

GOOD MORNING 06/27/17 Farm Direction - VanTrump Report

1 message

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Tue, Jun 27, 2017 at 7:09 AM



"The secret of getting ahead is getting started." - Mark Twain

TUESDAY, JUNE 27, 2017

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Morning Summary: Investors are anxious to hear from Fed Chair Janet Yellen today, who will participate in a group discussion and audience Q&A on global economic issues in London. Yellen may be reluctant to make direct commentary on the outlook for U.S. monetary policy, but there is the potential for general guidance surrounding key economic issues. Her underlying tone regarding economic trends - in particular inflation - are sure to be highly scrutinized. Today also brings speeches from Philadelphia Fed President, Patrick Harker, and Minneapolis Fed President, Neel Kashkari. Yesterday, San Francisco Fed President, John Williams, made the case for further interest rate increases, saying he expects inflation to rise to the central bank's +2% target next year as unemployment edges lower. *"Gradually raising interest rates to bring monetary policy back to normal helps us keep the economy growing at a rate that can be sustained for a longer time,"* Williams said. He also backed Fed Chair Janet Yellen's opinion that the slowdown in U.S. inflation is due to one-off factors and said a slowdown shouldn't prevent further rate increases. I have a little different opinion, and tend to find myself more in the camp that believes the massive surge in "technology" in and of itself is inherently deflationary. Meaning that as long as we are in the midst of a "technological revolution" it will be extremely difficult to fight deflationary pressures. I understand, massive global debt supports the arguments for hyperinflation, but I don't see that card coming out of the decade anytime in the near or immediate future. The deflationary pressures just seem too powerful and too widespread. Perhaps once we move past this shift or wave of big technology I will sing a different tune, but as of today I don't see the Fed being behind the curve or interest rates exploding to the upside. Today's economic reports included Consumer Confidence, the S&P CoreLogic Case-Shiller Home Price Index and Richmond Fed Manufacturing. In politics, the Supreme Court handed President Trump a partial victory. The court has agreed to hear a challenge to his travel ban that restricts travel from six Muslim-majority counties. It also allowed for parts of the order to stay in effect as the case moves forward. Unfortunately we might have hit another roadblock in Washington as the Congressional Budget Office released a report yesterday that showed the recent Senate bill that aimed to repeal and replace the Affordable Care Act could leave 15 million more uninsured by 2018, and perhaps 22 million more uninsured by 2026, when compared to the current health care law. I'm not certain about all of the specifics, but from what I understand, under Obamacare, formally known as the Affordable Care Act, states were eligible to expand their Medicaid programs — providing health insurance to low-income people. For states that opted into the expansion, people whose household incomes were up to 138% of the federal poverty level could qualify for coverage. Under the new proposed Senate's bill, titled the Better Care Reconciliation Act, that expansion would be phased out, meaning those who gained coverage through the expansion would be without, though they could access coverage through the individual insurance market. This seems to be the headline the media is running with and in turn causing some political leaders to pause. Remember, Senate Republican Leader, Mitch McConnell, wants a vote on the bill this week, before Senators head home for the July 4th recess. With Senate Democrats united in opposition, Republicans can afford to lose only two votes on their side and still pass the bill. I'm thinking that's going to be a tough hill to climb... Hopefully a compromise of some sort can be reached and the bottleneck building behind healthcare will start to loosen.

Are Tensions Escalating In The Middle East: Bahrain has accused Qatar of a "war of attrition" in the dispute over the Gulf Peninsula's international borders.

Today In History



1829, Smithsonian Institute

- In Genoa, Italy, English scientist James Smithson dies after a long illness, leaving behind a will with a peculiar footnote. In the event that his only nephew died without any heirs, Smithson decreed that the whole of his estate would go to "the United States of America, to found at Washington, under the name of the Smithsonian Institution, an Establishment for the increase and diffusion of knowledge." Smithson's curious bequest to a country that he had never visited aroused significant attention on both sides of the Atlantic. Smithson had been a fellow of the venerable Royal Society of London from the age of 22, publishing numerous scientific papers on mineral composition, geology, and chemistry. In 1802, he overturned popular scientific opinion by proving that zinc carbonates were true carbonate minerals, and one type of zinc carbonate was later named smithsonite in his honor. Six years after his death, his nephew, Henry James Hungerford, indeed died without children, and on July 1, 1836, the U.S. Congress authorized acceptance of Smithson's gift. President Andrew Jackson sent diplomat Richard Rush to England to negotiate for transfer of the funds, and two years later Rush set sail for home with 11 boxes containing a total of 104,960 gold sovereigns, eight shillings, and seven pence, as well as Smithson's mineral collection, library, scientific notes, and personal effects. After the gold was melted down, it amounted to a fortune worth well over \$500,000. After considering a series of recommendations, including the creation of a national university, a public library, or an astronomical observatory, Congress agreed that the bequest would support the creation of a museum, a library, and a program of research, publication, and collection in the sciences, arts, and history. On August 10, 1846, the act establishing the Smithsonian Institution

“military escalation” in the diplomatic crisis in the Gulf by allowing a growing force of Turkish soldiers to enter its territory. A coalition of Arab states led by Saudi has been blockading Qatar for three weeks and was angered by footage of Turkish light tanks rolling through the streets of Doha over the weekend. Sheikh Khalid bin Ahmed al-Khalifa, Bahrain’s foreign minister, said the move was a provocation that would only worsen the standoff between the Gulf neighbors. Turkey has a little more than 100 troops in Qatar now but in a show of support its parliament rushed through legislation to allow for larger deployments after the blockade began. That number could rise to around 1,000 and Turkey and Qatar currently have plans to carry out joint military exercises in coming weeks. Qatar’s neighbors have viewed the small Turkish military base with suspicion. Among 13 demands they delivered to Qatar last week was a call for the Turkish base to be shut down. Turkey vows to keep the base open and the diplomatic crisis seems to have further strengthened ties between the two countries. It’s also brought Qatari aircraft to use its airspace. Both developments are the exact opposite of what the Gulf coalition’s demands seemed aimed at accomplishing. Some world leaders are urging the U.S. to get involved in helping to resolve the dispute, but there has been no concrete action plan handed down as of yet. (Sources: Wall Street Journal, Telegraph, The Hill)

Goldman Says ETFs Are Responsible For This Year’s Gains: *Exchange-traded funds, or ETFs, owned nearly 6% of the U.S. stock market as of the end of the first quarter, their greatest share on record, according to analysis by Goldman Sachs. Known as passive investments, ETFs are baskets of stocks tracking various market indexes and have grown in popularity for their relatively low fees. In contrast, mutual funds that involve higher-cost active stock picking have declined in popularity, and their ownership of the U.S. stock market has fallen to 24%, the lowest since 2004. ETFs purchased \$98 billion worth of stocks in the first quarter, putting them on pace to buy \$390 billion of stock this year, more than the last two years’ combined total of \$362 billion, according to the note issued by a group of analysts led by Goldman’s chief U.S. equity strategist, David Kostin. Analysts said the growth of ETFs can help explain why stocks have gained this year despite delays in passing the Trump administration’s pro-growth proposals and increased geopolitical worries. In a sixth straight quarter of gains, the S&P 500 climbed +5.5% in the first quarter to record highs. The index is tracking for gains of more than +3.5% this quarter. That said, Kostin doesn’t expect the strong demand for U.S. stocks in the first quarter to hold. Still, the switch to passive management is expected to add to mutual fund withdrawals. (Source: CNBC)*

The Generational Divide In News Consumption: *Some people like to stay on top of the news cycle throughout the day by checking Twitter, Facebook and their favorite news website. Others prefer to be served a selection of the day’s important happenings by the evening news on TV. Whether you prefer one or the other may come down to your age and what you’ve become accustomed to in the past. According to data published in the Reuters Institute’s Digital News Report last week, there is a generational divide when it comes to news consumption. While the large majority of those who grew up with the internet see it as their most important news source, those who relied on the TV news for a daily news fix for decades still tend to prefer their television. As you can sadly see from the graphic below, very few people still rely on print publications or radio as their primary news source. (Source: Statista)*

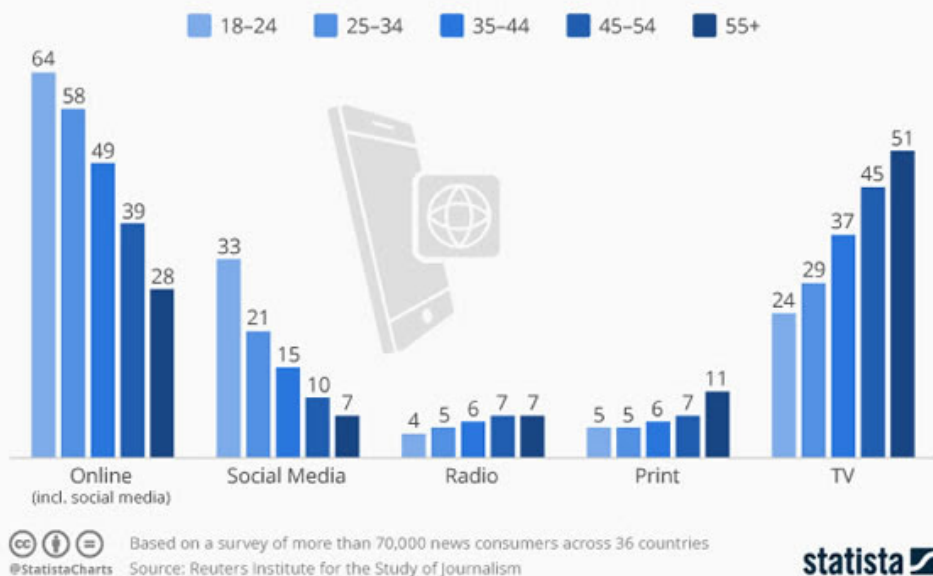
was signed into law by President James K. Polk. Today, the Smithsonian is composed of 19 museums including nine research centers throughout the United States and the world and the national zoo. Besides the original Smithsonian Institution Building, popularly known as the "Castle," visitors to Washington, D.C., tour the National Museum of Natural History, which houses the natural science collections, the National Zoological Park, and the National Portrait Gallery. The National Museum of American History houses the original Star-Spangled Banner and other artifacts of U.S. history. The National Air and Space Museum has the distinction of being the most visited museum in the world, exhibiting marvels of aviation and space history such as the Wright brothers' plane and Freedom 7, the space capsule that took the first American into space. John Smithson, the Smithsonian Institution's great benefactor, is interred in a tomb in the Smithsonian Building.



1922, Newbery Medal - The American Library Association (ALA) awards the first Newbery Medal, honoring the year's best children's book, to *The Story of Mankind* by Hendrik Willem van Loon. The idea for an award honoring outstanding contributions to children's literature came from Frederic G. Melcher, a former bookseller who in 1918 became an editor of *Publisher's Weekly*. Over his long career, Melcher often looked for ways to encourage reading, especially among children. In 1919, he co-founded Children's Book Week with Franklin K. Mathiews, librarian of the Boy Scouts organization. Two years later, Melcher suggested the creation of a children's book award at a June 1921 meeting of the Children's Librarians' Section of the ALA. He proposed that it should be named for John Newbery, the 18th-century English bookseller and author who was considered the father or "inventor" of children's literature. The group of children's librarians loved the idea, and Melcher's proposal was approved by the ALA Executive Board the following year. The official purpose of the Newbery Medal, as agreed by Melcher and the board, was to encourage originality and excellence in the field of children's books, to let the public know that children's literature deserved the same recognition as poetry, plays or novels for adults, and finally "to give those librarians, who make it their life work to serve children's reading interests, an opportunity to encourage good writing in this field." Van Loon's *The Story of Mankind*, a history of the world written especially for children, was the first book to receive the bronze Newbery Medal. In 1937, Melcher and the ALA began giving another annual award, the Caldecott Medal, for the best children's picture book. Together, the Newbery and Caldecott awards are the

The Generational Divide in News Consumption

Main source of news by age group in Q1 2017 (in %)



Weather forecasts are calling for rain and thunderstorms for the Midwest during this week with no significant hot weather in sight. The seven-day rain forecast sees moderate to locally heavy rainfall covering much of the Midwest. These are mostly favorable conditions for developing corn and soybeans, especially as temperatures return to more normal levels. On the Plains, dry weather persists in Montana and the Dakotas. Cool weather covers the Dakotas, but above normal temperatures have returned to drought stricken eastern Montana. Meanwhile, scattered showers and thunderstorms from Nebraska to Texas have benefited summer crops but caused minor fieldwork delays. The soggy central Gulf Coast region is beginning to dry out, while generally mild, dry weather across the remainder of the South is promoting fieldwork and crop growth. Cool weather and periods of showers will affect the Midwest and portions of the northern Plains, while warm, mostly dry conditions will persist in the West. Early-week temperatures will remain at least 10 degrees F below average in parts of the Midwest, while record-setting warmth is possible in the Pacific Northwest. 5 day rainfall totals could reach 1 to 3 inches in the Corn Belt, with 2 to 4 inches possible in areas where the heaviest thunderstorms form. In contrast, the Mid-Atlantic States and the Desert Southwest will stay relatively dry during the next 5 days.

Heavy Rain Returns to Plains, Midwest: *Severe thunderstorms will return to the Plains and Midwest starting Tuesday as a new low pressure system pushes across those regions. The past few days have featured a pleasant and relatively cool air mass. But that's about to change rather quickly as southerly winds return, ushering increased moisture into the Plains and Midwest. This will spark strong to severe storms that could produce damaging wind gusts and large hail. Some localized flash flooding is possible due to the rounds of storms this week, the rain will be overall beneficial to the northern Plains where drought conditions increased substantially this spring. Below is the 5-day rainfall map valid Tuesday June 27 through Saturday July 2.*

top honors for children's literature in America. In addition to the medal-winning books, the award committees also cite a few other books each year as worthy of attention, which are today called Newbery or Caldecott Honor Books.



1950, Korean War - Just two days after communist North Korean forces invaded South Korea, the United Nations Security Council approves a resolution put forward by the United States calling for armed force to repel the North Korean invaders. The action provided the pretext for U.S. intervention in the conflict and was the first time the Security Council had ever approved the use of military force. On June 25, 1950, communist North Korea invaded South Korea. Although some U.S. military personnel were in South Korea, the North Korean forces made rapid headway. Almost immediately, the U.N. Security Council issued a resolution calling for a cease-fire and an end to North Korean aggression. North Korea dismissed the resolution as "illegal." On June 27, Warren Austin, the U.S. representative on the Security Council, proposed a resolution. It noted that North Korea had ignored the earlier cease-fire resolution and that South Korea was pleading for assistance. Therefore, the resolution asked that "the members of the United Nations furnish such assistance to the Republic of Korea as may be necessary to repel the armed attack and to restore international peace and security in the area." The resolution passed by a vote of 7 to 1. Yugoslavia was the only dissenting vote; Egypt and India abstained. The Soviet Union, as a permanent member of the Security Council, could have easily vetoed the resolution, but the Russian representative was boycotting Security Council meetings until the communist People's Republic of China was admitted to the United Nations. The Security Council vote meant that any member nation could now come to the assistance of South Korea, though it left unstated how the efforts of various nations might be coordinated. For the United States, the resolution was all that was needed to provide a foundation for American military intervention. Just three days after the resolution was passed, President Harry S. Truman dispatched land, sea, and air forces to beat back the North Korean attack. That action led to three years of U.S. involvement in the Korean War and over 50,000 U.S. servicemen were killed in the conflict. An armistice signed in July 1953 left Korea a divided nation.

Upcoming Events

Fri. 6/29 - Quarterly Hogs and Pigs

Fri. 6/30 - Quarterly Stocks and Acreage

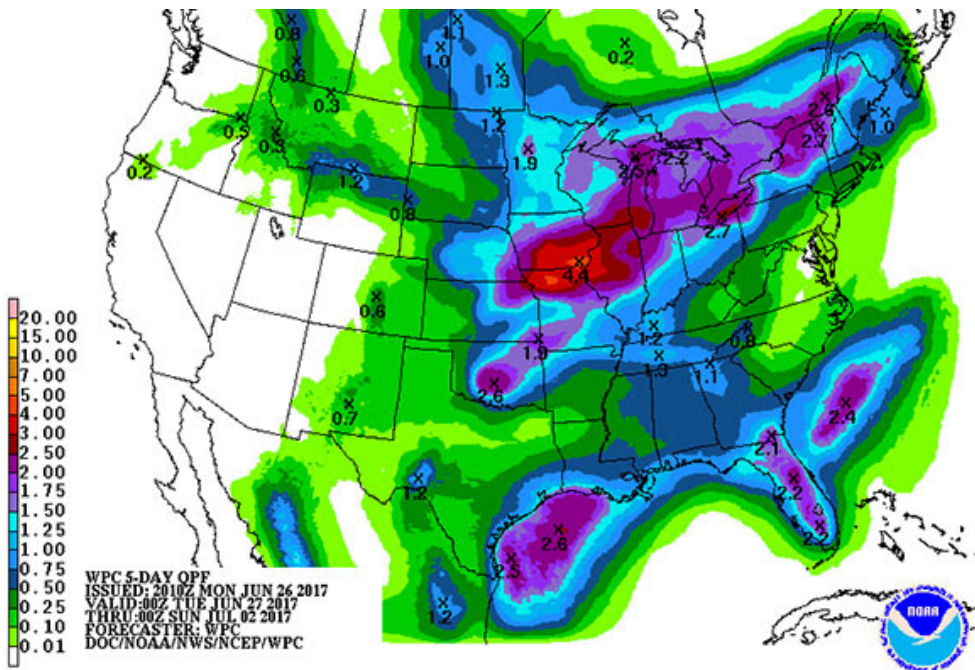
Tues. 7/4 - Independence Day - Markets Closed

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



Corn traders continue to heavily debate current crop conditions, upcoming weather and USDA estimates. If we were to extrapolate out the current USDA crop-conditions we could pencil in or forecast a yield that is close to trend between 165 and 168 bushels per acre. Any way you slice it, it's below the current USDA yield estimate of 170.7 bushels per acre. Also thought to be moving lower is the USDA's current planted acreage estimate. Some insiders actually have the corn acres moving higher, but I'm just not in that camp. I think we should be lower by -500,000 to -1.0 million acres. I remind myself however that I was grossly wrong last year when the USDA surprised with a near +6.0 million acre jump. I just feel this year the weather was a bit rough early on, insurance is much better for soybeans, and cash-flow has been extremely tight for many producers, hence my argument for fewer corn acres and more soybeans. Applying simple math to a combination of fewer acres and a lower yield can allow us to shave -2.0 to -4.0 million bushels off current U.S. production estimates. I should note that I am also starting to hear more talk and buzz about the drought in the northern Plains perhaps growing larger, pushing into parts of northern Nebraska and western Iowa. I'm also watching Ukraine, where conditions have become a bit more interesting as of late. I'm hoping weather complications from these areas could provide the next bullish set of headlines and give us another opportunity to reduce a bit more 2017 and 2018 price risk. The USDA reported yesterday that crop-conditions improved last week in eight states, fell in seven states, and were left "unchanged" in three states. Interestingly conditions in Iowa and Missouri have climbed and are now the same as last year. Conditions in Indiana, North and South Dakota, and Wisconsin are still much worse than last year. I think the bears are going to want to stop and take a look before driving prices much lower.

State Conditions "Better Than" Last Year

- Tennessee +17% better than last year... +1% this week to 87% GD/EX
- Kentucky +13% better than last year... +0% this week to 85% GD/EX
- North Carolina +9% better than last year... +1% this week to 77% GD/EX
- Pennsylvania +8% better than last year... +3% this week to 85% GD/EX
- Colorado +3% better than last year... +0% this week to 83% GD/EX
- Michigan +4% better than last year... -2% this week to 67% GD/EX

States Same As Last Year

- Iowa same as last year... +1% this week to 79%GD/EX
- Missouri same as last year... +3% this week to 66% GD/EX

State Conditions "Worse Than" Last Year

- Indiana -27% worse than last year... +1% this week to 46% GD/EX
- South Dakota -27% worse than last year... -3% this week to 46% GD/EX
- North Dakota -25% worse than last year... -5% this week to 56% GD/EX
- Wisconsin -17% worse than last year... -2% this week to 69% GD/EX
- Illinois -9% worse than last year... +3% this week to 62% GD/EX
- Ohio -9% worse than last year... +6% this week to 58% GD/EX
- Nebraska -5% worse than last year... -4% this week to 74% GD/EX
- Kansas -40% worse than last year... +0% this week to 61% GD/EX

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.

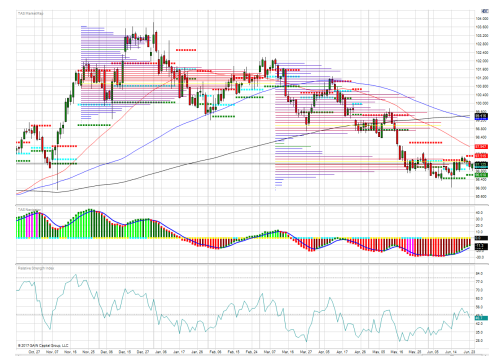
[Enlarge Nov Soybeans Chart »](#)



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

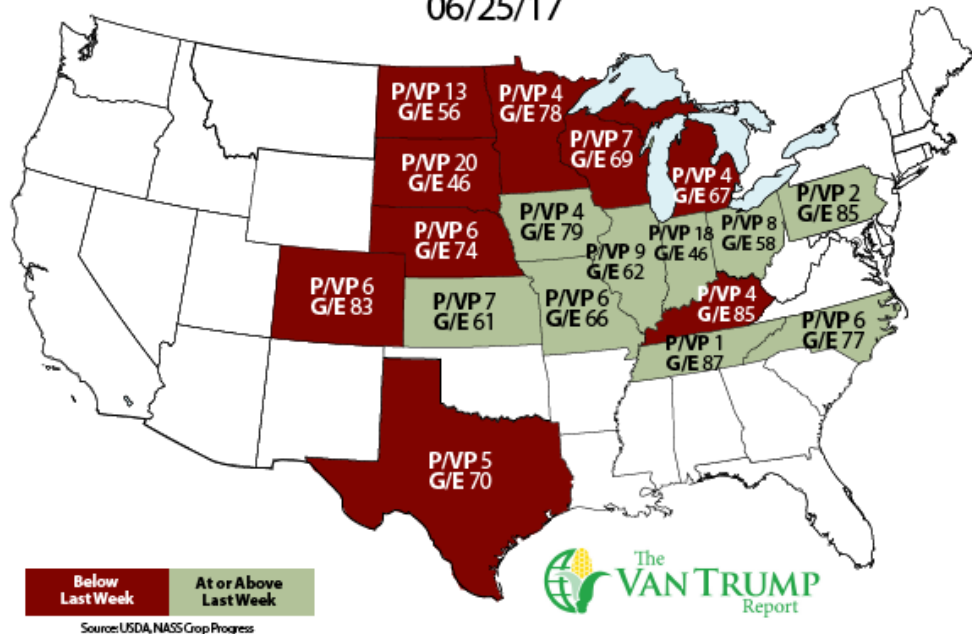


US Dollar Index

- Kansas -4% worse than last year... -4% this week to 70% GD/EX
- Minnesota -2% worse than last year... -3% this week to 78% GD/EX

Corn Conditions

06/25/17



Soybean bulls are happy to see the USDA lower crop-conditions from 67% to 66% rated "Good-to-Excellent". Conditions in South Dakota fell last week by -9%, Louisiana by -7%, North Dakota and Wisconsin by -4%, Arkansas and Nebraska by -2%, Indiana and Minnesota by -1%. Conditions improved +3% in Illinois and North Carolina, +2% in Ohio, Kansas and Mississippi, and +1% in Kentucky and Tennessee. The bears continue to believe the USDA, on Friday, will show a record number of U.S. acres getting even larger. I'm not thinking it will be by much, but I do suspect to see U.S. planted soybean acres higher than U.S. planted corn acres. Looking further out on the horizon, government policy shifts pertaining to biodiesel is extremely important in forecasting overall demand, but we still don't know if and when we will hear more specifics. Like most, I'm hoping sooner rather than later, as I suspect it could help stop some of the recent bleeding. As both a producer and a spec, I'm starting to wonder if there is much meat left on the bone for the bears, at least in the next 30 to 45 days. The longer-term weather forecasts are somewhat unreliable out into the "pod filling stage" and there is still a ton of outstanding U.S. risk remaining in the field. I also feel like there's some weather concerns for spring crops in Canada, canola in Australia, oilseed in India and rapeseed in Ukraine. I'm hoping the trade has already digested a big portion of the massive crop recently harvested in South America and record acres planted here in the U.S. I believe a bearish report on Friday might be an opportunity to lift some hedges or dip a toe in the water for a short-term bullish bet. Historically, I don't feel like my batting average for picking bottoms would get me in the hall of fame, so I'm only looking to take an extremely small bite. As a producer I'm looking to lift a portion of my hedges on the next downstroke.

State Conditions "Better Than" Last Year

- North Carolina +16% better than last year... +3% this week at 83% GD/EX
- Tennessee +15% better than last year... +1% this week at 87% GD/EX
- Arkansas +13% better than last year... -2% this week at 69% GD/EX
- Kansas +10% better than last year... +2% this week at 69% GD/EX
- Missouri +7% better than last year... +1% this week at 64% GD/EX
- Michigan +6% better than last year... -2% this week at 69% GD/EX
- Kentucky +1% better than last year... +1% this week at 79% GD/EX
- Minnesota +1% better than last year... -1% this week at 76% GD/EX
- Mississippi +1% better than last year... +2% this week at 65% GD/EX

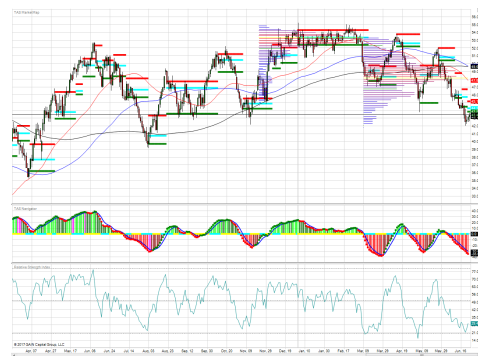
State Conditions "Worse Than" Last Year

- South Dakota -36% worse than last year... -9% this week at 39% GD/EX
- North Dakota -24% worse than last year... -5% this week at 53% GD/EX
- Indiana -23% worse than last year... -1% this week at 51% GD/EX
- Wisconsin -10% worse than last year... -4% this week at 74% GD/EX
- Nebraska -8% worse than last year... -2% this week at 70% GD/EX
- Ohio -7% worse than last year... -2% this week at 60% GD/EX

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.

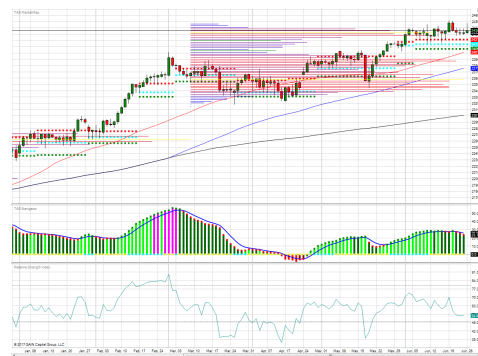
[Enlarge US Dollar Index Chart »](#)



Crude Oil

August could be catching support from oversold levels but momentum still down. Resistance at 43.83

[Enlarge Crude Oil Chart »](#)



E-Mini S&P Index

The long term bull trend remains intact with support for the uptrend at 2421.25.

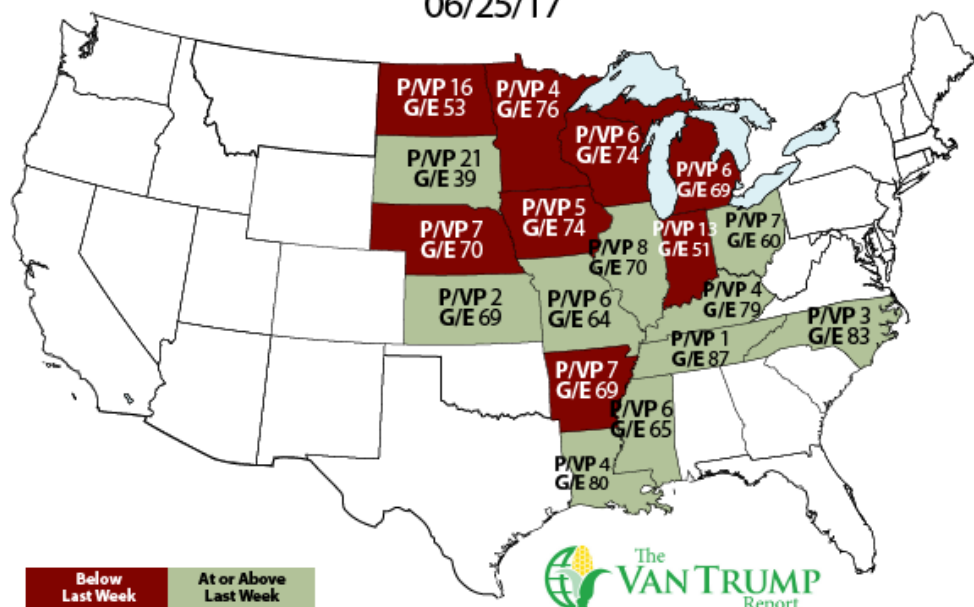
[Enlarge E-Mini S&P Index Chart »](#)

Kevlin's Song of the Week

- Ohio -1% worse than last year... +2% this week at 60% GD/EX
- Iowa -3% worse than last year... +0% this week at 74% GD/EX
- Louisiana -3% worse than last year... -7% this week at 73% GD/EX
- Illinois -1% worse than last year... +3% this week at 70% GD/EX

Soybean Conditions

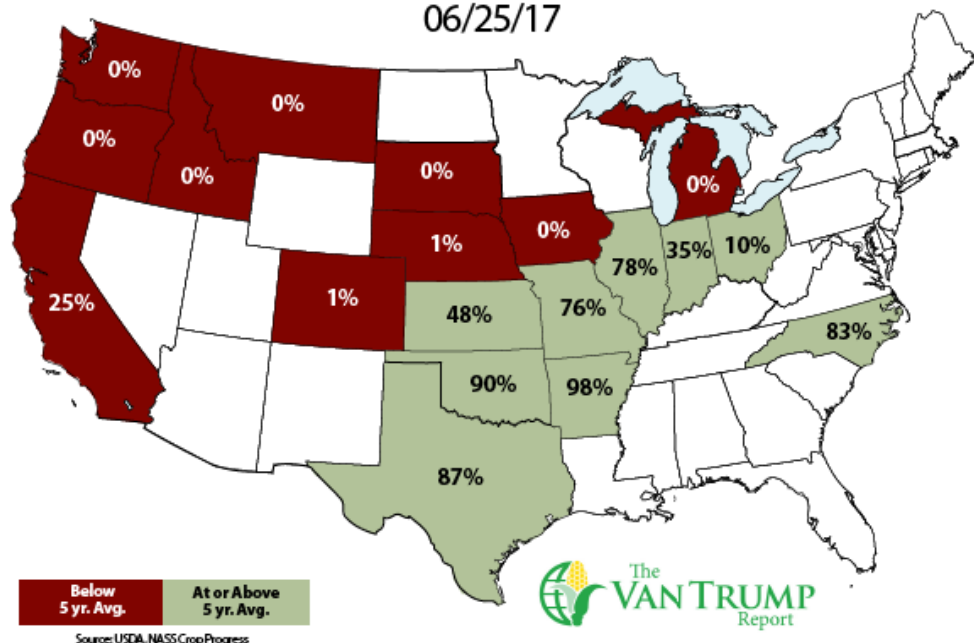
06/25/17



Wheat traders are digesting another setback in U.S. spring wheat conditions. The latest USDA data shows the crop down another -1%, and now rated just 40% "Good-to-Excellent" vs. 72% last year. On the flip side, the U.S. winter wheat harvest is in full-stride, jumping last week from 28% to 41% complete, now running slightly ahead of schedule. I'm also hearing of better than expected yields: Arkansas is 98% harvested; Oklahoma 90%; South Dakota 87%; North Carolina 83%; Illinois 78%; Missouri 76%; Kansas 48%; Indiana 35%; California 25%; Ohio 10%; Colorado and Nebraska 1%. Winter wheat conditions remained the same at 49% rated "Good-to-Excellent". Technically, the SRW wheat contract continues to run into heavy resistance up in the \$4.90 per bushel area, and may have a tough time in the next few weeks breaking out to the upside, especially with the U.S. harvest rapidly progressing and showing better than expected yields. As a producer I am happy I took advantage of the recent rally and reduced a bit more 2017 and 2018 price risk. As a spec, I believe there is a longer-term bullish story brewing and remain patient.

Winter Wheat Harvested

06/25/17



WHAT I'M LISTENING TO:



Chris Stapleton "Either Way"

About the Report

NEXT level THINKING



My goal at "The Van Trump Report" is to help readers better identify the moving parts and dynamics associated with the financial markets, geopolitical events, economics, media and culture that is currently influencing and shaping the direction of the agricultural markets. I like to believe I "Challenge the Traditional" and encourage our readers to think outside the box.

I use story telling techniques that are written in an easy to read format to help convey my current thoughts about business, markets, technology, weather, sports and life. I also like to include links, filter the noise, and pass along in-depth research and information that I believe could challenge your current thought process and help you make more informed decisions. In addition I include valuable lessons I have learned from other traders, executives and investors, along with an occasional inspirational piece about life, family and faith.

What I do not do in "The Van Trump Report" is give specific financial advice or tell individuals how to invest or how to specifically hedge. Remember, this information is being read by hedge fund managers, bankers, CEO's, and Ag leaders around the globe, therefore it's NOT tailored to fit your specific individual needs. For specific investment or hedging advice please seek the help of a licensed representative that can better understand your particular situation, individual needs and overall risk tolerance. This information should ONLY be used for educational and entertainment purposes.

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

Kevin Van Trump

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..."



> Soybean Downside Limited Says Oil World: Oil World says that despite July soybean futures recently making new contract lows, additional downward pressure is limited due to weather and crop uncertainties ahead. "Weather markets and price volatility are likely in July and August, when most of the northern-hemisphere crops are made and thus subject to damage." Without major crop losses, Oilworld sees global supplies being ample. Some damage received so far is incorporated into their most recent projections, which estimates 2017-18 world soybean production at 343.7 million metric tons, resulting in ending stocks of 100.2 million metric tons.

> China's Corn Production And Stocks Continue Lower: There are very diverse survey reports in China recently, showing the disagreement of different organizations in corn crop acreage, but most of the reports showed that Chinese farmers may have cut more corn acreage. With summer second-crop planting still underway, industry analysts peg China's corn crop at somewhere between 7.7 billion to 8.1 billion bushels, but the official government estimate is around 8.35 bb, or 212 million metric tons. Meanwhile, USDA has pegged China's 2017-18 corn crop at just under 8.46 bb, or 215 mmt. If the low end of analysts' forecasts are correct, that could put China's 2017-18 corn ending stocks at 66 mmt to 71 mmt (2.6 billion to 2.8 billion bushels). If that holds, it would be the smallest ending stocks in China since at least 2011-12. Field surveys also indicate that Chinese farmers have made deeper acreage estimates than the country's Ag Ministry estimates. Results of a survey conducted by China Corn Industry Technology System showed farmers cut corn acreage by an average of -10.9%, or approximately 9.9 million acres. The estimate that would put Chinese corn production at about 7.7 bb. (Source: Bloomberg)

> France To Issue Water-Use Restrictions: After rainfall deficit and early heatwave, France's Environment & Energy Ministry will issue orders to local governments "very soon" to take necessary measures to prioritize water use. France has had a rainfall deficit since September. The water-monitoring committee notes rain since summer 2016 has been insufficient to recharge ground water, or feed rivers as normal. High temperatures have worsened soil drying, particularly in Hauts-de-France and parts of eastern. Agriculture accounts for 50% of France's water use. (Source: Bloomberg)

> French Leader Overrules Farm Minister On Pesticide Ban: France's prime minister said on Monday a ban on bee-harming pesticides would go into force as planned in 2018 following a public disagreement between his farm and environment ministers. At issue is a law banning widely used neonicotinoids after research pointed to risks that they could harm bees, which play a crucial role pollinating crops. The full ban goes beyond EU restrictions that only apply to a few neonicotinoid chemicals, produced by companies including Bayer CropScience and Syngenta. Crop chemical makers say the research blaming neonicotinoid pesticides is not backed up by field evidence and a global plunge in bee numbers in recent years is a complex phenomenon due to multiple factors. Farmers' groups, meanwhile, say they need the pesticides to grow their crops, that no viable alternatives exist and that a full ban would put France at a disadvantage to other crop producers in the EU. The French law does envisage certain exemptions before the ban becomes a blanket prohibition from 2020. (Source: Reuters)

> Federal Court Affirms Montana Beef Checkoff Challenge: The U.S. District Court for the District of Montana has supported a lower court order preventing the involuntary collection of funds to support USDA's Beef Checkoff program by the Montana Beef Council (MBC). The court affirmed a ruling from December that suspended fund collections that was filed by the Ranchers Cattlemen Action Legal Fund United Stockgrowers of America (R-CALF USA). The group's lawsuit claimed that the involuntary collection without the payers' consent violated the First Amendment of the Constitution, according to a news release from R-CALF USA. That original challenge asserted that the MBC needed to obtain permission from those who pay the \$1-per-head fee before the money could be spent for beef advertising or promotions. (Source: MeatingPlace)

> USDA Opens Conservation Land For Grazing In 3 States: The USDA announced it will allow grazing on conservation land in Montana, North Dakota and South Dakota to help alleviate drought conditions. The move affects land voluntarily enrolled in the Conservation Reserve Program, or CRP. The authorization kicks in immediately and runs until Sept. 30, but could be extended if drought persists. "Due to reduced availability of

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

forage, ranchers in the hardest hit locations have already been culling their herds," said Agriculture Secretary Sonny Perdue. "Without alternative forage options like grazing CRP lands, livestock producers are faced with the economically devastating potential of herd liquidation." (Source: Politico)

> South Africa Seeks To Limit Spread Of Bird Flu: South Africa has banned the sale of live hens throughout the country in a bid to control an outbreak of highly contagious H5N8 bird flu, but no humans have been affected, the government said on Monday. Exports of processed poultry products, live chickens and fresh produce will continue depending on the requirements of importing countries. South Africa reported an outbreak this month of H5N8 bird flu on a commercial broiler breeder farm in Mpumalanga province, where about 5,000 birds died and the rest were culled. South Africa suspended all trade in birds and chicken products from neighboring Zimbabwe earlier this month after it reported an outbreak of the H5N8 bird flu at a poultry farm. (Source: Reuters)

> Crude Oil's Rough First Half: If there was a mercy rule in the financial markets, we may have already called it a year for crude oil. With a decline of 20% on the year and declines in each of the last five weeks as well as eight of the last ten, 2017 just hasn't been crude oil's year. Compared to prior years, crude oil is on pace for its worst first half in 20 years (1997), and if we get a decline like last week again, crude oil could conceivably see its worst first half since 1991! The chart below shows crude prices over the last year. BeSpoke Investment says it closed out last week right below the lower end of its down-trending range that has been in place since its early-year highs. "The fact that it couldn't bounce at this level is concerning if you are a bull." (Source: BeSpoke)

Crude Oil Front Month Future: Last Twelve Months



FROM THE FIELD

Westcentral Mississippi - The tropical storm is just starting to dump buckets of water on us with the heavy rains. We have not seen any high winds which is good. The heavy rains could be a problem for the late planted crops with standing water but it should be beneficial for most of the crops. We have traditionally been rice and beans but over the past few years we have cut out all of the rice and added corn. The chemical drift has become a problem on many rice acres. I liked rice because it was a very consistent and steady crop for us. The crops look exceptionally good so far. The corn is pretty much done as we just hit it with the last shot of fertilizer. We will start our corn harvest at the end of July or beginning of August. We have just sprayed the first beans with fungicide and the more mature beans are just getting the irrigation put to them. The fungicide has paid off since beginning to use it over the past 5 to 10 years. Also, our most dominant soils are heavier which grow good rice. We have some sandier soils on other farms, which grew great cotton back in the day. There are still a lot of guys that will run a peanut/cotton rotation that does well.

Southcentral Minnesota - It has been cool up here the last three days. Crops are developing but we are not expecting the same record-setting numbers we had the last

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

developing but we are not expecting the same record setting numbers we had the last two years. There is just too much moisture where we are and it is slowing things down a bit. On top of the corn and soybeans, we grow peas and sweet corn. I am not a believer in all the precision ag that I see pushed our way. I have yet to have someone tell me how to properly prescribe what the soil needs. The guys I respect are the ones in the fields each day seeing what's working and trying something different when it doesn't. I have been trying for 40 years and look forward to when I could see a ROI on precision ag. I do believe in strip-till after watching my neighbor increase yields significantly using it but am unable to shell out the \$300K.

Southeast Missouri - I wish that we could say differently but things just don't look that great here. We are spotting in a few bean acres that were very thin due from the excess moisture we had earlier in the year. Right around the first of May when the heaviest rains rolled through, we had a few levees break and send water over the top of pond dams. Because of those issues, we had water in fields where we normally don't have flooding. We plant quite a few acres of cotton and it is a crap shoot on how those fields look this year. We have about half the crop around knee height which is about normal and the other half is only about boot height. We have not had enough hot weather to push this cotton crop along to where it is normally this time of year. The corn is starting to look better and the early planted beans are starting to come around. There is a lot of rice acres down here and I think most of the last years' crop is still in the bin. There are a couple poultry plants close which has helped keep the basis bid up fairly good. All of our cotton is hedged but we are a little light on marketing both corn and beans, hoping a summer rally is still in the cards.



The Four Traits of Successful Investors: Bloomberg's, Barry Rhitholtz, in his Masters in Business podcast, speaks with Ned Davis, one of the most respected technical analysts working today. Ned Davis is also the author of "Being Right or Making Money" as well as "The Triumph of Contrarian Investing: Crowds, Manias, and Beating the Market by Going Against the Grain." Davis says "We are in the business of making mistakes. The only difference between the winners and the losers is that the winners make small mistakes, while the losers make big mistakes." Read more [HERE](#)

U.S. winter wheat protein levels remain low, premiums swell: Reports show average protein levels in the U.S. hard red winter (HRW) wheat crop are still the lowest in years, heightening concerns about quality as the harvest progresses in top producer Kansas. Premiums for high quality HRW wheat with protein of 12 percent or more have swelled to levels unseen for nearly a decade, while prices for high protein spring wheat, which can be blended to boost quality, are at their loftiest in 2-1/2 years. On the Kansas City cash market, premiums for HRW wheat with 12 percent protein stretched \$1.28 a bushel above offers for 11 percent wheat last week, the widest spread between those grades since 2008. Read more [HERE](#).

Major Activist Investor Taking On World's Biggest Food Company: Activist investor Daniel Loeb's Third Point LLC on Sunday unveiled a more than 1 percent stake in Switzerland's Nestle SA and urged the world's largest packaged foods maker to improve its margins, buy back stock and shed non-core businesses. The stake, worth around 3.28 billion Swiss francs (\$3.4 billion), is one of the largest taken by the hedge fund, which pressed for change in recent years at U.S. internet firm Yahoo and Japan's Sony Corp. Nestle is the biggest player in a packaged food industry struggling with a slowdown in emerging markets, falling prices in developed markets and consumers demanding fresher, healthier products. Read more [HERE](#).

10 Of History's Most Iconic Things That Never Existed: Everyone loves a good story, but not everyone loves history. So what is a frustrated historian or museum curator to do when folks just aren't interested? They make things up, of course. Yes, it turns out history is just bursting with little bits of fiction someone threw in for flavor at some point. Of course, misunderstanding and good old-fashioned ignorance played their parts, but at the end of the day, we are left with a "history" littered with landmines of utter nonsense...at least, according to [THIS](#) list.

A Tiny Tweak to Gut Bacteria Can Extend an Animal's Life: Most of the worms in Meng Wang's lab die on schedule. They live their brief lives on Petri dishes, and after two to three weeks, they die of old age. But some individuals beat the odds, surviving for several days longer than usual. These wormy Methuselahs were all genetically

identical, so it wasn't their genes that explained their decelerated aging. Instead, the secret to their longevity lay in the microbes within their gut. Wang had loaded all the worms with the same bacterium—a single strain of the common gut microbe *E. coli*. But in some of these strains, she had deleted a single gene. That tiny change made all the difference, extending the worm's lives. This is part of a growing number of studies showing that an animal's microbiome—the community of microbes that shares its body—can influence its lifespan. And while such research is a long way from developing life-extending probiotics for humans, it points to new leads for ensuring that people stay healthy for as long as possible. Read more about the research [HERE](#).

The Jeff Bezos Empire In One Giant Chart: With a fortune largely tied to his 78.9 million shares of Amazon, the net worth of Jeff Bezos continues to be on the rise. Just days ago, Amazon shares reached all-time highs after the company's ambitious acquisition of Whole Foods. You may be surprised at the full of extent and reach of Jeff Bezos and his Amazon Empire though. Bezos makes investments and acquisitions through multiple vehicles, including Amazon, Bezos Expeditions, Jeff Bezos himself, Nash Holdings and the Bezos Family Foundation. Bezos is also the founder of Blue Origin, an aerospace company that is competing with SpaceX in mankind's final frontier. Check out the details on the full sized chart over at [Visual Capitalist](#).



How Amazon's Purchase of Whole Foods Could Impact Agriculture

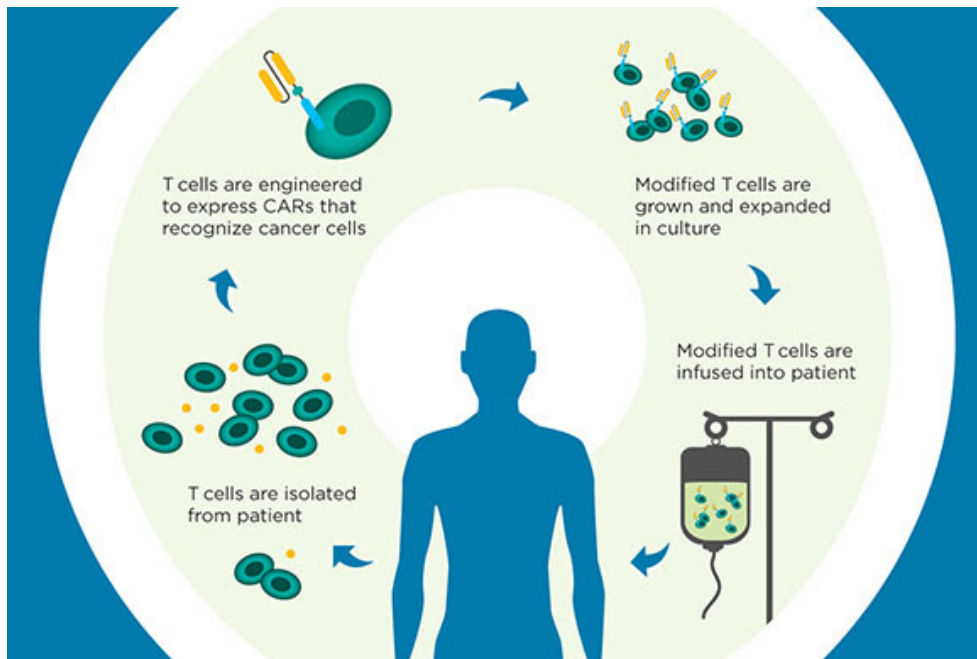
An article recently written by Maggie Monsat at the Environmental Defense Fund made me stop and think a bit about the future of food and agriculture as we digest the massive shifts and disruptions currently rippling across our industry. In summary Maggie writes, "The vast majority of the media stories surrounding Amazon's acquisition of Whole Foods have focused on how the deal could affect the cost of food, home delivery services, competition in the retail space and our overall shopping experiences. While it's still too early to predict what exactly Amazon will do with hundreds of new brick and mortar grocery stores, there are some possible implications for farmers and the land they rely on to grow our food. Demand for organic could skyrocket as Amazon pushes the envelope and fuels the fire. As of last month, organic products now represent more than 5 percent of all grocery sales in the US – and organics have been one of the strongest areas of growth for many retailers and grocery stores. Now, with Whole Foods under the Amazon umbrella, that demand could increase exponentially. Amazon might now be able to better expand their existing program to donate to food banks. Applying Amazon's logistics platforms to grocery shopping could expand delivery capabilities. Consumer demand for transparency will grow even larger. Ideally, this will mean food companies across the board will directly support the farmers growing their products – to help them minimize nutrient runoff, maximize yields, and apply proven precision ag technologies." I personally suspect this means more

producers will have to start participating in "contracted growing agreements" with buyers who both want and need the specifics from the field. In fact I've already started hearing of more producers being "contracted" to grow specific crops using specific inputs. I suspect these changes could come more quickly to the farms as someone with Amazon's stable of technology and logistical horsepower further fuels the rate and speed of change. (Source: Environmental Defense Fund, Maggie Monast; Read the entire article [HERE](#))



New Groundbreaking Cancer Therapies Could Be Available By Year-End

Highly personalized treatments for certain blood cancers are on track to gain FDA approval and potentially be available to patients by year end. Known as CAR T-cell therapy, the treatment basically turns a patient's own cells into a cancer fighting army. The immune therapy, which is technically called chimeric antigen receptor T-cell therapy, removes a patient's own cells from their body, re-engineers them, then puts the cells back in the body where they can attack cancer cells. As the treatments are made from scratch using an individual's own cells, it is one of the most customized therapies in medical history. It can also be prohibitively expensive, running upwards of \$300,000 depending on the specific treatment and how well it works. There are a handful of companies currently working to develop CAR T-cell therapies, but from what I understand only two are very close to getting the go ahead from the FDA... One version developed by the University of Pennsylvania and licensed to Novartis, and another created by the National Cancer Institute and licensed to Kite Pharma. Drug giant Novartis' first CAR-T bet is CTL019, a treatment for pediatric acute lymphoblastic leukemia. In December, Novartis presented clinical data that showed that the treatment eliminated the aggressive blood cancer in 82% of the patients treated. The drug will go before the FDA in July for an advisory committee meeting, which could provide a hint as to whether or not the therapy will be approved. Kite Pharma is expected to receive the FDA's answer in August for their treatment for aggressive B-cell non-Hodgkin lymphoma. Keep your eye on these therapies as they try and gain approval and attempt to work out some of the kinks still involved. (Sources: Business Insider, The Scientist)



Millions Made Annually From Finding Amazing Hidden Treasures... A Tool That Might Help!

Recently, a buddy and I were at an auction, when I asked him what he thought about a painting hanging on the wall, he asked me for the artist's name and told me to give him a second. He shared with me the information he dug up on his phone about the artist and his work from the website askART.com. He also gave me recent sale prices for the artists works of art. If you are like me and don't know a lot about art and its valuations, the website and its resources are extremely helpful. Armed with this information I feel like I can make a more informed decision and might even stumble across a hidden treasure! Believe it or not there are a few finds every year at garage sales and local auction houses that turn up being worth a considerable amount of money. Though finding an expensive piece of overlooked art is often rare and difficult, there have been some massive finds found by using this resource. I also suspect you might have a painting or two just sitting around the house that you have questions about. Bottom-line, AskART.com has many resources that I thought might help you in your art hunting, or valuing prices that have been passed down through the years. I included below a few recent finds: (Source: askART.com; MutualArt)

A Lost Van Gogh: *In September of 2013, the Van Gogh Museum unveiled an 1888 Van Gogh painting that had been lost in an attic for years because of a passing suggestion that it might be a fake. It was subsequently rejected twice as inauthentic, but was finally authenticated by the Van Gogh Museum based on new evidence and is valued to be worth several million.*

Two Gifts At Once: *In June of 2015, it was reported that a Scottish man discovered a Picasso painting rolled up and stashed in a suitcase in his deceased mother's attic, while also learning that the painting had been a gift to his mother from a Russian soldier—who he later found out to be his real father. The painting is estimated to be worth \$129,000,000. Learning who your real father is... "priceless".*

The Lost Rembrandt: *In September of 2015, an unknown painting, found in a New Jersey basement, went up for auction; the owner expected it to sell for \$800, but it ultimately fetched \$870,000 after three aficionados recognized it as an early work by Rembrandt, one of a series of small allegorical paintings he had executed as a very young man.*

It's Not Just All Paintings: *Hidden over 70 years in an attic in New York was a small but very rare Faberge figurine. The figure had originally been commissioned by Tsar Nicholas II for his wife Empress Alexandra in 1912. We know how the Russian monarchy ended, and with it disappeared the figurine. In 1934, it was found again and sold to George Davis, but for whatever reason, it disappeared again, and wasn't found until 2004, 70 years later, more or less by accident in a New York City attic. It sold for \$5.2 million at an auction.*

The eBay Find: *In 2014, a collector found an original watercolor by Victorian artist Richard Dadd on eBay, unattributed and included as part of*

a larger collection of works for sale on the online bidding site. The painting was purchased for a mere \$330, while comparable works are regularly sold at auction for tens of thousands. And in February of this year, the BBC show *Fake or Fortune* appraised a painting by Post-Impressionist painter Edouard Vuillard, at \$310,000 to \$436,000—one of a pair of works with a distinct oval shape. The other canvas had been sold earlier that year on eBay to a mystery buyer for only \$3,750, or perhaps “the bargain of the century.”

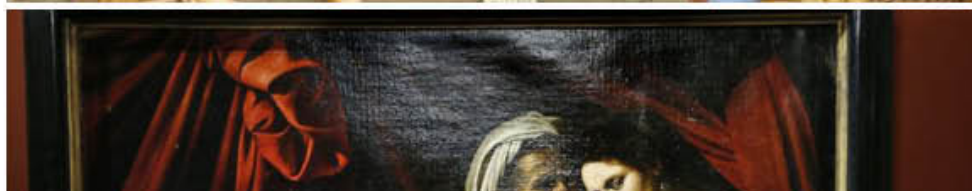
The Bogus Date: In May 2014, it was confirmed that a painting bought at a Spanish antique shop for around \$200, 20 years earlier, was indeed an early work by the artist Salvador Dali. It had fooled everyone for so long because the date inscribed on the painting read 1896 (eight years before the artist was born) rather than 1921 (the date that infrared, x-ray, and ultraviolet tests determined), possibly meant by the artist as a joke or an experiment with numerology. The cool part is it might just be one of Dali's first paintings, completed when he was a teenager.

The Antique Roadshow: A Van Dyck painting identified on *Antiques Roadshow* in 2013 took the title of the most valuable work of art ever appraised on the television show, with presenter Fiona Bruce estimating its value at around \$780,000. It had been purchased 12 years earlier, at a Cheshire antiques shop, for only \$625.

The Andy Warhol's: In 2010, a man named Andy Fields bought a bundle of sketches for \$5 at a rummage sale in Las Vegas, discovering in it a previously unknown, early drawing by Warhol. In August of 2013, the eBay auction took place with the starting bid set at \$1.5 million.

Reception Area Art: In 2010 a worker for the Museum Boijmans van Beuningen was surprised to find that a painting hanging in a reception room of a business, that was attributed to one of Rembrandt's pupils, was actually painted by the master himself, instantly increasing the painting's value to \$8,750,000.

The \$136 Million Find: In April of 2014, a stunning long-lost Caravaggio painting, depicting Judith beheading Holofernes, and bearing the hallmark dark drama of classic Caravaggio, was found in an attic. The 400-year-old painting was said to be located behind a locked door in the attic, chanced upon by the house's new owner while trying to repair a water leak. The turned out to be quite the hidden treasure as it is valued at more than +\$135 million.

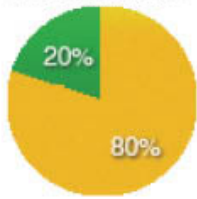




CASH SALES & HEDGING TOTALS

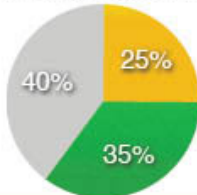
CORN 2016 CROP

80% SOLD
20% HEDGED
0% UNPROTECTED



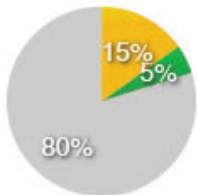
CORN 2017 CROP

25% SOLD
35% HEDGED
40% UNPROTECTED



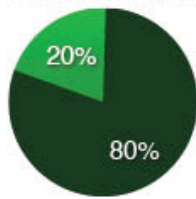
CORN 2018 CROP

15% SOLD
5% HEDGED
80% UNPROTECTED



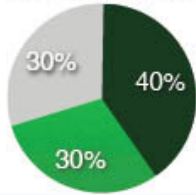
SOYBEANS 2016 CROP

80% SOLD
20% HEDGED
0% UNPROTECTED



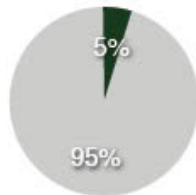
SOYBEANS 2017 CROP

40% SOLD
30% HEDGED
30% UNPROTECTED



SOYBEANS 2018 CROP

5% SOLD
0% HEDGED
95% UNPROTECTED



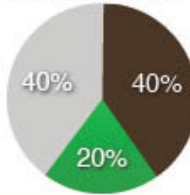
WHEAT 2016 CROP

100% SOLD
0% HEDGED
0% UNPROTECTED



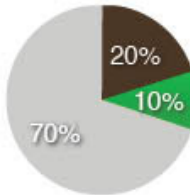
WHEAT 2017 CROP

40% SOLD
20% HEDGED
40% UNPROTECTED



WHEAT 2018 CROP

20% SOLD
10% HEDGED
70% UNPROTECTED



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