

## GOOD MORNING 06/16/17 Farm Direction - VanTrump Report

1 message

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Fri, Jun 16, 2017 at 6:51 AM



"It is always better to build a longer table than a taller fence." - Unknown

FRIDAY, JUNE 16, 2017

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**Morning Summary:** Washington headlines seem as if they've been more of a "media story" than an "investor story". On top of the political drama, the market has now swallowed four rate hikes and is still trading near fresh new all-time highs. Despite recent U.S. economic data being somewhat suspect, the Fed is still forecasting continued economic growth and improving GDP. Bespoke Investment Group pointed out that the Nasdaq has now gone 131 straight days without closing below its 50-day moving average, the longest streak since March 10, 2011. Yes, we might be seeing a slight correction and uptick in volatility, but many insiders still suspect a larger break in the stock market will simply be used as a buying opportunity by those who believe they are underweight and have large amounts of money on the sideline. Today's economic reports include May Housing Starts, Atlanta Fed Business Inflation and Consumer Sentiment. We will also hear from Dallas Fed President Robert Kaplan, who will participate in an audience and media Q&A. Turning to next week, the economic data calendar is fairly light. Releases included Existing Home Sales on Wednesday; the FHFA House Price Index, Leading Indicators and Kansas City Fed Manufacturing on Thursday; Flash PMI and New Home Sales on Friday. Fed-speak will be heavy, with seven officials scheduled to speak, including Federal Reserve Vice Chair Stanley Fischer. Turning to politics, investors are hoping to see some forward momentum on at least a few of President Trump's "big ticket" items, including tax reform, banking regulations and infrastructure spending. Action on these issues has somewhat stalled in Congress as lawmakers remain focused on healthcare legislation, crafting a new budget and working toward a compromise to lift the debt ceiling. This is on top of investigations that three separated Congressional panels are conducting into Russian interference in the U.S. Presidential election and the firing of FBI Director James Comey. There are rumors that President Trump is expected to announce some type of policy shift in regards to Cuba that could include restrictions on business, as well as tighter restrictions on travel. Ag groups are keen to hear specifics as they have been pushing for better access to Cuba's import markets. As usual, lots of moving parts...

**Russia Military Says It Might Have Killed ISIS Leaders:** *Russia's Defense Ministry says it is investigating reports that ISIS leader Abu Bakr al-Baghdadi was killed in one of its airstrikes in Syria last month. The airstrike on May 28 was carried out on the outskirts of the militant group's de facto capital Raqqa, on a command post where ISIS leaders were meeting, according to Russian state media reports. "According to information, which is being verified via different channels, the meeting was also attended by the (ISIS) leader Ibrahim Abu Bakr al-Baghdadi, who was eliminated in the strike," the ministry said, according to the TASS report in English. Other state media reported that more than 300 "terrorists" were killed in the strike.*

**Sub-Prime Auto Loans Are On The Decline:** *Experian's latest Automotive Finance Market Report shows the percentage of new subprime auto loans reached a 10-year record low during the first three months of 2017. The total amount of subprime (credit scores of 501-600) and deep subprime (credit scores between 300-500) car loans has dropped from 26.48% of all loans in the first quarter of 2016 to 24.1% in the first quarter of this year. This represents a 10-year low for the first three months of a year. At the same time, 30-day delinquency rates for both new and used car loans dipped to 1.96% from 2.1%. Equifax also reports that lending to more creditworthy customers is going up. Interestingly, prime*

### Today In History



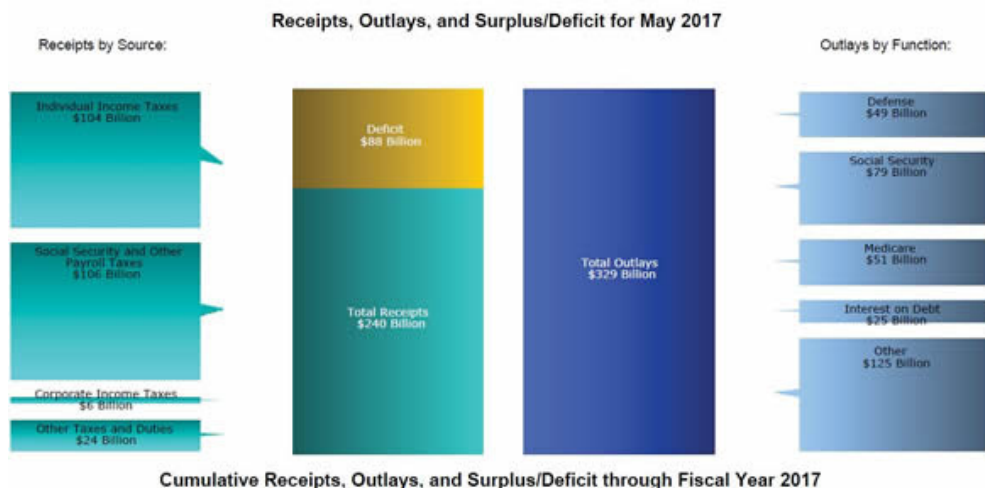
**1884, Roller Coasters** - The first roller coaster in America opens at Coney Island, in Brooklyn, New York. Known as a switchback railway, it was the brainchild of LaMarcus Thompson, traveled approximately six miles per hour and cost a nickel to ride. The new entertainment was an instant success and by the turn of the century there were hundreds of roller coasters around the country. The oldest roller coasters are believed to have originated from the so-called "Russian Mountains", which were specially constructed hills of ice, located especially around Saint Petersburg. Built in the 17th century, the slides were built to a height of between 70 and 80 feet, consisted of a 50 degree drop, and were reinforced by wooden supports. Some historians say the first roller coaster was built under the orders of Russia's Catherine the Great in the Gardens of Oranienbaum in Saint Petersburg in the year 1784. Other historians believe that the first modern roller coaster was built by the French. In 1827, a mining company in Summit Hill, Pennsylvania constructed the Mauch Chunk gravity railroad, an 8.7-mile downhill track used to deliver coal to Mauch Chunk (now known as Jim Thorpe), Pennsylvania. By the 1850s, the "Gravity Road", as it became known, was providing rides to thrill-seekers for 50 cents a ride. Railway companies used similar tracks to provide amusement on days when ridership was low. Using this idea as a basis, LaMarcus Adna Thompson began work on a gravity Switchback Railway that opened at Coney Island in 1884. Passengers climbed to the top of a platform and rode a bench-like car down the 600-foot (180 m) track up to the top of another tower where the vehicle was switched to a return track and the passengers took the return trip.

**1963, Valentina Tereshkova** - Soviet Cosmonaut Valentina Tereshkova becomes the first woman to travel into

that returning to more creditworthy customers is going up. Interestingly, prime (credit score of 661-780) and super prime (781-850) borrowers are taking out more used car loans. Their share of the used vehicle finance market stood at 47.4% in the first quarter of 2017, up from 43.99% during the first three months of 2016. Experian notes that borrowers with good credit may be choosing used vehicles at an increasing rate due to the growing supply of late model used vehicles that continue to flow into the market as a result of increased new car leasing.

**Bitcoin Slide Has Erased All Of Its June Gains:** Bitcoin slid to its lowest for the month yesterday amid a broader sell-off in digital currencies. Bitcoin briefly dropped more than -12% to \$2,185.96 Thursday, its lowest since May 31. Alex Sunnarbor, an analyst at CoinDesk, says, "Many investors seem to be using the very recent rally as an opportunity to take some profits while they evaluate the market after the largest spike in price, volume and interest that we have ever seen." Bitcoin traded above \$3,000 just this past Sunday. Despite the dramatic dip, Bitcoin still remains more than +100% higher year to date. Meanwhile, the global market value of digital currencies fell from a record of \$117.21 billion on Monday to below \$100 billion Thursday, according to CoinMarketCap. The enthusiasm for the often volatile cryptocurrencies also attracted cyberattacks on at least two major exchanges and temporarily overwhelmed another exchange's website with high customer demand. (Source: CNBC)

**Fed Tax Revenues Set Record For May:** The U.S. Treasury hauled in \$240,418,000,000 in total taxes in the month of May, setting a record for inflation-adjusted tax revenues for that month of the year, according to the Monthly Treasury Statement. Despite these record revenues, however, the federal government still ran a deficit of \$88,426,000,000 in May—because it spent \$328,844,000,000 in the month. Prior to this year, fiscal 2006 held the record for most federal taxes collected in the month of May. That year, the Treasury collected \$232,837,160,000 (in constant 2017 dollars) during May. The taxes the federal government collected in the month equaled approximately \$1,572 for each of the 152,923,000 people the Bureau of Labor Statistics said had a job in the United States during the month. At the same time, the \$88,246,000,000 deficit ran during May equaled approximately \$577 for each person that had a job. While the \$240,418,000,000 that the Treasury collected this May set a record, total collections in the first eight months of fiscal 2017 (October through May) did not set a record. Fiscal 2017 will end on Sept. 30, 2017. (Source: CNSNews)



**Weather** for the balance of the week will see a return to more moderate temperatures and increasing showers in the Midwest. The greatest chance for rain is indicated for central and eastern sectors. This precipitation will greatly benefit crop conditions after recent heat and dryness of the last few weeks. Rain that has already fallen this week in some Corn Belt locations represent the first measurable precipitation in June. On the Plains, hot weather is expanding across central and southern portions of the region, promoting winter wheat harvesting but boosting irrigation demands and crop water use. Meanwhile dry weather has returned to the northern Plains, following early to mid-week showers that locally stabilized spring wheat and corn conditions. In the South, warm, humid weather accompanies widely scattered showers. Recent rains have largely eradicated Southern drought but have left a few areas unfavorably wet. Over the next 5 days, additional rain is expected to fall in the Corn Belt and along the Eastern Seaboard. One to 3 inches of rainfall are likely to fall in these regions, with local totals up to 5 inches. Elsewhere, dry weather will persist in the Four Corn States, as well as Nevada and California. Meanwhile, warmer than average weather will continue



space. After 48 orbits and 71 hours, she returned to earth, having spent more time in space than all U.S. astronauts combined to that date. Valentina Vladimirovna Tereshkova was born to a peasant family in Maslennikovo, Russia, in 1937. She began work at a textile factory when she was 18, and at age 22 she made her first parachute jump under the auspices of a local aviation club. Her enthusiasm for skydiving brought her to the attention of the Soviet space program, which sought to put a woman in space in the early 1960s as a means of achieving another "space first" before the United States. As an accomplished parachutist, Tereshkova was well equipped to handle one of the most challenging procedures of a Vostok space flight: the mandatory ejection from the capsule at about 20,000 feet during reentry. In February 1962, she was selected along with three other woman parachutists and a female pilot to begin intensive training to become a cosmonaut. In 1963, Tereshkova was chosen to take part in the second dual flight in the Vostok program, involving spacecrafts Vostok 5 and Vostok 6. Tereshkova was launched into space on June 16 aboard Vostok 6. On June 19, after just under three days in space, Vostok 6 reentered the atmosphere, and Tereshkova successfully parachuted to earth after ejecting at 20,000 feet. After her historic space flight, Valentina Tereshkova received the Order of Lenin and Hero of the Soviet Union awards. In November 1963, she married fellow cosmonaut Andrian Nikolayev, reportedly under pressure from Soviet leader Nikita Khrushchev. The couple made several goodwill trips abroad, had a daughter, and later separated. In 1966, Tereshkova became a member of the Supreme Soviet, the USSR's national parliament, and she served as the Soviet representative to numerous international women's organizations and events. She never entered space again, and hers was the last space flight by a female cosmonaut until the 1980s.

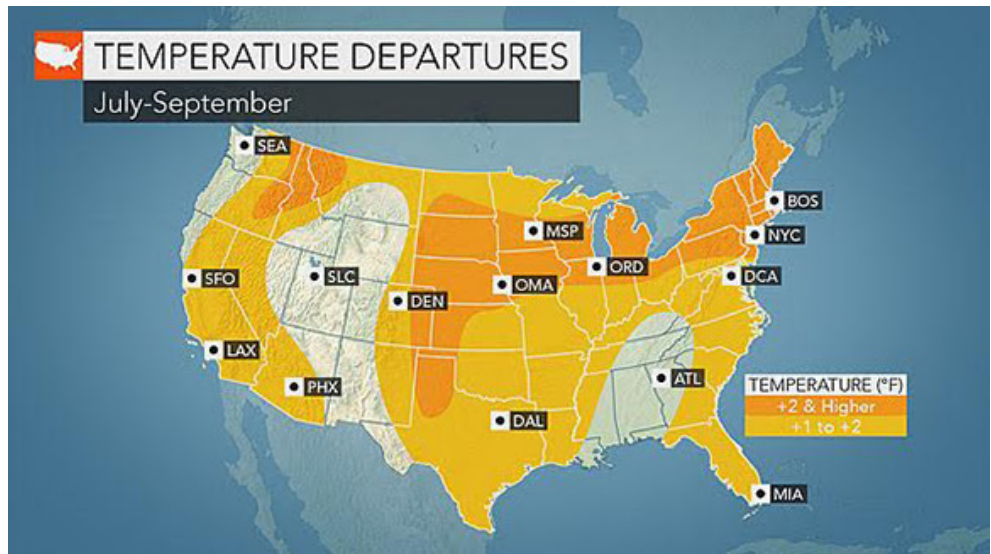


**1968, Lee Trevino** - Golfer Lee Trevino wins the U.S. Open at the Oak Hill Country Club in Rochester, New York. His score of 275 for 72 holes tied a U.S. Open record. Lee Trevino was born in Dallas, Texas, on December 1, 1939, and raised along with two sisters by his mother and grandfather in a one-room house in North Dallas without plumbing or electricity. As a child, Trevino worked in the fields alongside his family and as a result attended school only intermittently. At age eight, he took a job on the public golf course near his home, where he developed the ball-striking skills that would one day awe his fellow professionals. Trevino enlisted in the Marines at 17, and played on the U.S.



throughout much of the country over the next few days. Cooler than average weather is expected however, from the Pacific Northwest to the northern High Plains.

**New Summer Outlook Shows a Warm Midwest:** *In the latest 3-month outlook from AccuWeather, July through September sees an above average drier trend in the eastern northern Plains and the Midwest. This can lead to longer periods of higher heat, especially over the north central Plains. In the southern Plains, the region is divided with drier and hotter conditions in the West and a chance for some showers and thunderstorms in the east, which would keep temperatures down.*



**Corn** continues to trade near the higher end of its sideways channel. As a producer I hope past performance (last year) is not indicative of future results. I went back to review my notes and looked at a chart. Interestingly the new-crop DEC17 contract traded to \$4.17 on June 17th of last year, then proceeded to tumble downhill to \$3.58 by the end of August. The old-crop JUL17 contract traded up to \$4.55 on that same day, almost exactly one year ago, then tumbled to a low of near \$3.40 by the end of August. Lets hope we don't see a repeat performance in price! I don't see current crop conditions anywhere near what we were experiencing last year and I feel the set-up is much different in the macro space. In any regard, I just wanted to point out and remind everyone that we tend to get overly bulled up and emotional this time of year. In fact we really start to talk our position, which for most of us in the farming business that's from the bullish side of the fence. Weather here in the U.S. obviously remains the wild-card. The forecasts for next week looks like we could see a bit warmer than normal temps for Arkansas, Colorado, Kansas, Nebraska, Oklahoma, Missouri and Texas. I could argue the southern portion of Iowa and southwestern portion of Illinois will be a bit warmer than normal as well. Areas to the north and east look as if temps will be below normal. If we move beyond and into the last week of June it seems like most forecasters are thinking the entire corn belt from the central to the south will witness above normal temps. In other words the only break from the heat will likely be in areas of the Dakota's, Michiqan, Minnesota, Montana and Wisconsin. As for rain, it looks like

Marines golf team. After his discharge in 1960 he returned to making a living at a golf course, clerking and hustling other golfers for money. Trevino, a Mexican-American, was one of a very few minorities in the PGA when he earned his tour card in 1967. Despite his awkward, self-taught brand of golf, he finished fifth at the U.S. Open that year, eight shots behind Jack Nicklaus, who shot a record 275. At the 1968 U.S. Open, Trevino played among the leaders throughout the tourney. On the last day, he was paired with Bert Yancey, an Army golfer who led for the tournament. Trevino pulled away on the fifth hole and added to his lead the rest of the day to finish with a record-tying 275. (Jack Nicklaus finished with a 279.) Over the course of his career, Trevino earned a reputation as a scrappy player who knew how to finish big and always played to win. He won the U.S. Open again in 1971, the British Open in 1971 and 1972 and the PGA Championship in 1974 and 1984. For his career, he won 29 PGA tournaments and 29 tournaments on the Champions Tour.

### Upcoming Events

- 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

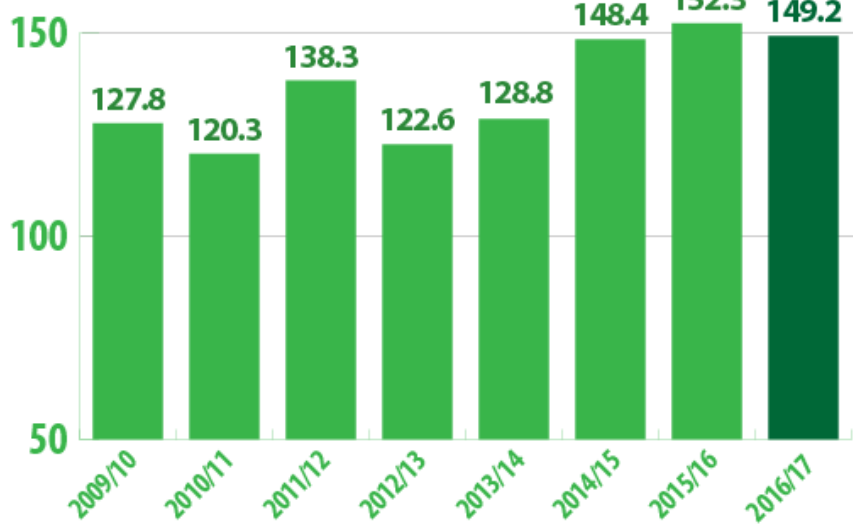
### Chart Of The Week

the western portion of the U.S. will be fairly dry, while the eastern portion will see more widespread precipitation. With the recent widespread rains I don't really see crop-conditions taking a big step backwards next week, so I suspect the market will continue to trade inside its current range. I believe we are going to need another round of weather headlines closer to pollination to push us past nearby resistance. The demand headlines just don't have enough horsepower to pull us higher without some supply-side help. Continue watching the weather.

**Soybean** bulls are talking about better than expected exports and better than expected domestic crush numbers. NOPA numbers released yesterday were better than many had been forecasting. NOPA member processors crushed about 149.2 million bushels, which is down from last years record crush of 152.2 million in May, but is still extremely strong. Keep in mind it's well above the 139.1 million that was estimated to be crushed the month prior. Weekly U.S. soybean export numbers were not all that bad either, being reported at 340,200 metric tons for old-crop and 314,000 for new-crop. Remember, these numbers come at a time when all we keep hearing about is the booming South American export business and the Chinese are going to start canceling U.S. shipments. Instead demand keeps grinding along at a fairly good clip. As both a producer and a spec however I'm still worried that U.S. soybean acres could surprise the trade to the upside, with an even larger record number of acres having been planted, I suspect ultimately north of +90 million. With a record crop in South America just recently being harvested, and a record setting U.S. crop harvested in 2016, it's tough to get overly excited as record acres go in the ground again here in the U.S. in 2017. Ultimately the U.S. "yield" will be the determining factor, hence longer-term weather forecasts are extremely important. You could argue the longer-term outlook released by the NOAA yesterday might raise some eyebrows, as above normal temps are forecast into late-summer for some important growing regions. The problem is forecasts this far out are often unreliable and who knows how strong the plants will be when we get out on the time horizon. Just too many variables and too many what ifs at this stage of the game to even come close to forecasting U.S. soybean yields. I personally believe we are going to need talk of a sub-46 bushels per acre national yield to really rally the bulls and pressure the bears to the sideline. The USDA is currently forecasting the yield at 48 bushels per acre vs. last years record setting yield of 52.1 bushels per acre. I might be wrong, but I thought I heard the other day that we hadve never set a record yield four straight years in a row. 2016 was a new record at 52.1 bushels per acre; 2015 was a new record at 48.0 bushel per acre; 2014 was a new record at 47.5 bushels per acre; 2013 and 2009 were both 44.0 bushel per acre; 2012 was reported at 40.0 bushels per acre; 2011 was reported at 42.0 bushels per acre; 2010 was reported at 43.5 bushels per acre. I don't think it would take a whole lot o bad weather to pull the yield estimate down to 45 bushels per acre, hence giving us a story for the bulls... stay tuned!

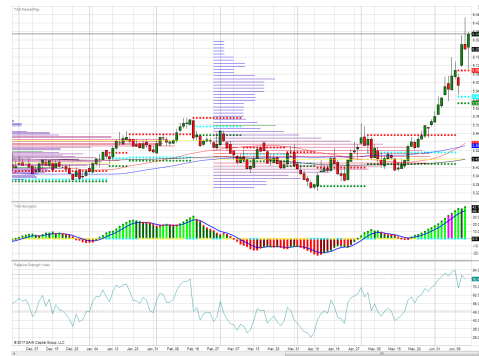
## NOPA U.S. Soybean Crush (May)

(in Million Bushels)



Source: NOPA

**Wheat** bulls continue to talk about how the USDA is currently overestimating both the U.S. acres and the U.S. yield. Several inside the trade, including myself, believe "abandonment" could be higher than currently forecast and the overall yield, currently forecast at the second highest level in U.S. history, might be a bit overly optimistic.



### July Spring Wheat

The break into new highs and reversal to close lower is a "shooting star" formation. A close below Tuesday's low of 611'0 could signal a technical end to the bull trend.

[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.](#)

### Outside Markets



### US Dollar Index

The Dollar is within 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 »](#)

There's also talk of intensifying drought like conditions in parts of central and northern Ukraine, as well as dry conditions creating some complications in parts of Russia, parts of western Europe and across the Canadian Prairies. There's also some bulls asking more questions about the monsoon rains in India, where some will argue the rains have stalled and are now a bit behind schedule. I'm not saying the situation in India has become a problem, but I will say it has moved onto the radar screen and is worth keeping an eye on, especially when you consider India is the world's #2 wheat producer behind only China. Just for fun I listed below the Top-10 wheat producing nations by estimated new-crop production. I actually had a couple out of order in my mind before I did my homework.

1. China 131.00 million metric tons
2. India 96.00 million metric tons
3. Russia 69.00 million metric tons
4. U.S. 49.50 million metric tons
5. France 39.00 million metric tons
6. Canada 28.35 million metric tons
7. Germany 28.00 million metric tons
8. Pakistan 26.20 million metric tons
9. Australia 25.00 million metric tons
10. Ukraine 25.00 million metric tons



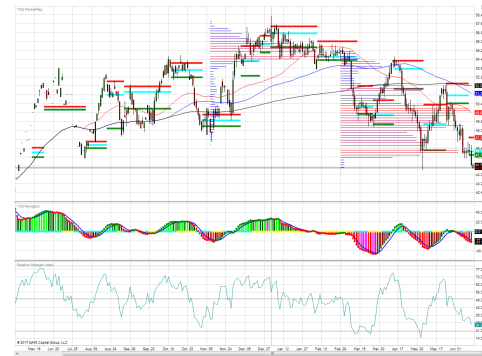
**> NOPA Numbers Beat Expectations:** NOPA showed the U.S. May crush came in at 149.2 million bushels, about +6 billion higher than average trade guesses. Year-to-date crush reflects 71% of the USDA's June forecast, compared to the 5-year average if 75%. NOPA soybean stocks were reported at 1,749 billion pounds, up +24 million pounds.

**> Rains Boost Hopes For German Crops:** German farm co-operatives underlined the benefit to the country's wheat crop from recent rains, although the precipitation had proved less able to boost prospects for the likes of barley and rapeseed. The Deutscher Raiffeisenverband farm co-operatives group raised by +220,000 metric tons, to 25.02 million metric tons its forecast for this year's wheat harvest in Germany, the European Union's second-ranked producer of the grain. The upgrade took the figure further above last year's result of 24.46 million metric tons. (Source: Agrimoney)

**> Early Safrinha Soybean Harvest In Paraguay Disappoints:** Farmers in Paraguay have just started to harvest their safrinha soybeans and they are not pleased with the early results. Heavy rains over the last several weeks when the crop was maturing has resulted in very poor quality soybeans. Some fields were counted as a complete loss because the seeds sprouted in the pods. Within two weeks, farmers will have a much better idea about the overall crop as they start to harvest the later planted soybeans that reached maturity after the heavy rains largely ended. They are hopeful that the quality will improve as the harvest progresses. It is estimated that farmers in Paraguay planted 1.11 million to 1.24 million acres of safrinha soybeans. Poor quality safrinha soybeans could impact the next soybean crop in Paraguay because safrinha soybean production is an important source of seed for the next soybean crop. If the quality of the seed is poor at harvest, then the germination of the seeds will be poor as well, making it unsuitable for planting the following season. (Source: [Soybean & Corn Advisor](#))

**> U.S., Mexico Finalize Sugar Trade Deal:** The United States and Mexico on Wednesday finalized terms of a sugar trade pact that seeks to resolve a years-long dispute between the governments before a North American trade deal is renegotiated. The sugar deal, which was reworked from a 2014 pact, averts imposition of large duties on U.S. imports of Mexican sugar while also addressing U.S. industry demands for protection from cheap, subsidized sugar from its top foreign supplier. (Source: Reuters)

**> Ukraine Exceeds Corn Export Target:** Ukraine exported 19.7 million metric tons of corn as of June 14 for the 2016/17 marketing year, exceeding its export target of 19 million metric tons, data from the Ministry of Agriculture showed this week. Ukraine has exported 2.8 million metric tons more year-on-year. Local market sources said a better harvest and better ties with new markets facilitated the increase. The largest importers of Ukrainian corn in the 2016/17 marketing year were Egypt, the Netherlands and Spain. Trading is currently subdued for Ukrainian corn on handysize vessels. Any demand over the next few weeks and months is likely to be covered by South American



## Crude Oil

A trade below the May 5 low of 44.45 could attract a fresh layer of technical selling.

[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



origins, traders said. While demand is likely to be satisfied by LATAM origins, Ukrainian market sources have said that there may be opportunities to export on a spot basis during July and beyond due to potential logistical issues arising in South America. (Source: Platts)

**> EPA Sued Over Pesticide Rule Delay:** Farmworker and green groups have asked a federal judge to force EPA to implement its rule requiring certification of pesticide applicators, arguing the delay of the measure is unlawful. In a complaint filed with the U.S. District Court for the Northern District of California, United Farm Workers, California Rural Legal Assistance Foundation, Pesticide Action Network and several other groups charge that Administrator Scott Pruitt has failed to adequately justify his decision to bump the rule's effective date from March 22, 2017 until March 22, 2018. The moves violated both the Administrative Procedures Act and the Federal Insecticide, Fungicide and Rodenticide Act, the complaint alleges. (Source: Politico)

**> House Ag Panel Sets First Farm Bill Field Hearing:** House Agriculture Committee Chairman Michael Conaway and ranking member Collin Peterson chose Gainesville, Fla., for its first farm bill field hearing. The June 24 meeting will begin gathering on-site input from farmers, ranchers and other interests. "When it comes to writing farm bills, the House Agriculture Committee has a long history of getting out of Washington and speaking with the folks these policies are intended to serve," Conaway said in his statement announcing the hearing.

**> Dow, DuPont Get DOJ Clearance For Proposed Merger:** DuPont and Dow Chemical Co have won U.S. antitrust approval to merge on condition that the companies sell certain crop protection products and other assets, according to a court filing on Thursday. The asset sales required by U.S. antitrust enforcers were similar to what the companies had agreed to give up in a deal they struck with European regulators in March. Dow and DuPont announced the deal in December 2015 in what was billed as an all-stock merger valued at \$130 billion. After the deal closes, the companies have said that they would split into three separate companies specializing in material sciences, specialty products, and seeds and agrochemicals. Dow and DuPont said in a statement on Thursday that the deal would create efficiencies worth \$3 billion and growth synergies of \$1 billion. (Source: Reuters)

**> Nike Cutting Jobs As Sales Growth Slows:** Nike is cutting roughly 1,400 jobs, or 2 per cent of its global workforce, as part of an effort to overhaul its business to sell more products directly to consumers and reverse slowing sales growth. The Oregon-based sportswear maker, which has been facing increasing pressure from rivals Under Armour and Adidas, wants to rely less on third-party brick-and-mortar retailers — which have been battling dwindling footfall — to sell its array of sneakers and athletic clothes. Instead it wants to sell more items directly to customers online and faster. To speed up product development and cut the lead time needed to get new products on the shelves, it plans to reduce the number of items it sells by 25 per cent. It is also looking to better respond to the latest fashion trends by focusing on 12 key cities: New York, London, Shanghai, Beijing, Los Angeles, Tokyo, Paris, Berlin, Mexico City, Barcelona, Seoul and Milan. The company said 80 per cent of its sales growth over the next three years will come from these cities. (Source: Financial Times)

**> Beer Popularity Around The World Is Falling:** The world appears to have passed peak booze. The volume of alcoholic drinks consumed globally fell by 1.4% in 2016, to 250 billion liters, according to IWSR, a research firm. It is the second consecutive year of decline, and only the third since data started to be collected in 1994. The drop-off is caused by people drinking less beer, which accounts for three-quarters of all alcohol drunk by volume. Worldwide beer consumption shrank by 1.8% to 185 billion liters last year. Yet because the drinking-age population of the world grew by 1% in that time, beer consumption per drinking-age adult declined even more, by 3.2%. The overall decline is almost entirely because of downturns in three of the five biggest markets. China, Brazil and Russia accounted for 99.6% of the global decrease in the volume of beer drunk in 2016. Both economics and changing tastes play a part. China overtook America to become the world's biggest market for beer by volume in 2001. Chinese drinkers are turning away from cheap local brews towards premium products and imported beers. Beer's appeal is also waning among older drinkers. Over-30s are moving to wine and over-40s favor baijiu, the national spirit. Elsewhere, recessions have hit beer-drinkers' pockets. In both Brazil and Russia, consumption by the average adult fell by 7%. Click the graphic for a larger view. (Source: The Economist)

## 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

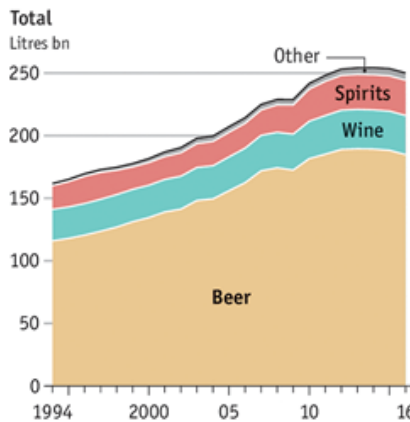
"I am a recent subscriber to Kevin's newsletter, but I'm a long-time reader of many other high-profile marketing services. I am particularly impressed with the thorough manner in which Kevin evaluates every economic aspect, both nationally and internationally, that influences commodity prices. His analysis 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

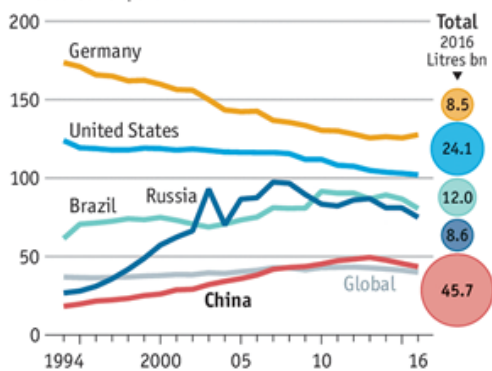
## Drying up

Global alcohol consumption



## Largest beer markets by volume in 2016

Litres consumed per adult



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

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

[More Testimonials](#)

## My Own Personal Truisms

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

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

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

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

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

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

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

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

# FROM THE FIELD

**Southwest Minnesota** - We received rains two nights ago and again yesterday but so far really not enough to make a big difference. The corn has been off to a very slow start but emerged quicker than the soybeans did. After planting, the soil had enough moisture to get things going but ran short to continue growth. The soybeans were planted in dirt that seemed to have good topsoil moisture but most of that seed sat for a couple of weeks. We had a very wet winter and spring but the cool temps kept things from growing much. We have gotten much warmer and dryer, going from mowing the lawn every two days to two weeks. For our area, I think that there is quite a few unpriiced bushels of corn in on-farm storage, with guys waiting for the summer rally.

**Northeast Iowa** - We have started to get very dry and need a shot of rain to help keep things growing. Our last rain was about two and a half weeks ago. Even with that being the case our crops do not look bad. The corn got off to a slow start because the early May temperatures were very unseasonably cold. With the limited number of good growing days the corn was slow but now most fields have canopied in. I will mention two things of note for our area. The ground piles at most commercials are all but gone and second, we are seeing that more new bins have been added. The soybeans were planted the first week of May and now are up and growing. We have just gotten started on the bean spraying. We seem to have a good stand but most fields are a week to 10 days behind the normal growth. The temperatures will be in the mid 90's this week with high winds so a rain will be welcomed.

**Northcentral Ohio** - it is hot and humid here today and we have just finished spraying the corn. We were fortunate to get all our crops in before the weather hit and have minuscule acres to replant. I'd say 50% of those around here had a replant and 10% had to do a second replant. I was joking with a seed salesman friend of mine and told him it had to be a tough year to be a seed salesman and a farmer. Poor guy has been running all over to keep folks working. Crops are emerging just fine and though we could use a spot of rain.

# CROSSING WIRES

A place to share intelligent thoughts...

**Cow Airlift Helps Solve Qatar's Milk Shortage:** How do you start a dairy industry overnight in a wealthy desert nation with its transport links closed? You buy 4,000 cows



overnight in a wealthy desert nation with its transport links closed? You buy 4,000 cows from Australia and the U.S. and put them on airplanes. That is what Qatari businessman Moutaz Al Khayyat told Bloomberg he is doing. The airlift will require as many as 60 flights on Qatar Airways, but Al Khayyat said, "This is the time to work for Qatar." Last week, Saudi Arabia, Bahrain, Egypt and the United Arab Emirates all cut ties to Qatar. While it's very wealthy because of its oil and gas reserves, Qatar imports 80 percent of its food from bigger neighbors, like the UAE and Saudi Arabia. Or rather, it did until last week. Qatar is a peninsula in the Persian Gulf, and it shares its only land border with Saudi Arabia — a border that is now closed. The news sent people rushing to grocery stores, with reports of long lines and empty shelves. Read more [HERE](#).

**WiFi Tractor Cab 'Hedge Funds' Give Farmers An Edge:** A new transparency is taking hold in agricultural markets, once an opaque realm. From farmers' Twitter posts to weather maps, shipping data, satellite photos of fields and online grain marketplaces, it is chipping away at the insider advantages of international grain companies. Analysts are debating whether the rapid spread of information means structurally lower profits for the trading arms of a grain industry led by the "ABCD" companies — Archer Daniels Midland, Bunge, Cargill and Louis Dreyfus. Broadly speaking, insider trading is an essential feature of commodities markets. A farmer who observes good weather and heavy corn seedings by his neighbors might hasten to sell his corn crop before prices decline. The transparency starts in the wifi-enabled cabs of modern tractors. There, farmers outfitted with as many screens as a Wall Street trader can monitor weather maps, track government reports on acreage or crop production, execute sales to the local silo complex or trade agricultural futures. Read more from [Financial Times](#).

**What It Will Cost To Send Your Kid To College:** Everybody dreams of living in Hawaii, but have you considered the exotic splendor of Indiana? If you've got kids to put through college in the U.S., maybe you should. The island state requires a salary higher than any other to live comfortably while paying tuition, and Indiana the lowest, according to a study out today from GoBankingRates. In the top five, after Hawaii, the states demanding the highest salaries to comfortably afford both college and life were California, Massachusetts, Colorado, and Connecticut. The required wages ranged from \$126,454 for Hawaii down to \$91,140 in Connecticut. The least costly states after Indiana were Arkansas, Ohio, Missouri, and Kentucky, all in the low to mid-\$60,000s. Bloomberg has more details [HERE](#).

**Will The First Private Astronauts Be Prepared:** In the entire history of human space travel—nearly sixty years—only 559 people have ever strapped into a spacecraft and flown off the planet. Today, NASA will announce its next batch of candidates that will potentially join their ranks, a handful selected from tens of thousands of applicants. But over the next decade, the number to date will likely become a distant benchmark. With rapid advancement in aerospace technology and the proliferation of commercial investment, we could very well be witnessing the birth of not only a new era, but also a new type of space traveler altogether: the pure passenger. Read more [HERE](#).

**The end of the Valedictorian?** At many American high schools, the graduation-day tradition of crowning a valedictorian is becoming a thing of the past. The ranking of students from No. 1 on down, based on grade-point averages, has been fading steadily for about the past decade. In its place are honors that recognize everyone who scores at a certain threshold. This year, one school in Tennessee had 48 valedictorians. When I read this it almost made me sick. As a nation we simply continue to widen the goal post and expand the strike-zone as so not to hurt anyone's feelings. What's wrong with trying to be the best? Read more [HERE](#)

**Ball Juggling:** This was sent my direction and I can't say I've ever seen anything like it. When that happens I like to pass it along. Crazy skills... to watch video Click [HERE](#).







### Meet The "Tertill" For Your Garden

A robot designed by one of the creators of the "Roomba" vacuum can help save your knees this summer. Outfitted with sensors that detect small weeds, the "Tertill" snips them down as it automatically roams your garden. The robot uses proprietary algorithms to ensure that it finds as many weeds as it can and turns away from your actual plants based on their larger size. Young seedlings that could be mistaken as weeds can be protected by collars. The Tertill is solar powered, so it can be left to tend the garden all day if you like. It is even safe to leave out in the rain. If you're experiencing a particularly dark and stormy week, the weeder can be charged via USB. Roomba co-creator Joe Jones developed the robot via his latest startup, Franklin Robotics. They plan to launch a Kickstarter campaign on June 13th and sell the Tertill at around \$300. Jones has more ambitious plans than just helping keep the weeds at bay in backyard gardens, though. His master plan is to use robots to increase agricultural efficiency and, ultimately, ameliorate global food shortages. That was his strategy at Harvest Automation, a robotics startup that he cofounded in 2008 after leaving iRobot. In 2013, Harvest Automation launched a wheeled robot, nicknamed Harvey, which moved potted plants around nurseries and greenhouses, freeing human workers to do more important tasks. Harvest Automation aimed to apply technology and insights from that project to develop other agricultural robots, but sales fell short of expectations. In 2015, it shifted its attention to creating warehouse robots and Jones left to establish Franklin Robotics. Despite the disappointing performance of Harvest Automation, Jones and Franklin Robotics are worth keeping an eye on. Millions of Roombas have been sold since it was introduced in 2002, making it one of America's most popular consumer robots. Eventually, Franklin Robotics hopes to serve commercial gardeners as well as hobbyists. Jones envisions creating a system of complementary robots that could give a large number of plants individual care by observing them, providing micro-nutrients at the exact time and in the exact amount needed, pruning branches and buds to maximize crop yields, and eradicating pests. If you'd like more information about the Tertill, check out the website [HERE](#). (Sources: PC Magazine, MIT)



### **How One High-Tech Company Is Attempting To Slow Aging And Cheat Death**

Human genome pioneer and founder of Human Longevity Inc., Dr. Craig Venter believes he can predict and change the future of our health. HLI is revolutionizing the health industry by generating more data and deeper understanding into what can keep us living longer. The way I understand it their scientists have created the world's largest database of sequenced genomes and phenotypic or physical traits data. This can then be used to uncover unprecedented insights and help transform healthcare from being primarily reactive to much more proactive. Remember, the genome is all 6.4 billion letters of our DNA that make us each who we are, from our height and eye color to our inherited disease risks, and even how we react to certain medications. HLI recently announced a pilot program, Health Nucleus X (HNX) as part of the company's Health Nucleus clinical research program, offering individuals and their physicians proactive access to genomics and advanced MRI screening. HNX focuses on core testing areas of whole genome sequencing and advanced whole body, 3T, non-contrast MRI's which take about three hours. In order to get your high-tech diagnosis, you'll need to get yourself to LaJolla, California by June 30th and bring \$7,500 to pay for it. I'm told the company plans to start opening free-standing facilities in other cities very soon. The comprehensive scans and diagnosis is part of their Health Nucleus Platinum program which the company has been offering with a goal of finding things early when they are treatable and preventable. "What we're looking for is what's unique to each person and how that would predict their future," said a company spokesman. Outside of genome sequencing, the tests also sequence all of our microbiota, the germs both in and on our body, and also a blood test that looks at 20 different chemicals, as well as extensive MRI body imaging that begins with the brain and works all the way down the body. Venter states that they have an algorithm that measures very accurately 20 regions of the brain, which can predict Alzheimer's disease 20 years in advance. What is very enlightening, if not concerning was that everyone of the 570 participants that have gone through the Platinum program came in presuming they were healthy. According to Venter, "Forty percent of those people you think are healthy, we're finding have serious disease, and 15 to 20 percent have something that needs to be acted upon almost immediately as a life-saving measure." One of those individuals happened to include the genome pioneer himself. Venter's workup and whole genome sequencing revealed a hidden high-grade prostate cancer that he then had to have surgically removed, leading him to state, "we really can see the future." As the company moves forward their goal is to decode 100,000 genomes every year, creating the world's largest clinical, biological, and behavioral database, including comprehensive genomic and phenotype content. That's where Silicon Valley, cloud computing and machine learning all come into play as computers will analyze the data producing the new insights. It's crazy how the advancement of technology is quickly changing the medical industry. (Source: CBS, PRNewswire)





### **Happy Father's Day... For All The Things You Didn't Do!**

This Sunday is Father's Day. In the hustle and bustle of life, I can't lie, I have in the past forgotten Father's Day. Maybe it's because my Dad has never expected or asked for any type of accolades or gifts of accomplishment for what he provided. We never had a lot growing up, but certainly enough to get us by. My Dad never asked for thanks for working overtime or for the countless hours moonlighting so we could have a few extras. He has also never asked for repayment for the valuable lessons and gifts given to me through life. Most importantly however my Dad never let me quit or take the easy way out. My parents were young when I was born and my father spent the first few years in Vietnam. He taught me that life was tough and nothing came easy or for free. He never made excuses for my failures. He never went to the school to talk to a teacher or complain to one of my coaches. He never tried to manipulate the system by trying to get me on a better team. He taught me that while it might be a tough "road-to-hoe," my success or failure would exclusively rest on my own merits and efforts. I have tried to parent in similar fashion, but have found how tough it is to watch our own children struggle and often fail. As parents we want to do all we can for our children, unfortunately I am of the belief this is ALL wrong. I believe our society, somewhere along the path, has taken a wrong turn in parenting. Maybe in thinking we are doing "good"... we are actually doing "bad." I often find myself surrounded by parents who are desperately trying to make the road "easier" for their children. Taking them out of a class where the teacher is mean or they have heard maybe not as good; removing them from a team because they can't play their favorite position; blaming the coaches for them not getting playing time or becoming a college or professional athlete; blaming the school or someone else for disciplinary problems... Sure there are times I thought my father was being insanely tough on me: Dropping me off in the mornings on his way into work (5:00am), at the age of 12, so I could throw hay for \$0.01 a bale, then picking me up on his way home (7:00pm); Not letting me quit the basketball team my Sophomore year when the Varsity coach told me I wasn't going to be a starter (truth be told, my Dad said there was no way I was going to quit when he just spent \$30 on a pair of new basketball shoes); or when I was being bullied at school, he told me to either learn to stay away from those kids or find a way to whip their ass, he was simply tired of hearing me whine about it. He certainly didn't go to the school and blame them for allowing it to happen... instead he blamed me for allowing it. He taught me that while some decision in life are extremely difficult, we have to make the "right" decisions regardless how difficult. He reminded me many times that in life the "best" decisions aren't necessarily the ones that appear to be the easiest or make us feel the best. Bottom-line, here is to you Dad, not only for the things you did do... but also for all of those things you didn't do, like go to the school and talk to the coaches and teachers! I am glad you were NOT like all of the others. You and Mom taught me how to figure things out on my own and I am grateful!

Many years ago I was sent this short passage that I thought was fitting, and really seems to tie together the message above:

#### **The Butterfly**

by Author Unknown

*A man found a cocoon of a butterfly. One day a small opening appeared. He sat and watched the butterfly for several hours as it struggled to force its*

*sat and watched the butterfly for several hours as it struggled to force its body through that little hole. Then it seemed to stop making any progress. It appeared as if it had gotten as far as it could, and it could go no further.*

*So the man decided to help the butterfly. He took a pair of scissors and snipped off the remaining bit of the cocoon.*

*The butterfly then emerged easily. But it had a swollen body and small, shriveled wings.*

*The man continued to watch the butterfly because he expected that, at any moment, the wings would enlarge and expand to be able to support the body, which would contract in time.*

*Neither happened! In fact, the butterfly spent the rest of its life crawling around with a swollen body and shriveled wings. It never was able to fly.*

*What the man, in his kindness and haste, did not understand was that the restricting cocoon and the struggle required for the butterfly to get through the tiny opening were God's way of forcing fluid from the body of the butterfly into its wings so that it would be ready for flight once it achieved its freedom from the cocoon.*



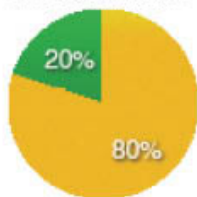




**CASH SALES & HEDGING TOTALS**

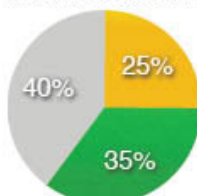
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80% SOLD  
20% HEDGED  
0% UNPROTECTED



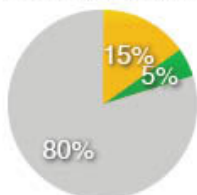
### CORN 2017 CROP

25% SOLD  
35% HEDGED  
40% UNPROTECTED



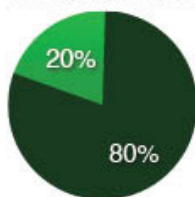
### CORN 2018 CROP

15% SOLD  
5% HEDGED  
80% UNPROTECTED



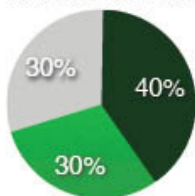
### SOYBEANS 2016 CROP

80% SOLD  
20% HEDGED  
0% UNPROTECTED



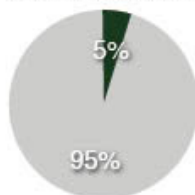
### SOYBEANS 2017 CROP

40% SOLD  
30% HEDGED  
30% UNPROTECTED



### SOYBEANS 2018 CROP

5% SOLD  
0% HEDGED  
95% UNPROTECTED



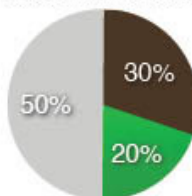
### WHEAT 2016 CROP

100% SOLD  
0% HEDGED  
0% UNPROTECTED



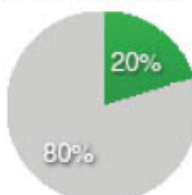
### WHEAT 2017 CROP

30% SOLD  
20% HEDGED  
50% UNPROTECTED



### WHEAT 2018 CROP

0% SOLD  
20% HEDGED  
80% UNPROTECTED



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