

GOOD MORNING: 08/04/17 Farm Direction - VanTrump Report

1 message

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

Fri, Aug 4, 2017 at 7:15 AM



"Don't be afraid to say no to things that distract you, tempt you, make you feel guilty, make you feel like you aren't good enough or not doing enough. Don't be afraid to say no to yourself and the voices of people from your past or in your life now that cause you to run a race that's not yours to run." - Dan Pedersen

FRIDAY, AUGUST 04, 2017
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Morning Summary: Stocks remain in a narrow trading this morning ahead of the monthly employment report, which is expected to show a gain of +180,000 jobs with the "unemployment rate" dropping to 4.3%. Additional focus will be on wages, where gains would serve as an early warning of increasing inflation. Keep in mind the lack of inflation is not just a concern here in the U.S. The European Central Bank yesterday highlighted the bloc's similarly weak inflation levels that seem to defy a strengthening economy. This adds to the question if the ECB will be in any hurry to tighten monetary policy. The market today is also digesting the latest headlines from Washington, where it is reported that Special Counsel Robert Mueller is advancing his probe into Russia's involvement in the U.S. election, and has now impaneled a grand jury in his investigation. The stock market doesn't seem to care and continues to trade near fresh new all-time highs. In fact, the Dow Jones set another all-time high yesterday, marking its 33rd record close of the year on a combination of more pro-growth policy and strong corporate earnings. It is also worth noting, the U.S. dollar is on track for it's fourth consecutive lower weekly close. Oil prices have pulled back this week as well and is trading sub-\$50. Keep in mind, OPEC officials will begin a meeting on Monday in Abu Dhabi to discuss compliance with the production limits put in place last year. Here at home, President Trump and U.S. Senators are heading out today for their August recess. The House is on break as well, so I suspect "political headlines" will slow and the market will focus more attention on economic data. U.S. corporate earnings are very light today with the biggest highlights being Berkshire Hathaway and Cigna. Turning to next week, the data flow eases quite a bit with JOLTS on Tuesday; Productivity and Costs on Wednesday; PPI on Thursday; and the Consumer Price Index on Friday. Second-quarter earnings season is winding down but there are still some notable releases scheduled for next week, including Agrium, Alibaba, CBS, CVS, GoDaddy, JC Penney, Kohl's, Macy's, Marriott, Michael Kors, Monster Beverage, Novo Nordisk, Nvidia, Ralph Lauren, Snap, Sunoco, Tyson, Walt Disney and Zoetis. There are also four Fed officials scheduled to deliver speeches next week. Investors will obviously be listening closely to Fed thoughts regarding the U.S. economy, and specifically inflation and how that number might be influencing opinions on raising interest rates. We continue to keep a close eye on geopolitical headlines surrounding North Korea, Venezuela and Russia.

U.S. Commodity Funds Post Biggest Outflows Of 2017: U.S.-based commodities funds posted the largest withdrawals of 2017, bleeding \$1.2 billion during the latest week and sending a contrarian signal to rising oil and gold markets, Investment Company Institute (ICI) data showed. Crude oil futures and gold have both generated more than 4 percent returns apiece over the last month, but withdrawals accelerated for U.S. funds heavily invested in those assets. Kristina Hooper, global market strategist at Invesco Ltd, said the selling could reflect concerns that "with oil in particular there might not be control over

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December 6, 2017

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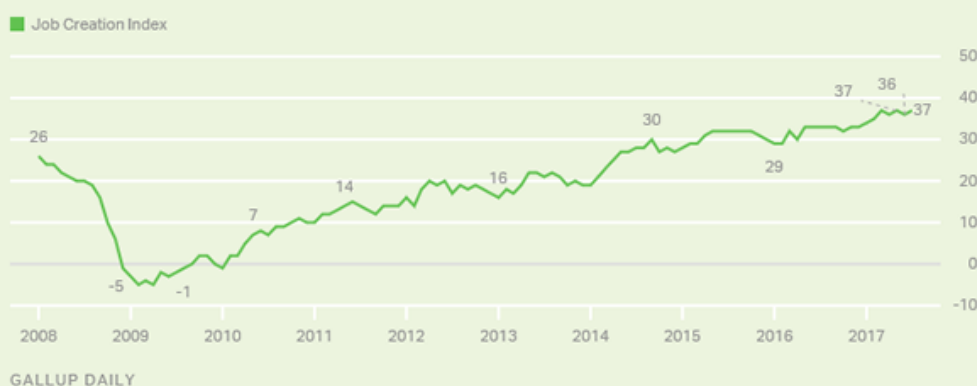
production." As part of a deal with Russia and other non-members, the Organization of the Petroleum Exporting Countries is reducing output by about 1.2 million barrels a day from Jan. 1, 2017 until March next year. Domestic stock funds in the United States netted cash for the first time in six weeks, attracting \$1.1 billion during the week as company earnings supported further price gains this year. International stock funds and taxable bond funds, which have been popular this year with U.S. investors, added a 34th straight week of inflows. But in both instances, the trend slowed. (Source: Reuters)

Mega Millions Jackpot Estimated At \$325 Million: The Mega Millions jackpot has jumped to \$325 million after Tuesday's drawing failed to yield a winner for the top prize. If the prize amount doesn't go up before the 11 p.m. ET drawing Friday, it will be the 10th largest Mega Millions jackpot. The most recent big Mega Millions win — \$536 million in July 2016 — was the third-largest in the game's history and the seventh-largest in U.S. history. It was the most ever awarded to a single Mega Millions winner, and the highest cash-value jackpot awarded to a single winner in a U.S. lottery. The largest, a 2012 \$656 million payout, was split between three winners in Illinois, Kansas and Maryland. Those who prefer Powerball also have a chance at a multi-million dollar jackpot this weekend. Powerball has rolled 15 times since June 14 without a jackpot winner. A ticket sold in New Hyde Park won \$1 million in a July 22 drawing but has yet to be claimed. The jackpot ahead of Saturday's drawing is currently valued at \$286 million. (Source: Newsday, CNN)

U.S. Job Creation Index Is Back At Record High: Gallup's U.S. Job Creation Index returned to its all-time high of +37 in July, a sign that the job market remains strong relative to the past decade. This is one point higher than the index score in June and the third time it has been at +37 in 2017. The Job Creation Index has been on a steady climb since falling to -5 in February 2009. Most recently it has averaged +30 or above in each of the past 17 months and has held steady between 36 and 37 for each of the past five months. In July, 47% of employees said their company was hiring -- the highest for this index component since Gallup began tracking job creation in January 2008. Meanwhile, 10% of employees said their company was letting workers go, up one point from June. Thirty-nine percent of workers said their employer was not changing the size of its workforce. Job creation has been fairly steady by region over the past month. The South retains the strongest JCI score, at +40, just ahead of the Midwest (+39). The West is at +35 and the East is at +31. (Source: Gallup)

Gallup Job Creation Index Returns to Record High of +37

The percentage of workers saying their employer is hiring minus the percentage who say their employer is letting employees go



Weather forecasts are calling for improved crop conditions in the western Midwest with some beneficial rainfall and more moderate temperatures. However, some significant dry areas still exist in Iowa as crop ratings continue to fall. Southern Plains crop areas have generally favorable conditions for developing crops with cool air settling southward and beneficial rainfall. Moderate to heavy totals are suggested in the forecast over the next week. Meanwhile, drought easing rain has largely ended across the northern Plains in the wake of a cold front's passage. The rain has managed to boost topsoil moisture and aid drought stressed rangeland and pastures, however, it arrived too late to help most spring sown small grains. In the South, showery weather prevails along and near the Gulf Coast and in portions of the southern Atlantic. Scorching, record-breaking heat will persist into next week across much of northern California and the Pacific Northwest. All-time temperature records could be threatened in some Northwestern locations. Conversely, a series of cold fronts will reinforce cooler than normal conditions throughout the nation's mid-section. Additional rainfall of 1 to 4 inches can be expected

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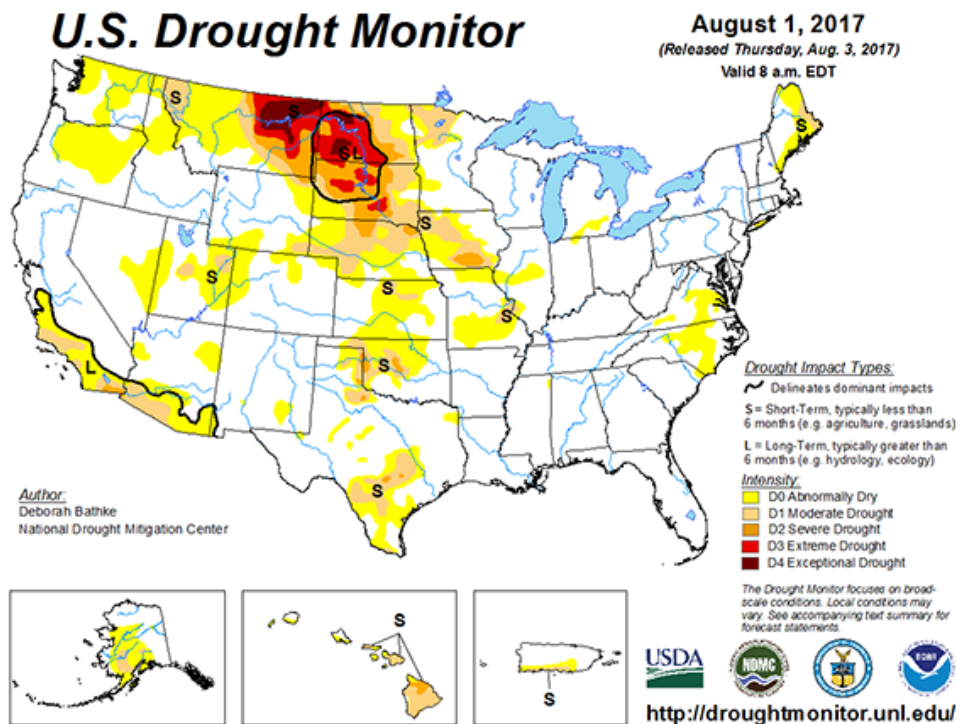


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in much of the central and eastern U.S. with the highest totals expected in conjunction with a developing low-pressure system from the central Plains to the Gulf Coast.

Rainfall in Plains, Midwest Brings Relief to Some: Rain fell in much of the country last week with the greatest amounts occurring in a band that extended from the Southwest to the Great Plains and across much of the eastern half of the country. Despite the beneficial rains last week, continued precipitation deficits combined with above normal temperatures resulted in an expansion of abnormal dryness and drought. Furthermore, rainfall in the Plains and Midwest brought relief to a few locations and staved off degradation in others. As it stands percentage of corn located in drought as of August 1 is 80% in South Dakota, 60% in North Dakota, 36% in Iowa, 30% in Nebraska and 16% for the total U.S. Percentage of soybeans located in drought by state is 80% in South Dakota, 59% in North Dakota, 38% in Iowa, 27% in Nebraska, 8% in Kansas and Minnesota and 16% for the total U.S.



Corn prices are down about -40 cents from the recent highs set back on July 11th. This has happened despite most inside sources looking for a fairly sizable cut in U.S. yield coming next week by the USDA. There's been many private firms and analyst tossing their hat in the ring in regard to the U.S. yield, with most sources forecasting an average of between 161 and 166 bushels per acre vs. the current USDA yield forecast of 170.7 bushel per acre. With the market looking towards the future, the bears see a more cooperative U.S. weather forecast and a crop stabilizing at levels that currently warrants no additional "risk premium". Lets also keep in mind that South America is sitting on a record crop and is starting to gain a lot more of the global export business. Bottom-line, as long as the market believes the U.S. new-crop yield is stable, at levels somewhere north of 160 bushels per acre and ending stocks above 1.7 billion, it's going to be tough to get the bears to let loose. I mentioned weeks ago, the "demand" headlines during the second half of the year might be less than impressive and do little to excite the bulls. That means the "story" has to come from the supply side of the equation. At the moment, it looks like many important U.S. growing regions will be enjoining fairly good finishing weather. Many of our readers down in Texas have already finished their corn harvest, with several reporting phenomenal dry-land yields (180 to 190). We are also hearing good yield reports from our clients who are harvesting in parts of Mississippi (irrigated 230 to 240) and Tennessee (dry-land averaging 180 to 190). The clock is clearly ticking and the combines down south are starting to roll. I wish I could stay positive, but with weather here in the U.S. becoming more cooperative, it's going to be tough to argue a bullish case in the next few weeks. I'm sure we will hear talk about some rains disappointing in key growing areas, particularly in parts of Iowa and the Dakota's, but I believe a lot of bulls have already chewed on that story and will be less likely to bite this time around. It's going to take a bullish surprise by the USDA next week to reignite the fire. Unfortunately, with the entire trade already expecting a sizable cut in production, it might be tough for the USDA to deliver something that catches the trade offside. As a producer, I'm taking a long-term wait-and-see approach. I'm thinking we might stay under pressure until the harvest news



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Today In History



1873 - While protecting a railroad survey party in Montana, Custer and his 7th Cavalry clash for the first time with the Sioux Indians, who will defeat them three years later at Little Big Horn. During the previous two years, Lieutenant Colonel George Armstrong Custer and his 7th Cavalry had not fought a single battle against the hostile Indians of the western Plains. Hungry for action, Custer was pleased when the 7th Cavalry was ordered to help protect a party of surveyors laying out the route for the proposed Northern Pacific Railroad. The new transcontinental railroad (the third in the United States) was to pass through territory controlled by hostile Sioux Indians. Custer was optimistic that the assignment would give him a chance to improve his reputation as an Indian fighter. Initially, the military escort saw little action. The hostile Indians seemed to be avoiding or ignoring the survey party. For Custer, the mission turned into something of a lark. He spent much of his time shooting buffalo, antelope, elk, and other animals. To find good hunting, he often led the 7th Cavalry far away from the survey party and the main body of the military escort. On this day in 1873, Custer was far ahead of the rest of the force, camping along the Tongue River in southeastern Montana. Suddenly, a large band of Sioux warriors appeared on the horizon and attacked. The Indians were led by Crazy Horse and Sitting Bull, but the young braves seemed to have attacked impetuously and with little

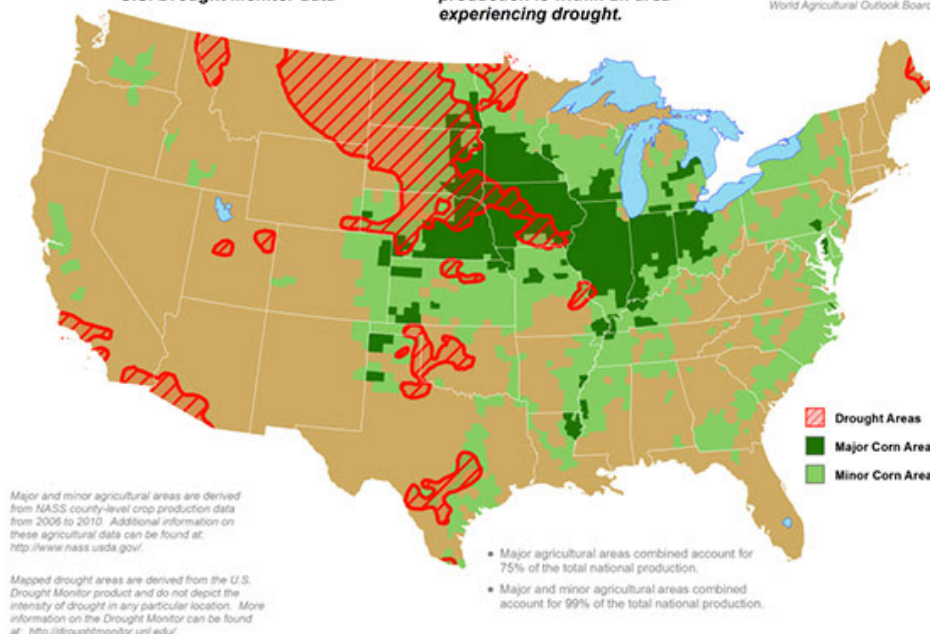
and-see approach. I'm thinking we might stay under pressure until the harvest news passes. As a spec, I would like to start building a small long-term bullish position, but believe there is still more downside. I'm just not sure who the buy-side paper is right now? Who's the spec player that wants to step in the market in a big way as a significant buyer of the corn market right now? On the opposite side of the fence, I know there are still many potential sellers. I know there are many producers who still need to make old-crop sales and I know there are many weather bulls who are still holding out hope for a last-minute weather rally. I don't see a fresh new demand story that is going to excite the bulls, and as of right now, I can't get the U.S. yield to pencil sub-160 bushels per acre, I'm not so sure I can get it to pencil sub-162...

U.S. Corn Areas Experiencing Drought

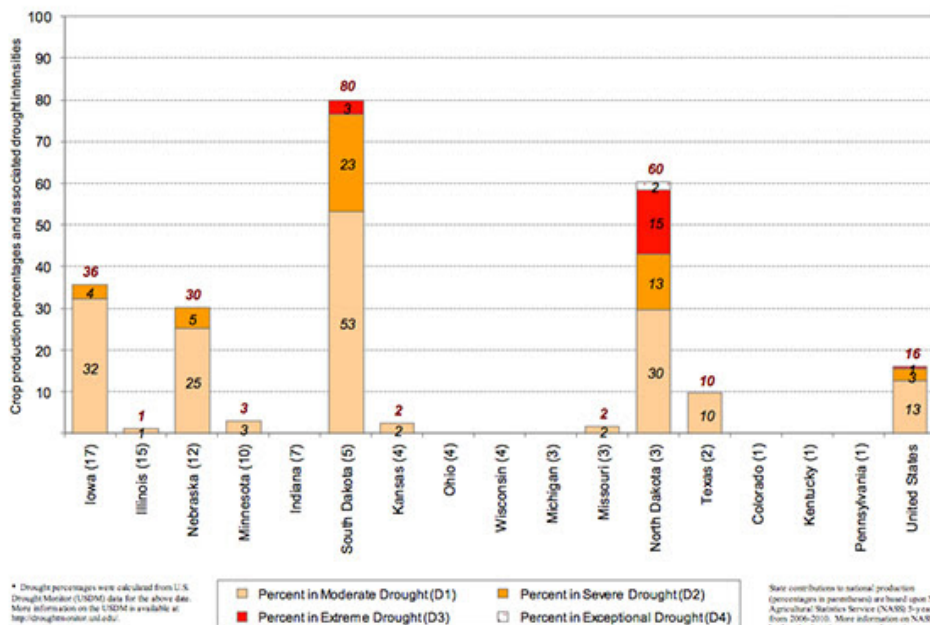
Reflects August 1, 2017
U.S. Drought Monitor data

Approximately 16% of corn
production is within an area
experiencing drought.

USDA
United States
Department of
Agriculture
This product was prepared by the
USDA Office of the Chief Economist
World Agricultural Outlook Board



Approximate Percentage of Corn Located in Drought *
August 1, 2017



USDA
Agricultural Weather Assessments
World Agricultural Outlook Board

State contributions to national production (percentages in parentheses) are based upon National Agricultural Statistics Service (NASS) 3-year averages from 2006-2010. More information on NASS data can be found at <http://www.nass.usda.gov/>

attacked impetuously, and with little planning. Custer, who had been taking an afternoon nap, reacted quickly and mounted an effective defense. After a brief skirmish, the Indians withdrew. Since only one soldier and one Indian were killed in the skirmish, Custer's short battle along the Tongue River seemed relatively insignificant at the time. However, Custer's easy escape in his first encounter with Sitting Bull and Crazy Horse may have given him a dangerously scornful view of their fighting abilities. It helped to confirm his belief that the Plains warriors tended to flee rather than fight. As a result, when Custer again encountered Sitting Bull and Crazy Horse at the Little Big Horn River three years later, his greatest fear was that they would withdraw before he could attack, and he rushed in without proper reconnaissance. That time, though, the Indians stood and fought, leaving Custer and more than 200 of his men dead.



1892 - Andrew and Abby Borden, elderly residents of Fall River, Massachusetts, are found bludgeoned to death in their home. Lying in a pool of blood on the living room couch, Andrew's face had been nearly split in two. Abby, Lizzie's stepmother, was found upstairs with her head smashed to pieces. The Borden's, who were considerably wealthy, lived with their two unmarried daughters, Emma and Lizzie. Since Lizzie was the only other person besides the housekeeper who was present when the bodies were found, suspicion soon fell upon her. Because of the sensational nature of the murders, the trial attracted attention from around the nation. Despite the fact that fingerprint testing was already becoming commonplace in Europe at the time, the police were wary of its reliability, and refused to test for prints on the murder weapon—a hatchet—found in the Borden's basement. The prosecution tried to prove that Lizzie had burned a dress similar to the one she was wearing on the day of the murders and had purchased a small axe the day before. But Lizzie was a sweet-looking Christian woman and the jury took only 90 minutes to decide that she could never commit such a heinous crime. Although she was now an orphaned heiress rather than a convicted murderess, the media continued to portray Lizzie as the perpetrator. Her story is still remembered today mostly because of the infamous rhyme:

*Lizzie Borden took an axe,
And gave her mother forty whacks;
When she saw what she had done,
She gave her father forty-one.*

Soybean prices continue to flirt with psychological support near \$9.50 per bushel. The bears are saying the new-crop highs are clearly in place as prices have tumbled almost -\$1.00 since the July 11th high at \$10.47 per bushel. In fact, several technical bears inside the trade are thinking if the USDA disappoints, prices could quickly close sub-\$9.50 and take a dive towards lows down in the \$9.00 to \$9.20 range. It's tough to

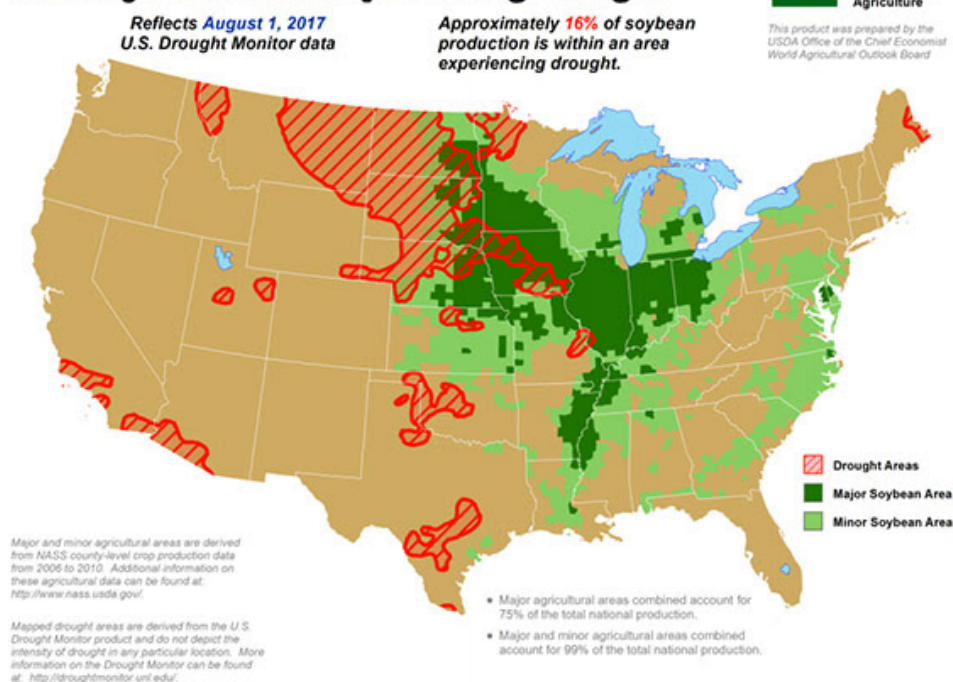
Ignoring the taunts, Lizzie lived the high life until her death in 1927. She was buried in the family plot next to her parents.

get on the bearish bandwagon knowing there's still a lot of production uncertainty still in the field, but at the same time I can't discount the markets propensity to push prices lower. Think about it this way, we've been saying for weeks it's all going to come down to August weather, well here we are... and the weather doesn't look all that bad. For us to have a bullish story that can gain longer-term traction to the upside, we need the U.S. yield to be a full 2.0 bushels lower than it's been at any time during the past three years. Keep in mind we haven't seen a U.S. soybean yield sub-40 bushels per acre in almost a decade, even in the catastrophic year of 2012, the U.S. harvested a 40 bushel per acre average. Lets also keep in mind what tends to happen to U.S. yields after the USDA releases their August estimate...They tend to drift higher, I included data below. Moral of the story, yes, the balance sheet could defiantly tighten next week as the USDA lowers their U.S. production estimate and increases exports, but producers who were desperately wanting to testify for the bulls three weeks ago are now refusing to take the stand...

Below are the USDA August estimates vs. Final yield

- 2011 USDA August estimate 41.4 bpa vs. final 2011 yield of 42.0 bpa
- 2012 USDA August estimate 36.1 bpa vs. final 2012 yield of 40.0 bpa
- 2013 USDA August estimate 42.6 bpa vs. final 2013 yield of 44.0 bpa
- 2014 USDA August estimate 45.4 bpa vs. final 2014 yield of 47.5 bpa
- 2015 USDA August estimate 46.9 bpa vs. final 2015 yield of 48.0 bpa
- 2016 USDA August estimate 48.9 bpa vs. final 2016 yield of 52.2 bpa

U.S. Soybean Areas Experiencing Drought



1944 - A German-born Jewish girl and her family, who had been hiding in German-occupied Holland, are found by the Gestapo and transported to various concentration camps. The young girl's diary of her time in hiding was found after her death and published. The Diary of Anne Frank remains one of the most moving testimonies to the invincibility of the human spirit in the face of inhuman cruelty. She was born Annelies Marie Frank, in Frankfurt am Main, Germany, on June 12, 1929. Her father, Otto Frank, a businessman, moved his wife and two daughters to Holland early in the Hitler regime. After the German invasion and occupation of the Netherlands, the Franks were threatened with deportation to a forced-labor camp and so went into hiding. They spend the next two years, from July 9, 1942, until August 4, 1944, in the back of Otto's food products warehouse, along with four other Jews. Gentile friends and neighbors smuggled in food and other supplies. Acting on a tip from Dutch informers, the Gestapo (the Nazi secret police), discovered the Franks and arrested them. They then transported them to the Auschwitz concentration camps in Poland in September. Anne and her sister, Margot, were transferred to the Bergen-Belsen concentration camp in northern Germany a month later. There Anne died of typhus, in March 1945, not long before the camp was liberated by the Allies. Otto Frank was found, still alive, in Auschwitz by the Russian troops that liberated the camps there (Anne's mother had died in January). Friends back in Holland who had searched the Franks' former hiding place found a stash of personal papers; among the collection was Anne's diary, which described her emotional and intellectual development during the two years spent eluding detection by the Nazis. Otto had it published in 1947 as *The Diary of a Young Girl*. It has since been translated into more than 50 languages and adapted for stage and screen. The most memorable line remains: "In spite of everything, I still believe people are really good at heart." The Franks' hiding place, on the Prinsengracht Canal in Amsterdam, has been turned into a museum.

Upcoming Events

Fri. 8/10 - USDA Supply and Demand

Thurs. 8/10 - FSA Crop Acreage Data

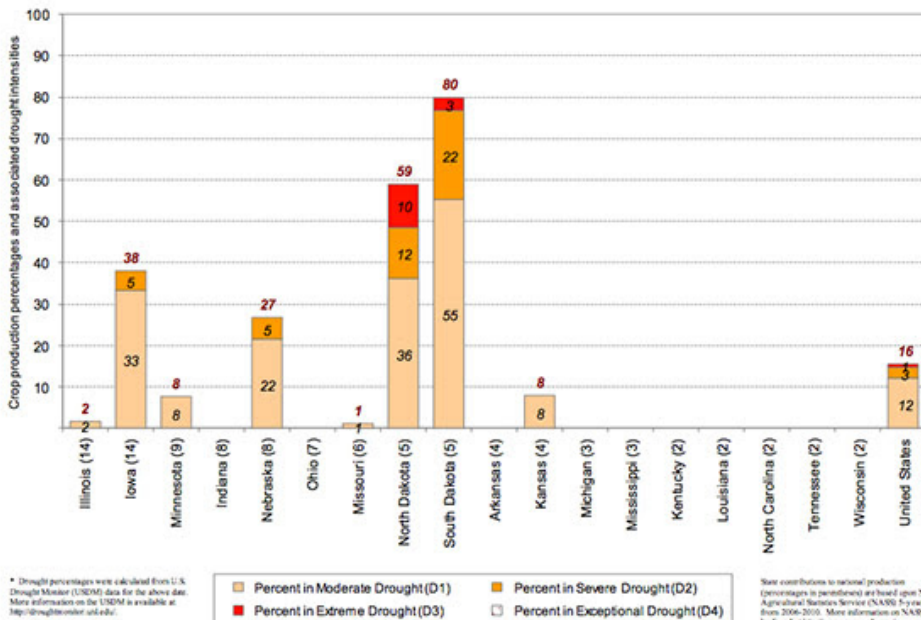
Wed. 8/16 - Minutes From 7/26 FOMC Meeting

Tues. 8/22 - Cold Storage

Fri. 8/25 - Cattle on Feed

Mon. 9/4 - Labor Day - Markets Closed

Approximate Percentage of Soybeans Located in Drought * August 1, 2017



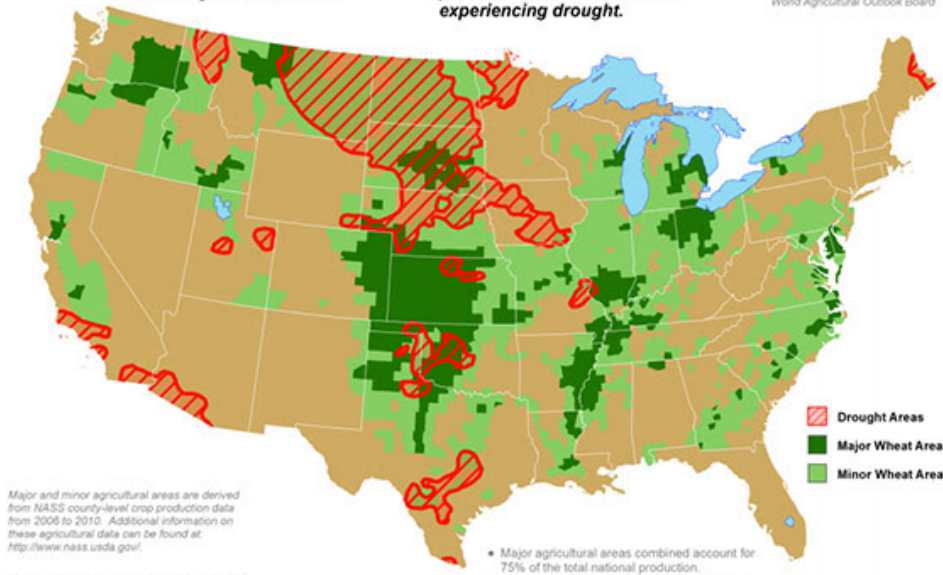
Wheat has moved from leading the rally a few weeks ago to now a more clear follower. There's very little fresh or new in the headlines as the U.S. winter wheat harvest looks to wrap up, while the spring harvest moves more into full-swing. Talk inside the trade about the U.S. crop getting worse has somewhat subsided and most all of the current global production problems have been well advertised. Hence nothing new to feed the bulls. Yes, there's still a global "quality" issue brewing, but that story just isn't sexy enough to excite the trade. The bears however continue to point to more than ample global supply and other low-cost providers being able to keep up with current demand. It was recently reported that India purchased 300,000 metric tons of wheat from Ukraine and another 200,000 metric tons from Australia. As both a producer and a spec, I certainly understand the traditional bearish fundamentals, but I truly believe there is a more bullish longer-term underlying story that is still yet to develop.

U.S. Winter Wheat Areas Experiencing Drought

Reflects August 1, 2017
U.S. Drought Monitor data

Approximately 14% of winter wheat production is within an area experiencing drought.

USDA United States Department of Agriculture
This product was prepared by the USDA Office of the Chief Economist, World Agricultural Outlook Board



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

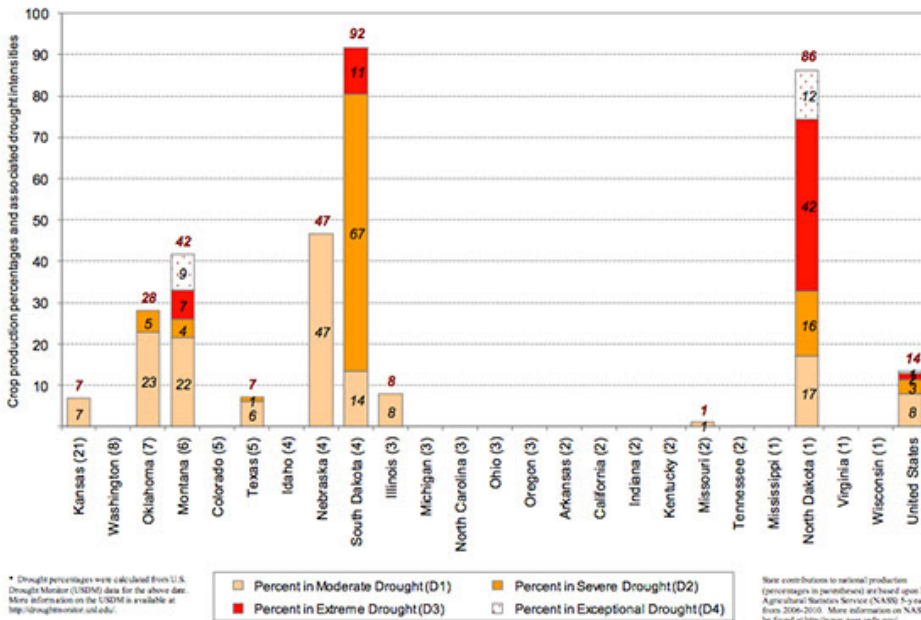
Thurs. 11/23 - Thanksgiving - Markets Closed

Kevin's Song of the Week



About the Report

Approximate Percentage of Winter Wheat Located in Drought * August 1, 2017



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!

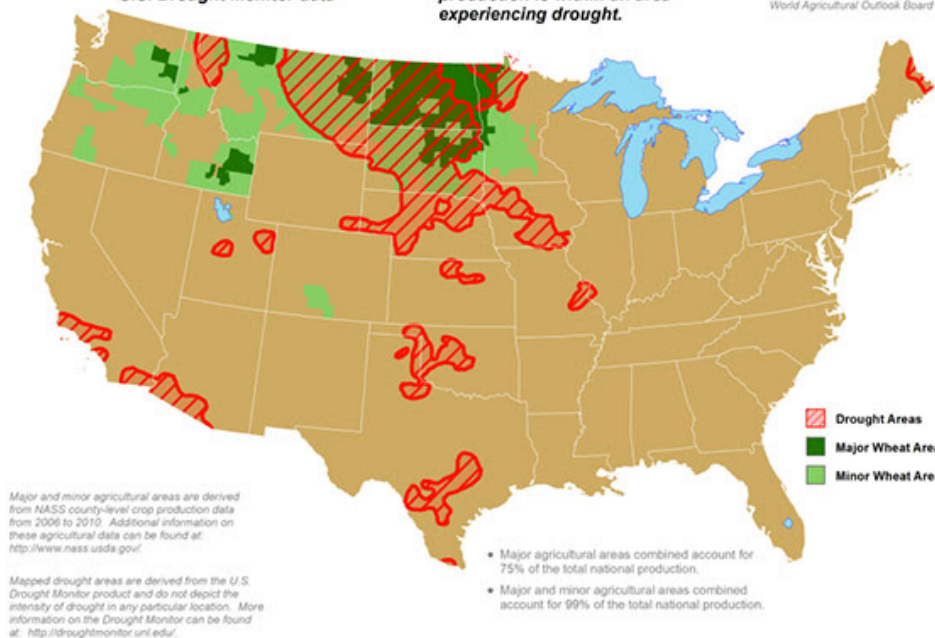
Kevin Van Trump

U.S. Spring Wheat Areas Experiencing Drought

Reflects August 1, 2017
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USDA United States Department of Agriculture
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World Agricultural Outlook Board



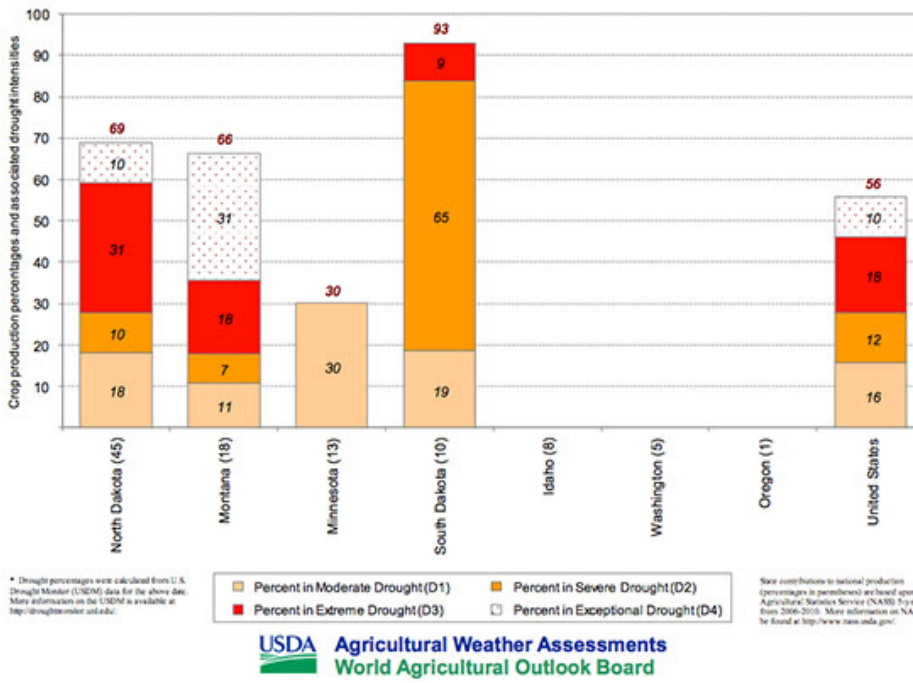
What Others Are Saying

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

A.M., FDIC

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

Approximate Percentage of Spring Wheat (excluding Durum) Located in Drought *
August 1, 2017



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

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

[More Testimonials](#)

My Own Personal Truisms

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

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

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

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

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

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

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

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



> Farm Futures Survey Finds Smaller Crops: A challenging year of weather and finances could mean smaller corn and soybean harvests this fall, according to Farm Futures latest survey of growers. Corn production could fall -10% compared to the record crop of 2016, due to lower yields and acreage. The falloff in the soybean crop could be smaller, perhaps around -2%, with a big increase in acreage helping to offset a -9% drop in yields. Farmers told the magazine they're hoping to bring in a corn crop of 13.618 billion bushels, with an average yield of 163.5 bushels per acre. That compares to the 15.148 billion bushels harvested in 2016, when farmers benefited from record yields of 174.6 bpa. The survey showed this year's yields down 3.4%, while high costs and negative margins caused growers to cut corn plantings by 4.3% in the spring. For soybeans, Farm Futures found yields of 47.5 bpa. While that is a significant decline from the record achieved in 2016 of 52.1 bpa, growers rushed to plant soybeans this spring, boosting acreage 7% to an all-time high of 89.5 million. Production could fall to 4.214 billion bushels, 93 million less than the 4.307 billion harvested in 2016. (Source: FarmFutures)

> Food Prices Hit Highest Levels Since 2014: Food prices have hit their highest since 2014, led by rise by grains and sugar, and a lift in dairy values to a three-year high – although there are some questions over dairy appreciation continuing. The United Nations' Food and Agriculture Organization's food price index hit 179.1 last month, a gain of +2.2% from the previous month and the highest level since December 2014. The index has now recovered 20% from a low reached early last year. Sugar prices rose by 5.2%, gaining for their first time in six months, in an increase the FAO attributed to "strong appreciation of the Brazilian real." Cereals prices rose by 5.1% month on month, hitting a two-year high, led by wheat "as continued hot and dry weather deteriorated spring wheat conditions further in North America." Dairy values, meanwhile, gained 3.6% to hit their highest in three years. The FAO Meat Price Index averaged 175.1 points in July, virtually unchanged from June. Beef prices fell as increased domestic supplies in the United States caused weaker import demand. And while global pig and poultry markets remained well-supplied, international prices could have declined further if not for strong consumer demand. (Sources: MeatingPlace, Agrimony)

> Argentine Wheat Production Falls On Lower Acreage: Argentine wheat production for the 2017-18 season has been forecast at 16.65 million metric tons,

850,000 metric tons lower than in 2016-17, according to a July 26 Global Agricultural Information Network (GAIN) report from the Foreign Agricultural Service of the U.S. Department of Agriculture. This is due in part to lower forecast wheat harvested area of 12.85 million acres, about 740,000 acres less than a year ago, the report said. The GAIN report said that 250,000 to 370,000 acres in the southern Buenos Aires province may not be planted due to excess rain. About 90% of wheat planting in the country is complete. As a result of lower-than-expected production, Argentine wheat exports are forecast by the USDA to fall by 1 million metric tons from a year ago, at 10.5 million metric tons. Roughly half of the exports are expected to be shipped early in the marketing season to Southeast Asian markets and to North African countries. The other half would be shipped to Brazil, which many traders believe will have to increase its imports due to a crop affected by recent weather problems in Parana, where there was too much rain followed by harsh frosts. (Source: World Grain)

> **Climate Info Back On USDA Site:** Some climate change information disappeared from the USDA website late last week before reappearing late Wednesday, according to the Environmental Data & Governance Initiative. A USDA spokesman said the "outages were the result of the site being migrated to a new server." The missing pages were from USDA's regional "Climate Hubs," which are meant to provide tools to help farmers and land managers adapt to climate change. (Source: Politico)

> **Pilgrim's Pride Posts Solid Earnings:** Pilgrim's Pride's reported second quarter net sales of \$2.25 billion, up from \$2.03 billion during the same period last year, as well as a net income of \$233.6 million, up significantly from \$152.9 million in the second quarter of 2016. The company also reported earnings per share of 94 cents, which compares to 60 cents per share during the same period last year. Operating income increased from \$236.6 million in the second quarter of 2016 to \$359.40 million in 2017. The company said the summer of 2017 has brought strong demand for grilling season and a continuation of chicken as the protein of choice in domestic and international markets. (Source: Feedstuffs)

> **Seaboard's Second Quarter Milling Results Sag:** Seaboard Corp. posted operating income of \$1 million in its Commodity Trading and Milling (CT&M) segment during the second quarter ended July 1, down sharply from \$19 million in the same period a year ago. Net sales for the segment during the second quarter totaled \$701 million, down from \$707 million in the same period a year ago. The decrease for the three-month period was primarily the result of lower third-party sales volumes, partially offset by higher sales prices to third parties and higher volume of sales to affiliates. Overall, net income attributable to Seaboard in the second quarter was \$58 million, equal to \$50.51 per share on the common stock, down from \$80 million, or \$68.34 per share, in the same period a year ago. Net sales were \$1.422 billion, up from \$1.357 billion. (Source: World Grain)

> **Regulators Approve New Chicago-Based Options Trading Floor:** The first new U.S. open-outcry trading floor in decades was approved by regulators on Wednesday, allowing the BOX Options Exchange to buck the trend of shuttering floors in favor of fully electronic trading. BOX plans to open the trading floor in Chicago later this month, the exchange said in a statement following the decision to allow the move by the U.S. Securities and Exchange Commission. While the majority of options trades are done electronically, floor trading is sometimes preferred for larger, more complex orders, allowing some options trading pits to survive even as most stock and futures trading floors have been phased out. CME Group Inc (CME.O) closed its New York-based energy and metals options pits last year, following the closure of most of its futures pits in New York and Chicago due to shrinking open-outcry volumes. CME still offers open-outcry trade in options on agricultural and financial products in Chicago. BOX trades more than 1,500 options classes, with the bulk of trades on its exchange happening in stock options. (Source: Reuters)

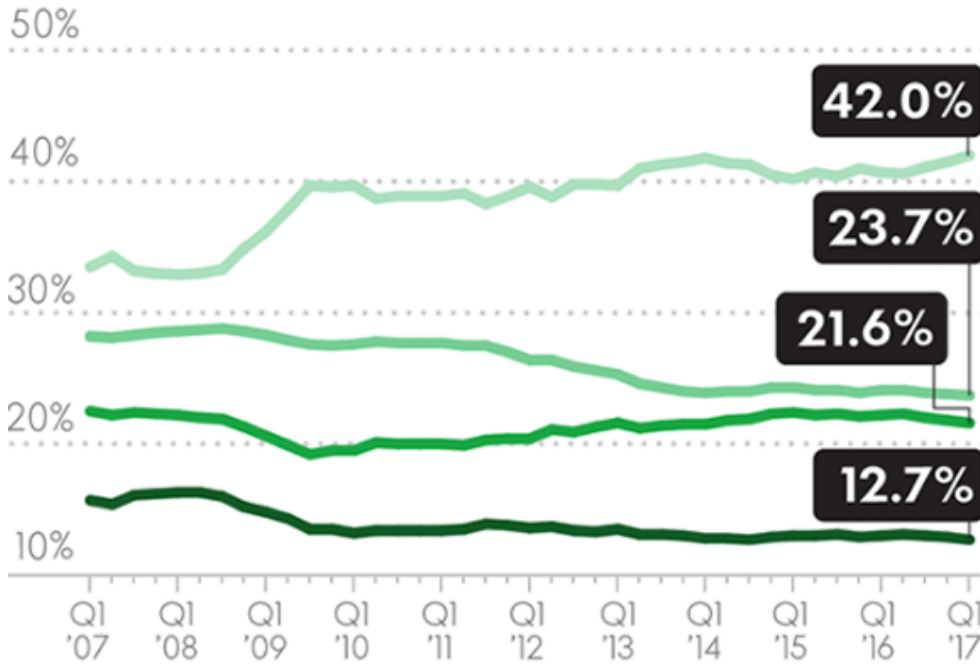
> **Baby Boomers Are Spending Less:** Baby Boomers and their elders make up an outside share of consumer spending. However, with wages stagnant, older Americans have cut back on spending more than other generations. They're buying fewer cars, shirts and TVs and shelling out more for services such as healthcare, travel and entertainment. Apparel purchases accounted for 2.7% of all spending for consumers age 55 to 64 in 2015, down from 3.6% for that age bracket in 2005 and 5.6% in 1995, Moody's and Labor data show. Meanwhile, 8.7% of their outlays went to health care, up from 5.9% in 1997 and 5.7% was devoted to entertainment, up from 4.8%. Some 10,000 Baby Boomers turn 65 each day. A study done by JPMorgan Chase showed everyday spending among Americans 65 and older had fallen -7.6% in two years.



BABY BOOMER SPENDING POWER

Americans age 55 and older account for a major portion of consumer spending. Share of total spending by age group:

● 34 and under ● 35-44 ● 45-54 ● 55 and older



SOURCE Federal Reserve Board; Bureau of Economic Analysis; Census Bureau; Moody's Analytics
George Petras, USA TODAY



FROM THE FIELD

Southwest Iowa - We farm land both north and south of I-80. We have been blessed this year on multiple counts. We have not received the amount of rain one would think needed but the crops look very good. Also, we have avoided the devastation from Japanese Beetles that some of our neighboring fields have received. We truly believe prayers were answered. Our crops do have a bit of grey leaf spot along with some common rust and southern rust on corn but not enough to require spraying. We are thankful for the savings from that. We think the timing of our planting helped avoid some of the beetle issues as our neighbor was in the field earlier and maybe the difference in silking periods had something to do with it. Either way we are grateful.

Southeast South Dakota - We are in a dry hole up here as rains are dancing all around us. We have corn, beans and help harvest oats. The oat crop up here was exceptional as they came through prior to a lot of the heat. We were getting 110bpa for our son's field and some up here were getting 130bpa. As it turns out, those who produced oats this year are going to do better than corn as prices are at \$3 and the inputs are significantly less. That doesn't mean we need to move acres into oats as the market just isn't that big - just means a good year for those with them. The corn and beans will make a good yield here if we get a rain soon.

Northwestern Minnesota - We have seen the dry conditions from across the state line affect us here as well. Whenever there was a rain event it was spotty and found a way to miss our fields. We have areas where the fields have started opening up due to the conditions. Our wheat crop is being forced to mature early on some fields. We are hoping that the beans catch a rain or two as there is time for them to improve on potential yields. We are seeing some fields where production will be lower as the dryness has produced 2 bean pods already. If things don't change we will probably start harvest in early September.



Drop-In Centers In Rural Kansas Aim To Address Dangers Of Isolation: The social and health effects of isolation on some rural Kansas residents spurred three Catholic nuns to convert a storefront in Concordia, Kansas into a drop-in center where women can find support and resources. Seven years after the center opened, two dozen women on average come through each day in the town of about 5,000 to socialize, do laundry, get a cooking lesson, or simply connect with others. Sister Pat McLennon, who helped launch Neighbor to Neighbor in Concordia and still serves as its co-director, says the center started as a place for women in the community to teach skills to young mothers in poverty while providing enrichment activities like reading and music to their kids. But it quickly drew women of all ages, including some helping as volunteers and others fulfilling mandated community service. Read more [HERE](#).

Pot Laced With Pesticides Forces States To Act As EPA Stays Away: With 29 states and the District of Columbia now allowing medical or recreational cannabis use, the \$6 billion U.S. industry is expected to reach \$50 billion by 2026, according to investment bank Cowen & Co. Yet many states are just beginning to check for pesticides, while some have no testing program at all. California, where voters approved medical marijuana 20 years ago, won't begin testing for impurities until recreational sales begin Jan. 1. Regulating pesticides for marijuana plants is a state issue because the federal government still classifies pot as an illegal drug. Colorado last year found that 49 percent of cannabis samples tested in response to complaints had residue of unapproved pesticides, according to state Department of Agriculture data. The failure rate so far this year is 13 percent, demonstrating how testing improves the safety of marijuana, said Jan Stapleman, a spokeswoman for Colorado's Department of Public Health and Environment. Read more from [Bloomberg](#).

Why Western Men Have Suffered A 50% Decline In Sperm Count Over Four Decades: Sperm counts declined by 1.4% per year on average among men from North America, Europe and Australia between 1973 and 2011, a new study published in the journal Human Reproductive Health found. Overall, sperm counts fell between 50% and 60% over those 38 years, with no evidence of a leveling off in recent years. This significant decline in male reproductive health "has serious implications beyond fertility concerns," it concluded. The researchers analyzed samples from nearly 43,000 men from 185 studies. Previous studies have linked a lower sperm count with pesticides, heat, diet, stress, smoking and body mass index. "Therefore, sperm count may sensitively reflect the impacts of the modern environment on male health," the study found. The high proportion of men with concentration below 40 million per milliliter is "particularly concerning" given that sperm count below this threshold is associated with a lower monthly probability of conception. The results suggest an increasing proportion of men have sperm counts below any given threshold for "sub-fertility or infertility." Read more [HERE](#).

How A New App Can Bring Your Love For Food And Small Business Together: Many small businesses involve food. The baker, the butcher, the coffee cake maker and the farmer-in-the-dell are all likely to be small businesses. But as small businesses, most of these food-related companies have the same problem: how do their owners get the cash they need to buy supplies before they actually make sales? Now, there's a new app that helps food-related small businesses improve their cash flow and nurture customers at the same time, "Credibles." The San Francisco-based start-up aims to help small food businesses by letting customers pre-pay from a growing number of small food companies, essentially setting up a prepaid tab. Read more [HERE](#).

Astronaut Photos Show The Massive Size Of "Super Typhoon" Noru: Typhoon Noru is barreling northwest across the Pacific Ocean and taking aim at Japan, and

possibly Korea or China, this weekend. Forecasters are intently tracking the storm. As of Wednesday, it was super typhoon with more than 160 mph winds — equivalent to a category 3 hurricane and currently the most powerful storm on Earth, according to the Weather Channel. "Damaging winds, storm-surge flooding and rainfall flooding all appear to be likely impacts in at least some part of southern Japan by this weekend. Preparations for a destructive typhoon should be made in the days ahead," the site wrote. However, astronauts and cosmonauts currently aboard the International Space Station are also keeping a close eye on Noru — and the images they're sending back to Earth over Twitter are quite stunning. Read more about the massive storm and see more of the stunning photos taken from space [HERE](#).



How Instant Gratification Is Contributing To Poor Soil Health

Seeking bigger yields drives many of the day to day decisions producers make. One problem with that is the fact we have a finite amount of usable soil to produce future crops and according to USDA researcher Rick Haney, who was recently interviewed by YaleEnvironment360, our current practices could be killing what's left. The discussions on soil health are becoming more mainstream which is a good thing but changing the minds of growers who have seen yields increase using current practices will be a challenge according to Haney. He also believes that continuing to seek higher yields through synthetic chemical applications is like shooting yourself in the foot. Under the current practices of tillage, no cover crops, and a system of high intensity, chemical-dependent farming, the soil just doesn't function properly. As I understand it, the biology of the soil simply cannot restore itself, and because of that, the cycle of feeding it more and more synthetic fertilizers just to keep growing the crop is not the solution. Think of it as an addict needing a bigger fix with each subsequent use, just to feel like they did before. According to Haney, this isn't sustainable and won't work in the long run. Many producers look at the situation and say they need fertilizers because the soil is depleted. One of Haney's goals is to help producers see that trying to force the soil to grow enough crop to make a profit is part of the problematic cycle. Who wants to go backwards in total production though? His argument is that less production would mean higher prices as well as improved soil health. But I always like to ask, who is going to cut back on acres planted? As Haney seeks to convince producers to adopt more sustainable practices, he is hoping his science will help make the case. He and his team have developed a new soil test. According to him people are not testing for the right components. He states that the biological contributions to nitrogen and phosphate have been being ignored. Remember that the microorganisms in the soil are looking for carbon. The plant roots will leak out the carbon compounds that attract more microorganisms. Then the microbes break down organic matter in the soil which delivers nitrogen and phosphate in a form the plant can use. Haney's soil test starts by drying soil samples then resuspending them and measuring CO₂. As it turns out the level of

drying soil samples then rewetting them and measuring CO₂. As it turns out the level of CO₂ readings are proportional to the soil health. It is that simple. In the end, Haney hopes to give producers the confidence to make the changes necessary to sustain the soils they will count on for future crops. His hope is that growers can commit a few acres to see the results for themselves. In Haney's opinion, more independent research is necessary as he is not confident that unbiased research is being produced from those selling the chemicals. The problem of depleted soil health didn't happen in a day and it won't be fixed in a day. I do agree with Haney when he states we must try to get away from the instant gratification mode and into one based on longer-term soil health. (Source: [e360 Yale](#))



Treasure Hunters Find Box Hoping To Contain \$130 Million Of Nazi Gold

Treasure Hunters 120 miles southeast off the coast of Iceland were recently escorted back to Reykjavik to await police questioning. It seems the U.K.- based Advanced Marine Services (AMS), whose crew found a box inside the remains of the SS Minden, wants permission from Iceland's government to cut a hole in the ship's hull and remove the chest, claiming its contents belong to its finder. According to reports, the box is expected to contain nearly four tons of gold worth around \$130 million. The incident resulted from the fact the search team did not have the required permits and licenses for searching wrecks. It sounded like to me that the crew knew they were treading on thin ice as they offered differing and vague explanations for being there. The German owned SS Minden left Brazil in September of 1939, with a course for the Motherland. As I understand it, officials from Banco Germanico, a subsidiary of German Dresdner bank, had helped load the ship's prized cargo. On September 24th, when the ship was spotted by British cruisers HMS Calypso and HMS Dunedin, Adolf Hitler ordered Minden's captain to scuttle the Minden so the Royal Navy wouldn't capture the treasure. Many believe that the Nazi's were having gold from global storage locations sent back home to fund various Third Reich activities such as providing getaway money for high-ranking war criminals, the basis for a German resistance movement called 'Werewolf' intended to fight the occupiers, and to become the pension funds for generals whose vast estates bequeathed to them by a grateful Fuhrer in the east. When you research these articles you learn that many do not believe all the German gold that folks claim is out there. Searches for the storied treasures are usually instigated by those Indiana Jones types. But there is some real history when it comes to finding stolen articles from WWII. You might remember the Movie "Monument Men" starring George Clooney and Matt Damon who were part of a special team tasked with finding the art and valuables the Nazis had stolen. In 1945 the real 90th Infantry Division of the US 3rd Army found Merkers Mine. The unbelievable amount of wealth found in the cave consisted of more than 8,300 gold bars, 55 boxes of bullion, 3,330 bags of gold coins, eight bags of gold rings, and additional silver, platinum, and stolen, valuable artwork. Most recently, Argentinian police said they believed they found the biggest collection of Nazi artifacts in the country's history, including a bust relief of Adolf Hitler and magnifying glasses inside elegant boxes with swastikas. There was a total of 75 objects that were found in a collector's home in Beccar, a suburb north of Buenos Aires. For now the AMS awaits the Icelandic government's ruling as to who owns the box - and hopefully for them, the gold. (Source: USA Today, Daily Mail, IFL Science)



2017 NFL Hall Of Fame Induction Ceremony Celebration

Another sure sign that summer is moving at breakneck speed is that it's time again for the annual NFL "Hall of Fame Induction Ceremony," being held this Saturday in Canton, Ohio. Many may not be aware that there is actually four days of activities that are built around Saturday evenings induction. Though only 22,000 fans can fit into the Tom Benson Stadium for Thursday nights Hall of Fame game between the Cowboys and Cardinals, many more will be on site throughout the week in Canton enjoying the festivities. I'm told that the four-day Diamond package can be purchased for \$2,839.00 a person which includes four days of first-class treatment while celebrating the legends of football! You will have elite access throughout the weekend to Hall of Fame sanctioned events including the Class of 2017 Autograph Session and Gold Jacket Walk. If you can only get away for a day, single day tickets for Thursday or Saturday are around \$275 per person. The week's activities climax on Saturday with the five inductees receiving their busts and giving their speeches. The seven men being inducted in 2017 are Morten Andersen, Terrell Davis, Kenny Easley, Jerry Jones, Jason Taylor, LaDainian Tomlinson and Kurt Warner. For some who are familiar with the selection process, there is one who is noticeably absent from the list and has been the last two seasons, Terrell Owens, who it seems was a bit too disruptive for the selection committee. Below I've listed some career highlights from this year's class. To read more about the NFL HOF or the ceremonies click [HERE](#). (Source: SN Nation, profootballhof.com)

Morten Andersen: *Played 25 seasons for five different teams. He scored more than 90 points in 22 of his seasons and topped the century mark 14 times. Andersen spent 13 years with the Saints, having become the teams leading scorer before moving on to the Falcons, where he also their leading scorer. In 1995 he became the first kicker to convert three field goals of 50 yards or more in a single game. He set NFL records for career points, 2,544; most field goals, 565; and most games played at 382. At the time of his retirement his 40 field goals of 50 yards or longer was a record. His longevity and consistency set him apart in my book.*

Terrell Davis: *I'm told that a seven year NFL career will usually not get you selected for HOF induction. Terrell spent his seven with Denver Broncos where he played 78 games. He made his presence known by starting as a rookie out of Long Beach State. Though he missed the last two games of his rookie season he was able to surpass the 1,000 yard mark. In his second season he was named Offensive Player of the Year with over 1,500 yards rushing. He didn't stop there with over 1,700 yards in 1997 and a league high 15 TDs. Then in 1998 he became the fourth runner in NFL History to rush for 2,000 yards in a season. He also had a league leading 21 rushing TDs. Terrell earned MVP honors in Super Bowl XXXII after rushing for 157 yards and 3 TDs in a victory over Green Bay.*

Kenny Easley: *Another seven season inductee, Kenny played his entire career for the Seahawks. Though many readers may not recognize him, his impact was felt immediately for his intimidating defence play. As a punishing linebacker he was picked as Defensive Rookie of the year in 1981 after accumulating 3 interceptions for 155 return yards and 1 TD. He was the defensive leader for the Seahawks first ever playoff appearance in 1981. In 1983 he registered 7 interceptions for 106 return yards to earn AFC Defensive Player of the Year. He received the same award in 84' after a league high and career best 10 interceptions including a pair of pick-sixes. Easley was named to 5 Pro Bowls and was All-Pro four straight seasons. Kenny also lead the team in interceptions four times in his career.*

Jerry Jones: *Jerry is being inducted as a contributor to the game and whether you like him or not, there is no argument for his induction. Jones purchased the Cowboys in 1989 and restored America's team to their winning ways. He is the first owner in league history to win three Super Bowls in their first seven years. Overall, the Cowboys made seven playoff appearances, six division titles and the three championships. Impressively, the Cowboys have posted 10 wins in a season 12 times under Jones. His vision was a driving influence in the creation and development of AT&T stadium, the "crown jewel" of all sports venues. Jones continues to provide leadership for the NFL in areas of marketing, sponsorship, television, stadium management and labor negotiations.*

Jason Taylor: *Taylor played 15 season for three NFL teams, Dolphins, Redskins and Jets. He was an impressive defender who recorded double digit sack totals in a season six different times. He was named NFL Defensive Player of the Year in Honors in 2006 after recording 13.5 sacks, two interceptions returned for TDs, 11 passes defended, 10 forced fumbles, two fumble recoveries and 62 tackles. His sacks totalled more than any other players in the years 2000-2011. Once again, I'm impressed with the fact someone produces at that level for that long.*

LaDainian Tomlinson: *Probably the darling of the class, LaDainian played 11 season for the Chargers and the Jets. Most will remember him for his stint in San Diego where he was quick to make his presence felt. His rookie year culminated in over 1,200 yards rushing and 10 rushing TDs. He also collected 59 receptions for 367 yards. Impressively, he gained over 1,600 yards in back to back season, 2002 and 2003. Tomlinson rushed for over 1,000 yards in each of his first eight seasons. He also scored 10 or more rushing TDs in each of nine seasons with Chargers. In 2006 He was named NFL's MVP with a league leading and career high 1,815 yards and 28 touchdowns. He went on to set an NFL record with a rushing TD in 18 straight games in 2004/05. He was named All-Pro four straight seasons and the Charges MVP five times. Tomlinson played in five pro bowls in six season. This guy was a rock who showed up everyday and produced.*

Kurt Warner: *By definition Warner was a journeyman quarterback who paid his dues and reaped his rewards. He played for the Rams, Giants and Cardinals in a 12 season career. He had a stint in the Arena Football League after being signed and released by the Packers early on. After returning to the Rams in 1998, he was allocated to NFL Europe's Amsterdam Admirals.*

When he returned Warner went on to become a two-time NFL MVP and named Super Bowl XXXIV MVP after leading the Rams to a 23-16 victory over the Titans. Two years later he returned to the Super Bowl. His third trek to the Super Bowl came in 2008 when he led the Cardinals to a franchise first division title since 1975 and first ever Super Bowl appearance. He is the only quarterback to throw for 300 or more yards in three Super Bowls. Warner also was a four-time Pro Bowl choice.

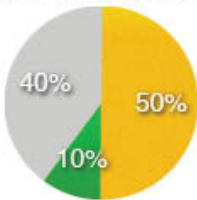




CASH SALES & HEDGING TOTALS

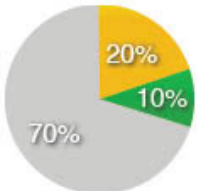
CORN 2017 CROP

50% SOLD
10% HEDGED
40% UNPROTECTED



CORN 2018 CROP

20% SOLD
10% HEDGED
70% UNPROTECTED



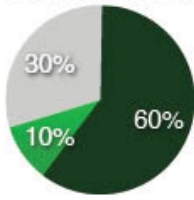
CORN 2019 CROP

0% SOLD
0% HEDGED
100% UNPROTECTED



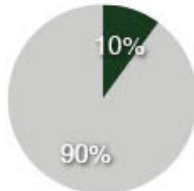
SOYBEANS 2017 CROP

60% SOLD
10% HEDGED
30% UNPROTECTED



SOYBEANS 2018 CROP

10% SOLD
0% HEDGED
90% UNPROTECTED



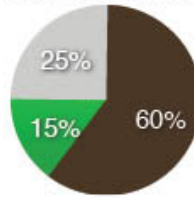
SOYBEANS 2019 CROP

0% SOLD
0% HEDGED
100% UNPROTECTED



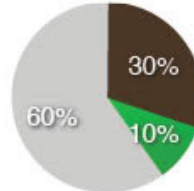
WHEAT 2017 CROP

60% SOLD
15% HEDGED
25% UNPROTECTED



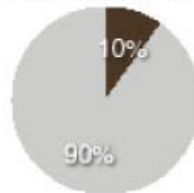
WHEAT 2018 CROP

30% SOLD
10% HEDGED
60% UNPROTECTED



WHEAT 2019 CROP

10% SOLD
0% HEDGED
90% UNPROTECTED



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