

GOOD MORNING: 01/08/18 Farm Direction - VanTrump Report

1 message

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Mon, Jan 8, 2018 at 7:06 AM



"Success is the ability to go from failure to failure without losing your enthusiasm." - Winston Churchill

MONDAY, JANUARY 08, 2018

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Morning Summary: U.S. stocks continue to push and trade near all-time record highs. Last week was an impressive start to the New Year, with all three major indexes setting new record highs and also breaking through psychologically significant milestones - the Dow crossed 25,000, the S&P 500 topped 2,700 and the Nasdaq closed above 7,000. I thought it was interesting to hear legendary investor David Tepper, report, "valuations aren't rich given how the tax bill changes the outlook for earnings. I don't see the overvaluation. Growth is strong and there is no inflation. Stocks seem as cheap today as they did heading into 2017." Yearend employment data showed a total of +2.1 million jobs created in 2017, still strong and down only slightly from the +2.2 million created in 2016. Considering how tight the job market is, most insiders consider this an impressive pace. The unemployment rate is holding steady at around 4.1% with year-on-year hourly earnings up +2.5%. The economic data calendar for this week is a lot quieter than last and has only a couple of reports that are viewed as significant by investors, most notable being inflation data scheduled for release on Thursday and Friday. The only economic data due out today is Consumer Credit. There are also three Fed officials scheduled to speak - Boston Fed President Eric Rosengren, Atlanta Fed President Raphael Bostic, and San Francisco Fed President John Williams. Remember, fourth-quarter earnings will begin trickling out this week but the bigger companies don't really kick off until Friday when results from BlackRock, JP Morgan and Wells Fargo are scheduled. Politics will likely be back in the headlines in full force this week as the House is back in session. Government funding expires on January 19, so lawmakers will be working toward hammering out a deal. They also need to pass a long-term budget in order to stave off automatic spending cuts. Both of these deals are going to require support from the Democrats, so expect a lot of debate and attempted compromises on major issues such as health care, disaster funding and immigration. I suspect the media will highlight the drama, but in the end I have to imagine a deal gets hammered out. Don't forget North Korea and South Korea will hold talks on Tuesday, January 9th, for the first time in two-years. Keep in mind, the Winter Olympics are scheduled to be held in Pyeongchang, South Korea next month, February 9-25th. The elected host city was announced back in July of 2011. This will be South Korea's second Olympic Games and its first Winter Games; Seoul, South Korea hosted the Summer Games in 1988. There's talk that the U.S. could boycott the games in South Korea if they allow North Korea to participate. Remember, the Russian team will not be at the games, after the International Olympic Committee (IOC) issued lifetime bans on 43 Russian athletes for doping during the 2014 Olympics in Sochi. From what I understand, a few Russian athletes will still compete under a neutral flag, and they won't be allowed to wear their country's colors on their uniforms.

Ford Planning To Release A Diesel F-150: Ford plans this spring to offer a diesel version of its best-selling F-150, which will likely achieve 30 mpg highway fuel efficiency, a level comparable to some midsize cars. Depending on the specific model, the pickup will cost between \$2,400 and \$4,000 more than a comparable gasoline truck. Ford sold 896,764 F-series trucks in 2017, more than in any year since 2005. (source: Wall Street Breakfast)

Ethereum Trades To \$1,200 Per Coin: Ethereum, the second biggest cryptocurrency after bitcoin, hit an all-time high of \$1,261 in overnight trading. This is the same digital currency which was worth just \$10 at the start of 2017. Ethereum now has a market cap that equates to 15% of the entire cryptocurrency market.

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Today In History

1642 - Italian astronomer Galileo Galilei dies in Italy at age 77. Born February 15, 1564, Galileo has been referred to as the "father of modern astronomy," the "father

U.S. Credit Card Debt Surging: Before the holiday season even started, U.S. credit card debt stood at \$808 billion on Sept. 30, or the end of Q3, according to figures from the Federal Reserve Bank of New York. That's +\$280 billion more than the previous peak hit in 2008, at the height of the financial crisis that led to the Great Recession. "The scary number - \$1 trillion - we'll definitely be hit in 2018," said Jill Gonzalez, an analyst with WalletHub. (SeekingAlpha)

"Georgia vs. Alabama" College Football National Championship - Tonights big game will feature two of finest from the SEC. Alabama is now favored by between 3.5 and 4.5 points, depending on the sports book. This is a tough game for me to call. Alabama has a great defense, but so does the Georgia Bulldogs. Several insiders are thinking it will come down to the dominance of Georgia's running game, which is thought to be deeper and better than Alabama's. The Bulldogs running game is lead by a two-headed monster, tailbacks Nick Chubb and Sony Michel, who both put their NFL dreams on hold to return for their senior seasons and a run at the National Championship. Chubb and Michel combined to run for 326 yards against Oklahoma to become the most productive tandem in NCAA FBS history, passing SMU's Eric Dickerson and Craig James. Chubb and Michel each topped 1,000 yards this season. I should also note, Freshman D'Andre Swift has 603 yards rushing, while Elijah Holyfield and Brian Herrien combined for 558. Lets just say this Georgia team can run the ball. I have to imagine Georgia's running game will create a lot of "man-to-man" matchups for the Alabama defense. It will be interesting to see how they scheme it without the help of Anfernee Jennings, one of Alabama's starting linebackers who will be out with a knee injury. Lets also keep in mind, Georgia's head coach Kirby Smart worked as a DB coach under Nick Saben at LSU, was also on his staff with the Miami Dolphins, and perhaps most importantly Saben's defensive coordinator for eight seasons at Alabama. Georgia has 31 seniors on the team this year, which seems like a very large number. Georgia's last National Championship came back in 1980 with Herschel Walker. Alabama has 16 National Championships. Coach Bear Bryant won six National Championship while at Alabama, coach Nick Saben has won 5. I was successful betting against Alabama last year, I'm thinking I'll stick with my theme and take the points and the Georgia Bulldogs. Our families first dog was a bulldog, so there is sentimental value as well...go Bulldogs!



of modern physics" and the "father of science" due to his revolutionary discoveries. The first person to use a telescope to observe the skies, Galileo discovered the moons of Jupiter, the rings of Saturn, sunspots and the solar rotation. After Galileo published his confirmation that the Earth orbits the Sun, in favor of the Copernican system, he was charged with heresies (ideas that ran counter to teaching of the church) by the Inquisition—the legal body of the Catholic church. He was found guilty in 1633 and sentenced to life imprisonment but due to his age and poor health, he was allowed to serve out his sentence under house arrest.



1790 - President George Washington delivers the first State of the Union address to the assembled Congress in New York City. Washington began by congratulating you on the present favorable prospects of our public affairs, most notable of which was North Carolina's recent decision to join the federal republic. North Carolina had rejected the Constitution in July 1788 because it lacked a bill of rights. Under the terms of the Constitution, the new government acceded to power after only 11 of the 13 states accepted the document. By the time North Carolina ratified in November 1789, the first Congress had met, written the Bill of Rights and dispatched them for review by the states. When Washington spoke in January, it seemed likely the people of the United States would stand behind Washington's government and enjoy the concord, peace, and plenty he saw as symbols of the nation's good fortune. Washington's address gave a brief, but excellent, outline of his administration's policies as designed by Alexander Hamilton. The former commander in chief of the Continental Army argued in favor of securing the common defense [sic], as he believed preparedness for war to be one of the most effectual means of preserving peace. Washington's guarded language allowed him to hint at his support for the controversial idea of creating a standing army without making an overt request.



1941 - One of Hollywood's most famous clashes of the titans, when William Randolph Hearst forbids any of his newspapers to run advertisements for Orson Welles' Citizen Kane. Though Welles was only 24 years old when he began working in Hollywood, he had already made a name for himself on the New York theater scene and particularly with his controversial radio adaptation of the H.G. Wells novel The War of the Worlds. After scoring a lucrative contract with the struggling RKO studio, he was searching for an appropriately incendiary topic for his first film when his friend, the writer Herman Mankiewicz, suggested basing it on the life of William Randolph Hearst. After

Weather over the past week saw snow cover increase across the northern Plains and the west central and northeastern Midwest. Snow depth is near normal levels for this time of the year in the central Plains and the southern and eastern Midwest, but remains below normal across the northern Plains and northwestern Midwest, particularly in Minnesota and Wisconsin. Snow cover has been sufficient to protect winter wheat from winterkill damage across the northern central Plains and central Midwest, but some winterkill was likely early last week in the southern and central Plains and southwestern Midwest. the early-2018 cold wave shows more signs of easing this week which should help end winterkill threats for the time being. Rainfall over the

past week favored northern and central Brazil. The recent rains have improved soil moisture levels for corn and soybeans, particularly in Sao Paulo and Minas Gerais. Dryness continues to be a concern across most of Argentina, particularly in the north where soybeans are delayed. A few light showers are expected in Argentina today, but no significant relief from dryness is expected late this week.

Very Little Precipitation Forecast for the Southern Plains: *Dry conditions remain in the forecast through the next week to 10 days across the southern Plains. Temperatures should trend milder which would help ease stress to winter wheat, but this lack of precipitation needs to be monitored closely.*

catching a preview screening of the unfinished *Citizen Kane* on January 3, 1941, gossip columnist Hedda Hopper wasted no time in passing along the news to Hearst and his associates. Her rival and Hearst's chief movie columnist, Louella Parsons, was incensed about the film and its portrait of Charles Foster Kane, the Hearst-like character. Even more loathsome to Hearst and his allies was the portrayal of Kane's second wife, a young alcoholic singer with strong parallels to Hearst's mistress, the showgirl-turned-actress Marion Davies. Only a few days after the screening, Hearst sent the word out to all his publications not to run advertisements for the film. He also threatened to make war against the Hollywood studio system in general, as Hearst's newspapers accused Welles of having Communist sympathies. Hollywood's heavyweights, who were already resentful of Welles for his youth and his open contempt for Hollywood, soon rallied around Hearst. Louis B. Mayer of Metro-Goldwyn-Mayer even offered to pay RKO \$842,000 in cash if the studio's president, George Schaefer, would destroy the negative and all prints of *Citizen Kane*. Schaefer refused and in retaliation threatened to sue the Fox, Paramount and Loews theater chains for conspiracy after they refused to distribute the film. After Time and other publications protested, the theater chains relented slightly and permitted a few showings; in the end, the film barely broke even. Nominated for nine Oscars, *Citizen Kane* won only one (a shared Best Screenplay award for Mankiewicz and Welles) and Welles and the film were actually booed at the 1942 Academy Awards ceremony. Schaefer was later pushed out at RKO, along with Welles, and the film was returned to the RKO archives. It would be 25 more years before *Citizen Kane* received its rightful share of attention, but it has since been heralded as one of the best movies of all time.

Upcoming Events

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

Mon. 1/15 - Martin Luther King, Jr. Day - Markets Closed

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

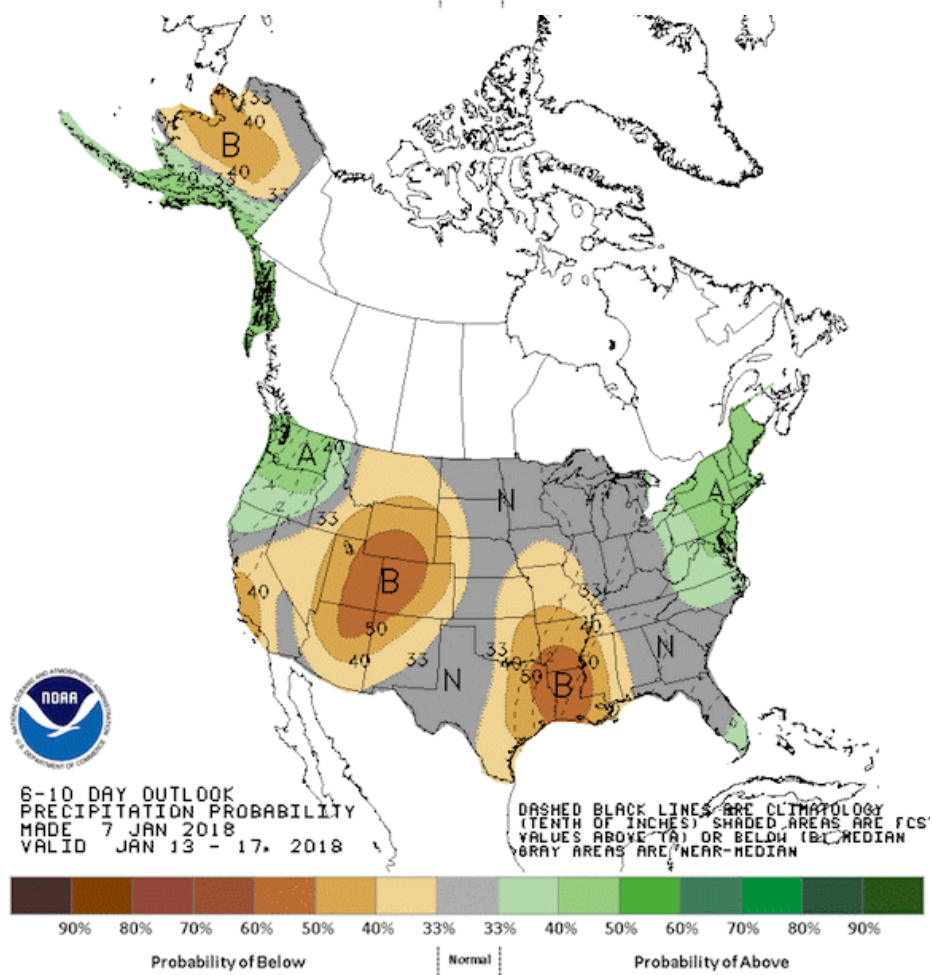
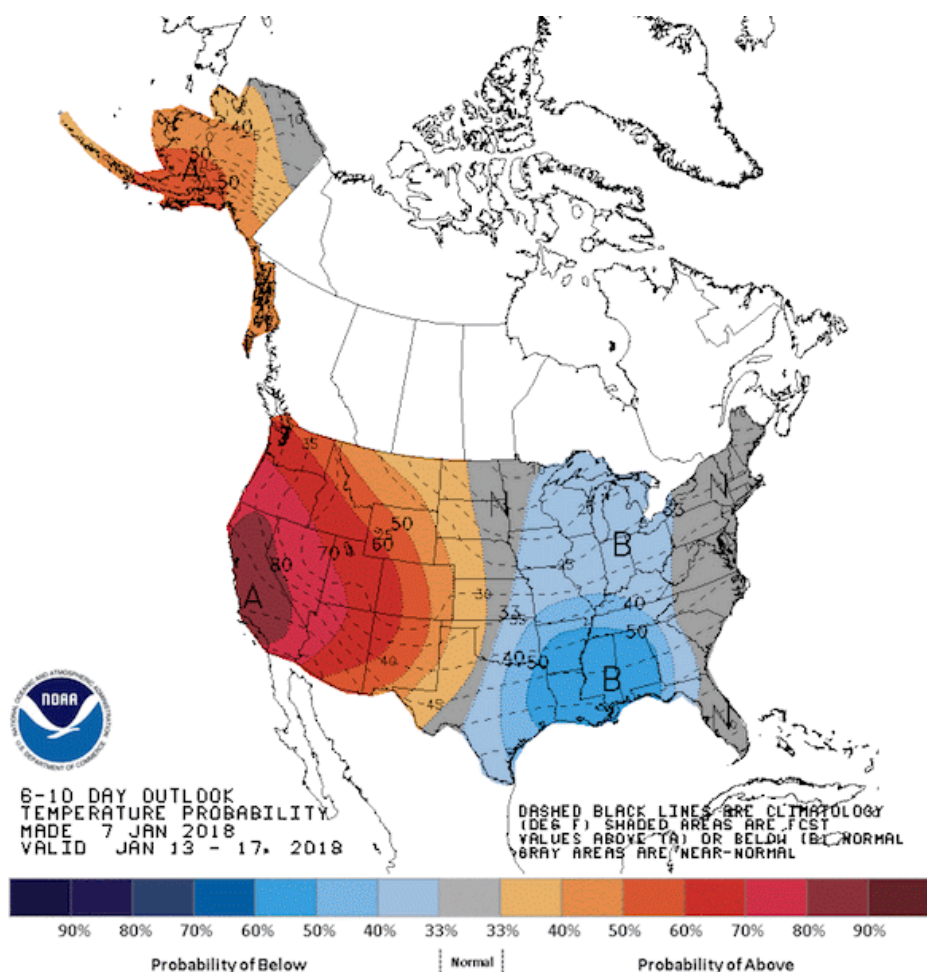
Fri. 2/16 - Farms and Land in Farms

Mon. 2/19 - Washington's Birthday - Markets Closed

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

Fri. 2/23 - Cattle on Feed

Fri. 4/30 - Good Friday - Markets Closed



Kevln's Song of the Week

WHAT I'M LISTENING TO: ▶



▶ **Luke Bryan**

*"Most People
Are Good"*

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

Corn bears remain in control as the trade eagerly awaits the USDA's yearend update scheduled for release this Friday. Bullish U.S. demand talk has backpedaled a bit as ethanol production stumbles, posting its biggest week-to-week drop in several years. At the same time ethanol stocks have crept a bit higher. I knew there was going to be some headwinds and shakeup in the ethanol space during the first half of 2018, so I expect to see more wild swings in production moving forward. I still however think the USDA will be bumping their current ethanol estimate higher. We also have to keep in mind, the trade just digested what was one of the worst weeks for U.S. corn exports, which is tough to swallow with prices being this cheap. Interestingly, Brazil's corn exports are up significantly (+16 MMTs) during the second half of 2017. On the flip side, bulls are talking about how significantly fewer second-crop corn acres will be planted in Brazil this year and how the USDA is largely overestimating their 2018 production. There is also the belief that Argentine production is currently overestimated. The weather in South America has improved as of late, but there's still some problem areas worth keeping an eye on in southern Brazil and portions of northern and southwestern Argentina. Offsetting some of the production losses for South American corn will more than likely be improvements in European production. Bottom-line, with South American weather now considered somewhat acceptable, this weeks trade becomes all about the yearend USDA report. Anyway you slice it, we probably come out on the other side still swimming in a glut of domestic corn, between 2.4 and 2.5 billion bushels, and continued talk of +90 million corn acres being planted in 2018. As both a producer and a spec, I continue to think this market could make another new contract low in the coming days. Longer-term however I'm starting to see more "value". As a spec I like the thought of taking small bullish bites on the breaks, as a producer I like the thought of re-owning in some limited risk capacity on cash sales that

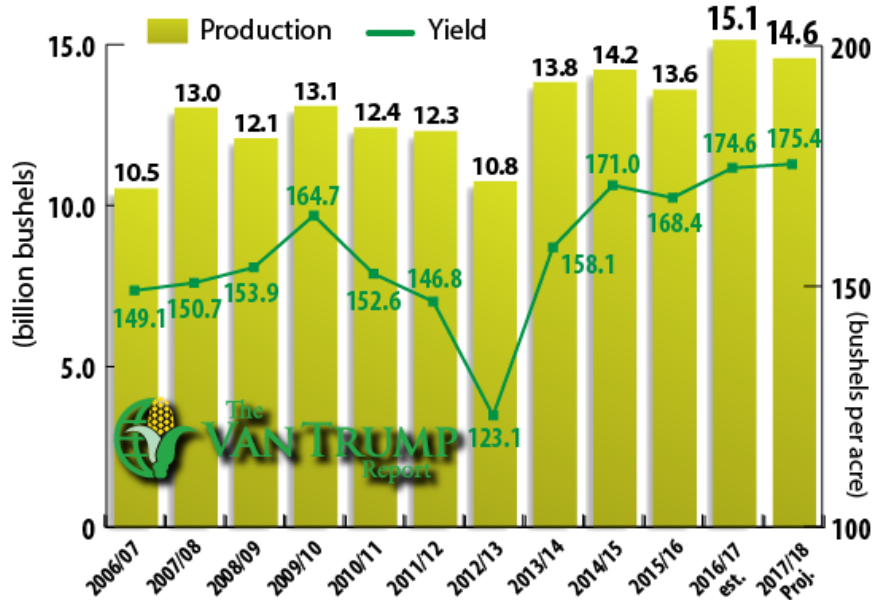
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made

sub-\$3.50.

U.S. Corn Production and Yields

updated with December 12, 2017 WASDE numbers



Jan 11th, Thursday - CONAB due out with updated Brazil numbers

Jan 12th, Friday - USDA to release annual crop supply, Dec 1 stocks, and winter wheat seedings for 2018 production

Soybean traders continue to debate U.S. ending stocks, South American production and Chinese demand. South American weather remains debatable. Some in the trade are saying more widespread rains have brought relief to several important areas of Argentina and Brazil. Others are saying there still remains concern that a drier pattern could emerge in small portions of Brazil and larger portions of Argentina. I still don't see current South American weather creating large headwinds for production. In fact, I think most sources are thinking the USDA is largely underestimating the Brazilian crop, which I suspect will start to be bumped higher in the coming weeks. The Argentine crop still seems much more uncertain. As for Chinese demand, there seems to be bit more concern that it could be tempered in the coming months on increased demand for domestic DDGS, and the fact they've become more comfortable buying a few more shipments from South American exporters. Here at home that has many believing the USDA has overestimated U.S. export demand and will need to adjust lower, hence bumping ending stocks higher and becoming a bit more burdensome. On top of that, most early surveys and forecasts are projecting another round of record soybean acres

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.

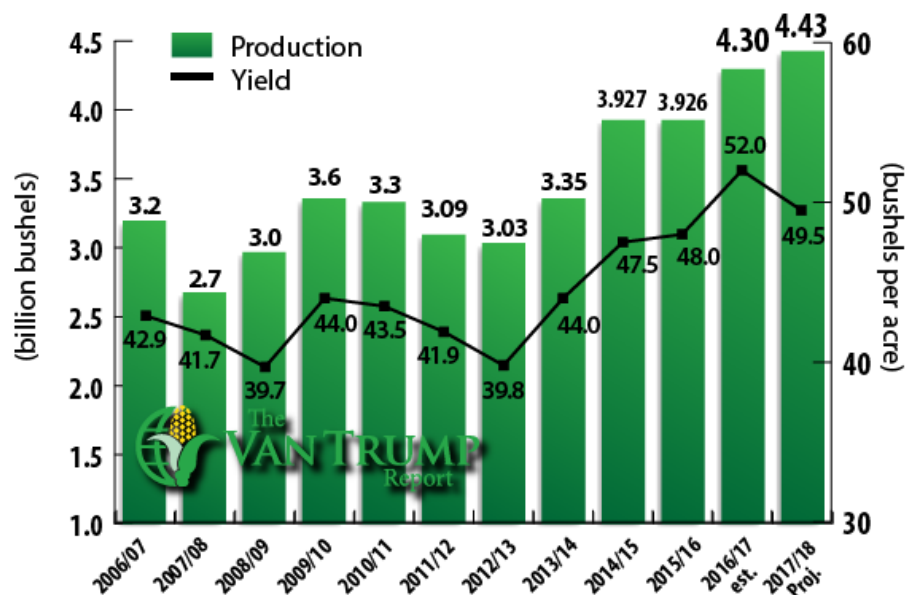
- Option #1 - Conservatively long.
- Option #2 - Aggressively long.
- Option #3 - Sitting on the sideline.

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.

to be planted here in the U.S. in 2018. Throw record acres on top of burdensome supply numbers and becomes tougher to get the bulls excited. As a spec, I still like the thought of building a bearish position on any significant or unexpected rally, more than likely weather induced. As a producer, I want to use a rally to reduce more risk. I'm still worried there is more downside ahead...

U.S. Soybean Production and Yields

updated with December 12, 2017 WASDE numbers



Farm Direction
RECIPES

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

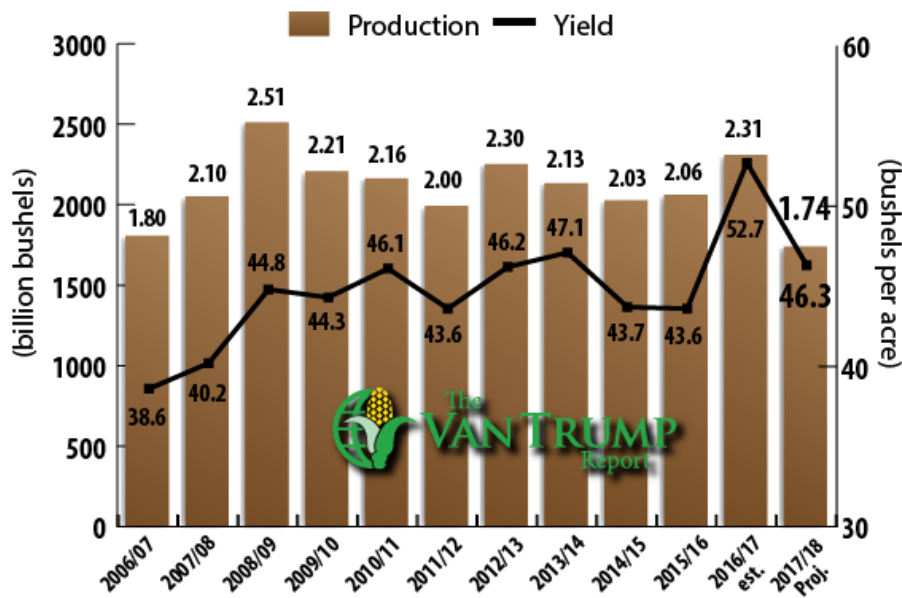
Bacon Weave Breakfast Tacos

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Wheat traders are wondering about "winter-kill" across the U.S. as many important growing regions report temperatures falling below zero this past weekend. It's tough to argue accurately when it comes to "winter-kill", as there are so many extended unknowns. Almost every state would like to argue they have some potential for winter-kill, but it's just too early to confirm. Who really knows until the crop comes out of dormancy. My guess is certainly some areas in parts of Colorado, Kansas, Illinois, Indiana, Kentucky, Missouri, Nebraska, Ohio, and Oklahoma have some type of crop damage. Lets also keep in mind many areas are experiencing extremely dry conditions. I continue to argue the fact poor U.S. conditions, coupled with record low planted wheat acres could be the start of a much more bullish landscape. Lets also keep in mind, we are starting to hear more rumors and talk of possible production hiccups in parts of the Black Sea region and small pockets inside the European Union. Unfortunately, most inside the trade believe the USDA is still too conservative with this past years Russian wheat production estimate and the number may again need to be worked higher. Meaning perhaps larger global ending stocks and fewer U.S. exports. 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. Technically, the SRW and HRW wheat markets are looking for strong support in the \$4.20 to \$4.25 range. Major support in Spring wheat seems to remain in the \$6.00 to \$6.10 range. I should note, I'm starting to hear more talk about increased Spring wheat acres, so pay close attention. As both a spec and a producer, I remain conservatively bullish.

U.S. Wheat Production and Yields

updated with December 12, 2017 WASDE numbers



> US Confirms Biodiesel Import Duties of Up to 72%: On Friday, the United States confirmed countervailing duties as high as 72 percent on Argentine biodiesel exports, following through on its findings from November 2017 that producers receive "unfair" subsidies. The duties were published in the Federal Register and also apply to Indonesian exports. The application of the countervailing duties caps off a process that began in March 2017 when US producers petitioned US authorities against Argentine producers, arguing that lower export taxes on biodiesel compared to other agricultural-based exports was a form of an unfair subsidy. That argument was immediately rejected by Argentine producers and authorities. This issue is parallel to a second complaint about alleged dumping by producers. Read more [HERE](#).

> E.U. Grain Export/Import Data Postponed Again: The publication of European Union data for exports and imports of cereals and oilseeds has been delayed due to unresolved technical issues dating back to before the year-end holidays, the European Commission said. The Commission had already postponed the weekly data from Dec. 21. This batch was due to have been released on Thursday along with figures for the past two weeks covering the year-end holiday period. (Source: Reuters)

> India May Hike Sugar Import Duty To +75%: The government of India may hike import duty on sugar to 75% from the existing 50% to dissuade imports and protect domestic prices from further depression. Domestic sugar prices have tumbled due to a bearish sentiment stemming mainly from an expected steep recovery in production during the 2017-2018 (October-September) season, up 26%, along with strong crushing progress across the country, S&P Global Analytics data showed. "India is planning to increase import duty to rule out any imports from Pakistan," a trader said. Imports are not competitive from any other origin at the current 50% import subsidy, the trader added. (Source: Platts)

> Most Of Idaho Ag-Gag Law Struck Down: The U.S. Court of Appeals for the 9th Circuit struck down most parts of Idaho's law that prohibits undercover investigations at livestock facilities. The decision upholds most of a 2015 lower court ruling, which found that the law violates the First Amendment's right to free speech and 14th Amendment's equal protection clause. The Idaho Dairymen's Association drafted a bill that became a 2014 law, while several animal welfare and environmental groups filed suit to challenge it. While the appeals court acknowledged being "sensitive to journalists' constitutional right to investigate and publish exposés on the agricultural industry," it kept in place

two parts of the law that crack down on misrepresentations made to obtain records or gain employment with the intent of causing injury to farm ownership. (Source: Politico)

> R-CALF Requests Investigation Into Alleged Price Fixing: In a complaint filed last week with the U.S. Senate Judiciary Committee, R-CALF USA and its Ohio affiliate, Buckeye Quality Beef Association, request an investigation into the events surround the delisting of the JBS-owned beef packing in Souderton, Pa., last fall. The complaint states that when JBS withdrew from the market, Cargill no longer had any meaningful competition and cow prices began to fall, allegedly causing substantial harm to Northeast cattle farmers and ranchers. The complaint states that while cattle prices were falling in Pennsylvania, they were on the rise in the rest of the United States. The complaint alleges that Cargill enjoyed a windfall and also likely violated antitrust laws or engaged in unfair or deceptive practices. While a complaint of this nature involving meatpacker conduct in the marketplace would typically be filed with the USDA, R-CALF USA CEO Bill Bullard said that agency is now a toothless tiger. (Source: Tri-State Livestock)

> Trump To Speak Today At AFBF Convention: Thousands of farmers, ranchers, agribusiness leaders, bankers and insurers are gathered in Nashville for the American Farm Bureau Federation's 99th annual convention. This year's event features a fair number of headliners, most notably President Donald Trump, who is scheduled to deliver a speech today at 3 p.m. CST. Country singer Reba McEntire is also giving a keynote speech. Perhaps in preparation for his Farm Bureau debut, Trump hosted a handful of Republican senators at the White House on Thursday for a meeting focused in part on trade and agriculture. Agriculture Chairman Pat Roberts said he delivered the message that farmers and ranchers needed their export markets to stay open. Sen. John Hoeven also attended the meeting, and said he pressed the importance of passing a farm bill that supports producers. (Source: Politico)

> Blizzard Pushed Natural Gas Prices To Record: The Upper Atlantic Seaboard entered a state of paralysis late last week as blizzard conditions blanketed states stretching from Virginia to Maine, lifting regional gas demand and putting a squeeze on prices and supply. In early trading, next-day gas prices at New York City-area hubs traded as high as \$160/MMBtu, according to data from the Intercontinental Exchange. Prices further north in New England also breached the \$100 mark Thursday, with gas at the Boston-area Algonquin city-gate hub and the Upstate New York Iroquois Zone 2 hub changing hands at highs of \$105/MMBtu and \$125/MMBtu respectively, both record highs. Further south, freeze-offs at the wellhead in the Marcellus and the Utica shales were multiplying the region's tightening supply-demand balance. Northeast Pennsylvania was hardest hit Thursday with sample production there down about 5%. In West Virginia, output continued struggling to recover from freeze-offs seen early this week, with receipts there still down by over 15%. (Source: Platts)

> CFTC To Hold Meetings On Cryptocurrencies: Amid growing concerns over cryptocurrency trading, the CFTC will hold meetings this month on the self-certification process used to approve new crypto derivatives. "One thing is certain: ignoring virtual currency trading will not make it go away. Nor is it a responsible regulatory strategy," said Chairman J. Christopher Giancarlo. The CFTC has been increasing its jurisdiction over the crypto market, which has no overriding federal regulator. (Source: Seeking Alpha)

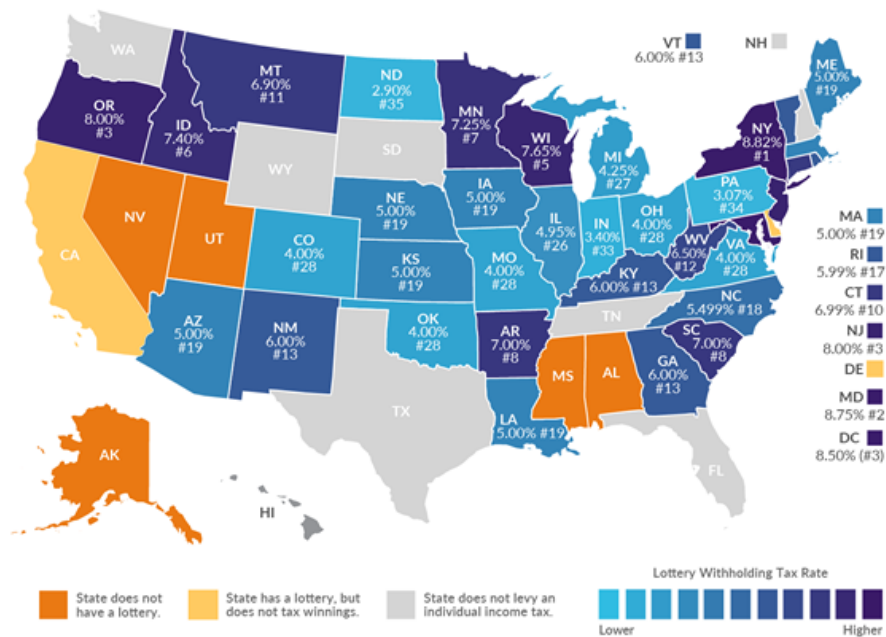
> Smallest Cuts To EPS Estimates Since 2010: During the fourth quarter, analysts lowered earnings estimates for companies in the S&P 500 for the quarter. The Q4 bottom-up EPS estimate (which is an aggregation of the median EPS estimates for all the companies in the index) dropped by 0.3% (to \$34.90 from \$35.00) during this period. During the past year (four quarters), the average decline in the bottom-up EPS estimate during a quarter has been 3.1%. During the past five years (20 quarters), the average decline in the bottom-up EPS estimate during a quarter has been 4.2%. During the past 10 years (40 quarters), the average decline in the bottom-up EPS estimate during a quarter has been 6.0%. Thus, the decline in the bottom-up EPS estimate recorded during the fourth quarter was smaller than the one-year, five-year, and 10-year averages. In fact, the fourth quarter of 2017 marked the smallest decline in the bottom-up EPS estimate during a quarter since Q4 2010 (+0.6%). (Source: FactSet)

> How Does Your State Tax Lottery Winnings? Sooner or later, there will be at least forty-five big winners of the current Powerball game, and forty-four of them are already known. That's because only about half of Powerball ticket revenue is returned in the form of prizes, which is lower than the average for other lottery games. The rest of the jackpot, less the consortium's administrative costs, fills the coffers of the forty-four states participating in Powerball. In other words, you probably aren't going to win the jackpot, but your state did. And in all likelihood, at least one state is going to win big twice. That's because lottery winnings are generally taxed as ordinary income at the federal and state levels (and, where applicable, locally). In fact, in most states (and at the federal level), taxes on lottery winnings over \$5,000 are withheld automatically. However, withholding rates vary and do not always track state individual income taxes. California and Delaware do not tax state lottery winnings. Arizona and Maryland have separate resident and nonresident withholding rates. In New York, residents of New

York City and Yonkers face additional withholding. Click the map below for a larger view. (Source: TaxFoundation)

How High Is Lottery Tax Withholding in Your State?

Lottery Withholding Tax Rates by State, 2018



TAX FOUNDATION

@TaxFoundation



Central Illinois - We are still cold here hoping to see some 30-degree weather before we get way into calving. The crop for 2017 was very good for the soybeans but another record crop for the corn. The crazy things is that midway through the summer we thought that we might not even make a crop because of the lack of rain. The corn was burning up and under extreme stress most of July. We got into August, which brought seasonably cool temps with more than ample rainfall. The whole farm corn average yield was 210bpa. There was a lot of vulnerability seeing spots on hills with corn that was only 4' tall make 150bpa and then some of our better ground making 250bpa to 260bpa. The beans were off by about 10% across the board. There were many fields that could not get the water off and I think that caused some of the white mold issues that we saw in the beans. We have seen the basis improve by about .10 over the past few days.

Southcentral Arizona - We farm cotton and alfalfa along with custom farming in the area. It was a weird ride this season as everything was pushed back about six weeks, as a matter of fact we just finished harvest yesterday. Cotton was ok this year with the market being stable. We were able to stay above county averages with 3.3 bales per acre. Our alfalfa did well and with the demand right now we are seeing prices recover from the last couple of years. A lot is getting exported to China, Dubai, and Europe.

Northeast Iowa - We had one of the strangest weather patterns I've ever seen. After a wet start, we had a flash drought and three weeks later we had huge rains and then finished with a six-week drought. With all that we finished with beans in the low 60's and corn averaging 200-215bpa across the farms. We survived the 80's by diversifying into hogs and had a great 10 years. We are in a good place now but are certainly seeking to stay diversified and ahead of the changes technology is bringing.

CROSSING WIRES

A place to share intelligent thoughts...

The 20% Deduction for Qualified Business Income: Our friend Paul Neiffer, The Farm CPA, gave his thoughts about how the 20% deduction for qualified business income will work for a farm. Click [HERE](#) to read more

Why Those Wierd Jogs Are On Straight Rural Roads: If you've ever taken a drive in the country, you're probably familiar with the roads that go on perfectly straight for miles on end. These roads crisscross the country like a grid, intersecting at perfect right angles. Well, almost. If you drive north or south, occasionally you'll come to a point where the road shifts left or right by a few dozen feet. In a place where the roads are otherwise perfectly straight, why are there random skews in the roads? Well, it's because the Earth is round. Read more [HERE](#)

A Physicist's Year On "Mars": Physicist Christiane Heinicke spent 365 days sequestered with five others in a geodesic dome on the side of a Hawaiian volcano to test what isolation might do to the psyches of the crew on a Mars mission. "Cut off from civilization, we were dependent on ourselves and on each other. We had to perform any work that needed doing and fix anything that broke. All we had was the material contained in the storage unit dubbed the "sea can." The nearest supermarket was months away. We received news "from Earth" electronically – with a 20-minute delay. That is about how long it takes for signals to travel the maximum distance of 240 million miles between the two planets." Read Heinicke's fascinating account [HERE](#).

Raiders New Head Coach, John Gruden, Gets \$100 Million! Reports circulating show the new Vegas Raiders have hired head coach John Gruden, paying him an estimated \$100 million over the next 10-years. Read more [HERE](#)

Patriot Problems Brewing Between Brady, Belichick and Kraft: According to interviews with more than a dozen New England staffers, executives, players and league sources with knowledge of the team's inner workings, the three most powerful people in the franchise -- Belichick, Brady and owner Robert Kraft -- have had serious disagreements. They differ on Brady's trainer, body coach and business partner Alex Guerrero; over the team's long-term plans at quarterback; over Belichick's bracing coaching style; and most of all, over who will be the last man standing. Those interviewed describe a palpable sense in the building that this might be the last year together for this group. Read more at [ESPN](#)

At Age 101, She's A World Champ Runner: Man Kaur is 101, but her routine could tire most 20-somethings. Every day she wakes up at 4 a.m., bathes, washes clothes, makes tea, recites prayers until about 7 a.m. Sometimes she goes to the Gurdwara, the place of worship for Sikhs, other times she prays at home. And then she goes to the track for an hour of sprinting practice. And she's not just doing it for fun. A competitive runner, Kaur is a world record holder in her age group for several categories and is now training for the Asia Pacific Masters Games in Malaysia next September. The centenarian is a role model for women and runners everywhere. Just this November, she was declared the brand ambassador for a nonprofit organization called Pinkathon, which raises awareness of women's health issues — and encourages running as a way to improve physical fitness. Read more [HERE](#).

What Fitbit's 6 Billion Nights Of Sleep Data Reveals About Us: How we sleep is unbelievably important. Getting too little sleep not only makes you feel lousy and cranky, but it's also linked to obesity, diabetes, hypertension, and even early death. But it's amazingly hard to measure our sleep, as a population. Sure, one person at a time can stay overnight at a sleep lab, hooked up to scalp electrodes — but try sleeping normally that way, away from home and wired to strange equipment. Other sleep studies use self-reporting, where you write down each morning how you slept, but that data is famously unreliable. Now, though, there's a new way to study our sleep: Fitness bands, worn by millions of people. Check out what their data reveals about our sleeping habits [HERE](#).

SLEEP STAGES: MEN VS. WOMEN

MEN

TIME ASLEEP
6 HRS & 26 MINS

REM SLEEP
21%

LIGHT SLEEP
52%

DEEP SLEEP
15%

WOMEN

TIME ASLEEP
6 HRS & 50 MINS

REM SLEEP
22%

LIGHT SLEEP
52%

DEEP SLEEP
15%

These results are averages based on millions of nights of anonymized and aggregated Fitbit Sleep Stages data collected in April 2017. Sleep duration is based on time asleep and does not include restless or awake time.



Has America Hit Peak Grocery Store?

Consumers in the U.S. have drastically changed their shopping habits over the last decade. The evolution has been most visible in the retail sector as brick-and-mortar stores fall victim to the so-called "Amazon Effect." Basically, this is the impact of the online marketplace on traditional business models that provide goods direct to consumers. Recent examples of this have been very focused on apparel and department stores. However, food retailers are also finding themselves under threat as more consumers opt for pre-prepared food, subscription meal-kits and restaurants. This is coming at a time when the amount of retail space dedicated to selling food is at an all time high. Commercial square footage of retail food space per capita last year set a record, with 4.15 square feet of food retail per person, according to CoStar Group. That is almost 30 times the amount of space dedicated to groceries in 1950. Despite the massive expansion, sales at major food retailers was flat last year and expected to remain the same this year. As CoStar analyst Suzanne Mulvee succinctly explains, "There's only so much food we can buy." What's more, the pool of grocery shoppers is shrinking. One of America's largest generation, the baby boomers, is past its food-consumption peak. And as the boomers get older, their numbers in general are shrinking. The other major demographic group, millennials, simply does not shop like other generations have. They are increasingly turning to nontraditional options. For instance, convenience stores, where sales of prepared food and beverages has grown a whopping 72% since 2010. Then there are the online options. About one-quarter of American households buy some groceries online, compared to 19% just three years ago. Amazon and WalMart are two of the biggest players in that space, but there are a host of other online options, like meal-kit company Blue Apron, and general grocery delivery services like Door-to-Door Organics. The number of online options is expected to just keep growing too, with the digital share forecast to be the equivalent of nearly 3,900 grocery stores by 2025. (Sources: Wall Street Journal, CNBC, FastCo)



The Amazing Niagara Falls

Amid the Arctic air that has plunged into the U.S. recently, one of the side-effects has been the reported freezing over of Niagara Falls. Pictures of the waterfalls look like glaciers surrounded by a surreal ice-age-like landscape. To be clear, the Falls are only partially frozen. Normally, about 681,750 gallons of water is pouring over the edge of Horseshoe Falls every second, but temperatures that have gotten as low as 14 below zero have frozen some parts of the Niagara River and the terrain surrounding the falls. The three falls themselves - the Horseshoe Falls, the American Falls and the Bridal Veil Falls - never actually stop churning. Mist from the water near instantly freezes on all the surfaces it touches, though, including trees, cliffs, rails and walkways. The frozen mist coats everything in a blanket of white. In fact, when conditions get like this in the Winter, park officials typically have to fence off many of the visiting areas because it is impossible to keep them ice-free. Located on the Niagara River, which drains Lake Erie into Lake Ontario, the combined falls form the highest flow rate of any waterfall in North America that has a vertical drop of more than 165 feet. The falls are divided between the U.S. and Canada in Niagara Falls, Ontario, and Niagara Falls, New York. The falls formed when glaciers receded at the end of the last ice age and water from the newly formed Great Lakes carved a path through the Niagara Escarpment en route to the Atlantic Ocean. Because of the interactions of three major rock formations, the rocky bed did not erode evenly. The top rock formation was composed of erosion-resistant limestone and Lockport dolostone. That hard layer of stone eroded more slowly than the underlying materials. Immediately below the hard-rock formation, comprising about two-thirds of the cliff, lay the weaker, softer, sloping Rochester Formation, composed mostly of shale. In time, the river eroded the soft layer that supported the hard layers, undercutting the hard caprock, which gave way in great chunks. This process repeated countless times, eventually carving out the falls. Scientists estimate that about 10,000 years ago, the Niagara Falls was between present-day Queenston, Ontario, and Lewiston, New York, but erosion of their crest has caused the waterfalls to retreat approximately 6.8 miles southward. This erosion seems to be ongoing, meaning one day Niagara Falls will cease to exist at all. But don't worry, you have plenty of time to make the trip. The current rate of erosion is approximately 1 foot per year. Calculating that out, geologists think it will be around 50,000 before the Niagara Falls has eroded away the remaining 20 miles to Lake Erie. I included below some really cool pics that have been floating around. Hope you enjoy... (Sources: Niagara Gazette, Quartz, Wikipedia)







A Man With No Enemies!



Meet Walter Barnes

All golfers should live so long as to become this kind of old man!

Toward the end of the Sunday service, the Minister asked, "How many of you have forgiven your enemies?"

80% held up their hands. The Minister then repeated his question. All responded this time, except one man, Walter Barnes.

"Mr. Barnes, are you not willing to forgive your enemies?"

"I don't have any," he replied gruffly.

"Mr. Barnes, that is very unusual. How old are you?"

"Ninety-eight," he replied. The congregation stood up and clapped their hands.

"Oh, Mr. Barnes, would you please come down in front and tell us all how a person can live ninety-eight years and not have an enemy in the world?"

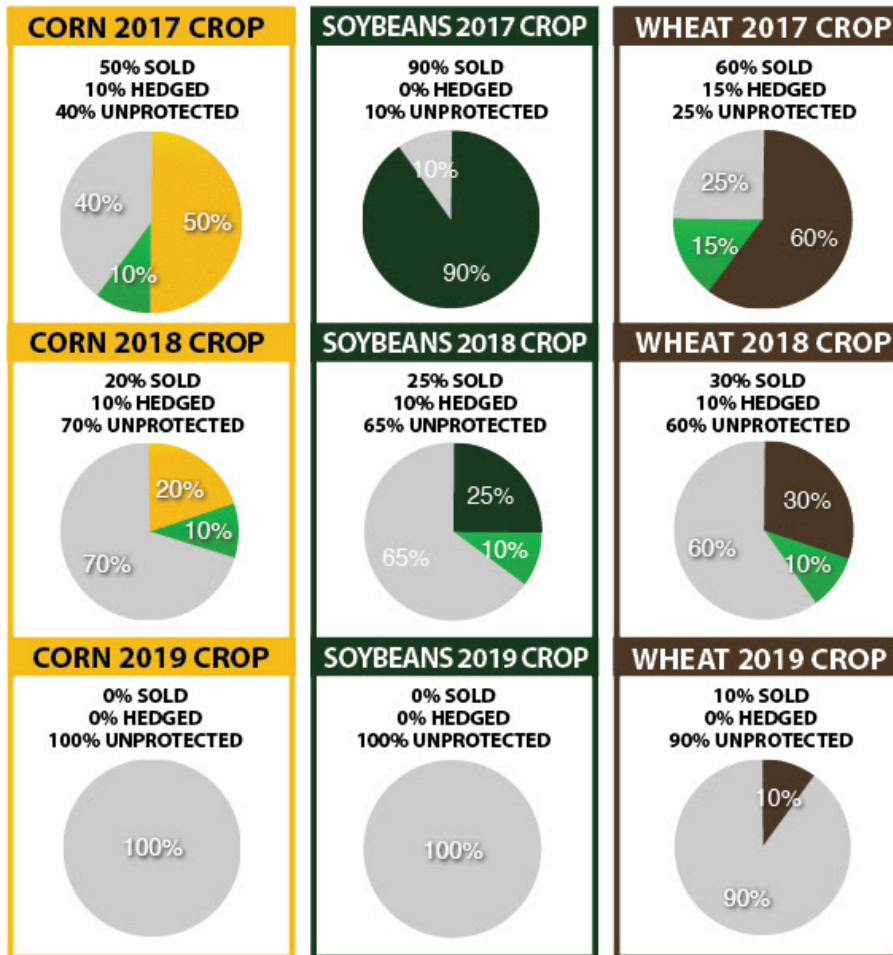
The old golfer tottered down the aisle, stopped in front of the pulpit, turned around, faced the congregation, and said simply, "I outlived all them assholes."

Then he calmly returned to his seat.

May longevity of life bless us all...



CASH SALES & HEDGING TOTALS



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