

## GOOD MORNING: 09/06/17 Farm Direction - VanTrump Report

1 message

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Wed, Sep 6, 2017 at 7:10 AM



"Prayer should not be a "spare wheel" that you pull out when in trouble, but rather a "steering wheel" that directs the right path throughout."

WEDNESDAY, SEPTEMBER 06, 2017

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**Morning Summary:** Stocks have given back last week's gains as investors grapple with headlines tossing around terms like "nukes", "CAT-5 hurricanes" and "government shutdown". Threats surrounding military action against North Korea seems to be the lead story, but massive storms brewing in the Atlantic are not far behind. Officials in Florida are warning residents to prepare for Hurricane Irma as the Category 5 hurricane continues to track towards the southern parts of the state. It's still fully uncertain if Irma will move further up the East Coast, perhaps impacting Georgia and the Carolinas or will slip itself into the Gulf. Irma currently has sustained winds of 185 mph and is being called the strongest hurricane to ever form in the Atlantic. The Florida Keys have already issued mandatory evacuations and many portions of Florida are bracing for disaster. The National Hurricane Center, just yesterday, identified another major storm brewing east of Hurricane Irma. It is being called "Tropical Storm Jose", and early tracking shows it will strengthen by mid-week, officially becoming a hurricane which could eventually move towards New York. The hope is that Jose will run into some increasing wind shear due to outflow winds aloft from Hurricane Irma, which could put a damper on Jose gaining massive intensification. I should also note, Tropical Depression 13 formed late-Tuesday afternoon in the southwestern Gulf of Mexico and as of this morning has strengthened into Tropical Storm Katia. Rember, Houston is our nations 4th most populated city. If we are going to start tossing around headlines that could now include Miami and New York, traders could certainly get a bit more concerned. Especially when you consider law makers in Washington are desperately trying to find ways make budget cuts to keep the government open beyond October 1st. Lots of non-traditional moving parts and pieces are now coming in to play, during what is traditionally our worst performing month, September. I like the thought of scaling back equity exposure and banking some recent profits. I'm not saying the economy is going to take a dramatic turn for the worse, in fact the stock might very well be higher by year end, but I see no need to take unnecessary risk with so many non-traditional "unknowns" being tossed around in this environment. Staying conservative...

**South Korea warning** that North Korea will likely test another *intercontinental ballistic missile (ICBM)* on or around September 9, the country's founding day celebration. Following North Korea's test of what's believed to be a hydrogen bomb this past weekend, the United Nation's Security Council could be considering banning North Korean textile exports and its national airline, stop supplies of oil to the government and military, prevent North Koreans from working abroad and add top officials to a blacklist to subject them to an asset freeze and travel ban. Just my two-cents, but I don't think they are listening!!!

**Copper continues to post multi-year highs**, as new sanctions now prevent China from buying copper from North Korea. Copper has jumped by more than +20% since the end of the May. The bulls are pointing to positive economic data from China, the world's biggest consumer of commodities, and a weaker US dollar as the main ingredient. Investors are also saying it could be one of the big beneficiaries from the growth of electric vehicles and advances in energy storage technology. The bears say, there are still plentiful supplies of copper and that the market has overreacted to China's partial ban on scrap imports and a flurry of minor supply disruptions. Production at Escondida in Chile, the world's biggest copper mine, is picking up and Glencore is set to bring its Katanga project in the Democratic Republic of Congo back online in 2018. In addition, Freeport has just

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December 6, 2017

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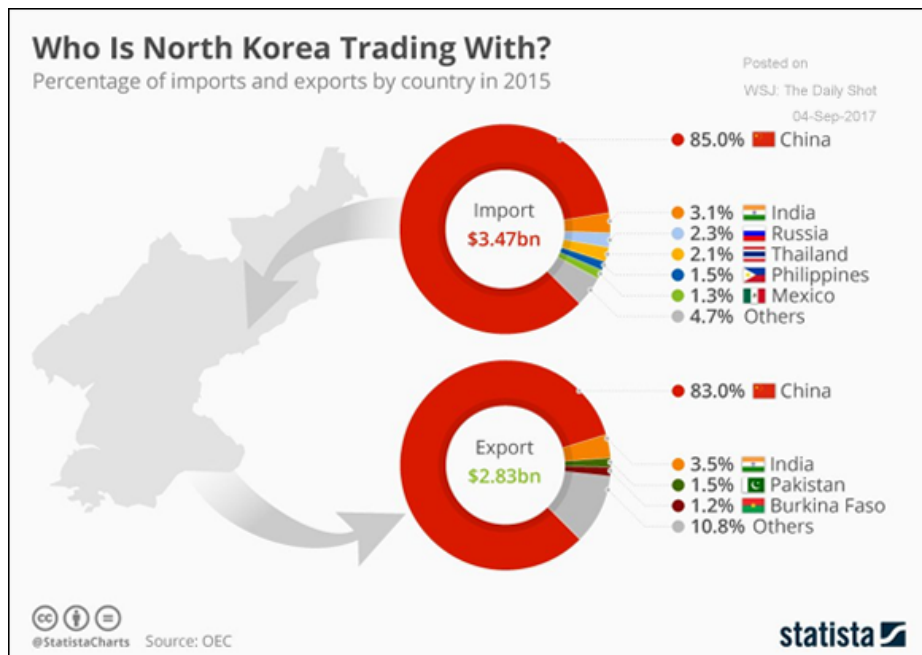


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reached an agreement with the government of Indonesia to keep operating its giant Grasberg mine. Read more at [Financial Times](#)

**Almost Half of Top U.S. Housing Markets Thought To Be “Overvalued”:** It will come as no surprise to anyone out house hunting today — buying a home is becoming ever more difficult to afford. Prices just keep soaring while incomes fail to keep pace. Even historically low mortgage rates are not helping enough. At the end of July, of the top 50 markets, based on housing stock, +46% were overvalued, according to CoreLogic. A market is considered overvalued when home prices are at least +10% higher than the long-term, sustainable level. On the flip side, -16% of markets in the report were listed as undervalued and -38% came in fairly valued. Home prices came in +6.7% higher in July, compared with the same month a year ago. A record-low supply of homes for sale keeps driving prices; the supply at the end of July was -9% lower compared with a year ago and has been shrinking steadily for nearly three years, according to the National Association of Realtors. Price appreciation is strongest in the Pacific Northwest and in Denver, where some of the tech industry has migrated, ironically because Northern California housing became so expensive. Even Las Vegas, where homes lost more than half their value during the housing crash, is now considered overvalued. Buyer demand continues to soar. In fact, Redfin, a real estate brokerage, reported +35% more requests for home tours in July, compared with July 2016. It also, however, reported that the number of offers dropped -11%. (Source: CNBC, Redfin)

**Who's In The Firing Line On A North Korea Trade Boycott:** Trade and North Korean nuclear tests have become intimately connected. In July, the UN Security Council imposed new sanctions in response to North Korea's tests of intercontinental missiles. Since then, tensions have escalated further after Pyongyang fired a ballistic missile over Japan and undertook its sixth and most powerful nuclear test. In response, US President Trump has threatened to target the countries that help North Korea via international trade. Using figures from the Observatory of Economic Complexity (OEC), a data visualization site for international trade, Statista has compiled a chart showing North Korea's top import and export partners. The vast majority of trade is with China, which accounted for 85% of imports and 83% of exports in 2015. But though it's an isolated regime, North Korea was also trading with a number of other countries that year. China also happens to be the biggest trade partner of the U.S., to the tune of about \$650 billion in various goods and services annually. (Sources: Statista, WEF)



**Weather** forecasts are calling for mostly below normal temperatures in the Midwest, along with very little rain through the end of the week. The lack of heat stress is considered favorable for crops; however, recent dry areas of the region will receive no benefit for late season soybean moisture. You also have to understand that mild, cool weather will prolong crop maturation which could bring possible early frost into the equation. On the Plains, cool, dry weather is favoring summer crop harvesting and winter wheat planting preparations. Yesterday's minimum temperatures dipped below 40 degrees F across large sections of the northern High Plains, but there was no widespread freeze. Towards week's end, warmth will return to areas as far east as the High Plains. In the South, widely scattered showers stretch from the southern tip of Texas to the southern Atlantic Coast. Yesterday, Irma became a Category 5 hurricane

Here are a few of this year's early sponsors



with maximum sustained winds of 180 mph. Currently, Irma is centered about 270 miles east of Antigua in the northeastern Caribbean, moving westward at 14 mph. On its current course, Irma poses a major late-week threat to many islands in the northern Caribbean, including Puerto Rico and the U.S. Virgin Islands. By week's end, Irma could be in the vicinity of Cuba or even southern Florida as a major hurricane. Understand -- right now -- Florida is mostly favored to see landfall by Irma, but weather models are trending west, meaning the western Gulf and already flood-ravaged Houston could be hit again by a major hurricane. This storm is gaining major attention and we'll be keeping you updated on its path all week.



**Corn** bulls are keeping an eye on weather as the harvest advances to the north. There's also the continued talk that the USDA's current yield estimate of 169.5 bushels per acre is overly optimistic and may perhaps be lowered in Tuesday's report. There's also some talk inside the trade that "demand" may push a hair higher on better than forecast exports. Net-net, bulls are thinking there's a possibility that the balance sheet could tighten a bit on both the "supply" and "demand" side of the equation. Bears are obviously on the opposite side of the argument, saying demand will face increasing headwinds from South American exporters and that ethanol could run into a few complications as we move towards yearend. The bears also believe the mild-August has allowed many corn fields to improve. Yes, early complications with weather and lack of GDU's will keep the crop from setting a new U.S. yield record, but total production will still remain strong. In the latest weekly USDA crop-condition report, the "Excellent" category fell by -1%, and the "Very Poor" category gained +1%. The overall "Good to Excellent" conditions were lowered from 62% down to 61%. States where conditions declined include: Colorado which was lowered -18 points; Pennsylvania, and South Dakota -4; Michigan and North Dakota -2; Indiana, Kansas and Minnesota -1. Conditions where left "unchanged" in Kentucky, Nebraska and Ohio. States where conditions improved include: North Carolina +5; Wisconsin +3; Illinois, Iowa and Tennessee raised +2; Missouri +1. Corn "Mature" was reported at 12% vs. the 5-year average of 18%. Corn "Dented" and "Dough" are also running a bit behind our traditional pace. From a technical perspective, I still feel like we are range-bound, and need to close back above \$3.76<sup>6</sup> to get more bulls on the bandwagon.

#### Today in History



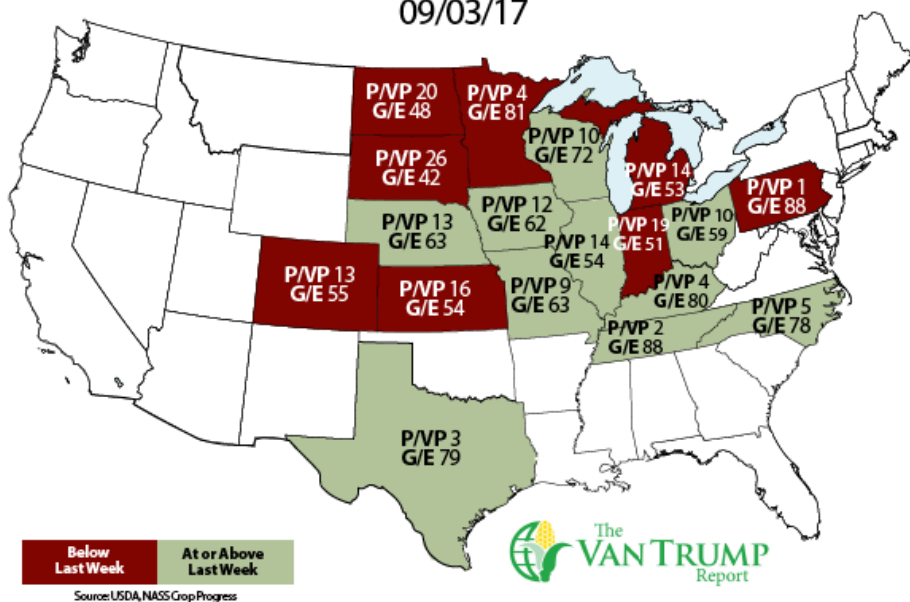
**1901, William McKinley** - President William McKinley is shaking hands at the Pan-American Exhibition in Buffalo, New York, when a 28-year-old

anarchist named Leon Czolgosz approaches him and fires two shots into his chest. The president rose slightly on his toes before collapsing forward, saying "be careful how you tell my wife." Czolgosz moved over the president with the intent of firing a third shot, but was wrestled to the ground by McKinley's bodyguards. McKinley, still conscious, told the guards not to hurt his assailant. Other presidential attendants rushed McKinley to the hospital where they found two bullet wounds: one bullet had superficially punctured his sternum and the other had dangerously entered his abdomen. He was rushed into surgery and seemed to be on the mend by September 12. Later that day, however, the president's condition worsened rapidly and, on September 14, McKinley died from gangrene that had gone undetected in the internal wound. Vice President Theodore Roosevelt was immediately sworn in as president. McKinley had been elected for a second term in 1900. He enjoyed meeting the public, and was reluctant to accept the security available to his office. The Secretary to the President, George B. Cortelyou, feared an assassination attempt would take place during a visit to the Temple of Music, and twice took it off the schedule. McKinley restored it each time. Czolgosz had lost his job during the economic Panic of 1893 and turned to anarchism, a political philosophy whose adherents had killed foreign leaders. Regarding McKinley as a symbol of oppression, Czolgosz felt it was his duty as an anarchist to kill him. Unable to get near McKinley during the earlier part of the presidential visit, Czolgosz shot McKinley twice as the President reached to shake his hand in the reception line at the temple. He claimed to have killed McKinley because he was the head of what Czolgosz thought was a corrupt government. Czolgosz was convicted and executed in an electric chair on October 29, 1901. The unrepentant killer's last words were "I killed the president because he was the enemy of the good people—the working people." His electrocution was allegedly filmed by Thomas Edison. On September 16, after receiving a funeral befitting a president in Washington, D.C., McKinley's coffin was transported by train to his hometown of Canton, Ohio, for burial. After McKinley's murder, the United States Congress passed legislation to officially charge the



## Corn Conditions

09/03/17



**La Nina Could Be Roaring Back to Life:** Sea surface temperatures have cooled so rapidly in the Pacific during July and August that forecasters are calling for a shift from a developing El Nino towards more neutral conditions, or even La Nina developing. Until June, most forecasters were predicting a mild or moderate El Nino between December 2017 and February 2018. This rapid cool has forced meteorologists to reassess the outlook for the northern hemisphere winter. Now, despite the cooling of sea surface temperatures in the Pacific, most of the other components of La Nina are absent or only weakly present at the moment. Mostly likely outcome is for the weather pattern to remain in a fairly neutral or slightly cool phase. But if it does develop, a moderate to strong La Nina would bring a colder winter to the northern U.S. and Canada and milder conditions to the southern states. Thomson-Reuters has gathered some good data [HERE](#) about the shifting forecast towards La Nina.

**Soybean** prices are down a hair this morning, but have recently rallied almost +50 cents from the mid-August low of \$9.21 per bushel. Heavy rains associated with Hurricane Harvey have caused some complications to the South as conditions in Louisiana, Mississippi, North Carolina and Arkansas have all tumbled. We are also seeing some extremely low temps for this time of year that are also causing some concern. The current USDA yield of 49.4 bushels per acre continues to be questioned by the bulls. In the latest weekly USDA crop-condition report conditions were essentially left "unchanged" at 61% rated "Good-to-Excellent". States where conditions declined include: Louisiana -14; Mississippi -9; North Carolina -5; North Dakota -4; Michigan -2; Arkansas, Nebraska and South Dakota -1. Conditions where left "unchanged" in Indiana and Ohio. States where conditions improved include: Tennessee +6; Wisconsin +2; Illinois, Iowa, Kansas, Kentucky, Minnesota, Missouri +1. Soybeans "Dropping Leaves" were reported at 11% vs. the 5-year average of 12%. On the "demand" side of the equation, buying from the Chinese remains strong. There also seems to be a larger macro push coming into the market from the funds. Perhaps it's more of a move to "real asset" classes as the world becomes more uncertain about "nukes" being tossed around? Or perhaps it has something to do with more "extreme weather" uncertainty being forecast? Or perhaps it's simply larger players looking to move and diversify funds from a stock market that has enjoyed big gains, to more depreciated asset classes? Regardless of the reasons, larger players seem to have more bullish interest in commodities. From a technical perspective, we should start bumping into stronger resistance as we approach the \$9.75 to \$10.00 range. Producers who feel they are undersold may want to consider pulling the trigger or reducing some risk on a portion of new crop production if we start to hesitate or struggle in that area. As a spec, still staying patient and looking to fade a breakout.

Secret Service with the responsibility for protecting the president.



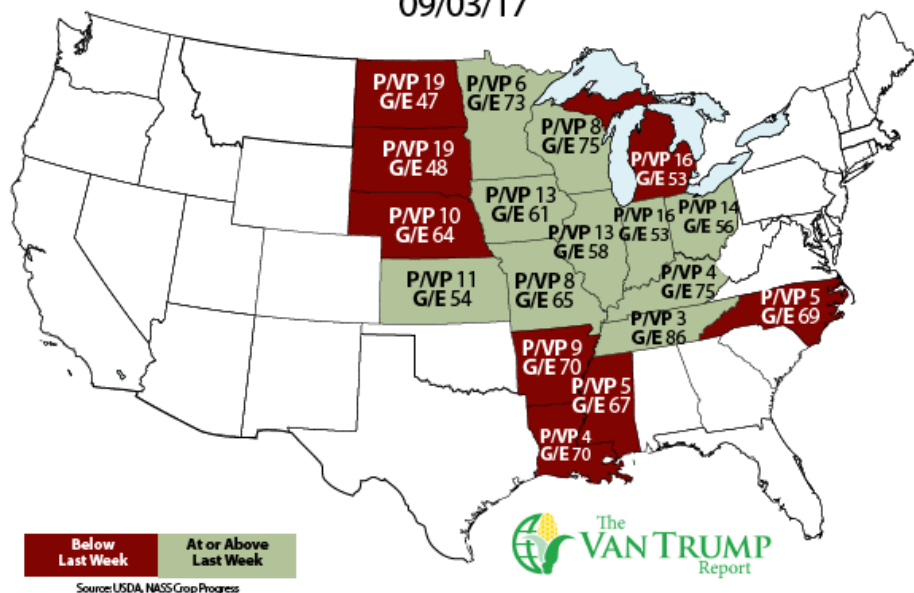
**1915, Little Willie** - A prototype tank nicknamed Little Willie rolls off the assembly line in England. Little Willie was far from an overnight success. It weighed 14 tons, got stuck in trenches and crawled over rough terrain at only two miles per hour. However, improvements were made to the original prototype and tanks eventually transformed military battlefields. The British developed the tank in response to the trench warfare of World War I. In 1914, a British army colonel named Ernest Swinton and William Hankey, secretary of the Committee for Imperial Defence, championed the idea of an armored vehicle with conveyor-belt-like tracks over its wheels that could break through enemy lines and traverse difficult territory. The men appealed to British navy minister Winston Churchill, who believed in the concept of a "land boat" and organized a Landships Committee to begin developing a prototype. To keep the project secret from enemies, production workers were reportedly told the vehicles they were building would be used to carry water on the battlefield (alternate theories suggest the shells of the new vehicles resembled water tanks). Either way, the new vehicles were shipped in crates labeled "tank" and the name stuck. The first tank prototype, Little Willie, was unveiled in September 1915. Following its underwhelming performance--it was slow, became overheated and couldn't cross trenches--a second prototype, known as "Big Willie," was produced. By 1916, this armored vehicle was deemed ready for battle and made its debut at the First Battle of the Somme near Courcelette, France, on September 15 of that year. Known as the Mark I, this first batch of tanks was hot, noisy and unwieldy and suffered mechanical malfunctions on the battlefield; nevertheless, people realized the tank's potential. Further design improvements were made and at the Battle of Cambrai in November 1917, 400 Mark IV's proved much more successful than the Mark I, capturing 8,000 enemy troops and 100 guns. Tanks rapidly became an important military weapon. During World War II, they played a prominent role across numerous battlefields. More recently, tanks have been essential for desert combat during the conflicts in the Persian Gulf.



**1995, Cal Ripken Jr.** - Baltimore Orioles shortstop Cal Ripken Jr. plays in his 2,131st consecutive game, breaking "Iron Horse" Lou Gehrig's record for most consecutive games played. "The Iron Man" was credited with reviving interest in baseball after a 1994 work stoppage forced the cancellation of the World Series and soured fans on the national pastime. Ripken's father, Cal Sr., was a former minor league journeyman catcher who, along with his wife Vi,

## Soybean Conditions

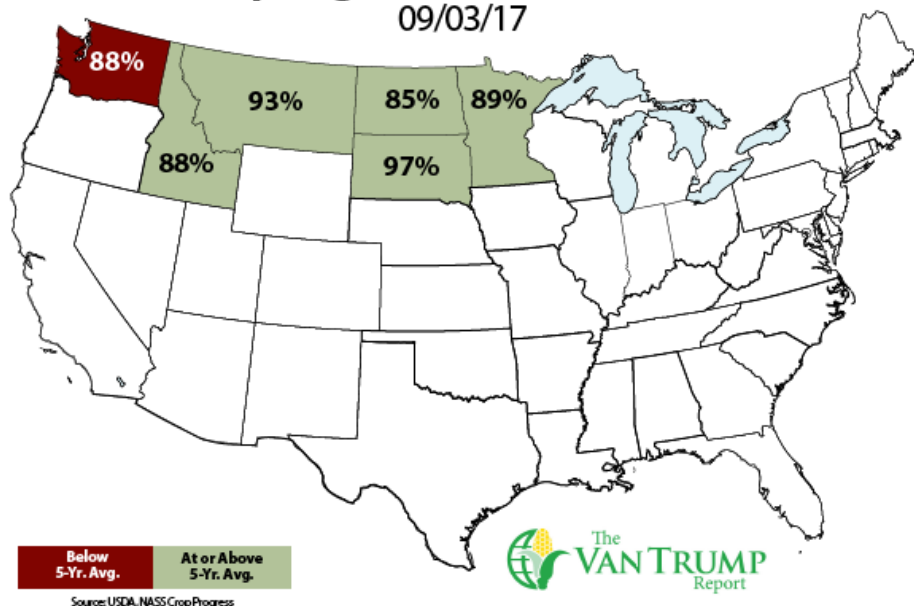
09/03/17



**Wheat** traders see no real changes or shifts in the headlines. U.S. spring wheat harvest is reported at 89% complete vs. the 5-year average of 78%. There seems to be more talk inside the trade that U.S. wheat acres will again be lower in the upcoming season. Unfortunately this isn't creating much spark as wheat acres and yields in Russia and a few other areas seems to be moving higher. Bottom-line, the world's low-cost providers continue to see room to gain marketshare. With global ending stocks at record levels, total U.S. production has slowly become less relevant. From a fundamentally bullish perspective, the trade seems to have enough of a supply-side cushion that it wants to see headlines of significant production hiccups from big producers like China, Russia, India and the European Union. With problems in these areas not considered extreme or dire enough to warrant major concern, the bears have been able to stay up to bat and somewhat unchallenged. I personally believe there are other moving parts and cards in the deck that could quickly change the bears current position. Shifts in the larger macro landscape, geopolitical black swans, lack of quality, etc. are all reasons I like being conservatively bullish and swimming against the crowd. From a traditional standpoint, I understand the global fundamentals are all stacked against me, but longer-term I believe there is still large upside potential. Staying extremely patient...

## Spring Wheat Harvested

09/03/17



instilled the "perfect practice makes perfect" philosophy in Cal and his younger brother Billy. Cal was a high school pitcher and shortstop for Aberdeen High School in Maryland while his father coached for Manager Earl Weaver's Orioles, one of the most successful teams in baseball from the 1960s through the early 80s. Cal Jr. often got to take infield with the team, and learned the tricks of the trade from the best in the business. In 1978, the O's made Cal their second-round pick in the amateur draft. He made his major league debut three years later, and on May 30, 1982, began a streak of consecutive games played that would last 17 seasons. Later that year, Weaver switched the 6'4" Ripken from third base to shortstop, a position that was at the time typically played by smaller men. Ripken's quickness and great baseball instincts made him a natural, and his success redefined the shortstop archetype. Ripken was named Rookie of the Year in 1982 and American League MVP in 1983 and 1991. On September 6, 1995, 13 and a half seasons and 2,131 games into his streak, Ripken took his familiar position at shortstop. President Bill Clinton, Vice President Al Gore, baseball legend Joe DiMaggio and Ripken's family were among the notables in attendance. In the fourth inning, Ripken ripped a 3-0 fastball from California Angels pitcher Shawn Boskie into the left-field stands, touching off a celebration from the Baltimore faithful, and inspiring even President Clinton to pump his fists in the stands. When the fifth inning began and the game became official, the Orioles unfurled a banner that read 2131 on the brick wall of the B & O Warehouse overlooking right field as camera flashes lit the night. Ripken emerged from the dugout and doffed his cap to thank the crowd, but the celebration in the stands continued. Teammates urged Ripken once again onto the field, where he took a spontaneous victory lap, shaking hands with Orioles fans around the stadium. Ripken went on to play 2,632 games in a row before ending the streak by voluntarily removing himself from a game against the New York Yankees on September 19, 1998. Ripken retired after the 2001 season with the lifetime record for home runs by a shortstop and a record for fielding percentage by a shortstop in a season. He played in 19 All-Star Games, and was awarded the All-Star MVP in 1991 and in his last All-Star Game in 2001, in which he hit a solo home run. He was elected to the Baseball Hall of Fame in 2007. A record 75,000 fans attended his induction ceremony.

### Upcoming Events

**Tues. 9/12** - USDA Supply and Demand

**Fri. 9/22** - Cattle on Feed

**Fri. 9/22** - Cold Storage



**> Russian Wheat Exports Up +11.3% Year-On-Year:** Russian wheat exports in the 2017-18 marketing year from July 1 to August 30 were up +11.3% year on year at 5 million metric tons, Ministry of Agriculture data showed. Wheat exports from Russia are outpacing last marketing year's exports due to a bumper harvest expected this year, which the US Department of Agriculture in August forecast at 77.50 million metric tons, +5.5 million higher year on year. However, Russian analysts are estimating this year's wheat harvest at 83 million metric tons, which would make it the highest harvest on record. Russian exporters have now also shipped 502,000 metric tons of corn in the current marketing year, more than 11 times higher year on year. (Source: Platts)

**> Egypt's State Wheat Purchases Surge After Private Sector Crackdown:** State grain purchases have surged this year in Egypt, Reuters-compiled data showed, partly driven by government efforts to fill a gap left by a shrinking private sector hit by a crackdown on fraud and smuggling. Government purchases in the world's biggest wheat importer rose +80% for the first seven months of 2017 versus the same period last year, according to the figures. State buyer GASC is aiming to buy a record 7 million metric tons of wheat during the fiscal year that started in July, up from about 6 million metric tons last year, the supply minister said in July. Wheat buying has moved away from the private sector in the aftermath of reforms brought in this year barring private dealers smuggling foreign wheat into the local harvest to collect on subsidies.

**> Noble Expects Oil Biz Buyer This Month:** Noble Group Ltd., the commodity trader struggling to avoid a default, said it expects to find a buyer for its oil business by the end of September, and get an extension on its debt covenant waivers beyond October, but conditions are still very difficult. The company foresees reaching terms with one preferred bidder before the end of the month, Chairman Paul Brough told reporters in Singapore after a Special General Meeting. Once Asia's largest commodities trading house, Noble is slashing jobs and selling assets to cut debt after a crisis-racked two years. In the last few months, Noble also got waivers from other banks on its loan covenants. It has debt due next year also. (Source: Reuters)

**> JBS Plea Deal Could Be Rescinded:** The immunity granted to three executives at JBS S.A.'s controlling shareholder company, J&F, via plea bargain deals is at risk of being cancelled, due to a new audio recording revealing alleged crimes omitted from their testimonies to Brazilian Prosecutors in April, the country's Prosecutor General Rodrigo Janot said Monday. A four-hour audio recording revealed a conversation between Joesley Batista and J&F's director Ricardo Saud in which they seem to discuss the participation of a prosecutor in assisting them in a future approach to negotiate a plea bargain deal with the Public Prosecutors' Office, according to a statement Janot released. The Prosecutor General said although parts of the conversation don't appear to have factual support, the content needs to be clarified. (Source: MeatingPlace)

**> Trump Names Three New USDA Nominations:** President Donald Trump recently nominated Gregory Ibach as Undersecretary for Marketing and Regulatory Programs (MRP), Bill Northey as Undersecretary for Farm Production and Conservation (FPAC), and Stephen Vaden as USDA's general counsel. U.S. Secretary of Agriculture Sonny Perdue applauded the president's selection of the three positions. The Undersecretary for MRP oversees three critical USDA agencies: the Animal and Plant Health Inspection Service; the Agricultural Marketing Service; and the Grain Inspection, Packers, and Stockyards Administration. The Undersecretary for FPAC oversees three USDA agencies: the Farm Service Agency, Natural Resources Conservation Service, and the Risk Management Agency. (Source: World Grain)

**> EPA Considers Dicamba Cut-Off Date:** The U.S. environmental agency is considering banning sprayings of the agricultural herbicide dicamba after a set deadline next year, according to state officials advising the agency on its response to crop damage linked to the weed killer. Setting a cut-off date, possibly sometime in the first half of 2018, would aim to protect plants vulnerable to dicamba, after growers across the U.S. farm belt reported the chemical drifted from where it was sprayed this summer, damaging millions of acres of soybeans and other crops. Opponents of the plan say setting too early a cut-off date would invalidate the entire point of planting Dicamba resistant crops. EPA officials on the last call made clear that it would be unacceptable to see the same extent of crop damage again next year, according to Andrew Thostenson, a pesticide specialist for North Dakota State University who participated in the call.

**> DREAMERS:** President Trump yesterday ended the so-called DACA program, which was implemented by President Obama to protect undocumented immigrants who were brought into the United States as children. Attorney General Jeff Sessions said the

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

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

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

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

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

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

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

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

#### Kevin's Song of the Week



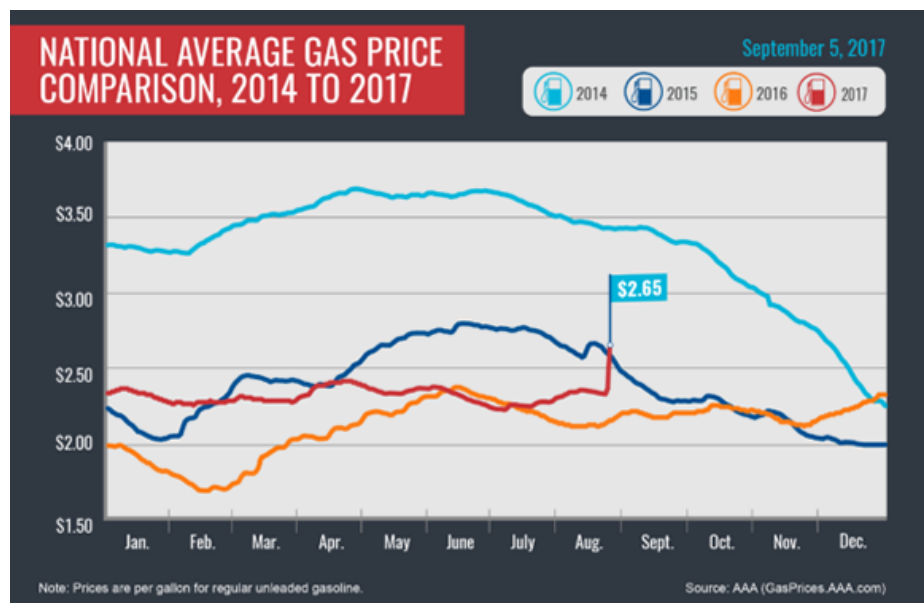
#### About the Report



program was "unconstitutional." Current permits will expire on March 5, of next year unless Congress steps into revive the program. Moody's estimates that ending DACA altogether could cost the U.S. economy more than \$105 billion over the course of five years.

**> Fed Officials Urge Caution On Rate Hikes:** Two Federal Reserve officials yesterday, in separate speeches, warned about hiking U.S. interest rates. Federal Reserve Governor Brainard stated that the central bank should be cautious with tightening policy further until the Fed is confident that inflation is back on track to achieve the 2% target. She reiterated that the Fed should be comfortable with inflation modestly above target for a time given that it is a symmetric target. Brainard reiterated her well-known concerns about inflation consistently remaining below the target rate for the past 5 years now. However, she did say it was now appropriate for the Fed to begin shrinking its balance sheet. At a speech given later in the day, Minneapolis Fed President Neel Kashkari warned that interest-rate increases may be "doing real harm" to the U.S. economy. In fact, he cited that as a possible reason why inflation is so low and job growth is slowing. "These premature rate hikes that we are embarking on, they're not free, and I think we need to remind ourselves of that," Kashkari said. Kashkari and Brainard are both well-known doves. They are also both voters on the U.S. central bank's rate-setting Federal Open Market Committee this year. (Sources: Economic Calendar, Bloomberg)

**> Gas Prices May Continue Their Rise:** Hurricane Harvey may no longer be raining down on the Gulf Coast, but the storm's impact continues to drive up gas prices across the country. At \$2.65, the national gas price average is +27 cents more expensive on the week. Motorists in 26 states are paying 25 to 44 cents more for a gallon of unleaded compared to seven days ago. In fact, every state in the country has seen gas prices increase except four (Alaska, Idaho, Hawaii and Utah), where prices remain stable. Overall, gas prices are pennies away from topping the highest price (\$2.67, August 15-18, 2015) Americans have paid for a gallon of gas in more than two years. As Texas dries out from Harvey, all eyes are now on Hurricane Irma, a Category 5 hurricane that could strike Florida and also impact gasoline prices. With or without Irma hitting U.S. shores, consumers aren't expected to see any relief on gas prices until the end of the month. Morgan Stanley says it took 3-5 weeks for refining capacity to return to normal levels after the storms in 2005 and 2008. (Source: AAA)



## FROM THE FIELD

**Central Illinois** - Our weather looks very good and if we can get just one or two rains we should finish this crop out on a high note. We had good rains early and some of the heavier ground in these parts that is not patterned tiled looked a little rough. Early we had some holes in our fields that had to be replanted a couple of times. I am thinking that our corn will be off by as much as 30bpa across our farms putting our yields between 1800bpa and 200bpa. I think that the soybeans may surprise some guys around here. The bean crop is looking very good. They caught some end of July rains

## NEXT level THINKING



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

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

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

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

Kevin Van Trump

### What Others Are Saying

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

A.M., FDIC

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

that really helped the crop out when it was filling pods. Most plants had an above average number of pods and actually added a fair amount late. I didn't think this years beans would be as tall as last years crop but they are up to my arm pits again.

**Southwest Minnesota** - Our spring was rough with snowfall interrupting planting. The funny thing is the guys who got in the ground before the snow, have darn good looking crops right now. Things turned real dry from Memorial Day to mid-July with only one inch of rain but thankfully we have had ten inches since. We suffered some loss with a tornado taking out 5% of our corn crop and hail destroying 10% of our beans. We should be alright though as yields look good enough to avoid making insurance claims. Up here there were some guys with both Diacamba drift and hail damage, but it looks like both side's insurance agents are blaming the other for the damage and no one seems to want to pay out. We also have a cow-calf operation and the technology involved in that business is making things a lot more efficient providing better genetics more often. We still have way more old crop than I wanted to at this point and not enough new crop priced. Didn't pull the trigger in July like a lot of others.

**Northeast Colorado** - We grow corn, sugar beets, wheat and canola out here on our mostly irrigated land. We are currently extremely dry but did not start that way. Due to rains, we were late planting corn and didn't get finished until May 20th. Normally, we try to have it in by May 10th as we don't have as many growing days as others. Water usage here is likely soon to be regulated to the point of allowing us only 45" for a three year period. That would be a major hinderance as we need 22" a year to raise a good crop. I pushed things a bit this year with the water to see what I could get and it looks like one field will produce 300+bpa for the first time ever. I held onto some old high protein wheat crop and was able to make some money late. At this point I do not have any 2017 corn priced.



**Argentine Growers Slam Warning Of Soy Price Dent From U.S. Levy:** Argentine producers clashed with industry association Ciara over claims that the country's soybean prices would be hurt by US levies on biodiesel imports, saying that there were "many alternatives" for demand. The Sociedad Rural Argentina, one of the South American country's biggest farming associations, said that there was "no merit" in a caution from Ciara, the national oilseeds industry chamber, over the soy price impact of Washington's move to impose duties on US imports of Argentine biodiesel. Ciara noted that the US last year - through its imports of biodiesel, which is made from vegetable oils - bought from Argentina the equivalent of 7.5m tonnes of raw soybeans. However, the Sociedad Rural Argentina, or SRA, said that there were alternative sources of demand for the soy displaced from the US market via the duty plans, which could see Washington slap levies of up to 64.2% on imports of Argentine biodiesel. [Read more HERE.](#)

**Bitcoin Is Currently The Best Example Of A "Bubble":** Yale economics professor Robert Shiller won the Nobel prize for his work on bubbles. He wrote a seminal book on speculative manias, Irrational Exuberance, a deep analysis of the dramas over the centuries when otherwise sane people drove prices for tulips, stocks, and houses to inexplicable heights. He says the best example of a speculative bubble is bitcoin. "Big things happen if someone invents the right story and promulgates it." [Read more HERE.](#)

**How Your Brain Tells Lies:** Magic tricks, or illusions, make us go "ooh," "ahhh," and "how the flippin' crap did they do that?!" They're part sleight of hand, part planning, and a lot of brain confusion. Your brain is a liar. In the video above from the Wired YouTube channel, magician David Kwong, and author of the book Spellbound, reveals the "7 Principles of Illusion." These principles are what turns a simple sleight of hand gesture into a mind melting magic trick. See the video [HERE.](#)

**Can Robots Help The U.S. Get Its Economic Mojo Back?** A 2017 ranking on global competitiveness from the International Institute for Management Development (IMD) shows the US in fourth place, it's lowest position in five years, slipping from third a year earlier. Hong Kong, Switzerland, and China now place before the US when it comes to providing a stable environment for businesses to flourish. We only have to look at the top three most competitive countries to understand what's driving economic growth for their businesses and prosperity for their citizens; the common thread is aggressive adoption of automation. These countries consider robots the fuel that will ignite business growth, enable humans to do more productive and meaningful work, and expand overall economies. While some people fear robots will replace human workers, there's overwhelming evidence robotics and other emerging technologies will actually

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.



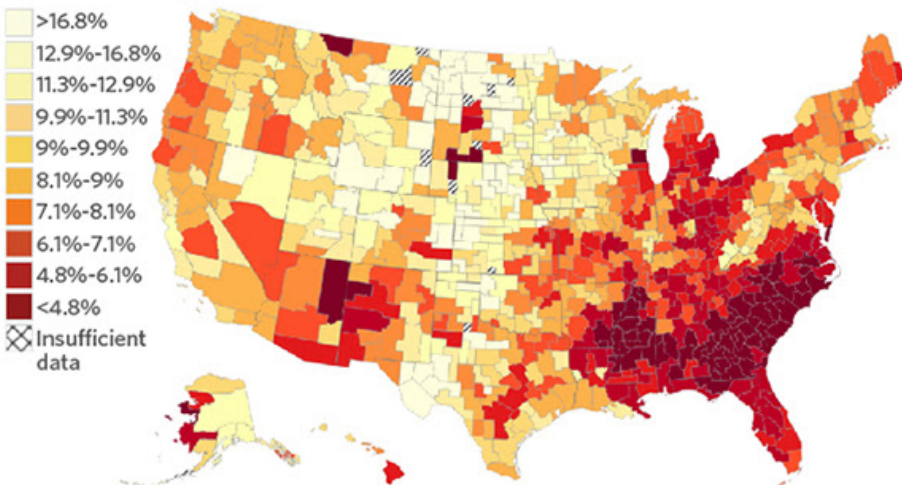
make the US economy stronger, providing us the resources we need to address dislocation or other social issues we face. Read more [HERE](#).

**How George Clooney Accidentally Started the Tequila Company He Just Sold for \$1 Billion:** George Clooney and business partner Rande Gerber didn't set out to make money by launching "Casamigos Tequila". While building their side-by-side vacation homes in Cabo San Lucas, the long-time friends were spending a lot of time in Mexico — and consequently, drinking a lot of tequila. "As you do when you're in Mexico, you drink a lot of tequila," Gerber tells CNBC. "After a couple of months trying a lot of different tequilas, George turned to me and said, 'Why don't we just make our own? One that's perfect for us to drink?'" That's just what the pair did, along with their friend Michael Meldman. The tequila was a huge success and the next thing you know they are selling the company to Diageo for what could be as much as \$1 billion. Read more [HERE](#)

**Chances Of Achieving The American Dream:** The American dream — the idea that anyone can own their own home and do better than the previous generation with the right amount of hard work — has been fading for years, with rising house prices and stagnant wages. In fact, some 75% of people said it's in danger of extinction, according to a survey released by fintech startup Hearth. Only 18% believe they're living the American dream, while 36% said they were living the dream to some extent, and another 18% said it's completely unattainable. This comes as the majority of Americans do not think their children will grow up to be better off than they are. People who want to achieve the American dream may be better off seeking it in Canada, the U.K. or Denmark according to an earlier study published by the Federal Reserve Bank of St. Louis. The study, authored by Raj Chetty, professor of economics at Stanford University, defined the concept as the ability for children born in the bottom fifth of income distribution to reach the top fifth. In the U.S. the likelihood of that is 7.5%, whereas in Canada children born in that group are twice as likely to rise to the top — at 13.5%. What's more, people's faith in the American dream has been on the decline, with 69% saying obstacles to realizing it are "more severe than ever" today. A larger view of the map below and more details are available [HERE](#).

## The chances of achieving the American dream

Upward mobility by state



Note: The rates of upward mobility for children born in the 1980s for 741 commuting zones and their ability to move from the bottom fifth of income distribution to the top fifth.

Source: The Equality of Opportunity Project



### Dicamba Update & Thoughts

A few of my "trading" friends have recently been asking more questions about Dicamba and what impact it could ultimately have on the U.S. soybean production. Remember, many of my professional trading friends and fund managers were not born or raised on a farm, so at times they have questions about things that many of us are living or dealing with on a daily basis. Below is a short e-mail I sent out to a few money managers and traders containing my most recent thoughts on the subject and what I know to this



point. I hope this helps those in other areas better understand all of the moving parts. I am certainly no expert on the subject, but wanted to pass along what little I know and my current thoughts.

Dear XXXXX,

*You couldn't have picked a more controversial subject... "Dicamba" has been a big problem and heated debate in the ag world for the past couple of years. It all seemed to start in the bootheel of Missouri and into Arkansas back in 2014. I've been dealing with it in spades for the past two years. In fact one farmer killed another a few months back in an argument over the "drift". Several of my friends and farming partners are now involved in class action cases. Interestingly, despite what you might be hearing "yield drag" seems to widely vary based on a wide range of variables. We had some farm ground last year that looked great up until harvest, then the yields were well below expectation. The agronomist attributed it to drift from neighbors spraying Dicamba as the soybean leaves late in the season began to cup, tuck upwards and appeared more fuzzy and crinkled than normal. From all of my research and contacts on the agronomy side, yield is most impacted based on what stage the soybean plant is in at when the herbicide injury occurs. Early in the plant cycle, drift or contamination does not necessarily translate into yield loss. In other words, drift at V3 doesn't necessarily equal yield loss. On the other hand, drift at R2, seems to take only a nat's ass to cause a fairly significant yield drag. I should also note, there are a ton of other variables that can cause lesser or greater impact. Generic types of dicamba used with old technology and just the right weather conditions can cause more extreme chemical volatilization. Temperature inversions, high humidity and slightly windy conditions seem to be a license for disaster. Both conditions regularly witnessed during the summers in Missouri and Arkansas. Other variables and complications occur when producers don't properly clean out tanks, use old spray technology, bad nozzles, etc. There's also problems when combined with other products or sprayed over the top of other products or used in combinations with generic glufosinate products. The problem is the weeds have become so prolific in many areas that the producers are trying various combinations to try and get control. Unfortunately, at least from my perspective and from others I've spoken with, they believe Dicamba is an inherently volatile herbicide, and older formulations of dicamba are more volatile. Rember, dicamba was discovered back in the late-50's and has been used in wide range of inputs. I just think the combination of many uncontrolled variables has created more widespread problems. It seemed like last year in Illinois, hardly anyone was talking about it, while down here we had been dealing with it for two years.*

*As for production damage and yield loss... Yes, probably 4 million acres are actually effected in some capacity. What percentage of the "drift" occurred under just the right variables and stage of plant growth to cause major yield drag, who knows? Interestingly, Arkansas and Missouri have the most problems and most reported cases, and if I'm doing my math correctly Missouri could still harvest a record yield.*

*Yes, it's a problem, but I feel like producer are quickly overcoming the "learning curve" and either not using it or making the necessary adjustments to battle all of the variables that can cause the widespread complications.*

*I attached a couple of interesting graphics that were sent to me by my buddies at the University of Missouri. They've done a ton of research on the subject the past couple of years and I encourage anyone who wants to learn more to check out their research [HERE](#) (Source: University of Missouri)*



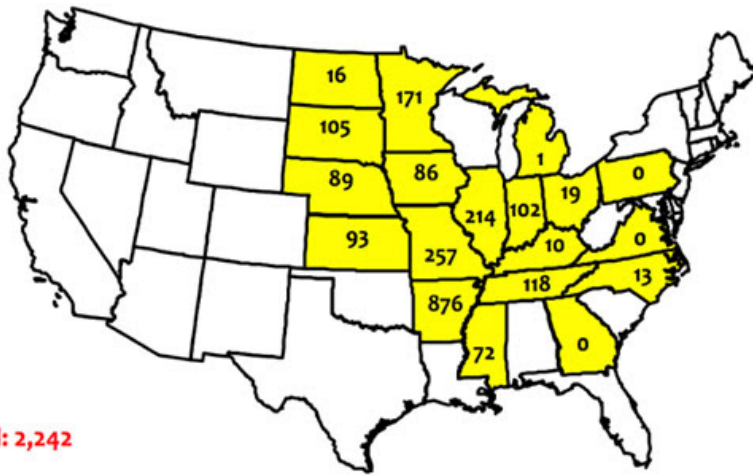


Figure 1. Official dicamba-related injury investigations as reported by state departments of agriculture (as of August 10, 2017).

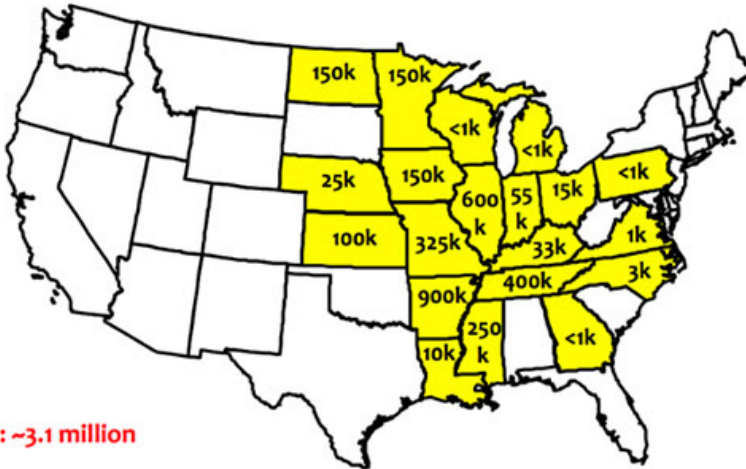
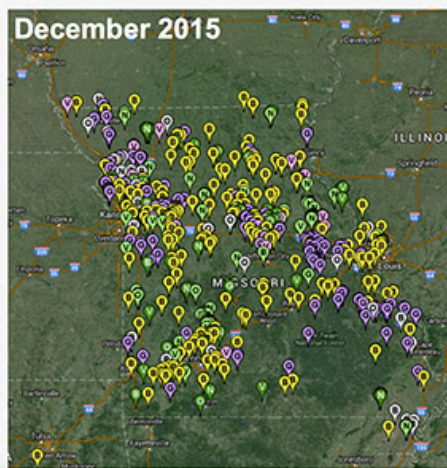
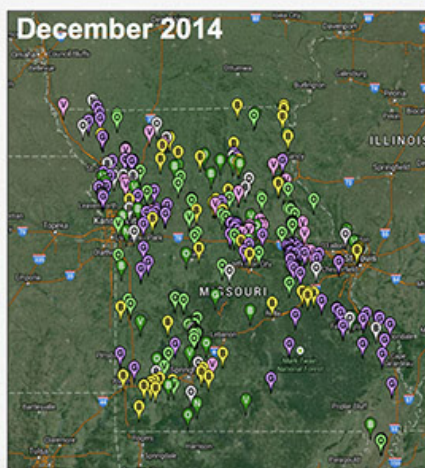


Figure 2. Estimates of dicamba-injured soybean acreage as reported by state extension weed scientists (as of August 10, 2017).

Click Image below for a larger view.

## Driftwatch

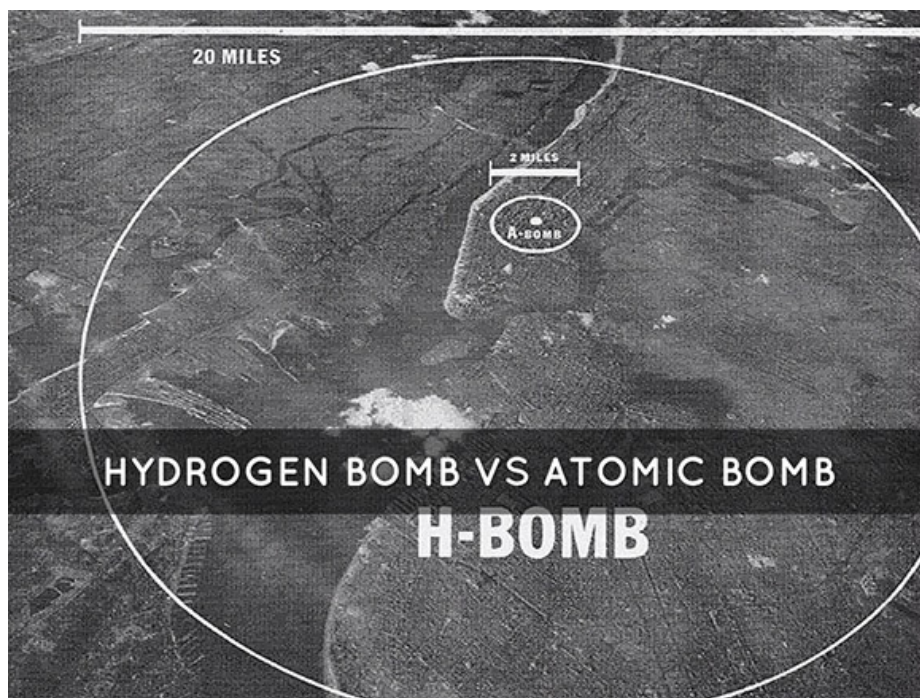


## What's The Difference Between A Hydrogen Bomb And A Nuclear Bomb?

North Korea recently tested what they claim was an advanced hydrogen bomb. It hasn't



been verified, but experts say the power of the blast matches that which would be produced by a hydrogen bomb and was by far more powerful than North Korea's previous nuclear tests. Norsar, a Norwegian geoscience research foundation, estimates the bomb was 120 kilotons, 10 times stronger than last year's test that caused a 5.3 magnitude earthquake. This got me wondering - What is the difference between this supposed hydrogen bomb and a nuclear bomb? For starters, a hydrogen bomb is far more powerful than a plain nuclear weapon. They can actually be up to 1,000 times more powerful. The fundamental difference is the detonation process. Hydrogen bombs use nuclear fusion to produce explosive energy. The two-stage process is called a thermonuclear reaction. This is the type of energy put off by stars, including our own sun. Nuclear, or atomic, bombs rely on fission, which is atom-splitting. This is the process used by nuclear power plants. Hydrogen bombs are more sophisticated and can also be mounted on an intercontinental ballistic missile (ICBM). As one South Korean professor explained, "Such a device could evaporate the entire city of New York completely." The hydrogen bomb is the global standard for the five nations with the greatest nuclear capabilities: the US, Russia, France, the UK and China. Israel, India, and Pakistan are generally believed to have nuclear weapons that use only nuclear fission. The most powerful nuclear weapon ever tested is believed to be Russia's Tsar-bomb, which had a yield of 50 megaton, or the equivalent of 50 million tons of TNT. Aside from the fact that North Korea appears to have this advanced nuclear technology, another thing worrying scientists is that the site of the rogue nation's nuclear testing appears close to collapse. Chinese researchers studying a mountain in North Korea believed to serve as the testing ground say it is at risk of caving in and leaking radiation into the region, including China. The hydrogen bomb recently tested there triggered an artificial 6.3 magnitude earthquake. Scientists fear that even one more blast could be catastrophic, leading the entire mountain to implode. (Sources: CNBC, Al Jazeera, Fox)

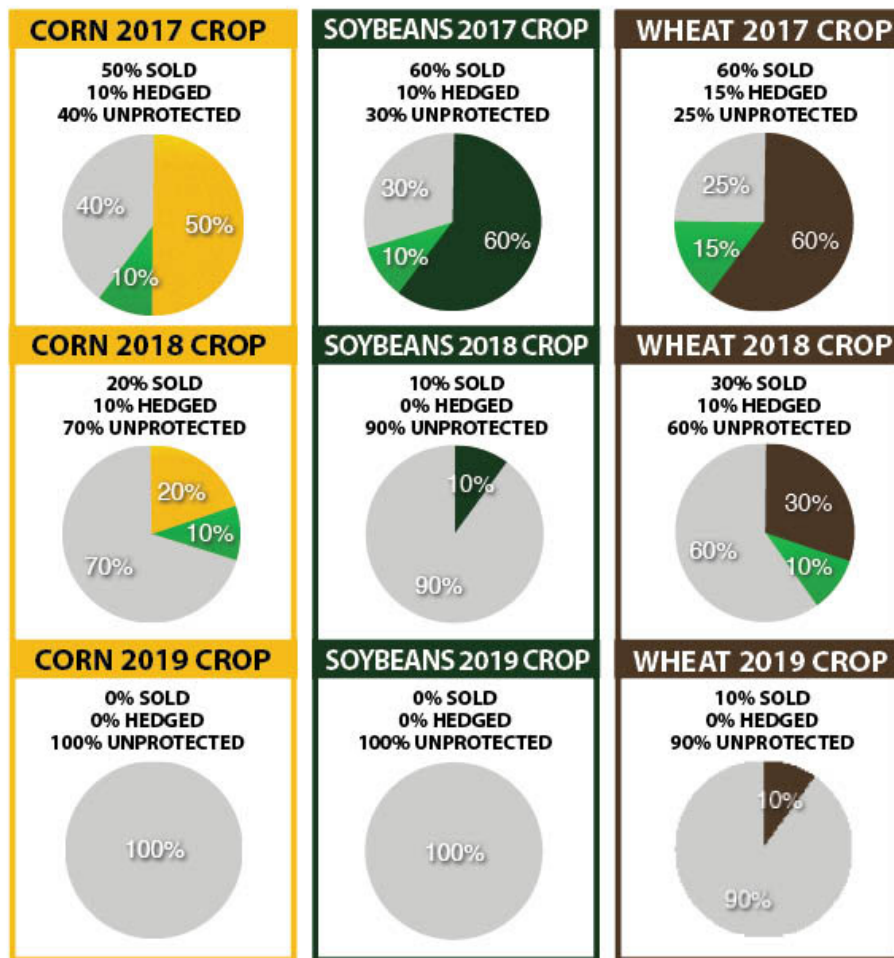


### **The 5-Second Rule: How To Outsmart Your Brain and Change Your Life**

This short video was sent my direction the other day by a good friend and I thought it made a lot of sense. In fact I thought enough about it that I shared with my wife and children. After doing a little research, I found out Mel Robbins is one of the most sought after motivational speakers, who delivers business expanding, life-changing, interactive keynotes that inspire change, challenge thinking and accelerate personal and professional growth. Her TEDx Talk on "How To Stop Screwing Yourself Over" has over 10 million views across 37 countries, and her book on the brain and productivity, "[Stop Saying You're Fine](#)", is a business bestseller that has been translated into many languages. She started her career as a criminal defense attorney and went on to launch and sell a retail and internet technology company. Mel has led multi-year coaching programs at: Johnson&Johnson, AG Edwards, Bear Stearns and Partners Healthcare. Mel is a Dartmouth College and Boston College Law School graduate. She and her husband of 18 years have three young kids. She lives in the Boston area, but remains a Midwesterner at heart. If there's one thing you do today, watch this short video and hear a simple thought that helped change her life. Click [HERE](#)



## CASH SALES & HEDGING TOTALS



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