

GOOD MORNING: 07/13/17 Farm Direction - VanTrump Report

1 message

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

Thu, Jul 13, 2017 at 7:02 AM



"You can't do the same things that other people are doing and expect to outperform. When you do what everyone else does you're going to get the same results everyone else gets." - Richard Branson

THURSDAY, JULY 13, 2017

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Morning Summary: Stock markets are extremely quiet this morning, after investors pushed the Dow to yet another record closing high yesterday, its 23rd record high so far in 2017. Federal Reserve Chair, Janet Yellen's comments before the House Financial Services Committee seemed to provide the bulls with a little tailwind. She not only expressed optimism about the overall U.S. economy, but really seemed to grab the markets attention when she commented, that given current estimates, rates will not need to rise much further to reach a neutral level. Yellen also reiterated her stance that weak inflation is due to a "few unusual reductions" in just a few items, but acknowledged the Fed is monitoring the low numbers for signs that other factors may be holding it back. Today, Yellen will testify before the Senate Banking Committee, but is not expected to add anything new. We will also hear today from Fed Governor, Lael Brainard, who will also be speaking about monetary policy. Economic data out today includes Weekly Jobless Claims, and the Producer Price Index. Turning to politics, Senate Majority Leader, Mitch McConnell, has scheduled a Thursday meeting for all Republican senators to discuss the ObamaCare repeal effort. Leaders are scheduled to reveal the full text of the proposal today and hope to hold a vote to begin debate later next week. In the House, Republican leaders, said they have no plans to keep the chamber open during the scheduled August recess, although they would return from the break if the Senate manages to pass its version of the healthcare reform bill. Still, the House Freedom Caucus, continues to demand that the August recess be canceled altogether. The group wants to stick around until three objectives are met - a healthcare bill is signed by Trump, lawmakers strike a budget deal and lifts the debt ceiling, and the GOP releases a tax reform bill.

Former Brazilian President Convicted In Corruption Probe: Brazil's former president Luiz Inácio Lula da Silva has been sentenced to nine years and six months in jail on corruption charges in a decision that promises to send shockwaves through Brazil's political establishment. The once wildly popular leader of the leftist Workers' Party, who ruled Brazil between 2003 and 2010, was accused of accepting favors from construction companies in exchange for helping them secure business with government companies. He will remain free pending an appeal. Meanwhile, the verdict will be analyzed by the 4th Federal Regional Court, a standard practice. The court takes an average of a year and a half to review sentencing decisions. To this day, da Silva is considered the country's most popular politician but the sentence threatens to upend his plans to run for President next year. If the court does uphold the ruling against Silva, he will be ineligible to run, an outcome viewed as a positive by investors as a Silva presidency would most certainly quash economic and financial reform efforts. Keep in mind though, current President Michel Temer also faces corruption allegations and is resisting calls for him to step down, but investors are hoping he has enough political capital to push through his reform agenda, including the much-needed pensions overhaul.

Beige Book Highlights Fed Conundrum Over Stagnant Wages: The latest Beige Book compiled by the Federal Reserve Bank of Kansas City showed economic activity expanding across all twelve districts in June and expectations for modest to moderate gains in the months ahead. Consumer spending rose in a

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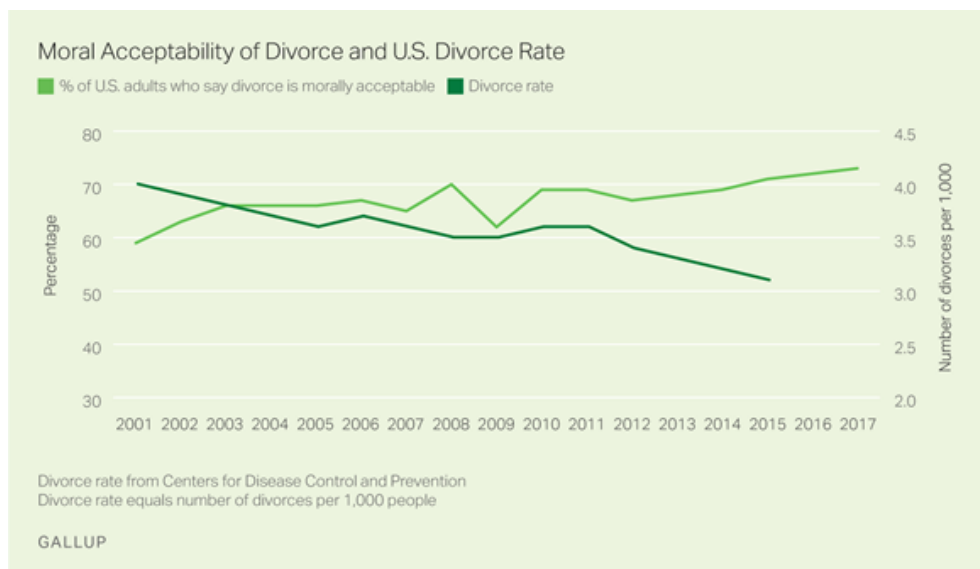
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for modest to moderate gains in the months ahead. Consumer spending rose in a majority of districts on the back of an increase in retail sales and tourism. Manufacturing and nonfinancial services were reported to grow in most districts and loan demand was steady to increasing in most districts. Construction activity in both the residential and nonresidential sectors was flat to expanding and most districts saw low inventory levels constraining home sales. Employment was reported to maintain a modest to moderate pace of expansion in most districts and was reported flat in two districts. The ultra-tight labor market, with unemployment near a 16-year low at 4.4%, was frequently cited by those surveyed as a headwind. Many companies complain they cannot find enough suitable workers to fill all their empty positions. Although companies have offered more pay to some workers with specialized skills, the Fed found no broad upward drift in wages. One reason: They can't pass costs onto to price-conscious customers. Firms have sought to address the labor shortage by using more technology or by offering longer vacations, improved health benefits and more flexible work arrangements. With wages rising only modestly, some senior Fed officials believe inflation is likely to remain on the low side for a longer period than the central bank now predicts. (Sources: Bloomberg, MarketWatch)

U.S. Divorce Rate Dips But Acceptability Hits New High: As the national divorce rate has fallen to its lowest point in decades, 73% of U.S. adults say divorce is "morally acceptable," a new high by one percentage point. Since 2001, there has been a 14-point rise in the percentage of Americans who find divorce morally acceptable, even as the national divorce rate has declined. Divorce rates rose to historically high levels, particularly in the 1980s and 1990s. While scholars debated what the overall impact of this "divorce revolution" on society might be, certainly the increasing number of divorces in those years at least had the effect of making the legal procedure more familiar to many Americans. This may be why, in 2001, when Gallup first asked about the morality of divorce, a majority (59%) of Americans deemed it moral -- a result that would probably not have occurred in the 1950s and 1960s, had that question been asked then. In 2015, the proportion of U.S. adults who said divorce is morally acceptable topped 70% for the first time. That same year, incidentally, the divorce rate, as measured by researchers at Bowling Green State University, fell to a 35-year low. (Source: Gallup's annual Values and Beliefs poll)



Weather forecasts are calling for showers, followed by a "cooling trend" during the next few days to favor developing to early reproductive crops in the Midwest, except in parts of the east where heavy rains earlier in the week have maintained unfavorable conditions. Looking out over the next 6 to 10 days, we'll see a return to drier and hotter weather with the greatest impact likely on crops in the western Corn Belt. On the Plains, cooler air has arrived in the drought stricken Dakotas and eastern Montana. Although showers occurred near the leading edge of cool air, meaningful drought relief is not occurring. From Kansas southward, hot, dry weather is boosting irrigation demands. In the South, warm, humid weather is promoting a rapid crop development pace. More than one-half of Mississippi's rice had headed by July 9, compared to the 5 year average of 25%. A cold front sweeping across the Midwest and into the East will bring an end to a brief heat wave, accompanied by showers and thunderstorms. Rainfall totals could reach 1 to 2 inches or more, especially from the Midwest into the Northeast. Showers will also linger across the Deep South. By week's end, near to below normal temperatures should cover much of the South, East, and lower Midwest. In contrast, heat will quickly return across the northern Plains and intensify in the West. As a result, drought impacts will continue to mount in Montana and the Dakotas.

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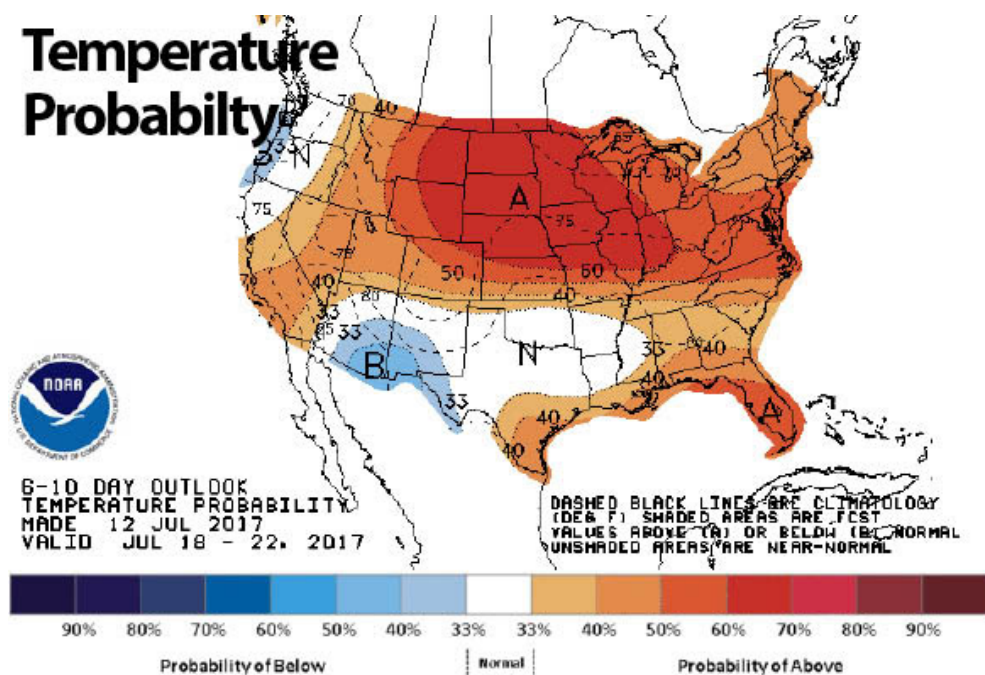
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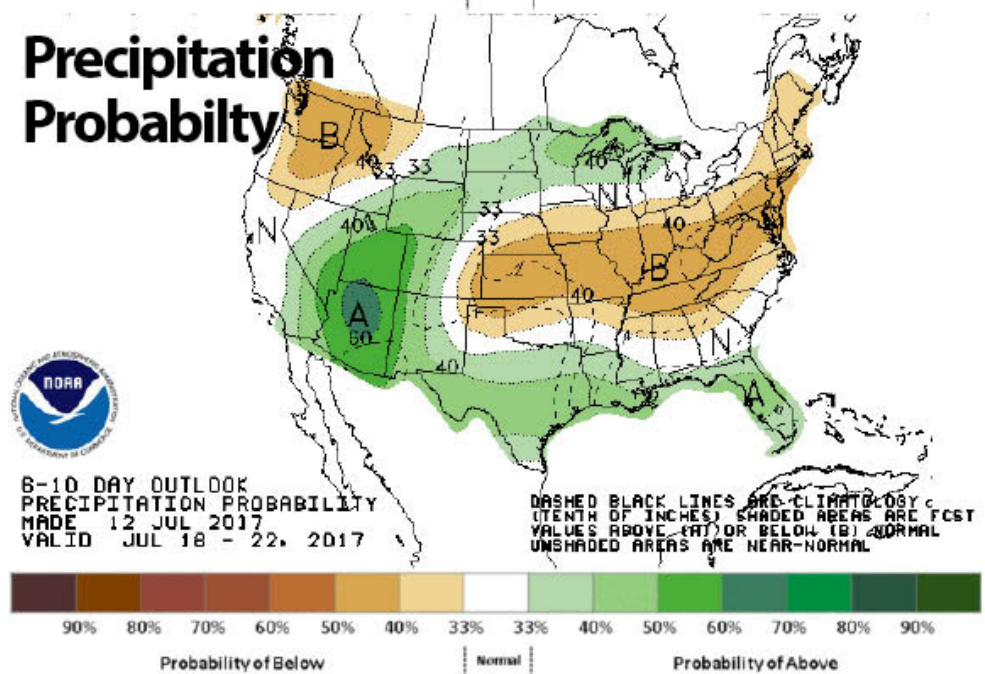
As a result, drought impacts will continue to mount in Montana and the Dakotas. Elsewhere, monsoon-related showers will dot the Southwest and spill across the central Plains, while dry weather should prevail on the southern Plains.

Dryness in the Eastern Corn Belt: If we want to look at dryness throughout the Midwest, the only state showing the impact of hot and dry conditions is Nebraska, where the good to excellent ratings for corn is down seven percentage points from a week ago. At this time, the impact of heat and dryness has been mostly confined to areas west of the Missouri River. The farther east you head the wetter it gets. Meanwhile, there are signs that hotter and drier conditions could push further east into the western Midwest next week. This would stress pollinating corn. This is the most threatening weather that we have seen for the northern Plains and western Midwest over the past few growing seasons and will be something we watch closely.

Temperature Probability



Precipitation Probability



Corn trades lower as heat comes out of the nearby forecast. The bulls are also disappointed by the USDA's choice to leave U.S. yield "unchanged" at 170.7 bushels per acre. In post report commentary, NASS's Lance Honig, told interested parties that they will be publishing the first "survey based" yield and production forecasts for row crops in the August 10th crop production report. For what it's worth, USDA's WAOB leans heavily on "trend analysis" in establishing WASDE yields prior to the first USDA NASS analysis of farmer survey's. I suspect this means we will be seeing some downgrades for production estimates in the August report, especially for states like North Dakota,

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Today In History



1787, Northwest Ordinance

- Congress enacts the Northwest Ordinance, structuring settlement of the Northwest Territory and creating a policy for the addition of new states to the nation. The members of Congress knew that if their new confederation were to survive intact, it had to resolve the states' competing claims to western territory. In 1781, Virginia began by ceding its extensive land claims to Congress, a move that made other states more comfortable in doing the same. In 1784, Thomas Jefferson first proposed a method of incorporating these western territories into the United States. His plan effectively turned the territories into colonies of the existing states. Ten new northwestern territories would select the constitution of an existing state and then wait until its population reached 20,000 to join the confederation as a full member. Congress, however, feared that the new states—10 in the Northwest as well as Kentucky, Tennessee and Vermont—would quickly gain enough power to outvote the old ones and never passed the measure. Three years later, the Northwest Ordinance proposed that three to five new states be created from the Northwest Territory. Instead of adopting the legal constructs of an existing state, each territory would have an appointed governor and council. When the population reached 5,000, the residents could elect their own assembly, although the governor would retain absolute veto power. When 60,000 settlers resided in a territory, they could draft a constitution and petition for full statehood. The ordinance provided for civil liberties and public education within the new territories, but did not allow slavery. Pro-slavery Southerners were willing to go along with this because they hoped that the new states would be populated by white settlers from the South. They

South Dakota and Indiana, once the farmer surveys are submitted and digested. There's also still big questions surrounding production estimates for states like Colorado, Nebraska, Illinois, Ohio and Wisconsin. The bears are also arguing this morning that the weather forecast in the U.S. has turned a bit less threatening, and that the high-pressure ridge might not play itself out as some have been predicting. I personally believe the U.S. yield is still highly subjective, and if the rains don't hit in some areas, we could soon be talking about a yield between 160 and 165 bushels per acre, and the market will become much more concerned. It feels to me like the trade is wanting to call a 0:30 second timeout, to see what the weather is going to do over the next week to 10-days. Below is an updated S&D table from the USDA. As both a producer and a spec, I still remain bullish and optimistic, just staying extremely patient!

U.S. Corn Supply and Demand					
	2016/17 estimate	2016/17 change from June 9	2017/18 forecast	2017/18 change from June 9	Change from 2016/17
Planted area (million acres)	94.0	--	90.9	0.9	-3.1
Harvested area (million acres)	86.7	--	83.5	1.1	-3.3
Yield (bushels per acre)	174.6	--	170.7	0.0	-3.9
<i>Million bushels</i>					
Beginning stocks	1,737	--	2,370	75	633
Production	15,148	--	14,255	190	-893
Imports	55	--	50	--	-5
Total supply	16,940	--	16,675	265	-265
Feed and residual	5,425	-75	5,475	50	50
Food, seed, and industrial	6,920	--	7,000	--	80
Ethanol	5,450	--	5,500	--	50
Domestic use	12,345	-75	12,475	50	130
Exports	2,225	--	1,875	--	-350
Total use	14,570	-75	14,350	50	-220
Ending stocks	2,370	75	2,325	215	-45
<i>Percent</i>					
Stocks to use ratio	16.3	0.6	16.2	1.4	-0.1
<i>Dollars per bushel</i>					
Average market price	3.25/3.45	--	2.90/3.70	-0.10	-0.05

Soybean prices are down about -30 cents from Tuesday's high as U.S. weather appears less threatening. Traders are also somewhat hesitant as the USDA slashes U.S. ending stocks but raises global supply slightly more than anticipated. Technically, the new-crop NOV17 contract will be hoping to find support at or above \$10.00 per bushel. To the upside, nearby resistance is still in the \$10.50 range. Lets not forget there's still a "gap" on the chart down between \$9.50 and \$9.60. Fundamentally, U.S. harvested acres were raised higher from 88.6 to 88.7 million, which pushed total new-crop production higher by +5 million bushels, from 4.255 billion to 4.260 billion bushels. The U.S. yield was left "unchanged" at 48 bushels per acre, a number I have to imagine starts working its way lower in the coming weeks. Keep in mind, similar to corn, the August farmer surveys will be of extreme importance and very useful in adjusting yield and production estimates, we need to make sure we get them submitted. As for U.S. demand, old-crop exports are raised higher by +50 million bushels, while the crush is lowered by -10 million bushels. As a result old-crop ending stocks become less burdensome by -40 million bushels, and are moved from 450 down to 410 million. New-crop demand was left "unchanged", but because of stronger old-crop demand, new-crop ending stocks were reduced by -35 million bushels, from 490 down to 465 million. Despite prices being lower this morning, from my perspective this now puts the market in position for a potential extended bull run in the weeks ahead. If the weather creates enough concern and we trim just -2 bushels off the current yield estimate, moving it from 48 down to 46 bushels per acre, ending stocks could drop to sub-300 million, and this market starts to get very interesting. I included below a graphic from the USDA that shows were most of the soybean production came from last year. Below it I included the latest drought monitor map, which will be updated later today. As you can see, if the drought starts to expand and spreads a bit to the East, watch out... I don't think this story is over just yet.

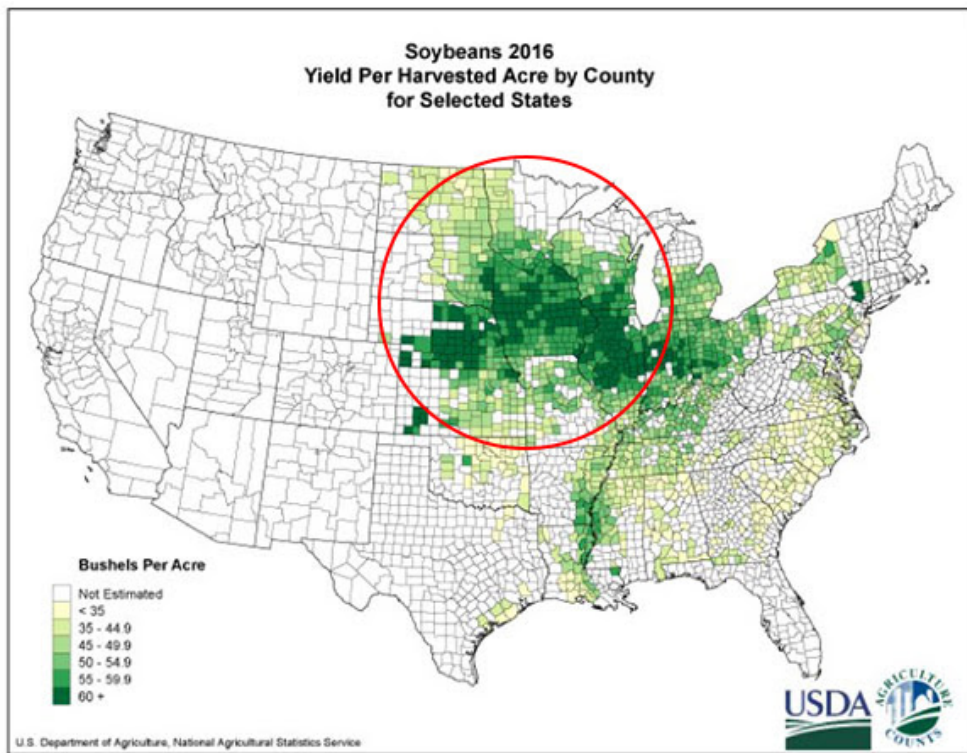
While Southerners from the South they believed that although these Southerners would have no slaves of their own, they would not join the growing abolition movement of the North.



1951, Great Flood - Rivers across eastern Kansas crest well above flood stage, causing the greatest destruction from flooding in the midwestern United States to that time. Five-hundred-thousand people were left homeless and 24 people died in the disaster. The above-average rainfall began in June and continued through July 13, dumping well over 25 inches on some areas in eastern Kansas. From July 9 to 13, nearly 6 inches of rain fell. The Kansas, Neosho and Verdigris rivers began taking on more water than their normal carrying capacity a couple of days into the storm. As the rain persisted, flooding began all over the region. The major towns of Manhattan, Topeka and Lawrence were most affected. The July 13 crest exceeded all previous highs by four to nine feet. Two million acres of farmland were lost to the flood. In addition, the flooding caused fires and explosions in refinery oil tanks on the banks of the Kansas River. Some train passengers traveling through the area were stuck on their trains for nearly four days. In all, \$760 million in damages were caused by the flood. Following the great 1951 flood, a series of reservoirs and levees were constructed all over the area. In 1993, these were credited with minimizing the damage from another record flood.



1978, Lee Iacocca - Ford Motor Company chairman Henry Ford II fires Lee Iacocca as Ford's president, ending years of tension between the two men. Born to an immigrant family in Pennsylvania in 1924, Iacocca was hired by Ford as an engineer in 1946 but soon switched to sales, at which he clearly excelled. By 1960, Iacocca had become a vice president and general manager of the Ford division, the company's largest marketing arm. He successfully championed the design and development of the sporty, affordable Ford Mustang, an achievement that landed him on the covers of Time and Newsweek magazines in the same week in 1964. In December 1970, Henry Ford II named Iacocca president of Ford, but his brash, unorthodox style soon brought him into conflict with his boss. Henry eventually authorized \$1.5 million in company funds for an investigation of Iacocca's business and private life in 1975. Suffering from a heart condition and aware that the time for his retirement was approaching, Ford made it clear that he eventually wanted to turn the company over to his son Edsel, then just 28. In his increasingly public struggle with Ford, Iacocca made an attempt to find support among the company's board of directors, giving Ford the excuse he needed to fire him. As



the excuse he needed to fire him. As Iacocca later wrote in his bestselling autobiography, Ford called Iacocca into his office shortly before 3 pm on July 13, 1978 and let him go, telling him "Sometimes you just don't like somebody." News of the firing shocked the industry, but it turned into a boon for Iacocca. The following year, he was hired as president of the Chrysler Corporation, which at the time was facing bankruptcy. Iacocca went to the federal government for aid, banking on his belief that the government would not let Chrysler fail for fear of weakening an already slumping economy. The gamble paid off, with Congress agreeing to bail out Chrysler to the tune of \$1.5 billion. Iacocca streamlined the company's operations, focused on producing more fuel-efficient cars and pursued an aggressive marketing strategy based on his own powerful personality. After showing a small profit in 1981, Chrysler posted record profits of more than \$2.4 billion in 1984. By then a national celebrity, Iacocca retired as chief executive of Chrysler in 1992.

Upcoming Events

Fri. 7/21 - Cattle on Feed

Mon. 7/24 - Cold Storage

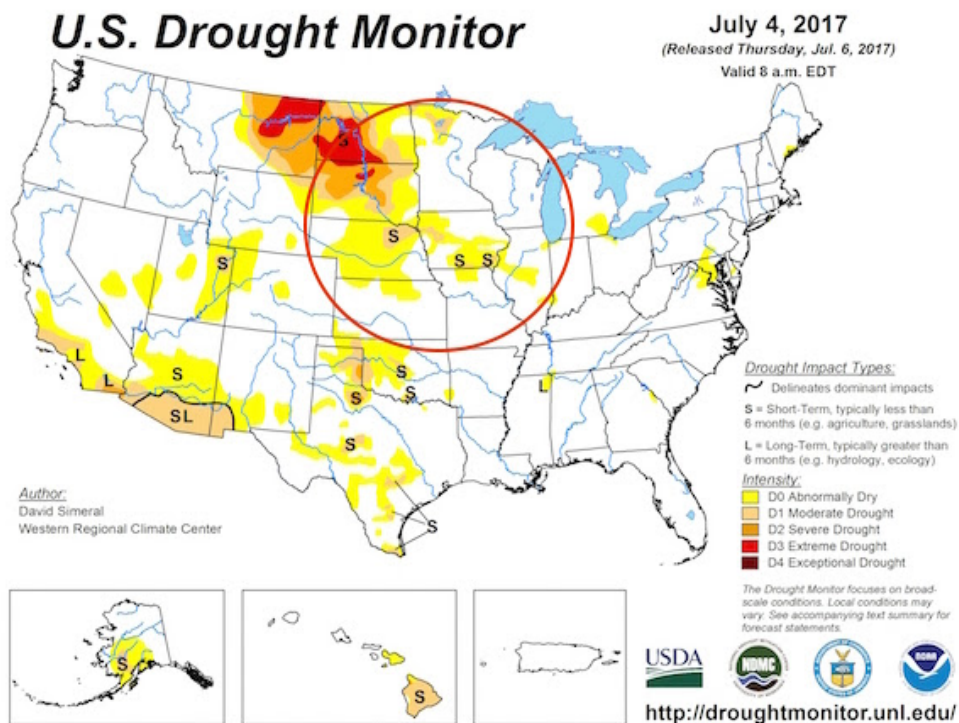
Tues.-Wed. 7/25-26 - FOMC Meeting

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



Kevin's Song of the Week



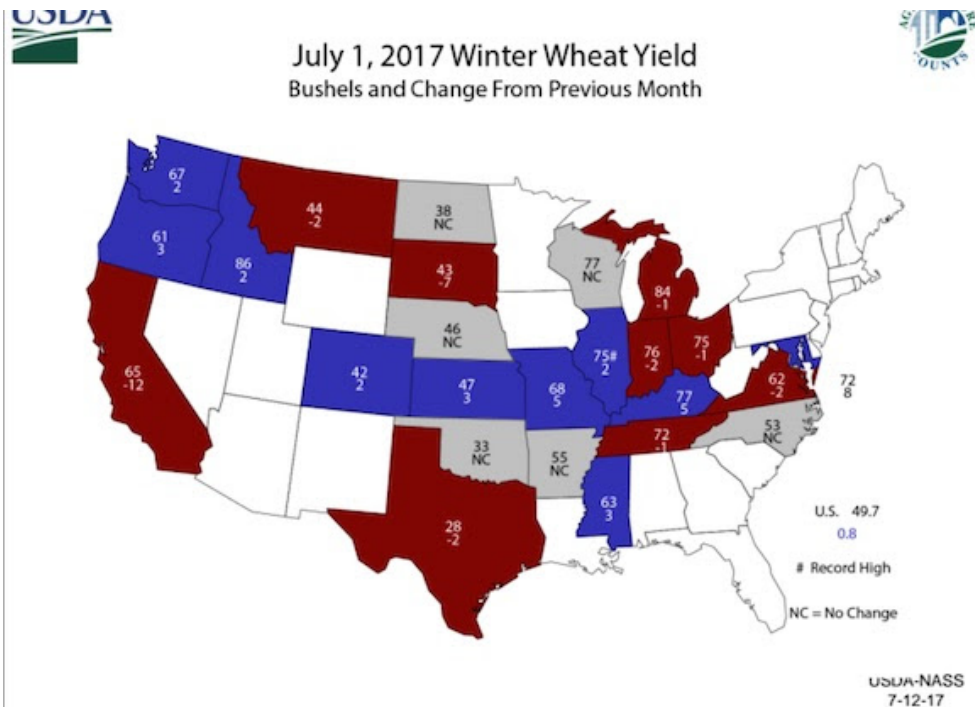
About the Report

Wheat bulls were disappointed by data from the USDA, which showed larger than expected numbers for both domestic and global supply. Harvested acres here in the U.S. were lowered from 38.5 down to 38.1 million, but the trade was hoping to see a more significant reduction. Total U.S. wheat production was lowered from 1.824 billion down to 1.760 billion, but again, still not as much as some of the bulls would have liked to see. On the demand side of the equation "feed and residual" usage was lowered by -20 million bushels, while "exports" were lowered by -25 million bushels. The combination of U.S. adjustments actually pushed wheat ending stocks higher by roughly +14 million bushels, from 924 million to 938 million, catching a large portion of the trade off balance. As a producer, I've been reducing risk on the recent rally and now want to remain patient. As a spec, I've done the same, banking profits on the way up, but am still holding a small number of longer-term bullish positions.

- **Winter wheat production** is forecast at 1.28 billion bushels, up 2 percent from the June 1 forecast but down 23 percent from 2016. Interestingly, the winter

wheat yield is forecast at 49.7 bushels per acre, up +0.8 bushel from last month. If realized, this will be the second highest yield on record for the U.S., behind only last years crop.

- **Durum wheat production** is forecast at 57.5 million bushels, down 45 percent from 2016. The United States yield is forecast at 30.9 bushels per acre, down 13.1 bushels from last year.
- **Spring wheat production** dropped to 15-year lows at 423 million bushels, down -21% from last year. I should note that the area harvested is "unchanged" from their previous report.
- **Global wheat supplies** are lowered a touch as forecasts for the U.S., Australia, China, and the EU are reduced, which are partially offset by higher production expected for Russia and Turkey. Russia's wheat production is increased by 3.0 million tons to 72.0 million as growing conditions to date are similar to last year when Russia achieved record yields. Turkey's wheat production is up 1.5 million tons to 19.5 million on favorable crop conditions. European Union wheat production is down 0.8 million tons to 150.0 million on smaller expected crops in Spain and France. Australia's 2017/18 production is reduced 1.5 million tons to 23.5 million on dry conditions.



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.

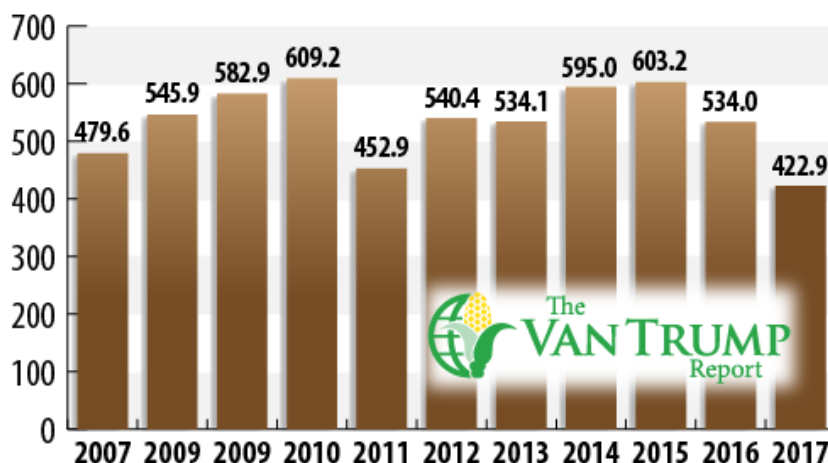
What I do not do in "The Van Trump Report" is give specific financial advice or tell individuals how to invest or how to specifically hedge. Remember, this information is being read by hedge fund managers, bankers, CEO's, and Ag leaders around the globe, therefore it's NOT tailored to fit your specific 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

U.S. Spring Wheat Production

(in Million Bushels)



Source: Data updated with July 12, 2017 WASDE numbers

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



> USDA Forecasts More Beef & Chicken, Less Pork & Turkey: *USDA raised its forecast for 2017 red meat and poultry production from last month as higher forecast beef and broiler production more than offset declines in pork and turkey production, according to its latest World Agricultural Supply and Demand Estimates report. The beef production forecast for 2017 is raised on both higher cattle slaughter and heavier carcass weights. The beef production forecast for 2017 is raised higher on both cattle slaughter and heavier carcass weights. However, USDA lowered its beef production forecast for 2018 on lower expected steer and heifer slaughter in the first part of next year. Cattle price forecasts for 2017 are lowered from last month as prices have weakened and fed cattle supplies will remain ample. Forecast 2018 cattle prices are unchanged. Forecast pork production is reduced as lower slaughter in mid-2017 more than offsets higher fourth-quarter slaughter. USDA lowered its forecast of carcass weights for the second half of the year. Hog price forecasts are raised for 2017 on strong domestic and export demand. Demand strength is expected to carry over into 2018, and USDA raised its hog price forecasts. USDA raised its broiler production forecast for 2017 slightly on recent production data. Turkey production is lowered on recent production data and a slow recovery in demand during the second half of the year. Broiler prices are raised for 2017 on current price strength, while turkey prices are lowered on weak demand. No changes are made for 2018 broiler and turkey price forecasts. (Source: Meatingplace)*

> Ethanol Production Week Ending July 7: *Weekly ethanol production for the week averaged 1.007 million barrels per day, down -0.69% from last week but up +0.30% compared to last year. Stocks rose to 21.181 million barrels, down -1.81% from last week but up +0.24% from last year. Total corn usage is estimated at 105.74 million bushels.*

> Brazil's Northern River Ports Suffering From Lack of Grain: *Barge operators at the Port of Miritituba on the Tapajos River in northern Brazil have had to cancel some of their loading due to a lack of corn and soybeans arriving at the port. The problem is a continued blockage of highway BR-163 from Mato Grosso by protestors upset by President Temer's decision regarding the size of a local forest preserve that would impact their livelihood. According to representatives from the Brazilian Vegetable Oil Processors Association (Abiove), the situation at the port has gotten worse since the blockades went up last week. Some barges have already been canceled and more will be canceled soon if the situation is not resolved. Currently, corn loading are being impacted the most, but soybean loading are also being slowed. For the time being, the export terminals at the ports of Barcarena and Santarem still have enough supplies to continue loading vessels. This is coming at a sensitive time for the corn exports. Farmers in Mato Grosso are in the midst of harvesting a record large safrinha corn crop and they do not have enough storage space for the crop. A trickle of grain is arriving at the port by diverting some trucks to secondary roads, but most transport companies don't want to take the risk. If the blockades persist, they will stop sending trucks north out of Mato Grosso and instead send them to ports in southern Brazil. (Source: [Soybean & Corn Advisor](#))*

> China Raises Soybean Output Estimate: *China's 2017/18 soybean output is expected to reach 14.73 million metric tons, up from last month's forecast of 14.1 million metric tons, the agriculture ministry said on Wednesday. The increase follows some farmers in northeast China affected by drought switching to planting soybeans instead, since the dry ground makes corn planting difficult. (Source: Reuters)*

> Ukraine Harvest Pace The Slowest In Five Years: *Ukrainian farmers harvesting early cereals and pulses have collected 2.95 million metric tons with an average yield of 3.14 MT/hectare against 6.08 million metric tons with an average yield of 3.47 MT/ha by July 11, 2016, reports UkrAgroConsult. This includes 1.01 million metric tons of wheat and 1.70 million metric tons of barley. UkrAgroConsult notes that the harvest of early cereals and pulses in the country is the slowest in five years due to its delayed start. At the moment, a substantial lag is observed in all grain crops except for peas.*

> Bunge To Concentrate Russian Grain Operations On Azov Sea: *U.S. trader Bunge said it would focus its Russian grain trading on its Azov Sea export terminal near the southern city of Rostov-on-Don in an effort to boost efficiency. Grain traders have struggled with rising competition in Russia, one of the world's largest wheat exporters*

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.

struggled with rising competition in Russia, one of the world's largest wheat exporters, in recent years, while their trading margins have also been squeezed. Bunge's move highlights rising competition in deep-water ports in Russia's part of the Black Sea, from which traders supply grain by large ships to customers such as Egypt, the world's largest wheat importer. The shallow-water ports of the Azov Sea usually supply grain by smaller ships to customers like Turkey. Bunge has already closed offices in Russia's Black Sea port of Novorossiisk and in Yeisk. It will also close the office in Stavropol this autumn, while its office in Voronezh will remain open for seeds origination, but not for grain purchases. (Source: Reuters)

> **BASF Writing Missouri Use Label For Dicamba:** In response to the ban on Dicamba herbicide by the state of Missouri, BASF issued a statement saying it is working on a new use label for Missouri. State Agriculture Director Chris Chinn tells Brownfield Ag News her department is collaborating with BASF, as well as Monsanto and DuPont – each with dicamba-based products – to develop the special labels. "We are going to be working very closely with them and University of Missouri to make sure the label is something that farmers can live with, that they can work with and still have a very effective tool in their hand to fight weed pressure," said Chinn. The Missouri Department of Agriculture placed a temporary ban on dicamba in Missouri Friday following more than 140 complaints about crop damage from possible dicamba drift. BASF tells Brownfield the company has already proposed the text of a special label, according to direction from the Missouri Department of Agriculture. (Source: Brownfield Ag)

> **Dow Sells Portion Of Brazilian Corn Seed Biz To China:** Dow Chemical said it had agreed to sell a portion of its corn seed business in Brazil to a unit of China's CITIC Ltd for \$1.1 billion as it seeks to gain approval for its merger with DuPont from the country's antitrust regulator. The divestiture includes seed processing plants and seed research centers, a copy of Dow AgroSciences' Brazilian corn germplasm bank, the Morgan seed brand and a license for the use of the Dow Sementes brand for a certain period of time, Dow said. The assets sold generated revenues of \$257 million last year, out of total Dow agriculture division sales of \$6.17 billion. It also represents a further strengthening by China of its position in the world seeds market – a grip strengthened signally by Chemchina's \$43bn purchase of Swiss-based Syngenta, the largest foreign takeover by a Chinese group. (Source: Reuters, Agrimoney)

> **Tech Stocks Have Traders On Edge:** Tech companies have been the story of the stock market in 2017, surging to new highs and outperforming the broader market, all while helping lead major indices into rarefied air. Now investors are starting to get spooked. Which is not to say they're turning their backs entirely. The tech-heavy Nasdaq 100 index is still within 3% of a record reached a month ago. Rather, what traders are doing is loading up on hedges – and they're doing so in droves. Investors are paying the highest premium since late 2008 to protect against losses in an exchange-traded fund tracking the Nasdaq 100, relative to hedges on an S&P 500 ETF, according to data compiled by Bloomberg. In other words, they haven't paid this much for downside protection on tech since the start of the bull market. Given what's happened in recent weeks, it's not particularly surprising that investors are starting to feel uncertainty around tech stocks. On June 9, a Goldman Sachs report warned of complacency around Facebook, Apple, Amazon, Microsoft, and Google – mega-cap tech stocks that have been responsible for pushing the sector higher. The Nasdaq 100 sold off by more than 3% over the subsequent two sessions, its biggest two-day decline in almost a year. Then, on June 29, tech companies in the S&P 500 dropped as much as 2.7% amid renewed selling in the so-called FANG stocks – Facebook, Amazon, Netflix and Google. Even after those two weak patches, the Nasdaq 100 remains 18% higher for the year, more than double the return of the benchmark S&P 500. (Source: Business Insider)

Farm Direction
RECIPES
★ **FAMILY** ★
FAVORITES
-SENT IN BY OUR READERS-

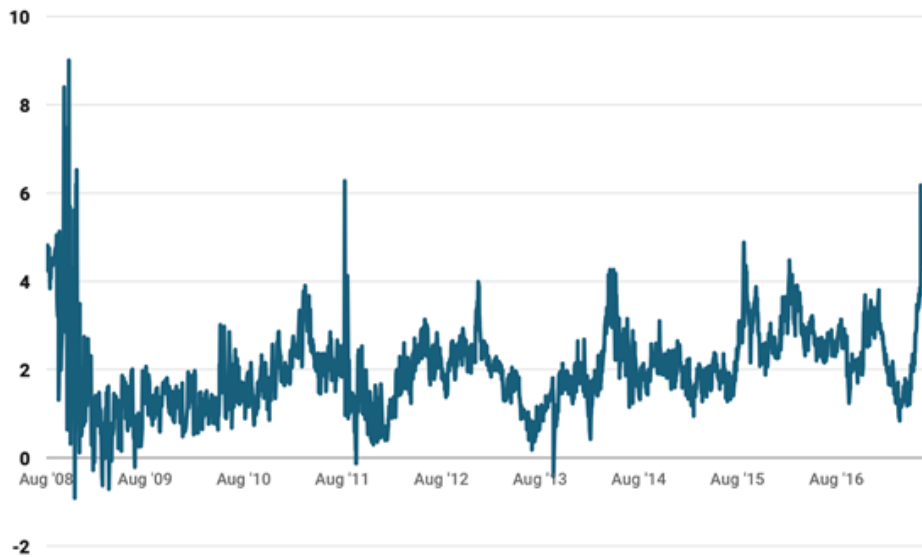
**Steak Diane
for Two**



CLICK TO SEE RECIPE

NASDAQ 100 / S&P 500 ETF 3-MONTH IMPLIED VOL SPREAD

Percentage points



SOURCE: Bloomberg

BUSINESS INSIDER



Southcentral Iowa - Things here are getting pretty bad. We planted in very wet conditions and had plenty acres that were inaccessible for a while. We haven't seen but a trace of rain since we put seed in the ground. We have subsoil moisture but we are seeing top soils cracking pretty good in some spots. The temps haven't been any help either as they were above normal in June and for extended periods. It won't be long and we will know what type of yield drag we may see. Pretty sure there won't be any record yields set this year and wondering if we will get to averages.

Central North Dakota - The conditions could not be any worse than they currently are. The wheat crop has been decimated by the drought conditions up here. The stands that have made it this far are now facing triple-digit temps while flowering. This week is critical for the specialty crops as far as yields are concerned. All the plants are budding and we are not seeing any rain now or in the forecast. The corn and beans are in desperate need of rain for growing and we don't have it coming. It doesn't matter what you talk about up here it's nothing but bad news for all the crops.

Central Missouri - We were extremely fortunate the other day to receive 2.5 inches of rain. It was a scattered storm that benefitted some more than others but we are very thankful. The crops are looking decent right now. I would have thought we'd see some rolling leaves on the corn but they have stayed looking good and the recent rain will carry them through for a while. We are in pretty good shape with our weed issue as we use cover crops and have always stayed ahead of them for the most part. We never believed in using Dicamba for no other reason than wanting to be good neighbors. With a little favorable weather we are in position to get a decent crop.

CROSSING WIRES

A place to share intelligent thoughts...

Entrepreneurs Are Betting on a Billion-Dollar Future for Hemp: Before he started

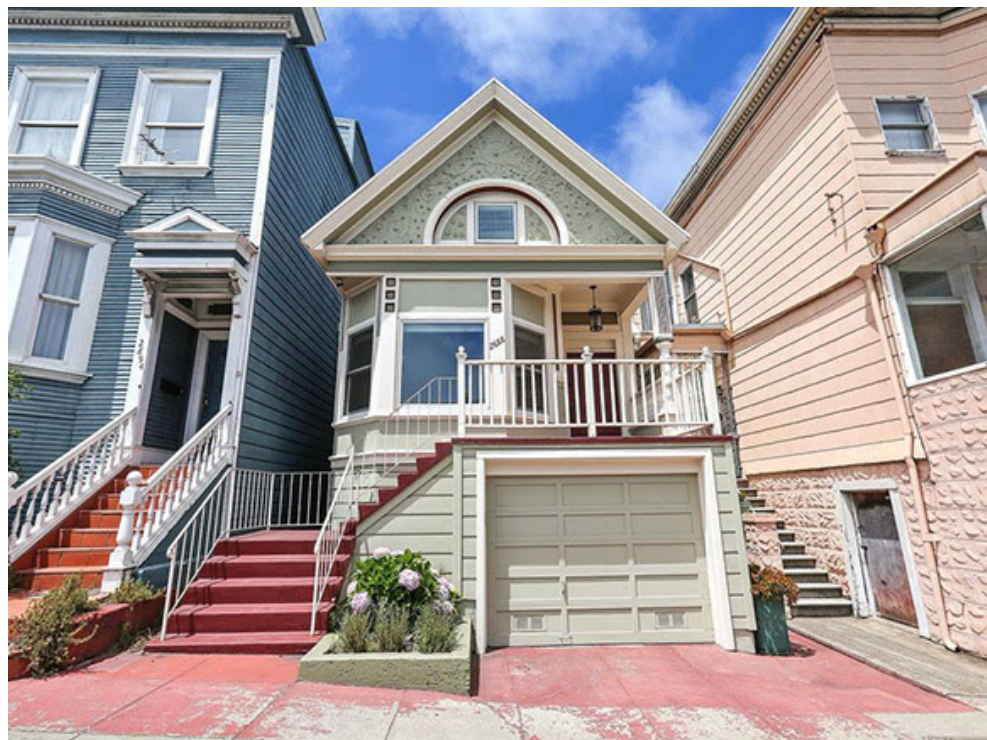
and entrepreneur he's looking on a Billion Dollar Future for Hemp. Before he started JD Farms, Mark Justh was a managing director for JPMorgan Chase & Co. in Asia. His co-founder, Dan Dolgin, worked in counterterrorism for various agencies in Washington. Now these two men are partners in the hemp business. Located in Eaton, N.Y., about 30 miles southeast of Syracuse, JD Farms is the first legal hemp farm in New York in more than 80 years. Justh originally planned to grow organic produce; hemp would simply be the cover crop, as protection against weeds. However, "hemp began to look very interesting," he says. "Then Dan got involved, and we saw the possibility of hemp as a food product." There was another reason hemp appealed to the pair: its potential to be the next runaway hit food product, the next kale. Read more from [Bloomberg](#).

The 20 Fastest Growing Jobs In America: Many of the fastest-growing jobs in America don't require a bachelor's degree, and many pay less than the median income in the U.S., according to data from the Bureau of Labor Statistics. *FORBES* looked at Bureau of Labor Statistics data that predicted which jobs would have the highest growth between 2014 – 2024, and included the median pay for those roles in 2014. The results might surprise you. Check out the full details [HERE](#).

Man Builds Food Pantry On His Lawn To Feed Hungry: Little Free Libraries, those boxes full of books for people to freely take, are a common sight on people's lawns. But Roman Espinoza's lawn in Watertown, New York, has something different: a "Blessing Box" filled with food available to any and all who need it. The concept is simple. The box is a miniature food pantry -- receiving items from those who want to donate, and offering it to those who need them. "Whether you're taking or giving, you can just go to the blessing box," Espinoza told CNN. "There's not a lock on it -- it's open 24 hours a day, seven days a week." Read more [HERE](#).

Did You Swipe Right On A Criminal? Be wary of who you swipe right on in the world of online dating — it may cost you. As more Americans turn to dating apps for romance, the risk of being swindled by fake accounts has also grown. The online dating industry in the U.S. is worth more than \$1 billion, according to market research group IBISWorld. Malware bots prey on singletons swiping through Tinder and other location-based dating apps, in an attempt to trick them into handing over valuable information like bank account numbers or passwords. These scammers trick them into thinking they are someone they are not and, in many cases, wiring money. In response, app makers have taken steps to make sure their users can be sure they're dealing with a potential mate, not a potential thief. Read more [HERE](#).

11 Modest But Insanely Expensive Homes For Sale: It's hard for me to believe prices for homes have gotten so high on the West Coast, especially those homes in San Francisco. Melia Robinson ran a story for [TechInsider](#) recently that showcased a few small but pricey properties. The first one shown below is going for \$2.5 million, the one featured below that is going for \$1.5 million. WOW! Click [HERE](#) to see more.





Farm Real Estate Values Have Stalled

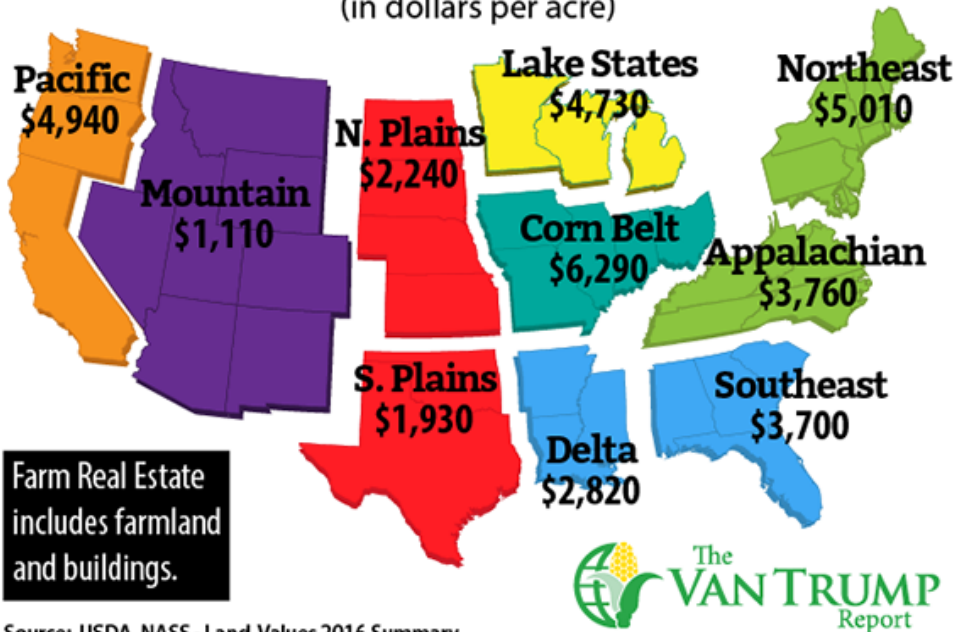
In recent years, farm real estate (including farmland and buildings) has accounted for about 80% of the value of U.S. farm assets. Strong farm earnings and historically low interest rates have supported the increase in farmland values since 2009. However, since 2014, farm real estate values in many regions have leveled off. In fact in 2016 the national average per-acre value declined. It's not difficult to see that this is partly due to the significant declines in farm income, which may temper expectations of future farm earning potential. Expectations of interest rate increases, which have been noted in some U.S. farm regions, can also put downward pressure on land values. Given that farm real estate makes up such a significant portion of the balance sheet of U.S. farms, changes in its value can affect the financial well-being of individual farms and the farm sector. Consider that over 60% of U.S. farmland was owner-operated in 2014; for these owners, increases in real estate values make it easier to obtain credit and service debt. For the farmers who rent the remaining 39% of farmland, higher real estate values can lead to higher rent costs. Here are some other interesting highlights from the USDA, ERS Farmland Value research: Click [HERE](#) to view the entire report.

- **Regional variation** in farmland values is significant. In the Corn Belt, farm real estate values were over twice the national, per acre average in 2016, whereas values in the Mountain region were less than half the national average.
- **Individual regions** have also experienced different trends in appreciation in real estate values. Most recently, the Pacific and Southern Plains regions saw the highest rates of annual appreciation of +3.4% and +1.6% (to \$4,940 and \$1,930 per acre), respectively in 2016. In contrast, farm real estate values in the Northern Plains and Corn Belt experienced declines of -4.3% and -0.9% (to \$2,240 and \$6,290 per acre) over the 12 months ending June 1, 2016.
- **Rents** during 2015-16, amongst cropland and pasture ground declined by -5.5% and 7.1% respectively, which was greater than the decline in land values over the same period.

U.S. Farm Real Estate Value, 2016

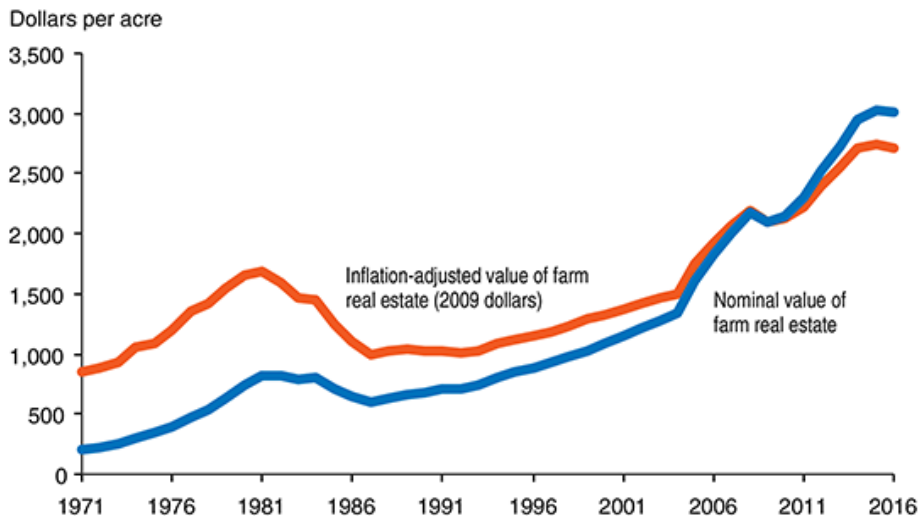
by Region, 2016

(in dollars per acre)



Source: USDA, NASS - Land Values 2016 Summary

Average U.S. farm real estate value, nominal and real (inflation adjusted), 1971-2016



Note: Farm real estate includes land and buildings. Data reflect values as of June 1 of each year; excludes Alaska and Hawaii. The annual GDP implicit price deflator is used to convert nominal values to 2009 U.S. dollars (U.S. Department of Commerce, Bureau of Economic Analysis). For 2016, the average of the first and second quarter price deflators is used.

Source: USDA, Economic Research Service using data from the USDA, National Agricultural Statistics Service's QuickStats tool.

Do You Suffer From iPosture?

No, this isn't a new gadget from Apple. "iPosture" is now being blamed for an alarming level of neck and back pain. In fact the term is gaining popularity and is now being used to describe the stooped body shape and poor posture adopted by those texting, emailing or playing games on their iPad or smartphone. This might sound crazy, but reports are showing a massive jump in youth suffering from neck and back pain. There was a survey recently conducted by the healthcare provider Simplyhealth. The results of the survey also show that almost all age groups spend as much time in front of a computer, laptop or tablet screen in total as they do asleep in bed, some even more so. Excluding time spent watching the traditional TV, the typical young adult (18 - 24) spends 8.83 hours a day in front of some type of screen. The total is 6.64 hours for the older generation. Some believe part of the reason for all of this neck and back pain is down to a lack of old-fashioned advice. "sit up straight and have good posture." In this

down to a lack of old fashioned advice, sit up straight and have good posture. In this

survey, nearly three quarter of the older generation remember being given this advice from their parents and more than half remember similar admonishments from their teachers. Survey's show that parents today however are much less likely to tell their children to sit up and stand up straight. Nearly two thirds of those questioned said they have never given their children this advice. Being aware that you are slouching or hunching over your tablet or smartphone is just half the battle. The other half is to counter this bad habit and the potential pain it can generate by always sitting up with a straight back with your device in a comfortable position at a reasonable height in front of you. Interestingly, this isn't the only issue we are seeing with our

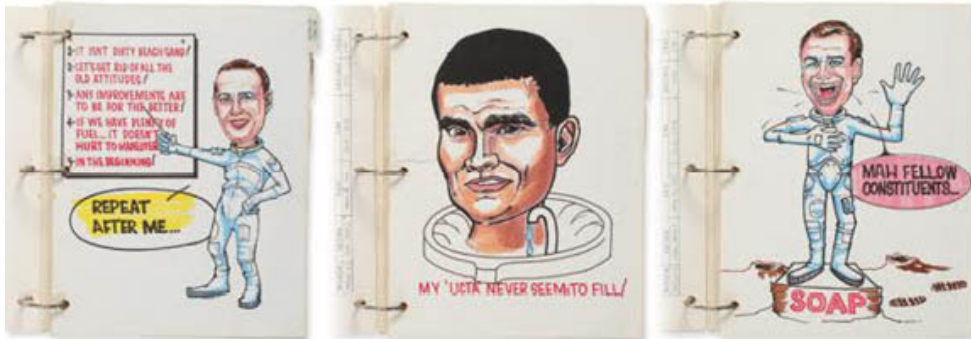


mobile devices. Motion sickness caused by smartphones, 3D films and computer games could also become a curse of the 21st century. A variation called simulation sickness is on the rise as gadgets become better and better at mimicking reality. Up to 90% of people could be affected, according to technology website Quartz. Motion sickness is usually triggered when we feel movement but cannot see it. Simulation sickness, is the opposite -- we see movement that the body cannot feel. I am even hearing that motion sickness is being felt by iPhone owners using its newest iOS7 operating system, which makes the screen appear more 3D. I told my kids there is going to be a huge demand for chiropractors or those who can deal with pain associated with poor posture in the next 20-30 years. With all of the texting I have to believe "carpel tunnel" will be a huge problem. I also believe there will be a huge market for "head and neck" pain centers.

Houston We Have A Problem...The Flown Applo 13 Flight Plan Goes Up For Auction

Apollo 13 was to be the third mission to land on the Moon when it blasted off on April 11th, 1970. An explosion in one of the oxygen tanks occurred two days into the mission which crippled the spacecraft and the crew was forced to orbit the Moon and return to the Earth without landing. Most of us are familiar with the story as it was told in the 1995 hit movie "Apollo 13", starring Tom Hanks. The mission was considered a "successful failure" due to the lessons learned and the experiences gained from safely returning the crew home. On July 20th, which happens to coincide with the 48th anniversary of the Apollo 11 landing, Sotheby's of New York will host their "Space Exploration" sale, which will include the Flown Flight Plan from Apollo 13. In my opinion to own that piece of history would be so cool just because it went to space. But what makes it even more special is that flight plan is also full of handwritten notes from each of the pilots. As it turns out, the crew used the flight plan to detail their actions during the mission subsequent to the changes communicated to them from Houston following the explosion. The movie showcased the many innovative procedures the crew implemented in order to save their lives and return home. It's incredible to consider that this document will provide the high bidder an eyewitness account to those dramatic and harrowing efforts. I'm told there was also a bit of humor inserted into the flight plan. As you might remember from the movie, Ken Mattingly, the originally scheduled pilot was told by NASA doctors that he had been exposed to the measles and had to be replaced to avoid the possibility of all three getting sick in space. NASA had Johnson Space Center artist Barbara Matelski hand-draw and sign caricatures of the crew members, and inserted them in the flight plan as a surprise prank. You can see the picture below showing all three in bed with the measles. Just in case you were closely watching the movie and remember that the flight plan cover was torn off in order to make a filter for the rising carbon dioxide levels, it didn't actually happen. As with many books turned to movies certain facts get changed or embellished for effect. The crew actually used a LM Cue Card for the makeshift filter. In the end, it turns out the flight plan was signed and inscribed by the Apollo 13 crew, and presented by them as a gift to Turnage Robert "Bob" Lindsey, the Lead Flight Planner for Apollo 13: "TO BOB - A TRULY PERFECT FLIGHT PLAN AS FAR AS WE GOT. WE KNOW IT WOULD HAVE LED US BY THE HAND THE REST OF THE WAY ALSO. THANKS FOR THIS REMARKABLE DOCUMENT WHICH WE CARRIED TO THE MOON ON ODYSSEY 11-17 APRIL 1970. FRED HAISE. JAMES LOVELL. JACK SWIGERT." It is interesting to note that until 5 years ago there was no clear legislation pertaining to the ownership rights of artifacts received by US astronauts. This changed in 2012 when President Obama signed H.R. 4158 into law, granting US astronauts who participated in the Gemini, Mercury or Apollo programs "full ownership of and clear title to" artifacts that they received during participation in the space missions. The effect of this new law will be interesting for Sotheby as in 2011, Heritage Auctions offered the Flown Apollo 13 Lunar Module Activation Checklist - it sold for \$388,375, but the sale was canceled after NASA made a claim against the

astronaut who consigned it, claiming that he did not have title to the artifact. With the new law and a perfect provenance, bidders will have no worry that the item is authentic and that no one will be taking it away from them this time. To see all of the offerings in the Space Exploration Auction by Sotheby's click [HERE](#). (Source: Sotheby's, Wiki).

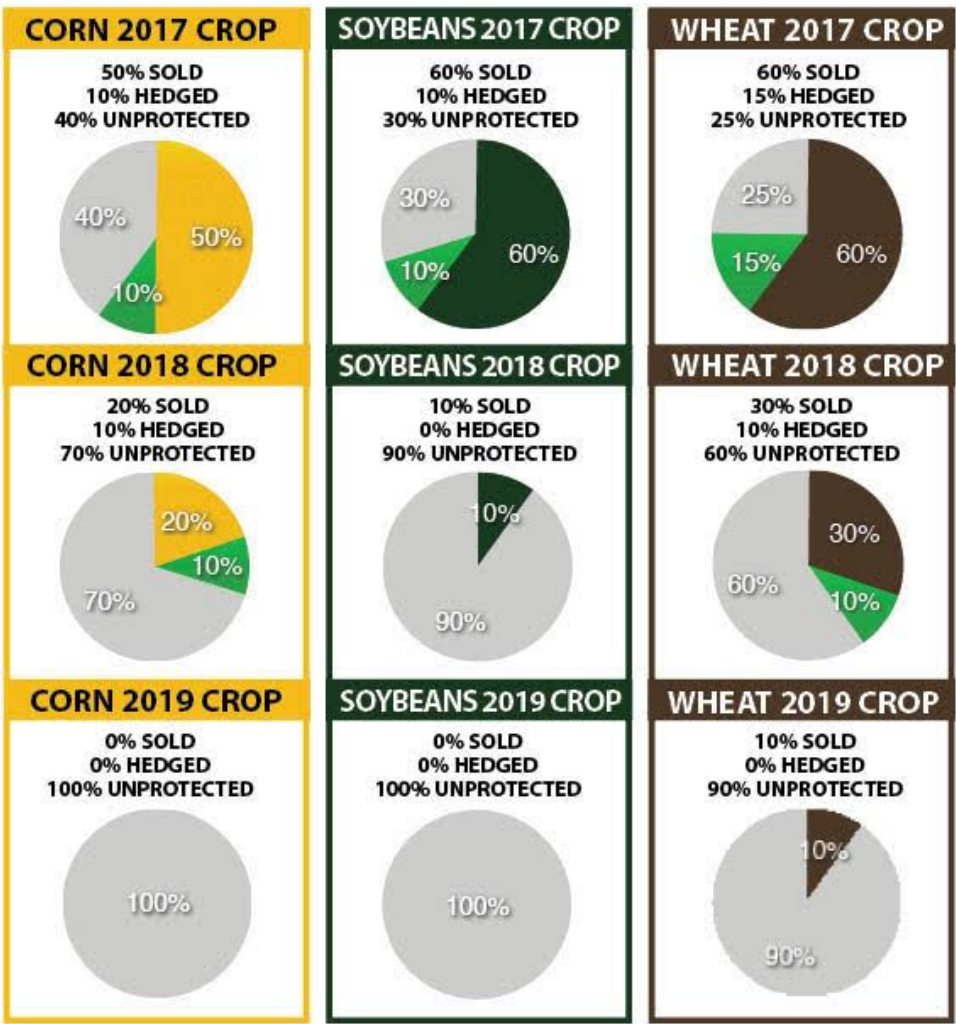


Let's Try this Again... Sorry, the link to the short 3-minute video below didn't work yesterday, so here it is again. Good Stuff!

Stuart Scott's Daughters - ESPN's well-known sports journalist and commentator, Stuart Scott, won the famous ESPY awarded in 2014 echoing an extremely moving speech about life and the things that are really important. Scott passed away at the age of 49, leaving behind two beautiful daughters, who filmed a love letter to their father one year after his passing. Watch their inspirational video by [CLICKING HERE](#)



CASH SALES & HEDGING TOTALS



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