

GOOD MORNING: 05/24/17 Farm Direction - VanTrump Report

1 message

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Wed, May 24, 2017 at 7:09 AM



"You'll never see the great things ahead, if you keep looking at the bad things from the past. In other words you will just keep on crashing if you can't take your eyes off the rearview mirror." - Leo Christopher

WEDNESDAY, MAY 24, 2017

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Morning Summary: U.S. stocks continue to trade near all-time highs as very little seems to rattle investors. Just yesterday Moody's Investors Service cut its rating on China's debt for the first time since 1989. Making this the first time a major ratings agency has downgraded the country in more than 25 years. Moody's cited the likelihood of a "material rise" in economy-wide debt and the burden that will place on the state's finances. Several insiders I know say the ratings agency is well behind the curve and things in China have been improving, regardless the market has given it little notice. Lets also keep in mind that just a week ago the media was talking about impeaching President Donald Trump and the Dow was down over -300 points. As I suspected it was simply "noise" and now the market is right back trying to push to another new all-time high. Bulls argue that the more significant U.S. economic data still indicates continued expansion as first quarter earnings were undeniably strong. As for today, minutes from the Federal Reserves May meeting will be the highlight. Investors will be looking for clues to justify the next Fed rate hike, as well as new thoughts they may have in regard to reducing their \$4.5 trillion balance sheet. Also due out today is the FHFA House Price Index and Existing Home Sales for April. Politically, things out of Washington are considerably more quiet than they have been the past couple of weeks. President Trump's budget proposal released yesterday is generating some controversy. It's important to keep in mind that this version is really just a guideline for the direction he'd like Congressional Republicans to head as they draft their own proposals, which traditionally end up looking nothing like what any President initially submits. The Congressional Budget Office today is expected to release its analysis of the final version of the House GOP's healthcare overhaul. The House has been waiting on the analysis before sending this current version of their bill to the Senate. The House leaves Thursday for the weeklong Memorial Day recess, while the Senate is working through Friday. Meanwhile, President Trump is now in Rome where he will meet with Pope Francis at the Vatican.

U.S. Household Income Hits Highest Level In 15 Years: *The defining feature of the 21st century US economy has been stagnant income, which is been blamed for why millions of American families feel like they're falling behind. But the story appears to be changing. Research firm Sentier Research reports that median household income in April finally surpassed the level of January 2000, the starting point for its data on family income. In plain English, that means the living standards of the typical family are now a bit higher than they were at the turn of the century, 17 years ago. Sentier calculates a monthly index representing median household income, based on Census Bureau data, starting at 100 in January of 2000. Since it's an index, it's adjusted for inflation and represents the real earning power of a typical family. The latest reading in the Sentier index is 100.9, the first time it's been above 100 since 2008. That number matches the previous high, from 2002, which means family income will hit a new high if it rises in May.*

Why The Bitcoin Run Up... How They Turned \$100 Into Millions? *Interesting comments from Jeff Gundlach... Bitcoin is up +100% in the past two-months while Shanghai is down almost -10% during the same time period. Probably not a coincidence!" tweeted famed investor Jeff Gundlach. The theory is the Chinese search for safe investments outside the country when asset prices fall. The yuan's weakness in the last two years has also contributed to capital flight. Keep in mind it was seven years ago back on May 22 when Florida programmer Laszlo Hanyecz used Bitcoin to indirectly buy two pizzas from Papa John's, which set him back 10,000bitcoins (BTC). In the intervening years, the currency has skyrocketed. For that initial pizza order, Hanyecz calculated one bitcoin to be worth around 0.003 cents, but before long, the likes of Wikileaks, Zynga and even Dell were accepting Bitcoin as a viable currency. Today, data from CoinDesk showed that Bitcoin has risen remarkably in value. surpassing*



Today In History



1775, John Hancock - On this day in 1775, John Hancock is elected president of the Second Continental Congress. John Hancock is best known for his large signature on the Declaration of Independence, which he jested the British could read without spectacles. He was serving as president of Congress upon the declaration's adoption on July 4, 1776, and, as such, was the first member of the Congress to sign the historic document. John Hancock graduated from Harvard University in 1754 at age 17 and, with the help of a large inherited fortune, established himself as Boston's leading merchant. The British customs raid on one of Hancock's ships, the sloop Liberty, in 1768 incited riots so severe that the British army fled the city of Boston to its barracks in Boston Harbor. Boston merchants promptly agreed to a non-importation agreement to protest the British action. Two years later, it was a scuffle between Patriot protestors and British soldiers on Hancock's wharf that set the stage for the Boston Massacre. Hancock's involvement with Samuel Adams and his radical group, the Sons of Liberty, won the wealthy merchant the dubious distinction of being one of only two Patriots—the other being Sam Adams—that the Redcoats marching to Lexington in April 1775 to confiscate Patriot arms were ordered to arrest. When British General Thomas Gage offered amnesty to the colonists holding Boston under siege, he excluded the same two men from his offer. In 1776, the Continental Congress declared independence from Great Britain. The

\$2,300. Bottom-line, If you were invested in Bitcoin from the beginning, that risky investment will have now paid off quite handsomely. If Hanyecz spent 10,000 BTC on pizzas today, those two cheesy pies would be worth a staggering \$22.5 million. Additionally, if you had invested only \$100 in Bitcoin back in May of 2010, you would now be worth close to \$75 million. (Source: SeekingAlpha and Anonymous)

New Home Sales Fall More Than Expected: In a mixed report that confirms a reputation for unusual volatility, new home sales swung -11.4% lower in April to a much lower-than-expected annualized rate of 569,000. Sales slowed even as builders cut prices where the median fell -3.0% in the month to \$309,200. Year-on-year, the median new-home is actually down -3.8% and is roughly in line with sales which are up only +0.5% on the year. New supply came into the market but not much, at 268,000 units for a +4,000 increase. On a monthly sales basis, supply jumped to 5.7 months from 4.9 months reflecting April's sharp sales decline. Interestingly April was a bad month for all regions especially the West which at a 126,000 sales rate fell -26% in the month. Year-on-year, the Midwest is at 73,000 and is far out in front with a +20% gain followed by the South at +4.1%. The Northeast is down -5.1% on the year with the West down -13.7%. One factor worth noting, April was one of the rainiest months in decades, and that may have helped dent sales. Ralph McLaughlin, Trulia chief economist, said while he wasn't worried about data from one month, builders still have a way to go before residential construction normalizes. We need to keep our eye on today's existing home-sales. I suspect they might not be all that good... (Sources: MarketWatch, Econoday)

Why The Fed Will Remain Central To Markets: A long list of programs adopted to help foster economic growth, along with changes in money markets and bank regulation, have vastly expanded the Fed's balance sheet and its involvement in markets. The Fed's assets now total \$4.5 trillion, up from less than \$1 trillion a decade ago. Since 2013 the central bank has become one of the largest traders with U.S. taxable money-market funds, according to Crane Data. Many analysts and investors worry that significantly rolling back the Fed's expansion, a course advocated by some in conservative circles, risks disrupting markets and the economy at a time when growth remains tepid. Investors are already assessing how stocks and bonds might react, when the central bank begins the latest stage of its years long retreat from stimulus—likely later this year—by ending the practice of reinvesting the proceeds of maturing bonds into new bonds. The Fed is scheduled today to publish the minutes of its latest policy meeting, where officials may have continued their debate over the mix of policy tools they plan to use in the future. (Source: Wall Street Journal)

next year, John Hancock returned home to Massachusetts, where he served as a major general in the militia and sat in the Massachusetts constitutional convention that adopted the world's first and most enduring constitution in 1780.

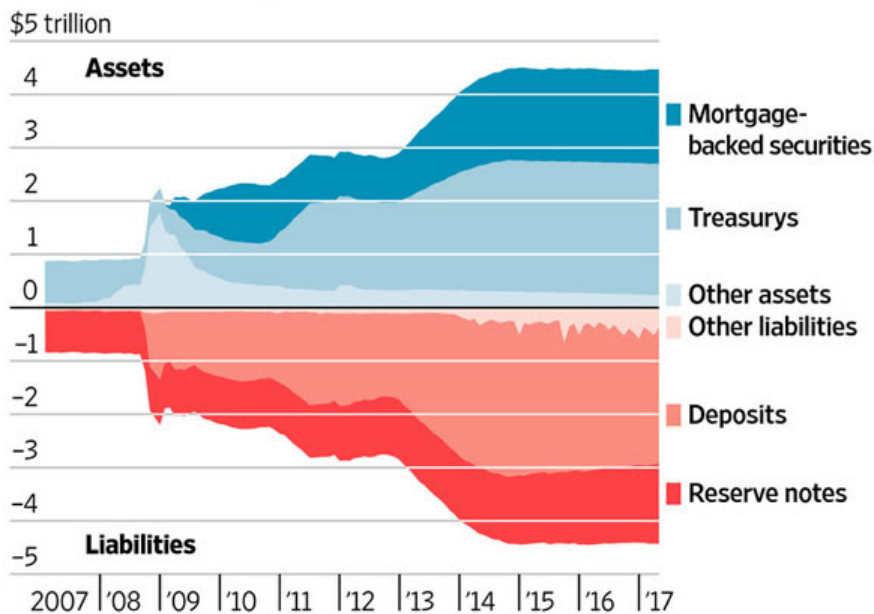


1863, Henry Plummer - The good citizens of Bannack, Montana, elect Henry Plummer as their new sheriff, not realizing he is a hardened outlaw who will use his office to rob and murder them. Born and reared in Maine, Plummer went west in 1852 and settled in the California gold mining town of Nevada City. There he opened a bakery and became active in the Democratic Party. Well-spoken, friendly, and ambitious, Plummer won election to sheriff in 1856 and performed well enough to win re-election the following year. Later in 1857, however, Plummer suffered two setbacks. First, he lost his bid to win a seat on the California legislature. Then he was convicted of second-degree murder for killing an unarmed man in the line of duty. Plummer claimed he had acted in self-defense, but the jury apparently believed witnesses who said the true motive lay in an affair he was having with the murdered man's wife. Plummer served six months in San Quentin prison before the governor pardoned him. When he returned to Nevada City, he won reappointment as an assistant marshal. In 1861, however, he fatally wounded a man and fled to avoid prosecution. During the next several years, he wandered through the gold country of Nevada and Idaho. Eventually, he took up with a band of desperados who were robbing and killing miners in Idaho. When a blunt and brave saloonkeeper named Patrick Ford began to voice suspicions about Plummer, the outlaw arranged for him to be killed in a shootout. Misgivings about Plummer continued to grow, however, and he fled once more. When Plummer arrived in Bannack, Montana, in October 1862, the people of the booming little mining town knew nothing of his record, and many of Plummer's old partners in crime followed him to Montana. Plummer reorganized his gang and while maintaining his public role as an honest citizen, Plummer was elected sheriff in May of 1863. It was the perfect cover for operating an effective and deadly criminal ring. Plummer provided his henchmen with information on the movements of gold shipments and ensured that they avoided capture. During the next six months, his gang ruthlessly terrorized the people of Bannack and the nearby town of Virginia City. To the dismay of the townspeople, Sheriff Plummer seemed unable to stop them. After more than 100 people were robbed or murdered, the settlers organized their own group of vigilantes with nearly 2,000 members. The Montana vigilantes destroyed Plummer and his gang in a surprisingly short time, getting ahold of Erastus "Red" Yeager, who revealed Plummer's complicity and the names of the other gang leaders before he was hanged. On January 10, 1864, Plummer and two of his lieutenants were arrested and hanged at once.

1935, Baseball - The Cincinnati Reds beat the Philadelphia Phillies 2-1 on this night in 1935 in Major League Baseball's

Great Lengths

Federal Reserve officials are signaling they could start slimming the central bank's balance sheet, which has grown fivefold since the financial crisis. Below, a look at the Fed's assets and liabilities.



Sources: Federal Reserve; Haver Analytics

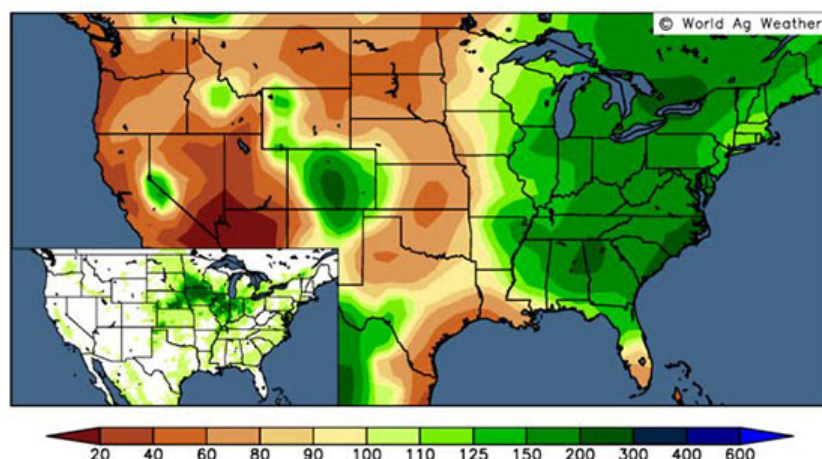
THE WALL STREET JOURNAL.

Weather is focused on below-normal temperatures in the Midwest and a warmer outlook for the southern Plains. Forecasts are calling for difficult growing conditions for Midwest corn and soybeans. While planting progress is near the five year average, additional periods of rain and below normal temperatures will delay the final planting effort, including replanting. In addition, crop development will be affected by the cool

short, including replanting. In addition, crop development will be affected by the cool temperatures. On the southern Plains, winter wheat is showing signs of recovery from damage caused by the late-April snowstorm and recent cool and wet conditions. However, the overall crop condition is still below levels from a year ago. Warmer weather this week will be beneficial for additional crop recovery. In the South, widespread rain has slowed or halted fieldwork. However, Southeastern showers are helping to ease lingering pockets of drought. Rain has not yet spread across Florida's peninsula, where very dry conditions persist. On May 21, Florida led the nation in topsoil moisture rated very short to short 78% and pastures rated very poor to poor 60%. Over the next few days, unsettled, showery weather will shift into the eastern U.S. Late in the week, however, a new storm system will bring a return of wet weather to portions of the Plains and Midwest. Five-day rainfall totals could reach 1 to 3 inches across the eastern one-third of the U.S. Late-week totals of 1 to 2 inches could occur across the central Plains.

Mid-Term Outlook Is Wet Across Corn Belt: *As I look at the 15-day forecast for percent of normal precipitation, I'm beginning to be concerned for the central and eastern Corn Belt. Things could become problematic for guys that still have planting left to get done.*

Forecast Precipitation (percent of normal)
Corn Production Shown Inset
15-Day Forecast (GFS) Beginning 23 May 2017



Corn bears are talking about nearly perfect weather for Brazil's massive second crop production and an improved moisture forecast in parts of northern China and areas of Europe that have been considered a bit too dry. Bulls on the other hand are pointing to more rain in the forecast for several parts of the U.S. that are already considered too wet and too cool. The bulls are also wondering how the less than ideal conditions in the eastern and southeastern portion of the U.S. belt will ultimately drag on the overall yield. Specifically the trade seems to be the most nervous and uncertain about overall crop-conditions in Arkansas, Missouri and Illinois. The trade also seems to be debating the funds next step as they are holding a near record short-position. Some argue the downside is somewhat limited as the funds more than likely don't have the available horses to push us aggressively lower from here. The bears on the other-hand remind us the market can stay irrational and misunderstood much longer than we can remain solvent. Weather here in the U.S. obviously remains a huge "wild-card" and will continue to be heavily debated. The cooler than normal temps and heavy rainfall has the bulls beating the drum. I don't argue that fact, but I also remind myself that's why new-crop prices are trading up near \$4.00 per bushel rather than down at \$3.50 per bushel. I suspect as long as ending stocks are thought to be up near +2.0 billion it's going to be tough to sustain an extended rally without a more significant shift in the macro landscape. As a producer I continue to keep all hedges in place and will be looking to reduce more longer-term risk if we can breakout to the upside.

Soybean traders continue to debate record global production against record strong demand. The bears seem to be winning the demand debate nearby as we are hearing nothing new in the way of import tariffs on Argentine and Indonesian oil. And the meal story here at home seems to be losing a bit of its luster as supplies build at the crush facilities in the face of more available product coming online out of South America. On the flip side the bulls argue that Chinese demand still remains strong and the current USDA estimate of 89 MMTs could again be too conservative and will need to eventually be bumped to 90 to 90.5 MMTs. On the supply side of the argument it's obviously anyone's guess as U.S. weather remains a huge "wild-card". The bears are pointing to the fact South American crop risk is now behind us and record product is working itself into the supply chain. The bears are also thinking the current USDA acreage and yield estimate for new-crop U.S. production might just be a bit too conservative. Bulls simply point to the old adage that "bean don't like wet feet", because it makes the plant more susceptible to bacterial diseases, pod and stem blight, mildew, phytophthora rot, sclerotinia stem rot, sudden death syndrome and a myriad of others complications that can stress the plant and cause a longer-term drag on yield. From my perspective, both sides have valid arguments, but we are still a long ways from late-July or early-August, when the probability weather starts playing up on the bear market because more



first-ever night game, played courtesy of recently installed lights at Crosley Field in Cincinnati. The first-ever night game in professional baseball took place May 2, 1930, when a Des Moines, Iowa, team hosted Wichita for a Western League game. The game drew 12,000 people at a time when Des Moines was averaging just 600 fans per game. Evening games soon became popular in the minors: As minor league ball clubs were routinely folding in the midst of the Great Depression, adaptable owners found the innovation a key to staying in business. The major leagues, though, took five years to catch up to their small-town counterparts. The first big league night game on this day in 1935 drew 25,000 fans, who stood by as President Roosevelt symbolically switched on the lights from Washington, D.C. To capitalize on their new evening fan base, the Reds played a night game that year against every National League team—eight games in total—and despite their lousy record of 68-85, paid attendance rose 117 percent.

Upcoming Events

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

when the volatility really starts picking up as the bear market becomes more concerned about pods setting and filling. In other words, the bulls are currently talking about it being too cool and wet, but in six weeks I suspect they could be talking about it being too hot and dry. I just think it's too early to pick sides and most of the talk at this juncture is simply "noise".

Wheat prices continue to trade in a sideways channel. In fact the JUL17 SRW wheat contract has essentially traded in a 50 cent range, between \$4.20 and \$4.70 per bushel, for the past nine months. There's just really nothing in the headlines in regard to global production hiccups and the global balance sheet remains record large. Here at home there's actually a story as planted winter wheat acres are the lowest we've seen in over 100-years and current crop-conditions are -10% worse than last year. The problem is the market doesn't seem to care as U.S. ending stocks still remain extremely burdensome up near 1.0 billion bushels. U.S. export demand has shown a bit of improvement as of late on the weaker U.S. dollar, but continued stiff competition from Russia, Romania, Kazakhstan, Australia, Argentina, Europe, Canada etc... make it extremely tough to gain big traction. The funds obviously understand the "demand" headwinds and have been comfortable holding a near record short position. I suspect until weather becomes more of a global concern or the macro landscape more dramatically shifts, it will be tough to shake the bearish stranglehold or find powerful enough headlines to breakout of the current trading range. As a spec I like the longer-term bullish possibilities and will more than likely look to add another small position on any break in price sub-\$4.00 per bushel. I've never had much luck picking bottoms, but I have to imagine the downside is somewhat limited from here in comparison to upside potential.



> Rain Bringing Relief To China Crops: Heavy rains this week have brought relief to parched fields in China's major grain producing regions, breaking a months-long dry spell that had slowed corn planting and hit winter wheat crops. "Dry weather had affected corn acreage in some areas. Planting had slowed," said Meng Jinhui, an analyst with Shengda Futures. Corn is usually planted in China from April to late May, with the process stymied this year in the northeastern grain belt by the prolonged dry spell that began in March. In the region's Liaoning province, the planted area for all crops was down by nearly 1,000 hectares from the same period last year, state media Xinhua news reported on Monday. Around 3 million hectares were planted with grain in Liaoning in 2015. The slowdown in corn planting came as acreage was already expected to drop as part of a government push to whittle massive state reserves by shifting some production to soybeans. The rain has also helped winter wheat crops in Henan, Hebei and Shandong provinces, which China's National Meteorological Center said were hit by a dry hot wind last week. The crops are currently in their flowering period, a key growth stage before harvesting in less than a month. (Source: Reuters)

> Turkey-Russia Trade Deal Unlikely To Impact Wheat Market Short-Term: Traders said Tuesday they expected there to be little impact on short term trading in Russian wheat from Monday's signing of a memorandum of understanding between Turkey and Russia to remove all trade restrictions on agricultural products between the two countries. Following an initial agreement between Russian President Vladimir Putin and Turkish President Recep Tayyip Erdogan on May 3 to lift trade restrictions, trading rose considerably. In the last two weeks, however, trading has thinned. Traders have been focusing on the arrival of new crop due to positions already covered from other origins such as the Baltic, Hungary and other Black Sea producers and the \$10/mt average spread between old and new crop. However, market participants say this spread may narrow as we approach the new crop. One trader said: "The increased storage capacity of Russian farmers will enable them to sit on old crop for longer" and so sell at a more desirable price. (Source: Platts)

> E.coli Outbreak Linked To Flour In Canada: The BC Centre for Disease Control (BCCDC) on May 19 issued a statement indicating that six people in British Columbia were infected with the same strain of E. coli O121 between February and April 2017. A sample of flour from one of the ill individuals was tested by the BCCDC Public Health Laboratory, and the flour subsequently was found to be positive for the same strain of E. coli O121 as seen in all the illnesses. As a result of its findings, the BCCDC recommended that consumers dispose of Rogers Foods all-purpose flour in a 10-kg bag with the lot number MFD 17 Jan 19 C. The flour was available to Costco customers in British Columbia beginning in January 2017. (Source: World Grain)

> USMEF Worries Beef, Pork Export Gains May Be Only Temporary: Even in the face of strong first quarter U.S. beef and pork exports, there is plenty of trade policy uncertainty to worry about, warned U.S. Meat Export Federation officials at a news conference. While U.S. beef and variety meat exports were up 15 percent in the first quarter from a year ago, USMEF officials pointed to the dip in the Australian cattle cycle as the main contributor, which could evaporate in the coming months. While Australian beef exports are currently down 12 percent, their forecast for the year is a decline of only 3 percent and as their cattle cycle starts to turn, they will return to the market with competitive pricing. Additionally, with the U.S. withdrawal from the Trans-Pacific



July Corn

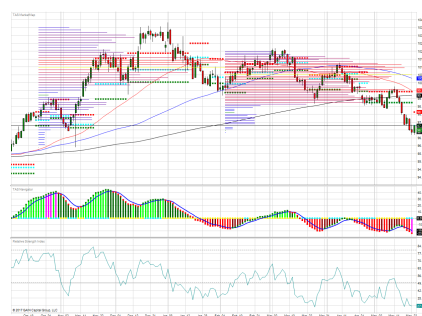
The old pennant resistance line could become new support near 370'0. Momentum is flat.

[Enlarge July Corn Chart »](#)



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.](#)

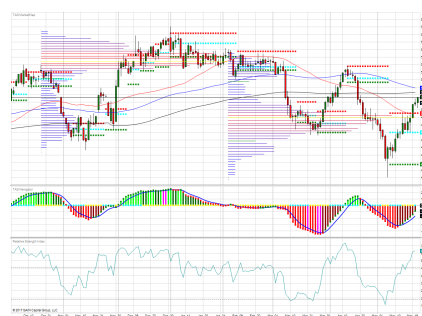
Outside Markets



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

with competitive pricing. Additionally, with the U.S. withdrawal from the Trans-Pacific Partnership, Haggard and USMEF President Phil Seng both warned that 18 to 24 months from now when Australia can offer beef volume and competitive prices at duty rates that are "double-digit lower than ours," U.S. exporters will be handicapped. As for pork exports to China, Haggard said while first quarter numbers were strong, even against last year's strong exports, "We don't think they are going to have that bump in imports we saw last year, but we think 2017 will still be second-largest import year for China for pork." (Source: MeatInfoPlace)

> Bunge Buying Glencore? The Wall Street Journal reports that commodities trader Glencore Plc has approached U.S. agribusiness group Bunge about a takeover. It was unclear where discussions between the companies stand and there may not be any deal, sources familiar with the matter told the newspaper. The report comes amid heightened expectations of consolidation among large grain traders as a global oversupply and thin trading margins have squeezed the core grain trading operations of Bunge and rivals Archer Daniels Midland Co, Cargill Inc. and Louis Dreyfus Co. Bunge Chief Executive Officer Soren Schroder said earlier this month that the sector was ripe for consolidation and that Bunge is prepared to take the lead in any dealmaking. A deal would make Glencore, the Swiss mining and trading giant, a major player in the U.S. agriculture market, the Journal reported. From what I heard this morning, Bunge is saying they are NOT in talks with Glencore!

> ChemChina & Sinochem Press \$120 Billion Deal: Chinese state-owned Sinochem and ChemChina are in merger talks to create the world's biggest industrial chemicals firm, to be headed by Sinochem chief Ning Gaoning, four people with knowledge of the negotiations said. A deal could be announced by the end of the year, the people said, potentially just months after ChemChina completes its own \$43 billion purchase of Switzerland's Syngenta, China's biggest overseas deal to date. A consolidation of Sinochem and ChemChina would be worth around \$120 billion, one of the people said, topping companies like industrial chemicals giant BASF. Talks to create a Chinese chemicals powerhouse were first reported last year, but were dismissed by both companies as rumor. The two companies have accelerated negotiations after regulators last month cleared ChemChina's acquisition of Syngenta, the people said. Beijing sees a Sinochem/ChemChina deal as a blueprint for streamlining and consolidating its sprawling, debt-heavy state-owned enterprises, the people said, leaving fewer, but more powerful, national champions. (Source: Reuters)

> Branstad Officially Resigns Today: Iowa Gov. Terry Branstad is set to resign from his post today, according to an NBC affiliate in Des Moines, after the Senate confirmed him on Monday to serve as ambassador to China. The 82-13 vote makes Branstad just the fifth confirmed ambassador in the Trump administration. Various groups with a stake in U.S.-China trade were quick to hail the vote and hopeful Branstad's farm-state background will pay dividends back home when he sets to work in Beijing. The National Cattlemen's Beef Association called Branstad "an ideal person to help facilitate the U.S. beef industry's return to the Chinese market for the first time in 13-plus years." And the American Soybean Association said it hopes the governor will create efficiencies in China's decisionmaking on biotech crops and "ensure that agricultural trade remains a top priority between our two countries."

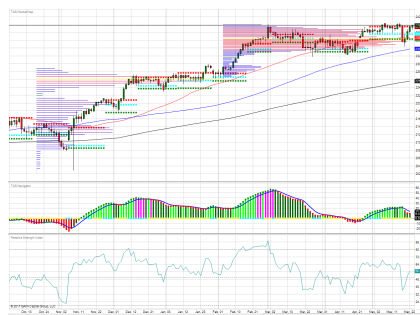
> Beer Industry Adds +2.2 Million Jobs: Americans' love of malty beverages has business booming for brewers, beer importers, distributors, retailers and suppliers to the industry, which employed 2.2 million people and contributed \$350 billion to the U.S. economy last year, per a new report commissioned by The Beer Institute and the National Beer Wholesalers Association. The number of brewers in the U.S. has grown from fewer than 50 in 1985 to nearly 5,000 today - what Craig Purser, president and CEO of NBWA, says is an "American success story" that promotes consumer choice. Employment among brewers is rising at nine times the rate of overall U.S. employment, said Jim McGreevey, president and CEO of The Beer Institute. He highlighted that the number of jobs in distribution alone has increased 24 percent over the last decade, topping 134,000, with most of that growth in large and medium-sized businesses. (Source: Politico)

> Target has agreed to pay \$18.5M to 47 states and the District of Columbia as part of a settlement related to a massive data breach that compromised the retailer's customers. It ends a yearslong investigation into how hackers obtained names, credit card numbers and other information about tens of millions of people in 2013. TGT rose slightly AH on the news. (Source: SeekingAlpha)

> Drones, Drones Everywhere: Since December 2015, Americans had to register drones that weighed more than 0.55 pounds, which in practice meant that nearly all consumer drones had to go official. Now a federal court has ruled in favor of a model aircraft enthusiast. In February 2016, he took the Federal Aviation Administration (FAA) to court in Washington. The judge decided in favor of dropping the registration rules, so personal drones won't have to be registered anymore (note that commercial drone registration requirements are not affected by this decision). As the infographic below shows, even with the rule in place, it didn't seem to hamper the proliferation of these unmanned aerial vehicles (UAV), to use the technical FAA term. (Source: Statista)

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

The market is on the verge of closing on another bullish breakout above 2395.00. Strength through this level could help to attract additional buying.

[Enlarge E-Mini S&P Index Chart »](#)

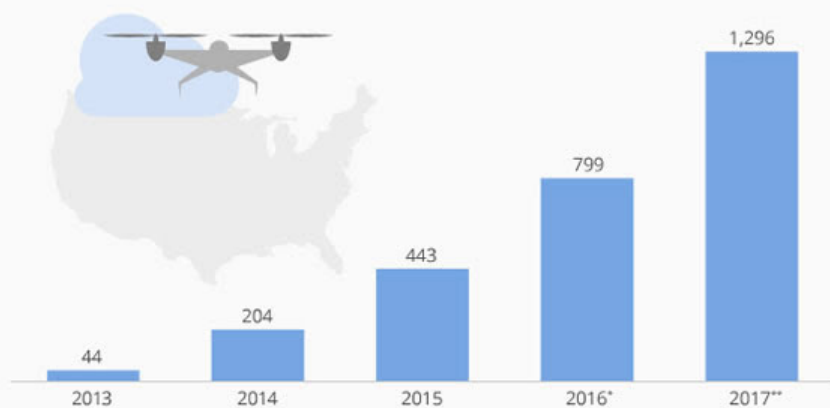
Kevin's Song of the Week



[About the Report](#)

Drones: A Tech Growth Market in the United States

Sales of consumer drones to dealers in the U.S. from 2013 to 2017 (in million U.S. dollars)



* Estimate
** Projection
@StatistaCharts Source: Consumer Technology Association

statista

FROM THE FIELD

Southern Louisiana - I attended "Davos on the Delta" last week. I really enjoyed the meeting, it was great for networking and looking at new things coming down the pipeline. I also want to say "thank you" for sending the Van Trump Report. In Monday's edition the article on sugar cane for oil, I would argue the statement of growing sugar cane on marginal land. Most of the cane raised in south La. is raised on the better land of the region. The marginal land goes into either soybeans or crawfish. Cane has to have adequate drainage and in the last 7-8 years some farmers have even started to add irrigation to their operation. I'm very interested in this project. As Land and Development manager for a private equity fund that already has substantial land holdings in the area this work looks very promising. Once again thanks for sponsoring the conference and sending the newsletter.

Southern Wisconsin - The last few days have seen some heavy rains that were coupled with very high winds. We have had many fields with large areas of flooding or ponding. We have been unseasonably cooler than normal for this time of year. I have some friends further north in Wisconsin and they have been very dry. The planting has been slow for us and we are a couple weeks behind the normal place. I would say that we have three fourths of the corn planted. The bean planting is at least two and maybe three weeks behind the normal planting. I am concerned more on the beans because it is so cold now and the rains are coming every two or three days. At this point I would say that we are at least four or five days before we can get back in the field. Most guys are still hopeful that we can get the planting down sooner than later. There were not many corn acres lost to beans up here and it doesn't make near as much sense now as it did earlier in the year when prices were higher.

Western Illinois - The rains for us have been heavy at times and caused some of the low areas and bottom ground to hold water or flood. We have wrapped up the initial planting for 2017. We finished up the bean planting a couple of days ago. It seems like the fields that we have look to be set up for a good crop production year again. We are trying to get most of the side dressing knocked out before the rains get here this weekend. I am thinking that it will come about the perfect time. I drove over to the central part of the state earlier this week and you can see where the water has set on the corn too long. We saw a lot of stands that were very short and yellowing. Our stand looks great. We will have a few acres to replant that I would call our bottom ground. We will not have much to replant and most fields look good.

CROSSING WIRES

A place to share intelligent thoughts...

NEXT level THINKING



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

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

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

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

Kevin Van Trump

What Others Are Saying

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

A.M., FDIC

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

There Aren't Enough Slaughterhouses to Support the Farm-to-Table Economy: Few people want to think about slaughter when they're cutting into their dinner, but farm-to-table restaurants will tell you it is one of the most difficult details of their business niche. Despite ever-increasing customer demand for noncommodity meat, there aren't enough slaughterhouses to keep up. It's a major hitch in the supply chain—keeping supplies down, prices up, and making the already grueling job of farming even harder. While the situation varies from species to species and state to state, sellers of noncommodity pork, beef, and chicken agree: there simply aren't enough facilities to humanely and safely kill their animals. Read more [HERE](#).

Commencement Speeches By Steve Jobs, J.K. Rowling Are Most Spectacular: Commencement speeches are meant to impart useful, inspiring wisdom to hundreds or thousands of graduates making the transition from school to the professional world. And every year, super successful people speak at colleges across the country. This year, graduates can look forward to hearing from some of the best and the brightest, including Mark Zuckerberg, Hillary Clinton and Tim Cook. But according to international communication organization Toastmasters International, some speakers do it better than others. So which famous figures have given the best speeches? Toastmasters highlighted [THESE SIX](#) as the most memorable.

Bill Gates: These Books Made Me Question My Own Thinking: Bill Gates is back with his summer reading list — and unlike in the past, there's not a single light beach read among them. Instead, the Microsoft co-founder says, these books "made me question my own thinking about how the world works." His five recommendations don't include the choice he singled out for college graduates: Steven Pinker's "The Better Angels of Our Nature: Why Violence Has Declined." Instead, he selected two memoirs, a biography, another work of nonfiction that offers a look at the future, and a novel. Check out the full list [HERE](#).

Japan's Fertility Crisis Is Creating Economic And Social Woes Never Seen Before: Japan has entered a vicious cycle of low fertility and low spending that has led to trillions in lost GDP and a population decline of 1 million people, all within just the past five years. If left unabated, experts forecast severe economic downturn and a breakdown in the fabric of social life. Economists have a name for countries that contract because of these swirling forces: "demographic time bombs." In these nations, falling spending shrinks the economy, which discourages families from having kids, which shrinks the economy further. Meanwhile, people are living longer than ever before. Demographic time bombs are hard to defuse because they form over years, sometimes decades. While Japan is not the only "demographic time bomb" currently in the works, they are the most severe example of the phenomenon and provide a stark look at what might be on the horizon for other such countries, including the United States. Read more from [Business Insider](#).

Is Seeing Believing?: Our minds are so used to the world we live in that we often judge it based on past experience—not on our current view. The Müller-Lyer illusion is a near perfect case of this visual and mental muscle memory. We see these two shapes—an erect line with angled tails that point either up or down—every day. The vertical lines that form the interior and exterior corners of the room and building are exactly the same length. But somehow the interior view looks much longer. Why? According to some neuroscientists, when the red lines form an arrowhead, as seen on the right, they draw focus away from the vertical line, making it look shrunken. But others think the circumstances in which we encounter these shapes impact how we perceive them. Read more [HERE](#).



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.

Farm Direction

RECIPES

★ **FAMILY** ★

FAVORITES

- SENT IN BY OUR READERS -

A bowl of Asparagus Pasta Salad, featuring bowtie pasta, asparagus, cherry tomatoes, and a creamy dressing.

Asparagus Pasta Salad

CLICK TO SEE RECIPE

FROM MY PERSPECTIVE

Kevin Van Trump



How Early Weeds Can Hurt Longer-Term Corn Yields

New research commissioned by Syngenta and conducted by Clarence Swanton, University of Guelph, Ontario, is giving new insight into the presence of weeds and its impact on a corn crop's yield potential. The theory published in a Syngenta technical bulletin, states that a change in light quality caused by weeds emerging at the same time as the corn plant is the true inhibitor of healthy root development. The study shows as corn plants emerge they detect light that's reflected off the green tissue of any weeds that are present. The crop reacts to the weeds by going into growth overdrive to compete for nutrients. In the process corn plants shift available nutrients away from their root system to shoot mass development. That shift results in taller, leafier plants with the potential for poor nutrient uptake due to the corn crop's compromised root system. Swanton's research showed that the presence of weeds made the corn grow 17% taller, produce 45% more leaf area and 40% more dry leaf weight, but also produced a smaller root system -10 to -15% less than in the weed-free environment. Ultimately, yield potential then takes a hit as well as uneven corn development across the field which can also become a concern later in the game. Furthermore, the research also indicates that corn leaves will grow parallel to the row, which contributes to a more open canopy. In a weed-free environment corn leaves orient perpendicular to the row, which results in a more rapid closure of the canopy and therefore improved weed suppression. Taking this research into account and if time and weather allow, farmers' best bets are to use some combination of pre-plant or pre-emergence herbicides that provide residual control, along with the use of post-emergence herbicide applications. In cases where the weather compromises farmers' ability to get early weed-control measures in place the need for scouting fields is more critical. Field observations made once corn is 2" to 4" tall will provide retailers and farmers with a better sense of the weed pressure and need for post-emergence herbicides. Again, with this year's wet weather conditions in many parts of the country, farmers are likely more concerned about getting their corn and soybeans planted rather than thinking about their weed-control program. While soybeans have some ability to recover from limited early-season weed pressure, that's not what they have seen with corn. This is definitely something to think about as the crop is now booming more emerged. (Source: [Syngenta](#), Journal [Weed Science](#))



Why We Need To Keep An Eye On The Growing Crisis In Venezuela

Venezuela is on the brink of an all-out civil war, with hundreds of thousands of protestors demonstrating against the government on a daily basis. Violence is becoming an increasingly common theme as the security forces try to contain the crowds, with many people having reportedly been killed in the crackdowns. Things have taken an extreme turn in the recent weeks, with protestors not only throwing rocks and molotov cocktails at security forces, but also feces. "They have gas; we have excrement," read an image floating around social media to advertise demonstrations last week. Some opposition sympathizers are appalled at the plans to use feces, both animal and human, calling it an unsanitary and inappropriate tactic even in the face of a government they despise. Protesters that support hurling "poopootovs" say the strategy is designed to humiliate and ultimately sideline the security forces. Messages have been going viral on Venezuelan WhatsApp groups giving step-by-step instructions and advice on putting together the poopootov cocktails, insisting that glass containers be avoided as injuring

government forces is not the goal. Across the country, protesters have been toppling statues of late president Hugo Chávez, who is generally regarded as a national hero. His hand-picked successor, President Nicolas Maduro, is widely reviled for what is seen as his gross mismanagement of the country's economy. Despite having the world's largest oil reserves, Venezuela is suffering from a deep recession and hyper-inflation. Prices rose by 800 percent in 2016, with the International Monetary Fund predicting inflation could hit 2,200% by the end of 2017. Meanwhile, the economy shrunk by -18.6% last year, while the country's currency, the bolivar, has fallen -99.5% since Maduro took office in 2013. The sharp currency decline has wiped out savings and made buying imported goods all but impossible, leading to severe shortages of medicine and food. The shortages are so extreme that they are creating a humanitarian emergency. Hospitals are not only out of antibiotics, but some don't even have basic sanitation supplies like gloves and soap. Starving families are reported to be scavenging for food at garbage dumps. The growing crisis could very well lead to Venezuela becoming a failed state, which could spill over the borders and undermine neighboring countries, and even the whole continent. It could produce financial, economic, regional and security risks for the United States - if there is a power vacuum, the country could become a haven for terrorists and drug traffickers. Additionally, the situation may create a migration crisis as hundreds of thousands of Venezuelans flee the country. Gustavo Arnavat, senior advisor at the Center for Strategic & International Studies, warns that if Venezuela collapses, it will become a major priority for the U.S., as the world's and region's leader, to manage the crisis. (Sources: NBC, The Guardian, Bloomberg)



"Davos on the Delta" Was A Huge Success

This past week I attend a three day "ag tech" meeting in Memphis, Tennessee hosted by my friend Carter Williams, CEO of [iSelect Fund](#). The event was terrific and brought about a ton of interesting thought and conversation about the future of agriculture. If you get the chance to come next year I highly encourage it. I will be partnering with Carter and his iSelect team to bring more Ag Tech startups to our annual Van Trump Conference this year in Kansas City on December 6th. Make sure you mark your calendar because we have some very special guest speakers and events lined up. Below are some highlights from this past weekend in Memphis.

Executives From The Following Companies Were In Attendance: *The Gaylon Lawrence Group; Donald Danforth Plant Science Center; Bunge; Green Plains Energy; Lansing Trade Group; Farmland Partners; Fall-Line Capital; Beck's Hybrids; Farmland Advisors; Daniels Trading; Avondale Partners; Prudential Agricultural Investments; Petroleum Transfers Inc; Huyde Group; Capitologix; Agrian; Hivalgo; Holganix; APSE; Nativis; The Pathfinder Group of Princeton; Inova; GAIN Capital; Indigo Ag; TerrAvion; Benson Hill Biosystems; Ag Launch; Ritter Agribusiness; LandFund Partners; Conservis Corp; Context; Highland Capital; Eykon; ForeLight Inc; Hermiston Ag Enterprises; Wiedert Land Company; Hutchison Farms; Maybeery Seed; Dobbs Equity Partners; Oak River Farms; Grain Millers Inc; AgLaunch; Kultevat; Washington University; ProteoSense; Ventana Systems Inc; AgGentics; Ventana Systems Inc; Agrible; Lewis and Clark Ventures.*

Billionaire Investor Gaylon Lawrence allowed us to personally tour his farming operation and state-of-the-art cotton milling facility in Wilson, Arkansas. We we're also able to see first hand all of the exciting investments he has made in trying to revitalize the rural communities surrounding the farms, including an amazing school for elementary and soon to be high school aged children. The Lawrence Group currently owns over 180,000 acres of row crop and are the largest Citrus Crop owners in Florida. Gaylon and Richard Hussey kicked off our "Davos on the Delta" meeting by really driving home the problems facing our rural communities and specific changes that are about to quickly alter the face of agriculture,

i.e. disruptive technologies, dramatically increased transparency, demographical shifts in consumer demand, etc... The company [FarmSource Ag](#) was featured as a retail agriculture business founded on the principle of helping growers achieve higher profits through greater efficiency.

Supply Chain Disruption - We are experiencing huge shifts in the agricultural supply chain due to consumers emerging trends and shift from fork to farm. [Agrible](#) presented on the subject and offered some valuable insight.

Ethanol - It seems to be in agreement that the industry has been booming, but there could be a few speed bumps in the road ahead as exports become a bit more of an uncertainty. It was interesting to hear from a couple of sources that Brazil has three new plants under construction and several more under contract and looking to be coming online in the next several years. There still seems to be some debate amongst the crowd if China will start being a large importer of ethanol. Several industry insiders suspect the second half of 2017 could certainly be a little rougher for the industry overall as margins get tighter. Nobody seems to be looking for a major change or move in the blender tax-credit or mandate from Washington any time soon.

Weather Forecasting might really start to show large improvements in the coming weeks and months as there seems to be a lot more tech money coming into the space and huge advancements being made.

Seed Technology is taking extremely large steps as CRISPR 9 is allowing for radical change and improvement in a much quicker time period. There's still some question about longer-term FDA rulings and regulations, but the overall consensus seems to be perhaps an overall game-changer. Both [Benson Hill](#) and the [Donald Danforth Plant Science Center](#) talked about advancements in seed and CRISPR technology.

Industrial Crops were again being discussed in details. The entire concept seems to be only in its infancy, but I can clearly see huge long-term potential for growth inside this space. Roger Beachy, Chief Science Officer for [Kultevate](#) spoke on the subject.

Fertilizer - Ways to significantly reduce and improve usage was huge topic of conversation and several start-ups believe they have game-changing solutions that could dramatically disrupt the industry. Companies presenting on the subject were [Hologanix](#) and [Indigo Agriculture](#).

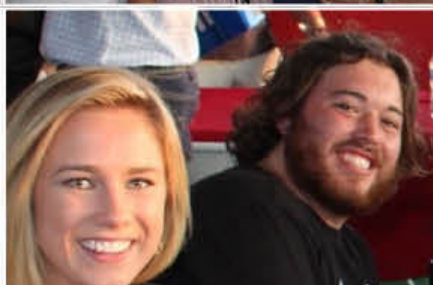
Bioreactors - The technology is ramping up and is trying to replace the use of synthetic ingredients used in the food & beverage, animal feed, health and cosmetic industries. From what I understand they are applying insights from nuclear physics to accelerate photosynthetic production of affordable, natural ingredients from some of the earth's oldest and most genetically diverse organisms. A company called [Forelight](#) made the presentation and seems to be advancing the ball.

Transportation and Logistics seems to always be a heated conversation the past few years as technology starts to rapidly change the space. Distribution models are clearly being disrupted and altered.

Investing In Ag Start-Ups - [John Santi, Managing Director from Avondale Partners](#) was on hand answering questions about ways farmers and business owners could invest in some of the newest ag tech start-ups. There seems to be a lot of interest right now from large businesses and large operations wanting to invest in non-correlated ag ventures. In other words someone like a Tyson investing in a company that's not directly in their core space of meat.

Awesome Networking, Food & Fun: Our good friend Andy Daniels, founder of [Daniels Ag Marketing](#) and investor in ag start-ups invited all of us to his teams BBQ tent each evening to enjoy food, fun and terrific conversation with some of the brightest and sharpest minds in our industry. There were producers, investors and ag executives from all over the world using the opportunity to talk with one another in a relaxed and casual environment. It was absolutely amazing! Also awesome is the fact Andy has been able to raise seven-figures in donations for the folks at [St.Jude's Children's Hospital](#). I should also mention that his team took 3rd place in the [World Championship BBQ](#) rib competition! If you are wondering the Grand Champion of the contest, "Big Bob Gibson Bar-B-Q" won \$30,000. The food was absolutely amazing. I thank Andy again for all of his hospitality and efforts for putting on such a great BBQ event. I included some of the pics below.





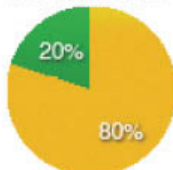




CASH SALES & HEDGING TOTALS

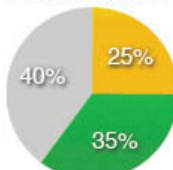
CORN 2016 CROP

80% SOLD
20% HEDGED
0% UNPROTECTED



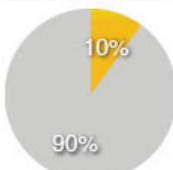
CORN 2017 CROP

25% SOLD
35% HEDGED
40% UNPROTECTED



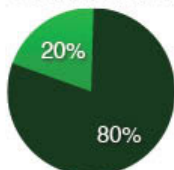
CORN 2018 CROP

10% SOLD
0% HEDGED
90% UNPROTECTED



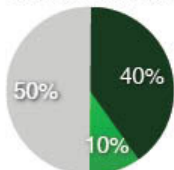
SOYBEANS 2016 CROP

80% SOLD
20% HEDGED
0% UNPROTECTED



SOYBEANS 2017 CROP

40% SOLD
10% HEDGED
50% UNPROTECTED



SOYBEANS 2018 CROP

0% SOLD
0% HEDGED
100% UNPROTECTED



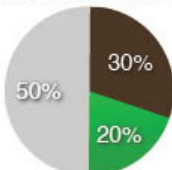
WHEAT 2016 CROP

100% SOLD
0% HEDGED
0% UNPROTECTED



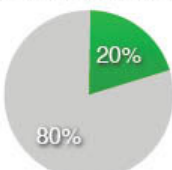
WHEAT 2017 CROP

30% SOLD
20% HEDGED
50% UNPROTECTED



WHEAT 2018 CROP

0% SOLD
20% HEDGED
80% UNPROTECTED



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