

**GOOD MORNING: 09/08/17 Farm Direction - VanTrump Report**

1 message

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Fri, Sep 8, 2017 at 6:42 AM

*"If your why is strong enough you will figure out how!" - Bill Walsh.***FRIDAY, SEPTEMBER 08, 2017**  
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**Morning Summary:** Stocks have been mostly flat for the past three days as investors await more headlines and details about Hurricane Irma, North Korea and deal making in Washington. Irma, the most powerful Atlantic hurricane in recorded history, has ripped through a chain of Caribbean islands and remains on a collision course with Florida, due for impact Sunday morning. How hard Florida, Georgia and perhaps the Carolina's get hit will depend on the timing of Irma's northward turn on Saturday. Understandably, the potential consequences of the storm are creating some interesting patterns in the markets. Stocks of insurers and cruise lines, for instance, have seen heavy losses, while investors have been jumping into home improvement stocks like Home Depot and Lowe's. Obviously, traders are going to be closely monitoring this storm over the weekend. Experts say that Irma could prove to be even more costly than Tropical Storm Harvey, which devastated southern Texas two weeks ago and caused what is now estimated to be over \$180 billion of damage. Florida Power & Light, the utility owned by NextEra Energy that covers more than half the state with 4.9 million customers, warned that it expected "widespread and substantial destruction" of its electricity system. It said it would shut down its two nuclear power plants in southern Florida. Keep in mind there are two other hurricanes brewing as well - Jose, which has recently been upgraded to a Category 2 Hurricane and Katia, which is now being called a Category 1 Hurricane. Traders are also digesting the latest "wild-card" out of Washington, where the Senate approved a short-term bill to fund the government and raise the debt ceiling. The measure was part of a deal struck between President Trump and Democrats earlier this week, which raises the debt ceiling through December 15 and ties it to Hurricane Harvey aid passed by the House earlier this week. Many Republicans, including the parties largest caucus in the House, are unhappy with the Trump compromise as they wanted the debt ceiling extended long enough to get past 2018's Midterm Elections. The measure now goes back to the House, where it is expected to pass, though grudgingly. Tax reform also remains in the spotlight for investors. House Majority Leader Paul Ryan yesterday dashed hopes for meeting President Trump's goal of getting the corporate tax rate down to 15%. Ryan says his goal is to lower it from the current 35% to the "mid-to-low 20s." He also cast doubt on presenting a tax reform plan this month but reiterated his goal to pass the legislation before the end of 2017. Investors are hoping that the debt ceiling and spending bill will be behind us next week and lawmakers can put their full efforts into tackling U.S. taxes. Economic data today includes Wholesale Trade and Consumer Credit. We will also hear from Philadelphia Fed Reserve President Patrick Harker. Next week is pretty quiet on the data front with JOLTS on Tuesday; the Producer Price Index on Wednesday; the Consumer Price Index on Thursday; and Retail Sales, Empire State Manufacturing, Industrial Production, Business Inventories and Consumer Sentiment on Friday.

**Next Hurricane Shortage...Construction Workers:** A severe shortage of construction workers is expected to cause widespread delays and push labor costs sharply higher as Texas begins to rebuild from Hurricane Harvey. The labor squeeze could get worse still if Hurricane Irma slams the Southeastern U.S. this weekend as expected. Already, an estimated 30,000 homes in Houston were destroyed by Harvey, more than the city was expected to build in all of 2017, according to the Greater Houston Builders Association. Tens of thousands more were damaged. The spike in construction demand comes at a time when contractors say they already are facing delays of one to two months to find workers for their projects. There were 225,000 unfilled construction jobs in June, near the recent high of 238,000 recorded in July 2016, according to a National

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*Association of Home Builders. In all, 10,000 to 20,000 workers could be needed to rebuild the homes damaged by Harvey alone, or 10% to 20% of the total number of residential construction workers in the Houston metropolitan area. Wages and material prices also are expected to rise, potentially by double-digit percentages, based on the historical example of Hurricane Katrina in 2005, according to real estate tracker John Burns Consulting. Material costs were already rising before Harvey hit. (Source: The Wall Street Journal)*

**China Refuses To Endorse Fresh North Korea Sanctions:** Even as China says it agrees additional measures to rein in North Korea's aggressive nuclear ambitions are needed, the country is refusing to endorse a U.S. draft proposal that would ban oil imports. Pressure from Washington has ratcheted up since North Korea conducted its sixth and largest nuclear test on Sunday. China is by far North Korea's biggest trading partner, accounting for 92 percent of two-way trade last year. It also provides hundreds of thousands of tonnes of oil and fuel to the impoverished regime. Meanwhile, Japanese Prime Minister Shinzo Abe and South Korean President Moon Jae-in spoke at the regional meeting in Vladivostok and agreed to try to persuade China and Russia to cut off oil to North Korea as much as possible, according to South Korean officials. North Korea said it would respond to any new U.N. sanctions and U.S. pressure with "powerful counter measures", accusing the United States of aiming for war. It's also believed that North Korea is close to testing another intercontinental ballistic missile. Most speculate it would happen on September 9, which marks the 64th anniversary of the totalitarian regime's founding. (Sources: NBC, Foreign Policy)

**Amazon Needs A Home For HQ2:** Amazon on Thursday announced it was looking for another city to host what it calls its second headquarters. The online giant says the facility would cost as much as \$5 billion and employ up to 50,000 people. Given the company's stated criteria, here's how Amazon could narrow the list. First, Amazon asks for metropolitan areas with more than one million people. Next up for Amazon is a "stable and business-friendly environment." The criteria is "urban or suburban locations with the potential to attract and retain strong technical talent." Finally, we have "communities that think big and creatively when considering locations and real estate options." That's a harder metric to screen for, but MarketWatch read that as, mostly, Amazon looking for tax breaks. They then crunched the numbers and they believe 11 cities fit the criteria: Atlanta, Austin, Baltimore, Boston, Bridgeport, Denver, New York, Provo, Raleigh, Tampa and Washington. (Source: MarketWatch)

## Possible Amazon HQ2 headquarters

amazon



**Weather** forecasts are calling for the current cool, mild conditions to last through the weekend. Despite temperatures dipping near or below 40 degrees F in the upper Midwest over the past few evenings, little frost was reported. Temperatures are expected to return back to normal levels here in the next few days. We are hearing talk out there of recent dryness possible hindering final stage development of soybeans. Irma continues to pose a risk to lives and property in the Southeast. Crops at risk include citrus, sugarcane and vegetables in Florida, along with cotton and peanuts in Georgia and the Carolinas. In the southern Plains, soil moisture in the region is mostly adequate for the upcoming winter wheat planting season. Mild weather in the northern Plains is allowing for early-season winter wheat planting efforts. In Montana, 2% of the 2018 winter wheat crop had been planted by September 3. Warmth has returned to the drought-stricken northern High Plains.

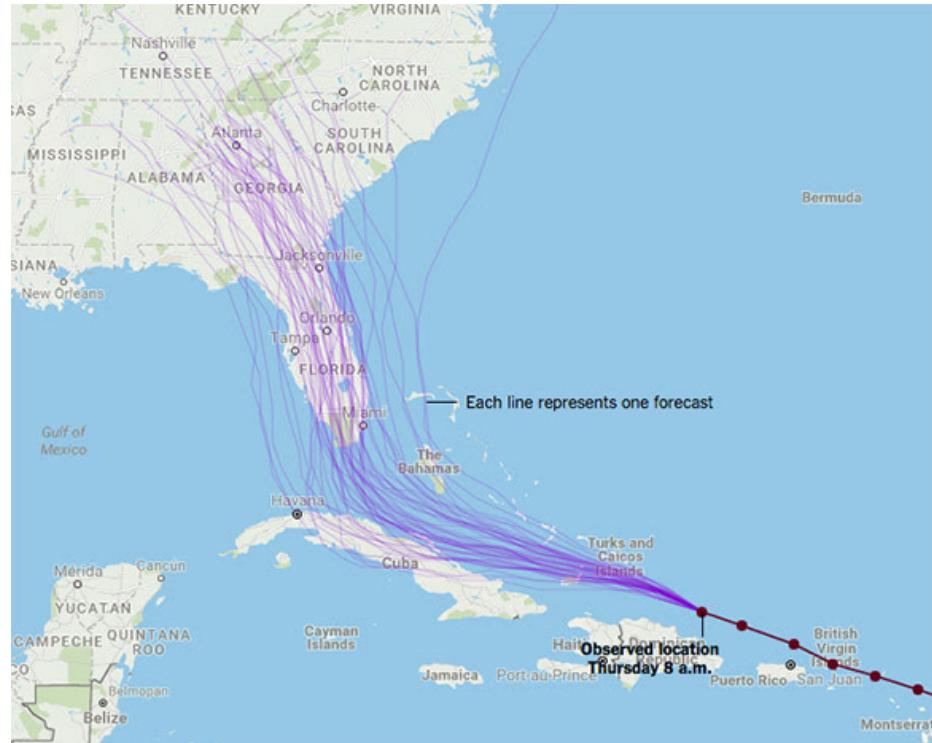
Here are a few of this year's early sponsors



**Breakdown of Irma's Path:** It is becoming more and more likely that Florida will take a direct hit from Irma with devastating impacts possible. Irma will be a Category 4 hurricane when it approaches south Florida this weekend and is already one of the strongest storms on record in the Atlantic Basin. Swells generated by Irma should arrive by Thursday night. They are calling it "Storm Surge Inundation" which is when hurricane-force winds cause an abnormal rise in water. The National Hurricane Center says water inundation could be 5 - 10 feet above ground level in south Florida if peak surge coincides with high tide. As for Georgia, the exact path that Irma's circulation center moves along in relation to Georgia is too early to know and depends on where the hurricane's northward turn begins. It's possible that Irma could make a final landfall somewhere from Georgia into the Carolinas. However, Irma could also move northward through the entire Florida peninsula and into south Georgia with impacts extending east from there into coastal Georgia. Below is one of the best hurricane forecasting systems model developed by an independent intergovernmental organization in Europe. The system produces 52 distinct forecast of the storm's path each represented by a line below. (Source: European Center for Medium-Range Weather Forecasts, National Weather Service)



## Today In History



Corn prices remain range-bound, despite the EIA reporting weekly ethanol production at its second highest level ever. There's also talk circulating that the USDA needs to adjust both U.S. exports and ethanol production estimates higher to account for the strong demand. Bulls continue to point towards corn being traded below the cost-of-production as a reason to be a longer-term bull. Unfortunately, many seasoned professionals say, who cares? We've historically traded corn below the cost-of-production for a much longer period of time than we've traded it above the cost-of-production. In other words, just because prices are cheap doesn't necessarily mean prices are going to rebound higher any time soon. Simply ask your' father or grandfather how many times they've farmed when cash prices were below the cost-of-production? I promise it's more than most realize. I also believe we are starting to see much more disparity and variance in "profitability" across the country. For example, I spoke for the Nebraska Bankers Association yesterday, and the bankers to the West seem to be seeing much more problematic financial conditions on the farm than those to the East. I'm hearing similarities and wide ranging variables in profitability across farms in the Dakotas, Kansas, Missouri, Minnesota, Arkansas, Tennessee, etc... With more "contract farming" of specialty crops and seeds, we are also seeing much more extreme variations in the "basis" and bottom-line profitability. We've also seen many more extremes in weather variabilities this season. Meaning you might have pockets this year where production struggled and at the same time the basis might be weaker than normal. Hence, I think some farmers and bankers in a few unfortunate areas are going to be facing extremely tough decisions in the days ahead, especially if corn prices are unable to breakout of their current trading range. Obviously, Tuesday is going to be a big day as the USDA releases their latest estimates. I suspect like most, the balance sheet tightens on an increase in demand and bit lower expectation for total U.S. production. The latest drought monitor shows little change from last week, but still indicates that almost 50% of Iowa and just over 35% of Illinois is experiencing some type of drought like condition. Even though I suspect the average yield in some of our



**1810, Jacob Astor** - The sailing ship Tonquin leaves New York with 33 employees of Jacob Astor's new Pacific Fur Company on board. Six months later, the Tonquin arrived at the mouth of the Columbia River, where Astor's men established the town of Astoria and began trading for furs with the Indians. Thus began the first major American involvement in the lucrative far western fur trade. During the colonial era, the powerful British Hudson's Bay Company, along with several French companies based in Montreal, had dominated the North American fur trade. But slowly and timidly, Americans began to establish their own fur companies in the early nineteenth century, particularly after Thomas Jefferson doubled the size of the United States with the Louisiana Purchase of 1803, and the Lewis and Clark Expedition (1804-6) reported that the vast new American territory was rich in beaver. Based on their explorations, Lewis and Clark suggested that furs could be carried over the Rockies by horse to the Columbia River and from there shipped to the Orient more cheaply than the British or French could move furs eastward to Europe. Recognizing a rare business opportunity, the German-born immigrant John Jacob Astor organized his Pacific Fur Company and dispatched the Tonquin for the Oregon coast to try and make Lewis and Clark's proposal a reality. But while the small trading post of Astoria initially quickly proved a success, the American control of the Pacific Northwest fur trade did not last. By late 1813, Astor's partners, who were mostly Canadian, decided to sell out to the British North West Company, and during the War of 1812 the British Navy took control of Astoria. With the British temporarily dominating the region, Astor decided to dissolve the Pacific Fur Company and focus his efforts on his American Fur Company, an enterprise that eventually came to control three-quarters of the American fur trade. Despite the loss of his first Pacific coast outpost at Astoria, Astor's profits from his American Fur Company, the War of 1812, and large investments in real estate, eventually made him the wealthiest American of his day and established one of the great enduring family fortunes.

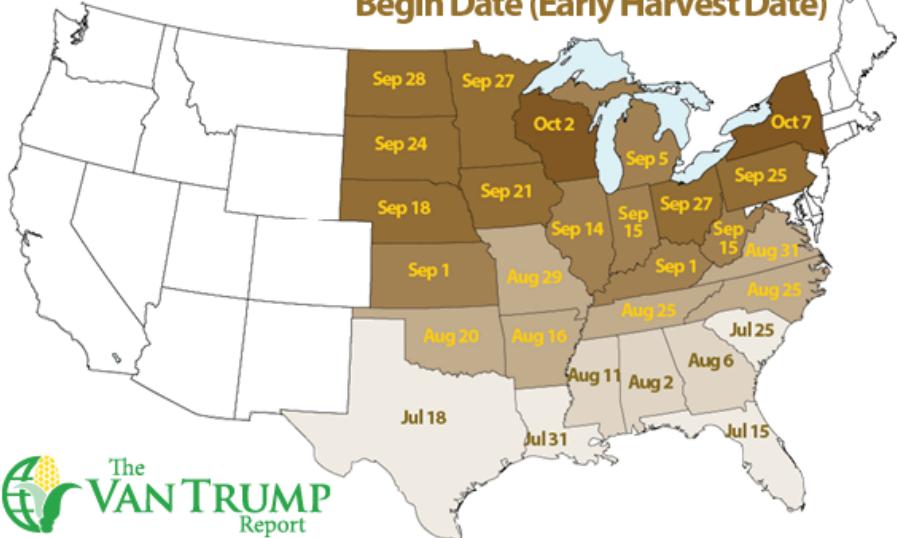


**1935, Huey Long** - Senator Huey Long is shot in the Louisiana state capitol building. He died about 30 hours later. Called a demagogue by critics, the populist leader was a larger-than-life

larger U.S. production areas will be lower compared to the past couple of years, I have to believe both domestic and global supply stays above levels that make the bears nervous. I think it's going to take something other than the traditional fundamentals to shake the bears. Those type of headlines probably don't have much hope until mid to late-October. As a producer, I want to keep hedges in place and stay patient through the next 30 to 45 days. As a spec I still believe we are range-bound. Buying cheap volatility, looking for a breakout later in the year might make some sense... As you can see from the historical data and averages I included below, the U.S. corn harvest is starting to more rapidly advance to the north.

## U.S. Corn Harvest Dates

### Begin Date (Early Harvest Date)



Source: USDA, NASS - Usual Planting and Harvesting Dates

States	Begin Date	Most Active	End Date	States	Begin Date	Most Active	End Date
Alabama	Aug 2	Aug 11 - Sep 20	Oct 15	North Carolina	Aug 25	Sep 10 - Oct 10	Nov 1
Arkansas	Aug 16	Aug 23 - Sep 23	Oct 6	North Dakota	Sep 28	Oct 8 - Nov 19	Dec 6
Florida	Jul 15	Aug 1 - Sept 10	Oct 1	Ohio	Aug 20	Aug 29 - Oct 9	Oct 20
Georgia	Aug 6	Aug 16 - Sep 22	Oct 7	Oklahoma	Aug 20	Aug 29 - Oct 9	Oct 20
Illinois	Sep 14	Sep 23 - Nov 5	Nov 20	Penn.	Sep 25	Oct 15 - Nov 20	Dec 10
Indiana	Sep 15	Oct 1 - Nov 10	Nov 25	South Carolina	Jul 25	Aug 20 - Sep 25	Oct 10
Iowa	Sep 21	Oct 5 - Nov 9	Nov 21	South Dakota	Sep 24	Oct 6 - Nov 16	Dec 3
Kansas	Sep 1	Sep 10 - Oct 25	Nov 10	Tenn.	Aug 25	Sep 1 - Oct 10	Oct 30
Kentucky	Sep 1	Sep 9 - Oct 24	Nov 10	Texas	Jul 18	Aug 1 - Oct 11	Nov 8
Louisiana	Jul 31	Aug 9 - Sep 5	Sep 12	Virginia	Aug 31	Sep 6 - Oct 28	Nov 9
Michigan	Sep 5	Oct 10 - Nov 25	Dec 10	West Virginia	Sep 15	Sep 30 - Nov 20	Dec 1
Minn.	Sep 27	Oct 8 - Nov 8	Nov 23	Wisconsin	Oct 2	Oct 14 - Nov 17	Nov 28
Miss.	Aug 11	Aug 23 - Sep 23	Oct 7				
Missouri	Aug 29	Sep 8 - Nov 3	Dec 22				
Nebraska	Sep 18	Oct 4 - Nov 10	Nov 20				
New York	Oct 7	Oct 14 - Nov 14	Nov 25				

**Soybean** bulls continue to talk about lower pod-counts being reported across U.S. crop tours and the fact the current USDA yield of 49.4 bushels per acre will eventually need to be reduced to something more like 48.0 bushels per acre, a situation that clearly makes the soybean balance sheet much more interesting for the bulls. As I mentioned above, there are clearly some dry pockets across a few important parts of Iowa and Illinois, so it's not unrealistic to be thinking the USDA could move their yield estimate lower, the question is by how much? I suspect we will all be a lot smarter on Tuesday afternoon after the USDA flips that card over. Chinese demand has resurfaced in the headlines and there seems to be more talk and rumors of Chinese buyers having very little forward coverage. Meaning the Chinese could be fairly sizable buyers in the days ahead. Bears point to more than ample global supply to satisfy that demand and the fact U.S. producers are about to harvest another record or near record crop as

figure who boasted that he bought legislators "like sacks of potatoes, shuffled them like a deck of cards." He gave himself the nickname "Kingfish," saying "I'm a small fish here in Washington. But I'm the Kingfish to the folks down in Louisiana." In 1928 Long became the youngest governor of Louisiana at age 34. His brash style alienated many people, including the heads of the biggest corporation in the state, Standard Oil. Long preached the redistribution of wealth, which he believed could be done by heavily taxing the rich. One of his early propositions, which met with much opposition, was an "occupational" tax on oil refineries. Later, Long would develop these theories into the Share Our Wealth society, which promised a \$2,500 minimum income per family. Long also abolished the state's poll tax on voting and gained free textbooks for every student. His motto was "Every Man a King." His populism led to an impeachment attempt, but he successfully foiled the charges. In 1930, he won the election for Louisiana senator but declined to serve until his handpicked successor was able to win the governor's seat in 1932. Soon after vigorously campaigning for Franklin Roosevelt in 1932, Long, with his own designs on the office, began loudly denouncing the new president. In response, many of his allies in the Louisiana legislature turned against him and would no longer vote for his candidates. In an effort to regain power in the state, Long managed to pass a series of laws giving him control over the appointment of every public position in the state, including every policeman and schoolteacher. Long, who was planning to take on Franklin Roosevelt in the next election, was shot by Dr. Carl Weiss at point-blank range outside the main hall of the capitol building. Weiss' motives continue to be debated, but some believe he was angry about rumors Long had spread about the doctor's in-laws, who had opposed Long politically.

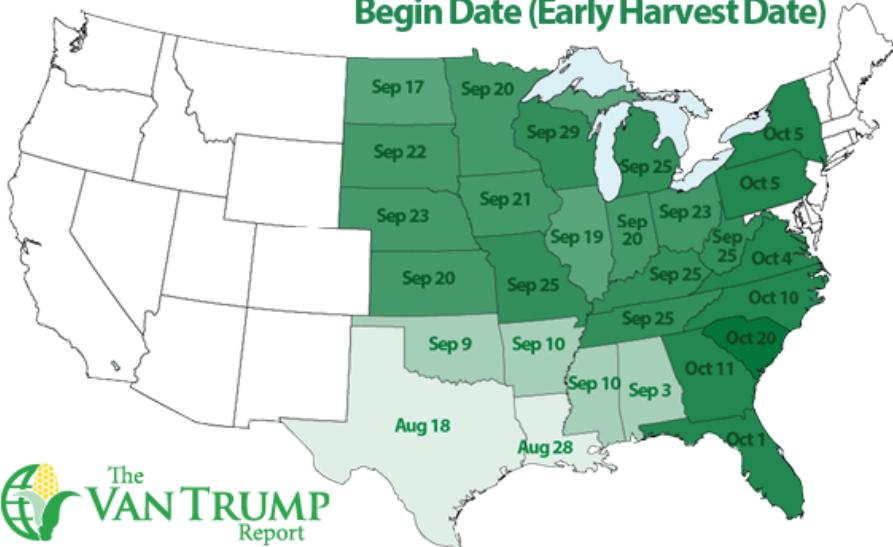


**1974, Watergate** - In a controversial executive action, President Gerald Ford pardons his disgraced predecessor Richard Nixon for any crimes he may have committed or participated in while in office. Ford later defended this action before the House Judiciary Committee, explaining that he wanted to end the national divisions created by the Watergate scandal. The Watergate scandal erupted after it was revealed that Nixon and his aides had engaged in illegal activities during his reelection campaign—and then attempted to cover up evidence of wrongdoing. With impeachment proceedings underway against him in Congress, Nixon bowed to public pressure and became the first American president to resign. At noon on August 9, Nixon officially ended his term, departing with his family in a helicopter from the White House lawn. Minutes later, Vice President Gerald R. Ford was sworn in as the 38th president of the United States in the East Room of the White House. After taking

South American producers are starting to plant new crop acres into fairly good conditions. I've been saying since early-August that the soybean market appears to be comfortably numb, floating around in a \$1 trading range, which still seems to be the case. As a producer, if we catch a bullish surprise and the market pushes back into the \$9.80 to \$10.20 range, I will be looking to reduce more longer-term price risk. As a spec, I remain on the sideline keeping my powder dry. I like the thought of making a move off the release of the data, rather than betting on what feels like a coin toss on Tuesday. With the mild-August weather, I feel like I could argue the yield is anywhere from a 47.5 to 49.5 bushel per acre. Bottom-line, the USDA estimate last month really surprised me to the upside, and mostly cooperative weather during the last 30-days, makes me gun shy in regard to forecasting a significant reduction in yield. I'm not saying it couldn't happen, I'm just not willing to bet more money on it. I personally thought the yield was going to be a bit lower last month, but the USDA elected to do the opposite, raising their yield forecast by +1.4 bushels per acre. It's just hard for me to imagine they are going to make that bold of a forecast in their early-August report, then turn around after 30-days of mild weather and reverse their decision. It will be interesting to see what the yield-monitors are telling us as the harvest starts to work its way north.

## U.S. Soybean Harvest Dates

### Begin Date (Early Harvest Date)



Source: USDA, NASS - Usual Planting and Harvesting Dates

States	Begin Date	Most Active	End Date	States	Begin Date	Most Active	End Date
Alabama	Sep 3	Oct 28 - Nov 28	Dec 15	North Carolina	Oct 10	Nov 10 - Dec 5	Dec 20
Arkansas	Sep 10	Sep 29 - Nov 13	Nov 26	North Dakota	Sep 17	Sep 24 - Oct 21	Nov 5
Florida	Oct 1	Oct 15 - Nov 25	Dec 1	Ohio	Sep 23	Sep 30 - Oct 31	Nov 12
Georgia	Oct 11	Oct 25 - Dec 8	Dec 17	Oklahoma	Sep 9	Sep 22 - Nov 20	Dec 1
Illinois	Sep 19	Sep 26 - Oct 26	Nov 20	Penn.	Oct 5	Oct 20 - Nov 10	Nov 30
Indiana	Sep 20	Oct 1 - Nov 1	Nov 10	South Carolina	Oct 20	Nov 10 - Dec 10	Dec 30
Iowa	Sep 21	Sep 28 - Oct 20	Oct 31	South Dakota	Sep 22	Sep 28 - Oct 24	Nov 3
Kansas	Sep 20	Oct 1 - Nov 1	Nov 15	Tenn.	Sep 25	Oct 5 - Nov 20	Nov 30
Kentucky	Sep 25	Oct 10 - Nov 14	Nov 25	Texas	Aug 18	Aug 22 - Oct 17	Nov 7
Louisiana	Aug 28	Sep 3 - Oct 25	Oct 31	Virginia	Oct 4	Oct 16 - Nov 28	Dec 4
Michigan	Sep 25	Oct 3 - Nov 3	Nov 13	West Virginia	Sep 25	Oct 5 - Nov 30	Dec 1
Minn.	Sep 20	Sep 27 - Oct 20	Oct 31	Wisconsin	Sep 29	Oct 4 - Oct 29	Nov 8
Miss.	Sep 10	Sep 13 - Oct 31	Nov 9				
Missouri	Sep 25	Oct 3 - Nov 8	Nov 23				
Nebraska	Sep 23	Sep 29 - Oct 24	Nov 2				
New York	Sep 27	Oct 7 - Nov 14	Nov 20				

**Wheat** bears continue to keep a stranglehold on the market based on traditional bearish fundamentals. Not only is the world sitting on record global surplus, but the market is also digesting headlines of Russia, the worlds low-cost provider, harvesting a

the oath of office, President Ford spoke to the nation in a television address, declaring, "My fellow Americans, our long national nightmare is over." Ford, the first president who came to the office through appointment rather than election, had replaced Spiro Agnew as vice president only eight months before. In a political scandal independent of the Nixon administration's wrongdoings in the Watergate affair, Agnew had been forced to resign in disgrace after he was charged with income tax evasion and political corruption. Exactly one month after Nixon announced his resignation, Ford issued the former president a "full, free and absolute" pardon for any crimes he committed while in office. The pardon was widely condemned at the time. Decades later, the John F. Kennedy Library Foundation presented its 2001 Profile in Courage Award to Gerald Ford for his 1974 pardon of Nixon. In pardoning Nixon, said the foundation, Ford placed his love of country ahead of his own political future and brought needed closure to the divisive Watergate affair.

### Upcoming Events

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

**Tues.-Wed. 9/19-20** - FOMC Meeting

**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

**Wed. 10/11** - Minutes From 9/20 FOMC Meeting Released

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

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

**Tues.-Wed. 10/31-11/1** - FOMC Meeting

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

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

**Wed. 11/22** - Minutes From 11/1 FOMC Meeting Released

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

**Tues.-Wed. 12/12-12/13** - FOMC Meeting

### Kevin's Song of the Week

much better than expected crop. On the flip side, the bulls argue that problems in parts of Australia, Argentina, Canada, Europe and the U.S. makes lack of "quality" a more serious longer-term concern. Interestingly, the market doesn't really seem to care about lack of "quality" when we have such a glut of "quantity". The market also hasn't given much consideration to the fact the U.S. dollar has recently fallen to fresh multi-year lows. From my perspective, the trade is clearly dancing to the bearish fundamental headlines and deem the bullish rhetoric as simply noise. Until that trend changes, I have to imagine rallies to the upside will remain limited. Despite the obvious nearby bearish attitude, I still remain a longer-term bull. As a producer this is not the time to get in a hurry... Still targeting late-2017 or perhaps early-2018 as next significant upside opportunity.

#### September 12, 2017 USDA WASDE report

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

	Sep. Est.	Avg. Trade Est.	Trade Range	USDA Aug.
Corn Production	???	14.003	13.754 - 14.295	14.153
Corn Yield	???	167.9	165.5 - 171.2	169.5
Soybean Production	???	4.322	4.179 - 4.435	4.381
Soybean Yield	???	48.7	47.1 - 50.0	49.4

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

	Sep. Est.	Avg. Trade Est.	Trade Range	USDA Aug.
Corn	???	2.352	2.270 - 2.415	2.370
Soybeans	???	0.361	0.310 - 0.390	0.370

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

	Sep. Est.	Avg. Trade Est.	Trade Range	USDA Aug.
Corn	???	2.215	1.898 - 2.447	2.273
Soybeans	???	0.439	0.325 - 0.943	0.933
Wheat	???	0.914	0.866 - 0.943	0.933

##### World Stocks 2016/17

	Sep. Est.	Avg. Trade Est.	Trade Range	USDA Aug.
Corn	???	227.9	225.1 - 229.1	228.6
Soybeans	???	96.7	95.5 - 97.3	97.0

##### World Stocks 2017/18

	Sep. Est.	Avg. Trade Est.	Trade Range	USDA Aug.
Corn				

#### WHAT I'M LISTENING TO:



 Carly Pearce "Every Little Thing"

#### About the Report

## NEXT level THINKING



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

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

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

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

Kevin Van Trump

#### What Others Are Saying

"I am a recent subscriber to Kevin's newsletter, but I'm a long-time reader of many other high-profile marketing services. I am particularly impressed with the thorough manner in which Kevin evaluates every economic aspect, both nationally and internationally, that

	???	197.8	189.4 - 203.0	200.9
<b>Sobyeans</b>	???	97.2	95.0 - 100.0	97.8
<b>Wheat</b>	???	264.3	258.0 - 268.0	264.7

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**



> **Vietnam Reopens For U.S. DDGS:** Vietnam has agreed to accept imports of American distillers dried grains, an ethanol byproduct used in animal feed, lifting a ban Hanoi put in place in December after quarantine pests in some U.S. shipments were reported. It reopens what was once the third-largest market for the U.S. export. More than \$230 million worth of the grains were exported to Vietnam in 2016, USTR and USDA said in a joint statement. The decision also paves the way for more corn and wheat shipments to be sent to Vietnam.

> **Irma Threatens \$1.2 Billion Worth Of Florida Crops:** Hurricane Irma is threatening to wreak havoc on Florida farmlands, menacing \$1.2 billion worth of production in the top U.S. grower of fresh tomatoes, oranges, green beans, cucumbers, squash and sugarcane. Though its economy long ago diversified from its rural roots, Florida still has a huge influence on American grocery stores as the No. 2 U.S. produce grower, trailing only California. The state accounts for almost 10 percent of the nation's land dedicated to fresh fruits and vegetables, according to government data. The storm threat has pushed orange-juice futures and domestic-sugar prices higher this week. Damage to croplands could affect U.S. food prices and farmer finances in the months and years to come. If Irma tracks further north and moves inland through Georgia or the Carolinas, corn, soybeans, cotton and peanut harvests in that region could be damaged. (Source: Bloomberg)

> **EU Agrees To Reduce Argentinian Biodiesel Anti-Dumping Duties:** The EU is to reduce anti-dumping duties on biodiesel imports from Argentina within the next few weeks, sources at the European Commission told S&P Global Platts. "Everything is on track for the EU to implement the WTO ruling, as we agreed with Argentina by September 28, 2017," the source said. The move allows the reopening of arbitrage deliveries of biodiesel from Argentina to Europe from the end of the month. The Argentinian government said earlier in the day the duties were to be cut. The anti-dumping duties have been in place on biodiesel from Argentina and Indonesia since November 2013 following complaints to the Commission from biodiesel producers in the region. Prior to this, Argentina was the largest exporter to the European market, the government said. The original decision on whether to cut the duties had been due July 27, but was postponed. (Source: Platts)

> **World Food Prices Fell In August:** World food prices fell in August from the month before as the prospect of bumper harvests pushed down cereal values, according to the United Nations' Food and Agriculture Organization (FAO). Despite the drop, food on international markets remained 6 percent more expensive than a year earlier. The FAO's food price index, which measures monthly changes for a basket of cereals, oilseeds, dairy products, meat and sugar, averaged 176.6 points in August, down 1.3 percent from July. The cereals sub-index fell 5.4 percent due to expectations of higher production, especially in the Black Sea region. Meat and sugar prices also declined due to high supply forecasts. Global cereals output is expected to hit an all-time high of 2.611 billion metric tons in the 2017-18 season, up +18.4 million metric tons on the previous month's forecast, the FAO said, and worldwide stocks are also set to hit a new record. "Overall supply for nearly all the commodities we cover points to levels which go beyond projected demand, at least for now," FAO chief economist Abdolreza Abbassian said. The FAO also raised its estimate for global wheat output to 748.8 million metric tons, up +1.2% from the prior month's forecast. (Source: Reuters)

> **Perdue Supports Trump On Tax Reform:** Agriculture Secretary Sonny Perdue, following Trump's appearance in North Dakota, reiterated his support for the president's tax agenda. Perdue said the tax code places additional burdens on farmers and ranchers, most of whom run small operations and have to spend too much time and money to comply. He also touched on one of the top tax priorities for the U.S. agriculture industry: the estate tax. "It's an old, not-so-funny joke that farmers live poor and die rich, because of the value of the land they own. It isn't right that a family's hard work will be punished by the Death Tax, through which many farms have to be broken up or sold off just to pay the tax bill," he said in a statement. The National Cattlemen's Beef Association yesterday kicked off a media and advertising campaign to

"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.

build support for comprehensive tax reform. They are focusing primarily on repealing the estate tax. NCBA President Craig Uden said the levy is onerous and charges ranchers "the often-inflated appraised value of their property and equipment." The organization is highlighting stories from those who have been affected by the policy. The NCBA also wants a tax reform package to maintain policies like cash accounting and deductions for interest payments (Source: Politico)

**> Nestle Snaps Up Plant-Based Protein Brand:** Nestle USA has agreed to acquire Sweet Earth, a manufacturer of plant-based burritos, burgers and other foods in Moss Landing, California. Sweet Earth's products are sold in more than 10,000 stores, including independent grocers, Whole Foods, Target, Kroger and Walmart. "One of Nestle's strategic priorities is to build out our portfolio of vegetarian and flexitarian choices in line with modern health trends," Nestle USA CEO Paul Grimwood said in a press release. Terms of the deal were not disclosed. Nestle, the world's largest processed foods company, already offers vegetarian-based protein products in Europe through its Garden Gourmet line. (Source: MeatingPlace)

**> Richard Branson's Son Warns Those In Irma's Path After Island Is Hit:** Richard Branson opted to stay on his private Necker Island on Tuesday even though the 185-mph winds of category 5 Hurricane Irma tore through the British Virgin Islands throughout the night. Branson's 32-year-old son Sam gave an update on Wednesday, informing fans and followers that "all humans on Necker are ok" amid the life-threatening Atlantic storm. "Glad to say that all humans on Necker are ok although a lot of buildings destroyed. Very concerned for our friends and everyone on the neighboring islands and people in its path," Sam wrote on Instagram and Twitter. "Please don't take this hurricane lightly if it is heading your way. If your building is not very solid, do find somewhere safe! Homes can be rebuilt but lives can't." Sam along with his father, who is the founder of Virgin and purchased Necker Island in 1979 for \$180,000, had been seeking shelter in the wine cellar with about a dozen Virgin Group staff members. (Source: People)

**> Americans Love Football:** Professional football remains the most followed sport in America by a wide margin, and its massive popularity has not waned in recent years, according to a nationwide poll conducted in August by The Washington Post and the University of Massachusetts Lowell. Six in 10 Americans say they are fans of professional football, roughly similar to polls in 2012 and up from 50 percent in a 2008 Post poll. Fandom for professional football far outpaces professional baseball at 45 percent of Americans and professional basketball at 39 percent. Asked which sport is their favorite to watch, 37 percent say football, little changed from 35 percent in a 2012 Post poll and more than triple the percentage who pick baseball or basketball. (Source: Washington Post)

Farm Direction  
RECIPES

# \* FAMILY \* FAVORITES

-SENT IN BY OUR READERS-

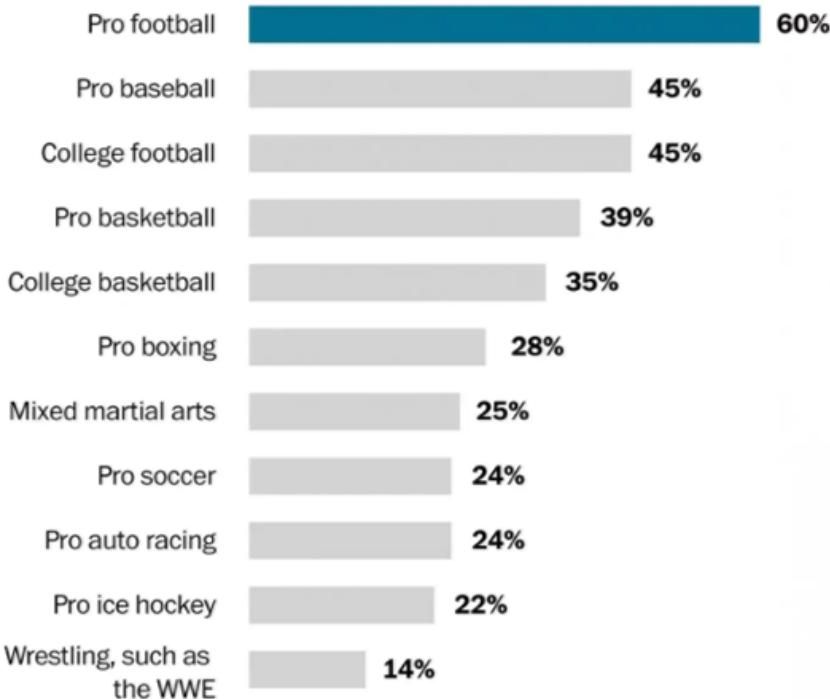


Strawberry  
Pretzel Salad

CLICK TO SEE RECIPE

## More people are fans of professional football than any other sport

**Q: Do you consider yourself to be a fan of [each sport], or not?**  
**(Percent of adults who say "yes")**



Note: Pro football, baseball and basketball asked of all adults; other sports asked of avid/regular/casual sports fans, with non-sports fans classified as non-fans for each sport.

Source: Washington Post-UMass Lowell poll conducted August 14-21, 2017 among random national sample of 1,000 adults. Overall results have a 3.7-point margin of sampling error.



**Northwest Iowa** - We got planted late due to rains, then things turned ridiculously dry until recently. Hopefully, the rains we just received will have a positive effect on the corn and beans. The fields are variable at best around here. We are cutting silage now and have appraisers in the field as we go, they have a range from 100bpa - 225, as I said, variable. Fortunately for us, the sub soil on our good ground held the moisture very nicely. The corn on corn ground is suffering from compaction issues and root worms. The corn on beans field obviously looks significantly better. Some of the bean fields planted early up here are starting to turn colors. Cool days and nights lately may push maturation back and bring early frost into play, time will tell.

**Southwest Minnesota** - We are about 2 weeks behind at the moment. With a late start at planting and some cool August weather, it is good that we are only that far behind. We would like the frost to hold off up here until about the 10th of October. We are 2/3 corn and 1/3 beans and haven't had any issues with our corn on corn. We use conventional corn, spray it once and are fortunate not to have any issues. My son wants to start farming with me so we are hoping to see cash rents drop a bit. Right now things are running around \$225 acre. The high-end acres are starting to come down a bit from the \$300+ area. We are still sitting on 15% of old corn after dumping

a lot of it during the July rally. We have sold 40% new beans and 30% new corn to date.

**Southcentral Michigan** - My two boys and I farm corn, soybeans and wheat up here. We missed all the early rains and went quite a while without any moisture. We will be well below normal expectations this year. The good news is I have all of 2016, 2017 and 30% of 2018 corn sold. We are 100% no till and use cover crops. We also use conventional corn seed. We haven't seen or heard of any dicamba issues here. We hopefully will be in the fields with beans in three weeks.

# CROSSING WIRES

A place to share intelligent thoughts...

**Not Much Cushion Left For Farmers Financials:** The CEO of a farm credit organization shares the concerns of many in agriculture saying farmers are losing what's left of their financial cushion. Rod Hebrink with Compeer Financial—which serves Minnesota, Wisconsin, and Illinois—says that's especially true in the grain sector. "It's grain where we have many of our producers (seeing) cost-of-production above the current market levels. So we're in year three or four (of the downturn), depending on where you are, with little profits or maybe break-evens." He tells Brownfield crop farmers are stuck in a very challenging and uncertain economic environment. He says balance sheets should be structured around liquidity so farmers can continue meeting financial obligations. Listen to the full interview [HERE](#).

**This Is Why So Many New Songs Sound The Same:** Imagine music as a recipe. Would you be able to tell whether it had been made with artificially engineered ingredients or fresh produce from the farmer's market? Canned tomatoes might work just fine—but maybe you wouldn't know what you had been missing until you tried the same dish with heirlooms, each beautifully misshapen with unique streaks of sunburst yellow. Drummer Greg Ellis wants listeners to begin thinking about sound like food—as something they physically ingest that has a quantifiable impact on their well-being. These days, he believes most people are consuming the musical equivalent of McDonalds: processed, mass produced, and limited in flavor. Read more [HERE](#).

**Would Your Roof Stay Attached During A Hurricane:** Certain home shapes and roof types can better resist high winds and hurricanes, according to a researcher at New Jersey Institute of Technology (NJIT). Civil engineer Rima Taher, Ph.D., special lecturer in the New Jersey School of Architecture at NJIT. She spent two years examining the findings of research centers that have studied the best designs and construction materials and methods needed to withstand extreme wind events and hurricanes. Read more [HERE](#).

**How Old Blimps and Biplanes Hold Key To Future Drone Motherships:** On a calm morning off the coast of New Jersey in May 1932, Navy Lieutenant Daniel W. Harrigan throttled back the 428-hp radial engine powering his small Curtiss F9C-2 Sparrowhawk biplane. As he looked up from the cockpit, the centerline of the massive USS Akron airship dominated his view. He approached a steel arm extending from the airship with a hook on the end. Flying just above the Sparrowhawk's 60 mph stall speed, Harrigan gingerly guided the hook mounted above his top wing into the hook on the airship arm, successfully mating with the massive Akron in flight. This blimp and its "parasite" fighters were a short-lived dream—the project died with the demise of the Akron less than a year later. Today, the same idea is being reborn nearly 85 years later. And this time, the parasites are drones. Read more [HERE](#).

**Scientists Invent Pen That Identifies Cancer in 10 Seconds:** Scientists at the University of Texas say they have invented a handheld tool can identify cancerous tissue in 10 seconds. They say, the new "MasSpec Pen" speeds the testing process by as much as 150 times and should make the surgery to remove a tumour more accurate. "If you talk to cancer patients after surgery, one of the first things many will say is 'I hope the surgeon got all the cancer out,'" said Livia Schiavano Eberlin, an assistant professor of chemistry at UT Austin who designed the study and led the team. "It's just heartbreaking when that's not the case. But our technology could vastly improve the odds that surgeons really do remove every last trace of cancer during surgery," Eberlin added on the university's website on Wednesday. Read more [HERE](#)

**Giant Equifax Data Breach: 143 million people could be affected:** Equifax says a giant cybersecurity breach compromised the personal information of as many as 143 million Americans — almost half the country. Cyber criminals have accessed sensitive information -- including names, social security numbers, birth dates, addresses, and the numbers of some driver's licenses. Additionally, Equifax said that credit card numbers for about 209,000 U.S. customers were exposed, as was "personal identifying

information" on roughly 182,000 U.S. customers involved in credit report disputes. Residents in the U.K. and Canada were also impacted. The breach occurred between mid-May and July, Equifax said. The company said it discovered the hack on July 29. Read more at [Money.CNN](#)

**Harvey and Irma, Married 75 Years!** Harvey and Irma Schluter have been married for 75 years. He turned 104 in July; she will be 93 in November. They vividly remember many of the major events of the 20th century, from her first time spotting an airplane, during the Great Depression, to his wonder at watching Neil Armstrong walk on the moon. In a recent phone interview, Mrs. Schluter even recalled the weather near her home in Spokane, Wash., on the day that President John F. Kennedy was assassinated. (Cool and cloudy.) But never before have they seen two major hurricanes bearing their names threaten the United States. Read more [HERE](#)



## FROM MY PERSPECTIVE

Kevin Van Trump

### First Corn Only Ethanol Plant Opens in Brazil... More To Follow

Back in mid-August, FS Bioenergia began operations in a \$115 million corn-only ethanol production facility, located in Lucas do Rio Verde, in the state of Mato Grosso. FS Bioenergia is the first large-scale corn ethanol production plant in Brazil. The new plant is the result of an international collaboration between Brazilian agribusiness Fiagril and U.S.-based Summit Agricultural Group headquartered in Alden, Iowa. In its initial phase of operations, FS Bioenergia will annually process 22 million bushels of corn and produce more than 60 million gallons of corn ethanol. It will also produce 6,200 tons of corn oil and 170,000 tons of valuable feed rations for Brazil's growing livestock industry. By 2018, FS Bioenergia's second phase of operations will attempt to increase corn processing and ethanol production twofold. This project is expected to deliver immediate value to Brazil. First, the plant will offset Brazil's increasing demand for domestic ethanol, which can't be met by the existing sugarcane ethanol production. Second, the facility will introduce to Mato Grosso valuable fiber and protein coproducts as dried distillers grain to serve as high-value feed for the expanding Brazilian livestock industry. As for the question of what will happen to ethanol produced in Brazil, it is expected to be completely consumed in Brazil, rather than exported. Understand, the ethanol blend rate in Brazil is now thought to be around 27.5% compared to the 10 to 15% ethanol blend that's widely available here in the U.S. Their higher blending rate is a key reason Brazil imported +500 million gallons of ethanol from the U.S. last year to help meet demand. Keep in mind that Brazil has "blender pumps" at almost every gas station. If you want to pump 100% ethanol into your car, you can do it. You dial your blend on the pump, and it's based on gasoline prices. Ultimately, farmers in Brazil are excited to be producing ethanol and consuming their corn in their own country. Especially since they recently harvested another record size crop. I should also note, I've heard from reliable sources that several other corn ethanol plants are being built and more are in the approval process. The bad news, it will more than likely hurt U.S. ethanol exports. The good news, it should help chew through more of Brazil's domestic corn and in return make fewer bushels available for export.



### **What You Need To Know About The U.S. Debt Ceiling**

Despite the fact that Congress has successfully lifted the debt ceiling, it remains a pressing issue as Congress has to revisit the issue by December 15. If lawmakers fail to lift the ceiling by that deadline, it leaves the U.S. at risk of defaulting on its debts, as well as unable to satisfy so-called mandatory payments such as Social Security and pensions. The debt ceiling itself is highly controversial, and also not very well understood. Below is an explanation of what exactly it is, why we have it and what happens if Congress fails to lift it. (Sources: Brookings, Wikipedia, Slate)

**What is the debt ceiling?** *The "ceiling" is just as it sounds - a cap on the amount of money the U.S. government is allowed to borrow. As most readers are probably aware, the U.S. Treasury operates on a fiscal deficit, meaning annual revenues are not enough to pay all the bills. The ceiling is an aggregate figure that limits the total gross national debt, not figure that caps borrowing in any given year. Once the debt ceiling is reached, the Treasury no longer has legal authority to borrow money.*

**Why is the Treasury borrowing so much money?** *Every year, the U.S. Congress passes a budget which mandates what items the Treasury must pay for. The Treasury pays what it is able with incoming tax receipts but must borrow money to cover the difference. It's important to understand that it is actually Congress spending the money. The Treasury is basically just writing checks to cover the various programs and other obligations that lawmakers have deemed as mandatory payments. The degree to which this will add to the country's indebtedness is not generally considered in the budget process.*

**Why do we have a debt ceiling?** *The short answer is so that government spending can be constrained. Unfortunately, it doesn't work well in practice if Congress is not controlling what they mandate be paid. The debt ceiling came about during World War I in order to allow the Treasury more flexibility in managing U.S. finances. Before establishing an aggregate ceiling, Congress was required to directly authorize every individual debt issued, a very time consuming process for sure, especially in this day and age. Currently, it is estimated that the Treasury pays about 100 million obligations every month. The debt ceiling is also popular among fiscal conservatives who contend it requires the country to periodically revisit the debt and make demands on the government to reign in spending.*

**What happens if the ceiling is not raised?** *There are three different options once the Treasury hits its borrowing limit. First, the President could order the Treasury to sell more bonds on the basis that the government's legal obligation to spend outstrips the debt ceiling statute. Option two, the Treasury could pay some bills but not others. The third option is the one that most worries investors - the Treasury could opt to pay nothing to anyone. The first two options would undoubtedly run into legal battles. The Treasury says they are logically incapable of carrying out the second option - just pay some bills. Remember, that would require trying to prioritize 100 million debt obligations every month. Not paying anything puts the U.S. credit rating in jeopardy. U.S. treasury bonds are considered the safest financial instrument in the world. If they became viewed as a riskier asset, the U.S. might not only have a tougher time borrowing, but*

*they would also end up with higher interest rates on that debt. Many economists theorize if the U.S. missed just a couple of weeks of payments it could lead to a full blown financial crisis.*



#### **Barn-Find for the Ages: 1969 Ferrari... Could Bring Over \$2 Million**

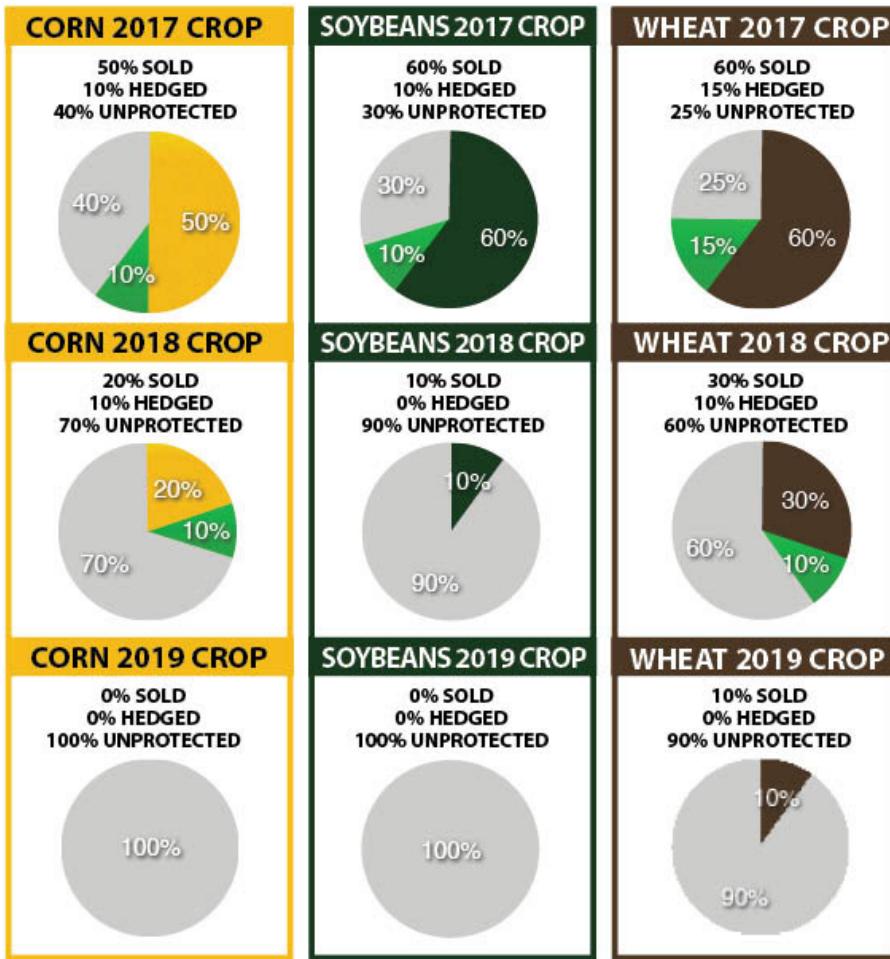
It may not be the prettiest Ferrari ever made, but the 365 GTB/4 is nicknamed the "Daytona" for a reason. These cars dominated the private racing scene in the early 1970s, including notable wins at Le Mans and Daytona. During its 4-year run, over 1200 Ferrari Daytonas were built, but just 5 were officially commissioned for the track, equipped with a lighter aluminum alloy body. Unbeknownst to many Ferrari experts, there was one still in existence. The fabled road-worthy 1969 Daytona race car has flown under the radar for over 40 years, hidden away in a garage until now. This 1969 Ferrari 365 GTB/4 Daytona Berlinetta Ally by Scaglietti may be in barn find condition, but it's going to auction starting at a whopping \$1.7 million on September 9th at [RM Sotheby's](#). The only remaining street legal Daytona racer features a Rosso Chiaro paint job and Nero leather interior. It was optioned with power windows and plexiglass headlights to complement its rare aluminum body. The 1-of-1 Daytona had three owners in Italy, before being shipped to Japan in 1971. In Japan it also passed between three owners and was featured on the cover of Car Graphic magazine before its last owner stowed it away, in what looks like a dusty garage for over 40 years. The car has been inspected by a Ferrari expert who decreed its authenticity and the fact it has matching numbers. The odometer reads 36,390 kilometers, meaning that this insanely rare Daytona was actually driven. Many sources suspect it will go for over \$2 million, despite the market having turned a bit soft as of late. What a cool barn find! (Source: RM Sotheby's)







**CASH SALES & HEDGING TOTALS**



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