

GOOD MORNING: 06/12/18 Farm Direction - Van Trump Report

2 messages

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

Tue, Jun 12, 2018 at 6:31 AM



"In the end, we will remember not the words of our enemies, but the silence of our friends." - **Dr. Martin Luther King, Jr.**

TUESDAY, JUNE 12, 2018

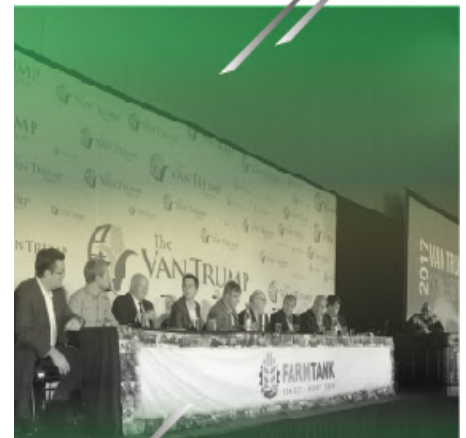
[Printable Copy](#) or [Audio Version](#)

Morning Summary: Traders are digesting headlines surrounding the "Summit in Singapore". President Trump met with Kim Jong Un last night in a high stakes meeting regarding the possible denuclearization of North Korea. The two leaders met with a customary handshake, then proceeded to go behind closed doors, alone with only translators, to discuss a more peaceful future. Reports circulating say the two leaders spent 38-minutes in the private one-on-one meeting. Later, they were joined by top aides, such as Secretary of State Mike Pompeo and Chief of Staff John Kelly, in a bilateral meeting and held a working lunch. President Trump spoke in length to reporters after the summit declaring it a huge success and that steps towards denuclearization will soon be following. The market is not rally reacting to what appears to be steps in the right direction. As we turn the page, the market has shifted its focus towards the Fed, who is starting a two-day policy meeting. Most inside the trade are looking for the Fed to announce another interest rate hike tomorrow afternoon as their meeting concludes. The bigger question is if they will hint to one or two more rate hikes in 2018. The economy appears to be in its best shape since before the Great Recession. Unemployment has recently hit an 18-year low of 3.8%, something that has only happened twice in the past century, average wage growth is starting to grow more steadily, and the overall economy is projected to grow in the 3% to 4% range during the second-half of 2018. Interestingly, this is the now the second longest period of economic expansion in U.S. history. This makes many experienced traders somewhat nervous and cautious when making forward projections. There are numerous in depth arguments and reasons why we might setback, but simply stated, with things going so well for so long it's hard for many to envision they can continue getting better and better. Almost every ending to a cycle of "economic expansion" brings about a drop in unemployment, an uptick in inflation and a more hawkish Fed. These are also times we have seen the market make a large late-inning push higher, which makes forecasting so difficult during this period and why we are seeing so many diverging opinions. I honestly don't think it will be anything the market sees coming or something currently being forecast. If you look back, it was the energy price hike in the early 90's, the ".dot.com" bubble bursting in the early 2000's, and the housing bubble bursting in 2007-08 that caused the extreme setbacks and caught the market offside. In other words, it's going to take some type of exogenous event that really upsets that apple cart in regard to the American consumer and their spending habits. Some will argue it's the massive debt bubble building in Washington or the debt burden building with college loans. I personally think it could be something more unexpected, such as a bacteria or more widespread viral scare. If something like that were to breakout in the U.S. and lock down the American consumer, I suspect it would massively impact growth in a negative fashion. I'm certainly not a fan of "doom and gloom", as I have been one of the biggest bulls for the past nine years, but I do understand more investors and many inside the media are looking for reasons that can break the bull run. I have to imagine if they look long enough and hard enough they are eventually going to find something that makes the market really pause. I continue to trim my allocations on the new highs and reduce my diversification into the positive economic headlines. I like the thought of being a much more selective and conservative bull...

Self-Driving Vehicles Might Be Here Sooner Than We Think: *Elon Musk announced on Twitter that he will be releasing Tesla's version 9.0 in August and that it would include the first "full self-driving features". Enhanced Autopilot is a \$5,000 package available for Autopilot 2.0 cars and Tesla also offers an additional \$3,000 package called 'Full Self-Driving Capability'. While the option is currently available to purchase, Tesla notes that "Self-Driving functionality is dependent upon extensive software validation and regulatory approval, which may vary widely by jurisdiction."* Tesla stock price has rallied from \$253 per share back in April, to over \$333 per share in yesterday's trade.

We Now Officially Know What The "B" Means In IHOP's New Name: *Believe it or not, after weeks of teasing, IHOP's dropped its big news. As of*

THE 2018 VAN TRUMP CONFERENCE



November 28-29
Special 2 Day Event
Kansas City, Mo

**A gathering for the sharpest minds
 in agricultural investing.**
**Hear firsthand about the new
 innovations that will be changing
 our farms and shifting our industry.**

yesterday, the restaurant chain says it has officially changed its name to IHOb (for "International House of Burgers") from IHOP (for International House of Pancakes). Personally, I think it's crazy, but it has brought the chain some free advertising and publicity. The change probably brings even more controversy as press as everyone scratches their head regarding the company swapping "burgers" for "pancakes". Regardless, IHOP was there for many of us when no other restaurant chain was open and provided that late-night grease which was so desperately needed, hence we will all probably remain forever loyal, even though we really question swapping pancakes for burgers:)

What A Fine Swimming Hole! With the unseasonably warm weather in parts of the country, I thought this solution may be just what you need. A friend sent this my way, it shows Zydeco Construction, a group who specializes in custom built "swimming ponds" that are crystal blue with a sand surround, resembling a real backyard beach. Customers can add outdoor kitchens, gazebos, umbrellas and even volleyball nets. I'm told no job is to big as long as your land and finances can match it. It has always been a dream of owner Eric White's to do different things. He shares that he is all about making things happen especially custom requests. Read more [HERE](#).



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

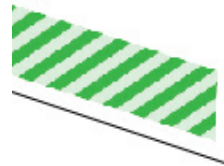
Leading Ag Retailers

Livestock Executives

Venture Capitalist and Early Investors

Transportation and Logistics Executives

Innovative Start-ups



\$500

Early Bird Special

For First 200 to Register :

\$299



**Click Here To
Learn More**

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

- John Wooden



Co-hosted by:



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.

TODAY'S RIDDLE:

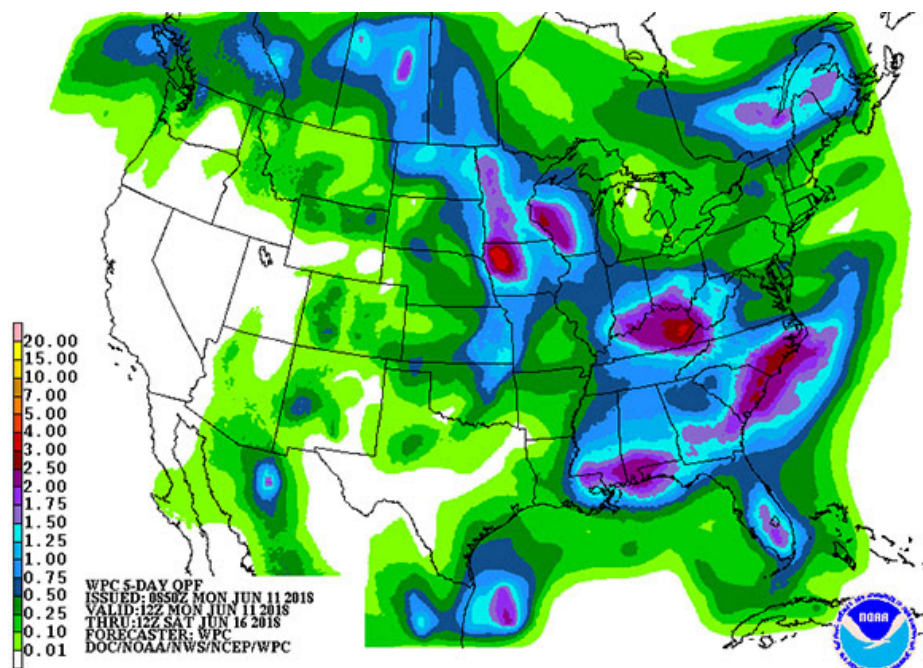
I'm something you might eat, but I also kill.
I can cause blindness and burns.
Because of me, people lose limbs.
I've even been known to crash cars.

And yet I'm considered beautiful
Small children play with me and parents don't mind.

Some people even live inside of me.

What am I?

Weather forecasts continue to spotlight a favorable weather pattern for developing corn and soybeans in the Midwest. This weather will likely continue during the next seven to 10 days with adequate soil moisture being maintained despite episodes of above to much above normal temperatures. In the southern Plains, more episodes of above to much above normal temperatures and limited rainfall will decrease soil moisture and increase stress on developing corn and soybeans. This is mostly seen as favorable for maturing winter wheat and harvest. Northern Plains crop areas again have generally favorable conditions for development of spring wheat, corn and soybeans. In the South, scattered showers accompany warm, humid conditions. Excess soil moisture remains a concern with respect to fieldwork disruptions and crop quality in portions of the southern Atlantic States. In contrast, ongoing dryness in the western Gulf Coast region is reducing soil moisture for crops such as cotton and rice. Looking ahead, warm weather will cover much of the country during the mid to late week period, except for a surge of cool air into the West. Meanwhile, a complex but active weather pattern cross the central and eastern U.S. will lead to scattered by locally heavy showers. Five day rainfall totals could reach 1 to 3 inches in several areas, mainly from the upper Midwest into the Southeast. The West will experience mostly dry weather. Below is the 5 day precipitation map for Monday through Saturday. Again, fairly active, wet pattern across much of the Midwest and Plains. Will be beneficial for developing summer grain.



Below are a few temperature maps showing how hot it's going to get over the next few days. Click image below to view larger graphic.



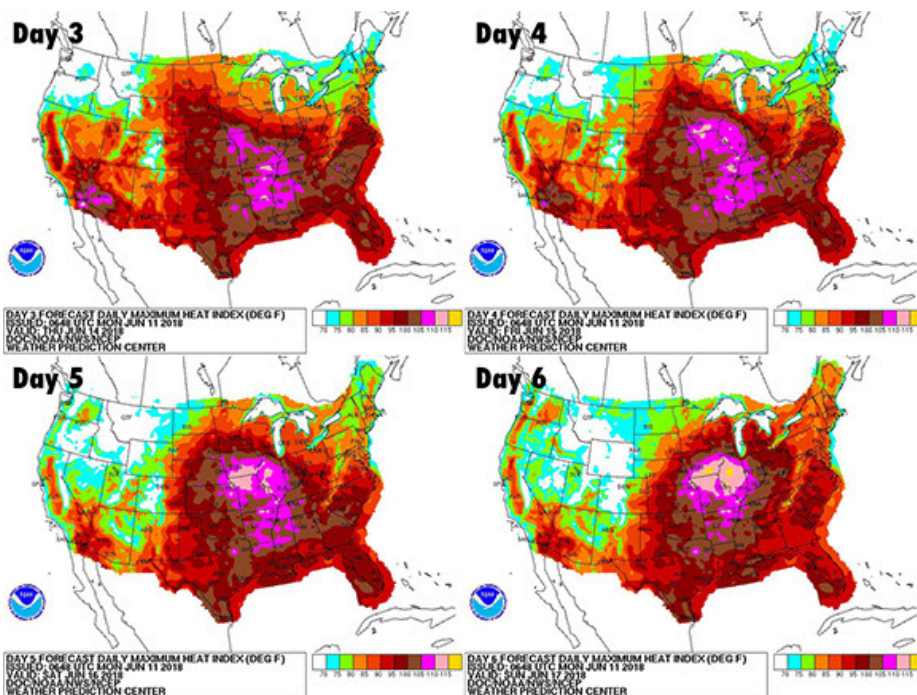
Today in History



1776, The Virginia Convention - assembled in Williamsburg, unanimously adopts George Mason's declaration of rights. The assembled slaveholders of Virginia promised to "the good people of VIRGINIA and their posterity" the equal right to life, liberty and property, with the critical condition that the "people" were white men. These same white men were guaranteed that "all power" would be "vested in, and consequently derived from" them. Should a government fail to represent their common interest, a majority of the same held the right to "reform, alter or abolish" the government. Much of the Virginia Declaration had roots in the English Bill of Rights, drafted in 1689 upon the overthrow of Catholic King James II by Protestant Queen Mary and her husband King William III. However, the ruling class of Virginia, which was largely derived from the disinherited younger sons of the British nobility, was eager to abolish the hereditary privileges from which they and their ancestors had been excluded and Article 4 of the declaration banned them, thereby moving beyond the English statement in the parameters of its social reform. Virginia's Declaration of Rights later became the basis for the Bill of Rights amended to the federal Constitution.



1920, Man O' War - wins the 52nd Belmont Stakes, and sets the record for the fastest mile ever run by a horse to that time. Man O' War was the biggest star yet in a country obsessed with horse racing, and the most successful thoroughbred of his generation. Man O' War was sired by the champion Fair Play, one of the most successful sires in racing history, and purchased by Samuel D. Riddle in 1918 from August Belmont Jr., son of the racing guru for whom the Belmont Stakes was named. As a two-year-old in 1919, Man O' War won nine out of ten races under jockey Johnny Loftus. His only loss that year came at the Sanford Memorial Stakes, in which his back was to the starting line at the beginning of the race. At that time, before the advent of starting gates, a rope was all that held horses back from starting their run. The Sanford turned out to be the only loss of Man O' War's racing career. As a three-year-old, Man O' War dominated the field. Loftus was denied a jockey's license that year, so Clarence Kummer rode "Big Red," as Man O' War came to be known. The horse skipped the Kentucky Derby, as his trainers deemed the mile-and-a-quarter race to be too grueling so early in the season, so the Preakness Stakes was Man O' War's coming



Corn conditions here in the U.S. pulled back slightly but still remain extremely strong. The USDA reported 77% of the crop in "Good-to-Excellent" condition vs. 78% last week vs. 67% last year. The USDA reported corn as "emerged" at 94% which is right in-line with our historical 5-year average. Weather here in the U.S. has been fairly cooperative early on and a few insiders are thinking the USDA could bump their yield estimate a hair higher in today's report. On the flip side, ending stocks and world numbers are suspected to tighten just a bit. Demand here in the U.S. and globally has been extremely strong. At the same time, I'm thinking production may have pulled back a bit. It will be interesting to see if the USDA makes any downward adjustments to Russian and or Ukraine corn production in today's numbers. Last month the USDA showed a nearly +265-million-bushel increase in the combined corn exports for Ukraine and Russia. With their recent weather concerns, perhaps they will taper that number back a bit? Last month the USDA dropped their Brazilian production estimate from 92 MMTs down to 87 MMTs. The trade has been talking about a sub-85 MMT number for a few weeks, but I'm not so sure the USDA is in any hurry to make that big of a cut. I'm looking for a slight reduction in this report, probably not sub-85 MMTs. Last month the USDA elected to leave their Argentine production estimate unchanged at 33 MMTs. I'm thinking this month they could trim that number just a bit further. Net-net, I'm looking for another slight reduction in South American production. Keep in mind however, the Argentine peso just hit an all-time low against U.S. dollar and has been helping to keep Argentine corn competitive with U.S. exporters. Dollar strength and global trade concerns continue to be closely monitored. I suspect after quickly digesting the latest USDA updates, the trade will get back to trading Washington and weather. As a spec, I like the thought of building a longer-term bullish position on the deeper breaks in price. As a producer, I really like my current marketing position, having 50% of our estimated new-crop price risk removed. My last sale was made with the DEC18 contract trading just above \$4.24 per bushel, which wasn't but a nickel off the highs. My goal from here is to get another 10% to 20% priced by late-August to mid-September. Obviously, I'm hoping on some type of wether related rally or a talk of a trade resolution in Washington. Staying patient...

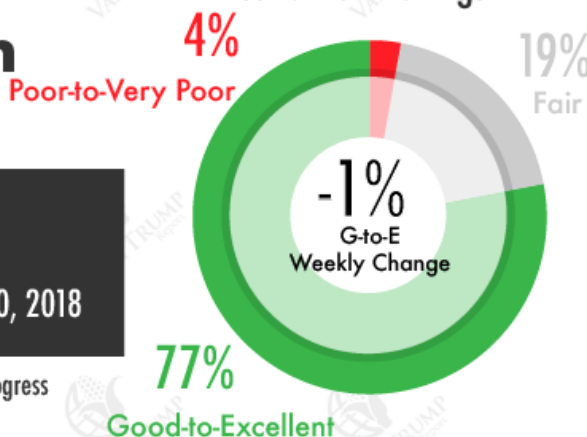
Corn Crop Condition Ratings

Week 23

week ending June 10, 2018

Source: USDA, NASS Crop Progress

2018 U.S. Corn Condition Ratings

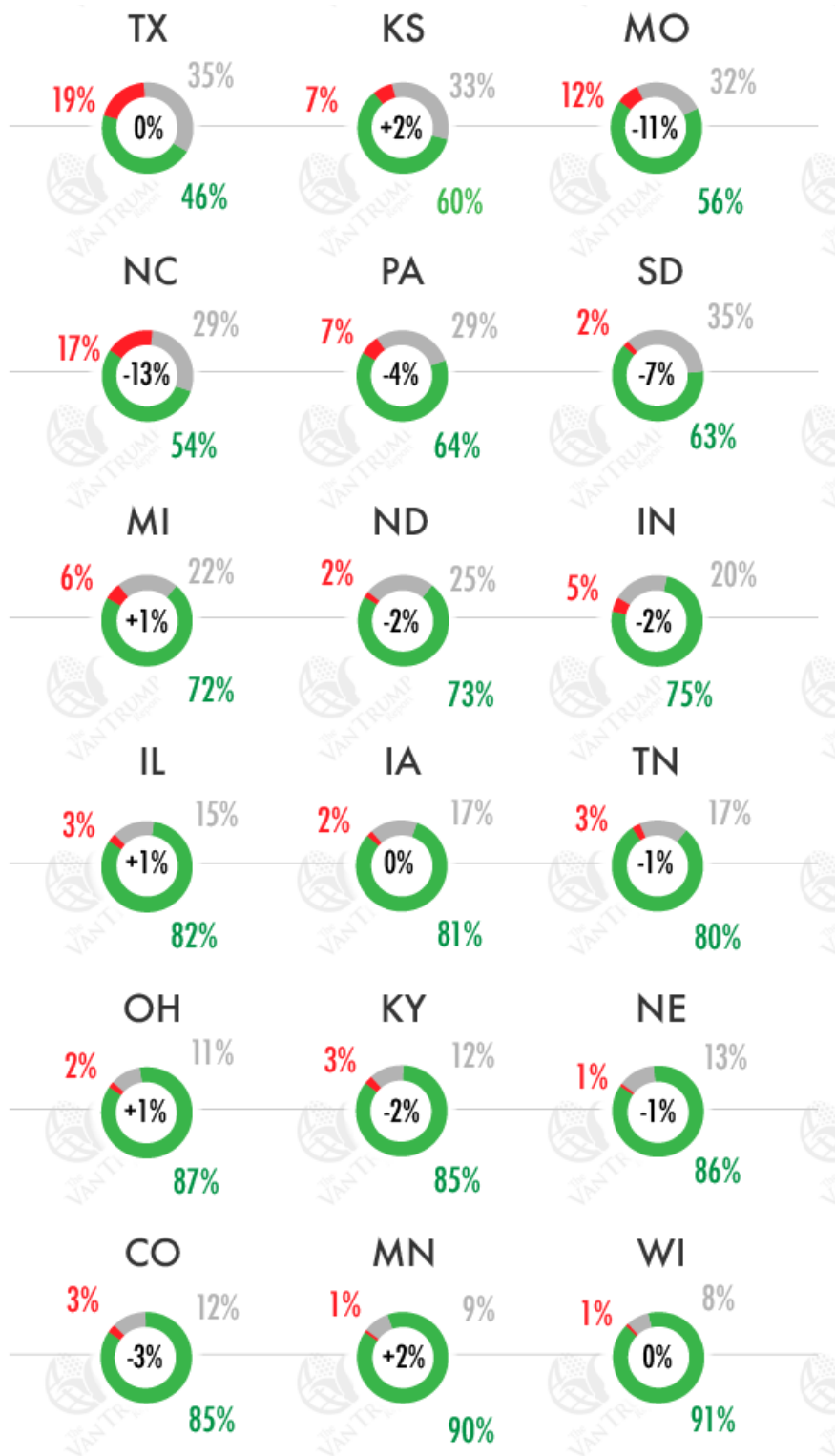


out party. He won easily. Man O' War entered the Belmont Stakes as an overwhelming 1-to-20 favorite, largely because only one horse, Donnancona, was entered against him. With victory over Donnancona seemingly assured, Big Red's real race that year was against the world record for a mile and three furlongs (2:16.8), which had been set in 1908 by the horse Dean Swift in Liverpool, England. The American record of 2:17.4 had been set by Sir Barton at the 1919 Belmont. Man O' War took more than two seconds off both times, running the race in 2:14.2 on his way to a 20-length victory. Donnancona finished the race a full 1/16 of a mile behind the winner. In his final race, Man O' War defeated the 1919 Triple Crown winner Sir Barton by seven lengths at the Kenilworth Park Gold Cup in Windsor, Ontario. It marked Man O' War's 20th win in 21 races.



1940, Edsel Ford - telephones

William Knudsen of the U.S. Office of Production Management (OPM) to confirm Ford Motor Company's acceptance of Knudsen's proposal to manufacture 9,000 Rolls-Royce-designed engines to be used in British and U.S. airplanes. By the spring of 1940, Nazi Germany had conquered Poland, Norway and Denmark and pushed France to the brink of defeat. An increasingly nervous General George C. Marshall, chief of staff of the U.S. Army, warned President Franklin D. Roosevelt that the United States needed to rearm in order to prepare for the possibility of a German attack on American shores. That May, Roosevelt called on Knudsen, a former Ford executive who became president of General Motors in 1937, to serve as director general of the OPM, the agency responsible for coordinating government purchases and wartime production. Knudsen had barely settled in Washington when he received an urgent appeal from the British government: The Royal Air Force (RAF) was in desperate need of new airplanes to defend Britain against an expected German offensive. Unlike other automakers, Ford had already built a successful airplane, the Tri-Motor, in the 1920s. In two meetings in late May and early June 1940, Knudsen and Edsel Ford agreed that Ford would manufacture a new fleet of aircraft for the RAF on an expedited basis. One significant obstacle remained, however: Edsel's father Henry, who still retained complete control over the company he founded, was known for his opposition to the possible U.S. entry into World War II. Edsel and Charles Sorensen, Ford's production chief, had apparently gotten the go-ahead from Henry Ford by June 12, when Edsel telephoned Knudsen to confirm that Ford would produce 9,000 Rolls-Royce Merlin airplane engines (6,000 for the RAF and 3,000 for the U.S. Army). However, as soon as the British press announced the deal, Henry Ford personally and publicly canceled it, telling a reporter: "We are not doing business with the British government or any other government." In fact, according to Douglas Brinkley's biography of Ford, "Wheels for the World," Ford had in effect already accepted a contract from the German government. The Ford subsidiary Ford-Werke in Cologne was doing business with the Third Reich at the time, which Ford's critics took as proof that he was concealing a pro-German bias behind his claims to be a man of peace. As U.S. entry into the war looked ever more certain, Ford reversed his earlier position, and in May of 1941 the company opened a large new government-sponsored facility at Willow Run, Michigan, for the purposes of manufacturing B-24E Liberator bombers for the Allied war effort. In addition to aircraft, Ford



Motor plants produced a great deal of other war materials during World War II, including a variety of engines, trucks, jeeps, tanks and tank destroyers.

Upcoming Events

Tues. 6/12 - USDA Supply and Demand

Tues.-Wed. 6/12-6/13 - FOMC Meeting

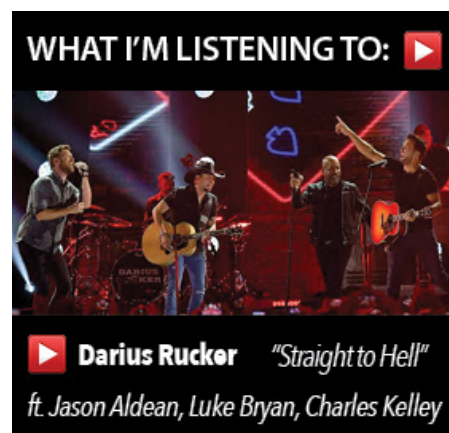
Fri. 6/22 - Cattle on Feed

Fri. 6/22 - Cold Storage

Thurs. 6/28 - Quarterly Hogs and Pigs

Fri. 6/29 - Quarterly Stocks and Acreage

Kevin's Song of the Week



Kevin's Song of the Week

Soybean crop conditions also take a slight step backwards, but similar to corn still remain extremely strong. The USDA now shows the U.S. crop rated 74% "Good-to-Excellent" vs. 75% last week vs. 66% last year vs. 74% in 2016. The USDA also showed the crop now 93% "planted" vs. the 5-year historical average of 85%. The crop was also reported 83% "emerged" vs. the 5-year historical average of 69% emerged by this date. In other words, the U.S. soybean crop appears healthy and running slightly ahead of schedule. As for today, the trade is eager to see what the USDA delivers in regards to the latest U.S. export and crush estimates, as well as their latest adjustments to the South American crop. Last month the USDA cut their Argentine production estate from 40 MMTs down to 39 MMTs, so perhaps there's still another small cut coming, but more than likely nothing significant. The USDA bumped Brazilian production higher last month from a record 115 MMTs to an even higher record of 117 MMTs. Bottom-line, probably not a lot of overall change in South American production. Perhaps a slight decline in the Argentine crop and a slight increase in the Brazilian crop. Obviously, trade headlines involving the Chinese are also still in play as the market tries to figure out

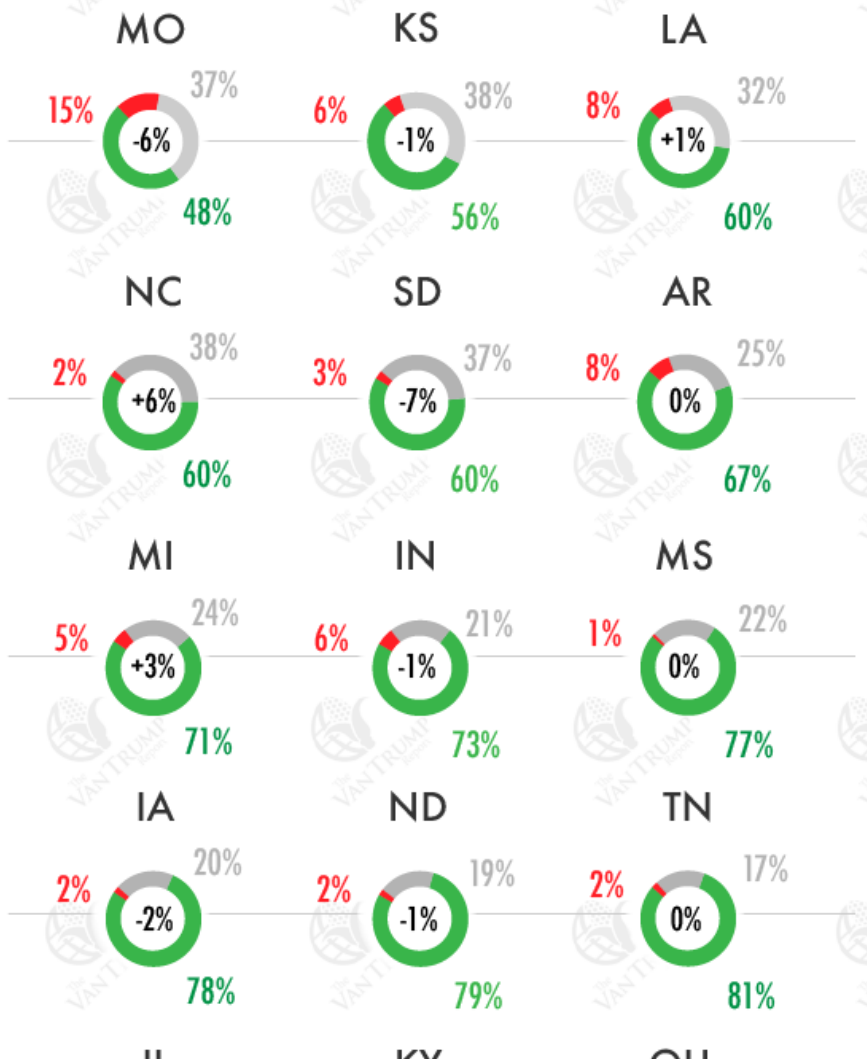
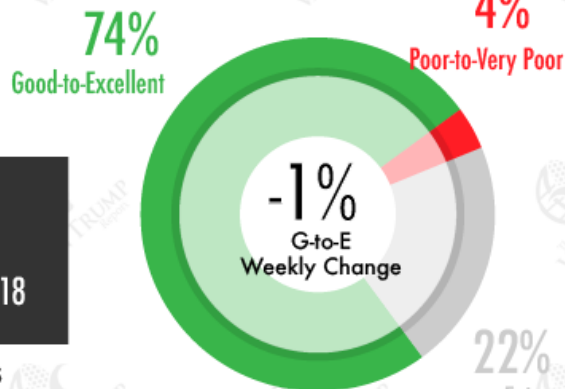
what happens with the large supply of U.S. old-crop soybeans that have been marked as "sold" but have yet not been "shipped"? I am also keeping an eye on the strength of the U.S. dollar vs. the South American currencies. World trade is definitely in focus and creating headwinds. There's also not much in the way of any real widespread U.S. weather story. For the most part weather conditions have been fairly cooperative, which has some thinking the USDA could actually bump their current yield estimate a hair higher. If they do, I don't see it being anything significant, but it could give the bulls another reason to backpedal. From a technical perspective, I still think we could test psychological support at \$9.50 and then perhaps the lows set back in June of last year at \$9.38 per bushel. As a producer, I'm happy with the fact I was aggressive on the rallies and have 65% of our estimated price risk removed. I continue to target the late-August to late-October timeframe as our next window of opportunity. If we can re-test the lows on the chart, I will be looking for ways to re-own a small portion of my previous sales.

Soybean Crop Condition Ratings

Week 23
week ending June 10, 2018

Source: USDA, NASS Crop Progress

2018 U.S. Soybean Condition Ratings



NEXT level THINKING



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

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

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

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

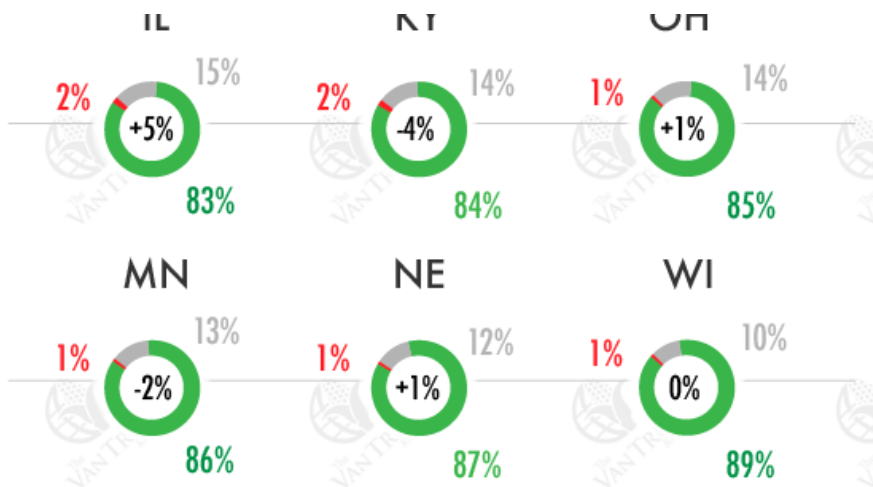
Kevin Van Trump

What Others Are Saying

"I am a recent subscriber to Kevin's newsletter, but I'm a long-time reader of many other high-profile marketing services. I am particularly impressed with the thorough manner in which Kevin evaluates every economic aspect, both nationally and internationally, that influences commodity prices. His analysis and conclusions are highly thought out and conveyed in layman's terms so that the reader can comprehend the numerous and often complex interrelationships that impact the markets. Kevin is a real attribute to the agricultural sector."

A.M., FDIC

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



Wheat harvest here in the U.S. is reported to be 14% complete vs. the 5-year historical average of around 10% complete. The USDA also showed 91% of the winter wheat crop is "emerged", which is about the exact same as our historical average and about the same pace we digested last year. Spring wheat was reported at 94% emerged vs. the 5-year historical average of 89%. Spring wheat conditions were left "unchanged" at 70% "Good-to-Excellent" vs. just 45% rated "Good-to-Excellent" last year at this juncture. I wish I had something fresh or new to report, but I still see weather headlines involving Russia and Ukraine as the biggest market mover. Today's USDA report probably offers little excitement as the trade sees more data confirming an adequate supply of both U.S. and global wheat. I also doubt we find any new or significant demand story. In fact, most sources are looking for the USDA to make another slight reduction to U.S. exports. As a spec, I like the thought of becoming a longer-term bull, but am in absolutely no hurry to make that play at this level, with Black Sea weather uncertainty drawing in extra risk-premium. I believe there will be better opportunities to buy value further down the road. As a producer, I have nearly 100% of my estimated 2018 production priced. I have also been able to eliminate price risk on an estimate 30% of my 2019 production. My last sale for 2019 was made when the JUL19 HRW wheat contract was trading up near \$6.25 per bushel. I suspect if the Russian weather problem continues to grow larger, I will be looking to use the rallies to reduce a bit more longer-term price risk.

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.

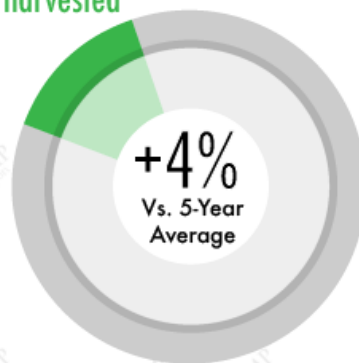
- Option #1 - Conservatively long.
- Option #2 - Aggressively long.
- Option #3 - Sitting on the sideline.

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.

Winter Wheat Harvested

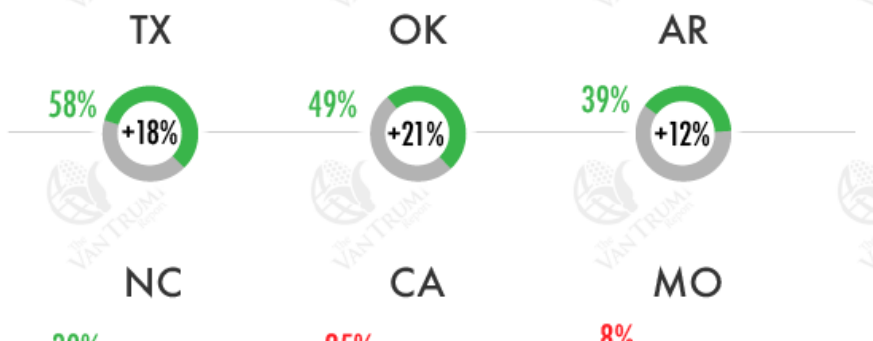
2018 U.S. Winter Wheat Harvested Percentage

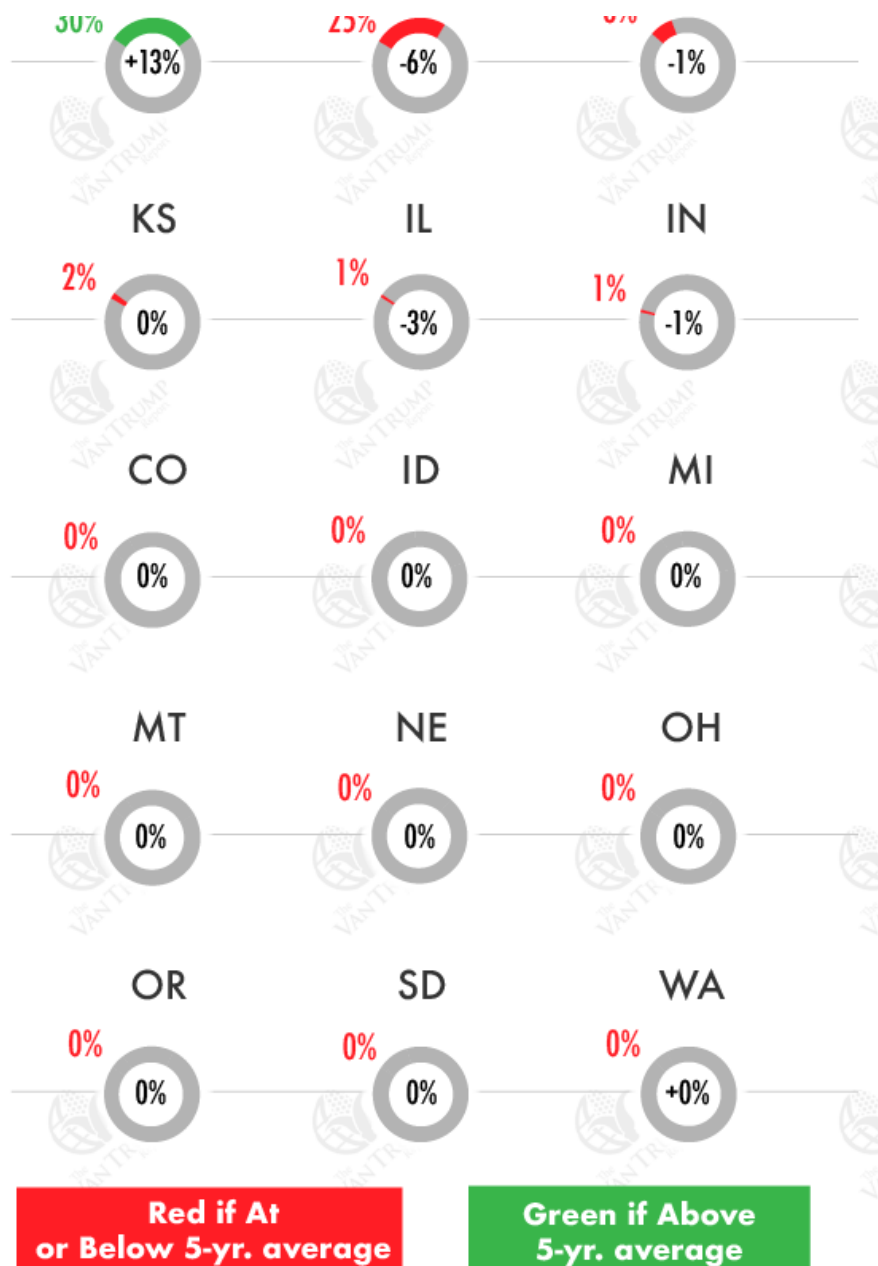
14% harvested



Week 23
week ending June 10, 2018

Source: USDA, NASS Crop Progress





Farm Direction
RECIPES

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

Bacon-Wrapped Stuffed-Sausage Fatty

[CLICK TO SEE RECIPE](#)

U.S. Ending Stocks 2017/18

	June #	Avg. Trade Est.	Trade Range	USDA May
Corn	???	2.166	2.132 - 2.192	2.182
Soybean	???	0.522	0.473 - 0.550	0.530
Wheat	???	1.079	1.045 - 1.100	1.070

U.S. Ending Stocks 2018/19

	June #	Avg. Trade Est.	Trade Range	USDA May
Corn	???	1.663	1.495 - 1.790	1.682

Soybeans	???	0.417	0.395 - 0.480	0.415
Wheat	???	0.958	0.820 - 0.994	0.955

World Ending Stocks 2017/18

	June #	Avg. Trade Est.	Trade Range	USDA May
Corn	???	193.39	190.0 - 195.1	194.85
Soybeans	???	91.35	88.3 - 93.1	92.16
Wheat	???	269.99	267.0 - 271.0	270.46

World Ending Stocks 2018/19

	June #	Avg. Trade Est.	Trade Range	USDA May
Corn	???	157.56	150.67 - 161.0	159.15
Soybeans	???	86.74	83.5 - 92.1	86.7
Wheat	???	263.0	260.0 - 265.8	264.33

U.S. Wheat Production

	June #	Avg. Trade Est.	Trade Range	USDA May
Hard Red Winter	???	0.645	0.608 - 0.670	0.647
Soft Red Winter	???	0.318	0.310 - 0.325	0.315
White Winter	???	0.228	0.202 - 0.242	0.229
All Wheat	???	1.822	1.787 - 1.870	1.821
All Winter	???	1.190	1.159 - 1.221	1.192

South American Production

	June #	Avg. Trade Est.	Trade Range	USDA May
Argentina Corn	???	32.53	31.0 - 33.0	33.0
Argentina Soybeans	???	37.89	36.0 - 39.0	39.0
Brazil Corn	???	84.47	78.39 - 87.00	87.00
Brazil Soybeans	???	117.43	116.5 - 119.0	117.0



> China Going To Chew Through More Corn Stocks With Ethanol: *The Chinese city of Tianjin will use gasoline with added ethanol in most vehicles by the end of September as Beijing pushes for adoption of the biofuel nationwide. Remember, the Chinese government last year said they want to rob out the use of gasoline blended with 10% added ethanol nationally by 2020. Remember, China is sitting on huge stocks of corn estimated to be at about 200 million metric tons. The country produces less than 2.5 million metric tons of ethanol a year, but the new policy could increase demand to 15 million metric tons a year by 2020 according to a Reuters estimate. (Source: Reuters)*

> COCERAL Lowers E.U. Crop Production: *In its second forecast for the 2018 crop, COCERAL revised down its E.U. total grain crop forecast from the previous figure of 302.5 million tonnes to 299.1 million tonnes. This would be almost exactly as much as last year's crop when farmers harvested 299.2 million tonnes of grains. The wheat crop was revised down from 140.5 million tonnes to 138.8 million tonnes, which would also be lower than the 141.6 million tonnes reached in 2017. COCERAL noted reductions have been made for Germany, Scandinavia, all Baltic countries as well as Romania due to the ongoing dryness. Crops in France and Spain, in turn, have been revised up. (Source: WorldGrain)*

> Amazon Go Adds Two Stores To Chicago: *Amazon reportedly has leased space in Chicago's iconic Willis Tower (formerly Sears Tower) as well as Ogilvie Transportation Center — one of the area's main commuter hubs — to build two Amazon Go cashierless convenience stores, the Chicago Tribune reported citing unnamed sources. I'm told that each day nearly 25,000 workers and tourists visit the sight, meaning we will now very soon how consumers will respond to grab and go.*

> Saudi Oil Raise Production Above 10 Million BPD: *Saudi Arabia boosted daily oil output in May to the highest level since October, ahead of meetings with Russian and other global producers next week where they may propose raising production even further. Saudi Oil told OPEC that daily production rose to 10.030 million in May. Iraq on Monday joined Iran and Venezuela in opposing any plans to start boosting crude output. They believe recent production cuts have not yet achieved their purpose as they want oil prices even higher than current elevated levels. (Source: Bloomberg)*

> Salmonella Linked To Backyard Poultry: *The CDC is investigating a multistage outbreak of salmonella infections that are linked to contact with live poultry, including chicks and ducklings from multiple hatcheries, in backyard flocks. As of June 1, 124 people infected with salmonella were reported from 36 states. About 312% of those who have become ill were children younger than 5 years.*

> U.S. Trade Official Debunks Talk Of China Buying \$70 Billion of U.S. Products: *If you remember, last week, several major news outlets reported that during recent trade talks in Beijing, China proposed to buy roughly \$70 billion worth of U.S. ag and energy products if the U.S. lifts its proposed tariffs. However, U.S. Trade Representative chief ag negotiator Gregg Dough said he doesn't know where that came from. Dough visited Beijing with the U.S. team earlier in the month to discuss trade issues with China. Doud says there are structural sanitary and phytosanitary policy issues that need to be addressed before the U.S. can export significantly higher amounts of ag products to China. (Source: AgPro)*

> Legal-Ade To The Rescue Of Young Lemon-Ade Entrepreneurs: *Lemonade stands have been a tradition in neighborhoods and street corners for generations, but recently the long arm of the law has seen fit to enforce code and slap fines on the kids for not having permits. Executives at Country Time thought it was an urban legend but investigated and found out it was a reality. So they stepped in to keep these sidewalk shops running. From what I understand, Country Time Lemonade is creating a team to help pay fines and permits for kids nationwide who want to run their own lemonade stands. And in the spirit of the drink's name, they're calling their initiative Legal-Ade. The group will cover fees up to \$300 for stands that were fined in 2017 or 2018 or for permits bought this year. Read more [HERE](#).*

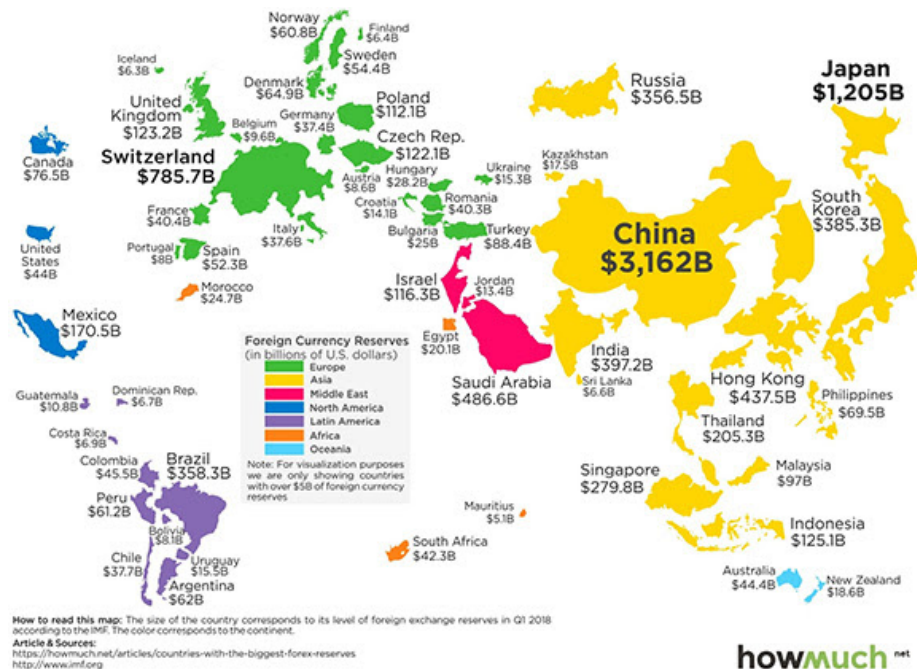
> Nickel Prices Continue To Push Higher: *The speculative fever for electric-car metals is pushing nickel prices to nearly four-year highs. Nickel is the top industrial metal and among the best-performing assets in 2018, with futures contracts on the London Metal Exchange up over +20%. (Source: Wall Street Journal)*

> Home Depot Delivery Coming Our Way: *Home Depot plans to spend around \$1.2 billion over the next five years to upgrade its online shopping capabilities. The company*

will add 170 distribution facilities so that it can reach 90% of the U.S. population in one day or less and plans to build around seven e-commerce fulfillment centers to help speed up deliveries. (Source: SeekingAlpha)

> **The Migrant Boat:** Over the weekend, a boat carrying more than 600 migrants was stranded after Italy and Malta refused to let it through their borders. In recent years, there's been a huge migrant crisis in Europe and many countries there have seen a rise in support for far-right, anti-immigrant parties. More than 600,000 migrants have entered Italy in the past few years. Earlier this year, Italy voted in an anti-EU, anti-immigrant gov. The new interior minister put down a 'not welcome here' mat when this boat was headed its way. The boat - which includes more than 100 children - was also rejected by Malta. The UN and EU demanded the two countries help out. Yesterday, Spain stepped in and offered to help. Unclear how long it might take for the boat to make it there. The standoff highlights not only the migrant crisis but the strain between Italy's new gov and the EU. (Source: The Daily Skimm)

> **Which Countries Hold the Most Foreign Reserve Currency:** In today's world, international trade is a high stakes game. Holding onto a stockpile of foreign cash gives you options in today's global world. The infographic below resizes countries on a world map based on their foreign currency reserves, according to the most recent IMF data. Of course, China tops the list with a solid \$3.2 trillion in reserves held. Also worth noting that major economies like the U.S. and Europe are very low as they do not hold near as many reserves. Furthermore, the U.S. dollar and the euro are the most common reserve currencies used in international transactions. (Source: HowMuch)



Central Illinois - We got 1.5 inches of rain last weekend which we desperately needed. The corn looks as good as it ever has since the rains and we are set up for a great year right now. The beans are ok looking, after having some issues getting them in the dry conditions. We put them down 2" which is deeper than normal but sure enough, that was where the moisture was and it paid off. We did have some spotty beans and where they didn't get down as deep so it definitely made a difference. We raise a few cattle that we call freezer cattle, meaning we sale to folks in town who like to know where their meat comes and after processing put them in the freezer. We are seeing more and more windmill operations starting up around here and it has me wondering what will happen to the corn when we get to full-on electric vehicles. Some of the contracts for the windmills are offering \$800-\$1200 an acre if you are close enough to the substations.

Northeast Illinois - I drove from Chicago to St. Louis down 55 Highway yesterday morning early and the weather was not for the faint of heart. It rained very hard for about 2 hours. I obviously couldn't pinpoint exactly how much rain was falling but based on the fact that cars were pulled over along the highway and my pick-up was hydroplaning quiet a bit I'm guess it rain several inches in the stretch I drove through. I did a little checking later in the day with a few of my buddies and they said that parts of that storm produced 5-8 inches of rain. That storm basically went through Northern

Iowa, Illinois and Indiana... I don't really know if Iowa or Indiana got the rain Illinois got but if they did all the dry spots are set for now.

Northern Illinois - This is the best looking corn I have seen in 20 years. Its a deep green and it's about waist high which is further along then we normally see this time of year. The rows are canopying and we just got a nice 3 inch rain over the weekend. The weather for the next week looks as close to perfect as a guy could expect for the 2nd week of June. I would say we are 6 weeks from what looks to be our best crop ever if the weather stays as pretty as we have seen in the previous 6 weeks. If we don't heat up then this rain will easily last us 2 weeks. Right now we could not ask for better weather!



Planning For The Future Of Ag... According To Indigo Ag CEO David Perry: Since their inception in 2016, Indigo Ag has seen a number of milestones including continuous improvement in Indigo Cotton yield gains, the development of an on-farm storage program, organic certification, and expansion of hundreds of thousands of acres of corn, soybeans, rice, and cotton. Indigo Ag CEO David Perry shared his insights on the future of our industry last week at the AgTech Nexus USA in Boston. He believes there are five forces that are and will continue to shape agriculture in our near future. Find out what they are [HERE](#).

Amazon Disrupting Traditional Food And Agriculture: It has been close to a year since Amazon purchased Whole Foods for roughly \$13.5 billion. During this period Whole Foods' foot traffic has increased roughly +3% in each of the quarters since, according to an analysis by Thasos Group. That came after two straight years of stagnating sales at the chain before the deal. Higher foot traffic improves a retailer's likelihood of sales, and the figure can be used as a proxy for a chain's health. The deal has been "shaking up the food industry from top to bottom," said Angela Spivey, a food-and-beverage attorney at McGuireWoods LLP, who is advising clients on how to quickly change their packaging and marketing to sell at Amazon and Whole Foods. "Don't be surprised if the milk and cereal just shows up at your door based on your usual eating habits." Food retailers, manufacturers and other suppliers have begun to make fundamental changes to their selling strategies, driven partly by stronger sales and delivery from Whole Foods stores since the acquisition. Read more [HERE](#)

Pop Stroke Is Hoping To Make Miniature Golf Cool Again: POP Stroke, is a new adult-oriented "golf entertainment facility" that represents a more modern take on the fun but schlocky kid-oriented courses of the past. "This is the cutting edge of miniature golf courses," said Greg Bartoli who is bringing the new facility to Florida's eight largest city. "It's going to be a real true putting experience and there's not going to be any tacky windmills or a lot of the things you'd see in a 1980s style golf course." The goal was to give a modern, high-tech edge to the experience. Read more [HERE](#).

Are Windowless Airplanes In Our Future? Don't panic if your claustrophobic as it isn't as bad as it sounds. Emirates Airlines just designed a windowless airplane. Apparently, airplanes without windows are 50 percent lighter, and will therefore also cause less emissions. Instead of windows, Emirates introduces digital screens where the windows used to be, showing the outside landscape that is being recorded by fiber-optic cameras, in an effort to create the feel of looking through a normal window. Emirates' president, Tim Clark, told the BBC that the goal is the bring these fake 'digital' windows to all the airline's planes in the future. Read more [HERE](#).

Why Tech Is Migrating To The Silicon Prairie: In early 2010, Mark Kvamme, a prominent venture capitalist at Sequoia Capital, took a 6-month leave of absence and left Silicon Valley to explore the Midwest. When he was there, something strange happened. "I kind of fell in love with the place." Kvamme told Forbes. "The opportunity that I saw in Ohio and the rest of the Midwest... I really felt like there was something happening here. I think people will look back and say it was so obvious that the Midwest was about to emerge because the numbers had swung so far against it," he says. The "numbers" he's referring to don't lie: The Midwest is home to 150 Fortune 500 companies, 25% of all US computer science graduates, and 60% of the country's manufacturing base. It is a large market, making up 19% of the U.S. GDP and is rife with innovation as it holds 19% of all patents — yet it accounts for only 5% of all venture capital funding. My friend Carter Williams and his crew at [iSelect Fund](#) are also making a big splash in helping to grow the Midwest. Read more [HERE](#).

The MIDWEST is home to...



60% of all
U.S. manufacturing



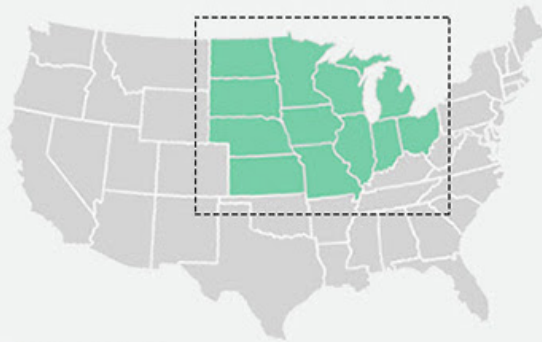
25% of all computer
science graduates



19% of all U.S.
patents



150 Fortune 500
companies



...yet the region receives only **~5%** of all VC funding

Zachary Crockett, **the HUSTLE**

Money is flowing into Midwestern startups

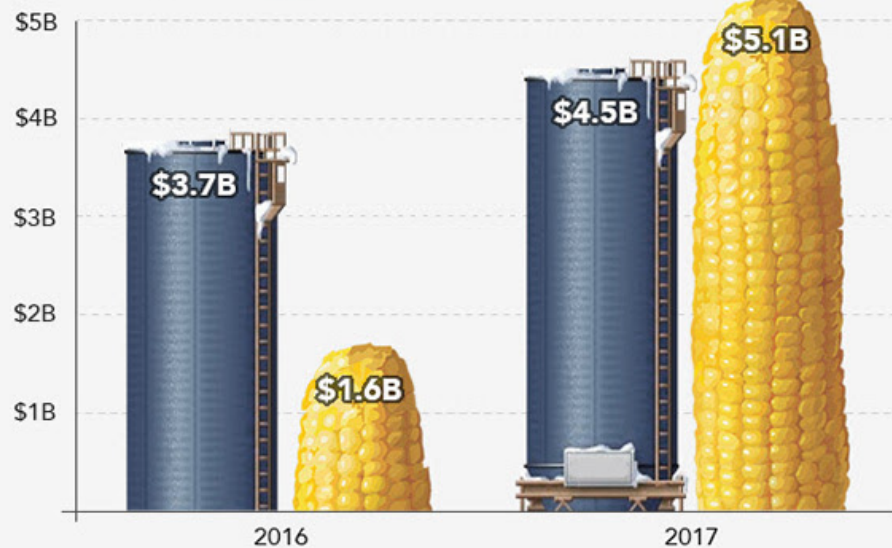
Total VC money raised by Midwestern startups, and total exits



VC money raised



Total value of successful exits



Data via Crunchbase News, TechCrunch

Zachary Crockett, **the HUSTLE**

In the Midwest, salaries are lower but buying power is higher

How average computer programmer salaries and the cost of living differ between San Francisco and large Midwestern cities

City	Salary (avg.)	Adjusted*	Percentage cheaper than SF		
			Housing	Utilities	Groceries
San Francisco, CA	\$124,000	—	—	—	—
Chicago, IL	\$90,000	\$140,000	-57%	-21%	-14%
Cleveland, OH	\$76,000	\$143,000	-76%	-9%	-11%
Columbus, OH	\$84,000	\$180,000	-79%	-32%	-21%
Detroit, MI	\$84,000	\$169,000	-74%	-11%	-28%
Indianapolis, IN	\$84,000	\$177,000	-78%	-15%	-26%
Madison, WI	\$94,000	\$170,000	-70%	-8%	-18%
Minneapolis, MN	\$88,000	\$165,000	-71%	-21%	-15%
Omaha, NE	\$84,000	\$177,000	-75%	-25%	-25%
MIDWEST	\$85,500	\$182,700	-73%	-18%	-20%

*Adjusted = Equivalent salary in San Francisco, based on buying power
Data via C2ER Cost of Living Index (Jan. 2018)

Zachary Crockett, **HUSTLE**



Saildrone Inc. Set To Change Weather Forecasting

Saildrone Inc. is set to change how researchers go about gathering information from the world's oceans. Backed by \$90 million in venture capital, Saildrone was founded in 2012 and is now in a position to not only offer more up to date and accurate data but save a ton of money currently being spent on the process. It's worth noting the cost for the ships that NOAA requires start at nearly \$80 million and can run up to over \$150 million. On top of that it costs between \$50,000 to \$100,000 per day to operate them. Another downside is that the sensors used in the collection of ocean information are fixed positioned units, meaning there are always gaps or lags in the data. Designed to ease the cost and burden of the current process, Saildrone will have 200 drones built by year's end, with the eventual goal of 1,000 to soon follow at a cost of \$2,500 a day for usage. Having that many drones allow for round-the-clock assessments of the oceans and all for the same price of a single NOAA research ship. Clearly, it is time for a more efficient and effective solution to an area that can have far-reaching effects on industries like fishing, logistics, oil and gas rigs and various types of scientific research. Not to mention the potentially life-saving information that will be produced by the drones. Remember Superstorm Sandy, which approached New York on 2012? U.S. and European models were not in agreement as to the water temperatures ahead of the storm leading to differing forecasts as to the future strength of Sandy. We were wrong and they were right, but the point is, they were both merely educated guesses. Saildrones would be able to enter these types of environments and send us the critical data we need to make more accurate forecasts as we seek to better determine strength and landfall positions. NOAA says it plans to use about two dozen saildrones in the next year for missions that include weather and climate change research. Hopefully, the lesser costs and more accurate data will allow for more in the scientific community to be able to play in the otherwise expensive and exclusionary game of collecting ocean data. As a final mention, take the time to click the link and learn about Saildrones creator Richard Jenkins, interestingly the development of the drone was somewhat of an accident. (Source: [Bloomberg](#))





Alibaba Wants To Be The China Gateway For American Businesses & Farmers

Alibaba continue to host events across the U.S. that are designed to teach U.S. businesses how to sell directly to customers in China. The move was part of founder and executive chairman Jack Ma's pledge to give 1 million U.S. small businesses an entrance to the Chinese market. While it's no secret that the U.S. imports a great deal of goods from China, and that China imports fewer things from the U.S., Alibaba believes those number could be greatly equalized if it were more easily understood how to market to the Chinese consumers. The Alibaba site already has about 7,000 U.S. businesses, which are mostly large companies with big name-brands. Over the next five years, Alibaba wants the number of U.S. companies selling on their platform to rise to more than 1 million, with the vast majority made up of small businesses. In fact, Alibaba has hosted several events with hundreds of small business owners and even farmers across the U.S. in attendance. First, Alibaba will educate attendees about the business opportunity that China represents. Next they explain how the nuts and bolts of selling to China works, including everything from finding a partner company in China to the logistics of shipping, to dealing with foreign exchange. Finally, the company will play "matchmaker", introducing American companies to small Chinese businesses that maintain digital storefronts on Alibaba's Tmall and Taobao sites. For those not familiar with Alibaba, it most closely compares to the online shopping giant Amazon. However, Alibaba does not actually sell anything. Rather, they just provide a "digital mall" where sellers and buyers can connect, kind of like e-bay. They see themselves as a gateway for merchants to reach customers. In an open letter to U.S. businesses, farmers and entrepreneurs published on the Alibaba website, Ma said his company's goal is to make it easy for American small business owners to "take advantage of the China opportunity." And it really could be quite the opportunity - China's middle-class population is projected to exceed 600 million by 2022, or nearly twice the size of the entire U.S. population. Last year, China surpassed the U.S. as the world's largest retail market, with spending topping U.S. \$4.84 trillion. By next year, China's online spending is projected to be greater than the rest of the world combined. I should also note, fresh food has become an important sector in China, dry food items account for 12 percent of on-line purchases, followed very closely by fruit at 11 percent, meat and seafood at 8 percent, dairy and poultry at 7 percent, with vegetables coming in at 5 percent. Farmers and fisherman looking to position their products in China might want to consider the growth areas in frozen and chilled foods as well as fresh; and ready to eat/cook. In order to meet the Alibaba 72-hour delivery goal for products purchased on-line, particularly for fresh produce, the organization has established a joint venture with UPS and China-based logistic firms. Fresh produce sales, for Washington Apples and Northwest Cherry Growers have soared since then. Chinese consumers can pre-order apples and cherries and take delivery of those items within 72 hours of harvest. (Sources: Barrons, USA Today)





A Few Lessons From Nick Saban... And A Few Things I've Learned Myself

When you have 6 National Championships under your belt, folks tend to listen to your story. Alabama's Head Football Coach Nick Saban believes when trying to develop young people it's best to focus on the "process" rather than the "end-result". For Saban to use the approach is pretty impressive considering he has to operate in such a results-oriented environment. Many will still argue he is only focused on "winning," but I believe his success runs much deeper. Saban's main words to his team are often... "Don't think about winning the SEC Championship. Don't think about the national championship. Think about what you needed to do in this drill, on this play, in this moment. It's the process that matters: Let's think about what we can do today, the task at hand." Through the years I have preached a similar mantra to my family, friends and staff. It's critically important to be present in the moment. Too often people are looking so far out on the horizon they miss life. I was at my nieces dance recital this past weekend and most all of the men in the audience were flicking through their cell phones, which is sad. For years I've made it my goal to present in the present. I had a huge hedge fund manager tell me years ago that you can learn so much more about yourself and about life by being present in the present. In fact, the peacefulness and innocence of watching the girls dance this past weekend actually helped my mind relax and gave me a couple of fresh new ideas about my current investment strategies. It has been proven time and time again that those who live in the moment tend to be happier, calmer and more relaxed, and appreciative. Mindfulness can also increase our ability to be in tune with our inner-thoughts, emotions, and feeling of others around us. My grandmother always told me, depression lives in the past and anxiety lives in the future, therefore, calmness and peace of mind must live in the present. Below are some interesting thoughts on the subject that I wanted to pass along and share with everyone. They have helped me through the years and I hope you can find a nugget or two that you can use. (Source: [Psychology Today](#))

Our Minds Never Stop Swinging From Thought To Thought: When we're at work, we think about what we have to do when we get home or what we need to do to go on vacation; when at home or on vacation, we worry about the things we might have forgotten or missed at work. We dwell on intrusive memories of the past or fret about what may or may not happen in the future. We don't appreciate living in the present because our minds are always pushing our thoughts in one direction or another. Which ultimately allow our thoughts to control us. In order to feel a bit more control and to find a better sense of balance, we need to stop swinging from thought to thought, we need to pause, making a concerted effort to practice mindfulness, which is a state of active, open, intentional attention on the present. When you become mindful, you realize that you are not simply a culmination of your thoughts. You become an observer of your thoughts from moment to moment without judging them or acting on them.

Mindfulness Can Help In A Lot Of Ways: Many studies have shown that "mindfulness" can help reduce stress, boost immune functioning, reduce chronic pain, and lower blood pressure. By alleviating stress, spending more time actively focusing on living in the moment can help greatly improve our health. Mindful people tend also to be happier, more exuberant, more empathetic, and more secure. They have higher self-esteem and are more accepting of their own weaknesses. Anchoring awareness in the here and now helps reduce the kinds of impulsivity and reactivity that underlie depression, binge eating, and attention deficit problems. In other words, mindful people can hear negative feedback without feeling threatened. They fight less with their romantic partners and are more accommodating and less defensive. As a result, mindful couples tend to have a much more satisfying relationship.

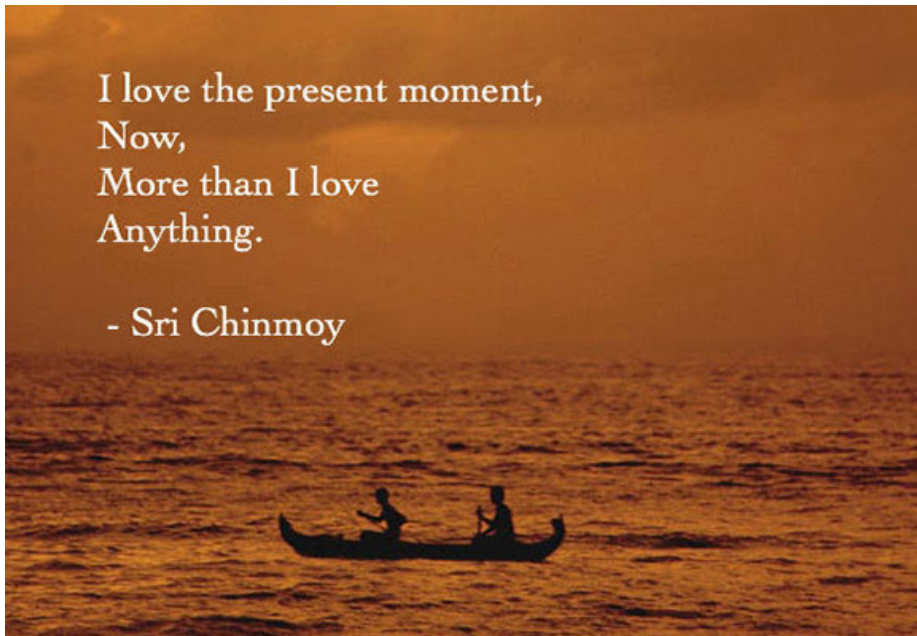
Trying To Reach "Flow"... We've all played sports, made investments or been on our jobs feeling like we were "in the flow". Meaning at our best where nothing could distract us and everything felt as if it were in synch. For most of us, "flow" is an extremely elusive state. As with romance or sleep, you can't just will yourself into it—all you can

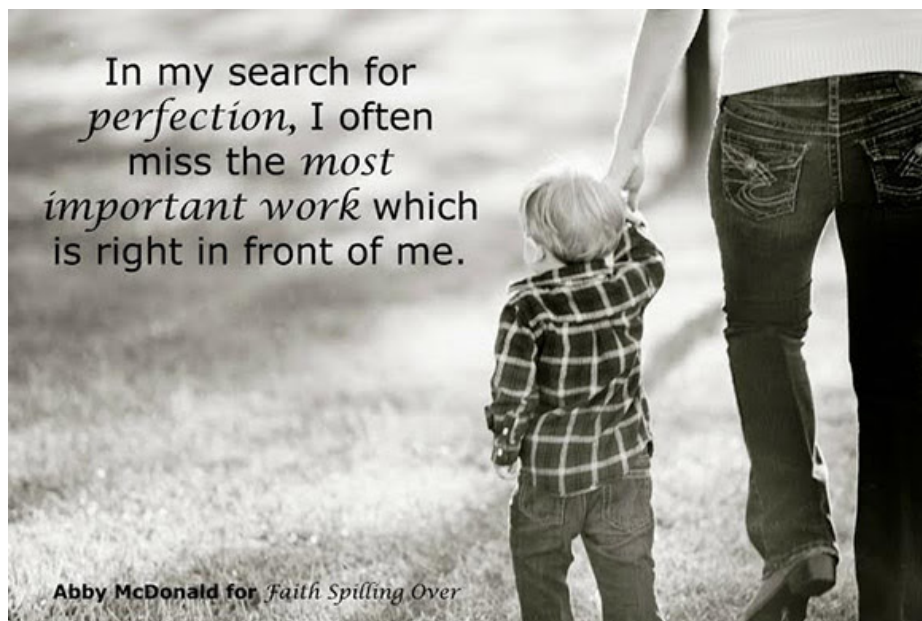
do is set the stage, creating the optimal conditions for it to occur. For "flow" to happen, many who have studied the subject, suggest that goals need to be clearly defined so that you always know your next step. They also say you need to set up the task in such a way that you receive direct and immediate feedback; with your successes and failures apparent, you can seamlessly adjust your behavior. A climber on the mountain knows immediately if his foothold is secure; a pianist knows instantly when she's played the wrong note. Make certain you are constantly looking at the scoreboard and providing yourself honest and accurate feedback. As your attentional focus narrows, self-consciousness evaporates. You start to feel as if your awareness merges with the action you're performing. You feel a sense of personal mastery over the situation, and the activity becomes so intrinsically rewarding that although the task is difficult, action feels effortless.



I love the present moment,
Now,
More than I love
Anything.

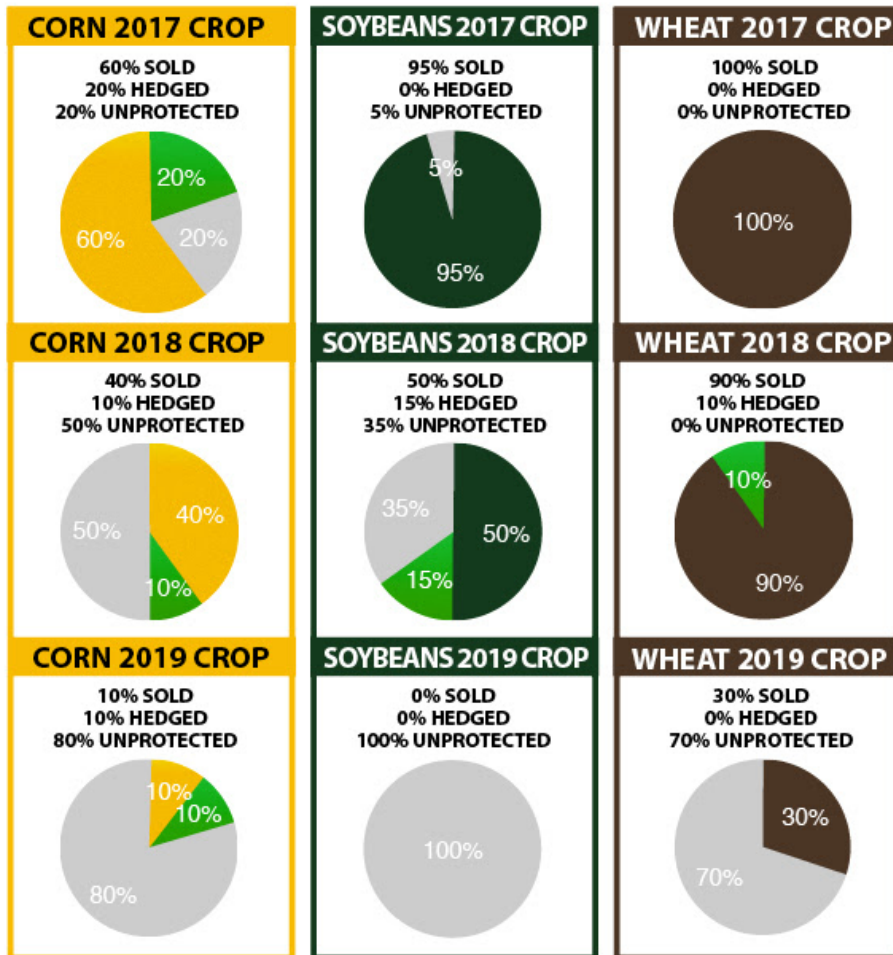
- Sri Chinmoy





ANSWER to riddle: Snow.

CASH SALES & HEDGING TOTALS



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



© FARM DIRECTION 2011

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

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

Tue, Jun 12, 2018 at 6:31 AM

[Quoted text hidden]