

## GOOD MORNING: 08/10/17 Farm Direction - VanTrump Report

1 message

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

Thu, Aug 10, 2017 at 7:23 AM



"I regard it as a criminal waste of time to go through the slow and painful ordeal of ascertaining things for one's self if these same things have already been ascertained and made available by others." — **Thomas Edison**

**THURSDAY, AUGUST 10, 2017**

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**Morning Summary:** Stocks continue to ease back from recent all-time highs, as tensions between the U.S. and North Korea appear to be escalating. In response to President Trump's threat to unleash "fire and fury" on the rogue nation, North Korea seemed to "double-down", announcing plans to launch four rockets near Guam, saying preparations should be ready in a matter of days. Keep in mind, the U.S. territory is home to Joint Region Marianas, a U.S. military command that includes Andersen Air Force Base. A naval base on the island is home to Submarine Squadron 15, which includes the USS Chicago, USS Topeka, USS Key West, and USS Oklahoma City. About 6,000 U.S. troops are currently stationed on Guam and about 150,000 total people live there. Experts are mixed on whether the North's missiles can reach Guam and on how much damage they could do. U.S. Defense Secretary James Mattis issued a stern warning to North Korea on Wednesday to "cease any consideration of actions that would lead to the end of its regime and destruction of its people," and called on North Korean leader Kim Jong Un to cooperate with the international community. The geopolitical tensions have seen money moving into so-called 'safe haven' assets such as gold and government bonds. Meanwhile, oil has gotten a slight boost from a bigger-than-expected decline in U.S. inventories and talk of global military tension. Economic data for today includes the Producer Price Index, which is expected to show prices rose a very soft +0.1% in July. The only Fed Official on the calendar is New York Fed President William Dudley, who will answer questions following a panel on Wage Inequality. Today's earnings highlights include Dillard's, Kohl's, Macy's, Nordstrom, Nvidia and Snap. We will continue to closely monitor the tensions between the U.S. and North Korea.

**Citi Says Bull Market Is Healthy, But Risks Are Increasing:** Citi Research's quantitative analysis shows the bull market is fine for now, but the firm warns its clients to still be wary of a big correction. "In terms of the five metrics that we have used none are particularly worrying or suggest that investors should be worried," Citi Research analyst Chris Montagu wrote in a note to clients. "There are a number of exogenous risks (e.g. rising yields) that together with high valuations and a market at historical highs, should keep investors alert," he added. Montagu cited how traditionally when stock market rallies grow old "fewer stocks participate in the strength." As a result he analyzed the current breadth of the equity market using quantitative analysis. The analyst found that the number of U.S. stocks hitting new highs is currently at average levels historically. In addition, about 50 percent of equities are beating their benchmark index, which is also around average based on history. But even though the market's breadth numbers aren't indicating any problems, he said investors shouldn't get complacent. Montagu reiterated expensive valuations and monetary policy tightening are "causes for concern." (Source: CNBC)

**Largest 5-Week Decline in Crude Oil Inventories in Over Three Years:** Crude oil inventories dropped more than expected this week, posting the sixth straight weekly decline. According to the Energy Information Administration, weekly inventories declined by -6.45 million barrels in the latest week compared to estimates for a decline of just -2.2 million barrels. Over the last five weeks

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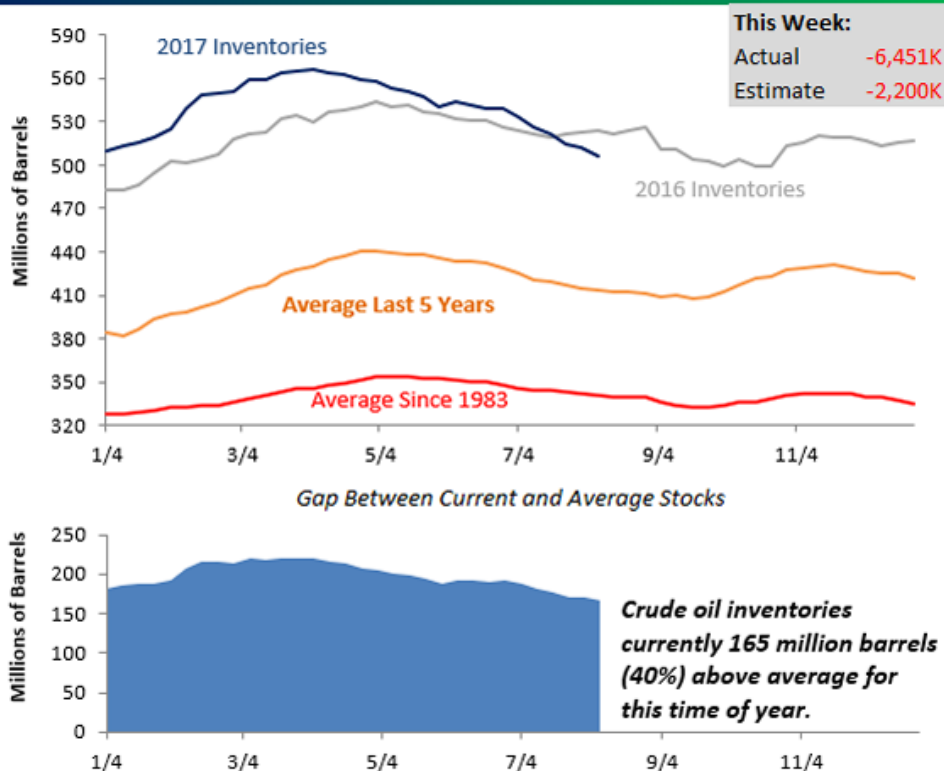
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now, crude oil inventories have declined by -27.5 million barrels, which is the largest five-week decline since the beginning of 2014. At current levels, crude oil stockpiles in the United States remain well above their historical averages of the last five years and going all the way back to 1983. In fact, relative to averages since 1983, crude oil stockpiles are more than 165 million barrels (40%) above average. What is notable about the recent decline in stockpiles is that following the last several weeks of declines, crude oil inventories are now below where they were at this time last year. While oil inventories saw a much larger than expected decline this week, gasoline stockpiles unexpectedly increased, rising by +3.4 million barrels this week compared to estimates for a decline of -1.5 million barrels. With that increase, inventory levels are just below their levels from the same time last year, but still well above the historical average going back to 1990. (Source: Bespoke Investment)

### Crude Oil Inventories: Current vs Average (Since 1983)



**Weather** forecasts center around cool weather and chances for rain in the Corn Belt and southern Plains in the coming days. On the Plains, a chance of showers stretches from the Dakotas southward into northern Texas. The rain is slowing fieldwork but providing a boost in topsoil moisture -- and is especially beneficial across the drought stricken northern Plains. In the southern Plains, crop areas have generally favorable conditions for developing crops. Rainfall of moderate to locally heavier amounts is forecast for this week, which will offer additional benefit overall, especially for planting hard red winter wheat in September. In the Corn Belt, mild mostly dry weather prevails. However, showers have overspread the western Corn Belt, providing beneficial moisture for summer crops in areas that have been unfavorably dry in recent weeks. But again, this is limited moisture and won't be nearly enough to pull certain parts of Nebraska, Iowa and Illinois out of drought conditions.

**Rain Expected for the Corn Belt:** While much of the Far West will continue to see hot, mostly dry weather, other parts of the nation will experience cool weather and occasional showers. Some of the heaviest showers will occur from the lower Mississippi Valley into the Southeast, where 5 day totals could reach 1 to 4 inches. Periods of heavy rain will also develop across the central and southern Plains, with 2 to 6 inch totals possible in Kansas, Oklahoma, and northern Texas. Totals could reach 1 to 2 inches across portions of the northern Plains and upper Midwest, although much of Montana will remain exceedingly dry.

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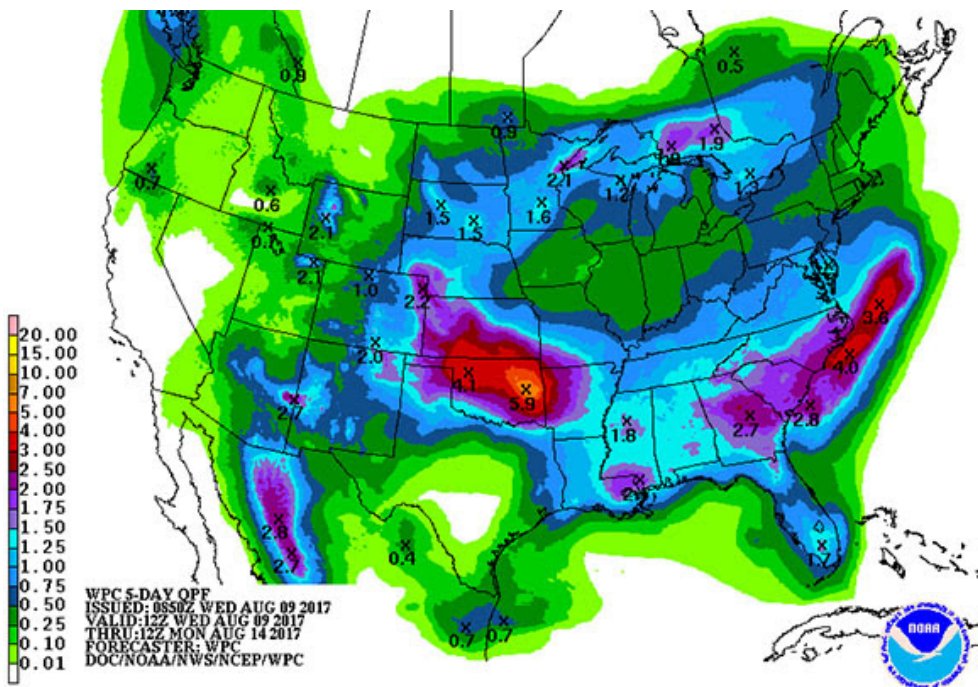
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**Corn** traders will be taking a close look at the latest USDA new-crop production estimate scheduled for release today at 11:00am CST. Most sources are looking for an obvious reduction in yield, but the bulls fear it won't be enough to shake the bears, as ending stocks remain at burdensome levels. There's also a lot of fundamental concern in regard to large doses of old-crop supply still being held by the U.S. farmer. Weather still remains a bit of a wild-card, as several areas in Iowa and Illinois continue to report problems. I've personally been out touring a lot of fields across the Midwest as of late and continue to see large "variability". I've seen some fields that look as good as last year, but then right down the road is a field that looks nothing like last year. I've seen some ears that look huge from the road, but once we get into the field I'm seeing more tip-back than I've seen in a couple of years. Some of the producers are saying it was the heavy heat we saw for a brief period a few weeks aback, others are saying extreme rains and cooler temps took the top-end off the crop early. Regardless of what you want to argue, this years U.S. crop clearly has more extreme "variability" than went I've seen the past few years. How much "variability" remains the big unknown? Can the U.S. yield eventually drift sub-162, could it eventually drift sub-160? That's a tough to question to answer and I believe the USDA is going to have tough time determining that final yield number. They will obviously be taking a step that direction today, but will the yield continue to slip lower? I honestly think it's too close to call. We simply have to wait until the combines start rolling in Illinois, Iowa, Indiana and the Dakotas to have enough certainty to make your next marketing decision. If we catch a bullish surprise, I am looking to reduce some longer-term risk. Keep in mind, DEC18 corn prices could push north of \$4.20 today. As a spec, I continue to like fading the extremes of the most recent trading range \$3.70 to \$4.10 per bushel. Technically, traders will be watching for a close sub-\$3.75 and digesting it as bearish, while a close above \$3.90 could open up potential for more upside momentum. Keep your eye on today's USDA data!

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## Today In History



**1846, Smithsonian** - After a decade of debate about how best to spend a bequest left to America from an obscure English scientist, President

James K. Polk signs the Smithsonian Institution Act into law. In 1829, James Smithson died in Italy, leaving behind a will with a peculiar footnote. In the event that his only nephew died without any heirs, Smithson decreed that the whole of his estate would go to "the United States of America, to found at Washington, under the name of the Smithsonian Institution, an Establishment for the increase and diffusion of knowledge." Smithson's curious bequest to a country that he had never visited aroused significant attention on both sides of the Atlantic. Six years after his death, his nephew, Henry James Hungerford, indeed died without children, and on July 1, 1836, the U.S. Congress authorized acceptance of Smithson's gift. President Andrew Jackson sent diplomat Richard Rush to England to negotiate for transfer of the funds, and two years later Rush set sail for home with 11 boxes containing a total of 104,960 gold sovereigns, 8 shillings, and 7 pence, as well as Smithson's mineral collection, library, scientific notes, and personal effects. After the gold was melted down, it amounted to a fortune worth well over \$500,000. After considering a series of recommendations, including the creation of a national university, a public library, or an astronomical observatory, Congress



agreed that the bequest would support the creation of a museum, a library, and a program of research, publication, and collection in the sciences, arts, and history. On August 10, 1846, the act establishing the Smithsonian Institution was signed into law by President James K. Polk. Today, the Smithsonian is composed of 19 museums and galleries, nine research facilities throughout the United States and the world, and the national zoo. Besides the original Smithsonian Institution Building, popularly known as the "Castle," visitors to Washington, D.C., tour the National Museum of Natural History, which houses the natural science collections, the National Zoological Park, and the National Portrait Gallery. The National Museum of American History houses the original Star-Spangled Banner and other artifacts of U.S. history. The National Air and Space Museum has the distinction of being the most visited museum in the world, exhibiting such marvels of aviation and space history as the Wright brothers' plane and Freedom 7, the space capsule that took the first American into space. John Smithson, the Smithsonian Institution's great benefactor, is interred in a tomb in the Smithsonian Building.



**1949, DOD** - President Harry S. Truman signs the National Security Bill, which establishes the Department of Defense. As the Cold War heated up, the

Department of Defense became the cornerstone of America's military effort to contain the expansion of communism. In 1947, the National Security Act established the Cabinet-level position of secretary of defense, which oversaw a rather unwieldy umbrella military-defense agency known as the National Military Establishment. The secretary of defense, however, was just one of a number of military-related cabinet positions, including the pre-existing secretaries for the Army, Navy, and Air Force. The growing complexity of the Cold War, a war in which the mishandled application of military force could lead to a world war of cataclysmic proportions, convinced U.S. officials that the 1947 act needed to be revised. In 1949, the National Security Bill streamlined the defense agencies of the U.S. government. The 1949 bill replaced the National Military Establishment with the Department of Defense. The bill also removed the cabinet-level status of the secretaries of the Army, Navy, and Air Force, who would henceforth be subordinate to the Secretary of Defense. The first person to hold this position was Louis Johnson. Finally, the bill provided for the office of chairman of the Joint Chiefs of Staff in an effort to bring to end to the inter-service bickering that had characterized the Joint Chiefs in recent years. World War II hero General Omar Bradley was appointed the first Chairman of the Joint Chiefs of Staff.

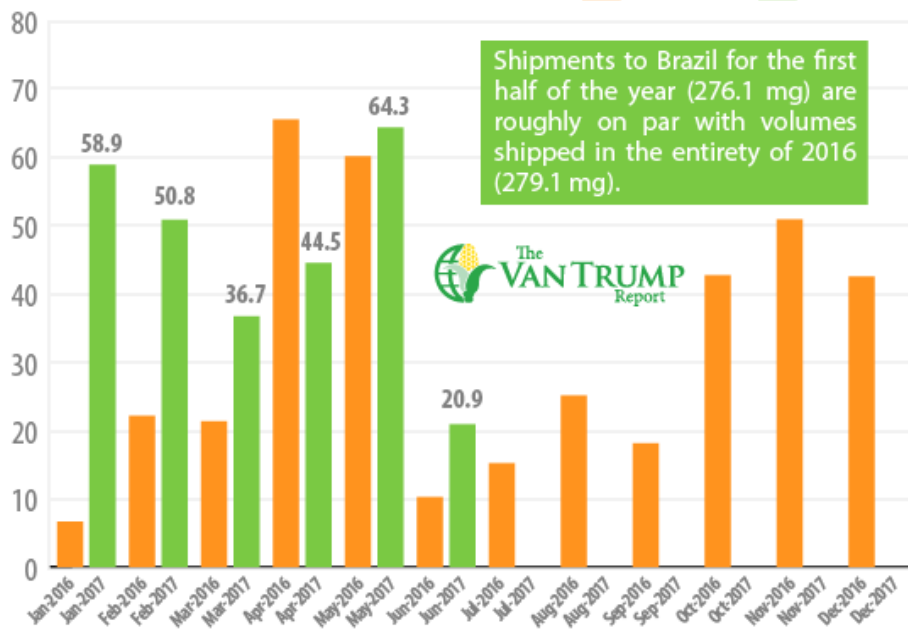


**Canada Topples Brazil, Claims Top U.S. Ethanol Export Destination:** U.S. ethanol exports totaled 92.7 million gallons (mg) in June, down -22% from May shipments, according to government data recently released and analyzed by the Renewable Fuels Association (RFA). Canada and Brazil were again the top destinations for U.S. exports, combining to receive nearly half of total exports in June, although volumes to both destinations fell sharply from May. Canada took in 24.8 mg in June (down 21% from May), while Brazil imported 20.9 mg (down 68%). Meanwhile, India jumped back into the market for the first time since March, importing 13.6 mg. U.S. ethanol exports to all destinations for the first half of the year stood at 686.8 mg, indicating a record annualized export total of 1.37 billion gallons. Exports to Brazil hit their lowest point in nine months, equivalent to just 40% of the year-to-date average of 51.0 mg. Still, shipments to Brazil for the first half of the year (276.1 mg) are roughly on par with volumes shipped in the entirety of 2016 (279.1 mg).

## U.S. Monthly Ethanol Exports to Brazil

(in Million Gallons)

2016 2017



Source: U.S. Census Bureau, U.S. Department of Commerce & U.S. Department of Agriculture



**1981, Pete Rose** - Philadelphia Phillies' Pete Rose gets the 3,631st hit of his baseball career, breaking Stan Musial's record for most hits by a National Leaguer. The record-breaking hit came in a game against the St. Louis Cardinals, the team with whom Musial had spent his entire career, and the former hits king was on hand to congratulate Rose. August 10 marked Major League Baseball's return to play from a seven-week player strike. The strike had begun on June 12 over the issue of team compensation for free agents. Owners wanted a player from the free agent's new team as compensation, while the player's union felt that such a concession would compromise the value of free agency as well as make signing free agents less appealing for teams. The players were largely supported by the media and fans, who believed that the owners were trying to wrest back the iron-fisted control they'd had over players' contracts and careers for the first 106 years of professional baseball. Finally, on July 31, the two sides reached a compromise: Any team losing a premium free agent would receive a player from a pool of unprotected players throughout the majors. When the season was suspended, Pete Rose was in the midst of a 15-game hitting streak, leading the National League in hits with 73. When play resumed on August 10, a capacity crowd at Veterans Stadium in Philadelphia had to wait until the eighth inning to see Rose make the record-breaking hit. After he led off the inning with a single between third base and shortstop, the crowd rewarded him with a standing ovation, and Musial ran out to first base to offer his congratulations. Amazingly, it was only Rose's 2,886th game; it had taken Musial 3,026 games to set the mark.

### 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

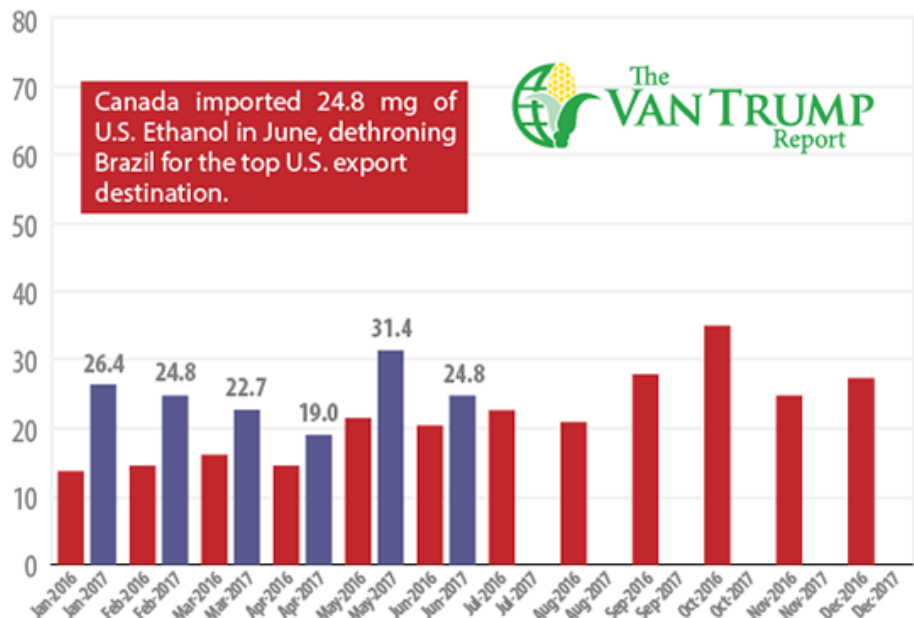
**Thurs. 9/28** - Quarterly Hogs and Pigs

**Fri. 9/29** - Quarterly Stocks

# U.S. Monthly Ethanol Exports to Canada

(in Million Gallons)

2016 2017



Source: U.S. Census Bureau, U.S. Department of Commerce & U.S. Department of Agriculture

**Soybean** bears are saying there's a strong chance this could be the lowest USDA yield estimate of the year for U.S. new-crop soybeans. As I reported last week, in each of the past six years, the USDA's August yield estimate has worked itself higher by year end. The bears are also pointing to the fact weekly crop conditions are already starting to improve, jumping by +2% last week and perhaps improving a bit more this next week? The bulls on the other hand, believe this year is different and that the crop won't improve as weather conditions in several key production areas continue to add complications. There's also talk of the crop starting to fall a bit behind in some areas with the recent cool temps, and what could happen in the event of an early frost or rounds of late-heavy rains that might keep the crop in the field for an extended period? I'm personally aligned with the bulls, thinking it's still too early to make a definitive call on the crop. There's still a ton of "unknowns" and reasons to argue the crop could eventually fall to sub-46 bushels per acre. Does that happen today? Probably not, but it could certainly happen in the weeks ahead. I've seen some great looking bean fields and some not so great looking bean fields. The million dollar question is do the "not so good looking fields" dramatically improve or do they become even worse? If the rains don't happen, and weather complicates the harvest, then there's clearly going to be a bull story to be told. If the opposite plays itself out, the bears will again steal the spotlight and prices will move sideways to lower into year end. From there we will be forced to wait on the South American planting headlines. I'm obviously keeping an eye on today's latest USDA data, but more importantly watching the U.S. weather forecast.

**Thurs. 10/2** - USDA Supply and Demand

**Fri. 10/20** - Cattle on Feed

**Mon. 10/23** - Cold Storage

**Mon. 11/5** - Daylight Saving Time Ends

**Thurs. 11/9** - USDA Supply and Demand

**Thurs. 11/23** - Thanksgiving - Markets Closed

## Kevlin's Song of the Week



## About the Report



## NEXT level THINKING



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

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

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

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

*Kevin Van Trump*

### What Others Are Saying

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



**Wheat** traders are eager to see the USDA's latest U.S. spring wheat adjustment, as well as production estimates for Australia, Canada, Europe, India, South America, Russia, Romania and Ukraine. I'm not looking for a ton of fundamental "supply and demand" type surprises by the USDA. I think the trade is fairly well aligned with most of the production concerns and understand the burdensome supply side numbers. There's some question as to how the market will handle a U.S. led strike on North Korea and what ultimately happens if China and Russia end up tossing their hat in the ring? I'm personally of the belief we could move aggressively higher on a knee-jerk as some equity players look for ways to cross-hedge the "uncertainty". As both a producer and a spec, today's USDA data will not alter my longer-term bullish tilt. Any major bearish surprise or break in price could be used as longer-term buying opportunity. Staying convicted on the buy-side!



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**

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**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.*

**U.S Grain Stocks 2016/17**

|          | Aug. Est. | Avg. Trade Est. | Trade Range   | USDA July |
|----------|-----------|-----------------|---------------|-----------|
| Corn     | ???       | 2.363           | 2.315 - 2.436 | 2.370     |
| Soybeans |           |                 |               |           |

|  |     |       |               |       |
|--|-----|-------|---------------|-------|
|  | ??? | 0.399 | 0.285 - 0.430 | 0.410 |
|--|-----|-------|---------------|-------|

#### U.S Grain Stocks 2017/18

|          | Aug. Est. | Avg. Trade Est. | Trade Range   | USDA July |
|----------|-----------|-----------------|---------------|-----------|
| Corn     | ???       | 1.940           | 1.642 - 2.324 | 2.325     |
| Soybeans | ???       | 0.433           | 0.346 - 0.572 | 0.460     |
| Wheat    | ???       | 0.901           | 0.806 - 0.948 | 0.938     |

#### World Stocks 2016/17

|           | Aug. Est. | Avg. Trade Est. | Trade Range   | USDA July |
|-----------|-----------|-----------------|---------------|-----------|
| Corn      | ???       | 227.2           | 224.5 - 229.5 | 227.5     |
| Sobybeans | ???       | 94.4            | 93.5 - 95.8   | 94.8      |

#### World Stocks 2017/18

|           | Aug. Est. | Avg. Trade Est. | Trade Range   | USDA July |
|-----------|-----------|-----------------|---------------|-----------|
| Corn      | ???       | 193.4           | 183.0 - 200.5 | 200.8     |
| Sobybeans | ???       | 92.3            | 89.0 - 96.5   | 93.5      |
| Wheat     | ???       | 256.8           | 245.0 - 263.1 | 260.6     |

#### U.S. Production 2017/18

|                    | Aug. Est. | Avg. Trade Est. | Trade Range     | USDA July |
|--------------------|-----------|-----------------|-----------------|-----------|
| Corn Production    | ???       | 13.807          | 13.529 - 14.070 | 14.255    |
| Corn Yield         | ???       | 165.9           | 162.6 - 169.0   | 170.7     |
| Soybean Production | ???       | 4.203           | 4.122 - 4.346   | 4.260     |
| Soybean Yield      | ???       | 47.4            | 46.5 - 49.0     | 48.0      |

#### U.S. Wheat Production

|            | Aug. Est. | Avg. Trade Est. | Trade Range   | USDA July |
|------------|-----------|-----------------|---------------|-----------|
| All Wheat  | ???       | 1.717           | 1.628 - 1.784 | 1.760     |
| All Winter | ???       | 1.278           | 1.258 - 1.293 | 1.279     |



|                        |     |       |               |       |
|------------------------|-----|-------|---------------|-------|
| <b>Hard Red Winter</b> | ??? | 0.757 | 0.737 - 0.775 | 0.758 |
| <b>Soft Red Winter</b> | ??? | 0.306 | 0.300 - 0.311 | 0.306 |
| <b>White Winter</b>    | ??? | 0.216 | 0.205 - 0.224 | 0.216 |

#### South American Production

|                           | <b>Aug. Est.</b> | <b>Avg. Trade Est.</b> | <b>Trade Range</b> | <b>USDA July</b> |
|---------------------------|------------------|------------------------|--------------------|------------------|
| <b>Brazil Corn</b>        | ???              | 97.9                   | 97.0 - 102.0       | 97.0             |
| <b>Brazil Soybeans</b>    | ???              | 113.8                  | 113.0 - 114.5      | 114.0            |
| <b>Argentina Corn</b>     | ???              | 41.0                   | 40.0 - 44.0        | 41.0             |
| <b>Argentina Soybeans</b> | ???              | 57.8                   | 57.0 - 58.0        | 57.8             |



**> Ethanol Production Week Ending August 4:** Weekly ethanol production for the week averaged 1.012 million barrels per day, up +1.00% from last week but down -0.59% compared to last year. Stocks rose to 21.347 million barrels, up +2.37% from last week and up +4.34% from last year. Total corn usage is estimated at 106.26 million bushels.

**> Brazil May Need To Import 7 MMT Of Wheat:** The winter wheat crop in South America is turning out to be a big disappointment. The combination of lower acreage and adverse weather has taken a toll on the crop. According to a recently released bulletin by the trading firm Zeni, the 2017 Brazilian wheat crop will be 5.58 million tons compared to 6.73 million tons produced in 2016. In addition to the lower yields, the Brazilian wheat crop could also have some quality issues as well. The Brazilian domestic wheat demand is estimated at 11.69 million tons or +3.3% more than last year. As a result, Brazil is expected to import as much as 7 million tons of wheat this coming year. The vast majority of Brazil's wheat imports come from Argentina and Paraguay, but Paraguay has its own problems with the wheat crop this year, which could suffer losses as high as 50%. (Source: Soybean & Corn Advisor)

**> Argentine Farmers Increase Corn Investment Despite Election Worries:** Argentine farmers will increase investments in the next corn planting season despite fears about a political comeback for former President Cristina Fernandez, who implemented export taxes and restrictions despised by the sector, leaders of industry groups told Reuters. Several polls show Fernandez in the lead for a Senate seat in politically crucial Buenos Aires province in October's legislative election, which could determine the future of President Mauricio Macri's free-market agenda. A primary vote will take place on Sunday. Sales of fertilizer will grow to 3.9 million tonnes in 2017, up 8 percent from the prior year, according to Fertilizar, an agrochemical industry group. Farmers have also stepped up purchases of advanced-technology corn seeds, according to Argentina's ASA seed producers association. Since taking office in late 2015, Macri has eliminated export taxes and restrictions on corn and wheat, leading to record-high harvests. Planting for the 2017/18 crop starts in September, with harvests beginning in March. (Source: Reuters)

**> India's Coffee Crop May Drop to 8-Year Low on Rain Shortfall:** Coffee production in India, Asia's third-largest producer, is set to drop to an eight-year low next season as prolonged dry weather damages plantations in key growing areas. The 2017-18 crop is said to also be at risk from a white stem borer outbreak. Output may reach about 300,000 tons in the year starting on October 1, according to A.L.R.M. Nagappan, chairman of the coffee committee at the United Planters' Association of Southern India. That would be the lowest since 2009-10, when the country produced 289,600 tons, data from the state-run Coffee Board shows. The board estimates the crop at 316,700 tons in the year to September. (Source: Bloomberg)

**> Perdue Says Dairy Margin Protection Program Needs Reassessment:** The Secretary of Agriculture says the Dairy Margin Protection Program needs reassessment. Sonny Perdue says, "It needs to be looked at, whether fixed or do we blow it up and start over or do we modify that in a way is really the question that Congress will be dealing with, and we at USDA are looking at it and trying to answer those questions now." Perdue tells Brownfield the MPP, which has been criticized by producers, might not be the right safety net program and they're looking at all options. The American Farm Bureau Federation has also proposed making milk an insurable commodity like crops, and Perdue says he is aware of their proposal. "It's something we're looking at, certainly, and I know that Farm Bureau, National Farm Bureau may be promoting that and putting that out next spring." (Source: Brownfield Ag)

**> Lawmakers Keep Pressure On NIH Over Glyphosate Data:** Even while on recess, it seems lawmakers have glyphosate on the mind. House Oversight Chairman Trey Gowdy is following in the footsteps of his predecessor in the chairmanship, former Rep. Jason Chaffetz, in demanding answers from the National Institutes of Health over its funding and the participation of its staff in the International Agency for Research on Cancer's 2015 report that determined the herbicide, which is a key ingredient in Monsanto's Roundup Ready products, is a probable carcinogen. Gowdy wants to know why NIH's National Cancer Institute chose not to publish data that was said to be ready in 2013, which found no evidence the weedkiller causes cancer, in time for it to be used in the IARC report. In a letter to NIH Director Dr. Francis Collins, Gowdy argued the Agricultural Health Study's findings related to the health risks of the herbicide could have led IARC not to classify the chemical as a probable carcinogen. Gowdy's letter made reference to a Reuters report that cited a deposition of Dr. Aaron Blair, a researcher on the NCI study who also participated in the IARC review. The deposition was taken as part of an ongoing lawsuit from U.S. farmers who allege Monsanto knew the cancer risks associated with its chemical. In the deposition, Blair said the data would have changed IARC's analysis. He told Reuters the data was not published because it was too voluminous to wrap into a single report. (Source: Politico)

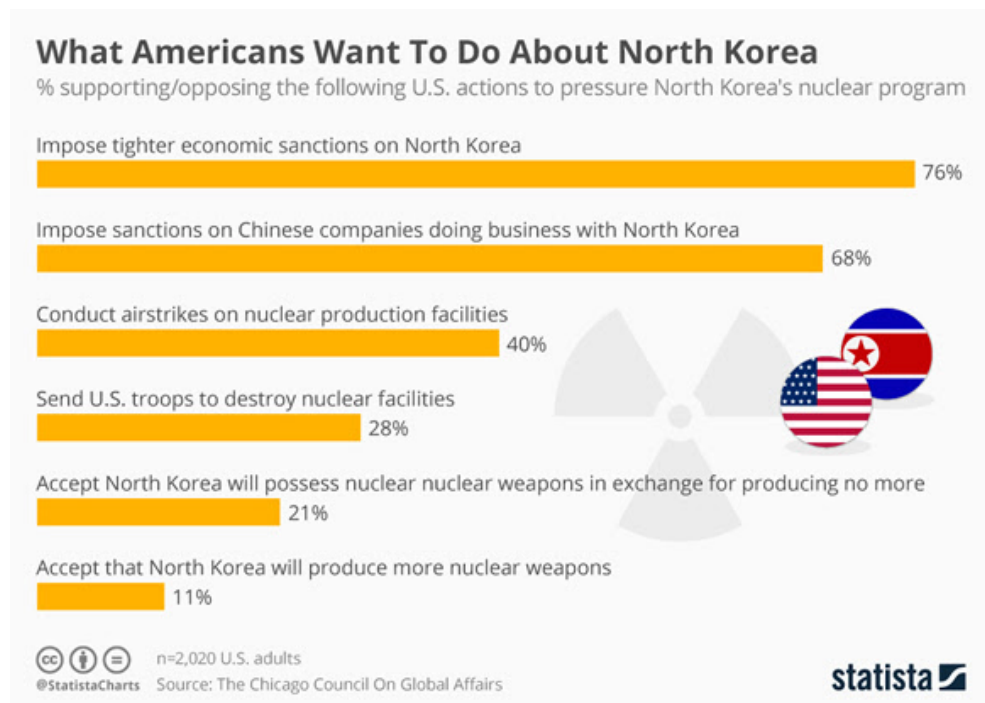
**> Disney Settles 'Pink Slime' Case For At Least \$177 Million:** Walt Disney Co paid \$177 million, in addition to insurance recoveries, to settle the closely watched "pink slime" defamation case against its ABC network by Beef Products Inc., a quarterly financial report shows. Privately-held BPI sued American Broadcasting Company (ABC) in 2012 for \$5.7 billion, saying it and reporter Jim Avila had defamed the company by using the "pink slime" tag, and making errors and omissions in a series of reports that year. Disney and BPI, which calls the product "lean finely textured beef," came to an undisclosed settlement in June, 3-1/2 weeks after a trial began in South Dakota, where BPI is based. Disney reported the settlement of the litigation in a footnote to its financial report, saying it was seeking additional insurance proceeds to recover its cash payment. BPI's signature product, commonly mixed into ground beef, is made from beef chunks, including trimmings, and exposed to bursts of ammonium hydroxide to kill E. coli bacteria and other contaminants. (Source: Reuters)

**> Does America Have A Productivity Problem?** U.S. non-farm productivity increased +0.9% for the second quarter following a revised +0.1% increase for the previous quarter to give a +1.2% annual increase. This sluggish growth rate trend has prevailed for more than a decade and is blamed by many economists for keeping a lid on economic growth and living standards. In the U.S., productivity growth was slowing before the recession began in December 2007 and has been historically weak throughout the recovery that began in mid-2009. That likely restrained wage growth and overall growth in economic activity. Some forecasters think continued modest productivity gains will help keep overall economic growth from exceeding its recent pace of roughly 2% a year. The Labor Department in Wednesday's report also released revisions going back several years. The productivity trend was slightly stronger than earlier estimated in 2014 and 2015, and slightly weaker than initially thought in 2016. Productivity fell -0.1% last year, the first calendar-year decline since 1982. Unit labor costs for the second-quarter rose +0.6%, although there was a -0.2% decline over the year. (Sources: Econoday, Wall Street Journal)

**> Goldman Sachs plans to begin using "personality tests" as part of the hiring process at the bank.** Answers will be compared with those of current Goldman employees. It comes as Wall Street struggles to compete for the best employees vs.

Silicon Valley, private equity and hedge funds, which often have better hours and workplace perks. (Source: SeekingAlpha)

> **Americans Prefer Sanctions Over Military Action For North Korea:** Tensions between Washington and Pyongyang have risen sharply this week with Donald Trump warning the regime that any threat to the U.S. will be met with "fire and fury". North Korea apparently responded that it is considering attacking Guam, a major Pacific hub for the U.S. military and its strategic bomber force in particular. When it comes to solving the escalating crisis, the majority of Americans back sanctions to curb North Korea's nuclear program. The Chicago Council on Global Affairs found that 76 percent of Americans want to impose tighter sanctions on Pyongyang while 68 percent also want to see sanctions imposed on Chinese companies doing business with North Korea. Given the real threat of retaliation and escalation, military action is a far less popular option. 40 percent of Americans would back airstrikes against the North's nuclear infrastructure and 28 percent would support ground troops destroying its production facilities. One thing is certain: Americans won't accept a nuclear-armed North Korea. 21 percent say they will accept Pyongyang possessing nuclear weapons in exchange for halting production while only 11 percent accept North Korea producing more weapons. (Source: Statista)



**Southwest Minnesota** - We need rain bad up here but I need it worse on my farmland in northwest Iowa. Up here we have only seen 6/10th's in the last month or so. 40 miles away in Iowa - the farm seems to be in a four mile circle that is impervious to rain. Things there are bad. While out scouting for aphids, I have never seen a field of beans this time of year that I could still drive through and not damage the canopy. The rain has been so close on more than one occasion that they could smell it. The heavier soil up north has held some moisture for a while but now, even it is showing signs of stress. I was able to get some of the risk off the crops in the last rally, hoping beans give us another shot at a profitable price.

**Central Kansas** - My beans are all no-till following corn. They are looking good as I was thinking of spraying until I checked them out. We have been fairly dry with two rains in July, the beans are looking good and are not stressed too much. We have been having heavy dews every morning. I have been walking and walking trying to find some insects and just not seeing much. There is very little brown spot on some of the leaves. All in all things are looking good for us at this point.

**Northwest Missouri** - I had some beans hit pretty good with Dicamba drift a month ago and when I checked them out again I was surprised. They look remarkably good except for a little stretch near the property line. They had been under a decent amount of stress as rain had been lacking for a bit. Likely get some rain today though so that outta really help too. Got a feeling a lot of these fields that just caught a whiff are going to end up being just fine and maybe great. Feeling very fortunate considering what others are going through.

# CROSSING WIRES

A place to share intelligent thoughts...

**Not All Farmers Are Fans Of NAFTA:** You've heard that American agriculture loves trade. And it's easy to see why: Under NAFTA, American farmers have quadrupled their exports to Canada and Mexico and the two nations rank second and third, after China, as markets for U.S. farm goods. But despite the largely pro-trade drumbeat in the ag sector, there are plenty of farmers who feel otherwise. From tomato growers in Florida to cattle ranchers in Montana, some farmers bruised by NAFTA think it has favored agribusiness over small-scale farms, lowered environmental standards and made it harder to compete against cheaper imports. Read more [HERE](#).

**In Less Than Five Years, 44 Trillion Cameras Will Be Watching Us:** It was a big deal when Apple added a second camera to the back of the iPhone 7 Plus last year. In five years, that will be considered quaint. By then, smartphones could sport 13 cameras, allowing them to capture 360-degree, 3D video, create complex augmented reality images onscreen, and mimic with digital processing the optical zoom and aperture effects of an SLR. That's one of the far-out, but near-term, predictions in a new study by LDV Capital, a VC firm that invests in visual technologies such as computer vision. It polled experts at its own portfolio companies and beyond to predict that by 2022, the total number of cameras in the world will reach about 44 trillion. Jaw-dropping as that figure is, it doesn't seem so crazy when you realize that today there are already about 14 trillion cameras in the world, according to data from research firms such as Gartner. Next to phones, other camera-hungry products will include robots (including autonomous cars), security cameras, and smart home products like the new Amazon Echo Show, according to LDV. Read more [HERE](#).

**How To Kill A Dinosaur In 10 Minutes:** We have suspected for some decades that the dinosaurs became extinct as the result of a massive meteorite, an asteroid, hitting the Earth. We have known where the impact site was since 1990, if not before. But it is only last year that we successfully drilled into the impact site, and only now, for the first time, do we really understand why the impact was so fatal. And if the meteorite had arrived ten minutes earlier, or ten minutes later, it would still no doubt have inflicted devastation, but the dinosaurs would still be here and you wouldn't. Read more [HERE](#).

**Rural Appalachia Lags The Rest Of The Country In Infant Mortality and Life Expectancy:** People who live in rural Appalachia are being left behind, with an infant-mortality rate and life expectancy that lags the gains made in the rest of the country, according to a new study. The 13-state region, that traces the spine of the Appalachian Mountains from New York to Mississippi, has long faced economic challenges, with a dependence on struggling industries such as mining and forestry. But the analysis found that the health gaps are relatively new and have widened. As the rest of the country has made health gains, Appalachia has failed to keep up. The study underscores the kinds of health disparities that exist within the United States — at a time that the country's overall performance on health measures has become a topic of growing concern. Studies have shown that infant mortality and life expectancy are worse in the United States than in other developed nations. The new data add another layer to that, highlighting the fact that some regions of the United States are even worse off than national averages suggest. Read more [HERE](#).

**Is Sturgis Getting Tamer?** Among the rumbling V-twin engines, the half-naked, body-painted women and wet T-shirt competitions, the black leather jackets and majestic beards, a gnawing question keeps coming up: Has the world's biggest motorcycle rally lost its edge after 77 years? There's no question Sturgis remains wildly popular. An expected 500,000 riders are flocking to this tiny town in the Black Hills this week, filling hotel rooms and renting out homes, parking their RVs in fields and setting up tents on lawns. They're buying gas, pulled-pork sandwiches and T-shirts commemorating the trip. They're riding the curvy, hilly pavement for hundreds of miles

around the city, and doing anything conceivably motorcycle related, all under the single-word description: "Sturgis." Read more [HERE](#).

**Famous TV Mansion Is The Most Expensive Listing In America:** *The most expensive home for sale in the United States is the grandiose mansion from the 1960s TV-series "The Beverly Hillbillies," which hit the market Monday for \$350 million. The main mansion, which fans of the sitcom might recognize as the lavish neoclassical house of the rags-to-riches protagonist Jed Clampett, was the real-life home of billionaire Jerry Perenchio, who died in May at the age of 86. Perenchio lived in the historic Bel Air mansion for 30 years and during that time, embarked on a landgrab of neighboring parcels that has nearly doubled the estate to 10.3 acres, according to property records. The main residence of the \$350 million estate has only traded hands twice before this. Architect Sumner Spaulding built the colossal home in the neoclassical, French chateau style in 1933. It sold in the 1940s to hotelier Arnold Kirkeby, whose family rented the home out for the set of the "Beverly Hillbillies" and later sold it to Perenchio for \$13.5 million in 1986. Read more [HERE](#).*



### **First Genetically Engineered Salmon Sold In Canada**

After a 25 year wait, genetically engineered salmon has reached the dinner table. AquaBounty Technologies, the company in Maynard, Massachusetts, that developed the fish, announced on August 4 that it has sold some 4.5 tons of its hotly debated product to customers in Canada. The sale marks the first time that a GE animal has been sold for food on the open market. The fish, a variety of Atlantic salmon, is engineered to grow faster than its non-genetically modified counterpart, reaching market size in roughly half the time -- about 18 months. AquaBounty sold its first commercial batch at market price: \$5.30 per pound. AquaBounty's path from scientific discovery to market was said to be exhausting. Scientists first demonstrated the fast-growing fish in 1989. They gave it a growth-hormone gene from Chinook salmon, along with genetic regulatory elements from a third species, the ocean pout. The genetic modifications enable the salmon to produce a continuous low level of growth hormone. AquaBounty approached regulators in the U.S. early in 1990s and preceded to spend almost 25 years in regulatory limbo. The U.S. Food and Drug Administration approved the salmon for consumption in November 2015, and Canadian authorities came to the same decision six months later. Neither country requires the salmon to be labelled as genetically engineered. But unlike in Canada, political battles in the U.S. have stalled the salmon's entry into the marketplace. The law setting out the U.S. government's budget for fiscal year 2017 includes a provision that instructs the FDA to forbid the sale of transgenic salmon until it has developed a program to inform consumers that they are buying a genetically engineered product. Senator Lisa Murkowski, a Republican senator from Alaska, inserted the provision calling AquaBounty's salmon "fake fish". Activists in both the U.S and Canada have demanded that regulators reconsider their decision and some have filed lawsuits. Despite this opposition, supporters of AquaBounty's GE salmon argue that the fish is good for the economy -- attractive because they can be grown near metropolitan areas rather than being flown in from

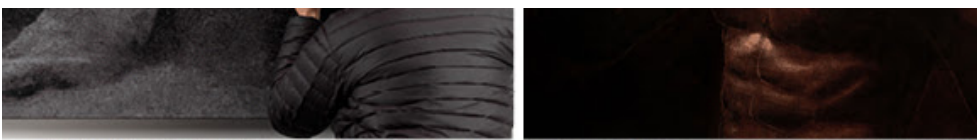
overseas, bringing salmon-farming jobs back to the U.S. and Canada. And because the AquaBounty salmon are grown in tanks, they don't encounter many of the pathogens and parasites that often afflict salmon raised in sea cargoes. It will be very interesting to see what happens politically with this here in the U.S. I'm sure that since AquaBounty's fish have landed on Canadian tables this will certainly stir up more talk and controversy surrounding this embattled fish here at home. (Scientific American)



### Looking For Unique Art?

Mark Evans is a British artist who grew up on a farm in the mountains of Wales. He hand-etches leather hides by knife, removing less than a tenth of a millimeter of the leather surface. It's a painstaking technique requiring incredible patience and extreme attention to detail. There is no room for error, as a slice too deep can not be undone. Mark's medium is very unique in the art world and something he really stumbled upon by accident. When he was young, his grandfather gave him a knife and as Mark puts it, he fell in love. As a young man, he carved into the trees located around the farm. Soon he had secretly collected a sock drawer of knives and had acquired a delicate skill in their usage. In 2000, after a vain attempt to wash blood off a brand new leather jacket, he scratched the stain off with a knife, revealing the lighter shades of suede beneath. It was his "Eureka" moment. To save the jacket, he decided to turn that scratch into a portrait of Jimi Hendrix. When several people, including a buyer from Harrods, stopped him in the street to ask where he had bought the coat, it finally clicked - this was his art. He had recently graduated with a Fine Art degree but painting wasn't getting him anywhere. Three years of experimentation followed before football stars and other celebrities began commissioning work. Then the financial crisis hit in 2007-08 and nearly ended his newfound career. A commission by multi-billionaire Russian businessman, Oleg Deripaska, was cancelled when the businessman lost \$21 billion and cancelled the palace he was building in Moscow. Other commissions were lost too. The crash became inspiration though and he began exploring images symbolic of the financial meltdown. Dollar bills are parodied and a ferocious bull together with pigmy warriors sporting Rolex watches attack Wall Street. When a British entrepreneur agreed to pay Evans to produce up to 18 pieces for an exhibition depicting his vision of power and greed, hedge fund managers were among those who rushed to snap them up. Some of his amazing work is shown in the pictures below. You can see more at [Mark Evans Art](#). Be sure to go to the "Film" section and watch "Kingdom Vs. Empire", a short film showing the making of one of his pieces. The detail is just mind blowing.





### Interesting Data Regarding Gun Ownership

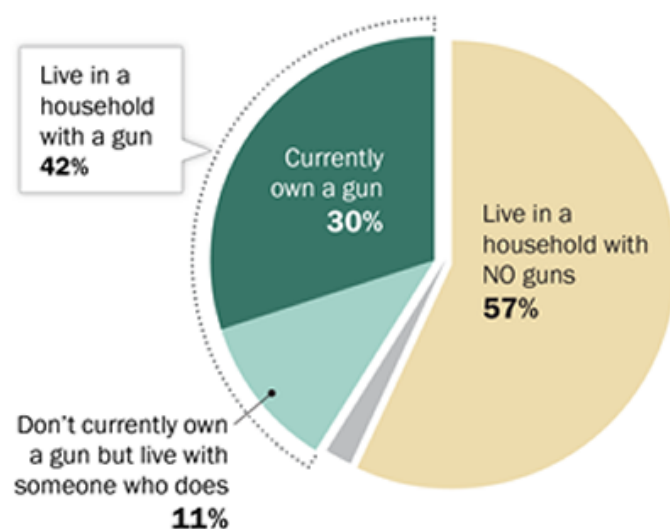
As a nation, the U.S. has a deep and enduring connection to guns. Integrated into the fabric of American society since the country's earliest days, guns remain a point of pride for many Americans. A [new report](#) from the Pew Research Center analyzed U.S. attitudes towards guns, and I wanted to share a few interesting data points from their

research. According to the study, Americans have broad exposure to guns, whether they personally own one or not, at least two-thirds have lived in a household with a gun at some point in their lives. And roughly seven in ten Americans say they have fired a gun at some point. I was somewhat surprised, but only three in ten U.S. adults say they actually own a gun and an additional 36% say that while they don't own one now, they might be open to owning a gun in the future. On the flip side, a third of adults say they don't currently own a gun and can't see themselves ever owning one. Whether for hunting, sport shooting or personal protection, most gun owners count the right to bear arms as central to their freedom. At the same time, the results of gun-related violence continues to spark heated debates over gun policy. Whatever you might believe, it's very clear that this topic has many moving parts and has polarized many voters. Below are a few interesting findings from their research:

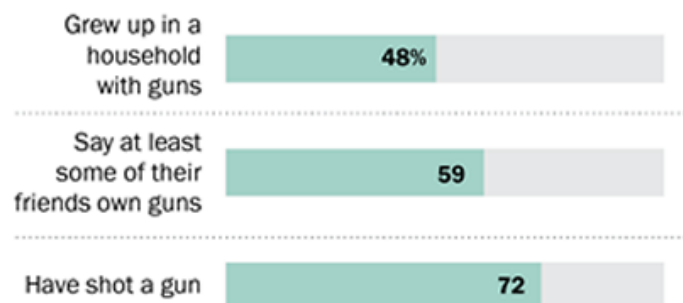
- **Ties run deep:** *A majority of gun owners (66%) own multiple firearms, and about three-quarters (73%) say they could never see themselves not owning a gun. Experience with guns starts relatively early, particularly for those who grow up in a gun-owning households. Men who grew up in a household with guns and who have ever shot a gun report that they first fired a gun when they were, on average, 12 years old. Among women who grew up in gun-owning households and who have ever shot a gun, the average age at which they first fired a gun is 17. Men tend to become gun owners at an earlier age than women: 19 years old, on average for men vs. 27 years old for women.*
- **Personal sense of freedom:** *74% of gun owners say this right is essential, compared with only 35% of non-gun owners who say the same. While the right to own guns is highly valued, not all gun owners see gun ownership the same way. Half of all gun owners say owning a gun is important to their overall identity – with 25% saying this is very important and another 25% calling it somewhat important. Three-in-ten gun owners say owning a gun is not too important to their identity and 20% say it's not at all important.*
- **Protection tops the list of reasons for owning a gun:** *Two-thirds of gun owners say protection is a major reason they own a gun. By comparison, about four-in-ten (38%) say hunting is the major reason, and three-in-ten say sport shooting, including target shooting, trap and skeet. Fewer point to a gun collection (13%) or to their job (8%) as being central to why they own a gun. To be sure, for many gun owners, these reasons overlap: 44% offer more than one major reason for owning a gun.*

## About four-in-ten U.S. adults say they live in a gun-owning household

*% of all adults saying they ...*



*% who ...*



Note: In pie chart, share of respondents who didn't offer an answer shown but not labeled. Figures may not add to 100% or to subtotals indicated due to rounding.

Source: Survey of U.S. adults conducted March 13-27 and April 4-18, 2017.

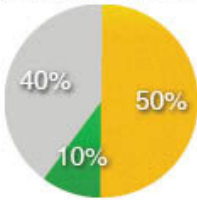
"America's Complex Relationship With Guns"

PEW RESEARCH CENTER

**CASH SALES & HEDGING TOTALS**

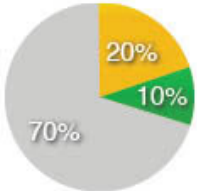
### CORN 2017 CROP

50% SOLD  
10% HEDGED  
40% UNPROTECTED



### CORN 2018 CROP

20% SOLD  
10% HEDGED  
70% UNPROTECTED



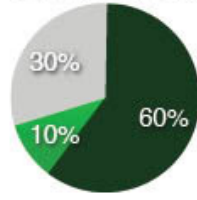
### CORN 2019 CROP

0% SOLD  
0% HEDGED  
100% UNPROTECTED



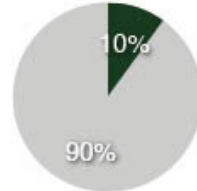
### SOYBEANS 2017 CROP

60% SOLD  
10% HEDGED  
30% UNPROTECTED



### SOYBEANS 2018 CROP

10% SOLD  
0% HEDGED  
90% UNPROTECTED



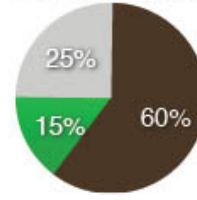
### SOYBEANS 2019 CROP

0% SOLD  
0% HEDGED  
100% UNPROTECTED



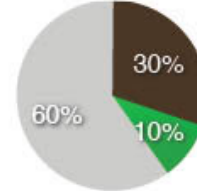
### WHEAT 2017 CROP

60% SOLD  
15% HEDGED  
25% UNPROTECTED



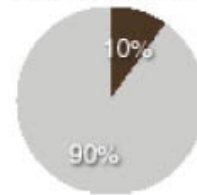
### WHEAT 2018 CROP

30% SOLD  
10% HEDGED  
60% UNPROTECTED



### WHEAT 2019 CROP

10% SOLD  
0% HEDGED  
90% UNPROTECTED



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