

GOOD MORNING: 06/14/17 Farm Direction - VanTrump Report

1 message

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

Wed, Jun 14, 2017 at 7:01 AM



"Be decisive. Right or wrong, make a decision. The road of life is paved with flat squirrels who couldn't make a decision." - Unknown

WEDNESDAY, JUNE 14, 2017

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Morning Summary: All eyes are on the U.S. Federal Reserve, which will wrap up its two-day meeting later this afternoon. The central bank is scheduled to release their policy decision at 1 p.m. CST along with updated economic forecasts. Fed Chair Janet Yellen is scheduled to give a follow-up press conference at 1.30 p.m. CST. Currently, the CME Fed Watch Tool pegs the probability of an interest rate hike at nearly 100%. Recent economic data has shown the U.S. economy continues to grow, but that growth appears to have slowed a bit in some sectors, namely housing. Keep in mind, however, sluggishness in the housing market is thought to be more a supply side story than the result of a weakening demand. Today's data will update the Consumer Price Index, Retail Sales and Business Inventories. Yesterday, the PPI showed wholesale prices for May were unchanged on the month following a +0.5% gain for April. Overall, there is little to no evidence of a sustained increase in inflationary pressure at the wholesale level. Investors will be very interested in the Federal Reserve's thoughts on the lack of inflation and how that may influence future rate hikes. Investors will also be keeping a close eye on tech stocks, which rebounded yesterday after a two day slide. The recent selloff had some traders worried that it was the start of a more serious "bubble bursting", but bulls seem to have again used the pullback as a buying opportunity. The question of course is whether the rebound is sustainable. I personally think an eventual summer setback could still be lurking, hence I remain an extremely conservative bull. As for oil prices, they are down double-digits on the year. There are reports circulating inside the trade that Saudi Arabia is starting to get a bit more nervous, saying they will now slash their oil exports to the U.S. to a near three-decade low, increasing their efforts to reduce a global supply glut that has been weighing heavily on crude prices. The Wall Street Journal reported yesterday that Saudi oil sales to the U.S. will drop below 1 million barrels a day in June, then slide to about 850,000 barrels a day in July, its lowest export total to the U.S. for that month since 1988. Saudi Aramco expects its August exports to the U.S. to decline by another -100,000 barrels a day. Some trade insiders believe by reducing exports to the U.S., the Saudi's believe they can more easily hide the production by sending it to nations who make it more difficult to track. There's also some concern that by Saudi cutting imports to the U.S. it will only ultimately encourage and bring online more domestic U.S. production. Without some type of major geopolitical or military conflict inside the Middle East, it's just hard for me to justify or bet on a sustained rally in crude oil. I think nearby prices eventually drift into the low-\$40s.

U.S. Blames Hacking Spree On North Korea, Warns Over More To Come:

The U.S. government on Tuesday issued a rare alert squarely blaming the North Korean government for a raft of cyber attacks stretching back to 2009 and warning that more were likely. The joint alert from the U.S. Department of Homeland Security and the Federal Bureau of Investigation said that "cyber actors of the North Korean government," referred to in the report as "Hidden Cobra," had targeted the media, aerospace and financial sectors, as well as critical infrastructure, in the United States and globally. The new level of detail about the U.S. government's analysis of suspected North Korean hacking activity comes as tensions continue to escalate between Washington and the reclusive country due to Pyongyang's continued missile testing. The alert warned that North Korea would continue to make cyber operations to advance its military

Today In History



1777, American Revolution

- During the American Revolution, the Continental Congress adopts a resolution stating that "the flag of the United States be thirteen alternate stripes red and white" and that "the Union be thirteen stars, white in a blue field, representing a new Constellation." The national flag, which became known as the "Stars and Stripes," was based on the "Grand Union" flag, a banner carried by the Continental Army in 1776 that also consisted of 13 red and white stripes. According to legend, Philadelphia seamstress Betsy Ross designed the new canton for the Stars and Stripes, which consisted of a circle of 13 stars and a blue background, at the request of General George Washington. Historians have been unable to conclusively prove or disprove this legend. With the entrance of new states into the United States after independence, new stripes and stars were added to represent new additions to the Union. In 1818, however, Congress enacted a law stipulating that the 13 original stripes be restored and that only stars be added to represent new states. On June 14, 1877, the first Flag Day observance was held on the 100th anniversary of the adoption of the Stars and Stripes. As instructed by Congress, the U.S. flag was flown from all public buildings across the country. In the years after the first Flag Day, several states continued to observe the anniversary, and in 1949 Congress officially designated June 14 as Flag Day, a national day of observance.



1954, Civil Defense Drill -

Over 12 million Americans "die" in a mock nuclear attack, as the United States goes through its first nationwide civil defense drill. Though American officials were satisfied with the results of the drill, the event stood as a stark reminder that

North Korea would continue to rely on cyber operations to advance its military and strategic objectives. The alert explained Hidden Cobra has been previously referred to by private sector experts as Lazarus Group and Guardians of the Peace, which have been linked to attacks such as the 2014 intrusion into Sony Pictures Entertainment. Symantec Corp and Kaspersky Lab both said last month it was "highly likely" that Lazarus was behind the WannaCry ransomware attack that infected more than 300,000 computers worldwide, disrupting operations at hospitals, banks and schools. The government is urging organizations to upgrade its systems and to halt use of Adobe Flash and Microsoft Silverlight when possible. (Source: Reuters)

Human Investors Are A Rare Breed: Quantitative investing based on computer formulas and trading by machines directly are leaving the traditional stock picker in the dust and now dominating the equity markets, according to a new report from JPMorgan. "While fundamental narratives explaining the price action abound, the majority of equity investors today don't buy or sell stocks based on stock specific fundamentals," Marko Kolanovic, global head of quantitative and derivatives research at JPMorgan said in a Tuesday note to clients. Kolanovic estimates "fundamental discretionary traders" account for only about 10 percent of trading volume in stocks. Passive and quantitative investing accounts for about 60 percent, more than double its share a decade ago, he said. In fact, Kolanovic's analysis attributes the sudden drop in big technology stocks between Friday and Monday to changing strategies by the quants, or the traders using computer algorithms. In the weeks heading into May 17, Kolanovic said funds bought bonds and bond proxies, sending low volatility stocks and large growth stocks higher. Value, high beta and smaller stocks began falling in a rotation labeled "an unwind of the 'Trump reflation' trade." To be sure, not everyone on Wall Street is giving ground to the machines so easily. AllianceBernstein analysts made the case in an April 28 note that artificial intelligence is unable to generate significantly different results — by the mere fact that analyzing more and more data results in increasingly similar strategies. (Source: CNBC, Business Insider)

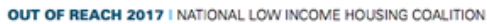
Cost Of Renting A Two-Bedroom By State: The map below shows the hourly wage that a household must earn (working 40 hours a week, 52 weeks a year) in order to afford the Fair Market Rent for a two-bedroom rental home, without paying more than 30% of their income. The most expensive state is Hawaii, where the housing wage works out to \$35.20, followed by D.C. (\$33.50), California (\$30.92), Maryland (\$28.27) and New York (\$28.08). The lowest housing wage is in Arkansas at just \$13.71, followed by Kentucky (\$13.95), South Dakota (\$14.12), West Virginia (\$14.49) and Iowa (\$14.57). The map and data come from the National Low Income Housing Coalition's "Out of Reach 2017" report, which documents the gap between renters' wages and the cost of rental housing. The 2017 national Housing Wage is \$21.21 per hour for a two-bedroom rental home, or more than 2.9 times higher than the federal minimum wage of \$7.25 per hour. The 2017 Housing Wage for a one-bedroom rental home is \$17.14, or 2.4 times higher than the federal minimum wage. The full report is available [HERE](#)

the United States—and the world—was now living under a nuclear shadow. The June 1954 civil defense drill was organized and evaluated by the Civil Defense Administration, and included operations in 54 cities in the United States, Puerto Rico, the Virgin Islands, Alaska, and Hawaii. Canada also participated in the exercise. The basic premise of the drill was that the United States was under massive nuclear assault from both aircraft and submarines, and that most major urban areas had been targeted. At 10 a.m., alarms were sounded in selected cities, at which time all citizens were supposed to get off the streets, seek shelter, and prepare for the onslaught. Each citizen was supposed to know where the closest fallout shelter was located; these included the basements of government buildings and schools, underground subway tunnels, and private shelters. Even President Dwight D. Eisenhower took part in the show, heading to an underground bunker in Washington, D.C. The entire drill lasted only about 10 minutes, at which time an all-clear signal was broadcast and life returned to normal. Civil Defense Administration officials estimated that New York City would suffer the most in such an attack, losing over 2 million people. Other cities, including Washington, D.C., would also endure massive loss of life. In all, it was estimated that over 12 million Americans would die in an attack. Despite those rather mind-numbing figures, government officials pronounced themselves very pleased with the drill. In most cities, the streets were deserted just moments after the alarms sounded and there were no signs of panic or criminal behavior. A more cautious assessment came from a retired military officer, who observed that the recent development of the hydrogen bomb by the Soviet Union had "outstripped the progress made in our civil defense strides to defend against it."

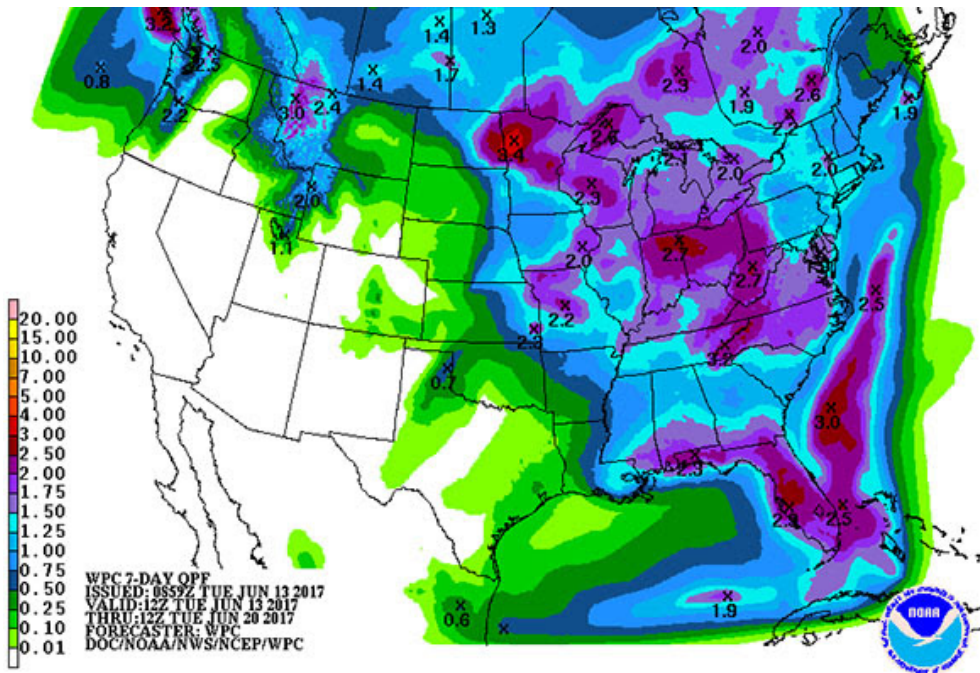


1968, Vietnam - By the end of the 1970s, the decade of her greatest commercial success, Linda Ronstadt was being hailed with honors like "the First Lady of Rock" and "Top Female Pop Singer of the Decade." But neither of those titles captured the true breadth of her musical pursuits or of her popularity. As synonymous as she was in the late 1970s with the pop mainstream, Ronstadt began her rise to stardom working in an idiom as compatible with country-music fashions as with rock. In fact, her first top-10 hit was with the Hank Williams song "I Can't Help It (If I'm Still In Love With You)," and the biggest hit of her career was "When Will I Be Loved," which became a #1 hit on the country-music charts on this day in 1975. "When Will I Be Loved," a top-10 pop hit for the Everly Brothers in 1960, came from Linda Ronstadt's 1975 breakthrough album

Represents the hourly wage that a household must earn (working 40 hours a week, 52 weeks a year) in order to afford the Fair Market Rent for a **TWO-BEDROOM RENTAL HOME**, without paying more than 30% of their income.



Favorable Rain Is On the Way: We are now seeing forecasts indicating a promising scenario for rain across the Midwest for the middle of June than was previously indicated last week. Expect rainfall amounts of anywhere from .5 to 3.0 inches forecast for the next seven days throughout the Midwest. This outlook includes the northern Plains, where moderate drought is widespread, rainfall of .5 - 1.0 inch is also indicated. Overall this precipitation will be generally favorable for crops, especially in the Corn Belt where little rain has fallen over the last weeks. Below is the two weeks. Below is the seven day rainfall forecast, valid Tuesday June 13 through Tuesday June 20.



July Spring Wheat

Spring wheat is hitting fresh 2 year highs. Bull trend support is identified at 6.0850.

[Enlarge July Spring Wheat Chart »](#)

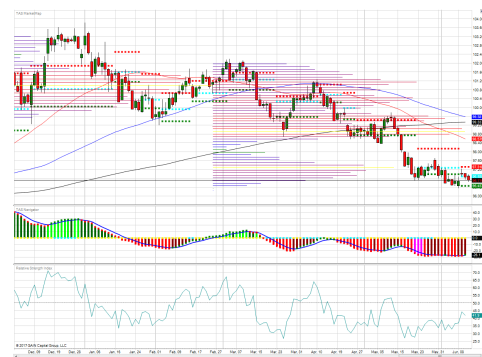


Need more help with the "Technical" side of the market? I personally like to use Tom Dosdall at Technical Ag Knowledge. [Click here](#) for a complimentary subscription courtesy of The Van Trump Report.

Corn traders remain focused on U.S. weather. The bears point to what appears to be a better forecast in the days ahead. The bulls point to obvious problems in North and South Dakota, as well as complications in parts of the eastern corn belt such as Illinois, Indiana and Ohio. I should also note there is talk of some increasing dry pockets in areas of Iowa, Missouri and Nebraska. Weather traders seem less than excited, as they are looking at a slightly longer-term forecast that is calling for drier conditions to the West and perhaps wetter than normal conditions to the East, just not a lot of "extreme" in either direction.

China Recently Cut Its 2017/18 Corn Production Forecast to the lowest level in four years after drought and hail hit planting in the northeastern region of one of the world's top producers. In its monthly crop report, the agriculture ministry said it expects 2017/18 corn output of 211.65 million metric tons. The figure in June's Chinese Agricultural Supply and Demand Estimates would make it the smallest crop since 2013 according to the China National Grain and Oils Information Center think tank. Farmers in parts of China's northeast corn belt regions switched to soybeans and substitute grains after drought made it hard to plant corn, leading to a drop in corn acreage.

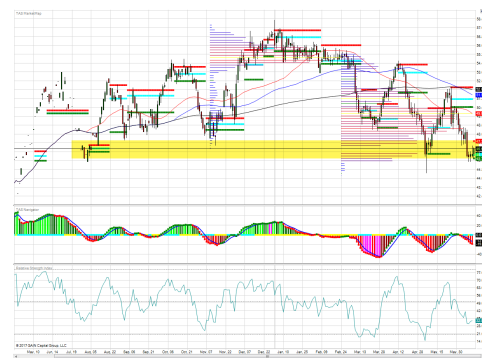
Outside Markets



US Dollar Index

The Dollar has moved into a neutral/sideways trading range between 96.457 and 97.318. A close below or above one of these levels may set the new technical trend in motion.

[Enlarge US Dollar Index Chart »](#)



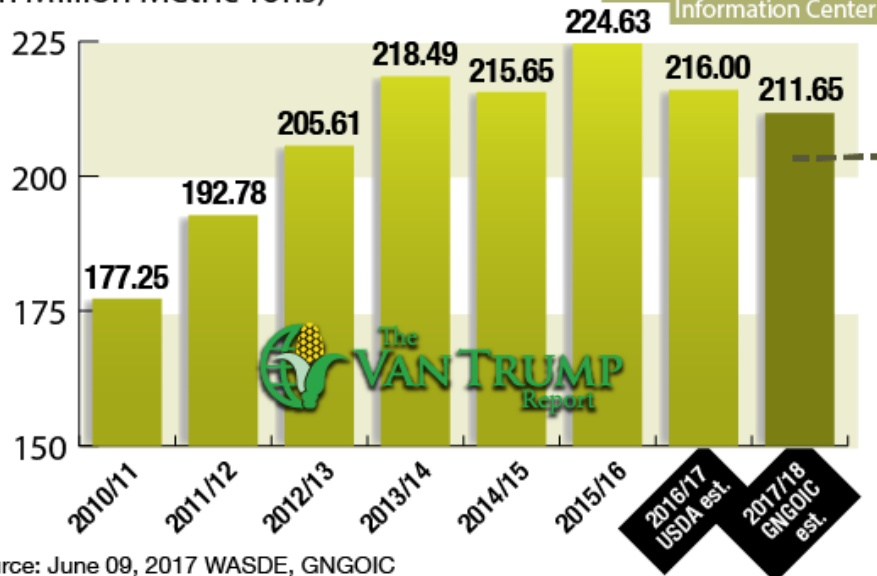
Crude Oil

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.

Chinese Corn Production

(in Million Metric Tons)

China National Grain and Oils
Information Center est.

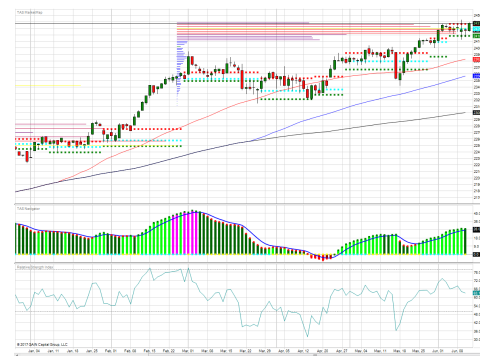


Source: June 09, 2017 WASDE, GNGOIC

Soybean prices seem comfortable trading in a \$0.50 cent range between \$9.10 and \$9.60 per bushel. The bulls are talking about U.S. weather concerns, but the bears are quick to point to a bevy of facts recently released by the USDA: Season-ending domestic U.S. soybean stocks for 2016/17 were raised up to a 10-year high of 450 million bushels, on a lower domestic crush estimate; New-crop 2017/18 ending stocks were also pushed higher to 495 million bushels; Argentine and Brazilian production estimate was bumped higher and are record large which pushed global soybean production up by +3.3 million and total production to a whopping 351.3 million metric tons. Lets also keep in mind the U.S. producer is about to finish up planting the biggest soybean crop in U.S. history, and Chinese crush margins remain less than ideal. I have also heard some rumors the the past couple of days that the Chinese government might soon try to crack down on U.S. soybean imports. There's been some talk that importing businesses have been selling imported GMO soybeans to food companies passing them off as non-GMO. From what I understand China allows imported GMO beans for use as livestock feed, but it doesn't allow GMO beans for human food consumption. I don't what this does to U.S. prices longer-term, but soybean prices in China have recently rallied to a fresh three-month high. Keep in mind, China's soybean imports during the first five-months of the year reached 37.12 million tonnes, about 20% higher than the same period last year. You can read more about the Chinese probe in a recent report by [Reuters](#). Bottom-line, the trade seems stuck in rut of bearish fundamentals, and will need a supply side weather story from here in the U.S. later this summer, or some type of unforeseen demand story from the Chinese to pull us out. As both a producer and spec I still like the thought of selling at the money straddles, believing we are in somewhat of a trading range and might be able to pull out some premium. As a producer we also have to recognize that revenue insurance will start to pay much larger dividends if we break aggressively to the downside form here.

Wheat bulls are still a bit surprised by the USDAs most recent global outlook, which showed no notable reduction in Europe, Ukraine or Russian wheat production. In fact the USDA raised their production estimate for Russia as it now stands at 69 MMTs, their second largest crop in recent history. Ukraine's estimated production at 25 MMTs is also arguably too high. I'm also still stumped by the fact the USDA is forecasting the second highest wheat yield in U.S. history at 48.8 bushels per acre. I just think eventually this number has to tick a bit lower. I should however note that total U.S. winter wheat production is forecast at just 1.250 billion bushels, which is down more than -25% from last year, roughly -421 million bushels lower. The biggest setback is seen in HRW wheat production which is currently forecast down -338.7 million bushels to 743.0 million. Even though harvested acres for HRW are forecast at just 17.916 million compared to 21.863 million last year. Total harvested winter wheat acres are now forecast at 25.564 vs. 30.222 million harvested last year. Despite the big reduction, I still think the acres are a bit too high. SRW wheat production is estimated down nearly -50 million bushel to 298.2 million. Winter White production is forecast down about -15% compared to last year. As I mentioned earlier, for the bulls, it's not really about the U.S. story but rather the extremely burdensome global supply outlook. Even though global wheat production in 2017/18 is projected lower by -14.6 million tons, global ending stocks are now projected to increase to a fresh new all-time record high of 261.2 million tons. As the USDA pointed out in their recent Wheat Outlook, this is the fifth consecutive year of wheat stocks' growing larger, another such stretch happened only once previously in 1982-86, another period of overabundant wheat supplies and low prices. It's just tough to breakout to the upside with this type of bearish global fundamental hanging overhead.

[Enlarge Crude Oil Chart »](#)



E-Mini S&P Index

The long term bull trend remains intact with support for the uptrend at 2418.50.

[Enlarge E-Mini S&P Index Chart »](#)

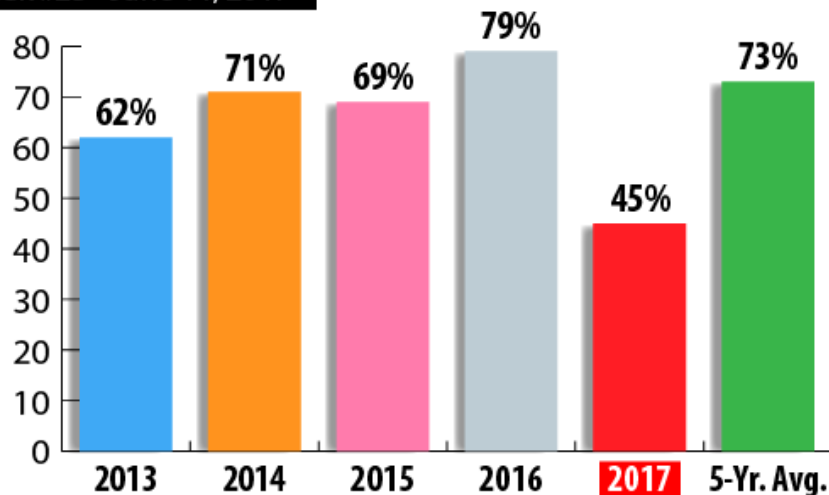
Kevin's Song of the Week



About the Report

U.S. Spring Wheat Conditions (% Good-to-Excellent)

Week #23 - June 11, 2017



Source: USDA, Weekly Crop Progress numbers



> Brazil Soybean Sales Jump: Soybean sales have advanced in Brazil because of a recovery of prices and a more favorable exchange rate in the country, according to a report from consultancy Agroconsult. Another reason for more sales is the approach of the window to buy more agricultural inputs for the next season. The consultancy also left its estimate for total output in the country unchanged at 115 million metric tons while pegging exports at 61 million metric tons. (Source: Agrosouth)

> High-Protein Wheat Prices On The Rise In Asia Amid U.S. Weather Issues: High-protein wheat prices being offered from Australia and the United States into Asia are climbing as dry weather threatens to reduce the U.S. spring grain harvest, traders said on Tuesday. Australian prices, some of the most competitive in recent months, are further supported by farmers holding back supplies. "There is a possibility of prices going up further if dryness continues," said one Singapore-based trader. "In Australia too, we have some issues with dryness but the situations in not alarming." (Source: Reuters)

> Egypt Forecast To Import Record Amount Of Wheat This Year: Egypt's state grains agency, GASC, is expected to import a record six million mt of wheat this marketing year, up from around 5.4 million mt in the last year, traders said. A GASC wheat tender was announced Tuesday for shipment July 15-25 for 12.5% protein wheat. GASC closed its most recent wheat tender on Saturday for 360,000 mt for July 10-20 shipment on an FOB basis at an average price of \$194.22/mt, which included both Romanian and Russian origins. That followed a tender that closed on May 31 when 240,000 mt were purchased. The incoming wheat will likely contain new crop wheat as per the May 31 tender, which applied special late loading penalties to accommodate a shortage of old crop wheat on the market, traders said. Egypt has been stocking large quantities of wheat due to a lack of supply, local market sources said, adding it was likely GASC will hold another tender before June 30 due to surplus government budget for grain purchasing and it being the end of the financial year. (Source: Platts)

> French Rapeseed Output Now Seen Increasing: French officials trumpeted the boost to rapeseed prospects from higher sowings as they forecast a, small, rise in domestic output of the oilseed this year, contrary to expectations from other commentators of a weaker harvest. France's agriculture ministry, in its first forecast for the 2017 French winter rapeseed crop, pegged it at 4.766 million metric tons - a 0.9% rise on last year's outturn of 4.73 million metric tons. While still representing a below-

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

average crop, with production typically at about 5.08 million metric tons, the forecast is above the 4.3 million metric tons expected by the International Grains Council. (Source: Agrimoney)

> U.S.-China Dairy Deal Could Be Announced This Week: Another sign of progress between the U.S. and China on the agricultural trade front is set to emerge on Thursday, when the two countries are expected to sign a memorandum to help promote export of U.S. dairy products, said Stephen Ostroff, FDA deputy commissioner for foods and veterinary medicine. "China, based on laws it has passed, requires there be certification that U.S. milk products meet Chinese food safety standards, which for us is challenging to accomplish. We were able to work out, through a lot of discussions with our Chinese counterparts over the last few years, mechanisms whereby third parties are able to do the auditing necessary to assure that the Chinese food safety standards are being met," Ostroff said. The FDA will share the third-party audits with China's food safety authorities and issue export certificates for shipments headed to China. It has been working on the memo with the Office of the U.S. Trade Representative and the U.S. Dairy Export Council, led by former Agriculture Secretary Tom Vilsack. (Source: Politico)

> Vilsack Joins Feeding America: Former Agriculture Secretary Tom Vilsack will serve on Feeding America's board of directors, starting today. Feeding America is the country's largest anti-hunger organization, with 200 food banks serving all 50 states, Washington, D.C., and Puerto Rico. Its board includes leaders from the private sector and nonprofits.

> Commodities A Top Contrarian Bet: Commodities look a top bet for contrarian investors, Bank of America Merrill Lynch said, after funds slashed their exposure to the sector at the fastest rate in seven years, amid economic growth fears. The proportion of fund managers saying they are "underweight" in their allocations of cash to commodities exceeds those "overweight" by 15 percentage points, according to a monthly survey by the bank. While well short of the most bearish positioning on record – with the net figure on occasion exceeding 30 points, most lately in 2015 – the growth in the figure of 12 points month on month was unusually large. It indicates the "largest drop since June 2010 in allocation to commodities". The broad investment trend, including the pessimism on commodity prices reflects waning expectations for world GDP expansion, with the proportion of fund managers expecting a stronger world economy, over those seeing a weaker one, at 39% down 23 points from a January high. Expectations for inflation have dropped too. The findings suggested that contrarian investors should "sell Europe, banks, technology," BofA Merrill Lynch said, while buying the UK, resources, commodities and bonds. (Source: Agrimoney)

> Senate Reaches Russian Sanctions Deal: The Senate has clinched a wide-ranging bipartisan agreement to slap new financial penalties on Russia and limit President Trump's ability to lift sanctions without giving Congress a chance to weigh in. The agreement imposes new sanctions including "malicious cyber activity" on behalf of Moscow, individuals supplying weapons to Syrian President Bashar Assad's government or individuals tied to Russia's intelligence and defense sectors. The deal would also give Congress 30 days—or 60 days around the August recess—to review and potentially block Trump from lifting or relaxing Russia sanctions. It would also codify the sanctions on Russia imposed by executive order by the Obama administration and allow the Trump administration to impose new sanctions on sectors of the Russian economy. The legislation is likely to be voted on this week.

> Sears is cutting 400 jobs at its corporate offices as it works towards reducing costs by \$1.25 billion in fiscal 2017. The cuts will primarily affect workers at Sears' headquarters in Hoffman Estates, Illinois, the retailer said Tuesday. Also, Sears Canada said it was running out of cash and revealed there's "significant doubt" it can stay in business. (Source: BusinessInsider)

> How High Are Beer Taxes In Your State? All fifty states and the District of Columbia impose some tax on beer above and beyond the general sales tax, and these taxes are frequently responsible for an outsized share of the prices paid by consumers. After the colonial era, neither the states nor the federal government imposed excise taxes on beer until one was introduced to help finance the Civil War. In time, taxes on alcohol came to represent some 30 to 40 percent of federal collections. Without the federal income tax (adopted in 1913) as an alternative source of revenue, Prohibition would have been prohibitively expensive for the federal government. After the repeal of Prohibition, many states adopted "control" regimes in which the state exercised a monopoly over some or all alcohol sales. Other states simply chose to regulate and tax alcohol, often heavily. Traces of the original purpose of discouraging drunkenness remain evident in state alcohol laws, but by now, most excise taxes on beer are revenue measures first and foremost. The Beer Institute, an industry trade group, argues that "taxes are the single most expensive ingredient in beer, costing more than labor and raw materials combined," citing an analysis that finds that the sum of taxes

the past 20 years & the trend in the past several months of engaging in your "Farm Direction" services to be the best perception and analysis of what is really happening in today's world. Not only here in the United States, but across the globe as well. US farmers need this type of help and information to assist them in their daily efforts. I commend you for a job well done. Please let me know if I can ever be of any help or assistance to you in the future..."

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

[More Testimonials](#)

My Own Personal Truisms

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

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

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

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

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

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

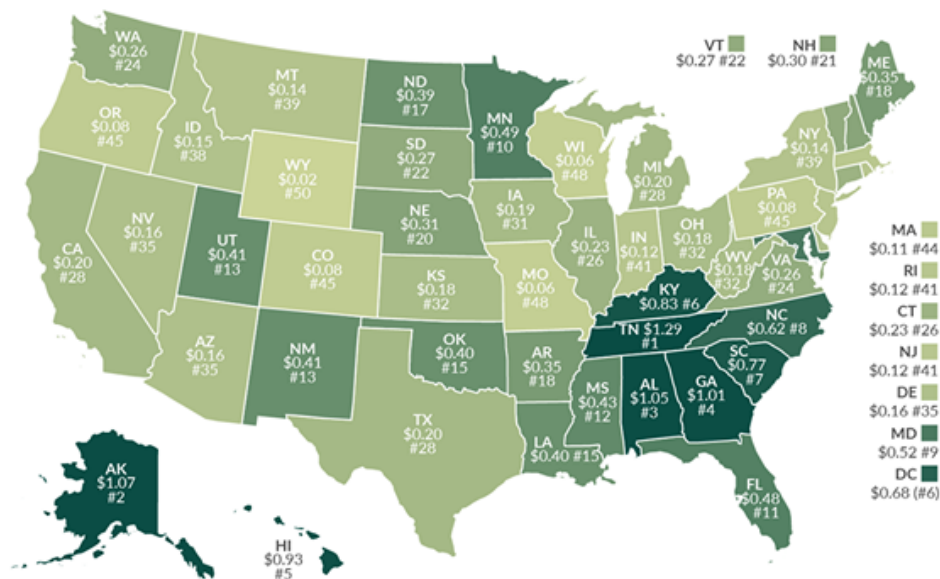
- Option #1 - Conservatively long.
- Option #2 - Aggressively long.
- Option #3 - Sitting on the sideline.

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

levied on the production, distribution, and retailing of beer exceeds 40 percent of the retail price. (Source: Tax Foundation)

How High Are Beer Taxes in Your State?

State Beer Excise Tax Rates, as of January 2017



Note: Rates are those applicable to off-premise sales of 4.7% a.b.v. beer in 12 ounce containers. D.C.'s rank does not affect states' ranks, but the figure in parentheses indicates where it would rank if included. FL, HI, ID, IA, KS, MN, NC, ND, OH, OK, TX, UT, VA, WA, and WI also apply different rates according to alcohol content, place of production, size of container, or place purchased (on- or off-premise or onboard airlines). Statewide local rate included in AL (\$0.52) and GA (\$0.53). Sales tax specific to alcoholic beverages included in AR, MD, MN, and DC. Case fees and/or bottle fees which may vary with the size of container included in AR and RI. Wholesale tax rate converted into a gallonage excise tax rate included in KY (10.5%) and TN (17%).

Source: Distilled Spirits Council of the United States.



Farm Direction
RECIPES

★ **FAMILY FAVORITES** ★
-SENT IN BY OUR READERS-

Bacon Avocado Fries

[CLICK TO SEE RECIPE](#)

TAX FOUNDATION

@TaxFoundation



Northcentral North Dakota - Things are getting extremely challenging up here and I'm certain we will have significant yield drag as things are heading out already. It seemed ok up to two days ago even with all the heat we have had, things were still green and then it just turned. I've heard 40 miles away the wheat was heading out two weeks ago. We are definitely going to see lower protein levels in our harvest if we get one. We just planted the beans and corn. The beans just started to peak and are two inches high while the corn is about four inches tall and doing ok at this time. Because we no-till, there was sufficient moisture in the ground for planting. We have no-tilled for 20 years and as far as I know there is only one fella in the area who still cultivates. He does happen to be in an area with more yearly rainfall than we do. We have also tried cover crops in years past but they do not seem to provide us measurable benefits so we stopped. A lot of the time the ground is just too dry after harvest to put them in and get a stand.

Central Illinois - We have all the corn and beans planted, emerged and starting to come around. We have gotten the post-spray done on the corn but waiting on the beans to get going. We had a wet winter and a wetter spring. We have gone from those conditions on starting to get dry and needing a rain. I think that we were fooled by how much subsurface moisture we really had. Most of the crops look good but there are spots in fields that hopefully will catch up with the rest of the crop. Every year we have a portion of the planting window that is not conducive to a good start and one that doesn't see much growth. This year that planting window was between April 22-24. The seed that was planted then for us looks the worse from all of our other fields. The seed we put in the ground then germinated slowly and the population is lower than any other fields. We had a cold wet two and a half weeks in mid-May that slowed things

down. Planting after that saw beans germinate in a week, have great emergence and a good looking stand now. The dryness and heat will not have much effect on the beans because they are at a stage to handle it better than the corn. We may see the corn roll up a bit before the rains next week. I think there is still a good amount of beans to go in the ground and there may be some replant to do also.

Texas Panhandle - The last month was very wet. The heavy moisture and cool temps made the cotton get off to a very slow start, which was the third year in a row for us. The cotton acres are way up in our area. Here of late, the water has been turned off and we are in need of a rain to get things going after planting. It has been hard to get the seed going when the temperatures have been so cold. There is a new gin being built not too far from us which will be a benefit. We have cut our wheat acres by 60% because of the low prices. What wheat we do have looks good but I am worried about protein levels being low. I have heard to the south wheat yields are off by 20bpa to 25bpa. We will be happy if we can make yields north of 40bpa. The cotton when it gets going can make pretty good yields. Our irrigated cotton will generally make 2.5 to 3.0 b/ac and the dry land can produce 1 to 2 ba/ac.



TR Crop Watch Growers Seek Rain For Their Crops: The biggest concern among the Thomson Reuters Crop Watch producers this week is the increasing desire for rain, with the southernmost corn and soybean fields already showing signs of dryness-induced stress. The farmers of TR Crop Watch – which features weekly, real-life check-ins with two farmers in Illinois and one in Minnesota – reported that last week's warm temperatures were favorable for the development of their crops. The growers - known as Farmers A, B and C - will assign a condition score every week to each field, similar to the system used by the U.S. Department of Agriculture. They will also give their best estimation of yield potential. Check out this week's results [HERE](#).

The Way Consumers Buy Food At Retail Is Changing: The Food Marketing Institute's U.S. Grocery Shopper Trends 2017 analysis confirms a number of trends, including that shoppers are diversifying their grocery destinations and that they want more transparency about several aspects of the food they buy. The research signaled that U.S. grocery shoppers want more than just information; they desire transparency that engages them, offering assurances of food safety, the pursuit of health and wellness, the appetite for discovery and a closer connection to food. See more of this year's findings [HERE](#).

Russian Cyber Hacks on U.S. Election Might Be Wider Than Previously Known: Russia's cyberattack on the U.S. electoral system before Donald Trump's election was far more widespread than has been publicly revealed, including incursions into voter databases and software systems in almost twice as many states as previously reported. In Illinois, investigators found evidence that cyber intruders tried to delete or alter voter data. The hackers accessed software designed to be used by poll workers on Election Day, and in at least one state accessed a campaign finance database. Details of the wave of attacks, in the summer and fall of 2016, were provided by three people with direct knowledge of the U.S. investigation into the matter. In all, the Russian hackers hit systems in a total of 39 states, one of them said. Read more from [Bloomberg](#).

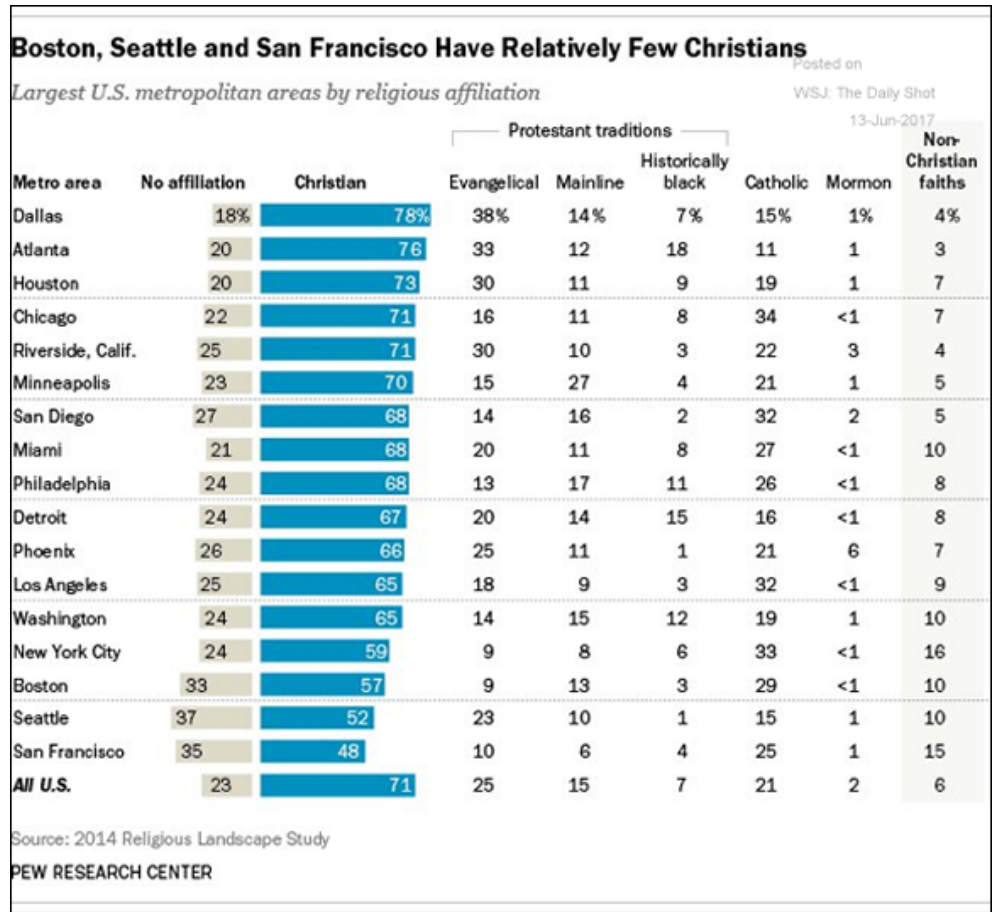
Most Breathtaking Natural Wonder In Every State: The United States is a nation of spectacular natural, geological, and cultural diversity. The third largest country by size in the world, the US contains landscapes as varied as the vast white sand dunes of New Mexico and the watery wilderness formed by trees and marshland in Florida. Business Insider took on the difficult task of picking the most beautiful attractions in each state. Check it out [HERE](#).

Is Apple Moving Into The Driverless Car Market? After years toiling away in secret on a car project, Apple Inc. Chief Executive Officer Tim Cook has for the first time elaborated on the company's plans in the automotive market. Click [HERE](#)

A cryptocurrency for weed is soaring in value after it sponsored Dennis Rodman's trip to North Korea: A digital currency for the legal marijuana industry is soaring after it sponsored Dennis Rodman's trip to North Korea. "Potcoin" is a digital cryptocurrency — much like bitcoin — that was specifically developed to remove the need for cash transactions between marijuana consumers and dispensaries. If Potcoin

need for cash transactions between marijuana consumers and dispensaries. If Potcoin was going for publicity, it certainly paid off: Potcoin's value soared almost 97% to over 18 US cents on Tuesday. Marijuana is illegal under federal law, so the majority of banks won't take cash or open lines of credit for marijuana businesses. Rodman was photographed wearing a Potcoin T-shirt as he arrived in North Korea. (Source: [BusinessInsider by Jerney Berke](#))

Christianity In U.S. Cities: The religious face of America is largely a Christian one, with roughly seven-in-ten Americans belonging to the faith. But some of the nation’s biggest metropolitan areas have a very different look. Pew’s Religious Landscape Study was designed to look at the religious affiliations of Americans overall as well as those in all 50 states and the 17 largest metropolitan areas in the country. While Christians make up between 65% and 75% of adults in most of those metro areas – and people with no religious affiliation generally make up roughly 20-25% of the population – some cities stand out for a variety of reasons. Seattle, San Francisco and Boston are notable not only because they have relatively few Christians, but also for their considerable populations of religious “nones” (atheists, agnostics and those who say their religion is “nothing in particular”). A third or more of people in each of those metropolitan areas (37% in Seattle, 35% in San Francisco and 33% in Boston) are religious “nones.” See full results of the survey [HERE](#).



Nitrous Oxide Hot Spots... And Why We Must Adapt To Change

Michigan State scientists have pinpointed a new source of nitrous oxide emissions coming from our soils. Though it has been known for years that the gas has always been released from the ground, scientist are now discovering exactly where. Science are also now saying that nitrous oxide is 300 times more damaging to the atmosphere than carbon dioxide and that a large chunk of the emissions are coming from agricultural production. Interestingly, most nitrous oxide is produced within a teaspoon-sized volume of soil, yet releases a large quantity of the gas in a short time period. I'm told these "hot spots" have baffled microbiologists since they were discovered decades ago. Up until recently the scientists were looking at larger spatial scales and

overlooking the areas where mere grams of soil were harboring decomposing leaves, etc. Now scientists seem to know where to look, their predictions, which have rarely been 50% accurate, are now being used to better guide future agriculture and soil management practices. Michigan State researchers worked with the University of Chicago's Argonne National Laboratory, where the samples were scanned with x-rays that penetrate the soil and allowed the team to accurately characterize the environments where nitrous oxide is most highly produced and emitted. The researchers found that emissions only occurred in soils where large pores are present. It appears that the tiny leaf particles act as sponges which then creates the micro-habitat necessary for the bacteria to produce their nitrous oxide. Small pores, produced in clay soils for example, hold water more tightly and do not allow the leaf particles in to soak up the water. This is why I'm told that productive farmland will produce significantly higher levels of the gas than more poor quality land. More specifically I'm told is that future research will review which leaves from which plant contribute to higher nitrous oxide emissions. Plants with more nitrogen in their leaves, such as soybeans, will more than likely give off more nitrous oxide as their leaves decompose. I suspect as science and technology advance many of our farming practices will also be forced to change and adapt to the new findings and perhaps new legislation. Try to keep an open mind. I always remember a quote hanging in the locker room, "Enjoying success requires the ability to adapt. Only by being open to change will you have a true opportunity to get the most from your talent." - Nolan Ryan (Source: Feedstuff)



NEW Driverless Aerial Vehicle For Transporting Humans

The "EHang 184", created by Chinese Company Beijing Yi-Hang Creation Science & Technology Co., Ltd. has become the world's first Autonomous Aerial Vehicle, AAV for transporting humans across the sky. Unveiled at CES in Las Vegas last year, the vehicle can carry 1 passenger, has 8 propellers and 4 wings thus "184." The passenger simply punches in their desired destination into the touch screen or their smartphone app, then sit back and relax. EHang officials say the vehicle is designed for traveling short to medium distances - generally 2 to 10 miles with a top speed of 60mph. Riding in a driverless car is hard for me to think about, but being air-borne without a pilot takes it to a whole new level. From what I understand there is no option to take over controls of the 184 from inside the vehicle and every flight is remotely monitored from a control room. EHang claims they have equipped the 184 with a "fail-safe system". The independently developed fail-safe system ensures that if any components malfunction, or if there's damage while the AAV is in-flight, i.e. from a bird, the aircraft will immediately begin taking the necessary precautions to ensure safety. The system automatically evaluates the damage and determines the next best course of action for its passenger's. The communication system was also designed with special encryption to safeguard from hackers. Head of Dubai's Road & Transportation Agency recently announced at the World Government Summit that the 184 autonomous drone would be flying in Dubai by July. No official launch date has been set by the company, but they believe commercialization will begin in a few months. The U.S. may not be far behind the game as officials from Nevada are seeking to partner with EHang to test the 184. Interestingly the EHang produces zero emissions as it is battery powered. I heard the price was somewhere between \$200,000 and \$300,000, which seem insanely high when you consider a small but proven helicopter such as the Robinson R44 Raven I costs \$355,000 brand new, has a 350 mile range and can transport 3 passengers at 4000 feet. I suspect once the EHang hits the market and more competition comes into the space prices will come down significantly. Watch a video of the 184 in action [HERE](#). (Source: [DailyMail](#))

FIRST PASSENGER DRONE



If You've Got 'Em, Hang 'Em High!

Today is Flag Day, celebrating the national adoption of the flag of the United States by the Second Continental Congress in 1777. The U.S. Army also celebrates its birthday on the same day, which was established two years earlier in 1775. According to legend, in 1776, George Washington commissioned Philadelphia seamstress Betsy Ross to create a flag for the new nation. To date, there have been twenty-seven official versions of the flag, but the arrangement of the stars varied according to the flag-makers' preferences until 1912 when President Taft standardized the then-new flag's forty-eight stars into six rows of eight. The current version of the flag dates to July 4, 1960, after Hawaii became the fiftieth state on August 21, 1959. Flag Day was officially established by a proclamation of President Woodrow Wilson in 1916. In 1946, National Flag Day was established by an Act of Congress. Even with those action, Flag Day is not an official federal holiday. It is however recognized by Pennsylvania as a state holiday. They became the first - and only - to declare June 14 an official holiday in 1937. New York recognizes a state Flag Day, but it is observed the second Sunday in June. The week of June 14 is actually designated as "National Flag Week", in which the president traditionally issues a proclamation urging U.S. citizens to fly the American flag for the entire week. Below are some more interesting facts about the U.S. flag and its long, storied history. If you've got 'em, hang 'em high!

The Moon: *American flags have been planted on the moon by crews from six separate NASA missions - Apollow 11, 12, 14, 15, 16 and 17.*

\$301.3 Million: *This is the dollar value of shipments of fabricated American flags, banners and similar emblems by U.S. manufacturers. 95% of American flags are produced in the U.S.*

Washington Monument: *50 flags fly 24 hours a day around the base of the Washington Monument.*

Stars and Stripes: *For a while, the U.S. added stripes and stars to the flag when welcoming new states. At one point, the flag had 15 stripes and 15 stars. As the country continued to add new states, they decided to go back to the 13 stripes for the original 13 colonies.*

Red, White and Blue: *The colors of the flag have important meanings. Red symbolizes hardiness and valor, white symbolizes purity and innocence and blue represents vigilance, perseverance and justice. Interestingly, the significance of the colors was retrofitted for the flag from the explanation for the Great Seal of the United States given by Charles Thomson, the Secretary of Congress in 1782.*

Sleep-Wake Schedule: *According to Federal flag laws and regulations, the flag should be displayed from sunrise to sunset (unless there's inclement weather). That said, for patriotic effect, the flag may be displayed 24 hours a day as long as it's "properly illuminated" while it's dark out.*

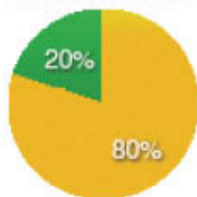
Origins of "Old Glory": *In 1824, a sea captain from Massachusetts named William Driver bestowed the nickname "Old Glory" on his American flag, which crowned the main mast of his ship and had been sewn for him by his mother and other female admirers. After he retired from seafaring and settled in Nashville, Tennessee, he continued to proudly display Old Glory outside his house. Legend has it his 10-by-17-foot Old Glory withstood*

numerous Confederate attempts to deface it during the Civil War, and that Driver flew the flag over the Tennessee Statehouse once the war was over. In 1922, Driver's daughter, Mary Jane Roland, presented Old Glory as a gift to President Warren G. Harding, who then gifted it to the Smithsonian. (Sources: Wikipedia, History.com, Huffington Post)



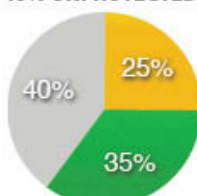
CORN 2016 CROP

80% SOLD
20% HEDGED
0% UNPROTECTED



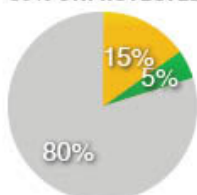
CORN 2017 CROP

25% SOLD
35% HEDGED
40% UNPROTECTED



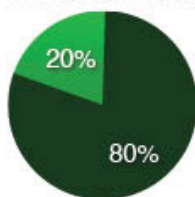
CORN 2018 CROP

15% SOLD
5% HEDGED
80% UNPROTECTED



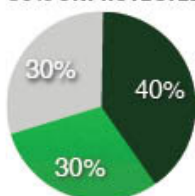
SOYBEANS 2016 CROP

80% SOLD
20% HEDGED
0% UNPROTECTED



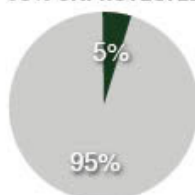
SOYBEANS 2017 CROP

40% SOLD
30% HEDGED
30% UNPROTECTED



SOYBEANS 2018 CROP

5% SOLD
0% HEDGED
95% UNPROTECTED



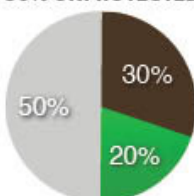
WHEAT 2016 CROP

100% SOLD
0% HEDGED
0% UNPROTECTED



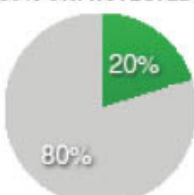
WHEAT 2017 CROP

30% SOLD
20% HEDGED
50% UNPROTECTED



WHEAT 2018 CROP

0% SOLD
20% HEDGED
80% UNPROTECTED



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