

GOOD MORNING: 11/29/17 Farm Direction - VanTrump Report

1 message

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

Wed, Nov 29, 2017 at 7:01 AM



"A fanatic is one who can't change his mind and won't change the subject." - Winston Churchill

WEDNESDAY, NOVEMBER 29, 2017

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Morning Summary: U.S. stocks again climb to new record highs in spite of news that North Korea tested another ballistic missile. The missile reportedly landed in the ocean between Korea and Japan, but is believed to have the capabilities of reach the U.S. Further heightening unease in the region, South Korea retaliated by launching a "precision strike" missile exercise. Investors however seem to prefer focusing on the positive news hitting the headlines. Wall Street is particularly pleased to see the Republican tax plan clear a major hurdle. The bill was advanced out of the Senate Budget Committee, setting the stage for a possible full chamber vote this week. Jerome Powell, thought to be our next Fed Chair, testified before the Senate Banking Committee, where he vowed to carry on supporting the economy's "continued progress toward full recovery" while pledging to defend the central bank's independence and pursue its goals of maximum employment and price stability. Powell also seemed to defend deregulation, expressing his belief that the U.S. should relax some of the banking regulations, something that investors and the Trump administration both seem to be in favor of. Powell also hinted to the fact the central bank would probably hike interest rates at their December meeting, a move that is already widely expected by those in the markets. Today we will hear from current Fed Chair Janet Yellen, who is testifying before the Congressional Joint Economic Committee. New York Fed President William Dudley and San Francisco Fed President John Williams will deliver speeches at separate events today as well. Economic data continues to indicate a strong U.S. economy. Many insiders expect today's GDP update will reinforce those beliefs. The second estimate for third-quarter growth is expected to come in at +3.3% compared to an initial estimate of +3.0%. The GDP price index, a closely followed measure of inflation, is seen remaining unchanged at +2.2%. Other data set for release includes Corporate Profits, the Pending Home Sales Index and the Fed's Beige Book. I'm also keeping a close eye on crude oil as traders prepare for tomorrow's highly anticipated OPEC meeting. I should also point out, Bitcoin has pushed to almost \$11,000 per coin in the overnight session...the mania continues to surge!

WORTH THE READ: Important Comments From Subscriber About U.S. Ag

I received these comments yesterday from a loyal reader. I have heard similar concerns and comments form many of my own family, friends and others involved in U.S. farming. I thought the remarks were well articulated and wanted to share. I also included my own response, concerns and the road I see ahead of us. Please send your thoughts and comments... I would love to hear form our friends and readers.

Morning Kevin and Staff,

Your article about 'What Young Farmers Want' was interesting, but I'm afraid they are all missing the point. Land is available, yes, in limited amounts in different parts of the country and under some 'creative' working relationships with existing farmers, but the biggest obstacle to farming is and always has been, the price of commodities! If you're getting less for your grain than it takes to produce it, all the available land in the world won't make farming a viable occupation, including those currently trying to make a living in agriculture. We would like you and others in the public forum, to initiate some sort of organized effort to help raise awareness of the poor price of all commodities. YOU CANT PAY FOR \$10,000/ACRES LAND WITH \$3 OR \$4 CORN! I know the first words out of the mouths of the general public would be 'tighten your belts' and do 'smarter marketing'. Well, the belt is about to break!! Input costs are about as low as



suppliers can go w/o going out of business themselves (excluding chemical and seed and tractor companies who are reporting huge profits at our expense), but farmers are forced to 'take what you can get' from the markets. Bread and milk costs have gone up exponentially in recent history, General Mills, for example, just continues to raise the prices of their products to stay in business even though raw material costs (grain in particular) have gone down significantly in the last year. Why haven't breakfast cereal prices gone down!

Sympathy is not what we need, its time for action! And I'd be the last one to advocate government interventions, God knows lawmakers and beaurocrates can't balance budgets. but an organized approach to higher prices MUST be initiated. I don't know what it will take to get prices moving in the right direction, but its time!!! I'd like everyone's input on how we can make this happen!!!!!!!!!!!!!!!!!!!!

Best Regards

XXXXXX

Dear, XXXXXX

Thanks for the comments... I certainly agree, we are at a very pivotal point in U.S. agriculture!

One of the big problems is the rest of the world has learned how to produce the same commodities. In many of those areas they have much cheaper land, inputs and a currency advantage. Unfortunately, when the markets deem us to be in an over-supplied global environment it quickly believes its job is to push prices low enough to remove the highest cost producers. In this case, many here in the U.S. have become some of the worlds highest cost producers and are struggling to stay afloat. As I look further out on the time horizon, I don't see this landscape shifting or altering much. In my opinion, farms here in the U.S. will continue to get bigger and bigger, small farmers being gobbled up by those who are more able to finance and take full advantage of gains in technology, spreading that cost across a larger scale.

We've learned form other industries that "technology" is inherently deflationary. Meaning by nature the quicker it advances and works itself through an industry the cheaper prices become. Simply look at the telecommunications or computer industry, prices have fallen dramatically through the years as technology has gained momentum. Look at what has happened in crude oil with the new shale fracking technology. Company's that either couldn't afford or didn't want to stay ahead of the technology curve, believing it best to continue doing what they had done in the past, soon became the markets high-cost producer and were knocked out of the game as the wave of consolidation continued to build.

Yes, the time is now! Our industry has dramatically changed in the past twenty years. Technology along with shifts in global production and geopolitical policy has made the game much different than that of fathers and grandfathers. Those who do not want to scale and or stay ahead of the technology curve are going to continue to struggle. As with any business an "exit strategy" is extremely important. Unfortunately, for most of us this is more than just a business, it's the rural family lifestyle that we have come to love. This immediately places us in a very precarious situation. From a business perspective the writing might be on the wall for many, but from a lifestyle perspective we simply do not want to let go.

I certainly do not have the answers for those who find themselves in this difficult dilemma. I can however see the battlefield quickly shifting and many soldiers scrambling and looking for direction, casualties are almost certain. I suspect another year of low prices will leave many more severely wounded. We have to remember, we produce a "commodity", meaning there's not much intellectual property or difference between what we produce and other growers in different parts of the world produce. The rules of this game can be extremely difficult to swallow and the prize most often goes to the low-cost producer. Simply stated, those who can play by that rule will continue to strive, those who can not will continue to struggle.

Like most I love our heritage and our farming lifestyle. How do we keep that intact and in place as the underlying landscape dramatically shifts and changes becomes the big unknown? The business cycle is in motion and is going to continue steamrolling ahead with technology and growth in global production leading the way. As we look up and find ourselves now directly in its path, many of us have some extremely tough decisions to make.

Just my two-cents on an a very important and difficult subject. I hope I helped simplify some of the moving parts and identified a few of the hurdles ahead.

Here are a few of this
year's early sponsors



Thank you again for your support and comments,

Kevin Van Trump, CEO Farm Direction, The Van Trump Report

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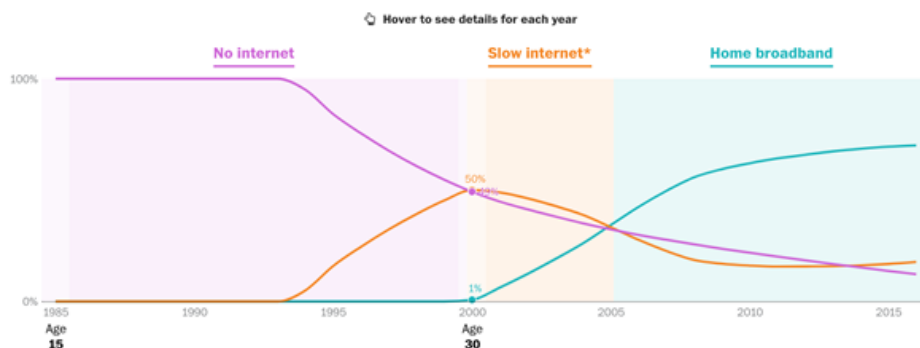
Granular

North Korea's Latest Test Missile Lands Near Japan: The U.S. Pentagon says North Korea fired a missile that landed close to Japan yesterday. This is the first test North Korea has conducted since mid-September and comes just a week after U.S. President Donald Trump put the country back on the list of countries that Washington says support terrorism. Of the latest test missile, Trump told reporters at the White House: "It is a situation that we will handle." Washington has said repeatedly that all options, including military ones, are on the table in dealing with North Korea, but that it prefers a peaceful solution by Pyongyang agreeing to give up its weapons programs. Japan's government estimated that the missile flew for about 50 minutes and landed in the sea in Japan's exclusive economic zone. The U.S. and Japan are both asking for an emergency meeting of the United Nations Security Council. Minutes after the North launched its missile, South Korea conducted a "precision strike" drill, which included missiles being simultaneously fired from land, sea and air. (Sources: Reuters, BBC)

What Tech World Did You Grow Up In? The Washington Post has created a very cool interactive graphic that shows just how staggering the technological advances have been over the past three decades. For instance, In 1984, just 8 percent of households had a personal computer, the World Wide Web was still five years away, and cell phones were enormous. Americans born that year are only 33 years old. Check out the site [HERE](#), where you can enter your birth year to customize your results.

DID PEOPLE HAVE INTERNET ACCESS?

Estimated share of Americans that used each type of internet



Weather on the Plains has seen temperatures fall slightly but remain above normal. Declining topsoil moisture remains a concern with respect to winter wheat establishment. On Nov. 26, at least one-tenth of the wheat was rated in poor to very poor conditions in all the Plains States except Colorado. Oklahoma leads the region with topsoil moisture rated 75% short to very short, followed by Texas. In the Corn Belt, a dry cold front is crossing the upper Midwest, bringing a wind shift and a slight temperature decline. Nevertheless, above normal temperatures continue to promote final summer crop harvest efforts. On November 26, more than one-tenth of the corn remained in the field in Wisconsin (81% harvested), Michigan (84%), and Ohio (87%). In the South, warm, dry weather favors late-season fieldwork. On November 26, the Delta cotton harvest ranged from 91% complete in Tennessee to 100% in Arkansas and Louisiana. In the Southeast, the cotton harvest ranged from 79% in Alabama to 93% complete in Virginia. Unusually mild weather will cover much of the country into the weekend when cooler air will arrive in both the East and Far West. Significant precipitation will be confined to the PNW. Elsewhere, showers in the vicinity of a cold front will gradually increase in coverage, although most of the eastern half of the U.S. will receive precipitation totaling one-half inch or less.

Major Weather Pattern Change Coming: A sharp pattern change later next week is increasingly likely to return colder weather across portions of the central and eastern U.S. In the meantime, mild temperatures will encompass a large swath of the nation into the first weekend of December as bitterly cold air stays locked up near the Arctic Circle and in Siberia.

Today In History



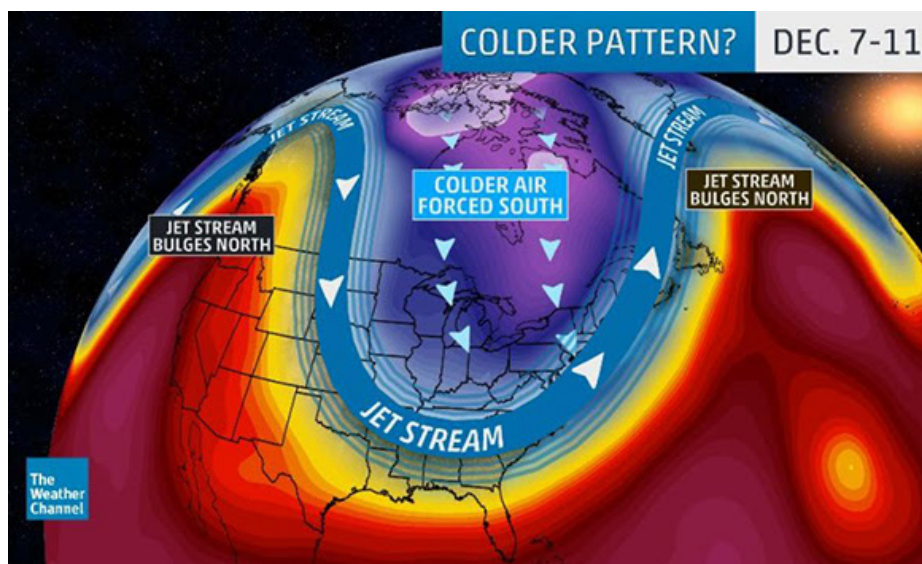
1775, Committee of Secret Correspondence

The Second Continental Congress, meeting in Philadelphia, establishes a Committee of Secret Correspondence. The committee's goal was to provide European nations with a Patriot interpretation of events in Britain's North American colonies, in the hope of soliciting aid for the American war effort. The committee, consisting of Benjamin Franklin, Benjamin Harrison, John Dickinson, John Hay and Robert Morris, instructed Silas Deane to meet with French Foreign Minister Charles Gravier, Count de Vergennes, to stress America's need for military stores and assure the French that the colonies were moving toward "total separation" from Great Britain. Covert French aid began filtering into the colonies soon after the outbreak of hostilities in 1775. Deane, a Connecticut delegate to the Continental Congress, left for France on the secret mission on March 3, 1776. Deane managed to negotiate for unofficial assistance from France, in the form of ships containing military supplies, and recruited the Gilbert du Motier, marquis de Lafayette to share his military expertise with the Continental Army's officer corps. However, it was not until after the arrival of the charming Benjamin Franklin in France in December 1776 and the American victory at the Battle of Saratoga in October 1777 that the French became convinced that it was worth backing the Americans in a formal treaty.



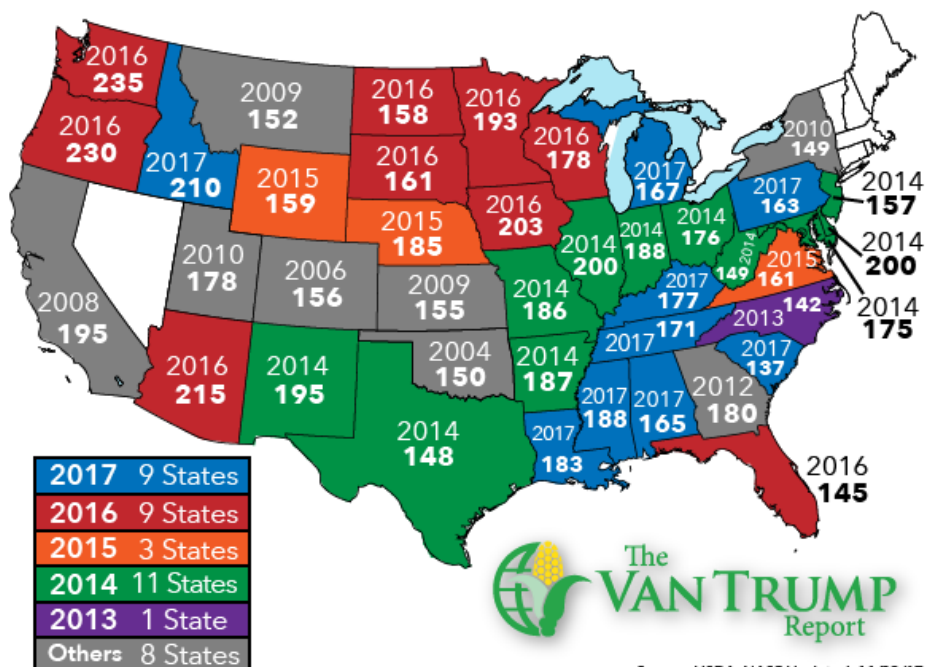
1942, WWII - Coffee joins the list of items rationed in the United States.

Despite record coffee production in Latin American countries, the growing demand for the bean from both military and civilian sources, and the demands placed on shipping, which was needed for other purposes, required the limiting of its availability. Scarcity or shortages were rarely the reason for rationing during the war. Rationing was generally employed for two reasons: (1) to guarantee a fair distribution of resources and foodstuffs to all citizens; and (2) to give priority to military use for certain raw materials, given the present emergency. At first, limiting the use of



Corn traders are digesting the USDAs first view of 2018, as they forecast U.S. producers will plant 91.0 million acres of corn next year, up slightly from 90.4 million in 2017. For what it's worth we planted 94.0 million corn acres back in 2016. As for yield, the initial forecast for 2018 looks to be starting at 173.5 bushels per acre vs. the current 175.4 yield estimate for this years crop vs. the 174.6 yield harvested back in 2016. Total production is forecast just north of 14.5 billion bushels, with ending stocks creeping a bit higher to 2.6 billion bushels. Obviously these are just early projections and could vary greatly as weather and demand shift and change. The USDA will release the complete USDA Agricultural Projections to 2027 report in February 2018. For more details Click [HERE](#). Globally, bulls are talking about the fact China has been scooping up cargoes of U.S. corn on the break in price. I'm hearing rumors of them buying anywhere from 10-20 cargoes. there's also talk of the Chinese buying more U.S. ethanol and sorghum. We had some readers request that we run the state record corn yields graphic again and wanted us to include the state records for soybeans and wheat as well.

Record State Corn Yields



Soybean traders are digesting the USDAs first view of 2018, as they forecast U.S. producers will plant 91.0 million acres of soybeans next year, up slightly from the 90.2 million planted in 2017. For what it's worth we planted 83.4 million corn acres back in 2016. It looks they are thinking close to million acres each will come out of both cotton and wheat. As for soybean yield, the initial forecast for 2018 looks to be starting at 48.4 bushels per acre vs. the current 49.5 yield estimate for this years crop vs. the 52.0 yield harvested back in 2016. Total production is forecast just north of 4.360 billion

certain products was voluntary. For example, President Roosevelt launched "scrap drives" to scare up throwaway rubber-old garden hoses, tires, bathing caps, etc.-in light of the Japanese capture of the Dutch East Indies, a source of rubber for the United States. Collections were then redeemed at gas stations for a penny a pound. Patriotism and the desire to aid the war effort were enough in the early days of the war. But as U.S. shipping, including oil tankers, became increasingly vulnerable to German U-boat attacks, gas became the first resource to be rationed. Starting in May 1942, in 17 eastern states, car owners were restricted to three gallons of gas a week. By the end of the year, gas rationing extended to the rest of the country, requiring drivers to paste ration stamps onto the windshields of their cars. Butter was another item rationed, as supplies were reserved for military breakfasts. Along with coffee, the sugar and milk that went with it were also limited. All together, about one-third of all food commonly consumed by civilians was rationed at one time or another during the war. The black market, an underground source of rationed goods at prices higher than the ceilings set by the Office of Price Administration, was a supply source for those Americans with the disposable incomes needed to pay the inflated prices. Some items came off the rationing list early; coffee was released as early as July 1943, but sugar was rationed until June 1947.



1963, Warren Commission -

A New Zealander sightseeing plane traveling over Antarctica crashes, killing all 257 people on board, on this day in 1979.

During the 1970s, air travel to Antarctica became more popular, as tourists sought to view the isolated and mysterious continent at the bottom of the world firsthand. Day-long excursions from New Zealand gave people tremendous views of the Ross Ice Shelf. However, the trips did pose a danger, as flights to Antarctica can be problematic. The vast ice plains provide virtually no visual reference points for pilots and magnetic compasses are useless so close to the South Pole. The McDonnell Douglas DC-10 that carried 257 people to Antarctica on November 28 was piloted by five officers who had no experience flying to the icy continent. To make matters even worse, the data entered into the flight profile was wrong. When this same data had been used on prior flights, no problems had been encountered because visibility was good. The poor visibility on November 28, though, led to a fatal pilot error. As the plane headed over the Ross Ice Shelf, the pilot descended below the clouds to give the passengers a better view. The pilot was supposed to stay above 6,000 feet at all times, but went down to 1,500 feet due to the overcast skies. Because of the wrong data on the flight profile, the pilot didn't know that his descent came right as the plane reached Mount Erebus, a 12,444-foot volcano. The plane crashed

bushels, with ending stocks falling from the current 425 million bushels down to 376 million, as both exports and crush are forecast to increase. Obviously these are just early projections and could vary greatly as weather and demand shift and change. The USDA will release the complete USDA Agricultural Projections to 2027 report in February 2018. For more details Click [HERE](#). More nearby the trade continues to closely monitor weather conditions South America and is taking a closer look at U.S. exports. Many bears are saying Chinese demand for U.S. soybeans are a bit overstated and the USDA may soon have to taper back their current forecast. Some sources are thinking the U.S. export number could be trimmed by -50 to -100 million bushels in the coming months. With ending stocks already at a burdensome 425 million this makes many insiders wonder if prices aren't somewhat overinflated. There's clearly weather and a slight macro risk-premium already in the current price, the question now is if it's too much based on supplies possibly getting larger? i.e no major widespread weather hiccups in South America and Chinese buyers shifting a bit more interest their direction....

into the side of the mountain at 300 miles per hour. There were no survivors.

Upcoming Events

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

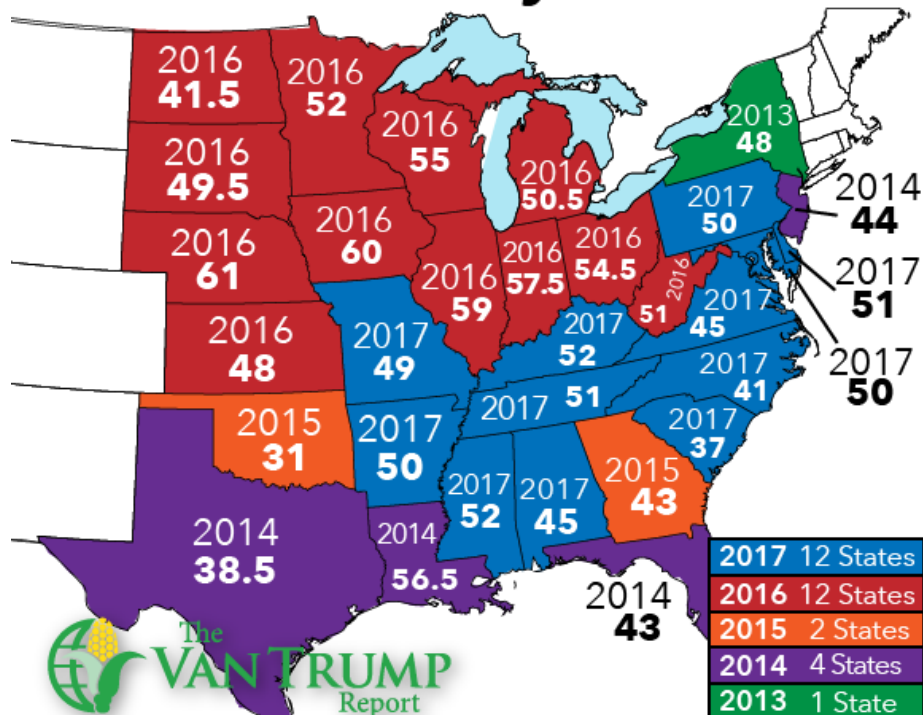
WHAT I'M LISTENING TO: 



 **Luke Combs** "Hurricane"

About the Report

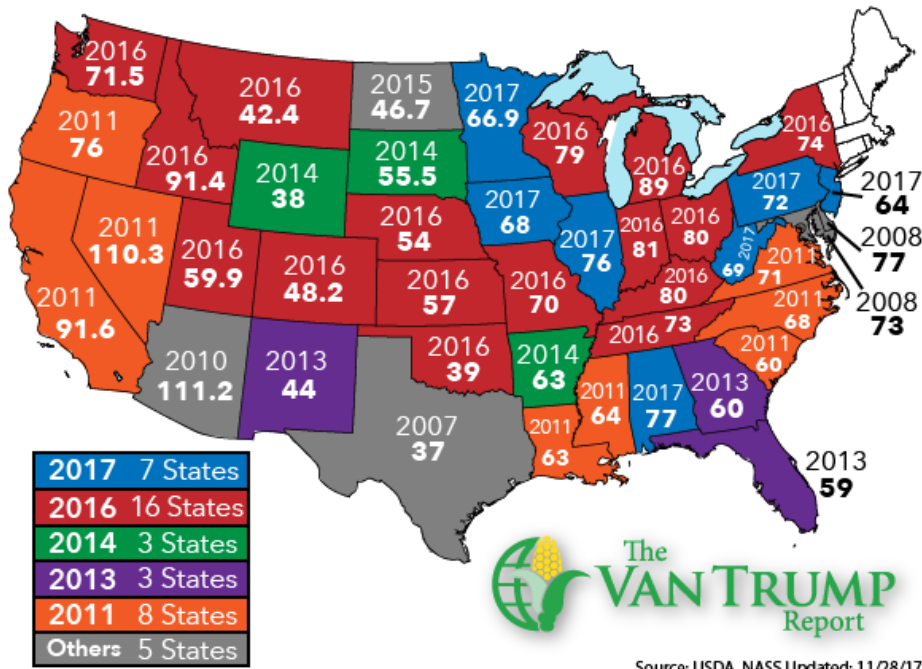
Record State Soybean Yields



Source: USDA, NASS Updated: 11/28/17

Wheat bulls are talking about fewer U.S. acres and further crop concerns, as some producers here at home are starting to see their wheat "heading" with no snow-cover to protect it. You have to imagine a wide-spread cold-snap could certainly add to uncertainty. Traders are also digesting the USDAs first view of 2018/19, as they forecast U.S. producers will plant 45.0 million all-wheat acres, down slightly from the 46.0 million planted in 2017/18. For what it's worth we planted 50.1 million acres back in 2016. As for yield, the initial forecast for 2018/19 looks to be starting at 47.4 bushels per acre vs. the current 46.3 yield estimate for this years crop vs. the 52.7 yield harvested back in 2016. Total production is forecast at 1.815 billion bushels, with ending stocks falling from the current 935 million bushels down to 813 million. Obviously these are just early projections and could vary greatly as weather and demand shift and change. The USDA will release the complete USDA Agricultural Projections to 2027 report in February 2018. For more details Click [HERE](#). From what seems like a more important global perspective, Russia continues to win wheat business from Egypt, the worlds top buyer. From what I understand, Egypt paid slightly less than what they paid last time. Bears in the market are thinking Russian wheat exports might be higher than most to this point forecast. Their crop was surprisingly large and looks as if their exports are also going to surprise some to the upside.

Record State Wheat Yields



> Russia Set To Boost Grains Exports After Record Harvest: Russia is set to export around 45 million metric tons of grains in the 2017-18 marketing year, of which 35 million metric tons will be wheat, agriculture minister Alexander Tkachev said Tuesday at a meeting with the Federation Council. As of November 28, Russia has harvested 138.9 million metric tons of grain, 14.6 million metric tons higher than in the same period of 2016, according to agriculture ministry figures. Wheat harvest reached 88 million metric tons in that time. In the 2017-18 marketing year, grains export have reached 32 million metric tons so far, up +22% on the year, according to the ministry. Wheat exports have reached 24 million metric tons, up +23%. (Source: Platts)

> Brazil Mills Keep Focus On Ethanol: Brazilian mills continued to give priority to ethanol production over sugar in the first half of November as sales of hydrous ethanol in Brazil, the type used by flex-fuel cars, surged 36 percent in the period. Brazil's center-south, the world's largest sugar producing region, allocated 57.45 percent of cane early in November to ethanol production, with sugar production accounting for the remaining 42.55 percent, cane industry group Unica said. (Source: Reuters)

> Minerva Expects Brazil To Resume U.S. Beef Exports In Q1: Minerva SA, Brazil's fourth-largest listed meat company by sales, expects the country will resume fresh beef exports to the United States in the first quarter of 2018. The United States had halted the import of fresh Brazilian beef in June after a high percentage of shipments failed to pass U.S. Department of Agriculture safety checks. The USDA said the suspension would remain until Brazil's Agriculture Ministry took corrective action. Speaking on the sidelines of a conference hosted by Minerva, the company's CEO told reporters his prediction was based on talks with the government.

> Whole Foods Chicken Supplier Plans To Triple Its Output On Organic Boom: Americans can't seem to get enough organic poultry. Bell & Evans, a supplier to Whole Foods Market Inc., is set to triple its total production by constructing a new Pennsylvania processing facility. The organic chicken business has been booming. American farm sales climbed 78 percent last year to \$750 million. That makes chicken the third-largest organic agricultural commodity, trailing milk and eggs. (Source: Bloomberg)

> McDonald's Runs Out Of Buttermilk Crispy Tenders: McDonald's said its new Buttermilk Crispy Tenders will be unavailable at restaurants nationwide for a short time because the item has proved so popular that demand got ahead of supply. McDonald's

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

introduced Buttermilk Crispy Tenders nationally as a permanent menu item in late September. The product is made with 100 percent white meat chicken and contains no artificial flavors, colors or preservatives. The tenders will return to menus by the end of December, the company said. (Source: The MeatingPlace)

> Glyphosate Won't Be Legal In All Of The E.U.: Although glyphosate is now approved at the EU level, France reacted immediately with a declaration that it would move to ban the substance "as soon as alternatives have been found," and within three years. And Italy's Agriculture Minister, Maurizio Martina, told Politico the country would get rid of glyphosate within its borders by 2020. (Source: Politico)

> Lawmakers Concerned USDA Vacancies Will Affect Customer Service: There are thousands of open positions at the Natural Resources Conservation Service and the Farm Service Agency, and the Democratic members of New Mexico's congressional delegation want Perdue to fill them ASAP. The vacancies - 1,446 at NRCS and a like number at FSA - are harming the agencies' ability to provide assistance to farmers and ranchers, the lawmakers said in a letter to Perdue. Carlsbad, N.M., a city in an important agricultural part of the state, hasn't had any NRCS staff for nearly a year, the lawmakers said. A spokesperson said the department is "already in the process of conducting workload assessments for our customer-facing agencies to ensure that USDA maintains its superior level of customer service." (Source: Politico)

> Analysts Are Optimistic About 2018: As more economists publish their 2018 outlooks, those from Goldman Sachs and Barclays are proving the most bullish in predicting global growth will reach 4% next year = strongest since 2011. Despite the acceleration in growth, few economists see a surge in inflation, preferring instead to predict a gradual acceleration in price pressures that would be welcomed by central bankers. Goldman Sachs is more aggressive than most in forecasting the Federal Reserve will raise its key interest rate four times next year. (Source: Bloomberg)

> The Most Expensive U.S. Hurricane Season Ever: 2017 will be remembered as the most expensive U.S. hurricane season ever. Seventeen named storms, 10 of which became hurricanes killed hundreds across the Atlantic basin, causing \$202.6 billion in damages. Worldwide, storms racked up over \$369 billion worth of damage, making it the second most costly year since 1960. (Source: Bloomberg)

> Amazon Prime Customers Are Spending More This Holiday Season: Prime members are Amazon's "golden jewel," especially during the holiday shopping season, according to GBH Insights analyst Daniel Ives. Ives said he expects the internet giant will capture as much as 50 percent of all online sales from November through the New Year. That compares with Amazon's share of 38 percent of the market in the same period last year. Meantime, GBH Insights has predicted the average Prime customer is spending 20 to 25 percent more on Amazon.com around the holidays this year. Those customers' dollars are adding up, and quickly. Adobe Insights, which measures roughly 80 percent of online sales from 100 major U.S. retailers, has forecast 2017 will mark the first holiday season to surpass \$100 billion in digital transactions. A noticeable trend this season has been more consumers turning to their smartphones to make purchases, forgoing using a desktop computer or making a trip to the store altogether. Moving into 2018, Amazon will look to add even more members to its Prime base. According to Statista, there are more than 85 million paying Prime subscribers in the U.S., who spend an average of \$1,300 on Amazon.com every year. (Source: CNBC)

> Top Countries For Tattoo Removals: India has a long tradition in body art that stretches back thousands of years. More recently, tattoos have evolved from being a deeply cultural symbol to something more modern and stylish. As the desire for ink went up, so too did demand for tattoo removal services. In 2016, India had a grand total of 22,860 tattoo removal procedures, the highest number worldwide and a figure that is no doubt connected to the country's massive population. Japan comes second for tattoo removal procedures with 20,159 in 2016 while the United States comes third with 14,124. People regret their tattoos and make the decision to remove them for a whole host of reasons. Sometimes it's just as simple as a tattoo not turning out as well as somebody originally envisaged. Then there are the classic horror stories like a drunken visit to the tattoo parlor or somebody deciding to get their lover's name inked before a breakup. (Source: Statista)

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..."

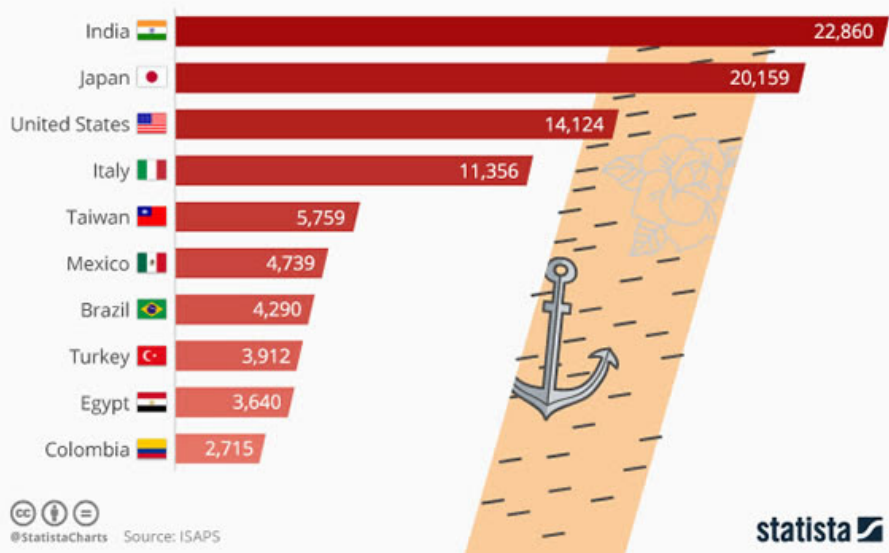
I'm more of a long-term player, therefore you will not see me give many short-term suggestions or trade ideas. One of my most important rules is that I always follow my long-term direction. Therefore, as long as I am "bullish" a market I will only play that particular market in one of three ways.

- 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.

Where Are People Regretting Their Tattoos The Most?

Number of tattoo removal procedures worldwide in 2016



FROM THE FIELD

Central Illinois - Overall we had a very good year. The weather cooperated in our area and I have to give credit where credit is due....to genetics. The seeds continue to amaze me with their yield abilities even on the marginal ground. Both our corn and bean yields surpassed expectations and were well above averages. We continually are seeking to diversify production as we look forward to the future and the prospect of continuing depressed prices. On another front, I believe we are giving away our data way to cheaply and need to rethink how it is handled. As it will play a role in future development of inputs and equipment, we need to be compensated for it.

Northcentral Indiana - We grow dryland corn, beans and wheat every three to five years. We are on some average and marginal land up here and had some drown out on the lower bean fields after a 6" rain in late June. We started late with an early wet spring and found ourselves nearly three weeks behind. Amazingly, if you only go 5 miles north you will see corn yields in the 250-260bpa area while our land will produce around 130bpa. It is a rare year we push it up to 170bpa. Things got dry here late in the game and cost us 30bpa of corn on the high knobbed areas.

Northwest Kansas - I was out meeting with clients today and it looks like we have 20-30% of the corn left to cut in this area. Some guys still have a little sorghum in the field as well. Yields have been good in the area for most. Looking to next season, some guys are thinking of going with some conventional corn as there are plenty of dairy cattle looking for the non-gmo product. I'm not hearing about a lot of changes besides that next year. Most guys up here are all up to speed on their tech but I hear a few more drones may come into play. Most are not being fully utilized yet but I expect that changes real soon.

CROSSING WIRES

A place to share intelligent thoughts...

Acreage Prospects For 2018: From Todd Hubbs, Department of Agricultural and Consumer Economics, University of Illinois - Corn and soybean prices have weathered the USDA's November Crop Production report that contained larger forecasts of the size of the 2017 harvest, relative to market expectations, for both crops. Considerable speculation will occur over the next few months about the acreage decisions farmers

Farm Direction
RECIPES

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Baked White-Cheddar Mac

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will make in 2018. Current market conditions appear to support moderate soybean and corn acreage expansion in 2018. Projecting the acreage allocations for 2018 U.S. crops will begin in earnest after the turn of the new calendar year. Prospects for 2018 crop acreage levels start with expectations about planted acreage for principal crops. Since planted acreage varies substantially from year to year, anticipating total planted acreage is quite difficult. In 2017, acreage planted in principal field crops declined to 318.2 million acres, the lowest level since 2011. As we move into 2018, the prospect of large decreases in crop acreage in the Corn Belt appears low, while acreage changes in the plains may be in the form of crop adjustments instead of acreage losses. Read more [HERE](#).

Millennials Are Set To Be The Most Unequal Generation Yet: In an economic climate where the top 1% own half the world's wealth, a new analysis by Credit Suisse suggests that millennials in several advanced economies are likely going to face the worst income inequality of any generation in recent memory. The report, which focuses on the US, Germany, France, and Spain, shows that millennials are generally saddled with more student debt, less inherited money, and stricter mortgages than previous generations. At the same time, a lucky few are set to become spectacularly wealthy, widening the already large gap between rich and poor. Read more [HERE](#).

The Rifles That Made America: Ever since the 13 colonies gathered enough gumption to form a union, U.S. soldiers have carried an evolving range of weapons, from flintlocks pistols to lever actions to assault rifles. The American soldier has fought many battles through the generations. The first line of defense has always been the rifle. Check out the history of rifles in the U.S. military [HERE](#).

Arby's Buys Buffalo Wild Wings In Deal Worth More Than \$2 Billion: Restaurant owner Roark Capital Group will buy Buffalo Wild Wings Inc. for \$2.4 billion, months after an activist investor won seats on the chicken wing restaurant's board following a proxy fight demanding management change. Buffalo Wild Wings shares were up 6.6 percent at \$156 in premarket trading on Tuesday. The deal is the latest in a flurry of restaurant takeovers by private equity firms. In October, casual dining chain Ruby Tuesday was bought by NRD Capital for about \$335 million, while Luxembourg-based JAB Holdings took U.S. food chains Panera Bread and Krispy Kreme Doughnuts private over the last two years. Read more [HERE](#).

Heineken Uses Big Data, The Internet of Things And Artificial Intelligence In Some Pretty Cool Ways: Dutch brewer Heineken has been a worldwide brewing leader for the last 150 years, but today, as the No. 1 brewer in Europe and No. 2 in the world they are ramping up their results thanks to the use of big data and AI. Heineken has already dabbled in the IoT with its Ignite bottle—one of the winning ideas for the company's annual Future Bottle Design Challenge. These interactive bottles have 50 individual components and sensors including LED lights that turn beer bottles into connected devices that respond to the beat of the music in clubs and reflect its rhythms so that "every bottle becomes part of the party. Read more [HERE](#).

Facebook's Pattern Recognition Software Hopes To Save Lives Abroad: Facebook Inc will expand its pattern recognition software to other countries after successful tests in the U.S. to detect users with suicidal intent, the world's largest social media network said on Monday. Facebook has not disclosed many technical details of the program, but the company said its software searches for certain phrases that could be clues, such as the questions "Are you ok?" and "Can I help?" If the software detects a potential suicide, it alerts a team of Facebook workers who specialize in handling such reports. Read more [HERE](#).

What Happens When You Drop A Turkey from A Plane? Domestic turkeys can't fly — but that hasn't stopped people in a small town in Arkansas from dropping the birds from small planes at an annual festival event that has drawn opposition from animal-rights activists. The festival is the annual Turkey Trot in Yellville, where for the past 50 years during the festival, a local pilot has flown a plane and dropped domestic turkeys from a height of about 500 feet over local fields. Read more [HERE](#).

Only 19 People Can Buy Bentley's New Ultra-Exclusive Convertible: Bentley is set to launch an ultra-exclusive run of convertibles based on the (big) bones of the Mulsanne. The car, referred to as the Bentley Grand Convertible, was first shown as a concept in 2012 during a private event coinciding with the Pebble Beach Concours d'Elegance. It was only revealed to the public at the 2014 Los Angeles Auto Show. Fast forward to today and Bentley has finally confirmed a small production run. A Bentley spokesperson told Motor Authority that 19 examples will be built by the Mulliner personalization department. Each of the 19 cars—the number represents Bentley's founding in the year 1919—will be tailored to the customer's specific desires, so no two examples will be the same. Customers will choose their own two-tone paint schemes for the exterior. Check out the details and pictures [HERE](#).



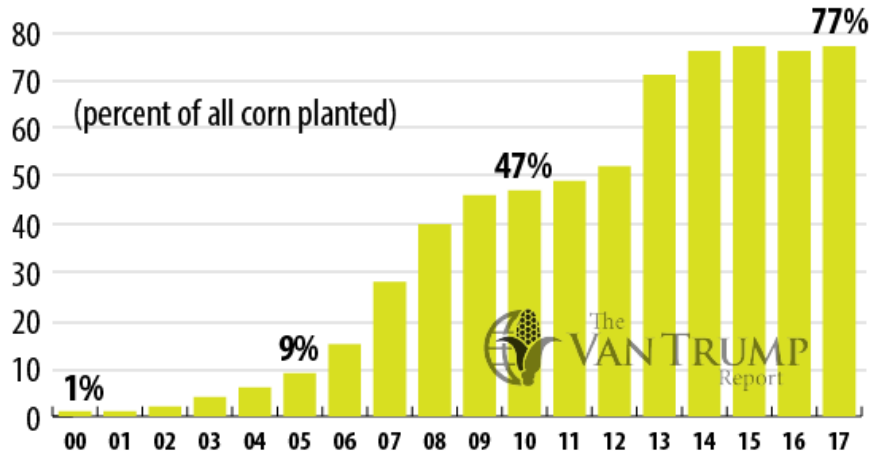
Stacked Genetics Making A Difference

There's currently a lot of buzz about the continued improvements in yields for corn, cotton and soybeans. And many wonder just how much of the gains should be attributed to cooperative weather and how much should be attributed to better technology and improved genetics? Genetically Engineered (GE) seeds have become more widely used in major field crop production across the U.S. As we know, Herbicide-Tolerant (HT) crops were developed to survive the application of certain herbicides (such as glyphosate and glufosinate) that previously would have destroyed the crop along with the targeted weeds. Insect-Resistant crops contain a gene from the soil bacterium *Bacillus thuringiensis* (Bt) that produces a protein that is toxic to specific insects. Seeds that have both Herbicide-Tolerant and Insect-Resistant traits are referred to as "stacked." Bottom-line, Biotech stacks are engineered to have better chances of overcoming the myriad of problems in the field such as insect pests, diseases, weeds, and environmental stresses so that farmers can increase their productivity. The easiest and quickest way to stack up genes into a plant is to make crosses between parental plants that have different biotech traits, an approach known as hybrid stacking. Most of the commercially available biotech stacks, like triple stack, and quadruple stack, are products of serial hybrid stacking which is widely adapted and accepted. Another method of gene stacking is known as molecular stacking which involves the introduction of gene constructs simultaneously or sequentially into the target plant by standard delivery systems such as *Agrobacterium*-mediated and biolistic methods. In some stacks, molecular stacking has been done with conventional breeding approaches to put together the desirable traits. Three crops (corn, cotton, and soybeans) make up the bulk of the acres planted to GE crops. Recent data show that the adoption of stacked corn varieties has increased sharply, from 9% of U.S. corn acres in 2005 to 77% in 2017. Adoption rates for stacked cotton varieties have also grown rapidly, from 34% in 2005 to 80% in 2017. Generally, many different GE traits can be stacked; varieties with three or four GE traits are now common in U.S. corn and cotton production. Below is a graphic drawn from USDA Economic Research Service data [Adoption of Genetically Engineered Crops in the U.S.](#)

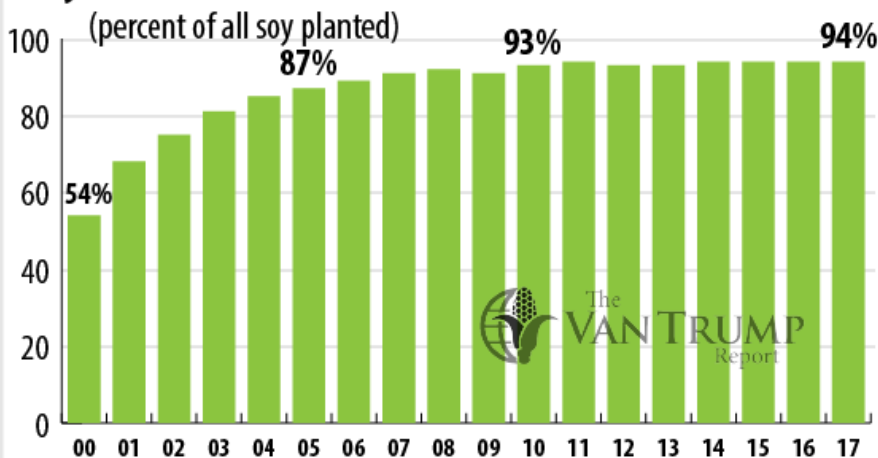
U.S. Genetically Engineered Crop Adoption

(2000 - 2017)

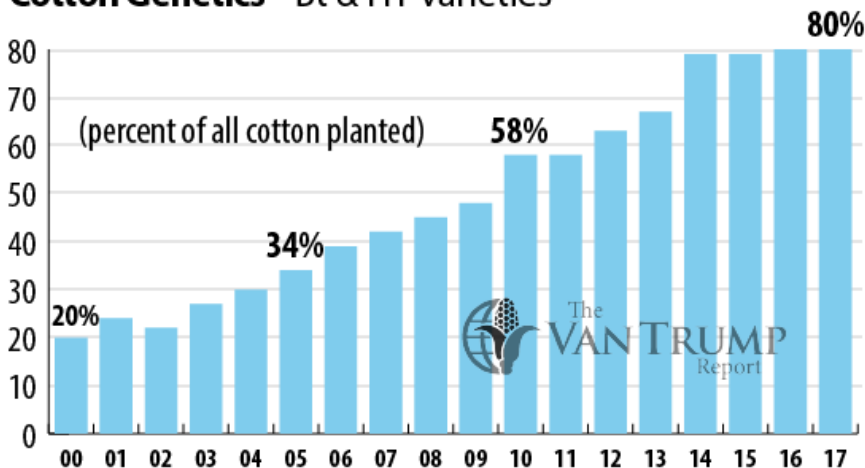
Corn Genetics Bt & HT varieties



Soybean Genetics HT varieties



Cotton Genetics Bt & HT varieties



Source: USDA, ERS - Adoption of Genetically Engineered Crops in the U.S.

BHP Is Measuring Truckers' Brain Waves To Improve Safety

The world's largest mining company, BHP Billiton, has launched a new monitoring program in an effort to improve safety. Truck drivers working for the company are being outfitted with baseball caps and hard helmets that have sensors mounted inside

to track their brain waves. The device is monitoring for signs of fatigue. The sensor is able to communicate any signs of danger to a unit installed within the cab of the truck, which then notifies the driver. It also sends a notification to the driver's supervisor who can then intervene if necessary. The mine in Chile where the new system is being tested has some 1,500 employees driving 150 trucks. Each truck can carry up to 400 metric tons of copper. The mining industry has been increasingly looking at technology to improve mine safety and bring down costs. The mining industry has been increasingly looking at technology to improve mine safety and bring down costs. BHP has also been experimenting with driverless trucks that are driven via artificial intelligence. Rio Tinto just completed the first test run of Auto Haul, its driverless freight train. It expects Auto Haul will be pulling iron ore from all of its mines in Australia to port by the end of next year. The adoption of advanced technology doesn't stop at transportation, though. Artificial intelligence is being used to design autonomous drills and sensors that can help improve the quality and grade of ores and other raw materials being mined. Algorithms are able to use real-time data to automatically warn operators and maintenance crews of downtime hours in advance. Others can predict pressure spikes or mill overloads hours before they happen. Engineers are currently working to create algorithms that could carry out geotechnical inspections using 3-D mapping. Consulting firm McKinsey estimates that data analytic and robotic technology improvements could produce US\$290 billion to US\$390 billion in annual productivity savings for oil, natural gas, thermal coal, iron ore and copper producers across the globe by 2035. And the companies employing that technology are expected to be the ones that survive in the long-run as the bottom line becomes more sensitive to overall efficiency rather than simple supply and demand dynamics. (Sources: Bloomberg, Telegraph)



PONG Makes It Video Game Debut!

It was on this day in 1972 the co-founder of Atari, Nolan Bushnell releases Pong, the first commercially successful video game in Andy Capp's Tavern in Sunnyvale, California. For those who aren't old enough to remember, Pong was a table tennis sports game featuring simple two-dimensional graphics. The game was the first hugely successful video game, which helped to establish the entire video game industry along with the first home console, the Magnavox Odyssey. In August 1972, Bushnell and Alcorn installed the Pong prototype at a local bar called, "Andy Capp's Tavern." They selected the bar because of their good working relation with the bar's manager, Bill Gaddis, and the fact they were already supplying the bar with pinball machines and a jukebox. The game was installed and immediately very well received. A few days later, the prototype began exhibiting technical issues and Gaddis, the owner of the tavern, contacted Atari to fix it. Upon inspecting the machine, the Atari crew discovered that the problem was the coin mechanism was overflowing with quarters. In fact, people were coming in the bar solely to play the game. It was estimated that the game was consistently earning the bar \$40-50 per day, which was described as nothing anyone had ever seen before in the coin-operated entertainment industry. In 1974, Atari's founders, approached toy and electronic retailers to sell a Home Pong version, but were rejected. Retailers felt the product was too expensive and would not interest consumers. In 1975, Atari inked a deal to sell a Home Pong version through Sears which was also an instant success. In fact, the game quickly became Sears' most successful product. After seeing the huge success, the Atari crew decided there was big money to be made in the video gaming industry. In 1977 the original Atari home console was launched, selling close to 400,000 systems that first year. Magnavox joined the programmable market in 1978 with the Odyssey2, while toy company Mattel released their version called Intellivision in 1979. A few of the first and more popular games were: Space Invaders, Asteroids and Galaxian (1979); Pac Man, Defender and Missile Command (1980); Donkey Kong, Tempest and Galaga (1981); Ms. Pac-Man and Q*bert (1982). Some other popular early home console games were Kaboom! (1981), River Raid and Pitfall! (1982). The Nintendo and Sega game consoles came along in 1985. Crazy to think it all came from that crazy little game called "Pong"...



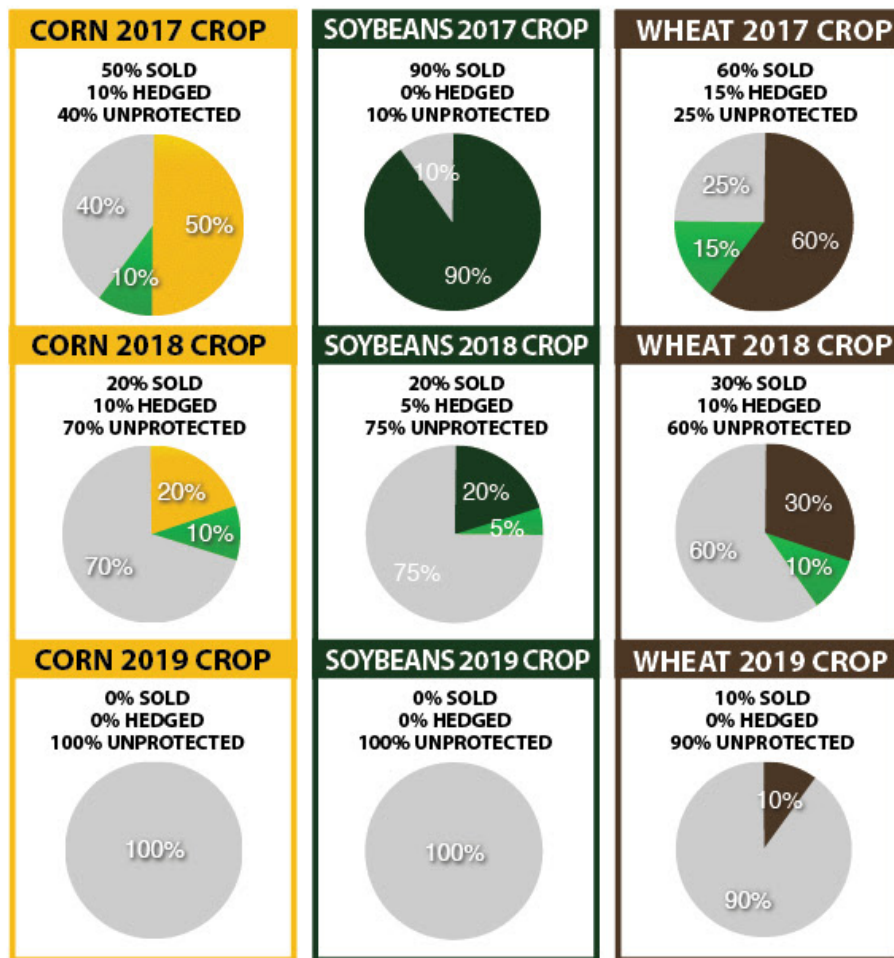
ATARI TEENAGE RIOT

The Inside Story of Pong and the
Video Game Industry's Big Bang





CASH SALES & HEDGING TOTALS



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