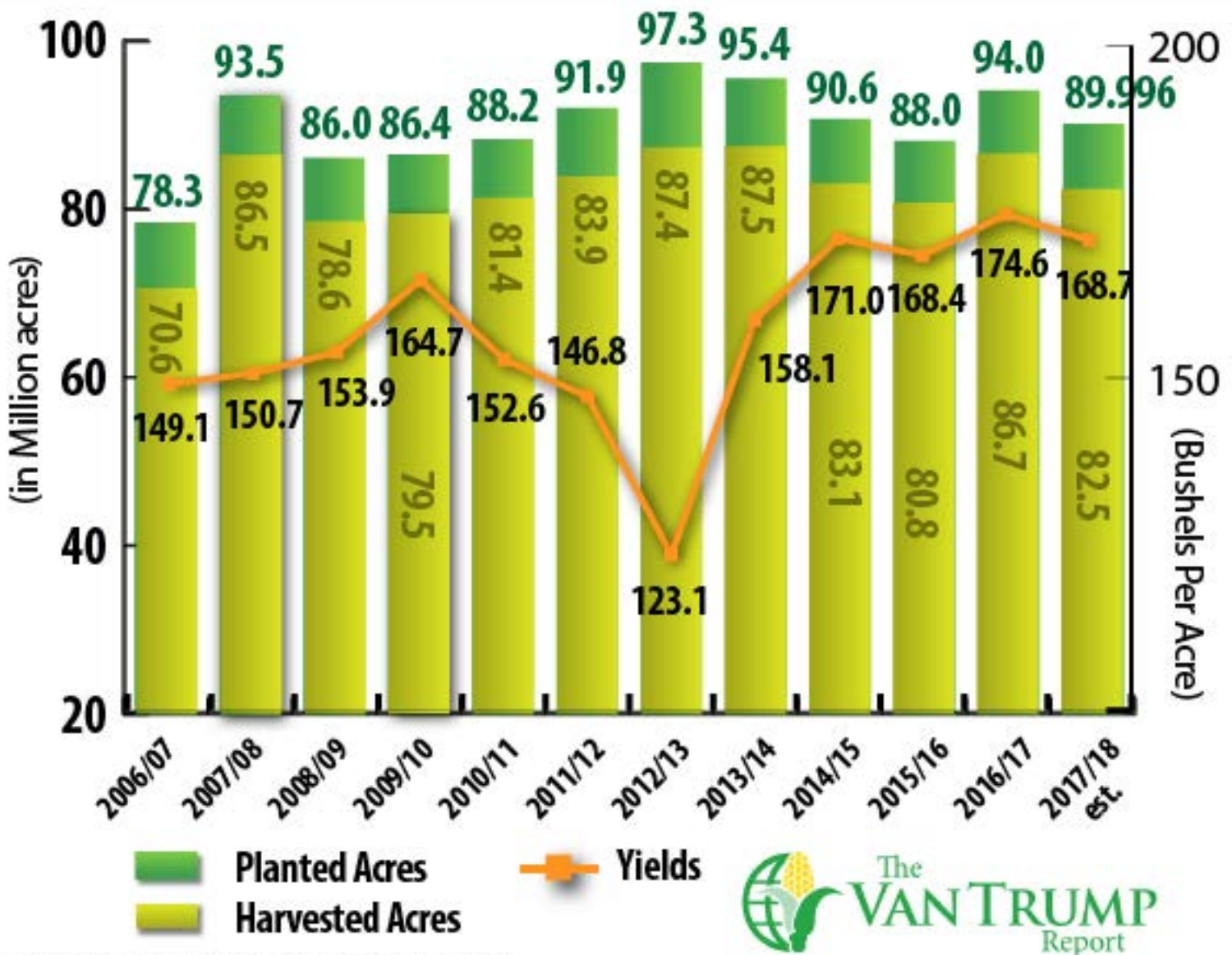


6-10 DAY OUTLOOK  
PRECIPITATION PROBABILITY  
MADE 7 APR 2017  
VALID APR 13 - 17, 2017



**Corn** prices are down between -20 to -30 cents, depending on the contract, since mid to late-February as South American weather premium comes out of the market on talk of a new all-time record crop. Keep in mind this follows a new all-time record crop recently harvested here in the U.S. and also occurs when the world appears awash in wheat supply and cheap feed alternatives. The bulls are pointing to the fact Brazil still needs more widespread rain to help ensure second-crop corn production as it moves closer to pollination and that some weather hiccups in Argentina may be pulling on the top-end of the crop in Argentina. Bulls are also pointing to the fact U.S. producers are going to plant -4 to -5 million fewer corn acres in 2017. Meaning any type of weather hiccup here in the U.S. could certainly provide reason to build a bit of premium into the market, especially with the funds thought to be sitting net-short about -150,000 to -165,000 contracts. Unfortunately more nearby however the bears may get a couple of easy pitches to hit. The USDA will be releasing their weekly planting progress report later this afternoon, where I suspect we see most of the states down south still running slightly ahead of schedule despite the recent rainfall. Traditionally we start out somewhere between 3% to 5% planted in this first new-crop progress report. On Tuesday the USDA will be releasing their latest "supply and demand" estimates. The trade seems to be bracing for a bearish bump in ending stocks on a sizable reduction in corn used for feed, perhaps more than a -50 million bushel reduction. Hopefully a portion of that reduction in demand will be offset by an increase in corn used for exports and or ethanol. I'm personally a bit concerned that the USDA may elect to reduce their corn for feed usage estimate in two or three installments, since the reduction could be so sizable. While that may look better on paper nearby to the bulls, it could leave the trade with an overhanging bearish tone of the next report. Especially if the U.S. weather forecast doesn't start offering up a more threatening outlook. Most forecasters seem to be looking for warmer dry weather nearby with adequate moisture and cooler temps in the extended. As both a producer and spec I continue to keep my focus on weather and Washington. I was hoping the recent military action taken by President Trump in regard to Syria would add some risk-premium to the energy markets and help push corn prices a bit higher, unfortunately that hasn't played itself out. I continue to stay extremely patient and prepared nearby for lower prices...

# U.S. Corn Planted Acres, Harvested Acres & Yields



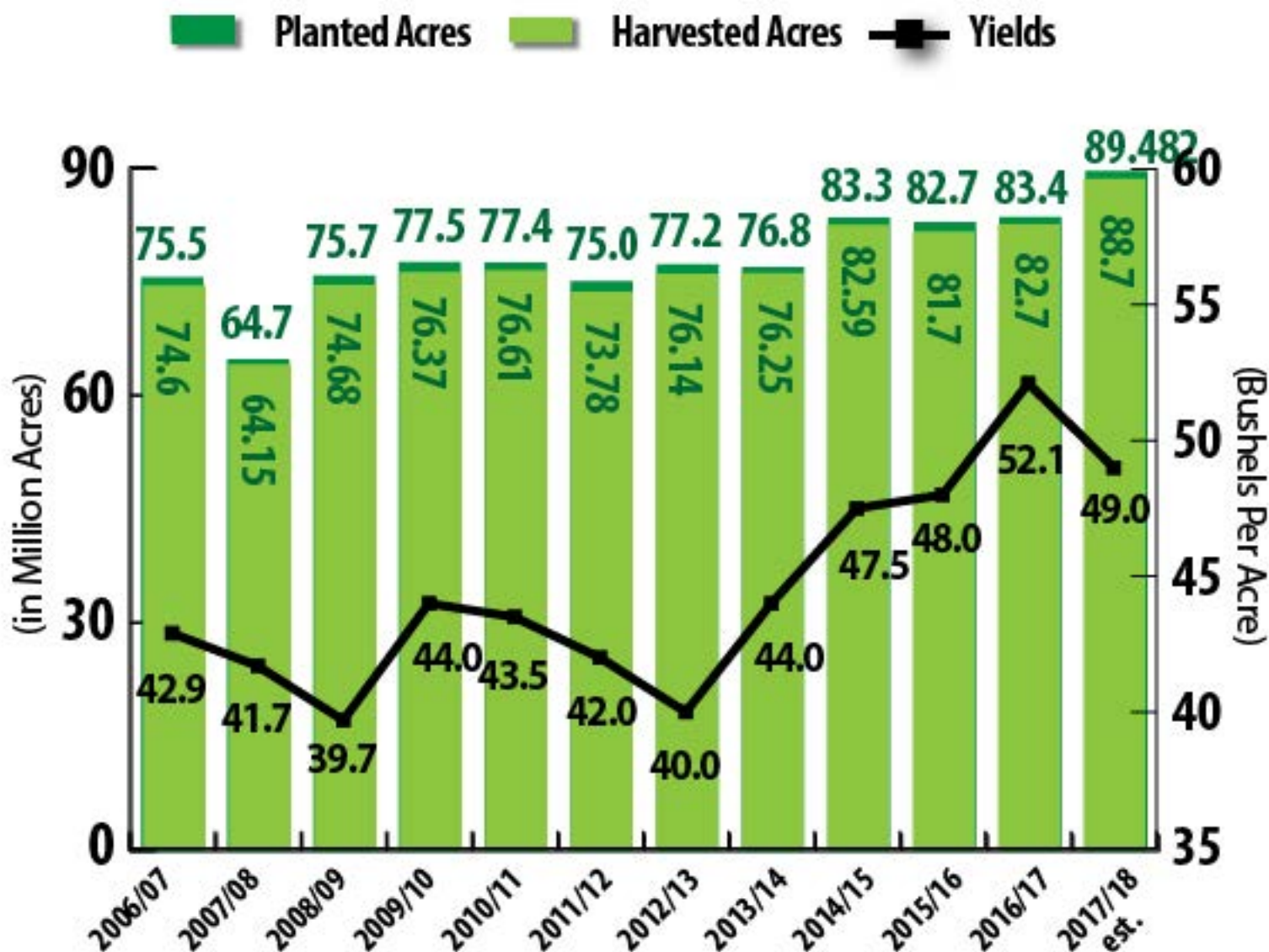
Source: USDA, February Outlook Forum numbers

**Soybeans** prices have been in a downhill free-fall for the past month. The funds have reduced their near record long position to what many suspect is now a flat position in the market. The bulls are pointing to the fact the downside might be a bit overdone as soybeans historically like to rally into mid-June. There's also some renewed macro optimism as President Trump and Chinese President Xi appear to have improved relations during their recent two-day meeting here in the U.S.. Thoughts are this may put to rest some of the recent worries and fears surrounding a possible trade-war with China. Unfortunately, similar to corn the trade is bracing for a more burdensome supply and demand outlook both here at home and globally. The South American crop is expected to be record large, and most insiders seem to believe any minor losses in Argentina due to heavy rains will be made up for by massive production out of Brazil. Keep in mind, Brazil's soybean exports during the first quarter of 2017 are believed to have risen by +30% compared to last year. In other words Brazil defiantly has the supply to help keep global buyers satisfied. Demand from China has been strong, but has arguably tapered back during the past few weeks. Headlines regarding the advancement and spread of bird flu also continues to be a concern



for overall global demand and is being heavily monitored inside the trade. Here at home the trade is digesting thoughts of an all-time record number of planted acres along with a more burdensome old-crop balance sheet. Rember, in the most recent Quarterly Stocks report, the USDA provided clues that last years crop was perhaps +50 million bushels larger than they had previously estimated. With a record number of planted U.S. acres, along with the bump in old-crop stocks, many in the trade are now preparing themselves for a substantially more burdensome new-crop balance sheet, perhaps in excess of +600 million bushels. In turn without a major weather story or increased macro interest from the global growth fans, prices could remain under pressure until something with enough power can reverse the current flow.

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



Source: USDA, February Outlook Forum numbers



**Wheat** prices appear content trading sideways near the low-end of the most recent trading range as the funds continue to hold a near record short position. The bears not only continue to point towards massive global and domestic supply, but also seem to believe the USDA could deliver a bit more bearish news early this week. Most feel like this week's USDA crop-condition report, which will be out this afternoon, will show another slight nearby improvement in overall conditions on better soil moisture. Spring wheat planting will also more than likely start to gain more momentum as some windows of opportunity arise in the forecast. Then on Tuesday there's talk that despite the massive reduction in U.S. wheat acres, the balance sheet could get a bit more burdensome on a slight reduction in either exports, wheat used for feed or perhaps both. Interestingly there is some longer-term talk that the higher protein wheat supplies will continue to shrink in comparison to others. Meaning out on the horizon perhaps a greater amount of weather premium will be added to the spring and hard red varieties. From a spec perspective I'm starting to hear a bit more talk about being long the higher protein spreads on the recent setbacks. Globally there's very little new to digest. I could argue some dry pockets in Europe are worth monitoring, but overall it continues to look like their new-crop production will be better than the previous year. I'm hoping the increased involvement of the U.S. military in Syria will eventually trigger some of the headline trading algo's to add more risk-premium to the marketplace. Keep in mind Russia has troops in the region and has been Assad's main ally for the past several years, so Russian-U.S. relations could get a bit tricky if bullets really start to fly. With so many in the trade already well aware of the traditional bearish fundamentals and clearly leaning over a crowded short-side of the board, I see no need to join the party. As both a spec and a producer I remain conservatively bullish.



**> Argentine Harvest Gains Momentum:** *The Buenos Aires Grains Exchange reported last week that the country's soybean harvest has accelerated despite heavy rains and floods in the western portion of the country's growing area. "Despite the rains that interrupted harvest in various areas of the agricultural region, the soy harvest is beginning to gain momentum," the exchange said in its weekly crop report. The exchange said that producers had harvested 5.9 percent of soy-planted area as of Thursday. It expects soy production in Argentina, the world's third-largest producer, to reach 56.5 million metric tons this year. (Source: Reuters)*

**> USDA Cautious About Prospects For EU Wheat Export Revival:** *A report from US Department of Agriculture bureau says European Union wheat exports will not recover as strongly in 2017-18 as some commentators imagine, despite better harvest prospects. The EU bureau pegged the bloc's overall wheat exports at 29.0 million metric tons. That would remain well below the levels, as high as 35.4 million metric tons in 2014-15, which*

drove the EU to top rank among world wheat exporters – before last year's disastrous French harvest, hurt by summer rains, dented supplies in the bloc's top producing country. The forecast is also below the 30.4 million metric tons figure that the European Commission sees the EU achieving in wheat exports next season, which starts in July. The USDA bureau's estimate for EU wheat output in the forthcoming harvest, at 151.7 million metric tons, is a touch higher than the IGC and European Commission forecasts, although below a 153.2 million metric tons estimate from industry group Coceral. (Source: Agrimoney)

**> Pork's Anxiety Grows Over Trade With Japan:** When the plans were first drawn to begin construction on five new pork processing plants in Iowa, Michigan, Minnesota and Missouri, potentially creating nearly 2,000 new jobs, talks were well underway on the Trans Pacific Partnership. The completion of the 12-country deal seemed likely, promising to reduce tariffs and generate big new trade-related sales in Asia for the industry. But now, as those plants begin to come online, the industry is starting to sweat a potential pork glut. "Nobody built a plant, nobody expanded solely on that, but it was one of those things that was another positive for the industry, assuming that we were going to get [TPP] passed," said Ken Maschhoff, the president of the National Pork Producers Council and a pork producer in Illinois. Japan, which Vice President Mike Pence and Commerce Secretary Wilbur Ross will visit when he heads to Asia in less than two weeks, already represents U.S. pork's largest buyer (\$1.56 billion last year). But the European Union, the U.S. pork industry's biggest trade nemesis, has been talking about an FTA with Japan since 2013 and held its 17th negotiating round in September, and Japan has suggested it would leave agriculture out of its first economic dialogue with the U.S., hoping that this will give it more leeway in parallel talks with the EU. (Source: Politico)

**> Rabobank Skeptical On Live Cattle Price Revival:** Rabobank raised doubts over a revival in the rally in live cattle futures, citing the potential for elevated slaughter rates to weigh on values, at a time when the fallout of bird flu could lift US poultry meat supplies too. Rabobank raised doubts about futures extending a revival which saw them in late February top 127 cents a pound for the first time in 10 months – and take to 35% their revival from a six-year low touched in October 2016. "Fed cattle prices are near a peak," the bank said, flagging the prospect of buoyant supplies of animals for slaughter, "reflecting increased cattle placements [on feedlots] late autumn and winter". Rabobank also says retailers may opt to promote poultry meat over the summer - in particularly summer holidays - depending on the progress of the bird flu outbreaks which, in prompting curbs by some importers on supplies of US meat, has raised the prospect of increased domestic supplies. Though the outbreaks have been confined to just a few states, the bank says they could still influence market access and lead to more US poultry on the local market, pressuring beef prices. (Source: Agrimoney)

**> ADM Restructuring Argentine Grain Operations:** Archer Daniels Midland Co is restructuring its operations in Argentina in a move that will include job losses as part of a wider shake-up at the U.S. agribusiness group, three sources familiar with the plans said. Chicago-based ADM is grappling with volatile global grain markets and has already exited energy trading and shed key personnel in recent months. It said on Wednesday it planned to close its South African trading operations. The company announced last week that it planned to close its South American trading operations. In the latest development, ADM late last month shuttered its Toepfer grains trading unit, which had been based outside

Buenos Aires, according to three industry sources familiar with the situation. In the latest development, ADM late last month shuttered its Toepfer grains trading unit, which had been based outside Buenos Aires, according to three industry sources familiar with the situation.

**> CHS Posts Profit:** Despite a challenging operating environment and a loss in its Ag segment, CHS Inc. turned a profit in the second quarter ended Feb. 28, compared to the loss it reported for the same period a year earlier. Net income for the second quarter was \$14.6 million, which compared to a loss of \$31 million in the second quarter of 2016. Earnings for the first six months of fiscal 2017 totaled \$223.7 million, down 5% from \$235.5 million compared to the same period of last year. The decrease reflected increased loan loss reserves, higher income taxes and continued challenges in the energy operating environment, which were partially offset by improved conditions across CHS wholesale and retail agricultural related businesses. Revenues for the first six months of fiscal 2017 were \$15.4 billion, up 7% from \$14.4 billion in the same period of last year. (Source: World Grain)

**> Larry Fink Joins Jamie Dimon in Issuing Warning on U.S. Growth:** BlackRock Inc.'s Fink said Thursday that U.S. growth is slowing on concern whether the Trump administration's agenda will get through Congress. His comments mirror similar sentiment expressed by JP Morgan CEO Jamie Dimon in his annual shareholder letter, where he lamented that "it is clear that something is wrong" with the nation. Both CEOs are part of a group of business leaders that advise President Donald Trump. Fink expressed chagrin over the pace of changes so far under the new administration. He told CNBC the U.S. economy is slowing as both consumers and businesses wait to see if the new administration can deliver on tax reform and deregulation following the failure of the health-care bill in March. Fink said the U.S. may be the slowest-growing economy in the first quarter among the G-7 nations. Japan, Canada and Europe are expanding faster than anticipated six months ago while the U.S. is lagging expectations. Without tax reform and deregulation, he said, the markets will suffer setbacks. (Source: Bloomberg)

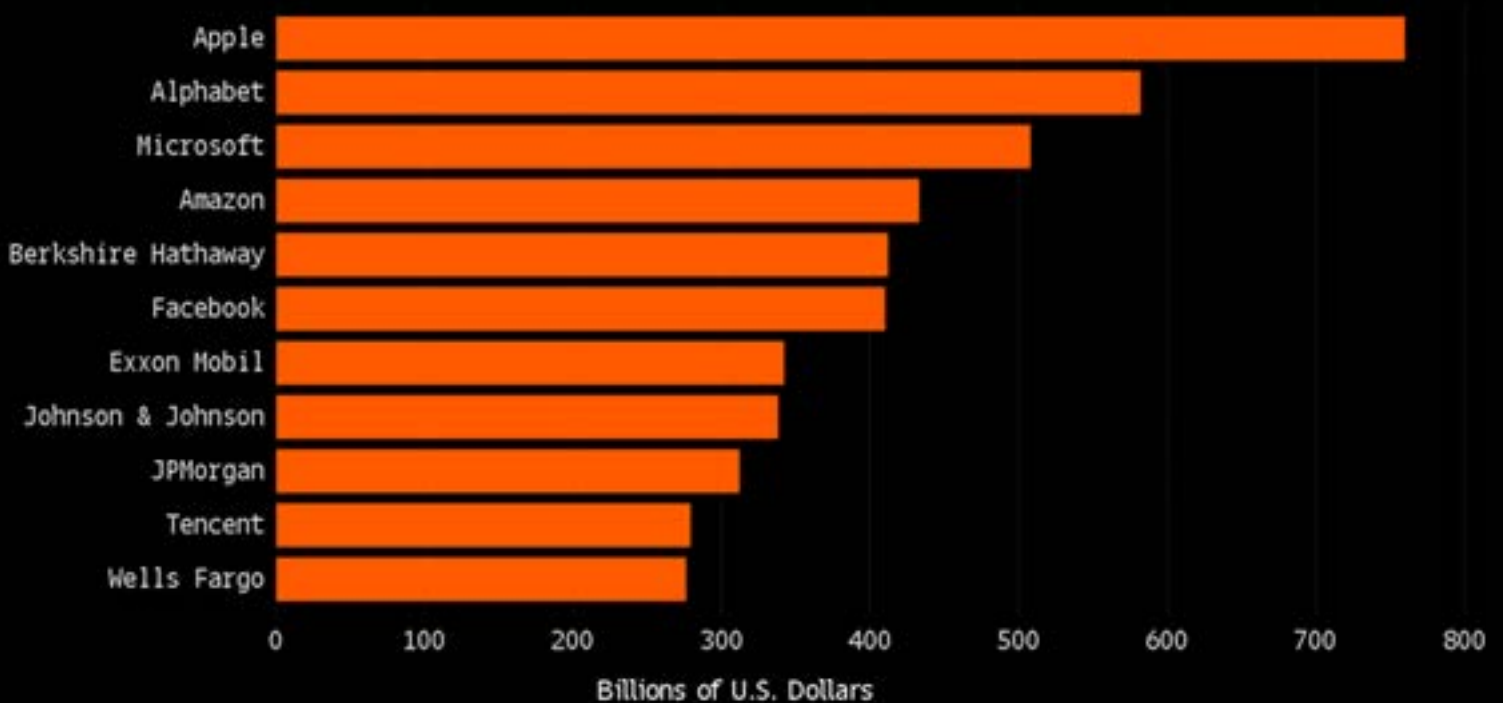
**> Another Tech Company Joins The World's Top 10:** Tencent Holdings Ltd., a Chinese Internet titan best known for its WeChat messaging service and gaming, has overtaken Wells Fargo Inc. by market value, joining the likes of Apple Inc. and Alphabet Inc. in the ranks of the world's biggest publicly traded companies. Tencent gained 1.6 percent Wednesday in Hong Kong, vaulting its capitalization to \$279 billion -- just a shade above that of the U.S. lender. Six of the top 10 companies by market value are now technology, including all of the top four. (Source: Bloomberg)



## In Elite Company

Chinese social media giant Tencent is now the world's 10th biggest public corporation

Market Value



Note: As of April 5th trading close

Bloomberg



**Central Minnesota** - We have been wet, cloudy and have really been in a wet cycle since last fall. We had rains late last year that brought us 20" over our annual rainfall and double the amount we got the entire year in 2012. This winter has been warmer than normal and there has been some minor flooding and the tiles have ran pretty strong so far this year. Overall guys are switching more corn acres to beans than I thought that we would see up here. We have been straight corn on corn for about 15 years. This year we have changed up our rotation going to a 60/40 corn to bean ratio. It seems maybe the corn on corn mindset maybe has peaked as the ethanol demand has leveled off. Guys have done a good job of taking advantage of the better basis at the ethanol plants here around us. We believe the beans should see a good 10bpa to 20bpa bump in the yields, being planted on the corn on corn ground. Over the years that we have had the corn on corn acres we have not seen the much in the way of any yield drag. We have added storage to handle a 200bpa yield on all of our acres but last year that wasn't enough. Our whole farm aver-

age was 235bpa which produced a whole lot of overage bushels to market. I have a large chunk of those bushels still to market which I normally wouldn't at this time of year. I think if we get delayed much on the corn planting, the bean acres will increase real fast. We are hoping to see bean yields pushing 70bpa this year where we used to always figure 50bpa to 55bpa in the past. We have an April 11th plant date and will try to push the corn planting as fast as we can. If we don't get corn planted on time we feel the pain on the backend trying to get the crop out of the field. You have to be careful about going too soon up here though, as we saw last year the earliest planted corn got hit with a hard frost in early May.

**Southeast Nebraska** - We have seemed to miss all of the rains that have pushed through the midwest the past two weeks. But even with missing the latest rains we are starting out with a much better moisture situation than last year. We had some very mild weather in March where soil temps got up in the 50 degree area and there was guys working the dirt, applying fertilizer. Our early plant date is April 20th and we will wait at least til then after getting burnt last year on all of the early planted corn getting frosted in May. We upgraded our planter size this year that should allow us to get things done a little faster. We are going a little stronger on beans adding another 1000 acres, after about the same addition last year. We felt there was a good advantage to that after being corn on corn. We are all dry land but have decent bean ground that can easily make mid 60bpa beans. The last years bean yields had a few fields make 90bpa and the whole farm average was right at 75bpa. Our corn yields took a hit last year. We had some corn seed varieties that struggled last year with extremely hot temps in June, then July had some mornings that were down in the 40 degree range. It just didn't seem to like those temperature swings but that is why we plant wide variety of hybrids. Overall guys are positive for this year crop but many don't have much sold.

**Central Ohio** - We have had a warmer and wetter winter, that didn't have much snow at all. We are still pretty cold now and we have been in a very wet patten over the past four weeks. The forecast next week still has rain in it with temps down in the 30's. The guys out here are talking about adding more bean acres but I will stay with the same rotation that is 50/50 corn to beans. Our ground has some pretty good dirt on them but still think we benefit from good rotation. We have not seen any increased weed pressure with most being handled with normal spraying. We usually like to get planting going by April 15th, but I think that we will be a week or ten days late this year. We will always get our corn planted first getting things in the ground to have better germination and emergence. Our corn over the past few years has consistently been between 190bpa to 200bpa for our yields. Once the corn is in we will roll to beans. I do have a splitter planter, that will do corn and our beans that we plant on 15" rows. The bean yields last year were the best we ever had. The whole farm average was 70bpa, a good 10bpa to 15bpa higher than we normally pencil in. We tried to forward price a lot of our beans this year but will need to get more done if we have yields like last year.

# CROSSING WIRES

A place to share intelligent thoughts...

**U.S. Ag Bets The Farm On Chinese Soy Demand:** *Struggling U.S. farmers are pressing their luck with soybeans this spring, sowing record acreage even though the world is awash with the oilseed, as demand from China offers a potential lifeline. Soybean plantings could surpass corn for the first time this year, with rising exports holding up prices and providing a narrow path to profitability for U.S. farmers facing their fourth straight year of declining incomes. But fierce competition to supply China threatens the bottom line for U.S. growers, and 2017 prices, while seen as up slightly from 2016, are still projected to be 50 cents per bushel lower than three years ago. Diplomatic concerns also weigh heavily as the market eyes tense relations between the two countries. Trump has said he wants U.S. companies to stop investing in China and instead create jobs at home. He has also accused China of manipulating its currency to boost exports. Read more from [Reuters](#).*

**Dairy Industry Seeks Help From Trump Administration Over Canadian Cancellations:** *Some U.S. dairy companies say that in the past week, they've lost all their Canadian sales of ultrafiltered milk, a concentrated ingredient used to boost protein content in cheese and yogurt. That's due to a new policy rolled out in recent weeks that incentivizes Canadian processors to buy domestic supplies. The Canadian move violates trade commitments between the two nations, according to industry organizations including the U.S. Dairy Export Council and National Milk Producers Federation. In a statement on Wednesday, the groups urged the Trump administration to take immediate action. Grassland Dairy Products Inc. in Greenwood, Wisconsin, said it has lost Canadian business valued at as much as \$100 million annually in the last week, and notified dozens of farmers that it can't take milk deliveries beyond the end of April. Cayuga Milk Ingredients in Auburn, New York, said it also lost all of its Canadian exports, a source of about 30 percent of overall sales. Read more from [Bloomberg](#).*

**What Is "Enough"?** *Cullen Roche of Pragmatic Capitalism laments on replying to an email from a college student that was asking him for financial advice and tips as they near graduation. "I always respond to emails like this and try to give people useful advice. But deep down in my heart I know I am mostly just repeating mundane and useless bull s\*\*\*. You know, work hard, do something you love, etc. But then I sat down and I started thinking about my own situation and I realized that one of the big reasons I'm happy is because I figured out what was "enough" for me." Read more [HERE](#).*

**What Happens To Your Debt When You Die?** *You're probably going to die with some debt to your name. Most people do. In fact, 73% of consumers had outstanding debt when they were reported as dead, according to December 2016 data provided to Credit.com by*



credit bureau Experian. Those consumers carried an average total balance of \$61,554, including mortgage debt. Without home loans, the average balance was \$12,875. Among the 73% of consumers who had debt when they died, about 68% had credit card balances. The next most common kind of debt was mortgage debt (37%), followed by auto loans (25%), personal loans (12%) and student loans (6%). That's a lot of debt, and it doesn't just disappear when someone dies. For the most part, your debt dies with you, but that doesn't mean it won't affect the people you leave behind. Read more [HERE](#).

**What Country Poses The Biggest Threat To World Peace?** The map below shows the results of a 2013 (pre-Trump) WIN/Gallup International survey asking people which country they felt was the greatest threat to world peace. According to the survey results: The US was the overwhelming choice (24% of respondents) for the country that represents the greatest threat to peace in the world today. This was followed by Pakistan (8%), China (6%), North Korea, Israel and Iran (5%). Respondents in Russia (54%), China (49%) and Bosnia (49%) were the most fearful of the US as a threat." Interestingly, Iran was seen as the biggest threat by Americans, Canadians and Brits, but Australians viewed the US as the biggest threat. Regional rivalries were also common, for example South Koreans think of North Korea as the biggest threat to world peace, the Japanese, Vietnamese and Filipinos think of China as the biggest threat (although China views the US as the biggest threat to peace), Indians view Pakistan as the biggest threat (although Pakistan does not return the favor, instead focusing on the US as the biggest threat) and Poles view Russia as the biggest threat to peace. Read more [HERE](#).





## **The Incredibly Shrinking Ag Biotech Industry**

By the end of this year, the ag biotech industry will be dominated by just three companies, as the six behemoths currently in the space complete their respective mergers. The E.U. just approved the ChemChina-Syngenta tie-up last week, which followed the go ahead given by U.S. antitrust authorities. The approvals are contingent on ChemChina selling some of its businesses, including existing fungicides, herbicides and insecticides, as well as 29 pesticides under development and a plant growth regulator for cereals. The two biotech giants still need approval from China, India and Mexico, but having met the rather stringent stipulations of the E.U. and U.S., there are no foreseen issues getting a thumbs up from those regulators. On news of the E.U. approval, Syngenta said they believe the \$43 billion deal could be completed by the end of June. Shortly thereafter, the \$130 billion merger between Dow Chemical and DuPont will probably be the next big merger. The deal does still need U.S. approval, but achieving E.U. approval makes it highly likely they'll pass muster here. Farmer groups have asked President Trump to block the merger, expressing their concerns about reduced competition that they feel will result in "less innovation, higher prices, and less choice for farmers." The National Farmers Union (NFU) points out that the E.U. stipulations the companies were required to meet did not require they divest any of their seed interests "despite the serious impacts the merger will have on input costs for farmers." The would-be partners are two of the biggest chemical companies in the the U.S. and did agree to sell significant parts of those businesses, including DuPont's global pesticides business. The companies expect they could close their deal as early as September. Last up will probably be the merger of Bayer CropSciences and Monsanto. Their \$66 billion deal still needs approval from all the major players, though the U.S. and E.U. are expected to announce their decisions by the end of June. That would put the deal on track to close by the end of this year. The two companies are currently selling off some \$2.5 billion in assets to gain regulatory clearance, though their merger will still create the world's largest seed and farm chemical company. Overall, regardless of the divestitures that all six of these companies are making, the ag biotech industry is essentially being cut in half, leaving just three global giants that touch every aspect of global food production. (Sources: Fortune, Politico, AgProfessional)



## **I Can't Believe You Can Get A Scholarship For This**

When I was growing up you were either outside playing with the neighborhood kids till dinner, working with dad or grandpa...but if you stayed inside playing video games, you were a nerd. Well now, it appears the latter may have a new avenue for college scholarships. Though smaller schools have started e-sports clubs and the offering of scholarships, it appears the trend is headed mainstream. The University of Utah will become the first big-time sports school to offer scholarships for competitive video gaming. Utah is a member of the Pac-12 conference and one of the "Power Five" - the five richest athletic conferences in college sports. This high-profile endorsement will lend credence to this booming industry. To give you an idea of how popular the gaming industry is, consider that in 2016, Riot Games - an American video game developer, publisher, and eSports tournament organizer - created a World Championship Series in Los Angeles and Berlin which consisted of 10 professional teams in each continent. The 2016 World Championship had 43 million unique viewers and a total prize pool of over \$6 million. For Utah, the e-sports program will be sponsored by the university's Entertainment Arts and Engineering department, which is home to one of the top-ranked video game design programs in the country. To begin with, members of Utah's league team will receive partial scholarships with a long-term plan to offer full scholarships through marketing and sponsorship deals. Utah's first varsity e-sports team will play Riot Games' popular League of Legends and compete in riot's collegiate league. Without getting too technical, League of Legends is a multiplayer online battle arena video game and is played by over 100 million active players each month worldwide. Utah hopes their structure will be a possible road map for other schools to approach e-sports, which have many of the same principles as traditional sports but don't have a natural home inside athletic departments. In fact, the Utah Athletics department has said the varsity e-sports venture will happen without financial help or marketing support from the school's \$70 million sports programs. Though it's early for collegiate e-sports, a growing number of schools are starting to support their student gamers. Utah joins a handful of other universities -- mostly smaller institutions -- that offer e-sports scholarships. The University of California, Irvine, recently built an arena specifically for e-sports on its campus, and the Big Ten Conference's television network earlier this year began broadcasting competitions between club team from its member schools. I suspect as participation in video gaming continues to grow, so will the number of schools offering programs. It leaves me wondering what activities kids are doing today that will be the scholarships of tomorrow. (Source: [TechCrunch](#))





**With Taxes and Tight Cash-Flow "Anxiety Season" Is Upon Us... Here Are Some Thoughts On Coping**

"Life is 10% what happens to you and 90% how you react." We've all heard that quote in

some variation, but it's often much easier said than done. University of Florida psychologist Tim Judge and his colleagues have shown the quote to be highly accurate. In fact they've found overwhelming proof that people who react in a more positive fashion and are confident in their abilities end up doing much better on nearly every important measure of work performance. The "empowered", as Judge calls them, produce much better results than their more pessimistic counterparts. They sell more, provide better customer service, adjust better to new assignments and take home an average of +50% to +150% more in annual income. In fact TalentSmart took it a bit further and conducted research using more than a million people. They found that 90% of top-performers are skilled at managing their emotions in a positive fashion during times of stress. Interestingly, data also shows that "anxiety" is an absolute necessary emotion and our brains are hard-wired in such a way that it is difficult to take action without feeling at least some level of stress, anxiety or chaos. So it's not the "anxiety" itself that makes you different, but rather how you cope and react to it. The question then becomes, why do so many of us have such a tough time dealing with stress and anxiety in a more positive manner. Researchers at Yale have come up with what I like to call the "Hamster Wheel" affect. According to their work, intense stress will reduce the volume of gray matter in our brains which is responsible for self-control, with that loss can come less ability to cope with stress. Most say it becomes harder and harder to avoid stressful situations ie.... you end up on the hamster wheel of stress going round-and-round. As these rounds of stress gain momentum and progressively start to increase in speed and intensity we start to suffer larger and larger physical, mental and emotional consequences. The good news is, there's hope for those who struggle with this emotional cycle. The following steps were recently published on Quartz and are thought to assist folks in gaining back some sense of peace in their life. I've also found and highly recommend peace from scripture, spirituality, faith and gratitude. Something else I believe is highly important is to change your overall trajectory. Remember an object in motion tends to stay in motion. In other words nothing probably changes unless you infuse drastic change. (Source: Quartz)

**Expect and prepare for change:** *If you don't anticipate change naturally, you need to set aside some time regularly—either every week or every other week—to create a list of important changes that you think could possibly happen. The purpose of this task is not to predict every change you'll face. Rather, it will open your mind to change and sharpen your ability to spot and respond to impending changes.*

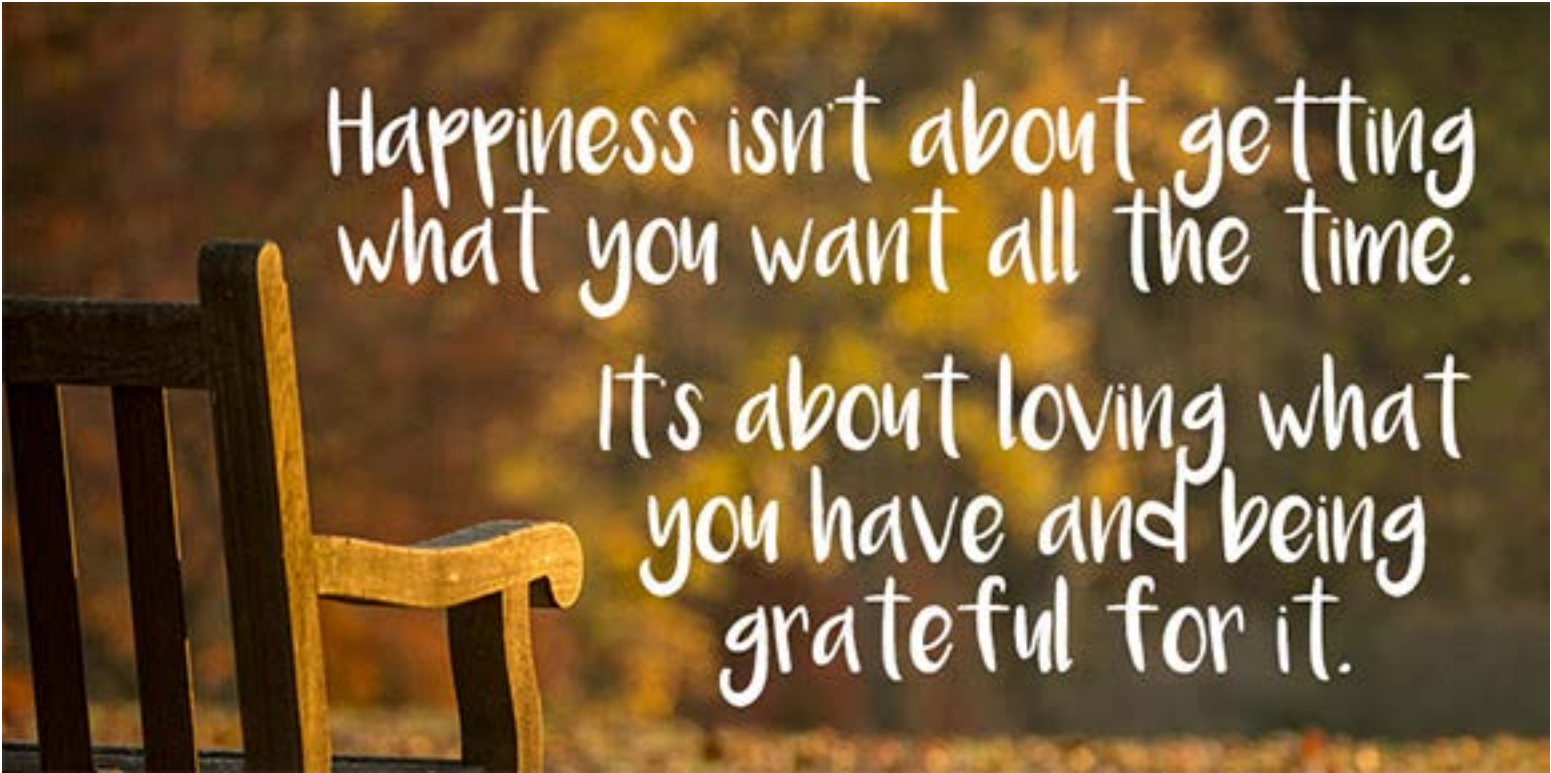
**Focus on your freedoms, not your limitations:** *We've all had the old mantra life isn't fair beaten into our brains since we were young. This mantra is a voice of despair, anxiety, and passive inaction. While it's true that we sometimes have limited ability to stop negative events from occurring, we are always free to choose our response. On your list of possible changes from step one, jot down all of the positive ways in which you can take action and respond to each change. You'll surprise yourself with how much control you can wield in response to seemingly uncontrollable circumstances.*

**Re-write your script:** *Step three is going to be the hardest because it requires you to change the mode of thinking that you've grown accustomed to. Over time, we all develop mental scripts that run through our heads and influence how we feel about our circumstances and what we do in response to them. In order to be empowered, you'll need to rewrite your script. To do this, recall a tough time you went through recently.*

*What was it you believed about your circumstances that prevented you from making the most of your situation or responding more effectively?*

**Spot and stop negative self-talk:** *A big step in managing stress and anxiety involves stopping negative self-talk in its tracks. The more you ruminate on negative thoughts, the more power you give them. Most of our negative thoughts are just that—thoughts, not facts. When you find yourself believing the negative and pessimistic things your inner voice says, it's time to stop and write them down. Literally stop what you're doing, and write down what you're thinking. Once you've taken a moment to slow down the negative momentum of your thoughts, you will be more rational and clear-headed in evaluating their veracity. You can bet that your statements aren't true any time you use words like "never," "worst," or "ever." If your statements still look like facts once they're on paper, take them to a friend or colleague you trust and see if he or she agrees with you.*

**Count your blessings:** *Taking time to contemplate what you're grateful for isn't merely the "right" thing to do; it also lessens anxiety because it reduces the stress hormone cortisol by 23%. Research conducted at the University of California, Davis, found that people who worked daily to cultivate an attitude of gratitude experienced improved mood, energy and substantially less anxiety due to lower cortisol levels.*



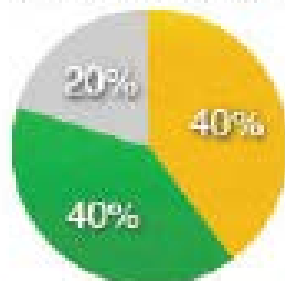
Happiness isn't about getting  
what you want all the time.  
It's about loving what  
you have and being  
grateful for it.



# CASH SALES & HEDGING TOTALS

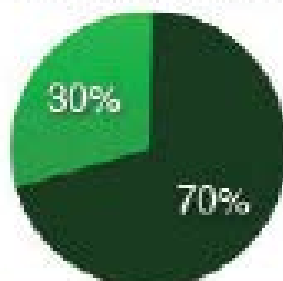
## CORN 2016 CROP

40% SOLD  
40% HEDGED  
20% UNPROTECTED



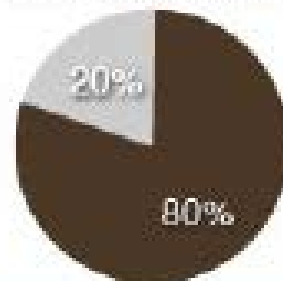
## SOYBEANS 2016 CROP

70% SOLD  
30% HEDGED  
0% UNPROTECTED



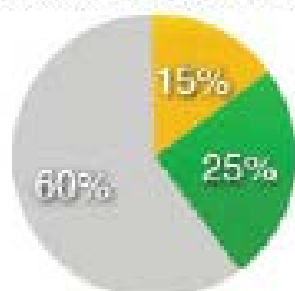
## WHEAT 2016 CROP

80% SOLD  
0% HEDGED  
20% UNPROTECTED



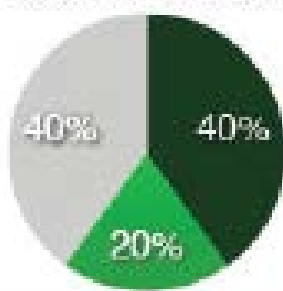
## CORN 2017 CROP

15% SOLD  
25% HEDGED  
60% UNPROTECTED



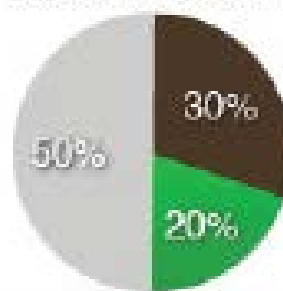
## SOYBEANS 2017 CROP

40% SOLD  
20% HEDGED  
40% UNPROTECTED



## WHEAT 2017 CROP

30% SOLD  
20% HEDGED  
50% UNPROTECTED



## CORN 2018 CROP

0% SOLD  
0% HEDGED  
100% UNPROTECTED



## SOYBEANS 2018 CROP

0% SOLD  
0% HEDGED  
100% UNPROTECTED



## WHEAT 2018 CROP

0% SOLD  
10% HEDGED  
90% UNPROTECTED

