



"A man who views the world the same at fifty as he did at twenty has wasted thirty years of his life." - Muhammad Ali

FRIDAY, MARCH 23, 2018

Morning Summary: Stocks tumble into negative territory! The question is why? Most are saying the setback is on fears of higher interest rates, rising inflation, and potential trade wars that could ultimately weigh on the U.S. economy. I'm not so sure... The Dow Jones Industrial Average is now down -4.5% this month. All 30 Dow components fell yesterday, and since the end of February, all but two, Intel and Chevron, have posted negative returns. The bulls are saying the fears are overstated. Professional traders will always tell you that "politics and investing don't mix", but are we certain about this? I understand the argument and philosophy, but since the markets have changed so drastically the past several years, headline trading programs have become much more mainstream. Meaning perhaps the market is in fact trading the headline noise, rumors and fears. Or maybe some big players on the inside know something the rest of us don't? I often reference a famous Jesse Livermore quote, "The stock market is never obvious. It is designed to fool most of the people, most of the time." Once the media started confirming that John Dowd, the president's lead personal lawyer, was stepping down from his position, the market seemed to take on a much different attitude. It felt like the bulls got spooked or perhaps somebody knows something? The volume wasn't heavy, regular investors weren't selling, but there was clearly targeted pressure coming from somewhere? There's speculation that Dowd's departure could mean the stakes are being aggressively raised in the Mueller investigation. Also yesterday, President Trump announced he was replacing National Security Adviser and three-star Army general H.R. McMaster. I'm not sure there's much to the McMaster announcement, as it's been fairly well advertised. But the trade clearly seems uncertain about all of the recent "musical chairs" in Washington. On what some consider a positive note, the U.S. House and Senate approved, at the 11th hour, a \$1.3 trillion spending package, narrowly averting a federal government shutdown as funds were due to run out today. The bill, proposing a record increase in military funding, has been sent to President Donald Trump for enactment into law. From what is being reported, this bill provides initial funding to start The Wall along the Southern border and provides over +\$700 billion to help rebuild the military. It also helps fund the war on opioids and investments in U.S. infrastructure. Looking to next week, I suspect Washington headlines will again take center stage. Macro economic data will be extremely light and the markets will be closed on Good Friday making for a short week. As an investor, I'm being extremely patient on this break, not wanting to add any additional length to my portfolio.

China Talking Possible Trade Retaliation: *Hours after president Trump announced moves to tackle unfair trade practices, China signalled it would eventually be looking for ways to retaliate by hit U.S. goods such as pork, wine, apples, ethanol and steel pipe with higher duties. China's foreign ministry suggested soybeans, airplanes, cars and cotton could also be targeted. A Chinese ministry statement today said the higher US tariffs "seriously undermine" the global trading system. "China doesn't hope to be*

in a trade war, but is not afraid of engaging in one," the statement said. "China hopes the United States will pull back from the brink, make prudent decisions, and avoid dragging bilateral trade relations to a dangerous place."

More Than Half of S&P 500 Now In Correction Territory: *More than 275 components in the broad based stock index are now down at least -10% from their 52-week highs. General Electric is now -55% below its recent 52-week high. Baker Hughes and Mattel also traded more than -50% below their highs. 85 of these stocks are now in bear-market territory, or down at least -20% from their one-year high. Other stocks in correction territory include Google parent Alphabet, Pepsico and Harley-Davidson. Read more at [CNBC](#)*

Who We're Doing Business With? *International trade is obviously a big part of America's economy. With all of the recent talk about possible Trade Wars. I thought I would include some interesting graphics. [Business Insider](#) put these together to show the biggest trade partners by dollar value of goods imported and exported for each state. You can check out all of the details on Foreign Trade by visiting the U.S. Census Bureau by clicking [HERE](#)*

EACH STATE'S BIGGEST IMPORT TRADING PARTNER



EACH STATE'S BIGGEST EXPORT TRADING PARTNER



SOURCE: US Census Bureau

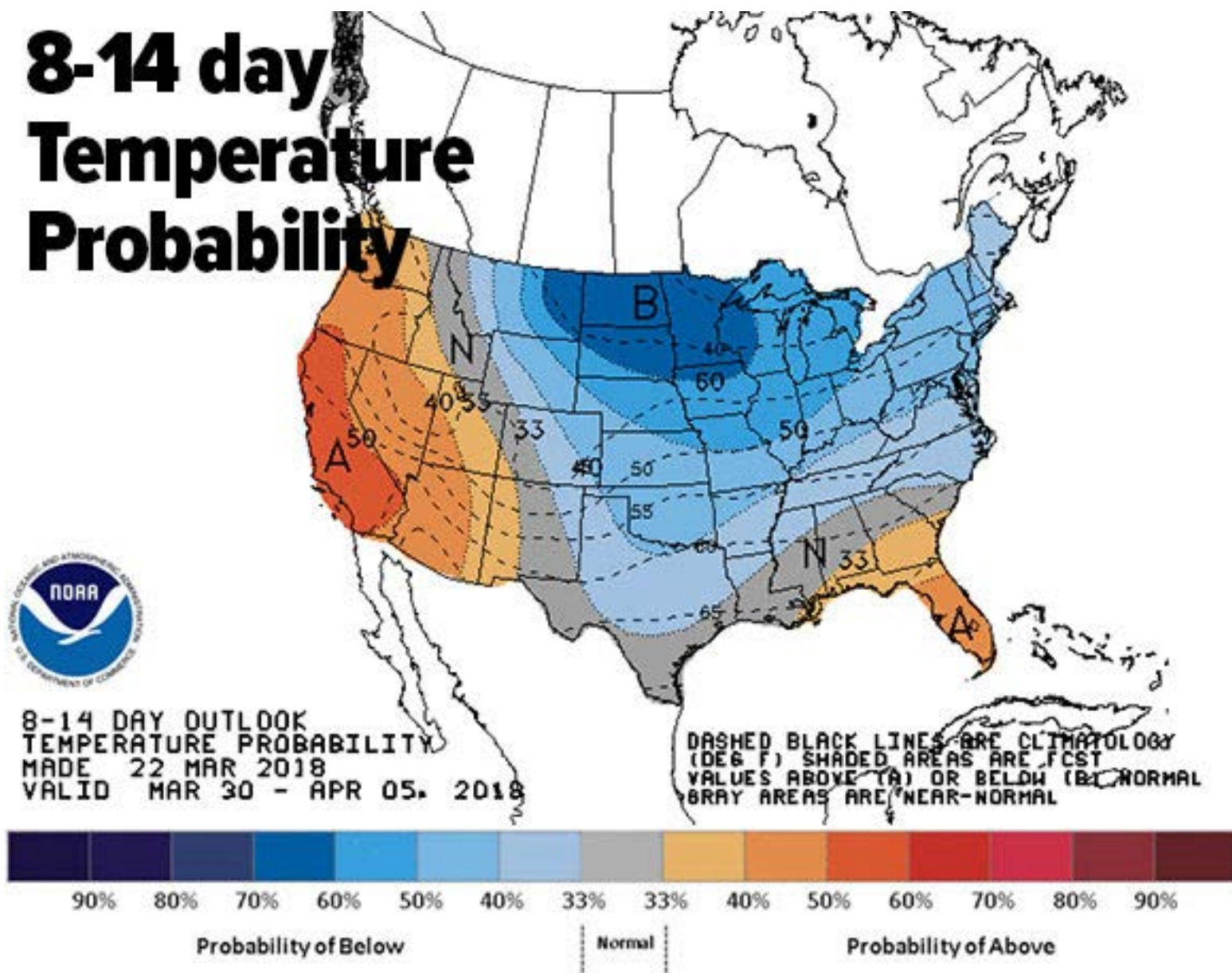
BUSINESS INSIDER

Weather in the Corn Belt has seen mostly cool, dryer weather prevailing. Snow is on the ground in many areas, including the upper Great Lakes region and Ohio Valley. The current snow depth in Cincinnati, Ohio is 4 inches. On the Plains, cold weather lingers across snow-covered portion of Montana and the Dakotas. Farther south, however, an early season warm spell is intensifying across the central and southern High Plains. We have confirmation that some drought affected winter wheat on the central and southern Plains received beneficial moisture earlier this week, the return to warm, dry weather may begin to reverse some of the negative effects. Late in the week, a fast-moving storm will produce a strip of snow from the northern Plains to the central Appalachians. Early next week, another storm system will deliver additional snow to parts of the north central U.S., as well as locally heavy showers and thunderstorms from the western Corn Belt to the southeastern Plains. Hot weather will prevail across the south-central U.S. in advance of that storm, with several days of 90 degree heat possible.

Cool, Wet Start To Spring: *We continue to receive model guidance pointing to a cool, wet beginning to April, similar to the last few years. From what I understand, this is due to a blocking pattern in the higher latitudes. Look for conditions across the Midwest to be cool and unsettled. This pattern is likely to bring precipitation to the southern Plain's winter wheat areas which desperately need a drink. We'll continue to monitor the situation to see if this forecast becomes reality as we head into April. Below is mid-*

range 8 - 14 day temperature forecast showing cooler conditions for the start of April.

8-14 day Temperature Probability



Corn bulls are talking about possible planting delays in the U.S., particularly those areas to the South and Southeast. From what I understand, there are some heavy rains forecast for several areas that could produce major flooding and extremely wet fields. If the delays cause enough concern, some producers may simple opt out of planting the acres. Remember, for several of these areas, a corn crop planted too late creates major concerns about pollination and lack of moisture available during the later stages of the growing cycle. Some of the areas in question will be located in Alabama, Arkansas, Georgia, Kentucky, Louisiana, Mississippi and Tennessee. Not that these are traditionally huge production states, but they have played bigger roles as of late in adding to our nations total production. If the yields and acres to the South and Southeast disappoint this year, it could travel a longways in the headlines. As for U.S. demand, I continue to believe it's going to surprise to the upside. Exports and ethanol demand will remain strong. At the same time I'm thinking demand from the livestock industry is going to gain more momentum. In other words, I believe "demand" is going to remain a driving force along with possible weather headlines and a more active macro commodity bull. Staying patient as some of the bearish

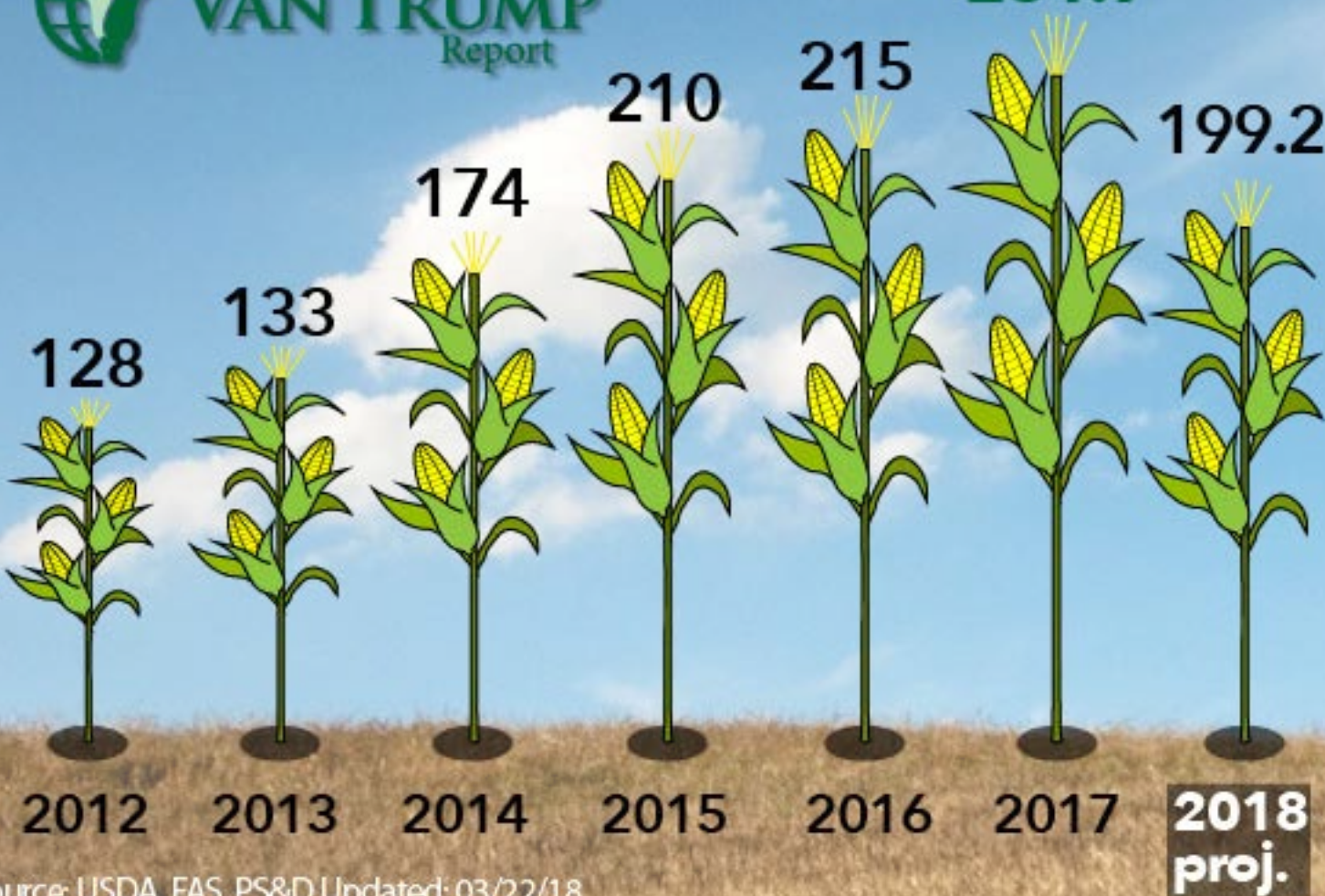
headwinds blow over... I still believe the crop in Argentina and Brazil are getting smaller, while demand here in the U.S., China and other parts of the world is increasing.

World Ending Stocks Corn (in million metric tons)



The
VAN TRUMP
Report

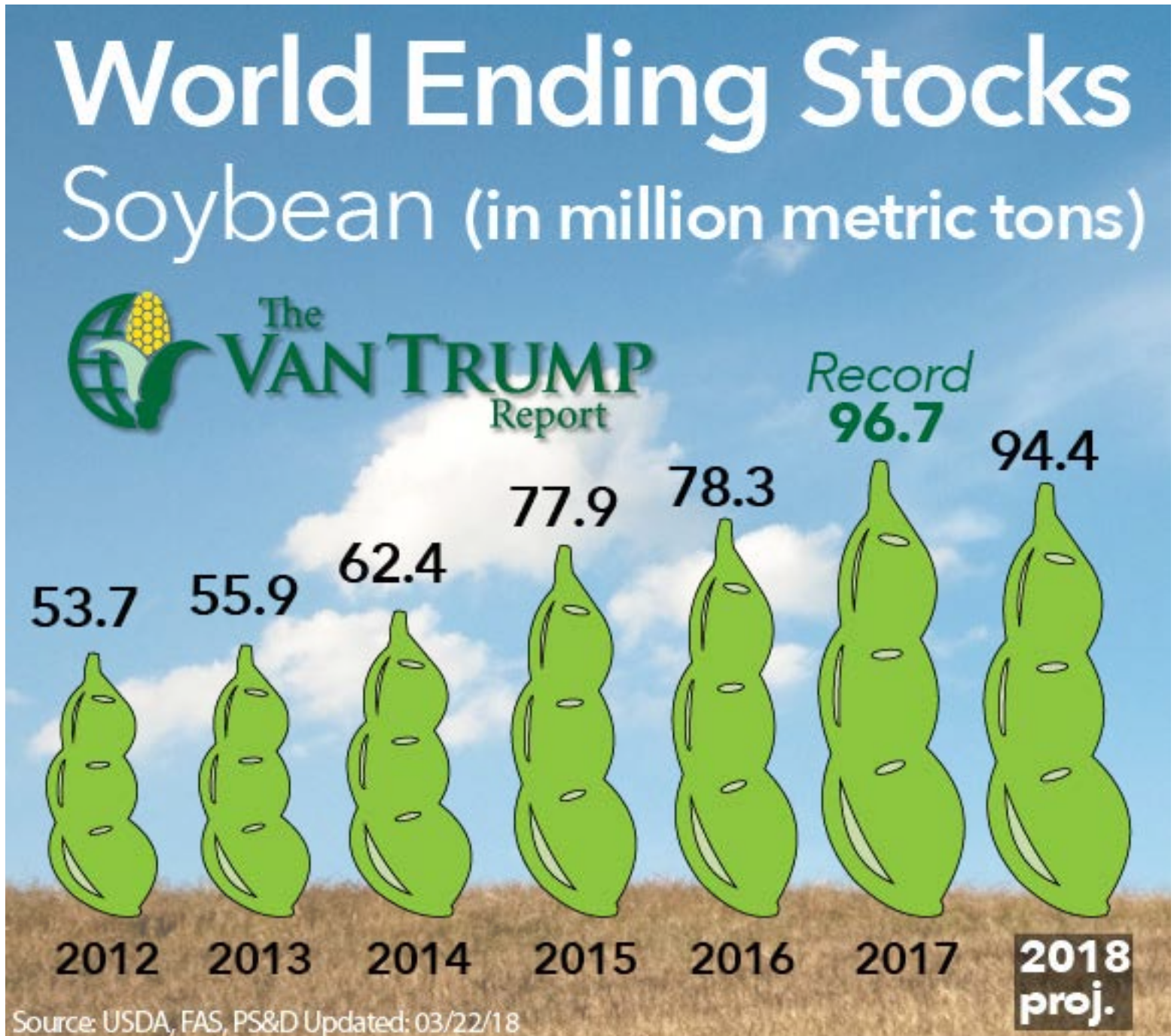
Record
231.9



Source: USDA, FAS, PS&D Updated: 03/22/18

Soybean bears continue to talk about headline risk surrounding Washington and possible trade retaliations from China. I respect the risk and concern, but personally don't see it happening, especially with continued talk that the Argentine crop could end up sub-40 MMTs. It's hard for me to understand how China will feed their growing demand with a short crop in Argentina? Yes, they can source more beans from Brazil, but I suspect that only amounts to an increase of +5 to +8 MMTs for Brazilian exporters. The USDA is currently estimating Brazil's exports will be 66.7 MMTs, when in fact they could be more like

73 to 75 MMTs. At some point however the Chinese are going to need more soybeans from the U.S., it certainly doesn't appear they can afford fewer U.S. soybeans. Just my opinion, but as a producer, I understand I have to respect the risk it could bring, especially if this tit-for-tat turns into a shootout. As a producer, I like our current position, feeling like I've reduced enough longer-term risk to let the cards fall where they fall during the next 12-months. If we catch some bullish momentum, I'm in a position to really let the bulls run... As a spec, I feel a bit confused nearby, but know I don't want to try and navigate a short position, especially with the crop in Argentina being so heavily damaged and global demand being so strong. Buying deeper breaks might interest me in the days ahead.



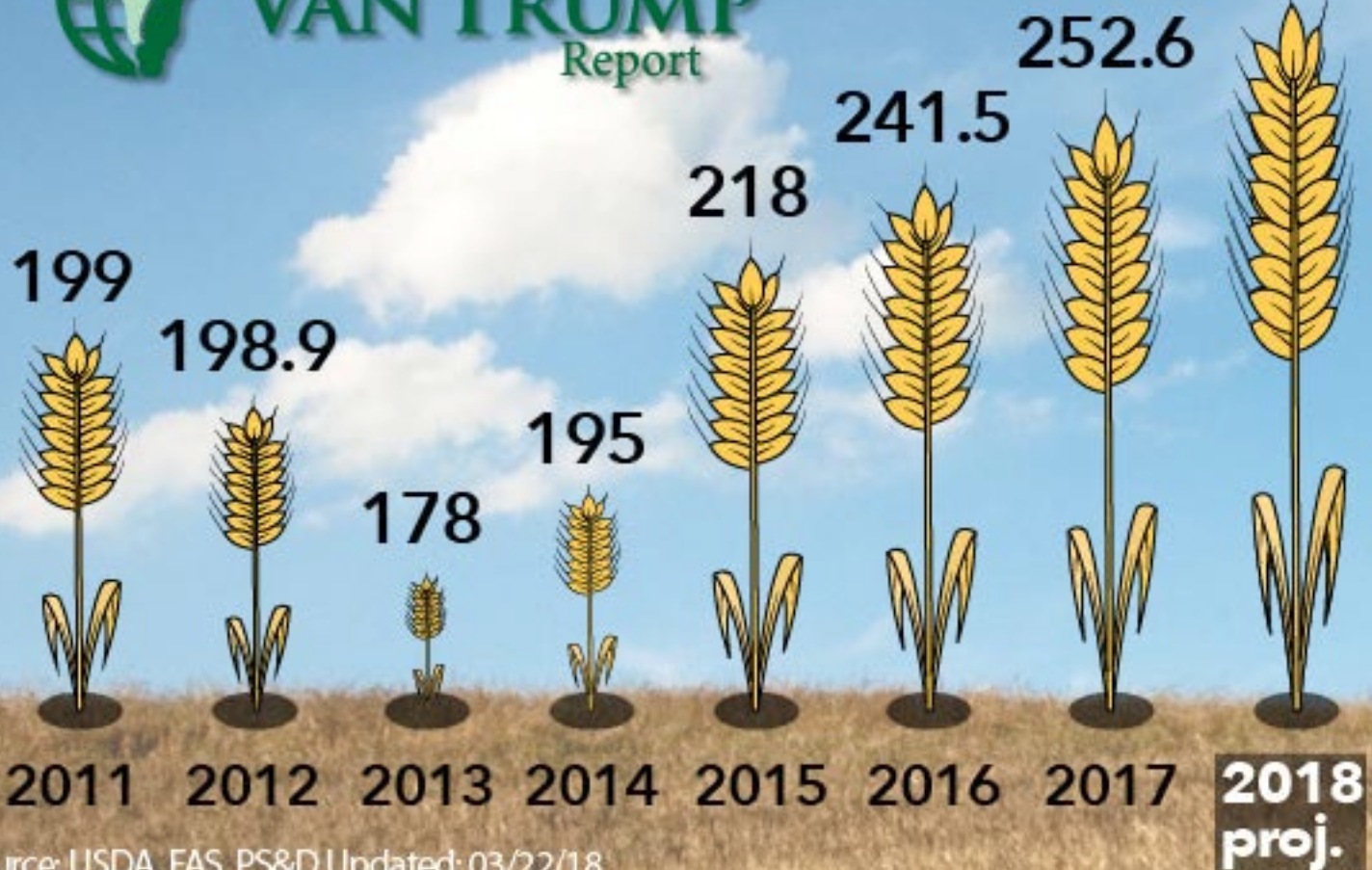
Wheat continues to look like a horse without a jockey. There's just really nothing fresh or new in the headlines and the bearish fundamentals are again starting to guide and dictate direction. Bulls are pointing to another round of heavy snow and extremely cold tempera-

tures in Russia and parts of Eastern Europe. Bears point to the fact, despite some setbacks in Russian production compared to last year, most sources suspect Russian exports will remain elevated. Bears are also pointing to the fact each rain across the U.S. Plains will work to dampen any bullish story in the marketplace. As a producer, I've reduced the risk on everything I can guarantee I can produce. I know many producers who are still extremely uncomfortable with the way their winter crop looks, so they don't want to get oversold, which makes sense. As a producer, I just don't see a nearby story. I don't want to be short because I'm scared of the possible geopolitical risk and cross-hedging by the funds. But I also don't see any reason nearby to be long. Hence, my decision is not to be in the market. If I was forced to bet, I would have to say there's more downside drift ahead.

World Ending Stocks Wheat (in million metric tons)



Record
268.9



Source: USDA, FAS, PS&D Updated: 03/22/18



Exports Sales Data Delayed Because of Snow: *The USDA delayed yesterday's weekly Export Sales report until today due to the inclement weather in Washington.*

Project "Better Soybean, Better Life," Maps New Genomes: *Having a map of soybean genes is key for breeders, who work to develop varieties that farmers can use to help battle diseases and other environmental factors. The purpose of this sequencing project, "Better Soybean, Better Life," is to assist molecular breeding and genome editing in order to enhance the productivity, biotic and abiotic stress tolerance, and nutritional quality of soybeans around the world. Having several reference genomes will allow breeders to develop and deliver new varieties more quickly and efficiently. (Source: eurekaalert)*

Mexico's Corn Crop: *USDA ag attaché in Mexico forecasts their 2018/19 corn crop at 26.6 MMTs vs. 26.8 MMTs last year. They expect corn imports to rise slightly with nearly all imports still seen coming from the U.S. They expect wheat imports to also remain similar to last year.*

ELD Extension On Livestock Carriers: *Motor carriers that haul livestock will be exempted from the federal electronic logging device mandate until Sept. 30 under language included in a \$1.3 trillion omnibus funding measure the U.S. House of Representatives advanced March 22. The omnibus funding bill is the culmination of negotiations by Republican and Democratic leaders on Capitol Hill to avoid a government shutdown and extend federal funding authority that was set to expire March 23. (Source: transporttopics)*

India's Wheat Crop: *USDA ag attaché in India is reporting the same thing I've been hearing, that their wheat crop is going to be lower than last year. Their estimate is down from last years 98.5 MMTs to 94.0 MMTs and there's reason to believe it could drift down to around 90-92 MMTs.*

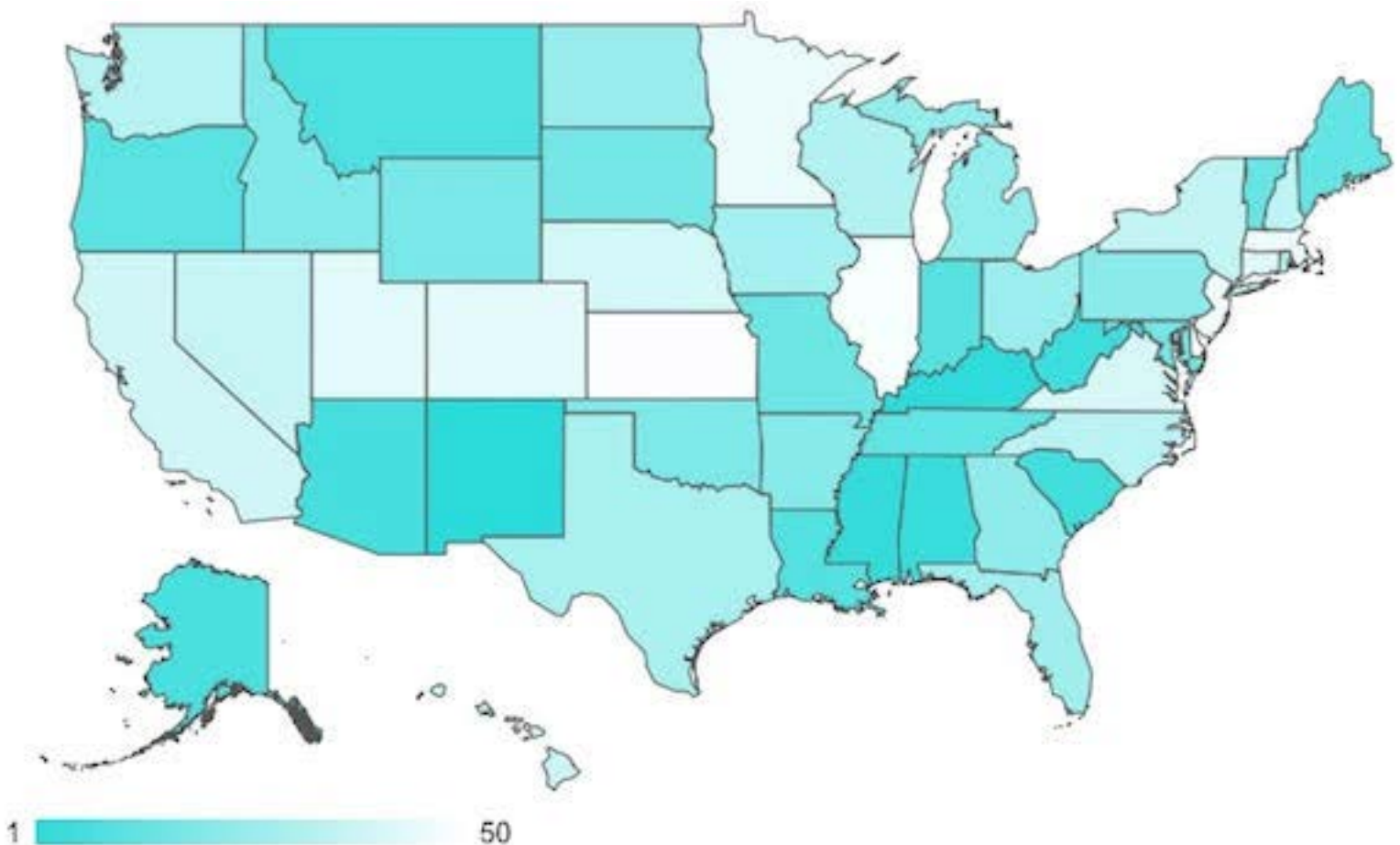
BioCarbon Engineering Partners With Drone Manufacturer Parrot... *to create a system for autonomously planting trees to fight deforestation. BioCarben Engineering plans to operate 150 fleets of drones and has a goal of planting half a trillion trees in the next three decades. Check out a short video [HERE](#) showing how they will plant ten times faster, save 85% of the cost and reach places humans can't.*

Cotton Acres Will Increase In 2018: *Most experts agree that due to weather concerns, the market price of peanuts and wheat as well as a new safety net program, cotton acres will exceed the 13 million mark this year. The USDA reports farmers will plant 13.5 million acres in 2018. From what I'm hearing the private estimates are a touch lower but still over the 13 million level.*

Energy Sector Outlook: *Heading into Q1 earnings, the S&P 500 energy sector is ex-*

pected to report 82.3% year-over-year earnings growth, according to FactSet. The sizable increase is largely a result of low earnings in the same period last year, as well as a recovery in oil prices. The estimated earnings growth was at 55.9% on December 31, which has increased alongside a rise in oil prices and the passage of U.S. tax reform. (Source: Forbes)

Is Your State Federally Dependent? One big point of difference among state economies is the tax burden of the average citizen. This number varies greatly. But what are the reasons behind why some states tax their residents more or less? If a state can afford not to tax its residents at high rates, there are multiple explanations. One is that their economic policies are sound and the state economy is doing well. But another is that the state gets disproportionately more funding from the federal government than states with harsher tax codes. Americans have looked at federal assistance programs with growing scrutiny. According to a 2018 Rasmussen report, 61% of American adults think there are too many people receiving government financial aid. On the other hand, only 9% think not enough people are receiving funds. Regardless of overall trends, though, it is true that some states receive a far higher return on their federal income-tax contributions than others. Read more and see full graphic [HERE](#).



Most Federally Dependent States

Rank (1 = Most Dependent) ↕	State ↕	Total Score ↕	'State Residents' Dependency' Rank ↕	'State Government's Dependency' Rank ↕
1	New Mexico	83.22	3	5
2	Kentucky	78.96	5	4
3	Mississippi	75.84	8	2
4	Alabama	71.86	4	13
5	West Virginia	67.83	6	16
6	South Carolina	67.81	2	29
7	Arizona	67.22	11	3
8	Alaska	64.16	9	10
9	Montana	63.80	15	6
10	Louisiana	58.91	34	1
11	Indiana	58.89	7	22
12	Oregon	54.35	25	7
13	Tennessee	54.30	21	8
14	Maine	53.70	14	18
15	Vermont	50.96	18	15
16	Missouri	49.23	31	9
17	Maryland	47.82	12	33
18	South Dakota	47.22	23	14
19	Wyoming	44.95	22	20
20	Oklahoma	44.75	19	26
21	Idaho	44.49	20	27
22	Arkansas	44.06	39	11
23	Pennsylvania	42.78	17	34
24	Georgia	42.57	32	17
25	Michigan	42.15	30	19
26	North Dakota	40.90	1	50
27	Ohio	40.56	47	12
28	Florida	39.79	26	25
29	Iowa	37.99	29	28
30	Texas	37.81	42	21



From the Field

Southcentral Iowa - We are a couple of weeks out from planting and would like to see a bit more moisture before we hit the fields. Last year was one of the best as we hit 230bpa corn. The beans got to the 60's and we have just a bit of crop left to market. I am a big believer in the timing of rain events as I witnessed some huge differences in yields between those entered into the states corn yield contest. I found it interesting because they were using the same seed on the same type of ground and only 30 miles apart. Only moisture was a variable as both managed the crops for maximum production. Some acres in the area recently sold for \$8,100 and some more are coming up for sale soon, expected to go for around \$7,000.

Northcentral Missouri - We had our largest production year in 2017 with our dryland corn hitting 200+bpa. It allowed us to outproduce the low prices to some extent. The beans reached in the 50's and quite honestly I am seeing a ceiling hit on our beans. Admittedly, we do not have the best soils yet, the corn yields climb higher each year or so but we don't see the same thing with the beans. In my opinion, between nematodes and weed pressure we are experiencing these headwinds. We have received some rain lately and look to receive more in the next week. It could push us back just a bit.

Northwest Nebraska - We farm corn, wheat, and sunflowers. We like the flowers as the cost of production makes sense for us over most other crops. We will get corn in the ground first and follow that with the sunflowers in early April. Our sunflowers are used for oils and sold to local elevator as we have done for the last 15 years. We like what our rotation does for our yields and will keep up with the status quo. We struggle with a lot of weather issues up here, particularly hail and drought conditions that seem to hit some part of the region every year as fronts come in over the mountains from the west. Right now we have good moisture in the ground and look forward to a good planting setup.



Paul Teutul, Jr. To Create Ethanol Powered Motorcycle: The Renewable Fuels Association has joined forces with Paul Jr. Designs to conceive of and fabricate a signature motorcycle that thrusts American-made fuel ethanol into the spotlight. After a six-year hiatus from reality TV, the legendary motorcycle craftsmen are returning to Discovery Channel with the premiere of American Chopper on May 27. RFA's signature, one-of-a-

kind masterpiece will be featured in the new series. Read more [HERE](#).

Hackers On The High Seas: *The \$500 billion shipping industry is familiar with handling risks: weather, mechanical failures, war and piracy, labor strife, and political challenges. But until fairly recently, experts say, many players in the maritime transport sector didn't put cybersecurity near the top of that list. In the worst case, hackers could hijack navigational tools and cause collisions. Recent reports have indicated that many yachts are vulnerable, including some of the ultra-high-end superyachts favored by millionaires and billionaires. Read more [HERE](#).*

DNA-Based Predictions Getting Better: *When Amit Khera explains how he predicts disease, the young cardiologist's hands touch the air, arranging imaginary columns of people: 30,000 who have suffered heart attacks here, 100,000 healthy controls there. There's never been data available on as many people's genes as there is today. And that wealth of information is allowing researchers to guess at any person's chance of getting common diseases like diabetes, arthritis, clogged arteries, and depression. Read more [HERE](#).*

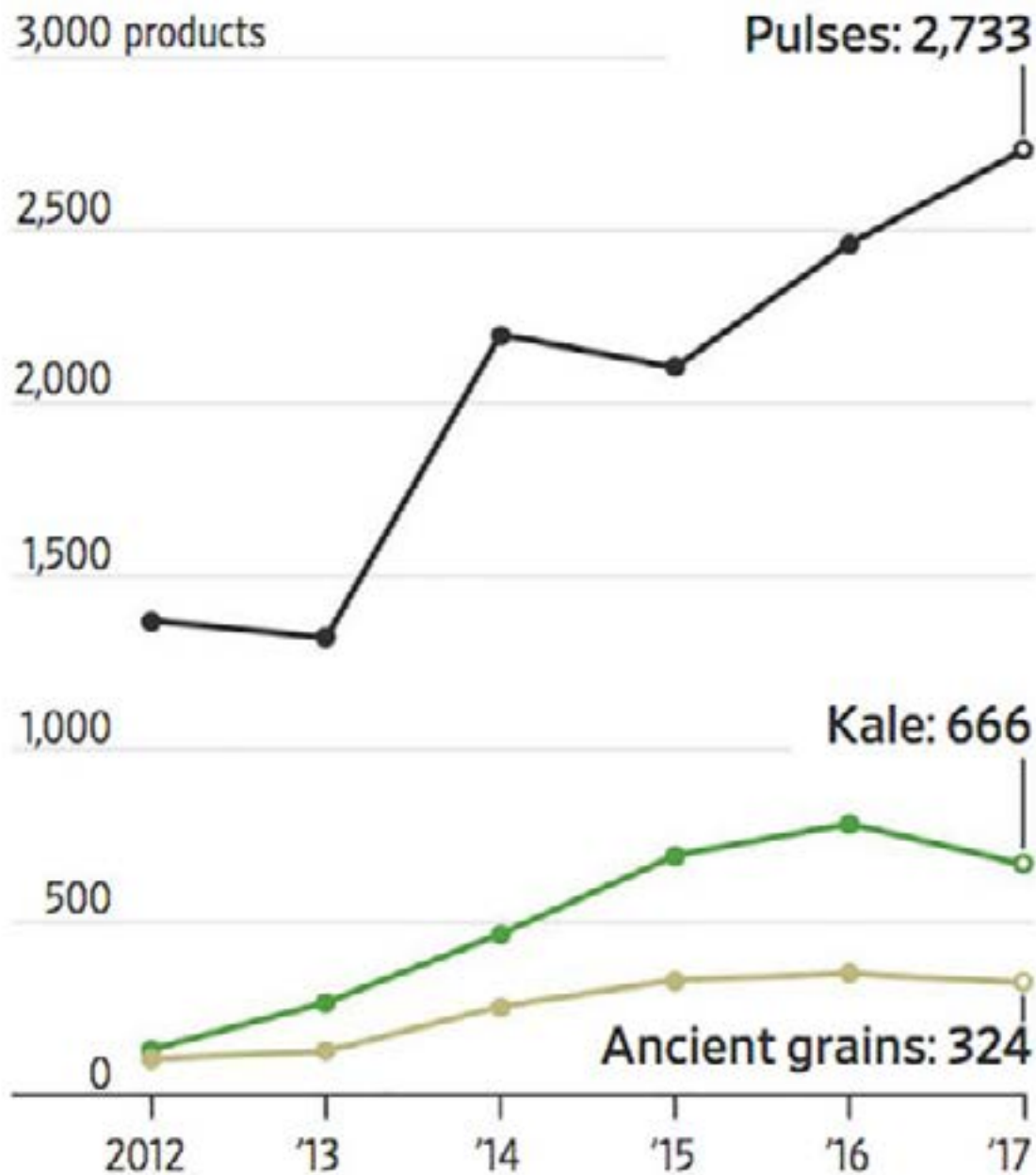
Cooldest Watches: *If your a collector or fan of awesome watches, you've probably heard of "Baselworld", as it's the biggest week of the year for watch industry. Thousands in the industry have once again descended on Basel, Switzerland, to see the biggest new releases from dozens of brands. Check out some of the newest looks and styles [HERE](#).*

How To Deal With What You Know Is Coming: *Seneca, in "On Providence", nailed it on the head when he asked why we waste our energy on complaining when we are destined for hardship? Everything that happens to us in life—good or bad—must be endured because that is the nature of our universe. Adversity is built into reality. To exist, there is no other option but to endure the struggles set forth by the ever-changing world around us. Read more [HERE](#) on maneuvering through life!*

Beans Are The New Kale: *More than ever, food companies roll out waves of trendy ingredients to compete with one another. As labels, sourcing claims and dietary restrictions make eating more complicated, industry executives say, consumers want simplicity. An old-fashioned ingredient offers something easy to latch onto. "Everything about a bean is fashionable," says Lu Ann Williams, Innova's director of innovation. "It says wholesome and natural and good for you." Read more [HERE](#).*

Move Over, Kale

A rising number of product launches feature pulses—a food category that includes beans, chickpeas, lentils and peas—as a key ingredient.



Source: Innova Market Insights



Online Farm Game Being Investigated As A Pyramid Scheme

An online game called "Farm Bank" is being investigated as a pyramid scheme that is operating under the guise. I've heard it's somewhat similar to the game FarmVille, a farming simulation game that was hugely popular earlier this decade. Just like FarmVille, players in Farm Bank plow land, plant and harvest crops, and raise livestock. The difference in Farm Bank is that players have to invest actual cash. Mehmet Aydin, the 27-year-old developer of the game, says Farm Bank is just a classic, online virtual game. He created the game in 2016 and says he was completely shocked at how popular it's become. So how did a 26-year-old man establish such a lucrative scheme right under the public eye? With an insidiously innocent-seeming first step. You can become a member for free, but you start making a profit when you make the game "real," meaning you spend money to buy virtual animals. An estimated 500,000 people signed up as members, while around 80,000 invested money totaling close to \$150 million. The latter believed they were actually buying animals with the money they invested in the game and that their returns were the profits of a real farm. Aydin says the game has paid \$103.8 million to players but authorities believe the payments are only possible due to the increasing flow of participant money. Basically, the classic definition of a pyramid scheme, also often referred to as a Ponzi scheme. The fraudsters behind these type of schemes generate returns for existing investors through revenue paid by new investors rather from legitimate business or investment activities. Obviously, this scam can only continue if there is a constant flow of new money. When they run into problems recruiting new money or a large number of existing investors cash out, the schemes collapse. In doing research for this story, I was very shocked to find that these scams are actually pretty common. There was one making the rounds recently on Facebook called "Friendsgiving" that state officials in Montana issued a warning over. It involves encouraging friends to buy into the bottom of a pyramid for \$100. Once the pyramid is filled up with new participants, the person at the top takes \$800. The two people at the second tier of the pyramid each become the top of two new pyramids, and the process repeats. Ponzi schemes are named after Charles Ponzi, who duped investors in the 1920s with a postage stamp speculation scheme. The Italian con artist promised investors a 50% profit within 45 days, or 100% profit within 90 days, by buying discounted postal reply coupons in other countries and redeeming them at face value in the United States as a form of arbitrage. Ponzi was really just using new investor money to pay older investors. The scam lasted for about a year before it collapsed, costing unwitting investors over \$20 million. Ponzi wasn't the first, though. It's believed he actually came up with his postage scam based on a scheme carried out by a Brooklyn bookkeeper in 1899, which is also thought to be the original pyramid scheme. William Miller operated a business called the "Franklin Syndicate," in which he promised 10% interest on contributions each week. Miller — who was nicknamed "520 percent" due to the remarkable rate of returns he promised — claimed that he had an inside window into the way that profitable businesses worked, but in the end, he defrauded investors of \$1 million - approximately \$27 million in today's dollars. Another famous scam occurred in 1910.

Charles Deville Wells, the inspiration behind the famous song "The Man Who Broke the Bank at Monte Carlo", operated a phony bank that promised outlandish returns of 1% a day. About 6,000 investors were swindled out of what equates to about \$9.5 million today. (Sources: Bloomberg, Wikipedia, Time)



New SHiELD Program Will Place Lasers On F-15s

SHiELD or Self-protect High Energy Laser Demonstrator, is the Air Forces latest Laser Weapons System Project. The intention is to put a 50-kilowatt laser onboard the F-15 in order to shoot down drones and missiles. I'm told that Lockheed Martin was awarded the \$26 million contract in 2016 with demonstrations from the ground planned for this summer. Following successful ground tests, phase one of the flight demonstrations will provide evidence that targets can be tracked at a sufficient range and speed to then be engaged with the laser. After that, a moderate-powered laser will be introduced to assess it's performance in an operational environment. Keep in mind, previous Air Force tests have proven LWS's are possible but technologically challenging and before systems can be attached to a plane, the obstacles of size, weight and power must be overcome. For years now the Department of Defense has invested in R&D pursuing energy solutions to overcome issues reported by fighter pilots. Along with laser weapon development, the military is also pursuing systems using high powered electromagnetics (HPEM). All of this preparation is geared towards a future that military officials know will have technologically advanced weapons bearing down on them. As it stands now, evading a missile attack uses electronic warfare systems or heat traps. Meaning, we are deceiving the missile and not destroying it. The new LWS will change that. Flight demonstrations featuring the Air Forces' Laser Weapon Systems (LWS) are hoped to stay on schedule for a 2020 debut.

Though the actual laser will be tested this summer, flight demonstrations won't begin until 2020. As I mentioned above, scientists are working diligently to control the laser beam's ability to aim, track and point while traveling at high speeds and most likely vibrating in the process. On top of that the team must find a solution to the immense heat that will be generated once the beam is activated. From what I've been told, electric and not chemical lasers will be used, as there will be fewer moving parts and only require electricity instead of hazardous chemicals. It's worth noting that by using electricity, scientists have gained 30 times more space onboard the aircraft and will have the ability for unlimited shots as the batteries will constantly be charging during flight. One can only hope that the latest and greatest weapons will be used to keep the peace and not fight a war. Source: (globealsecurity.org, newsweek)



Reducing SWaP and Increasing Capability for A2/AD



A Lot Of Life Lessons In That Old Farm Pump

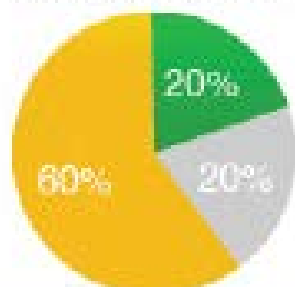
In typical Zig Ziglar fashion you will hear some wonderful life lessons. This short video is certainly worth your time and worth sharing with your kids or grandkids. Everyone can always use a few words of encouragement and reasons to push a bit harder. Hope enjoy... Have a great weekend! Click [HERE](#)



CASH SALES & HEDGING TOTALS

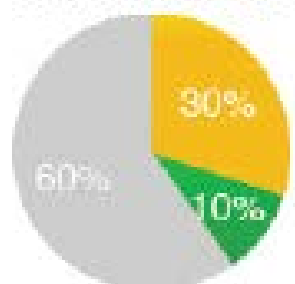
CORN 2017 CROP

60% SOLD
20% HEDGED
20% UNPROTECTED



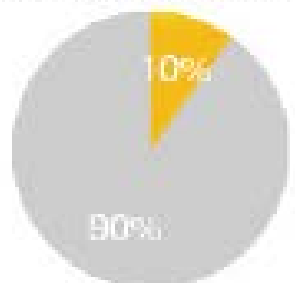
CORN 2018 CROP

30% SOLD
10% HEDGED
60% UNPROTECTED



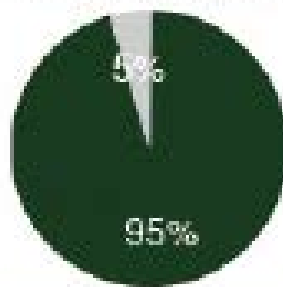
CORN 2019 CROP

10% SOLD
0% HEDGED
90% UNPROTECTED



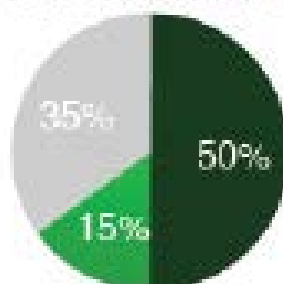
SOYBEANS 2017 CROP

95% SOLD
0% HEDGED
5% UNPROTECTED



SOYBEANS 2018 CROP

50% SOLD
15% HEDGED
35% UNPROTECTED



SOYBEANS 2019 CROP

0% SOLD
0% HEDGED
100% UNPROTECTED



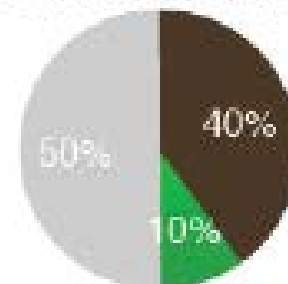
WHEAT 2017 CROP

100% SOLD
0% HEDGED
0% UNPROTECTED



WHEAT 2018 CROP

40% SOLD
10% HEDGED
50% UNPROTECTED



WHEAT 2019 CROP

20% SOLD
0% HEDGED
80% UNPROTECTED

