

## GOOD MORNING 06/26/17 Farm Direction - VanTrump Report

1 message

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Mon, Jun 26, 2017 at 7:20 AM



"Happiness held is the seed; happiness shared is the flower." - Unknown

MONDAY, JUNE 26, 2017

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**Morning Summary:** U.S. stocks remain near record highs, despite the recent sell-off in crude oil prices and sharp drop in energy stocks. It feels like there's starting to be more concern that energy companies are going to have a tough time meeting their earnings forecasts, which have actually played a key part in the recent U.S. earnings recovery. Many insiders feel the energy sector accounted for nearly half of the S&P 500's earnings growth during the second quarter of this year. Baker Hughes showed U.S. oil producers added +11 active new rigs last week, making it the 23rd consecutive week of gains. At the same time, oil prices are down over -20% this year and seem as if they could tumble even further in the days and weeks ahead. There are several large banks forecasting that crude oil prices will soon be sub-\$40 per barrel. The global glut simply doesn't appear to be easing. Economic data picks up quite a bit this week, starting today with Durable Goods Orders, Chicago Fed National Activity and Dallas Fed Manufacturing. The only Fed official speaking today is San Francisco Fed President John Williams. We will hear from several other Fed officials later this week and are sure to hear more thoughts on weakening inflation and how it may start to sway the Fed into a more dovish direction. In Washington all eyes will be on the Senate's healthcare vote. Don't forget this week we will also be digesting the second-half of the U.S. bank stress test results. There doesn't appear to be anything of major concern, but you can read more from "The Board of Governors of The Federal Reserve System" [HERE](#). There are also rumors floating around Washington that Supreme Court Justice, Anthony, Kennedy, may announce his retirement. He is 80 years old and has served on the Supreme Court for 29 years. Kennedy's arguably moderate liberal tendency has played an important role as the court's swing vote on many rulings. His departure would allow conservatives to take near total control of the bench for the foreseeable future.

**Is The Fed About To Become More Dovish?** St. Louis Fed President James Bullard said on Friday that the central bank should wait on any further rate increases until it is clear inflation is reliably heading to the Fed's 2% target. He is just the latest Fed official to express concerns over sluggish inflation, which Fed Chair Janet Yellen has said was due to transitory factors. The Fed raised rates at its meeting last week with only one dissenting vote. But the policy statement flagged concern over a recent fall in the Fed's preferred measure of inflation to 1.5%, and Fed officials since then have appeared split between those worried the trend may persist and those who feel the Fed needs to tighten still-loose monetary policy as a precaution. Bullard, who regards the economy as stuck in a low-growth rut, said he sees little reason to rush the process. Even though a low unemployment rate of 4.3 percent would, in theory, lead to higher inflation and provide a reason for raising rates now, Bullard said there is little evidence that is going to happen anytime soon. Is U.S. inflation "about to increase substantially? The short answer is no, based on current estimates of the relationship between unemployment and inflation," Bullard said. (Source: Reuters)

**Warning: '87, '97, '07 and '17 Might Have a Lot in Common:** Barron's, Amey Stone, ran an interesting article that says, "It doesn't make sense that years ending in 7 should face financial downturns, but recent ones have." Jonathan Lewis, chief investment officer at Fiera Capital, points out that the years 1987, 1997, 2007 and 2017 have a lot in common. He writes: In all cases the Fed was raising rates in the prior months – though it quickly began to reverse course as cracks appeared in the fall of '07. In all cases the national unemployment rate

### Today In History

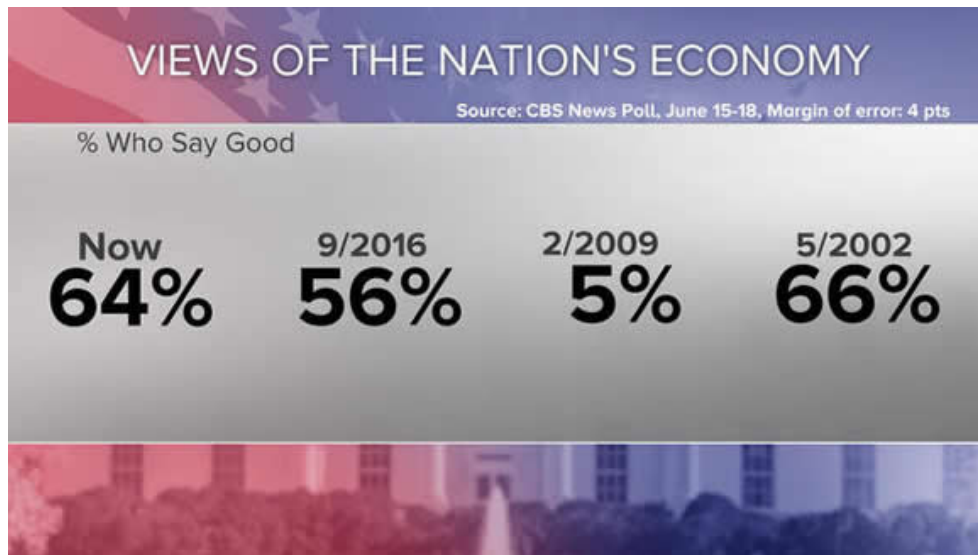


#### 1511, Francisco Pizarro -

Francisco Pizarro, the governor of Peru and conqueror of the Inca civilization, is assassinated in Lima by Spanish rivals. The illegitimate son of a Spanish gentleman, Pizarro served under Spanish conquistador Alonso de Ojeda during his expedition to Colombia in 1510 and was with Vasco Nunez de Balboa when he discovered the Pacific Ocean in 1513. Hearing legends of the great wealth of the Incas in South America, Pizarro formed an alliance with fellow conquistador Diego de Almagro in 1524 and sailed back to the Americas. Their first expedition only penetrated as far as present-day Ecuador, but their second reached farther and discovered evidence of the existence of the Inca kingdom. Securing aid from Emperor Charles V, and a guarantee that he, not Almagro, would receive the majority of the expedition's future profits, Pizarro sailed to Peru and landed at Tumbes in 1532. He led his army up the Andes Mountains to the Inca city of Cajamarca and met with Atahualpa, the king of the Inca kingdom of Quito. After winning his trust, Pizarro captured Atahualpa, exacted a room full of gold as ransom for his life, and then treacherously had him executed. The conquest of Peru came quickly to Pizarro and his army, and in 1533 Inca resistance came to an end with their defeat at Cuzco. Pizarro, now the governor of Peru, founded new settlements, including Lima, and granted Almagro the conquest of Chile as appeasement for claiming the riches of the Inca civilization for himself. However, Pizarro failed to provide Almagro with all the land he had promised, and Almagro responded by seizing Cuzco in 1538. Pizarro sent his half brother, Hernando, to reclaim the city, and Almagro was defeated and put to death. Three years later, on June 26, 1541, a group hired by Almagro's former adherents penetrated Pizarro's palace and slew the conquistador while he was eating

as cracks appeared in the fall of '07. In all cases the national unemployment rate had largely been falling. In all cases, consumer confidence and stocks were high – giving the Fed and investors alike confidence that markets and the economy could withstand the tightening cycle. Significantly, in all cases the yield curve had been flattening before the crisis. Read more [HERE](#)

**Positive Views Of U.S. Economy The Highest In 15 Years:** Positive views of the economy have been inching up since last fall, and 64 percent of Americans now say the economy is in good shape, the highest percentage since May 2002. Majorities of all partisan stripes rate the nation's economy positively. Thirty-four percent say the economy is in bad shape. But whether President Trump gets approval for his handling of it depends heavily on partisanship. Among the Republicans and independents who say the economy is in good shape, most approve of President Trump's handling of it. That's not the case on the Democratic side. Three in four Democrats who rate the economy positively disapprove of how the President is handling it. (Source: CBS News)



**Weather** over the weekend saw the remnants of the tropical storm in the Gulf gradually become absorbed by a cold front. The cold front stalled across the South which lead to an increase in rainfall across the southern Plains as well as continued rainfall along the Gulf Coast. Cool, mostly dry weather covered the northern Plains as hot, dry conditions persist in parts of the Far West. For the beginning of the week, drier weather will prevail over much of the Midwest, although cool, showery weather is expected across the Great Lakes. The 6 to 10 day for June 28 - July 2 calls for the likelihood of below normal temperatures from the Mississippi Valley eastward, while hotter than normal weather should cover most areas from the Pacific Coast to the central and southern High Plains. Meanwhile, near to below normal rainfall across much of the country will contrast with wetter than normal conditions from the Midwest into New England.

dinner. Shortly after his death, Diego el Monzo, Almagro's son, proclaimed himself governor of Peru.

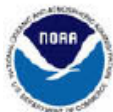


#### **1911, Mildred Didrikson -**

Mildred Didrikson is born in Port Arthur, Texas. As a child, Mildred earned the nicknamed "Babe," after Babe Ruth, for her ability to hit a baseball farther than anyone else in her town. In 1930, after excelling in basketball and track at Beaumont High School, she was hired by the Employers Casualty Company of Dallas to play for its Amateur Athletic Union (AAU) basketball team. Because her amateur status would end if she were hired as an athlete, the company hired her as a "secretary" and then put a basketball in her hand; she also competed for the company in track and field. At the 1932 AAU championships, which was then the only real qualifier for the Olympics, Didrikson won five of the eight events she entered, setting world records in the javelin throw, 80-meter hurdles, high jump and baseball throw. At the 1932 Olympics in Los Angeles, Didrikson won two gold medals. She had qualified to compete in five events, but women were restricted to three events at the Olympics. A day after setting the world record in the javelin throw, she set a new world record in the 80-meter hurdles, beating Evelyn Hall of Chicago by a few milliseconds. She was held to a silver finish in the high jump in spite of tying with the declared winner because the judges did not approve of her head-first style. Post-Olympics, Didrikson took advantage of her new celebrity status, touring the country with basketball and baseball teams and playing the harmonica on the vaudeville circuit. That year, she was named Associated Press Female Athlete of the Year for the first time. In 1933, Babe took up golfing. She went on to so thoroughly dominate the sport that she would win the AP Female Athlete of the Year Award five more times, all for playing a sport in which she didn't compete until she was in her 20s. Throughout her golfing career, Didrikson was unwilling to "pretty up" for the cameras as the press requested. When asked at the National Celebrities Tournament how a girl could hit a ball so far, Babe replied "just take off your girdle and swing." Didrikson won 82 tournaments as a golfer, winning 21 straight in 1947-48 and 19 in a row in 1949, the same year she helped to found the Ladies Professional Golf Association (LPGA). Despite her impressive play, Didrikson's requests to enter the National Open--put on by the United States Golf Association (USGA), the ruling body of men's golf in America--were repeatedly denied. Although the USGA's rules did not at the time specifically forbid women from participating, the rules were soon rewritten so that only men could enter USGA tournaments. In 1950, Didrikson

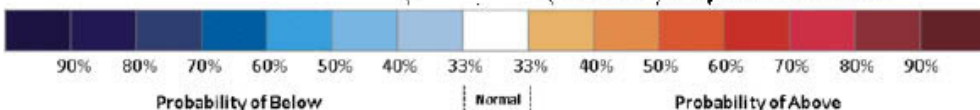


# Temperature Probability



6-10 DAY OUTLOOK  
TEMPERATURE PROBABILITY  
MADE 23 JUN 2017  
VALID JUN 29 - JUL 03, 2017

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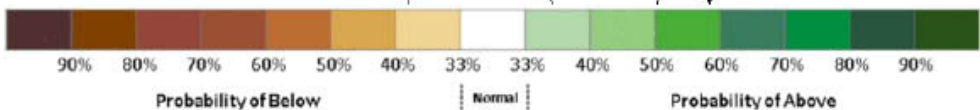


# Precipitation Probability



6-10 DAY OUTLOOK  
PRECIPITATION PROBABILITY  
MADE 23 JUN 2017  
VALID JUN 29 - JUL 03, 2017

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**Corn** traders continue to heavily debate U.S. weather. Prices are slightly higher this morning, but the bears have clearly been in control, with prices falling by -25 cents last week. The bears are pointing to nearly perfect conditions this past weekend for a large portion of the U.S. growing region. The bulls on the other hand continue to talk about the rough start to the U.S. season and potentially more extreme heat following the 4th of July holiday. There's also now some bullish talk of Gross's Wilt disease showing up in parts of Iowa and Nebraska. Most sources inside the trade however, seem to be thinking the USDA will bump their weekly crop-conditions a hair higher this afternoon, I personally have to agree. Many farmers I've spoken with are seeing a much improved crop, especially inside some of the states that had been struggling. Last week the USDA opted to leave conditions "unchanged" at 67% rated "Good-to-Excellent", despite elven out of the eighteen states showing improvements compared to the previous week. Not only is the U.S. crop looking as if it has improved to some degree, but the bears are also talking about a stronger than expected second-crop coming out of the fields in Brazil. At this point there seems to be more talk of the record crop in Brazil getting larger, not smaller. This starts to bring about more questions of perhaps lower U.S. corn and ethanol exports in the 3rd and 4th quarter of 2017. Don't forget we also have the highly anticipated and often extremely volatile June 30th acreage report and Quarterly Stocks update by the USDA being released this Friday. I feel like most inside the trade are looking for a reduction in total U.S. acres, but we will still be digesting more than ample supply. As a producer, I continue to keep my hedges in place and taking a longer-term "wait-and-see" approach. Technically, we are now within 20 cents of the new crop DEC17 contract low that was posted back in

was named female "Athlete of the Half Century" by the Associated Press.



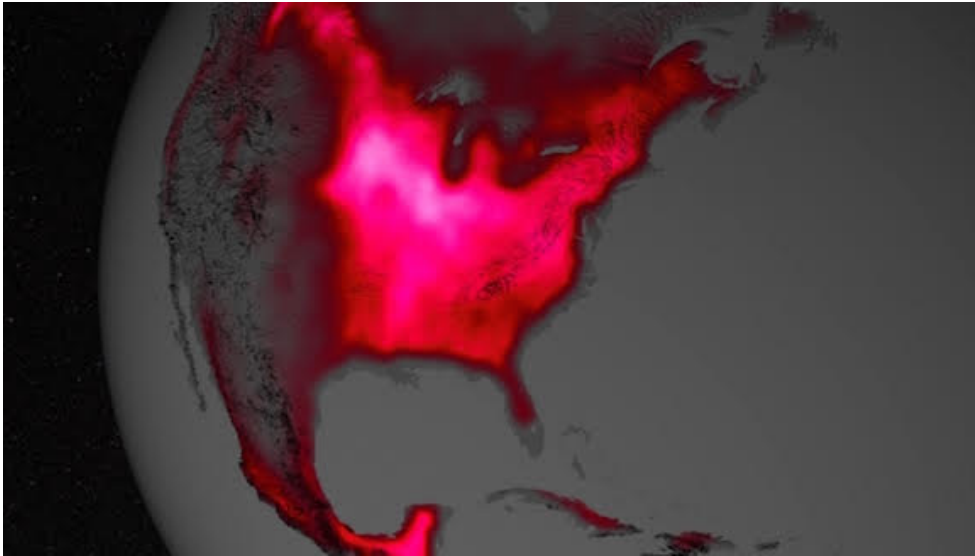
**1948, Cold War** - U.S. and British pilots begin delivering food and supplies by airplane to Berlin after the city is isolated by a Soviet Union blockade. When World War II ended in 1945, defeated Germany was divided into Soviet, American, British and French zones of occupation. The city of Berlin, though located within the Soviet zone of occupation, was also split into four sectors, with the Allies taking the western part of the city and the Soviets the eastern. In June 1948, Josef Stalin's government attempted to consolidate control of the city by cutting off all land and sea routes to West Berlin in order to pressure the Allies to evacuate. As a result, beginning on June 24 the western section of Berlin and its 2 million people were deprived of food, heating fuel and other crucial supplies. Though some in U.S. President Harry S. Truman's administration called for a direct military response to this aggressive Soviet move, Truman worried such a response would trigger another world war. Instead, he authorized a massive airlift operation under the control of General Lucius D. Clay, the American-appointed military governor of Germany. The first planes took off from England and western Germany on June 26, loaded with food, clothing, water, medicine and fuel. By July 15, an average of 2,500 tons of supplies was being flown into the city every day. The massive scale of the airlift made it a huge logistical challenge and at times a great risk. With planes landing at Tempelhof Airport every four minutes, round the clock, pilots were being asked to fly two or more round-trip flights every day, in World War II planes that were sometimes in need of repair. The Soviets lifted the blockade in May 1949, having earned the scorn of the international community for subjecting innocent men, women and children to hardship and starvation. The airlift--called die Luftbrücke or "the air bridge" in German--continued until September 1949, for a total delivery of more than 1.5 million tons of supplies and a total cost of over \$224 million. When it ended, the eastern section of Berlin was absorbed into Soviet East Germany, while West Berlin remained a separate territory with its own government and close ties to West Germany. The Berlin Wall, built in 1961, formed a dividing line between East and West Berlin. Its destruction in 1989 presaged the 1991 collapse of the Soviet Union and marked the end of an era and the reemergence of Berlin as the capital of a new, unified German nation.

## Upcoming Events

Fri 6/30 - Quarterly Hogs and Pigs

are now within 20 cents of the new-crop DEC17 contract low that was posted back in late-August of 2016 at \$3.58<sup>4</sup>. Some insiders are saying if the U.S. weather doesn't start to turn more extreme, the bears will try and re-test the area between \$3.50 and \$3.60 per bushel. Remember, traditionally this has been an extremely volatile week. In 2012 prices jumped by +60 cents, while in 2011 prices fell by -50 cents during the week. Make certain you have yourself comfortably positioned and belted in...

**Satellites Help Show Productivity from U.S. Corn Belt:** *Data from satellite sensors show that during the Northern Hemisphere's growing season, the Midwest region of the United States boasts more photosynthetic activity than any other spot on Earth, according to NASA and university scientists. Healthy plants convert light to energy via photosynthesis, but chlorophyll also emits a fraction of absorbed light as fluorescent glow that is invisible to the naked eye. The magnitude of the glow is an excellent indicator of the amount of photosynthesis, or gross productivity, of plants in a given region. A paper was recently published titled, "[Proceedings of the National Academy of Sciences](#)", according to co-author Christian Frankenberg of NASA's Jet Propulsion Laboratory in Pasadena, Calif., "The paper shows that fluorescence is a much better proxy for agricultural productivity than anything we've had before. This can go a long way regarding monitoring – and maybe even predicting – regional crop yields." It's crazy to think how yield forecasting is quickly changing... (Source: [NASA](#); Image Credit: NASA's Goddard Space Flight Center)*



**Soybean** bears aggressively pressured the market last week, driving prices lower by -30 cents as they continue to talk about record U.S. acres getting even larger after this Friday's USDA report. Crop conditions improved slightly last week from 66% to 67% rated "Good-to-Excellent", as fourteen states actually showed improved conditions compared to the previous week. I suspect we could see similar improvements this week, but conditions will still remain well behind last year's 73% rated "Good-to-Excellent". Right now there's just not a lot in the U.S. weather forecast that makes the market nervous or worried about a widespread yield drag. Nobody is really thinking we will challenge last year's record yield, but nobody is talking about major widespread complications. I personally believe it's still way too early to get overly excited in either direction about U.S. soybean yields. Meaning I would like to see a few more cards turned over before I start placing any additional longer-term bets on the U.S. yield. As a producer I want to keep all of my current hedges in place, still believing there could be some additional downside. Keep in mind, prices for new-crop NOV17 beans closed this past week about -\$1.75 cheaper than new-crop NOV16 beans were trading last year at this time. Cash soybeans are actually trading about -\$2.00 cheaper than last year for many. This is a HUGE difference for producers! Chinese buyers are clearly purchasing more South American soybeans, so I'm worried that U.S. demand headlines could dry up a bit in the coming weeks, perhaps pressuring prices even lower. Without a major weather story or production concern it will be tough to keep the bulls fed and or keep a rally moving higher. I suspect we could catch a boost or a slight tailwind on a bullishly revised EPA biofuel mandate, which could be released this week, but I'm not holding my breath. There's also an outside chance that strength in the wheat market might spill over into corn and soybeans, helping to provide some nearby support. Longer-term however we are going to need a late-summer weather story or something that brings into doubt U.S. production, if we have any hopes of challenging the 2017 highs. As a spec, I remain patient, wanting to be a longer-term bull, but only on a deeper break in price and better valuation. Keep in mind the NOV17 contract low was posted in late-August of 2015 at just under \$8.60 per bushel. Technical bears believe this contract might eventually want to re-test the \$8.50 to \$8.80 range, especially if

**Fri. 6/29** - Quarterly Earnings 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



### Nov Soybeans

Lows from August 2016 (9.0350) are potentially the last level of support before 8.80.

[Enlarge Nov Soybeans Chart »](#)



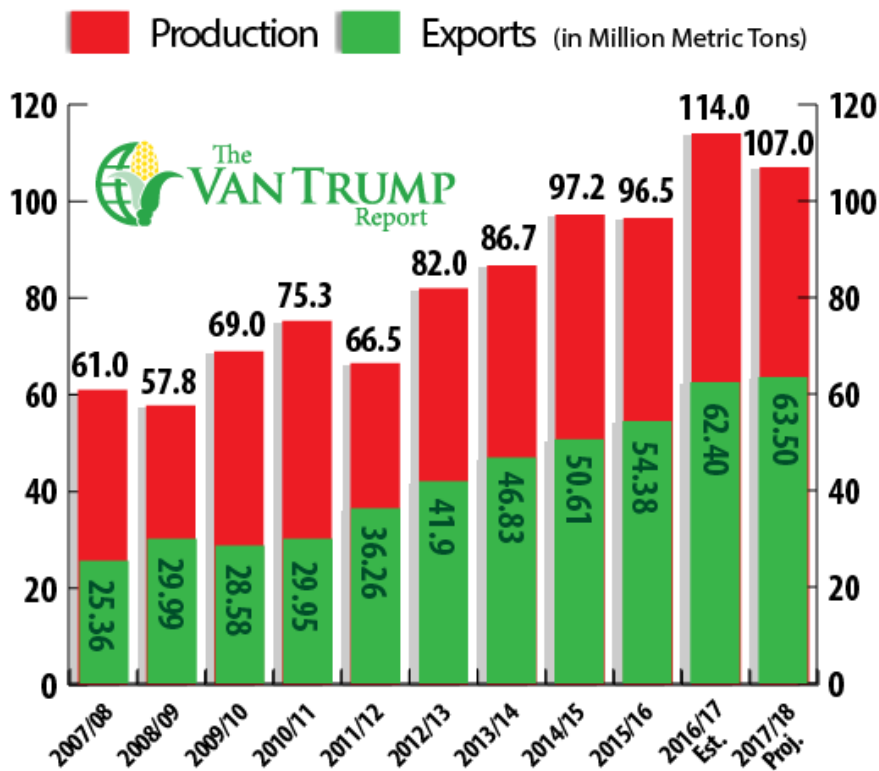
Need more help with the "Technical" side of the market? I personally like to use Tom Dosdall at Technical Ag Knowledge. [Click here for a complimentary subscription courtesy of The Van Trump Report.](#)

### Outside Markets



U.S. weather offers up little wide-spread concern. This could be an extremely wild week so stay fully-engaged.

## Brazil Soybean Production & Exports

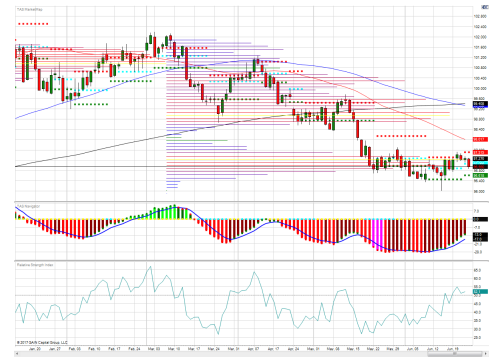


Source: USDA, Updated with June 09, 2017 WASDE numbers

**Wheat** remains somewhat mixed as SRW was down -5 cents last week, HRW down -10, and Spring wheat up +17 cents. The spring wheat crop conditions were lowered again last week and currently stand at just 41% rated "Good-To-Excellent" vs. 76% last year. South Dakota shows 64% of their crop in "Poor-to-Very Poor condition. North Dakota showed 24% of its crop and Montana 37% rated "Poor-to-Very Poor". The bears argue those conditions might actually improve a bit this week, possibly creating a momentary headwind for the wheat market. The bears are also talking about some improved forecast for portions of Europe that have been dry. On the flip side, the bulls believe the U.S. all-wheat crop is still overstated, and that "abandoned acres" could be larger than forecast. The bulls also continue to see a major "quality" and "protein" problem brewing as conditions in Canada and Australia continue to complicate and add to U.S. concerns. We are also keeping an eye on conditions in parts of Russia and Ukraine. Unfortunately the USDA might remind us again on Friday that we are still swimming in a glut of supply. Don't forget the USDA recently showed global ending stocks at a new all-time record high of 261.2 million tons. There's clearly a longer-term story brewing in the spring wheat market, but the million dollar question is how high will prices need to go to ration demand and for how long? I personally believe prices are ultimately going to go even higher, but this might be a tough week for the bulls. Don't chase and don't get over-leverged!



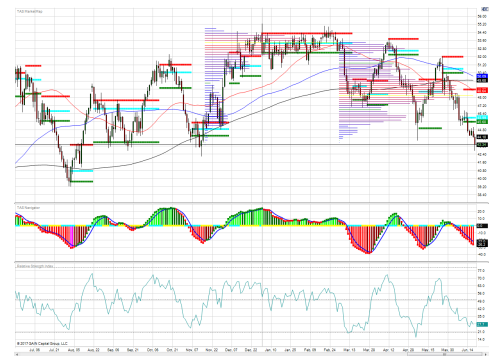
> **Syngenta Loses \$218 Million Verdict In First GMO Trial Test:** Syngenta AG was ordered to pay \$217.7 million to a group of Kansas farmers who claimed the company carelessly marketed its genetically modified corn seed, causing contamination of U.S. crops and a rejection of export sales to China by officials there. A Kansas jury issued the verdict Friday in the first trial brought by U.S. farmers alleging Syngenta caused



### 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.

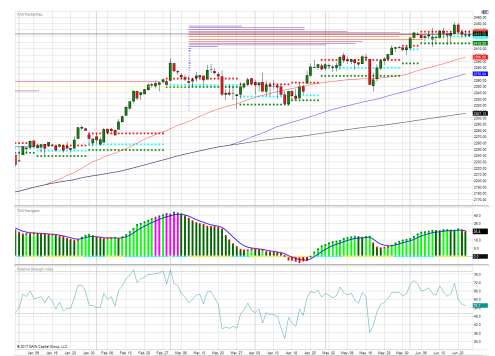
[Enlarge US Dollar Index Chart »](#)



### Crude Oil

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 2421.25.

[Enlarge E-Mini S&P Index Chart »](#)

Kevin's Song of the Week

five years of depressed corn prices. Several other trials are pending as lawyers pursue suits on behalf of some 350,000 corn growers claiming as much as \$13 billion in losses. The win gives momentum to claims by farmers from more than 20 states who are suing the Swiss agrochemical giant. Syngenta faces its next class action in a Minnesota court in August, where farmers are seeking more than \$600 million. The Kansas City, Kansas, jury awarded only compensatory damages and no punitive damages. The farmers' lawyers had asked for \$217.7 million for lost sales plus punitive damages. Syngenta said it would appeal the verdict. (Source: Bloomberg)

**> Argentina Lowers Prospects For Wheat & Soy, Ups Corn Harvest:** Argentina cut its forecast for wheat sowings, citing area lost to excessive rains, in a report which also downgraded the ongoing soybean harvest, thanks to even bigger switch than had been thought to corn. The country's farm ministry lowered by some 2470,000 acres to 14.58 million acres its forecast for Argentine wheat sowings for the 2017-18 harvest, started late this year, noting "ups and downs" in the planting window, which has been marred in some areas by rain. The Argentine ag ministry also lowered its forecast for the domestic soybean harvest, now nearly complete, by 1.0 million metric tons to 57.0 million metric tons, also reflecting a reduced estimate for sowings, which were cut by 1.73 million acres to a five-year low of 46.46 million acres. The ministry also cautioned of increase to the area of soybeans abandoned, after heavy rains earlier in the year. Reduced soybean seedings reflect an increase in corn sowings, which the ministry upgraded by 1.28 million acres to 19.64 million acres. That is the highest figure by more than 2.47 million acres on records going back to the 1960s. Corn production in 2016-17, including silage, was pegged at 47.5 million metric tons, an upgrade of 1.0 million metric tons, and a rise of 7.7 million metric tons year on year. Source: Agrimoney)

**> Value Of E.U. Wheat, Cereal Exports Drop:** The value of wheat and cereal exports from the E.U. dropped significantly in April, and are down overall for the 12-month period from May 2016 to April 2017, according to a June 21 report from the European Commission. Wheat exports for the month dropped 27% to €415 million while cereals were down 28% to €138 million. For the year, wheat exports were down 12% to €4.88 billion while cereals were down 34% to €1.8 billion. Overall, the monthly value of E.U. agri-food exports in April reached a value of €10.6 billion, which is €424 million, or 3.8% lower, than the same period a year ago. (Source: World Grain)

**> Russian Wheat Priced Out Of Egyptian Tender:** Russian wheat missed out on business at a tender by Egypt's Gasc for only the second time in a year as the lift to prices from ideas of a late harvest more than offset the dent from rouble weakness. Gasc, grain authority for the world's top wheat-importing country, bought 175,000 tonnes of wheat on Thursday at tender, taking

CX the total it has purchased for 2017-18 for import above 1.0m tonnes already, before the season has even started. This was the fourth tender that Gasc has undertaken for delivery in 2017-18, which begins next month, in a period when it is typically out of the market, with stores boosted by purchases from the domestic harvest. Gasc purchased all its wheat from Romania and Ukraine, spurning Russian supplies for only the second time in the more than 25 orders it has made at tender in the past year. The offers from these two countries - with Ukraine wheat tendered as low as \$190.88 a tonne, excluding freight - undercut cargos from Russia, which broadly showed price increases from the previous Gasc event. (Source: Agrimoney)

**> China Takes Delivery Of First Shipment Of American Beef In 14 Years:** China let through the first shipments of beef from the United States in 14 years on Friday, after the two nations agreed to resume the trade in May, state media reported. The imports were brought in by Cofco Meat Holdings from U.S. meat processor Tyson Foods Inc. Under the new rule, boneless and bone-in beef from cattle under 30 months of age will be eligible for imports. Beef destined for China must also be from cattle that can be traced to its birth farm, according to the rule. Chinese importers are racing to bring in American beef to meet increasing demand for premium meat in the \$2.6 billion beef import market. (Source: Reuters)

**> USDA Bans Brazilian Beef Imports:** The USDA announced late Thursday that it was blocking all fresh beef shipments from Brazil after rejecting a whopping 11 percent of meat imported from the country over the past several months. The 11 percent rejection rate is truly high: The USDA says it typically rejects roughly 1 percent of shipments from other countries. Total Brazilian rejections amounted to about 1.9 million pounds. "We've long had concerns about the importation of fresh beef from Brazil, said Roger Johnson, president of the National Farmers Union. Johnson pointed to the ban as reason to re-instate Country-Of-Origin Labeling regulation for meat, which was repealed in 2015.

**> Groups File Suit Against Sanderson Farms:** Three activist groups are suing Sanderson Farms, a major poultry company, over accusations of "false advertising." The groups contend that Sanderson Farms' chicken, which is marketed as 100%

## WHAT I'M LISTENING TO: ▶



▶ Chris Stapleton "Either Way"

## About the Report



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 groups contend that Sanderson Farms' chicken -- which is marketed as 100% natural -- instead contains a wide range of unnatural and, in some cases, banned substances and drugs. The groups pointed to recent residue testing by the USDA, which they said found 49 instances in which samples of Sanderson products tested positive for residues of synthetic drugs. The groups highlighted a number of findings, including 11 instances of antibiotics that are also used in human medicine, including chloramphenicol, which is prohibited for use in food animals, as well as positive tests for ketamine, a drug with hallucinogenic effects. (The groups, however, acknowledged that there were no valid testing methods to detect ketamine in poultry). The groups also said the chicken sometimes tested positive for prednisone, a steroid, and growth promoters melengesterol acetate and ractopamine, which is a beta agonist not approved for chicken production (although it is approved for turkeys). (Source: Politico)

**> Oil Producers Sticking To Output Agreement:** A monitoring committee made up of OPEC members and producers outside the group said that compliance to production cuts reached 106% in May, the highest since the deal was first clinched late last year. In the U.S., production growth and crude inventories may show a decline next week as inclement weather in the Gulf of Mexico has shut a number of oil rigs and platforms, analysts say. According to JBS Energy, 300,000 barrels a day of production were shut in. (Source: The Wall Street Journal)

**> Sears Announces More Store Closings:** Sears is preparing to close 20 more stores in the United States. That's on top of 245 closings already announced, according to Sears employees, and will bring the company's store count down to about 1,180. Yesterday, Sears Canada announced it would close a quarter of its 59 locations as part of court-ordered restructuring. (Source: Business Insider)

**> Housing Market Seems To Be Back On Track:** May New Home Sales rose +2.9% to 610,000. The report also included a sharp 24,000 upward revision to April which now stands at 593,000. The biggest surprise in the report was an +11.5% surge in the median selling price, rising to \$345,800. That brings the year-on-year increase to +16.8%, nearly double the +8.9% gain in actual sales. This price traction is related not only to demand but also to supply of new homes which is very tight. New homes did move into the market during the month, up 1.5 percent to 268,000 units, but sales relative to supply are unchanged at only 5.3 months. The two focused regions for home builders, the West and South, are the strengths in May. Sales in the West jumped +13% to a 162,000 rate while sales in the South rose +6.2% to 360,000. But sales in the Midwest and Northeast, which are small regions for home builders, fell sharply with double-digit declines, down a monthly -11% for the Northeast to 33,000 and down -26% for the Midwest to 55,000. This report, backed by May's gain in existing home sales, points to a mid-quarter sales bounce for the housing sector, one that underscores high levels of employment and consumer confidence.

**> The Most Populous Nations In 2050:** Currently the world has a population of nearly 7.6 billion people and that's increasing, though at a slower pace than in the recent past. The population is growing at a rate of 1.1 percent, meaning an extra 83 million people are being added to the planet's population every year. The global population is going to surpass 8 billion by 2030 and hit 9.8 billion by 2050, according to a new report from the United Nations. There's an estimated 962 million people aged 60 and over around the globe (13 percent of the population), and that is going to expand steadily over the coming years. In 2030, 1.4 billion people will be aged over 60 and that could reach 3.1 billion by 2100. Ten countries are set to account collectively for over half the world's projected population increase between now and 2050: India, Nigeria, the Democratic Republic of Congo, Pakistan, Ethiopia, Tanzania, the United States, Uganda, Indonesia and Egypt. Within the next seven years, India is expected to surpass China as the most populous nation. The United States is also going to be overtaken by Nigeria by 2050 to become the world's third most populous nation - Nigeria is currently posting the fastest rate of population growth worldwide. (Source: Statista)

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.

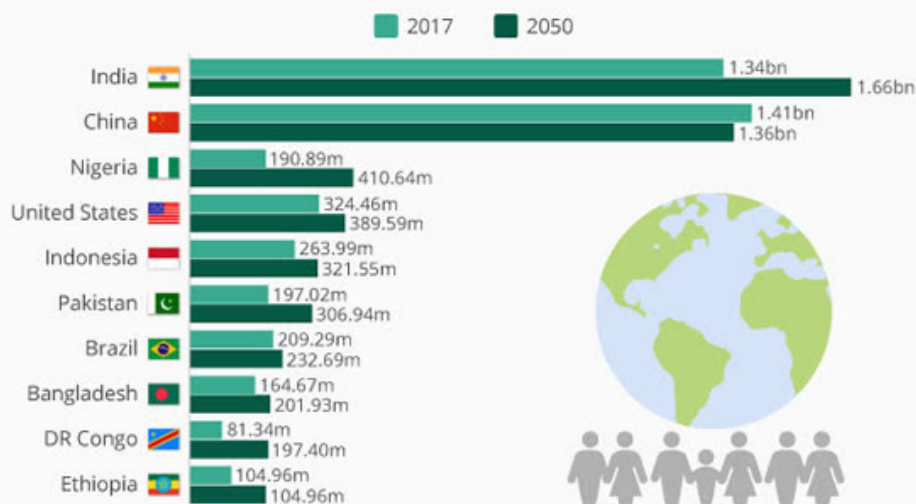
- Option #1 - Conservatively long.
- Option #2 - Aggressively long.
- Option #3 - Sitting on the sideline.

I never initiate a "short" position in a market that I am "bullish" longer-term,



## The World's Most Populous Nations In 2050

Population in 2017 and forecast for 2050



@StatistaCharts Source: UN Population Division

statista

## FROM THE FIELD

**Central Minnesota** - As a whole, things are good on our farm. We did have to replant some beans after certain fields were drowned out. We also had a couple of other bean fields that took a hail storm and needed some work. The corn looks good so far and we expect at least average yields this year. We are moving some of our corn to the river today as that is our best option beyond our coop where we deliver 40% of our crop. I like the technology they provide us with Ag Veritas which does a great job of aggregating and distilling information from our fields. It identifies details from soil types and production from each as well as different yields from similar soil. All information is actionable for us to dive deeper into the reasons for our variances. We are still sitting on some old crop and wished we would have moved a bit more on our last sale. All that is left for our beans is a little more moisture and some heat and we are good to go.

**Northcentral Iowa** - I have been hauling grain to McGregor, Iowa This week from Mitchell County down Highway 9. I have noticed some nice looking crops and some not so nice in the same area. Sitting up in a Semi gives you a better view than in a car. I have noticed a lot of fields with holes where the stand is light, not big areas but most fields have these areas. For the most part, the crop looks good, but I am also seeing yellowed areas, from compaction. The surface of the soil looked dry this spring when it was tilled, but beneath the surface it was still wet, and the stress from compaction is showing through.

**Southcentral Manitoba** - It seems hard to believe that we are only 20 miles north of North Dakota but not suffering any of the drought stress they are. The soil moisture couldn't be better than it is. Today it is nice and cool with a high in the low 60's. Our corn and beans are coming along beautifully and the forecasts look to keep the crops in good order. Ironically, we normally suffer from too much moisture in this part of the Red River Valley. We currently use variable rate for our fertilizer but not for seeding or spraying. I will tell you that I have been farming for 10 years and seen lots of technology produced that was supposed to save me money and I do not feel I have seen it. I am very skeptical on the ability of digital tech companies to provide me ROI that I can trust. I know it will one day, but until the inefficiencies are worked out I'll sit it out. I can't afford to pay every new tech idea \$5-10 an acre. I look forward to the day there is a playbook for new tech companies getting in the game and what they actually do.... not what they say they will do.

nor do I initiate a "long" position in a market I am "bearish" longer-term.

### Farm Direction

#### RECIPES

## ★ FAMILY FAVORITES ★

- SENT IN BY OUR READERS -

**Fried Green Tomatoes w/Bacon Remoulade**

[CLICK TO SEE RECIPE](#)



# CROSSING WIRES

A place to share intelligent thoughts...

**In 'Food Evolution,' Scientists Strike Back:** Directed by Scott Hamilton Kennedy, "Food Evolution" hopes to demystify G.M.O.s and points to successes like Hawaiian papayas and Ugandan bananas, which were saved from devastating viruses. And while it gives opponents their say, the film rebuts their arguments, including reports that suggest G.M.O.s lead to a rise in farmers' suicide rates and an increase in pesticide use. (The response to the first: correlation is not causation; to the second, yes, but those pesticides are far less toxic.) The film also speaks with food journalists as well as farmers who have benefited from the technology. And if trust is an issue, Neil deGrasse Tyson, perhaps the most credible public scientist on the planet, is its narrator. The documentary acknowledges the gorilla in the garden: Monsanto, a leading exponent of modification, is "one of the most-hated companies in the world." There are many reasons Monsanto raises hackles, Dr. Tyson acknowledges, but "to be concerned about the safety of their G.M.O.s is to be misinformed." Read more [HERE](#).

**Brazil Court Ruling Potentially Undercuts Temer Investigation:** Brazil's Supreme Court ruled on Thursday it has the right to reject plea bargains made in corruption probes, potentially undercutting investigations that have threatened President Michel Temer's government, prosecutors said. A majority of the court said plea bargains, such as those made by dozens of executives at the world's largest meatpacker JBS SA and construction firm Odebrecht, could be evaluated by the full court and rejected if they rule that a state's witness lied or withheld information. However, the court ruled that it did not have the right to change the benefits that prosecutors give a person who turns state's witness. That move would have killed the entire plea bargain process, which has been a key tool in uncovering massive graft schemes in recent years, prosecutors told Reuters. While the court stopped short of that, investigators fear that involving all 11 top court justices in deciding whether or not a state's witness has fully collaborated could still spook some potential witnesses into not talking. Read more [HERE](#).

**Researchers Uncover What Causes Cancer and How It Can Be Slowed:** Treating cancer can be tricky: for one, cancer cells tend to spread quickly, known as metastasis — a behavior which sometimes goes undetected. As such, cancer remains a global problem, causing nearly 1 in every 6 deaths worldwide, according to the World Health Organization. 90 percent of those deaths occur when the cancer has metastasized. But what if the spread of cancer cells could be prevented? That's the idea behind a study a team of researchers from Johns Hopkins University published in a recent issue of the journal Nature Communications. The researchers realized the key is understanding what triggers metastatic behavior. "We found that it was not the overall size of a primary tumor that caused cancer cells to spread, but how tightly those cells are jammed together when they break away from the tumor," lead author Hasini Jayatilaka said in a press release. The same kind of cellular behavior is also found in bacteria. More [HERE](#).

**This high school dropout Invested in Bitcoin at \$12 is now a millionaire at 18:** Erik Finman made a bet with his parents that if he turned 18 and was a millionaire, they wouldn't force him to go to college. Thanks to his savvy investments in bitcoin, he won't have to get his degree. He currently owns 403 bitcoins, which at last week's value of around \$2,700 a coin puts his bitcoin value at \$1.09 million. He also has smaller investments in other cryptocurrencies, including litecoin and ethereum. Finman began investing in bitcoin in May 2011 at the age of 12, thanks to a \$1,000 gift from his grandmother and a tip from his brother Scott. Read more [HERE](#).

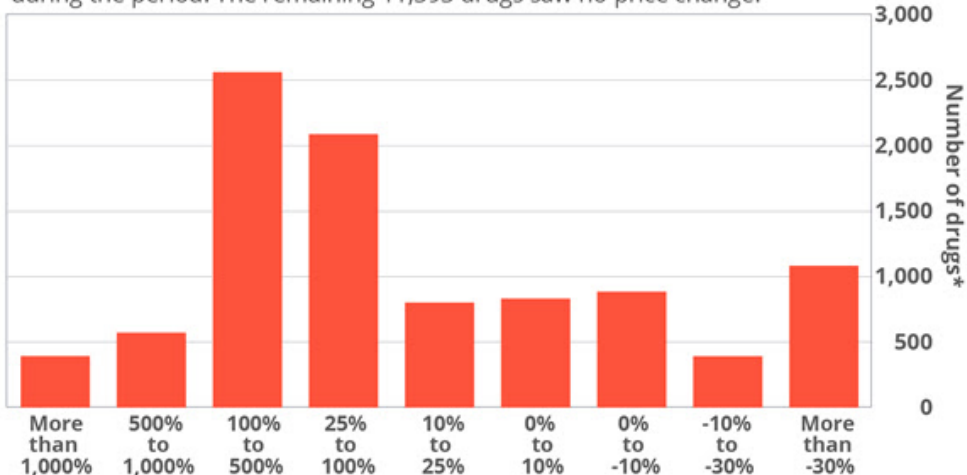
**Stock Picking Is Dying Because There Are No More Stocks to Pick:** The Wall Street Journal's Jason Zweig, wrote an interesting article that shows in less than two decades, more than half of all publicly traded companies have disappeared. There were 7,355 U.S. stocks in November 1997, according to the Center for Research in Security Prices at the University of Chicago's Booth School of Business. Nowadays, there are fewer than 3,600. Several factors explain the shrinking number of stocks, analysts say, including the regulatory red tape that discourages smaller companies from going and staying public; the flood of venture-capital funding that enables young companies to stay private longer; and the rise of private-equity funds, whose buyouts take shares off the public market. Read more [HERE](#)

**Some Generic Drug Prices Just Jumped As Much As +85%:** On June 13, as members of a Senate health panel gathered to discuss the rising cost of prescription drugs, the prices of 14 common medications were increased by some 20% to 85%. The affected drugs would appear to be unlikely candidates for price hikes. All were generic drugs, which lack patent protection and therefore tend to be much less expensive with

drugs, which lack patent protection and therefore tend to be much less expensive, with prices, in fact, largely declining over time. One drug, which saw an 85% increase in its price, is used to treat tuberculosis. An anti-seizure drug's price rose 63%. A drug for attention-deficit hyperactivity disorder was increased by 47%. Between 2010 and 2015, more than 300 generic drugs had at least one "extraordinary" price increase of 100% or more, according to a Government Accountability Office report last year. Tracking down the root cause of this extraordinary inflation isn't simple, either. Drug manufacturers and pharmaceutical middlemen tend to point fingers at each other. Read more [HERE](#).

## More than 3,500 generic drugs saw prices at least double between 2008 and 2015

Of 21,006 generic drugs analyzed by Connecture, 9,613 saw price movement during the period. The remaining 11,393 drugs saw no price change.



\*Individual drug/dosage/package combinations.

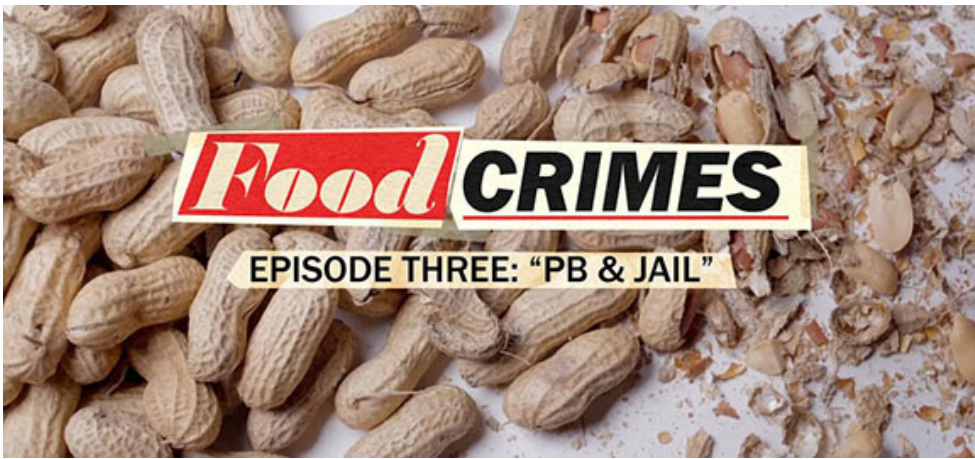
Source: DRX Drug Database



### Even Criminals Recognize Ag Space As Lucrative

In recent years California businesses have seen millions of dollars' worth of almonds, walnuts, and pistachios disappear from their inventories. Farmers are perplexed, the cops are confused, and crooks are getting richer. It took the nut industry more than two years to realize that it was under attack. In late 2015, after thefts were finally reported, the Western Agricultural Processors Association held a meeting for nut companies and law enforcement, which it humorously called, the Emergency Nut Theft Summit. At the time, the associations' President, Roger Isom, thought very few people would show because only a couple of companies had been hit. After the final registration count reached 147 he realized they had a real problem and it was much bigger than anyone imagined. I'm told that in recent years, nut theft has exploded into a huge problem. At least \$10 million in nuts have gone missing since 2013. The number and style of the thefts have been quick and professional, finally drawing the attention of federal organized-crime investigators and prompting the creation of a regional task force. Why would someone steal nuts? First, the money is good, but the bad guys are also finding out that food has no serial number, you can't locate the items over the internet and the evidence is consumed. Interestingly, officials in California have said that nut theft had overtaken drug crimes in many locations and has become their top investigative priority. Officials have also stated that the already difficult situation is further complicated by the fact many nut processors and trucking companies have avoided contacting the police, worried that reporting thefts could jeopardize future business. As some foods become more expensive and and in higher demand, it will be interesting to see if thieves move deeper into the ag space? (Source: Outside Online; Picture from Modern Farmer)





### **Eighth Wonder Of The World May Have Been Rediscovered**

New Zealand once attracted tourists from around the world with what was known as the "eighth wonder of the world." Officially, there were seven wonders of the world, though the items on the list have varied throughout history. Sometimes, those lists would add the Pink and White Terraces of New Zealand as an eighth wonder. Unfortunately, no one has seen them in over 130 years. The eruption of Mount Tarawera on June 10, 1886 spread hot mud, red hot boulders and clouds of black ash over an 11 mile area. At the site of the terraces, all that was left was a 330 foot deep crater. Over many years, this eventually filled with water to form a new Lake Rotomahana, 98–131 ft. higher, ten times larger and deeper than the old lake. It was believed at the time that the terraces were completely destroyed. In addition, the exact location of the terraces was not known as the government of the time never surveyed them. However, researchers mapping the new lake's floor believe they have found them, buried 30 to 40 feet under several layers of ash and mud. One of the researchers, Rex Bunn, says he believed the terraces may be in reasonable condition, potentially with minimal damage, and could be restored to their former glory once excavated. The Pink and White terraces were reportedly the largest silica sinter deposits on earth which created colorful, cascading pools that descended into Lake Rotomahana. They were known as the "fountain of the clouded sky" (pink) and the "tattooed rock" (white), and were originally formed by the slow accumulation of silica-rich deposits from ancient geothermal springs. The White Terrace was at the north-east end of Lake Rotomahana, while the Pink Terrace lay four fifths of the way down the lake on the western shore, facing east to south-east. The pink appearance over the mid and upper basins was due to antimony and arsenic sulfides. Bunn and fellow researcher Sascha Nolden of the National Library of New Zealand are preparing a full archaeological site investigation, with hopes the terraces might be returned to public view. The seven wonders that are most widely agreed upon as being in the original list are known as the Seven Wonders of the Ancient World (listed below), which was compiled by ancient Greek historians and is thus confined to the most magnificent structures known to the ancient Greek world. Of all the Ancient Wonders, the pyramids alone survive. (Sources: USA Today, Wikipedia)

**1. The Pyramids of Egypt** are three pyramids at Giza, outside modern Cairo. The largest pyramid, built by Khufu (Cheops), a king of the fourth dynasty, had an original estimated height of 482 ft (now approximately 450 ft). The base has sides 755 ft long. It contains 2,300,000 blocks; the average weight of each is 2.5 tons. Estimated date of completion is 2680 B.C.

**2. The Hanging Gardens of Babylon** were supposedly built by Nebuchadnezzar around 600 B.C. to please his queen, Amuhia. They are also associated with the mythical Assyrian queen Semiramis. Archeologists surmise that the gardens were laid out atop a vaulted building, with provisions for raising water. The terraces were said to rise from 75 to 300 ft.

**3. The Statue of Zeus (Jupiter)** at Olympia was made of gold and ivory by the Greek sculptor Phidias (5th century B.C.). Reputed to be 40 ft high, the statue has been lost without a trace, except for reproductions on coins.

**4. The Temple of Artemis (Diana)** at Ephesus was begun about 350 B.C., in honor of a non-Hellenic goddess who later became identified with the Greek goddess of the same name. The temple, with Ionic columns 60 ft high, was destroyed by invading Goths in A.D. 262.

**5. The Mausoleum at Halicarnassus** was erected by Queen Artemisia in memory of her husband, King Mausolus of Caria in Asia Minor, who died in

353 B.C. Some remains of the structure are in the British Museum. This shrine is the source of the modern word mausoleum.

**6. The Colossus at Rhodes** was a bronze statue of Helios (Apollo), about 105 ft high. The work of the sculptor Chares, who reputedly labored for 12 years before completing it in 280 B.C., it was destroyed during an earthquake in 224 B.C.

**7. The Pharos (Lighthouse)** of Alexandria was built by Sostratus of Cnidus during the 3rd century B.C. on the island of Pharos off the coast of Egypt. It was destroyed by an earthquake in the 13th century.



### **Dare To Be Different... The "Art" of Decision Making**

In my late-20's a friend of mine from high school once told me that he doubted he would ever be as successful as I was because he made normal rational decisions and those in turn produced normal rational results. At the time we had a good laugh and went about our day, but through the years I've often thought about that comment and how correct he may have been. I recently read a good article penned by Shane Parrish, where he says, "The most creative people I know are often the ones who have a hell-raiser trait in them, regardless of whether this comes from nature or nurture. These are



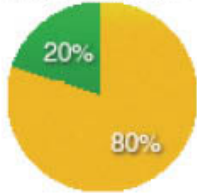
people who think different, feel different, behave different. These are the people who can't easily fit into the square corporate box. Organizations both value and despise them. They make people uncomfortable. They challenge thoughts, processes, and the status quo. They disrupt and dismiss. They push. They raise the bar for everyone else and they call people out. They're not being difficult on purpose — they're being themselves. They see things differently. And that comes with both opportunities and challenges. Many people — especially those who are less secure about themselves — have a hard time working with people that push boundaries and challenge the way things are done. They don't want to be challenged. They don't want the bar raised. They don't want to explain why something needs to stay the same. All of this, after all, is exhausting. It's much easier to just ignore, dismiss, or add layers." In a book by Howard Marks, the chairman and cofounder of Oaktree Capital Management, titled, "The Most Important Thing", Marks says, "Decision making is as much art as it is science. The problem is that extraordinary performance comes only from correct nonconsensual forecasts, but nonconsensual forecasts are hard to make, hard to make correctly and hard to act on." The goal is not blind divergence but rather a way of thinking that sets you apart from others. A way of thinking that gives you an advantage. I guess you could argue that Steve Jobs was absolutely correct when he narrated the iconic Apple commercial 20-years ago. I guess you could argue that my friend was also correct... Here's to my parents and grandparents, not only did they allow and encourage me to be creative and to think different, but they also put up with all of my crazy ideas and often wild ways! Click [HERE](#) to view the video (Source: [Shane Parish](#), [Charlie Munger](#), [Howard Marks](#))

*"Here's to the crazy ones, the misfits, the rebels, the troublemakers, the round pegs in the square holes... the ones who see things differently — they're not fond of rules... You can quote them, disagree with them, glorify or vilify them, but the only thing you can't do is ignore them because they change things... they push the human race forward, and while some may see them as the crazy ones, we see genius, because the ones who are crazy enough to think that they can change the world, are the ones who do." — Steve Jobs, 1997*



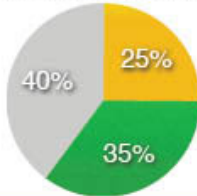
### CORN 2016 CROP

80% SOLD  
20% HEDGED  
0% UNPROTECTED



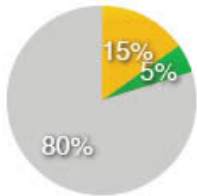
### CORN 2017 CROP

25% SOLD  
35% HEDGED  
40% UNPROTECTED



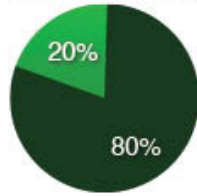
### CORN 2018 CROP

15% SOLD  
5% HEDGED  
80% UNPROTECTED



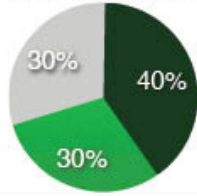
### SOYBEANS 2016 CROP

80% SOLD  
20% HEDGED  
0% UNPROTECTED



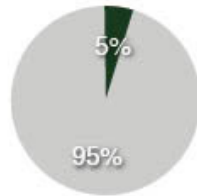
### SOYBEANS 2017 CROP

40% SOLD  
30% HEDGED  
30% UNPROTECTED



### SOYBEANS 2018 CROP

5% SOLD  
0% HEDGED  
95% UNPROTECTED



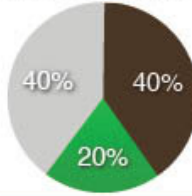
### WHEAT 2016 CROP

100% SOLD  
0% HEDGED  
0% UNPROTECTED



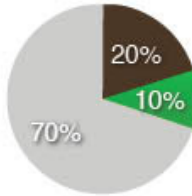
### WHEAT 2017 CROP

40% SOLD  
20% HEDGED  
40% UNPROTECTED



### WHEAT 2018 CROP

20% SOLD  
10% HEDGED  
70% UNPROTECTED



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