



*"The biggest communication problem is we don't listen to understand. We listen to reply."*  
- **Stephen Covey**

**FRIDAY, FEBRUARY, 23, 2018**

**Morning Summary:** U.S. stocks are finding it difficult to regain the upward momentum experienced earlier in the year as uncertainties surrounding inflation, interest rates, corporate growth and politics continue to brew. The S&P 500 is actually down about -4.25% in the past month, but still up over +15% during the past 52-weeks. There seems to be very little in the way of fresh economic data or corporate news to propel the trade one direction or another. In fact the market seems to be taking its cue from unfounded opinions and beliefs that stocks do poorly in rising interest rate environments, which simply isn't the case. There are several insider reports circulating that show in the past 17 instances, dating back to 1962, when the yield on the 10-year treasury rises by more than 100 basis points, stocks have actually done very well. In fact, 14 out of those 17 times, stocks rose by an average of over +20%. Perhaps even more impressive, is that during the three drawdowns that occurred, they were less than -2% each. I'm certainly not saying we can't go lower, but I don't think it's because of interest rates. Inflation could be more of a legitimate worry by the bears, but from my perspective not until we get over 3%, which still seems a million miles away, especially when you start to consider demographics of our nation and the massive wave of deflationary technology on our doorstep. Bulls argue that fears about higher interest rates hurting future earnings results are overblown and that investors will eventually tire of that headline and resume their buying spree. Bears of course contend that stock prices are "overvalued," in spite of the excellent earnings reported. Many technical bears also argue that the markets need to retest their recent lows before making a sustainable recovery, which I'm leaning a little that direction, but not because of fundamental fears surrounding higher interest rates. Investors don't have much in the way of new economic data to guide them today as the only thing of significance on the calendar is the Baker-Hughes Rig Count. The count last week showed active U.S. oil rigs rose by +7 to 798. Insiders remain concerned about the implied spike in U.S. production - the rig count was 52 less just one month ago. Investors will however be interested in hearing what Fed officials have to say today. Speeches are scheduled from New York Fed President William Dudley, Boston Fed President Eric Rosengren, Cleveland Fed President Loretta Mester and San Francisco Fed President John Williams. Turning to next week, investors will have a little more meat to sink their teeth into with a slew of highly anticipated data reports including both New and Pending Home Sales, International Trade, Consumer Confidence, GDP, Personal Income and Outlays and ISM Manufacturing. Next week also brings the end of the month with February wrapping up on Wednesday. That also happens to be the day scheduled for new Federal Reserve Chair Jerome Powell to deliver his first Semiannual Monetary Policy Report to the Congress.

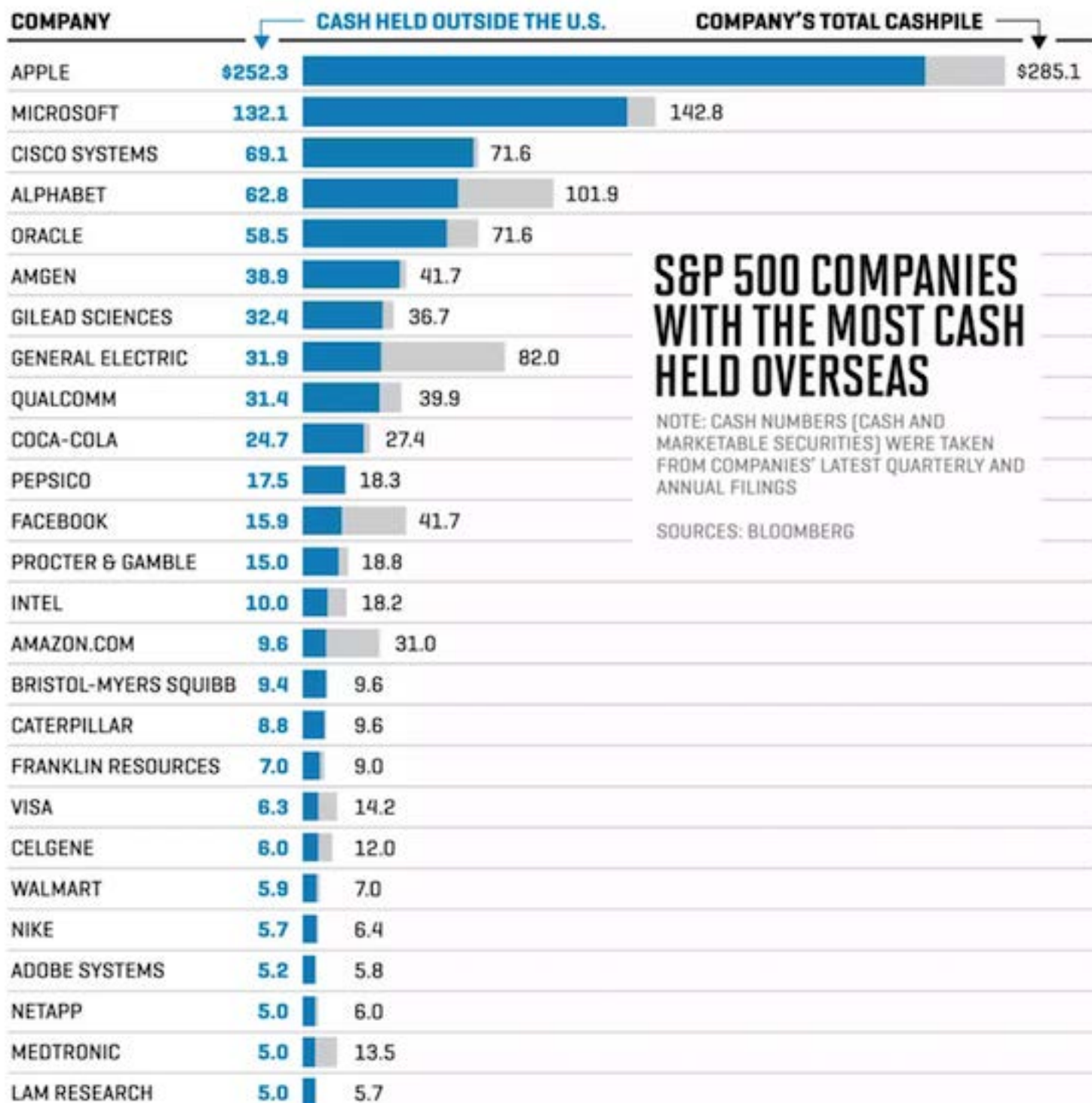
**Trouble viewing the report? [CLICK HERE](#) to view in browser:** Some folks have been

having problems using old versions of Microsoft Outlook. Our temporary solution, until Microsoft provides a patch or you upgrade to the newest Outlook, is providing this link.

**U.S. Will Not Certify Iran Nuclear Deal:** *The Trump administration will not certify the Iran nuclear deal, U.S. Vice President Mike Pence said Thursday, increasing the likelihood of re-imposition of U.S. sanctions on international sales of Iranian crude. In January, President Donald Trump renewed waivers on nuclear-related sanctions for another 120 days but warned Congress and the US' European allies that they need to fix the nuclear deal or the U.S. would withdraw from it. That set a new deadline of May 11 for the next sanctions waiver. Pence's comments indicate the President intends to deny the oil sanctions waiver at that next deadline. Iran produced 3.83 million b/d of crude in January, according to the latest S&P Global Platts OPEC survey, up about 1 million b/d from just before the nuclear deal went into force in January 2016. Following Pence's comments, Iran's deputy foreign minister warned that if the historic agreement is scrapped, the would will have to confront "another nuclear crisis." He called the decision a choice between security and insecurity at the world level. (Sources: Platts, Al Jazeera)*

**The Power Of Social Media:** *I'm not a follower of reality stars, but it seemed worth pointing out that one tweet from Kylie Jenner yesterday is being blamed for wiping out \$1.3 billion of Snap's market value. The Snapchat parent's shares sank as much as -7.2% Thursday, wiping out \$1.3 billion in market value, on the heels of a tweet from the reality star, who said she doesn't open the app anymore. Whether it's the demands of her newfound motherhood, or the recent app redesign, the testament drew similar replies from her 24.5 million followers. Citigroup analyst Mark May downgraded the stock to sell from neutral earlier this week after seeing a "significant jump" in negative reviews of the app's redesign. He expects the reviews could cause user engagement to fall, hurting financial results. Meanwhile, as the app takes criticism, Chief Executive Evan Spiegel may become one of the highest paid executives in the U.S. After the company's IPO last March, Spiegel got a \$636.6 million stock grant that will be payable through 2020. (Source: Bloomberg)*

**Who's Holding All the Cash?** *I thought this was an interesting graphic from Bloomberg. Keep it in your file in case you are wondering who is sitting on all the cash and who could benefit the most in bringing it back home to the U.S. You can read more [HERE](#)*



**Weather** over the past few days has seen rain bring an end to record dryness in parts of Texas. However, there was no significant improvement in soil moisture in the western Plains. There was significant improvement in the southeastern Plains, however, where heavy rainfall occurred over the past few days and more is expected over the next few days. Dry weather is expected to continue in southwestern Kansas, western Oklahoma and west Texas. In the Midwest and Delta heavy rain over the past several days has led to flooding in many areas. We are most concerned over flooding currently along the Illinois River. Heavy rain will continue through the weekend which will likely bring flooding increases along the Ohio and Mississippi Rivers. Over the next week or so, much of the major crop growing areas in central and southern Argentina will continue under dry weather. I am

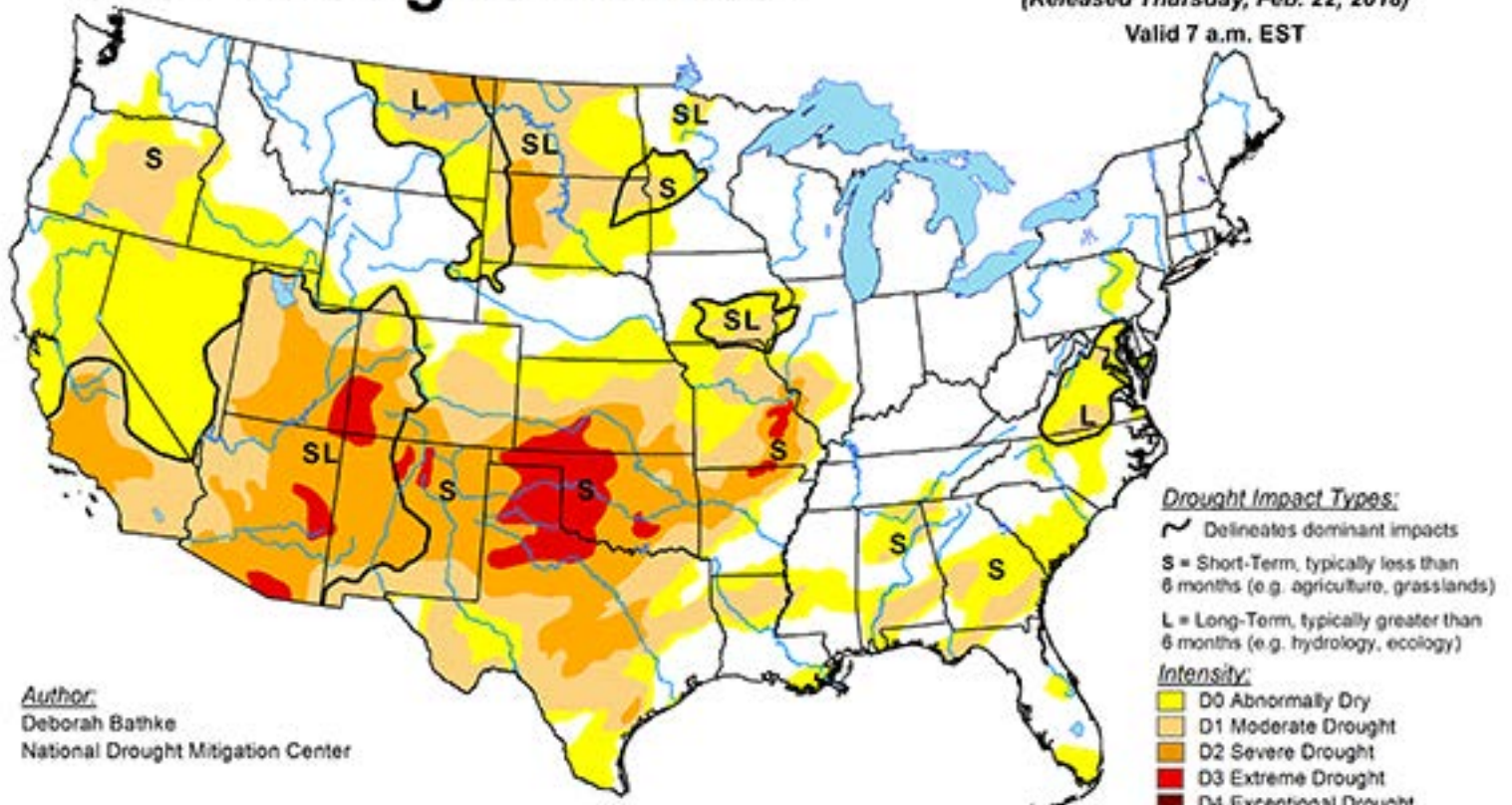


hearing forecasts for less than an inch across Entre Rios and Buenos Aires and most of La Pampa. Soil moisture improvements will be limited, especially as temperatures continue above normal.

**Drought Expansion and the Recent Midwest Rain:** *Drought coverage increased slightly over the past week, with 36.48% of the contiguous U.S. now in drought, compared to 36.34% last week. The increase in drought coverage mostly occurred across the West. Over the past week, multiple storm systems fell over much of the Midwest region, though the heaviest precipitation after Tuesday will be accounted for in next week's Drought Monitor. One category improvements were made in parts of central Illinois and a slight reduction in severe and extreme drought was made in central Missouri, and northern Arkansas. Again, next week's Drought Monitor should show continued improvements. Driest areas in western Texas and western Oklahoma continued to struggle with little improvement to the drought situation. Below you have the latest Drought Monitor map vs. rainfall forecast for Friday through Monday of next week.*

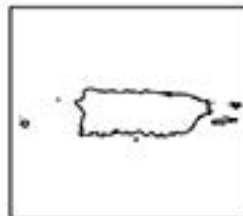
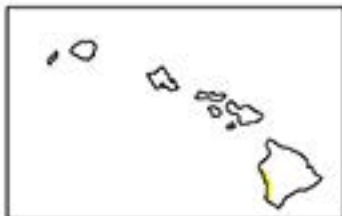
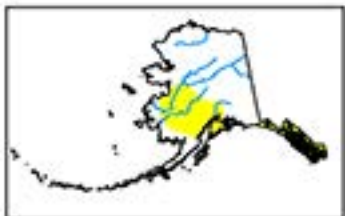
## U.S. Drought Monitor

February 20, 2018  
(Released Thursday, Feb. 22, 2018)  
Valid 7 a.m. EST

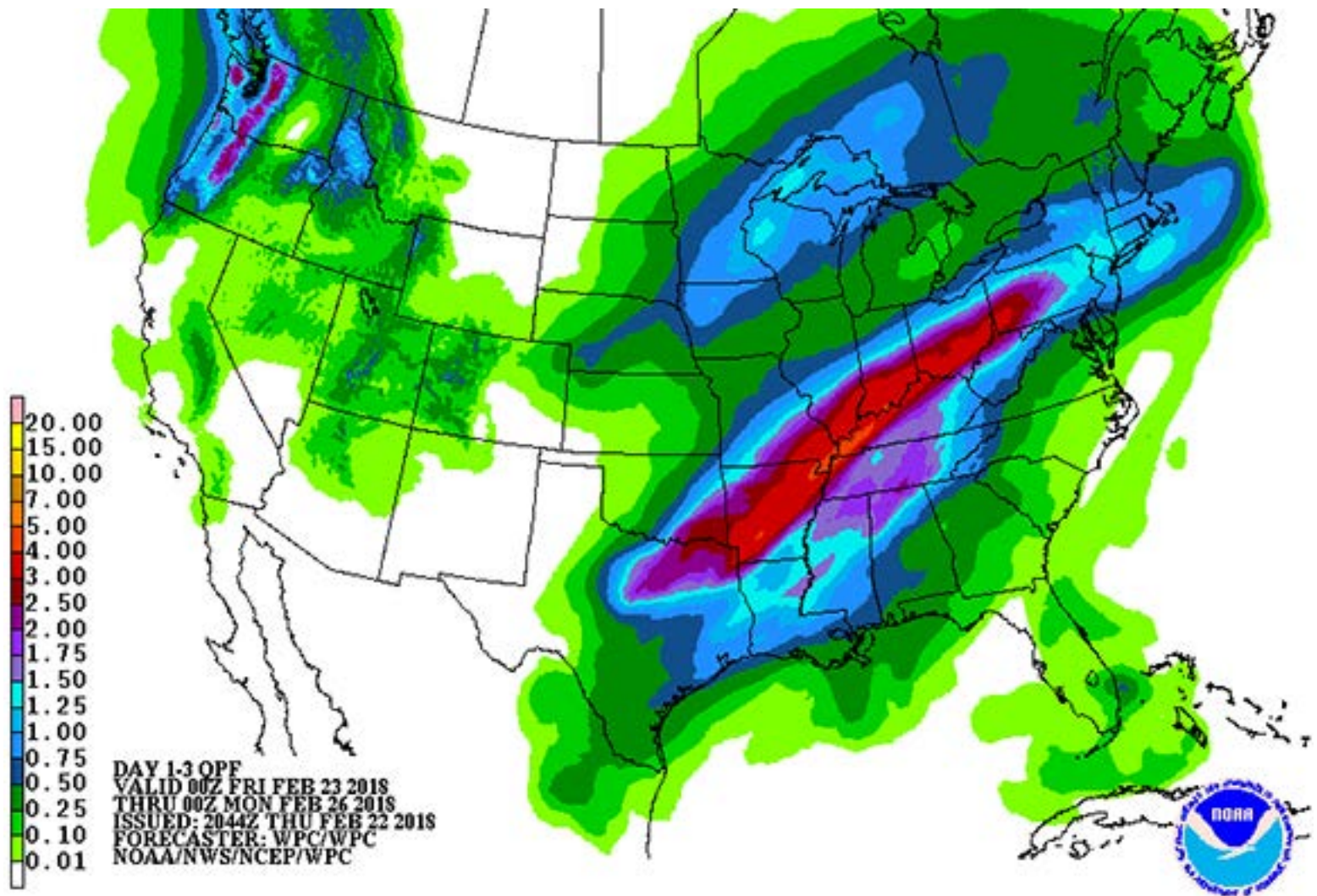


Author:  
Deborah Bathke  
National Drought Mitigation Center

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.



<http://droughtmonitor.unl.edu/>



**Spring Crop Revenue Insurance Guarantees:** Remember these prices will update daily during the month of February as the price average is determined.

- **Corn \$3.94<sup>6</sup> (Avg. close of the DEC18 contract during Feb)**
- **Soybeans \$10.12<sup>2</sup> (Avg. close of the NOV18 contract during Feb)**

USDA Agricultural Outlook Forum >>> Click [HERE](#)

I thought to change it up a bit, I would include a few interesting slides from the recent USDA Ag Outlook Meeting. The markets didn't really move much yesterday and most of the action continues to hinge on South American weather forecasts, which we all know and understand. I'm sure next week will bring more volatility as the forecasts change. As I sit here today, I remain a longer-term bull of both corn and wheat. I am extremely respectful to the front-end of the soybean market and believe we could see another major leg higher. I am however, a bit more nervous about longer-term price appreciation, hence taking a more aggressive approach to my late-2018 and 2019 soybean marketing efforts. Have a great weekend...

**CORN** - 18/19 crop projected at 90 million planted acres, down slightly from last years 90.2 million. The yield will start at 174 bushels per acre vs. 176.6 last year and 174.6 bushels per acre the year before that. Ending stocks are forecast lower at 2.272 billion bushels on ethanol being bumped from 5.525 billion to 5.650 billion bushels. The crush was

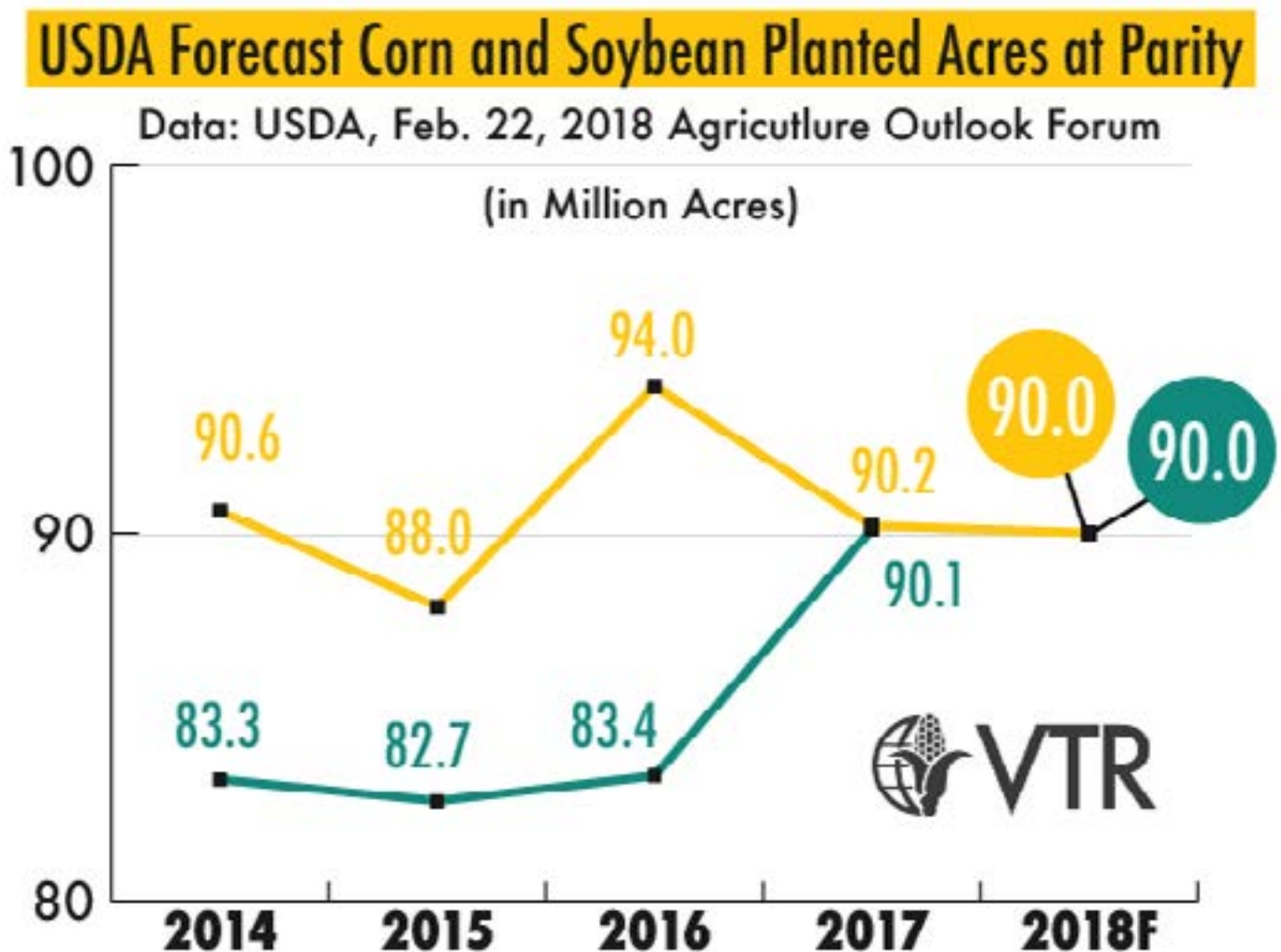


also adjusted higher from 1.950 billion to 1.980 billion. Interestingly exports were reduced from 2.050 down to 1.900. I personally believe U.S. exports could be pushed higher, not lower, which could potentially push ending stocks lower than their current forecast.

**SOYBEANS** - 18/19 crop projected at 90 million planted acres, down slightly from last years 90.1 million. The yield will start at 48.5 bushels per acre vs. 49.1 last year and 52 bushels per acre the year before that. Ending stocks are forecast lower at 460 million bushels on exports being bumped from 2.1 to 2.3 billion bushels. The crush was also adjusted higher from 1.950 billion to 1.980 billion. I personally believe planted soybean acres are estimated too low. I continue to hear more folks talking about more soybeans in the peripheral states.

**WHEAT** - 18/19 crop projected at 46.5 million planted acres, up slightly from last years 46.0 million. The yield is forecast at 47.4 bushels per acre vs. 46.3 and 52.7 bushels per acre the year before that. Ending stocks are forecast lower at 931 million bushels vs. the current 1.009 billion. Exports were once again lowered from 950 million down to 925 million bushels..

**Production Climbing Prices Falling:** Interesting to see both corn and soybean acres estimated at 90 million each. Did you know, since 1960, U.S. soybean production has increased more than +1,000%, while real soybean prices have fallen by -47%? During that same period, corn production has grown by more than +400% and prices have fallen by more than -60%. Once agin proof of technology being extremely deflationary, especially in a commoditized sector of the industry.



## Corn and bean area at parity, wheat holding

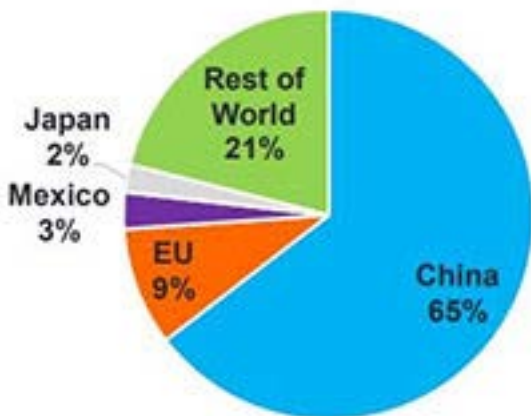
Crop (mil. acres)	2014	2015	2016	2017	2018F	%Δ
Corn	90.6	88.0	94.0	90.2	90.0	-0.2%
Soybeans	83.3	82.7	83.4	90.1	90.0	-0.1%
Wheat	56.8	55.0	50.1	46.0	46.5	1.1%
All cotton	11.0	8.6	10.1	12.6	13.3	5.6%
<i>Other feedgrains</i>	<i>12.9</i>	<i>15.2</i>	<i>12.6</i>	<i>10.7</i>	<i>12.6</i>	<i>17.8%</i>
Rice	3.0	2.6	3.2	2.5	2.9	16%
<i>Total 8 crops</i>	<i>257.6</i>	<i>252.0</i>	<i>253.4</i>	<i>252.1</i>	<i>255.3</i>	<i>1.3%</i>

Data: USDA.

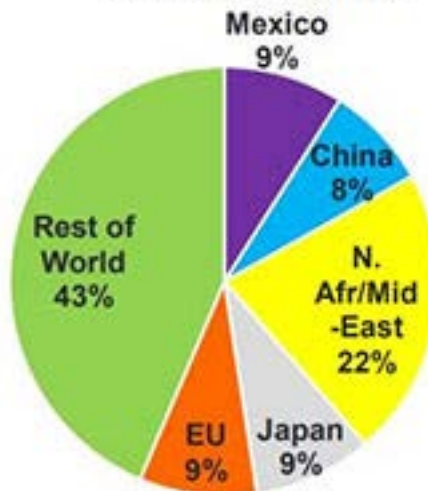
**Trade:** U.S. agriculture is very dependent on trade. 86.9% cotton, 52% rice, 50.1% sorghum, 47% soybean & 45.7% wheat are exported. China already accounts for 65% of the total trade in global soybeans. Interesting to note, the number of middle-class households in China will nearly double, approaching 370 million households by the year 2026. The number of middle-class households in India is expected to nearly triple by 2026.

## Who's buying now? Global Import Share (2017/18)

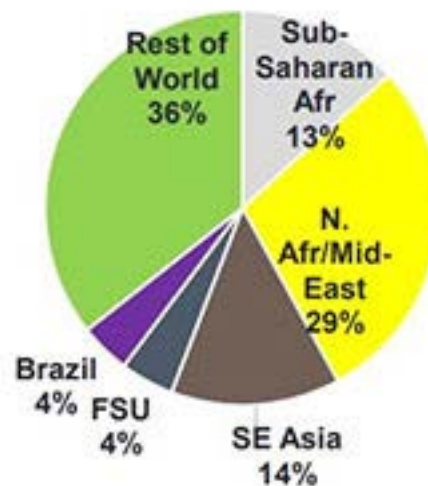
Soybeans



Coarse Grains

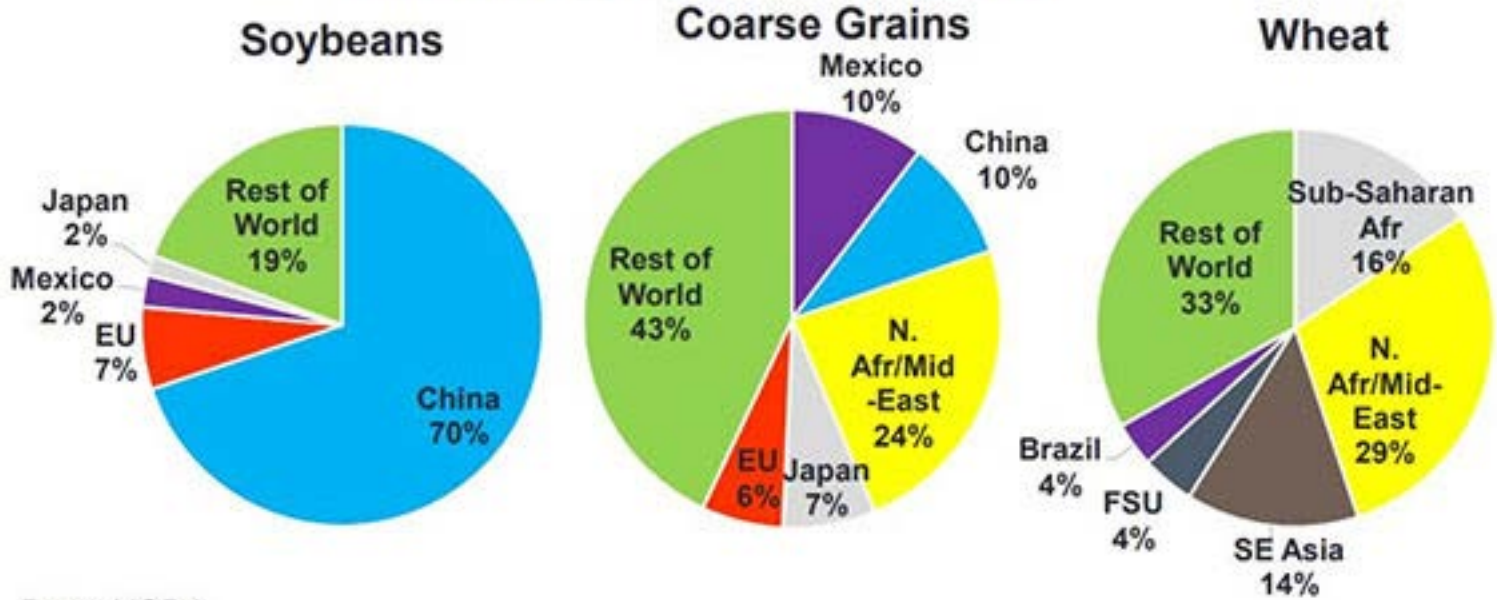


Wheat



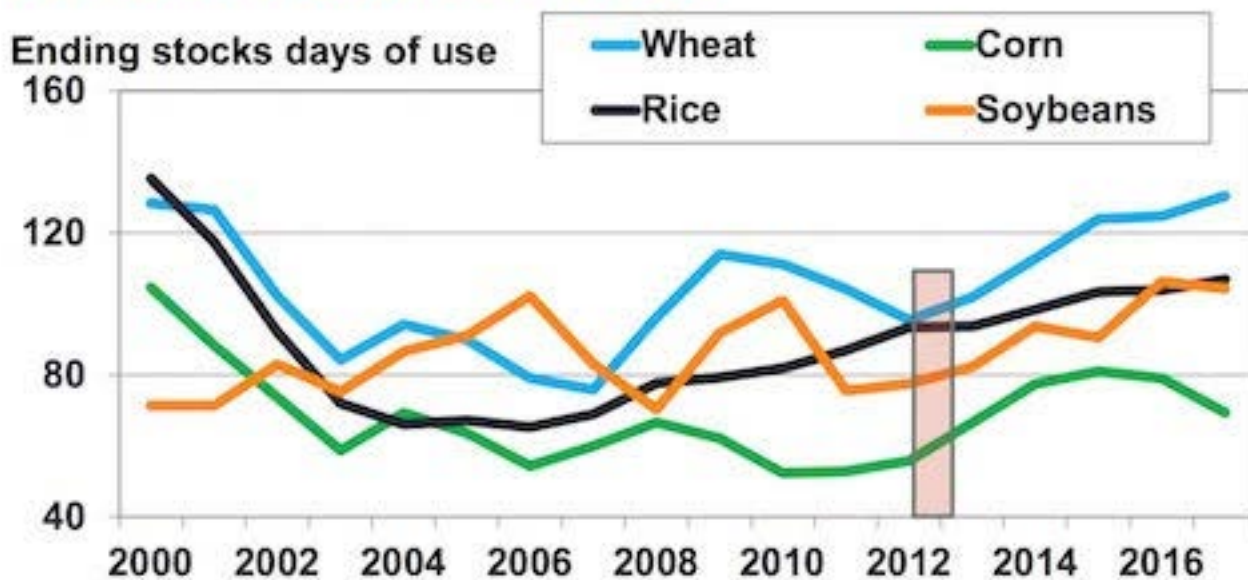
Data: USDA

## Who will be buying? Global Import Share (2027/28)



Data: USDA

## Global ending stocks to continue relatively high, moderating price volatility



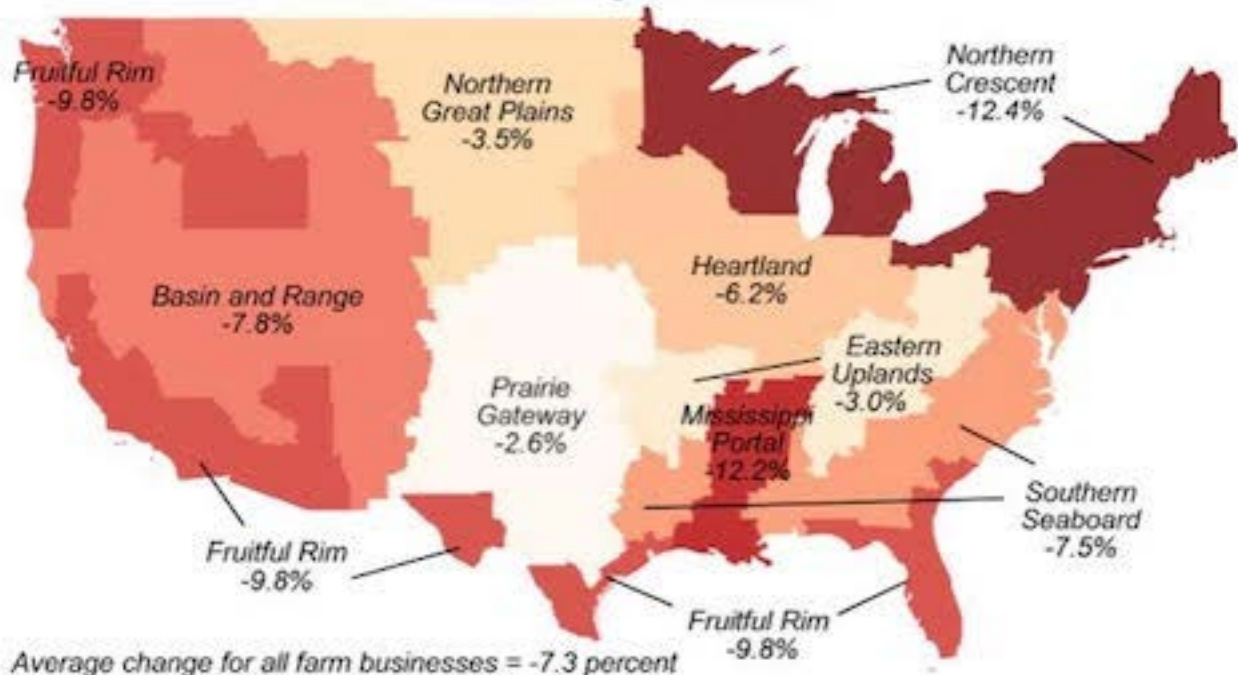
Data: USDA.

**Ag Profitability & Banking:** Just what we've all been feeling! Less working capital... From my perspective, the decline in working capital, which has fallen by more than -65% since 2012, is booming more and more concerning.



# Average net cash income for farm businesses expected to be down across all regions in 2018

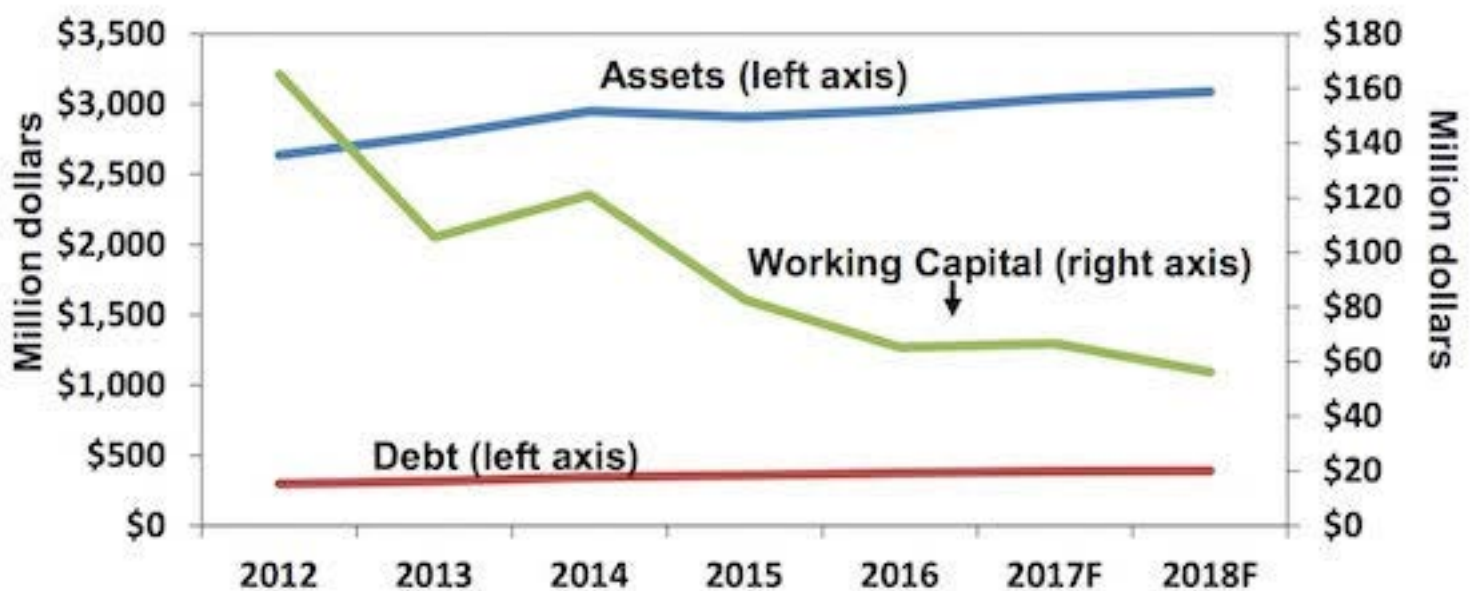
Percent change 2017F-2018F



The partial budget forecast model is based on the 2016 Agricultural Resource Management Survey (ARMS) using parameters from the sector forecasts. The model is static and does not account for changes in crop rotation, weather, and other location-based production impacts that occurred after the base year. Data as of February 7, 2018. Source: USDA, Economic Research Service, Farm Income and Wealth Statistics



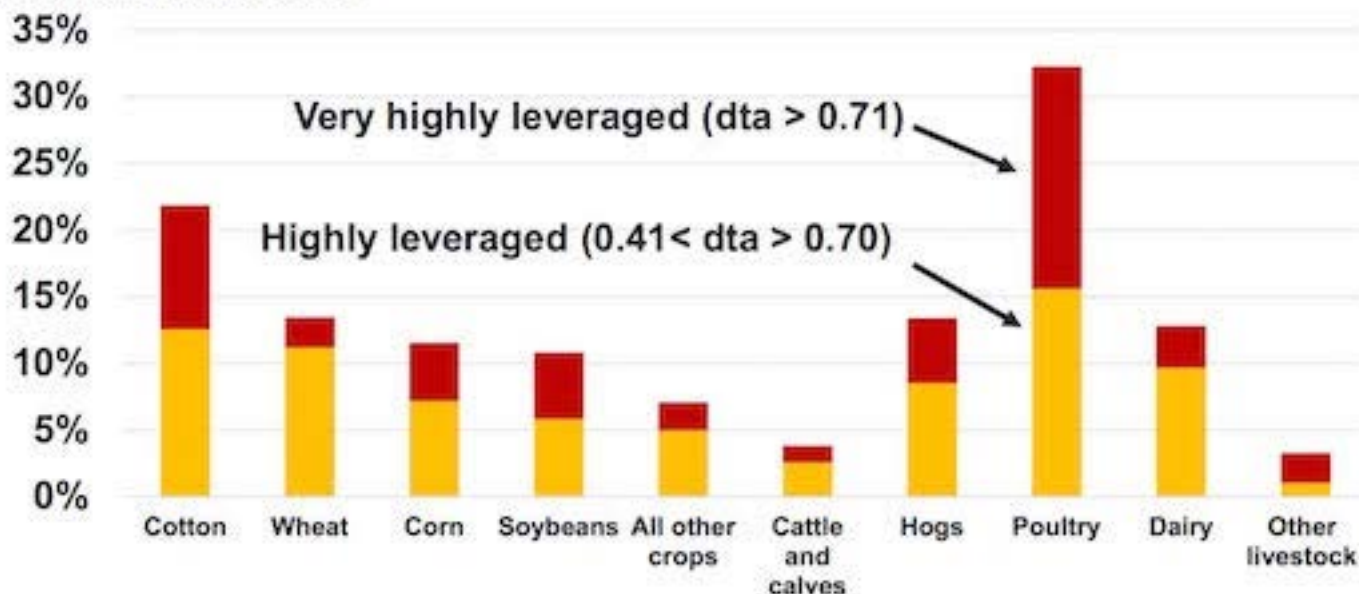
## Working capital falling



Data: USDA.

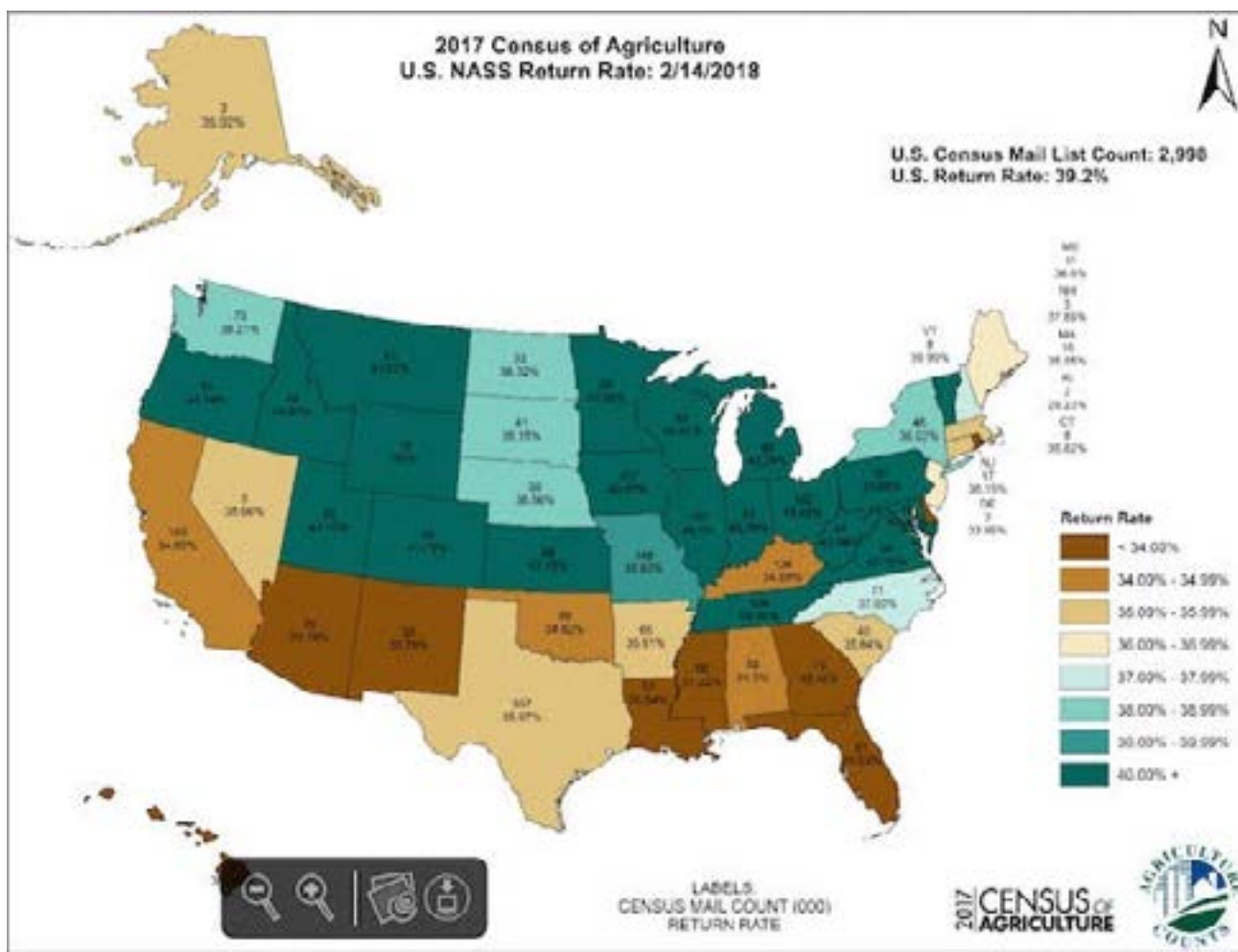
## Debt-to-asset ratios vary by sector

% of farm businesses



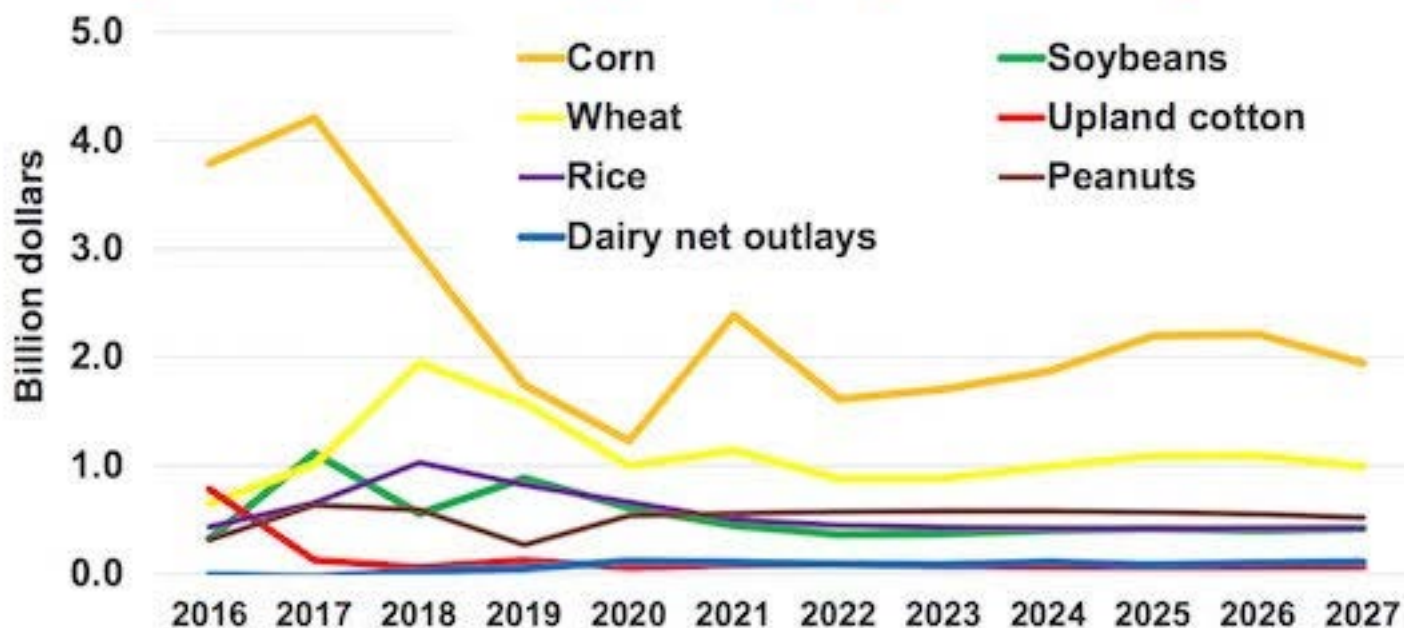
Data: USDA.

**Ag Survey & Subsidies:** I thought it was sad to see only a 39.2% overall return rate for the 2017 Census of Agriculture. The darker the green the state is colored the more surveys completed. Illinois and Iowa looked to be the highest return rate at just over 49%. Darker greens are in the 40% range; lighter greens in the upper-30% range; brown tones are mid-30% and lower. Might be some irony in the following two slides?





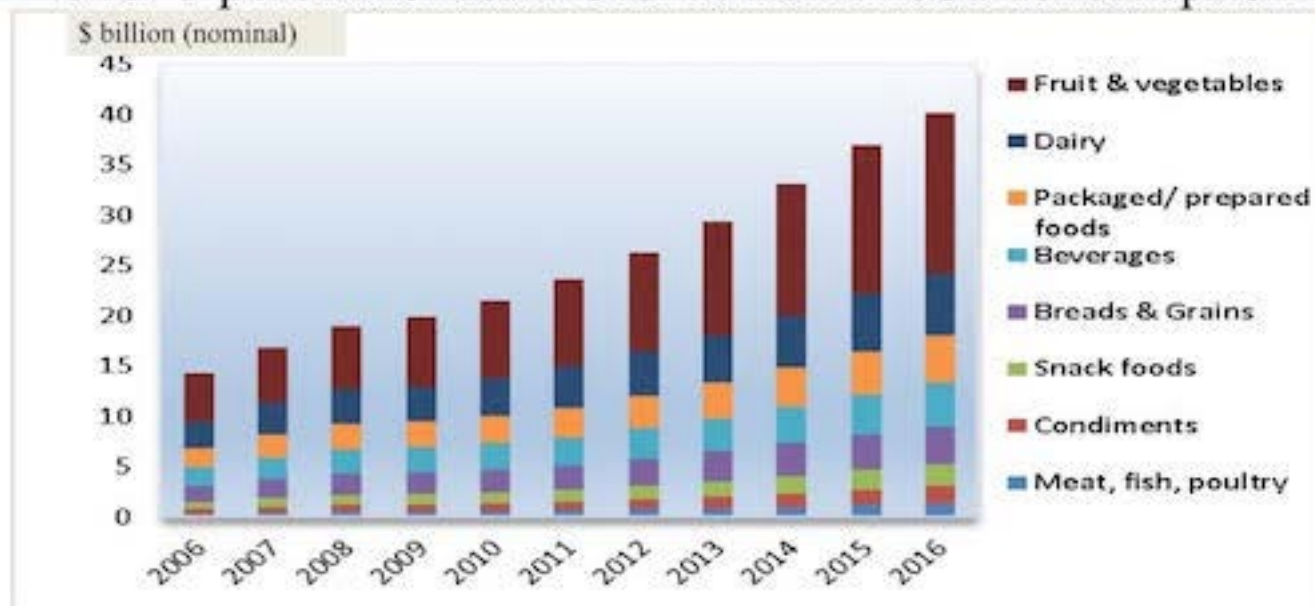
## Projected Farm Bill spending by commodity



Source: CBO.

**Organic Continues to Grow:** U.S. organic commodity sales in 2016 were up +23% from 2015, and more than double sales of 2011. Organic products are now available in nearly 3 of 4 conventional grocery stores, and often have substantial price premiums over conventional products

## U.S. Organic Retail Food Sales Topped \$40 Billion in 2016—over 5 percent of total U.S. at-home food consumption



Source: USDA Economic Research Service using data from Nut. Business Journal



# WHAT ARE THE ISSUES SURROUNDING FOOD SECURITY?



**> Global Corn “Stocks-to-Use” Ratio To Hit 3-Year Low:** *The International Grains Council (ICG) cut its global corn production forecast to 1.048 billion metric tons on poor harvest prospects in Argentina, Brazil and South Africa. Global corn stocks were then revised lower by -8 million million tons to 314 million. Interestingly, ICG also trimmed their global soybean production estimate by -2 million metric tons from last month, but at the same time lowered its global soybean consumption estimate by -3 million metric tons, which pushed global soybean ending stocks a bit higher.*

**> Beef Supplies Down -7% From Last Year:** *USDA’s monthly Cold Storage Report showed total red meat supplies in freezers on January 31, 2018 were up +9% from the previous month and up +1% from last year. Total pounds of beef in freezers were up +2% from the previous month but down -7% from last year. Frozen pork supplies were up +16% from the previous month and up +8% from last year. Stocks of pork bellies were up +13% from last month and up +219% from last year. Total frozen poultry supplies were*

up +4% from the previous month and up +12% from a year ago. (Source: USDA)

**> U.S. Imposes More Duties On Biodiesel From Argentina & Indonesia:** *The U.S. Commerce Department has piled on more import duties on biodiesel from Argentina and Indonesia, adding anti-dumping duties of 60.44 percent to 276.65 percent to already steep anti-subsidy duties on the fuels. The final determination is subject to a second ruling by the U.S. International Trade Commission on April 6 on whether U.S. biodiesel producers were injured by dumped imports from the two countries. But the independent panel has already found in the subsidy cases that the imports caused such injuries. (Source: Reuters)*

**> Argentine Farmers, Seed Companies Strike Royalties Deal:** *Argentine farmers have agreed to pay perpetual royalties when they replant genetically modified seeds made by companies like Monsanto Co, two industry groups told Reuters, a deal that could allow farmers access to the newest biotechnology. Farmers' group Argentine Rural Society and the Argentine Seed Producers' Association representing companies confirmed the agreement. (Source: Reuters)*

**> DDG Exports Dipped To Four-Year Low In 2017:** *U.S. exports of distillers grains (DG) totaled 11.08 million metric tons in 2017, according a summary of 2017 ethanol co-product trade data published by the Renewable Fuels Assn. (RFA). Mexico was the leading destination for U.S. DDG, representing 20%, followed by Turkey at 13%, South Korea at 9%, Thailand and Indonesia each at 7% and Canada at 6%. Compared to 2016, Indonesia and Turkey saw the most growth in U.S. DG purchases, increasing by +104% and +79%, respectively. However, U.S. DDG exports to China plunged -84% compared to 2016 as the country imposed punitive antidumping and countervailing duties against U.S. product. (Source: Feedstuffs)*

**> Ethanol From Corn Accounts For 60% Of Biofuels Sold At Some Brazilian Stations:** *January consolidated an irreversible trend in the fuel market in Brazil. In the second half of last month, corn ethanol supplied 60% of the volume traded in the Center-South, the main biofuel producing region in the country. In the current harvest, which began in April 2017, corn ethanol supply grew by +130%, according to projections by the Sugar Cane Industry Union (Unica). In absolute numbers, this totaled 391.85 million liters. Even so, the four decades of Brazilian expertise in the production of ethanol from cane ensure a quiet lead for conventional alcohol, which accounts for 98.5% of all fuel produced in the country. (Source: Noticias Agricolas)*

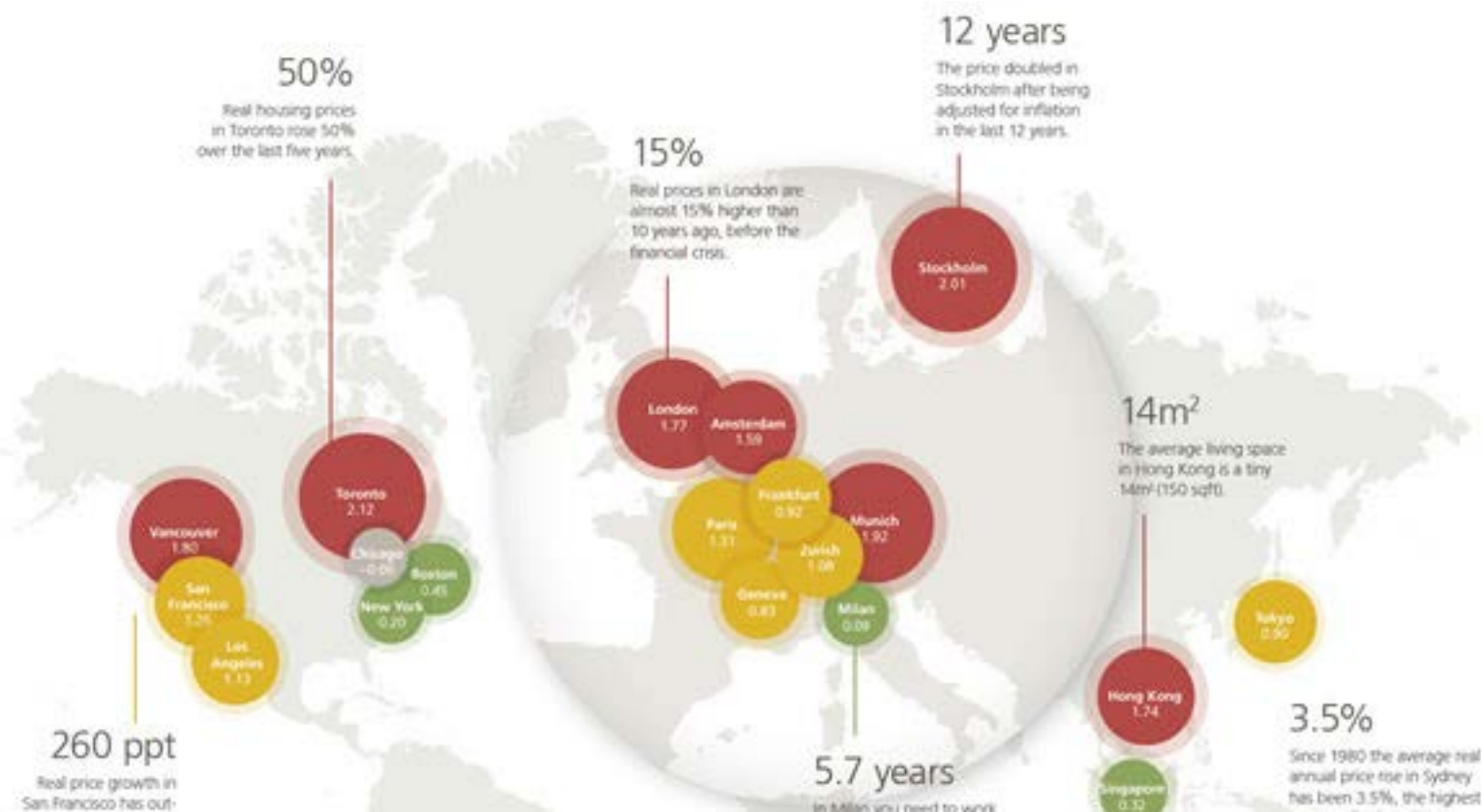
**> USDA Secretary Wants Separate Immigration Program For Ag Workers:** *U.S. Secretary of Agriculture Sonny Perdue said on Thursday the government wants a separate immigration program for agricultural workers. Speaking on the first day of the annual USDA Agricultural Outlook Forum, he said agriculture is caught in the crossfire of the immigration debate. "The people who come to America to work on farms and ranches are not taking jobs from Americans," Perdue said. "They are not the ones putting a burden on criminal justice system or welfare system." (Source: Reuters)*

**> House Republicans Push For Fix To Ag Co-Op Tax Deduction:** *A group of 87 House Republicans called on congressional leadership to expedite a fix to a provision of the GOP tax overhaul that gives farmers huge incentives to sell their products to agricultural co-ops over other businesses. Congress should "retroactively restore the competitive marketplace for agricultural producers and replicate the tax benefits accorded to co-ops and their*

farmer-patrons.” (Source: Politico)

**> Wilmar Earnings Boosted By Solid Performance In Oilseeds, Grains:** *Wilmar International Ltd.’s net profit in the 2017 year ended Dec. 31, 2017, was \$1.2 billion, equal to 19.3¢ per share on the common stock, up 25% from \$972.2 million, or 15.4¢ per share, in the same period as last year. Revenue for the year was \$43.84 billion, up 5.9% compared with \$41.401 billion in 2016. The company noted good performance in Oilseeds & Grains, and strong contributions from Joint Ventures & Associates, especially those in China, India and Africa, though those were offset by weaker results in the Tropical Oils and Sugar businesses. The Oilseeds & Grains segment tripled its pre-tax profit in 2017 to \$735 million, which compared with \$251.1 million in 2016. Overall sales volume increased 13% to 33.3 million metric tons in 2017, up slightly from 29.5 million in 2016. (Source: World Grain)*

**> Real Estate Bubbles: The 8 Global Cities at Risk:** *If you had \$1 billion to spend on safe real estate assets, where would you look to buy? For many funds, financial institutions, and wealthy individuals, the perception is that the world’s financial centers are the places to be. After all, world-class cities like New York, London, and Hong Kong will never go out of style, and their extremely robust and high-density city centers limit the supply of quality assets to buy. But what happens when too many people pile into a “safe” asset? According to UBS, certain cities have seen prices rise at rates that are potentially not sustainable – and eight of these financial centers are at risk of having real estate bubbles that could eventually deflate. The bank highlights Toronto as the biggest potential bubble risk, noting that real prices have doubled over 13 years, while real rents and real income have only increased 5% and 10% respectively. Annual increases at a 10% clip would lead to the doubling of prices every seven years, something the bank says is unsustainable. In the last year, there were three key markets where prices did not rise: London, Milan, and Singapore. London is particularly notable, since it holds more millionaires than any other city in the world and is rated as the #1 financial center globally. Click [HERE](#) for a larger version of the map. (Source: Visual Capitalist)*







**Central Nebraska** - *We just returned from my husband's bucket list vacation to Australia and New Zealand. We are retired but still farm some acres outside of town. We farm corn and beans and try to get a decent preseason sales made. We are patiently waiting for corn to make a break on the upside here soon. We were all beans last year and while everyone else was picking up corn we let our beans sit on the ground. I can remember the days when the kids would go out every year to pick up corn off the ground and deliver to town and make a few bucks. Nowadays, even when it blankets the ground, only cows can be seen.*

**Northeast South Dakota** - *We are definitely enjoying the 6" of snow we got yesterday. Our farms have mostly corn and beans but I have added some wheat over the past few years just for rotational basis. The wheat has been very good on quality but the yields have fallen from 70bpa to near 50bpa the last couple of years. It had been probably 25 years since we had done any wheat at all. With the early wheat harvest, it has allowed us to do some tiling and add cover crops to our farms. The corn is all dryland but has been pushing 200bpa averaging across all of our acres between 180bpa to 190bpa. We got some rains during the cool August which was a lifesaver. We have averaged right at 50bpa since 2014 for dryland bean acres. The last two have been the best ever across all farms.*

**Westcentral Illinois** - *We had some good crops except for the low lying acres down by the river. Sometimes we can hit 200bpa and with the heavy rains this summer those acres only saw 50bpa. The irrigated ground saw 200bpa+ and the beans were well over 50bpa this year. We have had success with selling some sweet corn acres last year, selling most of it through Facebook posts. We are definitely growing more this year. It's a great way to teach the grandkids a work ethic and pick up a few extra dollars. Some folks are paying \$350 for the best leases up here and at a recent sale, prices hit \$13,000/ac.*



**Participants Tout Benefits Of USDA Grant, Loan Programs:** *The USDA's Rural Business-Cooperative Service offers programs like the Rural Economic Development Loan and Grant Program, and the Business and Industry Guaranteed Loan Program. The Trump administration said the agency has improperly managed some rural loan and*

grant programs. "USDA has not been able to demonstrate that these programs meet the broader goals of reducing rural poverty, out-migration, or unemployment," wrote the administration in the 2019 budget proposal. However, those who have utilized the agency's rural economic development program tout the benefits it's provided to businesses in rural communities. Read more [HERE](#).

**Researchers Say Deodorant May Be As Harmful As A Gallon Of Gas:** Researchers showed that volatile chemical products (VCPs) from everyday household personal use items, produce half of the volatile organic compounds found in Los Angeles. That means that household products may contribute as much to air pollution as motor vehicles do. VCPs help create ozone, the compound that provokes asthma, and PM2.5, super-small pollutants that can cause cancer and lung disease. Read more [HERE](#).

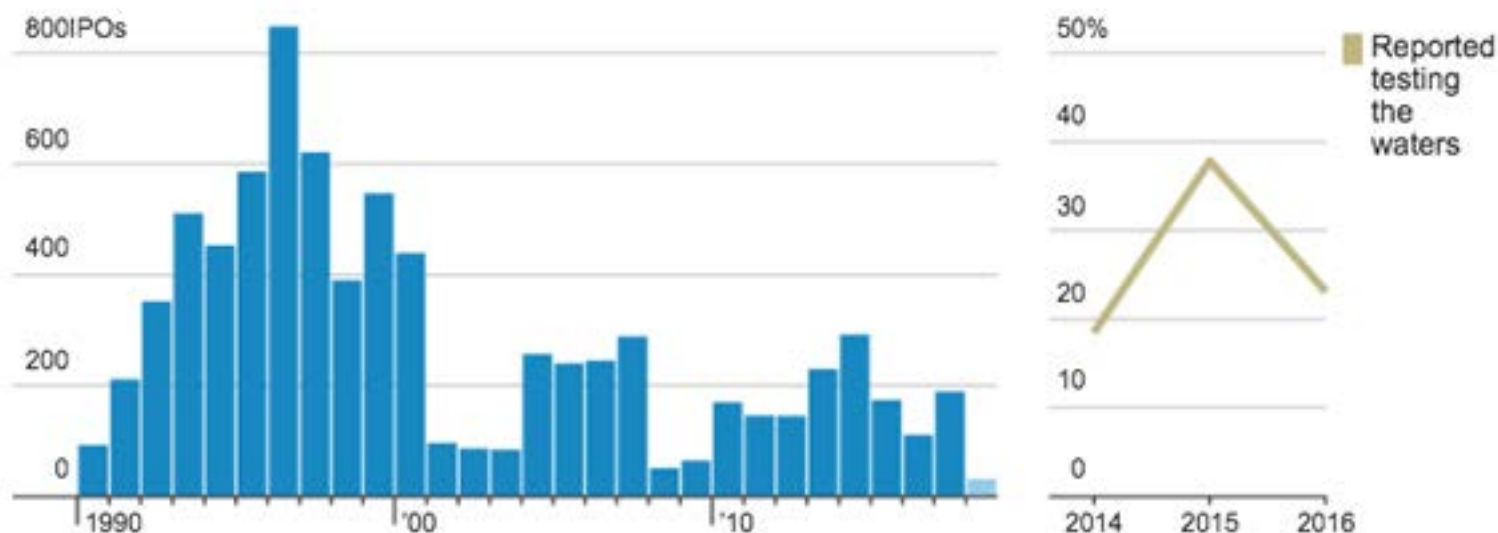
**Check Out The Newest E-Bike From Nirreka:** Whether you are looking to start exercising or just want to cruise the sideroads and enjoy the scenery, Nireeka has a pretty cool new e-bike that is also affordable. This list of features is long, including a blind spot radar, USB port for charging, an anti-theft system, a heartbeat assist and a dock for using your smartphone with the bike's app. On top of that, it's got a great look. Check out more [HERE](#).

**Mark Cuban Says Studying Philosophy May Soon Be Worth More Than Computer Science:** According to billionaire technology entrepreneur Mark Cuban, earning a college degree in computer science might not be the safe investment you think it is. Today, students who study computer science have a high likelihood of scoring a lucrative job: Glassdoor determined computer science and engineering to be the number one highest-paying major to study in 2017. Meanwhile, students of liberal arts subjects often make far less. But Cuban, also an investor on ABC's "Shark Tank," expects that to change. That's because Cuban expects artificial intelligence technology to vastly change the job market, and he anticipates that eventually, technology will become so smart it can program itself. Read more [HERE](#).

**SEC Looking At More Flexibility To Launch IPOs:** Securities regulators hoping to spur more initial public offerings are weighing a deregulatory move that would allow all companies—not just smaller firms—to stage private talks with investors before announcing they will sell stock, according to people familiar with the matter. The SEC is reviewing how to make the change to permit private talks, which officials preliminarily think could be done through their own authority, the people said. The SEC has broad power to exempt firms from specific investor-protection measures, including the law that prohibits selling shares before providing investors with required financial disclosures. Read more [HERE](#).

## Going Less

The number of IPOs has declined in recent decades, falling by 50% since the 1990s. Some companies eligible to use 'testing the waters' have done so since Congress permitted it in 2012.



Note: Number of 2018 IPOs through Feb. 2018

Source: Dealogic (IPOs), Proskauer (testing the waters)

## Harvested Cropland Declined -3 Million Acres in 2017

The latest update on from the USDA, ERS Major Land Uses series shows that crop failure lead to a decline in U.S. harvested acres in 2017. Crop land used for crops is comprised of three components: cropland harvested, crop failure and cultivated summer fallow. Collectively, these components represent the land devoted to crop production in a given year. In 2017, cropland harvested declined to 314 million acres, 3 million acres less than the previous year's area -- the lowest recorded harvested cropland area since 2013 (311 million acres). A crop failure increase of 2 million acres largely contributed to this decline. The area that was double cropped, land from which two or more crops were harvested, held constant over the previous year at 6 million acres. Similarly, land used for cultivated summer fallow, which primarily occurs as part of wheat rotations in the West, maintained its 2016 level of 12 million acres -- the lowest recorded estimate since the start of the MLU series. The larger historical fluctuations in cropland used for crop are primarily attributable to Federal cropland acreage reduction programs, which affect the amount of idled cropland. (Source: USDA, ERS [Major Land Uses](#))



# Total Cropland Used for Crops, 2017

(in Million Acres)  
**for 2017**

**Cropland  
Harvested  
314 mil.ac.**

**Double Cropped 6 mil.ac.**

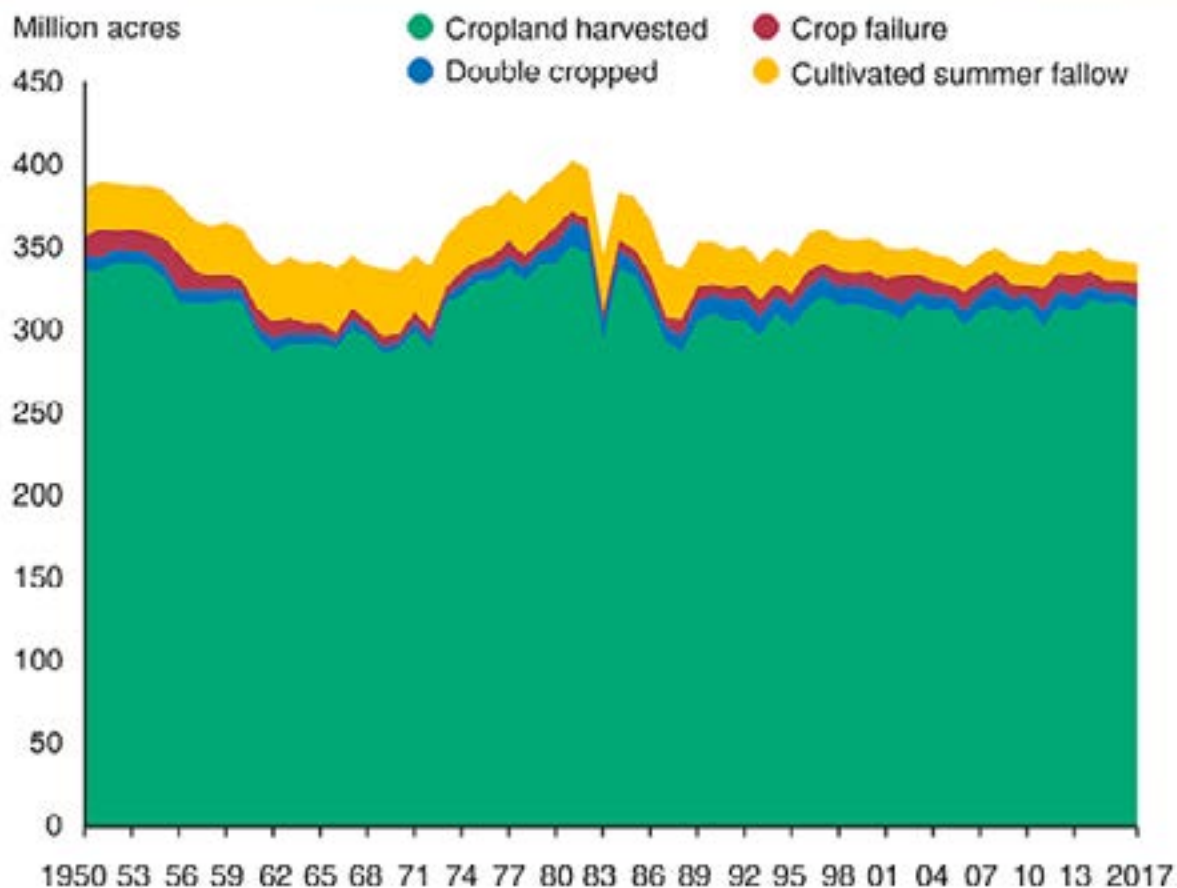
**Summer Fallow 12 mil.ac.**

**Crop Failure 9 mil.ac.**



Source: Major Used of Land in the U.S.,  
updated January 30, 2018

## Major uses of U.S. cropland, 1950-2017



Note: Data for 2017 is subject to revision.

Source: USDA, Economic Research Service, Major Land Uses data series.

## **What You Need To Know About Venezuela's New Cryptocurrency**

Venezuela just launched a cryptocurrency that is supposedly backed by the country's oil. The price of the "petro" tokens are pegged to the price of one barrel of Venezuelan oil. On the first day of its pre-sale, it allegedly raised over \$735 million. The initial distribution will be 82.4 million coins, but over 100 million will eventually be released. The Petro is pretty groundbreaking - it is the first cryptocurrency issued by a federal government and the first to be tied to oil. It's also very controversial. For one, the point of cryptocurrencies is to decentralize money by eliminating any type of governing body. Instead, the community at large serves as the "regulators" and therefore requires no middleman, making all transactions truly peer-to-peer. Critics say that the Venezuelan government's authority over the Petro defeats the purpose. Some lawmakers in Venezuela have charged that the Petro isn't even legal. The opposition-led parliament outlawed the Petro saying it was nothing less than an attempt to illegally mortgage the country's oil reserves. They also contend the Petro is "tailor made for corruption." Venezuelan President Nicolas Maduro has been ignoring the legislature for years now, so the coin launch has moved forward anyway. Maduro says the Petro will reaffirm the country's "economic sovereignty" and serve as a way to circumvent international sanctions. The U.S. and E.U. have both enacted economic sanctions against Venezuela as a response to what they view as an illegal dictatorship installed by Maduro. Venezuela is severely strapped for cash at the moment, suffering from chronic fiscal mismanagement that has plunged the economy into collapse, with skyrocketing inflation and unemployment of more than 30%. The country has lost half of its economy since 2013 and the government can't even provide basic goods for its citizens. There is a widespread shortage of food and medical supplies, forcing Venezuelans to flee the country by the thousands. Whether the Petro will be successful is highly in doubt, largely because of the government's inept ability to manage its finances. Also at issue is the fact that the state-run oil company, PDVSA, is producing at its lowest levels in decades. What's more, it is also involved in numerous corruption scandals, including one involving a defunct Houston-based energy company that claims they went out of business because they refused to pay PDVSA officials a \$40 million bribe. The Swiss have launched a \$1 billion graft probe into banks that they allege laundered at least \$60 million embezzled by former PDVSA executives. Lastly, the launch of the coin itself serves as its own giant red flag. It was released on a totally different platform than was initially announced. That opened the door to a host of frauds that are trying to take advantage of the confusion. And from what I've been reading, a lot of people that have been trying to purchase Petro are reporting that they have received no confirmation after registering for an account. Others that did receive a confirmation report that the link provided to take them to the official trading platform didn't work. Bottom line, the safest bet on the Petro is probably to stay as far away from it as possible! (Sources: CoinDesk, Washington Post, Motherboard)



## **Raising The Flag On Iwo Jima**

Seventy-three years ago today, U.S. Marines raised the American flag atop Mount Suribachi during the battle for Iwo Jima. The moment was captured by Associated Press photographer Joe Rosenthal, an image that is arguably the most famous of World War II and is said to be the most reproduced photo in history. The image was replicated as a memorial statue and now stands at the entrance to Arlington National Cemetery. Three of the men in the photo lost their lives before the Iwo Jima battle ended in late March. Marines first landed on the Japanese island on February 19, 1945 led by Capt. Larry Snowden. Only 99 of his 230 men made it off the island alive. Snowden's company belonged to the 2nd Battalion, 23rd Marine Regiment of the 4th Marine Division. His unit went ashore the first day, part of the initial push of 30,000 U.S. troops, most of whom were Marines. An additional 40,000 men later joined the struggle against 22,000 Japanese soldiers, who hid among an intricate network of tunnels and caves spanning the volcanic island 750 miles from mainland Japan. In fact, the Japanese were so well hidden, U.S. officials questioned if there were even any men left alive on the island after two months of heavy Allied bombing attacks. As part of the first unit ashore, Corporal Stacy Looney later remembered, "there wasn't a tree left standing, wasn't anything left standing." That first wave of U.S. soldiers encountered very little retaliation from the Japanese, reinforcing the belief that the Japanese force on the island was minimal at best. Thousands of infantrymen, tanks and vehicles were able hit the beach with relative ease. Veterans of the battle recall that the eerie calm didn't seem right and their suspicions were, unfortunately, later confirmed. As soon as the first units advanced onto an ash-covered terrace beyond the shore, Japanese artillery shells began raining down on the men and equipment that were still on the beach. U.S. forces advanced as little as 50 yards a day in the early stages as both sides suffered massive casualties. By the time combat ended on March 26, 1945, almost 7,000 American troops had been killed and nearly 20,000 wounded. Almost 19,000 Japanese soldiers were killed as they followed the orders of General Tadamichi Kuribayashi to fight to the death. The Japanese that did survive eventually surrendered, except for two hold-outs that disappeared into the island's hive of caves and tunnels. They did not surrender until 1949, a full four years after the war ended. The goal of the American invasion was to capture the entire island, which included three Japanese airfields. The U.S. hoped to use them as staging grounds for future air-attacks on the Japanese mainland. U.S. commanders realized only after the battle that they had overrated the island's strategic importance. And any larger role that it might have been able to eventually play was made irrelevant after the atomic bombs were dropped on Hiroshima and Nagasaki in August 1945. Iwo Jima nonetheless produced an incalculable morale boost to the American war effort when the photo of the six men raising the flag appeared in newspapers across the country. Mike Strank was the Sergeant that led his "boys" up the hill to raise the flag so "every Marine on this cruddy island can see it." Strank, along with two of the other flag raisers - Corporal Harlon Block and Pfc. Franklin Sousley - would later be killed on Iwo Jima. The other three men in the photo were Corporal Rene Gagnon, Pfc. Ira Hayes and Navy Pharmacist Mate 2nd Class John Bradley, who all went home after the war to much fanfare, and the photo ended up winning the Pulitzer Prize. After looking at history and reading about the sacrifices that were made, it's insanely difficult for me to comprehend how anyone in our great nation, if capable, wouldn't stand during the National Anthem. (Sources: History.com, MarineCorpsTimes, Wikipedia)

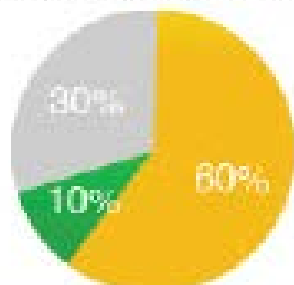




# CASH SALES & HEDGING TOTALS

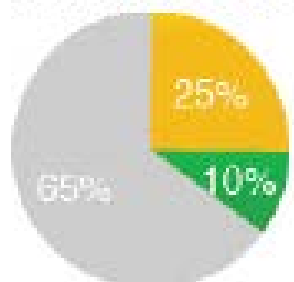
## CORN 2017 CROP

**60% SOLD**  
**10% HEDGED**  
**30% UNPROTECTED**



## CORN 2018 CROP

**25% SOLD**  
**10% HEDGED**  
**65% UNPROTECTED**



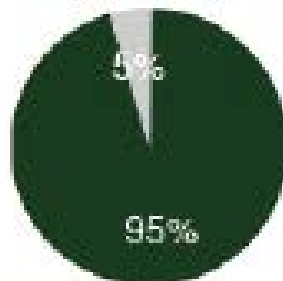
## CORN 2019 CROP

**0% SOLD**  
**0% HEDGED**  
**100% UNPROTECTED**



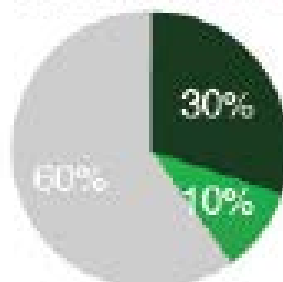
## SOYBEANS 2017 CROP

**95% SOLD**  
**0% HEDGED**  
**5% UNPROTECTED**



## SOYBEANS 2018 CROP

**30% SOLD**  
**10% HEDGED**  
**60% UNPROTECTED**



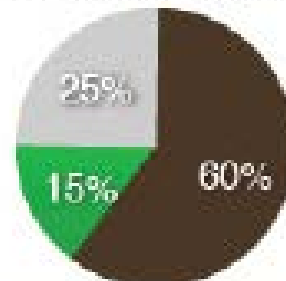
## SOYBEANS 2019 CROP

**0% SOLD**  
**0% HEDGED**  
**100% UNPROTECTED**



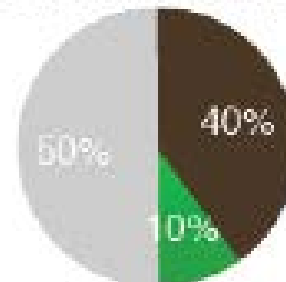
## WHEAT 2017 CROP

**60% SOLD**  
**15% HEDGED**  
**25% UNPROTECTED**



## WHEAT 2018 CROP

**40% SOLD**  
**10% HEDGED**  
**50% UNPROTECTED**



## WHEAT 2019 CROP

**10% SOLD**  
**0% HEDGED**  
**90% UNPROTECTED**

