

## GOOD MORNING: 09/29/17 Farm Direction - VanTrump Report

1 message

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Fri, Sep 29, 2017 at 6:56 AM



*"Creativity is just connecting things. When you ask creative people how they did something, they feel a little guilty because they didn't really do it, they just saw something. It seemed obvious to them after a while" – Steve Jobs*

FRIDAY, SEPTEMBER 29, 2017

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**Morning Summary:** U.S. stocks have again climbed to record highs and are set to close out the week, month and third-quarter with another round of solid gains. Investors are happy to see better than expected economic growth with the final estimate for second-quarter GDP revised upward to +3.1%. In spite of the soft inflation data, according to the CME's Fed Watch Tool, about 73% of traders now think the Fed will again hike rates in December. Economic data for today includes Personal Income and Outlays, Chicago PMI and Consumer Sentiment. Remember, next week starts the month of October as well as the fourth-quarter of 2017, so money could be more heavily rotating and rebalancing. The week also has a packed calendar of fresh economic reports with highlights including September Motor Vehicle Sales on Tuesday and monthly Employment data on Friday. We'll also see PMI and ISM Manufacturing and Construction Spending on Monday; International Trade and Factory Orders on Thursday; and Wholesale Trade and Consumer Credit on Friday. Fed speak is also going to be plentiful next week, with the main event being Fed Chair Janet Yellen's remarks at a conference scheduled for Wednesday. Investors will also have a close eye on North Korea next week, which is expected to increase their military provocations in October as the country celebrates the founding of its Community Party. Here at home, Wall Street will be hoping to see more progress on tax reform. Keep in mind that Congress must pass a budget resolution before they can begin filling in all the details of the tax reform plan. The Senate needs the reconciliation clause contained in the budget that will allow Republicans to pass a bill with a simple majority. There are already two GOP Senators talking about totally bypassing the reform outline presented by the White House this week and writing their own legislation from scratch. That in turn could make it tough to get taxes handled before the end of the year, a self-imposed deadline that Trump and other GOP leaders are shooting for. Internationally, China will be releasing their latest manufacturing data while the European Central Bank will release minutes from their most recent policy meeting. It's also worth noting that the Catalan secession referendum is this weekend and widely expected to be approved. Protests and violence have been steadily escalating all week as Spanish authorities send more police to the region and order them to block ballot boxes. Spain has reportedly chartered three cruise ships to house up to 6,000 extra police officers. Obviously, there is a high risk of the the Spanish police clashing with voters. The Catalan government has vowed that in the event of a "Yes vote" on Sunday, the Catalan parliament would declare independence 48 hours after publication of the results. Stay tuned...

**Amazon Created More Jobs Last Year Than 46 States:** Just how big a jobs engine is the Internet retailer, which earlier this year held job fairs around the country with the goal of hiring 50,000 applicants in a single day? In June, Amazon employed 382,400, up from 268,900 the year before, according to its quarterly financial reports. That translates into roughly 113,500 net new hires in the past 12 months. To put that in context: If Amazon were a U.S. state, it would rank fifth in terms of job creation over that time frame — after Texas, California, Florida, and New York, according to data from the Bureau of Labor Statistics. (Source: Money)

**The Race In "Space" Continues:** Elon Musk has gone back to the drawing board with his plans for manned missions to Mars. SpaceX aims to land at least two infrastructure-filled cargo ships there in 2022 before his new space vehicle - dubbed the BFR, or "Big F---ing Rocket" - carries colonizers to the Red Planet. Along with "Mars City," Musk is planning "Moon Base Alpha," funding both

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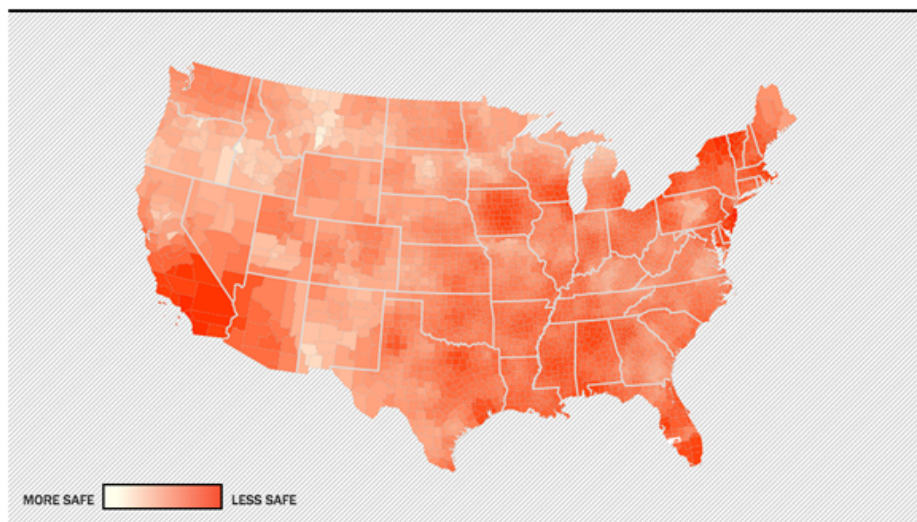


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through money SpaceX receives for launching satellites. Just hours before the big announcement, Lockheed Martin touted its own plans for a "Mars Base Camp" - a space habitat it's creating for NASA. Instead of colonization, the crewed space station would orbit the Red Planet and support long-term exploration on Mars by astronauts on 1,000-day missions. The system would work in tandem with Orion, the spacecraft NASA is developing for crewed missions to deep space. (Source: SeekingAlpha)

**Turkey Threatens To Cripple Iraqi Kurds' Oil Biz:** Turkey threatened potentially crippling restrictions on oil trading with Iraqi Kurds on Thursday after they backed independence from Baghdad in a referendum that has alarmed Turkish officials as it faces a separatist insurgency from its own Kurdish minority. Iraq's Kurds endorsed secession by nine to one in a vote that has angered Turkey, the central government in Baghdad, and other regional and world powers, who fear the referendum could lead to renewed conflict in the region. The Iraqi Prime Minister says he has been told by the Turkish government that they will break with past practice and deal only with the Baghdad government in regard to oil exports from Iraq. Iraqi Kurds have been independent for a long time, with their own autonomous region and now they want to make it official. But the rest of Iraq sees the vote as illegal. The U.S. worries it will derail the fight against ISIS. Most oil that flows through a pipeline from Iraq to Turkey comes from Kurdish sources and a cut-off would severely damage the Kurdish Regional Government (KRG), which relies on sales of crude for almost all its hard currency revenues. Turkish Prime Minister Binali Yildirim said on Thursday he wants to hold a summit with Iranian and Iraqi leaders to coordinate how to respond to the controversial referendum. Iraq and Turkey have both now banned all foreign flights in and out of the Iraqi Kurdish capital of Arbil. Things are certainly heating up in the Middle East. (Sources: Reuters, Washington Post)

**Most Dangerous Places In America For Natural Disasters:** Napa Valley gets struck by the largest earthquake in 25 years. Hurricanes churn through the Atlantic. Floods claim four lives as they sweep through parts of the Northeast. Every region in America faces its own dangers (those three are just from August), but when you account for all kinds of natural disasters—from earthquakes to winter storms to tornados—what are the safest or most dangerous of them all? Sweet Grass County, Montana, according to an analysis of more than a half century of weather patterns and destructive natural events across the contiguous United States wins for most safe. Sweet Grass is home to 3,000 people who are fortunate enough to live far from wildfires to the west and twister country to the east, not to mention 900 miles from any trouble caused by the sea. The same analysis ranks Ocean County, New Jersey, as the country's most dangerous county, when it comes to frequency of natural disasters. Jersey Shore communities in Ocean County are vulnerable to tidal surges and storms like Sandy. You can see the full "disaster index" [HERE](#). You can also scroll over each individual county inside every state to see you own specifics.



**Weather** forecasts are looking at more rain in the western Midwest and increased chances of precipitation in Brazil. Forecasts are calling for heavier rain in the western and northern Midwest over the next week to 10 days, more than what was previously forecast. Rain will begin in the western and northern Midwest over the weekend, and will hang around during the the first week of October. Definitely sparking talk of delayed harvest, especially in the western Corn Belt. Elsewhere in the Midwest, favorable dry conditions will allow for continued harvest progress. There are again no significant threats of a season-ending freeze. On the Plains, mild weather is returning to Montana and the Dakotas. However, cool, cloudy, showery weather lingers farther south, especially from Colorado to Texas. On September 24, winter wheat planting

Here are a few of this year's early sponsors



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progress on the Plains ranged from 14% complete in Kansas to 50% complete in South Dakota. In the South, warm dry weather continues to promote summer crop maturation and fieldwork, including early-season winter wheat planting efforts and cotton, peanut, rice and soybean harvesting. A cold front continues to push east of 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 additional rainfall totaling 1 to 2 inches or more from Colorado into western and southern Texas. During the weekend, dry weather will arrive in the south-central U.S., while late season warmth should return or continue across most parts of the country. Exceptions will include the northern Plains and the Northwest, where cool, showery weather will develop over the weekend.

## Today In History



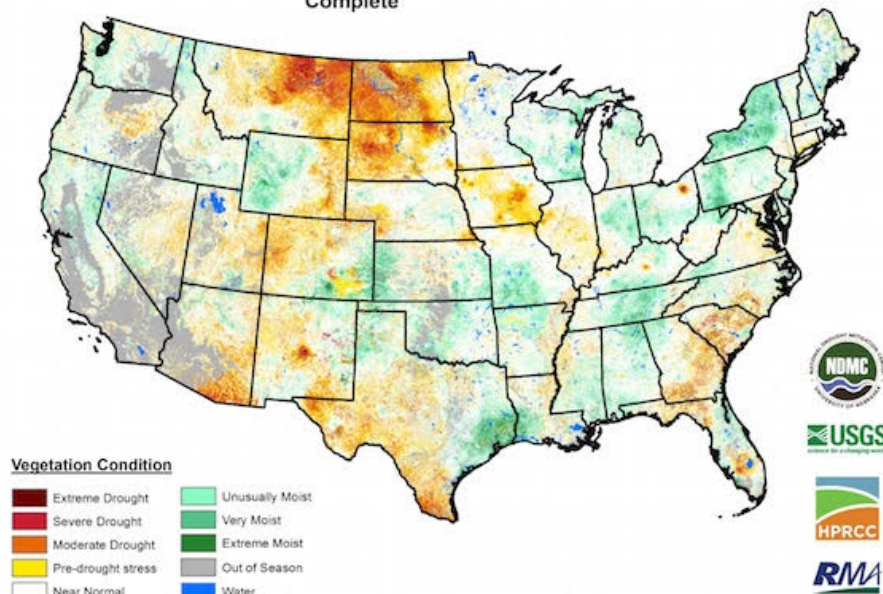
### 1913, Rudolf Diesel - Rudolf

Diesel, inventor of the engine that bears his name, disappears from the steamship Dresden while traveling from Antwerp, Belgium to Harwick, England. On October 10, a Belgian sailor aboard a North Sea steamer spotted a body floating in the water; upon further investigation, it turned out that the body was Diesel's. There was, and remains, a great deal of mystery surrounding his death: It was officially judged a suicide, but many people believed (and still believe) that Diesel was murdered. Diesel patented a design for his engine on February 28, 1892;; the following year, he explained his design in a paper called "Theory and Construction of a Rational Heat Engine to Replace the Steam Engine and Contemporary Combustion Engine." He called his invention a "compression ignition engine" that could burn any fuel—later on, the prototypes he built would run on peanut or vegetable oil—and needed no ignition system: It ignited by introducing fuel into a cylinder full of air that had been compressed to an extremely high pressure and was, therefore, extremely hot. Such an engine would be unprecedentedly efficient, Diesel argued: In contrast to the other steam engines of the era, which wasted more than 90 percent of their fuel energy, Diesel calculated that his could be as much as 75 percent efficient. The most efficient engine that Diesel ever actually built had an efficiency of 26 percent—not quite 75 percent, but still much better than its peers. By 1912, there were more than 70,000 diesel engines working around the world, mostly in factories and generators. Eventually, Diesel's engine would revolutionize the railroad industry; after World War II, trucks and buses also started using diesel-type engines that enabled them to carry heavy loads much more economically. At the time of Diesel's death, he was on his way to England to attend the groundbreaking of a new diesel-engine plant and to meet with the British navy about installing his engine on their submarines. Conspiracy theories began to fly almost immediately: "Inventor Thrown Into the Sea to Stop Sale of Patents to British Government," read one headline; another worried that Diesel was "Murdered by Agents from Big Oil Trusts." It is likely that Diesel did throw himself overboard—as it turns out, he was nearly broke—but the mystery will probably never be solved.

## Vegetation Drought Response Index

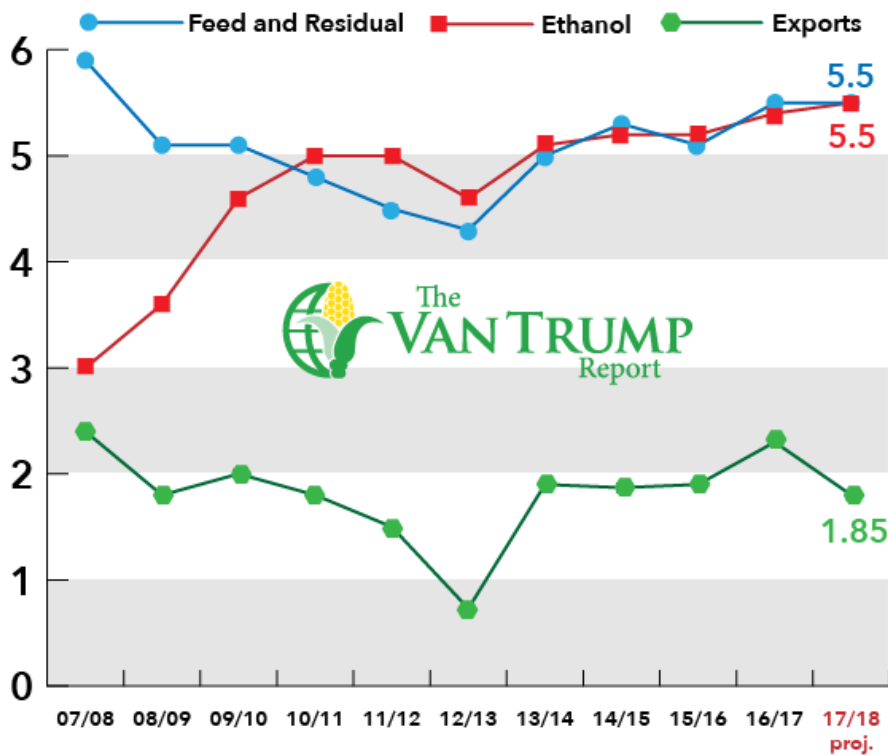
September 24, 2017

Complete



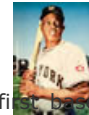
**Corn** bears are pointing to weaker than expected export sales, strong competition from South America, continued talk of "better than expected" U.S. yields, and early talk of perhaps more corn acres being planted next year here in the U.S. The South American weather is an obvious "wild-card" as it's still extremely early in the 2017/18 cycle. I've been monitoring large pockets of dry conditions in Brazil, but the upcoming forecasts are showing more widespread moisture. All reports out of Argentina are talking about the numbers penciling better for corn than soybeans, but overly wet conditions may limit some of the anticipated expansion in corn acres and in turn keep a lid on total Argentine production. As I mentioned a few months back, I was worried that U.S. "demand" headlines could slow or start to disappoint into the 4th quarter of 2017. Here we now are with ethanol starting to slip a bit and export headlines beginning to disappoint. There's also some talk and rumors in the market that the USDA could soon bump their "corn used for feed" estimate a touch lower. U.S. corn quarterly stocks are thought to be at 2.353 billion bushels, the highest we've had to digest in the past 29 years. I should note, the International Grain Council has also bumped their estimate higher for global corn production by +12 million tons. Combine taking a few steps backwards in regard to "demand", with a couple of small steps forward in regard to "production" and it suddenly becomes tougher to argue from a nearby bullish stance. As a producer, I'm still worried that we could re-test the downside before making another run to higher ground.

# U.S. Corn Demand (in billion bushels)



Source: USDA, FAS, PS&D, NASS

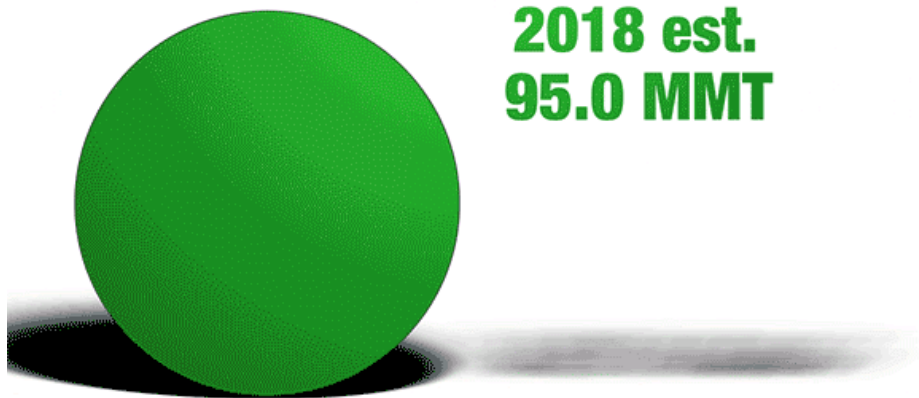
**Soybean** prices continue to trade in a range of between \$9.20 and \$10.20 per bushel. The bulls argue that global demand remains extremely strong and that U.S. production might not be as robust as the USDA is currently forecasting. South American weather will remain a huge "unknown" for several more months and at some point might prompt the trade to add additional risk-premium. That is something we will be keeping a close eye on as we move forward. Nearby, moisture in the forecast has unimproved across a large portion of Brazil. The Chinese have been strong buyers as of late, but are now on a major holiday, so there's some question as to how their mood will be when they return? As for today, most inside the trade are wanting to see if the USDA makes any major adjustments out of the rearview mirror. The trade also seems somewhat split on total new-crop production. Will there eventually be an adjustment lower to yield and or will planted acres be bumped higher? Bottom-line, demand continues to impress and remains strong from a global perspective. Unfortunately for producers and bulls inside the trade there remains ample global supply. As a producer, with 80% of my new-crop production already priced/hedged at good levels, I want to remain patient in regard to pricing any additional bushels, even though I'm worried about the nearby downstroke. I believe with global demand continue to grow especially Chinese demand, the slightest production hiccup could create a nice pop to the upside. As a spec, I believe there is still more room to the downside nearby and want to get past the U.S. harvest before looking at a more aggressive longer-term bullish position.



**1954, Willie Mays** - Willie Mays, centerfielder for the New York Giants, makes an amazing over-the-shoulder catch of a fly ball hit by Cleveland Indians first baseman Vic Wertz to rob Wertz of extra bases in Game 1 of the 1954 World Series. The catch has gone down as one of the greatest in the history of baseball. Willie Howard Mays was born May 6, 1931, in Westfield, Alabama. The "Say Hey Kid" learned baseball from his father, who played semi-professionally with a team from his steel mill. Willie joined the steel mill team at age 14, and then began his professional career at 16 with the Birmingham Black Barons of the Negro Southern League. He played home games for the Barons from 1948 to 1950, skipping road trips during the school year so he could attend high school. Upon graduation he was signed by the New York Giants, and made his debut at the Polo Grounds on May 25, 1951. Mays went hitless in his first 12 at-bats, hitting his first big league homer in his 13th. That season, he was named Rookie of the Year and helped the Giants to the National League pennant. In 1952, Mays was drafted into the Army. The Mays-less Giants barely missed the pennant in 1952, then felt his absence more acutely in 1953, when they finished the season with a 70-84 record. Upon his return in 1954, the Giants won the National League by five games over their archrivals, the Brooklyn Dodgers, and then met the Indians in the World Series. In the eighth inning of Game 1, with the score tied 2-2 and two runners on base, Indians first baseman Vic Wertz hit a fly ball 440 feet deep into center field. Mays turned, ran and then caught the ball over his shoulder with his back to the infield, before spinning and firing the ball back into the infield to keep the runners from advancing. The catch preserved the tie, and the Giants won the game on a home run by Dusty Rhodes in the 10th inning. When he was asked later about the catch, Mays famously replied, "I don't rank 'em, I just catch 'em." The Giants went on to sweep the 1954 World Series. Mays was named the National League MVP in 1954, and again in 1965. He played in a record 24 All-Star games, winning the All-Star MVP in 1963 and 1968. He was elected to the Baseball Hall of Fame in 1979.



**1988, Mount Everest** - Stacy Allison of Portland, Oregon, becomes the first American woman to reach the summit of Mount Everest. Allison, a member of the Northwest American Everest Expedition, climbed the Himalayan peak using the southeast ridge route. Mount Everest sits on the crest of the Great Himalayas in Asia, lying on the border between Nepal and Tibet. Called Chomo-Lungma, or "Mother Goddess of the Land," by the Tibetans, the English named the mountain after Sir George Everest, a 19th-century British surveyor of South Asia. The summit of Everest reaches two-thirds of the way through the air of the earth's atmosphere—at about

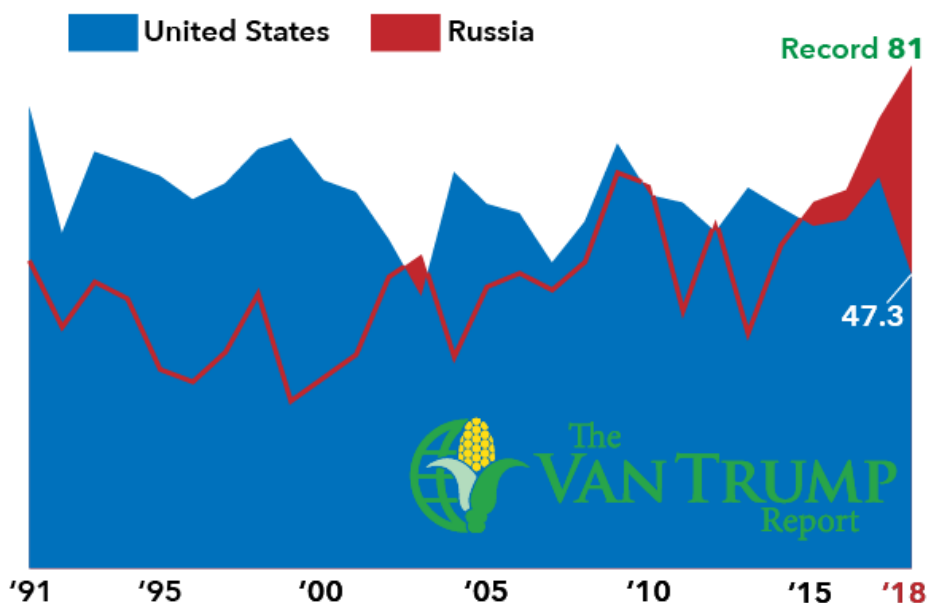


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## Chinese Soybean Imports

**Wheat** bulls where happy see better than expected weekly export sales, but the bears are quick to remind the trade that we are still running behind our traditional pace and the USDA may in fact be currently overestimating U.S. exports. I suspect they didn't anticipate seeing such a massive jump in Russian wheat production. As for today, the trade is eager to see the updates coming from the USDA's Small Grains and Quarterly Stocks report. I'm personally hoping we will see a larger than anticipated cut in U.S. production. However, from a technical perspective, prices have rallied the past few weeks, to levels where the next +50 cents higher will be much more difficult to obtain. In fact, I think it's going to take more than a traditional adjustment to the fundamentals to push wheat prices through stronger nearby resistance on the charts. I continue to be a longer-term bull, but with global supply still holding at record levels, I believe there is possibly more downside risk, so not wanting to get overly aggressive. As a spec, it wouldn't surprise me to see any type of rally off today's USDA data, sold by short term players. I like the thought of being a longer-term bull, but only on cheaper valuations towards the lower end of the recent trading range. In other words, I am not a buyer of strength, rather looking to slowly accumulate on greater weakness. I will not be letting today's USDA data adjustment massively influence my longer-term positioning. If you look at the graphic below you can see how significant the jump is in Russian production (shown in Red) has been, and why it's taking so long of the market to fully digest.

## Wheat Production (in million metric tons)



Source: USDA, FAS, PS&D

the cruising altitude of jet airliners—and oxygen levels there are very low, temperatures are extremely cold, and weather is unpredictable and dangerous. In May 1953, climber and explorer Edmund Hillary of New Zealand and Tenzing Norgay of Nepal made the first successful climb of the peak. Ten years later, James Whittaker of Redmond, Washington, became the first American to top the peak, reaching Everest's summit with Sherpa climbing partner Nawang Gombu. In 1975, Japanese mountaineer Junko Tabei became the first woman to conquer the mountain. Three years later, Reinhold Messner of Italy and Peter Habeler of Austria achieved what had been previously thought impossible: climbing to the Everest summit without oxygen.

### Upcoming Events

**Thurs. 9/28** - Quarterly Hogs and Pigs

**Fri. 9/29** - Quarterly Stocks

**Thurs. 10/2** - USDA Supply and Demand

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

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

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

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

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

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

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

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

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

### Kevin's Song of the Week



### About the Report





## 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

**> Hogs And Pigs Inventory Up Two Percent:** *United States inventory of all hogs and pigs on September 1, 2017 was 73.5 million head. This was up +2% from September 1, 2016, and up +3% from June 1, 2017. Breeding inventory, at 6.09 million head, was up +1% from last year, and up slightly from the previous quarter. Market hog inventory, at 67.5 million head, was up +3% from last year, and up +3% from last quarter. The June-August 2017 pig crop, at 33.0 million head, was up 2 percent from 2016. Sows farrowing during this period totaled 3.10 million head, up +2% from 2016. The sows farrowed during this quarter represented 51% of the breeding herd. The average pigs saved per litter was a record high of 10.65 for the June-August period, compared to 10.58 last year. (Source: USDA)*

**> Brazil Traders, Farmers Worried Over Persistent Lack Of Rainfall:** *Rain continues fleeing from farmers in Brazil, but Sept. 15 is really the first day in which planting would normally begin. Having 10 days of rain-free weather will wear on the psyche of most producers and some traders, but it may not be the "end of the world." October showers are expected with slowly increasing rainfall from late October through November. A dry mid-September in Brazil's coffee, sugarcane, citrus, corn and soybean production region has many a producer and commodity trader a bit concerned about the 2017-18 crop year. However, September rainfall can be erratic like this. That is why in the "olden days" farmers only produced one crop in Brazil, and they always waited upon the seasonal onset of monsoon moisture that typically occurs in October. Now that Mato Grosso is the biggest soybean producing state in Brazil and because it plants two crops each year, delays in annual rainfall are rarely tolerable and definitely raise issues with the success of both crops. (Source: World Grain)*

**> Brazil Beef Might Be On The Way To U.S.:** *Brazil's agriculture ministry announced that the U.S. ban on his country's beef could be lifted in October. The ban, which began in June, would end after the U.S. completes its investigation into questions raised after a veterinary mission to the country earlier this year, Reuters reports. The United States accounts for 3 percent of Brazil's fresh beef exports annually but is seen as a leader in food safety standards with other countries often taking cues. The predicted end to the ban comes after Washington informed Brasilia that it would allow thermo-processed meat exports from five plants to resume, according to the ministry. Brazil exported \$150.7 million worth of processed beef to the United States in the year through August, or 15,769 tonnes, according to data from the Abiec industry group. (Source: Reuters)*

**> Simmons Picks Arkansas For New Chicken Facility:** *Simmons Prepared Foods Inc. plans to invest \$300 million to build a new chicken facility in Benton County, Ark., that is expected to create 1,500 new jobs, the Arkansas Economic Development Commission announced. The company expects to bring total employment at the operation to more than 2,300 people by 2022. The facility, to be located between the cities of Decatur and Gentry, Ark., will produce fresh and frozen chicken products for retail and restaurant customers with the capacity to sell approximately 850 million pounds of poultry meat annually at full production. The company expects to begin new operations in 2019. (Source: Meatingplace)*

**> NAFTA Negotiations Could Run Into 2018:** *Mexico has opened the possibility that talks to revamp NAFTA were so complex that they could run into 2018. That would be beyond an end-December deadline designed to avoid the country's presidential election campaign which kicks off in March. The next round of NAFTA talks, which will likely deal with "rules of origin," will take place in Washington on Oct. 11-15. (Source: Seeking Alpha)*

**> Louis Dreyfus Sees Better Sings As First-Half Profits Rise:** *Louis Dreyfus, one of the world's top grain trading firms, pointed to improved signs for its commodity trading activities as it posted higher first-half profits in the face of a continuation of high staple crops supplies. The trading house reported on Thursday group first-half net profits of \$160 million, up from \$135 million a year ago, while its segment operating profits also rose to \$602 million, from \$546 million last year. Net sales advanced 18 percent to \$27.7 billion, supported by an 8 percent rise in volumes that reflected the release of inventory from 2016, it added. An improving economic climate and restructuring at its business units had helped, although markets were still burdened with high inventories while there was a relatively weak performance at its grain division, Louis Dreyfus said. Louis Dreyfus, which in April said it expected restructuring to help results in 2017 after a two-year drop in core profits, did not give an outlook for the rest of the year. (Source: Reuters)*

**> Conagra Revenue, Profits Down:** *Conagra Brands Inc. said net decreased -4.8% from a year ago, to \$1.8 billion, with organic net sales down -3%. In the grocery and*

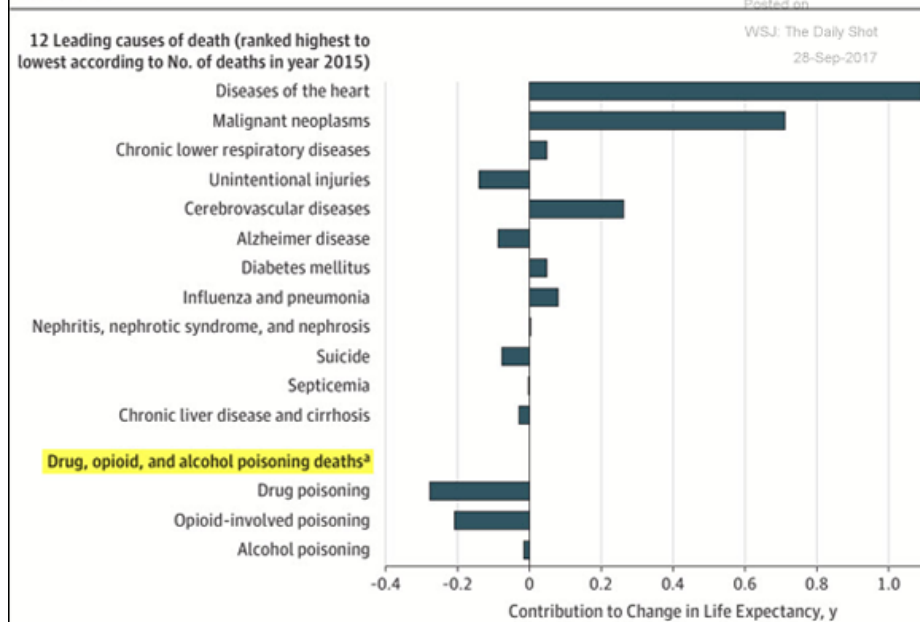
snacks segment, first-quarter organic net sales declined -5%, overall net sales decreased -2%. Net income fell to \$152.5 million, or 37 cents per share, in the first quarter ended Aug. 27, from \$186.2 million, or 42 cents per share, a year earlier.

**> U.S. Waives Rule Deemed Hampering Aid To Puerto Rico:** The Trump administration said on Thursday that it would waive the Jones Act for Puerto Rico, a century-old shipping law that Puerto Rican officials said was slowing efforts to get supplies to the island. Several members of Congress on Monday asked the administration to temporarily waive the law, arguing that a waiver was needed to facilitate the delivery of food, medicine, clothing and other supplies to the island, which was devastated by Hurricane Maria. The decision to waive the act was made by Elaine Duke, the acting head of Homeland Security, and comes a day after Defense Secretary Jim Mattis determined that doing so would be in the interest of national defense, according to a Homeland Security spokesman. The waiver will be in effect for 10 days. (Source: NYTimes)

**> FDA Falling Short On Follow-Ups:** The FDA is on track to meet its FSMA inspection goals (at least within the U.S.), but the agency is doing fewer inspections than it did a few years ago - and it's not doing a very good job at following up when it finds serious issues, the HHS Office of the Inspector General found in a review released this week. The review found that when FDA did discover "significant inspection violations," it didn't always take action. "For almost half of the significant inspection violations, FDA did not conduct a follow-up inspection within 1 year; for 17 percent of the significant inspection violations, FDA did not conduct a follow-up inspection of the facility at all," the OIG said. The OIG recommends, among other points, that FDA take "appropriate action" against all food facilities where significant violations are found and conduct much more thorough and timely followup. FDA agreed with the OIG's recommendations. (Source: Politico)

**> Poisoning The Human Lifespan:** Since 2000, advances in medicine have increased life expectancy by raising survival rates for heart disease and cancer. Drug and alcohol overdose rates, on the other hand, have lowered life expectancy in the U.S. Drug poisoning mortality more than doubled in the United States from 2000 to 2015. Poisoning mortality involving opioids more than tripled. (Source: Daily Shot, Jama)

Figure. Contributions of Selected Causes of Death to the **Change in Life Expectancy** in the United States, 2000-2015



**Southcentral Iowa** - We will probably start this weekend with our harvest and get things opened up. We have been in the dead center of this drought in Iowa all year. I think that we will see variability like we have never seen before. The way this year has been it wouldn't surprise me to see 50bpa to 180bpa in the same pass. For corn on our good ground, we are seeing widespread tip back and the poorer ground just couldn't

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.



handle the low moisture. On the beans, it is always tough to tell what they will yield. We are not seeing the big bean plants that we had last year all over the place, which had to be the biggest ever. We are seeing a large number of pods over the entire plant. The dry and hot weather had an impact on the yields, then the cool August helped but we didn't have much moisture to assist.

**Eastern North Dakota** - On this half of the state we are getting hit with rains over the past few weeks and are very wet. I would say that the crop looks like it is in great shape. We have only harvested the edible beans and it was the best crop ever. The yields were up 40% from the previous year. The soybeans have not had much stress all year. The soybean plant has more pods than we have seen in the past few years, with many plants having 50 to 90 pods. We do grow quite a few seed bean acres. The weather was outstanding during the filling of the pods and we have seen numerous four-bean pods. Unfortunately, we have some corn acres and it looks good too. We are a ways off from shelling any as things are just so wet. A lot of the potato guys are up against the calendar, being past the insurance date to harvest and needing to get things out of the field before the first frost.

**Southwest Illinois** - It's been so dry here that some haven't had to mow the yard in five or six weeks except for some high spots. What is amazing about that is the fact our beans look incredible for the lack of moisture we have seen. I was talking to an old timer the other day, asking him how the beans could look so good and he believed it was the heavy morning dews along with the cool August temps. I have to think that the seed technology comes into play to some extent. I'm also starting to believe the application of fungicide on the beans has increased yields the last two years. The only issue I'm seeing with beans is how dry they are coming out of the field. We are seeing moisture levels as low as 8%. Our early beans are the ones really kicking butt and the early corn is the only corn looking any good. Within a 150-mile line north and south of me, I've heard yields from 7-280 bushels. One buddy has one circle that will yield 15bpa.

## CROSSING WIRES

A place to share intelligent thoughts...

**China Unleashes Its Farmers:** In November of last year, policymakers in Beijing approved a rollout of the land reform tested in Sihong to the rest of the country. The changes are part of a drive to boost China's agricultural output and turn its farmers into consumers, objectives that dovetail with the larger goal of curbing the economy's dependence on debt-fueled investment to support growth. Land in China belongs to the state, and farmers contract to use it without owning it. Farmers can now rent out their land-use rights and, in some parts of the country, can also use them as collateral for loans. Yet benefits are largely capped by prohibitions on leasing land to property developers and industrial enterprises, which would likely be willing to pay more for the acreage than agricultural cooperatives. Also, outright sales are still banned. Read more [HERE](#).

**Five Daily Habits For Future-Proofing Your Brain:** Just a few generations ago, most people weren't expected to live much past 50. But now most of us can expect to live well into our 70s and beyond. A longer life, however, means that we're working our brains harder as we age. In an aging population, health services worldwide will face increasing pressure. Combined with our sedentary lifestyles and modern habits—which are harming our brain's health as well as our bodies—we could be heading toward a crisis when it comes to diseases like Alzheimer's, according to studies published in the *Journal Of Comparative Neurology* and the *Journal Of Alzheimer's Disease*. But there are things you can do to prevent that fate. Small lifestyle choices throughout your adulthood can help your brain remain alert, creative, rational, and reduce the likelihood of disease. Check out some of the steps you can take to guard your brain against deteriorating as you get older [HERE](#).

**Twitter Is Testing 280-Character Tweets:** Too Much, Too Late? - The 140-character limit is the most famous, defining thing about Twitter. What happens if, at long last, it goes away? More than 11 years into its history, Twitter is trying something new. In a test the service is announcing today, it will give "a small group" of people the ability to post tweets that can be up to 280 characters in length, twice the iconic 140-character limit. Though I hadn't seen any recent scuttlebutt that Twitter might be ready to make this move, the only surprising thing about this it is the timing. The notion that 140 characters are too restrictive is nearly as old as Twitter itself, and 280 characters have long been an obvious upgrade—one that social-media power user Robert Scoble said he'd be willing to pay \$20 a month for way back in March 2007. Read more [HERE](#).

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



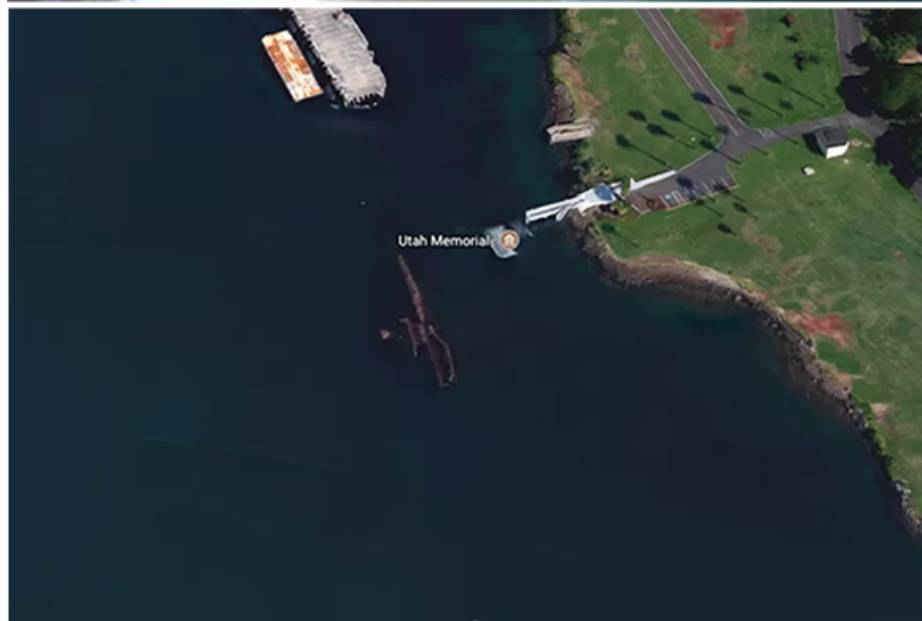
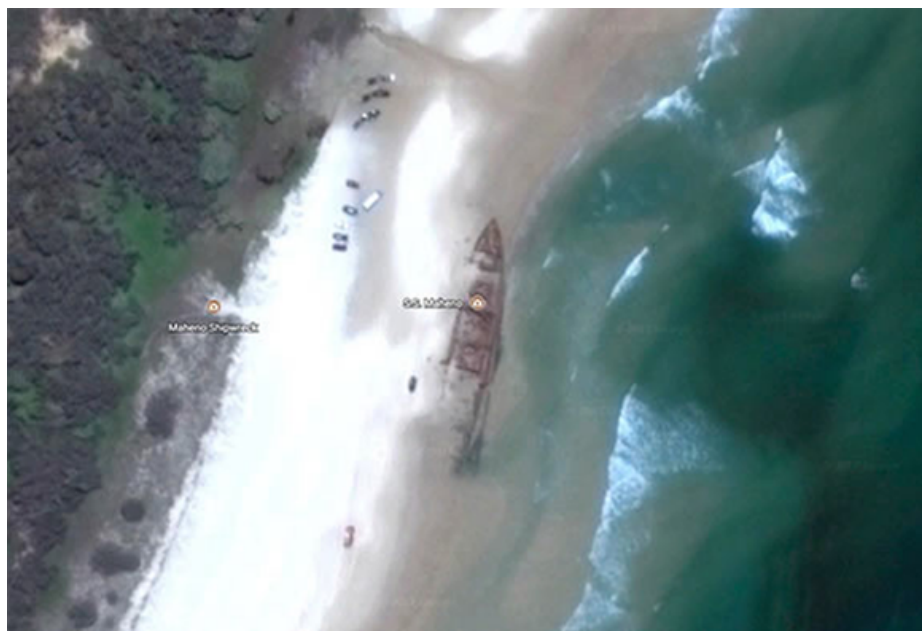
**Creamy Butternut Squash Alfredo Pasta**

CLICK TO SEE RECIPE



**Landfill Gas for Dinner? Scientists to Cook Food From Waste:** *Imagine a world where gas emitted from landfills can be turned into edible protein that ends up on your plate as a burger or a steak. That's what scientists are hoping for. Calysta Inc. in California and String Bio in the Indian city of Bengaluru are among biotechnology firms that have separately discovered ways to turn methane into protein. Bacteria found in soil are fed a liquid containing the gas, sparking a fermentation process similar to making beer. Read more [HERE](#).*

**How Google Earth Can Show You Where Some Ships Have Gone To Die:** *The world's most famous shipwreck may be the RMS Titanic, but the remains of the luxury steamship are visible only to people in deep-sea submersibles and those watching feeds from remotely operated vehicles (ROVs). But countless other shipwrecks are much more accessible, so long as you have Google Earth. This worldwide map has captured images of rotting and rusting hulls wasting away in shallow waters the world over. Here are 17 mysterious shipwrecks you can see on Google Earth. See some of the wrecks [HERE](#).*



### **NASA Unveils New Drought Alarm System**

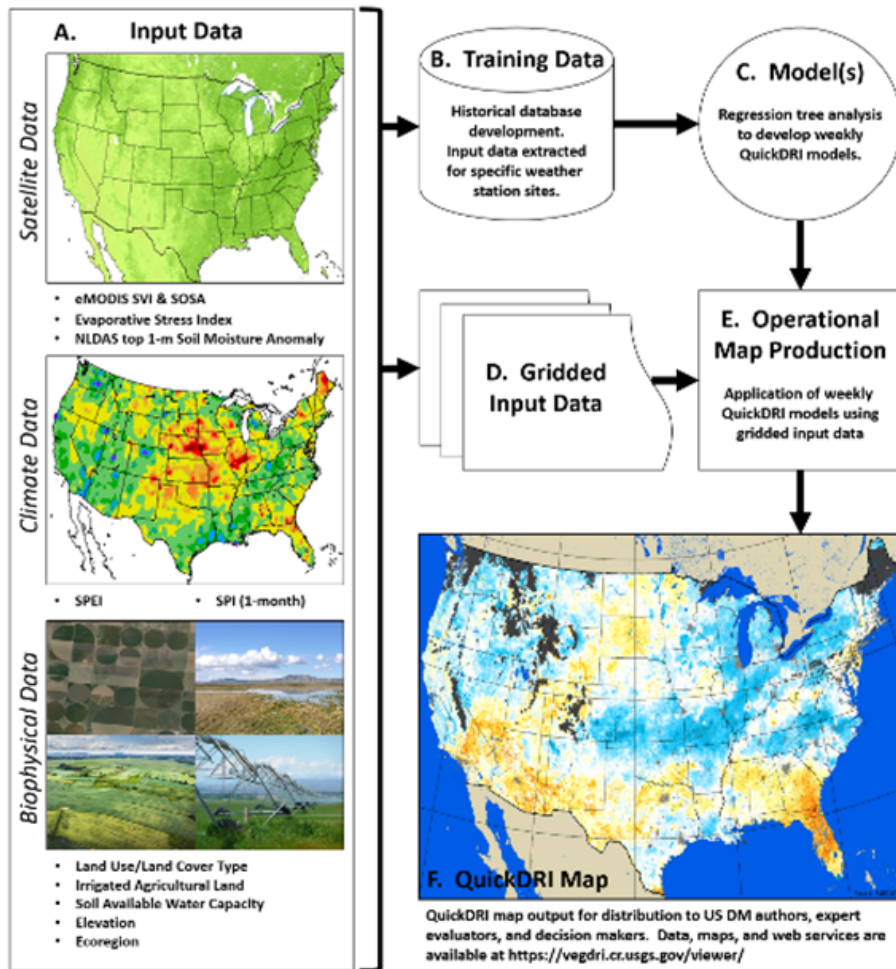
The "flash drought" of 2012-2013 started over the Rockies and went on to devastate agriculture in the Midwest. I'm told the \$30 billion in damage was one of the costliest natural disasters in recent history, and no one saw it coming. On average, \$9 Billion in annual economic losses can be attributed to drought and flash drought conditions each year in the U.S according to the National Oceanic and Atmospheric Administration. Following the 2012 disaster, NASA and the United States Geological Survey or USGS, intend to provide more lead time in the future and teamed up to address this issue. With a \$1.3 million grant from NASA's Applied Sciences for Water Resources along with matching funds from the USGS Land Remote Sensing Program, the two agencies collaborated to develop QuickDRI. The Quick Drought Response Index, which went operational in June will provide improved sensitivity to early-stage drought conditions and rapidly evolving flash drought events. As I understand it, QuickDRI will fill a gap in drought monitoring mainly because of its sensitivity to short-term changes. It will add complementary insights to the current VegDRI which is a seasonal drought indicator. QuickDRI will use a variety of weekly inputs which include:

- *Soil Moisture Anomaly, which models soil moisture, from the NASA/NOAA North American Land Data Assimilation System;*
- *Evaporative Stress Index, which is produced by the U.S. Department of Agriculture and shows evaporative moisture loss from plants;*
- *Standardized Vegetation Index, based on a weekly Normalized Differentiated Vegetation*
- *Index (NDVI) that gauges plant vigor compared to historical norms;*
- *Precipitation Index, an indicator of monthly precipitation compared to normal.*
- *Landscape Characteristics such as soil texture, land cover and elevation.*

These weekly drought monitoring tools which are used by policymakers, researchers and the media have become an integral part of mapping drought across the U.S. So much so, that they are used in the allocation of USDA Farm Service Agency drought relief. I'm told that since 2011 the drought monitor has triggered more than \$6 billion in relief dollars through the Farm Bill Livestock Forage Disaster Program. With faster insights coming in from QuickDRI, the Drought Index maps we see produced will come sooner and be more accurate allowing us to determine the best course of action and hopefully save money, crops and livestock. This is just another example where technology is making difference in our space.(Source: [gisuser.com](http://gisuser.com), [eros.usgs.gov](http://eros.usgs.gov), [drought.unl.edu](http://drought.unl.edu))



## QuickDRI Methodology



### China's Golden Week Holiday Kicking Off This Weekend

Chinese National Day is celebrated annually on October 1st. It kicks off a 7 day long celebration known as "Golden Week", the busiest travel time in the country every year as people use the extended time off to take trips and reunite with friends and family. National Day is similar to our 4th of July holiday as it marks the anniversary of the current government's formation. Of course, our forms of government are about as opposite as you can get, with People's Republic of China being a single-party, Communist system. Before the PRC was established the country was led by royal families, or Dynasties, which date back over six millennia. The last imperial Dynasty was the Qing Empire. They ruled from 1644 until they were overthrown during the Xinhai Revolution. The "last emperor", Pu Yi, abdicated on February 12, 1912. The country was led by the nationalist Kuomintang (KMT) government for several decades until finally being defeated by the Communist Party of China (CPC) during the Chinese Civil War. The CPC has remained in control ever since. The PRC was actually formed on September 21, 1949, but it was October 1 that a grand ceremony was held at Tiananmen Square to formally mark the event. The legal holiday is actually only 3 days, but citizens are given an extra 4 days by borrowing time off from the weekend before and the weekend after National Day. This ends up making it the second longest public holiday in China behind only Chinese New Year. Because the weather is so mild this time of year, it's become the peak travel season. This year, the holiday week is one day longer than usual (8 days) because the Mid-Autumn Festival falls during the week. China expects 560 million road trips to be made over that time - or 70.2 million road trips a day. Chinese travel agency Ctrip estimates a total of 650 million people will be traveling domestically while over 6 million will travel abroad. Interestingly, there are no long-standing traditions around National Day as it is relatively new compared to say the 5,000-year history of Chinese New Year! The Chinese mostly just use the holiday week to travel and relax. Estimates peg last year's spending during the week at around a whopping \$180 billion domestically. Keep in mind that Chinese government agencies are closed through Wednesday, October 4, at least. Other Chinese businesses and some official entities won't reopen until Monday, October 9. (Sources: The Straits Times, South China Morning Post, Wikipedia)

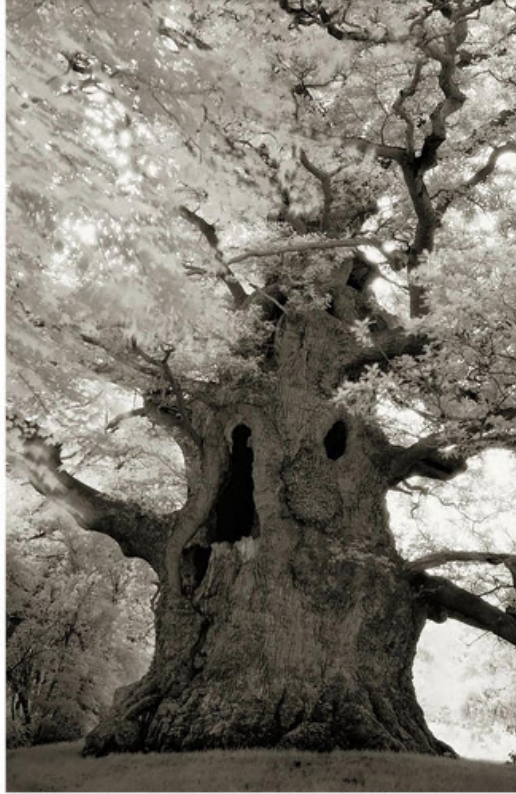


### Incredible Journey Captures Worlds Oldest Living Monuments

Art has become somewhat of a passion for Michelle and I as we recently opened "Michelle's Home Gallery" in the Crossroads Art District of Kansas City. Inside the gallery, one of our desires is to share the various forms of art we have come to enjoy. What I find interesting is that our taste and what we deem as "art" is constantly changing. I have definitely progressed in regards to my art education and believe I have am starting to have a much more open mind. We have some up and coming artist from Kanas City we will be helping to promote, as well as some more nationally known. I was sent an e-mail from one of my fiends telling me about the work of Beth Moon, a San Francisco photographer. Her work seems very cool so I thought I would share. If you know of other artist that readers might enjoy please let me know so I can pass along their information. From what I'm told, Moon spent years crossing the globe in an attempt to capture the world's oldest trees on film. The fourteen year project took her to some of the most remote areas of the world, where the majority of these ancient trees have been able to survive simply because they are so far removed from civilization. Her book, ["Ancient Trees: Portraits of Time"](#), is a collection of 60 of the images developed with a "platinum process" that I understand is extremely labor intensive. As you can see in the images below, the technique provides an amazing depth of texture and tone. Unlike regular printing, the "platinum process" embeds itself into the paper to give the print a 3D-like appearance. Also, platinum is a stable metal, allowing her photos to (hopefully) last for thousands of years, much like some of the trees. Moon says she selected her subjects based on three criteria - immense size, great age and notable history. To find the trees she wanted to photo, she had to do extensive research sourcing hundreds of botanical books, tree registers, newspaper articles, and inside tips or leads from friends and fellow travelers. Looking at the pictures, you will also see how incredibly strange some of the trees are. There are several that most people have probably never seen as they grow in just one place in all the world - baobab trees, for example, grow only in Madagascar; and the dragon's-blood tree can only be found on the island of Socotra, off the Horn of Africa. In her artist statement Beth writes, "Standing as the earth's largest and oldest living monuments, I believe these symbolic trees will take on a greater significance, especially at a time when our focus is directed at finding better ways to live with the environment." Some of the individual trees are thousands of years old, and some of the species are bordering on extinction. Below are some of Moon's stunning photos. Enjoy and have a fantastic weekend!



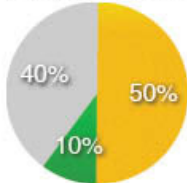




# CASH SALES & HEDGING TOTALS

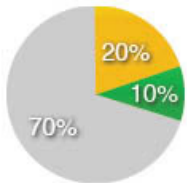
## CORN 2017 CROP

50% SOLD  
10% HEDGED  
40% UNPROTECTED



## CORN 2018 CROP

20% SOLD  
10% HEDGED  
70% UNPROTECTED



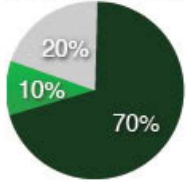
## CORN 2019 CROP

0% SOLD  
0% HEDGED  
100% UNPROTECTED



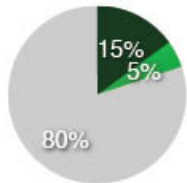
## SOYBEANS 2017 CROP

70% SOLD  
10% HEDGED  
20% UNPROTECTED



## SOYBEANS 2018 CROP

15% SOLD  
5% HEDGED  
80% UNPROTECTED



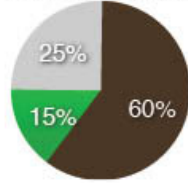
## SOYBEANS 2019 CROP

0% SOLD  
0% HEDGED  
100% UNPROTECTED



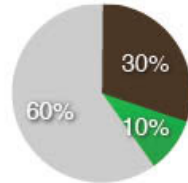
## WHEAT 2017 CROP

60% SOLD  
15% HEDGED  
25% UNPROTECTED



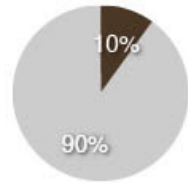
## WHEAT 2018 CROP

30% SOLD  
10% HEDGED  
60% UNPROTECTED



## WHEAT 2019 CROP

10% SOLD  
0% HEDGED  
90% UNPROTECTED



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