



"Success is not about an event or an outcome. It comes from the relentless pursuit of something better." - **Howard Getson**

MONDAY, MARCH 26, 2018

Morning Summary: Stocks are set to open higher as trade talks improve a bit over the weekend. Traders still seem nervous however as the world's two largest economies square off in the center of the ring to renegotiate trade deals. China is urging President Trump to back off his recent rhetoric to implement tariffs on up to \$60 billion in Chinese goods coming into the U.S. Treasury Secretary Steve Mnuchin on Sunday said President Trump had no intention of backing down. President Trump has also given the Treasury Department 60 days to develop investment restrictions aimed at preventing Chinese-controlled companies and funds from acquiring U.S. firms with sensitive technologies. I should note, China's commerce ministry said the government was considering a 25% tariff on U.S. pork. I have still heard nothing about potential tariffs on U.S. soybeans. Bulls are excited however, to see president Trump bending a bit on his recent steel and aluminum tariffs, providing exemptions to major producers including Argentina, Australia, Brazil, Canada, the European Union, Mexico, and South Korea. There are also reports this morning that U.S. and Chinese leaders are cooperating with one another and trying to find real solutions for fixing differences. I am also hearing the tone in Washington regarding NAFTA has also improved the past few days. It seems to me like there's still a lot jockeying for position taking place between President Trump and other global leaders. Trump is well known for his negotiating skills, so I suspect this is all part of the plan. Looking towards more traditional economic events of the week, I see several Fed speakers that could garner some headline attention as the trade is eager to learn more about their future plans. I also see reports on U.S. manufacturing, housing and personal spending that are worth monitoring. Globally, there's some data from Japan and the European Union early in the week, followed by Chinese manufacturing data later in the week. Good news last week came on better than expected U.S. housing data, Congress passing a new spending bill, and no real surprises from the Fed. The U.S. dollar is trading lower this morning and seems comfortable in a sideways to lower channel. As for oil prices, I've become a bit more bullish. I'm more concerned about the future of the Iran deal. Talk in the market is if the deal collapses, the Middle East could more easily destabilize, which probably means the trade looks to add additional "risk premium" to price. Higher oil prices obviously bring higher prices at the pump and more headline talk about inflation. It also creates less spending by U.S. consumers as their budgets are tightened by higher fuel costs. Bottom-line, we have to keep paying close attention to the developments with Iran. This is a short trading week. The markets are closed on Friday ahead of the Easter holiday. This is also end-of-month and end-of-quarter, which means we could see more extreme rebalancing and position squaring ahead of the weekend. Look for the media to continue running with the drama and headlines out of Washington. The biggest fear remains a full blown "trade war" involving China and our neighbors to both the North and South. Remember, trade wars can often lead to rising inflation and lower economic growth. Lets hope this is just "The Art of the Deal"... If negotiations can be made and trade wars avoided we still have a great founda-

tion for growth, i.e. strong corporate earnings, low inflationary environment, and still no major signs of recession.

What If You Would Have Invested \$1 Per Day? *There's a cool gadget on the [StockChocker](#) website that calculates how much money you would have accumulated if you would have invested just \$1 per day in the S&P 500 since birth. It assumes all dividend were reinvested. You can click [HERE](#) to play around with the dates. The site also lets you play around with individual stocks and what you could have made if invested. Below are a few interesting numbers:*

\$1 since 1950 - If you had invested \$1 per day in the stock market since January 1, 1950 it would be worth over +\$3.5 million.

\$1 since 1960 - worth over +\$1.1 million.

\$1 since 1970 - worth over +\$550k.

\$1 since 1980 - worth over +\$183k.

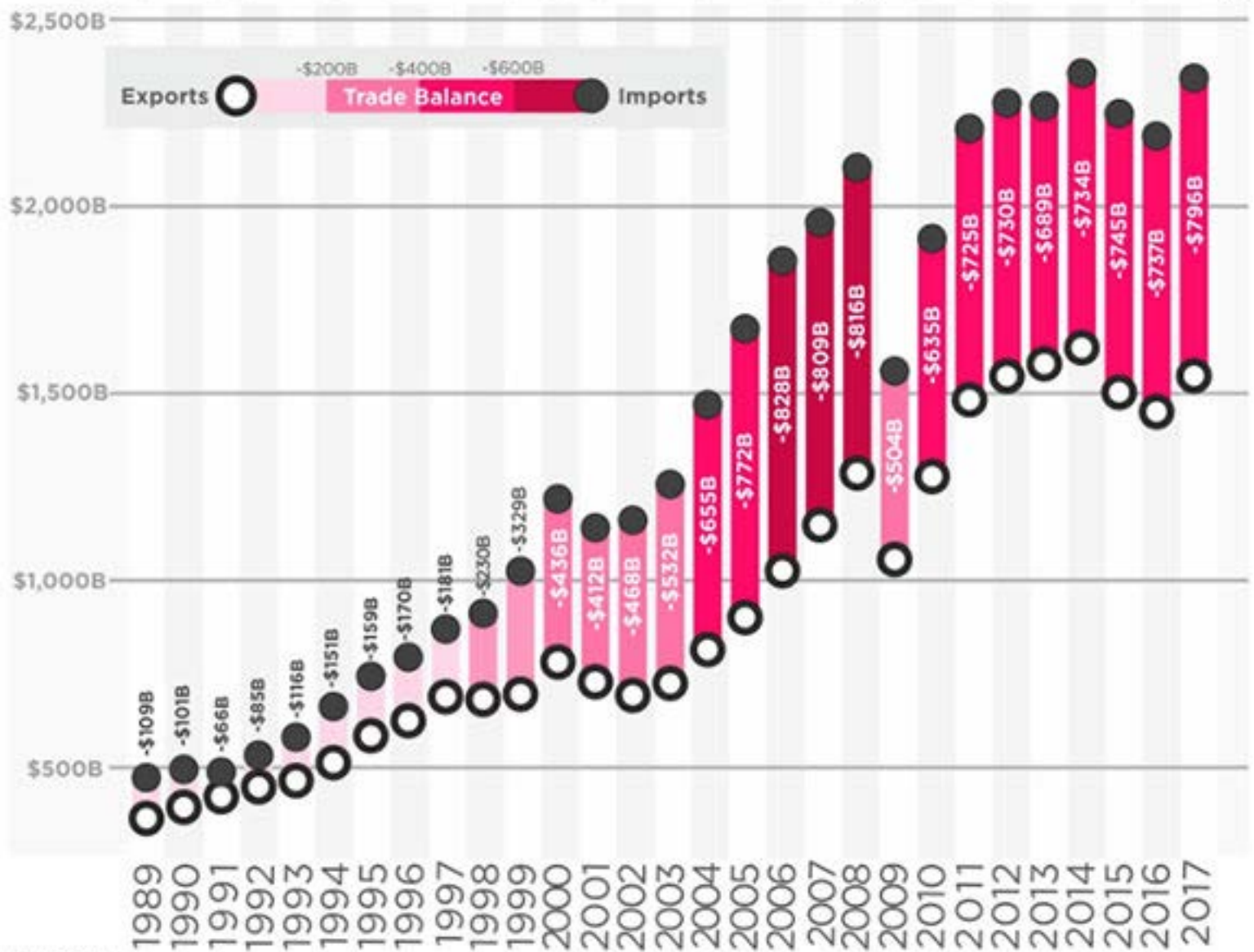
\$1 since 1990 - worth over +\$48k.

\$1 since 2000 - worth over +\$17k.

Amazon - If you had invested \$3,000 in Amazon on January 1, 1997 it would be worth over +\$3.2 million.

Visualizing Thirty Years Of U.S. Trade Deficit In One Graph: *President Trump recently proposed new tariffs on steel and aluminum as one way to help lower the trade deficit that has contributed to shrinking American growth in these industries. With so much attention being paid to one economic number, now is a good time to understand how the trade deficit has changed over the decades. The data for our graph is based on figures from the U.S. Census Bureau. We visualized the deficit by plotting the total value of exports out of the U.S. as an open circle. Then, we placed the value of imports into the U.S. directly above it as a solid circle. The space between the two circles represents the trade deficit for each year, which we color-coded from light to dark red to show the severity of the deficit. All figures are calculated on a nominal basis, meaning they aren't adjusted for inflation. Visualizing imports, exports, and the deficit over the last 30 years reveals several key insights about the American economy. More [HERE](#).*

Historical U.S. Trade Deficit (1989 - 2017)



Article & Sources:

<https://howmuch.net/articles/historical-trade-deficit-usa>
<https://www.census.gov/foreign-trade/balance/c0004.html#2018>

howmuch.net

neuro mining

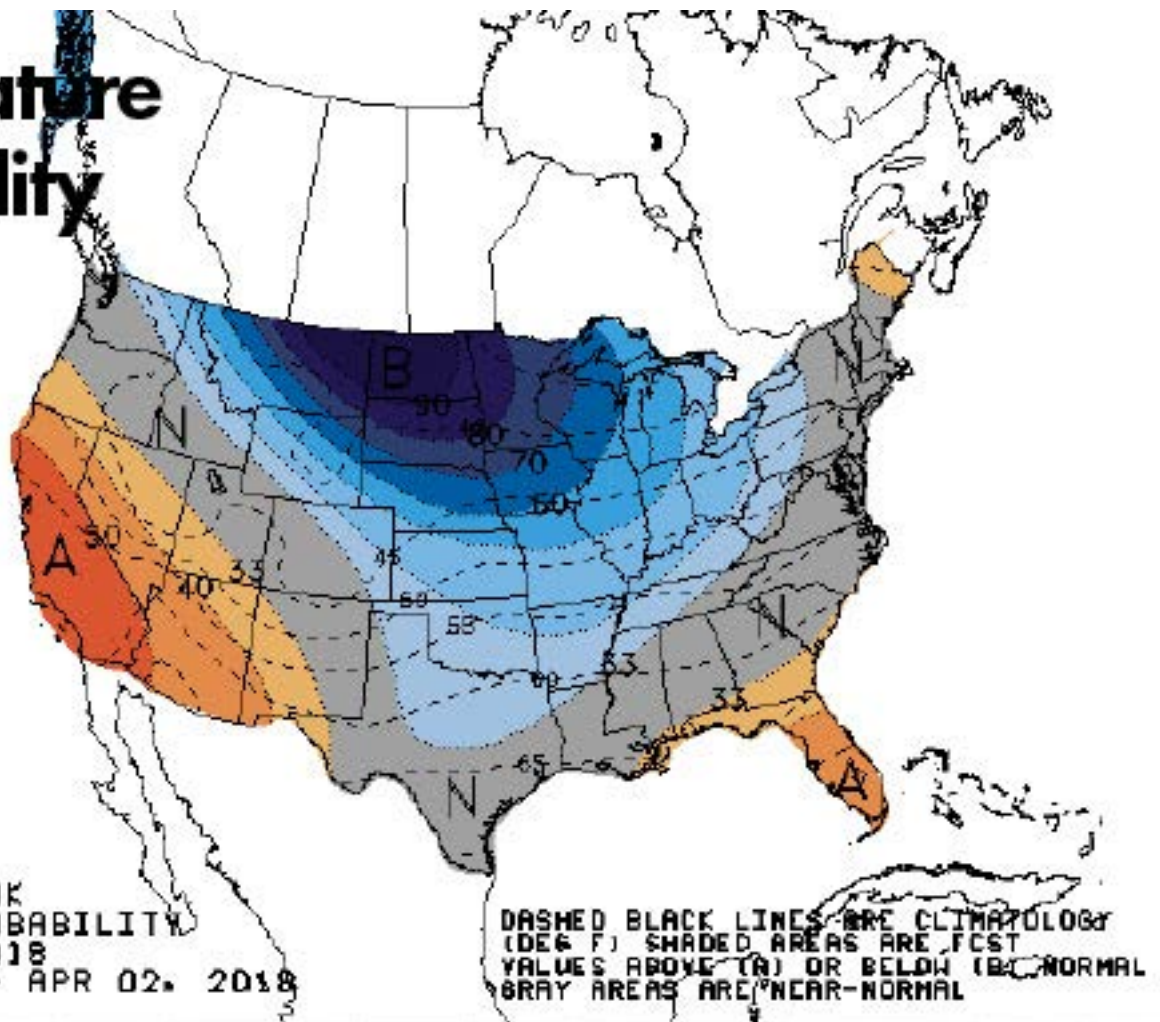


As we age, it gets harder and harder to create new neural pathways in the brain. It's the reason kids find it so easy to learn new things, but as adults it often gets more difficult. Doing brain teasers and solving riddles can be an important part of keeping our brain healthy. The more connections we can form, the better our brain will be. I hope this helps provide a little daily fun and exercise. The answer to each riddle or puzzle will be located at the bottom of the report.

TODAY'S RIDDLE: In Greek legend, the Sphinx devoured all travelers who could not answer the riddle it posed: "What is the creature that walks on four legs in the morning, two legs at noon and three in the evening?" The hero Oedipus gave the answer, causing the Sphinx's death. Can you solve this riddle?

Weather over the weekend saw an area of low pressure emerge in the Plains, and slide to the southern Appalachians. A heavy, wet snow fell on a roughly 1,400 mile long strip from the Dakotas to the Smoky Mountains. Early this week, we expect a strong storm system will emerge from the western U.S. and cross the Plains. Heavy rain can be expected from the U.S. Elsewhere, cold, mostly dry weather will overspread the West, starting early next week. An early-season heatwave across the southern Plains persisted through the weekend but is expected to end early this week. The 6 to 10 day outlook calls for the likelihood of near to below normal temperatures and near to above normal precipitation across most of the country. Warmer than normal weather will be limited to California and the lower Southeast, while drier than normal conditions should be limited to Florida's peninsula, northern and central California and the Northwest.

Temperature Probability



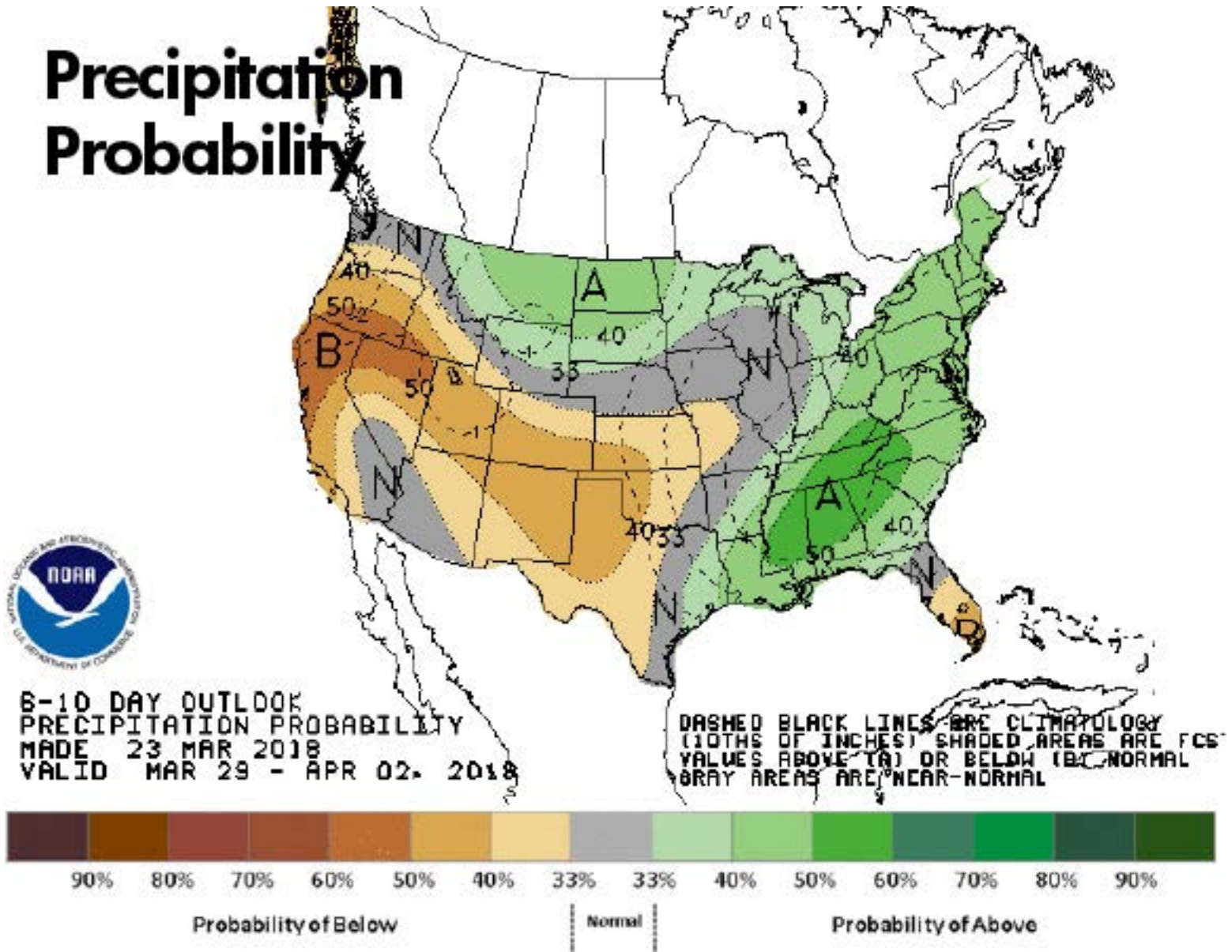
6-10 DAY OUTLOOK
TEMPERATURE PROBABILITY
MADE 23 MAR 2018
VALID MAR 29 - APR 02, 2018



Precipitation Probability



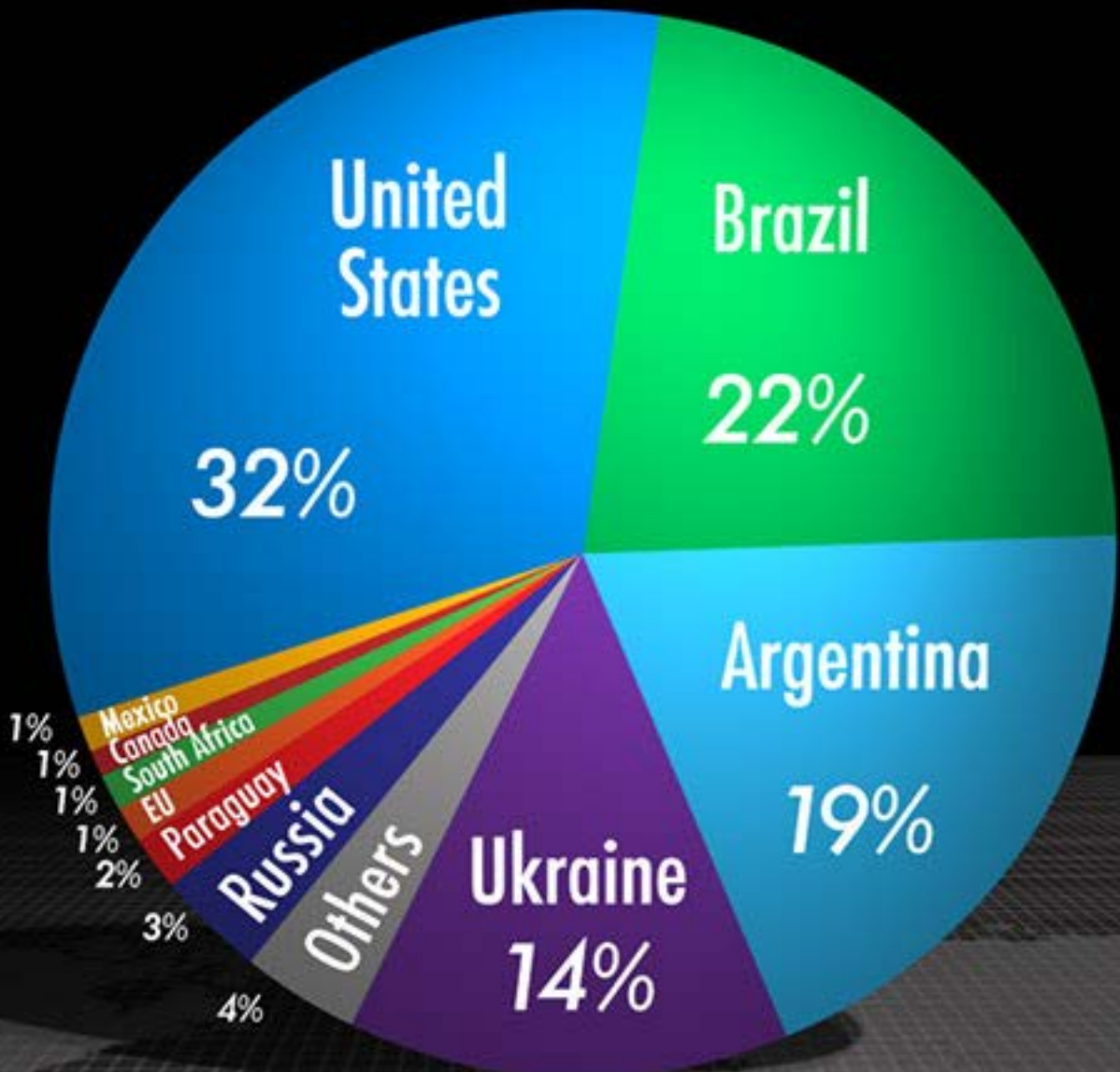
6-10 DAY OUTLOOK
PRECIPITATION PROBABILITY
MADE 23 MAR 2018
VALID MAR 29 - APR 02, 2018



Corn traders are juggling headlines about crop losses in Argentina, second-crop production in Brazil, possible trade wars and upcoming uncertainty surrounding an entire U.S. growing season. I'm starting to hear more talk that the Argentine corn crop has fallen to between 29 and 30 MMTs compared to the USDAs current estimate of 36 MMTs and last years crop of 41 MMTs. In other words, most suspect to see the Argentina number trimmed again by the USDA. Second-crop corn in Brazil looks to be in fairly good shape as widespread moisture has been beneficial. I am still keeping a longer-term eye on production in southern Brazil, where some sources believe conditions could become too dry. Looking ahead, I have to believe U.S. weather is going to start becoming a more major factor. The trade is eager to hear what the USDA has to report on Thursday in regard to Quarterly Stocks and Prospective Planting. From what I can gather, most are thinking both numbers could be viewed as bullish. U.S. new-crop planted corn acres probably come in a bit lower than the USDAs current estimate of around 90 million. Trade estimates currently range from between 87.5 and 91.0 million acres. I'm personally in the 88 to 89 million range, fully understanding the USDA might come in a bit optimistic early on, then look to trim it back a bit as we move forward on the calendar and learn more about the weather. Last year we planted 90.167 million acres of corn. Cooler soil temperatures and too much rainfall will be what the bulls are monitoring, as both conditions could create complications for new-crop corn. Peripheral corn belt states to the north, east and down into the Delta

will be highly monitored. They are more prone to shift across based on extremes. There's also going to be a lot of attention this week on headlines surrounding U.S. trade negotiations. I've heard that NAFTA talks have actually improved the past few days, so we could see a bit of a tailwind. I continue to look for strong U.S. demand to remain a driving force in the market. I remain a longer-term bull on lower global production and increasing global demand. Don't forget it's also a short trade week ahead of the Easter holiday.

Global Corn Exports %



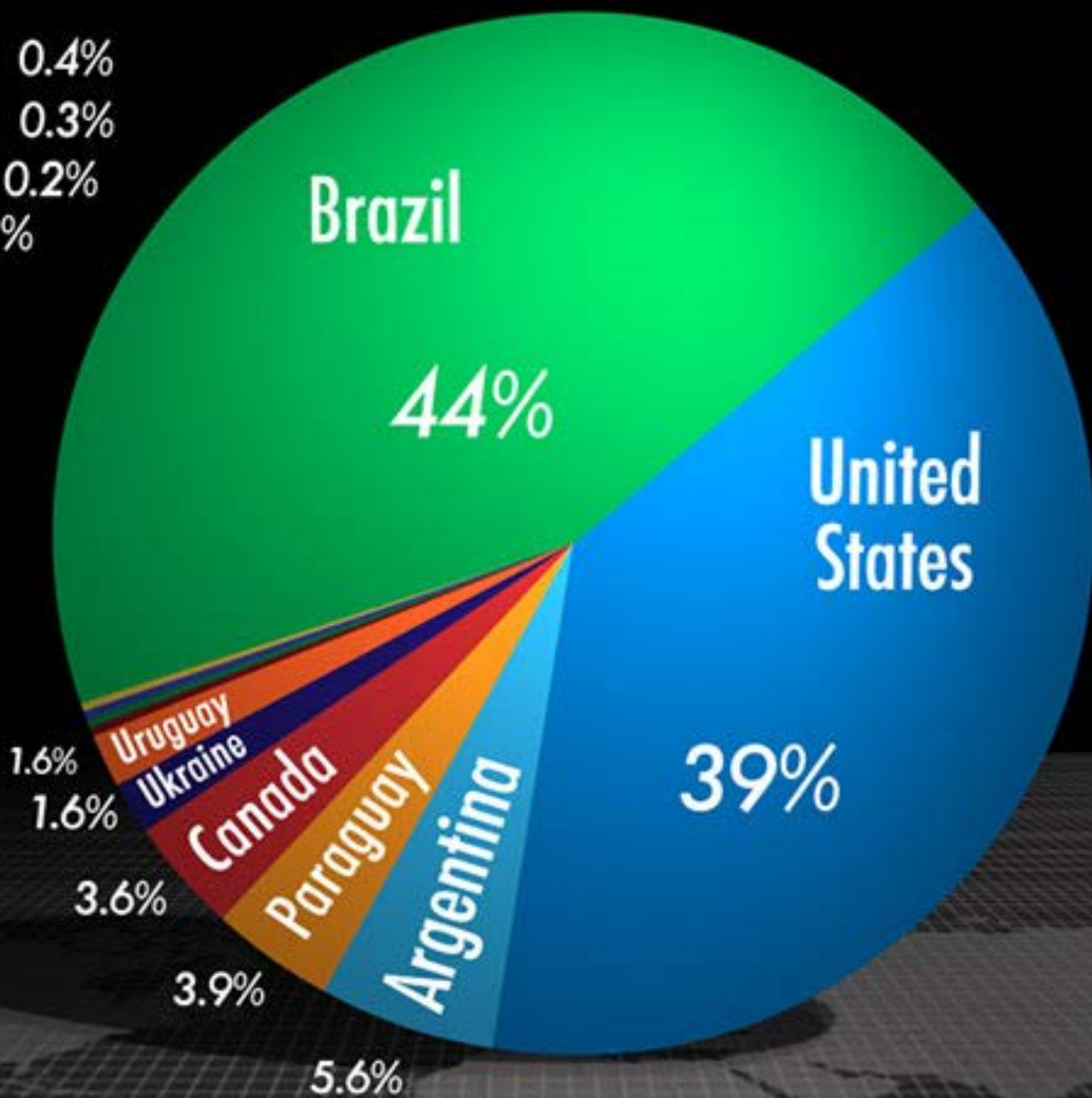
Source: USDA, FAS, PS&D, 03/23/18



Soybean prices fell by another -20 cents last week. The JUL18 contract is now down about -50 cents from its recent high set in early-March. The \$10.00 to \$10.20 level continues to provide strong nearby technical support. A close below \$10.00 could certainly spook a large portion of the bulls, so we need to be paying close attention. The USDA will be out Thursday with their highly anticipated Quarterly Stocks and Prospective Planting reports. Most inside the trade seem to be thinking the numbers will be a bit bearish with both U.S. March 1st quarterly stocks and U.S. planted new-crop acres being reported as record large. Most insiders believe U.S. new-crop planted soybean acres will end up between 90 and 92.5 million. Personally I'm still a bit uncertain, thinking it could go either way (89 to 91 million). Everyone is talking about more soybean acres, but what about the extra cotton and spring wheat acres? Maybe there won't be as many soybean acres as the trade is anticipating? For me it's just tough to tell this far out. I certainly understand the obvious and the fact soybeans pencil better, but as we've learned many times, there's always more to life than just the obvious. The other major wild-card is obviously fears surrounding Chinese trade retaliations. I've been hearing more talk over the weekend that a few Chinese soy import buyers were making contingent plans in case trade negotiations with the U.S. take a turn for the worse. Thoughts are, some Chinese buyers are already starting to source more rapeseed meal, DDG's and beans from Brazil in an effort to get ahead of the crowd should trade retaliation occur. On a positive note, I heard a few traders talking about tariffs on U.S. pork could create more Chinese demand for hogs coming out of Brazil. If that's the case, Brazil will need to keep more of their domestic meal for feed, which keeps more out of the global export marketplace. Meaning perhaps more sources looking back to the U.S. for supply? That's a lot of dots to connect, but I could see something like this playing itself out. The tariffs and trade renegotiations clearly create uncertainty and reshuffles the cards, I'm just not sure it's ultimately going to be as bad as everyone wants to believe. If the market were to break aggressively on the news or headline fears start to materialize, I will probably look to start nibbling and accumulating a few bullish positions. As of right now I'm staying patient on the sideline keeping my powder-dry. It's a short week in the market as we head into Easter. Meaning traders might want to rebalance and or eliminate risk ahead of the long holiday weekend and end of the month and end of the first quarter. Lots of moving parts this week...

Global Soybean Exports %

Others 0.4%
Bolivia 0.3%
Russia 0.2%
EU 0.1%

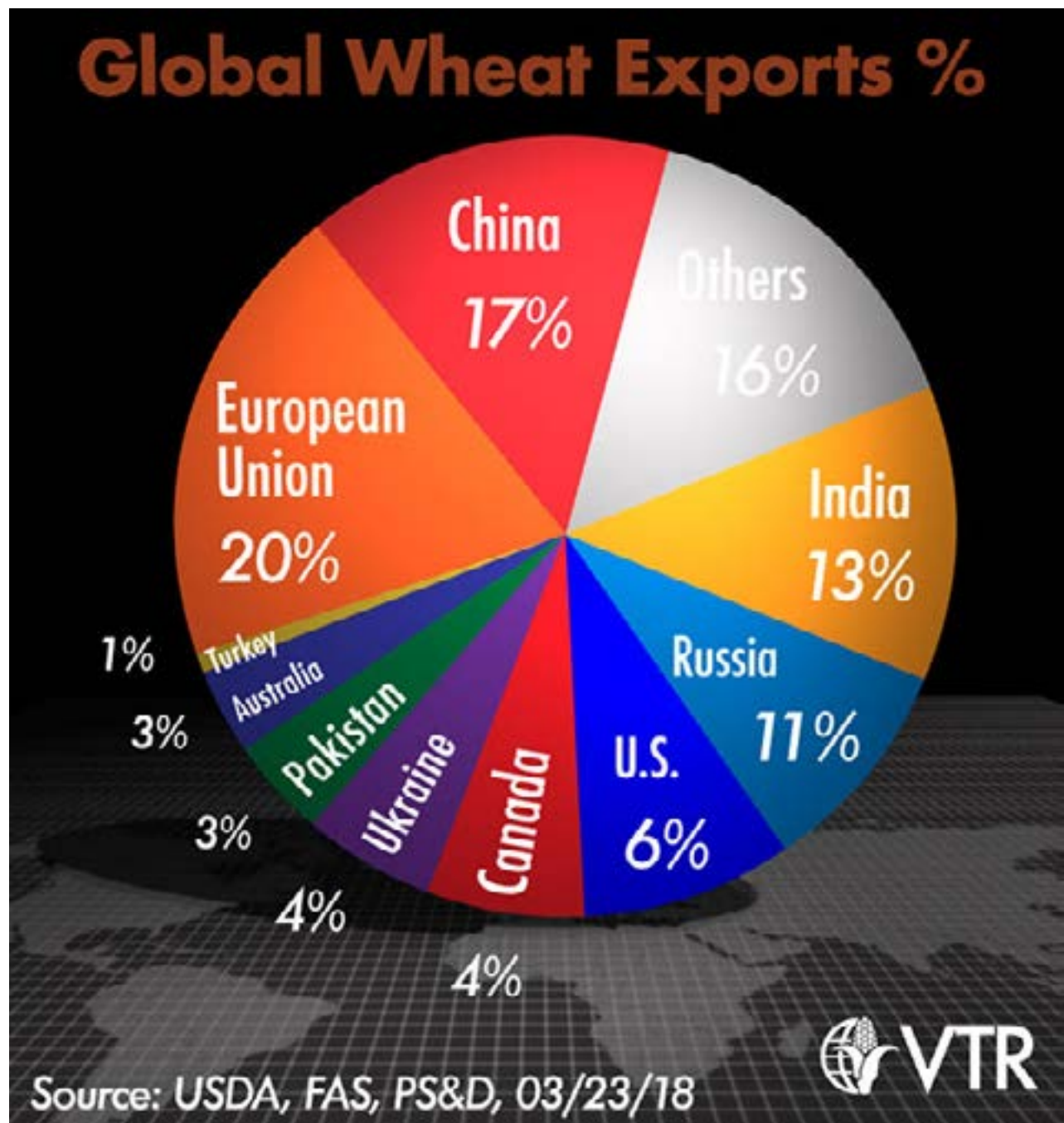


Source: USDA, FAS, PS&D, 03/23/18



Wheat prices are trying to find more stable ground after tumbling to two-month lows. Depending on the specific contract, various wheat markets have given back -30 to -70 cents since posting their recent highs in early-March. Rainfall across the U.S. has the bears believing crop-conditions are improving. There's also talk that overall trade perception could continue to improve on each subsequent forecast for rain. Bulls on the other hand continue to point towards key growing regions in the U.S. where the crop is still in very bad condition, and the extended forecast for key HRW areas remaining dry. There's also start-

ing to be more concern and talk about upcoming hiccups for Argentine wheat production, as well as extremely cold temperatures and wintery conditions in parts of Russia, the Black Sea region and portions of the European Union. Even though the Russian crop is expected to be -10 to -12 MMTs smaller than this past year, their exports are supposed to remain extremely strong. We are also seeing currency devaluations in exporting nations, which ultimately adds to the headwinds being created for U.S. exporters. We should learn a bit more after the USDAs update on Thursday. Most insiders are thinking quarterly stocks will be lowered a touch and Toal planted wheat acres will be a bit smaller than forecast back in early-February. Rather than the 46.0 million acres currently forecast, perhaps it's closer to 45.0 million acres. Spring wheat acres look as if they will be bumped a bit higher, rather than 11.0 million, perhaps something closer to 11.5 million acres. As a producer, I just don't see a nearby story that's going to move the trade aggressively higher outside of U.S. complications. As of right now the trade doesn't seem to believe U.S. problems are that widespread. As a spec, 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 an aggressive bull.



Cattle-on-Feed were reported well above last year, in fact the highest since 2008. Placements and marketings were also higher than the trade was anticipating. Several sources are now thinking cash cattle prices could fall by another \$-10 to -\$30 into summer. Rallies nearby could be short-lived, adjust accordingly.

Hogs and Pigs Report is scheduled to be released this coming Thursday. Most inside the trade are thinking we will see another round of record numbers. This has been fairly well advertised, so perhaps the hog market is ready to start searching for a nearby bottom.



> **Following the Money:** *The recent Commitments of Traders report released on Friday showed managed money: Long about 213,000 contracts of corn, which was down about -20,000 from the previous report; Soybean bulls are still long about 196,000 contracts (which was trimmed by about -13,000 from the previous report); wheat bears are still holding about 56,000 net-short positions in SRW wheat.*

> **New Wheat Strain Can Flourish In Sub-Saharan Heat:** *The International Centre for Research in the Dry Areas (Icarda), has developed a new strain of Durham wheat that can grow in the 100+ degree heat of the sub-Saharan basin. The so-called drylands cover more than 40% of the world's land surface and despite the challenges, remain huge centers of agriculture, supporting half the world's livestock. I understand that the new variety can be harvested in just 92 days and was the fruition of four years of trials and thousands of varieties. Icarda skipped gene editing and rather used advanced breeding techniques and its' unique seedbank to combine characteristics of both modern and ancient strains. (Source: Guardian)*

> **Farm Science Advocates Celebrate USDA's Funding Increase:** *The 2018 spending bill approved by Congress this week gives a slight but meaningful boost to the U.S. Department of Agriculture's (USDA's) research accounts. The bill gives a \$25 million, 6.7% increase, to \$400 million, to USDA's Agriculture and Food Research Initiative (AFRI). Advocates have been pushing Congress to increase AFRI's budget for years, and they welcomed this year's number—while noting it still falls short of a \$700 million goal for AFRI once set by Congress. (Source: sciencemag)*

> **New Fermentation Technology Improves Ethanol Production:** *New vacuum-flashing technology from the Integrated Bioprocessing Research Laboratory at the University of Illinois now provides a 10% increase in the use of corn solids in the fermentation process. The technology allows the removal of excess ethanol which typically builds up in the fermentor causing the process to slow. Researchers say they have sped up fermentation from 32 hours from the normal 48-72 which will allow plants to process more material with the same equipment. (Source: Herald-Whig)*

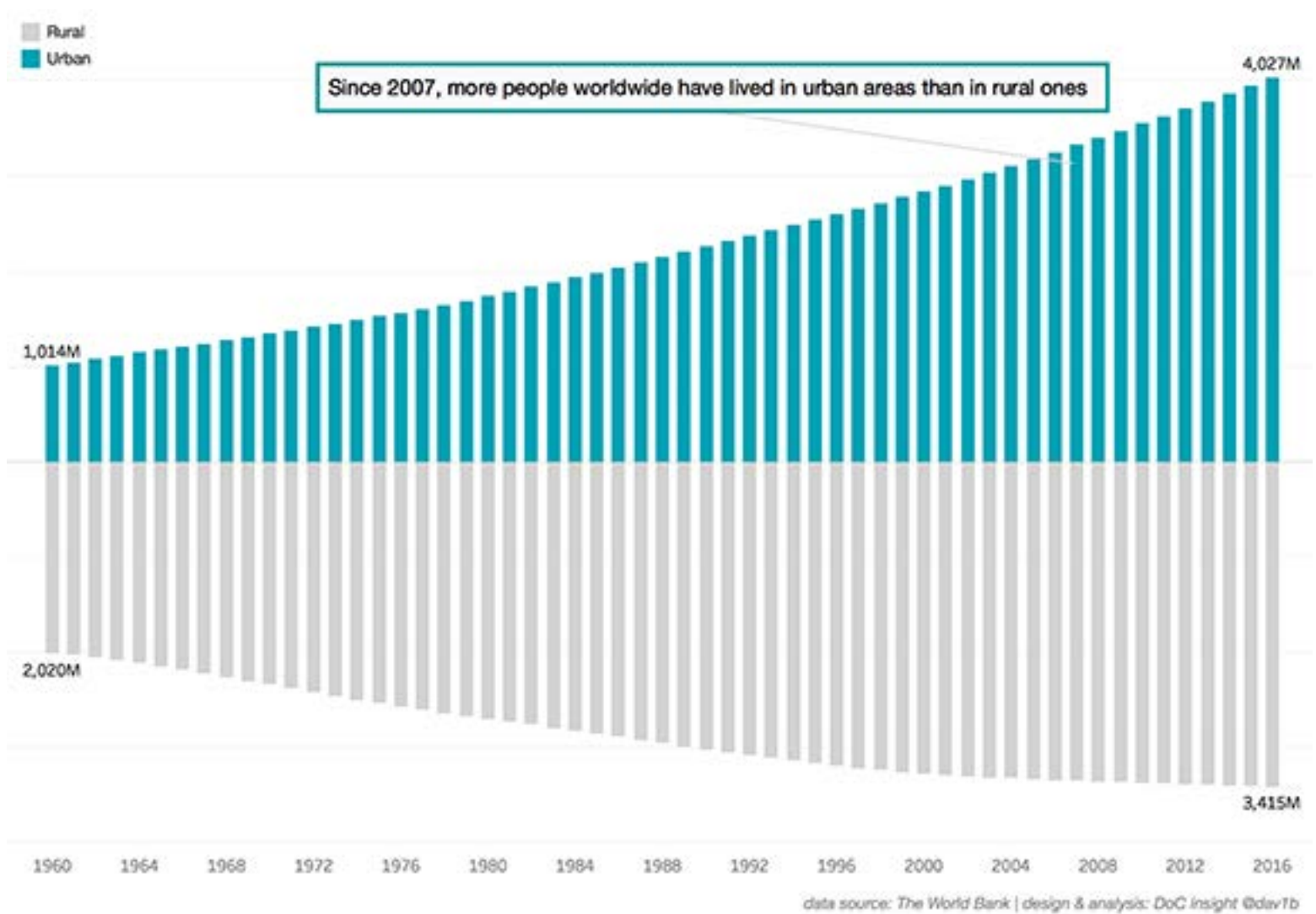
> Farmers Business Network Enters Canadian Space: Since crossing the border in January, FBN has signed up 200 farms on the Canadian Prairies, with the expectations of many more this year. If you were not yet aware, FBN lets growers share details on farm data including seed performances and chemical prices. The company is coming off a \$110 million round of funding from last fall, including investors like Google Ventures and Singapore's Temasek. Currently, over 6,300 U.S. farmers are making use of their services.

> Researchers Discover Salt Stress Reducing Gene In Rice: Around 20% of the world's irrigated land is considered to contain elevated concentrations of salt and that number isn't shrinking. Chinese scientists recently identified a gene that contributes to salt stress tolerance in rice and it is hoped will do the same for other crops. The gene, which they named *STRK1*, was introduced at higher levels into the plant and when challenged with salt, the plants were greener and larger than the non-transgenic control plants. According to researchers, the overexpression of *STRK1* in rice not only improved growth but also markedly limited the grain yield loss under salt stress conditions. (Source: [rdmag](#))

> Energy Sector Leads Estimated Earnings Growth: The market may be having trouble holding on to gains amid trade war fears and volatile sentiment every time the Fed comments about economic growth, inflation or interest rates, but you might be surprised to learn that the first quarter has seen unprecedented boosts in earnings estimates—the highest since 2011. Data compiled by [FactSet](#) shows that estimated earnings for the first quarter of 2018 have risen by 5.3% since 31 December—it's a market anomaly at a time you wouldn't expect and runs contrary to the usual reductions by analysts. Five years of data proves it: For 20 quarters past—that's five years in a row—earnings expectations have fallen by 3.9 percent on average during a quarter, FactSet says. Over the past decade, they've fallen by 5.5 percent on average. If the quarter ends on 31 March with earnings estimates up 5.3 percent, "it will mark the largest percentage increase in the bottom-up EPS estimated during a quarter since FactSet began tracking" in 2002. Perhaps surprisingly, given the fact that oil and gas seem particularly flat, the energy sector has had the largest increase in expected earnings growth since the start of the quarter—but it's still seen a 7-percent decrease in price. (Source: [oilprice.com](#))

> America's oldest gunmaker has filed for Chapter 11 bankruptcy after reporting negative operating cash flow as of March 25 of -\$7.4M. Like other gun manufacturers, Remington Outdoor saw sharp sales declines following the 2016 presidential election, as customers apparently saw less urgency to stockpile firearms. (Source: [SeekingAlpha](#))

> The Move Towards Urbanization: Thanks to drastic increases in crop yields and the falling need for manual farm labor, a mass migration towards cities started in the years following the Industrial Revolution. This phenomenon first originated in developed economies as people moved to work in factories that produced consumer goods at a scale never before seen. Then in the 1950s, developing economies started to follow suit. The results have been staggering, and today a country like China has at least 35 massive cities that each have an economic output comparable to entire countries. After many decades of urbanization, the portion of people living in urban areas has surpassed the total rural population. This happened in 2007, and we are now in the first window in human history in which more people are city dwellers. Check out a couple of interactive maps revealing the fastest growing cities in the world [HERE](#).



Westcentral South Dakota - We have good moisture levels at this time. It wasn't that long ago that we were dry coming out of winter. In our area there are lots of small grains along with the corn, millet and hay as well as some cow/calf operations and feed yards. Most of the folks in this area came through last season ok and are ready to roll in about a month. We are very diversified with our other businesses but could sure use some help with the prices. If the weather will just offer up a little better conditions this summer we should be just fine. Not taking on any new acres at this point.

Western Tennessee - We are part of operations that grow corn, beans, cotton and rice. We had the best corn production year in our history as yields topped 200bpa - we are all irrigated. We rotate all our acres and we feel that helps our soil conditions immensely. We are hearing that there will be more beans going in the ground but not for us due to the rotation. Everyone in our area came through last year ok but would sure like to see prices

rise a bit. Rents down here range from \$150-\$250 if the ground is pristine. We did have an auction the other day where prices hit \$6,000 which is tipping the scales to the high side for us.

Westcentral Illinois - We are expecting some moisture this week and will need it heading into planting. Yields were good last year and we had fields hit 282bpa corn with averages near 250. The beans hit 70bpa and we have everything priced from last year. I have some concerns with the younger guys I see picking up more and more land at prices I know are not sustainable. I'm hoping they will heed some good advice and slow down on acquiring acres for the time being. If weather allows we will be in the field in about three weeks.



Check Out The \$506 Billion The US Imported From China In 2017: Quartz did a great job gathering import data from the US Census Bureau comprising 11,741 hierarchical product categories, the amount imported, and the tax assessed. Every product the US buys at least \$1 million worth from China is shown below through the lens of the Harmonized System, the international standard for categorizing and taxing traded goods. Click [HERE](#) to see some great graphics and read the full story.

Could Shoelaces Soon Be A Thing Of The Past? The most technologically advanced shoe in the world is an unassuming thing. It has a mesh upper, an inoffensive white sole and its proportions are vaguely sporty, but not overly so. It's like something a sensible relative would wear for a game of tennis. Yet step into the Nike HyperAdapt and a pressure sensor in the heel will detect your presence, a motor in the sole will begin whirring and a network of cables will tighten over the bridge of your foot. In short, it's a self-lacing shoe, and it's the first commercially available model of its kind. Read more [HERE](#).










Militaries New Incapacitating Weapons Project: For the U.S. Department of Defense (DoD), killing people isn't all that complicated. A budget of more than \$600 billion per year buys a whole lot of tanks, guns, and bombs. But not killing someone proves to be a bit more complicated. How about just stunning them a bit from far away? Or maybe setting their clothes on fire without having to look them in the face? See a quick video and read more [HERE](#).

Demand For American Sperm Skyrockets In Brazil: With "jewel-tone eyes," blond hair and a "smattering of light freckles," Othello looks nothing like most Brazilians, the majority of whom are black or mixed-race. Yet the "Caucasian" American cashier, described in those terms by the Seattle Sperm Bank and known as Donor 9601, is one of the sperm providers most often requested by wealthy Brazilian women importing the DNA of young U.S. men at unprecedented rates. Read more [HERE](#).

New FDA Requirements For Restaurants: A new rule requiring restaurant chains to list calories for their alcoholic drinks poses a conundrum for makers of beer, wine and booze: Will drinkers change their habits? Starting in May, the Food and Drug Administration will require chains like Applebee's and TGI Fridays to list calories next to all their menu items. That includes alcohol. It's the first time restaurants across the country will be required to list the caloric content of alcoholic beverages, though some outlets in states like New York and California already do so.

Packing a Punch

Calorie counts for alcohol will soon be mandatory at chain restaurants across the U.S. Here is what is in some favorites:

DRINK	CALORIES
Applebee's 'Perfect' Margarita	310 
Chili's Premium Long Island Iced Tea	290 
Gordon's London Dry gin and Schweppes tonic	202 
Lagunitas IPA	190 
Bud Light	110 
Blossom Hill Californian White	105 
Smirnoff No. 21 Red vodka and club soda	98 
Johnnie Walker Black Label on the rocks	98 
Campo Viejo Rioja	97 

Note: Calories per standard drink

Sources: Drinkaware (an industry funded U.K. alcohol education nonprofit), Chili's, Dr. Pepper Snapple Group, Applebee's, Diageo



Walmart Files Farm Drone Patents...

Walmart's patent filings hint that it may see a future where farmers use its drones to not only spot crop problems but selectively apply chemicals or even disperse pollen to bring shoppers the freshest and cheapest food possible. The world's largest retailer applied for six patents last year on drones that aim to prevent damage to crops, control pest attacks on farms and cross-pollinate plants, according to U.S. Patents and Trademark Office documents. Groceries make up 56% of the company's total revenue and Walmart may see drone technology as one way to get food from farms to store shelves faster and more cheaply to compete with Amazon.com Inc. In one application, Walmart seeks to patent a system that would use drones to identify crop-damaging pests and then dispense insecticides on the problem areas. Another patent suggests the use of drones carrying pollen dispenser to successfully pollinate crops. Walmart previously applied for a patent involving drones that could monitor crops' growing conditions and send data to stores about when and from where produce might arrive. So far, Walmart has so far applied for 46 patents for using drone technology, mostly to facilitate its delivery and logistics operations, or for use within warehouses to do things such as track inventory. Walmart's patent applications stand out to us as it indicates the company sees greater potential to address problems on farms, rather than simply spot them. These environmental-focused initiatives can be attractive to consumers. Walmart is trying to court more urban, higher income and health conscious shoppers for their online grocery business. To do this, the company could require suppliers to buy food from farmers who use agricultural technology to reduce chemical usage on crops. It is important to remember, the retailer applies for dozens of patents a year and many do not result in commercial products. However, the series of six applications indicates Walmart is looking into farming more seriously. (Source: Reuters)

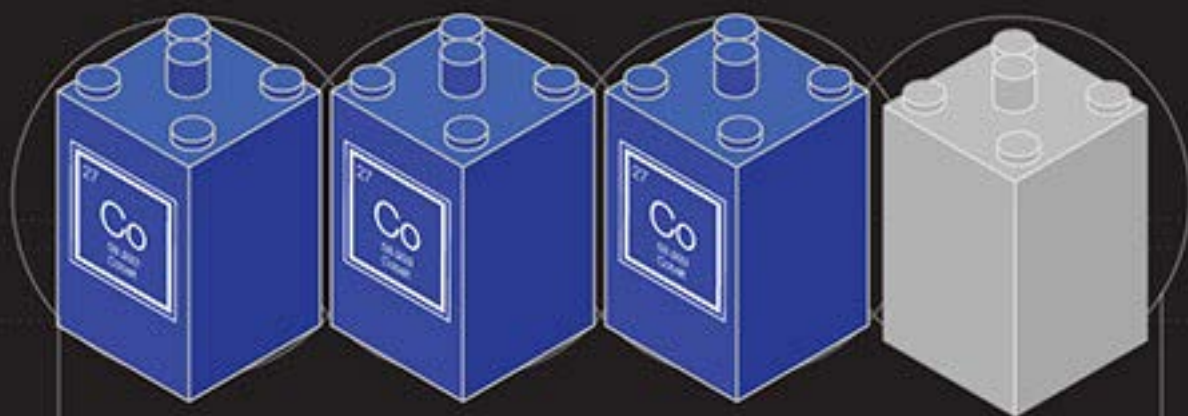




Why Investors Are Interested In Cobalt and Lithium

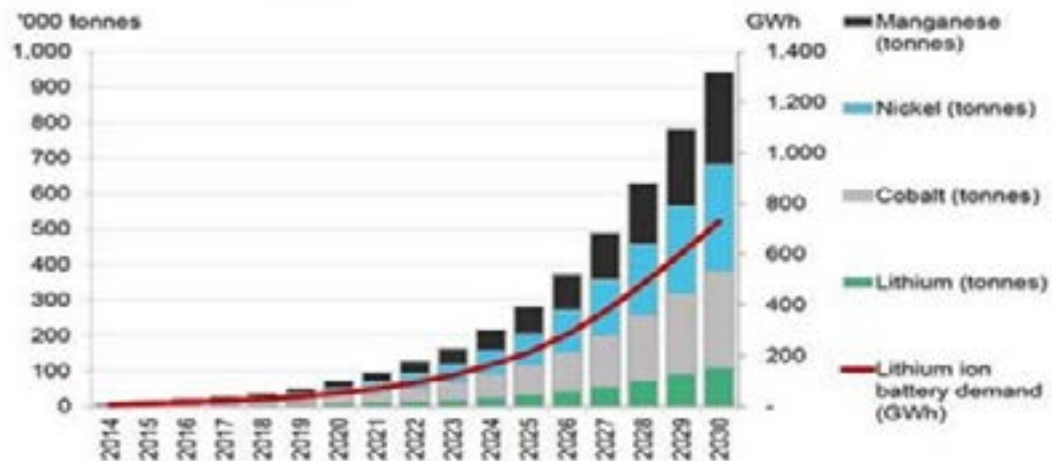
Metals have become a huge deal in batteries that power electric vehicles. Billions in capital is now needed to support resource extraction. I am constantly being asked, where are we going to get all of the energy to power these alternative vehicles? From what I've learned the past couple of years, the world's cobalt and lithium markets are going to go from minor to major players in the next decade. Keep in mind, both cobalt and lithium prices have already doubled during the past 24-months on speculation of increasing demand. Several reports now circulating show electric vehicle sales have pushed to over +1 million per year, with many suspecting we will be closer to +2 million per year in 2019. By 2040, more than half of global auto sales will be electric vehicles, compared with 1 percent last year. Lithium hydroxide, which many believe will continue to be the preferred ingredient for making batteries moving forward, has pushed to beyond +\$20,000 per metric ton. Battery demand accounts for about 40% of the lithium market, and the consensus view is that the market will quadruple in size, with batteries accounting for 60% to 70% of demand by 2025. Demand for cobalt appears to be more elastic because it's easier to replace in the chemical recipe. Insiders argue that we currently need about 30% cobalt in the mixture to make batteries. In the next decade, a nickel-manganese-cobalt blended battery could cut the cobalt demand from 30% down to 10%. Cobalt is actually a byproduct of copper and nickel mining, but only a few places produce meaningful quantities. More than +60% of the world's cobalt supply currently comes from the Democratic Republic of Congo, an impoverished country in central Africa mired in corruption scandals and political unrest. Considering they currently control about 1/3rd of the world's global cobalt supply, the market is highly susceptible to a shortage. Let's also keep in mind smartphones

use about eight grams of refined cobalt, while the battery for an electric vehicle requires over 1,000 times that. To provide an example, the Dominican Republic of Congo produced 66,000 metric tons of cobalt in 2016, which was far ahead of China, the world's second largest producer at 7,700 metric tons. With all of this hype, it seems like many are becoming more interested in ways to invest. I've heard some of my friends are actually trading Cobalt futures on the London Metal Exchange under the ticker (CO). These futures began trading in early 2010 and are quoted in US dollars per tonne. Another way people are playing the cobalt story, is by finding ways to invest in companies that are mining copper and nickel. If they are having luck finding and extracting copper and nickel, odds are they might be able to get their hands on the cobalt. Mining giant Glencore (GLCNF) is actually one of the leading global producers of cobalt. Lithium on the other hand isn't traded on any major exchange, and doesn't have futures contracts or swaps. The world's biggest lithium producer, is a company in Chile's called "SQM," which is also a major producer of chemicals and fertilizer, so therefore not a pure lithium play. Here in the U.S., a Louisiana-based company called "Albermarle Corp", which trades under the stock symbol "ALB" on the New York Stock Exchange, is another lithium producer, but a company that also produces chemicals. There are also some penny stocks based on smaller producers in Australia who seem to be pioneering by using hard-rock mining, as opposed to the more usual method of extracting it from evaporated brines, the method used most commonly in Chile. I have also heard there's an Exchange Traded Fund called the Global X Lithium ETF (LIT) that could provide some lithium exposure. Bottom-line, I just wanted to educate and update our readers. There's been a lot of hype floating around and I wanted to add some facts. I would be cautious if investing in this space. Not only could you be a bit late to the party, but it might be difficult to differentiate the noise from the music. I suspect most every story will sound incredibly promising. Personally, I only have a small investment in Albermarle (ALB). The stock had traded up to \$140 per share, then started tumbling in price. I began buying a few shares sub-\$100. I am currently holding a loser...



By 2020, it is expected that
75% of lithium-ion batteries
will contain cobalt.

Cobalt Demand



Demand for Cobalt is expected to soar with the growth of EV Lithium ion batteries

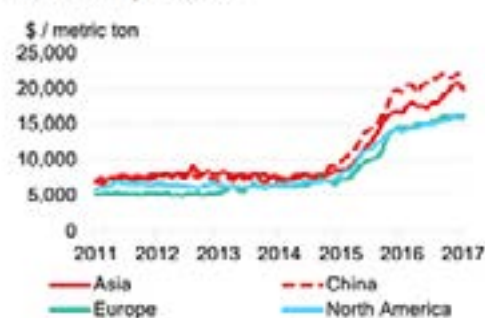
Lithium and cobalt prices

China Shanghai Cobalt



Source: Antaike Information Development Co., Bloomberg

Lithium hydroxide



Source: Benchmark Mineral Intelligence

New American Football League Being Formed

Silicon Valley billionaire and head of the Founders Fund, Peter Thiel is partnering with Charlie Ebersol, former NFL star Jared Allen and a few others to start a new football league called the Alliance of American Football. The group will officially launch the league the week after Superbowl 53 in 2019. From what I understand, the new league will consist of eight 50-man teams, playing a 10 game schedule in yet to be determined cities. You may wonder if there is a need for another professional football league and if it stands a chance to succeed? I'm told that Ebersol and his backers are claiming the Alliance will offer increased player safety along with a more convenient fan experience through live streaming of games as well as promising to have games finished in two-and-a-half hours, 60% fewer commercials, no TV timeouts and an innovative approach to broadcasting. The league is taking player safety seriously as they will feature no kickoffs, with the ball be-

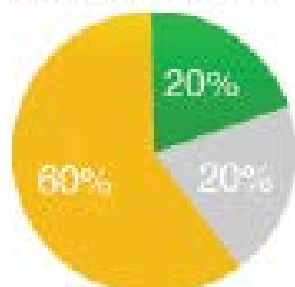
ing placed at the 25-yard line. The play clock will only be 30 seconds and each touchdown will be followed by a two-point conversion. On top of that, Ebersol plans to incorporate Fantasy Football and a major media plan into the league. The hope is that many of the 59 million people that play Fantasy Football will want to keep the juices flowing. Adding even more legitimacy to the league, CBS has signed on as the official TV partner and will host the inaugural game as well as the year-end Championship. It looks like most of the 400 players will come from those not making NFL teams, with the hopes to uncover hidden gems like Kurt Warner. Interestingly, teams will have the right to draft players who played college football in their local market, similar to the territorial pick system that existed in the early days of the NBA. Not only is the Alliance planning on entering the market but there is a group of investors led by WWF's Vince McMahon, who are bringing back the old XFL in 2020. It will certainly be interesting to watch the new leagues use technology along with disrupting the current broadcast methods as they seek to disrupt the football scene. Considering the names and the money involved, I suspect we are in for a whole new look in the production of professional football, and I can't wait to see how the NFL responds. (Source:cnbc, sportingnews, si.com)



CASH SALES & HEDGING TOTALS

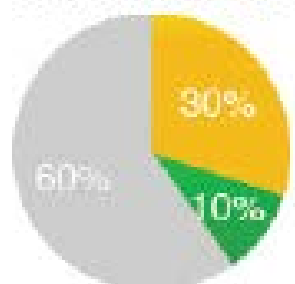
CORN 2017 CROP

60% SOLD
20% HEDGED
20% UNPROTECTED



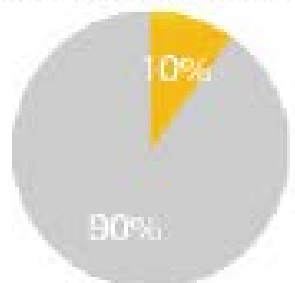
CORN 2018 CROP

30% SOLD
10% HEDGED
60% UNPROTECTED



CORN 2019 CROP

10% SOLD
0% HEDGED
90% UNPROTECTED



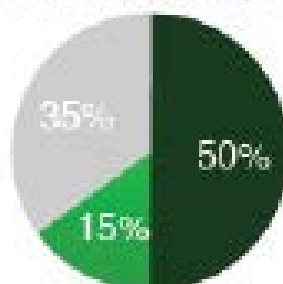
SOYBEANS 2017 CROP

95% SOLD
0% HEDGED
5% UNPROTECTED



SOYBEANS 2018 CROP

50% SOLD
15% HEDGED
35% UNPROTECTED



SOYBEANS 2019 CROP

0% SOLD
0% HEDGED
100% UNPROTECTED



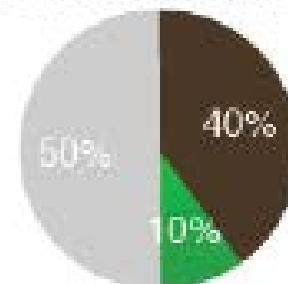
WHEAT 2017 CROP

100% SOLD
0% HEDGED
0% UNPROTECTED



WHEAT 2018 CROP

40% SOLD
10% HEDGED
50% UNPROTECTED



WHEAT 2019 CROP

20% SOLD
0% HEDGED
80% UNPROTECTED

