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GOOD MORNING: 06/08/17 Farm Direction - VanTrump Report

1 message

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

Thu, Jun 8, 2017 at 6:53 AM



"People insist on looking through the world through a mathematical lens. This is a terrible mistake. People need more situational awareness." - Pippa Malmgren

THURSDAY, JUNE 08, 2017[Printable Copy](#) or [Audio Version](#)

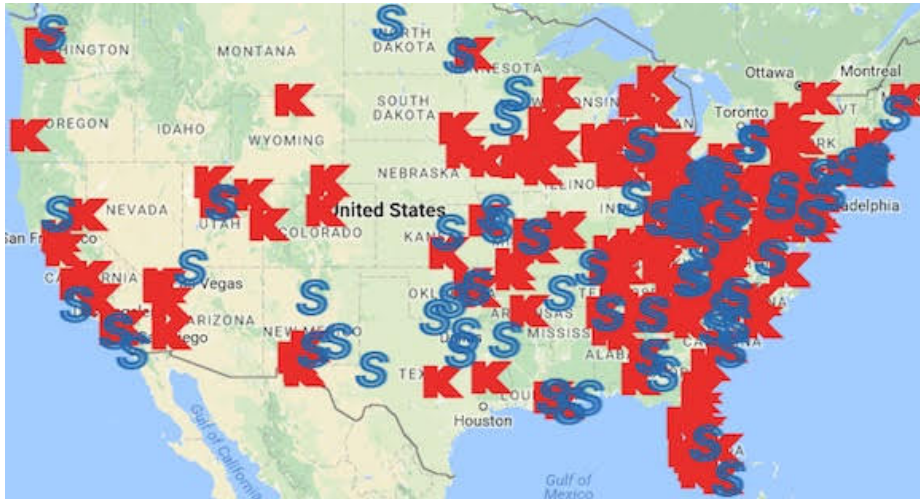
Morning Summary: Comey, Comey, Comey, Comey, Comey chameleon, you come and go, you come and go... The media continues to obsess with headlines surrounding former FBI Director James Comey who is set to testify before the Senate Intelligence Committee today, which I hear will begin at around 9:00 a.m. CST. The morning testimony will be open to the public, while the afternoon session is closed-door. His testimony could have an impact on investor sentiment if it's seen adding more fuel to the fire in the Russian election probes being conducted by Congress. Meaning, if the media and Capital Hill remain focused on these investigations, President Trump's policy agenda could receive less attention and take even longer to implement. A written copy of Comey's prepared Senate testimony was released yesterday by the Senate Intelligence Committee and apparently at Comey's own request. Interestingly, investors did not seem overly concerned about anything in the comments as stocks posted their first positive day for the week. Keep in mind this will be Comey's first public testimony since President Trump fired him back in early May. Democrats want to know whether Trump fired Comey as a way to sidetrack the FBI's investigation into Russian meddling on the 2016 election. If Comey says Trump did, Republicans will want to know why Comey didn't speak up before now? There's also the question of how much pressure President Trump put on Comey to back off the investigation of Michael Flynn, the national security adviser that he had just fired. We also have the allegations that the President asked Mr Comey for a vow of personal loyalty. The FBI director, mindful of the bureau's traditional independence from politics, instead supposedly promised to always speak honestly. Remember, this is the same FBI Director that many accuse of wrecking the election hopes of Hillary Clinton with the e-mail inquiry. A bright spot seems to be that the chairman of the committee, Senator Richard Burr, a Republican from North Carolina, and the top Democrat, Senator Mark Warner, from Virginia, have been careful to proceed in what appears to be a very bipartisan manner. I should note that Senator Richard Burr, who chairs the committee, called Mr Comey "one of the most ethical, upright, straightforward individuals I've had the opportunity to work with." Bottom-line there are a ton of moving pieces and parts and a lot of people who greatly respect all of those who have served our nation and involved in the case. There certainly could be some wild-cards in the deck, but with all the other drama that has circulated the past several months, the market seems fairly calloused to it all. I have to imagine any sizable break will still be viewed as a buying opportunity to those who need to catch or try to outperform their respective benchmarks. Oil markets have been under pressured as of late with WTI crude sliding back below \$46 a barrel to a 5-week low. Oil prices have found themselves under pressure again with the U.S. Energy Information Administration reporting domestic crude supplies rose by +3.3 million barrels last week, amid a drop in refinery runs and a rise in imports. Gasoline stockpiles also climbed last week. The EIA showed also showed a stunning -1.418 million barrel-per-day drop in demand last week across all petroleum products. The four-week consumption average is now about -0.7% below last year. That's tough for a lot of people in the industry to swallow considering we are near full-employment and not in the middle of winter. Also shocking, the rise in crude inventories came despite the biggest weekly drop in Saudi imports ever. EIA data showed that U.S. imports of oil from Saudi Arabia sank from 1.362 million barrels a day two weeks ago, down to 615,000 barrels this past week. As for gasoline prices, the national average at the pump has finally fallen back to levels we were paying last year. In the first quarter of this year we were actually paying about +50 to +55 cents per gallon more than the previous year. The price break at the pump

Today In History

1948, Porsche - A hand-built aluminum prototype labeled "No. 1" becomes the first vehicle to bear the name of one of the world's leading luxury car manufacturers: Porsche. The Austrian automotive engineer Ferdinand Porsche debuted his first design at the World's Fair in Paris in 1900. The electric vehicle set several Austrian land-speed records, reaching more than 35 mph and earning international acclaim for the young engineer. He became general director of the Austro-Daimler Company (an outpost of the German automaker) in 1916 and later moved to Daimler headquarters in Stuttgart. Daimler merged with the Benz firm in the 1920s, and Porsche was chiefly responsible for designing some of the great Mercedes racing cars of that decade. Porsche left Daimler in 1931 and formed his own company. A few years later, Adolf Hitler called on the engineer to aid in the production of a small "people's car" for the German masses. With his son, also named Ferdinand (known as Ferry), Porsche designed the prototype for the original Volkswagen (known as the KdF: "Kraft durch Freude," or "strength through joy") in 1936. During World War II, the Porsches also designed military vehicles, most notably the powerful Tiger tank. At war's end, the French accused the elder Porsche of war crimes and imprisoned him for more than a year. Ferry struggled to keep the family firm afloat. He built a Grand Prix race car, the Type 360 Cisitalia, for a wealthy Italian industrialist, and used the money to pay his father's bail. When Porsche was released from prison, he approved of another project Ferry had undertaken: a new sports car that would be the first to actually bear the name Porsche. Dubbed the Type 356, the new car was in the tradition of earlier Porsche-designed race cars such as the Cisitalia. The engine was placed mid-chassis, ahead of the transaxle, with modified Volkswagen drive train components. The 356 went into

could help keep the economy moving forward and provide consumers with more cash to spend. Today's economic data is sparse with just Weekly Jobless Claims on the calendar. China will release Consumer and Producer inflation data overnight tonight, so be aware that markets could be impacted by those numbers going into Friday morning. It's ALL about Washington today... The Financial Times reported that "Shaw's Tavern, two miles north of the US Capitol, said it would open early for patrons who want to watch while downing \$5 Russian vodkas."

Retail Continues To Get Slammed: Below is a visual of all the Sears and K-Mart stores set to close this year. The companies officially announced 150 closures at the beginning of the year, and has been gradually adding to that list since then, as sales and traffic have continued to drop. The list now includes 245 closures including 70 Sears stores and 175 Kmart stores. Sears sales have been plunging, falling by more than -50% since 2009. The losses at Kmart are being attributed to particular weakness in grocery and household items, pharmacy, and home categories. Can you say Amazon... Below is a map of store closures currently announced for both Sears and K-Mart.



Consumer Credit Has Weakest Monthly Gain In Over Five Years: U.S. consumer credit increased just +\$8.2 billion in April compared to expectations for a gain of around +\$17 billion. The annual increase slowed to 2.6% from 6.2% the previous month. Weakness is centered in nonrevolving credit which rose only +\$6.7 billion for the lowest reading in nearly 6 years. This includes weak showings for vehicle financing and also student loans which are both lumped into this component. Revolving credit, which reflects credit cards, was also soft, up just +\$1.5 billion vs +\$5.4 billion in the prior month. The weaker than expected rate of consumer credit growth will maintain expectations of an underlying slowdown in consumer demand and a more cautious tone surrounding retail spending. Given the dominance of consumer spending in the economy, this data may add to thoughts that short-term economic growth may be subdued. It undoubtedly confirms that April was an unusually soft month for consumer activity.

Median Net Worth: The graphic below shows the median net worth by the age of householder, it does take into account home equity. The highest quintile, which represents the top 20%, is often the biggest jump in median net worth for a quintile. Remember, these are median values so if you're in the Top 10% you are literally off the charts. Sadly the lowest quintile, indicated in red, is barely even visible. The average American net worth is \$68,828. The median wealth of those younger than 35 is just \$6,676. The median wealth for those older than 75 is \$155,714. The median wealth of households without high school diplomas is only \$9,800. A high school degree quadruples that to \$43,945. A college degree triples that to \$147,148. That's despite the burden of college debt. A graduate or professional degree doubles that the average net worth to \$240,750. (Source: [TheBalance](#); [WalletHacks](#))

production during the winter of 1947-48, and the aluminum prototype, built entirely by hand, was completed on June 8, 1948.

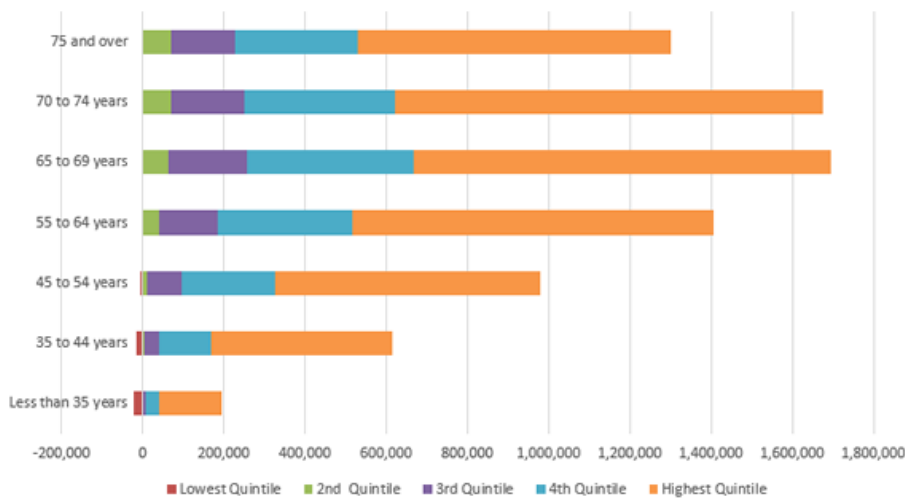


1949, Cold War - Hollywood figures, including film stars Frederic March, John Garfield, Paul Muni, and Edward G. Robinson, are named in a FBI report as Communist Party members. Such reports helped to fuel the anticommunist hysteria in the United States during the late-1940s and 1950s. The FBI report relied largely on accusations made by "confidential informants," supplemented with some highly dubious analysis. It began by arguing that the Communist Party in the United States claimed to have "been successful in using well-known Hollywood personalities to further Communist Party aims." The report particularly pointed to the actions of the Academy Award-winning actor Frederic March. Suspicions about March were raised by his activities in a group that was critical of America's growing nuclear arsenal (the group included other well-known radicals such as Helen Keller and Danny Kaye). March had also campaigned for efforts to provide relief to war-devastated Russia. The report went on to name several others who shared March's political leanings: Edward G. Robinson, the African-American singer; actor and activist Paul Robeson; the writer Dorothy Parker; and a host of Hollywood actors, writers, and directors. The FBI report was part of a continuing campaign by the U.S. government to suggest that Hollywood was rife with communist activists who were using the medium of motion pictures to spread the Soviet party line. Congressional investigations into Hollywood began as early as 1946. In 1947, Congress cited 10 Hollywood writers and directors for contempt because they refused to divulge their political leanings or name others who might be communists. The "Hollywood Ten," as they came to be known, were later convicted and sent to prison for varying terms. In response to this particular round of allegations from the FBI, movie tough-guy Edward G. Robinson declared, "These rantings, ravings, accusations, smearing, and character assassinations can only emanate from sick, diseased minds of people who rush to the press with indictments of good American citizens. I have played many parts in my life, but no part have I played better or been more proud of than that of being an American citizen."



1967, Six-Day War - During the Six-Day War, Israeli aircraft and torpedo boats attack the USS Liberty in international waters off Egypt's Gaza Strip. The intelligence ship, well-marked as an American vessel and only

Median Net Worth Quintiles by Age of Householder



Weather forecasts are calling for significant heat to cross the Midwest from west to east over the next week. Temperatures in the range of 93 to 97 degrees F are in store for the western Midwest through the coming weekend, with the intense heat moving into the eastern Midwest in the 6 to 10 day timeframe. This heat will be stressful to developing crops, already in a disjointed situation due to extensive planting delays. A mostly hot and dry pattern is indicated for the southern Plains through the end of the week. This heat will be beneficial to wheat ahead of harvest, but will be stressful for developing row crops. Hot conditions are also unfavorable for livestock. Meanwhile, agricultural drought continues to expand and intensify across large sections of the northern Plains, with adverse impacts noted on a variety of crops. Next week, northern crops are in line for some light to moderate rain, however, conditions prior to the onset of rain will be hot and dry, bringing more stress to spring wheat along with row crops. Spring wheat conditions are indicated at their poorest level since 1988 for this time of the season. In the South, showers and thunderstorms continue to disrupt fieldwork but provide drought relief across Florida and environs. Cool but dry weather covers the remainder of the South, including the previously soaked central Gulf Coast region. By week's end, warmth will build eastward across the nation's mid-section, while cool weather will overspread the West and linger in the East.

Potential for Beneficial Rain in the Mid-Range Forecast: *The recent warmer and drier trend has allowed most of the corn to be planted, as well as soybeans in the west. There are still soybeans to be planted in the east. We expect this favorably drier trend to continue during the next five days, with the chance for an increase in showers and thunderstorms during the 6 to 10 period. The outlook for June 13 - 17 indicates that warmer than average weather will prevail in the central U.S. and overspread the East, while below average temperatures will be likely in the Northwest and northern High Plains. Meanwhile, generally dry conditions should prevail along the Atlantic Coast and the central and southern High Plains, while wet weather will cover the Midwest and much of the Southeast.*

lightly armed, was attacked first by Israeli aircraft that fired napalm and rockets at the ship. The Liberty attempted to radio for assistance, but the Israeli aircraft blocked the transmissions. Eventually, the ship was able to make contact with the U.S. carrier Saratoga, and 12 fighter jets and four tanker planes were dispatched to defend the Liberty. When word of their deployment reached Washington, however, Secretary of Defense Robert McNamara ordered them recalled to the carrier, and they never reached the Liberty. The reason for the recall remains unclear. Back in the Mediterranean, the initial air raid against the Liberty was over. Nine of the 294 crewmembers were dead and 60 were wounded. Suddenly, the ship was attacked by Israeli torpedo boats, which launched torpedoes and fired artillery at the ship. Under the command of its wounded captain, William L. McGonagle, the Liberty managed to avert four torpedoes, but one struck the ship at the waterline. Heavily damaged, the ship launched three lifeboats, but these were also attacked—a violation of international law. Failing to sink the Liberty, the Israelis finally desisted. In all, 34 Americans were killed and 171 were wounded in the two-hour attack. In the attack's aftermath, the Liberty managed to limp to a safe port. Israel later apologized for the attack and offered \$6.9 million in compensation, claiming that it had mistaken the Liberty for an Egyptian ship. However, Liberty survivors, and some former U.S. officials, believe that the attack was deliberate, staged to conceal Israel's pending seizure of Syria's Golan Heights, which occurred the next day. The ship's listening devices would likely have overheard Israeli military communications planning this controversial operation. Captain McGonagle was later awarded the Congressional Medal of Honor for his heroic command of the Liberty during and after the attack.

Upcoming Events

Fri. 6/9 - USDA Supply and Demand

Tues.-Wed. 6/13-14 - FOMC Meeting

Thurs. 6/22 - Cold Storage

Fri. 6/23 - Cattle on Feed

Fri. 6/29 - Quarterly Hogs and Pigs

Fri. 6/30 - Quarterly Stocks and Acreage

Tues. 7/4 - Independence Day - Markets Closed

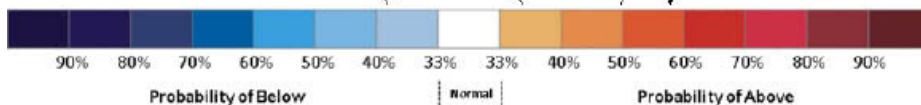
Wed. 7/5 - Minutes From 6/14 FOMC Meeting Released

Wed. 7/12 - USDA Supply and Demand

Temperature Probability



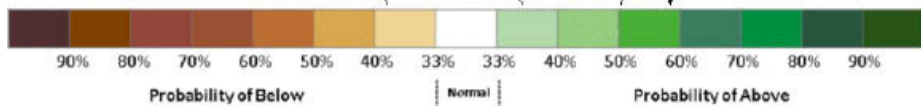
6-10 DAY OUTLOOK
TEMPERATURE PROBABILITY
MADE 7 JUN 2017
VALID JUN 13 - 17, 2017



Precipitation Probability



6-10 DAY OUTLOOK
PRECIPITATION PROBABILITY
MADE 7 JUN 2017
VALID JUN 13 - 17, 2017



Fri. 7/21 - Cattle on Feed

Mon. 7/24 - Cold Storage

Tues.-Wed. 7/25-26 - FOMC Meeting

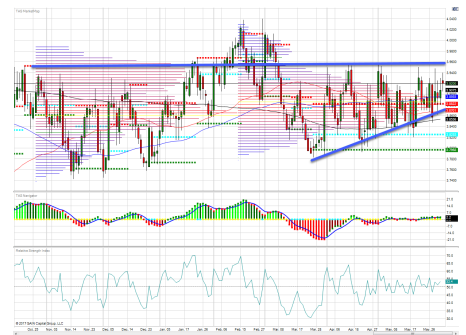
Fri. 8/10 - USDA Supply and Demand

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

Tues. 8/22 - Cold Storage

Fri. 8/25 - Cattle on Feed

Chart Of The Week



Dec Corn

The bull trend line support comes in at 3.88. A close above the recent three month highs at 3.95 could help to reinforce bullish momentum

[Enlarge Dec Corn Chart »](#)



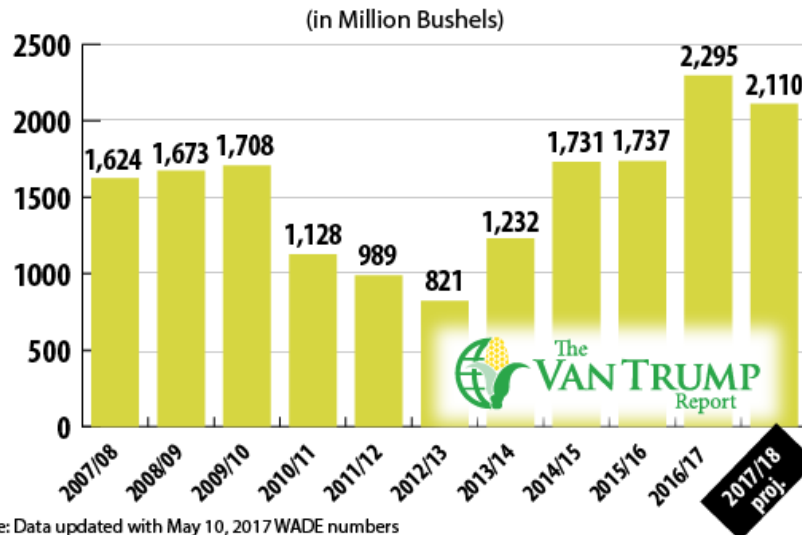
Corn bulls continue to talk about U.S. weather and the fact that several areas across the belt are about to witness extremely hot conditions at an early stage of growth. We didn't get this hot in 2012 until later in the growing cycle, so there's some obvious concern as to how it will impact the crop. We also have to keep in mind that the corn plant in many areas may be weaker than normal due to the heavy rains, low temps and limited number of Growing Degree Days (GDD's). The Dakota's continue to report extremely strong winds and abnormally hot temperatures in parts of the western and northern Plains, many suggesting a hairdryer like effect. We are also hearing that conditions across many portions of the eastern and southern belt are experience less than ideal conditions with extremely compacted soil profiles, presumably caused by heavy rains. Outside of "weather" headlines, we also have to remember the USDA will be releasing their monthly "supply and demand" report tomorrow at 11:00am CST. Most in the trade seem to be thinking the USDA is going to trim their ending stock estimate, but the bulls are thinking by probably not near enough as planted acres and yield may need to be worked even lower in the weeks ahead to account for the early weather hiccups. In other words, regardless of what the USDA has to say tomorrow, the trade now has the mindset that both total crop production and ending stocks will need to be trimmed even further. Hence should provide somewhat of a floor under the nearby price. Any type of major bearish surprise by the USDA could provide a knee-jerk to the downside, but simply be looked at as a buying opportunity for bulls wanting to bet on the weather. If we can get a bit more wind behind our sails and post another leg higher, I will be looking to reduce more longer-term production risk. Paying close attention to the USDA numbers nearby but then quickly refocusing on U.S. weather

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

Outside Markets

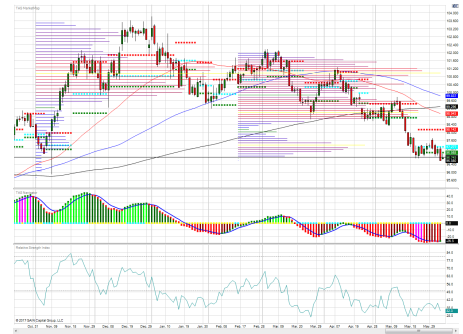
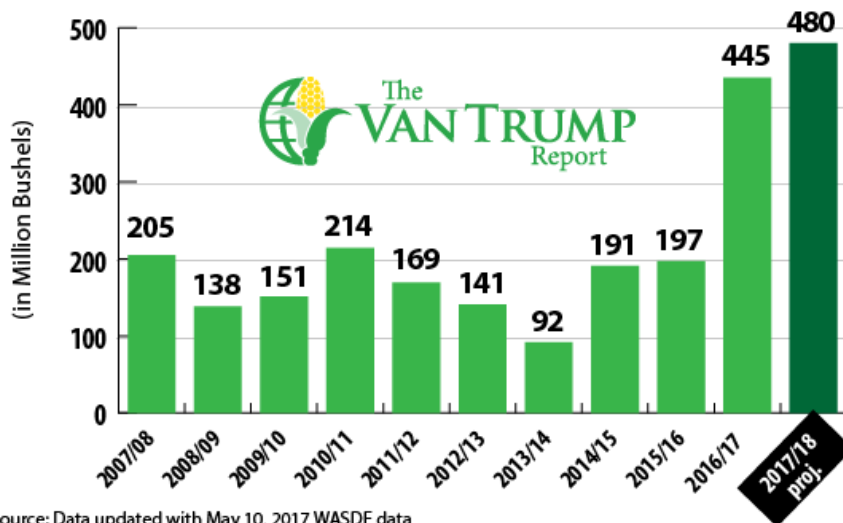
attention to the USDA numbers nearby but then quickly refocusing on U.S. weather uncertainties. Hearing talk from the technical traders that \$4.20 to \$4.25 could eventually be in play for new-crop DEC17 prices, this will probably be my next pricing target. Don't forget DEC18 prices are the highest they've been in over a year, trading this morning at \$4.17 per bushel. Stay fully engaged!

U.S. Corn Ending Stocks



Soybean prices are being pulled higher by the recent upward momentum associated with wheat and corn weather uncertainties. Tomorrow's USDA report could see the USDA increasing old-crop export demand, but a portion those gains could be offset by a lower domestic crush estimate. There's some talk that the USDA's new-crop ending stocks estimate could be a bit of a surprise by pushing north of 500 million bushels, but I feel like the trade is already leaning that direction, so probably not a shocker to the big-money players. Even though I suspect total estimated soybean acres are going to work themselves a bit higher, the USDA probably doesn't make that move until later this month at their June 30th acreage report. Globally, I have to imagine South American production estimates are going to creep higher. As a producer I'm keeping a close eye on the NOV18 contract, thinking a push to \$9.50 might be an opportunity to reduce my first bit of longer-term risk. As a spec I look for beans to be somewhat of a follower as long as weather uncertainty impacting wheat and corn remains in the spotlight.

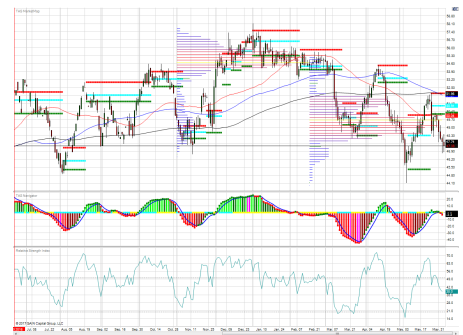
U.S. Soybean Ending Stocks



US Dollar Index

The Dollar is out of balance/bearish but holding near the November lows around 96.500. A close below 96.300 and the charts take on a more bearish outlook.

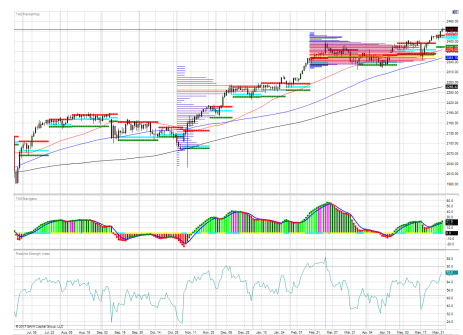
[Enlarge US Dollar Index Chart »](#)



Crude Oil

Crude oil remains out of balance and trending bearish. Next downside objective could be near the TAS low value/demand level at 45.30.

[Enlarge Crude Oil Chart »](#)



E-Mini S&P Index

The long term bull trend remains intact with support for the uptrend at 2417.75.

[Enlarge E-Mini S&P Index Chart »](#)

Kevin's Song of the Week

Wheat traders are now talking about increasing dryness in several key HRW wheat areas and perhaps a more rapid pace to the U.S. harvest. We also have the continuing talk of "quality" concerns and perhaps lack of overall protein being available in the marketplace moving forward. The 800-pound gorilla in the room remains the weather uncertainty surrounding Spring wheat conditions up in the northern Plains, where many suspect the problems in the Dakota's, Minnesota and Montana could ultimately pull the national yield to sub-43 bushels per acre and push ending stocks to near zero. The bulls are also keeping a close eye on weather in parts of Canada, Russia and Ukraine, which could all be adjusted a hair lower by the USDA in tomorrow's monthly report. As for here at home, I continue to hear talk from some inside the trade that the USDA might actually bump their U.S. winter wheat production estimate higher. I'm certainly not on the same page with that thought, but I suspect anything is possible. Eventually I have to think increased "abandonment" will come into play. Staying conservatively bullish and keeping an extremely close eye on the weather forecast! Keep in mind 2018 prices have been making some good moves: JUL18 SRW and HRW prices traded north of \$5.20 per bushel; Minneapolis Spring wheat prices north of \$6.00 per bushel.

U.S. Grain Stocks 2016-17

	June Est.	Avg. Trade Est.	Trade Range	USDA May
Corn	???	2.287	2.215 - 2.360	2.295
Soybeans	???	0.433	0.400 - 0.458	0.435
Wheat	???	1.161	1.144 - 1.200	1.159

U.S Grain Stocks 2017-18

	June Est.	Avg. Trade Est.	Trade Range	USDA May
Corn	???	2.085	2.215 - 2.360	2.110
Soybeans	???	0.485	0.435 - 0.612	0.480
Wheat	???	0.911	0.860 - 0.995	0.914

World Grain Stocks 2016-17

	June Est.	Avg. Trade Est.	Trade Range	USDA May
Corn	???	224.00	221.50 - 226.80	223.90
Soybeans	???	90.79	90.14 - 92.35	90.14
Wheat	???	255.24	253.30 - 256.10	255.35

World Grain Stocks 2017-18

	June Est.	Avg. Trade Est.	Trade Range	USDA May
Corn	???	195.48	193.40 - 197.25	195.27
Soybeans	???	89.44	88.80 - 90.70	88.81
Wheat	???	257.77	254.80 - 260.80	258.30



About the Report

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

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

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

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

Kevin Van Trump

What Others Are Saying

"I am a recent subscriber to Kevin's newsletter, but I'm a long-time reader of many other high-profile marketing services. I am particularly impressed with the thorough manner in which Kevin

	???	257.77	254.80 - 260.00	258.29
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U.S. Winter Wheat Production

	June Est.	Avg. Trade Est.	Trade Range	USDA May
All Wheat	???	1.815	1.795 - 1.833	1.820
All Winter	???	1.239	1.207 - 1.292	1.246
Hard Red Winter	???	0.731	0.704 - 0.783	0.737
Soft Red Winter	???	0.295	0.290 - 0.300	0.297
White Winter	???	0.214	0.208 - 0.222	0.212

South American Production

	June Est.	Avg. Trade Est.	Trade Range	USDA May
Brazil Corn	???	96.48	96.00 - 98.00	96.00
Brazil Soybeans	???	112.24	111.60 - 113.20	111.60
Argentina Corn	???	40.29	40.00 - 42.00	40.00
Argentina Soybeans	???	57.40	56.90 - 58.20	57.00



> Egyptian Wheat Imports Could Face Another Ergot Ban: An Egyptian court has decided to re-instate a zero tolerance policy on common grain fungus ergot, lawyers on the case told Reuters, plunging trade with the world's largest wheat importer back into uncertainty. Egypt last year scrapped a ban on ergot in grain imports after it effectively halted purchase tenders because trading houses refused to participate, saying the ban was an impossible requirement. In its place, Egypt imposed a more internationally standard 0.05 percent tolerance threshold for ergot and restructured its food inspection system, transferring responsibility for strategic agricultural imports from the agriculture ministry's quarantine body, which favored the ban, to the trade ministry. A ruling scheduled for next week will scrap that new system, effectively reinstating the ergot ban, according to lawyers who were informed of the court's decision verbally on Tuesday. The verdict is expected to be formally announced on June 13 and is subject to appeal but must be implemented during the appeal process, said Khaled Ali, one of the lawyers on the case. An agriculture ministry spokesman told Reuters the inspection system for grain imports remained unchanged, as did the permitted level of ergot in wheat shipments - currently 0.05 percent.

> Canadian Crops Threatened By Parched Soils: Canada's western farm belt, dogged by excessive rain in some areas this spring, is now facing parched conditions in others, threatening wheat and canola crops, crop analysts say. A large area of southern Saskatchewan and southwestern Manitoba has received less than 40 percent of normal precipitation during the 30-day period leading up to June 5, according to Agriculture Canada. Much of east-central Alberta and west-central Saskatchewan has the opposite problem, having collected more than double the usual amounts of precipitation. Spring

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 I am "bearish" longer-term.

wheat and canola in Saskatchewan, the biggest provincial producer of those crops, are seven to 10 days behind their normal development, despite being planted on time this spring. Some crops have yet to poke through the soil and may not emerge at all without a significant rain in the next week. Farmers who are planting later than normal may decide to sow additional acres of short-season crops, such as barley and oats. Other farmers in Alberta's wet Peace River region may expand canola plantings at the expense of spring wheat, which takes longer to grow. Statistics Canada is scheduled to estimate Canadian plantings June 29. (Source: Reuters)

> Argentina Raises Ethanol Prices For Refiners In June: Argentina's Energy Ministry authorized Tuesday an increase in ethanol prices for oil refiners to blend into gasoline in June from May. Refiners must pay Peso 16.07/liter (\$1.00/liter) for supplies of sugarcane-derived ethanol this month to meet a 12% blend requirement in gasoline, up 5% from Peso 15.305/liter in May, the ministry said. The price of corn-based ethanol prices was raised 0.7% to Peso 12.942/liter in June from Peso 12.848/liter in May, it added.

> Brazilian Fertilizer Deliveries Decline In First Trimester Of 2017: The Brazilian National Association of Fertilizer Distributors (Anda) indicated that 1.38 million tons of fertilizers were delivered during the month of April. This represents a decline of -21.8% from March of this year and down -16% from April of last year. The accumulative total of fertilizer deliveries from January through April was 7.8 million tons or -0.6% less than the prior year. The volume is expected to increase in the coming months as farmers gear up for the 2017/18 growing season. Historically, the sale and delivery of fertilizers in Brazil begins increasing in May and peaks in September/October. (Source: Soybean & Corn Advisor)

> U.S. Pork Exports Moderate, Though Still Well Above Last Year: In April, US red meat exports slowed moderately from the red-hot pace established in March but were still significantly higher year-over-year, according to statistics released by USDA and compiled by USMEF. Pork exports followed a record-breaking March with a solid April performance, reaching 203,091 mt – up 8 per cent from a year ago and the largest April volume on record. Export value was up 11 per cent to \$517.5 million. For January through April, pork exports increased 15 per cent in volume (830,738 mt) and 19 per cent in value (\$2.1 billion). Pork exports as a percentage of US production continued to run well ahead of last year. April, exports accounted for 27.5 per cent of total pork production and 22.8 for muscle cuts (up from 24.4 per cent and 20.5 per cent last year). Export value per head slaughtered also trended much higher than a year ago – averaging \$55.39 for April (up 11 per cent) and \$53.12 through April (up 16 per cent). Mexico continued to solidify its position as the largest volume destination for US pork as April exports were up 10 per cent from a year ago in volume (58,828 mt) and exceeded \$100 million in value for the 12th consecutive month. (Source: The PigSite)

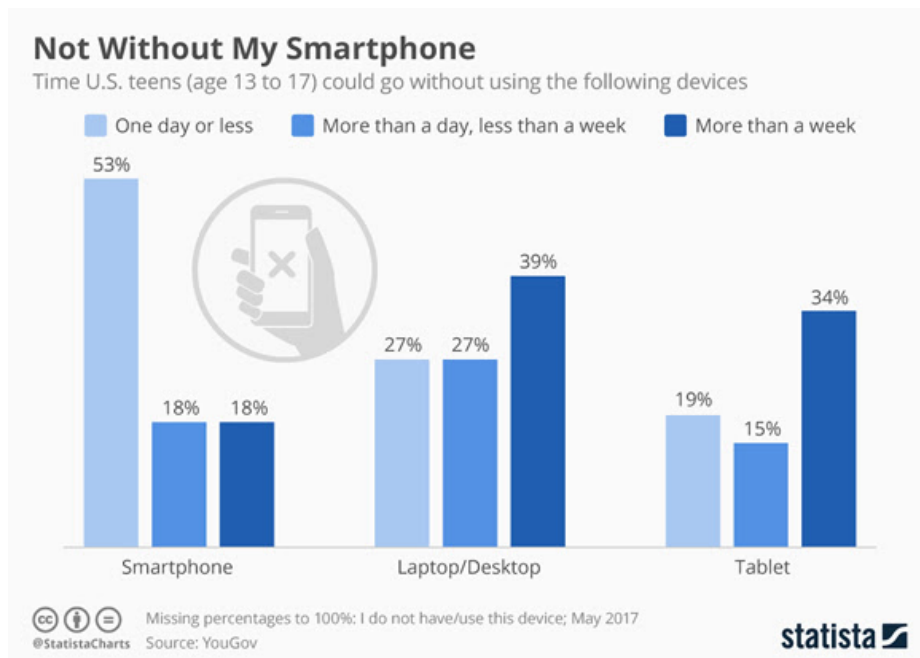
> Group Cautions Against Restricting Imports Based On National Security: The U.S. Department of Commerce (DOC) has released public comments, including comments submitted by U.S. Wheat Associates (USW), related to its investigation into the national security implications of steel imports. USW believes that if the United States goes down a road to restricting steel imports, many countries may use the same national security pretense to restrict imports from U.S. wheat farmers. Commerce announced its investigation of steel imports on April 20. It will consider overcapacity, dumping, illegal subsidies, and other factors, to determine whether steel imports threaten American economic security and military preparedness. It is the first such investigation since 2001. Findings could lead to a conclusion that protective duties on imported steel should be applied for national security reasons. "Pursuing a strategy of import protection under the guise of national security would set a dangerous precedent," said Alan Tracy, president of USW. "If the United States undermines WTO national security exemptions, it would be handing a gift-wrapped roadmap of protectionism to food self-sufficiency advocates all over the world." (Source: World Grain)

> Group Says \$7 Billion "Wasted" In CRP Land Returning To Production: The Environmental Working Group has found that about \$7 billion in taxpayer-funded agricultural conservation efforts was negated between 2007 and 2014 as farmers put 15.8 million acres of land that was enrolled in the Conservation Reserve Program back into production to take advantage of high crop prices. In a report out yesterday, the group highlights what it says is a major flaw in USDA's flagship land-easement program: Farmers can return land to cultivation once their CRP contract expires, effectively erasing the environmental benefit the program paid to achieve. The alleged flaw was exposed when prices started to spike in 2013 and 2014, and it's likely to happen again as farmers clamor to enroll in CRP now that prices have slumped. CRP has been a big talking point for lawmakers leading into the 2018 farm bill cycle. House Agriculture Committee ranking member Collin Peterson has called for increasing CRP acres from 24 million to as high as 40 million as farmers look for incentives to take land



out of production amid low commodity prices. Republicans are also eyeing an increase along with other options for farmers to ease the production glut. (Source: Politico)

> Are Teens Addicted To Their Smartphones? Ten years ago, prior to the release of the first iPhone in June 2007, the world was a different place. There were no apps, no smartphone cameras, we weren't always online and our attention spans were probably longer than three seconds. In less than a decade, smartphones have changed our lives in so many ways that it's hard to imagine how we used to live without them. In fact, many people can't imagine going a single day without their beloved phone. This is especially true for teenagers according to a recent survey by YouGov. As the chart below illustrates, more than half of U.S. teens (age 13 to 17) state that they couldn't live without using a smartphone for more than a day. While a smartphone is mandatory these days, other devices are optional for today's youths. More than a third of those polled by YouGov think they could go more than a week without using a laptop or a tablet. (Source: Statista)



Southcentral Illinois - We have finally replanted all our corn and soybeans. Strange as it sounds after getting over 10" of rain less than three weeks ago, but we need moisture on our corn. Their standing about 18" tall and the leaves are beginning to roll up. We had to replant 95% of the corn so we are hoping to get some good yields from what we have in the ground but if we do not get rain soon I'm afraid things could be bad. We have also been able to do most of our spraying and side dressing for the corn. When replanting the beans we thought it was going to rain and planted them deeper than we normally would have and it didn't rain. We have 100 acres that we are working on producing 300bpa corn through various procedures. We feel if we can scale production up high enough, we can survive lower prices.

Northern Illinois - Things are not perfect here and I would say that you would have to look at a lot of fields to find one considered near perfect. I would estimate only about 10% would be considered excellent than the majority as good, then 10% to 20% below average. We finished planting the corn on June 1st and the soybeans a couple of days later. We had some early planted seed not germinate at all and others that had seed blight. Then this past Sunday we had some heavy hail that tore up some bean fields pretty good. Luckily it didn't hurt the corn to bad. I think with the late planting and excessive moisture the yields will be lower by maybe up to 20% off last year. There was not much change in any rotation of crops. Guys stuck close to their normal 50/50 rotation. We have gotten the first pass of spraying done on the corn but the beans are a ways off yet. Most beans are in that R1 stage with time to get them

beans are a ways off yet. Most beans are in the R2 stage with time to get them sprayed. I feel like this year's crop has had a tough time so far and seems to be quite a bit behind last year's crop.

Northeast Colorado - We have been blessed with plenty of moisture this winter and spring. Unfortunately, we were caught in the fires that came through and destroyed buildings, equipment and livestock on the farm. We just drilled oats into some fields that were burned. If we get the next week of no rain and higher temps we will need a shot of rain. It seems like we are getting in a trend of dryer hotter weather which could be tough on dry land crops. The winter wheat has benefitted from the above average moisture and is looking pretty good. The dry land corn has been planted for a few weeks but is growing slowly but seems to be up in all fields and coming along ok. Our yield expectations are between 60bpa and 100bpa in a normal year. If we can dodge the hail storms a lot of times that is half the battle in this part of the country.



Differences in Revenue and Costs for Higher and Average Return Grain Farms:

From Gary Schnitkey, Nick Paulson, and Dale Lattz, Department of Agricultural and Consumer Economics, University of Illinois - Differences in returns and costs are compared for farms of higher than average profitability to average profitability farms. This analysis was conducted in McLean County, Illinois for farms having high-productivity farmland. Farms with higher profitability tended to have lower costs, particularly in the machinery depreciation and non-land interest categories. Higher profit farms had higher revenue due to slightly higher soybean yields and slightly higher soybean prices. See their full analysis [HERE](#).

Why You Wake Up With A Crick In Your Neck: If you've never woken up unable to turn your head without pain, those of us with an intimate understanding of the term "crick in the neck" are extremely jealous. But why does that neck tweak happen? Why are there days we wake up unable to turn our heads to the left or right? Stress, posture, or some combination of the above? "It's an age-old question that has probably plagued mankind since its existence," says Dr. Charles Kim, a musculoskeletal expert and assistant professor in the departments of rehabilitative medicine and anesthesiology at NYU School of Medicine. Kim says cricks can be caused by a variety of things, but most involve a minor injury to the system of muscles, joints, ligaments, and tendons that hold your head on top of your body. A muscle or ligament strain is the usual culprit in younger people, while arthritis is more likely to be a factor for older patients. Read more [HERE](#).

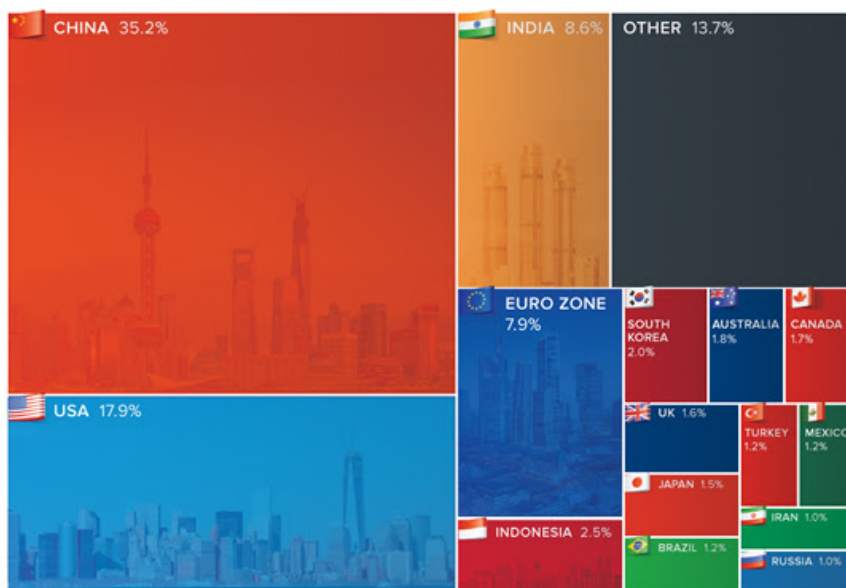
WHO Ranks Antibiotics In Bid To Counter Drug Resistance: The World Health Organization published a new classification of antibiotics on Tuesday that aims to fight drug resistance, with penicillin-type drugs recommended as the first line of defense and others only for use when absolutely necessary. The new "essential medicines list" includes 39 antibiotics for 21 common syndromes, categorized into three groups: "Access", "Watch" and "Reserve". Drugs on the "Access" list have lower resistance potential and include the widely-used amoxicillin. The "Watch" list includes ciprofloxacin, which is commonly prescribed for cystitis and strep throat but "not that effective." Its use should be "dramatically reduced", the WHO said. In the "Reserve" category antibiotics such as colistin should be seen as a last resort. That prompts questions about how producers of such antibiotics could make money, said Suzanne Hill, WHO's Director of Essential Medicines and Health Products. Read more [HERE](#).

App Aims To Help You Love Public Speaking: Four out of 10 Americans regularly worry about not having enough money for the future. And one in three fear the U.S. will be involved in another world war—just as many report concern over global warming and climate change. And more Americans (25.9%) are afraid of public speaking than are afraid of heights, devastating natural disasters, police brutality, and even dying? Or is here to help. The brainchild of Drexel University engineering students Danish Dhamani and Paritosh Gupta, the app provides written prompts that you read aloud, which it then processes to provide instant feedback on speech clarity, filler words, pace, and vocal energy to help you become a more effective communicator. Read more [HERE](#).

Where Is Global Growth Happening? According to forecasts from earlier this year by the World Bank, the global economy is expected to average a Real GDP growth rate of 2.8% between 2017-2019. But where will this growth actually happen? The below chart looks at individual countries between 2017-2019, based on their individual growth

projections from the World Bank, to see where new wealth is being created. Check out the details over at [Visual Capitalist](#).

% OF EST. GLOBAL GROWTH (2017-2019) IN REAL GDP



SOURCE: Based on 2016 GDP estimates from IMF, and 2017-2019 growth projections from World Bank.

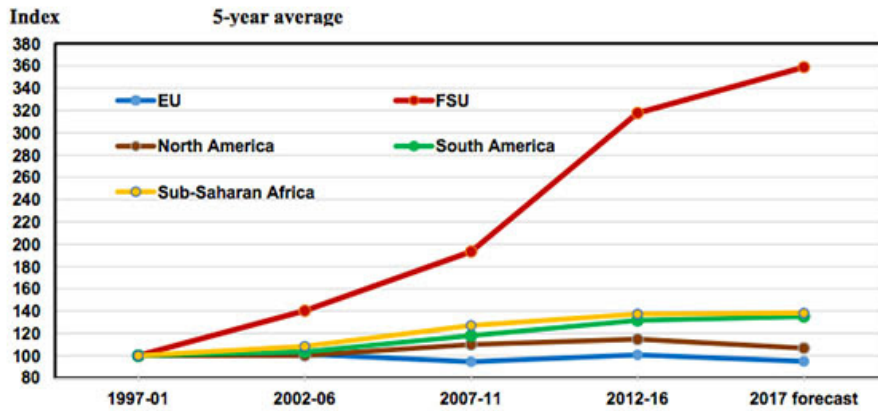
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Corn Acres Expanding Most in the Former Soviet Union

Former Soviet Union regions are seeing the fastest expansion of corn area globally. From what we are learning, the majority of the growth is coming from areas inside Ukraine and Russia, surprisingly areas that produced little corn in the past. Importantly, these countries have also become corn exporters, with combined exports increasing twelvefold over the last decade. After the early 1990s, when the former state and collective farms were forced to reorganize, new decision making freedom allowed these farms to switch to more profitable crops, mainly corn, sunflower seed, and soybeans, at the expense of rye, barley, oats and pasture ground. The two countries also became more integrated into the world agricultural economy, such that trade, foreign agricultural investment, and technology transfer have all expanded. These developments helped to drive the expansion of both corn acres and overall corn yields. In fact both countries are now noted as fairly significant buyers of Western corn seed, and are also growing their own domestic seed industry. Though their corn production is still small compared to the largest world producers (North America is expected to produce 38 percent of global corn in 2017), Ukraine has become a more significant corn exporter, fourth behind the U.S., Brazil and Argentina and appears to be pushing to grow more acres. (Source: USDA, May 2017 [Feed Outlook](#))

Figure 16: Corn area growth rates are remarkably high in the FSU region



Note: Index, 1997-2001 = 100

Source: USDA, Foreign Agricultural Service, Production, Supply, and Distribution database.

Rise of the "Crypto-Currencies"... Bitcoin and More!

Bitcoin has been on a tear lately, with the digital currency up more than +200% this year. Bitcoins are mined, or searched for, by using computing processing power in a distributed network to locate and solve mathematical problems to acquire the code for the "coin." There will only be 21 million bitcoins created, and as of last month, roughly 16.8 million of them had already been "mined." The "rarity" of Bitcoins has helped to propel its value to over \$2,500. The surge has attracted a ton of new investors and also popularized trading in lesser-known digital currencies. Yes, there are others, and many of them have surged even more than Bitcoin this year. Bitcoin's main competitor, Ethereum, is up more than +2,800% this year! It's designed to support what are called "smart contract applications", which is a computer program that can automatically execute the terms of a contract when certain conditions are met. In total, the market capitalization for all cryptocurrencies now exceeds \$90 billion. Bitcoin actually accounts for less than half of that sum. The way these digital currencies work can seem very confusing. They run on what is called a "blockchain," which is basically a digital database for recording financial transactions and other types of deals. A number of new startups are creating digital "tokens" that can be used to pay for goods and services on their platform, or just stashed away as an investment. These token companies have been launching initial coin offerings (ICOs), and have raised over \$150 million this year. Tech startups are increasingly selling coins that can be used on their projects instead of resorting to traditional financing methods such as venture capital. Silicon Valley touts them as a way to reinvent the "freemium" business model of the internet, upending the giants like Google and Facebook that currently dominate the web. Instead of enticing users with free services, paid for by venture capital, and then eventually turning a profit by showing ads to those users, tokens offer a direct channel for capital to flow between user and developer. The user would pay for a token upfront, providing funds for coders to develop the promised technology. If the technology works as advertised and gains popularity, it should attract more users, thus increasing demand for the token offered at the start. As the token value increases, those early users who bought tokens will benefit from appreciating token prices. Each token offering has different rules around the total supply of tokens and when they are released. Forty-four coins have been issued this year, according to blockchain research website Smith & Crown. The tokens with the biggest gain, a 500 percent jump since it started trading on March 30, was issued by Edgeless, which is building a decentralized gambling platform. Prediction market platform Gnosis sold the highest valued tokens this year. The GNO token started trading at \$52 on May 1 and has more than quadrupled. That propelled their market capitalization to over \$300 million - and they don't even have a product yet. Be warned, the ICO market is an extremely volatile sector, with rules similar to that of the Wild West - which means there basically aren't any. These financial instruments are new, which also means there is no historical reference to gauge what their fair value should be. Right now, the money rushing to jump on the bandwagon has a lot of analysts calling the current trend a "bubble" that's being compared to the dotcom boom. If you want to see real prices and current market capitalization for the Top-100 Crypto-Currency Click [HERE](#) (Sources: Forbes, Bloomberg, Quartz)



Apocalypse-Proof Bunkers Are The Hot New Luxury Item

Underground survival bunkers are in higher demand than ever, and one of the latest trends is catering to the wealthy. According to industry insiders, sales for high-end underground shelters grew some +700% in 2016. These luxury apocalypse accommodations sell for millions, and most also have a monthly maintenance fee that is charged regardless of whether you are living there or not. A retired missile silo just north of Wichita, Kansas, was selling membership units for upwards of \$3 million, plus \$5,000 a month - and they are "Sold Out". The former Atlas missile silo was converted into luxury condos by a company called Vivos. Owner Larry Hall bought the former weapons storage sight from the U.S. government for \$300,000 back in 2008. All told, his Luxury Survival Condo Resort cost about \$20 million to convert into a luxurious underground village. It can house about 70 people and comes complete with a dog walking park, rock climbing wall, general store and an aquaponic farm, and a "tropical beach" swimming pool. There is also a cinema, lounge bar, shooting range, medical facility and a gym. The condos themselves are pretty spacious. A full floor unit is 1,820 square feet and can fit six to 10 people. Typically, they have three bedrooms, two baths, a kitchen, a dining room, and a great room. The condos are equipped with high-end appliances, as well as windows fitted with LED screens that show a live video feed of the surrounding outdoor area. Every purchase includes mandatory survival training, a five-year food supply per person, and internet access. A high-speed elevator connects all 15 floors. If a crisis were to occur, SWAT team-style trucks are dispatched to pick up homeowners within a four-hundred-mile radius of the bunker. And homeowners all have a tailored plan to reach their underground havens. Halls told The New Yorker earlier this year that when North Korea conducts a test of its nuclear weapons, he experiences a surge in calls from interested buyers. This Kansas resort sold out before it was even complete in 2012. Vivos is working on another facility in South Dakota that is made up of 575 military bunkers, which is planned to accommodate up to 5,000 people. These units will run between \$33,000 and \$261,000. Vivos also has what they call a "modern day Noah's ark" in a form munitions storage facility in Germany. 34 properties sized between 2,500 and 5,000 square feet. That one will include a tram system that will transport residents to the bunker's restaurants, coffee shops, pool, cinema and game rooms. And Hall says that he's already planning another underground shelter that will be even more luxurious, all as a response to customer demand. A statement from Survival Cond reads: "In the event of a major disaster, economic collapse or whatever the future may hold, there is one common concern that Larry and his tenants share - "And that is the ability to protect themselves and their families when the government is no longer able to do so." As far as Hall is concerned, the luxury complexes are vital to human survival because "mankind cannot survive long-term in a Spartan, bleak environment." If your in the market and looking for an doomsday type bunker, we've uncovered a few that might be of interest. From what I understand there are selections out there to meet everyone's budget: (Sources: KCUR, Business Insider, Forbes, Money)

South Dakota Underground Co-op From \$25,000: A former army base that was decommissioned in 1967, Vivos xPoint claims to be the largest survival community on earth. Right now, xPoint consists of 575 hardened concrete off-grid bunkers buried in quiet grasslands of South Dakota, near the Wyoming border. Bunkers are either 1,590 or 2,120 square feet, at a cost of \$25,000 to lease for 99 years, plus \$1,000 annually. I'm told that the reason the price is so low is because each space is a blank canvas meaning each leaseholder is responsible for installing all services and amenities, including plumbing, electricity, air filtration, and exhaust.

Affordable Midwest Compound, \$399,000: *The main home is a modest 1,860-square-foot brick structure, with two bedrooms and two bathrooms. But the property, roughly a two-hour drive southwest of St. Louis, consists of a whopping 160 secluded woodsy acres full of wild turkeys, deer, foxes, and squirrels, plus two ponds and multiple storage sheds. Most intriguing of all is the 30-by-60-foot underground concrete bunker, which is reinforced with metal I-beams and comes equipped with electricity, water, and two airshafts. It's described by the realtor as "practically impossible to find."*

Texas Preppers Dream Home, \$985,000: *Above ground level, this 4,500 square-foot luxury house, located about 140 miles west of Dallas, has three bedrooms, four-and-a-half bathrooms, commercial-grade kitchen appliances, endless prairie and lake views, and even a private golf putting green - I'm In!! Below grade, there's a 1,000-square-foot structure with reinforced steel walls, bunks for 12, plus a kitchen, laundry facilities, a periscope so survivors can view whatever remains on the post-apocalypse surface, and two hidden escape hatches. There is a bonus as you will also get 10 years' worth of emergency ready-to-eat meals with your purchase.*

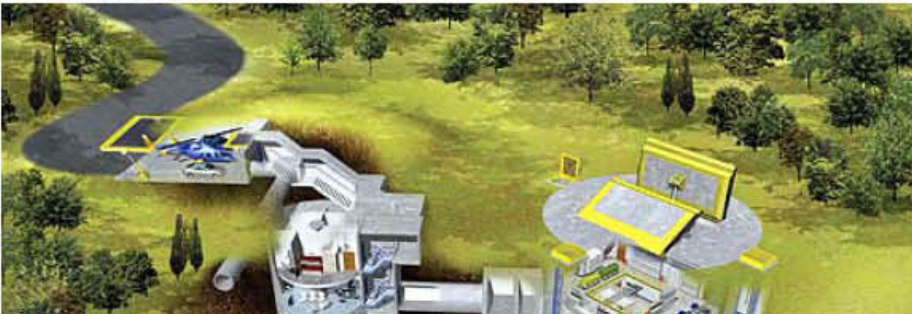
Wyoming Survival Ranch, \$1.19 Million: *In addition to a newly built three-bedroom, two-bath ranch home, this 104-acre property in central Wyoming features a heated barn with an extra 800 square feet of living space on the top floor and a 400-square-foot bunker reinforced with tire bunches. The bunker, wedged into the side of a hill, isn't finished but is hooked up for electricity and water, and everything is powered with a pair of generators connected to an underground 2,000-gallon propane tank. There are plenty of elk, deer, pheasants, and waterfowl on the tract, which comes with its own well water and equipment that will irrigate 65 acres of land. Well, as long as the animals survive the blast you should have plenty of food!*

Upstate New York Missile Silo, \$3 Million: *America built 107 missile bases around the country during the arms race in the 1960s, including the Atlas F Missile Silo located about 130 miles north of Albany. It was decommissioned after only four years and has sat dormant and neglected for decades, eventually selling for \$160,000 in 1997 and again for \$575,000 in 2015. Bear in mind that the "super hardened" facility, built for the equivalent of \$100 million in today's dollars, was designed to withstand almost any bomb imaginable.*

Kansas Subterra Castle, \$3.2 Million: *The former Atlas E Missile Site, located 25 miles west of Topeka, has been redubbed the Subterra Castle—a turn-key property ready for post-apocalyptic inhabitants with four bedrooms and two bathrooms. The main residence boasts 5,500 square feet of below-ground living space, and another 3,500 square feet in a great room. The facility was built in 1961 at a cost over \$3 million, or \$26.5 million in today's dollars. It was purchased for only \$48,000 in the early 1980s, and has since been renovated complete with solar panels, a diesel generator, and an 11,000-square-foot underground garage with a 47-ton drive-in door. Up on the surface, there's a separate 750-square-foot house, and the 34-acre property comes with a stocked pond, a chicken coop, and orchards where walnuts, apples, and pears grow - at least for now.*

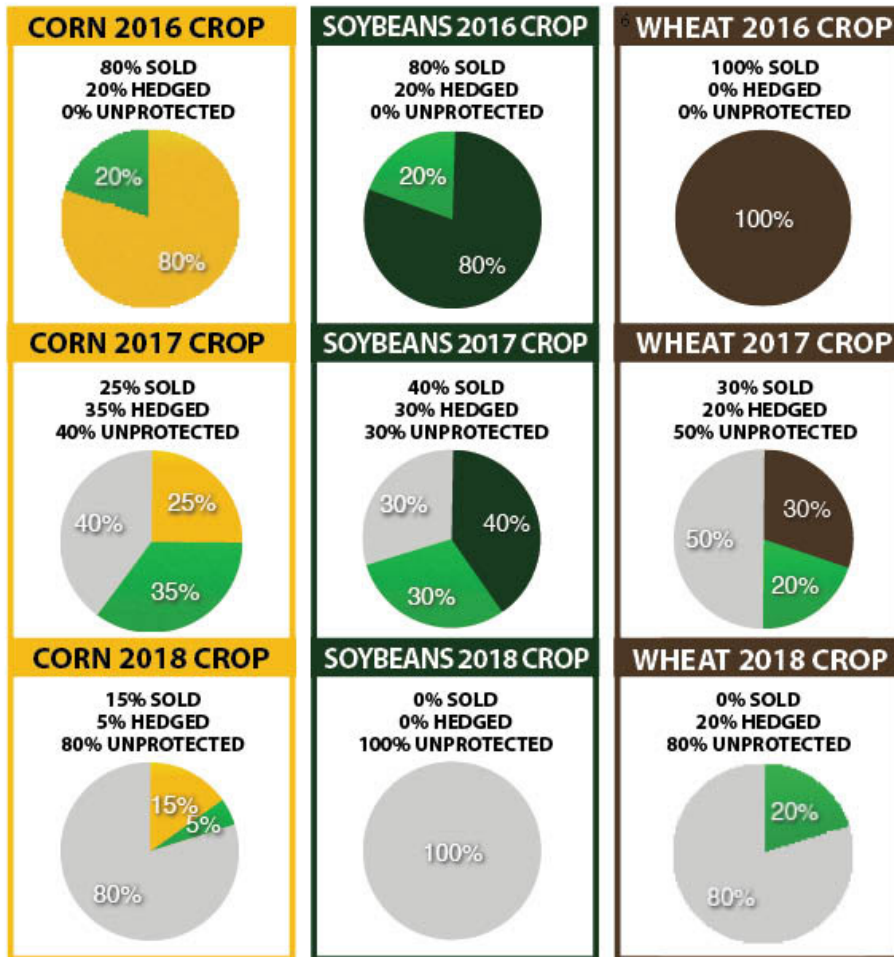
Various Unfinished Bunkers, from \$550,000: *A selection of old communications bunkers and underground data centers are also out there on the market, including a few for sale (where else?) on eBay. They'll all require extensive TLC before they're inhabitable. One 8,000-square-foot communications structure in Kansas built in 1958, for example, is listed at \$650,000, though it comes with only one bathroom and no bedrooms to speak of. Another doomsday bunker near Tucson, Arizona, consists of a three-story command structure that's 40 feet in diameter, surrounded by 12-inch-thick blast doors and buried under 10 feet of soil. The raw structure, described as "ready for sandblasting and paint" and shown in the photo with this slide, has a "Buy It Now" price of \$550,000 on eBay.*







CASH SALES & HEDGING TOTALS



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