

GOOD MORNING: 01/10/18 Farm Direction - VanTrump Report

1 message

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

Wed, Jan 10, 2018 at 6:54 AM



"The art of being happy lies in the power of extracting happiness from common things." - Henry Ward Beecher

WEDNESDAY, JANUARY 10, 2018

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

Morning Summary: U.S. stocks continue to trade near record-highs ahead of strong fourth-quarter earnings expectations. I should note, crude oil is trading at a three year high this morning, as West Texas Intermediate crude trades above \$63.60 a barrel, its highest since December 2014. The S&P 500 and Nasdaq have now set new closing highs six sessions in a row. In fact, this is the best start to the stock market since 1987. I find that extremely ironic, as many seasoned traders have told me during the past several weeks, the market was starting to feel eerily similar to the market they traded back in in 1987. If you recall, in late 1985 and early 1986, the United States economy had posted a nice recovery from the early 1980s recession as inflation dropped. The stock market advanced significantly, with the Dow peaking in summer of 1987, up +44% over the previous year's close. In mid-October the Dow started to struggle, having dropped about -12% from it's most recent highs. On Thursday, October 15, 1987, Iran hit the American-owned (and Liberian-flagged) supertanker, the Sungari, with a Silkworm missile off Kuwait's main Mina Al Ahmadi oil port. The next morning, Iran hit another U.S. ship. The U.S. stock market closed that Friday on a weak note and many started to become uneasy about the situation over the weekend. The crash itself began in Far Eastern markets the following Monday of October 19, and further accelerated itself in London. Later that morning, two U.S. warships shelled an Iranian oil platform in the Persian Gulf in response to Iran's actions. In response, traders aggressively ran for the exits, and the Dow tumbled more than -22% in a single session. The Black Monday decline was—and currently remains—the largest one-day percentage decline in the Dow's history. By the end of October, stock markets around the globe had fallen: in Hong Kong (-45.5%), Australia (-41.8%), Spain (-31%), the United Kingdom (-26.45%) and Canada (-22.5%). Just wanted to remind everyone that a complete curveball out of left field could create a much larger than anticipated problem when everyone is leaning over the same side of boat. Personally, I'm peeling a little bit back and banking some profits on a few of my higher valuation stocks. I still see no clear signs of problems or reasons for a recession, but then again it's generally never the obvious that creates the complications. Here at home, today brings Import/Export Prices, Atlanta Fed Business Inflation and Wholesale Trade, none of which are likely to draw too much investor attention. The main data highlights come tomorrow (Thursday) and Friday with updated inflation data. Today also brings speeches from three regional Fed Presidents - Chicago's Charles Evans, Dallas's Robert Kaplan, and St. Louis's James Bullard. On the political front, there is more talk that Congressional leaders and the White House may be closer to reaching a funding deal. Negotiators that attended a bipartisan meeting with the President yesterday say they have ironed out the parameters of an immigration deal that would protect immigrants known as "Dreamers" from deportation and secure a border wall between the U.S. and Mexico. There are still some other key details to work out, but these were some of the biggest points of contention. In particular, reforms to protect Dreamers was seen as a possible roadblock to passing a funding bill by January 19 and preventing a government shutdown. Moving forward in the funding negotiations, lawmakers still need to tackle disaster aid, the Children's Health Insurance Program, defense spending and provisions regarding veterans' health care, opioids and pensions. Not surprisingly, some Congressional members are already talking about another temporary stop-gap funding measure to give negotiators more time.

Trump Will Be The First U.S. President To Attend Davos In 18 Years: President Donald Trump plans to attend the World Economic Forum in Davos, Switzerland, later this month. In a statement, the White House said the president was looking forward to attending the gathering of world leaders and business executives. Most commonly just referred to as "Davos", the annual meeting is attended by the world's financial and economic elites that predominantly have a globalist, free-thinking bent. Chinese President Xi Jinping used the forum in 2017 for a global call to reject trade wars and protectionism in a rebuttal to Trump. Trump would be the first sitting U.S. president to attend the meeting of bankers, corporate chiefs, academics and investors since Bill Clinton in January 2000. White House Press Secretary Sarah Sanders said Trump will use the forum to

SPECIAL Subscriber Pricing
3-DVD SET ONLY \$99



VTC17

The Conference Everyone Is Talking About



Learn insight and thoughts from some of the best and brightest in our industry, while sitting in the comfort of your own home or office.

[Learn More](#)

Today In History



1920, WWI - One of the most important peace treaties of World War I takes effect on this day in 1920, officially bringing an end to one of the worst international conflicts the world had ever seen. Dubbed the "war to end all wars," it was unprecedented in its slaughter and destruction, leading to the death of more than 10 million men in battle, the collapse of four empires, the

make the case for his policies to the global leaders. In a separate statement, Klaus Schwab, the founder of the forum, said Trump would offer a "direct perspective" on the U.S.'s priorities and that the president would be accompanied by key Cabinet ministers and U.S. lawmakers. Founded in 1971 by Klaus Schwab, a German economics professor, the forum has become an annual meeting that includes dinners and over 400 panel discussion sessions, largely about world social and economic trends. Officially, it is an academic conference; unofficially it is often referred to as a global elbow-rubbing event for the rich and powerful. Regardless, some of the most important and closely watched economic insight are shared at the conference every year. (Sources: Bloomberg, New York Times)

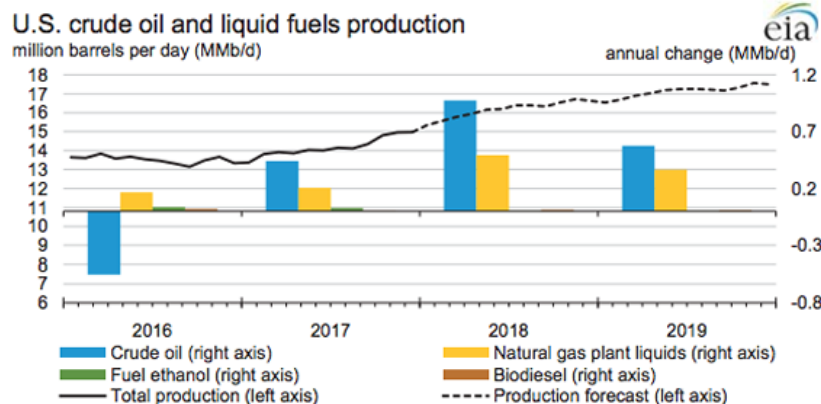
Fed Officials Reassessment Of Inflation Target: Two Federal Reserve officials this week have said the U.S. central bank should consider changes in its inflation-targeting framework to create more ammunition to respond to future downturns. The Fed established a formal 2% inflation target six years ago, but in recent months some officials and other economists, including former Fed Chairman Ben Bernanke, have said the central bank should revisit the framework because interest rates now appear likely to remain much lower for longer. As a result, the Fed could find itself with less room to stimulate economic growth during the next downturn. Inflation has confounded officials' forecasts for years by consistently falling below the 2% target. Among different ideas, some have urged the central bank to target a given level of prices, such as a 2% annual increase. San Francisco Fed President John Williams argued in favor of a price-level target which would allow the Fed to make up for periods of below-target inflation by allowing offsetting periods of above-average inflation. Boston Fed President Eric Rosengren said he would prefer adopting an inflation range, rather than a precise target. He floated an inflation range of 1.5% to 3% as one that might be appropriate. (Source: The Wall Street Journal)

Energy Outlook Projects Rising U.S. Crude Output: EIA estimates that global petroleum and other liquid fuels inventory draws averaged 0.4 million barrels per day (b/d) in 2017, marking the first year of global inventory draws since 2013. EIA expects global inventories to increase by 0.2 million barrels per day in 2018 and by 0.3 million barrels per day in 2019. EIA expects that the modest inventory builds forecast for 2018 and 2019 will contribute to Brent crude oil prices declining from current levels to an average of \$60/barrel in the first quarter of 2018. Brent prices are then expected to remain relatively flat near \$60/barrel for the remainder of the forecast period. Global consumption of petroleum and other liquid fuels grew by +1.4 million barrels per day in 2017, reaching an average of 98.4 million barrels per day for the year. Although the rate of consumption growth slowed in 2017 compared with 2016, EIA expects that consumption growth will average 1.7 million barrels per day in 2018 and almost 1.7 million barrels per day in 2019. EIA forecasts total U.S. crude oil production to average 10.3 million barrels per day in 2018, up +1.0 million barrels per day from 2017. If achieved, 2018 production would be the highest annual average on record, surpassing the previous record of 9.6 million barrels per day set in 1970. In 2019, crude oil production is forecast to rise to an average of 10.8 million barrels per day. Total U.S. petroleum and other liquid fuels consumption is forecast in the STEO to average 20.3 million barrels per day in 2018, an increase of 470,000 b/d (2.4%) from the 2017 level. (Source: U.S. Energy Information Administration)

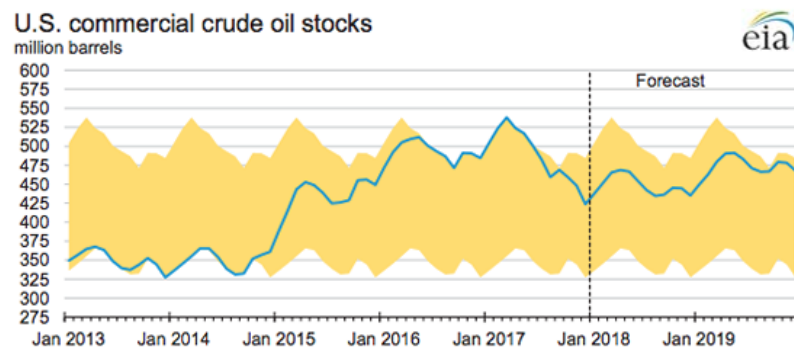
Bolshevik Revolution in Russia, the rise of fascism and the path for Hitler's rise to power. The Treaty of Versailles is largely seen as the most important agreement in ending the war as it brought to an end the state of war between Germany and the Allies. At the same time, it was highly controversial then and now, with some feeling it was too harsh while others believed it was too lenient. Signed on June 28, 1919, the treaty was conceived by the four main Allied powers - the U.S., Britain, Italy and France, which were dubbed the "Big Four". Germany and the other defeated nations took no part in the shaping of the agreement. The treaty was further complicated by secret deals that England, France, and Italy had made with Greece, Romania, and each other during the last years of the war. Overall, the treaty deemed Germany the aggressor in the war and consequently made Germany responsible for making reparations to the Allied nations. Later becoming known as the "War Guilt" clause, Article 231 of the treaty forced Germany to disarm, make substantial territorial concessions, and pay reparations to certain countries. Reparations were set at \$33 billion, which is roughly equivalent to \$442 billion in today's dollars. Germany's territory was reduced by about 10 percent with various areas returned to France, Denmark and Poland. Additionally, all of Germany's overseas colonies in China, in the Pacific, and in Africa were taken over by Britain, France, Japan, and other Allied nations. It also restricted the German army to 100,000 men and forbid the manufacture of armored cars, tanks, submarines, airplanes, and poison gas. The main motivation behind the treaty's harsh demands was to make sure Germany would never again pose a military threat to the rest of Europe. Obviously, their plan failed miserably as Germany ended up giving rise to Hitler and the Nazis, and the outbreak of World War II just 38 years later.



1982 - San Francisco 49ers wide receiver Dwight Clark makes a leaping catch in the end zone on a pass from quarterback Joe Montana with 51 seconds left in the National Football Conference (NFC) championship game against the Dallas Cowboys. "The Catch" set up a successful extra point kick by Ray Wersching that lifted the 49ers to a 28-27 victory and a trip to Super Bowl XVI. The drive that set up Clark's memorable catch began with 4:54 left in the fourth quarter, when the 49ers took over possession on their own 11-yard line, with the Cowboys leading 27-21. Over the next 12 plays, Montana passed seven times and called five running plays, effectively moving his team to third down-and-three at the Dallas six-yard line. Montana moved to his right at the snap, chased by three Cowboys. Looking for wide receiver Freddie Solomon, Montana spied Clark, wide open near the back of the end zone. Off balance, Montana lofted the ball in a high spiral towards the 6'4" Clark, who grabbed it for a touchdown to tie the score and enable Wersching to boot the game-winner through the uprights. The win confirmed the dominance of Coach Bill Walsh's offensive lineup, starring Jerry Rice, Montana, Solomon and Clark, as well as Montana's meteoric rise to full-fledged hero status. In only his third season with



Source: Short-Term Energy Outlook, January 2018.



Source: Short-Term Energy Outlook, January 2018.

Weather forecasts are calling for another surge of arctic air expected to spread across the central and eastern U.S. late this week and into early next week. The strongest cold will favor the Midwest, but winterkill threats should be limited as snow cover should be sufficient to protect wheat from subzero temperatures. Precipitation chances feature rain changing to snow later in the week with a possible storm. The strongest cold should miss the major wheat areas in the Plains, preventing any winterkill for hard red wheat. Possible snowstorm in the northern Plains on Thursday. This new round of winter storms will likely increase stress to livestock and increase risk of transportation delays. Looking to South America, soil moisture has declined across most of Argentina over the past week. Warm and mostly dry weather is expected to continue through Thursday, but showers should begin to develop on Friday and become widespread over the weekend, leading to some improvements in soil moisture. Temperatures will stay above normal however, but should not be excessively hot in most growing areas. In central and southern Brazil, the weather patterns remains favorable for developing corn and soybeans at this time, however, more rain would be welcome throughout.

A Tsunami Advisory was in effect for Puerto Rico and the U.S. Virgin Islands after a strong earthquake struck the Caribbean yesterday evening, but subsequent model forecasts indicate no threats to those areas. Mother Nature also lashed out at Southern California, causing mudslides and leaving at least 13 people dead from a storm that wreaked havoc from Santa Barbara to Los Angeles counties. (Source: Wall Street Breakfast)

Mid-Term Forecast Colder for Much of U.S.: The 6 to 10 day outlook for January 15 - 19 calls for the likelihood of above normal temperatures from the Pacific Coast to the High Plains, while colder than normal conditions will prevail across the eastern half of the U.S. Meanwhile, near to below normal precipitation across most of the country should contrast with wetter than normal weather in the Northwest and California.

San Francisco, the previously struggling 49ers were Super Bowl-bound for the first time since the franchise was founded in 1946. Three weeks later, Montana was named MVP of Super Bowl XVI after San Francisco defeated the Cincinnati Bengals 26-21 at the Silverdome in Pontiac, Michigan. He would win the title twice more in the next decade, as the 49ers continued as one of the NFL's most dominant teams throughout the 1980s and into the early 1990s.



2000 - In one of the biggest media mergers in history, America Online Inc. announces plans to acquire Time Warner Inc. for some \$182 billion in stock and debt. The result was a \$350 billion mega-corporation, AOL Time Warner, which held dominant positions in every type of media, including music, publishing, news, entertainment, cable and the Internet. The AOL Time Warner merger came at the height of the so-called "Internet bubble," when dot-com businesses were on a meteoric rise and their future seemed limitless. The idea was to combine Time Warner's impressive book, magazine, television and movie production capabilities with AOL's 30 million internet subscribers to form the ultimate media empire. Under the terms of the merger, which was cleared by the Federal Trade Commission in December 2000 and formally completed in January 2001, AOL shareholders owned 55 percent of the new company while Time Warner shareholders owned 45 percent. The potential windfall promised by the plan to sell Time Warner content through the AOL network never materialized, and when the Internet bubble burst in 2001, the company's losses reached record proportions. In 2002, as investors pulled out en masse of many Internet-related stocks, AOL Time Warner reported a quarterly loss of \$54 billion, the largest ever for a U.S. company.

Upcoming Events

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

Mon. 1/15 - Martin Luther King, Jr. Day - Markets Closed

Tues. 1/23 - Cold Storage

Fri. 1/26 - Cattle on Feed

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

Thurs. 2/8 - USDA Supply and Demand

Fri. 2/16 - Farms and Land in Farms

Mon. 2/19 - Washington's Birthday - Markets Closed

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

Fri. 2/23 - Cattle on Feed

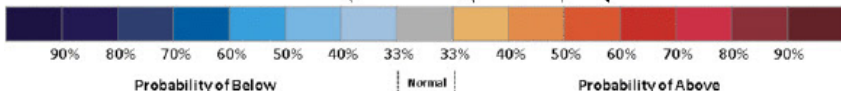
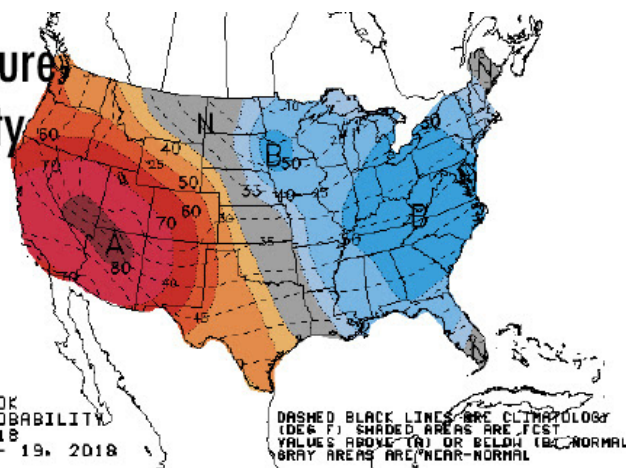
Fri. 4/30 - Good Friday - Markets Closed

Kevin's Song of the Week

Temperature Probability



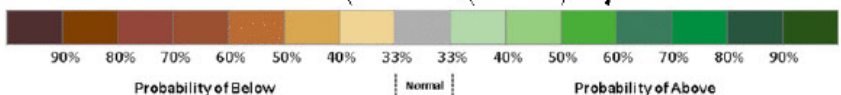
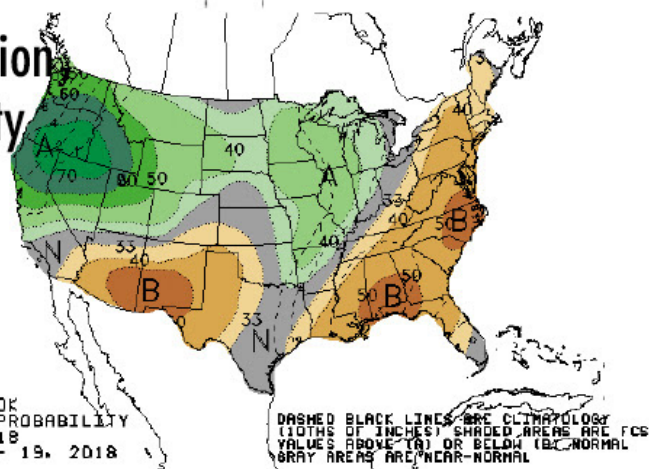
6-10 DAY OUTLOOK
TEMPERATURE PROBABILITY
MADE 9 JAN 2018
VALID JAN 15 - 19, 2018



Precipitation Probability



6-10 DAY OUTLOOK
PRECIPITATION PROBABILITY
MADE 9 JAN 2018
VALID JAN 15 - 19, 2018



Corn price continue to hover around \$3.50 as the USDA's yearend report on Friday looms large. Current domestic U.S. supplies are burdensome and there's very little talk of that changing during the next six-months. Bulls and bears are locked in a debate regarding "demand", particularly if strength in ethanol and feed will be able to offset weakness in exports? I suspect ending stocks come in somewhere between 2.4 and 2.5 billion bushels, which is right around the USDA's most recent estimate of 2.437 billion bushels. South American weather has changed very little the past few days. Brazil's weather seems cooperative, while Argentine weather appears much more uncertain, with some dry areas and heat that need continued monitoring. I should also note, there's starting to be more talk inside the trade of weather complications in the western part of South Africa. Obviously, this won't carry the same weight or respect in the market that a major weather headline from South America would carry, but it's certainly worth keeping on our radar. From a technical perspective, the market clearly seems content nearby in it's current pattern of lower highs and lower lows. The upside seems restricted by the \$3.60 to \$3.70 range, and I believe the \$3.30's could still be tested in the coming weeks. Longer-term however, I remain more optimistic about price, thinking the second quarter of 2018 will bring upside opportunities. Staying patient...

WHAT I'M LISTENING TO: ▶



Luke Bryan

"Most People Are Good"

About the Report

NEXT level THINKING



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

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

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

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

Kevin Van Trump

What Others Are Saying

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



Soybean traders seem uncertain about the markets next move and appear content on waiting for the USDA to release their updated numbers on Friday. Most all sources are in agreement that the USDA will be shrinking their U.S. export forecast, but by how much? I've personally heard numbers ranging from a -25 to -75 million bushel reduction in export demand could be coming down the pipe. This has many inside the trade thinking U.S. ending stocks push higher from the current burdensome level of 445 million bushels, up closer to 500 million perhaps. Throw on top more uncertainty on the horizon about Chinese demand for U.S. soybeans and a Brazilian crop that currently appears largely underestimated, and we now have a potential breeding ground for the bears. If the USDA delivers the larger ending stock number, several sources believe psychological support at the \$9.50 level will be heavily tested. Some traders I know, go as far as saying the \$9.20 area could be tested by late-February should weather problems in South America fizzle out or create little widespread complication. As a producer, I was aggressive with early sales so am feeling no pain. If we are somehow able to catch a bullish wild-card surprise, I will more than likely be pricing more new-crop bushels. As a spec, I still like the opportunities to the downside. From my perspective, bearish strategies make the most sense nearby.



Wheat continues to trade above it's recent lows, but is having very little luck stringing together the bullish headlines needed to breakout to the upside. From a technical perspective, there's still very strong and heavy resistance in the \$4.40 to \$4.70 range. Spring wheat is approaching stiffer resistance up in the \$6.40 to \$6.65 range. All the wheat contracts have had a tough time mustering the momentum to breakout to the upside. We seem to get up into those areas then just lose traction. I'm hoping record low acres, poor crop conditions and difficult weather here in the U.S. can help provide us better traction. There's also the chance of weather related hiccups in parts of Russia and other nations in the Black Sea region as a percentage of the crop is left without adequate snow-cover. The bearish argument is world ending stocks will almost certainly remain at burdensome levels of between 267 and 270 MMTs and U.S. ending stocks will remain at or around a burdensome level of 950 million bushels. It's tough to be bullish with a large amount of whats consider "cheap wheat" still in play, but I continue to carry the torch, believing better pricing is ahead on the horizon.

A.M., FDIC

"As a national federal farm policy administrator and commodity producer, I find it critical to keep updated with what is going on in the real world of agriculture and with the domestic and global markets. Of all the services I've have been privy to or have subscribed to over the past 20 years I've found in the past several months of engaging in your "Farm Direction" services to be the best perception and analysis of what is really happening in today's world. Not only here in the United States, but across the globe as well. US farmers need this type of help and information to assist them in their daily efforts. I commend you for a job well done. Please let me know if I can ever be of any help or assistance to you in the future..."

L.T., Assistant Deputy Administrator for Farm Programs USDA

My Own Personal Truisms

"Not To Trade, is often considered a good trading decision..."

"First Rule of HOLES: When you are in one stop digging..."

"Every looser in Vegas, always walks away from the table thinking he could have done better, the winners on the other hand leave while on top..."

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

"The markets ability to remain irrational can often times last much longer than your ability to remain solvent..."

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

- Option #1 - Conservatively long.
- Option #2 - Aggressively long.
- Option #3 - Sitting on the sideline.

I never initiate a "short" position in a market that I am "bullish" longer-term, nor do I initiate a "long" position in a market I am "bearish" longer-term.



2017 U.S. Production

	Jan. Est.	Avg. Guess	Trade Range	USDA Nov.
Corn Yield	???	175.4	173.7 - 177.0	175.4
Corn Production	???	14.579	14.400 - 14.750	14.578
Corn Harvested Acres	???	83.103	83.000 - 83.222	83.119
Soybean Yield	???	49.5	49.0 - 50.0	49.5
Soybean Production	???	4.427	4.385 - 4.472	4.425
Soybean Harvested Acres	???	89.501	89.250 - 89.899	89.471

U.S. Dec. 1 Grain Stocks

	Jan. Est.	Avg. Guess	Trade Range	USDA Sep. 1 2017	USDA Dec. 1 2016
Corn	???	12.431	12.230 - 12.675	2.295	12.386
Soybeans	???	3.181	2.963 - 3.305	0.301	2.898
Wheat	???	1.849	1.795 - 1.906	2.253	2.077

U.S. Winter Wheat Seedings

	Jan. Est.	Avg. Guess	Trade Range	USDA Dec.
Hard Red Winter	???	22.327	21.100 - 23.100	23.426
Soft Red Winter	???	5.555	5.180 - 5.900	5.733
White Winter	???	3.435	3.120 - 3.600	3.537
Total Winter	???	31.307	30.100 - 32.000	32.696



U.S. Ending Stocks

	Jan. Est.	Avg. Guess	Trade Range	USDA Dec.
Corn	???	2.431	2.263 - 2.550	2.437
Soybeans	???	0.472	0.425 - 0.543	0.445
Wheat	???	0.959	0.855 - 0.986	0.960

World Ending Stocks

	Jan. Est.	Avg. Guess	Trade Range	USDA Dec.
Corn	???	203.09	198.50 - 207.00	204.08
Soybeans	???	99.06	97.00 - 100.50	98.32
Wheat	???	268.26	265.00 - 271.00	268.42

South American Production

	Jan. Est.	Avg. Guess	Trade Range	USDA Dec.
Argentina Corn	???	41.50	41.00 - 42.50	42.00
Soybeans	???	56.33	55.00 - 58.00	57.00
Brazil Corn	???	94.13	86.70 - 98.50	95.00
Soybeans	???	110.27	108.50 - 115.00	108.00



> Brazil Ethanol Imports Recovered In December, Set New Record For 2017: Brazilian ethanol imports recovered in December with 84.6 million liters entering the country, up 68% from November, Secretariat of Foreign Trade (SECEX) data showed. Most of the volume (59.5 million liters) entered Brazil through the port of Sao Luis in the Northeast. The vast majority of ethanol imports into Brazil originated in the US and are to be blended into gasoline. Total imports of ethanol in Brazil in 2017 reached a record 1.82 billion liters, more than double the 834.6 million liters imported a year ago and making Brazil a net importer of ethanol for the first time. The increase in December imports was anticipated, given the plunge in US ethanol prices to their lowest since 2005 and higher Brazilian domestic prices in Brazil as the Center-South entered its intercrop season. (Source: Platts)

> Canadian Malting Barley Production Declined: Malting barley production in Canada declined in 2017 but the quality of the crop was good, according to the Canadian Grain Commission's 2017 Quality of Western Canadian Barley report. Total planted area for barley in Canada was -10% lower than the previous year, and production was also down -10% year on year at 7.5 million metric tons, said the Grain Commission, which noted that the lower output was related to a decline in area seeded and reduced yield. In 2017, the area seeded with barley was about 23% lower than the 10-year average, while barley production was 11% below the 10-year average. (Source: World Grain)

> U.S. Pork Exports Set November Value Record: U.S. pork exports reached a record value in November while the value of beef exports set a pace toward a full-year record, according to export results released by USDA and compiled by the U.S. Meat Export Federation (USMEF). November pork export value was a record-high \$615.6

million, up +5% year-over-year and only the fourth time monthly export value has topped \$600 million. Through November, pork export value increased +10% to \$5.9 billion. Meanwhile, November pork volumes were 223,962 metric tons (mt), down a bit from a year earlier. However, through the first 11 months of 2017, export volume remained on pace for a new record at 2.23 million mt, up +7% year-over-year. Beef exports reached 111,915 mt in November. This was a -3% fall from November 2016, but it stood as the second-highest monthly total of the year. Export value, at \$666.4 million, was also the second-largest of 2017 and an +8% bump over the year-earlier number. Export volume through the first 11 months of 2017 totaled 1.15 million mt, up +7%, while export value climbed to \$6.6 billion – up 1+5% from a year ago and slightly above the record pace established in 2014. (Source: MeatingPlace)

> Ag Secretary Pledges Leadership On Farm Bill: Agriculture Secretary Sonny Perdue told the gathering that the USDA would release "very soon" a list of principles for the 2018 farm bill to help Congress write the legislation. "We understand it's Congress' job to write the bill, but USDA will be right there to provide whatever counsel Congress may request or require," he said. "It's our way of letting Congress know what we've heard from each of you." Perdue also criticized Canada for the lack of progress in NAFTA talks in an interview with Fox Business Network. "I believe all three countries want a deal, but Canada has been very reticent to make changes," Perdue said. "I believe at the end of the day we will get a modernized NAFTA with these provisions that we've laid on the table and discussions with Mexico especially, and I believe Canada will come along as well." (Source: Politico)

> Lawsuit Claims Wal-Mart Deceived Buyers Of Organic Eggs: Wal-Mart Stores Inc misled U.S. shoppers by selling organic eggs laid by hens raised in enclosed structures under package labels that said the birds had access to the outdoors, a federal lawsuit alleges. The suit highlights uncertainty among consumers about production practices in the \$500 million organic egg industry, farmers said, after the U.S. Department of Agriculture (USDA) last month shelved plans to spell out for the first time what it means for birds to have access to the outdoors. Wal-Mart sells cartons of eggs to shoppers at a premium under its Organic Marketside brand with labels saying the eggs came from hens with "outdoor access," according to the lawsuit filed by a customer. However, the birds are raised by Cal-Maine Foods Inc inside enclosed structures that have screens to let in air, the complaint said. Wal-Mart said it had not reviewed the allegations, but was taking them seriously. Enclosed structures, known as porches, meet USDA standards for producers of organic livestock to provide "year-round access for all animals to the outdoors," experts said. (Source: Reuters)

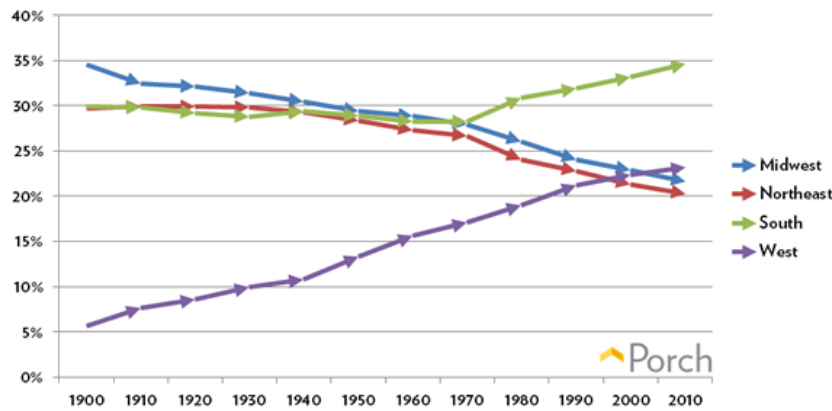
> Iran Minister Says OPEC Doesn't Like Oil Over \$60 As It Nears \$70: A key OPEC minister has warned that the group risks overheating the oil market as crude prices head toward \$70 a barrel. "Members of the Organization of Petroleum Exporting Countries are not keen on increased Brent crude prices above \$60 a barrel because of shale oil," Iran Oil Minister Bijan Namdar Zanganeh said, according to the ministry's news service Shana. While the view isn't universally held among OPEC ministers, the comments show concerns among some countries that keeping production curbs in place as a strengthening global economy drives demand could spur more output from shale producers in the U.S. Higher prices also encourage producers to hedge future output, adding to supplies. (Source: Bloomberg)

> Kodak Is Launching A Cryptocurrency: Shares in Eastman Kodak Co. jumped as much as 77 percent after the former camera and film heavyweight said it would launch the Kodakcoin, "a photocentric cryptocurrency to empower photographers and agencies to take greater control in image rights management." The move comes as investors snap up virtually any asset related to digital coins or the blockchain technology that underpins them -- no matter how tenuous the tie. Microcaps previously involved in sports bras, fruit juices and teas have made the move and been rewarded with spikes in their share prices. (Source: Bloomberg)

> New Toyota Plant Going To Alabama: Reports indicate Alabama will be the site of a new \$1.6 billion Toyota and Mazda assembly plant that's expected to employ about 4,000 workers and make about 300,000 vehicles a year, sources told CNBC. It's a victory for President Trump who had prodded manufacturers to build new U.S. facilities and threatened tariffs on foreign production. (Source: SeekingAlpha)

> HVAC Has Aided Southern Population Growth: Below is a chart of how the population of the United States breaks down by region over each of the last 12 censuses. What's not surprising about this chart is the consistent, massive growth in the west—from just 6 percent of the country's population in 1900 to 23 percent in 2010. The west was still fairly "wild" 114 years ago. The Transcontinental Railroad was only 31 years old, Butch Cassidy and the Sundance Kid were still alive, and most houses were still lit by candles and oil lamps. In more recent decades, growth in the west has been driven by a strong and diverse economy. But what's the deal with the sudden surge in the south that starts around 1970? One major factor is the availability of home air conditioning, which debuted in the 1950s but really started to gain a foothold in the south in the '60s and '70s. Today, virtually every home in the south is equipped with an air conditioner. So which southern states have seen the largest gains in their share of the population since 1970? Texas and Florida. Texas grew from 3.3 percent of the nation's population in 1970 to 6.1 percent in 2010, while Florida went from 5.5 percent to 8.1 percent. (Source: Porch)

Percent Share of US Population by Region



Northeast Nebraska - We had some production struggles in this part of the country last year. There were weather issues most of the year but the worst of them was the high winds that came through late in the year. It definitely effected certain varieties more than others but the bottom line is that you could see drastic yield differences with the same field. We didn't have any quite this bad but I heard of guys going from 200bpa down to 70bpa depending on where they were in the field. There are guys going back in now trying to get as much as they can off the ground that has been tough. Most of the corn has quite a bit of dirt with it. We had most of our corn already picked by the time the high winds hit. We have a mix of farms that are irrigated and some that are dryland. The dryland did not do as well as it has done the past two years. We will normally make 200+ on the irrigated fields and mid 100bpa range for the dryland. The beans were off a little this year compared to 2016, mostly on missing the later rains. We will stay with our normal rotation, which is pretty much 50/50, corn to beans.

Southeast Illinois - We were able to stay busy in the fields up until Christmas, which hasn't happened for a lot of years. We were able to get some more tiling done and have gotten more fence rows removed. We will be corn heavy next year as we have taken on a few more acres. I did some bean on bean acres this year but now this year we will be almost 80% corn and only 20% beans. We did try to get some cover crops in early but there were many fields that will not have much of a stand. We have been trying to use more cover crops over the past 3 or 4 years but the timing of getting them planted is critical. The past two years we have utilized hog and turkey manure, at one ton per acre, on many fields. The pay off could be substantial over time as we are seeing numbers for phosphorus high enough to cover applications for three or four years. We had great yields last year with corn above the 200bpa mark and beans at 60+bpa. I have seen some pretty good cost reductions on the input side which will help in this low-cost environment.

Southcentral Idaho - We mostly grow spring wheat, some winter wheat, and mustard. Most don't know that Idaho is one of the top production areas for mustard in the states. It was also one of my most profitable crops. It was my first year and the acres have been growing around here as guys see that there is money be made. I plan to double my acreage for mustard next season and looking for yields to increase from the 1,000 pounds as I learned a lot this season. Like many in this area, I'm sitting on a large percentage of my spring wheat unsold as the protein levels were substandard. Fortunately they are now allowing protein levels between 13% and 14% to be accepted and hopefully we can get an uptick in the markets.



Ford CEO Jim Hackett Shares His Thoughts On Future Of Driving: More than a century ago, Ford Motor Co. made the automobile a mass-market consumer product accessible to all. Last May, Jim Hackett took over as the company's CEO and faced a challenge as big as anything Henry Ford ever encountered: to lead the company into a

future defined by autonomous vehicles, clean fuel alternatives, and the concept of mobility as a tech-driven mobile service. Read more [HERE](#).

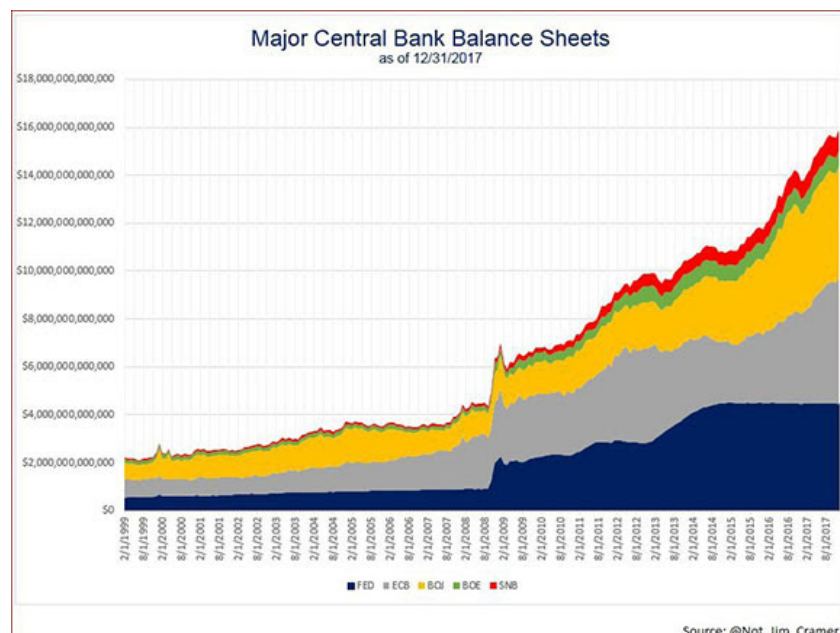
Have You Changed The Way You Teach Your Children About Money? Offering an allowance is an opportunity to teach children how to spend and save. According to studies people form many of their financial habits by seven years of age. But the way these payments are doled out and stored is changing. Apps like RoosterMoney, FamZoo and Threejars offer ways to digitize the allowance and induct children into the economy, which itself is becoming increasingly virtual. Read more [HERE](#).

U.S. Ag Producers' Optimism Declines: U.S. agricultural producers indicated they have reduced optimism heading into 2018, according to the December reading of the Purdue University/CME Group Ag Economy Barometer. The barometer fell to 126 in December, a two-point drop from November's 128 and the second straight month of declines in producers' sentiment toward the health of the agricultural economy. The barometer is based on a monthly survey of 400 agricultural producers from across the country. The Index of Future Expectations fell 7 points in December to 120. The index has fallen 15 points just since October. Read more [HERE](#).

Venezuela's Oil Production Plummets Amid Chaos And Industry Defections: Staggering debt, crumbling equipment and infrastructure, and mass worker resignations, have set back Venezuela's oil industry decades, with experts saying they see scant prospects of any turnaround. Venezuelan crude output plummeted in December to 1.70 million b/d, according to the latest S&P Global Platts OPEC survey. The output level represented a decline of 100,000 b/d from November and a low not seen for more than 15 years, when a major strike from December 2002 to February 2003 hobbled production. Not counting strike-affected months, Venezuela's production was last this low in August 1989, more than 28 years ago. Read more [HERE](#).

Secret Zuma Spacecraft Launched By SpaceX Appears To Have Been Lost: A military satellite launched by Elon Musk's Space Exploration Technologies Corp. appears to have crashed into the sea after a malfunction while being boosted into orbit, a potential setback for the billionaire's rocket program. SpaceX's Falcon 9 seemed to lift off successfully from the pad at Florida's Cape Canaveral Air Force Station on Sunday carrying a classified payload in a mission code-named Zuma. But afterward, the U.S. Strategic Command said it wasn't tracking any new satellites, an indication that the satellite somehow failed to deploy properly. The launch was SpaceX's first in what is due to be a busy year. The company has said it plans about 30 missions in 2018 after completing a record 18 last year. The Zuma mission was a success on at least one count: SpaceX successfully landed the rocket's first stage for reuse in a future launch, a key step in its goal to drive down the cost of access to space. Read more [HERE](#).

Why This Time Is Different: All bets are off regarding conventional forecasts of the economic and financial future because central bankers have gone bonkers ever since the 2008 financial crisis. Their insane balance sheet eruptions have thoroughly obliterated all of the traditional relationships between Economy and Finance. The two are now virtually disconnected, suspended in their own separate silos. Stated differently, busted financial market signaling mechanisms mean that all historically-rooted projections and inferences about the relationship between main street and Wall Street have become "inoperative" in the Nixonian sense. At month #102 of the business expansion, therefore, the S&P 500 at 2755 is flying blind. Thus, if a recession were incepting in February, for example, there is nothing in today's yield curve, credit spreads or bond pricing levels that would reliably warn you. That's because all of these metrics arise from a gambling house vertical controlled, shaped and smothered by the central banks, not from the free market evolution of the real economy as was historically the case. You can read more of this interesting perspective at David Stockman's "[ContraCramer](#)".



FROM MY PERSPECTIVE

Kevin Van Trump



During 2018, iSelect, The VanTrump Report and The Yield Lab Institute are sponsoring a series of weekly webinars featuring the best in agriculture innovation. Agrifood Conversations is all about driving innovation and each month will highlight a specific theme, featuring emerging topics such as soil health, biologics, plant genetics, vertical farming, precision agriculture, herd health and management, and aquaculture, to name a few. Once a quarter, we'll open up the conversation with a panel of experts on that month's topic. Learn about new trends in ag, connect with industry leaders and discover new solutions.

Join us each Thursday at 3pm CT for [Agrifood Conversations](#).

We're kicking off the webinar series featuring biologicals during the month of January. From probiotics for plants to targeted pest and disease management solutions, learn how new innovations are making a difference in the agriculture industry and how you can be a part of it.

REGISTER

Even if you can't attend the live presentation, registrants will be sent a recording following the webinar.

Learn More About This Month's Presenters

Persistence Data Mining: Thursday, January 11th at 3pm CT

Fertilizer management costs American farmers millions in lost revenue and capital outlay every year. In fact, \$1.5 billion is spent annually in the U.S. just on grid sampling efforts, costing farmers as much as 50 hours of lost work time annually. Persistence Data Mining is an Illinois-based agtech startup that is developing precision soil mapping technology to support proactive and efficient fertilizer use in the agriculture industry. It's sUAS Precision Agriculture products are designed to help farmers better understand their fields and to fertilize only where it is needed and when it is needed most, with real-time, precise soil information.

BVT: Thursday, January 18th at 3pm CT

Bee Vectoring Technology (BVT) uses commercially-reared bees to deliver sustainable and effective crop control, harnessing the power of nature's best workers to help farmers improve crop quality with a significant decrease in the use of chemicals. The company's tray system introduces natural organic compounds to commercially-reared bees as they exit the hive. As the bees pollinate, they leave behind the foundation for a season-long, targeted pest and disease management program. The bees remain healthy and happy throughout the process.

BVT's technology has been in development for more than 20 years and provides the foundation for comprehensive, stackable and highly targeted pest and disease management solutions.

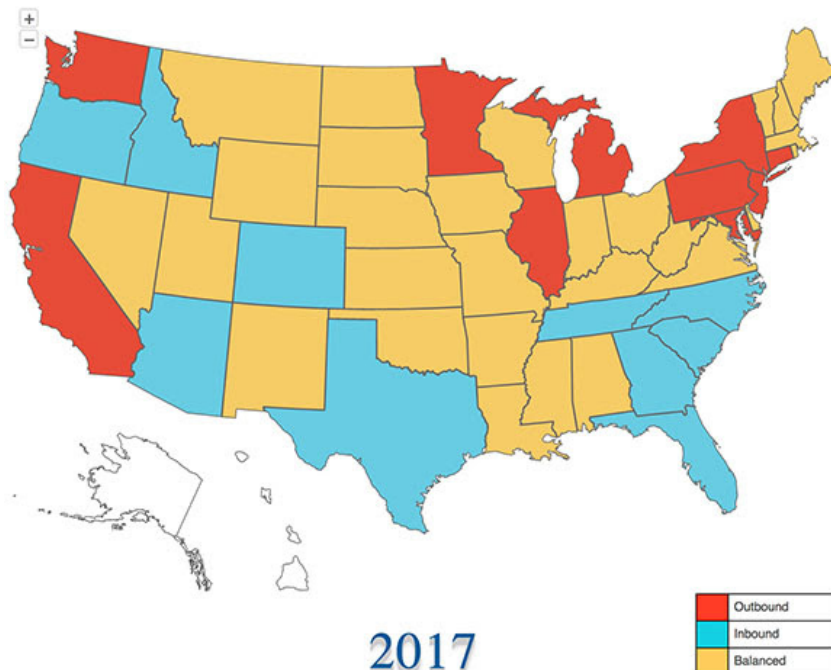
Holganix: Thursday, January 25th at 3pm CT

Holganix, produces natural, plant probiotic-based fertilizers and soil conditioners that are 100% organic and good at controlling nematodes. For plants, nematodes are bad news, causing an estimated 14% of plant losses every year and costing the economy nearly \$100 billion in damage. Preliminary results have shown a 50-75% decrease in pathogenic nematodes where Holganix is used, and the product shows excellent promise as a biostimulant.

Americans Are Leaving These 5 States in Drove

I was sent an interesting report showing where Americans have moved throughout 2017. The U.S. Census Bureau estimates the percentage of people that move every year equates to 14% of the population (or roughly 40 million). People move for a variety of reasons: housing, jobs, family, etc. But knowing migrating patterns can provide you with a better idea about the behavior and mindset of Americans. It also helps in making more informed real estate decisions. The following historical U.S. migration study by [North American Moving Services](#), provides you with the states that had the largest influx of moves and the states that have the most outbound moves. It's also interesting to think about how these demographical shifts and changes could impact national elections in the months and years ahead: Below are some key takeaways from the report:

- **Moving To** - Arizona, Idaho, North Carolina, South Carolina and Tennessee are the top-5 states people are moving to.
- **Moving Out** - Illinois, Connecticut, New Jersey, California and Michigan are the top-5 states people are moving out of.
- **Arizona** became the leader in inbound moves. They have come in second each of the last three years.
- **Illinois** topped the list once again for the most outbound moves. This is the third time since 2011 they have earned this disappointing statistic. As we recently noted, Illinois lost a staggering ~125,000 residents in aggregate, or roughly 1 man/woman/child every 4.3 minutes for the entire year of 2017. In fact, recent Census Bureau numbers also confirmed that the mass exodus from Illinois was the largest of any state in the country.
- **Tennessee** made its first debut in the Top-5 for most inbound moves.
- **California** made its first debut in the Top-5 for the most outbound moves.
- **Southern States** - Georgia, Florida and Texas continue to remain in the top-10 steps people are moving to.
- **Western States** - In 2013 and 2014, Idaho wasn't in the top inbound states. Then in 2015 it was #1. It remained #1 in 2016 and slipped to #2 in 2017. It is currently the nation's fastest growing state, with its population increasing 2.2% between July 2016 and July 2017. Oregon, Arizona and Colorado have consistently been in the top 10
- **Midwest States** - Michigan has been on the top 10 list of states with the most outbound moves since 2013. Iowa consistently had more outbound moves than inbound until 2017, when it had more people move to the state than out of the state. Kansas has consistently had slightly more outbound moves, as well as North Dakota and Ohio. South Dakota has gone back and forth in having more outbound and inbound moves. Wisconsin was consistently having more outbound moves until 2016.

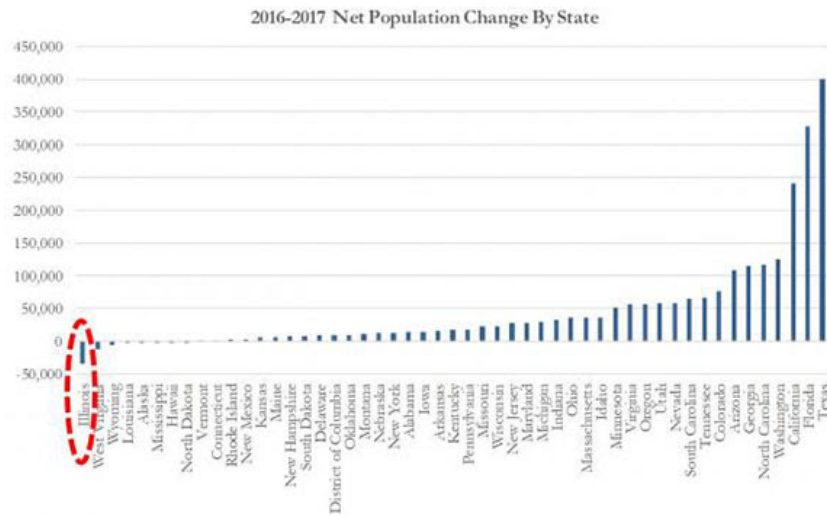


Top inbound states

Arizona	67%
Idaho	63%
North Carolina	62%
South Carolina	62%
Tennessee	58%

Top outbound states

Illinois	68%
Connecticut	62%
New Jersey	62%
California	60%
Michigan	59%



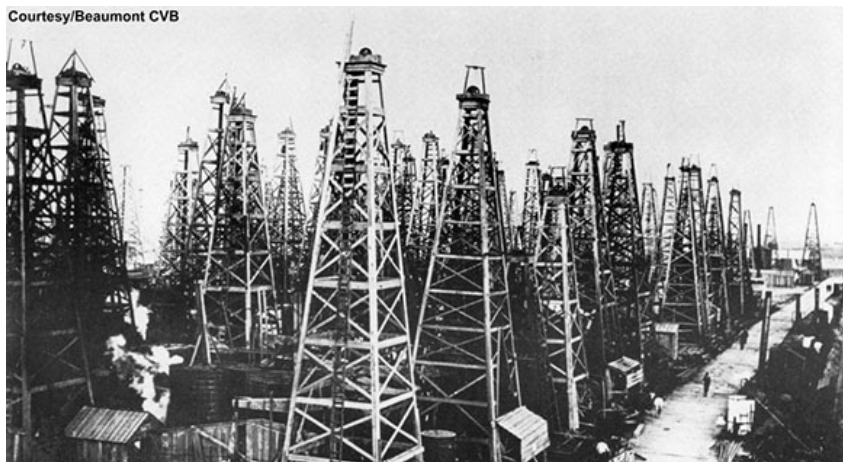
Source: U.S. Census and Zero Hedge.

Black Gold, Texas Tea...

In the early 1890s, Texas businessman and amateur geologist Patillo Higgins became convinced there was a large pool of oil under a salt-dome formation just south of Beaumont, TX. He and several partners established what was called the Gladys City Oil, Gas and Manufacturing Company and made several unsuccessful drilling attempts in the area. In 1899, Higgins leased a tract of land at Spindletop Hill to mining engineer Anthony Lucas. A drilling derrick he had positioned on the ground not far from Beaumont, Texas, officially became the first U.S. oil gusher on this day in back 1901. Unfortunately for Higgins, he'd lost his ownership stake by that point. Reports circulating said Lucas drilled to 575 feet before running out of money. He secured additional funding from John H. Galey and James M. Guffey of Pittsburgh, but the deal left Lucas with only an eighth share of the lease and Higgins with nothing. Lucas continued drilling and on January 10, 1901, at a depth of just over 1,000 feet, oil blew sky-high and started coating the landscape, signaling the advent of the American oil industry. The Spindletop geyser was the largest gusher the world had seen, flowing at an initial rate of approximately 100,000 barrels a day and took nine days to cap. Following the discovery, petroleum, which until that time had been used in the U.S. primarily as a lubricant and in kerosene for lamps, would become the main fuel source for new inventions such as cars and airplanes; coal-powered forms of transportation including ships and trains would also start converting to the liquid fuel. Crude oil, which became the world's first trillion-dollar industry quickly started transforming towns and creating vast wealth. Beaumont became a "black gold" boomtown, its population tripling in three months. The town filled up with oil workers, investors, merchants and con men (leading some people to dub it "Swindletop"). Within a year, there were more than 285 active wells at Spindletop and an estimated 500 oil and land companies operating in the area, including some that are major players today: Humble (now Exxon), the Texas Company (Texaco) and Magnolia Petroleum Company (Mobil) were all at the inaugural party.

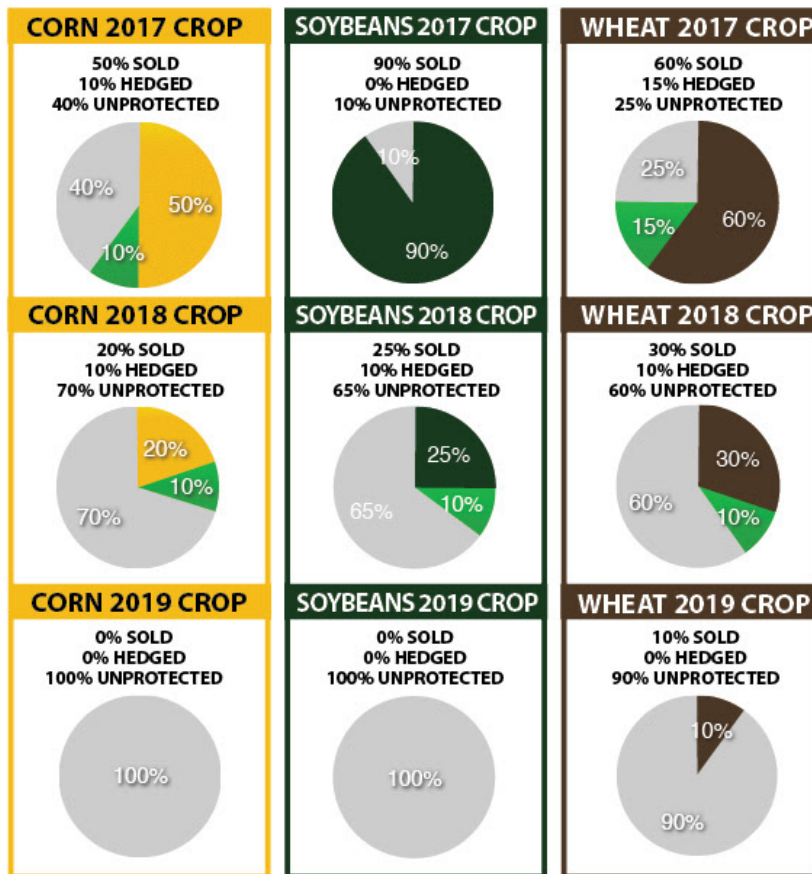


Courtesy/Beaumont CVB





CASH SALES & HEDGING TOTALS



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



© FARM DIRECTION 2011

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