

GOOD MORNING+: 07/21/17 Farm Direction - VanTrump Report

1 message

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

Fri, Jul 21, 2017 at 7:10 AM



"You don't make mistakes. Mistakes make you: stronger, wiser and more resilient."

FRIDAY, JULY 21, 2017
[Printable Copy](#) or [Audio Version](#)

Morning Summary: U.S. stocks remain near all-time highs as second-quarter earnings season gets ready to really turn up the volume. Overall, U.S. corporate earnings continue to beat expectations, with earnings for S&P 500 companies projected to grow +8.6%. Today's earnings releases include Colgate-Palmolive, General Electric, Honeywell, Kansas City Southern, Moody's, and Vodafone to name just a few. There is really no significant economic data on the calendar for today, but there is plenty on tap for next week. Topping the list of highlights is the U.S. Federal Reserve's policy meeting on Tuesday and Wednesday, July 25-26. With inflation data still somewhat weak, insiders doubt the central bank will vote to hike interest rates at this meeting, more than likely waiting until later in the year. The Fed's policy statement will obviously take center-stage next, but investors will also be anxious to see the estimate of second-quarter GDP, which is projected to come in at +1.4%. Also due out next week: Existing Home Sales on Monday; S&P CoreLogic Case-Shiller Home Price Index, Consumer Confidence and Richmond Fed Manufacturing on Tuesday; New Home Sales on Wednesday; Durable Goods, International Trade, the Chicago Fed National Activity Index and Kansas City Fed Manufacturing on Thursday; and the Employment Cost Index and Consumer Sentiment on Friday. The earnings schedule gets even busier next week with over 1,000 companies reporting, including bellwethers like 3M, Alphabet, Amazon, Amgen, Anadarko, Anheuser-Busch, AT&T, BASF, Bayer, Boeing, Bristol-Myers, Caterpillar, Celgene, Chevron, Coca Cola, Comcast, Conoco Phillips, Corning, Discover, Dow Chemical, Eli Lilly, Exxon Mobil, Facebook, Ford, General Motors, Halliburton, Hershey, Hilton, Intel, Kimberly-Clark, MasterCard, McDonald's, Merck, Norfolk Southern, PayPal, Procter & Gamble, Royal Dutch Shell, Southwest Airlines, Starbucks, Texas Instruments, Twitter, UPS and Verizon, just to name a few. Politics will certainly remain in focus next week as well, with the Senate again trying to pass some form of healthcare legislation. The House will be concentrating on fine-tuning their 2018 budget proposal and working toward tackling tax reform. Also worth noting, White House adviser Jared Kushner, Donald Trump Jr. and former Trump campaign manager Paul Manafort will all testify on Capitol Hill as part of investigations into Russian meddling. Kushner testifies in a closed-door session on Monday, while Trump Jr. and Manafort will provide public testimony before the Senate Judiciary Committee on Wednesday. Additionally, there is a lot of speculation as to whether Arizona Senator John McCain may step down. It was made public this week that a blood clot over his eye, which was removed this past weekend, was the result of brain cancer. If he decides to leave the Senate, Arizona law mandates the state governor appoint an interim senator to serve until the next statewide general election. From what I understand the appointee must be from the same party, so there really shouldn't be much change.

NY to DC "Hyperloop" Perhaps A Step Closer: *Elon Musk reported on Twitter yesterday that he had received "verbal" government approval to build the ultra high-speed tunnel, which he claims will move passengers from New York to Washington, D.C., in just 29 minutes. Engineers who've been working on the project have the goal of sending pods through a tube at speeds of more than 700 mph, using magnetic levitation and an electric motor in a vacuum environment. Musk has said the planned Hyperloop underground route, would eventually, like traditional train stations, be able to move passengers to many U.S. cities at amazing speeds.*

VAN TRUMP CONFERENCE 2017

December 6, 2017

Full MARKET Outlook



On hand will be several leading markets analysts and traders providing their insight and opinions on both short-term and long-term ag prices and outside investment ideas. You do not want to miss this year's event.

Economic & Ag Forecast



Dennis Gartman
Editor/Publisher
The Gartman Letter



Early Bird Special

\$199

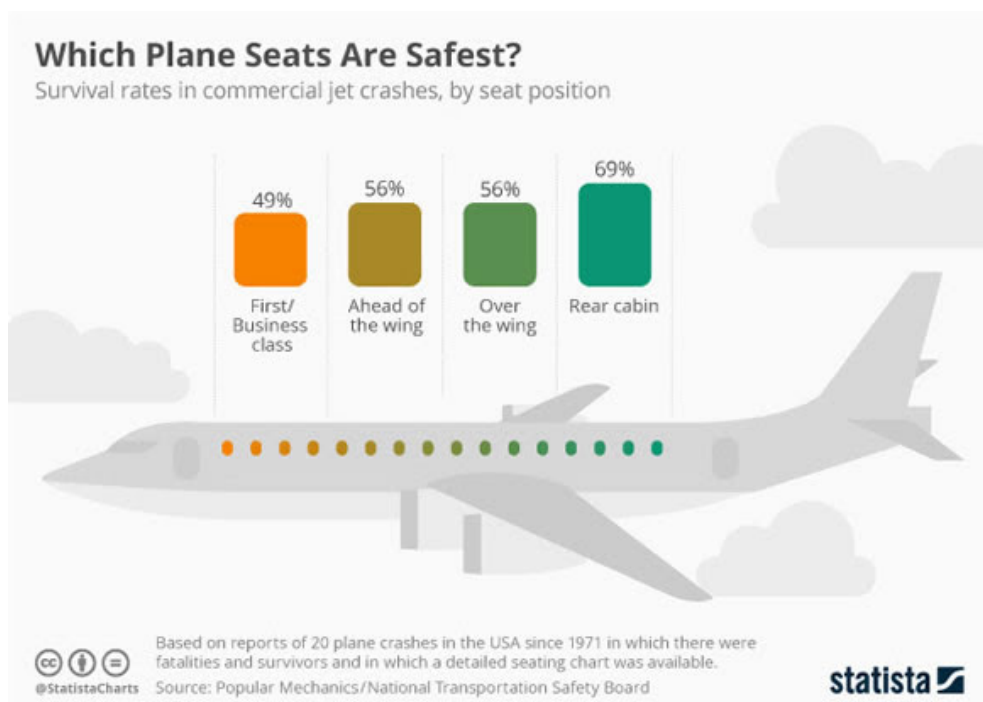
register by August 31st

CLICK HERE

"The Juice" Is Loose: O.J. Simpson and five accomplices held two men at gunpoint in a confrontation over sports memorabilia and personal items, which Simpson claimed had been stolen from him. Simpson was convicted of armed robbery and kidnapping in October 2008 for his part in the crime. Simpson faced a potential life sentence, but in December 2008, he was instead sentenced to a minimum of nine years and a maximum of 33 years at the Lovelock Correctional Facility in Lovelock, Nevada. Yesterday, the Nevada Parole Board ruled to grant O.J. Simpson parole. Simpson, 70, will be eligible for release as early as October 1 from the Nevada prison where he will have served almost nine years.

Venezuela Could Possibly Implode which could ultimately have huge implications inside the oil market, as they have one of the world's largest proven reserves and make up about 10% of U.S. oil imports. Many insiders believe the situation could dramatically impact geopolitics and the world's macroeconomic environment in a much greater magnitude in the coming months. We must continue to pay close attention...

Which Plane Seats Are Safest: When choosing your plane seat, there are a number of things you might consider. Do I want a window or the aisle? Should I pay more for extra legroom? Most people don't want to think about the possibility of a crash, but if you were unfortunate enough to be involved in one, which seat is safest? Looking at reports from the National Transportation Safety Board, Popular Mechanics came to the conclusion that booking a place in the rear cabin offers the highest rate of survival. Of the 20 crashes (each of which involved both fatalities and survivors) they investigated, those sitting in the back had a 69 percent chance of staying alive, compared to a less favorable 49 percent in business class. (Source: [Statista](#))



Weather yesterday saw beneficial showers occur in the vicinity of a cold front, mainly across Nebraska. The northern Plains, have received a few showers in recent days, providing limited drought relief. Hot, dry weather in advance of the cold front is increasing stress on rain-fed crops on the central and southern Plains. Scattered showers and cooler temperatures should ease stress to crops for a time early in the 6 to 10 day period but additional episodes of heat are likely after that. In the Corn Belt, locally heavy showers and thunderstorms stretch from Nebraska to the vicinity of Lake Michigan. Most of the rain is beneficial for summer crops, but in some areas -- such as southeastern Wisconsin and northeastern Illinois -- there are renewed flood concerns. Elsewhere, hot, humid weather across the southern Corn Belt is increasing stress on reproductive corn and soybeans. In the South, hot, humid weather favors a rapid crop development pace. Over the next few days, rain will continue to impact the Four Corners States and the upper Midwest. Some of the heaviest rain, as much as 2 to 5 inches, should occur across the northern and eastern Corn Belt, resulting in local flooding. Meanwhile, occasional showers into Friday on the northern Plains could provide limited drought relief. Late in the week, dry weather will return to the northern and western Corn belt as thunderstorms shift into the South and East. Meanwhile, a strong ridge of high pressure will result in a few more days of hot, humid conditions across a broad area of the central and eastern U.S.

Remember we sold out early last year!



Special Keynote Speaker
James Olson - Former CIA Chief of Counterintelligence

Network directly with some of the top CEO's and ag industry executives. Learn first hand how NEW technology and transparency is influencing today's decisions.

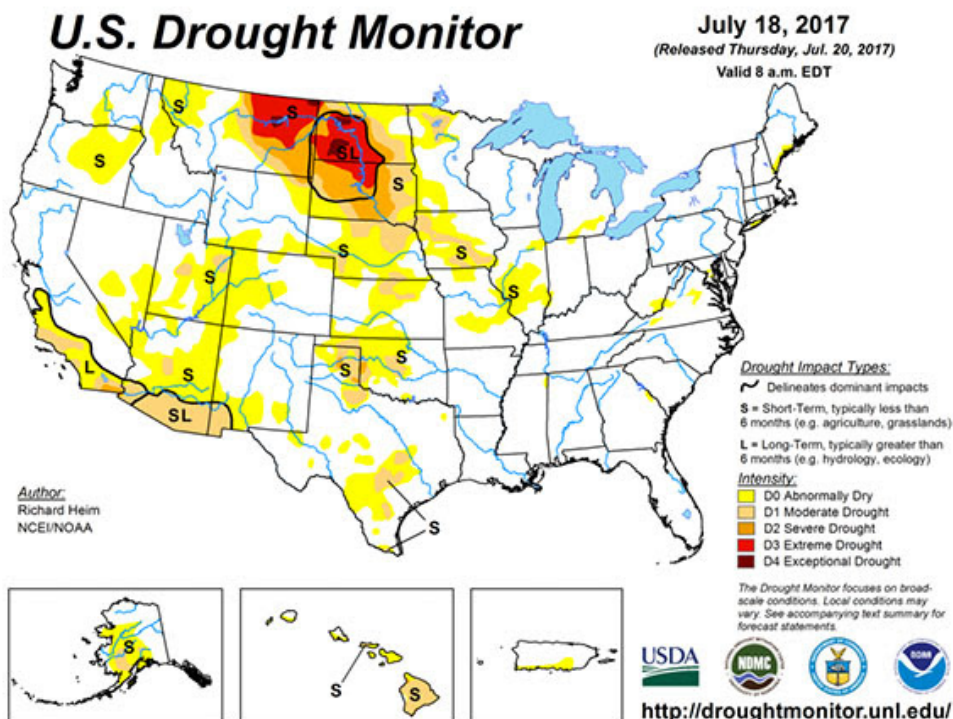
Here are a few of this year's early sponsors



FarmLogs



Drought Conditions Expands Across Plains, Midwest: Last week saw an upper-level ridge of high pressure dominate much of the U.S., inhibiting precipitation and keeping temperatures warmer than normal across most of the nation. Weekly mean temperatures were as much as 8 degrees above the long-term average from the Southwest to northern Plains. Persistent below normal precipitation and excessive heat expanded areas of drought and abnormal dryness in the central Plains to Midwest. Soybeans are looking the worst across the Midwest owing to much of the later-planted crop being sown into very dry top soil.



Corn...weather, weather, weather! Will it rain or not rain? We've reached the most extreme level of drought (D4) this week in parts of western North Dakota and portions of Montana. We are also seeing the drought ratings increase into portions of Iowa and Nebraska. As you can see from the drought graphic included above in the weather section, and the one included below by the USDA, the dry conditions seem to be spreading and gaining perhaps a stronger hold in some important U.S. corn producing areas. The market is down a bit this morning, but is still up about +10 cents on the week. I continue to keep a close eye on the rains in Iowa and along the border off Illinois and Missouri. I suspect if we come in drier on Monday, I will have some opportunities next week to price a bit more corn and reduce some longer-term risk.

In the graphic below you can see the following:

Iowa - 20% of their crop is now in "moderate drought"

Nebraska - 29% of their crop is now in "moderate drought"

South Dakota - 75% of their crop is in "moderate-to-extreme drought"

Kansas - 2% of their crop is in a "moderate drought"

North Dakota - 59% of their crop is in a "moderate-to-extreme drought"

Texas - 17% of their crop is in "moderate-to-severe drought"

GAVILON

HOLGANIX
Soil Nourishing Root Stimulating™

LANSING

TRADE GROUP, LLC

FARMLAND
PARTNERS

PGIM REAL ESTATE FINANCE

FAMILY FARMS
GROUP

Today In History



1861, Civil War - In the first major land battle of the Civil War, a large Union force under General Irvin McDowell is routed by a Confederate army under General Pierre G.T. Beauregard. Three months after the Civil War erupted at Fort Sumter, Union military command still believed that the Confederacy could be crushed quickly and with little loss of life. In July, this overconfidence led to a premature offensive into northern Virginia by General McDowell. Searching out the Confederate forces, McDowell led 34,000 troops--mostly inexperienced and poorly trained militiamen--toward the railroad junction of Manassas, located just 30 miles from Washington, D.C. Alerted to the Union advance, General Beauregard massed some 20,000 troops there and was soon joined by General Joseph Johnston, who brought some 9,000 more troops by railroad. On the morning of July 21, hearing of the proximity of the two opposing forces, hundreds of civilians--men, women, and children--turned out to watch the first major battle of the Civil War. The fighting commenced with three Union divisions crossing the Bull Run stream, and the Confederate flank was driven back to Henry House Hill. However, at this strategic location, Beauregard had fashioned a strong defensive line anchored by a brigade of Virginia infantry under General Thomas J. Jackson. Firing from a concealed slope, Jackson's men repulsed a series of Federal charges, winning Jackson his famous nickname "Stonewall." Meanwhile, Confederate

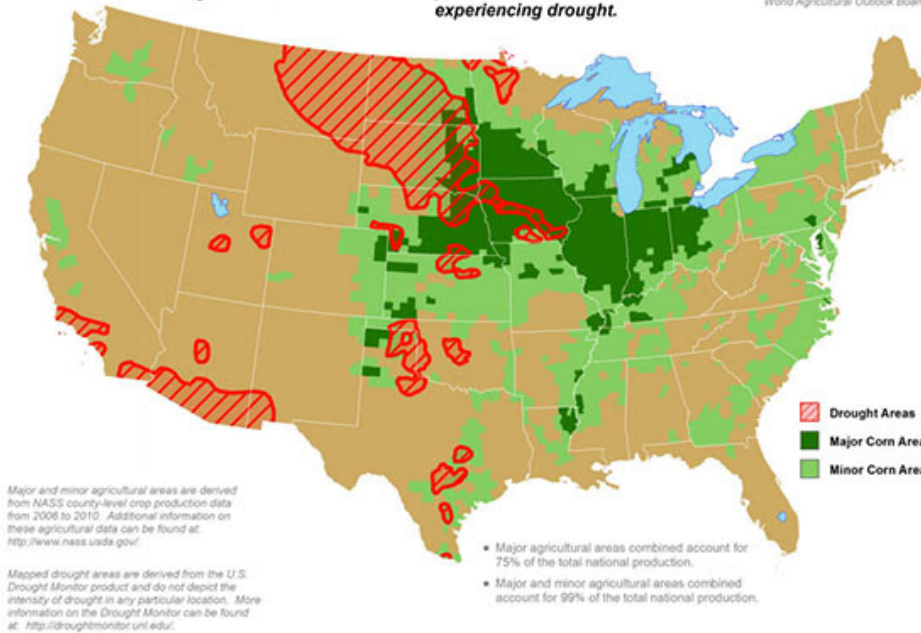
U.S. Corn Areas Experiencing Drought

Reflects July 18, 2017
U.S. Drought Monitor data

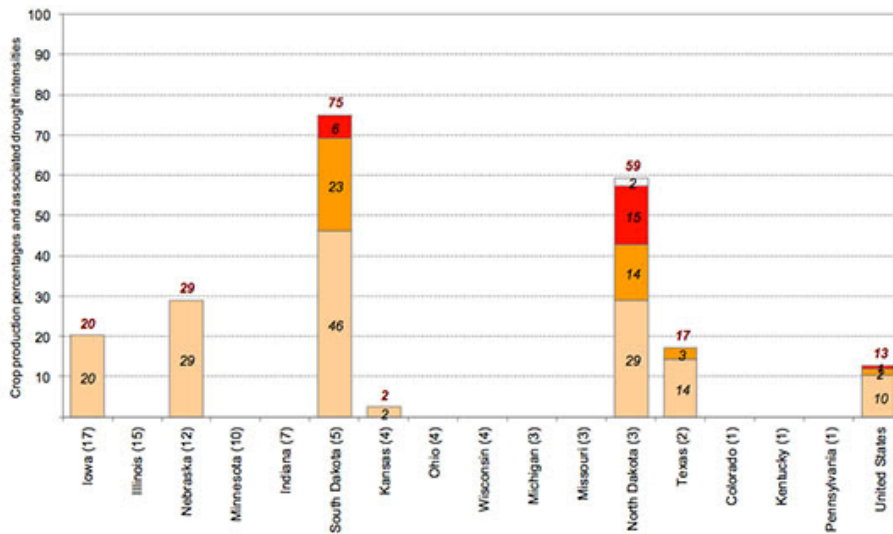
Approximately **13%** of corn
production is within an area
experiencing drought.



This product was prepared by the
USDA Office of the Chief Economist
World Agricultural Outlook Board



Approximate Percentage of Corn Located in Drought *
July 18, 2017



* Drought percentages were calculated from U.S. Drought Monitor (USDM) data for the above date. More information on the USDM is available at: <http://droughtmonitor.unl.edu/>

Percent in Moderate Drought (D1) Percent in Severe Drought (D2)
Percent in Extreme Drought (D3) Percent in Exceptional Drought (D4)

Note: Contributions to national production (percentages in parentheses) are based upon National Agricultural Statistics Service (NASS) 5-year averages from 2006-2010. More information on NASS data can be found at <http://www.nass.usda.gov/>

USDA Agricultural Weather Assessments
World Agricultural Outlook Board

Soybeans...weather, weather, weather! I hate sounding like a broken record, but this continues to be the nearby driving factor in this market. The extended August forecast was released by NOAA and looks hot and dry, especially in some areas of major concern, like the Dakota's, parts of Minnesota, Iowa and Nebraska. The bulls are also pointing to the fact weekly export sales were a pleasant surprise, actually the largest of the year at 1.5 million tons. This brings about arguments and debate about the USDA's current export estimate, and if it will eventually be adjusted higher. The bears argue a lower domestic crush estimate would more than likely offset any of those gains. The market is lower this morning, but is still up about +20 cents on the week. As both a producer and a spec, I remain extremely patient, waiting to have a better idea on how the weather plays itself out and yields are ultimately impacted. I see no need to be in a hurry at this juncture.

In the graphic below you can see the following:

Iowa - 22% of their crop is now in "moderate drought" conditions

cavalry under J.E.B. Stuart captured the Union artillery, and Beauregard ordered a counterattack on the exposed Union right flank. The rebels came charging down the hill, yelling furiously, and McDowell's line was broken, forcing his troops in a hasty retreat across Bull Run. The retreat soon became an unorganized flight, and supplies littered the road back to Washington. Union forces endured a loss of 3,000 men killed, wounded, or missing in action while the Confederates suffered 2,000 casualties. The scale of this bloodshed horrified not only the frightened spectators at Bull Run but also the U.S. government in Washington, which was faced with an uncertain military strategy in quelling the "Southern insurrection."



1960, Volkswagen Law -The German government passes the "Law Concerning the Transfer of the Share Rights in Volkswagenwerk Limited

Liability Company into Private Hands," known informally as the "Volkswagen Law." Founded in 1937 and originally under the control of Adolf Hitler's National Socialist (Nazi) Party, Volkswagen would eventually grow into Europe's largest car manufacturer and a symbol of Germany's economic recovery after the devastation of World War II. The Volkswagen Law, passed in July 1960, changed the company to a joint stock corporation, with 20 percent held each by Germany and Lower Saxony, the region in which Volkswagen is still headquartered. By limiting the share of any other stockholder to 20 percent, regardless of how many shares owned, the law effectively protected the company from any attempt at a hostile takeover. By 2007, the controversial legislation had come under full-blown attack from the European Commission as part of a campaign against protectionist measures in several European capitals. The commission objected not only to the 20 percent voting rights cap but to the law's stipulation that measures taken at the annual stockholders' meeting must be passed by more than four-fifths of VW shareholders--a requirement that gave Lower Saxony the ability to block any such measures as it saw fit. In March of that year, fellow German automaker Porsche announced that it had raised its stake in Volkswagen to 30.9 percent, triggering a takeover bid under a German law requiring a company to bid for the entirety of any other company after acquiring more than 30 percent of its stock. Porsche announced it did not intend to take over VW, but was buying the stock as a way of protecting it from being dismantled by hedge funds. Porsche's history was already entwined with Volkswagen, as the Austrian-born engineer Ferdinand Porsche designed the original "people's car" for Volkswagen in 1938. On October 23, 2007, the European

Minnesota - 1% of their crop is now in "moderate drought" conditions

Nebraska - 28% of their crop is in "moderate drought" conditions

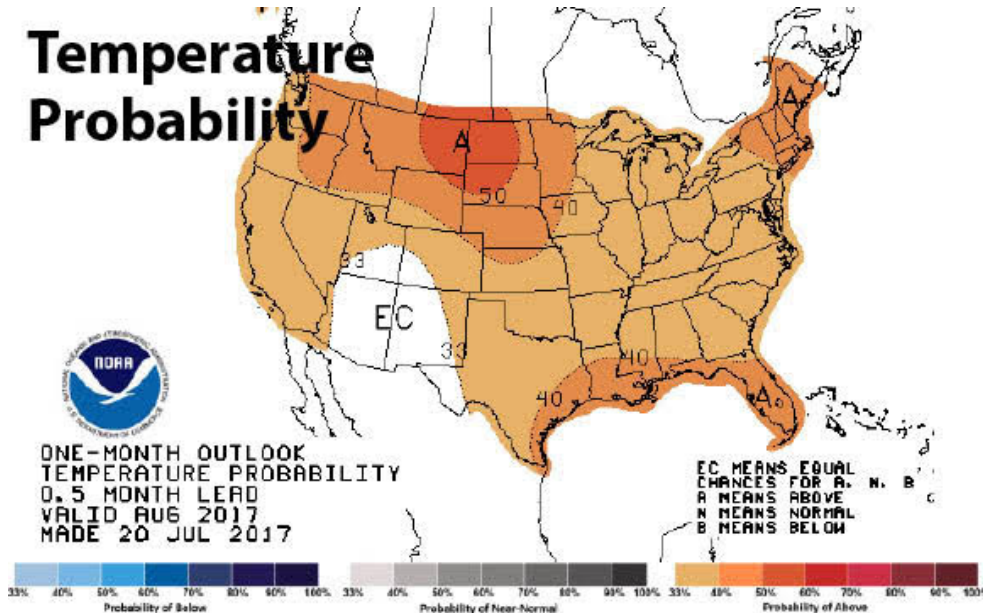
North Dakota - 57% of their crop is in "moderate-to-extreme drought" condition

South Dakota - 75% of their crop is in "moderate-to-extreme drought" condition

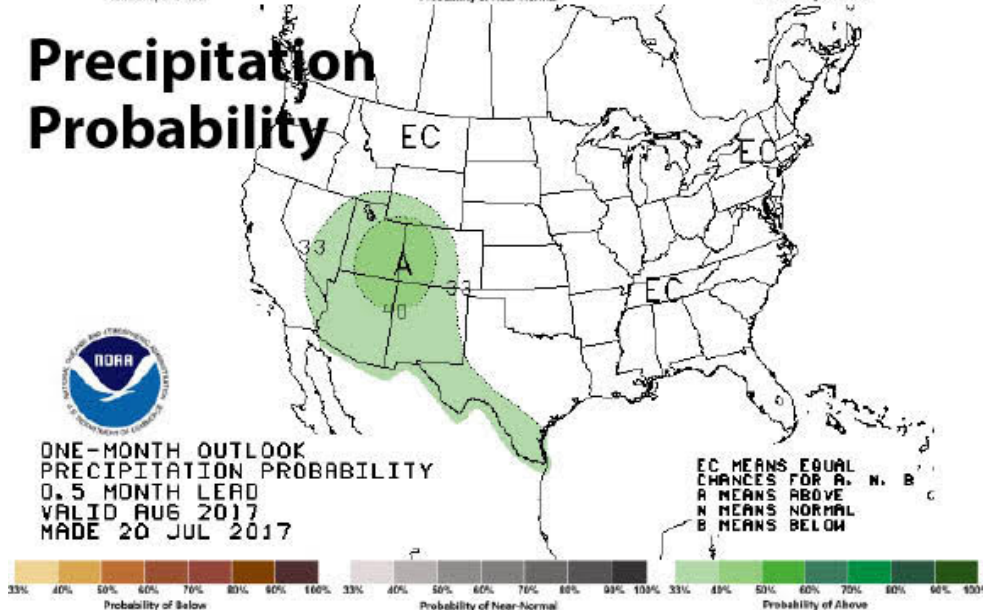
Kansas - 8% of their crop is in "moderate drought" condition

The NOAA released their 30 day forecast for August which came in as expected: above-normal temperatures and little chance for rain across most of the nation. If this picture plays out, conditions will continue to stress an already stressed corn and soybean crop through its final stages of development.

Temperature Probability



Precipitation Probability



Court of Justice formally struck down the Volkswagen Law, ruling that its protectionism illegally restricted the free movement of capital in European markets. The decision cleared the way for Porsche to move forward with its takeover, which it did, maintaining that it will still preserve the Volkswagen corporate structure. By early 2009, Porsche owned more than 50 percent of Volkswagen shares.



2007, Harry Potter - The seventh and final Harry Potter novel, *Harry Potter and the Deathly Hallows*, is released, with an initial print run of 12 million copies in the United States alone. Like each of the previous Harry Potter novels, *Deathly Hallows* was slated to be made into a major Hollywood film. The bespectacled boy wizard Harry Potter is the brainchild of the British author J.K. Rowling, who was born July 31, 1965. Rowling's first novel, *Harry Potter and the Philosopher's Stone*, debuted in Britain in 1997 (it was retitled *Harry Potter and the Sorcerer's Stone* when it was released in America the next year) and went on to become an international bestseller. Children and adults alike were captivated by Harry, his friends Ron Weasley and Hermione Granger and their adventures at the Hogwarts School of Witchcraft and Wizardry. The books, which chronicled Harry's struggles against his enemy, the evil Lord Voldemort, have sold over 400 million copies and been translated into more than 60 languages. The series is also credited with boosting childhood literacy around the globe. Spawning a series of blockbuster films, video games and other merchandise, the Harry Potter series transformed J.K. Rowling, a broke single mother when she penned the first book, into the highest-earning author in history.

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

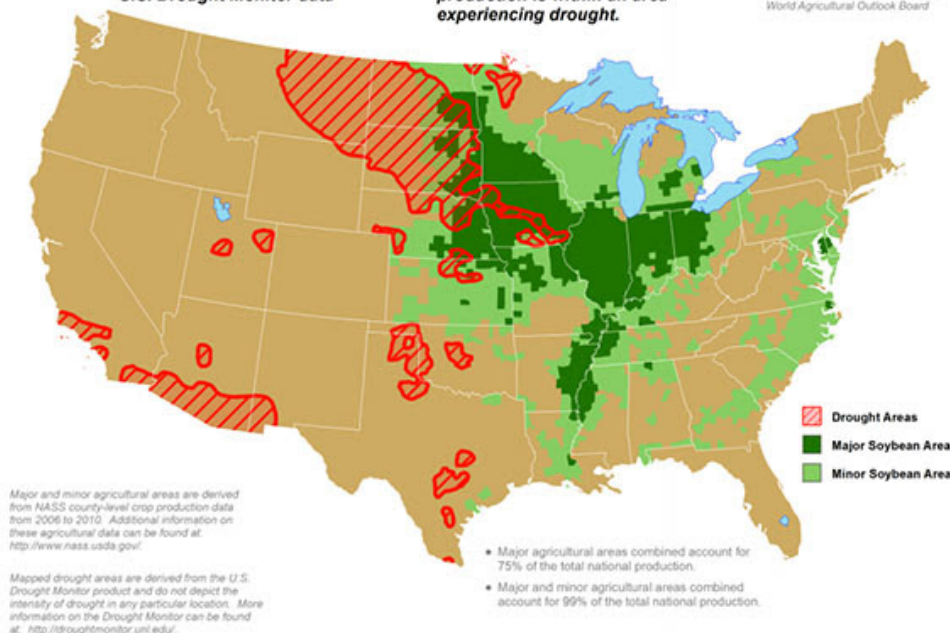
U.S. Soybean Areas Experiencing Drought

Reflects July 18, 2017
U.S. Drought Monitor data

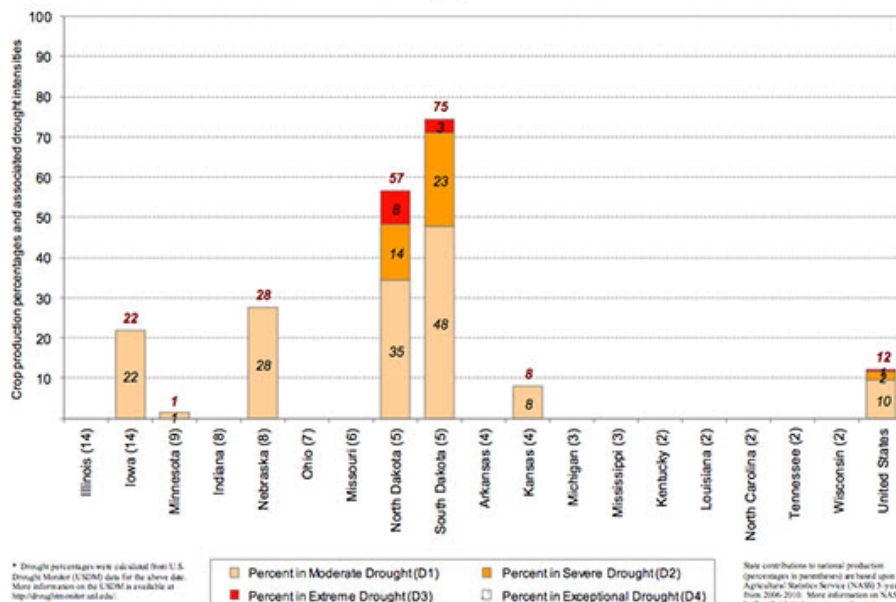
Approximately 12% of soybean
production is within an area
experiencing drought.



This product was prepared by the
USDA Office of the Chief Economist
World Agricultural Outlook Board



Approximate Percentage of Soybeans Located in Drought *
July 18, 2017



USDA Agricultural Weather Assessments
World Agricultural Outlook Board

Wheat bulls are talking about strong weekly export sales, in fact at 670,000 tons it was the highest total of the year. bulls are also obviously talking about production problems here in the U.S., Canada, and parts of Europe, but also the potential problems in parts of Australia and areas of South America. There have been headlines floating around the past few days about problems with the crop in some parts of Brazil, dry conditions building to the north and frost damage in a few locations. There's also more talk hitting the radar about dry conditions starting to build in portions of Argentina. I'm obviously talking my bullish position, but as I've mentioned several times the past few weeks, I also think there is an underlying shift in sentiment and a more bullish tone building in the "commodity" space. Meaning perhaps a longer-term play is developing in the sector. I'm staying extremely patient!

WHAT I'M LISTENING TO:



About the Report

NEXT level THINKING



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

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

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

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

Kevin Van Trump

What Others Are Saying

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

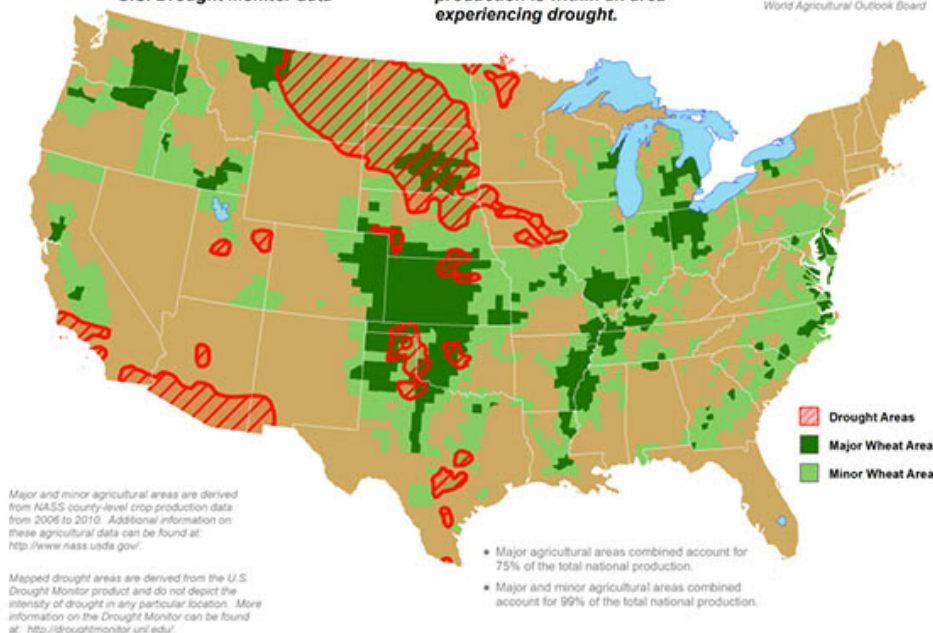
U.S. Winter Wheat Areas Experiencing Drought

Reflects July 18, 2017
U.S. Drought Monitor data

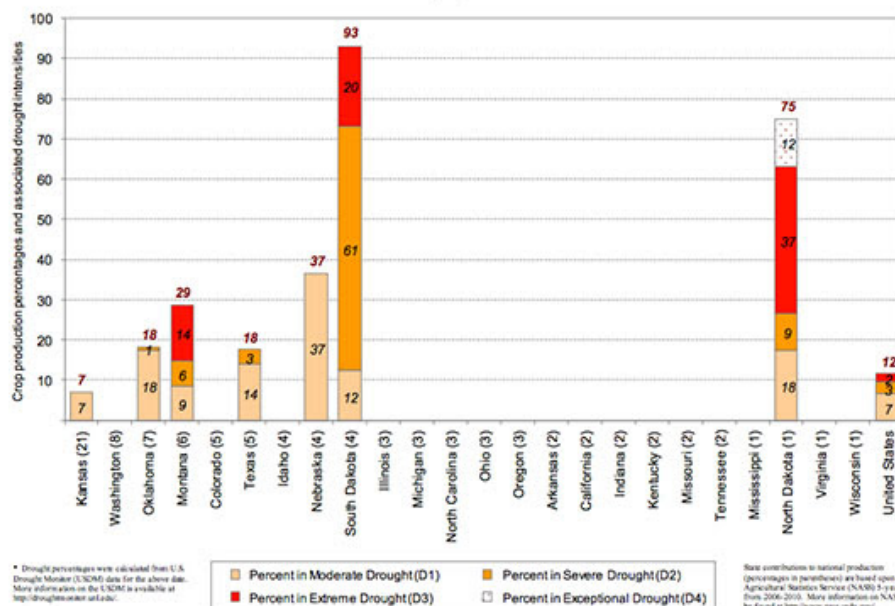
Approximately 12% of winter wheat
production is within an area
experiencing drought.



This product was prepared by the
USDA Office of the Chief Economist
World Agricultural Outlook Board



Approximate Percentage of Winter Wheat Located in Drought *
July 18, 2017



USDA Agricultural Weather Assessments
World Agricultural Outlook Board

the thorough manner in which Kevin evaluates every economic aspect, both nationally and internationally, that influences commodity prices. His analysis and conclusions are highly thought out and conveyed in layman's terms so that the reader can comprehend the numerous and often complex interrelationships that impact the markets. Kevin is a real attribute to the agricultural sector."

A.M., FDIC

"As a national federal farm policy administrator and commodity producer, I find it critical to keep updated with what is going on in the real world of agriculture and with the domestic and global markets. Of all the services I've have been privy to or have subscribed to over the past 20 years I've found in the past several months of engaging in your "Farm Direction" services to be the best perception and analysis of what is really happening in today's world. Not only here in the United States, but across the globe as well. US farmers need this type of help and information to assist them in their daily efforts. I commend you for a job well done. Please let me know if I can ever be of any help or assistance to you in the future..."

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

[More Testimonials](#)

My Own Personal Truisms

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

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

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

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

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

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

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

I never initiate a "short" position in a market that I am "bullish" longer-term,

U.S. Spring Wheat Areas Experiencing Drought

Reflects July 18, 2017
U.S. Drought Monitor data

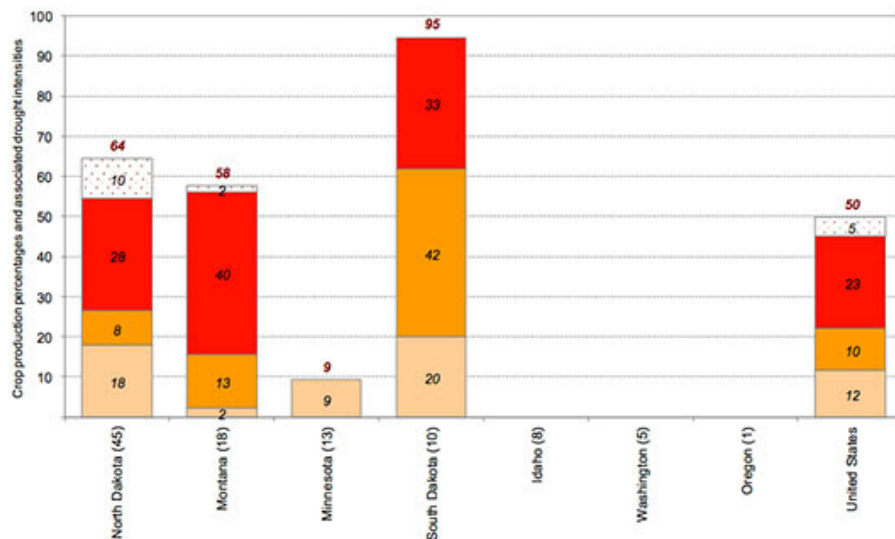
Approximately 50% of spring wheat
production is within an area
experiencing drought.



This product was prepared by the
USDA Office of the Chief Economist
World Agricultural Outlook Board



Approximate Percentage of Spring Wheat (excluding Durum) Located in Drought *
July 18, 2017



* Drought percentages were calculated from U.S. Drought Monitor (USDM) data for the above date. More information on the USDM is available at: <http://droughtmonitor.unl.edu/>

Legend:
■ Percent in Moderate Drought (D1)
■ Percent in Severe Drought (D2)
■ Percent in Extreme Drought (D3)
■ Percent in Exceptional Drought (D4)

Note: Contributions to national production (percentages in parentheses) are based upon National Agricultural Statistics Service (NASS) 5-year averages from 2006-2010. More information on NASS data can be found at: <http://www.nass.usda.gov/>

USDA Agricultural Weather Assessments
World Agricultural Outlook Board

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

Farm Direction

RECIPES

★ FAMILY FAVORITES ★

- SENT IN BY OUR READERS -

Cowboy Caviar

CLICK TO SEE RECIPE



> **Amazon's agreement to buy Whole Foods** is being looked at by the FTC, who is checking into allegations that Amazon misleads customers about its pricing discounts. A Consumer Watchdog analysis found that in 61% of the retail giant's products with reference prices, they were higher than it had sold the same product in the previous 90 days. Amazon called the study "deeply flawed."

> Tight Wheat Supply Risks Leaving U.K. Reliant On Imports: *The U.K., the European Union's third-largest wheat grower, is entering the new season with the unusual prospect that it may be a net importer of the grain for a second straight year. The crop that farmers are starting to collect is expected to remain little changed from the 2016 harvest, which was a three-year low. Smaller supply and bigger demand prompted U.K. imports in the 2016-17 season that ended last month to exceed exports for just the fourth time in the past two decades. Local consumption has risen following the reopening of an ethanol plant, where the biofuel is made using feed wheat, the type traditionally favored by British growers. Supplies of the feed grain may be further tightened after farmers favored planting more seeds of a variety that's likely to yield milling wheat. U.K. wheat imports probably exceeded exports by about 200,000 tons in the season that ended June 30, according to preliminary government data. That compares with average net exports of about 1.2 million tons in the previous 20 years. (Source: Bloomberg)*

> Brazilian Ethanol Prices Rise On Anticipated Gas Tax Hikes: *Domestic Brazilian ethanol prices rose this week after reports in the local media pointed to an increased chance of the federal government imposing higher taxes on gasoline, sources said. Talk of increases in taxes such as CIDE or PIS/Cofins have intensified in recent days as the government tries to meet budget targets, said financial newspaper Valor Economico. A combination of increases in both taxes is currently under discussion because a rise in the CIDE would only be effective 90 days after being signed, while a PIS/Cofins hike could be effective immediately, the newspaper added. While the CIDE tax would apply to gasoline only, a PIS/Cofins hike could impact both ethanol and gasoline, with the latter expected to see a larger increase than the biofuel. An increase in the gasoline taxes is expected to benefit the ethanol industry, improving the hydrous ethanol floor and helping the biofuel's competitiveness against the fossil fuel at the pumps. (Source: Platts)*

> Mato Grosso do Sul Prohibits Second Crop Soy: *The state of Mato Grosso do Sul is preparing to join the other Brazilian states of Mato Grosso, Goias, and Parana in prohibiting the planting of a second crop of soybeans in the same field during the same growing season, which is known as safrinha soybean production. The state legislature approved the legislation prohibiting safrinha soybean production for the second time so it now goes to the governor for his signature, which is expected. The goal of the legislation is to help control the spread of soybean rust from one growing season to the next. The legislation also has specific calendar dates as to when soybeans may be planted in the state. During the 2016/17 growing season, farmers in Mato Grosso do Sul planted approximately 25,000 hectares of safrinha soybeans (61,750 acres), which is less than 1% of the soybean acreage planted during the regular growing season. (Source: Soybean & Corn Advisor)*

> Canada Funding Meat Processing Upgrades: *Canada's federal and provincial governments are partnering to provide nearly \$5 million to help five local food processors expand capacity and improve efficiency so they can grow their businesses. The agri-food processors in Calgary receiving federal-provincial support include two meat processors - H. Hein Foods and Basha International Foods. The grants are made through Growing Forward 2 (GF2), a federal-provincial-territorial partnership with a mandate to drive an innovative, competitive and profitable Canadian agriculture and agri-food sector. In the past five years, GF2 has invested more than \$406 million in Alberta's agricultural sector. (Source: The MeatingPlace)*

> U.S., China Fail To Agree On Trade Issues: *The United States and China failed on Wednesday to agree on major new steps to reduce the U.S. trade deficit with China, casting doubt over President Donald Trump's economic and security relations with Beijing. The annual economic dialogue session in Washington ended with canceled news conferences, no joint statement and no new announcements on U.S. market access to China. The two sides had a "frank exchange" but failed to agree on most major bilateral trade and economic issues that were important to the United States, a senior U.S. official said on condition of anonymity because he was not authorized to speak publicly. These included U.S. demands for access to China's financial services markets, reducing excess Chinese steel capacity, reductions in auto tariffs, cutting subsidies for state-owned enterprises, ending Chinese requirements for data localization and lifting ownership caps for foreign firms in China, the official said. (Source: Reuters)*

> Bunge Warning May Make It Vulnerable To New Takeover Bid: *Global grain trader Bunge Ltd's sweeping plans to overhaul its business and cut costs may not be enough to compensate for weak earnings and could still leave it vulnerable to a new bid from diversified rival Glencore PLC. Bunge, the smallest of the listed global grains traders, rebuffed a bid from Glencore in May but its admission on Wednesday that second quarter earnings would disappoint has opened up the possibility that Glencore might make another approach, analysts said. If Glencore, whose market capitalization is more than five times Bunge's \$11 billion, does make a second attempt and is successful, it would be the industry's largest shake-up in decades and redraw the global*

food supply chain. It was Bunge's own chief executive, Soren Schroder, who in May suggested consolidation among the grain traders was coming - and even said his company could lead it. Glencore, best known in metals and energy trading, has so far been one of the most active players, setting its sights on expanding its agricultural commodities business. It pursued Louis Dreyfus' grains business in recent years but failed to strike a deal. (Source: Reuters)

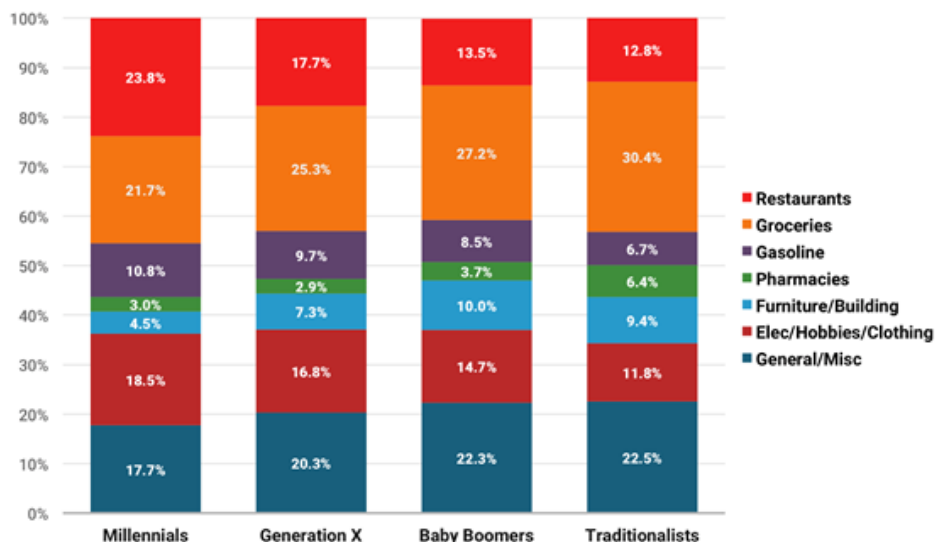
> Worst Drought In 16 Years Threatens Food Supplies In North Korea: North Korea is facing severe food shortages due to the worst drought since 2001 with food imports needed to ensure children and the elderly do not go hungry, the United Nations' food agency said on Thursday. The Food and Agriculture Organisation (FAO) said rainfall in key producing areas fell well below the long-term average between April and June and badly affected staple crops including rice, maize, potatoes and soybean. This disrupted planting activities and damaged the 2017 main season crops, according to an FAO report. The FAO estimated that early season production plunged over 30 percent from the previous year, and the situation would worsen during the 2017/18 marketing year, with cereal imports and food aid likely to increase as a result. (Source: Reuters)

> Cryptocurrencies Are Again Making Headlines: Digital currencies Bitcoin and Ethereum are again making headlines, though not both for the same reasons. Bitcoin, the most well-known of the broadening cryptocurrency sector, jumped +15% yesterday to its highest level in four weeks. It's now up about +4% for July and more than +170% higher for the year. Ethereum, Bitcoin's chief rival, also saw a sizable move up yesterday, gaining +18%. That puts it up over +1,700% for the year. The real news for the currency was another reported hacking. It was announced Wednesday that hackers stole more than \$30 million in Ethereum from wallets as the result of a security flaw. Earlier in the week, thieves stole more than \$7 million in Ethereum by hacking the initial coin offering for CoinDash. (Sources: Business Insider, CNBC)

> Differences In Spending Habits By Generation: Millennials are outspending their older peers at restaurants, new credit card spending data from Bank of America Merrill Lynch shows. "All four demographic groups spend about the same amount of their spending basket on food," analysts at the bank said published July 12. "But Millennials concentrate more of their spending at restaurants while the other three cohorts spend more at grocery stores." The data also shows that millennials are spending more of their income on electronics/hobbies/clothing stores than older generations. While millennials are spending the most on gasoline — 10.8% of their budgets — the bank notes that spending on fuel has declined for five consecutive months. Much of this extra disposable income has been going to restaurants. "Our analysis shows that restaurants tend to benefit the most from declining gasoline prices," Bank of America said. Not surprisingly, older generations are vastly outspending Millennials at pharmacies. Older people do tend to take more prescriptions medications, after all. They also spend more on furniture and building material than Millennials, who are less likely to own their own home. (Source: Business Insider)

MARKETS | CHART OF THE DAY

CONSUMER SPENDING BY GENERATION



SOURCE: Bank of America Merrill Lynch

BUSINESS INSIDER



FROM THE FIELD

Eastcentral Colorado - We farm irrigated corn, dryland wheat and run some cattle on pastureland. The wheat crop was a major loss as we have been a part of the drought conditions in our area. The crop adjuster wrote us checks two checks for our wheat, one was for 2bpa and one was for 7bpa on another parcel. We ended turning in under and planting dryland corn which has yet to tassle. Some of the bankers in the area are getting nervous and suggesting that this could be the last season for a number of farmers if things do not drastically change.

Southcentral Iowa - We are behind the eight ball with very limited moisture here. I do not think that we have had any rain since the last week of May. The subsurface moisture in most fields has been totally depleted, with most pastures completely dry and brown. Our best ground that is heavier soil is still hanging in there but any fields that is a lighter sandy soil mix has major problems. The corn is showing stress but it's not horrible yet. There is still bean seed sitting in dry dirt. The beans can always come around later in summer but this is starting to get to a critical stage. We do have beans that are up but they look terrible. If we can catch a couple rains on the beans in the next week or so should help pull them out of it.

Northcentral Kentucky - We have been in great shape all year but we have gotten into a trend of missing the rains. Plus, the temperatures are getting near 100 degrees the rest of the week. I thought that the corn crop was about made but not sure now. We have a chance of rain Sunday, which will be adequate but if we miss that things will go backward. We had caught every rain until last week. We have had to run the pivots the past week quite a bit. If we catch these last couple rains for the crop and we may have the best corn ever. Our 5-year average is right at 160bpa and with a little more moisture we could make 210bpa across all farms this year. We did get our beans planted early and they look fantastic. We did have to replant some beans four times because of all the rain that we had this spring. We have fairly light soils so we have no subsurface moisture to speak of and need the frequent rains. We typically will make in the mid 50bpa on our beans and if we get the late rains we should make above 70bpa for the whole farm average. We need some good yields because last year the heat hurt us all year and yields were way off.



CROSSING WIRES

A place to share intelligent thoughts...

America's Farmers Turn to Bank of John Deere: For nearly two centuries, Deere & Co. has built equipment to help farmers plant and harvest their crops. Now, the company's financial muscle is doing more of the work. Throughout the Farm Belt, low prices for corn, soybeans and wheat are putting a strain on U.S. grain farmers, making it harder to get bank lending to plant a crop, or commit to purchasing multimillion-dollar fleets of new equipment. Click to read more at [The Wall Street Journal](#)

Bipartisan Beer Caucus Hops Into Debate Over Tax Reform: A surprising cause might play a role in bipartisan tax reform later this year: beer. Members of both parties are expressing support for craft brewing, with a caucus even forming in the House to champion it. The House Small Brewers Caucus has 225 members, more than half of the chamber, making it the largest bipartisan caucus on Capitol Hill. The caucus's top priority is passing the Craft Beverage Modernization and Tax Reform Act, which would recalibrate the federal excise tax structure. Supporters argue that by lowering the excise tax, brewers can keep their costs lower and more competitive and "enable the craft beer industry's continued growth," as Rep. Patrick McHenry (R-N.C.), caucus vice chairman, said in a statement to The Hill. Read more [HERE](#).

The Mother of All Disruptions: People have feared artificial intelligence since Mary Shelley introduced the world to Dr. Frankenstein's hideous creature. The Luddites, who battled against the automated loom in the early nineteenth century, are now regarded as so wrongheaded that they have an economic error named after them. The Luddite fallacy refers to the fact that in the long run, disruptive technologies create more jobs

raliaity refers to the fact that in the long run, disruptive technologies create more jobs—not to mention reduce drudgery, save lives, expand leisure, and enrich us all. Optimists argue that AI, too, will bring material and social progress. So let's stipulate: no one knows for sure what's about to happen to the labor market. Most observers agree, however, on at least two things. Read more [HERE](#).

Trademarks Show Amazon Has Sights On Meal-Kits: Amazon has made no secret of its ambitions to expand into more fresh food services, from its own, homegrown efforts like AmazonFresh for groceries (first launched in 2013) and Amazon Restaurants for restaurant delivery (first launched in 2014), through to its most recent plan to acquire Whole Foods for \$13.7 billion. In fact, the company has its sights set on a number of other culinary areas, such as the development of its own farm-to-table products, Blue Apron-style meal kits, and other food fixes to help it better tap the \$800 billion grocery opportunity. Tech Crunch reports they have found several trademarks registered to Amazon that indicate they have their sights set on meal-kits, "single cow burgers" and other fast food options. Read more [HERE](#).

Student Debt Is a Major Reason Millennials Aren't Buying Homes: College tuition hikes and the resulting increase in student debt burdens in recent years have caused a significant drop in homeownership among young Americans, according to new research by the Federal Reserve Bank of New York. The study is the first to quantify the impact of the recent and significant rise in college-related borrowing—student debt has doubled since 2009 to more than \$1.4 trillion—on the decline in homeownership among Americans ages 28 to 30. The news has negative implications for local economies where debt loads have swelled and workers' paychecks aren't big enough to counter the impact. Homebuying typically leads to additional spending—on furniture, and gardening equipment, and repairs—so the drop is likely affecting the economy in other ways. Read more from [Bloomberg](#).

Tour de France Ends Sunday: The Tour de France ends this Sunday and the riders just completed stage 18. Christopher Froome leads the overall race with the best time of 78h 08' 19". Michael Matthews has the most points at 364. Warren Barguil is the best climber with 169 points. Team Sky is the best overall team in the whole race. Barguil just won the last stage of the race and Froome still holds the overall lead. Keep in mind, this race is 2,262 miles in length, +300 miles more than last year. Read more [HERE](#)

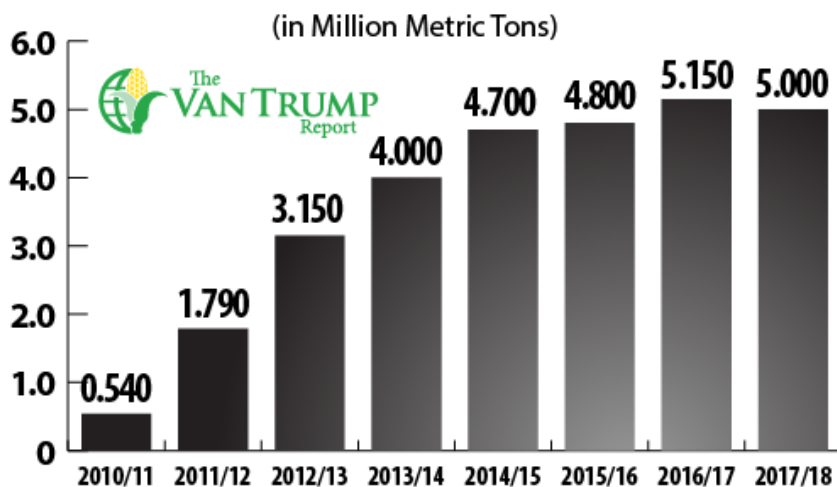


U.S. Signs Historic Agreement To Export Rice To China For First Time

After a decade of work, the U.S. and China have signed a phytosanitary protocol that will permit the import of U.S. milled rice into China. The new signing caps a massive effort by the rice industry and the U.S. government to open access to the world's largest rice importer. President Trump's focus on reducing trade deficits with big

partners like China put the spotlight on rice. The protocol, that is the most complex rice phytosanitary agreement the U.S. has ever entered, contains an operational workplan that spells out the responsibilities of companies wishing to export in order to protect against the introduction of certain pests into China. Industry organization, USA Rice, led efforts over the past two years to assemble a list of interest exporters, and working alongside the USDA to certify compliance with the workplan. Understand, China consumes the equivalent of the entire U.S. rice crop every 13 days and the USDA expects China to import 4.8 million metric tons of milled rice in 2017/18, by far the world's largest import market. Imports have surged since the beginning of this decade, and have recently been between 4.5 million and 5 million metric tons annually. China opened its rice market when the country joined the World Trade Organization in 2001, but U.S. rice was barred from the market because of the lack of phytosanitary protocol between the two governments. Southeast Asia currently supplies much of China's import demand; a situation that will likely continue. Demand for U.S. milled rice, at least initially, is expected to be strongest in coastal areas among higher income consumers and in the hotel and restaurant trade. Food safety is a major issue for China's consumers, and U.S. rice is well positioned as a safe, high quality food. This agreement is a shot in the arm for the rice industry and couldn't come at a better time. We know that market access in China is difficult, and rice shipments will not happen tomorrow, but we are much closer to meeting China's market demand with U.S. rice. (Source: [US Rice Producers Association](#); [USA Rice Federation](#))

Chinese Rice Imports

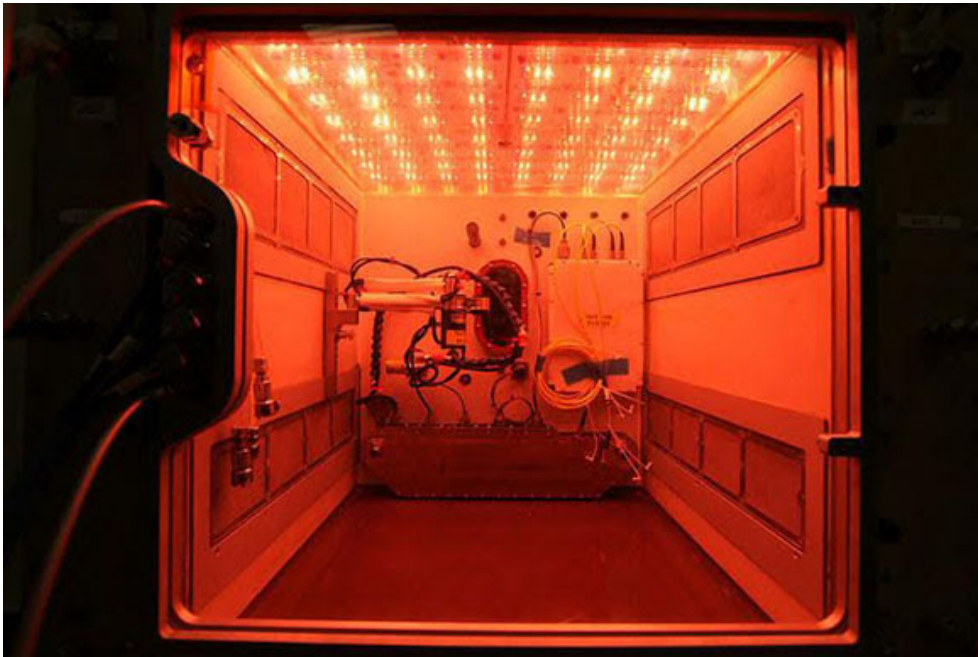


Source: Data updated with July 12, 2017 WASDE data

Farmers In Space...

Apollo 11 landed the lunar module "Eagle" on the moon, July 20, 1969. With this being the anniversary, I thought it was only fitting to run a related story. This is somewhat interesting as it deals with farming in space. Since its earliest missions, NASA has been focused on food, something astronauts need whether they are at home or thousands of miles out in space. Over the years, the administration has tried a series of solutions: John Glenn had pureed beef and veggie paste, other flight crews used new-age freeze drying technology. More recently however, NASA's been trying to figure out ways its astronauts can grow their own food while in orbit. NASA's first plant growth system in space was called "Veggie". The newest system is called the "Advanced Plant Habitat", is the size of a mini-fridge and is making huge strides. Instead of storing soda, it carefully records every step in the growth of plants aboard the International Space Station (ISS). This allows researchers on the ground unprecedented insight into how plants are shaped by microgravity and other forces at work in outer space. Though it's small, the new habitat is equipped with over 180 sensors and three cameras. The sensors record data about temperature, moisture and oxygen. All of the data is processed by a computer named with NASA's characteristic humor, "PHARMER" -- Plant Habitat Avionics Real-Time Manager in Express Rack. Except for installation, the system runs with very little input and cuts down on the cost of shipping food to the station. Reports circulating say it costs more than \$10,000 a pound to send food and other supplies into space. That means a typical 14 ounce loaf of bread can cost somewhere in the ballpark of \$8,000 to send into space. Plus, the freshest stuff doesn't last long. One of the habitat's most interesting innovations is its light. The sun emits about 2,000 micromoles to Earth. NASA's new habitat will put out 1,000 or half the light of the sun inside the growing chambers. That's become a huge source of light for the plants, which need the glow to grow. Ultimately, the habitat is more of a research project than a

bonafide space farm. But many experts in the field see it as a first step in a larger mission to make human life sustainable in space and perhaps on another planet. (Source: [NASA](#))



Looks Like A Fun Trip... "Cheyenne Frontier Days"

If you're thinking about a fun road trip, you might want to consider a drive out to Wyoming. The "Cheyenne Frontier Days" starts today and runs through July 30th. Since 1897, Cheyenne holds this festival during the last full week in July every year to celebrate its Old West roots which started as an old-fashioned cowboy roundup. The main event of this festival every year is the world's largest outdoor rodeo, which brings in many professional to compete for over \$1 million in prizes. This rodeo consists of events including bull riding, bareback bronc riding, saddle bronc riding, steer wrestling, team roping, tie-down roping, barrel racing, etc... Since 2012, the Championship Bull Riding or "Road to Cheyenne" is held at Frontier days on Monday and Tuesday night. In 2008, this event was inducted into the Pro Rodeo Hall of Fame. From what I understand the event draws in close to 200,000 people each year. Also cool, is the fact Cheyenne is filled with cowboy style bars and western themed shops throughout the whole town. Frontier days features nightly concerts from well-known artists and comedians every night throughout the week. They also have many carnival games, amusement rides,

wild west shows, parades, and food trucks throughout the venue. Would be a great place to take the kids or grandkids. There's also lots of great open country to see along the way!

Cheyenne Frontier Days Schedule:

July 21- Brantley Gilbert with Tyler Farr and Cinch Rodeo Shoot-out

July 22- Little Big Town with David Nail, Grand Parade, and Andy Stewart on the Couch

July 23- Sawyer Brown with Joe Diffie and Fiesta Day

July 24- Championship Bull Riding, Timed Events, and Sasha McVeigh

July 25- Championship Bull Riding, Timed Events, Chad Bushnell, and The Leap Frogs

July 26- Luke Bryan with Chris Janson, Chuckwagon Cookoff, and U.S. Thunderbirds

July 27- Thomas Rhett with Dan+Shay, Grand Parade, and The Leap Frogs

July 28- Jason DeRulo with Flo Rida and PRCA Rodeo

July 29- Jason Aldean with Casey Donahew and PRCA Rodeo

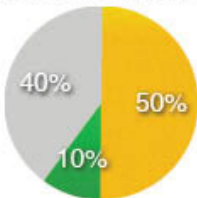




CASH SALES & HEDGING TOTALS

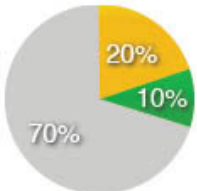
CORN 2017 CROP

50% SOLD
10% HEDGED
40% UNPROTECTED



CORN 2018 CROP

20% SOLD
10% HEDGED
70% UNPROTECTED



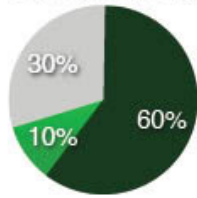
CORN 2019 CROP

0% SOLD
0% HEDGED
100% UNPROTECTED



SOYBEANS 2017 CROP

60% SOLD
10% HEDGED
30% UNPROTECTED



SOYBEANS 2018 CROP

10% SOLD
0% HEDGED
90% UNPROTECTED



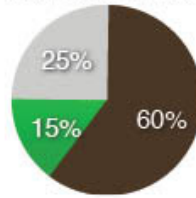
SOYBEANS 2019 CROP

0% SOLD
0% HEDGED
100% UNPROTECTED



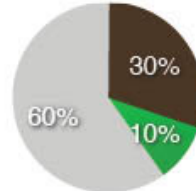
WHEAT 2017 CROP

60% SOLD
15% HEDGED
25% UNPROTECTED



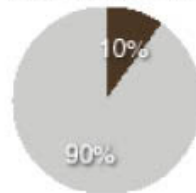
WHEAT 2018 CROP

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.



© FARM DIRECTION 2011

[About Us](#) | [Testimonials](#) | [Subscribe](#) | [Contact Us](#) | [Disclaimer](#)