

GOOD MORNING: 05/30/17 Farm Direction - VanTrump Report

1 message

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

Tue, May 30, 2017 at 6:58 AM



"When a flower doesn't bloom, you fix the environment in which it grows—not the flower."—**Alexander Den Heijer**

TUESDAY, MAY 30, 2017
[Printable Copy](#) or [Audio Version](#)

Morning Summary: Stocks once again start the week near record territory as traders return from an extended three-day holiday weekend. Investors have clearly been pleased with corporate earnings, revenue and profit margins and have rewarded companies in kind. The bears still caution that stocks at these levels are "overvalued" and many are overdue for some-type of correction. In particular, the "tech sector" is being scrutinized by some analysts who say we could be approaching bubble like status with Amazon, Alphabet and Microsoft all once again hitting new record highs last week. Oil markets are under a bit of pressure this morning as the trade seems to doubt OPEC's ability to collectively make sustained cuts. Baker Hughes also showed the total number of active U.S. rigs again increased last week, making this the 19th week in a row that the count has climbed higher. As for U.S. monetary policy, the next Fed meeting is scheduled for June 13-14th, when most insiders believe we will see the next U.S. interest rate hike. The overall consensus amongst most longtime professional traders is that the Fed has historically tightened too much and for too long. They argue that we've had about 18 recessions in the past 100-years and all were preceded by Fed tightening cycles. Keep in mind we also generally start to see a slow down in the auto industry, housing and overall business investments ahead of a recession. Yes, we've seen a couple of economic setbacks nearby, but I'm hoping these are only temporary blips on the radar screen. Sales of new cars and trucks here in the U.S. hit a record high of 17.55 million units in 2016 and are now forecast to move lower. In fact several sources have reduced their auto sales estimates a couple of times in the past couple of months. It's also worth noting that recent data shows the average number of days a new vehicle sits on a dealer's lot before being sold recently hit 71 in the first 14 days of May, the highest level for any month since July 2009. I should also note that I am now more closely monitoring the U.S. housing market as New Home sales last month were reported lower by double-digits, at the same time Existing Home sales were also reported lower. Interestingly, on the flip side, SeekingAlpha reported this morning that the average credit score nationwide hit 700 in April - the highest level since 2005. Meanwhile, the riskiest share of consumers deemed, those with a score below 600, hit a new low of roughly 40 million, or 20% of U.S. adults who have FICO scores. Tomorrow we will hear from Dallas Fed President Robert Kaplan and San Francisco Fed President John Williams, who may perhaps gives us a bit more insight about the economy and their next move. Washington should be fairly quiet this week as both the White House and Congress are officially out on break. I am however keeping an extremely close eye on North Korea and the headlines surrounding possible U.S. military action. Just yesterday reports circulated that North Korea fired another short-range ballistic missile, it's ninth test this year, and in total defiance of the U.N. Security Council resolutions. The missile was believed to be a Scud-class ballistic missile and flew just under 300 miles. We have to believe U.S. officials, including President Trump are increasingly losing their patience. Lets not forget, North Korea shares about 900 miles of border with the Chinese, so the market might not find things as simple as they appear on the surface. Here at home economists seemed surprised by the recent updated U.S. first-quarter GDP estimate, which came in higher than expected at +1.2%, up from a previous +0.7%. Personal consumer expenditure was revised up slightly while the GDP price index was revised down slightly. Today's economic data includes Personal Income and Outlays, the S&P CoreLogic Case-Shiller Home Price Index, Consumer Confidence and Dallas Fed Manufacturing. Keep in mind, this should be a busy week for economic data bringing some updated numbers and a fresh look at the job market, housing, manufacturing and auto sales. Internationally, China will release Manufacturing PMI overnight while Japan updates their Industrial Production.

U.S. & Japan Ramp Up Sanctions Against North Korea: *U.S. President Donald Trump and Japanese Prime Minister Shinzo Abe have agreed to expand sanctions against North Korea over its continued development of nuclear weapons and ballistic missiles. Meeting before a Group of Seven summit, Trump and Abe dedicated much of their discussion to the issue. "President Trump and Prime*

Today In History



1922, Baseball - The United States Supreme Court rules that organized baseball did not violate antitrust laws as alleged by the Baltimore franchise of the defunct Federal League in 1915. The Supreme Court held that organized baseball is not a business, but a sport. In January 1915, the Baltimore Terrapins of the Federal League sued the American and National Leagues, alleging that they were in violation of the Sherman Antitrust Act of 1890, which was enacted to limit monopolies in interstate commerce. The Federal League chose the U.S. District Court presided over by Judge Kenesaw Mountain Landis, who was known as a trustbuster, to hear their case. What the Federal League did not know was that Landis was also a passionate Chicago Cubs fan who was reticent to do anything that might, in his eyes, damage the sport he loved. Landis delayed hearing the case, while the Federal League struggled. They were unable to lure star players away from the American and National Leagues, and were hurt by the previously baseball-obsessed public's preoccupation with World War I. By the end of the 1915 season, the Federal League was out of business, after less than two years of operation. Meanwhile, its lawsuit was still pending. Judge Landis became baseball's commissioner in 1920, and was charged with cleaning up the big leagues after the Black Sox scandal of 1919, in which the Chicago White Sox purposely lost the World Series for a payoff from gambler Arnold Rothstein. Landis handed out eight lifetime suspensions, determined to rid the game of corruption once and for all. The U.S. Supreme Court finally ruled on the Federal League case in 1922. In his opinion, Chief Justice Oliver Wendell Holmes wrote that baseball did not constitute interstate commerce, in spite of the fact that its clubs and players crossed state lines in order to play. Justice Holmes reasoned that personal effort, not related to production, is not a subject of commerce. As baseball was the subject of interstate personal effort and not interstate commerce, the antitrust law did not apply. Courts have since been reluctant to overrule the decision, making baseball the only professional sport in the country to enjoy an antitrust exemption. The courts have consistently held that the

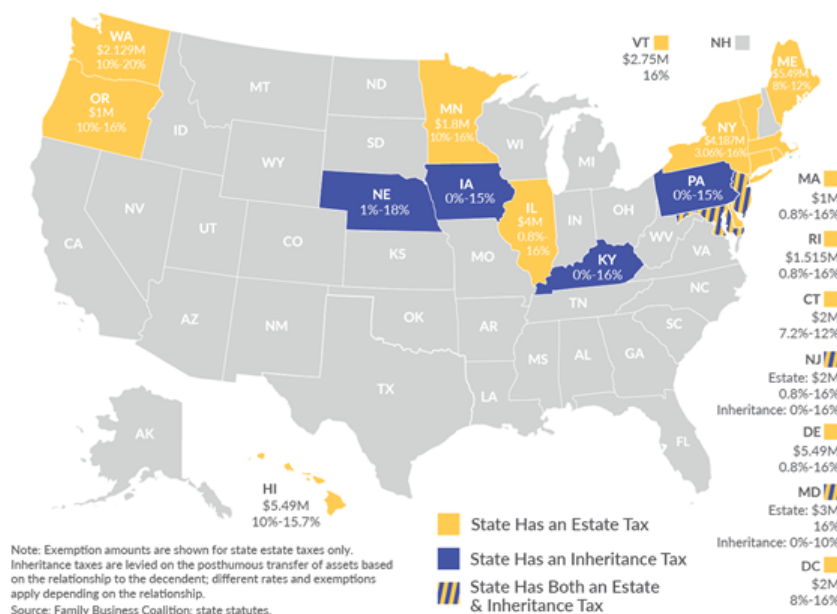
Secretary of State Rex Tillerson this month called on countries all over the world to implement existing U.N. sanctions on North Korea's nuclear weapons and missile program. Norio Maruyama, a spokesman for Abe, said his prime minister had made clear at the G7 that the international community, including China, must put pressure on North Korea. Most of North Korea's trade is with its ally China, and so any hard-hitting secondary sanctions would likely target Chinese firms. Speaking in Beijing, a senior U.S. State Department official said that China realized it has limited time to rein in North Korea through negotiations and that it was open to further sanctions. (Source: Reuters)

Gas Prices Still Cheap In Comparison: Prices at the pump this Memorial Day weekend were among the cheapest in years. The national average for unleaded regular gasoline Friday was \$2.37 per gallon, 6 cents higher than last year, but still well below the five preceding years, when prices averaged over \$3 per gallon on Memorial Day weekend. The perfect storm for cheaper gasoline prices has been due in part to record runs at U.S. refineries. U.S. refiners processed 17.3 million barrels of crude a day last week, the second highest ever after a slightly elevated run in April. According to government data going back to 1982, the first time more than 17 million barrels a day was processed by the industry was in January. Even as the U.S. refines more oil, the demand for gasoline is lower than it was at this time last year. In the first part of the year, demand was several percent lower. In the latest weekly government data, gasoline demand was 9.7 million barrels a day, but the four-week average was 9.4 million, compared with 9.6 million in the same period last year.

Does Your State Have An Estate Or Inheritance Tax? In addition to the whopping federal estate tax of 40%, some states impose an additional estate or inheritance tax. Fourteen states and the District of Columbia impose an estate tax while six states have an inheritance tax. Maryland and New Jersey have both. Washington state's 20 percent rate is the highest estate tax rate in the nation; ten states and DC are next with a top rate of 16 percent. Delaware and Hawaii both have the highest exemption threshold, which, at \$5.49 million matches the federal exemption level. Of the six states with inheritance taxes, Kentucky and New Jersey have the highest top rates at 16 percent. Maryland imposes the lowest top rate at 10 percent. All six states exempt spouses, and some fully or partially exempt immediate relatives. Estate and inheritance taxes have large compliance costs for states, and they may become costlier if the estate tax is eliminated at the federal level as proposed in both the House GOP Blueprint and President Trump's tax plan. This would leave states with the full administrative burden of the estate tax instead of being able to rely on administration from the Internal Revenue Service. (Source: Tax Foundation)

Does Your State Have An Estate or Inheritance Tax?

State Estate & Inheritance Tax Rates & Exemptions in 2017



TAX FOUNDATION

@TaxFoundation

Weather forecasters are calling for the likelihood of below-normal temperatures in most areas east of a line from New Mexico to Wisconsin, while warmer-than-normal weather should prevail across Florida's peninsula, the northern High Plains, and much of the West. Meanwhile, above-normal rainfall in the southern half of the U.S. will contrast with drier-than-normal conditions across the nation's northern tier.

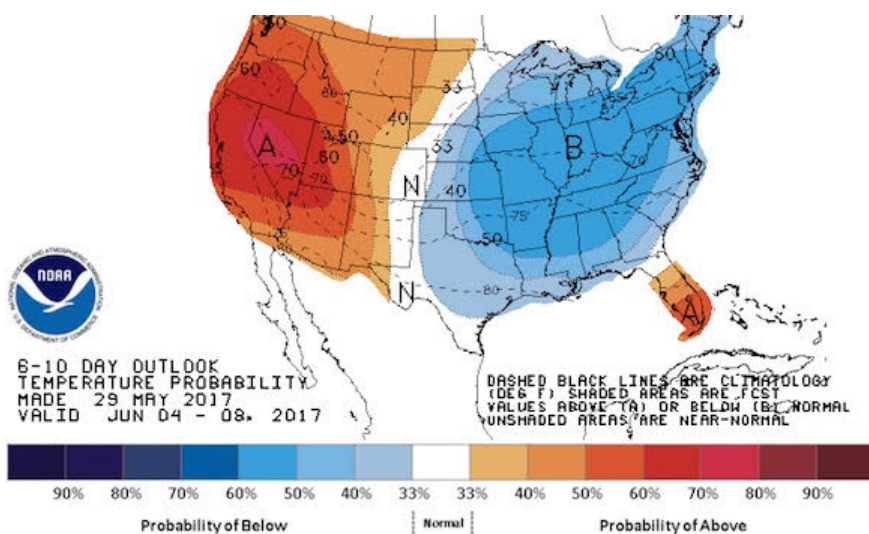
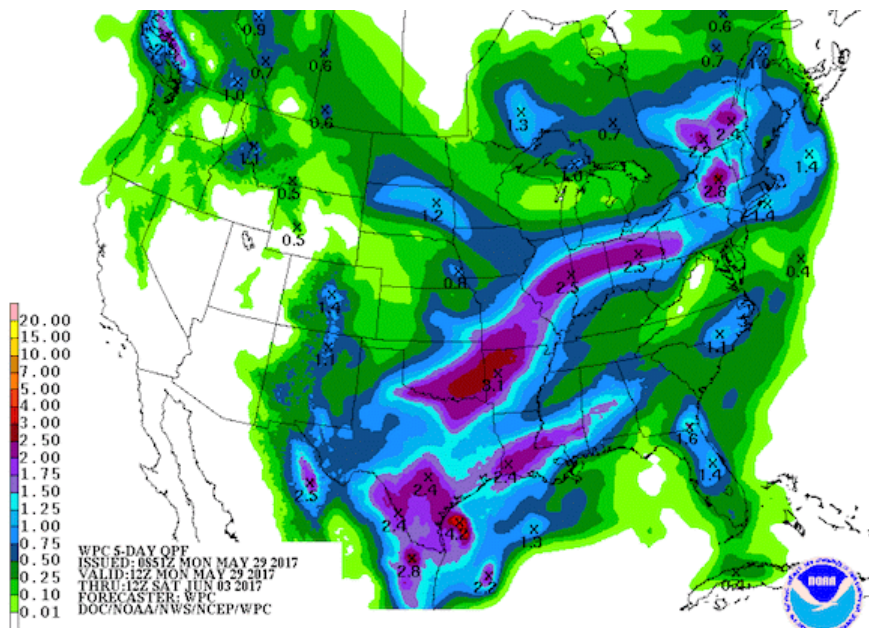
only way Major League Baseball would lose its antitrust exemption is if Congress were to legislate it out of existence.



1953, Mount Everest - At 11:30 a.m. on May 29, 1953, Edmund Hillary of New Zealand and Tenzing Norgay, a Sherpa of Nepal, became the first explorers to reach the summit of Mount Everest, which at 29,035 feet above sea level is the highest point on earth. The two, part of the ninth British expedition to Everest, made their final assault on the summit after spending a fitful night at 27,900 feet. Mount Everest sits on the crest of the Great Himalayas in Asia, lying on the border between Nepal and Tibet. Called Chomo-Lungma, or "Mother Goddess of the Land," by the Tibetans, the English named the mountain after Sir George Everest, a 19th-century British surveyor of South Asia. The summit of Everest reaches two-thirds of the way through the air of the earth's atmosphere—at about the cruising altitude of jet airliners—and oxygen levels there are very low, temperatures are extremely cold, and weather is unpredictable and dangerous. The first recorded attempt to climb Everest was made in 1921 by a British expedition that trekked 400 difficult miles across the Tibetan plateau to the foot of the great mountain. A raging storm forced them to abort their ascent, but the mountaineers, among them George Leigh Mallory, had seen what appeared to be a feasible route up the peak. It was Mallory who quipped when later asked by a journalist why he wanted to climb Everest, "Because it's there." A second British expedition, featuring Mallory, returned in 1922, and climbers George Finch and Geoffrey Bruce reached an impressive height of more than 27,000 feet. In another attempt made by Mallory that year, seven Sherpa porters were killed in an avalanche. In 1924, a third Everest expedition was launched by the British, and climber Edward Norton reached an elevation of 28,128 feet, 900 vertical feet short of the summit, without using artificial oxygen. Four days later, Mallory and Andrew Irvine launched a summit assault and were never seen alive again. In 1999, Mallory's largely preserved body was found high on Everest—he had suffered numerous broken bones in a fall. Whether or not he or Irvine reached the summit remains a mystery.



1988, Cold War - President Ronald Reagan travels to Moscow to begin the fourth summit meeting held in the past three years with Soviet leader Mikhail Gorbachev. Though the summit produced no major announcements or breakthroughs, it served to illuminate both the successes and the failures achieved by the two men in terms of U.S.-Soviet relations. In May 1988, President Reagan made his first trip to Moscow to meet with Gorbachev and begin their fourth summit meeting. Just six months earlier, during a summit in Washington, D.C., in December 1987, the two men had signed the historic Intermediate-Range Nuclear Forces (INF) Treaty, which eliminated an entire class of nuclear weapons from Europe. In many ways, Reagan's trip to Moscow in May was a journey of celebration.



Corn traders are extremely interested in seeing the USDA's first condition estimate for the U.S. crop. Most sources seem to be thinking 65% to 70% of the crop will be rated "Good-to-Excellent". This afternoons condition rating will certainly be below last years initial estimate that showed 72% of the crop rated "Good-to-Excellent", but still gives the trade little clarity on where we will cross the finish line. I've included some numbers below that show where the crop-conditions started the year and where the final yield ended. Interestingly there is not a lot of correlation in how we start the race and how we finish. Look at 2012, we started the year with 72% of the crop rated GD/EX and ended the year with a national average yield of 123.1 bushels per acre. Then look at 2003 and 2004, we started both years with 68% of the crop rated GD/EX and both years produced record setting crops, but nearly 20 bushels different in total. As for this year, a massive number of replanted acres and the crop getting off to an extremely slow start has the bulls hurrying to place their bets. I'm personally taking a much more cautionary approach, believing there's still a ton of time left in regards to "final yield". A sub-160 yield would certainly give us a nice rally and the ability to reduce longer-term risk at profitable levels, but I just can't make a bet like that as of yet. Hence the reason as a producer I'm keeping all hedges in place. As a spec I worry that without additional bullish weather headlines prices could fall under more nearby pressure. The domestic and global balance sheets are burdensome and South America is coming online with a record setting crop that will need to be finding a home.

Year	Acres Planted	1st Condition Rating	Final Yield
2003	78.6 million	68% GD/EX	142.1 new record
2004	80.9 million	68% GD/EX	160.3 new record
2005	81.8 million	64% GD/EX	148.0
2006	78.3 million	71% GD/EX	149.1
2007	93.5 million	78% GD/EX	150.7

Demonstrating the famous Reagan charm, the president and his wife waded into crowds of Russian well wishers and curiosity-seekers to shake hands and exchange pleasantries. Very quickly, however, the talks between Reagan and Gorbachev revealed that serious differences still existed between the Soviet Union and the United States. From the beginning, Reagan—who had in the past referred to the Soviet Union as the "evil empire"—pressed Gorbachev on the issue of human rights. He urged Gorbachev to ease Soviet restrictions on freedom of religion and also asked that the Soviet Union relax the laws that kept many Russian Jews from emigrating. The Soviets were obviously displeased at Reagan's insistence on lecturing them about what they considered purely internal matters. A spokesman from the Soviet Foreign Ministry showed his irritation when he declared to a group of reporters, "We don't like it when someone from outside is teaching us how to live, and this is only natural." Despite the tension introduced by the human rights issue, the summit was largely an opportunity for Reagan and Gorbachev to trade compliments and congratulations about their accomplishments, most notably the INF Treaty. As Reagan stated after their first day of meetings, "I think the message is clear—despite clear and fundamental differences, and despite the inevitable frustrations that we have encountered, our work has begun to produce results."

Upcoming Events

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

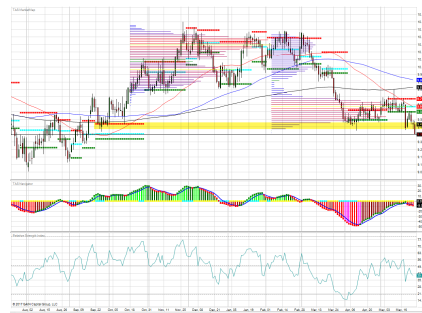
Chart Of The Week

2008	86.0 million	63% GD/EX	153.3
2009	86.4 million	70% GD/EX	164.4 new record
2010	88.2 million	76% GD/EX	152.6
2011	91.9 million	67% GD/EX	146.8
2012	92.3 million	72% GD/EX	123.1 recent low
2013	95.4 million	63% GD/EX	158.1
2014	90.6 million	76% GD/EX	171.0 new record
2015	88.0 million	74% GD/EX	168.4
2016	94.0 million	72% GD/EX	174.6 new record

Planting With Precision: I wanted to pass along a pic I received this weekend from my friends and business partners at "Ormiston Farms" out in SW Kansas. Below is their 80 foot 32 row planter they are getting ready to strip down, update and outfit with all the latest bells and whistles. From what I'm told, they will be adding Delta Force, Vset Select, and Smart Firmer for the 2018 planting season. This tech will give them hydraulic downforce, more precise depth, multi-hybrid placement, and reading such as; organic matter, residue, and moisture content in the seed slice. Along with the precision tech they will throw on a narrow three-inch spoked gauge wheel which will help with a smoother ride on the strip-tilled ground. They will also look to use some type of spiked closing wheel to help with crusting, and yes we will be taking off the markers. They believe turning this older 2011 planter into a high-tech planting machine will save them close to six-figures over the cost of a new one. And the world wonders how the U.S. farmer is able to get the crop planted in such a timely fashion and continues to lead the world in innovation...Great Stuff!



Soybeans traders continue to debate "new record acres planted" vs. "extremely wet feet and cooler than normal temps" to start the U.S. growing season. Chinese demand is arguably robust and the USDA may still be a bit too conservative with their current import estimate. The South American crop is record large and all but out of the field. From what I understand Argentina may have 15% left to harvest in the northern areas as heavy rains have caused some delays and a few complications. Thoughts are it's not enough to make the market nervous, but it could trim a bit off the top-end of the Argentine yield. The bearish funds seem far from nervous, and are now thought to be holding a short position in this market of around 80,000 contracts, having recently pushed U.S. soybean prices to fresh new 13-month lows. Keep in mind soybeans prices last week fell by -26 cents. That might be a bit hard for some of the bulls to understand, considering we are at just the beginning of the U.S. growing season and the U.S. dollar has heavily retreated from its most recent highs. The kicker is the global and domestic balance sheets show ample supply, the South American crop is record large and now out of harms way, while the U.S. producer is about to plant an all-time new record number of soybean acres. The trade can debate all day long if U.S. acres will be plus or minus 90 million, but the point remains, the U.S. producer is planting record acres directly behind a record crop being harvested in South America, which is directly behind an all-time record soybean crop harvested in 2016 here at home. Bottom-line, demand has been fantastic but global production has been even better. As a producer, I'm going to stay extremely patient with this market. I understand the bearish tone, but I also see a lot of people inside the trade using a yield estimates for



Nov Soybeans

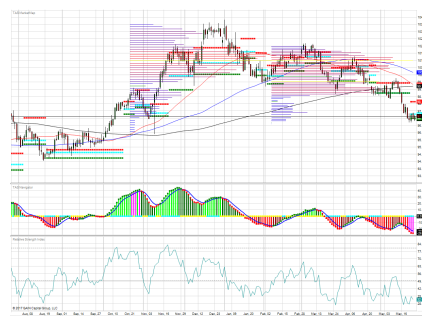
Soybeans closed on a fresh 8 month low and the charts look potentially vulnerable for a further decline toward 9.10 as the next major area of support. Old support becomes new resistance. A close back above 9/45 would be viewed as short term supportive.

[Enlarge Nov Soybeans 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. TAS Navigator shows bear trend could potentially be exhausted.

[Enlarge US Dollar Index Chart »](#)

the U.S. crop of between 48 and 52 bushels per acre, which I believe is a complete shot in the dark at this juncture. We all know soybean yields have been extremely difficult to project the past few years and have had extreme swings in estimates in short periods of time. I also know the funds love to jump this market at the first sign of a shift in the macro sentiment or possible widespread weather hiccup. Hence I believe even though the traditional fundamentals currently look bearish, the upside can be extremely dangerous and needs to be well respected. Nearby the current transition from the South American crop headlines and time spent waiting on more important U.S. weather in July and August might create a vacuum or lull in the headlines that weighs on price. I'm keeping my current hedges in place thinking there could be a bit more downside. I'm also continuing to closely monitor the ongoing political crisis in Brazil. The situation still remains extremely fluid with a ton of uncertainty surrounding President Temer... stay tuned!

Wheat prices have tried to hang tough as the harvest pressure from the South starts to move into some of the larger U.S. production areas. I've been a conservative bull the past several months but have had little luck or opportunity to bank any sizable gains. I continue to believe the downside in this market is fairly limited and that the upside holds much more opportunity, but I may turn a year older in the process of waiting. SRW wheat prices have essentially traded sideways between \$4.10 and \$4.80 per bushel since late last July. The USDAs winter wheat crop-conditions appear to have stabilized as they jumped from 51% to 52% rated "Good-To-Excellent" last week. I suspect we will see very little change this week, even though I personally believe the crop is in worse condition than the numbers indicate, especially the protein quality. There's also some weather uncertainty in parts of Russia, Ukraine, Europe and perhaps even China. I'm certainly not seeing anything major in regard to global weather hiccups but there are some headlines circulating. I also like the recent weakness of the U.S. dollar and believe it could eventually start to provide a bit more tailwind. Unfortunately the global supply and demand picture still looks extremely burdensome with the USDA most recently forecasting ending stocks at a fresh new record of 258.3 million tons, up +2.9 million from last year. As both a producer and a spec I continue to keep my conservatively bullish mindset despite the funds holding a near record short position and the obvious supply side burdens. Keeping my eye on U.S. harvest reports and the USDAs weekly crop-condition update.



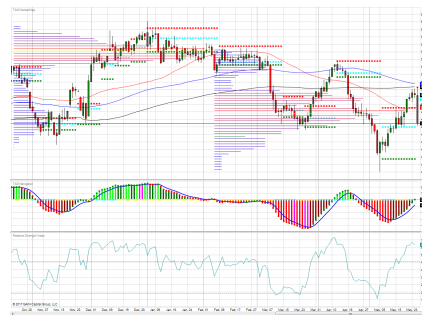
> **Saskatchewan Farmers Will Leave Over A Million Acres Unplanted:**

Approximately 1.7 million acres of crops in Canada's top grain-growing province will go unplanted thanks to excessive rainfall, with rains returning after a dry window which allowed some catch-up in seedings. Farm officials in Saskatchewan said that "it is estimated that 5% of acres will not be seeded due to excess moisture". The Saskatchewan briefing also flagged that "some" crops will need reseeded after "hard frost last week damaged some alfalfa, winter cereal and canola fields". (Source: Agrimoney)

> **Russian Grain Exports Seen Remaining Mostly Steady:** SovEcon estimates Russia's 2017-18 grain exports at 36.0 million metric tons, down just slightly from this season's 36.5 million metric tons. This is despite a smaller crop, thanks to record high stocks of 20.3 million metric tons on July 1, up +64% compared to last year.

> **Rabobank Sees Bearish Prices For Palm Oil:** Front month crude palm oil prices are forecast to remain bearish for the rest of 2017, Rabobank said in a palm oil market update. Despite the upward price correction in CPO markets earlier in May, Rabobank kept its price forecast for the April-June quarter unchanged at MR2,500/mt, or \$584.73/mt, from its April forecast. The recent uptick in prices on Bursa Malaysia reflected increased palm oil demand ahead of Ramadan and inventory re-stocking in several destination markets, Rabobank said in the note. Malaysian palm oil exports over May 1-15 rose 7% from the same period a month earlier to 613,465 mt, when palm oil demand was capped by price competition from other vegoils, Rabobank said. It noted India's palm oil exports rose 11% month on month to 752,632 mt in April, although palm oil's share of India's oil export mix fell to 57% from 62% over the same period, while the shares of soyoil and sunflower oil grew. Meanwhile, backwardation in the palm oil futures curve has made consumers buy hand to mouth amid expectations that prices will fall further later in the year, Rabobank said. Increasing palm oil production and rising inventories will cap to any price increase, it added. The also say prices will be pressured down by Indonesia's lower biodiesel allocation in 2017. (Source: Platts)

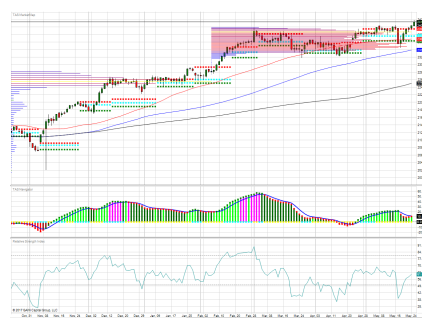
> **U.S. Organic Food Sales Increased +8.4%:** Organic food sales in the United States increased by 8.4% in 2016 to reach \$43 billion, marking the first time sales surpassed \$40 billion, according to the recent Organic Trade Association's industry survey. The 8.4% jump compared to an increase of 0.6% in overall U.S. food market sales. Overall U.S. organic sales were about \$47 billion in 2016. Sales of organic non-food products increased 8.8% to \$3.9 billion. Organic food accounted for 5.3% of total U.S. food sales.



Crude Oil

The market strongly rejected the bull rally near the 100 and 200 day moving averages (\$52.00). This tilts the bias back to neutral short term.

[Enlarge Crude Oil Chart »](#)

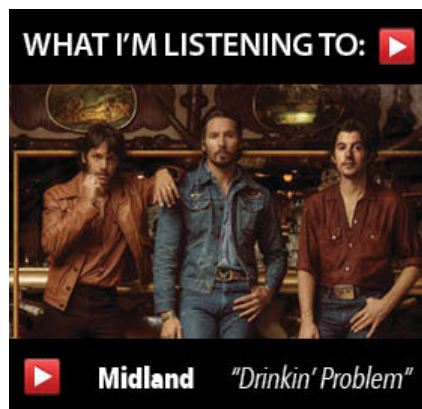


E-Mini S&P Index

The market posts another bullish breakout on the close above 2404.50. 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

> Above Average Hurricane Season Expected: Warm sea surface temperatures and a weak or non-existent El Niño will contribute to an above-normal hurricane season in the Atlantic this year, NOAA announced last week, saying that 11 to 17 named storms, five to nine hurricanes and two to four major hurricanes are possible. The predictions came in the official forecast by the National Oceanic and Atmospheric Administration (NOAA) for the hurricane season that begins June 1. "This season has had a running start," according to Ben Friedman, acting NOAA administrator. Tropical Storm Arlene formed briefly in April in the north-central Atlantic. An extremely rare occurrence, Arlene was just the second named storm on record for the month of April. Amazingly, the US has not experienced a major hurricane landfall since Hurricane Wilma in 2005. (Source: CNBC)

> Conaway To DOJ - Drop The Duarte Case: House Agriculture Chairman Mike Conaway and House Judiciary Chairman Bob Goodlatte want to know why the Justice Department is continuing to prosecute a Clean Water Act suit against a California farmer. In a letter to Attorney General Jeff Sessions, the lawmakers argue that the Army Corps of Engineers suit against Duarte Nurseries over agriculture runoff violates the water law's clear exemptions for "normal" farming activities. The lawmakers are seeking an explanation as to why Sessions' department is still pursuing the case, which was first filed in 2012 after the farm was fined by the corps for failing to get a permit to discharge material into a wetland when certain fields with low-lying spots were plowed to plant wheat. The farm is currently facing a \$2.8 million fine. (Source: Politico)

> China Considers Changing Yuan Fixing Formula to Curb Swings: China is considering changes to the way it calculates the yuan's daily reference rate against the dollar, a move that's likely to reduce exchange-rate volatility while undermining efforts to increase the role of market forces in Asia's largest economy. Policy makers may add a "counter-cyclical factor" to the yuan's daily fixing, according to a government statement on Friday, which confirmed an earlier report by Bloomberg News.

> The State Of Craft Brewing In America: Now is perhaps the best time in American history to be a beer drinker who appreciates delicious, locally brewed beer. The decades-long rise of craft beer practically exploded in recent years. America is now home to well over 5,000 breweries. How do you sum up the state of craft beer in 2017? It's complicated. On the one hand, we're seeing more and more craft brewers selling out to big beer. On the other hand, craft beer is still on the rise. The New Brewer, published annually by the Brewers Association, put it succinctly in their 2016 report: "1.2 million barrels of volume that were [considered craft beer] in 2015 are now owned by the big guys. In spite of these newer headwinds, craft volume grew by 1.4 million barrels in 2016." A closer look at those 1.4 million barrels reveals that craft beer's growth is fueled by America's microbreweries and brewpubs. Meanwhile the "big" regional craft brewers had a year most would probably like to forget — 15 of the top 25 brewers saw their volume decline last year. An interactive version of the map below is available [HERE](#).



FROM THE FIELD

Northern North Dakota - This is the second straight year that we have been extremely wet but this year we have the very cool temperatures as well. The high temp for today will only be 49 degrees. There are many guys that have planted most of their soybeans but I have refused to plant them in these conditions. Putting the seed in the ground with the soil this cold and wet will not produce any growth until things heat up. The weather may change enough that I will get in the field to plant beans over the weekend. The corn is all in and mostly up. Last year we had all of our planting done by May 15th. The snow that we got in April this year really set us back. It was a heavy wet snow and we would probably be done planting if that storm would have missed us. We cut out all of our wheat acres, planting all corn and beans for the first time. We have seen yields increase for us. The corn last year made 162bpa, which is much better than our 5 year average of 135bpa. For the first time, we had some fields make over 200bpa. I think both corn and beans benefited from the early planting last year, then the rains that came about every week. Our soybean 5-year average is 33bpa but we made 48bpa last year with a 40% hail damage reduction after a few bad storms. The beans benefited from the late August rains that we caught too.

East central Indiana - We have been extremely wet this spring. I was planting beans earlier today trying to get them finished up until the rain started and things got too wet in a hurry. We are warmer today near 65 degrees and have been near there for the past few weeks. I hope this rain today doesn't hang around long so we can get bean planting finished by the weekend. The corn stand looks pretty good. The earlier planted corn looks the best. We had a window early, right at the insurance date in mid-April, then got rained out. The next window was April 24-27 and right after we planted the temperatures got very cold, down in the forties and we had more rain. The corn planted then is a very erratic stand, with some wash out areas. We need to be spraying as soon as we can to take care of things before we get too far along. I am still hopeful for this year's crop but we have had one issue after another so far and it will eventually have to

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

have a negative effect.

Western Missouri - We are completely finished with planting as we wrapped up our beans last week. We were lucky that we did because two days after we finished we had 3" of rain over a 48 hour period. We are getting more rain today but so far we only have gotten around .5". We were able to get the first pass of spraying down before the rains. I was really hoping to get the second pass done today but held off. I probably could have pushed it and got in the field but decided to wait. A lot of the corn is boot height being 12" to 14" tall. The beans are not up yet but they went in the ground very good. The moisture levels for most fields is near ideal. We need some warm days and I think that we will see the stand really grow. The sunny days have been few and far between over the past few weeks.

CROSSING WIRES

A place to share intelligent thoughts...

Cracking the Code on Precision Farming and Digital Agtech Adoption: There are several hurdles ahead before growers will garner sufficient value from data intensive farming, according to a new report from Rabobank, the global food and agribusiness bank. The report entitled *Bungle in the Ag Tech Jungle - Cracking the Code on Precision Farming and Digital Agriculture* identifies 12 technologies in-use throughout the world today, including everything from milking robots to wireless weather stations to farm data management software. Yet, the report unequivocally states that farmers are not readily implementing these technologies, identifying five key barriers to digital agtech adoption. Read the report [HERE](#).

\$13 Flea Market Ring To Be Auctioned For At Least \$455,000: Thirty years ago, a woman in Isleworth, west London, bought an "exceptionally sized" ring she assumed was costume jewelry for \$13 at a car boot sale. Now, after decades of wearing the ring daily, she's about to get \$455,000 for it at a Sotheby's auction in July, if it sells for its expected price. Head of Sotheby's London jewelry department Jessica Wyndham called the ring is a "one-off windfall, an amazing find." See this amazing ring [HERE](#).

How To Remove Malware From Your Computer: Disaster has struck—an unwanted piece of malware took root on your computer. So what's your next step? While the potential damage viruses can cause shouldn't be underestimated, you might be able to get your computer back on its feet without too much difficulty, thanks to an array of helpful tools at your disposal. We're using the term malware to refer to all kinds of computer nasties, from viruses to ransomware to adware. While each of these threats have their own definitions, the terms are often used interchangeably, and can mean different things to different people. So for simplicity's sake, when we say malware, we mean everything you don't want on your computer, from a virus that tries to delete your files to an adware program that's tracking your web browsing. Read more [HERE](#).

Phil Knight Of Nike Shares Keys To Business Success: How do you found one of the largest and most iconic sports companies in the world, becoming a billionaire along the way? Phil Knight recently unveiled the answer in his best-selling book "Shoe Dog: A Memoir by the Creator of Nike." Throughout the first 15 years or so of Nike's existence, Knight went through an almost never-ending series of ups and downs, which he could only get through by continuously fighting for survival. He fought for credit lines, he fought a legal battle with his former supplier, Onitsuka, he even fought the US government for charging him unfair import taxes. He shares some of the most important tips to succeed in his book that you can see [HERE](#).

Opioids Are Still The Best Pain Drug We've Got: For more than two decades, drugmakers, doctors and patients have been looking for a better pain medication than opioids, which have ravaged families and local communities with their addictive powers. It's a wide open field and a multi-billion dollar market opportunity, yet startlingly little progress has been made. America's opioid addiction crisis has prompted efforts to treat patients and prevent deaths. But pain is a more difficult prescription. People experience pain very differently, which makes studying pain relief a complicated process. The quest has seemed so elusive that it has drawn comparisons to the Holy Grail and the unicorn. The quest has seemed so elusive that it has drawn comparisons to the Holy Grail and the unicorn. 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.

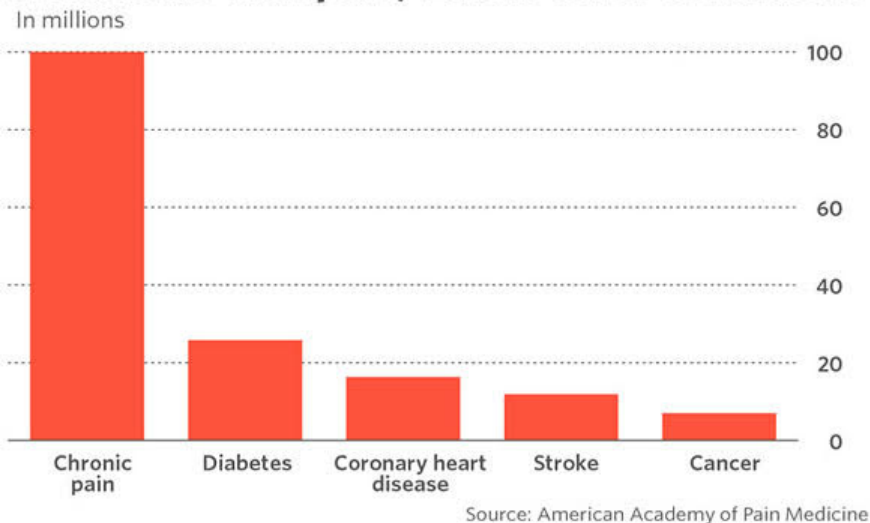
- Option #1 - Conservatively long.
- Option #2 - Aggressively long.
- Option #3 - Sitting on the sideline.

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 -
Grilled Southern Fish
Tacos w/Cabbage Slaw
CLICK TO SEE RECIPE

Americans with pain, versus other conditions

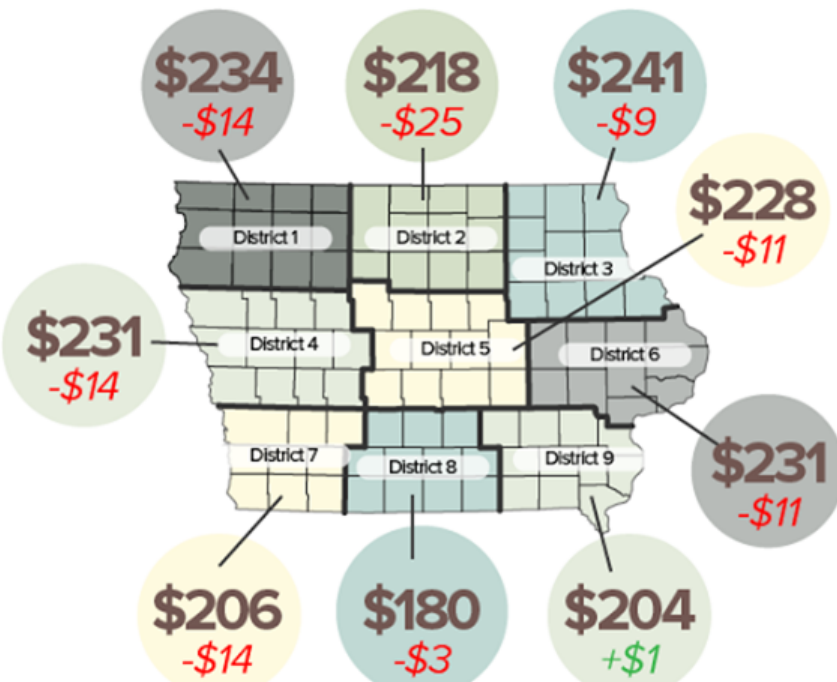


Cash Rents Down Four Consecutive Years In Iowa

The folks over at [Iowa State University's Extension & Outreach](#) recently released their annual survey showing cash rental rates for farmland in Iowa fell by approximately -4.8% in 2017, accumulating an -18.9% decline since 2013. Despite falling for a fourth consecutive year, the average cash rent in 2017 is still higher than the average rate in 2011. Keep in mind there was considerable variability across counties in year-to-year changes as is typical of survey data. But 82 counties did experience declines in average rents for corn and soybeans. Land planted to corn and soybeans saw rental rates down from \$230 per acre last year to \$219 in 2017 or -4.8%. This decline in rent is more than double the decline in Iowa farmland values between March 2016 and March 2017, reported in surveys conducted by the Iowa Realtors Land Institute. Keep in mind however that not all land qualities have seen their cash rents decline proportionately. High-quality land experienced a -5% decline, from \$270 per acre in 2016 to \$256 in 2017, accumulating a -21.9% decline since 2013. Medium-quality land experienced a -4.6% decline, from \$230 per acre in 2016 to \$220 in 2017. Low-quality land experienced a -4.4% decline, from \$191 per acre in 2016 to \$183 in 2017. Looking ahead you have to imagine three major factors will influence future cash rents: crop prices, interest rates, and land values. Corn and soybean prices received in Iowa peaked in August 2012 at \$7.90 and \$16.80 per bushel, respectively. In March 2017, corn and soybean prices were \$3.40 and \$9.60 per bushel, respectively, and have accumulated a -57% and -43% decline from their peak values. Due to current and projected low crop prices, profit margins in corn and soybean production on cash-rented acres are expected to remain very tight and most operators will probably need to negotiate lower rents to cash-flow the operation. Secondly, return on investment for landowners will also affect cash rents. Understand, the ratio of average cash rents to average land values in Iowa has seen a declining trend on investment consistently since the early 1990s. They have since stabilized since 2010. This trend is indicative that landowners will probably be hesitant about accepting lower cash rents in the future unless land values continue to decline. If you are curious the report also shows typical rents for alfalfa, grass hay, oats, pasture, cornstalk grazing and hunting rights in each county and district. Once again good information and research from the folks at Iowa State. (To see more specifics click this link [ISU](#))



Iowa Farmland Rent Prices **Down 4.8%** Average Rent **\$219 per Acre**



Source: Iowa State University, Cash Rental Rates for Iowa 2017 Survey

ISU's survey reports cash rental rates for land planted to corn and soybeans are down from an average of \$230 per acre last year to \$219 this year. The decline occurred in all crop reporting districts except southeast Iowa, which showed a mere \$1-per-acre increase.



Google Founder Larry Page Releases First Footage of "Flying Car"

Google founder Larry Page recently showed off "Kitty Hawk," a new startup company that bills itself as making a much-anticipated "flying car". The company describes the Kitty Hawk Flyer as an "all-electric aircraft" that is designed to operate over water and doesn't require a pilot's license to fly. In fact, Kitty Hawk promises people will be able to learn to fly in minutes. Kitty Hawk hasn't said exactly what the Flyer is too be used for, recreation or true travel, nor has it set a price for a retail version. But the company is enticing eager pilots with a \$100 three-year membership that offers priority placement on a waiting list, company-branded gear and the ability to attend company events. Members will also get a \$2,000 discount off the eventual retail price. Again, this thing looks really fun, but I'm uncertain about the specifics. I have heard that people are concerned that it could be extremely loud. Even a normal-sized drone is fairly noisy and larger octocopters are wildly noisy. Reporters witness this thing's short test run over Clear Lake in California said it's as loud as a speedboat. Of course, you can't really gather that from the promo video Kitty Hawk recently released. Imagine a world with these things filling our skies and lakes...it would be nuts. The Flyer isn't considered a drone, it's an Ultralight aircraft per FAA regulations. This is why there's no pilot's license required. If you are scratching your head on why Larry Page would be getting involved, he's hardly alone in his interest. Industry giants like Airbus have proposed multiple takes on a [flying car](#), as have dozens of startups from around the world. And, coincidentally or not, Uber recently held a [conference](#) in Texas about its own flying car ambitions. Anyways, Larry Page's Kitty Hawk looks as if they have a working prototype that you can see in action [HERE](#). It's the first footage released of this Google-backed "flying car." (Source: [New York Times](#))



Grills And Gadgets To Up Your Summer BBQ Game

Grilling season unofficially kicks off with the Memorial Day holiday weekend, which will find a lot of us trying to figure out or improve our abilities to cook anything and everything over an open flame. Below are some of the grills and gadgets that I'm seeing a lot of buzz about this summer. Some might even make good Fathers Day gifts...

Caliber Therma-Shell Pro Charcoal Grill/Smoker: *The new-age design of this Kamado-style grill not only gives it a sleek loo, but promises to make it more efficient. Caliber's body is ceramic insulation sandwiched between inner and outer layers of high nickel 304 Deep Draw Quality stainless steel. The grill has better heat retention, requires about 50 percent less charcaol and weighs about half as much as most Kamados. The Caliber Therma-Shell also has a patent-pending flue-way system that reengages the heat. At almost 400 sq. inches, it also has a larger cooking surface than most kamados. This grill is also the only kamado-style cooker on the market with a rotisserie option, allowing for further cooking versatility. It comes in five colors and priced around \$2500. They are available from several different stores, including Williams Sonoma.*

BBQ Dragon: *A step up from a traditional charcoal chimney, this is a high powered cooling fan that's attached to a clamp by a gooseneck; its creators claim it will help you with the time-consuming task of lighting a charcoal fire. The Dragon recharges via a USB port, meaning you can use the household chargers you probably already own. The fan has a multi-level speed control, so you could use it to light other fires in your life, like your fireplace. But the big sell is that it supposedly can light a charcoal barbecue in under 10 minutes. Check it out [HERE](#).*

Engelbrecht Braten Campfire Grill: *If you're looking for a whole new approach to outdoor cooking, this \$290 product might be the answer. American-made and welded together from 12-gauge steel, this thing sits directly over a fire pit in the backyard. The Braten has a height-adjustable cooking grate that makes cooking over a campfire far more predictable and fun. The company rates the grate as being able to support 50 pounds of food over its substantial 720 square inch surface. Available [HERE](#).*

BBQ TankMeter: *If propane is your go-to bbq fuel and you have an Android, this app could save your next cookout. The app measures the fullness of a propane tank by measuring sound vibrations. You just hold your Android phone about 6 inches away from your propane tank, hit "measure" on the app, and give the middle of the tank a rap with your other hand. The app will "read" how full the tank is and display the result using colored bars. It's a cheap solution to prevent being caught short on fuel at just \$1.00.*

luer at just \$1.99.

Grill Bot: It's a Roomba for your barbecue grill! This robot will clean up the charred mess left behind using three replaceable wire brushes and three motors. Controlled by a CPU chip and sensors, the unit is completely autonomous and runs on rechargeable batteries. Grillbot also has a timer and an alarm so you can set it up post-grill and run it for as long as you need without having to keep an eye on it, and the alarm will let you know when it's finished or if the unit is overheating—though you need to keep the grill lid closed so the bot doesn't plummet off the edge. The brushes can even be popped out and cleaned in your dishwasher. They are available on the [Grill Bot website](#) from \$119.95, but you might check Amazon as well. I found some listed on there for under \$100.

Grill Daddy Pro: Another grill cleaner, this one is human-operated and designed to use steam. You simply fill the Grill Daddy with water, then fire up your grill. As you run the Grill Daddy across the BBQ grates it will release a measured amount of water that turns to grease-melting steam the instant it touches your preheated grill. It's made from high-temperature heat-resistant ABS plastic and the brush heads are dishwasher-safe. They are also safe to use on stainless steel, ceramic, and iron grills. [Amazon](#) has them for less than \$20.

Cuisinart Bacon Grilling Rack: Cooking bacon on the grill is hard. The grease drips down causing flare-ups and burning your precious bacon. The bacon grilling rack solves that by providing a smooth nonstick surface and grease troughs. It even folds for easy storage. These are available at most cooking-centric retail outlets, including Amazon, for \$20 or less.

Marinade Infusing Meat Tenderizer: This gadget not only tenderizes meat, but also infuses the food with flavorful marinade. While the three needle-like applicators infuse marinade into meat, 27 stainless steel blades pierce it to make it extra tender. This device holds up to three ounces of marinade (enough to flavor two pounds of meat). Unlike traditional pounding mallets, the blades and injectors won't change the meat's thickness. This top of the line tenderizer has two depth settings for optimal penetration of thick roasts or thinner cuts. The unit has a cover for safe storage and comes apart for easy cleaning in the dishwasher. Runs about \$49.95 and available from [Hammacher Schlemmer](#).

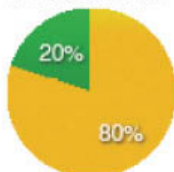
SlotDog: his gadget creates perfect crisscross slices that expand when cooking to allow smoke and grill flavors to penetrate deeper into the hot dog. Not only will your hot dogs look cool, but the crisscross pattern helps hold condiments so they don't slide off. \$17.88 on [Amazon](#).



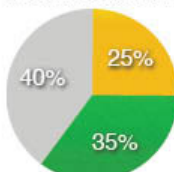
CASH SALES & HEDGING TOTALS

CORN 2016 CROP

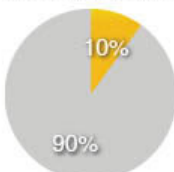
80% SOLD
20% HEDGED
0% UNPROTECTED

**CORN 2017 CROP**

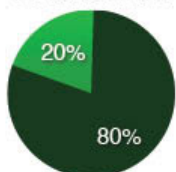
25% SOLD
35% HEDGED
40% UNPROTECTED

**CORN 2018 CROP**

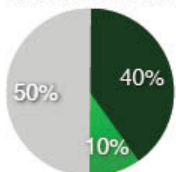
10% SOLD
0% HEDGED
90% UNPROTECTED

**SOYBEANS 2016 CROP**

80% SOLD
20% HEDGED
0% UNPROTECTED

**SOYBEANS 2017 CROP**

40% SOLD
10% HEDGED
50% UNPROTECTED

**SOYBEANS 2018 CROP**

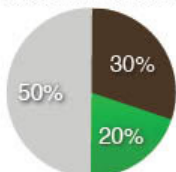
0% SOLD
0% HEDGED
100% UNPROTECTED

**WHEAT 2016 CROP**

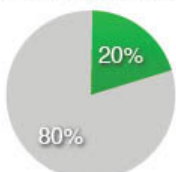
100% SOLD
0% HEDGED
0% UNPROTECTED

**WHEAT 2017 CROP**

30% SOLD
20% HEDGED
50% UNPROTECTED

**WHEAT 2018 CROP**

0% SOLD
20% HEDGED
80% UNPROTECTED



PLEASE READ The Van Trump Report is a publication intended to give analytical research to the Agricultural community. The Van Trump Report is not rendering investment or hedging advice based on individual portfolios or individual business operations. Kevin Van Trump is NOT registered as a stock or commodity advisor in any jurisdiction. You need to consult with your own registered advisor for specific strategies and ideas that are appropriate to your specific portfolio or business entity. Information included in this report is derived from many sources believed to be reliable but no representation is made that it is accurate or complete. This report is not intended, and shall not constitute, or be construed as an offer or recommendation to "buy", "sell" or "invest" in any securities or commodities referred to in this report. Rather, this research is intended to identify issues and macro situations that those invested in the agricultural industry should be aware of to help better assess and improve their own risk management skills. Please read the entire [DISCLAIMER PAGE](#) for full risk-disclosure and copyright laws.



© FARM DIRECTION 2011

[About Us](#) | [Testimonials](#) | [Subscribe](#) | [Contact Us](#) | [Disclaimer](#)