

GOOD MORNING: 09/20/17 Farm Direction - VanTrump Report

1 message

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

Wed, Sep 20, 2017 at 6:38 AM



"If your actions inspire others to dream more, learn more, do more and become more, you are a leader." - John Quincy Adams

WEDNESDAY, SEPTEMBER 20, 2017

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Morning Summary: U.S. stocks push to record levels as CAT-5 Hurricane Maria surges towards the Caribbean islands, Mexico is rocked by a massive earthquake, and President Trump tells listeners at the United Nations conference that the U.S. will "totally destroy North Korea" if it continues its pursuit of a nuclear weapon, adding that leader Kim Jong Un is on a "suicide mission for himself and his regime." The stock market is also trading at new all-time highs ahead of today's U.S. Federal Reserve's announcement due out at 1:30 p.m. CST. The Fed is expected to leave rates "unchanged", but many inside the trade believe any decision will be digested as "bullish". In other words, if they leave rates "unchanged" it will be viewed as bullish, or if they "raise" it will be viewed as bullish on thoughts the economy is heating up even further. Investors are also anxious to hear Fed Chair Janet Yellen's follow-up press conference, particularly her views on current inflation trends. U.S. prices have stayed stubbornly flat and there are thoughts that Fed officials want to see more signs that inflation is moving up before hiking rates again this year. A report from the Commerce Department on Tuesday showed Housing Starts fell for the second month in a row in August. The report also showed building permits rose to a seven-month high in August. However, permits for single-family homebuilding, which accounts for the largest share of the housing market, actually dropped. Starts and permits have struggled recently amid a shortage of skilled labor, available land and rising material costs. There are worries that the situation - and housing shortfall - will remain challenged as hurricane affected areas in Texas and Florida try to rebuild and workers migrate that direction. The pick up in building activity in those areas is expected to further increase the labor shortage in the rest of the nation and drive material prices even higher. Oil bulls were happy to hear rumors that Iraq and possibly OPEC will reduce supply by an additional +1% to help re-balance the market. Some oil producing nations also favor further extending production cuts until the end of 2018.

Saudi Arabia Raising Domestic Oil Prices By A Whopping 80%: Saudi Arabia is planning to increase domestic oil prices by +80% as early as this November in its ongoing effort to curtail government spending spurred by the oil price slump two years ago. According to Bloomberg, the Kingdom will phase out its oil subsidy to bring prices roughly in line with international rates. Citing a person with knowledge of the matter, the report said that Saudi authorities will make a final decision on the plan by October. The decision to cut government subsidies for oil could not come at a worse time. It is a very unpopular decision and the Saudi authorities are reluctant to take this step at this moment in time while facing challenges at home and abroad. The sale of stakes in the country's most lucrative asset, Aramco, and cuts in government subsidies are vital to the country's social and economic regeneration, planned in its 2030 vision. While Riyadh needs to make significant savings by reducing government spending, sensitivities over cuts to energy subsidies prompted ministers to delay a hike in gasoline prices in July. Further delays to cuts in government subsidies will not come as a surprise as security officials in the country deal with low-level unrest. An +80% hike in oil prices will hit most of the country's population very hard and may push millions of people to the edge. (Source: Middle East Monitor)

Houston's Labor Shortage Amplified By Home Rebuilding Struggles: Nearly three weeks after the rain stopped falling in Houston, the work of rebuilding has barely begun. There aren't enough workers available — not even close. The Greater Houston Builders Association estimates that Hurricane Harvey and its relentless rain destroyed at least 30,000 homes; thousands more

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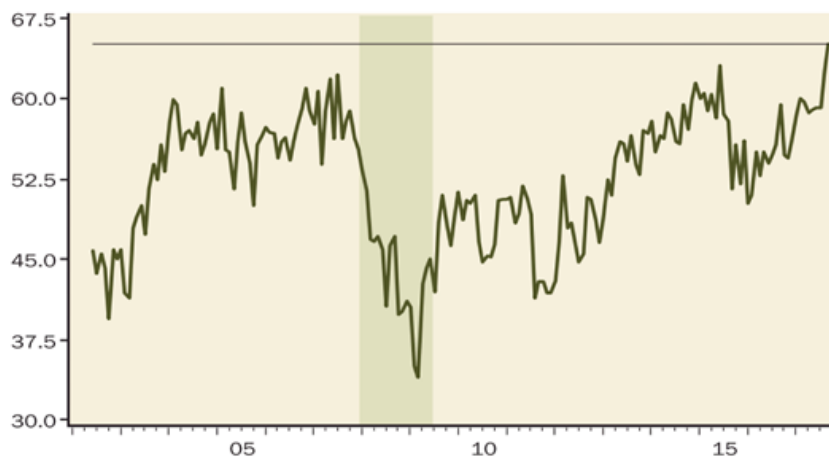
sustained significant damage. The city already suffered a labor shortage because so many construction workers left during the housing crash and again when oil prices slumped. When prices came back, not enough workers did. Most of Houston's construction workers come from Mexico, and that has made matters even more difficult, as immigration policies tighten under the Trump administration. The National Association of Home Builders has already made a plea for help. Leslie King, president of Greymark Construction, told CNBC, "You have homeowners begging to have you come out to their house. You have to tell them it will likely be a couple years." (Source: CNBC, Reuters)

Small Investors Have Never Been This Bullish And Robert Shiller Thinks That's A Good Thing: Retail investors have never been this hopeful that the stock market will continue to grind higher, according to a University of Michigan survey. The preliminary survey of consumer sentiment for September showed a record 65% expected probability that stocks would rise in the next year. The data goes back to 2002. A report in February showed a minor increase in expectations for a sustained rally after President Donald Trump's election. But several record closing highs later and individual investors are a lot more expectant. The February report noted that people who were most bullish for the year ahead and could invest more in stocks were in the top third of income distribution and in the top tier of stock ownership. In other words, the respondents to this survey have reaped strong gains on a riskier asset class in a short period of time and are hoping this continues. Robert Shiller, a Nobel laureate and Sterling professor of economics at Yale University, thinks that optimism is a good thing as it could keep investors from panicking during a minor sell-off. Shiller adds that "why people are so calm about the high-priced market is a bit of a mystery", as by Shiller's own calculations the U.S. stock market is the most expensive in the world. However, he stresses that that calculation, the CAPE metric, is a poor tool for timing the market, meaning it doesn't offer a sure guide as to when a decline might begin. For the moment, however, the overall calm is acting as a floor under equity prices, leading investors to buy on even small market declines. "Mass opinions may well change, but for now, in the critical psychological dimension, the stock market does not closely resemble the market in the dangerous years of 1929 or 2000." (Sources: Business Insider, Market Watch)

MARKETS | CHART OF THE DAY

CHART 1: PROBABILITY OF AN INCREASE IN STOCK PRICES IN 1 YEAR

United States: University of Michigan Surveys of Consumers
(percent)



Shaded region represents period of U.S. recession
Source: Haver Analytics, Gluskin Sheff

SOURCE: Gluskin Sheff

BUSINESS INSIDER

Weather in the Midwest is expected to continue to be favorable for maturing corn and soybeans this week. Some rain will disrupt any early harvest in the western Midwest; however, this will help recharge soil moisture. Again, no damaging weather is expected during the next seven days. Despite last week's favorable weather, U.S. corn was just 34% mature by September 17, well behind the average of 47%. Corn maturity was at least 15 percentage points behind average in Illinois, Iowa, Minnesota, Wisconsin, and the Dakotas. Hurricane Jose is forecast to pass well offshore, well to the east of the New Jersey coast on Wednesday and pass offshore of southeastern Massachusetts by Thursday. Maria is now a Category 4 hurricane and will likely become a 5 category storm as it approaches the Virgin Islands and Puerto Rico. On the Plains, late season heat is prevailing from Nebraska southward, reducing topsoil moisture for newly planted winter wheat but promoting fieldwork. Meanwhile cool, showery weather is returning to Montana, where topsoil moisture rated very short to short improved from 99 to 65% during the week ending September 17. In the South, warm, mostly dry weather favors

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year's early sponsors



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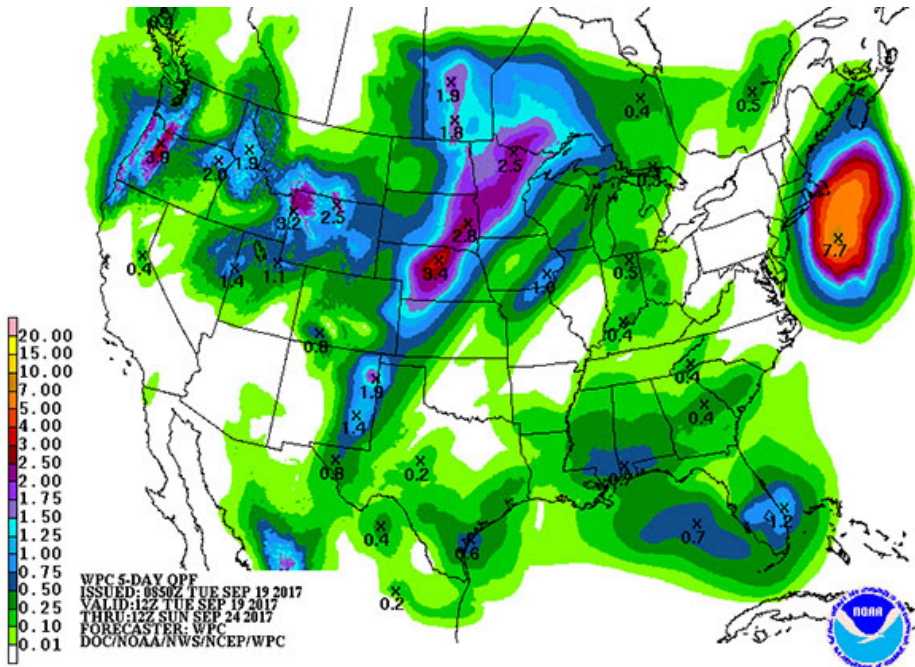
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fieldwork. The U.S. rice harvest passed the halfway mark during the week ending September 17, with progress advancing from 41 to 59% in Arkansas. Looking ahead, cool air will gradually spread eastward, encompassing the northern Plains and all the western U.S. by week's end. Precipitation, initially limited to the Northwest, will become more focused late in the week across the nation's mid-section. Five day precipitation totals could reach 1 to 3 inches in the Northwest and from the southern Rockies into the upper Midwest.

Favorable Rains for Plains and Western Midwest: Below is a 5 day rainfall forecast showing anywhere from 3 to 5 inches of precipitation possible from the southern Plains to the upper Midwest. Rain across the southern Plains will help with planting and emergence of winter wheat through week's end. This will bring little benefit to mature crops in western Corn Belt.



Corn prices remain in a narrow range as most traders eagerly await more yield confirmation out of the fields. The harvest is starting to more rapidly advance from the South to the North and more yield data is starting to circulate inside the trade. The story line remains the same, with many producer in the generally high producing fields of Illinois coming up much shorter than during the past couple of years. On the flip side, we are hearing continued talk of much better than expected yields in peripheral areas to the South. Net-net, the trade continues to believe the USDA's current estimate of 169.9 bushels per acre is still a bit overly optimistic, but perhaps not all that far off base. Regardless, most suspect U.S. ending stocks will remain burdensome at over +2.0 billion bushels, making it tough to envision a significant fundamental rally nearby. Lets also keep in mind, there's still an inordinate amount of old-crop supply in the pipeline. The basis for most still seems to be weakening and offering no real opportunity. Cash prices for some of our friends in parts of western Minnesota, northern Minnesota and several areas of North and South Dakota have been around \$2.75 or less for most of the summer, they've really never had a chance or single opportunity to make cash sales above \$3.00 per bushel. We are also hearing of weak basis levels along the rivers to the east. I do however have a couple of friends with farms in Tennessee who were recently able to locking a basis of +50 over on new-crop, allowing them to makes cash sales north of \$4.00 per bushel. Unfortunately, those opportunities seem to be far and few between. I just don't see this changing anytime soon. The exporters don't seem to be bidding up for much supply, the ethanol plants seem fairly flush with inventory and there seems to be a large dose of cheap alternative feed circulating. Personally, I will be keeping my eye on heavy rains in the forecast for the northwest section of the U.S. corn belt, as some weather guru's are acting like the rains could become extreme. From a global perspective, the trade is starting to give more attention to South America, where Brazil probably already has close to 10% of their corn planted. Conditions are considered abnormally dry in several locations, so there's some argument and debate about how many acres might not get planted, especially with corn prices in Brazil having fallen in valuation. I personally see rain in the extended forecast for Brazil and probably not that big of a reduction in total corn acres. Argentine producers on the other hand, especially those in central Argentina, seem to be battling extremely wet conditions. In fact many fields remain flooded in some pockets of the country. The question now is if fields will dry out in time to get the corn crop in the ground? Regardless of wether, most inside Argentina still suspect their corn acres will increase, simply because the export tariffs have been completely lifted and provide many producers with a better incentive than the alternatives. Bottom-line, I'm not looking for

Today In History



1777, American Revolution

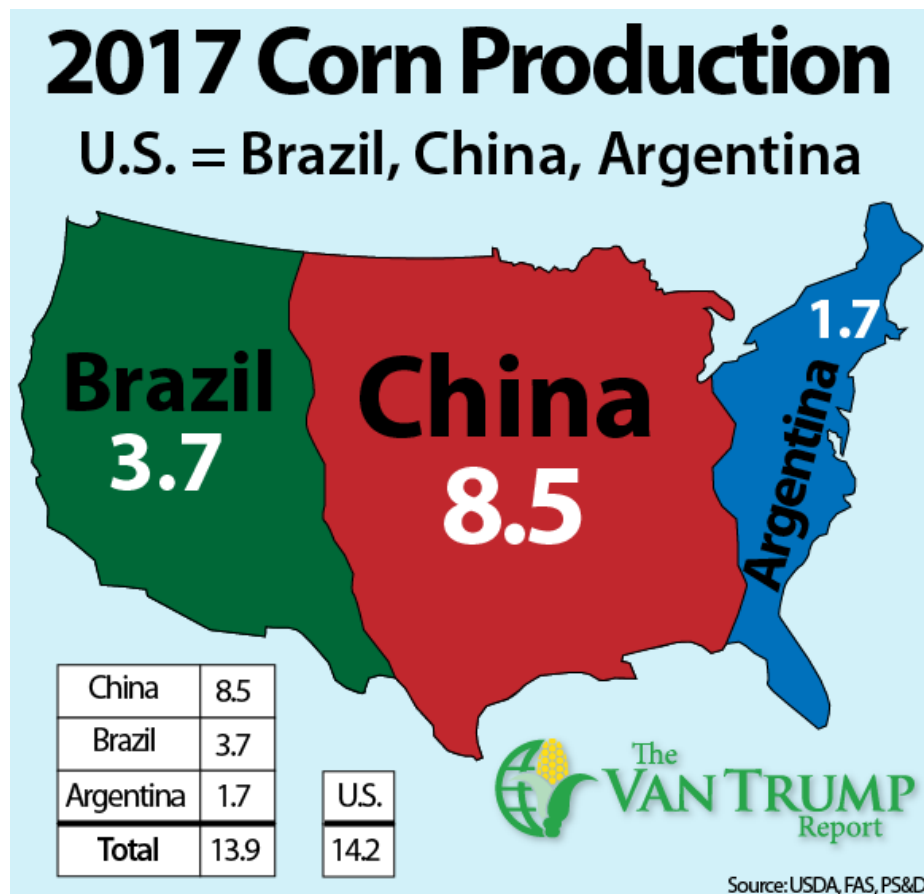
- On this evening in 1777, near Paoli, Pennsylvania, General Charles Grey and nearly 5,000 British soldiers launch a surprise attack on a small regiment of Patriot troops commanded by General Anthony Wayne in what becomes known as the Paoli Massacre. Not wanting to lose the element of surprise, Grey ordered his troops to empty their muskets and to use only bayonets or swords to attack the sleeping Americans under the cover of darkness. With the help of a Loyalist spy who provided a secret password and led them to the camp, General Grey and the British launched the successful attack on the unsuspecting men of the Pennsylvania regiment, stabbing them to death as they slept. It was also alleged that the British soldiers took no prisoners during the attack, stabbing or setting fire to those who tried to surrender. Before it was over, nearly 200 Americans were killed or wounded. The Paoli Massacre became a rallying cry for the Americans against British atrocities for the rest of the Revolutionary War. Less than two years later, Wayne became known as "Mad Anthony" for his bravery leading an impressive Patriot assault on British cliff-side fortifications at Stony Point on the Hudson River, 12 miles from West Point. Like Grey's attack at Paoli, Wayne's men only used bayonets in the 30-minute night attack, which resulted in 94 dead and 472 captured British soldiers.



1963, Space Race - An optimistic and upbeat President John F. Kennedy suggests that the Soviet Union and the United States cooperate on a

mission to mount an expedition to the moon. The proposal caught both the Soviets and many Americans off guard. In 1961, shortly after his election as president, John F. Kennedy announced that he was determined to win the "space race" with the Soviets. Since 1957, when the Soviet Union sent a small satellite-Sputnik-into orbit around the earth, Russian and American scientists had been competing to see who could make the next breakthrough in space travel. Outer space became another frontier in the Cold War. Kennedy upped the ante in 1961 when he announced that the United States would put a man on the moon before the end of the decade. Much had changed by 1963, however. Relations with the Soviet Union had improved measurably. The Cuban Missile Crisis of October 1962 had been settled peacefully. A "hot line" had been established between

a major change or shift in corn acreage out of South America. Weather will obviously be a wild-card moving forward. It's still extremely early, and how it plays out is still a big mystery. But as we sit here today, it feels like Brazil might plant slightly fewer acres, while Argentina, as long as fields dry out to some degree, could plant a few more acres than last year. As a producer, I still see more downside risk being possible in the coming weeks and want to keep all hedges in place. The upside, at least nearby, seems somewhat limited as U.S. fundamentals remain burdensome and early surveys are throwing around estimates of more U.S. and Argentine corn acres in 2018. As a spec. I'm leaning negative nearby, looking to be a longer-term bull on cheaper valuations. There just doesn't seem to be any hurry to make bullish bets.



Soybean bulls continue to believe the current USDA estimate is wildly overestimated at 49.9 bushels per acre. Bulls are also pointing to weather uncertainties in South America, too dry in portions of Brazil and too wet in portions of Argentina. Most of the weather guru's I know and follow seem to be forecasting improved conditions for both countries in the weeks ahead. Obviously, we are extremely early in South America, so weather is going to remain a big debate and a huge wild-card for the next several months. In other words, be careful getting overly influenced in either direction as the ball's just been kicked off. Chinese demand seems to remain strong, but the bears are countering a bit by pointing to intentions of increased Chinese soybean acres in the season ahead. Talk is that perhaps the increased acres could offset at least a portion of the increase in annual demand. Here at home, I still believe we are battling the curse of record setting acres, which many inside the trade believe may work themselves higher into yearend after all of the FSA data is finally calculated and digested. It's just hard to fundamentally battle the continuing years of record setting soybean acres. As a producer, I'm sticking with my current hedges and looking for any surprise type of rally to the upper end of the current range as a n opportunity to make additional cash sales and reduce longer-term risk. Technically, the upper end of the range seems to feel like it's in the \$9.80 to \$10.20 area. The lower end of the range seems like it could be in the \$8.80 to \$9.20 area. All of the above obviously depending on how the remainder of the harvest plays out here in the U.S. and how weather headlines out of South America are delivered. If South American weather shows signs of improvement and the USDA leaves the U.S. yield north of 48.7 bushels per acre, I suspect the lower end of the range will be tested. If on the flip side, South American weather stays problematic and the USDA starts to make reductions to their U.S. yield, making the trade believe a sub-48 bushel number could actually happen, then the higher end of the range is clearly extended and the market could test the \$10.50 to \$11.00 level. I'm going to stay patient to see how things play out...

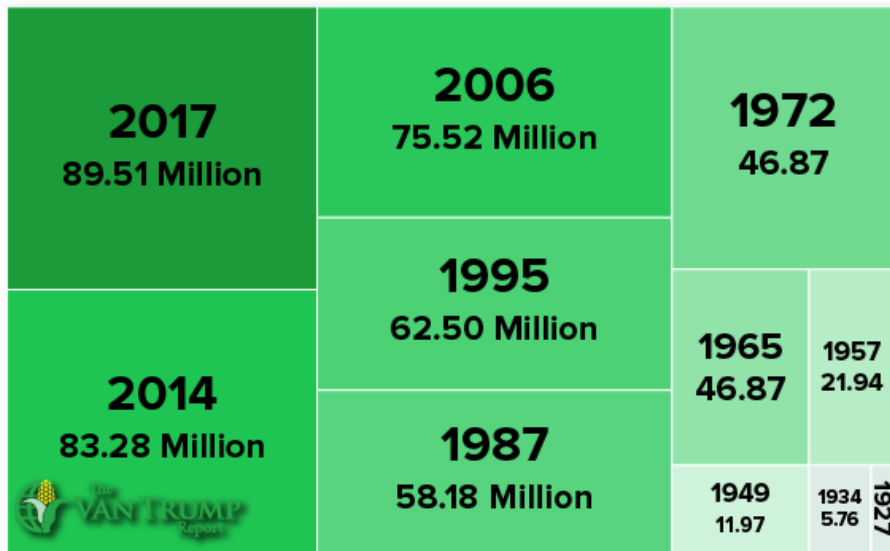
Washington and Moscow to help avert conflict and misunderstandings. A treaty banning the open air testing of nuclear weapons had been signed in 1963. On the other hand, U.S. fascination with the space program was waning. Opponents of the program cited the high cost of the proposed trip to the moon, estimated at more than \$20 billion. In the midst of all of this, Kennedy, in a speech at the United Nations, proposed that the Soviet Union and United States cooperate in mounting a mission to the moon. "Why," he asked the audience, "therefore, should man's first flight to the moon be a matter of national competition?" Kennedy noted, "the clouds have lifted a little" in terms of U.S.-Soviet relations, and declared "The Soviet Union and the United States, together with their allies, can achieve further agreements—agreements which spring from our mutual interest in avoiding mutual destruction." Soviet Foreign Minister Andrei Gromyko applauded Kennedy's speech and called it a "good sign," but refused to comment on the proposal for a joint trip to the moon. In Washington, there was a good bit of surprise—and some skepticism—about Kennedy's proposal. The "space race" had been one of the focal points of the Kennedy administration when it came to office, and the idea that America would cooperate with the Soviets in sending a man to the moon seemed unbelievable. Other commentators saw economics, not politics, behind the proposal. With the soaring price tag for the lunar mission, perhaps a joint effort with the Soviets was the only way to save the costly program. What might have come of Kennedy's idea is unknown—just two months later, he was assassinated in Dallas, Texas. His successor, Lyndon B. Johnson, abandoned the idea of cooperating with the Soviets but pushed ahead with the lunar program. In 1969, the United States landed a man on the moon, thus winning a significant victory the "space race."



2012, Amish Hate Crime -

16 members of a dissident Amish group in Ohio are convicted of federal hate crimes and conspiracy for forcibly cutting the beards and hair of fellow Amish with whom they had religious differences. The government classified the attacks as hate crimes because beards and long hair have important religious symbolism to the Amish. The men and women convicted in the attacks belonged to a group of about 18 families who lived on an 800-acre farm owned by their leader, Samuel Mullet Sr., near Bergholz, Ohio, 100 miles southeast of Cleveland. Mullet, an Amish bishop and father of 18, masterminded the 2011 attacks against fellow Amish whom he viewed as enemies of his ultraconservative splinter sect. The five separate assaults involved nine people and spread fear through Amish communities in Ohio. The perpetrators—sometimes wielding shears meant for horse manes—restrained victims and in

U.S. Soybean Planted Acres



Wheat bulls are bit disappointed to see StatsCan push estimates for Canadian wheat production higher in their recent report. I was personally caught leaning the wrong way, thinking the Canadian production number would be lower than the current USDA estimate of 26.5 MMTs, instead the group estimates the Canadian production number higher at 27.1 MMTs. In the global marketplace, the cheapest wheat seems to still be coming from Russia, Romanian and France. I've heard the Russian wheat prices are starting to strengthen a bit and perhaps they are become slightly less competitive, but I'm still not seeing they equate to any significant loss in Russian marketshare. I could argue, along with a few other bulls, that weather conditions moving forward might be a bit dry for some important areas of production inside Russia, so perhaps they might not have the record production or numbers moving forward that we are having to digest currently. In other words, with Russia being considered the world's low-cost provider and harvesting a record setting crop, it's tough to build a strong bullish fundamental case for export demand. It's also tough when we are sitting on record global surplus. As I've mentioned time and time again, I'm leaning to the bullish side based on nontraditional fundamentals, the strange twists in the geopolitical landscape, money flow possibly rebalancing into depreciated asset classes, creating opportunities by the funds, etc... Fundamentally the world is awash in global supply. I feel the market has already traded that news as it has been well advertised... The next "unknown" is what could rock the trade and I believe that could be in the way of a bullish surprise. I felt I needed to again run the two graphics below. The first shows just how big the Russian crop is in comparison to those of the past decade. The second shows how much more global market share Russia has gained and the U.S. has lost during the past half century.

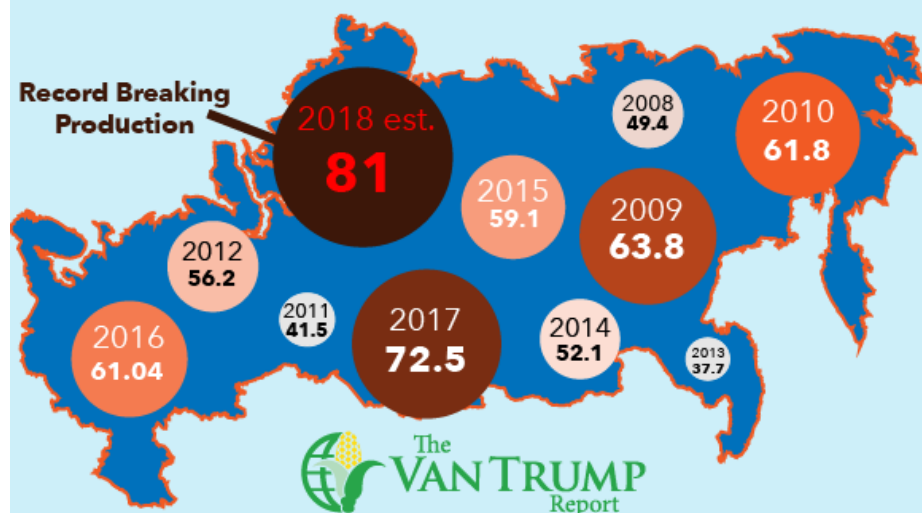
some cases hurt those who came to their aid. Afterwards, the attackers took photographs in order to further humiliate the injured parties. The Amish typically resolve disputes on their own, without involving law enforcement; however, several beard cutting victims reported the attacks to police out of concern that Mullet was operating a cult. Mullet (who did not participate directly in the attacks) and a group of his followers were arrested in late 2011, and their case went to trial in late August 2012. It was the first case in Ohio that applied a landmark 2009 federal law—the Matthew Shepard and James Byrd Jr. Hate Crimes Prevention Act—which gave the government increased powers to prosecute crimes motivated by bigotry. On September 20, 2012, the 66-year-old Mullet was convicted along with three of his sons, one of his daughters and 11 other followers. On February 8, 2013, a federal judge in Cleveland sentenced Mullet to 15 years in prison. His co-defendants received sentences ranging from one to seven years behind bars.

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

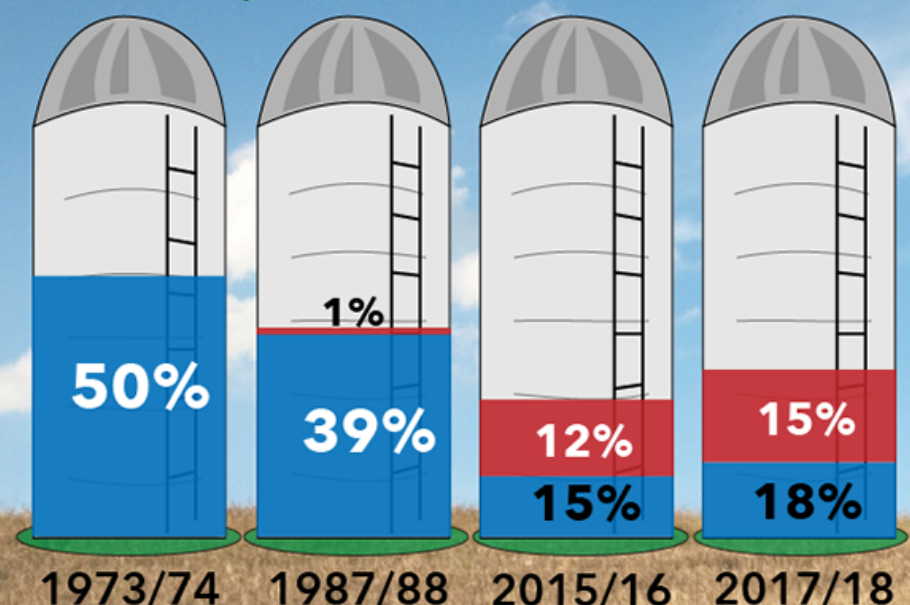
Russian Wheat Production (in million metric tons)



Wheat Export Market Share (%) United States vs. Russia



United States Russia



Source: USDA, FAS, PS&D

Connecting the Dots

> **EU Lifts Corn, Sugar Beet Forecast Again:** The European Union's crop monitor raised its outlook for 2017 corn and sugar beet yields for the second month in a row, saying rain helped crops in countries such as France and Germany and offset the impact of drought and heatwaves elsewhere. In its monthly report, the MARS service put the EU grain corn yield at

WHAT I'M LISTENING TO: ▶



About the Report

NEXT level THINKING



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

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

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

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

Kevin Van Trump

What Others Are Saying

"I am a recent subscriber to Kevin's 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

2.83 tons per acre, up from 2.8 tons estimated in August. (Source: Reuters)

> Cordonnier Releases 2017/18 Crop Estimates For Brazil, Argentina: Soybean output in Brazil will fall -4.3% year-on-year to 109 million metric tons in Brazil, Michael Cordonnier, president of Soybean & Corn Advisor, says in an emailed report, presenting his first outlook for the season's crops. Brazil is expected to produce 88 million metric tons of corn, down -10% year-on-year. Argentine soybean production will fall -4.8% to 55 million metric tons, while Argentine corn output is seen rising +2.4% year-on-year to 42 million metric tons. (Source: Bloomberg)

> Taiwan Ups Trade Commitment To Iowa: Taiwan upped its commitment to Iowa producers by agreeing to buy the biggest supply of corn it has ordered in the past seven years. Following last week's visit by a Taiwanese delegation that included large feed mill owners and Taiwanese government representatives, the group signed a \$2.8 billion trade deal to buy 197 million bushels of corn and a half million metric tons of the ethanol co-product better known as distillers dried grains with solubles used to feed livestock. While Taiwanese agricultural leaders have been visiting Iowa since 1998, this latest deal marks a major jump, even from the year before. Between 2015 and 2016, Taiwan imported 80.2 million bushels of U.S. corn. (Source: Politico)

> Russia To Supply Wheat To Venezuela: Russia will supply around 600,000 tonnes of wheat to Venezuela in the current marketing year ending next June, Russia's agriculture minister told Reuters, deepening the Kremlin's support for Venezuela's troubled economy. Russian President Vladimir Putin and his Venezuelan counterpart Nicolas Maduro agreed to a grain supply deal in May, providing a lifeline to the South American country which has faced soaring bread prices in recent years and long lines at bakeries has become common. (Source: Reuters)

> Tight Supplies of Rapeseed Oil and Canola Oil Supportive For Soybean Oil: Oil World says a supportive factor for soybeans is the prospective tight supplies of rapeseed oil and canola oil. This is true particularly in China, where large purchases and imports of palm oil and soybean oil are required despite a further sharp increase in soybean crushings. Another price-support factor is to be seen in the current critical weather conditions in South America which may lead to a downgrade for 2018 soybean production in both Argentina and Brazil. However, Oil World also notes that considering record stocks in South America and a bumper soybean crop being harvested in the U.S., crop reductions in South America would have to be significant to turn the current ample global supply situation into a shortage. (Source: Oil World)

> Australian Beef Production Boosted On Overly Dry Conditions: Australia raised its forecast for beef production during the 2017/18 season by more than +6% on Tuesday as dry weather forces graziers to increase slaughters. Beef production from the world's fourth largest exporter will total 2.244 million metric tons this season, the Australian Bureau of Agriculture, Resource Economics and Rural Sciences (ABARES) said, up from its previous estimate in June of 2.114 million metric tons. (Source: Reuters)

> Wages Could Be Sticking Point In NAFTA Renegotiations: Labor standards like wages and workers' rights are expected to be a source of tension during the renegotiation of NAFTA as the U.S. and Canada push for Mexico to raise the bar. One sector feeling burned by low wages in Mexico is produce. But some industry and government officials from each country have tried to manage expectations for a trade deal alone being able to level the playing field. For one thing, trade deals can't legislate wage levels, said Laura Dawson, director of the Wilson Center's Canada Institute, a nonpartisan public policy forum that hosted an event on the North American fresh produce trade. While President Donald Trump may want to force Mexico to pay autoworkers more per hour, determining and enforcing wage differentials has typically been left up to individual countries, she said. U.S. Trade Representative Robert Lighthizer, speaking at a Center for Strategic and International Studies event on Monday, stressed his interest in reaching a deal by the end of the year, but also suggested the negotiations might not be successful. (Source: Politico)

> Senate Panel To Hold Hearing On Obamacare Overhaul Bill: The U.S. Senate Finance Committee will hold a Sept. 25 hearing on the latest Graham-Cassidy bill to overhaul Obamacare, the first public hearing all year on any Republican effort to gut the health care law. The CBO also "aims to provide a preliminary assessment" next week. The Senate must vote on the bill by Sept. 30 to be able to pass it with a simple majority. (Source: Seeking Alpha)

> Failed Stores Are Commonly Moving Online Only: Bankrupt fashion labels are finding that there is life after liquidation—but only if resurrection happens quickly. Companies like Onestop Internet Inc., which handles orders for dozens of websites out of a warehouse in Compton, Calif., make it easier for former brick-and-mortar chains to transition to online-only fashion labels. Selling apparel online can be less costly, according to Onestop. For a pair of premium jeans, for example, the cost of fulfillment operations, technology systems, shipping and free returns is less per item than brick-and-mortar costs including rent, payroll and distribution, the company says. Authentic Brands and Gordon Brothers teamed up with a pair of mall owners, Simon Property

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

A.M., FDIC

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

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

[More Testimonials](#)

My Own Personal Truisms

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

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

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

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

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

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

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

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

Group and General Growth Properties Inc., to invest \$243.3 million to acquire Aéropostale Inc. after the brand filed for bankruptcy protection. The move will keep the brand available in more than 400 North American stores. Just this week, Toys R Us announced it filed for bankruptcy protection after struggling for years to manage its billions of dollars of debt. The company right now says it will continue operating its 1,600 locations "as usual", but retail analysts don't believe they can make up the ground they've lost to online retailers like Amazon. More than 300 retailers have filed for bankruptcy this year. (Sources: Wall Street Journal, Washington Post)



Farm Direction
RECIPES

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

Apple Pie Pancake Muffins

[CLICK TO SEE RECIPE](#)



Northcentral Montana - We grow winter and spring wheat as well as lentils and chickpeas. It has been a top 5 drought year where I am at and we finally got an inch of rain two days ago. We are seeding as fast as we can now before more weather hits. Peas and lentils didn't do much at 15bpa. I missed the spring wheat rally in July as I was harvesting and didn't think things would turn back as fast as they did. I was going to cut and take in straight in but by that time the price had dropped a good bit and their bins were full. We run 13,000 acres up here with just two of us as we cannot get any help from anywhere. No one wants to work even for \$20+ an hour.

Southcentral Nebraska - We are at least two weeks behind normal and won't be in the field for a while on bean and corn. We will start to harvest our popcorn this week hopefully. The cool weather was the reason this year for putting us behind and for the first time in my life we went through the entire month of August and didn't see a 90+ day. We had used 2/3rds of our irrigation budget by July and we were a little worried. But since then it has rained at the right times and we managed to stay within our expected costs. We have 100% of our 2017 and 2018 corn priced and prices that make good sense for us. We own the land and that allows us more options in our marketing for sure.

Northern Illinois - We've had a little bit everything this year. There was some replanting, but even that was completed by May 22nd so no big deal. We are a bit behind waiting on the maturation of both corn and beans. It finally rained last 3/4 of an

inch last night. We haven't seen precipitation for nearly a month in our area. I have been figuring our corn will be within 12% +/- last year but have been getting reports of some guys down the road who have been pulling better than expected yields. Just like everyone else, I have no idea on the beans so I won't even guess. They look ok but not sure what affect the cool nights will produce. I prefer to harvest beans first to get ahead of the cooler nights in October.



The 'Ghost Geography' Of Midwest Farmland And A Year In The Life Of A Modern American Family Farm: Every year on the farm has its challenges. There are weeds, insects and random hailstorms. Unpredictable global markets can make or break a profitable crop. Recent years, though, have been especially troubling for the Hammond farm in York County in eastern Nebraska. Rick Hammond raises corn, soybeans and cattle with his wife, Heidi, on land that has been in her family since the 1870s. Their daughter, Meghan, recently joined the farm with her husband Kyle Galloway – the sixth generation of the family to farm the land. The farm economy for the last four years has been in a slump that many compare to the Farm Crisis of the 1980s. Times are tense and profits are hard to come by. That's the conflict that author Ted Genoways entered when he set out to chronicle life on a modern family farm. He wrote about the Hammond family for Harper's, the Food and Environment Reporting Network and in a new book, *This Blessed Earth: A Year in the Life of an American Family Farm*. The book follows the Hammond family farm over the course of a year, detailing daily obstacles like a critical breakdown during soybean harvest and spring planting interrupted by rain. Read more [HERE](#).

This Is Your Brain On Art: If you think about it, having a great time at the theater defies logic in many ways. We're surrounded by strangers, bombarded with unusual images and often faced with a wordless language of symbols. Yet, on a good night, we generally laugh more, cry more and enjoy ourselves more at a live performance than when we're watching TV at home. We may even lose ourselves and feel connected to something larger. How does this happen? Some of the answers to art's mysteries can be found in the realm of science. Art is considered the domain of the heart, but its transporting effects start in the brain, where intricate systems perceive and interpret it with dazzling speed. Using brain-imaging and other tools of neuroscience, the new field of neuroaesthetics is probing the relationship between art and the brain. Read more [HERE](#).

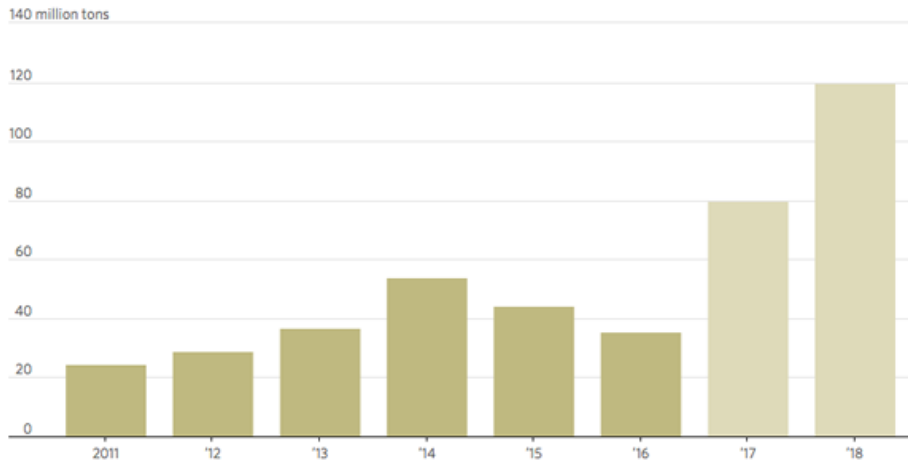
No One Is Safe From Internet Attacks And AI Can't Help: A cybersecurity expert who has protected Google's systems for 15 years said no one is safe from internet attacks and software powered by artificial intelligence can't help defend them. Heather Adkins, director of information security and privacy and a founding member of Google's security team, also advised consumers not to put sensitive personal information in their online communications. Network attacks "can happen to anyone ... anywhere," Adkins said during an onstage interview in which she urged startups to assume they would get hacked eventually and to prepare a response plan. Adkins explained that AI-powered security software is not particularly effective at stopping even 1970s-era attack methods, let alone more recent ones. While AI is very good for launching cyberattacks, it's not necessarily any better than non-AI systems for defense — because it produces too many false positives. Read more [HERE](#).

Study Finds Generation Z Is Avoiding Alcohol, Dates and Driving Like Never Before: Today's teenagers don't seem to care much about hitting the open road, scoring a six-pack with a fake ID, or asking their peers out on dates. According to a new study from psychologists Jean Twenge and Heejung Park, teenagers instead prefer to sit at home, say no to drugs and alcohol, and scroll through a litany of social media apps. The study, published in the journal *Child Development*, analyzed survey responses from 8.3 million teenagers given between 1976 and 2016. Overwhelmingly, today's teens were found to be less likely to drive, work for pay, go on dates, have sex, or go out without their parents. By the early 2010s, the researchers wrote, 12th graders were going out less often than 8th graders did in the early 1990s, and were going on dates about as often as 10th graders did in the early 1990s. Twenge chalked the findings up to an overall shift in the way society has operated. She is the author of *"iGen: Why Today's Super-Connected Kids are Growing Up Less Rebellious, More Tolerant, Less Happy – and Completely Unprepared for Adulthood."* The book explores the conditions in which today's youth are being raised. Contrary to popular belief, Twenge said, teens aren't lazy or square — they're a product of their environment like every other generation. Read more [HERE](#).

The New Texas Gold Rush: Sand For Fracking: *There is a new land grab going on in the oil-rich fields of West Texas. This time it is over sand. Big oil-field sand suppliers, Wall Street firms and other investors have been buying up swaths of the West Texas desert. These investors aim to mine and sell the sand to drillers in the region's booming Permian Basin, who need large quantities of sand to extract oil and gas from shale formations. Texas energy producers have typically bought the millions of pounds of sand that each well requires from mines located far from their drilling fields. After oil prices collapsed in late 2014, though, cost-conscious drillers reconsidered their well designs and recipes for the slurries they blast underground to unleash fuel from shale formations. Many West Texas drillers discovered that they could replace sand they had been shipping from mines 1,300 miles away in Wisconsin with finer grades found in dunes nearby. Doing so eliminates rail costs that sometimes are equal to or more than the sand itself. Read more [HERE](#).*

Sand Blasting

U.S. energy producers are boosting the amount of sand used in their hydraulic fracturing operations in efforts to coax more oil and gas from their wells.



Note: Figures for 2017 and 2018 are projections. The bar for 2017 reflects the high-end of a projected range of 70 million-80 million tons.

Source: Tudor, Pickering, Holt & Co.

THE WALL STREET JOURNAL



Texas Leads the U.S. in Foreign Bought Ag Land

Texas leads the nation when it comes to cattle, cotton and hay production and also boasts more farms and ranches than any other state in the union. But Texas agriculture

has another distinction: over the last ten years, Texas also leads the nation when it comes to foreign purchases of its agricultural land. Foreign companies and individuals have bought 1.7 million acres of farm, timber and pastureland in Texas over the last decade, far more than in any other state. The foreign-owned land is worth about \$3.3 billion. Overall, about 600,000 acres of Texas ag land bought by foreign entities in the last decade is classified as cropland or pastureland. Transaction and appraisal district records show that agricultural land has been scooped up by foreign wind energy firms, solar power companies and real estate investment consortiums. Most of the Texas land was bought by North American and European entities, according to the data compiled by the Midwest Center for Investigative Reporting. Canadian firms bought more than 800,000 acres over the last decade, much of it in timber-rich areas of East Texas. Entities from the Netherlands, Germany and Portugal bought a combined 600,000 acres. Other countries with a stake in Texas agriculture include Indonesia, Mexico, India and Malaysia. China has purchased the 10th most Texas agricultural land -- 21,000 acres worth nearly \$10 million, over the last decade. But the 2013 purchase of pork processing giant Smithfield Foods by a Chinese corporation, which included 1,500 acres in the Texas Panhandle town of Pampa, helped spark concerns in the U.S. about foreign control over food production. Foreign purchases mirror an increase across the country, which has spurred calls to tighten regulations on foreign investment in the agricultural sector. Citing potential threats to the nation's food security, both the U.S. Senate and House are contemplating bills that would increase scrutiny of agricultural land deals involving foreign buyers to make sure they don't endanger the nation's access to a reliable food supply. (Source: [Investigate Midwest](#))



What We Know About North Korea And The Odds Of A War Erupting

The Democratic People's Republic of Korea (DPRK), aka North Korea, also at times called "Pyongyang", which is the capital and largest city inside North Korea, has become the center of geopolitical headlines. The country's leader, Kim Jong Un, regularly issues threats against the U.S. and its allies. Most recently, threatening to "sink" Japan and reduce the U.S. to "ashes and darkness" for leading the latest U.N. sanctions imposed on their nation. Headlines regarding the possibility of a full blown war have been circulating for weeks. Interestingly, Oxford Economics and several political analyst place the odds of a full-blown war actually breaking out at less than 5%. Most seem to believe we will see a continued tit-for-tat approach as a military conflict could create huge rippling complications. Keep in mind there has not been a diplomatic dialogue between the U.S. and North Korea in over 60 years, which means all communications seem to be done via the media, making things even scarier. China is the closest thing North Korea has to an ally, though even they are starting to lose patience. North Korea this year has fired 21 missiles in 14 separate weapons tests. Each time, they further perfect their technology. On September 3, they tested a hydrogen bomb that is now believed to have been nearly 17 times more powerful than the U.S. nuclear bomb that flattened Hiroshima in WWII. The country has also been linked to several cyber hacks as of late, though they deny involvement. As big of a threat as North Korea could become, we seem to know very little about what is actually going on inside their borders. That in and of itself is perhaps what makes the threat seem even more menacing. Below are some additional facts about North Korea that we do know and several thoughts about how a military conflict could start or play itself out: (Sources: Wikipedia, Independent, CNN, express)

History of North Korea: *In 1910, Korea was annexed by the Empire of Japan. After the Japanese surrendered at the end of World War II, in 1945, Korea was divided into two zones, with the north occupied by the Soviets and the south by the Americans. Negotiations on reunification failed, and in*

1948, separate governments were formed: the socialist Democratic People's Republic of Korea in the north, and the capitalist Republic of Korea in the south. An invasion initiated by North Korea led to the Korean War (1950–1953). The Korean Armistice Agreement brought about a ceasefire, but no peace treaty was signed. Technically, one could say we are still at war.

Leadership: North Korea officially describes itself as a self-reliant socialist state. Most outsiders view it as a totalitarian dictatorship. International organizations have assessed that human rights violations in North Korea have no parallel in the contemporary world. The Workers' Party of Korea (WPK), led by a member of the ruling family holds power in the state and leads the Democratic Front for the Reunification of the Fatherland of which all political officers are required to be members.

Large Number of Military Personnel: The country has the highest number of military and paramilitary personnel, with a total of 9,495,000 active, reserve, and paramilitary personnel. Its active duty army of 1.21 million is the fourth largest in the world, after China, the United States, and India.

Citizens Are Extremely Poor & Follow Strict Rules: North Koreans are extremely poor. The average annual income is estimated to be between \$1,000 and \$2,000. An extended famine in the 1990s is believed to have killed more than 3 million. The country is thought to be experiencing another food shortage following a severe drought this summer. Only 19.5% of North Korea's land is arable. That's 8,800 square miles, about the size of New Jersey. At the same time, its population is estimated to be nearly 25.5 million. Citizens must abide by some pretty bizarre rules. Maybe one of the weirdest is the government approved haircuts. Women are allowed to choose one of 14 styles; married women are instructed to keep their tresses short, while the single ladies are allowed let loose with longer, curlier locks. Men are prohibited from growing their hair longer than 2 inches, although older men can get away with up to 3 inches. North Korea is an atheist state with no official religion and where public religion is discouraged. Less than three percent of North Korea's roads are paved. There are approximately 15,900 miles of roads in the country, but only about 450 miles are paved.

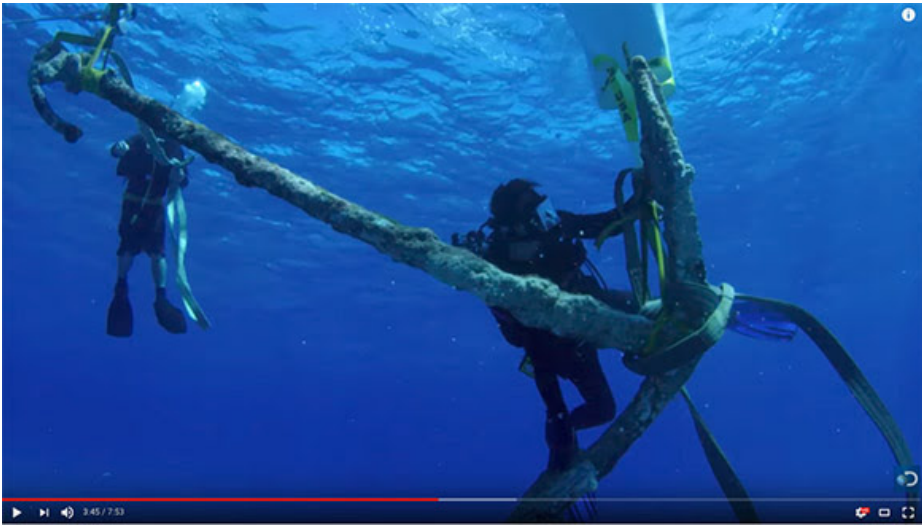
How Would A War Start: Most suspect it would only begin if North Korea were to launch an attack on either the U.S. or one of our nation's allies. We probably don't make the first strike. It is believed if missiles were headed towards the U.S., they could land within about 30 minutes if not shot down. From what I understand, it takes about 5 minutes for our intercontinental ballistic missiles to launch from the time the president gives his order. Missiles launched from submarines are thought to take about 15 minutes.

Why Many Say War Will Never Happen: Probably the biggest reason is that Seoul, the capital and most heavily populated city in South Korea, sits less than 200 miles from North Korea. Many military experts believe North Korea could kill hundreds of thousands of South Koreans within the first few days of a strike by the U.S. Others are saying that though there is no verbal restraint, the great deal of military restraint is a sign the Pentagon wants to lessen the chance of a mistake while both parties engage in sabre-rattling. Another interesting perspective is that we will not go to war with Korea because they have no oil and it serves no strategic purpose. Interestingly, these same folks believe Korea's continued existence as an "enemy" state is necessary to justify America's military presence in Asia to protect the economic order in the region.

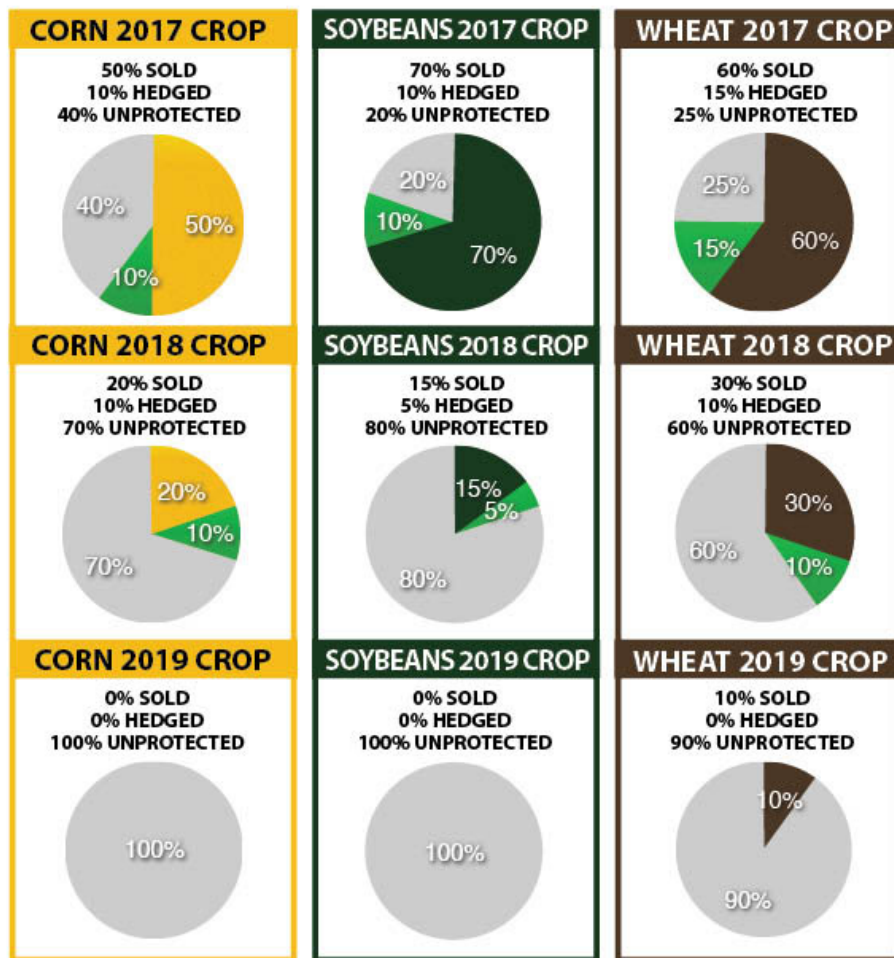


Astronaut Gordon Cooper Keeps Caribbean Treasure Map Secret For 40 Years

This is one of those treasure hunting stories that is truly out of this world or at least began that way. It seems that NASA Astronaut Gordon Cooper was doing more than searching for nuclear threats during his Mercury 9 space flights back in the 60's. Many suspect Cooper was looking for nukes but was also able to use NASA's high-tech equipment to see anomalies beneath the oceans surface. As I understand it, he was able to see well enough to identify shipwrecks on the ocean floor. Cooper, the youngest of the "original seven" astronauts, is best known for holding many NASA space flight records including the longest single-man flight of 122 hours. He recently passed on a 40-year-old well-kept secret to treasure hunter and friend Darrell Miklos. The two officed next door to each other for seven years and shared a passion for exploration and treasure hunting. Interestingly though, it wasn't until Cooper's health began failing due to Parkinson's that he disclosed the maps he had begun creating while in space. I'm told, Cooper began collecting data for the maps while using long-range detection equipment meant to locate nuclear threats from other countries at the time. Upon returning to earth, Cooper used the coordinates and began charting his treasure maps on a sea chart. Before he was too ill to discuss his secret, Cooper passed along the maps to Miklos with one condition "finish this!" As it turns out, Gordon was right on the money. Impressively to this point, all the locations provided by the coordinates have led to discoveries. Documenting Miklos's search for sunken treasure is the Discovery Channel, which completed filming season one earlier this year. Before the show finished their first season, there was one find that stood above the rest. While on a search near the coast of Turks and Cacois, Milkos and fellow diver Eric Schmitt found a huge anchor buried on the sea floor. Knowing for sure that it was a period anchor, Miklos was convinced it was from a 1500s' era ship in which Christopher Columbus' partner, Pinzon, made a journey without the famous explorer. Though not verified by archeologists as of yet, there is plenty of evidence lending to the belief the two ton, hand forged anchor could belong to one of Columbus's ships, which did go down in the area. And I'm told the five hundred-year-old anchor could be worth millions of dollars. If you were wondering like I was, Miklos said NASA and the U.S. government have no claim to his maps, even though Cooper was using government owned equipment at the time to search the oceans depths. It appears everyone seems to agree that 99% of the work completed by Cooper was done on earth. The government won't be left empty handed though should treasures be found as Miklos has worked out an arrangement to give them 25% of commercially viable artifacts. At this point, we are not sure if there will be a season two, but that won't matter for Miklos as he will be busy combing the over 60 "anomalies" that Cooper originally identified. It sounds like there is much left to be found on the bottom of the Carribean. To watch Miklos's team bring up the 500-year-old anchor click [HERE](#). (Source: Fox, The Wrap, The National)



CASH SALES & HEDGING TOTALS



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