

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

1 message

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Mon, Jul 17, 2017 at 7:15 AM



"Experience is what you got when you didn't get what you wanted." — Howard Marks

**MONDAY, JULY 17, 2017**

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**Morning Summary:** U.S. stock are coming off another week of fresh record setting highs and preparing for a wave of 2nd Quarter U.S. corporate earnings. Data on Friday showed U.S. inflation remains flat which has many thinking the Federal Reserve may slowdown their pace of raising interest rates and tightening of monetary. The Fed has raised rates three time in the past seven months. On the earnings front, big banks kicked of the height of earnings season on a very positive note with J.P. Morgan Chase, Wells Fargo, Citigroup and PNC Financial Services Group all topping expectations. That trend could continue this week, which brings results from more Wall Street banks as well as several tech giants. A few of today's key corporate earnings releases include BlackRock, Netflix, Charles Schwab and Yahoo. A few other big names reporting this week include: Abbott Labs, American Express, Bank of America, Capital One, Colgate-Palmolive, CSX, Ebay, General Electric, Goldman Sachs, IBM, Kinder Morgan, Lockheed Martin, Microsoft, Novartis, United Health, and Visa. I suspect Washington will again be back in the headlines this week, but the Senate will delay voting on healthcare while Arizona Republican Senator John McCain recuperates from surgery. The Republicans currently hold a 52-48 majority in the Senate, meaning as long as the Democrats stay united in opposition, they can only afford to lose two Republican votes. Rand Paul of Kentucky and Susan Collins of Maine have already said they'll vote against the current healthcare measure, with McCain out for surgery they now have no choice but to wait. The bears argue this increases concerns about the "debt ceiling", and the fact the U.S. government will reach its statutory limit on borrowing some time in October. Bloomberg reported that the Trump administration has asked Congress to raise the ceiling before then, but it is running into the same complications the Obama White House encountered: lawmakers who want to use the debt limit as leverage for controversial policy changes. Conservatives have demanded steep spending cuts in return for their votes, and Democrats -- who will almost certainly have to help raise the borrowing ceiling -- have said they would reject such conditions. In the energy space, the Saudi's say they will continue to cut shipments of crude oil coming to the U.S. in an effort to drawdown U.S. stockpiles. Saudi Arabia is the second largest supplier of crude oil to the United States after only Canada. Data recently released by the EIA shows Saudi crude oil imports into the U.S. have fallen to the lowest levels we've seen in the past five years, now averaging under 900,000 barrels per day, and more than likely will be falling to around 800,000 barrel per day in August. Reuters recently released a report that showed the Saudi's cutting exports to all destinations, but reducing shipments to the U.S seemed especially important because U.S. stocks are the most visible and have the biggest impact on global prices. By restricting shipments, Saudi Arabia hopes to reduce U.S. stocks and create a more bullish balance sheet. Several bullish insider suggest their plan might be working as U.S. crude stocks are now just +3 million barrels higher than at the same time last year, and a lot of the excess slack has now been removed from supply. On the flip side, not only have U.S. oil rig numbers jumped by 45% this year, but we are also seeing big gains in production coming out of the Canadian oil sands. The debate remains, will the growth in North American production continue to offset the cuts being made by the Middle East?

**Chinese Economy Rebounding:** After posting 6.9% growth in Q1 and now again in Q2, the Chinese economy is on track for its first year-on-year acceleration since 2010. This is the opposite of what many experts had been projecting, saying that China's growth would slow markedly this year as the

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Dennis Gartman  
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government tightened monetary policy and the property sector appeared poised to lose momentum. Despite a series of imposed government restrictions on home purchases and mortgage lending beginning late last year, the Chinese real estate market continues to remain strong and post surprising gains. The bears say it's only a matter of time before they burst their housing market bubble. The bulls believe they can ride it out, and have actually gotten past a few major hurdles. (Source: Financial Times)

**Amazon Prime Day Huge Success:** This year's Prime Day was the biggest in Amazon's history, the company said. The annual event, which discounts items for Amazon Prime members, beat out Black Friday and Cyber Monday to be the biggest shopping day Amazon has ever had. The e-commerce giant said the event grew 60% since last year, but didn't provide specific sales figures. Prime Day lasted for 30 hours from July 10 through July 11, with more new members joining Amazon Prime "than on any single day in Amazon history," the company reported. Amazon hasn't disclosed sales figures from Prime Day, but last week, JP Morgan analysts estimated the holiday would net Amazon over +\$1 billion in revenue! (Source: Business Insider)

**The 50 Smartest Companies:** Each year MIT identifies 50 companies creating new opportunities by combining important technologies and business savvy. They say the list is their best guess as to which firms will be the dominant companies of the future. Amazon and Facebook and Google are on it, but so are plenty of newcomers. Though they might be unfamiliar to you today, MIT believes they have an inside track to take advantage of the technologies, such as artificial intelligence, that will define business in the coming years. Being smart about innovation won't guarantee that these firms become superstars. But it does, at least, give them the potential to create and dominate new markets in an increasingly competitive business environment. Read more [HERE](#)

#### 2017 50 Smartest Companies:

- |                         |                           |                                   |
|-------------------------|---------------------------|-----------------------------------|
| 1. Nvidia               | 18. Carbon                | 35. ForAllSecure                  |
| 2. SpaceX               | 19. Desktop Metal         | 36. Flipkart                      |
| 3. Amazon               | 20. Ionis Pharmaceuticals | 37. Bluebird Bio                  |
| 4. 23andMe              | 21. Gamalon               | 38. Adidas                        |
| 5. Alphabet             | 22. Illumina              | 39. IBM                           |
| 6. iFlytek              | 23. Facebook              | 40. General Electric              |
| 7. Kite Pharma          | 24. Udacity               | 41. Alibaba                       |
| 8. Tencent              | 25. DJI                   | 42. HTC                           |
| 9. Regeneron            | 26. MercadoLibre          | 43. Blue Prism                    |
| 10. Spark Therapeutics  | 27. Microsoft             | 44. Jumia (Africa Internet Group) |
| 11. Face++              | 28. Rigetti Computing     | 45. Veritas Genetics              |
| 12. First Solar         | 29. Kindred AI            | 46. Daimler                       |
| 13. Intel               | 30. Sophia Genetics       | 47. Salesforce                    |
| 14. Quanergy Systems    | 31. Tesla                 | 48. Snap                          |
| 15. Vestas Wind Systems | 32. Oxford Nanopore       | 49. Ant Financial                 |
| 16. Apple               | 33. Foxconn               | 50. Baidu                         |
| 17. Merck               | 34. M-KOPA                |                                   |

**Weather** forecast have arguably become a bit more hot and dry. Rain over the weekend was as or less than expected in most locations. The extended forecast might offer up some slightly cooler temperatures, but moisture still looks as if it will be absent for many key growing areas across the U.S.

## Remember we sold out early last year!



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Chief of Counterintelligence

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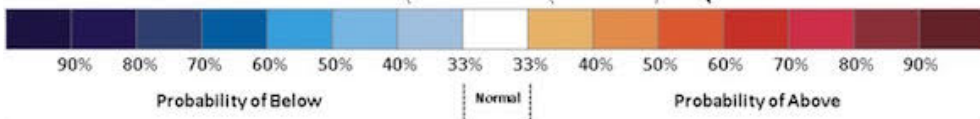
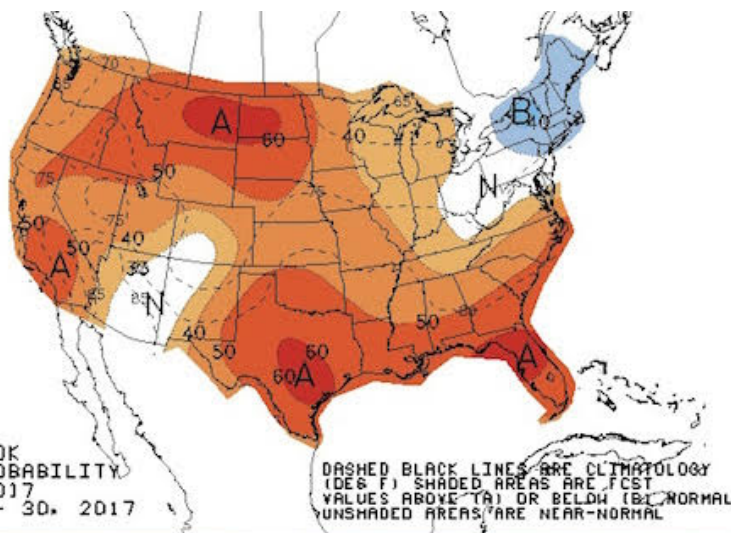
**FCS FINANCIAL**

**CAVILLO**

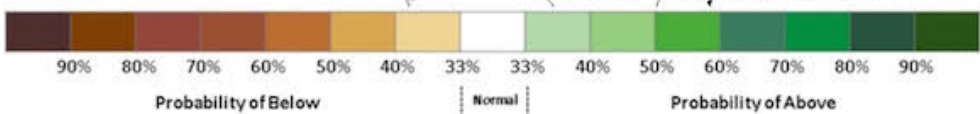
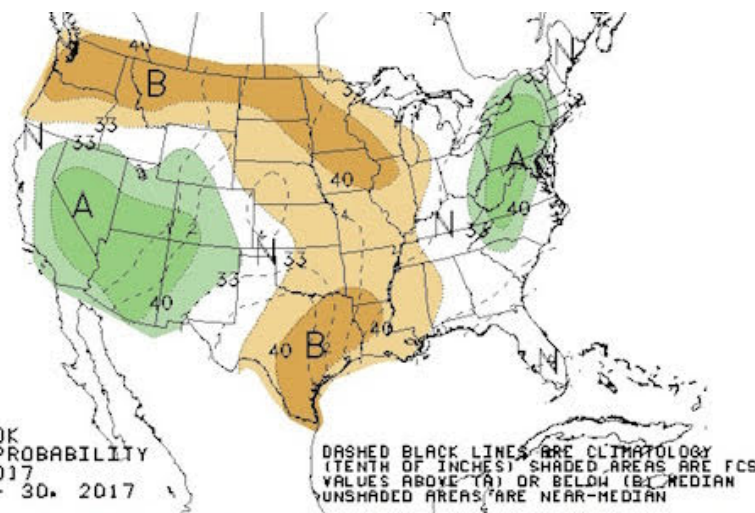




8-14 DAY OUTLOOK  
TEMPERATURE PROBABILITY  
MADE 16 JUL 2017  
VALID JUL 24 - 30, 2017



8-14 DAY OUTLOOK  
PRECIPITATION PROBABILITY  
MADE 16 JUL 2017  
VALID JUL 24 - 30, 2017



**Corn** traders continue to debate U.S. production. The USDA currently has the U.S. yield estimated at 170.7 bushel per acre. Perhaps more surprising to me is the fact "harvested acres" were recently raised from 82.4 million to 83.5 million, pushing total U.S. production from 14.065 billion to 14.255 billion bushels. I personally believe both yield and acres are overestimated and will eventually work their way lower. I think we are closer to a 163 type yield and 82.5 million harvested acres, meaning perhaps sub-13.5 billion in total production. Obviously a lot still hinges on the weather, so anything is possible. Last week the USDA adjusted their weekly crop-condition estimate lower from 68% down to 65% rated "Good-to-Excellent", which compares to 76% rated "Good-to-Excellent" last year at this time. Most sources inside the trade seem to be thinking weekly-conditions will stabilize in this afternoon's USDA report, some even suspect they could improve just a touch, I'm not in that camp! Also interesting is the fact the USDA showed last week that just 19% of the crop was "silking", which is well behind last years 30% and the 5-year average of 27% by that date. In other words a larger percentage of the U.S. crop will be pollinating in what appears to be continued extreme heat. As a producer, I'm staying extremely patient. I was able to make a few sales on the recent rally and reducing some of our longer-term risk at profitable levels. From my perspective this crop still has a long ways to go and weather is a "wild-card" that remains in play. From a technical perspective, the market sustained some damage last week and has many inside the trade talking about a re-test of nearby support in the \$3.70 to \$3.75 range. I still have my next cash sales targets to the upside in the \$4.30 and \$4.50 range. Staying extremely patient and closely watching weather....

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## Today In History



### 1916, Farm Loan Act -

America's cash-strapped farmers got a dose of relief on this day in 1916, as Congress passed the Federal Farm Loan Act. The legislation called for the creation of a land bank that would dole out loans to farmers who sorely needed funds to preserve and upgrade their crops. The passage of the bill was celebrated by the nation's farm owners, who had long struggled to secure equitable loans from commercial banks. The farmer's credit woes were only compounded by Federal laws, which, until 1913, had capped the maturity of commercial loans at a mere five years. In turn, the Farm Loan Act was something of a conscious attempt by the government to redress this situation. Indeed, the legislation was an outgrowth of a Federal investigation of America's farm finances, as well as the agrarian credit plans used by other nations. The Farm Loan Act, which was signed by President Woodrow Wilson later in 1916, featured a number of the recommendations from the government study, including the recommendation to model the farm bank on a German cooperative credit system from the late eighteenth century. But, neither the passage of the Farm Loan Act nor the concurrent establishment of the Federal Farm Bureau could prevent America's economy from sinking into a mild depression in 1920; the economic slump was particularly cruel to the nation's farmers and suppressed both crop prices and profits well into the decade.

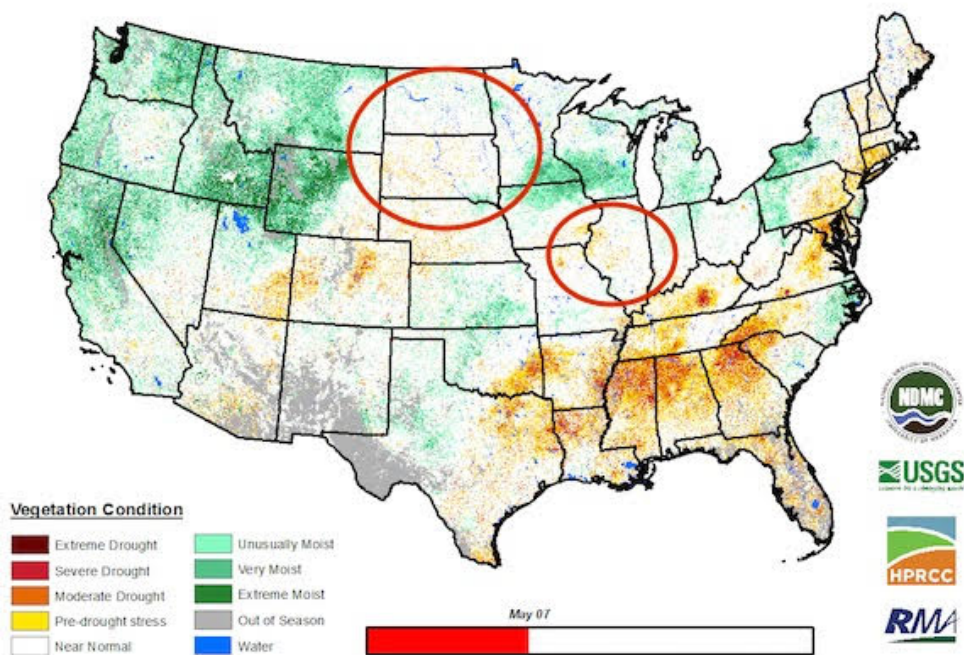


### 1941, Joe DiMaggio -

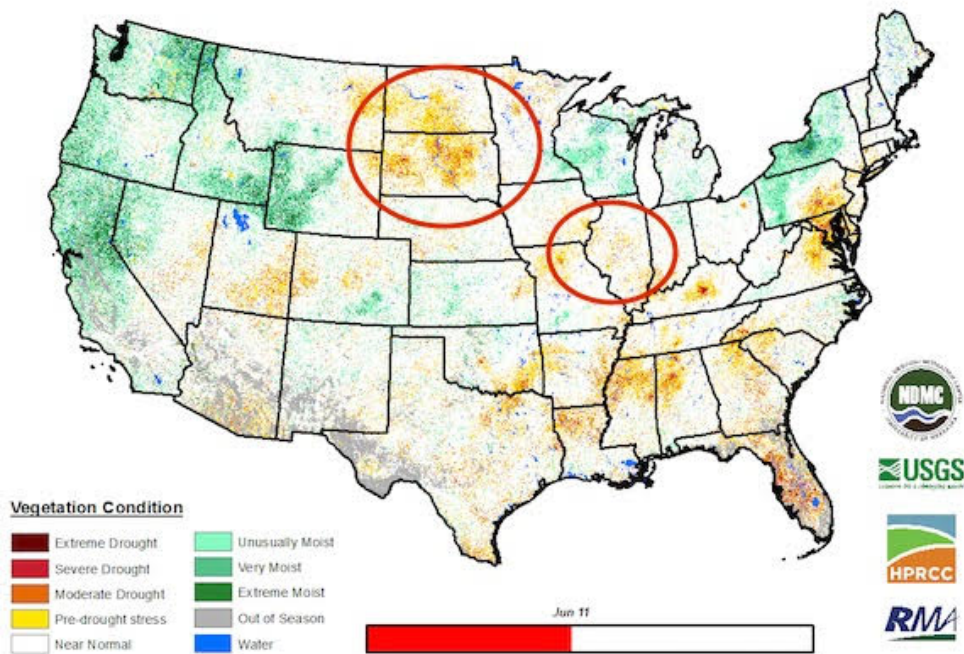
New York Yankees center fielder Joe DiMaggio fails to get a hit against the Cleveland Indians, which brings his historic 56-game hitting streak to an end. The record run had captivated the country for two months. Joseph Paul DiMaggio was born November 25, 1914, in Martinez,

**Areas The Trade Is Focused On:** The National Drought Mitigation Center does some terrific work each year. I thought it would be good to take a look at the past three months and specifically what is occurring in certain areas. The first map I've include was released May 7th, the next June 11th, and the final map July 9th. As you can see the drought in the Dakota's and Montana have intensified, so have dried conditions in portions of Illinois and Iowa. On the flip side, the drought to the southeast has subsided. I also included a few of the most recent and specific state maps so we could have a better look at location. If you would like to see specifics for your state or see more detailed information visit the [Vegetation Drought Response Index](#).

## 2017 Vegetation Drought Response Index (VegDRI) MAY



## 2017 Vegetation Drought Response Index (VegDRI) JUNE



California. In 1891, his father Giuseppe had emigrated from Sicily to the Bay Area, where he made his living as a fisherman (he was later made legendary by Ernest Hemingway's 1952 novel *The Old Man and the Sea*.) The DiMaggio family moved to San Francisco's Italian-dominated North Beach neighborhood the year Joe was born. Joe was the eighth of nine children, the fourth of five boys. In 1941, DiMaggio was in his sixth season as center fielder for the New York Yankees. He began his record-breaking streak on May 15 against the White Sox in Yankee Stadium with a single and an RBI. As the streak continued, fans across the nation took notice. DiMaggio broke George Sisler's American League record of 41 consecutive games with a hit on June 29. Four days later, on July 2, DiMaggio broke "Wee" Willie Keeler's major league record streak of 44 games. As the nation followed DiMaggio's progress and he continued to hit in game after game, the Les Brown Orchestra scored a hit with the popular tune "Joltin' Joe DiMaggio." Finally, on July 17 in Cleveland, in a night game in front of 67,468 fans, DiMaggio went hitless against Cleveland pitchers Al Smith and Jim Bagby, Jr.. DiMaggio retired after the 1951 season after 13 seasons with the Yankees that included 11 pennants and 10 World Series wins. He was elected to the Baseball Hall of Fame in 1955.



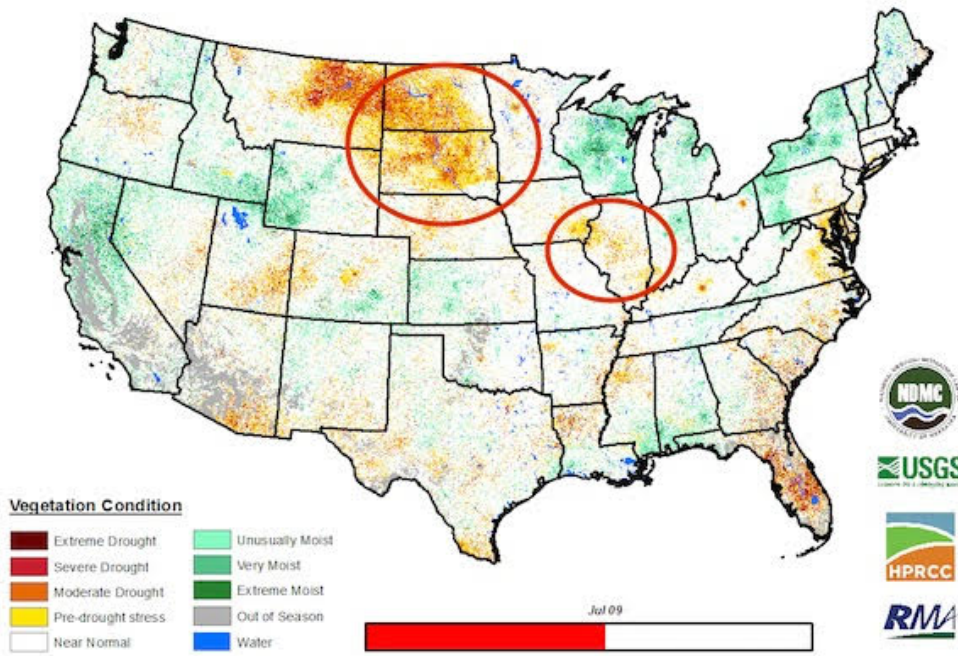
**1955, Disney** - Disneyland, Walt Disney's metropolis of nostalgia, fantasy, and futurism, opens on this day in 1955. The \$17 million theme

park was built on 160 acres of former orange groves in Anaheim, California, and soon brought in staggering profits. In the early 1950s, Walt Disney began designing a huge amusement park to be built near Los Angeles. He intended Disneyland to have educational as well as amusement value and to entertain adults and their children. Land was bought in the farming community of Anaheim, about 25 miles southeast of Los Angeles, and construction began in 1954. In the summer of 1955, special invitations were sent out for the opening of Disneyland on July 17. Unfortunately, the pass was counterfeited and thousands of uninvited people were admitted into Disneyland on opening day. The park was not ready for the public: food and drink ran out, a women's high-heel shoe got stuck in the wet asphalt of Main Street USA, and the Mark Twain Steamboat nearly capsized from too many passengers. Disneyland soon recovered, however, and attractions such as the Castle, Mr. Toad's Wild Ride, Snow White's Adventures, Space Station X-1, Jungle Cruise, and Stage Coach drew countless children and their parents. Special events and the continual building of new state-of-the-art attractions encouraged them to visit again. In 1965, work began on an even bigger Disney



## 2017 Vegetation Drought Response Index (VegDRI)

**JULY**

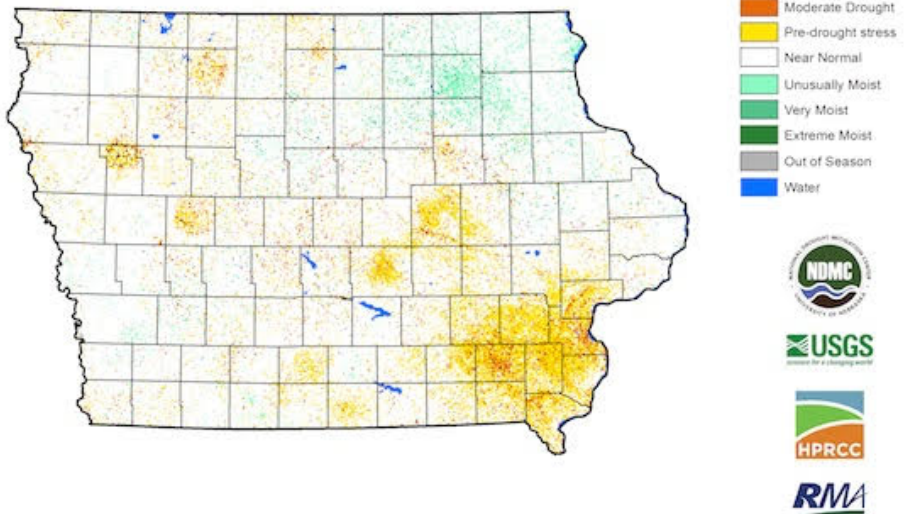


### Vegetation Drought Response Index

Complete: Iowa

**IOWA**

July 9, 2017



theme park and resort near Orlando, Florida. Walt Disney died in 1966, and Walt Disney World was opened in his honor on October 1, 1971. Epcot Center, Disney-MGM Studios, and Animal Kingdom were later added to Walt Disney World, and it remains Florida's premier tourist attraction.

### 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

### Kevln's Song of the Week

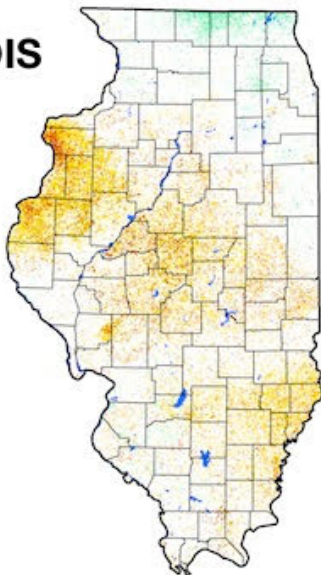


### About the Report

## Vegetation Drought Response Index

Complete: Illinois

ILLINOIS



July 9, 2017

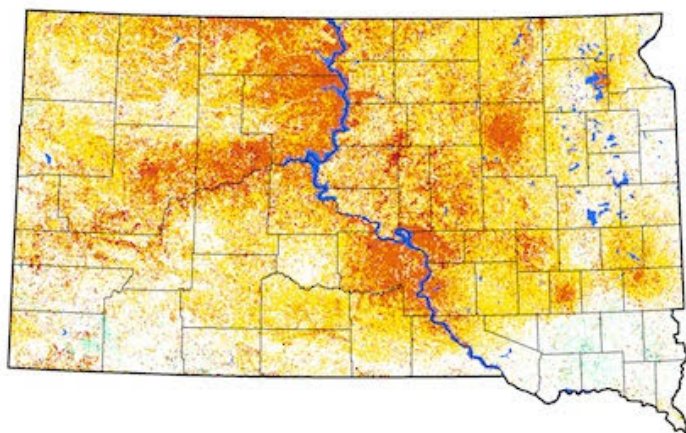
### Vegetation Condition



## Vegetation Drought Response Index

Complete: South Dakota

SOUTH DAKOTA



July 9, 2017

### Vegetation Condition



# NEXT level THINKING



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

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

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

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

*Kevin Van Trump*

## What Others Are Saying

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

**A.M., FDIC**

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

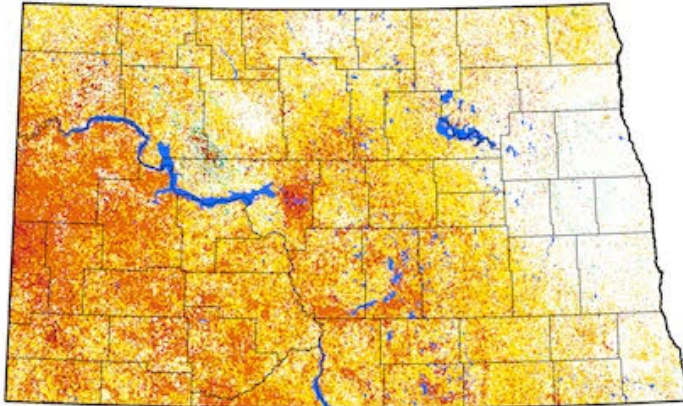


## Vegetation Drought Response Index

Complete: North Dakota

July 9, 2017

### NORTH DAKOTA



#### Vegetation Condition



**Soybean** traders are trying to figure out U.S. production. The USDA wasn't much help last week as they opted to leave their current yield forecast "unchanged" at 48.0 bushels per acre. Harvested acres were raised slightly higher, from 88.6 to 88.7 million, and total production was pushed higher, from 4.255 billion to 4.260 billion bushels. I'm not really sure a yield adjustment would have mattered much considering how early we are in the game. From perspective soybeans have been extremely hard to forecast the past several years. Producers who have walked and worked their fields for decades have had a tough time projecting yield just weeks or even days before harvest. How anyone could expect the USDA to get close this early would be a real mystery? I suspect this major "uncertainty" in the crop is why we've seen such extreme volatility. I don't think these "extremes" slowdown anytime soon. Keep in mind the market has moved more than +\$0.50 cents in each of the past two weeks as the trade tries to forecast U.S. production. Think about it like this... new-crop ending stocks are currently forecast at 460 million bushels. Based on the current 88.7 million harvested acres, we can argue that each one bushel per acre drop in the current yield forecast will essentially shave -88.7 million bushels from production. In other words if we shave -2 bushels from the current 48 bushel per acre yield estimate, we could reduce production by -177.4 million bushels. If you assume demand stays constant, and yield falls by -2 bushels per acre, ending stocks could then be lowered to near 280 million bushels, and give the bulls more reason to run. I still believe it's all about U.S. weather during the next four to six weeks. Last week the USDA lowered crop-conditions from 64% down to 62% rated "Good-to-Excellent". That is well below last years 71% rating, and has the trade wondering about lower yields. Keep your eye on today's updates, the trade seems a little mixed on how the conditions will play out. I personally don't see things getting much better. I should also remind everyone that the NOPA crush numbers will be out today, most are suspecting the crush number to be strong and somewhere between 140 and 145 million. More than likely it becomes the second largest June crush on record, but still down a bit from last years June numbers. As a producer I've been trying to religiously reduce risk on the rallies, but am now staying patient. As a spec, I remain on the sideline.

the past 20 years & 10 years 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..."*

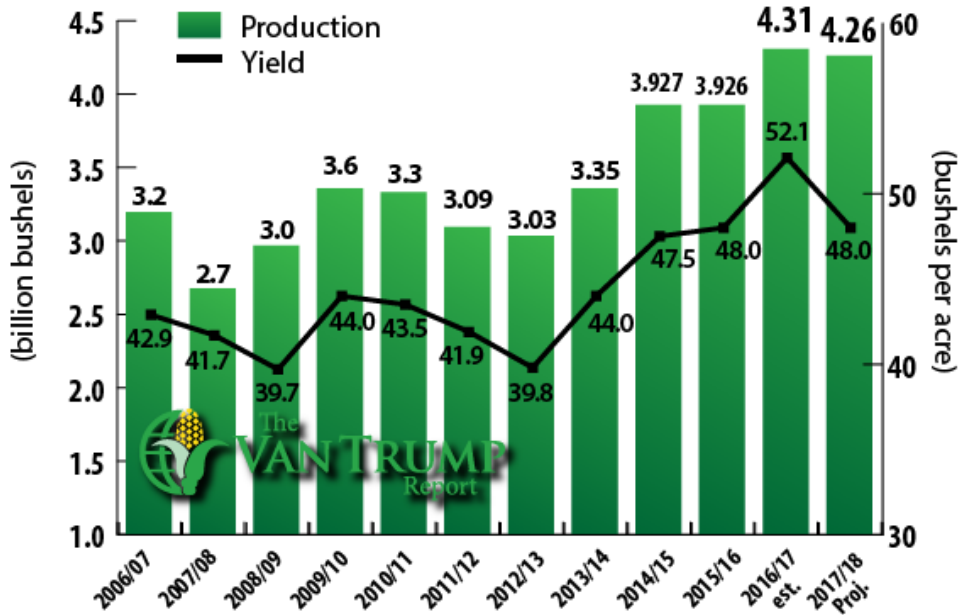
*"I'm more of a long-term player, therefore you will not see me give many short-term suggestions or trade ideas. One of my most important rules is that I always follow my long-term direction. Therefore, as long as I am "bullish" a market I will only play that particular market in one of three ways.*

- 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.*

# U.S. Soybean Production and Yields

updated with July 12, 2017 WASDE numbers



**Wheat** bulls are looking for fresh new headlines. The SRW and HRW contracts fell by between -\$0.20 and -\$0.30 cents last week, while the Spring wheat contracts were more supported across the board. The current nearby rally is obviously Spring wheat induced, as conditions in the upper U.S. remain extremely troublesome. Longer-term however, I argue there are more global production problems brewing and perhaps a shift in the macro and geopolitical space. The USDA most recently reduced their production estimates for not only the U.S., but also for production coming out of Canada, Europe, and China. I believe there's also some questions regarding possible production hiccups in Australia, India, Ukraine and parts of South America. Meaning perhaps global production numbers may start working themselves lower. As a producer, I was able to make some great sales on the recent rally and now want to stay extremely patient. I still like the thought of reducing a bit more 2018 and 2019 price risk on a move back north of \$6.00 per bushel. As a spec, I still like the bullish side of the bet, but only in extremely small doses and only initiating on a better and cheaper valuation. I still see no need to chase.

*Farm Direction*  
RECIPES

★ **FAMILY FAVORITES** ★  
-SENT IN BY OUR READERS-

**Cowboy Caviar**

[CLICK TO SEE RECIPE](#)



**> Brazilian Protests Continue Blocking Grains From Northern Port:** Protests blocking a key road in Northern Brazil are causing millions of dollars in losses for grain traders and threaten to halt exports through terminals located in Para state. Since early last week, farmers have blocked the BR 163 road, which crosses large portions of the Amazon forest. They are protesting against a decision by the federal government to maintain conservation areas that is expected to limit agriculture expansion in the region. BR 163 is the only link between large farms in Northern Mato Grosso and new river terminals located in Miritituba district, in Para state. The blockade has caused losses of \$1.5 million for traders in Miritituba, according to an association, Abiove, that represents large soybean crushers and exporters in Brazil. Costs for delaying ship loadings in Barcarena or redirecting some of them to other ports are currently around \$400,000/d, Abiove added. (Source: Platts)

**> South EU Crops Devastated By Worst Drought In Decades:** Drought in southern Europe threatens to reduce cereal production in Italy and parts of Spain to its lowest level in at least 20 years, and hit other regional crops including olives and almonds. Castile and Leon, the largest cereal growing region in Spain, has been particularly badly



affected, with crop losses estimated at around 60 to 70 percent. While the EU is collectively a major wheat exporter, Spain and Italy both rely on imports from countries including France, Britain and Ukraine. Spanish soft wheat imports are expected to rise by more than 40 percent to 5.6 million tonnes in the 2017-2018 marketing year, according to Agrofomarket. Spain and Italy are also among the world's top producers of olive oil. Production in both countries is expected to fall, but the decline is likely to be particularly steep in Italy, where drought is the latest headache for olive growers already plagued by insects and a bacterial disease in recent years. A 60 percent drop in Italian output is forecast by the International Olive Council. The production of nuts such as almonds and pistachios has also fallen sharply. (Source: Reuters)

**> U.S. Egg Exports Soar:** May exports of table eggs increased by +19.9% to 10.2 million dozen, while value increased by +13.3% to \$10.0 million. Data showed exports to Hong Kong reached 2.8 million dozen, up 3.4% year-over-year, while exports to Mexico hit 2.3 million dozen, a +45.5% increase from last year. Exports to the U.A.E., Oman, Canada, Haiti and Taiwan also showed significant increases, while exports to Jamaica, Bahamas, and Guyana decreased notably, the American Egg Board (AEB) reported. Exports of table eggs for the first five months declined -7.3% to 46.5 million dozen and value decreased -10.4% to \$45.4 million. Of the total shipments, 76.9% were shipped to the top five export markets of Hong Kong, the U.A.E., Mexico, Canada and Jamaica. May exports of egg products rose by +91.2% to \$9.8 million.

**> Stephen Censky Nominated As USDA Deputy Secretary:** President Donald Trump has named Stephen Censky as his nominee for the U.S. Department of Agriculture's (USDA) deputy secretary position. He has served as the American Soybean Association's (ASA) chief executive officer (CEO) for the past 21 years. The transition would mark a return to both Washington, D.C., and USDA for Censky. Censky began his career working as a legislative assistant for Senator Jim Abdnor. Later he served in both the Reagan and George H. W. Bush administrations at the USDA, eventually serving as administrator of the Foreign Agricultural Service where he was involved in running U.S. export programs. The nomination found positive reactions and supportive congratulations among U.S. grain associations. (Source: World Grain)

**> U.S. Farm Lobby Turns Up Heat On Trump As NAFTA Talks Near:** With talks to renegotiate the NAFTA trade pact just weeks away, U.S. farm groups and lawmakers from rural states are intensifying lobbying of President Donald Trump's administration with one central message: leave farming out of it. Trump blames the North American Free Trade Agreement - the "worst trade deal ever" in his words - for millions of lost manufacturing jobs and promises to tilt it in America's favor. But for U.S. farmers the 23-year old pact secures access to stable, lucrative markets in Mexico and Canada that now account for over a quarter of U.S. farm exports. Now they fear this access could become a bargaining chip in efforts to get a better deal for U.S. manufacturers. Another concern is that the mere uncertainty of open-ended trade talks could drive Mexico to alternative suppliers of grains, dairy products, beef and pork. (Source: Reuters)

**> New York Sued Over Menu Labeling Law:** The Food Marketing Institute (FMI), National Assn. of Convenience Stores (NACS), New York Assn. of Convenience Stores (NYACS), and the Restaurant Law Center (RLC) filed suit in the U.S. District Court for the Southern District of New York to stop New York City from prematurely enforcing rules requiring calorie and nutrient information prior to a May 2018 compliance date established by the FDA. The lawsuit claims that New York's premature enforcement is preempted by federal law. Recently, the U.S. Food and Drug Administration (FDA) announced that it is deferring enforcement of nationwide menu labeling rules until May 2018, in order to respond to serious industry concerns regarding implementation and to consider possible amendments to alleviate the costs of the rule. As part of the lawsuit, the plaintiffs asked the court to enter an injunction to stop New York City from enforcing its rules until the federal rules are ready. Unless the court acts, New York City has threatened to start levying fines against retailers and restaurants starting on August 21st. (Source: Feedstuffs)

**> Justice Department Launches Opioid Crackdown:** The Justice Department has charged 412 people, including 56 physicians, with defrauding the federal government of \$1.3 billion for fraudulent opioid prescriptions, the latest attempt from the administration to curb opioid-related deaths that have been rampant across rural America. Attorney General Jeff Sessions at a press conference described the effort as the largest of its kind in U.S. history. 120 people have been charged with opioid-related crimes. Nearly 300 providers are in the process of being barred from participating in federal health care programs, including Medicare and Medicaid. The Justice Department's action came on the heels of an announcement that Mallinckrodt Pharmaceuticals has agreed to pay \$35 million to settle charges that it failed to notify the Drug Enforcement Agency of suspicious drug orders from 2008 to 2011. The settlement was the first that the government has secured with an opioid manufacturer. (Source: Politico)

**> Inflation Remains Stagnant, More Questions About Fed Tightening:** *U.S. consumer prices were unchanged in June compared with an expected gain of +0.1% for the month. The year-on-year rate declined to 1.6% from 1.9% and compared with an expected rate of 1.7%. The core rate rose 0.1% on the month compared with an expected increase of 0.2% with the year-on-year rate unchanged at 1.7% which was in line with expectations. Food prices were unchanged on the month while energy prices fell 1.6% with a fifth successive decline in fuel oil prices. There was also a decline in energy services prices for the month. Prices for new vehicles decline for the fifth successive month while the run of declines for used vehicles extended to six months. There was, however a steady increase of 0.2% in services-sector prices, excluding energy, with an annual increase of 2.5%. The Federal Reserve in its recent statements has expressed uncertainty surrounding the inflation outlook and this has also been a feature within recent speeches from FOMC members including Chair Yellen. The latest data is likely to trigger fresh doubts surrounding the inflation outlook and create renewed uncertainty surrounding potential further rate increases, although the Fed may see the steady rate of services-sector inflation as justifying their policy.*

**> Wall Street Banks Beat Earnings...But JP Morgan Has Concerns:** *A still-challenging environment around lending and interest rates, along with frustration over Washington gridlock that prompted angry remarks from J.P. Morgan Chase JPM -0.91% & Co. chief James Dimon, took some of the shine off otherwise solid financial results Friday from three of the biggest U.S. banks. J.P. Morgan Chase led the way with record profit in the second quarter of \$7.03 billion. Even so, executives cut their guidance for lending growth in 2017 as well as for interest income. Investor excitement over policy changes that could benefit banks has also cooled amid uncertainty around issues such as a tax-code overhaul or infrastructure spending. Frustration on that front was voiced by Mr. Dimon, who challenged Washington to do more to boost the economy. Mr. Dimon's remarks came shortly after the bank said it expected to grow its net interest income by \$4 billion this year, down from an earlier projection of \$4.5 billion. A big driver of the reduction has been persistent low yields on longer-term bonds. Despite such factors, second-quarter results from J.P. Morgan, Wells Fargo, Citigroup and PNC Financial Services Group Inc. all beat Wall Street expectations.*

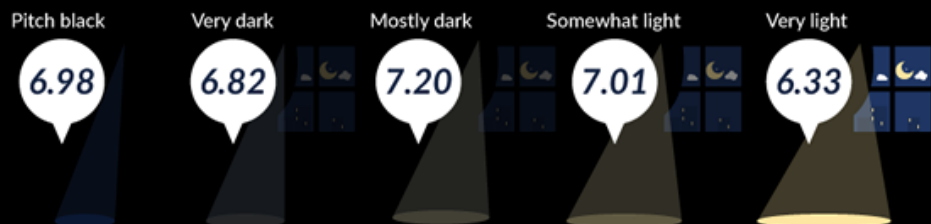
**> Comfort, Silence and Sleep:** *Good news for those in noisy neighborhoods with uncomfortable mattresses and light filtering in through the blinds: A recent survey from Amerisleep says that a little noise and discomfort aren't strongly correlated with sleep quality. Those with a small amount of light in their rooms, a somewhat uncomfortable mattress, and a not very silent house all reported getting pretty good sleep. Light, comfort, and noise do matter, of course, but only when they are significant. Those reporting a "very light" room, a "very uncomfortable" mattress, or a "not at all silent" house got much less sleep than any other group.*



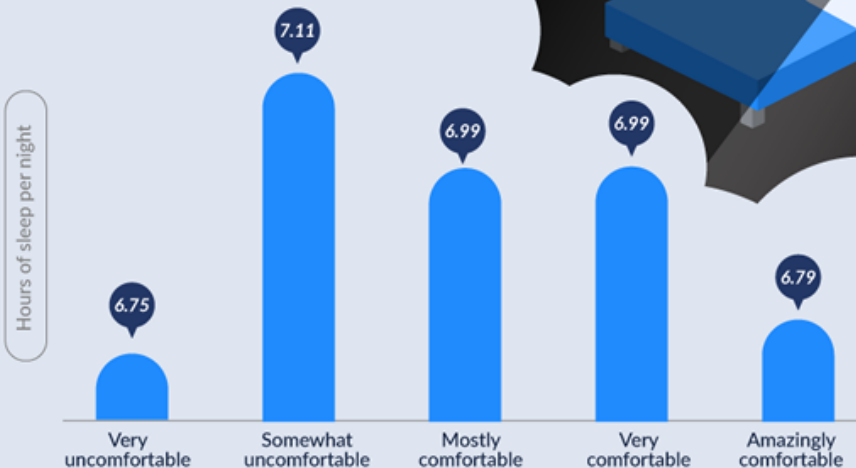
# DARK, QUIET, AND COMFY

How Do Darkness, Silence, and Mattress Comfort Affect Sleep?

Darkness of room while sleeping and hours of sleep per night



How comfortable is your mattress?



How quiet is your house when you sleep?



SOURCE: A survey of 2,000 Americans

AMERISLEEP



# FROM THE FIELD

**Central Virginia** - like many out there we are in need of some rain. It seems that everyone around me is picking up an inch here or three inches there. Things are by no means bad as the crops all look ok but just need some precipitation soon. We stayed with our same rotation of corn and beans this year along with a little wheat. We took advantage of the recent rallies and marketed all of our old crops. We have recently added some irrigation on our sandy soils and the payoffs have been remarkable. Yields nearly double that of the non-irrigated portions of the same fields.

**Northeast Iowa** - This week has been very hot, with heavy humidity. We did get 2" of rain two nights ago which has helped. There were some high winds but nothing too bad. We have some sand hills in these parts and we have seen some of those show some stress. We are a couple weeks behind and there are not many fields tasseling yet. Because of the planting delays, I think pollination will be spread out over a couple of weeks. Overall it won't be a bad crop but the yields will not be our normal trend line due to some drowned out areas. We also had some cold temperatures after planting. The soybeans are behind and they are growing very slowly. The heat actually got them going better. There is a big difference in the shorter bean plant this year compared to the large leafy plants last year.

**Northwest Indiana** - Our crops have been all over the place this year. We did have about 10% that we had to re-plant which is actually a large number of acres for us. We just have never had to do much replanting. We just got a nice 3" shot of rain that was very good but it left some ponds in fields. Ponding has caused replanting on two different occasions. The early planted crops look outstanding even though had to endure some wet cold weather in the beginning of spring. There were many guys who didn't push it and waited til the first of May to plant but only got a day or two in before they were rained out. Most of our corn is pollinating now in weather conditions that are almost perfect. You do not have to go very far north and things do not look near as good. Overall our yields will be good but I would think the entire state will be off the normal average it has seen over the past three years.



## CROSSING WIRES

A place to share intelligent thoughts...

**How GMO Food May Be To Advanced For Current Regulations:** Recently, the USDA published a series of questions seeking input to establish a National Bioengineered Food Disclosure Standard, as mandated by amendments to the Agricultural Marketing Act of 1946 that went into effect in July 2016. The National Bioengineered Food Disclosure Standard Act requires the Secretary of the Department of Agriculture to establish disclosure standards for bioengineered food. The Act preempts state-based labeling laws for genetically modified organisms (GMOs), such as those adopted in Vermont last year. The USDA is considering public input on the disclosure standards until July 17, 2017. Two key issues are under consideration. The first is whether certain genetic modifications should be treated as though they are found in nature — for example, a mutation that naturally confers disease resistance in a crop. Read more [HERE](#).

**If You Suffer From Sleep Issues, Check Out These High-Tech Gadgets Sure To Help:** The sleep business has woken up. According to BCC Research analyst Natana Raj, Americans shelled out more than \$43 billion on sleep aids and sleep tech in 2016, and that number is on the rise. But with all the gadgets on the market, which one deserves a spot on your nightstand or under your pillow? See all the options [HERE](#).

**Marines Use 3D Printers To Quicken Weapon Repair In The Field:** Three years into the coalition fight against Islamic State militants, the battlefield remains fairly austere, without the major forward bases or large unit presence common to previous wars in Iraq and Afghanistan. Into this environment, the Marine Corps has quietly deployed several 3D printers, hoping to highlight the value of the emerging technology to speed up supply chains and return broken gear to the fight faster. Read more [HERE](#).



to speed up supply chains and return broken gear to the right faster. Read more [HERE](#).

**Bees Called In To Save The Day:** On a perfect sunny afternoon in late May at Organics Family Farm in Markham, Ont., David Passafiume is carefully dotting his newly planted strawberry field with eight man-made bumblebee hives. The hives are constructed out of lightweight corrugated plastic, and inside each hive is a colony of bees that, over the next few weeks, will work non-stop to help protect his crop from a grey mold called botrytis while at the same time keeping his strawberries certified organic. Just a few botrytis spores are enough to wipe out an entire field of strawberries if left untreated. The hives are part of a research study being conducted by Bee Vectoring Technology, or BVT, a start-up biotechnology company based in Mississauga, Ont. Read more [HERE](#).

**Dean of MBA Admissions Tells What Makes a Candidate Stand Out:** With so many components of an MBA application, sometimes it's unclear what stands out most to a reviewer. "One of the most important qualities that we look for at Stern is what we call 'IQ' plus 'EQ,'" Gallogly said. Gallogly, who over the course of 15 years has reviewed more than 50,000 applications, said that the best candidates demonstrate both strong intellectual capability and emotional intelligence. Read more [HERE](#) in an article written by Abby Jackson

**Odds of a US High School Athlete Playing in College:** What are the chances of a high school athlete making the transition to the college level? We compared the number of athletes participating in varsity sports at US high schools during the 2015-16 school year to the number of college student athletes and arrived at the following percentages. Overall a little over 7% of high school athletes (about 1 in 14) went on to play a varsity sport in college, and about 2% of high school athletes (1 in 50) went on to play at the NCAA Division I level. Click [HERE](#) to see odds for girls and to read more on the subject.

Varsity Sport	High School Boys *	College Men	% competing in College **	% of high school athletes competing in						
				NCAA I	NCAA II	NCAA III	NAIA	NJCAA	Other	
<a href="#">Archery</a>	2,705	54	2.0%	-	0.2%	0.4%	0.5%	0.2%	0.7%	
<a href="#">Baseball</a>	482,629	55,410	11.5%	2.1%	2.1%	2.7%	1.4%	2.3%	0.9%	
<a href="#">Basketball</a>	541,479	32,735	6.1%	0.9%	0.9%	1.4%	0.8%	1.1%	0.7%	
<a href="#">Bowling</a>	28,121	769	2.7%	-	0.1%	-	1.9%	0.6%	0.1%	
<a href="#">Cross Country</a>	252,547	18,217	7.2%	1.9%	1.3%	2.3%	0.8%	0.4%	0.4%	
<a href="#">Fencing</a>	2,189	651	29.7%	16.9%	1.3%	11.2%	-	-	0.2%	
<a href="#">Football</a>	1,122,024	90,136	8.0%	2.4%	1.6%	2.2%	0.8%	0.5%	0.5%	
<a href="#">Golf</a>	152,647	12,292	8.1%	2.0%	1.6%	2.1%	1.1%	0.9%	0.4%	
<a href="#">Gymnastics</a>	1,995	382	19.1%	16.9%	-	1.1%	1.1%	-	-	
<a href="#">Ice Hockey</a>	35,393	4,360	12.3%	3.3%	1.7%	6.4%	0.3%	0.6%	-	
<a href="#">Lacrosse</a>	106,720	13,857	13.0%	2.8%	2.1%	7.0%	0.4%	0.7%	-	
<a href="#">Rifle</a>	2,668	199	7.5%	4.5%	1.3%	1.3%	-	0.3%	-	
<a href="#">Rowing</a>	2,544	3,091	n/m	n/m	n/m	n/m	n/m	n/m	n/m	
<a href="#">Rugby</a>	1,440	555	n/m	n/m	n/m	n/m	n/m	n/m	n/m	
<a href="#">Skiing</a>	5,593	495	8.9%	2.9%	1.4%	3.7%	0.5%	-	0.4%	
<a href="#">Soccer</a>	417,419	37,890	9.1%	1.4%	1.4%	2.8%	1.3%	1.2%	1.0%	
<a href="#">Swimming &amp; Diving</a>	138,373	10,893	7.9%	2.8%	1.0%	3.1%	0.2%	0.2%	0.6%	
<a href="#">Tennis</a>	191,004	10,060	5.3%	1.4%	0.9%	1.9%	0.5%	0.3%	0.3%	
<a href="#">Track &amp; Field</a>	653,971	33,955	5.2%	1.7%	0.9%	1.5%	0.6%	0.2%	0.3%	
<a href="#">Volleyball</a>	52,149	2,314	4.4%	0.9%	0.5%	1.8%	0.7%	-	0.5%	
<a href="#">Water Polo</a>	21,451	1,670	7.8%	2.7%	0.7%	1.5%	0.1%	-	2.8%	
<a href="#">Wrestling</a>	269,514	9,756	3.6%	0.9%	0.7%	1.0%	0.5%	0.3%	0.3%	
<b>Totals</b>	<b>4,496,194</b>	<b>341,530</b>	<b>7.6%</b>	<b>1.9%</b>	<b>1.3%</b>	<b>2.2%</b>	<b>0.8%</b>	<b>0.8%</b>	<b>0.6%</b>	



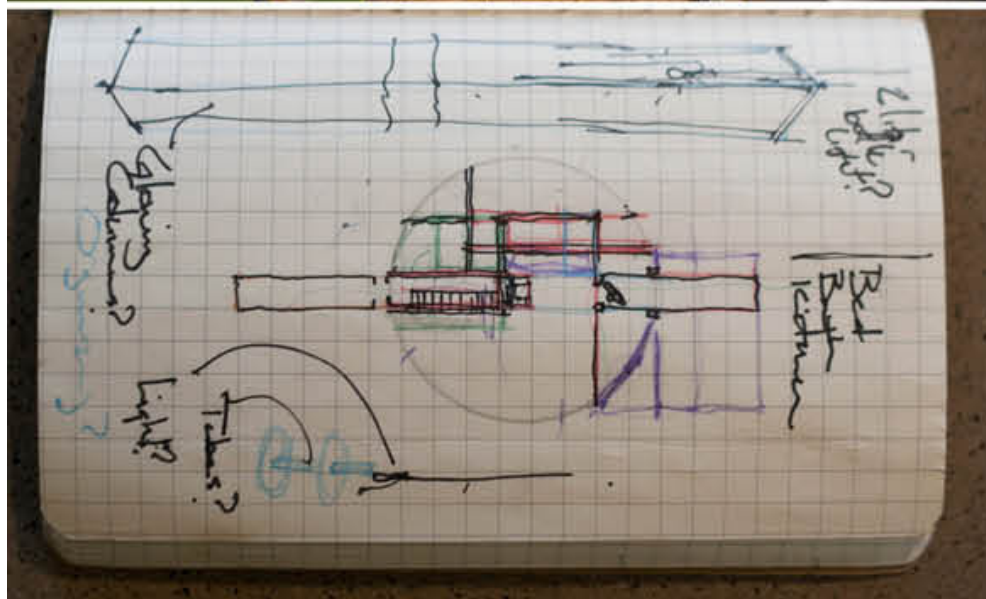
**Grain Bin Turned Into a Retirement Home**

This came back across my desk the other day, I thought it was cool then and I think it's still extremely cool today. After inheriting about 250 acres of prairie land from her father, Kate Morris, put her long held dream one day turning a grain storage bin into a home. Her property is located in Great Falls, Montana on which she had a grain bin constructed and then proceeded to do nothing for about 8 years. After Morris retired from teaching art and after a couple of years she spent taking care of her older brother, she was reunited with an architect whom she had taught in grade school. With his help and the help of an adventurous builder she was able to get her dreams made into reality. It's an amazing space that you just have to see to believe, crazy to think it was built in a grain bin with such an amazing and peaceful view. I tip my hat to a job well done! I also included some pics of a few other grain bins home that have popped up in the past few years. Amazing! (Source: [Houzz](#))







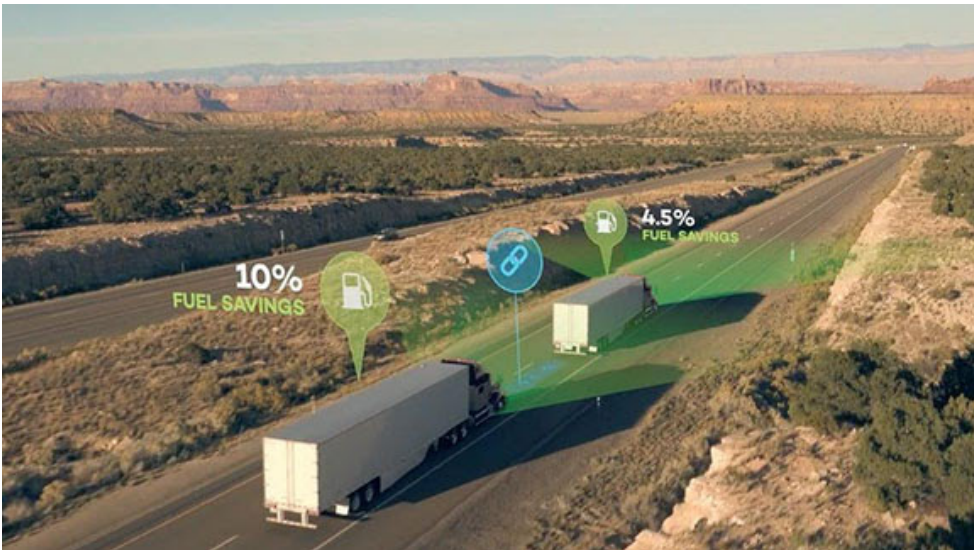




### **The Next Semi Truck You Pass May Not Have A Driver**

Big money in Silicon Valley is moving quickly to take the driver out of the seat in semi-trucks. For a couple years now a few companies on the west coast have seen the industry ripe for disruption. They won't get an argument from many when you consider the needed changes the industry is addressing. First of all, there is a driver shortage of nearly 50,000 according to the American Trucking Association as well as a driver turnover rate of over 80% due to the long hours and low pay. On top of that, more than 4,000 people die every year and over 116,000 are injured in accidents involving these vehicles. It is believed that automated driving will significantly improve the safety concerns while also combatting a portion of the greenhouse gasses emitted by the trucks. I'm told they account for 23% of the overall U.S. transportation's sectors greenhouse emissions. With automated breaking and accelerating the industry expects to see less fuel used and less greenhouse gas emitted. Waymo, a company created to commercialize Google's self-driving technology, is currently a leader in the self-driving-car arms race and is now trying to figure out the best way to integrate sensors on large trucks to begin road tests in Arizona later this year. Uber is also pursuing self-driving trucks through Otto, a startup the company they acquired last August, but the project is at the center of a massive lawsuit filed by Waymo. As I understand it, in 2016, startup Ottomotto LLC, co-founded by former Google engineer Anthony Levandowski demonstrated its own system to automate a Volvo semi with tests in Nevada, followed by a paid delivery of Budweiser beer in Colorado in October 2016. After Uber purchased the company in August of 2016 for \$680 million, a lawsuit followed when Waymo claimed the companies were benefitting from trade secrets stolen by Levandowski. While the two heavyweights slug it out in court there are a couple of others are seeking to make a name in the driverless industry. California-based startup Starsky Robotics came on the scene in February and has already used a self-driving truck to haul freight for 120 miles on a highway. I'm told that the company focuses on an aftermarket retrofit kit that will give big-rigs autonomous capabilities. The startup says its ultimate goal is to use autonomous technology to allow truck drivers to work closer to home. Finally, Peloton, a trucking startup backed by Volvo and UPS, plans to use truck platooning to save on fuel. Here's how it works: the truck will automatically alert the driver if there's another Peloton truck nearby to platoon with. If both drivers elect to platoon by pressing a button, one truck will autonomously follow the other one. This way, if the lead truck brakes, the one behind it will automatically brake as well. With lots going on in the industry and new tests being performed daily, it won't be long until we will be looking out our windows and seeing empty cabins in semis. That might be quite a shock for many. (Source: Business Insider, Forbes)





### Does Anyone Talk On The Phone Or In Person Anymore?

It drives me nuts when my wife or kids spend 10 minutes texting or messaging back and fourth about questions or subjects that I believe would take just one or two minutes to clarify and answer if they would only call or do it in person. The other problem I'm finding is that many of today's younger kids are having a tough time communicating once out in the real world. Lets just say sustained, confident, coherent conversation is becoming a lost art. I challenge you, the next time you interact with a teenager, try to have a conversation with him or her about a challenging topic or debatable subject. Ask him to explain his views. Push them to go further with their answers. Below are some crazy but interesting facts, we truly are transitioning into a society that is using less and personal, or should I say, traditional forms of communications. (Source: Pew Research; The Atlantic; and Text Request)

**According to the Pew Research Center,** *one in three teens sends over 100 text messages a day. More than half of teens use texting to communicate daily with friends, versus only 33 percent who regularly talk face to face.*

**Global Texting:** *In June of 2014, 561 billion text messages were sent worldwide. That's the most recent number we've got. Obviously that's a rounded figure, but it brings us to roughly 18.7 billion texts sent every day around the world. At that time the U.S. was sending about 45% of the world's texts, which is interesting when you consider we only account for 4% of the world's population.*

**Texting In The U.S.:** Roughly 85% of the American population now uses texting. In fact, Americans now text twice as much as they call, on average. If you use the data above, you can conclude that Americans sent roughly 255 billion texts a month in 2014. If we extrapolate that out we can conclude that roughly 8.5 billion texts were sent every day. 33% of American adults now prefer texting to all other forms of communication.

**Texting by Age Group:** In 2013, [Experian Marketing Services](#) released this report, breaking down text usage by demographic. Again, it's been a few years since their report, which might mean the numbers are dated, but it's the best public information we've got. Per their report, those between 18-24 years old sent and received an average of 3,853 texts messages per month. In a 30-day month, that's just over 128 messages per day.

**App-to-App Messaging:** App-to-app messaging, such as WhatsApp and Facebook Messenger, is not included in this. Those two combine for over 60 billion messages every day, in case you were curious.

**Speed:** 95% of texts will be read within 3 minutes of being sent. Average response time for a text is 90 seconds. 99% of all texts are opened and read. Response rates from text are 209% higher than those from phone calls. The average adult spends 23 hours a week texting.

**Smartphones:** About three-quarters of U.S. adults (77%) say they own a smartphone, up from 35% in 2011, making the smartphone one of the most quickly adopted consumer technologies in recent history. Smartphone ownership is more common among those who are younger or more affluent. For example, 92% of 18- to 29-year-olds say they own a smartphone, compared with 42% of those who are ages 65 and older. From 2013 to 2016, the share of adults 65 and older who report owning a smartphone has risen 24 percentage points (from 18% to 42%). 97% of all smartphone users have texted within the last week.

**Shopping:** The smartphone is becoming an important tool for shoppers. While around half of U.S. adults (51%) report making online purchases via their smartphone, many are also turning to their phones while in a physical store. In a 2015 Pew Research Center survey, 59% of U.S. adults say that they have used their cellphone to call or text someone while inside a store to discuss purchases they are thinking of making. Just under half (45%) have used their phones while inside a store to look up online reviews or to try and find a better price online for something they are thinking of purchasing. (12% of Americans have used their cellphones to physically pay for in-store purchases.

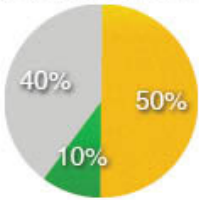




**CASH SALES & HEDGING TOTALS**

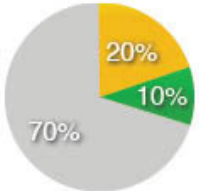
### CORN 2017 CROP

50% SOLD  
10% HEDGED  
40% UNPROTECTED



### CORN 2018 CROP

20% SOLD  
10% HEDGED  
70% UNPROTECTED



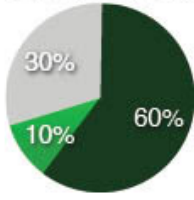
### CORN 2019 CROP

0% SOLD  
0% HEDGED  
100% UNPROTECTED



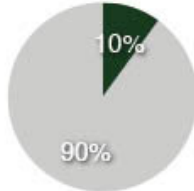
### SOYBEANS 2017 CROP

60% SOLD  
10% HEDGED  
30% UNPROTECTED



### SOYBEANS 2018 CROP

10% SOLD  
0% HEDGED  
90% UNPROTECTED



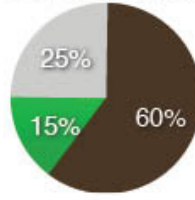
### SOYBEANS 2019 CROP

0% SOLD  
0% HEDGED  
100% UNPROTECTED



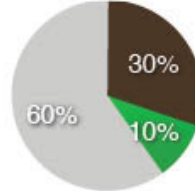
### WHEAT 2017 CROP

60% SOLD  
15% HEDGED  
25% UNPROTECTED



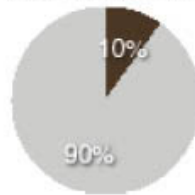
### WHEAT 2018 CROP

30% SOLD  
10% HEDGED  
60% UNPROTECTED



### WHEAT 2019 CROP

10% SOLD  
0% HEDGED  
90% UNPROTECTED



**PLEASE READ** The Van Trump Report is a publication intended to give analytical research to the Agricultural community. The Van Trump Report is not rendering investment or hedging advice based on individual portfolios or individual business operations. Kevin Van Trump is NOT registered as a stock or commodity advisor in any jurisdiction. You need to consult with your own registered advisor for specific strategies and ideas that are appropriate to your specific portfolio or business entity. Information included in this report is derived from many sources believed to be reliable but no representation is made that it is accurate or complete. This report is not intended, and shall not constitute, or be construed as an offer or recommendation to "buy", "sell" or "invest" in any securities or commodities referred to in this report. Rather, this research is intended to identify issues and macro situations that those invested in the agricultural industry should be aware of to help better assess and improve their own risk management skills. Please read the entire [DISCLAIMER PAGE](#) for full risk-disclosure and copyright laws.



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