

GOOD MORNING: 11/10/17 Farm Direction - VanTrump Report

1 message

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Fri, Nov 10, 2017 at 7:01 AM



"The easiest way to add meaning to your life is to add meaning to someone else's life."
— Adam Grant

FRIDAY, NOVEMBER 10, 2017

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Morning Summary: U.S. stocks take a few steps back as lawmakers throw a couple of curve balls at tax reform and tensions in the Middle East start to become much more real. Saudi Arabia is clearly turning up the heat and it's starting to make some bigger money players a bit more nervous. In case you haven't been paying close attention,

Saudi's are screaming that the Iranian-backed Hezbollah group has gained way too much power in Lebanon. They seem to believe Iran and its Shia associates are gaining more of a stronghold on land that runs from the Afghan/Pakistani border all the way to the Mediterranean. Although Saudi Arabia and Iran are both Muslim-majority nations and follow and rule through Islamic scripture, their relations are fraught with hostility, tension and confrontation, due to differences in political agendas that are strengthened for their differences in faith. Saudi Arabia is a right-wing conservative Sunni Islamic kingdom with a tradition of close ties with the United States and the United Kingdom. Iran is a Twelver Shia Islamic Republic founded in an anti-Western revolution with close ties to Russia, China, Syria, and portions of Lebanon. From what I understand a large chunk of the Saudi oil fields sit in the eastern part of the country, close to the areas where Iran and its associates are making their push. This is causing the Saudi's to become more nervous. The kicker is most of Saudi Arabia, including the royal family, are a Sunni branch of Islam, but this eastern area is also home to many Shiites, which are making things much more interesting. Bottom-line, "geopolitical risk" is starting to creep back into the headlines, making crude oil supplies out on the horizon more uncertain and larger macro traders a little more uneasy. I'm personally paying a lot more attention to energy prices, and military and political movements inside Saudi Arabia, Lebanon, Yemen, Iran, Hezbollah, Iraq, Bahrain and Syria. Here at home, Senate Republicans unveiled their tax reform plan yesterday, which differs quite a bit from the House bill. Some of the most significant differences are found in provisions that were considered favorites of Wall Street. Most notably, the Senate proposes delaying the corporate tax rate cut until 2019. For individuals, the Senate plan keeps seven income tax brackets rather than consolidating them into four brackets like the House proposes. It also doubles the exemption for the estate tax but does not fully eliminate it. The House plan repeals it after six years. The House bill has moved out of committee and should come up for a full floor vote next week. At the same time, the Senate Finance Committee will begin marking up their version. If the House and Senate both pass their respective proposals, members will need to reconcile them into one piece of legislation. There are worries that lawmakers will struggle to accomplish all of this by their self-imposed end of year deadline. Keep in mind, optimism over tax reform has been one of the big catalysts for the recent stock market gains. The trade is also jokingly a bit more worried as Twitter doubles from 140 to 280 characters. Insinuating perhaps double the geopolitical risk associated with an arrant tweet. Today on the political front, investors will have an eye on the Asia-Pacific Economic Cooperation (APEC) conference that has gotten underway in Vietnam. It is likely U.S. President Trump and Russian President Vladimir Putin will meet on the sidelines. Trump mentioned before setting out on his tour of Asia last week that a meeting with Putin would be "very important" due to their ability to help with North Korea and Syria. Of course any meeting would come at the same time U.S. officials are digging into alleged Russian meddling in U.S. elections which could make for some uncomfortable dialogue. The Labor Department yesterday showed weekly Jobless Claims were a little higher than expected. However, the four-week moving average is now at its lowest level since 1973, indicating the labor market remains very tight. The data calendar will get a lot more active next week, with Small Business Optimism and PPI on Tuesday; the Consumer Price Index, Retail Sales, Empire State Manufacturing, Atlanta Fed Business

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Inflation and Business Inflation on Wednesday; the Philadelphia Fed Business Outlook, Import/Export Prices; Industrial Production and the Housing Market Index on Thursday; and Housing Starts and Kansas City Fed Manufacturing on Friday. With third-quarter earnings mostly wrapping up, next week will see investors tallying the final results and perhaps reassessing their positions. We will also hear from a handful of Federal Reserve Presidents, including James Bullard of St. Louis, Charles Evans of Chicago and Loretta Mester of Chicago.

Self-Driving Here We Come... General Motors has scheduled an investor event for Nov. 30, which will outline "our vision for an autonomous future." An innovation that seemed a few years away from commercialization is now advancing rapidly. In the next few months, Google's Waymo is saying they will launch a robo-taxi service in the Phoenix area that will have no human driver in the front seat. (Source: SeekingAlpha)

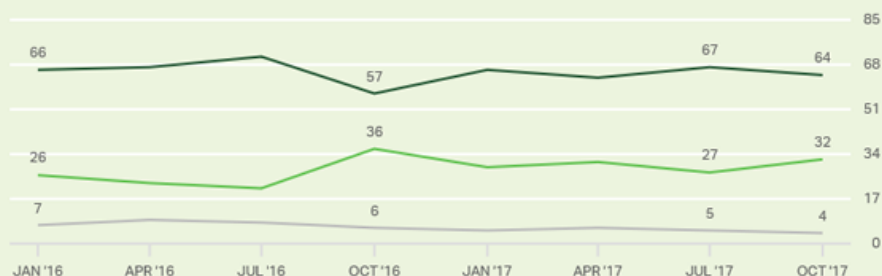
CME Group Posts Contract Specifications for Bitcoin Futures: CME Group has detailed the specifications of the Bitcoin futures contract. The contract unit amounts to 5 bitcoins, as defined by the CME CF Bitcoin Reference Rate (BRR). The minimum price fluctuation will be \$5 per bitcoin or \$25 per contract. The Calendar Spread and Basis Trade of Index Close (BTIC) will be \$1 per bitcoin or \$5 per contract. BTIC transactions enable market participants to execute a basis trade relative to the official close for the underlying value for more efficient cash management. Contrary to the oil or gold futures markets, where clients that end up holding a contract at the end of the settlement period need to take physical delivery of the product, Bitcoin futures are cash settled. This means that the underlying demand for Bitcoin futures will not in fact be directly affecting the price of the asset itself. This aspect of the contract is something that is worth noting for those who fear that Wall Street might take charge of the value of Bitcoin in the future. The only way fund managers will really be able to influence the price is if they trade the digital currency on an exchange. (Source: Finance Magnates, High Ground Trading)

U.S. Small-Business Owners Upbeat, But Worried About Hiring: U.S. small-business owners continue to display optimism about business conditions in the fourth quarter of 2017, according to the latest Wells Fargo/Gallup Small Business Index survey. In the quarterly survey the overall index score has declined slightly to +103, after hitting a 10-year high of +106 in July. The Oct. 2-6 survey finds small-business owners reporting a more positive picture of their revenues in the fourth quarter of 2017 compared with the same quarter in 2016. Forty-six percent say their revenue has gone up over the past year, versus 37% a year ago. Similar year-over-year increases are seen in owners' reports of their cash flow and their ease of obtaining credit. The percentage of owners who plan to increase the overall number of jobs at their business has ticked up in the fourth quarter to 32%, compared with 27% last quarter. This is the highest since the fourth quarter of 2016, which was also the highest in that calendar year. The marginally higher intention to increase jobs occurs at a time when more small-business owners are worrying about being able to hire good employees. When asked to identify the most important challenge facing their business today, 16% of owners name hiring and retaining qualified staff. This concern about hiring suggests that even as owners plan to hire more, the supply of suitable employees may be limited in a time of economic growth and relatively low unemployment. (Source: Gallup)

A Third of Owners Will Increase Number of Jobs

Over the next 12 months, do you expect the overall number of jobs or positions at your company to increase a lot, increase a little, stay the same, decrease a little or decrease a lot?

■ % Increase a lot or a little ■ % Stay the same ■ % Decrease a lot or a little



WELLS FARGO/GALLUP

Weather in the Corn Belt is experiencing frigid conditions across the upper Midwest, which will be accompanied by snow showers and gusty winds. On November 5, the corn harvest was at least 25% points behind the state 5-year average in Wisconsin (37% harvested vs. the average of 63%) and Minnesota (60% harvested vs. the average of

Here are a few of this year's early sponsors



87%). On the Plains, cold weather continues to limit winter wheat development. In fact, sub-zero temperature were noted across parts of the northern Plains for the sixth consecutive day. Farther south, dry weather has returned to the southern Plains, following chilly rainfall that improved soil moisture but halted harvest activities for cotton and other summer crops. During the next few days warmth will build eastward in advance of persistent Northwestern storminess. Late in the week, for example, above normal temperatures will return across the central and southern Plains. Farther east, a strong surge of cold air will affect the Midwest and Northeast during the next few days, followed by a gradual warming trend.

What You Need to Know About La Nina This Winter: *For the second consecutive winter, the overall weather pattern for our part of the world is being influenced by La Nina. This climate pattern -- a natural cycle marked by cooler-than-average ocean water in the central Pacific Ocean -- is one of the main drivers of weather in the U.S. and around the world, especially during the late fall, winter and early spring. Federal government forecasters announced La Nina's formation Thursday. The Climate Prediction Center says this year's La Nina is on the weak side, but it should still continue through the winter. They give it a 65 - 75% chance of the current weak La Nina conditions to continue through the winter months ahead based on the latest forecast guidance. Understand, a typical La Nina winter in the U.S. brings cold and snow to the Northwest and unusually dry conditions to most of the southern tier of the U.S., according to the NOAA Climate Prediction Center. The Southeast and Mid-Atlantic also tend to see warmer than average temperatures during a La Nina winter. However, the Upper Midwest and the Northeast tend to see colder than average temperatures. Because La Nina shifts storm tracks, it often brings more snow to the Ohio and Tennessee Valleys. Interestingly, I came across research from Texas A&M University agricultural economist Bruce McCarl who studies climate patterns and has found that La Nina is often bad for agriculture. According to his research, U.S. production of most crops -- except corn -- generally goes down in La Nina years.*

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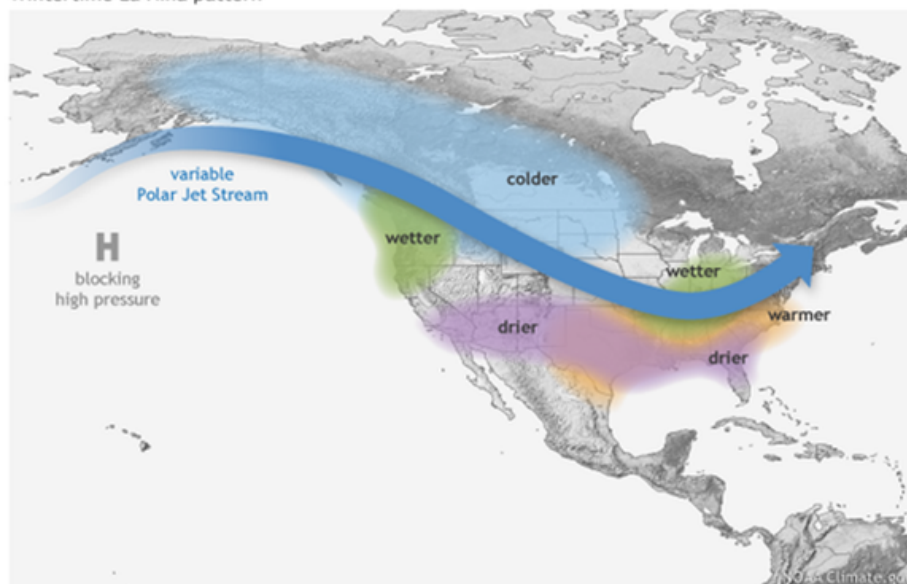
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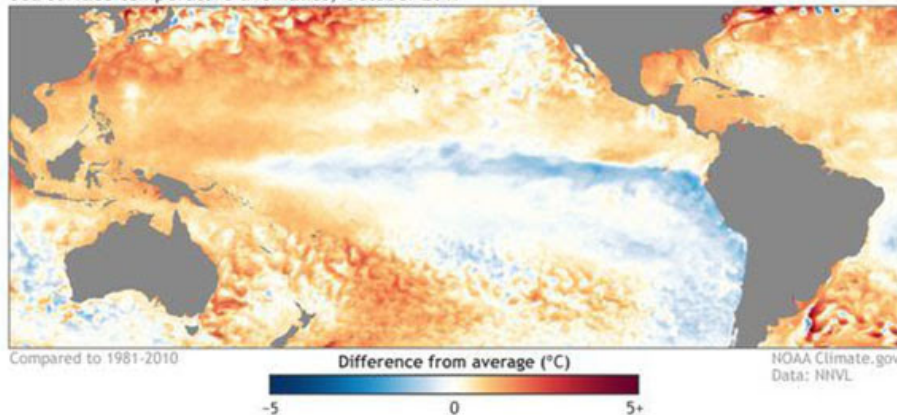
1775, U.S. Marine Corps -

During the American Revolution, the Continental Congress passes a resolution stating that "two Battalions of Marines be raised" for service as landing forces for the recently formed Continental Navy. The resolution, drafted by future U.S. president John Adams and adopted in Philadelphia, created the Continental Marines and is now observed as the birth date of the United States Marine Corps. Serving on land and at sea, the original U.S. Marines distinguished themselves in a number of important operations during the Revolutionary War. The first Marine landing on a hostile shore occurred when a force of Marines under Captain Samuel Nicholas captured New Providence Island in the Bahamas from the British in March 1776. Nicholas was the first commissioned officer in the Continental Marines and is celebrated as the first Marine commandant. After American independence was achieved in 1783, the Continental Navy was demobilized and its Marines disbanded. In the next decade, however, increasing conflict at sea with Revolutionary France led the U.S. Congress to establish formally the U.S. Navy in May 1798. Two months later, on July 11, President John Adams signed the bill establishing the U.S. Marine Corps as a permanent military force under the jurisdiction of the Department of Navy. U.S. Marines saw action in the so-called Quasi-War with France and then fought against the Barbary pirates of North Africa during the first years of the 19th century. Since then, Marines have participated in all the wars of the United States and in most cases were the first soldiers to fight. In all, Marines have executed more than 300 landings on foreign shores. Today, there are more than 200,000 active-duty and reserve Marines, divided into three divisions stationed at Camp Lejeune, North Carolina; Camp Pendleton, California; and Okinawa, Japan. Each division has one or more expeditionary units, ready to launch major operations anywhere in the world on two weeks' notice. Marines expeditionary units are self-sufficient, with their own tanks, artillery, and air forces. The motto of the service is

Wintertime La Niña pattern

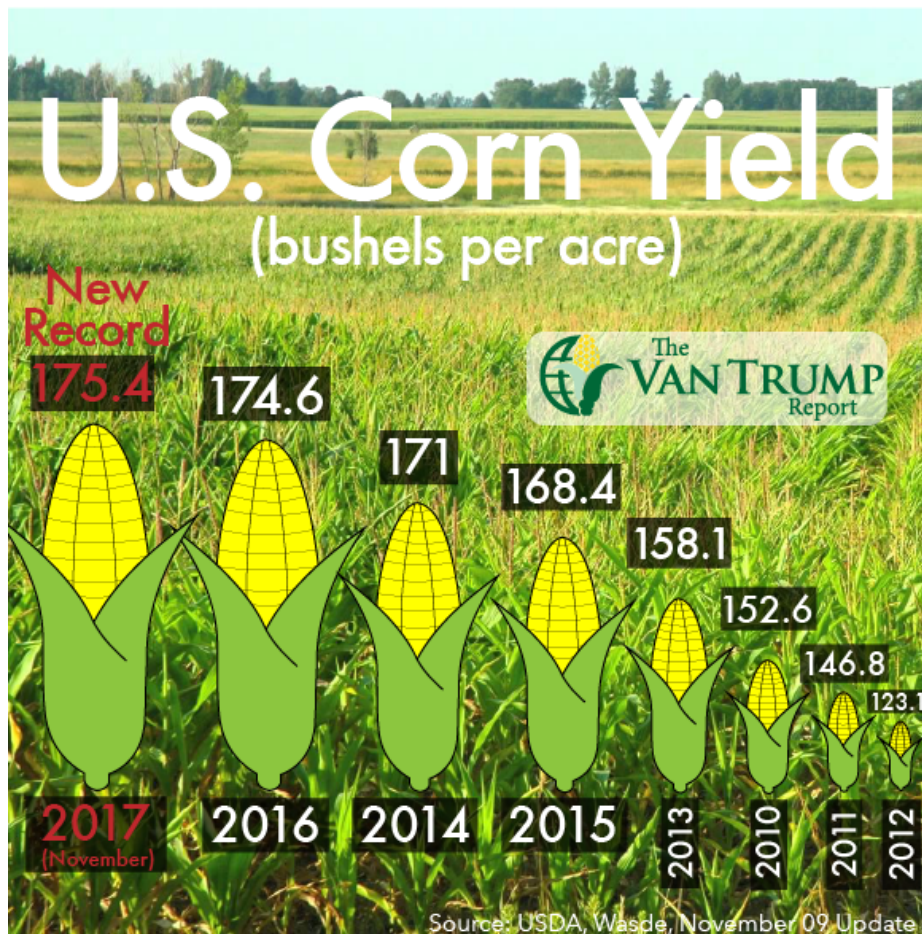


Sea surface temperature anomalies, October 2017



Corn is pressured lower on massive +3.6 bushel per acre yield increase by the USDA, moving from 171.8 to 175.4. If it holds this will be the highest average yield ever

harvested in our nations history. total U.S. production is pushed to 14.578 billion bushels. Bulls are obviously saying the USDA's current yield forecast is overstated, but it seems to be falling on deaf ears. There were huge yield bumps for several important production states: The Indiana and North Carolina yield jumped higher by +8 bushels per acre compared to last month; Illinois, Iowa and Minnesota each jumped higher by +6 bushels per acre; Wisconsin improved by +4 bushels; Colorado, Kentucky, Missouri and South Dakota all improved +3 bushels per acre; Kansas and the Carolina's improved by +2 bushels per acre; Tennessee by +1 bushel per acre. The only state that pulled back was Nebraska, where the yield estimate was lowered by -2 bushels per acre. If there was anything bullish, it was the fact both "feed and residual" and "export" demand were bumped higher by +75 million bushels each. Corn for ethanol was left unchanged at 5.475 billion bushels. Unfortunately, the +150 million bushel bump in total demand was more than offset by the massive bump in yield. In turn ending stocks are pushed higher from 2.340 billion to 2.487 billion bushels. Global ending stocks were also bumped higher to 203.9 MMTs. Argentina and Brazilian production was left "unchanged". Ukraine production was lowered from 27 to 25 MMTs, exports from Ukraine were also lowered from 21.5 to 20.5 MMTs. Mexico imports were raised from 15.5 to 16.5 MMTs. South Korean imports were lowered from 10.2 to 9.7. China corn is cut 500,000 tons to 2.5 million. Bottom-line, record yield being forecast for the U.S. more than offsets the reductions in global forecast. The U.S. season-average farm price remains unchanged at \$3.20 per bushel. The big question now, will yield continue to move higher into the yearend report? What type of yield estimate will the USDA start with for the 2018 season? This is important with corn acreage thought to be moving slightly higher next year and ending stocks this burdensome. Without a weather story in South America, a lid could be kept on corn prices for a more extended period. I continue to keep hedges in place, thinking prices will remain in a sideways to lower trend. As I've said for many many weeks, I don't believe the low is yet in place.... A push towards \$3.20 is still in the cards.



Semper Fidelis, meaning "Always Faithful" in Latin.



1903, Windshield Wipers -

The patent office awards U.S. Patent No. 743,801 to a Birmingham, Alabama woman named Mary Anderson for her "window cleaning device for electric cars and other vehicles to remove snow, ice or sleet from the window." When she received her patent, Anderson tried to sell it to a Canadian manufacturing firm, but the company refused: The device had no practical value, it said, and so was not worth any money. Though mechanical windshield wipers were standard equipment in passenger cars by around 1913, Anderson never profited from the invention. As the story goes, on a freezing, wet winter day around the turn of the century, Mary Anderson was riding a streetcar on a visit to New York City when she noticed that the driver could hardly see through his sleet-encrusted front windshield. Although the trolley's front window was designed for bad-weather visibility—it was split into parts so that the driver could open it, moving the snow- or rain-covered section out of his line of vision—in fact the multi-pane windshield system worked very poorly. It exposed the driver's uncovered face (not to mention all the passengers sitting in the front of the trolley) to the inclement weather, and did not improve his ability to see where he was going in any case. Anderson began to sketch her wiper device right there on the streetcar. After a number of false starts, she came up with a prototype that worked: a set of wiper arms that were made of wood and rubber and attached to a lever near the steering wheel of the drivers' side. When the driver pulled the lever, she dragged the spring-loaded arm across the window and back again, clearing away raindrops, snowflakes or other debris. When winter was over, Anderson's wipers could be removed and stored until the next year. (This feature was presumably designed to appeal to people who lived in places where it did not rain in the summertime.) People scoffed at Anderson's invention, saying that the wipers' movement would distract the driver and cause accidents. Her patent expired before she could entice anyone to use her idea. In 1917, a woman named Charlotte Bridgewood patented the "Electric Storm Windshield Cleaner," an automatic wiper system that used rollers instead of blades. (Bridgewood's daughter, the actress Florence Lawrence, had invented the turn signal.) Like Anderson, Bridgewood never made any money from her invention.

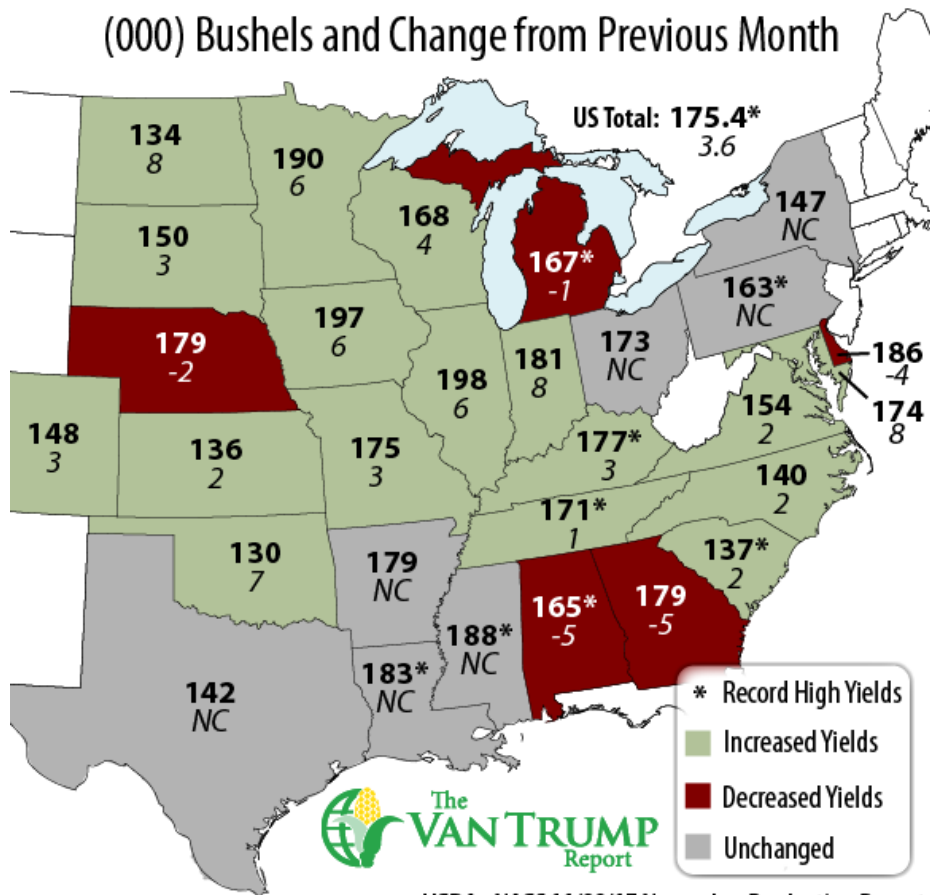


1975, SS Edmund Fitzgerald

- The SS Edmund Fitzgerald sinks in Lake Superior, killing all 29 crew members on board. It was the worst single accident in Lake Superior's history. The ship weighed more than 13,000 tons and was 730 feet long. It was launched in 1958 as the biggest carrier in the Great Lakes and became the first ship to carry more than

2017 Corn Yield

(000) Bushels and Change from Previous Month



USDA - NASS 11/09/17 November Production Report

Soybean yields were lowered fractionally but still remain near 49.5 bushels per acre with total production forecast at an all-time record 4.425 billion bushels. Interestingly, the Nebraska yield for soybeans were raised higher by +2 bushels per acre, keep in mind they were one of the only states to see a reduction in corn yield. The bean yield in Illinois and Tennessee was raised higher by +1 bushel per acre. Several states showed reductions to yield. There were no changes to demand. Ending stocks were shaved a bit lower but still remain at a burdensome 425 million bushels. Global soybean ending stocks were raised higher from 96.05 to 97.9 MMTs. Brazil's production was raised from 107 to 108 MMTs, their exports were raised from 64.0 to 65.0 MMTs. Paraguay's exports were raised from 5.5 to 6 MMTs. China's imports were raised from 95.0 to 97.0 MMTs. The U.S. season-average soybean price is projected at \$9.30 per bushel, up +10 cents at the midpoint. As both a producer and a spec, I still see this market trapped in it's longer term range. I've commented on several occasions, that if forced to pick a \$2.00 window, I still see the \$8.50 to \$10.50 range having real validity, especially if South American weather proves to be mostly cooperative. Once again, glad to have made early sales. Staying extremely patient...

a million tons of iron ore through the Soo Locks. On November 9, the Fitzgerald left Superior, Wisconsin, with 26,000 tons of ore heading for Detroit, Michigan. The following afternoon, Ernest McSorely, the captain of the Fitzgerald and a 44-year veteran, contacted the Avafor, another ship traveling on Lake Superior and reported that his ship had encountered "one of the worst seas he had ever been in." The Fitzgerald had lost its radar equipment and was listing badly to one side. A couple of hours later, another ship made contact and was told that the Fitzgerald was holding its own. However, minutes afterward, the Fitzgerald disappeared from radar screens. A subsequent investigation showed that the sinking of the Fitzgerald occurred very suddenly; no distress signal was sent and the condition of the lifeboats suggested that little or no attempt was made to abandon the ship. One possible reason for the wreck is that the Fitzgerald was carrying too much cargo. This made the ship sit low in the water and made it more vulnerable to being overwhelmed by a sudden large wave. The official report also cited the possibility that the hatches to the cargo area may have been faulty, leading to a sudden shift of the cargo that capsized the boat. The Edmund Fitzgerald now lies under 530 feet of water, broken in two sections. On July 4, 1995, the ship's bell was recovered from the wreck, and a replica, engraved with the names of the crew members who perished in this tragedy, was left in its place. The original bell is on display at the Great Lakes Shipwreck Museum at Whitefish Point in Michigan.

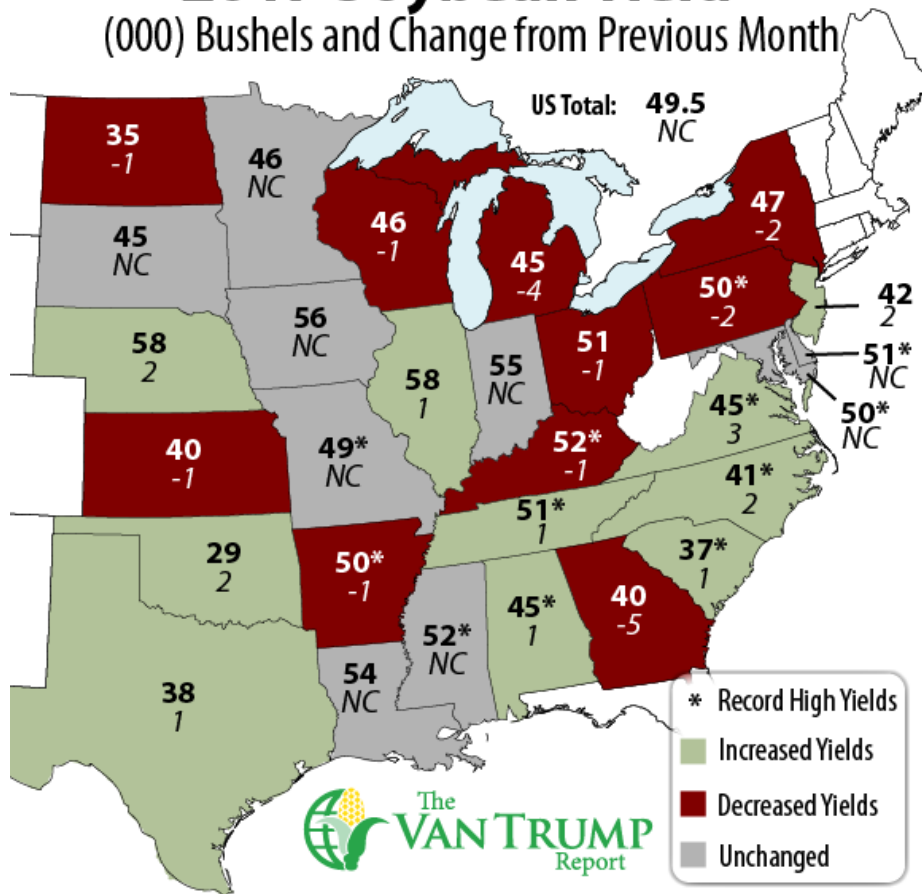
Upcoming Events

- 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

2017 Soybean Yield

(000) Bushels and Change from Previous Month



USDA - NASS 11/09/17 November Production Report

Wheat ending stocks shrink from 960 down to 935 million bushels on a +25 million bushel increase in U.S. exports. Global ending stocks were lowered from 268.1 to 267.5 MMTs. There's still little "buzz" in the air about Mexico purchasing wheat directly from Argentina. The USDA raised Russian production from 82.0 to 83.0 MMTs. In turn, Russian exports were raised from 32.5 to 33.0 MMTs. The European Union wheat production estimate was raised slightly from 151.04 to 151.40. Brazilian production was lowered from 5.1 to 4.9 MMTs, in turn their imports were raised from 7.3 to 7.5 MMTs. Australian exports were lowered from 18.0 to 17.5. The U.S. season-average farm price is left "unchanged" at \$4.60 per bushel. As a longer-term bull I was happy to see the slight reduction in domestic ending stocks but see the new record yield and pressure in the corn market as an additional nearby headwind. Staying a conservative bull despite swimming in the traditional bearish fundamentals...



> Arkansas Plant Board Supports Restrictions On Dicamba Use: Earlier this week the Arkansas Plant Board approved restricting the use of dicamba in the state between April 16th and October 31. From what I understand the ban does have exemptions, including for pastures and home use. Monsanto representatives believe this will leave Arkansas farmers at a disadvantage.

> China To Remove VAT On DDG Imports: China will remove the value-added tax on imports of distillers dried grains (DDGS), the foreign ministry said on Thursday, a move that could boost purchases from top exporter the United States, although other import tariffs remain in place. The news followed talks in Beijing between President Xi Jinping and his U.S. counterpart, Donald Trump. No timeline was given for the removal of the 11% tax. Punitive anti-dumping tariffs on imports of U.S. DDGS from the United States remain in place, but traders and analysts said the step could still boost demand by Chinese buyers. U.S. DDGS exports to China through September fell to 337,348

WHAT I'M LISTENING TO: ▶



About the Report

NEXT level THINKING

My goal at "The Van Trump Report" is to help readers better identify the moving parts and dynamics associated with the financial markets, geopolitical events, economics, media and culture that is currently influencing and shaping the direction of the agricultural markets. I like to believe I "Challenge the Traditional" and encourage our readers to think outside the box.

I use story telling techniques that are written in an easy to read format to help convey my current thoughts about business, markets, technology, weather, sports and life. I also like to include links, filter the noise, and pass along in-depth research and information that I believe could challenge your current thought process and help you make more informed decisions. In addition I include valuable lessons I have learned from other traders, executives and investors, along with an occasional inspirational piece about life, family and faith.

What I do not do in "The Van Trump Report" is give specific financial advice or tell individuals how to invest or how to specifically hedge. Remember, this information is being read by hedge fund managers, bankers, CEO's, and Ag leaders around the globe, therefore it's NOT tailored to fit your specific individual needs. For specific investment or hedging advice please seek the help of a licensed representative that can better understand your particular situation, individual needs and overall risk tolerance. This information should ONLY be used for educational and entertainment purposes.

My family and I would like to thank you again for your support!

Kevin Van Trump

What Others Are Saying

"I am a recent subscriber to Kevin's newsletter, but I'm a long-time reader of many other high-profile marketing services. I am particularly impressed with the thorough manner in which Kevin evaluates every economic aspect, both nationally and internationally, that

metric tons, valued at \$56.1 million, compared with 2.1 million metric tons of U.S. exports valued at \$428 million for the same time period last year. (Source: Reuters)

> China Ups 2017-18 Soybean Import Estimate: China raised their 2017/18 soybean import estimate from 94.5 to 95.97 million metric tons, up nearly +3% from 16/17. Additionally, they ceremonially agreed to buy an additional 12 million metric tons of U.S. soybeans this marketing year, on top of 8 million previously.

> Brazil Soy Crop Seen Falling As Much As -6.7%: Brazil's national supply company, Conab, estimates the country's 2017-18 soybean output will amount to 106.4 million - 108.6 million metric tons, which compares with 114.1 million metric tons in previous season. The new estimate is up slightly from last month's 106 million - 108.3 million. (Source: Bloomberg)

> Brazil's Biodiesel Output To Grow +31% Next Year: Brazil's biodiesel output was forecast to rise by +31% in 2018, industry group Abiove said on Thursday, after the government advanced a much-anticipated increase in the amount of the biofuel required to be mixed with diesel. Currently, 8% of biodiesel is mixed with diesel and that blend will be upped to 10% in March of 2018, one year ahead of schedule, according to a decision by Brazil's national energy council (CNPE). Now, Brazil's biodiesel production is expected to reach 5.5 billion liters next year, Abiove said, up from expected production for 2017 of 4.2 billion liters. The group also estimated Brazil will, in 2018, process an additional 1.5 million metric tons of soybeans, the main raw material used to produce the country's biodiesel. This would elevate total expected processing to 43 million metric tons next year. (Source: Reuters)

> USDA Lowers Meat Production Outlook: USDA lowered its forecast for 2017 total red meat and poultry production from last month as lower beef, pork and turkey production more than offsets higher broiler production in its latest World Agricultural Supply and Demand Estimates report. For 2018, USDA raised its total red meat and poultry forecast from the previous month, as higher expected beef and pork production more than offsets lower expected turkey production. Average cattle price forecasts are raised for 2017 to \$121.80 per hundredweight from \$119.55 last month (steers, all grades). For 2018, the average price was raised to a range of \$113 to \$120 from last month's range of \$111 to \$120. The hog price (barrows and gilts) forecast is unchanged for 2017 at \$49.01 per hundredweight. USDA reduced its forecast for first-quarter 2018 hog prices on larger slaughter hog availability, but the annual hog price forecast remains unchanged at \$43 to \$47. (Source: MeatPlace)

> India Doubles Import Duty On Wheat: India this week increased its import duty on wheat to 20% from 10%, according to a customs notice posted on the website of the Central Board of Excise and Customs. Sources said that some of the reasons for the hike could be higher expected local production for the upcoming marketing year and worries over cheaper imported wheat from the Black Sea. In March, the world's second-largest wheat producer had raised the import duty to 10% from 0% in an effort to curb cheaper imports while supporting the local farmers. India is estimated to have produced 98.38 million metric tons of wheat in 2016-2017, up 6.6% from the year-ago period after two consecutive years of faltering production due to abnormal monsoon season. For 2017-2018, the country is expected to produce 97.5 million metric tons of wheat, according to the government's first advance estimate released on September 22. (Source: Platts)

> USDA Making Contingency Plans For NAFTA Pullout: Agriculture Secretary Sonny Perdue says that he is working with Trump administration officials and Congress on a plan to protect farmers and ranchers from the potential market effects of the U.S. withdrawing from NAFTA. Perdue doesn't think a contingency plan will have to be put into action, however, saying that he believes NAFTA 2.0 will be "successfully" renegotiated. Perdue acknowledged that pulling out of NAFTA could have "some tragic consequences" for U.S. producers, but also said that farmers can adapt to changes in the market. (Source: Politico)

> Powell Confirmation Hearing Scheduled: The U.S. Senate Banking Committee has scheduled a confirmation hearing for Jerome Powell, President Trump's candidate for chairman of the Federal Reserve, for Nov. 28. His nomination is expected to receive bipartisan support. Powell has been through the Senate confirmation process before, most recently in 2012 and 2014 when he was nominated to join the Fed board.

> Euro-Area Growth Lifted Again As U.K. Outlook Dims: The euro-area economy will grow at the fastest pace in a decade this year, while the U.K. heads into an extended slowdown, the European Commission said, highlighting the increasing divergence between the continent and the British economy. Raising its 2017 forecast for the 19-country bloc to 2.2 percent from 1.7 percent in May, the EU's executive arm cited "resilient private consumption," and it predicted a 2.1 percent expansion in 2018. It cut its 2017 prediction for the U.K. and sees growth cooling to just 1.1 percent in 2019, which would be the worst performance since the recession of 2009. (Source: Bloomberg)

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 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.

> Fitch Warns International Banks Lending To China: *Lending to China by international banks hit a new high in 2017, boosted by borrowing demand after a domestic deleveraging campaign reduced local lending. Foreign banks' total lending to mainland China reached \$1.89 trillion at the end of June, up from \$1.67 trillion six months earlier, according to a report from credit rating agency Fitch. "Expansion into China will support the margins of banks based in markets with limited domestic growth prospects and low interest rates," said the report. "However, China-related exposure carries greater supervision and management risks for banks than domestic lending, given they are less familiar with China's market [...] a further increase in China exposure without adequate controls and capital buffers could have a negative impact on banks' ratings."* (Source: Business Insider)

> Agate Sealstone Found In 3,500-year-old Bronze Age Warrior's Tomb: *I'm told it's a find that could rewrite the history of ancient Greek Art. When found it looked as just another limestone rock was found but when cleaned it turned out to be an intricately carved gem. As I understand it the agate was a sealstone used for stamping the image onto clay or wax. The work shows a warrior plunging his sword into his enemy with another fallen warrior on the ground. See image [HERE](#).*

> Saudi Billionaires Looking To Move Funds To Escape Asset Freezes: *Some Saudi billionaires and millionaires are seeking to move assets from the kingdom and the wider Gulf Cooperation Council region as what authorities call a crackdown on corruption intensifies, according to six people with knowledge of the matter. The country's wealthiest people are in talks with banks, asset managers and advisers to try to shift cash and other liquid holdings from Saudi Arabia and neighboring states amid concerns that funds could be frozen and more arrests will be made, the people said.* (Source: Bloomberg)

> Retail Group Says Imports May Have Levelled Off, But 'Warehouses Are Full': *After months of record-setting volume as retailers stocked up for a busy holiday season, imports at the nation's major container ports should be essentially flat this month compared with the same time last year, according to the monthly Global Port Tracker report released today by the National Retail Federation and Hackett Associates. "The stores and warehouses are full, and it's time for the shopping to begin," NRF Vice President for Supply Chain and Customs Policy Jonathan Gold said. "Retailers have been bringing in merchandise since late summer, and supply is ready to meet the increased demand that has been building throughout the year." Ports covered by Global Port Tracker handled 1.76 million Twenty-Foot Equivalent Units in September, the latest month for which after-the-fact numbers are available. That was a -2.3% decrease from the record-setting 1.8 million TEU recorded in August, but still a +10.5% increase year-over-year. (A TEU is one 20-foot-long cargo container or its equivalent.) October was estimated at 1.75 million TEU, up +4.9% from last year. While not records, the September and October numbers were among only six times that monthly volume has hit 1.7 million TEU or higher since NRF began tracking imports in 2000. The import numbers come as NRF is forecasting that 2017 retail sales will grow between +3.2% and +3.8% over 2016 and that this year's holiday sales will grow between +3.6% and 4%.* (Source: NRF)

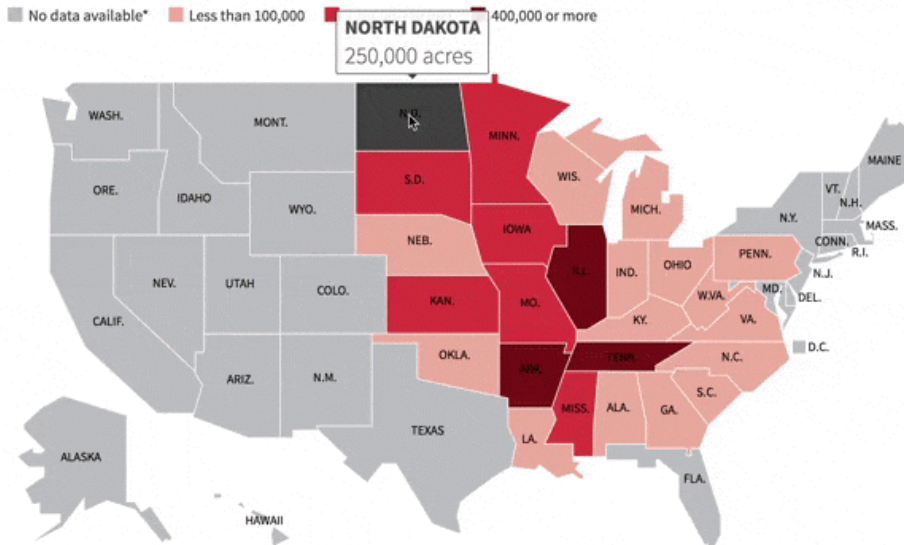
> Dicamba Drift Damage: *In the 2017 growing season, farmers reported 3.6 million acres of damage from dicamba, which has a tendency to drift from where it sprayed to nearby crops. Regulators are still trying to determine whether the damage was caused by illegal use of older dicamba formulas or by new formulas from Monsanto and BASF that were designed to reduce drift.* (Source: Reuters)



Dicamba drift damage

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ESTIMATES OF DICAMBA-INJURED SOYBEAN ACREAGE BY STATE



* No weed science contact in the state or state produces little to no soybean.

Note: Data as of Oct 15, 2017

Source: Kevin Bradley, University of Missouri

By Han Huang | REUTERS GRAPHICS



Central Washington - We have finished up all of the winter wheat planting. This year's planting went much better than last, with all of the rain that we had. With it being so wet last year, we were only able to get about 50% of the wheat planted. Because we didn't get much planted I didn't presell much then we had a great production year. During planting, the fields were so wet we were plugging up all the time. Our normal yields are 85bpa so my sales were limited as we didn't know if we would make that on the planted acres. Then saw production surge to 87bpa to 110bpa across all of the farms. I was definitely undersold. The spring wheat made 53bpa but the quality was very good. We had protein levels at 14.9% with test weights 62#. We are in good shape going into the winter with adequate subsurface moisture levels.

Central Nebraska - Things have stabilized here for the crops after we had to deal with heavy winds that rolled through here a few weeks back. There is more corn on the ground than I can ever remember seeing. I have heard of guys having much worse problems that we have here. In some areas, guys have mentioned doing field checks thinking they would make 225bpa and after the storms only having 125bpa. I do not think that my damage has been that bad. I am thinking that we lost 30bpa on about half of my crop, We had about 50% of our harvest already completed. I think that if we wouldn't have had the wind damage our yields would have been better than last years. I think most of our fields would have been north of 250bpa but will probably see a 15bpa decline lowering yields to 230bpa.

Southwest Minnesota - We are still getting corn out of the ground up here. Our fields so far are averaging from 180-230bpa, with our average finishing at 210bpa. Last year we came in at 220bpa but considering our weather this summer, we are not complaining. The moisture levels are still hanging around 19% as we take it out. Our beans got just over out APH of 50bpa this season so we are happy with that as well. It was wet before harvest so we had to be patient and we fortunate to only get stuck once. We will follow harvest with tillage then a bit of hunting.

CROSSING WIRES

A place to share intelligent thoughts...

7-Year-Old Has 80% Of His Epidermis Reconstructed Through Genetic Modification: Here is another good news story from science, some hope has been found for those suffering a rare skin disease. Junctional epidermolysis bullosa (JEB) is a rare genetic disease that causes fragile skin all over the body to painfully blister at the slightest touch. It has no known cure. But now a workaround developed by scientists could potentially transform the lives of thousands with the condition. Researchers are reporting the successful treatment of a severe case where mutations cause chronic wounds to the skin. In this case, doctors were able to reconstruct 80 percent of a boy's epidermis with genetically modified skin cells. Read more [HERE](#).

Amazing Survival Story For This GoPro: Here's the amazing story of a tough little GoPro camera that refused to die. It was hit by molten lava, burst into flames, and somehow survived to shoot another day. Erik Storm is the owner and lead guide of Kilauea EcoGuides in Hawaii. About 16 months ago, he was on a tour when he placed his GoPro into a crack to film lava flows. "I was telling a story when the molten lava completely engulfed my GoPro (with housing on) and it caught on fire," Storm tells PetaPixel. "I used a geology rock hammer to pull it out of the lava and thought it was a total loss. See some cool pics and read more [HERE](#).

Topps Releases New Archives Signature Series Cards: Postseason Edition and Topps Luminaries Edition sets will offer collectors a unique product, and are made to satisfy the desires of specific types of collectors. For MLB collectors who have personal collections of players who made iconic playoff runs during their careers, Archives Signatures Series – Postseason Edition is a home run. The set's components exactly mirror that of 2017 Topps Archives Signatures Series – Active Player Edition, but the players featured in the Postseason Edition are limited to now-retired players who garnered fame for their accomplishments during MLB postseasons. Read more [HERE](#).

U.S. Organic Feed Industry Dangerously Dependent On Imports: The U.S. organic feed industry has become dangerously dependent on imports, putting their operations at risk and removing the incentive for producers to increase domestic organic acreage, said Peter Golbitz, president of Agromeris. "We need to decrease reliance on imports that can be grown easily and in abundance in the U.S.," he said during his presentation at the Organic & Non-GMO Forum in St. Louis, Missouri. Imports of soybeans and corn grew 50% between 2015 and 2016 to reach 926,000 metric tons, or nearly 50,000 full container loads, Golbitz said. Virtually all of this grain is going into the feed stream. Imports are priced at or below U.S. production, which is discouraging domestic production and processing. The organic poultry market is at the greatest risk for constrained growth due to limited feed supply, Golbitz said. Read more [HERE](#).

Commerce Department Issues Final Biodiesel Ruling On Argentina & Indonesia: The U.S. Commerce Department on Thursday said it set final anti-subsidy duties on biodiesel imports from Argentina and Indonesia. The duties range from 71.45 percent to 72.28 percent on soy-based biodiesel from Argentina, Commerce said in a statement. The numbers are up from preliminary countervailing duty rates of 50.29 percent to 64.17 percent set by the department in August. Argentine President Mauricio Macri said on Tuesday his government would appeal to the World Trade Organization if the Commerce Department followed through on threatened duties on biodiesel. Read the full story [HERE](#).

10 Most Valuable Brands Of 2017: If you've been in business long enough, you know that a company's image is everything. Part of why Apple can charge \$999 for the new iPhone X is because it has created a brand that customers trust and view as premium. That might be why Apple topped the list of the 18th annual Best Global Brands Report from global brand consultancy Interbrand. If you want to know how powerful this list is, the companies in the top ten have a combined brand value of \$789.8 billion, which represent a 4.2% increase over last year. Knowing what brands are resonating with consumers can be of particular interest to investors looking for either long-term plays or "the next big thing." The companies on the Best Global Brands list consistently outperform the general market. That's because a solid brand image can help a company weather the dips in the market, as well as give it an extra boost during market highs. Check out the full list [HERE](#).

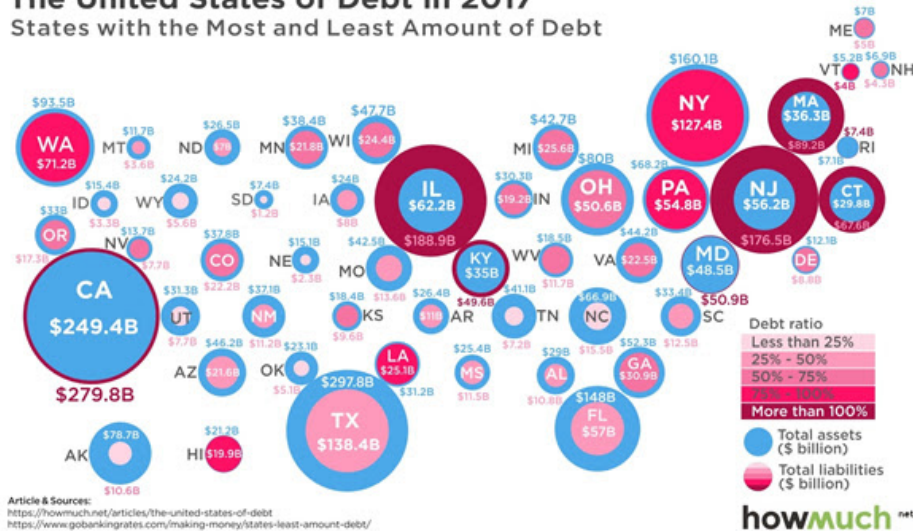
Audi Steps Up Research Into New E-Fuel Production: Audi has been working for some time now on creating new synthetic, CO2 emission-free fuels. These e-fuels, as they're called, are produced incredibly efficiently, through the electrolysis of water to create both hydrogen and oxygen. This allows Audi to create a fuel that can make conventional combustion engines run without emitting any CO2, thus drastically reducing greenhouse gases without the need for electric propulsion. If Audi can crack

this code and produce e-fuel at a higher, more cost-effective rate, this could be huge. Which is why news of Audi ramping up its research and efforts into e-fuels is big. Read more [HERE](#).

Mapping States With Enormous Debt Problems: With all the recent discussion around tax reform and how it will impact the federal deficit, it's important to take a step back and look at another looming fiscal crisis: debt held by the state governments. You might be surprised to find out that overall debt at the state level is now well over \$1.75 trillion. What does that look like mapped across the country? Check out the graphic below which shows the fiscal situation on three levels. First, the blue circles represent the total assets a state owns. These are the funds and property a government can use to pay its bills. Second, red circles were placed underneath to represent the state's liabilities. If you see any red outside of the blue circle, then your state is underwater. And third, they color-coded the red circle from pink to dark red, showing you how severe the situation is. See all the details [HERE](#).

The United States of Debt in 2017

States with the Most and Least Amount of Debt



"Hoganix"... Making A Difference In Pro Stadiums and The Fields!

I had the pleasure of meeting Barrett Eserk, CEO and founder of Hoganix during our Davos on the Delta trip to Memphis in May. His presentation was very enlightening into the world of soil microbes. According to university and commercial trials conducted by Hoganix on their flagship product line Hoganix Bio 800+, soil microbes lead to increased yield, improved fertilizer efficiency, and less disease. If you did not know, Hoganix Bio 800+ is a 100% organic plant probiotic containing over 800 species of beneficial soil microbes, microbe food, and nutrient enhancers. It is changing the soil at a fundamental level and building a support system for plants that provide huge improvements in crop quality. Initially, the company which was founded in 2010, was focused on serving the turf community. Today the product is used in dozens of professional and college stadiums, top golf courses, homes and businesses across the country. In 2016, David Stark, Ph.D. molecular biologist, and former Monsanto executive, joined the Hoganix team as the President of Agriculture to build research and a business around the use of Hoganix products on crops. To date, research on annual crops like corn, soy, potato, tomato, pepper, watermelon and strawberry shows significantly higher yields and the potential to achieve these high yields using less fertilizer. Permanent crops including fruit trees, bushes and vines also see less disease and higher yield. As I understand it, Hoganix recently discovered that Bio 800+ is effective at protecting plants from parasitic nematodes as well. Interestingly, lab,

greenhouse and field studies show Bio 800+ protects against economic loss from a wide range of nematodes, including those common in soy, corn, produce crops and turf. University scientists have identified at least 3 different modes of action against nematodes in Bio 800+, suggesting Bio 800+ will deliver strong results for many years to come. Most of you don't need to travel too far from home to see the product at work as many well-known sports fields including, The Boston Red Sox, Chicago Cubs, Kansas City Royals, Cincinnati Reds, Kansas State Wildcats, Harvard and more are currently using Holganix to deliver strong results. You can learn more at their website [HERE](#) or visit with them at our KC conference on December 6th. I believe these folks are moving the ball in the right direction...



Talk to a Holganix Expert: 866-563-2784

Third Annual
BIONUTRITIONAL SUMMIT
*Arrive a day early for the GE + Expo and attend our FREE event
focused on the latest trends to grow your business.*
#BioSummit

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Soil Logic:

Dramatically Improve Soil Vitality to Create Deep Roots and Healthier Plants.



Homeowners

Lawn & Turf Professionals

Golf Course Superintendents

Sports Turf Management

Agriculture

With a focus on **BIOLOGY** as the solution to plant health, Holganix manufactures plant probiotics to:

- ↑ Increase Plant Resilience
- ↑ Increase Root Development
- ↑ Increase Soil Health
- ↓ Reduce the Need for Fertilizers, Pesticides and Water





EMPOWER YOUR SOILS.
GROW STRONGER CROPS.

China Celebrates "Singles Day"... Some Interesting Insight!

China's unattached masses are celebrating "Singles Day" today. The holiday started off as "Bachelors' Day" on a number of university campuses back in the 1990s, with the celebration basically just being a sort of anti-Valentine's Day party for single people. To some degree, the universities promoted it in order to reduce the stigma of being single, which is a real issue in China, particularly for men. On average, 118 boys are born for every 100 girls compared to the world average of 103 to 107, respectively. Remember, China had a one-child policy for decades and culturally, the Chinese had long valued sons over daughters. So what they are looking at now is tens of millions of single men. By 2030, projections suggest that more than 25% of Chinese men in their late 30s will never have married. China's online retail giant, Alibaba, recognized the popularity of the unofficial holiday among young consumers and made a smart move to capitalize on it. They were actually the first company to ever acknowledge the holiday when they began running special online sales deals back in 2009. Every year now on 11/11 - a clever play on numbers as single men in China are referred to as 'bare sticks' - consumers flock to e-commerce sites to take advantage of the generous deals merchants are offering in their battle to woo as many shoppers as possible. On Singles Day last year, consumers spent a whopping \$18 billion. That compares to the \$5.9 billion spent on Black Friday, Cyber Monday and Thanksgiving combined here in the U.S.! Alibaba promotes its Singles Day event with a "countdown gala." This year, it will be hosted by global music superstar Pharrell, actress Zhang Ziyi, pianist Liang Liang, and many other "surprise guests." The four-hour gala, which was watched by more than 400 million people in China last year, is again being produced by Emmy-winning Oscars producer David Hill. The event will be fully interactive: People watching at home will be able to "Watch Now-Buy Now," direct the action on the stage, and collect prizes and receive digital "red envelopes" (cash). The 24-hour shopping frenzy is one of the biggest engines in China's economy. Globally, shoppers spent about \$750 billion online last year and analysts predict that will double by 2020. Currently, Chinese consumers account for nearly half of all online spending. Probably a small reason why Alibaba (BABA) stock has gone from \$60 per share back in 2016 to over \$180 per share today. (Sources: Financial Times, Forbes, Wikipedia)

CHINA'S SINGLES DAY

Every year on November 11 is the
world's biggest online shopping spree



IT'S SO MUCH BIGGER THAN ANY OTHER DAY:

**Amazon
Prime Day**
July 2017

\$1B (EST)

**Black
Friday online**
November 2016

\$3.3B

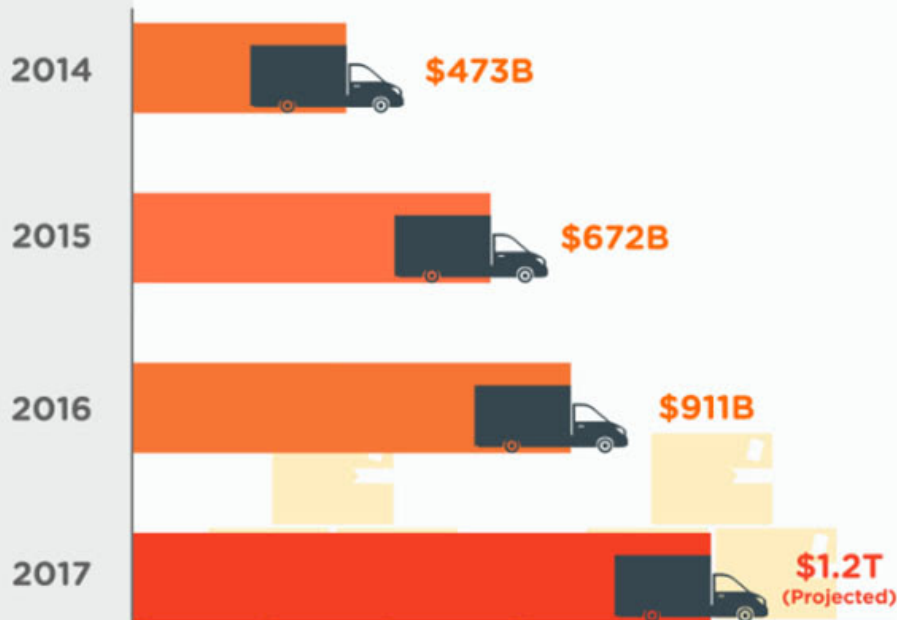
**Cyber
Monday**
November 2016

\$3.5B



Data: JPMorgan Chase, Adobe Digital Insights

Singles Day is actually a relatively small
part of China's online spending boom,
which will hit \$1.2 trillion this year:



Data: Emarketer | Artwork: Andre Gunawan | Script: Steven Millward

Remembering "Veteran's Day"... Thanking Those Who Served!

Tomorrow is "Veteran's Day"... Historians might tell you World War I – known at the

time as "The Great War" - officially ended when the Treaty of Versailles was signed on June 28, 1919, in the Palace of Versailles outside the town of Versailles, France. However, fighting actually ceased seven months earlier when an armistice, or temporary cease fire between the Allied nations and Germany went into effect on the eleventh hour of the eleventh day of the eleventh month. For that reason, we celebrate "Veteran's Day" on the November 11th. When I was younger I often confused Veteran's Day with Memorial Day. The way to remember it is that Veterans Day is in the fall and celebrates the service of ALL U.S. military veterans, while Memorial Day is in the spring and is in memory to the men and women who died while serving. "Veteran's Day" as we call it now did not come about until 1953, when a man from Emporia, Kansas named Stephan Riod the owner of a shoe repair shop, had the idea to expand "Armistice Day" to include a celebration for ALL veterans, not just those who died in World War I. Much of Riod's motivation came from being actively involved with the "American War Dads" during World War II. After some strategic courtship of the Emporia Board of Education, and The Chamber of Commerce, Riod was actually able to get the schools and 90% of Emporia's business to close down on November 11th, 1953 to honor all American soldiers. From there he was able to get the help of U.S. Representative John Salper, also from Emporia, KS, to initiate a bill that would make Veteran's Day a national holiday. The bill was created, pushed through Congress, and passed by President Dwight Eisenhower on May 26th, 1954. Sadly the holiday is now only observed by about 20% of our nations business. I was happy to hear that the fine state of Iowa actually requires all employers, by state law, to provide a day off on Veteran's Day to any employees who are a veteran. This may not be the solution, but it is at least a step in the right direction. I know I have mentioned it a thousand times through the years, but with a father who was on the front lines in Vietnam with the US Army and a grandfather who served in World War II with the US Air Force, I have been reminded my entire life that "Freedom Is NOT Free..." Please take a moment on this weekends Veteran's Day holiday to reflect back on all of the unbelievable sacrifices that have been made in order for us all to be here today! I truly thank all of you who have sacrificed for the betterment of our country and our families. If you don't think everyone involved is making a sacrifice, just watch the video link or read the poem I have included below. Remember, the banks and post offices will be closed. Video Link: [Soldiers Coming Home](#)

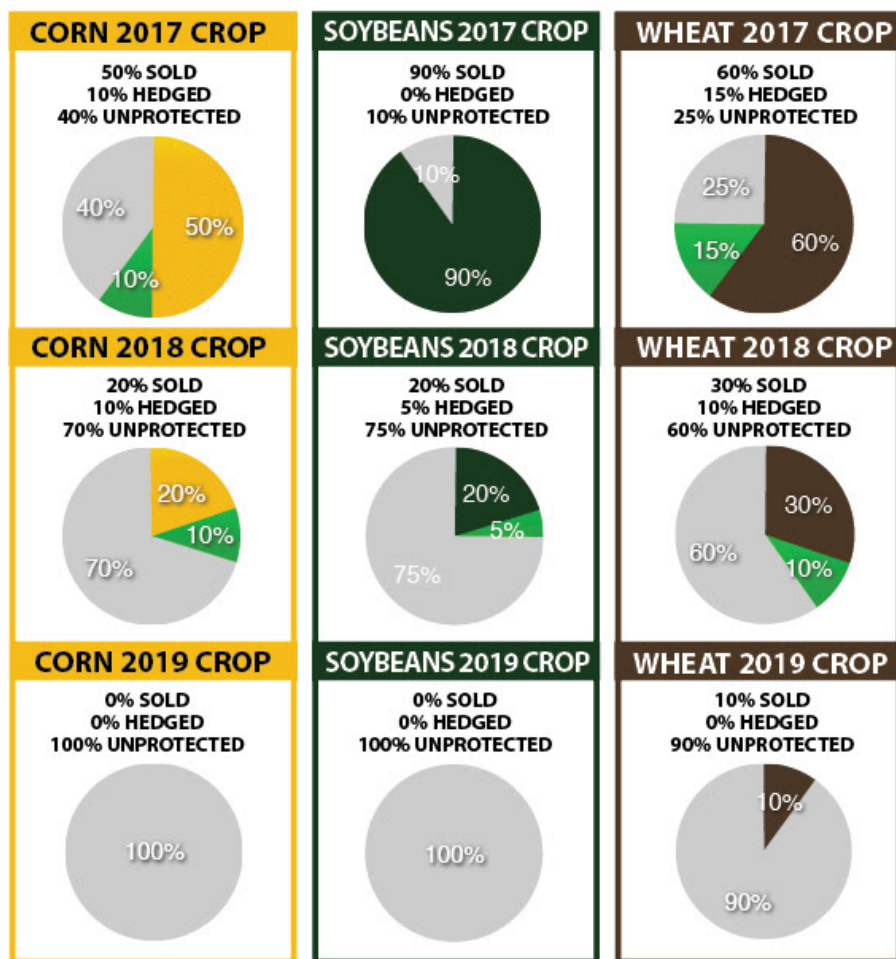


FREEDOM IS NOT FREE

I watched the flag pass by one day,
It fluttered in the breeze;
A young Marine saluted it,
And then he stood at ease.
I looked at him in uniform,
So young, so tall, so proud;
With hair cut square and eyes alert,
He'd stand out in any crowd.
I thought ... how many men like him
Had fallen through the years?
How many died on foreign soil?
How many mothers' tears?
How many pilot's planes shot down?
How many died at sea?
How many foxholes were soldiers graves?
No ... Freedom is not Free.
I heard the sound of Taps one night,
When everything was still;
I listened to the bugler play,
And felt a sudden chill;
I wondered just how many times
That Taps had meant "Amen,"

When a flag had draped a coffin
 Of a brother or a friend;
 I thought of all the children,
 Of the mothers and the wives,
 Of fathers, sons and husbands ...
 With interrupted lives.
 I thought about a graveyard
 At the bottom of the sea,
 Of unmarked graves in Arlington ...
 No ... Freedom is not Free!
 ~ Kelly Strong

CASH SALES & HEDGING TOTALS



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