

GOOD MORNING: 08/15/17 Farm Direction - VanTrump Report

1 message

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

Tue, Aug 15, 2017 at 7:02 AM



"Don't wish it were easier, wish you were better." ~ Jim Rohn

TUESDAY, AUGUST 15, 2017

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Morning Summary: Investors continue to closely monitor various geopolitical concerns, particularly North Korea and Venezuela. U.S. officials are now trying to downplay the threat of military action against either of the two countries and traders in turn seem a little less jittery, as U.S. stocks are back on the rise. China has stepped up and finally announced concrete action against North Korea in compliance with new sanctions issued by the United Nations last week. As North Korea's only major ally and biggest trade partner, Chinese pressure is viewed as crucial in keeping the country's nuclear ambitions under control. However, in a move that may complicate U.S. and Chinese relations even further, President Trump late yesterday signed an order to probe Chinese trade practices. A lot of new U.S. economic data is due out today, including Retail Sales, Empire State Manufacturing, Import/Export Prices, Business Inventories and the Housing Market Index. Investors are also keeping an eye on China's economy, which saw retail says, industrial production and fixed asset investment all three pull back a bit last month. It's worth noting that NAFTA renegotiations are set to begin tomorrow and Canada is already threatening to walk away from the talks. Canada's issue is with a U.S. push to eliminate a dispute-settlement mechanism, under which binational panels decide complaints about illegal subsidies and dumping. Negotiators are hoping to complete the talks by early 2018 to avoid any political complications that could result from Mexican elections in July 2018. Crude oil prices remain well below \$50 per barrel and despite the rally a couple of weeks back is still down over -16% year-to-date. The U.S. dollar is slightly higher this morning but down over -8% year-to-date. The S&P 500 is up over +10% and NASDAQ up over +21% year-to-date. There seems to be little reason to doubt the nearby price direction of any of the current trends mentioned above. Crude oil prices lower, Stocks higher and the U.S. dollar sideways.

Do Record EFT Inflows Indicate Bubble Trouble? Record-breaking inflows into exchange traded funds this year are fueling fears that the tide of money surging into passive investment is helping to inflate a bubble in the U.S. stock market. Investors have plowed \$391 billion into ETFs in the first seven months of 2017, already surpassing last year's record annual inflow of \$390 billion, according to ETFGI, a London-based consultancy. The ETF industry has attracted almost \$2.8 trillion in new business since the start of 2008, coinciding with one of the longest bull runs in US stock market history. The rise of ETFs has prompted a growing chorus of criticism from some of the world's most influential money managers, who complain about the effect of passive funds on asset prices and the potential for a liquidity squeeze in times of market stress. "When the management of assets is on autopilot, as it is with ETFs, then investment trends can go to great excess," said Howard Marks, co-founder of Oaktree Capital. He cautioned that ETFs' promise of ample liquidity has yet to be tested in a major bear market. Paul Singer, the chief executive of Elliott, the \$33bn US hedge fund manager, sharply criticized ETFs in a letter sent to investors in late July. He contends that government manipulation of asset prices has "created the illusion that simply holding stocks and bonds in their index weights and sitting back, arms folded, is the perfect investment strategy." Martin Small, head of US iShares at BlackRock, said fears that ETFs were distorting asset prices were misplaced - "The suggestion that ETFs are driving up the stock market or hindering efficient price discovery is fundamentally wrong and not supported by the data." (Source: Financial Times)

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December 6, 2017

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Fed Official Sees One More Rate Hike This Year: New York Federal Reserve Bank President William Dudley says expectations for one more U.S. interest hike this year are not "unreasonable." The central banker conducted an interview with The Associated Press yesterday. Dudley said his outlook for the economy hadn't changed "materially" and that he still expects growth of around +2%, which would be sufficient enough to continue to tighten the labor market. He noted, "I did not raise my growth forecast after the Election because of the prospect of fiscal stimulus because I felt that there was a lot of uncertainty about how big it would be, what its composition would be, and when it would actually take effect." On the sluggish inflation rate, Dudley doesn't see it getting up to the Fed's target rate of +2% very quickly on a year-over-year basis is because of low readings the last 4 or 5 months, and it will take time for those to drop out of the calculation. He does expect readings over the next 6 months will move higher. He also explains that there are generally "long lags between getting to a tight labor market and that actually showing up in higher wages, and those wages then pushing into inflation." He remains of the opinion that as long as the economy continues to improve the Fed should stick with its plan to gradually normalize monetary policy. (Source: Associated Press)

China Follows Through On North Korean Sanctions: China is banning imports of North Korean coal, iron and seafood, starting Tuesday, in a move that could assuage U.S. demands while enforcing new United Nations sanctions targeting Pyongyang's nuclear-weapons program. The trade halt, announced Monday by China's Commerce Ministry and customs agency, follows a weekend phone call between Chinese President Xi Jinping and his U.S. President Donald Trump on how to deal with North Korea's advances in developing nuclear weapons and missiles. China is by far North Korea's biggest trading partner, accounting for more than 80% of North Korea's external trade for the past five years. Mr. Trump has said he would cut Beijing slack over trade issues if he felt the Chinese were being helpful in reining in Pyongyang. Beijing had been expected to disclose steps to comply with new economic sanctions passed unanimously by the U.N. Security Council this month. The measures announced Monday don't go beyond the U.N.-approved curbs, and China has long shied away from severe punitive steps—such as cutting off fuel and food supplies—that it fears could trigger the collapse of the North Korean regime. In an online statement, the Chinese government said it was acting to comply with the new U.N. sanctions—proposed by the U.S. and endorsed by China—which are aimed at slashing about \$1 billion off North Korea's annual foreign revenue. (Source: The Wall Street Journal)

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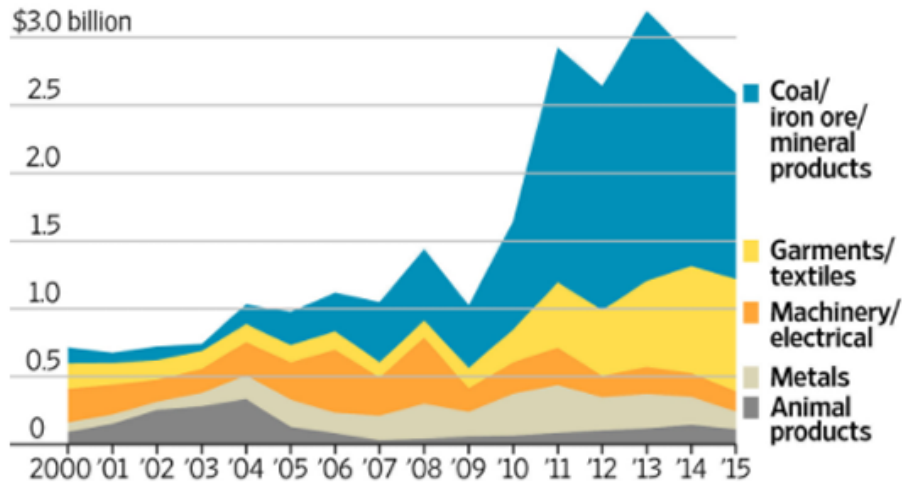
FCS FINANCIAL

GAVILON

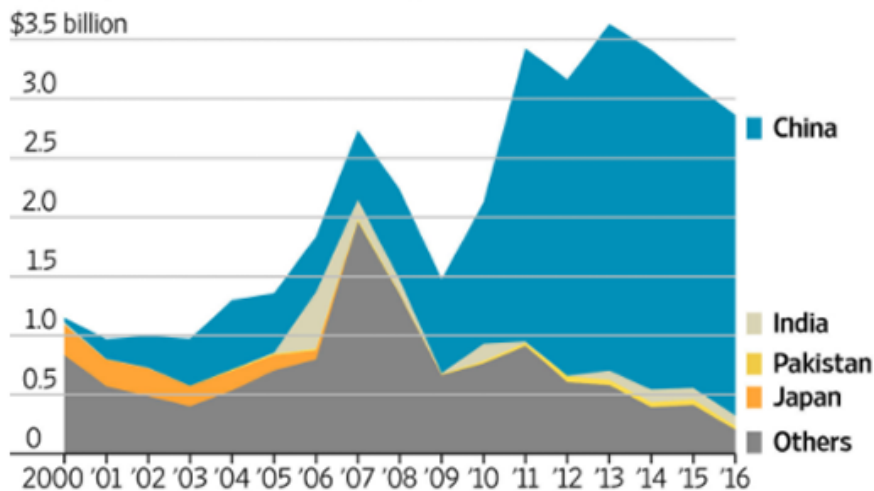
Fuel for North Korea's Fire

China has been by far the biggest buyer of North Korean resources.

The country's top five exports by product type



Top buyers of North Korean exports



Note: Based on other countries' import data.

Sources: The Atlas of Economic Complexity (products);
U.N. Comtrade (countries)

THE WALL STREET JOURNAL.

Weather forecasts are calling for timely rain this week for the western Midwest, bringing beneficial moisture for filling corn and soybeans. No significant heat stress is expected as well. In the corn Belt, the cold front has largely cleared the region and has pushed into the South and East, but a trailing front is sparking scattered showers and thunderstorms across the upper Midwest. On the Plains, weekend rainfall totaled 2 to 6 inches or more in parts of Oklahoma and northern Texas, sparking pockets of lowland flooding. Farther north, portions of the northern Plains mainly Nebraska and the Dakotas received beneficial weekend showers. Mostly dry weather has returned to the northern Plains, but locally heavy showers persist across the southern Plains. In the South, warm, humid weather accompanies scattered showers as most of the region lies in an area of atmospheric instability to the south of a cold front. Looking forward, showers and thunderstorms associated with a series of cold fronts could result in 1 to 3 inches of rain during the next 5 days across much of the central and eastern U.S. In contrast, mostly dry weather can be expected in Montana, southern Texas and most areas west of the Rockies. During the mid to late week period, heat will re-intensify across northern California and the Northwest. Meanwhile, hot weather will also develop across much of the southern and eastern U.S. The 6 to 10 day outlook for August 19 - 23 calls for near to above normal precipitation temperatures nationwide, except for cooler than normal conditions across the Northwest. Meanwhile, near to above normal rainfall across much of the eastern half of the country should contrast with drier than normal weather in central and southern Texas and much of the western U.S.



LANSING

TRADE GROUP, LLC

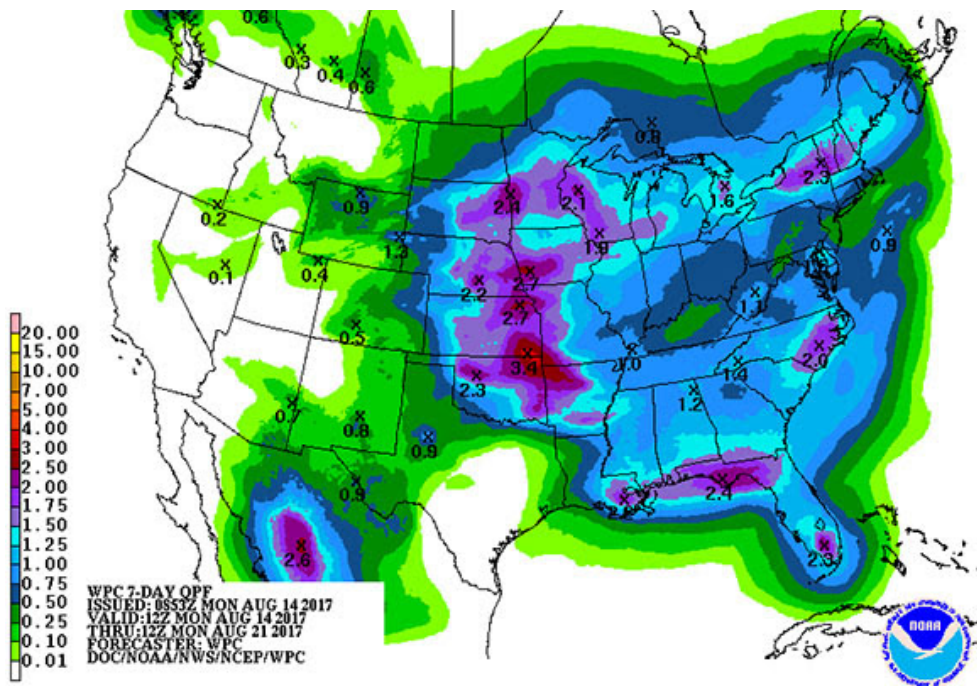


Today In History



1947, India - The Indian Independence Bill, which carves the independent nations of India and Pakistan out of the former Mogul Empire, comes into force at the stroke of midnight. The long-awaited agreement ended 200 years of British rule and was hailed by Indian independence leader Mohandas Gandhi as the "noblest act of the British nation." However, religious strife between Hindus and Muslims, which had delayed Britain's granting of Indian independence after World War II, soon marred Gandhi's exhilaration. In the northern province of Punjab, which was sharply divided between Hindu-dominated India and Muslim-dominated Pakistan, hundreds of people were killed in the first few days after independence. The Indian independence movement first gained momentum at the beginning of the 20th century, and after World War I Gandhi organized the first of his many effective passive-resistance campaigns in protest of Britain's oppressive rule in India. In the 1930s, the British government made some concessions to the Indian nationalists, but during World War II discontent with British rule had grown to such a degree that Britain feared losing India to the Axis. Gandhi and other nationalist leaders rejected as empty the British promises of Indian self-government after the war and organized the nonviolent "Quit India" campaign to hasten the British departure. British colonial authorities responded by jailing

Beneficial Rain for Western Midwest: Again, we see in the 7 day precipitation forecast that favorable conditions are in store for filling corn and soybean throughout the Corn Belt, including the parched western Midwest.



Corn prices in the DEC17 contract have fallen below their most recent 10-month lows on improved USDA crop conditions, up +2% this week, and continued talk of a higher than anticipated yield forecast. Highlights from yesterday's crop-condition estimates showed improved conditions in several key production states: Colorado +14%; North Dakota +8%; South Dakota +5%; Illinois and Nebraska +4%; Indiana +3%; Minnesota, Missouri and Ohio +1%. The bulls on the other hand are pointing to the #1 producing state, Iowa, where conditions continue to deteriorate, down another -3% this week, now with just 61% of their crop reported "Good-to-Excellent" vs. a number north of 80% last year at this juncture. The bulls also point to the fact overall U.S. conditions are only showing 62% of the crop rated "Good-To-Excellent" vs. 74% last year. I continue to remind myself, as well as my friends and family, that these weekly condition estimates are simply opinions collected from county FSA agents, and a few other sources, but have no real correlation to what NASS delivers the trade on a monthly basis in the form of a direct yield adjustment. All I'm saying is be careful getting worked up over the weekly condition estimates. NASS has spoken to our office directly and told us these are just weekly "opinions" that are submitted by the FSA and a mix of other contributors. I highly advise against taking these weekly crop condition estimates to the bank and using them religiously to try and accurately forecast market direction or price, especially in years like this with extreme "variability" across large portions of the U.S. With such extreme variability inside each county and from field to field in many cases, getting an accurate forecast is going to be extremely difficult. Technically the market still seems trapped in a range, but appears to have nearby support on the charts in the \$3.60 to \$3.70 area, with nearby resistance in the \$3.80 to \$3.90 range. The nearby weather forecast appears somewhat bearish in my opinion as rainfall seems fairly adequate for most and hot temps are far from extreme.

Gandhi and hundreds of others. Anti-British demonstrations accelerated after the war, and in 1947 the Indian National Congress reluctantly accepted the creation of Pakistan to appease the Muslim League and conclude the independence negotiations. On August 15, 1947, the Indian Independence Bill took effect, inaugurating a period of religious turmoil in India and Pakistan that would result in the deaths of hundreds of thousands, including Gandhi, who was assassinated by a Hindu fanatic in January 1948 during a prayer vigil to an area of Muslim-Hindu violence.



1961, Leap of Freedom - Hans Conrad Schumann was one of the most famous defectors from East Germany. Schumann served as a soldier

in the East German Bereitschaftspolizei. On 15 August 1961 he found himself, aged 19, guarding the Berlin Wall, then in its third day of construction. At that stage of construction, the Berlin Wall was only a low barbed wire fence. As the people on the Western side shouted Komm rüber! ("come over"), Schumann jumped the barbed wire and was driven away at high speeds by a waiting West Berlin police car. A photographer mingling with onlookers on the western side captured the "Leap of Freedom", and a Cold War pin-up was born. Pictures of the young soldier jumping over the coils of barbed wire were blitzed across the world. Suddenly Schumann was a hero of the Free World, and in his homeland a despicable traitor. All he asked for when he arrived at the West Berlin debriefing centre was a sandwich. He said simply that he had been angered by the spectacle of a fleeing East German child being dragged back from the West, and did not want to "live enclosed". Schumann was later permitted to travel from West Berlin to the main territory of West Germany, where he settled in Bavaria. Uninvited stardom drove him to the bottle in the first decade of his new life. He eventually married, had a son, and worked on Audi's assembly line for 27 years. After the fall of the Berlin Wall he said, "Only since 9 November 1989 (the date of the fall) have I felt truly free". Even so, he continued to feel more at home in Bavaria than in his birthplace, citing old frictions with his former colleagues, and he even hesitated about visiting his parents and brothers and sisters in Saxony. On 20 June 1998, suffering from depression, he committed suicide, hanging himself in his orchard.

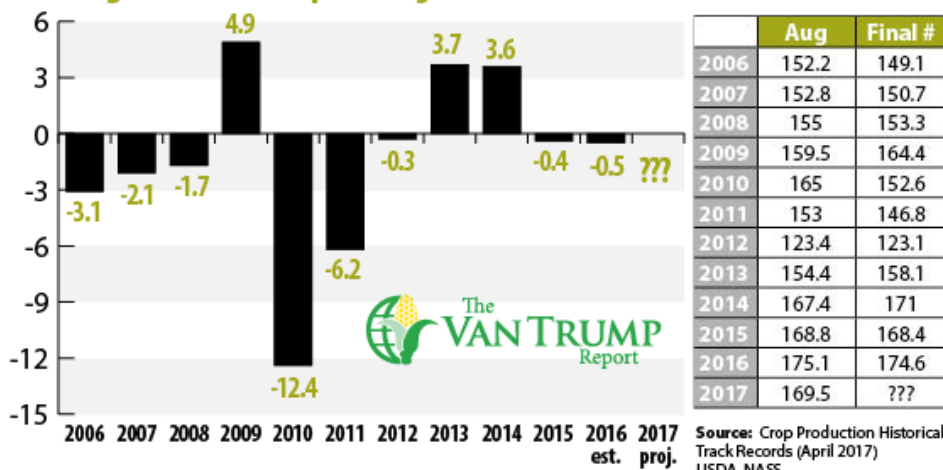


1969, Woodstock - The Woodstock Music Festival opens on a patch of farmland in White Lake, a hamlet in the upstate New York town of Bethel. Promoters John Roberts, Joel Rosenman, Artie Kornfield and Michael Lang originally envisioned the festival as a way to raise funds to build a recording

studio.

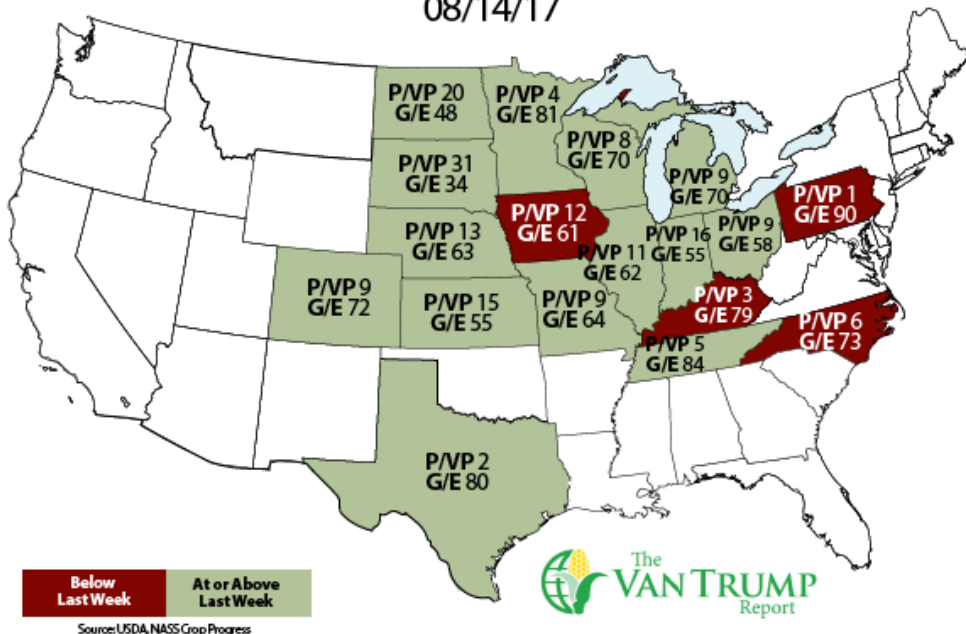
Historical Changes in U.S. Corn Yield

Changes Between Report: August to Final Number Yield Numbers



Corn Conditions

08/14/17



Soybean traders are a bit surprised to see weekly crop conditions once again deteriorate, falling from 60% down to just 59% reported "Good-to-Excellent". This drop in conditions comes just a few days after the USDA surprised the trade by raising the national yield from 48.0 to 49.4 bushels per acre. In other words the weekly crop conditions are deteriorating, now at 59% "Good-to-Excellent" vs. 72% last year, but the USDA's just reported their highest ever August yield forecast at 49.4 bushels per acre, actually higher than last years August estimate of 48.9 bushels per acre. As I mentioned above in the corn commentary, the powers that be have told me time and time again that there's no real correlation between the weekly crop-condition opinions and the more objective yield forecasting that is delivered by NASS in the monthly report. Hence, we can jump up and down and yell until we are blue in the face, but the market continues, and obviously prefers, to trade the more objective monthly NASS numbers, which include farmer surveys, satellite imagery and samples taken directly from the fields. Again, weekly crop conditions are much less science and research based and a lot more opinionated than the NASS monthly estimates. This is probably why the market is fairly quick to discount the weekly opinions and more apt to trade the monthly forecast. As I've said for several weeks, I wouldn't be surprised to see the NOV17 contract test the \$9.00 to \$9.20 range. To the upside, it seems like the \$9.50 to \$9.60 area has now become nearby resistance. As a spec, I still remain patient in looking for an opportunity to dip a toe in the water as a longer-term bull. I can both see and understand the possibility of a longer-term bullish story, but I still have a hard time with current market timing. The South American crop is record large, the Chinese crop

studio and rock-and-roll retreat near the town of Woodstock, New York. The longtime artists' colony was already a home base for Bob Dylan and other musicians. Despite their relative inexperience, the young promoters managed to sign a roster of top acts, including Jefferson Airplane, the Who, the Grateful Dead, Sly and the Family Stone, Janis Joplin, Jimi Hendrix, Creedence Clearwater Revival and many more. Plans for the festival were on the verge of foundering, however, after both Woodstock and the nearby town of Wallkill denied permission to hold the event. Dairy farmer Max Yasgur came to the rescue at the last minute, giving the promoters access to his 600 acres of land in Bethel, some 50 miles from Woodstock. Early estimates of attendance increased from 50,000 to around 200,000, but by the time the gates opened on Friday, August 15, more than 400,000 people were clamoring to get in. Those without tickets simply walked through gaps in the fences, and the organizers were eventually forced to make the event free of charge. Among the many great moments at the Woodstock Music Festival were career-making performances by up-and-coming acts like Santana, Joe Cocker and Crosby, Stills, Nash & Young; the Who's early-morning set featuring songs from their classic rock opera "Tommy"; and the closing set by Hendrix, which climaxed with an improvised solo guitar performance of "The Star Spangled Banner." Though Woodstock had left its promoters nearly bankrupt, their ownership of the film and recording rights more than compensated for the losses after the release of a hit documentary film in 1970.

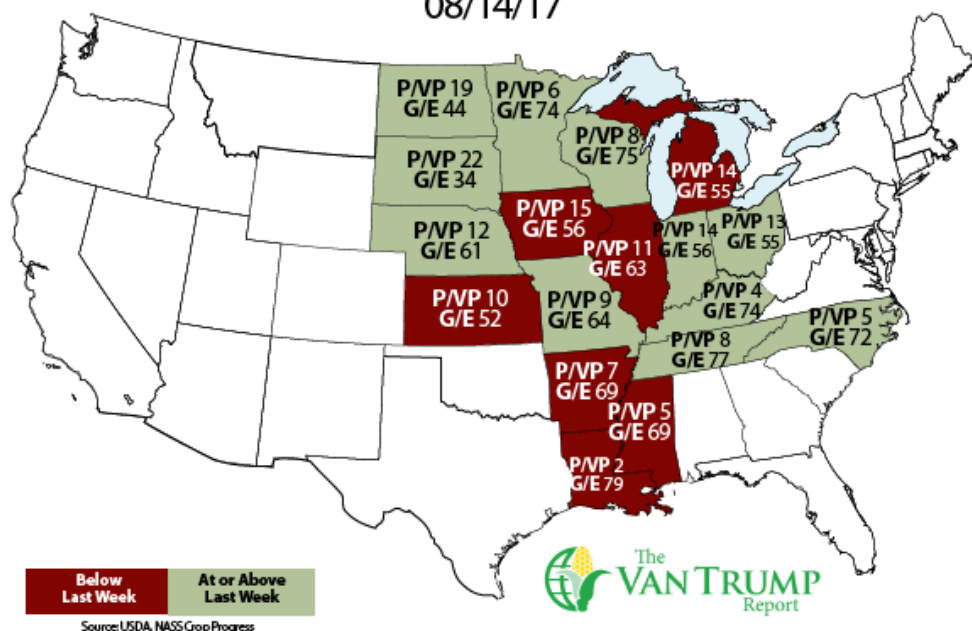
Upcoming Events

- 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

is forecast to be bigger than last year, U.S. demand headlines might backpedal a bit during the second half of 2017, and the record number of U.S. planted soybean acres are probably going to get even larger. Oh, and did I mention, the USDA just recently forecast the largest August yield estimate in our nations history. Record acres and record yield headlines are extremely tough for the bulls to battle day in and day out. In other words, I see no need to get in a hurry, we may have to get past the U.S. growing season before we are able to sustain a significant rally. As a producer, I want to continue keeping my hedges in place and stick with my longer-term "wait-and-see" approach towards marketing any additional cash bushels. Weather looks bearish nearby as timely rains and cooler than normal temps limit crop stress in many key locations. Iowa remains highly variable and uncertain, but some nearby rains could help stabilize and improve the finishing efforts of the crop. The extend forecast still brings some uncertainty as temps warm back up and moisture becomes more limited.

Soybean Conditions

08/14/17



Wheat prices continue to struggle as the U.S. crop appears to be stabilizing and Russian production keeps surprising to the upside. There's really very little new in the headlines. The U.S. winter wheat harvest is reported at 97% complete and the U.S. spring wheat harvest at 40% complete, both running slightly ahead of their traditional pace. Spring wheat conditions improved +1% to 33% rated "Good-to-Excellent" vs. 66% of the U.S. crop rated "Good-to-Excellent" last year at this juncture. The problem is the disappointing spring wheat production has already been digested by the bulls, putting them in desperate need of something new to chew on.

Thurs. 11/9 - USDA Supply and Demand

Thurs. 11/23 - Thanksgiving - Markets Closed

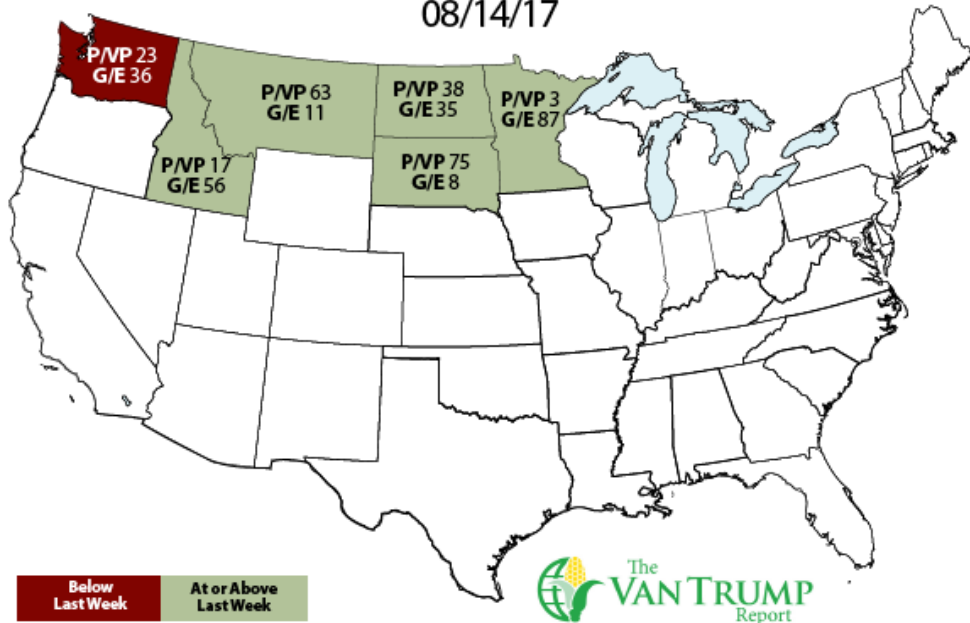
Kevin's Song of the Week



About the Report

Spring Wheat Conditions

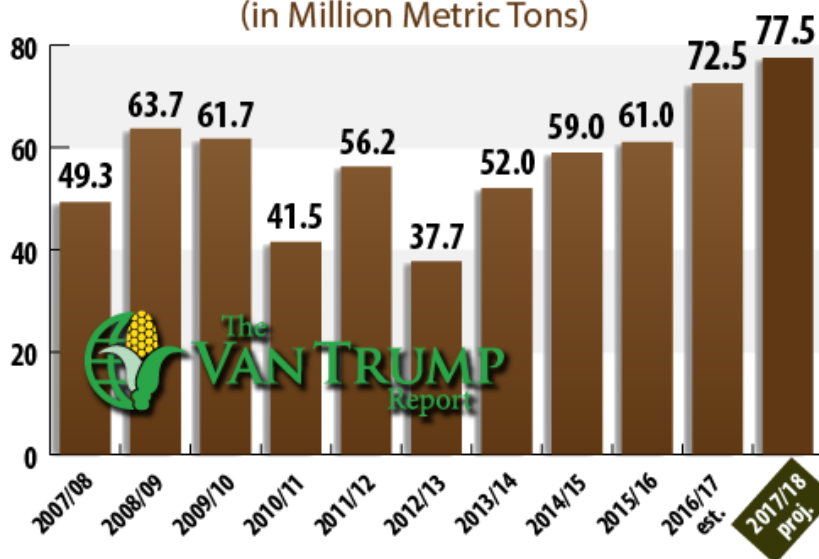
08/14/17



It's a Russian Mega-Crop: Trying to get an accurate estimate of wheat production out of Russia is often times difficult. The USDA in the latest WASDE lifted its forecast for the crop by +5.5 million metric tons to 77.5 million metric tons, already a record by a distance, analysis group SovEcon late last week raised its estimate to 77.9 million metric tons. The reason given was record crop yields, good conditions for spring grains and good soil moisture in the fields. I should also note that Ikar was raised its estimates even further, now to between 77 to 80 million metric tons from a previous figure of 74 to 77 million metric tons.

Russia Wheat Production

(in Million Metric Tons)



Source: USDA, NASS, WASDE August 12, 2017 data

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

Connecting the Dots

> Brazil Produces Record Amount Of Sugar In The 2nd Half Of July: Brazil's center-south region produced 3.41 million tonnes of sugar in the second half of July, the most for a 15-day period, as very dry weather allowed mills to work around the clock in the world's largest cane belt. Sugar production in the period surpassed the previous record in the second half of August 2012, according to cane industry group Unica. Mills crushed 50.73 million tonnes of cane in the second half of July, also an all-time high for a two-week period, Unica said. (Source: Reuters)

> FDA Provides Some Relief On Canada Milk Trade Debate: A new global dairy product imbalance that some view as Canada's fault was the motivating factor in new FDA labeling guidance that makes it easier for U.S. cheese producers to use ultrafiltered milk. A new industry pricing policy in Canada shut out most U.S. ultrafiltered milk from that market, where it was previously one of the few dairy products the U.S. could ship north of border tariff-free under Canada's supply management program. As Canadian cheesemakers shifted to using cheaper domestically produced skim milk products - of which there was a glut, caused by increased Canadian production in butter - finding a market for ultrafiltered milk in the U.S. proved to be a challenge. The new FDA guidance says the agency won't enforce rules that require the labeling of ultrafiltered milk on cheese that uses the product from an outside plant. If the cheese uses ultrafiltered milk from the same plant where the cheese is made, the labeling is not required. The guidance essentially allows more cheeses in the U.S. to use the ultrafiltered ingredients. Dykes said dairy farmers and processors in Wisconsin and Canada lost \$150 million in potential export sales once Canada started pricing its own skim milk products at the lowest world market price. (Source: Politico)

> U.S. Beef Struggling In China: China, the world's largest pork producer and consumer, has seen beef demand climb as incomes increase, prompting people to spend on new and varied types of food. Imports are predicted to climb to 950,000 metric tons this year from 26,000 tons in 2003, according to the U.S. Department of Agriculture. The amount of American supplies entering China currently is relatively small because "the U.S. produces beef differently from other countries like Australia and Brazil, which do not use some feed additives that are banned by the Chinese government," Rabobank's Chenjun Pan Pan said. That sentiment is in sharp contrast to the unbridled optimism expressed by U.S. officials and industry representatives at a ceremony in Beijing on June 30 celebrating the return of U.S. beef. Out of 600,000 head of cattle slaughtered in the U.S. each week, only about 1,600 can meet Chinese specifications. The American product still faces strict Chinese government rules, with the beef that does qualify being priced for the premium market. (Source: Bloomberg)

> Glencore Takeover of Bunge "Could Be Possible This Year" A takeover by Glencore of US-based ag giant Bunge "could be possible this year", Credit Suisse said, cutting its skepticism on a deal after the commodities group unveiled some wriggle room in its financial guidance. Credit Suisse analysts - who last month flagged a "diminished risk" of Glencore succeeding in the takeover, after using up financial firepower on the acquisition of a stake in Hunter Valley coal operations - said that a Bunge could in fact be possible "in the near term". The analysis followed Glencore comments on Thursday, as the group unveiled a return to first-half profit, signaling some potential for raising its debt above its self-proclaimed ceiling of \$16bn. Credit Suisse said, following the comments, that "we therefore infer that a Bunge acquisition could be possible this year [and] that the company is keen on exploring ways to do it". A deal could be facilitated by Glencore taking on "a bit more debt", although the bank added that "we would think management would not want to do this in a significant way, say out to \$18bn and then soon back". (Source: Agrimoney)

> NAFTA Renegotiation To Start Wednesday: The first step toward implementing President Donald Trump's promise to get a better deal for the US under the North American Free Trade Agreement is scheduled Wednesday, when talks between the US, Mexico and Canada will begin in Washington, D.C. NAFTA has been one of Trump's favorite punching bags. He lambasted NAFTA and Mexico throughout his presidential campaign and threatened to slap tariffs on Mexican goods or tax American companies that move jobs south of the border. Ag groups remain cautious ahead of the renegotiation. Mexico is U.S. agriculture's third largest export market, and ag exports to Mexico have nearly doubled since the agreement took effect; Canada is the second largest market for U.S. farm goods, and ag exports north of the border have jumped 44 percent under the pact. (Source: Politico)

> Corporate America Is Having Its Best Earnings Season in 13 Years: Overseas demand is driving the best earnings season for U.S. companies in 13 years, with top executives from Dow Chemical Co. to Morgan Stanley citing rising foreign sales, a dynamic that should help propel gains in the second half. With nearly every global economy showing growth, corporate profits in the second quarter have beaten estimates at more than three-quarters of the Standard & Poor's 500 member companies. In every sector, at least half of the companies have surpassed or met expectations, with many also getting a boost from a sinking U.S. dollar. While Europe

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

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

[More Testimonials](#)

My Own Personal Truisms

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

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

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

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

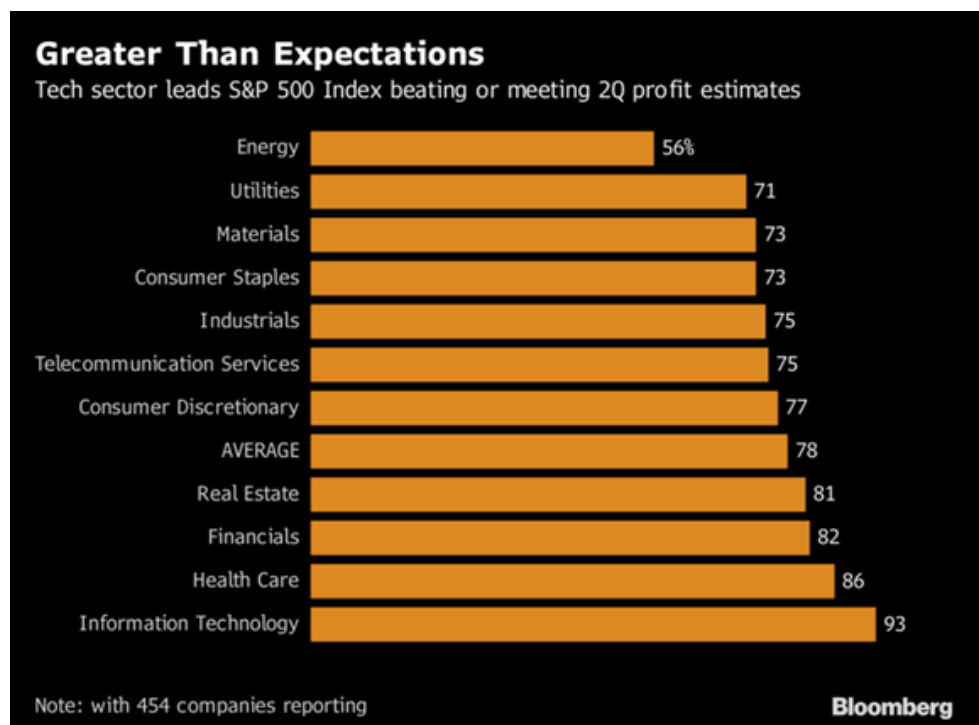
"The markets ability to remain irrational can often times last much longer than your ability to remain solvent..."

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

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

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

was the source of earnings strength in the first three months of 2017, emerging-market sales were the driving force from April through June, said Jill Carey Hall, a U.S. equity strategist at Bank of America Corp. American companies with large overseas revenue beat estimates for sales and earnings twice as often as those with a domestic focus, she said. A weakening dollar also benefited U.S. companies such as Kellogg Co., which beat earnings estimates and said exchange rates will reduce 2017 profit by half as much as previously estimated. The dollar fell 6.4 percent against a basket of major world currencies in the first half of 2017. The quarter is on pace to post the highest number of S&P 500 companies beating sales estimates in 13 years, according to Bank of America. (Source: Bloomberg)



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Southern North Carolina - We had very favorable weather early that really helped our corn crop get off on the right foot. The corn looks very good right now. I am thinking that we will make maybe 170bpa to 180bpa, with our APH more in the 130bpa range. We did start getting dry around mid-July and we could use a rain now. The corn was pretty much made before we started to miss all the rains. Our wheat ended up making a pretty good crop. Early on I thought that we might make 70bpa to 80bpa but ended up only seeing right at a 60bpa average. We had a late freeze that knocked the top off of yields. All of our beans are double crop after our wheat and they are all over the board. Not many fields have canopied in but they should do ok if they get some late August rains. There were a lot of beans planted after the July 4th holiday that have a long ways to go, so it's tough to estimate what the yields might be.

Central Nebraska - We run a cow calf operation along with corn and beans. We planted about 85% corn this year and the rest in beans. The last three weeks have been really cool and in my opinion is not helping the corn at all. This is after having a good amount fall behind early from late emergence. On top of that during pollination, it was sweltering hot. If we could switch those weather patterns we would be in great shape. The corn needs more heat right now where we are at. We are glad to say we have all our old crop gone and not sure when next opportunity to remove more risk for this year will appear in the market.

Northeast Iowa - I feel like we are in the garden spot of Iowa this year. The weather has been outstanding and maybe we have gotten too much rain. Our normal July can be pretty dry some years but this year we got right at 20" of rain for the month. There two different rain events that brought most of the moisture with the first right at 8" to

10" and the other being anywhere from 6" to 10" depending on location. After planting we actually were in the "flash drought" area that many were having to deal with. Then it seemed like we had two weeks straight where it rained every day. I really think that we look as good as last year, when we had record yields. We probably won't quite make it but we have an APH at 190bpa and I think that we will make 230bpa this year. The weather was great during pollination, with plenty of rain and cool nights, which has resulted in little or no tipback on ears that we have checked. We did have a long planting season but at this point this years crop potential is great. The soybeans this year have plenty of variability due to the early weather problems after planting. We did have some cooler temps and wet soils. We have seen some yellow spots as of late but the crop could make 70bpa, where normally we would only make 60bpa. Most of the bean plants are still adding pods with this great weather.



China's Soybean Crushers Get Reprieve As Port Chaos Starts To Clear: *Chaos that swept China's soybean market in recent weeks as loss-making crushers flipped cargoes and closed plants appears to have eased by Friday, allaying fears of widespread contract defaults like those that shook the world's top consumer in 2014. Three ships carrying soybeans that had been sitting anchored off the major port of Rizhao for weeks left the region, crush margins were positive for only the second time since February, and traders said they had not heard of other resales. Much still depends on demand for soymeal from the livestock industry over the upcoming peak demand months, with soymeal inventories at their highest levels on records back to 2010. Read more [HERE](#).*

How Many Casualties Would Result From A Nuclear Blast: *As tensions ratchet up with North Korea thanks to bluster on both sides, the possibility of global nuclear war feels more real than it has in decades. But what would be the true cost of such a disaster? Data visualizer Neil Halloran attempts to answer that with a video demonstrating the potential impact of a nuclear conflict. Read more [HERE](#).*

How To Make Your House A Smart Home: *Nearly everything in your home — including air-conditioners, thermostats, lights and garage doors — can be connected to the internet and be remotely controlled with a mobile device or smart speaker. But setting up a so-called smart home can be mind-boggling: There is a plethora of different accessories that work only with certain products, and some work better than others. The NY Times created a guide to help you sort through the jumble and become acclimated to your first voice-controlled smart home. Check it out [HERE](#).*

'Sonic Attack' Making People Sick: *Two State Department employees who fell ill while working at the U.S. embassy in Havana are believed to have been the targets of "acoustic attacks," according to multiple reports. The employees suffered a "variety of physical symptoms," State Department spokeswoman Heather Nauert said Wednesday. She wouldn't elaborate on the ailments, but did say that two Cuban diplomats were expelled from the U.S. in retaliation. Nauert said the process of determining the cause of the "symptoms" is ongoing, but the AP reports "a covert sonic weapon" is to blame. The weapon resulted in "severe hearing loss" for the victims, the report says. CNN corroborated that with its own report saying an "acoustic attack" was responsible for the health issues. More details about the bizarre attack are available [HERE](#).*

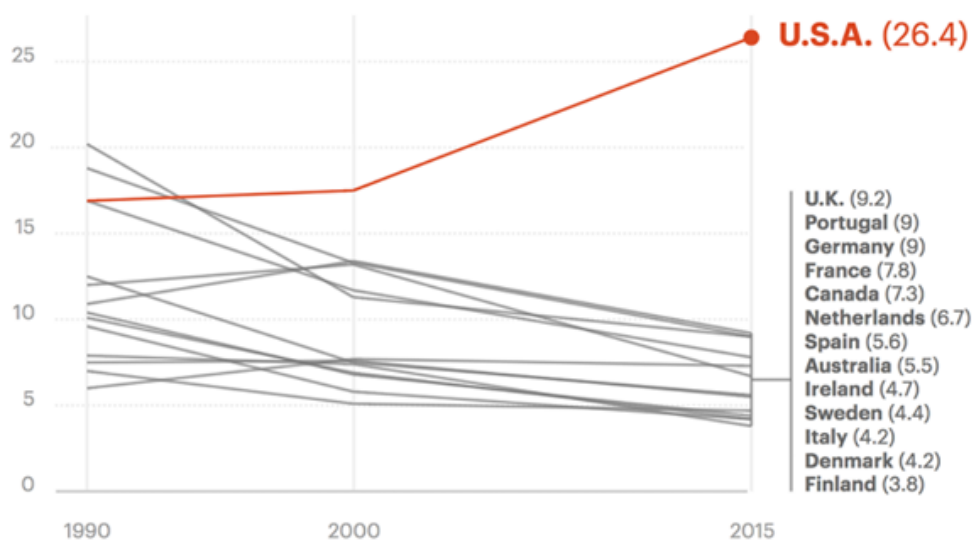
Wrangler and Lee Jeans Owner To Buy Dickies For \$820 Million In Cash: *Bloomberg reports the VF Corp is trying to grow their business in the workwear space and has agreed to buy the family owned Dickies business for nearly a billion dollars. Sorting else I didn't know was that the folks that own Wranglers and Lee jeans also own Nautica sportswear, North Face outerwear and Vans shoes. Read more [HERE](#)*

Is It Becoming More Dangerous to Have A Baby In Rural Areas? *Since the start of the century, it has become more dangerous to have a baby in rural America. Pregnancy-related complications are rising across the U.S., and many require specialized care. For some women, the time and distance from hospitals with the resources and specialists to handle an obstetric emergency can be fatal. The rate at which women died of pregnancy-related complications was 64% higher in rural areas than in large U.S. cities in 2015. That is a switch from 2000, when the rate in the cities was higher, according to Centers for Disease Control and Prevention data analyzed by The Wall Street Journal. The reasons reflect shrinking resources, worsening health and social ills. Most rural hospitals don't have high-risk pregnancy specialists who can treat sudden complications. Many don't have cardiologists or anesthesiologists on staff. Many*

rural hospitals have eliminated labor and delivery services, creating maternity deserts where women must travel, sometimes hours, for prenatal care and to give birth. Read more [HERE](#).

Maternal Mortality Is Rising in the U.S. As It Declines Elsewhere

Deaths per 100,000 live births



Notes

*Global, regional, and national levels of maternal mortality, 1990–2015: a systematic analysis for the Global Burden of Disease Study 2015," *The Lancet*. Only data for 1990, 2000 and 2015 was made available in the journal.

Source: *The Lancet*

Credit: Rob Weychert/ProPublica



Farmland Values and Sales Off Their Historic Highs, But Holding Steady

The pace of farmland-value drops has slowed in several areas according to the latest report from [Farm Credit Services of America](#). Values have largely held steady through the first half of the year for the 71 benchmark farms which FCSAmerica and Frontier Farm Credit monitor in Iowa, eastern Kansas, Nebraska, South Dakota and Wyoming. While there aren't as many sales compared to 2011-14, the amount of sales in the market has returned to normal levels in many areas. As for values, the report shows they are still tracts selling for fairly high prices when compared to the adjustment we have seen in commodity prices. At the same time, the data clearly indicates the average market value and sales volume is down from historical highs. Across the five-state region, sales activity fell 21% in the first half of this year compared to the same period in 2016. Lower quality land is devaluing the most, while the value of average and above average land is holding steady. According to FCSAmerica, there are farmers still looking to buy if the land fits their operation, but they are more cautious about what they are buying. As for whether or not farmland values will continue to decline in 2017, the data shows that it depends on what happens with commodity prices. If the supply and demand situation stabilizes and prices level out, farmland values will follow suit. Below are some notable state trends from the report:

Iowa: *Cropland prices, which increased slightly in the second quarter, are in line with 2015 values, but remain 19% below 2013's record prices. About 20% of all sales in the second quarter had a per-acre price above \$10,000, up 11% compared to the previous year.*

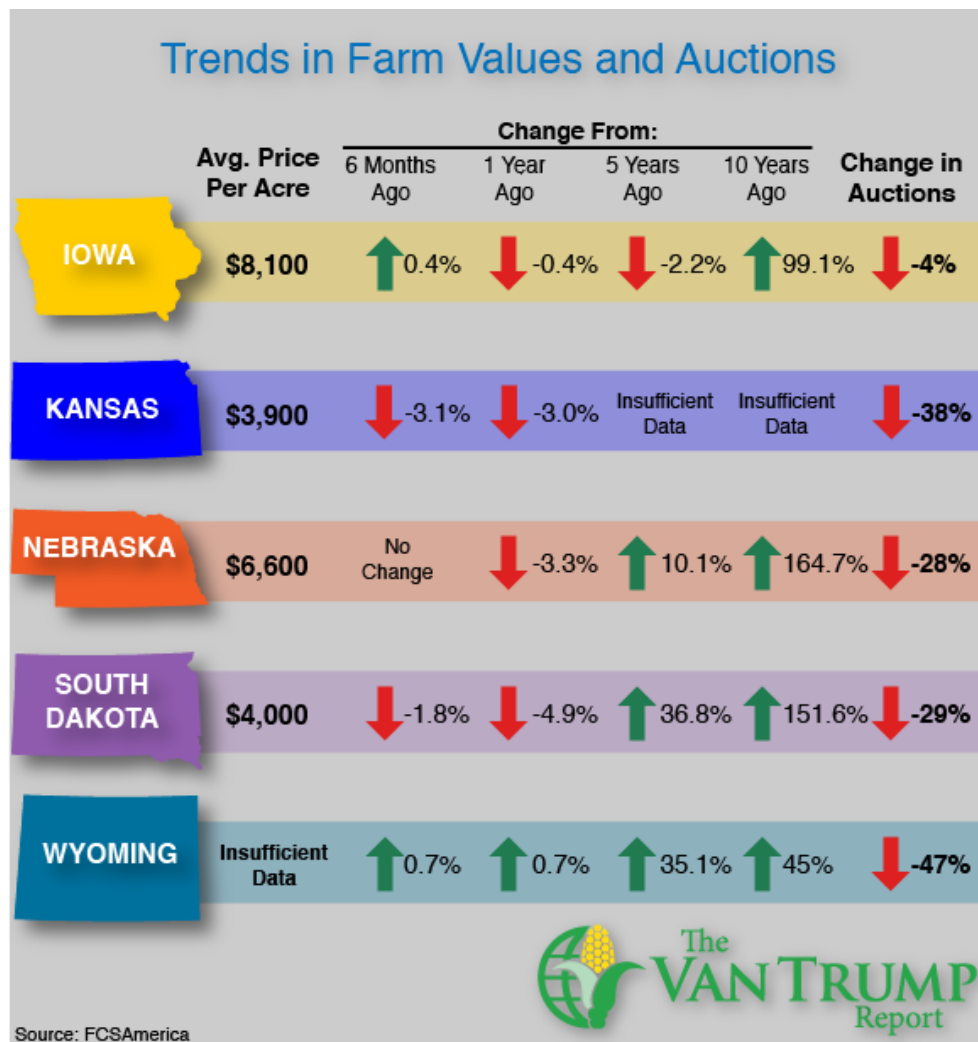
South Dakota: *Unimproved cropland values weakened in the first six months of 2017, consistent with a decline in the average quality ground.*

Nebraska: *Prices on dry cropland fell sharply during the second quarter, in part because sales were down. Sales also occurred in atypical locations, as reflected in a historically low soil-quality average. Prices on irrigated*

cropland, by comparison, remained consistent with the latest half of 2016 and reflected better soil quality in the first half of this year.

Eastern Kansas: For the first half of 2017, cropland prices declined minimally -- about 3% -- from the last half of 2016. An acre of farmland sold for an average of \$3,900 during the first six months of this year.

Wyoming: The number of sales so far this year has declined 47%. The limited number of sales and the diverse nature of the tracts that sold make it difficult to identify sales trends.



New Law Will Help Terminally Ill Patients Get Experimental Treatments

Lawmakers in the U.S. Senate recently passed what's been dubbed "right-to-try" legislation that will make it easier for terminally ill patients to gain access to experimental treatments. The law would bar the government from blocking patients' access to medications that have not been approved by the FDA. Patients with life-threatening illnesses would be required to have exhausted all approved treatment options and would not be allowed to participate in clinical trials. The bill was written by Wisconsin Senator Ron Johnson, who explained, "Patients with terminal diseases ought to have a right to access treatments that have demonstrated a level of safety and could potentially save their lives." Similar right-to-try legislation has actually been passed in 37 states, but a rule at the federal level is preferred by proponents. Under current federal rules, physicians and drug companies must seek approval from the FDA to treat patients with experimental medications. The new bill allows patients to skip being granted permission by the FDA. It also provides a number of measures to protect both patients and drug companies. The bill requires potential drugs to have already completed the first phase of FDA clinical trials. It does not, however, require drug manufacturers to provide access if they don't want to. Furthermore, manufacturers are also granted some protections if the drug causes harm. In return, drug companies will be required to report adverse reactions to the government. Manufacturers are also limited from charging patients more than the actual cost of production for the medications. Not surprisingly, there are many groups that are celebrating the Senate's move, including the American Cancer Society Action Network. They say that the required annual reporting about outcomes for these patients will provide for the

increased incorporation of patients' perspectives in the FDA's approval process. The legislation also has several critics, one of them actually being the FDA. The agency is concerned it could undermine patient safety. Other opponents say the legislation is unnecessary because the FDA already has a system for patients to request access to experimental drugs, which approves about 99% of the requests it receives every year. That program has been criticized for being too slow, but the FDA counters that the hold ups stem from the drug companies. Manufacturers turn down experimental drug requests at a far higher rate, according to the FDA. One major company, which was not named, supposedly turns down approximately 60% of requests. The bill now moves to the House, which is already considering a similar measure. (Sources: MedScape, Reason)



Woodstock - Three Days Of Peace, Music And Failed Capitalism

It was on this day in 1969 that a concert kicked-off in upstate New York that rewrote the history books. Reports indicate about half a million young Americans descended on Max Yasgur's 600-acre dairy farm in Bethel, New York for an event that what would end up being symbolic of an entire generation - "The Woodstock Music and Art Fair." The mythology surrounding the "3 Days of Peace and Music", has over the years, muddled the real story behind the festival. Its conception had absolutely nothing to do with promoting peace, love or art. No, the idea stemmed from good old fashioned capitalism, with a couple of music promoters, Michael Land and Artie Kornfeld, gained financing from two venture capitalists, John Roberts and Joel Rosenman. The four found each other through an advertisement run by Roberts and Rosenman in the New York Times and The Wall Street Journal seeking "interesting, legitimate investment opportunities." They originally planned to build a recording studio in Woodstock, NY, but that somehow morphed into an outdoor music festival. That idea almost died as well, until they finally signed a major act, Creedence Clearwater Revival, which prompted other performers to jump on the bandwagon. Despite their relative inexperience, the young promoters managed to sign a roster of other top acts, including the Jefferson Airplane, the Who, the Grateful Dead, Sly and the Family Stone, Johnny Winter, Blood, Sweat & Tears, Canned Heat, Janis Joplin, Jimi Hendrix, Joan Baez, Santana, Joe Cocker and Crosby, Stills, Nash & Young, and many more. While the organizers were putting together the lineup, they were also busy looking for a location that would be okay with 50,000 dope-smoking hippies being on their property for three entire days. When the town of Wallkill, New York blocked them from using a location they'd booked earlier, they were eventually introduced to Max Yasgur, who agreed to host a festival that would have NO MORE than 50,000 people in attendance, although by that time the promoters had already sold over 170,000 tickets. The last minute venue change created some unexpected challenges for hosting a crowd of any size - they had inadequate security to make sure only ticket holders were allowed in. As the crowd began descending on the farm and the fences and gates keeping them out were pushed down, it suddenly became a "free concert". It's estimated between 400,000 and 500,000 people showed up, but heavy rains and only enough food, water and port-a-potties to accommodate 50,000 led to a lot of folks not sticking around for the entire festival. In fact, they ran out of food the first day, and by the time it started raining on Saturday, the port-a-

potties were overflowing, leading to a not very pleasant mixture of mud and human waste. What's worse, rain delays meant the Jimi Hendrix, who was quite possibly the most anticipated act, didn't play until Monday morning, a day after the festival was originally supposed to end. Nonetheless, Hendrix played a two hour set, including one of the most famous and controversial renditions of "The Star Spangled Banner" ever performed. Ironically, the image of him dressed in red white and blue and playing that song is one of the most iconic symbols of Woodstock and the 1960's as a whole. You can watch a cool video titled, "35 Woodstock Photos that Will Take You Back To 1969" by Clicking [HERE](#). Below are a few other interesting facts:

Richie Havens opened the Woodstock festival, even though he wasn't scheduled to go on until later in the evening. Heavy traffic had prevented the opening acts from arriving at the festival, and festival organizers convinced him to take the stage around 5:15 p.m. on Friday afternoon. The other acts were still stuck in the traffic, so Havens performed several encores, playing "every song he knew." Searching for another song to sing, he began strumming, getting into a groove, when the word "Freedom" came to mind. He sang his now-famous song "Freedom" for the first time, on stage at Woodstock, making the words up as he played. He later told the story of having to see the movie "Woodstock," so that he could hear how the song went so he could perform it again.

Into the Morning Hours: Many folks don't realize it but many performers played during some crazy hours. The first night Joan Baez played until 2:00am. On Saturday, Credence Clearwater Revival didn't take the stage until after midnight. Janis Joplin followed them up by playing until 3:00am. The Who was took the stage that Saturday night and played a 25 song set that lasted until 6:05am in the morning. Jefferson Airplane, the scheduled main event for Saturday night, didn't stop playing until about 9:30am in the morning. Similar type off thing happened Sunday night, with Johnny Winter not taking the stage until after midnight, followed by Blood, Sweat & Tears and then Crosby, Stills, Nash & Young who played until 4:00am. Jimi Hendrix took the stage three groups later, was the final performer off the event, and played until 11:00am Monday morning.

Two bands were scheduled to play Woodstock but were unable to make the festival. The Jeff Beck Group (featuring Jeff Beck, Rod Stewart, Ronnie Wood, and Aynsley Dunbar) broke up only weeks before the festival. Iron Butterfly were stuck at LaGuardia Airport in New York and couldn't get to the festival by ground transportation, so they demanded the festival promoters send a helicopter for them. As the story goes, the promoters sent the band's manager a telegram, the first letter of each line spelling out the words "F*** You." Iron Butterfly never arrived at the festival.

No official Woodstock merchandise at the festival. It's hard to comprehend such an event today without t-shirts, hoodies, coozies, and a thousand other logo items for sale at every turn, but the only official souvenir of the festival was the 8-1/2 x 11 festival program, which went largely undistributed, many of them being thrown away still in their boxes after the festival. Security, stagehands, and other crew members were issued t-shirts and windbreakers with the Woodstock logo on them, and they have become the lasting, iconic souvenirs of the festival, as well as numerous bootleg items sold by enterprising festival attendees from their trunks or from booths in the woods.

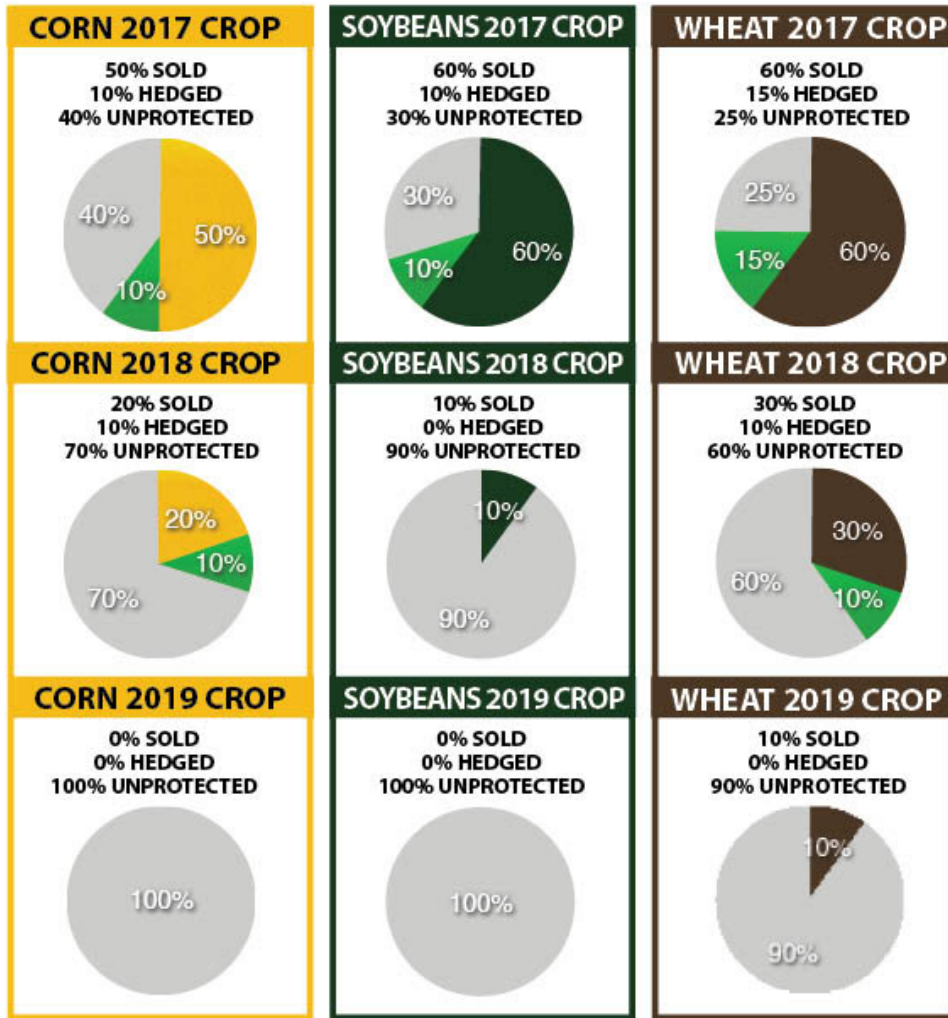
No reported incidents of violence among the half-million people in the audience. Perhaps the only recorded incident happened on-stage, as Abbie Hoffman rushed the stage during a break in The Who's set. Hoffman took the mike and began a semi-coherent rant about freeing John Sinclair from jail, when Pete Townshend turned, yelled at Hoffman to get off "my stage," and hit the activist in the head with the neck of his guitar. Hoffman left the stage, and The Who proceeded with their set.

What is Bethel Woods Center for the Arts? The venue opened in 2006 at the site of the 1969 Woodstock Music and Art Fair. The historic hill on which the festival audience sat and enjoyed three days of music has been preserved, and Bethel Woods beautiful outdoor concert pavilion and museum campus is situated on the hill overlooking the festival field. The Pavilion hosts outdoor concerts in the summer months, and the Museum is open from April through December. Several of the original Woodstock performers have played at Bethel Woods, including Santana, Joe Cocker, Hot Tuna (Jefferson Airplane), Starship (Jefferson Airplane), Joan Baez, Country Joe McDonald, Richie Havens, Melanie, Crosby Stills Nash & Young,

Levon Helm (The Band), Arlo Guthrie, John Sebastian, Leslie West (Mountain), The Family Stone, and Furthur, Phil Lesh & Friends, and Ratdog (all Grateful Dead spinoffs). Many of these performers have enjoyed the museum and walked the historic site at Bethel Woods.



CASH SALES & HEDGING TOTALS



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