

GOOD MORNING12/04/17 Farm Direction - VanTrump Report

1 message

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Mon, Dec 4, 2017 at 6:39 AM



"The most important thing to do in solving a problem is to begin." - Frank Tyger

MONDAY, DECEMBER 04, 2017

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Morning Summary: Stocks shrug off several recent bouts of "fake news" and continue to melt-higher, once again pushing to fresh new all-time highs overnight. Bulls are extremely happy to see the Senate pass their version of the tax bill over the weekend. The House passed a version last month, so the two parties will now need to come together to form one bill to present to the President. If you recall, the stock market tumbled aggressively on Friday, after reports from ABC circulated proposing former National Security Advisor Gen. Michael Flynn was directed by President Donald Trump to talk to Russians. Over the weekend, ABC News made it clear they were suspending reporter Brian Ross over the mistaken report. ABC then formally apologized to the public, calling it a "serious error". President Trump took to Twitter over the weekend saying, "Congratulations to @ABC News for suspending Brian Ross for his horrendously inaccurate and dishonest report on the Russia, Russia, Russia Witch Hunt. More Networks and "papers" should do the same with their Fake News!" The market is also readjusting to the recent bout of "fake news" surrounding Secretary of State, Rex Tillerson, and reports he was being ousted by the President. As of this morning, Tillerson is still in his position and both the President and Tillerson are saying the reports are false. I suspect as we move forward this week, it becomes less about the rumors and more about actually "tax reform" and the monthly employment report due out Friday. The question is if the House and Senate can reconcile their two tax bills and get something on President Donald Trump's desk before yearend? There's many traders who are saying this is the ultimate "buy-the-rumor, sell-the-fact" type set-up. Thinking once tax reform is agreed upon in Washington the market might not have many positive headlines to focus on in the weeks ahead, hence the reason bulls might opt to bank profits and move to the sideline. Be careful buying into this rhetoric. I'm thinking there could certainly be a bit of a let down after the celebration, but global markets seem to be getting in synch and I suspect many investors are extremely underinvested. In other words, the "pain trade" is perhaps still to the upside... The only major economic data scheduled for today is Factory Orders. A couple of hurdles ahead however could be passing a "funding bill" in Washington and tensions escalating with North Korea. The current stop-gap bill in Washington runs out on December 8th and without an extension or passage of a long-term omnibus package, parts of the government could shut down. Right now, Republicans are said to be working on a two-week spending bill that would keep the government funded through December 22nd. They then plan to pass another short-term measure to extend funding through January. A funding bill is going to need bipartisan support because it will require 60 votes to pass in the Senate and Republicans have only 52 members. Considering the obstacles they may face, it stands to reason that lawmakers will probably need more time to hammer out a deal. Internationally, keep in mind that the U.S. and South Korea are set to begin joint military exercises today. The annual U.S.-South Korean drill, called "Vigilant Ace," will run until Friday, with the U.S. sending six F-22 Raptor stealth fighters to be deployed among the more than 230 aircraft taking part. From what I understand, around 12,000 U.S. service members, including from the Marines and Navy, will join South Korean troops. The drills come a week after North Korea tested its most advanced intercontinental ballistic missile. And many international leaders are now saying the exercises could provoke already heated tensions with North Korea. Could get interesting... Don't forget our annual conference kicks-off tomorrow night, so coverage on Wednesday and Thursday could be a bit light. We've got some amazing guest and speakers coming in town. Safe travels to all of those making the journey!

U.S. Marines Are Pulling Out Of Syria: More than 400 U.S. Marines will leave Syria ahead of schedule as Islamic State loses territory and the ability to mount



conventional military operations, according to a statement issued by the Pentagon. The announcement that the Marines will soon be returning home came just over two months into their deployment. The move comes as U.S. military commanders reconsider the size of the forces needed in both Syria and Iraq, including forces that conduct airstrikes and artillery strikes. The unit from the 10th Marine regiment arrived in Syria in mid-September, replacing a previous unit, and provided firepower as U.S.-allied forces assaulted Raqqa, Islamic State's self-proclaimed capital. That city was retaken Oct. 17, in part through the support of precision artillery fired by the Marines, according to military officials. In addition to Raqqa, Islamic State has lost its stronghold of Mosul in Iraq and is also being pushed out of other territory it holds. Military officials expect the militants to return to insurgency tactics, which will require fewer conventional U.S. and allied troops. The Marines might be home by Christmas, though that isn't certain, officials said. (Source: The Wall Street Journal)

CME Bitcoin Contract To Launch On December 18: The CME futures exchange announced it completed a self-certification with the Commodity Futures Trading Commission to launch its bitcoin futures contract on Dec. 18. The CFTC also announced that it would allow CME competitor Cboe Futures Exchange to launch bitcoin contracts. Cantor Exchange also self-certified a new contract for bitcoin binary options, the commission said. Nasdaq also plans to launch bitcoin futures as early as the second quarter of 2018. The CME futures will be cash-settled, meaning that no actual bitcoins change hands at the expiration of the contracts. CME will base its price off of 4 bitcoin sources from around the globe. Nasdaq plans to base its price off of 50 bitcoin sources, while Cboe is currently using one. The launch of the first bitcoin futures contracts on a regulated U.S. exchange is expected to be a watershed moment for the cryptocurrency industry. Not only will it provide professional traders with the ability to short bitcoin for the first time, but it will also open the door to the creation of a Bitcoin ETF and likely entice Wall Street firms to step off the sidelines and engage directly with bitcoin and other digital assets. (Sources: CNBC, CryptoCoinsNews)

T. Boone Pickens 100-Square-Mile Ranch For Sale: Legendary investor T. Boone Pickens listed his [Texas Mesa Vista Ranch](#) this past week for \$250 million. In all my years, I'm not sure I've seen a spread so cool. From what I understand, he first bought 2,900 acres of the vacant land back in 1971, because he liked to quail hunt. He continued to buy ground that connected nearby and now has an unbelievable ranch that spans nearly 65,000 acres. He has also built many custom structures including: 33,000 soft lodge; 12,000 soft lake house; 11,000 soft kennel and barn; 6,000 soft family house; 1,700 soft gate house; 1,600 soft pub and a beautiful chapel. He even moved his childhood home, which now sits on the property. There are also now many man-made waterfalls, creeks and lakes and a few golf holes. Lets not forget, the ranch also has its own FAA-approved airport. The hangar has a two-bedroom, two-bathroom apartment upstairs for pilots that might need to catch a little sleep. I almost forgot, all the farm equipment and furniture stay with the property and so do 40 of his amazing hunting dogs... Below are just a few of the many beautiful pics: WOW! The property is jointly listed with [Hall and Hall](#) and [Chas. S. Middleton and Son](#). The two listing agents will team up again, as they did with billionaire businessman Stan Kroenke's \$725 million purchase of a 510,000-acre ranch in Texas last year. In a statement about the sale, Pickens said the proceeds will help further pad the \$1 billion in charitable giving he already provides through the T. Boone Pickens Foundation. He also sadly remarked, "Selling the ranch is the prudent thing for an 89-year-old man to do. It's time to get my life and my affairs in order. Reflecting back, one of my keys to success has been the ability to accept and embrace change. That has been especially true in the fourth quarter of my life. Slowly but inevitably, my fading vision and limited hearing have forced me to give up things I've loved and excelled at — golf and hunting, in particular. Although the beauty of Mesa Vista remains intact, the ranch roads I have driven thousands of times are now blurred. It's time to embrace and accept that my life has changed. The Mesa Vista has been a labor of love that has occupied the better part of my life. And I intend for a lot more good to come from the sale of the ranch." You can read the rest of Pickens personal statement about the ranch [HERE](#)

Here are a few of this year's early sponsors





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Today In History



1867, Old West - Minnesota farmer Oliver Hudson Kelley founds the Grange, which became a powerful political force among western farmers.

Though he grew up in Boston, Kelley decided in his early twenties that he wanted to become a farmer. In 1849, he booked passage on a steamboat for St. Paul, Minnesota. Though the Minnesota area was dominated more by the Indian trade than farming, Kelley shrewdly saw that the future of the region lay in agriculture, and he proved to be a skilled and progressive farmer. Kelley gained local fame for boldly experimenting with new crops, installing an elaborate irrigation system, and buying one of the first mechanical reapers in the state. His attempts at scientific farming and a series of columns he wrote for national newspapers brought him national recognition—in 1864, he won a prestigious clerking position under the federal commissioner of agriculture in Washington, D.C. While on a tour of southern farms in 1866, Kelley was struck by the warm reception he received from his fellow Masons in the South, despite the otherwise pervasive dislike of northerners left over from the Civil War. Determined to develop a national organization to unify farmers, he returned to Washington and gathered a group of like-minded friends. In 1867, these men became the founders of the Order of the Patrons of Husbandry, better known as the Grange. Although the Grange, like the Masons, began primarily as a social organization designed to provide educational and recreational opportunities for farmers, it evolved into a major political force. Farmers who gathered at local Grange Halls often voiced similar complaints about the high rates charged by warehouses and railroads to handle their grain, and they began to organize for state and federal controls over these pivotal economic issues. The Grange smartly recognized the importance of including women, who often proved to be the organization's most dedicated members. The Grange's political activism resulted in a flurry of legislation that became known as the "Granger Laws," which were not very effective in solving



the farmers' problems with the railroads and warehouses but did provide a crucial precedent for state and federal regulation of private enterprise for the "public interest." The Laws were passed in five mid-western states. In decades to come, politicians took a cue from the Granger Laws and created controls over many big business industries, from meatpacking to drug making, on the grounds that governmental regulations were essential to protect the interests of all the people, not just farmers. The Grange also played a key role in creating the Interstate Commerce Act of 1887, which called for the first federal regulation of railroads to control unfair shipping rates.



1928, Dan Hogan - "Dapper Dan" Hogan, a St. Paul, Minnesota saloonkeeper and mob boss, is killed on this day in 1928 when someone plants

a car bomb under the floorboards of his new Paige coupe. Doctors worked all day to save him--according to the Morning Tribune, "racketeers, police characters, and business men" queued up at the hospital to donate blood to their ailing friend--but Hogan slipped into a coma and died at around 9 p.m. His murder is still unsolved. Hogan was a pillar of the Twin Cities underworld. His downtown saloon, the Green Lantern, catered to (and laundered the money of) bank robbers, bootleggers, safecrackers and all-around thugs. He was an expert at defusing petty arguments, keeping feuds from getting out of hand, and (the paper said) "keep[ing] the heat out of town," which made him a friend to many lawbreakers and a valuable asset to people (like the crooked-but-well-meaning police chief) who were trying to keep Minneapolis and St. Paul from becoming as bloody and dangerous as Chicago. Hogan and the police both worked to make sure that gangsters would be safe in the Twin Cities as long as they committed their most egregious crimes outside the city limits. If this position made him more friends than enemies, it also angered many mobsters who resented his stranglehold on the city's rackets. Police speculated that some of his own associates might have been responsible for his murder. Car bombs were a relatively new form of murder perfected by New York gangsters and bootleggers. In fact, Hogan was one of the first people to die in a car bomb explosion. The police investigation revealed that two men had entered Dapper Dan's garage early in the morning of December 4, planted a nitroglycerine explosive in the car's undercarriage, and wired it to the starter. When Hogan pressed his foot to that pedal, the bomb went off, nearly severing his right leg. He died from blood loss.



1945, United Nations - In an overwhelming vote of 65 to 7, the U.S. Senate approves full U.S. participation in the United Nations. The United Nations had officially came into existence on



October 24, 1945, when its charter was ratified by China, France, the Soviet Union, the United Kingdom, the United States and a majority of other signatories. Senate approval meant the U.S. could join most of the world's nations in the international organization, which aimed to arbitrate differences between countries and stem military aggression. In approving U.S. participation in the United Nations, the Senate argued fiercely on a number of issues. Some senators proposed a resolution designed to force the president to receive congressional consent before approving U.S. troops for any U.N. peacekeeping forces. This resolution was defeated. The Senate also defeated a proposal by Senator Robert Taft that the United States urge its U.N. representatives to seek "immediate action" on arms control and possible prohibition of weapons such as atomic bombs. The Senate action marked a tremendous change in the U.S. attitude toward international organizations. In the post-World War I period, the Senate acted to block U.S. participation in the newly established League of Nations. With the horrors of World War II as a backdrop, however, the Senate and the American people seemed willing to place some degree of trust in an even more powerful organization, the United Nations. The United Nations provided a forum for some of the most dramatic episodes in Cold War history. In 1950, the Security Council, prodded by the United States and with the Russian delegation absent, approved a peacekeeping force for Korea. This was the first time a UN peacekeeping force was committed to an armed conflict. The U.N. also allowed world leaders to observe each other as never before, as in the 1961 incident when Russian leader Nikita Khrushchev presented an unforgettable spectacle by taking off one of his shoes and pounding his table with it for emphasis during a U.N. debate.

Upcoming Events

Tues.-Wed. 12/12-12/13 - FOMC Meeting

Tues. 12/12 - USDA Supply and Demand

Mon. 12/25 - Christmas - Markets Closed

Mon. 1/1 - New Year's Day - Markets Closed

Fri. 1/12 - USDA Supply and Demand

Thurs. 2/8 - USDA Supply and Demand

Kevin's Song of the Week



WHAT I'M LISTENING TO:



 **John Pardi**

"Heartache on the Dance Floor"

About the Report

NEXT | level THINKING



My goal at "The Van Trump Report" is to help readers better identify the moving parts and dynamics associated with the financial markets, geopolitical events, economics, media and culture that is currently influencing and shaping the direction of the agricultural markets. I like to believe I "Challenge the Traditional" and encourage our readers to think outside the box.

I use story telling techniques that are written in an easy to read format to help convey my current thoughts about business, markets, technology, weather, sports and life. I also like to include links, filter the noise, and pass along in-depth research and information that I believe could challenge your current thought process and help you make more informed decisions. In addition I include valuable lessons I have learned from other traders, executives and investors, along with an occasional inspirational piece about life, family and faith.

What I do not do in "The Van Trump Report" is give specific financial advice or tell individuals how to invest or how to specifically hedge. Remember, this information is being read by hedge fund managers, bankers, CEO's, and Ag leaders around the globe, therefore it's NOT tailored to fit your specific individual needs. For specific investment or hedging advice please seek the help of a licensed representative that can better understand your particular situation, individual needs and overall risk tolerance. This information should ONLY be used for educational and entertainment purposes.

My family and I would like to thank you again for your support!

Kevin Van Trump

What Others Are Saying

"I am a recent subscriber to Kevin's newsletter, but I'm a long-time reader of many other high-profile marketing services. I am particularly impressed with the thorough manner in which Kevin evaluates every economic aspect, both nationally and internationally, that



influences commodity prices. His analysis and conclusions are highly thought out and conveyed in layman's terms so that the reader can comprehend the numerous and often complex interrelationships that impact the markets. Kevin is a real attribute to the agricultural sector."

A.M., FDIC

"As a national federal farm policy administrator and commodity producer, I find it critical to keep updated with what is going on in the real world of agriculture and with the domestic and global markets. Of all the services I've have been privy to or have subscribed to over the past 20 years I've found in the past several months of engaging in your "Farm Direction" services to be the best perception and analysis of what is really happening in today's world. Not only here in the United States, but across the globe as well. US farmers need this type of help and information to assist them in their daily efforts. I commend you for a job well done. Please let me know if I can ever be of any help or assistance to you in the future..."

**L.T., Assistant Deputy Administrator
for Farm Programs USDA**

My Own Personal Truisms

"Not To Trade, is often considered a good trading decision..."

"First Rule of HOLES: When you are in one stop digging..."

"Every looser in Vegas, always walks away from the table thinking he could have done better, the winners on the other hand leave while on top..."

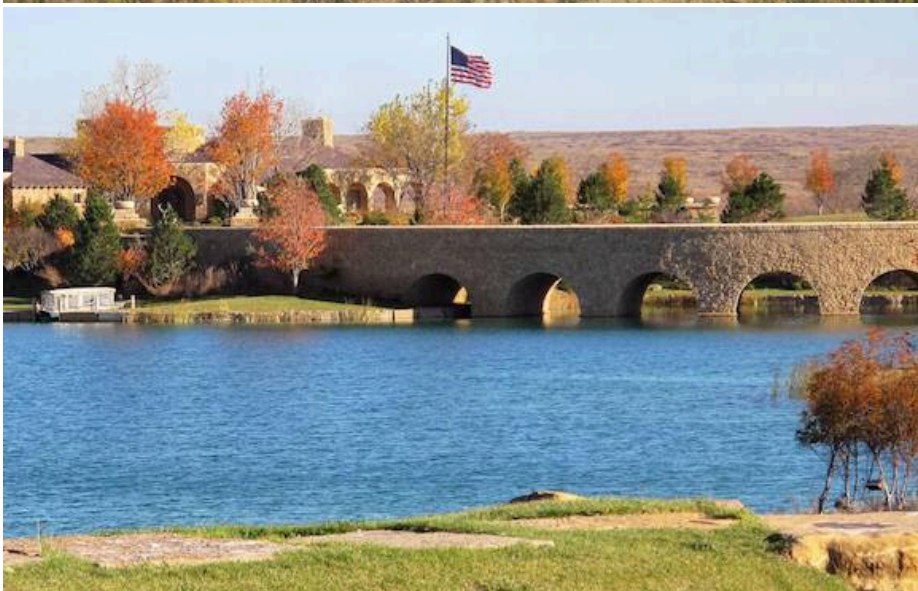
"Bulls make money, Bears make money, but pigs get slaughtered..."

"The markets ability to remain irrational can often times last much longer than your ability to remain solvent..."

I'm more of a long-term player, therefore you will not see me give many short-term suggestions or trade ideas. One of my most important rules is that I always follow my long-term direction. Therefore, as long as I am "bullish" a market I will only play that particular market in one of three ways.

- Option #1 - Conservatively long.
- Option #2 - Aggressively long.
- Option #3 - Sitting on the sideline.

I never initiate a "short" position in a market that I am "bullish" longer-term, nor do I initiate a "long" position in a market I am "bearish" longer-term.



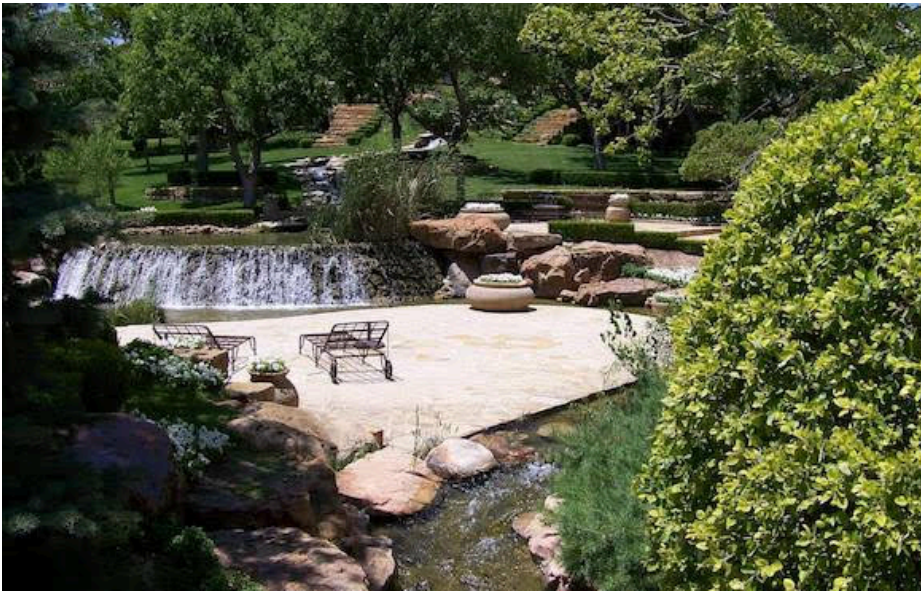
Farm Direction
RECIPES

★ **FAMILY** ★
FAVORITES
-SENT IN BY OUR READERS-



Quick Black Forest
Cherry Cake

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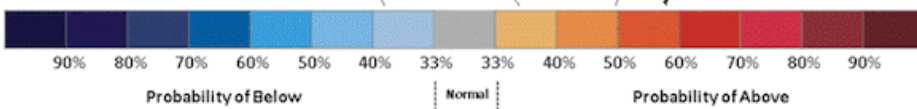


Weather forecast calls for mild temperatures across the Midwest through the first weekend of December. A notable change in the upper-air pattern is featured during the five to 10 day timeframe, with much colder conditions to the East. This colder trend will keep things mostly dry in the Midwest, offering favorable ground conditions for final harvest. Precipitation chances are greatest in the southeastern U.S. Southern Plains crop areas continue with a very dry pattern through the next 10 days. This drier prospect means further loss of soil moisture in winter wheat areas. Winter wheat conditions are notably worse this year than a year ago, especially in Oklahoma and Texas. Lack of moisture in Argentina and southern Brazil continue to gain attraction.



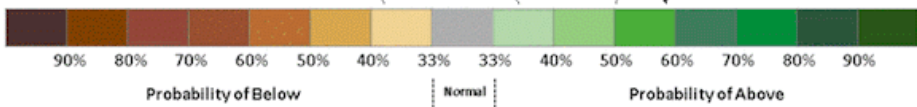
6-10 DAY OUTLOOK
TEMPERATURE PROBABILITY
MADE 3 DEC 2017
VALID DEC 09 - 13, 2017

DASHED BLACK LINES ARE CLIMATOLOGY
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VALUES ABOVE (A) OR BELOW (B) NORMAL
GRAY AREAS ARE NEAR-NORMAL



6-10 DAY OUTLOOK
PRECIPITATION PROBABILITY
MADE 3 DEC 2017
VALID DEC 09 - 13, 2017

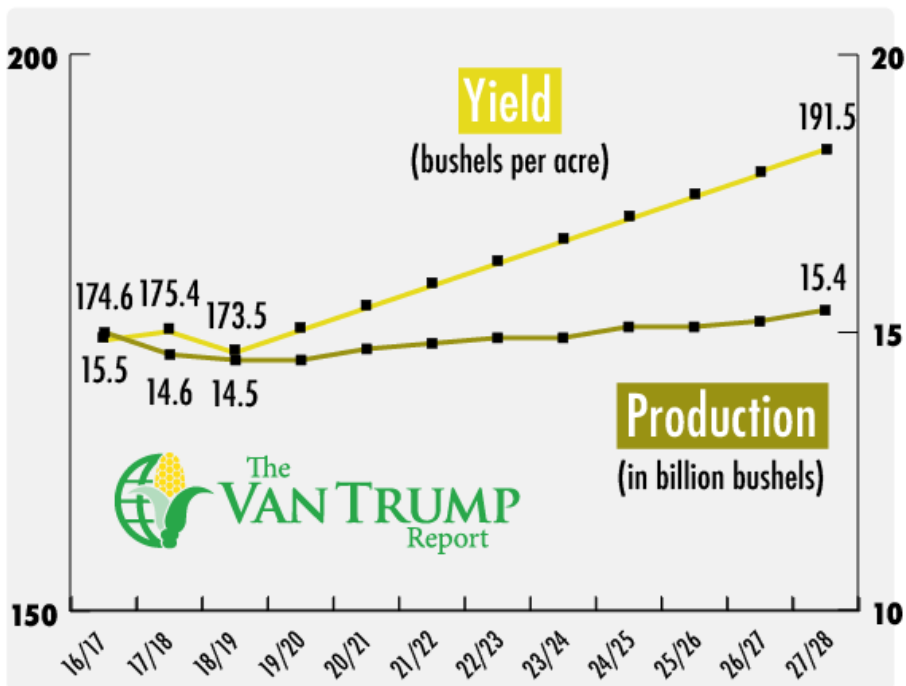
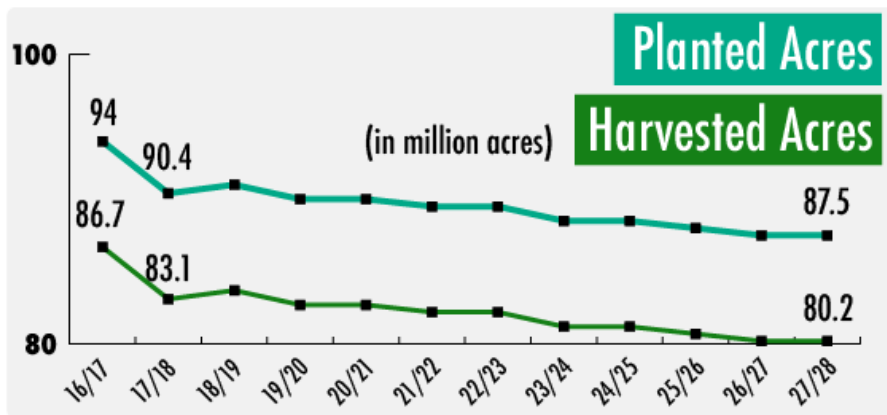
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VALUES ABOVE (A) OR BELOW (B) MEDIAN
GRAY AREAS ARE NEAR-MEDIAN



Corn bulls continue to point to lack of rainfall in southern Brazil and several areas inside Argentina as reason for greater concern. Interestingly, the 6-10 day forecast for these areas aren't showing many chances for moisture and the heat might start to turn up a bit as well, hence reason to perhaps add a bit more weather risk-premium to the mix. Lets also keep in mind the funds are thought to be short a near record amount on the burdensome fundamentals. Meaning perhaps some short covering could add a bit more fuel to the fire, especially if we to start to see corn trade back above a few of the more important technical moving-averages. I'm also starting to see further confirmation of the cash basis tightening a bit more in South America. At the same time we now have China sniffing around in the global marketplace, recently purchasing several U.S. cargoes of corn, I'm hearing close to 20. Word is a lot more corn is being moved around inside China, particularly from the northeastern regions down to the southern ports such as Guangdong. There's also talk inside China that their government is becoming much more receptive to being a larger importer. In return, a few insiders who were almost guaranteeing the U.S. balance sheet was going to increase, are now starting to sing a slightly different tune. Not only are they now thinking the USDA is underestimating the amount of corn used for ethanol, but might also be a bit shy on their U.S. export estimate. The feed numbers have also been strong, so there's a chance demand may need to be bumped a hair higher there as well. In other words, perhaps there's another +75 to +150 million bushels in extra demand on the horizon and the balance sheet tightens. As a producer, I'm still staying patient but keeping an extremely close eye on longer-term risk reduction. Specifically, I'm watching the MAR, MAY and JUL 2019 contracts. There's some opportunities to secure \$4.00 to \$4.20 floors on next years crop, with upside potential to between \$4.40 and \$4.50. Is it a home run, certainly not, but it helps keep us in the game for another season. More nearby, I suspect the MAR18 contract will face stiffer technical resistance up between \$3.65 and \$3.75 per bushel. Those behind or wanting to make more cash sales might want to nibble a bit on the way up. As a spec, the only two nearby choices I like are either on the sideline or navigating from a conservative bullish position. I do not want to play the short side into a possible "rotation" of funds in the macro space, increasing global demand and or a weather bull wanting to run...

U.S. Corn Long-term Projections

Early-Release Tables from USDA Agricultural Projections to 2027



Cost of Production: Costs and Returns

	16/17	17/18	18/19	19/20	19/20	19/20	19/20	19/20	19/20	19/20	19/20	19/20
Farm Price (\$ per bushel)	3.36	3.20	3.30	3.35	3.40	3.40	3.40	3.45	3.50	3.50	3.55	3.60
Cost of Production (\$ per acre)	334	329	336	3431	347	348	351	357	362	365	367	370
Net Returns (\$ per acre)	253	232	236	247	248	262	266	276	288	291	306	320

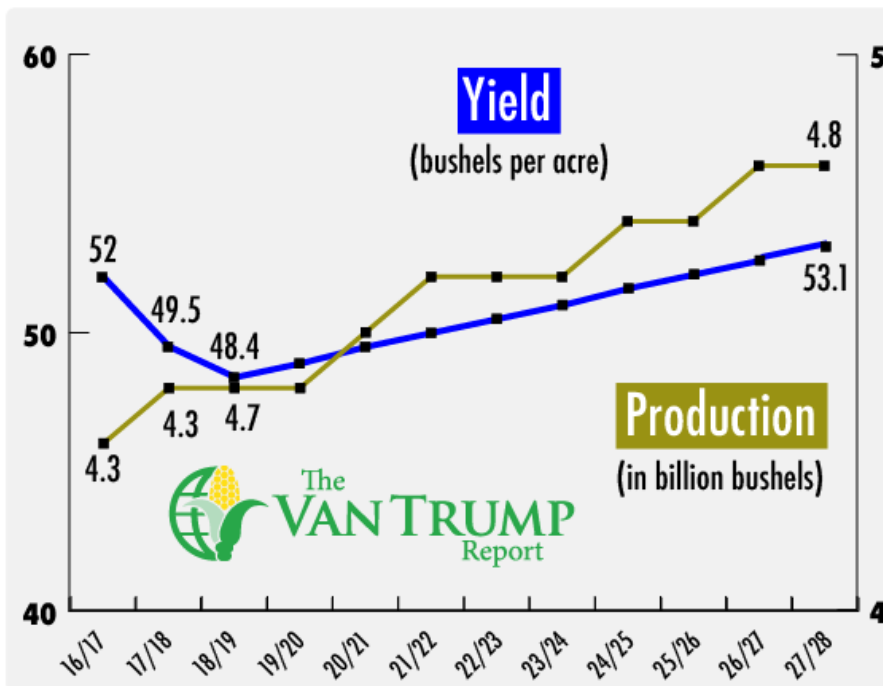
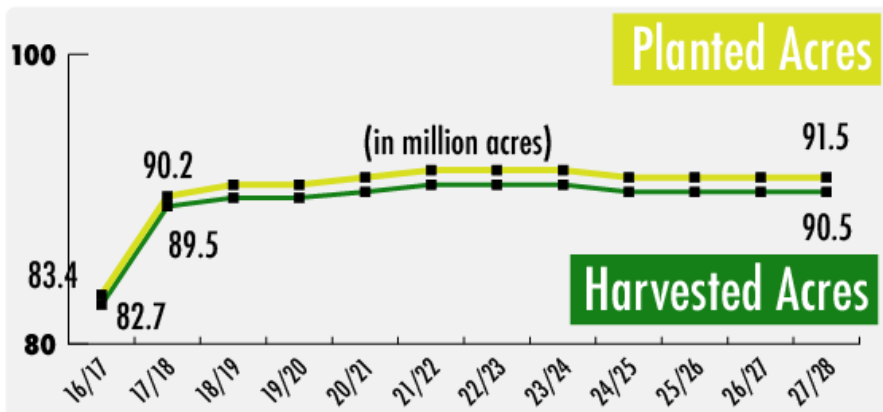
Source: USDA, Long-Term Projections released November 28, 2017

Soybean bulls are also talking about weather concerns in South America. There's also starting to be a bit more bullish news circulating in regard to global demand. Up until a few days ago there's been a lot of negative talk about U.S. soybean exports and how the USDA is grossly overestimating sales. The bears who have been screaming this forecast, seem to be taking a couple of steps backwards. Chinese import demand for November, December and January might end up being much larger than many had forecast, meaning the USDA might not have to reduce exports, at least not by as much as some had been talking. I'm hearing that several of the Chinese crushers who had to suspend operations due to issues with GMO certificates are starting to come back online. Crushers here at home seem to be enjoying strong margins and several inside sources are saying their demand might be more robust than many in the trade had

forecast. There also seems to be a lot more uncertainty and speculation surrounding currency valuations, which in my opinion, nearby could add a tailwind for soybean prices. Longer-term however, currency valuations are a much larger "wild-card" and could act as a headwind to price. As a producer, I want to use the current uncertainties in weather and macro's to help reduce longer-time price risk. The NOV18 contract is now above \$10.15 per bushel and needs to be considered by those producers who need to take more risk off the table. I still like the thought of getting your first 25-30% of next years crop priced somewhere between here and \$10.30 per bushel. I'm also thinking the basis in some parts of the country might tick start ticking a bit higher as some crushers may have to start bidding against others for supply. We need to stay fully engaged through the holidays, as these might be some of our better opportunities to reduce new-crop risk.

U.S. Soybean Long-term Projections

Early-Release Tables from USDA Agricultural Projections to 2027



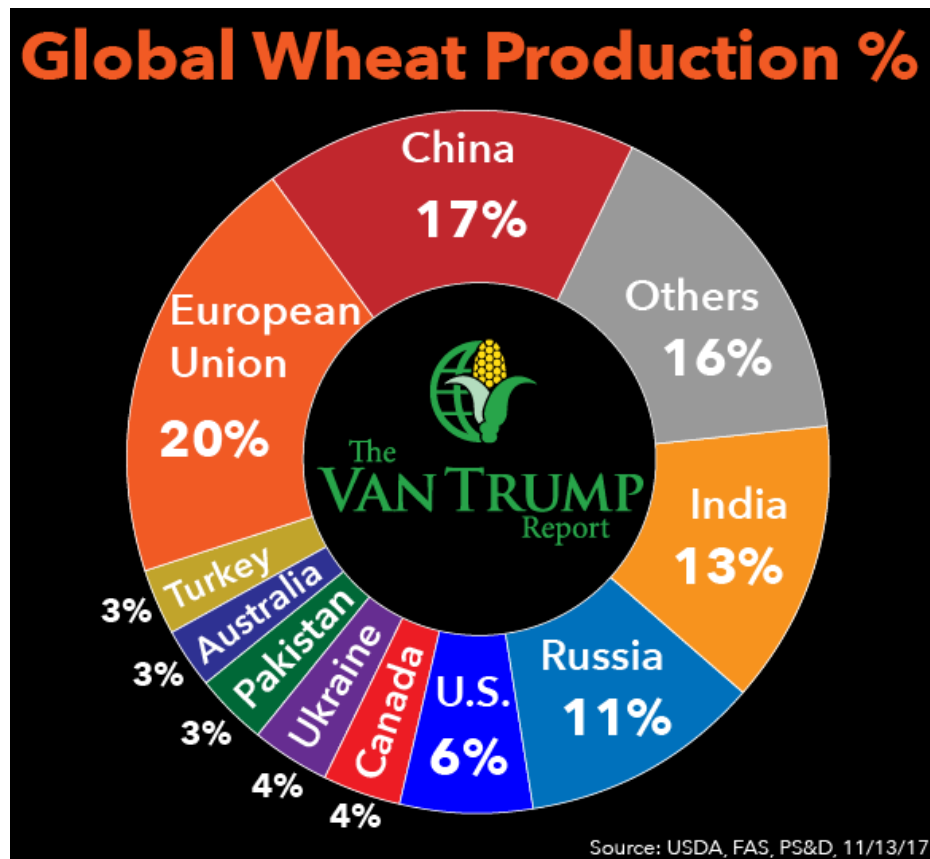
Cost of Production: Costs and Returns

	16/17	17/18	18/19	19/20	19/20	19/20	19/20	19/20	19/20	19/20	19/20	19/20
Farm Price (\$ per bushel)	9.47	9.30	9.40	9.45	9.45	9.50	9.50	9.60	9.75	9.75	9.80	9.80
Cost of Production (\$ per acre)	174	173	176	178	181	182	184	187	189	191	192	194
Net Returns (\$ per acre)	320	287	279	284	287	293	296	303	314	317	323	326

Source: USDA, Long-Term Projections released November 28, 2017

Wheat prices are trying to rebound off last weeks fresh new contract lows. Depending on the contract, we are now about +10 to +20 cents off the most recent bottom. Globally, the bulls continue to talk about heavy rains in several important parts of Australia further complicating the harvest and total production. There's also some overly wet conditions brewing in parts of Europe, particularly in areas of Germany that are worth monitoring. On the flip side, both Russia and India continue to talk about big crops and what appears to be good conditions for the next round. I'm also hearing a bit more out of China and the fact they seem to be taking steps to further reduce their government owned inventories. Here at home, I continue to talk to producers who are worried about crop conditions, especially as we begin to face the colder extremes. If you add it all together, as I mentioned many weeks ago, the world might eventually be

forced to start bidding up for "quality" as we move into 2018. From my perspective, Spring Wheat and HRW wheat could start to more prominently gain on SRW wheat contracts. I should also note, global wheat demand in many parts of the world continue to move higher, some areas are reporting demand up +30% compared to last year. The funds continue to hold a massive short position as global supply remains near record levels. As both a producer and a spec, I still feel like most all of the bearish cards have been turned over and the global balance sheet is going to eventually tighten. How long can we continue to hold our breath as bulls is the biggest question?



> Soy Crush Up From Last Month, Flat Compared To Last Year: *The USDA reported soybeans crushed for crude oil at 5.28 million tons (176 million bushels) in October 2017, compared to 4.36 million tons (145 million bushels) in September 2017 and 5.28 million tons (176 million bushels) in October 2016. Crude oil produced was 2.02 billion pounds, up +19% from September 2017 but down -1% from October 2016. Soybean once refined oil production at 1.60 billion pounds during October 2017 increased +15% from September 2017 and increased +4% from October 2016. (Source: USDA)*

> USDA Says Farm Income Up But Outlook Remains Challenging: *The USDA is forecasting more stable farm sector profits after three years of decline, but their report has some bad news for farmers. The USDA's Economic Research Service report says net farm income is expected to go up 2.7% to more than 63-billion dollars this year, but after adjusting for inflation, that income will be about the same as 2016. Cash receipts are up for dairy, poultry, eggs, hogs, and cattle, but down for crops. The same report says there was less spent on Agricultural Risk Coverage payments, but more on Price Loss Coverage payments. Farm production expenses are also projected to be up one-and-a-half percent this year. The ERS report also points out the importance of non-farm income for many producers. The agency says median farm income fell 940-dollars in 2016 and will fall nearly 11-hundred dollars this year. USDA says many households earn positive off-farm income and more than half of these households lost money on their farming operations. (Source: Brownfield Ag)*

> Russian Wheat To Benefit From Mild Weather, Good Snow Cover: *Favorable weather expected at the start of the Russian winter will help planted wheat, according to Commodity Weather Group. Currently, no major cold snaps are seen in southern Russia and Ukraine, while snow cover is projected to be adequate, insulating plants against potential damage from any frosts, said David Streit, a forecaster at the group. "We have a fairly snowy winter for the region, which should help to provide protection as we go deeper into the winter," he said by email. "Winterkill risks are limited for the beginning of the winter." Ideal weather conditions helped Russia reach a record harvest this year and indications of good weather for next year may see the country retain its position as the world's top wheat exporter. Plantings for next year's harvest are seen near a record high, with crop conditions mostly better than a year ago, according to estimates by the Institute for Agriculture Market Studies, or IKAR. (Source: Bloomberg)*

> U.S. Rice Prices Flying High Amid Sharply Lower Production: *U.S. rice production is estimated down -20% from 2016 while nearby rough rice futures traded in Chicago were up nearly +30% from a year ago in late November. The drastic reduction largely was the result of reduced planted and harvested area as rice (as well as corn and sorghum) lost acreage mainly to soybeans and cotton due to relative prices when planting decisions were made earlier in the year. Slightly better national average rice yield provided some offset to lower acreage. Some rice acreage losses also resulted from heavy rains and flooding related to Hurricane Harvey in Texas and Louisiana. Although much of the crop was harvested when the hurricane hit, there were significant losses to the second harvest, known as the ratoon crop, according to the USDA. Additional acreage was lost to flooding earlier in the year in top-producing Arkansas, which accounted for about 60% of the total reduced harvested area. (Source: World Grain)*

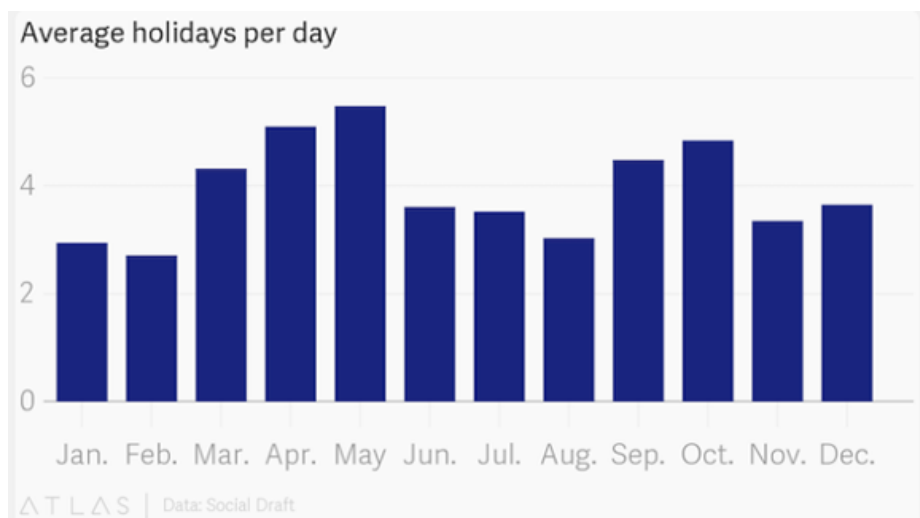
> Cheap Global Supplies Cramp China's Corn Reforms: *China's 2016 effort to reform its corn market through eliminating price supports and stockpiling has apparently worked to some extent. But the results may not be exactly what Beijing was looking for as foreign imports could ramp up amid cheap global prices. Over the past month, China has reportedly purchased up to 700,000 tonnes of primarily U.S. corn for delivery early next year. This trend is expected to continue since the import prices are much more attractive than those for the domestic product. (Source: Reuters)*

> Canadian Canola, Wheat Harvests May Be Bigger Than Expected: *A poll of the trade shows Canadian farmers harvested the biggest canola crop on record, slightly larger than was expected in Statistics Canada's September report. Reuters surveyed 15 traders and analysts ahead of the StatsCan report due Dec. 6. Wheat production is also seen higher than earlier expectations, as favorable weather in many areas produced big yields. Production of all-wheat, which includes spring wheat, durum and a small volume of winter wheat, looks to total 28 million metric tons, according to the average estimate. Canola production reached 20.2 million metric tons, according to the Reuters survey's average estimate, up +2.5% from StatsCan's September report and rising three percent from last year's output. That output would be up +3% from StatsCan's September report, but down -12% from a year ago. (Source: Reuters)*

> U.S. Says Brazilian Beef Ban To Remain In Place: *As Brazilian meat companies tell news outlets like Reuters that the ban on beef exports into the U.S., begun in June, will be lifted early in 2018, USDA stressed that no decisions have been made. In fact, the Brazilian government still has not provided the U.S. with answers for how it will fix the problems. "FSIS has committed to further technical discussions with the Brazilian government and will further assess equivalence of Brazil's meat inspection system once the agency receives Brazil's proposed corrective actions to address the reported findings in the audit," USDA spokesman Tim Murtaugh said in an email. "As such, no lifting of the ban has been scheduled." (Source: Politico)*

> Argentine Beef Exports Seen Rising +35% In 2017: *Argentina will export close to 320,000 tonnes of beef in 2017, up 35 percent from the prior year due largely to greater demand in China, the head of the Argentine Beef Promotion Institute (IPCVA) said. The South American country, once one of the world's largest beef exporters, has sought to reposition itself as a leader in the global beef market since President Mauricio Macri eliminated export taxes and restrictions shortly after taking office in December 2015. (Source: Reuters)*

> Is Every Day A Holiday? *Did you survive Black Friday, Small Business Saturday, Cyber Monday, and Giving Tuesday? Leaving aside retail holidays and the arbitrary days we've decided to make national and religious holidays, in the new economy, every day is a Day. Pick your poison du jour: pi, pie, pancakes, pickles, or talking like a pirate? There's a movement of some kind to designate a day for celebrating just about everything under the sun. These frivolous holidays may seem like one of the more mundane parts of modern culture—harmless and charming or crudely capitalist, depending on your point of view—but the truth is, the designation of random holidays has been a marketing tactic for at least a century. And anyone can create a holiday. All one has to do is stake their claim to the day, promote the heck out of it on social media and hope it catches on. If that fails, rumor has it you can purchase one on NationalDayCalendar.com for the low price of \$2,300. (Source: Business Insider)*



Westcentral Iowa - It was an interesting year in our area, with a wet start then an extended period of dryness. We got in the ground with a bit of struggle as it was wet through May here then we had no measurable moisture until August. Of course, then we got 14" after that. We expected about 180bpa for the corn as summer progressed and we could not have been more surprised when we averaged over 250bpa. The beans did equally as well considering the conditions and we believe we are seeing genetics carry the plant through some tough times. We also have feed cattle and our corn all goes there. The late rains turned the feedlot into a muddy concrete mess which needs a touch-up. Beyond that, we are busy with field work and hauling bales.

Southeast Minnesota - We have 35 acres of corn left to harvest before we put this long growing season to bed. I was up in the plane yesterday scouting and it looks like we have 10% left to harvest in our area. We had our best year on corn with 236bpa across our fields. Prior to that it was 215bpa. I think the late first freeze we had allowed the kernel to fill slowly and helped with the yields. There was still over 20% moisture two days ago when we were finishing. There is no shortage of locations to drop our corn at with the river nearby and plenty of ethanol plants just west of us. We are hoping to pick up some available land before next season.

Southeast South Dakota - Yields up in this area varied in our mostly dryland acres. On average we saw around 150bpa for corn in our county. The beans seemed to have a bit better year with most averaging in the mid-50's and some hitting the 70's. We are hearing that banks may only loan on cash flow and if that's true things could get tough for some. It will definitely get some grain out of the bins though. Lots of guys are sitting on some old corn for sure here. Some of the basis are in the -.40's right now. Cash rents are running around \$150 here.



Opioid Crisis Hits Farmers Harder Than Their Rural Neighbors: The U.S. opioid crisis that's sweeping through America's heartland has hit farmers harder than the wider rural population. Almost three-quarters of U.S. farmers and farm workers say they have been directly affected by opioid dependence, either from taking an illegal dose or dealing with a habit themselves or by knowing someone who has used. That compares with about 45 percent for the rural population as a whole, according to a poll commissioned by the American Farm Bureau Federation and the National Farmers Union, the two biggest U.S. farmer groups. Read more [HERE](#).

Index Fund-type Coins Are About to Enter Cryptocurrency Market: The AGRE token is an investment vehicle for people who want to diversify their crypto holdings to include the top six coins. So that when you buy Aggregated Coin, you'll own weighted positions in Bitcoin, Ethereum, Bitcoin Cash, Ripple, Litecoin and Dash. These have gained nearly 800 percent since October 2016. Read More [HERE](#)

Space Junk Falls From The Skies More Than You Think: Like other seemingly once-in-a-lifetime events—like experiencing a full solar eclipse—bearing witness to a big hunk of metal hurtling towards the ground is only rare because so much of our planet is virtually uninhabited. More than 200 objects re-entered the atmosphere in 2016 alone. There were over 600 in 2014, though the average is more like 200-400. What are your odds of getting hit by the falling space junk?? Read more [HERE](#).

Porsche CEO Bets On An Electric Future: At a recent public forum with Porsche CEO Oliver Blume, a billionaire tech CEO stood up to ask a question. But rather than inquire about how quickly technological innovations could take root in the German sports car builder's models, WhatsApp CEO Jan Koum was worried Porsche was forgetting its past. "Have you ever thought about going back to making cars that are simple again?" asked Koum, generating a few knowing nods from fellow enthusiasts. Blume's response was diplomatic. Read more [HERE](#).

Snow Biking Is Really A Thing: You'd be forgiven if you've never heard of snow bikes until now, but that won't last long. After languishing in big brother snowmobile's shadow, snow bikes are finally having their moment. Basically just dirt bikes with a tank-like tread system replacing the rear wheel and a ski replacing the front wheel, they are smaller, more nimble, and a lot cheaper than snowmobiles. Read more [HERE](#).

Gene Therapy Shows Promise For A Growing List Of Diseases: Eli Wheatley and Christian Guardino are among a growing number of patients whose lives are apparently being saved or radically improved by gene therapy. Wheatley, 3, of Lebanon, Ky., and Guardino, 17, of Patchogue, N.Y., were both diagnosed with what were long thought to be incurable genetic disorders. In the past, Wheatley's condition would have probably killed him before his first birthday. Guardino's would have blinded him early in life. But after receiving experimental gene therapies, both seem to be doing fine. So far, gene therapy has only been tested on a relatively small number of patients who have been followed for relatively short periods of time. But doctors and families of those helped so far are elated at the progress. Read more [HERE](#).

Renewable Energy Growth Helping To Drive Down Electricity Prices: The rapid rise of wind and natural gas as sources of electricity is roiling U.S. power markets, forcing more companies to close older generating plants. Wholesale electricity prices are falling near historic lows in parts of the country with competitive power markets, as demand for electricity remains stagnant while newer, less-expensive generating facilities continue to come online. The changing American electricity landscape is pressuring power companies to shed unprofitable plants and reshape their portfolios to favor the new winners. Read more [HERE](#).

Renewable Energy Growth

Wind and solar energy have emerged as a bigger part of the nation's energy mix, driven by better industrial designs and manufacturing, government policies that encouraged it—and lower cost.

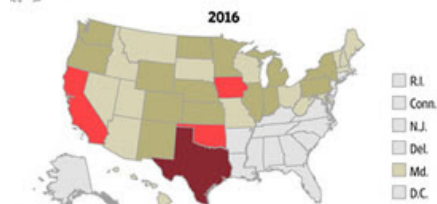
Cumulative installed wind capacity

0-100 megawatts 101-1,000 1,001-5,000
5,001-10,000 >10,000



Cumulative installed solar capacity

0-100 megawatts 101-250 251-500
501-1,000 >1,000



Sources: American Wind Energy Association (wind); GTM Research; Solar Energy Industries Association (solar) Note: Includes residential solar installations THE WALL STREET JOURNAL.



Make Certain You Are Paying Close Attention To "Amazon" And Other Possible Ag Disrupters

Since Amazon jumped head first into the grocery business by purchasing Whole Foods Market there's been a ton of talk about the future. For consumers, analysts believe the entry of Amazon into the food space will mean more choices, faster home deliveries of groceries and lower prices. While Amazon is making its presence felt in the food industry, some are worried it could shift the direction of agriculture in various sectors. From what I understand, even before the Whole Foods deal, Amazon Technologies had filed at least 110 trademarks related to food. Interestingly, ten of those trademarks were related to the phrase "single cow burger." Amazon already sells Wagyu beef burgers made from grass-fed cattle raised in California. The company promotes the product as made from a "single cow" unlike most burgers which are made from the trimmings of multiple animals. "How many cows does it take to make one burger? Thanks to Amazon, just one," the company touts in its promotions for AmazonFresh. It's obvious that Amazon is planting seeds among consumers that burgers made from multiple sources are somehow less healthy or better for you, in turn trying to create a new market. In other words, they are playing the game like great politicians, identifying or making up a possible problem that they know they can provide a solution for. Pardon my ignorance, but before now I've never heard or read research that burgers from a single source are safer, tastier or greener for the planet, but it certainly seems this is the new conclusion being considered and potentially pushing consumers in a new direction. Amazon's foray into the food business is another giant step by an extremely smart and savvy company, one that also has the technology and ability to alter the consumers mindset. With this being said, I have no ill regard or negative tilt towards Amazon, in fact I've purchased even more of their stock. I just think we need to make certain we are paying very close attention to their advertisements, promotions and ways they are turning their turrets, as it could ultimately shift or swing portions of our industry. I'm told that Amazon will soon be selling enough beef and other proteins that it will likely hold great leverage, the kind of leverage that could force changes to many production and distribution models. Ready or not, Amazon is in the space and other disrupters may soon follow. As producers, we have to be aware of the possible shifts and changes that may come our direction. Don't try to fight it, try to better understand it...



Apple Is Making A Major Move Into The Healthcare Sector

Tech giant Apple is launching an unprecedented medical study to determine whether its Watch can detect a heart rhythm disorder. The company recently launched the 'Apple Heart Study' app to research the heart rate sensor's ability to collect data on atrial fibrillation (AFib). To be clear, they are not conducting research on AFib itself, they just want to determine if the Apple Watch could be used to monitor a users heart rhythm and possibly alert the patient or their physician. AFib is one of the most common causes of both stroke and heart failure, and responsible for around 130,000 deaths in the U.S. every year. Apple is partnering with Stanford Medicine to perform the research. As part of the study, if an irregular heart rhythm is identified, participants will receive a notification on their Apple Watch and iPhone, a free consultation with a study doctor and an electrocardiogram (ECG) patch for additional monitoring. The Apple Heart Study app is available in the US App Store to customers who are 22 years or older and have an Apple Watch Series 1 or later. Apple says that it ultimately only wants to screen for abnormalities, not diagnose heart problems. Taking it one step further, Apple and

Stanford both have expressed their hopes of exploring how technology such as the Apple Watch can help facilitate a more “proactive” era of health care. Medical experts say the heart rhythm study is an important step on a path to Apple Watch becoming an approved, regulated medical device. Such a designation would elevate it above other wellness tracking devices like FitBit. Apple has actually been working with federal regulators in developing the study and intends to submit the results for review. Apple Chief Operating Officer Jeff Williams says the idea for the study stemmed from Apple Watch users that have said the device actually saved their lives. Detecting atrial fibrillation is an extremely effective way to help people avoid illness and even death since many people don't experience symptoms and the condition often goes undiagnosed. To this point, Apple has supported outside medical researchers in developing iPhone and Watch-based research studies, but this is the first one that Apple itself is conducting. Apple says that its ResearchKit and CareKit development platforms have been used by over 500 researchers and more than three million participants. (Sources: CNBC, Apple)



Star Wars Fans Get Ready!

The second episode of the current trilogy, *The Last Jedi*, comes out on December 15th. Although trailers make the movie look dark, the director says people will be surprised to see that it's somewhat funny. As we've learned from years past, *Star Wars* movies are notoriously kept under wraps pre-release, but there's been a few things floating around that I thought we would share. There's also a very interesting article at [Rolling Stone](#) with the movie's director and cast. Below are a few insights and rumors:

- *Carrie Fisher, who passed away last year, makes her final Star Wars movie appearance. Insiders believe the Princess Leia star's huge fan base could catapult the movie's opening weekend to an all-time record.*
- *In addition to playing a major acting role in the movie, it is also revealed that Carrie Fisher had some major input on the script. Writer-director Rian Johnson recently uncovered that Fisher worked with him on re-writing the story, calling her a "brilliant write with an incredible mind."*
- *The Last Jedi will be the longest Star Wars movie yet, clocking in at 150 minutes.*
- *Audiences can expect The Last Jedi to pick up right where The Force Awakens left off. If you recall, it ended in a big cliffhanger with Rey discovering Luke Skywalker's location and handing the hero his old lightsaber.*
- *C-3PO will indeed make an appearance in the new film. There had been a lot of speculation as to whether that would be the case as he hasn't been in any U.S. trailers. However, a Japanese trailer does show everyone's favorite droid will at least be on screen briefly. C-3PO has been in every installment of the Star Wars franchise to date.*
- *Fans are hoping it will be revealed whether Rey is Luke's daughter, a rumor that has been floating around since The Force Awakens came out. Another theory that has picked up steam more recently is the possibility that she is Obi-Wan's granddaughter.*
- *More BBs will be rolling around on screen. The lovable BB-8 astromech became the runaway star of The Force Awakens, providing comic relief on several fronts.*
- *Yoda could be returning in The Last Jedi. Rumors have spread that Yoda makes an appearance as a Force ghost, though there is the possibility of some kind of flashback scene. Helping to fuel the rumor, Frank Oz, the Muppeteer who voiced Yoda, was noted to be on the film's set in April of 2016.*
- *After The Last Jedi premieres, Disney will make another sequel, making it the last in the trilogy. And as the saga comes to the end, so might Skywalker's storyline. Actress Daisy Ridley has also publicly stated that she is not interested in playing Rey in a fourth film.*
- *Giant films like this have so many product tie-ins, a few of them are bound to be weird. A top contender this time around: Hipster fashion label Rag & Bone this*

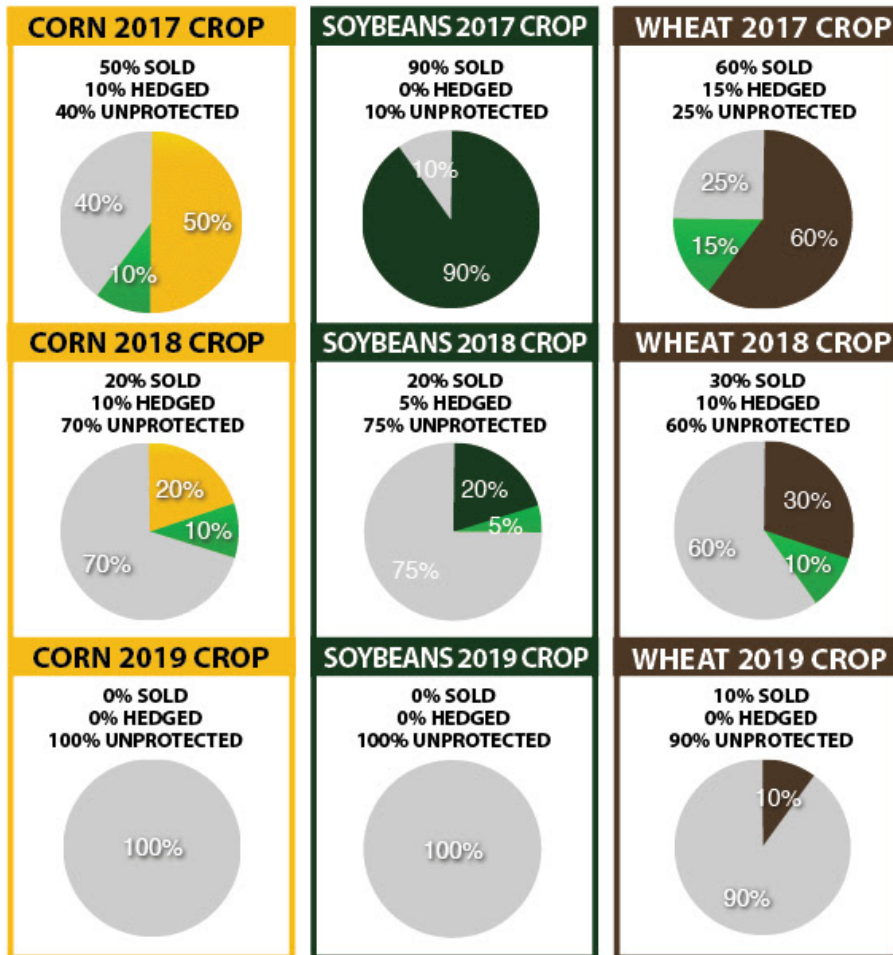
month starts selling a ready-to-wear line inspired by the film. The women's collection includes high-heel \$695 Ellis Force Boots. The men's line has a \$350 Obi-Wan Hoodie in a color named Tatooine (sort of gray).

- Cast member John Boyega, who plays Finn, recently let slip to the Hollywood Reporter that guest storm troopers include Princes William and Harry of the British Empire and actor Tom Hardy. Mr. Johnson has acknowledged that "Rogue One" director Gareth Edwards makes a cameo on the rebel side.
- Care to make "The Last Jedi" more interesting? You could lay a little bet on it. At offshore wagering website 5Dimes, you can gamble on whether Luke will be identified as Rey's father (around 5 to 1). You can get 4-to-1 odds at Betonline.ag if you think Kylo Ren will kill his mother, Leia, but 3.5-to-1 if you think he'll turn to the light side.

You can watch a trailer for the movie [HERE](#). (Sources: DenOfGeek, Wall Street Journal, CBR)



CASH SALES & HEDGING TOTALS



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