



"The primary cause of unhappiness is never the situation, but rather the thoughts about the situation." - **Eckhart Tolle**

MONDAY, APRIL 17, 2017

Morning Summary: Macro traders continue to talk about increasing geopolitical concerns as U.S. leaders raise the stakes in Syria, North Korea and Afghanistan while relations with Russia appear to be under more pressure. Not only did we send missiles into Syria and drop what's called the "Mother Of All Bombs" in Afghanistan last week, but we also have a U.S. Navy strike group deployed near the Korean Peninsula, seeking to "maintain readiness" with North Korea celebrating two key anniversaries this past weekend. Remember, President Trump said just last week that North Korea is the U.S.'s biggest security threat, so I suspect we could soon see some fireworks. The obvious question is how will China respond if we are forced to take more aggressive action? Additionally, the U.S. and Russia have continued to go back on forth over the alleged chemical weapons attack launched by Syria against a rebel-held town. U.S. Secretary of State Rex Tillerson was in Moscow last week for talks with Russian President Vladimir Putin and Foreign Minister Sergey Lavrov. Tillerson and Trump both recently commented that relations with Russia were at a new low. In fact several respected sources have said US/Russian relations are now the worst they've been in almost 40-years. Interestingly, even though the market seems a bit more nervous, the S&P 500 is still within 3% of its all-time high and up +4% year-to-date. In fact many bulls are ecstatic to see stocks still at these levels as many suspect a large portion of the Trump growth premium has recently been removed on the setbacks and delays experienced in Washington. As for U.S. monetary policy, Fed Chair Janet Yellen most recently said that the U.S. economy is healthy and that the Fed is now shifting its focus, taking its foot off the accelerator and allowing the economy to "coast" for a while, saying a gradual path of interest rate increases can get us where we need to go. We will be hearing from four Fed speakers this week, so keep your eye on additional information and further details regarding how they will work to reduce their balance sheet. Economic data this week will be a bit more heavy with major emphasis on updated U.S. housing numbers. Lets also not forget we will be digesting a wave of first-quarter corporate earnings with key releases by: Bank of America, Blackrock, Ebay, General Electric, Goldman Sachs, Harley Davidson, Honeywell, IBM, Johnson & Johnson, Kinder Morgan, Morgan Stanley, Netflix, Schlumberger, Verizon, Visa and Yahoo. Globally we are hearing improved economic data out of China, overnight they released a bump higher in their quarterly GDP estimate. We are also seeing traders start to move around and begin to reposition ahead of next weeks big election in France, along with possibly more military movement by the U.S.. I've personally moved a bit more into cash as we move through some rougher waters, but believe once these storm clouds pass there is still more room to the upside.

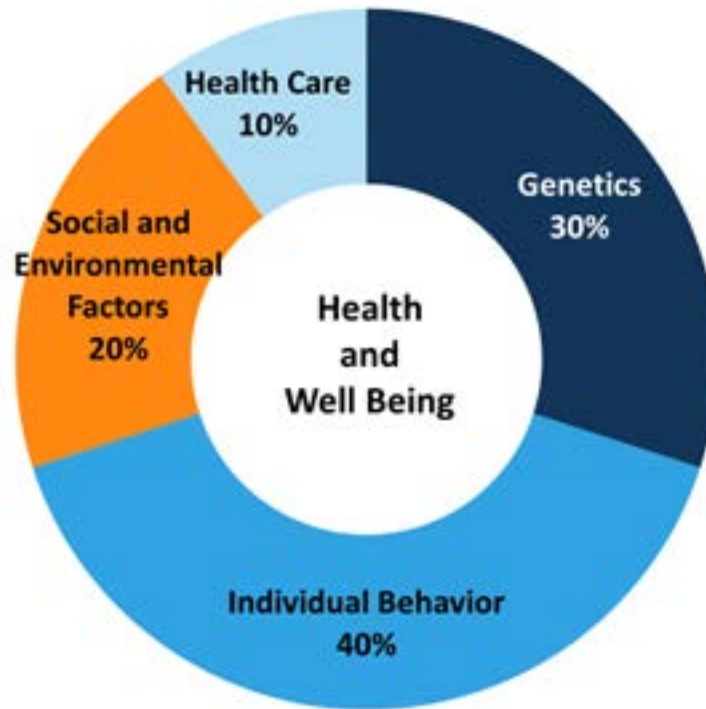
Exchange Traded Funds Attract Record Inflows In Q1: *Investors worldwide plowed \$197.3 billion into ETFs between January and March, a quarterly record, according to ETFGI, a London-based consultancy. This follows 2016, when ETFs, gathered the highest ever annual amount of \$390.4 billion in new cash. Pennsylvania-based Vanguard, a pioneer of low-cost tracker funds, has seen ETF inflows rise 140 per cent this year to \$42.8bn. BlackRock, the world's largest asset manager, has also registered new business of \$65.4bn in the first quarter at its iShares ETF arm, an increase of 167 per cent on the same period a year ago. Interestingly 92% of all actively managed stock mutual funds have failed to beat their benchmark over the last 15 years, according to S&P Dow Jones Indices. For the ten years ending 12/2015, mutual fund investors, collectively, have received returns that were \$545 billion below what the indices would have given them. And for that, they've paid \$437 billion in fees. No wonder everyone has been rushing to low cost ETF's and now that the trend appears to be accelerating. Read more at [The Financial Times](#)*

Brazilian Government Faces Further Fallout From Petrobras Scandal: *Brazilian President Michel Temer has allegedly been linked to a \$40 million bribe related to the massive corruption scheme surrounding state-controlled oil company Petrobras. In an emailed statement, Mr. Temer called the allegation "an absolute lie." If you recall, Temer came to power following the impeachment of former President Dilma Rousseff, who was accused of manipulating government accounts. The allegation against Temer followed a judge releasing a list just the day before of dozens of top politicians - including key Temer cabinet members - that are under investigation for involvement in the bribery scandal as well. The investigation into eight ministers, or nearly a third of the president's cabinet, poses a serious threat to Temer's efforts to pass austerity reforms that he says are needed to regain investor confidence and lift the economy out of its worst recession on record. The list also names a number of potential presidential candidates for elections in 2018. Reuters news agency said the list was so extensive it resembled a "Who's Who of Brazilian politics". Brazil's top electoral court is also investigating the 2014 presidential campaign, which led to Dilma Rousseff being elected with Mr. Temer as her running mate. If the tribunal decides that illegal funds were used to fund their campaign that bought them into power, the original election result could be annulled and President Temer could be forced from office.*

What Factors Really Determine An Individual's Longevity? *Efforts to improve health in the United States have traditionally looked to the health care system as the key driver of health and health outcomes. However, many factors combine to affect the health of individuals and communities. Despite annual health care expenditures projected to exceed \$3 trillion, health outcomes in the United States continue to fall behind other developed countries. Though health care is essential to health, research demonstrates that it is a relatively weak health determinant. Health behaviors, such as smoking and diet and exercise are the most important determinants of premature death. Moreover, there is growing recognition that a broad range of social, economic, and environmental factors shape individuals' opportunities and barriers to engage in healthy behaviors. Read more at the [Kaiser Family Foundation](#)*

Figure 1

Impact of Different Factors on Risk of Premature Death



SOURCE: Schroeder, SA. (2007). We Can Do Better — Improving the Health of the American People. *NEJM*. 357:1221-8.

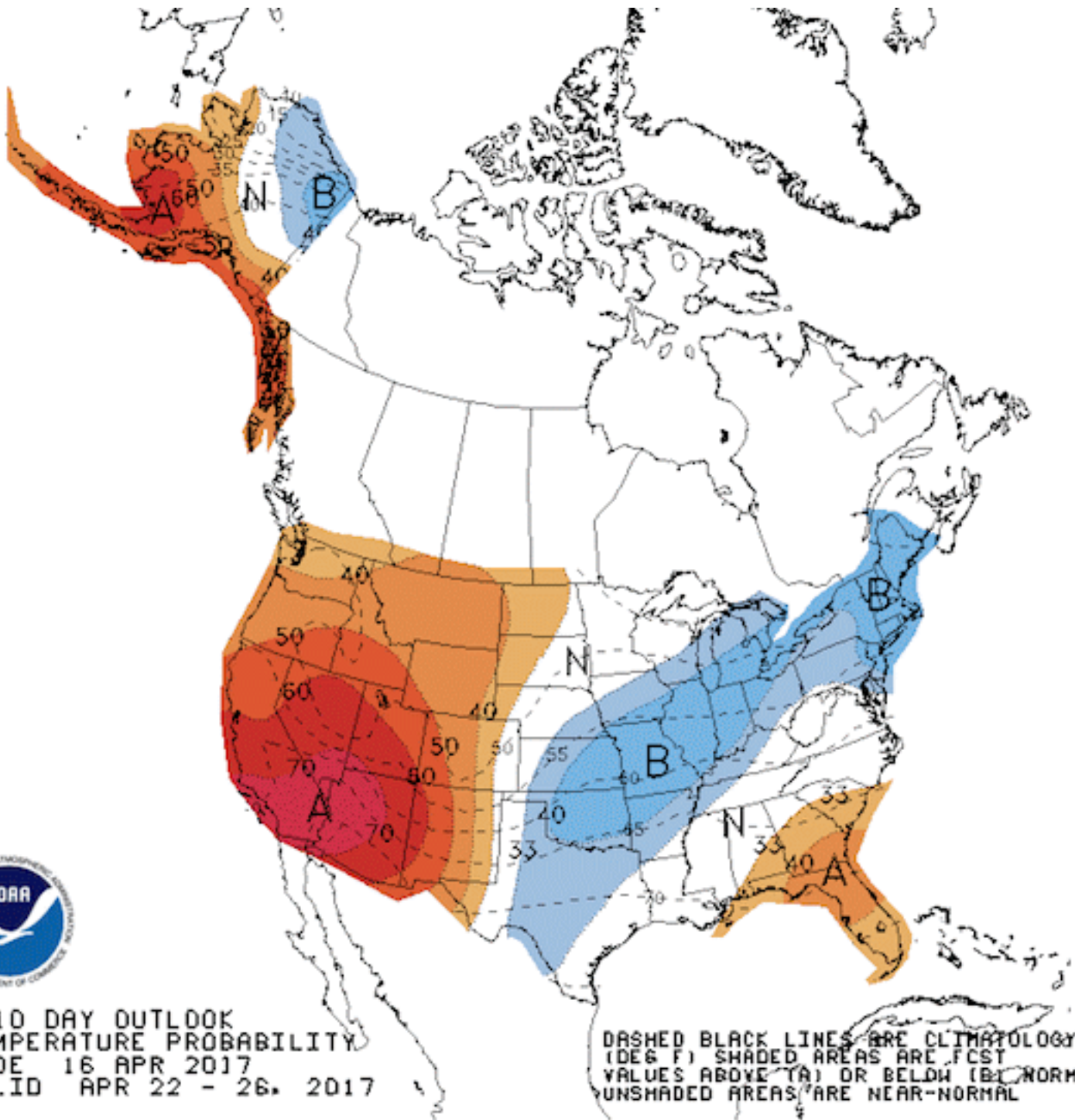
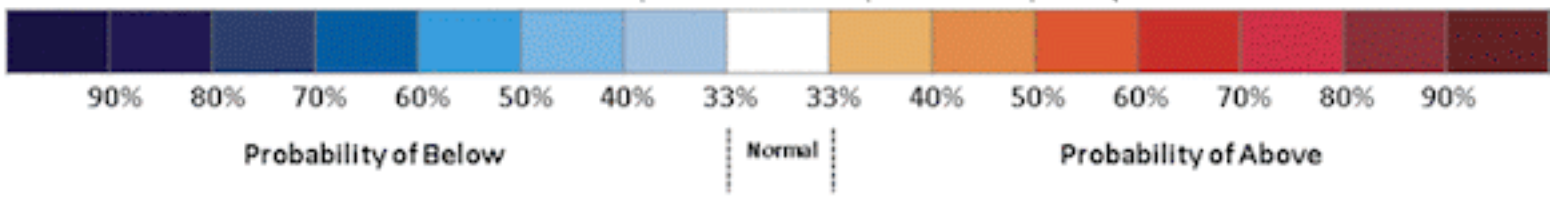


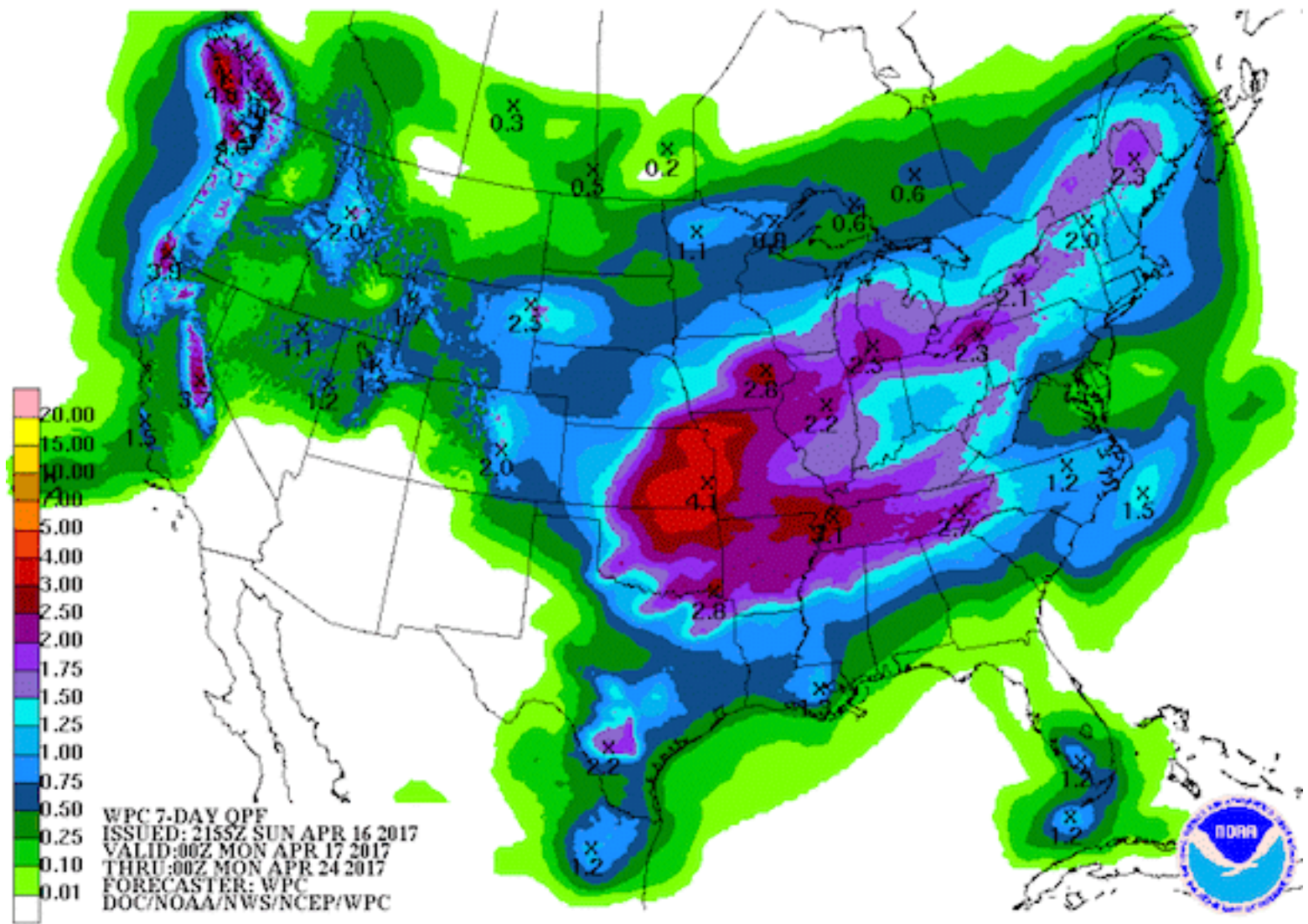
Weather traders have all eyes on U.S. forecasts as the markets try to decipher what type of complications and planting delays will impact the crops. As you can see from the graphics below, not only are we looking at cooler temps but also another round of heavy rain fall across a large portion of the Midwest. An active weather pattern with several low-pressure systems should keep the markets on edge as several rounds of damaging storms and heavy rain again move across the central and eastern U.S. this week. The weather market is also keeping a close eye on the heavy rains in parts of northeastern Argentina and a few dry spots in areas of Europe.



6-10 DAY OUTLOOK
TEMPERATURE PROBABILITY
MADE 16 APR 2017
VALID APR 22 - 26, 2017

DASHED BLACK LINES ARE CLIMATOLOGY (DEG F) SHADED AREAS ARE FCST VALUES ABOVE (A) OR BELOW (B) NORMAL UNSHADED AREAS ARE NEAR-NORMAL

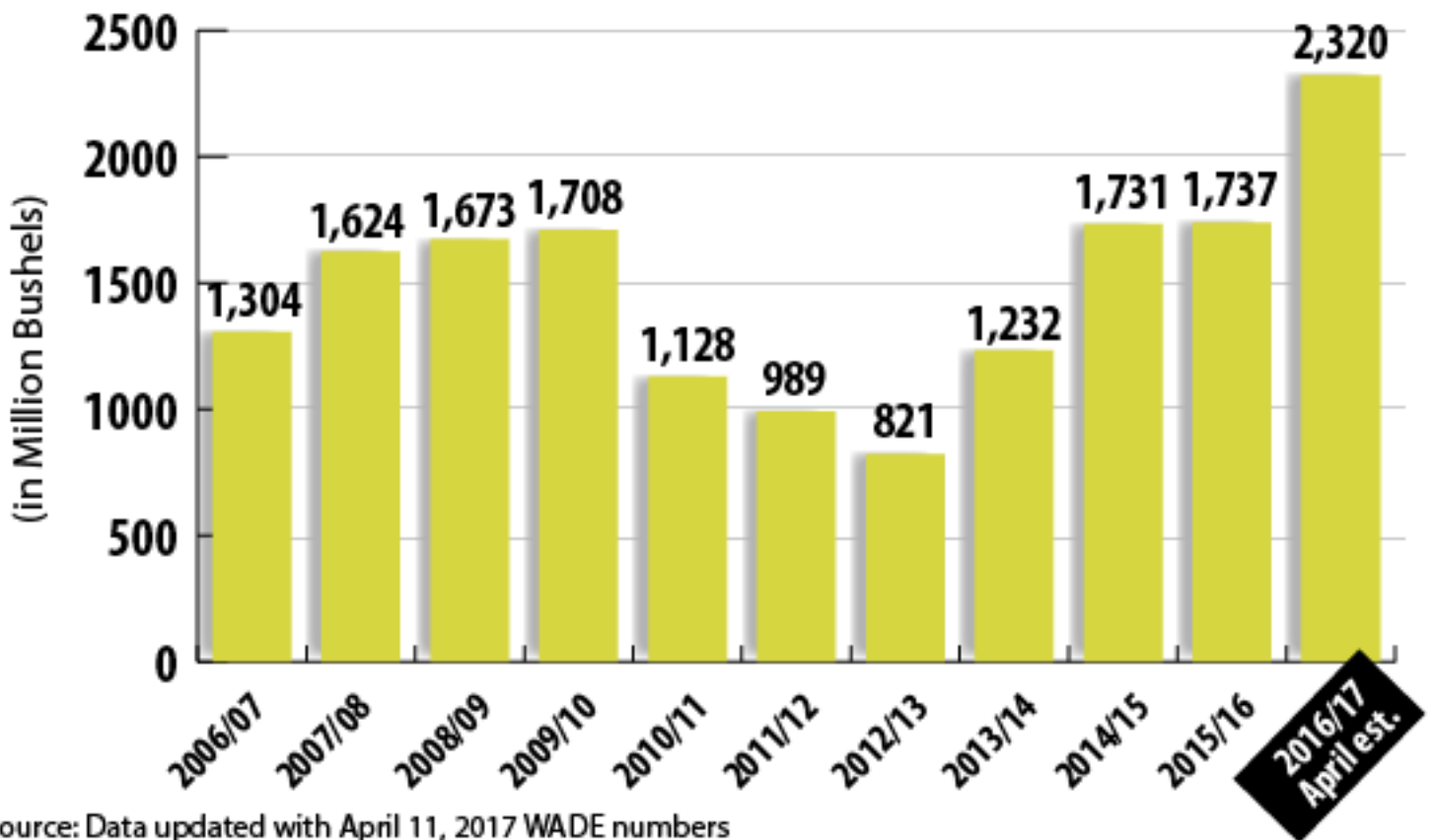




Corn bulls are talking about more extreme weather here in the U.S. and the complications associated with too much moisture and increasingly real possibilities of planting delays. You can see the graphics above which show heavy rainfall and cool temps in the forecast ahead. This has many producers talking about various diseases and complications that can arise with high soil moisture levels. Remember, if seeds are planted in what is considered wet soils or as some like to say, "mudded in", the seeds themselves may fail to germinate properly or may simply die soon after germination. There's also the concern that excessive moisture in the fields could restrict the growth of roots and ultimately render the plants more susceptible to disease, nutrient deficiency, and drought later during the growing cycle. I suspect we will also start hearing talk of possible problems associated with the deficiency of nitrogen due to either "leaching" or some type of "denitrification". As most have learned, when we start getting too much moisture in the fields, which we have almost no control of, the lack of oxygen in the soil can start to cause longer-term complications for the crop and bring about more intense debates regarding "yield-drag". Keep in mind crops like corn tend to be more sensitive to "waterlogging" when their growing point is still below the surface of the soil. As I've mentioned several times, with the funds short an estimated 150,000 contracts, any type of U.S. weather headline or concern that can be deemed widespread in nature and capable of trimming acres or reducing estimates will cause the

bears to pause and provide a nearby bounce to the upside. The interesting part is that the ultimate effect or "drag" on yield caused by this excessive moisture might not be known until later in the season. Corn plants that have been subjected to too much water early on can become much more sensitive to the heat and high temperatures later in the season due to restricted root development and loss of nitrogen and phosphorus. Despite what appears to be nearby bullish weather headlines, as a producer I am paying very close attention to old-crop, new-crop and even 2018 prices, which are approaching \$4.10 per bushel in the DEC18 contract. I'm concerned over time our current "demand" headlines might eventually start to lose a bit of their nearby luster. With a record setting crop in South America, global supplies that are more than adequate and U.S. ending stocks currently looking as if they will stay north of 2.0 billion bushels, rallies could be short-lived once the crop gets in the ground. Looking for this afternoons USDA's weekly planting pace to show 8-10% planted, which could be about -5% behind our traditional pace. Stay fully engaged, I suspect if the weather forecasters add more moisture we may soon have an opportunity to market more bushels.

U.S. Corn Ending Stocks

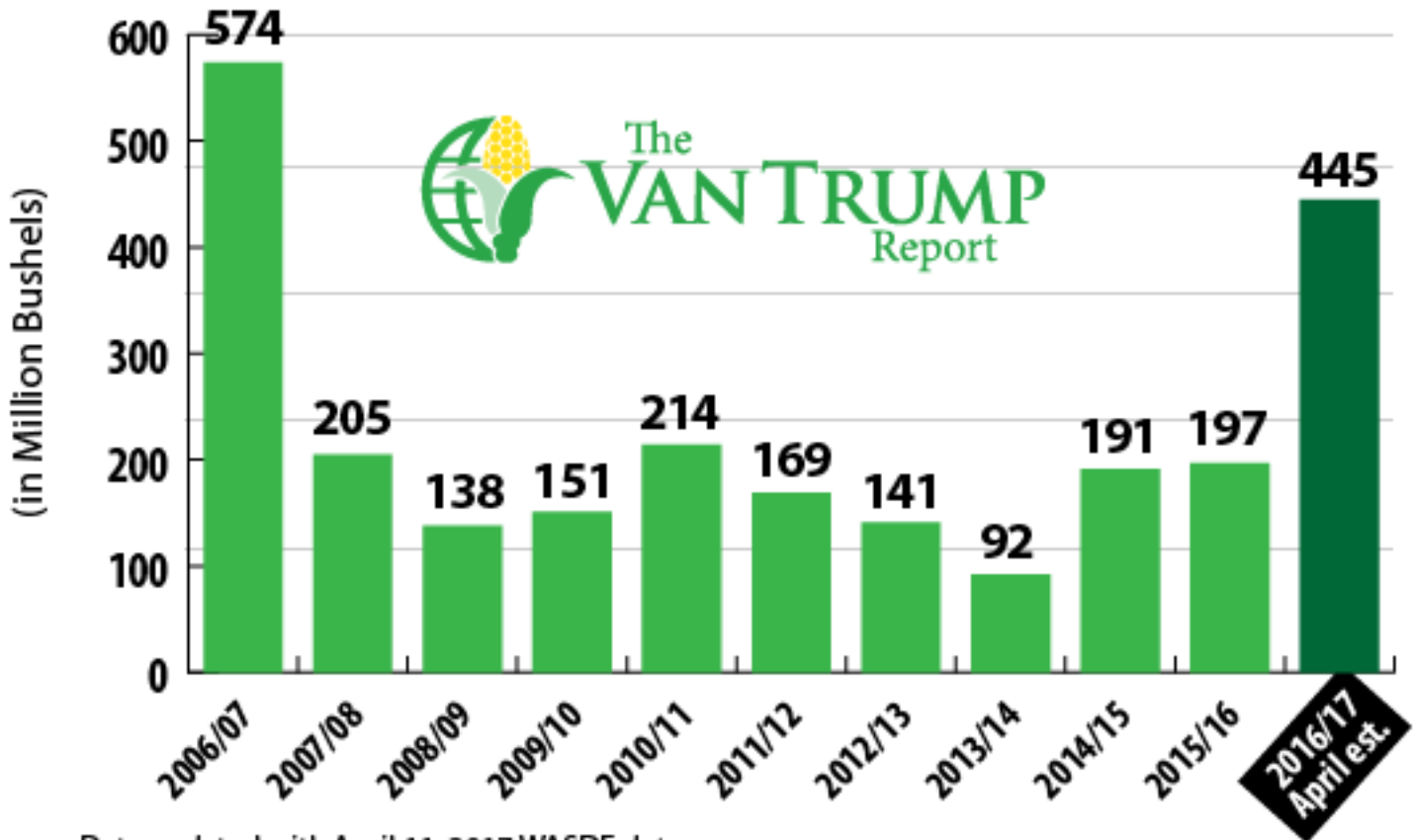


Source: Data updated with April 11, 2017 WADE numbers

Update On Brazil's Corn Crop: *Late last week information was circulating inside the trade in regard to Brazil's corn crop. It was posted on "Soybean and Corn Advisor" website and worth reading... Dr. Cordonnier writes, "One of the more significant developments in Brazilian agriculture over the past decade has been the tremendous increase in safrinha corn production. According to Conab's most recent report, the 2016/17 safrinha corn crop is estimated at 61.6 million tons, which if verified, would represent 67.3% of Brazil's total corn production. The leading safrinha corn producing state in Brazil is Mato Grosso and farmers in the state are projected to produce 24.1 million tons of safrinha corn in 2016/17 which would be 39% of all the safrinha corn produced in Brazil. The corn is rated in good condition, which is much better than last year when hot and dry weather severely impacted the crop. The corn is still developing in the state and if the projection is accurate, the 2016/17 crop will be 60% larger than the crop produced in 2015/16. Conab is estimating that farmers in the state will produce 24.1 million tons of safrinha corn which is 60% more than the 15.0 million tons produced in 2016. If the weather cooperates for the next two months, it will be a record large safrinha corn crop for the state, surpassing the previous record of 21.8 million set in 2014/15. If you are looking for additional South American crop information please visit Michael Cordonnier's ["Soybean and Corn Advisor"](#) website. Lots of great information!*

Soybeans prices have bounced about +20 to +25 cents off their most recent lows. Unfortunately for producers old-crop prices are still some -\$1.30 below their recent 2017 highs and the new-crop NOV17 contract is about -70 cents from highs set just a few weeks back in early-March. The weather here in the U.S. can be argued as both bullish and bearish. The bears believe the excess moisture could bump some unplanted corn acres to soybeans, while the bulls believe higher insurance levels could simply take some acres out of production and increase "preventive plant". Fundamentally very little has changed. The bears continue to point towards global oilseed production recently being raised by +5.4 million tons, in turn global ending stocks are now projected at a record 87.4 million tons, some +10.3 million above a year earlier. The bears also continue to point towards a record number of soybean acres about to be planted here in the U.S.. The bulls are talking about possible weather complications in Argentina, what appears to be better relations between President Trump and the Chinese, headlines regarding the U.S. dollar being too strong, and a bit of renewed interest by the funds in the "reflation trade" recently pushing commodities like Crude Oil, Gold and Lumber prices higher. We've also seen some talk of improved margins in China meaning perhaps renewed strength in global soy demand. Today the trade will be digesting the latest NOPA crush numbers for here in the U.S. which are thought to show somewhere between 156 and 157 million bushels were crushed during the month of March, which would be very similar to last years estimate. For reference, in February of this year we crushed about 142.8 million bushels. Most are also suspecting to see soyoil stocks push a bit higher. Let's also keep in mind that Brazil's central bank slashed their interest rates by -1.00% late last week, the largest cut since the summer of 2009 and the fifth consecutive move to lower rates. Their government is obviously taking a moire bold stance at trying to help spur a recovery from the worst recession on record to hit Latin America's biggest economy. Currency traders shrugged off the first few rate cuts, but it looks like more rate cuts are on the horizon as inflations continues to pullback, so I suspect we will start to see more seizable movement volatility in Brazilian currency, which could create spillover volatility in the soybean market. I'm staying neutral for the moment.

U.S. Soybean Ending Stocks



Source: Data updated with April 11, 2017 WASDE data

Wheat bears are sighting better crop conditions both here in the U.S. and the Black Sea region as improved moisture levels become more widespread. The USDA not only raised U.S. wheat ending stocks higher by +30 million bushels last week, which are now projected to reach a 30-year high, but has also raised their weekly crop-conditions higher in each of the past three weeks, now just a stones throw from last years levels. Last week the USDA estimated the U.S. winter wheat crop-conditions at 53% "Good-To-Excellent", which compares to the crop being esteemed at 56% "Good-to-Excellent" at this point last year, a crop that produced record setting yields. The USDA will also be updating their planting pace for Spring wheat, which is thought to be well behind our traditional pace. I know it's early, but a few bulls inside the trade are starting to think Spring wheat prices here in the U.S. could eventually see a significant rally, especially if the crop gets further delayed by rainfall. There might be some spread opportunities worth considering? From a geopolitical perspective I continue to keep a close eye on Syria and in particular U.S. - Russian relations, which several experts argue have quickly deteriorated. I have to imagine further talk of military action by either nation could prompt some type of bearish short-covering and a rally in the wheat market. As both a producer and a spec I remain conservatively bullish on the "unknowns" and macro shift in the underlying landscape. The traditional fundamentals however remain extremely burdensome and of bearish nature. Hence until a "wild-card" comes out of the deck I have to image wheat prices will simply act as a moderate follower to corn and without much widespread bullish interest. The weather the next

few months will obviously be of great importance, but I suspect we could ultimately see a surprise from the geopolitical headlines that shifts the sentiment. I'm also keeping an eye on dry-conditions in parts of Europe as their wheat reserves have fallen to the lowest level in over a decade. It hasn't hurt their ability to export cheap wheat, but further down the road the headlines could become more bullish. Staying patient...



> DDG Prices Have Fallen To a Decade Low: *Prices for U.S. distillers dried grains have tumbled to the lowest in a decade for this time of year. China's move earlier in 2017 to impose import tariffs has significantly slowed American exports to the world's biggest market. While other importing countries have stepped in to make purchases, there's still enough excess supply that U.S. prices continue to slump. In the six months through February, American shipments to China plunged 69 percent from the same period last year, U.S. Department of Agriculture data show. Adding further pressure to exporters, Vietnam, the third-largest buyer, shut off purchases in mid-December, citing beetle contamination. Spot prices for DDGs in Iowa plunged 47 percent from a peak last June, to their lowest level for the time of year since at least 2007. Prices are also falling as U.S. ethanol output holds at a seasonal record-high pace. (Source: Bloomberg)*

> Russian Spring Grain Planting Advancing: *Russian spring grain sowing was planted on 4.70 million acres as of April 12, or 6.2% of the annual forecast, data from the Ministry of Agriculture showed late Wednesday. Spring wheat has so far been planted on approximately 456,900 acres, 1.4% of the total planned area and up 0.5% on year. Total spring wheat planting is forecast for 32.62 million acres, down from last year's 33.60 million. Corn has been planted on approximately 437,130 acres, 5.8% of the total area to plant, down 3.1% on year. A total of 7.66 million acres are forecast to be planted this year as opposed to 6.91 million last year.*

> China's Soybean Imports Up +20% In The 1st Quarter: *Chinese customs data showed the country imported 6.33 million metric tons of soybeans in March, versus 5.54 million metric tons in February. Total soybean imports in the first quarter were up +20% year-on-year to 19.52 million metric tons.*

> Brazil's Center-South Produces Record Amount Of Sugar: *Brazil's Center-South region produced a record 35.628 million metric tons of sugar in the 2016-17 season (April-March), up +14.1% from 31.22 million metric tons produced in 2015-16, according to industry association UNICA. The previous record for the Center-South region, the largest sugarcane producer in the world, was 34.295 million metric tons produced in the 2013-14 season. For the 2016-17 season, CS Brazil crushed 607.14 million metric tons of*

cane, down -1.7% from 617.71 million crushed in 2015-16. Ethanol output for the 2016-17 season was 25.651 billion liters, down -9.1% from 28.225 billion liters produced a year earlier. (Source: Platts)

> Canada Predicts 10 Million Soybean Acres By 2027: Analyzing the availability of land in Western Canada suitable for soybean production and profitability, Soy Canada predicts the country will have 10 million acres of the crop by 2027. That compares to 5.46 million acres in 2016. A large boost in Western Canada — 6 million acres in 2027 up from 1.9 million acres now — will contribute significantly to the overall increase. From that acreage, it is estimated production will reach 13 million metric tons nationally. Most — about 10.5 million metric tons — will be exported. Soy Canada pegs China as an important market. Western Canadian soybeans are still working their way in there, about half of the region's 2 million metric tons of soybean production in 2016 went to the China marketplace.

> Demand For Grain Transportation Has Decreased On All Major Shipping Routes: Demand for grain transportation decreased on all major routes, according to a report from UkrAgroConsult. Ship owners, in turn, had to reduce freight rates and fight for insignificant amounts of available cargo. Slight weakening of trading activity was noted in the south of the Atlantic. Requests for grain transportation from South America declined and charterers began to reduce shipping costs of agricultural products to the Far East, according to UkrAgroConsult.

> WOTUS Confab Scheduled For This Week: EPA wants to know what states and local governments think about its Waters of the U.S. rule, and has invited representatives to EPA headquarters for a confab this Wednesday. The invite was extended to a number of groups, including the National Governors' Association, the U.S. Conference of Mayors, the National Association of Counties and the Environmental Council of the states, some of whom objected to the process or the content of the Obama administration rule that the Trump administration is looking to replace. The Trump administration has settled on a two-step process for implementing its late February executive order to address WOTUS, its invitation to the state and local government officials reveals. It would use one rule to repeal the Obama administration's regulation and a second to set its own definition of which streams and wetlands are protected under the Clean Water Act that hews to the late Justice Antonin Scalia's more restrictive interpretation. That approach offers more security to opponents of the Obama rule in the event that a Supreme Court ruling on which court has jurisdiction over the legal challenges dissolves the 6th Circuit Court of Appeals' nationwide stay of the rule. (Source: Politico)

> Snap Sets Earnings Call Date: Newly public Snap, maker of the popular social-media app Snapchat, has set May 10 as its first quarterly earnings call. It's not clear whether the 26-year old CEO Evan Spiegel will be on the call. Snap's stock soared more than 50% percent on its first day of trading, reaching \$26, but has since sunk back to around \$20, as investors fret about user growth and competition from the likes of Facebook's Instagram.

> Facebook Founder Giving Away Billions: Mark Zuckerberg and his wife have sold more than \$1 billion worth of Facebook stock in the past year to fund their philanthropic efforts. The couple's first major endeavor: A \$3 billion commitment over the next decade to fund research to try and cure various diseases. Even with his stock sales, Zuckerberg

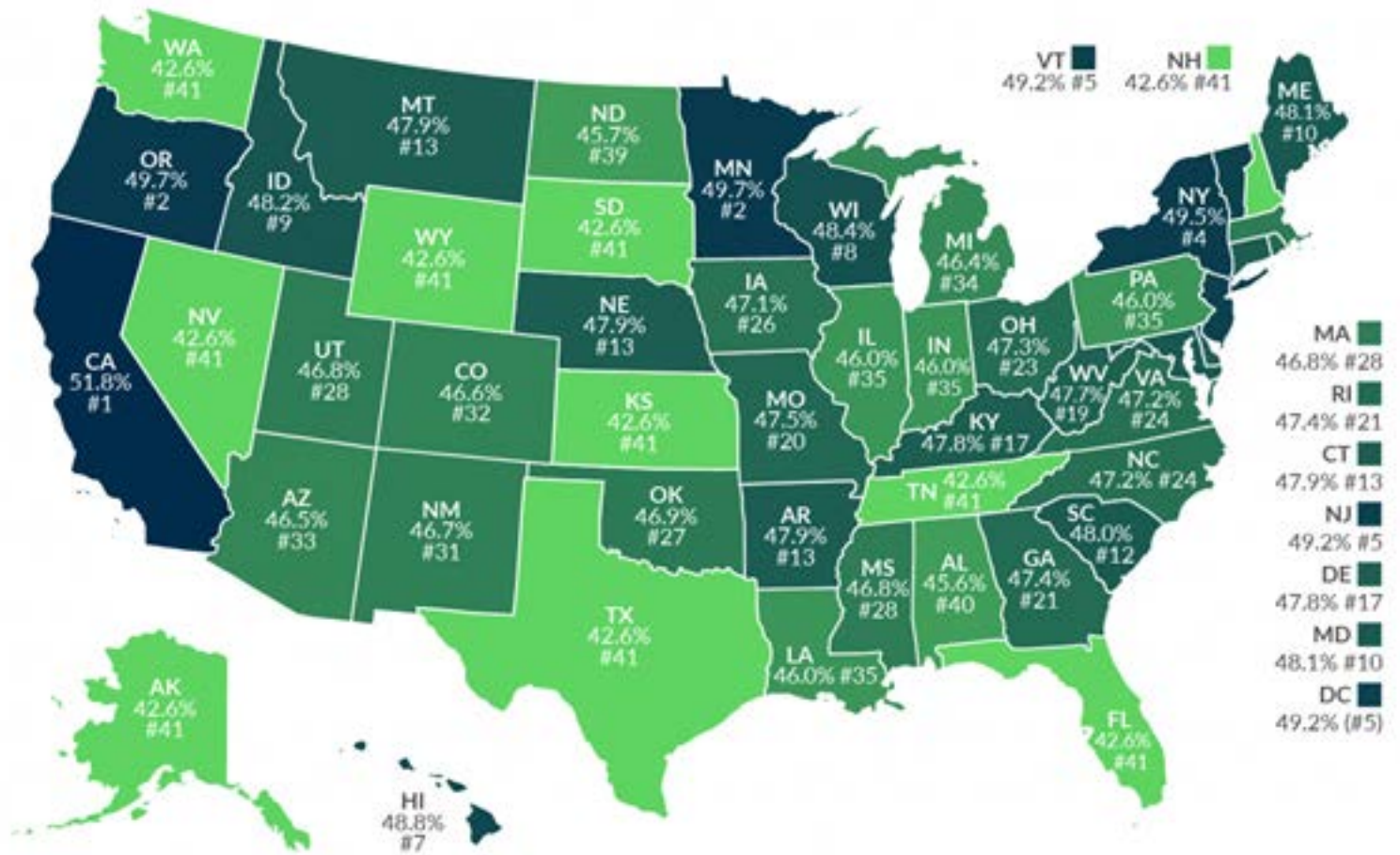
still controls 59.7 percent of Facebook's voting power, according to Friday's filing. That's down from 60.1 percent of the voting control one year ago. Forbes estimates Zuckerberg's net worth at more than \$58 billion.

> IEA Says Oil Market Is "Very Close" To Balanced: *The oil market is "slowly but surely" reaching a balance as a result of the success of the OPEC production deal, the head of the oil industry and markets division at the International Energy Agency (IEA), told CNBC on Thursday, shortly after publishing its monthly oil report. Neil Atkinson said, "We're seeing demand growing fairly steadily in the oil market and we think that the balance is coming together slowly but surely and the numbers are there to support it." The IEA's report showed global demand growth is poised to fall for a second consecutive year as a result of subdued gains, most notably in Russia and India. The IEA lowered its forecast for global demand growth to 1.3 million b/d (barrels per day) after weaker-than-expected demand in the first three months of the year. The group said OPEC and non-OPEC members that signed on to the production cut deal had done "fairly well" at sticking to their agreed upon production limits. The IEA projected the oil market would likely tighten throughout the year as non-OPEC oil production, not just in the U.S., is forecast to increase once again. American producers are taking advantage of higher prices, increasing output to 9 million barrels a day in March from a trough of 8.6 million barrels a day last September, the IEA said. It said U.S. output would rise by 680,000 barrels a day by the end of the year compared with the end of 2016. Overall, non-OPEC output is expected to rise by 485,000 barrels a day this year. (Sources: CNBC, Wall Street Journal)*

> Small Businesses Are Getting Crushed By Taxes: *Much of the tax reform debate in the United States centers on the federal corporate income tax. However, many people are not aware that the vast majority of businesses in the U.S. are not subject to the corporate income tax at all. Over 90 percent of businesses in the United States are pass-through businesses, whose income is reported on the business owners' tax returns and is taxed under the individual income tax. These businesses earn the majority of all business income in the U.S. and employ over half of the private-sector workforce in 49 out of 50 states. Although they are not subject to the corporate income tax, many pass-through businesses still face a considerable tax burden on their investments and profits. Pass-through businesses are subject to both the federal individual income tax, with a top rate of 43.4 percent, and state and local income taxes, with rates ranging up to 13.3 percent. After all of these taxes combined, pass-through businesses can face a substantial marginal tax rate on their business income. For instance, a sole proprietor in California can be subject to a marginal tax rate as high as 51.8 percent. Because pass-through businesses play such a large role in the U.S. economy, it is likely that the taxation of pass-through businesses will be a central focus of the tax reform debate in 2017 and beyond. (Source: Tax Foundation)*

Pass-through Businesses Face Marginal Tax Rates Close to 50 Percent In Many States

Combined Federal, State, and Local Top Marginal Income Tax Rate on Sole Proprietorships (2016)



Notes: Marginal tax rates include federal, state, and local income taxes, payroll taxes, the deduction for state and local income taxes, and the effect of the Pease limitation on itemized deductions.

Source: Tax Foundation, Facts and Figures, 2016





Southeast North Dakota - *There are just a few spring wheat fields that have been planted because it has been a little cold and there is still some frost in the ground in different fields. Nobody is putting on fertilizer and there has been no corn planted. We were down to 24 degrees last night and today's high will be below 40 degrees. Most guys are putting down dry urea with sure start, as we vertical till. We are about a week away from initial planting if the weather cooperates. April 11th is our early plant date, so there really isn't a reason to get in a hurry. The moisture levels are excellent right now. We had a wet fall that really recharged the soil getting almost 4" of rain right after harvest. The acres up here should see a shift to beans from spring wheat but I think the corn acres will stay around the same as last year. If you get out into central North Dakota I am hearing that things are much colder and wetter. If it doesn't warm up quick guys will be flipping to more bean acres. Some guys may be reluctant to get away from beans because last year we had phenomenal bean yields. Our normal bean yields will make 35bpa to 45bpa on a good year. The bean yields last year made between 40bpa to the mid 60bpa mark with the whole farm average above 50bpa. Just to the north of us, guys caught a few more rains and a lot of their beans made up to 75bpa, which is unheard of up here. The corn crop rebounded from what we thought may be a disaster of a crop. We had a very dry June and at that point we thought our corn would only make 150bpa to 160bpa. The corn was tasseling on July 5th, looking very dry, then we got 2" of rain on July 9th and the crop turned around. After that we got timely rains and the corn yields were 200bpa for our farm average.*

Southcentral Wisconsin - *I have some wheat between 2 places I rent. Both planted early enough and looked good going into winter. The piece that is more protected from wind and better fertility looks great, but the other piece is kind of "all hill" and is looking quite thin on top but looks good the lower you get off the hill. I need to get some N on both in the next couple days but I'm thinking of just doing a burn down on the poorer field instead and putting it into corn. I'll need the corn anyways as my steer numbers are growing and I might have to buy corn next year if I keep growing. I like to keep a good rotation between corn wheat and beans as I need the straw anyways and put sorghum sudangrass in after wheat for baleage.*

Northeast Brazil - *There are a lot of beans all across Brazil and the crop looks pretty good wherever you go. There doesn't seem to be much stress on the beans at all, even during that dry stretch we had early on. There was very good weather when the pods were filling and we've had great finishing rains, which has helped yields. We have seen prices break with the big crop and harvest going well. The bean yields have been exceptional. In Bahia the beans have made between 54 bags/ha to 60 bags/ha, which is approximately 45*

bu/ac. In Piauí and Maranhão the yields have seen more variability in the crop with yields that will likely end up between 45 bags/ha and 50 bags/ha, approximately 40bu/ac. Most guys will try to hold beans long enough to get higher prices, with the \$10 September price where everybody wants to sell more bushels. The real has remained weak versus the dollar, which will keep guys from selling. If guys hold their beans I am not sure what that will do to the shipping of 2nd crop corn. If prices don't improve or the dollar conversion stays weak, there will be some guys with big problems.



Conducive Conditions For Overwintering Insects: *An integrated pest management specialist says populations for insects that overwinter could be higher because of a lack of harsh weather. Bruce Potter with the University of Minnesota tells Brownfield mild conditions were seen across the Corn Belt this past winter. "Corn rootworm should be fine, European corn borer larvae should be overwintering in corn residue just fine. So a lot of these native insects that overwinter here should be doing pretty well." He says that does not mean farmers should assume the worst. "There's a lot of things that can happen in between now and the pest problem. For example, a lot of this is going to be geared towards how early that crop gets in and how the crop develops." Potter says scouting needs to continue being a priority this growing season, especially for producers who scaled back on inputs like seed traits. Listen to the full interview with [Brownfield Ag](#).*

Surprisingly Life Expectancy In Rural America Lower Than Others: *America's rural regions are home to its farms, frontier and the rugged individualists who exemplify the American spirit. But all is not well in the heartland, whose residents face more significant — and worsening — health challenges. Perhaps none is more sobering than the suicide rate, which jumped after the 2008 financial crisis and shows no sign of abating. But that's just one reason that the life expectancy of rural Americans is lower than for their urban and suburban peers. Across the board, death rates from the five leading causes of death are higher for rural Americans, a pattern that only appears to be getting worse. A contributing factor may be that health care is less and less accessible in rural areas, as the numbers of uninsured increase (in part because many rural states decided not to expand Medicaid coverage) and rural hospitals, starved of revenue, close their doors. Read more [HERE](#).*

Brazil Is In The Middle Of A Historic Yellow Fever Outbreak: *An outbreak of yellow fever has killed nearly 200 people in Brazil since January and infected at least three times more. Although Brazil experiences what is known as a "sylvatic" cycle of yellow fever — in which the virus is spread between mosquitoes and monkeys in the jungle — the current outbreak has fanned far beyond the Amazon jungle and out to the coast. It has confounded specialists, doctors, and health officials, and raised fears of an epidemic in Brazil's*

urban areas that could be devastating if not quickly contained. It is the worst outbreak of yellow fever in this country in recent memory. The last urban epidemic of yellow fever in Brazil, spread by *Aedes aegypti* mosquitoes, was in Rio in the 1920s. But the disease is still spread by *Haemagogus* and *Sabethes* forest mosquitoes. Rural families are most at risk. Read more from [Business Insider](#).

The Price of Playing God: *The basic question in science fiction is always "What next?" Daniel Suarez says it's not artificial intelligence, but gene engineering. Tom Shipley at The Wall Street Journal recently penned an article that's worth the read. Shipley says, "We've had three industrial revolutions so far—first steam, then electricity, then computing—and each one has been bigger than the last. What will be the fourth? In "Change Agent," Daniel Suarez thinks he knows. Not nanotech, not 3-D printing, not artificial intelligence, but gene engineering. It has started already: improved crops to feed a hungry world, gene-tweaking to cut out hereditary disorders like hemophilia or cystic fibrosis, all well-intentioned and potentially beneficial. But if you can alter an embryo's DNA to excise defects, why not do the same to splice in improvements? If parents could give their child genes for longevity, improved intelligence, superior physiques, who would deny them the chance to show parental love? Where's the downside?" One possible downside is that the next industrial revolution won't happen in America, where rules on experimentation are strictly enforced. Nor in sclerotic, over-managed Europe. The successors to Silicon Valley could be in Singapore, Hong Kong, Mumbai—and in places where cops are corrupt, governments weak, and criminal organizations old and powerful. Read more at [WSJ](#)*

Still Running At 100 Years Old: *A 100-year-old woman named Ida Keeling laced up her mustard yellow sneakers and took to the track at the Fieldston School in the Bronx. Her arrival was met without fanfare. In fact, no one in the stands seemed to notice her at all. It is possible the spectators were distracted by the girls' soccer game taking place on the field. Or perhaps they were simply unaware that Ms. Keeling is a reigning national champion. When she runs, Ms. Keeling occupies a lane all her own. She has held several track-and-field records since she began racing in her late 60s, and she still has the fastest time for American women ages 95 to 99 in the 60-meter dash: 29.86 seconds. In the week to come, she plans to compete in a 100-meter event at the Penn Relays in Philadelphia, where she hopes to establish a new standard for women over 100 years old. Read more [HERE](#)*

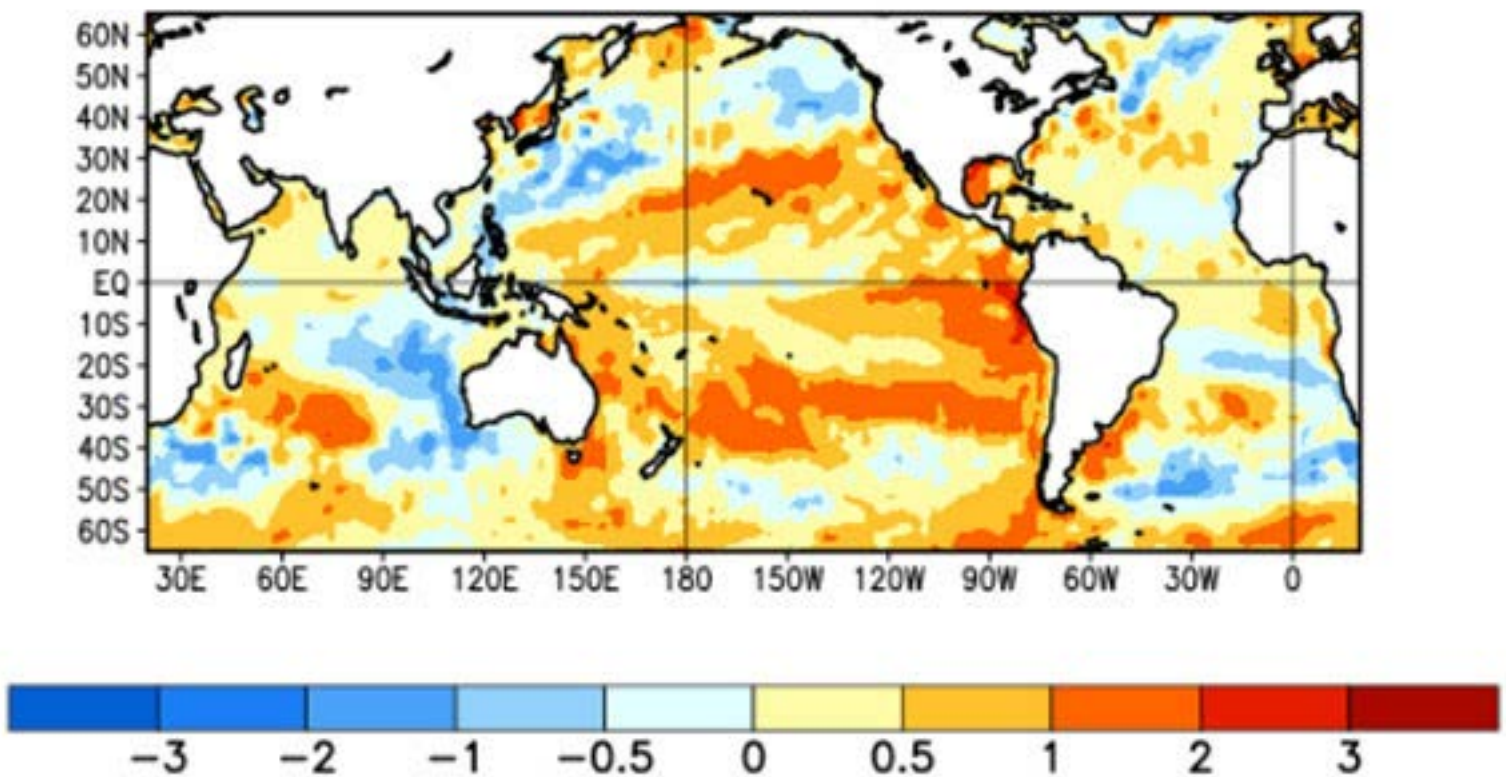


Australian Weather Bureau Believes El Nino Will Likely Occur This Year

At the start of this year forecasters around the world were in general agreement in regard to "neutral" weather conditions for this year. Now we are starting to see temperature readings in the eastern Pacific Ocean heat up, which is the tell-tale sign of a developing El Nino. Furthermore, all the weather models that Australia's Bureau of Meteorology uses in forecasting the naturally occurring phenomenon indicate an El Nino will form this year or in early 2018. Remember, El Nino occurs when winds in the Pacific Ocean near the equator slow or reverse direction. That warms the water over vast areas, which in turn can upend weather patterns around the world; it typically reduces rainfall in Australia and across parts of southeast and southern Asia. The potential risk for crops if a 2017 El Nino arises is especially harsh for those grown in Asian and Africa such as coffee, sugar, cocoa and palm oil. Risks are exacerbated by the fact many parts of Southeast Asia are only just starting to recover from the 2015/16 event, which was one of the three most-severe on record. Unfortunately there's no way to anticipate how severe the impact could be. Of the 27 El Nino weather patterns observed since 1900 only 18 resulted in widespread droughts in Australia, according to the country's meteorology bureau. As for the the rest

of the world, government forecasters in the U.S. and Japan also see an increased risk of an El Niño event, putting the likelihood at a minimum of 50%. It will be interesting to see if the U.S. Climate Prediction Center will raise their forecast chances in their next update? They did come out and say that it is very unusual for an El Niño to follow so closely after a La Niña, which ended in January, and a previous El Niño. In general, El Niño results in increased precipitation across California and the southern tier of states, and decreased precipitation in the Pacific Northwest and in the Ohio and Tennessee Valleys. A milder than normal winter across the northern states and western Canada is also a common effect. In the eastern United States, El Niño episodes favor more coastal storms at the expense of Alberta Clippers (fast eastward-tracking storms across the northern states) in winter and early spring. During the warm season, El Niño influences hurricane development, resulting in more eastern Pacific hurricanes and fewer Atlantic hurricanes. (Source: [Wall Street Journal](#) & [NOAA](#)) **Graphic below** indicates sea surface temperatures near the equator were above average in the eastern Pacific and near-average across the central Pacific Ocean during the last four weeks.

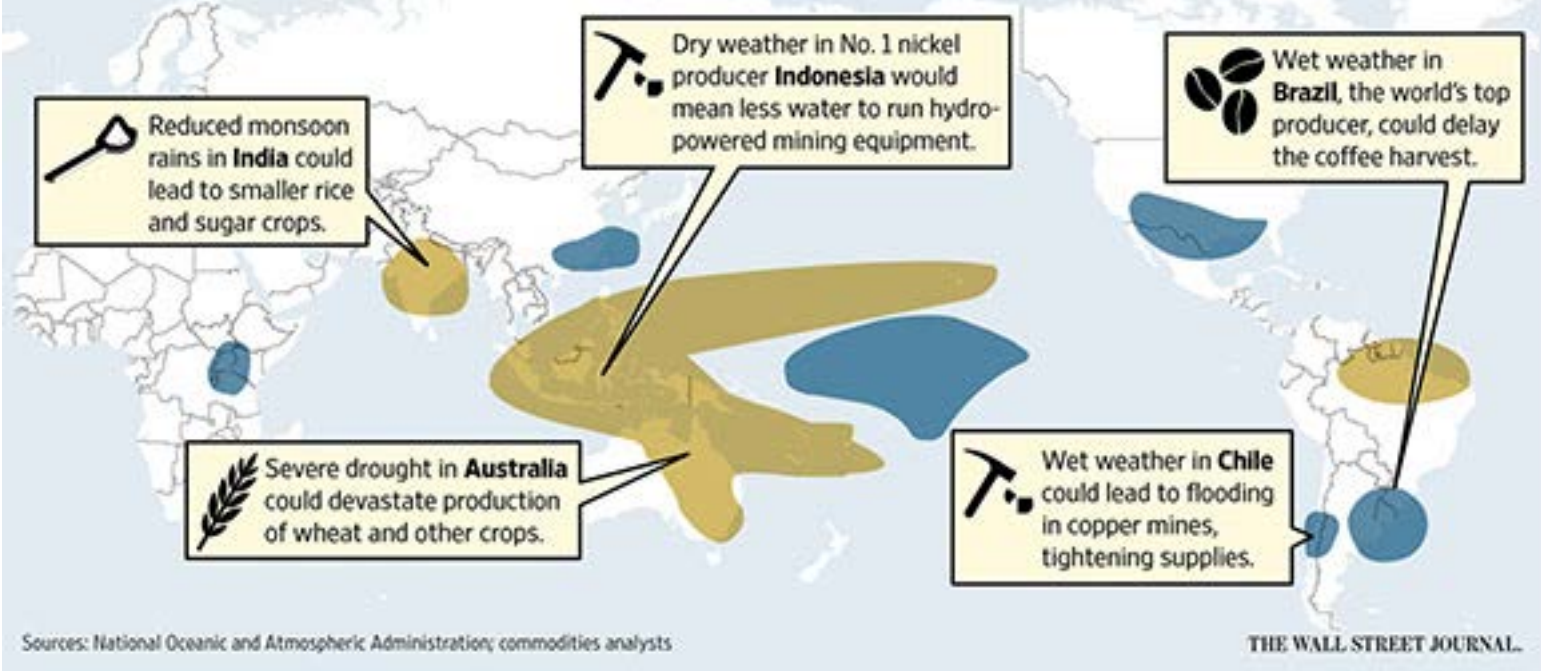
Average SST Anomalies 12 MAR 2017 – 8 APR 2017



Fretful Forecast

If El Niño strikes, some commodity prices could rise amid disruptions.

Expected conditions:  
Wet Dry

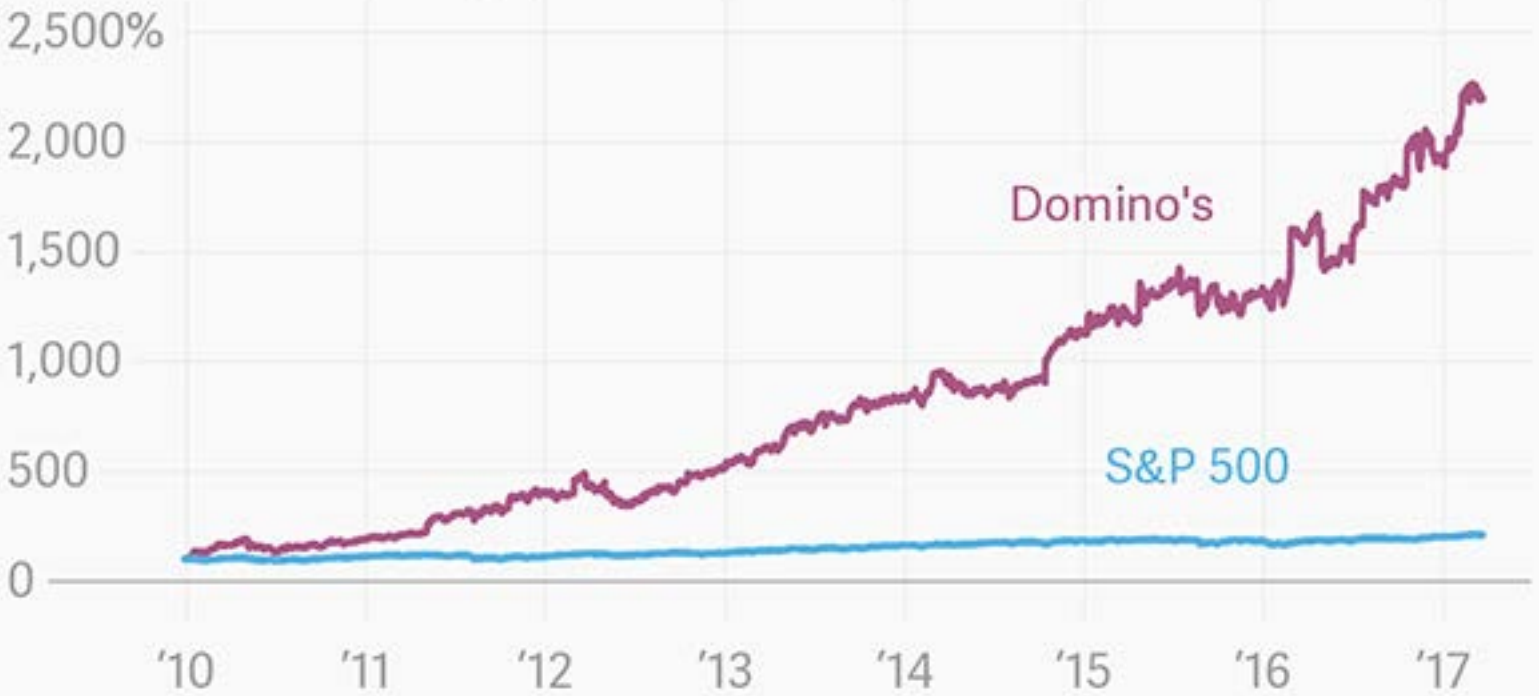


What Surprising Stock Has Outperformed Google, Facebook, and Apple Since 2010???

Imagine it is 2010. You are an eager investor. Where do you put your money? Google, Facebook, Apple or Domino's Pizza? You guessed it, Domino's share price growth has outperformed all of the world's largest tech companies so far this decade. This means an investment in Domino's at the start of 2010 has grown by more than +2,000%, leaving the likes of Amazon, Google, Facebook and Apple in the dust. If you are like me, your next question is why the incredible turnaround? What did they do? Domino's will say the answer is extremely complex and that it took many changes and improvements from over the years to create the change. Which this is definitely true. But there's little doubt the company began its turnaround when it finally admitted to itself and the world that it was guilty of selling a sub-par product. They confessed as much in a December 2009 advertisement which you can watch [HERE](#). For years, Domino's was the low cost provider, but they had a reputation of getting bad pizza to customers quickly. But being quick only carried so much charm. The company's pizza gained a reputation for its cardboard-like consistency and canned tasteless ingredients. However, like the video shows, Domino's swapped its old pizza recipe for a better-tasting one in late-2009 and ever since the fast-food chain has been killing it. Domino's now has a market cap of around \$9 billion, propelled by its new pizza recipe and improved menu items such as chicken wings and salads. The company also put a lot more emphasis on technology and logistics. Bottom-line, this is a great story of a company taking a long hard look at what's NOT working, then digging deep to make the changes necessary to overcome and turn the ship in a different direction. To often business leaders simply chose to ignore the problems in hopes they are somehow going to change on their own. Unfortunately this rarely happens, the problems begin to snowball and the company finds a small problem has turned into something major. I applaud the leadership at Dominoes for making radical, deep-seated change in a traditional, slow-to-change business. When Patrick Doyle became CEO in 2010, after some troubled

years, when the company's growth was slow and its stock price was stuck, a lame \$8.76 per share. Today, Domino's is the second-largest pizza chain in the world, with more than 12,500 locations in more than 80 countries, and a share price close to \$180. I just wish I would have been smart enough to see their changes and invested back in 2010... (Source: [Quartz](#))

Domino's stock price growth vs. S&P 500



△ T L △ S | Data: FactSet

Domino's stock price growth vs. Big Tech



△ T L △ S | Data: FactSet

A Letter I Recently Wrote To My Nephew

My sister asked me to write a letter to my nephew to be read while he was out on a retreat. I showed what I had penned to my wife Michelle and she thought it would be good to pass long and share as it provides a lot about the life lessons we've collected through the years. I just think any time you can pass along life lessons or words of encouragement to others you should take the opportunity and a moment to do your part. I'm a firm believer in paying it forward! I also included a few pics of my sister and her family along with my nephew and his long-time girl friend as they take pics before a high school dance. Many of you have met my sister as she always helps with our annual event in Kansas City. The family she has built is amazing. Love them all...

Dear Conner,

I am extremely happy to see you've taken the time to go on a "retreat." Though I was never personally given the opportunity to attend a 'real retreat,' I have embarked on several personal journeys that have forever changed my life.

I can speak from experience when I tell you that I have faced many ups and downs. I know it's tough to think about the 'downside' when you are just turning 17 years old, have your entire life in front of you and parents that provide you with most all the necessary tools for survival. But having been a professional trader I learned the 'downside' can be an incredibly slippery slope and something we most often never see coming our direction. In fact, like I've told both Jordan and Kennedy on many occasion, it wasn't until I found more faith in God that my life began to take a more positive turn. I never shied away from a good party, believed nothing bad could ever happen and never considered the downside risk that could be in the road ahead.

You may not know it or have seen it in your lifetime, but I have been broke on more than one occasion, it hasn't always been life in a big house behind a big gate. In fact your mother and father have helped us out in the past when we didn't have the money to pay my own bills. Luckily I have had a great family like yours and Michelle's parents surrounding me and have been smart enough to learn from my mistakes. I'm not saying it couldn't happen again, because anything is possible. But I have recognized most of my mistakes have been made when I did not take into account the ramifications of my own choices and how they would impact those who love me most. In simple terms, I never chose to consider the downside risk for others that were associated with my decisions. Like I mentioned above, it was not until I found a deeper appreciation for God and strength in my faith that I started to become more humble and approach life with much greater gratitude. It's this "gratitude" that now makes me pause a bit more often before I make a decision that could adversely impact not only myself, but those I love in my life. Hence the reason I choose to never drink and drive. The reason I chose to never invest or give money to anyone who is not doing good for society. The reason I always donate and try to help those in need. To say it has been a game changer would be an understatement!

Moral of the story, by having a deeper relationship with God, I clearly have a much different perspective in life. Below is a short poem that I have given to both my children. I encourage them to read it each morning, just as I do myself. I hope you find it to have

similar importance and use for when times are tough...I promise there will be those times. Lou Holtz would pass it out to the Notre Dame football players. Similar to Coach Holtz, I believe it's definitely worth sharing and referring to often.

Today is the beginning of a new day.

God has given me this day to use as I will.

I can waste it or use it for good.

What I do today is very important because I am exchanging a day of my life for it.

When tomorrow comes, this day will be gone forever, leaving in its place something I have traded for it.

I want it to be gain, not loss.

Good, not evil.

Success, not failure... in order that I shall not regret the price I have paid for it.

You are about to embark on a new chapter in your life. Just remember it will be written with whatever pen you choose. The teachers like to say that your reputation follows you, but I believe it actually precedes you in life. These days people will more than likely judge you by what they hear or read online before they ever actually meet you in person. With this in mind I often look back on my own life and wish I would have done a few things a bit differently, especially with my Mom passing at such a young age. Unfortunately in life, unlike video games, there are no do-overs or re-set buttons, remember this as you move forward and are faced with many tough decisions. I repeat again... there are no do-overs, you can not hit the re-set button and you get no additional lives by reaching the next level.

As you contemplate your future, I hope you approach it with bold confidence, but also understand life is extremely fragile. Give your Mom that extra hug for no reason and let your Dad know you appreciate all the hard work he does for you and the family. As I mentioned earlier, 'gratitude' is an extremely important tool that is often overlooked in life. I encourage you to taste it, chew it and swallow it daily.

Another important life lesson is to be extremely cautious of the 'unknown'. It's not the gasoline or the matches, but rather the 'fumes' we do not see that most often cause the explosion and pain. We never fully appreciate or expect the unexpected and we never know exactly how the game will end. Two important items that at times can make understanding our life somewhat difficult and certainly unpredictable. Be respectful to both, trust in your heart and follow Gods lead.

No one ever said this journey would be easy, but I promise if you listen to the "music" that God has placed in your heart rather than the noise of the world, you will more than likely enjoy tremendous happiness. Keep in mind I didn't promise you would be

rich or famous, but rather happy. I suspect if you're like me, how you define 'happy' will eventually become of great importance, and I'm certain it will evolve often as you mature in life. Therefore feel free to refer back occasionally as I believe this message will change and hold deeper meaning as life deals you more wild-cards.

Always keep your strong will and determination. I love you and wish you the best in all you seek to achieve! Only you will set the limits from here on out!

*Make your life spectacular... with much love,
Uncle Kevin*

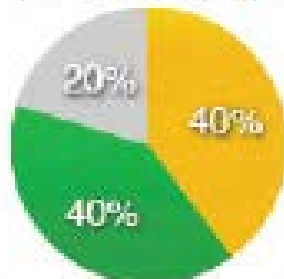




CASH SALES & HEDGING TOTALS

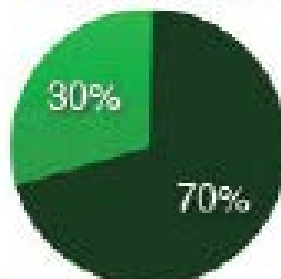
CORN 2016 CROP

40% SOLD
40% HEDGED
20% UNPROTECTED



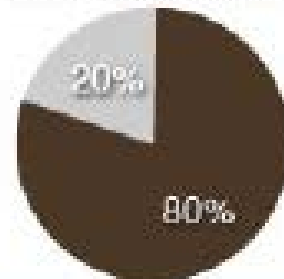
SOYBEANS 2016 CROP

70% SOLD
30% HEDGED
0% UNPROTECTED



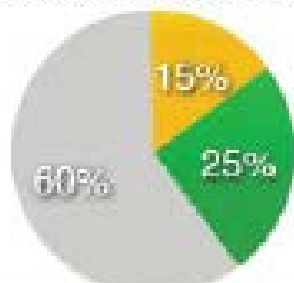
WHEAT 2016 CROP

80% SOLD
0% HEDGED
20% UNPROTECTED



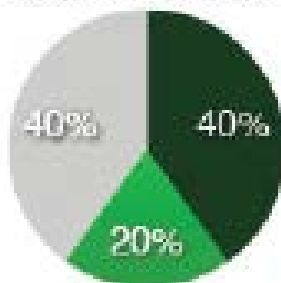
CORN 2017 CROP

15% SOLD
25% HEDGED
60% UNPROTECTED



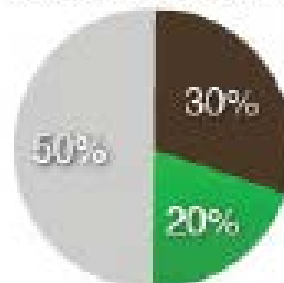
SOYBEANS 2017 CROP

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

