

GOOD MORNING: 06/07/18 Farm Direction - Van Trump Report

2 messages

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Thu, Jun 7, 2018 at 6:39 AM



"If you're not prepared to be wrong, you'll never come up with anything original." - Ken Robinson

THURSDAY, JUNE 07, 2018

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Morning Summary: Stocks are steady to slightly higher this morning. U.S. tech stocks have been surging higher, up +6% during the past month. I find this somewhat interesting, as "tech" has become a type of defensive play by many large fund managers the past couple of years. Meaning when they get a bit more nervous they tend to push additional assets towards the shelter of big tech. I'm not sure if this is entirely the case right now, but I've personally become a bit less bullish on the recent multi-month rally. I suspect what concerns me the most is if we can continue to show better economic data. Can unemployment really improve a great deal? Can consumer spending pick up even more momentum? If you look at most of the current consumer discretionary spending data, it's very strong. Many of the companies that Wall Street had been writing off a couple of years ago, are now performing remarkably well, i.e. Macy's stock up over +50%. To be a bit more specific, consumer spending in the U.S. increased to \$12065.90 Billion in the first quarter of 2018, up from \$12035.23 Billion in the fourth quarter of 2017. Consumer spending reached an all time high of \$12065.90 Billion in the first quarter of 2018, which compared to a low of \$1320.40 Billion in the first quarter of 1950. I'm just wondering if two or three quarters down the road, we will continue to see new record highs in consumer spending, especially if the U.S. dollar, gas prices at the pump, and interest rates continue pushing higher? Keep in mind most recessions are triggered by either an over-leveraged consumer, an over-aggressive Fed or an exogenous geopolitical event that triggers investor fear or worry. Personally I don't see any of the above currently existing, but I also understand our landscape has shifted and changed enough that it wouldn't take much to start a small fire in that direction. I guess the question becomes, "how long can you afford stay late"? I'm not even saying we are "late" in the game, I just worry that every time we start to see a wave of bullish headlines, the media tires of that news fairly quickly and searches to find the next negative lead. I suspect the perceived brilliance of the "doom and gloom" analyst get more viewers than the so called bullish cheerleaders. In other words, just a slight setback in consumer spending or just a slightly more hawkish Fed, might be all the media needs to make a very small grass fire look like a raging forest fire. Hence, the reason I've shifted my strategy a bit on this latest push higher, preferring to reduce and bank profits into the strength rather than adding to my current positions. There's just not a lot on the economic calendar today... the trade continues to pay close attention to headlines out of Washington.

Possible Big Strike Brewing... *The Teamsters union and UPS could be heading toward the largest U.S. strike in decades if a deal is not reached before their current labor contract expires on August 1. UPS employs 260,000 Teamsters, and has added 40,000 union members since 2014. The shipments UPS transports equal an estimated 6% of the nation's GDP, which means a labor dispute could disrupt the U.S. economy. (Source: SeekingAlpha)*

Drive Any Mercedes-Benz You Like! *I wrote about this a few months back, but the "Mercedes-Benz Collection" subscription service officially launched this week in Nashville, Tennessee, and Philadelphia, Pennsylvania. Monthly fees range from \$1,095 to \$2,995. From what I am told by a couple of friends, the membership requires a one-time activation fee of \$495. There's also a monthly fee determined by the service's three tiers: Signature, Reserve, and Premier. The Signature plan is the cheapest and I am told you can choose from compact C-Class sedans, coupes, and convertibles, as well as the GLC 300 SUV and the SLC 300 roadster. The only high-performance model in this plan is the Mercedes-AMG CLA 45. The Reserve is the middle plan and it features midsize E-Class sedans, wagons, coupes, and convertibles, as well as the GLE 350 SUV. A quartet of AMG models is on offer: the C 43 sedan, the GLC 43 SUV, the SLC 43 Roadster, and the C 43 Coupe. Finally, there's Premier plan for \$2,995 a month plus taxes. It's where things really start to get interesting, with access to Mercedes' flagship SL*



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roadster, S-Class sedan, and G-Class SUV. There's also a host of AMG performance sedans and SUVs. The service is controlled through the Mercedes-Benz Collection app, where drivers can select their cars and arrange pickups and drop-offs. Mercedes says that all vehicles come cleaned and fully fueled and that insurance and 24/7 roadside assistance are included.

IHOP Changing Its Name To IHOb - Nobody is real sure why the International House of Pancakes — is changing its name after 60 years. The pancake chain announced earlier this week on Twitter that starting June 11, "IHOP" would be known as "IHOb." Interestingly, they are not releasing why or what the "b" means until June 11th at a live event. The change seems to have been in the works for a while. The Twitter handle for IHOb joined Twitter in July 2016, nearly two years ago. My guess is something easy like, "International House of Breakfast".



For 60 pancakin' years, we've been IHOP. Now, we're flippin' our name to IHOb. Find out what it could b on 6.11.18. #IHOb

12:00 PM - Jun 4, 2018

♡ 16.7K 💬 17.9K people are talking about this

neuro mining



As we age, it gets harder and harder to create new neural pathways in the brain. It's the reason kids find it so easy to learn new things, but as adults it often gets more difficult. Doing brain teasers and solving riddles can be an important part of keeping our brain healthy. The more connections we can form, the better our brain will be. I hope this helps provide a little daily fun and exercise. The answer to each riddle or puzzle will be located at the bottom of the report.

Kansas City, Mo

Over 700 In Attendance Last Year:

Many of the Largest Producers in our Country

CEO's, and Ag Executives

Traders and Hedge Fund Managers

Bank Presidents, FDIC members

Grain Merchandisers, Exporters, Analyst

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"When the opportunity comes, it's too late to prepare."
- John Wooden

The **VAN TRUMP** Report

Co-hosted by:

TODAY'S RIDDLE:

Pronounced as one letter,
And written with three,
Two letters there are,
And two only in me.
I'm double, I'm single,
I'm black, blue, and gray,
I'm read from both ends,
And the same either way.

What am I?

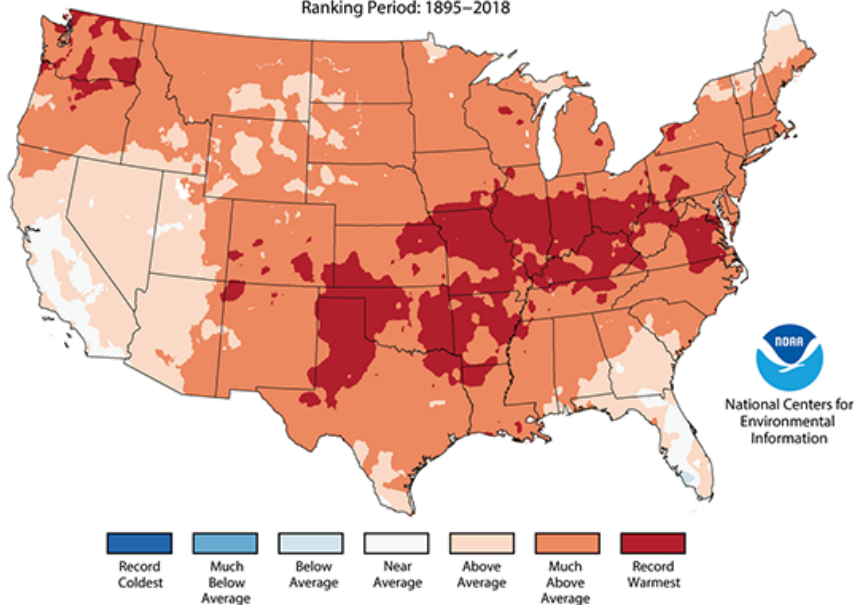


Weather across the southern Plains shows showers providing only local relief across the drought affected areas. On June 3 in Texas, topsoil moisture was rated 77% short to very short. In the South, showers have largely ended in the central Gulf Coast region, but are spreading across Florida. Hot weather will persist across much of the western and central U.S. during the next few days. During the weekend, however, markedly cooler air will arrive in California and the Northwest. Elsewhere, cool conditions will linger in the Northeast, while the remainder of the eastern U.S. will experience a late-week warming trend. Five day rainfall totals could locally reach 1 to 3 inches across the northern half of the nation, excluding New England. In contrast, mostly dry weather will prevail from California to the Mississippi Delta. I wanted to note the building concern over increasing dryness in the Black Sea region of Ukraine, central Russia and southern Russia for reproductive to filling winter wheat and early developing corn and sunflower. Rainfall has averaged below 50% of normal during the past 60 days for a portion of this area. Rainfall chances during the next week to 10 days remain limited with episodes of warm weather as well.

This Just In: Lower 48 Had Its Warmest May On Record: *I know we have reported on this a few times lately, but those weren't official announcements. Yesterday, the NOAA released their State of the Climate for May. It's now official, May 2018 was the warmest on record in the contiguous U.S with average temperatures coming in at 65.4 degrees F, 5.2 degrees F above the 20th century average. The last record warm May was in 1934. This means we haven't experienced temperatures like this in 124 years...*

Mean Temperature Percentiles May 2018

Ranking Period: 1895–2018



Created: Mon Jun 04 2018

Data Source: 5km Gridded Dataset (nClimGrid)

Corn traders realize the fact we are entering a full-blown "weather market". June and July are notoriously the most susceptible to weather related noise and headlines. The trade had been focused on "planting" and the weather related risk associated with delays and re-plants. There was a bit of noise early on, but the crop has since gotten in the ground without many widespread problems or hiccups. In return the trade has given back some of the risk-premium it had built into the early-equation. Many of the weather gurus are now saying the current forecast offers some heat and dryness during the next couple of weeks, but not really enough to cause major wide-spread concern. Meaning the current crop-condition ratings could remain strong into late-June. As we all know, weather forecasts can change quickly this time of year, so we need to keep paying close attention. A developing ridge or extended lack of moisture could easily trigger another rally. Another headwind we are battling right now is lack of progress on the trade front. Trade with China clearly remains

Today in History

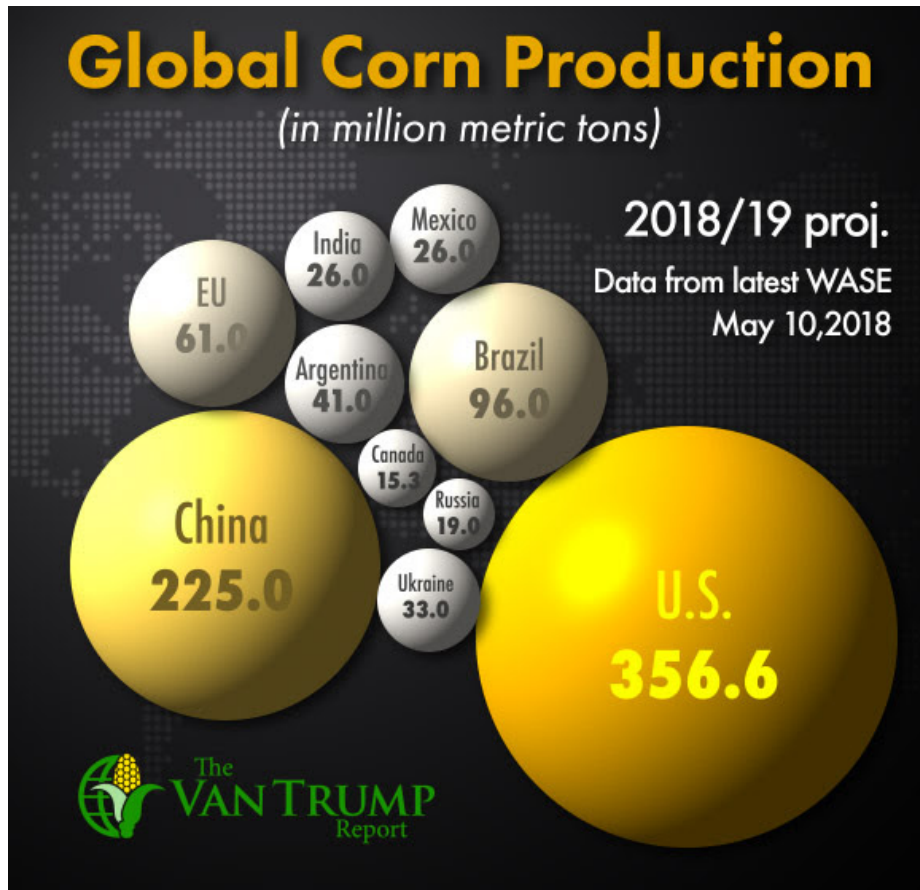


1892, Homer Plessy - purchased a first-class ticket on the East Louisiana Railroad and sat in the "whites only" section. When asked by the conductor if he was a man of color, he stated he was 1/8 black and refused to remove himself from the car. Ejected from the train, Plessy was jailed overnight and released on a \$500 bond. Protesting the violation of his 13th and 14th amendment rights, the history-maker's court case became known as Plessy v. Ferguson. With Judge John Howard Ferguson presiding, Plessy was found guilty, but the case went on to the U.S. Supreme Court in 1896. During the proceedings, Justice William Billings Brown defined the separate but equal clause; it supported segregation and the Jim Crow laws as long as each race's public facilities were equal. Afterward, Plessy returned to everyday family life, working as an insurance salesman. He passed away on March 1, 1925, at age 61. Despite the legal defeat, the activist had a major impact on the Civil Rights Movement. His actions helped inspire the formation of the National Association for the Advancement of Colored People. The NAACP incorporated Plessy's 14th Amendment arguments before the U.S. Supreme Court in the 1954 landmark case Brown v. Board of Education, which overruled the separate-but-equal doctrine.



1929, Pope - In 1870, the Pope's holdings were left in an uncertain situation when Rome itself was annexed by Italy. Between 1861 and 1929 the status of the Pope was referred to as the "Roman Question". In 1871, the Palazzo del Quirinale, for centuries the Papal palace, was confiscated by the king of Italy and became the royal palace. Thereafter the popes resided undisturbed within the Vatican walls, and certain papal prerogatives were recognized by the Law of Guarantees, including the right to send and receive ambassadors. But the Popes did not recognize the Italian king's right to rule in Rome, and they refused to leave the Vatican compound until the dispute was resolved in 1929. Other states continued to maintain international recognition of the Holy See as a sovereign entity. In practice, Italy made no attempt to interfere with the Holy See within the Vatican walls. However, they confiscated church property in many other places. Pope Pius IX, the last ruler of the Papal States, claimed that after Rome was annexed he was a "Prisoner in the Vatican". The situation was resolved on February 11, 1929, when the Lateran Treaty between the Holy See and the Kingdom of Italy was signed by Prime Minister

uncertain, but we are now having to digest retaliation headlines from Mexico, Canada and the European Union. At the same time, if we look out a bit further on the horizon, Argentine corn is getting a bit cheaper than exports from here in the U.S. Let's also keep in mind, there's still a lot of uncertainty brewing in the ethanol space surrounding RINs and exports. I don't know if the overall trade is that concerned as of yet, but we've been feeding the bulls with headlines that show record U.S. corn exports and record amounts of corn being used for ethanol. I suspect if that rhetoric was to fade or disappear into the sunset, the bulls might find the market starts to fire on a few less cylinders. Obviously I'm keeping a close eye on U.S. weather, but I'm also paying attention to "demand". The demand part of the equation is the number one reason I've been bullish longer-term. From a technical perspective, the March low at \$3.77⁴ is being closely watched. I suspect if the JUL18 contract can bounce, the bulls will be talking about a double-bottom. If the market closes aggressively below this level the bears will be talking about a breakout to the downside.



Soybean bulls have very little to cheer about. The market has really done nothing but tumble lower in the past two weeks, down by more than -50 cents since late-May. Similar to the corn market, lack of positive momentum in regard to trade negotiations, and no real nearby weather story to talk about here in the U.S., has pushed more bulls to the sideline. As I've said for several weeks, weather and Washington are extremely hard to forecast and predict. I think we still need to get further down the road before to have a more clear picture. The trade will be keeping a close eye on today's export sales data. With the lack of love from the Chinese as of late, there's been more and more debate about the USDA's export estimate. The production problems in Argentina are still a concern, but currently are not in play, stay tuned. I continue to look further out on the time horizon...

Benito Mussolini and by Cardinal Secretary of State Pietro Gasparri for Pope Pius XI. The treaty, which became effective on 7 June 1929, established the independent state of Vatican City and reaffirmed the special status of Catholicism in Italy.

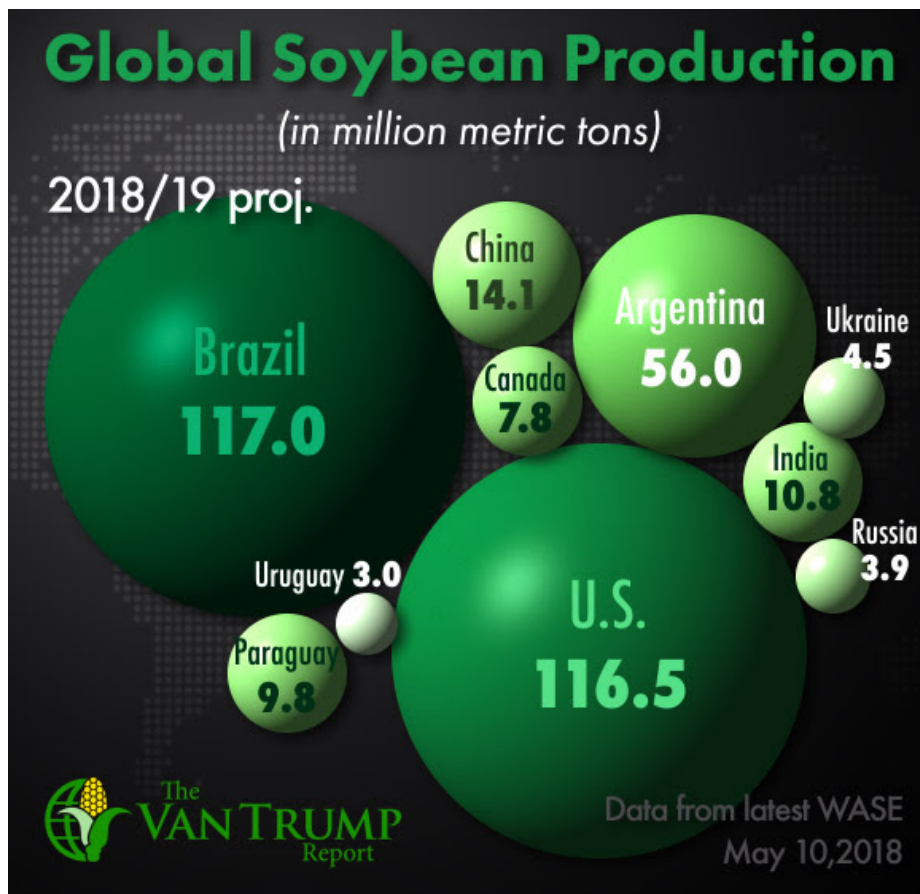


2000, United States v. Microsoft Corporation - is a US antitrust law case, ultimately settled by the Department of Justice, where Microsoft Corporation was accused of becoming a monopoly and engaging in abusive practices contrary to the Sherman Antitrust Act of 1890. It was initiated on May 18, 1998 by the United States Department of Justice and 20 states. The U.S. government's interest in Microsoft had begun in 1991 with an inquiry by the Federal Trade Commission over whether Microsoft was abusing its monopoly on the PC operating system market. The commissioners deadlocked with a 2-2 vote in 1993 and closed the investigation, but the Department of Justice opened its own investigation on August 21 of that year, resulting in a settlement on July 15, 1994 in which Microsoft consented not to tie other Microsoft products to the sale of Windows but remained free to integrate additional features into the operating system. The issue central to the case brought against them in 1998 was whether Microsoft was allowed to bundle its Internet Explorer web browser with its Microsoft Windows operating system. Bundling them together is alleged to have been responsible for Microsoft's victory in the browser wars as every Windows user had a copy of Internet Explorer. It was further alleged that this restricted the market for competing web browsers. Microsoft had insisted over the years that Internet Explorer was not a product but a feature which it was allowed to add to Windows, although the DOJ did not agree with this definition. On June 7, 2000, the court ordered a breakup of Microsoft as its "remedy". According to that judgment, Microsoft would have to be broken into two separate units, one to produce the operating system, and one to produce other software components.

Upcoming Events

- Tues. 6/12** - USDA Supply and Demand
- Tues.-Wed. 6/12-6/13** - FOMC Meeting
- Fri. 6/22** - Cattle on Feed
- Fri. 6/22** - Cold Storage
- Thurs. 6/28** - Quarterly Hogs and Pigs
- Fri. 6/29** - Quarterly Stocks and Acreage

Kevln's Song of the Week



Wheat prices are up about +25 cents from the lows set earlier this week on continued talks of dryness and difficult weather in portions of Australia, China, Russia and Ukraine. There's also the continued heat here in the U.S. across portions of Plains. The U.S. harvest is quickly advancing to the north and could be creating some historical headwind. From what I can gather from several sources, both the Texas and Oklahoma crops are coming in with poor yields, but are fairly close to where the USDA most recently forecast. The yields are less than we've seen in previous years, protein levels are arguably a bit better than expected, but for the most part the overall crop feels fairly close to the USDA's latest estimate. In other words, the trade doesn't seem overly reactive to the data coming in from the U.S. harvest. I continue to see the market paying more and more attention to the global weather forecasts, particularly the Black Sea region, Australia and parts of China and Europe. Unfortunately, I still don't see a "demand" story, especially with cheaper corn in the picture, and this keeps me from having a nearby bullish tilt.

WHAT I'M LISTENING TO:



Kevin's Song of the Week



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.

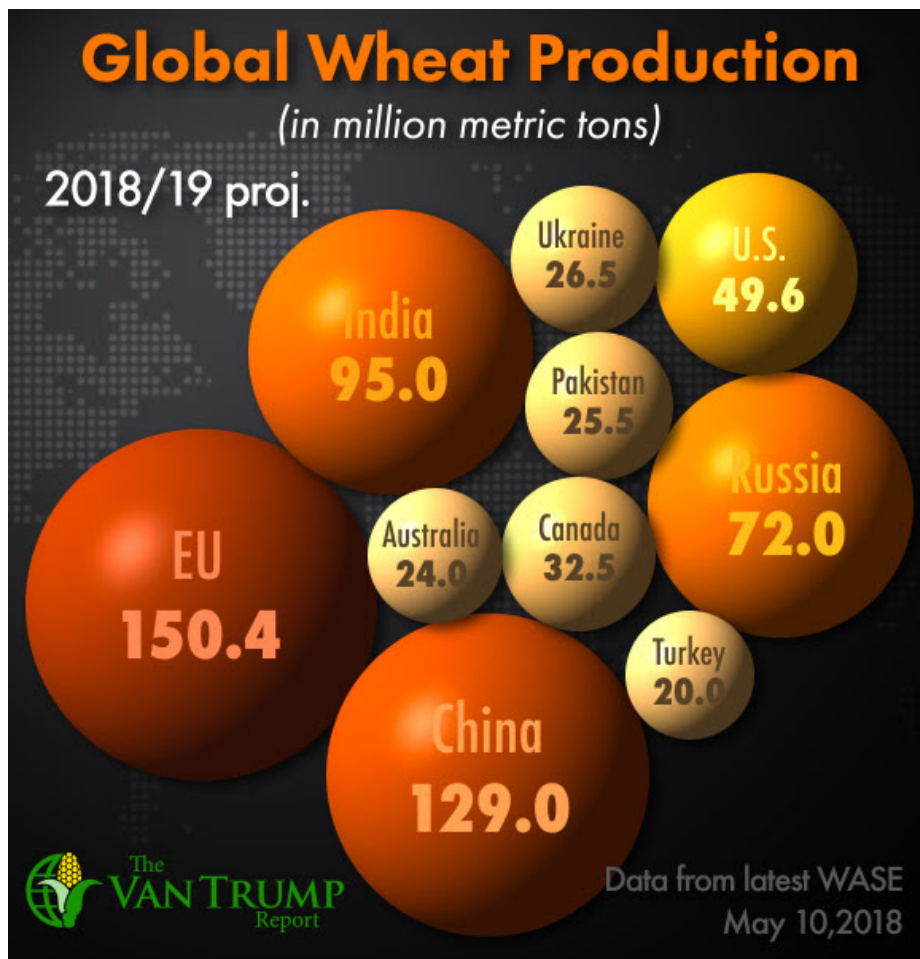
What I do not do in "The Van Trump Report" is give specific financial advice or tell individuals how to invest or how to specifically hedge. Remember, this information is being read by hedge fund managers, bankers, CEO's, and Ag leaders around the globe, therefore it's NOT tailored to fit your specific 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 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.



> **Twitter In Monsanto Out:** Twitter will join the S&P 500 today before trading opens. The company will replace Monsanto. Twitter plans to sell at least \$1 billion in bonds that convert to equity, joining a rush of tech firms taking advantage of soaring share prices to issue convertible debt.

> **Chinese Government Gives Order To Increase Soybean Acreage:** China's Henan province will increase soybean acreage by 33,333 hectares (82,400 acres) this year under a government order according to local reports. In light of the ongoing trade dispute with the U.S., China is taking extra efforts to increase its soybean output this year. The soybean acreage in Henan in 2017 was estimated at 370,000 hectares (915,000 acres), about 5% of the nation's total at 7.78 million hectares (19.2 million acres). (Source: Reuters)

> **Chemical And Fertilizer Supplies Tight Amid Cool Spring Weather:** U.S. agribusinesses are facing lingering inventory snafus and economic pain over farm chemicals and fertilizer, as a cold, wet spring that slowed crop plantings continues to cause ripple effects across the agricultural sector. Demand for these products was compressed into a tighter timetable after Midwest weather improved dramatically in May, leading to a rush of orders that distributors could not quickly fulfill across the entire Farm Belt, according to farmers and dealers. Read more [HERE](#).

> **Soybean Exports Help Push U.S. Trade Deficit to 7 Month Low:** The U.S. trade deficit fell to a seven month low in April as exports rose to a record high, lifted by an increase in shipments of industrial materials and soybeans. The Commerce Department said the trade gap dropped 2.1% to \$46.2 billion, the smallest since September. If the trend in the real trade deficit is maintained, trade could contribute to gross domestic product in the second quarter after having a neutral impact in the January-March period. (Source: Reuters)

> **29 Canadian Wheat Varieties To Be Reclassified:** The Canadian Grain Commission (CGC) announced in February of 2015 that Canadian wheat class would be undergoing a modernization. The reason for the process was to maintain quality, enhance the consistency and support the marketability of Canadian wheat. In December 2015, the CGC the Canada Western Special Purpose wheat classes were announced. On August 1, 25 varieties of wheat currently classified as Canada Western Red Spring (CWRS) and four varieties currently classified as Canada Prairie Spring Red

(CPSR) will be reclassified into the Canada Northern Hard Red (CNHR) class. (Source: Lethbridgenewsnow)

> Using Drones To Fight Fires: As wildfires are increasing in frequency and intensity, the U.S. Forest Service and the Interior Department are stepping up their use of drones. Interior operators flew more than 700 drone missions on 71 individual wildfires last year, according to a department report. This year, Interior has contracted with four U.S. companies that would allow it to use drones when necessary. (Source: Politico)

> Trying To Protect Farmers From Rising Health Care Costs: The Health Insurance Premium Reduction Act (H.R. 5963) would protect farmers, ranchers and other small business owners from exorbitant health care costs by delaying the health insurance tax until after 2020, according to the American Farm Bureau Federation. The HIT has increased health insurance costs by imposing a levy on the net premiums of health insurance companies, which is passed on to consumers. During 2014, \$8 billion of excise taxes were levied, and \$11 billion was collected in 2015 and 2016 each. (Source: fb.org)

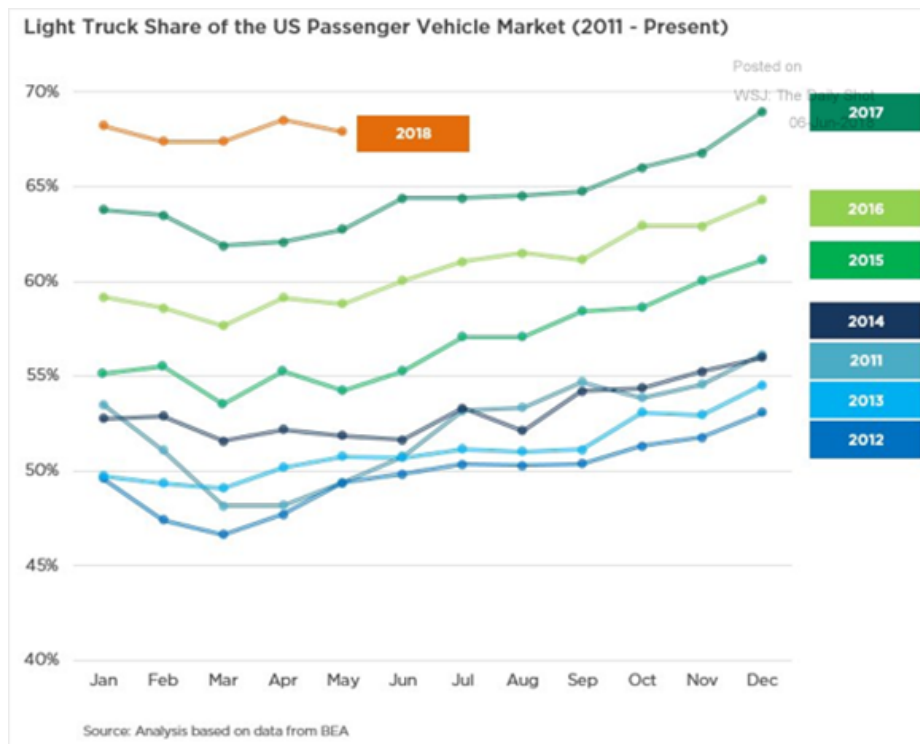
> Craft Beer Growth Slows Yet Volumes Increase: While growth in the craft beer sector as a whole has slowed — volumes grew just 1.6% last year — business is booming at brewery taprooms and brewpubs. According to statistics from the Beer Institute, direct-to-consumer sales at these venues grew 24.2%, representing one in every dozen craft brews sold in the U.S., The Wall Street Journal reported. Roughly 9% of bar traffic across the U.S. now moves through brewery taprooms and brewpubs, and bar owners and beer distributors are losing money. The three entities are lobbying to make changes in their favor to the general system that keeps beer production, distribution and retail separate. Read more [HERE](#).

> Walmart 50-inch Vizio Smart TV Down To \$299: Not only is this 50-inch VIZIO TV a great size but it's also a smart TV, it also has Chromecast built in, meaning that you can instantly stream over 1,000 Chromecast enabled apps like Netflix, HBO NOW, and Spotify, and connect an Amazon Echo or Google Home device for hands-free help. For extra convenience, anyone in the house can turn their smartphone into a remote with the VIZIO SmartCast app. It's normally \$448, and when we saw it on sale for \$299 a few weeks ago, we thought that was a once-in-a-lifetime, do-or-die type thing. Apparently it wasn't, because it's \$299 again. With free shipping. It's just crazy how cool technology has gotten and cheap TV's have become...

> Airline Prices Moving Higher: Jet-fuel prices surged by more than +50% in the past year. The increase is pushing carriers to raise fares and Delta Air Lines to cut its profit expectations. Don't be surprised if you continue to see airline tickets become more expensive.

> MLB Hall of Fame's Oldest Passes: Red Schoendienst, the St. Louis Cardinals' Hall of Fame second baseman, manager and coach, died Wednesday night outside of St. Louis at the age of 95. He was the oldest living member of the Hall of Fame.

> Light Trucks Continue To Dominate: Americans are increasingly choosing trucks over cars and at an astonishing rate. Light trucks are running at 68% of monthly vehicles sales this year. It was 50% over the same period back in 2012. This shift is significant and has some car companies making drastic changes to accommodate. Remember, last month Ford announced they were doing away with all passenger car models in the coming year. It will be interesting to see what happens if gasoline prices continue to climb higher? (Source: Bureau of Economic Analysis, Daily Shot)





FROM THE FIELD

Central Indiana - We look about as good as we have ever looked, at least in the last couple years. I have been through Michigan and parts of northern Indiana and Ohio and they look like we have looked the last few years. The crops have about 6 different shades of yellow which tells me that the nitrogen has probably leached through. They have had a lot of rain. The thing with corn that I'm sure many of your readers know is a little heat early on with rain about every 10 days is about the most optimal start to growing that a guy can ask for. All we need now is the heat to easy back just a little through June and July. We are actually right on the edge of the heat that's going to hit over the next few days. Even if the heat starts to move our direction we just received about 3 inches of rain so we should be able to sustain a little heat for a short period of time.

Northcentral Kansas - We are roughly 10 days out from making our first test cut in winter wheat. The wheat is starting to turn which is fairly normal for this time of year, maybe just a little early. The wheat looked rough this winter but we had a fair amount of spring rains that pull us through. It only stands about knee high which really doesn't matter because when we looked at the heads they have a nice fill and there's a lot of berries. I could see wheat making 60-65 bushels per acre which is pretty good considering how bad it really looked. In the last few years this wheat is really being looked at for protein and if we have decent protein our buyers will pay up to get the wheat. They are in desperate need for high protein wheat, so that's what we are banking on right now.

Westcentral Iowa - The corn looks so good right now. It is thigh high and off to a great start. We just need the timely summer rains and it will be an exceptional year. Funny thing is, for the last two seasons we have said there is no way we can outdo the year before, but it has in fact happened. Not that far away across the state line, I have a buddy whose corn is only 4"-5" tall right now. There is not much new going on up here, we have been minimum till, and using most of the precision ag stuff but, what I find interesting is the number of folks here who are talking about saving money, instead of making money. Yes it takes some risk but with all our resources we need to utilize them especially in the low margin environment we are in.



CROSSING WIRES

A place to share intelligent thoughts...

> Food Companies Struggle In New Era Of Eating: *Food shoppers and investors looking at the packaged food aisles of big grocery stores have reached the same conclusion - there is nothing to buy. The classic consumer food companies, makers of cereals, snacks, soups and condiments are no longer the staples of pantries or portfolios. Shares of some are down by a third or more over the past year as strategies to boost sales fail, and consumers embrace fresh food and new brands. Supermarkets are feeling the same pressure. Last year, unit volume of the packaged products sold in the middle aisles fell by 1.7%, according to research firm Nielsen. The only places where there was unit sales growth of groceries were in the outer aisles: fresh meat, produce, and bakery, according to Nielsen. WSJ has good insights [HERE](#).*

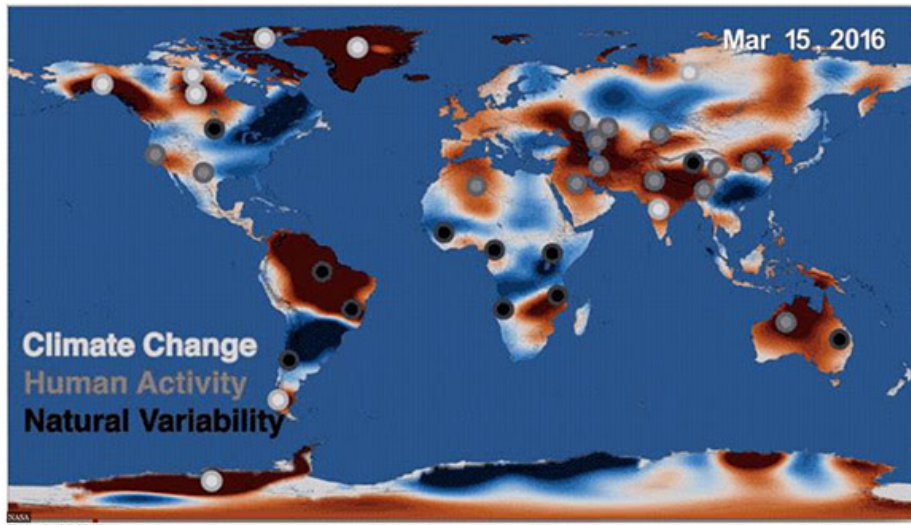
See What Influenced Ray Dalio: *Billionaire hedge fund magnate Ray Dalio has been fascinated with finance since he was 12, when he bought his first stock. He graduated from Harvard Business School and launched Bridgewater Associates from his two-bedroom New York apartment, a hedge fund that grew to be the world's largest, managing about \$160 billion. But in a recent "Ask Me Anything" session on Reddit, when asked, "What book or books have had the biggest impact on your life and worldview and why?" none of his suggestions had anything to do with business. Instead, Dalio responded with three books which emphasize broad thinking, history and evolution. Check the out books [HERE](#).*

How Apple's Addressing Device Addiction: *How's this for counterintuitive? A smartphone maker wants you to use your smartphone less. During Apple's 2018 Worldwide Developers Conference (WWDC), CEO Tim Cook unveiled iOS12, a new update to the operating system that runs on iPhones and iPads. And it will include features designed to get users to turn off their devices. Why? It's part of an industry-wide push to address the issue of device addiction, particularly in children and teens. Last month, Google unveiled an initiative to help people manage their time on their devices, and Facebook claims to be researching the issue, too. Read more [HERE](#).*

Real-Life Pirates Who Shaped History: *For decades, pirates have been key figures in tales of danger, adventure and mayhem. Movies like Pirates of the Caribbean and*

Treasure Island make it hard to separate reality from fantasy. But the true life of an 18th-century pirate was pretty grim, and revolved around staggering violence and poverty, constant danger and most likely, death. Though Captain Hook and Long John Silver did not exist, many other infamous pirates did, and they played a major role in shaping Western history. Take a look at who they were [HERE](#).

NASA Study Shows Earth Experiencing A Major Hydrologic Change: A recent NASA study has revealed that freshwater supply is changing all over the Earth, including the United States. In a first-of-its-kind study, scientists used various satellite data and information on human activity to understand the reasons why such shifts are happening. The study points to human activity, natural variability, and climate change. According to a NASA press release the study finds, ...that Earth's wet land areas are getting wetter and dry areas are getting drier due to a variety of factors, including human water management, climate change and natural cycles. I suspect the reasons don't matter as much as the fact it's happening and what implications that have for areas affected. Read more details [HERE](#).



Insight Into Argentina Importing U.S. Soybeans

USDA attache in Buenos Aires recently released a more detailed report about Argentina importing U.S. soybeans for the first time in over two decades. Argentina is the world's third largest soybean producer and the number one soybean oil and meal exporter in the world. Below are some additional highlights: You can access the entire report [HERE](#)

Crush Capacity is estimated at 67 million tons and because of the lack of domestic supply is currently operating at about 70% capacity. Several insiders think that number could drop even lower as local soybean supplies become more scarce. Therefore, the local crushing industry needs to import more soybeans to maintain its normal processing levels.

Port of Rosario Controls Capacity: Eighty percent of Argentina's crushing capacity is concentrated in the port city of Rosario.

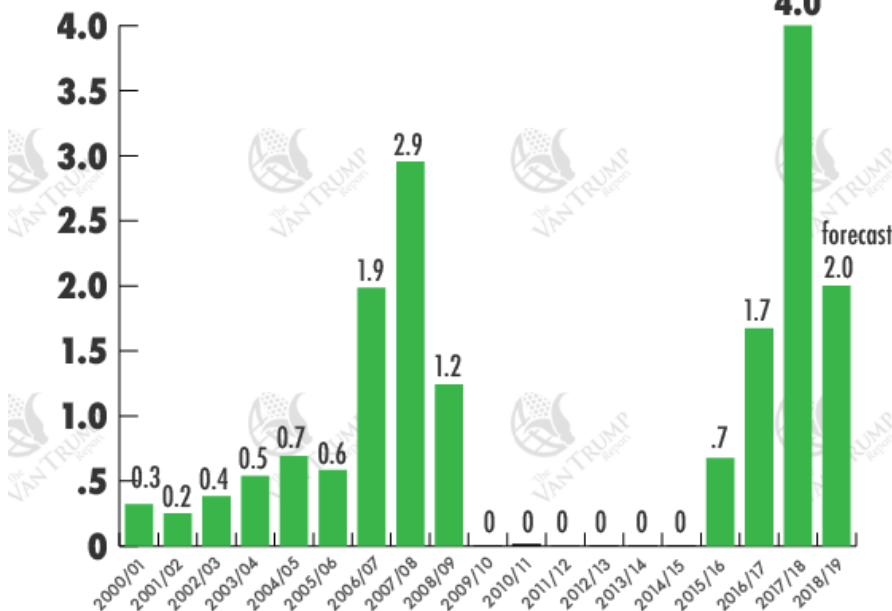
Drought Crushes This Years Crush: A severe drought during the peak summer months reduced forecasts for Argentine soybean production by -16 to -20 million tons to between 36 and 40 million tons, down from 54 million metric tons estimated at the beginning of the crop season, due to severe weather problems.

How Many Soybeans Will Argentina Import: Reports circulating show that soybean imports in Marketing Year 2017/18 could range from between 4.0 to 5.5 million metric tons. This would account for 10 to 12% of Argentina's crush. Over 95% of the beans are almost always exported from Paraguayan origin with the balance from Brazil, rarely do the soybeans get imported from the U.S.

Argentina Soybean Imports

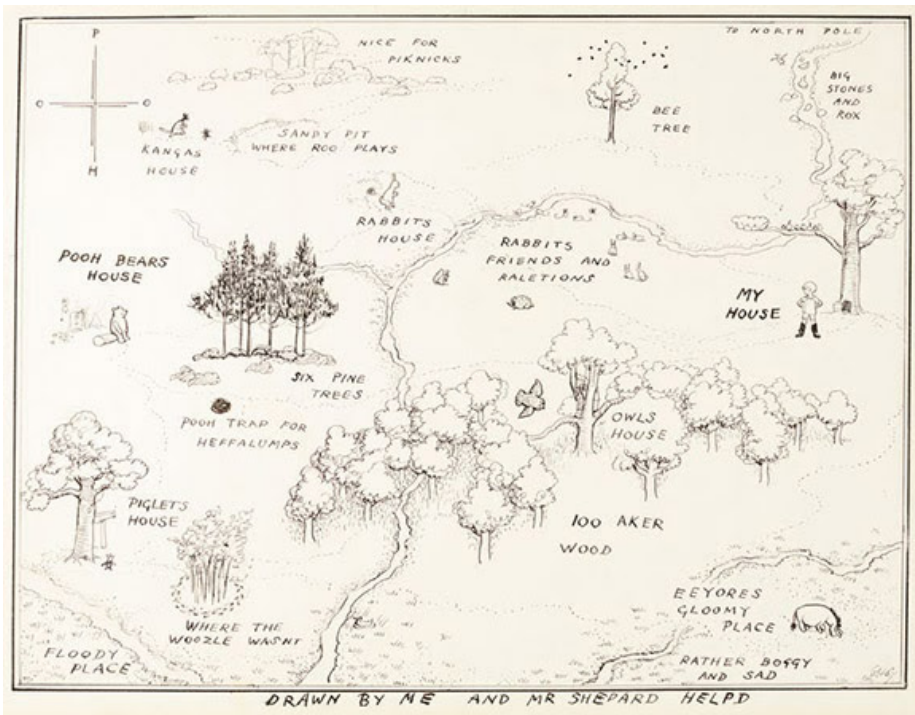
(in million metric tons)

Source: USDA, FAS Gain data, PS&D data



Up For Auction Winnie-the-Pooh's Original Map of "Hundred Acre Woods"

The map of "Hundred Acre Woods" might just be one of most famous maps in all of literature. The map was first featured on the opening endpapers of the original book that was created in 1926. The map shows an aerial view of Christopher Robin's imagination, where all of his woodland creatures like Pooh bear and Eeyore live. Collectors say the real special part about this map is the fact it captures the personalities of all the characters in the story. The map represents Eeyore in his rather boggy and sad mood as he sluggishly hangs his head in the grass. The map also shows Roo as energetic and bouncing towards his favorite play place in the sand pit. Last but not least, the map represents Winnie-the-Pooh standing alone looking over all of the woods. This map was drawn by Ernest Howard Shepard with a pencil on paper in Great Britain. Some people say before Disney was created there was E.H. Shepard. Shepard was a very successful British illustrator that was best known for his illustrations in "The Wind in the Willows" and "Winnie-the-Pooh." Many considered his work wildly unique and extremely rare as it was often created through a combination of watercolors and pen ink. Through this combination, he created many images with light washes of color images surrounded by black outlines. Many art and literature enthusiasts say the original map has not even been seen in over a half century. The auction will be held in London at Sotheby's on July 10th and the estimated value is between \$125,000 and \$175,000. I personally bet it goes higher...



Monsanto... And Then The Name Was Gone

From what I understand, German pharmaceutical giant Bayer will officially buy U.S. agriculture giant Monsanto today for \$63 billion, after securing approval for the deal from both U.S. and European regulators. In the mix, Bayer announced they will immediately retire the 117-year-old Monsanto name. Regardless of opinion, we have to step back in awe at what one man from Chicago was able to create when he invested his entire \$5,000 life savings in 1901. Below is the interesting story...

The Queeny family was doing well in Chicago until 1871 — the year of the Great Chicago Fire. As a twelve year-old boy, the eldest of five, John Francis Queeny was forced to leave school in search of full-time employment to help his family. After several months of searching for a job in the fire-ravaged city of Chicago, he got on with the chemical company "Tolman and King", working as an office boy earning \$2.50 per week.

John Francis quickly advanced to become a delivery boy. Years later, his employer recalled, "He wore out more wagon wheels than any boy I ever had." Mr. Queeny continued to work up the ranks and in 1897 took a higher paying job with the Meyer Brothers Drug Company, one of the largest wholesale pharmaceutical companies at the time and located in St. Louis, Missouri.

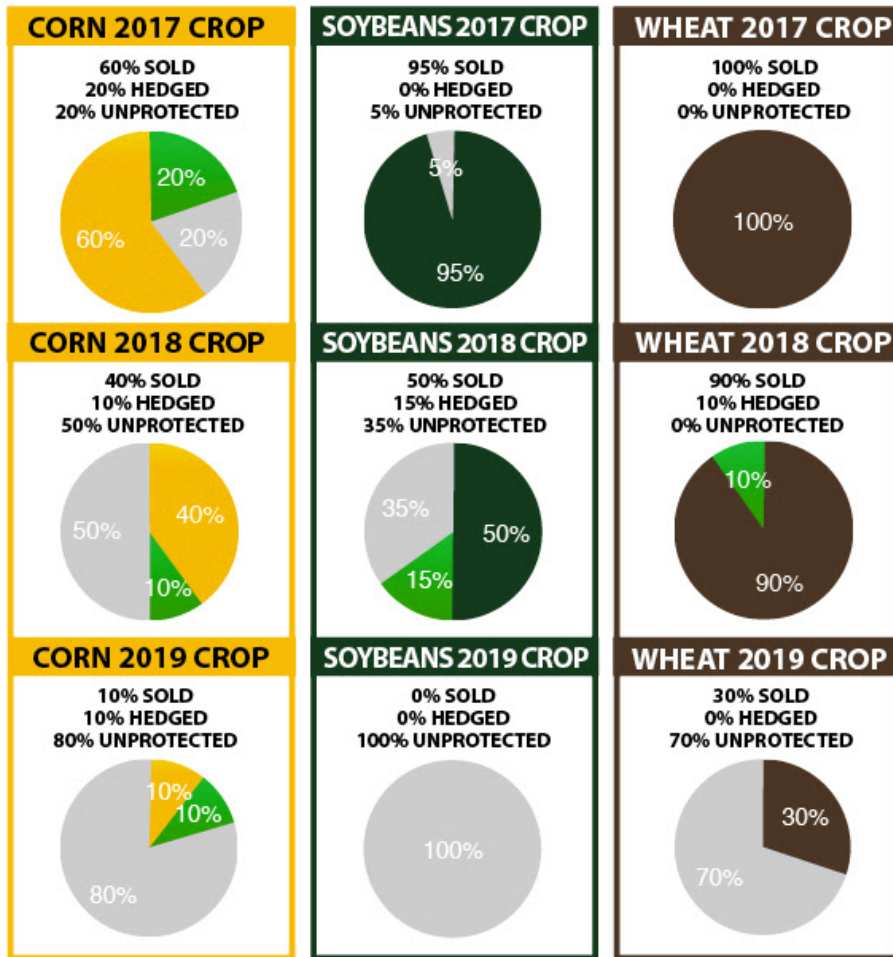
It was shortly after this that Mr. John Francis Queeny married Miss Olga Monsanto.

While with Meyer Brothers Drug Company, John Francis conceived the idea of manufacturing saccharin, which in 1899 was being produced under German monopoly exclusively as a sweetening chemical. John Francis then spent his entire life savings in purchasing a sulfur refinery...it burned down the very next day. Down but not out, he continued to work for Meyer Brothers and did his best to save every penny. By 1901 he had socked away \$5,000 and decided to start a new company, using his wife maiden name, he called it "Monsanto". He started out producing saccharine, which he sold to Meyer Brothers. It wasn't until 1905 that he started turning a profit, and not until 1906 that he left Meyer Brothers to work for Monsanto full-time.



ANSWER to riddle: Eye

CASH SALES & HEDGING TOTALS



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