

GOOD MORNING: 09/21/17 Farm Direction - VanTrump Report

1 message

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Thu, Sep 21, 2017 at 6:47 AM



"Don't think. Thinking is the enemy of creativity. It's self-conscious, and anything self-conscious is lousy. You can't try to do things. You simply must do things" – Ray Bradbury

THURSDAY, SEPTEMBER 21, 2017

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Morning Summary: Stocks are steady this morning after investors heard what was expected from the U.S. Federal Reserve yesterday, which also helped propel the Dow and S&P to yet another round of fresh new record highs. The central bank left interest rates "unchanged" and announced it will start gradually liquidating most of its bond portfolio beginning in October. Fed officials also agreed to maintain their forecast for a third rate hike in 2017 and three in 2018. Additionally, the Fed lowered its inflation forecast for this year to +1.5% from +1.7% in its June estimate and to +1.9% next year from its prior projection of +2%. At the follow-up press conference, Fed Chair Janet Yellen warned that third-quarter economic growth will be held down by disruptions caused from Hurricanes Harvey, Irma and perhaps now Maria. However, based on past experience, the economy's long-run trajectory won't be greatly affected. As for inflation, Yellen maintains that softness is the result of one-off factors like a drop in cell-phone plan prices earlier in 2017 and perhaps a few other technologies becoming cheaper. Economic data for today is very light, with just the Philadelphia Fed Business Outlook Survey, FHFA House Price Index and Leading Indicators. There appears to still be a chance that Hurricane Maria could strike the U.S. east coast. The storm, which had been a Category 5 hurricane – the highest classification – was at Category 4 when it hit Puerto Rico. The whole of the U.S. territory was without left without power and is said to be the strongest storm to hit Puerto Rico in more than 80 years. The storm previously brought "unprecedented" destruction to Dominica, Antigua and Barbuda. It is now expected to hit the southern Bahamas early Friday and could drift to the U.S. mainland by the middle of next week. Its path is still unclear as remnants of Hurricane Jose could actually help shield it from the east coast. The Senate is now out of session for the rest of the week, but GOP leaders did announce they will vote on their latest bill to repeal Obamacare next week, ahead of an end-of-the-month deadline to avoid a Democratic filibuster.

Early Bitcoin Investor Explains What's Driving The ICO Craze: *Even if you're skeptical about cryptocurrencies, you can't deny the ICO, or initial coin offering, has been one of the hottest trends in tech this year. Startups that raised money through ICOs have accumulated a record \$2.2 billion this year alone, according to Coinschedule.com. Unlike a stock IPO, where companies sell shares, an ICO lets investors buy digital "coins" used on cryptocurrency platforms. Companies built on blockchain, a digital database for recording financial transactions, raise money by selling these tokens, which can be used to pay for goods and services on their platform or can be stashed away as an investment. So what's driving the frenzy? Charles River Ventures' Rafael Corrales, an early investor in Blockchain, a bitcoin wallet maker with \$70 million in funding, narrowed it down to three main drivers: It's the first platform shift since the iPhone was introduced; the tech industry giants like Google and Amazon have not dipped into the space yet, meaning there is still space for small players; and you don't have to be a sophisticated investor from a large institution to make a bet on ICOs, allowing anyone to invest in a startup. (Source: CNBC)*

How The Fed's Balance Sheet Unwind Will Ripple Through Banks: *The gradual wind down of the Federal Reserve's balance sheet will have far-reaching effects throughout the banking system. For the most part, major banks stand to benefit. The Fed confirmed on Wednesday that it will begin shrinking its portfolio in October, initially by allowing \$6 billion of Treasuries and \$4 billion of mortgage-backed securities to mature every month without reinvesting the principal. When*

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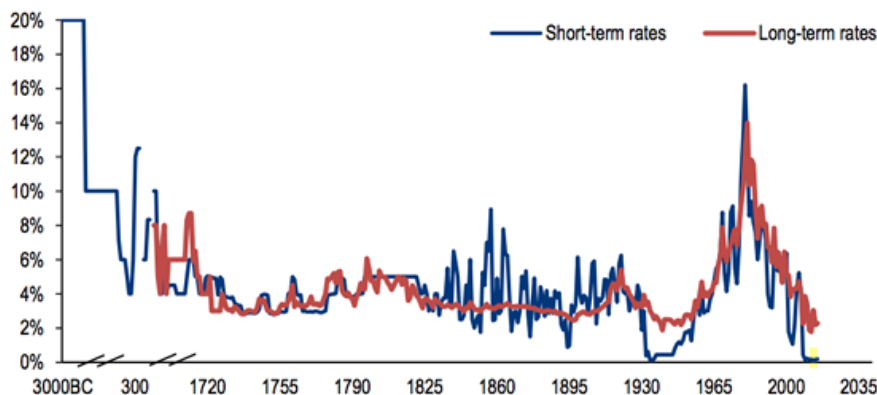


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the Fed purchases bonds from banks, it pays for them with newly created money by crediting the reserves banks hold at the Fed. These bank reserves become liabilities on the Fed's balance sheet that correspond to those new assets. Because of this process, banks' total reserves parked with the Fed soared during quantitative easing. They currently stand at over \$2.3 trillion, of which some \$2.2 trillion is in excess of what banks are required to hold at the Fed. Now, as the Fed's assets mature and aren't replaced, the associated liabilities also will roll off its balance sheet, meaning banks' excess reserves will start to fall. Banks may need to buy other liquid assets such as Treasuries or mortgage-backed securities to stay in compliance with reserve level rules. This will ripple through markets, potentially reducing the impact of the Fed's unwinding on long-term rates. (Source: The Wall Street Journal, Chicago Tribune)

U.S. Interest Rates Are The Lowest In 5,000 Years! The Federal Reserve left its benchmark interest rate unchanged between 1.00% and 1.25% at the conclusion of its two-day meeting yesterday. The central bank has raised rates four times since December 2015, when it hiked for the first time since before the financial crisis. But, rates remain at the lowest levels in the last 5,000 years of civilization. Citing a speech by Bank of England chief economist Andy Haldane, Bank of American Merrill Lynch's Michael Harnett and his team previously shared the chart below showing just how low today's rates are relative to those in the past. Haldane's list of sources for this is pretty staggering, but Business Insider highlighted a few interesting ones: 20% in Mesopotamia, c 3000 BC; 12.5% in the Byzantine Empire under Constantine, circa 325 AD; 9.92% in 1700s England; and 15.84% in the U.S. during the 1980s Reagan administration. (Source: Business Insider)

Chart 1: Still the lowest interest rates in 5000 years!



Sources: Bank of England, Global Financial Data, Homer and Sylla 'A History of Interest Rates'

Note: the intervals on the x-axis change through time up to 1700. From 1700 onwards they are annual intervals. Full methodology available upon request

Weather continues to be quite favorable for maturing corn and soybeans across the Midwest. Again, there will be some disruption to early harvest in the western Midwest; however, rainfall recharges soil moisture. No damaging cold weather is expected during the next seven days. During the weekend, moderate to heavy amounts of rain are expected in the western Midwest, favoring northern and western areas. On the Plains, late-season warmth across the southern half of the region continues to promote summer crop maturation and harvesting. Today's high temperatures should again approach or reach 100 degrees F across portions of the southern Plains. In contrast, cool air is spreading across the northern High Plains. In the South, warm, humid, mostly dry weather is generally favorable for fieldwork and crop maturation. A series of cold fronts will push toward high pressure parked over the eastern U.S. However, the fronts will initially make little progress, with heavy rain developing along an axis stretching from the southern High Plains into the upper Midwest. Five-day rainfall totals could reach 2 to 5 inches from eastern New Mexico to Minnesota. Cool, showery weather will prevail in the Northwest for the next few days, followed by a warming trend starting early next week. Late-season warmth will continue in the eastern U.S. but will be replaced by cool air during the weekend across the nation's mid-section. The 6 to 10 outlook for September 25 -29 calls for the likelihood of below normal temperatures from the Intermountain West to the High Plains, while warmer than normal weather will prevail along the Pacific Coast and across the eastern half of the U.S. Meanwhile, below normal rainfall in the East and Northwest should contrast with wetter than normal weather in the nation's mid-section.

Cooler Weather to Usher in October: Despite the recent above average warmth, we are beginning to get mid-range forecasts pointing to a change to cooler weather at the end of September/early October. Below is an 8 to 14 day forecast showing temperature anomalies indicating up to 5 degrees cooler than

Here are a few of this year's early sponsors



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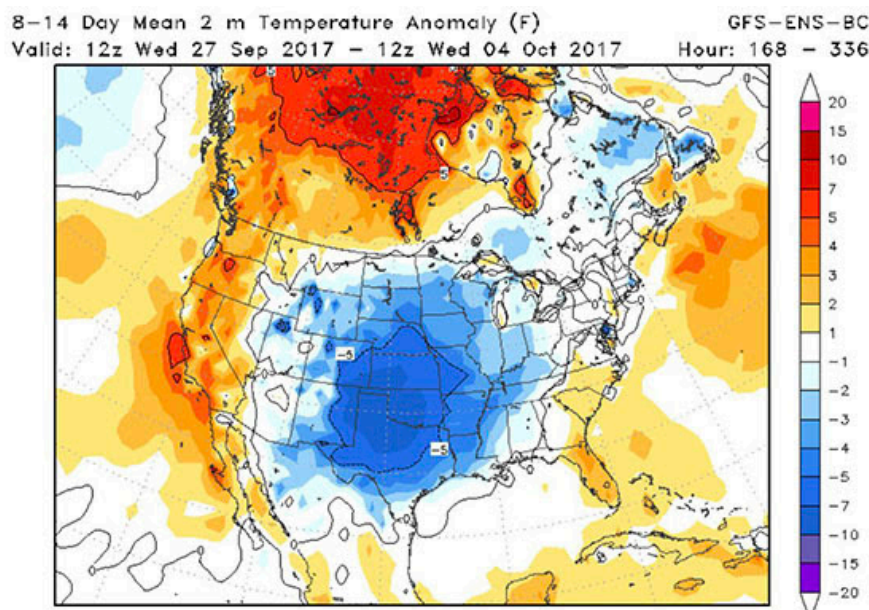
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average temperatures can be expected in the southern Plains and south and central Corn Belt.



Today In History



1792, French Revolution - In Revolutionary France, the Legislative Assembly votes to abolish the monarchy and establish the First Republic.

The measure came one year after King Louis XVI reluctantly approved a new constitution that stripped him of much of his power. Louis ascended to the French throne in 1774 and from the start was unsuited to deal with the severe financial problems that he inherited from his predecessors. In 1789, food shortages and economic crises led to the outbreak of the French Revolution. King Louis and his queen, Mary-Antoinette, were imprisoned in August 1792, and in September the monarchy was abolished. Soon after, evidence of Louis' counterrevolutionary intrigues with foreign nations was discovered, and he was put on trial for treason. In January 1793, Louis was convicted and condemned to death by a narrow majority. On January 21, he walked steadfastly to the guillotine and was executed. Marie-Antoinette followed him to the guillotine nine months later.



1942, Superfortress - The U.S. B-29 Superfortress makes its debut flight in Seattle, Washington. It was the largest bomber used in the war by any

nation. The B-29 was conceived in 1939 by Gen. Hap Arnold, who was afraid a German victory in Europe would mean the United States would be devoid of bases on the eastern side of the Atlantic from which to counterattack. A plane was needed that would travel faster, farther, and higher than any then available, so Boeing set to creating the four-engine heavy bomber. The plane was extraordinary, able to carry loads almost equal to its own weight at altitudes of 30,000 to 40,000 feet. It contained a pilot console in the rear of the plane, in the event the front pilot was knocked out of commission. It also sported the first radar bombing system of any U.S. bomber. The Superfortress made its test run over the continental United States on September 21, but would not make its bombing-run debut until June 5, 1944, against Bangkok, in preparation for the Allied liberation of Burma from Japanese hands. The most famous, or perhaps infamous, use of the B-29 would come in August 1945, as it was the only plane capable of delivering a 10,000-pound bomb — the atomic bomb. The Enola Gay and the Bock's Car took off from the Marianas, on

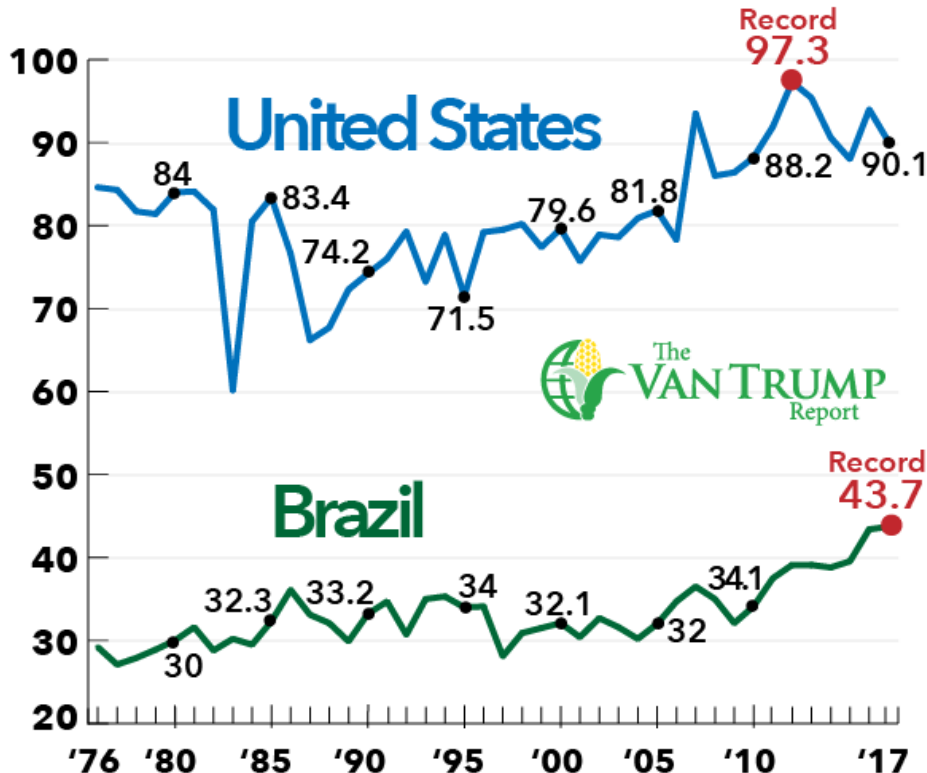
Corn traders have very little fresh or new headlines to digest. U.S. weather seems to be a non-event. Bulls argue that heavy rains forecast in the northwestern portion of the belt could become severe enough to create yield drag on production and a major delay in the harvest. Obviously, the trade will be monitoring the situation closely during the next several days to see how things play out. Bears are pointing to fairly stable conditions across the rest of the major production areas and in turn the harvest more quickly advances towards the north. Ethanol demand here at home eased a bit on the week, but still remains extremely strong. I'm still of the belief there are some definite headwinds for the ethanol industry on the horizon perhaps in late-2017 or early-2018. From most all of the intel I receive, it seems like margins are going to get thin and many plants will be forced to reduce run rates. I hate to sound any alarms, because we've heard similar information in the past, that didn't come to fruition. I'm just letting you know there's a lot of uncertainty surrounding exports and margins in the forward curve, so keep it on your radar. Traders are also keeping a close eye on early weather conditions in both Argentina and Brazil. Both nations have had some weather complications, Brazil being too dry, and Argentina being too wet. If I had to place a bet, it feels like the complications associated with too much moisture in Argentina will be more concerning than the overly dry conditions in Brazil. The kicker is Argentine producers are wanting to shift more acres into corn this year, so net-net we might not actually see any reduction in planted Argentine corn acres. Here at home, most sources continue to release reports and surveys that show the U.S. producer is planning on planting more corn acres in 2018. This obviously keeps a lid on most rallies and allows the bears to keep swinging as the U.S. and global balance sheets remain burdensome.

A Note "Form The Field" - I've been receiving numerous field reports each day. I hate to generalize, but from what I've been receiving, most are reporting better than expected results. I received this update yesterday from a good friend who's in between Decatur and Champaign and thought it did a good job summarizing what I've been mostly digesting. Please keep in mind, these are only reports I've been receiving directly, and for the most part, if I had to generalize, I would say things are better in the fields than many were forecasting from the sideline.

Kevin, We are late getting harvest going but have already taken out a few plots and some producers have gotten into both corn and soybeans. They seem to be amazed at early indications of yields. Most thought they would be down 15-20 percent as we have been in a dry area all summer. Soybeans are banging in at 70 to 80 bpa and corn 220 to 250 of what has been taken out. One grower has already positioned all his crop left to sell at current values as he thinks yields will be bigger than anticipated and he is things corn could have a 2 in front of it before long!



Corn Planted Acres (in million acres)



Source: USDA, NASS, Conab

Soybean bulls are happy to see continued strength in demand, but overnight we've given back most all of yesterday's gains. In case you missed yesterday's headline, the USDA announced the sixth largest one-day soybean sale ever, a sale of 1.08 MMT's to an "unknown" destination. Most inside the trade suspect the "unknown" to be China. I should also note, there was also another small sale to China announced yesterday. I also heard talk that the Brazilian government is raising their biodiesel mandate from 8% to 10%. In turn there's more talk inside the trade of increasing crush demand from Brazil. In other words, just as I've been saying, as well as other inside the trade, global soybean demand appears to remain strong and growing. As for South American weather, Brazil is dry, but it seems like the forecasts are calling for more timely rains as we move forward. Meaning there probably won't be acres left unplanted. Over in Argentina, I think things could be a bit more complicated as some areas continue to see flooded fields. I'm also hearing talk of more acres rotating out of soybeans and into corn, in fact some saying we could see multi-year lows in Argentina soybean acres. Here at home, there doesn't seem to be much change in weather. I could argue things are too dry in parts of Iowa and Illinois, and that too much rainfall is now complicating issues in the northwestern portion of the belt, but it feels like most in the trade already know this information and have already made the necessary adjustments. I included below a graphic we put together the office showing the massive growth in planted soybean acres. The U.S. has certainly moved to new record highs, but look at the explosion of acres in Brazil. WOW!

August 6 and 9, respectively, and flew into history.



1981, Steve Carlton - Philadelphia Phillies pitcher Steve Carlton strikes out the 3,118th batter of his career to break Bob Gibson's National

League record for career strikeouts. Carlton, known to the baseball world as "Lefty," began his major league career with the St. Louis Cardinals in 1965. The 6'4" left-hander was an imposing presence on the mound and his slider was one of the most famous—and difficult to hit—pitches in baseball history. The Cardinals won back-to-back National League pennants in 1967 and 1968 behind Carlton's stellar pitching, and after an impressive 20-9 campaign in 1971, he demanded a more lucrative contract. The team owners instead traded Carlton to Philadelphia, though they soon had cause to regret their decision. Carlton pitched one of the greatest seasons in National League history in 1972, going 27-10 on a team that won only 59 games in total, a major league record. In addition, his 27 wins, 310 strikeouts and 1.97 ERA won him the pitching triple crown and the first of four Cy Young Awards. After a slump in 1973, Carlton put together a string of dominant seasons, and was again awarded the Cy Young in 1977 and 1980, when he helped the Phillies to the organization's first-ever World Series championship. On September 21, 1981, the Phillies and Expos were engaged in a tight battle for the NL East title in a strike-shortened season. Carlton displayed his usual dominance, faltering only in the third inning when he allowed the Expos to load the bases before striking out Andre Dawson to retire the side. The strikeout was Carlton's 3,118th, giving him the National League record for most career strikeouts. Carlton went on to strike out 10 more batters on the night, allowing no runs. The game continued in a scoreless tie until the 17th, when Dawson singled in the winning run. The game was the longest in the majors that year. Carlton won his fourth Cy Young Award in 1982, his 17th season in the majors. He retired in 1988 with 4,136 career strikeouts and was elected to the Baseball Hall of Fame in 1994, his first year of eligibility.

Upcoming Events

Fri. 9/22 - Cattle on Feed

Fri. 9/22 - Cold Storage

Thurs. 9/28 - Quarterly Hogs and Pigs

Fri. 9/29 - Quarterly Stocks

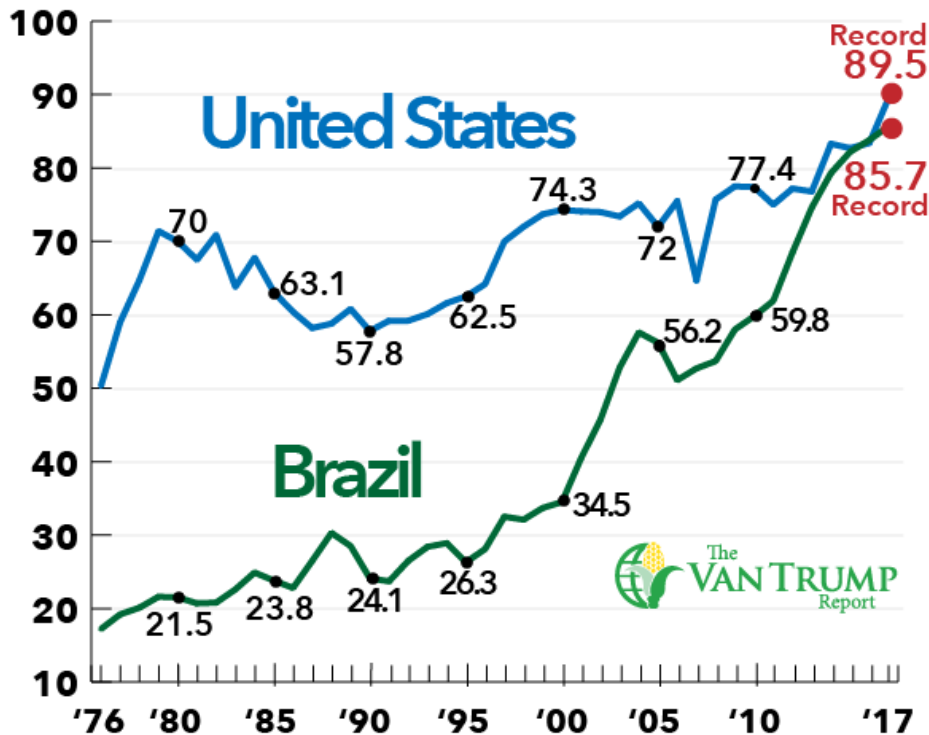
Thurs. 10/2 - USDA Supply and Demand

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

Fri. 10/20 - Cattle on Feed



Soybean Planted Acres (in million acres)



Source: USDA, NASS, Conab

Wheat might have formed some type of technical bottom, but fundamentally nothing has changed. We are still sitting on record global supply and Russia is about to wrap up a record setting harvest. Also adding headwinds is the fact StatsCan is now forecasting that the Canadian crop is going to be larger than the USDA has estimated. On the bullish side, I still see complications inside portions of Europe, too much moisture in portions of Argentina, and a crop that contuses to get smaller in Australia. I also believe the U.S. crop could get smaller and that next years planted acres are sign going to be record setting low. The \$4.50 price seems to be somewhat of a major pivot point right now for SRW and HRW wheat. If we can get a little more short-covering and upside momentum brewing, we may still have chance to reduce longer-term risk at good levels in late-2017. I'm staying an optimistic bull with blinders on in regards to traditional global fundamentals:)



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



> Brazil Farmers Expected To Make Deep Cuts To Corn Acres: *Private consultancies estimates in Brazil have projected a reduction of the corn planted area from 20% to 30% of the previous surface. Paulo Bertolini, director of the Brazilian Association of Corn Growers, foresees a reduction that could reach even 50%. But some local perspectives bring even lower estimates for the coming season. In the view of Carlos Dellavalle, an agronomist in Lagoa Vermelha, Northeast of Rio Grande do Sul, there could be a reduction of up to 60% or more of the corn surface in this season. "Nobody is talking about corn here. All we talk is about soybeans. The inputs market is very slow. I can say that here [Rio Greande do Sul] the surface would reduce 70%," revealed Dellavalle to AgroSouth News.*

> China Farmers Set To Hold On To Corn On Bets Prices Will Rise: *Corn farmers in China are likely to hold off on selling their latest crops, betting higher prices down the line in the world's No.2 producer of the grain will help them reap bigger profits. As farmers in the northeastern corn belt start their second harvest without government price support, many are beginning to show the kind of appetite for risk that is common in major other agricultural powerhouses such as the United States by potentially delaying sales. That has sparked worries about short-term supply in China, triggering an unseasonal rally in markets, with physical prices of first-grade corn at the port of Jinzhou, Liaoning province, in early September hitting their highest in two months at 1,720 yuan (\$260.97) per metric ton. Until last year, the government bought farmers' crops at a minimum price as part of a decade-long stockpiling program that has now been scrapped. (Source: Reuters)*

> EBB Will Challenge EU Reduction On Argentine Biodiesel Duties: *The European Biodiesel Board, an EU producer group, is preparing to put together a new challenge against Argentine biodiesel imports. Anti-dumping duties have been cut to between 4.5% and 8.1%, the EU has stated. This follows a WTO ruling that the European Commission's decision to set initial rates of 22-25.7% in 2013 was 'unjust'. Olivier Prost, a lawyer representing the European Biodiesel Board (EBB), told Reuters that the group would ask the Commission to consider Argentina's imposition of an export duty on soybeans, a biodiesel feedstock, as illegal. "What we are going to do is probably launch a type of proceeding to challenge the distortions that result particularly from the differential export tax," he said. According to the Reuters article, the EU will keep in place tariffs of between 8.8% and 20.5% for Indonesian biodiesel, which was also set in 2013.*

> Sixth-Biggest Single Soybean Sale Ever: *U.S. soybean sales included 1.08 million metric tons to unknown destinations with 960,000 for delivery by Aug. 31 and 120,000 for delivery in 12 months that start Sept. 1, 2018, the USDA reported yesterday. The transaction was the sixth-biggest single soybean sale ever. The all-time largest was 2.923 million metric tons bought by China in 2012. Exporters yesterday also reported 132,000 metric tons sold to China for delivery by August 31. (Source: Bloomberg)*

> Canada's Cattle Herd To Hit 28-Year Low: *The USDA's Ottawa bureau says Canada's cattle herd is poised to reach its smallest in 28 years, thanks to the reluctance of a new generation of ranchers to enter the industry – but the pork sector is poised to set fresh export records. The bureau said that while a return to expansion in the Canadian cattle herd had been "highly anticipated for several years", it was "unlikely to occur" before 2019 at the earliest. In part, the trend reflects the spike in fed cattle prices earlier this year, which fuelled 12% growth in Canadian heifer slaughter in the first half of this year and a 16% surge in cow slaughter. However, the bureau flagged too the impact of an aging population of Canadian cattle producers, who were often not being succeeded by younger farmers. The herd will, by the end of next year, have shrunk by 22% from its 2005 high of nearly 15 million head. Beef production, meanwhile, will at 1.16 million metric tons be down 23% from a high actually reached in 2004. However, Canada's pork output will in 2018 grow by 40,000 tonnes to 2.0 million metric tons to set a record for a fourth year running, the bureau said, helped by continued investment in hog production. The country's overall hog herd will top 14.0 million head for the first time this year, and grow further to 14.23 million head by the end of 2018. (Source: Agrimoney)*

> Bayer Dismisses Antitrust Concerns About Digital Farming: *Bayer said it was unable to propose the sale of any digital farming assets to allay EU concerns about its planned \$66 billion takeover of Monsanto. The European Commission last month started an in-depth investigation into the German group's plan to acquire the U.S. seeds maker. Among its concerns, the regulator took issue with Bayer's plan to create combined offerings of seeds and pesticides with the help of new digital farming tools, such as connected sensors, software and precision machines. "I fail to see what kind of*

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

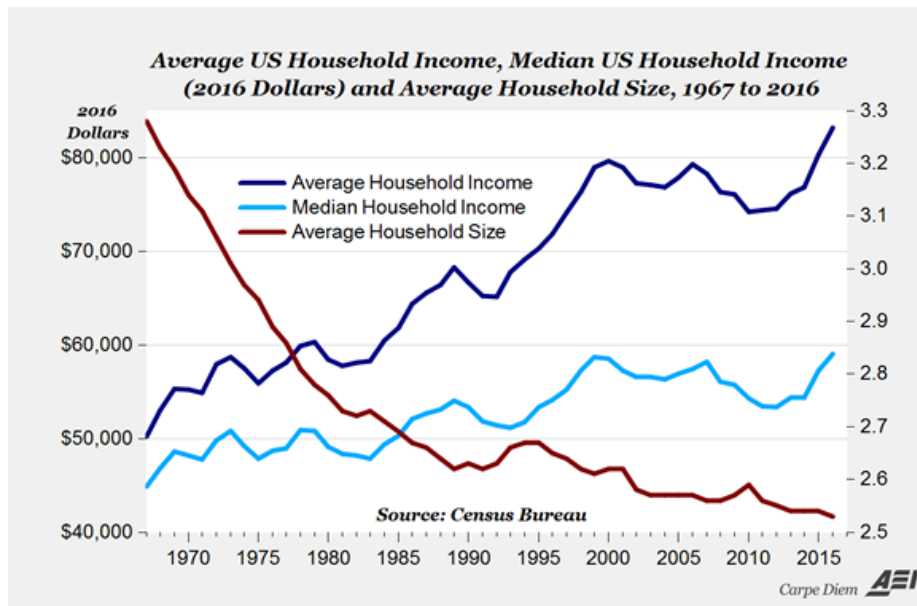
"As a national federal farm policy administrator and commodity producer, I find it critical to keep updated with what is going on in the real world of agriculture and with the domestic and global markets. Of all the services I've have been privy to or have subscribed to over the past 20 years I've found in the past several months of engaging in your "Farm Direction" services to be the best perception and analysis of what is really

a remedy there would be in this space. It's extremely hypothetical in terms of where the overlap actually is," the head of Bayer's Crop Science division, Liam Condon, told Reuters. Condon said Bayer's approach in digital farming was currently to control plant pests while Monsanto's focus was on improving yields. The entire industry was still years away from a more universal business model, he added. (Source: Reuters)

> Conaway, Perdue In Houston Area & West Texas: On Thursday, September 21, House Agriculture Committee Chairman K. Michael Conaway will survey agricultural damage from Hurricane Harvey in and around Houston, Texas with U.S. Secretary of Agriculture Sonny Perdue. On Friday, September 22, Conaway and Perdue will address the Southwest Council of Agribusiness (SWCA) in Lamesa, Texas.

> Health Advocates Optimistic As Youth Obesity Rates Hold Steady: Rates of children between the ages of 10 and 17 who were obese or overweight held steady in 2016, at roughly 31 percent, according to the National Survey of Children's Health, which was funded and analyzed by the Maternal and Child Health Bureau, and conducted by the Census Bureau. The states with the highest rates included Tennessee, North Dakota, Mississippi and Florida. Which had the lowest rates? Utah, Oregon, Vermont and Montana. (Source: Politico)

> Average Household Size Continues To Shrink: The chart below shows: average annual household income in 2016 dollars, median household income in 2016 dollars, and average household size, all from 1967 to 2016. Median household income last year of \$59,030 was an increase of 3.2% from 2015 and brought median income for US households to the highest level ever, above the previous record level of \$58,665 in 1999. The income gain last year was the fourth consecutive annual increase in real median household income starting in 2013, following five consecutive declines from 2008 to 2012 due to the effects of the Great Recession. The last period of four consecutive gains in annual median household income was during the last 1990s at the end of the longest economic expansion in US history. Although it doesn't get as much attention as median income because it's influenced by outliers on the high end, average household income also increased to a new record level last year of \$83,143, which was an increase of 3.6% from 2015. Also notable is the fact that average size of US households has been falling steadily for the last 70 years and fell to an all-time low last year of 2.53 persons, down from an average of 3.28 persons per household in 1967, and down by more than one full person since the 3.56 average in 1947. (Source: AEI)



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

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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.



Northeast Colorado - We are probably two weeks away from picking any corn here. We are 100% dryland and typically if we can make any over 50bpa things are good. I am hoping that this year we will see yields between 70bpa and 80bpa. We were very wet early which delayed planting and about the time we were finishing up it turned off

and dried out. Because of that the corn had very poor emergence resulting in a horrible stand. It made it tougher planting into 80bpa to 90bpa wheat yield stubble, which made it crazy as wet as it was. We usually will only plant around a 13k population, which is pretty low and I think that we probably had a 12.2k stand. After it emerged it looked horrible. The good things were that the soil was recharged nicely allowing things to get rooted in. There were some fields on lighter soil that were rolling up in the morning, which usually isn't good. There isn't much corn come out of the field yet and there are a lot of stalks that are still very green.

Central Illinois - We actually have had a few rains here over the past week that total .2" and then a good 1.2" yesterday. The latest rain will slow us down a little but it has warmed up which will help dry things out quicker. We did get things in early with most planting done in April. We have had some 105 day corn make yields between 215bpa and 220bpa. The August weather which was very cool allowed the ear fill to slow down producing larger kernel size. I think that the ears didn't need as much water to fill with the cooler temps. We are about 10 days behind the normal production most of the corn is wet in the 22% area. I thought the yields would be in the 150bpa across all the farms and I am now thinking that we will be closer to 200bpa. I am hoping to see bean yields in the 60bpa to 65bpa compared to the 70bpa that we made last year.

Southern Indiana - It is raining today which should help the double crop fields. We have been missing most of the rains and over the past few weeks getting dryer and dryer. Still things don't look to bad as we had everything planted by April 28th. We did have to replant a lot of our corn. Most of the replant was finished by mid May. We should be able to start shelling corn in about a week and I really think that we will see yields at least above our APH. There are a lot of green crops around, with the beans in various stages of trying to mature. There is some combines rolling in areas with sandy soils or river bottoms but nothing going hot and heavy yet. We feel like the beans should be better than last year thinking yields will be north of 60bpa.

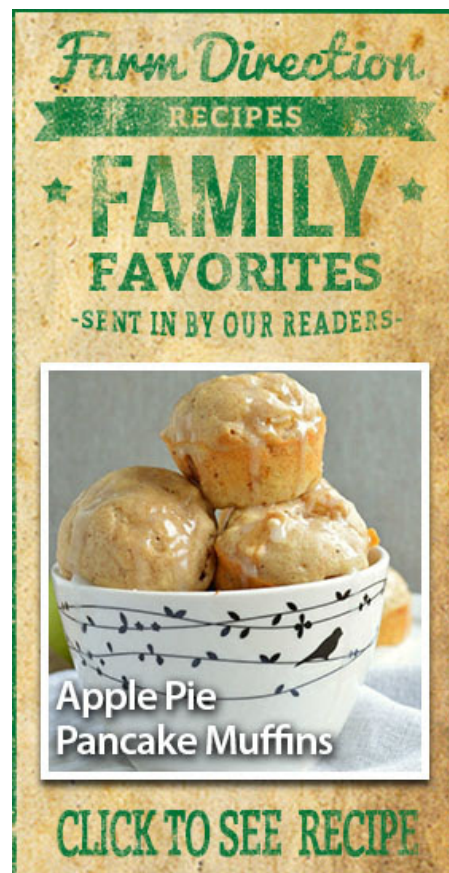
CROSSING WIRES

A place to share intelligent thoughts...

Reports of Livestock Deaths, Other Ag Losses Trickle in After Harvey: At the peak of Harvey's flooding in southeast Texas, Chambers County rancher Richie Devillier couldn't distinguish between the westbound lane of Interstate 10 and the Gulf of Mexico. Torrential rainfall had filled in one side of the massive roadway, and wind generated by the storm whipped the water into a choppy surf — instead of hosting bumper-to-bumper traffic, I-10 was navigable only by boat. Since Harvey made landfall three weeks ago, the Devilliers and other livestock producers have been tallying their losses. Though no official estimate has been given on the number of cows, horses and other livestock killed in the devastating storm, the final count is likely in the thousands — the 54 counties that bore the storm's brunt are home to about 1.2 million cattle, a quarter of the state's total. Producers in the area often compare Harvey to Hurricane Ike, which ravaged the Texas coastline in 2008. Ike wreaked havoc with its storm surge, while Harvey dumped an inordinate amount of rain, they say. If it's any indication of the damage Harvey may have caused, Ike brought about \$13 million in livestock losses in Texas, along with \$23 million in broken fences and damage to other farm infrastructure, according to Texas A&M University. Read more [HERE](#).

One Of These Four Ideas Is Going To Win \$100 Million From The MacArthur Foundation: In June 2016, the MacArthur Foundation launched a sort of XPRIZE for philanthropy. The global competition, called 100&Change promised \$100 million to whatever group could come up with the best solution to improve humanity. Perhaps the most ambitious component: MacArthur let contestants define what the world's most vexing problems were, in hopes that the process could expose the organization to issues it might otherwise have overlooked. The competition received more than 1,900 proposals, which led to a field of 801 formal contestants. Among the criteria that were considered, concepts needed to "solve a critical problem affecting people, places, or the planet" and be "meaningful, verifiable, durable, and feasible" which meant having some proof of concept or evidence that the idea could actually work, plus a timeline for how to scale. After being narrowed to eight semi-finalists earlier this year, the foundation just announced the top four finalists, including a video about the scope and breadth of their combined missions. Watch the video and get more details on the ideas [HERE](#).

States Need \$645 Billion to Pay Full Health-Care Costs: When Aurora, Ill., closed its books in December, about \$150 million disappeared from the city's bottom line. The Chicago suburb of 200,000 people hadn't become poorer. Instead, for the first time it recorded on its balance sheet the full cost of health care promised to public employees once they retire. States and cities around the country will soon book similar losses because of new, widely followed accounting guidelines that apply to most governments

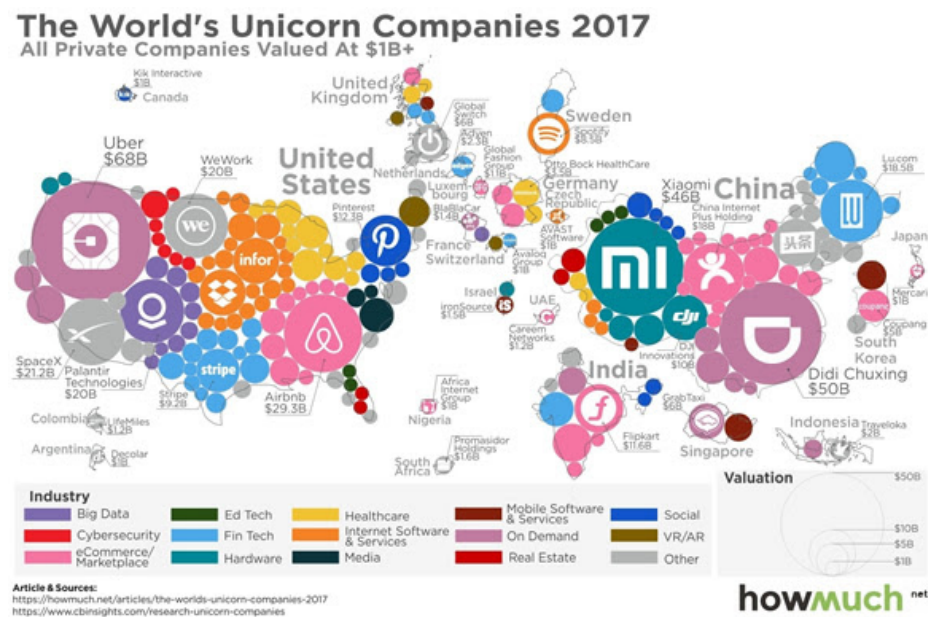


starting in fiscal 2018. The new Governmental Accounting Standards Board principles urge officials to record all health care liabilities on their balance sheets instead of pushing a portion of the debt to footnotes. The adjustments will show that U.S. states as a group have promised hundreds of billions more in retiree health benefits than they have saved up. The shortfall amounts to \$645 billion, according to a new report from The Pew Charitable Trusts based on 2015 data. That is in addition to the \$1.1 trillion states need to pay for future pension benefits, according to Pew. Read more [HERE](#).

What Cybercriminals Do With Stolen Social Security Numbers: The Equifax hack released the private information of tens of millions of people into the hands of criminals. The Equifax breach included names, Social Security numbers and home addresses. Those are valuable details for criminals who want to drain bank accounts or commit tax fraud. In fact, it's common for criminals to buy this kind of information. "This is something that's been really a focus of cybercriminals for quite some time now," said Roman Sannikov, director of Eastern European research and analysis at security firm Flashpoint. During the housing boom last decade, he recalled, criminals used "personally identifiable information" from data breaches to take out fraudulent mortgages. Researchers have not seen Equifax-specific data circulating on the dark web yet or an uptick in social security numbers for sale. But there's already a thriving ecosystem built around buying and selling human identities. Read more [HERE](#).

Got inflammation? The Tom Brady diet might help: Chronic inflammation has been linked to Alzheimer's, cancer, diabetes and heart disease, as well as muscle fatigue and joint pain. What we eat could have a major impact on the inflammation response. New England Patriots quarterback Tom Brady, still running and passing masterfully in National Football League arenas beyond age 40, attributes his longevity to a strict anti-inflammation food regimen, which he shares with his wife, international supermodel Gisele Bündchen. Read more [HERE](#)

All The World's Unicorns In One Map: Unicorns are private companies and startups valued at over \$1 billion. With an annual GDP of \$18.03 trillion, it's no surprise that the United States boasts over 100 unicorns. While the majority of the world's unicorns are located in the U.S. and China, India is in third place with ten unicorns, while Germany and South Korea are close behind (four and three unicorns each, respectively). A variety of societal, economic, and financial forces are creating more unicorns every day. More details and a larger version of the below map are available [HERE](#).



Corn Moisture Levels At Harvest Could Be A Concern For Many This Year

As we well know, "moisture content" is an important factor when it comes time to pull the crop out of the field. Wetter grain at harvest increases the need for artificial drying, and in turn increases production costs. With low prices and a weak basis this is clearly an expense many producers are not wanting to think about. Black layer usually occurs at about 30% to 33% moisture content and depends on variety, weather, soil types, moisture, and production practices. Corn will shell with a combine at about 30%

moisture content with some kernel damage, so the question becomes, when should you get either corn out of the field? Several studies from the Midwest indicate combine losses are least when corn reaches 26% moisture (about 1 to 3 percent losses are typical). Combine losses increase as the grain moisture dries. Losses of 10% to 15% are fairly common with corn at 15 percent moisture. Midsouth growers believe that initial corn harvest should begin as the corn field dries to 18% to 20% moisture, whereas Midwest data strongly suggest beginning harvest at 25% moisture content, based primarily on long-term weather and machine loss data. I remember hearing from a producer a couple of years back who went into his field and started harvesting corn at between 25% and 27% moisture, adjusted to dry bushels it was yielding north of +200 bushels per acre. He decided he didn't want the huge expense of drying it all down, so he decided to jump over to harvest soybeans. There was also some early frost concerns that helped him make the decision to jump from corn to soybeans. Regardless, when he returned to finish the corn, it had dried down to about 16% just like he had hoped, but it only yielded about 185 to 190 bushels per acre. Here we are again this year. We've had some heavy rains and good moisture in many locations, and prices are extremely low. Our natural thoughts are to reduce expenses and let the corn sit in the field a bit longer to help dry itself down and reduce drying expenses. The question is will we be doing more harm than good? Will we lose more in yield than we save in drying expenses? There's obviously a ton of debate about the subject, but I remember reading one study by Perdue that proved a yield loss of 0.6% to 1.6% per point of moisture can occur in corn drying in the field. From everything I hear "yield loss" can be even worse if corn dries down, then is hit again with more moisture in the field by rain and humid weather, as it can then then start sprouting which hurts overall quality, testweight and even overall yield. We could also start to see more stalk and root lodging at the combine which will create more losses. Also keep in mind it's normally cheaper to dry corn down in late-September or early-October than mid to late-November, since you don't have to heat up the outside air as much. The folks at [SuccessfulFarming](#) ran an interesting article a couple of years back, and estimated that if the elevator charges 3¢ per point of moisture per bushel (plus shrink), it would cost 21¢ per bushel to dry corn from 22 percent to 15 percent which is \$42/acre at 200 bushel corn. At \$3.25/bushel corn price it takes 13 bushels to pay for drying. It is very likely in this scenario that you could lose 10+ B.U./A. bushels per acre by letting the corn dry in the field. Further reasoning to justify harvest at 25-20 percent moisture can be made by considering adverse weather/wind/rain during this time along with the other benefits that come with a timely harvest. The University of Mississippi, says drying off 10% of grain moisture (25 to 15 percent) requires removing 7.47 pounds of water. And will require about 15,000 btu of heat in a drying system with the normal efficiencies in the Midsouth (about 2000 btu per pound of water removed). Understand, moisture content and the amount of drying required will also affect stress cracks, breakage, and germination. Extremely wet grain may be a precursor to high mold damage later in storage or transport. While the weather during the growing season affects yield, grain composition, and the development of the grain kernels, grain harvest moisture is influenced largely by crop maturation, the timing of harvest, and harvest weather conditions. General moisture storage guidelines suggest that 14% is the maximum moisture content for storage up to 6 to 12 months for good quality, clean corn under typical U.S. corn-belt conditions; and 13% or lower moisture content is recommended for storage of more than one year. I wanted to share with you the only national data I could find on average corn moisture levels over the past few harvest seasons in the U.S. This is good information that may give us an indication of the quality of this year's crop in comparison. This data is gathered by the U.S. Grains Council and found in their post-harvest, annual [Corn Harvest Quality Report 2016/17](#). I also included some other helpful tips. (Source: [Perdue Corn Harvest Decision Tool](#); [University of Mississippi](#))

- **Late-Maturing Fields Could Take Much Longer to Dry Down** - The folks at [Channel Seed](#) report, "ideal harvest moisture content for corn is between 22 to 25 percent. Corn drydown is linked to growing degree units (GDUs). Under ideal weather conditions, corn may lose up to one point of moisture per day. As the days get cooler, GDU accumulation per day decreases and grain drying slows. As a rule of thumb, 30 GDUs per moisture content point are required to lower the grain moisture content from 30 to 25 percent and 45 GDUs per point are required from 25 to 20 percent. This means that late-maturing fields may take two to three times longer to dry in the field. Research from The Ohio State University indicated no additional in-field grain drydown occurred after early- to mid-November."
- **Moisture Variation With Each Ear:** Within ears of corn, it's very common for the kernels to vary in moisture content due to the amount of exposure the kernels have had to sunlight. Typically the top kernels have lower moisture, while kernels at the bottom of the ear have high moisture. The research team at [IntelliFarms University](#) found that there is approximately a 5-8% moisture variation between top and bottom kernels in ears of corn.
- **Be Careful Not To Lose Yield:** The folks at [Pioneer](#) report, "a bushel of corn is traded on the basis of 56 lbs. per bushel. A bushel of corn at 15.5% moisture contains 47.32 lbs. of dry matter and 8.68 lbs. of water. This is an important concept to remember because as corn becomes drier you are actually delivering more dry matter to the market and less water weight. While delivering bushels to the market at optimum moisture is important, it is only one of the factors

determining moisture levels of corn going into storage. Overdrying corn can lead to significant dollars lost due to added expense and less bushels to sell in the market. At 15.5% moisture and a market price of \$3, a bushel of corn is worth 6.34 cents per lb. of dry matter. This same corn at \$5 per bushel is worth 10.57 cents per lb. of dry matter. If your goal is to store and market corn at 14.5% moisture and it is inadvertently dried 1 point less (13.5%) you have given up 3.8 cents/bu in today's market (corn at \$3.25 /bu). The drying cost for the extra point would be 0.02 gallons of propane. In other words, it takes about 0.02 gallons of propane to remove 1 point of moisture per bushel of corn."

- **Field Drying vs. Bin Drying:** Our friends at [Wyffels Hybrids](#) report, "Grain drydown on wet, cool days will be 0 to 0.3 percent moisture loss per day. On the other hand, moisture loss can be as high as 1 percent on hot, dry days. Grain drydown rates this year should range from 0.4 to 0.6 percent per day. However, corn that doesn't reach black layer until late September or early October will have slower dry down. They include a few things to consider when deciding to harvest or leave in the field to dry down: Harvest loss of lodged corn can be high, and will increase the longer the corn is left in the field. Plan to harvest these fields as soon as possible; Each $\frac{3}{4}$ pound ear in 1/100th of an acre represents a loss of 1 bu/Ac. Consider the high number of unharvestable ears in a lodged field; Two lost kernels per square foot equals a loss of 1 bu/Ac. Properly adjusted combines can pay big dividend; An Iowa State survey indicated that the average mechanical harvest loss was 5.8%; Mechanical harvest loss increases as corn dries below 25%. One study demonstrated harvest losses increasing from 3.6% for 25% moisture corn to 12.3% for 17% moisture corn. Fields with poor stalk quality are at a higher risk of harvest loss. And the risk increases the longer harvest is delayed. Plan to harvest these fields as soon as possible.
- **Average U.S. aggregate moisture** content recorded at the elevator in 2016 samples was 16.1%, which was higher than 2015 (15.7%), lower than 2014 (16.6%), and the same as 5YA (16.1%).
- **Gulf corn moisture** was reported to average 16.2%, which was slightly higher than corn leaving the Pacific Northwest at 15.9%, and the Southern Rail at 15.7%. Average moisture levels for the Gulf ECA were highest or tied for highest among all ECAs for 2016, 2015, 2014, and 5YA. Samples from the Gulf usually contain higher moisture content values as a result of weather and harvest conditions.



What Is Augmented Reality?

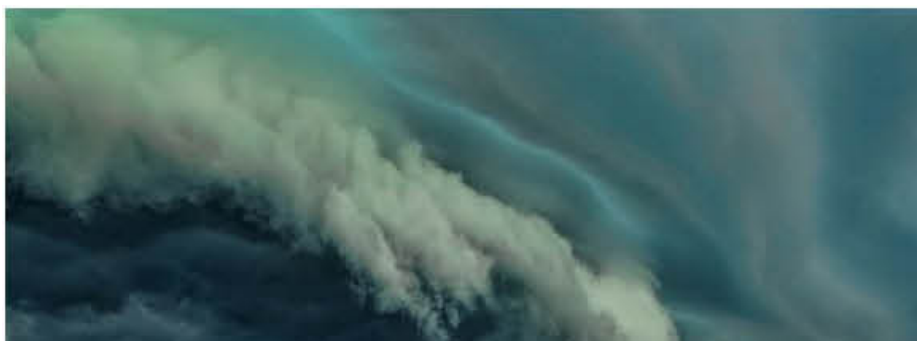
One of the new features in Apple's latest iOS update is "augmented reality", which has a lot of people wondering what the heck it is! Simply explained, augmented reality (AR) is when a digital image is added to a view of the real world. It is basically like photo-shopping something into your existing environment. In contrast, "virtual reality" replaces one's real environment completely. Google glass and heads-up displays in car windshields are perhaps the most well-known consumer AR products. Another example would be the Pokemon Go game. The new iOS 11 is not actually generating any AR things, but rather it allows your device to run AR apps. For instance, the IKEA app lets you place furniture in a room so you can get a more realistic sense of how potentially new products might look in your home. Augmented reality apps are written in special 3D programs that allow the developer to tie animation or contextual digital information in the computer program to an augmented reality "marker" in the real world. When a computing device's AR app or browser plug-in receives digital information from a known marker, it begins to execute the marker's code and layer the correct image or images. In order to view the overlaid image, the user does have to have their phone in front of

them and be peering at the world through its screen. One big question is, how useful will AR-enabled devices prove to be? Well, that is largely going to be up to app developers. One of the cool new ones I read about might actually be a great educational tool for medical students. Human Anatomy Atlas 2018 allows users to place human bodies or organs on any flat surface. An iPhone or an iPad can be used as a sort of a "viewing window" and any room can be transformed into an anatomy lab with thousands of virtual specimens. Another one that seems like it could be very practical is called MeasureKit. It's an augmented reality ruler that can measure just about anything. Unlike a ruler, MeasureKit provides precise dimensions not just for height and width, but also measurements of distance, angle, trajectory, level, square, and more. Each measurement is mapped to your device screen and can then be viewed in any other space. Say you wanted to see what it would be like having a 370-inch television in your bedroom? MeasureKit is your answer! The new apps will run on iPhone 6 and higher, as well as iPad 9.7" and up. (Sources: CNN, Wikipedia, Phonearena)



Awesome Pics Of The Sky

With all of the recent weather events and headlines circulating, I've received a ton of different e-mails showing some amazing photo's of the earth's sky. I wanted to share and pass along, hope you enjoy.



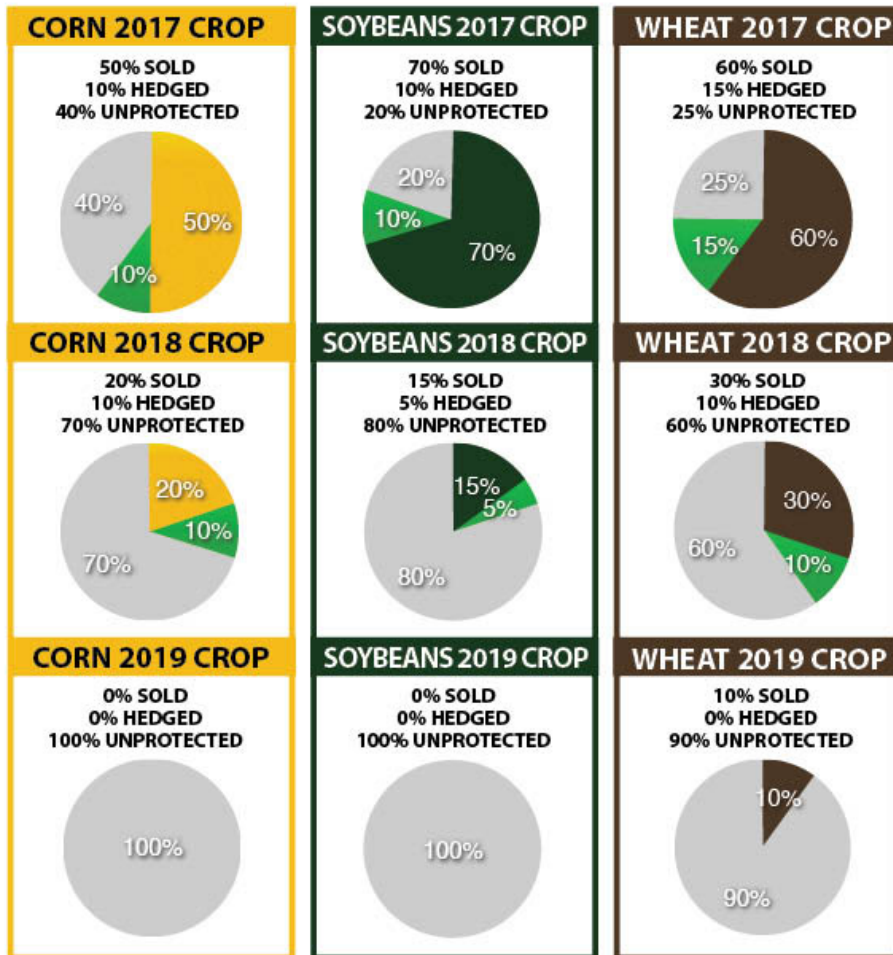








CASH SALES & HEDGING TOTALS



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