

GOOD MORNING: 01/11/18 Farm Direction - VanTrump Report

3 messages

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Thu, Jan 11, 2018 at 7:03 AM



"One of the biggest problems with the world today is that we have large groups of people who will accept whatever they hear on the grapevine, just because it suits their worldview—not because it is actually true or because they have evidence to support it. The striking thing is that it would not take much effort to establish validity in most of these cases... but people prefer reassurance to research." — Neil deGrasse Tyson

THURSDAY, JANUARY 11, 2018

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Morning Summary: U.S. stocks have taken a small step back as insiders consider headlines and rumors that indicate China could be slowing down or halting U.S. Treasury purchases as well as talk that Washington could pulling out of NAFTA. Nonetheless, stocks remain near the record highs just recently posted. Most insiders I know see the Chinese threat as politically driven but on the margin a slowdown in U.S. bond purchases could have an impact on pushing U.S. rates higher. Alan Ruskin, head of G10 foreign exchange strategy at Deutsche Bank, said in a statement that he thinks China's bark could prove a lot worse than its bite. He also noted that from January 2007 through July 2011, Chinese holdings of U.S. Treasury notes and bonds rose from \$401 billion to \$1.315 trillion. But since that time, Chinese holdings have fallen to \$1.189 trillion and touched as low as \$1.049 trillion in January 2017. In other words, they've clearly been tapering back some of their U.S. debt purchases, which makes some bit of sense. But longer-term, it's doubtful the Chinese have many other options. Buying U.S. treasuries tends to enhance China's money supply and creditworthiness. Selling or swapping such treasuries would reverse these advantages. Remember, they need the U.S. dollar to trade a premium to their currency and need Americans to aggressively import the goods they manufacture. You have to imagine as long as China continues to have an export-driven economy with a huge trade surplus with the U.S., it will keep piling up a massive amount of U.S. dollars and a large amount of U.S. debt. Most top economist will tell you if China (or any other nation having a trade surplus with the U.S.) stops buying U.S. treasuries or even starts dumping its U.S. forex reserves, its trade surplus would become a trade deficit – something which no export-oriented economy would really want to see happen, as they would be worse off as a result. There's also starting to be a lot more talk that since tax reform has been completed, President Trump is shifting his attention in early-2018 to tougher trade negotiations. China made the statement, saying U.S. debt is less attractive than other assets, but many think it's because U.S. trade talks and tensions might be starting to escalate. Similar types of trade arguments are being made surrounding NAFTA, with Canadian officials saying they are "increasingly sure" that Trump plans to announce a U.S. withdrawal from the current trade agreement. NAFTA negotiators are scheduled to meet in Montreal later this month for the sixth round of planned talks. Crude oil prices continue to make small gains in spite of the U.S. Energy Information Administration (EIA) reporting a less-than-expected drawdown in U.S. crude inventories. The EIA said stockpiles fell by -4.9 million barrels, substantially less than the 11 million barrel draw reported by the American Petroleum Institute earlier in the week. Gasoline stockpiles rose by a hefty +4.1 million barrels. Today, investors will be digesting inflation data from the Producer Price Index, which is expected to show prices increased +0.2% in December, compared to +0.4% in the last three reports. This report along with the Consumer Price Index due out tomorrow will be closely watched by investors. Signs of weaker inflation have increased speculation that the U.S. Federal Reserve may dial back the number of interest rate hikes they have planned for 2018. Also today, New York Fed President William Dudley is scheduled to deliver keynote remarks at a Securities Industry and Financial Markets Association event titled "U.S. Economic Outlook: What's In Store For 2018."

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Today In History

1908, Grand Canyon - U.S. President Theodore Roosevelt declares the massive

U.S. Now Net Exporter of Natural Gas: *This is the first time since at least 1957 that the U.S. has become a net exporter of natural gas. Net exports averaged about 0.4B cubic feet per day last year, flipping from net inflows of +1.8B in 2016, according to Victoria Zaretskaya, an analyst for the Energy Information Administration. The numbers will be officially released by the agency today. (Source: SeekingAlpha)*

Crypto Market Cap Down -\$100 Billion Since Monday: *Cryptocurrency Markets are having a tough time, with major losses across most of the top 50 coins. Ripple (XRP), the so-called cryptocurrency of banking, which showed an unprecedented growth rate starting in mid-December 2017, has been leading the crumbling pack. Last week, Ripple was trading at an average over \$3. Yesterday afternoon it was trading right around \$2, losing about a third of its value. A couple of important figures have recently weighed in on the current state of cryptocurrencies. Famed investor Warren Buffet, in an interview with CNBC yesterday, predicted the financial tools would "come to a bad ending. When it happens or how or anything else, I don't know." The investment tycoon also indicated that he has nothing invested in Bitcoin or other cryptocurrencies, either long or short. Also in a recent CNBC interview, Charles Hoskinson, former chief executive and co-founder of Ethereum, predicted the market will go through a period of consolidation following a crash. He also raised concern about "unrealistic" cryptocurrency projects entering the space. But he added that many of these cryptocurrency projects might not fail any time soon as they have enough funding behind them to sustain themselves for some period of time. (Sources: Cointelegraph, CNBC)*

Air Freight Rates Are Soaring Thanks To Hot Economy, Rising Demand: *Companies are shipping more items by plane to meet customers' rising expectations for rapid delivery, prompting a scramble for cargo space that has sent airfreight rates soaring and pushed Amazon.com Inc. and others into the airline business. Global airfreight traffic climbed almost 9% year-over-year in November, the start of the peak shipping season, and rates for airfreight were up 17% annually for the month, the biggest price increase since the aftermath of the financial crisis. The cause is twofold: An increase in expectations for faster home delivery and a strong global economy. Those factors are creating some of the stiffest competition for air-cargo space in years. Growth is expected to slow this year due to improvements made over the last year but is still estimated around +4% to +5% with the outlook for industrial activity and trade still strong for 2018. Already, air cargo represents about one-third of global goods shipments by value. (Source: The Wall Street Journal)*



Grand Canyon in northwestern Arizona a national monument. Though Native Americans lived in the area as early as the 13th century, the first European

sighting of the canyon wasn't until 1540, by members of an expedition headed by the Spanish explorer Francisco Vasquez de Coronado. Because of its remote and inaccessible location, several centuries passed before North American settlers really explored the canyon. In 1869, geologist John Wesley Powell led a group of 10 men in the first difficult journey down the rapids of the Colorado River and along the length of the 277-mile gorge in four rowboats. By the end of the 19th century, the Grand Canyon was attracting thousands of tourists each year. One famous visitor was President Theodore Roosevelt, a New Yorker with a particular affection for the American West. After becoming president in 1901 after the assassination of President William McKinley, Roosevelt made environmental conservation a major part of his presidency. After establishing the National Wildlife Refuge to protect the country's animals, fish and birds, Roosevelt turned his attention to federal regulation of public lands. Though a region could be given national park status—indicating that all private development on that land was illegal—only by an act of Congress, Roosevelt cut down on red tape by beginning a new presidential practice of granting a similar "national monument" designation to some of the West's greatest treasures. In January 1908, Roosevelt exercised this right to make more than 800,000 acres of the Grand Canyon area into a national monument. "Let this great wonder of nature remain as it now is," he declared. "You cannot improve on it. But what you can do is keep it for your children, your children's children, and all who come after you, as the one great sight which every American should see."



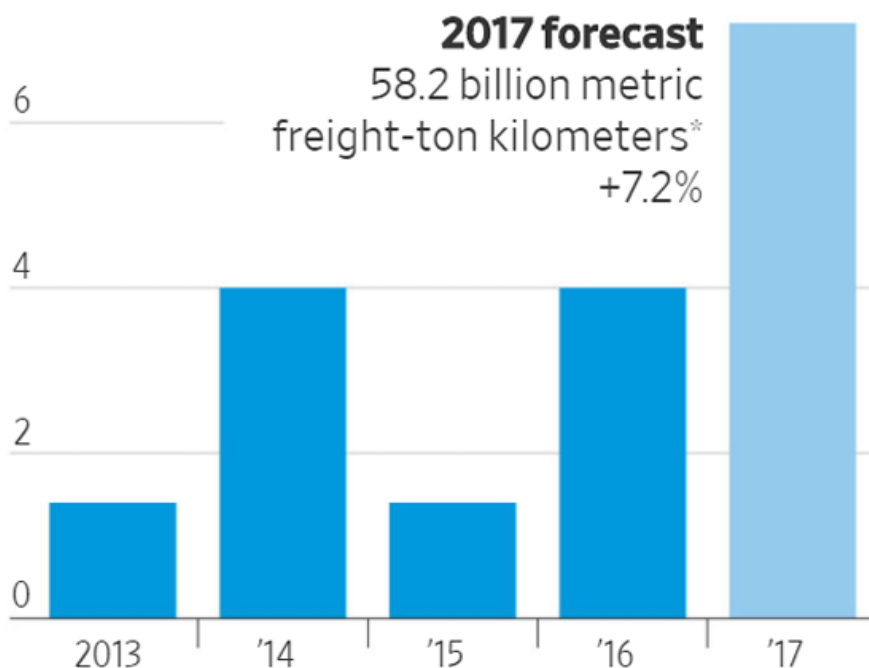
1935, Amelia Earhart - In the first flight of its kind, American aviator Amelia Earhart departs Wheeler Field in Honolulu, Hawaii, on a solo flight to North America. Hawaiian commercial interests offered a \$10,000 award to whoever accomplished the flight first. The next day, after traveling 2,400 miles in 18 hours, she safely landed at Oakland Airport in Oakland, California. On May 21, 1932, exactly five years after American aviator Charles Lindbergh became the first person to fly solo across the Atlantic Ocean, Earhart became the first woman to repeat the feat when she landed her plane in Londonderry, Ireland. However, unlike Lindbergh when he made his historic flight, Earhart was already well known to the public before her solo transatlantic flight. In 1928, as a member of a three-member crew, she had become the first woman to cross the Atlantic in an aircraft. Although her only function during the crossing was to keep the plane's log, the event won her national fame, and Americans were enamored with the

E-commerce and a strong economy are stoking demand for air freight

Posted on
WSJ: The Daily Shot
10-Jan-2018

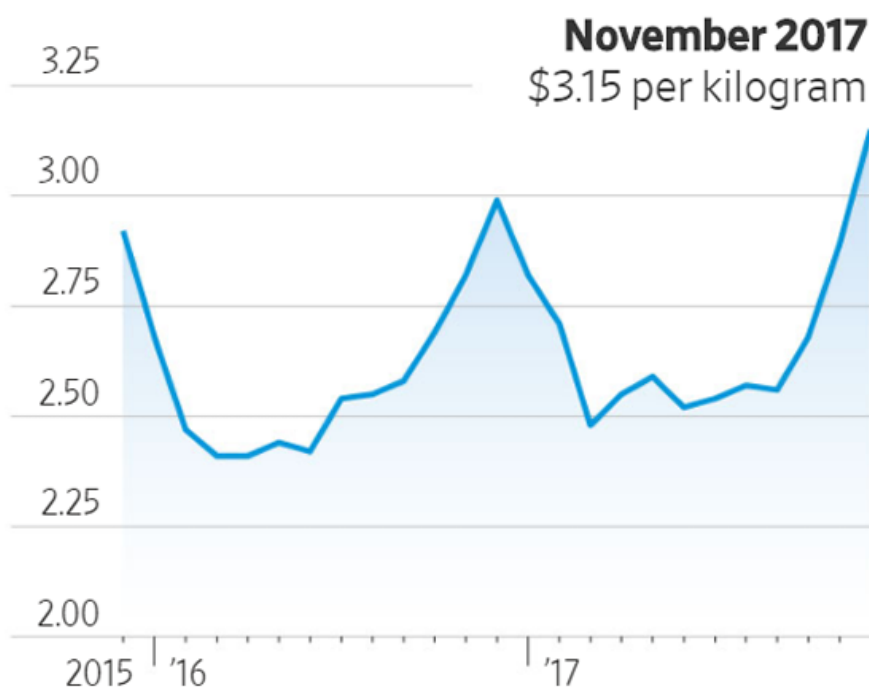
Annual change in global air cargo volume

8%



Average air freight price†

\$3.50



modest and daring young pilot. For her solo transatlantic crossing in 1932, she was awarded a Distinguished Flying Cross by the U.S. Congress. Two years after her Hawaii to California flight, she attempted with co-pilot Frederick J. Noonan to fly around the world, but her plane was lost on July 2, 1937, somewhere between New Guinea and Howland Island in the South Pacific. Radio operators picked up a signal that she was low on fuel—the last trace the world would ever know of Amelia Earhart.

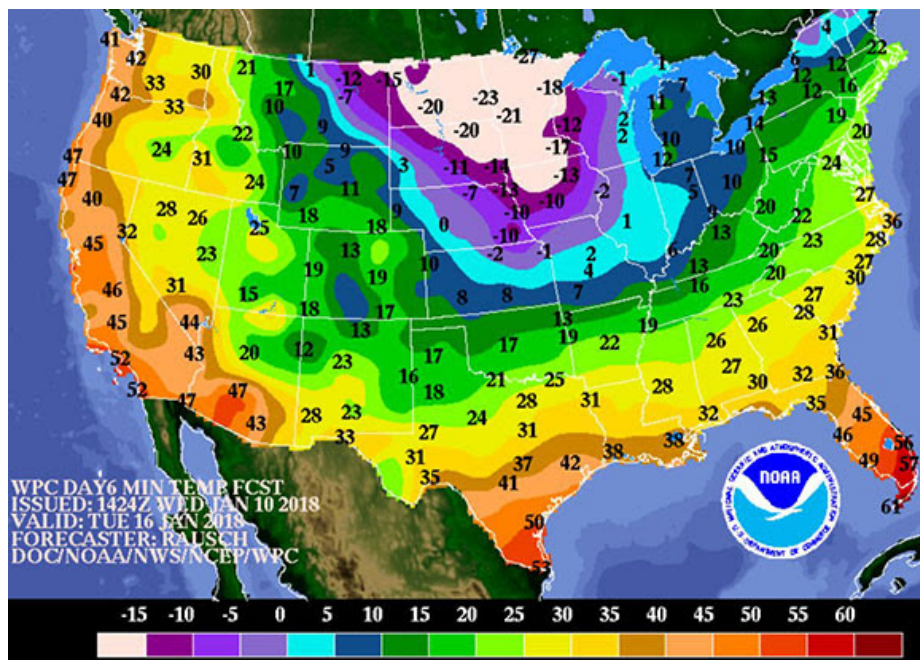


2010, WWII - Miep Gies, the last survivor of a small group of people who helped hide a Jewish girl, Anne Frank, and her family from the Nazis during World War II, dies at age 100 in the Netherlands. After the Franks were discovered in 1944 and sent to concentration camps, Gies rescued the notebooks that Anne Frank left behind describing her two years in hiding. These writings were later published as "Anne Frank: The Diary of a Young Girl," which became one of the most widely read accounts of the Holocaust. Miep Gies was born into a working-class, Catholic family in Vienna, Austria, on February 15, 1909. At age 11, with food shortages in her native land following World War I, she was sent to the Netherlands to live with a foster family who nicknamed her Miep (her birth name was Hermine Santrouschitz). In 1933, she went to work as a secretary for Otto Frank, who ran a small Amsterdam company that produced a substance used to make jam. By the following year, Frank's wife and two daughters, Margot and Anne, had left their native Germany to join him in the Dutch capital. In May 1940, the Germans, who had entered World War II in September of the previous year, invaded the Netherlands and quickly made life increasingly restrictive and dangerous for the country's Jewish population. In early July 1942, the Frank family went into hiding in an attic apartment behind Otto Frank's business. They were eventually joined by Otto Frank's business associate and his wife and son, as well as Miep Gies' dentist, all of whom were Jewish. Gies, along with her husband Jan, a Dutch social worker, and several of Otto Frank's other employees risked their own lives to smuggle food, supplies and news of the outside world into the secret apartment (which came to be known as the Secret Annex). Gies and her husband even spent a night in hiding with the group to learn firsthand what it was like. On August 4, 1944, after 25 months in hiding, the eight people in the Secret Annex were discovered by the Gestapo, the German secret state police, who had learned about the hiding place from an anonymous tipster who has never been definitively identified. Gies was working in the building at the time of the raid and avoided arrest because the officer was from her native Vienna and felt sympathy for her. She later went to police headquarters and tried, unsuccessfully, to pay a bribe to free the group. The

Weather across the Corn Belt is experiencing mild mostly dry weather in advance of an approaching cold front. On the Plains, a significant winter storm is underway across

Montana. The storm, accompanied by windy weather and a return to below normal temperatures, is replenishing winter wheat's protective snow cover across the northern High Plains, but creating stressful conditions for livestock in Minnesota, Iowa, the eastern Dakotas and eastern Nebraska. Expect cold and windy conditions today with blowing snow possible. In contrast, warm, windy, dry weather is maintaining stress on winter wheat and resulting in an elevated risk of wildfires on the southern High Plains. In South America the main corn and soybean growing areas of Argentina continue to see variable weather. Hot weather into Friday will be followed by thunderstorms Saturday. Reproductive crops will be under some stress until the thunderstorms break the heat wave this weekend. Further south, longer periods of hotter weather and shorter periods of lighter showers means increased stress to corn and sunflower crops and a likely reduction in yield. In Brazil, much of the major growing regions in the south are in line for light to moderate weekend rainfall.

Midwest and Plains Back Into the Deepfreeze: A new winter storm system is headed for the Midwest during the last half of the week. Colder weather will spread across the region today, accompanied by rain changing to snow. Both ice and snowstorm conditions are possible. Blizzard conditions are possible in Minnesota, the eastern Dakotas, Nebraska and Iowa. The highest risk for heavy snow of 4 inches or more appears to be in the Ohio Valley. Cold conditions will be intensified by strong winds. Below is a minimum temperature forecast valid through Tues. Jan. 16.



Corn bears continue to point towards a sea of old-crop supply and the fact DEC 1 quarterly stocks could be reported at record large levels by the USDA in Fridays report. U.S. ending stocks are thought to remain overly burdensome at between 2.4 and 2.5 billion bushels. Meaning there's absolutely no shortage of corn supply. The good news is I'm continuing to hear talk of lower corn production coming from South America, where the USDA seems to be currently over-estimating both the Argentine and Brazilian

occupants of the Secret Annex were sent to concentration camps; only Otto Frank survived. After he was liberated from Auschwitz by Soviet troops in January 1945, he returned to Amsterdam, where Miep Gies gave him a collection of notebooks and several hundred loose papers containing observations the teenage Anne Frank had penned during her time in hiding. Gies recovered the materials from the Secret Annex shortly after the Franks' arrest and hid them in her office desk. She avoided reading the papers during the war out of respect for Anne's privacy. In 1987, Gies published a memoir, "Anne Frank Remembered," in which she wrote: "I am not a hero. I stand at the end of the long, long line of good Dutch people who did what I did and more—much more—during those dark and terrible times years ago, but always like yesterday in the heart of those of us who bear witness. Never a day goes by that I do not think of what happened then."

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

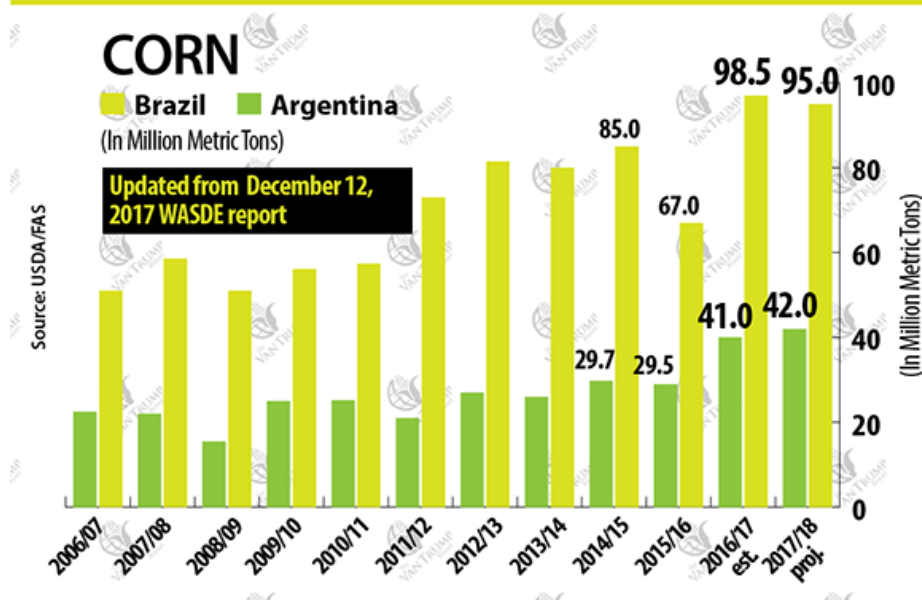
Kevin's Song of the Week



About the Report

crop. Interestingly however, CONAB estimated the total Brazilian corn crop at 92.3 MMTs vs. 92.2 MMTs in their prior report, most sources I know are decidedly moving their estimate lower. U.S. demand remains highly debatable. Bulls are thinking total feed demand could surprise to the upside, while bears continue to point towards disappointing U.S. exports. The ethanol space is a bit mixed. As suspected we are running into a bit of headwind and production has pulled back the past few weeks. There's also more talk in the headlines that some of the changes in the new tax laws will give co-ops an edge and incentive in sourcing grain and could make things more difficult for the ethanol plants, ultimately putting additional pressure on margins as they are forced to bid up to compete. More nearby, I've heard we are chewing though an increased number of DDGS as of late due to more extreme cold weather conditions. Ethanol bulls are also happy about the fact corn is cheap and crude oil prices have moved to a three year high. Globally we are also seeing positive headlines regarding the ethanol space. Bottom-line, I think the industry is strong nearby but might have to take a few more steps back in regards to weekly production. In other words we might not get bullish headlines from the ethanol sector until the second half of 2018. As a producer, I continue to keep hedges in place and believe "best-of-practice" is to track and pay close attention to your local basis. If you get some strength making cash-sales and re-owning in some capacity makes sense. As a spec, I like being a longer-term bull and taking small bullish bites on the lower lows. I still think there's a chance we grind sideways to lower into the \$3.30's... Once U.S. weather conditions start to mean more, perhaps a move in old-crop back to \$3.80 becomes a reality.

South American CORN Production



Soybean bears remain in control as traders chew on the possibility of U.S. ending stocks pushing towards 500 million bushels and the Brazilian crop growing larger. CONAB is out this morning with their latest estimate from Brazil (now 110.4 MMTs up from 109.2 MMTs) and the USDA will update their number tomorrow. Many inside sources are thinking the USDA is currently understating the Brazilian crop by 2 to 5 MMTs. The trade is also bracing for the USDA to adjust their U.S. export estimate lower. I'm also still continuing to hear talk about Chinese demand for U.S. soybeans perhaps being less robust than many inside the trade where estimating a few months back. Weather in South America seems to be delivering more widespread rainfall, especially across many important parts of Brazil. Hence more talk of increased Brazilian production. I also believe the trade underestimated the number of soybean acres that were being planted in Brazil. Now the market has to readjust. Argentina is seeing better rainfall in the central and northern areas which look to provide some benefit as well. Just keep in mind, some other important areas in Argentina have seen only 20% to 30% of their normal rainfall the past couple of months, meaning it's still really dry. I suspect the Argentine production estimate needs to be trimmed and will help offset some of the production gains from Brazil. Adding some additional headwind is more tough talk out of Washington regarding NAFTA. In fact many Canadian officials reported yesterday that they see rising odds of the U.S. pulling out of the agreement. Remember, thoughts are the soybean market takes a fairly sizable backpedal should NAFTA negotiations fall apart and the U.S. pulls out.

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

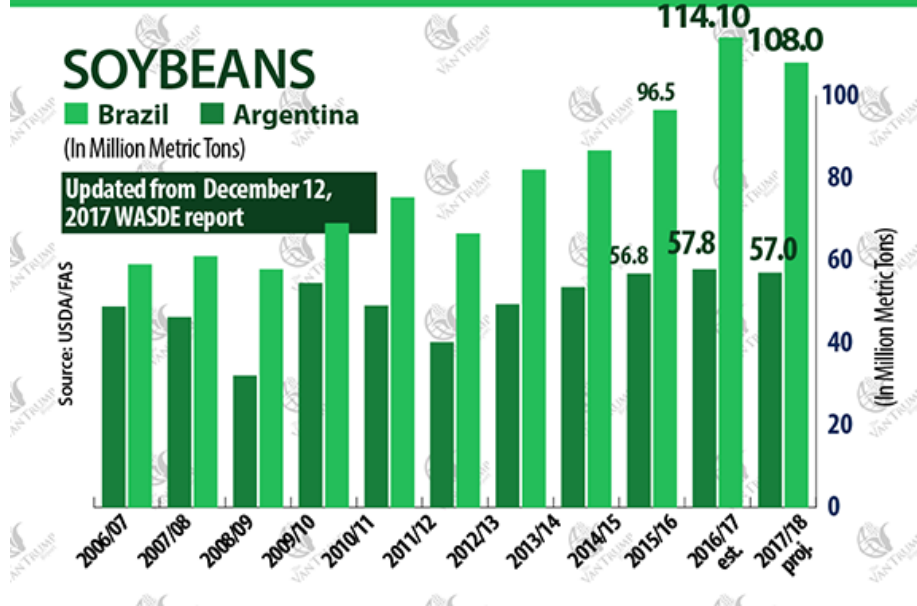
What Others Are Saying

"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

South American SOYBEAN Production



Wheat bulls continue to talk about winter-kill concerns reaching from Kansas/Nebraska eastward. There's also talk of winter-kill possibilities in the future for parts of Russia and several other areas across the Black Sea region. Bulls are also hoping to see the USDA report fewer U.S. winter wheat acres in play for 2018. Unfortunately, a glut of global supply and continued talk of around 950 million bushels of domestic surplus is enough to keep a fundamental lid on most sustained rallies. Strong technical resistance every time we move into the \$4.40 to \$4.70 range is also allowing the bears to keep the pressure on.

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..."

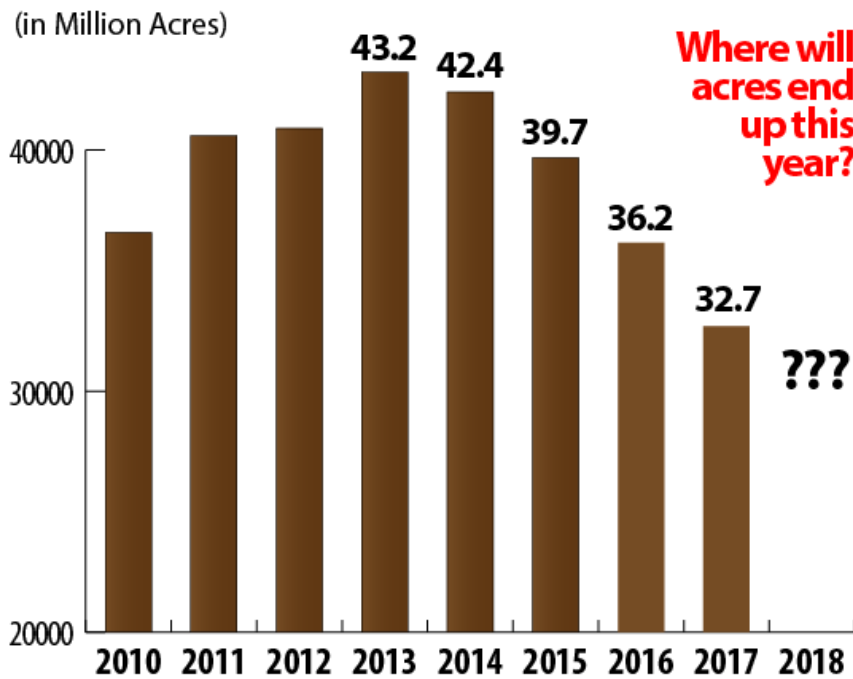
"The markets ability to remain irrational can often times last much longer than your ability to remain solvent..."

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.

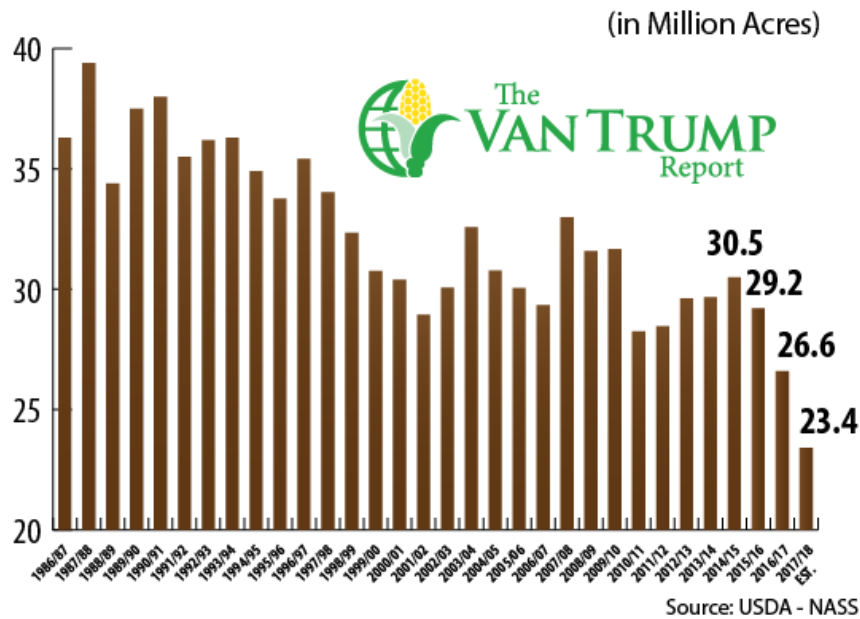
- Option #1 - Conservatively long.
- Option #2 - Aggressively long.
- Option #3 - Sitting on the sideline.

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.

Will Winter Wheat Acres Drop Again???



U.S. Hard Red Winter Wheat Planted Acres, 1986 - 2018



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

Farm Direction
RECIPES

★ **FAMILY FAVORITES** ★
-SENT IN BY OUR READERS-

Bacon Weave Breakfast Tacos

[CLICK TO SEE RECIPE](#)

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
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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



> Forecast For U.S. Crop Prices Stable: U.S. grain prices and crop demand for 2017-18 will likely show no major changes, according to Dr. Keith Coble, former chief economist for Senate Agriculture Committee Republicans and head of the agricultural economics department at Mississippi State University. Coble spoke to workshop attendees during the American Farm Bureau Federation's 2018 Annual Convention. Trends for 2018 will be similar to 2017, unless a major disruption occurs, such as weather or foreign market changes, Coble said.

> French Wheat Exports Outside EU Cut Further: Farming agency FranceAgriMer lowered its forecast for French soft wheat exports outside the European Union this season for a third straight month, underscoring fierce competition in a well-supplied world market. In cereal supply and demand data published on Wednesday FranceAgriMer pegged French soft wheat exports to non-EU countries in 2017/18 at 9.3 million metric tons, down from the 9.5 million it had estimated in December. The reduced forecast would still represent a jump from 5 million metric tons last season, when French exports were hit by a poor 2016 harvest, but is now almost 1 million metric tons below FranceAgriMer's initial non-EU export outlook for 2017/18. (Source: Reuters)

> Malaysia December Crude Oil Stockpiles Above Market Expectations: Malaysian crude palm oil stockpiles in December were reported slightly above the higher limit of analyst predictions at 2.73 million metric tons, a rise of +7% month on month from November, official palm oil data released by the Malaysian Palm Oil Board showed. December palm oil exports from Malaysia climbed +4.9% month on month to reach 1.42 million metric tons. The rise in palm oil exports was driven by European buyers, especially Italy, which imported 46,511 metric tons in December, up from 12,576 metric tons in November. (Source: Platts)

> Whole Foods Asks Suppliers To Fund Merchandising Changes: Whole Foods Markets is placing new limits on how products are sold in its stores and asking suppliers to help pay for the changes, riling some mom-and-pop vendors that have long depended on the grocer for visibility and shelf space. The changes, outlined in an email recently sent to the company's suppliers, are intended to save on costs and centralize operations. They come as Whole Foods's new owner, Amazon.com, pushes to reduce prices at the chain's 473 stores. Suppliers that sell more than \$300,000 of goods annually to Whole Foods will be required to discount their products by 3 percent (for groceries) or 5 percent (for health and beauty products) to fund the new program. (Source: Washington Post)

> Ikea Sets Sustainability Goals For Chicken; Beef, Pork Are Next: Ikea Food Services AB introduced the Better Chicken Program, which sets criteria for broiler chicken housing, breeds and antibiotics use for its chicken suppliers with an eye toward expanding to pork and beef suppliers by 2025. The Better Chicken Program criteria are to be implemented in two stages based on feasibility. Certain criteria have a 2020 deadline, and final compliance with the Better Chicken Program is expected by 2025. The Ikea programs are global, developed with input from experts, NGOs and suppliers

and set minimum requirements for sourcing. The company said in a news release the aim is to work toward sourcing of all species – chickens, laying hens, pigs, salmon, beef and dairy cattle – to be compliant by 2025. (Source: MeatingPlace)

> U.S. Import Prices Barely Rise: U.S. import prices recorded their smallest increase in five months in December and underlying imported price pressures were muted amid declining costs for food and consumer goods. The slowdown in import price growth came despite a weak dollar, which could temper expectations that inflation will pick up this year and keep the Federal Reserve on a path of gradual interest rate increases. The Labor Department said on Wednesday import prices edged up +0.1% last month after accelerating +0.8% in November. That was the smallest gain since July and was well below economists' expectations for a +0.5 percent increase. In the 12 months through December, prices increased 3.0 percent, slowing from November's 3.3 percent jump. The dollar lost -7% of its value against the currencies of the United States' main trading partners last year. (Source: Reuters)

> Russian Messaging App Plans ICO: Telegram, a Russia-based messaging app, is to join the blockchain bandwagon by launching its own cryptocurrency later this year following an "initial coin offering" that could raise as much as \$500m. The WhatsApp rival, which says it expects to surpass 200m global users this year, wants to raise money to help create a platform using blockchain, the technology that underpins cryptocurrencies, that would allow users to make payments through its app. Telegram's ICO would potentially outstrip the current record, set last year at \$257m by blockchain ledger FileCoin. An ICO allows companies to raise funds by issuing digital tokens, normally in exchange for other cryptocurrencies, such as bitcoin or ether. (Source: Financial Times)

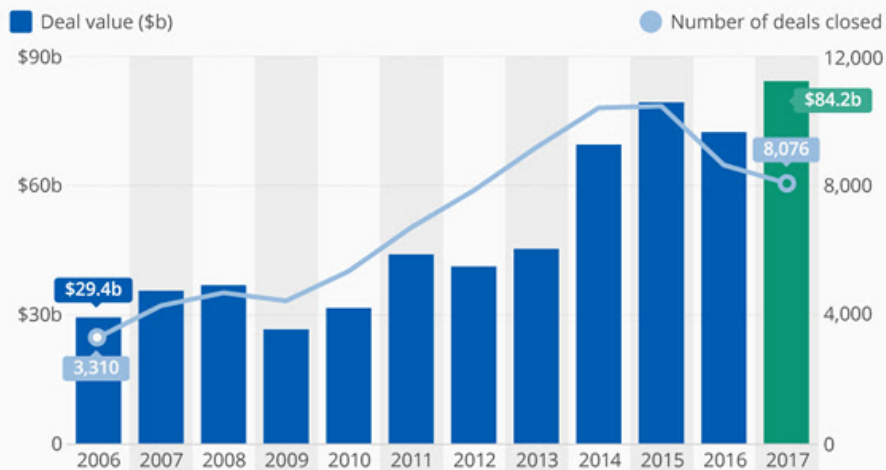
> Advisors Urge Trump To Waive Iran Sanctions: Donald Trump is being urged by some top advisers not to bring back U.S. economic sanctions on Iran this week, a move by the president that would effectively end a 2015 deal to limit Tehran's nuclear ambitions. But Trump, who has previously vowed to scrap the nuclear pact, is privately expressing reluctance to heed the advisers, according to a Reuters' source. The U.S. Congress requires the president to decide periodically whether to certify Iran's compliance with the deal and issue a waiver to allow U.S. sanctions on Iran to remain suspended. The next deadline is Friday. If Trump did waive the sanctions, the official said, the administration would nevertheless impose new, targeted measure on Iranian businesses and people. Trump has gnashed his teeth at having to waive the sanctions again, believing his predecessor, Democratic President Barack Obama, negotiated a bad deal for the United States. Iran says its nuclear program is only for peaceful purposes. It has said it will stick to the accord as long as the other signatories respect it, but will "shred" the deal if Washington pulls out. A decision not to waive the sanctions would leave the United States in violation of the agreement. (Source: Reuters)

> Intel Launching "Flying Car": Intel capped its keynote address at this year's CES by letting an 18-rotor air taxi fly across the stage. That marks the first time the Volocopter VC200, which can cover a distance of 27 kilometers and charges in less than 40 minutes, flew in North America. "What Intel sees in this technology is an enabling of a whole new market," said Jan Stumpf, the chief of architecture for Intel's drone group. (Source: Wall Street Breakfast)

> Venture Capital Funding Climbs to Decade High in 2017: Venture capital activity in the United States reached its highest level since the turn of the millennium in 2017. According to the PitchBook-NVCA Venture Monitor, VC firms invested a total of \$84.2 billion last year, up +16% from 2016 and more than +100% from ten years ago. Meanwhile, the number of completed deals dropped to the lowest level since 2012, a trend that was offset by a steep increase in the average deal size. 2017 saw another increase in venture capital deals involving unicorns, i.e. companies valued at \$1 billion or more. A total of 73 deals involving unicorns accounted for \$19.2b or nearly 23 percent of total VC investment in 2017. The largest deal of the year was closed in August, when the SoftBank Group invested \$3 billion in the New York City-based workspace startup WeWork. (Source: Statista)

Venture Capital Funding Climbs to Decade High in 2017

Number and aggregate volume of venture capital investments in the United States



@StatistaCharts Source: PitchBook-NVCA Venture Monitor

statista

FROM THE FIELD

Northcentral Kansas - We farm wheat, corn, beans and milo up here. We are double cropping on our three-year rotation of corn, bean and wheats. We planted some 90-day corn behind our wheat harvest this year and hit yields of 165bpa. Our regular crop acres of corn on irrigated upland ground yielded 225bpa which surpassed our expectation on the silty clay ground we have. The weed pressure has certainly been less since we've worked wheat into the rotation. We are looking hard at trying to maximize our yields by minimizing effects of compaction. We know we are losing bushels simply based on the yield monitors as we go over our tracks.

Eastern Iowa - We have not liked the very cold temperatures that we have had over the past week but feel fortunate that we have not had any snow or ice. This makes for good days to haul seed beans into town. I thought that we would see an improvement in the basis, which we normally see this time of year, but it hasn't happened this year. Even with the river problems being low and iced up there has been no improvement. I will be staying with the same rotation for next year. I have heard some guys talk about a few more bean acres but I have heard this before and guys will be basically staying at a 50/50 rotation. We are seeing a few more farms that are changing hands for rent. I think that the rents are still a little too rich for where we are with prices. It still just doesn't seem to pencil.

Northcentral Ohio - We started off good in April but rains eventually caused us to have to replant acres. Both the early corn and beans did better than the late crops. The later corn finished 25 busels under while the early stuff yielded around 200bpa. The early beans were in the 50's with the later beans reaching into the 60. There is some good news in our area as our corn basis has been very strong of late. We are fortunate to have multiple outlets for our corn with three ethanol plants and three large hog operations nearby. Even the bean basis has been strengthening as of late. We are sticking out normal rotation and have no plans for any new land or equipment purchases.

CROSSING WIRES

A place to share intelligent thoughts...

One Day High Speeds Rail Will Compete With Airlines: Speedy trains and planes

are generally competitive until your travel plans extend beyond 621 miles, at which point travelers consider flying superior for time savings, according to an overview of academic research by the Journal of Advanced Transportation. But new technologies may push that boundary in the years and decades to come. The chart below gives examples of key global routes where the two are currently comparable. Read more [HERE](#).

Not A Normal Day In The Lab: Gene-editing technology has big potential in farm animals. It has been used to create pigs immune to viruses, sheep whose wool grows longer and edit dairy cows to eliminate their horns. Now, in the project she calls "Boys Only," Australian geneticist, Alison Van Eenennaam aims to create a bull that will father only male offspring: either normal bull calves or ones with two X chromosomes but also the male-making SRY. Read more [HERE](#).

How One Writer Had His Story Of "The Challenges Of Old Age" Changed To "How To Be Happy": Nearly three years ago, I started following the lives of six New Yorkers over the age of 85, one of the fastest-growing age groups in America. The series of articles began the way most stories about older people do, with the fears and hardships of aging: a fall in the kitchen, an aching leg that did not get better, days segueing into nights without human contact. But as the series went along, a different story emerged. When the elders described their lives, they focused not on their declining abilities but on things that they could still do and that they found rewarding. Read more [HERE](#).

Will AI One Day Determine Who Is Lying In The Courtroom? If you ever saw the show "Lie To Me" you know about how Dr. Lightman used micro-expressions and facial patterns to determine if subjects were lying. Now it's AI's turn. DARE or Deception Analysis and Reasoning Engine was taught to look for and classify human micro-expressions, such as "lips protruded" or "eyebrows frown," as well as analyze audio frequency for revealing vocal patterns that indicate whether a person is lying or not. It was then tested using a training set of videos in which actors were instructed to either lie or tell the truth. So, just how accurate is DARE? Read more [HERE](#).

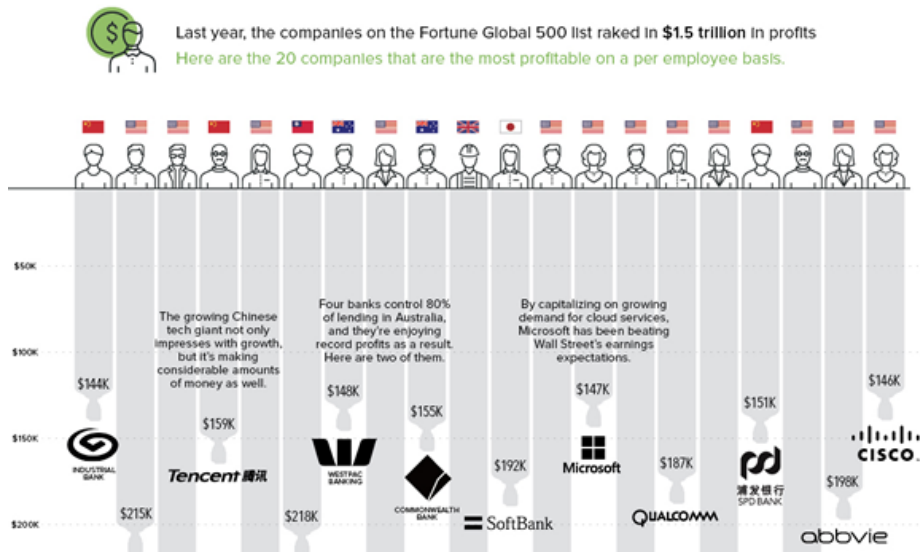
Tax Law Boosts Co-ops, Hurts Private Buyers: A provision in the new tax law gives growers a better deal at tax time if they sell their agricultural products to co-ops rather than other types of companies, The Wall Street Journal reported on Tuesday. The new deduction, inserted by Senate Ag member John Hoeven (R-N.D.) and other lawmakers after the tax bill was revamped shortly before passage, could have far-reaching consequences for the industry, especially in the grains sector. Farmers are now permitted to deduct up to 20 percent of total sales made to co-ops. For some farmers, the result could be every taxpayer's wish: zero taxable income. If farmers sell to privately held or investor-owned companies, the deduction isn't quite so large - roughly 20 percent of income. The provision does have a time limit: It will expire at the end of 2025. Read more [HERE](#).

Poker's Winningest Woman Joins Hedge Fund Grind at Bridgewater: Vanessa Selbst, the most successful woman ever in tournament poker, is working at Bridgewater Associates to learn another big-money grind: hedge funds. Selbst, who won \$11.9 million in prizes over 12 years in the card game, joined the world's largest hedge fund, according to a person with knowledge of the matter, who asked not to be identified because the information isn't public. In a Dec. 31 Facebook post announcing a career change, Selbst said she started at an unspecified hedge fund firm four months ago to focus on trading research and strategy. "The environment feels a lot like poker did back in the day -- a bunch of nerdy kids collaborating to try to beat our opponents at a game." Read more [HERE](#).

Playing God: "We are in the midst of a genetic revolution": At MIT in Cambridge, Massachusetts, a couple hundred academics, scientists and biohackers gathered recently for what organizers call the first global biohacker summit. Biohackers is a term for biologists who work outside of traditional labs. Josiah Zayner, a former NASA scientist turned biohacker lives and works in Oakland, California, where he's converted a house into a scientific lab. There, he runs a company that sells genetic engineering kits to the public. In the U.S., gene editing is technically not illegal, but federal funding is either prohibited or extremely difficult to obtain. "What we are trying to do is make genetic engineering technology accessible to people. We want people to be able to use genetic engineering technology as easily as they could use an app on their smartphone." Josiah's kits start at about \$150, depending on the cell cultures and organisms included for experimentation. The business, and the biohacker movement it helps service, came to exist, largely because of one new tool, called CRISPR. Read more [HERE](#).

Companies With The Most Profit Per Employee: Expert Market crunched the numbers on the 100 most profitable companies on the Fortune Global 500 list. By comparing profits to employees, they came up with a list of the 20 most profitable companies on a per person basis. While Apple makes a solid \$393,853 in profit for each employee, the company only ranks #7 on the list. It gets outperformed by one tech company (Facebook, at \$599,307 per employee), as well as a combination of companies from the financial, utilities, and biotech sectors. On the list, perhaps the

most surprising entries are Fannie Mae and Freddie Mac. These two U.S. government-sponsored enterprises, which both buy and repackage bank mortgages for the secondary market, were a part of the largest federal bailout in history (\$187 billion) during the financial crisis in 2008. Despite this one-time catastrophe, the two organizations are very profitable today – so profitable, in fact, that they rank #1 and #3 on the above list. More details and the full version of the graphic are available [HERE](#).



How The World's Most Popular Fruit Crop May Go Extinct...Again

Scientists from around the world are rushing to find the replacement for the Cavendish Banana. The Cavendish replaced the Gros Michel, or "Big Mike," which was the prime variety grown in commercial plantations until the 1960's. History reveals that Big Mike was so popular with consumers in the West that the banana industry established ever larger monocultures of this variety. Unfortunately, it appears we may not have learned the lesson Big Mike's demise was meant to teach. In a word, the dangers of monocropping large tracts of land. As you know, growing only one type of crop in a large area causes crop vulnerability to insects, weeds, fungi, and other pests - as the pest spreads, it can continue unabated. Keep in mind that Cavendish bananas, just like their predecessor Gros Michel, are seedless, meaning their plants are genetic clones thus making them vulnerable to disease. At the moment, there is a soil-borne fungal disease spreading across the world and to date, it has damaged more than 30% of the Asian and Australian banana crop. And I'm told, that should the disease reach Latin America and the Caribbean, it could wipe out billions from the export market since 85% of the world's banana's originate there. The U.S. alone imports \$2.3 billion in bananas each year. Cavendish bananas became the heir apparent when it was found they were resistant to the Fusarium wilt Race 1 strains, that devastated the Gros Michel. Unfortunately, they are not resistant to Black Sigatoka, which attacks the leaves causing cell death by affecting photosynthesis and leading to yield decline by as much as 50%. Interestingly, Cavendish growers currently manage Black Sigatoka through a combination of pruning infected leaves and applying fungicides - up to 50 or more applications a year. You can imagine how this practice is being received as health issues for workers arise, increased cost of production is being incurred and resistance is beginning to show itself, meaning stronger chemicals and more of them will be needed. These practices are no longer acceptable in our world of environmental stewardship and sustainability, so something else needs to be done. As scientists search for a new banana species, they have over a thousand to choose from. The problem with the majority of choices becomes the lack of desired characteristics that consumers, as well as producers, want. This is leading us towards the next level of production which will inevitably require genetic modification or gene editing. Keep in mind that almost every other crop used for food production has been significantly improved through plant breeding over the last century. It probably time for the banana industry to benefit from modern science. (Source: Wall Street Journal, CNN)



Great Public Lands To Explore This Winter

Not everyone has the need or desire to go somewhere warm during the winter. In fact some folks truly enjoy a winter style vacation. I always remember going skiing in Colorado with friends when I was a kid, yet I never went to the ocean or beach. My daughter was recently planning her college spring break trip and her group decided to take a winter vacation. While searching she came across a list of some great public spaces I thought some might want to consider for scenic winter explorations. I sometimes wonder why we feel the need to travel beyond our borders when we have so many beautiful places we will never get to in our lifetime. Though you may have visited some of these destinations in the summertime, they truly take on a new personality once the temperatures drop and snow covers the ground. Make sure to check out the entire list [HERE](#). (Source: [doi.gov](#))

Great Smoky Mountains National Park in Tennessee and North Carolina: *Winter at [Great Smoky Mountains National Park](#) is generally moderate, but when Jack Frost finally arrives at the park, it is a breathtaking sight. At higher elevations, storms can cover the mountains in 2 feet of snow, while lower elevations get a dusting of snow a few times a year. This gorgeous shot was taken at the park's Sparks Lane in Cades Cove. Photo by Christopher Ewing*



Apostle Islands National Lakeshore in Wisconsin: *A visit to the ice caves at [Apostle Islands National Lakeshore](#) is a once-in-a-lifetime experience. Accessible by foot when Lake Superior freezes over -- which doesn't happen*

every year -- the caves are a fairyland of needle-like icicles. The formations change from chamber to chamber and from day to day. It's a very cool experience. Photo by National Park Service.



Rocky Mountain National Park in Colorado: Everywhere you look, you can find patterns in Mother Nature. Cracks in Dream Lake at [Rocky Mountain National Park](#) create a gorgeous but perilous, natural tapestry. Always test ice before walking on it and never take chances. Besides hiking in winter, you can explore Rocky Mountain's spectacular mountain environments by snowshoeing, cross-country skiing, sledding and wildlife watching. Photo by Carl Finocchiaro



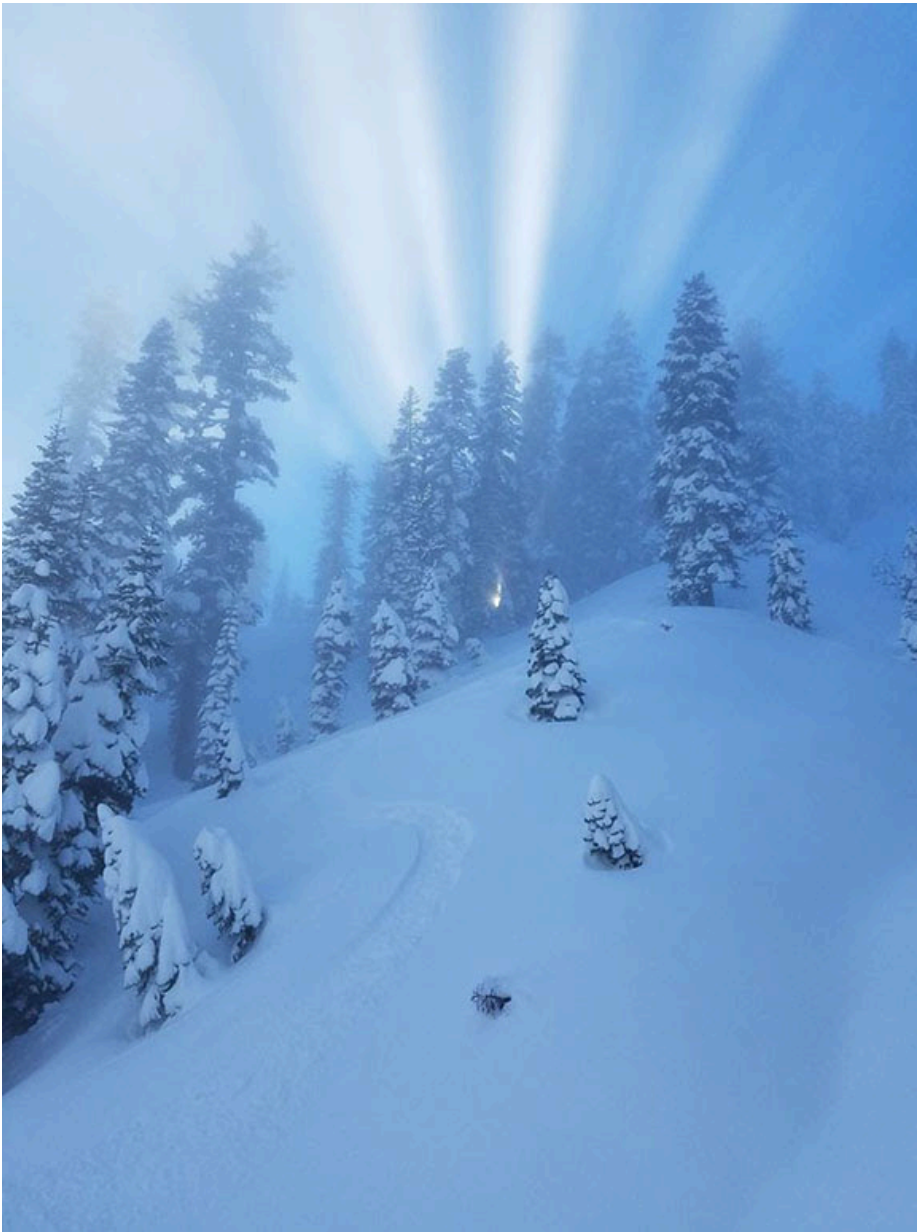
Crater Lake National Park in Oregon: *No place in the world is like [Crater Lake National Park](#), and there is no time better than winter to witness this park's wild beauty. With an average of more than 500 inches of snow a year, Crater Lake offers wonderful opportunities for winter recreation. Here you can go snowmobiling, skiing, snowboarding and sledding. Snowshoeing around the rim of Crater Lake is the perfect way to experience this stunning volcanic feature -- at nearly 2,000 feet, it's the deepest lake in the United States! Photo of early morning light from the park's rim by Vince Warren.*



Grand Canyon National Park in Arizona: [Winter brings a slower pace to Grand Canyon National Park](#). At one of the most visited national parks, winter visitors find smaller crowds and paths less traveled -- but they need to be prepared to take it slower with ice and snow. While it often snows on the North and South Rims of the Grand Canyon, rare large storms can bring snow all the way to the bottom of the canyon, which can make for some pretty awesome photos! Photo from South Rim Historic District by Michael Quinn, National Park Service.



Lassen Volcanic National Park in California: [Lassen Volcanic National Park](#) has a lot to offer in the winter. Silent, snow-covered volcanoes hide magma beneath their calm surfaces. Clues to the park's three million years of volcanic activity show up in steam vents, boiling springs and bubbling mudpots. Whether you are looking for a contemplative snowshoe trip, family time playing in the snow, or challenging cross-country skiing, Lassen Volcanic is a winter playground. Photo by Mike Matiassek, National Park Service.



Great Basin National Park in Nevada: *If you haven't visited [Great Basin National Park](#) during winter, you are missing out. Frost delicately ornaments every feature of the park from high mountain peaks to low stream beds. Trails and roads are explored by a few adventurous visitors on skis and snowshoes, and the wildlife leave tracks in the fresh powder. Pictured here is the park's Wheeler Peak by Karen Robinson.*

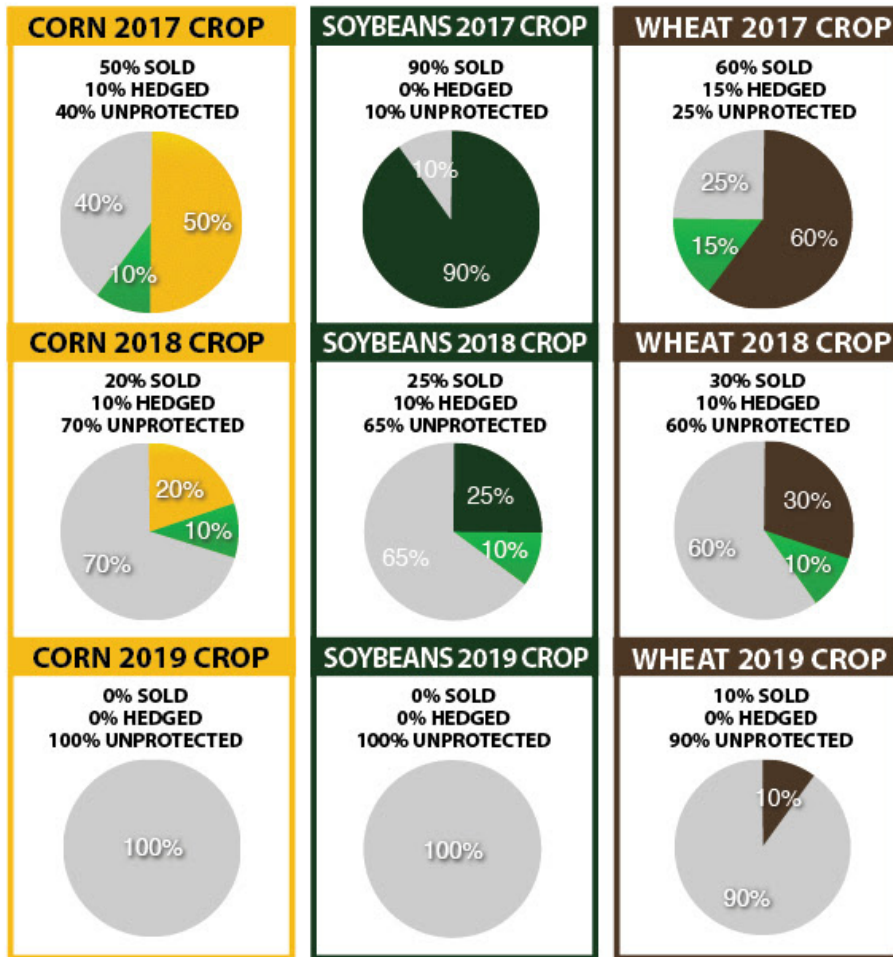


We Are Most Often Defined By Our Most Difficult Moments

Throughout my life I've been constantly told and reminded that we are most often defined by how we respond during our most difficult moments. In sports, once you make it to the highest level, you look around and everybody is good. What separates the crowd is how bad is your bad. In other words, how you perform on those days when you are sick, injured or things just aren't going your way? The best of the best drag themselves out of bed in the worst of times and are mentally tough enough to grind it out. They don't feel sorry for themselves and find a way to make it happen. In the investment and trading world it's the same thing. Anybody can manage the winners, but what defines you is how you manage the losers. I thought this Goalcast video that was sent my direction the other day did an excellent job of discussing the mindset needed to battle and become the best you can be. It's an interview with James Lawrence, widely known as The Iron Cowboy. It's a short excerpt where he shares the story of how hitting rock bottom triggered the shift he needed to become the best version of himself, giving him the determination to conquer 50 Iron Mans in 50 days. I've never been a big "rah-rah" guy so I really appreciated this message, particularly when he talks about dialing back some of the "Dreams and inspiration" a bit and focusing more on the small steps and daily grind. Good stuff, especially when many of us are facing extremely difficult times on the farm. Hang in there! Click [HERE](#)



CASH SALES & HEDGING TOTALS



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