



Tim Francisco <info@farmdirection.com>

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

1 message

Kevin Van Trump <info@farmdirection.com>
 To: Kevin Van Trump <info@farmdirection.com>

Wed, May 17, 2017 at 6:55 AM



"Attachment is the great fabricator of illusions; reality can be obtained only by someone who is detached." — **Simone Weil**

WEDNESDAY, MAY 17, 2017[Printable Copy](#) or [Audio Version](#)

Morning Summary: Media continues to talk about the latest drama coming out of Washington, and stocks are a bit lower this morning, but not before the Nasdaq managed to hit another new record high yesterday. For the year, the Nasdaq is now up an impressive +15%. In fact data now circulating inside the investment world shows the most overcrowded and popular trade has gone from being long the U.S. dollar, which has now fallen to its lowest level since the November 8th U.S. presidential election, to begin long the Nasdaq or more specifically long the "Big 6" Alphabet, Amazon, Apple, Facebook, Microsoft, and Netflix, which many sources say are now collectively accountable for nearly half of the year-to-date gains in the S&P 500. Many bears argue that President Trump's missteps in Washington could start to drain his support from Congressional Republicans. That in turn could create roadblocks in getting his pro-growth strategies passed and leave investors with an uncomfortable degree of uncertainty. The problem is the bears have been saying this for several weeks and the market simply isn't listening as it continues to push to fresh new all-time highs. There is very little fresh or new in the headlines right now and with no significant economic data due out today, the markets could be somewhat slow and boring. There are a few earnings releases that may draw some interest, including Cisco and Target, but for the most part there is very little to focus on. Big money continues to focus on the possibilities of Chinese credit tightening or perhaps an eventual full-blown Chinese recession. There's also continued fears in the macro space surrounding a potential Eurozone meltdown, or a more widespread and dangerous cyber attack... Stay tuned!

JPMorgan's Dimon Says He's Sticking With Trump: *JPMorgan Chase CEO Jamie Dimon is sticking with President Trump. Dimon got an earful from investors who criticized JPMorgan's support of the new White House administration and asked whether he would step down from Trump's business advisory council. Dimon says he will not step down. He is the president of the United States," Dimon added later. "I believe he's the pilot flying our airplane. We're trying to help. I would try to help any president of the United States because I'm a patriot. We do not — it does not mean we agree with all the policies that the administration comes up with." Dimon also said that the U.S. business community and the government need to come together and collaborate in solving major issues facing the country. He cited an unusually low rate of workforce participation by men, an education system that's "leaving too many behind," lack of planned investment in infrastructure, a corporate tax system that's "driving capital and brains overseas," and "excessive regulation ... particularly for small businesses."*

IEA Says Extending Output Cuts Won't Solve Oil Glut: *The International Energy Administration yesterday released a report stating that reducing global oil inventories may prove difficult. IEA says even if OPEC and external producers extended their production cuts into the second half of 2017, "stocks at the end of 2017 might not have fallen to the five-year average, suggesting that much work remains to be done in the second half of 2017 to drain them further." Still, the IEA said that stockpiles in the most industrialized nations fell by about 1 million barrels a day in March. "Rebalancing is essentially here and, in the short term at least, is accelerating." Meanwhile, increased production from nations outside the production cut agreement could depress oil prices. Libya, Nigeria and the U.S., are some of the countries that have ramped up their output. Libya's authorities*

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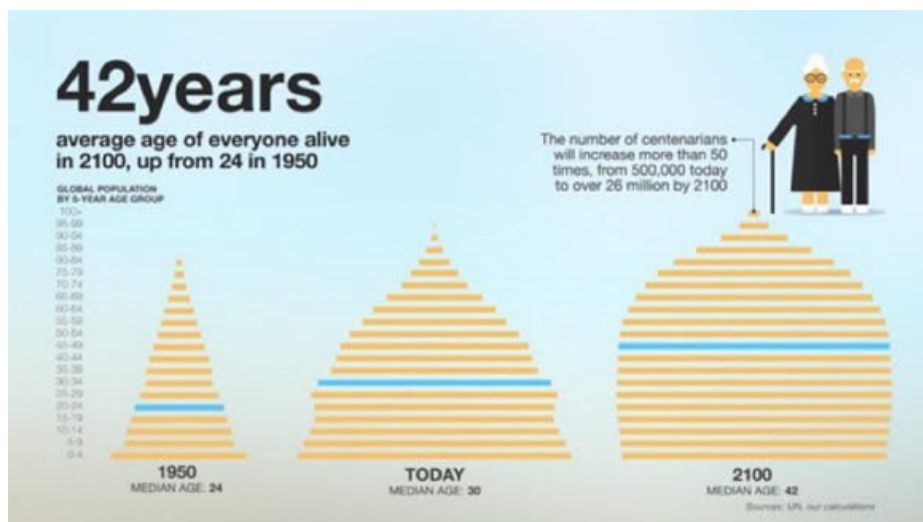
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said the country's output reached 800,000 barrels a day last week, the highest level since 2013, according to analysts. In Nigeria, oil companies including Royal Dutch Shell PLC and Exxon Mobil Corp. have recovered from the vandalism that had forced some of their pipeline infrastructure offline. Nigerian production is now projected to reach 2 million barrels a day this year. The IEA also said it has increased its expectations for U.S. shale producers in 2017. It now expects total crude production in the country to be 790,000 barrels a day higher by the end of this year compared with the end of 2016. (Sources: Fox News, Wall Street Journal)

Twitter Co-Founder Returning To Lead Company Culture: Twitter co-founder Biz Stone is returning to the company. Stone, a Twitter co-founder who was largely responsible for tending Twitter's culture, says he will now revive that role at a particularly rocky moment for the struggling social media company and its chief executive Jack Dorsey that has led to a string of executive and employee departures. For about six years, Stone could be counted on to effusively tell the Twitter story to celebrities, world leaders and pretty much anyone who would listen. He was instrumental in molding the company's corporate culture that drew top recruits from Google, Facebook and YouTube. Inside the company, morale has been hit hard by an ever-revolving door leadership, unclear and shifting strategy and heavy criticism from investors that has put pressure on management and the stock over the past three years.

The Whole World Is Getting Old: The world's older population continues to grow at an unprecedented rate. Today, 8.5 percent of people worldwide (617 million) are aged 65 and over. According to a new report, "An Aging World: 2015," this percentage is projected to jump to nearly 17 percent of the world's population by 2050 (1.6 billion). By 2100, the average age of everyone alive on this planet will be 42 years, up from 24 in 1950. The global population of the "oldest old"—people aged 80 and older—is expected to more than triple between 2015 and 2050, growing from 126.5 million to 446.6 million. The oldest old population in some Asian and Latin American countries is predicted to quadruple by 2050.



Weather is focused on back-to-back storms crossing the western and central U.S. this week. On the Plains, a disturbance crossing the northern half of the region yesterday produced widespread showers and slowed the previously rapid planting pace. Meanwhile, mild, breezy weather prevails across central and southern Plains. However, storms with heavy rain will move in over the next few days, with threats to crops from hail and high winds possible. In addition, colder weather at the end of this week will need to be watched for a freeze threat to reproductive wheat in northwest areas. In the Corn Belt, showers and thunderstorms are overspreading the northern tier of the region, from Minnesota to Michigan, slowing a previously torrid planting pace. Meanwhile, previously stalled fieldwork is gradually accelerating in the southern Corn Belt. In the South, warm, dry weather is ideal for fieldwork and crop development. However, concerns include significant short-term drought in the lower Southeast, and pockets of developing dryness and drought west of the Mississippi River -- especially in parts of Texas. The 6 to 10 day from the NWS is calling for May 21 - 25 to see above normal temperatures in the eastern and western U.S., while cooler than normal conditions can be expected across the nation's mid-section. Meanwhile, near to above normal precipitation across most of the country will contrast with drier than normal weather in the Northwest and the Dakotas.



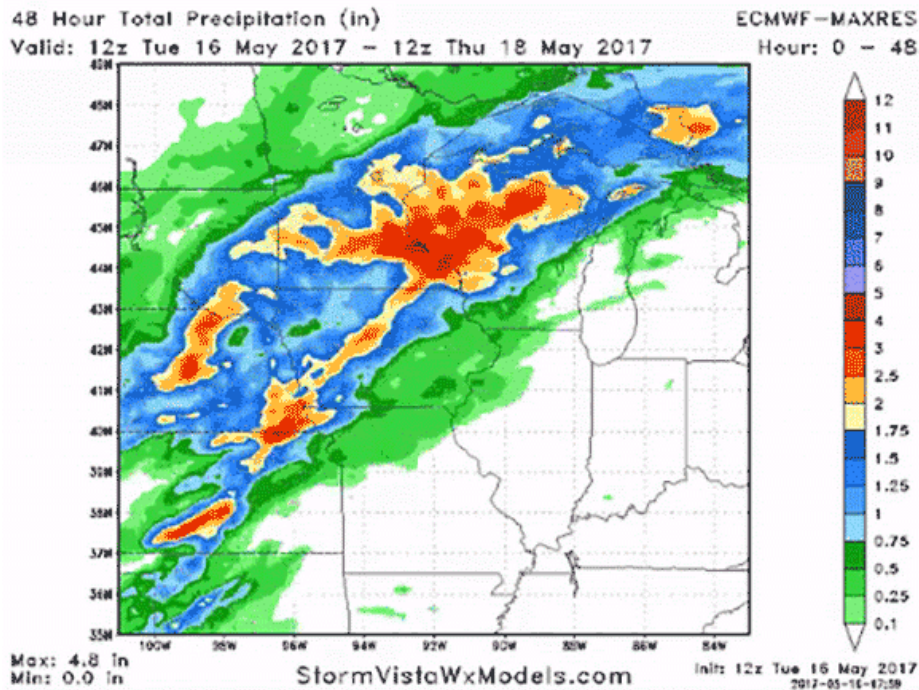
Today In History



1769, American Revolution

- George Washington launches a legislative salvo at Great Britain's fiscal and judicial attempts to maintain its control over the American colonies. With his sights set on protesting the British policy of "taxation without representation," Washington brought a package of non-importation resolutions before the Virginia House of Burgesses. The resolutions, drafted by George Mason largely in response to England's passage of the Townshend Acts of 1767, decried Parliament's plan to send colonial political protestors to England for trial. Though Virginia's royal governor promptly fired back by disbanding the House of Burgesses, the dissenting legislators were undeterred. During a makeshift meeting held at the Raleigh Tavern in Williamsburg, Virginia's delegates gave their support to the non-importation resolutions. Maryland and South Carolina soon followed suit with the passing of their own non-importation measures. The non-importation resolutions lacked any means of enforcement, and Chesapeake tobacco merchants of Scottish ancestry tended to be loyal to their firms in Glasgow. However, tobacco planters supported the measure, and the mere existence of non-importation agreements proved that the southern colonies were willing to defend Massachusetts, the true target of Britain's crackdown, where violent protests against the Townshend Acts had led to a military occupation of Boston, beginning on October 2, 1768. When Britain's House of Lords learned that the Sons of Liberty, a revolutionary group in Boston, had assembled an extra-legal Massachusetts convention of towns as the British fleet approached in 1768, they demanded the right to try such men in England. This step failed to frighten New Englanders into silence, but succeeded in rallying Southerners to their cause. By impugning colonial courts and curtailing colonial rights, this British action backfired: it created an American identity where before there had been none.

#Replant17 Might Be Pretty Soggy This Year: *The latest European forecast weather models are showing drenching rains across parts of the Midwest that we know will be replanting over the next 10 days. It's not a good situation. This also means more flash flooding in the waterlogged parts of Arkansas and Missouri.*



Corn prices continue to trade in an extremely narrow range. The bulls appear to be giving up a bit of their previous arguments surrounding planting delays and now shifting more focus and attention towards less than ideal overall U.S. crop-conditions. There's talk inside the trade that the Illinois state corn crop-conditions could show -25% less of their crop in "Good-to-Excellent" condition this year when compared to last. Obviously any headlines or talk of lower yields and field complications will help to keep prices somewhat supported. The bulls are also pleased to recently see the USDA's estimate for new crop corn about -1.0 billion bushels less than last year's record crop. The USDA is currently using a yield estimate of 170.7 bushels per acre vs. 174.6 bushel average last year, hence more talk or confirmation of an average yield drag falling down into the 160's could continue to keep prices from rapidly deteriorating. The bears point to the fact U.S. new-crop endings stocks, while shrinking a bit in the balance sheet, still remain extremely burdensome at over +2.1 billion. Lets also not forget the USDA recently estimated U.S. new-crop corn exports will be lower by -350 million bushels, due to a huge jump in the combined exports thought to be 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. Argentina's crop was most recently pegged at 40 MMTs, up +1.5 MMTs from last month. I hate sounding like a broken-record, but the corn market still seems stuck in a range of between \$3.75 and \$3.95 per bushel in the DEC17 contract. The old-crop JUL17 contract has been content trading between \$3.60 and \$3.80 per bushel, with the contract acting like it's wanting to test the lower end of the range sooner rather than later. As a producer I continue to keep all hedges in place and looking for any unexpected leg higher as an opportunity to reduce more longer-term crop risk. I'm hoping we can find some renewed bullish macro interest by the funds as the U.S. dollar trades down to levels not seen since late-2016. The graphic below shows the pace of U.S. planting this year (in yellow) compared to our most recent years. As you can see we seem to be right in the middle of the pack...

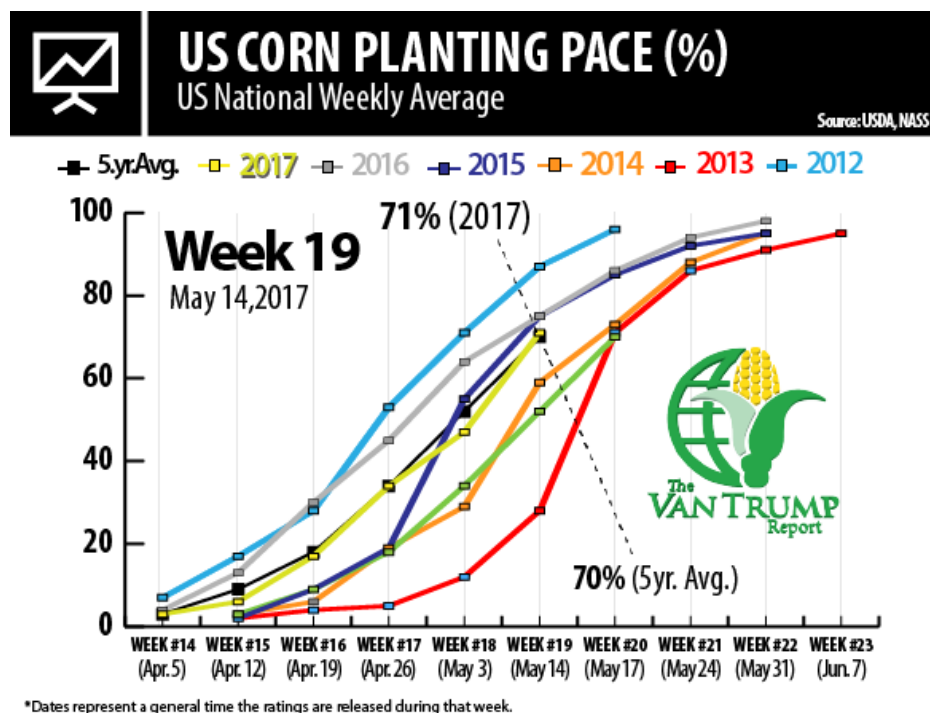
1954, Brown V Board of Ed - In a



major civil rights victory, the U.S. Supreme Court hands down an unanimous decision in Brown v. Board of Education of Topeka, ruling that racial segregation in public educational facilities is unconstitutional. The historic decision, which brought an end to federal tolerance of racial segregation, specifically dealt with Linda Brown, a young African American girl who had been denied admission to her local elementary school in Topeka, Kansas, because of the color of her skin. In 1896, the Supreme Court ruled in Plessy v. Ferguson that "separate but equal" accommodations in railroad cars conformed to the 14th Amendment's guarantee of equal protection. That ruling was used to justify segregating all public facilities, including elementary schools. However, in the case of Linda Brown, the white school she attempted to attend was far superior to her black alternative and miles closer to her home. The National Association for the Advancement of Colored People (NAACP) took up Linda's cause, and in 1954 Brown v. Board of Education of Topeka reached the Supreme Court. African American lawyer (and future Supreme Court justice) Thurgood Marshall led Brown's legal team, and on May 17, 1954, the high court handed down its decision. In an opinion written by Chief Justice Earl Warren, the nation's highest court ruled that not only was the "separate but equal" doctrine unconstitutional in Linda's case, it was unconstitutional in all cases because educational segregation stamped an inherent badge of inferiority on African American students. A year later, after hearing arguments on the implementation of their ruling, the Supreme Court published guidelines requiring public school systems to integrate "with all deliberate speed." The Brown v. Board of Education decision served to greatly motivate the civil rights movement of the 1950s and 1960s and ultimately led to the abolishment of racial segregation in all public facilities and accommodations.



1965, Louie Louie - Based on outcry from parents who bought into what may have started as an idle rumor, the FBI launched a formal investigation in 1964 into the supposedly pornographic lyrics of the song "Louie, Louie." That investigation finally neared its conclusion on this day in 1965, when the FBI Laboratory declared the lyrics of "Louie Louie" to be officially unintelligible. No one will ever know who started the rumor that "Louie Louie" was dirty. As written by Richard Berry in 1955, the lyrics revolve around a sailor from the Caribbean lamenting to a bartender named Louie about missing his far-away love. As recorded in crummy conditions and in a single take by the Kingsmen in 1963, lyrics like "A fine little girl, she wait for me..." came out sounding like "A nbla mmla blud dub vavr me"



Soybean bulls are talking about continued strong demand and interest in U.S. old-crop exports. There's also some talk that a better than expected planting pace for corn will ultimately mean fewer acres switching to soybeans. I'm also hearing a few more bullish headlines being thrown around inside the bean oil space. Not only do we have the headlines surrounding possible tariffs being placed on Argentine and Indonesia oil imports, but also now a strengthening domestic basis and talk of a shrinking U.S. balance sheet. From a macro perspective, bulls are making a bit more noise in regard to crude oil prices gaining strength and fueling talk of perhaps renewed interest in the "reflationary trade". Lets also keep in mind that the nearby Brazilian currency has strengthened in regard to the U.S. dollar the past several sessions, which has spurred a bit more short-term bullish interest. From a technical perspective, despite some of the recent gains, the soybean market still seems to be stuck in a trading range between \$9.40 and \$9.80 per bushel, a price we haven't been able to breakout of since late-March.

Wheat traders have little fresh or new in the headlines to digest. The weather concerns that had been circulating in regard to parts of Canada, Europe and the Black Sea region seem as if they've faded or lost their luster and are no longer of much concern to the trade. Without new fears or talk of more widespread weather complications or larger unforeseen geopolitical concerns, the bearish fundamentals are simply allowed to quickly float back to the surface. As both a producer and a spec I continue to like the longer-term upside potential in this market, but fully understand the bearish fundamental drag we will battle during periods of limited news or headlines. I still think the U.S. crop is worse than the trade is currently giving credit and the geopolitical macro landscape is ripe for catching a record bearish fund position offside.

Special Cotton Update:

I've had a lot of producers asking me questions about cotton as of late and I wanted to provide some information. A friend of mine, John Payne, who is a Senior Market Advisor at Daniels Ag Services in Chicago has done a ton of research and trading in the cotton market, so I thought I would ask him to provide some analysis and input on a more regular basis. Meaning from time to time John will be providing us with his thoughts, insights and what he's hearing in regards to the cotton market. If you would like more detailed information about cotton or want to speak with John please contact him directly [HERE](#). Below are John's most recent thoughts...

This is a great time to be talking about cotton given the massive swings and volatility we've seen in the market as of late.

Before I get into what has happened recently in cotton, I think it's important we establish a framework of where the cotton market has been over recent seasons. Over-supply created on the heels of high prices brought cotton down from above 1.00 on new-crop contracts in the early 2010's to lows in the high 50's (just over loan value) as recent as one year ago. Low prices we're brought on by a lack of U.S. export demand as foreign markets overproduced and took market share. U.S. planted cotton acres fell from near 15 million in 2012 to below 9 million in

like a prairie fire, and even the . . . Whatever the case, the story spread like wildfire, until the United States Department of Justice began receiving letters like the one addressed to Attorney General Robert F. Kennedy and dated January 30, 1964. "Who do you turn to when your teen age daughter buys and brings home pornographic or obscene materials being sold...in every City, Village and Record shop in this Nation?" that letter began, before going on to make the specific assertion that the lyrics of "Louie Louie" were "so filthy that I can-not enclose them in this letter." Over the course of the next two years, the FBI gathered many versions of the putative lyrics to Louie Louie. They interviewed the man who wrote the song and officials of the record label that released the Kingsmen's smash-hit single. They turned the record over to the audio experts in the FBI laboratory, who played and re-played "Louie Louie" at 78 rpm, 45 rpm, 33 1/3 rpm and even slower speeds in an effort to determine whether it was pornographic and, therefore, whether its sale was a violation of the federal Interstate Transportation of Obscene Material law. "Unintelligible at any speed" was the conclusion the FBI Laboratory relayed to the investigators in charge on this day in 1965, not quite exonerating "Louie Louie," but also not damning the tune that would go on to become one of the most-covered songs in rock-and-roll history.

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

U.S. planted cotton acres fell from near 15 million in 2012 to below 9 million in 2015. Gins across the southern U.S. closed as the industry appeared to be in decline until 2016. It was a tough growing year for the U.S., with a rough start to the planting season causing prices to jump from the 58 cent area to near 78 cents by late-summer as additional problems were discovered in major exporter India and major importer China. The market spiked to shut down old crop demand, putting in front-month highs that would hold the rest of 2016

Chinese demand started to pickup on thoughts their buyers would not be able to import as much from India. This took the US ending stocks number from around 4 million bales at the end of the growing season to the low 3 million bales. Stocks to use, which had been somewhat loose the year prior (in the 30% range), was taken lower in almost each WASDE report and was announced around at just 15% in the report this past Wednesday.

It is hard to say in recent days what has exactly caused the massive rally in price, but the blame in my opinion can be put on a commercial short squeeze from one of the few world suppliers. Someone who transports cotton from point A to point B probably discovered they would not be able to deliver ginned product (probably discovered as the May futures expired last week) and needed to buy contracts back. A good example to think about is in the airline industry. Everyone has been on an overbooked plane and offered a reward to take the next flight? Well in this case it was a contract of cotton, someone needed to be rewarded to take a later shipment. That reward is cold hard cash and it is offered through a spiking price of cotton. My guess is as soon as we crossed 82 cents we started to get folks to raise their hand and take a delayed shipment.

In the last few sessions, we saw "July vs December" cotton futures widen from a +5 cent premium (July over Dec) to at one point +14 cents over Dec. In three sessions, the July-Dec spread moved more than Dec futures have in their entirety since Thanksgiving. Of course, that offer to "take the next flight" was short lived and once the market got someone on the next flight it discounted the rest of the old crop supply. Prices appear to have topped at least for now, or perhaps until the next round of deliveries need to occur. World supplies do not appear to be in short supply, but they have become so in this country. It will be interesting to see how the next two months develop as July goes into Delivery.

Going back to our long term cotton story, the U.S. cotton producer has responded to higher prices with a jump in acreage. In fact 2017 cotton acres were recently estimated at 12.2 million and will most likely be higher than that. A trend yield will put the US supply picture back into the comfortable territory where it was 12 months ago. That's all good in theory, but in the end it will all come down to weather, not only here in the U.S., but also crop growing conditions in China and India. Any major hiccups and I could see new-crop prices climbing back above 80 cents in no time and creating a panic much worse than what we are currently witnessing. That is what makes this year so critical and will make managing risk that much more important. Funds are record long right now and the larger acres with a trend yield will bring on supply and perhaps a sizable position shift inside the market.

I will provide additional thoughts and insight on cotton once we get a bit more clear picture about weather. Stay tuned!



> Wheat Prices Could Bottom Out In Q3 On Supply Check & Food Growth:

Wheat prices could be bottoming out in the third quarter of 2017, after a record low in 2016, amid normalized yield of wheat and steady growth of wheat in the food sector, market sources told Platts on Tuesday. There are concerns over dryness in Australia, and the colder-than-normal climate in the US is also damaging crops and could reduce production of higher-quality wheat in the coming new marketing season, said a Northeast Asian flour miller. The miller, who refused to be named, represents one of the largest wheat import groups in Northeast Asia and has started preparing this week for new requirements in late-October for Australian wheat on worries of prices bottoming out. Removing China, which holds about 50% of global wheat stock in 2017, from the world's supply-demand equation and given the unlikelihood of changes in its wheat policy for the year, in the delicate matter of affecting farmers' livelihood and food security, the world's wheat balance-sheet could be in deficit, after six years high in

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

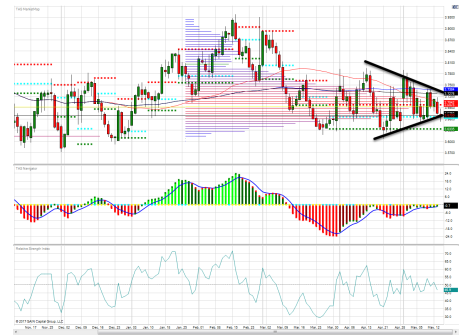
Fri. 8/10 - USDA Supply and Demand

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

Tues. 8/22 - Cold Storage

Fri. 8/25 - Cattle on Feed

Chart Of The Week



July Corn

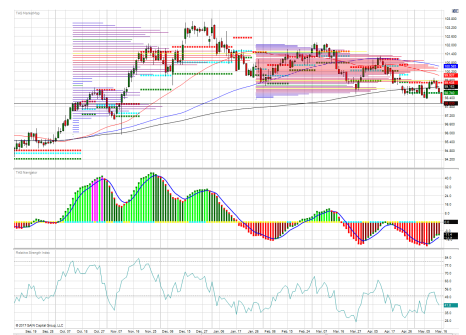
The pennant is tightening. A breakout and close above 374'0 or below 366'0 could help to set near term trend direction. Momentum is ascending upward.

[Enlarge July Corn Chart »](#)



Need more help with the "Technical" side of the market? I personally like to use Tom Dossall at Technical Ag Knowledge. [Click here](#) for a complimentary subscription courtesy of The Van Trump Report.

Outside Markets



US Dollar Index

2016, if demand continued to be robust, commented a Singapore trader. (Source: Platts)

> Brazil Moves To Protect Ethanol Producers: Brazil is toughening requirements for ethanol importers to protect domestic producers from an incoming surge of U.S. corn ethanol. Buyers of foreign ethanol will now have to follow a rule applied to Brazilian ethanol producers regarding minimum stocks to guarantee supplies in the market, according to a government decision published in the official gazette. Energy Minister Fernando Coelho said the measure aims at giving "fair treatment" to importers and producers in the face of a "violent" increase in shipments from the United States. Brazil is the main market for U.S. exports of corn ethanol, which have swelled in recent months to fill a gap left by falling domestic output. Brazilian mills have diverted more cane to sugar production because of better returns for the sweetener. Local mills currently need to have ethanol stocks equivalent to at least 8 percent of their total sales in the prior year by March 31 each year. The rule was created to guarantee enough ethanol between Brazil's cane harvests in the main center-south producing region. That period runs from December to the end of March. (Source: Reuters)

> Egypt Has Procured 1.7 MMT Of Wheat From Local Farmers: Egypt has bought 1.7 million tonnes of wheat from farmers since its harvest began in mid-April, according to the supply ministry. Supply Minister Ali Moselhy has said he expects to buy about 3.8 million metric tons of wheat from local farmers during the harvest, which runs through July. (Source: Reuters)

> JBS Delays U.S. Flotation Amid Food Industry Scandal: JBS revealed it had delayed, but not ditched, plans for a long-awaited flotation of a Dutch-based subsidiary, despite investigations hanging over the group and Brazil's food industry - into which police announced a fresh probe. Wesley Batista, the chief executive of the Brazil-based meat giant, said that a US flotation of a portfolio of the group's foreign operations as JBS Foods International in the first half of 2017, as has long been muted, "is not realistic any more". He cited as cause for the delay "these things going on", amid mass of external investigations into Brazil's food sector, some of which encompass the group. Mr Batista and his brother Joesley, the JBS chairman, were revealed on Friday by court documents to be facing questions by police investigating alleged fraud on loans to the group by BNDES, Brazil's state development bank. The company too is among dozens of meat processors probed in the high-profile Operation Weak Flesh investigation announced in March into claims of bribery of food safety officials. Brazilian police yesterday unveiled two further investigations into the food industry - one into whether some companies received favorable inspection procedures, and a second into improper protection of operators. (Source: Agrimoney)

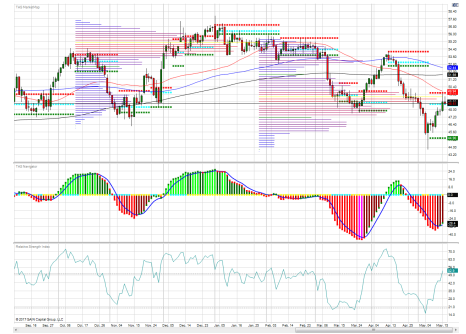
> Deputy Ag Secretary Spot May Be Filled: American Soybean Association President and CEO Steve Censky has been offered the deputy agriculture secretary job, and a formal announcement from the Trump administration is expected by Wednesday, according to several sources familiar with the decision, including Jim Wiesemeyer, senior VP of policy and trade issues for the agricultural market research and consulting firm Informa Economics Inc. That was the state of play as of Friday, though Wiesemeyer cautioned that the timing of an announcement is subject to change: "The longer something isn't announced, the more changes can happen. With this administration, until it's officially announced, nothing is certain," he said. The White House also is prepared to fill several key undersecretary positions, according to three people with knowledge of the decisions: Iowa Agriculture Secretary Bill Northey will be nominated for undersecretary for farm production and conservation, a new mission area focused on domestic agriculture that was created as part of the USDA reorganization announced last week; Sam Clovis, who chaired President Donald Trump's campaign and is now serving as USDA's liaison to the White House, is set to be tapped as undersecretary for research, economics and education; and Indiana Agriculture Director Ted McKinney will likely serve as the new undersecretary for trade. (Source: Politico)

> Meat Is In High Demand Ahead Of Grilling Season: Meat items suitable for grilling attracted higher willingness-to-pay in the most recent Food Demand Survey from Oklahoma State University, while all other items dropped in popularity compared to levels in the month prior. The May 2017 survey showed increases in consumer willingness-to-pay for steak (up 9.02 percent), chicken breast (1.19 percent) and pork chop (2.45 percent) compared with April levels. Meanwhile, demand dropped for deli ham (down 7.35 percent), chicken wings (down 13.24 percent) and beans and rice (down 31.65 percent) and pasta (down 34.16 percent). Hamburger seemed to buck the trend, dropping 2.35 percent in willingness-to-pay, despite its popularity over the summer grilling season. The amount spent on food eaten at home in general increased 4.05 percent in May from April and expenditures on food bought away from home decreased 4.85 percent. (Source: MeatingPlace)

> Canada Will Keep Revenue Cap On Grain Shipments By Rail: The Canadian government introduced draft legislation on grain shipping on Tuesday that would maintain a revenue cap on western grain that Canadian National Railway Co and Canadian Pacific Railway Ltd haul for export. The cap, formally known as the maximum

The close below 98.750 is a bearish breakout to the downside. There is a wide gap on the charts down to next support at 96.940.

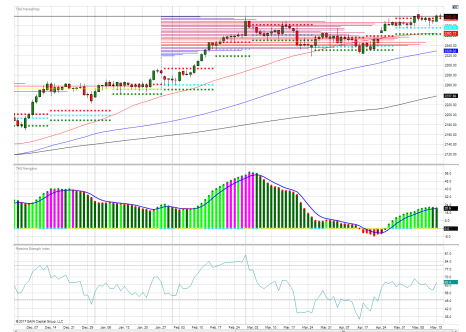
Enlarge US Dollar Index Chart »



Crude Oil

The short term bounce from oversold conditions did 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 but weakening.

Enlarge Crude Oil Chart »



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 »

Kevin's Song of the Week

Canadian Pacific Railway Ltd haul for export. The cap, formally known as the maximum revenue entitlement (MRE), has been in place since 2000 and is intended to balance the market power of the two big railways with that of farmers and grain companies, which in many areas rely on one rail company. Railways oppose the measure, saying it reduces their incentive to invest in grain hauling. Farmers say the annual revenue cap controls costs they pay when they deliver grain. Railways are critical to moving crops the vast distances from western grain elevators to ports in British Columbia and on the Great Lakes. (Source: Reuters)

> Canada To Vote On GMO Labeling Law: Canada's House of Commons will vote Wednesday on a bill that would require any food sold in the country that has been genetically modified to say so on the label "to prevent the purchaser or the consumer of the food from being deceived or misled in respect to its composition," Food Navigator reports. The bill, C-291, introduced by Pierre-Luc Dusseault, a member of the New Democratic Party, contains very little language. It does not define "genetically modified." Also, unlike the GMO labeling law passed in the U.S. last year, the Canada bill does not provide for the potential use of electronic labeling.

> Best Cities To Start A New Career: Deciding where to lay the foundation for a long and prosperous career can be a daunting task, especially for recent graduates entering the job market for the first time. After all, there are numerous factors — job-market saturation, housing affordability and commuter-friendliness, for instance — to consider about each prospective area. But the process needn't be that difficult or intimidating. WalletHub's data team compared the relative market strength and overall livability of the 150 largest U.S. cities to help recent college graduates find the best cradles for their burgeoning careers. Salt Lake City topped the list, with a total score of 68.72. Orlando; Austin; Grand Rapids, Michigan; and Tempe, Arizona, rounded out the top five. On the flip side, Newark, New Jersey, came in dead last, followed by Cleveland; Augusta, Georgia; Montgomery, Alabama; and Toledo, Ohio. A full list is available [HERE](#).

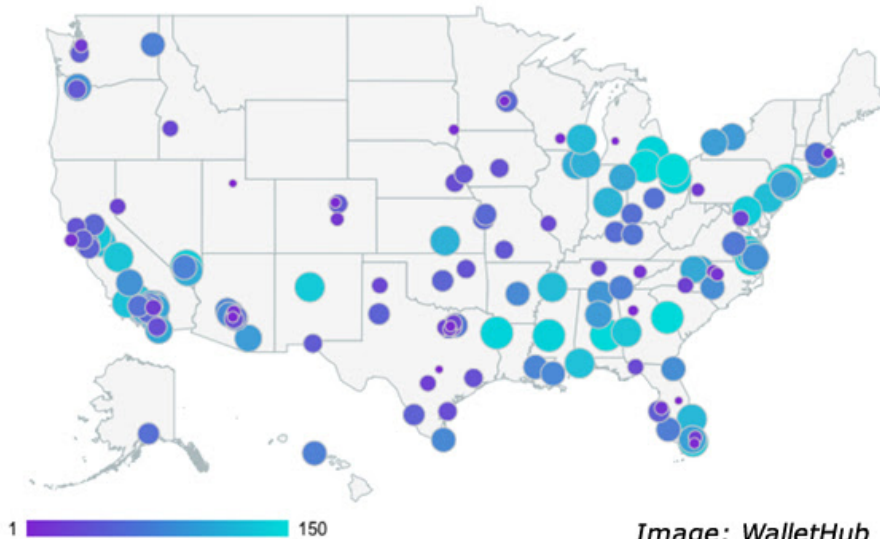


Image: WalletHub


FROM THE FIELD

Western Manitoba - The weather is still cold and wet up here and nothing has gone in the ground. We have two lakes around us and even though the ice is off them they still keep us very cool. We should be planting but we had another 1" of rain and that has kept us out of the field. We will get started on beans in the next few days. The bean acres have seen a huge increase up here. In 2010, I don't think we had any beans here and now this year I will have 2500 acres. The beans seem to adapt pretty well to our climate and soil. It seems like we can make 30bpa to 35bpa without throwing a lot of money at the bean crop. If we do put the juice to them we can make 50bpa pretty easy. The spring wheat seed needs to be going in the ground now by what the calendar says but we can't go yet. The prices have been down but we can make a little at these



About the Report

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

levels. We deliver both in the US and in Canada and the currency conversion has really helped with raising margins above break-evens.

Eastern North Carolina - We are trying to get the last few acres of cotton planted. The corn is 100% planned and up. We are needing to get in the field to plant some beans. We always like to get our beans in the ground by the end of May. I think we will be just fine this year depending on the weather. We have been paying close attention to our winter wheat crop. I don't think it will be as good as last years crop because we had a late freeze. The weather around here was pretty good all winter so the wheat developed pretty well early in the year, so it may have made the damage worse. We will double crop beans right behind the winter wheat. The conventional beans we plant into the wheat does just about as well as the full season beans. We will normally see bean yields around 35bpa to 40bpa. The average yields over the past 5 years have been closer 50bpa. We have been extremely wet this spring. In the past two weeks we have gotten a 6.5" rain in about 36 hours then another .6" shower overnight. We grow tobacco too, so that keeps us busy starting in early July all the way through September to cut that and get it hung up to dry.

Southern Minnesota - We have been soggy here all year and are sitting on our hands again right now. It should be dry enough in a couple of days but there is more rain in the forecast for next Monday. This area of the country is finally starting to warm up. This weekend could be close to 80 degrees, which is unbelievable because 10 days ago the soil temperatures were at 28 degrees. We had a few mornings that had white stuff on the ground when we woke up. There were some guys that got in early to plant but I just don't think that they gained much from it. The conditions over the past few weeks were not good for growing anything. I don't think we will be switching any corn acres to beans but planting this late will have some effect on the crop. It is just hard to put an exact number on what it does to yields but as we get out into mid-May we will start to see them backpedal each week.



Agronomist Says No Need To Switch Hybrids - Yet: An agronomist says corn fields in the Eastern Corn Belt are a mixed bag following several days of cooler, wet temperatures. Matt Hutcheson with Ohio-based Seed Consultants says now is the time for farmers to walk their fields and assess corn stands. "In some situations we've seen stands that are okay," he says. "In others there has just been too much rain and they have to replant. In other situations I think the seedlings are okay and still developing, but the heavy rains created a crust on top." He tells Brownfield the crusted topsoil could cause emergence issues. Hutcheson says for growers who have to replant and those who haven't started planting yet - there has been talk about switching to earlier maturing hybrids. He says - not so fast. "The corn hybrids can lower the amount of Growing Degree Days required to maturity when they're planted late," he says. "Which could be as much as 200 Growing Degree Days less required if they're planted mid-May to the end of May versus the end of April." Listen to the full interview [HERE](#).

Ignoring Competition is a Bad Idea: Gillette has dominated the razor business for decades. They have religiously followed a narrow strategy of adding new features and convincing consumers via advertising that they are worth the increased price. In the last three years Gillette has had some competition. It came in the form of low cost shave clubs and surprisingly, Gillette just continued to introduce new, pricier products; for example, a razor with a swiveling ball hinge that allows the blade to pivot. Its latest move was to file a patent application for a razor cartridge that heats up. Pricing of these very sophisticated engineering tools from Gillette has gotten out-of-hand. For example, a four-pack of its Fusion cartridges carries a price tag of around \$19.50. Spotting a rising customer concern with high prices and over-engineered products, in 2013 a brand named Harry's started selling low priced razors and blades online. The introduction of Harry's was soon followed by Dollar Shave Club and then by Schick. These three brands together had sales of \$700 million in 2016 and that compares to Gillette's 1.4 billion. Finally waking up, Gillette recently announced that it would be lowering its prices by anywhere from 12 to 20%. They also very recently launched their own online razor offerings, though it is likely too late to effectively compete with the other three online franchises. Read more [HERE](#).

Opening 2017 Monday Night Football Makes History With Female Announcer: The first week of the NFL's regular season features a Monday night doubleheader, and while the first game will have the typical crew (Jon Gruden, Sean McDonough) the second game of the evening will be making history, according to a report from Sports

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 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.

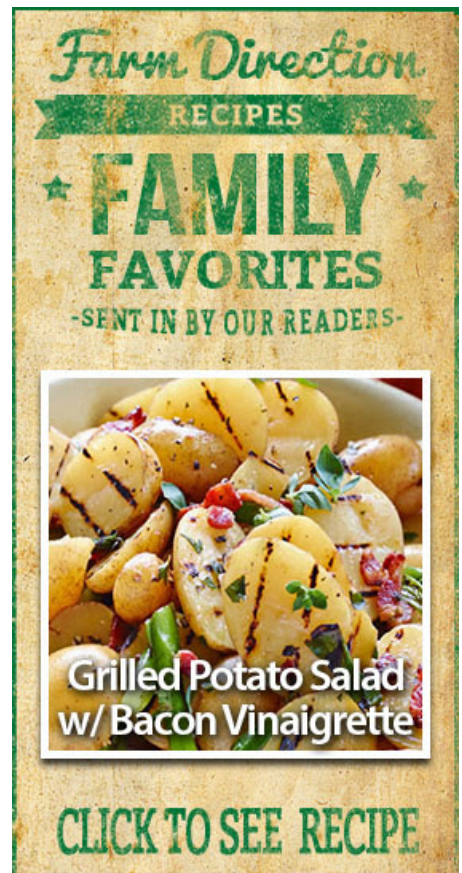
- Option #1 - Conservatively long.
- Option #2 - Aggressively long.
- Option #3 - Sitting on the sideline.

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.

second game of the evening will be making history, according to a report from *Sports Illustrated*. Beth Mowins will become just the second woman to announce an NFL regular-season or postseason game when she'll handle play-by-play duties in Week 1 during the Chargers and Broncos matchup. The only other woman to call a game was Gayle Sierens for NBC back in 1987. See more details regarding this play-by-play [HERE](#).

Here's How Often Americans Really Die From Shark Attacks: *Imagine being one of the paddle-boarders shown in a video released May 10 by the Orange County Sheriff's Department. It's a clear, sunny day as you plod along on the water, when suddenly a police helicopter begins circling overhead. Within moments, a man's voice booms through a loudspeaker. "Attention in the water, attention in the water: This is the Orange County Sheriff's department. Be advised state parks is asking us to make an announcement to let you know you are paddleboarding next to approximately 15 great white sharks," the voice says. "They are advising that you exit the water in a calm manner." Maintaining a "calm manner" would be next to impossible as you scramble to shore. However, a look at the statistical likelihood of dying from a shark bite should give you some solace. Sharks injure more people than they kill, but both events are extraordinarily rare — especially compared to other threats that people face. See more details [HERE](#).*

Christie's Raises \$289 Million In Its Most Successful Auction In Seven Years: *New York's biannual contemporary and modern art auctions have gotten off to a good start, after several years marred by thin supply and lackluster bidding. Christie's on Monday tallied \$258m of sales before premiums were added, well above the low end of its \$207m-\$307m presale estimate. With fees, Christie's raised \$289m with 78 per cent of the 55 lots sold — its most successful auction since 2010 and more than double the corresponding Impressionist and Modern Art sale last spring. Four works by Pablo Picasso sold throughout the night for a total of \$82.5m with fees, including the oil on canvas "Femme assise, robe bleue" (pictured below) for \$45m. The presale estimate, which excludes fees, was \$35m-\$50m. A Marc Chagall oil on canvas titled "Les trois ciérges" realised a price of \$14.6m, above the top end of its presale estimate, while a work from Fernand Léger sold for \$11.4m with fees. Read more [HERE](#).*





Should We Be Using a Starter Fertilizer on Soybeans?

With so many folks switching to soybeans this year, I continue to hear lots of questions about whether producers should spend time and money applying a starter fertilizer to soybeans. I came across some great information on this topic from K-State Research and Extension that I would like to share. Typically, corn shows a greater response to starter fertilizer than soybeans. Part of the reason is that soils are generally warmer when soybeans are planted than when corn is planted. Usually, response in early growth observed in corn is not observed in soybeans. However, yield response to direct soybean fertilization with phosphorus and other nutrients can be expected in low-testing soils. As for testing, K-State issues guidelines for measuring phosphorus (P), potassium (K), sulfur (S), zinc (Zn), and boron (B). If fertilizer is recommended by soil test results, then fertilizer should either be applied directly to the soybeans or indirectly by increasing fertilizer rates to another crop in the rotation by the amount needed for the soybeans. The most consistent response to starter fertilizer with soybeans would be on soils that test low on one of the nutrients listed above. As for application, banding fertilizer to the side and below the seed at planting is an efficient application method for soybeans. In narrow row soybeans, it may not be possible to band fertilizer, so producers can surface-apply fertilizer. However, be sure to not place fertilizer in-furrow in direct seed contact with soybeans because the soybean seed is very sensitive to salt injury. Soybean seldom responds to nitrogen (N) in the starter fertilizer. However, some research under irrigated, high-yield environments suggests a potential benefit of

Some research under irrigated, high-yield environments suggests a potential benefit of small amounts of N in starter fertilizer. For more information on soybean fertilizer and other fantastic articles on agronomy, check out K-State's [Agronomy eUpdates](#). (Source: [KSU Research and Extension](#))

Below is a picture showing the visual difference in soybeans using starter P fertilizer on the left and nothing applied on the right. Picture by Nathan Mueller.



Cell Phones Make Driving Much More Dangerous

We all see the rising number of drivers on their cell phones while operating vehicles. In fact I've written about the epidemic on more than one occasion. What's sad is how many lives are going to be lost and families ripped apart before something more serious is done to stop the problem. Zendrive, a research company working to improve road safety, conducted a 3 month analysis of 3 million anonymous drivers who made 570 million trips covering 5.6 billion miles. What they found is eye-opening to many and needs to be more seriously considered by our leaders in Washington. Phone use behind the wheel has clearly escalated to dangerous levels. Innocent people are being killed or injured on a somewhat regular basis because of driver distractions associated with texting, tweeting, snapping, or just general cell use. While there have been numerous small scale distracted driving reports, Zendrive's latest is the largest distracted driving study conducted to-date. What Zendrive found is that drivers are using their phones on 88% of their journeys. The average driver spends 3.5 minutes on the phone per trip. A stat that sounds much worse when you realize just a two-second distraction increases your risk of crashing by twenty times. When extrapolated for the entire U.S. driving population, the number goes up to roughly 600 million distracted trips a day. Driver surveys indicate young people use their phones behind the wheel more often than other age groups, but it may be that they're just more comfortable admitting it. Some important context will put this new data into perspective. Understand, the number of traffic deaths had been on a massive 40-year decline, but the past few years accidents have rebounded aggressively higher. In fact last year more than 40,000 people died on the roads for the first time in a decade. One can't help but find a correlation between the amount of distracted drivers and traffic accidents and deaths. Obviously, this 10 billion mile data-set has other interesting findings and if you'd like to see the full report, you can click [HERE](#). We are heading into a particularly deadly time of year for young people too, with graduations, end of the school year and the summer driving season all upon our doorstep. In addition safety experts urge all motorists to be alert for an increase in farm traffic, heavy equipment, and more pedestrians, particularly children out and about riding bikes, walking and playing in the neighborhoods. Bottom-line, put down the cell phones and help save lives. I just hate the thought of someone having to lose their life or their loved one because of social media or something of trivial importance. I've also included a few more facts that further confirm the problem. (Source: [Zendrive](#); NSC, Ledger-Enquirer, AAA)

Leading Cause of Death: *According to the Centers for Disease Control, auto accidents remain the leading cause of death for Americans age 30 or younger. The CDC says that each day in the U.S., over 8 people are killed and 1,161 injured in crashes involving a distracted driver. New teen drivers have typically been thought of as the most dangerous drivers on the road.*

more typically seen enough, or as the most dangerous drivers on the road, but a report from the AAA Foundation for Traffic Safety finds that there is one group that is even more reckless. Millennials, age 19 to 24, were found to be more likely to regularly engage in risky driving behavior. Some of these actions include speeding, disobeying traffic laws, and texting behind the wheel.

The Rebound Higher: Nationwide motor-vehicle deaths dropped -15% from 2007 to 2015. Deaths in 2015 jumped a whopping +14% over 2014, while deaths in 2016 jumped by another +6%.

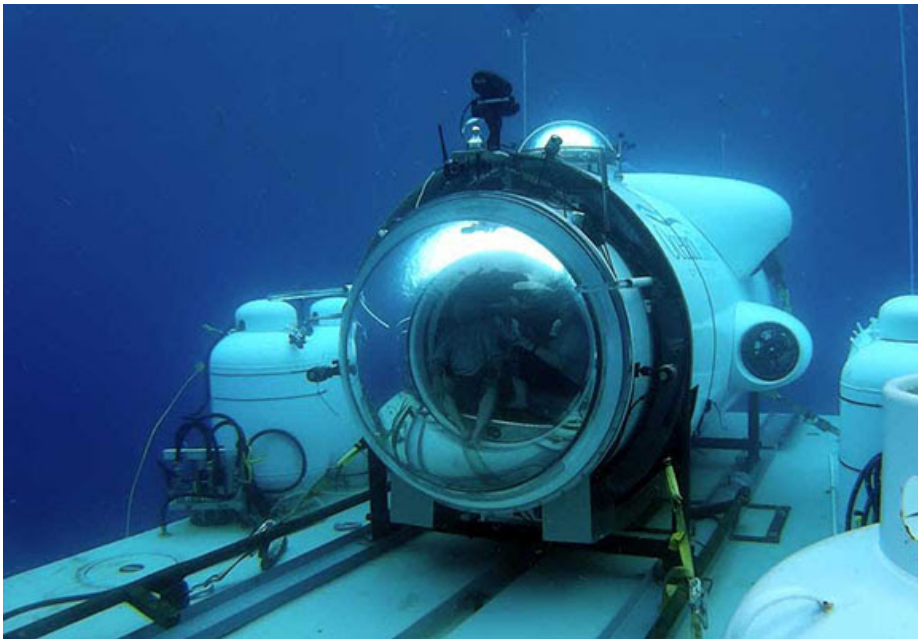
Deadly Mix of Speed & Distraction: A car going 60 mph travels 88 feet a second, so consider this: You're driving. Your cell phone rings. You look down to grab it. That's 88 feet you weren't watching the road, if you're quick. Two seconds at 60 mph equal 176 feet; three seconds 264 feet; and four seconds 352 feet – nearly a football field including end zones, which is 360 feet. And the faster a vehicle travels, the less control drivers have.



Taking It To The Deep.....

Stockton Rush is seeking to become the king of the deep with his company OceanGate Inc. The underwater excursion company has been transporting paying clients to sunken treasures and underwater oasis since 2009. Now understand that there are plenty of submarine excursions for tourists, including OceanGate's Antipodes and Cyclops 1, but none that will take you below 6,500 feet, which is under half the average depth of the ocean until now! As Jeff Bezos and Elon Musk seek to commercialize space, Rush is seeking to duplicate the goal underwater. I'm told the Cyclops 2 will debut in November and will make it the only privately owned submersible in the world capable of taking a crew of five to depths of 13,000 feet. Word on the street says over 50 people have already booked a 2018 trip to the Titanic which sits 12,500 feet below the surface of the Atlantic. Interestingly, there are only four vessels in the world that can even dive so deep and as you can imagine they are government owned, thus unavailable for commercial usage. It probably won't surprise anyone to know there is a disparity between the budget America spends on ocean exploration versus space. I will admit the amount of the variance surprised me when I read it - \$32 million for ocean exploration compared to \$19 billion for space exploration. That \$32 million translates into only five percent of the ocean being explored, another number that I found surprising. Rush believes that not only is a commercial solution viable, he believes it will be the future of ocean exploration. In order to be successful though, two myths need to be dispelled. The first myth, submarines are unsafe. Rush stated that in the last 35 years there hasn't been a serious injury, and there have been over 15 million people going below the ocean in submersibles. It appears that statistically, submersibles are the safest vehicles on the planet. The second myth - that deep sea exploration is expensive is based on the fact up until now, these vehicles were built by governments and universities, partly as symbols of prestige. The focus was on capability—diving the deepest, or taking the most samples instead of costs and revenue. Moving forward with his vision, Rush has adopted the same view as the space explorers who ask, "how do you launch and recover the vehicle economically"? Though launching a submersible doesn't create the complexities a space voyage does it however requires a big ship to ferry it to and from its destination. In order to make sea launches cheaper and easier, Rush created a trailer of sorts named Ms. Lars - "Mobile Subsea Launch and Recovery System". This platform overcomes the issues dealt with in rough seas, where the

traditional A-framed structures which lower the sub into the ocean can be very dangerous under certain weather patterns. Thanks to the new "trailing behind" set up, the launches no longer require booking and paying for a submarine launching ship - which can be very expensive. On top of that, it means Cyclops 2 can launch in poor weather, where before trips would have to be canceled. Finally, OceanGate also modified the platform to eliminate the need for diver assistance when launching and recovering. If you are considering signing up for an excursion - you will need to know that OceanGate's application process requires "physical ability". They want to be sure customers can get in and out of the boats and helicopters that carry passengers to the dive locations. Rush says a little experience at sea doesn't hurt either. And to top it all off, if you happen to be one off the lucky applicants chosen for a 13,000-foot descent into the abyss - you will have to pay just over \$105,000, interestingly the inflation-adjusted price of the "Vanderbilt suite", the first-class suite on the Titanic back in 1912! (Source: [Popular Science](#))





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OceanGate

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Manned submersible services and solutions for industry, research and exploration.

OceanGate Inc. provides manned submersible services and solutions for exploration, research, and responsible commercial activities including:

Site Survey and Inspection

Conduct continuous and extensive site surveys to inspect underwater infrastructure, wrecks or sensitive environmental habitats without resurfacing.

Research and Data Collection

Collect research data in real-time with first-hand views, onboard collaboration and the flexibility to modify your mission profile while your team is still on site.

Film and Media Production

The ultimate stage to film the treasures of the deep in a highly adaptive vessel to illuminate the ocean depths, capture vibrant images and document natural habitat.

Deep Sea Testing Platform

A unique underwater testing platform to conduct a wide array of experiments to test equipment or expedite sensitive research in deep sea environments.

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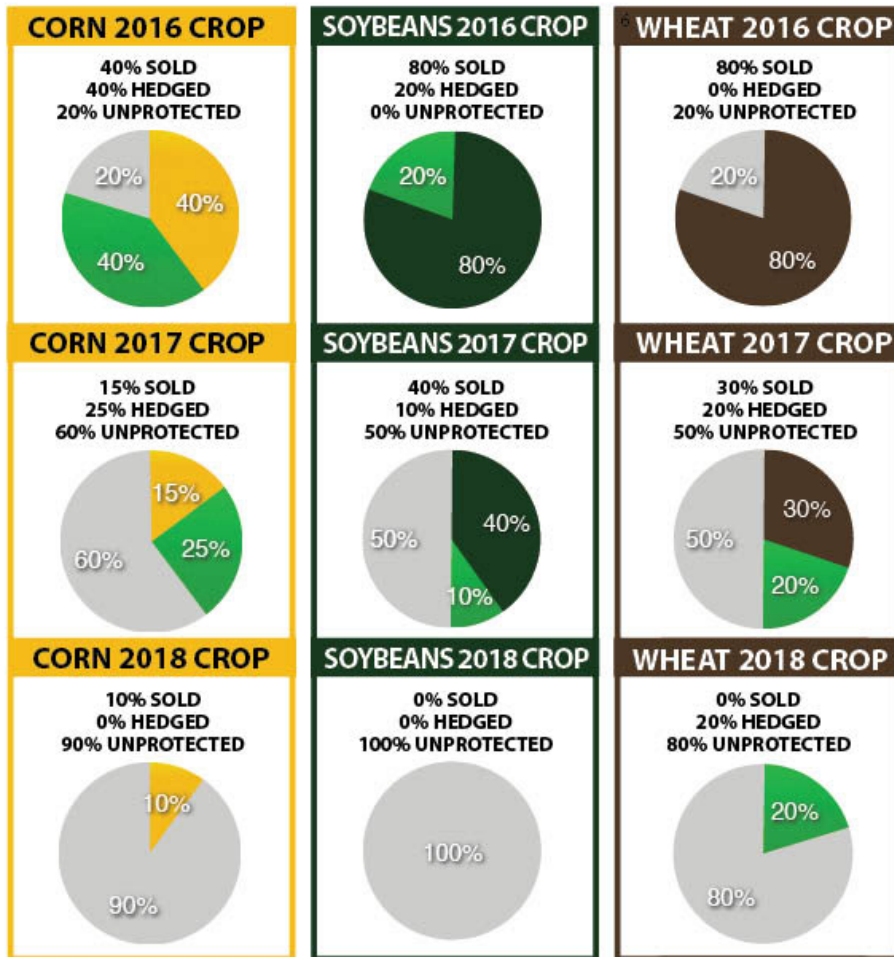
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