

GOOD MORNING: 11/09/17 Farm Direction - VanTrump Report

1 message

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

Thu, Nov 9, 2017 at 6:45 AM



"Geniuses have very limited toolsets — they have a hammer, and their genius is in vigorously looking for nails." – **Adam Robinson**

THURSDAY, NOVEMBER 09, 2017

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

Morning Summary: President Trump's first year in office helps the Dow records its biggest annual post-election day run since 1945. In fact, the blue-chip stock gauge has climbed +28.50% in the past 12 months, just shy of its +29.83% gain after FDR won a fourth term and Harry Truman was the vice-president. I should also note, the first year of president Clinton's second-term, the Dow gained +26.5%. If we talk the S&P 500, we would have to mention the massive +29% gain witnessed after the election of John F. Kennedy in 1960. Charles Schwab, recently reported the the average S&P 500 market return in the first year of a president's first term is around +6.6%, Regardless of thoughts or arguments regarding the correlation between the president and the stock market we can't complain about the results in our portfolios. Stocks continue to trade near their all-time highs despite a lack of fresh new headlines. I was personally worried that there wouldn't be enough news to keep the bulls fed this week and in turn we might pullback a bit, this hasn't been the case to this point, but be cautious going into the weekend. Economic data won't get much more exciting today with just Wholesale Trade on the calendar. There are however a handful of highly anticipated earnings reports scheduled, including Astrazeneca, Barclays, Nvidia, Transcanada, Siemens and Walt Disney. Though most sectors in the S&P 500 have nearly wrapped things up, the peak of Retail earnings is just getting underway with results from Kohl's, Macy's, Nordstrom, Office Depot and Party City due out. In Washington, Senate Republicans are expected to unveil their tax reform plan today. The bill is said to differ significantly from the House plan that the Ways and Means Committee is still marking up. From what is being reported, the Senate version does not fully repeal the estate tax. Sources close also say it eliminates state and local tax deductions. The major divergences could lead to increased concerns about divisions within the Republican party stalling or even blocking successful passage of tax reform. However, the GOP views this as "must pass" legislation and insiders believe that if push comes to shove, the party will set aside their differences to get it passed. Amid President Trump's visit to China, U.S. and Chinese companies yesterday signed business deals that the two countries say are valued at around \$9 billion. Trump arrived in the country as Chinese customs data was released, showing China's trade surplus with the U.S. in October widened by +12.2% from a year earlier to \$26.6 billion. The total surplus with the US for the first 10 months of the year rose to \$223 billion. Trump and Xi will engage in a series of closed-door meetings today, with North Korea expected to be the main topic of discussion. Crude Oil prices are steady, but remain up +15% in the past month. Brent crude oil is actually up +40% since this past July. Data yesterday from the Energy Information Administration showed U.S. crude inventories rising +2.2 million barrels last week to 457.14 million barrels, compared with expectations for a 2 million barrel decrease. U.S. crude production inched up +67,000 barrels per day to 9.62 million barrels per day, the highest on record. Keep in mind many sources are forecasting that U.S. production will reach a whopping +10 million barrels per day at some point during the next year. On the demand side, there's a bit of worry that we might be stalling out as Chinese imports at 7.34 million barrels per day, have fallen to their lowest level in the past year. I suspect the trade is extremely interested in hearing what OPEC has to say during their next meeting at the end of November. The bulls are hoping the group will extend or even increase their production cuts beyond the current expiration date scheduled for March.

Bitcoin Developers Nix Split Plan, Prompting Yet Another Record High: Bitcoin jumped Wednesday after the developers behind an upcoming split in the digital currency through an upgrade called SegWit2x announced they were suspending plans for the upgrade. The SegWit2x upgrade was scheduled to take

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 Conterintelligence

effect around November 16 in an effort to increase the speed and cost of bitcoin transactions. However, more and more major bitcoin developers dropped their support in the last few months. As fees rise for bitcoin transactions, the developers said they hoped the digital currency community could find agreement on how to solve the problem. "Until then, we are suspending our plans for the upcoming 2MB upgrade." The decision appeared to acknowledge a bitter controversy that boiled over in recent months and led many longtime bitcoin developers to blast the SegWit2X plan as a corporate takeover. If the controversy had not been resolved, the world's most famous cryptocurrency faced the very real possibility of splitting in two—with no clear consensus on which version was the "real" bitcoin. (Sources: CNBC, Fortune)

Saudi Arabia Makes Fresh Arrests In Anti-Corruption Crackdown: Saudi Arabian authorities have made further arrests and frozen more bank accounts in an expanding anti-corruption crackdown on the kingdom's political and business elite. Dozens of royal family members, officials and business executives have already been held in the purge announced on Saturday. They face allegations of money laundering, bribery, extortion and exploiting public office for personal gain. But Reuters' sources, speaking on Wednesday, said a number of other individuals suspected of wrongdoing were detained in an expansion of the crackdown, widely seen as an initiative of the powerful heir to the throne, Crown Prince Mohammed bin Salman. Others under scrutiny are being telephoned by investigators about their finances but appear to remain outside of police custody, adding that the number of people targeted by the crackdown was expected eventually to rise into the hundreds. The number of domestic bank accounts now frozen as a result of the purge is over 1,700 and rising, up from 1,200 reported on Tuesday. Many Saudis have cheered the purge as an attack on the theft of state funds by the rich, and U.S. President Donald Trump said those arrested had been "milking" their country for years. Crown Prince Mohammed bin Salman and the Saudi central bank sought to ease worries about the crackdown, which has caused the Saudi Arabia stock market to sink. They said that while individuals were being targeted and having their bank accounts frozen, national and multinational companies - including those wholly or partly owned by individuals under investigation - would not be disrupted. (Sources: Reuters, New York Times)

Biggest Industry By State: The nation's economy is driven by a wide array of industries, and every state in the country contributes billions of dollars to the national GDP. Real estate is by far the largest industry in the country and the largest contributor to the economy in most states. But since housing is a universal need irrespective of geography, it fails to illuminate regional economic differences. Apart from real estate, economic value is created in a variety of other ways state by state. According to Martin Kohli, chief regional economist at the Bureau of Labor Statistics (BLS), "how incomes get generated depends where you are geographically." For example, in resource-rich Texas, oil and gas extraction contributes \$123.9 billion to GDP, more than any other industry in any state. Similarly, Hawaii, a state known for its natural beauty, attracts millions of tourists each year. Geography can also be important to a state's economy for less obvious reasons. In some cases, states with similar dominant industries tend to cluster. For example, the three states where computer and electronics manufacturing is the largest industry — California, Idaho, and Oregon — are geographically contiguous. Click on the graphic below to see a larger version. (Source: [27/7 Wall Street](#))

Here are a few of this year's early sponsors



The Biggest Industry By State



FAMILY FARMS
GROUP

 INTELLIFARMS®
www.intellifarms.com

 Granular

Today In History

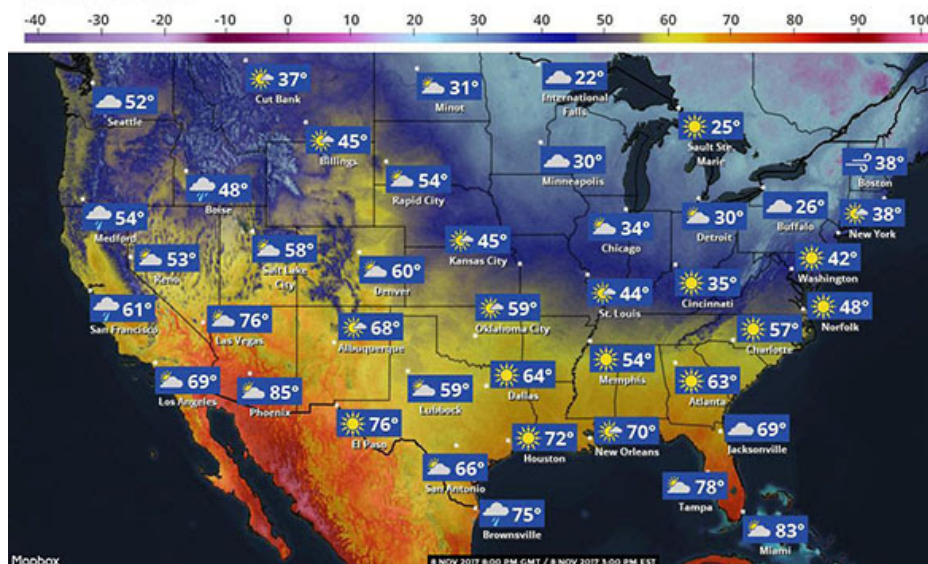


1938, WWII - In an event that would foreshadow the Holocaust, German Nazis launch a campaign of terror against Jewish people and their homes and businesses in Germany and Austria. The violence, which continued through November 10 and was later dubbed "Kristallnacht," or "Night of Broken Glass," after the countless smashed windows of Jewish-owned establishments, left approximately 100 Jews dead, 7,500 Jewish businesses damaged and hundreds of synagogues, homes, schools and graveyards vandalized. An estimated 30,000 Jewish men were arrested, many of whom were then sent to concentration camps for several months; they were released when they promised to leave Germany. Kristallnacht represented a dramatic escalation of the campaign started by Adolf Hitler in 1933 when he became chancellor to purge Germany of its Jewish population. The Nazis used the murder of a low-level German diplomat in Paris by a 17-year-old Polish Jew as an excuse to carry out the Kristallnacht attacks. On November 7, 1938, Ernst vom Rath was shot outside the German embassy by Herschel Grynszpan, who wanted revenge for his parents' sudden deportation from Germany to Poland, along with tens of thousands of other Polish Jews. Following vom Rath's death, Nazi propaganda minister Joseph Goebbels ordered German storm troopers to carry out violent riots disguised as "spontaneous demonstrations" against Jewish citizens. Local police and fire departments were told not to interfere. In the aftermath of Kristallnacht, the Nazis blamed the Jews and fined them 1 billion marks (or \$400 million in 1938 dollars) for vom Rath's death. As repayment, the government seized Jewish property and kept insurance money owed to Jewish people. In its quest to create a master Aryan race, the Nazi government enacted further discriminatory policies that essentially excluded Jews from all aspects of public life. Over 100,000 Jews fled Germany for other countries after Kristallnacht. The international community was outraged by the violent events of November 9 and 10. Some countries broke off diplomatic relations in protest, but the Nazis suffered

Weather forecasts are calling for slow corn harvest progress in the northern and eastern Midwest due to recent moderate to heavy rain and low temperatures. A recent drier trend in the western Midwest will improve conditions for harvest. The entire Midwest has a dry and warmer pattern in the six to 10 day timeframe, offering favorable open conditions for harvest. Cool, dry weather favors harvest activities, as field conditions permit. By November 5, the U.S. corn harvest was 70% complete. Since the mid-1990s, other years when the U.S. corn harvest was less than three-quarters complete by November 5 were 1996, 2004, 2008, 2009, and 2014. On the Plains, cold conditions persist across Montana and the Dakotas. Current snow depths include 5 inches in both Billings, Montana, and Grand Forks, North Dakota. Farther south, a chilly rain is falling across parts of Oklahoma and Texas, boosting soil moisture for winter wheat. On November 5, topsoil moisture in Texas was rated 59% short to very short. Cold air will remain in place across much of the central and eastern U.S. during the next few days. In fact, a strong, secondary surge of cold air will reach the Great lakes and Northeastern States Late in the week. Late in the week, however, above normal temperatures will return across the central and southern High Plains.

Coldest Temperatures Of the Season Coming: *Forecasts continue to indicate cool weather for today and tomorrow across the Midwest/Upper Midwest and Northeast. Cold air could bring wintry mix. Looking for milder weather ahead.*

FRIDAY FORECAST



USDA Crop Adjustment Last of 2017: Remember, today's USDA report will be the last U.S. "crop adjustment" until the January 12th yearend report. We will digest the global numbers from the WASDE and another Supply and Demand update in the USDA's December report, but no production changes to the crop after this until mid-January. Below are some thoughts and updates the trade is currently considering...

CORN

U.S. Yield - Most inside the trade are thinking the USDA's current yield estimate of 171.8 is too conservative and moving higher by +0.5 to +1.5... Several sources are talking a 173 to 174 final yield estimate by January.

U.S. Ending Stocks - As if 2.3 billion bushels wasn't already enough, there's a lot of players in the trade who believe we ultimately push to 2.4 or perhaps 2.5 billion bushels.

Demand - U.S. demand remains strong. In fact, ethanol demand appears much better than expected, meaning the USDA's corn used for ethanol estimate could be 75 to 125 million bushels too conservative. There's also some argument that corn for feed demand is also a bit more robust than previously forecast. All good news, but probably offset by increases to production.

U.S. Acres - It doesn't look like there will be many changes to acreage between now and the yearend report. As for 2018 new-crop acres, most in the trade are still forecasting a rotation that will increase the current number of corn acres. That's really hard to imagine with current prices well under the cost of production.

South America - Obviously "weather" will be extremely important moving forward. As of right now conditions have improved for both Argentina and Brazil, but with La Niña patterns brewing anything is still possible. Argentine corn acreage estimates might be moving higher as fields start to dry out. There's also talk that Argentine officials might incentivize via tax-breaks purchases of fertilizer, which could further increase corn acres, which already bounced higher after lifting the export tariffs on corn. In Brazil, the weather seems improved, but we could still argue there are a few pockets of problems. Perhaps more important will be weather surrounding second-crop corn. Keep in mind, Brazil really doesn't start planting second-crop corn in until February and won't harvest the second crop until probably late-May or early-April. Meaning there's still a ton of time on the clock regarding South American production.

Technicals - Most inside the trade believe we are stuck in a nearby range of \$3.40 to \$3.60 per bushel. A bit further out they argue the next layer of resistance is up between \$3.75 and \$3.90. On the downside, there's talk that we could ultimately test the \$3.00 to \$3.20 range. Keep in mind the funds are already holding a near record net short position.

Marketing - I would like to price another 10-20% of my 2017 production between now and late-April. That would get me to 70-80% priced heading into the 2018 growing cycle. To this point my best sale was 20% done at \$4.15 per bushel. We've also had some good hedges, so overall I'm extremely happy with our results. Like everyone, I wish I would have been a bit more aggressive on the summer rally. I also have 30% of my estimated 2018 production priced. My first few sales were between \$4.08 and \$4.123 per bushel. I also have some \$4.00 and \$4.20 floors in place financed by \$4.50 and \$5.00 calls.

no serious consequences, leading them to believe they could get away with the mass murder that was the Holocaust, in which an estimated 6 million European Jews died.



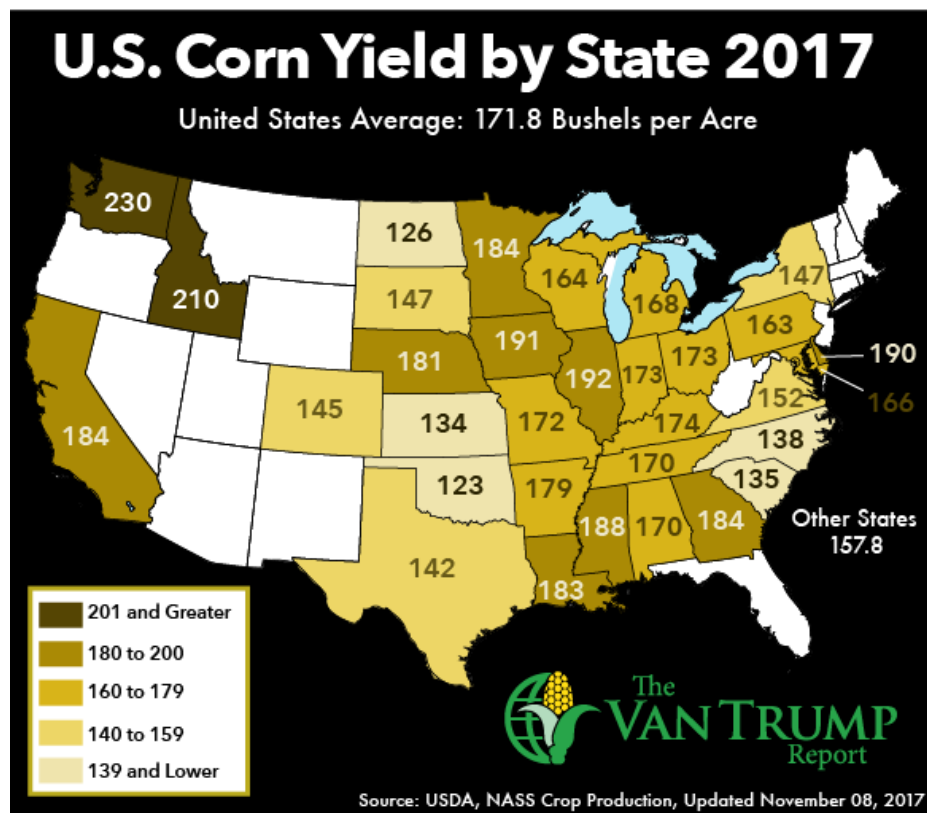
1989, Cold War - East German officials today opened the Berlin Wall, allowing travel from East to West Berlin. The following day, celebrating Germans began to tear the wall down. One of the ugliest and most infamous symbols of the Cold War was soon reduced to rubble that was quickly snatched up by souvenir hunters. The East German action followed a decision by Hungarian officials a few weeks earlier to open the border between Hungary and Austria. This effectively ended the purpose of the Berlin Wall, since East German citizens could now circumvent it by going through Hungary, into Austria, and thence into West Germany. The decision to open the wall was also a reflection of the immense political changes taking place in East Germany, where the old communist leadership was rapidly losing power and the populace was demanding free elections and movement toward a free market system. The action also had an impact on President George Bush and his advisors. After watching television coverage of the delirious German crowds demolishing the wall, many in the Bush administration became more convinced than ever that Soviet leader Mikhail Gorbachev's statements about desiring a new relationship with the West must be taken more seriously. Unlike 1956 and 1968, when Soviet forces ruthlessly crushed protests in Hungary and Czechoslovakia, respectively, Gorbachev actually encouraged the East German action. As such, the destruction of the Berlin Wall was one of the most significant actions leading to the end of the Cold War.



1990, Willie Nelson - Willie Nelson lands himself in tax trouble as a result of investments he made in the early 1980s in a tax shelter later ruled illegal by the IRS. With interest and penalties on top of his original unpaid taxes, Nelson was facing a tax bill in excess of \$16 million, and though his lawyers convinced the IRS to accept a \$6 million cash payment to settle the entire debt, even this was more than Nelson was able to pay, despite being perhaps the most bankable country-music star of the day. "He didn't have \$1 million—he probably didn't have \$30,000," his daughter, Lana Nelson, told Texas Monthly magazine of her famously generous and free-spending father. In anticipation of negotiations with the IRS breaking down, Willie Nelson had his daughter remove his beloved guitar, Trigger, from his Texas home and ship it to him in Hawaii, where he was golfing when the feds raided his home on November 9, 1990. "As long as I got my guitar," Willie Nelson said, "I'll be fine." Ultimately, Nelson did get to keep his

Cash Flow - Options on the board are extremely inexpensive right now with the low volatility, so it makes some sense if you need to increase cash-flow to price or deliver the bushels and re-own with some type of bullish strategy on the board. I'm also thinking that with the funds holding a near record short position and +2.3 billion in supply floating around, a short-covering rally probably happens on the board. If flat-price rallies cash buyers in many areas will more than likely just widen out the basis, meaning no real significant gains for those holding the bushels. Now if you're in an area that's short supply or had wide-spread production problems then you would want a different strategy. Make sure you are paying attention to your local basis and working with your individual advisors to build a plan for the next few months.

***All of our marketing and cash-sales recommendations** are sent in real-time to paid subscribers and included in the \$40 monthly subscription. If you are not currently receiving and interested please call the office at (816) 322-5300 to setup.



SOYBEANS

U.S. Yield - Most inside the trade are looking for a slight reduction to the U.S. soybean yield. I'm personally not 100% sold on that theory. Yes, I understand anything is possible, and certainly a yield reduction could happen, but just as I've been hearing about problems in some areas, I've also been hearing a lot of "better than expected" talk. I'm just not willing to bank or bet on the USDA cutting...

U.S. Ending Stocks - We are currently at a burdensome 430 million bushels. I suspect if yield is reduced we could work the ending stock number sub-400 million. Even though that's not considered bullish, it would clearly be a step in the right direction and put more pressure on South America to produce another bumper crop.

Demand - Global demand has been extremely strong, especially by the Chinese. Most inside the trade suspect the Chinese demand number works itself higher between now and yearend. U.S. demand is more heavily debated as bears suspect U.S. exports are over-estimated and may eventually need to work themselves lower.

U.S. Acres - Similar to corn, it doesn't look like there will be many changes to acreage until the yearend report. I personally believe 2017 planted acres could still move higher. As for 2018 new-crop acres, most in the trade are still forecasting a rotation that would decrease the current number of soybean acres. I suspect a portion of that will depend on what happens to pricing during the next few months. If U.S. producers get closer to planting and soybean prices are clearly profitable and corn prices a guaranteed loser, there could defiantly be some acreage shifting around.

South America - Obviously "weather" will be extremely important moving forward. As of right now conditions have improved for both Argentina and Brazil, but with La Niña patterns brewing anything is still possible. I personally feel like we could see some things flip-flop, areas in Argentina and southern Brazil that have been too wet might

guitar and even got his Texas ranch back, but not before the government auctioned his home to the highest bidder in January 1991. That bidder, however, was a Nelson fan who purchased the ranch at the behest of a group of farmers who threw their support behind Nelson in thanks for his work in organizing the Farm Aid charitable concerts. In June 1991, Nelson released a compilation album entitled The IRS Tapes: Who'll Buy My Memories?, the first and perhaps last major-label record album ever released under a strict revenue-sharing agreement with the Internal Revenue Service. While the revenues generated by The IRS Tapes did not come close to settling the debt on its own, Nelson did manage to retire his debt to the federal government by 1993.

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

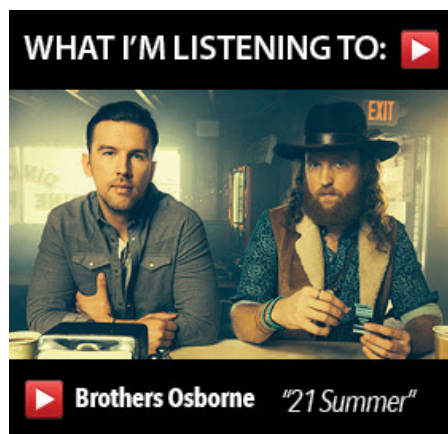
Mon. 12/25 - Christmas - Markets Closed

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



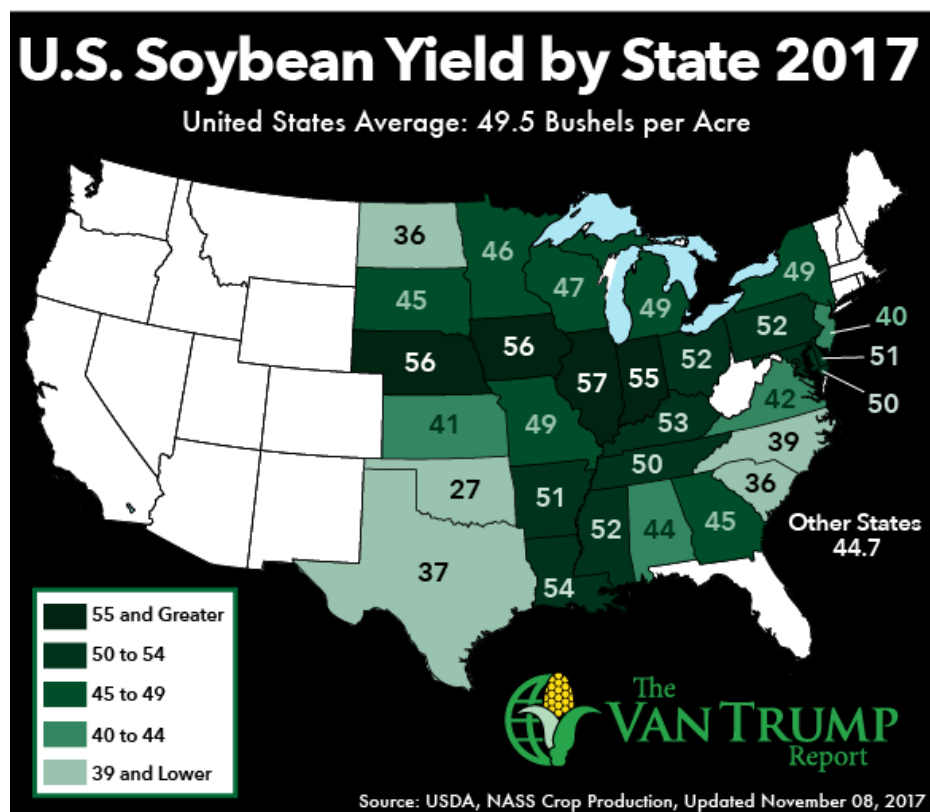
About the Report

become too dry, while areas in central and northern Brazil could become too wet...stay tuned!

Technicals - Bulls will say we are in the \$9.75 to \$10.25 range until more is known about South American weather. If the USDA surprises with a bigger reduction in yield than anticipated that range will obviously be ratcheted higher. Bears on the other hand believe the range is much larger, perhaps \$8.50 to \$10.50, also depending on South American weather and final U.S. production numbers. If South American weather cooperates and U.S. ending stocks stay north of 400 million bushels the downside could definitely be tested, despite the current macro interest spilling over from crude oil.

Marketing - I currently have 90% of my 2017 production already priced, so I have a ton of time to price that final 10% and want to stay patient. We hit a fairly big home run when I elected to sell the \$9.60 NOV17 straddles. We ended up collecting just over +60 cents per unit on the position. Since we did it on 20% of our production it was nice windfall, giving us a net sale of around \$10.55 on those bushels, our best of the marketing year. As for 2018 production, I only have 25% priced and honestly not at that great of levels. In fact you could price bushels today and do a better job. I wanted to make sure I had some profits "locked in" so I made a couple of small early sales down between \$9.50 and \$10.10 per bushel. Looking back I could have obviously done better, but at the time I was happy to reduce some longer-term risk. My last sale was made 30-days ago against the NOV18 contract at \$10.05 per bushel. I'm targeting the \$10.30 area for my next small 2018 sale. I would like to get 40% priced by late-April.

***All of our marketing and cash-sales recommendations** are sent in real-time to paid subscribers and included in the \$40 monthly subscription. If you are not currently receiving and interested please call the office at (816) 322-5300 to setup.



WHEAT

Russian wheat continues to create a headwind and the crop they just harvested seems to be getting larger not smaller. In fact the USDA might ultimately need to raise their estimate +2 to +5 MMTs. Russian exporters continue to provide the world with cheap wheat.

Canadian Crop also appears to be getting larger. Trade currently looking for the USDA to again push higher.

Australian and Argentine wheat crops seem to be getting smaller.

EU wheat crop currently seems to be a "wild-card" and could go either way, ultimately being the deciding factor for global ending stocks.

U.S. Crop seems to be catching up in regard to winter wheat planting but I still think acres are going to shrink and the cold temps on unprotected emerging crops might eventually drag on next years total production estimate.

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

Marketing: I was lucky to make some great new-crop sales. I currently have 40% of our estimated new-crop production priced/hedged. First sale was made at \$5.25 vs. JUL18 contract on 10% of estimated production. HRW was trading near \$5.50. Spring was trading near \$6.20. Next sale was made at \$5.12 vs. the JUL18 contract on 5% of production. Follow that by purchasing the JUL18 \$5.20 puts and sold the \$5.80 calls against them to finance on an estimated 10% of my production. Next sale was made on 10% of estimated production with JUL18 HRW trading at \$6.10, SRW trading at \$5.90 and Spring trading near \$7.40. Next sale made on 5% of estimated production with JUL18 HRW trading at \$6.10, SRW trading at \$6.00 and Spring trading near \$7.90. I also did something I traditionally wouldn't have, but I had a hunch and priced the first 10% of our estimated 2019 production with SRW trading at \$6.02 and HRW trading at \$6.18 vs. the JUL19 contract. My grandpa always said, it's better to be lucky than good sometimes...

***All of our marketing and cash-sales recommendations** are sent in real-time to paid subscribers and included in the \$40 monthly subscription. If you are not currently receiving and interested please call the office at (816) 322-5300 to setup.

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..."

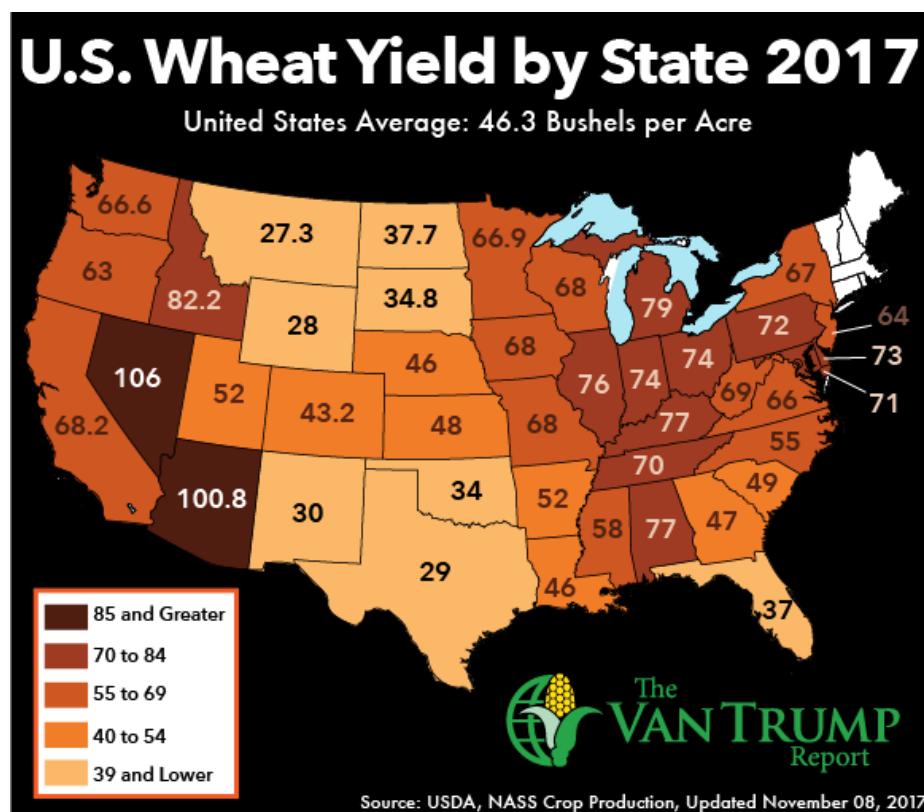
"Bulls make money, Bears make money, but pigs get slaughtered..."

"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.



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



> Apple Is On The Hook For A Massive Tax Bill In Ireland: *Ireland is still computing the total tax bill, including interest, that Apple will need to pay as part of its penalty for violating Europe's "state-aid" rules. The payment of \$15 billion that is owed does not even include the near \$1.16 billion in interest. The phone maker stated its responsibilities in their recent annual report. (Source: Business Insider)*

> Antiquities And Artifacts You Find Online Are Usually Fake Or Illegal: *It seemed obvious to me that the widespread use of the internet and social platforms would make it easier for looters to directly sell their wares to potential buyers, but I didn't realize that ISIS has been systematically looting archaeological sites and selling their plunder online as well. It appears the combination has flooded the internet with a ton of questionable antiquities so be aware should you find yourself shopping for artifacts online.(Source: Smithsonianmag.com)*

> U.S. Ethanol Production Rises: *US ethanol production averaged 1.057 million b/d in the week ended November 3, up +1,000 b/d from the previous week, Energy Information Administration data showed Wednesday. Compared with a year earlier, production was 55,000 b/d, or 5.49%, higher. Total stockpiles slid for the fourth time in five weeks. Inventories shed 129,000 barrels to 21.345 million barrels. Total inventories were 2.116 million barrels above last year's level. (Source: Platts)*

> Brazil Soybean Planting Progress At 43%: *Planting of Brazilian soybeans jumped to 43% of the planned area last week, which is an increase of +13 percentage points. According to AgRural, rainfall in the center-west region of Brazil allowed planting to get completed faster. Sowings in the same period last year stood at 53%, and the five-year average is 44%. The state of Mato Grosso do Sul, the fifth-largest soybean producer, now leads the fieldwork. Planting jumped 20 percentage points last week and reached 78% of the planted area. (Source: AgRural)*

> Acquisitions, Mexico Fuel Pilgrim's Sales And Profit Gains: *Strong sales, margins and higher-than-expected results from its Mexico operations helped Pilgrim's Pride Corp. more than double net income in the third quarter of fiscal 2017, the company reported. Company officials said the contribution from the acquisition of GNP Co. earlier this year and the purchase of European poultry giant Moy Park from JBS S.A. in September fueled a +110.6% increase in operating income to \$372.2 million and a*

+12% gain in sales to \$2.8 billion. Lovette and CFO Fabio Sandri said sales in Mexico in the period were strong despite the effects of a hurricane and an earthquake. Mexico revenues climbed 11 percent to \$341 million, compared with the third quarter of 2016. (Source: MeetingPlace)

> High Water Causing Logjam On Ohio River: The Ohio River has a backlog of 200 barges as the Army Corps of Engineers had to close a lock due to high water levels – as a result barge freight has risen sharply. The lower Ohio River was closed to navigation on Tuesday at locks and dam 52 in Paducah, Kentucky, due to rising water on the key commodity shipping waterway. It was at least the third closure of that stretch of the river in the past two months and it was not yet known how long the busiest section of the U.S. inland waterways system would remain closed. Most vessels would normally be able to pass over the lowered wicket dam during high-water periods, but a rock dike that was installed in the river as part of an emergency dam repair this autumn is preventing boats from safely passing. (Source: Reuters)

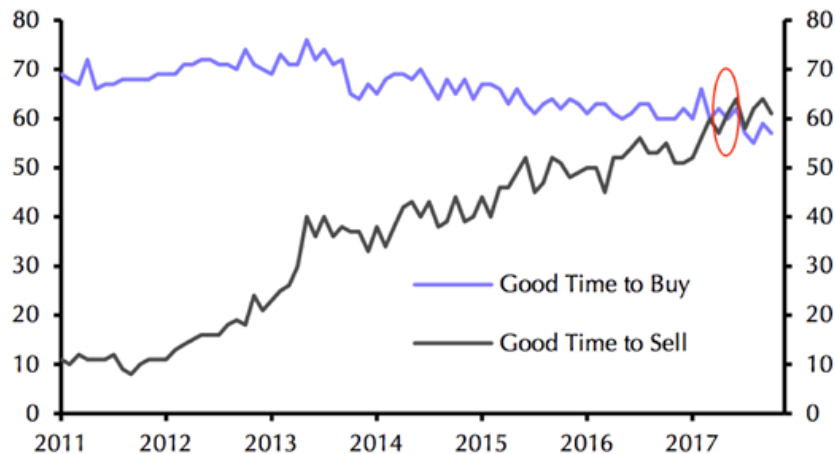
> No Plans For A White House Meeting On RFS: There has been "no talk" of a meeting at the White House to discuss the Renewable Fuel Standard, said Sen. Chuck Grassley. That's the explicit reason Sen. Ted Cruz gave for holding up Bill Northey's nomination for a top USDA post. (Source: Politico)

> Bakken Oil Production To Climb, But Permian, OPEC Pose Risk: The path of production in the Bakken Shale formation over the past year has been dramatically pressured by everything from the OPEC supply cut agreement to delays in building the Dakota Access pipeline, resulting in output swings of hundreds of thousands of barrels per day, North Dakota's top oil regulator told S&P Global Platts. In an interview, Lynn Helms, director of the state's Department of Mineral Resources, said statewide oil output is likely to remain above 1 million b/d, but below 1.1 million b/d, its range since February, for several months into next year. But a number of scenarios, particularly an unexpected end to the OPEC supply cut agreement and increased competition from the Permian, could cause output to severely decline. Helms said he expects statewide production to peak as soon as late 2019 at about 1.6 million b/d, but said reaching 2 million b/d is "certainly achievable," but depends on a number of factors, particularly oil prices. (Source: Platts)

> Tencent Buys 10 Percent Stake in Social Media Company Snap: Tencent Holdings Ltd. has taken a 10 percent stake in social media software maker Snap Inc. In an SEC filing Wednesday, the Snapchat developer said Tencent bought 145.8 million non-voting shares in the company. Snap said Tuesday it's redesigning its mobile application to reach a broader audience and make more money from ads, as third-quarter financials showed sales growth keeps lagging investor expectation. (Source: Bloomberg)

> America's Red-Hot Housing Market Is A Bit Of A Problem: The recovery in US house prices since the recession has created a so-called seller's market. In this part of the cycle, housing inventory is tight, especially in big cities where there's plenty of demand. But buyers in these markets are getting stretched as prices climb above their prerecession highs and choices remain limited. Zillow CEO Spencer Rascoff captured this split well during the company's earnings call with analysts this week. "Housing overall is very strong, which is to say it's a seller's market, home values are appreciating more than 5% year-over-year. We are — the market is inventory constrained in most major cities. That puts pressure on buyer agents on lead conversion, meaning that a buyer lead is a less valuable if a buyer's agent has to work with that buyer for two, three, six, 10 months and write 10 or 20 offers before their offers are being accepted because inventory is so tight." Home prices continue to rise nationwide at about a 6% annual rate, and Case-Shiller's National Home-Price Index reached a new all-time high for a ninth straight month in August. (Source: Business Insider)

Chart 3: Good Time to Buy and Sell (% Respondents)



SOURCE: Capital Economics

BUSINESS INSIDER



Northwest Iowa - We are still waiting to get into the field to get our corn. We seem to always be two weeks behind Southwest Iowa for harvest. I am on the board of directors of a small family bank and we have one of the highest percentages of organic growers as clients. The industry here is booming as guys grow for General Mills in Minnesota. The crop has to be driven over 100 miles to get it to the plant. Things are so busy guys are bringing in workers from out of state and housing them. Another industry I'm hearing about around the area is salmon farming, no details on how that is going yet. I'm told it's a fifth generation grower seeking to diversify.

Southcentral Nebraska - Our yields for Corn were in record territory before the straight-line winds hit in mid to late October. We were looking at 260-280bpa before the damage but lost anywhere from 20-80bpa. A lot of the guys are now letting their cows and head out to eat the corn after the insurance adjuster stops by. Funny thing is, I think one reason the price of cows spiked a little is guys are running out and buying cattle to eat the crops on the ground. Most of the corn would have been harvested already but the October rains prevented us from getting in there later than normal. Fortunately, some folks were able to get extensions on their wind coverage past the deadline of October 15.

Northcentral Louisiana - We are looking for a bit of rain as things are dry as a bone down here. We can't even do fieldwork in these conditions. We grew corn, beans, rice and milo this year. Even though there is a ton of cotton around us, we cut it out years ago as for us it simply didn't pencil. On average we did 170+bpa corn and 60bpa beans across the fields. With all the work done and equipment worked on, it's hunting time for us. Had nearly 4,000-5,000 geese in the area last week but none of them came in near enough. Going for deer in a couple weeks!

CROSSING WIRES

A place to share intelligent thoughts...

Why Holograms May Become The Standard For Documenting Our History: Up to now, the vast majority of augmented and virtual reality has been centered around

gaming and entertainment. Now, companies are using Holographic videos for posterity sake. The technology is becoming very sophisticated and it may one day be possible to interact with any deceased person of your choice or go back and spend time with your children when they were at your favorite age. Things are changing fast in this arena and I suspect most folks will replace standard videos with holographic ones soon. Read more [HERE](#).

Wine Country Is Open For Business: "Now that we have a clearer picture of what happened in Napa Valley, we are grateful and humbled to report that damage to the Napa Valley wine industry was not widespread," says Patsy McGaughy, communications director for Napa Valley Vintners, who adds that only a handful of vineyards (believed to be fewer than five) suffered significant losses, which is still five too many, but certainly not an entire region. I'm told that despite the images we have all seen on television, the area remains as lovely as ever. Read more [HERE](#).

Sir Richard Branson Launches New Company To Compete In Space: Earlier this year, Richard Branson's empire got a little bit bigger with the establishment of Virgin Orbit, a business dedicated to launching satellites commercially. Now, that company has spawned a firm known as Vox Space that is set to compete for US military contracts. Virgin Orbit already uses a modified Boeing 747 called Cosmic Girl to launch small satellites. The company is also testing a rocket known as LauncherOne that will provide a different method of sending satellites into orbit. Read more [HERE](#).

Federal Judge Rules In Favor Of Ranchers In Water Case: A U.S. court has sided with a New Mexico ranching family in a decades-long battle over access to water on national forest land, providing more certainty that state law allows for the protection of water rights dating back more than a century. The case of the Goss family has been closely watched by thousands of ranchers who hold grazing permits across the West. Attorneys and others say the outcome could have ripple effects on ranchers and rural communities that have often complained about federal land managers trampling property rights. The Goss family claimed the federal government violated its constitutional rights by not providing just compensation after condemning property — in this case water rights that had been established before Lincoln National Forest was created. U.S. Court of Federal Claims Chief Judge Susan Braden agreed. Read more [HERE](#).

Craft Beer Fans Give New Life to 100-Year-Old Barley: A batch of barley that lay forgotten for almost 100 years in storage at a farm in Portland, Oregon, has found new life - thanks to booming demand for craft beer. It turns out the barley makes a malt that is much in demand from Oregon's growing legion of craft brewers and is among a wave of ancient varieties revived by the likes of GrainCorp Ltd., the giant Australian crop handler that also ranks as the world's fourth-biggest malting company. Craft beer has underpinned a revival in barley demand because it uses twice as much malt as regular pilsner. Demand for specialty brews is set to continue to grow and consumption of dark and craft beer in the U.S. has grown at about 9 percent a year since 2007. Barley is steeped in water, partially germinated, dried and roasted to process it into malt. Demand for craft beer rose 6.2 percent in volume terms in the U.S. in 2016 and 10 percent in value terms to \$23.5 billion, according to the Brewers Association. North America has led the revival in demand for craft beer, though it's now spreading as far away as India and China, buoyed by demand from the millennial generation. Read more [HERE](#).

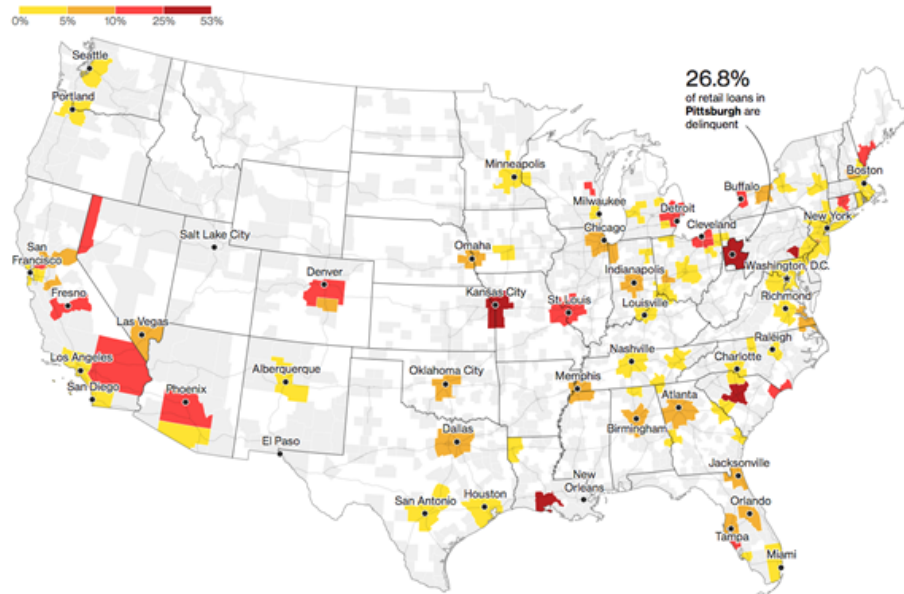
Song From 'Ferris Bueller's Day Off' Is Catchy, Irritating and The Origin Of An Investing Fortune: Dieter Meier has never seen "Ferris Bueller's Day Off." That alone might make Mr. Meier unusual. Legions of fans made the 1986 comedy a breakout success for Matthew Broderick, who played Ferris, a charmed teenager navigating a complicated day of hooky on the streets of Chicago. For Mr. Meier, the film had an equally enduring effect: It launched the Swiss artist and entrepreneur's quirky techno tune "Oh Yeah" into rarefied commercial territory, giving him seed money to help amass a fortune in investments in such things as the trains that take tourists to the Matterhorn and the firm that prints currency. The beginnings of "Oh Yeah," released in a 1985 album, weren't promising. Boris Blank, Mr. Meier's partner in the band Yello, crafted sounds and gave them to Mr. Meier to add lyrics. Yello's record company didn't want to release it as a single. That changed thanks to the Ferris Bueller effect. And as the simple tune began to make real money, Mr. Meier proved to be a sophisticated investor. Read more [HERE](#).

South Korea Is Building A \$35 Billion City That Will Eliminate The Need For Cars: When residents of the International Business District (IBD) in Songdo, South Korea go to work, pick up their kids from school, or shop for groceries, driving is optional. That's because the \$35 billion district — currently a work-in-progress about the size of downtown Boston — was designed to eliminate the need for cars. A project that began in 2002, the area prioritizes mass transit, like buses, subways, and bikes, instead of road traffic, according to Stan Gale, the chairman of Gale International, the developer behind the IBD. When completed by 2020, the district will span 100 million square feet. Take a look at the IBD's plan [HERE](#).

Is America's Retail Apocalypse Just Beginning? *The so-called retail apocalypse has become so ingrained in the U.S. that it now has the distinction of its own Wikipedia entry. The industry's response to that kind of doomsday description has included blaming the media for hyping the troubles of a few well-known chains as proof of a systemic meltdown. There is some truth to that. In the U.S., more than 3,000 stores did open in the first three quarters of this year. But almost 6,800 closed. And this comes when there's sky-high consumer confidence, unemployment is historically low and the U.S. economy keeps growing. Those are normally all ingredients for a retail boom, yet more chains are filing for bankruptcy and rated distressed than during the financial crisis. That's caused an increase in the number of delinquent loan payments by malls and shopping centers. Read more [HERE](#).*

Late payers

Percent of retail real estate loans that are delinquent by metro area, as of September 2017



Source: Trepp



"Grocerants" Are Changing The Way We Do Dinner

\$10 billion in sales last year from 'grocerants', which are simply full restaurants within grocery stores, shows the concept is taking hold among shoppers. Kyle Riggs who manages the Market Grille, the restaurant inside a Hy-Vee grocery store in Columbia, MO., says folks are amazed when they walk in and see the full wine wall with a ladder that slides as well as having up to 20 beers on tap to go along with your meal. For the college town, it has been a huge hit especially on game day as no one else in town offers the selection of beers at the \$2 a pint price. I suspect we will start to see late adopters come into play in this space since supermarkets like Whole Foods have been offering sit down dining and drinks for years now. With Amazon's purchase of the natural and organic foods supplier, the speed of change is likely to increase. Hy-Vee, an early adopter is up to 115 Market Grille to date. Once again, millennials are a driving force behind increasing options in the prepared food space and I'm told that in a recent survey by Morgan Stanley, over half the millennials had eaten out in the past week versus 43% of previous generations. As I understand it, stores are doing more than just putting in tables and chairs, as a focus on ambiance is vitally important for consumers who want a relaxing environment. Of course, all this added space requires making room for in-house dining and means shelf space will shrink because of it. Within the store stiffer competition for the shelf space is becoming an issue. Meaning, there may be a day when you walk into your favorite grocery store/restaurant and only have one option of canned tomatoes to choose from. It seems this is a trade off many are willing to make. Interestingly, grocerants are quickly becoming the place to be as friends gather and the trend grows. It is definitely a good formula for attracting the millennial generation who seem to be tiring of older restaurant chains like Applebee's, who will be closing over 100 locations this year, and Chili's, who is said to be closing up to 60 locations this year. I suspect you will begin to see more upper scale restaurants seeking to partner with grocery stores in order to cut down on the number of stops consumers make while out for the day. It's funny how things change, we rarely went out for dinner

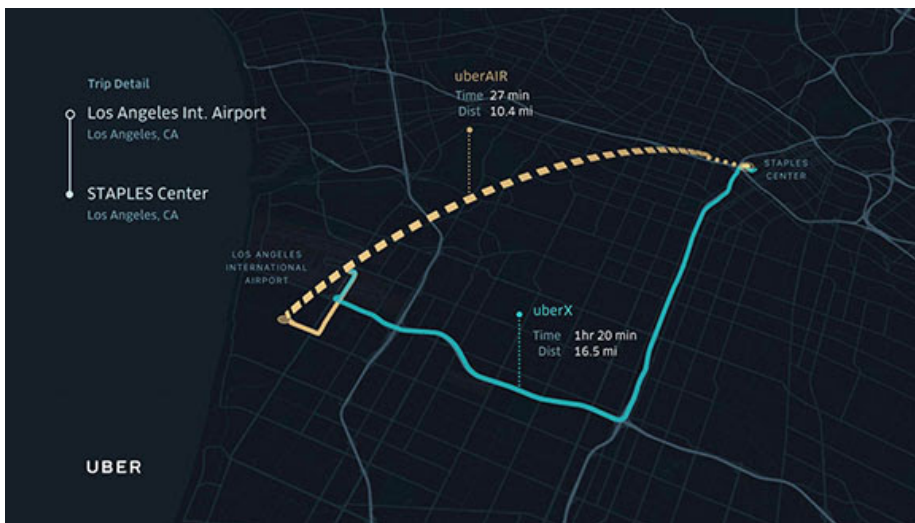
when I was growing up, and it was the time together around the table discussing the day's activities that was important. Hopefully, families can manage to do that even though it may be at the local grocery store. (Source [NPR](#))



Uber And NASA Team Up On Flying Taxis

Flying taxi cabs are a step closer to reality as Uber joins forces with NASA to develop navigation software. Under the Space Act Agreement, Uber has signed a contract to help NASA develop unmanned traffic management systems. The company calls its flying taxi project UberAir. Jeff Holden, chief product officer at Uber, said in a statement, "Combining Uber's software engineering expertise with NASA's decades of airspace experience to tackle this is a crucial step forward." Uber forecasts its flying taxi service would be purely electric and that a journey that would take 80 minutes by car in rush-hour traffic could be reduced to as little as four minutes. They announced earlier this year that they would bring flying taxis to Dubai and Dallas-Fort Worth by 2020. They've now added Los Angeles to the list of initial trial cities. They have already signed contracts with Sanstone Properties, which has 20 sites across the greater LA area, for plans to build "skyports" that will serve as takeoff and drop-off points for its autonomous flying cabs. Uber aims to have some form of its air taxi service up and running in time for the 2028 Olympics being hosted in the city. Uber does not plan to make the autonomous aircraft themselves. Instead, they've partnered with five companies at this point who are working to build a vertical takeoff and landing drone. There is a lot still standing in the company's way, however. First off, the vertical takeoff and landing aircraft they envision do not exist yet. Additionally, the infrastructure needed to support such vehicles also doesn't exist. The biggest hurdle, however, may just be the U.S. Federal Aviation Administration (FAA), which is responsible for certifying aircraft as safe to operate, establishes all rules governing aviation and determines where aircraft are allowed to operate. Uber's contract with NASA is the space agency's first formal agreement covering low-altitude airspace rather than outer

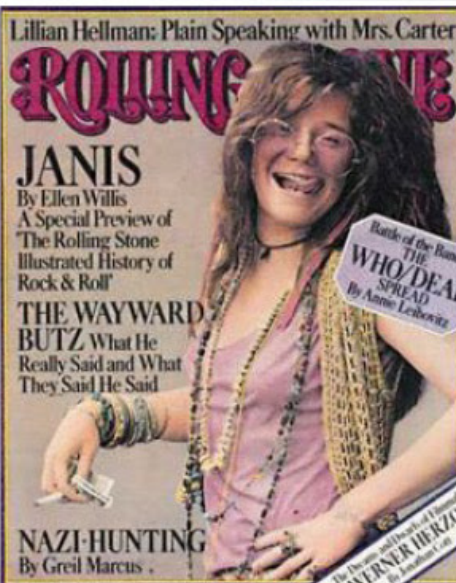
space. That deal calls for Uber to be involved during phase 4 of this work, which is scheduled to begin in March 2019, NASA said. Phase 1 involved field tests and ongoing testing at an FAA site for drones used in agriculture, fire-fighting and pipeline monitoring. Phase 2 in 2016 investigated long distance uses in sparsely populated areas. Phase 3 will launch in 2018 and aims to actually test flights in moderately populated areas. Phase 4 will launch tests in urban areas. Uber wants to begin launching paid, intra-city flying taxi services beginning in 2023. (Sources: Guardian, Reuters)



Top Music Magazine Celebrates 50 Years

Trailblazing music magazine 'Rolling Stone' publishes its first issue on this day back in 1967. At the time, trade magazines like Billboard were the only source of news for the flourishing rock 'n roll scene. However, the information they provided didn't go much deeper than listing the names of band members, available albums and tour dates. Fans were desperate for a deeper look into the lives of their rock idols. Some even started their own "fanzines" but they were limited to just the one favorite rock band and tended to only last through a handful of issues. 21-year old college dropout Jann Wenner wanted to change the landscape by starting a cultural publication devoted to rock 'n roll. There was no such thing as "rock journalism" at that time. Professional writing in regard to music was mostly limited to more sophisticated - and long-established - music genres like classical and jazz. One such jazz expert, named Ralph Gleason, wrote for the San Francisco Chronicle, but developed an affinity for the likes of Bob Dylan, The Grateful Dead and other burgeoning rock bands of the time. A couple of years later, Wenner shared his rock magazine concept with Gleason and the two started tossing around ideas for a magazine. The two narrowed the idea down to magazine called either Electric Typewriter, New Times or Rolling Stone. The inspiration for the name was the Bob Dylan song "Like A Rolling Stone." Interestingly, Wenner wrote in the first issue of Rolling Stone that it was also a reference to the Muddy Waters tune and the famous rock band with the same name, but it was the Dylan song that initially sparked the idea. Wenner managed to borrow a little money from relatives and enlist the volunteer services of a few talents with some journalistic and publishing experience, Rolling Stone was officially started in a loft at [746 Brannan Street](#) in San Francisco. The owner of the building actually had a printing press in a downstairs space, which Wenner promised to use for the new magazine. Early issues more closely resembled a newspaper than a

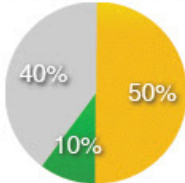
typical magazine. The first issue featured a photo of John Lennon, which was being used as a promo shot for the Richard Lester film "How I Won the War." Issue #1 also covered local band Jefferson Airplane and dug into the case of missing funds from that year's Monterey International Pop Music Festival. Rock critic (and future Bruce Springsteen manager) Jon Landau wrote about power trios, specifically comparing the Jimi Hendrix Experience to Cream. The magazine interviewed Donovan, who spoke about the Haight-Ashbury hippie scene. There were pieces about David Crosby getting kicked out of the Byrds and what was happening with the Who and Pink Floyd in London. And Gleason wrote his first Rolling Stone column, focusing on media discrimination against black R&B singers. It hit the newsstands for 25 cents a copy. In time, the magazine was revered for not only its music coverage but also its political reporting which really developed under the original "gonzo journalist" Hunter S. Thompson. Gleason passed away in 1975, but to this day, Jann Wenner, who is now 71 years old, is still the magazine's publisher. The magazine has gone through many changes over the past 50-years, including a stint in the 1990s where it shifted focus to a younger readership interested in youth-oriented television shows, film actors, and popular music. It's recently resumed its original focus and is printed as a glossy standard-format magazine. The magazine has also employed a number of notable and award-winning journalists, photographers and other talents over the years, including Robert Altman, Cameron Crow, Caroline Kennedy, Annie Leibovitz, P.J. O'Rourke and Rob Sheffield, just to name a few. From what I understand, Wenner sold 49% of the magazine to an Asian company back in 2014 and is now actively trying to sell the remaining portion. Just another sign that times are drastically changing. (Sources: Ultimate Rock, Wikipedia, Rolling Stone)



CASH SALES & HEDGING TOTALS

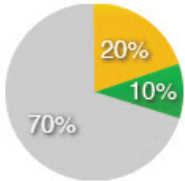
CORN 2017 CROP

50% SOLD
10% HEDGED
40% UNPROTECTED



CORN 2018 CROP

20% SOLD
10% HEDGED
70% UNPROTECTED



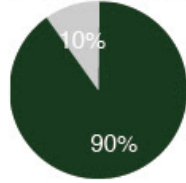
CORN 2019 CROP

0% SOLD
0% HEDGED
100% UNPROTECTED



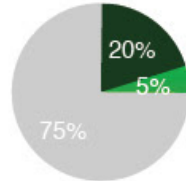
SOYBEANS 2017 CROP

90% SOLD
0% HEDGED
10% UNPROTECTED



SOYBEANS 2018 CROP

20% SOLD
5% HEDGED
75% UNPROTECTED



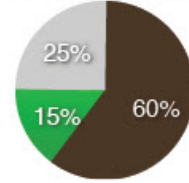
SOYBEANS 2019 CROP

0% SOLD
0% HEDGED
100% UNPROTECTED



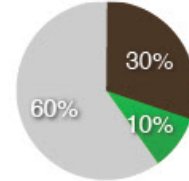
WHEAT 2017 CROP

60% SOLD
15% HEDGED
25% UNPROTECTED



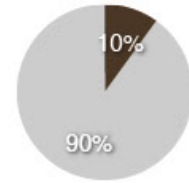
WHEAT 2018 CROP

30% SOLD
10% HEDGED
60% UNPROTECTED



WHEAT 2019 CROP

10% SOLD
0% HEDGED
90% UNPROTECTED



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](#)