

GOOD MORNING: 08/20/18 Farm Direction - Van Trump Report

2 messages

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Mon, Aug 20, 2018 at 6:17 AM



"If you can't outplay them, outwork them." ~Ben Hogan

MONDAY, AUGUST 20, 2018

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Morning Summary: Stocks are steady to slightly higher to start the week. There's some argument that a few of the larger money-mangers are tapping the brakes a bit in regard to "risk" as strength in the global economies remains a big uncertainty. We are at the end of U.S. corporate earnings season, which have been the headlines providing the strength as of late. Now the trade will prepare to shift towards more random geopolitical events and headlines. From what I understand, China will be sending their delegation of officials to the U.S. on Tuesday and Wednesday to start another round of trade talks. Keep in mind, the next round of tariffs are scheduled to go into effect on Thursday, August 23rd, so these negotiations will be highly monitored and discussed. The trade will also be digesting headlines involving Turkey and the U.S.'s continued attempts to get pastor Andrew Brunson released from prison. I suspect the strength of the U.S. dollar and weakness of several global currencies will continue to garner attention, especially as the majority of traders continues to pivot away from a "micro" perspective (individual U.S. corporate earnings) and more towards a "macro" perspective (geopolitical events). Will the Fed offer up any clues or perhaps become a bit dovish out at the Jackson Hole conference later this week? I'm told, Fed Chair Jerome Powell will be delivering a speech at the Jackson Hole Economic Policy Symposium on Friday morning. Talk is he will be addressing monetary policy in a changing economy. It's worth noting, Fed chairs in the past have used speeches given at this event to signal upcoming U.S. central bank policy moves. It feels like inflation is firming, but not running away in any capacity. Wage growth has been moderate at best and still seems to be lagging, so no major signs of inflationary pressure on the horizon. Business and Consumer confidence still remain strong, and employment is the best we've seen in decades. Bottom-line, from a micro perspective, the U.S. economy continues to look strong. From a "macro" perspective, the global economies still seem to hold many uncertainties. Don't forget, this is also the week many in the media will be talking about the stock market and the fact it's celebrating the longest running bull market in U.S. history without a -20% correction. I have to imagine once all the headlines hit the mainstream media, many individual investors will put more money to work in the equity space simply based on "Fear Of Missing Out"... this could also be when some of the bigger players pass the baton. Personally, I'm staying bullish the U.S. economy!

Used Car Prices Continue To Climb: Wholesale prices based on dealer-only auctions for used cars and trucks were up +1.5% from June to July and up over +5% vs. July of 2017. Surprisingly, the more affordable vehicles saw the largest price increases, with compact and midsize cars outperforming the overall market, usually it's the SUV's and trucks leading in a hot market. The strong demand is thought to be happening because new car price are extremely expensive with all of the new technology and that threats of escalating trade tensions are promoting the dealers to inventory and stickup on more used cars, perhaps making the overall market tight.

How "Fortnite" Is Making Billions: If you have kids, you've likely heard about Fortnite. The wildly popular online battle video game has amassed over 125 million individual players. The game "has brought in more revenue in a single month than any other game of its kind," according to industry watchers, the game will bring in over +\$3 billion this year. The crazy part is the average Fortnite player spends at least 6 and 10 hours per week on the game. Since the launch of Fortnite Season 5, mobile spending has hit an average of over \$3 million per day on items for the game. Remember, unlike others, this game is actually free, to gamers from around the world. Instead, players are exchanging real cash for virtual cash known as V-Bucks. This allows players to buy upgraded skins for their characters and even unlock certain rewards.

On this day back in 1945, Tommy Brown became the youngest player to ever to homer in a Major League baseball game. Brown was just 17 years old

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when he hit his first home run with the Brooklyn Dodgers. Five days later, he blasted another one while playing against the New York Giants, which also gives him the record of being the second youngest. Tommy grew up being a huge fan of Joe DiMaggio, and loved to act like the "Yankee Clipper" while playing ball with his buddies from the neighborhood. In 1943, when Tommy was just 15 years old, a friend who played first base on his little league team talked Tommy into going to an open tryout the Dodgers where holding not far from his house. He joined 2,500 men trying to get a spot on the roster. Coaches and scouts said the young Tommy Brown showed up at the tryout without even a glove or a pair of spikes, which he never actually owned. Shortly after the tryout, the team offered Brown a chance to be apart of their spring training. Believe it or not, he made the cut and was awarded a spot on the Dodgers' Class D Pony League farm club in Olean, New York, where he earned \$75 month. It was crazy, but even at such a young age, Tommy had a good bat and could hit for power. By 1945, at the age of 17 he found himself in the lineup for the Brooklyn Dodgers. In a strange turn of events, he was then drafted by the military and thrown into World War II. After serving his nation he returned to baseball but never seemed to be the same or to get much playing time. In fact, a lot of reporters and critics started calling him the one o'clock batting champion. They gave him the name because he hit hundreds of home runs in batting practice before the games, but never made consistent big contact when it counted at Ebbets Field. Tommy played in the big leagues until 1959, then he left the game and went to work at the Ford Glass Plant for the next 35 years. How cool it must have been to go from playing in the backyard with your buddies to the big leagues at such a young age.

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

- John Wooden

The
VAN TRUMP
Report

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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:

What is it that no man ever saw, which never was, but always will be?

Weather over the weekend saw late summer heat continue for much of the West and briefly spread eastward across the nation's northern tier. Late in the weekend, cooler weather returned to the Plains and expanded to cover much of the eastern half of the country. Meanwhile, several disturbances maintained showery conditions across large parts of the central and eastern U.S. Five day rainfall totals could reach 1 to 3 inches or more in most areas from the Plains eastward. In contrast, little to no rain fell across the Pacific Coast States and the Great Basin as well as southern Texas. The 6 to 10 day outlook for August 22 - 26 calls for below normal temperatures across much of the eastern half of the U.S., while hotter than normal weather will prevail from the northern Plains westward, along with the northeast and southern sections of Texas and Florida. Meanwhile near to above normal rainfall nearly nationwide should contrast with drier than normal conditions in the Northwest and a narrow strip from Texas to the central and eastern Corn Belt.

Co-hosted by:



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Today In History

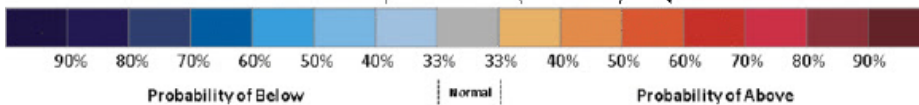
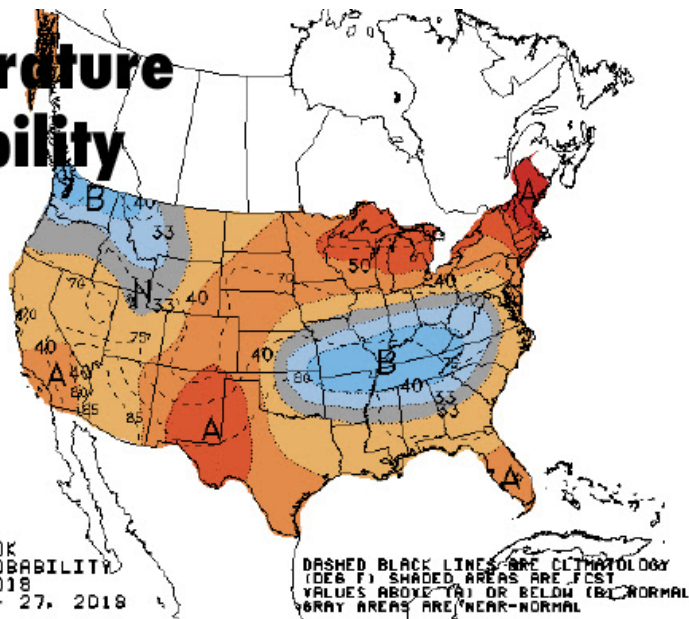


1794, On this day in 1794, General "Mad Anthony" Wayne proves that the fragile young republic can counter a military threat when he puts down Shawnee Chief Blue Jacket's confederacy near present-day Toledo, Ohio, with the newly created 3,000-man strong Legion of the United States at the Battle of Fallen Timbers. Keep in mind, the Ohio River boundary line established by Britain in the 1768 Treaty of Fort Stanwix recognized certain lands as belonging to the Native American nations. After the American Revolution, however, the United States government maintained the Native American nations no longer owned the Ohio lands, since in an article in the Treaty of Paris of 1783 Britain agreed to cede to the United States the lands owned by the indigenous nations. The Native Americans involved rejected the idea of the British or Americans to dispose of their tribal lands without their consent. They had no representation at the Paris Treaty negotiations, had not signed the treaty, and refused to recognize the British giveaway of their land. As American settlers began moving into the Ohio Country, the Native Americans viewed them as unwelcome intruders. The United States government, on the other hand, insisted it had the right to occupy the lands, since it had been gained in battle and was agreed to by the treaty with Britain. Although the Treaty of Paris ceded the so-called Northwest Territory, stretching west to the Mississippi River and south to Spanish Florida to the United States, the British failed to abandon their forts in the region and continued to support their Indian allies in skirmishes with American settlers. Two earlier Army expeditions into the Ohio territory by Generals Josiah Harmar and Arthur St. Clair in 1790 and 1791, respectively, failed to end the unrest. In fact, St. Clair's effort concluded with an Indian victory and 630 dead American soldiers. Wayne had earned the moniker "mad" for his enthusiastic and successful undertaking of a seemingly impossible mission in 1779 at Stony Point, New York; much of Wayne's subsequent career involved divesting Native Americans of their land. Following

Temperature Probability



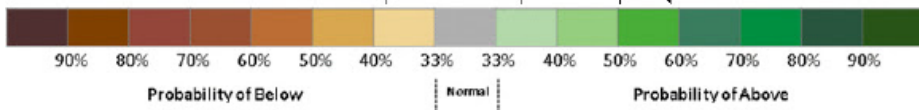
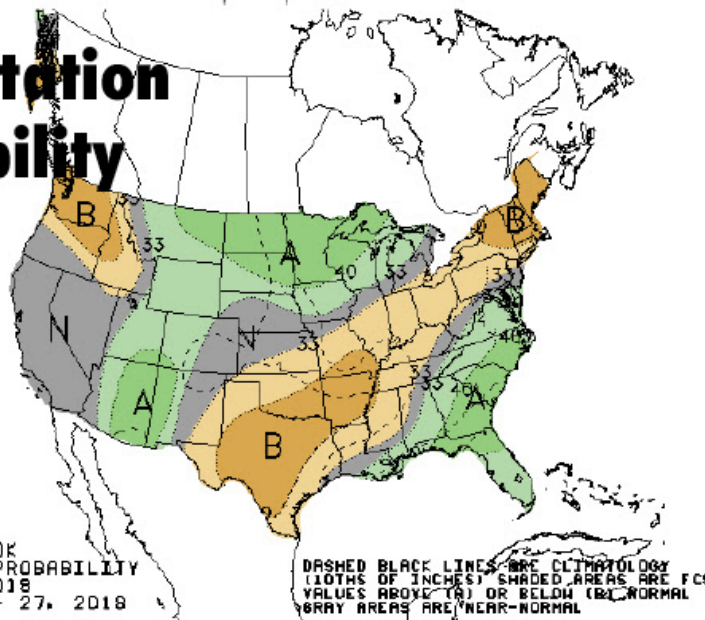
6-10 DAY OUTLOOK
TEMPERATURE PROBABILITY
MADE 17 AUG 2018
VALID AUG 23 - 27, 2018



Precipitation Probability



6-10 DAY OUTLOOK
PRECIPITATION PROBABILITY
MADE 17 AUG 2018
VALID AUG 23 - 27, 2018



Corn bulls are hoping we can add to last weeks gains. Prices are steady this morning, with the new-crop DEC18 contract trading near \$3.80 per bushel. From a macro perspective, there's a bit of optimistic talk surrounding NAFTA negotiations and the fact China is sending in delegates this week to start a new round of Chinese negotiations. Bulls also continue to point towards strong domestic demand and good export sales. Bears are talking about more wide-spread beneficial rains and nice summer temperatures across important growing regions of the U.S. Bears also doubt there will be any concerns or risk premium added for early frost fears as the crop continues to run well ahead of schedule. From a technical perspective, the trade is still seeing extremely strong resistance on the charts up in the \$3.90 to \$3.95 area vs. the DEC18 contract. Once we get up north of \$3.90 we start running into some very important "Moving Averages" which could be difficult to clear without more extreme weather or yield uncertainties. From a more traditional fundamental crop perspective, most all eyes inside the trade will be eager to see results of this weeks Pro Farmer Midwest Crop Tour. The tour always offers up lots of media attention and detailed headlines about the crop. Last year there was a lot of talk about "variability". I suspect this year we will hear something similar but with improved numbers. I should note, last year during the tour, the USDA was showing about 62% of the U.S. crop was in "Good-to-Excellent"

the victory at Yorktown, Wayne traveled to Georgia, where he negotiated treaties with the Creeks and Cherokees. They paid dearly in land for their decision to side with the British, and Georgia paid Wayne in land—giving him a large plantation—for his efforts on their behalf. When President George Washington confronted a frontier Indian crisis in 1794, he called upon Wayne to bring the ongoing violence to a close. Wayne was victorious and gained much of what would become Ohio and Indiana for the U.S. in the Treaty of Greenville signed a year later.



1862, Horace Greeley - New York Tribune editor Horace Greeley publishes a passionate editorial calling on President Abraham Lincoln to declare emancipation for all slaves in Union-held territory. Greeley's blistering words voiced the impatience of many Northern abolitionists; but unbeknownst to Greeley and the public, Lincoln was already moving in the direction of emancipation. In 1841, Greeley launched the Tribune, a newspaper to promote his reform ideas. He advocated temperance, westward expansion, and the labor movement, and opposed capital punishment and land monopoly. Greeley served a brief stint in the U.S. House of Representatives, and he introduced legislation that eventually became the Homestead Act of 1862. Greeley was most passionate in his opposition to slavery, and was an important organizer of the Republican Party in 1854. When the war erupted, Greeley, along with many abolitionists, argued vociferously for a war policy constructed on the eradication of slavery. President Lincoln did not outwardly share these sentiments. For the war's first year and a half, Lincoln was reluctant to alienate the border states of Missouri, Kentucky, Maryland, and Delaware, which practiced slavery but had not seceded. In his editorial, "The Prayer of Twenty Millions," Greeley focused on Lincoln's reluctance to enforce the Confiscation Acts of 1861 and 1862. Congress had approved the appropriation of Confederate property, including slaves, as a war measure, but many generals were reluctant to enforce the acts, as was the Lincoln administration. Greeley argued that it was "preposterous and futile" to try to put down the rebellion without destroying slavery. The "Union cause," he wrote, "has suffered from a mistaken deference to Rebel slavery." Although he did not admit it publicly at that time, Lincoln was planning to emancipate slaves. He did so a month later with his preliminary Emancipation Proclamation.



1968, Soviets Enter Czech Republic - In the face of rising anti-Soviet protests in Czechoslovakia, Soviet troops (backed by troops from Warsaw Pact nations) intervene to crush the protest and restore order. The brutal Soviet action shocked the West and dealt a devastating blow to U.S.-Soviet relations. The troubles in Czechoslovakia

condition with an August yield estimate of 169.5 bushels per acre. This year they are showing about 70% of the crop in "Good-to-Excellent" condition, with an August yield estimate of 178.4 bushels per acre. To be more specific and to include the states that will be estimated on the tour: Illinois this year is rated 76% vs. 62% last year; Indiana this year 71% vs. 55% last year; Iowa this year 75% vs. 61% last year; Minnesota 77% this year vs. 81% last year; Nebraska this year 83% vs. 63% last year; Ohio this year 76% vs. 58% last year; South Dakota this year 69% vs. 34% last year. If I remember correctly, last years tour ended up forecasting a national average yield of 167.1 bushels per acre and a total crop of 13.953 billion bushels. When it was all said and done, the USDA ended up showing last years crop yielding a record 176.6 bushels per acre and a total 14.604 billion bushels. The year before, in 2016, I believe the tour came up with a final yield estimate of 170.2 bushels per acre and total production at around 14.728 billion bushels. The USDA ended up with a yield estimate of 174.6 and total production of 15.148 billion bushels. In other words, the trade will probably be thinking the tour has been a bit conservative as of late in comparison to final USDA yields. Meaning if the estimates come in a bit weaker than the current USDA forecast, the trade might not react as bullish as one expects. With the USDA forecasting such a strong crop, it will be interesting to see how the trade reacts to the tours daily results. I included some graphics and numbers we ran last year that should provide better reference. If you would like to follow or find more specific information, visit the official Pro Farmer Midwest Crop Tour site [HERE](#)



began when Alexander Dubcek took over as secretary general of the nation's Communist Party in January 1968. It was immediately apparent that Dubcek wanted a major overhaul of Czechoslovakia's political and economic system—he called his particular ideology "Socialism with a human face." He called for greater political freedom, including more participation by noncommunist parties. Dubcek also pressed for economic policies that would ensure less state control and more reliance on free market economics. Finally, he insisted on greater freedom from Soviet domination, although he reiterated his nation's allegiance to the Warsaw Pact, the Soviet bloc's counterpart to NATO. Dubcek's policies shocked the Soviets and leaders in other Eastern European nations. Throughout early and mid-1968, negotiations took place between Dubcek and representatives from Russia and other Soviet bloc nations in an attempt to have the Czechoslovakian leader soften his reforms. Dubcek refused, and tensions with the Soviet Union steadily increased. Meanwhile, the sudden atmosphere of freedom that Dubcek was encouraging took root, and Czech citizens embraced and celebrated the new tolerance for free exchange of ideas and open discussion in what came to be known as the "Prague Spring." On the night of August 20, 1968, more than 200,000 Warsaw Pact troops crossed into Czechoslovakia and headed for the capital city of Prague. In just over a day, the entire country was occupied; within a week nearly three-quarters of a million foreign troops were in Czechoslovakia. Anti-Soviet riots broke out in Prague, but these were viciously crushed and thousands of Czechs fled the country. The Soviet action in August 1968 shocked the West. Not since 1956, when Soviet troops intervened in Hungary, had the Russian government resorted to such force to bring one of its communist allies into line with its own policies. The Czech invasion was particularly damaging to U.S.-Soviet relations. In June 1967, President Lyndon B. Johnson met with Soviet Premier Aleksei Kosygin to begin discussions related to a number of issues, including arms control. It was agreed that Johnson would visit the Soviet Union in October 1968 to continue the talks. The Soviet intervention in Czechoslovakia caused Johnson to cancel his visit abruptly.

Upcoming Events

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

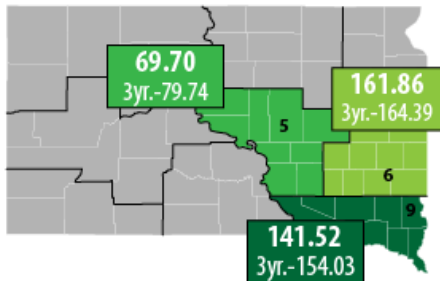
Fri. 8/31 - First Notice Day for September Grains

FARM JOURNAL CROP TOUR RESULTS

SOUTH DAKOTA

Corn Yields

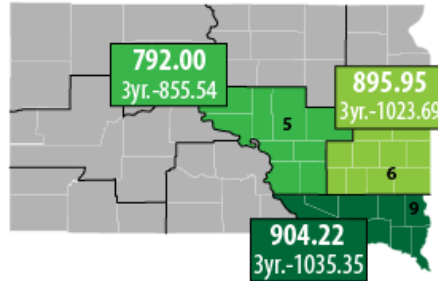
138 bpa



Yields per bushel

Soybean Yields

40.5 bpa



Pod Count in 3 x 3 Square

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

Fri. 9/28 - Quarterly Stocks and Acreage

Kevin's Song of the Week

WHAT I'M LISTENING TO:



 **Scotty McCreery** "This is it"

Kevin's Song of the Week

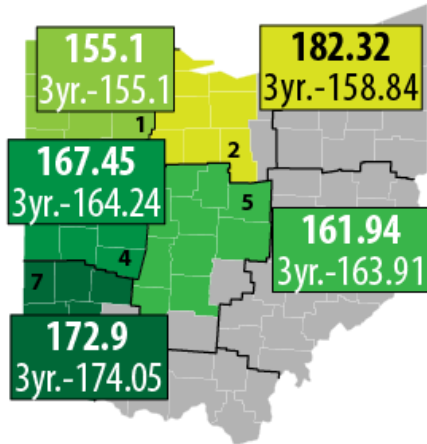
FARM JOURNAL CROP TOUR RESULTS

OHIO

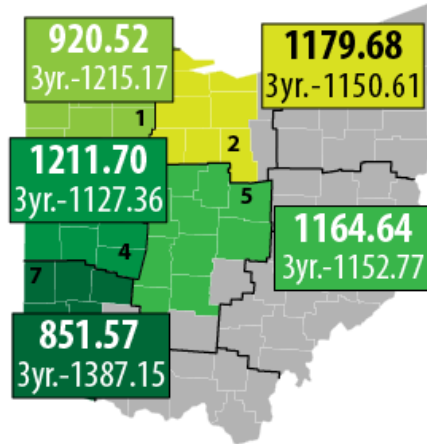


Corn Yields 163 bpa

Soybean Yields 53 bpa



Yields per bushel



Pod Count in 3 x 3 Square

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

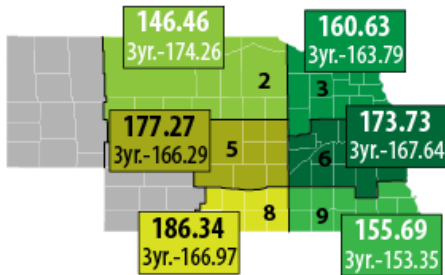
FARM JOURNAL CROP TOUR RESULTS

NEBRASKA



Corn Yields

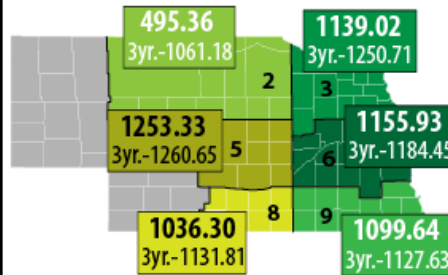
180.5 bpa



Yields per bushel

Soybean Yields

56.5 bpa



Pod Count in 3 x 3 Square

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.

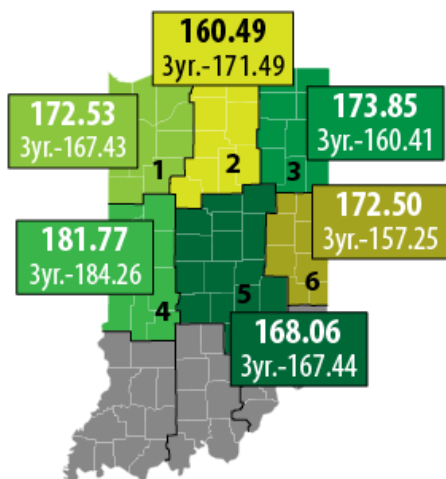
FARM JOURNAL CROP TOUR RESULTS

INDIANA



Corn Yields

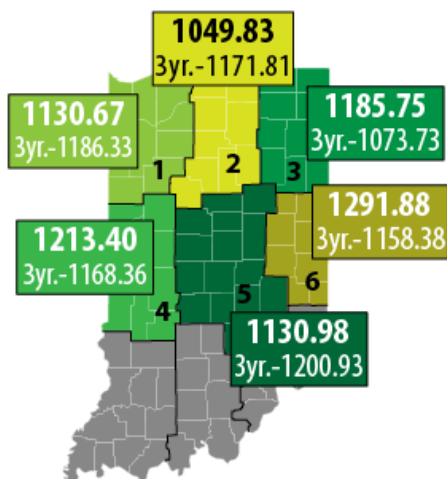
171 bpa



Yields per bushel

Soybean Yields

54.5 bpa



Pod Count in 3 x 3 Square

Farm Direction

RECIPES

★ FAMILY FAVORITES ★

-SENT IN BY OUR READERS-



Summer Italian
Spaghetti Salad
Recipe

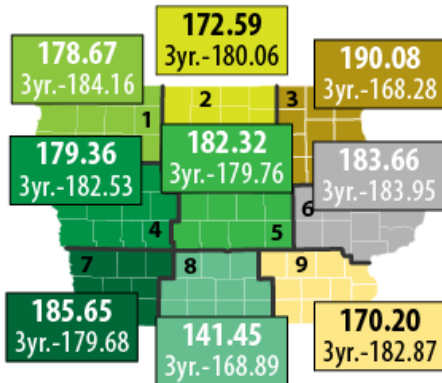
[CLICK TO SEE RECIPE](#)

FARM JOURNAL CROP TOUR RESULTS

IOWA

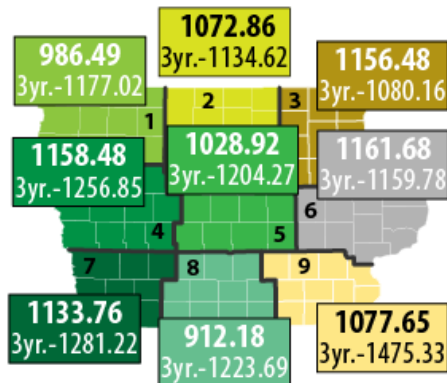


Corn Yields 183 bpa



Yields per bushel

Soybean Yields 53.5 bpa



Pod Count in 3 x 3 Square

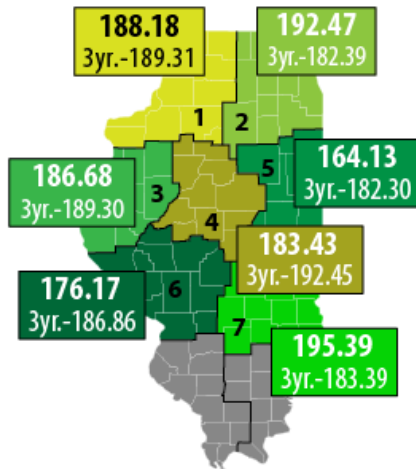
FARM JOURNAL CROP TOUR RESULTS

ILLINOIS



Corn Yields

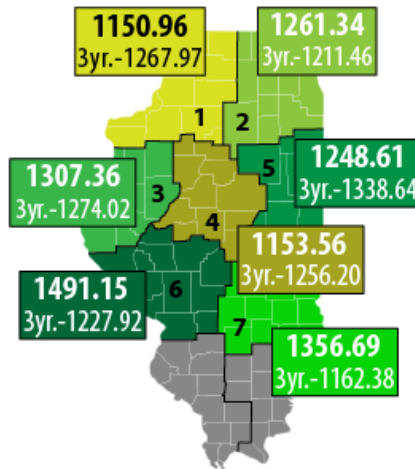
181 bpa



Yields per bushel

Soybean Yields

55.5 bpa



Pod Count in 3 x 3 Square

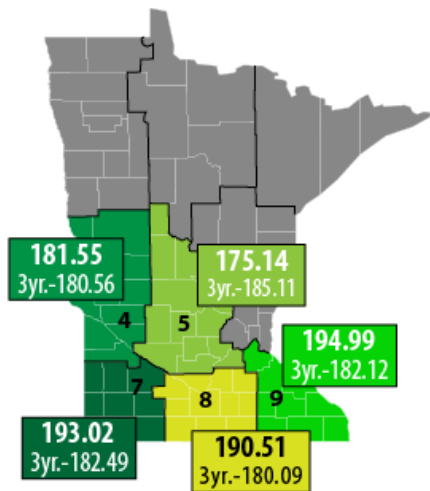
FARM JOURNAL CROP TOUR RESULTS

MINNESOTA



Corn Yields

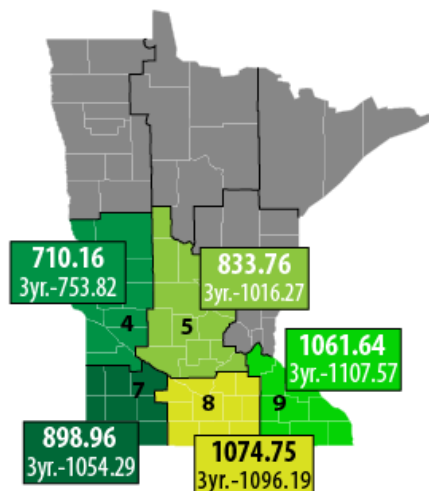
184 bpa



Yields per bushel

Soybean Yields

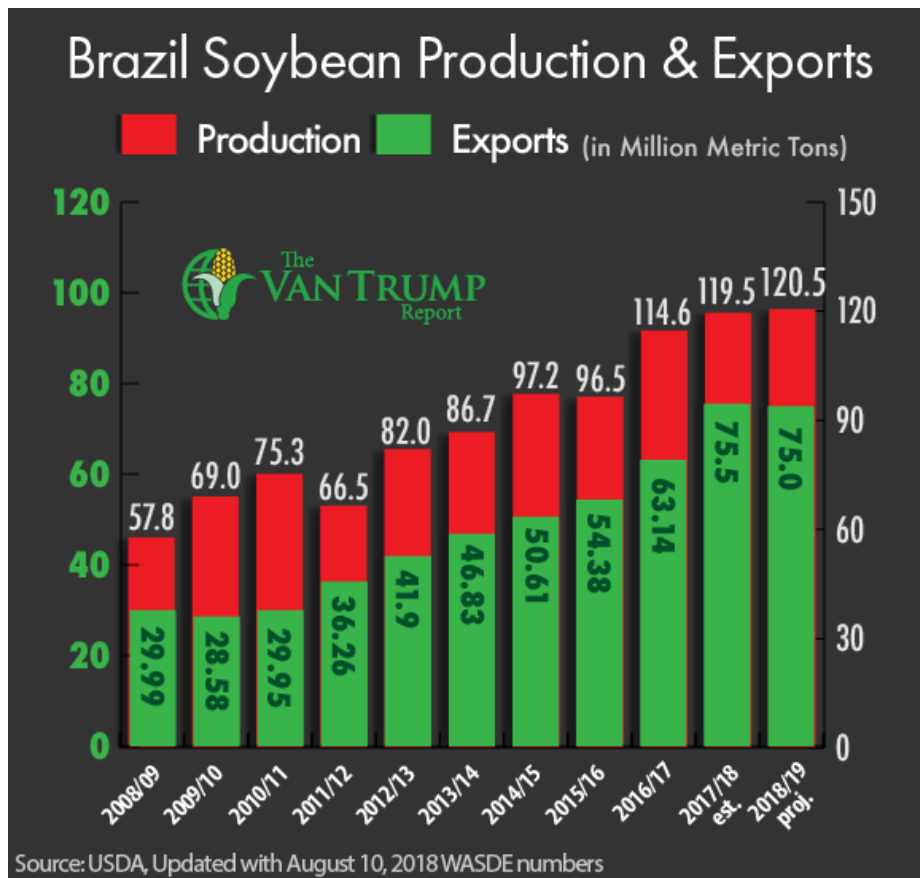
48.5 bpa



Pod Count in 3 x 3 Square

Soybean prices are higher this morning and trading just north of \$9.00 per bushel as traders continue to debate Chinese demand and total U.S. production. Bulls are happy to see +30 cents added to prices last week and are now hoping positive trade headlines can come from meetings scheduled this Tuesday and Wednesday with Chinese delegates who are flying into Washington. Bulls are also happy to see the continued strength in domestic demand and strong meal prices. Bears suggest we are still a long ways from any type of compromise or deal being made with the Chinese. Hence the reason we are seeing lower level decision makers, China's Vice Minister of Commerce Wang Shouwen and U.S. Under Secretary of Treasury for International Affairs David Malpass, trying to kick things off and scratch the surface. There's perhaps some talk of a meeting involving President Trump and Chinese President Xi, but from what I understand, it probably doesn't happen until early-November. Which from my perspective, could mean more extreme volatility and tough sailing ahead for the soybean market. As for debates surrounding the U.S. crop, the trade will get more data to chew on this week as the Pro Farmers Midwest Crop Tour gets underway. I included some interesting graphics, data and links above. I should note, last year during the tour the USDA was showing about 59% of the U.S. crop was in "Good-to-Excellent" condition with an August yield estimate of 49.4 bushels per acre, this year they are showing about 66% in "Good-to-Excellent" condition with an August yield estimate of 51.6 bushels per acre. To be more specific and to include the states that will be estimated and toured: Illinois this year 74% vs. 63% last year; Indiana this year 69% vs. 56% last year; Iowa this year 72% vs. 56% last year; Minnesota 73% this year vs. 74% last year; Nebraska this year 80% vs. 61% last year; Ohio this year 74% vs. 55% last year; South Dakota this year 66% vs. 34% last year. If I remember correctly, last years tour ended up forecasting a national average yield of 48.5 bushels per acre and a total crop of 4.331 billion bushels. When it was all said and done, the USDA ended up showing last years crop averaging a yield of 49.1 bushels per acre and a total production of 4.392 billion bushels, which means the crop tour was really close in their final forecast. The year before, in 2016, I believe the tour came up with a final yield estimate of 49.3 bushels per acre and total production at around 4.093 billion bushels. The USDA ended up with a record yield estimate of 52.0 bushels per acre and total production of 4.296 billion bushels. The big difference between 2016 and 2018 is the fact only 83.4 million soybean acres were planted in 2016. This year we have planted almost 90 million acres to soybeans with a current USDA estimate of 51.6 bushels per acre and total production of 4.586 billion bushels. I have to imagine the recent rounds of rain and cooler temps will have the soybeans looking fairly strong. Bottom-line, this

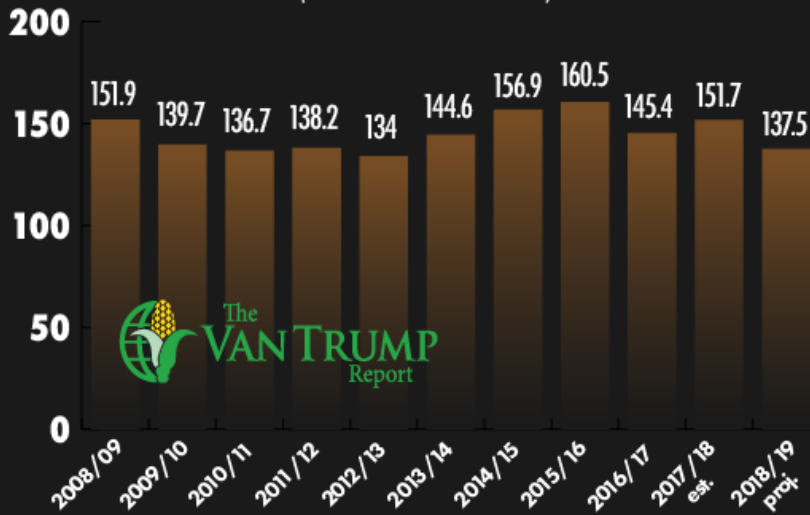
week we could see big crop estimates, which are bearish, battling against more optimistic macro trade headlines involving the U.S. and China. Should be a big week for headlines....



Wheat is coming off another wild week of trading, it's slightly lower this morning but remains near the upper end of the range. Bears remain uncertain about global growth and the strength of the U.S. dollar. Bears are also thinking better moisture and higher prices might work to bring more U.S. winter wheat acres into the rotation, which down the road could weigh on rallies. Bulls doubt the weather will bring on that many more wheat acres, and doubt it will be significant enough to make a dramatic impact on the balance sheet. Both bulls and bears are pointing to record long fund length in the market. Bears are thinking it indicates the market is overextended and ripe for some liquidation. Bulls say it confirms the bullishness of the situation and reasons to be long. I've talked to some who say there's been a bit of "cross-hedging" as headlines involving Turkey and Europe continue to circulate. I suspect the fear associated is a direct link back to Russia and the what-ifs that could be involved or associated should we see a large scale shakeout of some sort. Remember, any negativity or uncertainty involving Russia or the Europe Union can be viewed as bullish the wheat as both have been primary suppliers of low-cost wheat to the global marketplace. As a spec and a producer, I still believe there's another leg higher and remain patiently optimistic. I have priced all of this year's crop and have been feathering in sales for some of next year's production. Make certain you are paying close attention, both JUL19 and JUL20 HRW prices are currently trading north of \$6.00 per bushel. Spring wheat in the deferred contracts is trading around \$6.50 per bushel.

EU Wheat Production

(in Million Metric Tons)



Source: Data updated with August 10, 2018 WASDE numbers



> China... Swine Fever and Soymeal: A third outbreak of African Swine Fever has been reported in the city of Lianyungang. I'm told the highly contagious disease is continuing to spread across the world's largest pig herd. Some estimates suggest, since the first outbreak was reported on August 3, a total of around 10,000 hogs have been culled, and travel bans in the effected areas have ben imposed. At the same time Chinese soymeal prices have come under pressure on a combination of fear associated with trade talks and perhaps slowing demand in the hogs due to the outbreak and spreading of African Swine Fever. This certainly needs to be monitored.

> U.S. Drops Ag Demand From NAFTA Renegotiations: U.S. officials drop a divisive issue from talks with Mexico which I'm told would put seasonal conditions on some ag exports from Mexico. It was dropped following lobbying efforts which showed that only a small number of producers would have benefited at the expense of many other growers.

> Where Does All The Whey Go? The U.S. is the world's largest producer of cheese, which contributes to the country's cheese glut. According to estimates, there is 1.39 billion pounds of unsold cheese in storage in the U.S. But for every pound of cheese made, producers create nine pounds of whey. This glut of cheese and whey is a problem for the industry — and a potential opportunity for entrepreneurs. Now, smaller cheesemakers and startups are experimenting with new ways to get rid of excess whey.

> Ukraine Grain Harvest Nearly Complete: Farmers in Ukraine have harvested around 34 MT of grain from the 2018 harvest and the yield averaged 1.4 tonnes per acre as of Aug. 17. I'm told the wheat harvest is nearly complete with just under 25 MT harvested. Also, Barley has produced 7.45 MT.

> Daily Gold Trading In Turkey Doubles As Lira Falls: Gold futures volumes have surged on the Borsa Istanbul as the volatile currency attracts speculation and after the lira's plunge boosted the local price of metal. The 90-day average daily volume more than doubled to 40,000 contracts, from about 17,000 in March. During the same time, the value of an ounce of gold in lira rocketed more than 30 percent. (Source: Bloomberg)

> Truck Manufacturers Expect To Break Records This Year: With Freight demand red hot this year, manufacturers expect to be delivering new trucks into next year. North American freight-haulers ordered more than 300,000 Class 8 trucks in the first seven months of this year and are on track to order a record 450,000 of the heavy-duty vehicles for the full year, according to ACT Research. That would be the largest book since 2004, when orders reached 390,000, according to analysts. (Source: WSJ)

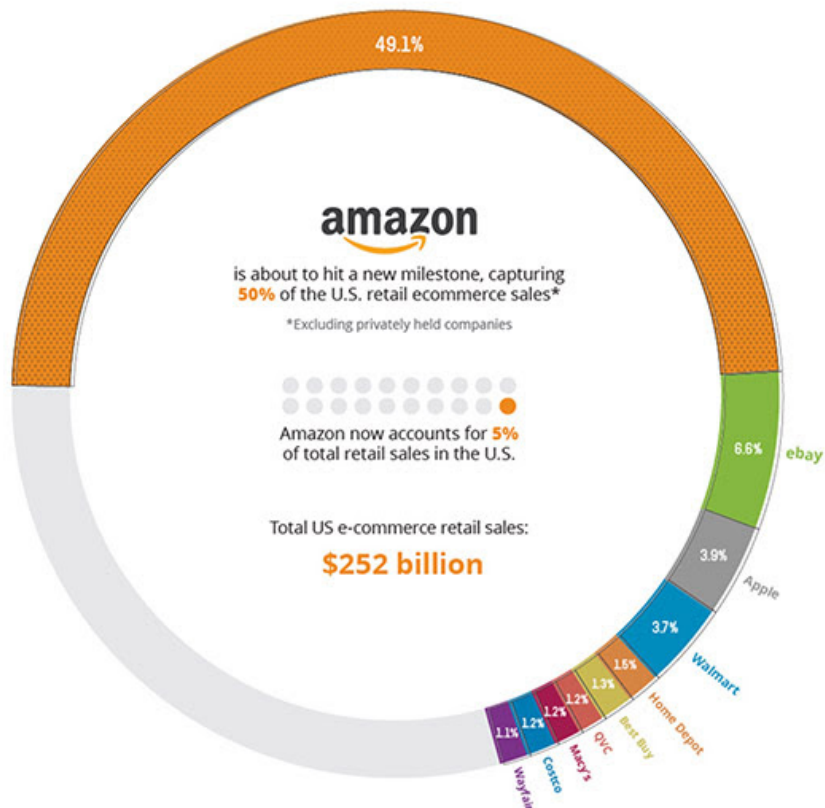
> Tyson Purchases McDonald's Supplier for \$2.5 Billion: Tyson Foods has acquired U.S. chicken nugget processor Keystone Foods from Brazilian Mafrig Global

Foods SA for \$2.5 billion. Keystone is the largest supplier of chicken nuggets to McDonald's and had 2017 sales of \$2.8 billion with operations in the U.S., Korea, China, Malaysia, Thailand and Australia.

> **Trillion Dollar Stock Buy-Back Could Continue To Boost Market:** There's another trillion dollar milestone hitting the market this year, it's \$1 trillion in buybacks authorized by corporations this year. And while the figure may seem far-fetched at first blush, it's now the official 2018 forecast by Goldman Sachs. Is record buy-backs a sign of reckless exuberance — or will it push the market higher? Explore both the bull and bear arguments [HERE](#).

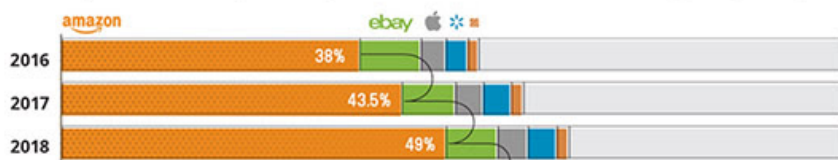
> **Amazon's Dominance in Ecommerce:** Of course, we all know Amazon dominates online retail. But viewing the most recent data behind the explosion in Amazon's market share is still stunning to see: in the last two years, the already monstrous Amazon somehow was able to increase their share of the total U.S. commerce market from 38% to 49%. Amazon holds almost half of the massive \$252.7 billion market — that's more than double the market share of the next nine companies (including eBay, Walmart, Best Buy, Apple, etc.) combined.

eCommerce Empire



Top 5 Public Companies by Ecommerce Sales*

*Excluding privately held companies



Amazon's rapid growth in the ecommerce space is a contrast to a surprisingly static U.S. market.



FROM THE FIELD

Central Nebraska - We have consistent yields year to year unless of course we have hail or straight wind that green snaps our corn fields. We have not had any green snap this year, but we are fortunate because a lot of guys in this area have. We have seen pivots turned over because the wind was so bad back in June. Guys have got hit hard and we saw green snap in nearly every direction of us, but we seem to avoid it by some miracle. I think we will probably be maybe 2-5% behind on corn yield compared to last year and probably at least that much better on soybeans. I have honestly never seen a better soybean crop then the one we currently have. One interesting thing we are trying this year is reducing our population to maximize yield and minimize our seed cost. We have found after several test over the last few years that on the irrigated corn, 32,000 seems to be the best bang for our buck. We were always told to believe the ideal population was 34,000 or even 36,000 but what we have found is that the higher we have gone the less it produces.

Southeast North Dakota - We currently strip till our corn. We put down half our nitrogen using urea and AMS. Then during the growing season, we come back during about V4 or V6 with our coulter rig and put down the rest which usually helps if we see leaching which is not uncommon in here. I would like to get away from putting on nitrogen during the fall to start stripping sooner. I think the plan in the future is to drip 10-15 gallons on behind the closing wheels with the planter and side dress the rest which will dramatically reduce our side dressing during growing. The only problem I see with this method is putting coulters on the planter because I use the planter to plant soybeans as well.

Central Wisconsin - We are starting to see mold in north central Wisconsin. It had to of came in early, mostly on the bottom 1/3 of plant is infected. This is the 3rd year in a row that we have had this white mold problem. We switched to 15" beans this year and cut population under 150k to try and stop the problem but it didn't help. We even sprayed Endura on a lot of acres at the R1 stage. I'm honestly starting to get really sick of growing soybeans and fighting this white mold. We've been very dry this year with a few timely rains. Things look really good. Just praying this mold doesn't spread throughout the whole fields like last year because 12-bushel beans hurt!



CROSSING WIRES

A place to share intelligent thoughts...

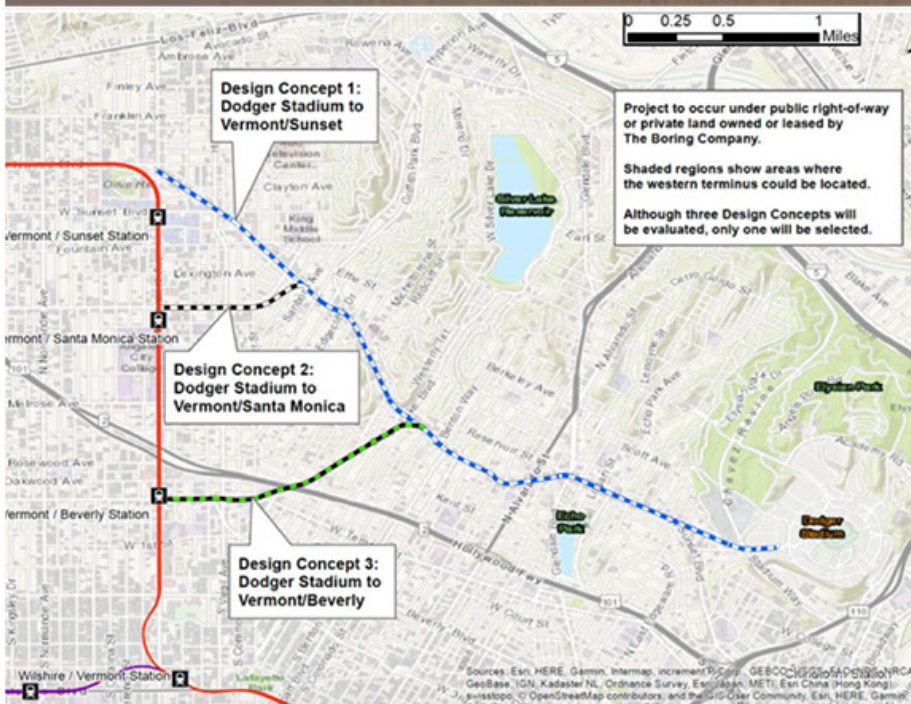
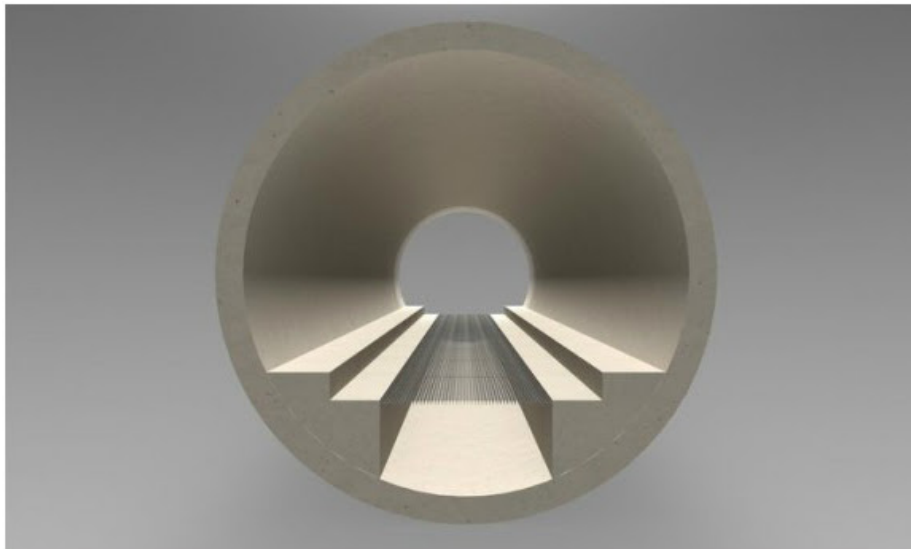
Strawberries Make Great Case Study For Future Of Container Farming: If shipping-container farms are going to feed the world, their backers will have to find an economical way to grow a larger variety of fruits and vegetables indoors. Strawberries are one fruit that startups are looking at as the fruit has short growing cycles and relatively small plants compared with fruit-bearing trees, not to mention retail sales in the U.S. reach roughly \$3 billion annually. But the crop needs lots of light and also needs to be pollinated, which currently takes expensive human labor to provide it. Read more [HERE](#) how some entrepreneurs are approaching the challenge.

Gates Offers Insights To Why Economy Works Differently Now: Bill Gates believes the rules of supply and demand are changing faster than people and governments are adapting. We live in a world where an increasing number of products are "intangibles," or products you can't touch—like software and other digital content. Keep in mind, this kind of product is very different than the physical products our basic economic theory was built around. Intangibles scale differently, meaning once a developer has paid for the upfront costs of developing a piece of software, for example, they need only make as many copies as the market demands, and the copies cost virtually nothing. For a more traditional, physical type of product like a car—to use Gates's example—the "copies" cost at least as much as the materials needed to make each one. Read about what this might mean [HERE](#).

Head To Head...Budget Versus Brand Name Tents: It's hard sometimes to want to pay the extra money for a brand name tent when you can pick one up for hundreds less. We've all heard and I'm guessing you have learned by now, you get what you pay for. So the question becomes, what are your specific needs. To wade through the differences between budget and high-end four-person tents and determine if the extra scratch pays dividends, click [HERE](#) to read expert advice.

Solving The Spaghetti Physics Problem: Most objects follow a predictable pattern when you bend them far enough: They break in a single place, splitting that object into two. Perplexingly, spaghetti noodles seemingly break twice in two completely different places at one. This suggests that two different parts of the noodle reach their limits at the exact same time, which is tough to believe. The exact explanation has been a historically difficult problem for physicists, even perplexing Nobel Prize winner Richard Feynman. Now, researchers say they understand not only why this happens but also have developed a technique to prevent it from happening. Find out what the research revealed [HERE](#).

Musk's Newest Proposal... The Dugout Loop: Elon Musk's two-year-old tunnel digging venture has proposed yet another project in the Los Angeles area: a one-way, approximately 3.6-mile tunnel from a lot near an LA Metro Station to Dodger Stadium. Currently, this idea is just a proposal, and it still needs approval by LA City Council as well as all of the permitting necessary to tunnel under the Echo Park and Silver Lake neighborhoods, which is nothing trivial. I'm told there are at least five separate agencies that would be involved in the process of building this tunnel. The Boring Company offered three possibilities for a western terminus of the tunnel, in either Los Feliz, East Hollywood, or Rampart Village. Each neighborhood has an LA Metro station that could be used, and The Boring Company proposes that it would buy a piece of property within walking distance of that station to set up its own station.



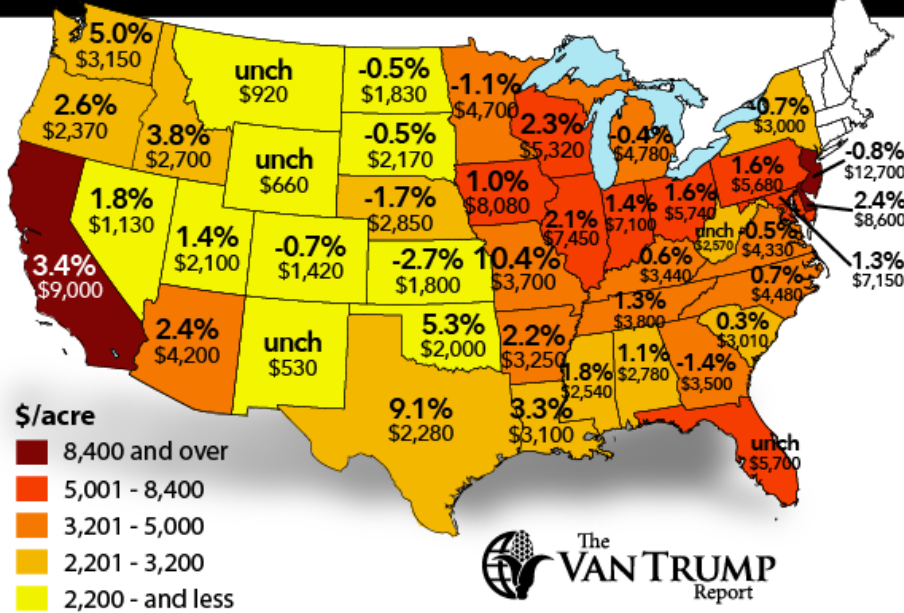


U.S. Farmland Values Hit a Record Despite Trade Fears

While we continue to hear about farm groups sounding the alarm over the recent trade wars, there is one measure that shows part of the ag economy is still vibrant: U.S. farmland values just rose to a record. Average farmland values nationwide have increased 1.9% to \$3,140 an acre so far this year from 2017. Missouri saw the largest gain in values, which includes farmland, cropland and buildings on ag properties. The figure rose 10% to \$3,700 an acre. The biggest drop was in Kansas, where values declined 2.7% to \$1,800 an acre. States that are major growers of wheat, including Minnesota, North Dakota and South Dakota, tended to see declines, while states dominated by pasture, such as the southern Plains states of Texas and Oklahoma, saw gains. Nationwide, cropland values rose 1%, while pasture increased 3%. The land gain comes at a grim time for farmer revenues. Farm income may drop 6.7% this year to \$59.5 billion according to USDA forecasts in February. Ultimately, good quality land is holding an even increasing its value, even while trade dispute with China rage on. While the economic health of U.S. farmers continues to look grim, rising land values can help bolster farm balance sheets even if crop prices fall. (Source: USDA, 2018 Land Values Summary)

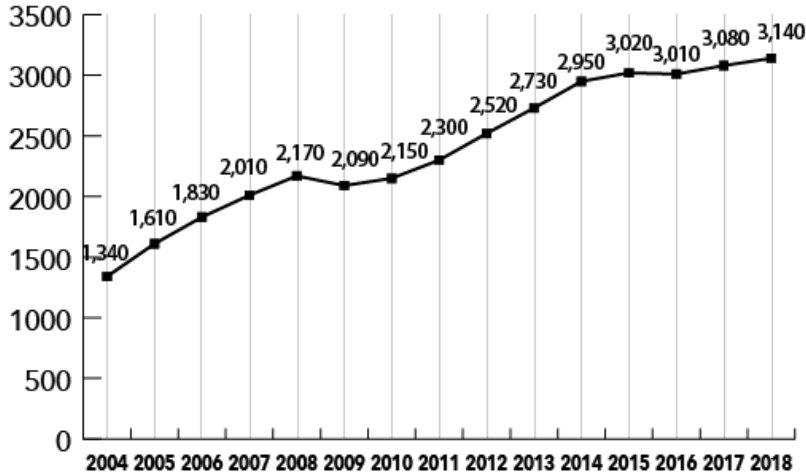
2018 US Farm Real Estate Values

\$ Value per Acre, % Change from last year



2018 Average Farm Real Estate Value - U.S.

\$/acre



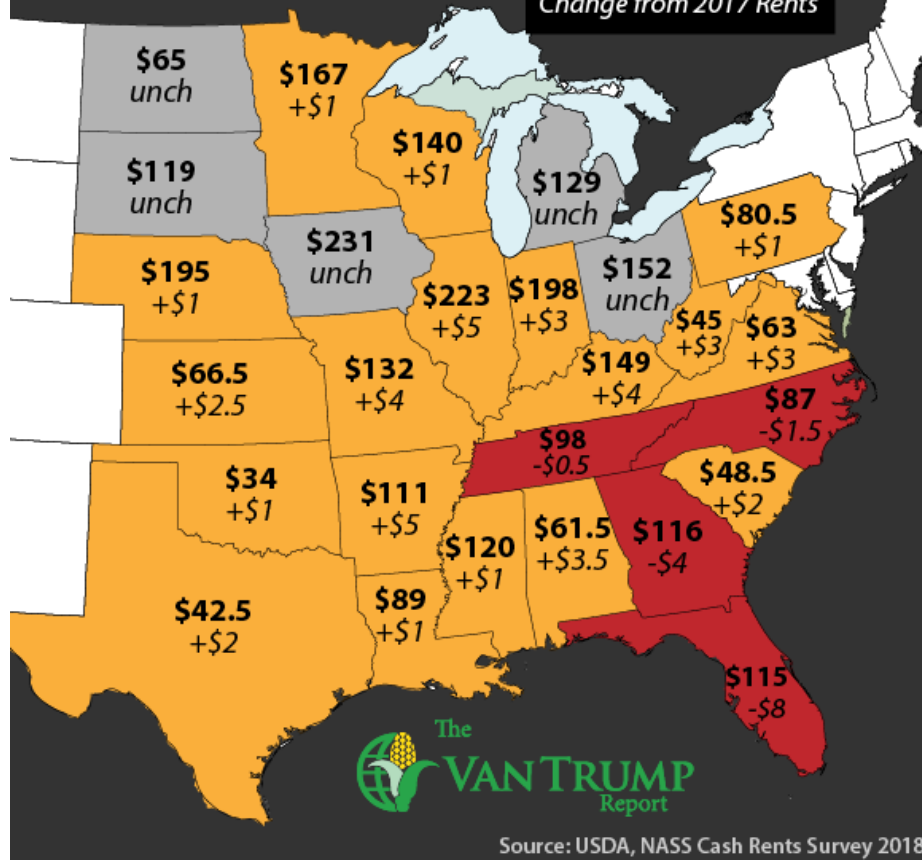
Cash Rents, 2018

Compared to 2017 Cash Rents

(measured in \$/Acre)

\$2018 Rents

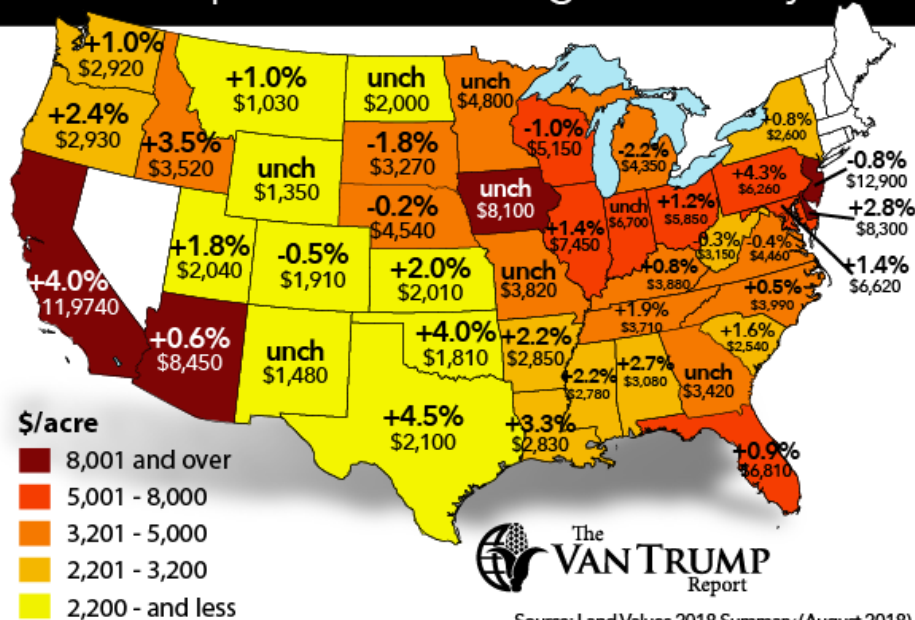
Change from 2017 Rents



Source: USDA, NASS Cash Rents Survey 2018

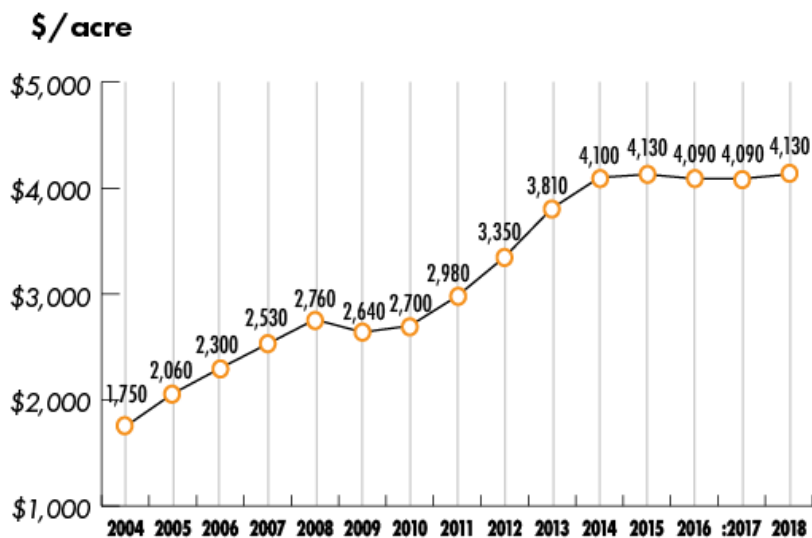
2018 US Cropland Values

\$ Value per Acre, % Change from last year



Source: Land Values 2018 Summary (August 2018)
USDA, National Agricultural Statistics Service

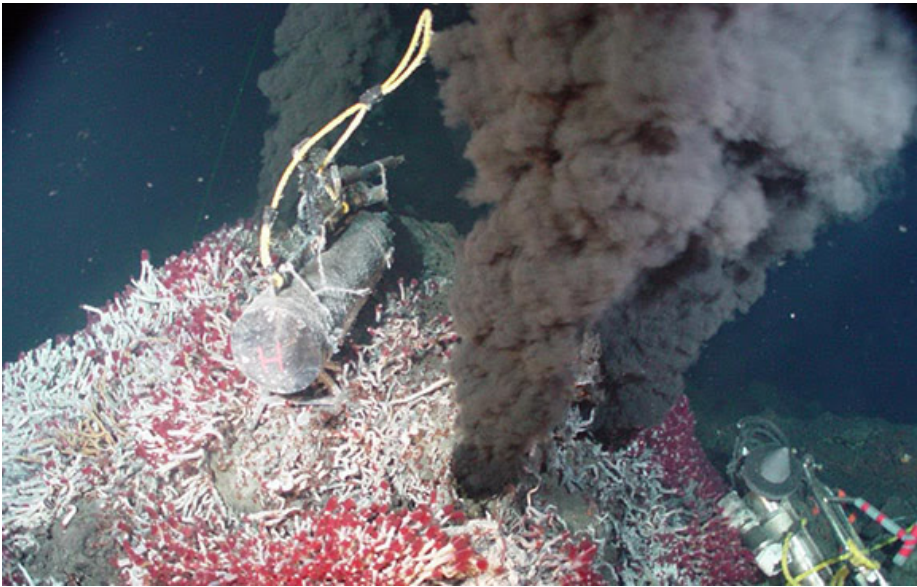
2018 Average Cropland Value - U.S.



NASA Sends Submarine To The Ocean Floor

NASA researchers are heading down rather than up into the sky, as they prepare to send a submarine to the bottom of the ocean. From what I understand the research will take place near Hawaii in the harsh environmental conditions surrounding volcanic vents. What intrigues scientists is that life still manages to exist in these extreme living conditions. Basically, it's a training mission for future research based on the severe environments scientists expect to encounter once they get to the water worlds of Jupiter's moon Europa and Saturn's moon Enceladus. The mission SUBSEA, or Systematic Underwater Biogeochemical Science and Exploration Analog, is a two-pronged mission serving as both a testbed for the kind of equipment we'll one day want to send to a watery moon, and as a way to study the biochemistry of such an environment. In case your wondering, vents on the seafloor can reach hundreds of degrees as upwelling volcanic material meets the ocean water, which is what has scientist baffled as to how organisms can survive, which they once believed impossible. So, today, NASA will launch SUBSEA to the volcanic vent Loihi of the coast of Hawaii where it will take observations at subcentimeter resolution of the topography, environment and inorganic chemistry as well as collect samples. It's worth noting that all the steps taken now will determine how NASA designs and implements future missions. I'm told that next year researchers will launch a similar mission with a twist. The team will impose a 24-minute communication delay between the sub and the surface in order to simulate the communication delays that are inherent in space travel, much like the Mars missions where it delays can affect the critical decision making that

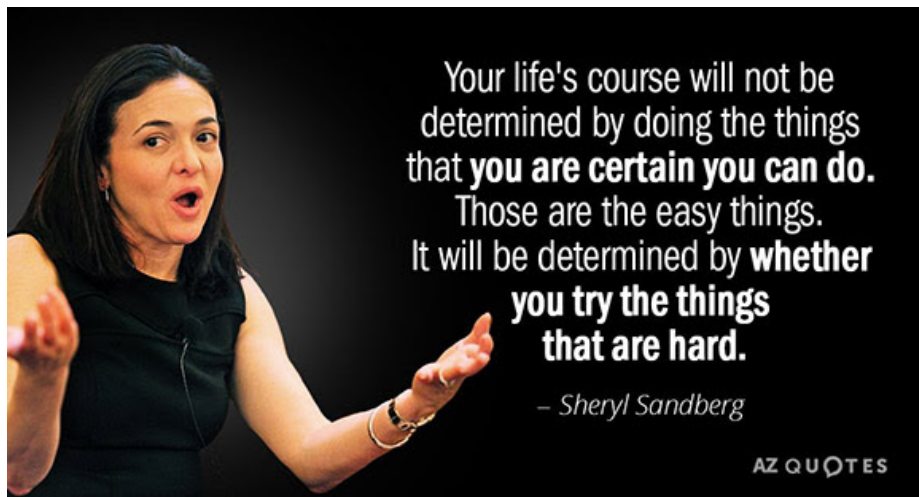
has been worked out already. If plans stay on track, NASA will send its first dedicated mission to Europa sometime in the 2020s. It certainly sounds like there will be lots going on in space sooner than later! (Source: popularmechanics, economic times)



VERY THOUGHT PROVOKING... Zuckerberg's #1 Rule For Hiring A Great Employee And More Good Insight!

This is so simple, but one I have never heard before... "Never hire anyone you wouldn't work for yourself." Zuckerberg says this is the single biggest difference in whether companies end up becoming great and reaching their true potential, or just pretty good. If you wouldn't work for the candidate sitting across the table from you, then hiring them won't help your company advance. The best companies have to be able to change and pivot a lot, meaning it can be hard to predict just how long an employee will need a given skill set. This is another reason the best of the best have found they are much better off hiring the right "person" rather than hiring for the right skill set. This is a huge misnomer for many CEO's and their personnel in human resources, as they are most often trying to hire for specific skill sets or personality needs that currently exist. Remember, Google, Apple, Facebook, Netflix are hiring for positions that haven't even been thought of yet! It's not about hiring people that can get the job done now, it's about hiring the people who you now will be successful later. We also need to remember, not everyone makes it through every company transition or turn. I love what Sheryl Sandberg once said, "Rather than hiring people you have to tell to march four steps, you want to hire people that you can tell, "We're heading over there, get there as quickly as you can."" Famed investor, entrepreneur and billionaire Reid Hoffman says, "This balancing act between who you need now, and who you'll need later, is no small feat. In the early startup stage, you need all-rounders who love to get their hands dirty. Later on, you need polished managers who know how to delegate. He also states, "Whenever I see mission statements plastered on walls at companies, stating, "Here's our goal," or "Here's where we're going." I recognize that there should be an underlying footnote reading... "Get there however you'd like."

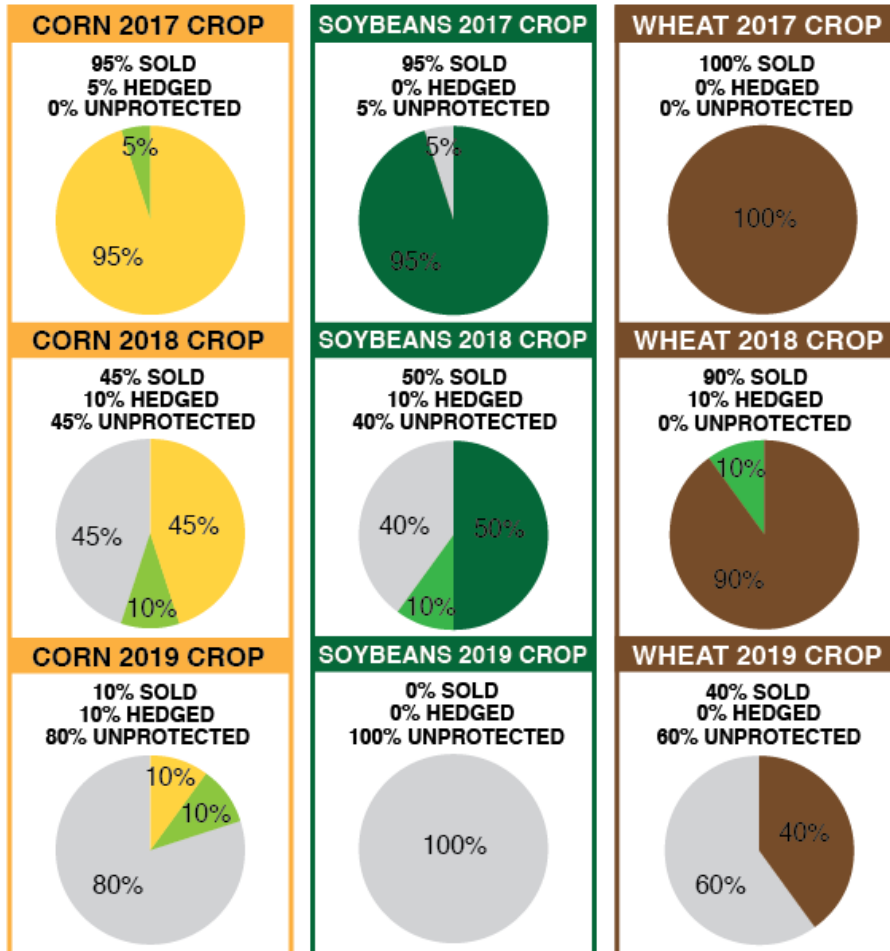




ANSWER to riddle: Tomorrow

CASH SALES & HEDGING TOTALS

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