

## GOOD MORNING: 07/24/17 Farm Direction - VanTrump Report

1 message

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

Mon, Jul 24, 2017 at 6:45 AM



"A man who wants to lead the orchestra must learn to turn his back on the crowd." -  
**Max Lucado**

**MONDAY, JULY 24, 2017**  
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**Morning Summary:** U.S. stocks have another winning week under their belt and a wave of corporate earnings scheduled to be released. The S&P 500 has now set 27 new record highs this year. Investors are pleased with second-quarter earnings results so far and anxious to see things pick up this week. Keep in mind, there will be over 1,000 companies reporting this week, including: 3M, Alphabet, Amazon, Amgen, 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, 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. Traders will also be focused on the U.S. Federal Reserve this week, which holds their policy meeting on Tuesday and Wednesday. Data over the last month hasn't changed much. The economy still looks to be making small strides forward, without any significant inflationary pressures, which has most believing the Fed will not be raising interest rates until later in the year. Today's economic date is somewhat light, featuring Flash PMI and Existing Home Sales. Crude Oil prices may again become a topic of heavy debate this week. Crude prices fell sharply on Friday following a report from a tanker-tracking firm "PetroLogistics", that said OPEC supply is rising. Their data shows that the group's July oil supply is set to rise by +145,000 barrels per day from last month, which would put total OPEC output at more than 33 million barrels per day. OPEC and non-OPEC members that signed on to the output reduction agreement will hold their routine monitoring meeting today. The group analyzes producer compliance and oil insiders are bracing for sideline comments that could lead to extra volatility across the energy sector. Investors will again be looking for signs of progress in Washington this week, as well. The Senate is set to once again try and advance a healthcare bill while House leaders continue their work on a budget proposal.

**Israel, Palestinian Tensions Are Raising Concerns:** *Palestinian President Mahmoud Abbas on Friday ordered the suspension of all official contact with Israel until it removed new security measures at a Jerusalem holy site. Palestinians have clashed with Israeli security forces outside the shrine for days and on Friday three were killed and over 300 were wounded when fighting broke out as people protested against the installation of metal detectors at entrances to the Noble Sanctuary-Temple Mount compound that is holy to Muslims and Jews. Metal detectors were installed by Israeli police after a deadly shootout inside the compound last Friday in which three Israeli-Arab gunmen killed two Israeli policeman at the Lion's Gate entrance before fleeing back inside and being killed by police. According to Palestinians, tens of thousands of worshippers came to pray outside the Temple Mount gates, refusing to pass through the metal detectors. Palestinians – and the Jordanian administered religious institution, the waqf, which takes care of the site – say the new security controls on worshippers represent a breach of the status quo at the flashpoint location. The clashes came as the Palestinian president, Mahmoud Abbas, asked the US to "intervene urgently." His aids say Abbas had discussed the growing tensions in Jerusalem with Trump advisor Jared Kushner, describing the situation as "extremely dangerous and may go out of control."*

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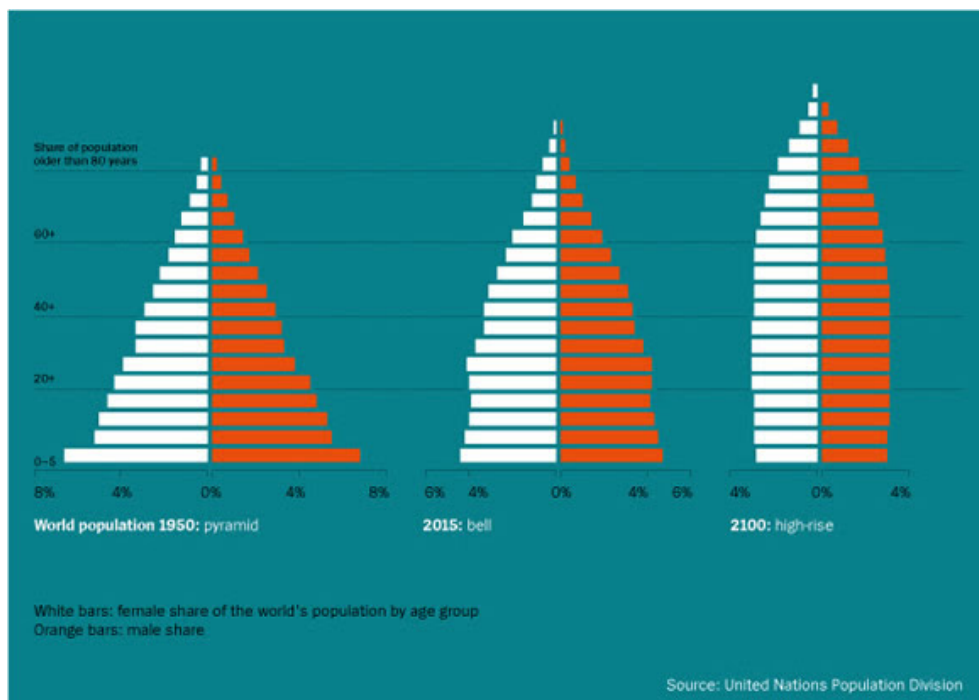
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**U.S. Dollar Could Be "Toast" Without Tax Reform:** David Woo, Bank of America Merrill Lynch's head of global rates and foreign exchange strategy, says the U.S. dollar could continue to flounder and the economy could fall into recession unless Congress moves on tax-cutting legislation. Woo does see a strong chance for a tax bill. He said the recent weakness in the dollar has come as the Senate failed to pass a health care package, which Republicans had hoped to approve ahead of tax reform. The outcome is still unclear for health care, but Wall Street remains convinced that Congress will try to push forward on tax reform. Woo warns though that if tax reform doesn't happen, the economy will slow and fall into a recession within two years. "The Fed will not be hiking rates and the dollar will be toast," Woo said. Woo said Fed Chair Janet Yellen highlighted how important tax reform is when she told Congress earlier this month that fiscal uncertainty was one of the biggest risks facing the economy. Traders focused on her comments about inflation in that testimony, and the dollar has sold off since then. Woo had a very noteworthy opinion on how exactly lawmakers will be able to pass tax reform - "The only way tax reform gets done is the hard way, and the hard way would involve the president threatening to shut down the government and basically defaulting to get his party to vote on tax reform in September." (Source: CNBC)

**End Of The Age Pyramid:** From pyramid to bell to high-rise building — that is how the age structure of the world's population will have developed from 1950 to 2100, according to UN calculations. It means that we can say farewell to the pyramid, which to many still symbolizes the ideal age structure of a population: lots of industrious young folks and few dependent old people. A closer look at the present state of affairs in certain nations reveals that it is countries from the lower end of the UN Human Development Index in particular whose populations' age structures still resemble pyramids. From a global perspective, we — thanks to the demographic shift, which goes along with less children and longer lifespans worldwide — live inside a bell today. If everything goes well, the structure will change its shape once again by the end of the century, as calculations by the German World Bank economist Wolfgang Fengler suggest. Mankind will then be living in a high-rise building whose stories, or rather age groups, will all be inhabited by about the same amount of people each. It is only towards the building's top quarter, which is where the 70 to 100-year-olds live, that the structure narrows abruptly. (Source: DER SPIEGEL/Statista)



**Weather** forecasts have become a bit cooler, but as you can see in 6-10 day included below, there's still very little rainfall in the main portion of the U.S. corn belt. The market will continue to pay extremely close attention!

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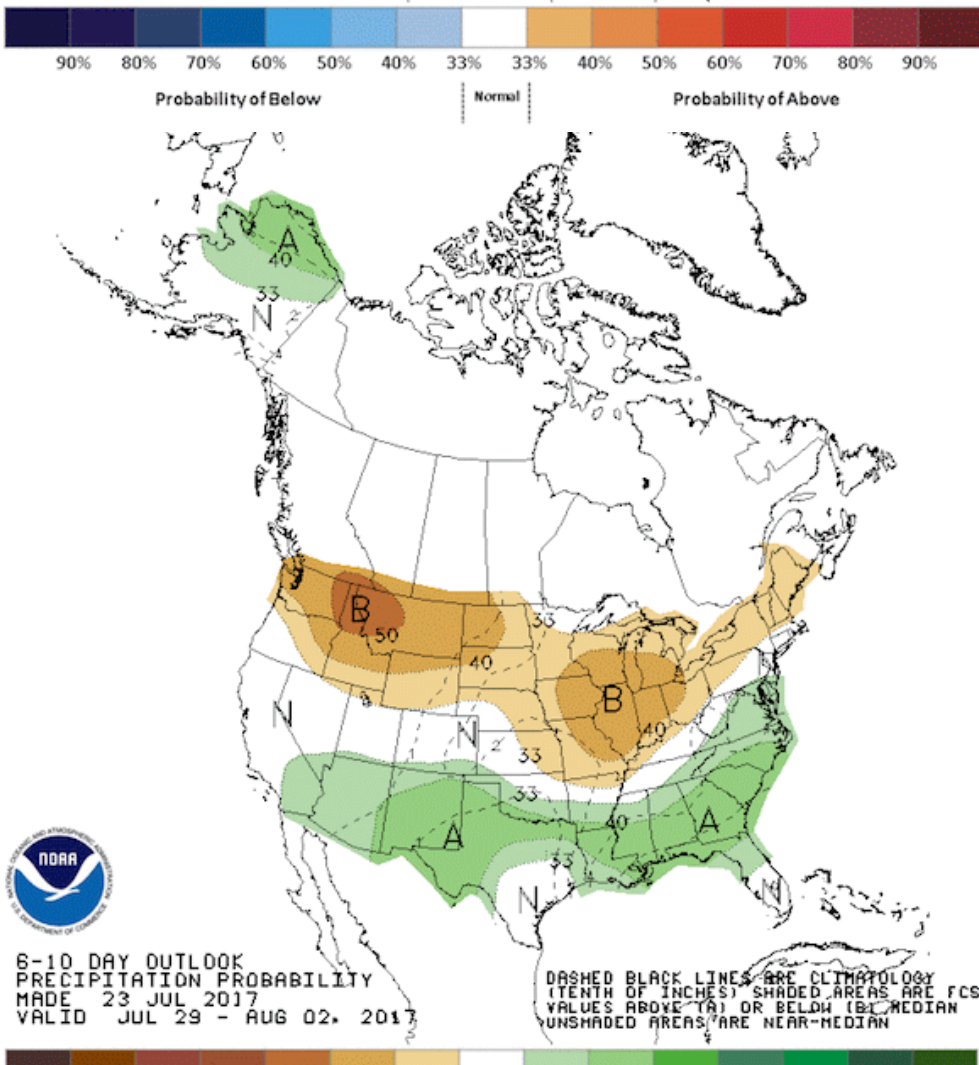
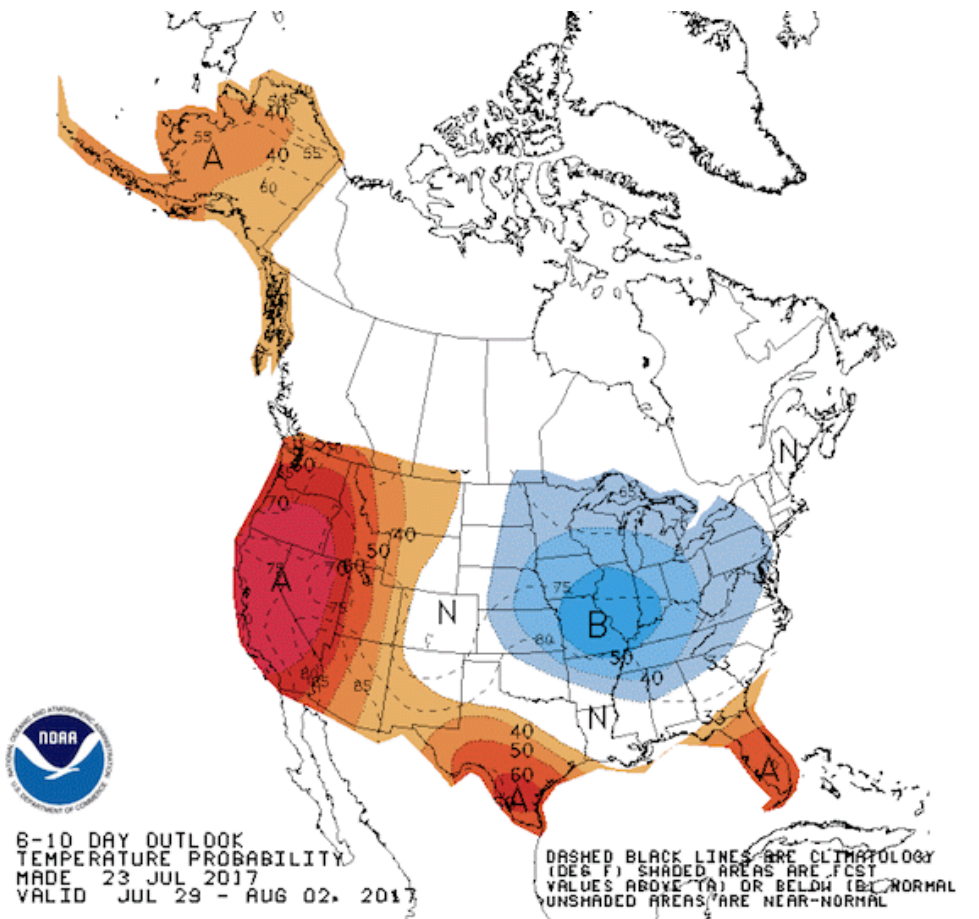
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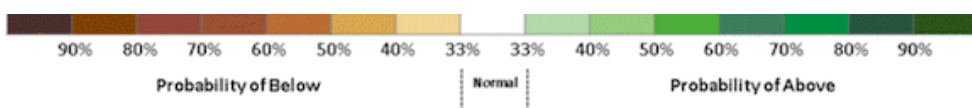
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### Today In History



#### 1911, Machu Picchu -

American archeologist Hiram Bingham gets his first look at Machu Picchu, an ancient Inca settlement in Peru that is now one of the world's top tourist destinations. Tucked away in the rocky countryside northwest of Cuzco, Machu Picchu is believed to have been a summer retreat for Inca leaders, whose civilization was virtually wiped out by Spanish invaders in the 16th century. For hundreds of years afterwards, its existence was a secret known only to the peasants living in the region. That all changed in the summer of 1911, when Bingham arrived with a small team of explorers to search for the famous "lost" cities of the Incas. Traveling on foot and by mule, Bingham and his team made their way from Cuzco into the Urubamba Valley, where a local farmer told them of some ruins located at the top of a nearby mountain. The farmer called the mountain Machu Picchu, which meant "Old Peak" in the native Quechua language. The next day--July 24--after a tough climb to the mountain's ridge in cold and drizzly weather, Bingham met a small group of peasants who showed him the rest of the way. Led by an 11-year-old boy, Bingham got his first glimpse of the intricate network of stone terraces marking the entrance to Machu Picchu. The excited Bingham spread the word about his discovery in a best-selling book, sending hordes of eager tourists flocking to Peru to follow in his footsteps up the Inca trail. The site itself stretches an impressive five miles with over 3,000



**Corn** bulls are backpedaling this morning on talk of better than expected rainfall over the weekend in some key locations across the corn belt and a cooler forecast. From my perspective, the Dakota's and many of the areas out West still look as if they will remain hot and dry, while some key areas in the eastern portion of the corn belt are now arguably a bit too wet. Bottom-line, despite a more optimistic shift in the U.S. forecast, I don't see total U.S. corn production getting any larger, in fact I suspect most estimates are shrinking. There was talk circulating on Friday that Informa updated their forecast, lowering U.S. corn production by -287 million bushels to 13.9 billion bushels, which would be about -1.3 billion below last year's record. They have their corn yield forecast to average 166.2 bushels per acre, -3.5 bushels below their previous forecast, and -8.4 bushels below last season's record yield. I've said for several weeks, this crop looks much closer to a 160 type yield than the 170 the USDA currently has forecast. I also believe we've seen the highest estimate for "harvested acres," which eventually could work their way lower, meaning perhaps sub-13.5 billion in total U.S. production. USDA crop conditions last week showed just 64% of the U.S. crop now rated in "good-to-excellent" condition, compared to 76% last year. Several sources inside the trade suspect we see conditions deteriorate a bit more in today's update. The bears continue to argue that even if U.S. production tips back to the 160 to 163 area, there is still plenty of excess ending stock and that U.S. demand might soon run into stiffer headwinds as both Argentina and Brazil are flush with record inventory. In other words, without more extreme weather complications here in the U.S., it might be tough to argue a sub-160 national average yield. With ending stocks being built up the past few years, and South America harvesting an all-time record crop, a U.S. yield averaging 160 bushels per acre, might not command much more than \$4.30 to \$4.40 per bushel. As a producer and a spec, I still think there is some more room the upside, but as the trade starts to slowly adjust their thinking towards a 160 type yield, we will soon need fresh new headlines and reasons to worry about it falling further if we want prices to keep moving higher.

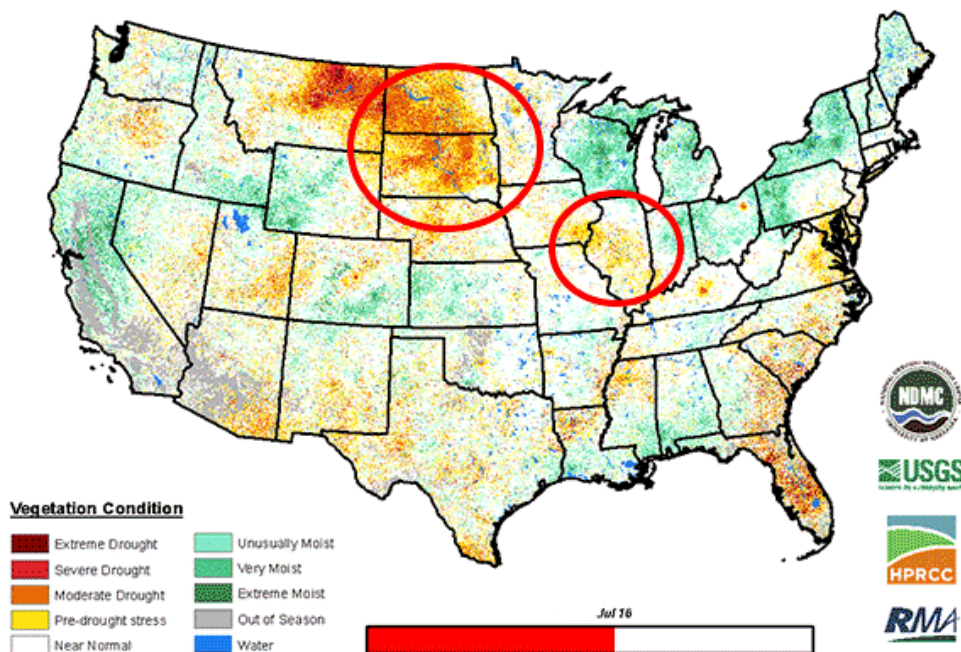
impressive five times, with over 3,000 stone steps linking its many different levels. Today, more than 300,000 people tramp through Machu Picchu every year, braving crowds and landslides to see the sun set over the towering stone monuments of the "Sacred City" and marvel at the mysterious splendor of one of the world's most famous man-made wonders.



**1969, Apollo 11** - At 12:51 EDT, Apollo 11, the U.S. spacecraft that had taken the first astronauts to the surface of the moon, safely returns to

Earth. The American effort to send astronauts to the moon had its origins in a famous appeal President John F. Kennedy made to a special joint session of Congress on May 25, 1961: "I believe this nation should commit itself to achieving the goal, before this decade is out, of landing a man on the moon and returning him safely to Earth." Eight years later, on July 16, 1969, the world watched as Apollo 11 took off from Kennedy Space Center with astronauts Neil Armstrong, Edwin Aldrin Jr., and Michael Collins aboard. After traveling 240,000 miles in 76 hours, Apollo 11 entered into a lunar orbit on July 19. The next day, at 1:46 p.m., the lunar module Eagle, manned by astronauts Neil Armstrong and Edwin "Buzz" Aldrin, separated from the command module, where a third astronaut, Michael Collins, remained. Two hours later, the Eagle began its descent to the lunar surface, and at 4:18 p.m. the craft touched down on the southwestern edge of the Sea of Tranquility. Armstrong immediately radioed to Mission Control in Houston a famous message: "The Eagle has landed." At 10:39 p.m., five hours ahead of the original schedule, Armstrong opened the hatch of the lunar module. Seventeen minutes later, at 10:56 p.m., Armstrong spoke the following words to millions listening at home: "That's one small step for man, one giant leap for mankind." A moment later, he stepped off the lunar module's ladder, becoming the first human to walk on the surface of the moon. Aldrin joined him on the moon's surface at 11:11 p.m., and together they took photographs of the terrain, planted a U.S. flag, ran a few simple scientific tests, and spoke with President Richard M. Nixon via Houston. By 1:11 a.m. on July 21, both astronauts were back in the lunar module and the hatch was closed. The two men slept that night on the surface of the moon, and at 1:54 p.m. the Eagle began its ascent back to the command module. Among the items left on the surface of the moon was a plaque that read: "Here men from the planet Earth first set foot on the moon--July 1969 A.D.--We came in peace for all mankind." At 5:35 p.m., Armstrong and Aldrin successfully docked and rejoined Collins, and at 12:56 a.m. on July 22 Apollo 11 began its journey home, safely

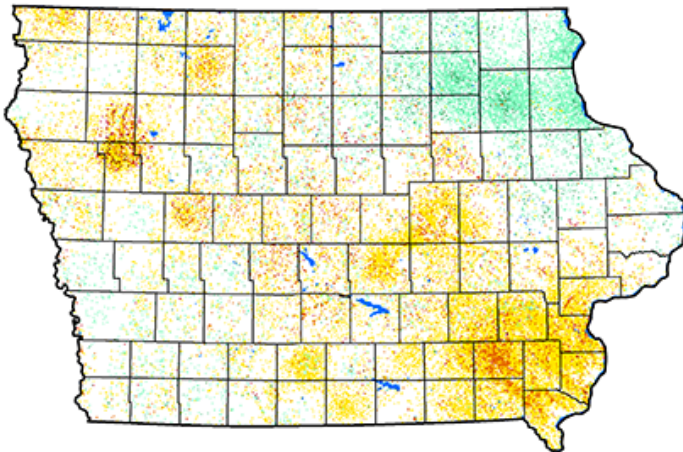
## 2017 Vegetation Drought Response Index (VegDRI) July 16





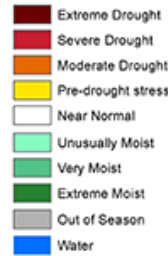
## Vegetation Drought Response Index

Complete: Iowa



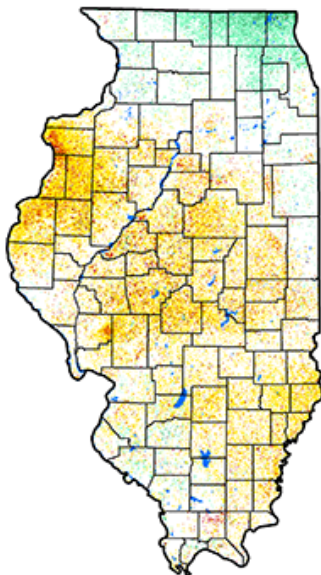
July 16, 2017

### Vegetation Condition



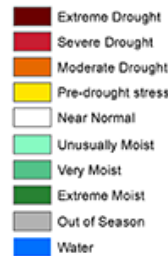
## Vegetation Drought Response Index

Complete: Illinois



July 16, 2017

### Vegetation Condition



splashing down in the Pacific Ocean at 12:51 p.m. on July 24. There would be five more successful lunar landing missions, and one unplanned lunar swing-by, Apollo 13. The last men to walk on the moon, astronauts Eugene Cernan and Harrison Schmitt of the Apollo 17 mission, left the lunar surface on December 14, 1972.



**1998, Enron** - Merger mania seeped into international waters on this day in 1998, as Enron Corporation inked a lavish deal to acquire British-based Wessex Water, PLC. For the sum of \$2.2 billion--which was reportedly paid in cash--Enron, an electricity and gas titan from Houston, Texas, made a splashy entrance on to world water utility stage.

According to company officials, the deal signaled Enron's first move towards creating a global water subsidiary; Wessex Water was slated to be the crowning jewel of the new concern, which would focus on developing water distribution systems and treatment plants in Asia, Europe and Latin America. In the wake of the deal, Enron's eyes were clearly fixed on a handsome payday in the not-too distant future. As company chief Kenneth Lay noted, the "worldwide water market" was quite lucrative (company figures pegged the field's worth at \$300 billion), but sparsely populated; the situation presented "tremendous opportunities for future growth as the...industry moved toward privatization and consolidation." Gazing into his crystal ball, Lay predicted that the acquisition of Wessex would swiftly push the subsidiary to the point where no longer relied on Enron's coffers to maintain its daily operations. Questionable accounting practices and corporate fraud caused Enron's stock to plummet, leading to Chapter 11 bankruptcy protection in 2001. Enron's CEO, Kenneth Lay, was indicted by a federal grand jury in 2004; his trial began in January 2006. On May 25, 2006, Lay was convicted of conspiracy and fraud.

### Upcoming Events

**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

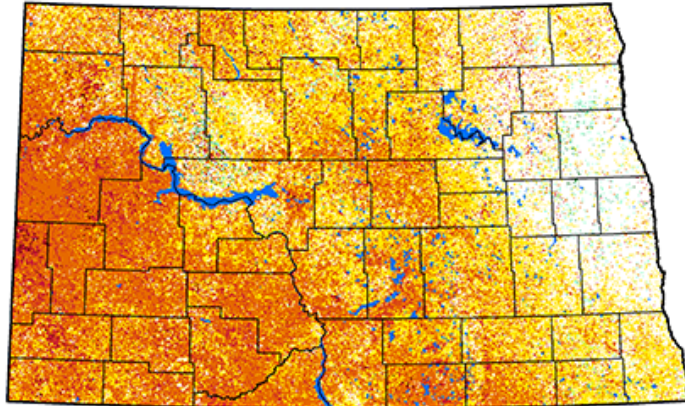
**Tues. 8/22** - Cold Storage

**Fri. 8/25** - Cattle on Feed

## Vegetation Drought Response Index

Complete: North Dakota

July 16, 2017



### Vegetation Condition

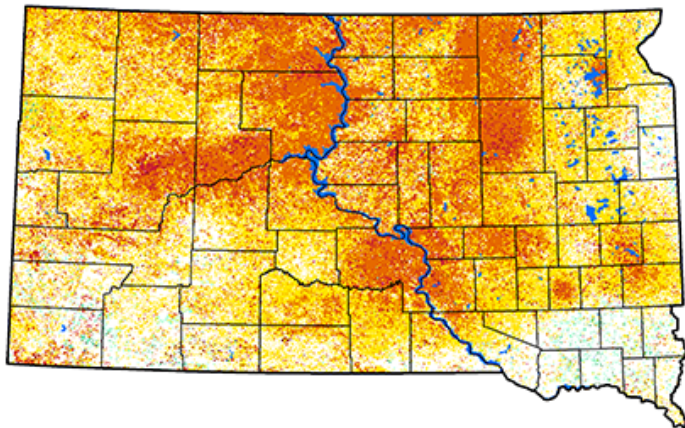
- Extreme Drought
- Severe Drought
- Moderate Drought
- Pre-drought stress
- Near Normal
- Unusually Moist
- Very Moist
- Extreme Moist
- Out of Season
- Water



## Vegetation Drought Response Index

Complete: South Dakota

July 16, 2017



### Vegetation Condition

- Extreme Drought
- Severe Drought
- Moderate Drought
- Pre-drought stress
- Near Normal
- Unusually Moist
- Very Moist
- Extreme Moist
- Out of Season
- Water



**Soybean** prices are aggressively pulling back this morning on a less problematic U.S. weather forecast, in fact giving we have given back all of last weeks gains. The bulls continue to talk about a more optimistic view of "commodities", as the U.S. dollar recently traded down to fresh multi-month lows and seems to be sparking a bit more interest by the funds in hard assets. Crude oil is up about +\$5.00 from the lows set just one month ago, and there is talk of improved global growth, and delays in Washington, ultimately pushing more dollar bulls to the sideline. From my perspective, the U.S. soybean crop remains highly debatable despite the improved weather outlook in the recent forecast. Several important soybean producing areas have been under fairly heavy stress. Obviously, the areas in the Dakotas and portions of Iowa, Minnesota, Nebraska and Illinois have seen some production hiccups. But I'm also hearing more talk about complications occurring out east in large portions of Indiana and Ohio. Meaning the U.S. soybean yield could certainly surprise to the downside. The USDA moved crop conditions lower last week, now showing just 61% of the crop rated "Good-to-Excellent", which is -10% lower than last year at this same stage. Talk inside

## Kevin's Song of the Week

### WHAT I'M LISTENING TO: ▶



▶ Clay Walker "She Won't Be Lonely Long"

## 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



the trade is that weekly conditions could be lowered again this afternoon. I personally believe at some point weekly U.S. soybean conditions fall to sub-60% rated GD/EX. Ultimately, U.S. weather uncertainties have the bulls thinking a -1 to -2 bushel per acre reduction in yield is a very real possibility, I agree. As I've said several times, if you get the trade talking realistically about a 46 bushel per acre yield (USDA currently estimating a 48 bushel yield), the balance sheet quickly becomes much more interesting and the bulls have a real reason to run. As for demand, the bulls are saying U.S. export estimates need to be moved higher, I would concur. On the flip side however, the bears are saying the U.S. crush estimate needs to be moved lower. Bottom-line, U.S. weather remains the "wild-card", and it could be several more weeks before the trade is comfortable forecasting a final U.S. yield. With that being the case I want to stay extremely patient. I believe we are about to enter a more critical period for the crop, how it responds will be of great importance in forecasting longer-term price and determining the best risk management practices.

**Wheat** traders are wondering if this is the week U.S. conditions finally stabilize? Spring wheat conditions last week were reported at 34% rated "Good-to-Excellent" vs. 69% last year. South Dakota reported 74% of their crop in "Poor-to-Very Poor" condition. Montana reported 61% in "Poor-to-Very Poor" condition. North Dakota reported 40% in "Poor-to-Very Poor" condition. Just keep in mind, the [Wheat Quality Council](#) is hosting their U.S. Hard Spring Wheat & Durham Tour this week, so I suspect their could be some more serious pictures and headlines of devastated crops from up in the Dakotas. The tour mainly runs across the entire state of North Dakota and into parts of South Dakota and Minnesota. Last year the average for all 455 field surveyed was 45.5 bushels per acre, which was -4 bushels per acre less than the 49.5 they reported in 2015. This years tour results will be nowhere close... Below is the route most suspect they take during the three days out in the field.

- **Day One** last year covered the southern half of North Dakota, southwestern Minnesota and northeast/north central South Dakota.
- **Day Two** covered northwest and north central North Dakota.
- **Day Three** concluded the tour by covering north central/north east North Dakota and north west/west central Minnesota. As is usually the case, this was the highest yielding area of the tour.

As for U.S. winter wheat, the harvest continues to roll, and in a few weeks will be 100% complete. This has many inside the trade shifting more of their attention towards global production. There are weather uncertainties surrounding the upcoming crop in Australia, Canada and portions of South America. We are also seeing a wide array of harvest reports streaming in from portions of Europe and the Black Sea region. As a producer, 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 adding or initiating on a significant pullback and cheaper valuation. I still see no need to chase prices higher. The trade seems to be shifting more and more focus towards global production. In other words, the trade may have perhaps digested most of the current U.S. complications. I suspect the bulls will be needing more global weather or macro headlines to keep theme fed. Staying patient!

**Cattle-On-Feed** report shows the total U.S. cattle herd on July 1, 2107 at 103 million head, an increase of +4% since July 1, 2015, when there were just 98.2 million head. This is the largest cattle herd we've seen since 2008. U.S. calf crop for 2017 is up +6% since 2015. Currently there are 36.3 million calves projected to be born this year and thus far there are 25.5 million head on the ground. Cattle on feed were reported at 12.8 million head, which is up +6% from two years ago. June placements were the largest we've seen in the past 11-years and +16% higher than in June of 2016. It's not just the "placement" number that has the trade talking, but the fact placements for the 800 pound plus category was reported the largest ever on record. There's also some concerns circulating around the number of heifers on feed continuing to get larger. For more detailed information view the entire report [HERE](#)



> **Informa Lowers U.S. Corn Production Estimate:** Informa Economics IEG has adjusted its production forecasts for corn and spring wheat due to continued dry conditions and above-normal temperatures in the Northern Plains and the Western Corn Belt. The corn forecast was lowered -287 million bushels to 13.9 billion bushels, which

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 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.

would be about -1.3 billion below last year's record. The corn yield is forecast to average 166.2 bushels per acre, -3.5 bushels below the previous forecast and, if realized, would be -8.4 bushels below last season's record yield. Spring wheat production was forecast at nearly 400 million bushels, down -23 million from USDA's July forecast and, if realized, would be -134 million bushels below last year. The spring wheat yield was forecast at 38.1 bushels per acre, -2.2 bushels below USDA's latest forecast and, if realized, would be -9.1 bushels below last season. (Source: CIS)

**> Poor Seasonal Conditions In Australia Impacting Wheat Production:** Poor seasonal conditions nationwide are expected to significantly drop Australia's wheat production in 2017-18 to 22 million metric tons, according to a July report from the U.S. Department of Agriculture's Foreign Agricultural Service (FAS). The forecast is significantly below the 35 million metric ton record harvest in 2016-17 and -6.4% below the revised official forecast of 23.5 million metric tons. It is also below the long-term average Australian season for wheat production of 24 million metric tons. "Since the planting from April 2017, wheat crops in Western Australia and other states have been significantly affected by poor seasonal conditions and low rainfall," the report said. "In some regions, around 10% of the wheat crop appears unlikely to be harvested as less than 20% of normal rainfall occurred by July 2017." The harvested area for wheat has been lowered to 30.15 million acres, -3% below the official estimate, due to slow crop development in some regions, the report said. In addition, low world wheat prices have encouraged a shift in some areas from wheat to higher value crops like chickpeas, canola and lentils. (Source: World Grain)

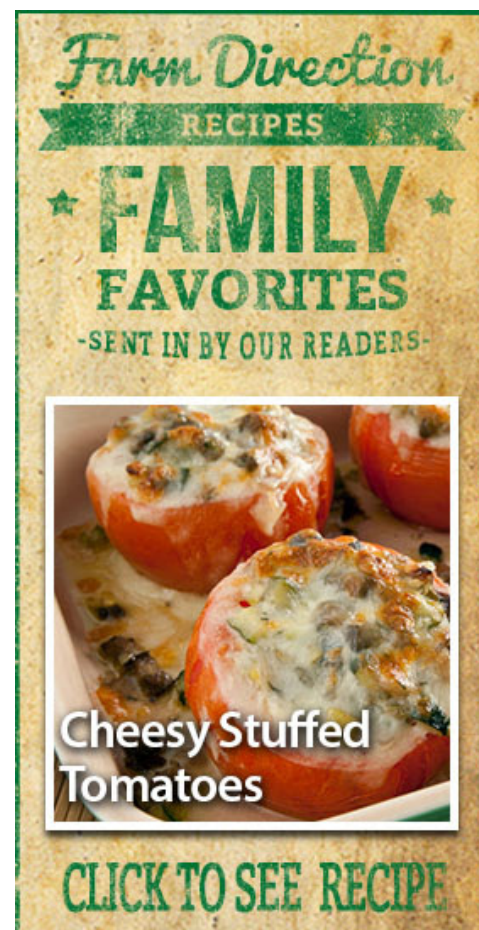
**> Minnesota Investigating Dicamba Complaints:** The Minnesota Department of Agriculture is investigating about two dozen complaints from farmers about the weed killer dicamba. Minnesota farmers have joined hundreds in the southern U.S. who allege that drifting dicamba hurts non-resistant fields. There are lots of unknowns in the dicamba issue including concrete proof of how widespread the problem is and who is to blame. The problem is most widespread in the South. Arkansas, Missouri and Tennessee have taken steps to restrict or even halt dicamba use. Private crop consultant Stephan Melson believes thousands of acres of soybeans across Minnesota have been damaged. (Source: MPRNews)

**> USDA Opens More Land For Emergency Haying & Grazing:** Agriculture Secretary Sonny Perdue announced that the U.S. Department of Agriculture (USDA) is authorizing the use of additional Conservation Reserve Program (CRP) lands for emergency grazing and haying in and around portions of Montana, North Dakota and South Dakota affected by severe drought. USDA is adding the ability for farmers and ranchers in these areas to hay and graze CRP wetland and buffer practices. "We are working to immediately address the dire straits facing drought-stricken farmers and ranchers," said Perdue. "USDA is fully considering and authorizing any federal programs or related provisions we have available to meet the immediate needs of impacted producers." The Secretary said that epic dry conditions, as high as D4 in some areas, coupled with an intense heatwave have left pastures in poor or very poor condition resulting in the need for ranchers to, at best, supplement grain and hay and at worst, sell their herds. Landowners interested in emergency haying or grazing of CRP acres should contact the Farm Service Agency (FSA) office and meet with the local Natural Resources Conservation Service (NRCS) staff to obtain a modified conservation plan to include emergency haying/grazing. (Source: USDA)

**> Senators Secure Cotton, Dairy Deal:** After failing to reach an agreement to help both cotton and dairy farmers in the fiscal 2017 omnibus appropriations package earlier this year, Senate Appropriations Chairman Thad Cochran and ranking member Patrick Leahy gave it another go. The plan they settled on would cost \$1 billion over 10 years, funding that is evenly split between the two sectors. The cotton-dairy deal - if it ends up in the final ag approps bill passed by Congress - is certainly a win for agriculture lawmakers who have to write a 2018 farm bill with an ever-shrinking spending baseline. The provision for cotton growers would designate cottonseed as "an other oilseed" so it can qualify for the Title I commodity support programs Agriculture Risk Coverage and Price Loss Coverage - a change long demanded by farmers. The dairy fix is aimed at encouraging more farmers to sign up for an insurance program and to select greater levels of coverage under it, Leahy said. It includes requirements for the Margin Protection Program to send out indemnities to dairy farmers on a monthly, rather than bi-monthly, basis. It also reduces premium costs for coverage of the first 5 million pounds of milk, and waives a \$100 administrative fee for "underserved producers." (Source: Politico)

**> EU To Announce Future Of Biodiesel Anti-Dumping Duties Thursday:** The European Commission's decision on the future of anti-dumping duties on biodiesel imported from Argentina and Indonesia is set to be announced Thursday, potentially ending the measures that have been in force for nearly four years. The European Union imposed anti-dumping duties on Indonesian and Argentinian biodiesel in November 2013, curtailing the flow of Indonesian biodiesel to the bloc. Anti-dumping duties

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.





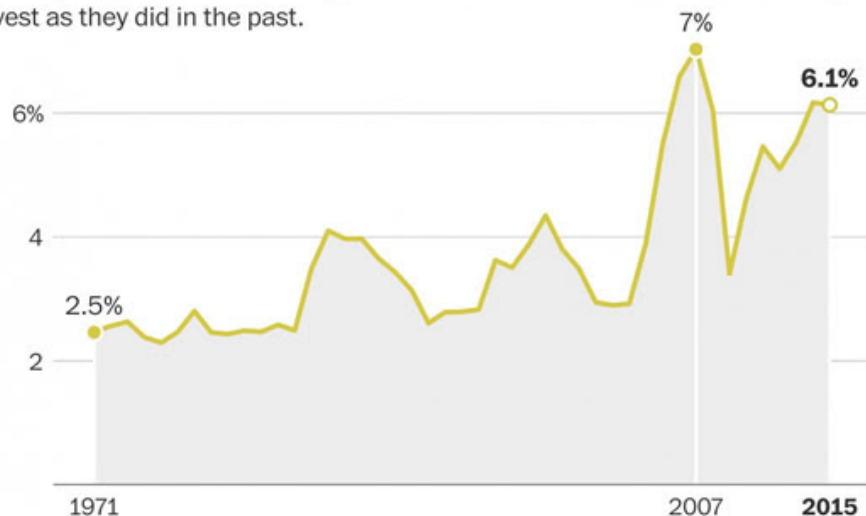
imposed on individual Indonesian biodiesel producers range between 8.8% and 23.3%. The European Union General Court ruled on September 15, 2016 that anti-dumping duties against Indonesian and Argentine biodiesel imports should be ended, setting the scene for a shake-up of global biodiesel trade flows. The ramifications of these cuts would be to allow increased imports into Europe, potentially at a cheaper level than internal European production. This is the reason for the introduction of the duties in the first place. (Source: Platts)

**> Campbell To Leave Industry Group:** Campbell Soup Co. will leave the Grocery Manufacturers Association by the end of the year over concerns that the trade association no longer represents its views. The move stems from GMA's hardline stance on GMO labeling. Campbell Chief Executive Denise Morrison told investors last week that the move was not for financial reasons but instead was "driven by purpose and principles." Campbell has long been vocal about increasing transparency of its ingredients. The company, which owns the Pepperidge Farm, Prego and V8 brands, split from the rest of the food industry in January 2016 with a commitment to label all of its products containing genetically modified ingredients. It also supported efforts to make such labeling mandatory. GMA at the time was still pushing for a prohibition on GMO disclosures on food products. "We have always believed that consumers have the right to know what's in their food," CEO Denise Morrison said in a memo to employees at the time on the company's decision. (Source: Politico)

**> A New Theory On Why Companies Are Investing Less:** It's one of the most important yet least understood sources of ordinary Americans' economic frustration: U.S. companies aren't investing as much as they used to. When corporations don't invest or invest less, they put fewer people to work building factories, making equipment and conducting research. But investment has slumped in recent years, and researchers say there isn't any obvious or consensus reason for the investment slowdown. Now, two economists at New York University, Germán Gutiérrez and Thomas Philippon, think they might have at least a partial explanation. In a paper published by the National Bureau of Economic Research, they argue that increasing concentration of economic power in the hands of relatively few behemoth corporations -- in some cases to the point where companies enjoy a near monopoly -- could explain the pattern: The big firms, unconcerned about their competitors, simply have no need to invest in staying ahead. The shortfall in investment amounts to roughly a tenth of the total amount of private capital invested in the economy, Gutiérrez and Philippon write. Instead of investing, corporations have been paying more money out to Wall Street by issuing dividends and repurchasing shares. For decades, U.S. corporations typically paid out no more than 4 percent of their total assets, Gutiérrez and Philippon have found. These days, 6 percent is typical, and in 2007, corporations paid out 7 percent. (Source: Wonkblog)

## Corporations are paying out more to shareholders

U.S. corporations are distributing more cash to Wall Street, rather than using it to invest as they did in the past.



Total payments to shareholders, including dividends and repurchases, as share of corporate assets.

Source: G. Gutiérrez and T. Philippon. 2016. NBER.

WASHINGTON POST



# FROM THE FIELD

**Northwest Iowa** - It has been a very trying year for most guys around us. Any ground that is on the sandier side or a little on the poor side is starting to roll up every afternoon. The good ground is hanging in there and doesn't look that bad. We are getting some showers this morning but the big question will be if we get enough moisture to help. These storms have been rolling in but then not really producing much in rain totals. I think that the corn yields will right around our average with the good ground making up for the lower production on the poor. We need some cool nights especially right now as we are pollinating on the late planted stuff. The soybeans have not canopied yet but are starting to close up rows. Most beans are a couple of weeks behind normal production stages. We will need plenty of the late August rains to put some growth on this bean crop. I think we will be spraying fungicide late next week on all of our beans.

**Eastcentral Illinois** - We have had plenty of moisture all spring, even during planting. I think that we may have replanted more corn than I ever have in one year. Most of our corn is pollinating right now. We do have decent sub surface moisture to get us all the way through but the temperatures are supposed to be in the high 90's for the next week. The early planted corn always seems to do better for us and I think that will be the case this year too. I had to replant on May 17th and it looks really good but historically the yields always seem to be off a little compared to earlier planted. I think the way things stand right now we will only have an average corn crop, after having a couple really good years. The soybeans are looking good after having wet feet up until about a week ago. The temps went higher and as we got drier they have added more growth. The beans look to have more potential than the corn does. I know it always depends on the late rains but we are off to a good start. I know that some guys are not spending the money on fungicide but we will start spraying all of our bean acres next week. This year with all the excess moisture and humidity, disease could be an issue and I think spending on fungicide will pay off overall.

**Southern Minnesota** - We have not really had any extreme heat this summer and the rains have been timely. We did struggle this spring getting everything planted with rain delays, then proceeded to get very dry and hot. This will not be a bumper crop but should be right in line with our normal average around 200bpa. I think we lost some yield due to the cold temperatures after planting. Most of the early planted corn has pollinated but the last planted fields are tasselling now. Our last two years of corn have seen 234bpa and 220bpa yields, respectively, which were both records. The soybeans are coming along but they are definitely behind normal development by a couple of weeks. We had to replant a number of acres which I think was the most I have ever replanted. The last two years we have been at 70bpa for the beans but this year I think we will be closer to 60bpa. I will take that yield because up until 2014 we would be happy with 50bpa.



## CROSSING WIRES

A place to share intelligent thoughts...

**What Cowboys Can Teach Us About Feeding The World:** An excerpt from Bill Gate's personal blog- "I will be the first person to admit that I'm a city boy. I grew up in Seattle, where my main agricultural experience as a kid was the farmers who sold freshly picked fruits and vegetables at Pike Place Market. Since then I've visited lots of small farms as part of my work with the foundation. But nothing prepared me for where I recently found myself: in the wilds of the Australian outback watching a cattle rancher artificially inseminate a cow. It's a pretty graphic procedure to say the least, but I was impressed by how high tech the whole process was. The Australian Agricultural Company—or AACo—relies on cutting edge genomics to breed wagyu beef cows, some of the most elite cattle in the world." Read more [HERE](#).

**A Van In Fresno Is Releasing A Million Bacteria-Infected Mosquitoes Every Week:** Zika-carrying mosquitoes haven't shown up in California yet. But Aedes *triseriatus*, an aggressive, non-native species of mosquito that is known to carry the Zika



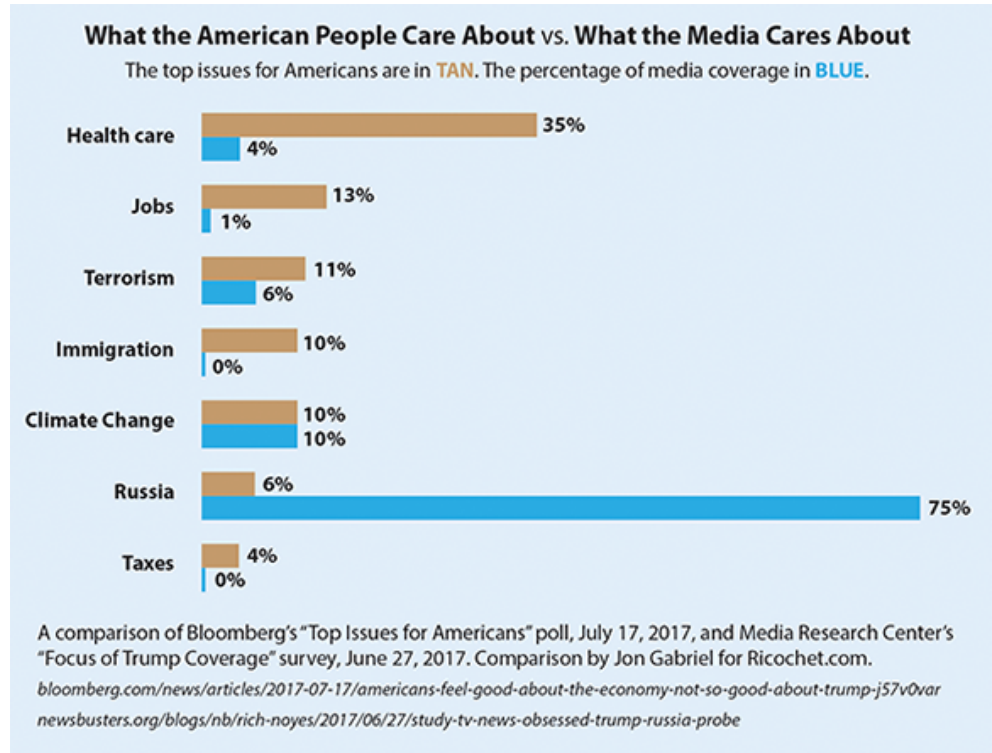
aegypti—an aggressive, non-native species of mosquito that is known to carry the Zika virus, along with dengue, chikungunya, yellow fever, and other diseases—arrived in Fresno County in 2013. Traditional methods of mosquito control, such as insecticide spraying programs, don't work well against the species, which tends to breed in small, hard-to-reach sources of water like dishes under flowerpots. Insecticides can also kill bees and other beneficial insects. So the city's mosquito control agency—along with a startup called MosquitoMate, and Verily, the Alphabet subsidiary formerly known as Google Life Sciences—is now testing a new approach called Debug Fresno. Each week, until December, the team will release 1 million sterile male mosquitoes in two Fresno neighborhoods. When the mosquitoes mate with wild females, the resulting eggs won't hatch. Read more [HERE](#).

**Get Vegan Benefits Without Going Vegan:** Cutting meat and dairy out of your diet is hard. Staying healthy while you do it can be harder. The wrong kind of exclusively plant-based diet, one that includes a lot of refined grains and sweetened beverages, can actually increase the risk of coronary heart disease, according to a new study from Harvard University. On the other hand, reducing your intake of animal products while boosting your consumption of fruits, vegetables, and whole grains, and continuing to indulge modestly in animal foods, can do you nearly as much good as a healthy vegan diet—and even more good than one that includes a lot of French fries and pasta. Read more [HERE](#).

**Will There Be A New Way To Treat The Common Cold & Flu This Year:** A way to treat viral diseases, including the flu and common cold, has been discovered by scientists in an international project led by Australian researchers. Up until now, there has been no real treatment other than rest and fluids, and giving the body some time to fight off the virus. New research shows the answer may lie in a protein which suppresses the body's key antiviral reaction, and the creation of drugs to allow the body to use this natural protection. Check out all the new advancements [HERE](#).

**I've Read over 100 Productivity Books and Summarized the 15 Most Important Tips:** After reading 100 productivity books, Leon Ho, the founder and CEO of LifeHack, said he found there are 15 key elements to staying productive and being efficient. He compiled a list of findings to help you be as productive as you can be. Read [HERE](#)

**What Americans Care About vs. What the Media Cares About:** Despite the American people caring far more about health care than any other issue, the media has swamped the airwaves with Trump/Russia conspiracies to the detriment of nearly everything else. According to two separate surveys, the difference between what the people want to hear and what the press covers is quite jarring. Just 6 percent of Americans think Russia is the top issue, yet nightly newscasts devoted 75 percent of their airtime to the story. Meanwhile, Americans' biggest concern, health care, only garnered 4 percent of the major networks' total coverage. Read more [HERE](#).





### **We've All Heard of the "Tornado Alley," But What About "Hail Alley"?**

Severe hail causes an average of \$1.42 billion in property and crop damage each year in the U.S. Much of this damage occurs during the spring and summer months as warmth and humidity build, fueling severe thunderstorms. Furthermore, a large portion of hail-producing thunderstorms occur in the Plains states. In a [recent study](#) on the effects of hail across the U.S., researcher John L. Cintineo, found that severe hail occurs most often in a triangular region from west Texas to northwest Missouri to the western Dakotas. In the study, the authors defined severe hail as hail that's at least 0.75 inches in diameter, or about the size of a penny. As for the larger hail which we will qualify as golfball size or greater -- Texas, Kansas, Oklahoma and Nebraska average the most days. The country is nearly devoid of severe hail during the winter months due to the lack of favorable conditions such as strong wind shear and ample moisture. Keep in mind however, hail can occur at anytime of the year! The southeast gets battered most often by hail in May, but the peak hail numbers on a national scale occur in June, when thunderstorms are producing the most severe hail in the Plains. Hail becomes most frequent toward late summer farther north into the northern Plains. The hail threat diminishes rapidly from September as cooler and drier winds bring about winter. I also did some research and wanted to include the largest hailstone on record. Interestingly, it occurred right about this time of year back in 2010, when a significant hailstorm moved through South Dakota. Just what farmers up the Dakota's don't need to see!

- *The world's largest hailstone by diameter and weight was observed in the U.S. on July 23, 2010 near Vivian, South Dakota. The hailstone measure 8.0" in diameter, 18 1/2" in circumference, and it weighed 1.9375 pounds.*
- *The [largest hailstone](#) by circumference occurred on June 22, 2003 in Aurora, Nebraska; the hailstone measured in at 7.0" in diameter and 18.75" in circumference.*



### **The 'Death Ray' That Can Knock Drones Out of the Sky**

As drone numbers sky rocket across the world, concerns mount over their safety in the wrong hands. There are confirmed stories of even ISIS reportedly using shop-bought drones to drop hand grenades on Western troops in Iraq. In response, anti-drone technologies and the companies that develop it are on the rise. Enter the DroneGun, a signal-jamming rifle capable of taking out an Unmanned Aerial Vehicle (UAV) from 1.2 miles away. The DroneGun is the brainchild of tech firm [DroneShield](#), a drone detection and protection technology company based in Sydney, Australia and Virginia. The gun is designed to stop drones with explosives or other weapons strapped to them using radio waves. The weapon works by jamming a Radio Frequency signal in the drone, taking



away control from the pilot and gently landing the drone safely on the ground. This controlled vertical landing stops weaponized drones from flying into targets even when disabled. Understand, most modern drones are equipped with a protocol that they come back to their operator when the Radio Frequency signal is jammed, and land when Radio Frequency and GPS are both jammed. The gun won't take over controls of the drone, just elicit an automatic response, which would be to land. From what they say, taking control of the drone is very difficult to do. Plus, alot of the higher end personal drones are what they call, 'frequency hoppers' like the DJI Phantom 4 -- the most popular drone model out there -- which can jump around constantly searching and working off new frequencies. However, the DroneGun will block video transmission back to the pilot, as well as the drone's GPS, halting any chance for the pilot to regain control. On top of its impressive 1.2 mile range, the weapon can disable drones over two common signal frequencies - 2.4 and 5.8 GHz. The DroneGun is not yet available in the U.S., with the Federal Communications Commission yet to approve it. Interestingly, it is far from the only anti-drone solution to have surfaced in recent months. Drones that can carry nets to capture and neutralize other drones were developed by Michigan Tech University earlier this year. They were designed to capture and remove weaponized drones to a safe area. Beyond the military applications of this drone jamming device, it could be very useful for airports in taking down drones flying too close to commercial airliners. (UK Daily Mail)



© YouTube/Drone Shield

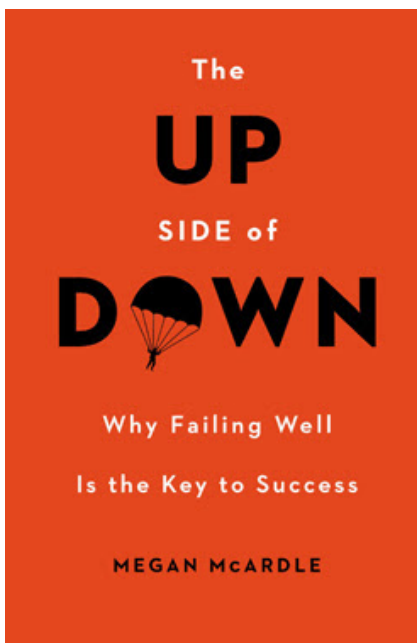


### **MUST READ: Learning To Fail Better...A Lesson For Us All**

I ran this article a few years back, but have since received lots of positive feedback and several request to re-run or from subscribers wanting to pass along to friends and family. Like always, I encourage everyone to pass along anything I publish that might help make a positive difference in someones life. That's something that brings a smile to my face and one of the most personal rewarding benefits I receive. I hope you enjoy it and it makes you think...

I was recently sent a great e-mail penned by Megan McArdle in reference to her new book, "The Up Side of Down". In the e-mail McArdle discusses how America is now raising their children wrong by NOT allowing them to fail. Parents are simply not giving them permission to take on NEW challenges where they might fall flat on their face. In return we are not teaching our children how to accept criticism, how to overcome objections, and most importantly how to quickly pick themselves back up, dust themselves off and get back in the fight when things go wrong. McArdle argues this is vital not only on a personal level, but also vital for America, because that's where innovation and growth come from. Parents are pushing their children harder than ever -- micromanaging their lives, orchestrating things and manipulating the environment so that their children have as little opportunity as possible to go astray. It's totally understandable. But it's bad for the kids, bad for the parents, and bad for the nation. She goes on to tell story after story about how parents have now made children

afraid to "fail." Afraid to take that class where they might hurt their grade point average; afraid to try that sport where they might not be the best; afraid to do anything that might embarrass the parents or prove they are not as good as the neighbors kids... "America, you're now doing it ALL wrong," she screams! If you can't afford to risk anything less than perfection at the age when your 13, then for heaven's sake, when is it going to be the right time? This is the time when kids should be learning to dream big dreams and dare greatly. This is when they should be making mistakes and figuring out how to recover from them. Instead, we're telling some of our best and brightest to focus all their talent on coloring within the lines. Below are few of the other reasons why she believes this is such a bad idea:



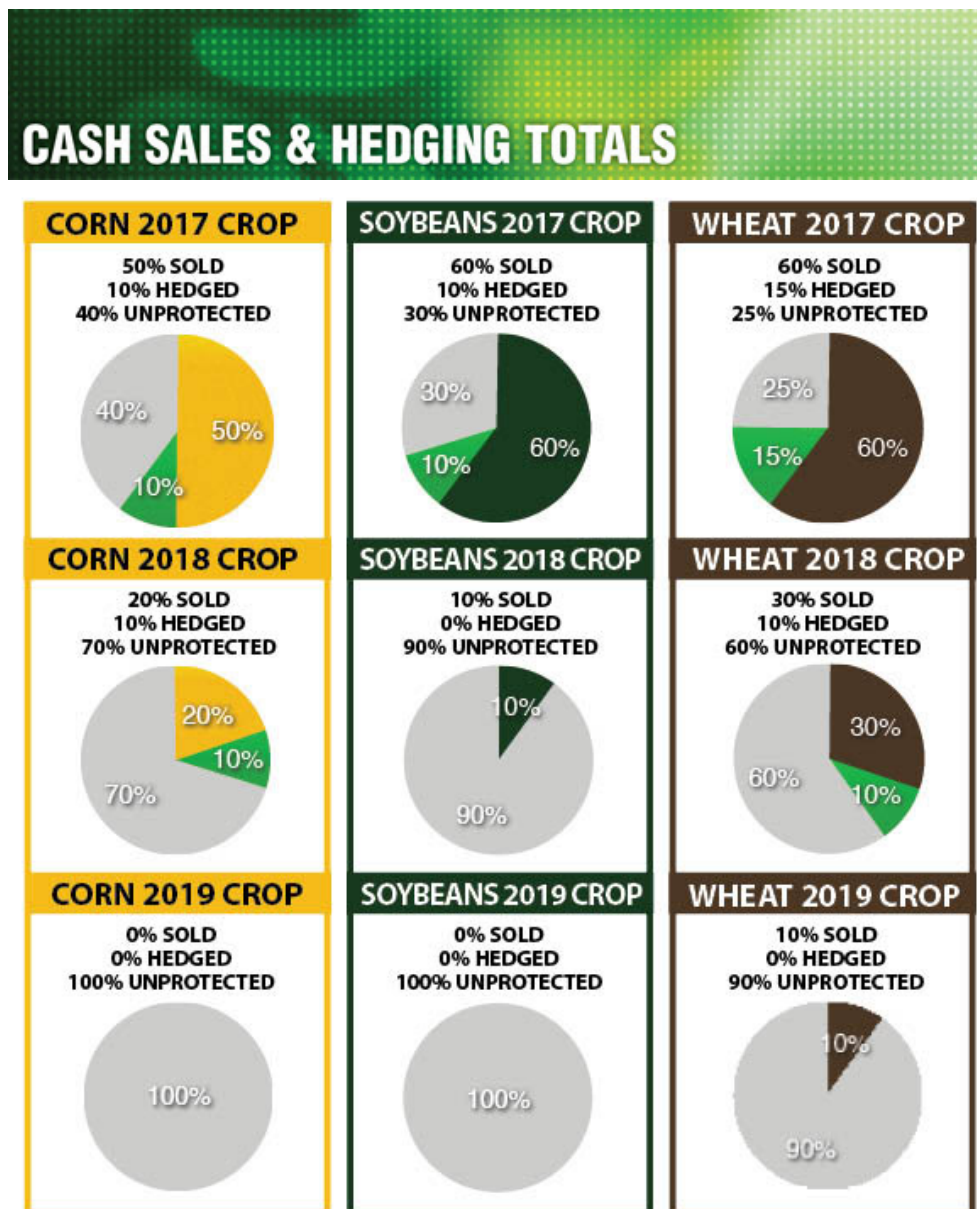




ideas, and companies, and even markets are destroyed in order that something previously undreamt-of can replace them.

Do we want a society that dreams new things and then makes them happen? I hear that we do, every time I hear a teacher, or a politician, give a speech. So why are we trying so hard to teach the next generation to do the exact opposite?

(Source: Megan McArdle "Go Ahead, Let Your Kids Fail" on Bloomberg)



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