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GOOD MORNING: 05/11/17 Farm Direction - VanTrump Report

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"One of the keys to moving ahead is knowing what to leave behind." - Unknown

THURSDAY, MAY 11, 2017

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Morning Summary: Investors seem unnerved by the headlines out of Washington, with Trump firing FBI director James Comey and Congressional Democrats voicing strong threats and opposition. Some stock market insiders are worried the recent actions could derail Trump's ability to implement his teams agenda, in particular tax reform and infrastructure spending which has taken a backseat as lawmakers focus on healthcare reform. There are some concerns that if confidence in President Trump starts to further deteriorate it could make it tough for his team to gain enough support to push their pro-growth policy ideas through Congress. In fact U.S. Commerce Secretary Wilbur Ross is now saying U.S. GDP growth will probably not achieve its +3% target until 2018, once the full Trump pro-growth agenda is implemented. The fear is with stock valuations trading much higher the market may start to require some political tailwind to keep values justified and well supported. If relations in Washington seem stressed or strained it might be tougher to find those supportive headlines. The "wall of worry" is clearly not elevated at the moment and there's very little on the calendar in the coming weeks, but we still have unresolved geopolitical risk in the way of North Korea moving forward with its nuclear program; tensions with Iran and Russia; complications inside Syria; and continued uncertainties surrounding ISIS. Today here at home it will be very quiet in regard to economic data with only Weekly Jobless Claims and the Producer Price Index set for release. Earnings continue to lend a high level of support to stocks right now, with a solid majority, some 78% of S&P 500 companies beating analyst expectations. Per share growth in the index is on track to grow +13% this year, the best in many years. A few key releases scheduled for today include CA Technologies, Enbridge, Kohls, Macy's, Nissan, Nordstrom, Panasonic, Petrobas, Prestige Brands and Subaru. The only Fed official speaking today is New York Fed President William Dudley who will be speaking on globalization. Yesterday, Boston Fed President Eric Rosengren voiced an interesting concern that the U.S. Federal Reserve is at risk of moving too slow and in turn letting the economy "overheat". In fact, Rosengren thinks the central bank should raise interest rates three more times this year, rather than just the two more times the Fed has indicated. Keep in mind that Rosengren has traditionally been a staunch "dove" when it came to Fed policy, so his very "hawkish" attitude is garnering major attention amongst some of the big-money players. Rosengren also said Wednesday that he expects above-potential growth over the next year, pushing unemployment even lower. I'm hearing similar comments from several insiders who say the U.S. labor market is really starting to heat up. Internationally, Bank of England will announce their latest policy decision as well as releasing updated forecasts for the UK's economy. Officials are not expected to change rates. There's also a G7 meeting coming up in Bari, where leaders will focus on issues including international taxation, cyber security, better coordination of global financial institutions and ways to fight inequality. I should also note that oil prices enjoyed their biggest one day gain of the year yesterday jumping by +3% after the EIA revealed U.S. crude stocks fell by -5.2 million barrels last week. Bulls are also pointing to the fact both Iraq and Algeria are saying they agree with Saudi Arabia in supporting an extension to OPEC supply cuts. Oil prices are a bit higher again this morning but still remain down double-digit year-to-date.

Goldman...This May Become The Longest Economic Expansion In History:

Goldman Sachs economists said in a recent note that there is now a two-thirds chance that the recovery will be the longest on record. The current expansion has already lasted 95 months, now the third-longest in U.S. history in 33 business cycles going back to 1854, the economists said. "Only the expansions from March 1991 to March 2001 [120 months] and from February 1961 to December 1969



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1991 to March 2001 [120 months] and from February 1991 to December 1997 [106 months] were longer," they wrote. The Goldman economists also say the medium-term risk of a recession is rising, "mainly because the economy is at full employment and still growing above trend." They define a recession as a quarter of negative growth. "The most obvious way to keep risk from rising much further would be a slowdown of output and employment growth to a trend pace before too long," the economists wrote. This would require more Federal Reserve tightening than is currently priced in the bond market. Goldman economists also highlighted the April employment report, which showed the U.S. created 211,000 jobs, saying they see the potential for the labor market to overheat. (Source: CNBC)

UPDATE - Snapchat Earning Disappoint Wall Street: I was long SANP stock going into their first earnings report yesterday and watched the double digit gains I had accumulated evaporate as the stock tumbled from around \$23 per share down to sub-\$18 per share, where I added a bit more. The company showed a loss of around \$2.2 billion in the first quarter. At first glance that's a massive hit, but from what I understand about \$2 billion of that was related to stock expenses hitting the books that were allocated to employees after the IPO. Yes, they still lost over -\$150 million in three-months, but I knew they were going to be losing money when I invested in the stock. Similar to Amazon in the early years, I'm not looking for managed money to invest or push this stock higher because of their current earnings, but rather invest in their "innovation" and potential down the road. Keep in mind both Facebook and Twitter's first reports were considered big Wall Street misses. I personally see SNAP as a bird of a completely different color when compared to Facebook or Twitter. One reason is because the company approaches social networking so much differently. Instead of emphasizing the number of people users know, Snapchat focuses on fewer connections and the quality of friends on the network. Yet with Wall Street analyst and others using Facebook as the benchmark, I suspect the comparisons for Snap will be tough in the early days. While SNAP said its number of daily users had increased to 166 million in the first quarter, up 36% from a year ago, that was down from 53% growth in the first quarter of 2016. Revenue for the quarter was reported at \$149.6 million, almost four times as much as a year ago, but fell short of Wall Street estimates of \$158.6 million. As for now I'm holding my position and keeping a longer-term approach, despite the fact short-interest in SNAP has now exceeded \$100 million and some analyst have downgraded the stock saying it could fall to sub-\$10 per share.

Each States' Top Trading Partners: Last year, American companies sold \$2.2 trillion worth of goods and services to buyers in other countries, and American companies and consumers purchased \$2.7 trillion worth of imports from trading partners all around the world. Together that volume of international trading activities represented 26 percent of the value of America's \$18.5 trillion in GDP in 2016. In terms of employment, more than 27 million American workers, about one-in-five, have jobs that are directly supported by our trade with the rest of the world. The two maps below show each state's top country trade partners in 2016, based on the total dollar value of exports and imports from and to each state last year. More than one-third of U.S. trade took place last year with our top three trade partners - Canada, Mexico and China. (Source: AEI)



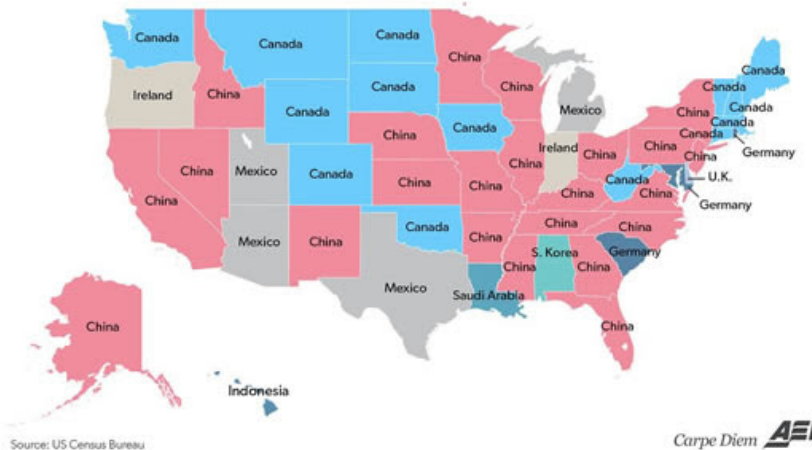
Today In History



1934, Dust Bowl - A massive storm sends millions of tons of topsoil flying from across the parched Great Plains region of the United States as far east as

New York, Boston and Atlanta. At the time the Great Plains were settled in the mid-1800s, the land was covered by prairie grass, which held moisture in the earth and kept most of the soil from blowing away even during dry spells. By the early 20th century, however, farmers had plowed under much of the grass to create fields. The U.S. entry into World War I in 1917 caused a great need for wheat, and farms began to push their fields to the limit, plowing under more and more grassland with the newly invented tractor. The plowing continued after the war, when the introduction of even more powerful gasoline tractors sped up the process. During the 1920s, wheat production increased by 300 percent, causing a glut in the market by 1931. That year, a severe drought spread across the region. As crops died, wind began to carry dust from the over-plowed and over-grazed lands. The number of dust storms reported jumped from 14 in 1932 to 28 in 1933. The following year, the storms decreased in frequency but increased in intensity, culminating in the most severe storm yet in May 1934. Over a period of two days, high-level winds caught and carried some 350 million tons of silt all the way from the northern Great Plains to the eastern seaboard. According to The New York Times, dust "lodged itself in the eyes and throats of weeping and coughing New Yorkers," and even ships some 300 miles offshore saw dust collect on their decks. Another massive storm on April 15, 1935-known as "Black Sunday"-brought even more attention to the desperate situation in the Great Plains region, which reporter Robert Geiger called the "Dust Bowl." That year, as part of its New Deal program, President Franklin D. Roosevelt's administration began to enforce federal regulation of farming methods, including crop rotation, grass-seeding and new plowing methods. This worked to a point, reducing dust storms by up to 65 percent, but only the

Top Import Country for Each U.S. State (2016)



Top Export Country for Each U.S. State (2016)



Weather saw a storm system centered over the Southwest drift eastward, resulting in a band of active weather that reached the water-logged parts of Missouri and Illinois. Meanwhile, mostly dry weather prevails in the western production areas of the Corn Belt. Planting activities continue at a rapid pace across the far upper Midwest, but significant fieldwork delays persist in the southern and eastern Corn Belt. On the Plains, scattered, locally heavy showers are maintaining generally favorable conditions for rangeland, pastures, winter wheat, and emerging summer crops. On May 7, rangeland and pastures in good to excellent condition ranged from 49% in South Dakota to 80% in Nebraska. In the South, dry weather continues to promote fieldwork, except in areas where lowland flooding persists. Arkansas led the region with topsoil moisture rated 76% surplus on May 7. In stark contrast, topsoil moisture in Florida was rated 64% short to very short. Florida also led the nation with 45% of its pastures rated in poor to very poor condition. Looking forward, five-day rainfall totals could reach 1 to 3 inches, with locally higher amounts, from the central Plains into the Mid-Atlantic States.

More Possible Flooding for Midwest: *Parts of the waterlogged Midwest, including Missouri, Arkansas and Illinois, will see additional rainfall Wednesday through Friday on top of the already saturated grounds. While rainfall totals won't be overly abundant, a broad swath of 1 to 2 inches of rain is possible from eastern Colorado to Kansas, Missouri, northern Arkansas and portions of the Ohio Valley. Isolated areas could see up to 3 inches of rain by Friday. If thunderstorms stall or move too slowly over any one area, flash flooding could become a concern given the recent heavy rains across the Midwest.*

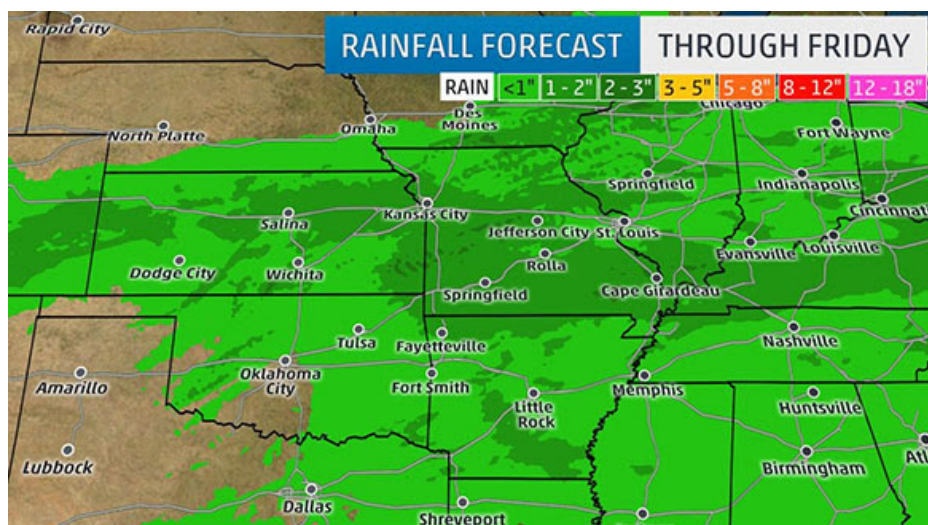
end of the drought in the fall of 1939 would truly bring relief.



1947, Tubeless Tires - The B.F. Goodrich Company of Akron, Ohio, announces it has developed a tubeless tire, a technological innovation that would make automobiles safer and more efficient. Pneumatic tires—or tires filled with pressurized air—were used on motor vehicles beginning in the late 1800s, when the French rubber manufacturer Michelin & Cie became the first company to develop them. For the first 60 years of their use, pneumatic tires generally relied on an inner tube containing the compressed air and an outer casing that protected the tube and provided traction. The disadvantage of this design was that if the inner tube failed—which was always a risk due to excess heat generated by friction between the tube and the tire wall—the tire would blow out immediately, causing the driver to lose control of the vehicle. The culmination of more than three years of engineering, Goodrich's tubeless tire effectively eliminated the inner tube, trapping the pressurized air within the tire walls themselves. By reinforcing those walls, the company claimed, they were able to combine the puncture-sealing features of inner tubes with an improved ease of riding, high resistance to bruising and superior retention of air pressure. While Goodrich awaited approval from the U.S. Patent Office, the tubeless tires underwent high-speed road testing, were put in service on a fleet of taxis and were used by Ohio state police cars and a number of privately owned passenger cars. The testing proved successful, and in 1952, Goodrich won patents for the tire's various features. Within three years, the tubeless tire came standard on most new automobiles. The radial-ply tire, a tubeless model with walls made of alternating layers—also called plies—of tough rubber cord, was created by Michelin later that decade and is now considered the standard for automobiles in all developed countries.



1949, Marie Besnard - The body of Leon Besnard is exhumed in Loudun, France, by authorities searching for evidence of poison. For years, local residents had been suspicious of his wife Marie, as they watched nearly her entire family die untimely and mysterious deaths. Law enforcement officials finally began investigating Marie after the death of her mother earlier in the year. Marie married Leon in August 1929. The couple resented the fact that they lived relatively modestly while their families were so well off. When two of Leon's great aunts perished unexpectedly, most of their money was left to Leon's parents. Consequently, the Besnards invited Leon's parents to live with them. Shortly after moving in, Leon's father died, ostensibly from eating a bad mushroom. Three



Corn traders are digesting the latest USDA numbers while keeping an extremely close eye on U.S. weather. Keep in mind there is still approximately +45 million acres here in the U.S. that is in the pipeline and scheduled to get planted. The question the bulls are asking is how many acres will not get planted? I've already heard some talk of the current acreage estimate needing to be shaved by -1.0 to -2.0 million. I said months ago that U.S. soybean planted acres would ultimately end up being more than corn planted acres and I'm sticking to my early thoughts. I think planted corn acres could ultimately dip down to around or just below 88.5 million. I suspect soybean acres will be north of that number. As for yesterday's USDA estimates, they have total new-crop production lower than last year by about -1.0 billion bushels on both fewer planted acres and a lower projected yield. Even though U.S. new-crop ending stocks were forecast lower by -185 million bushels, ending stocks are still burdensome just north of 2.1 billion bushels. As for U.S. demand, food, seed, and industrial (FSI) use is projected to jump higher by +80 million bushels, primarily on a +50 million bump in corn used to produce ethanol. On the flip side, feed and residual is forecast -75 million bushels lower than last year. Unfortunately U.S. corn exports are also projected lower by a whopping -350 million bushels, due to huge jump in the combined exports forecast coming out of Brazil and Argentina. Brazil corn production for 2016/17 is now estimated at a record setting 96.0 MMTs, up +2.5 MMTs from last month and up a crazy +43% from last year. Estimated harvested area in Brazil is up about +9% from last year while yield is up about +31%. Last year's low yield was primarily due to dry weather that severely impacted second-crop output. Remember, Brazil has two seasons for corn production. First-crop corn is planted in September and harvested in March. A much larger second-season crop is now planted after the early season soybean harvest, typically from January to March and begins to be harvested in June. From what I understand most areas have seen fairly cooperative weather for their second-crop production. There's some talk about some hiccups to the north but the trade is giving it very little consideration. Bulls were a touch excited to see new-crop global ending stocks in 2017/18 well below the estimates for 2016/17, but a lot of that data is based on lower production numbers and the belief we are going to see much lower yields globally than harvested this past season. I'm not disagreeing I'm just saying there's a ton of time and a lot of unknowns cooked inside those numbers. As a producer I'm still looking for the next leg higher as an opportunity to reduce more new-crop risk. As a spec I still feel we are range-bound. Technically the old-crop JUL17 contract continues to show strong resistance in the \$3.80 to \$3.90 range. While the DEC17 new-crop contract continues to struggle breaking out beyond the \$3.95 to \$4.05 range. Keep in mind new-crop prices haven't trade north of \$4.05 since last June. It would be nice if we could catch a little bullish macro tailwind, which might create enough movement and momentum to push us back above those previous highs. I'm not holding my breath but am staying patient in regard to pricing more bushels.

Corn & Soybean Yields: Below is another great graphic from our friend John Newton, Ph.D., Director of Market Intelligence, over at [Farm Bureau](#). As you can see from the data, the USDA is currently forecasting the average U.S. new-crop corn yield above trend at 170.7 bushels per acre. The USDA is also forecasting the U.S. new-crop soybean yield above trend at 48.0 bushels per acre.

months later, his widow also died and neighbors began chatting about a Besnard family jinx. The inheritance was split between Leon and his sister, Lucie. Not so surprisingly, the newly rich Lucie died shortly thereafter, supposedly taking her own life. Becoming increasingly greedy, the Besnards began looking outside the family for their next victim. They took in the Rivets as boarders, who, under the Besnards' care, also died abruptly. No one was too surprised when the Rivets' will indicated Marie as the sole beneficiary. Pauline and Virginie Lallerone, cousins of the Besnards, were next in line. When Pauline died, Marie explained that she had mistakenly eaten a bowl of lye. Apparently, her sister Virginie didn't learn her lesson about carelessness, because when she died a week later, Marie told everyone that she too had inadvertently eaten lye. When Marie fell in love with another man in 1947, Leon fell victim to her poisoning as well. Traces of arsenic were found in his exhumed body, as well as in the rest of her family's corpses. But Marie didn't let a little bit of pesky evidence get in her way. She managed to get a mistrial twice after trace evidence was lost while conducting the tests for poison each time. By her third trial, there wasn't much physical evidence left. On December 12, 1961, Marie Besnard was acquitted. The "Queen of Poisoners," as the French called her, ended up getting away with 13 murders.

Upcoming Events

Mon. 5/22 - Cold Storage

Wed. 5/24 - Minutes From 5/3 FOMC Meeting Released

Fri. 5/26 - Cattle on Feed

Mon. 5/29 - Memorial Day - Markets Closed

Fri. 6/9 - USDA Supply and Demand

Tues.-Wed. 6/13-14 - FOMC Meeting

Thurs. 6/22 - Cold Storage

Fri. 6/23 - Cattle on Feed

Fri. 6/29 - Quarterly Hogs and Pigs

Fri. 6/30 - Quarterly Stocks and Acreage

Tues. 7/4 - Independence Day - Markets Closed

Wed. 7/5 - Minutes From 6/14 FOMC Meeting Released

Wed. 7/12 - USDA Supply and Demand

Fri. 7/21 - Cattle on Feed

Mon. 7/24 - Cold Storage

Figure 1. U.S. Crop Yield, Actual and Projected Measure in Bushels Per Acre
2006/17 to 2017/18 Marketing Year



Source: USDA NASS, WASDE

Soybean bears are happy to see the USDA bump their global ending stock number higher and north of most all pre-report estimates. The good news is global soybean demand is raised higher led by strong growth in China's soybean crush, which is projected to increase +4%. Here at home the USDA is projecting total U.S. new-crop soybean production at 4.255 billion bushels, down -52 million from last year's record crop. Despite record acres being planted the current yield estimate of 48 bushels per acre vs. 52.1 bushels per acre last year makes the current new-crop crop estimate smaller, despite nearly +6.0 million more harvested acres. U.S. new-crop ending stocks are projected at 480 million bushels, up +45 million from the 2016/17 forecast, but much smaller than many had been predicting. As for demand, U.S. soybean exports are forecast at 2.150 billion bushels, up +100 million from the 2016/17 estimate. The U.S. soybean crush for 2017/18 is projected at 1.950 billion bushels, up +25 million from the 2016/17 estimate. The USDA is forecasting U.S. season-average soybean price range at \$8.30 to \$10.30 per bushel compared with \$9.55 per bushel in 2016/17. Global soybean production is projected at 344.7 million tons, down -3.4 million tons (1 percent) from the current year. Interestingly harvested area is forecast to expand nearly +5%. Meaning the USDA is betting on significantly lower yields when compared to this past year. It's worth noting that Brazil's soybean exports are projected to exceed those of the U.S. for the second year in a row. Remember back in February at the Ag Outlook Conference the USDA was still estimating combined Argentine and Brazil production at 159.5 MMTs vs. today's numbers of 168.6 MMTs. Lets also keep in mind that global old-crop ending stocks are now reported at a new record of 90.14 MMTs and new-crop at a burdensome 88.81 MMTs. From a technical perspective the new-crop NOV17 contract continues to struggle breaking out above the \$9.80 level. The old-crop JUL17 contract seems to be struggling with moving beyond the \$9.90 level. As a producer I'm still a bit nervous about the downside and want to keep my current hedges in place.

Wheat USDA shows total U.S. wheat production for 2017/18 projected at 1.820 billion bushels, down nearly -500 million bushels from the prior year. The all wheat yield is projected at 47.2 bushels per acre, down -10% from last year's record. Keep in mind not only are we seeing lower yield estimates but we also have the fewest acres planted in over 100 years. In return U.S. ending stocks are projected to decline -245 million bushels to 914 million, the lowest in three years. On the demand side of the equation, U.S. exports are projected at 1.0 billion bushels, down -35 million from the previous year's revised level but above the five-year average. U.S. feed and residual use is projected down -20 million bushels. The USDA's season-average farm price is projected at \$3.85 to \$4.65 per bushel. The mid-point of this range is up \$0.35 from the previous year's low level. Unfortunately global wheat production is projected at a whopping 737.8 million tons, the second highest total on record. Demand seems to be somewhat stagnant on cheaper alternatives, hence global ending stocks are projected at a fresh new record of 258.3 million tons, up +2.9 million from 2016/17. Bottom-line, perhaps a slightly more bullish domestic picture, but an extremely burdensome global outlook still remains in the cards. From a technical perspective the JUL17 SRW contract still seems comfortable trying in a range of between \$4.10 and \$4.60 per bushel. As a producer and a spec I content to remain extremely patient with a conservatively bullish tilt.

Tues.-Wed. 7/25-26 - FOMC Meeting

Fri. 8/10 - USDA Supply and Demand

Wed. 8/16 - Minutes From 7/26 FOMC Meeting

Tues. 8/22 - Cold Storage

Fri. 8/25 - Cattle on Feed

Chart Of The Week

Chart of the Week

July Soybean Oil

The old trend line resistance is now holding as a line of support. A close back below 3200 would signal an end to the technical breakout and put the market back into a downtrend pattern.

[Enlarge July Soybean Oil Chart »](#)



Need more help with the "Technical" side of the market? I personally like to use Tom Dosdall at Technical Ag Knowledge.

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Outside Markets

Chart of the Week

US Dollar Index

A close above 99.450 will indicate a strong buying presence and could help to tilt the scales more bullish in the short term.

[Enlarge US Dollar Index Chart »](#)

Chart of the Week

Crude Oil

The short term bounce from oversold conditions could find resistance at the top end of the current TAS Box range (red dots) near the 50 day moving average at 48.70. Momentum is still down.

[Enlarge Crude Oil Chart »](#)

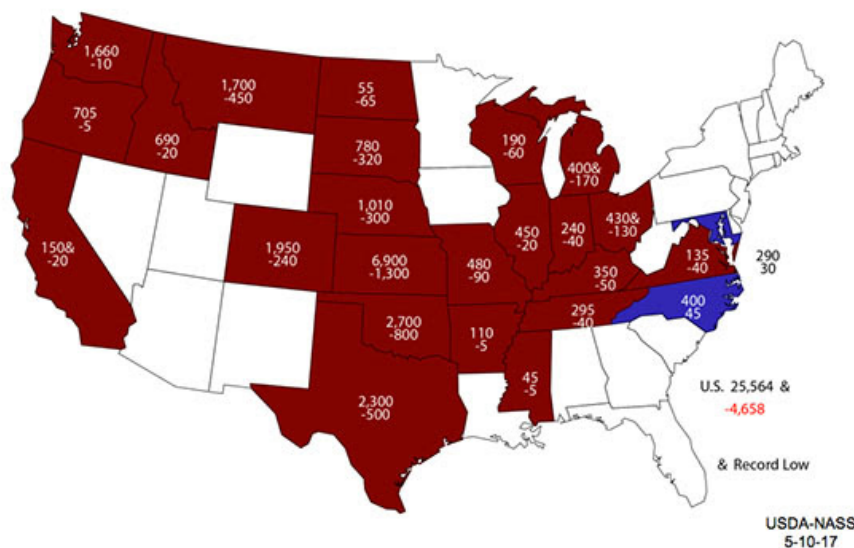


2017 Winter Wheat Harvested Area (000) Acres and Change From Previous Year

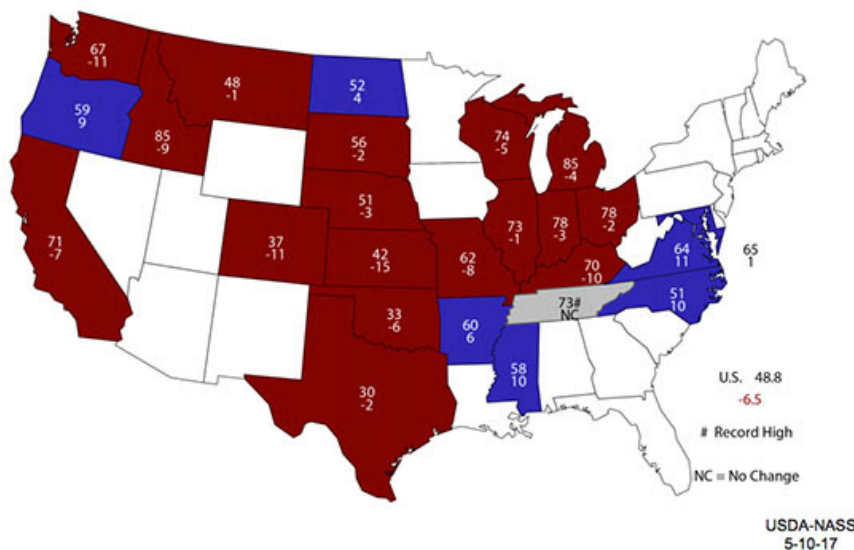

[Chart of the Week](#)

E-Mini S&P Index

Bearish momentum has subsided and TAS Navigator has hooked back into positive territory, signalling buying interest is regaining strength. A close above 2395.00 could help to attract fresh buying while 2358.00 supports.

[Enlarge E-Mini S&P Index Chart »](#)


May 1, 2017 Winter Wheat Yield Bushels and Change From Previous Year



Kevin's Song of the Week



About the Report



> Brazil's Mato Grosso Soy Crop Sales Slower Than Last Year: The state of Mato Grosso, which accounts for almost a third of Brazil's soybean output, has sold only 1.74 percent of the 2017/18 crop so far, sharply down from forward sales at the same time last year, agricultural research agency Imea said. At the same period of 2016, Mato Grosso farmers had pre-sold almost 9 percent of their soy crop ahead of the planting season, according to the agency. Imea expects Mato Grosso to harvest 30.58 million tonnes of the oilseed in the 2017/18 crop, which will be planted from September depending on climate conditions. The agency estimates planting area at 23.28 million

acres in the next crop, roughly in line with 23.20 million acres in the current harvest. (Source: Bloomberg)

> Chinese Corn Area Seen Falling In 2017-18: Chinese farmers are expected to sow 88.56 million acres of corn this year, down -2.5% from last year, the agriculture ministry said, as Beijing looks to boost alternative crops to reduce its corn glut. In its first estimate for the 2017 crop, the ministry said China is expected to produce 213.19 million metric tons of corn, down -2.9% from a year ago. (Source: Reuters)

> China's Soymeal Stockpiles Are Climbing: Soymeal stockpiles held by crushers are rising as crush volume exceeds market demand and as the country will continue to import a large volume of supply May-July, China National Grain and Oils Information Center says in emailed report on Wednesday. Meal stockpiles rose to 875,000 tons by Tuesday, +20% week on week and +25% month on month. Weekly crush volume stayed over 1.8 million metric tons over the past 3 weeks and is set to remain at a high level in coming weeks. (Source: Bloomberg)

> Mexico Rejects U.S. Sugar-Trade Proposal: Mexico rejected a U.S. proposal on how much refined sugar it can export north of the border, leaving both countries far apart with less than a month left before anti-dumping tariffs are re-imposed. The U.S. wants 15 percent of Mexican sugar exports to be in refined form, with the rest comprising raw sugar, Juan Cortina, president of the Mexican Sugar Chamber, said Tuesday. The limit was 53 percent under a previous trade accord that was suspended in November. (Source: Bloomberg)

> Mexico Imports Argentine Wheat For "Testing": Sources from Mexican mills revealed to Reuters that purchasers bought 50,000 tons of Argentinian wheat this week. The industry says that this would be a test and "transport from Argentina would be at a competitive level against the United States". The trend is that Mexican buyers do more purchases throughout the year.

> Indonesia's Palm Oil Shipments Shrink: Palm oil shipments from Indonesia, the world's top producer, dropped for a second month in March to the lowest level in five months as high export taxes curbed demand from major buyers. Exports of palm and kernel oils dropped 2.5 percent from a month earlier to 2.47 million metric tons, the Indonesian Palm Oil Association, also known as Gapki, said in a statement on Wednesday. (Source: Bloomberg)

> Italy Seeks Country Of Origin Labeling For Pasta: Italy has formally asked the European Commission to allow it to require country of origin labels on pasta sold there, raising alarm for Canadian durum wheat exporters who fear the move will dampen sales. Italy this week sent a decree to Brussels spelling out proposals to label pasta and rice packets to show the origin of the raw materials. Rome had sent a draft decree of its intent in December, but had not until now taken the formal step. Italy is proposing that pasta packets show where the wheat was grown and where it was milled. Canadian exporters and farmers fear the move would depress prices in Canada, the biggest global durum exporter, as it would require Italian pasta makers to segregate supplies by country. Italy's move comes as a Canada-Europe free trade deal moves to its final stages of approval.

> Initiative Formed To Uncover Food And Ag Opportunities: The National Academies of Sciences, Engineering, and Medicine has launched "Breakthroughs 2030," a \$1.12 million initiative the organization has described as an "innovative effort to determine the greatest scientific opportunities in the next decade within the fields of food and agriculture." Breakthroughs 2030 will tap into the knowledge and experience of the U.S. research community to respond to the numerous reports issued by government and non-governmental organizations on the relationship of the food and agricultural system to public health, food security, national security, trade, economic development, and the environment. "Given the challenges facing agriculture — from producing more food, to using less land and fewer resources — we need innovation more than ever," said Thomas Grumbly, president of the Supporters of Agricultural Research (SoAR) Foundation, which helped conceive and fund Breakthroughs 2030. Breakthroughs 2030 will work through the National Academies independent study process, and will include input from hundreds of researchers and stakeholders to determine a vision that capitalizes on emerging trends. For more information on the Breakthroughs 2030 study and to sign up for updates, go [HERE](#).

> Peanuts Characters Sell For \$345 Million: DHX Media, owners of Teletubbies, is acquiring the entertainment division of a company with a majority stake in the Peanuts brand. The company says it has agreed to pay \$345 million to buy the division from Iconix Brand Group Inc. Iconix holds an 80% controlling interest in the company that owns the Peanuts brand and licenses characters from the Charles M. Schulz comic strip. The Schulz family will continue to own the remaining 20% interest in Peanuts, which is licensed in more than 100 countries and generated \$1.3 billion of retail sales in 2015. (Source: The Wall Street Journal)

NEXT level THINKING



My goal at "The Van Trump Report" is to help readers better identify the moving parts and dynamics associated with the financial markets, geopolitical events, economics, media and culture that is currently influencing and shaping the direction of the agricultural markets. I like to believe I "Challenge the Traditional" and encourage our readers to think outside the box.

I use story telling techniques that are written in an easy to read format to help convey my current thoughts about business, markets, technology, weather, sports and life. I also like to include links, filter the noise, and pass along in-depth research and information that I believe could challenge your current thought process and help you make more informed decisions. In addition I include valuable lessons I have learned from other traders, executives and investors, along with an occasional inspirational piece about life, family and faith.

What I do not do in "The Van Trump Report" is give specific financial advice or tell individuals how to invest or how to specifically hedge. Remember, this information is being read by hedge fund managers, bankers, CEO's, and Ag leaders around the globe, therefore it's NOT tailored to fit your specific individual needs. For specific investment or hedging advice please seek the help of a licensed representative that can better understand your particular situation, individual needs and overall risk tolerance. This information should ONLY be used for educational and entertainment purposes.

My family and I would like to thank you again for your support!

Kevin Van Trump

What Others Are Saying

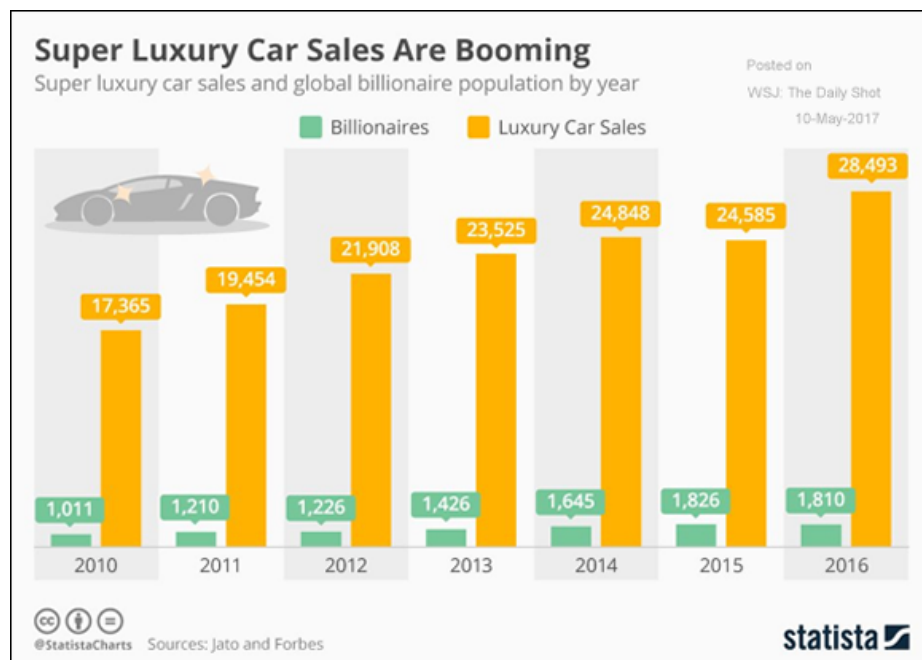
"I am a recent subscriber to Kevin's newsletter, but I'm a long-time reader of many other high-profile marketing services. I am particularly impressed with the thorough manner in which Kevin evaluates every economic aspect, both nationally and internationally, that influences commodity prices. His analysis and conclusions are highly thought out and conveyed in layman's terms so that the reader can comprehend the numerous and often complex interrelationships that impact the markets. Kevin is a real attribute to the agricultural sector."

A.M., FDIC

"As a national federal farm policy administrator and commodity producer, I find it critical to keep updated with what is going on in the real world of agriculture and with the domestic and global markets. Of all the services I've have been privy to or have subscribed to over the past 20 years I've found in the past several months of engaging in your "Farm

> IEA Forecasts Further OPEC Cuts: Speaking at the Platts Crude Oil Summit in London, Neil Atkinson, head of oil analysis at the International Energy Agency, said the current agreement by OPEC and other major oil producers has succeeded in making a dent in the global supply glut that has kept prices under pressure in recent years. Atkinson said that he expects to see quite a significant surplus between demand and supply in this quarter. "It is starting to become clear that if the objective of the OPEC cuts was to flip the market from surplus into deficit that is now slowly beginning to happen." He adds that if OPEC extends the current production limits, the supply deficit will become even bigger in the second half of the year. The IEA currently sees global oil demand growth of 1.3 million barrels a day, lower than the growth of 1.6 million seen in 2016 and the 2 million recorded in 2015. Meanwhile, the Energy Information Administration (EIA) said U.S. crude inventories fell by -5.2 million barrels last week, the largest weekly drop this year. Gasoline stockpiles declined by -200,000 barrels, while distillate stockpiles were down -1.6 million barrels.

> Super Luxury Car Sales Are Booming: The global billionaire population has continued to expand steadily in recent years and sales of their favorite luxury items have also continued unabated. According to JATO statistics, super luxury cars are in huge demand with a record 28,500 of them sold in 2016. That's a 15.9 percent increase on 2015 with the Chinese market in particular experiencing a whopping growth in sales of 54.2 percent. Bentley and Ferrari were the dominant forces in the segment last year, with a market share of 37 and 24 percent respectively. The most popular models last year were all Bentleys: the Continental came first, with the Flying Spur second and the Bentayga rounding off the top three. The United States had the highest global sales volume at 30 percent and 8,377 vehicles sold. The UK was in second place with 4,600 vehicles sold while China's recent surge has seen it roar into third place with sales surpassing the 4,400 mark. (Source: Statista)



Direction" services to be the best perception and analysis of what is really happening in today's world. Not only here in the United States, but across the globe as well. US farmers need this type of help and information to assist them in their daily efforts. I commend you for a job well done. Please let me know if I can ever be of any help or assistance to you in the future..."

L.T., Assistant Deputy Administrator for Farm Programs USDA

[More Testimonials](#)

My Own Personal Truisms

"Not To Trade, is often considered a good trading decision..."

"First Rule of HOLES: When you are in one stop digging..."

"Every looser in Vegas, always walks away from the table thinking he could have done better, the winners on the other hand leave while on top..."

"Bulls make money, Bears make money, but pigs get slaughtered..."

"The markets ability to remain irrational can often times last much longer than your ability to remain solvent..."

I'm more of a long-term player, therefore you will not see me give many short-term suggestions or trade ideas. One of my most important rules is that I always follow my long-term direction. Therefore, as long as I am "bullish" a market I will only play that particular market in one of three ways.

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

I never initiate a "short" position in a market that I am "bullish" longer-term, nor do I initiate a "long" position in a market I am "bearish" longer-term.



Western Kansas - We are trying to get back in the field after the crazy weather that we had a week ago. The snow gods found where we were at and dumped a foot of snow on us the last weekend of April. The day before the snow we had 2.5" of rain. The weekend of near 80 degrees along with some wind on Sunday helped drying conditions. It looks like we will have a pretty good window to get a few days together to get things planted. The Mid-October planted wheat is going to be ok but the early planted wheat is pretty much laid down. It had that much more growth and the heavy snow just pushed it down. It may mature out but it will be rough to cut. We are 50/50 rotation and have circles of silage. We have all of our commercial corn planted. The emergence was pretty good but I am not for sure how it will be after the snow was on it. It is

about 3" tall now and I haven't really checked it since we had all the weather. We are getting ready to plant the silage now. We will take it all to a feed lots that are very close to the farms. It seems to work out as they do the cutting and most of the freight. I like doing the silage because we will usually take it out of the field at the end of August. They cut it pretty close to the ground and we will plant wheat as a cover crop over it. We have been getting by with 20# per acre and it has done well.

Southwest Ontario - We have continued to see cold temps and had about 4" of rain just last week. There is quite a bit of ponding water out there even in our fields that are sandier type soils. We have added pattern tiles to most fields over the past few years, which usually takes care of most moisture. We have not planted anything as of yet. We have had a couple small windows to get started on planting but each time the long range forecast was not very good, so we elected to sit tight and wait. There is some winter wheat in our area, that is looking good but I am hearing that leaf stripe rust and fungus are showing up. We should be able to plant by the end of the week depending on the weather. We will get started on the corn planting, usually planting 100 to 106-day corn. We are all no-till and have started using cover crops over the past few years. We are still coming up with the right mix and combination of seed for our cover crops. We experimented with oats last fall but have tried annual rye, radishes and clover on different farms. We will move to our beans a week or two after the corn planting gets finished.

Northeast South Dakota - We are in pretty good shape here on planting. The ground has been a little on the dry side because we had a mild winter and not many rains last fall or this spring. The ground has worked well and seems to be great for planting. We are working on the planter now to get ready for beans. We will have just a few more acres of beans this year. Last year our beans were some of the best we have ever had. We will normally have yields at 40bpa but yields last year were in the mid 50bpa range. I don't think the increase was because anything I did but maybe just timely rains. I think I may have even cut out some applications and fungicide, trying to cut costs. The corn yields were above average but not a record like the beans. It was dry in May and the corn got set back a little on maturing.



CROSSING WIRES

A place to share intelligent thoughts...

In Trump's America, Heartland Hooks Up With Silicon Valley: President Donald Trump's get-tough attitude on immigration is spurring a surge of high-tech investment in America's heartland, where farmers are scrambling for new ways of coping with labor shortages and slumping profits. Finding people for the sometimes back-breaking tasks of planting and harvesting crops has become more and more difficult in the U.S., where the industry has relied on cheap immigrant labor for generations. Since taking office in January, Trump has compounded the problem with actions to limit foreign workers. But that's also encouraged some investors to bet that growers will increasingly need new tools to cut costs and boost productivity. Read more [HERE](#).

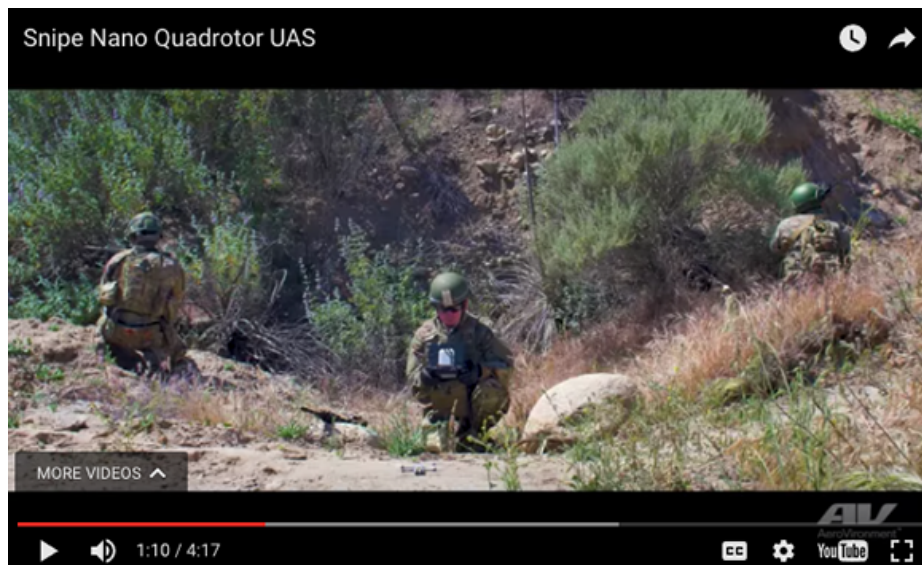
What You Need To Know About The Tunnel Collapse At The Hanford Nuclear Waste Site: At 8:26 a.m. local time on Tuesday morning, employees noticed and reported that some soil over a tunnel at a former nuclear processing facility sank by about 4 feet. Because the tunnel held nuclear waste, employees in the area were immediately asked to take precautions. For the six employees that noticed the initial sinking, that meant leaving the area. Employees in the nearby PUREX facility were asked to shelter in place. Later, an inspection team discovered that a 20-foot section of the 100-foot-long tunnel had collapsed. At that time, all employees on the Hanford Site were asked to shelter in place as a precaution. Read more [HERE](#).

The Biggest Obstacle To Creativity Is Being Too Busy: From Vincent Van Gogh on through Kanye West, the figure of the broody, tortured artist looms large in the popular imagination. But research suggests that the key to creativity has little to do with angst. In researching her book *The Happiness Track*, Stanford's Emma Seppala found that the biggest breakthrough ideas often come from relaxation. Simply put, creativity happens when your mind is unfocused, daydreaming or idle. (This is why we have so many "aha" moments in the shower.) Research by University of California, Santa Barbara psychology professor Jonathan Schooler and his colleagues, for example, finds that people are more creative after they have been daydreaming or letting their minds wander. And in an article in the *Annual Review of Psychology*, Schooler and psychology professor Jonathan Smallwood found that when people learn a challenging task, they do better if they work first on an easy task that promotes mind-wandering, and then go back to the more difficult one. Read more at [Quartz](#).

back to the more difficult one. Read more at [Quartz](#).

The World's Most Valuable Resource Is No Longer Oil, But Data: A NEW commodity spawns a lucrative, fast-growing industry, prompting antitrust regulators to step in to restrain those who control its flow. A century ago, the resource in question was oil. Now similar concerns are being raised by the giants that deal in data, the oil of the digital era. These titans—Alphabet (Google's parent company), Amazon, Apple, Facebook and Microsoft—look unstoppable. They are the five most valuable listed firms in the world. Their profits are surging: they collectively racked up over \$25bn in net profit in the first quarter of 2017. Amazon captures half of all dollars spent online in America. Google and Facebook accounted for almost all the revenue growth in digital advertising in America last year. Such dominance has prompted calls for the tech giants to be broken up, as Standard Oil was in the early 20th century. Internet companies' control of data does give them enormous power, but old ways of thinking about competition, devised in the era of oil, look outdated in what has come to be called the "data economy". Read more from [The Economist](#).

A Soldiers New Companion: Meant for close-range intelligence, surveillance, and reconnaissance missions, the Snipe drone is worn on operators' clothing and weighs just five ounces. A soldier carries around 16 pounds as is, so this wouldn't be much of an added burden. No assembly is required, allowing a soldier to set loose the Snipe in under a minute. AeroVironment says the tiny drone can fly over 20 mph and travel over a kilometer, or just over a half a mile. It's got a battery life of only fifteen minutes, but that battery is rechargeable. While anyone familiar with hobby drones could tell you that their noise would give away their position, the company says that the Snipe is "difficult to detect in operating environments with even minimal ambient noise." Read more [HERE](#).



U.S. Records 2nd Wettest April On Record

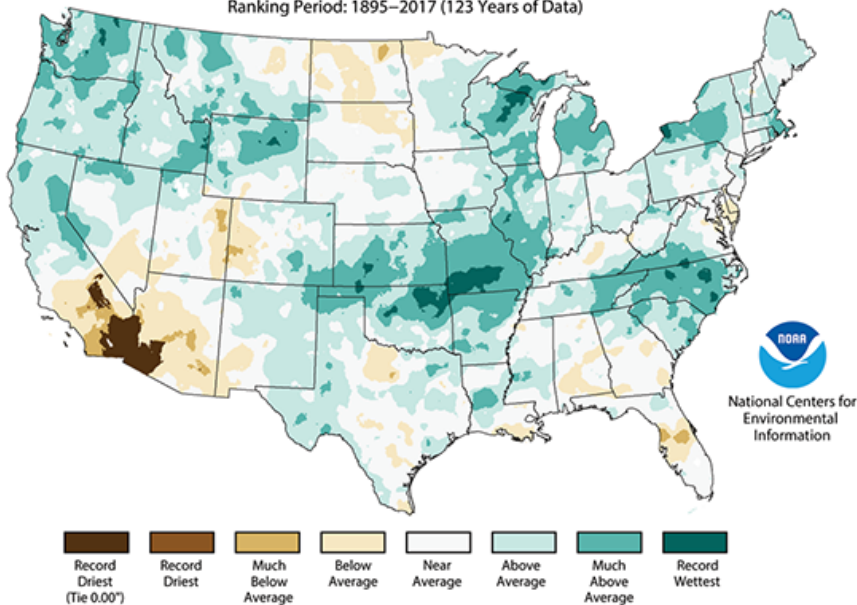
Looking at the latest [State of the Climate](#) report, this April comes in as one with record amounts of rain. According to the NOAA, the April rainfall total was 3.43 inches, or nearly an entire inch above the 20th century average, making it the second wettest April in the 123 year period of record keeping. As many readers will attest, much above average precipitation fell across the Northwest, Central Plains, Mid-Mississippi Valley, Great lakes, and Mid-Atlantic. The year-to-date contiguous U.S. precipitation total is now a whopping 11.46 inches, nearly +2 inches above average. In fact this has been the fifth wettest January through April on record and wettest ever since 1998. Based on the U.S. Drought Monitor, 5% of the contiguous U.S. was in drought, the smallest drought footprint reported by the U.S. Drought Monitor since its inception in 2000. Below are more highlights from April's report: (Source: NOAA)

- **Mississippi River To East Coast Much Warmer Than Average:** Delaware, Maryland, New Jersey, North Carolina, Ohio, Pennsylvania, West Virginia, and Virginia each had their warmest April on record.

- **Record Precipitation** was observed in parts of the Northwest, Southern Plains, and Mid-Atlantic. North Carolina had its wettest April on record with 6.75 inches of rain, +3.22 inches above average.
- **Below-Average Precipitation** was observed in parts of the Southwest and Northern Plains.
- **Several Storm Systems** impacted the Southern Plains and Mid-Mississippi River Valley in late April with the precipitation continuing into May, resulting in widespread flooding across the region. At the time of this report's release, at least five fatalities were attributable to the flooding with significant impacts on agriculture. During April there were over 200 preliminary tornado reports, continuing an active tornado year. Large tornado outbreaks impacted the central and southern U.S. in early and late April resulting in eight tornado-related fatalities in Louisiana, South Carolina, and Texas.
- **Alaska Had Its Second Driest April On Record** with 0.92 inch of precipitation, 0.97 inch below average. Only April 1932 was drier with 0.84 inch of precipitation. Record and near-record dry conditions were observed across the central and eastern parts of the state.

Total Precipitation Percentiles April 2017

Ranking Period: 1895–2017 (123 Years of Data)



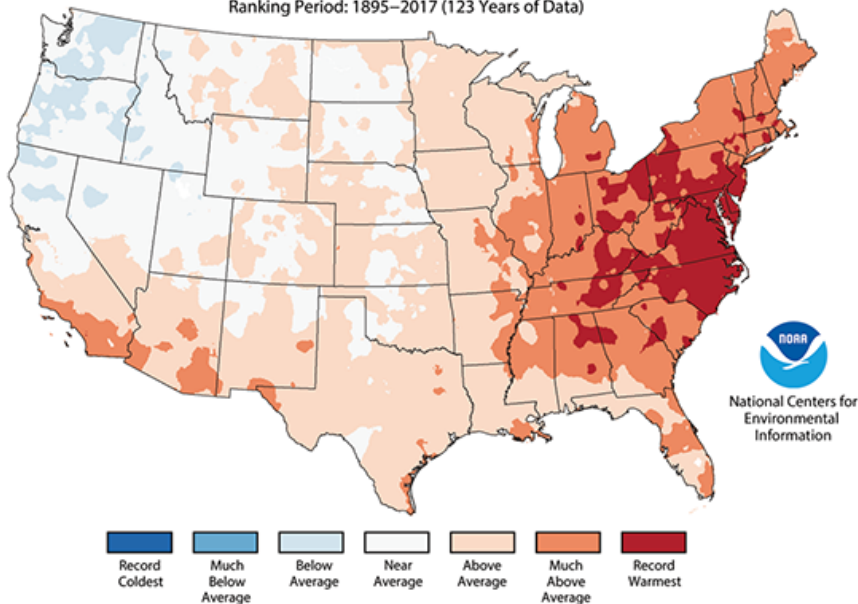
Created: Fri May 05 2017

Data Source: 5km Gridded Dataset (nClimGrid)

Mean Temperature Percentiles

April 2017

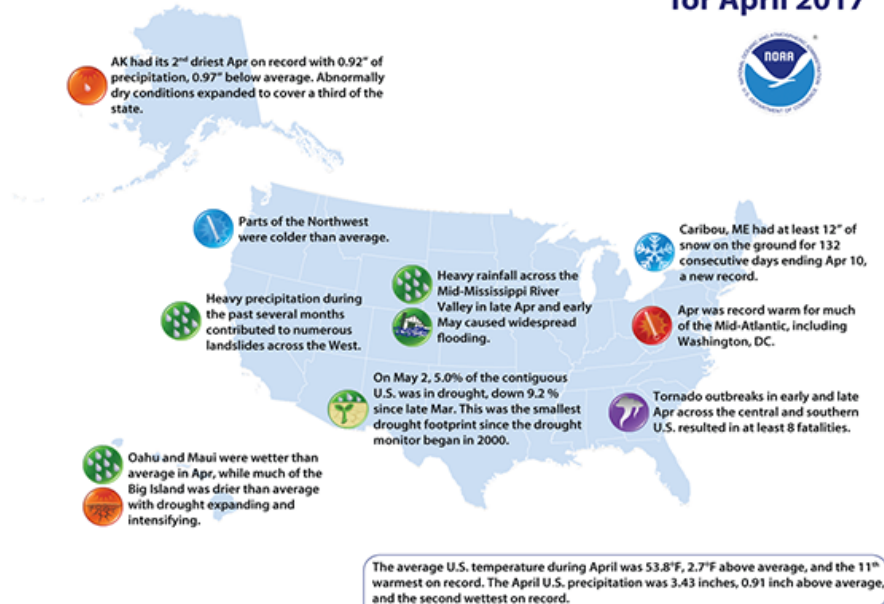
Ranking Period: 1895–2017 (123 Years of Data)



Created: Fri May 05 2017

Data Source: 5km Gridded Dataset (nClimGrid)

U.S. Selected Significant Climate Anomalies and Events for April 2017



Please Note: Material provided in this map was compiled from NOAA's State of the Climate Reports. For more information please visit: <http://www.ncdc.noaa.gov/sotc>

To The Moon And Back.....For Now

Future Martian Overlord and SpaceX founder Elon Musk announced that in 2018, the company intends to fly two private citizens around the Moon in its Dragon 2 spacecraft, carried to orbit by its extremely powerful, not-yet-tested Falcon Heavy rocket. While the voyagers' names have not been disclosed, Musk did say these space tourists include "nobody from Hollywood." Elon Musk told reporters at a press conference, "We've been approached to do a crewed mission beyond the Moon - and these passengers are very serious about it and the trip will last approximately one week." The passengers will supposedly travel beyond the moon and loop back to Earth, covering a distance of 300,000 to 400,000 miles. While the passengers will undergo some sort of training beforehand, it's unclear if the two have any experience with piloting, never mind spaceflight. Musk announcing his intention to carry out a Moon loop should not really be a surprise; such a venture is on the natural path to his previously stated end goals of deep-space exploration and colonization. What does perhaps take our breath away is the timeline. He's talking about doing this journey late next year, in hardware that has not yet even flown. For sure, the Falcon rockets have been working for some time now and the Dragon capsule has become adept at shuttling back and forth to the

International Space Station (ISS). But the circumlunar project is another step forward from robotic cargo runs to low-Earth orbit. Once you fire that rocket and head towards the Moon, you can't turn around and go home like if you were in low-Earth orbit on the ISS. You are kind of on your own for about a week with no-one to come and save you if there is a problem. Something else kind of nuts is the mission is expected to be flown on autopilot. That's right, the mission would consist of just two tourists. If there's a problem on board, there's nobody else there. Musk says that his tourists understand the risks. Now, before we get ahead of ourselves, understand Musk's Falcon Heavy is running behind its original production schedule. They were suppose to be flying people to the ISS regularly by now. And don't forget the long list of satellite operators who have seen their launches delayed in the aftermath of two Falcon mishaps. Still, it's hard not to feel excited about how quickly things are progressing. We are at the beginning of a new era of spaceflight and on the cusp of new milestones for humanity itself. Lets also keep in mind Jeff Bezo's just sold \$1 billion worth of his Amazon stock to fund his own space exploration company called Blue Origin, which he has already sank over \$500 million. Billionaire Richard Branson's also has a dog in the race with his Virgin Galactic project (Source: [Gizmodo](#))

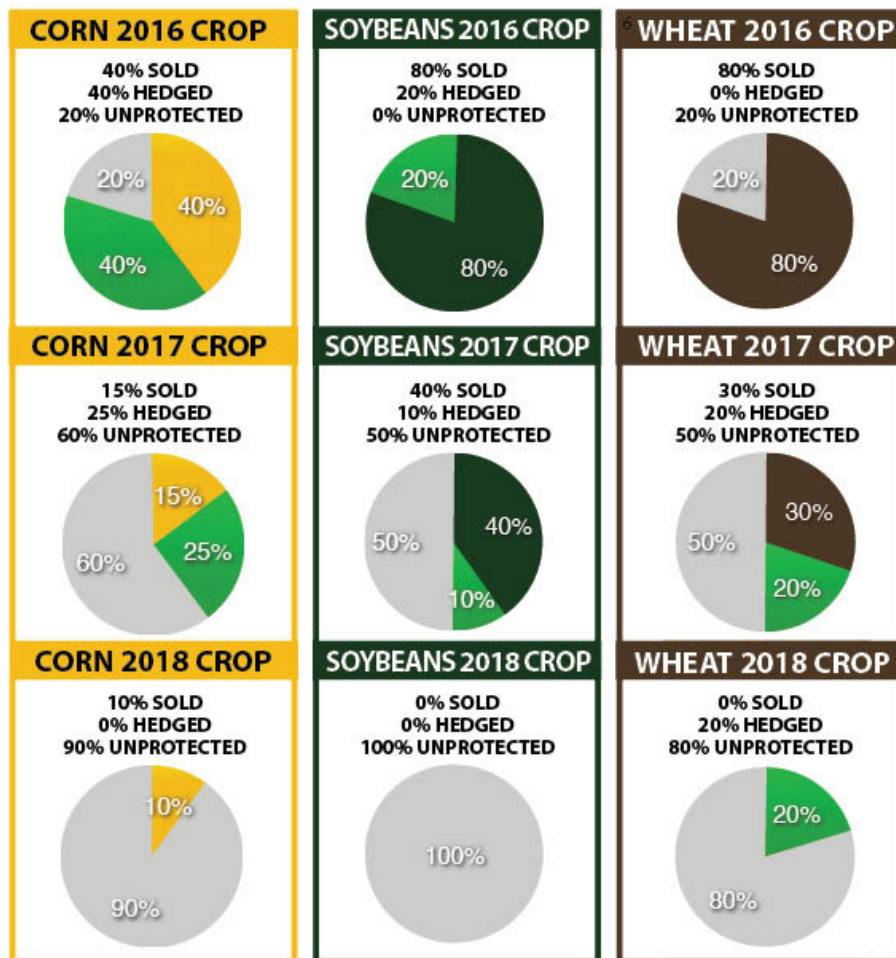




Pushing For The sub-2-Hour Marathon

63 years after Roger Bannister broke the 4-minute mile, Nike's "Breaking2" project is pushing to see the first human run a sub-two-hour marathon. This past weekend in Italy, Eliud Kapchoge from Kenya, finished the 26.2 miles in an impressive 2:00:25, which is a blistering pace of just under 5 minutes per mile. Interestingly, Nike began the attempt to overcome the two-hour barrier over three years ago, putting their efforts and advertising budget to the test. In their attempt to have a racer finish in under two hours, Nike sought to create the perfect conditions for the human body to endure what it needed. In other words many argue they've trimmed a few corners. First off they choose a flat course - with both minimal turns or elevation changes. They also choose the location where the expected temperatures during the race would benefit the runners' overheating bodies. Another reason the race cannot be certified is the fact that Nike is using multiple sets of pacers who enter the race at various times. Now center stage of this whole production is Nike's soon to be released Zoom Vaporfly 4% running shoe - which I'm told will debut at an impressive \$250 retail. It is the technology designed in the shoe that Nike is counting on to partner with the greatest runners in the world to reach their goal. The shoe contains a carbon fiber plate and new foam technology which is supposed to increase a runner's efficiency by up to 4%. While some called this a publicity stunt by Nike, I agree with those feel it was the perfect marriage of content and influencer marketing. The story line is compelling - push both human endurance and technology to the limit and see what can be accomplish. The most recent event was streamed live and garnered over 486,000 views on YouTube and a massive 5.2 million views on Facebook. Twitter is still seeing the #breaking2 hashtag going strong. I also understand that a Breaking2 documentary is slated for release this summer in collaboration with National Geographic. In today's competitive business environment and more of society taking their cues from quality content providers - I have to believe innovative companies will follow this pattern for both promotion of product as well as potential entertainment value - remember Red Bull's Stratos in 2012 which had over eight million viewers and was hyped to change the landscape of marketing. I understand that Adidas is also planning its own attempt at a sub two-hour marathon investing two years of research on their latest project. It will be interesting to see what comes of the interplay between marketing, innovation, entertainment and technology going forward - I'm guessing whatever it is, few of us will be watching it on our televisions. I am including this [LINK](#) as it has some good videos and more details about the most recent race and attempt at sub-2-Hours. (Source:SI, TechCrunch, Adweek)





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