

## GOOD MORNING: 08/02/17 Farm Direction - VanTrump Report

1 message

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Wed, Aug 2, 2017 at 6:55 AM



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

WEDNESDAY, AUGUST 02, 2017

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**Morning Summary:** U.S. stocks remain strong with the Dow Jones posting its fifth consecutive record close and on the verge of breaking through 22,000. U.S. corporate earnings continue to boost the major indexes, with 72% of S&P 500 companies topping analyst expectations. According to Thomson Reuters, about 64% of companies generally beat expectations in a typical quarter. Economic data continues to point to a strong U.S. economy, with manufacturing activity still in expansion territory and consumer spending edging up slightly. A number of manufacturers are reporting that labor shortages are "pretty universal," as well as an increasing number of employees leaving for better opportunities. Most economists believe such trends should lead to higher wages and in turn start to push up inflation. In Washington, the Senate may take another shot at trying to repeal ObamaCare. Senate Majority Leader Mitch McConnell told the press yesterday that lawmakers are "continuing to score some of the options on healthcare." Following the failure of last week's "skinny" repeal bill, the White House has continued to press Republicans to make another at it, foregoing other legislative matters until they manage to get something figured out. There's also now rumors circulating that the Senate Budget Committee may not pass a budget resolution for fiscal 2018. It's assumed the House will resume trying to garner enough votes for their budget resolution. Remember, government funding is set to run out by the end of September, which would mean a wave of headlines surrounding a possible government shutdown by the media in the weeks ahead. As the stock market continues to surge higher, I'm starting to hear from more analyst who are becoming less and less bullish. A few good sources are saying a large amount of money that had been on the sideline for several years has started to make its way back into the market. On one hand that's a very good thing, but on the other it makes me wonder where new "buy-side" paper will come from to keep driving prices higher? I'm also a bit concerned about the demographic shift surrounding "baby boomers" and how money-flow will be impacted as they move deeper into retirement and become less aggressive in the markets? As always lots to think about... I'm banking some profits on the rally and being much more selective in regard to the horses I bet on. Scaling down my diversification and focusing in on only a few select longer-term plays in a more constructive and conservative manner. I suspect most of the low hanging fruit has been picked and the game is about to get a lot tougher.

**Apple Beats Earnings Expectations On Higher iPhone Sales:** Apple reported fiscal third-quarter earnings on Tuesday that beat analysts' expectations, and revenue that topped estimates, as it sold more iPhones than expected. Adjusted earnings per share were \$1.67 per share vs. \$1.57 per share expected. Revenue came in at \$45.4 billion versus expectations of \$44.89 billion. The real highlight of Apples earnings announcement was their projection for sales of the new iPhone 8 that will be released later this year. They predict sales of between \$49 billion and \$52 billion. Some insiders have been speculating the phone's release might be delayed but Apple made no hints of that in yesterday's announcement. CEO Tim Cook said that reporting about the new versions of the iPhone "has created a pause" in consumer buying "that is likely larger than" than what's been witnessed ahead of previous new releases. Apple also has high expectations for its new hardware product, the HomePod, which goes on sale in December. That is in turn expected to help boost sales in its services business. Sales in that category, which

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December 6, 2017

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Dennis Gartman  
Editor/Publisher  
The Gartman Letter



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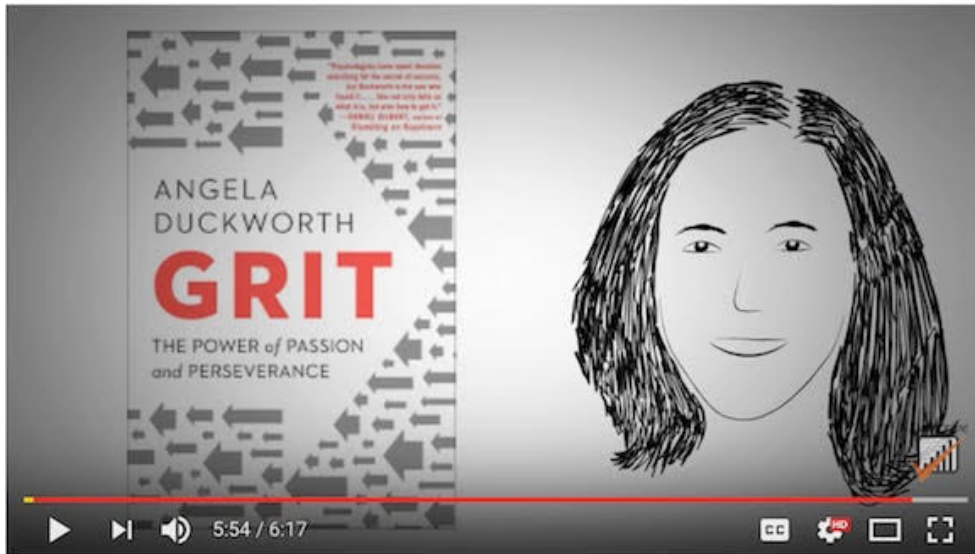
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include Apple Music and iCloud, gained +22% to \$7.3 billion in the quarter from a year earlier. (Sources: Bloomberg, Wall Street Journal)

**Another Tough Month For Automakers:** Motor Vehicle Sales were down again in July, marking 4 months of the last 5 that sales have slumped compared to last year. However, annualized unit sales for the month did increase to 16.73 million from 16.5 million in June. U.S. vehicle sales have trailed behind 2016 levels every month this year, but it's a tough comparison since last year's car sales hit record highs. If the declines continue, this will be the first year since 2009 that sales are down across the industry. But it's not all bad news - trucks and crossovers are still selling extremely well. GM said crossover vehicles and trucks accounted for 80% of July sales. And Ford has sold a record number of SUVs so far this year. Overall, Ford's total vehicle sales dropped -7.5% last month compared to 2016, while Fiat Chrysler posted a -10% decline and General Motors reported a -15% decrease. The only major automaker to report sales growth was Toyota, climbing +3.6% vs. last year. Toyota said that its RAV4 posted its best month of sales ever, with more than 41,000 purchased. (Sources: WSLS, Automotive News)

**Get Gritty!!!** We've all heard our coaches talk about that player that has the "it" factor. You can't put your finger on "it", but you know they have something special. Psychologist Angela Duckworth and her team of researchers believe they've found something special and why some individuals clearly have more success than others. Click [HERE](#) to see a cool animated video on the subject or on the bottom picture to see Duckworth give a brief presentation herself. If your trying to build leadership, both videos are very much worth your time. Hope you enjoy!



>>> Click the picture below to watch the brief presentation or on the link above for additional thoughts and commentary, both very interesting.

**Remember we sold out early last year!**



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Chief of Counterintelligence

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**FarmLogs**



# Why some students fail and other students succeed



**Weather** forecast are calling for widespread coverage of moderate rain across the Midwest during the next seven days, with locally heavy amounts in the northwestern and north central areas. This forecast will be closely monitored due to dry conditions in the western Midwest leading to concern about reduced crop production. In addition, recent forecasts for rainfall in the western Midwest have failed to verify. Meanwhile, a drier pattern in the eastern Midwest states of Indiana and Ohio are beneficial for developing corn and soybeans. On the Plains, showers in parts of Oklahoma and Texas limited fieldwork but benefitted summer crops yesterday. Prior to the rain, on July 30, topsoil moisture was rated 70% short to very short in Oklahoma and 64% short to very short in Texas. Meanwhile, isolated showers developed across the drought-stricken northern Plains yesterday in advance of a cold front. In the South, Emily has moved offshore and has been downgraded to a tropical depression. Lingering effects include a few showers and pockets of lowland flooding across Florida's peninsula. Much of the remainder of the South is experiencing mild, dry weather, favoring fieldwork and summer crop development. A record-breaking heat wave will continue for the remainder of the week in the Northwest, where some all-time record high temperatures may be threatened. In contrast, showers associated with the Southwestern monsoon circulation could total 1 to 3 inches in the southern Rockies and environs, including the southern High Plains. Showery weather will also return to the Gulf Coast region, starting around mid-week. Meanwhile, a strong cold front preceded and accompanied by showers and thunderstorms will bring another round of below normal temperatures to the eastern two-thirds of the U.S.

**More Fall Weather Forecast Next Week:** The well-respected European weather model, the ECMWF, is forecasting a taste of fall for most of the nation's mid-section next week. Looks like this mild weather will stick around. If realized, this will again be very beneficial to maturing corn and soybeans throughout the Midwest.



## Today In History

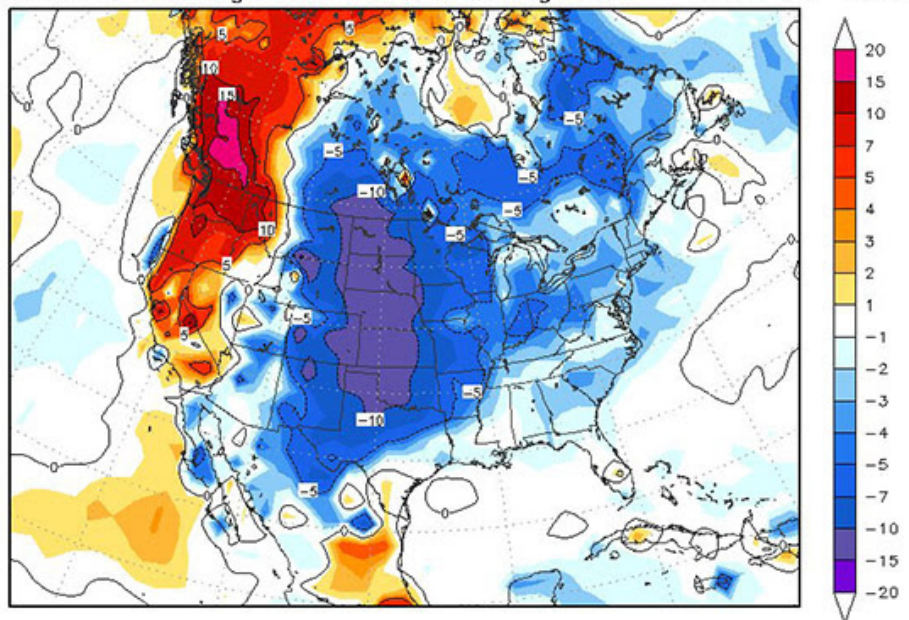


**1776, Declaration of Independence** -Members of Congress affix their signatures to an enlarged copy of the Declaration of Independence.

Fifty-six congressional delegates in total signed the document, including some who were not present at the vote approving the declaration. The delegates signed by state from North to South, beginning with Josiah Bartlett of New Hampshire and ending with George Walton of Georgia. John Dickinson of Pennsylvania and James Duane, Robert Livingston and John Jay of New York refused to sign. Carter Braxton of Virginia; Robert Morris of Pennsylvania; George Reed of Delaware; and Edward Rutledge of South Carolina opposed the document but signed in order to give the impression of a unanimous Congress. Five delegates were absent: Generals George Washington, John Sullivan, James Clinton and Christopher Gadsden and Virginia Governor Patrick Henry. Exactly one month before the signing of the document, Congress had accepted a resolution put forward by Richard Henry Lee that stated "Resolved: That these United Colonies are, and of right ought to be, free and independent States, that they are absolved from all allegiance to the British Crown, and that all political connection between them and the State of Great Britain is, and ought to be, totally dissolved." Congress adopted the more poetic Declaration of Independence, drafted by Thomas Jefferson, two days later on July 4. The president of



6-10 Day Mean 2 m Temperature Anomaly (F)  
Valid: 12z Sun 06 Aug 2017 - 12z Fri 11 Aug 2017 Hour: 120 - 240



GRADS: COLA/RES

StormVistaWxModels.com

Init: 12z Tue 01 Aug 2017  
2017-08-01-14:55

**Corn...**bears are seeing a much more mild forecast for the U.S., consisting of moderate temps and more widespread rainfall. This has many bears believing the crop will soon be able to move out of harms way and perhaps even slightly improve. In other words, in a couple of weeks, those who were talking about a 161 to 162 yield, might soon start talking about a 164 to 165 yield estimate. On the flip side, the bulls continue to think early weather complications created more widespread problems than the trade is willing to give credit. In turn they believe, at best, the U.S. producer will still struggle to harvest a national average yield much north of 160 bushels per acre. In fact, just yesterday reports were circulating that well respected source FCStone is currently estimating the U.S. corn yield at 160.2 bushels per acre, but still over +13.5 billion bushels in total production. From my perspective, with U.S. ending stocks still a burdensome +2.0 billion bushels, and South American producers sitting on record supply, it's tough for the bulls to get overly excited without U.S. production taking an even more substantial hit. Yes, both U.S. acres and yield will be down somewhat substantially compared to last year, but with the recent rebuilding of supply, there's just a lot of buffer space, which is allowing the bears a lot of room to roam. It just feels like the U.S. yield is going to have to take a more extreme hit if prices are going to move back north of \$4.10 per bushel. I'm not sure if that happens, it obviously all depends on weather during the next few weeks. From a technical perspective, the new-crop DEC17 contract is dangerously close to closing below major support at \$3.75. A close below this level would be the first since late last-September, and could possible trigger another wave of sell pressure as some bulls are forced to throw in the towel. As a producer, I'm happy with my current marketing, being very close to on-schedule and on-target. In an ideal world and with hindsight being 20/20, I wouldn't have minded pulling the trigger on another 10% of our estimated 2017 production on the most recent rally. The max I like to have priced is about 70% before knowing what my production is going to be, I currently have 60% priced, so I was close. I will now be using the next 12 months to focus on marketing the final 40%. I should note that on the most recent rally, I got a bit more aggressive than normal in regards to pricing early-2018 production, already having 30% of our risk removed, so I don't feel so bad about missing a small bit of 2017. I strongly believe that in the next 12-months I'm login to get a shot at marketing the remainder of my unpriced corn at levels north of \$4.00. Staying extremely patient as both a producer and a spec...

...er, on July 4, the president of Congress, John Hancock, and its secretary, Charles Thompson, immediately signed the handwritten draft, which was dispatched to nearby printers.



### 1876, Wild Bill Hickok -

"Wild Bill" Hickok, one of the greatest gunfighters of the American West, is murdered in Deadwood, South Dakota. Born in Illinois in 1837, James Butler "Wild Bill" Hickok first gained notoriety as a gunfighter in 1861 when he coolly shot three men who were trying to kill him. A highly sensationalized account of the gunfight appeared six years later in the popular periodical Harper's New Monthly Magazine, sparking Hickok's rise to national fame. Other articles and books followed, and though his prowess was often exaggerated, Hickok did earn his reputation with a string of impressive gunfights. After accidentally killing his deputy during an 1871 shootout in Abilene, Texas, Hickok never fought another gun battle. For the next several years he lived off his famous reputation, appearing as himself in Buffalo Bill Cody's Wild West show. Occasionally, he worked as guide for wealthy hunters. His renowned eyesight began to fail, and for a time he was reduced to wandering the West trying to make a living as a gambler. Several times he was arrested for vagrancy. In the spring of 1876, Hickok arrived in the Black Hills mining town of Deadwood, South Dakota. There he became a regular at the poker tables of the No. 10 Saloon, eking out a meager existence as a card player. On this day in 1876, Hickok was playing cards with his back to the saloon door. At 4:15 in the afternoon, a young gunslinger named Jack McCall walked into the saloon, approached Hickok from behind, and shot him in the back of the head. Hickok died immediately. McCall tried to shoot others in the crowd, but amazingly, all of the remaining cartridges in his pistol were duds. McCall was later tried, convicted, and hanged. Hickok was only 39 years old when he died. The most famous gunfighter in the history of the West died with his Smith & Wesson revolver in his holster, never having seen his murderer. According to legend, Hickok held a pair of black aces and black eights when he died, a combination that has since been known as the Dead Man's Hand.

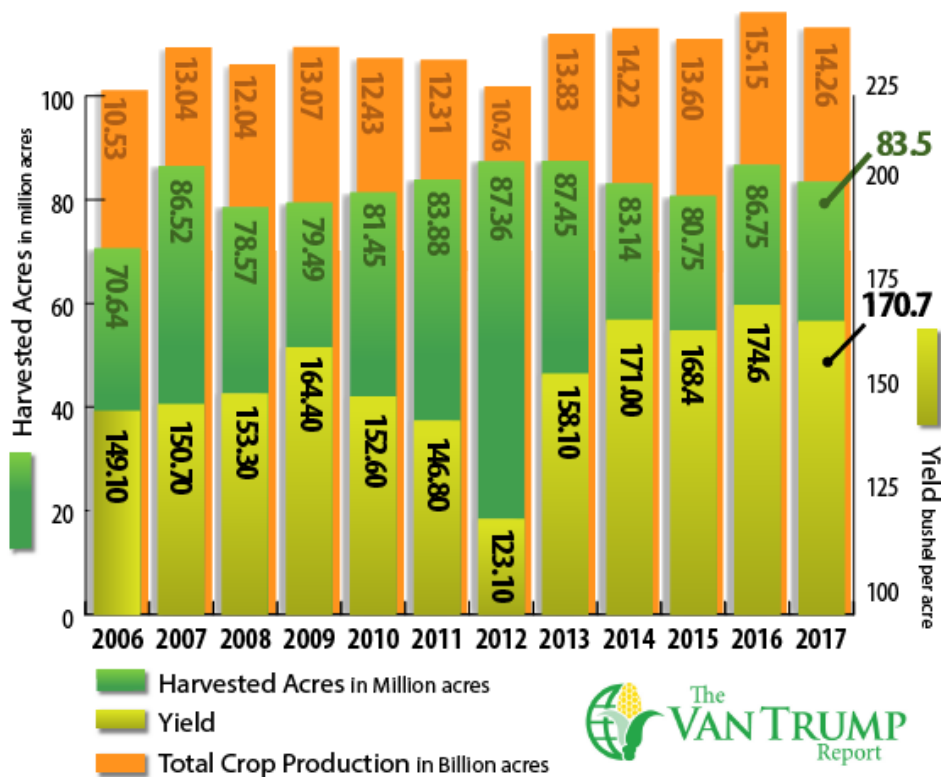


### 1990, Desert Storm -

At about 2 a.m. local time, Iraqi forces invade Kuwait, Iraq's tiny, oil-rich neighbor. Kuwait's defense forces were rapidly overwhelmed, and those that were not destroyed retreated to Saudi Arabia. The emir of Kuwait, his family, and other government leaders fled to Saudi Arabia, and within hours Kuwait City had been captured and the Iraqis had established a provincial government. By annexing Kuwait, Iraq gained control of 20 percent of the world's oil reserves and, for the

# U.S. Corn Production 2006-2017

Crop Production | Harvested Acres | Yields



**Soybean** bears are all excited about the cooler and wetter forecast, as well as the USDA raising weekly crop-conditions. Interestingly, even with the recent bump higher, the current crop-condition rating is still at just 59% "Good-to-Excellent", and reports circulating inside the trade show it as the second worst condition estimate for this time of year in the past decade. The only year worse being that of 2012, when conditions at this juncture were reported at a very dismal 29% "Good-to-Excellent". For reference sake, the Illinois crop at this stage back in 2012 was rated just 9% "Good," there was no "Excellent". Currently the Illinois crop is estimated at 66% "Good-to-Excellent". There was also no "Excellent" for the state of Kansas in 2012, where just 7% of their crop was rated "Good". This year the Kansas crop is rated 51% "Good-to-Excellent". Just for reference sake, here are a few more comparisons between the current crop-condition estimate and that from the same week back in 2012: Indiana 14% GD/EX in 2012 vs. 51% this year; Iowa 25% GD/EX in 2012 vs. 60% this year; Minnesota 57% GD/EX in 2012 vs. 73% this year; Missouri 7% GD/EX in 2012 vs. 65% this year; Nebraska 24% GD/EX in 2012 vs. 76% this year; Ohio 23% GD/EX in 2012 vs. 48% this year. North Dakota 59% GD/EX in 2012 vs. 34% this year; South Dakota 34% GD/EX in 2012 vs. 28% this year. Lets also keep in mind at this point in 2012, lead month soybean prices were trading up around \$17.50 per bushel. My point is, conditions are clearly not as dire as they were back in 2012, and nobody is insinuating such, but for the current crop to be posting the second worst set of conditions in the past decade, one would think the market could find more stable footing and battle to stay around \$10 per bushel, at least until the U.S. yield becomes more certain. I'm of the belief there's still a lot of risk to the soybean crop out in the field and a +46 bushel per acre average yield is not a given or a guarantee, at least not yet! I continue to hear and see several inside sources tossing around yield estimates in the 47 to 48 bushel range, I just don't see how they are getting these numbers. Most of my farming friends and producers I know have a tough time projecting soybean yields even three weeks before harvest, and that's in fields their families have worked for the past hundred years. I'm staying patient, thinking we could still see some extreme swings. As I mentioned a couple of weeks back, it wouldn't surprise me to see the bears try and test psychological support down around \$9.50 while in this limbo area. A lot of the weather bulls were sucked in early, and the trade simply ran out of buy paper. Now the bears are up to bat as the forecast improves. I suspect we eventually get a bit undervalued, and with the recent shift in macro sentiment, we might start to see more interest from the bigger and stronger bulls. As a producer, I want to remain patient. As a spec, I'm getting much more intrigued in regard to the buy side.

of the world's oil reserves and, for the first time, a substantial coastline on the Persian Gulf. The same day, the United Nations Security Council unanimously denounced the invasion and demanded Iraq's immediate withdrawal from Kuwait. On August 6, the Security Council imposed a worldwide ban on trade with Iraq. On August 9, Operation Desert Shield, the American defense of Saudi Arabia, began as U.S. forces raced to the Persian Gulf. Iraqi dictator Saddam Hussein, meanwhile, built up his occupying army in Kuwait to about 300,000 troops. On November 29, the U.N. Security Council passed a resolution authorizing the use of force against Iraq if it failed to withdraw by January 15, 1991. Hussein refused to withdraw his forces from Kuwait, which he had established as a province of Iraq, and some 700,000 allied troops, primarily American, gathered in the Middle East to enforce the deadline. At 4:30 p.m. EST on January 16, 1991, Operation Desert Storm, the massive U.S.-led offensive against Iraq, began as the first fighter aircraft were launched from Saudi Arabia and off U.S. and British aircraft carriers in the Persian Gulf.

## Upcoming Events

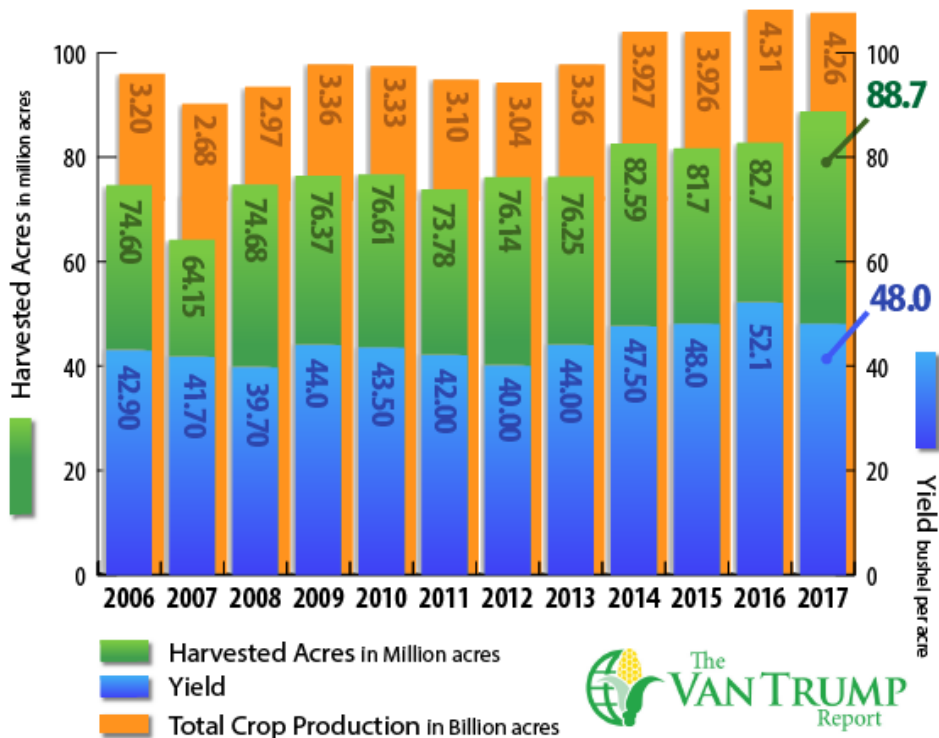
- Fri. 8/10** - USDA Supply and Demand
- Thurs. 8/10** - FSA Crop Acreage Data
- Wed. 8/16** - Minutes From 7/26 FOMC Meeting
- Tues. 8/22** - Cold Storage
- Fri. 8/25** - Cattle on Feed
- Mon. 9/4** - Labor Day - Markets Closed
- Tues. 9/12** - USDA Supply and Demand
- Fri. 9/22** - Cattle on Feed
- 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

## Kevin's Song of the Week



# Soybean Production 2006-2017

Production Harvested Acres Yields



Data Source: Updated USDA, July 12, 2017 WASDE

**Wheat** traders are more heavily debating global weather. The bears are seeing larger production estimates coming out of Russia, and perhaps some much needed rain coming to drier areas in Australia. Most recently, the USDA cut their Russian wheat crop estimate and so did a few others, now I'm starting to hear a few more sources turn around and raise their estimate. Bottom-line, I don't think anyone knows the exact specifics surrounding total Russian production, other than the fact the crop is going to be fairly significant and not dramatically reduced. Hence, Russian crop production is probably not going to be a story for the bulls. However, perhaps Russian military movement or geopolitical uncertainty surrounding Putin will become of more importance and provide more bullish rhetoric. I hear some funds who are want to protect against the Putin "wild-card" might be looking to hedge a portion of their bullish equity positions with some long wheat positions. Thoughts are if the stock market knee-jerks to the downside on headlines of a "U.S. vs. Russian" military conflict, the wheat market might make an aggressive move to the upside trying to add risk premium. With many large money-mangers sitting on big gains in equity markets, buying a long-shot hedge with political tensions escalating might be a consideration. Here at home, most traders are in agreement that the U.S. spring wheat crop remains in dire condition and that many parts of Canada are also going to feel the pain. There seems to be some ongoing debate about the extent of production problems in Europe and portions of South America. As both a producer and a spec I continue to like the longer-term upside. If I've said it once, I've said it a thousand times, *"in a market like this, you can't allow yourself to get over-extended, you have to be in a position you can comfortably ride for the long-haul."* Settle in, it's a long race...



> **Soybean Crush Steady At Last Year's Level:** The USDA reported soybeans crushed for crude oil was 4.62 million tons (154 million bushels) in June 2017, compared to 4.74 million tons (158 million bushels) in May 2017 and 4.62 million tons

WHAT I'M LISTENING TO: ▶



Ashley McBryde "A Little Dive Bar In Dahlonega"

About the Report



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

(154 million bushels) in June 2016. Crude oil produced was 1.81 billion pounds down 2 percent from May 2017 but up 1 percent from June 2016. Soybean once refined oil production at 1.35 billion pounds during June 2017 decreased 7 percent from May 2017 and decreased 2 percent from June 2016.

**> EU Rapeseed Harvest Prospects Increased:** European Union rapeseed output prospects received a boost with better forecasts for the harvest in France, the bloc's top producer - with weather now rated as benign rather than challenging for the crop. Strategie Grains hiked its forecast for the EU rapeseed crop, the world's biggest, by 790,000 metric tons to 21.9 million metric tons - taking it 1.6 million above last year's harvest. The upgrade reflected in part higher expectations for crops in Romania and in the UK, where harvest yields have proved better than expected, with estimates for both crops lifted by 120,000 metric tons apiece. However, the bulk of the upgrade, 520,000 metric tons, was down to increased expectations of the French crop, "where rapeseed resisted" a June heatwave which had raised worries over crop damage, the analysis group said. (Source: Agrimoney)

**> Brazilian Truckers Blocking Roads In Protest Of Fuel Tax:** Truck drivers demonstrated along roads vital to agriculture shipments in Brazil on Tuesday, in some cases blocking the passage of trucks, to protest government tax hikes on fuels that are aimed at boosting federal revenue. Road operator Rota do Oeste said the BR-163 federal road in Mato Grosso, Brazil's top grains producing state, was partially blocked early in the day close to Sorriso, a municipality in the northern part of the state. Another group of truck owners partially blocked access to the Santos port in the Anchieta highway in Sao Paulo state, road operator Ecovias said. Santos is Latin America's largest port and the main corridor for soy and corn exports. Local media outlets reported protests in other areas of the country, such as in the largest coffee producing state Minas Gerais. The blockages follow a two-week protest that held up shipments on the BR-163 highway in July by demonstrators angered over President Michel Temer's veto of a bill that would have opened up part of a national forest to development. (Source: Reuters)

**> Farmer Sentiment At Highest Level Since January:** The Purdue/CME Group Ag Economy Barometer turned higher in July following several months of stagnation. The index of agricultural producer sentiment reached 139 in July - its highest level since January 2017 and its second-highest level since data collection began in October 2015. Additionally, the July index exceeded recent barometer readings by eight to nine points -- breaking out from a range of 130-131 during the months of April, May and June. "Overall, farmers' sentiment this summer has been significantly more positive than it was during the summer of 2016, when the Ag Economy Barometer ranged from the mid-90s to the low 100s," said Jim Mintert, the barometer's principal investigator and director of Purdue University's Center for Commercial Agriculture. The barometer's two subindices also were higher in July, with the Index of Current Conditions rising from 132 in June to 142 in July and the Index of Future Expectations climbing from 131 in June to 138 in July. (Source: Feedstuffs)

**> ADM Earnings Top Expectations But Fall From Last Year:** Net income at Archer Daniels Midland Co. in the second quarter ended June 30 totaled \$276 million, equal to 48¢ per share on the common stock, down 3% from \$284 million, or 48¢ per share, in the same period a year ago. Revenues decreased 4% to \$14.943 billion from \$15.629 billion. Agricultural Services operating profit increased 91% to \$109 million from \$57 million, as merchandising and handling posted a profit of \$40 million after sustaining a loss of \$14 million in the same year-ago period. Milling and other results rose to \$58 million from \$56 million. Operating profit within the Corn Processing unit increased 37% to \$224 million from \$163 million. Operating profit in the Oilseeds Processing unit was \$206 million in the second quarter, down 12% from \$235 million in the same period a year ago. Crushing and origination profit fell to \$38 million from \$135 million. (Source: World Grain)

**> Brazil Regulator Approves Mosaic Purchase Of Vale Fertilizer Unit:** A Brazilian regulator has approved the acquisition of miner Vale's fertilizer unit by U.S.-based Mosaic without restrictions, according to a notice in the official government newspaper published Tuesday. Mosaic agreed to buy Vale Fertilizantes in December for \$2.5 billion in a deal that makes Vale the largest shareholder in the U.S. company while raising money to help the Brazilian miner to achieve its debt reduction goals. Vale Fertilizantes has capacity to produce 4.8 million metric tons of phosphate fertilizers and 500,000 metric tons of potash, including five phosphate mines in Brazil, four production facilities and a Brazilian potash project. Through the transaction, Mosaic also will buy the Kronau potash project in Canada and Vale Fertilizantes' 40 percent stake in the Miski Mayo phosphate mine in Peru. (Source: Reuters)

**> Dem Leader Calls For Blocking China Deals:** The Senate's top Democrat, Chuck Schumer, is calling on President Donald Trump to suspend the approval of all Chinese deals facing national security reviews in the U.S. until China acts more aggressively to

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,



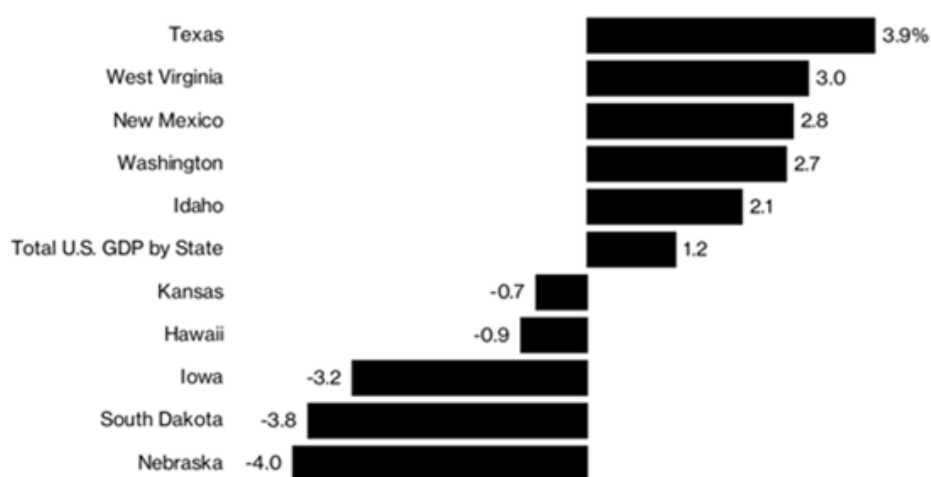
press North Korea to curtail its nuclear and missile programs. "If China continues to passively address North Korea, I urge you to use your authority over the Committee on Foreign Investment in the United States (CFIUS) to suspend the approval of all mergers and acquisitions in the U.S. by Chinese entities," Mr. Schumer wrote to Mr. Trump in a letter dated Tuesday that was reviewed by The Wall Street Journal. CFIUS, a multiagency committee led by the U.S. Treasury that reviews foreign deals for national-security concerns, can approve transactions or recommend the president block them. Ultimately the President has the authority to overrule CFIUS, though it is unusual. (Source: Wall Street Journal)

> **Lone Star State Leads the U.S. in Growth:** The economies of Texas, West Virginia and New Mexico flourished in the first quarter, thanks to a 21.6 percent increase in mining and oil exploration, Bureau of Economic Analysis data released Wednesday showed. Growth in the Lone Star State clocked in at an annualized 3.9 percent, tops in the nation and more than three times the 1.2 percent gain in total gross domestic product for all 50 states. Weakness in crop prices, meanwhile, took a toll on GDP in states where agriculture is king, with Nebraska coming in last. The report is the state counterpart of national GDP. (Source: Bloomberg)

## Powering Growth

Oil drives gain in Texas, while weakness in agriculture hammers U.S. Midwest

■ 1Q real GDP by state (annualized)



Note: GDP by state excludes military and civilian activity overseas  
Data: Bureau of Economic Analysis; graphic by Bloomberg Businessweek

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

Farm Direction

RECIPES

★ FAMILY ★

FAVORITES

-SENT IN BY OUR READERS-

Funfetti Sugar  
Cookie Cake

CLICK TO SEE RECIPE



**Central Illinois** - Things have been hit or miss for this part of the state. Corn is generally good after a few spots had to be replanted. We ended up with sporadic holes in fields with the spring rains. The beans look good as well. We simply need some timely rains in the near future. Even with that I am not planning on seeing any record harvests this year. I'd say half the corn acres are getting fungicide now. We scouted yesterday after hearing about spider mites but we didn't see any and only ran across a couple of Japanese Beetles. I have heard of a few Dicamba issues but I don't think anyone is making a huge fuss about it. It sounds to me that folks think by keeping it quiet, no one will come looking to ban the only product that works.

**Southeast Texas** - In our area we have been able to catch some good rains for the corn. I really think that we will see a very good crop across the board. The corn is pretty much done down here with most guys finishing up harvest in the last few days. I think that you will see phenomenal yields that may be as high as 190bpa. Most of these guys are dryland that will normally see yields between 130bpa to 140bpa. Also, we had a big uptick in cotton acres down here. Over the past five years, the cotton acres have



been falling off. I think that this year we will see a lot of three and four bale per acre cotton. There are many years on cotton that we will only make two bales per acre.

**Western Tennessee** - We could use a rain at this point. The sub surface moisture levels were re-charged earlier this year and have carried us through these dry couple of weeks. The corn stand has looked good since it emerged and I said back then that I thought that we could see record production. We may have come off that a little but still think we will have very good yields. The majority of our fields will be in the range between 160bpa to 220bpa, and I think our whole farm average will top 190bpa. The fields that make 220bpa are some of our better ground but I would have never thought we could make those yields a few years back. The later planted corn just has not looked as good as the earlier planted corn probably due to weather right around planting. The soybeans are showing a little stress right as it waits for a drink. I don't mind a little stress on them right now because it seems to help them out in putting on pods. We have some full season group 3 beans that could be trying to set some pods now. Most of our beans are double crop and they are just starting to canopy, with the majority flowering. Overall the beans have a good stand and we will just wait on the August rains.



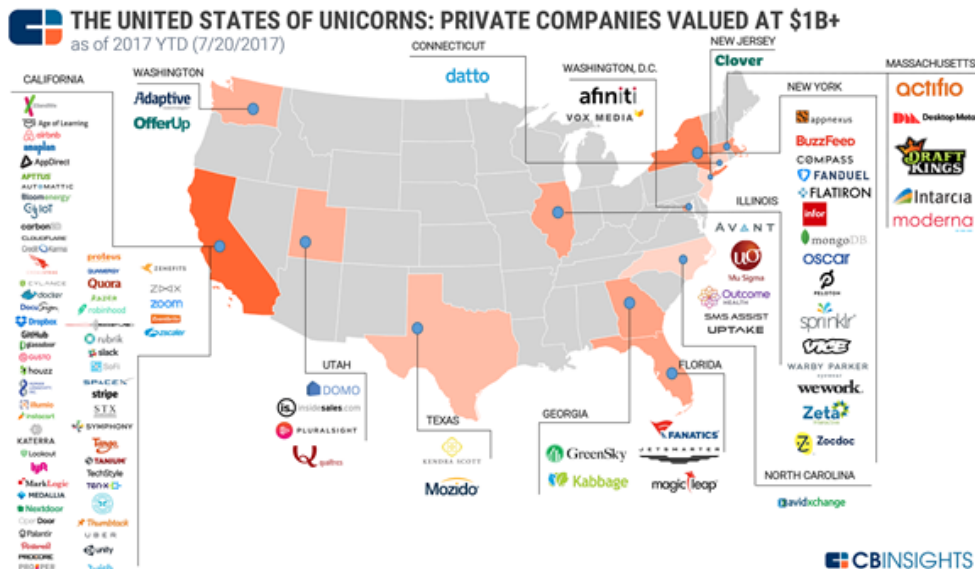
**The Great Corn Clash Is Coming:** The world's biggest corn exporters are preparing for a showdown. Brazilian farmers are in the midst of collecting their biggest corn harvest ever and American supplies are also plentiful -- setting the stage for a stiff battle to win world buyers in the second half of the year. It's a turnaround from just a year ago when U.S. exporters were seeing sales boom as a drought plagued Brazil's fields. This year, the South American growers enjoyed much better weather and crop supplies have gotten so big that farmers are already short on storage after collecting a massive soybean harvest just a few months earlier. That's giving exporters incentive to push corn shipments out quickly and could mean a squeeze for hedge funds that are betting on a price rally. Read more from [Bloomberg](#).

**The "Special Ops" Tech Giant That No One Has Ever Heard Of:** Palantir, a CIA-backed startup, is Minority Report come true. It is all-powerful, yet no one knows it even exists. Palantir does not have an office, it has a "SCIF" on a back street in Palo Alto, California. SCIF stands for "sensitive compartmentalized information facility". Palantir says its building "must be built to be resistant to attempts to access the information within. The network must be 'airgapped' from the public internet to prevent information leakage." Palantir's defense systems include advanced biometrics and walls impenetrable to radio waves, phone signal or internet. Its data storage is blockchained: it cannot be accessed by merely sophisticated hacking, it requires digital pass codes held by dozens of independent parties, whose identities are themselves protected by blockchain. What is Palantir protecting? Read more [HERE](#).

**A Card Designed To Improve Spending Habits:** Why do roughly two-thirds of Americans live paycheck to paycheck? How do half of all households not use budgets at all? Why are late fees a continued burden on people's monthly expenses? Will Tucker-Ray and several colleagues at Ideas42, a nonprofit behavioral design firm, pondered these questions and many more late one night in 2012, while researching what policies or practices might improve personal and consumer finance decisions. Their zaniest solution was also their best. "Somebody said, 'What if you just had a fuel gauge on the credit card itself, like, it just told you how much you had left.'" It took a few years, but the company has finally built it—or at least a prototype. Read all about it [HERE](#).

**One Investor's Crazy Utopian Plan For The Future:** Sam Altman, the 32-year-old president of Y Combinator, the most prestigious startup accelerator in Silicon Valley, has laid out this utopian vision over the years, and most definitively in a job listing posted on YC's blog in June 2016. "We're seriously interested in building new cities and we think we know how to finance it if everything else makes sense," the post read. "We need people with strong interests and bold ideas in architecture, ecology, economics, politics, technology, urban planning, and much more." In his future cities, superintelligent robots will carry out the majority of vital tasks. Driverless cars will ferry passengers to and from points of interest. Housing and healthcare will be affordable, if not free to all. Political leaders and technologists will speak the same language. And life is good. Read more [HERE](#).

**United States Of Unicorns:** *Every US Company Worth \$1B+ In One Map: The United States is home to 105 unicorn companies valued at \$1B+. As of 7/25/2017, six private US companies are worth over \$10B. The two most valuable unicorns in the US are Uber (\$68B) and Airbnb (\$29.3B). California has the highest unicorn "population" of any US state by far, with 62 billion-dollar startups inside its borders. New York ranks second with 15, followed by Massachusetts and Illinois with five each. Eight other states and the District of Columbia are also home to at least one company worth \$1B+. Details as well as a larger version of the map are available [HERE](#).*



### "Magic" Corn & Soybeans... Generate An Extra \$4 Million

A report in the Washington Post last month documented how three shipments of "non organic" corn and soybeans somehow magically became "organic" corn and soybeans once they entered the U.S. from Turkey. According to the Post article, a shipment of 36 million pounds of soybeans sailed late last year from Ukraine to Turkey to California. Along the way, it underwent a magical transformation. The cargo began as ordinary soybeans according to documents obtained by the Post. Like ordinary soybeans, they were fumigated with a pesticide. They were priced like ordinary soybeans too. But by the time the cargo ship carrying them to Stockton, California arrived in December, the soybeans had been labeled "organic" according to receipts, invoices and other shipping records. That switch -- the addition of the USDA Organic designation -- boosted their value by approximately \$4 million, creating a windfall for at least one company in the supply chain. The multimillion dollar metamorphosis of the soybeans, as well as two other similar grain shipments in the past year demonstrate weaknesses in the way that the U.S. ensures that what is sold as "USDA Organic" is really organic. The three shipments, each involving millions of pounds of "organic" corn or soybeans, were large enough to constitute a meaningful proportion of the U.S. supply of those commodities. All three were presented as organic, despite evidence to the contrary. And all three hailed from Turkey, now one of the largest exporters of organic products to the U.S. according to Foreign Agricultural Service statistics. Between 2014 and 2016, the amount of organic corn arriving from Turkey rose from 15,000 metric tons to more than 399,000 metric tons; the amount of organic soybeans coming from Turkey rose from 14,000 metric tons to 165,000. Such sudden jumps in organic food production draw scrutiny because the organic transition process is slow -- it can take three years for conventional land to be converted into organic farmland. The Organic Trade Association is asking the USDA National Organic Program to reexamine their certification system and would like to see a more risk-focused system. The NOP and its approved certifiers stand by their processes saying they are rigorous and comprehensive. Furthermore, the NOP has confirmed they do investigate formal complaints -- hundreds of which are submitted annually -- and take enforcement action. During the last five years, certifiers have suspended or revoked 900 operations. And for nearly a year the agency has been conducting an investigation on these fraudulent organic shipments from Turkey. It's difficult for me to wrap up this report, because the whole situation is ongoing. The



investigations are continuing and all parties are debating how to shore-up regulations and processes to stop this fraud. Meanwhile, industry insiders believe fraudulent "organic" corn is continuing to be marketed to other customers. With the complex supply chain of organic grain, there are many challenges ahead.



### Common Myths For Surviving in the Wild

I recently received an e-mail that contained some tips for surviving in the great outdoors. I thought with summer weather and many people going on vacations, it would be a good time to pass along. I feel like a few of these "myth busters" could really come in handy for those who might be on an adventure and one day find themselves in harms way. Interesting info and happy to pass along (Source: Once again good stuff from Kevin Loria, at [Business Insider](#))

#### **Myth #1: Sucking the venom out of your body from a snake bite.**

**Fact:** *If a snake delivers venom into your body, then it automatically enters your bloodstream. Putting your mouth on the wound could infect it even more from the bacteria in your mouth. Also, putting your mouth on the venom could cause it to spread to your mouth and down your throat, causing it to spread throughout the body quicker. If someone else chooses to suck the venom out of your body, then they have a chance of the venom entering their bloodstream. If someone gets bit from a venomous snake, then try to keep the person's heart rate low, hold the bite below heart level, and put ice on the wound.*

#### **Myth #2: Play dead when you're attacked by a bear.**

**Fact:** *Never play dead if a black bear attacks you, always fight back. Black bears don't stop attacking if they think you're dead and are more likely to attack a person all of a sudden. In most cases, brown bears and grizzly bears don't attack randomly. These bears attack if they feel endangered and to protect their cubs. These bears also give warnings if they are about to attack like making noises or acting like they are about to charge. If you see these warnings, then back away slowly from the bear. If you begin to run away from the bear, then they will attack you because they think you are prey. If the bear makes contact with you and you think there is no chance of fighting back, then lie down on your stomach and put your hands behind your neck.*

#### **Myth #3: Eat as soon as possible if you're lost in the wilderness.**

**Fact:** *Humans can survive up to six weeks without eating any food. If you are lost in the wilderness the most important thing to find is fresh water then shelter. Food is the least of your worries.*

#### **Myth #4: The fluid in a cactus can keep you from dying of thirst.**

**Fact:** *Most of the time if you drink cactus fluid, then you will become extremely sick. This fluid will cause you to vomit and leave you more dehydrated than you were in the first place. These fluids could also cause harm to your kidneys if ingested.*

#### **Myth 5: Moss grows on the north side of a tree.**

**Fact:** *Moss can grow anywhere on a tree depending on conditions. Moss grows where things are wet. Don't rely on this myth for navigation.*

#### **Myth 6: Rub someone's skin or put in hot water to warm them up.**

**Fact:** *Rubbing frostbitten skin or being immediately put in hot water can*

...feeling sensation out of being immediately put in hot water can damage skin more. The right thing to do is warm someone back up very slowly. Someone can do this by putting blankets on them to warm them up or putting warm water bottles under their armpits.

**Myth 7: If a shark attacks you, then punch it in the nose.**

**Fact:** It is very hard to land an accurate and powerful punch in the water. If a shark comes in for a bite, then try to put something solid in between you and the animal. If this fails to happen, then claw at the shark's eyes and gills. This is a much more effective way to get the shark away.

**Myth 8: Always swim parallel to shore if caught in a rip current.**

**Fact:** Swimming parallel to a rip current works best if it is going directly out from the sea. Doing this isn't wrong, but something to know is rip currents come from all different angles. When you're in a rip current you should try to stay along the shore, but the most important thing to do is swim perpendicular to the current no matter what angle. People should also swim in the easiest direction as possible, don't tire themselves out, and tread water if you can't get out or start to get tired.

# SURVIVAL

## Could China And India Be On The Brink Of War?

China and India are currently in the midst of a border standoff that has been raising concerns about the possibility of a larger military conflict or even all-out war. The area of the border in dispute is little more than a pass through the Himalayans. Known as the Dolam plateau, it's an extremely rugged and remote strip that is actually only about 17 miles wide at its narrowest point, making it even more hard to believe that the mostly deserted area could be important enough to spark a war. The area is right at the junction between China, India and Bhutan and has been a source conflict for years. Bhutan asserts that it has sovereignty over it. China, however, does not recognize their claim and insists the territory belongs to them. Understand that Bhutan is a very small country with a population of just under 1 million people, obviously no match for China's military might. That leaves Bhutan reliant on its main ally, India, for military support. Last month when Bhutan allegedly discovered China trying to extend a road into the Donglang area, they asked India for help. Indian troops crossed the border in June to stop the Chinese army from constructing the road on the plateau and have remained there blocking China's efforts ever since. As far as China is concerned, India is on their side of the border and is demanding they retreat. The strip of land is considered very strategically important as it connects India to its northeastern-most states. India has long worried that if China takes control of the pass, it would eventually claim those states for its own. Those states provide access to the Indian Ocean and yield control of freshwater supplies flowing from the Brahmaputra River. It's estimated that each side has around 3,000 troops in the general vicinity, though only about 300-400 soldiers on the pass where the road was being constructed. Experts on the history of the conflict say that even as full-blown war between India and China can't be ruled out, it is not likely. A major reason for that is because of how costly warfare in that area would be. The region has altitudes of up to 14,000 square feet and overall weather conditions are very challenging. What's more, the dirt roads are barely passable during the rainy season. All in all, supporting a military force on the plateau would be a logistical nightmare. At the same time, experts don't expect either side to back down anytime soon. Analysts don't believe China would make a move to ease the situation until after the Communist Party Congress this fall as Chinese President Xi Jinping would not want to do anything beforehand that might make him appear weak. (Sources: New York Times, Geopolitical Futures, NDTV)

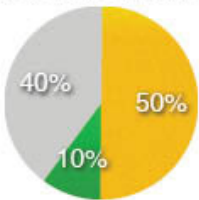




## CASH SALES & HEDGING TOTALS

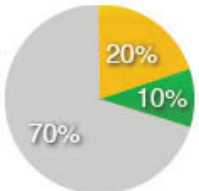
### CORN 2017 CROP

50% SOLD  
10% HEDGED  
40% UNPROTECTED



### CORN 2018 CROP

20% SOLD  
10% HEDGED  
70% UNPROTECTED



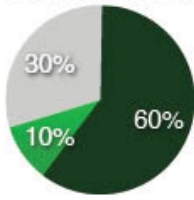
### CORN 2019 CROP

0% SOLD  
0% HEDGED  
100% UNPROTECTED



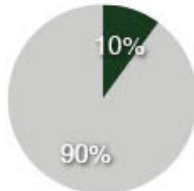
### SOYBEANS 2017 CROP

60% SOLD  
10% HEDGED  
30% UNPROTECTED



### SOYBEANS 2018 CROP

10% SOLD  
0% HEDGED  
90% UNPROTECTED



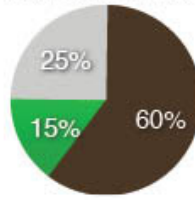
### SOYBEANS 2019 CROP

0% SOLD  
0% HEDGED  
100% UNPROTECTED



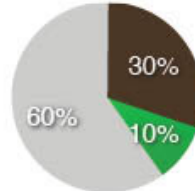
### WHEAT 2017 CROP

60% SOLD  
15% HEDGED  
25% UNPROTECTED



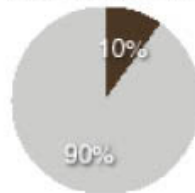
### WHEAT 2018 CROP

30% SOLD  
10% HEDGED  
60% UNPROTECTED



### WHEAT 2019 CROP

10% SOLD  
0% HEDGED  
90% UNPROTECTED



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