

GOOD MORNING: 09/28/17 Farm Direction - VanTrump Report

1 message

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Thu, Sep 28, 2017 at 6:47 AM



"People are not lazy. They simply have impotent goals—that is, goals that do not inspire them." -Tony Robbins

THURSDAY, SEPTEMBER 28, 2017

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Morning Summary: U.S. stocks are steady this morning and continue to trade near all-time highs. Investors appear pleased to see solid progress and steps forward in regard to "tax reform" and the benefits it could bring to businesses here in the U.S. From what I understand, the early framework shrinks the number of tax brackets to just three from seven today. The proposed rates are 12%, 25% and 35%. In addition, the corporate tax rate could be cut from 35% down to a proposed 20%. The major indexes are also getting a boost from financial stocks which are benefiting from increasing expectations that the Fed will raise rates again in December. Fed Chair Janet Yellen and a majority of other central bank officials this week have reiterated their plan to continue raising rates gradually in spite of soft inflation data. Oil bulls are happy to see that the restart of refineries impacted by Hurricane Harvey helped to drop crude stockpiles by -1.8 million barrels last week. Not only were refinery runs higher, but exports have been extremely strong as well, surging to a new record of 1.49 million barrels per day last week. U.S. supplies have been extremely attractive to importers with WTI Crude's discount to Brent Crude trading at nearly its widest in two years. Economic data for today is fairly light. We will be digesting the final estimate for second-quarter GDP, where most are expecting an upward revision to +3.1% from a previous +3.0%. Also scheduled for today is International Trade, Corporate Profits and Kansas City Fed Manufacturing. We'll also hear from Kansas City Fed President Esther George.

U.S. Families' Wealth And Incomes On The Rise: *U.S. families' wealth and incomes rose across the board as the economic recovery continued over the past three years, a shift after the economic fortunes of all but most well-off families stagnated in the aftermath of the recession, the Federal Reserve reported Wednesday. The report also found that minority households and families with less education had larger proportional gains in income than other families between 2013 and 2016, suggesting the fruits of the recovery spread to a wider swath of society. Median household income—the level at which half are above and half are below—before taxes and adjusted for inflation rose +10% to \$52,700 in 2016 from 2013, according to the Fed's Survey of Consumer Finances, which is conducted every three years. Households' median net worth, or wealth, rose +16% in the same period, reflecting broadening gains to Americans as the economy grew +2.2% a year on average, inflation stayed low and the unemployment rate fell. In the previous survey, conducted 2010 to 2013, median income fell -5% while median wealth fell -2%. The improvements in households' wealth came as asset prices posted strong gains. The Dow Jones Industrial Average increased +47.3% from January 2013 to December 2016, while the S&P 500 rose +53.1%. Home prices rose 2+8% in the same period, according to the S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index. (Source: The Wall Street Journal, Federal Reserve)*

Saudi Arabian Women Now Allowed To Drive: *I think it's crazy that Saudi Arabia is just now issuing an order to allow women to drive. This ends a long-standing policy that's has cast an unflattering light on the country's treatment of women. I just find it highly ironic that with oil demand needing to desperately rise, women are finally being allowed to drive.*

Hugh Hefner Dead At 91: *The man known to millions simply as "Hef" was born the elder of two sons in Chicago in 1923. His parents were strict Methodists from*

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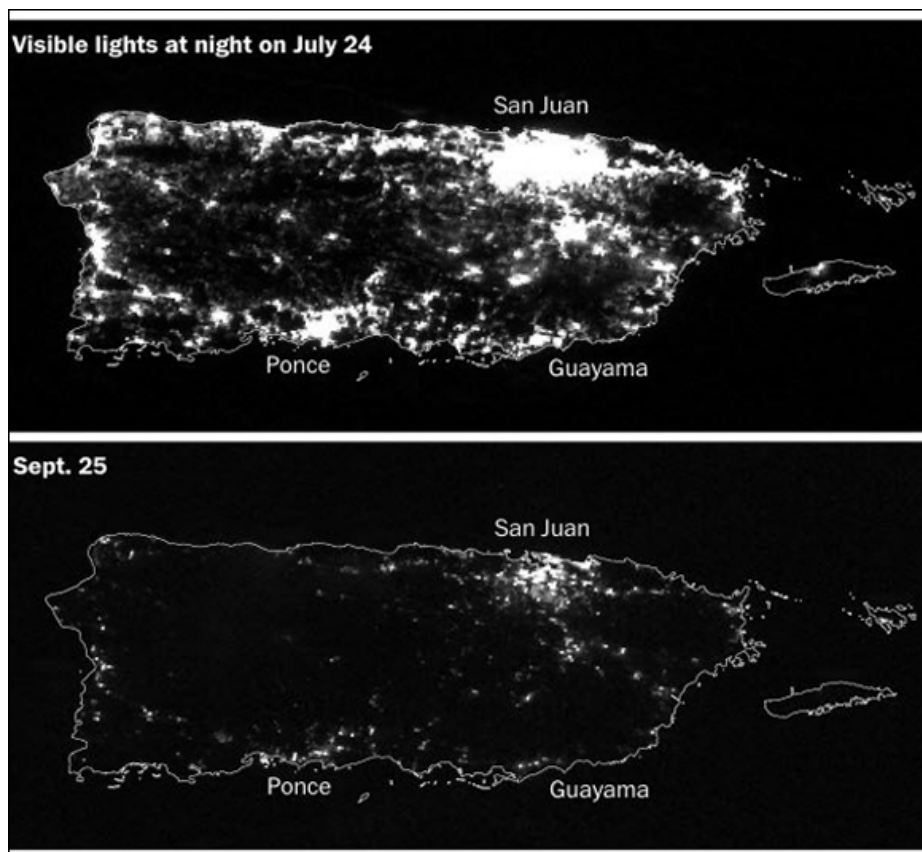
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Nebraska who both work as teachers. Hefner went to Chicago schools before joining the Army during WWII, attending the Chicago Art Institute and graduating from the University of Illinois at Urbana-Champaign with a degree in psychology. After working first as a copywriter for "Esquire" – where he reportedly left because he didn't get a \$5 raise – Hefner decided to start his own publication with \$600 of his own money and a \$1,000 from his mother ("Not because she believed in the venture," he told E! in 2006, "but because she believed in her son."). Hef went on to launch "Playboy" in December 1953. Hefner had acquired a nude picture of Marilyn Monroe for the centerfold, taken before the start of her film career. The magazine sold 50,000 copies, making it an immediate success.

Puerto Rico Is Literally In The Dark: After Maria passed through, the entire island was without power. Puerto Rico's electrical infrastructure was deteriorating from a lack of maintenance even before the one-two punch of Irma and Maria. Five days later, most of the island is still in the dark. Hurricane Maria made landfall as a Category 4 storm on the morning of Sept. 20 in Puerto Rico, bringing winds at about 160 mph to an island that dodged the worst of Hurricane Irma's destructive power only a few weeks ago. In just over 24 hours, the storm dumped more than two feet of rain on parts of the island, triggering massive flooding in the central and northern areas. That region's uneven terrain also contributed to flooding, channeling water into streams and rivers that crested far above flood stage. After Maria passed through, the entire island was without power. The satellite images below show that five days later, most of the island was still in the dark. As of yesterday, things haven't gotten much better. Experts say it could be weeks or even months before power is restored. That means not only no lights, but sweltering heat with no air conditioning and no clean water. And 80 percent of Puerto Rico's agriculture is completely gone. (Source: The San Diego Union-Tribune)



Weather on the Plains saw locally heavy rain fall in Oklahoma and Texas yesterday, disrupting fall fieldwork but benefiting recently sown small grains, rangeland and pastures. Meanwhile, cool weather lingers across the northern half of the region, although temperatures have started to rebound. In the Midwest, shower activity has diminished as a cool front has moved in eastward from Michigan to Missouri. Topsoil moisture shortages are significant in parts of the central and eastern Corn Belt, 77% short to very short on September 24 in Illinois and 73% in Michigan. In the Upper Midwest, however, where cool weather prevails, recent rainfall has improved soil moisture but halted fieldwork. A cold front will continue to push eastward across the Midwest and Northeast, bringing to an end a late-season heat wave. Meanwhile significant precipitation will fall across southern sections of the Rockies and Plains, with 5 day rainfall totals reaching 2 to 4 inches or more from New Mexico into western and southern Texas. During the weekend, dry weather should return to the south-central U.S., while late-season warmth should return across most parts of the country. The 6 to

Here are a few of this year's early sponsors



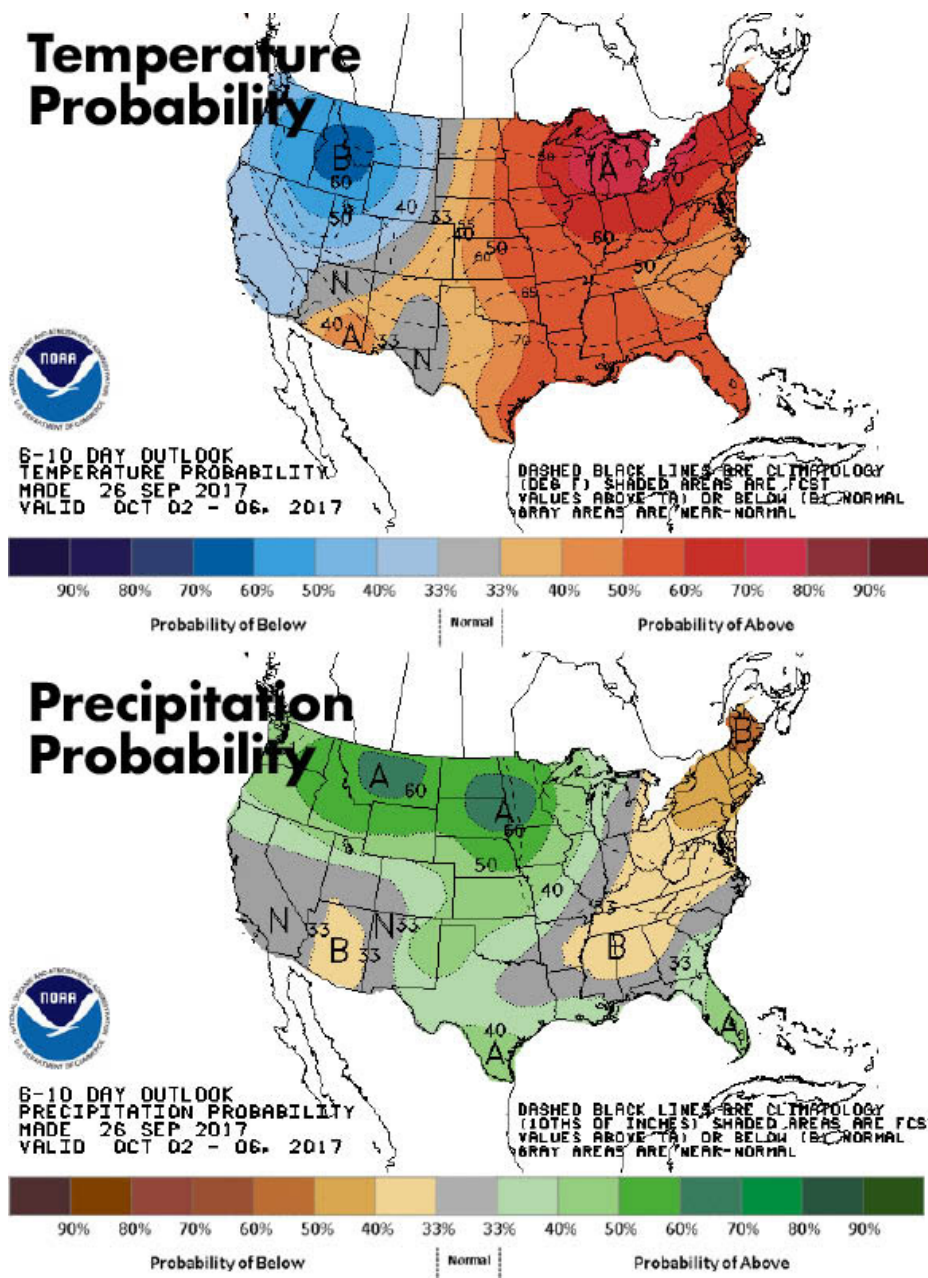
10 outlook for October 2 - 6 calls for the likelihood of above normal temperatures across the eastern half of the U.S. while cooler than normal conditions should prevail in the West and Pacific Northwest. Meanwhile, near to above normal precipitation across most of the country will contrast with drier than normal weather in the Appalachians and environs as well as parts of the Southwest. The greatest likelihood of wet weather will stretch from the Pacific Northwest into the upper Midwest.

Today In History



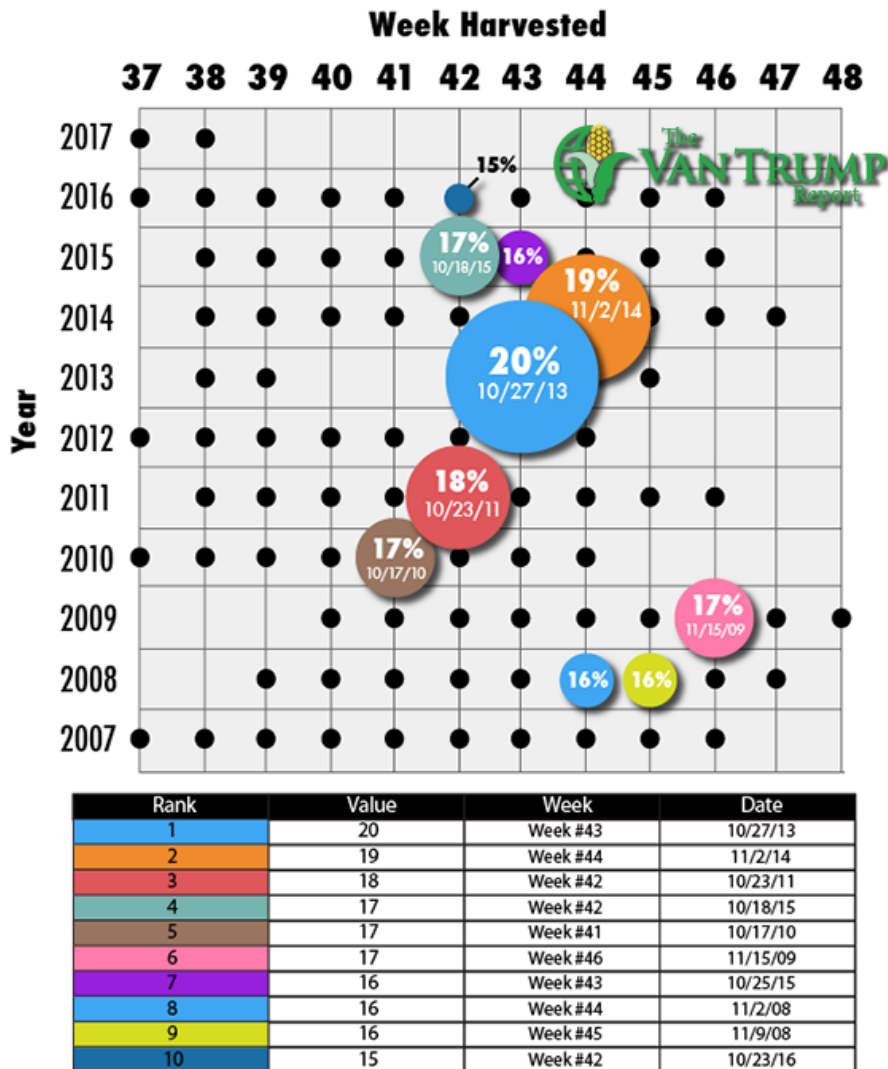
1918, Flu Pandemic - A Liberty Loan parade in Philadelphia prompts a huge outbreak of the flu epidemic in the city. By the time the

epidemic ended, an estimated 30 million people were dead worldwide. The most likely origin of the 1918 flu pandemic was a bird or farm animal in the American Midwest. The virus may have traveled among birds, pigs, sheep, moose, bison and elk, eventually mutating into a version that took hold in the human population. The best evidence suggests that the flu spread slowly through the United States in the first half of the year, then spread to Europe via some of the 200,000 American troops who traveled there to fight in World War I. By June, the flu seemed to have mostly disappeared from North America, after taking a considerable toll. Over the summer of 1918, the flu spread quickly all over Europe. One of its first stops was Spain, where it killed so many people that it became known the world over as the Spanish Flu. The Spanish Flu was highly unusual because it seemed to affect strong people in the prime of their lives rather than babies and the elderly. By the end of the summer, about 10,000 people were dead. As fall began, the flu epidemic spiraled out of control. Ports throughout the world usually the first locations in a country to be infected-reported serious problems. In Sierra Leone, 500 of 600 dock workers were too sick to work. Africa, India and the Far East reported epidemics. The spread of the virus among so many people also seems to have made it even more deadly and contagious as it mutated. When the second wave of flu hit London and Boston in September, the results were far worse than those from the previous flu strain. Twelve thousand soldiers in Massachusetts came down with the flu in mid-September. Each division of the armed services was reporting hundreds of deaths each week due to flu. Philadelphia was the hardest-hit city in the United States. After the Liberty Loan parade on September 28, thousands of people became infected. The city morgue, built to hold 36 bodies, was now faced with the arrival of hundreds within a few days. The entire city was quarantined and nearly 12,000 city residents died. Overall, in the United States, five out of every thousand people fell victim to the flu. In the rest of the world, the death toll was much worse. In Latin America, 10 out of every thousand people died. In Africa, it was 15 per thousand and in Asia it was as



Corn bears are thinking tomorrow's USDA report could show less demand for corn as a feed. Meaning perhaps a more burdensome old crop balance sheet is in the works. The U.S. corn harvest seems to be moving along at a fairly good clip with little in the way of major weather complications in the forecast. I could argue some locations will be a bit wetter than many producers would like, but at the moment it doesn't appear to be creating major widespread complications. From a global perspective, I could argue that Argentina is running into more threatening weather complications as many areas will remain overly wet, perhaps too wet to plant as many corn acres as insiders were originally forecasting. The kicker is that the Argentine producers were planning on planting more corn acres, so I'm not real certain if in the end there will be any notable change to total acres. I will continue to keep a close eye on Argentine weather and planting. I should also note that South Africa's corn crop is going to set a fresh new all-time record this year and will more than likely be double that which was harvested last year.

Biggest Weekly U.S. Corn Harvests



Source: USDA, NASS, Historical Crop Progress

Soybean bears are pointing to more widespread rainfall in the forecast for Brazil, along with nearly ideal harvesting weather being enjoyed across a large portion of the U.S. Most producers in the the U.S. fields continue to report fairly strong yields, not necessarily insinuating fresh new records, but better than previously anticipated. As a result, the USDA's current yield estimate of 49.9 bushels per acre seems to be in the ballpark. I can understand the bulls argument for a slight reduction in yield, but in the same breath I can argue an increase in planted acres, meaning not much difference for total production. A couple of additional nearby bearish headwinds include the Chinese going on vacation for a few days and the EPA opening up and considering comments about reasons and ways to reduce biodiesel mandates. There's also some fear amongst insiders that tomorrow's USDA report could hold a small bearish surprise.

high as 35 per thousand. It is estimated that up to 20 million people perished in India alone. Ten percent of the entire population of Tahiti died within three weeks. In Western Samoa, 20 percent of the population died. More people died from the flu than from all of the battles of World War I combined.

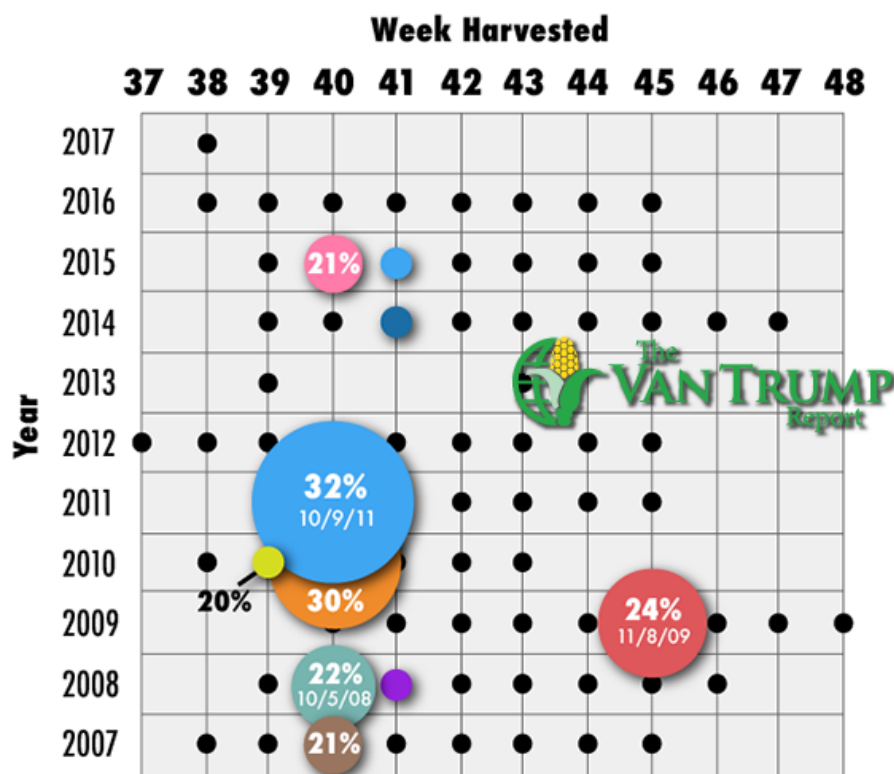


1901, Ed Sullivan - On this day in 1901, Ed Sullivan, who will become the host of the long-running TV variety program The Ed Sullivan Show, is born in New York City. During the peak of its popularity in the 1950s and 1960s, Sullivan's program showcased a wide range of entertainers, including Elvis Presley, the Beatles, Rudolf Nureyev, Jerry Lewis and Bob Hope. Sullivan worked as a newspaper reporter and columnist in New York during the 1920s and 1930s and also hosted and produced vaudeville shows and benefits. In 1948, he became the master of ceremonies of a weekly TV variety show dubbed Toast of the Town. In 1955, the program, which aired Sunday nights on CBS, was renamed The Ed Sullivan Show. Although Sullivan was often awkward and self-conscious on camera, he was a hit with audiences and his program had broad appeal. In addition to big-name entertainers, the show featured animal acts, athletes, comedians, dancers and opera singers, along with such regulars as Topo Gigio, a mouse puppet with an Italian accent, and a ventriloquist named Senor Wences. Notable moments in the history of The Ed Sullivan Show include its broadcast on January 6, 1957, when Elvis Presley appeared on the program and the cameras shot him from the waist up because his gyrating hips were considered too scandalous for family television. On February 9, 1964, more than 70 million viewers tuned in to the show for the American TV debut of the Liverpool-based rock quartet The Beatles. The Ed Sullivan Show was cancelled in 1971. Sullivan died of cancer at the age of 73 on October 13, 1974.



1967, Vietnam - President Lyndon B. Johnson, who was coming under increasing criticism for sending American men to fight and die in Vietnam, bestows the Congressional Medal of Honor on Sgt. David Dolby, a member of the Army's 1st Cavalry. On May 21, 1966, the 21-year-old Dolby acted to save many of his fellow soldiers' lives during an intense firefight against North Vietnamese troops. He had previously been awarded the Purple Heart and the Silver Star. While praising Dolby and American troops, Johnson expressed "sorrow" that war was still necessary in the 20th century. He also took the opportunity to respond to criticism of his policy of increasing troop strength in Vietnam since 1964. "No one hates war and killing more than I do," said the president. He continued, "no sane American can greet the news from Vietnam with enthusiasm" but "we

Biggest Weekly U.S. Soybean Harvests



Rank	Value	Week	Date
1	32	Week #40	10/9/11
2	30	Week #40	10/10/10
3	24	Week #45	11/8/09
4	22	Week #40	10/5/08
5	21	Week #40	10/7/07
6	21	Week #40	10/4/15
7	20	Week #41	10/12/08
8	20	Week #39	10/3/10
9	20	Week #41	10/12/14
10	20	Week #41	10/11/15

Source: USDA, NASS, Historical Crop Progress

Wheat bulls are hoping to see a bullish surprise from the USDA in tomorrow's report. Thoughts are total U.S. wheat production could be much lower than many in the trade are currently estimating. I've been thinking that way for several months, but to this point I have been wrong, as the USDA has taken what I deem a more conservative approach towards reducing their production estimate. Bulls like myself believe they hadn't fully factored in all of the abandoned acres and still have spring wheat yields a bit too high. I'm personally going to stick with my bullish thoughts, but position and prepare myself for another round of conservative cuts by the USDA. From a global perspective, I continue to hear of more crop complications inside Argentina and Australia. On the flip side, despite some adverse weather complications, both Russia and Ukraine are thought to be running ahead of schedule in regard to planting next years winter crop. If you are wanting to watch a few specific locations, there are some arguments inside the trade that southern parts of Russia and eastern parts of Ukraine are too dry. If the moisture doesn't move that direction, then perhaps the trade might look to add a bit more risk-premium in the weeks ahead. I currently don't see the trade being overly concerned at the moment, especially as we sit on record global surplus. As a spec and a producer, I remain bullish longer-term, but believe we might start to run into more stiff technical resistance nearby. The next 25 to 30 cents of upside might be a bit more difficult.

Hog & Pig Report out today with most in the trade looking for "all hogs and pigs" up +2.5% from last year; pigs kept for breeding estimated up +1.5 %, with marketing estimated up +2.5%.

U.S. Sept. 1, 2016/17 Grain Stocks

recognize...the hard reality that only military power can bar aggression and can make a political solution possible" in Southeast Asia. Johnson continued to send American troops to Vietnam in an ever more costly and controversial war until 1968, when he announced that he would not run for a second term. The war dragged on until January 1973, when President Richard Nixon halted the U.S. military offensive in North Vietnam.

Upcoming Events

Thurs. 9/28 - Quarterly Hogs and Pigs

Fri. 9/29 - Quarterly Stocks

Thurs. 10/12 - USDA Supply and Demand

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

Fri. 10/20 - Cattle on Feed

Mon. 10/23 - Cold Storage

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

Mon. 11/5 - Daylight Saving Time Ends

Thurs. 11/9 - USDA Supply and Demand

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

Thurs. 11/23 - Thanksgiving - Markets Closed

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

Kevin's Song of the Week



About the Report

	Sept. Est.	Avg. Trade Guess	Trade Range	USDA June 2017	USDA Sep. 2016
Corn	???	2.353	2.310 - 2.450	5.225	1.737
Soybeans	???	0.338	0.321 - 0.363	0.963	0.197
Wheat	???	2.205	2.083 - 2.495	1.184	2.545

U.S. Wheat Production

	Sept. Est.	Avg. Trade Guess	Trade Range	USDA August
All Wheat	???	1.718	1.660 - 1.761	1.739
All Winter	???	1.286	1.267 - 1.319	1.287
Hard-Red Winter	???	0.758	0.749 - 0.765	0.758
Soft-Red Winter	???	0.305	0.286 - 0.316	0.306
White Winter	???	0.224	0.216 - 0.255	0.223
Other Spring	???	0.382	0.338 - 0.421	0.402
Durum	???	0.050	0.039 - 0.055	0.051



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

> Return Of Rains In Argentina Could Aggravate Already Wet Conditions: After extended periods of excessive rains that have left areas of Argentina saturated or under water, farmers in Argentina have benefited from a recent period of relatively dry weather. Unfortunately, the dryer pattern may not last much longer. The Ministry of Agriculture issued a bulletin this week that indicated that heavy rains may return this week to areas of Buenos Aires and Santa Fe provinces. The first low-pressure system should bring scattered showers mid-week to the provinces of La Pampa, Buenos Aires, Cordoba, southern Santa Fe, and Sao Luis. These rains should then move into central and eventually northeastern Argentina later in the week. On Saturday, a second low-pressure system is scheduled to move into Argentina bringing heavy rains once again to La Pampa, western Buenos Aires, southern Cordoba, and Sao Luis. The rainy weather is expected to linger into Sunday in northern Buenos Aires, Santa Fe, and Entre Rios. These additional rains could aggravate the already saturated conditions in Buenos Aires and La Pampa. Farmers have about 12% of their intended corn acreage planted. Soybean planting begins in October. (Source: Soybean & Corn Advisor)

> Russia May See Another Bumper Wheat Crop In 2018: Russia, whose wheat production this year looks like it's setting a record by a distance, and could be on for another "bumper" harvest in 2018, thanks to a strong pace of early sowings, SovEcon said. Russian farmers, after a slower start to the winter crop planting window than a year ago, are now "sowing even faster", said Andrey Sizov Jr, the SovEcon managing director. The performance means that winter crop sowings look likely to well exceed the official target of 43.23 million acres. "Unfortunately for grain farmers all over the world, it looks like Russia might expand its winter crop acreage," Mr. Sizov said, with the strong output being viewed as weighing on global grain prices. Already, this year's harvest - pegged by SovEcon at 81.1 million metric tons - is expected to drive Russia to top rank among world wheat exporters for the first time, with shipments forecast by most commentators at well in excess of 30 million metric tons for 2017-18. The

"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

strength of Russian sowings is being encouraged by relatively weak costs of production, which means that they are running profitably even at current price levels. (Source: Agrimoney)

> China's Top Corn Region Encouraging Large New Refineries: Heilongjiang province, China's top corn grower, says it encourages new investment in large-scale corn refineries and fuel ethanol plants as China expands ethanol use in gasoline nationwide by 2020, the official Xinhua News Agency reported on Wednesday, citing local development commission. New plants should have annual capacity of 600,000 tons/year, with 1.2m tons/year preferred. Products including modified corn starch, corn sweeter and biodegradable materials will be encouraged. New fuel ethanol plants should have annual capacity of more than 300,000 tons/year. (Source: Bloomberg)

> Farm Bill Listening Session Scheduled: House Agriculture Committee Chairman K. Michael Conaway and Ranking Member Collin Peterson announced a committee listening session, "The Next Farm Bill, Conversations in the Field" in Cobleskill, New York on Monday, Oct. 9, 2017. They describe the listening session as a "continuation of the committee's efforts to gather input from farmers, ranchers and stakeholders ahead of the upcoming farm bill." Additional details are forthcoming.

> Brazil Soy Trader Offers Assets To CHS, Bunge: Brazilian soy trader Seara Industria has offered logistics assets to creditors including U.S. trader Bunge Ltd. and U.S. agricultural cooperative CHS Inc. in a bid to resolve bankruptcy proceedings, according to two people involved in the matter. Seara Industria & Comercio de Produtos Agropecuarios Ltda, one of Brazil's 10 biggest commodity trading firms, filed for bankruptcy protection in April to restructure 2.1 billion reais (\$667 million) in debt. In July, an appeals judge granted a motion to halt the case while court-appointed forensic accountants investigated creditors' allegations that the company had falsified financial statements, according to six people and court documents seen by Reuters. In a bid to resolve the bankruptcy process, Seara Industria proposed an out-of-court settlement with creditors last week. The proposal under discussion involves giving its grains port and transshipment terminals to the agricultural traders, the people said. Seara Industria is also discussing an investment from China's Shanghai Pengxin Group Co to cover payments to financial creditors such as Credit Suisse, Rabobank and Citigroup, according to the sources. (Source: Reuters)

> Another Brazilian Ethanol Producer Seeks Bankruptcy Protection: Abengoa Bioenergia Brasil SA became the latest Brazilian sugar and ethanol producer to file for bankruptcy protection following the country's economic crisis and a slump in commodity prices. The company, a unit of Spain's Abengoa SA, requested judicial protection in a court in Santa Cruz das Palmeiras municipality, Sao Paulo state, it said in an emailed statement. Its bank debt was 837 million reais (\$265 million) as of December. The move followed unsuccessful attempts over the last 19 months to attract outside investors and restructure its debt. Abengoa Bioenergia also cited Brazil's political crisis and a lack of credit as contributing factors to its bankruptcy. The company runs two mills with a combined capacity to crush about 7 million metric tons a year of sugar-cane in Sao Paulo state, and it had been in advanced talks to sell them to E Fert, a United Arab Emirates-based investment firm controlled by Pakistani investors. Those negotiations ended in May after fiscal, labor and operating issues made a deal too risky for E Fert, people familiar with the matter said. (Source: Bloomberg)

> Lawmakers Oppose Chinese Acquisition Of Chicago Exchange: Senate Agriculture Committee member Amy Klobuchar (D-Minn.) joined 17 other House and Senate members in opposing the sale of the Chicago Stock Exchange to Chinese investors. "It will be impossible for the SEC to fully monitor Chinese government involvement or manipulation over the Chicago Exchange," the lawmakers said in a letter to the SEC on Tuesday. "This transaction would be a wholly unnecessary risk that puts in jeopardy our economic security and the trustworthiness of our marketplaces." Separately on Tuesday, Jon Tester (D-Mont.) said he hopes the SEC's review "would come back negative." (Source: Politico)

> Value Of Net Exports To Mexico By State: Trade between the U.S. and Mexico is currently a hot topic for discussion among policymakers.¹ In 2015, the U.S. ran a \$60.7 billion trade deficit with Mexico, equivalent to 0.34 percent of U.S. gross domestic product that year. The St. Louis Fed recently examined current trade balances with Mexico at the state level using U.S. Census Bureau data. Eighteen state economies had trade surpluses with Mexico in 2015 (most recent data available), while 32 had deficits. Texas ran the largest trade surplus at roughly \$8.5 billion, followed by Louisiana (\$4.4 billion) and Arizona (\$1.6 billion). The top trade deficits were markedly deeper though, with Michigan and California running the largest trade deficits (roughly \$32 and \$18 billion, respectively). Most states, however, had relatively small trade balances with Mexico; 32 states had net exports to Mexico within only 0.5 percent of GSP. Thus, while several states are engaged in trade with Mexico, only two states account for most of the U.S. trade deficit with the country. (Source: Federal Reserve Bank of St. Louis)

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..."

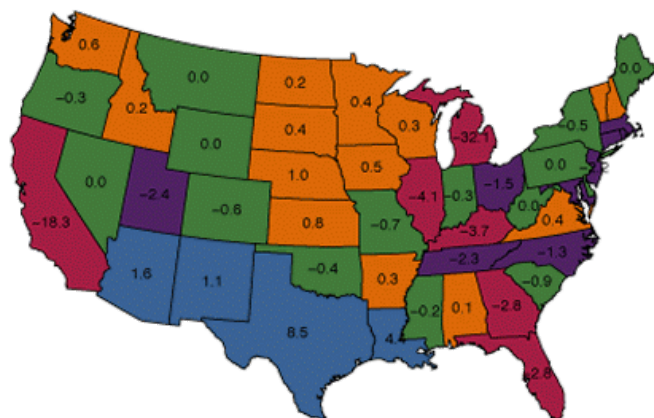
"The markets ability to remain irrational can often times last much longer than your ability to remain solvent..."

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.

Net Exports 2015, USD billions



■ <-\$2.5 ■ -\$2.5<-\$1 ■ -\$1<\$0 ■ \$0<\$1 ■ >\$1

SOURCE: U.S. Census Bureau

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FROM THE FIELD

Northeast Iowa - We are on day six of harvesting beans and seeing yields that are below what we thought we would have. I think that we will be cutting beans that are 10% to 12% off last years. We have had great weather all season but maybe lack some heat units that could hold us back. Our planting went easy and on time. We have cut one farm that averaged 73bpa last year, only make 64bpa this year. We did see some sudden death come on late and knock a field down to 54bpa. We have seen some pods that didn't fill well, with small beans or missing. The corn yield will be about normal for us. Last year we had great production, making 238bpa but this year I think that we will be closer to the 205bpa to 210bpa range. We like to shell corn at 20% moisture or less but when we hand shelled some a few weeks back we were at 36%. I have heard neighbors have some 19.5% moisture level corn over the past few days.

Western Tennessee - We are about half way through the corn harvest after finishing up on the beans over the past two weeks, The corn yields are off a little bit from where I thought but still way better than I expected over the years. We had some dry hotter weather when the ear was trying to add kernel depth and I think that hurt us just a little. The has been some extreme variability but we had some fields go 200+bpa. I think that we will end up seeing a whole farm average in the 180bpa to 185bpa when its all said and done. That type of production for us is not something we would ever talk about six or eight years ago.

Central Kansas - We have not rolled a wheel yet on the combines. Things are just drying down nicely and we may get going by the weekend if there is not any rains. There are some guys rolling and I am hearing of moisture levels in the 17% to 18% range. The beans are still green and are just starting to turn yellow but not dropping many leaves yet. We were not late getting things planted but I think that the cool summer had us behind in heat units. The beans actually went in early this year and look very good. Neither corn or beans had much stress to speak of this year. I am thinking we will see above average yields for both. We were lucky to make some early sales that were at much higher levels than now.

Farm Direction
RECIPES

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CROSSING WIRES

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Drowning In Grain - How Big Ag Sowed Seeds Of A Profit-Slashing Glut: A global grains glut is now in its fourth year, with supplies bloated by favorable weather, increasingly high-tech farm practices and tougher plant breeds. The bin-busting harvests of cheap corn, wheat and soybeans are undermining the business models of the world's largest agriculture firms and the farmers who use their products and services. Some analysts say the firms have effectively innovated their way into a stubbornly oversupplied market. Farmers and agriculture firms could once count on periodic bouts of crop-destroying weather to tame gluts and drive up prices. But genetically modified crops that repel plant-chewing insects, withstand lethal chemicals and mature faster have made the trend toward oversupply more resistant to traditional boom-and-bust agrarian cycles, experts say. Even as farmers reap bountiful harvests, U.S. net farm incomes this year will total \$63.4 billion - about half of their earnings in 2013, according to a U.S. Department of Agriculture forecast. Lower incomes mean farmers cannot spend as much on seed, fertilizer and machinery, extending their pain to firms across the agriculture sector. Click [HERE](#).

Genetically-Modified Wheat Used to Make Coeliac-Friendly Bread: People forced to avoid gluten could soon have their bread (and cake) and eat it. Now there are strains of wheat that do not produce the forms of gluten that trigger a dangerous immune reaction in as many as 1 in 100 people. To read more from the NewScientist Click [HERE](#)

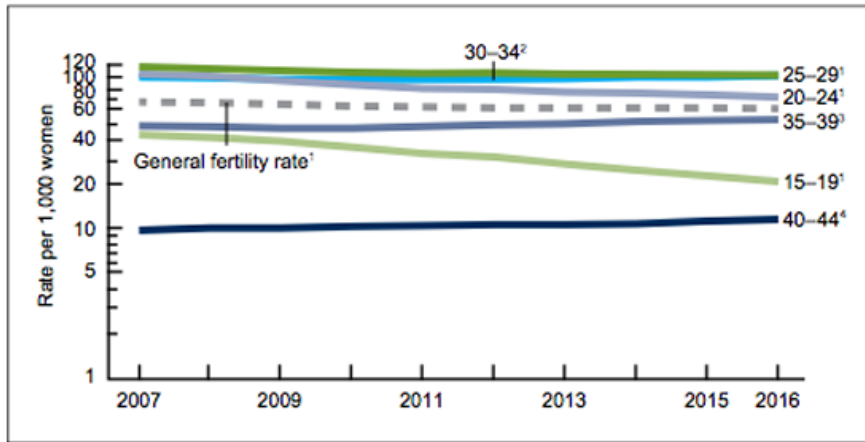
Why One NFL Quarterback Drives A \$5,000 Dented Van He Bought From His Grandma - Washington Redskins quarterback Kirk Cousins made \$19.9 million last year. This year, he'll earn \$23.9 million. But you wouldn't guess his salary based on what he drives: a dented GMC Savana passenger van with more than 100,000 miles on it. He and his wife bought it from his grandma for \$5,000 in 2014. "It's better to buy appreciating assets than depreciating," Cousins told Kevin Clark of The Wall Street Journal in 2016. "No yachts, no sports cars." The starting quarterback makes a good point. The moment you drive a new car off the lot, its value depreciates by about 20 percent. Read more [HERE](#).

A Deeper Look Inside The "Big Six" Tax Framework: A coalition of House, Senate, and Administration officials known as the "Big Six" released a joint framework for tax reform yesterday. While this isn't the first plan we've seen surface, it is an important one as it is the first unified statement of principles and policies from the parties directly responsible for overhauling our tax code. The Tax Foundation has broken down some of the details. Take a deeper look at what's on the table [HERE](#).

Japan Wants To Launch A New Digital Currency: A consortium of Japanese banks are set to launch a new national digital currency in a bid to wean citizens off cash. A consortium led by Mizuho Financial Group and Japan Post Bank plans to launch the new digital currency in time for the Tokyo 2020 Olympics. The new project, which has the support of Japan's central bank and regulators, aims to develop technology to allow Japanese people to pay for goods and services with their smartphone. Cash currently represents 70% of all transactions by value in Japan but such a heavy cash dependency incurs costs for banks and governments. Banks must pay to handle, transport, and audit large amounts of cash, while governments risk losing tax revenue to undocumented cash-in-hand work or black market transactions. The consortium of banks estimate that the adoption of a new digital currency could add ¥10 billion (\$90 million) to the economy. Read more [HERE](#).

Teen Births Have Plummeted -51% Over The Past Decade: America's teen birth rate has fallen by half over the past decade, a stunning public health victory largely attributed to better use of contraceptives. New federal data shows that the teen birth rate in the United States has declined from 41.5 births per 1,000 teenage girls in 2007 to 20.3 births per 1,000 teenage girls this year. The teen birth rate has plummeted over the past decade and declined 9 percent just in the past year. Public researchers say it is rare to see a health trend like this shift so dramatically. It took four decades, for example, to cut adult smoking in half. More details are available [HERE](#).

Figure 1. General fertility and age-specific birth rates, by age of mother: United States, 2007–2016



Precision Ag Moving Towards Higher Adoption Rates

All business owners, farmers included, are skeptical of new and unproven technology. For various reasons adoption rates of precision ag continue to move slowly. There are a few factors unique to agriculture that seemingly are impeding its adoption. One of the most obvious are the demographics of producers in the U.S. While it might be a generalization that the older you are the less prone you are to change we do have 62% of producers that are over 55, 33% and are over 65, while only 5.8% are under 35. I think it is safe to say that the older we get, risk aversion creeps higher our personal hierarchy. I've seen it happen with a lot of my older friends, they feel if it has gotten me this far, it will certainly take me the rest of the way. That can be a dangerous attitude, especially in the midst of a tech revolution where change happens quickly and provides the early adopters the opportunity to lower production cost through improved efficiencies. This point alone, is one we constantly stress. Though we do not have the specific answer for your operation, we know you must seek out the technology that will position you as the low-cost provider in order to compete in the commodity production space. Another closely related item is the cost of change. Along with all the benefits of new technology comes the potential that it falls under the trendy or "techy" category and not necessarily useful....yet. In my opinion, drones have somewhat fallen into this category early on. I have spoken to many that tell me they bought them and currently no longer use them once the "excitement" period wore off. I will say that I believe they will emerge as a huge success as the imaging devices, data integration and on sight, actionable decisions improve. Most everyone agrees that precision agriculture is the only way to meet the challenge of feeding the ever increasing population growth expected in the coming decades. In my opinion, the factors that will facilitate the adoption of sustainable farming technologies include better education and training of farmers, sharing of information, easy availability of financial resources, and increasing consumer demand for organic food. I believe many of the small to mid-sized startups can play a huge role in the next 10 years as the global market share of precision ag will reach \$10.3 billion. They have an advantage over their established corporate competition if they can properly identify, then stay focused on one solution for one problem. Large corporations must diversify to grow and maintain market share but by doing so they cannot be experts and many things. From what I understand precision agriculture has the potential to increase profitability by \$55-\$110 per acre. As companies, big or small can more quickly prove how their solutions fit producer problems, offer a proven ROI, and are easily implement, we will see adoption rates increase. The industry is already aware and working on platforms that integrate multiple sources of data, which currently is a pain point for many. My advice for all producers is to continually stay educated on what is out there, what is coming and what will benefit you in future in your quest to become the low-cost provider in your space. (Source: toolboxcreative.com, itbusiness)



Could Upcoming Spanish Vote Rattle The Markets?

An upcoming vote in the state of Catalonia will ask citizens whether they want to separate from Spain and become their own independent republic. The referendum, scheduled for October 1, is considered illegal by Spanish authorities and they have been rounding up succession supporters - including Catalan government officials. Thousands have been arrested under the contention that holding such a vote is unconstitutional as Spanish law doesn't allow a region to hold a unilateral vote on secession. Spanish officials also just seized control of Catalonia's finances in an effort to block them from funding the vote. The conflict has led to escalating social unrest and has investors worried about a potential political crisis in Europe's fifth largest economy. The Catalan Independence movement is not a new development. The region has been revolting against Spanish rule since the mid-1600s. The modern day movement began in 2010 when a Spanish Court deemed parts of the Statute of Autonomy of Catalonia unconstitutional. The statute basically defines the rights and obligations of the citizens of Catalonia, the political institutions of the Catalan region, their competences and relations with the rest of Spain, and the financing of the Government of Catalonia. It basically made Catalonia an autonomous, self-governing state within the Kingdom of Spain and was approved by the national Spanish government. The 2010 ruling mostly stripped Catalonia of its autonomy and outrage has been growing ever since. A "non-binding consultation" held in 2014 resulted in a 81% vote for separating from Spain. Political analysts believe the upcoming October 1 independence referendum will most likely pass, largely because those that oppose the separation have vowed to boycott the vote. Catalonia is Spain's biggest economic region and residence of the region have long argued that they have unfairly been supporting poorer regions as the country worked to emerge from the financial crisis. The separatist movement has long employed the slogan "Spain robs us." The region is home to Barcelona, the country's second most populous city and a major draw for tourists. This has helped make Catalonia home to roughly 19% of Spain's overall economy. The loss of Catalonia's tax revenues would be a massive blow to the Spanish economy. While the Spanish central government in Madrid continues to insist that they will prevent the October 1 vote from taking place, Catalan officials are still pressing ahead. The Catalan government says that if the people vote for secession, they will declare independence from Spain within 48 hours of tallying the ballots. (Sources: Guardian, NYT, CNBC)

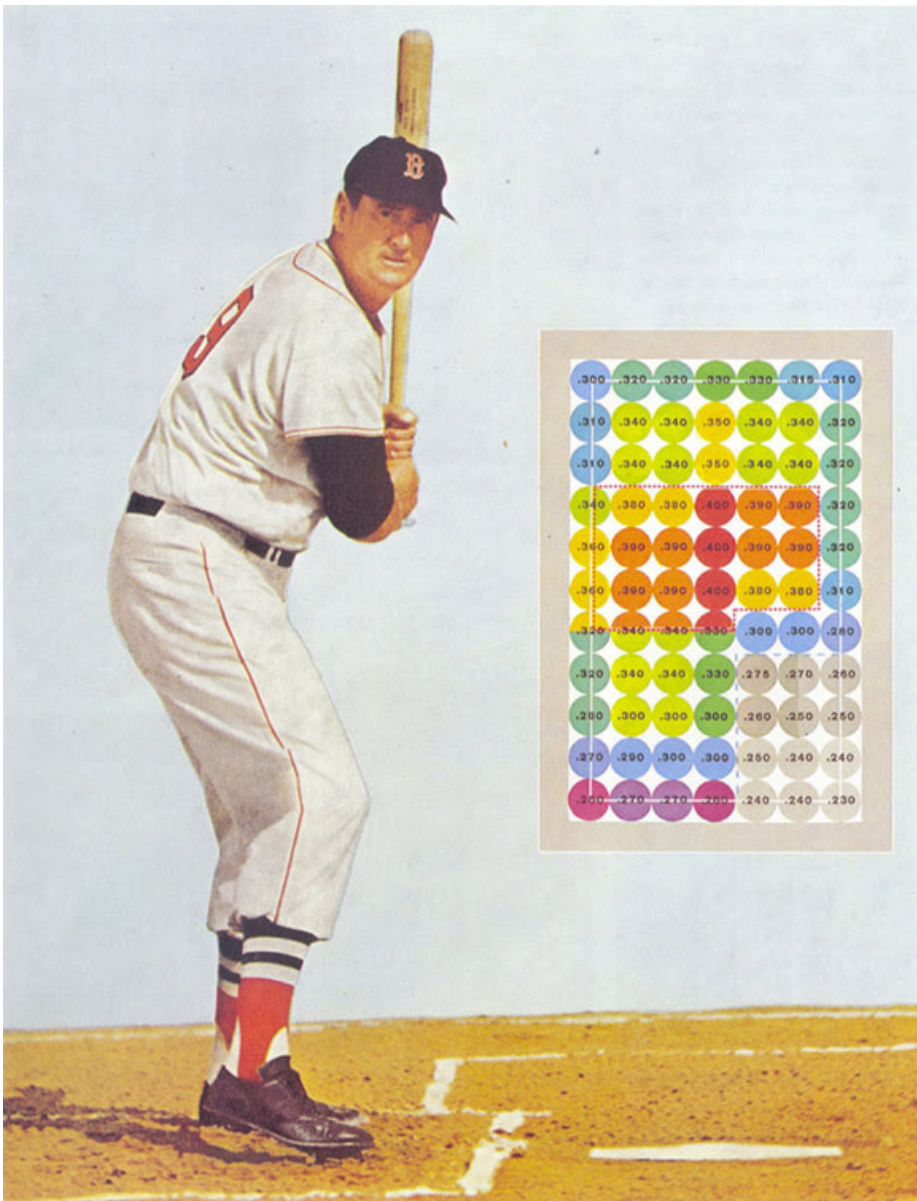


Life and Business Tips from Ted!

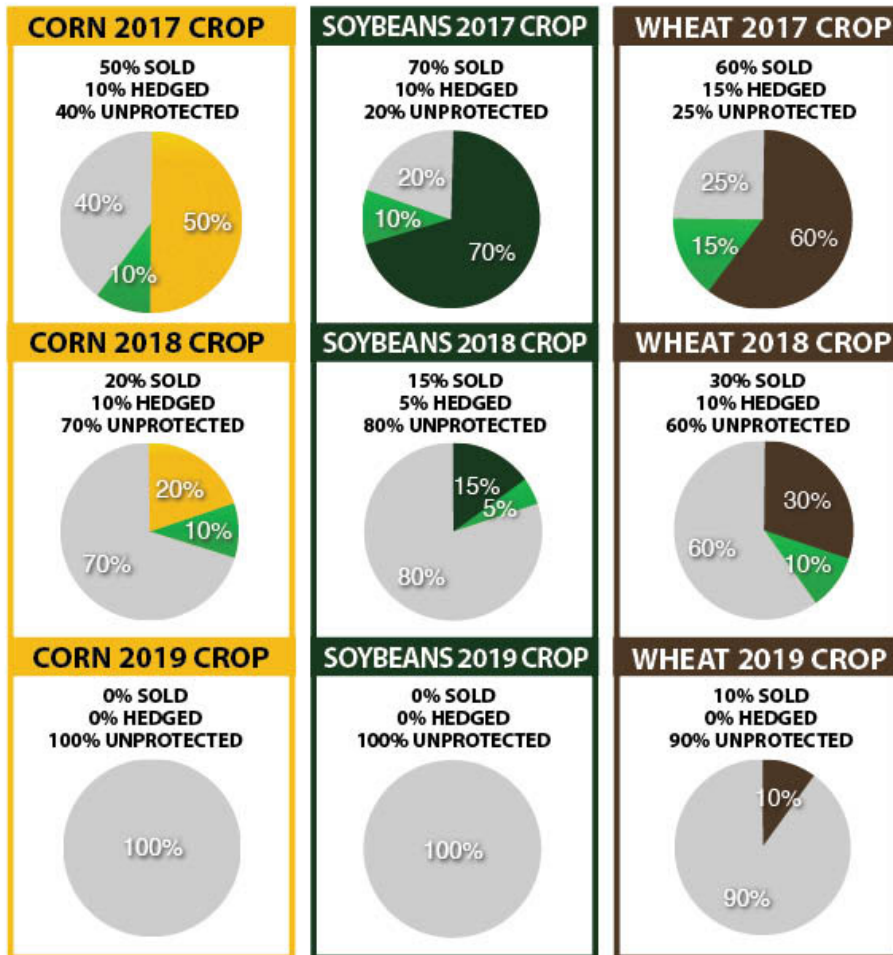
Ted Williams was the last player in major league baseball history to hit .400. It became official on this day in 1941, when Williams, Boston Red Sox's, played a double-header against the Philadelphia Athletics on the last day of the regular season in 1941. Williams got six hits in eight trips to the plate, to boost his batting average to a whopping .406. I should note, Williams joined the league in 1939, and went on to play his entire career with the Red Sox, playing his final game exactly 19 years later, on September 28, 1960, at Boston's Fenway Park and hit a home run in his last time at bat. In 1942, Williams won the American League Triple Crown, for highest batting average and most RBIs and home runs. He duplicated the feat in 1947. In 1946 and 1949, he was named the American League's Most Valuable Player and in June 1960, he became the fourth player in major league history to hit 500 homers. He was selected to the All-Star team an amazing 17 times. His achievements are all the more impressive because his career was interrupted twice for military service: Williams was a Marine Corps pilot during World War II and the Korean War and as a result missed a total of nearly five seasons from baseball. A little bit of information that very few people have heard, is how Williams trained himself to be such a good hitter. In fact many great investors and business leaders have since adopted and used the same technique to help them improve their overall performance. Below are the Ted Williams Rules from his "Science of Hitting" book that is worth learning to incorporate into your own life.

Get a Pitch You Can Hit: *My first rule of hitting was to get a good ball to hit. I learned down to percentage points where those good balls were. The box shows my particular preferences, from what I considered my "happy zone" - where I could hit .400 or better - to the low outside corner - where the most I could hope to bat was .230. Only when the situation demands it should a hitter go for the low-percentage pitch. As in life and business, plot out the pitches you know you can hit and then wait for the right ball to swing at.*

Learn The Strike Zone: *Since some players are better high-ball hitters than low-ball hitters, or better outside than in; each batter should work out his own set of percentages. But more important, each should learn the strike zone, because once pitchers find a batter is going to swing at bad pitches he will get nothing else. The strike zone is approximately seven balls wide (allowing for pitches on the corners). When a batter starts swinging at pitches just two inches out of that zone (shaded area), he has increased the pitcher's target from approximately 4.2 square feet to about 5.8 square feet - an increase of 37 percent. Allow a pitcher that much of an advantage and you will be a .250 hitter. As for business, make certain you are looking well into the future and both know and understand how the overall strike-zone might adjust and change. Pitches you thought were balls might soon be called a strike. Just look at what's happening in the energy space or with our traditional retailers. Investments in alternative energies, like electric vehicle and fracking are reshaping the energy sector. Amazon and other online retailers have clearly changed the face of retail. Bottom-line, the strike zone can and does often change, make certain you paying very close attention.*



CASH SALES & HEDGING TOTALS



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