

GOOD MORNING: 11/08/17 Farm Direction - VanTrump Report

1 message

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

Tue, Nov 7, 2017 at 7:02 AM



"You can't do the same things that other people are doing and expect to outperform. When you do what everyone else does you're going to get the same results everyone else gets." - **Warren Buffett**

TUESDAY, NOVEMBER 08, 2017

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

Morning Summary: Investors manage to nudge stocks to new record highs despite a lack of significant economic headlines. The peak of earnings season is behind us, leaving just a few notable companies left to deliver results. Today a couple of the larger names include Home Depot and Toyota. About three-quarters of companies reporting so far have beaten earnings estimates, and earnings growth is better-than-expected at around +9.4%. Today also brings one of just a handful of economic reports due out this week - JOLTS will be released at 9:00 a.m. CST. Typically, this report provides some deeper insight into the U.S. labor market, of particular interest being the number of job openings and the employee quits rate. Job openings have been running over +6 million and nearly matching the number of unemployed actively looking for work. This afternoon, both current Fed Chair Janet Yellen and former Fed Chair Ben Bernanke will be delivering acceptance speeches as they are awarded the Paul H. Douglas Award for Ethics in Government. It's not likely that either will be making any comments in regard to U.S. monetary policy, but the trade will certainly be paying close attention. President Trump has wrapped up his visit to Japan, and is now heading to South Korea. During a joint news conference with Japan's Prime Minister Shinzo Abe, Trump vowed to stand by Japan against the "menace" of North Korea and said he hoped the two nations could come to a "free, fair and reciprocal" trade relationship. The President did point to decades of "massive trade deficits" between the U.S. and Japan, but also stressed that relations were "better than we have ever had." In South Korea, Trump is set to address the country's national assembly which is expected to be dominated by questions surrounding North Korea's nuclear threat. As for oil prices, yesterday marked one of the best single-session rallies in nearly a year, as the trade worries about political tensions escalating inside Saudi Arabia after dozens of officials and members of the royal family were detained over the weekend. The situation continues to evolve and seems like a bit of a powder keg so pay close attention. I should also note, the U.S. dollar continues to show signs of strengthening and is now trading at a 4-month high.

Tensions Remain High In Middle East Between Major Regional Powers:

Saudi Arabia said on Monday that Lebanon had declared war against it because of what it described as aggression against the Kingdom by the Iran-backed Lebanese Shi'ite group Hezbollah. Lebanese Prime Minister Saad Hariri — a dual Lebanese-Saudi citizen — resigned on Saturday during a trip to Saudi Arabia. Hariri cited an assassination plot against him in the statement announcing his resignation, at the same time saying that he had been told Hezbollah's acts of "aggression" were considered acts of a declaration of war against Saudi Arabia. Lebanon is politically split between Saudi Arabia loyalists and Iran, which is represented by Hezbollah. Saudi Arabia on Monday also charged that Iran had committed "a blatant act of military aggression" by providing its Yemeni allies with a missile fired at the Saudi capital over the weekend, increasing fears about a possible military clash between the two regional powers. The Saudi statement said the missile could be considered an "act of war" against the kingdom and triggered its right to self-defense under international law. Saudi Arabia also said on Monday that it would "temporarily" close Yemen's land, sea and airports of entry in response to the missile firing, in order to tighten inspections and stop any weapons shipments. (Sources: Reuters, New York Times)

Trump Rally The 4th-Best Since 1936: This week marks the one-year anniversary of Donald Trump's election as the 45th President of the United States. Since his win in November 2016, the stock market has been on a tear.

VAN TRUMP CONFERENCE 2017

December 6, 2017

Full MARKET Outlook



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

Economic & Ag Forecast



Dennis Gartman
Editor/Publisher
The Gartman Letter



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

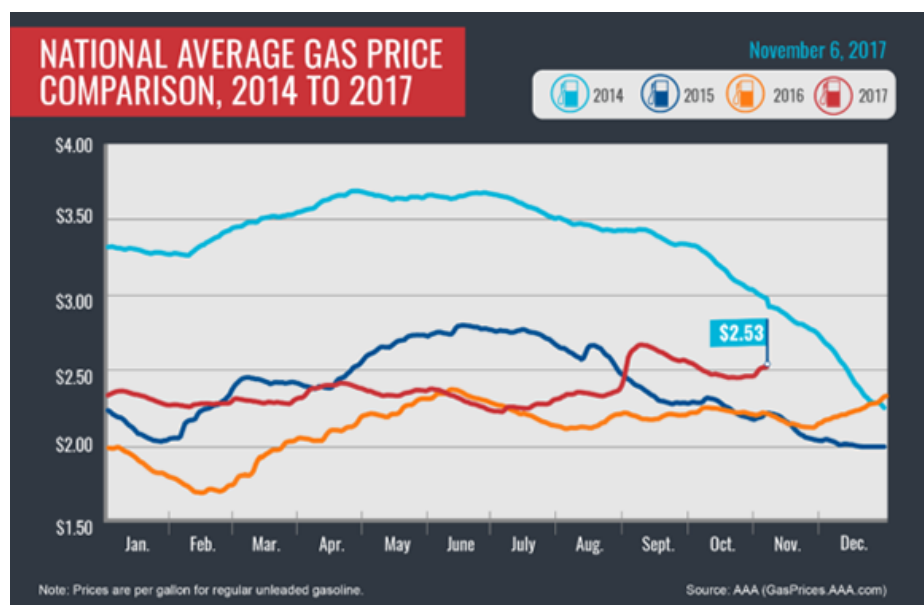
LEARN MORE



Special Keynote Speaker
James Olson - Former CIA
Chief of Counterintelligence

According to data from Goldman Sachs, Trump's post-election stock market jump is the fourth-largest since 1936. Trump trails Presidents George H.W. Bush, John F. Kennedy, and Bill Clinton in terms of stock market performance following election day. Some investors have argued that the stock market's rally this year has been about the hopes for tax reform that would put billions of dollars on to the bottom lines of American corporations. Data from Goldman shows that stocks which would be set to benefit the most from tax changes have underperformed the market this year, meaning that investors may be cautious about Congress being able to pass the reforms before the end of the year. Goldman notes, however, that one clear area where Trump's election has improved stock market fortunes is for companies exposed to small- and medium-sized businesses. This basket of stocks derives 71% of its revenues from small- and medium-sized customers — that is, businesses with 500 or fewer employees. "Small business owners have been thrilled at the prospect of deregulation under the Trump administration," Goldman notes. (Source: Yahoo Finance)

Gasoline Demand Hits Highest Level Since 2006: According to the Energy Information Administration (EIA), the latest gasoline demand measurement is the highest for the end of October since 2006. At \$2.53, the latest average gas price across the country is +6 cents more than a week ago, +2 cents more than a month ago and +31 cents more than a year ago. "October has seen strong demand numbers likely, in part, due to consumers taking advantage of the unseasonably warm weather rather than spending time indoors," said Jeanette Casselano, AAA spokesperson. "As consumers fill up their tanks more frequently, we are seeing supply levels tighten and gas prices increase. However, we don't expect this increase to be long-term." In the EIA's latest report, total gasoline stocks are below 28 million bbl, reaching a seven-week low at 27.6 million bbl. Additionally, EIA's report showed that the refinery utilization rate of crude fell to 81.4 percent from 81.9 percent last week, which means less gasoline is being produced. With demand remaining high and supplies tightening in the region, prices are also being pushed up by these supply and demand factors. Last week, Baker Hughes reported that the U.S. oil rig count dropped by -8 rigs, bringing the total to 729. The news follows reports that at OPEC's next meeting in Vienna on Nov. 30, OPEC and allied non-OPEC producers will review the agreement to reduce production through March of next year. Some reports have stated that the group may extend the agreement through the end of 2018, which if true, will likely help boost oil prices through the end of the year. (Source: AAA)



Here are a few of this year's early sponsors



FARMERSSM
BUSINESS NETWORK



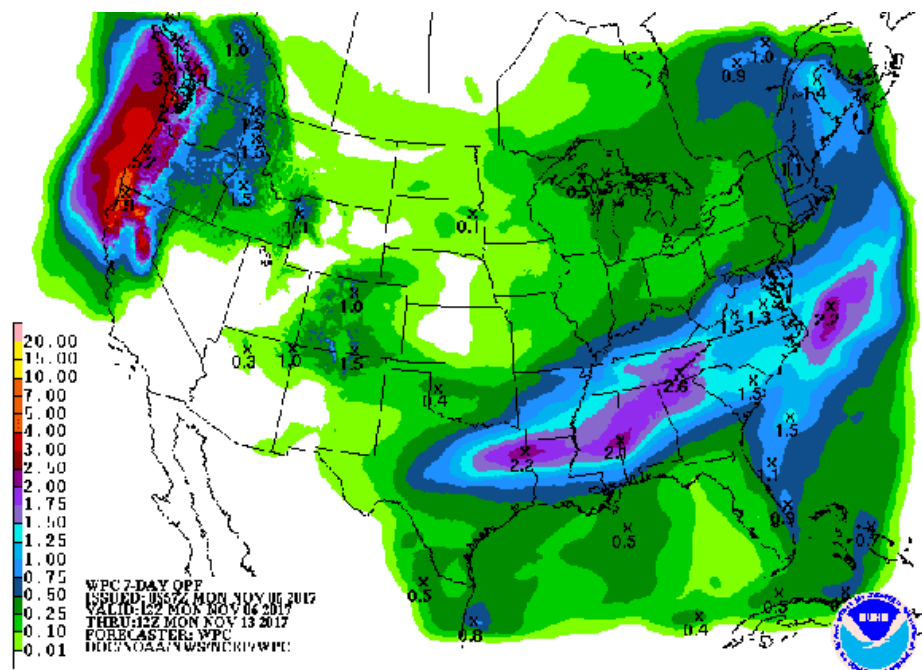
conservis

FarmLogs



Weather continues to call for cool and dry conditions to feature in the Midwest throughout the week. This lack of precipitation should favor harvest progress. Some early week delay is in store for the eastern Midwest following weekend rain. On the Plains, frigid conditions persist across Montana and the Dakotas. Yesterday morning's low temperatures plunged to near 0 degrees F across parts of the northern High Plains, where cold weather has halted winter wheat emergence and establishment. In the southern Plains, late-season heat lingers across much of Texas, where monthly record highs above 90 degrees F have been set at several locations in recent days. In the Corn Belt, snow cover across the far upper Midwest has halted corn and soybean harvest activities. Fieldwork is also at a standstill from the Ohio Valley into the lower Great Lakes. Over the next few days, most of the central and eastern U.S. will experience below normal temperatures. Late in the week, however, mild weather will return across much of the nation's mid-section.

Little Rain Across Most of the Midwest This Week: As you can see, the 7-day precipitation outlook shows very little rain across much of the Midwest. Again, this will favor harvest progress with the exception of the eastern Midwest which may have some early week delays following weekend rain.



Corn bulls continue to argue that the funds, who are holding a near record short, might be inclined to buyback a few positions as we head into Thursday's USDA report. I'm also starting to hear more buzz about the recent rally in crude oil prices in combination with cheap corn is creating more strength in ethanol than many had forecast. If you recall, many inside the ethanol space, including myself, were thinking the 4th quarter was going to be tough and that production might have to slow and take a few steps backwards. That scenario seems to be playing itself out differently and may now prompt the USDA to take another look at their current corn used for ethanol estimate, which could be 75 to 125 million bushels too low? As for the U.S. harvest, the USDA reported yesterday that producers pulled another +16% out of the field last week, pushing the total harvest from 54% to 70% complete, but still well behind the traditional pace of 83% by this date.

State-by-State Corn Harvest Numbers

Minnesota (-27% behind) +22% to 60% harvested vs. 5-year average of 87%
 Wisconsin (-26%) +12% to 37% harvested vs. 5-year average of 63%
 Colorado (-26%) +19% to 50% harvested vs. 5-year average of 76%
 South Dakota (-19% behind) +26% to 61% harvested vs. 5-year average of 80%
 Iowa (-17% behind) +23% to 67% harvested vs. 5-year average of 84%
 North Dakota (-14%) +22% to 59% harvested vs. 5-year average of 73%
 Ohio (-14%) +12% to 60% harvested vs. 5-year average of 74%
 Nebraska (-13% behind) +23% to 68% harvested vs. 5-year average of 81%
 Indiana (-12%) +11% to 70% harvested vs. 5-year average of 82%
 Pennsylvania (-12%) +7% to 58% harvested vs. 5-year average of 70%
 Illinois (-8%) +10% to 83% harvested vs. 5-year average of 91%
 Kansas (-5%) +10% to 88% harvested vs. 5-year average of 93%
 Missouri (-5%) +7% to 87% harvested vs. 5-year average of 92%
 Kentucky (-3%) +3% to 90% harvested vs. 5-year average of 93%
 Texas (-1%) +4% to 92% harvested vs. 5-year average of 93%
 Michigan (On-Pace) +13% to 57% harvested vs. 5-year average of 57%
 North Carolina (On-Pace) +1% to 98% harvested vs. 5-year average of 98%
 Tennessee (+1% ahead) +1% to 98% harvested vs. 5-year average of 97%



Today In History



1776, Post Office - Congress chooses Richard Bache to succeed his father-in-law, Benjamin Franklin, as postmaster general. Franklin had sailed for France on behalf of the Continental Congress the previous month. Benjamin Franklin invested nearly 40 years in the establishment of a reliable system of private communications in the American colonies. He was appointed postmaster of Philadelphia in 1737 and then as joint postmaster general of the colonies, a position he held from 1753 to 1774, when he was fired for opening and publishing Massachusetts Royal Governor Thomas Hutchinson's correspondence. While postmaster, Franklin streamlined postal delivery with properly surveyed and marked routes from Maine to Florida (this route later became Route 1), instituted overnight postal travel between the critical cities of New York and Philadelphia and created a standardized rate chart based upon weight and distance. In 1774, Franklin's baton was passed temporarily to William Goddard, a printer. Goddard was frustrated that the royal postal service was unable to reliably deliver his Pennsylvania Chronicle to its readers or critical news for the paper to him. Thus, he laid out a plan for a "Constitutional Post" before the Continental Congress on October 5, 1774. Congress waited to act on the plan until after the Battle of Lexington and Concord on April 19, 1775. Benjamin Franklin promoted Goddard's plan and served as the first postmaster general under the Continental Congress beginning July 26, 1775, nearly one year before Congress declared independence from the British crown. Franklin's son-in-law, Richard Bache, took over the position on this day in 1776, after Franklin became an American emissary to France.

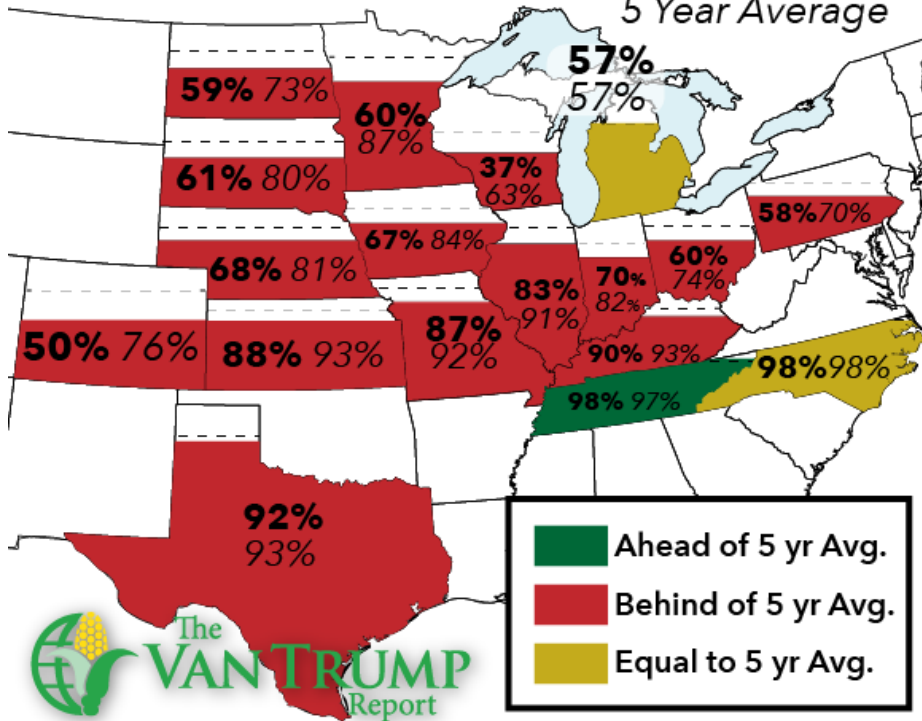


1916, Jeannette Rankin - Montana suffragist Jeannette Rankin is elected to the U.S. House of Representatives. She is the first woman in the history of the nation to win a seat in the federal Congress. Born and raised on a ranch near Missoula, Montana, Rankin was the daughter of progressive parents who encouraged her to think beyond the narrow sphere of opportunities generally permitted to women of the early 20th

Corn Harvested (%)

11/05/17

Current Week
5 Year Average



Source: USDA, Crop Progress 11/05/17

Soybean bulls continue to believe the USDA is going to lower their current 49.5 bushel per acre yield estimate. In turn making ending stocks a bit less burdensome. Nobody is really looking for a major reduction by the USDA, but many believe just a small step in a more bullish direction might be enough to attract some larger money flow into the market. The bears continue to argue that South American weather has improved and strength in the U.S. dollar could start to create some increased competition for U.S. exporters. From what boots on the ground are saying, Brazil has close to 50% of their soybeans planted. There's some areas in central Brazil that some are saying is too wet and might not dry out in time, but for the most part they seem to be getting the crop in the ground at just a slight delay. Here at home the USDA showed the U.S. harvest at 90% complete vs. our historical 5-year average of 91% harvested by this date.

State-by-State Soybean Harvest Numbers

Kentucky (-9% behind) +8% to 63% harvested vs. 5-year average of 72%
 Tennessee (-5% behind) +5% to 68% harvested vs. 5-year average of 73%
 Wisconsin (-5% behind) +6% to 86% harvested vs. 5-year average of 91%
 Indiana (-4% behind) +5% to 85% harvested vs. 5-year average of 89%
 Iowa (-4% behind) +9% to 92% harvested vs. 5-year average of 96%
 Nebraska (-4% behind) +22% to 89% harvested vs. 5-year average of 93%
 Illinois (-2% behind) +5% to 92% harvested vs. 5-year average of 94%
 Michigan (-1% behind) +6% to 84% harvested vs. 5-year average of 85%
 Mississippi (-1% behind) +1% to 95% harvested vs. 5-year average of 96%
 Minnesota (On-Pace) +4% to 99% harvested vs. 5-year average of 99%
 Missouri (On-Pace) +7% to 77% harvested vs. 5-year average of 77%
 North Dakota (+2% ahead) +7% to 98% harvested vs. 5-year average of 98%
 Ohio (On-Pace) +5% to 90% harvested vs. 5-year average of 90%
 Kansas (+1% ahead) +12% to 85% harvested vs. 5-year average of 84%
 South Dakota (+1% ahead) +3% to 99% harvested vs. 5-year average of 98%
 Louisiana (+1% ahead) +0% to 100% harvested vs. 5-year average of 99%
 Arkansas (+5% ahead) +5% to 94% harvested vs. 5-year average of 89%
 North Carolina (+16% ahead) +9% to 50% harvested vs. 5-year average of 34%

century. After graduating from the University of Montana and the New York School of Philanthropy, Rankin worked briefly as a social worker before becoming active in the national effort to win women the vote. In 1914, her efforts brought her back to Montana, where she believed pioneer conditions had created greater respect for women's work and abilities, making it somewhat easier to convince men to grant them the right to vote. Indeed, other western states like Wyoming and Colorado had already approved women's suffrage years before, and Rankin's leadership helped Montana join them in 1914. With the vote for women secured, Rankin put Montana's new political dynamics to the test. She ran for one of Montana's two seats in Congress as a Progressive Republican in 1916. With strong support from women and men alike, Rankin became the first woman in history elected to that body. When she traveled to Washington, D.C., the next year, the eyes of the nation watched to see if a woman could handle the responsibilities of high office. Rankin soon proved she could, but she also demonstrated that she would not betray her own strongly held convictions for political expediency. A dedicated pacifist, Rankin's first vote as a U.S. congresswoman was against U.S. entry into World War I. Many supported her courageous stand, though others claimed her vote showed that women were incapable of shouldering the difficult burdens of national leadership—despite the fact that 55 men had also voted against the war.

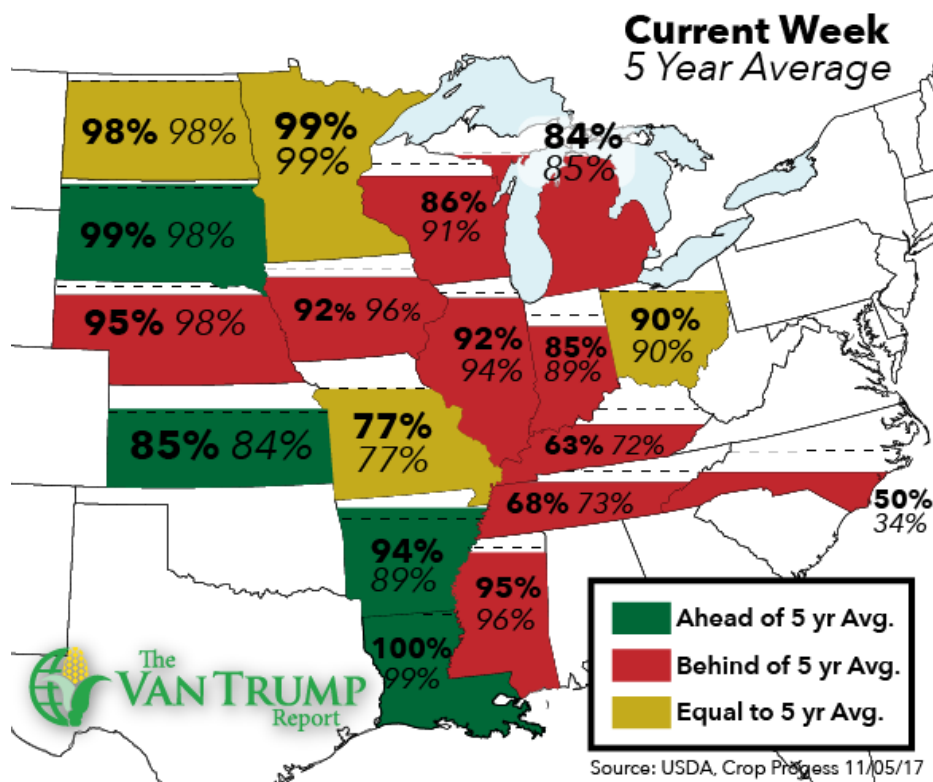


1944, FDR - Democrat
 Franklin D. Roosevelt is reelected president of the United States for a record third time, handily defeating his

Republican challenger, Thomas Dewey, the governor of New York, and becoming the first and only president in history to win a fourth term in office. Roosevelt, a fifth cousin to former president Theodore Roosevelt, first came to the White House in 1933 with a promise to lead America out of the Great Depression. Aided by a Democratic Congress, Roosevelt took prompt action, and most of his "New Deal" proposals, such as the Agricultural Adjustment Act, National Industrial Recovery Act, and creation of the Public Works Administration and Tennessee Valley Authority, were approved within his first 100 days in office. Although criticized by many in the business community, Roosevelt's progressive legislation improved America's economic climate, and in 1936 he easily won reelection. During his second term, he became increasingly concerned with German and Japanese aggression and so began a long campaign to awaken America from its isolationist slumber. In 1940, with World War II raging in Europe and the Pacific, Roosevelt agreed to run for an unprecedented third term. Reelected by Americans who valued his strong leadership, he proved a highly effective commander in chief after the December

Soybean Harvested (%)

11/05/17



1941 U.S. entrance into the war. Under Roosevelt's guidance, America became, in his own words, the "great arsenal of democracy" and succeeded in shifting the balance of power in World War II firmly in the Allies' favor. In 1944, with the war not yet won, he was reelected to a fourth term. Three months after his inauguration, while resting at his retreat at Warm Springs, Georgia, Roosevelt died of a massive cerebral hemorrhage at the age of 63. Following a solemn parade of his coffin through the streets of the nation's capital, his body was buried in a family plot in Hyde Park, New York. Millions of Americans mourned the death of the man who had led the United States through two of the greatest crises of the 20th century: the Great Depression and World War II. Roosevelt's unparalleled 13 years as president led to the passing of the 22nd Amendment to the U.S. Constitution, which limited future presidents to a maximum of two consecutive elected terms in office.

Upcoming Events

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

Tues. 12/12 - USDA Supply and Demand

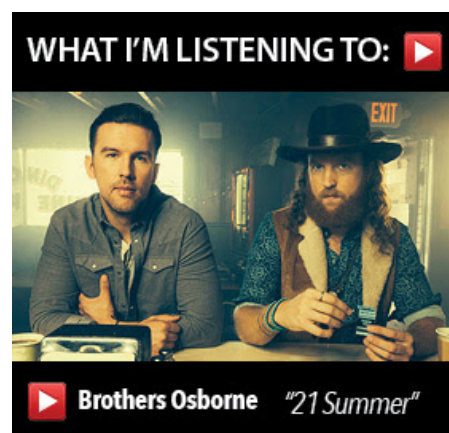
Mon. 12/25 - Christmas - Markets Closed

Mon. 1/1 - New Year's Day - Markets Closed

Fri. 1/12 - USDA Supply and Demand

Thurs. 2/8 - USDA Supply and Demand

Kevin's Song of the Week



About the Report

Wheat bulls are still hoping to see some type of short-covering rally. There's talk that more extreme cold weather dipping deeper down into the Plains might create some concern about an unprotected recently emerged crop. From what I understand, temps this week are forecast to be well below freezing for many areas where the crop is recently emerged and unprotected. The USDA reported yesterday that 75% of the U.S. crop is now "emerged". South Dakota 95% emerged, Nebraska 93%, Colorado 89%, Michigan 88%, Ohio and Washington 82%, Oklahoma 78%, Kansas and Illinois 73%. Bears on the other hand continue to see strength in the U.S. dollar as another headwind for U.S. exporters. With an already burdensome domestic and global balance sheet, it remains tough to argue an extended upside from a traditional fundamental perspective. Certainly we could catch a short covering rally on an unforeseen headline, but without some larger scale production hiccup the supply side simply remains overwhelmed. Unfortunately, I keep hearing more talk that the Russian wheat crop, which was recently harvested, could end up being much larger than the USDA is currently forecasting. Several sources inside Russia are thinking the crop is between 83 and 87 MMTs vs the USDAs current estimate of 82 MMTs. Here at home the USDA estimates that 91% of the winter wheat crop is now planted, which is right inline with our traditional pace. Kansas now has 93% and Oklahoma 90% of their crop planted. As for overall crop-conditions, the USDA showed 55% of the crop now rated "Good-to-Excellent" vs. 52% last week vs. 58% last year. Below are some state specifics:

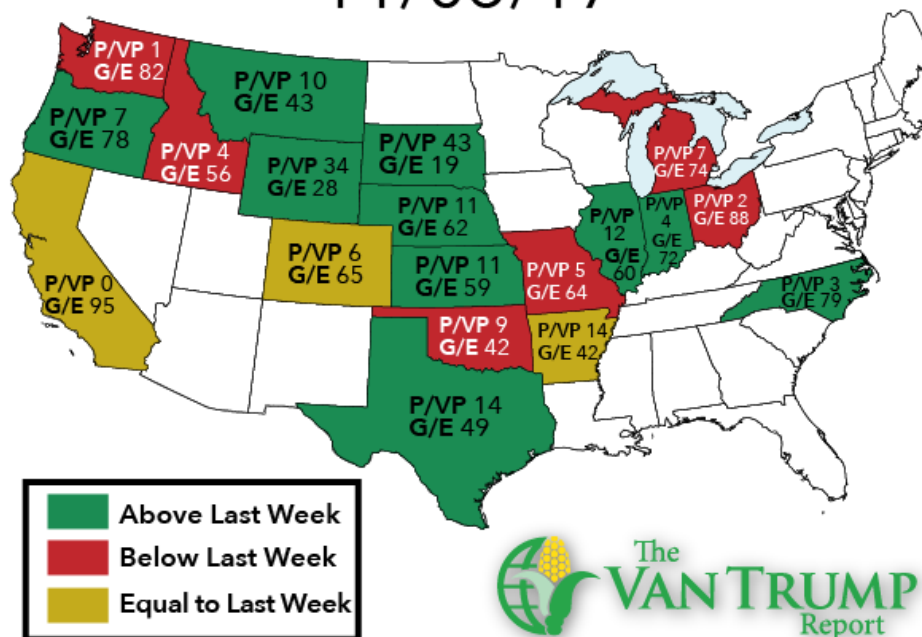
State-by-State Weekly Wheat Conditions

Montana improved +20% to 42% rated GD/EX
 Nebraska improved +7% to 55% rated GD/EX
 Texas improved +6% to 49% rated GD/EX
 Kansas improved +4% to 59% rated GD/EX
 North Carolina improved +3% to 79% rated GD/EX
 South Dakota improved +2% to 19% of their crop rated GD/EX
 Illinois improved +1% to 60%
 Oregon improved +1% to 78% rated GD/EX
 Arkansas unchanged at 42% rated GD/EX
 California unchanged at 95% rated GD/EX
 Colorado unchanged at 65% rated GD/EX
 Missouri deteriorated -1% to 64% rated GD/EX
 Washington deteriorated -2% to 83% rated GD/EX
 Ohio deteriorated -2% to 88% rated GD/EX
 Idaho deteriorated -4% to 56% rated GD/EX
 Oklahoma deteriorated -5% to 47% rated GD/EX

Michigan deteriorated -5% to 74% rated GD/EX
Indiana deteriorated -9% to 71% rated GD/EX

Winter Wheat Conditions

11/05/17



Source: USDA, Crop Progress 11/05/17



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

USDA Supply and Demand

	Nov. Est.	Avg. Guess	Trade Range	USDA October	USDA 2016
Corn Production	???	14.333	14.250 - 14.459	14.280	15.1
Yield	???	172.4	171.7 - 174.0	171.8	174.6
Harvested Acres	???	83.103	83.00 - 83.20	83.119	86.748
Soybean Production	???	4.408	4.375 - 4.467	4.431	4.307
Yield	???	49.3	48.9 - 49.9	49.5	52.1
Harvested Acres	???	89.486	89.40 - 89.50	89.471	82.696

U.S. Ending Stocks

	Nov. Est.	Avg. Guess	Trade Range	USDA October
Corn	???	2.366	2.286 - 2.438	2.340
Soybeans				

	???	0.420	0.377 - 0.461	0.430
Wheat	???	0.957	0.940 - 0.980	0.960

World Ending Stocks

	Nov. Est.	Avg. Guess	Trade Range	USDA October
Corn	???	201.18	197.60 - 203.50	200.96
Soybeans	???	95.50	93.00 - 97.00	96.05
Wheat	???	266.78	261.00 - 269.00	268.13



> JPMorgan Forecasts Higher U.S. Corn Consumption: U.S. food, seed and industrial consumption of corn are forecast at 7 billion bushels this season, up +1.6% from last year on "persistent combination of low corn prices, strong global growth and rising crude prices," JPMorgan said in a report. "This increase is led by a stronger U.S. ethanol grind, where we see upside potential of some 125 million bushels to the USDA's target." Sustained corn price weakness, firm ethanol demand strengthened U.S. ethanol production margins U.S. ethanol exports are also at a "record strong pace" as global gasoline prices have been on the rise, led by higher crude oil prices. (Source: Bloomberg)

> Russia Set To Harvest Record Grain Crop: Russia is on track to harvest its largest grain crop, with forecasts calling for total grain output of more than 128 million metric tons, according to a Global Agricultural Information Network (GAIN) report from the USDA's Foreign Agricultural Service. If realized, the crop would exceed the record of 127 million metric tons set in 1978, the USDA said. "Russian farmers used half the acreage as in 1978 and got double the yields," the USDA said. "The new record crop resulted from a combination of improved production technology and favorable weather this year such as minimal winter kill and good growing conditions during summer in all grain producing areas." As a result of the record grain crop, the USDA said estimates for exports have been raised. Wheat exports in 2017-18 are forecast at 33.5 million tonnes, up 20% from 27.804 million tonnes in 2016-17. (Source: World Grain)

> Brazil Ethanol Imports Dropped -17% In October, But Up +27% Y-o-Y: Brazilian ethanol imports continued to drop, with 91 million liters entering the country in October, down almost -17% from September but still +27% higher than a year ago, the latest data from the Secretariat of Foreign Trade (SECEX) showed Monday. Almost all of the volume entered the country through ports in the Northeast region via Itaquí (90.6 million liters) and originated in the US to be used as fuel blended into gasoline. Cumulative imports of ethanol in Brazil from January to October reached almost 1.7 billion liters, over three times higher than a year ago. The decrease in the imports in October was anticipated, given the recent imposition of the 20% import tariff. (Source: Platts)

> Syngenta Buying Chinese Seed Unit: Syngenta and COFCO International Ltd announced that Swiss ag giant Syngenta has entered into a binding agreement to acquire Nidera Seeds. Completion of the transaction is subject to regulatory clearance. COFCO, China's largest food company, completed a full takeover of Nidera in February as part of a major expansion of its global grains trading business. But losses racked up by Nidera, and accounting troubles unearthed last year in its Latin American operations helped persuade COFCO's management to look at ways to divest parts of the business, people familiar with the matter earlier told Reuters.

> Perdue Touring California Ag Country: Secretary of Agriculture Sonny Perdue is visiting California the week. He was in Modesto, California Sunday and held a town hall with local producers hosted by the California Farm Bureau, where he addressed questions on NAFTA and other issues. In a brief Q & A with the media, he said he backed a bill to speed up logging to reduce wildfire threats in national forests.

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

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.

Yesterday he joined the Western Growers at Grimmway Farm in Arvin, California, for a roundtable with farmers.

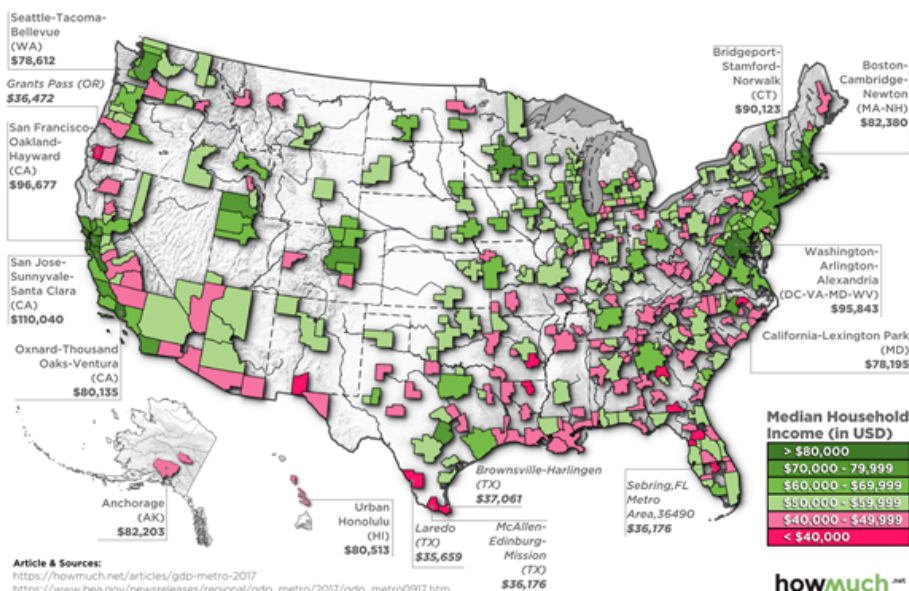
> Energy Commodities Blockchain Platform Planned: A consortium including BP, Royal Dutch Shell and Statoil is developing a blockchain-based digital platform for energy commodities trading that's expected to take off by the end of 2018. "Ideally, it would help to eliminate any confusion over ownership of a cargo and potentially help to make managing risk more exact if there are accurate timestamps to each part of the trade," said Edward Bell, commodities analyst at Emirates NBD. Other members of the consortium include Norwegian oil firm Statoil, trading houses Gunvor, Koch Supply & Trading, and Mercuria, and banks ABN Amro, ING and Societe Generale. Blockchain technology, which first emerged as the architecture underpinning cryptocurrency bitcoin, uses a shared database that updates itself in real-time and can process and settle transactions in minutes using computer algorithms, with no need for third-party verification. (Source: Reuters)

> New York Fed Chief William Dudley To Retire Next Year: William C. Dudley, the president of the Federal Reserve Bank of New York, will retire from his position in mid-2018, the bank announced on Monday. Mr. Dudley, 64, will step down before the end of his 10-year term expires in January 2019 to pave the way for a successor, the bank said. Last week, President Trump nominated Jerome H. Powell, a Fed governor since 2012, to replace Ms. Yellen as head of the central bank once her term expires early next year. This adds to already several open positions within the Fed. Vice Chairman Stan Fischer left his post in October, and there are currently three open seats on the seven-member Board of Governors. That number may rise to four if Yellen leaves the board when Powell is confirmed. (Source: CNBC)

> Median Household Income In U.S. Metro Areas: This map shows the median household income of metropolitan populations. Measuring the median makes it a good standard for "normal people." The green spots on this map indicate areas with the highest median household income, and they often appear in predictable places. San Francisco. Washington DC. The Northeast. Of course, other areas have high median incomes too. The Pacific Northwest has pockets of wealth, as do Hawaii and Alaska. Denver, Salt Lake City, and the Twin Cities also support respectable incomes. The Industrial Revolution created a major economic division between the northern and southern states. While the South stayed agrarian, the North adopted a booming manufacturing economy. A quick glance at the map reveals consistently low incomes across the entire South. Households in Arkansas, Louisiana, Alabama, and Mississippi are in particularly bad shape. These states don't have a single metro area with median household income over \$59,000 per year. They haven't recovered from the Great Recession either, which probably doesn't help matters. Click the map for a larger view. (Source: [HowMuch](#))



Median Household Income by Metro in 2016



FROM THE FIELD

Eastcentral Ohio - We finished harvest last week and it was a very bad year for us. It began with 3 replants of corn after a crazy amount of rain in the spring. Of course, then we experienced drought conditions the rest of the year. We only yielded 110bpa of corn with our average being near 200. We simply couldn't get the gdu's we needed with the late plantings. When you plan to get in the ground by the third week in April and don't until the second week of June, what can you expect? Fortunately, we did not oversell and had insurance covering the losses.

Southern Illinois - I have to admit I was a bit scared this summer as the weather played out and I sat on the low end of crop coverage. I chose not to lean on insurance too heavily this summer and feel very blessed to have come out ok. Part of the scare was that the replanted corn went into pollination with 100+ degree temps, so that caused some worries as you can imagine. As it turned out we came in 25bpa over our averages. We felt our beans would be decent for sure but we kept missing the bulk of the rains that fell consistently to our east and west. The rains we did get vaulted us to the second largest yields ever for us, heading north of 60bpa. The key was the our bottom ground averages were not as low as expected.

Northeast Nebraska - We finished harvest on Monday and are working on equipment now. Our season was blessed with excellent weather and specifically, we received rain at all right times. Our corn came in at 210bpa across our fields and the beans came in at 65bpa. We will do some corn on corn next year and are fortunate to have hogs nearby for manure. We are no-till and will spread cattle manure on the rest of fields this winter. I am getting married in February then taking our honeymoon to Mexico.



True Impact Of Tax Bill To Farmers Still Unknown: American Farm Bureau's tax policy specialist says new business rates in the House Ways & Means tax bill will have the greatest impact on farmers' taxes. Pat Wolff tells Brownfield the measure proposes a new way of taxing business income, lowering the rate for corporations. But she says the impacts to pass-through businesses, which are the majority of the nation's farms and ranches, are still unknown. "Very few farms are incorporated so this new taxing scheme where income will either be categorized as business income or personal income will impact almost all farmers." She says the repeal of the estate tax is a big win for their members as well as continuing the business interest deduction and increasing immediate expensing. At the same time, the president of National Council of Farmer Cooperatives Chuck Connor tells Brownfield he believes most of their members will see a significant tax increase with the elimination of Section 199, the Domestic Production Activities Deduction, in the proposal. He says Congress could easily preserve the 199 exemption for agriculture, which is not benefiting from any corporate rate reductions, without making a large impact to the rest of the bill. Listen to interviews with the two over at [Brownfield Ag](#).

See A 108 Year Old Core Sample Of The Brickyard: Before the Indianapolis Motor Speedway became the Brickyard, the famed racetrack's surface was made of a combination of creek gravel, limestone, taroid, and an array of various stones, and the resulting roadway crumbled like a stale cookie during the track's inaugural auto race, in August 1909. When all was said and done, five fatalities were recorded. By the end of the year, track owner Carl G. Fisher had the track repaved in bricks. And after a year of fatality-free racing, the track held its first ever 500-mile race. Indy's brick surface survived until 1961, at which point the track was repaved again, only this time in asphalt. It wouldn't be the last time the track would be resurfaced, either; new asphalt has been poured onto the speedway on several occasions since. See what a core sample of 108 years looks like [HERE](#).

United Airlines Auctions Off Parts Of 747 After Last Flight: United Airlines will say farewell to its Boeing 747 fleet today with one last flight of the "Queen of the Skies." United flight 747 is a one-way trip from San Francisco to Honolulu — just like the very first United 747 flight that took place in 1970 — and there will be festivities before the plane departs SFO and then after it lands at HNL. Upper deck seats weren't sold for this special event, however, because lucky passengers will be selected for "upgrades," while others will still be able to check out the seats during their trip. Fortunately for any aviation history buffs unable to book a ticket, United is still offering another special opportunity to preserve the memory of the 747. Beginning this week, MileagePlus members can bid to win a dozen items. See them [HERE](#).

Relax, You Don't Need to 'Eat Clean': We talk about food in the negative: What we shouldn't eat, what we'll regret later, what's evil, dangerously tempting, unhealthy. The

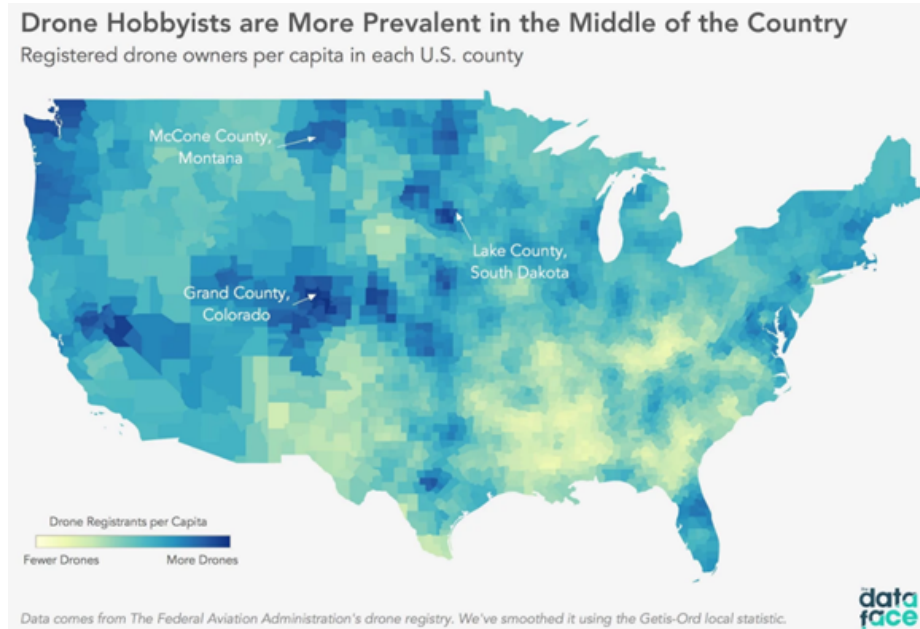
effects are more insidious than any overindulgent amount of “bad food” can ever be. By fretting about food, we turn occasions for comfort and joy into sources of fear and anxiety. And when we avoid certain foods, we usually compensate by consuming too much of others. Professor of pediatrics Aaron Carroll contends in a recent op-ed that salt probably won’t kill you, an extra piece of bacon likely won’t raise your cancer risk and you probably don’t have a gluten allergy. Read more [HERE](#).

How Smelling Salts Became An Essential Part Of NFL Game Days: There is a strange new ritual sweeping through the NFL: huffing the stomach-turning noxious fumes found in smelling salts. The ammonia-based inhalant is manufactured for the express purpose of treating or preventing fainting, but at some point, NFL players and other athletes discovered they could repurpose the decongestant properties and adrenaline-pumping side effects into a perfectly legal, low-tech pick-me-up ... even though there’s zero proof of any performance benefit. Once prescribed to Victorian-era women plagued by fainting spells, ammonia inhalants are now manufactured in single-use capsules the size of a small stick of gum. Aerated by the alcohol, the ammonia fumes pack such a rancid punch that most users instinctively snap their heads back to escape the stench. Read more [HERE](#).

Why We Pretend To Know Things: Why do people pretend to know things? Why does confidence so often scale with ignorance? Steven Sloman, a professor of cognitive science at Brown University, has some compelling answers to these questions. The author of *The Knowledge Illusion: Why We Never Think Alone*, Sloman’s research focuses on judgment, decision-making, and reasoning. He’s especially interested in what’s called “the illusion of explanatory depth.” This is how cognitive scientists refer to our tendency to overestimate our understanding of how the world works. We do this, Sloman says, because of our reliance on other minds. “The decisions we make, the attitudes we form, the judgments we make, depend very much on what other people are thinking,” he said. If the people around us are wrong about something, there’s a good chance we will be too. Proximity to truth compounds in the same way. Read more [HERE](#).

Florida State University Bans Greek Life After Student Death: From what I understand, Florida State University President John Thrasher has banned all fraternities and sororities following the death of a student after a house party Friday. Florida State is at least the third university this year to suspend Greek Life, behind Pennsylvania State and Louisiana State. Read more at [MiamiNews](#)

Where Do America’s Drone Hobbyists Live?: Interest in drones continues to increase in the United States. According to the research firm Gartner, drone unit sales are expected to grow this year by almost 40 percent. With news coming from the White House about a pilot program to expand commercial drone flights, the market seems primed for even more growth. To help regulate an exploding industry, the Federal Aviation Administration (FAA) set up an unmanned aircraft registration system in December 2015. The FAA required anyone with a drone weighing more than 0.55 pounds to register before flying it outdoors for recreation. This requirement stayed in place until May 2017, when a federal court in Washington D.C. struck it down. Still, the data presented here includes nearly 820,000 drone registrations filed through February 2017. Check out more details and a larger version of the map [HERE](#).





For the First Time, Researchers Have Mapped the Genome of Two Major Agricultural Pests

Scientists in Australia successfully mapped the genome of two prominent crop eating caterpillars, meaning we could be taking a huge step forward in protecting vital agriculture from invasive "megapests". Scientists from the Commonwealth Scientific and Industrial Research Organization announced that they identified more than 17,000 genes in the genomes of the cotton bollworm and corn earworm, in a development which could save agriculture billions of dollars every year. They also documented how these genetics have changed overtime. This level of detail makes it easier for scientists to predict both the caterpillars' weak spots, how they will mutate and even improves their ability to breed plants the caterpillars will not want to eat. The bollworm and earworm are the world's greatest caterpillar pests of broad-acre crops, causing in excess of U.S. \$5 billion in control costs and damage each year across Asia, Europe, Africa, America and Australia. Furthermore, scientists have confirmed, the "bollworm" is actually the single most important pest of agriculture in the world, making it humanity's greatest competitor for food and fiber. Its genomic arsenal has allowed it to outgun all our known insecticides through the development of resistance. In Brazil the bollworm has been spreading rapidly and there have been cases of it hybridizing with the earworm, posing a real threat that the new and improved "superbug" could spread into the United States. Now that they have analyzed the complete genome, identifying pest origins will enable better resistance profiles that reflect countries of origin to be included when developing a resistance management strategy. What's more, the findings further provide the first solid foundation for functional genomic studies on related and other lepidopteran pests, many of considerable impact and scientific interest. The CSIRO worked in conjunction with the University of Melbourne, the Baylor College of Medicine in Texas, the French National Institute for Agricultural Research, the Max Plank Institute of Chemical Ecology in Germany and the United States Department of Agriculture - Agricultural Research Service. Lots of good stuff happening! (Source: [ABC Australia](#))



Researchers Believe They've Found The Tomb Of St. Nicholas

Don't let the kids overhear this - jolly old St. Nicholas is dead and his remains may have been discovered in a tomb in Turkey. Archaeologists say the crypt of St. Nicholas was found in his namesake church in Derme. It's believed he was buried there before the church was damaged in an earthquake. St. Nicholas did live in Turkey during the 4th century. However, it's been long believed that his remains were in Bari, Italy, as they were supposedly stolen from the tomb in Turkey back in 1087. According to one account, Italian merchants stole his bones from a damaged sarcophagus during the first crusade. They wanted to return his remains to "Christian territory". The archeologists in Derme found documents that suggest the tomb the Italians raided might have actually been the resting place of a local and anonymous priest. Cemil Karabayram, the lead archaeologist excavating the site, said a search through historical records relating to the St. Nicholas Church in Demre led them to believe that the conventional story about what happened to the bones of the beloved saint could be incorrect. Karabayram says that an elaborate tomb was discovered beneath the St. Nicholas Church in Turkey after performing digital surveys. It will be a while before the researchers can confirm that St. Nicholas is indeed buried under the Church. They have to remove the floor of the church first, a long process due to the mosaics on the floor which will need to be painstakingly removed and preserved. Our modern-day legend of Santa Claus stems from the real-life St. Nicholas. Also called Nikolaos of Myra, St. Nicholas was a historic

4th-century Christian priest and Greek Bishop of Myra, in Asia Minor (modern-day Demre, Turkey). Numerous miracles and grand acts of generosity are attributed to Nicholas. The most famous tale has direct ties to the origin of Santa Claus. The tale claims Nicholas aided a poor man who had three daughters but could not afford a proper dowry for them. This meant that they would remain unmarried and probably, in absence of any other possible employment, would have to become prostitutes. Hearing of the girls' plight, Nicholas decided to help them, but being too modest to help the family in public (or to save them the humiliation of accepting charity), he went to the house under the cover of night and threw three purses (one for each daughter) filled with gold coins through the window opening into the house. One variant of the story holds that Nicholas dropped the bags down the chimney. One of the daughters had washed her stockings and hung them to dry in front of the fire. The bag of gold fell into them, hence the Christmas stocking tradition. As for the saint's remains, excavation of the site in Turkey is underway and the researchers hope to be able to provide proof that St. Nicholas is still in their temple. (Sources: Gizmodo, Wikipedia, History.com)



My Thoughts On Bitcoin, Cryptocurrency and the CME's New Futures Contract

CME Group recently announced it intends to launch a Bitcoin futures contract before the end of this year. From what I understand, the new contract will be cash-settled, based on the CME CF Bitcoin Reference Rate (BRR) which serves as a once-a-day reference rate of the U.S. dollar price of bitcoin. Bitcoin futures will be listed on and subject to the rules of CME. As most readers are probably aware, the CME is the world's largest regulated futures and options exchange. The Bitcoin contract announcement came as a

big surprise, although a welcome one for cryptocurrency investors. Many insiders believe the CME futures contract for Bitcoin will provide a level of "legitimacy" to cryptocurrencies, which have been met with a lot of skepticism in the mainstream financial industry. Banking executives like JPMorgan CEO Jamie Dimon and Blackrock CEO Larry Fink have both criticized the cryptocurrency. The CME says the decision was reached in an effort to meet "increasing client interest in the evolving cryptocurrency markets." The trading of Bitcoin futures on regulated markets, particularly by major entities such as CBOE and CME, make it exceedingly likely that a Bitcoin exchange-traded fund (ETF) could be possible. Keep in mind, there is already a Bitcoin Investment Trust which trades under the symbol GBTC. I'm personally not a huge fan, but some say it offers more investment flexibility than buying Bitcoin directly. I personally elected to buy Bitcoin directly using the Coinbase platform. I'm kicking myself because I 'didn't buy more Bitcoin several years back when we first started talking about it. For disclosure purposes, I should also note that I own a smaller quantity of the cryptocurrency Ethereum as well. I can't tell you where these things will end up or if in the end they will have any value at all, so please do not take this as any type of direct investment advice. I am by no means any type of expert in this field and like most I'm still just trying to learn and better understand. One thing I do know is that the world seems hungry and eager for something different in the way of banking. Just because I don't personally understand why, doesn't make it right or wrong. As I've gotten older, I've learned in life, the correct answers most often aren't sitting in my own head. There are a lot of very smart people who are becoming bigger believers in crypto and blockchain. Like him or hate him, I remember famed investor George Soros saying, *"When I see a bubble forming, I rush in to buy, adding fuel to the fire."* He also said, *"I have developed a rudimentary theory of bubbles along these lines. Every bubble has two components: an underlying trend that prevails in reality and a misconception relating to that trend. When a positive feedback develops between the trend and the misconception, a boom-bust process is set in motion. The process is liable to be tested by negative feedback along the way, and if it is strong enough to survive these tests, both the trend and the misconception will be reinforced. Eventually, market expectations become so far removed from reality that people are forced to recognize that a misconception is involved. A twilight period ensues during which doubts grow and more and more people lose faith, but the prevailing trend is sustained by inertia."* As Chuck Prince, former head of Citigroup, said, *'As long as the music is playing, you've got to get up and dance.'*

Brief History of "Tulip Mania": I've heard many people refer to the recent cryptocurrency craze as being very similar to "Tulip Mania". For those not familiar with that bubble, a tulip bulb frenzy developed in the Netherlands in the early 1600s. The bulbs came from Turkey, making them somewhat rare and very exotic. Many of the newer varieties were also extremely hard to come by. Consequently, contract prices for the trendy bulbs sky rocketed. At the peak of tulip mania, in February 1637, some single tulip bulbs sold for more than 10 times the annual income of a skilled craftsworker. People were purchasing bulbs at higher and higher prices, intending to re-sell them for a profit. However, such a scheme could not last unless someone was ultimately willing to pay such high prices and take possession of the bulbs. In February 1637, tulip traders could no longer find new buyers willing to pay increasingly inflated prices for their bulbs. As this realization set in, the demand for tulips collapsed, and prices plummeted. Critics of Bitcoin and other cryptocurrencies say that their skyrocketing values are no different than the tulip bubble, created solely out of a sort of speculative crowd mania that is driving prices to unreasonable - and unsustainable - levels. Bitcoin most recently surpassed \$7,000, doubling its value since just mid-September. (Sources: CME Group, CoinDesk, CNBC)

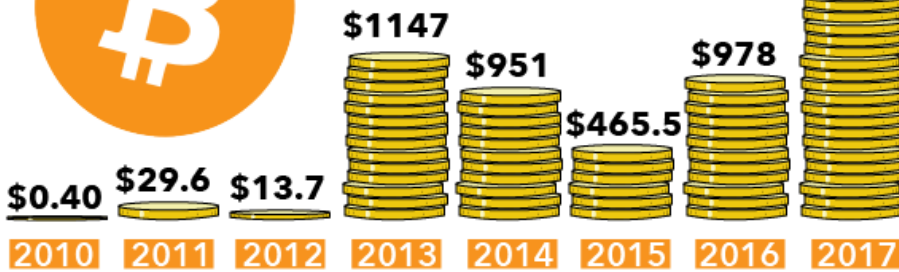
Bitcoin Year High Prices



The
VAN TRUMP
Report

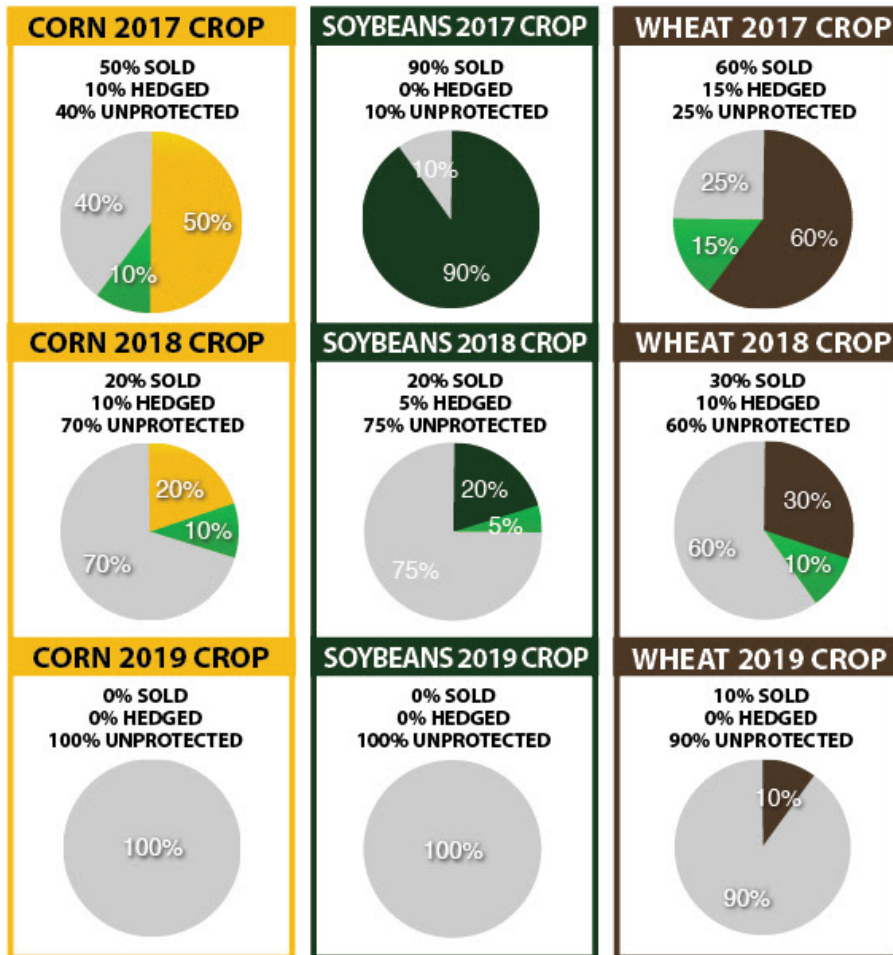
\$7601

*\$10,000 of Bitcoin @ 2010 yr. high
equals **\$190,025,000** @ 2017 yr high*



Source: Coin Desk

CASH SALES & HEDGING TOTALS



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



© FARM DIRECTION 2011

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