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GOOD MORNING: 08/22/17 Farm Direction - VanTrump Report

1 message

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

Tue, Aug 22, 2017 at 6:41 AM



"A smooth sea never made a skilled sailor." - Franklin D. Roosevelt

TUESDAY, AUGUST 22, 2017[Printable Copy](#) or [Audio Version](#)

Morning Summary: U.S. stock markets are calm with little in the way of fresh headlines. Yesterday's news cycle was dominated by the total solar eclipse and there is not much going on in Washington at the moment. Today will bring the FHFA House Price Index and Richmond Fed Manufacturing which aren't likely to garner too much attention from traders. President Trump heads to Arizona today for a rally, at which some expect he may pardon controversial former-sheriff Joe Arpaio who was recently found guilty of contempt of court. Both the House and Senate are still out, but some lawmakers have been speaking in their home states. Senate Majority Leader Mitch McConnell said at a press conference yesterday that there was "zero chance" that Congress will not raise the debt ceiling. The Treasury has said they can pay the U.S. government's bill through September. The debt ceiling is just one major issue Congress faces when they return from their August recess. They also need to pass a spending bill. Investors are also hoping to see progress on tax reform, infrastructure spending and deregulation, but the House has only 12 official work days scheduled in September, and the Senate has 17 to make it all happen. On the geopolitical front, North Korea has issued a warning that they will launch a "merciless attack" in response to the joint U.S.-South Korean military drills. If you recall, last week North Korea threatened to launch missiles toward the U.S. territory of Guam. The annual military drills, called "Ulchi Freedom Guardian," are held every summer and have long been viewed by North Korea as a preparation for war. The North threatens a strong military response every year. The U.S. and South Korea say they are defensive drills designed to enhance response readiness in the event of an attack by North Korea.

Solar Eclipse Gives The Gasoline Market A Boost: Solar eclipse watchers flocked to areas in the so-called "path of totality" to view the event, in some cases doubling populations in smaller towns. Gas stations were big winners in the temporary migration with many stations reporting long lines. Some even ran out of gas. The impact is showing up in retail prices: while motorists in most of the country are paying less for fuel than a week ago, prices at the pump are up +4 to +10 cents a gallon higher in places like Oregon, Wyoming, and Idaho, where the total eclipse was visible. Country-wide though, pump prices started the week two cents cheaper than a week ago. Prices in all areas could soon be moving higher though, due to multiple refinery issues in the Gulf Coast. Two different refineries in Texas are helping to contribute to the instability. One in Baytown is down after having trouble restarting. Another in Shell Deer Park is expected to be closed for at least a week following a fire. Those issues combined with the inventory drain resulting from the eclipse could lead to tightened supplies until refiners can catch up. (Sources: AAA, Wall Street Journal)

U.S. Workers See Little Hope For Higher Paychecks: While workers are increasingly searching for new jobs, they expect fewer offers to fall into their laps, according to a Federal Reserve survey published on Monday. The first-of-its-kind New York Fed study, to be published three times per year, paints a gloomy picture of U.S. workers' aspirations. Even though the unemployment rate, at 4.4 percent, is near a 16-year low after more than eight years of economic recovery, national measures of wages have shown only modest growth. Survey respondents on average said in July that the lowest annual salary they would accept in a new job would be \$57,960, down from \$59,660 only four months earlier. This measure

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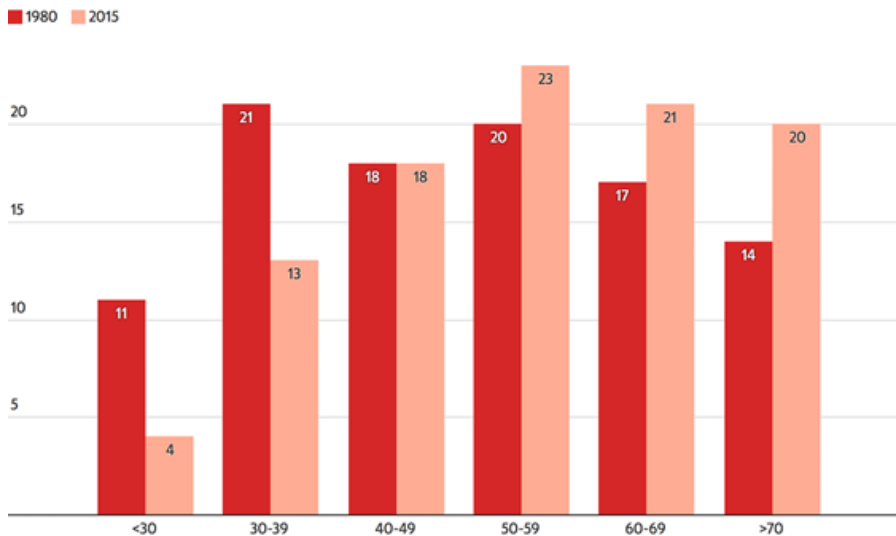
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has declined since November, with most of the changes coming from older and higher-income Americans. Asked what salary they expected in job offers over the next four months, the average response declined to \$50,790 from \$54,590 when the last survey was taken in March. The survey, conducted since early 2014 but published for the first time on Monday, also showed 22.7 percent of respondents searched for a job in the last four weeks, up from 19.4 percent in the previous report. Young people accounted for most of the increase. (Source: Reuters)

Can't Find A House? Blame Baby Boomers: The number of residential houses available to buy is at a 20-year low as the appeal of McMansions wanes and Baby Boomers grow increasingly reluctant to trade up or down from their current homes, according to a survey by Realtor.com. More than half of its survey respondents, or 59%, said they are not planning to sell their houses in the next year. Nationally, there was a 4.3-month supply of homes on the market in June -- the time it would take to run out of homes for sale if no new units were added -- down from 4.6 months a year ago and a normal inventory of six months, according to the National Association of Realtors. The crunch has driven up home prices. The housing shortage forced many first-time homebuyers to consider smaller homes and condos as a way to literally get their foot in the door. A vast majority of those who are at or near retirement age like where they are. Eighty-five percent of Baby Boomers said they have no plans to sell their home in the next year, the study said. Homeownership among Baby Boomers is at 78%, or about 33 million properties. (Source: USA Today, Census Bureau)

AGE BREAKDOWN OF UNITED STATES HOMEOWNERS IN 1980 AND 2015

Percentage of homes owned by members of particular age groups. | Ex: 4 percent of owner-occupied homes in 2015 were owned by people under 30, compared to 11 percent of owner-occupied homes in 1980.



Source: US Census Bureau via Minnesota Population Center • [Get the data](#)

Weather in the Corn Belt is seeing much-needed rain falling in the vicinity of southern Iowa and other previously dry western production areas. This should help to improve crop prospects in this region, especially for soybeans. Some flooding is also noted in areas of Nebraska, Minnesota, Kansas and Missouri. Mostly favorable conditions for filling crops are in effect in the eastern Midwest, although parts of central Illinois could still use more rain. In the southern Plains, crop areas will have periods of showers throughout the week, along with periods of cooler conditions. Cotton may benefit from the added rainfall, especially through southern growing areas. In the northern plains, showers this week in eastern and southern areas may favor filling corn and soybeans, but in general, a below normal rainfall pattern continues. Over the next few days, the cold front descending from the upper Midwest will gradually move into the Southeast, generating locally strong thunderstorms and with it the potential for localized flooding in advance of a drier, somewhat cooler air mass. An elevated risk of severe weather is already anticipated tomorrow for the Ohio Valley and other locations along the front. Elsewhere, drier albeit cooler weather will dominate the northern Plains one the early-week showers dissipate, with daytime highs expected to stay below 90 degrees F over much of North Dakota. Much of the West will remain dry.

Three-Month Fall Outlook: Forecasters from the National Weather Service have released their Fall outlook — September through November — which calls for above normal temperatures across the contiguous U.S. and for above normal precipitation along the Gulf Coast states into central Missouri. Elsewhere, chances

Remember we sold out early last year!



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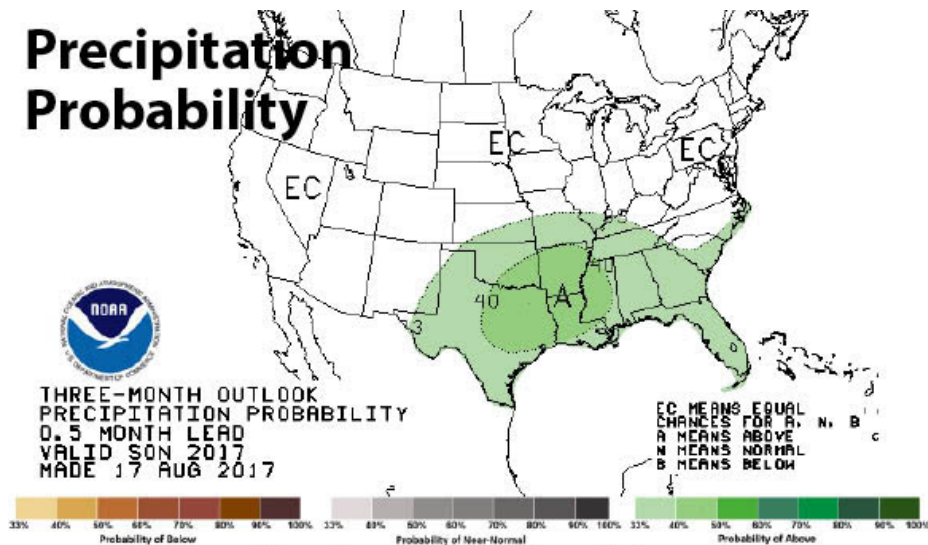
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Here are a few of this year's early sponsors

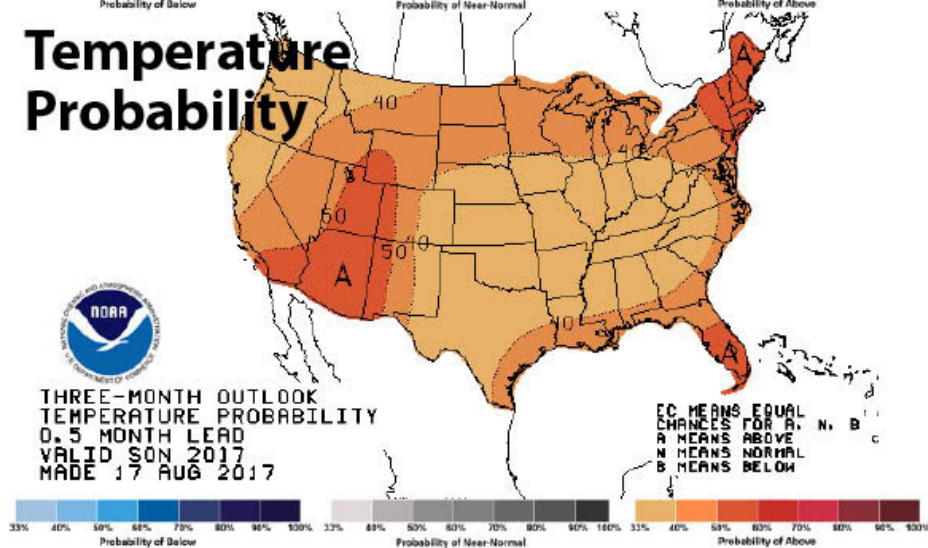


are equal for normal, above or below normal precipitation. From what I can see, this forecast alleviates concerns about an early front, which many forecasters have been worried about.

Precipitation Probability



Temperature Probability



Corn bears are talking about the crop in Iowa getting a needed drink and a general lack of heat related stress across the U.S. corn belt. The bulls continue to say some areas are still too dry and that cooler than normal nighttime temps might be limiting upside yield potential. The first leg of the Pro Farmer Crop Tour wrapped up yesterday with scouts on the western part of the tour beginning their day in South Falls, South Dakota, and ending in Grand Island, Nebraska. Scouts on the eastern leg started in Dublin, Ohio, and moved on to Fishers, Indiana. Results from South Dakota this year penciled to around a 147.97 bushel per acre yield. The tour's yield last year for South Dakota was said to be forecast at 149.79 bushels per acre. "Extreme Variability" continues to be the most used term on the tour with an extremely wide range of yields. There were tweets of fields in Ohio ranging from sub-60 bushels per acre to averaging well over 215 bushels per acre. There was some talk out of South Dakota, that if weather cooperates, some dry land fields could average a yield north of +200 bushels per acre. The USDA basically left weekly crop-conditions "unchanged" at 62% rated "Good-to-Excellent" vs. 75% last year. States seeing conditions "improve" this past week include: Colorado +9%; South Dakota +8%; Kansas, North Dakota, Ohio, Pennsylvania & Tennessee +2%; Minnesota & Wisconsin +1%. Iowa & Nebraska "Unchanged". States showing conditions "deteriorate" this past week include: Illinois -8%; Missouri -3%; Indiana, Michigan & Tennessee -2%; North Carolina -1%. Corn "dough" stage reported at 76% vs. the 5-year average of 77%. Corn "dented" reported at 29% vs. the 5-year average of 35%. If we want to talk in more broad and basic terms, the crop seems to be "better" than normal in the following states: Colorado, Kansas, Kentucky Minnesota, Missouri, North Carolina, Ohio, Pennsylvania, Tennessee, Texas, Wisconsin. States the seem about "normal" in regard to crop-conditions include: Iowa and Nebraska. States where the crop is "worse" than normal: Illinois, Indiana, Michigan, North Dakota, South Dakota.

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Today In History

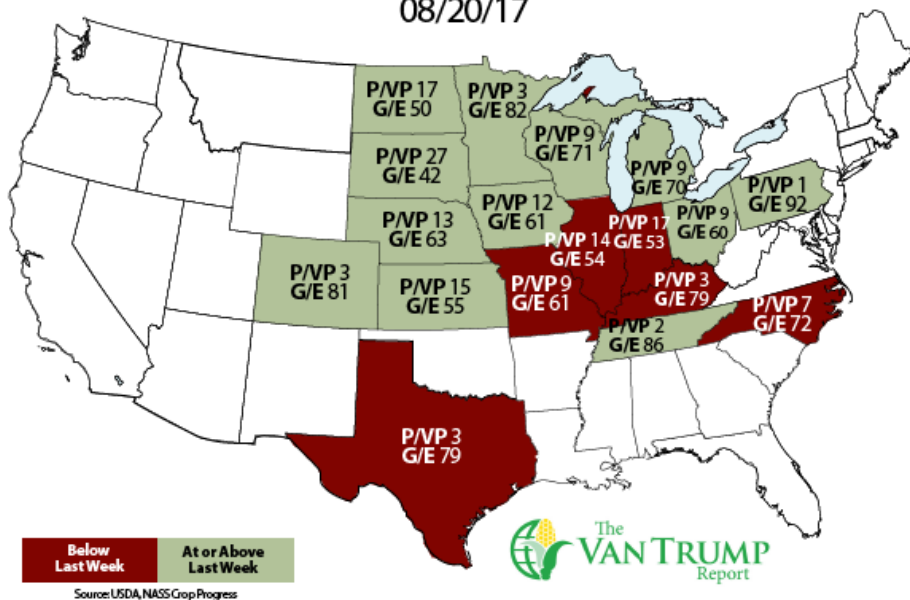


1776, American Revolution

- The British arrive at Long Island, between Gravesend and New Utrecht, with "near twenty four thousand men ready to land in a moment," according to one observer. General William Howe's large army came to Long Island hoping to capture New York City and gain control of the Hudson River, a victory that would divide the rebellious colonies in half. Five days later, on August 27, the Redcoats marched against the Patriot position at Brooklyn Heights, overcoming the Americans at Gowanus Pass and then outflanking the entire Continental Army. The Americans suffered 1,000 casualties to the British loss of only 400 men during the fighting. Howe chose not to follow the advice of his subordinates, however, and did not storm the Patriot redoubts at Brooklyn Heights, where he could have taken the Patriots' military leadership prisoner and ended the rebellion. General Washington ordered a retreat to Manhattan by boat. The British could easily have prevented this retreat and captured most of the Patriot officer corps, including Washington. However, General William and Admiral Richard Howe still hoped to convince the Americans to rejoin the British empire in the wake of the humiliating defeat, instead of forcing the former colonies into submission after executing Washington and his officers as traitors. On September 11, Benjamin Franklin, John Adams and other congressional representatives reopened negotiations with the Howe brothers on Staten Island. The negotiations fell

Corn Conditions

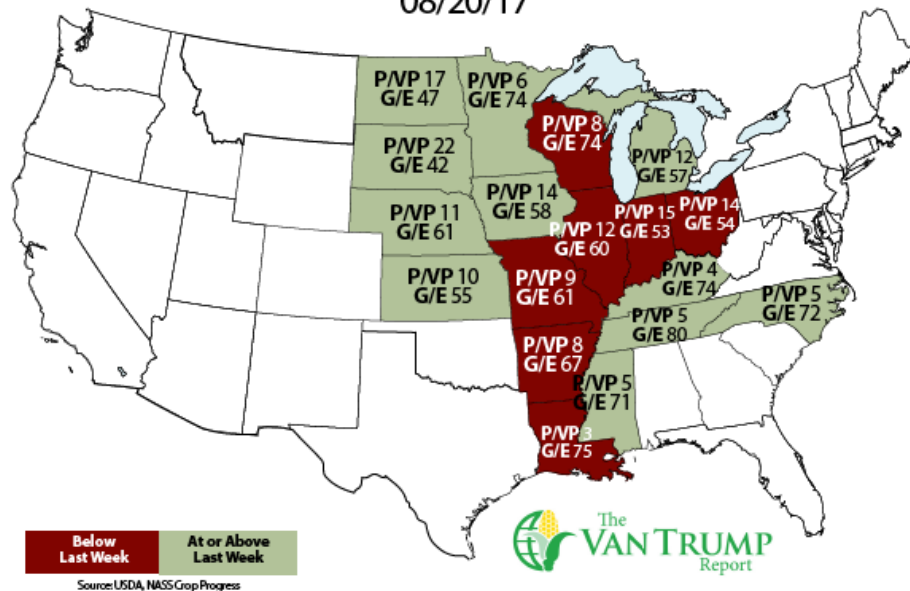
08/20/17



Soybean traders continue to debate the U.S. yield. The first leg of the Pro Farmer Crop Tour showed the South Dakota pod count at just over 899 vs. 970 last year vs. the 3-year average of around 1027. The Ohio leg of the tour showed this years pod count at 1107 vs. 1055 last year vs. the 3-year average of around 1174. Moral of the story, South Dakota worse than last year, Ohio better. The USDA elected to bump their weekly crop-conditions higher by +1% from 59% to 60% rated "Good-to-Excellent" vs. 72% last year. States seeing conditions "improve" this past week include: South Dakota +8%; Kansas, North Dakota & Tennessee +3%; Iowa, Michigan & Mississippi +2%. States showing conditions "deteriorate" this past week include: Louisiana -4%; Illinois, India & Missouri -3%; Arkansas -2%; Ohio & Wisconsin -1%. Soybeans "blooming" are reported at 97% and directly inline with our traditional 5-year average. Soybeans "setting pods" are reported at 87% and slightly ahead of our 5-year average.

Soybean Conditions

08/20/17



Drought Takes Aim at Canadian Canola Production: The drought that grips the U.S. northern Plains region spills over north of the board into the Canadian Prairie Provinces as well. Central Saskatchewan accounts for more than half of the country's canola area. Between April and July, precipitation for the region was less than 40% of its usual level and the lowest in 30 years. The crop vegetation indices for the Province that are based on satellite imagery are clearly not as good

through when the British refused to accept American independence.



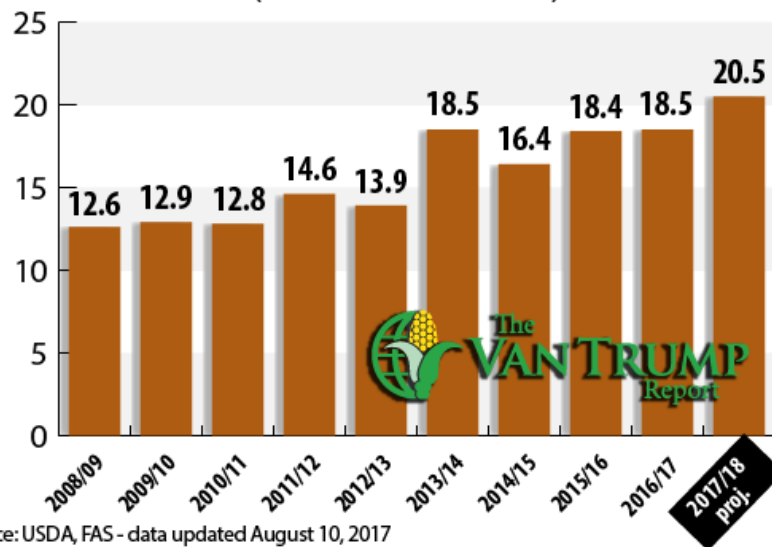
1862, Civil War - President Abraham Lincoln writes a carefully worded letter in response to an abolitionist editorial by Horace Greeley, the editor of the influential New York Tribune, and hints at a change in his policy concerning slavery. From the outset of the Civil War, Lincoln proclaimed the war's goal to be the reunion of the nation. He said little about slavery for fear of alienating key constituencies. Tugging him in the other direction were abolitionists such as Frederick Douglass and Horace Greeley. In his editorial, "The Prayer of Twenty Millions," Greeley assailed Lincoln for his soft treatment of slaveholders and for his unwillingness to enforce the Confiscation Acts, which called for the property, including slaves, of Confederates to be taken when their homes were captured by Union forces. Abolitionists saw the acts as a wedge to drive into the institution of slavery. Lincoln had been toying with the idea of emancipation for some time. He discussed it with his cabinet but decided that some military success was needed to give the measure credibility. In his response to Greeley's editorial, Lincoln hinted at a change. In a rare public response to criticism, he articulated his policy by stating, "If I could save the Union without freeing any slave, I would do it; and if I could save it by freeing all the slaves, I would do it; and if I could save it by freeing some and leaving others alone, I would also do that." Although this sounded noncommittal, Lincoln closed by stating, "I intend no modification of my oft-expressed personal wish that all men everywhere could be free."



1933, Barker Gang - The notorious Barker gang robs a Federal Reserve mail truck in Chicago, Illinois, and kills Officer Miles Cunningham. Netting only a bunch of worthless checks, the Barkers soon returned to a crime with which they had more success—kidnapping. A few months later, the Barkers kidnapped wealthy banker Edward Bremer, demanding \$200,000 in ransom. After Kate Clark married George Barker in 1892, she gave birth to four boys: Herman, Lloyd, Arthur, and Freddie. Ma Barker, as Kate was known, let her boys run wild. She defended her children no matter what they did, saying, "If the good people of this town don't like my boys, then the good people know what they can do." All the Barker boys became involved in crime during their childhood: In 1922, Lloyd robbed a post office and received a 25-year sentence in federal prison; that same year, Arthur "Doc" Barker got a life sentence in Oklahoma for killing a night watchman, though later it would turn out that he was innocent; Freddie was next to see the

as a year ago. A lower yield outlook for Canadian canola scales back USDA's forecast of 2017/18 production by 500,00 metric tons this month to 20.5 million metric tons. The concerns are placing particular attention on the prospect on August 31 of crop estimates from Statistics Canada which traders expect to show a 18.6 million metric ton figure, only marginally higher than last year's 18.42 million metric ton harvest despite a rise in sowings to a record high. Canada's farm ministry currently estimates this year's domestic harvest at 19 million metric tons. Oil World, which has warned of a potentially explosive situation in world canola markets, has reportedly forecast a Canadian harvest below 18 million metric tons, while Lanworth last week put the crop at 18.4 million metric tons. Even with all of these downgrades, this could still be a record harvest of canola due to a substantial increase in sown area.

Canadian Canola Production (in Million Metric Tons)



Source: USDA, FAS - data updated August 10, 2017

Wheat prices continue to struggle. Many traders have moved away from domestic U.S. headlines, where weekly spring wheat crop-conditions improved +1% to 34% rated "Good-to-Excellent". U.S. spring wheat harvest is reported at 58% complete vs. the traditional 5-year average of 51%. From a global perspective, I continue to hear that the Russian crop could be larger than forecast. Keep in mind, the Russian crop was recently bumped higher by the USDA from 72.0 to 77.5 MMTs. As of late there's talk the Russian crop could be north of 80 MMTs. Keep in mind the Kazakhstan crop was also bumped higher from 13.0 to 14.0 MMTs, the Ukraine crop bumped higher from 24.0 to 26.5 MMTs. In other words the Black Sea region, or what many consider the world's "low-cost" provider, is reporting better numbers than many had previously forecast. The bears also argue that the problems in Europe have stabilized.

insides of a holding cell after robbing a bank. While he was serving time in Kansas, Herman committed suicide in the midst of a heated gunfight with police after robbing a bank in Missouri. Herman's death inspired Ma Barker to pressure authorities to release her other sons, and Doc and Freddie were set free. Ma masterminded their criminal enterprise. When they tired of bank robberies, the Barkers tried their hand at kidnapping. Their first victim, William Hamm, earned the gang \$100,000 in ransom. Although the Bremer abduction in 1933 produced twice as much, it brought them a lot of heat from federal authorities. With the FBI on their trail, Doc and Freddie attempted plastic surgery. But this left them only with disfiguring scars, and Doc was captured in early 1935. Doc, who was later killed while attempting to escape from Alcatraz in 1939, refused to talk to authorities, but police found papers in his hideout that led them to Ma and Freddie. After a ferocious shootout lasting 45 minutes, the Barkers lay dead, machine guns still at their sides. Twelve years later, Lloyd Barker was finally paroled. He too met a violent demise, but not at the hands of the police—his wife shot him dead in 1949. Father George Barker, who was never part of the Barker gang, was the family's sole survivor.

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

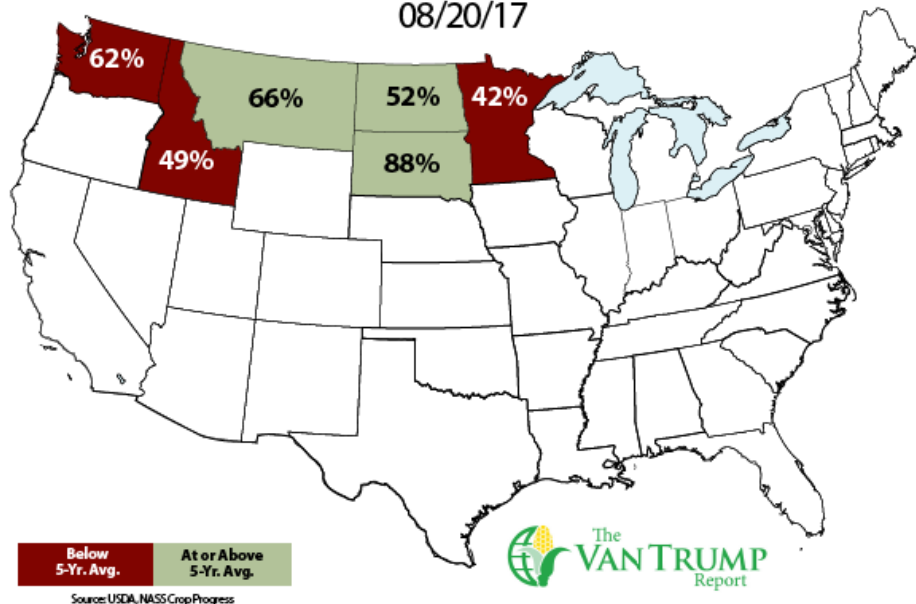
Thurs. 11/9 - USDA Supply and Demand

Thurs. 11/23 - Thanksgiving - Markets Closed

Kevln's Song of the Week

Spring Wheat Harvested

08/20/17



> Russia Set To Break All-Time Grain Production Record: A quarter-century after the collapse of the USSR, Russian farmers are finally poised to beat the record for grain production that the country set during the Soviet era. The harvest will total at least 130.7 million metric tons this year on bumper wheat and corn crops, said Vladimir Petrichenko, director general of Moscow-based consultant ProZerno. That would push production 2.6 percent above the previous all-time high in 1978, a year before the Soviet invasion of Afghanistan under leader Leonid Brezhnev. Farmers will gather more wheat and corn than ever before, while the barley crop will be the largest since 2008, ProZerno figures show. Those estimates may go higher still as Siberia collects more grain, with potential for wheat output to reach 85 million tons, Petrichenko said. (Source: Bloomberg)

> Canola's Price Premium Over Soybeans May Rise Further: Canola futures could be poised to extend further their premium over those in rival oilseed soybeans, Commonwealth Bank of Australia said, flagging growing worries over dryness threats to Australian and Canadian crops. Canola futures in Winnipeg, in closing at Can\$506.70 a tonne on Friday for November delivery, opened up a "hefty" premium of \$58 a tonne over the corresponding Chicago soybean contract, Tobin Gorey at Commonwealth Bank of Australia said. And canola's advantage could have further to go, assuming dryness concerns continue in the two top exporting countries, Canada and Australia. "The November spread had traded into the \$70s per tonne in August in the past so we are not outside historical experience – yet," Mr. Gorey said. (Source: Agrimoney)

> Sugar Group Forecasts Surplus For 2017-18: The International Sugar Organization forecasts there would be a global sugar surplus of 4.6 million tonnes in 2017/18 compared with a deficit of 3.9 million in the prior season. The inter-governmental body said in a quarterly report that global sugar production was expected to climb by nearly seven percent to a record 179.3 million tonnes. (Source: Reuters)

> U.S. Seeking WTO Panel On China's Grain Import Quotas: The United States has requested a World Trade Organization panel be set up to investigate Chinese tariff-rate quotas (TRQ) for agricultural products, the WTO said on Monday. The row, which includes tariffs for wheat, rice, and corn, was initiated under the Obama administration which sought consultations on Dec. 15, but now the Trump administration has moved ahead with a formal request. The item appears on the formal agenda of the WTO's Dispute Settlement Body (DSB) meeting set for Aug. 31. China can block this first

WHAT I'M LISTENING TO: ▶



About the Report



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

formal request, but upon a second request at a later DSB, the panel will be set up unless all WTO members agree to block it. (Source: Reuters)

> Northern Plains Ranchers Welcome Hay Lottery: Ranchers in North Dakota, South Dakota and Montana have been suffering through the region's worst drought in 30 years, which has withered grazing fields, causing a severe spike in the cost of hay to feed their animals. While the ranchers search for affordable hay, some have been selling off cattle they cannot afford to feed. The Dakotas and Montana represent 13 percent of the U.S. beef cow herd and 26 percent of hay acres, according to the U.S. Department of Agriculture. In response to the drought, the North Dakota Department of Agriculture (NDDA) and NDSU helped organize a "hay lottery." Farmers can register online for a chance to win a semi-truck load of hay - roughly 30 bales. (www.nd.gov/ndda/hay-lottery) Participants must register by Aug. 31 and the drawing is tentatively scheduled for early September. Entry is free. Additional lotteries are possible if donations continue to pour in, officials said.

> California Will Maintain Chlorpyrifos Warning: California's environmental regulator announced Friday it will proceed with plans to list chlorpyrifos under Proposition 65, a listing of chemicals known to cause cancer, birth defects or other reproductive harm. Growers and other users of the pesticide will be asked to increase the buffer zone between fields being sprayed and areas like homes and schools.

> White House Cuts Ties With Icahn: Refinery owner Carl Icahn is no longer a Trump administration special adviser on regulatory reform, ending his influence on US biofuel policy that roiled renewable fuel credit markets at times this year. Icahn said Friday in a public letter to President Donald Trump that he was stepping down from the role. He downplayed any influence he had on regulatory issues and dismissed criticism that he had a conflict of interest pushing for a major change to the Renewable Fuel Standard as the majority owner of a refinery that stood to gain from the policy shift. Icahn owns 82% of independent refiner CVR Energy. He has long advocated that the Environmental Protection Agency should move the RFS point of obligation from refiners and importers to blenders at the wholesale rack. (Source: Platts)

> Solar Eclipse Could Cost American Businesses Nearly \$700 Million: According to a report from Forbes, yesterday's solar eclipse could cost corporate America nearly \$700 million in lost productivity. The report utilizes an estimate by Challenger, Gray & Christmas, a firm that added up all the lost moments of work for Americans on Monday. The firm estimated lost productivity totaling \$694 million. (Source: Forbes)

> How Religious Is Your State? Mississippi, Alabama and other Southern states are among the most highly religious states in the nation, while New Hampshire, Massachusetts, Vermont and Maine in New England are among the least devout, according to some of the key measures used to determine levels of religiosity in the Pew Research Center's most recent Religious Landscape Study. What does it mean to be "highly religious"? In Pew's analysis, this includes any adult who reports at least two of four highly observant behaviors - attending religious services at least weekly, praying at least daily, believing in God with absolute certainty and saying that religion is very important to them - while not reporting a low level of religious observance in any of these areas, such as seldom or never attending religious services, seldom or never praying, not believing in God and saying that religion is "not too" or "not at all" important in their life. (Source: Pew Research)

evaluates every economic aspect, both nationally and internationally, that influences commodity prices. His analysis and conclusions are highly thought out and conveyed in layman's terms so that the reader can comprehend the numerous and often complex interrelationships that impact the markets. Kevin is a real attribute to the agricultural sector."

A.M., FDIC

"As a national federal farm policy administrator and commodity producer, I find it critical to keep updated with what is going on in the real world of agriculture and with the domestic and global markets. Of all the services I've have been privy to or have subscribed to over the past 20 years I've found in the past several months of engaging in your "Farm Direction" services to be the best perception and analysis of what is really happening in today's world. Not only here in the United States, but across the globe as well. US farmers need this type of help and information to assist them in their daily efforts. I commend you for a job well done. Please let me know if I can ever be of any help or assistance to you in the future..."

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

[More Testimonials](#)

My Own Personal Truisms

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

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

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

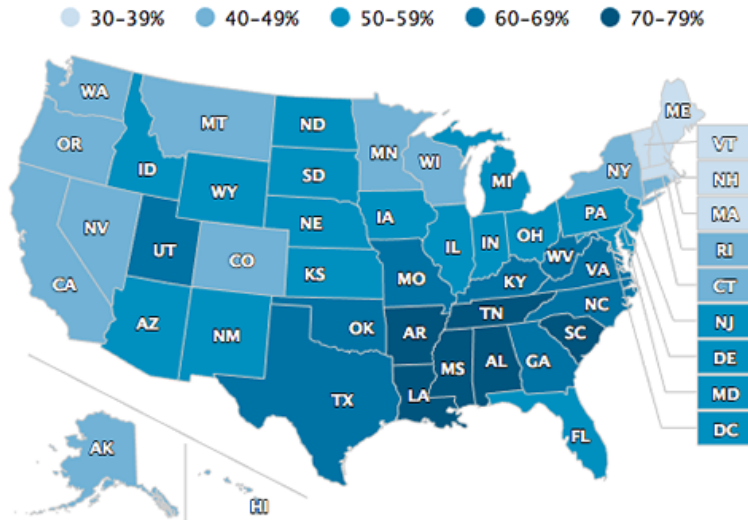
"Bulls make money, Bears make money, but pigs get slaughtered..."

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

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

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

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

Overall religiosity by state*% of adults who are "highly religious"***FROM THE FIELD**

Southeast Missouri - Early corn down here had some drown out and needed replanting. Due to the wet spring, we were 5 weeks pushed back on the replant which caused pollination to occur during the recent heat wave we had. For some reason, the early beans look really good but still have no idea what kind of yields we are looking at for them. Hoping they will lift the acres of poor beans that we are looking at. We definitely won't see trend lines met down here. In my opinion, there are just too many problems or variability in the large growing areas. Hard to believe the numbers we are currently hearing from others will hold up.

Southeast Iowa - The rains and storms seem to get just west of us, then split, totally missing most of the farms. We have seen more moisture push to the north than to the south. Our northern farms don't look too bad but the southern farms need a drink. The corn on farms to the south have shown an 1" to 2" of tip back on ears. They have been showing signs of stress over the past week and I really didn't even want to go out in these fields to do any checks. I wasn't for sure what I was going to find. I do not believe that our whole farm average yields will be as high as last year. The beans are a big question mark on what they will make. The early planted beans ended up getting rained on, then followed by cooler temps, after they were planted. The later planted beans that we got in around mid-May, actually sat in dry dirt for almost 3 weeks before emerging. With the difference in germination, the stands were much more uneven than in the past, probably adding to the variability problem. Most of the beans are filling now but there is some that are still flat, with not many beans in them yet.

Central Illinois - In our specific little area we are experiencing drought like conditions that rank up at the top of problem years. It is pretty amazing but we have received less rain this August than we did in 2012 but the saving grace is that the subsurface moisture was much greater this year compared to 2012. Things have rooted in very well but we have still seen issues. Presently, the bean yields are shrinking everyday, with leaves turning over and taking on a silvery color. There have been some guys doing drain tile work telling me that it's almost bone dry to 6' down. Our bean yields will be off just don't know how much until we see what rains that we get. The corn crop has been struggling since planting, replant and then a third planting. The very latest corn has not pollinated yet. The more mature corn has tip back between 2" to 3" in many fields. There are a lot of ears missing rows and most ear kernels are starting to dry out. Recently, a local group did a crop tour and estimated our yields at 196bpa compared to

Farm Direction
RECIPES

★ **FAMILY FAVORITES** ★
-SENT IN BY OUR READERS-

Avocado-Pesto Pasta Salad w/ Fresh Corn

CLICK TO SEE RECIPE

208bpa last year. We need rain now for both corn and beans and everyday it doesn't rain we are going backward.



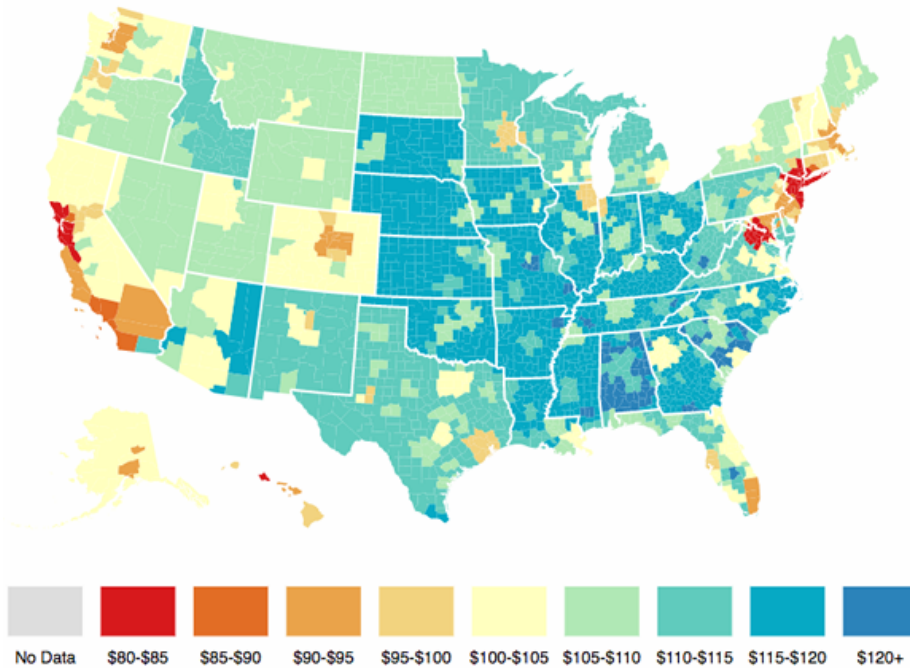
U.S. Farmers Confused By Monsanto Weed Killer's Complex Instructions: *With Monsanto's latest flagship weed killer, dicamba, banned in Arkansas and under review by U.S. regulators over concerns it can drift in the wind, farmers and weed scientists are also complaining that confusing directions on the label make the product hard to use safely. Dicamba, sold under different brand names by BASF and DuPont, can vaporize under certain conditions and the wind can blow it into nearby crops and other plants. The herbicide can damage or even kill crops that have not been genetically engineered to resist it. To prevent that from happening, Monsanto created a 4,550-word label with detailed instructions. Its complexity is now being cited by farmers and critics of the product. It was even singled out in a lawsuit as evidence that Monsanto's product may be virtually impossible to use properly. Read more [HERE](#).*

What Is The Best College In Every State: *One of the biggest questions students and their families must consider when selecting a college is, 'How close or far from home should it be?' According to the annual American Freshman: National Norms survey, 57% of students choose schools 100 miles or less from their childhood bedroom. About three-quarters of U.S. college kids attend in-state schools. Since almost everyone is concerned with rising college education costs, it's worth pointing out that it is far less pricey to choose a campus nearby. Read more [HERE](#).*

What You Need To Know Before Trying Whole-Body Cryotherapy: *In May, Golden State Warrior and reigning NBA champ Steph Curry stripped down to his birthday suit, strapped on a weird mask, and stepped into a telephone booth overflowing with thick white fog. He was in a "cryo sauna" filled with liquid nitrogen, which cooled the container to a crisp -264 degrees Fahrenheit. In whole-body cryotherapy, you're supposed to chill out in these fridges for three whole minutes, allowing your body to reap the benefits of frigid temperatures. While this may sound like a new form of cruel and unusual punishment, Curry and his fellow elite athletes, like LeBron James and JaVale McGee, have been getting naked and stepping into these cryo saunas to help with healing their overall well-being. Read more [HERE](#).*

Dogs And Pigs Get Bored, Too: *Think about the last time you were bored — seriously and persistently bored. Maybe you had to carry out some mind-numbing repetitive task for hours on end, or maybe you were just trapped at the airport or train station, waiting out a lengthy delay without a good conversational partner, book, or movie. You look at a clock and it seems to move at a surreal, glacial pace. Charlotte C. Burn, a biologist at The Royal Veterinary College of the University of London, captures that feeling in her definition of boredom: "Boredom is an unpleasant emotion including suboptimal arousal levels and a thwarted motivation to experience almost anything different or more arousing than the behaviors and sensations currently possible." This definition comes from Burn's essay in the August issue of Animal Behaviour, where she explains that far from being a uniquely human emotion, boredom is felt by many animals ranging from farmed pigs to companion dogs that may be left alone at home for long periods. Read more [HERE](#).*

Using data from the Bureau of Economic Analysis, *it's possible to examine how purchasing power varies between cities, like Los Angeles and San Francisco, and between urban and rural areas, like Houston and West Texas. To illustrate these differences, the Tax Foundation compared the local purchasing power of \$100 to the purchasing power of \$100 in an average U.S. metropolitan area. There are large regional differences in price level. In general, the places where \$100 buys the least are concentrated around large cities in the Northeast and California. Conversely, \$100 stretches the most in the nonmetropolitan areas of the Midwest and the Southeast. Metropolitan areas are characterized by a relatively high population density. In these areas, many residents seek to occupy a limited amount of available land, driving property prices up. This is a principal reason why metropolitan areas, particularly cities, are almost universally more expensive than rural areas. More details and an interactive version of the map are available [HERE](#).*



"Camelina Crop" Might Be Worth Considering For Some Producers

There are oilseed experts who believe the ancient crop called "camellia" has huge potential. Chief Executive Officer, Jack Grushcow, of Smart Earth Seeds, has spent the last 15 years and nearly \$10 million of research to revitalize the 5,000-year-old oilseed. As I understand it, camelina is high in omega fatty acids and vitamin E, requires fewer input costs than other oilseeds, and may also prove to be one of the best rotational crops for canola producers. On top of that, in a bizarre biotech twist, it might be on the cusp of become one of the best aquaculture feed sources. It seems that producers have been looking for a "vegetable oil" replacement for the feedstock oil, and camelina oil might be the solution. Of the 5,000 acres of camelina being grown locally in Saskatchewan, Canada, Grushcow says is selling most of it on the West Coast in a rapidly developing market. In fact, Smart Earth Seeds is now selling \$1 million worth of camelina oil to the aquaculture market with good potential for that sector to massively increase. Meaning demand for camelina oil being sold to salmon and trout farms in the U.S., Canada and Chile may soon explode. I'm told the demand is currently well-outpacing supply as Grushcow has customers who are wanting as much as 3,000 - 5,000 tons a month. At a current price of \$2,200 a ton that's a pretty good business. Interestingly, Grushcow says thanks to their "killer genetics" his company has developed the only broadleaf herbicide-resistant variety of camelina, which he says gives them at least a five-year advantage over competitors wanting to break into the marketplace. The one downside to the story is the logistics from the field to the crushing destination. Currently, producers in the region west of Saskatoon have the seed trucked to Chaplin and then transported by rail to Oregon and finally delivered to customers. I suspect there are those looking to cash in on the emerging market that will build the necessary crushing facilities affording more producers the opportunity to grow camelina. The future definitely looks brighter for the ancient oilseed as regulatory clearance is now in place and trials have begun with egg producers and broiler chicken producers to use the camelina meal as a poultry feedstock. Obviously climate and soil type is important in determining if camellia can grow on your farm. More importantly I wanted to make readers think about new ideas and or cash-crops that might come back into popularity as millennia's continue to influence consumer buying trends. Perhaps there's a specialty crop that can be grown on your farm that give you an edge or a premium. Things are changing very quickly on the demand side of the equation as consumers continue to shift and alter their buying decisions. Perhaps a market is emerging in your neck of the woods that is worth exploring in more detail. (Source: Winnipeg press, TheWesternProducer)



Trucking Industry Can't Figure Out How To Solve Driver Shortage

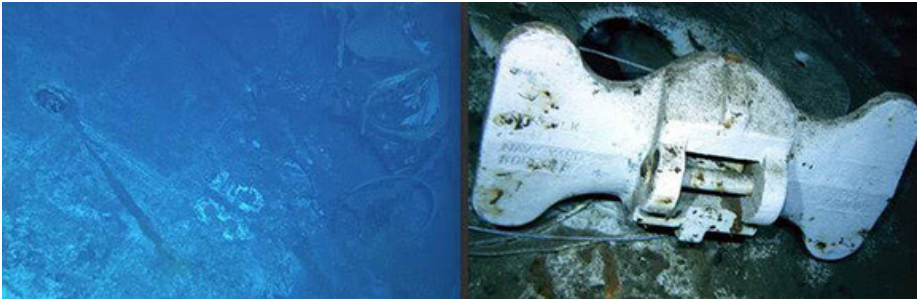
Truck drivers remain in extremely short supply in the U.S., the result of an aging driver workforce, a lack of younger workers willing to join the industry and the surge in online shopping. Estimates put the shortage as high as 175,000 by 2024. One of the problems is that the industry has an extremely high turnover rate - thought to be around 74% in the first quarter of this year. Drivers move around a lot seeking better opportunities, pay and signing bonuses. There are some drivers that game the system on those signing bonuses, and companies are trying to limit that by requiring workers to meet certain milestones before getting the payout. Companies have been increasing salaries but most carriers already operate on fairly slim margins and shippers, of course, are loathing to pay higher shipping rates. Now there seems to be the problem with drivers that finish training, either through carriers or independent schools, more often than not are going into business for themselves as independent carriers. Currently, the average age of drivers is 45 years old. For over-the-road truckers, that average rises to 49. It's a job that Millennials definitely do not find intriguing. Commercial drivers face a 4-days on, 3-days off schedule, with work days lasting up to 11 hours. Younger people are also concerned about going into the profession due to the threat that automation poses. They worry that these jobs are on borrowed time. Self-driving trucks may be years away still, but the idea of starting a career in an industry that might not exist even a decade from now doesn't seem overly appealing. Keep in mind over 70% of all the freight tonnage moved in the U.S. travels via trucks. Simply stated, without drivers for those trucks, or some sort of automated replacement, the U.S. economy itself could be negatively impacted. However, a strong economy is a double-edged sword for the shipping industry - as the economy strengthens, more freight gets shipped. A majority of trucking companies pay between \$0.28 and \$0.40 cents per mile according to the U.S. Bureau of Labor Statistics. Student truck drivers earn \$41,000 a year on average. CDL truck drivers can expect to earn \$66,000 a year on average. OTR CDL truck drivers earn the most, with salaries averaging \$82,000 a year. Owner operator pay varies just as much as an OTR trucker's salary. But one thing is for sure: owner operators earn a higher gross salary. According to Indeed, owner operators earn an average salary of \$141,000. That's more than double the average salary of an OTR trucker. The median annual wage for a trucker that works for a private fleet, such as a truck driver employed by Walmart, is \$73,000, according to ATA. The Labor Department pegs the median annual salary for all truck drivers at around \$40,000. (Sources: Bloomberg, CNN, TruckDriverSalary.com, Logistics Management)



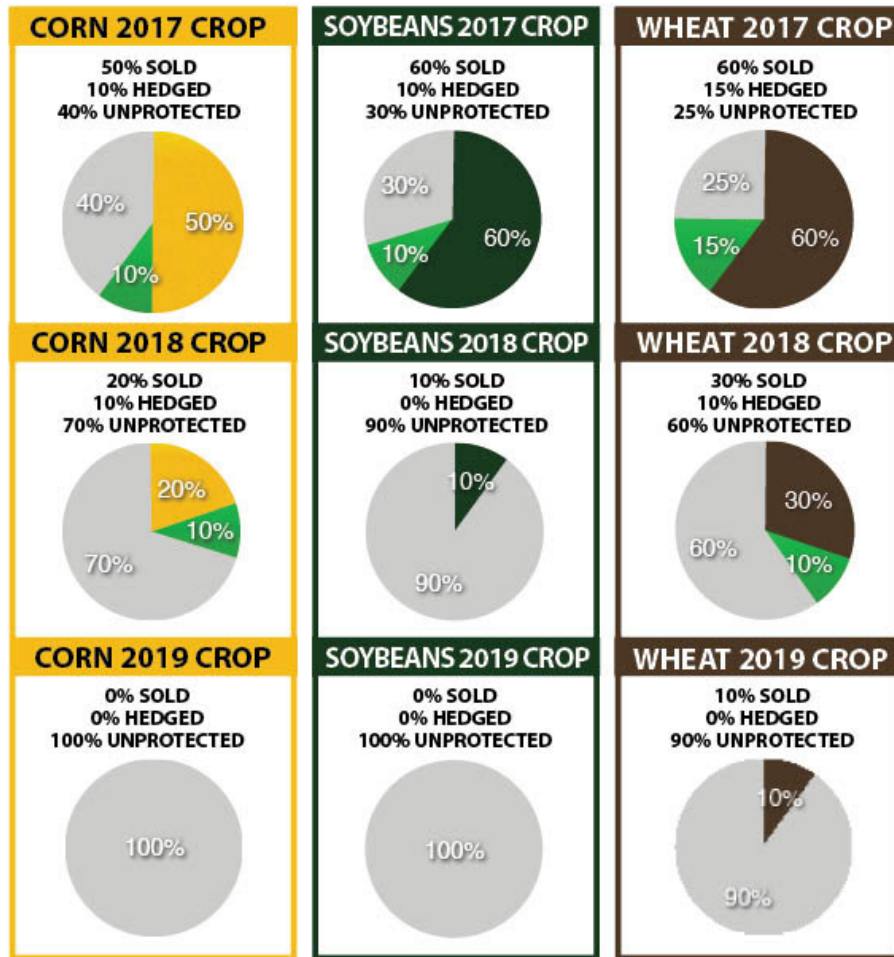
"USS Indianapolis" Found... Survivors Stories Swirling

Searchers recently solved the 72-year-old mystery surrounding the final resting place of the USS Indianapolis. The Indianapolis was on its return trip from delivering top secret parts for "Little Boy," the bomb dropped on Hiroshima when it was hit with two torpedos from a Japanese submarine and sank on July 30, 1945. As I understand it, the sinking of the Indianapolis and the ordeal endured by the ship's survivors is one of the worst naval disasters in American history. Of the nearly 1,200 sailors on board, 300 went down with the ship leaving the remainder of the crew adrift in the Pacific Ocean Near the Philippines. I'm told the ship sank in less than 15 minutes and calls for help were never sent. Of the 900 men left in the water, only 317 would survive before help arrived days later. Most of the deaths were associated with dehydration, salt poisoning, and shark attacks, all horrible ways to die. The discovery of the ship was led by billionaire co-founder of Microsoft, Paul G. Allen, whose team found the Indianapolis 18,000 feet deep in the Philippine Sea. Interestingly, finding the Indianapolis may never have happened without the assistance of naval historian, Richard Hulver who came across a blog post last year that led him to a ship's log recording a sighting of the Indianapolis. Using calculations from that record showed the cruiser was well west of where it was long assumed to be at rest. I'm told that Mr. Allen said the precise location of the Indianapolis will be kept secret from the public and will be respected as a grave, per American law. The discovery is reviving interest in the loss of the Indianapolis, the ordeal of the survivors and the controversial court-martial of the ship's captain, Charles Butler McVay III. As I understand it, McVay is the only captain of the over 350 navy ships that were lost in combat to be court-marshaled. Apparently, he was convicted of "hazarding his ship by failing to zigzag." There's a ton of controversy surrounding that ruling, as more overwhelming evidence indicates that the Navy itself may have wrongly placed the ship to come to harm's way. It seems that even the Japanese submarine captain testified that zigzagging would not have made a difference. Unfortunately, McVay would not live to see his name cleared in 2001 as he chose to take his life in 1968. The survivors of the Indianapolis were in agreement and thrilled with the reversal of McVay's court-marshal after 56 years. Each summer the remaining survivors, now numbering 20 get together to support one another and reminisce about their harrowing survival experience. Just last year writer, director, producer Sara Vladic and producer Melanie C. Johnson released a new documentary called "USS Indianapolis: The Legacy." See trailer [HERE](#). if you would like to see a personal interview with survivor Edgar Harrell, Click [HERE](#). (Source: NYTimes, National Geo)





CASH SALES & HEDGING TOTALS



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