



*"By three methods we may learn wisdom: First, by reflection, which is noblest; Second, by imitation, which is easiest; and third by experience, which is the bitterest." — Confucius*

**MONDAY, MARCH 19, 2018**

**Morning Summary:** Stocks start the week lower as investors continue to debate headlines surrounding trade wars, inflation, interest rates and economic growth. The U.S. Fed policy meeting takes center stage this week. The two-day meeting will end on Wednesday with newly appointed Fed Chair Jerome Powell hosting his first post press conference. Most sources widely expect the Fed to raise interest rates by +25 basis points. The bigger question is whether policymakers will give any hints as to the pace of monetary policy tightening during the remainder of the year? During their December meeting, the Fed forecast three rate hikes in 2018. But a solid run of economic data, a sizable tax-cutting program being implemented and an increase in government spending, has many thinking we could be adding more fuel to the current economic fire and at the same time create a more inflationary environment. Remember, this is Powell's first meeting as chairman. Many insider believe we could see Powell's talk and tone interpreted as more hawkish by the media compared to that of former Fed Chair Janet Yellen. Which could ultimately push the market towards believing four rate hikes rather than three in 2018. There's also starting to be talk and uncertainty about Q1 GDP and potential signs of economic weakness. I am not really sure why, but ever since the recession in 2008, Q1 data has been mostly flawed in projecting economic growth for the rest of the year. So personally, I'm not giving the dialing back of estimates much attention, especially considering how employment continues to impress. I read research this weekend that showed the ratio of job openings as a percentage of the labor force is running around 3.9%, the absolute highest it's been since collecting this data. In other words, for every person looking, there's more jobs available than ever before. I'm thinking the canary in the coal mine, in regard to when the economy might start slowing, is when we see employers start pulling the "help wanted" advertisements. Right now that's not happening as new U.S. job openings continue to increase. From a global perspective, financial leaders from the world's 20 biggest economies are meeting in Buenos Aires, where the G20 are discussing unfair trading practices and the importance of global regulations, as the U.S. talks about imposing import tariffs on steel and aluminum at midnight on Friday. The trade is also eager to see how hawkish The Bank of England is going to become? They will be announcing their latest policy decision on Thursday, which might offer up a little more insight in to the thinking of Theresa May. Here at home, as mentioned above, most all eyes will be on the upcoming Fed meeting. Later in the week I suspect to see some interest in updated U.S. housing data, but not until the Fed policy meeting is behind us. I should also note, Oracle reports earnings today, FedEx reports tomorrow, Micron and Nike report on Thursday. In Washington, President Trump has a meeting tomorrow with the Saudi crown prince. There's also more headlines circulating about a potential meeting with North Korean leaders and if whether or not President Trump is going to be withdrawing the U.S. from the Iran nuclear deal?

16-Mar-18

## US Job Openings

Survey: 5,917

Actual: 6,312



The Daily Shot®

**Putin Wins In A Landslide:** Russian President Vladimir Putin won a landslide re-election victory on Sunday, extending his rule over the world's largest country for another six years. Putin's victory will extend his total time in office to nearly a quarter of a century, until 2024. Only Soviet dictator Josef Stalin ruled for longer. Putin has promised to use his new term to beef up Russia's defenses against the West and to raise domestic living standards. (Source: BusinessInsider)

**Crude Oil Prices Continue To Be Debated:** Bears believe surging U.S. shale production will soon overwhelm and push past the production cuts that were put in play and orchestrated by Saudi Arabia and Russia since last year. Crude oil bulls argue while U.S. shale is growing faster than 1 million barrels a day a year, costs for the sector are creeping higher and some still doubt it can maintain that growth trajectory longer-term or much beyond a couple of years. With the world economy enjoying the first period of synchronized growth in a decade, oil demand is rising fast and electric vehicles are not yet widespread enough to have any real impact. So even though the growth of shale seems to be dominating at the moment, there is still plenty of debate in the industry as to where the market goes next. (Source: FinancialTimes)

**FAANG Tastic!** Facebook, Amazon, Apple, Netflix and Google now represent 25% of the Nasdaq, and have grown their collective market value by more than +40% in the past year to \$3 trillion. The 5 companies are projected to make just over \$100 Billion in adjusted net income in 2018. Amazon, Facebook and Google are actually 3 of the top 5 most widely held hedge fund stocks. Time Warner and Microsoft round out the top-5. (Source: Zero Hedge)

S&P GLOBAL BROAD MARKET INDEX (BMI)					
Largest 25 issues by market value, USD millions, February 28, 2018					
Company Name	Ticker	Market Cap \$M	Weight	Country	GICS Sector Name
Apple Inc.	AAPL	\$914,524	1.66%	United States	Information Technology
Microsoft Corp	MSFT	\$723,397	1.31%	United States	Information Technology
Amazon.com Inc	AMZN	\$604,910	1.10%	United States	Consumer Discretionary
Facebook Inc A	FB	\$425,257	0.77%	United States	Information Technology
JP Morgan Chase & Co	JPM	\$400,753	0.73%	United States	Financials
Berkshire Hathaway B	BRK.B	\$398,736	0.72%	United States	Financials
Johnson & Johnson	JNJ	\$348,925	0.63%	United States	Health Care
Alphabet Inc C	GOOG	\$333,475	0.60%	United States	Information Technology
Alphabet Inc A	GOOGL	\$329,018	0.60%	United States	Information Technology
Exxon Mobil Corp	XOM	\$320,931	0.58%	United States	Energy
Bank of America Corp	BAC	\$311,385	0.56%	United States	Financials
Tencent Holdings Ltd.	00700	\$304,289	0.55%	China	Information Technology
Wells Fargo & Co	WFC	\$258,863	0.47%	United States	Financials
Nestle SA Reg	NESN	\$247,906	0.45%	Switzerland	Consumer Staples
Intel Corp	INTC	\$230,677	0.42%	United States	Information Technology
Visa Inc A	V	\$222,947	0.40%	United States	Information Technology
AT&T Inc	T	\$222,882	0.40%	United States	Telecommunication Servi
Cisco Systems Inc	CSCO	\$221,375	0.40%	United States	Information Technology
Novartis AG Reg	NOVN	\$220,054	0.40%	Switzerland	Health Care
Unitedhealth Group Inc	UNH	\$219,164	0.40%	United States	Health Care
Pfizer Inc	PFE	\$216,433	0.39%	United States	Health Care
Samsung Electronics Co	005930	\$215,995	0.39%	South Korea (	Information Technology
Alibaba Group Holding Ltd ADR	BABA	\$214,530	0.39%	China	Information Technology
Home Depot Inc	HD	\$212,846	0.39%	United States	Consumer Discretionary
Chevron Corp	CVX	\$212,578	0.38%	United States	Energy
<b>Top 25 Issues</b>		<b>\$8,331,852</b>	<b>15.09%</b>		

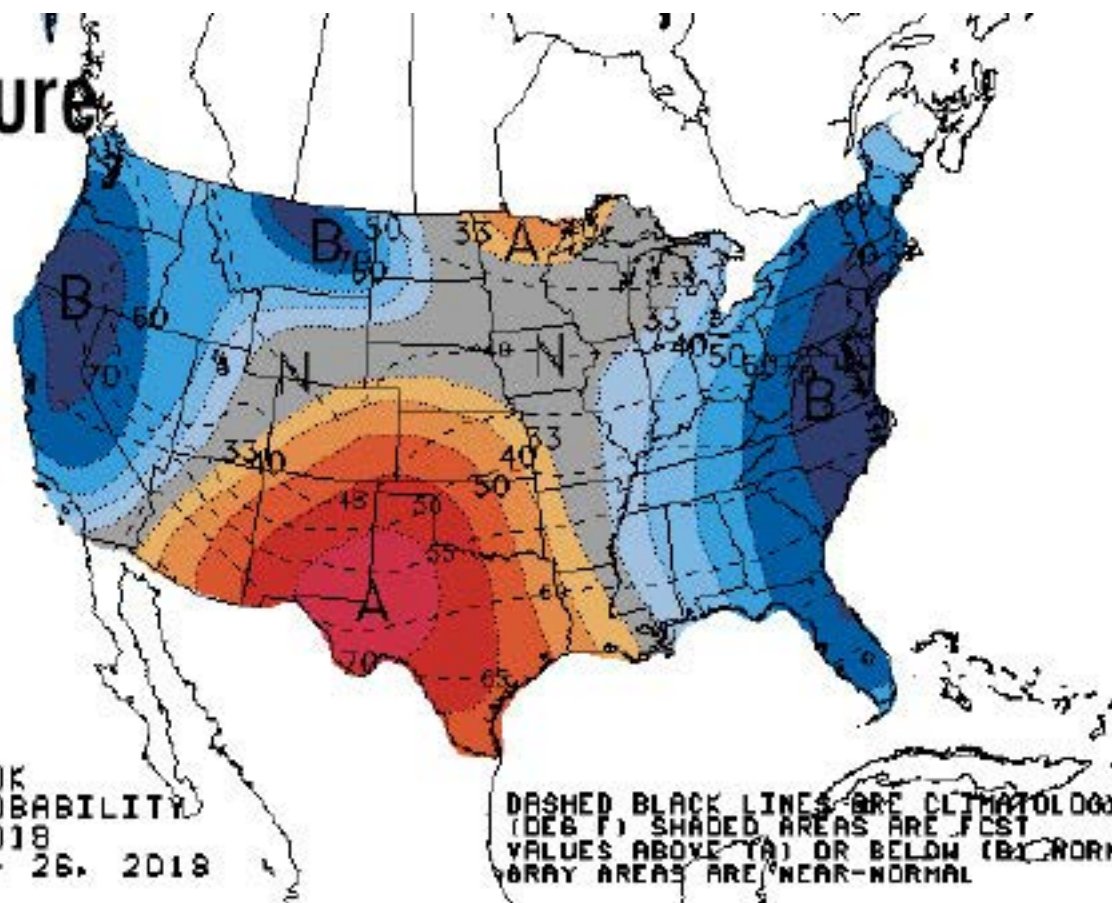
**Weather** saw rain build across southern Brazil and eastern Argentina this weekend, which has helped moisture supplies in those areas. No significant improvement in crop yields is expected, however. Meanwhile dryness remains in other parts of Argentina with temperatures turning cooler and moderating this week. At home, cooler conditions and an active storm will track across the central Plains allowing snow cover to increase, specifically eastern Colorado, Nebraska and South Dakota. The 6 to 10 day calls for below normal temperatures across the northern and eastern U.S., while warmer than normal weather will prevail from the Four Corners region to the southern Plains. Meanwhile, near to above normal precipitation through the northern and western U.S. should contrast with drier than normal conditions from the southern plains to the southern Atlantic Coast.



# Temperature Outlook



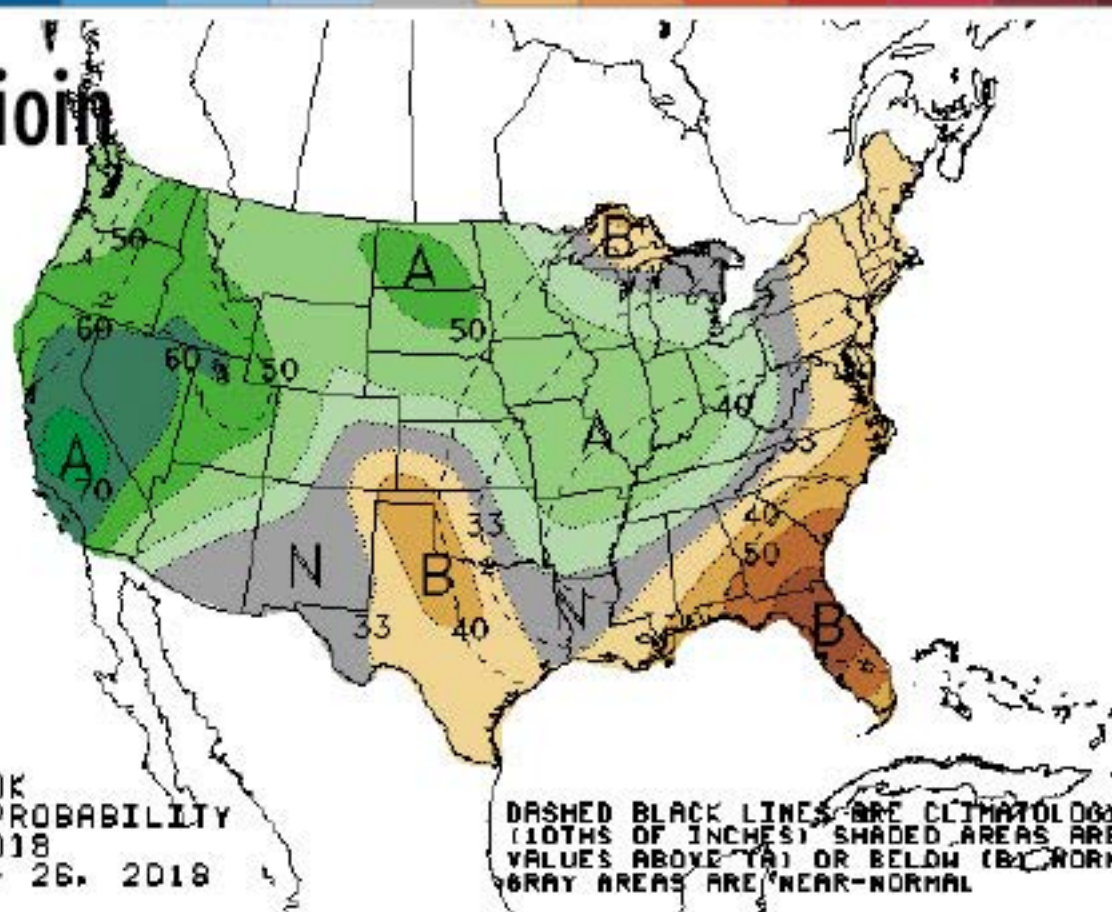
6-10 DAY OUTLOOK  
TEMPERATURE PROBABILITY  
MADE 16 MAR 2018  
VALID MAR 22 - 26, 2018



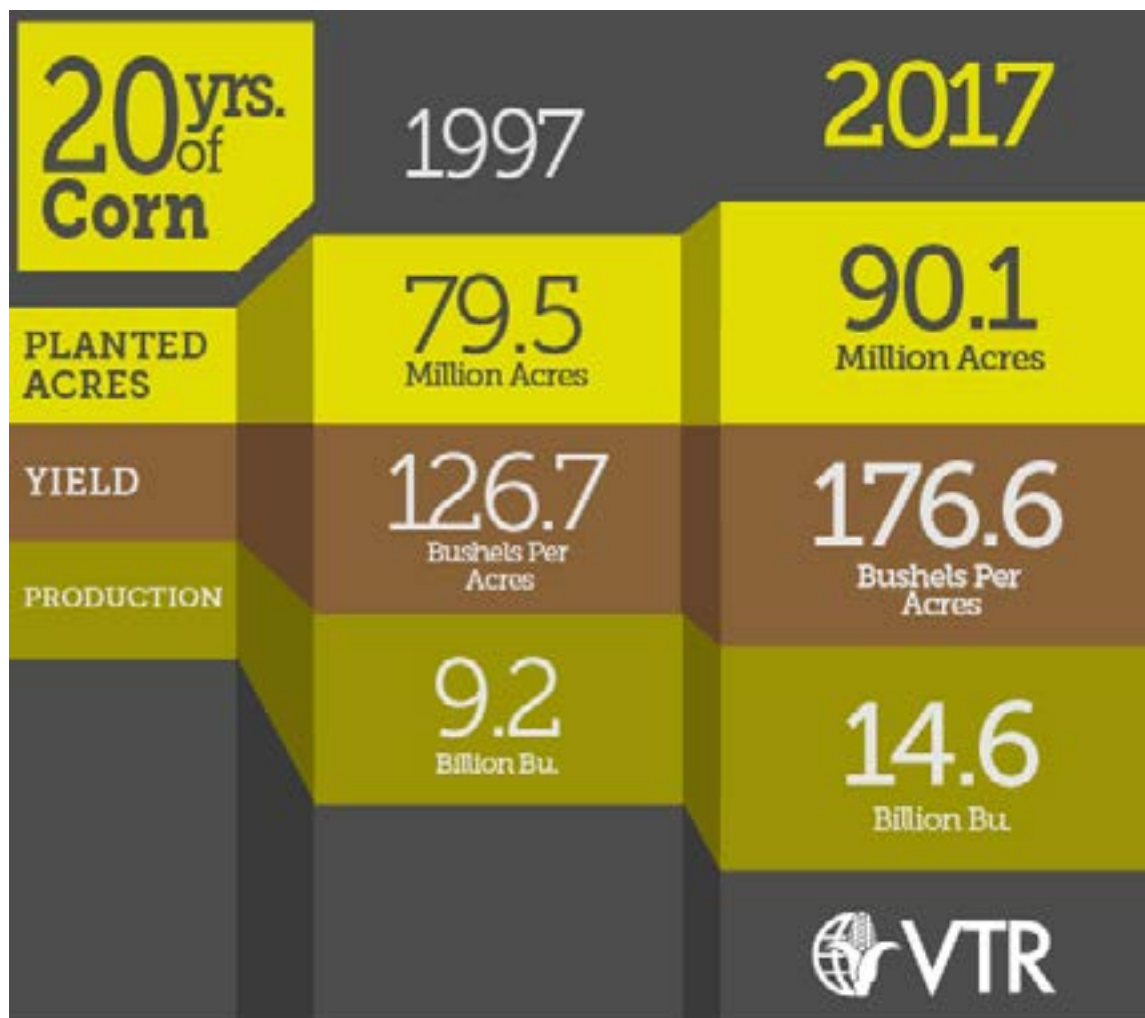
# Precipitation Outlook



6-10 DAY OUTLOOK  
PRECIPITATION PROBABILITY  
MADE 16 MAR 2018  
VALID MAR 22 - 26, 2018



**Corn** prices fell under a little pressure during the second half of last week and are back-pedaling a bit this morning on talk of cooler temps and rain across Argentina. From a technical perspective, it was actually the first lower weekly close since early in 2018. However, I believe the fundamental story remains intact. Demand for U.S. corn continues to look extremely strong and the South American crop still holds a lot of uncertainty. It feels like the market might prefer to trade in a sideways to slightly lower channel for a short period of time until it learns more about second crop corn in Brazil, yields in Argentina and new-crop planting here in the U.S. There's already a lot of debate brewing over U.S. corn acres and the actual number that will be planted. A couple of estimates out last week, seem to confirm what I've been thinking, the USDA's early estimate of 90 million might be a bit too high. I remind myself however, it was just a couple of years ago I felt the same way, only to see the USDA push their U.S. planted corn acre estimate higher. I want to believe that cash-flow on the farm is tight and that higher soybean prices will help push more acres that direction. We obviously won't know for a few more weeks. I should also note, talk of potential trade wars could also create some nearby headwinds. The European Union recently released a 10-page document detailing how they might place a 25% retaliatory tax on U.S. corn if leaders in Washington proceed with their proposed tariffs on European steel and aluminum. From what the numbers show, we exported about 28 million bushels of corn to the EU last year. Which really isn't a whole lot, so I don't see it as being a huge deal as of yet. But if other importing nations start taking a similar approach towards the trade tariffs, it could become a much larger deal in a hurry. This is certainly something that needs to be monitored. I'm also keeping a close eye on the extended weather forecast for southern Brazil, which I believe is the area that could run into some second-crop production hiccups if the rains shut off early. Stay tuned...

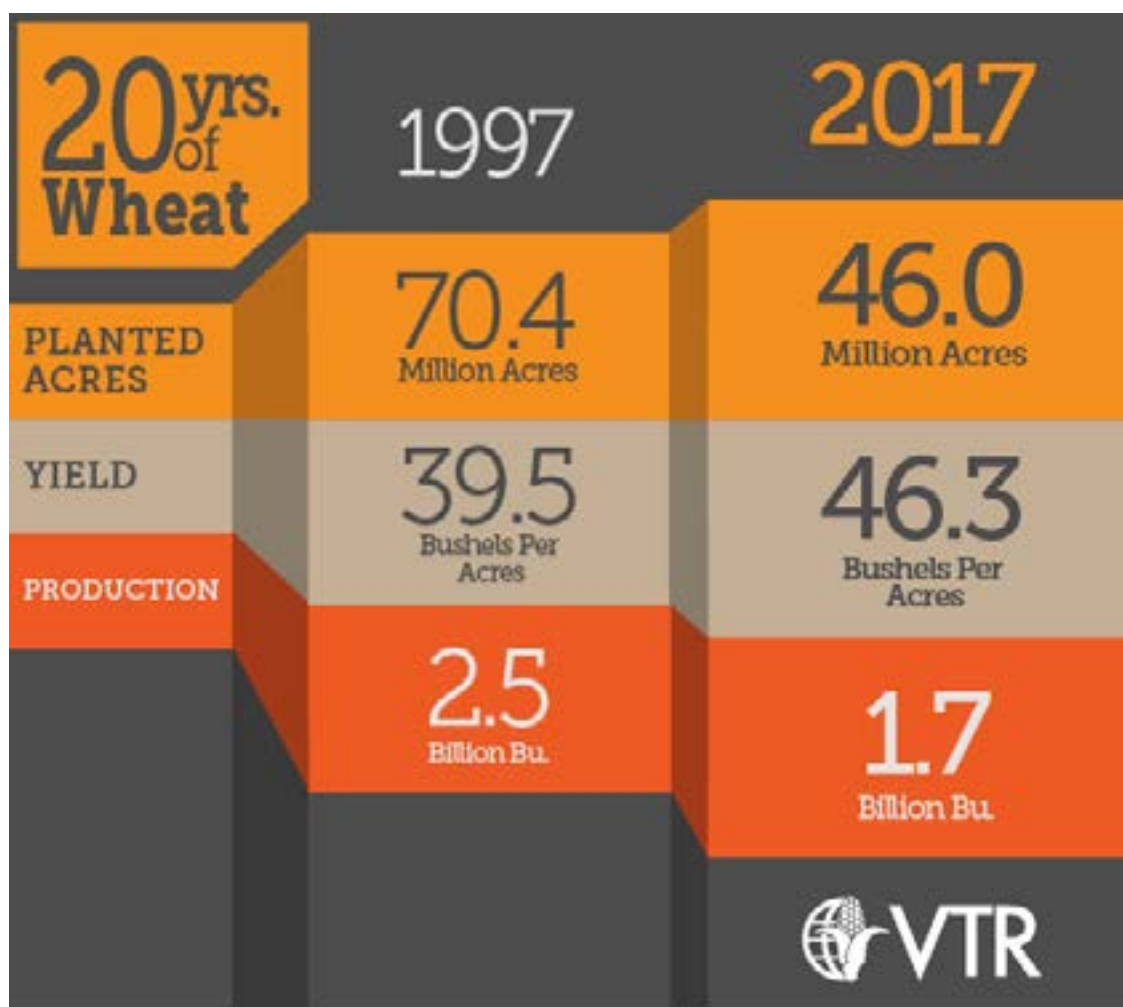




**Soybean** bears are talking about widespread rains falling across some important Argentine production areas this past weekend. The Argentine crop however is still being highly debated, with production estimates currently ranging from 40 to 47 MMTs. Many sources saying while moisture has improved, it has come too little too late. From what I can gather, the 6-10 day forecast seems drier, while the extended 11-15 day forecast seems a bit wetter. The USDA's current Argentine estimate has been reduced from 56 MMTs (estimated in the January report), all the way down to -47 MMTs in their most recent estimate. Most of Brazil is seeing cooperative weather and the harvest is thought to now be over 60% complete. From what I'm hearing, yields have been a bit better than many anticipated, hence total new-crop Brazilian production could be working itself higher. The bears are also pointing to what appears will be record soybean acres planted here in the U.S., somewhere between 90.5 and 92.0 million. Prices rallied almost +20 cents last week, which from a technical perspective painted a much better pattern on the charts. Heavy support in the old-crop JUL18 contract seems to be between \$10.25 and \$10.40 per bushel. The new-crop NOV18 contract will be trying to find more serious support down between \$10.15 and \$10.25 per bushel. As a producer, I made good sales on the recent rally and am now taking a more "wait-and-see" approach. As a spec, I remain on the sideline. I'm in no hurry to get long and am a bit scared in being short... meaning it's best for me to stay on the sideline. Similar to corn, I'm also keeping a close eye on talk or headlines associated with trade retaliation. There has been a lot more talk and headlines amongst the bears about China booking an increasing number of soybeans from Brazil rather than the U.S. In turn we've witnessed Brazil gaining more market share for several weeks. If there is any bright spot, bulls are happy to see the EU didn't threaten to slap retaliatory tariffs on U.S. soybeans, rather just U.S. corn. Again, weather in South America and headlines out of Washington will remain extremely important and influential.



**Wheat** traders are debating crop-conditions and rainfall totals for here in the U.S. Bears are pointing to the fact some much needed moisture fell across the southern Plains. Bulls are saying the rains did very little to improve conditions in the direst areas. From a global perspective, Russian wheat export estimates continuing to grow larger. There's some bullish talk starting to brew around dry conditions in Canada. There's also some small pockets across the European Union that are getting some bullish attention on extremely cold weather conditions. As a spec, I continue to like the higher premium spreads "KC over Chicago" believing there might eventually be a story. As a producer and a spec, I have turned more bearish nearby.



**> EU Considers Retaliatory Tax On Corn:** Corn sales heading to the EU from the U.S. will face a 25% tax if the U.S. proceeds with its proposed tariffs on EU steel and aluminum. As it stands, we are currently 27% behind on sales to the EU compared to this time last

year. The EU must first notify the WTO of its intentions. (Source: Agricensus)

**> Decline in WIC Participation Continues:** In fiscal 2017 the USDA's Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) served 7.3 million people per month, down 21% from its peak in fiscal 2010. For the 7th consecutive year, participation for all three major groups fell. Improving economic conditions in recent years have likely played a role in the participation decline. (USDA)

**> Russian Wheat** inventories swelled to their highest levels in decades. With the low prices, its European rivals will not be able to gain much market share in the months ahead. The 20.6 million ton supply will make it harder for U.S. exporters to compete.

**> Ford All In On Hybrids:** By 2020 Ford plans to have 75% of its lineup in the hybrid category as they introduce four new trucks and SUVs. In an attempt to keep customers engaged, Ford believes they will also drive sales as well as remain on top of the smart vehicle space.

**> Brazil Ag Ministry Halts Poultry Exports:** Brazilian Agriculture Ministry has put a hold on the production and certification of poultry exports to the EU from food processor BRF SA. I'm told products shipped prior to March 16th will be allowed to stay in the supply line and be sold without any restrictions. The Ag Ministry will meet in Brussels to review current standards. (Source: Reuters)

**> Keeping Trade Flowing During HPAI Outbreak:** South Korea has reached an agreement with the USDA to keep poultry, eggs and other products flowing should any single state in our country become affected by highly pathogenic avian influenza in the future. Doing so will prevent a repeat from 2015, which shut down all exports to the country. In 2014, the last year without trade restrictions, South Korea purchased \$122 million worth of products.

**> Gold and Diamonds Rain Down Over Russia:** A Russian plane had just lifted off out of Yakutsk airport carrying tons of gems and precious metals last week, when the plane's door immediately fell off, showering the runway with gold, platinum, and diamonds. While residents scrambled for lucrative souvenirs, police closed off the areas trying to locate all of the missing cargo. It's estimated the plane sprinkled \$368 million in gems and precious metals over one of Russia's coldest regions. (Business Insider)

**> Lyft Experimenting With Subscription Service, Uber Could Be Next:** Ride sharing company Lyft is offering a new subscription service alongside its pay-per-ride model. Among the options are a plan for \$199/month for 30 rides. The value of an individual trip cannot exceed \$15. Still, the discount is sizable, potentially saving the customer over 50%. The plan targets heavy users and seeks to convert them to a contractual instead of an as-needed relationship. (Source: DataTrek)

**> Facebook Under Fire:** A data analysis firm linked to President Donald Trump's campaign used the personal information of 50 million people on Facebook without authorization to target them with personalized political advertisements, The Guardian reported Saturday. The report came just one day after Facebook suspended the firm, Cambridge Analytica, from buying ads or managing pages on the social media platform after discovering rules violations. (Source: BusinessInsider)



**> UPS Making The Moving To Electric Vehicles:** *UPS's entire central London fleet will soon be made up of electric vehicles, marking the "beginning of the end" of what the company called reliance on the internal combustion engine. The new "intelligent smart grid" from UPS will stagger when delivery trucks charge, solving the problem of needing to re-charge a large number of vehicles simultaneously without having to pay for an expensive power supply upgrade. (Source: SeekingAlpha)*



**Southcentral Nebraska** - *It is under a month now and we will be hitting the fields. I'm not sure we can expect much better than last year on our irrigated acres. Our corn hit 260bpa and the beans made it up to 80bpa. Fortunately, we did not sustain the damage that others did with fallen corn from the wind storms. As it happens we had planted early corn and finished up with harvest before the storms hit. We have all old crop gone and have significant bushels marketed for 2018. I have finally learned to shoot when the ducks are in the air.*

**Southeast Wisconsin** - *We had a decent year last year but it was tough to get things*

out of the field as the rains kept most fields extremely muddy. We got everything out but will pay for it this year with major compaction problems in many fields. We chop silage typically in September, but really when the corn starts to dent. Most come out of the field in the 67% moisture level area and made 28 tons per acre. We will do some full-season corn and soybeans too. We grow for a dairy that is close to our farm. They will provide the manure that is applied in liquid form and is very helpful. Then we will chisel plow right after that. We typically go with 5 years of corn on corn then change to alfalfa. We run a dairy which has been tough as milk prices continue to be under pressure.

**Central South Dakota** - We felt fortunate this past year by not being in the South Dakota drought by about 15 miles. We certainly were affected by the lack of rain in making yields but nothing like the guys in the direct zone. Along with the overly dry summer, we had a couple of hail events that hurt us too. We will have a few more beans this year due to acres on a new farm that we purchased last year. We will have a few bean on bean acres. We are normally in the 140bpa to 150bpa yield range for corn but averaged 160bpa to 170bpa, even with limited rainfall. We caught few late rains that helped. Our dirt is average for the beans but making 50+bpa on a regular basis is very favorable. Our basis has remained fairly consistent four or five great outlets to market our grain.



**Improved EU Grain Capacity Still Lacking:** The storage capacity for cereals, oilseed complex and protein crops in the E.U. has risen to 359 million tonnes since 2005, but there are still bottlenecks in the system, mainly related to capacity issues, that could impact the sector as a whole. These are the main findings of a study on grain storage in the European Union, commissioned by the European Commission's agriculture and rural development department. Read more [HERE](#).

**Task Force Created To Address AI Worries:** Alexa's creepy laugh will probably be the least of our artificial intelligence worries. To properly understand the challenges that AI will bring, defense and foreign policy think tank Center for a New American Security (CNAS) has established a task force. "We find ourselves on the leading edge of new industrial and military revolutions, powered by AI; machine learning; and autonomous, unmanned systems and robots," Secretary Work said in CNAS' press release. Read more [HERE](#).

**Will Electric Cars Save The Planet? Everyone is saying it:** The future of driving is electric. The big-name car companies have plans to start giving Tesla some tough competition. Jaguar's I-Pace electric SUV will be on sale soon, and Porsche is teasing a new concept Mission E Cross Turismo, which looks like an SUV'd Panamera (in a good way). See if all the effort will have a positive outcome [HERE](#).

**Nothing But (Neural) Net:** It's a tale as old as time. Inspired by a famous manga about basketball, a group of engineers from Toyota worked together in their free hours to build

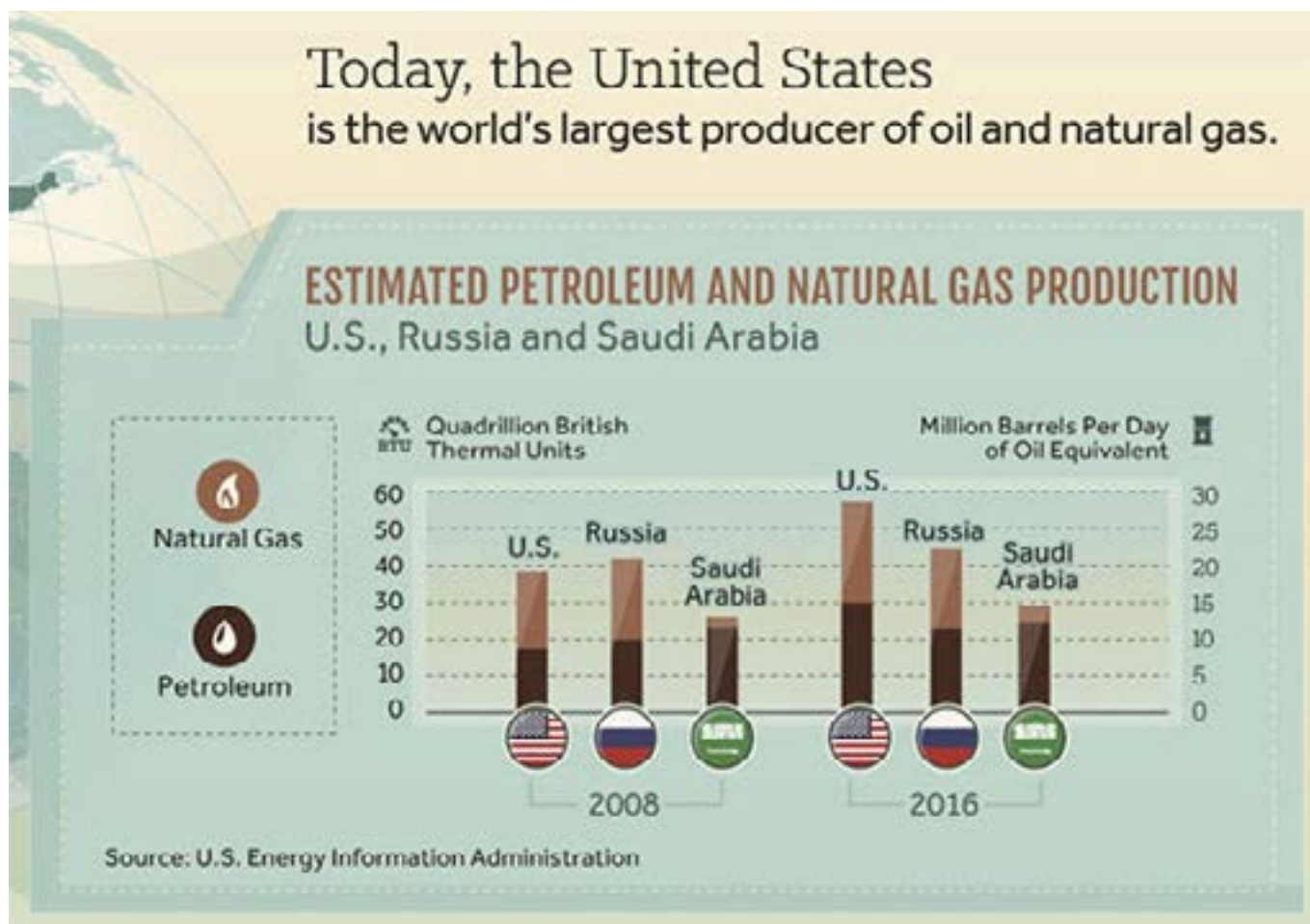


a robot capable of shooting perfect free throws. Eventually, after perfecting their mechanical creation, they challenged professional human players and beat them shot for shot. Check out the video [HERE](#).

**Check Out America's Newest Espionage Museum:** *Spyscape*, a new museum that opened in New York on February 16, has put a modern twist on introducing people to the world of espionage. Forget bland display cases and life-size cutouts of James Bond. Instead, there's a 360-degree surveillance room filled with CCTV imagery, digital wristbands and reminders to be wary of the free WiFi at the coffee shop. *Spyscape* needs to be interactive because the Internet has made spying a two-way street. Read more [HERE](#).

**Rare \$200 Samuel Adams Beer Has 28% Alcohol:** A typical beer's alcohol content is between 4 and 8 percent, but if you're willing to shell out \$200 for a bottle, you can try Samuel Adams' most deluxe beer, which packs a whopping 28 percent alcohol content. "It's kind of the *Starship Enterprise* of beer — it takes beer where no beer has been before," Jim Koch, the billionaire founder of Sam Adams, tells CNBC's "Secret Lives of the Super Rich," on a recent episode. Read more [HERE](#) about the Samuel Adams Utopias.

**Should You Be Invested In Craft Oil Companies?** Oil prices were soaring past \$100/bbl, the country was still reliant on OPEC for imports, and a lack of energy independence was becoming a costly issue. Meanwhile, the United States was being outclassed on the energy production front by both Saudi Arabia and Russia. However, in the short span of eight years – and thanks to the use of technologies like horizontal drilling and hydraulic fracturing – the United States quickly went from having a questionable energy future to being in a clear position of strength. Today, even with lower prices, U.S. field production of crude is at a 43-year high. Check out the full graphic [HERE](#).

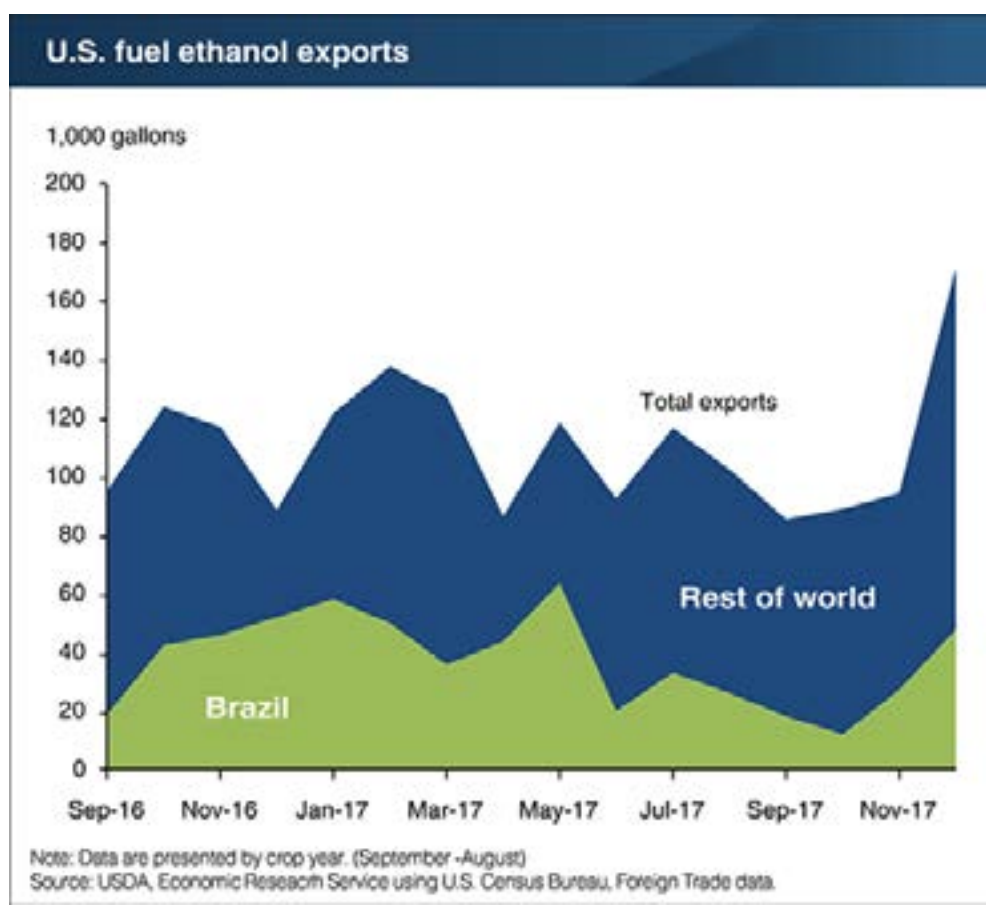


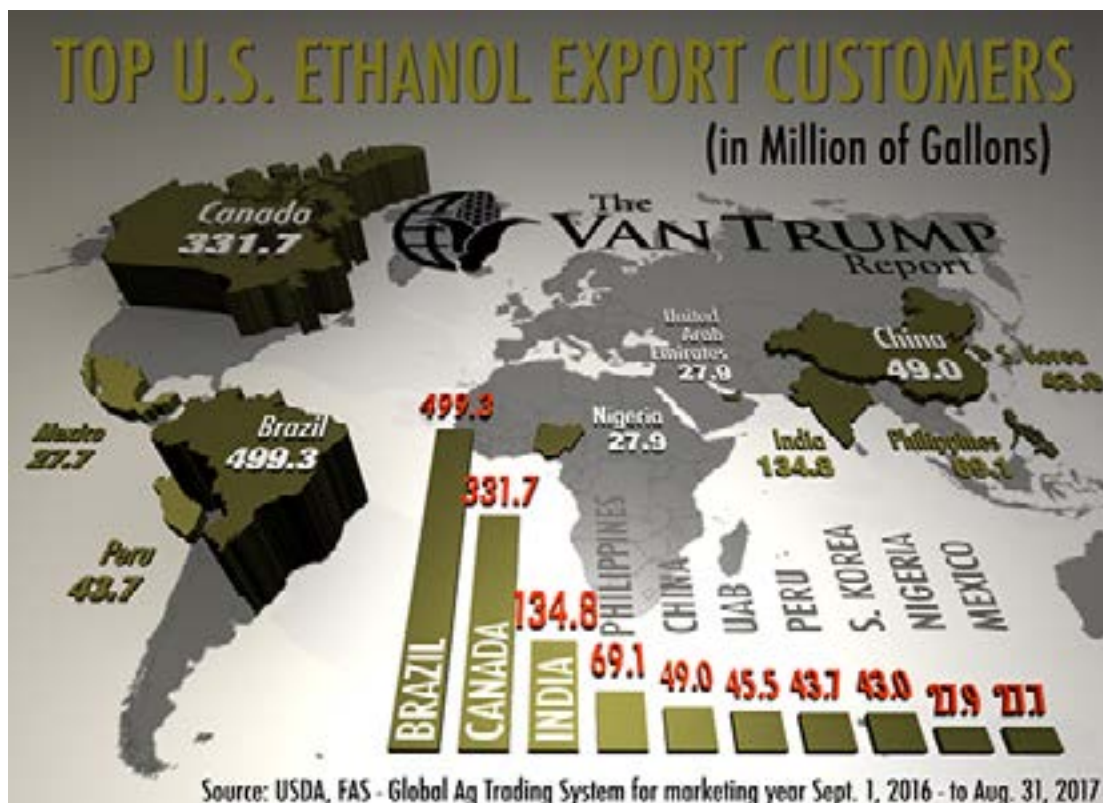




### Insight Into Brazilian Demand for U.S. Ethanol

Last year, the Brazilian government announced a tariff rate quota for ethanol imports, where imports in excess of 600 million liters (roughly 158.5 million gallons) are subject to a 20% tariff. Many analysts in the industry feared this would adversely impact U.S. ethanol demand. However, U.S. ethanol has been priced so low that it is still an economical alternative in Brazil. Currently, ethanol is running around \$1.50 per gallon at the Gulf Coast Ports in the U.S., while ethanol in Brazil is just over +\$2.30 per gallon. Demand for ethanol in Brazil is robust because of widespread use of flex-fuel vehicles and a mandate requiring a minimum of a 27% ethanol blend in gasoline. Due to price competitiveness and strong demand, Brazil, the second largest global ethanol producer, is also the largest overseas buyer of U.S. ethanol. An interesting insight is the internal distribution of ethanol in Brazil. Keep in mind that most ethanol mills are located in the sugar producing areas of southern Brazil because, as you know most of Brazil's ethanol is sugar-based, not corn based like U.S. ethanol. Because of infrastructure constraints, it is cheaper to ship ethanol by boat from the U.S. to the northern regions of Brazil than by conventional overland transport through Brazil. It's worth noting that some new ethanol mills have been built recently in Brazil's northern corn-producing regions. With Brazil looking to expand their corn ethanol production, there are some arguing it will eventually cause U.S. ethanol supplies to become less and less competitive. As with everything, time will tell... (Source: USDA, [ERS Feed Outlook](#))





## Looking For Hunting Ground? This New App Might Be A Solution

Logan Crable moved from Virginia to Texas and quickly found himself locked out of the hunting world he had grown up around. With no friends or contacts in the state and Texas being 97 percent held by private ownership, finding a place to hunt on public land was a challenge. So you won't be surprised to learn that due to his personal struggle, Crable launched "Outrider," a type of Airbnb for hunting, where landowners lease their acres to hunters. As I understand it, the service is available nationwide but most of the nearly 170 properties at this time are in Texas, with hopes of getting a lot more landowners on board. It's interesting to see the "sharing economy" coming into the outdoor space. Meaning, technology and the internet are about to turn the outdoors into a commodity. Keep in mind, there already are other companies like Outrider enhancing options to outdoor enjoyment, including Hipcamp, an Airbnb-style platform for finding camping locations; Tentrr, a camping company that not only aids in campsite booking but also sets up the tents for its users and Gamping, another network for finding and renting private land for camping and the list goes on. What I like most is that Crable is not motivated merely by market demand. His background and experience with the outdoors and hunting, in particular, has impressed upon him the need to promote sustainable hunting practices upon a new generation. He states that along with access problems, we will soon see the effects of smaller numbers of new hunters, and a decreasing belief in the need for conservation. For those of us who grew up hunting with our fathers and grandfathers, I believe we should seek to maintain the ability to enjoy the outdoors responsibly and teach our kids and grandkids the same. Check out more about Outrider [HERE](http://theringer.com), it's a cool concept. (Source: [theringer.com](http://theringer.com))



### **The Rat Race...**

Nick Greece was walking to his second day of work in New York City on September 11, 2001, when he witnessed the first plane hit the tower. Nick soon changed the way he viewed things and decided he needed to do something sooner than later. With his decision made, he quit work, sold everything he had and lived out of his car. From there he took up paragliding, and has since become one of the top paragliders in America. Check out this cool video as Nick takes you on a tour of the seven-day marathon called "The Rat Race," which is actually the U.S. National Paragliding Championship. Something I never even knew existed. The short video is worth checking out [HERE](#). (Source: greatbigstory)





# SEVEN DAYS IN THE SKIES

A GREAT BIG STORY

YouTube

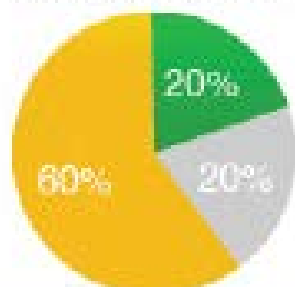
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# CASH SALES & HEDGING TOTALS

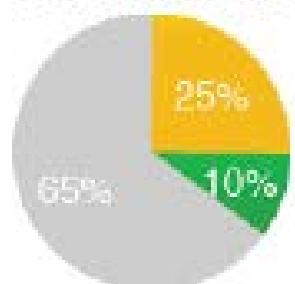
## CORN 2017 CROP

**60% SOLD**  
**20% HEDGED**  
**20% UNPROTECTED**



## CORN 2018 CROP

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



## CORN 2019 CROP

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



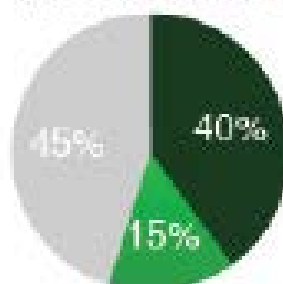
## SOYBEANS 2017 CROP

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



## SOYBEANS 2018 CROP

**40% SOLD**  
**15% HEDGED**  
**45% UNPROTECTED**



## SOYBEANS 2019 CROP

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



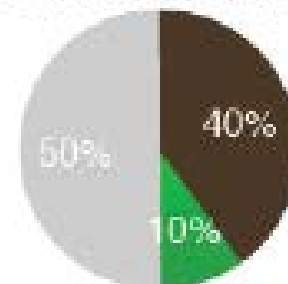
## WHEAT 2017 CROP

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



## WHEAT 2018 CROP

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



## WHEAT 2019 CROP

**20% SOLD**  
**0% HEDGED**  
**80% UNPROTECTED**

