



"A wise man will be master of his mind, A fool will be its slave" - Publilius Syrus

MONDAY, MAY 08, 2017

Morning Summary: Investors breath a sigh of relief as globalist Emmanuel Macron is crowned the youngest and newest president of France, defeating far-right candidate Marine Le Pen. Macron is thought to be extremely pro-European Union and in favor of working with other Eurozone members to build a better and more stable Europe. In return stocks continue to trade near fresh new record highs, the U.S. dollar is steady to slightly higher, and crude oil is essentially unchanged following the sixteenth straight week of increasing U.S. rig counts. Last weeks stronger than expected April Employment Report showed the U.S. economy added +211,000 jobs and the unemployment rate dipped to just 4.4%, the lowest rate since May 2007. The strong April jobs number has many insiders believing the Federal Reserve will again raise interest rates at their upcoming June meeting. In fact the latest odds project about an 80% chance of a rate hike at the next meeting. Perhaps more interesting for the bulls is the fact we are now be getting some positive movement out of Washington. The House passed the first round of legislation last week to to repeal and replace the Affordable Care Act. Word on the street is we may now start to hear more about tax-reform, repatriation of offshore corporate money and increased infrastructure spending. If those types of headlines start to become more fluent and frequent the bulls can easily justify the more lofty valuations and perhaps provide even more tailwind in the days ahead. Economic data this week will include JOLTS and Wholesale Trade on Tuesday; Import-Export Prices and Atlanta Fed Business Inflation on Wednesday; The Bank of England will announce its latest policy decision and publish new forecasts for growth and inflation on Thursday; and the Consumer Price Index, Retail Sales, Business Inventories and Consumer Sentiment on Friday. There are also seven Fed officials currently on the speaking calendar. Earnings wise, the majority of U.S. bellwethers have reported, but there are still a good number of big names investors are anxious to see, including: Allergan, Disney, Duke Energy, Enbridge, Macy's, Marriott, Nissan, Nvidia, Priceline, Toyota, Tyson and Whole Foods. Other items I will be monitoring this week include: Headlines from the Sohn Investors Conference, where big-money managers like Bill Ackman, David Einhorn and Jeffrey Gundlach are all scheduled to speak; Voting in South Korea, where a presidential election is taking place, which most polls showing former opposition leader Moon Jae-in, who seems to be a bit weaker in regard to North Korean policy, well ahead of centrist Ahn Cheol-soo; Also of interest is a scheduled two-day meeting, Wednesday and Thursday between U.S. Secretary of State Rex Tillerson and his Russian counterpart Sergei Lavrov in Fairbanks, Alaska. I suspect Tillerson's tweets will be highly followed @StateDept.

Kentucky Derby Wagering Sets All-Time Record: *The U.S. economy has clearly recovered as the 143rd Kentucky Derby set a new betting record this past weekend. Despite rains and a smaller crowd, the track reported that wagering from all sources on all the races on the Kentucky Derby Day program totaled \$209.2 million, a 9 percent*

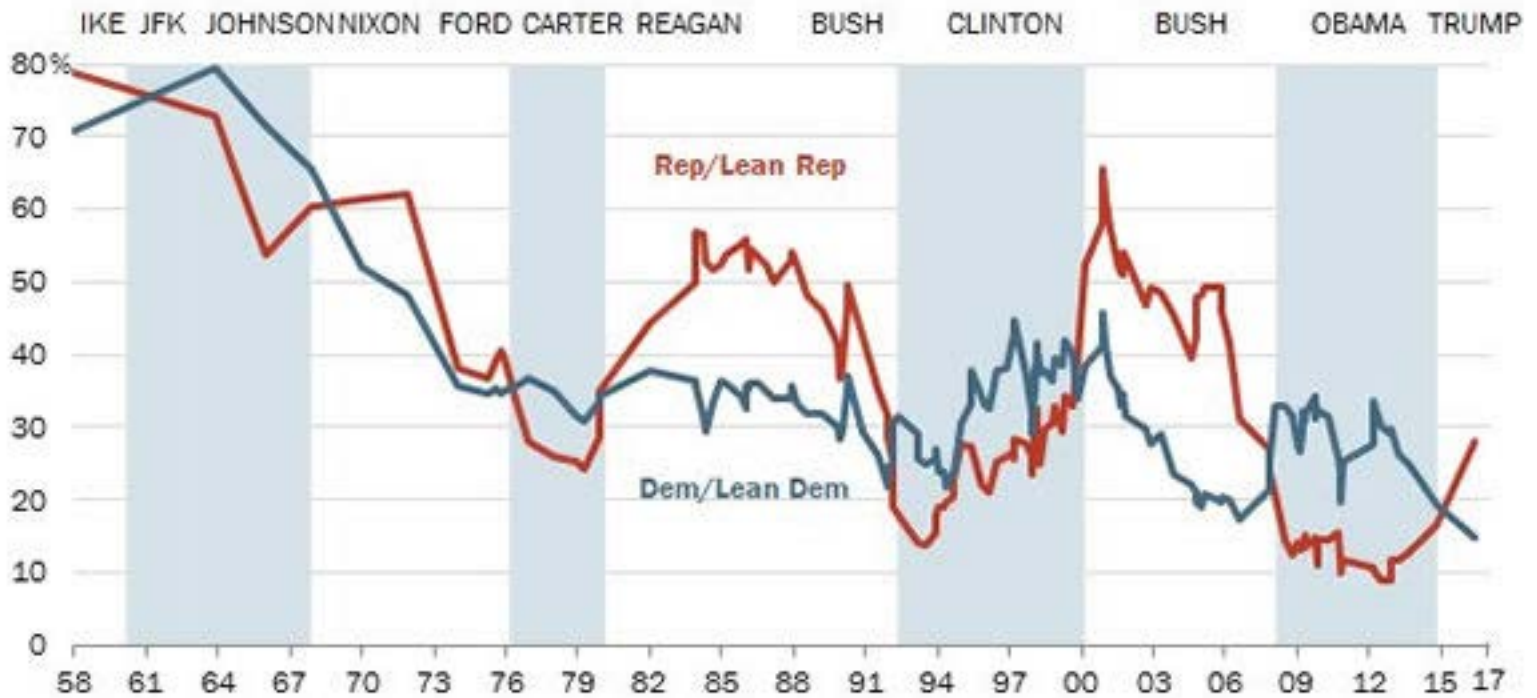
increase over the 2016 total of \$192.6 million and an increase of 8 percent over the previous record of \$194.3 million. "Always Dreaming" won the race on an extremely muddy track. From what I understand there was a lot of money on "Classic Empire" and "McCracken" to win the whole thing, but neither horse threatened on Saturday, which is surprising when you consider that both are known for being mudders and both have won at Churchill Downs previously. Interestingly the second- and third-place finishes from "Lookin At Lee" (33-1) and "Battle Of Midway" (40-1) made for some nice payouts. A simple \$1 Trifecta bet returned a whopping \$75,974.50. "Always Dreaming" will now set its sight on winning the second leg of the Triple Crown at the Preakness Stakes in Baltimore on Saturday, May 20th.

Saudi Arabia Appears To Be Cutting Oil Exports: Data from transportation tracking firm ClipperData indicate that the number of barrels Saudi Arabia put on tankers for shipment around the world fell by more than -670,000 per day in April. That would mark the sharpest decline this year and a reversal of March's increase. Members of the OPEC have achieved historically high compliance with a deal to cut their combined production by -1.2 million barrels a day. But the oil cartel hasn't really taken that crude off the market because exports remain high, said Matt Smith, director of commodity research at ClipperData. OPEC's combined water-borne shipments of nearly 24 million barrels a day in March were up slightly from October levels, before OPEC hammered out the deal to cut output. They jumped to about 24.3 million barrels a day in January, the month the deal was implemented. According to Smith, consistently high exports have prevented the output cuts from achieving their goal: shrinking huge stockpiles of crude oil around the world. Crude in storage at U.S. facilities has fallen in recent weeks, but stockpiles remain near all-time highs. Those elevated inventory levels have weighed on sentiment in recent weeks, contributing to a sell-off in the oil market that shaved about \$8 off the price of benchmark U.S. crude in the last three weeks. Saudi Arabia's cut to outward shipments gives them leverage heading into the May 5 OPEC meeting, according to Smith, where they will likely try to convince other members to cut exports as well. (Source: CNBC)

Trust In Government Remains Near Historic Lows: The 2016 election ushered in a new era in Washington defined by unified Republican control of the White House and both chambers of Congress. The changes in the dynamics of power in Washington have registered with members of both political parties. Somewhat more Republicans express trust in government today than did so prior to the election, while views among Democrats have moved in the opposite direction. For the first time since George W. Bush's presidency, Republicans (28%) are more likely than Democrats (15%) to say they can trust the government in Washington to do the right thing just about always or most of the time. The national survey by Pew Research Center, conducted April 5-11 among 1,501 adults, finds that the overall level of trust in government remains near historic lows; just 20% say they trust the government to do what's right always or most of the time. Far more say they trust the government only some of the time (68%); 11% volunteer that they never trust the government to do what's right. As was the case prior to last fall's election, the public's feelings about government tend more toward frustration than anger. Most Americans (55%) continue to say they are frustrated with the federal government, while relatively few say they are either angry (22%) or basically content (19%). (Source: Pew Research)

Trust in government climbs among Republicans, falls among Democrats

Trust the federal government to do what is right just about always/most of the time...



Notes: From 1976-2016 the trend line represents a three-survey moving average.

Source: Survey conducted April 5-11, 2017.

Trend sources: Pew Research Center, National Election Studies, Gallup, ABC/Washington Post, CBS/New York Times, and CNN polls.

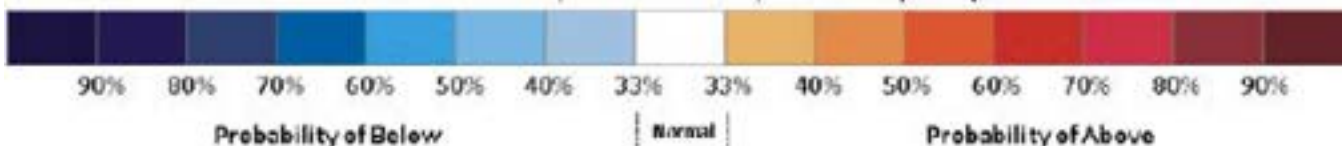
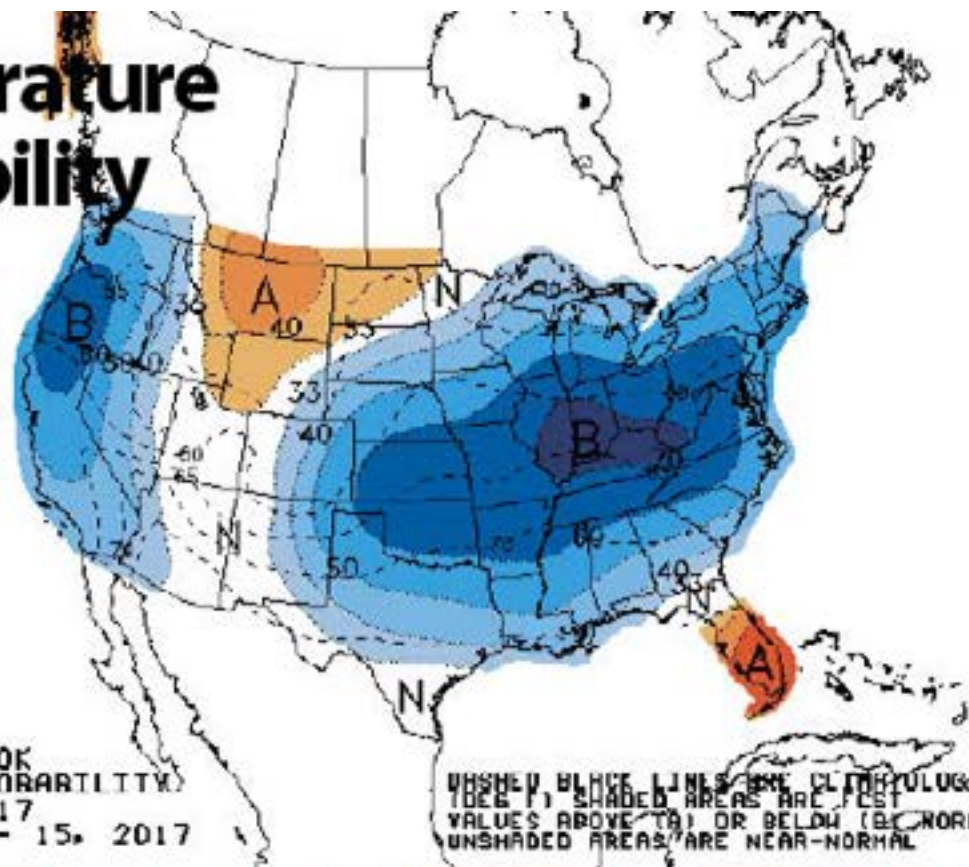
PEW RESEARCH CENTER

Weather over the weekend saw cooler conditions in the eastern Midwest slow early development of recently planted crops while western areas were drier and warmer, benefiting early crop growth. Overall, this week's forecast has warm weather prevailing across the majority of the nation's mid-section. However, in the 6 to 10 outlook, a return to wetter and cooler conditions follow.

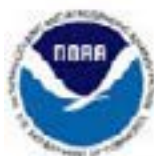
Temperature Probability



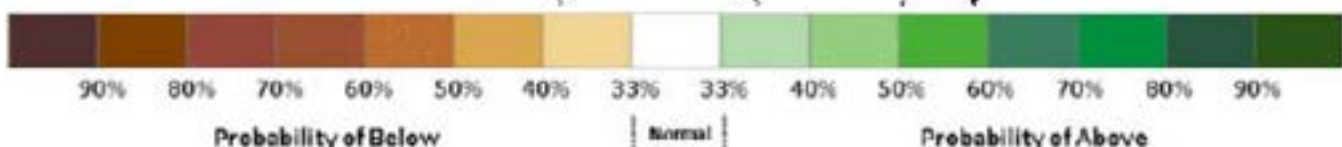
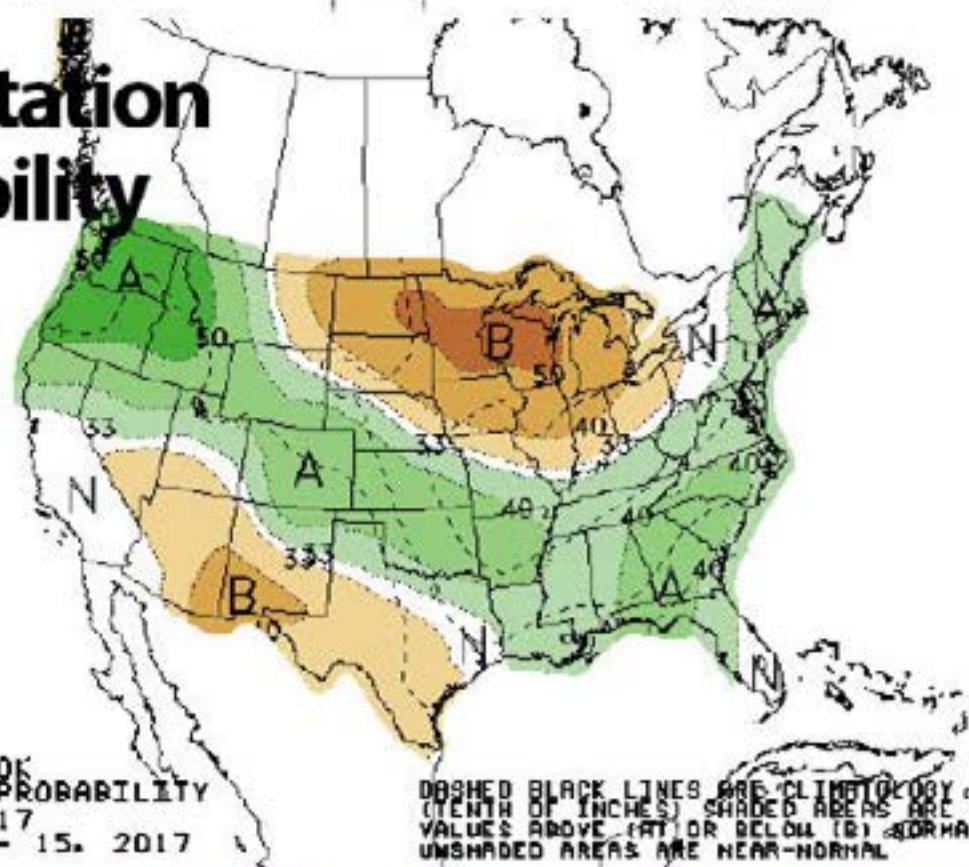
6-10 DAY OUTLOOK
TEMPERATURE PROBABILITY
MADE 5 MAY 2017
VALID MAY 11 - 15, 2017



Precipitation Probability



6-10 DAY OUTLOOK
PRECIPITATION PROBABILITY
MADE 5 MAY 2017
VALID MAY 11 - 15, 2017



Corn traders are eager to see what the USDA shows for planting progress. Last week the data indicated that producers planted another 17% of the U.S. crop, bringing the total to 34% complete and in-line with historical averages. This week the numbers might tell a slightly different story as many suspect we start to fall a bit more behind schedule on more widespread rain delays. There seems to be a lot of debate on if we have been able to reach 50% planted. I personally think that number is overly optimistic, but then again I've been underestimating the pace the past few weeks, believing we are running more like -5% to -10% behind. Unfortunately the bears haven't seen it as much of a problem with several of the bigger production states running ahead of schedule, perhaps that changes a bit in today's report as well. From what I understand, producers in parts of Illinois, Indiana and Ohio might now be encountering more hiccups. The bears continue to point towards the massive rebound in South American production and the likelihood of the U.S. balance sheet staying overly burdensome north of +2.0 billion bushels, especially with wide-spread rains recently recharging U.S. soils, which they believe somewhat limits the possibility of drought complications down the road. There's also talk that producers in the key production states like Iowa, Minnesota, Dakotas, etc. are seeing improved weather and opportunities to plant. Right now it clearly depends on who you talk to and where they are from... As both a producer and a spec I continue to see a somewhat range bound market, at least until more is known about U.S. weather. From a technical perspective, I'm still hoping the new-crop DEC17 contract can find support between \$3.74 and \$3.80 per bushel. We haven't traded sub-\$3.74 in the new-crop contract since the end of last-summer.

Heavy Rains and Flooding - *With all of the talk of flooding and heavy rains the past couple of weeks, I thought I might be able to bring a smile to those who have been most frustrated by the weather. A friend sent this my direction over weekend and it made me laugh, so I thought I would pass it along. Don't forget on Thursday the U.S. will release its latest El Niño forecast. Hang in their and stay optimistic!*





Soybean traders continue to debate if U.S. weather complications mean more or fewer total bean acres. The bears argue any acres lost will ultimately be regained by delays and switches in corn planting. The bulls argue that weather extremes, if they continue, will ultimately shave some of the early anticipated acreage. In last weeks USDA planting update it was reported that 10% of the U.S. crop was planted, compared to an average of around 7%. I have to imagine after the release of today's data we are no longer running ahead of schedule. I also have to imagine the trade will quickly turn its attention to this weeks monthly USDA supply and demand report due out on Wednesday. The bulls are talking about strong demand out of China and continued strength in U.S. exports. Some argue the restrictions placed by the Chinese government on imported DDGS has created a much stronger demand for meal inside China's borders. Hence more talk of U.S. export estimates needing to be bumped higher. The question is will the USDA offset a portion of the increase by lowering demand for domestic crush? There's also some debate around the recent heavy rains, flooding and river closures and what it will do to disrupt barge traffic, potentially slowing nearby demand? Lets also keep in mind there's also more extreme volatility on the horizon for soybean oil as the trade will soon be digesting the latest ruling on the Argentine and Indonesia antidumping case. On Friday, the U.S. International Trade Commission voted to allow U.S. biodiesel producers' petition against Argentina and Indonesia to go forward. As a producer I'm still looking to use any sizable rally as another opportunity to reduce longer-term risk. I'm just worried that if the U.S. weather forecast starts to look more cooperative and insiders start talking more heavily about +50 bushel bean yields, the trade will be forced to digest more headlines talking about a +600 or perhaps +700 million bushel ending stock number. I'm also keeping a close eye on prices out in 2018. From a macro perspective, things have also eased as of late with crude oil taking a tumble and the funds moving now holding a net short position of around -50,000 contracts.

Wheat bulls are hoping to see U.S. crop-conditions take a couple of steps back as the USDA makes adjustments to last weeks more extreme weather conditions. Even though

the yield estimates were better than many expected from the Wheat Quality Council Tour through Kansas last week, winter wheat production for 2017 was still estimated at just 281.78 million bushels vs. 467.4 million produced last year. The yield estimate of 46.1 bushels per acre, which I believe is too optimistic, is about -5 bushels below last year but still however above their five-year average. I just don't think some of the weather damage has been fully realized as of yet. There's also starting to be more talk and headlines about disease problems in many locations which could also start to impact production estimates. The USDA will also be out with their latest spring wheat planting numbers this afternoon. Last weeks data showed producers were well behind schedule with just 31% planted vs. 46% on average and 52% planted last year. I doubt that theme of being behind schedule changes much in today's data. As for global news and traditional fundamentals, the bulls continue to talk about possible small production cuts in regard to the Russian crop and perhaps a few production setbacks in Europe. The bulls are also talking more about longer-term "quality" concerns. On the flip side the bears continue to point to overly burdensome domestic and global fundamentals. In fact some bears believe the USDA may have to make a slight downward adjustment to their current wheat export estimate. Keep in mind the funds are still holding onto a near record short position in this market and leaning aggressively over the bearish side of the boat. Any unforeseen bullish headline could certainly rock the boat back in the opposite direction. Despite the obvious bearish supply and demand data I remain a longer-term optimist in regard to higher prices.... staying patient!

U.S. Ending Stocks 2016/17

	May #	Avg. Trade Est.	Trade Range	April 2017
Corn	???	2.326	2.269 - 2.500	2.320
Soybean	???	0.438	0.417 - 0.466	0.445
Wheat	???	1.162	1.145 - 1.200	1.159

U.S. Ending Stocks 2017/18

	May #	Avg. Trade Est.	Trade Range
Corn	???	2.120	1.835 - 2.400
Soybean	???	0.555	0.420 - 0.759
Wheat	???	0.933	0.842 - 1.000

Global Ending Stocks 2016/17

	May #	Avg. Trade Est.	Trade Range	April 2017
Corn	???	223.3	221.5 - 228.8	223.0
Soybean	???	87.5	86.1 - 89.0	87.4
Wheat	???	252.2	250.7 - 253.2	252.3

Global Ending Stocks 2017/18

	May #	Avg. Trade Est.	Trade Range
Corn	???	209.7	190.7 - 225.0
Soybean	???	86.6	80.5 - 94.0
Wheat	???	246.1	238.0 - 257.0

U.S. Wheat Production 2017

	May #	Avg. Trade Est.	Trade Range	April 2017
All Wheat	???	1.859	1.776 - 1.984	2.310
Winter	???	1.293	1.200 - 1.474	1.672
Hard Red Winter	???	0.769	0.686 - 0.915	1.082
Soft Red Winter	???	0.305	0.260 - 0.355	0.345
White	???	0.217	0.180 - 0.263	0.286

South American Production 2016/17

	May #	Avg. Trade Est.	Trade Range	April 2017
Argentina Corn	???	38.5	37.0 - 39.0	38.5
Argentina Soybean	???	56.2	55.0 - 58.5	56.0
Brazil Corn	???	94.2	93.0 - 96.2	93.5
Brazil Soybean	???	111.3	110.5 - 113.0	111.0



> Arkansas Seen Losing 156,000 Rice Acres From Floods: *University of Arkansas System Division of Agriculture said Friday in statement that 82,200 acres of soybeans, 47,900 acres of corn and 9,300 acres of cotton are also seen as lost. Lost rice would account for ~13% of the 1.196m acres forecast to be planted in the state this year. "Anything that's still covered in water at the end of next week is a loss, and farmers need to make preparations for it to be gone and be ready to take action whenever it dries," said Jarrod Hardke, University of Arkansas extension rice agronomist. (Source: Bloomberg)*

> U.S. Advances Biodiesel Dumping Case Against Argentina, Indonesia: *The US International Trade Commission voted Friday to allow U.S. biodiesel producers' petition against Argentina and Indonesia to go forward. The National Biodiesel Board filed the petition in March, seeking antidumping and countervailing duty measures against Argentina and Indonesia because of a surge in imports last year. Argentina's biodiesel shipments made up 74% of U.S. net imports last year at 29,000 b/d, riling US producers and triggering the trade dispute. Indonesia's shipments accounted for 18% of 2016 net imports at 7,000 b/d, according to U.S. Energy Information Administration data. The petition accused Argentina of subsidizing raw materials costs and Indonesia of granting hundreds of millions of dollars to a handful of biodiesel producers. It said the subsidies have captured US market share through dumped pricing, with margins as high as 23% in Argentina and 34% in Indonesia. Imports from both countries plunged in January and February, after the*

year-end expiration of a \$1/gal tax credit for blenders. (Source: Platts)

> Argentine Soy Harvest Accelerates: Good weather in Argentina allowed soy harvesting to advance by 16.8 percentage points last week, the Buenos Aires Grains Exchange said in its weekly grains report, with 55% of early-planted areas already bagged. The fastest pace of harvesting during the week was clocked in the north-central area of Cordoba province and parts of Buenos Aires, Entre Rios and Santa Fe, the report said. The exchange kept its soy harvest estimate for the 2016/17 season unchanged at 56.5 million metric tons. The exchange expects 2016/17 corn output of 37 million metric tons.

> China VAT Cut May Throw Lifeline To Soy Crushers: China's upcoming reduction of the value-added tax (VAT) on imported soybeans could extend a lifeline to unprofitable soybean crushers that are losing more money than at any time in the past eight months, two trade sources told Reuters. China plans to lower its VAT on an array of product imports, including soybeans, to 11 percent from 13 percent, starting from July 1, the sources said. That reduction was confirmed in a notice from the Ministry of Finance dated April 28 and posted to its website on May 3. China, which imports more than 60 percent of the soybeans traded worldwide, is forecast to buy a record 88 million tonnes in 2016/17, almost 6 percent more than last year's 83.23 million tonnes, according to the U.S. Department of Agriculture estimates. Soybean processors are suffering under their longest run of negative margins in more than two years. Crushers in Shandong province are losing 211 yuan per tonne processing imported soybeans this week. The lower VAT may prompt some buyers to delay cargoes to arrive after July 1, but it is unlikely to have a major impact on overall soybean trade flows. (Source: Reuters)

> Bird Flu Outbreak Reported In Mexico: Mexico has reported an outbreak of the highly contagious H7N3 bird flu virus on a commercial farm in the state of Jalisco, the World Organisation for Animal Health (OIE) said. The virus, which does not pose a serious danger to people, was detected among laying hens in a flock of 15,000 birds that had been vaccinated and did not show any clinical signs of the disease, the Paris-based OIE said in a notification. The farm, located in the town of Tepatitlan de Morelos, is under quarantine and the birds have been sent to a slaughterhouse near the site. Mexico's agriculture sanitation authority, SENASICA, said the outbreak occurred in the same area where the virus was detected in 2012 and was discovered as part of a supervision program aimed at freeing the country of the disease. (Source: Reuters)

> China Culls 80,000 Birds In Bird Flu Fight: China has culled 80,000 chickens in the country's north after detecting an outbreak of H7N9 bird flu on a farm of layer hens, said the agriculture ministry on Friday. Five thousand hens on the farm in Xingtai in Hebei province died in late April, said the ministry, and another 8,500 hens were infected with the disease. After confirming infection with the H7N9 virus, authorities ordered the culling of 80,057 poultry. The outbreak is under control, added the statement. Infection with bird flu usually peaks during winter months and tails off in the spring but cases of H7N9 have been unusually high in the country since last year. More than 200 people have died since last October and new cases continue to be reported, with the latest fatality occurring in Shaanxi province last week. (Source: Reuters)

> High Water Jamming Up Grain Traffic: A 15-mile stretch of the Mississippi River near St. Louis has been closed to traffic because the river topped 38 feet. When that happens, barge traffic is not allowed to pass to or from the Upper Mississippi River or Illinois

River. The number of grain barges moving along the Mississippi last week fell 18 percent from the week before, as the St. Louis area saw almost four inches of rain between April 26 and April 29, according to a USDA Grain Transport report issued Thursday. And farmers and communities along the Mississippi are bracing for more flooding with more rain over the weekend falling across some parts of the region. A spokeswoman for the U.S. Coast Guard said Thursday it was not clear when the section of the river will reopen, but the National Grain and Feed Association is expecting barges to start moving again around May 9. Barges are still running on the river from southern Missouri to the Gulf of Mexico, and the high surpluses now being stored in Gulf grain elevators mean that exports are unlikely to be harmed. The Illinois, Arkansas, Lower Ohio and Missouri rivers are all running high.

> FSA Won't Enroll New CRP Acres Until End Of Year: Lawmakers calling for an increase in farm bill Conservation Reserve Program acres will have new ammunition in their efforts following a notice from USDA's Farm Service Agency that it will not be enrolling new lands until the end of the year. In a notice to its state and county offices FSA says there are currently 23.5 million acres enrolled in CRP. Since the program is capped at 24 million acres under the 2014 farm bill, no new acres can be accepted until the easement on 2.5 million acres expires in the fall.

> Minnesota Bill Helps Promote New Farmers: An omnibus 2018-2019 tax bill now sitting on Minnesota Gov. Mark Dayton's desk includes a provision that its supporters say would blaze a trail nationally for encouraging new farmers. The measure, HF4/SF2255, enjoyed bipartisan support in the state House and managed to survive conference last week. It would give the sellers of land a tax credit equal to 5 percent of the sale price if they sell to beginning farmers, according to the Minnesota Young Farmer Coalition. Land-owners who rent to beginning farmers would get 10 percent of the cash rent fee, or 15 percent of the crop share value. The bill would require the buyer or renter to take a farm management course, but he or she would be eligible for a tax credit to cover the full cost of the training. (Source: Politico)

> Bombay Sapphire Recalls Extra Alcoholic Gin: If you've gotten surprisingly drunk after gulping down a strangely strong gin-and-tonic recently, you may not be alone. Last week, the Canadian Food Inspection Agency recalled a batch of Bombay Sapphire brand London Dry Gin from the market after finding the gin was almost twice as alcoholic as it should be. The drink was supposed to be 40% alcohol by volume. Instead, due to an error during production, this batch was 77% — much stronger than any gin on the market and closer in alcoholic content to 151-proof Everclear grain alcohol, which clocks in at 75.5%. "Other than the higher than normal alcohol content, the product is within specifications, and there have been no reported illnesses," a spokesperson for Bacardi, Bombay Sapphire's parent company, told The New York Times. "However, we do not recommend consumption of the product." (Source: Business Insider)

> Coach Buys Kate Spade: Luxury retailer Coach announced on Monday it agreed to buy Kate Spade for \$18.50 per share, for a total transaction value of \$2.4 billion. The combined company will create a "leading luxury lifestyle company" supported by "significant expertise in handbag design, merchandising, supply chain and retail operations," according to a statement.

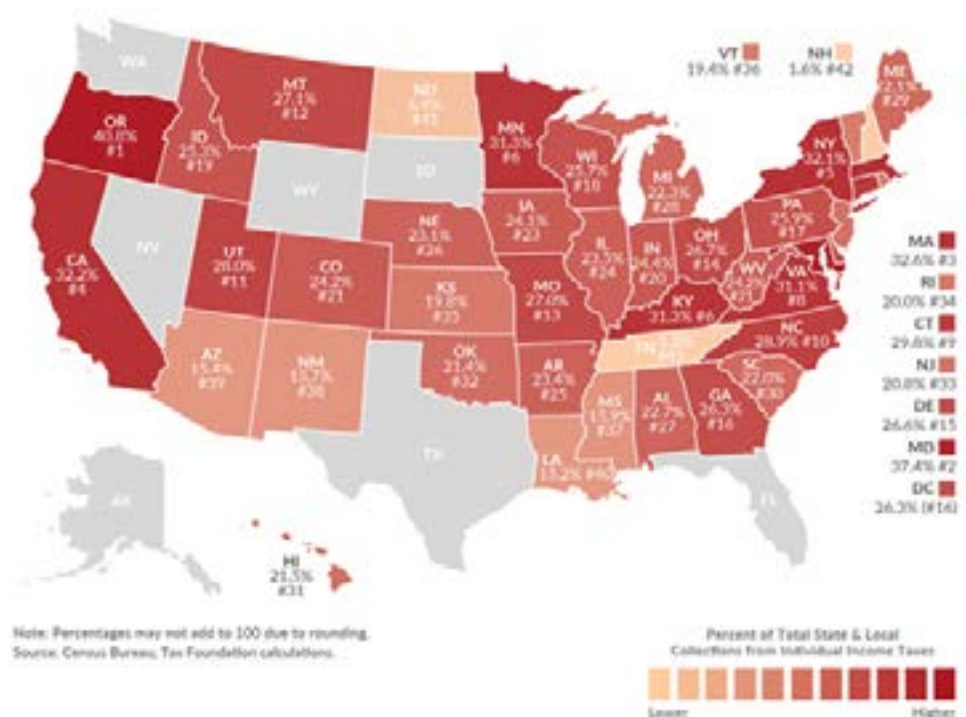
> Feds Fischer Defends Banks Consensus Approach: Fed Vice Chairman Stanley Fischer on Friday issued a firm defense of the U.S. central bank's decision not to follow a

mathematical rule when deciding monetary policy as Republicans in Congress renew efforts to curb the current consensus-based approach. "Adherence to a simple policy rule is not the most appropriate means of achieving macroeconomic goals," Fischer said in prepared remarks to an economics conference at Stanford University in California. Republican lawmakers in Congress have been pushing to make the Federal Reserve set interest rate policy using a mathematical rule. Under the proposal, the Fed would commit to moving interest rates up or down according to changes in the jobless rate and inflation. The rule adopted would be made public and any deviation from it would lead to a congressional audit. The Fed has said such a rule would harm the economy and impinge on the Fed's independence. In his remarks Fischer noted that policymakers can - and do - consult prescriptions of policy rules as part of a wider exercise in which they also gather perspectives and economic factors such rules cannot include. He also warned that just because rules may have worked well in the past does not mean they can adequately predict the future. (Source: Reuters)

> How Much Does Your State Rely On Income Taxes? Individual income taxes are a major source of state and local government tax revenue, accounting for 22.9 percent of collections, the third largest category. Forty-one states tax wage and salary income, while two states – New Hampshire and Tennessee – exclusively tax dividend and interest income. (Tennessee is currently phasing this tax out and will not levy any income tax by 2022.) Seven states levy no individual income tax at all. Of the forty-one states that levy a traditional individual income tax, North Dakota relies the least heavily on its income tax, at 6.9 percent. The top marginal tax rate maxes out at 2.9 percent in the state. Its revenue is also bolstered by strong severance tax collections, which reduces the share of revenue that comes from individual income taxes. Louisiana follows North Dakota, relying on income taxes for 15.2 percent of its state and local revenue. Oregon relies most heavily on the individual income tax, with 40.8 percent of its state and local revenue deriving from the tax. Oregon does not levy a general sales tax. Coming in second, Maryland generates 37.4 percent of its revenue from the income tax. Click the map for a larger view. (Source: Tax Foundation)

To What Extent Does Your State Rely on Individual Income Taxes?

Individual Income Tax Collections As a Percent of Total State and Local Tax Collections, FY 2014





Eastern Iowa - *It has been a mixed bag for guys around here with planting. We have been fertilizing and strip tilling on our farms and getting the planters out and ready. We will be in the field on Friday or at the latest this weekend. We are on day 3 of drying out. The rain last Saturday created a lot of runoff which resulted in a tremendous amount of erosion in different fields. On all of our farms, we strip till or are no till. Guys in this area are starting to switch over to those practices but there is a lot of seed corn in this area and they are a little reluctant. We will plant cereal rye into stubble and helps hold things. The other big positive to the cereal rye is it helps keep the palmer amaranth under control. We are having a major weed problem here and I think most people are underestimating the impact that it could have. I have heard of guys a little south of us that are starting to walk beans again to get the weeds cut out. Last year on a couple different occasions guys lost entire bean fields because of the severe weed pressure. I have tried to change herbicides on a regular basis and will hit fields two or three times to help minimize weed pressure.*

Eastcentral Illinois - *More rain today has us all waiting again. We are in good shape with corn planting at nearly 85%. Most of the corn left to go in is from the big boys who are running all over the state, most smaller operations are finished. We also have around 10% of the beans in the ground which are standing at 2" tall. I am afraid most of those will be getting replanted as they are sitting in water for the most part. There have been highways closed all over just an hour south near St. Louis and it is expected to rain more in the next few days. It can't get any wetter here so my big concern now is the erosion from the heavy rains. We have multiple options for hauling grain so basis usually is workable but interestingly lately it has been widening during any grain rallies.....go figure??*

Southeast Minnesota - *We had an inch or two of snow last night which is keeping us sidelined for a day or so. We have not had much precipitation in our area so the moisture isn't a bad thing at all. We have 23% of our corn planted and are sitting just fine. The Forecast is good and we will be back at it by Thursday. We also grow beans, wheat and run a feed lot for cattle and hogs. The cattle operation is experiencing a good time recently as it appears many may have oversold last fall. Hogs are doing ok despite the 6% increase in production so far this year.*

CROSSING WIRES

A place to share intelligent thoughts...

U.S. Farm Groups Pile On Canada As Trump Eyes Trade Fairness: *U.S. President Donald Trump's criticism of the protected Canadian dairy system has emboldened American farm groups to tackle other longstanding agriculture irritants, as the countries move toward rewriting trade rules. U.S. poultry exporters, who include Tyson Foods Inc and Pilgrims Pride Corp, as well as egg sellers, are expected to seek greater access to Canada's tightly controlled market in renegotiations of the North American Free Trade Agreement (NAFTA). The United States, the world's second-biggest chicken exporter, will demand market access gains at least equal to those they would have realized under the failed Trans-Pacific Partnership (TPP) deal, industry groups and experts say. U.S. farmers also want changes to Canadian grain laws that automatically assign the lowest price for their wheat. "Anybody who has an issue with Canada, this is the time to bring it up now," said Dan Ujcz, an international trade lawyer with U.S.-based law firm Dickinson Wright. "The dairy issue certainly signaled that." Read more from [Reuters](#).*

Apple-Picking Robot Prepares to Compete for Farm Jobs: *Roughly \$4 billion worth of apples are harvested in the U.S. each year. Startup Abundant Robotics hopes to suck up some of it with a machine that vacuums ripe fruit off the tree. Today apple orchards rely on people to pick their crops. Dan Steere, cofounder and CEO of Abundant, says recent tests in Australia, where apple season is under way, proved that the company's prototype can spot apples roughly as accurately as a human, and pull them down just as gently. The machine deposits apples in the same large crates that human pickers use. His company is planning more tests of its prototype in Washington this fall and aims to have a multi-armed system on sale to growers in 2018. Abundant spun out of independent research lab SRI in 2016 and was initially funded in part by the Washington Tree Fruit Research Commission. Mike Willett, manager at the commission, says that growers are eager for automation because of a long-term decline in the availability of seasonal agricultural labor in the U.S. Read more [HERE](#).*

Chinese Investment in US Reaches Record Levels in 2016: *Rhodium Group and the National Committee on US-China Relations have released the 2017 update of their "New Neighbors" report series. It finds that Chinese investment in acquisitions, new operations, and expansions in the US grew to \$46 billion in 2016, more than three times the previous record in 2015. The number of Chinese-affiliated operations in the US exceeded 3,200 by year-end 2016, extending across nearly 98% of congressional districts (425 out of 435). The number of Americans employed by Chinese-affiliated companies rose to more than 140,000—a 46% increase from 2015. See how the report provides a detailed tally of the operations of Chinese-affiliated companies in the United States and the local impacts of those investment [HERE](#).*

The Mozart in the Machine: *In the modern world art is usually associated with human*

emotions. We tend to think that artists are channeling internal psychological forces, and that the whole purpose of art is to connect us with our emotions or to inspire in us some new feeling. Consequently, when we come to evaluate art, we tend to judge it by its emotional impact and to believe that beauty is in the eye of the beholder. If art is defined by human emotions, what might happen once external algorithms are able to understand and manipulate human emotions better than Shakespeare, Picasso or Lennon? After all, emotions are not some mystical phenomenon -- they are a biochemical process. Hence, given enough biometric data and enough computing power, it might be possible to hack love, hate, boredom and joy. Read more [HERE](#).

Surreal Photos Of China's Failed "City of the Future": The once flush-with-cash town of Ordos, China, has been called the world's largest ghost town. In the early 2000s, a coal-mining boom led local government to throw money at urban development there, in the hopes of creating a new epicenter of culture, economy, and politics. Ordos New Town, also known as Kangbashi, would hold 1 million residents and be known for its massive abstract architecture projects, residential towers, and state-of-the-art sports venues. (Developers later scaled back the concept-city to accommodate 300,000 residents.) But high property taxes and poor construction deterred people from settling in Ordos. In 2016, some 100,000 people lived and worked there — leaving the city two-thirds empty. "The whole city feels like a post-apocalyptic space station straight out of a science fiction movie," says photographer Raphael Olivier, who captured the city in a series titled, "Ordos - A Failed Utopia." Check out Olivier's spectacular images [HERE](#).





"Organic vs. Conventional" Farming... The Debate Continues

Fear-based messaging has become extremely frequent and easy in our era of social networking. It seems like not a day goes by that I am not hearing comments or being bombarded with e-mails about reasons to be "pro-organic" or "pro-conventional" farming. From my perspective it's crazy how much time, money and lobbying is now being spent on trying to convince and or squash the other. My question is why can't both organic and conventional farming happily co-exist in their respective domains. I was reading an interesting study the other day by plant pathologist Dr. Steve Savage. The report compared conventional farms to data from the U.S. Department of Agriculture's Organic Survey from 2014, which reports various measures of productivity from most of the certified organic farms in the nation. Dr. Savage compared the data "crop-by-crop" and "state-by-state". His findings are extremely revealing. There was a definite "yield gap" — poorer performance of organic farms — in 68 out of 59 crop varieties. And many of those gaps, or shortfalls, were fairly significant: strawberries -61% less than conventional; fresh tomatoes -61% less; tangerines -58% less; carrots -49% less; cotton -45% less; rice -39% less; peanuts -37% less. Savage noted that in order to have raised all U.S. crops as organic in 2014 would have required farming of an extra +109 million more acres of land. That is an area equivalent to all the parkland and wildland areas in the lower 48 states, or 1.8 times as much as all the urban land in the nation. On top of this, in a study published in Hydrology and Earth System Sciences found that the potential for groundwater contamination can be dramatically reduced if fertilizers are distributed through the irrigation system according to plant demand during the growing season. But organic farming depends on compost, the release of which is not matched with plant demand. The study also cited that intensive organic agriculture relying on solid organic matter, such as composted manure that is implemented in the soil prior to planting as the sole fertilizer, could result in significant down-leaching of nitrate into our groundwater supply. I understand the organic movement gets a lot of good PR as a "green" activity, but on a large scale it also generates a significant "carbon footprint" and large amount of greenhouse gasses. Another prevalent "green myth" about organic agriculture is that it does not employ pesticides, when in fact many organic producers use insecticides and fungicides to prevent predation of its crops. More than 20 chemicals - mostly containing copper and sulfur are commonly used in the growing and processing of organic crops. I'm not trying to say that conventional is better than organic or that one is better than the other, but I am trying to say there's a lot of lies and propaganda being deployed amongst our nations youth and urban core, that is tough to digest. I honestly believe there is a place for both practices to co-exist and the money being spent to topple or dispute the other could be used in much better practice. In fact I suspect there's a lot we could all learn from one another if we would simply put down the gloves and shares our ideas. I hope the powers that be will eventually stop trying to manipulate the minds of the consumer and recognize that both farming practices are needed and warranted for sustainability. Constantly taking shots at one another is only creating

more of longer-term social and ethical issue for the entire ag industry. Bottom-line, I believe there is a huge space for “organic” and that it’s percentage of market share will continue to grow, but I see no need in using scorched earth tactics or “fake news” and or false propaganda to grow. Toxic advertising and media is just as damaging as bad agronomic practices... No one wins! (Source: [Forbes](#); [National Review](#); [Texas Ag Talk](#))

ORGANIC & NON-ORGANIC

PRICE COMPARISONS

SHOPPING LIST	NON-ORGANIC	ORGANIC
Iceberg Lettuce	1.18 head	2.28 head
Small Grapefruit	2/\$1 weight of 2 was 1.5 lbs.	6.98 5 lb. bag
Tomatoes	74 cents/lb.	2.98 /lb.
Sweet Potatoes	78 cents/lb.	1.99/lb.
Cranberries Fresh (not canned or frozen)	1.98/12 oz. pkg. (2.84/lb.)	2.98/ 8 oz. pkg. (5.96/lb.)
Bananas	48 cents/lb.	64 cents/lb.
Frozen Broccoli	1.47/lb.	2.05/lb.
Corn Flakes (Kellogg vs. Central Market Organic)	2.73/18 oz. pkg. (2.42/lb.)	2.50/12 oz. pkg. (3.33/lb.)
Ground Beef (Store Brand vs. Central Market Organic)	5.47/lb. 96% Lean	7.97/lb. 90% Lean
Chicken Breast (Store Brand vs. Store Brand All Natural NOT ORGANIC)	3.73/lb.	4.97/lb.
Frozen Turkey (Riverside vs. Store Brand All Natural NOT ORGANIC)	88 cents/lb.	1.47/ lb.
Eggs Dozen (Hill Country Fare vs. Central Market Organic)	1.88	3.00
Cheddar Cheese Block	4.98/lb.	3.37/ 8 oz. (6.74/lb.)
Whole Milk 1 Gallon (Hill Country Fare vs. Central Market Organic)	3.58	5.49
2% Milk 1 Gallon (Hill Country Fare vs. Central Market Organic)	3.58	5.49
Whipping Cream 1/2 pint (Store Brand vs. Central Market Organic)	2.28	2.58
Flour (Unbleached) (Hill Country Fare vs. Central Market Organic)	1.52/lb.	4.78/lb.
Peanut Butter (Jif vs. Central Market Organic)	2.48/lb.	4.98/18 oz. (4.42/lb.)
Pancake Syrup (Aunt Jemima vs. Central Market Organic)	2.98/24 oz.	8.48/12 oz. (16.98 for 24 oz.)
Ketchup (Hill Country Fare vs. Central Market Organic)	87 cents/24 oz.	2.00/24 oz.
Chicken Broth (Swanson vs. Central Market Organic)	1.98/32 oz.	2.29/32 oz.
Apple Juice (Store Brand vs. Central Market Organic)	1.68/48 oz.	4.99/64 oz. (3.74/48 oz.)
Mac and Cheese (Kraft vs. Central Market Organic)	80 cents/7.25 oz.	2.99/12 oz. (1.80/7.25 oz.)

Today Marks the 72nd Anniversary of V-E Day

72 years ago today, the world learned that Nazi Germany had unconditionally surrendered. As celebrations erupted across the globe, the day became forever known as Victory in Europe Day, aka V-E Day, marking the end to six long years of terror the Nazi regime had reigned down upon the continent. On April 30, 1945, Nazi leader Adolf Hitler committed suicide during the Battle of Berlin. Germany's surrender, therefore, was authorised by his successor, Reichspräsident Karl Dönitz. The administration headed by Dönitz was known as the Flensburg Government. The act of military surrender was signed on 7 May in Reims, France and on 8 May in Berlin, Germany. Upon the defeat of Germany, celebrations erupted throughout the world. From Moscow to Los Angeles, people celebrated. In the United Kingdom, more than one million people celebrated in the streets to mark the end of the European part of the war. In the United States, the victory happened on President Harry Truman's 61st birthday. He dedicated the victory to the memory of his predecessor, Franklin D. Roosevelt, who had died of a cerebral hemorrhage less than a month earlier, on the 12th of April. Truman said of dedicating the victory to Roosevelt's memory and keeping the flags at half-staff that his only wish was "that Franklin D. Roosevelt had lived to witness this day." The day is commemorated by most of the European Allied Nations and territories to this day, though each has a different annual day of observation and occasion name. Ukraine, Belarus, Russia and Kazakhstan all celebrate Victory Day on May 9. May 8 is an annual national holiday in France known as 'Victoire 1945' or 'La fête de la victoire'. Italy combines the observation with the day Milan was liberated from the Nazis, April 25, in a celebration called 'Festa Della Liberazione'. Interestingly, Britain recognizes V-E Day in conjunction with the May Day bank holiday on May 1, though for the 70th anniversary in 2010, they officially moved it to May 8. Here in the U.S., a special ceremony is held every year at the National World War II Memorial in Washington, D.C. While the surrender of Germany did mark the beginning of the end to the war, it wasn't quite over for the U.S. as we still had Japan to deal with. That victory didn't come for another three months. In the meantime, Europe's streets were at long last cleared of the Nazis and the people of Europe began repairing their devastated cities and lives. Below are some photos taken around the world on that day that gives you a sense of just how joyous May 8, 1945, truly was. (Sources: Wikipedia, History Channel)





Paris Overlooking Champs Elysees Avenue



Celebrating in New York

The Beatles Last Album... And One Of My Favorite Songs

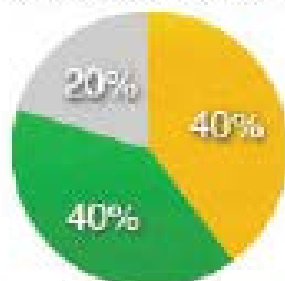
It was on this day back in 1970 that the Beatles released their twelfth and final album titled "Let it Be". The release of this mega hit came about one month after the band's historic breakup. The band had not toured or played together live in over two years. The "Let it Be" recording session had ended in the Fall of 1968 with the "Abbey Road" recording session starting up in early 1969. McCartney was wanting the group to get back to the basic rock-n-roll roots after going through a couple of years of psychedelic and more progressive type music. Rumors are the rehearsals and recording sessions for the album did not run smoothly. The Beatles were clearly not getting along, and Lennon and McCartney weren't working together like they had in the past. McCartney assumed the role of the leader, while a detached Lennon was more interested in spending time and making music with his soon-to-be wife Yoko Ono, who was present in the studio with him at all times. All of these factors led to friction within the band. At one point, George Harrison actually walked out and quit the group during the recording, but was eventually coaxed back. Harrison had a couple of stipulations. One, that they change the recording venue, the other that the group dropped the plans of making a return to public performance. Despite all of the problems and tensions within the group a couple of my favorite songs came out of the crop.... "Let it Be" and "The Long and Winding Road". Despite what many may think, the song "Let it Be" is not religious. McCartney wrote the song saying he had had a dream where his mother, who had been dead at that point for about 10 years, came to him and it was as if she could see that he was troubled. She sort of said to him, 'Let it be', clearly pointing to the fact everything was going to be OK. Don't worry.' You know, 'Let it be.' He woke up from the dream and wrote these words... Click [HERE](#)



CASH SALES & HEDGING TOTALS

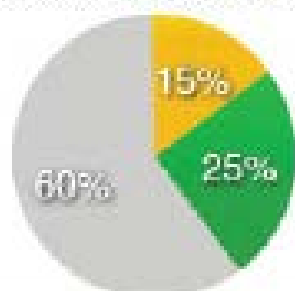
CORN 2016 CROP

40% SOLD
40% HEDGED
20% UNPROTECTED



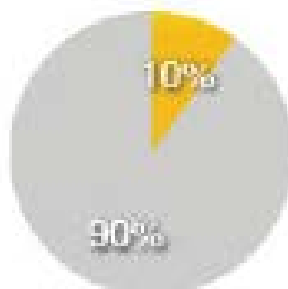
CORN 2017 CROP

15% SOLD
25% HEDGED
60% UNPROTECTED



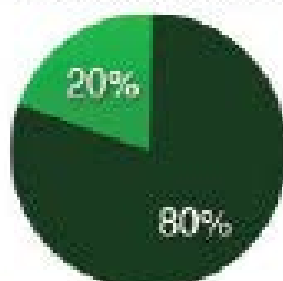
CORN 2018 CROP

10% SOLD
0% HEDGED
90% UNPROTECTED



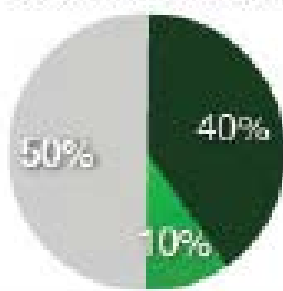
SOYBEANS 2016 CROP

80% SOLD
20% HEDGED
0% UNPROTECTED



SOYBEANS 2017 CROP

40% SOLD
10% HEDGED
50% UNPROTECTED



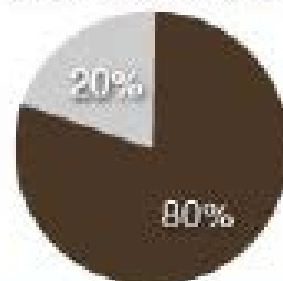
SOYBEANS 2018 CROP

0% SOLD
0% HEDGED
100% UNPROTECTED



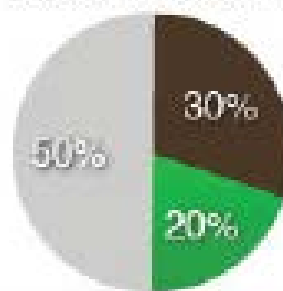
WHEAT 2016 CROP

80% SOLD
0% HEDGED
20% UNPROTECTED



WHEAT 2017 CROP

30% SOLD
20% HEDGED
50% UNPROTECTED



WHEAT 2018 CROP

0% SOLD
20% HEDGED
80% UNPROTECTED

