

GOOD MORNING: 01/16/18 Farm Direction - VanTrump Report

1 message

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Tue, Jan 16, 2018 at 6:47 AM



"Sell your cleverness and purchase bewilderment." - Rumi

TUESDAY, JANUARY 16, 2018

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Morning Summary: Stocks are again up big to start this shortened holiday trade week. They wrapped up last week by posting another record high close as fourth-quarter earnings season "unofficially" kicked off on a positive note with two big Wall Street banks topping expectations. JPMorgan on Friday reported adjusted earnings of \$1.76 per share. Which took into account a -\$2.4 billion hit they anticipate from the new tax reform law. Wells Fargo, which also reported its results on Friday, logged -\$173 million in costs related to moving money back to the United States to comply with the tax law's so-called repatriation provision. However, both banks are praising the law, saying it will boost both the U.S. economy and its own businesses longer-term. Earnings of note today include Citigroup, CSX and United Health Group. Later in the week will be digesting earnings from big names like: American Express, Bank of America, Canadian Pacific, Goldman Sachs, IBM, Kinder Morgan, Morgan Stanley and U.S. Bancorp. On the economic data front, Empire State Manufacturing is the only significant report on the calendar today. As we move deeper into the week it will become more about U.S. housing data, Michigan sentiment and the Beige Book. I suspect investors will also be heavily focused on Washington this week as the deadline to pass a funding bill approaches. Lawmakers have until midnight on Friday, January 19, to pass legislation and prevent a government shutdown. Political insiders have been saying that lawmakers still remain far apart on some of the most contentious issues, including immigration and defense spending. There are reports that Congressional leaders will seek another short-term spending bill to prevent a shutdown and give lawmakers more time to hammer out an agreement. Overall, the odds of a recession here in the U.S. look low and many economic indicators continue to improve. One thing to keep an eye on is the fact prices for raw materials are creeping higher. During the past three months, crude oil is up over +20% and now back at three year highs. Lumber prices during the past three months at the CME are up over +18% and at levels not seen in over 20-years. Cotton prices are up over +20%.

Warren Buffett Shares the Secrets to Wealth in America: *I was born in 1930, when the symbol of American wealth was John D. Rockefeller Sr. Today my upper-middle-class neighbors enjoy options in travel, entertainment, medicine and education that were simply not available to Rockefeller and his family. With all of his riches, John D. couldn't buy the pleasures and conveniences we now take for granted. Two words explain this miracle: innovation and productivity. Conversely, were today's Americans doing the same things in the same ways as they did in 1776, we would be leading the same sort of lives as our forebears. Read more at [TIME](#)*

Cryptocurrency Stock Announces 91-for-1 Split: *Grayscale Investment's Bitcoin Investment Trust, a stock that seeks to mirror the price of bitcoin, announced Friday a 91-for-1 stock split that would drastically reduce the price of shares, making them more accessible to retail investors. As of Friday, GBTC was trading at \$1,947 per share. Based on that level, the split would make the new price for a single share of the bitcoin trust just above \$21 per share. The split won't affect GBTC's market value, which is about \$3.19 billion on the OTC market, but it will make shares more accessible to retail investors who may be more likely to buy the stock at the new lower prices than the old higher ones. The stock split will be effective on January 26. Shareholders of record as of the close of business on January 22 will receive 90 additional shares of the Trust for each share held. As of now, the trust has 1.92 million shares and immediately after effectiveness of the stock split on January 26, the Trust would have 174.41 million shares outstanding. GBTC was the second most popular stock on*

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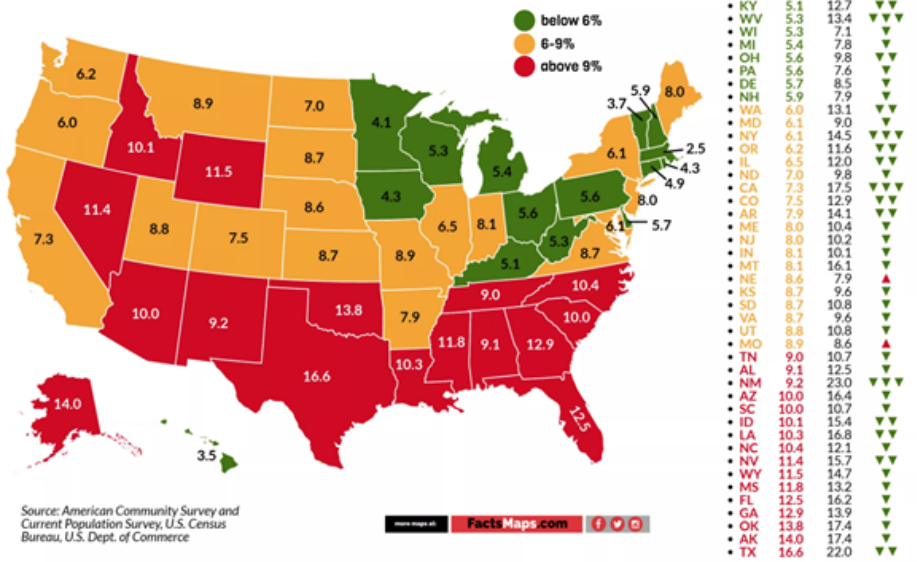
Today In History

1919, Prohibition - The 18th Amendment to the U.S. Constitution, prohibiting the "manufacture, sale, or transportation of intoxicating liquors for

millennial trading platform Stockpile last year. The app allows users to buy fractional shares of expensive companies. Through this stock split, the company may be able to capitalize on younger investors' interest in bitcoin and other cryptocurrencies. GBTC is run by Barry Silbert, a former Wall Street investment banker and a big supporter of cryptocurrencies. (Sources: Market Insider, London South East)

America's Uninsured Population By State: Based on data from U.S. Census Bureau's American Community Survey and Current Population Survey, the below map shows what percentage of the population in each state is not covered by health insurance. The table on the lefthand side provides details of how that coverage has changed from 2000 to 2016. Click the map for a larger view.

Population Not Covered by Health Insurance by U.S. States



Weather over the weekend saw wintry conditions in the Midwest and southern plains, but no further concerns were raised for the winter wheat crops. Looking ahead, the trend looks to stay dry in the medium term. In the northern Plains bitter cold weather continues in to the first part of the week. The 6 to 10 day outlook for Jan. 17 - 21 calls for the likelihood of near to above normal temperatures and precipitation nearly nationwide. Looks like a bit of thaw is on its way for the Midwest and Plains.

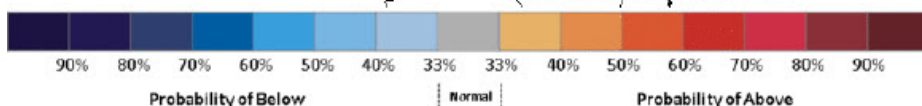
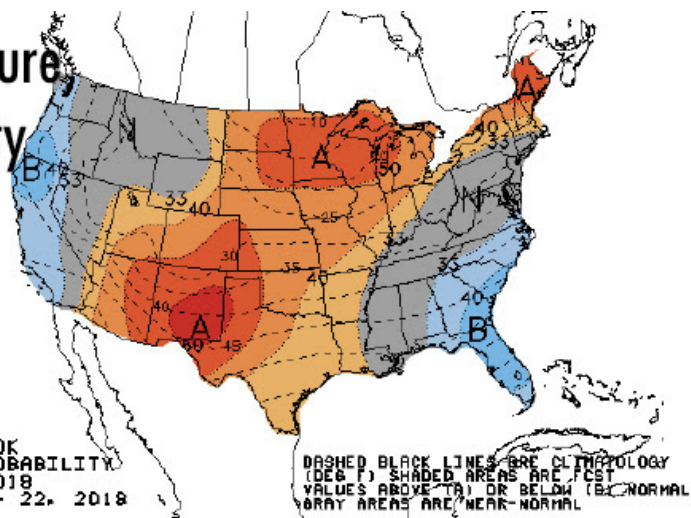


beverage purposes," is ratified on this day in 1919 and becomes the law of the land. The movement for the prohibition of alcohol began in the early 19th century, when Americans concerned about the adverse effects of drinking began forming temperance societies. By the late 19th century, these groups had become a powerful political force, campaigning on the state level and calling for total national abstinence. In December 1917, the 18th Amendment, also known as the Prohibition Amendment, was passed by Congress and sent to the states for ratification. Nine months later, Congress passed the Volstead Act, or National Prohibition Act, over President Woodrow Wilson's veto. The Volstead Act provided for the enforcement of prohibition, including the creation of a special unit of the Treasury Department. The act established the legal definition of intoxicating liquors as well as penalties for producing them and a total of 1,520 Federal Prohibition agents (police) were given the task of enforcing the law. Unfortunately for prohibition fans, those resources were not enough. By 1925, in New York City alone, there were anywhere from 30,000 to 100,000 speakeasy clubs. While Prohibition was successful in reducing the amount of liquor consumed, it stimulated the proliferation of rampant underground, organized and widespread criminal activity. Many were astonished and disenchanted with the rise of spectacular gangland crimes, when prohibition was supposed to reduce crime. Prohibition lost its advocates one by one, while the wet opposition talked of personal liberty, new tax revenues from legal beer and liquor, and the scourge of organized crime. It also became a highly controversial issue among medical professionals, because alcohol was widely prescribed by the era's physicians for therapeutic purposes. Congress held hearings on the medicinal value of beer in 1921. Subsequently, physicians across the country lobbied for the repeal of Prohibition as it applied to medicinal liquors. While the manufacture, importation, sale, and transport of alcohol was illegal in the United States, Section 29 of the Volstead Act allowed of wine and cider to be made from fruit at home, but not beer. Up to 200 gallons of wine and cider per year could be made, and some vineyards grew grapes for home use. In October 1930, just two weeks before the congressional midterm elections, bootlegger George Cassiday, "the man in the green hat," came forward and told how he had bootlegged for ten years for members of Congress. One of the few bootleggers ever to tell his story, Cassiday wrote five, front-page articles for The Washington Post. He estimated that eighty percent of congressmen and senators drank, even though they were the ones passing dry laws. This had a significant impact on the midterm election, which saw Congress shift from a dry Republican majority to a wet Democratic majority, who understood that Prohibition was unpopular and called

Temperature Probability



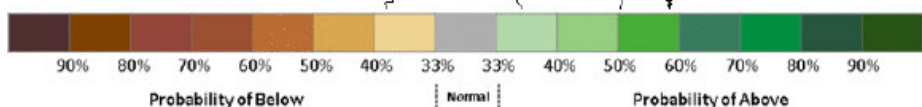
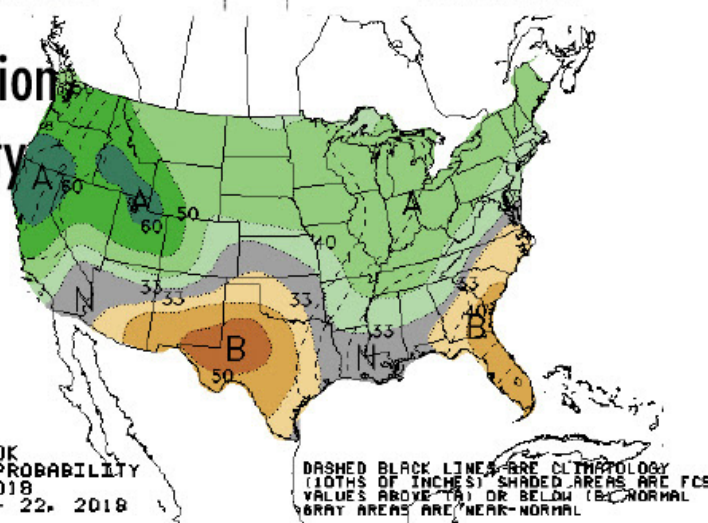
6-10 DAY OUTLOOK
TEMPERATURE PROBABILITY
MADE 12 JAN 2018
VALID JAN 18 - 22, 2018



Precipitation Probability



6-10 DAY OUTLOOK
PRECIPITATION PROBABILITY
MADE 12 JAN 2018
VALID JAN 18 - 22, 2018



for its repeal. In 1933, the 21st Amendment to the Constitution was passed and ratified, and prohibition came to an end.



1970, Curt Flood - The seven-time Golden Glove-winning center fielder Curt Flood of the St. Louis Cardinals files suit in a New York federal

court against Commissioner Bowie Kuhn, the presidents of the American and National Leagues and all 24 teams in the Major League Baseball (MLB) organization. After the Cardinals traded Flood to the Philadelphia Phillies in October 1969, Flood wrote a letter to Kuhn in late December, protesting the league's player reserve clause, which prevented players from moving to another team unless they were traded. Kuhn denied Flood's request to be made a free agent, and Flood decided to sue. In Flood vs. Kuhn, the historic case that followed, Flood argued that the reserve clause violated antitrust laws and violated the 13th Amendment, which barred slavery and involuntary servitude. Flood was not the first player to challenge the reserve clause, but he was certainly the most prominent, and stood to lose the most. In his 12 seasons with the Cardinals, he batted an average of .293, and he was paid \$90,000 in salary for the 1969 season. He was also only 31 years old, at the peak of his career. After a U.S. district court judge rejected Flood's claim in August 1970, the case went to the U.S. Supreme Court. Despite the support of such great players as Jackie Robinson, Flood suffered when no active players agreed to testify on his behalf, and the court ruled against him in a 5-3 decision in 1972. By that time, Flood's career was over. His lost battle turned into an eventual win for the players, however. Major League Baseball agreed to federal arbitration of players' salary demands in 1973, and in 1975 an arbitrator effectively threw out the reserve clause, paving the way for free agency in baseball and all professional sports.



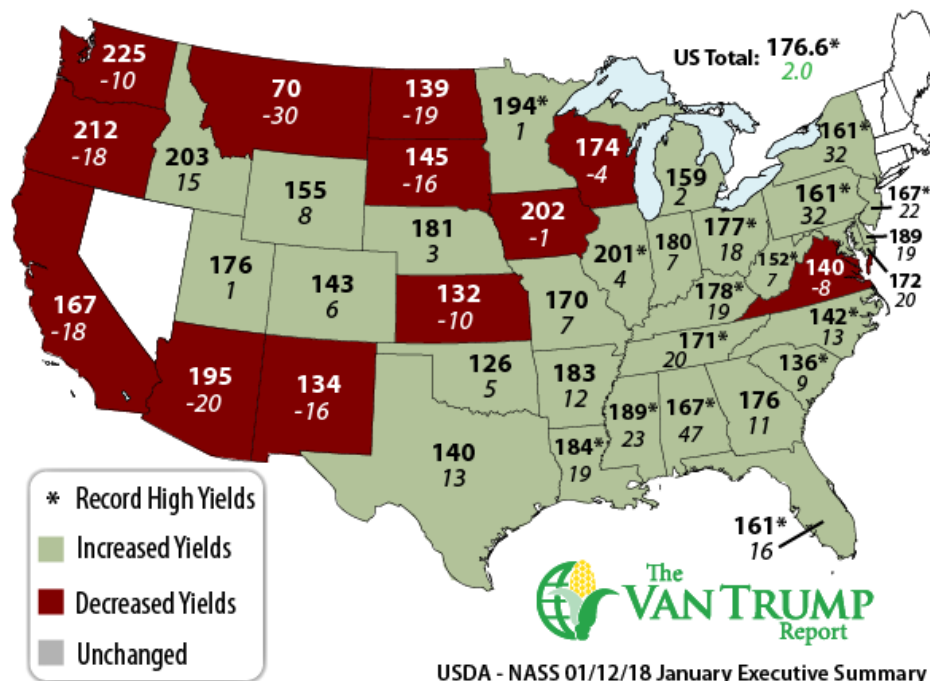
1997, Weapons Industry -

At the outset of his first term as president, Bill Clinton moved to deregulate the weapons industry. While the move hardly pleased anti-monopolists and trustbusters, it was a boon to an industry that, with the close of the Cold War, was seemingly staring at a bleak future. Indeed, deregulation opened the flood gates to a series of large-scale mergers, as some of the nation's main weapons manufacturers hopped into bed with each other in order to protect their bottom lines. This day in 1997 brought another super-sized deal, as the Massachusetts-based Raytheon Corp., then the nation's sixth-largest weapons contractor, inked a deal to acquire Hughes Electronics, which had previously been General Motors' weapons unit and then the country's fourth-largest military manufacturer. All told, the acquisition cost Raytheon \$9.5 billion: the company agreed to pay \$5.1

Corn continues its pattern of lower highs and lower lows. As I've said the past few months, I still don't think the nearby lows are in place and it was proven once again last week with the MAR18 contract posting another fresh new contract low. The USDA report, as expected, was digested as somewhat bearish. The U.S. yield was raised to another new record high at 176.6 and ending stocks increased by +40 million. Quarterly stocks were reported at the highest on record and we continue to swim in old-crop supply. Global Ending stocks were also bumped higher from 204.08 to 206.6. Somewhat surprisingly, South American production was left "unchanged", which I believe should have or will eventually be adjusted lower. I don't think the total corn acres are going to be there for Brazil. The USDA left the Brazilian crop estimate at 95 MMTs, which I feel could currently be 2-4 MMTs too high. The weather in Argentina has improved to some degree with more wide-spread rains falling over the weekend. But there are still some dry areas where early-planted corn will see some fairly significant yield drag. The latest USDA report left the Argentine crop "unchanged" at 42 MMTs. Considering all of the recent field reports and everything I've heard from boots on the ground, I would have to guess that number is more realistically somewhere between 40 MMTs and 42 MMTs. I thought it was interesting here at home to see this years record yield at 176.6 bushels per acre despite some key production states reporting a substantially lower yield when compared to the previous year: North Dakota yield down -19 from last year; South Dakota yield down -16 from last year; Kansas yield is down -10 from last year; Wisconsin yield down -4 from last year; Iowa yield down -1 from last year. Bottom-line, production down South was over the top. As both a producer and a spec, I still believe this market has more room to the downside. Perhaps the bears stop for a momentum to catch their breath and we trade back up into the \$3.50's. Unfortunately, I don't see a lot changing during the next few days that will dramatically sway the traditional fundamentals, technicals or headline traders. Hence,

I'm still of the opinion we are several weeks away from getting the news or headlines needed to overcome the current bad habit. I'm still thinking late-February to late-March before we exhaust the downside. If you're a producer and need to make nearby sales use any intermittent rallies to your advantage.

2017 Corn Yield (000) Bushels and Change from Previous Year



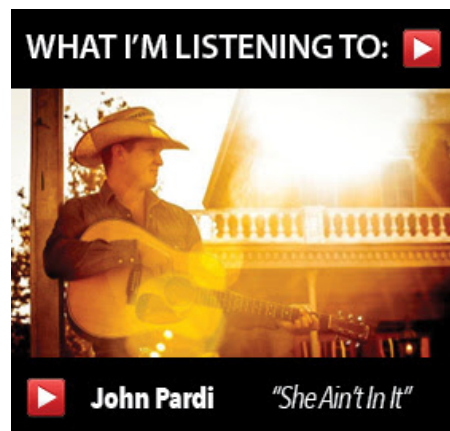
Soybean traders felt the USDA was less bearish than many inside the trade had been expecting. U.S. ending stocks were only raised higher by +25 million bushels and exports were only reduced by -65 million bushels. Both clearly bearish numbers, but not as bearish as some had been forecasting. U.S. ending stocks are now at a burdensome 470 million bushels, but there was talk we could have been very close to 500 million bushels. The good news for the bulls is the fact our domestic crush was raised higher by +10 million bushels and the U.S. yield was lowered from 49.5 down to 49.1 bushels per acre. Also received as better than expected news was just a slight increase in South American production. The Brazilian crop was only adjusted higher by +2 MMTs, but that was offset by a -1 MMTs reduction to the Argentine crop. Net-net, global ending stocks were only raised a hair higher from 98.32 to 98.6. Looking ahead, I still believe the Argentine crop conditions remain somewhat uncertain. Despite rains for central and northern Argentina, there's still a lot of debate and concern about the drought that has been ongoing in large portions of Buenos Aires, especially if it continues to stay abnormally dry during the second half of January. Remember, Buenos Aires has only received about 30% of its traditional rainfall during the past couple of months. Meaning total Argentine soybean production could easily be trimmed in the coming USDA reports. Let's also keep in mind, there has been more short-season soybeans planted this year than during the past couple of years as planting complications have dictated the switch. Meaning perhaps yields might drag a bit more than anticipated. On the flip side, there's talk of more soybean acres perhaps being in play than originally forecast for several areas inside Brazil. There's also talk of perhaps better yields if weather continues to cooperate. Net-net, it just doesn't feel like there's a bullish supply side story brewing in South America. Forward forecasting demand from the Chinese continues to be debated here at home. Yes, total net imports from the Chinese remain strong, but there's some reason to argue they are going to be sourcing a larger percentage from South America. There's also some question about "growth" in Chinese soy imports and if it will continue at its recent pace. This is why the market needs a bullish production story. Demand has been strong, but production has been even stronger. There's some talk of perhaps a sizable jump in global vegetable oil demand out around the next corner, but at this point it's just simple talk. It is however something I will be closely monitoring in the days ahead. As for today, the trade will be sizing up the latest NOPA crush numbers. Most insiders are looking for a December crush number just under 165 million and an oil stocks number of around 1.35 billion. Similar to corn, I thought it was interesting to see this year's average U.S. yield come in at 49.1 bushels per acre with many traditionally large production states seeing a fairly significant yield reduction compared to the previous year: Kansas -11 bushels per acre

billion in freshly issued stock, and also pledged to pick up \$4.4 billion of Hughes' hefty debts. Though the deal pleased Wall Street, both Raytheon and GM's respective stocks posted decent gains on the day, it raised the ire of anti-trust officials. However, in fall of 1997, the U.S. Defense and Justice departments gave the green light to the pick-up, provided Hughes divest itself of some of its previously held businesses. Though the deal left Raytheon in a seemingly potent position in the defense electronics field, the company still engaged in two sizeable rounds of layoffs in 1998.

Upcoming Events

- 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

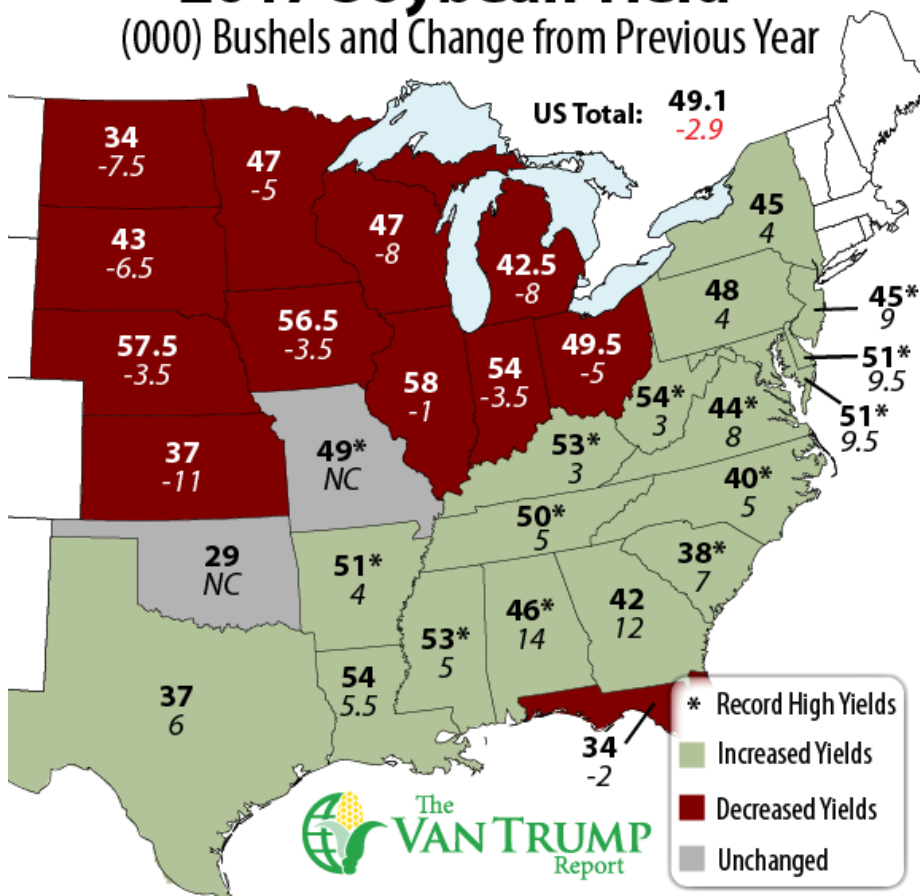
Kevin's Song of the Week



About the Report

compared to the previous year; Wisconsin and Michigan -8 bushels per acre lower; North Dakota -7.5 bushels per acre lower; South Dakota -6.5 bushels per acre lower; Minnesota and Ohio -5 bushels per acre lower; Indiana, Iowa and Nebraska each -3.5 bushels per acre lower; Illinois -1 bushel per acre lower. Again, this just brings to mind the importance of production down South. I remain bearish this market and believe prices will eventually test the MAR18 contract low at \$9.37⁴.

2017 Soybean Yield (000) Bushels and Change from Previous Year



USDA - NASS 01/12/18 January Executive Summary

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

Wheat once again took it on the chin, giving back a large portion of it's recent gains. In fact, last Friday was it's largest percentage down day since last August. The bulls were surprised to see the USDA showing a larger-than-expected winter wheat crop. Many inside the trade thought total winter wheat acres were going to be down by more than -1 million acres. Instead they were forecast at 32.61 million, just a hair below last years 32.69 million. Total soft red winter and white wheat acres were actually forecast just a bit higher than last year. Hard Red Winter acres we're thought to be substantially lower, but were forecast at 23.10 vs. 23.426 million last year. As for demand, "feed and residual" was lowered by -20 million bushels and imports were raised by +5 million bushels. Interestingly, exports were left unchanged. That has many worried or thinking exports could be trimmed in an upcoming report. Net-net, U.S. domestic ending stocks were raised higher by +29 million bushels and are again pressuring the psychologically bearish 1.0 billion number. Global ending stocks also stayed extremely burdensome at 268 MMTs. EU production was lowered slightly from 152.5 down to 151.6 MMTs. But Russian production was raised from 83.0 to 85.0 MMTs. Another nearby bearish note is the fact it looks like there will be some snow building into central Russia and portions of Ukraine, which could help ease some of the winter-kill concerns. Bottom-line, despite all of the bearish cards that have been turned over, I remain a longer-term bull. I know many will argue I'm only talking my current position, but who doesn't. I'm of the belief the U.S. crop is going to be overstated; the Russian crop is going to be overstated; global demand will prove to be understated; global ending stocks will start to be trimmed; the current geopolitical landscape will eventually become a bullish wild-card.

Fewer Winter Wheat Acres

Oklahoma -400,000
 Montana -200,000
 Colorado -100,000
 Nebraska -90,000
 South Dakota -60,000
 California -45,000

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

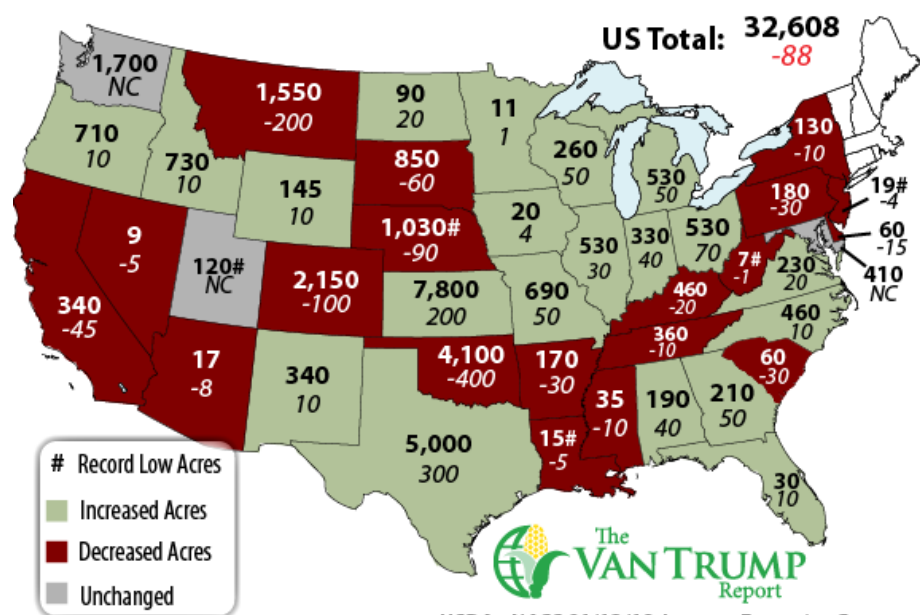
"As a national federal farm policy administrator and commodity producer, I find it critical to keep updated with what is going on in the real world of agriculture and with the domestic and global markets. Of all the services I've have been privy to or have subscribed to over the past 20 years I've found in the past several months of engaging in your "Farm Direction" services to be the best perception and analysis of what is really

Arkansas -35,000
 South Carolina -30,000
 Pennsylvania -30,000
 Kentucky -20,000
 Mississippi -10,000
 New York -10,000
 Tennessee -10,000

More Winter Wheat Acres

Texas +300,000
 Kansas +200,000
 Ohio +70,000
 Georgia +50,000
 Michigan +50,000
 Missouri +50,000
 Wisconsin +50,000
 Alabama +40,000
 Indiana +40,000
 Illinois +30,000
 North Dakota +20,000
 West Virginia +20,000
 North Carolina +10,000
 Florida +10,000
 Idaho +10,000
 New Mexico +10,000
 Oregon +10,000
 Wyoming +10,000

2018 Winter Wheat Planted Area (000) Acres and Change from Previous Year



USDA - NASS 01/12/18 January Executive Summary

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.



> **USDA Will Send Extra Subsidies To Farmers In 7 States:** the USDA will start issuing additional subsidies to row crop farmers in 14 counties across seven states who are enrolled in Agriculture Risk Coverage, after reevaluating the program using an alternative method of determining county yields. The revaluation was directed by a provision in the fiscal 2017 government spending measure, which authorized up to \$5 million for a pilot project. Sen. John Hoeven sponsored the pilot and announced last week that USDA was implementing it. The pilot program is intended to address farmers'

reports of wide differences in ARC subsidies from one county to the next, which lawmakers have said is a result of the yield data that the department uses when calculating payments. USDA uses data from its National Agricultural Statistics Service, which relies on voluntary surveys submitted by farmers. But, survey responses have been on the decline. So when enough farmers in a county don't submit surveys, the department used Risk Management Agency data instead. These two data sets can vary. Hoeven said that his pilot project gave the USDA Farm Service Agency's state offices a role in ensuring accurate yield data calculations, including fixing any disparities between data in comparable counties. (Source: Politico)

> China's December Soy Imports Second-Highest On Record: Chinese imports of soybeans jumped to the second-highest volume on record in December, according to customs data, boosted by strong demand in the run-up to next month's Lunar New Year holiday and healthy crushing margins. December imports by the world's top soy buyer came in at 9.55 million metric tons, up +10% from the month before and up +6% from December 2016, according to data released on Friday by General Administration of Customs. (Source: Reuters)

> China Lifts 2017-18 Corn Import Forecast: China on Friday lifted its forecast for 2017-18 corn imports by +200,000 metric tons to 1.2 million metric tons, the Ministry of Agriculture said in a monthly report, as a rally in domestic prices encouraged buyers to seek cheap imports. China's corn ending stocks for the 2017-18 crop year that ends in September were seen at a deficit of -4.37 million metric tons, versus the previous forecast last month of a deficit of 4.57 million metric tons, the ministry said in its monthly Chinese Agricultural Supply and Demand Estimates (CASDE). (Source: Reuters)

> Brazil's Center-South Cane Crush At Season Low: Brazil's Center-South region crushed a season-low 2.556 million metric tons of sugarcane in the second half of December, down -75.5% from 10.445 million metric tons in the first half of December and the lowest half-month output since the season started in April, industry association UNICA said Friday. The latest crush volume was also down -18.1% from 3.121 million metric tons in the same period a year ago and was the lowest amount crushed in a December 16-31 period since 920,000 metric tons in 2011. The percentage of cane used to produce sugar was a season-low 31.25% in the second half of December. The balance was used to produce ethanol, which was also at a season low of 189 million liters, down -61.8% from 495 million liters in the first half of December, but up +12.3% year on year from 169 million liters. (Source: Platts)

> India Cotton Traders Cancel Export Deals: Indian cotton traders have canceled contracts to export some 400,000 bales of the fiber after a rally in domestic prices and the rising rupee made overseas sales unattractive, the president of the Cotton Association of India said. The switch, triggering penalty payments by traders, has left cotton buyers in leading markets like Bangladesh, Vietnam and China seeking to make up shortfalls by tapping suppliers in the United States, Australia and Brazil, said association head Atul Ganatra. The cancellations and higher local prices could cut India's exports to 5 million bales, each of 170 kg, in the 2017/18 marketing year started on Oct. 1 - nearly a quarter below an initial estimate. Indian traders have so far shipped 1.5 million bales of the 2.5 million bales contracted since Oct. 1, when the current year began, dealers said. Last year India exported 5.8 million bales of cotton. (Source: Reuters)

> Japan Begins Culling Chicken Amid Bird Flu Outbreak: Japan's western Kagawa Prefecture has begun a cull of 91,000 chickens after the discovery of a highly contagious form of bird flu on a farm, the local government said. The confirmation of the outbreak, which was reported earlier in the week, marked the country's first cases of bird flu in poultry this winter. Japan's last outbreak of bird flu occurred in March. Between November 2016 and March 2017, a total of 1.67 million chickens were culled due to the H5N6 strain of bird flu, according to the ag ministry. (Source: Reuters)

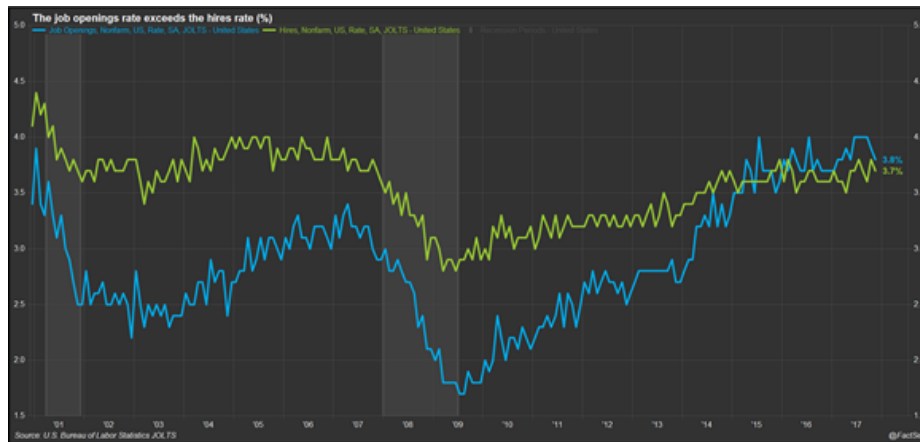
> Fiat Chrysler To Move Ram Truck Production From Mexico To Michigan: Fiat Chrysler Automobiles NV says it will invest more than \$1 billion in its Michigan plant and add 2,500 jobs as it benefits from the overhaul of the U.S. tax code. The company said it would spend the money to modernize the Warren Truck Assembly Plant in Michigan to produce its Ram Heavy Duty trucks. The company will relocate the truck's production from its current location in Saltillo, Mexico, to the Michigan plant in 2020. The carmaker also said it would make a special bonus payment of \$2,000 to about 60,000 FCA hourly and salaried employees in the United States. (Source: Business Insider)

> What's \$27 Billion to Wall Street? An Alarming Drop in Revenue: Twenty-seven billion dollars has gone missing on Wall Street. For more than a decade, the world's top investment banks practically minted money from the buying and selling of bonds, currencies and other complex securities. For many banks, the business became their lifeblood. Now, a combination of tough regulations, new technologies, calm markets and changing customer behavior has left that type of trading a shadow of its former self — and much of Wall Street trying to redefine itself. Five years ago, fixed-income trading — so called because its keystone product, bonds, typically provides a fixed payout — generated nearly \$103 billion in income for the top 12 investment banks, according to



Coalition, a London research firm. By 2016, that had fallen to less than \$76 billion — down \$27 billion from the peak. Read more [HERE](#)

> Labor Shortages Are Not Translating To Higher Wages: The December Employment Situation showed continued job market strength as we ended 2017, with the country adding jobs for an 87th month in a row. At this point in the current expansion, it's not surprising that companies are having trouble filling open positions. According to the National Federation of Independent Business, the percentage of small businesses who are finding few or no qualified applicants for job openings hit an all-time high in December 2017 of 54%. We also see this trend in the Bureau of Labor Statistics' Job Openings and Labor Turnover Survey (JOLTS). Over most of the history of JOLTS (back to December 2000), the hires rate (ratio of hires to total employment) exceeds the job openings rate (ratio of job openings to total employment). However, in 2015 we began to see this pattern reverse. During 2017, the job openings rate was higher than the hires rate in 10 out of 11 months, pointing to a growing skills mismatch in the labor force. However, despite the lack of qualified applicants for many job openings, we still haven't seen a resultant increase in wages, especially considering we are in the ninth year of an expansion. In 2010, early in the expansion, private average hourly earnings rose by +1.86%; annual earnings growth in 2016 and 2017 averaged just +2.6%. Click the graph below for a larger view. (Source: FactSet Insight)



Eastern Colorado - We have been having crazy weather over the past few days, with cold and snow but should be back warmer by the weekend. We didn't have a bad year except for the hail storm that caught a large portion of our farms. The yields would have been the best ever for the whole farm if we didn't have the hail. The rest of our acres saw record yields which were way north of the mid 200bpa range. The dryland corn that was hailed on, we ended up cutting for silage. We had a dry summer with fires that burned up a lot of pasture grass. The wheat had decent yields in the 60bpa to 70bpa range but the protein levels were way off which cost us at the elevator. We are not exactly sure why we had the protein problems but we are changing up on the timing for some of our fertilizer applications. The cattle sales have been good, with many sales being \$100 to \$125 better than what we sold at last year.

Southwest Wisconsin - We have a few more acres for next year which should end up going to all corn. Our crop was better than expected but a little off from last years yields. The 2016 crop was our best ever making 200+bpa. Normally, we will feel good about averaging 175bpa to 180bpa for our corn crop. We are hoping to have a better start to next years crop after having decent rains this fall and some good snow this winter. This years crop was one of the toughest ever. We battled things from the day we planted. We went through extreme rains, some heat in the summer and then a cool, wet August. The beans took a hit from the white mold throughout fields that I think was caused by the August rains that didn't have many days to dry things out completely. We will be going with the same rotation next year except for the new land that we have picked up.

Southern Illinois - This past year started out terrible with heavy rains and major flooding in our area. It seemed like all spring long we pumping water. Over the past five years, we have seen corn yields around the 185bpa mark. This past year we were fortunate to plant our corn late, which kept us from having to replant any acres. This

year's yields were 200+ bpa which was a big surprise. After planting late, the cooler August and late rains certainly helped the corn more than it did the beans. The cool weather slowed down the grain filling stage that allowed some great kernel depth. The bean yields were up a little from the normal 56 bpa, with late rains helping to push them to 60 bpa.



Grain Glut Leaves U.S. Farmers Facing Losses From Specialty Corn: U.S. farmers who sought to boost revenues by planting corn used to make tortillas may be forced to sell their crops at a loss to makers of ethanol or animal feed because of a glut of what typically is a human food-grade product. Oversupply of the most common grains such as corn and soybeans has spread to niche markets because so many farmers have switched to planting different strains of seed to diversify and bolster returns after four years of bumper crops cut farm income and pushed down prices for staple grains. Randy Anderson, who has planted white corn for 10 straight years in southern Illinois, said the market has become crowded. Local elevators, such as a Bunge Ltd facility that loads grain barges on the Ohio River, are buying white corn at prices that are below his cost of production. Read more [HERE](#).

From Vegan To 'Keto' And Mediterranean: Experts Rank 2018's Best Diets: Looking for a diet that is simple to follow? You might want to give the Mediterranean diet a try. For the first time this year, a panel of experts convened annually by U.S. News & World Report has ranked the Mediterranean diet as No. 1 in its Best Overall Diet category. The DASH (dietary approaches to stop hypertension) diet tied for the top spot. The Mediterranean diet also earned the top spot in the Easiest To Follow category. Each year, U.S. News asks a panel of nutritionists, dietary consultants and doctors who specialize in diabetes, heart health and weight loss to score dozens of diets in nine categories — including ease of adherence, best for heart health and diabetes, and best for fast weight loss. There is also a category for best plant-based diets. Check out all the results [HERE](#).

What Investors Can Expect In 2018: From Ben Carlson of A Wealth of Common Sense, with some wise thoughts about what investors can expect over the course of 2018: I have no idea what's going to happen — in world events, politics, or the market — in 2018 (and neither does anyone else). This baked in uncertainty is what makes the financial markets equal parts maddening and fun to prepare for. There's no way to reduce the uncertainty about the future or know exactly what it holds but I am fairly certain that the following 10 things will happen to investors in 2018. Check it out [HERE](#).

Dron "Swarm" Attack Strikes At Russian Military Base: Ever since technological advancements made drones possible, people have warned of the potential dangers of weaponized UAVs, which could effectively become murderous slaughterbots we need to defend ourselves against. Now, it looks like those fears have become a reality. The Russian Ministry of Defence claims its forces in Syria were attacked a week ago by a swarm of home-made drones — the first time such a coordinated assault has been reported in a military action. Is this the future of warfare? Read more [HERE](#).

Reach Your Genius Potential Doing This For 10 Minutes A Day: We correctly label intellectual brilliance and creative power as genius—and we should—but it's about time we stopped assuming that those things arise from talent or inborn giftedness alone. In fact, more and more research is showing that while talent is indeed responsible for some extraordinary results, most accomplishments generally result from a combination of practice, habit, and mindset. Van Gogh was a genius. Mozart was a genius. Marie Curie was a genius. That said, basing those assertions on their natural talent is not only plain wrong, but it also cheapens the daily work and effort that it took for whatever talent they did or didn't have to manifest to the degree that it did. Read more [HERE](#).

Transaction Speeds By Payment Methods: Cryptocurrency bag holders often boast that their network transaction speeds are faster than mainstream payment methods, such as Visa or Paypal. As cryptocurrencies continue to rise in popularity, it will be important to determine which blockchain payment networks could eventually become the "new Visa." HowMuch compared the transaction speeds of some of the largest cryptocurrencies by market-cap relative to Visa and PayPal. Each payment network is ranked largest-to-smallest based on the size of their balloon, which equates to the number of transactions per second. The larger the balloon, the more transactions their payment network can process per second. As you can see, Visa still has the fastest transaction speeds over any other payment networks measured, with 24,000 transactions per second. It was surprising to see Ripple come in second and beat out

PayPal by a whopping 1,307 transactions per second. This shows that Ripple may have the capability to be a viable payment solution on a much larger scale. Read more [HERE](#).

Cryptocurrencies Transaction Speeds Compared to Visa & Paypal



Milk Producers Suing Dairy Farmers of America... Could Your Co-Op Be Next?

I really don't have a dog in this fight, but over the last several years, I continue to hear stories of dairy farmers banning together to sue Dairy Farmers of America (DFA). They accuse the milk processor - the largest in the country - of conspiring with other large agribusinesses to drive down the prices they receive for their milk. They also accuse DFA of retaliating against any farmers who complain or try to go around DFA. The DFA bills itself as a cooperative, meaning dairy farmers themselves are joint members and the organization is supposed to work on behalf of those members. Historically, dairy co-ops have engaged in collective bargaining with the typically much larger corporations to negotiate prices for their milk and milk products. The co-op system in general is considered crucial for receiving a fair price because of something known as "monopsony power." A monopsony market (aka a "buyer's monopoly") situation occurs when there is only one buyer with many would-be sellers and drives down the price of the product. In situations where monopsonies occur, sellers often engage in price wars to entice the single buyer's business, effectively driving down the price and increasing the quantity. Sellers that get caught in a monopsony are known to race to the bottom, losing any power they previously had over supply and demand. With a dairy co-op stepping in, they would negotiate on behalf of their members with giant businesses like Carnation and Borden, as well as retailers that market products under their own label. They have also typically helped negotiate freight rates with trucking firms. Some co-ops are also involved in processing and marketing products. The role co-ops have typically played has helped to ensure that large companies are not abusing their negotiating power. But some dairy farmers are arguing that DFA is not a typical cooperative. The organization has about 13,000 member farmers. At the same time, they own or control a large number of outfits across the dairy industry, including food processors and milk truckers. According to figures reported in its 2016 financial statement, DFA's "non-member business earnings" were responsible for 60% of the organizations net income that year. Member farmers say this is a conflict of interest as the less money paid for their milk products means some DFA-run businesses turn a bigger profit. DFA controls about 30 percent of all milk sales nationally and in some regions of the country, they are the only option dairy farmers have for getting their milk to market. Dairy farmers that oppose how the DFA operates accuse the organization of antitrust violations like price fixing. Some industry experts say the U.S. government has not been able to effectively constrain the DFA's power because of its designation as a farmer co-op, which are protected by an antitrust exemption. A couple of lawsuits have been brought against DFA over recent years with at least two ending in multi-million dollar settlements. The latest case against DFA is being pursued by 115 DFA member farmers, whom are alleging an antitrust injury. DFA denies any wrong doing. They claim that controlling the supply chain actually helps protect the farmers. They also claim that many cooperatives across industries in the U.S. also own manufacturing, trucking and or other assets. The farmers are part of a group that opted out of a 2016 class-action settlement in which

DFA agreed to \$50 million. However, no payments in that case can be made until all appeals have been exhausted. An appeals court declined to take up the appeal in July, but some inside the industry are thinking the case could be taken to the Supreme Court. I just wonder as technology and transparency continues to drive margins lower for the co-op's, how will they adjust and adapt? Won't many have to start digging deeper and deeper into the alternatives to stay afloat? All reasons I could see tensions amongst the members become more and more strained. Yes, I understand the latest tax advantages are going to give co-ops an edge in sourcing crop, but I have to imagine they are ultimately facing serious stiff headwinds. (Sources: Washington Monthly, Lancaster Farming)



What You Need To Know About The Mid-Term Elections

As the new year kicks off, there is already a tremendous amount of attention being paid to the upcoming mid-term elections in November. One of the developments that has heightened the focus is the fact 31 Republicans have announced they will not be seeking reelections to Congress. It's a fairly high number and running above the historical average. Democrats are of course hoping the defections will benefit them, particularly in districts that are seen as tight races. Democrats need to win 25 seats to take control of the House of Representatives and pick up just two seats to regain the Senate majority. Keep in mind, Democrats would also need to maintain their current seats, meaning those running for reelection need to win their races. That includes an enormous 26 seats in the Senate, of which 10 are in states that Trump carried in 2016, according to CNN. Basically, they need a landslide win in both chambers to gain majorities, something that most insiders say could be a very difficult task. Consider that in 2012, House Democrats won about 1 million more votes nationwide than Republicans, but that still wasn't big enough to put them anywhere near retaking the chamber. Additionally, this year's mid-terms will also decide the fate of 36 governors' seats across the country. Congressional and gubernatorial races are thus far setting up to be very interesting. One of the early notable trends in many of them is the sheer number of candidates. For example, seventeen Democrats have declared in Wisconsin, where the winner will run against incumbent Governor Scott Walker. One race in Illinois has 6 Democrats set to run. In Congressional races overall, Democrats make up the majority of candidates that have filed or declared their intentions to run - 1,069 Democrats vs. 740 Republicans. Republicans are hopeful that a glut of Democratic candidates will give them an edge in some races by watering down the Democratic vote. Political analysts also point out that Republican voters are more reliable than Democrats in non-presidential voting years. At the same time, Democrats running for House seats are out-fundraising and out-recruiting not just their GOP competition, but breaking many of their own records. According to a recent FiveThirtyEight analysis, polling shows Republicans in "worse shape right now than any other majority party at this point in the midterm cycle since at least the 1938 election." Of course, polling has not exactly been a very reliable metric in the last few years. It's likely Democrats will be able to make gains in more educated and affluent areas, but to get the majority in Congress, they need to make serious headway into districts dominated by working-class whites in the Midwest and Rust Belt. These are the same voters that make up a majority of Donald Trump's base. Some of the most closely-watched "battleground" races this November include districts in Arizona, California, Florida, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nevada, New York, Ohio, Texas, Virginia and Washington. Battlegrounds are races expected to be competitive in the general election based on the margins of victory from the previous few congressional elections as well as how the district voted in the 2016 presidential election. Effectively campaigns of course require money and political spending for this election cycle is expected to shatter

every record. That includes topping the record \$3.4 billion that candidates, political parties and outside groups spent in 2014's midterms. That means a lot of political ads, which in some races have already begun. Bottom line, prepare yourself for a long 10 months of intense politics ahead! (Sources, Ballotpedia, CNN, NBC)



Working Smarter Often Pays Larger Dividends Than Working Harder

Simplifying life often sounds good in theory, but for me it's often extremely elusive when trying to put into practice. I recently received an article by a gentleman named Johnathon Goodman that I felt contained some information worth sharing. Goodman seems to have figured out a smarter way for people to do what they really want to do. He came to the conclusion of working smarter not harder after realizing the trade-off of a fat bank account couldn't overcome the emotional bankruptcy he was experiencing in his personal life. Succumbing to physical exhaustion and being spiritually broken, Goodman realized that "hustling" wasn't getting him where he wanted to be any faster. I personally believe at some point, it becomes necessary to take a hard look inside and determine what kind of life, or person you really want to be. Do you want to spend quality time with your family, what kind of husband, dad, neighbor, friend or colleague do you want to be? What type of recreational, civic or church-related activities are important to you? Keep in mind, all your answers will require the non-renewable commodity of "time"... so choose wisely. A lot of it is fairly simple advise, like when you are at work - be focused and avoid distractions, get it done there and leave it there. Identify what your time and energy are worth and don't allow demands that are outside of your priorities to waste your time. Remember, activity does not equal achievement, a lot of people keep busy, but get nothing done. The bottom-line is to have a plan and execute by working smarter rather than harder. The key is making better decisions when demands are made on your time, energy or resources. In order to help make this happen, Goodman asks himself a series of questions when dealing with new requests. I thought these were worth sharing: (Source: entrepreneur.com)

"Will this truly impact my business, personal life or society?" - *Saying no to new opportunities, even if you stand to make a lot of money, maybe your best move. If the money isn't going to impact your bottom line, will take away from your protected family time and won't do anything for the greater good in your life, it needs to be a no.*

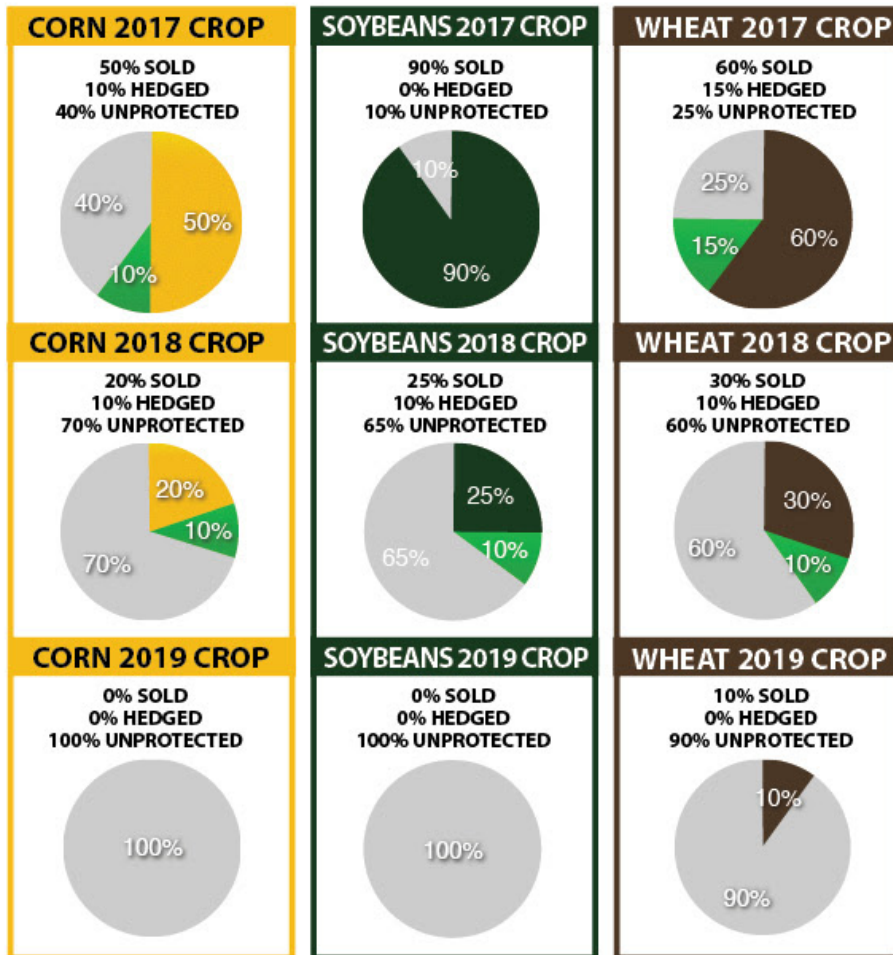
"Am I acting emotionally or irrationally right now?" - *It is easy to get excited about a new opportunity, but you need to take a step back to assess, honestly asking yourself this question. Remember, you have put the big rocks in the jar first and need to respect the decisions you made.*

"Will this change anything that I do?" - *We have too much data and too many stats, and they all paralyze us. When contemplating acquiring more information, ask yourself whether the desired results will change anything you do. But, beware: over-testing simply leads to procrastination and that usually leads to inaction. If you're new to business, you don't need the distraction that too much information will provide. You need to spend your time building a better product, improving your service and getting better at whatever it is that you do.*

"Will this allow me to more present in my work or with the ones that I love?" - *Knowing when to say no is the most important business asset I have. If something won't help me produce better work, reach more or spend more time with loved ones, I say no. By following these things, I've been able to build a successful, sustainable business that allows me to be happy, focused and productive.*



CASH SALES & HEDGING TOTALS



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