

GOOD MORNING: 06/09/17 Farm Direction - VanTrump Report

1 message

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

Fri, Jun 9, 2017 at 7:17 AM



"Don't downgrade your dream just to fit your reality. Upgrade your conviction. To match your destiny." —Stuart Scott

Today In History

FRIDAY, JUNE 09, 2017
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Morning Summary: Political uncertainty remains the theme. The drama swirling in Washington might be subsiding, but globally things are starting to heat up. Yesterday's shocking election in the U.K. could have a major impact on the shaping of "Brexit". Britain's incumbent Conservative Party, led by Prime Minister Theresa May, has unexpectedly lost its majority, with Labour party gaining significant ground, resulting in what's called "hung Parliament". An outcome that could vastly complicate the prospects for the country's negotiations to depart the European Union. Some inside Europe believe Theresa May could actually step down and resign. Lets also keep in mind voters in France will be going to the polls this weekend for the first round of legislative elections that will decide how far newly elected President Macron can push his reformist agenda. Italy is also due to hold the first round of municipal elections, which will test populist sentiment in a nation that's seen as the next big EU political powder keg. We also now have increasing political tensions in the Middle East, where a rift between Qatar and three other Persia Gulf countries, including Saudi Arabia, has prompted Turkey to now take sides with Qatar. In fact Turkey's parliament has approved a plan to send troops to Qatar, where they maintain an airforce base. The move is seen by many as Turkey increasing tensions that have been brewing with Saudi Arabia, the United Arab Emirates, Egypt and Bahrain. Another ticking political time-bomb is in Brazil, where judges at the top electoral court debated for a third day whether to consider damaging new evidence that could force the current president, Michel Temer from office. The court was originally scheduled to release their ruling yesterday, but now have additional sessions scheduled for both today and Saturday. Meaning the revelation will likely be made next week. In the end, if the court rules against Temer, he could be forced out of the presidential office, adding further to Brazil's political chaos. Switching gears, the biggest economic highlight next week here at home will be the U.S. Federal Reserve's two day policy meeting on June 13-14, in which insiders expect the central bankers will again raise interest rates. The policy announcement will be accompanied by updated economic forecasts and followed up with a press conference delivered by Federal Reserve Chairwoman Janet Yellen. Next week also brings more U.S. economic data, including PPI on Tuesday; CPI, Retail Sales and Business Inventories on Wednesday; Philadelphia Fed Business Outlook, Empire State Manufacturing, Import/Export Prices, Industrial Production and the Housing Market Index on Thursday; and Housing Starts, Consumer Sentiment and Atlanta Fed Business Inflation on Friday. We will also be keeping a close eye on new headlines out of Washington, especially those regarding the passing of a new budget, repealing or replacing Obama Care, tax reform, infrastructure spending or military reactions to North Korea or Qatar.

Household Net Worth Rises To \$94.8 Trillion: A rise in the value of equities and real estate pushed the net worth of U.S. households up by +1.4% in the first quarter of this year. A report from the Federal Reserve showed household net worth rose to \$94.8 trillion over the quarter, up from a slightly downwardly revised \$92.5 trillion in the fourth quarter of 2016. The \$2.3 trillion increase, though large, isn't without precedent. Such large increases were seen in the late 1990s when the stock market was also climbing rapidly, and in 2004 when both markets and home prices were climbing. The last time wealth increased so rapidly was late 2013. U.S. stock and mutual fund portfolios jumped \$1.3 trillion in value in the January-March quarter. Home values rose \$499 billion. The sum Americans held in savings accounts rose by about \$100 billion in the quarter. Meanwhile, household debts increased by about \$46 billion in the quarter, with household borrowing rising at a +3.2% annual rate, down from a 3.9% growth rate in the fourth quarter of 2016. Consumer credit grew +5% while mortgage debt grew at a 1.2% annual rate. (Source: CNBC, Wall Street Journal)



1972, Rapid City Flood - A flash flood in Rapid City, South Dakota, kills more than 200 people on this day in 1972.

This flood demonstrated the danger of building homes and businesses in a floodplain region. The native Sioux called the river Minnelusa when European settlers overtook the Black Hills region in 1876 as part of one of the last gold rushes in North American history. The settlers built the town of Rapid City well south of the floodplain and for 75 years there were few flooding problems for the residents. In 1952, the Pactola Dam was built 10 miles from the city. The new dam controlled the floods, setting off a boom in development of the floodplain area. Eventually, the Rapid City area became home to 50,000 people. In the spring of 1972, torrential rains battered the Black Hills. Warm moist air from the Gulf of Mexico collided with a Canadian cold front, causing 15 inches of rain to come down in only six hours. The spillway for the Pactola Dam got clogged with debris during the storm, leading to the total collapse of the dam and a devastating wave of water crushed most of the nearby buildings and swept away 238 people. Residents, most of whom were not insured for flood damage, suffered \$160 million in damages. In the wake of this tragedy, it was decided that the floodplain should no longer be used as a residential area. It is now a golf course and a park with several ponds.



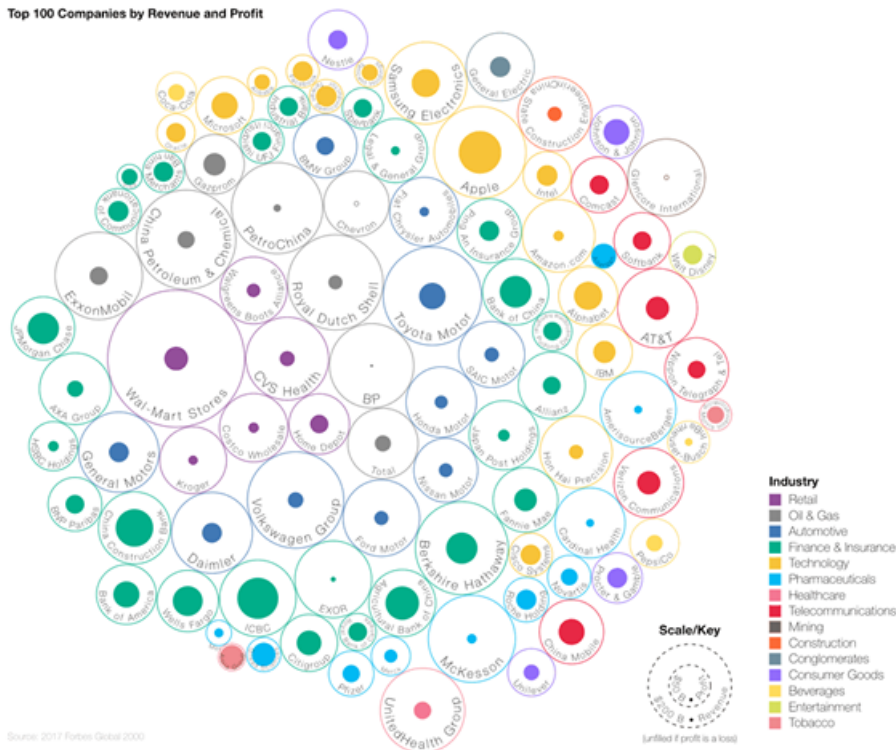
1964, Vietnam - In reply to a formal question submitted by President Lyndon B. Johnson—"Would the rest of Southeast Asia necessarily fall

if Laos and South Vietnam came under North Vietnamese control?"—the Central Intelligence Agency (CIA) submits a memo that effectively challenges the "domino theory" backbone of the Johnson administration policies. This theory contended that if South Vietnam fell to the communists, the rest of Southeast Asia would also fall "like dominoes," and the theory had been used to justify much of the Vietnam War effort. The CIA concluded that Cambodia was probably

a +3.5% annual rate. (Sources: CNBC, Wall Street Journal)

Millionaire Confidence Index May Show Tumultuous Markets Ahead: As the markets soar to new record levels, investor confidence among the country's wealthiest took a nosedive last month. This fall was all the more dramatic since the outlook of the well-heeled was sitting on a four-year high as recently as April, according to the Millionaire Confidence Index from research and consulting firm Spectrem Group. The index took its biggest one-month fall in 13 years that Spectrem has published the survey. In fact, it's the first time in the past six years that millionaires' confidence fell below that of the affluent segment, defined as households with at least \$500,000 in investable assets. The affluent's confidence fell in May too, but not as far or from the same heights that millionaires had enjoyed in April. This index ranges from -50 (the most bearish) to 50 (the most bullish). Millionaires fell to a level of 3 in May from 20 in April. Affluent investors declined to 6 from 10. For perspective, at a level of 20, millionaires were "mildly bullish," as Spectrem defines its index, in April. At a level of 3, they were squarely in neutral category in May. Spectrem President George Walper Jr. said in a press release, "Although non-millionaires also recorded a drop in confidence, the fact they are slightly more confident now than millionaires is a strong indication that we may be entering a tumultuous period for investors." So what caused the record-breaking drop? Spectrem pointed to turbulence in Washington and "significant doubt" about the tax reform promised by President Trump, as well as concerns over the recently submitted proposed federal budget. Indeed, more than half of investors surveyed (54%) cited the political environment as the story in the news most affecting their economic outlook, dramatically greater than any other topic. (Source: Spectrem, BIC)

Forbes Global 2000: The below graphic shows the top 100 companies by revenue and profit on Forbes' Global 2000 list. The publication says this year's list, as a whole, is significantly more valuable from the year prior, with aggregate market capitalization up +10%. Despite slowing GDP figures, China and the U.S., whose companies make up more than 40% of the list, continue to dominate the Top-10. China's two-year stronghold of the top 3 spots was disrupted this year with Warren Buffett's Berkshire Hathaway snagging the third spot, another signal that U.S. companies didn't suffer terribly from market uncertainty that defined the year, as Berkshire owns many other American staple stocks. Click the graphic below for a larger view and check out more details about the Forbes Global 2000 [HERE](#).



Weather continues to focus on dry, hot conditions across the central U.S. during the next week. The Midwest continues under a strong heat wave expected to last a week or longer. High temperatures will approach 100 degrees F in the western region of the Corn Belt during the coming weekend and will spread eastward into the eastern Midwest next week. The heat will cause uncertainty over corn and soybean crop conditions, especially in areas where wet fields have forced replanting into less-than-ideal conditions. Remember, on June 4, less than 60% of the corn was rated good-to-excellent in Indiana (46%), Ohio (49%), and Missouri (59%). On the Plains, widely scattered showers stretched from Nebraska to western Texas yesterday. However,

concluded that Cambodia was probably the only nation in the area that would immediately fall. "Furthermore," the report said, "a continuation of the spread of communism in the area would not be inexorable, and any spread which did occur would take time—time in which the total situation might change in any number of ways unfavorable to the communist cause." The CIA report concluded that if South Vietnam and Laos also fell, it "would be profoundly damaging to the U.S. position in the Far East," but Pacific bases and allies such as the Philippines and Japan would still wield enough power to deter China and North Vietnam from any further aggression or expansion. President Johnson appears to have ignored the CIA analysis—he eventually committed over 500,000 American troops to the war in an effort to block the spread of communism to South Vietnam.

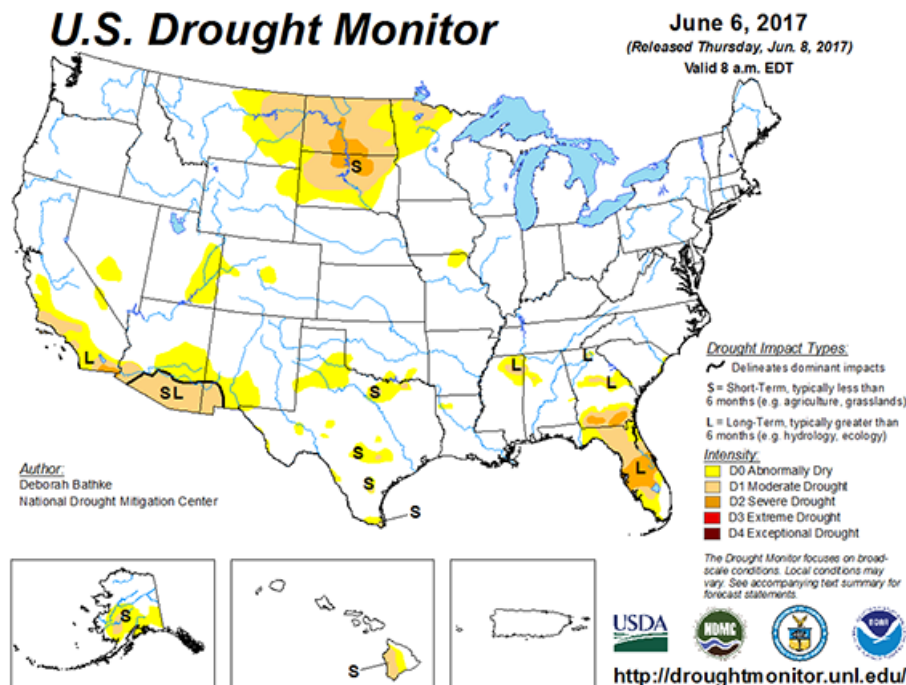


1856, Mormon Migration -

Nearly 500 Mormons leave Iowa City and head west for Salt Lake City carrying all their goods and supplies in two-wheeled handcarts. Of all the thousands of pioneer journeys to the West in the 19th century, few were more arduous than those undertaken by the so-called Handcart Companies from 1856 to 1860. The secular and religious leader of the Mormons, Brigham Young, had established Salt Lake City as the center of a new Utah sanctuary for the Latter-day Saints in 1847. In subsequent years, Young worked diligently to encourage and aid Mormons who made the difficult overland trek to the Great Salt Lake. In 1856, however, a series of poor harvests left the church with only a meager fund to help immigrants buy wagons and oxen. Young suggested a cheaper mode of travel: "Let them come on foot with handcarts or wheelbarrows; let them gird up their loins and walk through and nothing shall hinder or stay them." Amazingly, many Mormons followed his advice. On this day in 1856, a band of 497 Mormons left Iowa City, Iowa, and began the more than 1,000-mile trek to Salt Lake City. They carried all their goods in about 100 two-wheeled handcarts, most of which were heaped with the maximum load of 400 to 500 pounds. Each family usually had one cart, and the father and mother took turns pulling while any children old enough helped by pushing. The handcart immigrants soon ran into serious problems. The Mormon craftsmen who had constructed the handcarts back in Iowa City had chosen to use wooden axles instead of iron in order to save time and money. Sand and dirt quickly wore down the wood, and water and heat made the axles splinter and crack. As the level terrain of the prairies gave way to the more rugged country of the Plains, the sheer physical challenge of hauling a 500-pound cart began to take its toll. Some of the pilgrims gave up. The majority, however, struggled on and eventually reached the Salt Lake Valley. Over the course of the next four years, some 3,000 Mormon converts made the overland

scattered showers originated from Nevada to western Texas yesterday. However, unfavorably dry weather persist on the northern Plains, accompanied by very warm conditions, which is leading to further stress on rangeland, pastures, winter wheat and spring sown crops such as spring wheat. More on this below. Looking ahead, the focus for significant precipitation will gradually shift to the nation's northern tier. Five day rainfall totals could reach 1 to 3 inches across Florida's peninsula, with similar amounts possible from the Pacific Northwest into the upper Great Lakes region. Farther south, little or no rain can be expected during the next 5 days in the Southwest and from the middle Mississippi Valley into the Mid-Atlantic States. Elsewhere, a marked warming trend will reach the Plains and upper Midwest during the weekend, with hot weather expanding to cover much of the central and eastern U.S. by early next week.

Rains Are On the Way For Northern Plains: *But will it be enough? That's the million dollar question. According to the latest U.S. Drought Monitor, much of the northern Plains region was rated either in moderate or severe drought. Warm, dry weather combined with high winds last week continued to dry out vegetation bringing good-to-excellent conditions for spring wheat down to 55% this week. The 55% was at least 5 points under many trade forecasts with declines noted in the Dakotas and Montana, where the hot, dry weather is affecting the crops. However, looking at the 7 day rainfall forecasts map below, you can see a return of light to moderate rain over the next week. This rain is expected to be too late for significant benefit to spring wheat, but row crops should see a positive impact from the precipitation.*



mormon converts made the overland journey by pushing and pulling heavy-laden handcarts. Better planning and the use of iron axles made the subsequent immigrations slightly easier than the first, and some actually made the journey more quickly than if they had used ox-drawn wagons. Still, once the church finances had recovered, Young's followers returned to using conventional wagons.

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

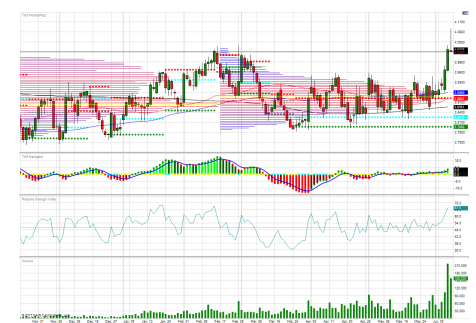
Fri. 8/10 - USDA Supply and Demand

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

Tues. 8/22 - Cold Storage

Fri. 8/25 - Cattle on Feed

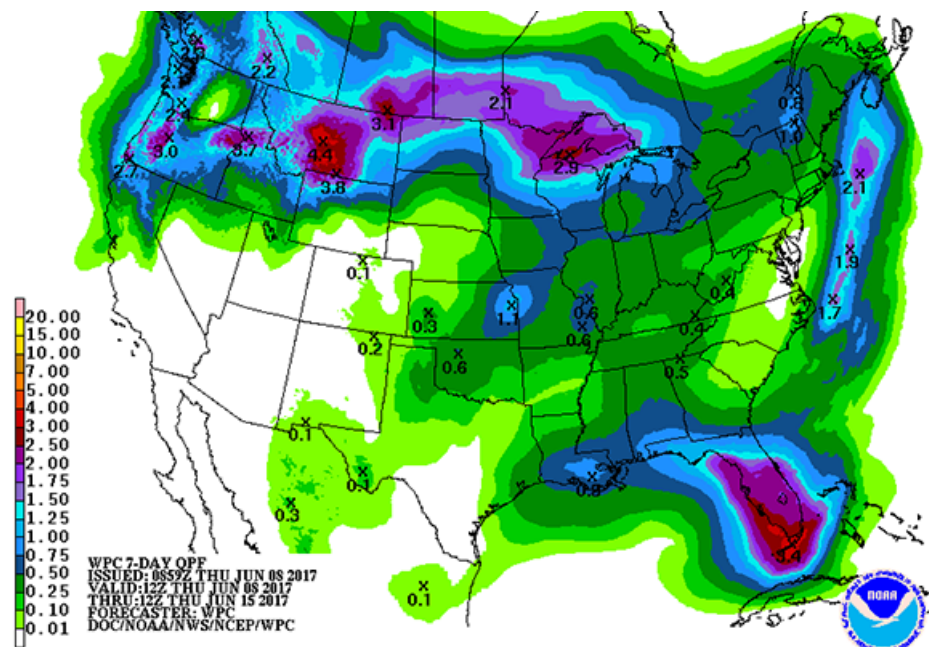
Chart Of The Week



Dec Corn

Potential shooting star formation? Watch for a break below Wednesday's low of 3.9625 for reversal confirmation.

[Enlarge Dec Corn Chart »](#)



Corn bulls continue to point to U.S. yield forecasts floating around inside the market that indicate the need for a sizable reduction in both acres and yield. In fact I received an e-mail yesterday released by a group whose model now shows a forecasted national U.S. yield of 154.7 bushels. In other words a whopping -15 bushels behind the current USDA forecast. I have no idea if this group will ultimately be right on target or proven insanely wrong. From everything I've learned through the years, it's just way too early to make big bold bets about the crop. The margin of error can be extremely large in forecasts made prior to early or mid-July. The trade is defiantly keeping a close eye on the weather forecasts and conditions in the north and eastern portions of the belt. Most concerns continue to come from the Dakota's as well as portions of Illinois, Indiana and Ohio. More nearby the trade will be taking a quick look at today's latest USDA numbers, where most suspect to see a slight reduction in ending stocks and perhaps a potential cut in total new-crop production. Acres could ultimately be reduced by -500,000 to -1.5 million, but most suspect not until the upcoming June 30th acreage report. Yield could arguably step back to perhaps 167-168, but again the USDA may wait to see how things play out before making any more sizable reductions. Regardless of today's numbers, I feel the trade will still believe the USDA needs to make further cuts in the weeks ahead. Hence I could see any bearish knee-jerk being a buying opportunity for the weather bulls. As a producer I continue to remain patient. I am keeping a close eye on the DEC18 contract, thinking a sale north of \$4.20 might be worth considering longer-term. I also believe there's now a chance that new-crop DEC17 corn could technically try to challenge resistance up in the \$4.20 to \$4.30 area, probably where I make my next small sale. Keeping a very close eye on the market, specifically the USDA today and the forecast for next week.

Soybean prices are steady this morning, but have made a nice bounce higher the past few days. In fact as a producer, the NOV18 contract hit our cash sales target of \$9.50 yesterday and we sold our first small portion (5%) of our estimated 2018 production. I'm not looking for any big surprises by the USDA in today's report. I think most suspect to see a slight increase in exports and a slight decrease in nearby domestic demand. In the longer-term forecast, the trade seems to be leaning towards a large ending stocks number, perhaps north of +500 million bushels. The trade is also anticipating a larger South American crop estimate. Weather here in the U.S. obviously remains a longer-term "wild card" and could easily throw the market a major curve ball in the weeks ahead so we are paying close attention. Despite all-time record large planted acres, any widespread weather hiccup that brings about talk of a national yield falling to sub-45 bushels per acre, then the bulls have a story. I personally think we are still a ways away from that being the case, but weather is certainly offering up some possibilities. As a producer I will be looking to reduce a bit more longer-term risk if we can catch another leg higher. Staying engaged!

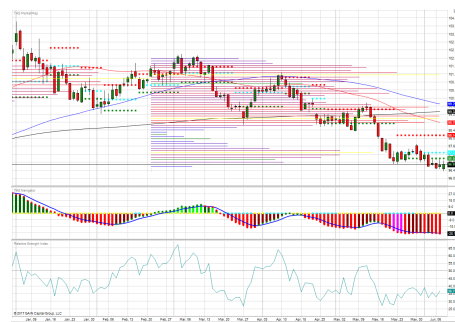
Wheat and weather remains the theme... Weather in the Dakotas, Montana and parts of Minnesota remain extremely hot and dry. We also have weather headlines brewing in parts of Canada, Russia and Ukraine. The USDA numbers will probably not be much of a surprise. U.S. exports have been nothing to write home about and ending stocks still remain burdensome. My question is how many U.S. acres have been abandoned and how much can be trimmed from yield? The other question is how much if any production can be trimmed globally. EU production is forecast to be better than last year, while there's some small concerns brewing in the Black Sea region, perhaps parts of China and parts of Canada. As both a producer and a spec I remain conservatively bullish. Spring wheat producers have had a good opportunity to reduce some longer-term risk with prices north of \$6.00 per bushel. HRW and SRW producers have had some opportunities with prices north of \$5.25 per bushel in the JUL18 contracts.



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

The Dollar is out of balance/bearish but holding near the November lows around 96.500. A close below 96.300 and the charts take on a more bearish outlook.

[Enlarge US Dollar Index Chart »](#)

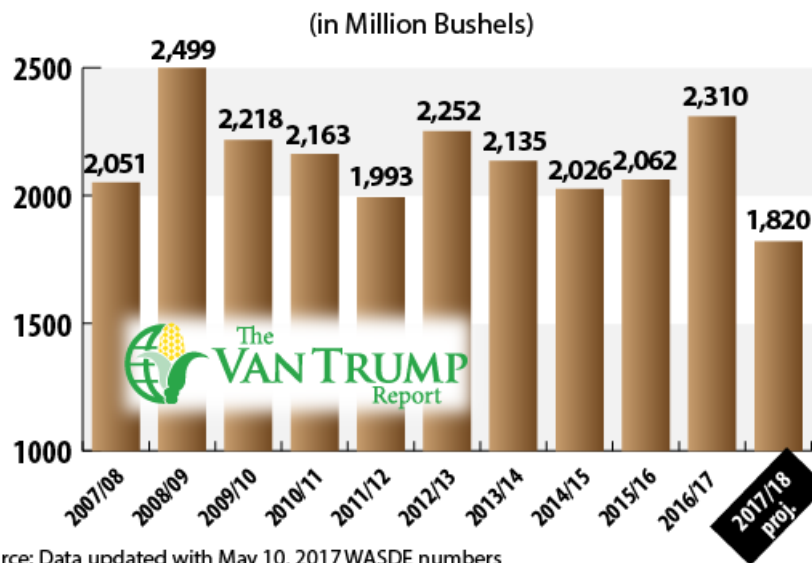


Crude Oil

The contract lows are in play as support near 45.30. A close below this level could reinforce bearish technical sentiment. Otherwise, look for a bounce.

[Enlarge Crude Oil Chart »](#)

U.S. Wheat Production



Source: Data updated with May 10, 2017 WASDE numbers

U.S. Grain Stocks 2016-17

	June Est.	Avg. Trade Est.	Trade Range	USDA May
Corn	???	2.287	2.215 - 2.360	2.295
Soybeans	???	0.433	0.400 - 0.458	0.435
Wheat	???	1.161	1.144 - 1.200	1.159

U.S. Grain Stocks 2017-18

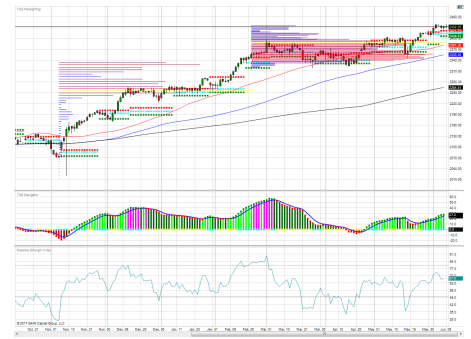
	June Est.	Avg. Trade Est.	Trade Range	USDA May
Corn	???	2.085	1.985 - 2.200	2.110
Soybeans	???	0.485	0.435 - 0.612	0.480
Wheat	???	0.911	0.860 - 0.995	0.914

World Grain Stocks 2016-17

	June Est.	Avg. Trade Est.	Trade Range	USDA May
Corn	???	224.00	221.50 - 226.80	223.90
Soybeans	???	90.79	90.14 - 92.35	90.14
Wheat	???	255.24	253.30 - 256.10	255.35

World Grain Stocks 2017-18

	June Est.	Avg. Trade Est.	Trade Range	USDA May
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E-Mini S&P Index

The long term bull trend remains intact with support for the uptrend at 2417.75.

[Enlarge E-Mini S&P Index Chart »](#)

Kevin's Song of the Week



About the Report

Corn	???	195.48	193.40 - 197.25	195.27
Soybeans	???	89.44	88.80 - 90.70	88.81
Wheat	???	257.77	254.80 - 260.00	258.29

U.S. Winter Wheat Production

	June Est.	Avg. Trade Est.	Trade Range	USDA May
All Wheat	???	1.815	1.795 - 1.833	1.820
All Winter	???	1.239	1.207 - 1.292	1.246
Hard Red Winter	???	0.731	0.704 - 0.783	0.737
Soft Red Winter	???	0.295	0.290 - 0.300	0.297
White Winter	???	0.214	0.208 - 0.222	0.212

South American Production

	June Est.	Avg. Trade Est.	Trade Range	USDA May
Brazil Corn	???	96.48	96.00 - 98.00	96.00
Brazil Soybeans	???	112.24	111.60 - 113.20	111.60
Argentina Corn	???	40.29	40.00 - 42.00	40.00
Argentina Soybeans	???	57.40	56.90 - 58.20	57.00



> FAO Says Buoyant Supplies Loom For Most Food Commodities: The U.N.'s Food and Agricultural Organization (FAO) says major food commodities appear that they will be well supplied on a global level - even if there may be regional or national divergences. Due mostly to outstanding yield levels for soybean, oilseed production worldwide is expected to leap to an all-time high in 2016-17 - allowing further replenishments of global stocks. First indications point to a well-supplied market also in 2017-18, further weighing on prices. The report said growth in world meat production is expected to stagnate for the third year in a row, due mainly to an anticipated decline in China, which is expected to ramp up imports from the United States and Brazil. FAO's latest Cereal Supply and Demand Brief anticipates a 2.2 per cent contraction in worldwide wheat production year-on-year, nearly offset by a 1.4 per cent expansion in global maize output - led by South America and Southern Africa - and a 0.7 per cent increase in world rice production.

> Rising Shipping Costs Will Lift Global Food Costs To More Than \$1.3 Trillion: Despite balanced global food commodity markets, shipping costs and import volumes will lift worldwide import costs to over \$1.3 trillion this year, according to the United Nations agriculture agency. "Global food commodity markets are well-balanced, buoyed by ample supplies of wheat and maize and rebounding production of oilseed products. However, rising shipping costs and larger import volumes are set to lift the global food import bill to more than \$1.3 trillion this year, a 10.6 percent increase from 2016," said

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 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

import bill to more than \$1.5 billion this year, a 10.6 percent increase from 2010, said the FAO yesterday in its biannual publication entitled Food Outlook. Rising import bills are forecast for all food categories except for fish. The FAO also reported that global food prices in May rose for the first time in three months, with their Food Price Index averaging 172.6 points, +2.2 points higher than in April and some 10 points higher than May 2016.

> China's Soy Imports Rise To New Record: Imports of soybeans to China, the world's largest buyer of the oilseed, rose in May by 25 percent from a year ago to the highest on record as a backlog of previously purchased supplies landed in the country, customs data showed on Thursday. China imported 9.59 million tonnes of soybeans last month, figures from the General Administration of Customs of China showed. That is the most ever according to data going back to at least 2010. (Source: Reuters)

> Brazil Raises Wheat Import Forecast While Also Lifting Corn, Soybean Production: Brazil hiked its forecasts for wheat imports for next season close to record highs, in a briefing which also cautioned over some quality setbacks, but strong production prospects, for the ongoing safrinha (second crop) corn harvest. The official Conab crop bureau hiked by 800,000 metric tons to 7.00 million metric tons its forecast for Brazil's wheat imports in 2017-18, placing the figure only 20,000 metric tons below the high reported for 2012-13. The extent of the country's import needs reflects in part the expectation of a sharp decline in the country's own production in 2017, of -23% to 5.21 million metric tons, a figure in line with Conab's estimate last month. Conab also raised its estimate for Brazil's newly-started safrinha corn harvest by 840,000 metric tons to a record 63.5 million metric tons, reflecting an increased estimate for sowings in Mato Grosso, the top producing state. Early harvest results had been in line with yield projections, but the bureau cautioned of quality losses due to heavy rains. The bureau also raised by 910,000 metric tons, to 113.9 million metric tons, its estimate for soybean production, reflecting largely an increased estimate for yields in Rio Grande do Sul shown up by the harvest, which is now nearly complete. (Source: Agrimoney)

> Group Urges U.S. Probe of JBS: The Ranchers-Cattlemen Action Legal Fund has asked Attorney General Jeff Sessions and Senate Judiciary Chairman Chuck Grassley to examine the U.S. business practices of Brazilian meatpacking giant JBS SA in light of the company's role in a corruption scandal in Brazil. In a letter to U.S. lawmakers, R-CALF CEO Bill Bullard notes that two leaders of JBS, the second-largest beef packing company in the U.S., admitted to spending \$150 million in bribes and other payments to some 2,000 Brazilian politicians. (One of those executives, the company's chairman, has since stepped down.) "JBS admits spending nearly twice as much on unlawful bribes to promote its beef packing business as U.S. cattlemen pay in annual taxes to the mandatory beef checkoff program to promote beef, including the promotion of JBS's beef," Bullard wrote. (Source: Politico)

> China Group Targets U.S. Beef, Poultry Assets: Smithfield Foods Inc's owner, China-based WH Group Ltd., is scouting for U.S. and European beef and poultry assets to buy, in a move that would sharpen its rivalry with global meat packers Tyson Foods Inc and JBS SA. Smithfield is the world's largest pork producer. Chief Executive Ken Sullivan told Reuters he is interested in the potential of diversifying into other meats to broaden the company's product portfolio, though no deals were imminent. Sullivan did not provide further detail, but parent WH Group is looking for targets in beef and poultry in the United States and Europe, according to Luis Chein, WH Group's director of investor relations. He declined to name specific targets. (Source: Reuters)

> Ross Says Steel Poses "Genuine" National Security Concern: U.S. Commerce Secretary Wilbur Ross said on Thursday that a national security review of the U.S. steel industry will be completed "very shortly" and will seek to protect the interests of both domestic steel producers and consumers. Ross told a Senate Appropriations subcommittee hearing that he believes there is "a genuine national security issue that must be considered in this case," the second major signal in two days that the Trump administration is preparing new steel import restrictions. Ross identified three kinds of actions that could be recommended: imposing tariffs above the current, country-specific anti-dumping and anti-subsidy duties on steel products; imposing quotas limiting the volume of steel imports; and a hybrid "tariff-rate quota" option that would include quotas on specific products with new tariffs for imports above those levels. Choosing the latter option would help mitigate concerns over steel price inflation from tariffs, Ross said. Some steel users have voiced concerns that import limits would cause price increases that would make them more vulnerable to foreign competitors. (Source: Reuters)

> Airlines Finally Rebound To Pre-911 Levels: The NYSE Airline Index closed on September 10, 2001 at \$116.97, re-opened September 17, 2011 at \$69.85, and eventually bottomed just above \$14 in March 2009. As of the market close on Wednesday, the index was at \$118.12. The nearly two-decade rebound comes after a confluence of factors allowed the industry to bounce back after looking like it was in serious trouble during the financial crisis. Lower fuel costs, an increased numbers of flights while maintaining strong capacity levels, air passenger growth hitting its highest level in years, and a bounce back in inflation for ticket prices after a multi-decade decline have all contributed to strong profits for the industry. Much of this has also come from a more shareholder-minded attitude for the industry. Bottom-line, it

in the United States, but across the globe as well. US farmers need this type of help and information to assist them in their daily efforts. I commend you for a job well done. Please let me know if I can ever be of any help or assistance to you in the future..."

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

[More Testimonials](#)

My Own Personal Truisms

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

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

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

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

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

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

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

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

looks like the airline industry has battled back and is stronger than its been in the past few decades. (Source: Business Insider)

MARKETS ■ CHART OF THE DAY

NYSE ARCA AIRLINE INDEX



SOURCE: Bloomberg

BUSINESS INSIDER

Farm Direction
RECIPES

★ FAMILY ★
FAVORITES
-SENT IN BY OUR READERS-

Triple-Berry Angel Food Cake Roll

CLICK TO SEE RECIPE



Northeast Nebraska - We are in need of some rain as it has been over 2 weeks since we had any precipitation. We are on the clay soil and can't afford too many mistakes or weather issues. Even after all the rain nearly a month ago we have not seen that much replanting in our area. We can only hope for the same bean yields as last season which were near 65bpa. Pretty impressive when we are used to 45bpa. It is amazing what timely rains and good weather can do. So far we have great weed control and hoping it lasts through summer. We did consider switching seeds as so many weeds are becoming resistant to longstanding herbicides. All the spraying is done.

Central Wisconsin - We have finished up all the planting, which was a little bit of a challenge this year. We will have some replant acres which will be the first time in 50 years that we have ever done that. We had planted and the rains came with temperatures that were down in the low 40's at night and low 50's for highs during the day. With the weather like that there was nothing in the ground that would germinate, especially with soils that were full and saturated. When the corn did emerge there were many fields that were completely yellow. It has since gotten a much better color as we are starting to see some 80 degree days. We did get another .5" of rain Sunday which gave it a little dose. We have some hay and it looked good early but then due to all of the cooler temps got stressed. With the rains things got real weedy in a hurry. Some of the hay fields were less than 50% of the normal crop that we would get in volume. To put it mildly it has been a strange spring.

Southwest Kansas - All the crops seem to be in decent shape now. We were in the path of the heavy snows that dropped 18" on us. The wheat fields were definitely hit and some snapped off immediately while others handled it better and stood right back up after it all melted. Four or five days right before the heavy snow, we planted a lot of acres of corn. The corn was not emerged, liked the moisture and looks good now. The emergence has been good with a nice even stand that has guys pretty optimistic for this year's crop. This was the first time ever that we were pushed to the last day to plant before the insurance late plant date. I think that we were saved by the fact we have very sandy soils that drain and dry quickly. The wheat that didn't snap off is getting close to being ready to cut. I think that we are almost two weeks earlier than we would normally be in wheat harvest. When things started to turn they went very fast. We have been hearing of wheat being cut with low protein in the area so hoping we will see some decent yield numbers.

CROSSING WIRES

A place to share intelligent thoughts...

Huge Grain Inventories Dampen Impact of USDA Reports: Depressed volatility on what have typically been the most active trading days of the month is weighing on the bottom line of even the biggest traders such as Bunge Ltd and Archer Daniels Midland Co. The massive grain handlers, who use the futures market both to hedge their physical purchases as well as trade it for profits, have cited slow market action as one of the reasons for weakening profitability at their operations. Read more. The price swings that come after the government's monthly supply and demand reports, acreage estimates and quarterly stocks views are down 26.88 percent from 2016, according to an analysis of Reuters data. The daily moves on report days in 2017 are 45.83 percent below the average of the previous 10 years. Read more at [Reuters](#).

How Much Taller People are Now than they Were 100 Years Ago: Women in South Korea grew an average of 9 inches taller and men in Iran grew an average of 6 inches taller during the past century. See more in a study at [NCR Risk](#)

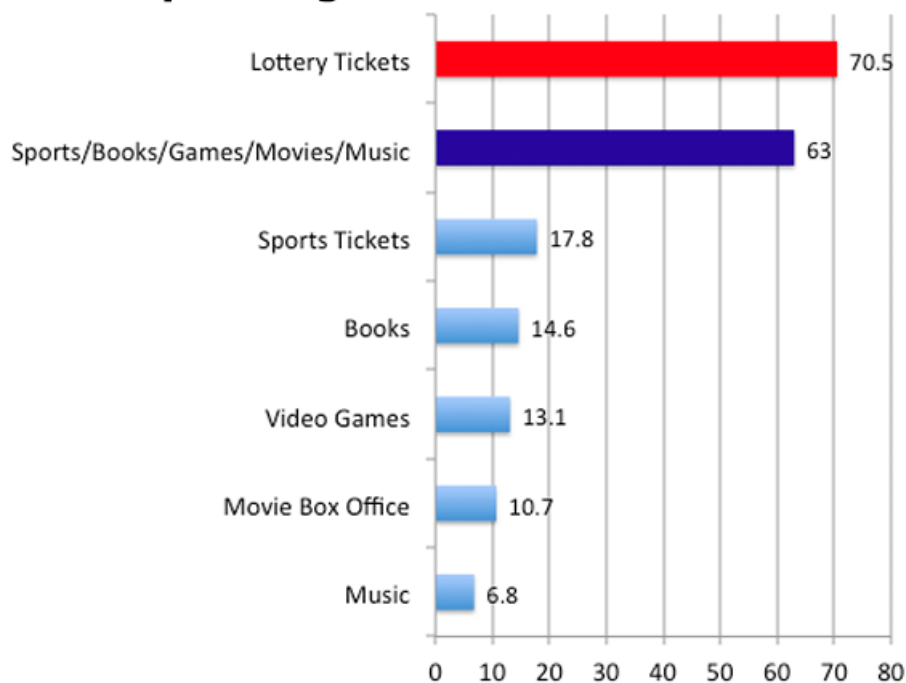
Experts Say Not To Use Sunscreen Over SPF 50: In theory, sunscreen with super-high SPF should give you the best protection against damaging UV radiation. But in practice, it doesn't really work that way. At best, high-SPF sunscreens give you only slightly better protection than a sunscreen with SPF 50, according to the annual sunscreen report just published by the Environmental Working Group (EWG). At worst, they could give you a false sense of security and make you spend more time in the sun, upping your risk for burns and skin cancer. Read more [HERE](#).

How A Papa John Essay Gets High School Senior Accepted To Yale: High school senior Carolina Williams was accepted to Yale after penning an essay about an unconventional topic, Papa John's pizza. "When I saw that the prompt was 'Write about what you love to do,' my very first thought was order pizza from Papa John's," Williams told *Business Insider* on Wednesday. "I order pizza from Papa John's once a week — it's my absolute favorite! I thought for a while about if I should actually do that and if they would take it seriously, but I decided to just write it because it was so easy and my passion came through." Read more [HERE](#).

How Storytime Can "Turbo Charge" A Child's Brain: While reading to children has many benefits, simply speaking the words aloud may not be enough to improve cognitive development in preschoolers. A new international study, published in the journal *PLOS ONE* and led by researchers at Cincinnati Children's Hospital Medical Center, shows that engaging with children while reading books to them gives their brain a cognitive "boost." Functional magnetic resonance imaging (fMRI) found significantly greater brain activation in 4-year-old children who were more highly engaged during story listening, suggesting a novel improvement mechanism of engagement and understanding. The study reinforces the value of "dialogic reading," where the child is encouraged to actively participate. Read more [HERE](#).

Are Lotteries Really A Good Thing? Norm Champ a former director of the Division of Investment Management at the Securities and Exchange Commission and the author of "Going Public: My Adventures Inside the SEC and How to Prevent the Next Devastating Crisis," argues lotteries are not a good thing longer-term. In 2014, Americans spent \$70.1 billion on the lottery. Yet, the average savings rates of Americans are among the lowest of all modern democracies, generally somewhere around 5% or less. Consumer credit-card debt, meanwhile, is disturbingly high, around \$16,000 on average. Average car loan debt is \$27,000 per household. Average student loans, \$48,000. Mortgage debt, \$169,000. Read more at [MarketWatch](#)

Lottery and Entertainment: Annual Spending in Billions of Dollars



The Adoption of GM Crops In India and How the World Will Be Impacted

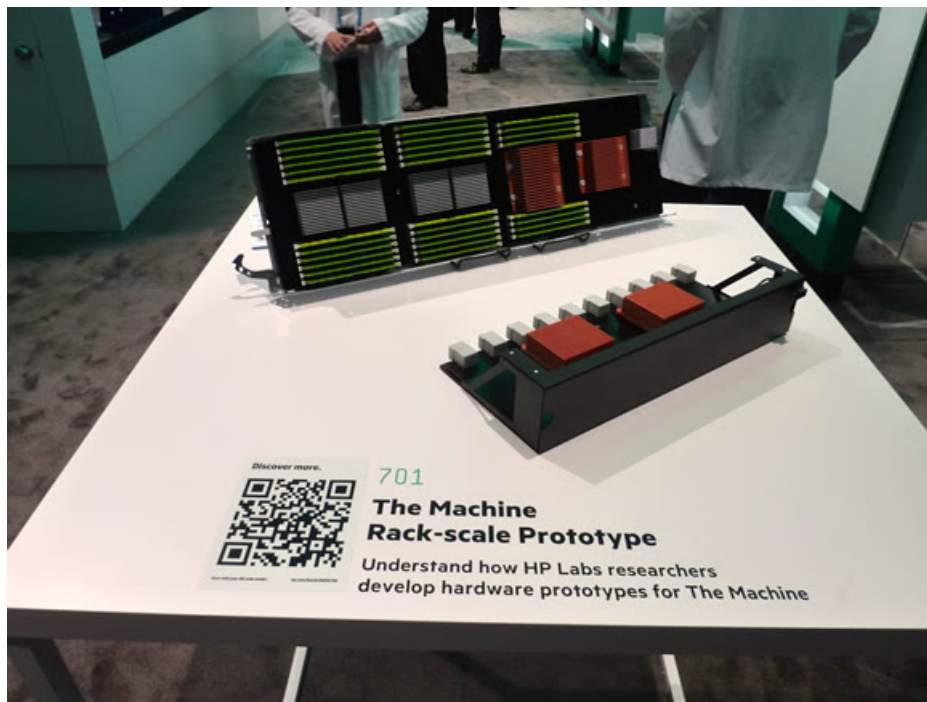
According to United Nations estimates, India which has a current population of 1.2 billion, will reach 1.8 billion by 2050. For reference the current U.S. population is thought to be around 325 million, meaning their population is almost four times larger and growing at a much quicker pace. Here's another staggering and concerning fact: farmers in their country currently lose an estimated -\$5 billion every year to pests and diseases. Drought, coupled with a lack of irrigation facilities are also exacerbating the problem. Food prices for staples are continually on the rise. While the country is constantly battling a food crisis, scientists have an easy solution: genetically modified (GM) crops that can withstand pests and droughts. But much like other countries around the world, before they can get these super plants into farmers' hands, they have to convince the government and public about their safety and cost-effectiveness. In India, the only GM crops they plant currently is Bt cotton. As you know, Bt stands for *Bacillus thuringiensis*, a bacteria that naturally produces a protein -- a biological pesticide -- that kills the common crop pest bollworm. It was approved for use in India in 2002 and since then has helped make the country the second-largest cotton manufacturer in the world. Today, GM seeds account for over 90% of cotton sown in India. However, in 2015 GM cotton plants in the northern Indian states of Punjab and Haryana suffered an attack of the whitefly pest. The losses were massive. The episode has created a stronger sense of negativity towards GM foods in India. However, experts say adopting technology that will lead to higher crop productivity is essential to feeding their growing Indian population. There are already some promising GM crops in the current marketplace that could be very beneficial. According to the non-profit International Crops Research Institute for the Semi-Arid Tropics, they have developed a new form of pigeon pea that will be pest-resistant. They predict it can increase production by +30%. These legumes makeup an integral part of the Indian diet. Perhaps the most promising GM crop is a hybrid mustard that yields +25% to +30% more than the original seed. It was developed by a team of scientists of Delhi University. Mustard is used to make one of the most popular edible oils in India. The GM mustard seed could be a huge money saver and lower a portion of the country's dependence on edible oil imports: in 2014-15 India imported 14.5 million metric tons of it, worth over \$10 billion. However, just like here in America and around the world, GM crops are being called "toxic" and hazardous to health. Interestingly, in India, this issue draws ire both politically and religiously as staunch Hindu nationalist organizations oppose the use of the technology, perceiving it as foreign and painting GM crops as some kind of trojan horse that will bankrupt farmers and consumers and make everybody sick. As it stands now, the Indian government agency responsible for

everybody sick. As it stands now, the Indian government agency responsible for approving the commercial release of GM crops, hasn't okayed the new seeds as it is unsure about the possible public health and environmental impact of GM crops. India could look at China as an example. Both countries face similar food security challenges with exponential population growth. China, has been using GM crops for the last two decades. Today, with just 7% of the global arable land, China feeds 22% of the world's population. I suspect such a boost of this magnitude will be needed very soon in India. Looking forward I'm curious how the worlds most populated nations adaptation of GM crops will shift and alter global exports and ultimately perhaps impact the U.S. farmer? Again, lots of moving parts as technology is adapted and evolves... (Source: Quartz)



"The Machine" Could Help Humans Get To Mars

Hewlett Packard Enterprise (HPE) says its new system, dubbed "The Machine," could facilitate a mission to Mars by foreseeing any chain of events and heading off problems before they happen. The also claim it is capable of monitoring the network of even the largest corporation and detect subtleties that point to a cyberattack. The new system is called "memory driven computing" and uses light waves to transmit data instead of electrical impulses traveling over silicon, bypassing what engineers say is an obstacle to boosting computing speeds. Efforts to boost computing power has hit a brick wall because of chip limitations, but computing needs are ever-increasing. HPE says the project was an effort "to rethink computers from the ground up." The prototype unveiled contains 160 terabytes of memory, capable of simultaneously working with the contents of approximately 160 million books, a task never before possible in a single unit. Until now, it had never been possible to hold and manipulate whole data sets of this size in a single-memory system. HPE hopes to commercialize the system within a few years. Meg Whitman, chief executive of HP Enterprise, says "The secrets to the next great scientific breakthrough, industry-changing innovation, or life-altering technology hide in plain sight behind the mountains of data we create every day." HPE believes the technology behind its Machine can deliver those promises. Kirk Bresniker, HPE's chief architect, explains that today's computers are optimized for tasks like looking up results in a database where it's possible to predict and queue up the next data it will need to load. The Machine is for big-data jobs where a computer can't predict where things will lead. The use of laser-light connections saves the need for copying and shuttling information through a hodgepodge of slower interfaces. The Machine's memory is called "fabric" and was designed to imitate the human brain, which distributes storage and calculation throughout rather than having a central processor. HPE is currently testing the system on predicting cyber attacks. They predict The Machine project is scalable to the point of a "nearly limitless pool of memory", amounting to 4,096 yottabytes, or 4,096,000,000,000,000,000,000 bytes. To put that into further context, this would amount to 250,000 times the digital data that exists in the world today. WOW! (Sources: Fast Company, Silicon Republic)



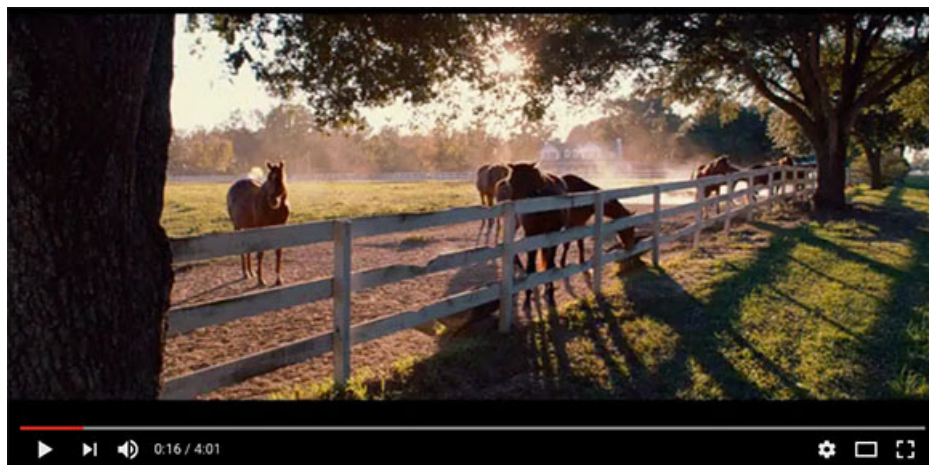
Here's To "Big Red" and a "Coin Toss"

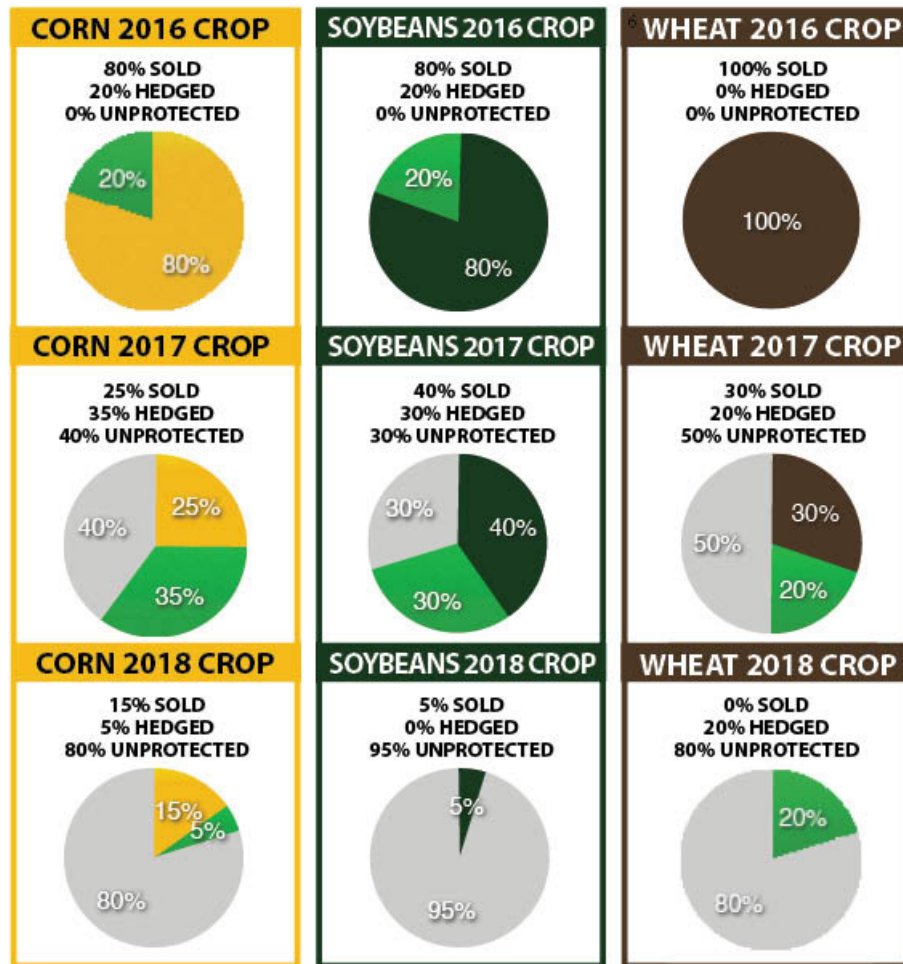
The 2017 Belmont Stakes will take place this Saturday, June 10, at Belmont Park in Elmont, New York. The Belmont is the third leg of horse racing's Triple Crown, which includes the Kentucky Derby and the Preakness Stakes. Unfortunately, there won't be a Triple Crown to cheer for this year after "Always Dreaming" won the Kentucky Derby and "Cloud Computing" won the Preakness. In fact, you won't even be able to cheer for either one as neither will run in this year's Belmont. With both of those horses not running, "Classic Empire" became the clear favorite to win this year's Belmont, unfortunately he won't be running either, as he was forced to withdraw earlier this week with an abscess in one foot. With this Belmont somewhat a non-event this year, I thought I would remind everyone that it was on this day back in 1973 that a chestnut colt named "Secretariat" and nicknamed "Big Red" won the hearts of Americans by become one of the greatest horses in racing history winning the "Triple Crown" and breaking the record for the fastest time at Belmont. Interestingly the horse was won in a coin toss between Ogden Phipps and Penny Chenery, who had taken over the running of the family stable when her father became ill back in 1968... Below is the story of the "coin toss". (Source: [Wiki](#))

Bold Ruler was the leading sire in North America from 1963 to 1969 and again in 1973. Owned by the Phipps family, Bold Ruler possessed both speed and stamina, having won the Preakness Stakes and Horse of the Year honors in 1957, and American Champion Sprint Horse honors in 1958. Bold Ruler was retired to stud at Claiborne Farm, but the Phippses owned most of the mares to which Bold Ruler was bred, and few of his offspring were sold at public auction. To bring new blood into their breeding program, the Phippses sometimes negotiated a foal-sharing agreement with other mare owners: Instead of charging a stud fee for Bold Ruler, they would arrange for multiple matings with Bold Ruler, either with two mares in one year or one mare over a two-year period. Assuming two foals were produced, the Phipps family would keep one and the mare's owner would keep the other, with a coin toss determining who received first pick. Under such an arrangement, Chenery sent two mares to be bred to Bold Ruler in 1968, Hasty Matelda and Somethingroyal. She then sent Cicada and Somethingroyal in 1969. The foal-sharing agreement stated that the winner of the coin toss would get first foal pick of the foals produced in 1969, while the loser of the toss would get first pick of the foals due in 1970. In the spring of 1969, a colt and filly were produced. In the 1969 breeding season, Cicada did not conceive, leaving only one foal due in the spring of 1970. Thus, the winner of the coin toss would get only one foal (the first pick from 1969), and the loser would get two (the second pick from 1969 and the only foal from 1970). Chenery later said that both owners hoped they would lose the coin toss, which was held in the fall of 1969 in the office of New York Racing Association Chairman Alfred G. Vanderbilt II, with Arthur "Bull" Hancock of Claiborne Farm as witness. Ogden Phipps won the toss and took the 1969 weanling filly out of Somethingroyal. The filly was named The Bride and never won a race, though she did later become a stakes producer. Chenery received the Hasty Matelda colt in 1969 and the as-yet-unborn 1970 foal of Somethingroyal, which turned out to be Secretariat. After winning the "Triple Crown" and siring hundreds of

winners, at the age of 19, Secretariat was buried at Claiborne Farm, under a tree in a pasture he loved to roam. At the time of Secretariat's death, the veterinarian who performed the necropsy, Dr. Thomas Swerczek, head pathologist at the University of Kentucky, stated, "We just stood there in stunned silence. We couldn't believe it. The heart was perfect. There were no problems with it all. It was just this huge engine." Some sources close to the family say Secretariat's heart looked at least twice the size of a heart in a normal horse. What a horse, what a story!

If your looking for a movie to watch at home this weekend, it's tough to beat "Secretariat". Below is a music video from AJ Michalka titled "It's Who You Are" and was featured in the movie. It's worth watching, Click [HERE](#)





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