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GOOD MORNING: 06/19/17 Farm Direction - VanTrump Report

1 message

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Mon, Jun 19, 2017 at 7:06 AM

The VAN TRUMP Report



"Intelligence is the ability to adapt to change." **- Stephen Hawking**

MONDAY, JUNE 19, 2017
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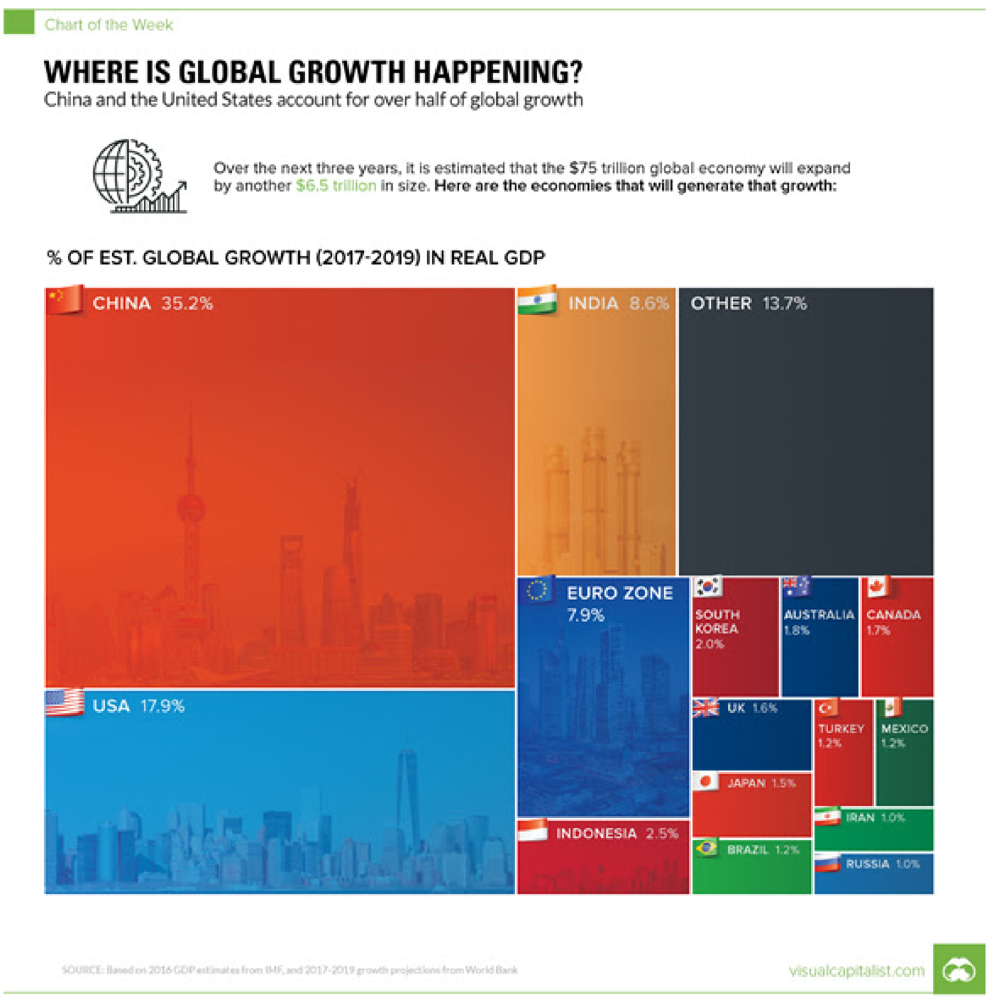
Morning Summary: Investors will again be taking a closer look at the "tech sector" as some argue it has approached bubble like status. I personally don't see a "bubble", but could certainly understand the argument for a temporary pull-back. Investors are also eager to see more housing data, as this sector has recently proven to be one of the weakest aspects of the U.S. economy. There's starting to be more questions that with interest rates ticking higher, and housing data becoming softer, are we beginning to see signs of an economic exhaustion? Existing Home Sales, which fell -2.3% last month, are due to be updated join Wednesday, while New Home Sales, which swung -11.4% lower in April, are due out Friday. From what I understand, sales for New Homes were falling last month even as builders were lowering prices by about -3%. Year-on-year, the median new home price is down by about -3.8%. There is also the issue of inventories for both existing and new homes. Supplies for existing homes actually rose last month by +7.2%, but inventories are still depressed at just a 4.2 months supply. New home supplies climbed to a 5.7 months supply from a previous 4.9 months, though that was largely a result of April's sharp sales decline. Bottom-line, I'm hearing more talk than I've heard in a long time about the U.S. housing market. I personally see it as blip on the radar screen and remain optimistic longer-term. A couple of the main reasons interest rates are moving higher is because we are seeing stronger wage earnings and better employment. We are also seeing cheaper energy prices at the pump, all items that could help fuel continued longer-term housing demand. I should also note there's starting to be more talk about the energy markets and specifically what happens if crude oil prices continue to tumble? The lack of traditional demand and more U.S. supply coming online has many in the energy sector scratching their head. There's also more questions about the -1.8 million barrel-per-day reduction that OPEC promised. Large production increases in both Libya and Nigeria are also weighing on global energy prices. At home the trade is interested in hearing from a slew of U.S. Federal Reserve officials slated to speak this week. Fed watchers are particularly interested in their thoughts on sluggish U.S. inflation and how it may influence their future policy decisions. Fed Chair Janet Yellen in her press conference last week said she believed the recent deflationary data was the result of one-off factors that are likely transitory. Fed officials scheduled to speak today will include New York Fed President William Dudley and Chicago Fed President Charles Evans. In Washington, House Speaker Paul Ryan is slated to deliver what's being called a "major" speech on the GOP's tax reform plan. His comments are expected Tuesday when he speaks at the National Association of Manufacturers' (NAM) summit in Washington. He will also participate in a Q&A session after the speech. The plan is expected to face tough challenges as major elements, such as a border-adjustment tax, are receiving stronger objections from businesses as well as some Republican lawmakers. Congress is also looking to get more answers on the administration's trade policies in the coming week. On Wednesday, the Senate Finance Committee will discuss Trump trade policy and the Office of the U.S. Trade Representative's fiscal 2018 budget request with U.S. Trade Representative Robert Lighthizer. The hearing could shed more light into the administration's thinking ahead of its planned renegotiation of NAFTA. There are no significant U.S. economic reports on the calendar for today.

Trump Revises U.S. Cuba Policy: *The Trump administration announced a revised Cuba policy on Friday that will tighten rules on Americans traveling to Cuba and restrict U.S. companies from doing business with entities controlled by*

Today In History

1917, WWI - During the third year of World War I, Britain's King George V orders the British royal family to dispense with the use of German titles and surnames, changing the surname of his own family, the decidedly Germanic Saxe-Coburg-Gotha, to Windsor. The second son of Prince Edward of Wales (later King Edward VII) and Alexandra of Denmark, and the grandson of Queen Victoria, George was born in 1865 and embarked on a naval career before becoming heir to the throne in 1892 when his older brother, Edward, died of pneumonia. The following year, George married the German princess Mary of Teck (his cousin, a granddaughter of King George III), who had previously been intended for Edward. The couple had six children, including the future Edward VIII and George VI (who took the throne in 1936 after his brother abdicated to marry the American divorcee Wallis Simpson). As the new Duke of York, George was made to abandon his career in the navy; he became a member of the House of Lords and received a political education. When his father died in 1910, George ascended to the British throne as King George V. With the outbreak of World War I in the summer of 1914, strong anti-German feeling within Britain caused sensitivity among the royal family about its German roots. Kaiser Wilhelm II of Germany, also a grandson of Queen Victoria, was the king's cousin; the queen herself was German. As a result, on June 19, 1917, the king decreed that the royal surname was thereby changed from Saxe-Coburg-Gotha to Windsor. In order to demonstrate further solidarity with the British war effort, George made several visits to survey the troops at the Western Front. During one visit to France in 1915, he fell off a horse and broke his pelvis, an injury that plagued him for the rest of his life. Also in 1917, he made the controversial decision to deny asylum in Britain to another of his cousins, Czar *the Cuban military. Exceptions will be made for US air carriers and cruise lines. In a speech in Miami, during which he greeted Cuban dissidents and denounced the Cuban regime, Trump said Cuban rulers were profiting from better relations with Washington but that ordinary Cuban citizens continued to be repressed. The announcement leaves intact many of the new Cuba policies adopted under President Obama, including the restoration of normal diplomatic relations, the elimination of special immigration rules for Cuban refugees and the permission for U.S. airlines and cruise ships to travel directly to the island. The administration, according to one White House official, has no intention of "disrupting" existing business ventures. Nor does Trump plan to reinstate limits that Obama lifted on the amount of the island's coveted rum and cigars that Americans can bring home for personal use. (Sources: LA Times, Reuters)*

Where Is Global Growth Happening? *According to forecasts from earlier this year by the World Bank, the global economy is expected to average a Real GDP growth rate of 2.8% between 2017-2019. The chart below looks at individual countries, based on their individual growth projections from the World Bank, to see where new wealth is being created. Even though growth has slowed in China somewhat, the World Bank still estimates its economy to expand at a 6.5% clip this year, and 6.3% in both 2018 and 2019. Add these numbers onto the world's second biggest economy (and the biggest in PPP terms), and you have an incredible amount of growth. In fact, about 35.2% of global GDP growth will come from China over this period of time, putting the country's economic output $2.3 trillion higher. While the U.S. is also expected to contribute a significant portion of global growth, the World Bank had a fairly ominous caveat to their projections over coming years. "The U.S. forecasts do not incorporate the effect of policy proposals by the new U.S. administration, as their overall scope and ultimate form are still uncertain." The World Bank does mention that the tax cuts proposed by the Trump administration could theoretically bump up U.S. and global growth if implemented. However, with all of the chaos in the current U.S. political environment, the tax cuts have been delayed for now. (Source: Visual Capitalist)*

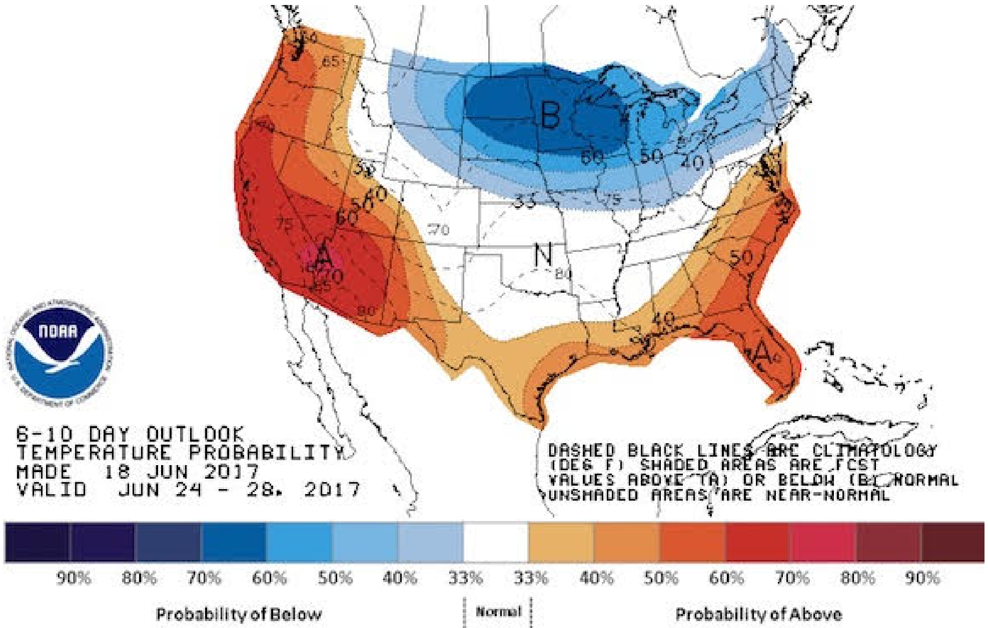


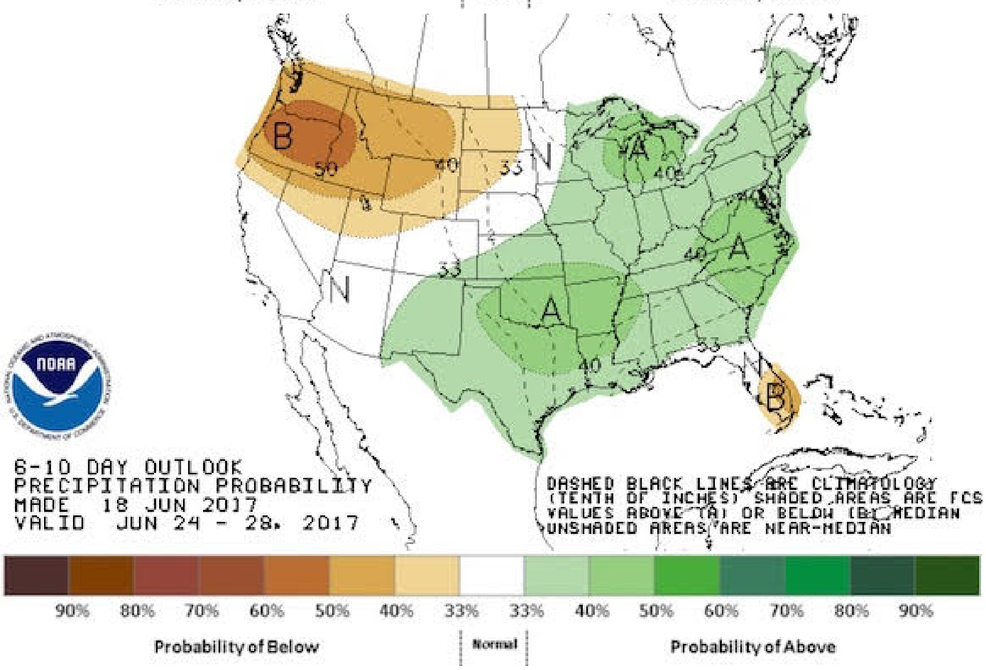
Weather forecasts for the Midwest are expected to turn milder this week as weekend showers brought slightly lower temperatures for many areas. Look for more seasonal temps and increasing shower activity to improve conditions for several parts of the central Midwest after recent extremes have troubled fields during the first half of June.

Nicholas II of Russia, and his family, after the czar abdicated during theRussian Revolution. Czar Nicholas, his wife Alexandra and their children were subsequently arrested and later murdered by the Bolsheviks.

1953, Cold War - Julius and Ethel Rosenberg, who were convicted of conspiring to pass U.S. atomic secrets to the Soviets, are executed at Sing Sing Prison in Ossining,New York. Both refused to admit any wrongdoing and proclaimed their innocence right up to the time of their deaths, by the electric chair. The Rosenbergs were the first U.S. citizens to be convicted and executed for espionage during peacetime and their case remains controversial to this day. Julius Rosenberg was an engineer for the U.S. Army Signal Corps who was born in New York on May 12, 1918. His wife, born Ethel Greenglass, also in New York, on September 28, 1915, worked as a secretary. The couple met as members of the Young Communist League, married in 1939 and had two sons. Julius Rosenberg was arrested on suspicion of espionage on June 17, 1950, and accused of heading a spy ring that passed top-secret information concerning the atomic bomb to the Soviet Union. Ethel was arrested two months later. The Rosenbergs were implicated by David Greenglass, Ethel's younger brother and a former army sergeant and machinist at Los Alamos, the secret atomic bomb lab in New Mexico. Greenglass, who himself had confessed to providing nuclear secrets to the Soviets through an intermediary, testified against his sister and brother-in-law in court. He later served 10 years in prison. The Rosenbergs vigorously protested their innocence, but after a brief trial that began on March 6, 1951, and attracted much media attention, the couple was convicted. On April 5, 1951, a judge sentenced them to death and the pair was taken to Sing Sing to await execution. During the next two years, the couple became the subject of both national and international debate. Some people believed that the Rosenbergs were the victims of a surge of hysterical anti-communist feeling in the United States, and protested that the death sentence handed down was cruel and unusual punishment. Many Americans, however, believed that the Rosenbergs had been dealt with justly. They agreed with President Dwight D. Eisenhower when he issued a statement declining to invoke executive clemency for the pair. He stated, "I can only say that, by immeasurably increasing the chances of atomic war, the Rosenbergs may have condemned to death tens of millions of innocent people all over the world. The execution of two human beings is a grave matter. But even graver is the thought of the millions of dead whose deaths may be

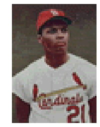
Looking to the mid-range forecast, the National Weather Service's 6 to 10 day outlook for June 22 - 26 calls for near to above normal temperatures nationwide, except for cooler than normal conditions across the nation's northern tier. The likelihood of extreme heat will be greatest from California to the southern High Plains. Meanwhile, below normal rainfall on the southern Plains and from the Pacific Northwest to the northern High Plains should contrast with wetter than normal weather in the Great Lakes and Eastern States.





Corn bulls are talking about hot weather and a continued rough start to the U.S. growing season. In fact heavy storms the past couple of days and weeks may have done more damage in fields than the market is currently willing to acknowledge. There's also the continued heavy heat and dry conditions mounting to the west and northwest. The bears on the other hand are pointing to ample moisture and more widespread coverage across a larger portion of the central and north-central Midwest. In other words it looks like parts of Iowa, Illinois, Indiana, Minnesota, Missouri, Michigan and Wisconsin will be seeing better soil moisture profiles. Last week the USDA adjusted corn crop-conditions lower by -1% to 67% rated "Good-to-Excellent" vs. 75% rated "Good-To-Excellent" last year at this juncture. States recently reporting worse conditions than last year are... Indiana -29% worse than last year; North Dakota -28% worse than last year; South Dakota -27% worse than last year; Illinois -17% worse than last year; Ohio -15% worse than last year; Wisconsin -15% worse than last year; Missouri -13% worse than last year; Kansas -5% worse than last year; Iowa -3% worse than last year. The trade will be eager to see which of these states mentioned above improved and which ones got worse. Time will tell as to what extent the plant was stressed early on and how that will ultimately limit upside yield potential. Weather bulls don't seem overly excited, as many see a longer-term forecast without "extremes" in

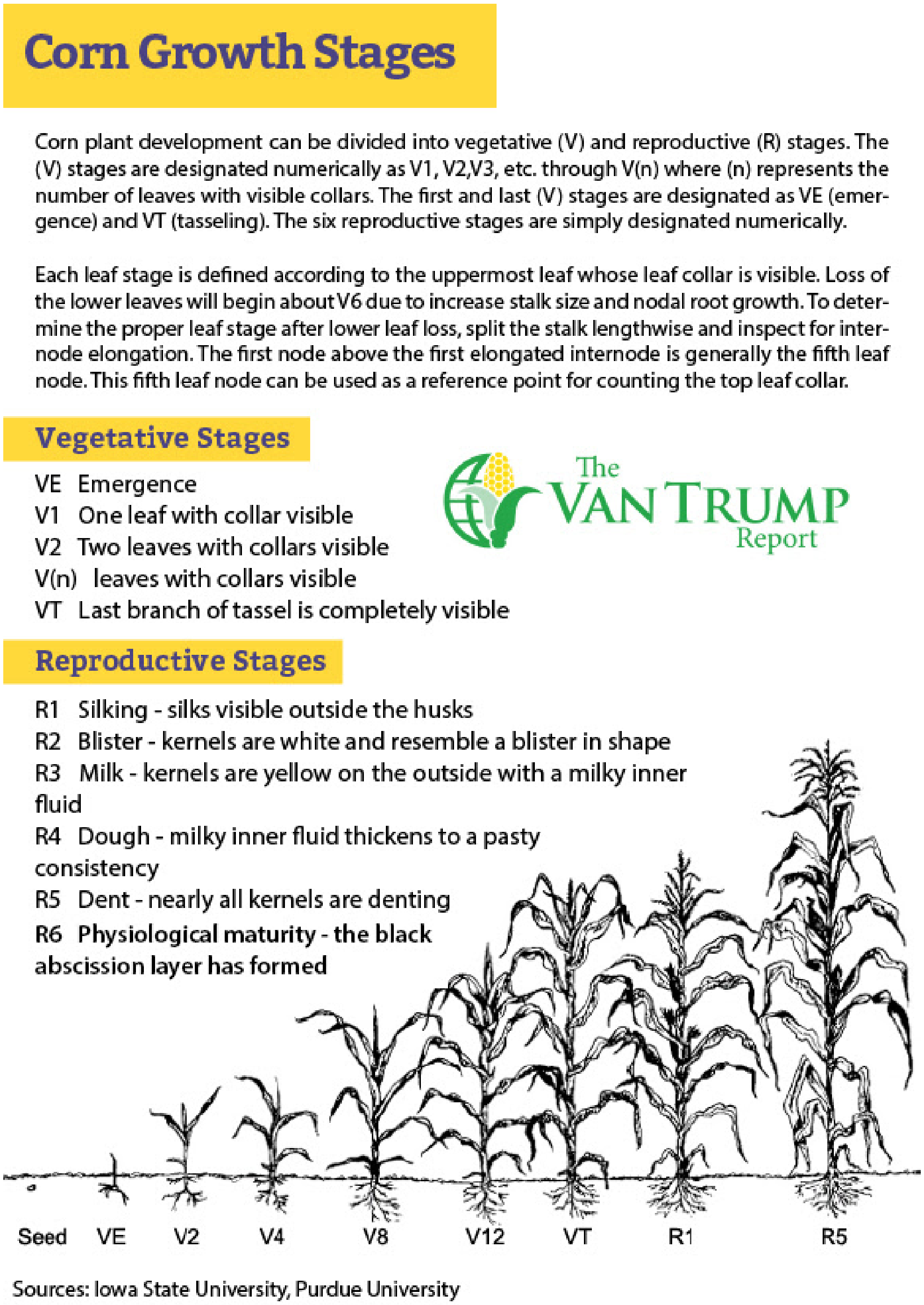
directly attributable to what these spies have done."



1972, Baseball - The U.S. Supreme Court rules against Curt Flood in Flood v. Kuhn, denying Flood free agency as a baseball player. Flood was trying to break the reserve clause that had tied baseball players to one franchise since the establishment of professional baseball. Curt Flood was traded from the St. Louis Cardinals to the Philadelphia Phillies following the 1969 season. The Cardinals were among the premiere franchises in baseball, and they had won the World Series in 1964 and 1967 with Flood patrolling centerfield. A career .293 hitter, Flood hit .300 six times in his 10 seasons with the Cardinals (1959-1969), and won a Gold Glove Award for fielding seven consecutive years (1963-1969). He was a star player, and he was loath to leave St. Louis for Philadelphia to play for a second-rate team with a reputation for racism among the home fans. Flood consulted Marvin Miller, executive director of the Player's Union and a savvy negotiator and labor expert who had already successfully introduced collective bargaining to the major leagues. Miller was convinced that Flood would lose his battle in court in addition to his baseball career. Still, Flood decided to move forward, and in a December 1969 letter to baseball commissioner Bowie Kuhn, he stated his desire to become a free agent, which would give him the power to decide for which team he would play. Kuhn ignored the letter. Flood v. Kuhn was argued in May and June 1970 in the southern district of New York. Flood was represented by Arthur Goldberg, a legendary labor lawyer who later became a U.S. Supreme Court justice, but a heavyweight attorney was not enough. After losing in U.S. District Court and then the 2nd Circuit Court of Appeals, the case was argued in front of the Supreme Court beginning in March 1972. The opinion, delivered by Justice Harry Blackmun, affirmed the 1922 Federal Baseball Club v. National League opinion of Oliver Wendell Holmes that baseball is a sport and not a business, and therefore exempt from anti-trust law. The blistering dissent by Justices Thurgood Marshall, William Brennan and William O. Douglas maintained that the ruling was incorrect because baseball was and is a business, and a big business, packaged with liquor sales, broadcasting and many other industries. As Miller predicted, Curt Flood never played baseball again. Just three years later, in 1975, an independent arbitrator ruled in a similar case brought by Andy Messersmith and Dave McNally that the men were free of their contractual obligations and could file for free agency.

Upcoming Events

don't seem overly excited, as many see a longer term forecast without "extremes" in either direction. It also seems like the bears are expecting better conditions nearby, with less heat and perhaps more widespread moisture in the forecast ahead. Bottom-line, it's clearly all about U.S. weather, but as of this morning the trade doesn't seem all that nervous. Yes yield and acres could and probably will be tipped back to some degree, but the market is still thinking we will see a +1.8 to +2.0 billion bushels in ending stock, which if the case, is still more than ample. As for South America, I'm still hearing talk of a record large crop, perhaps getting even large, as private production forecasts for Brazil continue to inch higher. As a producer I continue to keep my current hedges in place and am taking a "wait-and-see" approach. I would love to see the wheat market jump higher, in turn give corn some room to run... currently watching wheat and weather!



Corn Growth Stages

Corn plant development can be divided into vegetative (V) and reproductive (R) stages. The (V) stages are designated numerically as V1, V2,V3, etc. through V(n) where (n) represents the number of leaves with visible collars. The first and last (V) stages are designated as VE (emergence) and VT (tasseling). The six reproductive stages are simply designated numerically.

Each leaf stage is defined according to the uppermost leaf whose leaf collar is visible. Loss of the lower leaves will begin about V6 due to increase stalk size and nodal root growth. To determine the proper leaf stage after lower leaf loss, split the stalk lengthwise and inspect for internode elongation. The first node above the first elongated internode is generally the fifth leaf node. This fifth leaf node can be used as a reference point for counting the top leaf collar.

Vegetative Stages

- VE Emergence
- V1 One leaf with collar visible
- V2 Two leaves with collars visible
- V(n) leaves with collars visible
- VT Last branch of tassel is completely visible

Reproductive Stages

- R1 Silking - silks visible outside the husks
- R2 Blister - kernels are white and resemble a blister in shape
- R3 Milk - kernels are yellow on the outside with a milky inner fluid
- R4 Dough - milky inner fluid thickens to a pasty consistency
- R5 Dent - nearly all kernels are denting
- R6 Physiological maturity - the black abscission layer has formed

Sources: Iowa State University, Purdue University

Soybean traders suspect to see record U.S. acres reported as "planted". Last week the USDA showed 92% of U.S. acres were planted, running about +5% ahead of our traditional pace. At the same time the USDA reported their first soybean crop-condition estimate, which showed 66% of the crop rated "Good-to-Excellent" vs. 74% last year at this juncture. States we are paying close attention to and that were reported in worse condition than last year are... South Dakota -32% worse than last year at 43% GD/EX; North Dakota -25% worse than last year... at 56% GD/EX; Indiana -24% worse than last year... at 51% GD/EX; Ohio -11% worse than last year... at 57% GD/EX; Illinois -9% worse than last year... at 66% GD/EX; Iowa -8% worse than last year... at 73%

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

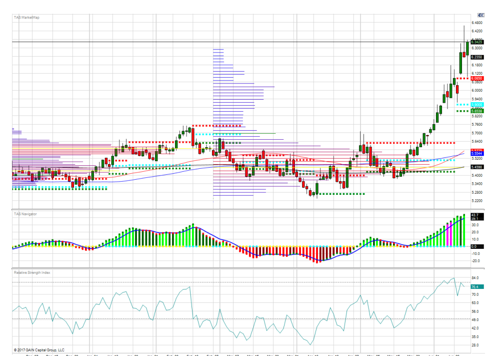
Fri. 8/10 - USDA Supply and Demand

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

Tues. 8/22 - Cold Storage

Fri. 8/25 - Cattle on Feed

Chart Of The Week



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.

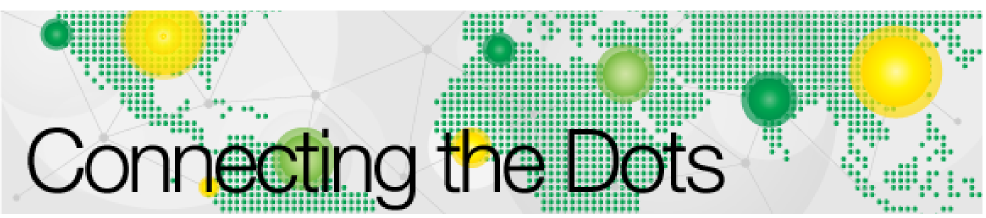
Enlarge July Spring Wheat Chart »

Technical Ag Knowledge

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**

-9% worse than last year... at 66% GD/EX; Iowa -8% worse than last year... at 75% GD/EX; Kansas -7% worse than last year... at 60% GD/EX; Wisconsin -7% worse than last year... at 76% GD/EX; Nebraska -5% worse than last year... at 74% GD/EX; Michigan -4% worse than last year... at 70% GD/EX; Missouri -3% worse than last year... at 61% GD/EX. It will be interesting to see if conditions in the above mentioned states have improve at all this past week. From a traditional fundamental perspective it's still tough to get overly optimistic about higher prices when you have the latest USDA data showing season-ending domestic U.S. soybean stocks for 2016/17 being raised up to a 10-year high of 450 million bushels. New-crop 2017/18 ending stocks were also pushed higher to 495 million bushels. We also have record South American production most entirely out of the fields and out of harms way. I personally see soybeans as a follower of both corn and wheat. If it were trading on its own fundamental merit I have to imagine prices would be trending even lower, perhaps even sub-$9.00. As a producer I continue to keep my hedges in places and looking to reduce some longer-term risk if prices are unexpectedly pulled higher.

Wheat traders will again debate U.S. crop-conditions. The bulls point to obvious "quality" and "protein" problems associated with overall weather stress. There's also still a ton of eyes on the Spring wheat contract as traders are curios how it will perform in the days and weeks ahead. Spring wheat conditions last week fell by another -10% and now stand at just 45% rated "Good-to-Excellent" vs. 79% last year. Keep in mind we haven't seen Spring wheat crop-condition ratings this low since 1992, and I suspect it could move even lower. Keep your eye on South Dakota, where conditions have rapidly deteriorated. As of last week South Dakota showed just 13% of their crop in "Good-to-Excellent" condition. Montana crop-conditions feel by -25% last week and now stand at just 23% "Good-to-Excellent". North Dakota last week reported 43% of their crop rated "Good-to-Excellent". Despite conditions in these parts remaining difficult, I'm a bit worried nearby that we could see the USDA make a slight improvement to their conditions rating on better weather and rainfall in some key locations. I suspect the trade will also be keeping a close eye on the pace of the U.S. winter wheat harvest. Last week the USDA showed 17% complete vs. the 5-year average of 15%. From a global perspective the bulls continue to talk about weather uncertainties in parts of Russia, Ukraine, Europe, Canada and Australia. The bears however quickly remind the trade of a USDA global ending stocks number that just set at a new all-time record high of 261.2 million tons. As both a spec and a producer I remain a longer-term bull, hoping to eventually see the Minneapolis spring wheat contract pull all prices higher... staying extremely patient and keeping a closer eye on dry conditions in Australia and Canada!



> Canadian Wheat In Much Better Shape Than U.S. Crop: *Spring wheat crops in Canada have made a much better start than those in the U.S., to judge by initial ratings in the top growing province. Saskatchewan farm officials, in their first crop ratings of 2017, pegged the province's spring wheat crop at 75% in "good" or "excellent" condition, with only 3% seen as "poor", and none as "very poor". The figure is notably lower than the 92% of Saskatchewan spring wheat rated good or excellent as of a year. However, it is well above the 45% good or excellent figure attributed to the US spring wheat crop, of which 20% is rated as poor or very poor as of last week. Saskatchewan - with an average harvest of spring wheat, excluding durum, of some 8.5 million metric tons over the past year – is typically responsible for more than 40% of Canada's overall crop, which averages 20.6 million metric tons. (Source: Agrimoney)*

> Australian Terminal Breaks Shipping Record: *Viterra's Thevenard, South Australia, terminal has broken its season record for grain shipping with more than 500,000 metric tons of grain exported for the 2016-17 harvest. The previous record was 479,000 tonnes set in 2010-11. The port generally averages about 250,000 metric tons of grain shipments each season. There are still four months left in the season. This is the latest in breaking records for Viterra this year. In May, Viterra Australia's grain exports from South Australia passed 5 million metric tons for the season, with shipping from the Eyre Peninsula passing 2 million metric tons.*

> Consumer Demand Heads Indoors: *After a month in which demand for meat products suitable for grilling rose, the June edition of the Food Demand Survey from Oklahoma State University indicates that consumers are feeling more favorable toward "inside" foods like pasta and deli ham. Consumers' willingness to pay for steak dropped (-9.01 percent), along with chicken breast (-10.81 percent), hamburger (-2.40*

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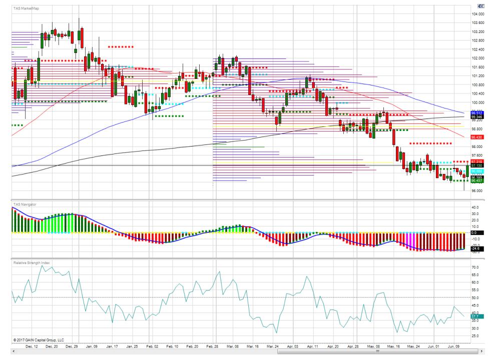
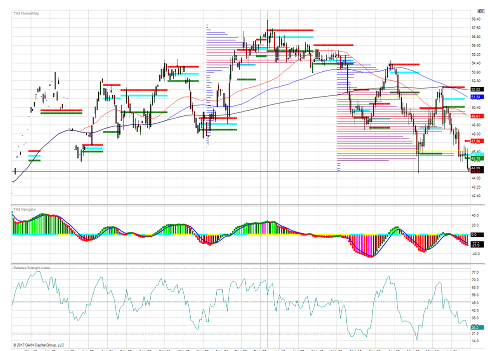
Outside Markets



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.

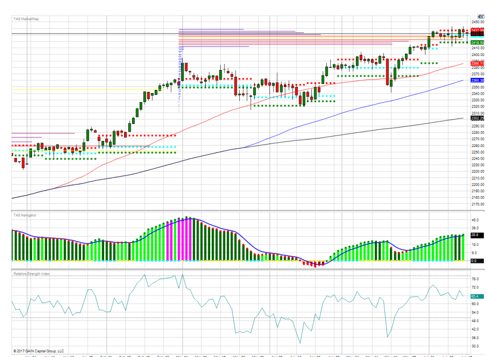
Enlarge US Dollar Index Chart »



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.

percent), pork chops (-7.76 percent) and chicken wings (-0.56 percent), compared to levels in May. Meanwhile, willingness to pay for deli ham rose (+6.88 percent), along with beans and rice (+4.03 percent) and pasta (+32.97 percent). The only animal protein consumers indicated they planned to spend more on was chicken. As prices are expected to rise for all three major species, poultry still rings in at a lower price point overall. (Source: Meatingplace)

> China To Vaccinate Poultry Against H7N9 Bird Flu: *China has decided to vaccinate poultry from next month against the H7N9 bird flu virus, after it claimed hundreds of lives last winter and caused major damage to the industry. The vaccination program will kick off in Guangdong and Guangxi in southern China in early July, said a notice from the agriculture ministry posted on the official WeChat account of the Chinese Veterinary Medical Association this week. It targets all species including broiler chickens, ducks, geese and egg-laying hens. Farms in other provinces will be allowed to opt for vaccination if approved by local veterinary authorities, it added, and emergency vaccination may be used to tackle outbreaks. As farmers are still reeling from the plunge in their business, many had lobbied the government for a vaccine to protect their flocks. Others operating integrated farms that sell directly to slaughterhouses were not in favor of the plan however. Li Jinghui, managing director of the China Poultry Association, says, "In the long run, vaccination does not help the eradication of the disease." In densely populated Guangdong, there were more than 300 human cases of H7N9 virus this winter, far more than any other province. (Source: Reuters)*

> Sonny Perdue Gets To Work: *Thursday was Day 1 of Trump's Task Force on Agriculture and Rural Prosperity, which has until October to review rules, programs and other government moves that affect rural America, and report back to Trump on what needs to be done to help bring economic vitality back to those areas. Agriculture Secretary Sonny Perdue is leading the show, and the Whitten Building patio powwow he held included officials from 23 offices and agencies. While the secretaries of Energy and Housing and Urban Development attended the meeting, the heads of Labor, Transportation and the Small Business Administration sent chiefs of staff to represent them, while Interior, Defense and Commerce sent acting officials. Interior, SBA, Labor and Commerce each have only one Senate-confirmed official in place. Liftoff for the task force came a few days after Perdue expressed his frustration about the slow pace of nominations for his own subcabinet. He told Senate appropriators on Tuesday that he isn't expecting some of his yet-to-be named team members to be confirmed until after the August recess. "That's very troubling to me," Perdue said. After Tuesday's hearing he told reporters: "I'm tired of working 22 hours a day." (Source: Politico)*

> Petrobas Gas Price Cut Should Pressure Ethanol Price Floor: *Brazil's Petrobras said it was lowering wholesale gasoline prices by 2.3%, the second cut in less than a month and expected to push ethanol lower to maintain its recently regained competitiveness at the pump. The average gasoline price for the consumer over June 4-10 was Real 3.533/liter ($1.08/liter) in the Southeast region, according to latest ANP data. If the cut was completely passed on at the pump, the retail price should fall 0.9%. Since October, the company's pricing policy has been for monthly adjustments according to global market prices and the competitiveness of its product in Brazil. The latest move was the fourth cut in gasoline prices this year, having decreased prices in January, February and late May. It increased prices in April. Petrobras said it will start reviewing fuel prices in periods of less than 30 days due to the increased volatility in international oil prices and foreign currency. With the start of the 2017-18 sugarcane season in Center-South Brazil, ethanol prices have been falling. ANP data for the June 4-10 period showed the price of hydrous ethanol at pump in the Southeast averaged 68% of gasoline, the lowest since late September. Compared with a month ago, hydrous prices have declined Real 50/cu m, or 3%. Since the start of the season on April 1 prices are down 6%. However, despite the recent price improvement, demand at the pump has been slow with consumers still favoring gasoline. (Source: Platts)*

> EU Bans Pesticide Use On "Ecological Areas": *The European Parliament last week narrowly endorsed a ban on the use of pesticides on arable land set aside for nature conservation. Under the approved legislation, farmers who receive subsidies from the bloc's Common Agricultural Policy (CAP) for improving biodiversity on land set aside for nature conservation will no longer be allowed to spray pesticides there. Before the final vote in parliament, 363 MEPs had backed a resolution seeking to dismiss the pesticide ban, just 13 short of the 376 required for a majority. To qualify for certain subsidies, EU farmers are required to designate 5 percent of their arable land as ecological focus areas. The ban will apply beginning January 1, 2018.*

> Housing Starts Disappoint: *The housing sector adds more disappointing news, with Housing Starts falling an unexpected -5.5% in May to a far lower-than-expected annualized rate of 1.092 million. Permits were likewise very weak, down -4.9% to a 1.168 million rate. All components show declines with single-family starts down -3.9% to a 794,000 rate and permits down -1.9% to 779,000. Multi-family starts fell -9.7% to 298,000 with permits down a hefty -10.4% to 389,000. Total completions did rise*

Enlarge E-Mini S&P Index Chart »

Kevin's Song of the Week

About the Report

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.

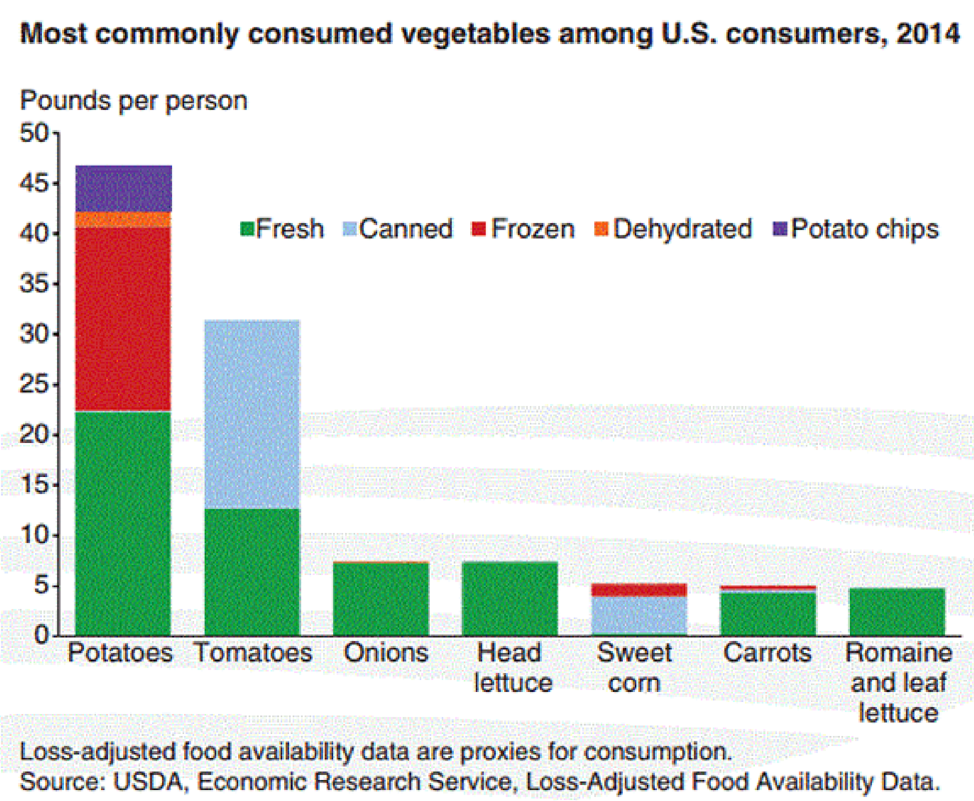
My family and I would like to thank you again for your support!

Kevin Van Trump

+5.6% to a 1.164 million rate, which adds supply to a thin market, but homes under construction slipped -0.7% to 1.067 million. Adding to the bad news are downward revisions to starts including April, which is now at 1.156 vs an initial 1.172 million. Looking at the quarter-to-quarter comparison, starts have averaged 1.124 million so far in the second quarter, down a very sizable -9.2% from 1.238 million in the first quarter. Permits, at an average of 1.198 million, are down -4.9%.

> Amazon To Acquire Whole Foods In $13.7 Billion Deal: *Amazon.com Inc. will acquire Whole Foods Market Inc. for $13.7 billion, a bombshell of a deal that catapults the e-commerce giant into hundreds of physical stores and fulfills a long-held goal of selling more groceries. Amazon agreed to pay $42 a share in cash for the organic-food chain, including debt, a roughly 27 percent premium to the stock price at Thursday's close. The deal sends shockwaves across both the online and brick-and-mortar industries. Grocery chains plunged on Friday -- Wal-Mart Stores Inc. fell as much as 7.1 percent, while Kroger Co. tumbled 17 percent -- as investors worried that woes will mount in the increasingly cutthroat industry. Amazon gets a network of stores where it can implement decades' worth of experiments in how people pick, pay for and get groceries delivered. The Whole Foods deal is an acknowledgment that it can't build its own physical footprint quickly enough alone. CEO Jeff Bezos will try to recast Whole Foods' ailing business, likely starting with upgraded technology, in much the same way he has upended book selling, retailing, newspapers and other industries. Read more from* Bloomberg.

> One Of America's Favorite Vegetables Is Potato Chips? *Many Americans only experience food as an industrial product that doesn't look much like the original animal or plant: The USDA says orange juice is the most popular "fruit" in America, and processed potatoes — in the form of french fries and chips — rank among the top vegetables. Even more disturbing, there are some consumers that don't even realize those fries and chips come from a potato. For decades, observers in agriculture, nutrition and education have griped that many Americans are basically agriculturally illiterate. They don't know where food is grown, how it gets to stores, or even what's in it. One Department of Agriculture study, commissioned in the early '90s, found that nearly 1 in 5 adults did not know that hamburgers are made from beef. A recent survey commissioned by the Innovation Center of U.S. Dairy found that approximately 7% of all American adults believe that chocolate milk comes from brown cows. A 2012 white paper from the National Institute for Animal Agriculture noted that a majority of today's consumers are at least three generations removed from agriculture, are not literate about where food comes from and how it is produced. (Source: The Washington Post)*



What Others Are Saying

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

A.M., FDIC

"As a national federal farm policy administrator and commodity producer, I find it critical to keep updated with what is going on in the real world of agriculture and with the domestic and global markets. Of all the services I've have been privy to or have subscribed to over the past 20 years I've found in the past several months of engaging in your "Farm Direction" services to be the best perception and analysis of what is really happening in today's world. Not only here in the United States, but across the globe as well. US farmers need this type of help and information to assist them in their daily efforts. I commend you for a job well done. Please let me know if I can 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.

Eastern Colorado - *We went from being overly wet and saturated to hot and dry and a very quick time frame. Our May this year established a new high for the wettest on record. We actually had a winter on the dryer side but had some spring storms, with plenty of snow pack that melted off and provided more water. About the time we started planting is when the rains started. We had a couple 4" to 5" rains but localized where you could move and find fields to work in. You would do that and plant more there until you got rained out again. We cut out all of our wheat acres this year. We are all irrigated and if we can avoid getting hailed out we can usually make a pretty good crop. We will cut some acres early for silage that we will deliver to a local dairy.*

Central Oklahoma - *We are nearing 70% of the winter wheat being harvested for this year. We were wet early in the year but over the past month things have been more normal, with less rain events. If the forecast is correct we should have a good window into the weekend with no rain that will allow us to wrap this years wheat harvest up. The yields will be up but we feel the acres could be lower. We are seeing yields That are not quite as good as last year but the protein levels are a little better. The yields last year were just over 60bpa, this year so far yields have been trending in the mid to high 50bpa area, with protein levels between 10.5 and 11.0. We don't have any corn or beans this year but will have quite a few acres of milo this fall.*

Southwest Kansas - *We have seen things really take some steps backward over the past week. The weather here has turned summer like in a real hurry. It feels like we are in an area with a big hair dryer blowing 103 degree heat with winds up to 40mph. You can almost just see the moisture being sucked out of the ground. The wheat has pretty much shutdown and the corn has started to roll up. I am not saying the crop looks terrible but it has been under stress from the get go. The corn seed sat in the ground for three to four weeks before germination and emergence. The wheat that we have will start being cut at the end of next week. All of our corn and soybean fields are irrigated. They seem to be in pretty good shape. We are blessed to be in an area with good wells and soils so good crop production. There is a lot of soybeans that have just been planted. We have sprayed most of our corn with the second post emergent pass. We should hit the soybeans on the first pass at the end of this week.*

CROSSING WIRES

A place to share intelligent thoughts...

Inside The Lab Of The Silicon Valley Startup Making Milk From Peas: *Fast Company recently visited Ripple, a Silicon Valley startup known for making milk from peas. At the base of the products is a proprietary ingredient the company calls Ripptein, made in a patent-pending process that the company says strips out the flavor of plant material and leaves almost purely protein, so its milk product doesn't taste like peas. And after a successful launch in 2015, the company is now poised to expand its pea-based dairy offerings: half-and-half and Greek yogurt that the company says will have the same protein content as dairy products (and, ideally, the same taste). Read more HERE.*

Rural America Is Stranded In the Dial-Up Age: *High costs and lack of access to broadband service prevent residents of far-flung communities from joining the modern economy. Counties without modern internet connections can't attract new firms, and their isolation discourages the enterprises they have: ranchers who want to buy and sell cattle in online auctions or farmers who could use the internet to monitor crops. Reliance on broadband includes any business that uses high-speed data transmission, spanning banks to insurance firms to factories. Rural counties with more households connected to broadband had higher incomes and lower unemployment than those with fewer, according to a 2015 study by university researchers in Oklahoma, Mississippi and Texas who compared rural counties before and after getting high-speed internet service. "Having access to broadband is simply keeping up," said Sharon Strover, a University of Texas professor who studies rural communication. "Not having it means sinking." Read more HERE.*

- 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.

sinking." Read more HERE.

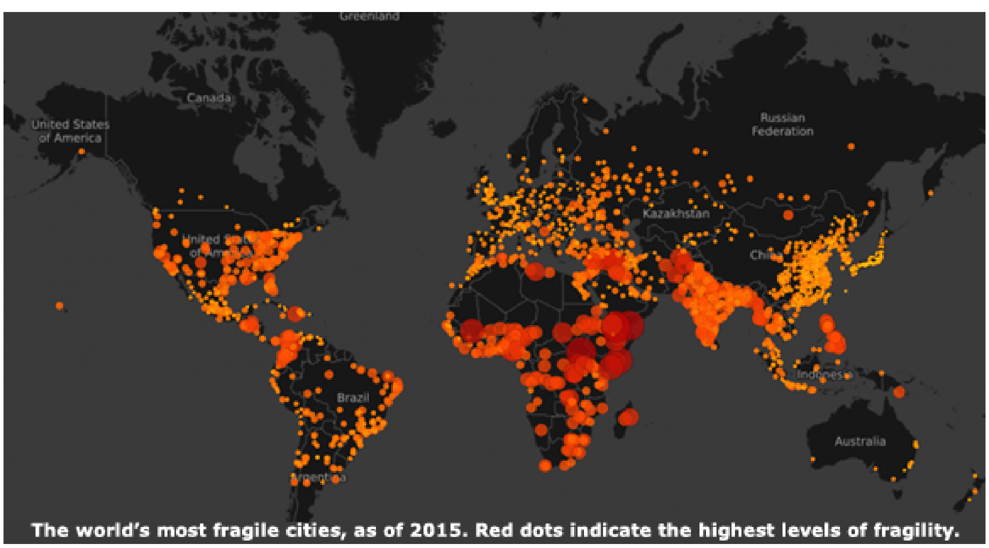
How To Train Your Brain To Go Positive Instead Of Negative: *Our brain is not designed to create happiness, as much as we wish it were so. Our brain evolved to promote survival. It saves the happy chemicals (dopamine, serotonin and oxytocin) for opportunities to meet a survival need, and only releases them in short spurts which are quickly metabolized. This motivates us to keep taking steps that stimulate our happy chemicals. You can end up with a lot of unhappy chemicals in your quest to stimulate the happy ones, especially near the end of a stressful workday. There are a number of reasons why your brain goes negative. The bad feeling of cortisol has its own survival purpose. It alerts you to an obstacle on the path to meeting your needs so you can navigate your way to good feelings. But once you do that, your brain finds the next obstacle. You will feel bad a lot if you follow your survival brain wherever it leads. Fortunately, there's a simple way to rewire this natural negativity. Read more @* Forbes

Tim Cook's Idea For Bringing Billions Back Home: *Apple has billions of dollars in cash overseas — and CEO Tim Cook has a political proposal for how to bring it back. Speaking to Bloomberg Businessweek, Cook said bringing that money back is "what's good for America." Cook suggested that a more reasonable percentage — 10 percent or 20 percent — repatriation should be required. "The issue is not that there's a tax on international earnings. The issue is the existing tax has been crazy," Cook said. "No one would bring it back at a 40 percent—I mean, 35 percent federal and then state taxes. That's the problem. I think it's smart for the United States to have some kind of tax revenue for international earnings—if that tax were reasonable." Read more HERE.*

How The D-Day Invasion Was Planned: *The success of that plan was demonstrated to a stunned enemy and a surprised world on D-Day. Four thousand ships carried the magnificently equipped troops across the English Channel under protection of a powerful naval force including 12 battleships, and thousands of aircraft. Parachute and airborne divisions, spearheading the invasion, filled the sky over Normandy. As a climax to the "combined operations" attack on German coastal defenses, Allied planes dropped 11,000 tons of bombs in the eight hours preceding the landing and big naval guns pounded the coast before the troops went ashore. In 10 minutes, 600 naval guns fired 2,000 tons of shells at Nazi batteries. Read More HERE*

Daddy's Pride: It's a Father's Day story to make your heart soar - *Adult male lions are not known for their tolerance of younger members of their pride — or, for that matter, getting their paws dirty when it comes to childcare. Yet Wallace amazed his keepers at Blackpool Zoo by stepping into the breach — and showing incredible devotion and patience looking after his cub. On Father's Day, we reveal the father-son bond that will touch every heart. Click HERE*

Mesmerizing Maps Show The Biggest Risks To Humanity: *The world is unquestionably getting better, but there are still a raft of risks we face in the future. Earth TimeLapse, an interactive platform created by global security expert Robert Muggah and Carnegie Mellon University researchers, shows those risks in a new light. The platform uses big-data sets from a number of sources, including the London School of Hygiene & Tropical Medicine and the National Oceanic and Atmospheric Association, to visualize humanity's most pressing challenges, like climate change, new cases of HIV infections, and displacement due to violence. Business Insider highlights some of the most mesmerizing HERE.*



The world's most fragile cities, as of 2015. Red dots indicate the highest levels of fragility.

Canola Didn't Even Exist Four Decades Ago; Now It's the King of Canada

Farmers across the Prairie Provinces of Canada have been planting record acres of canola, a crop that didn't exist about four decades ago, but now is the nation's biggest, sown on more land than spring wheat. As global demand for canola has exploded, Canada has become the top exporter of an oilseed used in everything form salad dressing to french fries. I think it would be worthwhile to get a little history lesson on what may be Canada's most successful agricultural experiment. Canadian scientists invented canola in 1974 by breeding out undesirable traits from the rapeseed plant, though it didn't get the name "canola" until 1978. The seed actually has more than twice as much oil as a soybean, and canola oil has become popular in cooking and deep frying. It's rich in heart-healthy fatty acids found in salmon and tuna that lower bad cholesterol and help control blood sugar, with no trans fats. Canola oil has about 7% saturated fat, about half as much as olive oil and a fraction of what's in palm oil. It's exactly this seeds' health profile that keeps it very popular and gaining acreage and production. Government data shows that Canadian farmers will sow nearly 22 million acres of canola this year, the most ever. Production of canola probably will reach a record 18.75 million tons, more than half of which will be exported to big buyers like the U.S., China and Mexico. Demand also is growing, with global imports of rapeseed set to jump +5.2% to a record 16.18 million tons, the USDA estimates, with Canada accounting for about 68% of total shipments. Since canola oil is not just for human consumption, part of that growth may go toward other sources such as animal feed. Rising demand for healthier cooking oils from North American consumers and a growing middle class in Asia has helped boost the exports. That in turn has prompted farmers to continue seeding more acres and for processors to invest "significantly" in increasing the amount of oil and meal they can export. Processing capacity has more than doubled in the past decade. The industry, including Richardson International, Bunge and Archer Daniels Midland, have spent over C$1 billion to upgrade and expand. Some experts forecast Canadian canola production may reach 26 million metric tons by 2025, a +40% increase from last. As long as canola continues to be viewed as one of the healthiest oils out on the market and as consumers become more educated and concerned about their health, I suspect the crop will continue to be a boon for producers and processors alike. It's interesting to think about how young the canola crop is... (Source: Bloomberg; Wiki; CanolaInfo.org)

Biometric Security Checks May Soon Change Airport Boarding Pass Process

A new biometric security system is being assessed by the Transportation Security Administration (TSA) in a couple of airports that will allow pre-vetted passengers to check into flights using their fingerprints. The system is currently being tested in two airports - Hartsfield–Jackson Atlanta International Airport and Denver International Airport. Interestingly the biometric authentication technology enables a traveler’s fingerprints to serve as both a boarding pass and identity document. The authentication technology matches a passenger's fingerprints to ones that members of the TSA PreCheck program already provided to the agency. That program pre-vets passengers in exchange for expedited security screening at airports. Once the technology finds a fingerprint match, it is able to obtain the passenger's boarding pass information. Unfortunately, the whole program is still just a "proof of concept" demonstration designed to evaluate the operational and security impacts of biometric authentication technology. That means that after volunteers pass the fingerprint step, for now, they still need to show their boarding pass and identification document. In the long term however, hopes are this technology has the potential to automate the travel document checking process by eliminating the need for a boarding pass and identity document, and granting or denying traveler access into the security checkpoint through an electronic gate. The TSA isn't the only one intrigued with the idea of biometric authentication. Some airlines are testing out biometric scanners designed to replace paper boarding passes. JetBlue at Boston's Logan Airport will use facial recognition in the boarding line to identify passengers against passport or visa photos, starting with a single route, to Queen Beatrix International Airport in Aruba. JetBlue says there's no requirement to register or enroll beforehand. Delta is testing fingerprint scanners at Reagan National Airport in Washington to grant Sky Club lounge access to some frequent flyers. In a second phase, fingerprint scanners would allow flyers enrolled in Clear to check bags and later board flights. Clear is a $179-per-year ($50 for each additional family member) private service at some airports that fast-tracks enrollees straight from the Clear scanner to the passenger and carry-on luggage scanners. Clear is only available in 17 U.S. cities currently. (Sources: TSA, ExtremeTech)

17 Inches... One of My All-Time Favorite Life Lessons!
This was sent my direction by my friend John Santi, Wealth & Investment Advisor. John is always passing along some interesting items, but this one really caught my attention and I wanted to share it. I hope you enjoy it as much as I have...

> *Over twenty one years ago, in Nashville , Tennessee , during the first week of January, 1996, more than 4,000 baseball coaches descended upon the Opryland Hotel for the 52nd annual ABCA's convention.*
>
> *While I waited in line to register with the hotel staff, I heard other more veteran coaches rumbling about the lineup of speakers scheduled to present during the weekend.*
> *One name, in particular, kept resurfacing, always with the same sentiment — "John Scolinos is here? Oh, man, worth every penny of my airfare."*
>
> *Who is John Scolinos, I wondered. No matter; I was just happy to be there.*
>
> *In 1996, Coach Scolinos was 78 years old and five years retired from a college coaching career that began in 1948. He shuffled to the stage to an impressive standing ovation, wearing dark polyester pants, a light blue*

shirt, and a string around his neck from which home plate hung — a full-sized, stark-white home plate.

Seriously, I wondered, who is this guy?

After speaking for twenty-five minutes, not once mentioning the prop hanging around his neck, Coach Scolinos appeared to notice the snickering among some of the coaches. Even those who knew Coach Scolinos had to wonder exactly where he was going with this, or if he had simply forgotten about home plate since he'd gotten on stage. Then, finally
…
"You're probably all wondering why I'm wearing home plate around my neck," he said, his voice growing irascible. I laughed along with the others, acknowledging the possibility. "I may be old, but I'm not crazy. The reason I stand before you today is to share with you baseball people what I've learned in my life, what I've learned about home plate in my 78 years."

Several hands went up when Scolinos asked how many Little League coaches were in the room. "Do you know how wide home plate is in Little League?"

After a pause, someone offered, "Seventeen inches?", more of a question than answer.
"That's right," he said. "How about in Babe Ruth's day? Any Babe Ruth coaches in the house?"

Another long pause.

"Seventeen inches?" a guess from another reluctant coach.

"That's right," said Scolinos. "Now, how many high school coaches do we have in the room?" Hundreds of hands shot up, as the pattern began to appear. "How wide is home plate in high school baseball?"

"Seventeen inches," they said, sounding more confident.

"You're right!" Scolinos barked. "And you college coaches, how wide is home plate in college?"

"Seventeen inches!" we said, in unison.

"Any Minor League coaches here? How wide is home plate in pro ball?"...........“Seventeen inches!"

"RIGHT! And in the Major Leagues, how wide home plate is in the Major Leagues?
"Seventeen inches!"

"SEV-EN-TEEN INCHES!" he confirmed, his voice bellowing off the walls. "And what do they do with a Big League pitcher who can't throw the ball over seventeen inches?" Pause. "They send him to Pocatello!" he hollered, drawing raucous laughter. "What they don't do is this: they don't say, 'Ah, that's okay, Jimmy. If you can't hit a seventeen-inch target? We'll make it eighteen inches or nineteen inches. We'll make it twenty inches so you have a better chance of hitting it. If you can't hit that, let us know so we can make it wider still, say twenty-five inches.'"

Pause. "Coaches… what do we do when your best player shows up late to practice? or when our team rules forbid facial hair and a guy shows up unshaven? What if he gets caught drinking? Do we hold him accountable? Or do we change the rules to fit him? Do we widen home plate?"

The chuckles gradually faded as four thousand coaches grew quiet, the fog lifting as the old coach's message began to unfold. He turned the plate toward himself and, using a Sharpie, began to draw something. When he turned it toward the crowd, point up, a house was revealed, complete with a freshly drawn door and two windows. "This is the problem in our homes today. With our marriages, with the way we parent our kids. With our discipline.

We don't teach accountability to our kids, and there is no consequence for failing to meet standards. We just widen the plate!"

Pause. Then, to the point at the top of the house he added a small American flag. "This is the problem in our schools today. The quality of our education is going downhill fast and teachers have been stripped of the *tools they need to be successful, and to educate and discipline our young people. We are allowing others to widen home plate! Where is that getting us?"*

Silence. He replaced the flag with a Cross. "And this is the problem in the Church, where powerful people in positions of authority have taken advantage of young children, only to have such an atrocity swept under the rug for years. Our church leaders are widening home plate for themselves! And we allow it."

"And the same is true with our government. Our so called representatives make rules for us that don't apply to themselves. They take bribes from lobbyists and foreign countries. They no longer serve us. And we allow them to widen home plate! We see our country falling into a dark abyss while we just watch."

I was amazed. At a baseball convention where I expected to learn something about curve balls and bunting and how to run better practices, I had learned something far more valuable.

From an old man with home plate strung around his neck, I had learned something about life, about myself, about my own weaknesses and about my responsibilities as a leader. I had to hold myself and others accountable to that which I knew to be right, lest our families, our faith, and our society continue down an undesirable path.

"If I am lucky," Coach Scolinos concluded, "you will remember one thing from this old coach today.

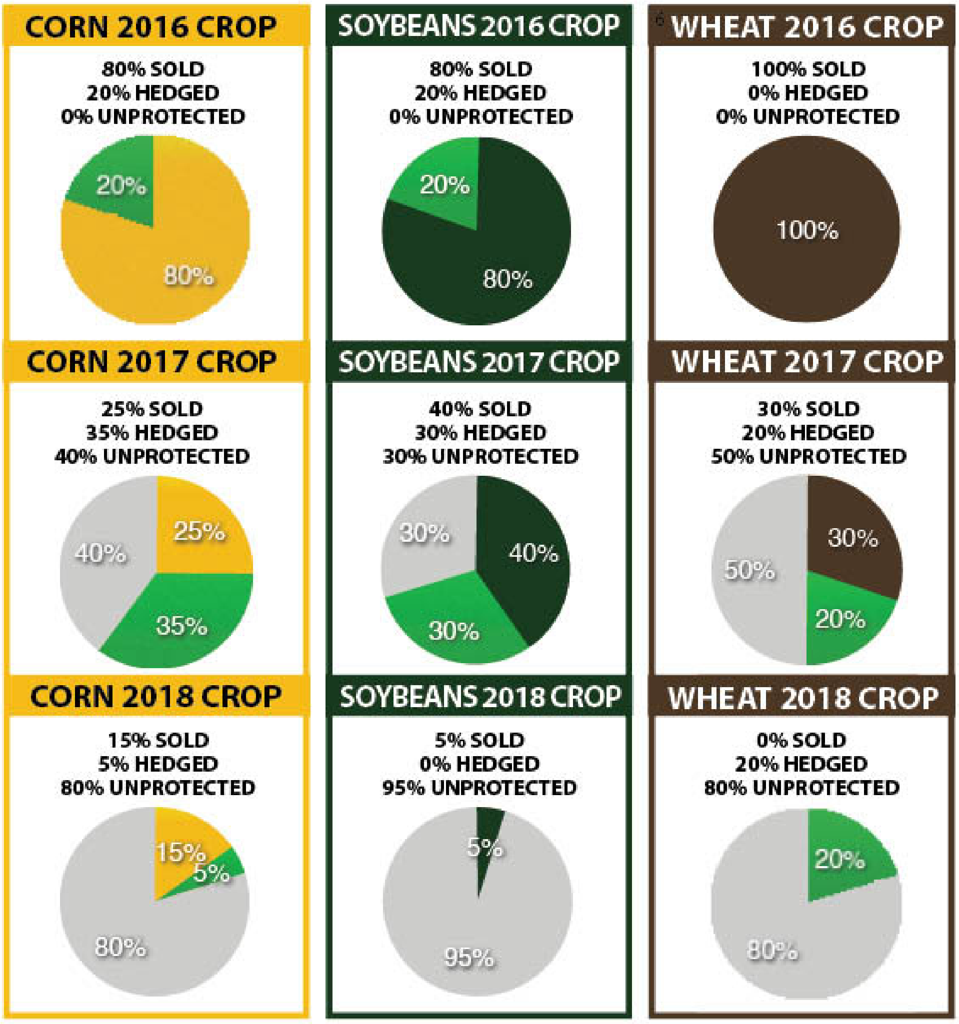
It is this: "If we fail to hold ourselves to a higher standard, a standard of what we know to be right; if we fail to hold our spouses and our children to the same standards, if we are unwilling or unable to provide a consequence when they do not meet the standard; and if our schools & churches & our government fail to hold themselves accountable to those they serve, there is but one thing to look forward to …"

With that, he held home plate in front of his chest, turned it around, and revealed its dark black backside, "…We have dark days ahead!."

Note: Coach Scolinos died in Nov 2009 at the age of 91, but not before touching the lives of hundreds of players and coaches, including mine. Meeting him at my first ABCA convention kept me returning year after year, looking for similar wisdom and inspiration from other coaches. He is the best clinic speaker the ABCA has ever known because he was so much more than a baseball coach. His message was clear: "Coaches, keep your players—no matter how good they are—your own children, your churches, your government, and most of all, keep yourself at seventeen inches."

And this my friends is what our country has become and what is wrong with it today, and now go out there and fix it... "Don't widen the plate!"

CASH SALES & HEDGING TOTALS


CORN 2016 CROP
80% SOLD
20% HEDGED
0% UNPROTECTED
20%
80%
SOYBEANS 2016 CROP
80% SOLD
20% HEDGED
0% UNPROTECTED
20%
80%
WHEAT 2016 CROP
100% SOLD
0% HEDGED
0% UNPROTECTED
100%
CORN 2017 CROP
25% SOLD
35% HEDGED
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