

GOOD MORNING: 08/01/17 Farm Direction - VanTrump Report

1 message

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Tue, Aug 1, 2017 at 7:31 AM



A blind person asked St. Anthony, "Can there be anything worse than losing eye sight?" He replied, "Yes, losing your vision!"

TUESDAY, AUGUST 01, 2017

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Morning Summary: Stocks start the week on a quiet note as investors await the deluge of upcoming economic and earnings data. Yesterday showed that Pending Home Sales rose +1.5% in spite of inventories remaining problematically low. In fact, housing inventory is now -7.1% lower than last year. Today's economic data will bring July Motor Vehicle Sales, Personal Income and Outlays, PMI and ISM Manufacturing Indexes, and Construction Spending. The big earnings highlight for today will be Apple, which reports after the close. Other companies on the calendar included Allstate, Archer-Daniels-Midland, BP, CME Group, Honda, Mosaic, Sony, Sprint and Under Armour. U.S. politics continue to generate headlines as recently appointed Communications Director Anthony Scaramucci is removed from his post after just ten days. From what is being reported, it was at the request of President Trump's new Chief of Staff John Kelly. Rember, Kelly is a retired United States Marine Corps General and the former commander of United States Southern Command. Scaramucci, on the other hand, is the fourth senior White House official to leave their position in the last ten days. The hope is that Kelly can bring more stability and structure to the administration, who reportedly told staffers yesterday that his goal was to bring "order and discipline". President Trump meanwhile continues putting pressure on China to help rein in North Korea's military and nuclear ambitions. It's also worth noting that the Pentagon wants to make a move that is surely going to upset Russia. Officials have apparently come up with a plan to supply Ukraine with weapons to use against the Russian-backed separatists that are still occupying parts of the east. Russia has been supporting Russia-speaking "insurgents" in Ukraine since they annexed Crimea back in 2014. The U.S. has so far limited its assistance to so-called "non-lethal aid and training." The White House still needs to weigh in on the plan. Bottom-line, geopolitical and perhaps military action is heating up in regards to North Korea, Venezuela and Russia...continue to pay close attention!

A Few Facts About NEW Chief of Staff John Kelly: *The Kelly family is clearly a family of service to our nation, below are few brief facts.*

- Born and raised in Boston into an Irish Catholic family, and graduating from the University of Massachusetts. In 1970, when his mother told him that his draft number was coming up, he enlisted in the U.S. Marine Corps.
- 1995 was selected to serve as the Commandant's Liaison Officer to the U.S. House of Representatives, Capitol Hill, where he was promoted to colonel.
- 2003, while in Iraq, Kelly was promoted to brigadier general, which was the first known promotion of a Marine Corps colonel in an active combat zone since that of another First Marine Division assistant division commander, Chesty Puller, in January 1951.
- 2007 Kelly was nominated and confirmed as major general.
- Son, Robert Michael Kelly, was killed in combat in Afghanistan in 2010. Kelly's other son, John Jr. is a Marine Corps major.

Fed Official Says Growth Potential May Be Limited: *In a speech delivered in Rio de Janeiro, Fed Vice Chair Stanley Fischer said low rates send "a powerful signal that the growth potential of the economy may be limited." At a time when President Donald Trump is discussing raising the pace of the U.S. economy to at least +3% growth, Fischer cited Congressional Budget Office estimates that potential is probably closer to +1.5%. Fischer explained that a slow-growth*

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problem is precisely, credit is tighter. Fischer explained that a slow growth environment can both boost savings and depress investment. "Likewise, slower growth diminishes the number of business opportunities that can be profitably undertaken, weighing on investment demand." Fischer believes the current slow-growth environment has its roots in poor productivity, demographics and weak business investment. To move past it, Fischer says more than loose monetary policy will be required. "Policies to boost productivity growth and the longer-run potential of the economy are more likely to be found in effective fiscal and regulatory measures than in central bank actions," Fischer said. "This statement is true not only in the United States but also around the globe." (Source: CNBC)

Are Delinquent Credit Card Payments Sending A Warning Signal? Credit-card losses are mounting, a reversal from a six-year trend that could be a warning sign for markets and the broader economy. The average net charge-off rate for large U.S. card issuers—the percentage of outstanding debt that issuers write off as a loss—increased to 3.29% in the second quarter, its highest level in four years, according to Fitch Ratings. The quarter was also the fifth consecutive period of year-over-year increases in the closely watched rate. All eight large issuers had increases for the quarter. The trend, which accelerated in the first half of this year, has started to suppress bank earnings. If consumers' budgets get more stretched, a pullback in spending could pressure both growth and corporate profits. While losses are rising, they remain low compared to historical levels and the 10% net charge-off rate they hit in early 2010. Lenders say they aren't expecting a return to crisis-level losses and the increases are largely a return to normal after a period of abnormal lows. In 2010, when credit card write-offs started declining, banks lent mostly to credit-worthy borrowers. But starting around 2014 many lenders loosened underwriting standards substantially, turning to subprime borrowers with lower credit scores that brought in higher yields. That contributed to a new boom in credit-card spending. Card balances nationwide rose 6% over the last 12 months through May. Rising balances, however, have also coincided with the recent loan losses and, analysts note, put a dent in what has been one of the healthiest credit-card markets on record. (Sources: The Wall Street Journal, Fitch)

Chasing Happiness May Have The Opposite Effect: Social pressure to feel happy can actually have the opposite effect—and might contribute to the prevalence of depression—according to recent research. "Depression rates are higher in countries that place a premium on happiness," says social psychologist Brock Bastian. "Rather than being the by-product of a life well-lived, feeling happy has become a goal in itself. Smiling faces beam at us from social media and happiness gurus flog their latest emotional quick fixes, reinforcing the message that we should aim to maximize our positive emotions and avoid our negative ones. A sample of 112 individuals with elevated depression scores took part in an online daily diary study for 30 days. Statistical analysis of the responses showed that the more a participant felt social pressure not to feel sad or anxious, the more likely they were to show an increase in depressive symptoms. Bastian proposes that in a clinical setting, psychologists can make their patients aware of this societal pressure to be happy so that they can better choose how to react to it. When scrolling past all the smiling faces on Instagram, they can remind themselves that others are also trying to present themselves in a positive light. (Source: WEForum)

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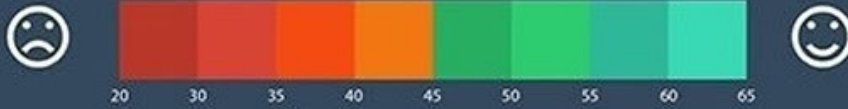


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The Happiness scale



Weather for much of the Midwest will see mild temperatures ease crop stress along with beneficial rain for the parched southern Plains. In the Corn Belt, a cool, dry weather pattern is in place. Lingering dry pockets exist, primarily west of the Mississippi River, while a few spots in the northern and eastern Corn Belt remain unfavorably wet. On the Plains, mostly dry weather has returned to drought-affected northern areas, following last week's scattered showers. Farther south, however, scattered showers and thunderstorms are generally benefiting rangeland, pastures, and summer crops across the central and southern high Plains. Looking ahead, high pressure is building into the Midwest and Mid-Atlantic states, bringing cooler than normal weather. In contrast, hot, dry weather will persist in the West -- especially in the Pacific Northwest, where record-breaking heat should continue. Meanwhile, heavy rain will persist at least through today across Florida's peninsula as Tropical Storm Emily moves ashore near Tampa Bay, with 2 to 4 inches of rain expected and isolated totals near 8 inches possible. Elsewhere, monsoon-related showers will continue across the Great Basin, Southwest and southern Plains, while mid to late week showers will affect the Midwest. The 6 to 10 day outlook for August 5 through 9 calls for below normal temperatures to persist in the Midwest and most other areas across the eastern two-thirds of the U.S., while warmer than normal weather will extend from the Pacific Northwest through the northern Plains and also cover the mid-South, while monsoon showers will deliver wet weather to the Great Basin and the Southwest. Showery weather can also be expected across the southern High Plains and the Atlantic Coast States.

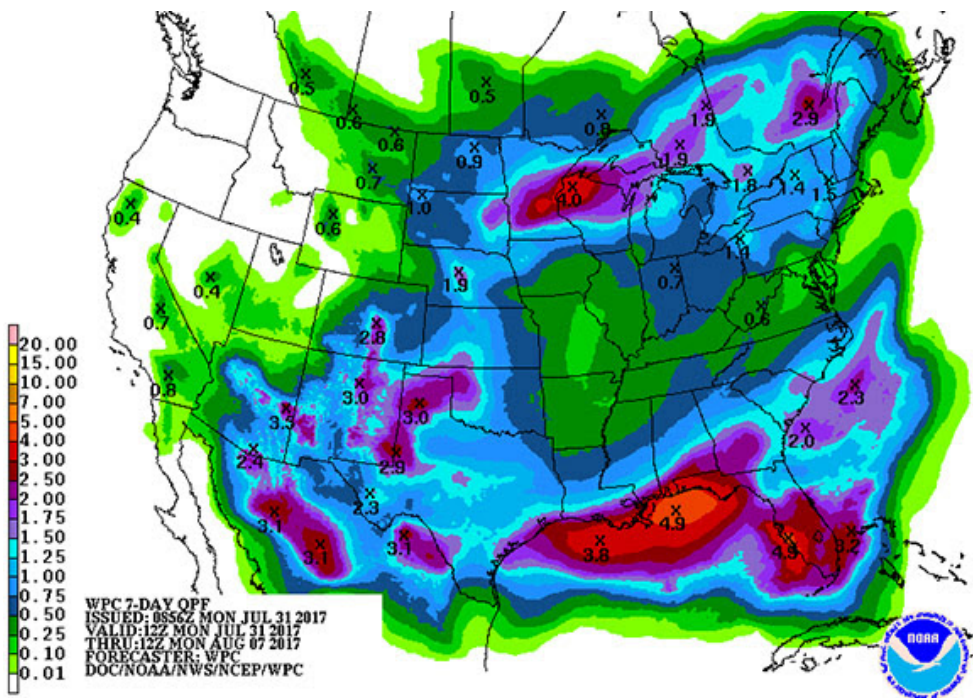
7-Day Rainfall Map: *The forecast for rainfall over the next week shows good, beneficial levels of rain fall across the parched southern Plains. In the Midwest, we can see the Great Lake States will see the highest amounts of rainfall through August 7.*



Today In History



1498, Columbus - Italian explorer Christopher Columbus sets foot on the American mainland for the first time, at the Paria Peninsula in present-day Venezuela. Thinking it an island, he christened it Isla Santa and claimed it for Spain. Columbus was born in Genoa, Italy, in 1451. Little is known of his early life, but he worked as a seaman and then a sailing entrepreneur. He became obsessed with the possibility of pioneering a western sea route to Cathay (China), India, and the fabled gold and spice islands of Asia. At the time, Europeans knew no direct sea route to southern Asia, and the route via Egypt and the Red Sea was closed to Europeans by the Ottoman Empire, as were many land routes. Contrary to popular legend, educated Europeans of Columbus' day did believe that the world was round, as argued by St. Isidore in the seventh century. However, Columbus, and most others, underestimated the world's size, calculating that East Asia must lie approximately where North America sits on the globe (they did not yet know that the Pacific Ocean existed). With only the Atlantic Ocean, he thought, lying between Europe and the riches of the East Indies, Columbus met with King John II of Portugal and tried to persuade him to back his "Enterprise of the Indies," as he called his plan. He was rebuffed and went to Spain, where King Ferdinand and Queen Isabella also rejected him at least twice. However, after the Spanish conquest of the Moorish kingdom of



Corn prices continue to backpedal on thoughts of cooler temps and improved rainfall for key growing regions. This comes despite the USDA continuing to lower their crop-condition estimate. The "Good-to-Excellent" conditions last year for Illinois, Iowa, Minnesota and Nebraska were reported at 83%, 83%, 85% and 77% respectively. This year, the Illinois crop is rated 63% GD/EX, Iowa 65%, Minnesota 81%, Nebraska 61%, meaning the Big-Four are all in worse overall condition. The bulls are also pointing to the fact Indian currently has just 49% of their crop rated GD/EX vs 77% last year. South Dakota just 29% rated GD/EX vs. 58% last year. North Dakota just 39% of rated GD/EX vs. 79% last year. We also have Kansas, Missouri, Colorado and Wisconsin all showing conditions well below last year. The USDA also reported 85% of the U.S. crop was "silking", right on track with our 5-year average, and that 23% of the crop is in the "dough" stage, just a touch behind our 5-year average. The bears however are pointing to an improved weather forecast here in the U.S. and crop conditions that appear to be stabilizing, possibly even improving next week. Meaning a sub-160 yield now seems a bit further from reality. With a current glut of supply both here in the U.S. and in South America, the bears are finding it hard to justify higher prices are needed to ration demand. I personally still see weather as a "wild-card" and want to remain patient.

Below are some specifics regarding current corn crop-conditions and comparisons to last week and last year.

States "IMPROVING"

Colorado raised by +9% to 66% vs 83% last year

Pennsylvania raised by +8% to 88% vs 60% last year

Indiana raised by +2% to 49% vs 77% last year

Kentucky raised by +1% to 80% vs 75% last year

Minnesota raised by +1% to 81% vs 85% last year

North Carolina raised by +1% to 76% vs 64% last year

Ohio raised by +1% to 57% vs. 54% last year

South Dakota raised by +1% to 29% vs 58% last year

States "UNCHANGED"

Illinois "unchanged" at 63% vs 83% last year

Michigan "unchanged" at 69% vs 58% last year

Nebraska "unchanged" at 61% vs 77% last year

Wisconsin "unchanged" at 70% vs 87% last year

States "DETERIORATING"

Granada in January 1492, the Spanish monarchs, flush with victory, agreed to support his voyage. After returning from his initial voyage two early voyages, he managed to convince Spain to finance a third. In May 1498, Columbus left Spain with six ships, three filled with colonists and three with provisions for the colony he'd previously established on Hispaniola. After making landfall on Trinidad, he entered the Gulf of Paria in Venezuela and planted the Spanish flag in South America on August 1, 1498. He explored the Orinoco River of Venezuela and, given its scope, soon realized he had stumbled upon another continent. Columbus, a deeply religious man, decided after careful thought that Venezuela was the outer regions of the Garden of Eden.



1961, Six Flags - Amusement park lovers "head for the thrills" as Six Flags Over Texas, the first park in the Six Flags chain, opens. Located on 212

acres in Arlington, Texas, the park was the first to feature log flume and mine train rides and later, the first 360-degree looping roller coaster, modern parachute drop and man-made river rapids ride. The park also pioneered the concept of all-inclusive admission price; until then, separate entrance fees and individual ride tickets were the standard. During its opening year, a day at Six Flags cost \$2.75 for an adult and \$2.25 for a child. A hamburger sold for 50 cents and a soda set the buyer back a dime. The park, which took a year and \$10 million to build, was the brainchild of Texas real estate developer and oilman Angus Wynne Jr., who viewed it as a short-term way to make a buck from some vacant land before turning it into an industrial complex. Wynne reportedly recouped his personal investment of \$3.5 million within 18 months and changed his mind about the park's temporary status. With 17.5 million visitors in its first 10 years, the park became the Lone Star State's top for-profit tourist attraction. One of Six Flags' unique aspects was that it wasn't just a random collection of rides; it was developed around a theme: the history of Texas. The park's name was a nod to the six flags that had flown over the state at various times—France, Spain, Mexico, the Confederacy, Texas and the United States. The park's rides and attractions were grouped into six themed sections that represented the cultures of these governments and enabled visitors to experience everything from cowboy culture to Southern belles and pirates. Originally, the park was to be called Texas Under Six Flags, before it was decided that Texas should never be under anything.



1981, MTV - MTV: Music Television goes on the air for the first time ever, with the words (spoken by one of MTV's creators, John Lack): "Ladies

North Dakota lowered by -5% to 39% vs 79% last year

Texas lowered by -5% to 69% vs 57% last year

Tennessee lowered by -4% to 82% vs 64% last year

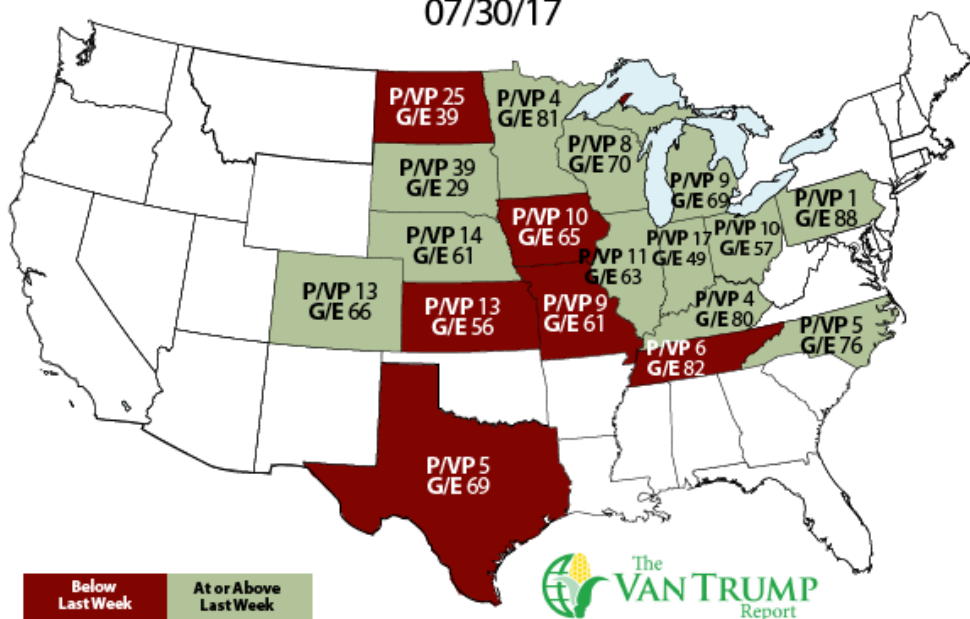
Missouri lowered by -2% to 61% vs 76% last year

Kansas lowered by -3% to 57% vs 67% last year

Iowa lowered by -2% to 65% vs 83% last year

Corn Conditions

07/30/17



Soybean prices are again under heavy pressure as the USDA raises crop conditions to 59% now rated "Good-to-Excellent". The bulls however, are pointing to the fact Iowa again deteriorated, falling -2% to just 60% rated GD/EX vs. 83% last year. The bulls are also pointing to conditions in North Dakota falling by another -7% to just 34% rated GD/EX vs. 73% last year. The only other states showing deteriorating conditions last week were Kansas, Tennessee and North Carolina. On the flip side, the bears are pointing to conditions in Illinois improving by +7%, but they are still showing just 66% of the crop in GD/EX vs. 77% last year. Conditions in Indiana also improved, but is just 51% rated GD/EX vs. 71% last year. South Dakota was also raised higher by +3% this week, but is only rated 28% GD/EX vs. 60% last year. In other words, yes conditions improved, but many states are still well below conditions we've seen the past couple of years. The USDA also reported 82% of the U.S. crop was "blooming," vs. the 5-year average of 80%, and that 48% of the crop was setting "pods" vs. the 5-year average of 45%. Despite improving crop-conditions, I still believe we could see a longer-term bullish story. Nearby however, improved weather looks as if it could create some headwinds. The outside macro markets seem to be turning more bullish and keep me intrigued in regard to the upside. Below are some specifics regarding current corn crop-conditions and comparisons to last week and last year.

States "IMPROVING"

Illinois raised higher by + 7% to 66% vs 77% last year

Mississippi raised by +7% to 69% vs 70% last year

Indiana raised by +4% to 51% vs 71% last year

Kentucky raised by +3% to 73% vs 71% last year

South Dakota raised by +3% to 28% vs 60% last year

Louisiana raised by +2% to 85% vs 79% last year

Missouri raised by +2% to 65% vs 70% last year

Wisconsin raised by +2% to 74% vs 88% last year

creators, John Lack). Ladies and gentlemen, rock and roll." The Buggles' "Video Killed the Radio Star" was the first music video to air on the new cable television channel, which initially was available only to households in parts of New Jersey. MTV went on to revolutionize the music industry and become an influential source of pop culture and entertainment in the United States and other parts of the world, including Europe, Asia and Latin America, which all have MTV-branded channels. In MTV's early days, its programming consisted of basic music videos that were introduced by VJs (video jockeys) and provided for free by record companies. As the record industry recognized MTV's value as a promotional vehicle, money was invested in making creative, cutting-edge videos. In the 1980s, MTV was instrumental in promoting the careers of performers such as Madonna, Michael Jackson, Prince and Duran Duran, whose videos played in heavy rotation. By the late 1980s, MTV started airing non-video programming, geared toward teenagers and young adults. Today, MTV's music-video programming is largely confined to one show, Total Request Live.

Upcoming Events

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

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

Kevlin's Song of the Week

Arkansas raised by +1% to 70% vs 58% last year

Michigan raised by +1% to 66% vs 58% last year

Minnesota raised by +1% to 73% vs 80% last year

Nebraska raised +1% to 60% vs 76% last year

Ohio raised by +1% to 48% vs 58% last year

States "DETERIORATING"

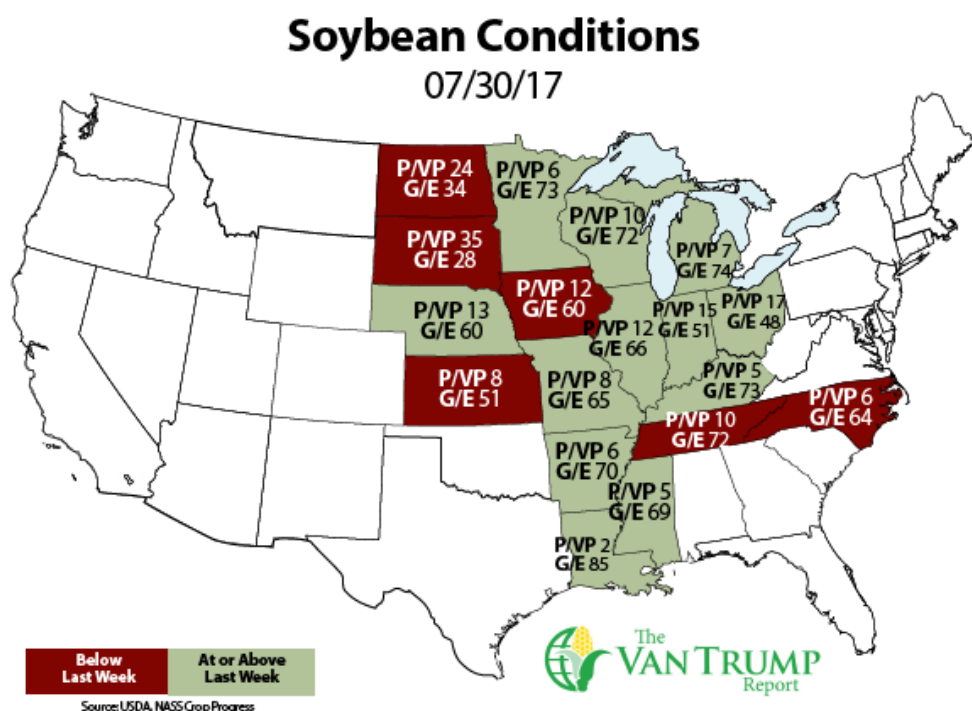
North Dakota lowered by -7% to 34% vs 73% last year

North Carolina lowered by -7% to 64% vs 68% last year

Tennessee lowered by -7% to 72% vs 74% last year

Kansas lowered by -4% to 51% vs. 58% last year

Iowa lowered by -2% to 60% vs 83% last year



Wheat is "unchanged" to start this morning, but is teetering around important technical support. Prices in both SRW and HRW contracts have fallen by -\$1.00 per bushel from the highs set less than 30-days ago. The USDA now estimates the U.S. winter wheat harvest to be 88% complete. Spring wheat conditions continue to deteriorate, down another -2% falling from 33% to 31% rated "Good-to-Excellent" vs. 68% last year at this juncture. South Dakota reported 75% of their crop in "Poor-to-Very Poor" condition. Montana 58% in "Poor-to-Very Poor". North Dakota reported 44% in "Poor-to-Very Poor" condition.

WHAT I'M LISTENING TO: ▶



Ashley McBryde "A Little Dive Bar In Dahlonega"

About the Report

NEXT level THINKING



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

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

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

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

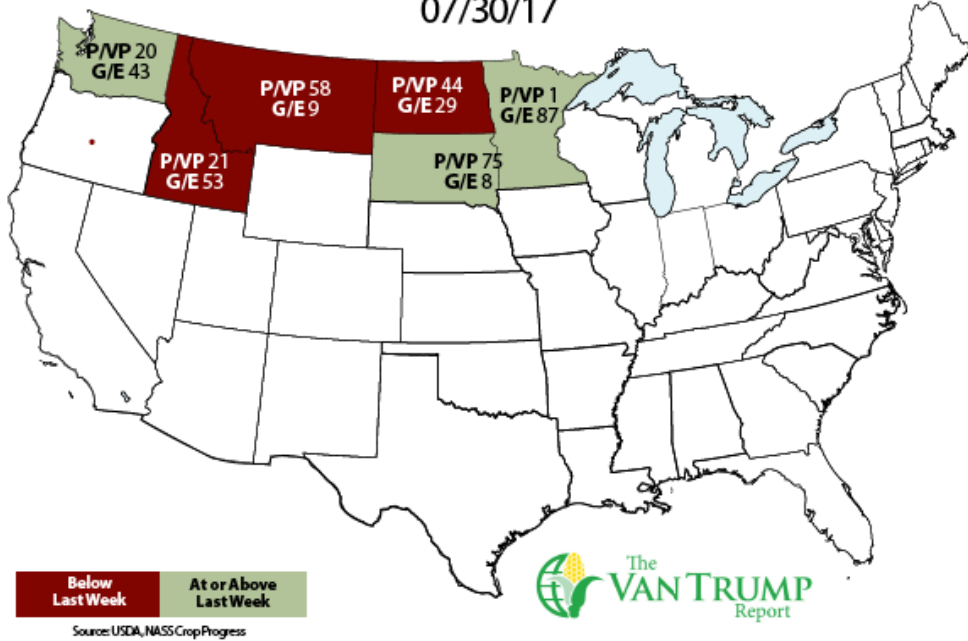
Kevin Van Trump

What Others Are Saying

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

Spring Wheat Conditions

07/30/17



> Egypt Plans To Import 7 MMT of Wheat In 2017-18: Egypt is targeting 7 million metric tons of imported wheat for government purchase for 2017-18, up from a previous target of 6.2 million, the supply minister announced over the weekend. Supply Minister Ali Moselhy told Reuters on the sidelines of a press conference that the reason for the increase was to build a strategic reserve of wheat ahead of the new harvest next year.

> Commerzbank Says Paris Corn Futures "Priced Too Low": Paris corn futures are "priced too low", Commerzbank said, even as the best-traded November contract hit a 16-month low – despite expectations of European Union imports of the grain hitting a record high. The futures curve for the Paris corn contract "by no means reflects the shortage of corn in the EU", Commerzbank said, citing a downgrade by the European Commission on Friday of nearly 4 million metric tons to its forecast for the bloc's own production of the grain this season. The bank noted that "much lower yields as a result of hot and dry conditions in the EU's south eastern countries are the reason for the drastic downward revision", which has left the bloc looking at production of 58.4 million metric tons this year, according to the commission. Yet Commerzbank flagged that new November futures "have changed hardly at all week-on-week. The bank says the poor performance likely reflects "the influences of the US market", where corn futures have weakened of late, undermined by waning concerns of dryness damage to the crop in the western Corn Belt. However, this copycat decline "makes virtually no sense given the restricted degree of substitutability" for corn for EU users, although alternatives grains are available for feed. (Source: Agrimoney)

> June Ag Prices Paid, Received Both Down -0.1% From May: U.S. farmers made and paid fractionally less in June than they did in May. The USDA's index of prices received lost 0.1% on the month, as lower prices for cattle, celery, and tomatoes canceled out gains in hogs, milk, and some citrus. The livestock index was 0.6% higher than the previous and 9.6% above a year ago, with the crop index up 0.3% on the month, but down 1.4% on the year. The prices paid index was also 0.1% lower, with decreases in feeder pigs, hay and forages, concentrates, and complete feeds against increases in cost for feeder cattle, tractors, services and repairs, and other services. Compared to June 2016, the prices received index was up 4.6%, while the paid index is 0.3% higher. (Source: Brownfield Ag)

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

A.M., FDIC

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

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

[More Testimonials](#)

My Own Personal Truisms

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

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

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

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

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

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

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

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

> Wholesale Turkey Prices Remain Lower Than Past Years: Whole turkey prices in 2017 fell relative to 2016 and have remained strikingly flat since January, according to the U.S. Department of Agriculture's July "Livestock, Dairy & Poultry Outlook." Typically, wholesale turkey prices have a seasonal trend, with prices climbing from their bottom level in the beginning of the year to a peak near Thanksgiving, the report noted. Between 2013 and 2015, June whole turkey prices averaged 8% higher than in January, but the average price for a whole frozen hen in June this year was actually slightly below January's price. Prices for breast meat are also below 2016 levels, indicating that demand may not be keeping up with current supply levels, USDA said. "Sustained low prices are often a signal to producers to slow the pace of growth, but production in 2017 has remained above 2016 levels through the first half of the year. It is unclear whether the declines in the wholesale market will translate to reduced retail prices leading up to Thanksgiving," USDA reported. (Source: Feedstuffs)

> Chinese Feed Groups Expand Into Pork Output Despite Waning Margins: Feed companies are scrambling to get into hog rearing in China, adding the equivalent of Canadian output to capacity, even as some pork producers are expanding into processing to escape shrinking margins. Total investment in animal farming by Chinese agriculture-related, stock listed companies soared 10 times to 49 billion yuan, equivalent to \$7.2 billion, last year, the US Department of Agriculture bureau in Beijing said. Of this, \$6.1 billion was invested in hog farming, of which China is already by far the world's biggest operator, boasting more than half the world's swine herd. However, this growth was driven by feed companies expanding into hogs, rather than by traditional pork production group. The equivalent of an estimated 27 million head in annual pig slaughter added is not far short of the total 28.7 million head slaughtered last year in Canada, the world's sixth-ranked pork producing country after China, the EU, the US, Russia and Brazil. The expansion into hog rearing is being driven by a quest to secure share of the competitive animal feed sector, with China's soy crushing capacity, for instance, well ahead of the level needed to satisfy the country's huge demand. Chinese feed output rose by 6.6% above 115 million metric tons in the first five months of this year. (Source: Agrimoney)

> Former Ag Official Says Farmers Aren't Using Available Tax Credits: Farmers have a lot on their wishlist for tax reform, should Congress ever get to it, but former Agriculture Secretary Mike Johanns says many in agriculture aren't taking advantage of a key credit already available to them. The former Nebraska governor, who led the USDA under President George W. Bush before serving a stint in the Senate, is on a mission to get farmers to use the federal R&D tax credit. That provision provides a dollar-for-dollar credit when a business tries something new in its operation. The provision isn't just about work done in a lab, but also any efforts by a business aimed at "improving a process," the former secretary said, pointing to common farming activities such as selective breeding in livestock and to work being done by dairy processors, breweries and even ethanol plants to increase productivity. "It fits hand in glove with what's going on in agriculture," said Johanns. While many, if not most, farms could qualify for the credit, Johanns said only about 10 percent are taking advantage of it. "It's just something that the ag community hasn't put on their radar screen," he said. (Source: Politico)

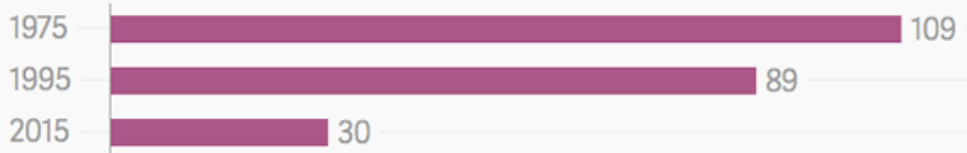
> U.S. Pending Home Sales Rise +1.5%: U.S. pending home sales rose 1.5% in June compared with expectations of a 0.8% gain for the month. The May data was revised slightly to show a 0.7% decline on the month to give a year-on-year increase of 0.5%, the first annual gain for three months. Sales in the Northeast, South and West increased on the month while there was a decline in sales for the Midwest. Sales in the Northeast and South registered a year-on-year increase. According to National Association of Realtors (NAR) chief economist Yun, 'Low supply is an on-going issue holding back activity. Housing inventory declined last month and is a staggering 7.1% lower than last year.' There has, however, been some evidence that investor interest in the market has faded to some extent, especially with a reduction in low-cost homes. There will, however, be some concerns that the retreat of more speculative investors is evidence that prices have moved beyond the levels justified by income flows. (Source: Economic Calendar)

> 30 Firms Earn Half Of All U.S. Public Companies' Profits: There were 4,819 public US companies in 1975. Forty years on, that number has fallen by more than a fifth, hitting 3,766 in 2015. This peculiar dwindling is but one of the dramatic changes in US public corporations described in a new study published in the Journal of Economic Perspectives. Not only are there fewer public companies; those that remain are older—and dominated by an ever-shrinking number of ever-growing behemoths. As you can see in the graph below, slightly more than 100 firms earned about half of the total profit made by U.S. public firms in 1975. By 2015, just 30 did. (Source: Quartz)

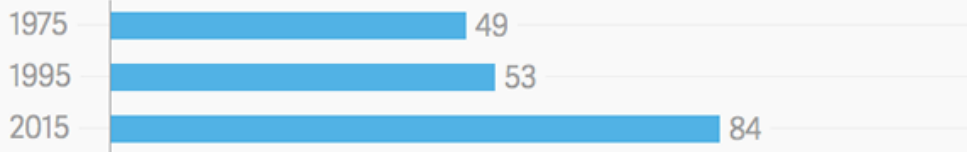


Among US public companies, the big guys now dominate

Number of firms generating 50% of combined earnings...



Top 100 firms account for what share of combined earnings (%)...



△ T L △ S | Data: "Is the US Public Corporation in Trouble?" Kahle & Stulz

Share



Southwest Minnesota - We had a nice rain last week which put us at about 2" of moisture in the last eight days. Our beans are not as tall as I would like to see at this point. Our agronomist can't seem to figure out what the issue is as nothing is different from last year but we are seeing this all throughout our area. We do have some real Dicamba issues around here. I've heard that just 40 miles down the road there are lawsuits being filed because of it. If things go well we should make 60-70bpa beans and 230-250 corn. Unfortunately, I chose to try and save money with conventional corn and our crop has a few issues right now. Corn bores seem to own the day in our field.

Eastcentral Kansas - Winter wheat harvest went well. Moisture profiles were excellent for spring planting and crops look pretty good at this time. We did have a couple of weeks extreme heat but made it through. We grow wheat, milo and some corn all dryland. If we get a couple more timely rains the fall harvest should be a good one. The banks are getting tighter with some of us out here as margins tighten. We are having to be more efficient with operations to see the loans come through. A lot of guys are getting a bit more sophisticated with their marketing as they begin to use options to create a floor. Most are starting to understand the insurance policy it provides. Most of us also have crude on our lands and are glad to see things get back above \$50....even if it doesn't last.

Northern Illinois - Things look a lot better than you would they think with the year that we have had so far. We had 11.5" of rain in the month of July, which you would think is a good thing but moisture levels are too high. We have had a rough go of it all year. We were very wet early on during the first planting opportunity then saw cold and wet weather right after planting. It definitely made germination and emergence very sporadic which will probably lead to a high level of variability on fields as they mature. The early corn looks very good just finishing up pollination. The later planted corn is just starting to shoot tassels. The weather should be cooler for the next week to ten days so it may be favorable for the crop. The soybeans have struggled too. Many of the beans just didn't grow after they came up. I don't know if it was all the moisture or that we were behind in heat units? We still think they will be ok but will have to see good rains in August at the right time. I think that we will see a big difference in yields from field to field, which will result in an above average crop but not a record yield.

CROSSING WIRES

A place to share intelligent thoughts...

The Rain Dilemma For U.S. Corn & Soybeans: *Rain has been falling across the U.S. corn and soybean belt this month but crop ratings have been low or declining, a sign that some farmers may be getting too much moisture while others have parched fields. Because summer storms have been so localized, the two leading weather models used by traders may be little help in gauging whether this summer's hit-or-miss weather pattern may cause U.S. corn and soybean yields to end up lower than expected. Observed weather conditions may be charted or mapped allowing analysts to see how much rain actually fell over a given period of time. But the spatial resolution on these maps can be highly variable, and precipitation events often get smoothed over too much. Read more from [Reuters' Karen Braun](#).*

Check Out The Cool Science Occurring During The Eclipse: *On Aug. 21, mid-morning Pacific time, the town of Salem, Oregon, will slip into shadow. The moon will slowly and inexorably slide in front of the sun, and our star's light will slowly grow dimmer. Filtered through foliage, sunlight will appear on the ground as a smattering of crescents. As more of the sun's disk disappears, ripples of light and darkness called "shadow bands" will wiggle across the ground, the way sunlight seems to shimmy on the bottom of a swimming pool. They are a harbinger of the coming total eclipse. Birds will hasten back to roosts. Then, at 10:15 a.m., in one of the most unusual coincidences in all of celestial mechanics, the moon will completely block the sun's disk. In the final seconds, a dazzling ray of light, known as the diamond ring, will remain: It is sunlight filtering through valleys on the moon. Insects will thrum and chirp as if it's dusk. The temperature will drop. Read more [HERE](#).*

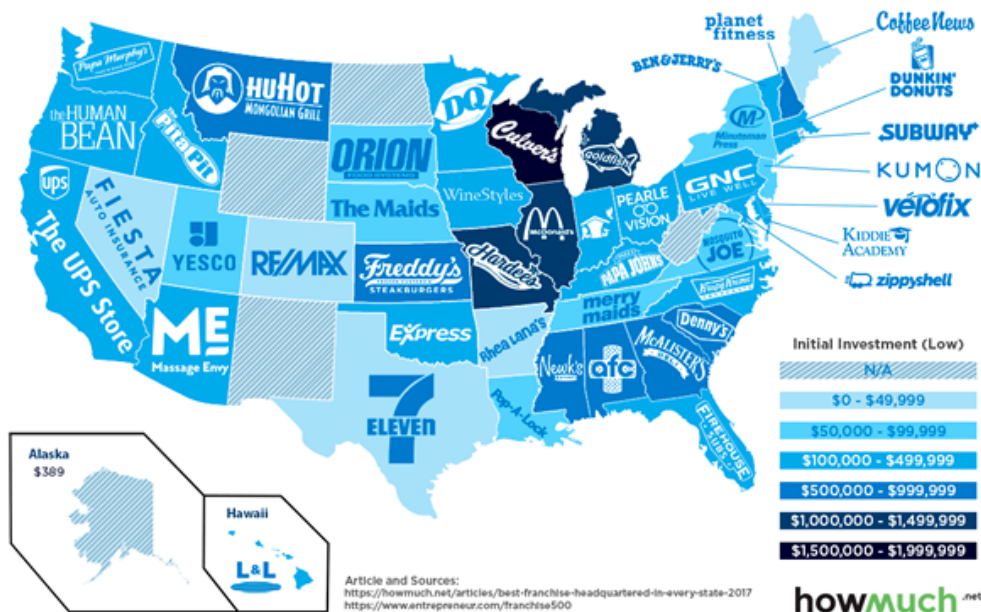
Some Positive News on Social Media and Children: *While we often hear about the negative impact social media has on children, the use of sites like Facebook, Twitter and Instagram is not a one-size-fits-all activity. Children use it in a wide variety of ways – some of which are adding value to their lives. Social media is a platform for sharing ideas, information and points of view. This can have important educational value: it extends the information young people can access while also giving them insight into how others think about and use that information. See more ways younger kids can benefit from viewing social media [HERE](#).*

DEF CON Participants Hack Dozens Of Voting Machines: *One of the nation's largest cybersecurity conferences is inviting attendees to get hands-on experience hacking a slew of voting machines, demonstrating to researchers how easy the process can be. The DEF CON cybersecurity conference is held annually in Las Vegas. This year, for the first time, the conference is hosting a "Voting Machine Village," where attendees can try to hack a number of systems and help catch vulnerabilities. The conference acquired 30 machines for hackers to toy with. Every voting machine in the village was hacked. Read more [HERE](#).*

Best Franchise In Each American State: *Have you ever wondered how much it would cost to expand a franchise? The map below from HowMuch breaks down the most highly ranked franchises in the United States according to [entrepreneur.com](#). The ranking considers a variety of different factors, including the company's size, financial strength, startup costs, brand reputation, and growth potential. They mapped each franchise according to its headquarter location, and added a color-coded layer for how much the lowest possible initial investment would cost. Click [HERE](#) for a larger view of the map and more details.*

Best Franchise Headquartered in Every State 2017

How much is the initial investment?



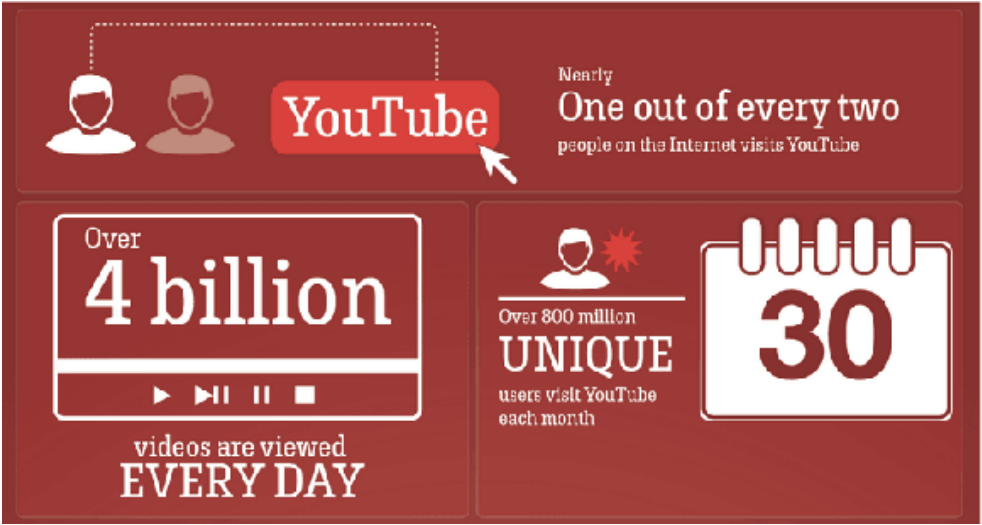
What Are The Odds Of A Drought Hitting Multiple Global Corn-Growing Regions?

Researchers from The Met Office, the U.K.'s national weather service are seeking to determine the probability of simultaneous severe water stress occurrences across the world's three top corn producing regions. The United States and China alone accounted for almost 60% of global corn production in 2014 with the majority grown in a small number of states and provinces. If adverse weather conditions were to hit in these localized regions, they would have a disproportionately large impact on total corn production. To this point, a large amount of literature has focused on the observed relationship between corn yield and the climate. Instead of relying on observed historical data -- which the researchers found to seriously underestimate the impact of climate change -- the new study used a model focusing on water stress. As I understand it, in order to simulate present day climate conditions, the researchers used a supercomputer to create 1400 simulations of the climate from 1981 to 2015, providing 40 times more data than is available from observations alone. The findings offer a potential concern going forward. I'm told the annual probability of severe water stress impacting the regions are as high as 30%, or one in three years. In the U.S., the chance of all six Corn Belt states simultaneously experiencing severe water stress is about 20% per decade. You might recall that similar events conspired in 1988 and 2012, leading to estimated losses of more than \$30 billion worth of crops. For the three provinces of the North East China Plain, the probability of one province to experience severe water stress is 33% per decade, consistent with other observational estimates. However, the model also included simulations in which two, or even three, of these global regions, experience water stress concurrently. Overall, the new model found probabilities of severe water stress to be considerably higher than the previous observation-based predictions. To the best of our knowledge, this is the first time the likelihood of a multi-breadbasket failure for corn has been quantified. (Source: Bloomberg and IOP Science, full report "[Using climate model simulations to assess the current climate risk to maize production](#)")



Is "YouTube" Becoming The Next TV?

YouTube seems to be the unofficial "channel" of young people, with more teens watching content on the video outlet more often than cable TV. That finding comes from a semi-annual survey of teens conducted by investment bank Piper Jaffray. Approximately 26% of teens watch YouTube every day. If you've been connected to the web in any way over the last few years, odds are you are pretty familiar with YouTube. I was kind of shocked to realize that the video platform has only been around for 12 years. It started off as mostly a platform for personal videos, which gave birth to the "viral video". It's since grown into a destination for legitimate learning programming and original entertainment content. YouTube has more than a billion users, which equates to nearly 1 out of every 2 internet users. In February, the site confirmed its users worldwide watch one billion hours of videos every day. 1 BILLION HOURS EVERY DAY! That sort of traffic allows a lot of so-called "YouTubers" - people who create and share content on YouTube - to actually make money. Some of them make really good money, too. The service says the number of "channels" earning six figures is up 50% year over year. YouTube is also in the process of launching their answer to traditional cable. YouTube TV will feature shows from broadcast networks and select cable offerings. It will start off being available via the Google Chromecast dongle for \$35. Obviously, if things go well, they'll likely expand to other platforms. With the massive user base they already have, they definitely have an advantage over companies like Sling TV and AT&T which are also trying to break into the "skinny bundle" television movement. One feature YouTube is also heavily touting is its DVR service, offering to record as many shows as you can click on, with no storage limits or expiration dates. The growth of YouTube has been amazing. YouTube was created by Chad Hurley, Steve Chen, and Jawed Karim in 2005, the three guys that also worked together in developing PayPal. I remember back in 2006 when Google purchased the company for \$1.65 billion and everyone thought they were nuts. Several insiders now believe YouTube is worth well over \$70 billion. Not a bad return on investment...(Sources: USA Today, Newsweek)



"A Little Dive Bar in Dhlonega"

Polling Stone Magazine wrote "Ashley McBryde may be a "whiskey-drinkin' badass"

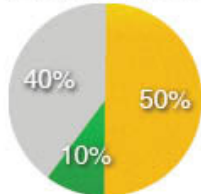
Rolling Stone magazine wrote, Ashley McBryde may be a "whiskey-drinkin' badass," but the Arkansas native shows a softer side with her latest #1 hit single, "A Little Dive Bar in Dhlonega." From what I understand the song was a collaboration written by McBryde, Nicolette Hayford and Jesse Rice after they'd collectively had an awful day. "We had all had a really bad day. Not 'one of the worst days of my life,' but I had one of those days where nothing was going right," McBryde explained. "I got a crack in my windshield on my way to work, I got sick, and my guitar broke all within an hour and a half. On top of that my co-writer, Jesse, was late, but bless his heart, when he walked in we could tell he had had a night and a morning that was just as rough as ours. That's how we got on the subject of "having the worst day ever". That's also when Jesse told us a story about a day a few years back that he thought was officially going down as "the worst day ever". He was leaving Atlanta and his car broke down in the middle of nowhere. He made a wrong turn and ended up in a small town called Dhlonega, Georgia. Frustrated and mentally tapped, he spotted a little dive bar called the "Crimson Moon" where he went to wait and to call a tow truck. Believing he was in the middle of his worst day ever, he spotted a cute little blonde girl and struck up a conversation. They were together for the next three years and then got married. What an awesome story! McBryde said, "That's what you do with the worst day ever, you flip it on its back and raise your glass!" I should note, the owner of the Crimson Moon says tons of people each day are now pouring into the bar to take picks and pay a visit. Also keep in mind, Ashley McBryde had been in Nashville the past 10 years trying to record a hit song. It's just funny what comes from things we originally deem as "bad". I truly believe God has a plan... If Jesse Rice doesn't take that "wrong turn", and his car doesn't break down, and he doesn't head into the Crimson Moon, none of this happens. Great song, great message, and happy to see it bring such success to a wonderful group of people. It's definitely worth watching the music video and listening closely to the lyrics. Click [HERE](#) to see the official music video.



CASH SALES & HEDGING TOTALS

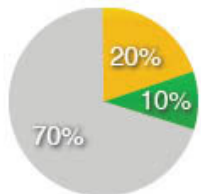
CORN 2017 CROP

50% SOLD
10% HEDGED
40% UNPROTECTED



CORN 2018 CROP

20% SOLD
10% HEDGED
70% UNPROTECTED



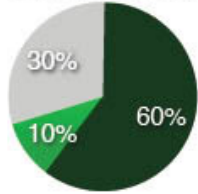
CORN 2019 CROP

0% SOLD
0% HEDGED
100% UNPROTECTED



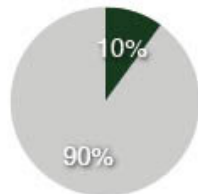
SOYBEANS 2017 CROP

60% SOLD
10% HEDGED
30% UNPROTECTED



SOYBEANS 2018 CROP

10% SOLD
0% HEDGED
90% UNPROTECTED



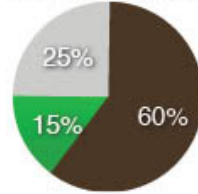
SOYBEANS 2019 CROP

0% SOLD
0% HEDGED
100% UNPROTECTED



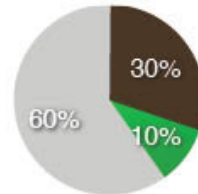
WHEAT 2017 CROP

60% SOLD
15% HEDGED
25% UNPROTECTED



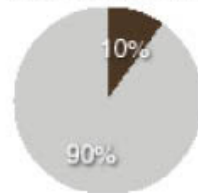
WHEAT 2018 CROP

30% SOLD
10% HEDGED
60% UNPROTECTED



WHEAT 2019 CROP

10% SOLD
0% HEDGED
90% UNPROTECTED



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