

GOOD MORNING: 07/10/18 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, Jul 10, 2018 at 6:32 AM



"The one fact pertaining to all conditions is that they will change." - Charles Dow

TUESDAY, JULY 10, 2018

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

Morning Summary: Stocks are higher to start the morning as investors continue to see strong U.S. economic data outweighing worries about rising trade tensions. Despite the stock market holding steady the past few weeks into the eye of the trade storm, many bears continue to argue that if Washington continues to raise the stakes on China, heavy tariffs on Chinese goods could eventually lead to a credit implosion, followed by a more deep-cutting recession for the #2 economy in the world. The fallout in China would eventually spill over and create some type of global recession that could negatively impact the U.S. economy and the stock market. Larger bears are arguing that the epic Chinese credit bubble is already starting to deflate and lose air, the tariffs might simply be the straw that breaks the camels back. I'm not thinking many are calling for a "crash", but some very reputable traders and fund managers are certainly saying we are "late-cycle" in the bull market and could soon be entering the early-stages of a bear market that might last for 12 to 24 months depending on the ramifications of the trade disputes and how things play out. Regardless of if we actually fall into a bear market, many seasoned investors believe we are "late cycle" which generally tends to favor growth and momentum plays. Hence, the reasons I've shifted my strategy from a longer-term investment approach to a slightly shorter-term trader approach. I'm certainly not saying there's no money to be made in the market. I'm just saying I've become more defensive in nature with a shorter-term mindset. I'm holding fewer stocks and a less diversified portfolio. As for today's economic headlines, most in the trade will be focused on CPI and PPI data out of China as well as the updated JOLTS employment numbers for the U.S. Most of the focus in Washington is currently surrounding President Trump's latest Supreme Court nomination. In case you missed the prime time event last night, President Trump nominated Judge Brett Kavanaugh to fill the newest vacancy on the U.S. Supreme Court. Kavanaugh almost certainly falls to the right of the retiring Anthony Kennedy as a Supreme Court justice, and would clearly create a rightward shift in the Court's demeanor. Should the Senate approve Kavanaugh, President Trump will have chosen as many justices as President Obama and President Bush each did over the course of their eight-year presidencies.

All 12 of Thailand Boys Soccer Team Players Have Been Rescued: *An elite team of rescue divers have brought out the final boy from a cave near the Thai-Myanmar border, bringing to 12 the number who have been extracted through a labyrinth of tight passages after their soccer team spent two weeks trapped in darkness. The boys, ranging in age from 11 to 16, and their soccer coach, 25, set out to explore the cave on June 23, but they became trapped after heavy rains flooded passages. Their ordeal has transfixed millions of people, as a massive rescue effort was planned and mounted. As of this morning all boys are safe and alive. I believe they still need to rescue the coach...*

Home Owners Sitting On \$5.8 Trillion Of Tappable Equity: *If you own a house, you might be richer than you think. American homeowners have over a collective \$5.8 trillion in tappable equity, the highest volume ever recorded and +16% above the last home price peak in 2006. But very few homeowners are taking advantage of the pile of cash at their disposal, thanks mostly to variable interest rates that are packaged into HELOCs. Nearly 80% of tappable equity is held by homeowners whose current mortgage interest rate is below 4.5%, and 60% of it is held by borrowers whose rate is below 4%. The average rate on the 30-year fixed today is around 4.8%, according to the Mortgage Bankers Association. Read more [HERE](#).*

Say Hello To My Little Friend... *Sarasota County Florida Sheriffs weren't expecting to find this big fella when they replied to a distress call on Sunday. According to Supervisor Sellitti who has been with SCSO for 20 years, this may be*

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 new
innovations.

Innovations
that will be
changing & shifting

the largest gator they've ever responded to. Measuring over 13 feet long, the gator apparently was trying to attack two dogs who happen to be off their leashes at the time when authorities were called. Read more [HERE](#).



the farm industry.

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

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:

You cannot keep me until you have given me. What am I?

Weather across the Corn Belt has seen the brief cool spell turn back to warm conditions. Across the lower Midwest, dry weather favors winter wheat maturation and harvesting. Currently, shower activity is limited to scattered locations across the upper Midwest. On the Plains, showers and below normal temperatures prevail across southernmost areas, including parts of Texas. However, most of the rain is falling south of the Texas Plains' primary cotton belt. Meanwhile on the central and northern plains, near to above normal temperatures are promoting a rapid pace of summer crop development. In the South, all the attention is focused on the tropical storm which is expected to accelerate northeastward along the Mid-Atlantic coast. It could possibly become a hurricane, however, the impacts to land are expected to be minimal and will mostly cause heavy surf and little else. Looking ahead, hot, dry weather will persist for the remainder of the week in the West and the Northwest. The Plains will also experience mostly above normal temperatures. In contrast, the Southwest will remain relatively cool, as cloudiness and showers will help to suppress temperatures. Farther east, showers and thunderstorms will be most numerous across the South and upper Midwest, leading to 5 day rainfall totals of 1 to 2 inches. The 6 to 10 day outlook calls for near to above normal temperatures nationwide, except for cooler than normal conditions in parts of the Desert Southwest. Hot weather will be most likely across the Northeast and the Far West. Meanwhile near to above normal rainfall across most of the country should contrast with drier than normal weather in the western Gulf Coast region and from the Pacific Northwest to the northern High Plains. Below is the 5 day rainfall outlook through Saturday, July 14. Again, rain will push to the Northern Plains and upper midwest and the southern Plains and Midwest and will miss much of the Midwest and eastern Corn Belt.

\$500

Early Bird Special
For First 200 to Register :

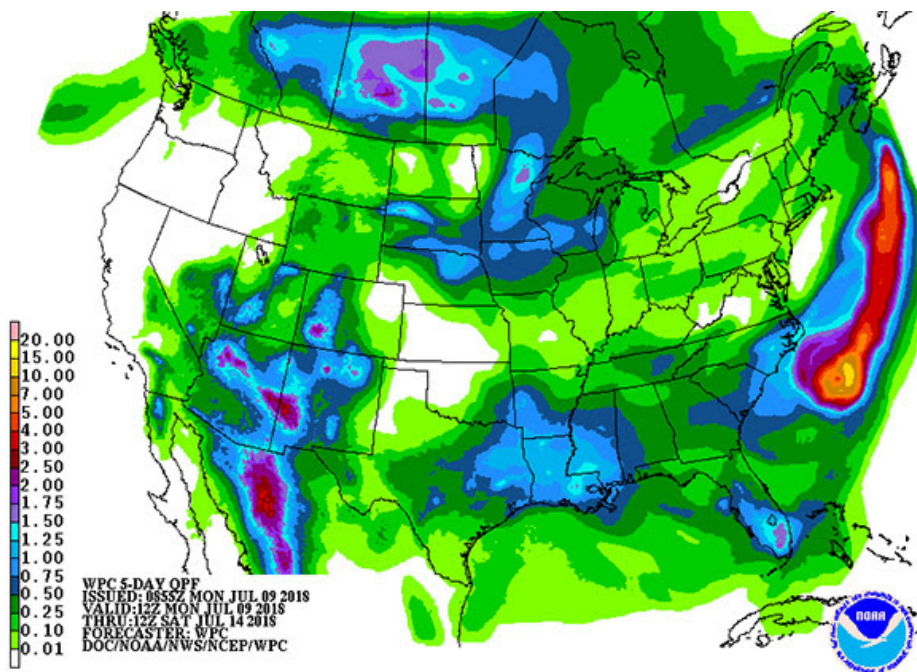
\$299

**Click Here To
Learn More**

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

- John Wooden

**The VAN TRUMP
Report**



Corn prices are slightly lower as bears believe they are looking at a slightly wetter and cooler forecast out beyond this weekend. The bulls are pointing to continued dry pockets and extremely warm conditions for parts of the southern Plains and portions of the Delta, which we will continue to monitor. Arguably, Missouri and areas that move into bordering states surrounding it, Arkansas, Kansas, Illinois and Iowa are being closely tracked for stress due to lack of moisture. The upcoming USDA report scheduled for release on Thursday seems to be creating a little headwind. The acres are obviously going to be raised higher and there's also some concern that tariffs will start to be negatively factored into the balance sheet. Although that's not a huge consideration currently for corn. I have to imagine if NAFTA talks take a turn for the worse, we could see corn demand take a hit. There's also more speculation and uncertainty surrounding ethanol exports and how demand will hold up through ongoing trade negotiations? I suspect the USDA will leave the yield "unchanged" on Thursday at 174 bushels per acre, despite most inside the trade using a 175 or higher type number. You would have to go all the way back to 2012, to see the USDA adjust their June to July yield estimate. That was the drought year and the USDA's first major cut to the crop, dropping the yield estimate a massive -20 bushels from 166 down to 146. The yield was lowered by another -22.6 bushels in the following August report. I was curious about the overall crop-condition back in early-July of 2012, so I did a bit of research. On July 9th of 2012 the USDA showed 40% of the U.S. crop in "Good-to-Excellent" condition, that compares with the USDA's most recent 2018 estimate, same date July 9th, where 75% of the crop is in "Good-to-Excellent" condition. For the week, declines in corn conditions occurred in Colorado, Michigan and North Carolina. The biggest improvements occurred in Pennsylvania, South Dakota, Tennessee and Texas. This isn't the best crop-condition rating we've seen in the past 30-years, but rather the seventh best. I was a bit bored with the lack of fresh headlines, so I wanted to compare 2012's crop-condition against the current crop in 2018, below is a state-by-state comparison:

State "2012 GD/EX vs 2018 GD/EX"

Colorado 31% GD/EX in 2012 vs. 70% GD/EX in 2018

Illinois 19% vs. 81%

Indiana 12% vs. 76%

Iowa 46% vs. 78%

Kansas 19% vs. 52%

Kentucky 5% vs. 85%

Michigan 31% vs. 66%

Minnesota 77% vs. 79%

Missouri 12% vs. 48%

Nebraska 47% vs. 86%

North Carolina 47% vs. 40%

Co-hosted by:



Today In History



1856, Nikola Tesla - Serbian-American, inventor, electrical engineer, mechanical engineer, physicist and futurist best known for contributing to the

design of the modern alternating current electricity supply system, was born on this day. After receiving an advanced education in engineering and physics, Tesla gained practical experience in the 1880's working in telephony as well as at Continental Edison. He came to the U.S. in 1884 and became a naturalized citizen. It wasn't long before Tesla had set up laboratories and companies in New York City, seeking to develop various electrical and mechanical devices. His alternating current (AC) induction motor and related polyphase AC patents, licensed by Westinghouse Electric in 1888, earned him a considerable amount of money and became the cornerstone of the polyphase system which that company would eventually market. It was in late 1886 that Tesla would meet Alfred S. Brown, a Western Union superintendent, and New York attorney Charles F. Peck, who were both experienced in setting up companies and promoting inventions and patents for financial gain. With that, the new Tesla Electric Company was formed in April of 1887. In 1887, Tesla developed an induction motor that ran on alternating current (AC), a power system format that was rapidly expanding in Europe and the United States because of its advantages in long-distance, high-voltage transmission. The motor used polyphase current, which generated a rotating magnetic field to turn the motor, a principle that Tesla claimed to have conceived in 1882. This innovative electric motor, patented in May 1888, was a simple self-starting design that did not need a commutator, thus avoiding sparking and the high maintenance of constantly servicing and replacing mechanical brushes. In July 1888, Brown and Peck negotiated a licensing deal with George Westinghouse for Tesla's polyphase induction motor and transformer designs for \$60,000 in cash and stock and a royalty of \$2.50 per AC horsepower produced by each motor. Westinghouse also hired Tesla for one

North Dakota 74% vs. 86%

Ohio 28% vs. 82%

Pennsylvania 55% vs. 71%

South Dakota 60% vs. 74%

Tennessee 12% vs. 84%

Texas 59% vs. 38%

Wisconsin 43% vs. 82%

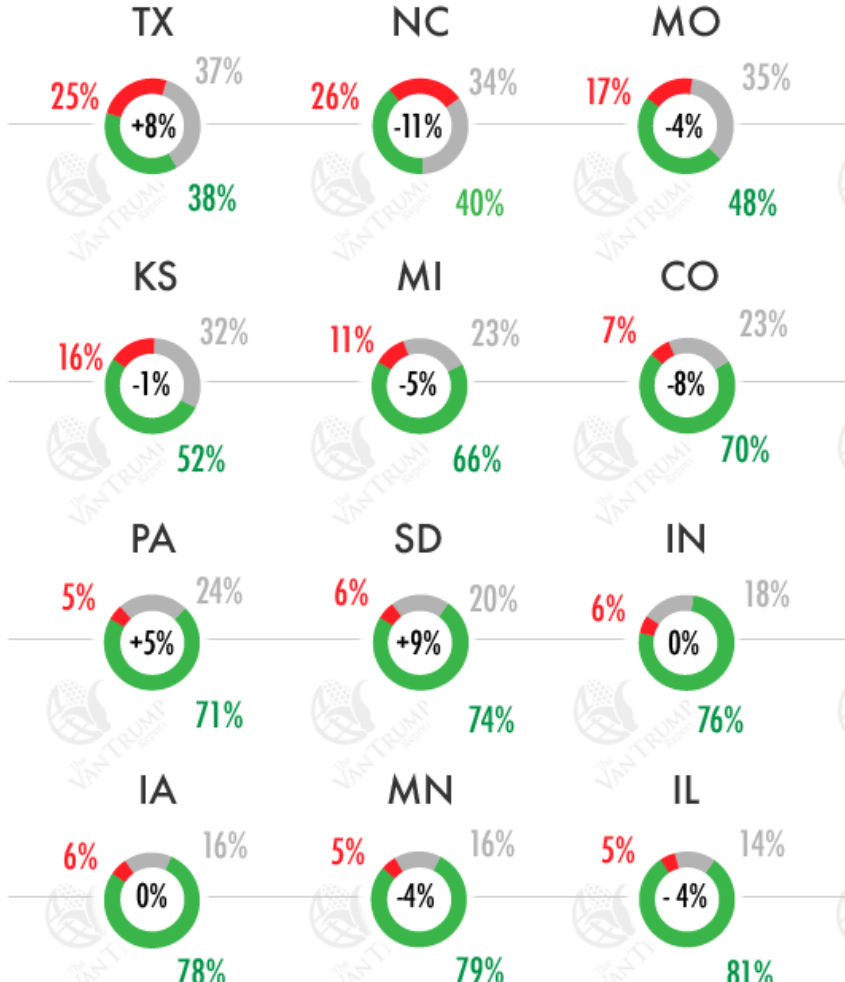
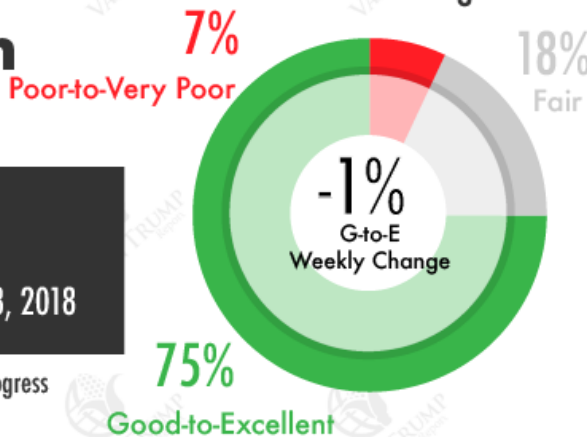
CURRENT CROP-CONDITION

Corn Crop Condition Ratings

Week 27
week ending July 08, 2018

Source: USDA, NASS Crop Progress

2018 U.S. Corn Condition Ratings

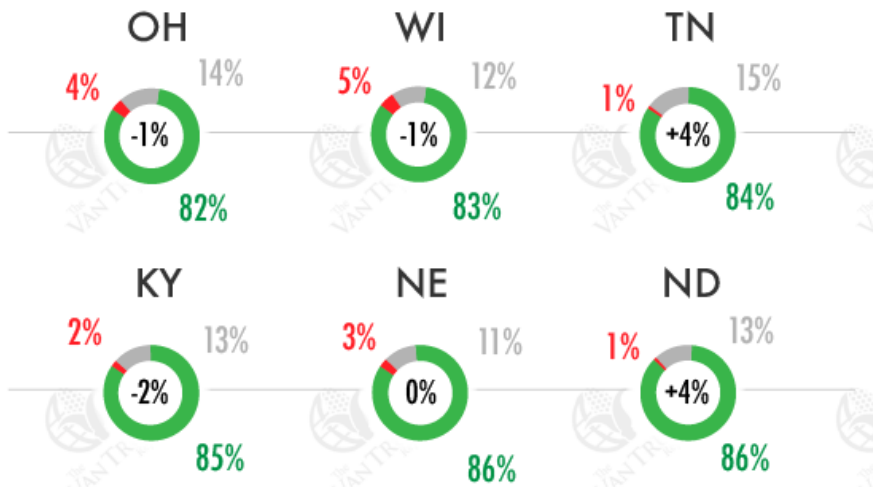


year for the large fee of \$2,000, \$54,500 in today's dollars per month to be a consultant at the Westinghouse Electric & Manufacturing Company's Pittsburgh labs. During that year, Tesla worked in Pittsburgh, helping to create an alternating current system to power the city's streetcars. Tesla would lead the way into many of today's electrical processes and along the way, he started a unique project known as the Wardenclyffe Tower, a system of wireless transmission, with the financial assistance of J. Pierpoint Morgan. This was Tesla's attempt to move ahead of systems that Marconi would eventually lay claim too. With over \$4 million in today's dollars, the project would never reach the heights Tesla envisioned and he would continue to hound Morgan for more funds to build a bigger facility following Marconi's successful transmission in 1901. Eventually the project would financially destroy Tesla and cause a nervous breakdown. Tesla would pass away on January 7th, 1943 in a hotel room in New York. There are very few individuals who have contributed more to the advancement in an industry that Tesla and we take many things for granted today thanks to his efforts.



1925, Scopes "Monkey"

Trial - John Thomas Scopes, a young high school science teacher from Tennessee is accused of teaching evolution in violation of state law, leading to the start of the "Monkey Trial" on this day in 1925. Four months earlier Tennessee passed the law which made teaching "any theory that denies the story of the Divine Creation of man as taught in the Bible, and to teach instead that man has descended from a lower order of animals", a misdemeanor punishable by fine. Interestingly, along with local businessman George Rappalyea, Scopes had conspired to get charged with this violation, and after his arrest, the pair enlisted the aid of the American Civil Liberties Union (ACLU) to organize a defense. Hearing of this coordinated attack on Christian fundamentalism, William Jennings Bryan, the three-time Democratic presidential candidate and a fundamentalist hero, volunteered to assist the prosecution. Soon after, the great attorney Clarence Darrow agreed to join the ACLU in the defense, and the stage was set for one of the most famous trials in U.S. history. Dayton Tennessee soon became the hot spot around which hordes of spectators, preachers and media descended turning the city into a carnival-like atmosphere. Right out of the gate, the defense would suffer a setback as Judge John Raulston ruled against their attempt to prove the law unconstitutional and then refused to end his practice of opening each day's proceeding with prayer. Those supporting the defense's position set up exhibits featuring two chimpanzees and a supposed "missing link", who was in fact Jo Viens of Burlington, Vermont, a 51-year-old man who was of short stature and possessed a



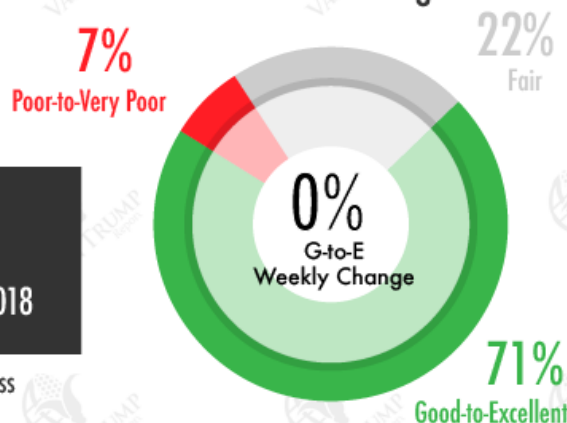
Soybean bears remain in control as weather in the U.S. continues to cooperate and the Chinese remain opposed to U.S. trade offers. There's really very little else to discuss as these headlines dominate the trade. Most insiders are thinking the USDA is going to raise their production estimate slightly on an increase in U.S. acreage. They also believe ending stocks could push back closer to 500 million bushels, from the existing 385 million estimate, on tariffs and lack of Chinese buying. Throw in a record setting Brazilian crop and the possibility of a new record setting U.S. crop, and you can see why the bears seem to have the bulls pinned down. The USDA confirmed the possibility of a record setting U.S. crop by leaving the weekly conditions "unchanged" at 71% rated "Good-to-Excellent" vs. just 62% rated "Good-to-Excellent" last year at this juncture. The crop is currently the fourth best rated crop since 1989. Impressive is the fact... Illinois is still rated 72% GD/EX; Minnesota 75%; Iowa 76%; Nebraska 83%. Bears are trying to point to some problem states like Missouri where just 48% is rated GD/EX and North Carolina with just 45% is rated GD/EX. Unfortunately, this argument is holding very little water. I could argue that the U.S. soybean crop still has a long ways to go and the month of August is always the most important and that some of the bigger production states did take a step backwards last week i.e. Illinois pulled back by -6%; Nebraska -3%; Minnesota -2%; Iowa was left "unchanged". The USDA also showed 47% of the U.S. crop is "blooming" which is well ahead of our historical 5-year average of 27% by this date. The data also showed 11% of the crop "setting pods" vs. the average of just 4%. Bottom-line, there's just not a lot of fresh bullish news in the headlines. The bears are dug in deep and all talk continues to circulate around trade renegotiations and the possibility of a record setting U.S. crop.

Soybean Crop Condition Ratings

Week 27
week ending July 08, 2018

Source: USDA, NASS Crop Progress

2018 U.S. Soybean Condition Ratings

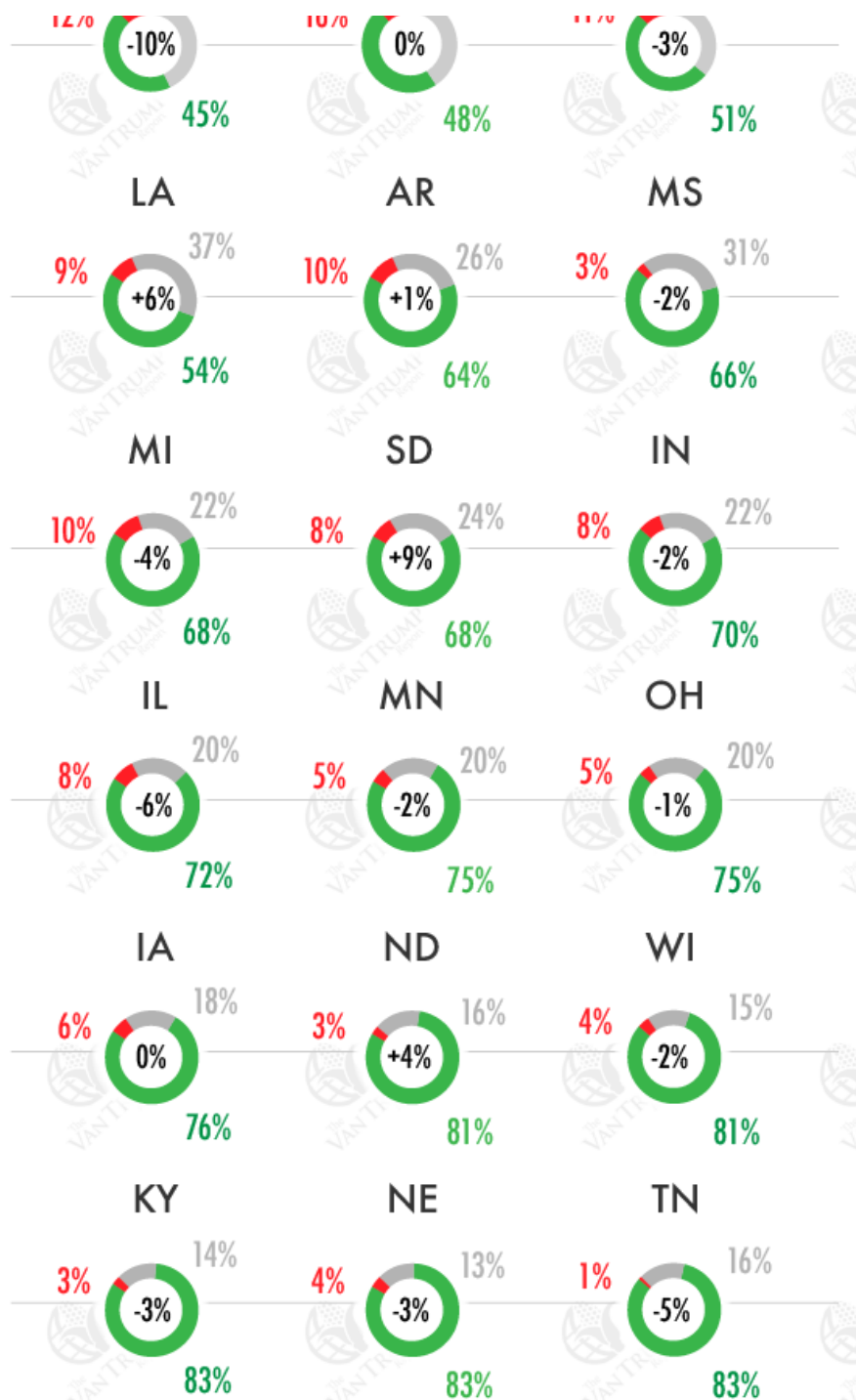


receding forehead and a protruding jaw. One of the chimpanzees—named Joe Mendi—wore a plaid suit, a brown fedora, and white spats, and entertained Dayton's citizens by monkeying around on the courthouse lawn. In a severe blow to the defense, Judge Raulston ruled that expert scientific testimony on evolution was inadmissible—on the grounds that it was Scopes who was on trial, not the law he had violated. Soon thereafter, Darrow made a change of tactics, he called Bryan as his sole witness and attacked his literal interpretation of the Bible, leading to severe ridicule towards Bryan as he forced to make contradictory statements, which amused the crowd. Finally, after eight minutes of deliberation, the jury returned with a guilty verdict, and Raulston ordered Scopes to pay a fine of \$100, the minimum the law allowed. Although Bryan had won the case, he had been publicly humiliated and his fundamentalist beliefs had been disgraced. Five days later, on July 26, he lay down for a Sunday afternoon nap and never woke up. In 1927, the Tennessee Supreme Court overturned the Monkey Trial verdict on a technicality but left the constitutional issues unresolved until 1968, when the U.S. Supreme Court overturned a similar Arkansas law on the grounds that it violated the First Amendment.



1992, Exxon Valdez - Alaska court of appeals overturns the conviction of former captain of the oil tanker Exxon Valdez, Joseph Hazelwood on this day

in 1992. Remember, Hazelwood was found guilty of negligence for his role in the massive oil spill in Prince William Sound in 1989, but in the appeal, it would be successfully argued that he was entitled to immunity from prosecution because he had reported the oil spill to authorities 20 minutes after the ship ran aground. The Exxon Valdez accident on the Alaskan coast was one of the largest environmental disasters in American history and resulted in the deaths of 250,000 seabirds, thousands of sea otters and seals, hundreds of bald eagles and countless salmon and herring eggs. The ship, 1,000 feet long and carrying 1.3 million barrels of oil, ran aground on Bligh Reef on March 24, 1989, after failing to return to the shipping lanes, which it had maneuvered out of to avoid icebergs. It later came to light that several officers, including Captain Hazelwood, had been drinking at a bar the night the Exxon Valdez left port. However, there wasn't enough evidence to support the notion that alcohol impairment had been responsible for the oil spill. Rather, poor weather conditions and preparation, combined with several incompetent maneuvers by the men steering the tanker, were deemed responsible for the disaster. Captain Hazelwood, who had prior drunk driving arrests, had a spotless record as a tanker captain before the Valdez accident. Unfortunately, Exxon compounded the environmental problems caused by the spill by not beginning the



Wheat continues to trade sideways to slightly lower ahead of this weeks monthly USDA report. Bulls continue to argue that production problems in Russia, Ukraine, Australia and parts of the European Union should be carrying additional risk-premium. Bulls were pointing to additional confirmation yesterday when SovEcon announced they were lowering their forecast for Russian wheat from 72.5 down to 69.6 MMTs. Just keep in mind, the USDA already lowered their estimate last month from 72.0 down to 68.5 MMTs. They also lowered Russia's exports by -1.5 million tons to 35.0 million. Even after the reduction and a crop thats almost -20% less than the previous year, Russia still looks like they will remain the worlds top global exporter. The USDA also slightly lowered the EU crop last month. It will be interesting to see if they lower a bit more this month. Here at home, the USDA caught the trade a bit by surprise, raising the weekly Spring wheat conditions by +3% to 80% now rated "Good-to-Excellent". Most in the trade had been thinking we would see a slight reduction. The USDA also showed 81% of the Spring wheat crop is "headed" vs the 5-year average of 69%. The winter wheat harvest is now thought to be 63% complete which is slightly behind last year but slightly ahead of the 5-year average.

cleanup effort right away which lead to a civil suit being filed in 1991, resulting in a billion-dollar judgment against them. Interestingly, years later, while their appeal remained backlogged in the court system, Exxon still hadn't paid the damages. The ship itself would be repaired and has seen a series of different owners before finally being purchased by a Hong Kong-based company, which renamed it the Dong Fang Ocean. It once again made headlines in November 2010 when it collided with another cargo ship off of China.

Upcoming Events

- Mon. 7/9** - Crop Progress
- Thur. 7/12** - USDA Supply and Demand
- Fri. 7/13** - Last Trade Day for July Grains
- Mon. 7/16** - Crop Progress, NOPA Crush
- Fri. 7/20** - Cattle on Feed
- Mon. 7/23** - Cold Storage, Crop Progress
- Mon. 7/30** - Crop Progress
- Tues.- Wed. 7/31-8/1** - FOMC Meeting
- Mon. 8/6** - Crop Progress
- Fri. 8/10** - USDA Supply and Demand
- Mon. 8/13** - Crop Progress
- Wed. 8/15** - NOPA Crush
- Mon. 8/20** - Crop Progress
- Wed. 8/22** - Cold Storage
- Fri. 8/24** - Cattle on Feed
- Fri. 8/24** - Last Trading Day for September Grain Options
- Mon. 8/27** - Crop Progress
- Fri. 8/31** - First Notice Day for September Grains
- Mon. 9/3** - Labor Day (Markets Closed)
- Tues. 9/4** - Crop Progress
- Mon. 9/10** - Crop Progress
- Tues. 9/11** - 17 Year Anniversary of 9/11
- Thur. 9/12** - USDA Supply and Demand
- Thur. 9/12** - Last Trading Day for September Grain Futures
- Mon. 9/17** - NOPA Crush, Crop Progress
- Fri. 9/21** - Cattle on Feed
- Sat. 9/22** - Autumn Begins
- Mon. 9/24** - Cold Storage, Crop Progress
- Tues.-Wed. 9/25-9/26** - FOMC Meeting
- Fri. 9/27** - Quarterly Hogs and Pigs

Wheat Harvested

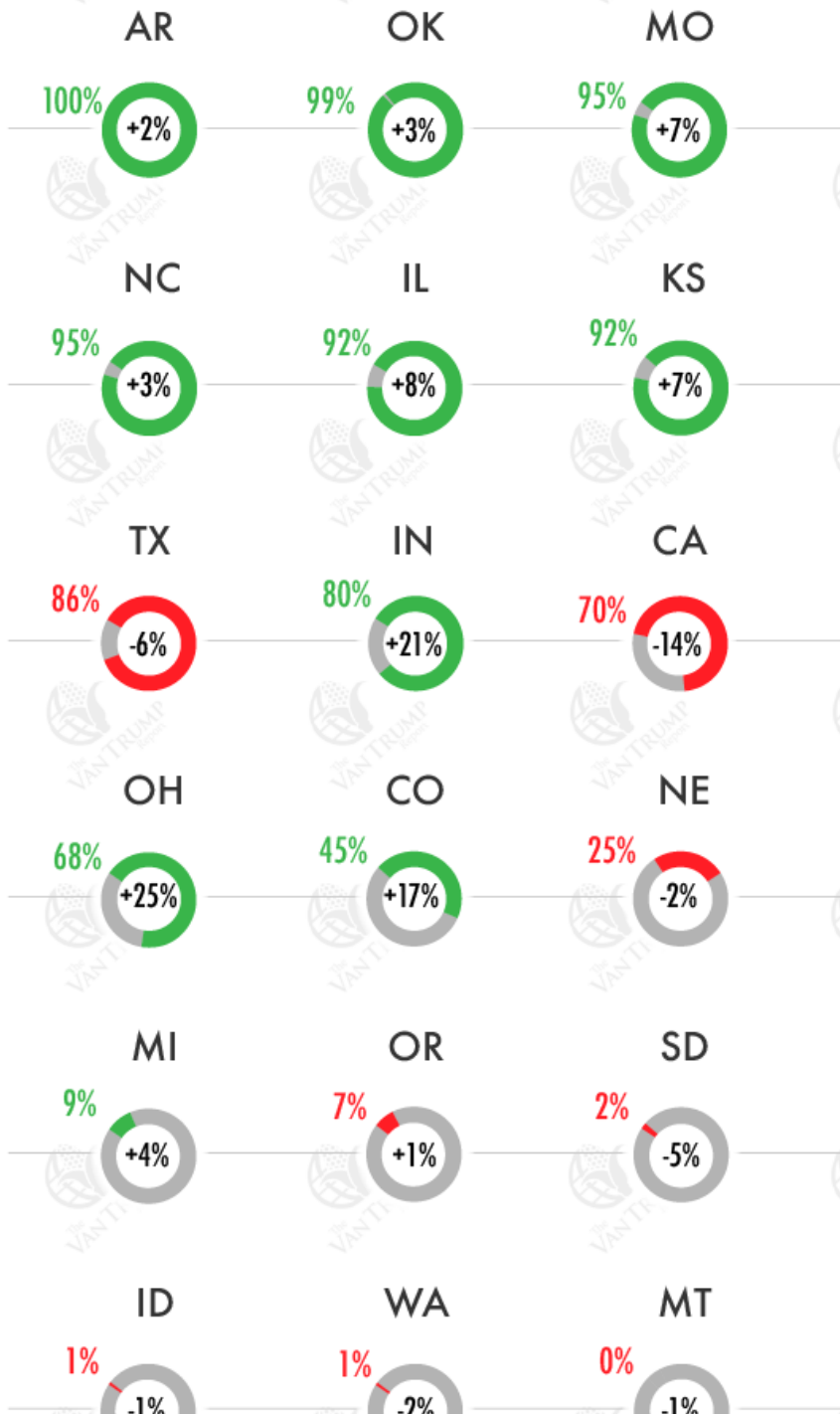
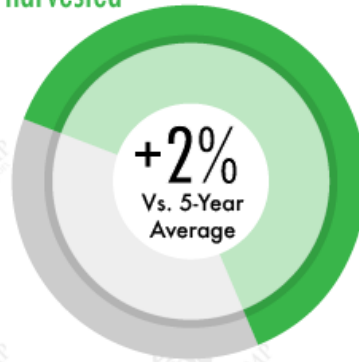
Harvested Percentage

63% harvested

Week 27

week ending July 08, 2018

Source: USDA, NASS Crop Progress



Fri. 9/28 - Quarterly Stocks and Acreage

Kevin's Song of the Week

WHAT I'M LISTENING TO:



Dan + Shay

"Tequilla"

Kevin's Song of the Week

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

Red if At
or Below 5-yr. average

Green if Above
5-yr. average



> IGC Lowers Grain Production Forecast: The International Grains Council (IGC) lowered its forecast for total grains production in 2018-19 to 2.077 billion tonnes, down from 2.089 billion tonnes in late May, and down from 2.09 billion tonnes forecast for 2017-18. Total grains consumption is forecast at 2.131 billion tonnes, down from 2.136 billion tonnes in late May and compared with 2.11 billion tonnes in 2017-18. The forecast for total grains carryover stocks was lowered to 544 million tonnes, down from 556 million tonnes a month ago and down from 598 million tonnes in 2017-18. (Source: WorldGrain)

> EU & Japan About To Ink Their New Trade Deal: Japanese Prime Minister Shinzo Abe is expected to be in Europe to officially sign the Economic Partnership agreement, which European nations approved on Friday. The European Commission is predicting that under the new deal, European exports in goods will increase between +16% and +24% and European exports of processed food will be boosted by up to +180%. (Source: Politico)

> China's Poultry Industry Moves From Backyard To Factory: In northern China, about 400,000 chicks are hatched every day, part of the rapidly modernising supply chain in China's \$37 billion egg industry, the world's biggest. It's all part of China's overhaul of production, from pork to milk and vegetables - now poultry. Modern standardised processes are expected to raise quality and safety. (Source: Reuters)

> Millennials' Favorite Food Companies: Hershey's, Oreo and M&M's have been ranked in YBrands' top-10 list of the most trustworthy brands among consumers 13 to 36 years of age, according to MediaPost. Hershey's was ranked third, Oreo fifth and M&M's sixth. Ybrands surveys 80,000 young consumers annually about their perceptions of 230+ brands across five verticals: fashion/apparel, CPG food/beverage, health and beauty, QSR/casual dining and media/tech/entertainment. From what I'm told, young people may trust brands like Hershey's, Oreo, and M&M's because they've consistently made products they love for a long time — and there's no reason not to trust them. (Source: fooddive)

> Wal-Mart Linked To Reduced Food Insecurity: Wal-Mart haters, listen up: living near a Wal-Mart Supercenter leads to sizable and statistically significant improvements in food insecurity rates among low-income families. This, I think, is a win for the retail grocery giant. This new research was recently published in the National Bureau of Research. (Source: NBR)

> Consumers Spend Twice As Much As Expected In May: Consumer borrowing picked up in May, according to the Federal Reserve on Monday. Total consumer credit increased \$24.6 billion in May to a seasonally adjusted \$3.9 trillion. That's an annual growth rate of 7.6%, which is the fastest pace of credit growth since November. Economists had been expecting a \$12.4 billion gain, according to Econoday. Most of the gain came from revolving credit, like credit cards, which surged by 11.4% in May, after a 1.3% gain in April. Meanwhile, nonrevolving credit, typically auto and student loans, rose 6.3% in May, up from 3.9% in the prior month. More debt, more growth...

> Google Visionary, Sergey Brin Is An Ethereum Miner: One of the founders of google, has been making a few bucks mining the cryptocurrency Ethereum, the second-biggest digital currency behind Bitcoin. Brin told the story of his son wanting a gaming PC. Brin told him he would get one as long as they also set it up to mine Ethereum as well. Brin admitted he doesn't know much about cryptocurrency and isn't in it for the money. It's something he's doing with his son and it's a way to research. Interesting, similar to Brin, many people in the crypto-world are gamers that while they aren't gaming will use their powerful graphics cards to mine in their off-time. (Source: MarketWatch)

> Own an iPhone?... Then You Are Rich According To This Study: If you answered yes, then you are rich. That is according to a new paper from University of Chicago economists which attempted to infer demographics based on people's

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.

consumer behavior of media consumption. The researchers found that no individual brand is as predictive of being high-income as owning an Apple iPhone. iPhones being closely correlated with high income is a recent trend. After all, iPhones were only introduced in 2007. In 2004, Land O'Lakes butter and Kikkoman soy sauce were predictive of high-income households. In 1992, Grey Poupon mustard was the strongest sign of a rich family. You can check out the research paper [HERE](#) . Below in each column are the 10 cultural traits most indicative of being rich in that year. So interesting to see how the world has changed in two-plus decades. (Source: National Bureau of Economic Research) click picture for a larger view of image.

Table 2: Products and brands most indicative of being high-income

Panel (a) Products					
1992		2004		2016	
Own an automatic dishwasher	71.4%	Bought a new vehicle	73.6%	Traveled in the continental US	70.9%
Used dishwasher detergent	70.2%	Used a dishwasher detergent	71.6%	Own a passport	70.3%
Traveled domestically	67.0%	Own a dishwasher	70.8%	Own Bluetooth on vehicle	70.2%
Own a garage door opener	65.8%	Traveled domestically	70.5%	Own heated/cooled seat on vehicle	69.9%
Own a fireplace	65.4%	Own a stereo on vehicle	69.7%	Used dishwasher detergent	69.3%
Own a telephone answering machine	65.3%	Belong to a frequent flier club	69.0%	Own a dishwasher	69.1%
Used dry cleaning services	65.2%	Own a personal computer	68.5%	Belong to a frequent flier club	68.6%
Used overnight delivery services	64.3%	Own an air bag on passenger side	68.5%	Traveled outside of continental US	67.7%
Own a garbage disposer	64.1%	Ordered any item by the Internet	68.4%	Ordered an item by Internet	67.4%
Traveled internationally	64.1%	Own a garage door opener	67.6%	Ordered a plane ticket by Internet	67.3%

Panel (b) Brands					
1992		2004		2016	
Used Grey Poupon Dijon (mustard)	62.2%	Used Land O' Lakes Regular (butter)	59.2%	Own an Iphone	69.1%
Bought Kodak (film)	61.6%	Used Kikkoman (soy sauce)	58.7%	Own an Ipad	66.9%
Used Thomas (English muffin)	61.5%	Did not use BIC (lighter)	58.7%	Used Verizon Wireless	61.0%
Used Cascade - Lemon (dish. detergent)	59.0%	Used Reynold Wrap (aluminum foil)	58.5%	Own an Android phone	59.5%
Used Scotch Magic (transparent tape)	58.7%	Used Bertolli (salad/cooking oil)	58.4%	Used Kikkoman (soy sauce)	59.0%
Used Cut-Rite (waxed paper)	57.7%	Used Scotch Magic (transparent tape)	58.4%	Own HP (printer/fax machine)	58.2%
Used Philadelphia (cream cheese)	57.7%	Own Toshiba (TV set)	58.3%	Used AT&T (cellular network)	58.1%
Used Kikkoman (soy sauce)	57.5%	Used AT&T (long distance call service)	57.5%	Own Samsung (TV set)	58.0%
Used Hellmann's (mayonnaise)	57.4%	Drank Diet Coke (diet cola)	57.5%	Used Cascade Complete	57.6%
Own Sylvania (TV set)	57.4%	Used Kleenex Regular (facial tissue)	57.4%	Used Ziploc (plastic bag)	57.5%

Note: Data source is the MRI. Sample size in all panels is 6,394. Reported in each column are the 10 cultural traits most indicative of being rich in that year. The numbers indicate the likelihood of guessing correctly whether an individual is rich or poor based on the answer to the question. For example, in 1992, knowing whether a person owns an automatic dishwasher allows us to guess income correctly 71.4% of the time, whereas in 2004 knowing whether a person bought a BIC lighter allows us to guess income correctly 58.7% of the time. An affirmative answer to "Do you own an automatic dishwasher?" and a negative answer to "Did you buy BIC lighter?" indicate that the person is rich.



Southeast South Dakota – I don't know if guys know this or not, but we are just starting to plant soybeans today on the ground that was flooded by the Big Sioux River over the past month. I have 15 acres to plant, but it's not dry enough so I will help my cousin who has a few hundred acres next to the river. We planted up to July 10th in 2014 on a lot of acres. The yields ranged from 25-40bpa. We had an early October frost in 2014 (a little early for us) so the lower yielding beans were the ones that weren't as mature. Post water no-till 30" rows were the clear winner in 2014 vs drill and broadcast with shallow tillage. It's a crap shoot with the weather but worth the risk in our opinion. The original fields were zeroed out by crop insurance, so these will be uninsured. On a side note, a few guys did not replant in 2014 nor plant any type of cover crop. Those acres were a problem in 2015 with disease and poor yields. Experience tells me to plant something or you will struggle next year.

Northcentral Iowa - Things are looking good for as dry as were to start off the season, the rain turned on about mid-June and really set both the corn and soybeans off. The first cutting of hay was disappointing because of being so dry early. We are doing cover crop seed testing this year. We are using the four-wheeler and a battery-powered seed spreader to spread 5 pounds of turnip seed per acre. Another thing we are doing is side dressing soybeans as well as trying to fungicide corn when we apply herbicide. We are applying the second round of herbicide at full tassel this year as well. We are just trying a few new things this year to see what works vs what does not on a few acres. Not anything big but enough that we should see results hopefully.

Northwest Oklahoma - We've been non-resident landlords for decades since we quit farming and started renting the land out. For what it's worth, land is renting for about \$200-\$250 an acre. As far as sales go, I can't say since not is moving from what I'm told, but I do hear that it hasn't come down much over the last two years. Back in the day, we had cattle stock, grain sorghum and irrigated wheat. Our guy is now one of the only ones doing potatoes in the state, which do surprisingly well and on top of that he is also growing some organic crops as well. He is a go-getter, who has

established contracts for his organics with end users, something I believe will become a way of life for many in the not so distant future. His only concern is that the premiums never last because everyone jumps on the bandwagon until it affects the market adversely. My guess is with nearly 75% of our organic soybeans and over half of our organic corn imported, it will be awhile before the premiums go away for organics.



Organic Demand Continues To Rise And So Do Our Imports: The organic food market in the US has been growing rapidly, around twenty percent per year. Yet data from the US Department of Agriculture indicates that US farmers aren't meeting the demand for organics, so much of the supply is imported from outside the US. Organic corn imports come primarily from Turkey and the United Kingdom; organic soybeans come from India, Turkey and Argentina. It's worth noting that importing organics can be problematic, meaning the process is vulnerable to fraud, and some products are routinely sprayed with chemicals during the process of clearing customs, according to Anna Casey of the Midwest Center for Investigative Reporting. Even though there are challenges to entry into organics, specifically the three year transition period, with the trend in farm incomes I would definitely recommend considering a switch. Not only are premiums to be had, but long-term soil health stand to benefit as well according to Casey. Read more [HERE](#).

Netflix Has A \$13 Billion Budget This Year For Original Content: Over the course of two decades, Netflix has transformed itself repeatedly, from a DVD rental service, to an upstart streaming service, to a path-breaking home of original series and movies. This year, it's taking on a new role—the biggest single source of video entertainment in America. That's clear from two new pieces of data. First, The Economist projected on June 30 that Netflix will spend \$12-13 billion on original programming this year. That's much more than the \$8 billion it planned to spend as of October 2017. It would also be vastly more than legacy studios are spending: HBO spent \$2.5 billion on content in 2017, and even CBS spent just \$4 billion. See where all the money is going [HERE](#).

Entering The Age Of Electrical Aviation: In 2008, the electric motor vehicle experienced a rebirth triggered by a rise in oil prices. Now in 2018, it is the time for another rebirth — in electrical aviation. Over the decades, advances have been made across the aviation field and on all fronts. In 1986, Burt Rutan made the first non-stop, unrefueled flight around the world. Now, 30 years later another trip around the world was completed, marking the first electrical powered circumnavigation. The lofty journey started in Abu Dhabi and 16 months later landed back where its journey began. This plane, unlike others that have made the journey before, emitted no emissions and burned no fuel. Instead, it used solar panels, an electric motor and 4 massive 41 kWh lithium-ion batteries. Learn more how the Solar Impulse 2, is changing the future of aviation [HERE](#).

Taxing Social Media Is Now A Thing: The Ugandan government has recently introduced a tax on social media use. This unprecedented tax again raises questions about the relationship between multinational tech companies, governments and citizens. Ugandan citizens have, since July 1, been required to pay 200 Ugandan Shillings or just over five cents, for daily access to social media and messaging services – including Facebook, WhatsApp and Twitter – in a government-imposed surcharge applied to their existing data plans. Many believe it lends credence for more governments to gain some semblance of control over the internet – whether it's the repeal of net neutrality laws in the USA, or online copyright reforms in the EU. I definitely don't see this happening anytime soon in the U.S., but this puts it on the table for authorities to cite. Read more [HERE](#).

Travis Pastrana Performs Live Tribute To Evel Knievel's Iconic Jumps: In case you missed it on Sunday night, daredevil Travis Pastrana held a live tribute in Las Vegas for his childhood hero Evel Knievel. Pastrana paid homage to America's most legendary stuntman by completing – and heightening – three of his famous jumps in one evening in an event called "Evel Live" on the History channel. The jumps consisted of Knievel's 50-stacked-car jump, a re-creation of Knievel's ultimately failed jump of 13 buses at London's Wembley Stadium in 1975, and the finale was a re-creation of perhaps Knievel's most famous stunt: jumping the fountains at Caesars Palace in Las Vegas. You can see both daredevil's attempt at each jump [HERE](#).



Scientists Discover Increased "Photorespiration" Raises Yields Up To 47%

Photosynthesis converts carbon dioxide and water to sugars, oxygen and energy, but that isn't the only chemical reaction that occurs. A quirk in the evolution of the protein, called Rubisco, will sometimes use oxygen instead of converting carbon dioxide during photosynthesis. This produces waste products like ammonia which can be toxic to plants, thus requiring another process to remove them. Enter "photorespiration" which is a part of the plant's natural metabolism that recycles these toxins and is a necessary process in major crops including soybeans, wheat and rice along with most fruit and vegetables. It's important to note, that the process of photorespiration uses huge amounts of the plant's energy, restricting its growth by as much as 30%. On top of that, as temperatures increase, it can require as much as 50% of the plants energy to do the required work. All of which contributes to yield drags in key crops. An international research team at the University of Essex along with the USDA's Agricultural Research Service is seeking to speed up or help improve the plants photorespiration process in order to increase yields. Researchers managed to speed up the process once they found the "H-protein" and went about designing plants that produced it. Working with Arabidopsis, the "lab rat" of plant research, the team found that increasing the quantity of H-protein could speed up photorespiration and enable our plants to grow larger. Taking it from the lab to the field, the team used tobacco plants in a study outside the University of Illinois. Interestingly, it was determined that more H-protein is not necessarily better as overuse stunted growth and reduced yields in the tobacco leaves. After finetuning their approach they found an increase in both photosynthesis and plant growth, probably because of faster recycling of the toxic chemicals. It's worth noting that the fine-tuning came by engineering the tobacco using DNA from a potato, which is a close relative. From what I understand the team was a bit skeptical that simply boosting the production of a single protein out of the thousands in the plant could have such a dramatic effect. But two years of research trials have demonstrated that increasing H-protein levels leads to larger plants and yield increases between 27% and 47%. That's an impressive number for a single protein change and leaves me wondering the possibilities that remain with the thousand others. It will be a while before we get to eat the products as approval is needed from both the FDA and USDA to ensure they are safe to eat and introduce no environmental impact. Interesting discovery! (Source: theconversation.com, wiki)



Do Know What "SoFi" Is?

Personally, I had no idea what "SoFi" was... but since the non-traditional banking start-up is now valued at over +\$4 billion, I decided I needed to do a bit of research. From what I understand, SoFi began in 2011 as a pilot program at Stanford, using an alumni-funded lending model that connected students and recent graduates with alumni and institutional investors in order to provide less expensive lending options. They now offer a number of loans, but is considered a "nontraditional lender." This basically means they don't operate like a normal bank. In fact, SoFi doesn't really believe in traditional banks as we know them. In fact, SoFi recently launched an ad titled "[This is the beginning of a bankless world.](#)" which gives you some insight into their mission. They have already done over \$25 billion in loans. What most of their 500,000 new members like is the fact they don't just base your approval on the FICO credit score. They actually do a 360 lending review, with the credit score only accounting for a small fraction of the approval process. Also cool is the fact they are now paying much better interest on their combined checking and savings accounts than most all other traditional banking institutions. They also offer no charge on your first six ATM withdrawals each month. Being a SoFi member also includes benefits like career support, an Entrepreneur Program and regular member events across the country. These events range from panels and industry-specific networking to happy hours, because they say they love to meet their members and have learned they love to meet each other – SoFi has even started hosting singles events and special date nights. Their executives say what allows them to offer all of these benefits is the fact they do not have traditional brick and mortar locations and do not have to staff the local branches. This allows their customer service team to be centrally located and become much more efficient. They also do not keep "bankers hours". They offer support and service seven days a week. One final note, SoFi does not require Private Mortgage Insurance (PMIO) which is usually between 0.5% and 1.5% of your home loan amount. That amounts to savings of \$3,000 a year on a \$200,000 loan. SoFi also doesn't charge a loan origination fee, which is saving mortgage borrowers thousands more on closing costs. Personally, I'm not yet a member nor have I done any business with SoFi, but I'm certainly starting to hear a lot of buzz about the disruption they are making in the banking sector.



SoFi @SoFi · Jan 25

No hard feelings on our part, banks.
Because of you, we found a better way to
do business. #DontBank



779 2.8K

The "Art" of Price Discovery...

I always remember famed Wall Street floor trader Art Cashin telling some of his favorite stories. One that has always stuck in my mind and has again resurfaced coming to me via e-mail from a few friends, is an awesome tale about "price discovery" involving two of our nations most famous business titans. As many of my friends in the trading world like to say, our Universities are filled with books and professors who are trying to elaborately explain business when perhaps we can learn the most from our ancestors and the stories associated with their great success. So the story goes...The two main characters of this timeless tale are Charles Lewis Tiffany (The famous Jeweler) and John Pierpont Morgan (the famed JP Morgan).

Being the astute jeweler that he was, Mr. Tiffany knew that Mr. Morgan had an acute affinity for diamond stickpins. One day, Tiffany came across a particularly unusual and extraordinarily beautiful pin. As was the custom of the day, he sent a man around to Morgan's office with the stickpin elegantly wrapped in a robin's egg blue gift box with the following note:

"My dear Mr. Morgan. Knowing your exceptional taste in stickpins, I have sent this rare and exquisite piece for your consideration. Due to its rarity, it is priced at \$5,000. If you choose to accept it, please send a man to my offices tomorrow with your check for \$5,000. If you choose not to accept, you may send your man back with the pin."

The next day, the Morgan man arrived at Tiffany's with the same box in new wrapping and a different envelope. In that envelope was a note which read:

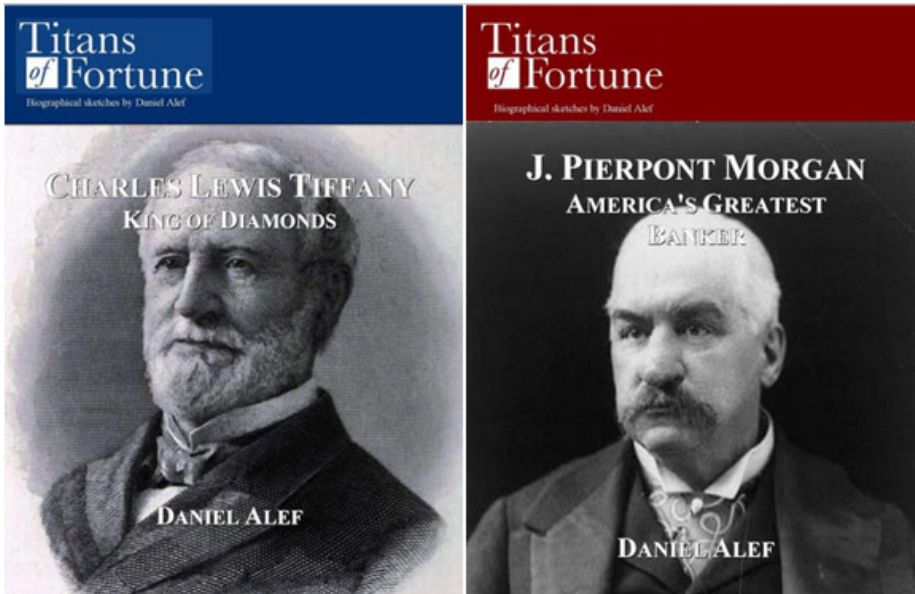
"Dear Mr. Tiffany. The pin is truly magnificent. The price of \$5,000 may be a bit rich. I have enclosed a check for \$4,000. If you choose to accept, send my man back with the box. If not, send back the check and he will leave the box with you."

Tiffany stared at the check for several minutes. It was indeed a great deal of money. Yet he was sure the pin was worth \$5,000. Finally, he said to the man: "You may return the check to Mr. Morgan. My price was firm."

And so, the man took the check and placed the gift-wrapped box on Tiffany's desk. Tiffany sat for a minute thinking of the check he had returned. Then he unwrapped the box to remove the stickpin.

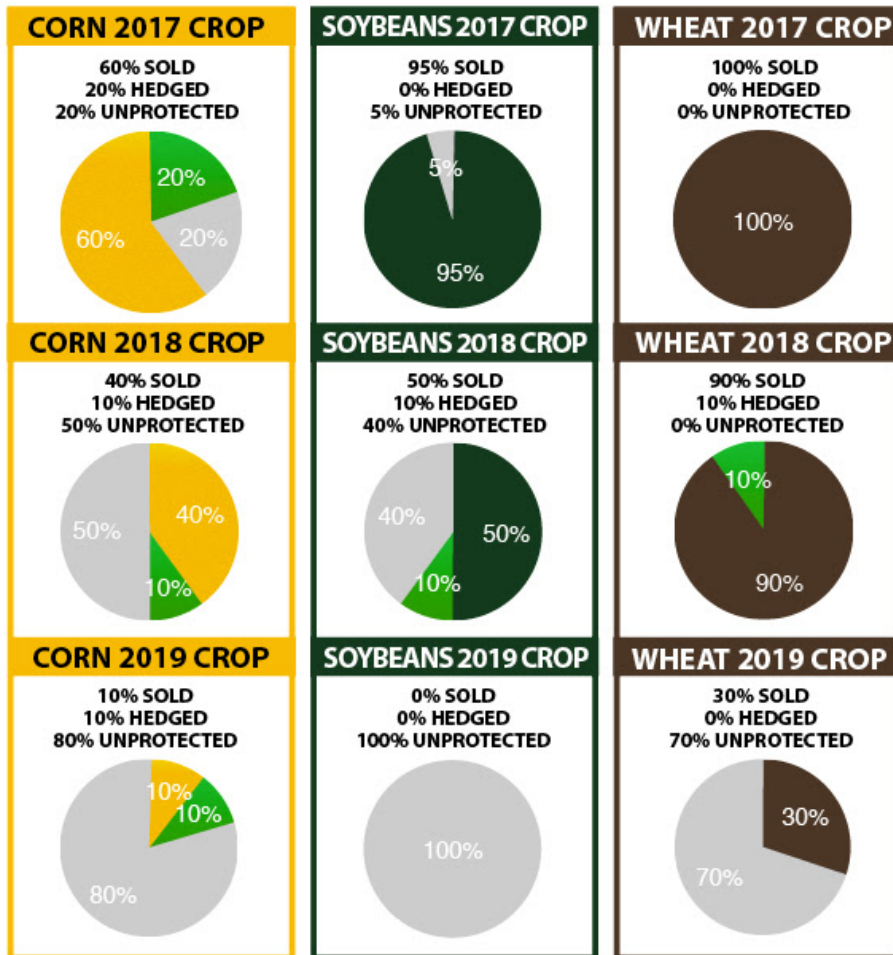
When he opened the box he found – not the stickpin – but rather a check from Morgan for \$5,000 and a note with a single sentence – "JUST CHECKING THE PRICE."

I just love this story as it shows us we always have to be "thinking"... Please share with the kids. Good Stuff!



ANSWER to riddle: Your word.

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

Tue, Jul 10, 2018 at 6:33 AM

[Quoted text hidden]