

GOOD MORNING: 12/14/17 Farm Direction - VanTrump Report

1 message

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"We can be knowledgeable with other men's knowledge, but we cannot be wise with other men's wisdom." - Michel de Montaigne

THURSDAY, DECEMBER 14, 2017

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Morning Summary: Investors start the day celebrating a tax deal proposal being reached on Capital Hill. The Nasdaq is now up +30% on the year, the Dow and S&P 500 are up close to +20%. The conference committee announced the accomplishment yesterday evening, along with some of the finer details. The agreement includes a 21% corporate tax rate, which President Trump reportedly will support. The top individual rate is moved down to 37% from the current 39.6%. There is also a \$10,000 cap on deducting state and local property or income tax payments. Members in the Senate and House must now vote on the agreement, with the GOP hoping to have the bill on President Trump's desk next week. Additionally, the GOP wants to have most provisions take effect as of January 1, 2018, which is an extremely aggressive rollout. Also in the spotlight yesterday, the U.S. Federal Reserve as expected raised interest rates for the third time this year. Central bankers also forecast another three rate hikes in 2018 and two more hikes in 2019. Two policymakers dissented on the rate increase due to concerns over lackluster inflation. Given the robust strength of the rest of the economy, other Fed members feel it is prudent to stay ahead of the curve, so to speak, by taking a more hawkish approach to policy in order to prevent runaway inflation. In its economic outlook, the Fed upgraded its job outlook, calling growth "solid" and adjusting their forecast for the unemployment rate down to 3.9% in 2018 and 2019, about two-tenths below September's estimate. The Fed also raised its GDP forecast, now pegging growth at +2.5% compared to a previous outlook of +2.1%. At the follow-up press conference, Fed Chair Janet Yellen notably commented on stock valuations, saying they were "elevated" but that no indicators of financial stability risk were "flashing red, or even orange." Not surprisingly, the Fed Chair also called Bitcoin a highly speculative asset and warned it was "not a stable source of value." This was Yellen's last press conference as Fed chief. She will soon hand over the reins to Jerome Powell. Economic data for today includes Weekly Jobless Claims, Retail Sales, Import/Export Prices and Business Inventories. I suspect Retail Sales will be the most closely watched release. The measure gained some strength over the last few months thanks to hurricane-driven demand for vehicles and gas. Consensus calls for the November read to show a slight uptick from the previous month on expectations of strong Black Friday and Cyber Monday sales. Oil prices slid a bit yesterday on a bigger than expected build in U.S. gasoline inventories and U.S. crude production hitting another record high at 9.78 million barrels per day. The U.S. Energy Information Administration is now forecasting that domestic crude oil output will rise by +780,000 barrels per day to a record high of 10.02 million barrels per day in 2018. Keep in mind, the all-time Saudi Arabia record is approximately 10.3 million barrels per day. Another interesting fact, here in the U.S., most sources, including the EIA, estimate we use nearly 19.7 million barrels per day. the International Energy Agency now forecasts worldwide average demand of nearly 96 million barrels of oil and liquid fuels per day.

Fed Officials Indicate Three Rate Hikes In 2018: *The Federal Reserve gave investors an idea of what policymakers think is coming in the future with an updated "dot plot." The tool is part of the Federal Open Market Committee's Summary of Economic Projections released along with its policy decision statement, showing where each participant in the meeting thinks the fed funds rate should be at the end of the year for the next few years and in the longer run. The Fed releases those predictions in a chart that includes a dot for each of the members at their target interest rate level for each period. While the "dot plot" is not an official policy tool, it provides some insight into how committee members feel about economic and monetary conditions going forward. Indeed, several*

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Today In History

1863, Civil War - President Abraham Lincoln announces a grant of amnesty for Emilie Todd Helm, his wife Mary Lincoln's half sister and the widow of a Confederate

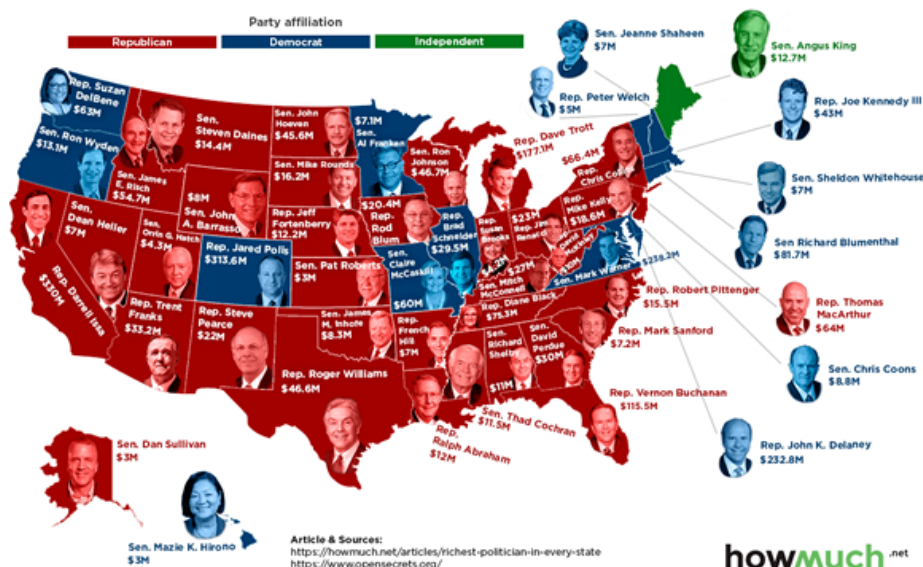


before. The plan was the president's blueprint for the reintegration of the South into the Union. Part of the plan allowed for former Confederates to be granted amnesty if they took an oath to the United States. The option was open to all but the highest officials of the Confederacy. Emilie Todd Helm was the wife of Benjamin Helm, who, like the Lincolns, was a Kentucky native. The president was said to be an admirer of Helm, a West Point and Harvard graduate. Lincoln had offered Helm a position in the U.S. Army, but Helm opted to join the Confederates instead. Helm led a group of Kentuckians known as the Orphan Brigade, since they could not return to their Union-held native state during the war. Helm was killed at the Battle of Chickamauga in September 1863. After her husband's death, Helm made her way through Union lines to Washington, D.C. She stayed in the White House and the Lincolns tried to keep her visit a secret. General Daniel Sickles, who had been wounded at the Battle of Gettysburg, Pennsylvania, five months prior, told Lincoln that he should not have a Rebel in his house. Lincoln replied, "General Sickles, my wife and I are in the habit of choosing our own guests. We do not need from our friends either advice or assistance in the matter." After Lincoln granted her pardon, Emilie Helm returned to Kentucky.



quantum theory of modern physics is born. Through physical experiments, Planck demonstrated that energy, in certain situations, can exhibit characteristics of physical matter. According to theories of classical physics, energy is solely a continuous wave-like phenomenon, independent of the characteristics of physical matter. Planck's theory held that radiant energy is made up of particle-like components, known as "quantum." The theory helped to resolve previously unexplained natural phenomena such as the behavior of heat in solids and the nature of light absorption on an atomic level. In 1918, Planck was rewarded the Nobel Prize in physics for his work on blackbody radiation. Other scientists, such as Albert Einstein, Niels Bohr, Louis de Broglie, Erwin Schrodinger, and Paul M. Dirac, advanced Planck's theory and made possible the development of quantum mechanics—a mathematical application of the quantum theory that maintains that energy is both matter and a wave, depending on certain variables. Quantum mechanics thus takes a probabilistic view of nature, sharply contrasting with classical mechanics, in which all precise properties of objects are, in principle,

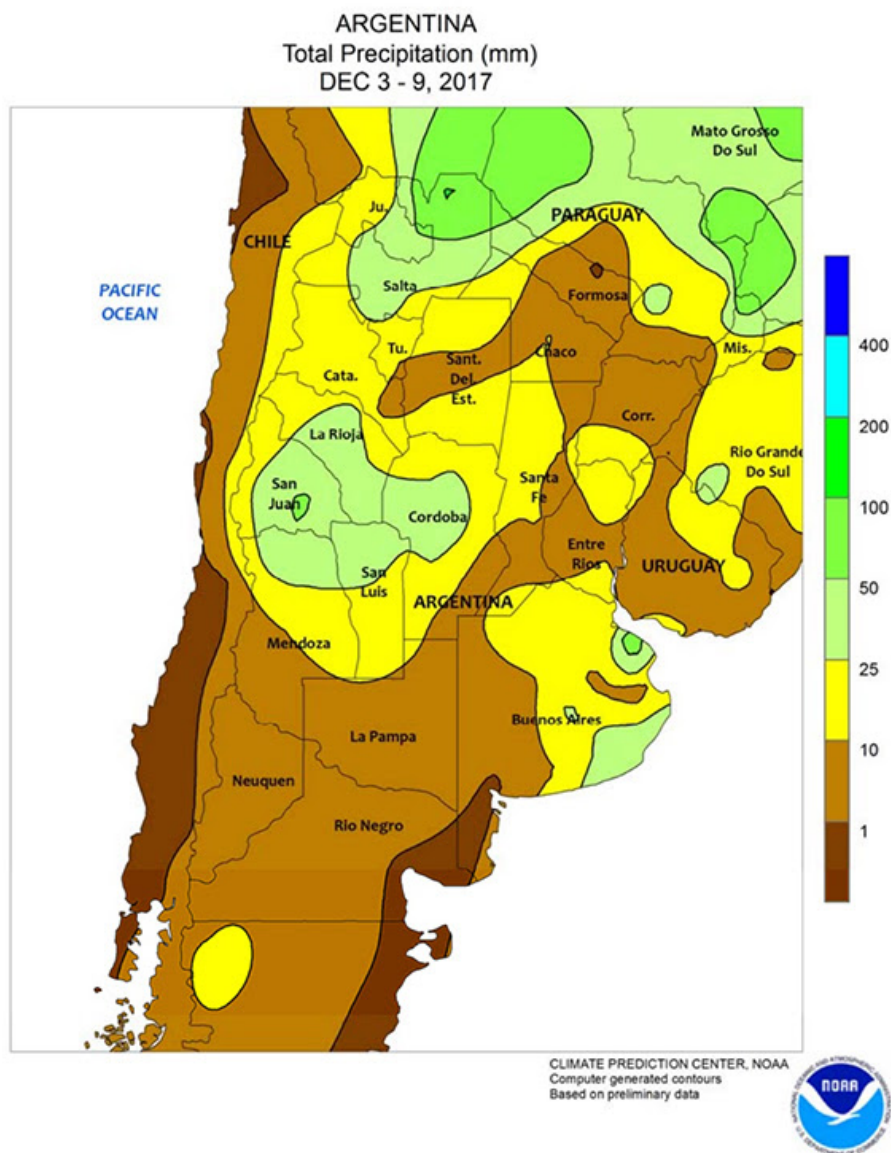
The Richest Politician in Every State 2017



Weather across the Corn Belt has brought snow to the upper Great Lakes region and has resulted in very windy weather across the upper Midwest. In the eastern Corn Belt, fields have largely frozen, allowing any remaining harvest efforts to proceed. On the Plains, extremely windy but mild weather prevails across the Dakotas and environs. Throughout the Plains, diminishing soil moisture reserves and frequent episodes of warm, windy weather have increased stress on rangeland, pastures and winter wheat. In the South, cool, dry weather favors any late-season fieldwork. Meanwhile, periods of snow can be expected across the North, especially in the vicinity of the Great Lakes for the next few days. Over the week, rain should develop in the Southeast. In contrast, dry weather will continue into next week in California, the Southwest and the central

and southern Plains. In addition, significantly above normal temperatures will continue to dominate much of the western and central U.S. during the next few days.

Much Needed Rain Is Forecasted for Argentina: *For the past few weeks, a drier than normal pattern has settled over much of Argentina, along with a turn to hotter temperatures during the past week. From what I am hearing, rain is needed to prevent losses to early-planted corn which is approaching reproduction. Forecast models all week have been indicating the chance of some moderate to heavy rain in the major Argentina corn and soybeans areas over the weekend. We will continue to watch these rain events as there is still a long way to go with the growing season in Argentina. Corn and soybean plantings are about 50% complete, which is right on pace with normal.*



Corn demand remains strong as U.S. exports are a bit more robust than many had been thinking. U.S. corn prices remain very competitive on a global scale. Ethanol demand also remains impressive, though slightly below the recent weekly record pace, yet still extremely strong. Most sources believe we again chewed through between 114 and 115 million bushels of corn last week for use in ethanol. I should note however, ethanol surplus, though a bit lower than last week, is still running about +17% above last year's level. Bottom-line, I don't see U.S. demand being as weak as many have been forecasting. Several inside sources have been talking about -50 million bushel reductions for both feed and export demand, I'm just not on that same page. I personally think the surprise in demand is to the upside not the downside. I'm not saying total demand increases, but I don't think we pull-back by a large margin like many of the bears were talking a few weeks back. In fact, ethanol could still be understated, experts could still surprise to the upside and overall feed demand might be better than many think on stronger livestock numbers. Overall, I'm thinking the balance sheet might be fairly close and there won't be a major swing in the yearend report come January 12th. Total production could be a touch weaker, with total demand a touch weaker, meaning no major overall change. Total production could stay steady on

calculable. Today, the combination of quantum mechanics with Einstein's theory of relativity is the basis of modern physics.



1980, Cold War - A CIA report claims that the Soviet Union delivered nearly \$7 billion worth of military assistance to Third World nations in 1979, and made over \$8 billion in arms sales during that same year. The study also noted that there were nearly 51,000 communist military advisors in Third World countries. The report indicated that the arms sales increased instability and chances for military conflict. The CIA study portrayed an alarming growth in Soviet military assistance to the Third World, particularly to nations in the Middle East and Africa. According to the report, Syria, Iraq, and South Yemen were the primary recipients of aid to the Middle East while Angola and Ethiopia received most of the arms sold to Africa. Much of this assistance was in the form of sophisticated weapons such as MiG fighter-bombers and surface-to-air missiles. Almost two-thirds of the military advisors were Cubans whom Fidel Castro assigned to Angola. Despite this massive effort, the study concluded that, "Moscow has recruited few adherents to its ideology." Nevertheless, the economic advantages were significant. Together with an expanded program of economic assistance, Soviet arms sales to the Third World helped open markets and provide hard currency for the Russian economy. Soviet trade with the Third World increased from just over \$250 million in 1955 to over \$13 billion in 1978. In addition, the Soviets were able to obtain sources for natural gas (Afghanistan), oil (Iraq and Syria), and aluminum (Turkey). The report ended on an ominous note, suggesting that Soviet arms sales to the Third World-particularly to the Middle East-were dangerously increasing instability and the chances for war. The report failed to investigate the impact of the \$6 billion in arms sales the US made to the Third World.

Upcoming Events

Fri. 12/22 - Cattle on Feed, Cold Storage & Quarterly Hogs and Pigs

Mon. 12/25 - Christmas - Markets Closed

Wed. 1/3 - Minutes From 12/13 FOMC Meeting Released

Fri. 1/12 - USDA Crop Production Annual Summary, Supply and Demand

Tues. 1/23 - Cold Storage

Fri. 1/26 - Cattle on Feed

Tues.-Wed. 1/30-1/31 - FOMC Meeting

Fri. 2/16 - Farms and Land in Farms

a slight decrease in yield and slight increase in acreage, while demand stays somewhat the same, again meaning no real change to the bottom-line of the balance sheet. It's certainly interesting when we start trying to move all the pieces around, I'm just not so certain the moves equate to any type of game-changing or altering number. As for South America, weather appears as if it has improved a bit and seems to be keeping a lid on nearby rallies. I still see mid-February to early-March as perhaps a more influential time period for the corn market. Brazil's second crop corn acres will be more heavily in the spotlight and U.S. weather uncertainties will take on a more significant role.

Record Corn Production & Yield

 Same Year

Yields (bushels per acre)

Colorado	1988	160 bpa
Illinois	2014	200 bpa
Indiana	2014	188 bpa
Iowa	2016	203 bpa
Kansas	2009	155 bpa
Kentucky	2017	177 bpa
Michigan	2017	167 bpa
Minnesota	2016	193 bpa
Missouri	2014	186 bpa
Nebraska	2015	185 bpa
North Carolina	2013	142 bpa
North Dakota	2016	158 bpa
Ohio	2014	176 bpa
Pennsylvania	2017	163 bpa
South Dakota	2016	161 bpa
Tennessee	2017	171 bpa
Texas	2014	148 bpa
Wisconsin	2016	178 bpa

Production (in million bushels)

Colorado	2017	188 mil. bu.
Illinois	2014	2,350 mil. bu.
Indiana	2014	1,085 mil. bu.
Iowa	2016	2,741 mil. bu.
Kansas	2017	707 mil. bu.
Kentucky	2013	243 mil. bu.
Michigan	2014	356 mil. bu.
Minnesota	2016	1,544 mil. bu.
Missouri	2014	629 mil. bu.
Nebraska	2016	1,700 mil. bu.
North Carolina	1982	155 mil. bu.
North Dakota	2016	517 mil. bu.
Ohio	2013	649 mil. bu.
Pennsylvania	2013	159 mil. bu.
South Dakota	2016	826 mil. bu.
Tennessee	2014	141 mil. bu.
Texas	2016	324 mil. bu.
Wisconsin	2016	573 mil. bu.



Source: USDA, NASS, 12/12/17

Soybean bears are talking about improved weather conditions nearby for parts of Argentina and southern Brazil. Thoughts at the moment are many areas will see improved moisture through the end of December, then things could turn dry again, to what extent and or how wide-spread the dryness...who knows? Bears are also talking about the USDA needing to further trim their U.S. export estimate by perhaps -50 to -75 million bushels. I'm also hearing more talk that with seed usage being bumped higher by +5 million, U.S. soybean acres could be creeping higher as well. There's just a lot of talk inside the market that the U.S. balance sheet could get even larger in the days ahead. This coupled with the recent bump in global soybean ending stocks, makes it tough to get wildly bullish. Also adding to the bearish headlines, is talk of Chinese crush margins again falling under pressure and perhaps slowing nearby demand? There is a bit of good news on the biodiesel side, where Argentina has placed an 8% tax on their biodiesel exports, perhaps helping to further slow the flow of supply to the U.S. As a producer, I continue to keep hedges in place as the nearby "technical" appear weak.

Thurs. 2/22 - Cold Storage (month & annual)

Fri. 2/23 - Cattle on Feed

Tues. 12/12 - USDA Supply and Demand

Mon. 12/25 - Christmas - Markets Closed

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

Fri. 1/12 - USDA Supply and Demand

Thurs. 2/8 - USDA Supply and Demand

Kevin's Song of the Week



About the Report

Record Soybean Production & Yield

Same Year

Yields (bushels per acre)

Arkansas	2017	50 bpa
Illinois	2016	59 bpa
Indiana	2016	57.5 bpa
Iowa	2016	60 bpa
Kansas	2016	48 bpa
Kentucky	2017	52 bpa
Louisiana	2014	56.5 bpa
Michigan	2016	50.5 bpa
Minnesota	2016	52 bpa
Mississippi	2017	52 bpa
Missouri	2017	49 bpa
Nebraska	2016	61 bpa
North Carolina	2017	41 bpa
North Dakota	2016	41.5 bpa
Ohio	2016	54.5 bpa
South Dakota	2016	49.5 bpa
Tennessee	2017	51 bpa
Wisconsin	2016	55 bpa

Production (in million bushels)

Arkansas	2017	175 mil. bu.
Illinois	2017	611 mil. bu.
Indiana	2017	327 mil. bu.
Iowa	2016	566 mil. bu.
Kansas	2017	204 mil. bu.
Kentucky	2017	101 mil. bu.
Louisiana	1979	93.8 mil. bu.
Michigan	2016	104 mil. bu.
Minnesota	2016	389 mil. bu.
Mississippi	1979	119 mil. bu.
Missouri	2017	290 mil. bu.
Nebraska	2017	328 mil. bu.
North Carolina	2014	69.2 mil. bu.
North Dakota	2016	249 mil. bu.
Ohio	2016	264 mil. bu.
South Dakota	2016	256 mil. bu.
Tennessee	2017	84.7 mil. bu.
Wisconsin	2016	107 mil. bu.



Source: USDA, NASS, 12/12/17

Wheat ...bulls are talking about more intense cold weather being added to the winter forecast here in the U.S. and the thought it could create more dire headwinds for the crop moving forward. Bears are talking about the fact Brazil has finalized a deal to import Russian wheat. There was some thought a few weeks back that the two nations were at odds and Brazil would hopefully be turning more attention towards the U.S. for supply. As of right now that doesn't look to be the case. On the global front, there also seems to be a bit more uncertainty circling in regard to India's wheat production. Several sources are calling for a sizable increase, yet on the flip side, others are reporting a fairly significant reduction in planted acres. Hence, there's some reason to be uncertain about India's total wheat production, and we will remain so until we hear more definitive, accurate and reliable data.

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

Record Wheat Production & Yield

 Same Year

Yields (bushels per acre)

Arkansas	2014	63 bpa
California	2011	91.6 bpa
Colorado	2016	48.2 bpa
Idaho	2016	91.4 bpa
Illinois	2017	76 bpa
Indiana	2016	81 bpa
Kansas	2016	57 bpa
Michigan	2016	89 bpa
Missouri	2016	70 bpa
Montana	2016	42.4 bpa
Nebraska	2016	54 bpa
North Carolina	2011	68 bpa
Ohio	2016	80 bpa
Oklahoma	2016	39 bpa
Oregon	2011	76 bpa
South Dakota	2014	55.5 bpa
Texas	2007	37 bpa
Washington	2016	71.5 bpa

Production (in million bushels)

Arkansas	1982	72.2 mil. bu.
California	1981	106 mil. bu.
Colorado	1985	139 mil. bu.
Idaho	1996	119 mil. bu.
Illinois	1989	105 mil. bu.
Indiana	1975	61.6 mil. bu.
Kansas	1997	501 mil. bu.
Michigan	2016	50.7 mil. bu.
Missouri	1981	116 mil. bu.
Montana	2010	214 mil. bu.
Nebraska	1958	113 mil. bu.
North Carolina	2013	52.7 mil. bu.
Ohio	2000	79.9 mil. bu.
Oklahoma	1982	228 mil. bu.
Oregon	1980	77.4 mil. bu.
South Dakota	2008	173 mil. bu.
Texas	1985	187 mil. bu.
Washington	1996	183 mil. bu.



Source: USDA, NASS, 12/12/17



> EU Renews Glyphosate Approval For Five Years: *The European Commission said it had renewed for five years the license for the weed-killer glyphosate, a key ingredient in Monsanto Co's top-selling Roundup, following a heated debate over whether it causes cancer. A sufficient majority of EU countries voted at the end of November to clear the license extension, but opposition to the herbicide remained, including from a citizens' initiative wanting it banned and demanding greater transparency in the future. (Source: Reuters)*

> Brazil Senate Passes Bill To Boost Ethanol, Biodiesel Use: *Brazilian senators have passed a bill proposing sharp increases in the use of biofuels such as ethanol and biodiesel in the country in coming years, as a way to help cut carbon emissions. The bill would create a program called RenovaBio, mandating fuel distributors gradually increase the amount of biofuels they trade every year. (Source: Reuters)*

> California Poised To Surpass Florida As King Of U.S. Oranges: *It's been a miserable few years for Florida's orange crop. And now to add insult to injury, California is gearing up to steal the sunshine's state crown as the king of U.S. citrus production. After a decade of the citrus-greening disease devastating Florida oranges, Hurricane Irma smashed into groves this year, inflicting yet another blow to the crop. Farmers in the state are set to collect 46 million boxes of the fruit this season, the U.S. Department of Agriculture said Tuesday. That would be the smallest since 1945 and would match California's harvest. Michael Sparks, chief executive officer for Florida Citrus Mutual, the state's largest grower group, expects the situation for the crop "to get worse before it gets better." If that's the case, and California ends up with the bigger crop, it would be the first time in 73 years the state would best Florida. (Source: Bloomberg)*

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.

> U.S. Says China Still Failing To Notify WTO Of State-Backed Firms: The United States has notified the World Trade Organization of seven Chinese companies that it says should have been flagged as state trading enterprises under the WTO rules. The United States has long complained that Beijing is keeping the world in the dark about potentially unfair trading by state-backed firms, which it suspects can get a leg-up over their competitors because of their government connections. U.S. Trade Representative Robert Lighthizer wants to toughen up on transparency at the WTO and has proposed that countries that fail to meet their notification obligations should be punished by losing certain administrative rights. (Source: Reuters)

> France Prepares For China Pork Exports: More pork from France could be heading to China if soon-to-be-released audits of France's pork production facilities result in positive reviews, a French minister said in Beijing this week. Finance Minister Bruno Le Maire said the results of the audit launched in 2015 is expected to be published soon and involved visits to French facilities by Chinese officials to check production standards and hygiene procedures, according to a report on Sino.co.uk. China approved additional pork imports from England and Northern Ireland this past fall after months of inspections. China already is the one of the world's largest pork importer with more than 1.5 million metric tons of the protein shipped into the country in 2016. (Source: MeatingPlace)

> Louis Dreyfus To Sell Australian Fertilizers and Inputs Business: Louis Dreyfus Company has reached an agreement to sell its Australian fertilizer and inputs distribution business, Macrofertil Australia Pty Ltd., to Landmark Operations Ltd., the Australian ag-retail business of Canada-based Agrium, Inc. Financial terms of the transaction were not disclosed. The sale of the fertilizer business is part of Louis Dreyfus' plan to narrow its focus to its cotton, grains, oilseeds, dairy and sugar business lines. (Source: World Grain)

> Target To Launch Same-Day Delivery, Including Groceries: Target has acquired another same-day delivery startup, Shipt, for a cool \$550 million. The deal should speed up Target's plans to offer same-day delivery in its stores. It's expecting to have the feature available in half its stores by early 2018, and in the "majority" of stores in time for 2018 holiday shopping. Your options will largely be limited to groceries, electronics, "essentials" and home products, but Target plans to offer products from all its major categories by the end of 2019. (Source: Engadget)

> Russian Nuclear Plant Admits To Nuclear Isotope Emissions: A senior executive at the Russian nuclear processing plant suspected of being behind a spike of radioactivity over Europe this fall admitted Wednesday that the isotope recorded does emerge as part of the plant's production cycle but said its levels are negligible. The environmental group Greenpeace alleged that Mayak could have been the source of a Ruthenium-106 leak, but the plant said it has not extracted the isotope or conducted any other operations that may lead to its release "for many years." But Yuri Mokrov, an adviser to Mayak's director general, said in a webcast press conference Wednesday that Ruthenium-106 routinely emerges during the processing of spent nuclear fuel. Mokrov insisted, however, the plant was not the source of any major leak. Mayak saw one of the world's worst nuclear accidents on Sept. 29, 1957, when a waste tank exploded. (Source: Associated Press)

> Three Classic Holiday Gift Prices Leap, Nine Stand Still: The PNC Christmas Price Index predicts True Loves will be on their merry way to a more robust and satisfying holiday shopping season this year. To purchase the gifts included in the classic holiday song "The 12 Days of Christmas," it will only cost 0.6 percent more than in 2016, according to the 34th annual holiday economic analysis by The PNC Financial Services Group. PNC calculated the 2017 price tag for The PNC Christmas Price Index at \$34,558.65, approximately \$200 or 0.6 percent more than last year's cost and less than the government's Consumer Price Index, which increased 2.2 percent through September for the past 12 months. Click the graphic for a larger view. (Source: PNC Financial)

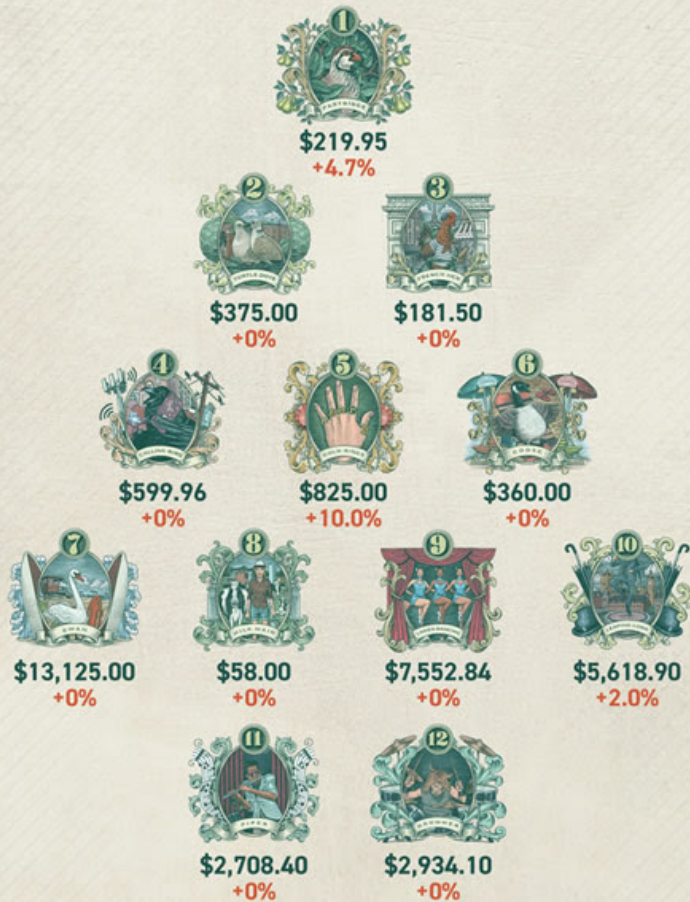




ON THE FIRST DAY OF CHRISTMAS...

THREE CLASSIC HOLIDAY GIFT PRICES LEAP. NINE STAND STILL.

The results are in and the 2017 PNC CPI rose 0.6%. The economy maintains its steady growth, with continued increases in consumer spending, low unemployment, and rising wages. Thanks to these factors, True Loves will be on their merry way to a more robust and satisfying holiday shopping season.



PNCChristmasPriceIndex.com

FROM THE FIELD

Central Michigan - We have gotten colder as of late and it is looking like we will have a white Christmas. The winters up here have been milder over the past five years and I do not think that I have needed to plow snow ten times in the last three years. We did get things in the ground on time this spring, then it didn't rain from mid-May to the end of August. Most all of our farms were very dry and it looked like we had a disaster on our hands. We did get some late spotty rains that may have helped a little. I think that we made about 80% of our normal yield. Our sandier ground has outperformed the heavier farms over the past few years. We have seen bean yields this year at 45bpa. Again, less than our normal yields but better than what we thought we would make. The corn may have done a little better averaging 150bpa across all farms. The weather continues to be the main factor on the production side but this new technology is really helping to push yields to new norms.

Eastern Iowa - We are enjoying this mild December weather right now. It seems like we always pay for it on the back end in February, with snow and ice. We did have a decent growing year but there were times when things got very dry. I believe it was

around the first week of July and we couldn't buy a rain, missing everything that even looked like a storm. Unfortunately, that was the only time all summer that we had any high temperatures to speak of, to make the crops stressed. All things considered, we were happy with the overall production. The corn yields were the best that we have ever had, even with the lack of rain. I think the seed genetics have improved greatly for extremely dry conditions. Most everyone's beans were just as good as the past few years. I am still questioning the rents and land values that we are still seeing around here. It doesn't seem to pencil with today's corn prices.

Central South Dakota - It has turned colder here but to make it worse the wind is blowing 50mph. We were not in the bullseye of the drought up here this summer but still felt the effects. Our yields were way off from 2016 but much better than what it would have been if we didn't catch some late August rains. After we planted our corn and beans, we went weeks without rain, causing slow germination and poor emergence. Most fields emerged in stages and didn't really even up until mid-summer after a few rains. The corn ended up making between 130bpa and 140bpa across all the farms. Again, better than expected with the weather issues that we had. The beans yields were way off for us only making in the high 30bpa area. We were fortunate to not have the extreme heat but still saw the crop backpedal to some degree.



Take A Peek Inside Jay Leno's Garage: Jay Leno's Garage is full of the most wicked, most quirky, and just downright strangest cars ever manufactured. Some of them are legal to drive on the highway while others have yet to hit the markets. Either way, you'll want to take a look at these 20 cars, which range from funky to epic, antique to futuristic. See pics [HERE](#).

Before You Plan Your Next Ski Vacation... Check These Spots Out: A lot of ski-town hotels call themselves ski-in, ski-out—meaning you can put on your ski boots in the lobby and walk out the door to the lifts. But there's a class of snowbound homes, hotels, and chalets that bring the practice to a whole new level: stationed deep in the mountains, often in remote locales that require ski touring or riding a snowcat, helicopter, or gondola to reach. The best part? You'll have vast snow-covered peaks right out your door. Read more [HERE](#).

Surging Shipping Costs Are Squeezing Grain Traders: Booming rates to ship iron and coal are giving grain traders a migraine. The cost of moving pretty much every dry-bulk commodity -- from fertilizer to salt to rocks -- has surged since July, lifting the London-based Baltic Exchange's main freight gauge to its highest in almost four years. The rally has been fired by China's insatiable demand for coal and iron ore, more than tripling rates for giant Capesize ships that dominate both trades. With the surge driving up shipping rate across the board, that's bad news for agricultural traders already contending with the biggest supply gluts in years: they're having to pay more to transport crops at a time when they can least afford it. As far as the shipping market is concerned, agricultural trade is dwarfed by the heavy industry bulwarks. Grains and oilseeds make up less than 10 percent of all dry-bulk cargoes whereas coal and iron ore account for about half. Read more [HERE](#).

The Neuroscience of Changing Your Mind: Every day our brains grapple with various last-minute decisions. We adjust our gait to avoid a patch of ice; we exit to hit the rest stop; we switch to our backhand before thwacking a tennis ball. Scientists have long accepted that our ability to abruptly stop or modify a planned behavior is controlled via a single region within the brain's prefrontal cortex, an area involved in planning and other higher mental functions. By studying other parts of the brain in both humans and monkeys, however, a team from Johns Hopkins University has now concluded that last-minute decision-making is a lot more complicated than previously known, involving complex neural coordination among multiple brain areas. Read more [HERE](#).

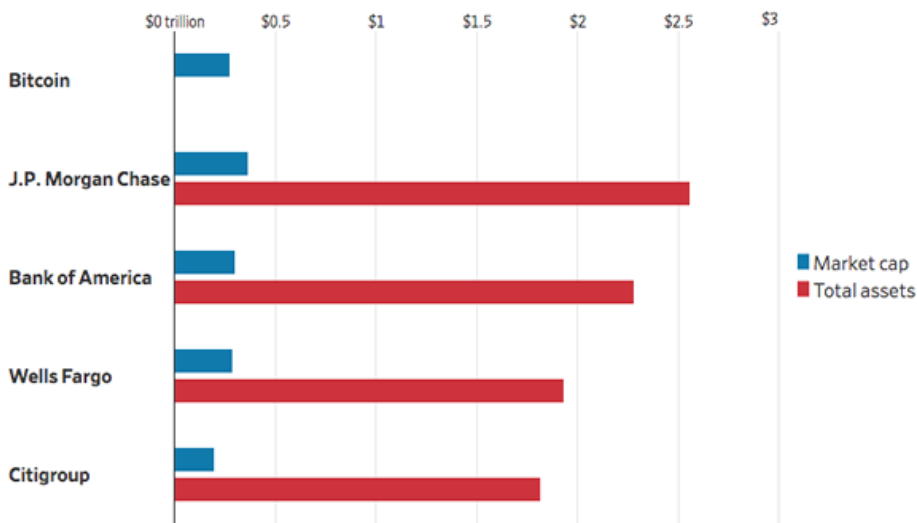
The Little Blue Pill: An Oral History of Viagra: Viagra's incredible run ended Monday morning with the release of a cheaper, generic version of the world's first impotence-fighting pill. And what a run it was. Approved 19 years ago, Pfizer Inc.'s Viagra ushered in a pharmaceutical and cultural revolution, put the phrase "erectile dysfunction" in the medical mainstream, launched a thousand bad jokes and made friskiness a staple of prime-time television commercials. Bloomberg News spoke to people at the center of the phenomenon. Their comments have been edited for clarity. Check it out [HERE](#).

Star Wars At 40: Ranking The Best Characters: *Star Wars* turned 40 this year, and four decades have spawned nine movies and endless characters, be they Jedi or Sith, Rebels or Imperials, twisted bounty hunters or adorable porgs. In honor of the milestone anniversary (and the arrival of *Star Wars: The Last Jedi* in theaters Thursday night), USA Today ranked the 40 best movie characters in *Star Wars* history, from the original heroes of 1977 to the new Episode VIII. Check out their list [HERE](#).

Stop Talking About Bitcoin's Market Cap: *Bitcoin is taking over the world. Its rapidly rising value is making it bigger than some major financial companies, some big currencies and many of the world's countries. Or so the bitcoin cheerleaders say. Bitcoin's market capitalization currently stands at around \$278 billion, according to [coinmarketcap.com](#). That puts it ahead of Citigroup Inc. and Visa Inc. Bitcoin enthusiasts say the digital currency's market cap has surpassed the gross domestic product of midsize countries such as Finland and Greece. These comparisons are dubious. Bitcoin's market cap is simply its current price in dollars, times the total number of Bitcoins currently in circulation. But it makes little sense to compare this to the market capitalization of businesses like Citigroup or Visa, currently \$201 billion and \$255 billion, respectively. Market capitalization measures the equity value of a business, or what investors are willing to pay for its future profits. Bitcoin isn't a business and has no profits. Read more [HERE](#).*

Who's Really Bigger?

Market capitalization vs. total assets, end-September



Source: The companies, coinmarketcap.com

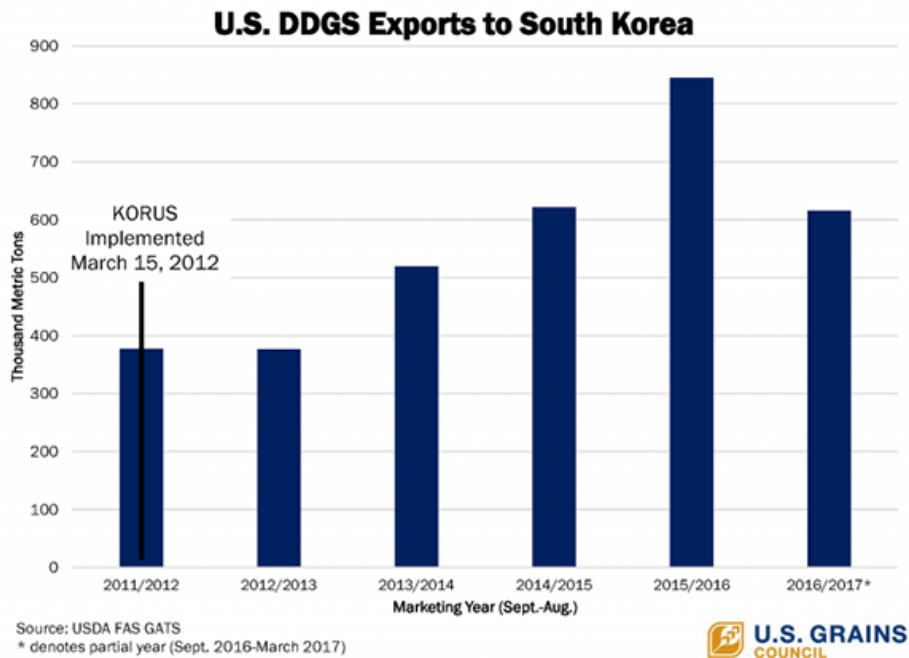
THE WALL STREET JOURNAL



South Korea Continues To Be An Important Trade Relationship For U.S. Ag

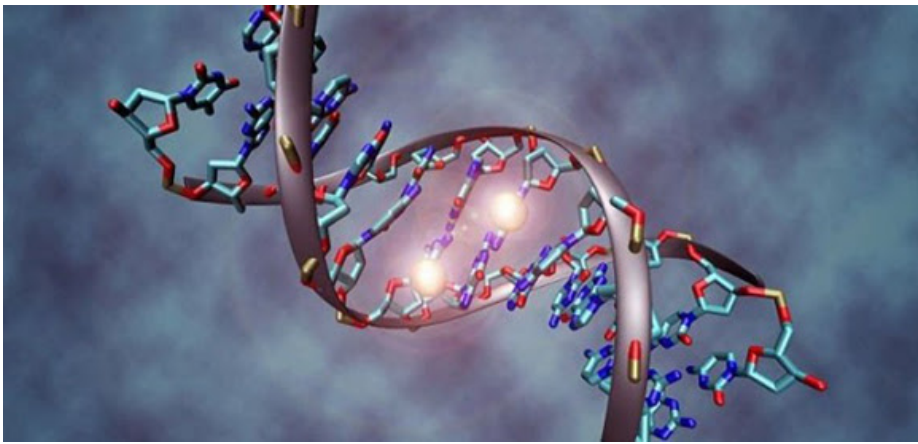
The ongoing conversation about the value of U.S. trade agreements have put a spotlight on South Korea as a close U.S. ally and an important customer for U.S. products, including grains. South Korea is now the fifth largest market for U.S. agricultural exports, totaling \$6.2 billion in purchases in 2016. The country was the fourth largest importer of both U.S. corn and distiller's dried grains with solubles (DDGS) as well as the seventh largest importer of U.S. barley in the 2015/16 marketing year. The U.S. Grains Council has worked in South Korea since 1972, promoting free trade between the two nations. Favorable trade terms in the U.S. - Korea Free Trade Agreement (KORUS), these efforts ensure U.S. feed grains and value-added products remain a major player in south Korea, which ranks in the top five coarse grains importing markets in the world with more than 12 million metric tons imported annually. KORUS entered into force in March 2012, providing duty-free access for U.S. corn and sorghum exports immediately. Something important that we need to understand: South Korean corn buyers are very conscious of both quality and price, purchasing corn from six or more countries and quickly switching feed ingredients when logistical or price opportunities arise. This pits U.S. feed grains up against corn from South American and Black Sea origins, and U.S. market share can fluctuate depending on crop availability and logistics. The duty-free provisions of the KORUS agreement are particularly important to help maintain U.S. exports in this environment. The U.S. does have an advantage in the South Korean market in that we have had a strong trading

partnership that has spanned decades. This is something that U.S. producers and traders understand, Koreans like to do business based on relationships -- it reassures them they are getting a quality product from quality people. I'm hopeful our officials will keep this in mind as they begin revising and reshaping trade agreements with our partner nations. I'd like to leave you with one last piece of important economic data: The more than 5.7 million tons (more than 224 million bushels) of corn and corn products South Korean buyers purchased from U.S. producers in 2015/16 was valued at more than \$1 billion, which in turn generated \$1.3 billion in economic activity and supported 8,400 U.S. jobs. (Source: US Grains Council)



DNA Breakthrough May Be A "Holy Grail" For Synthetic Biology

Scientists at the Scripps Research Institute have created a semi-synthetic lifeform by changing its DNA (which is composed of molecules marked as A, C, G, T) to include two new components, an X and Y. From there, the organism was able to use its new components to create new proteins. Chemical biologist Floyd Romesburg says, "It's the first change to life ever made." The ability to program organisms that can produce new proteins has a host of potential uses, especially in medicine. One potential use is creating organisms that can manufacture proteins that are simultaneously beneficial to the human body and more effective than current treatments, which are sometimes foiled by the natural operations of the body. But there's an even more exciting application that Romesburg has in mind. He says their long-term interest is in seeing if the cells can learn to use the proteins themselves to gain new functions or attributes. The way Romesburg describes it, the next generation of semi-synthetic bacteria could perform a similar function to stem cells by becoming flexible toolboxes for almost any problem. Romesburg is also considering how it could be applied in AI. For decades, scientists have sought to add noncanonical - hundreds of molecules that can be found in nature or the lab but are not naturally used by organisms - amino acids to proteins in the hope of making these biological workhorses even more powerful. Every living thing on Earth stores the instructions for life as DNA, using the four genetic bases A, G, C, and T. These bacteria have two more letters, and "unnatural" pair that Romesburg has calls X and Y. Even though it holds an extended alphabet, the rest of the cell is unaltered. In the near term, Romesburg says scientists could harvest such proteins from synthetic cells and use them to assist with drug-delivery, or to make protein therapeutics, like insulin, more effective. Another important application the semi-synthetic bacteria could be used for in vaccines. If the microbes are put into a person's bloodstream, they are incapable of surviving. However, they could be safe and effective in "training" the body how to fight various infections. (Sources: Quartz, Washington Post)



Gift Ideas For Gadget Lovers

Every gift giver has at least one tech-savvy gadget lover on their list, but it's tough to keep up with all the latest gear. It's especially difficult if you yourself haven't embraced the digital world. Below are some of the most talked about tech gadgets that have come out over the last year and appear on a lot of "gift idea" lists.

Gramovox Floating Record Player, \$550: *Not exactly cheap, but this is no ordinary record player. It plays albums horizontally, making it part sound player and part art. It has built in speakers so it doesn't require any additional components to enjoy your records.*

DJI Spark, \$400: *Another rather pricey item, but it is really a unique little drone. It is super compact, making it easily portable in just about any bag. It can be flown with a RC controller, a smartphone, or by waving your hands at it. It takes beautiful full HD videos, and built-in computer vision technology allows it to track you or other moving objects as it flies.*

PolyScience Culinary's Smoking Gun Pro, \$150: *This is a cold smoker that adds natural flavor and aroma to any type of food or beverage. It infuses a measured amount of natural cool smoke to enhance flavors without cooking or preserving foods, or changing textures or temperatures.*

Amazon Echo Show, \$230: *Show is basically Amazon's Alexa powered Echo with a 7-inch touchscreen and camera. Users can make video calls and consume digital content like videos.*

Petnet Smartfeeder, \$150: *SmartFeeder lets users set feeding times and programs itself to dispense a pet's ideal food portion, aiming to put an end to overfeeding. It uses sensors, learning software, the power of the cloud, the world's largest pet food database, and your smartphone to learn and understand your pet's nutritional needs. Using the smartphone app, the feeder can also be managed from anywhere in the world.*

UE Wonderboom, \$100: *Ultimate Ears' line of portable Bluetooth speakers are a long time favorite of the tech industry and consumers alike. The company's new Wonderboom offers a 360 soundscape while also being extremely durable. That includes being waterproof!*

3Doodler Create, \$99: *This is a 3D printing pen that can be used for everything from fine art to scale models or decorative items. Draw vertically or horizontally with the liquid plastic, which instantly hardens.*

Sphero Mini Remote-Controlled Ball, \$50: *This ping-pong like ball can be driven around using a smartphone app. Sphero is probably best known for its BB-8 Star Wars droid. Like most other Sphero robots, it is compatible with the Sphero Edu app, which lets you learn to code by programming step-by-step moves.*

Google Wi-Fi, \$125: *Perfect for anyone struggling with Wi-Fi deadzones, or just trying to make sure every bit of their house gets good, fast internet service, Google Wi-Fi will help boost their signal. A single station works well for a smaller apartment, and two should cover up to 3,000 square feet.*

Snapchat Spectacles, \$130: *A great gift for Snapchat addicts, these sunglasses capture snaps from a first-person perspective.*

C by GE Sol, \$150: *This is a smart lamp integrated with Amazon's Alexa. The C has some pretty nifty features like a visual timer indicator or switching up the color temperature of the lamp by time of day.*

RIF6 Cube Pico Video Projector, \$230: This pocket-sized projector will put your phone screen on the big screen. Perfect for outdoor movies or events. Works with HDMI compatible devices and adapters. Comes with USB charger, internal battery, 20,000 hours of LED light, and a flexible mini tripod for a seamless streaming experience.

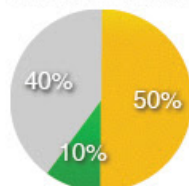




CASH SALES & HEDGING TOTALS

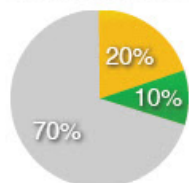
CORN 2017 CROP

50% SOLD
10% HEDGED
40% UNPROTECTED



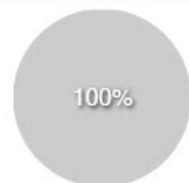
CORN 2018 CROP

20% SOLD
10% HEDGED
70% UNPROTECTED



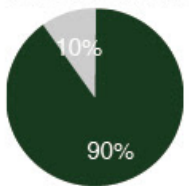
CORN 2019 CROP

0% SOLD
0% HEDGED
100% UNPROTECTED



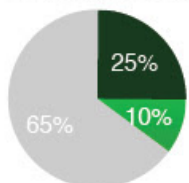
SOYBEANS 2017 CROP

90% SOLD
0% HEDGED
10% UNPROTECTED



SOYBEANS 2018 CROP

25% SOLD
10% HEDGED
65% UNPROTECTED



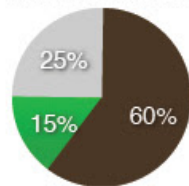
SOYBEANS 2019 CROP

0% SOLD
0% HEDGED
100% UNPROTECTED



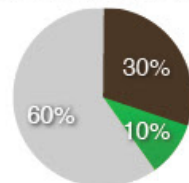
WHEAT 2017 CROP

60% SOLD
15% HEDGED
25% UNPROTECTED



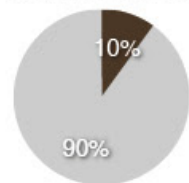
WHEAT 2018 CROP

30% SOLD
10% HEDGED
60% UNPROTECTED



WHEAT 2019 CROP

10% SOLD
0% HEDGED
90% UNPROTECTED



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