

GOOD MORNING 07/26/17 Farm Direction - VanTrump Report

1 message

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Wed, Jul 26, 2017 at 6:48 AM



"Strategy is a commodity, execution is an art." —Peter Drucker

WEDNESDAY, JULY 26, 2017

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Morning Summary: U.S. stocks advance again as investors seem to tune-out turmoil in Washington and instead focus on a growing number of better-than-expected earnings results. The S&P 500 set another all-time high yesterday and the index is now up +10.7% so far in 2017. At the same time, earnings for S&P 500 companies are expected to have climbed +9.1% in the second-quarter. The Nasdaq also set a new record high yesterday. Earnings remain in the spotlight with releases set from corporate giants like BASF, Boeing, Buffalo Wild Wings, Coca Cola, Corning, Discover, Facebook, Gilead Sciences, GlaxoSmithKline, Hershey, Hilton, Ingersoll-Rand, Lear Corp., Nintendo, Norfolk Southern, PayPal, Suncor and Whole Foods. The other major focus for investors today will be the U.S. Federal Reserve's latest monetary policy decision. Most inside the trade suspect the Fed will leave key interest rates "unchanged". Fed-watchers are likely to be scrutinizing the official Meeting Announcement for clues into when the bank plans to next raise rates, most thinking December and how and when the bank plans to begin trimming its \$4.5 trillion balance sheet. Traders are also very interested in the Fed's thoughts on inflation, which has stubbornly remained under the central bank's 2% target. Also due out today is New Home Sales, which are expected to rise slightly to an annualized rate of 611,000 from 610,000 last month. In Washington, the Senate voted yesterday to start debate on health care repeal. Vice President Pence had been called in to cast the tie-breaking vote. In the House, Republican appropriators are pressing Speaker Paul Ryan to cancel the first week of the August recess and tackle the full-blown \$1 trillion spending package. House leadership decided last week to only pursue a smaller, scaled back version for national security priorities. It still does not look like the last-minute push to vote on the full 12-bill spending package has enough support. There's very little fresh or new in the headlines. U.S. corporate earnings and the latest Fed decisions will take center stage. There shouldn't be a lot of surprises...

Shrine Crisis In Israel May Not Be Over Yet: Israel on Tuesday dismantled metal detectors it installed a week earlier at a contested Jerusalem shrine, hoping to defuse a crisis with the Muslim world, including security ally Jordan, the Muslim custodian of the holy site. The removal of the devices followed the resolution of a 24-hour diplomatic standoff with Jordan over a deadly shooting at the Israeli Embassy in the kingdom. However, people close to the situation say there are signs that the crisis over the shrine, revered by both Muslims and Jews, may not yet be over. Israel announced it would replace the metal detectors with new security measures. This would include "advanced technologies," reportedly sophisticated cameras, and additional police deployments. Muslim leaders had demanded that security arrangements go back to what they were before the metal detectors were erected. Muslim leaders are now urging Muslims to stay away from the shrine pending a review of the Israeli measures. The temple is the third holiest site of Islam and the holiest of Judaism, once home to biblical Temples. Israel had erected metal detectors at the gates to the Muslim-administered site last week, after Arab gunmen killed two Israeli police guards there. The move incensed the Muslim world, amid allegations that Israel was trying to expand control over the site under the guise of security. Over the past weekend, nearly 10 people were killed in three separate incidents, though it's not clear if they were all directly related to the controversy surrounding the shrine. (Sources: CNN, BBC)

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December 6, 2017

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Understanding What Is Happening With The Senate Healthcare Effort:

The Senate managed to advance an effort to repeal the Affordable Care Act yesterday, with Republican's gaining a tie-breaking vote from Vice President Mike Pence. Understand, however, that this was only a vote to begin debate. This is not a debate on the "repeal and replace" bill that failed to gain support last week. Instead, Senators are really debating the "unknown." It is expected the Senate will vote on a repeal-only measure, which is expected to be the first amendment offered up. It is also possible a significantly scaled-down measure of the Senate replacement bill, known as a "skinny bill," will be introduced. The "skinny bill" under consideration is likely to only repeal ObamaCare's coverage mandates and the medical device tax, aides say. GOP leaders said there will be an open amendment process this week to allow Republicans and Democrats to help craft the health care bill. Moderate Republicans are largely opposed to repealing ACA without a replacement but conservatives do not want to replace significant portions of it. Insiders believe GOP leaders may just try to get a repeal bill through the Senate in order to get it into conference with the House where members of both chambers could craft a more comprehensive repeal and replace bill. The initial round of debate could last up to 20 hours and be spread out over several days. After the debate is over, they will begin a "vote-a-rama," a period of successive votes on offered amendments. The agreed upon amendments will make up the bill, which will then go up for a final vote. If it passes, the House needs to approve it or send it to conference, the latter of which is most likely. (Sources: Politico, Wall Street Journal)

College Tuition Inflation Is Finally Easing: U.S. college tuition is growing at the slowest pace in years, following a nearly +400% rise over the past three decades that fueled middle class anxieties and a surge in student debt. Tuition at college and graduate school—after scholarships and grants are factored in—rose +1.9% in the year through June, broadly in line with overall inflation. By contrast from 1990 through last year, tuition grew an average +6% a year, more than double the rate of inflation. In that time, the average annual cost for a four-year private college, including living expenses, rose +161% to about \$27,500, according to the College Board. Abundant supply is running up against demand constraints. The number of two-year and four-year colleges increased 33% between 1990 and 2012 to 4,726. However, enrollment is down more than -4% from a peak in 2010, partly because a healthy job market means fewer people are going back to school to learn new skills. Longer-running economic and demographic shifts also are at play. Lower birthrates and the aging of baby boomer children have reduced the pool of traditional college-age Americans. The number of new high-school graduates grew 18% between 2000 and 2010 but only 2% in the first seven years of this decade, Education Department data show. (Source: The Wall Street Journal)

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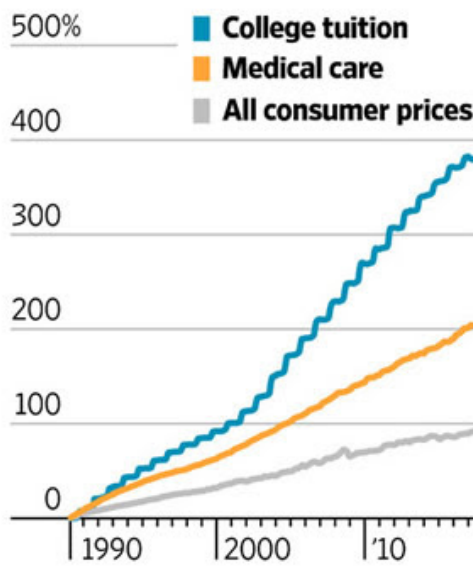
College and graduate-school tuitions rose rapidly in recent decades but are now growing roughly in line with overall inflation.

College tuition, change from a year earlier



Source: Labor Department

Prices, change since 1990



THE WALL STREET JOURNAL.

Weather forecasts are calling for a chance of much-needed rain in the western Midwest over the next two days, particularly in Iowa. This should help stabilize crop prospects throughout the region. On the Plains, cooler air has overspread Montana and the Dakotas, accompanied by isolated showers. On July 23, the Dakotas topped the U.S. in rangeland and pastures rated poor to very poor -- 75% in North Dakota and 73% in South Dakota -- while Montana led with topsoil moisture 92% short to very short. Farther south, ongoing hot, dry weather on the central and southern Plains maintaining stress on rain-fed crops. However, there is some indication that temperatures in the next 10 days will be milder than recent forecasts calling for a hot trend. In the South, scattered showers have pushed through from the lower Mississippi Valley eastward. Although many crops and pastures have enough moisture for normal development, topsoil moisture rated very short to short has increased to 61% in Arkansas, 59% in Virginia, and 44% in Mississippi. Another cold front will soon produce showers in the upper Midwest and neighboring areas, resulting in limited drought relief in parts of Montana and the Dakotas. Five day rainfall totals could reach 1 to 3 inches across the eastern half of the U.S., with somewhat lower amounts expected across the Plains. Elsewhere, monsoon-related showers in the Southwest and environs will contrast with hot, mostly dry weather in California and the Pacific Northwest.

Difference in Dryness Between the Eastern and Western Corn Belt: The map below highlights the stark contrast between very dry conditions in the western and southern Corn Belt and a very wet eastern Corn Belt during July. Nebraska and Iowa have especially been dry and have seen corn conditions drop significantly in the past few weeks. But the stressful weather pattern is expected to let up this week with moderate to heavy rain possible in Iowa and Nebraska mid-week. Again, this should help stress to corn and soybeans and allow for some improvement in crop ratings.



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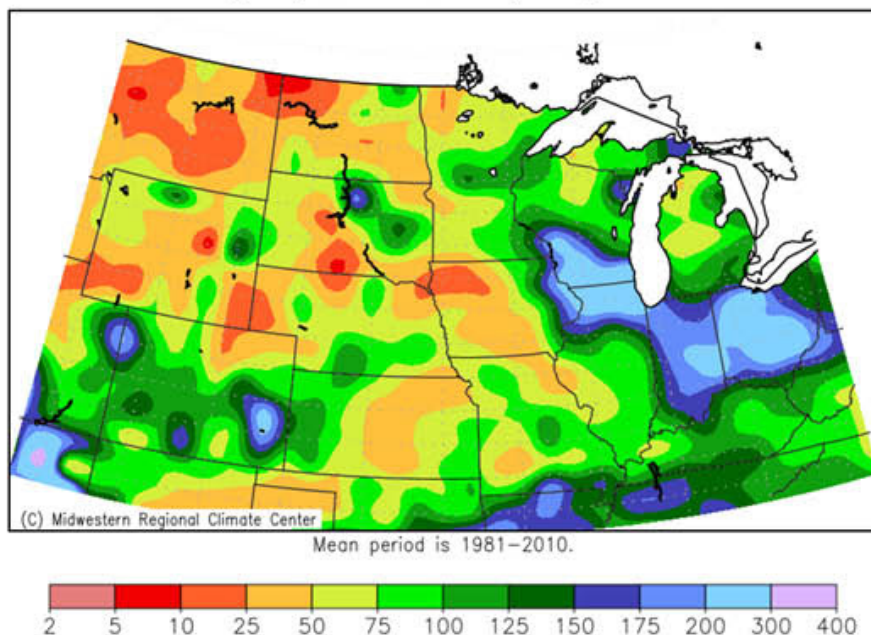
Today In History



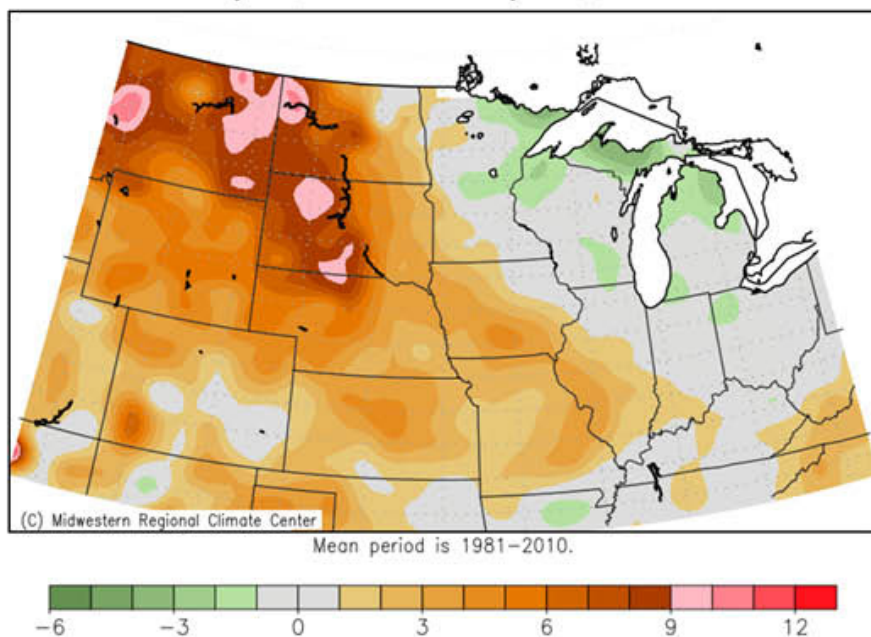
1775, U.S. Postal System -

the U.S. postal system is established by the Second Continental Congress, with Benjamin Franklin as its first postmaster general. Franklin (1706-1790) put in place the foundation for many aspects of today's mail system. During early colonial times in the 1600s, few American colonists needed to send mail to each other; it was more likely that their correspondence was with letter writers in Britain. Mail deliveries from across the Atlantic were sporadic and could take many months to arrive. There were no post offices in the colonies, so mail was typically left at inns and taverns. In 1753, Benjamin Franklin, who had been postmaster of Philadelphia, became one of two joint postmasters general for the colonies. He made numerous improvements to the mail system, including setting up new, more efficient colonial routes and cutting delivery time in half between Philadelphia and New York by having the weekly mail wagon travel both day and night via relay teams. Franklin also debuted the first rate chart, which standardized delivery costs based on distance and weight. In 1774, the British fired Franklin from his postmaster job because of his revolutionary activities. However, the following year, he was appointed postmaster general of the United Colonies by the Continental Congress. Franklin held the job until late in 1776, when he was sent to France as a diplomat. He left a vastly improved mail system with routes from Florida to Maine

Accumulated Precipitation: Percent of Mean July 1, 2017 to July 24, 2017



Average Maximum Temp. (°F): Departure from Mean July 1, 2017 to July 24, 2017



Midwestern Regional Climate Center
Illinois State Water Survey, Prairie Research Institute
University of Illinois at Urbana-Champaign

Corn bulls again backpedaled on cooler than average temps across a large portion of the U.S. corn belt, and fears that yield may not fall below 162 bushels per acre. With ending stocks having recently been rebuilt to levels north of 2.0 billion bushels, and South America supply overflowing, it becomes tough to argue any type of wildly bullish scenario on a U.S. yield forecast north of 160 bushels per acre. In other words, many bulls find the current reward to the upside less than enticing. I would have to argue the downside may also be somewhat limited, while the trade patiently waits to see a bit further out in the forecast, and perhaps more importantly, how big of a drop the USDA makes to their U.S. yield forecast in August. Technically, many insiders suspect the market might now try and test the 2017 low in the DEC17 contract down around \$3.74 per bushel, some say it might even go after the all-time contract low down at \$3.58⁴. The upside is probably now limited to nearby psychological resistance at around \$4.00

system, with routes from Florida to Maine and regular service between the colonies and Britain. President George Washington appointed Samuel Osgood, a former Massachusetts congressman, as the first postmaster general of the American nation under the new U.S. constitution in 1789. At the time, there were approximately 75 post offices in the country.



1878, Wyatt Earp -

Attempting to preserve the peace in Dodge City, Assistant Marshal Wyatt Earp trades shots with a band of drunken cowboys, fatally wounding one of them. Although he ended up on the wrong side of the law later in life, as a young man Wyatt Earp's most consistent occupation was as a lawman. The third of the five brothers in the notorious Earp clan, Wyatt was by far the most famous. He left the family home in California in 1864 and bounced around the west working odd jobs until he landed a position as town constable in Lamar, Missouri. In 1871, the tragic death of his wife and baby daughter in childbirth left him despondent, and he returned to roaming the West. At one point, he even became a horse thief. After several rough years, Wyatt got his life back on track. In 1873, he began work as a lawman in the rowdy cow town of Wichita, Kansas. He wore out his welcome three years later, however, after losing his temper and beating up a prominent citizen for insulting one of Wyatt's friends. He promptly relocated to Dodge City, Kansas, an even rougher town than Wichita. The Dodge City leaders appreciated Wyatt's experience in makeshift frontier justice and quickly appointed him an assistant marshal. During the three years Wyatt was a lawman in Dodge City, he generally dealt with troublemakers with his formidable fists or by clobbering them over the head with his pistol, and only resorted to firing his gun during one incident. In the early morning hours of this day in 1878, a small group of drunken cowboys began shooting their guns into the air. Wyatt and another officer came running and attempted to disarm the cowboys peacefully. Several of the cowboys shot at the lawmen. Wyatt and his partner returned the fire, and Wyatt wounded a young Texan named George Hoy in the arm. When the cowboys tried to ride off, Hoy fell from his saddle. The wound became infected, and Hoy died a month later. He was the only man Wyatt killed during his entire time in Dodge City.



1952, Bob Mathias -

at the XV Olympiad in Helsinki, Finland, American Bob Mathias wins his second straight gold medal in the Olympic decathlon. Bob Mathias was born on November 17, 1930, in Tulare, California. By the time Mathias was 17, he was 6 feet 2 inches tall and 190 pounds. He competed on the track team in high

per bushel. Best guess, we probably stay range-bound between \$3.65 and \$3.95 from now until the August 10th, USDA report, unless something dramatic happens in the weather forecast. As a spec, I might take a closer look at dipping a bullish toe in the water on a break in price sub-\$3.70. As a producer I'm keeping all current hedges and cash sales in place and staying extremely patient. I had sold some \$4.40 DEC17 calls into the teeth of the rally and used the premium to help pay for the puts I had purchased. I was able to make some great cash sales at \$4.15 and am now thinking I might want to buy back the \$4.40 calls for a fraction of what was collected. It's my opinion, producers who have sold "call premium" might now want to talk with their advisor and start thinking about reducing risk to the upside. In other words banking profits and opening upside potential in case we catch a late inning rally.

Soybean bulls continue to act nervous knowing South American suppliers are holding a "full-house", and U.S. farmers are sitting at the table having planted all-time record large acres. Weather here in the U.S. certainly remains a "wild-card", but it's tough for the bulls to raise their stakes, knowing they have to draw to a sub-45 bushels per acre yield for the risk to equal the reward. You just never know... the soybean crop has been extremely hard to predict and forecast the past couple of years, and it seems like most have been caught "underestimating" the crop, not overestimating! Hence the reason many bulls might be apprehensive in going "all-in" against a couple of fairly strong hands. As a producer I fell like I'm in a good position, having a larger portion of my 2017 crop risk removed and a small portion of our estimated 2018 production. I am still kicking myself for moving my \$10.25 price target in NOV18 up to \$10.30, as a result missing the sale, as the high traded to \$10.28^6 back on July 12th. We are now trading sub-\$10.00, as always hindsight is 20/20. Even though "hope" is never a strategy, I'm hoping I get another shot. Technically, the trade will be keeping a close eye on support in the NOV17 contract, thought to be fairly heavy between \$9.60 and \$9.85 per bushel. A few of the bigger bulls I know, seem to be thinking if we can't stop the bleeding in that area, it might be time to throw in the towel. Personally, If we break that hard I'll still want to see what what we do around the \$9.50 area. I'm staying extremely patient, wanting to build a small bullish position, but just not comfortable as of yet trying to pick a bottom. Staying tuned to the U.S. forecast and thinking the funds might push this market too far to the downside.

Wheat remains a wild ride! As I said from the very beginning, don't get caught up in all the hype and don't allow yourself to get over-extended. As both a producer and spec, I'm a longer-term player and have always had an extremely difficult time navigating a weather market. I was conservatively bullish the wheat market prior to the recent weather headlines, and was more than pleased to get the tailwind created by the weather bulls. But I did not allow myself to get sucked in... I can't tell you how many times I've seen bearish markets, turn bullish, suck everyone in on the hype, then drop the bottom out as money flow dry's up. In other words, flushing the bullish crowd, then taking back off to the upside once it has blown everyone out who got overextended. Remember, longer-term bullish markets generally always give you multiple times to get on board the train. I've also learned the market often believes its job is to find a way to inflict the most pain, on the most people. In this case, a lot of money poured in on the bullish side in a hurry, and now the market is looking for new money to keep the momentum going. The story hasn't changed, but money-flow clearly has. When prices move that high that fast, it's very difficult to keep NEW money coming in at that pace. Think about it like this, how many large traders are just now hearing about weather problems in the U.S. Spring wheat crop? The ones who were betting on the weather rally were in weeks ago and have already taken a large portion of their profits out of the market. The question now becomes when will they want to get back in? When will prices drop far enough that the "supply and demand" story entices them to bring some of their winnings back to the table to place another bet. We've all gambled enough at the casino to know once we put the winnings in our pocket, it can take a bit of coaxing to get those chips back out on the table. I suspect if the bigger bulls sit around and watch a few more downticks, they will start to bring some bullish money back into the market. As both a spec and producer, I feel like the longer-term downside is somewhat limited. There's just a lot of underlying moving pieces that keep me optimistic.

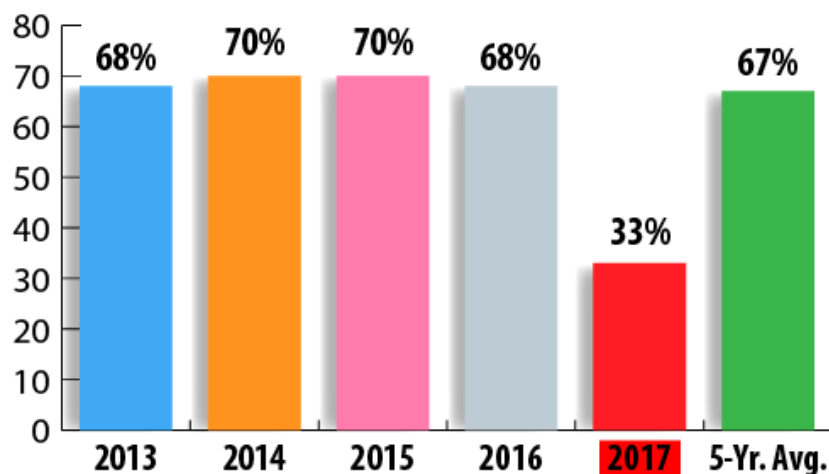
competed on the track team in high school before trying the decathlon at the request of his coach, who was so green he trained Mathias for the event out of a manual. Just three months before his high school graduation, Mathias competed in his first meet, in Los Angeles, and won, which qualified him for the national championship. To his great surprise, he won that as well, which gave him a spot on the U.S. Olympic team. The decathlon at the 1948 London Olympics took place in miserable cold and rainy conditions. Mathias was forced to huddle under a blanket between events, many of which were delayed by downpours. The lousy weather, however, didn't stop Mathias: With a score of 7,887, he broke the world record and became the youngest man in Olympic history to medal in a track and field event. "There was no pressure on me the first time because I didn't know any better," Mathias would later recall. For his performance, Mathias won the Sullivan Award as the nation's top amateur athlete. In 1952, while a senior at Stanford University, Mathias traveled to Finland to defend his title. Despite struggling with a strained thigh muscle and intense media pressure, Mathias managed to beat out American Milton Campbell by more than 900 points, breaking his own world record and becoming the first repeat winner of the decathlon in Olympic history. Mathias starred in The Bob Mathias Story in 1954 before enrolling in the Marines. Later, he served four terms in Congress as a representative from California. Mathias died of cancer in 2006 at the age of 75.

Upcoming Events

- Mon. 7/24 - Cold Storage
- Tues. - Wed. 7/25-26 - FOMC Meeting
- Fri. 8/10 - USDA Supply and Demand
- Thurs. 8/10 - FSA Crop Acreage Data
- Wed. 8/16 - Minutes From 7/26 FOMC Meeting
- Tues. 8/22 - Cold Storage
- Fri. 8/25 - Cattle on Feed
- Mon. 9/4 - Labor Day - Markets Closed
- Tues. 9/12 - USDA Supply and Demand
- Fri. 9/22 - Cattle on Feed
- Fri. 9/22 - Cold Storage
- Thurs. 9/28 - Quarterly Hogs and Pigs
- Fri. 9/29 - Quarterly Stocks
- Thurs. 10/2 - USDA Supply and Demand
- Fri. 10/20 - Cattle on Feed

U.S. Spring Wheat Conditions (% Good-to-Excellent)

Week #29 - July 23, 2017



Source: USDA, Weekly Crop Progress numbers



> Mato Grosso Safrinha Harvest Reaches 75.2%: Data from the Mato Grosso Institute of Agricultural Economics (Imea) reveals that the harvest of the Brazilian state's second corn crop reached 75.2% of the surface last week. That marks an advance of 13.2 percentage points compared to the previous week. The progress is +7.9 percentage points ahead of the previous year. (Source: Agrosouth)

> Argentine Final Wheat Sowings Slowed By Storms: Storms in Argentina over the coming two weeks will slow the final stages of 2017/18 wheat planting, crop weather experts said, adding that flooded areas will likely be sown with soy once the moisture evaporates later this year. Argentina's wheat-planting window ends in August. Heavy rains will make it hard for growers to plant the whole 13.34 million acres that the Buenos Aires Grains Exchange has estimated will be sown with wheat this season. "Areas that cannot be planted with wheat will be sown with soy, practically on a one-to-one basis," the exchange's weather consultant Eduardo Sierra told Reuters in a telephone interview. Areas expected to be hit by the storms ahead include southern parts of the bread-basket province of Buenos Aires. (Source: Reuters)

> USDA Increases Sugar Quota: The Agriculture Department said that it would allow more imported raw cane sugar this fiscal year to meet domestic demand by increasing the tariff-rate quota by 244,690 metric tons. The USDA, in a Federal Register notice, said that with the increase, the overall fiscal 2017 raw sugar TRQ would be 1.36 million metric tons. "This action is being taken after a determination that additional supplies of raw cane sugar are required in the U.S. market," the department said. (Source: Politico)

> Wheat Woes Seen Raising Food Costs Next Year: Higher prices paid to farmers, combined with lower imports, may increase grocery and restaurant costs for baked goods and cereals as much as +4% next year, the U.S. Department of Agriculture said Tuesday in its first forecast of food-price inflation for 2018. Price gains will vary across foods, with increases in some products more dramatic than others as the type of wheat used varies. The USDA also expects inflation to quicken for beef and fresh fruit next year after some declines in 2017. Costs for eggs, which are forecast to drop as much as 9 percent this year, will rebound in 2018, climbing as much as 2 percent, the agency predicts. The 2018 forecasts are based on assumptions that weather will be normal for the remainder of the year, the USDA said in a document accompanying its price forecasts. Currency fluctuations may also change predictions. (Source: Bloomberg)

Mon. 10/23 - Cold Storage

Mon. 11/5 - Daylight Saving Time Ends

Thurs. 11/9 - USDA Supply and Demand

Thurs. 11/23 - Thanksgiving - Markets Closed

Kevin's Song of the Week



About the Report

> EU Anti-Dumping Duty Seen Moving Demand From Ethanol To Biodiesel:

Ethanol producers are watching the European Commission's decision on anti-dumping duties on Indonesian and Argentinian biodiesel imports into the EU closely as any reduction could make biodiesel more competitive against ethanol in Europe, market sources said. Should the anti-dumping duties be scaled back on Thursday, when the EC decision is due, they would make FAME 0 biodiesel cheaper. A cut in the duties would boost flows of soybean oil-based SME into Europe from Argentina and palm oil-based PME from Indonesia as they are able to produce biodiesel at competitive prices due to abundant feedstocks. Participants in the ethanol market have said that they are watching the biodiesel developments closely because any reduction would act as an incentive for a switch away from ethanol to biodiesel, especially in countries that have a biofuels mandate, rather than separate ethanol and biodiesel mandates. (Source: Platts)

> Lawmakers Seek Ban On Chlopyrifos Pesticide: Senators Tom Udall (D-N.M.)

and Richard Blumenthal (D-Conn.) have introduced a bill to ban the use of the pesticide of chlorpyrifos - a move that follows a court order last week that kept in place the EPA's March decision not to pull the chemical from the market. Chlorpyrifos is a widely used agricultural pesticide, but has been linked to neurological problems in children in some cases, as well as to other health risks. The EPA under President Obama was on track to ban the chemical for agricultural uses, a move called for in a petition from environmentalists. However, the Trump administration has denied the petition, arguing that it needs more time to study the health risks of the chemical. EPA says it will make a decision by 2022 on whether to keep the pesticide on the market. The bill is called the Protect Children, Farmers and Farmworkers from Nerve Agent Pesticides Act of 2017. Seven other senators are co-sponsoring it. (Sources: Politico, Reuters)

> DuPont Earnings Fueled By Farm Business Strength: Chemicals and seeds

company DuPont, which is merging with Dow Chemical, beat analysts' estimates for both profit and revenue on Tuesday, helped by higher sales in its agriculture business. Sales in the business, which accounts for nearly half of DuPont's total revenue, rose +7%, as the company sold more insecticides and fungicides. DuPont also said higher soybean sales in North America and increased demand for sunflower and corn seeds in Europe helped its agriculture business in the first half of the year. Net sales for DuPont rose +5.1% to \$7.42 billion in the second quarter ended June 30. Net income attributable to DuPont fell -15.5% to \$862 million, or 99 cents per share. DuPont said it took a charge of \$376 million in the quarter related to its merger with Dow. Excluding items, Dupont earned \$1.38 per share. Analysts had expected a profit of \$1.29 per share and revenue of \$7.29 billion, according to Thomson Reuters. (Source CNBC)

> From The Gallup Vault: A Sea Change In Support For Working Women: Gallup

Vault: Reporting on a 1969 update of Americans' views about women in the workplace, George Gallup commented, "Rarely has the Gallup poll shown such a remarkable change in viewpoint." The change in question was a shift from 72% of Americans in 1936 saying they disapproved of a married woman working in business or industry "if she has a husband capable of supporting her" to 55% approving in 1969. The 1969 Gallup news article discusses survey respondents' reasons for their views. Some of those against married women working for pay said, "A woman's place is in the home." Others thought that a rise in juvenile delinquency (which many at the time blamed on parents) could be traced to mothers working, and thus that women needed to be at home with their children. Men and women expressed nearly identical views in 1969 about married women taking jobs, but adults in their 20s were more supportive than older adults. Given this generational pattern, attitudes continued to evolve -- as evidenced by a 1998 National Opinion Research Center poll updating the Gallup question. That survey found 81% of Americans approving and only 18% disapproving of a married woman earning money in business or industry if her husband was capable of supporting her. This is likely to have shifted even closer to unanimous approval today. (Source: Gallup)

NEXT level THINKING



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

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

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

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

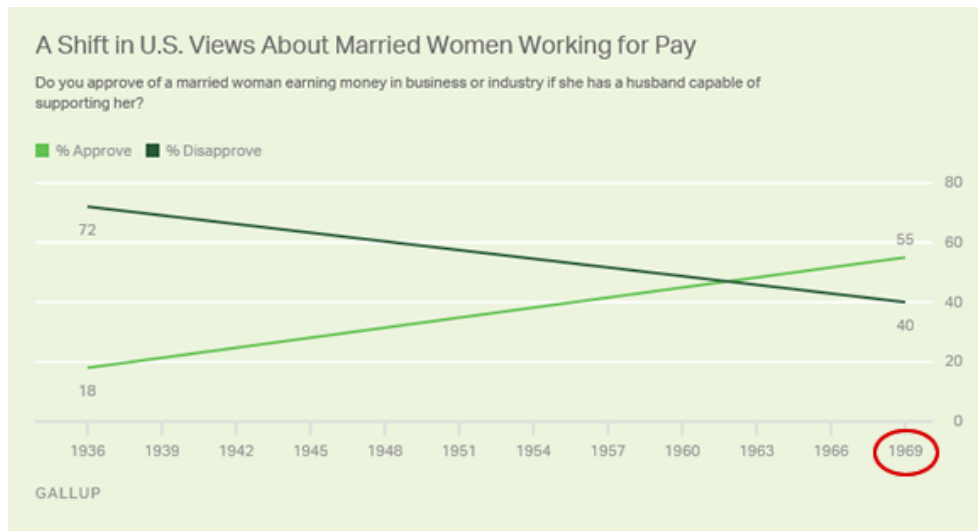
Kevin Van Trump

What Others Are Saying

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

A.M., FDIC

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



Westcentral North Dakota - We have barely had over two inches of rain all year and we are used to getting over three just in the month of June. We will only be able to harvest 40% of our wheat crop. It will also be a bad year for peas up here as we are looking at only 100 pounds per acre, usually it's closer to 3,000 pounds. The barley is so bad that we have already rolled it up into hay for our cows. There is a small window of hope for our corn and beans if we get some rain quickly, but no one is counting on it. We have been selling off some cattle as we can't keep them on the dying pastureland.

Northwest Texas - There have been areas up here that were hard hit by storms this summer. Lots of hail and storm damage according to one insurance adjuster I spoke with. We haven't had rain in 6 weeks, if you don't count the couple of tenths a few days ago. Been having to run the pivots every four days down here. On top of not raining we have been hot and windy for three weeks. The conditions have cut back my corn nearly 60%. The cotton seems to be doing ok with the weather but the markets sure aren't much to talk about. We increased our acreage this season on hopes of good things to come in the cotton market.

Southwest Minnesota - Things here are very dry right now. We have a gravel streak that runs throughout our fields, not the whole field but where it is the ground and crops are pretty much done as they are burned up. We do have some good corn on the heavies soil and if we get timely rains to finish it off we might produce an average yield. We had a late start up here, not in the planting date as that was on time but the weather turned cold and wet immediately after and set things back. It looks like we are not going to get all the growing degree days we need. It has also been frustrating to see our basis widen as of late during the rallies, we did not make any sales because of that. They are significantly higher than historical trends right now.



University Of Illinois Says Corn Seed Costs Won't Decline: The cost of corn seed is not expected to go down next year. A report by ag economists at the University of Illinois says the cost is highly related to the number of acres of corn in the world which are still relatively high, "We saw some of that come down a bit in 2017, a slight decline, but not much of one. 2017 corn acres in the world are actually the second highest. So, that would suggest that the demand is there for seed and we wouldn't expect many declines." Farm management professor Gary Schnitzler gives Illinois as an example

the past 20 years I've found in the past several months of engaging in your "Farm Direction" services to be the best perception and analysis of what is really happening in today's world. Not only here in the United States, but across the globe as well. US farmers need this type of help and information to assist them in their daily efforts. I commend you for a job well done. Please let me know if I can ever be of any help or assistance to you in the future..."

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

[More Testimonials](#)

My Own Personal Truisms

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

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

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

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

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

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

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

I never initiate a "short" position in a market that I am "bullish" longer-term, nor do I initiate a "long" position in a market I am "bearish" longer-term.

declines. Farm management professor Gary Schnitkey gives Illinois as an example, "We hit our high in central Illinois for (corn) seed costs per acre of \$120 per acre in 2014 and that declined by \$2.00 to \$118 in 2016." As for soybean seed costs, Schnitkey doesn't expect them to decline either. He tells Brownfield growers can expect fertilizer costs to remain well below the highs of 2014 with a projected cost of \$130 for 2017. And, he says machinery depreciation might come down as well. Listen to the full interview [HERE](#).

According To New Study, Comprehensive Approach Needed For Food Safety On Farms And Feedlots: A Pew Charitable Trusts study released this month examines "preharvest" food safety control measures currently used on farms and feedlots and concludes that efforts to reduce contamination of meat and poultry products from harmful pathogens requires a comprehensive "farm to fork" approach. The study also reports that the annual cost of foodborne illnesses (i.e., medical costs, lost income and productivity) attributable to the consumption of such foods is estimated at \$1.4 billion for beef, \$2.5 billion for poultry and \$1.9 billion for pork. Read more [HERE](#).

The Scientifically Proven Reason You Shouldn't Feel Guilty About Ordering Takeout: Tiandra Cox uses the grocery-delivery service Instacart several times a week and routinely orders from Amazon.com's Prime service. It's a luxury, she said, but it has helped her in ways she never expected. Cox, 30, a mother of two who works full-time while pursuing a bachelor's degree, used to suffer from panic attacks, especially in her local grocery stores around Indianapolis. But she hasn't had one since she stepped up her use of time-saving services. "If I didn't have those services helping, I don't think I would have enrolled in school again," Cox said. New research offers an explanation for Cox's newfound peace of mind. Paying for food delivery or a housekeeper to scrub the bathroom tile aren't extravagances — they're scientifically proven ways of improving your happiness, according to studies of more than 6,000 people in four countries released Monday. People who buy their way out of tasks they don't want to do themselves — like mowing the lawn or filing taxes — are happier than those who don't, according to a research paper published Monday in the Proceedings of the National Academy of Sciences. Read more [HERE](#).

Adobe's Flash Is Finally On Its Way Out: 7 years after Steve Jobs waged war on Flash, it's officially dying. The company announced the software was "end-of-life" in a blog post on Tuesday. From the blog post: "Given this progress, and in collaboration with several of our technology partners — including Apple, Facebook, Google, Microsoft and Mozilla — Adobe is planning to end-of-life Flash. Specifically, we will stop updating and distributing the Flash Player at the end of 2020 and encourage content creators to migrate any existing Flash content to these new open formats." Check out the details [HERE](#).

World's Highest Paid Athletes: We've all seen superstar athletes perform amazing feats in crowded stadiums, but even more impressive are these superstars' pay. Not only do sports attract millions of viewers, but sports also attract the big bucks. Cost information site HowMuch has created a graph of the highest paid athletes in different sports categories. The x-axis represents an athlete's pay from endorsements and the y-axis represents an athlete's pay from salary and winnings. Both axes are measured in millions of dollars. Each athlete on the graph is represented by his picture, with a colored circle in the background representing the athlete's sport. See a larger version of the graphic and read more [HERE](#).

Farm Direction
RECIPES

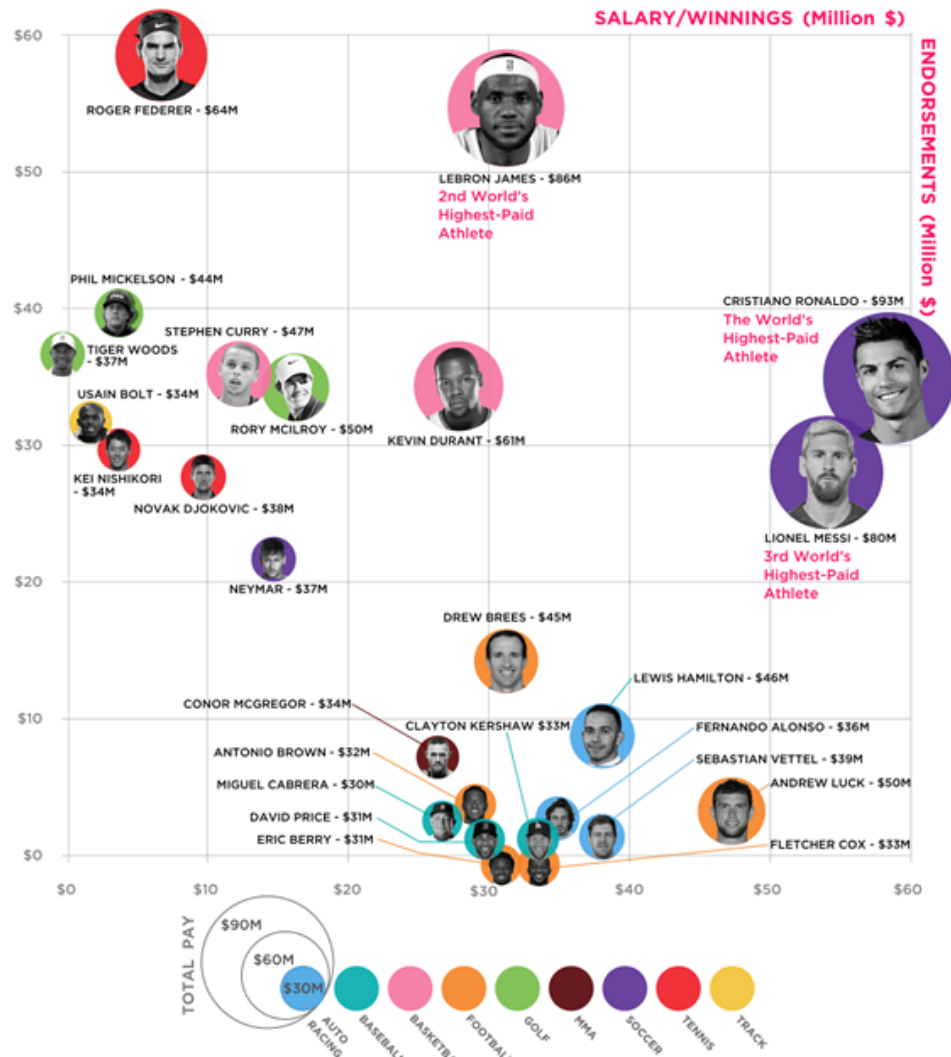
★ **FAMILY** ★
FAVORITES
-SENT IN BY OUR READERS-



Cheesy Stuffed Tomatoes

CLICK TO SEE RECIPE

The World's Highest-Paid Athletes in Top Sports 2017



Article and Sources:
<https://howmuch.net/articles/worlds-highest-paid-athletes-in-top-sports>
https://www.forbes.com/athletes/list/#tab:overall_header:pay_sortreverse:true

howmuch.net



Surprisingly "Organic Milk" Supply Finally Outpaces Demand

It looks like supply has finally overcome demand in the organic milk market. Organic milk remains a niche in the \$40 billion dairy industry, but has become a staple in most U.S. supermarkets. Those desiring to enter the organic arena must meet certification rules which include providing cows with organic feed, forgo antibiotics and graze the animals on pasture for at least 120 days a year. Much like growing organic crops - the process is more expensive, and organic cows produce only about 13,000 pounds of milk in a year, compared with at least 18,000 at most conventional dairies. Organic products represented 5.2 percent of fluid-milk sales last year, more than double their 1.9 percent share a decade earlier, according to the U.S. Department of Agriculture. Demand is increasing even as fluid-milk sales are expected to drop for the seventh straight year, reaching the lowest in more than two decades. Americans, myself included, are eating fewer bowls of cereals and favor other drinks with their meals. With the increase in sales over the last decade, some companies including processor Dean Foods Co. and yogurt maker Dannon decided to add organic products to their offerings. To keep up with demand, the number of cows certified to supply organic milk has increased about 20 percent in the past two years, an industry group estimates. If you are a consumer of organic milk, you might recall at the end of 2007 that you were paying an average of \$4.40 for a half-gallon of organic milk at the supermarket. At that same time, a half-gallon of conventional milk went for \$2.43. according to the US Department of of

gation of conventional milk more for cheese, according to the US Department of Agriculture. Ten years later, the cost of a half-gallon of organic milk is around 10% less at \$3.99; conventional sits at \$2.47. When prices were at their peak a growing number of producers felt the transition to organic was worth the switch and now many find themselves dumping what can't be sold. Others are selling their organic inventory up to quota levels then letting the rest go at conventional prices. The timing couldn't be worse for the farmers as the national milk output is expected to climb 2.3 percent this year to a record 217.3 billion pounds (98 million metric tons), the USDA estimates. This will mean that many processors will be forced to increase their stocks of cheese, butter and milk powder. On top of all this is the recent trade dispute with Canada - for which I understand many of the operations in Wisconsin and Minnesota have found a home for their milk with the Dairy Farmers of America - albeit at around \$900 less a month. At the same time, Mexico, the biggest importer of American dairy products, is buying more from Europe and has been exploring talks with dairy powerhouse New Zealand. (Source: Bloomberg, Quartz)



Common Myths About Ticks And What You Really Should Be Doing

Ticks have been heavy this year and their populations are booming across the country. In fact this is shaping up to be one of the worst tick seasons in years thanks largely to a fairly mild winter. The parasites are becoming more and more widespread throughout the U.S. and at least one species of the bloodsuckers can now be found in every state. Despite how common they are, experts say that what a lot of people think they know about ticks is nothing more than old wives tales that have been passed along for generations. Below are some "myths vs. facts" we should keep in mind! (Sources: Prevention, USA Today, Ticken)

Myth #1: Ticks must be removed by burning them.

Fact: According to health officials, this is one of the worst ways to remove a tick. In fact, Kevin R. Macaluso, professor at the Louisiana State University school of veterinary medicine, says it may actually increase the risk of getting a tick-borne disease. "Applying heat can increase [the tick's] saliva production and if its infected with something increase pathogen transmission," Macaluso said.

Myth #2: You can remove a tick with perfume, alcohol, Vaseline.

Fact: Those old tricks you learned from your relatives about removing ticks —spraying them with perfume or alcohol, lighting a match next to the tick, painting it with nail polish—are unnecessary and possibly dangerous, says the CDC. The only tool you need is a pair of needle-nosed tweezers. Grab the tick as close to the skin as possible and gently pull it out without twisting or jerking. Then wash your hands and the spot where you found it with good soap and disinfect the skin with rubbing alcohol.

Myth #3: You can feel it when you've been bitten by a tick.

Fact: Tick bites are painless the vast majority of people. Ticks secrete compounds that make humans or animals they are attached to unaware they are being bitten or fed on.

Myth #4: Ticks fall from trees.

Fact: Ticks crawl up. If you find one on your head, it's because the tick crawled up your entire body and found a home there, not because it fell from a tree branch above you. Creepy as that sounds, it's important to know, because it explains why experts recommend tucking pant legs into

socks, tucking in your shirt and creating other 'clothing barriers' to prevent them from crawling up onto your skin.

Myth #5: Ticks smell your blood and that's what draws them toward you.

Fact: Ticks don't smell blood, they sense carbon dioxide. They can also sense heat and movement. These are the main ways they are able to track a host.

Myth #6: Ticks die every winter.

Fact: "Temperatures have to drop below 10 degrees F for a long time in order for ticks to start dying off," according to Michael W. Dryden, DVM, PhD, professor in veterinary parasitology at Kansas State University. But even when temps drop below freezing, he says, ticks are still out there. "They may not be as efficient at attaching themselves to a host, but they're still alive." Anytime temps are above freezing, ticks will try to latch on to you or your pets.

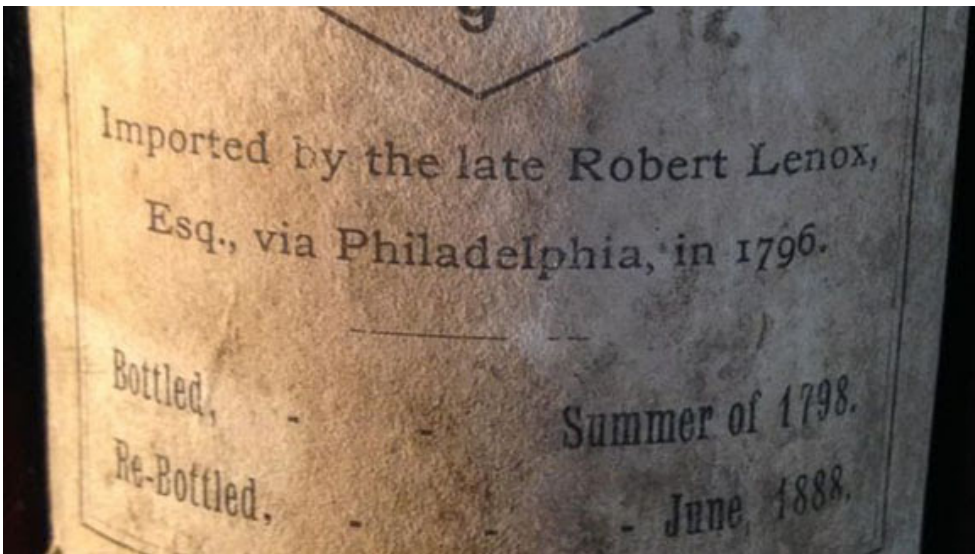


DO NOT GRAB THE BELLY OF TICK DO NOT TWIST IT SQUEEZE IT OR YANK ON IT FAST. ANY MOVEMENT LIKE THIS WILL CAUSE IT TO REGURGITATE IT'S CONTAMINATED GUTS INTO YOUR BLOOD GENTLY USE SHARP POINT TWEEZERS CLOSE TO SKIN AND SLOWLY GENTLY PULL STRAIGHT UP AND OUT THEN CLEAN WOUND

Wine From "American Revolution" Era Found Hidden In Historic Home

A new Jersey museum recently stumbled on a very rare find - almost three cases of "Madeira" wine from 1796 and about 42 demijohns from the 1820s. The stash was hidden behind a Prohibition-era wall in the Elizabethtown cottage, which is being renovated by the Liberty Hall Museum. The home was built in 1760 and served as a country getaway for New York lawyer, William Livingston. This is the same prominent Livingston that went on to serve in the First and Second Continental Congresses, become New Jersey's first elected governor and sign the United States Constitution. The Madeira is a highly prized historical find. It was one of the most prestigious wines in the British colonies and was America's top wine import for almost a century. After the dust settled on the revolutionary war, almost every celebration was toasted with Madeira wine - General George Washington toasted with it in NYC after the British evacuated and wine enthusiast Thomas Jefferson toasted at the signing of the Declaration of Independence. Rumor has it that when Washington became the first President of the United States, he ceremonially toasted his inauguration with none other than Madeira wine. Madeira is an island off the coast of Morocco. Historically, it was a popular port of

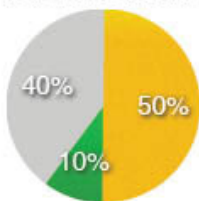
call for ships on the trade routes between Africa, Asia and the Americas. Sea Captains discovered that long ocean voyages actually improved casks of Madeira. Unlike other wines, heat and oxidation are essential to Madeira and so the wine is virtually indestructible. It's believed some of the original Madeira stock here in the United States was shipped to the Kean family, who lived at Liberty Hall, in anticipation of John Adams' presidency. Thanks to preserved labels, researchers were also able to trace how some of the Madeira was shipped in from Portugal and rebottled in Philadelphia by a man named Robert Lenox. His name is still legible on those bottles. The wine was authenticated by The Rare Wine Co., a premier wine merchant based in California. According to their experts, Madiera will rarely turn to vinegar, so it's quite possible the museum's wine is still drinkable. The wine company can't disclose how much the total collection is worth, but it's estimated that each bottle of Madiera could be worth somewhere between \$10,000 and \$25,000, or possibly more at auction. Personally, I'm betting on the "over", thinking prices at auction will go for than currently estimated. More history about Madeira wine can be found at [Christies Auction House](#). (Sources: NJ.com, ABC, Wikipedia)



CASH SALES & HEDGING TOTALS

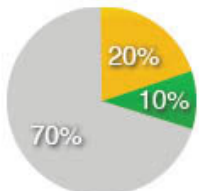
CORN 2017 CROP

50% SOLD
10% HEDGED
40% UNPROTECTED



CORN 2018 CROP

20% SOLD
10% HEDGED
70% UNPROTECTED



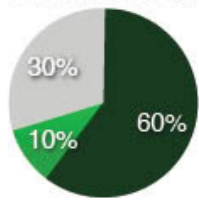
CORN 2019 CROP

0% SOLD
0% HEDGED
100% UNPROTECTED



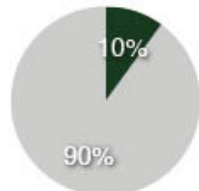
SOYBEANS 2017 CROP

60% SOLD
10% HEDGED
30% UNPROTECTED



SOYBEANS 2018 CROP

10% SOLD
0% HEDGED
90% UNPROTECTED



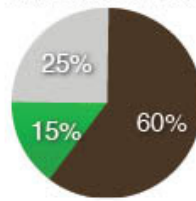
SOYBEANS 2019 CROP

0% SOLD
0% HEDGED
100% UNPROTECTED



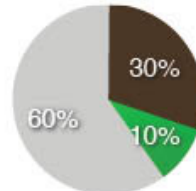
WHEAT 2017 CROP

60% SOLD
15% HEDGED
25% UNPROTECTED



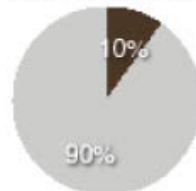
WHEAT 2018 CROP

30% SOLD
10% HEDGED
60% UNPROTECTED



WHEAT 2019 CROP

10% SOLD
0% HEDGED
90% UNPROTECTED



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