

GOOD MORNING: 05/22/17 Farm Direction - VanTrump Report

1 message

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

Mon, May 22, 2017 at 6:56 AM



"You are not a team because you work together. You are a team because you trust, respect and care for each other." - Vala Afshar

MONDAY, MAY 22, 2017
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Morning Summary: Traders will start positioning themselves for an extended three-day Memorial Day weekend with a U.S. stock market that's trading near all-time record highs. Traditional economic data this week will again be fairly light and insignificant, but headline activity from the media looks as if it will be extremely heavy. Not only do we have the highly anticipated Trump budget scheduled to be released early next week, but we also have the most recent Fed meeting minutes coming out on Wednesday, potential testimony by former FBI director James Comey, and an OPEC meeting kicking off in Vienna on Thursday to decide whether to extend global oil production cuts. Crude oil has made a nice rebound higher from the early-May lows and is trading back north of \$50 per barrel. At the same time the U.S. dollar is now trading down near fresh six-month lows. There seems to be a bit more talk amongst the investment world that President Trump's recent media attention could start to drain his support from Congressional Republicans in Washington. That in turn could create a few roadblocks for his team in getting their "pro-growth" strategies passed in a timely manner. As witnessed last week, however, markets have proven to be impressively resilient and seem not to be giving much longer-term attention to recent media show surrounding Trump, Russia and the FBI. Lets also keep in mind President Trump is on his first overseas trip as president, visiting Israel, Saudi Arabia, Brussels, the Vatican and Sicily. On top of the Fed minutes being released on Wednesday, we also have six Fed officials speaking at various events this week. Internationally, nearby headlines out of Brazil continue to make the loudest noise with increasing pressure for current President Michel Temer to step down or be impeached. The council of Brazil's Order of Lawyers (OAB), voted 25 to 1 in favor of an impeachment hearing for Temer, and will file its request in the lower house of Congress in the coming days. If the impeachment were to play itself out it would be the second Brazilian president impeached in the past two years. To say the country has become a political "powder-keg" would be a complete understatement. As I mentioned last week, several fx insiders believe there could still be another -20% of downside to the Brazilian currency before it finds more stable footing. There is also growing unrest in Venezuela where increasingly violent protests have led to many deaths. Concerns are increasing that the country is on the brink of civil war with protestors demanding the resignation of President Nicolas Maduro. I should also note there seems to be talk surrounding NAFTA negotiations and the fact U.S. officials may start to take a more aggressive approach towards Mexico first, then turn their attention towards Canada. Bottom-line, with U.S. corporate earnings season tapering off and very little in the way of improved U.S. economic data scheduled for release this week, I have to imagine the media will be searching for stories to turn into headlines. Depending on how a few balls bounce will ultimately determine our fate. I'm thinking we could definitely see an uptick in volatility and some long-side profit taking as we head into an extended three-day holiday weekend. Staying conservative.

JBS Executive Admits Paying Millions To Brazilian Leaders: *The chairman of meatpacking giant JBS SA has told prosecutors he made millions of dollars of illegal payments to President Michel Temer and his predecessors, Dilma Rousseff and Luiz Inácio Lula da Silva. The revelations came a day after the court said Mr. Temer was being formally investigated for corruption and obstruction of justice. Joesley Batista, whose company is one of Brazil's biggest, said in a plea deal with prosecutors that Mr. Temer asked for money on multiple occasions in amounts that added up to at least 7 million reais (\$2.2 million), and that some of the money was intended to be used for political campaigns. Mr. Batista also said he deposited \$30 million in an offshore bank account for Ms. Rousseff, and at least \$50 million into an offshore account held by Mr. da Silva. The new allegations stunned a country that has been repeatedly roiled over the last three years by a spectacular investigation exposing what is widely seen as the world's biggest corruption scheme to date, centered on kickbacks worth billions at state-run oil giant Petróleo Brasileiro SA. (Source: The Wall Street Journal)*



Today In History



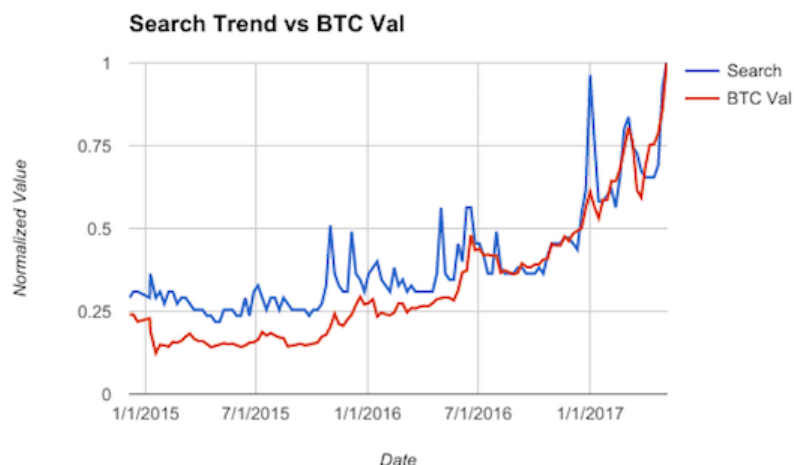
1843, Oregon Trail - A massive wagon train, made up of 1,000 settlers and 1,000 head of cattle, sets off down the Oregon Trail from Independence, Missouri. Known as the "Great Emigration," the expedition came two years after the first modest party of settlers made the long, overland journey to Oregon. After leaving Independence, the giant wagon train followed the Sante Fe Trail for some 40 miles and then turned northwest to the Platte River, which it followed along its northern route to Fort Laramie, Wyoming. From there, it traveled on to the Rocky Mountains, which it passed through by way of the broad, level South Pass that led to the basin of the Colorado River. The travelers then went southwest to Fort Bridger, northwest across a divide to Fort Hall on the Snake River, and on to Fort Boise, where they gained supplies for the difficult journey over the Blue Mountains and into Oregon. The Great Emigration finally arrived in October, completing the 2,000-mile journey from Independence in five months. In the next year, four more wagon trains made the journey, and in 1845 the number of emigrants who used the Oregon Trail exceeded 3,000. Travel along the trail gradually declined with the advent of the railroads, and the route was finally abandoned in the 1870s.



1856, Caning Of Senator - Southern Congressman Preston Brooks savagely beats Northern Senator Charles Sumner in the halls of Congress as tensions rise over the

Americans' Financial Wellbeing On The Rise: The financial wellbeing of most households in the U.S. continued on a modest upward path, according to an annual report from the Federal Reserve. Based on findings from the Federal Reserve's fourth annual Survey of Household Economics and Decision Making, 29% are "living comfortably" while 40% are "doing okay", both up from a year ago, but at a gradual pace that underscores the anemic economic recovery. Thirty-percent find it difficult to just get by, or are just getting by, down a percentage point from 2015. Optimism toward their financial situation was more prevalent among respondents with at least some college education than those with only a high school degree or less. Forty-percent of respondents with a high school diploma or less are still struggling financially. And 24% have a work schedule that varies based on their employers' needs, adding further financial challenges. Financial instability among U.S. households resulted in 23% of all households unable to pay all their current month's bills in full, 25% unable to pay medical treatments, and 44% were unable to pay an unexpected \$400 expense, down 6 percentage points from 2013. Retirement is another challenge to most households. Twenty-eight percent of non-retired respondents lack retirement savings, and of those with retirement savings, 53% were "not comfortable" or "slightly comfortable" in their ability to make the right investment decisions for their retirement accounts.

"Bitcoin vs. Gold" - My good friend Howard Getson, CEO of Capitalogix pointed out if we would have invested \$10,000 in gold in July of 2010 our investment would be worth \$9,981. In contrast, if we would have invested \$10,000 in Bitcoin, at the same time, our investment would have grown to over +\$200,000. Bitcoin has recently hit all-time highs and some are seeing arrest correlation with its price surge and the number of searches for it on Google. Howard says from a behavioral economics perspective, this makes sense. Google searches can be a good indicator of public sentiment, interest and demand. Since Bitcoin is a digital currency decentralized over a peer-to-peer network, the more people are willing to accept it as a medium of exchange, the more valuable it becomes. Meaning its value as an international currency and or currency for black-market transactions has been steadily pushing higher. Compared to a reserve currency - whose worth is primarily influenced by trade value and other macroeconomic factors - watching Bitcoin's volatility can be scary. That being said, Bitcoin is in a relatively unique position, and as the internet grows and our world becomes more interconnected, it's entirely possible that Bitcoin will continue to legitimize. For what it's worth, Mr. Getson says he still remains a skeptic of the currency, yet, is bullish on the underlying Blockchain crypto-currency technology. Capitalogix develops investing technology with thousands of Artificial Intelligence Trading Systems evaluating global markets in the cloud.



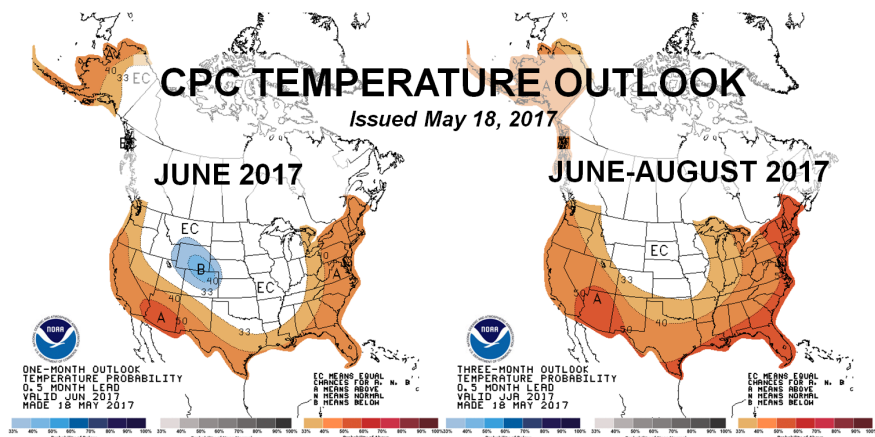
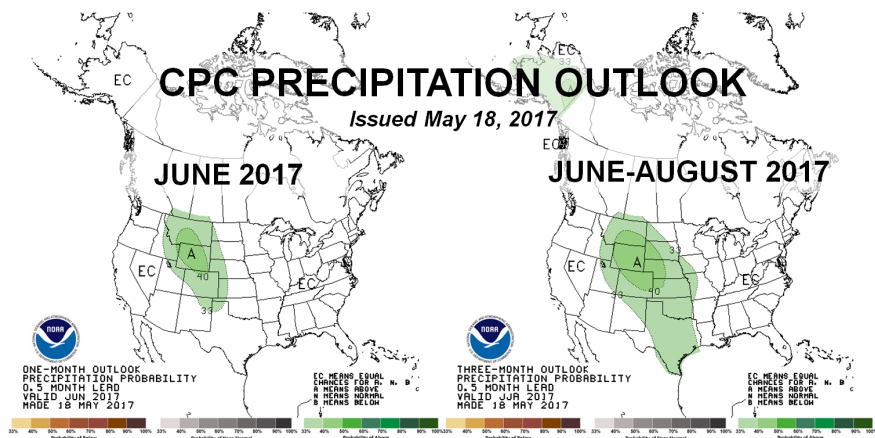
Weather forecasters from NOAA's Climate Prediction Center have released their short and medium-term outlooks for this summer. In June there is really no wet or dry bias is forecast for the majority of the Corn Belt. Meanwhile, June, July and August could be wetter in the western areas and a bit warmer than normal in the eastern regions.

expansion of slavery. When the controversial Kansas-Nebraska Act of 1854 was passed, popular sovereignty was applied within the two new territories and people were given the right to decide the slave issue by vote. Because the act nullified the Missouri Compromise of 1820, the debate over slavery intensified. Northerners were incensed that slavery could again resurface in an area where it had been banned for over 30 years. When violence broke out in Kansas Territory, the issue became central in Congress. On May 19, Massachusetts Senator Charles Sumner, an ardent abolitionist, began a two-day speech on the Senate floor in which he decried the "crime against Kansas" and blasted three of his colleagues by name, one of whom—South Carolina Senator Andrew P. Butler—was elderly, sick, and absent from the proceedings. Butler's cousin, Representative Preston Brooks of South Carolina, who had a history of violence, took it upon himself to defend the honor of his kin. Wielding the cane he used for injuries he incurred in a duel over a political debate in 1840, Brooks entered the Senate chamber and attacked Sumner at his desk, which was bolted to the floor. Sumner's legs were pinned by the desk so he could not escape the savage beating. It was not until other congressmen subdued Brooks that Sumner finally escaped. Brooks became an instant hero in the South, and supporters sent him many replacement canes. He was vilified in the North and became a symbol of the stereotypically inflexible, uncompromising representative of the slave power. The incident exemplified the growing hostility between the two camps in the prewar years. Sumner did not return to the Senate for three years while he recovered.



1859, Sir Arthur Conan Doyle

It's the birthday of Sir Arthur Conan Doyle, the creator of master sleuth Sherlock Holmes. Doyle was born in Scotland and studied medicine at the University of Edinburgh, where he met Dr. Joseph Bell, a teacher with extraordinary deductive reasoning power. Bell partly inspired Doyle's character Sherlock Holmes years later. After medical school, Doyle moved to London, where his slow medical practice left him ample free time to write. His first Sherlock Holmes story, A Study in Scarlet, was published in Beeton's Christmas Annual in 1887. Starting in 1891, a series of Holmes stories appeared in The Strand magazine. Holmes enabled Doyle to leave his medical practice in 1891 and devote himself to writing, but the author soon grew weary of his creation. In The Final Problem, he killed off both Holmes and his nemesis, Dr. Moriarty, only to resuscitate Holmes later due to popular demand. In 1902, Doyle was knighted for his work with a field hospital in South Africa. In addition to dozens of Sherlock Holmes stories and several novels, Doyle wrote history, pursued whaling, and engaged in many adventures and athletic endeavors. After his son died in World War I, Doyle became a dedicated spiritualist. He died in 1930.



Corn prices rallied over +10 cents last week as headlines about less than ideal U.S. crop conditions began to more heavily circulate. Several sources believe the recent rounds of heavy rains and cooler than normal temps to start the growing cycle could create much longer-term yield complications. Many farmers will tell you that when corn sits in soil that is extremely wet and cooler than normal can easily have a negative impact on corn germination and emergence. You could eventually also see other problems such as soil crusting, compacted soils, and increased risk of seedling diseases. On the flip side some producers will argue that cooler than normal temps are rarely an issue of any significance because the growing point of corn is at or below the soil surface until the V6 growth stage. I suspect since there's still a ton of what ifs and unknowns the current crop-condition subject will continue to be heavily debated. Keep in mind some still argue that the yield on unplanted acres in some of the key production states will start to tick back close to -1% each day after the May 15th to May 20th time period. The bulls are also pointing to the fact the funds are holding a near record short position in the market and may opt to flush out if commodities as a sector come back in vogue. Keep in mind crude oil prices have rebounded back north of \$50 per barrel and the U.S. dollar is trading at lows not seen in six-months. I suspect we can argue that something more bullish is defiantly happening in the underlying macro landscape. The question is will it be just a blip on the radar screen or an overall much larger shift in dynamics? As a producer my personal fear is the traditional fundamentals and the fact we are still looking at close to 90 million acres being planted here in the U.S., while ending stocks remain in excess of +2.1 billion bushels. We also have to remind ourselves that Argentina is going to quickly become very aggressive sellers of corn and on their heels will be record production being made available by Brazil, which obviously puts longer-term pressure on U.S. exports. There's also some fear that while corn used for U.S. ethanol has been extremely strong, we could start running into some headwinds during the second part of 2017. Bottom-line, I'm going to be using the recent rally to help reduce risk. I hate this time of year when it feels like we are holding three years of potential risk in our lap: the remaining bushels from last year + all of the unpriced bushels from this years yet to be harvested crop + some bankers already starting to look at and talk about the 2018 crop. As for this afternoon, it will be interesting to see how far along the USDA has moved their U.S. planted acreage estimate. It seemed like rains may have created some difficulties in parts of Arkansas, Illinois, Indiana, Kansas, Missouri and Ohio. Despite what could be lower than expected crop-conditions next week, I still think between Memorial Day and the July 4th holiday producers need to be using any nearby rallies to reduce longer-term price risk.

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

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

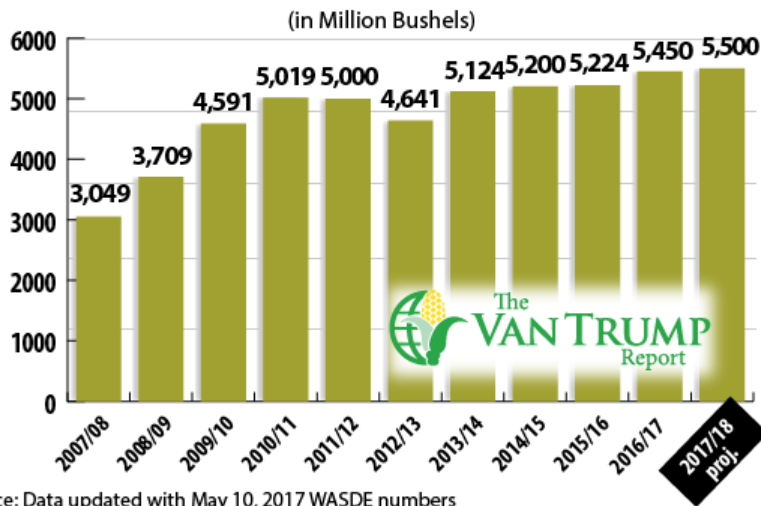


July Corn

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 »](#)

U.S. Corn Used for Ethanol



Soybean traders continue to talk about political uncertainty inside Brazil. We have to keep in mind Brazil has become the worlds #1 exporter and global supplier of soybeans, so any talk of major political unrest or massive devaluation in their currency needs to be carefully monitored and evaluated. With the Brazilian currency being devalued so heavily the past few days, producers in their country have enjoyed between a +50 cent a +\$1.00 appreciation in soybean prices. In return the lower valued "real" has seen more Brazilian farmers rushing to sell their crop. Many insiders are thinking this weekends recent vote by the council of Brazil's Order of Lawyers, or OAB, in favor of an impeachment hearing for the current president will only work to press the Brazilian currency lower and bring about even more farmer selling. As for overall "demand," there's no debating that global usage remains extremely strong, but the supply side push has been hard for the bulls to battle. In other words a record crop harvested last year here in the U.S., followed by another record crop being harvested right now in South America, and record acres being planted this year here in the U.S., it's tough to get all excited fundamentally. I suspect looking at the week ahead it will be all about U.S. weather conditions and the political shenanigans that continue to take place in Brazil. Most sources are thinking the USDA will show soybean acres have now exceeded 50% planted...Stay tuned!

Wheat prices were able to jump higher last week as more questions than answers circulate in regards to the U.S. winter wheat crop. Overall weekly crop-conditions have fallen the past few weeks and most sources believe we could see another small setback again this afternoon in the latest USDA survey. Some of the larger declines in conditions have come in states like Illinois, Montana and South Dakota. It will be interesting to see if conditions continue to deteriorate or start to level off. Personally, I still think the U.S. crop is in worse shape than the trade is currently giving credit and "quality" is starting to be impacted. The USDA will also update spring wheat planting one more time. Keep in mind last week it jumped by +24% to 78% complete and is now actually ahead of its traditional 5-year average. It will also be interesting to see if we can keep our recent momentum in regard to exports. The bulls were excited last week to see that Egypt was in the market buying U.S. supply, with the U.S. offers actually cheaper than Romania, Russia and Ukraine. There's also more talk circulating that Russian wheat supplies may be somewhat limited during the next several weeks. Meaning U.S. wheat exports might catch a bit of a tailwind in the headlines. The funds continue to hold a near record short position and I'm hoping a slightly more bullish nearby tone towards commodities, i.e. weaker U.S. dollar and stronger crude oil prices will give us a little more upside momentum. Unfortunately longer-term supply and demand fundamentals remain bearish, so it's tough to get overly excited. Staying very moderately and conservatively bullish.

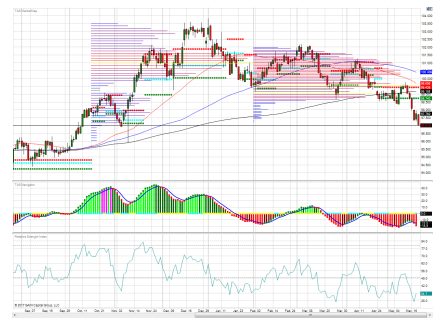


> **Kansas Wheat Faces New Threat:** Not long after sounding a warning call about damaging frigid spring weather, Kansas Wheat has identified another significant threat to the 2017 Kansas wheat crop — wheat streak mosaic virus (WSMV). Alerting growers to take steps to manage the risk posed by WSMV (no chemical treatments exist), Kansas Wheat said the disease is "crippling western Kansas wheat crop." The organization, a cooperative effort of the Kansas Wheat Commission and Kansas



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

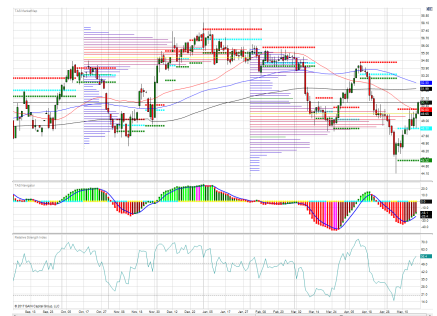
Outside Markets



US Dollar Index

If November lows near 96.940 give out the next target down could be 94.241.

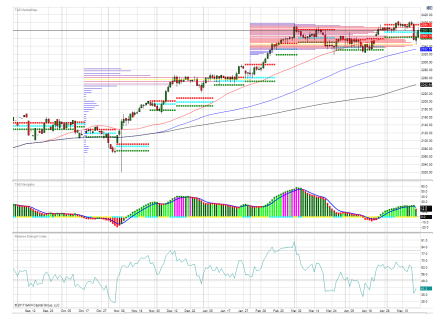
[Enlarge US Dollar Index Chart »](#)



Crude Oil

The push through the supply level and 50 day moving average (50.03) Friday tilts the bias more bullish. There is a volume at price gap up to the consolidation of 100 and 200 day SMA's near 52.25.

[Enlarge Crude Oil Chart »](#)



E-Mini S&P Index

Association of Wheat Growers, said losses from WSMV vary depending on variety, weather, percentage of crop infected and the timing of infection. When the disease strikes in the fall, yield losses often are 50% or more. Spring infection tends to cause losses closer to 20%. Kansas Wheat said six west-central Kansas counties are indicating widespread incidence of WSMV and related viruses — High Plains mosaic and triticum mosaic. The counties are Greeley, Wichita, Lane, Hamilton, Kearny and Finney. "Many fields in this area are severely diseased and could experience more than 70% yield loss, if not a complete loss," the Wheat Commission said. "The rest of western Kansas is dealing with high distributions of these diseases while the central region is also seeing high and moderate infection levels." (Source: World Grain)

> Argentine Soybean Harvest Could Be Delayed By Rains: Rains expected in the coming week in Argentina could delay soy harvesting in some areas and threaten to reduce yields, the Buenos Aires Grains Exchange said in a report. A week after raising its 2016/17 soy crop estimate to 57.5 million tonnes from 56.5 million, the exchange warned that land already left wet by ample rains earlier this year could get flooded if forecasts of showers in the southern and eastern part of the country's farm belt prove true.

> U.S. Ethanol Exports To Brazil Threatened By Currency Plunge: The recent tumble in the Brazilian real's value against the US dollar could hamper ethanol exports from the US to Brazil, sources told Platts. Political turmoil in Brazil emerged late Wednesday with the current president, Michel Temer, accused of being involved in bribery to silence a key witness in the country's largest corruption investigation. The immediate impact is unlikely to be high, as few cargoes are currently being booked for Brazil. "I think a lot of it had to do with the uncertainty of a tariff on US imports," said the source. "That has kept the market on edge and not moving on anything." Brazil was the top buyer of US ethanol exports in 2016, taking 27% of all exports. Through March of this year, Brazil has accounted for 39%. Brazilian ethanol producers have called on the government to reinstate the country's ethanol import tariff, which was suspended in October 2011 until 2019. Surging imports in 2016 and 2017, however, have prompted producers to ask for the tariff to return. A vote on the tariff was postponed until June. With Brazil short on ethanol over the past two years, the country turned to a net importer for the first time. Historically, Brazil has been the biggest competitor of the US in global ethanol exports. But with a weaker real, Brazilian product could become more attractive. (Source: Platts)

> Rising Chinese Hog Output Will Erode Profits By 2018: China's pig farmers will start to lose money next year as the country's herds are close to full capacity, analysts said last week, which may undermine planned expansions of pork production. China's farmers had earlier culled herds after a spell of losses, which pushed prices to a record 22 yuan (\$3.19) per kg last year. As a result, companies including Cofco Meat, New Hope Liuhe and Guangdong Wen's Foodstuffs embarked on a building spree to expand production to chase profits of more than \$100 per pig. (Source: Reuters)

> Deere Second Quarter Earnings Beat Across The Board: Deere & Company reported second-quarter earnings that were ahead of Wall Street expectations, and it raised its profit forecast. The farming-equipment maker reported earnings of \$2.49 a share, easily beating the \$1.68 that was expected by the Bloomberg consensus. Revenue came in at \$8.29 billion, topping the \$7.27 billion that analysts were anticipating. In addition to beating on both the top and bottom lines, Deere raised its 2017 profit forecast. The company now expects sales to rise by 9% through October, up from its earlier estimate for an increase of about 4%. Deere sees net income of about \$2 billion, up from its previous estimate of about \$1.5 billion. The strong results are more evidence Deere is seeing further stabilization in the industry. The company has been sounding the alarm on a "global farm recession" it says has weighed on results over the past several quarters. In last quarter's release, CEO Samuel R. Allen noted that the worst of that recession may be over. (Source: Business Insider)

> Farmers Sought More Foreign Workers In First Quarter: New data from the Labor Department shows that farmers sought more workers through the H-2A temporary visa program in the first months of the Trump presidency. If an agricultural business wants to employ foreign workers under H-2A, it must first show that it can't find willing and available workers, that the hiring of temporary workers won't adversely affect wages of U.S. workers and that the job is seasonal. The applications to prove that - known as a labor certification - spiked during the second quarter of fiscal year 2017. From Jan. 1-March 31, farmers filed 4,131 applications to hire 70,852 guest workers through H-2A - up +36% from a year ago. Requests by Florida farmers accounted for 16 percent of all applications, followed by Georgia at 13 percent and North Carolina at 10 percent, Labor Department data shows. The president reportedly said at a roundtable last month that he didn't want to create labor problems for the agriculture industry, but the increase in applications indicates farmers are still concerned about the President's immigration crackdown and what it might mean for their workforce. (Source: Politico)

> McDonald's Has Removed Artificial Flavor From Soft Serve: McDonald's says it removed artificial flavor from its vanilla soft-serve dessert. The chain says it started switching to natural vanilla flavor last fall, and the rollout is nearly complete at its more than 14,000 U.S. locations. The soft-serve already had no artificial colors or preservatives. The chain also noted that it switched from high-fructose corn syrup to sugar for its chocolate and strawberry syrups. (Source: NY Times)

> Record Few Americans Believe Bible Is Literal Word of God: Fewer than one in four Americans (24%) now believe the Bible is "the actual word of God and is to be

The market is back within a neutral/sideways trading range between 2366.00 and 2395.00. A close above or below either of these markers could be key for short term price direction.

[Enlarge E-Mini S&P Index Chart »](#)


Kevin's Song of the Week



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.

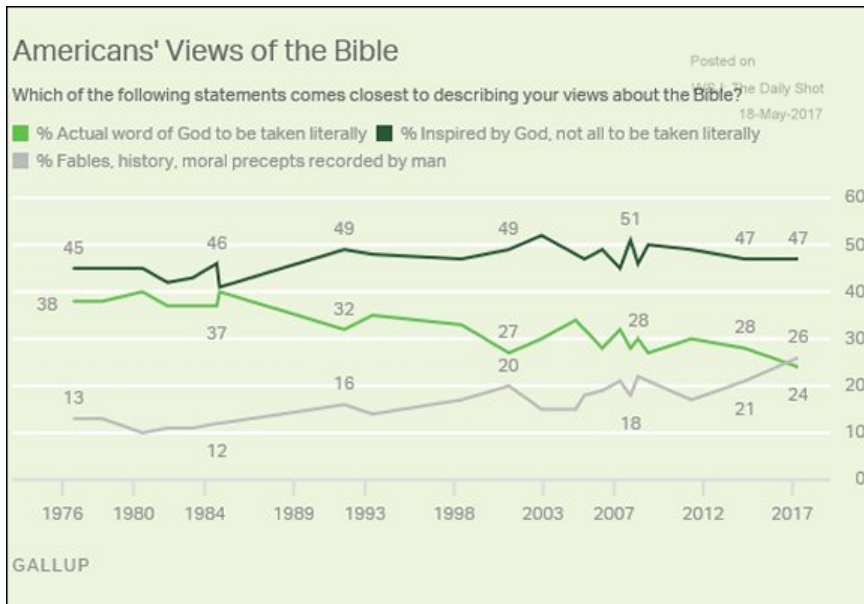
My family and I would like to thank you again for your support!

Kevin Van Trump

What Others Are Saying

"I am a recent subscriber to Kevin's

four Americans (21%) now believe the Bible is the actual word of God, and is to be taken literally, word for word." 26% view it as "a book of fables, legends, history and moral precepts recorded by man." This is the first time in Gallup's four-decade trend that biblical literalism has not surpassed biblical skepticism. Meanwhile, about half of Americans -- a proportion largely unchanged over the years -- fall in the middle, saying the Bible is the inspired word of God but that not all of it should be taken literally. From the mid-1970s through 1984, close to 40% of Americans considered the Bible the literal word of God, but this has been declining ever since, along with a shrinking percentage of self-identified Christians in the U.S. Meanwhile, the percentage defining the Bible as mere stories has doubled, with much of that change occurring in the past three years. (Source: Gallup)



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 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.



Southern Minnesota - We have all of our planting done at this point. It has been a little different this year compared to the past few that saw many heavy rains this time of year and mudding everything in. Over the past two years we seemed to get 5" to 10" of rain in a two or three day period that would just kill us. This year we were actually getting a little dry when we started planting and again over the last 10 days. Things ended up in great shape and we just finished putting all the chemicals on. This rain that they are calling for over the next few days should come at a perfect time. We feel like we are in the garden spot this year. We did get some corn in very early, which is up and starting to look much better after sitting for a little bit when things got cold up here. Last years corn harvest was a mess. Things were very wet which saw many guys get their combines stuck. Many had to bring a back hoe in or tile their way out of it. I think I saw more buried combines in mud last year than I have seen all the past years combined. This years beans were planted in dirt that was ideal. The majority of the beans came up in a week. We had good moisture then the temps reached 80 degrees which pushed things along. I would say that the bean potential for this year is way up on yields. We had a great bean crop last year but we are starting to see processors start to talk about needing some beans soon, which should help firm the basis up.

Southern Washington - It has been a very wet winter and spring in this part of the country. I thought we may see some preventive plant acres but that hasn't happened so far. I do think that there will be less pulse crops planted here. Guys were behind early on planting but we seem to have gotten caught up in a hurry and just were a few weeks late. We have had a couple issues with winter wheat. There was more snow mold around then I can remember in the recent past and we saw nitrogen leaching show up, because of all the moisture. I hope that the nitrogen loss can be remedied with a heavy dose of side dressing. The other problem the rains have brought is more rust and other disease pressure for this years wheat crop. The way things look right now we should still see an above average wheat crop.

Central Illinois - We are headed out to the field today to finish up our beans. Most in the area still have the majority of their beans to plant. Our farms seem to have great planting weather when others do not. The windows to plant have been just long enough over the past few years to let us get huge chunks of planting done at one time. If we have not been the first done with planting we have been real close. We finished our corn about the 3rd week of April. That earlier corn sat in water, with cold temperatures

longer than what we wanted and showing stress as it turned yellow. The last of our fields has greened up nicely with nothing yellow left. We were also able to start planting beans in April which many did not around here. We are optimistic that production should be good here as yields over the last three years have increased 10% each year.

CROSSING WIRES

A place to share intelligent thoughts...

Commodities Bust Hits Farm Lenders, Delinquencies Surge 225% - From Q4 2014 to Q1 2017, delinquencies have soared by 225% to \$1.4 billion, according to the Board of Governors of the Federal Reserve, which just released its [report](#) on delinquencies and charge-offs at all banks. This is the highest amount since Q1 2011, as delinquencies were falling after the Financial Crisis. That amount was first breached in Q4 2009. These were the loans associated with agricultural production. In terms of loans associated with farmland, delinquencies have soared by 80% from Q3 2015 to Q1 2017, reaching \$2.15 billion. Read more at [Wolf Street](#)

Trump's Budget Expected To Propose Steep Cuts To Farm Subsidies: President Donald Trump is expected to propose slashing farm subsidies and crop insurance in the fiscal-year 2018 budget he'll release this week. Though the document isn't likely to gain much traction in Congress, it's a roadmap to the president's priorities - and could create headaches for Agriculture Secretary Sonny Perdue as he attempts to maintain cordial relations with Trump's farmer base. The budget proposal for fiscal 2018 is scheduled to be delivered to lawmakers on Tuesday. It would expand greatly on an outline the White House sent to Congress in March calling for \$54 billion in domestic spending cuts in the coming fiscal year. The plan is certain to face vigorous opposition from lawmakers in both parties who will resist chopping favored programs. Read more from [Bloomberg](#).

Has This Silicon Valley Startup Nailed The Indoor Farming Model? Indoor farming is a trendy startup space, but many of those ventures have recently failed. Plenty thinks its technology, model, and timing mean it's the place that will finally turn greens into green. The company isn't the first to build an indoor urban farm in a warehouse. Aerofarms, for example, grows greens in a 70,000-square foot former steel factory in Newark, New Jersey. Nearby, Bowery, another tech-filled indoor farm, grows what it calls "post-organic," pesticide-free produce. But Plenty, which has received \$26 million in funding to date from investors such as Bezos Expeditions and Innovation Endeavors, believes that it has the technology to grow food more efficiently—at the same cost or less than crops grown in the field—so it can more easily scale up to supply supermarkets around the world. Read more [HERE](#).

The Male Romper Is Here: The Internet went bonkers last week over a Kickstarter project hocking rompers for men. The RompHim, which is currently dividing Americans in debate, has already surpassed its Kickstarter goal nearly seven times over (at the time this article was published they had made over \$68,000 dollars in less than two days). That's a lot of cash for something that looks a lot like an adult onesie. You may not be that surprised to learn that the four co-founders behind the RompHim have yet to graduate business school, and that this project began as an independent study project. They're now finishing up a course in "new venture development" which is "focused on helping startups build their brands and properly launch a product." GQ interviewed two of the four founders, which you can read [HERE](#).

These 10 American Colleges Have Minted Almost 400 Billionaires: Currently, only 2,397 people in the world hold billionaire status, according to Wealth-X, a firm that does research and valuations on ultra-high net worth (UHNW) individuals. While the path to mega-riches certainly isn't the same for all, nearly 400 of those billionaires — 398, to be exact — hold a degree from one of 10 top American colleges. In its tally, Wealth-X counted alumni with both undergraduate and graduate degrees, counting alumni of multiple institutions more than once, but left out those with diplomas, certificates, honorary degrees, and drop outs. According to the report, 131 living billionaires are Harvard University alumni, commanding a total fortune of more than \$528 billion. And that doesn't include Harvard drop outs Mark Zuckerberg and Bill Gates, two of the richest men in the world. Check out the full list over at [Business Insider](#).

Highest And Lowest Paid Professions By State: When choosing a career path, Americans often gravitate towards professions and locations that offer the highest pay. However, not all jobs or places offer the same benefits, as far as wages go. Cost estimating site How Much crunched the numbers and determined the highest and lowest paying professions in each state. The map below shows the highest annual wages found in each state. The professions with the highest annual wages are found exclusively in the healthcare sector. In every state, the profession with the highest annual wage is either anesthesiology, orthodontics, surgery, obstetrics and gynecology, oral and maxillofacial surgery, or some sort of medical practice, such as internal medicine or even podiatry. The state of Kansas has the profession with the highest annual wage in the country with anesthesiology coming in at an annual average wage of \$287,410. The state with the lowest of the highest annual wages is Oregon, where

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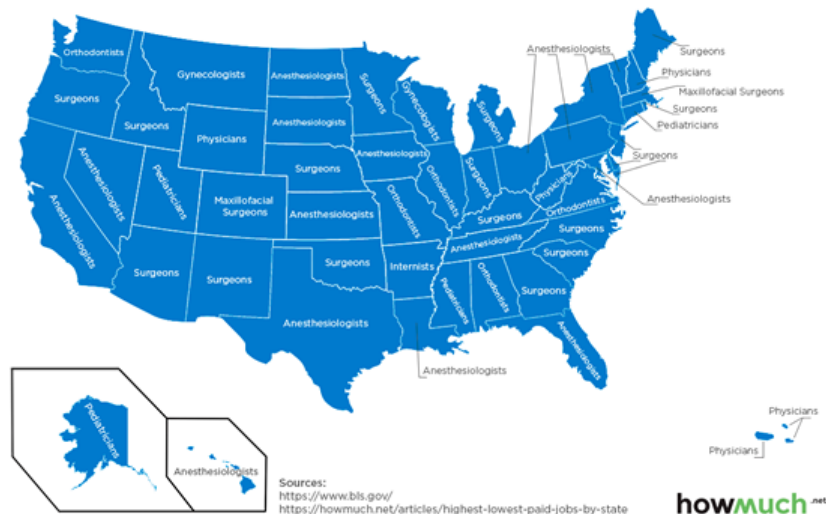


Asparagus Pasta Salad

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obstetricians and gynecologists earn an average of \$247,580 per year. More details can be found [HERE](#).

Highest-Paid Job by State



New GM Sugarcane Produces Oil for Biodiesel, Sugar for Ethanol

A team led by University of Illinois researchers have proven sugarcane can be genetically engineered to produce oil in its leaves and stems for biodiesel production. These modified sugarcane plants also produce more sugar, which could be used for ethanol production. This dual-purpose bioenergy crop is predicted to be more than five times more profitable than corn. More importantly, sugarcane can be grown on marginal land in the Gulf Coast region that does not support good corn or soybean yields. Published in *Biocatalysis and Agricultural Biotechnology*, [this paper](#) analyzes the project's first genetically modified sugarcane varieties. Using a juicer, the researchers extracted about 90% of the sugar and 60% of the oil from the plant; the juice was fermented to produce ethanol and later treated with organic solvents to recover the oil. The team has patented the method used to separate the oil and sugar. They recovered 0.5 and 0.8% oil from two of the modified sugarcane lines, which is 67% and 167% more oil than unmodified sugarcane, respectively. From what I understand, the oil composition is comparable to that obtained from other feedstocks like seaweed or algae that are being engineered to produce oil. Originally, they expected that as oil production increased, sugar production would decrease, but that's not the case. They found that the plant can produce more oil without loss of sugar production, which means the plants may ultimately be even more productive than they originally anticipated. To date, the team has engineered sugarcane with 13% oil, 8% of which is oil that can be converted into biodiesel. According to the project's economic analysis, plants with just 5% oil would produce an extra 123 gallons of biodiesel per acre than soybeans and 350 more gallons of ethanol per acre than corn. Stephen Long, Professor of Plant Biology and Crop Sciences, leads this research project which is called PETROSS or Plants Engineered to Replace Oil in Sugarcane and Sweet Sorghum. Instead of fields of oil pumps, he envisions fields of green plants sustainably producing biofuel in perpetuity on our nation's soil, particularly marginal soil that is not well suited to food production. Currently, the project is seeking investors to achieve 20% oil production, which they believe is the theoretical limit of oil production they could squeeze out of these modified sugarcane plants. (Source: [Illinois University](#))



Is It Time To Update Your Resume?

The current "Technological Revolution" is causing widespread disruption not only to business models but also to labor markets over the next five years. Enormous changes are predicted in the skill sets needed to thrive in the new landscape. While many of us are excited about the future and the conveniences intelligent algorithms and robots may provide in our lives, many of us are delusional about the future. According to a study by Oxford University, 80% of Americans believe their job will "probably" or "definitely" still exist in its current form within the next 50 years, but in the same study 2/3 of Americans think robots will perform most of the work currently done by humans. It is obvious that many of us are more optimistic about our future careers than we should be. Interestingly, those under the age of 50 – as well as those with relatively high household incomes and levels of educational attainment are a bit more skeptical than average about the likelihood of widespread workforce automation. It should be noted though that the jobs predicted to be taken first aren't just entry-level service or manual labor jobs. Start getting prepared as the robotic revolution is happening now. By 2020, according to a World Economic Forum report, robotic automation will be responsible for a net loss of more than 5 million jobs across 15 developed nations. Below is a list of what some say will be the first seven jobs taken by intelligent robots: (Source: Forbes, Pew)

Truck Drivers: *Currently there are 3.5 million truck drivers in the United States. But if the predictions come true - in under a decade one-third of all trucks on the road will drive themselves. Otto Motors, a start-up with Uber financial backing and former Google AI professionals are seeking to make the human driver obsolete and it is on the road to achieving that with its auto-drive trucks. If there is good news here it is that there will be less texting and driving accidents and deaths - maybe we should all have a robot drive us.*

Construction Workers: *SAM (Semi-Automated Mason) is two to three times more productive than human bricklayers with a daily output of 1,200 bricks compared to 300 to 500 per human. This is just the start of automation in construction. Crane operators and bulldozer drivers should prepare for intelligent machines to take over their jobs quite soon. From a business perspective - it will be hard to overcome the production levels robots will deliver versus humans.*

Legal Support Staff: *According to the Deloitte Insight report, 39% of jobs in the legal sector stand to be automated by 2020. Reviewing documents and finding relevant supporting information for legal cases are tasks well-suited for the capabilities of artificial intelligence. For now, the AI infiltration is reserved for due diligence, electronic discovery and contract review, but expect more to come in the near future. I am hoping this will cut my hourly rate down considerably!*

Medical Professionals and Doctors: *Robo-docs are actively working today. And, they will fill a critical need to provide medical care to a booming world population as the supply of medical professionals struggles to keep up with the demand. IBM's Watson is already teaming up with medical organizations to help detect and treat cancer. Robots are also strong at diagnostics and surgery. I am hoping the machines can figure out how to harness the positive outcomes from "hunches" us humans are known for at times.*

Accountants: *Crunching numbers, balance sheets, accounts payable and receivable, profit and loss assessments, inventory tracking—these are all tasks robots are proficient at and in many cases they are better at them than humans. Expect significant growth in robo-accounting in the next few*

years. Financial analysts' jobs are also in jeopardy, because AI financial analysis is able to spot a trend faster and more accurately.

Report Writers: Our novelist friends may still have a job, but report writers and financial writers that assess information and then write about it are probably in jeopardy. Machines are being taught and they are becoming proficient at how to create very readable content. It will be interesting to see how this pans out.....notice the word "probably".

Sales People: As consumers rely more on ecommerce and are adept at searching based on price, specifications and availability for any item they wish to acquire, the salesperson is getting squeezed out of the equation.

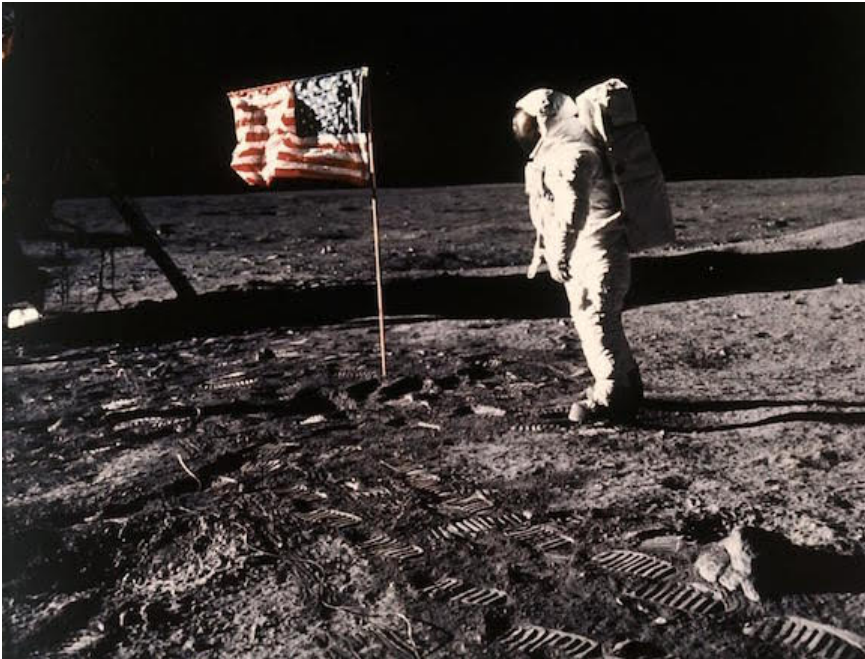


The "Pick" Of A Lifetime

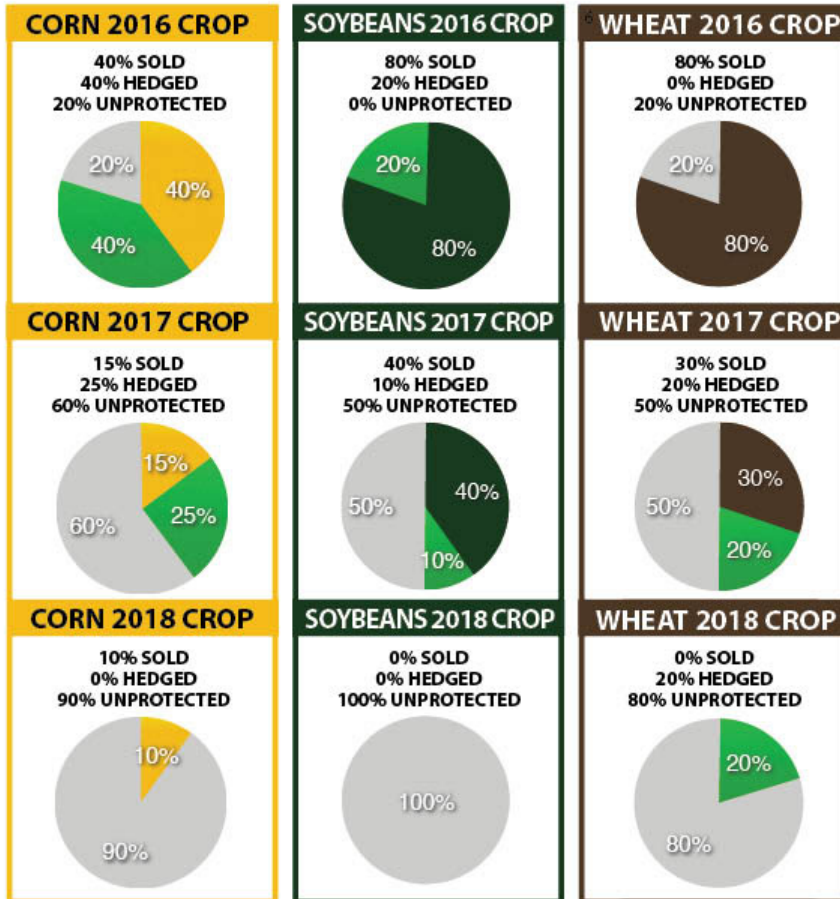
My wife and I always want to believe we are going to attend a sale or auction and find that hidden gem, well it looks like Nancy Lee Carlson, from her Chicago suburb has done just that! From what I understand Nancy is a 62-year old geology buff. And about two years ago she stumbled across an online auction in Texas that was offering a supposed bag of "moon dust". Like most Nancy was skeptical, especially as the moon dust was bundled in a group with a launch key for the Soviet spacecraft Soyuz T-14 and a black padded headrest from an Apollo command module. She thought the items might be fun conversation pieces, then bid once and won all three items in the lot. Once she received the items she couldn't believe how "real" they looked, so she started to do some investigating. Nancy contacted friends as well as her local rock club, and actually went as far as to contact NASA, who told her she could send the items in for testing. What happened next is unbelievable. The NASA scientist realized Nancy had actually purchased the first ever bit of "moon dust" scooped up by Apollo 11 astronaut Neil Armstrong right after he took "one giant leap for mankind" in 1969. They say the first thing Armstrong did after he stepped on the moon was to unzip a bag the size of a dinner plate and fill it with a scoop of lunar dust and rocks. He then shoved the bag into a pocket of his spacesuit and turned it over to scientists at a Houston lab. Somehow it disappeared and was eventually forgotten, even by NASA. Although the bag was labeled "Lunar Sample Return," somehow it wasn't among the 350-plus Apollo 11-related objects Johnson Space Center eventually sent to the Smithsonian. The story gets even crazier as NASA refused to give back the historic items. So last December Nancy sued the agency and actually won. Now, she's planning to resell the bag of "moon dust" for at least \$2 million in Sotheby's first space-exploration sale in New York on July 20. My bet is it goes for much higher! I also thought it was kind of cool that NASA decided not to appeal the case. NASA did say they would love for the bag to be on public display somewhere because it "represents the culmination of a massive national effort involving a generation of Americans, including the astronauts who risked their lives in an effort to accomplish the most significant act humankind has ever achieved." (Source: [The Wall Street Journal](#); [The Chicago Tribune](#); [Sotheby's](#))



**This is the actual pouch being auctioned off that contained the moon dust from the Apollo 11 mission. PHOTO: SOTHEBY*



CASH SALES & HEDGING TOTALS



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