

GOOD MORNING: 09/14/17 Farm Direction - VanTrump Report

1 message

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

Thu, Sep 14, 2017 at 7:22 AM



"The greatest asset, even in this country, is not oil and gas. It's integrity. Everyone is searching for it, asking, 'Who can I do business with that I can trust?'. A man is only as good as his word..." - **Rex Tillerson**

THURSDAY, SEPTEMBER 14, 2017

[Printable Copy](#) or [Audio Version](#)

Morning Summary: Stocks continue to trade near all-time record highs. Also setting a record, is the U.S. Energy Information Administration who made a massive reduction in gasoline inventories. The decline of -8.4 million barrels is a new weekly drawdown record. The decline was more than insiders were calling for, but not totally unexpected considering 31% of U.S. refinery capacity was knocked offline by Hurricane Harvey. The pipeline system was partially shut down as well. And of course that was followed by a run on gas stations in Florida as residents evacuated ahead of Hurricane Irma. The big gasoline decline provided a nice boost to energy stocks, which was the best performing sector in the S&P yesterday. Economic data out yesterday showed a slight uptick in the Producer Price Index. Most of the upward pressure is due to higher gas prices, so is unlikely to have much of an influence on the Federal Reserve's interest rate decision next week. Today's economic data brings the Consumer Price Index, which is expected to show a monthly increase of +0.3%, bringing the year-on-year rate to +1.9%. In Washington, Congressional Republicans and the Trump administration are planning to unveil a "consensus" tax-reform framework the week of September 25. House Speaker Paul Ryan said during a press conference that the framework will be "the beginning of a very important process." President Trump said that rich Americans "will not be gaining at all" from the tax reform plan that Republicans hope to pass this year, and taxes on the group may even "have to go higher." In other Washington news, Treasury Secretary Steve Mnuchin late yesterday said in an interview that he has drafted an executive order for President Donald Trump that would stop trade with any country doing business with North Korea — including the US' largest trading partner, China. Trump had threatened to do this earlier in the month after North Korea tested a hydrogen bomb. When Mnuchin was pressed over whether the executive action would indeed stop trade with China, the Secretary reiterated that it would apply to "anybody" who trades with North Korea. I'm not against the decision, as something more harsh must be done, but just keep in mind at least 10 of our top 30 trading partners do some level of business in North Korea. Those 10 nations include five of the top-10 US trading partners, and two of those are in the top-3. Ending all trade with those nations would amount to roughly \$1.6 trillion in total trade, according to Business Insider, and more than \$520 billion in U.S. exports. This is certainly a headline the Algo's and Computer trading models will be closely monitoring.

Indians Win 21 Games In A Row: *With 21 victories in a row after yesterday's win over the visiting Tigers, the Indians assumed sole possession of the American League's all-time longest winning streak. The Indians are now tied with the 1935 Cubs for the all-time record. Next up for the year's Indians, who last lost way back on Aug. 23 to the Red Sox, is a series in Cleveland against my hometown Kansas City Royals, who are still fighting for a "wild-card" birth. The Indians have veteran Josh Tomlin on the mound, going against Royals rookie Jakob Junis, from Rock Falls, Illinois.*

White House Budget Director Says 15% Corporate Tax Rate Is 'Realistic': *The Trump administration is still pushing for a 15 percent corporate tax rate, the White House's budget director, Mick Mulvaney, told CNBC on Wednesday. "It is realistic to work for it. There is absolutely no question," he said in an interview that aired on "Power Lunch." "We want to see a corporate rate that brings companies back to the United States and that brings companies here for the first time. This is an American jobs program by getting this corporate tax rate down to*

VAN TRUMP CONFERENCE 2017

December 6, 2017

Full MARKET Outlook



On hand will be several leading markets analysts and traders providing their insight and opinions on both short-term and long-term ag prices and outside investment ideas. You do not want to miss this year's event.

Economic & Ag Forecast

G

Dennis Gartman
Editor/Publisher
The Gartman Letter



Network directly with some of the top CEO's and ag industry executives. Learn first hand how NEW technology and transparency is influencing today's decisions.

LEARN MORE

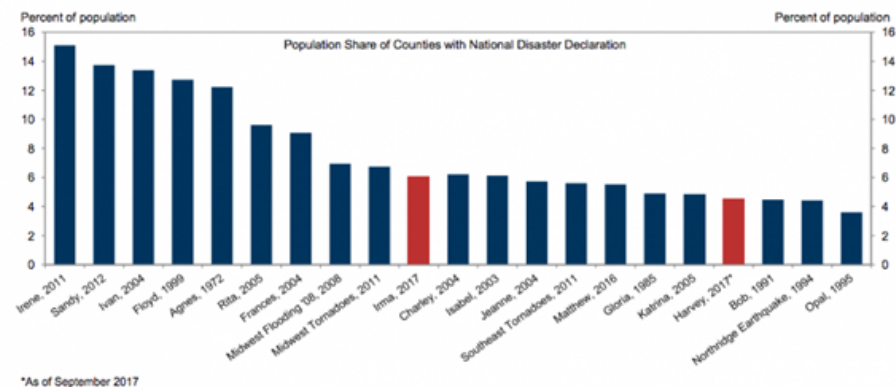


Special Keynote Speaker
James Olson - Former CIA
Chief of Conterintelligence

15 percent," he added. President Donald Trump, who is holding a bipartisan meeting at the White House on Wednesday, urged Congress earlier in the day to act quickly on his tax reform plan, which has yet to be fully revealed. Mulvaney, the director of the Office of Management and Budget, said the president has been frustrated by how slowly things are going and is not looking at Washington through a "partisan lens" anymore. However, he said the 15 percent corporate rate was "central" to Trump's plans. That said, the White House wants the most "sweeping tax reform that can pass" and will work with Republicans and Democrats to get it done. (Source: CNBC)

Hurricanes Cause Goldman To Cut Outlook For U.S. Economy: Goldman Sachs has cut its third-quarter GDP forecast following a pair of catastrophic hurricanes. The firm now sees GDP expanding by 2% during the period, down 0.8 percentage points from its previous forecast. Goldman currently estimates that Hurricane Irma will result in \$30 billion in total losses, adding to the \$85 billion of damage already caused by Hurricane Harvey, which rocked the city of Houston last month. "The uncertainty around all of these figures is high, but there is little doubt that the combined impact of Harvey and Irma will be particularly severe," Spencer Hill, an economist at Goldman, wrote in a client note. "We continue to expect a sizeable drag from hurricanes on Q3 growth." One way that Goldman measures how a natural disaster will affect economic growth is by assessing the share of the population that's ultimately impacted. At present time, Hurricane Irma has affected 6.1% of the populace, making it the 10th-most impactful natural disaster in US history by this measure. That makes Irma's effects even more widespread than Hurricane Katrina in 2005 and last month's Hurricane Harvey. Click the graphic for a larger view. (Source: Business Insider)

Exhibit 3: Irma Affected a Relatively Large Share of the Population, with over 6% of the Country in Natural Disaster Zones



*As of September 2017

Source: Census Bureau, Federal Emergency Management Agency, Goldman Sachs Global Investment Research.

SOURCE: Goldman Sachs

BUSINESS INSIDER

Hurricane Irma has affected more than 6% of the population of the US, making it the 10th-most widespread natural disaster in the nation's history. Goldman Sachs

Weather has seen much of the rain move out of the Midwest, bringing favorable conditions for filling, maturing and early harvest of corn and soybeans. There is no damaging cold weather indicated during the next week to two-weeks (see below). In the southern Plains, mostly favorable warm and dry conditions are in place for fieldwork. This includes the soon to begin hard red winter wheat planting season. However, soil moisture levels continue to diminish under this dry weather pattern. Rainfall will be needed to ensure favorable development of wheat once it has been planted. There is some chance for needed rain to occur late in the period, but this is uncertain. On the northern Plains, the news centers around potential wet weather expected later this week. This is seen as unfavorable for mature crops and harvesting. The Southeast continues to recover from hurricane Irma which affected key growing areas for cotton and peanuts in the region. Fieldwork is expected to be delayed for a while. As excess water drains in Florida, river levels are expected to remain high. Meanwhile, a significant weather-pattern change will bring markedly cooler air to the West, starting on Thursday. Late-week precipitation could total 1 to 3 inches across northern portions of the Rockies and Plains, with accumulating snow expected at high elevations. Farther east, warmer air will continue to expand across the South, East, and Midwest, favoring summer crop maturation.

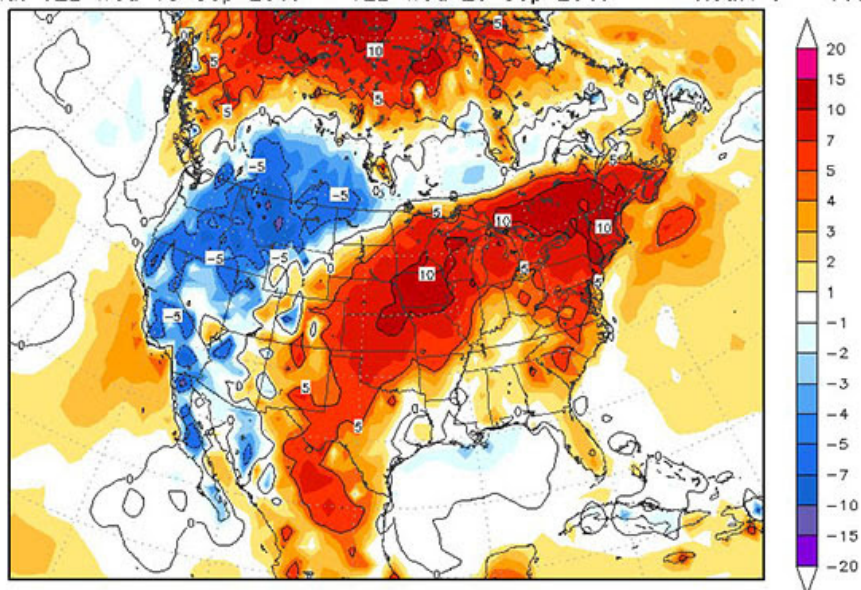
Temperatures Heating Up in the Midwest: After a fairly cool start to September, forecasts are showing temperatures are about to warm up across the Midwest. Below is a map showing temperature anomalies over the next 7 days. As you can, much of the Midwest will see 10 degrees above normal temperatures

Here are a few of this year's early sponsors



next week. Looks like we won't need to worry about much frost for the rest of September.

1-7 Day Mean 2 m Temperature Anomaly (F) GFS
Valid: 12z Wed 13 Sep 2017 - 12z Wed 20 Sep 2017 Hour: 0 - 168



GRADS: COLA/IOES

StormVistaWxModels.com

Init: 12z Wed 13 Sep 2017
2017-09-13-12:18

Today In History



1901, William McKinley -

President William McKinley succumbs to gunshot wounds inflicted by an assassin on September 6. According to witnesses, McKinley's last words were those of the hymn "Nearer My God to Thee." McKinley was shaking hands in a long reception line at the Pan-American Exhibition in Buffalo, New York, when a 28-year-old anarchist named Leon Czolgosz approached him with a gun concealed in a handkerchief in his right hand. McKinley assumed the handkerchief was an attempt by Czolgosz to hide a physical defect and kindly reached for the man's left hand to shake. Czolgosz moved in close to the president and fired two shots into McKinley's chest. The assassin was attempting to fire a third bullet into the stricken president when aides wrestled him to the ground. McKinley suffered one superficial wound to the sternum and another bullet 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 remained undetected in the internal wound. Vice President Theodore Roosevelt was sworn in as president immediately following McKinley's death. Czolgosz confessed to his crime, but remained unrepentant. At his execution by electrocution on October 29, 1901, his last words were "I killed the president because he was the enemy of the good people—the working people." The Polish immigrant-turned-anarchist's death is said to have been filmed by famed inventor 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.

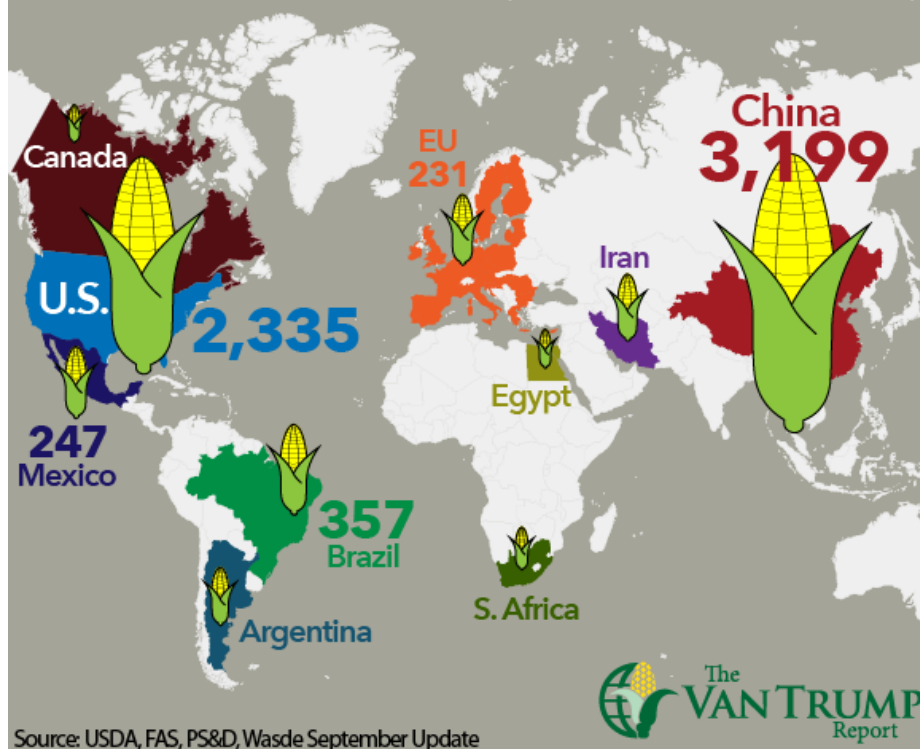


1959, Space Race -

A Soviet rocket crashes into the moon's surface, becoming the first man-made object sent from earth to reach the lunar surface. The event gave the Soviets a short-lived advantage in the "space race" and prompted even greater effort by the United States to develop its own space program. In 1957, the Soviets shocked the United States by becoming the first nation to launch a satellite into orbit around the earth. Sputnik, as it was called, frightened many Americans, who believed that the Soviets would soon develop an entire new class of weapons that could be fired from space. U.S.

Corn bulls continue to talk about lower "ear weights" and pockets of problematic weather as reason enough for the USDA to reduce yield into their yearend report. This seems to be falling on somewhat deaf ears as many inside the trade say they've cried wolf one too many times. Bears are pointing to much better than expected production to the South and some significant improvements in the Dakota's. The bears are also pointing to ample domestic supply and the fact a -1 to -4 bushel per acre reduction, even if it were to happen, would do very little to impact the balance sheet. The trade would still deem us to be in an "oversupplied" environment. In other words, I suspect a lid will be placed on most rallies as the trade digest and battles headlines and talk surrounding an oversupplied balance sheet. The traditional fundamentals are now clearly bearish nearby as more risk starts to come out of U.S. fields. As a producer, I'm taking a longer-term approach and hunkering down. I am not looking to re-own any previous sales. In fact I would have liked to have gotten another 10% sold on the rally back in July. That didn't happen, so I still have about 40% of our new-crop production left to price between now and next year's harvest. I think we are going to get another shot at \$3.80 or perhaps \$3.90, I'm just not sure when it happens. I'm currently targeting late-October to late-November. Unfortunately, the bearish fundamentals could certainly delay those opportunities. There's just a lot of bearish headlines for the bulls to break through, it's going to take some time. As a spec I want to be a longer-term bull, but not getting overly excited until we move to sub-\$3.30 levels. Perhaps then I may start looking to dip a toe in the water. As you can see from the graphic below, there's a lot of corn in the global marketplace. One bright spot is the fact China, who's holding the most corn, now reports they are planning to roll out the use of ethanol in gasoline nationally by 2020. As Reuters reported yesterday, it's the first time the government has set a targeted timeline for pushing the biofuel, known as E10 and containing 10 percent ethanol, across the world's largest car market...

Global Ending Stocks Corn 2017/18 (in million bushels)



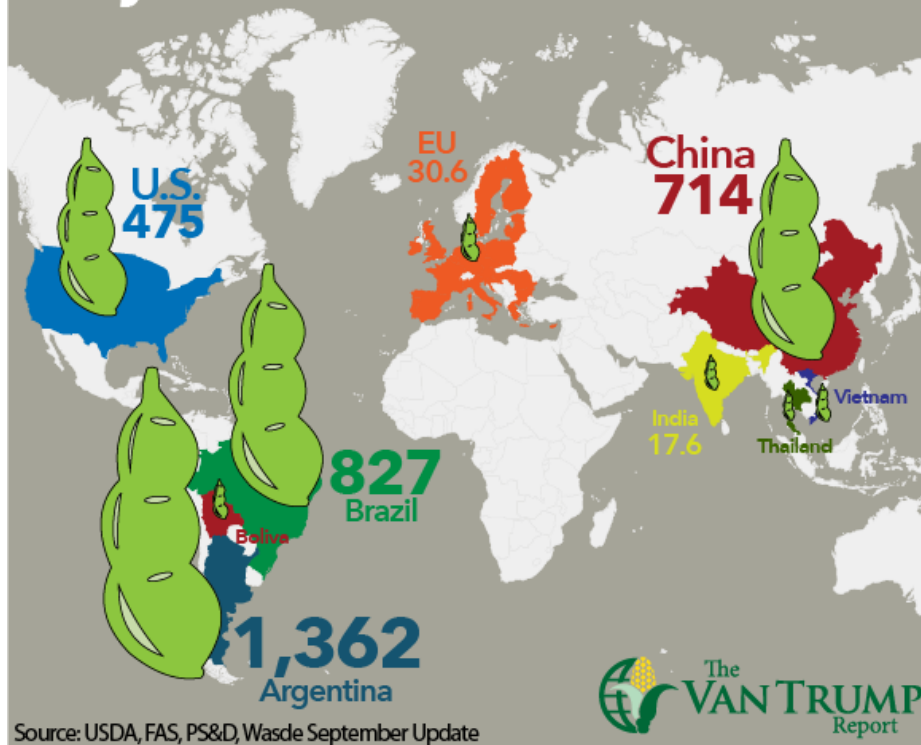
Soybean bulls are holding out hope that "pod weights" will eventually be lowered and in turn U.S. yields reduced. Unfortunately, if you look at the historical tendencies during the past 10-years, the USDA's only lowered their September-to-Final yield estimates twice: in 2008 it was lowered from 40.0 to 39.7 in the Final; in 2010 it was lowered from 44.7 to 43.5 in the Final. In fact 2010 is the only nearby year, where the USDA raised their yield forecast from August-to-September, then proceeded to lower it into yearend. All other years the USDA raised their yield estimate from September-to-Final, and in some case raised it significantly. Remember, in the massively difficult production year of 2012 their estimate jumped from 35.3 in September to 40.0 by the Final. I'm not saying we push significantly higher this year from the current 49.9 bushels per acre estimate, but I also don't see the yield pulling back in any meaningful manner. Let's also keep in mind, there's more talk circulating inside the trade that the USDA could soon be adding to their record planted acreage estimate, perhaps another +250,000 to +750,000 acres could be added. Meaning any small yield reduction could simply be offset by a slight bump higher in acres. I personally feel like traditional fundamentals will start creating more difficult headwinds as further time comes off the clock and additional crop risk starts coming out of the fields. Remember, new-crop ending stocks are now forecast at a burdensome 475 million bushels and the USDA just made fairly significant increases in overall demand. From a technical perspective, I still see the trade pointing to heavy resistance on the charts up between \$9.75 and \$10.00 per bushel, an area I'm looking at to reduce a bit more longer-term risk. Producers who have seen some improvements in their crop, may now have less "sold" than they previously penciled in. Meaning you might need to consider reducing a bit more risk if we catch that unexpected rally... Keep your eye on South American weather, as more inside the trade are now starting to shift some of their attention in that direction.

officials were especially concerned, for the success of Sputnik was a direct rebuke to American claims of technological and scientific superiority over the communist regime in Russia. It was a tremendous propaganda victory for the Soviets, and gave them an edge in attracting less-developed nations into the Soviet orbit with promises of technological aid and assistance. The United States responded by accelerating its own space program, and just months after Sputnik, an American satellite went into orbit. In September 1959, the Soviets upped the ante considerably with the announcement that a rocket carrying the flag of the Soviet Union had crashed onto the moon's surface. In Washington, a muted congratulation was sent to the Soviet scientists who managed the feat. At the same time, however, the United States warned the Soviet Union that sending the Russian flag to the moon gave the Soviets no territorial rights over the celestial body. Vice President Richard Nixon expressed some sour grapes by noting that it took the Soviet four tries to hit the moon and reassured Americans that "We are way ahead" in the space race. Nixon's reassurances aside, the Soviet success in sending a rocket to the moon provoked even greater effort by the United States to gain an advantage in the space race. In 1960, presidential candidate John F. Kennedy made it one of his campaign themes. After winning the election, President Kennedy increased spending for the space program and vowed that America would send a man to the moon by the end of the decade. In 1969, American astronaut Neil Armstrong became the first man to walk on the moon.



1974, Murder Ballads - "I Shot the Sheriff" hits No. 1 on the music charts. While the song had been written by reggae legend Bob Marley the previous year, it was Eric Clapton's version that ascended to the top of the charts. Crime and murder have been the subject of popular recorded music since the invention of the phonograph. "Stagolee," also known and performed as "Stagger Lee," was one of the 20th century's first hits. The lyrics, in which the theft of a Stetson hat leads to the death of a self-professed family man, were based on an actual murder that occurred in St. Louis, Missouri, in 1894 or 1895. Over the years, versions of the song have been recorded by hundreds of artists, including, more recently, the Grateful Dead and Nick Cave. Another early hit was "White House Blues," which recounted the assassination of President William McKinley in 1901. It has since become a bluegrass standard. Country and folk songs often feature murder as a theme as well. The Louvin Brothers had a huge hit in the 1950s with "Knoxville Girl," a story-song in which the protagonist cannot help but kill his girlfriend, and Johnny Cash sang of killing a man "just to watch him die" in "Folsom Prison Blues." In the 1990s, crime

Global Ending Stocks Soybean 2017/18 (in million bushels)



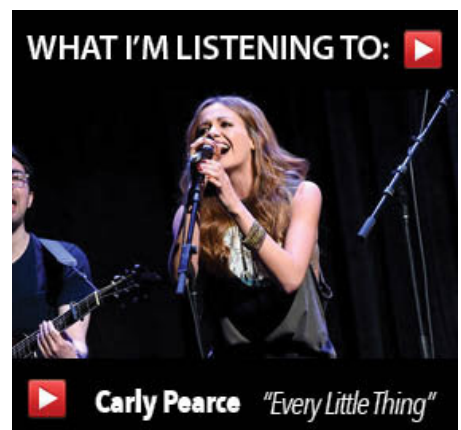
Wheat prices have been trading in a sideways channel for the past few weeks. Unfortunately, prices haven't been able to breakout to the upside as global supply still remains at record levels. It was nice to see the USDA reduce world stocks from 264.3 down to 263.1, but as you can see from the graphic below, supplies are still extremely burdensome at record levels. From a longer-term bullish perspective, I do believe we are going to see the USDA make further reductions to both Canadian and U.S. production estimates. I also continue to see a longer-term bullish story brewing in regard to lack of available "quality" in the global marketplace. As I've been saying, with global ending stocks this burdensome, it's going to take some time for the market to fully understand any type of talk regarding lack of supply in any capacity. I also believe the geopolitical landscape is becoming more conducive towards supporting a bullish story. I should also point out, both French and Romanian wheat has been stopped from unloading as Egyptian inspection policies remain a mystery. Regardless of the obvious bearish supply and demand fundamentals, I'm staying patiently optimistic in regard to higher prices, perhaps by late-2017 or by early-2018 there will be better opportunities to price bushels.

became a common theme of rap music too. Ice-T's "Cop Killer" caused a big controversy when opponents pressured Warner Brothers to stop the release of the record. And, in two separate murder trials, young men claimed that the violent imagery of Tupac Shakur's lyrics provoked them to kill police officers, though juries ended up rejecting the idea.

Upcoming Events

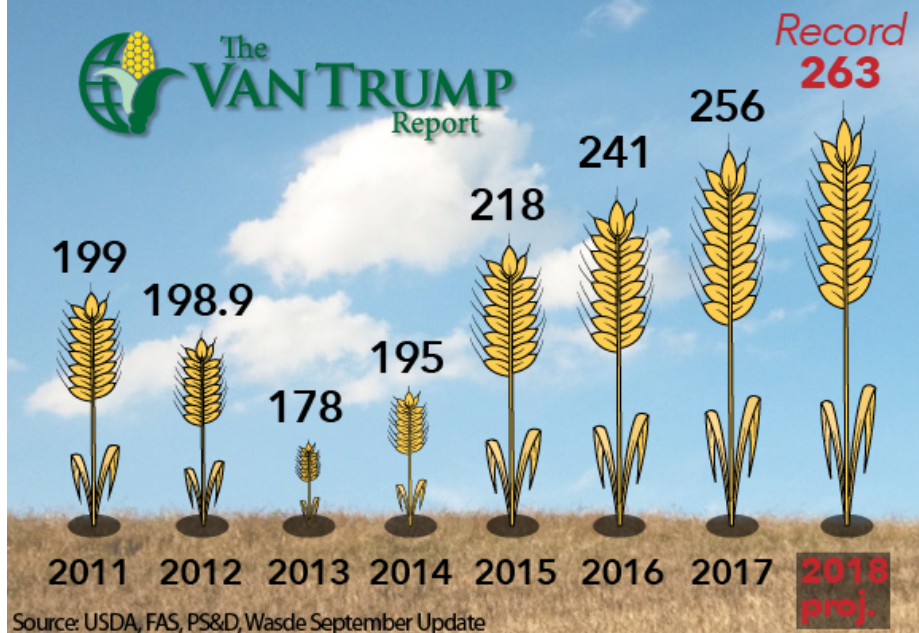
- Tues.-Wed. 9/19-20** - FOMC Meeting
- Fri. 9/22** - Cattle on Feed
- Fri. 9/22** - Cold Storage
- Thurs. 9/28** - Quarterly Hogs and Pigs
- Fri. 9/29** - Quarterly Stocks
- Thurs. 10/2** - USDA Supply and Demand
- Wed. 10/11** - Minutes From 9/20 FOMC Meeting Released
- Fri. 10/20** - Cattle on Feed
- 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



About the Report

World Ending Stocks Wheat (in million metric tons)



Connecting the Dots

> China's COFCO Looks Overseas For Grain Partners: China's COFCO International said it plans more partnerships in grain after a U.S. supply deal last month, as it expands overseas with a focus on grain, oilseed and sugar. The state-owned trading house has spent more than \$3 billion buying agricultural traders Nidera and Noble Agri and has embarked on an overhaul of its newly acquired operations, notably in Europe and South America. CEO Johnny Chi says the trading house plans to "advance a strategy focused on strengthening our core businesses of grains, oilseeds and sugar with a geographical focus on the Americas, Europe and Australia." COFCO last month unveiled a partnership with U.S. farm cooperative Growmark to own and operate a grain terminal COFCO inherited from Nidera on the Mississippi River. (Source: Reuters)

> Florida Citrus Crippled By Irma: Florida citrus growers have taken a major hit, with areas affected by the eye of Hurricane Irma reportedly facing a 30 to 70 percent drop in fruit production, according to early estimates from the Florida Cooperative Extension Service. "This is going to be a real kick to those citrus producers, which is really unfortunate," Nick Place, dean and director of Florida Cooperative Extension Service, told Morning Agriculture. The Sunshine State, which produced almost half of U.S. citrus in the 2015-2016 season, is already struggling and has seen production decline over the last 20 years. The numbers have worsened in recent years due to citrus-greening disease. Before Hurricane Irma, it was likely that the state would have had more than 75 million boxes of oranges on the trees this season, but now there will be many fewer, Shannon Shepp, executive director of the Florida Department of Citrus, said in a statement. As almost five million Floridians remain without electricity, dairy farmers may experience major losses soon too, because their generators will give out. Growers of tomatoes, lettuce and bell peppers also could be facing hefty losses if floodwater is not pumped out soon, he said. (Source: Politico)

> Facing Potential Wheat Crisis, Egypt Downplays Poppy Seed Risk: Poppy seeds found in two cargoes of imported wheat halted by Egyptian authorities are "not very dangerous", Agriculture Minister Abdel Moneim Al-Banna told Reuters on Wednesday, in comments that could avert a trade row. Al-Banna said the cargoes from

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

France and Romania would be sieved before a decision was taken on whether to allow them into the country. The world's biggest wheat buyer has panicked global suppliers in recent weeks by referring the two cargoes to its public prosecutor for containing what it said were drug-producing poppy seeds. The prosecutor has yet to issue a final decision on whether the wheat should be re-exported. Supplier Transgrain France and the French embassy in Cairo sent letters to state-buyer GASC arguing that the strand of poppy, papaver rhoeas, in the wheat was a harmless variety not used in opium production and commonly found in wheat fields. Traders are watching closely, and have said that any rejection could lead them to boycott the state's massive tenders, protesting what they describe as excessive inspection measures that have made doing business increasingly risky. (Source: Reuters)

> Irma Damage Will Leave The Whole Country With Higher Grocery Bills, T: Southwest Florida's agricultural community is feeling the hurt from Hurricane Irma — and consumers will soon feel their pain at the supermarket. The damage could be felt for some time in supermarkets and on consumers' tables. Fruit and vegetables will be in shorter supply from Southwest Florida and other parts of Florida hit by Irma — and that will translate to higher prices in the grocery aisles for everything from tomatoes to orange juice. For area vegetable growers, harvesting usually begins by mid-October, and a primary mission is to have plenty of vegetables in the market for Thanksgiving, one of their most lucrative times of the year when there isn't as much competition from other U.S. regions or other countries, namely Mexico. There will be a ripple effect felt throughout the industry affecting processing facilities, packing houses and other related operations. Farmworkers, who are already dealing with personal losses from Irma, may find themselves with less work. On the flip side, growers could struggle to find enough help if farmworkers find jobs in construction and landscaping to assist with the massive cleanup after Irma. (Source: USA Today)

> Hurricanes Hinder Farm Data Collection Across Southeast U.S.: The U.S. Department of Agriculture said its latest monthly crop report, a focus for farmers and commodity traders, doesn't fully reflect damage from hurricanes Harvey and Irma, and the agency plans to survey harvests later this month. The USDA will assess harvests in Texas and Louisiana that were affected by Harvey, and those in Alabama, Florida, Georgia and South Carolina that were hit by Irma, it said. It will look at cotton, soybeans, corn, rice, sorghum, sugar-cane and peanuts. The Hurricanes have disrupted data collection, making more detailed information-gathering necessary, the department said. Harvey, which upended millions of lives and submerged crops in Texas and the Mississippi Delta region, may cause up to \$1 billion in losses for crop-growers and livestock producers, Agriculture Secretary Sonny Perdue said on Monday. USDA workers are in the field determining damage from Irma. Irma's remnants are traveling northwest. Its damage is expected to have a greater effect on orange juice and sugar crops, although its rains have also spread over cotton- and soybean-growing areas. (Source: Bloomberg)

> Are The Latest Signs Of Inflation Just A Blip? U.S. producer prices rebounded in August, driven by a surge in the cost of gasoline, and there were also signs of a pickup in underlying producer inflation. The Labor Department said its producer price index for final demand increased +0.2% last month after slipping -0.1% in July. In the 12 months through August, the PPI rose +2.4% after advancing +1.9% in July. A key gauge of underlying producer price pressures that excludes food, energy and trade services rose +0.2% last month after being unchanged in July. The so-called core PPI increased +1.9% in the 12 months through August after a similar gain in July. Inflation is being closely watched for clues on the timing of the next interest rate increase from the Federal Reserve. Economists expect the U.S. central bank will announce a plan to start reducing its \$4.2 trillion portfolio of Treasury bonds and mortgage-backed securities at its Sept. 19-20 policy meeting. The Fed is expected to delay raising rates until December. The Fed's preferred gauge of inflation is the personal consumption expenditures (PCE) price index excluding food and energy. The annual increase in the core PCE has consistently undershot the central bank's 2 percent inflation target since mid-2012. The core PCE rose 1.4 percent in July, the smallest year-on-year increase since December 2015. (Sources: Reuters, MarketWatch)

> USDA Nominees Get Hearing Dates: Stephen Censky, the Trump administration's pick for USDA deputy secretary, and Ted McKinney, the nominee for undersecretary for trade and foreign agricultural affairs, are expected to testify on Sept. 19. Censky is head of the American Soybean Association and also held posts at USDA in the late 1980s. McKinney is the Indiana Director of Agriculture, a position he was first appointed to by Vice President Mike Pence when Pence was governor of the state. The hearing will start at 9:30 a.m. President Donald Trump's pick for the USDA's chief scientist, Sam Clovis, has still not been scheduled. Clovis has been a lightning rod because of what his opponents say is a lack of scientific experience that is required for the job and controversial statements he's made. (Source: Politico)

> Middle-Class Incomes Reached Highest Level Ever In 2016: The incomes of middle-class Americans rose last year to the highest level ever recorded by the Census Bureau, as poverty declined and the scars of the past decade's Great Recession seemed to finally fade. Median household income rose to \$59,039 in 2016, a +3.2% increase from the previous year and the second consecutive year of healthy gains, the Census

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.

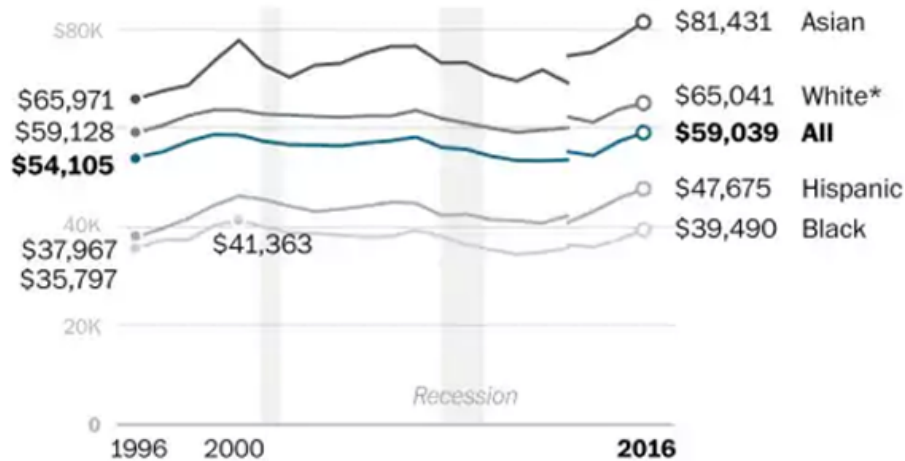
- Option #1 - Conservatively long.
- Option #2 - Aggressively long.
- Option #3 - Sitting on the sideline.

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.

Bureau reported. The nation's poverty rate fell to 12.7%, returning nearly to what it was in 2007 before a financial crisis and deep recession walloped workers in ways that were still felt years later. Interestingly, middle-class households are only now seeing their income eclipse 1999 levels. Economists and policy experts wonder whether the gains will continue. The median income had surged since 2014 because millions of more Americans found full-time jobs, but there is little evidence that employers are rushing to offer raises to those who already are employed. Without more wage gains, momentum could slow. (Source: The Washington Post)

Overall record, but uneven growth in incomes

The overall median household income hit a high of \$59,039 in 2016, but incomes in black households still lag behind where they were in 2000.



*Non-Hispanic

Note: In 2014, the Census Bureau adjusted how it measures income.

Source: Census Bureau

THE WASHINGTON POST

Farm Direction
RECIPES
★ **FAMILY FAVORITES** ★
-SENT IN BY OUR READERS-

Strawberry Pretzel Salad

[CLICK TO SEE RECIPE](#)



Southern Manitoba - The wheat harvest in Manitoba is virtually complete. Although yields have been a pleasant surprise in southern Manitoba protein levels have not been impressive so don't expect a flood of high-quality high protein wheat to come from Canada into the USA to help blend with low-quality winter wheat. The soybean harvest has started and as I anticipated yields are VERY disappointing so NorthDakota better ghad better get ready for low yields because they were dryer than we were. The corn crop according to crop scouts will be a disappointment as well although it looks good from the road.

Southeast South Dakota - We didn't have things nearly as bad as some in the state. We had a great soil profile from our wet winter and though that caused us to get in the field late, it did keep us going through some drier times. Funny thing is a couple of years ago we got in real late and ended up with some of our best crops ever. After we got things in there was another rain that crusted things over affecting emergence, which has held us back on our corn. The last three years we have had 200+bpa but only expect around 150 this year. The beans took off after an inch of rain on August 1st but we still are looking at only 40bpa this year compared to mid-60's to low 70's in 2016. I'm retiring after this season and will crop share with a young man who will take over farming. My advice is for all us old guys to give the young ones a chance to get into the game. Charge only what you need to offer a bit of help to those starting out.

Northeast Kansas - We are in the field today cutting our 112-day corn. It is coming out with 18-20% moisture. I'm afraid we will experience some disappointing yields on corn this season as we were pretty dry. Since June first, we've seen 5.5" of rain, while only miles down the road they received 10.5 inches. On top of that, we sit right at the edge of soils that get worse for every mile you go west or south and get much better for every mile you go north or east. In 2016 we averaged 212bpa and we are hoping between 140-160 bpa this year. The beans got 2" of rain two to three weeks ago and that might just save the crop.

CROSSING WIRES

A place to share intelligent thoughts...

Efforts For Hurricane Irma: *The U.S. Department of Agriculture (USDA) reminds rural communities, farmers and ranchers, families and small businesses impacted by Hurricane Irma that USDA has programs that provide assistance in the wake of disasters. "In recent weeks, millions of Americans have been affected by Hurricanes Harvey, Irma and the wild fires in the west," Secretary Perdue said. "USDA employees have been working tirelessly and will continue to stand ready to help those in need. As we head down the path to recovery, I am encouraged by the resilience of America's farmers, ranchers and the American people as a whole." USDA's Operations Center is activated 24/7 keeping the Secretary and USDA's leadership team informed. An Incident Management Team supports the USDA Operations Center and will remain in effect through both Hurricane Harvey recovery and Hurricane Irma's response and recovery. USDA has important roles in both response and recovery to hurricanes and stands ready to support the American people who rely on it each day. In a continuing effort to better serve the public, USDA partnered with the Federal Emergency Management Agency and other disaster-focused organizations to create the Disaster Resource Center website. Read more [HERE](#).*

The Great Nutrient Collapse: *The atmosphere is literally changing the food we eat, for the worse. And almost nobody is paying attention. In agricultural research, it's been understood for some time that many of our most important foods have been getting less nutritious. Measurements of fruits and vegetables show that their minerals, vitamin and protein content has measurably dropped over the past 50 to 70 years. Researchers have generally assumed the reason is fairly straightforward: We've been breeding and choosing crops for higher yields, rather than nutrition, and higher-yielding crops—whether broccoli, tomatoes, or wheat—tend to be less nutrient-packed. In 2004, a landmark study of fruits and vegetables found that everything from protein to calcium, iron and vitamin C had declined significantly across most garden crops since 1950. The researchers concluded this could mostly be explained by the varieties we were choosing to grow. But some scientists suspect that's not the whole story and that the atmosphere itself may be changing the food we eat. Read more [HERE](#).*

Texas Calls In The Air Force To Combat Post-Harvey Mosquito Surge: *Texas has launched aerial attacks on mosquitoes swarming coastal regions of the state and threatening to spread disease and hinder disaster recovery in the aftermath of Hurricane Harvey. U.S. Air Force C-130 cargo planes began spraying insecticides over three eastern Texas counties over the weekend and will expand to other areas over the next two weeks, officials from the Texas Department of State Health Services (DSHS) said. About 1.85 million acres have been treated as of Tuesday, according to the department. Officials hope the spraying can avoid outbreaks of mosquito-borne diseases. Read more [HERE](#).*

Green Giant Wants You To Eat Your Frozen Veggies: *Green Giant, the iconic brand owned by B&G Foods, is determined to thaw out the cold shoulder consumers have been giving the frozen food aisle. Sales of the category—once held in high esteem for its convenience factor—haven't nudged over the last four years, according to market research firm Packaged Facts. Instead, consumers have been breathing new life into the perimeter of the store, shifting their dollars to the fresh produce that resides there. The swing in spending is part of a broader trend of shoppers eschewing processed fare for goods that they perceive as healthier and natural. Now, Green Giant is working to get some of that newfound zest in fruits and veggies to rub off on frozen food "There's an opportunity to take what's happening in fresh and apply it to frozen veggies, where the belief was that there hadn't been a lot of exciting things happening," says Jordan Greenberg, vice president and general manager of Green Giant. Read more [HERE](#).*

How Viagra Changed Everything Science Knows About Boners: *The discovery of the drug nearly 20 years ago has contributed tremendously to our understanding of the male body. Next year, Viagra will turn 20 years old. It's a landmark birthday for any drug, but it's particularly significant given the drug's tremendous success: to date, 62 million men around the world (and counting!) have bought Viagra at some point, according to Quartz, which has earned Pfizer (Viagra's parent company) a cushy \$1.4 billion annually in North America alone. But Viagra's path to success wasn't as straightforward as one might assume. In fact, researchers weren't even looking to solve erectile dysfunction when they first started running experiments using Sildenafil. Pfizer was simply trying to figure out a way to help dilate blood vessels in the heart for another middle-aged male health dilemma: pulmonary arterial hypertension, or high*

blood pressure. Rather, Sildenafil seemed to affect the blood vessels that fed into the penis, a.k.a. the corpus cavernosum, according to reports from nurses who found patients lying on their stomachs after taking Sildenafil, because they were embarrassed that they were having erections. Read more [HERE](#) at Mens Health.

These Cities Are Tops For Jobs: Anyone that thinks you need to head to a big city on the East or West Coast to find a great job, you might want to think again. Midwestern cities like Pittsburgh, Indianapolis and Louisville were among the top cities in the U.S. for finding a job, feeling good after you get it, and being able to enjoy an affordable quality of life, according to a new study compiled by job search site Glassdoor. Pittsburgh was No. 1 in Glassdoor's rankings, with the median value of a home costing roughly three times the area's median base salary of \$44,000. Indianapolis and Kansas City, Mo. ranked second and third, with openings plentiful in job categories ranging from machine operator to software engineer and audit manager. Meanwhile, the tech and finance capitals of San Francisco, New York and Boston didn't even crack the top 25. See the full list of cities and more details [HERE](#).

TOPS FOR JOBS

Job search site Glassdoor revealed its list of the top 10 cities for jobs. They met the mark for being affordable, the best places to get hired, and the top locales where employees felt satisfied at work.

1. PITTSBURGH, PA



Job openings
95,399

Score: **4.4**

Median Base Salary:
\$44,000



Next

Glassdoor.com

Credit: Veronica Bravo, Charisse Jones, USA TODAY



John Deere Advances Their Precision Ag Capabilities With Purchase Of Blue River Technology

Purchased for \$305 Million, Blue River Technologies of Sunnyvale California becomes the latest acquisition for the Illinois-based agriculture giant. Blue River is a producer of cutting-edge robotic systems that use computer vision and artificial intelligence to observe, identify and precisely spray the correct inputs to individual plants. Apparently,

Blue River has been getting things done since their inception a few years ago as already in 2017, they have been listed among Inc. Magazine's 25 Most Disruptive Companies, Fast Company's Most Innovative Companies, CB Insights 100 Most Promising Artificial Intelligence Companies in the World, and the Top 50 Agricultural Innovations by the American Society of Agricultural and Biological Engineers. Not a bad resume. I would say Blue River has advanced the ball in precision ag by moving the management decisions all the way down to the plant level. The obvious upside for producers is the significant reduction in herbicide use as individual weeds are targeted. I'm told that in a test for next years cotton crop and hopefully a commercial launch in 2018, Blue River was able to reduce herbicide usage by 90%. The startup's robots are towed behind a regular tractor like conventional spraying equipment and they have cameras on board that utilizes machine-learning software to distinguish between crops and weeds. It's worth noting that while JD hasn't outlined any exact plans, the company states, its use of AI-assisted spraying is a part of a larger strategy to make technology an integral part of its equipment. Clearly, JD understands farming will become increasingly automated and this purchase should keep it ahead of the current curve. Interestingly, there is another winner in this scenario. Ag Tech investors will welcome the news of another significant exit from venture capitalists portfolios. As exits have slowed down in recent times, this move underscores the value creation prospects for pioneering Ag Tech companies. Pontifax Global Food and Agriculture Technology Fund, a leading growth capital investor in the global agriculture technology sector led Blue River's \$17.5 million Series B funding round in December 2015. At the time Blue River was seeking to expand on its lettuce and specialty crop applications and was able to refine and commercialize its "See & Spray" technology. Deere believes they can apply the machine learning in the future to a wider array of products. As I understand it, the 60-person Sunnyvale team will remain in California with the objective to continue its rapid growth and innovative entrepreneurial spirit. Meaning, the team intends to deploy its computer-vision software in harvesting and seed planting equipment so it can adapt to variations in the size of soil clods or corn plants across a field. As with all new technology, it will be interesting to see who jumps on board and what obstacles stand in the way. I would imagine with a 90% reduction in herbicide expenses, it frees up resources to invest. (Source: Fortune, pehub.com, wired)



"It's A Jeep Thing" ... Which Might Soon Become A Chinese Thing???

Both my children drive Jeeps, and they've been terrific vehicles for the family. But in the past few weeks, we have been hearing rumors of Chinese automakers talking with Fiat Chrysler about a potential merger or buyout of Jeep. There was an initial report from Automotive News which quoted a source who said Fiat Chrysler (who owns Jeep) sent execs to China to meet with the country's Great Wall Motor Company. The report also mentioned a number of other Chinese companies, giving you the sense that it was unclear who might be interested. Now, both Automotive News and Reuters have confirmed that one of the companies interested in acquiring Fiat Chrysler is indeed Great Wall Motor Company, China's biggest truck and SUV manufacturer. Reuters specifically reported that they spoke with a representative of the company and learned that the company's real goal is to buy up the Jeep brand. Great Wall said they are interested in Jeep as they have a strategic goal to become the world's largest SUV maker. For its part, Fiat Chrysler told both news outlets that it had not been approached by the Chinese truck and SUV company. The CEO of Fiat Chrysler has previously made statements indicating that he'd consider spinning off the highly popular SUV brand. Whether they will sell it to Great Wall is a big unknown. The Jeep brand has been passed around throughout the years, finding itself under the leadership of a number of different companies including Willys-Overland, Kaiser, AMC (which was controlled by French-owned Renault), Chrysler, Daimler Chrysler, Cerberus and currently Fiat Chrysler. It's just crazy however for me to think of Jeep being owned by the Chinese. Not that there's anything wrong with the Great Wall Motor Company, it just seems weird to think about such an iconic rough and rugged U.S. brand being talked about in the same breath with Asian autos. I should note, Fiat Chrysler currently

manufactures Jeeps in China with a Chinese partner. Below are few other interesting facts about Jeep: (Source: [Automotive News](#), [Reuters](#))

- **Record Sales:** *Jeep Wrangler sales exceeded 200,000 units for the first time ever in 2015.*
- **New Jeep Truck:** *Word is we are going to see a new Jeep truck called "Scrambler". Some say it might even have the option for a diesel engine.*
- **Headquarters:** *Since Jeep began production, the company has been headquartered in Toledo, Ohio, ever since. According to the Detroit Free Press, all models were made in the United States until 2014, when the company began to move some production into Brazil, China and India.*
- **First Jeep Designed Within Two Days:** *With the United States' involvement in WWII on the horizon, the government recognized a desperate need to replace its aging fleet of Model T's, calling for a small, lightweight, three seat, four wheel drive vehicle. Karl Probst started work on his design for a barely-solvent truck company called Bantam on July 17, 1940, and finished two days later. By the 22nd, the entire proposal—including cost estimates—was handed in to Uncle Sam. Bantam didn't have the capabilities to produce the sheer quantity needed to fight the Nazis, so the Army brought Willys and Ford to the table and handed them the blueprints. Ford had a number of innovations on its "Pygmy" design, while the Willys Quad featured four-wheel steering. Willy's took the ball, and in the 4x4's first public outing, the vehicle was driven up the steps of the U.S. Capitol. When asked what it was, the driver replied simply, "It's a jeep." Two years later, Willys-Overland filed a trademark application and kicked out 16,000 units for the U.S. Army at the cost of \$738.34 each. The Jeep became a useful transportation tool during World War II, with over a half-million being produced in the first five years.*
- **The Famed "CJ"** - *The name stands for "Civilian Jeep". For the first time ever, Willys were available to civilians after WWII. The CJ featured a rear-mounted spare tire and swinging tailgate, it was marketed for delivery, farm or construction use.*







500,000 Plus Attendees Make Oktoberfest Zinzinnati The Second Largest Celebration In The World

When Jim Koch, Cincinnati native and owner of Sam Adams beer taps the keg on Saturday at 11:30, it will mark the official opening of the 41st Oktoberfest Zinzinnati. Modeled after the original Oktoberfest in Munich, Cincinnati lays claim to the second largest event in the world. As I understand it there may be well over half a million visitors to the area celebrating the 3-day event this weekend. You may not be aware that Cincinnati is part of the "German Triangle", a term coined in 1890 when a majority of the 2.8 million German-born immigrants lived in the area within a triangle formed along with Milwaukee and St. Louis. The festival has established some traditions over the years that the entire family can enjoy. The "Running of the Wieners" consists of dachshunds dressed up in their hotdog bun costume and running 75 feet to the finish line. Also, the event lays claim to a Guinness Book record, which they established when they held the "World's Largest Chicken Dance." As I understand it, in 1994 over 48,000 participated in the dance that was led by Grand Marshall, The Crown Prince of Bavaria. Interestingly, the festival has attracted many big name Grand Marshalls over the years including Davey Jones of the Monkeys, Tony Orlando, Eddie Money, Vince Neil, Homer Simpson and even Mini-Me. You better plan on coming with an appetite as you will be part of team that slugs down 87,542 metts, 80,500 bratwurst, 64,000 sauerkraut balls, 56,250 sausages, 24,649 potato pancakes, 23,004 soft pretzels, 20,000 cream puffs, 16,002 strudel, 6,000 jumbo pickles, 3,600 lbs. of sauerkraut, 1,875 lbs. German potato salad, 702 lbs. Limburger cheese, 700 pigtales, 400 pickled pigs feet. There are many other family friendly events that take place over the weekend including, the World Brat Eating Championship where 2016 winner, Joey Chestnut, ate 67 of the little guys in 10 minutes, OUCH!! You can also watch the Beer Barrel Race and the Stein Hoisting Championship, which requires the competitors to hold a one-liter stein full of beer straight out, longer than anyone else. Not as easy as you might think! It looks like it should be a great time for families and with perfect weather forecasted you might consider making your way there. For more details on the event click [HERE](#). For other Oktoberfest celebrations that may be near you, click [HERE](#). Below are some facts you may not know about the origins and traditions of the original Oktoberfest in Germany (Source: Readers Digest, Oktoberfestzinzinnati.com)

Did You Know

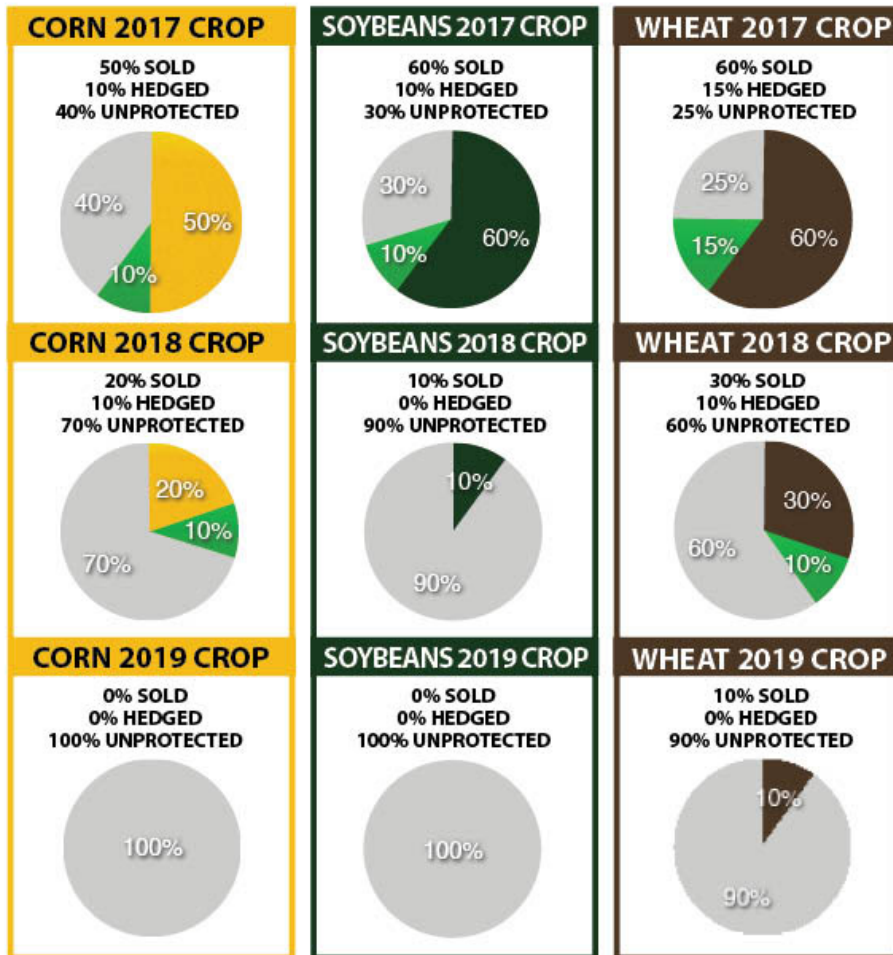
- Oktoberfest Began As A Marriage Feast And In October:** *Oktoberfest began in 1810 as a celebration of the marriage of Prince Ludwig I and Princess Therese von Sachsen-Hildburghausen. The couple married on October 12th and began a 5-day celebration that is now known as Oktoberfest. As the tradition grew over the years, and as days were added, it was moved back into September in order for party goers to enjoy the warmer evenings. Today, Oktoberfest ends on the first weekend in October.*

- **May I Have Another:** Nearly 2 million gallons of beer will be consumed during the two weeks of Oktoberfest. The beer served has on average a 7.5% to 8% alcohol content and as a result, often pass out due to excessive drinking. These drunk patrons are called "Bierleichen" which is German for "beer corpses".
- **How Much!!:** Beer prices differ in the various tents at Oktoberfest, but a traditional stein, which is slightly less than 34 ounces, will cost you about \$13.
- **Do You Want To Try This?:** A full beer stein weighs five pounds and waitresses carry up to 10 without spilling. The Guinness World Records has 27 full mugs as the most carried at once. That's 135 pounds!
- **Not So Fast:** Every year, festival-goers and patrons itching for free memorabilia attempt to make off with official Oktoberfest beer mugs. The one-litre glasses, or Masskrugs, while fantastic souvenirs, are actually the property of the beer hall. Security guards recovered 226,000 glasses before patrons could sneak off with them.
- **How To Soak Up All That Beer:** You definitely will want to keep some food in the gut if you're going to indulge. So when you find yourself in need of a bite you can expect to find: Hendl (roast chicken), Schweinsbraten (roast pork), Haxn (pork knuckle), Steckerlfisch (grilled fish on a stick), Wurstl (sausages), Brezn (pretzel), Knodeln (potato or bread dumplings), Kaasspotzn (cheese noodles), Reiberdatschi (potato pancakes), Sauerkraut or Rotkraut (pickled red cabbage), Obatzda (a fatty, spiced cheese-butter concoction), and Weisswurst (white sausage). So dig in!
- **Where Did I Put That:** In years past, lost items included 350 cell phones, 520 un-reclaimed wallets, over 1,000 passports, 370 pairs of glasses, 425 sets of keys, 1300 items of clothing, and at least one set of dentures. Even 48 children were lost, then found. Add to that a lost Viking helmet, crutches and electric wheelchair, and you have a very telling Oktoberfest collection.
- **How Do You Feel?:** I'm told In an effort to keep festival attendees safe, the Red Cross has set up 15 hangover beds for people, in case they need to sleep off the booze for a while. That doesn't seem like a lot for the more than 7,000 people that come to the Red Cross tent for treatment each year. They've also got spare pants, too, just in case!!





CASH SALES & HEDGING TOTALS



PLEASE READ The Van Trump Report is a publication intended to give analytical research to the Agricultural community. The Van Trump Report is not rendering investment or hedging advice based on individual portfolios or individual business operations. Kevin Van Trump is NOT registered as a stock or commodity advisor in any jurisdiction. You need to consult with your own registered advisor for specific strategies and ideas that are appropriate to your specific portfolio or business entity. Information included in this report is derived from many sources believed to be reliable but no representation is made that it is accurate or complete. This report is not intended, and shall not constitute, or be construed as an offer or recommendation to "buy", "sell" or "invest" in any securities or commodities referred to in this report. Rather, this research is intended to identify issues and macro situations that those invested in the agricultural industry should be aware of to help better assess and improve their own risk management skills. Please read the entire [DISCLAIMER PAGE](#) for full risk-disclosure and copyright laws.



© FARM DIRECTION 2011

[About Us](#) | [Testimonials](#) | [Subscribe](#) | [Contact Us](#) | [Disclaimer](#)