

## GOOD MORNING 06/21/17 Farm Direction - VanTrump Report

1 message

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Wed, Jun 21, 2017 at 7:06 AM



"Nobody can go back and make a new beginning, but anyone can start today and make a new ending." - M. Robinson

WEDNESDAY, JUNE 21, 2017

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**Morning Summary:** Stocks have come under a bit of pressure after setting fresh new record highs, while oil continues its month long tailspin, officially entering into what analysts are calling a "bear market". WTI crude oil prices have fallen below \$44 a barrel, pushing the contract down by more than -20% from this year's peak price of around \$58 in the August contract. Insiders are still concerned about a global glut that does not appear to easing amid substantial production cuts made by OPEC. It's believed the cuts are largely being offset by increased output from U.S. shale producers, as well as Libya and Nigeria, which were not subject to the OPEC production cuts. A report from Bank of America yesterday forecast oil prices could head even lower, perhaps falling down into the \$30s. Six out of the seven worst-performing S&P 500 stocks were oil-related, led by Hess (HES), Transocean (RIG) and Marathon Oil (MRO). Even ExxonMobil (XOM) and Chevron (CVX) retreated, leaving them each down more than -9% this year, all while U.S. production is headed to new all-time highs. Rystad Energy recently predicted that before the end of this year, monthly U.S. oil production will top 10 million barrels per day and break the previous U.S. record that was set in November 1970. If that happens, the U.S. could surpass Saudi Arabia as the world's No. 2 oil producer. OPEC estimates the Saudis pumped 9.95 million barrels of oil a day in April, while Russia produced 11.2 million. The U.S. shale revolution has clearly reshaped the global energy landscape! Remember, we were producing just 4.7 million barrels per day back in October of 2008. Interestingly, several sources doubt this time around that we will see any type of major pull-back in U.S. drilling until prices break sub-\$35 per barrel. Gas prices in 47 of 50 states have now fallen for two straight weeks, and I look for prices at the pump to continue getting cheaper nearby. The Energy Information Administration will provide us with a bit more information today in their weekly inventory report. Also out today is Existing U.S. Home Sales. Year to date, numbers have been better than expected one month, followed by less than expected the next month. Last month's existing home sales report disappointed estimates, so a second straight month of disappointing data could paint a more negative picture for the U.S. housing market. There's also talk that a second consecutive month of declines could be troubling for GDP growth and might fire a warning signal to the Fed to hold off on additional rate hikes. I will continue to closely monitor U.S. housing data. Political headlines from Washington might start moving back towards centerstage. U.S. politics may get some extra attention in the days ahead as leaders continue to hammer out differences surrounding health care and tax reform. I should note that Republicans won both elections yesterday for highly publicized House seats in Georgia and South Carolina.

### Fed's Evans Nervous About Technology Keeping A Lid On Inflation:

Chicago Fed President Charles Evans says he is less confident than most of his colleagues that inflation will soon rise to their 2% target. Evans added, "For me, it just seems like technology keeps moving, it's disruptive, and it's showing up in places where -- probably nobody thought too much three years ago about Amazon merging with Whole Foods." The plunge in retail and grocery stocks that followed Amazon's announcement of the plan reinforced the disinflationary tone set by three straight months of disappointing data on consumer prices. It also perfectly illustrates Evans' point that technological forces are increasing competition and further limiting companies' ability to pass on higher wage costs to customers. The model the Fed uses for its inflation outlook, the so-called

### Today In History



**1788, US Constitution** - New Hampshire becomes the ninth and last necessary state to ratify the Constitution of the United States, thereby making

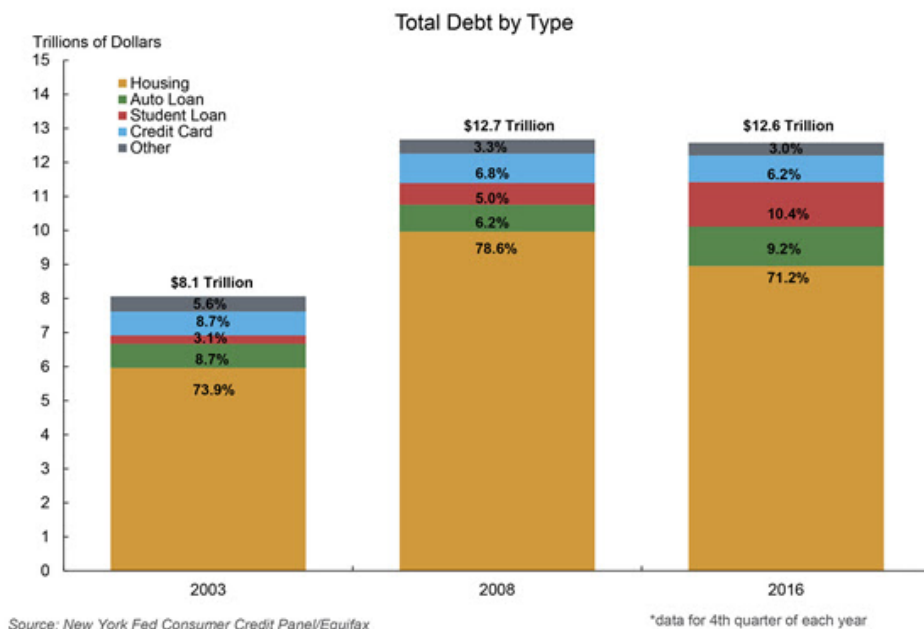
the document the law of the land. By 1786, defects in the post-Revolutionary War Articles of Confederation were apparent, such as the lack of central authority over foreign and domestic commerce. Congress endorsed a plan to draft a new constitution, and on May 25, 1787, the Constitutional Convention convened at Independence Hall in Philadelphia. On September 17, 1787, after three months of debate moderated by convention president George Washington, the new U.S. constitution, which created a strong federal government with an intricate system of checks and balances, was signed by 38 of the 41 delegates present at the conclusion of the convention. As dictated by Article VII, the document would not become binding until it was ratified by nine of the 13 states. Beginning on December 7, five states—Delaware, Pennsylvania, New Jersey, Georgia, and Connecticut—ratified it in quick succession. However, other states, especially Massachusetts, opposed the document, as it failed to reserve undelegated powers to the states and lacked constitutional protection of basic political rights, such as freedom of speech, religion, and the press. In February 1788, a compromise was reached under which Massachusetts and other states would agree to ratify the document with the assurance that amendments would be immediately proposed. The Constitution was thus narrowly ratified in Massachusetts, followed by Maryland and South Carolina. On June 21, 1788, New Hampshire became the ninth state to ratify the document, and it was subsequently agreed that government under the U.S. Constitution would begin on March 4, 1789.

Phillips Curve relationship, was coined almost 60 years ago. In order for it to work, though, businesses need to be able to raise prices to offset increases in labor costs as unemployment falls and available workers become more scarce. But a stumble in corporate profit margins suggests companies are struggling to raise prices. "That's one of the things that makes me nervous, that I think there's something possibly going on, some secular trend, that isn't just a U.S. story," Evans said. The Chicago Fed chief is not alone in thinking about the impact of disruptive technologies on prices. Dallas Fed President Robert Kaplan describes such forces, and the uncertainty they generate, as currently the most intense he's ever seen. (Sources: Bloomberg, CNBC)

**McDonald's Adding Fresh Beef!** The fast-food giant is adding fresh beef to its menu across the US beginning next year, Reuters says. The new patties are expected to take one minute longer to prepare. That's because they are made to order, while McDonald's frozen patties are often made ahead of time and held in warming dishes until they are served. Three Dallas-area McDonald's managers, who are using the fresh patties, told Reuters that their sales of Quarter Pounders have soared 20% to 50% since adding fresh beef. Some experts in the industry say McDonalds can't afford to slow down, because that's one of their only edges. And reports already show that McDonald's drive-thru wait time has been slowing down in recent years. The average wait time at a McDonald's drive-thru was 208.16 seconds last year, according to QSR Magazine. That's about 25% slower than the average wait time 10 years ago. (Source: Reuters and BusinessInsider)

**The New Shape Of U.S. Household Debt:** The overall debt burden of U.S. households is \$100 billion smaller than it was in 2008, and its breakdown looks a lot different, according to the New York Federal Reserve. Though mortgage debt remains the biggest burden, its share of household debt has declined along with that of credit card debt, while the share of student debt and auto loan debt has risen. As of the end of 2016, mortgage debt accounted for 71% of household debt, down from almost 79% in 2008, while student debt more than doubled since 2008 and more than tripled since 2003, to 10.4%. Auto loan debt had a 9.2% share at the end of 2016, about one-third larger than its 2008 share. All three types of debt ate up bigger shares of households' income than credit card debt. In dollar terms, housing debt fell \$1 billion from its 2008 peak to \$9 trillion, while student debt rose \$700 billion to \$1.3 trillion and auto debt gained \$350 billion to \$1.16 trillion. Click the graphic below for a larger view.

## Housing Debt is \$1T Below Previous Peak; Student and Auto Debt up \$700B and \$350B



**Weather** will see favorable conditions for corn and soybeans all across the Midwest for the next few days as scattered rains and mild temperatures will help development. Among the major corn production states, only four -- Illinois, Indiana, and the Dakotas -- reported at least one-tenth of the crop rated very poor to poor on June 18 and conditions in those states were steady or improved slightly during the last week. More rain would benefit developing corn and soybeans and heading spring wheat in the northern Plains. Rainfall is expected to be limited during the next week. The southern Plains will see mostly favorable conditions for pasture winter wheat and the lowest



**1963, NATO** - The French government shocks its allies by announcing that it is withdrawing its navy from the North Atlantic fleet of the North Atlantic Treaty Organization (NATO). In the months prior to the French action, the United States had been pushing its NATO allies to accept a plan whereby the NATO North Atlantic fleet would be armed with Polaris nuclear missiles. The ships would have crews made up of personnel from various NATO nations. This plan, however, conflicted with a French plan to base much of their nation's nuclear arsenal in their navy. Thus, French President Charles de Gaulle's government issued a brief statement indicating that the French ships in the NATO North Atlantic fleet were being withdrawn. Many NATO members expressed surprise over the French action. In the United States, surprise was also mixed with dismay and no small degree of anger. The French announcement came just as President John F. Kennedy was preparing to go to Europe for a series of talks with America's allies. Privately, some Kennedy advisors were quite vocal in condemning de Gaulle's highly nationalistic independence in moving away from his nation's NATO commitments, thereby threatening the security of France's European allies. And, although the French withdrawal from the NATO North Atlantic fleet did not drastically affect the fleet's military effectiveness, the United States worried that France's action might set a disturbing precedent. NATO was still considered by U.S. officials as the first line of defense against communist aggression in Europe, and France's "defection" was distressing. Kennedy, during his European sojourn, attempted to persuade the French to rethink their position, but de Gaulle stood firm in his decision. America's fears were unrealized, however, as no other nations followed France's example.

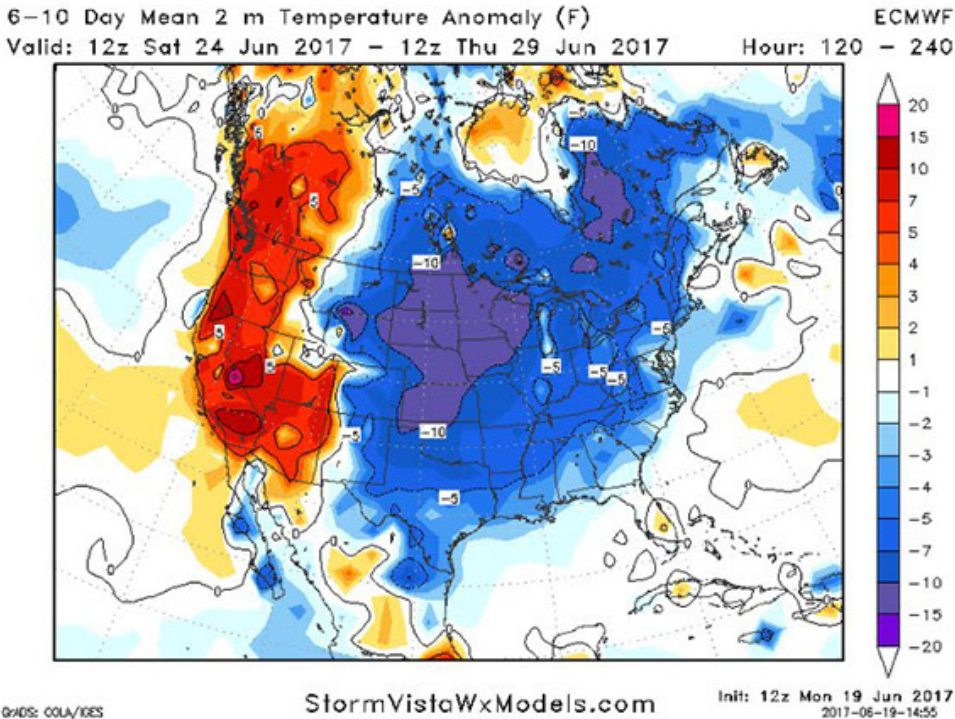


**1982, John Hinckley Jr.** - The man who shot President Ronald Reagan and three others outside a Washington, D.C., hotel, John W. Hinckley, Jr., is found not guilty of attempted murder by reason of insanity. In the trial, Hinckley's defense attorneys argued that their client was ill with narcissistic personality disorder, citing medical evidence, and had a pathological obsession with the 1976 film Taxi Driver, in which the main character attempts to assassinate a fictional senator. His lawyers claimed that Hinckley had watched the movie more than a dozen times, was obsessed with the lead actress, Jodie Foster, and had attempted to reenact the events of the film in his own life. The movie, not Hinckley, they successfully argued, was the actual planning force behind the events that occurred on March 30, 1981. On that day, in front of the Washington Hilton,



Plains will see mostly favorable conditions for mature winter wheat and the harvest. Episodes of hot weather will stress corn and sorghum at times, but intermittent cooler intervals will ease stress at times. As of yesterday afternoon, a tropical disturbance with 40 mph winds was located a few hundred miles southwest of the Mississippi River delta. The forecast suggests a possible landfall in western Louisiana Wednesday night. The main impact is expected to be heavy rains leading to flooding. Storm totals could reach 4 to 8 inches along and near the storm's path, possibly as far north as the Tennessee Valley. Meanwhile, showers are expected to return to the Midwest in advance of a cold front later this week. Extreme heat will prevail through the weekend in California and the Southwest, with record setting high temperatures likely, while cooler than normal weather will prevail in most areas from the Plains eastward.

**Cooler Than Average Weather Coming On Its Way:** *Below is a 6 to 10 day map showing mean temperature anomalies. Basically, this is departure from average temperatures normal for this time of year. Hope you like your summer days a bit on the chilly side. Valid June 24 through June 29.*



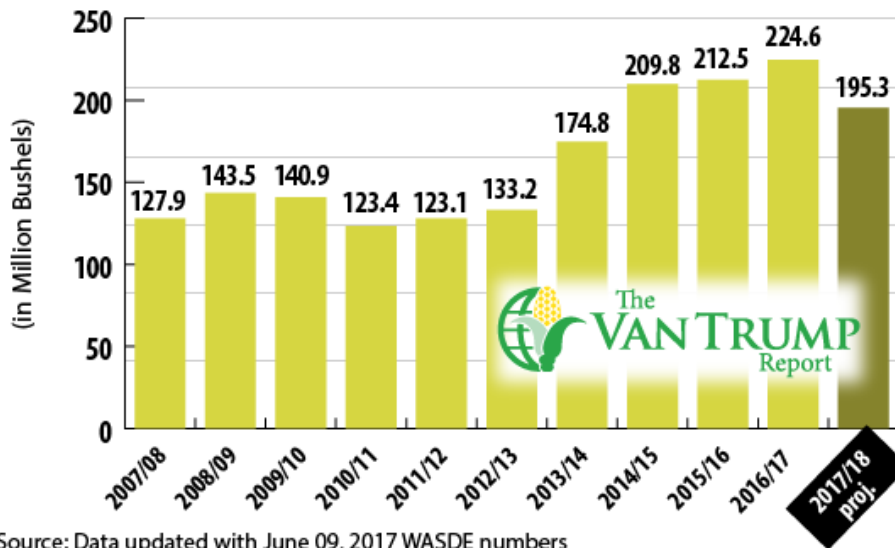
**Corn** bears point to strong widespread rains and recharging soils across some of the more important corn producing areas in the U.S. The bears are also pointing to a large second-crop in Brazil that is starting to be harvested, meaning as the "risk" is coming out of the field perhaps a bit is coming out of the market. Bulls argue that the U.S. crop is currently overstated as both acres and yield need to be adjusted lower by the USDA. I've personally heard yield estimates ranging anywhere for 159 to 169 bushels per acre. It seems like many inside the trade are working with a number between 166 and 168 bushels per acre and perhaps a -500,000 to -1.0 million reduction to harvested acres. In other words most sources seem to be in agreement that supply is going to work itself lower based on the rough start to the U.S. growing season. Where there's some disagreement is how that impacts ending stocks... The bears believe it might not make all that much difference, especially if the weather cooperates in the weeks ahead. They believe "demand" may also be a bit overstated as exports could disappoint and corn used for ethanol may taper back a bit on less export demand and cheaper crud oil. As I mentioned a few weeks back, we have to keep the weather headlines coming on strong to keep the bulls fed and interested in a market with ample global supply. As you can see in the graphic I included below, the record U.S. crop last year and the massive jump in South American production this year is keeping demand adequately supplied. Perhaps next year things could be a bit different, but as of right now that's simply not the case. Technically, I continue to believe we are range-bound. As a producer I'm keeping my current hedges in place.

Hinckley had fired six shots at the president, hitting Reagan and three of his attendants, including Press Secretary James Brady, who was shot in the head and suffered permanent brain damage. The president was shot in the left lung and the .22-caliber bullet just missed his heart. In the aftermath, Hinckley was overpowered and pinned against a wall, and President Reagan, apparently unaware that he'd been shot, was shoved into his limousine by a Secret Service agent and rushed to the hospital. The president fared well, and after 12 days in the hospital he returned to the White House. John Hinckley was booked on federal charges of attempting to assassinate the president. He had previously been arrested in Tennessee on weapons charges. The June 1982 verdict of "not guilty by reason of insanity" aroused widespread public criticism, and many were shocked that a would-be presidential assassin could avoid being held accountable for his crime. However, because of his obvious threat to society, he was placed in St. Elizabeth's Hospital, a mental institution. In the late 1990s, Hinckley's attorney began arguing that Hinckley's mental illness was in remission and thus he had a right to return to a normal life. Beginning in August 1999, he was allowed supervised day trips off the hospital grounds and later was allowed to visit his parents once a week unsupervised. The Secret Service monitors him during these outings. If his mental illness remains in remission, it is possible he may one day be released.

### 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

# World Corn Ending Stocks

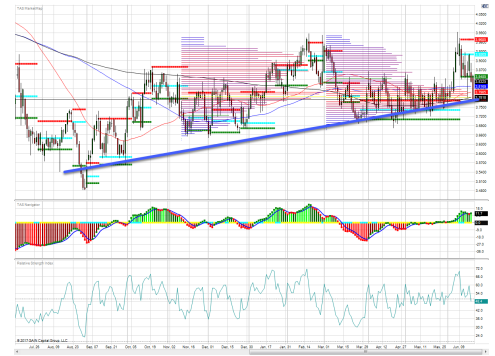


**Soybean** bears are talking about the Chinese starting to make larger South American purchases. There's been talk to this point of some Argentine and Brazilian producers hoarding away bushels and being slow to sell as political unrest and wild valuations in currencies influence and alter decisions. Technically, the old-crop JUL17 contract still appears trapped in a 50 cent range between \$9.00 and \$9.50 per bushel. The new-crop NOV17 contract also in a similar 50 cent range, just a hair higher between \$9.10 and \$9.60 per bushel. Until the longer-term U.S. forecast offers more widespread uncertainty or the outside macro space starts to make a dramatic turn around, becoming more "pro commodities," I don't see prices challenging the earlier spring highs. I'm hoping the strength in wheat might spill over and pull corn higher and in turn provide a small tailwind for soybeans, but I am constantly reminded that U.S. planted acres are moving to an all-time fresh new high of +90 million and that South America just harvested a record crop. To get a traditional bull "supply and demand" story going in the soybean market we need to hear rumors and talk inside the trade of the U.S. yield taking steps backwards and potentially falling to sub-46 bushels per acre. It's early in the game and that number or even lower could certainly be a possibility. I'm not giving up hope on higher prices, I just want to be smart and keep my current hedges in place, respecting the fact prices could easily move lower as the balance sheets become more burdensome. Remember several sources are already talking about +600 million in ending stocks being a real possibility if weather cooperates.

**Wheat** bulls continue to talk about the explosive potential of the Minneapolis HRS contract and the very real possibility of a sub-100 million bushel ending stock estimate. Lets also keep in mind the market is seeing weather worries in high protein producing areas of Canada and perhaps some hiccups in parts of Australia, Russia, Ukraine and Eastern Europe. Here at home the weather forecast are not offering up much help as a large portion of spring wheat crop will see little rainfall in the days ahead. Also keep in mind there's very little wheat coming in from U.S. harvest that is averaging +10% to +12% protein levels. Until the forecast changes or prices rally high enough to ration the high protein demand, I suspect it will be tough to fully reverse the current upward trend in price. Yes, we could certainly back-and-fill from time to time, but I have to believe many inside the trade will simply view that as a buying opportunity. I wanted to include a couple of charts so we have some perspective. The first is a 1-Year chart that makes us initially feel like prices might be overextended and well above their previous HRS levels. The second is a 20-year chart that brings into play some of the previous highs in the HRS contract and makes us quickly rethink its total potential. As both a producer and a spec I remain conservatively bullish, understanding this market may try and shake out some of the weaker bulls in the days ahead. Expecting extreme volatility in the spreads the next several weeks. Personally I am going to stay extremely patient. I'm not going to add to my positions by chasing prices higher. And I am absolutely not going to let myself get over-extended!

Fri. 8/25 - Cattle on Feed

## Chart Of The Week



### Sept Corn

The trend line support could be on the verge of breaking if pressure continues on Wednesday. Momentum studies are trending weaker toward negative territory.

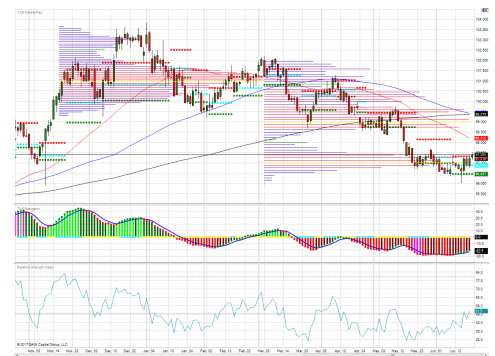
[Enlarge Sept Corn Chart »](#)



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

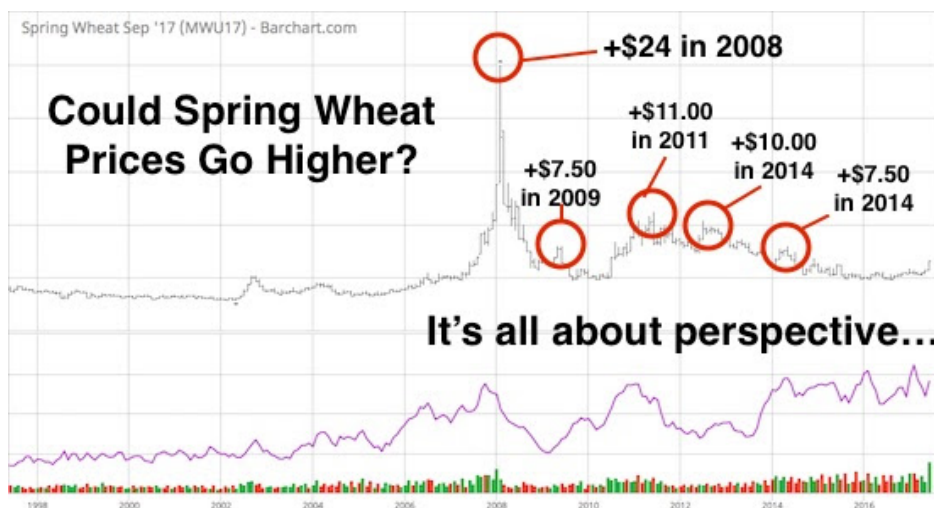


### US Dollar Index

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 »](#)

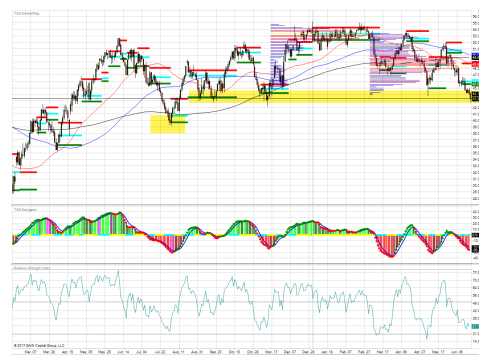




> **JBS Considering Meat Stores and Food Trucks:** Embattled multi-protein processor JBS S.A. is mulling over a concept that would include opening meat stores and food trucks in United States, Canadian and Mexican markets, according to a report in the New York Post. The concept would offer only frozen beef, pork, lamb and seafood directly to consumers, according to a source close to the development of the idea, the report noted. Prospective stores would be smaller than 2,000 sq. ft. and plans also include new channels to sell JBS-processed meat online as well as offer more food directly to restaurants. JBS has been embroiled in a corruption scandal that so far has cost the company's controlling shareholder J&F over \$3 billion in fines, led to credit restrictions at state-owned banks in its home in Brazil and resulted in a downgrade of the protein giant's credit rating. (Source: MeetingPlace)

> **Rabobank Sees Only Moderate Increase For Wheat Prices Amid Burdensome Supplies:** As planting of the Australian wheat crop wraps up, any prospect of a significant recovery in global wheat prices in the 2017/18 season remains dampened by the high stocks-to-use (S/U) ratio, according to agribusiness banking specialist Rabobank. In light of this, Rabobank is forecasting CBOT wheat prices to increase only marginally over the coming 12 months – in the vicinity of 10 to 15% – to reach \$4.90/bushel by mid-2018. In its recently-released industry report "Australian wheat outlook 2017/18 – the high-stocks game continues", senior grains analyst Cheryl Kalisch Gordon says the "world is awash with wheat" with the global S/U ratio now at 33%, well above its historical average of 29%. "To see the global grains market return to an S/U ratio of 29% – which is considered the point that delivers more attractive prices – we would need to see global production fall by 29 million tones this season,"

[Enlarge US Dollar Index Chart »](#)



## Crude Oil

Fresh 7-month lows 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

she says. "While the US have cut their wheat planted acreage to its lowest level in 100 years, it would take a significant production failure in one or more major supply regions to see the market start to recover strongly." (Source: UkrAgroConsult)

**> Brazilian Soybean Exports To Reach Third Month Of Near-Record Volumes:** Brazilian soybean exports slowed down slightly in the first half of June but are set to end the month near record levels for the third time straight, according to the Secretariat of Foreign Trade (SECEX). So far, June shipments totaled 4.86 million metric tons, compared to the record volume of 10.96 million metric tons seen in the entire May. Following the current pace, soybean exports may get near the 10 million metric tons threshold in June, for the third consecutive month. That level of monthly shipments was seen once in 2015 and twice in 2016. Market sources also say that port capacity added to the country's infrastructure in recent years have been allowing exports to flow smoothly, in a positive contrast to long queues of ships and trucks seen at congested terminals earlier this decade. AgRural projects 61-62 million metric tons of soybean will be exported in 2017, up from 51.6 million metric tons in 2016. The estimate could be raised to 63 million metric tons depending on shipment performance later this year. (Source: Platts)

**> Argentine Grain Ships Halted As Replacement Workers Quit:** Grain cargo ships in Argentina's main shipping hub of Rosario were halted late on Monday when replacement workers filling in for striking unions walked off the job after receiving threats, the country's export chamber said. Regular port workers were on the fifth day of a wage strike on Monday when replacement workers were brought in early in the day, allowing for the resumption of some loading of freshly harvested corn and soy. Last Thursday some 20 ships were prevented from moving due to the strike by members of the CGT San Lorenzo port workers union. Edgardo Quiroga, head of the San Lorenzo delegation of the CGT, tells Reuters that the strike would continue and the union would block access to port terminals. About 80 percent of Argentine grains output is shipped through the Rosario port system.

**> Perdue Lauds Nafta as Boon for Farmers as Renegotiation Looms:** U.S. Agriculture Secretary Sonny Perdue and his counterparts from Canada and Mexico lauded Nafta's benefits to farmers as they began to lay the foundation for broader negotiations to modify an accord that President Donald Trump once called a "disaster." Canadian Agriculture Minister Lawrence MacAulay and Mexican Agriculture Secretary Jose Calzada met with Perdue Tuesday in Georgia for what the U.S. secretary said would be candid talks on "irritants" in the three-way trade relationship. "It's entirely correct to modify this agreement," given changes in agriculture since the North American Free Trade Agreement was implemented in the 1990s, Perdue said in a news conference in Savannah, Georgia. New rules on Canada's dairy-supply system and how Mexico plans to enforce a recently concluded agreement limiting its sugar exports to the U.S. were among the topics of discussion, Perdue said in an interview. Perdue said changes to Canada's system of wheat classification and the policy in the Canadian province of British Columbia to only allow local wines on grocery store shelves also will be up for discussion. (Source: Bloomberg)

**> Norway Bans Government Purchasing Of Palm Oil Biofuel:** The Norwegian parliament voted to ban the public procurement and use of palm oil-based biofuel – purportedly becoming the first country to do so. The move comes on the heels of a report released by the Rainforest Foundation Norway (RFN) that finds palm oil-based biofuel is worse for the climate than fossil fuels. The report, written by low-carbon fuels policy expert Chris Malins, blames land cover change like deforestation and the draining of peatlands for palm oil's harmful impacts. Rainforest Foundation Norway is lauding the ban, and urges more countries to follow suit.

**> El Nino Watch Canceled:** Australia's Bureau of Meteorology reset its outlook to inactive as the chances of El Nino forming this year fade. The bureau canceled its El Nino watch "after an easing of climate model outlooks, and a reversal of the early autumn warming in the eastern tropical Pacific Ocean," it said. Far eastern Pacific Ocean sea surface temperatures, which were above normal near the Peruvian coast in March and April, cooled during May and June, according to the weather bureau. This warmth had the potential to spread and develop into an El Nino, but eased as trade winds failed to reinforce the ocean warmth, it said. Other indicators remain neutral.

**> Blue Apron Begins Marketing IPO:** Blue Apron Holdings began marketing an initial public offering Monday, as an already competitive meal-kit industry faces a potential threat from Amazon.com plan to buy Whole Foods Market. Blue Apron's up to \$510 million IPO will test whether the growth seen by the meal-kit industry's greatest players will continue to whet investor appetite, even as costs to acquire new customers mount and possible new competitors with established distribution systems appear. Amazon, which said on Friday it would buy Whole Foods in a \$13.7 billion deal, has dallied with both food delivery, through AmazonFresh, and meal kits, which deliver fresh ingredients and recipes to subscribers. Though its AmazonFresh program is more advanced than its

## 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

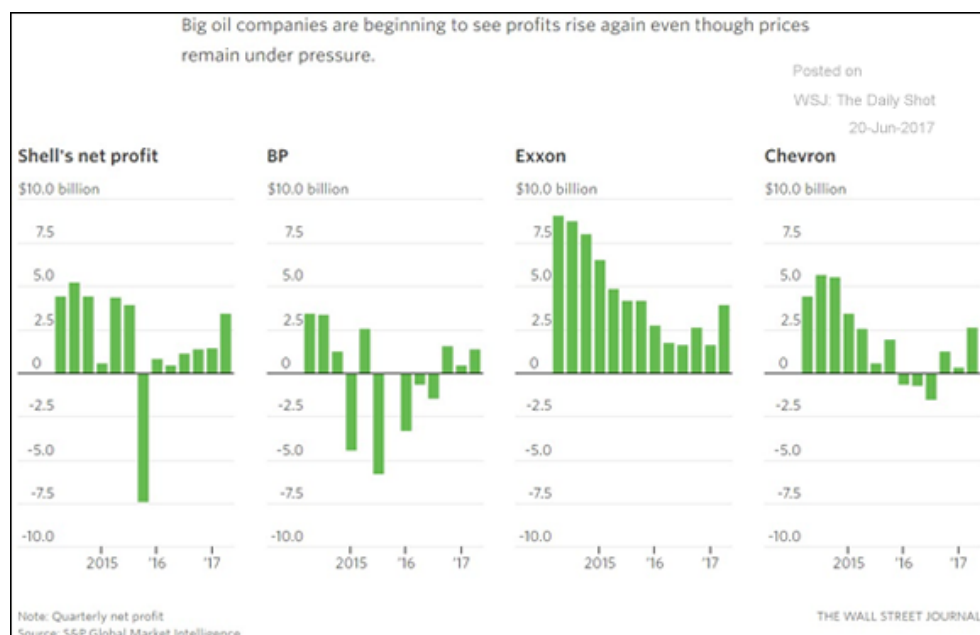


meal kits programs, both are still limited to certain metropolitan areas. Blue Apron said in a regulatory filing on Monday that it was looking to sell 30 million Class A shares at between \$15 to \$17 per share, raising as much as \$510 million. That implies a valuation of up to \$3.2 billion, which equates to roughly three times the company's sales. (Source: CNBC)

**> State Department Questioning Gulf's Motives On Qatar Boycott:** The U.S. State Department bluntly questioned on Tuesday the motives of Saudi Arabia and the United Arab Emirates for their boycott of Doha, saying it was "mystified" the Gulf states had not released their grievances over Qatar. In Washington's strongest language yet on the Gulf dispute, the State Department said the more time goes by, "the more doubt is raised about the actions taken by Saudi Arabia and the UAE." Saudi Arabia, the United Arab Emirates and Qatar are key American allies. The fact the State Department bluntly questioned Riyadh and Abu Dhabi's actions in public suggests Washington was keen for the parties to end the dispute. The United Arab Emirates, which along with Saudi Arabia, Egypt and Bahrain imposed the measures to isolate Qatar, has said the sanctions could last for years unless Doha accepted demands that the Arab powers plan to reveal in coming days. Qatar's foreign minister said Doha would not negotiate with its neighbors to resolve the Gulf dispute unless they first lift the trade and travel boycott they imposed two weeks ago. He added that Doha still believed a solution was possible. The Pentagon has said the boycott was hindering U.S. ability to plan for long-term operations in the region. Qatar hosts a vital U.S. military base, Al Udeid, in which more than 11,000 U.S. and coalition forces are deployed or assigned to and from. It is also the base where command for the anti-Islamic State air campaign takes place. There are concerns that the dispute risks growing into a military conflict which would create a serious security crisis in a region that is already full of countries like Syria and Libya that are in total chaos. (Sources: Reuters, Fortune)

**> Tropical Storm Cindy** has caused the suspension of service at a major Gulf of Mexico oil terminal and evacuations at rigs and platforms as it moves toward an expected landfall early Thursday. "While the storm may not be a whopper, it will influence shipping and may impact imports and exports of oil for next week," said a senior market analyst at Price Futures Group. (Source: SeekingAlpha)

**> Big Oil Companies Return To Profitability:** Three years after the price of crude began its rapid descent, the oil industry and investors are finally resigned to the idea of lower prices for longer, potentially ending a period of crisis for the sector. The steep fall sparked a slump in oil company profits, recessions from Russia to Venezuela, and huge job cuts across the world's oil fields. But now, petrostates, investors and major oil companies are adapting to a world in which they see a range of \$50 to \$60 a barrel as the new equilibrium. Producers have cut costs, focused on more-profitable assets and no longer throw money at costly projects in places like the Arctic. Their ability to profit at lower oil prices has helped steady investors' nerves, and they are starting to fund new projects again, though a debate is still raging over the prospect of a supply crunch down the line. U.S. drillers have led the way in adapting to the lower price. Before the bust, producers often needed oil at \$80 to \$85 a barrel to break even. Shale producers operating in a number of fields can break even at \$50 to \$60 oil today, according to oil-and-gas data firm Rystad Energy. There are a handful of companies that have learned to make money on wells at \$40 oil. (Source: The Wall Street Journal)



the past 20 years & 10 years 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

**Southeast Washington** - We have had a wet spring but the wheat, malt barley, and garbanzo beans have benefited. The wheat has very little rust this year and we are expecting 100bpa. We wanted to plant more garbs this year but we couldn't get the amount of seed we wanted. We generally are one-third wheat, one-third spring crop and one-third summer fallow. If we were 10 miles east where they get much more rain we would be able to plant in summer as well. We are really liking the malt barley crops and would like to expand that as well. Harvest is only 5 weeks away for the winter wheat. Currently, the weather couldn't be any better.

**Westcentral Nebraska** - The crops look very good for us now and we are trying to get all the side dressing done and get the weeds sprayed. On the sandier fields we will have to run the pivots to water the nitrogen in, then wait for things to dry out a little to spray herbicide. We started planting corn on April 17th. We planted 11 pivots and received a foot of snow. After the corn was 2 to 3 leaves high we received 8 inches of snow. Our stands are around 30,000 (planted 33,000) which is about the same as last year. The recent heat has helped the stand add growth. My three year average for irrigated corn is 248bpa and my soybeans is 81bpa. The last three years we have seen unbelievable yields. I don't know how they have done it but our corn and beans look amazing. At this point it looks we will not be helping to reduce the carryover but we have a lot of growing season to go. I know that we have had many improvements over the past few years but mother nature still seems to be the determining factor.

**Southeast Indiana** - Got a chance to seed some fields a bit farther away this week, and lots of holes in fields along with thin stands. Imagine 2017 will go down as the highest replant ever in Indiana for corn. I thought most all the beans were planted but will see more holes filled in 'again' once it dries out, mainly due to 6-8" of rain this past week again. We have had 4 rain days since April 25th where we received 3-4" each day and none came nice. Wheat will be ready in our area the end of next week, its 10 days early but has held up thru the rain remarkably well. All in all, guys will be glad when this season is over, planting April-June is not how we drew up our plans!!

## CROSSING WIRES

A place to share intelligent thoughts...

**Cancer Agency Left In Dark Over Glyphosate Evidence:** When Aaron Blair sat down to chair a week-long meeting of 17 specialists at the International Agency for Research on Cancer in France in March 2015, there was something he wasn't telling them. The epidemiologist from the U.S. National Cancer Institute had seen important unpublished scientific data relating directly to a key question the IARC specialists were about to consider: Whether research shows that the weedkiller glyphosate, a key ingredient in Monsanto's best-selling RoundUp brand, causes cancer. Previously unreported court documents reviewed by Reuters from an ongoing U.S. legal case against Monsanto show that Blair knew the unpublished research found no evidence of a link between glyphosate and cancer. In a sworn deposition given in March this year in connection with the case, Blair also said the data would have altered IARC's analysis. He said it would have made it less likely that glyphosate would meet the agency's criteria for being classed as "probably carcinogenic." Read more [HERE](#).

**The Botanists' Last Stand:** The daring work of saving the last samples of dying species: As the top botanist at Hawaii's Plant Extinction Prevention Program (PEPP), Steve Perlman deals exclusively in plants with 50 or fewer individuals left—in many cases, much fewer, maybe two or three. Of the 238 species currently on that list, 82 are on Kauai; Perlman literally hangs off cliffs and jumps from helicopters to reach them. Without him, rare Hawaiian plants die out forever. With him, they at least have a shot. Though now, due to forces beyond Perlman's control, even that slim hope of survival is in jeopardy. Looming budget cuts threaten to make this the final chapter not only in the history of many native Hawaiian species, but in the program designed to keep them

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- SENT IN BY OUR READERS -



Beef Tenderloin  
Stuffed w/Herb Pesto

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alive. The silver lining: even if a species does go extinct in the wild, chances are Perlman has already collected enough seeds and genetic material before the last plant disappeared to grow others in a greenhouse. Extra seeds are shipped to a seed bank, where they sit, dehydrated and chilled, awaiting a more hospitable future. There may not be a viable habitat for that plant now, but what about in 50 years? Or 150? "Part of it is saving all that genetic information," he says. "If your house is on fire, you run in and grab the kid." Read more [HERE](#).

**Power Causes Brain Damage:** If power were a prescription drug, it would come with a long list of known side effects. It can intoxicate. It can corrupt. But can it cause brain damage? The historian Henry Adams was being metaphorical, not medical, when he described power as "a sort of tumor that ends by killing the victim's sympathies." But that's not far from where Dacher Keltner, a psychology professor at UC Berkeley, ended up after years of lab and field experiments. Subjects under the influence of power, he found in studies spanning two decades, acted as if they had suffered a traumatic brain injury—becoming more impulsive, less risk-aware, and, crucially, less adept at seeing things from other people's point of view. Sukhvinder Obhi, a neuroscientist at McMaster University, in Ontario, recently described something similar. Unlike Keltner, who studies behaviors, Obhi studies brains. And when he put the heads of the powerful and the not-so-powerful under a transcranial-magnetic-stimulation machine, he found that power, in fact, impairs a specific neural process. Read more [HERE](#).

**The Web Makes It Harder to Read Market Sentiment:** Interesting article from Barry Ritholtz over at Bloomberg View - "In the best of all worlds, numbers do the talking for me. Most of the time, there is enough hard data so we can avoid the squishy anecdotal stories that so often lead people astray. This can at times be challenging. I was discussing this recently in the office. My colleague Josh Brown wrote a post looking at how stocks kept going up, yet hardly anyone was celebrating. I blamed the online commentariat. How we share and consume opinions has changed radically thanks to the internet. This, contrary to what you might expect, has made measuring market sentiment much harder." Read more [HERE](#).

**My Type Of Operator...** I'm guessing his parents run the cement plant. Amazing just the same. No wonder we often struggle competing with the Chinese. While many of our community leaders are busy trying to take dodge ball and kick ball out of our schools because someone might get hurt or picked last, these folks are getting some things done. Fun to watch him drive it like a boss! Click [HERE](#)



## FROM MY PERSPECTIVE

Kevin Van Trump



iSELECT FUND



The  
VAN TRUMP  
Report

# Featured Ag-Tech Startups

## iSelect Webinar Series

The Van Trump Report has partnered with iSelect to help bring ag-tech to the farmer in the field. My good friend Carter Williams, CEO of iSelect, is making a difference in agriculture and I wanted to share some of his insight. Carter was the former director and founder of Boeing Ventures where he led Boeing's technology planning process. Carter is also the past president and founder of the MIT Corporate Venturing Consortium and Co-founder of the MIT Entrepreneurship Society. Today Carter is using his team's talents and abilities to help some of the most innovative in agriculture. Through this process he has the opportunity to see some of the latest innovations and technological shifts that are heading our direction, many times before they ever hit the mainstream market. Each week I will be featuring one of the NEW ag-tech companies and passing along an invitation for readers to join a webinar that will further explain the start-up. Keep in mind the webinars are geared towards investors who are thinking about providing start-up capital and seed funding. I personally find it interesting to hear about the technology and innovation that is being discussed. Some of the technology may be of interest to you, while some may not. I feel it's important to pass along what Carter and his team are seeing happen in the ag space. Remember, we don't have to be in agreement with every thought or idea but we do need to understand and be aware of the changes that are happening.

**HOLGANIX:** "What Many Professional Sports Teams and Golf Courses Are Using On Their Fields"

**Date & Time:** Click [HERE](#) to view webinar at your convenience.

Many inside the ag space believe food demand will double by 2050, yet the use of genetically modified organisms to increase yield is being met with consumer revolt. The demand for organic food is growing significantly faster than the acreage to produce it, in many cases leading to unsustainable price increases. The use of water, an already scarce resource, fertilizers, herbicides, pesticides, and fungicides are increasingly being limited by regulation. Holganix' is a new company that believes their organic plant probiotic reduces the need for herbicides, pesticides, fungicides, fertilizer and water while simultaneously increasing the vibrancy and yield of the plant. Much like human probiotics found in yogurt that helps promote digestive health, Holganix plant probiotics make soils and plants healthier, more resilient, and more productive. The Company's initial commercial success has been achieved through retail and wholesale distribution to the turf, lawn, and golf course industries, including over 15 of the top 100 golf courses such as Muirfield and Torrey Pines and over 10 professional athletic organizations including the St Louis Cardinals, Chicago Cubs and the Miami Dolphins. To capitalize on the larger size of the market and the rapidly growing trends towards environmental sustainability and healthy, organic food, Holganix has extended its operations for use in the agriculture industry.

## This Might Be A Good Time To Sell Diamonds or Jewels

I need to start watching the diamond market more closely as I continue to see record setting auction prices. An incredible purchase recently took place in Hong Kong and set a new world record for any diamond or jewel for that matter. The oval mix-cut "Pink Star" diamond smashed the pre-sale estimate of \$60 million and sold for an impressive \$71.2 million. The bidding lasted only five minutes with an opening price of \$56 million. The diamond was purchased by renowned Hong Kong jeweler Chow Tai Fook. Life for the Pink Star began after it was mined by De Beers in an unspecified location in Africa in 1999. It was uncovered as a 132.5 raw diamond and two years were spent cutting and preparing the diamond for the market. Obviously two years is an exceptionally long time to cut a diamond but this find was like no other. As it turns out this is the largest



time to cut a diamond but this find was like no other. As it turns out this is the largest diamond ever classified as "internally flawless fancy vivid pink" as graded by the Gemological Institute of America (GIA). The giant pink diamond was also graded by the GIA to have the highest color and clarity. It is part of a rare subgroup of gem diamonds known as Type IIa, considered chemically the purest of all diamond crystals and accounting for less than 2 percent of all gem diamonds, according to Sotheby's. Below are some the previous high selling gem auction prices from this past year. If you have some items that you've been thinking about selling, this might be a good time to consider...

- **The Oppenheimer Blue Recently Sold For \$58 million:** *A 14.62-carat fancy vivid blue rectangular cut diamond that fetched a world record for any jewel sold at an auction. The blue diamond was sold by Christie's Geneva Magnificent jewels sale in May. The Oppenheimer Blue was named in honor of its previous owner, Sir Philip Oppenheimer. 'The Oppenheims have been leaders in the diamond industry for generations and Sir Philip could have had any diamond he wanted. But he chose this one, with its perfect hue, impeccable proportions and fabulous rectangular shape.*
- **De Beers Millennium Blue Recently Sold For \$32 million:** *A 10.10-carat fancy vivid blue oval cut diamond. Sold at Sotheby's Magnificent Jewels and Jadeite sale in April. The gem was unveiled by De Beers in 2000 to commemorate the millennium and displayed at London's Millennium Dome.*
- **The Unique Pink Recently Sold For \$31.5 million:** *A 15.38-carat fancy vivid pear-shaped diamond sold for a world auction record price for any fancy vivid pink diamond. Sold at Sotheby's Geneva Magnificent Jewels and Noble jewels sale in May.*
- **The Cullinan Dream Recently Sold For \$24.3 million:** *A 24.18-carat mixed cut fancy intense blue diamond. This blue diamond is the largest fancy intense blue diamond ever to be auctioned off. The blue diamond was sold at Christie's New York Magnificent Jewels and the Cullinan Dream sale in May.*
- **Pink Pear Shaped Diamond Recently Sold For \$18.2 million:** *A 9.14-carat fancy vivid pink pear-shaped diamond, which was sold at Christie's Geneva Magnificent Jewels sale in November.*
- **Miroir de L'Amour Recently Sold For \$17.7 million:** *A dazzling pair of 52.55 and 50.47-carat pear-shaped diamond earrings with color grading D-color and flawless clarity. In addition, the diamond earrings are graded type IIa, which makes them even rarer. The earrings are the world's largest perfect pear-shaped diamond eardrops to be offered at an auction.*
- **The Aurora Green Diamond Recently Sold For \$16.8 million:** *This 5.03-carat rectangular-cut fancy vivid green diamond is called the Aurora green. This green diamond is set within a ring surrounded with pink round cut diamonds, which makes the color contrast even bigger. This item got sold at Christie's Hong Kong Magnificent Jewels sale in May*



#### Great Wisdom From T. Boone Pickens

I was sent this brief life lesson the other day and wanted to pass it along. Apparently it was penned and posted on [LinkedIn](#) by T. Boone Pickens, the 89 year young, Founder, Chairman and CEO at BP Capital and TBP Investments Management. Good stuff!

*Last month I turned 89 years old, mindful of the fact I'm now 24 years beyond traditional retirement age.*

*My post-65 era has included the most productive years of my life.*

*I was 68 when I left Mesa Petroleum. I turned out the lights at 6 p.m. my last day in the office, as I had throughout my career. Not once at my farewell dinner at Bob's Steak and Chop House did I mention retirement.*

*When I then formed BP Capital, I went from having 400 employees to six. We started hunting with a rifle, not a shotgun.*

*I've long thought in terms of resurgence rather than retirement. One of my longtime associates, Bobby Stillwell, likes to say that "Boone has been in the prime of his life three times." I first met Bobby in 1963, so he has seen a lot of water flow under the bridge. He left BP Capital some time back but he still serves as Vice President, Secretary, and Treasurer of the T. Boone Pickens Foundation.*

*Indeed, an imaginary headline has captivated me for years: "The Old Man Makes a Comeback." And I have repeatedly, most recently from mini-strokes I experienced in December.*

*I have learned that if you never give up, if you push through the resistance and keep driving for what you want, you will ultimately achieve rewards beyond any you had hoped for. Because deep down, just beyond the hard, tough spot we all have found ourselves in, there awaits the opportunity to become stronger, more successful, and more fulfilled than you ever imagined. You just can never, ever, give up.*

*Oh, there have been ups and downs throughout but if nothing else, I hope that I can serve as a role model for how to live in the fourth quarter of life. The rewards are beyond anything I experienced as a "young man."*

*I show up to work every day by 7 a.m. and leave at 6 p.m. I tell anyone who will listen that the most critical trait for success in the workplace is a good work ethic.*

*Age is meaningless in some instances. I didn't make my first billion until I was 70, and although I paid a good measure of taxes before then, I've paid more than 85 percent of my taxes since. Opportunity comes in many forms, and in America it is endless. We are allowed second, third, fourth, and fifth acts — and who knows how many more.*

*Admittedly, part of what drives me is fear. I want no part of becoming a FOFWAW — a Fine Old Fart With A Watch. Too many of my friends reached 65, retired, and then spent their days unengaged, unmotivated, and unenthused. Much too quickly, those days were done for them. They are gone.*

*I've lived by a watch that tells time a bit differently. I embrace change. Those facing retirement age don't need a new watch but rather a different outlet. You can stay around as long as you stay active — and, of course as I've mentioned time and again — you have a plan.*

*I thank the Lord for letting me hang around as long as I have. Every day is still thrilling for me. I thrive when I'm in the middle of the action. That remains the only place for me. That's my plan, and I'm sticking to it.*

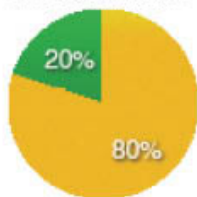




**CASH SALES & HEDGING TOTALS**

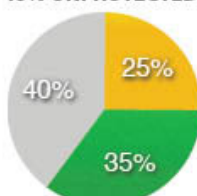
### CORN 2016 CROP

80% SOLD  
20% HEDGED  
0% UNPROTECTED



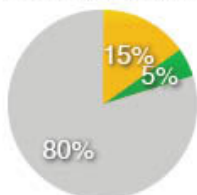
### CORN 2017 CROP

25% SOLD  
35% HEDGED  
40% UNPROTECTED



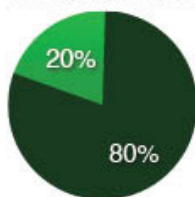
### CORN 2018 CROP

15% SOLD  
5% HEDGED  
80% UNPROTECTED



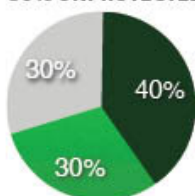
### SOYBEANS 2016 CROP

80% SOLD  
20% HEDGED  
0% UNPROTECTED



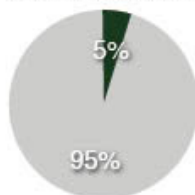
### SOYBEANS 2017 CROP

40% SOLD  
30% HEDGED  
30% UNPROTECTED



### SOYBEANS 2018 CROP

5% SOLD  
0% HEDGED  
95% UNPROTECTED



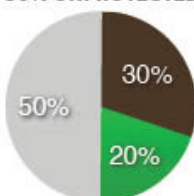
### WHEAT 2016 CROP

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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