

GOOD MORNING: 08/07/17 Farm Direction - VanTrump Report

1 message

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

Mon, Aug 7, 2017 at 6:52 AM



"When God solves your problems, you have faith in His abilities; when God doesn't solve your problems, He has faith in your abilities."

MONDAY, AUGUST 07, 2017

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Morning Summary: Stocks remain strong as the Dow comes off its eighth consecutive record close. The S&P 500 is now up over +16% in the last 12-months and the U.S. stock market hasn't fallen -3% since before the Trump presidential victory back in early November. The bulls have gotten a nearby boost from better than expected corporate earnings and a strong U.S. jobs market, which recently showed a robust +209,000 new jobs were created during the month of July. The Labor Department also revised upward the June results to show +231,000 new jobs were created. Those additions now bring the unemployment rate down to a 16-year low of just 4.3%. Several reports circulating say this is the easiest time to find a job since the summer of 2001. Despite extremely tight labor conditions, wage growth remains somewhat sluggish, with the year-on-year rate up just +2.5%, unchanged from last month. According to Reuters, wages usually rise +3% to +4% a year when employment is running at near full throttle, which is what most economists would agree we are experiencing. Nonetheless, the strong jobs report has more insiders believing the Fed may feel comfortable enough to begin shrinking its \$4.5 trillion bond portfolio in September. The payroll data also helped push up the CME Group's FedWatch tool, which now sees the chances of a rate hike by yearend being +50%. It's also worth noting that Baker-Hughes on Friday reported that U.S. drillers cut one oil rig last week, bringing the total count down to 765 and marking the second time in three weeks that the count has fallen. Keep in mind that total active oil rigs at this time last year totaled just 381. If you are looking for a couple negatives inside the economic data, the bears are pointing to a fairly significant drop in construction spending. In fact private spending growth is the slowest since 2013. Public nonresidential spending (mostly infrastructure) is down -9.5% year over year, the worst since February 2010. Reports are also showing weakness in auto sales. All the major automakers missed on earnings badly. Over the last five months, sales have averaged just 16.5 million, which is a significant slowdown from the 17.4 million sales pace reported in 2016. As for today, there's really no significant U.S. economic releases outside of Consumer Credit. However, China is scheduled to release their July Merchandise Trade Balance. Earnings of note include CBS, Marriott and Tyson Foods. Don't forget, President Trump, the House, and the Senate are all out on break. This now leaves a ton of pending political issues and uncertainty on hold until after Labor Day.

Interesting Stock Market Data... Bespoke Investment Group reported that while the current bull market is the second longest on record, this is only the 11th longest streak without a -10% correction for the S&P 500. Even still, the index has gone a very long time without a -10% pullback at 535 days dating back to 2/11/16. Also interesting, is the fact the current bull market which began on March 9th, 2009 has now lasted 3,064 calendar days. That ranks this bull the second longest on record behind the 4,494 day bull market that ran from 1987 to 2000. Keep in mind, during that 13-year run from December, 1987 to March, 2000 the S&P 500 never experiences a drop of -20%.

For Those In Real Estate... The U.S. Census reports that the number of homeowners rose by 1.2 million year over year in Q2, the most since Q1 2005, while the number of renters fell by 702,000 year over year, That is largest drop since Q2 2004.

Justice Department Declares War On Leakers: The Trump administration on Friday declared war on leaks with attorney-general Jeff Sessions announcing an

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They declared war on leaks when attorney general Sessions announced an intensified offensive against government officials who disclose classified material and warning that prosecutors may target reporters who publish such material. Sessions announced no new leak cases, but told reporters that the Department of Justice has tripled the number of leak investigations and created a new counterintelligence squad at the FBI to handle them. He also signaled that the department may become more aggressive about prosecuting journalists, saying those policies are now under review. Sessions said the "staggering number of leaks" had undermined the government's ability to protect the country. Since Trump took office, news organizations have revealed a secret foreign intelligence warrant regarding a Trump advisor, Trump's Oval Office conversations with senior Russian officials a day after he fired FBI Director James Comey, and other usually closely guarded secrets. The attorney-general's press conference came one day after classified transcripts of phone calls between Mr Trump and the leaders of Mexico and Australia were published in the Washington Post. The attorney-general has also ordered the 94 US attorneys offices around the country to prioritise leak probes and the FBI has created a new counter-intelligence unit to zero in on media leaks. (Sources: Financial Times, LA Times)

Death Valley Sets New Global Record for Hottest Single Month: Sustaining extreme heat for an entire month is a more impressive feat than doing so for just one day. This past July, Furnace Creek station at Death Valley, California, measured an average monthly temperature of 107.4°F—the hottest single month ever reliably measured anywhere on Earth. The second hottest month was reported in August, 2014 at the King Khaled Military City site in northern Saudi Arabia. (Source: [WeatherUnderground](#))



Greenspan Sounds The Alarm Over A "Bond Bubble" - Former Federal Reserve Chairman Alan Greenspan issued a bold warning that the bond market is on the cusp of a collapse that also will threaten stock prices. In a CNBC interview, the longtime central bank chief said the prolonged period of low interest rates is about to end and, with it, a bull market in fixed income that has lasted more than three decades. "The current level of interest rates is abnormally low and there's only one direction in which they can go, and when they start they will be rather rapid," Greenspan said on "Squawk Box." That low interest rate environment has been the product of current monetary policy at the institution he helmed from 1987-2006. The Fed took its benchmark rate to near zero during the financial crisis and kept it there for seven years after. Since December 2015, the Fed has approved four rate hikes, but government bond yields remained mired near record lows. Greenspan did not criticize the policies of the current Fed. But he warned that the low rate environment can't last forever and will have severe consequences once it ends. One point he did make about timing is it likely will be quick and take the market by surprise. "It looks stronger just before it isn't stronger," he said. Anyone who thinks they can forecast when the bubble will break is "in for a disastrous" experience." (Source: Greenspan)

U.S. Homeownership Rates In Every State: The US Census Bureau recently released its quarterly estimates of homeownership and vacancy rates in the US and each of the 50 states and Washington, DC. Homeownership rates, or the percentage of homes occupied by their owners, ranged from 39.2% in the District of Columbia to 75.9% in South Carolina. Overall, homeownership was lower in denser, more urbanized states, as city dwellers are more likely to rent their

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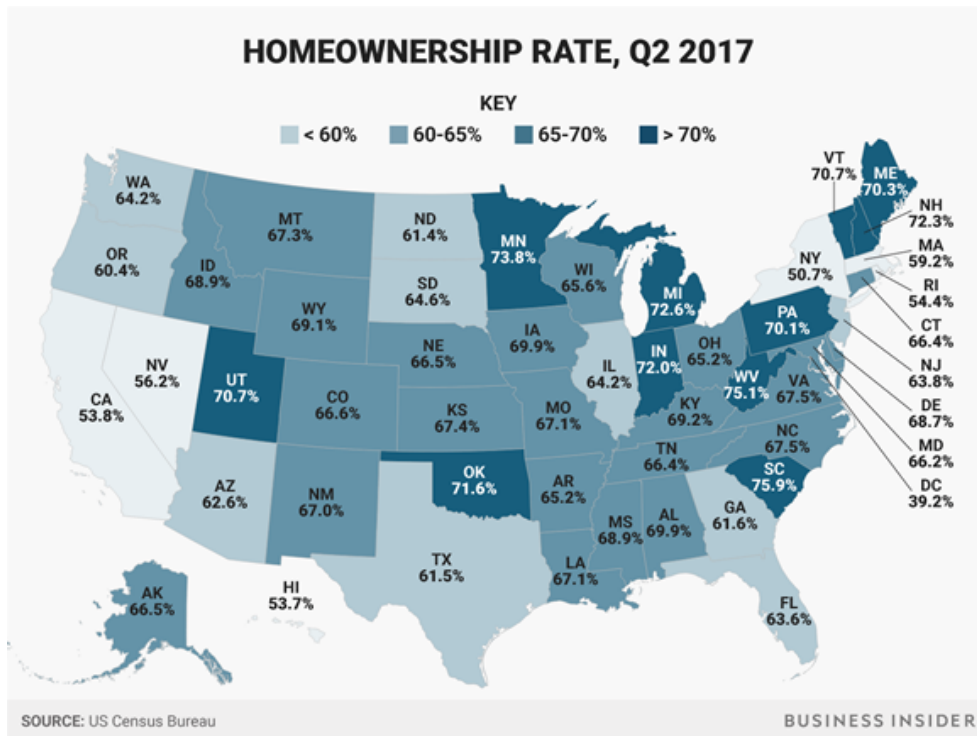
Here are a few of this year's early sponsors



FarmLogs



homes. The map below shows the homeownership rate for the second quarter of 2017 in each state and DC. Click for a larger view. (Source: Business Insider)



Weather is looking mild as below normal temperatures can be expected across the Plains and Midwest this week. According to the National Weather Service's 6 to 10 day outlook, below normal temperatures will set in across a large swath of the country, particularly between the Rockies and Appalachians. Hotter than normal conditions will be limited to the Far West and the Florida peninsula and Deep South. Meanwhile, below normal rainfall in Arizona and the PNW to the northern Plains should contrast with wetter than normal weather elsewhere, including the central and southern Plains and much of the South and East.



LANSING

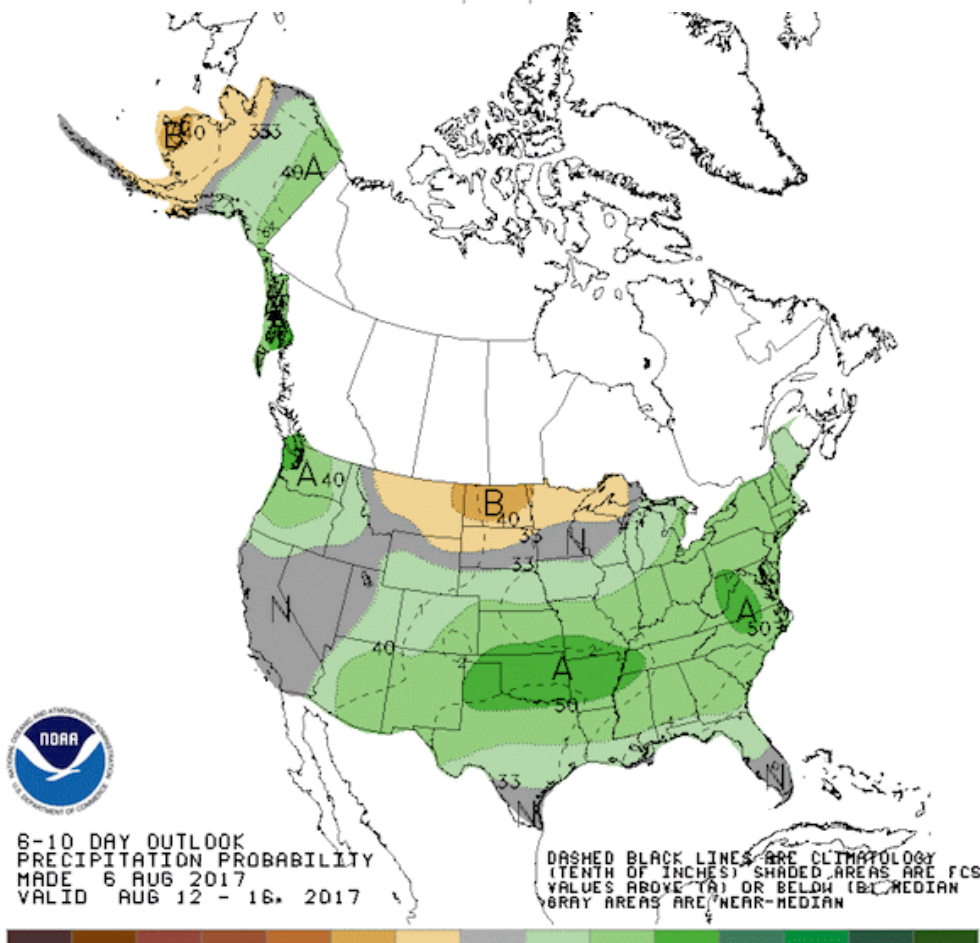
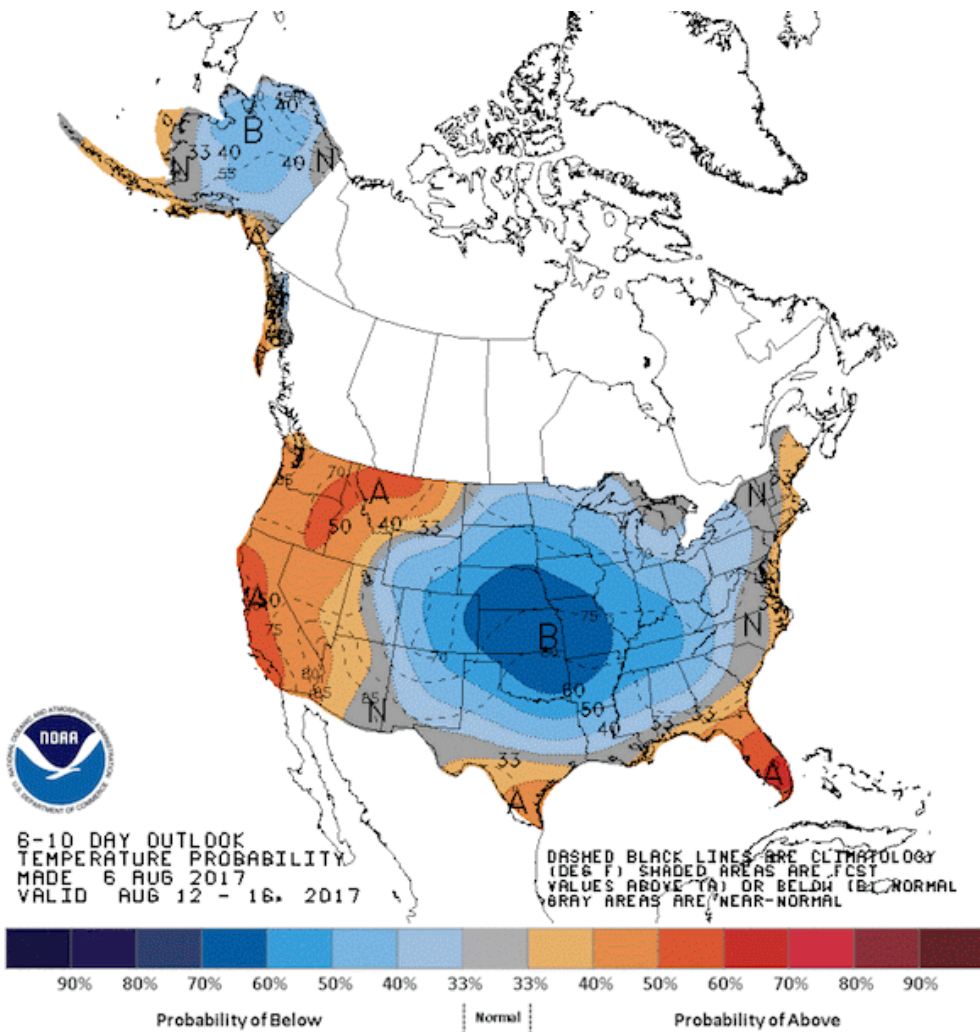
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Today In History



1782, Purple Heart - In Newburgh, New York, General George Washington, the commander in chief of the Continental Army, creates the "Badge for Military Merit," a decoration consisting of a purple, heart-shaped piece of silk, edged with a narrow binding of silver, with the word Merit stitched across the face in silver. The badge was to be presented to soldiers for "any singularly meritorious action" and permitted its wearer to pass guards and sentinels without challenge. The honoree's name and regiment were also to be inscribed in a "Book of Merit." Washington's "Purple Heart" was awarded to only three known soldiers during the Revolutionary War: Elijah Churchill, William Brown and Daniel Bissell, Jr. The "Book of Merit" was lost, and the decoration was largely forgotten until 1927, when General Charles P. Summerall, the U.S. Army chief of staff, sent an unsuccessful draft bill to Congress to "revive the Badge of Military Merit." In 1931, Summerall's successor, General Douglas MacArthur, took up the cause, hoping to reinstate the medal in time for the bicentennial of George Washington's birth. On February 22, 1932, Washington's 200th birthday, the U.S. War Department announced the creation of the "Order of the Purple Heart." In addition to aspects of Washington's original design, the new Purple Heart also displays a bust of Washington and his coat of arms. The Order of the Purple Heart, the oldest American military decoration for military merit is awarded



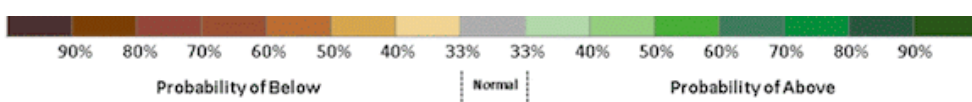
decoration for military merit, is awarded to members of the U.S. armed forces who have been killed or wounded in action against an enemy. It is also awarded to soldiers who have suffered maltreatment as prisoners of war.



1944, WWII - Under the threat of Allied bombing during World War II, the German car manufacturer Volkswagen halts production of the "Beetle." Ten years earlier, the renowned automotive engineer Ferdinand Porsche had signed a contract with Germany's Third Reich to develop a prototype of a small, affordable "people's car." The German chancellor, National Socialist (Nazi) leader Adolf Hitler, called the car the KdF (Kraft-durch-Freude)-Wagen (or "Strength-Through-Joy" car), after a Nazi-led movement ostensibly aimed at helping the working people of Germany. Porsche didn't like that moniker; he preferred Volkswagen (meaning "people's car"), the name under which the car had originally been developed. In 1938, the government built a factory to produce the car in the city of KdF-stat. The first production-ready Beetle debuted at the Berlin Motor Show in 1939. Several months later, Germany invaded Poland, sparking the conflict that would explode into world war. During the war years, the German army's need for a lightweight utility vehicle took precedence over the production of affordable passenger cars. The result was the Type 62 Kubelwagen, a convertible vehicle with a modified Beetle chassis, four doors and 18-inch wheels (compared with the Beetle's 16-inch ones) to give it better ground clearance. Though production at the KdF-stat factory was dedicated primarily to the Kubelwagen and its amphibious counterpart, the Schwimmwagen, the factory did continue to produce Beetles from 1941 to August 7, 1944, when production was halted under threat of Allied bombing. In the war's aftermath, a devastated Germany was divided into four sectors. Those under British, French and American control would combine to form West Germany, while the region under Soviet control became East Germany. KdF-stat (soon renamed Wolfsburg), which was in the British sector, and its auto factory remained in relatively good shape for having been a target of Allied bombs. Volkswagen, then under the control of the British military, began turning out Beetles again in December 1945. By 1949, the company (now called Volkswagen GmbH) was back in German hands, and in 1972 the Beetle passed the iconic Ford Model T as the top-selling car in history.



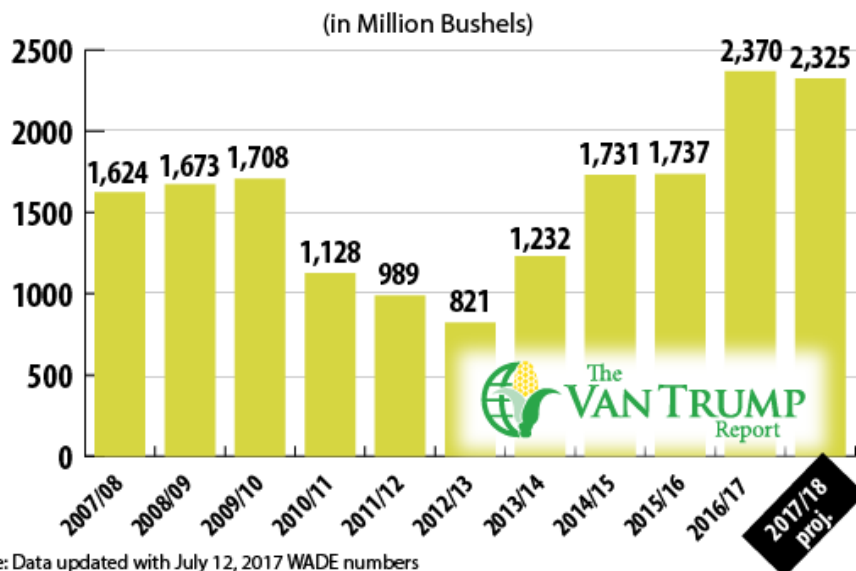
1956, Mystery Explosion - Seven army ammunition trucks explode in Cali, Colombia, killing more than 1,000 people and injuring thousands more on this day in 1956. The cause of the explosion remains a mystery. The



Corn bulls continue to see the drought across the Dakota's and portions of Iowa intensifying, as weekend rains once again disappoint. There's also talk from producers in parts of Illinois who also missed the weekend rains. On the flip side, bears continue to see U.S. weather as less threatening, as cooler than normal temps and good moisture moves across a sizable portion of the U.S. corn belt. The USDA will be out this afternoon with another round of weekly crop conditions. The U.S. crop has been deteriorating for several weeks, last being reported at 61% "Good-to-Excellent" vs. 76% last year at this juncture. Nobody is really looking for much improvement from the Dakota's or the significantly dry areas in the Plains, but there is reason to believe and arguments to be made that overall crop conditions have stabilized or perhaps even improved a bit during the past couple of days for many U.S. producers. The bulls clearly need the U.S. yield to continue deteriorating, I'm just not sure that's going to happen. The USDA will be out with their latest yield estimate in Thursday's report. Many sources inside the trade seem to be thinking "yield" will drop from 170.7, down to between 165 and 166 bushels per acre. With U.S. ending stocks already burdensome, the trade is demanding, or wanting to see, proof of a more substantial yield drag before increasing additional risk premium in the market. Of course, if the USDA were to surprise the market on Thursday with a substantially lower than expected production estimate, prices could jump back north of \$4.00 per bushel. It's just tough for me to envision that type of number. I can't see the USDA getting overly aggressive with their adjustment, then having to swing it back the other direction the following month. I also find it difficult to catch the trade by surprise when everyone is already leaning that direction. In other words, I suspect every trader in the business is looking for a yield reduction, it's just a matter of by how much? As a producer I'm digging in for the long haul, thinking the bulls are going to need some time to get prices back up towards their most recent highs. As a spec, I believe we are still somewhat rangebound, hence looking to sell significant rallies, or be a buyer of "value" on a more significant break. For what it's worth, the larger traders are thought to be nearly "flat" this market. I see no real reason to try and outguess their next move. From a macro perspective, I could argue they have become more bullish, but from a traditional global fundamental perspective, I could easily argue on behalf of the bears. Bigger traders seem just as confused as U.S. weather forecasters. Don't forget, harvest is rolling down South and early reports have shown strong yields.

Did You Know? Of all corn fed to livestock in this country, beef animals account for 27% of it. Overall, beef cattle ate or will eat up about 8% of the record 2016 corn crop. (Source: [Illinois Corn](#))

U.S. Corn Ending Stocks



Soybean prices took it on the chin last week as both U.S. weather and USDA weekly crop conditions improved. The market is gaining a bit back this morning as rains disappointed across big production states like Illinois and Iowa and the drought in the Dakotas continues to expand. The USDA's weekly crop conditions improved last week by +2% to 59% rated "Good-to-Excellent". The bulls argue even though they've improved, the conditions are still well below last year's 72% rated "Good-to-

Excellent" remains a mystery. The previous day, 20 trucks fully loaded with dynamite departed the Colombian city of Buenaventura. The trucks stopped in Cali and then 13 of the trucks headed toward Bogota, Colombia's capital city. The remaining seven were headed to other destinations and were parked in downtown Cali overnight. Just after midnight, all seven trucks suddenly exploded in a quick chain reaction. A nearby rail station was demolished, as was an army barracks. Five hundred soldiers in the barracks lost their lives in an instant. A three-block area of the densely populated city was absolutely razed. Virtually every window within several miles shattered. The trucks themselves were obliterated and a large crater was left in the ground. The heavy bronze doors of St. Paul's Cathedral, more than 10 blocks away, were blown right off the church. The president of Colombia, General Gustavo Pinilla, publicly charged that terrorists were to blame for the disaster, but no evidence was ever found that the explosion was deliberate.

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

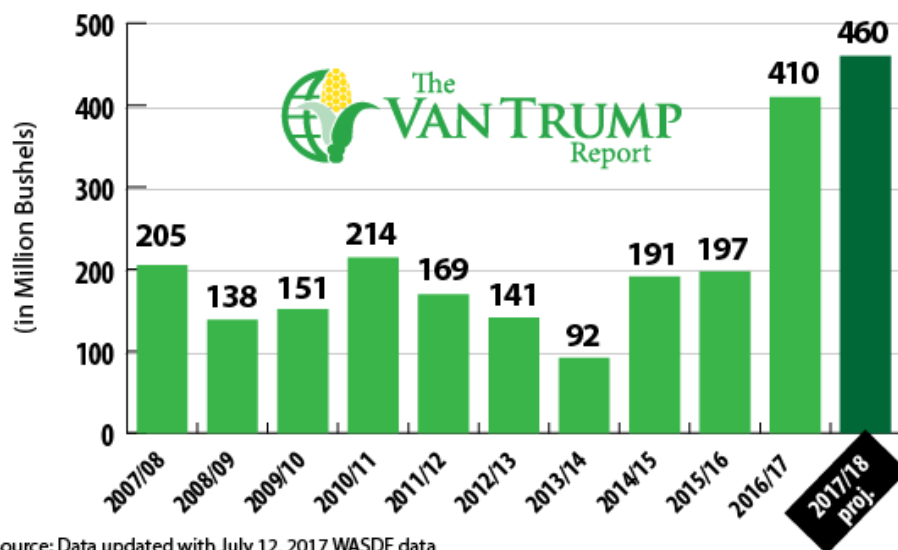
Thurs. 11/9 - USDA Supply and Demand

Thurs. 11/23 - Thanksgiving - Markets Closed

Kevin's Song of the Week

they've improved, the conditions are still well below last year's 72% rated "Good-to-Excellent". Similar to corn, I doubt conditions in the Dakota's or Iowa are going to improve much in today's report, but some of the other areas that have been struggling might start turn around a bit. The cooler temps and more widespread rainfall is arguably why prices dropped by nearly -60 cents last week. Bottom-line, the bulls need a 45 bushel per acre yield story that the trade deems authentic and realistic enough to buy. As of right now that just doesn't seem to be on the table. Yes, I can argue lower ending stocks on the USDA increasing their export estimate and making a slight reduction to yield on Thursday, but with record acres planted here in the U.S., and record production recently harvested in South America, there's a lid being placed on most all rallies. Demand has been strong, but record production has more than kept pace. I suspect for prices to sustain a rally, we will have to have a more powerful weather story here in the U.S. or in South America later in the year. Either way it has to be a weather story with enough bark and bite to scare the bears for an extended period. From a technical perspective, there's still talk of continued psychological support at or around \$9.50 per bushel, but several sources inside the trade seem to be thinking we could see a more serious setback to between \$9.00 and \$9.20 per bushel, if the USDA disappoints. As a producer, I'm extremely happy with our current marketing efforts, staying extremely patient with 70% of new-crop production risk already removed. End users on the other hand, should be thinking much more seriously about locking in small doses of longer-term demand on the pullbacks. As a spec, the bullish side continues to pique my interest, but I still see no reason to get in a big hurry. Bottom-line, I'm waiting on a further downstroke to step in as a buyer.

U.S. Soybean Ending Stocks



Wheat traders are starting to pay more attention to global headlines. The USDA will show later this afternoon a U.S. winter wheat harvest that is close to completed and a U.S. spring wheat crop that is the worst we've seen in several years. Unfortunately, the bulls have already digested most all of that news and are desperately in need of fresh headlines. Many parts of Canada still look dry as the drought intensifies producers continue to struggle. There are also production problems in portions of Australia, Europe and South America. The concern is that most all of these headlines have been well advertised to the trade and are now falling on somewhat deaf ears. I personally think the next wave of bullish rhetoric will be coming from the geopolitical side of the equation. Each week there seems to be more and more political tension in the air. I suspect eventually someones going to blink... Any type of conflict that involves Russia, Europe, China or India will certainly bring uncertainty to the global wheat market. As both a producer and a spec, I remain a longer-term bull....

WHAT I'M LISTENING TO: ▶



About the Report

NEXT level THINKING



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

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

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

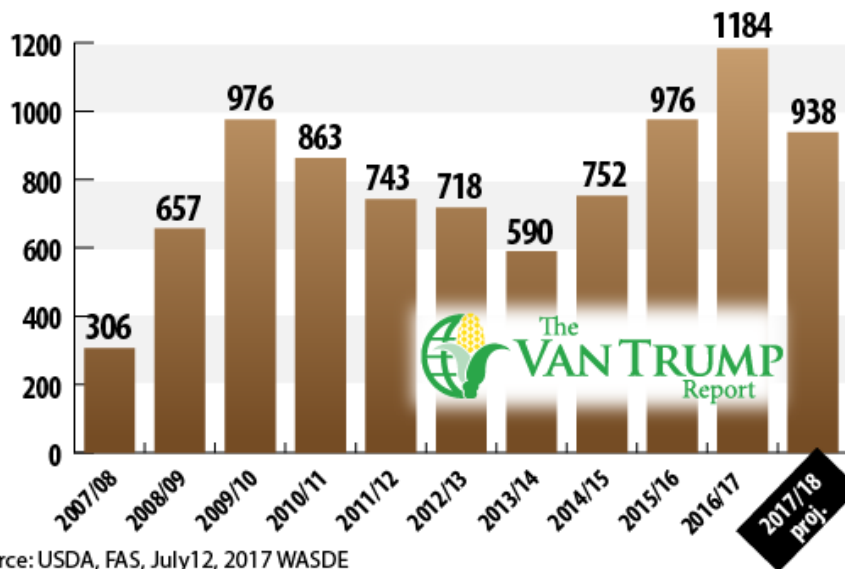
My family and I would like to thank you again for your support!

Kevin Van Trump

What Others Are Saying

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

U.S. Wheat Ending Stocks



> Land Values Continue To Defy Gravity: U.S. cropland values remained unchanged at \$4,090 per acre from the previous year, according to a new USDA survey. In Corn Belt states, where four years of weak corn and soybean prices have pressured profits, farmland values dropped just a half percent. In the Southern Plains, average cropland values increased 6% from the previous year while cropland values decreased by 4.4% in the Northern Plains. The highest farm real estate values were in the Corn Belt region at \$6,260 per acre. The Mountain region had the lowest farm real estate value at \$1,130 per acre. According to the survey, Corn Belt states – Illinois, Indiana, Missouri, Ohio and Iowa – saw cropland prices change only marginally over the past five years: \$6,470 per acre in 2013, \$7,000 per acre in 2014, \$6,840 per acre in 2015, \$6,710 per acre in 2016 and \$6,670 per acre in 2017 for an overall drop of just 0.6%. The United States farm real estate value, a measurement of the value of all land and buildings on farms, averaged \$3,080 per acre for 2017, up \$70 per acre (2.3%) from 2016 values. Regional changes in the average value of farm real estate ranged from an 8.7% increase in the Pacific region to 1.8% decrease in the Northern Plains. The U.S. pasture value increased by \$20 per acre (1.5%) from 2016 values. The Delta region had the highest increase of 2.9% from 2016. The largest decrease, at 1.7%, was in the Corn Belt region. (Source: Farm Futures)

> Paraguay May Have Lost Half Its Wheat Crop: Weather damage to crops in Paraguay has robbed the international wheat market of more supplies of the high-quality grain needed to make bread and snatched an opportunity for the country to cultivate customers other than its massive neighbor, Brazil; frost has been so bad that Paraguay may lose as much as half the 1.06 million acres sown this year, leaving it with just enough crop to cover domestic demand; now Paraguay may even have to join the scramble for supplies of high-quality wheat. This year, buyers are looking for high-protein wheat to replace lost volumes from exporters including the United States and Australia. (Source: Reuters)

> Brazil Trucker Protests Causing Grain Shipment Delays: Brazil grains exporters group Anec said it will send an official communication to foreign buyers saying that protests by truck drivers in the country might delay grain loading operations at Brazilian ports. Truckers are protesting a diesel fuel tax by blocking sections of an important highway that leads to a number of port terminals.

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,

> **French Wheat Harvest Almost Complete:** French farmers had harvested 91% of this year's soft wheat crop as of last week, up from 85% a week earlier; Corn remained mostly in decent condition with an estimated 79% of the crop rated good or excellent as of July 31, stable versus the previous week. (Source: Bloomberg)

> **"Lucifer" Heat Wave Holds Italy, Eastern Europe In Its Grip:** Swathes of southern and eastern Europe sweltered in temperatures above 40 degrees Celsius (104°F) on Friday in a heat wave nicknamed "Lucifer" that has fanned forest fires, triggered weather warning alerts and damaged crops. Italy and the Balkans were worst affected, though areas as far north as southern Poland also basked in abnormally hot temperatures, and European weather hub Meteolarm issued its highest grade "red" warnings for 10 countries. Wine growers in Italy have started gathering the grape harvest weeks earlier than usual due to the extreme heat. Bosnian officials said the heat wave and drought had nearly halved agricultural output, which accounts for 10 percent of the country's economic output. Neighbouring Serbia reported a similar situation and experts said drought could slash corn and soybean production by a third. (Source: Reuters)

> **EPA Will Reject Change To Ethanol Rule:** The Trump administration plans to reject a proposal that would let oil refiners off the hook for complying with the federal ethanol mandate, a senior administration official told POLITICO, dashing the hopes of billionaire Carl Icahn and a slew of independent companies. The Environmental Protection Agency plans to formally announce the decision within the next two weeks, the official said. The move is a severe blow for Icahn, a longtime associate and early supporter of Donald Trump who owns the refiner CVR Energy. Icahn, refining giant Valero and smaller refiners argued that purchasing compliance credits, called Renewable Identification Numbers, squeezed their bottom lines and, in some cases, threatened to put them out of business. The decision follows through on Trump's campaign promise to support ethanol and leave the mandate intact. Corn states and ethanol interests have been lobbying hard, arguing that the change would set back an ethanol industry that is vital to some of the states where voters strongly backed Trump. (Source: Politico)

> **Pacific Ethanol To Add Cellulosic Production At Idaho Plant:** Pacific Ethanol plans to add cellulosic ethanol production at its Magic Valley, Idaho, plant and expects US Environmental Protection Agency approval by the end of 2017, the company's CEO said. The move comes on the heels of cellulosic production being added at the company's Stockton and Madera, California, plants. Both plants have annual cellulosic ethanol capacities of 1 million gallons. The Stockton plant began producing cellulosic ethanol in December 2015 and received EPA approval to generate cellulosic (D3) RINs in September 2016. The company plans to seek EPA approval to generate cellulosic RINs at the Madera plant after completing testing this month. (Source: Platts)

> **It's National Farmers Market Week!** The USDA has recognized local farmers and vendors for the last 17 years. Agriculture Secretary Sonny Perdue kept the streak going, issuing a proclamation last week designating Aug. 6-13 as National Farmers Market Week. Perdue highlighted that farmers markets and direct-marketing outlets contribute about \$9 billion each year to the U.S. economy. "Buying directly from farmers and ag-entrepreneurs has an outsized impact by helping diversify farm incomes and supporting other businesses by keeping more money in the local economy. In addition to being good for the farmers and convenient for consumers, farmers markets are a gathering place that help build a sense of community," the department said. Click on the graphic below for a larger view.

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

The graphic is a vertical rectangular banner with a rustic, textured background. At the top, the text 'Farm Direction' is written in a green, cursive font, with 'RECIPES' in a smaller, green, sans-serif font below it. A green banner with the word 'RECIPES' in white, sans-serif font is positioned below the title. The main text 'FAMILY FAVORITES' is in large, bold, green, sans-serif font, flanked by two green stars. Below this, the text '-SENT IN BY OUR READERS-' is in a smaller, green, sans-serif font. A photograph of a 'Grilled Shrimp Taco Bowl' is shown in the center, featuring shrimp, cilantro, and other ingredients. The text 'Grilled Shrimp Taco Bowl' is overlaid on the bottom of the photo in a white, sans-serif font. At the bottom of the graphic, the text 'CLICK TO SEE RECIPE' is written in a green, sans-serif font.



Farmers Market Coalition

Why Farmers Markets?



Number of markets in the USDA Farmers Market Directory



Stimulate Local Economies

Growers selling locally create **13 full time jobs** per \$1 million in revenue earned. Those not selling locally create 3.



Locally-owned retailers, such as farmers markets, **return more than three times as much of their sales to the local economy** compared to chain competitors.



Preserve Farmland & Rural Livelihoods

The U.S. loses an acre of farmland a minute to development.

The **7** Seattle farmers markets hosted by the Neighborhood Farmers Market Alliance support **9,491 acres of farmland** in diversified production.

25% of vendors derive their sole source of income from the market.



Increase Access to Fresh Food

\$20.2 million in SNAP benefits (food stamps) were spent at farmers markets in 2016. That's fresh food for low-income Americans and increased revenue for local farmers.

60% of farmers market shoppers in low-income neighborhoods say that **their market had better prices than the grocery store.**

Markets bring fresh food to the neighborhoods that need it most.



Support Healthy Communities

People who shop at farmers markets have **15-20 social interactions per visit.**

They would have only **1-2 per visit** to the grocery store.

Proximity to farmers markets is associated with lower body mass index.

FROM THE FIELD

Eastcentral Minnesota - We have been in a wet and dry cycle lately. Our northern farms received 3" and our southern farms 2+" in the last few days. Some of us say our soil is in a hangover state from last year still when a lot of crops got burned by wet conditions. The pinto beans were hit the worse on our acres last season and things are carrying over to our soybeans this year. Today we are in the shop working on the combine as it is too wet to do anything out doors. We are in a good position and picked up another 1,000 acres this season. So far we have 75% of beans sold and that takes off significant pressure moving forward.

Central Kentucky - We run some cattle and have corn and tobacco on our farm. We are out fixing fences today as we wait for some more moisture. Things look good for the most part but we will need some rain to finish off a decent crop. Western Kentucky looks a lot better than we do as they have received more rainfall than here. We will start tobacco harvest in about a month. I don't think a lot of folks realize the crop is still picked by hand as there is no room to bring in machines without damaging the leaf, which is what we are after. Harvesting tobacco is a lot like throwing hay bales all day.

Central Ohio - We have been fortunate lately to avoid the floods many have dealt with recently. I think most received all the moisture they need for a while. Most of our corn is looking nice at the moment. But about 25% of it is way behind the rest. We are a little concerned about having enough N left to finish off the crop, considering all the rains we have had. The beans are not looking nearly as good. Lots of shorter crops and yellowing from too much moisture. Lots of fields are shorter than would be expected. We are battling some ragweed in the bean fields as well.

CROSSING WIRES

A place to share intelligent thoughts...

The Mad Cheese Scientists Fighting To Save The Dairy Industry: Americans eat 35 pounds of cheese per year on average—a record amount, more than double the quantity consumed in 1975. And yet that demand doesn't come close to meeting U.S. supply: The cheese glut is so massive (1.3 billion pounds in cold storage as of May 31) that on two separate occasions, in August and October of last year, the federal

government announced it would bail out dairy farmers by purchasing \$20 million worth of surplus for distribution to food pantries. Add to that a global drop in demand for dairy, plus technology that's making cows more prolific, and you have the lowest milk prices since the Great Recession ended in 2009. Farmers poured out almost 50 million gallons of unsold milk last year—actually poured it out, into holes in the ground—according to U.S. Department of Agriculture data. There exists a little-known, government-sponsored marketing group called Dairy Management Inc. (DMI), whose job it is to squeeze as much milk, cheese, butter, and yogurt as it can into food sold both at home and abroad. Until recently, the "Got Milk?" campaign was its highest-impact success story. But for the past eight years, the group has been the hidden hand guiding most of fast food's dairy hits—a kind of Illuminati of cheese. Read more at [Bloomberg](#).

Here Is What Passionate People Do Differently Each Day: Do you have enough passion in your life? Passion is the difference between playing the piano and being a pianist; it's who you are, not just what you do. Passion makes you leap out of bed in the morning, eager to start your day. "Passion is a strong inclination towards a self-defining activity that people love and in which they devote significant amounts of time and energy. A great way to understand passion is to consider what makes passionate people different from everybody else. Read more [HERE](#).

Most men in the US and Europe could be infertile by 2060: Sperm count in men from North America, Europe, Australia and New Zealand declined by 50-60% between 1973 and 2011, according to a new study from the Hebrew University of Jerusalem. Surprisingly, the study, which analyzed data on the sperm counts of 42,935 men, found no decline in sperm counts in men from Asia, Africa and South America, although there was limited data from these areas. The most rational explanation for the decline in male reproductive health is changes in the environment. Current research suggests the male fetus is particularly susceptible to exposure to pollutants and so changes that occur early in fetal life can have a very significant effect on the adult. Read more at [Quartz](#)

The Average Household Beats The Average Hedge Fund: The traditional view in investing is that institutional investors represent "smart money" with their experience, resources and insights, while "mom and pop" are the "dumb money" chasing returns. However, an analysis of Federal Reserve data about household investing patterns shows the average U.S. household performed better than a diversified hedge fund index — and did it by taking a similar level of risk as hedge funds. We estimate that since 2003, the average household has earned more than +4.5% a year from their investments. While 4.5% annual return may sound low at first glance, especially given that the S&P 500 returned about +9.5% over the same period, U.S. households achieved these returns by taking half the risk of S&P 500. Read more [HERE](#).

U.S. household performance vs. hedge funds since 2003



Total returns for US Households compared to the HFRX Global Hedge Fund Index

Source: Federal Reserve FRED database, qPlum

U.S. Investor Index represents the daily investment returns from a portfolio of investments that proxy the returns implied by the Federal Reserve's quarterly data

	U.S. Investor Index	Hedge Funds
Annual Returns	4.5%	1.6%
Maximum Loss	30%	26%
Correlation to 60% Stocks 40% Bonds	84%	75%

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Foreign Buyers Continue to Buy U.S. Farmland

Back in 2013, the Chinese firm Shuanghui received wide public attention when it purchased U.S. pork producer Smithfield Foods for a record \$4.7 billion. An often overlooked aspect of this deal is the fact that Shuanghui also acquired more than 146,000 acres of farmland across the U.S, estimated to be worth more than \$500 million, according to USDA data. The deal made Shuanghui, now the WH Group Limited, one of the biggest foreign owners of U.S. agricultural land, according to an analysis of that same data. That purchase however was just part of a surge in foreign investment in American farmland, which has raised some eyebrows among rural advocacy groups and has even drawn some conversation in Congress. According to USDA data, since 2011, Chinese businesses have made dozens of transactions for U.S. farmland. Interestingly, Chinese companies alone now own or are invested in more than 240,000 acres of U.S. farmland. I actually thought the Chinese number would have been higher. Total foreign investment in U.S. farmland is thought to now be north of 27 million acres. The data was compiled from 1900 to 2014 under the Agricultural Foreign Investment Disclosure Act (AFIDA), so it probably is a bit higher based on purchases made during the past few years. This database of information on foreign investment into Ag is the result of a federal law requiring foreign owners to disclose any purchase, sale or lease of American agricultural land. Updated data is set to be released later this year. The database, which admittedly, has errors and often incomplete information, shows that between 2004 and 2014, the amount of agricultural land held by foreign investors doubled from 13.7 million acres to 27.3 million acres - an area roughly the size of Tennessee. While this only represents about 2% of total farmland, the value of the foreign-owned U.S. farmland soared from \$17.4 billion to \$42.7 billion (in today's dollars) during that same time period, according to USDA. Laws limiting or governing foreign ownership of agriculture land vary from state to state and who enforces those laws is often unclear. These concerns about foreign investment in the food industry prompted Senator Debbie Stabenow (D - Michigan) and Senator Chuck Grassley (R -

Iowa) to introduce a bill this year to give food and agriculture officials a permanent role on the federal committee in charge of reviewing foreign investment in the U.S., something the agriculture industry has lacked. The goal of the [Food Security is National Security Act of 2017](#) -- supported by the American farm Bureau Federation and the National Farmers Union -- is to protect U.S. food security in years to come by ensuring America's crops, livestock and agribusinesses remain under domestic control. The bill has yet to pass, but when you think about the future and the growing population, it is very important to consider who will control of our food supply. When the bill does pass, it will give the federal government greater ability to know exactly who is buying farmland and more specifics about their motivation. (Source: Midwest Center)



California's NEW Gold Rush!!!

California is once again living up to its nickname as the Golden State. Thanks to recent weather cycles from extended drought conditions to a springtime of flooding, northern California is producing gold. The back and forth weather pattern which led to the Oroville Spillway emergency and thus weeks of heavy runoff have lead to gold panners enjoying a bonanza kicked up by all the debris. If you recall, in February, record amounts of rain fell near the Oroville Dam, which feeds the Feather and Yuba rivers, which is where the majority of finds are occurring. Along with the rain, there was higher elevation snow fall which also led to significant runoff as the temperatures warmed this spring. All the flowing water has been a dredgers dream as gold nuggets are once again being uncovered. I'm told would be prospectors have flooded the area creating a modern day gold rush. According to Diana Clayton, president of the Shasta Miners & Prospectors Association, some folks are just walking along, kicking the dirt and finding pieces of gold. Local business owners associated with the trade say, that there's been a 25% increase in professional miners heading up north. I understand there has also been a significant rise in amateurs coming in and purchasing equipment. Though there are reports of nuggets being found in the area, those hoping to get rich quick may be a bit disappointed as most payouts are in the \$40-\$300 range. Agents from the Bureau of Land Management have stated there won't be many nuggets found due to the heavy mining that took place in the 19th and 20th centuries. Locals kindly disagree with that assessment saying there is definitely nuggets to be found. Since gold was first discovered by James Marshall near Sutter's Mill, folks have followed their dreams to get rich by mining for the metal, with very few of the hundreds of thousands actually made enough to cover expenses. As I understand it, there are millions of tons of gold still lurking in the rock in the Sierra Nevada, but much of it is either difficult to access or released in tiny flecks that are not economical to gather, according to a 1982 U.S. Geological Survey report. Historically, prospectors found giant gold nuggets in California during the 19th century Gold Rush days, including a 54-pound chunk found in Butte County in 1859. It has been decades since a report of anyone discovering a rock of 6 pounds or more in California. But in 2014, an undisclosed miner unearthed a 6.07 POUND rock which sold to a collector for \$400,000. I suspect it is that kind of news that keeps the crowds coming out with hopes of striking it rich. Time will tell if any life changing finds will be discovered.(Source: LiveScience, Weather Channel, LA Times)



A Great E-Mail Worth Passing Along

I was sent a very interesting e-mail from a subscriber the other day and I wanted to pass it along. It was titled ["How 936 Pennies Will Forever Change How You Parent"](#). Below is an excerpt from the entire article posted on the website link I included previously. It's definitely worth the read:

At our old church back in Wisconsin, I was in charge of organizing events, including ordering the parenting books, childrens' Bibles, and childrens' hymnal CD's that would be tied together with ribbons and handed out to the parents. In our new Church, I was a bit surprised as the



gifts were handed out to each family. Into my hand was placed a mason jar full of pennies. A heavy mason jar full of pennies. A mason jar heavy with the weight of exactly 936 shiny copper pennies.

"In these jars is a penny for every week you will raise this child." Our pastor explained. And with his words the jar felt exponentially more heavy in my grasp.

"Every week, when you get home from church, remove one penny from the jar. And it will be a reminder of the time you have left to raise your child before they go out on their own." I stared at the pennies, shiny and glinting within the glass jar. They looked so many, yet so very few.

That jar of pennies now sits on my desk. Our pastor had instructed us that, once we brought it home, we should start by removing a penny for each week old our child was. Ellison is one and a half. He was the oldest child being dedicated that Sunday morning, and I had a lot of pennies to remove. So many, in fact, that I have yet to do it. I haven't removed them; not a single one. Maybe it's because I haven't made a spare moment to sit and count them out, but more so I suspect it is because my heart is afraid to feel the weight of 76 pennies being emptied from that jar, never to return. Maybe I am afraid to begin removing pennies because I know with each penny I remove, my heart will grow heavier. More imminent. More immediate.

936...935...934...

And then I look at my firstborn, and my soul feels the weight of 172 pennies gone.

I ask the inevitable question – how were they spent?

A penny can be invested; it has the potential of growing in value. It also has the potential of getting lost in a couch cushion. And if we are to divide a penny into seven parts – one day for each week – what worth are we breathing into each of those days? Further, a day can be divided up also – into moments.

Some days I feel like I spend my whole penny – an allowance of a week – in a single 24 hour period.

In a weak moment I can feel like I blow through 5 cents. One slip of the tongue, one impatient reaction, one missed opportunity to speak truth, one fatigued mama feeling the whole weight of failure; it can leave me wondering if I just screwed up a whole week of parenting; or if my actions, or reactions, will stick with them for a lifetime.

I know they will. How I spend these pennies will shape the rest of their lives; they'll carry the effects of my spending habits with them for the rest of their days beyond our nest.

Two Jars On my Desk

This realization leads me to add a new jar to my desk. Only this one is empty – for now; awaiting its own pennies. I set the two jars side by side, and I begin to count.

I count out 76 pennies, one for each week of Ellison's life so far. I count them out from my first jar and I deposit them into this new jar.

This new jar that represents the investment of a lifetime – truly, the investment of an eternity.

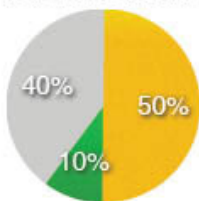
This is when I realize something monumental to motherhood – that as I withdraw those pennies from that jar on my desk, they are not being lost, misplaced, or tossed out to never see again. They are being invested. They are creating something new, something of great beauty, bravery, and Kingdom importance.

They are building my son into who God has created him to be.



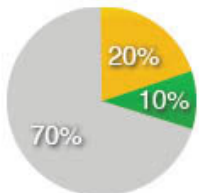
CORN 2017 CROP

50% SOLD
10% HEDGED
40% UNPROTECTED



CORN 2018 CROP

20% SOLD
10% HEDGED
70% UNPROTECTED



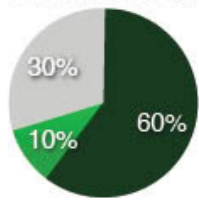
CORN 2019 CROP

0% SOLD
0% HEDGED
100% UNPROTECTED



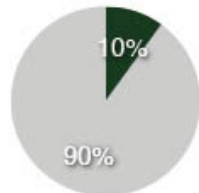
SOYBEANS 2017 CROP

60% SOLD
10% HEDGED
30% UNPROTECTED



SOYBEANS 2018 CROP

10% SOLD
0% HEDGED
90% UNPROTECTED



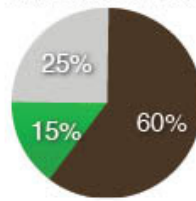
SOYBEANS 2019 CROP

0% SOLD
0% HEDGED
100% UNPROTECTED



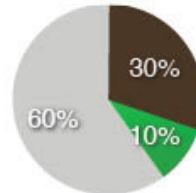
WHEAT 2017 CROP

60% SOLD
15% HEDGED
25% UNPROTECTED



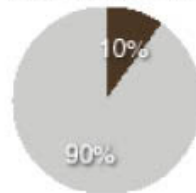
WHEAT 2018 CROP

30% SOLD
10% HEDGED
60% UNPROTECTED



WHEAT 2019 CROP

10% SOLD
0% HEDGED
90% UNPROTECTED



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