

## GOOD MORNING: 01/02/18 Farm Direction - VanTrump Report

1 message

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To: Kevin Van Trump <info@farmdirection.com>

Tue, Jan 2, 2018 at 7:07 AM



*"It's tough to make predictions, especially about the future" - Yogi Berra*

**TUESDAY, JANUARY 02, 2017**

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**Morning Summary:** Happy New Year! I remain bullish, but suspect U.S. and global stocks could have a tough task topping 2017. The S&P 500 gained just over +19%, its sixth best annual performance over the past two decades and its biggest yearly gain since 2013. According to the Financial Times, with stock dividends for S&P 500 companies factored in, the index posted positive returns every calendar month of 2017, the first such streak in its history. The Dow chalked up a total gain of +25% in 2017, its second-biggest rise of the past decade. It also managed to rack up the most new closing highs in any single calendar year. As I remind myself each new year when evaluating my stock portfolio, it's extremely important to listen to the American consumer. The reason I remain bullish is because the American consumer remains extremely optimistic. In fact U.S. consumer confidence recently climbed to a 17 year high. The amount of cash spent by the average American on a daily basis is up to \$98 per day, a post-recession high. This is extremely important, as most sources believe 70% of the U.S. economy is predominantly driven by consumer spending. The good news is money remains historical cheap to borrow and consumers will be seeing a bit more in their paychecks as the newest tax-reform laws are implemented. The latest data shows many consumers plan to make big-ticket purchases in the next six months. The share of Americans planning to buy refrigerators and washing machines has reached almost 10%, its highest point since at least 1978, according to the Conference Board's December survey. Also the highest since 1978, are the +60% of Americans who plan to take a vacation during the next six-months. Jobs are plentiful. In fact, the U.S. economy has gained jobs for 86 consecutive months, the longest streak in history, according to Labor Department figures going back to 1939. Bottom-line, until consumer spending starts to show serious signs of weakening it's tough to envision a recession. Heading into 2018, most insiders remain mostly optimistic that the upward trend will continue, but more than likely at a slower pace than witnessed in 2017, particularly if volatility returns. Last year saw "volatility" hit historic lows, despite extreme instances of domestic and global political uncertainties. On the U.S. economic front, insiders will be keeping a close eye on wages, which have remained stubbornly stagnant despite the country being at what's considered "full employment." This combined with a massive surge in technology is seen as a major contributor to the lack of inflation, something that will continue to be a major focus in 2018. The U.S. Federal Reserve raised rates three times in 2017 in spite of inflation failing to reach its target rate of +2% and investors will be closely watching how they continue to react to signs of growth - or lack thereof - in the months to come. One of the major highlights this week will be "minutes" from the Fed's December meeting, scheduled for release this Wednesday. Analysts hope to gain more insight as to how the majority of Fed officials are leaning and how they feel about further tightening. Most inside sources suspect we will see the Fed hike rates another three times in 2018, regardless of the lack of inflationary pressure. Policy makers have been split on whether raising rates despite low inflation was appropriate in order to stay ahead of a possible spike in inflation, or whether raising rates too quickly, too soon could interrupt economic growth. Today, the only economic data is the PMI Manufacturing Index, which is expected to reflect another healthy increase. In Washington, the Senate is back at work this week with the need to pass a full-year funding package topping the to-do list. Members of the House don't return until January 8. The current short-term legislation keeps the government running thru January 19. Keep in mind, 2018 is also an extremely important mid-term election year and the turning of the calendar "officially" starts off what's expected to be a long campaign season.

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### Today In History

**1956, Football** - Oklahoma University's champion football team, the Sooners, defeat Maryland 20-6 in the Orange Bowl in Miami, Florida, winning the national

**"Georgia vs. Alabama" In College Football National Championship:** *The Georgia Bulldogs defeated the Oklahoma Sooners in double overtime to advance to the championship. Alabama easily handled Clemson. For the Bulldogs, it is their first opportunity at a title since the 1983 season, when they lost out on a crown to Penn State. Georgia's last championship came back in 1980. The Crimson Tide will be playing in their third straight title game and sixth in nine seasons. Early odds makers have Alabama favored by 4 points. Keep in mind, Georgia's coach Kirby Smart was Alabama's former defensive coordinator. Should be a good game...*

**Political Unrest Building In the Middle East:** *The most widespread demonstrations in over a decade continue building across Iran as unrest over economic conditions grow. At least 20 people have been killed and more than 350 have been arrested but protests continued to spread to dozens of cities and towns despite the government's warnings. Much of Iranians' complaints are directed at President Hassan Rouhani and his inability to keep inflation in check or solve unemployment, which sits at about 12%. As the days go by and protests build, however, the focus has shifted toward discontent with Iran's entire ruling system and its Supreme Leader, Ayatollah Ali Khamenei. In a rare act of defiance, some protesters have even called for the resignation of the Ayatollah. The full extent of the unrest is hard to gauge. The markets are also paying much closer attention to the relationship being built between Saudi Arabia and Israel, once unimaginable, but now considered one that will likely become the driving force of the new Middle East. There's a lot of talk that Saudi Arabia and Israel are starting to put their hatred for one another to the side in order to stop Iran from expanding its political agenda. This is certainly something we will want keep on the political radar. (Sources: CNN, Al Jazeera)*

**Have Bitcoin Futures Failed To Live Up To The Hype?** *The CBOE's Bitcoin Futures contract has been trading for 3 weeks and the CME's contract has now been trading for 2 weeks. The January CBOE contract has open interest of 2,828 contracts as of December 29th. That open interest has barely risen from where it ended its first week (1,730 contracts). The CME's contract has finished its first two weeks with open interest of only 498 contracts. Given the amount of hype surrounding bitcoin and how this product would promote new access, many analysts think those numbers are very low, especially considering the enormous amount of public awareness and media hype that surrounded them. Trading volume is also pretty low, comparatively. Average trading volume on the front contract on the CBOE has been 932 contracts. The CME's has been a slightly more robust 3,387 daily trades. Traders point out that those numbers could be skewed to the downside due to the holiday week. Bitcoin prices began 2018 on a downward note, the first time the cryptocurrency began a new year by tumbling since 2015. Last year it rose +3.6% on the first day of 2017 to \$998, data from [coinmarketcap.com](http://coinmarketcap.com) show. It ended the year up more than +1,300%. (Sources: Forbes, Bloomberg)*

**A Couple Of Things I Didn't Know About China:** *In 2017, China surpassed the U.S. as the world's biggest buyer of oil. Keep in mind, it's estimated that only 10% of the population owns a private vehicle. Also interesting is how transportation is evolving and rapidly changing inside China. It's important to recognize there are +20 cities in China with populations greater than +5 million people. As a comparison, the number of US cities with a population over +5 million people: 1. New York. As technology continues to spread around the globe, it will be extremely interesting to see the direction of transportation and the future of energy... If you look at New York for example, traffic is dramatically higher and it's taking a lot longer to get around as more and more Uber type drivers enter the marketplace. There is also a notable decrease in the number of people using the bus and or subways, which is dramatically decreasing revenue and creating complications in public transit. A recent study from UC Davis took a comprehensive look at Uber and Lyft's effects on transportation systems in eight U.S. cities (including New York) and found them having similar adverse effects. Throw self-driving vehicles in the mix and the picture becomes even more clouded.*



championship and scoring their 30th straight victory in the middle of a winning streak that went on to stretch to 47 games. Behind Coach Bud Wilkinson, the Sooners had lost the opening game of the 1953 season to Notre Dame and tied Pittsburgh the next week; since then, they had gone undefeated. The game on January 2, 1956, was a rematch of the 1954 Orange Bowl, when Maryland had been ranked first and OU fourth. During that game, the Terrapins twice had a first down with the ball inside the 10-yard line only to be shut down by the Sooner defense. The Sooners won 7-0 with the game's single touchdown, scored by tailback Larry Grigg in the second period. In 1956, OU came into the Orange Bowl as the defending national champions, with the No. 1 ranking in the country and a 10-0 regular season record. Maryland was ranked third, with only one regular-season loss. Trailing 6-0 at halftime, the Sooners kicked in their offense in the second half, scoring three times and posting a second Orange Bowl win and a second straight national championship. The Sooners' historic winning streak didn't come to an end until November 1957, when they lost to Notre Dame 7-0.

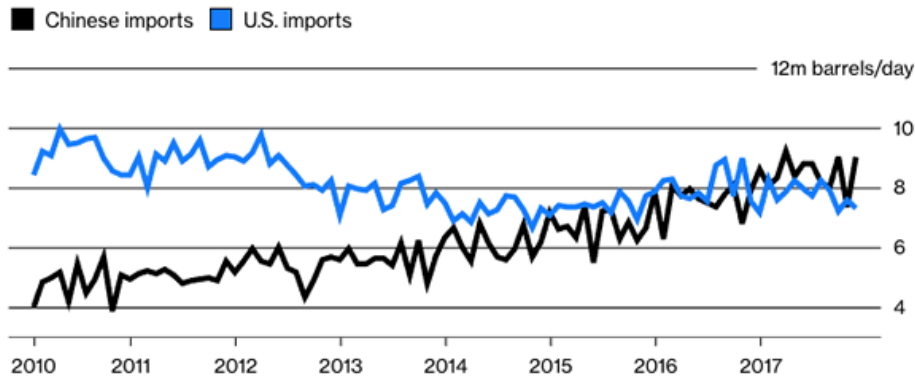


**1962, The Weavers -** The Weavers, one of the most significant popular-music groups of the postwar era, saw their career nearly destroyed during the Red Scare of the early 1950s. Even with anti-communist fervor in decline by the early 1960s, the Weavers' leftist politics were used against them as late as January 2, 1962, when the group's appearance on The Jack Paar Show was cancelled over their refusal to sign an oath of political loyalty. The importance of the Weavers to the folk revival of the late 1950s cannot be overstated. Without the group that Pete Seeger founded with Lee Hays in Greenwich Village in 1948, there would likely be no Bob Dylan, not to mention no Kingston Trio or Peter, Paul and Mary. The Weavers helped spark a tremendous resurgence in interest in American folk traditions and folk songs when they burst onto the popular scene with "Goodnight Irene," a #1 record for 13 weeks in the summer and fall of 1950. The Weavers sold millions of copies of innocent, beautiful and utterly apolitical records like "Midnight Special" and "On Top of Old Smoky" that year. And then it came to light that members of the group had openly embraced the pacifism, internationalism and pro-labor sympathies of the Communist Party during the 1930s. When word of their political past spread, the backlash was swift. The Weavers' planned television show was canceled, the group was placed under FBI surveillance and Seeger and Hays were called to testify before Joseph McCarthy's House Un-American Activities Committee. The Weavers lost their recording contract with Decca in 1951, and by 1953, unable to book most concert venues and banned from



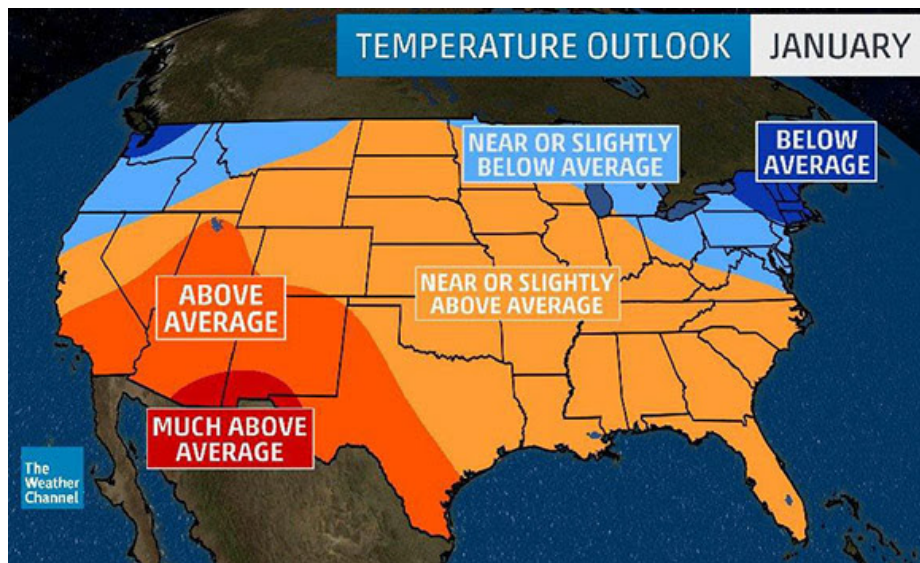
## Top Oil Buyer

### China surpasses U.S. as world's biggest crude importer



Sources: China's General Administration of Customs, U.S. EIA

**Weather** forecasts are calling for this Arctic Cold spell to last at least through this first week of January, especially in the northeastern U.S. By mid-January however, this cold weather pattern should relax and allow milder temperatures to take over east of the Rockies. One factor that favors a milder weather pattern returning east of the Rockies is a greater influence of the ongoing La Nina event on the atmosphere as we head deeper into winter. La Nina forcing tends to favor colder risks early and warmer risks in the eastern U.S. as the winter progresses. If this forecasts holds true, a broad swath of the nation from the Southeast to the Great Plains should see temperatures near or slightly above average in January overall. Meanwhile, the Southwest has the best odds of above average warmth, continuing what has already been a mild and dry winter in that region.



appearing on television and radio, they disbanded. The Weavers enjoyed a significant comeback in the late 1950s, but the group never shook its right-wing antagonists. On the afternoon of January 2, 1962, in advance of a scheduled appearance on The Jack Paar Show, the Weavers were told by NBC officials that their appearance would be canceled if they would not sign a statement disavowing the Communist party. Every member of the Weavers refused to sign.



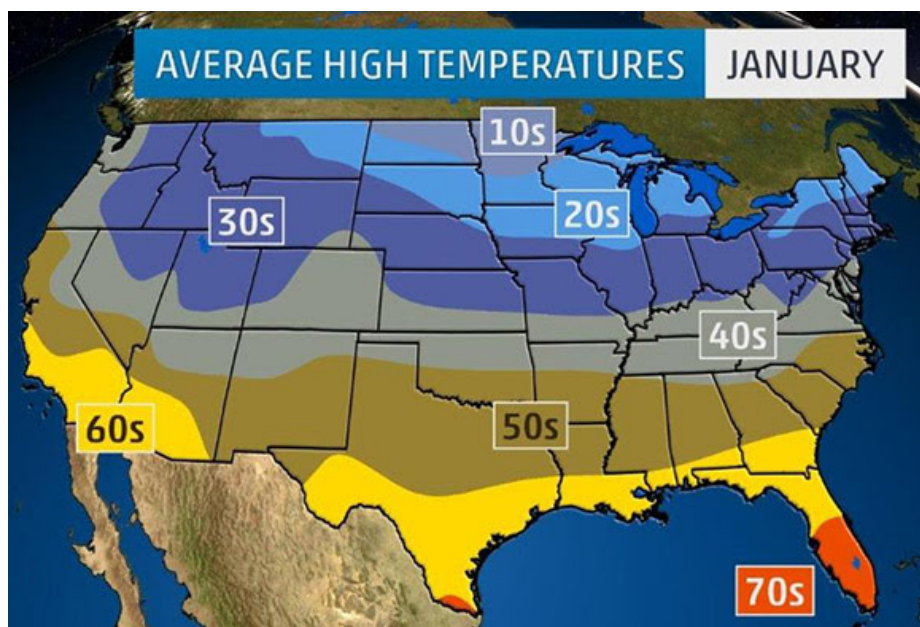
**1980, Cold War** - In a strong reaction to the December 1979 Soviet invasion of Afghanistan, President Jimmy Carter asks the Senate to postpone action on the SALT II nuclear weapons treaty and recalls the U.S. ambassador to Moscow. These actions sent a message that the age of detente and the friendlier diplomatic and economic relations that were established between the United States and Soviet Union during President Richard Nixon's administration (1969-74) had ended. Carter feared that the Soviet invasion of Afghanistan, in which an estimated 30,000 combat troops entered that nation and established a puppet government, would threaten the stability of strategic neighboring countries such as Iran and Pakistan and could lead to the USSR gaining control over much of the world's oil supplies. The Soviet actions were labeled "a serious threat to peace" by the White House. Carter asked the Senate to shelve ratification talks on SALT II, the nuclear arms treaty that he and Soviet Premier Leonid Brezhnev had already signed, and the president called U.S. ambassador to Moscow Thomas J. Watson back to Washington for "consultation," in an effort to let the Kremlin know that military intervention in Afghanistan was unacceptable. When the Soviets refused to withdraw from Afghanistan, America halted certain key exports to the USSR, including grain and high technology, and boycotted the 1980 summer Olympics, which were held in Moscow. The United States also began to covertly subsidize anti-Soviet fighters in Afghanistan. In 1980, Jimmy Carter lost the presidency to Ronald Reagan, who favored a more aggressive anti-Communist foreign policy. Reagan dubbed the USSR the "evil empire" and believed it was America's responsibility to save the world from Soviet repression. He dramatically increased U.S. defense spending and ramped up the nuclear arms race with the Soviets, whose faltering economy ultimately prevented them from keeping pace. The Soviet Union collapsed in 1991.

#### Upcoming Events

**Wed. 1/3** - Minutes From 12/13 FOMC Meeting Released

**Fri. 1/12** - USDA Crop Production Annual Summary, Supply and Demand

**Tues. 1/23** - Cold Storage



**Fri. 1/26** - Cattle on Feed

**Tues.-Wed. 1/30-1/31** - FOMC Meeting

**Thurs. 2/8** - USDA Supply and Demand

**Fri. 2/16** - Farms and Land in Farms

**Thurs. 2/22** - Cold Storage (month & annual)

**Fri. 2/23** - Cattle on Feed

#### Kevln's Song of the Week



#### About the Report

**Corn** prices continue to orbit around \$3.50, down roughly -10% in the past year. Since the end of the summer, the March 2018 contract has slowly drifted lower from the \$3.70 level. Bears are saying there's a strong chance it could continue to grind lower, perhaps down into the \$3.30's by first-notice-day, which is scheduled for February 28th. There's continued fundamental concern that the USDA could bump U.S. ending stocks a hair higher in the yearend report scheduled for January 12th. Then the trade will be digesting early acreage estimates for 2018, which many are forecast higher, by the USDA at the February 22-23rd Agricultural Outlook Forum. It's worth noting, last year the USDA was extremely close with their early estimate, projecting 90 million corn acres planted and a price of around \$3.50 per bushel. There was also a lot of talk at last year's Ag Outlook meeting about on-farm debt starting to approach the early-80's peak. Low interest rates were keeping payments manageable for most, but financial regulators were starting to see repayment problems beginning to arise. With corn prices remaining at low levels for most of 2017, I have to imagine more farms have come under financial pressure. That's what makes it hard for many, including myself to believe we are going to see an increase in U.S. corn acres in 2018. I know the early estimates and surveys are pointing that direction, but I'm not so certain producers are going to have the cash-flow or funds from the banks to plant more corn. This is certainly something I will continue to monitor in the weeks ahead. Even though "production" will continue to be heavily debated, there's no denying that "demand" remains extremely strong. Export sales last week were towards the higher end of expectations and I personally think they are going to surprise to the upside in early-2018. I'm also thinking corn used for feed could be stronger than the bears are thinking. Ethanol demand could run into a little headwind in the coming months, but overall ethanol exports should keep the market fairly firm. Bottom-line, we are sitting on a glut of domestic and global corn supply. Production moving forward is going to be heavily debated, with weather obviously being the major "wild-card". South American weather headlines have somewhat subsided, currently cooperating in Brazil and somewhat mixed for Argentina, but I suspect we will soon start to digest another wave of uncertainty, especially once Brazil's second-crop corn acres come more into focus. From what I'm hearing, producers in Argentina now have about 80-85% of their corn planted. As both a producer and a spec, I still don't think the bottom is in place and we could see more downside pressure nearby. Longer-term however, I believe there's going to be some opportunities to market corn north of \$4.00 in 2018. Staying patient as a producer and keeping hedges in places. Any cash sales I have to make nearby for cash-flow purposes I am re-owning on the board in some limited risk capacity.

# U.S. Corn Yield by State 2017

United States Average: 175.4 Bushels per Acre

Legend:

- 201 and Greater
- 180 to 200
- 160 to 179
- 140 to 159
- 139 and Lower

Other States 157.8

Source: USDA, NASS Crop Production, Updated December 22, 2017

# U.S. Corn Yield by State 2017

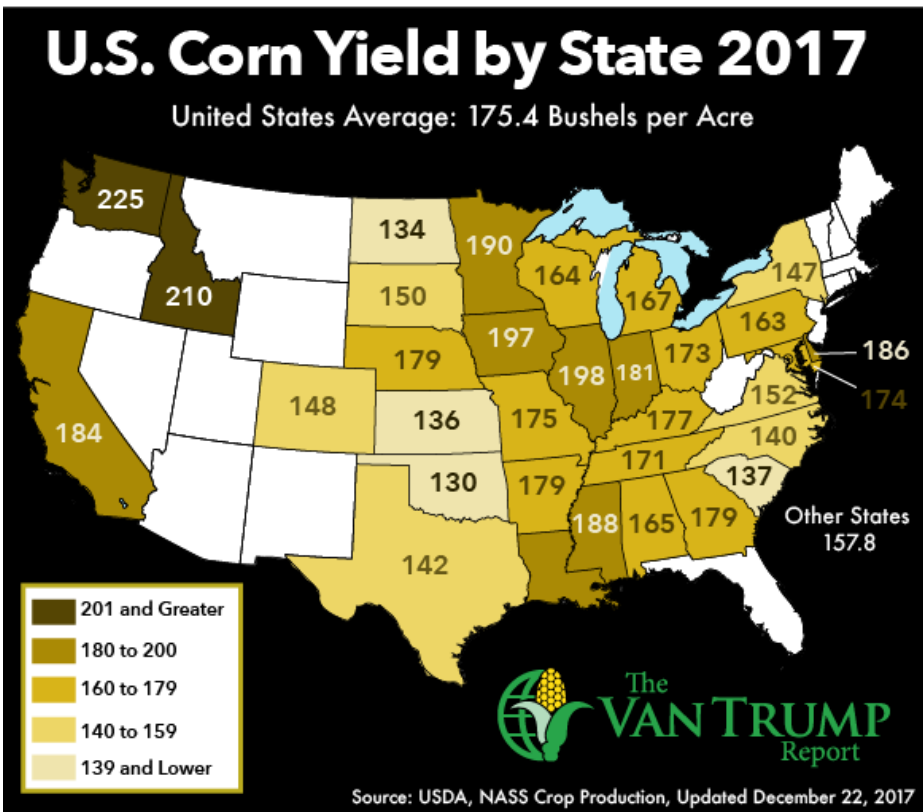
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**State Yields (Bushels per Acre):**


State	Yield
Alaska	225
California	184
Colorado	134
Connecticut	186
Delaware	174
District of Columbia	174
Florida	137
Georgia	179
Idaho	134
Illinois	197
Indiana	181
Iowa	190
Kansas	150
Kentucky	171
Louisiana	179
Maine	147
Maryland	152
Massachusetts	186
Michigan	167
Minnesota	164
Mississippi	188
Missouri	175
Montana	134
Nebraska	179
Nevada	134
New Hampshire	147
New Jersey	163
New Mexico	148
New York	147
North Carolina	140
North Dakota	136
Ohio	173
Oklahoma	130
Oregon	184
Pennsylvania	177
Rhode Island	186
South Carolina	140
South Dakota	136
Tennessee	171
Texas	142
Vermont	147
Virginia	152
Washington	184
West Virginia	136
Wisconsin	197
Wyoming	134

**Other States: 157.8**

**The VAN TRUMP Report**

Source: USDA, NASS Crop Production, Updated December 22, 2017

# NEXT level THINKING



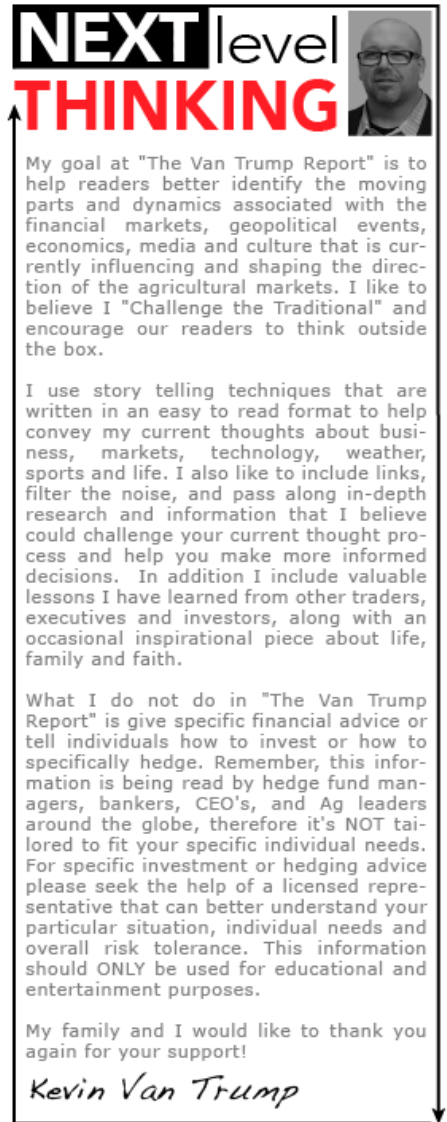
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I use story telling techniques that are written in an easy to read format to help convey my current thoughts about business, markets, technology, weather, sports and life. I also like to include links, filter the noise, and pass along in-depth research 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.


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## What Others Are Saying

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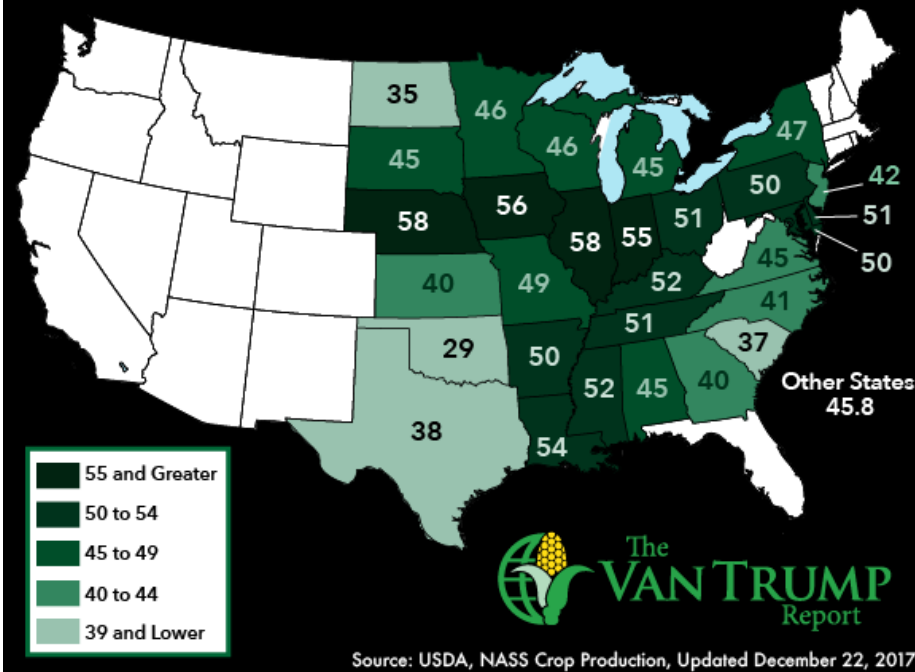
## What Others Are Saying

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# U.S. Soybean Yield by State 2017

United States Average: 49.5 Bushels per Acre



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.

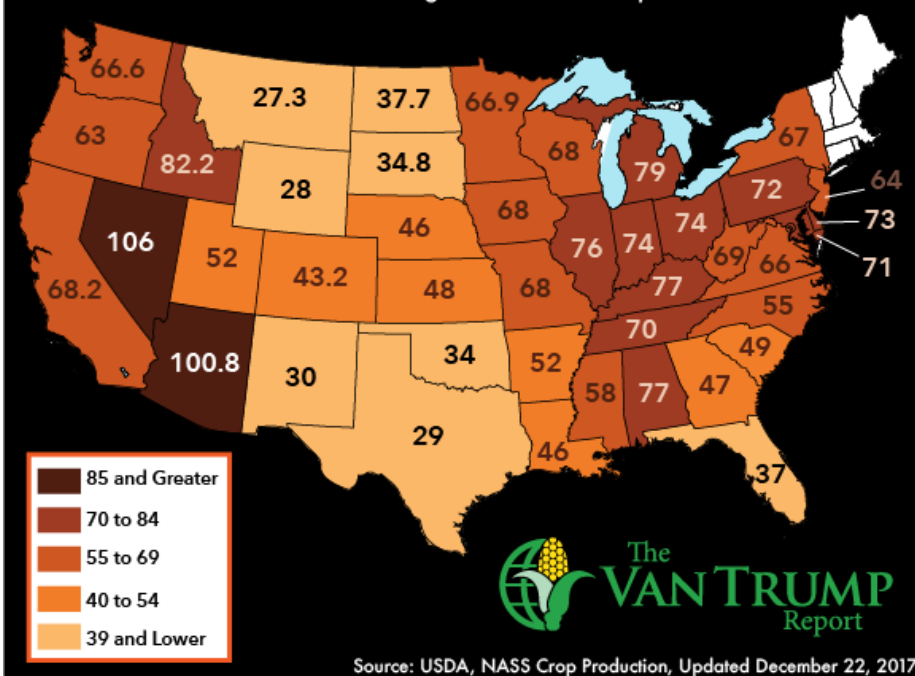
- Option #1 - Conservatively long.
- Option #2 - Aggressively long.
- Option #3 - Sitting on the sideline.

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.

**Wheat** bulls are talking about recent weakness in the U.S. dollar, an expanding drought across important parts of the Plains and extremely cold U.S. temps. In fact some areas witnessing the coldest end and start of a year since 1950. Headlines are showing sub-zero temps across most all of the Plains, even down into parts of Oklahoma. Single-digit temps were reported well into Texas. Many areas to the North, which are larger SRW wheat areas have reported double-digit negative temperatures the past several days. Bottom-line, the majority of the U.S. wheat belt has experienced record low temps, the question is how much will be impacted by "winter-kill". Snow cover will obviously protect a majority, but what percent will sustain damage. I heard early talk this morning that 5% of the SRW crop could be unprotected and about 5% to 10% of that could be subject to winter kill. Unfortunately, bears continue to point towards a glut of global surplus. Keep in mind, Russian insiders continue to push their 2017 wheat crop estimates higher. Many sources are now thinking the USDA could be 2 to 4 MMTs too conservative with their current estimate. There's also talk of many producers across the European Union contoured to show increased production estimates. As both a producer and a spec, I remain a longer-term bull. I'm hoping the upcoming Dec 1 Grain Stocks and 2018 winter wheat seeding numbers scheduled for release by the USDA on January 12th will bring a bit more optimism. If we look out a bit further, I'm thinking the USDA's Ag Outlook Forum in late-February could also provide some additional bullish data. Last year at the event, they forecast U.S. wheat acres to be down -8% to 46 million and prices to be around \$4.30 per bushel, which was another very accurate forecast. I think this year we could see acres again push even lower, setting another record to the downside. We just need a weather hiccup in the Black Sea region or more widespread complications in key areas of Europe to start shrinking the "low-cost" supply side of the balance sheet.

# U.S. Wheat Yield by State 2017

United States Average: 46.3 Bushels per Acre



*Farm Direction*  
RECIPES

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Crock Pot Chicken and Dumplings

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> **Cold Snap Poses Risk To U.S. Winter Wheat, Rivers:** A New Year's Day cold snap in the southern U.S. Plains poses a threat to winter wheat, particularly in Kansas, agricultural meteorologists said. The impact of any crop loss could be magnified because supplies of high-protein HRW wheat already are scarce due to low protein levels in the last two harvests. "I think the eastern three-quarters of Kansas is at risk for some winterkill," said David Streit, a meteorologist with the Commodity Weather Group. Winter wheat is most resistant to winterkill in December and January. However, temperatures that drop below about minus 5 degrees Fahrenheit (minus 21 Celsius) for two hours or more can cause freeze damage. Additionally, dry soil cools more quickly than moist soil, and about a third of Kansas is in moderate drought, according to the latest weekly U.S. Drought Monitor. The entire state is abnormally dry, the report said. The cold is also likely to hasten the build-up of ice on the Illinois River, slowing barge traffic and impeding shipments of Midwest corn and soybeans to Gulf Coast export terminals. (Source: Reuters)

> **Russia Reports Virulent Bird Flu Strain:** Russia has reported an outbreak of highly pathogenic H5N2 bird flu on a farm in the central region of Kostromskaya Oblast that led to the death of more than 660,000 birds. The virus killed more than 44,000 birds in an outbreak first detected on Dec. 17, the Paris-based World Organisation for Animal Health (OIE) said on Friday. The rest of the 663,500 birds on the farm were slaughtered. It did not specify the type of birds that were infected. It is the first outbreak of the H5N2 strain in Russia this year but the country has been facing regular outbreaks of H5N8 since early December last year, with the last one reported to the OIE detected late November. (Source: Reuters)

> **Ukraine Expects Significant Bump In Rapeseed Production:** While Ukraine saw a drop in production for soybeans and sunflower seeds in the 2017-18 market year, it had a bumper crop of rapeseed with an +83% increase in production. Harvest concluded Dec. 1, according to a recent report by the Ministry of Agricultural Policy and Food of Ukraine (MAPFU). Rapeseed production was 2.2 million metric tons while soybean production totaled 3.8 million metric tons, a -12% decrease. Sunflower seed production was 11.6 million metric tons, down nearly -15% from the previous year. Changes in tax legislation and excess crush capacity likely will lead to additional processing activity and higher exports of processed products. Crush volumes for

soybeans and rapeseed in 2017-18 are forecast to increase due to excess domestic crush capacity and lower harvest numbers for sunflower seed. (Source: World Grain)

**> Arkansas Plant Board Will Consider Revisions To Dicamba Proposal:** The Arkansas State Plant Board will meet on January 3rd to consider potential revisions to its proposed April 15th cutoff date for dicamba applications in Arkansas. The meeting is scheduled in response to a request by an Arkansas legislative subcommittee that the Plant Board consider revisions to its proposal. The legislative subcommittee wants the board to consider dividing the state into north and south zones and to take another look at how temperature and humidity affect temperature inversion during night-time hours. That legislative subcommittee will meet again on January 16th to consider the outcome of the Plant Board's January 3rd meeting. (Source: Brownfield Ag)

**> Meat Demand Remains Strong:** The supply of red meat and poultry in cold storage is higher than a year ago but the drawdown in stocks during November suggests demand remains in good shape, according to the Daily Livestock Report. The total supply of beef, pork, chicken and turkey in cold storage at the end of November was 2.18 billion pounds, +4.9% higher than a year ago and +10.2% higher than the five-year average. However, the drawdown in stocks during November was 10.7%, compared to 9.3% average of the last five years. The drop in pork in cold storage was especially notable, considering the increase in slaughter capacity and "ample product availability." (Source: MeatingPlace)

**> EU Says Beef Offer To Mercosur Has Not Been Revised:** The European Union's offer on beef in the South American Mercosur trade block negotiations has not been revised according to the EU Agriculture Commissioner Phil Hogan, who said a deal may happen in February. The European Commission had proposed to let Mercosur export 70,000 tons of beef at reduced duties, which is less than the 100,000 tons offer the EU made in 2004. Brazilian officials have been projecting record beef exports for 2018, in part due to more favorable trade conditions with the EU. However, increased trade with the U.S. and China play a more significant role in the optimistic numbers. Trade group Abiec expects Brazil, the world's largest beef exporter, would likely sell 1.68 million tons of beef abroad in 2018, up from 1.53 million tons in 2017. (Source: MercoPress)

**> COFCO Port Blast Leaves Two Dead In Argentina As Strike Continues:** A second person has died following an explosion last Wednesday at a grains terminal owned by China's COFCO in Argentina's Rosario grains shipping hub, the company said in a statement on Friday. Grain-crushing workers continued a 48-hour strike on Friday, which they had started in response to the blast, impacting the flow of food exports from Argentina, the world's largest exporter of soy meal and one of the world's largest shippers of raw corn and soybeans. Unions representing port workers also are striking. Authorities are still investigating to determine the cause of the explosion. (Source: Reuters)

**> Pot Goes Legal In California:** The arrival of the new year in California brought with it broad legalization of marijuana. The nation's most populous state joins a growing list of other states, and the nation's capital, where so-called recreational marijuana is permitted even though the federal government continues to classify pot as a controlled substance. Today, 29 states have adopted medical marijuana laws. In 2012, Colorado and Washington became the first states to legalize recreational marijuana. Since then, five more states have passed recreational marijuana laws, including Massachusetts, where retail sales are scheduled to begin in July. (Source: Bloomberg)

**> Amazon Finding Success Is Problematic:** Americans are ordering more than ever from Amazon.com Inc. this holiday season—but they may have fewer boxes on their doorsteps. Amazon is trying to ship each order in one correctly sized package instead of multiple boxes, responding to rising shipping costs and consumers' concern about the environmental impact and general nuisance of all that cardboard. That means adding bubble envelopes, tweaking algorithms and negotiating with manufacturers to make smaller packaging specifically for online sales, not store shelves. This year, Amazon added machines in its warehouses that create padded mailers on demand to fit smaller items, all of which used to go into the company's smallest-sized box. Online shoppers typically place several items in the cart for an order. Each item may come from a different warehouse or store around the U.S., and all need to make it to the shopper within the promised delivery window. Amazon's number of U.S. shipments could reach more than 1.2 billion for 2017, about double the number five years ago. Amazon's third-quarter world-wide shipping costs rose 39% over last year to \$5.4 billion. (Source: Wall Street Journal)

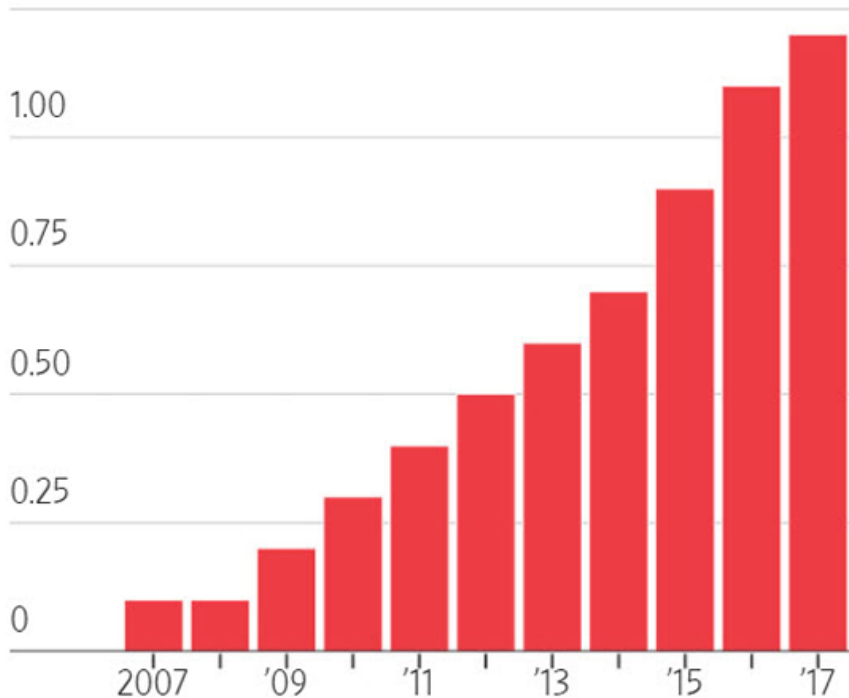


Amazon's overall shipments continue to rise even as it tries to minimize the number of boxes it uses.

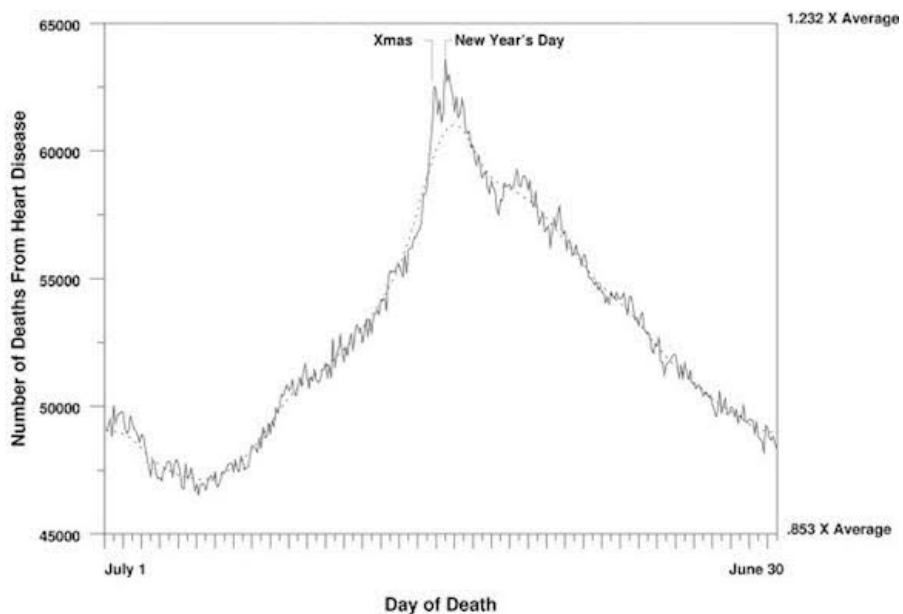
Posted on  
The Daily Shot  
22-Dec-2017

## Estimated Amazon U.S. packages delivered

1.25 billion



**> If Your Reading This You Cleared A Major Hurdle:** My good friend Howard Getson over at [Capitalogix](#) pointed out to me that getting past the Christmas and New Year holidays might be a bit more difficult than some of us give it credit. If you look at the graphic below published in the "[Circulation](#)" journal you can see that cardiac deaths spike dramatically during the holidays. In fact cardiac mortality for individuals who are dead on arrival, die in the emergency department, or die as outpatients peaks at Christmas and again at New Year's. There are multiple explanations for this association, including the possibility that holiday-induced delays in seeking treatment play a role in producing the twin holiday spikes. You can read more [HERE](#)





# FROM THE FIELD

**Northwest Missouri** - We were very surprised to have as good of a production year as we actually did. It wasn't an easy year but we ended up catching just enough rain at just the right time. I do think we are seeing the after effects of the higher priced corn where guys spent money on their fertility programs. It is more evident now and coupled with this better seed genetics yields are pushing higher each year. Our corn yields this year were not a record but we did have a few fields make 245bpa, on some of our best ground. The whole farm average was just north of 200bpa, which for us is a win. The soybean crop was an exceptional one. We had numerous fields that were well over 70bpa. There were some various issues but the total farm average was right at 67bpa. We have traditionally been 50/50 rotation corn to beans and looking to continue those practices in 2018.

**Central Illinois** - We have had a great year with production but now a little surprised to see bean prices take a hit like this. They have been selling off for the last two weeks. It looks like the whole farm average will be north of 71bpa. We didn't change much up but we did get moisture at the right times and in the right amount. We have been all strip-till or no-till for a lot of years but do use a turbo tiller. We will run the turbo tiller right into the stocks ahead of the planter. The first year of use we probably saw a 5bpa increase and the past year it was closer to an additional 10bpa. The average corn yields were not off the charts due to some of our poorer ground really pulling us down. Overall, it was probably in the top five production years ever. I think that we will end up in the 220bpa to 230bpa range. We will continue to get some of our corn out of the bin right now and market more bushels if we have any rallies.

**Southwest Minnesota** - We have a couple of inches of snow ahead of Christmas so the kids are loving it. We had a decent year, even with harvest being pushed back a couple of weeks. We start out with a little of a handicap for our area as our farm sits on some of the highest elevation and that makes for a shorter growing season. Even though yields were not as good as 2016, they were good. Corn yielded over 200 bpa and beans were in the upper 50's. There was a short window in our area where basis tightened a bit but it's back up again now. We were able to finish up some tile work prior to the snowfall and are looking forward to seeing an uptick in yields next year.



## CROSSING WIRES

A place to share intelligent thoughts...

**Farming To Survive In 2018:** Some farmers are looking at 2018 hoping to survive to farm another year. Farm business management analyst Kent Thiesse says with continued tight margins on the horizon, all options need to be on the table. "And sometimes that means bringing in a third party. Whether it's a lender, a farm business management person, or some other private analyst to really look at the operation. Kind of like getting an analysis from the doctor if you've got health issues. Get a third opinion in there." He tells Brownfield as the financial downturn in agriculture wears on, tough decisions will have to be made. Listen to the full interview [HERE](#).

**Cotton Was 2017's Star Crop Amid A Dismal Year For Most Others:** The longest winning streak in two decades propelled cotton to 2017's biggest increase among crop commodities. Of the nine components tracked by the Bloomberg Agriculture Subindex, only cotton and wheat contracts posted gains last year. The fiber lead the way with an 11 percent advance as demand grew for U.S. exports. Prices capped 2017 with 10 straight weekly gains, the best streak since 1998. Cotton was also one of the few crops that hedge funds got more positive on during the course of the year. Money managers held a net-long position of 102,402 futures and options as of Dec. 26, up from 76,052 at the end of 2016. The investors also added to their bullish outlook in soybean meal in 2017, the CFTC show. By contrast, the funds lowered their net-long holdings in soybean oil, while turning bearish on coffee, sugar and soybeans during the year. Read more [HERE](#).

**CRISPR isn't enough... Get Ready For Gene Editing 2.0** - In fewer than five years, the gene-editing technology known as Crispr has revolutionized the face and pace of modern biology. Since its ability to find, remove, and replace genetic material was first reported in 2012, scientists have published more than 5,000 papers mentioning Crispr.

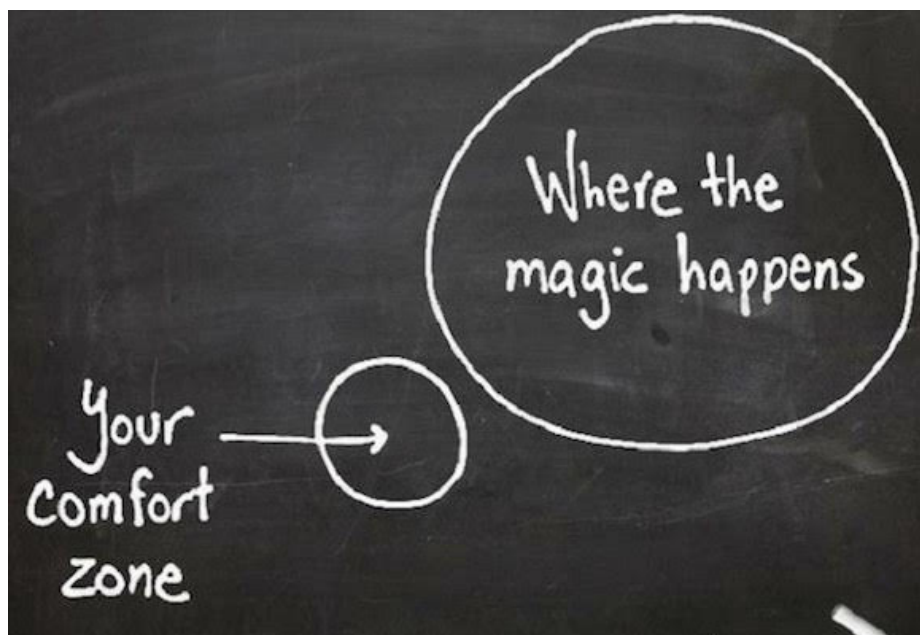
Biomedical researchers are embracing it to create better models of disease. And countless companies have spun up to commercialize new drugs, therapies, foods, chemicals, and materials based on the technology. Usually, when we've referred to Crispr, we've really meant Crispr/Cas9—a riboprotein complex composed of a short strand of RNA and an efficient DNA-cutting enzyme. It did for biology and medicine what the Model T did for manufacturing and transportation; democratizing access to a revolutionary technology and disrupting the status quo in the process. Crispr has already been used to treat cancer in humans, and it could be in clinical trials to cure genetic diseases like sickle cell anemia and beta thalassemia as soon as next year. But like the Model T, Crispr Classic is somewhat clunky, unreliable, and a bit dangerous. It can't bind to just any place in the genome. It sometimes cuts in the wrong places. And it has no off-switch. If the Model T was prone to overheating, Crispr Classic is prone to overeating. Even with these limitations, Crispr Classic will continue to be a workhorse for science in 2018 and beyond. But this year, newer, flashier gene editing tools began rolling off the production line, promising to outshine their first-generation cousin. So if you were just getting your head around Crispr, buckle up. Because gene-editing 2.0 is here. Click [HERE](#) to read more.

**Keep Your Eyes To The Sky Later This Month:** A super blue blood moon will rise in the sky on January 31, 2018, and the combination of not one but three extraordinary circumstances will make it one of the most interesting skywatching opportunities in years. Starting with the first adjective, a supermoon occurs when the moon reaches peak fullness during its perigee, a.k.a. its closest approach to Earth in a single orbit. As the satellite draws nearer, the moon can appear up to 14% larger and 30% brighter than normal, according to Space.com. Read more [HERE](#).

**Advanced Robot Passes College Class:** This past semester, a robot named BINA48 successfully passed a class on the philosophy of love at Notre Dame de Namur University (NDNU), making her the first advanced robot to complete a college course. William Barry, associate professor of philosophy and director of the Mixed Reality Immersive Learning and Research Lab says that BINA48's accomplishment was "remarkable." BINA48 was released in 2010 and she is a humanoid robot, consisting of a bust-like head and shoulders mounted on a frame. Her appearance, memories, feelings and beliefs are modeled on those of Bina Aspen, a human, who is married to technology entrepreneur Martine Rothblatt. Read more [HERE](#).

**Motoring Myths:** What 'Black Boxes' Reveal About Our Driving Habits - Insurance companies installed about 1 million "telematics" boxes recording every detail of a driver's behavior – whether they are speeding on a 30mph urban road, how they are cornering on a country road, and how they are braking or accelerating on a motorway. In return for allowing the boxes to be installed in the owners cars, the insurance companies offered them a savings. The telematics black boxes revealed a wealth of data about how people drive - debunking a lot of modern myths, but confirming many others. Read more [HERE](#)

**Breaking Down The Boundaries Of Creativity:** We look at CEOs and entrepreneurs like Steve Jobs, Elon Musk, and others and see in them a creative force that seems to be far outside the normal creative abilities of the average person. We think they are somehow fundamentally different than us. That is simply not the case. We need to look at some of these artificial boundaries to our creative potential and see where we can begin to destroy them. Read more [HERE](#).







### Preparing For The New Food World

2018 is projected to see the "trends" in food and consumer preferences become more of a reality which we all must pay close attention. Keeping up with the changes and how they may impact your operations can be challenging at best. It is not always clear how consumer preferences and changes at the retail level will profoundly effect the choices we need to make, but it's certainly something we have to keep an eye on. As we take a look into 2018 and how the new retail models are being built around consumer preferences, we need to understand that all decisions start with the "consumer experience" in mind. As we speak across the country, one of the messages we share is the fact producers must start finding ways to "de-commoditize" or differentiate their crops and products. For some, it will mean taking on specialty crops, for others starting new on-site businesses like Jamie Walters has done in Illinois with [Whiskey Acres](#), but you need to be looking for something that can give you an edge, advantage or set yourself apart and provide incomes in ways you haven't considered yet. One way to do that is to stay up with the trends driving the changes. Forbes ran an article detailing what 2018 looks like in the food world, mostly centered on how companies and retailers are planning their responses to the latest consumer desires for ease and experience. In my opinion it is a good read that can provide a framework for thought to assist you as you plan for the next couple of growing seasons. Keep in mind, for those who cannot provide the lowest cost product in the commodities space, you will get pushed aside for those who can. Namely, the bigger farmers who can scale the costs and take advantage of technological advancements. With the forecast for commodity prices predicted not to move much in the next three years, many producers will have to make a change in production or come up with an exit strategy. In my opinion, there are some ideas to consider as consumers continue to drive the decisions of all businesses along the supply chain. By staying in touch with those trends, you can start dictating decisions instead of following what those down the line put in place. For instance, taking the number one trend for 2018, "mindfulness" of the consumer, we find that seven out of ten consumers in the U.S. and the U.K. want to know and understand an ingredient list. This has led to a seven-fold increase since 2010 in product labels that feature an ethical claim of some sort. Keep in mind, these claims are only growing in popularity. So like it or not, many of you will need to align your production methods as well as products with those sentiments. Obviously, not everyone can or will need to make changes, but in my opinion, it would serve many near urban areas well to start considering putting some acres in production that can go directly to stores, CSA's, restaurants or local food brokers or open up an on-farm business. Also, with blockchain soon to enter our space and create the highest levels of transparency, we need to start crafting our story for the millennials who are buying products that have sustainable, environmentally sound stories to tell. Change is coming so I suggest considering ways and methods to make your decisions before the forces of change make them for you. [HERE](#) is an article by Sara Mock that will also plant some seeds for thought as you consider the future of your business. You can read the full article from Forbes [HERE](#).(Source: Forbes)



### The Fastest Most Powerful Corvette Ever...

The Chevrolet Corvette is about as American as it gets. When this muscle car first hit the pavement in the early 1950s, the Corvette quickly turned into a global phenomenon that showcased American speed and ingenuity. Through the years the Corvette has continued a fantastic run of success. A few weeks back in Dubai, the most powerful

Corvette ever made its debut in the form of the 2019 C7 Corvette ZR1. The vehicle boasts a shocking 755 horsepower, 6.2 liter V8 engine that can produce 715 pound per feet of torque. That not only makes this the fastest Corvette ever built, but also the most powerful General Motors car ever made. In other words, this makes the 2017 Chevrolet Corvette Z06, which included an engine with 650 horsepower, look like a baby. The new 2019 model also has a handful of design changes to accompany the substantial power increase. The car sports larger inlets for added cooling and numerous spoilers for substantial increase in downforce. Not only do these design additions make the car quicker, but result in a more aggressive-looking vehicle. We don't have performance numbers yet, but it's likely the car will go from 0 - 60 mph in around three-seconds. And while the company hasn't disclosed the price tag, it's safe to assume the 2019 C7 Corvette ZR1 will be in the range of \$100,000 to \$150,000. Below are some more numbers and specs from this incredible car: (Source: Motor Trend)

- **Top Speed:** *The Corvette 2019 ZR1 has a top speed of over 210 mph, making it the fastest production Corvette ever.*
- **A Bit Taller:** *Chevy says the ZR1's Eaton supercharger displaces 52% more air than the Z06's LT4 Supercharger. That explains why the unit is 2.9 inches taller and requires a large power bulge in the hood.*
- **Better Brakes:** *Up the horsepower, and you probably ought to upgrade the brakes. To do this, the front carbon-ceramic brake rotors get a new Brembo HT2 process that amounts to doubling the heat-treatment process. This makes them more tolerant of high heat levels.*
- **Two Transmission Options:** *This may not be the first Corvette ZR1, but it is the first to be offered with an automatic transmission. The standard 2019 ZR1 will come with a seven-speed manual, keeping the purists happy in the process. However, those who prefer paddle-shifting can now spec an eight-speed automatic transmission instead.*
- **Tough Exhaust:** *It's positively mean. Floor the accelerator in this car and you're confronted with an exhaust note that sounds like an exotic sports car mixed with a muscle car -- the noise was tremendously loud when Chevrolet revved up the car for me on the sound stage where they unveiled it.*
- **The Rear Wing:** *The rear wing is massive. There's really no other way to put it - it visually dominates the look of the car, and it's absolutely huge. You can choose from a "low wing" or "high wing" option.*
- **ZR1 Collectors:** *Since 1970, only four Corvettes have been given the ZR1 designation. The first was the third-generation C3 Corvette, the 1990 Corvette ZR-1, the 2009 Corvette ZR1, and this upcoming 2019 model.*
- **Extreme Exclusivity:** *Chevrolet may be talking up the 2019 Corvette ZR1's biggest numbers, but the smallest are production goals. Only 2,000 to 3,000 cars are expected to be produced each year, in fact. The LT5 supercharged engine will be hand-built.*

AutoTrader produced a very cool short video highlighting some of the main features. You can even hear the exhaust. Click [HERE](#)



### Just A Few Random Thoughts As We Turn The Page to 2018

I always like to start the New Year with a few quick reflections regarding the past and some simple thoughts about the future. I hope they make you think about your own personal journey.

**Be More Welcoming and Accepting to Change:** *There's a great quote by Darren Hardy, author of The Compound Effect, which reads, "You will never change your life until you change something you do daily. The secret of your success is found in your daily routine." As I always tell the kids, if your looking for different results then you need to do something different. Even as simple as*

*eating at a different time of day, going to a different restaurant, vacationing somewhere new, driving a different route to work, just do things differently. I've always been a strong believer in Newton's 1st Law of Motion, "an object in motion stays in motion with the same speed and in the same direction unless acted upon by an unbalanced force." It's just tough to argue against the benefits of "change". We all tend to become more comfortable and complacent in our ways as we age... don't let it happen!*

**Read A Few More Books:** *I always remember Bill Gates saying if you expect to live another 30 years and you read roughly 3 books per year, that's only 90 more books you will ever get to read. This world is full of amazing literature and insightful books... Unfortunately our time is limited so choose wisely.*

**Make It Happen Today:** *As the Star Wars character Yoda once said, "Do or do not, there is no try." I hate hearing people say I will start next month or next week. If you're doing something stupid and have been blessed to recognize it, why on earth would you wait until some period in the future to change it?*

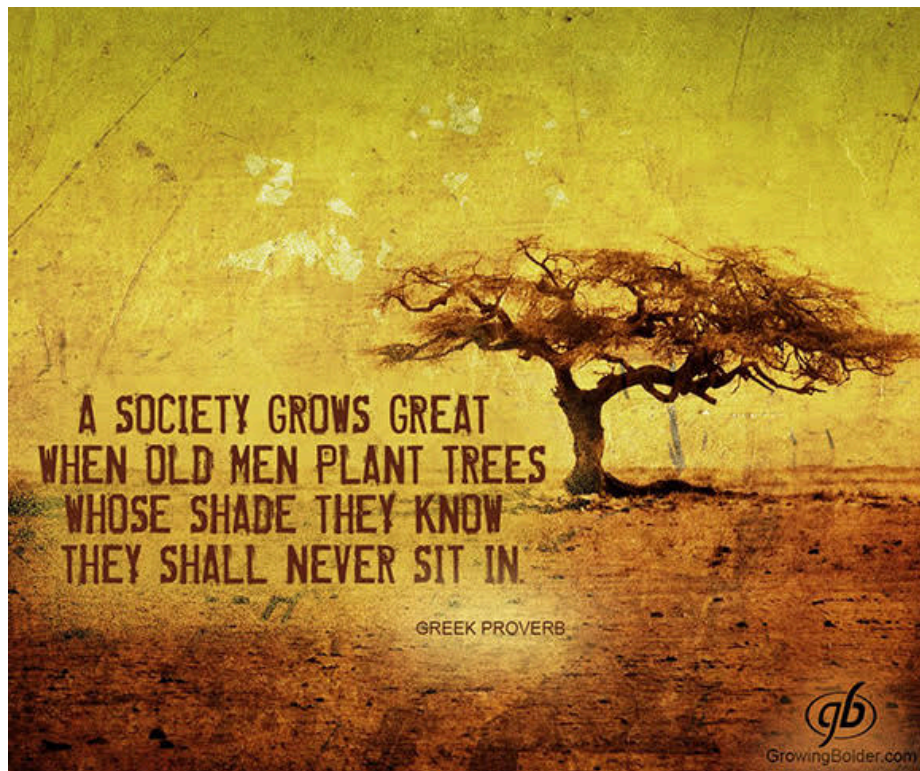
**Pay More Attention To The Process:** *I always remember my grandfather telling me that amateurs have "goals," while professionals have a "process". I need to pay more attention to the details in my everyday process.*

**Be Insanely Consistent:** *I also remember my grandfather always telling me that amateurs value the highlight reel, while professionals value consistency. I often think of this in various context. Most of the time my grandfather and I were talking about sports. Amateur golfers loved seeing their name in the paper after hitting a hole in one. Where as a professional golfer could really care less, rather wanting to see how many times he could hit the green in regulation or consistently place his approach shot within 10 feet. An amateur pitcher wants to throw a series of pitches and strike out the opposing batter. Where as a professional pitcher wants to throw just one pitch and get the opposing batter to hit a routine ground ball to the shortstop. I think we can apply similar logic to many areas of life and to social media. Lots of folks are simply chasing the amateurs perception of accomplishment. I want to avoid looking at the highlight reel and work to be more "consistent" on a daily basis.*

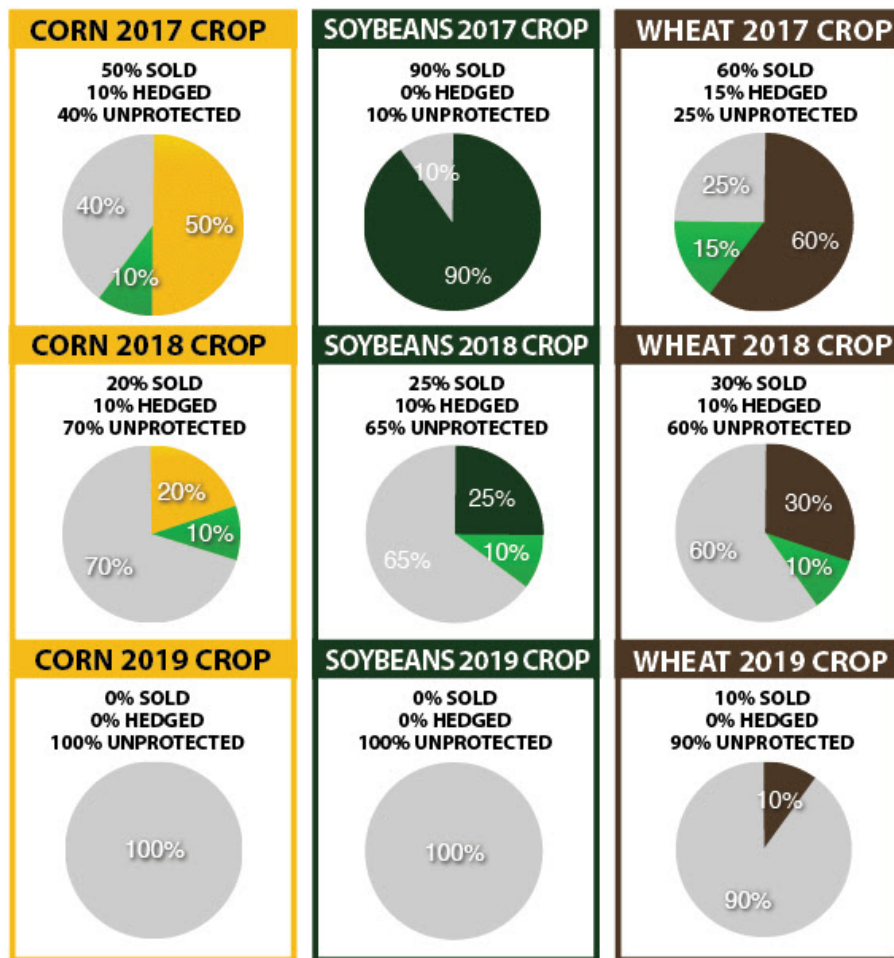
**Be More Respectful to Time:** *I heard someone last year say, "if we see someone throwing money away, we call that person crazy. Yet we see others, and ourselves, throwing "time" away almost every day and think or say nothing of it." I constantly have to remind myself of the importance of time and the fact it is truly a finite, expendable resource. What makes it so difficult to value is the fact we never know when it will run out or completely end. What's even more crazy is the fact we can't make any more once it's gone! An English author named Arnold Bennett once said, "You have to live on this 24 hours of time. Out of it you have to spin health, pleasure, money, content, respect and the evolution of your immortal soul. Its right use...is a matter of the highest urgency."*

**My Definition of Success:** *I do not define success by the money or material items one has, but rather their overall happiness and sense of peace. I heard someone this past year tell me that God often rewards us in life with both peace and happiness, two items we can neither buy or steal, but can easily and often misplace. I have many friends who have a ton of money but have a hard time finding either peace or happiness. I have friends with no money who also can't seem to find them. I need to constantly remind myself that they are easy to lose sight of if not paying close attention and can be extremely difficult to get back once squandered.*





**CASH SALES & HEDGING TOTALS**



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