

GOOD MORNING: 08/21/17 Farm Direction - VanTrump Report

1 message

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

Mon, Aug 21, 2017 at 7:03 AM



"Mama always told me not to look into the eyes of the sun. But mama, that's where the fun is..." - **Manfred Mann's Earth Band** "Blinded by the Light" 1977

MONDAY, AUGUST 21, 2017

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Morning Summary: U.S. stocks have stabilized but continue to trade near the lowest levels we've seen in the past month. Bulls on Wall Street seem happy that Steve Bannon, President Trump's chief strategist, has stepped down from his position, but the bears are thinking there are much deeper problems in Washington. I suspect we will learn a lot more once leaders return from summer break. Not only is health care, tax reform and infrastructure spending still undecided, but so is finding a way to keep the government running. More nearby however we have a fairly light week of economic data and not a lot of Fed talk. I should note that Fed Chair Janet Yellen is scheduled to speak at Jackson Hole on Friday, August 25, which will be heavily monitored by the headline traders. The subject of her speech is said to be "Financial Stability," and comes a couple of weeks ahead of the central bank's next policy meeting, at which most are currently expecting they will start winding-down their balance sheet. It's also worth noting that the U.S. and South Korea will start joint military exercises today, which will last through August 31. The Pentagon said about 17,500 U.S. service members would join in the exercise in addition to troops from Australia, Canada, Columbia, Denmark, New Zealand, the Netherlands and Britain. These exercises have been known to spark some controversy with North Korea and come at a sensitive moment. China is also not a fan of the U.S.-South Korea exercises as they have long wanted the U.S. to shrink their military presence in Asia. Best advice, stay light and on your toes. I suspect with not a lot of real economic news in the headlines this week, the media might be forced to start searching...

All Eyes On Today's Eclipse: Below is an easy to understand map of its path. The darker the shade the more intense the eclipse.

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December 6, 2017

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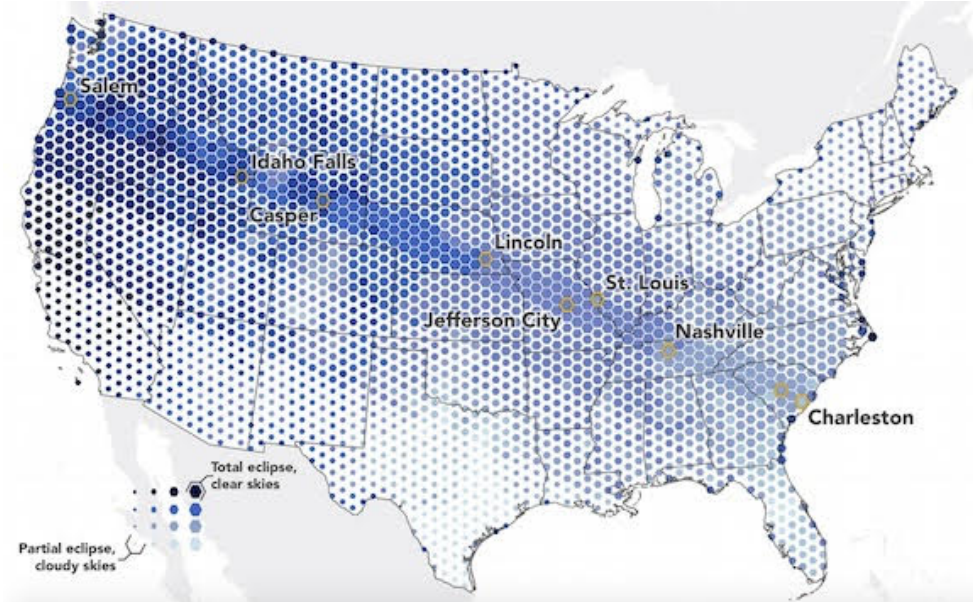


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China Further Limits Overseas Investment: China formally laid down new rules on overseas investments, making explicit its de facto campaign against "irrational" acquisitions of assets in industries ranging from real estate to hotels and entertainment. The authorities set out three categories -- banned, restricted and encouraged -- outlawing investments in gambling and sex industries, while backing companies to support the nation's ambitious "Belt and Road" initiative backed by President Xi Jinping, the State Council said in a statement Friday. Property, hotel, film, entertainment and sports investments will now be subject to restrictions, the statement said. China has embarked on a drive to reduce leverage in financial markets and snuff out systemic risks ahead of a Communist Party leadership transition later this year, while remaining vigilant for accelerated capital outflows that threaten to weaken the nation's currency. Some of the country's most aggressive dealmakers have already been the target of government pressure to scale back their foreign activities. The People's Bank of China imposed controls as the amount of money flowing out last year topped \$816 billion, according to data compiled by Bloomberg, with Macau casinos considered a primary route used by private citizens and corrupt government officials alike. In the presence of controls, China's capital account and foreign exchange reserves have stabilized this year. (Source: Bloomberg)

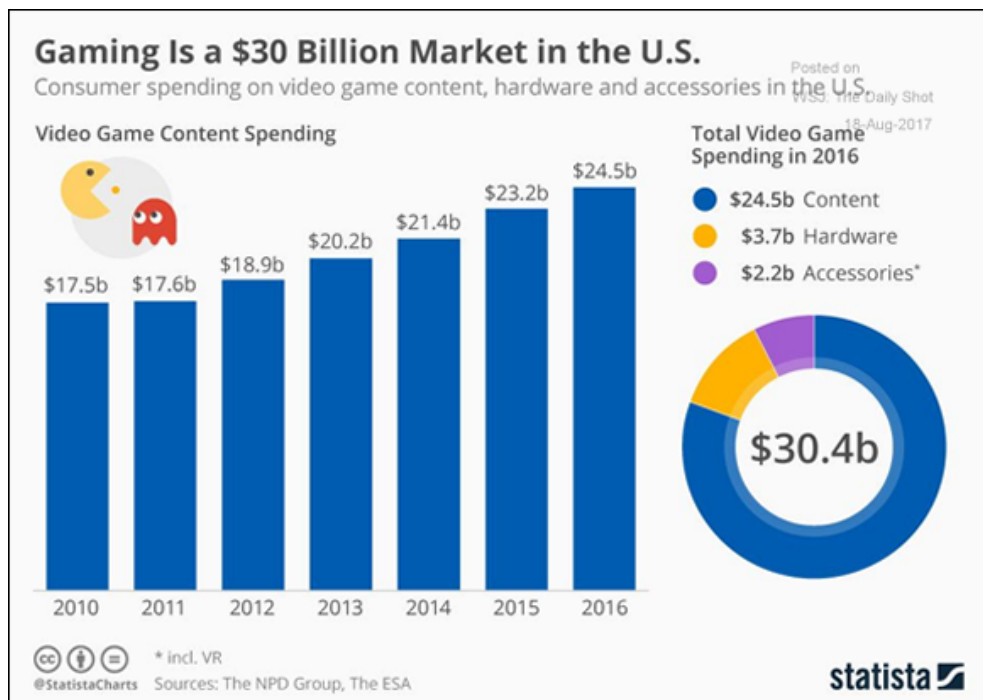
Terrorists Planned Much Deadlier Attacks In Europe: The terrorist cell which killed 14 people in Catalonia this past Thursday was planning to mount a bombing attack in Barcelona that was only abandoned when they accidentally blew up the house where they were stockpiling explosives. Thirteen people were killed and more than 130 injured after a white Fiat van ploughed along Las Ramblas in the Catalan capital on Thursday. Eight hours later, another person was killed and six were hurt after a car thought to be carrying five members of the same cell ran down pedestrians in the coastal town of Cambrils. All five terrorists were shot dead by police officers. Despite the carnage and chaos wrought, Catalan police said the cell had apparently been preparing a far bigger attack in Barcelona. Josep Lluís Traperó, a major with the Mossos d'Esquadra, the Catalan police, said that the gang had been gathering butane gas canisters at a house in the small town of Alcanar, 120 miles south of Barcelona. However something went wrong and the building exploded on Wednesday night, killing one person and wounding 16. "The explosion in Alcanar meant they no longer had the necessary material to plan larger-scale attacks in Barcelona," said Traperó. "They were probably trying to carry out a different kind of attack." The Islamic State terrorist group has claimed responsibility for the attacks. (Sources: The Guardian, CNN)

Are Young American Men Choosing Video Games Over Work? New research has found a surprising culprit for the serious decline in working hours among young American men over the last 15 years: video games. The decline of young men's working rate has been steady and substantial over nearly two decades. As of 2016, 15% of men between 21 and 30 were not working or in full-time education—nearly double the 8% rate in 2000. Aggregate hours worked for men in that group fell by 12% between 2000 and 2015, higher than the declines for older male workers. A research team including faculty from Princeton and the University of Chicago now argues that "innovations in gaming/recreational computing"—and not, say, lower demand for less-skilled workers—explain as much as 79% of the difference in working rates between younger and older men.

Here are a few of this year's early sponsors



The researchers found that 67% of non-working young men now live with a parent or close relative, compared to 46% of the same group in 2000, suggesting that many are relying on family to support them long-term. They average 520 hours a year on their computers, and 60% of that is spent on gaming. The overall decline in the total labor force participation rate since 2000 has been described by Federal Reserve researchers as "nearly unprecedented in the postwar experience." While the unemployment rate has dropped to a very healthy 4.3%, that only includes active job-seekers. Depressed labor force participation has often been blamed on the continuing fallout of the Great Recession in 2008, with its long tail of reduced opportunity and low wages. But the new research points to the possibility that it also reflects permanent lifestyle changes for some. (Source: World Economic Forum)



Weather across the U.S. is mostly "unchanged" from forecast late last week. There's arguably some improved chances for rainfall this week in areas of Iowa and Illinois that have been dry. Weather to the South and East also seems favorable, while the northern Plains will continue to battle drought like conditions.

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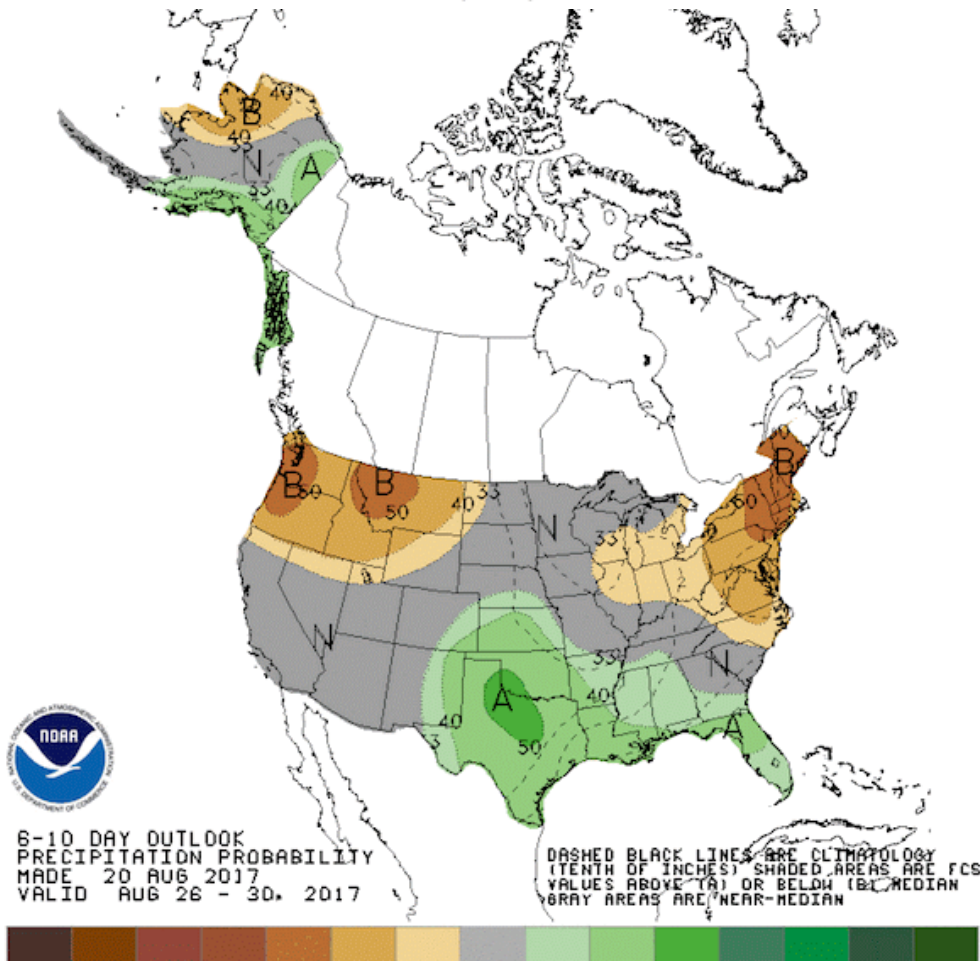
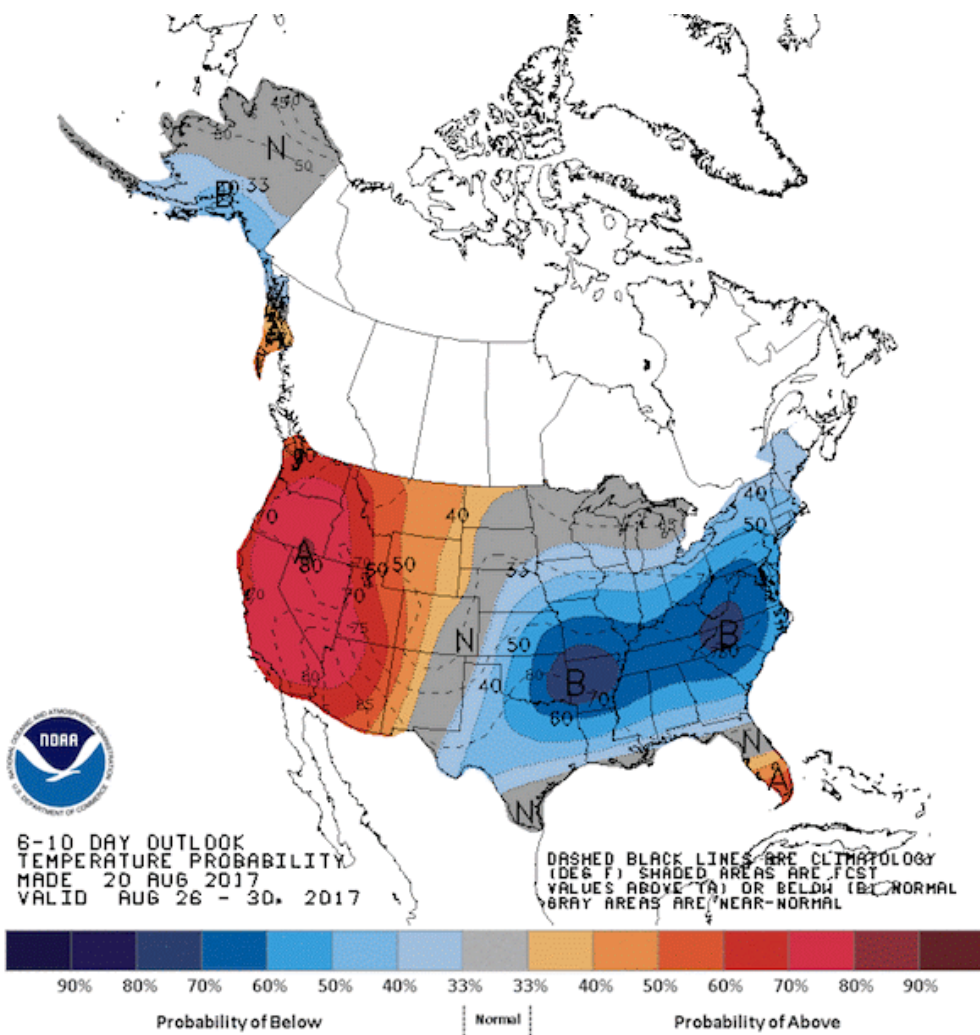
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Today In History



1911, Art Heist - An amateur painter sets up his easel near Leonardo da Vinci's Mona Lisa at the Louvre in Paris, only to discover that the masterpiece is missing. The day before, in perhaps the most brazen art theft of all time, Vincenzo Perugia had walked into the Louvre, removed the famed painting from the wall, hid it beneath his clothes, and escaped. While the entire nation of France was stunned, theories abounded as to what could have happened to the invaluable artwork. Most believed that professional thieves could not have been involved because they would have realized that it would be too dangerous to try to sell the world's most famous painting. A popular rumor in Paris was that the Germans had stolen it to humiliate the French. Investigators and detectives searched for the painting for more than two years without finding any decent leads. Then, in November 1913, Italian art dealer Alfredo Geri received a letter from a man calling himself Leonardo. It indicated that the Mona Lisa was in Florence and would be returned for a hefty ransom. When Perugia attempted to receive the ransom, he was captured. The painting was unharmed. Perugia, a former employee of the Louvre, claimed that he had acted out of a patriotic duty to avenge Italy on behalf of Napoleon. But prior robbery convictions and a diary with a list of art collectors led most to think that he had acted solely out of greed. Perugia served seven months of a one-year sentence and later served in the



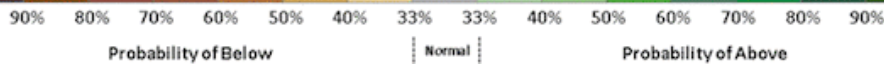
Italian army during the First World War. The Mona Lisa is back in the Louvre, where improved security measures are now in place to protect it.



1959. Hawaii - The modern United States receives its crowning star when President Dwight D. Eisenhower signs a proclamation admitting Hawaii into the Union as the 50th state. The president also issued an order for an American flag featuring 50 stars arranged in staggered rows: five six-star rows and four five-star rows. The first known settlers of the Hawaiian Islands were Polynesian voyagers who arrived sometime in the eighth century. In the early 18th century, American traders came to Hawaii to exploit the islands' sandalwood, which was much valued in China at the time. In the 1830s, the sugar industry was introduced to Hawaii and by the mid 19th century had become well established. American missionaries and planters brought about great changes in Hawaiian political, cultural, economic, and religious life. In 1840, a constitutional monarchy was established, stripping the Hawaiian monarch of much of his authority. In 1893, a group of American expatriates and sugar planters supported by a division of U.S. Marines deposed Queen Liliuokalani, the last reigning monarch of Hawaii. One year later, the Republic of Hawaii was established as a U.S. protectorate with Hawaiian-born Sanford B. Dole as president. Many in Congress opposed the formal annexation of Hawaii, and it was not until 1898, following the use of the naval base at Pearl Harbor during the Spanish-American War, that Hawaii's strategic importance became evident and formal annexation was approved. Two years later, Hawaii was organized into a formal U.S. territory. During World War II, Hawaii became firmly ensconced in the American national identity following the surprise Japanese attack on Pearl Harbor in December 1941. In March 1959, the U.S. government approved statehood for Hawaii, and in June the Hawaiian people voted by a wide majority to accept admittance into the United States. Two months later, Hawaii officially became the 50th state.



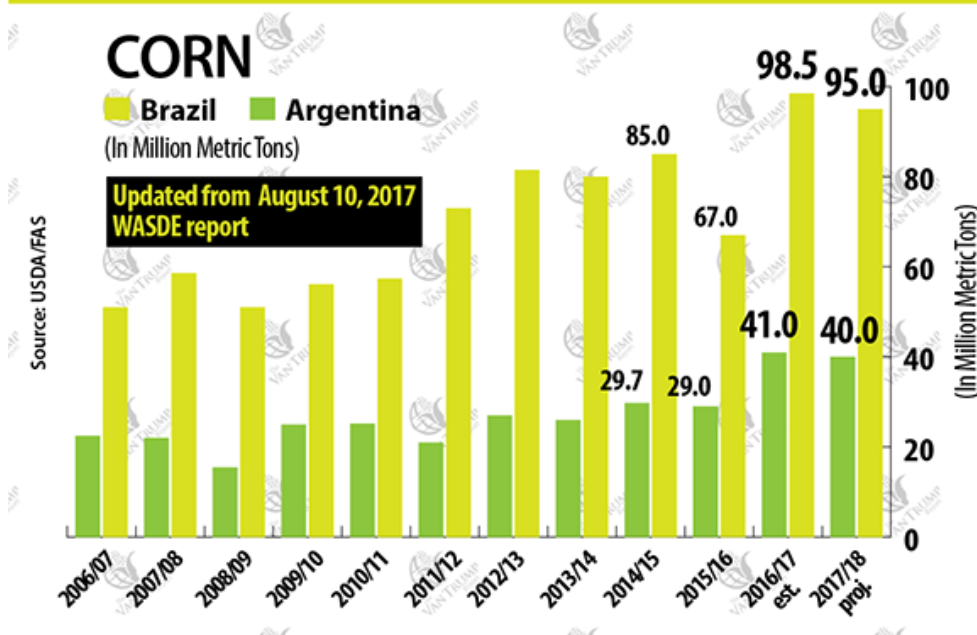
1986, Natural Disaster - An eruption of lethal gas from Lake Nyos in Cameroon kills nearly 2,000 people and wipes out four villages on this day in 1986. Carbon dioxide, though ubiquitous in Earth's atmosphere, can be deadly in large quantities, as was evident in this disaster. Lake Nyos and Lake Monoun are both crater lakes about a mile square located in remote mountain areas of northwest Cameroon, dominated by rock cliffs and lush vegetation. In August 1984, 37 people near Lake Monoun died suddenly, but the incident was largely covered up by the government. Since there is no electricity or telephone service



Corn prices tumbled another -10 cents last week and are down a bit this morning, now technically pushing longer-term support down in the \$3.50 to \$3.60 range. Most inside the trade are thinking weekly crop conditions are going to improve this week, but will still be down double-digits compared to the past few years. We should get a wave of headlines from the Pro Farmer Crop Tour that kicks off this week, and if I had to make a guess I suspect they show a final yield estimate somewhere in the 163 to 167 range. There's going to be talk of tip-back, hail damage, wind damage, early heat, too much moisture, too little moisture, and a host of other variables that took the top-end off the crop, but overall I suspect things aren't as bad as many had been forecasting just a few weeks back. Ear weights seem to be good, the depth of the kernel seems to be fairly good, and I've heard from many of my friends that they are going to harvest an extremely strong crop. Like I've been saying for weeks, there are definitely pockets of problems and areas that have struggled, but for the most part there's some really good looking corn out there in the fields, especially considering the finishing weather a large majority has enjoyed. It will take a fairly big surprise from the Pro Farmer Crop Tour to get the bulls running again and to sustain a longer-term rally into harvest. If the Tour delivers something sub-163, the bulls will have a story, and prices could rebound temporarily back towards \$3.90 to \$4.00 per bushel. I say temporarily, because there's still a large amount of old-crop supply floating around in the marketplace and both the domestic and global balance sheet will still remain burdensome. As a producer I'm keeping hedges in place and probably waiting until post-harvest to price any additional new-crop bushels. As an end user, I would be conservatively buying supply on the breaks into harvest.

Could South American Production Be Even Larger Next Year? Below is the USDA data regarding South American corn and soybean production. There's already starting to be more talk inside the trade that next year's estimates are too conservative. Thoughts from those with boots on the ground in various parts of South America, barring any unforeseen weather complications, acres are going to be higher next year than many have been penciling in to their forecast. There was talk a while back that second crop corn in Brazil was not going to be as heavily planted in 2018, but I'm starting hear extremely differing opinions. I suspect at some point the headlines will again start talking about yet another record South American crop.

South American CORN Production

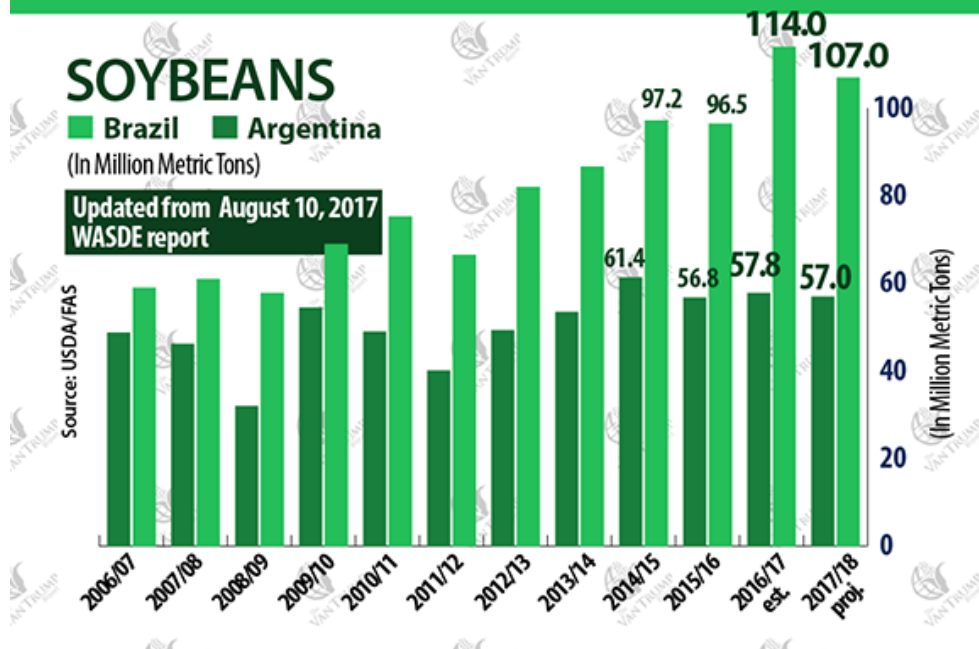


in the area, it was not difficult to keep the incident secret and the 5,000 people who lived in villages near Lake Nyos were unaware of the potential danger of their own lake. At about 9:30 p.m. on August 21, a rumbling noise emanated from the lake for 15 to 20 seconds, followed by a cloud of carbon-dioxide and a blast of smelly air. The cloud quickly moved north toward the village of Lower Nyos. Some people tried to run away from the cloud; they were later found dead on the paths leading away from town. A woman and child were the only two survivors of Lower Nyos. The deadly cloud of gas then moved on to Cha Subum and Fang, where another 500 people lost their lives. The carbon dioxide killed every type of animal—including small insects—in its path, but left buildings and plants unaffected. Reportedly, even survivors experienced coughing fits and vomited blood. Outsiders learned of the disaster when they approached the villages and found animal and human bodies on the ground. The best estimate is that 1,700 people and thousands of cattle died. A subsequent investigation of the lake showed the water level to be four feet lower than what it had previously been. Apparently, carbon dioxide had been accumulating from underground springs and was being held down by the water in the lake. When the billion cubic yards of gas finally burst out, it traveled low to the ground—it is heavier than air—until it dispersed. Lake Nyos must now be constantly monitored for carbon-dioxide accumulation.

Upcoming Events

- Tues. 8/22** - Cold Storage
- Fri. 8/25** - Cattle on Feed
- Mon. 9/4** - Labor Day - Markets Closed
- Tues. 9/12** - USDA Supply and Demand
- Fri. 9/22** - Cattle on Feed
- Fri. 9/22** - Cold Storage
- Thurs. 9/28** - Quarterly Hogs and Pigs
- Fri. 9/29** - Quarterly Stocks
- Thurs. 10/2** - USDA Supply and Demand
- Fri. 10/20** - Cattle on Feed
- Mon. 10/23** - Cold Storage
- Mon. 11/5** - Daylight Saving Time Ends
- Thurs. 11/9** - USDA Supply and Demand
- Thurs. 11/23** - Thanksgiving - Markets Closed

South American SOYBEAN Production



Soybeans bulls continue to argue that some important pockets of production here inside the U.S. have missed recent rainfall events. Depending on the weather guru you elect to follow, one can argue that between 5% and 25% of strong production areas are considered a bit too dry. On the flip side, I continue to travel and see fields where producers have a strong chance of harvesting an all-time record yield. I hate to sound like a broken record, but the extreme "variability" happening across the U.S. this growing season is going to make it very difficult to forecast a final production number. The trade and everyone else has had a difficult time forecasting soybean yields the past several years without this extreme variability. This weeks highly publicized Pro Farmer Crop Tour could help shed some light on production, but it could also push traders and investors further offside. Remember, the market ultimately comes back and trades the traditional fundamentals, and those fundamentals are most always based on the USDA's supply and demand estimates. In other words, you can be as right as the day is long, but if your thoughts don't align with the direction of the USDA, you could ultimately sustain major damage in the markets. I personally suspect the Pro Farmer Tour will show fairly good numbers overall, probably not a record like last year, but enough pods to place the current USDA forecast within 1.0 to 1.5 bushels of their current 49.4 bushel per acre estimate. As for weekly crop conditions, most are thinking we could see a +1% to +2% improvement on lack of heat stress and adequate moisture in many locations.

Wheat prices continue to struggle, with SRW, HRW and Spring wheat price down over \$1.50 per bushel since posting highs back in early-July. I still see Spring wheat having a longer-term fundamental bullish story, but it might take several more weeks or perhaps months to fully play itself out. SRW and HRW contracts are clearly birds of a different color and continue to fight traditional fundamental headwinds, primarily record global supply. Conditions in Australia, Canada and portions of Europe could help trim a bit from current production estimates, but the problems have been so well advertised, the market might have actually gotten a little ahead of itself. Meaning perhaps the crop production problems in these areas has somewhat stabilized and didn't continue to aggressively deteriorating. The trade has had to also digest recent improvements for portions of the Black Sea region, India, China and South America. Just like here in the U.S., weather conditions early in the growing season looked as if they would create more serious crop complications. Interestingly, weather changed and began to provide producers with a more cooperative environment, hence weather related "risk-premium" had to be taken out of the balloon, especially with an already burdensome global balance sheet. Despite more cooperative weather, I still remain a longer-term bull, believing the upside potential is greater than downside risk. For me there are just too many moving parts now attached to the wheat market to try to outguess the next set of headlines, especially when we are in what I consider to be the low-end of the range. In other words, the wheat market is no longer exclusively tied to the traditional fundamentals. Bigger money players now use this market to hedge and cross-hedge a multitude of asset classes. Understanding that in today's world a simple tweet or social media headline could ignite anything from a nuclear war to a wave of algorithmic, quant and AI trading, I've learned to position myself differently in the marketplace. The dynamic of the markets have dramatically changed during the past several, so must our

Kevin's Song of the Week

WHAT I'M LISTENING TO: ▶



About the Report

NEXT level THINKING

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

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

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

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

Kevin Van Trump

What Others Are Saying

"I am a recent subscriber to Kevin's

thinking. What we once knew to be "fact" can now quickly take on a much different face. Yes, the traditional fundamentals are still important and influence the trade, but many other highly unpredictable variables can cause extreme swings. I simply believe those "extreme swings" are more prone to influence the upside at this juncture...



> Argentine Corn Acres Seen Growing +6% Next Season: Corn planting in Argentina in the next season will reach 13.3 million acres according to a new estimate of the Buenos Aires Cereal Exchange. This would be a six percent increase of surface, mostly pushed by Southern and Northern parts of the country, and the largest planted area with the crop in 17 years. The reasons behind the increase is more crop rotation practices and good hydric reserves after the government decided to eliminate exports taxes on corn and wheat. In the province of Córdoba, due to hydric excess, peanuts would be replaced by corn.

> Argentina Will Allow U.S. Pork Imports: For the first time in two-and-a-half decades, U.S. pork will soon be able to be exported to Argentina, a move that opens a potentially \$10 million market annually for domestic producers. That projection is low because the United States doesn't have a free trade agreement with Argentina, so U.S. pork will be hit with significant tariffs, Nick Giordano, vice president and counsel of global government affairs for the National Pork Producers Council, told MA. Still, the South American country is an important market because pork consumption is increasing, and Argentinian President Mauricio Macri is instituting economic reforms to support his pro-business agenda that could lead to expanded access down the road, Giordano said. Reopening Argentina wasn't U.S. pork producers most important trade issue (\$10 million is a drop in the bucket of the industry's nearly \$6 billion in exports last year), but "it feels good to get a win," Giordano said. (Source: Politico)

> South Korea Lifts Ban On U.S. Poultry, Egg Imports: South Korea lifted a ban on imports of U.S. poultry and eggs, the U.S. Department of Agriculture said, allowing American farmers to resume sales to the Asian country that suffered an egg shortage caused by its worst-ever bird flu outbreak. South Korea was importing more U.S. eggs earlier this year as it fought its own outbreak of bird flu. But in March, the country limited U.S. poultry imports after the first U.S. case of bird flu of the year was detected on a commercial chicken farm in Tennessee. (Source: Reuters)

> China Launches Probe Into Brazilian Broiler Chicken Imports: China on Friday launched an anti-dumping investigation into imports of Brazilian broiler chicken and products after a complaint from the domestic industry that the South American country has been selling its chicken below market value. Brazil accounted for more than 50 pct of broiler product supplies to China, the world's No. 2 poultry consumer, between 2013 and 2016, a Commerce Ministry statement said on Friday, according to a preliminary review.

> Philippines Reports Second Outbreak Of Bird Flu: The Philippines has found a second outbreak of bird flu in another province in the main Luzon island, Agriculture Secretary Emmanuel Pinol said on Friday, a week after reporting the country's first case of the poultry disease. The second outbreak was in the Jaen municipality in the province of Nueva Ecija, north of the capital Manila, where Pinol said two cases of avian flu were detected in quails. It was located about 30 miles from the initial outbreak. (Source: Reuters)

> Groups Urge STB To Put More Pressure On CSX: More than a dozen agriculture groups are urging the Surface Transportation Board to further press the railway CSX Transportation Co. to fully restore its service, arguing that disruptions, delayed shipments, and irregular schedules are hurting farmers and processors. The groups want the board to make public summaries of its conversations with CSX officials, set targets for restoring service and update rules to improve competition in rail transportation. Current data from the Association of American Railroads (AAR) shows CSX dwell times — the average time a rail car sits at a terminal — have risen to 29.4 hours through the week of August 4 versus 26.2 hours for the same period in 2016. In addition, train speeds have lost two miles per hour, from 20.7 mph in 2016 to 18.7 mph, in 2017. The most egregious examples of increased delays occurred in Montgomery, Alabama, where dwell times leapt to 60.9 hours in 2017 versus 35.8

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

A.M., FDIC

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

hours in 2016, and Nashville, Tennessee, where dwell times doubled to 71.9 hours. (Sources: Politico, Supply Chain Dive)

> South American Farm Recovery Drives Deer Growth: Tractor and farm and construction equipment manufacturer Deere and Company has reported rising profitability and sales from its financial year to date, and anticipates a further increase in the final quarter. The business reports an +11% increase in equipment sales in the US and Canada for the latest quarter, but a -1% decline over the nine month period. Sales for the rest of the world markets were +25% higher for the latest three months and up +17% for the first three quarters. While Deere expects full year Agriculture & Turf division sales to rise by about +9% across the whole financial year, it forecasts a -5% fall in farm equipment sales across the US and Canada markets "reflecting weakness in the livestock sector and the continuing impact of low crop prices". Agricultural sales across the EU-28 countries are predicted to be in the unchanged to -5% lower range, again attributed to low commodity prices and farm incomes. In Asia, full year sales are projected between flat and down slightly. It is South American that is most buoyant, with the company projecting a +20% rise in industry sales of tractors and combines in line with "improving economic and political conditions in Brazil and Argentina". Net income for the company's third quarter ending July 30th 2017 was \$641.8 million, up +31% from the \$488.8 million in Q3 2016. Global revenues rose by +16% to \$7.81 billion. (Source: Agrimoney)

> Consumer Sentiment Soars In August: Consumer sentiment unexpectedly burst higher in the preliminary estimate for August but the results, warns the report, do not fully reflect the impact of the weekend's violence in Virginia. The index rose to 97.6 which is well above expectations and the strongest reading since the post-election surge in January. But the report said "too few" interviews were conducted after the violence and that related fallout may reverse expectations. Details of August's preliminary report showed an +8.5 point jump in the expectations component to 89.0. However, the current conditions component witnessed a -3.4 point decline to 111.0. The step back for current conditions is not a favorable indication for consumer activity in the month of August. And in a negative for Federal Reserve policy makers, inflation expectations are very subdued, unchanged at 2.6% for the 1-year outlook and down -1 tenth for the 5-year outlook at 2.5%.

> Soda Tax Experiment Failing In Philadelphia: On June 16, 2016, the Philadelphia City Council adopted legislation implementing a city-wide excise tax on nonalcoholic sugar-sweetened and diet beverages. Levied on distributors, the 1.5 cent-per-ounce beverage tax went into effect on January 1, 2017. The tax, which is 24 times the state excise tax rate on beer, has received mixed reviews among constituents. Some Philadelphians support the tax for the programs it funds. Meanwhile, local business owners and workers have filed lawsuits against the tax. From an operational standpoint, the tax rollout continues to create problems for the city as collections have come in less than projected. In July, city officials lowered beverage tax revenue projections by 14 percent, leaving the pre-kindergarten programs that the tax promised to fund in jeopardy. Furthermore, soda taxes are regressive, hurting low-income earners the most. The Tax Foundation advises that Philadelphia's experience serves as a cautionary tale for other areas weighing similar beverage taxes. The city estimated beverage tax revenues of nearly \$410 million over the next five years, or roughly \$92 million annually. Philadelphia set a fiscal year 2017 collection goal of half that amount, \$46 million, since collections began in January and the 2017 fiscal year ended June 30. In June, local officials opted to lower the 2017 beverage tax revenue estimate from \$46 million to \$39.7 million. As you can see in the graph below, collections did not even meet that amount, reaching a total of \$39,466,920 throughout the entirety of fiscal year 2017, 15 percent below original expectations. (Source: Tax Foundation)

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

Farm Direction
RECIPES

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-SENT IN BY OUR READERS-



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Philadelphia Soda Tax Projections Off By \$6.7 Million

Total Projected Collections vs. Actual Tax Collections (Jan.-June 2017)



Northeast Iowa - We have had decent and timely rains but we are almost too wet at this point. The corn is looking pretty good from the road which could be a little deceiving. I believe that we will see yields close to our normal APH but not any worse. I have done some ear check that showed smaller than normal ears but they had good kernel counts and we will see if they expand much from here. The early corn planted before May 1 has looked good all year but then there was a two or three-week delay in planting because of the rains. The late May corn has been puny all year and will probably have some yield drag. The emergence was not great resulting in a stand that was less than ideal. We did have some replant that is not normal for us. We planted the beans in late May which actually turned yellow due to the moisture levels being high. They took awhile to add much growth but have now been adding pods. The weather forecast should be ideal for the pod filling stages over the next couple weeks and keep pushing yields higher for our beans.

Central Missouri - We have continued to get the rains when we needed them and things are looking pretty good now. The corn looks very good from the road but I am not for sure what the effect will be from the emergence being less than desirable. I like to see things emerge within a day or two of each other but we had some that were weeks apart. We did our initial planting then received rain and the temperatures dropped much lower than normal in May. The corn has tried to even up but I have to believe going through the entire production year with different stages in the same field has to take some off of yield potential. We were way behind on growing degree days but have caught up a little and we will see what effect that has on yields too. I think that beans will make around 60bpa which is about where we were last year on the whole farm average. As always beans are hard to estimate yields but all things considered we should be good. The corn will be above our normal APH but I have not done yield checks yet. I think that most guys in our area will have extra bushels to market.

Eastcentral Kansas - Things have been very dry here in the Flint Hills area where we grow wheat, corn, beans, and barley. We're seeing a 30% increase in the amount of corn that will go to silage. Yields this year will fall to the 60-80bpa zone when normally we would have 130-140bpa on our dryland crops. The heat was pretty extreme during pollination. The beans this year though better than the corn will still only produce around 35-40bpa. It seems almost hard to believe that we saw 70bpa+ on the beans last year. A lot of our land is near river bottom and tougher soils which make last year a surprise but the rains were absolutely timely last season and the temps were perfect.

CROSSING WIRES

A place to share intelligent thoughts...

New Study Shows RFS Helps-Not 'Harms'-The U.S. Economy: *An independent economic study soon to be published in the American Journal of Agricultural Economics confirms that the Renewable Fuel Standard is delivering significant benefits to the U.S. economy and consumers. According to the study's authors, "...the current RFS program considerably benefits the agriculture sector, but also leads to overall welfare gains for the United States." The analysis found the RFS in 2015 saved the U.S. economy \$17.8 billion in gasoline expenses, compared to a case where no RFS existed. That's equivalent to savings of \$142 per American household, or \$82 per licensed driver. Gasoline prices were \$0.18 per gallon, or nearly 10 percent, lower because of the RFS. Read more from [The Hill](#).*

See The Cool Kids Lined Up Outside? This App Pays Them To Stand There: *Pretend for a moment that you're walking through your neighborhood and notice a line of people wrapped around the block outside a newly opened restaurant. You assume the trendy-looking crowd must be the result of contagious, word-of-mouth buzz. There was a time when that may have been undoubtedly true — when you could trust that a crowd of people was, in fact, a naturally occurring mass of individuals. But that time may be passing thanks to Surkus, an emerging app that allowed the restaurant to quickly manufacture its ideal crowd and pay the people to stand in place like extras on a movie set. They've even been hand-picked by a casting agent of sorts, an algorithmic one that selects each person according to age, location, style and Facebook "likes." Read more [HERE](#).*

Trans Fat Is (Almost) Out of Your Food: *Partially hydrogenated oils, the main source of artificial trans fat and an invisible mainstay of the American food industry for decades, are finally being pushed out in favor of healthier alternatives. The change was a long time coming. Research showing the dangers of trans fat, which raises the risk of heart disease and stroke, solidified with a major study published in 1990 and got stronger with each successive round of research, forcing food makers to start looking for alternatives. From 2006 to 2008, according to one estimate, the amount of PHOs in food in North America was cut in half. By 2015, the Grocery Manufacturers Association said trans fat had been reduced by 85 percent. That year, the U.S. Food and Drug Administration announced that food makers had three years to completely remove the oils from their products. Read more [HERE](#).*

The Stock Markets Safety Net Is Working Better Than Ever: *There's no denying that corporate share buybacks are the fuel that keep stock prices rising during lean times. But while they help the broader market, they've been a drag on the performance of the companies most active in executing them. That's all changing. Over the past two months, the corporations with the most share repurchases have been beating the S&P 500. It's a remarkable turnaround for the group, which had been underperforming the benchmark by a whopping 13 percentage points since late 2013, according to data compiled by Bank of America Merrill Lynch. See more details [HERE](#).*

Carats to Carrot: *Lost Engagement Ring Found Wrapped Around Veggie 13 Years Later: Mary Grams, an 84-year-old woman from the Canadian province of Alberta, lost the ring more than a decade ago, in 2004, while weeding her garden on her family's farm near the hamlet of Armena, according to 660 News. When she realized she'd lost it, Grams desperately searched, but had no luck finding it. But this past Monday, Grams' daughter-in-law Colleen Daley was harvesting from the same garden plot when she pulled up a strange looking carrot. At first she didn't notice there was something wrapped around its center and nearly fed it to her dog, Billy. But at the last minute, she decided to toss it in the basket with the rest of the day's lot. It was only after Daley cleaned it up that she discovered the ring through which the squat misshapen carrot had somehow grown. Read more [HERE](#).*



Amazon Could Quickly Become The World's Biggest Organic Meat Retailer

Amazon met with about a dozen U.S. ranchers recently, as part of an effort to expand the availability of grass-fed, organic meat. It was only two months ago that Amazon acquired organic grocery chain Whole Foods, but it appears they have been seeking to expand into this niche market for some time. I'm told that a team from Amazon visited White Oaks Pastures, a Georgia based grass fed meat producer way back in March. According to White Oak owner Will Harris, the two sides, along with additional invited livestock owners discussed a possible distribution deal. As I understand it, the meet-up is seen as confirmation that Amazon is aiming to combine its order fulfillment and distribution expertise with Whole Foods' physical facilities so they can build a "fresh food" delivery service. It's currently a space that does not have a lot of competition as U.S. consumers seem a little leery of how "fresh" something will still be once it finally shows up at their door. Keep in mind, an increasing number of Americans are growing more comfortable with the concept. Add to that the fact that the organic meat sector is one of the fastest expanding food categories. U.S. sales of organic meat and poultry, worth \$991 million, climbed +17% last year, marking its fastest-ever annual growth, according to the Organic Trade Association (OTA). Harris's operation currently sells about \$2 million worth of meat online annually and says he believes Amazon could "add a whole other dimension." OTA officials feel that if Amazon can apply its efficiencies of scale to the Whole Food Market segment, passing along savings to consumers, they would not be surprised to see more growth in the protein side. Not surprisingly, there are some concerns that Amazon may seek to expand the market by undercutting competitors on price. That would most likely mean importing meat from lower-cost suppliers. Due to Amazon's massive reach, some U.S. organic meat producers worry this could essentially shut them out of the market. Needless to say, there are a lot of

moving parts in this play but one thing is universally agreed upon - Amazon's entrance into any market changes everything. (Sources: Dairy Herd, Fortune, Reuters)



How To Shop At Costco Without A Membership

Costco has a loyal, almost cultish following among many of its members. The wholesale club offers consistently high-ranked products with prices that can be anywhere from 15-50% of the prices found at another cult favorite in the foodie world, Trader Joe's. The discounts can be even more when compared to standard grocery stores. Of course Costco does only have a limited number of products to choose from and items must be bought in bulk. And unlike Trader Joe's, it also requires a paid membership. Those fees aren't necessarily cheap, but it is how Costco generates most of its profits and part of how it is able to keep food prices low. For those that don't have the space to store buy-in-bulk products, or that aren't sure they'd shop there often enough to justify the membership expense, there are some under-the-radar ways to shop at Costco, membership free. (Sources: Digital Commerce, MoneyTalks)

Costco.com: *Non-members can purchase from Costco's website, Costco.com, at any time. There is a downside, however - non-members will be charged a 5% surcharge over the member's posted prices, except for on prescription drugs. The food offering on their website is very limited also.*

Prescription drugs: *Prescription drug sales are highly regulated. Costco and other membership stores must offer equal access and pricing for prescriptions to all consumers, regardless of membership status. The pharmacy is inside the store, but nonmembers need only tell door attendants that they are just there to pick up a prescription in order to be allowed access.*

Costco Cash Card: *Costco has a cash card (fancy name for a gift card) which any non-member can show to get in the door and use it to make a purchase. The trick with the Costco cash card is that it can only be purchased by a member.*

Instacart: *San Francisco based Instacart is available only in select locations, but they are available in a wide range of cities, from large ones like Los Angeles to smaller college towns. Based on your location you have a predetermined selection of grocery stores to shop from, which includes Costco in some areas. Once you've set up an account, you're able to order groceries that are in the same price range as they would be in the store.*

Amazon: *As odd as it may seem, Amazon sells quite a few of Costco's store-branded products, sold under the name of "Kirkland Signature." From what I understand, most of these are coming from third-party sellers, but prices are reportedly in-line with what Costco charges and many ship free for Prime members.*



30 Years Ago My Wife Made Me Take Her To See "Dirty Dancing"

I can't believe it's been 30-years since Patrick Swayze and Jennifer Grey hit the silver screen with "Dirty Dancing". It's somewhat embarrassing to admit, and puts a hole in my tough-guy image, but between my wife and daughter, I've probably seen that movie 20 times. I kind of prefer Swayze in the movie "Road House", which was released two years later in 1989, but since my wife and daughter tend to rule the movie selections at home, I generally get outvoted. "Dirty Dancing" was actually a surprise box-office hit, earning multi-millions and turning Swayze into a huge Hollywood star. The Dirty Dancing soundtrack went multi-platinum and included the hit singles "(I've Had) The Time of My Life," which won an Academy Award for Best Original Song, "Hungry Eyes" by Eric Carmen and "She's Like the Wind," co-written and sung by Swayze himself. The film also contained the now-famous line "Nobody puts Baby in a corner." Dirty Dancing is now recognized as one of the best loved female-oriented films—dubbed "chick flicks"—of all time. Below are a few more interesting facts:

Somewhat True Story: Screenwriter Eleanor Bergstein based *Dirty Dancing* on her own early 1960s adolescent experiences. Her father really was a doctor and her Brooklyn family really did visit Catskills resorts every summer. She vividly remembers "dirty dancing" with an instructor from the rough side of the tracks who was intimidatingly experienced (in every sense). In addition, Bergstein says she didn't shake the nickname "Baby" until she was in her twenties.

It Wasn't Supposed To Be Swayze's Role: Val Kilmer turned down the chance to smolder up the screen as dance instructor Johnny Castle, opening the door for Billy Zane. When Zane and Jennifer Grey delivered zippo in the chemistry department, Patrick Swayze pirouetted on into the production. Casting Swayze was not entirely smooth strutting. Grey thought he was a jerk when they both appeared in *Red Dawn* (1984). In addition, Swayze was 34 and would be playing ten years younger—as would Jen. Regardless, once the stars met again, the fireworks ignited and the world forever after had its one true Baby and Johnny.

Actually A Great Dancer: Before *Dirty Dancing*, Swayze studied with the Joffrey Ballet. Until the age of 20, Swayze lived in the Oak Forest neighborhood of Houston, where he attended St. Rose of Lima Catholic School and Waltrip High School. During this time, he pursued multiple artistic and athletic skills, such as ice skating, classical ballet, and acting in school plays. He also played football and other sports for his high school and was hoping to receive a football scholarship for college until a knee injury ended his career. He also concurrently practiced martial arts such as Wushu, Taekwondo and Aikido, which he used to channel his "self-deprecating rage". In 1972, he moved to New York City to gain formal dance training at the Harkness Ballet and Joffrey Ballet schools. His first professional appearance was as a dancer for Disney on Parade. He starred as a replacement playing the role of Danny Zuko in the long-running Broadway production of *Grease*.

Jennifer Grey: Twenty-six-year-old Jennifer Grey won the lead role of Frances "Baby" Houseman after producers gave her exactly five minutes to convincingly pull off playing a character in high school. On the spot, she convinced them all she was sixteen. Jennifer came by her dance acumen naturally: her real-life dad is legendary Cabaret song-and-dance

phenomenon Joel Grey. Sex And The City icon Sarah Jessica Parker auditioned for the role of Baby but clearly it wasn't meant to be.

The Film's Choreographer Kenny Ortega, who trained with Gene Kelly, later directed the High School Musical movies.

The Singing Sensations: Bill Medley, the deep-voiced sensation of the Righteous Brothers who sings the unmistakably male part on "(I've Had) The Time of My Life," says that when he heard the title Dirty Dancing, he thought, "It sounds like a bad porno movie." He recorded the song anyway, thinking not much would come of it. Three years later, Medley's voice lit up another Patrick Swayze romance classic, as the Righteous Brothers's "Unchained Melody" underscored the pottery scene with Demi Moore in Ghost. In 2014, Medley titled his autobiography, The Time of My Life. "(I've Had) The Time of My Life" hit #1 in November 1987 and sold more than 500,000 copies. Just a few months later, Bill Medley and Jennifer Warnes won Best Pop Performance by a Duo or Group With Vocals at the Grammys, and the writers took home the Academy Award for Best Original Song.

Extended Run At The Theaters: Dirty Dancing opened in late summer to genuinely positive reviews and solid box office returns. Teens, however, fell in love with the movie, repeatedly returning to see it and keeping it in theaters even long after it came out on videocassette. It was actually the most popular video rental for several years.

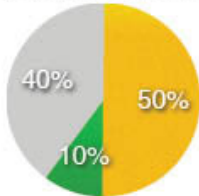
Saying Goodbye To A Legend: In late December 2007, just after filming the pilot episode for The Beast, Swayze began to suffer a burning feeling in his stomach caused by a blockage of his bile ducts. Three weeks later, in mid-January 2008, he was diagnosed with stage IV pancreatic cancer. In late July 2008, six months after reportedly being given just weeks to live by medical experts, a seemingly healthy Swayze was asked by reporter in a Los Angeles airport about his health. He replied, "I'm cooking. I'm a miracle dude. I don't know why." Swayze appeared on the ABC, NBC, and CBS simulcast of Stand Up to Cancer in September 2008, to appeal to the general public for donations for the initiative. Swayze said to a standing ovation, "I dream that the word 'cure' will no longer be followed by the words 'it's impossible'. Together, we can make a world where cancer no longer means living with fear, without hope, or worse." After the show ended, Swayze remained onstage and talked to other cancer patients; executive producer Laura Ziskin (herself battling advanced breast cancer, which would claim her own life) said, "He said a beautiful thing: 'I'm just an individual living with cancer'. That's how he wants to be thought of. He's in a fight, but he's a fighter." Swayze died, with family at his side, on September 14, 2009, at age 57, twenty months after being diagnosed. His body was cremated, and his ashes scattered over his New Mexico ranch. He left behind is wife of 34 years Lisa Niemi June. The couple met in 1970, when Swayze was 18 years old and Niemi just 15 years old.



CASH SALES & HEDGING TOTALS

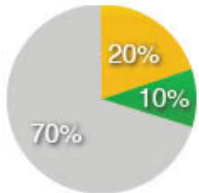
CORN 2017 CROP

50% SOLD
10% HEDGED
40% UNPROTECTED



CORN 2018 CROP

20% SOLD
10% HEDGED
70% UNPROTECTED



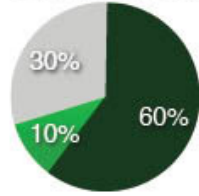
CORN 2019 CROP

0% SOLD
0% HEDGED
100% UNPROTECTED



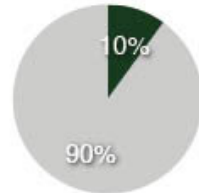
SOYBEANS 2017 CROP

60% SOLD
10% HEDGED
30% UNPROTECTED



SOYBEANS 2018 CROP

10% SOLD
0% HEDGED
90% UNPROTECTED



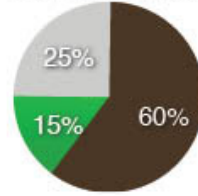
SOYBEANS 2019 CROP

0% SOLD
0% HEDGED
100% UNPROTECTED



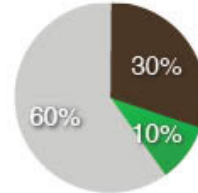
WHEAT 2017 CROP

60% SOLD
15% HEDGED
25% UNPROTECTED



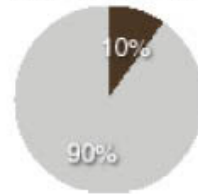
WHEAT 2018 CROP

30% SOLD
10% HEDGED
60% UNPROTECTED



WHEAT 2019 CROP

10% SOLD
0% HEDGED
90% UNPROTECTED



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