

GOOD MORNING: 06/28/17 Farm Direction - VanTrump Report

1 message

Kevin Van Trump <info@farmdirection.com>
To: Kevin Van Trump <info@farmdirection.com>

Wed, Jun 28, 2017 at 6:53 AM



The flower that blooms in the pit of adversity is often the most beautiful of all. - Unknown

WEDNESDAY, JUNE 28, 2017

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REMINDER: Our offices are closed the week of the July 4th holiday and the week between Christmas and New Year. These seem to be the best weeks to give my staff a break and time to spend with their families. I will however personally be monitoring the markets and will send a "Special Report" to paid subscribers if an event should alter my current marketing thoughts, opinions and or strategies. From my family to yours, have a safe and happy July 4th. No morning reports July 3rd, 4th, 5th, 6th or 7th.

Morning Summary: U.S. stocks are coming off their second consecutive day of losses with the S&P 500 yesterday witnessing its worst day in six weeks. A series of events effectively kept bulls on the sidelines. Weighing particularly heavy on the tech sector was news that the European Union hit Google with a record \$2.7 billion fine on antitrust violations. At the same time, reports of a massive international cyberattack that increasingly claimed victims throughout the day - including Ukraine's government and bank infrastructure - seemed to make investors uneasy. Central bankers are also now creating some waves. U.S. Federal Reserve Chair Janet Yellen reconfirmed in a speech yesterday that she believes the U.S. economy remains on track to raise rates. She also said, she did not believe there would be another financial crisis anytime soon. "I do think we're much safer and I hope that it will not be in our lifetimes and I don't believe it will be," she commented. Meanwhile, European Central Bank president, Mario Draghi, said, he believed a recent slowdown in inflation was temporary, leading some insiders to believe the ECB may start scaling back its asset purchases sooner than the trade has been expecting. In Washington, the Senate decided it will delay a vote on the healthcare bill until after the July 4th recess, renewing concerns over the Trump administrations ability to deliver on its pro-growth agenda as quickly as many insiders have been anticipating. In fact San Francisco Fed president, John Williams, told a reporter yesterday that he didn't believe any of President Trump's fiscal policies, hopes of which have propped up the market, will begin to affect the economy until 2018 or 2019. That concern was accentuated by an IMF report that cut U.S. growth, specifically citing the lack of progress on "tax reform" as the main reason behind the move. Economic data out today brings International Trade in Goods and the Pending Home Sales Index. The consensus for May's pending sales calls for a rebound to plus +0.5 following declines in both April and March. A positive result would certainly help lift confidence in the housing sector as it would come on top of stronger results in both New and Existing Home Sales last week.

Facebook Hits 2 Billion Users! CEO, Mark Zuckerberg, announced the milestone on his Facebook page yesterday. With 2 billion users, Facebook is used by roughly two-thirds of the world's population with internet access, according to 2016 data from the International Telecommunications Union. Facebook reported 1.94 billion monthly and 1.28 billion daily users for its last quarterly earnings in May. (Source: BusinessInsider)

IMF Cuts Growth Forecast For U.S.: The International Monetary Fund (IMF) chose to cut back its growth forecasts for the U.S. economy, just months after boosting its outlook on hopes of a policy overhaul. Following slow progress by the White House and Capitol Hill on tax reforms, the fund on Tuesday lowered its prediction for gross domestic product growth this year to 2.1 per cent, down from an earlier forecast of 2.3 per cent. The fund reduced its growth outlook for 2018

Today In History



1862, George Hollins - A Confederate band makes a daring capture of a commercial vessel on Chesapeake Bay. The plan was the brainchild of George Hollins, a Maryland native and veteran of the War of 1812, who joined the U.S. Navy at age 15 and had a long and distinguished career. When the American Civil War broke out in 1861, Hollins, then a commander of a U.S. warship in the Mediterranean, returned to New York and resigned his commission. After a brief stop in his hometown, Baltimore, Hollins offered his services to the Confederacy and received a commission on June 21, 1861. Soon after, Hollins met up with Richard Thomas Zarvona, a Marylander, former student at West Point, and adventurer who had fought with pirates in China and revolutionaries in Italy. They hatched a plan to capture the St. Nicholas and use it to marshal other Yankee ships into Confederate service. Zarvona went to Baltimore and recruited a band of pirates, who boarded the St. Nicholas as paying passengers on June 28. Using the name Madame La Force, Zarvona disguised himself as a flirtatious Frenchwoman. Hollins then boarded the St. Nicholas at its first stop. The conspirators later retreated to the Frenchwoman's cabin, where they armed themselves and then burst out to capture the surprised crew. Hollins took control of the vessel and stopped on the Virginia bank of the Chesapeake to pick up a crew of Confederate soldiers. They planned to capture a Union gunboat, the Pawnee, but it was called away. Instead, the St. Nicholas and its pirate crew came upon a ship loaded with Brazilian coffee. Two more ships, carrying loads of ice and coal, soon fell to the St. Nicholas. These daring exploits earned Hollins a quick promotion in the Confederate navy.

1953, Corvette - Workers at a Chevrolet plant in Flint, Michigan, assemble the first

an earlier forecast of 2.5 per cent. The fund reduced its growth outlook for 2019 to 2.1 per cent from 2.5 per cent. It also delivered a highly skeptical assessment of the administration's growth predictions that its policies would help deliver a sustained 1 percentage point acceleration in annual growth. The fund warned that there were few recorded cases of advanced economies achieving such a leap. Part of the skepticism stems from the GOP's failure to pass healthcare reform, which is seen as a precursor to any tax reform because of the massive cuts to public services the Republican plan entails. The IMF said lawmakers should throw their weight behind a fundamental tax reform package that would, among other things, simplify the tax system, lower rates and strip away exemptions. The IMF also urged Washington to be "judicious" in its use of import restrictions, saying a retreat from cross-border integration would represent a "downside risk to trade, sentiment and growth". (Source: Financial Times)

Massive Cyber Attack Hits Ukraine, Global Businesses: A massive global cyber attack began wreaking havoc yesterday that bore similarities to the so-called WannaCry assault that crippled tens of thousands of machines worldwide. The Ukrainian government said that several of its ministries, radiation monitoring at the Chernobyl nuclear facility, local banks and metro systems had been affected. A number of companies — including the Danish shipping giant Maersk; Rosneft, the Russian energy giant; Saint-Gobain, the French construction materials company; and WPP, the British advertising agency — also said they had been targeted. Drug giant Merck was the first confirmed cases in the United States, saying its global computer networks had been hit, as did DLA Piper, the multinational law firm. It remains unclear who is behind this cyberattack. Like the WannaCry attacks in May, the hack on Tuesday takes over computers and demands digital ransom from their owners to regain control. Computer experts were calling the virus Petya, which is similar to WannaCry. Others cautioned, however, that it could be yet another type of ransomware. It could also prove to be more lethal because these attacks encrypt and lock entire hard drives, while the earlier ransomware attacks locked only individual files. The recent attacks appear to evade popular antivirus software. In a test of 61 antivirus solutions, only four successfully identified the ransomware. (Source: TechCrunch, New York Times)

Blockchain Analysis...Why BlockChain is Fracking, Lateral Drilling, and Globex All Over Again: We love assessing new developments in old industries like lateral drilling in oil, fracking in Nat Gas, Retail (Amazon made Scaling less important than Networking) and now in Banking. We see Blockchain as totally changing Banking's (and a ton of other industries) face in the next 10 years. For now lets briefly focus on the immediate developments in Blockchain and what they broadly imply the potential paths are ahead for the groundbreakers (Bitcoin, Ethereum) and the lurking Tech Behemoths (Google, Amazon). It is during these times of disruption that not only do industries reprice themselves but traditional measurement tools like EBITDA etc. are worth less. These fundamental tools themselves are changing as new realities change industry PE baselines. Read more [HERE](#)

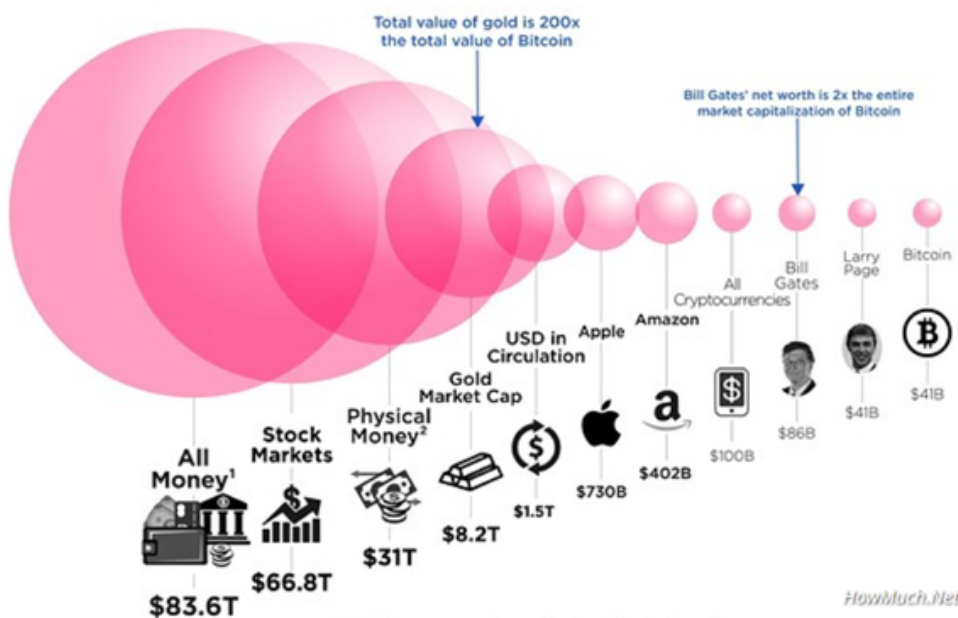


Corvette, a two-seater sports car that would become an American icon. The first completed production car rolled off the assembly line two days later, one of just 300 Corvettes made that year. The idea for the Corvette originated with General Motors' pioneering designer Harley J. Earl, who in 1951 began developing plans for a low-cost American sports car that could compete with Europe's MGs, Jaguars and Ferraris. The project was eventually code-named "Opel." In January 1953, GM debuted the Corvette concept car at its Motorama auto show at the Waldorf-Astoria Hotel in New York City. It featured a fiberglass body and a six-cylinder engine and according to GM, was named for the "trim, fleet naval vessel that performed heroic escort and patrol duties during World War II." The Corvette was a big hit with the public at Motorama and GM soon put the roadster into production. On June 30, 1953, the first Corvette came off the production line in Flint. It was hand-assembled and featured a Polo White exterior and red interior, two-speed Powerglide automatic transmission, a wraparound windshield, whitewall tires and detachable plastic curtains instead of side windows. The earliest Corvettes were designed to be opened from the inside and lacked exterior door handles. Other components included a clock, cigarette lighter and red warning light that activated when the parking brake was applied—a new feature at the time. The car carried an initial price tag of \$3,490 and could go from zero to 60 miles per hour in 11 or 12 seconds, then considered a fairly average speed. In 1954, the Corvette went into mass production at a Chevy plant in St. Louis, Missouri. Sales were lackluster in the beginning and GM considered discontinuing the line. However, rival company Ford had introduced the two-seater Thunderbird around the same time and GM did not want to be seen bowing to the competition. Another critical development in the Corvette's survival came in 1955, when it was equipped with the more powerful V-8 engine. Its performance and appeal steadily improved after that and it went on to earn the nickname "America's sports car" and become ingrained in pop culture through multiple references in movies, television and music.



1965, Vietnam War - In the first major offensive ordered for U.S. forces, 3,000 troops of the 173rd Airborne Brigade—in conjunction with 800 Australian soldiers and a Vietnamese airborne unit—assault a jungle area known as Viet Cong Zone D, 20 miles northeast of Saigon. The operation was called off after three days when it failed to make any major contact with the enemy. One American was killed and nine Americans and four Australians were wounded. The State

Putting the World's Money into Perspective



Not all money is created equal.

Weather continues to focus on rain in the forecast for the Midwest and some of the eastern Plains over the next few days. In the Corn Belt, cool, dry weather prevails. Earlier-planted corn and soybeans are entering reproduction under favorable temperatures. On the 25th, Missouri led the Midwest with 6% of its corn acreage silking, followed by Illinois and Indiana each at 2%. On the Plains, isolated showers have provided only spotty relief from widespread dry conditions. The region's most serious drought covers the northern Plains. On June 25, North Dakota led the nation in rangeland and pastures rated poor to very poor at 61%, followed by South Dakota at 53%. On the same date, South Dakota led the U.S. in spring wheat (62%) and winter wheat (56%) rated very poor to poor. In the South, showers linger along and near the Gulf Coast. Elsewhere, mild, mostly dry weather is providing mostly favorable conditions for pastures and summer crops. Looking ahead to the next few days, rainy weather will affect the Midwest and portions of the northern Plains, while warm, mostly dry conditions will persist in the West. Temperatures will remain at least 10 degrees F below average in parts of the Midwest, while record setting warmth will be possible toward week's end in the Pacific Northwest. Meanwhile, the 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.

Severe Storms Return to the Plains, Midwest: *Things have changed quickly across the nation's mid-section as severe storm have fired up in the northern and central High Plains late yesterday and are spreading east. Damaging winds and large hail are the primary threats of this storm as it cross from Nebraska and the Dakotas and heads toward the Upper Great Lake states. While the ground is not very saturated, the heaviest rain is possible from the Missouri Valley of eastern Nebraska, Iowa and northern Missouri. Several inches of rain may fall in a short period of time with one or more thunderstorm clusters through Friday morning.*



Corn bulls are talking about a potential ridge placing more extreme heat and less rain over a larger portion of the western and northwestern Plains in the extended forecast. The concern is that the drought in the Dakota's intensifies and starts to widen out into parts of northern Nebraska, western Iowa, and perhaps larger portions of Minnesota. Keep in mind, anytime you start to talk about possible production problems in Iowa, Nebraska and Minnesota, the trade is going to get a bit more nervous and look to add some risk premium. As a producer, I like the thought of remaining patient. I believe the weather might provide an opportunity in the days ahead for improved pricing. Longer-term, however, I'm still nervous about burdensome global supply and overall growth in U.S. demand. To this point, demand has been strong, but I'm curious about where "growth" in demand is going to come from? Hence, the reason I like the thought of taking some shots on the rallies. In other words, shoot when the ducks are in the air, don't look around and ask questions about why they are flying. I believe a move in new-crop DEC17 prices back to \$4.00 needs to be seriously considered. For those who are undersold, I want to remind you that DEC18 prices are still trading at or near \$4.00 per bushel. As a spec, I've heard a bit more interest and talk about building a short-term bullish weather position. Corn traders are clearly monitoring U.S. weather. As the forecasts shifts and change look the trade adjusts accordingly. Remember, weather markets can become extremely fast and furious, plan accordingly. The forecasts for the second and third week of July are the ones being more heavily scrutinized.

Soybean traders are debating if the -\$1.00 setback in price from the mid-February high is enough to counter a record crop recently harvested in South America and a fresh new all-time record number of acres planted here in the U.S.? The bulls believe we could see a temporary rally as most in the trade have already digested the above mentioned record numbers and that U.S. weather could easily throw a nearby "wild-pitch" to U.S. producers. Global demand is strong enough that any talk of U.S. production falling sub-46 bushels per acre, and the trade could quickly add back in the risk-premium that has been removed the previous few weeks. The macro market landscape could also be a bit more interesting to the bulls as crude oil has stemmed a portion of its recent losses and the U.S. dollar bulls continue to unwind which has been

Department assured the American public that the operation was in accord with Johnson administration policy on the role of U.S. troops.

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

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.

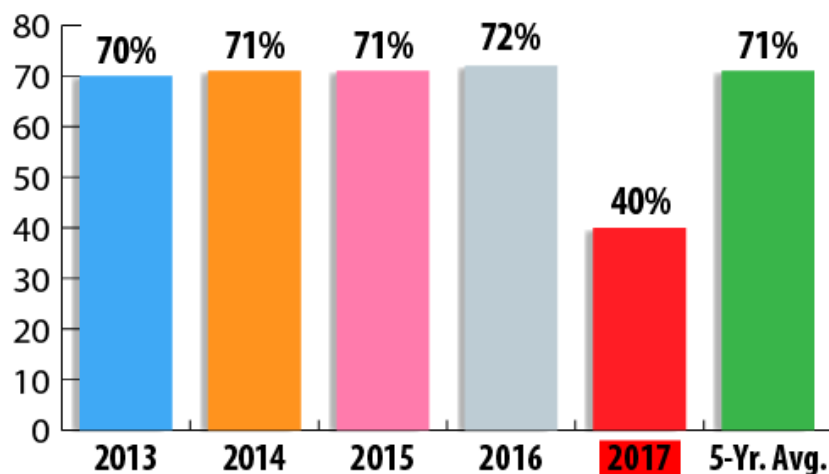
[Enlarge Nov Soybeans Chart »](#)



Need more help with the "Technical" side of the market? I personally like to use

Wheat traders are wondering if Spring wheat prices will push beyond \$7.00 per bushel? I personally think we will. Protein in the wheat market remains scarce and the trade seems nervous about production in Canada as well as perhaps the western portions of Australia. Remember, the USDA is already forecasting a -30% reduction in the Australia wheat crop compared to last year. Now we have U.S. spring wheat conditions the worst we've seen in almost 30-years. There also seems to be more debate surrounding the upcoming Russian and Ukraine crops, and perhaps a bit of backpedaling in regard to the size of the European crop. I remain a longer-term conservative bull...

Week #25 - June 25, 2017



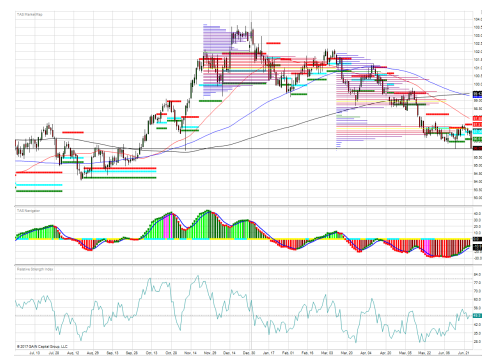
Source: USDA, Weekly Crop Progress numbers

June Quarterly Grain Stocks

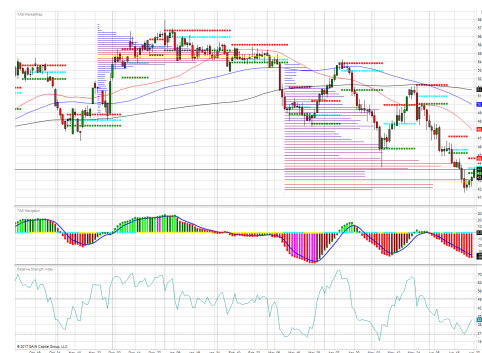
	June #	Avg. Trade Est.	Trade Range	USDA March 1, 2017	USDA July 1, 2016
Corn	???	5.123	4.690 - 5.360	8.616	4.711
Soybeans	???	0.983	0.870 - 1.119	1.735	0.872
Wheat	???	1.137	0.968 - 1.185	1.655	0.976

	June #	Avg. Trade Est.	Trade Range	USDA March 1, 2016	USDA Final 2016
Corn	???	89.903	89.000 - 91.005	89.996	94.004

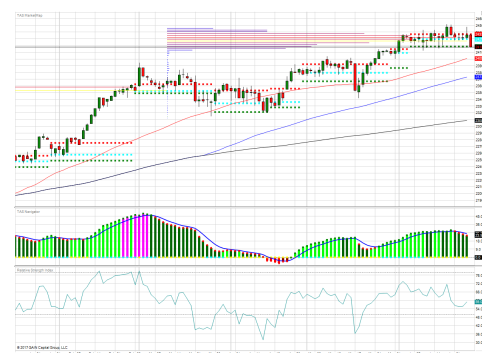
Outside Markets



The Dollar is breaking out to the downside and could pick up steam if it clears the 95.905 lows. Next major support level down is 94.241.

[Enlarge US Dollar Index Chart »](#)

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

[Enlarge Crude Oil Chart »](#)

The long term bull trend is showing signs of cracking. A close below 2418.00 puts

Soybeans	???	89.750	88.466 - 90.500	89.482	83.433
All Wheat	???	46.070	45.700 - 47.404	46.059	50.154
Winter Wheat	???	32.830	32.505 - 33.752	32.747	36.137
Spring Wheat	???	11.206	10.990 - 11.589	11.308	11.605
Durum	???	2.002	1.900 - 2.219	2.004	2.412



> EU Crop Yields Reduced On Hot, Dry Weather: *The European Union's crop-monitoring service lowered its 2017 yield forecasts for most grain crops on Monday as hot and dry weather in many parts of the bloc in recent weeks was seen compounding stress on plants after a dry spring. The monthly report from the MARS service was in line with other observers who have lowered EU harvest expectations because of adverse crop weather in the bloc. In France, the EU's largest grain producer, a dry May and hot June resulted in unfavorable conditions for both winter and spring crops that are now in the grain-filling stage, it said, forecasting winter cereals below the five-year average. In Spain, persistent adverse weather conditions had a serious impact on winter crops for several weeks, MARS said. MARS now sees the average EU soft wheat yield at 5.86 tonnes per hectare (t/ha), down from 5.91 t/ha a month ago and the 6.05 t/ha forecast in April. In contrast, MARS raised its rapeseed yield outlook for this year's crop in the EU. It lifted the outlook to 3.22 t/ha from 3.17 t/ha after a sharp cut in May, but these remained below the five-year average. (Source: Reuters)*

> U.S. Overtakes Australia As Top China Wheat Supplier In May: *The US overtook Australia as the major wheat exporter to China in May at 288,966 mt, supplying more than half of China's imports for the month, according to customs data. Australian-origin wheat typically accounts for about half of China's wheat imports but US wheat arriving in May was cheaper, weighed down by ample global stock projections in April. Semi hard wheat with 11.5% protein from the US was \$30/mt cheaper than similar protein wheat from Australia in April, according to data from S&P Global Platts. China's wheat imports over January-May totaled 2.18 million mt, nearly doubling from the same period a year earlier, due to the wide price gap between domestic and imported cargoes and the shortage of suitable quality supply domestically. (Source: Platts)*

> Brazilian Team To Meet With USDA Officials: *A team of specialists from Brazil's Agriculture Ministry will be meeting the first week of July with their U.S. counterparts to discuss ways to resume beef exports to the U.S. Agriculture Minister Blairo Maggi may accompany the U.S.-bound team if he can schedule a meeting with U.S. Agriculture Secretary Sonny Perdue during the same time period. The U.S. suspended all imports of fresh beef from Brazil because of "recurring concerns about the safety of the products" and said the country won't resume imports until Brazil's Ministry of Agriculture "takes corrective action which the USDA finds satisfactory." The suspension was triggered by abscesses found by U.S. inspectors. The abscesses were a reaction to front-end-region vaccinations against foot-and-mouth disease. (Source: Bloomberg)*

> Syngenta Eyes Bayer Assets To Bolster Seeds Biz: *Switzerland's Syngenta, the crop protection company acquired by ChemChina, has vowed to bulk up its seeds business and join the chase for assets rival Bayer must sell to gain regulatory approval for its takeover of Monsanto. Syngenta, a distant third in the global seeds market behind Monsanto and Dupont, is determined not to lose ground on its rivals as the seeds and crop-protection sector continues an unprecedented wave of mergers and acquisitions. The Swiss group, the world's leading crop chemicals maker, itself fought*

of cracking. A close below 2418.00 puts the market out of balance/bearish and could help to attract technical selling.

[Enlarge E-Mini S&P Index Chart »](#)

Kevin's Song of the Week



About the Report

acquisitions. The Swiss group, the world's leading crop chemicals maker, itself bought off unwanted suitor Monsanto before agreeing to be taken over by ChemChina to secure better access to Asian markets and is now targeting its own acquisitions and licensing deals. Bayer last month said it will sell its LibertyLink-branded seeds businesses, a key part of asset sales required to satisfy competition authorities looking at the \$66 billion Monsanto deal. (Source: Reuters)

> Pacific Ethanol To Acquire Illinois Corn Processing: Pacific Ethanol has entered into a definitive agreement to acquire Illinois Corn Processing for \$76 million, which includes \$15 million in working capital. The transaction is expected to close in July 2017, subject to customary and other closing conditions. ICP is a 90 million gallon per year fuel and industrial alcohol manufacturing, storage and distribution facility adjacent to the Pacific Ethanol Pekin facility and is located on the Illinois River. ICP produces fuel-grade ethanol, beverage and industrial-grade alcohol, dry distillers grain (DDG) and corn oil.

> California Pushes Ahead To List Glyphosate As "Cancer-Causing": Glyphosate, a herbicide and the active ingredient in Monsanto popular Roundup weed killer, will be added to California's list of chemicals known to cause cancer effective July 7, the state's Office of Environmental Health Hazard Assessment (OEHHA) said. Monsanto vowed to continue its legal fight against the designation, required under a state law known as Proposition 65, and called the decision "unwarranted on the basis of science and the law." OEHHA said the designation of glyphosate under Proposition 65 will proceed following an unsuccessful attempt by Monsanto to block the listing in trial court and after requests for stay were denied by a state appellate court and the California's Supreme Court. Monsanto's appeal of the trial court's ruling is pending. (Source: Reuters)

> USDA Launches Commission To Reorganize: The Department of Agriculture has formally kicked off its internal effort to reorganize, modernize and trim the department by launching a commission, according to a recent memo obtained by Politico. The department's Modernizing USDA Commission is tasked with coming up with a USDA reform plan, which will be based in part off the reorganization that Agriculture Secretary Sonny Perdue announced in May. The commission is part of a broader Trump administration effort to "improve the efficiency, effectiveness and accountability" of the executive branch, the memo says. All agencies are supposed to submit their plans to reorganize (and trim staff with the president's proposed fiscal 2018 budget cuts in mind) to the White House Office of Management and Budget. The Modernizing USDA Commission includes officials from Perdue's office, as well as the newly-appointed assistant secretary for rural development, but almost everyone else on the panel is an acting deputy undersecretary. The effort is being coordinated by Donald Bice, the associate director of the Office of Budget and Program Analysis. (Source: Politico)

> NASA has cleared a significant milestone to reviving supersonic passenger jet travel in the U.S. It's completed a preliminary design review for a plane, drawn up with Lockheed Martin (NYSE:LMT) as lead contractor, that uses Quiet Supersonic Technology, which creates a soft "thump" rather than a loud sonic boom. The boom is what led federal authorities to ban supersonic passenger flight over land in 1973. (Source: SeekingAlpha)

> Global Economy Will Add \$16 Trillion By 2030 Thanks To AI: It's widely accepted that artificial intelligence (AI) will have a huge impact on our lives in the coming decades - but what's its value to the global economy? According to a new report, global GDP will be 14% higher in 2030 as a result of AI - the equivalent of \$15.7 trillion, more than the current output of China and India combined. The report, *Sizing the Prize*, was launched by PwC in a session at the World Economic Forum's Annual Meeting of the New Champions 2017 in Dalian, China. Improvements to labor productivity will account for over half of all economic gains from AI between now and 2030, while increased consumer demand resulting from product enhancements will account for the rest. Regional gains will be most strongly felt in China, which will receive a 26% boost to GDP in 2030, followed by North America (14.5%). Together, these regions will account for almost 70%, or \$10.7 trillion, of AI's global economic impact. (Source: World Economic Forum)

NEXT level THINKING



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

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

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

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

Kevin Van Trump

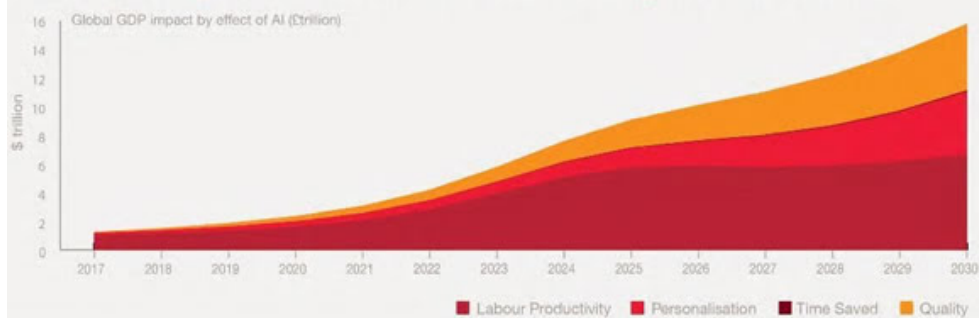
What Others Are Saying

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

A.M., FDIC

"As a national federal farm policy administrator and commodity producer, I find it critical to keep updated with what is going on in the real world of agriculture and with the domestic and global markets. Of all the services I've have been privy to or have subscribed to over the past 20 years I've found in the past

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FROM THE FIELD

Eastern Arkansas - I use all dry fertilizer. Studies have shown that splitting your N application increases yield. I have most my cotton planted into cereal cover crops, so I try to front load my N some. I generally put out 2/3 my N with a combination of ammonium sulfate and urea, along with any P, K and boron around first squaring, then follow up with straight urea, generally variable rate this shot based on soil type sometimes during early bloom.

Central Kansas - Sprayed beans about two weeks ago and there is still some speckling from that. Overall, they look great but if you look closely on some of the newer leaves there is a minor wrinkling or cupping. With all the media attention that Dicamba is getting that's immediately what most guys will call it but I'm wondering if this can be a side effect from something else. Been noticing it other places too but it's hit and miss, some places you'll notice it, others not at all. It does seem to be the worst along gravel roads where the field takes dust all summer long and has a higher PH because of it. You get deeper into the field and it seems to disappear.

Eastcentral Nebraska - Talking to some area farmers last night I mentioned that I had just finished spraying my beans. One guy looked at me and said why are you spraying beans now, it's too early, beans are not tall enough. I said I was not worried about the beans, but rather worried about the weeds getting too big. After spraying the fields are pretty clean but the few escaped weeds out there are growing fast. Some waterhemp was almost 24", while most was only 3-4", I was not going to wait for it to get any taller. Driving home tonight I noticed a lot of fields with short beans and tall weeds, beans are just slow growing this year and if they all wait for the beans to get taller the weeds are going to get really hard to kill. Most herbicide labels read weed height in inches not feet.

CROSSING WIRES

A place to share intelligent thoughts...

Have We Reached "Peak Wheat": Bloomberg's, Megan Durisin, wrote an article this week that brings into to question the global glut of wheat, and if in fact we are seeing a turning of tides. The USDA is forecasting global wheat output will fall for the first time in five seasons. It isn't just the weather. Years of low prices encouraged farmers to plant less. While yields are up, quality has declined and the grain contains less protein. Read more [HERE](#).

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

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

[More Testimonials](#)

My Own Personal Truisms

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

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

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

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

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

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

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

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

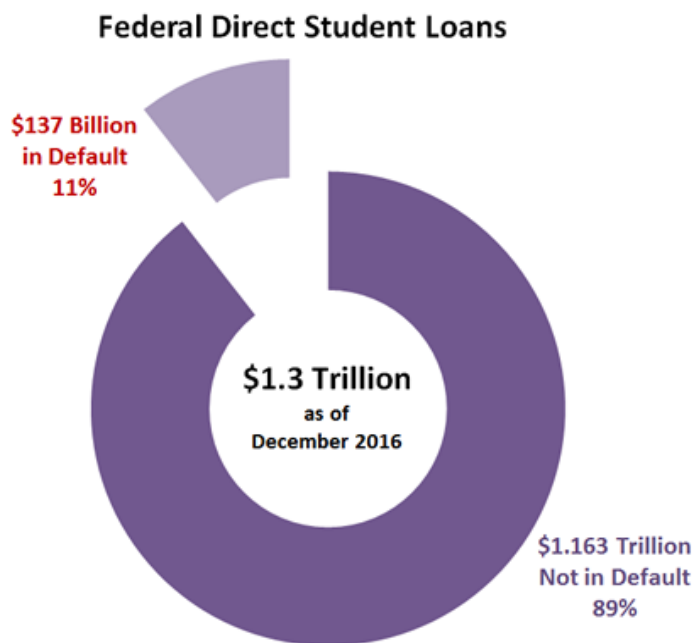
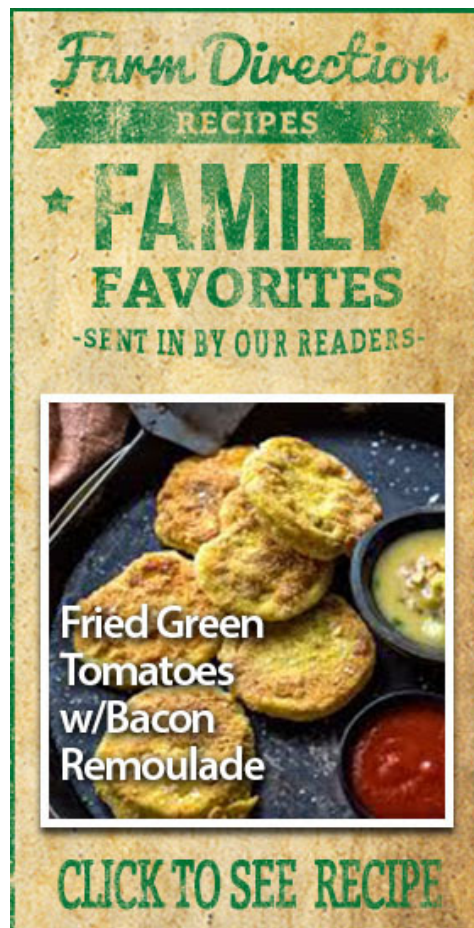
Subsidies = Profit in China's Largest Grain Province: This month, a Grain and Oils News journalist reported dramatic changes in cropping patterns in parts of China's Heilongjiang Province following the removal of the support price for corn. While the article emphasizes the greater market orientation of planting decisions this year, the journalist's investigations also suggest that fat subsidies account for most of the profits earned by farmers in China's largest grain-producing province. Read more [HERE](#).

Scientists Have Detected A Fundamentally New State Of Matter: Caltech physicists at the Institute for Quantum Information and Matter have discovered the first 3D quantum liquid crystal. This is a new state of matter they expect will have applications in ultrafast quantum computing, and the researchers believe this discovery is just the "tip of the iceberg." Quantum liquid crystals were first discovered in 1999; their molecules behave much like those in regular liquid crystals, but their electrons prefer to orient themselves along certain axes. The electrons of the 3D quantum liquid crystals exhibit different magnetic properties depending on the direction they flow along a given axis. Practically speaking, this means that electrifying these materials changes them into magnets, or changes the strength or orientation of their magnetism. Read more [HERE](#).

Why The Inside Of Our Cars Feel Like Ovens In The Summer: We've all heard the saying, "If you can't take the heat, get out of the kitchen." But during summer, you could insert the word car into that sentence just as easily. Why is it that your car feels like an oven, no matter if you park in the sun or shade? Blame the greenhouse effect. Yes, the same greenhouse effect that traps heat in the atmosphere and keeps our planet at a comfy temperature for us to live is also responsible for baking your car on warm days. Your car's windshield not only allows you an unobstructed wide view while on the road, it also allows the sunlight an unobstructed pathway inside your car's interior. Read more [HERE](#).

The Angry Itch: Anger can be considered one of the most toxic emotions a person can experience. It can also be one of the most motivating. In order to understand how to best manage anger for one's own life, it helps to understand anger from several different angles. Read more [HERE](#)

U.S. Student Loan Implosion: The Consumer Federation of America recently put out a press release that reports that they've found that 1.1 million student loan borrowers in the United States have gone 270 or more days without making payments on their Federal Direct Student Loans, with more than \$137 billion worth of the loans issued by the U.S. government now qualifying as being in default by that standard. Data from the CFA's press release has made the rounds among multiple news outlets, but Political Calculations asked a pretty basic question: Are those big numbers? They certainly seem like big numbers, what with all the millions and billions being thrown about, but how do these numbers fit into the bigger U.S. government-issued student loan story? Check out what they came up with [HERE](#).





The \$4 Million Switch....When Organic Is Not Organic

Late last year 36 million pounds of soybeans shipped from the Ukraine to Turkey then on to California. What is amazing about this cargo was the transformation of the beans along the way. The beans began their journey as a "conventional crop," sprayed with pesticide and priced accordingly. But according to receipts, invoices and other shipping records the magic beans somehow transformed to "organic" along the way. That simple switch boosted their value by approximately \$4 million, creating a windfall for at least one company along the supply chain. As you can imagine the importing companies claim no knowledge as well as apparent false documentation occurring at some point along the way. While most food sold as "USDA Organic" is grown in the United States, at least half of some organic commodities — corn, soybeans and coffee — come from overseas, from as many as 100 countries. Officials at the USDA claim their systems for identifying fraud are robust. Interestingly, reporters at the Washington Post uncovered three shipments, each involving millions of pounds of "organic" corn or soybeans, which were large enough to constitute a meaningful proportion of the U.S. supply of those commodities. All three were presented as organic, despite evidence to the contrary. And all three hailed from Turkey, now one of the largest exporters of organic products to the United States, according to Foreign Agricultural Service statistics. Regardless of where organics come from, when you involve more middlemen, each of whom could profit by relabeling conventional goods as "organic", it becomes extremely difficult to regulate and stay on top of. On top of that detection of fraudulent shipments is difficult because there is little incentive for organic companies to advertise their suspicions about suppliers.... Interesting? (Source: Washington Post)



There's A NEW Sheriff In Town...

Two Duke students Chris Reyes and Vaibhav Tadepalli decided to do something about the violence which sometimes occurs during the course of a routine traffic stop. The two students came up with the brilliant idea for a RoboCon that could make traffic stops

Students came up with the brilliant idea for a RoboCop that could make traffic stops safer for both the police and civilians. This idea turned into the patent-pending "Sentinel Robotic System". The Sentinel, which is deployed from the officers' vehicle essentially acts as the interface between the two parties. It can autonomously drive itself up to a stopped vehicle, while the officer stays in his or her own cruiser. It's equipped with a video camera screen on a lift, which can rise up to seven feet in the air, and begin a two-way video chat between the two cars; it's reminiscent of a Skype type call, but the officers are still able to have a 180° view inside the stopped vehicle. In addition to initiating the video chat, Sentinel's wide-angle camera can also read and scan driver's licences and registration, as well as the vehicle's license plate, and then transfer the information to the dashboard computer inside the police cruiser. The interesting thing about the Sentinel is that the major segments of the unit are produced using a 3D printer. The two designed Sentinel from the ground up, as they don't believe military robots are able to be re-purposed in an effective way to police civilians. They are also doing what they can to keep costs down for Sentinel: other police robots generally cost around \$20,000, and they hope to market Sentinel for around \$10,000. As the students continue to improve the design - using police input - they intend to install infra-red radiation so the Sentinel can pick up heat signatures like a weapon inside a vehicle. Though the Sentinel can currently issue tickets, it is not intended as a substitute for police, at least not yet, but merely a buffer to provide safety for all parties. I suspect however it's only a matter of time until we start seeing RoboCops out on patrol and perhaps being controlled by gaming guru's sitting at police headquarters. To learn more about the Sentinel's capabilities and why it was created, take a look at the [video](#). (Source: [3Dprint.com](#))



How To Capture The Next Million Dollar Idea?

Harvesting brilliant ideas can be worth millions of dollars. The Wall Street Journal ran a story titled [How Entrepreneurs Come Up With Great Ideas](#). Steve Johnson, one of our countries most innovative and popular thinkers recently wrote a book titled "Where Good Ideas Come From - The History of Innovation." In a nutshell, everyone, including myself, have always been intrigued by individuals who come up with that simple yet million dollar idea. Researchers have found that rarely do these "eureka" type moments come on command. If that's the case, then the question is how do individuals or companies get inspiration to strike—and how can we work create a similar type of magic? Below are some interesting stories from several startup geniuses, as well as other investors, advisers and professors who have seen and heard countless success stories. Interestingly, inspiration often comes from the most unsuspecting sources—passions, everyday puzzles, and even the sleeping subconscious mind. If you are further interested in how great ideas come about, I encourage you to watch a couple of interesting videos I have included: [Steven Johnson: Where good ideas come from](#); [TED Talks featuring Steve Johnson...and how modern GPS was invented](#)

Let Your Subconscious Do the Work - Ben Baldwin, CEO, ClearFit

When the mind is occupied with a monotonous task, it can stimulate the subconscious into a eureka moment. That's what happened to me. The business model for my company, ClearFit, which provides an easy way for companies to find employees and predict job fit, hatched in the back of my mind while I was driving 80 miles an hour, not thinking about work at all. The subconscious mind runs in the background, silently affecting the

outcome of many thoughts. So, take a break and smell the flowers, because while you're out doing that, your mind may very well solve the problem that you are trying to solve or spark a solution to a problem you hadn't considered before.

Look at What's Bugging You - *David Cohen, CEO, TechStars*

Ideas for startups often begin with a problem that needs to be solved, and they don't usually come while you're sitting around sipping coffee and contemplating life. They tend to reveal themselves while you're hard at work on something else. For instance, one company of mine, earFeeder, came about because I wanted news on music I loved and found it hard to get. So I created a service that checks your computer for the music you have stored there, then feeds you news from the Internet about those bands, along with ticket deals and other things.

You're Never Too Old - *Vivek Wadhwa, Vice president of academics and innovation, Singularity University*

Mark Zuckerberg, Paul Allen, Bill Gates, Steve Jobs—are success stories that often lead people to think that coming up with big ideas is a young person's game. The numbers show that's not really the case. The typical entrepreneur is a middle-aged professional who learns about a market need and starts a company with his own savings. Research completed in 2009 determined that the average age of a successful entrepreneur in high-growth industries such as computers, health care and aerospace is 40. Twice as many successful entrepreneurs are aged over 50 as under 25, and twice as many over 60 as under 20.

Attack Practical Problems - *Brian Spaly, Founder and CEO, Trunk Club*

Make a note whenever you encounter a service or a customer experience that frustrates you, or wish you had a product that met your needs that you can't find anywhere. Then ask yourself, is this a problem I could solve? And how much time and money would it take to test my idea? That last point is crucial. As my sage Stanford professor Andy Rachleff encouraged me, "Make sure you can fail fast and cheaply." In business school, I had a couple of big ideas. One was improving domestic airline service—which would have cost millions and taken years. I decided to pursue another opportunity that was a lot cheaper and would show results faster—a clothing line called Bonobos. In the end, it took me just nine months and \$15,000 of startup funds to get a little traction and market feedback.

Search for a Better Way - *Liz Lange, Fashion designer*

As one goes about their daily life, it is useful if they routinely ask themselves, "Isn't there a better way?" You would be surprised at how frequently the answer is, "Yes." Other sources of inspiration for me are existing products. One should never feel that just because there is a product out there similar to yours that you can't execute it and market it better.

Reverse Assumptions - *Dave Lavinsky, Co-founder, Growthink Inc.*

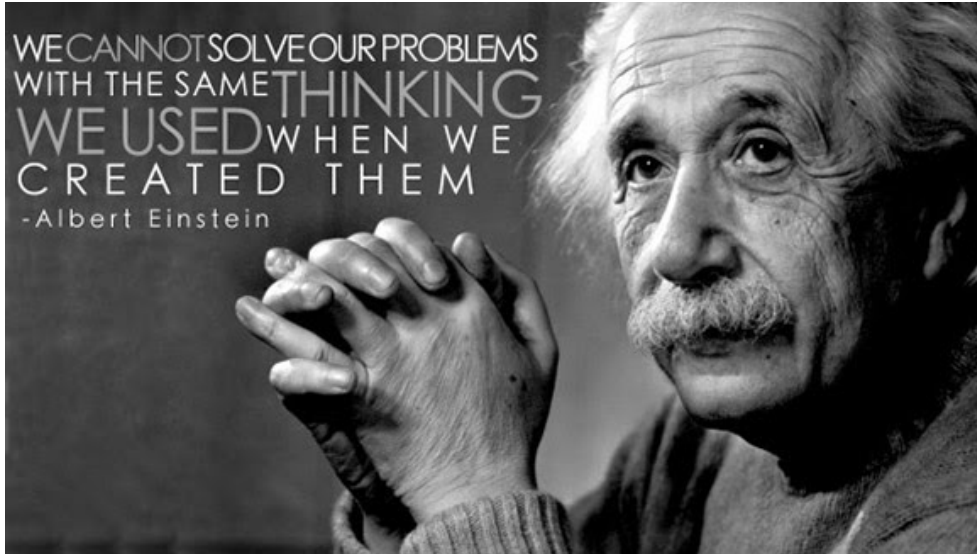
Many great entrepreneurs come up with ideas by reversing assumptions. For example, the old assumption was that a bank needed to have tellers and branch locations. The ATM concept asked: How can we offer banking services without having a branch location and tellers?

Blueprint for Innovation - *Steve Johnson, Where Good Ideas Come From: The Natural History of Innovation*

The patterns are simple, but followed together, they make for a whole that is wiser than the sum of its parts. Go for a walk; cultivate hunches; write everything down, but keep your folders messy; embrace serendipity; make generative mistakes; take on multiple hobbies; frequent coffeehouses and other liquid networks; follow the links; let others build on your ideas; borrow, recycle; reinvent. Build a tangled bank." "When it first emerged, Twitter was widely derided as a frivolous distraction that was mostly good for telling your friends what you had for breakfast. Now it's used to organize and share news from around the world, to provide customer support for large corporations, to share interesting thoughts, and a thousand other applications that did not occur to the founders when they dreamed up the service in 2006. This is not just a case of cultural exaptation: people finding a new use for a tool designed to do something else. In Twitter's case, the users have been redesigning the tool itself. The convention of replying to another user with the @ symbol was spontaneously invented by the Twitter user base. Early Twitter users ported over a convention from the IRC messaging platform and began grouping a topic or event by the "hash-tag" as in "#30Rock" or "inauguration." The

ability to search a live stream of tweets - which is likely to prove crucial to Twitter's ultimate business model, thanks to its advertising potential - was developed by another start-up altogether. Thanks to these innovations, following a live feed of tweets about an event - political debates or Lost episodes - has become a central part of the Twitter experience. But for the first year of Twitter's existence, that mode of interaction would have been technically impossible using Twitter. It's like inventing a toaster oven and then looking around a year later and discovering that all your customers have, on their own, figured out a way to turn it into a microwave." In other words don't get discouraged by thinking too far down the road, version 1.0 is the first step.

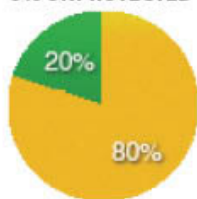
Bottom-line...great ideas and innovations are living, breathing and constantly evolving. They must be watered, nurtured, coddled and allowed to mature. Too often they are harvested, picked or neglected before they have blossomed into that million dollar concept. "This is not the wisdom of the crowd, but the wisdom of someone in the crowd. It's not that the network itself is smart; it's that the individuals get smarter because they're connected to the network."



CASH SALES & HEDGING TOTALS

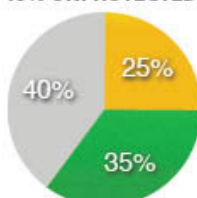
CORN 2016 CROP

80% SOLD
20% HEDGED
0% UNPROTECTED



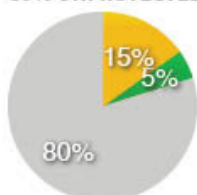
CORN 2017 CROP

25% SOLD
35% HEDGED
40% UNPROTECTED



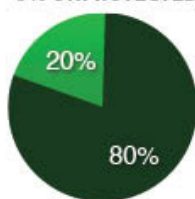
CORN 2018 CROP

15% SOLD
5% HEDGED
80% UNPROTECTED



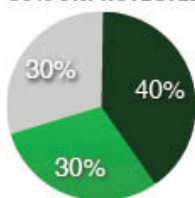
SOYBEANS 2016 CROP

80% SOLD
20% HEDGED
0% UNPROTECTED



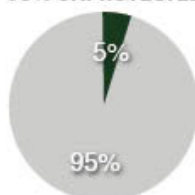
SOYBEANS 2017 CROP

40% SOLD
30% HEDGED
30% UNPROTECTED



SOYBEANS 2018 CROP

5% SOLD
0% HEDGED
95% UNPROTECTED



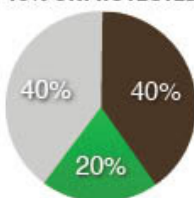
WHEAT 2016 CROP

100% SOLD
0% HEDGED
0% UNPROTECTED



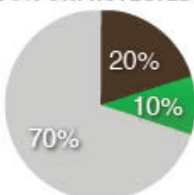
WHEAT 2017 CROP

40% SOLD
20% HEDGED
40% UNPROTECTED



WHEAT 2018 CROP

20% SOLD
10% HEDGED
70% UNPROTECTED



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