

GOOD MORNING: 09/19/18 Farm Direction - Van Trump Report

2 messages

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

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"A lot of what's most beautiful about the world arises from struggle." - Malcom Gladwell

WEDNESDAY, SEPTEMBER 19, 2018

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Morning Summary: Stocks are steady this morning after rallying into yesterday's headlines of China punching back at the U.S. with tariffs of 5% to 10% on \$60 billion worth of U.S. goods. Reports circulating indicate China's new tariffs will affect 5,207 U.S. products and account for as much as 95% of all U.S. exports to China. From what I understand, the tariffs are to take effect September 24, the same day the latest ones imposed by the U.S. are scheduled to begin. China's Ministry of Commerce said they were left with "no choice" but to retaliate. Perhaps more concerning, and getting more play by the bears, were the recent comments made by Alibaba chairman Jack Ma, who said trade frictions between the United States and China could last for several years and be a mess for all parties involved. He also made comments that elude to Chinese businesses perhaps moving production to other countries in the medium-term to get around the tariffs. The question now becomes, will President Trump respond with another round of even larger tariffs? I suspect he does. Bulls remain confident in the strong U.S. economic data, robust corporate earnings, and the markets ability to shrug off negative trade headlines. Keep in mind, U.S. corporate earnings growth will more than likely top +20% in Q3. Further confirming the bulls position is the fact the VIX, which uses S&P 500 options to calculate expectations for volatility over the coming 30-days, has dropped -20% since July, meaning there just isn't the fear in the market most would expect. In fact, BlackRock's global risk indicator, shows global geopolitical risk dropping over the past month, falling beneath its historical average and to its lowest level in more than a year. As for today's U.S. economic news, we have updated U.S. housing starts and building permits, with the trade looking for a slight uptick. Most all eyes have started shifting to next weeks Fed meeting. Even though most everyone is expecting another interest rate hike, the meeting will also bring a Summary of Economic Projections and a press conference by the Chair, which could fill in a bit of the color moving forward. Most sources inside the trade are currently thinking there's a +80% chance for two more rate hikes in 2018, more than likely one in September and another in December. Further out on the horizon the market seems much less certain. At the moment most bets are being placed on the Fed either raising one or perhaps two more times in 2019. There are some insiders thinking the Fed could raise rates as many as three more times in 2019, but the odds seem to be less than 20%.

NAFTA Update: Canadian Foreign Minister Chrystia Freeland will be in Washington today to meet with U.S. Trade Representative Robert Lighthizer, as both teams seek to make this a trilateral agreement with Mexico. From what I'm hearing, U.S. business groups are pouring on the pressure, urging Lighthizer to include Canada as they are our number one trading partner. I suspect the two nations eventually find a way to strike a deal. My guess is we see a resolution after the election in Quebec on October 1st but some time before the U.S. mid-term elections on November 6th.

What If Amazon Is Forced To Break Up Their Company? Citi Research estimates that Amazon's retail business would be worth \$400B if the company was divided in two, while the valuation on the cloud computing division would be around \$600B. The firm sees considerable upside from an Amazon separation, including a reduction in regulatory risk and a removal of the conflict of interest of AWS bidding for certain retail business. The Jeff Bezos succession issue and the

THE

VAN TRUMP CONFERENCE

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NOVEMBER 28 -29, 2018

Full MARKET Outlook



On hand will be several leading market analyst, traders and innovators who will be providing their insight and opinions on both short-term and long-term industry direction and outside investment ideas. You do not want to miss this years special event!

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Sit front row in the boardroom with some of the best and brightest! Join us for an exclusively look behind the scenes as several of the top CEO's and leaders openly discuss their next moves in the markets,

company's stock-based incentive compensation packages could also be cleaner if Amazon pulled the trigger on a split. (Source: Wall Street Journal)

Tilray Stock Continues To Climb: Back in July, I talked about a Canadian cannabis company called Tilray and their stock going public. From what I understand, some of our readers dove in head first and made an investment. The stock has since gained over +800%. The Canadian cannabis company is now set to be the first to export legal weed to the U.S. Tilray stock soared over +28% yesterday after receiving approval to ship medical cannabis to the U.S. for a study in California. Full-disclosure, I currently own ZERO Tilray stock. I'm starting to hear of a few more short-side players coming into the space. I don't think anyone truly yet understands how to value the sector. This is creating some massively wild swings and extreme pockets of volatility. There are certainly opportunities in this area, but the volatility and uncertainty is just too much for my taste.

Denise Mueller-Korenek Breaks Land Speed Record Pedaling 183.9 MPH: When you're trying to become the fastest self-propelled human on the planet, you wouldn't expect getting going at all to be the hardest part. But Denise Mueller-Korenek rides a bicycle so intense, even she can hardly pedal it. At least, not at the speeds hit by any sane cyclist. Once she's going Autobahn speeds, though, she can unhook from the drag racing car that tows her off the line and start to crank the gear around. Drafting off the steadily accelerating racer and spinning up the rpm's on the bike's compound reduction gear, she'll have two and a half minutes to reach the goal that brought her to Utah's Bonneville Salt Flats last weekend: set the motor-paced bicycle land speed record. Which right now stands at 167 miles per hour. Read her story amazing [HERE](#) as she breaks a 100-year-old record held by men.



their current investments, what they see at out on the horizon, along with heated debates about our future.

SPECIAL GUEST SPEAKER

Molly Bloom - One of the most intriguing stories of the past decade. Her story was recently turned into a major hit motion picture called "Molly's Game". The true story of "Hollywood's poker princess" who gambled everything, won big, then lost it all.



"A captivating story that is interesting for a wide audience beyond those who enjoy poker. It's a high stakes adventure providing the layperson a peak into a world few will ever truly know or understand. Molly comes from a family of high achievers. She is no slouch. A champion skier, brains to match. Each time she hit a bump in her life she did not complain, she found a solution with a positive attitude. She offers many fantastic life lessons!"



Weather Wild-Card!

Weather guru Dr. Simon Atkins will be presenting what he is calling one of the most important weather updates and forecasts in years. Join us as he reveals a possible game changer!

Network directly with some of the top CEO's and ag industry executives. Learn first hand how NEW technology and transparency is influencing today's decisions.

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Remember we sold out early last year!

LEARN MORE

neuro mining



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

TODAY'S RIDDLE:

I'm always somewhere between the ground and the sky, always far in the distance, always moving further away if one attempts to come closer. What am I?

Weather in the Corn Belt, warm, dry weather is ideal for corn and soybean maturation and early harvest efforts, although showers are creeping into the western Corn Belt. As of September 16, Midwestern corn was rated more than 70% good to excellent in every state except for Missouri 29% and Michigan 51%. On the Plains, a continuation of warm, dry weather over the southern half of the region is promoting early winter wheat planting. Similarly, dry albeit cooler conditions on the northern Plains favor spring wheat harvesting and winter wheat sowing. In the South, flood recovery efforts are underway in the Carolinas, though showers associated with the remnants of Hurricane Florence (now a tropical depression centered in Pennsylvania) linger along the Atlantic Coast. Sunny skies with scattered afternoon showers and thunderstorms continue in the Gulf Coast states. The remnants of Hurricane Florence will produce locally heavy showers in the Northeast before finally exiting the coast. Meanwhile showers will increase and intensify along and north of a stationary front from the northern half of the Plains into the western and northern Corn Belt; rain will be enhanced by an area of low pressure expected to develop along the front during the latter half of the week. Farther south, tropical moisture will surge northward across the Four Corners Region, fueling increasingly heavy showers. This moisture will ultimately lead to moderate to heavy rain on the southern Plains by week's end. The remainder of the West will remain warm and dry.

Satellite Image Shows Vegetation and Corn Yield: Recently released Terra MODIS yield model shows us the the dense vegetation of the Corn Belt. USDA analysts use this satellite sensing to better model and predict crop yields. In the latest MODIS yield model you can see where 250 - 300 bushel per acre yields can be found throughout Nebraska, Iowa and Illinois. You can also see where drought has affected areas in Kansas and Missouri. Click graphic below for larger picture.

Today In History



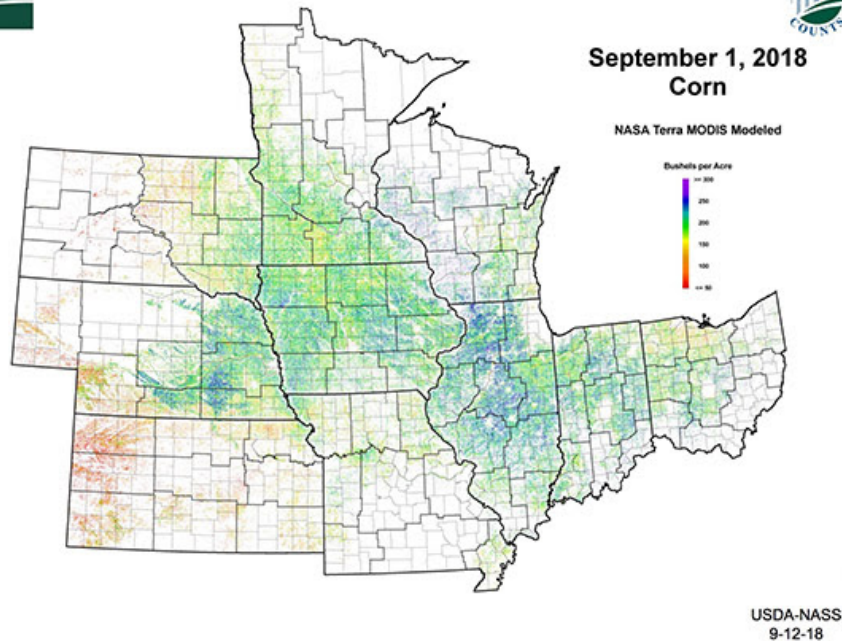
1881, Garfield Passes - Eighty days after a failed office-seeker shot him in Washington, D.C., President James A. Garfield dies of

complications from his wounds. Born in a log cabin in Ohio, Garfield was elected to the U.S. House of Representatives while serving as a Union colonel in the Civil War. He later became a U.S. senator and in 1880 was unexpectedly nominated as the presidential candidate of the Republican Party. Successfully appealing to his humble roots, he was elected the 20th U.S. president over his Democratic opponent, General Winfield Scott Hancock. On July 2, 1881, only four months into his administration, President Garfield was shot as he walked through a railroad waiting room in Washington by Charles J. Guiteau, a lawyer and writer with a grievance. The wound was not immediately fatal for Garfield, but his doctors' uncleaned and unprotected hands are said to have led to infection that caused his death on September 19. Guiteau was convicted of the murder and was executed in June 1882; he tried to name his crime as simple assault by blaming the doctors for Garfield's death. With his term cut short by his death after only 200 days, and much of it spent in ill health trying to recover from the attack, Garfield is little-remembered other than for his assassination. Historians often forgo listing him in rankings of U.S. presidents due to the short length of his presidency. The president never left his sickbed and performed only one official act during the 80 days before he died: the signing of an extradition paper. While Garfield was attempting to get well, Vice President Chester A. Arthur generally served as acting president, but there was confusion over whether he had the authority to do so, as the Constitution was ambiguous on the matter of presidential succession. On September 19, President Garfield died of blood poisoning. The following day, Arthur was inaugurated as the 21st president of the United States. Garfield had three funerals: one in Elberon; another in Washington, where his body rested in state in the Capitol for three days; and a third in Cleveland, where he was buried.



1959, Krushchev Denied Disneyland - In one of the more surreal moments in the history of the Cold War, Soviet leader Nikita Khrushchev

explodes with anger when he learns that he cannot visit Disneyland. The incident marked the climax of Khrushchev's day in Los Angeles, one that was marked by both frivolity and tension. Khrushchev arrived in the United States on September 15 for an extended visit and a summit meeting with President Dwight D. Eisenhower. The Soviet leader indicated a desire to see Hollywood and a visit was arranged. On September 19, Khrushchev and his wife arrived in Los Angeles. The



Corn prices fall to fresh new contract lows as more inside the trade start to fear an extended trade battle with the Chinese and an already record U.S. yield perhaps getting larger. Harvest reports are heavily flowing and causing some bulls to backpedal. On the opposite side, more bears are talking about perhaps a +182 yield estimate. It was just earlier this week we were hearing more bulls talk about a 180 yield estimate. I don't think anybody knows the USDA's next move, but everyone seems in agreement that the U.S. yield will certainly be record setting. I should also note, Informa has confirmed early talk of more U.S. corn acres in 2019, thinking we jump by close to +4 million to just north of 93 million total corn acres planted. That type of acreage has many fundamentalists now penciling in a +15.0 billion bushel crop, obviously excluding any major weather hiccups. The saving grace is that "demand" remains extremely strong, and I believe it's going to continue. I suspect the recent headlines about Green Plains closing a couple of ethanol plants might have spooked a few folks, but I think those worries are only temporary in nature and the capacity will be made up. I was hearing a lot of talk yesterday of end-users starting to step in as larger buyers of both corn and soybeans, so perhaps we might soon start to see some stabilization in basis. As a producer, I continue to hold my breath and hope for brighter days ahead. As a spec, I remain patient, but am starting to become more serious about establishing the first leg of a longer-term bullish position. I am in no real hurry, because I believe there's still more downside, but certainly dialing in my scope.

day began pleasantly enough, with a tour of the Twentieth Century Fox Studios in Hollywood. The Soviet premier was taken on to the sound stage for the movie "Can-Can" and was immediately surrounded by the cast of the film, including Shirley MacLaine and Juliet Prowse. MacLaine greeted Khrushchev in broken Russian and then attempted to engage the premier in an impromptu dance. Khrushchev jovially begged off and then stood by while the cast members performed a number from the film. Frank Sinatra was brought in to serve as an unofficial master of ceremonies for the visit, and he later lunched with an obviously delighted Khrushchev. Things began to unravel when Twentieth Century Fox President Spyros P. Skouras introduced Khrushchev at Los Angeles Town Hall. Almost immediately, Skouras, who was an ardent anticommunist, irritated Khrushchev by referring to the premier's famous statement that Russia would "bury" capitalism. Skouras declared that Los Angeles was not particularly interested in "burying" anyone, but would meet the challenge if posed. Khrushchev's famous temper quickly flared. He charged that Skouras's remarks were part of a campaign to heckle him during his trip to America. The plan, Khrushchev suggested, was to needle him, "rub" America's strength in his face, and make him "a little shaky in the knees." Addressing Skouras directly, Khrushchev stated, "If you want to go on with the arms race, very well. We accept that challenge. As for the output of rockets—well, they are on the assembly line. This is a most serious question. It is one of life or death, ladies and gentlemen. One of war and peace." Khrushchev's anger increased when he learned that he would not be allowed to visit Disneyland. Government authorities feared that the crowds would pose a safety hazard for the premier. Khrushchev, still fuming about the debate with Skouras, exploded. "And I say, I would very much like to go and see Disneyland. But then, we cannot guarantee your security, they say. Then what must I do? Commit suicide? What is it? Is there an epidemic of cholera there or something? Or have gangsters taken hold of the place that can destroy me?" Khrushchev left Los Angeles the next morning.



1990, Goodfellas - Martin Scorsese's Mafia film Goodfellas, starring Ray Liotta, Robert De Niro, Lorraine Bracco and Joe Pesci, opens in theaters around the United States. The movie, which was based on the best-selling 1986 book Wiseguy, by the New York crime reporter Nicholas Pileggi, tells the true story of the mobster-turned-FBI informant Henry Hill (Liotta), from the 1950s to the 1980s. Goodfellas earned six Academy Award nominations, including Best Picture and Best Director. Pesci won a Best Supporting Actor Oscar for his performance as the psychotic mobster Tommy DeVito. Martin Scorsese, who was born on November 17, 1942, in New York

GLOBAL Ending Stocks CORN

(IN MILLION METRIC TONS)



SOURCE: USDA, updated SEPTEMBER WASDE data

Soybean prices are coming off another contract low. In fact, soybean prices have now posted a fresh new decade low. The lower-highs and lower-low dance steps clearly remain in vogue. Talks of an already record U.S. crop getting larger, record acreage being planted in Brazil, and thoughts of the U.S. - Chinese trade conflicts perhaps dragging on for an extended period, is allowing the bears to swing for the fences. As I've mentioned for weeks, talks of sub-\$8 soybeans could soon be a reality. As a producer, I'm absolutely kicking myself for not pulling the trigger on any 2019 bushels. We traded to \$10.10 in the NOV19 contract and I was holding out for \$10.20 on that first sale. We are now trading at \$8.80 and I have nothing sold. I also feel jammed up on my remaining unpriced 2018 bushels that will soon be harvested. I was lucky to be extremely aggressive in selling 60-65% of my estimated production early. Now with the extra bushels that's only like having 50% priced, so we have some major post-harvest marketing work to get accomplished. With the basis so bad, it feels like we have almost no choice but to play the waiting game. This scares me, because everyone else seems to have this same plan. As I've learned many times, this is not a team sport, so I doubt doing the same as everyone else will end up paying big dividends. I just hate to dig the hole any deeper by trying to pick a bottom. If it's any consolation, I've seen some very well respected traders take some heavy shots directly on the chin trying to buy this break. I've been fortunate to avoid that trap, but still left holding the bag in regard to unloading new crop risk. At this point, I'm not even sold on the fact we make a dramatic bounce higher on more positive trade news. Can the market get it's head back above \$9.00 by the NOV18 expiration? I'm really starting wonder? The NOV18 options expire in 37 days on October 26th. The First Notice Day in NOV18 futures is October 31st and the contracts Last Trading Day is November 14th. Keep in mind, we still have to digest an upcoming October 11th USDA report, where most sources are currently thinking the yield works itself higher and the balance sheet expands. Something else to keep in mind, the Spring Planting insurance guarantee was established at \$10.16 per bushels. Unfortunately, since it's revenue based, those with extra bushels and record yields probably won't collect. Those with 85% coverage are looking at \$8.64; 80% looking at \$8.13; and 75% coverage at \$7.62. One bright spot, Informa is forecasting a large reduction in U.S. soybean acres for 2019. From what I heard, their early estimate is for 82.27 million U.S. soybean acres in 2019, which would be down significantly from this years nearly 90 million acres planted.

City, received critical acclaim for one of his earliest films, *Mean Streets* (1973), which marked the first time he worked with Robert De Niro. The two men also collaborated on *Taxi Driver* (1976), *Raging Bull* (1980) and *The King of Comedy* (1982). Following *Goodfellas*, in which De Niro played the Irish mobster Jimmy Conaway, the actor collaborated with Scorsese on *Cape Fear* (1991), which co-starred Nick Nolte and Jessica Lange, and *Casino* (1995), which was co-written by Pileggi and co-starred Pesci and Sharon Stone. Scorsese's movie credits also include *Gangs of New York* (2002), *The Aviator* (2004) and *The Departed* (2006), which earned him his first Best Director Oscar after five previous nominations in the same category. Prior to co-starring in *Goodfellas*, Ray Liotta, who was born on December 18, 1954, appeared in such films as *Something Wild* (1986), with Melanie Griffith and Jeff Daniels, and *Field of Dreams* (1989), with Kevin Costner. Liotta's later credits include *Cop Land* (1997), with Sylvester Stallone, *Hannibal* (2001), with Anthony Hopkins, and *Narc* (2002). Joe Pesci, who was born on February 9, 1943, appeared in such movies as *Raging Bull*, *Once Upon a Time in America* (1984) and *Lethal Weapon 2* (1989) before his award-winning performance in *Goodfellas*. His later film credits include the blockbuster *Home Alone* (1990), in which he played a bumbling burglar; the comedy *My Cousin Vinny* (1992), with Marisa Tomei; and *A Bronx Tale* (1993), which marked Robert De Niro's directorial debut. Lorraine Bracco, who was born on October 2, 1954, earned a Best Supporting Actress Oscar nomination for her performance in *Goodfellas* as Henry Hill's wife, Karen. Bracco, who began her career as a model, later appeared in such movies as *Someone to Watch Over Me* (1987), *Radio Flyer* (1992), *The Basketball Diaries* (1995), with Leonardo DiCaprio, and *Riding in Cars with Boys* (2001). She is perhaps best known for her role as Tony Soprano's psychiatrist Dr. Jennifer Melfi on the hit HBO series *The Sopranos*, which originally aired from 1999 to 2007.

Upcoming Events

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

Mon. 10/1 - Crop Progress

Thur. 10/4 - Export Sales

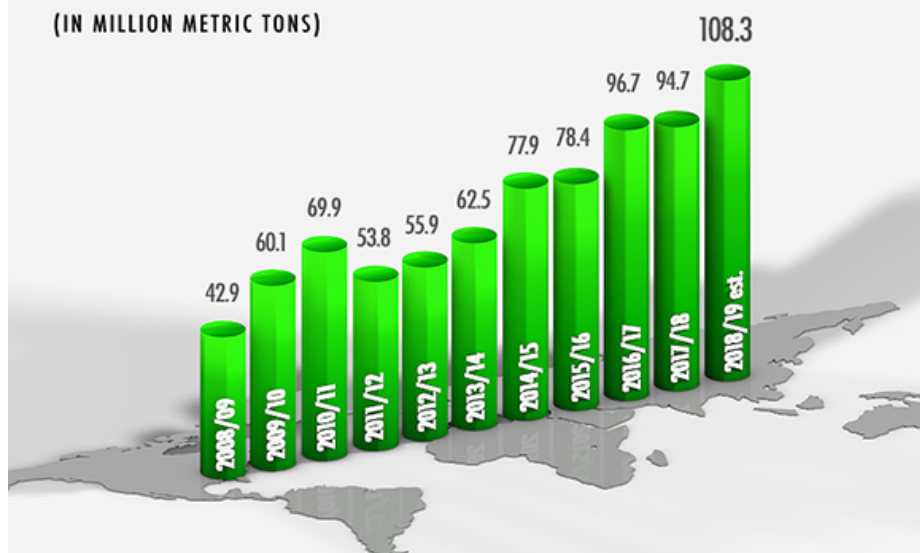
Fri. 10/5 - Monthly Unemployment

Mon. 10/8 - Columbus Day

Tues. 10/9 - Crop Progress

GLOBAL Ending Stocks SOYBEANS

(IN MILLION METRIC TONS)



SOURCE: USDA, updated SEPTEMBER WASDE data

Wheat bulls are talking about Russian export estimates being downgraded. The USDA's current estimate is for 35 MMTs of Russian wheat to be exported vs. 41.42 MMTs last year. Several sources, including the Russian Ag Minister, are thinking that exporter number is now closer to 30 MMTs. I've even heard a few estimates lower than that. The USDA's current production estimate for Russia is now 71 MMTs vs. roughly 85 MMTs last year. There also a lot of talk that Australia's export estimate is still too high at 14 MMTs. Keep in mind, just two years ago Australia exported 22.6 MMTs. I'm also wondering if the current Canadian export estimate at 24 MMTs is also too high. Last year Canada exported 21.95 MMTs, the year before (2016) they exported just 20.16 MMTs. Interestingly, the Canadian crop this year is estimated to produce 31.5 MMTs, where as in 2016 the crop produced 32.14 MMTs. In other words, the crop in 2016 was bigger than this year, yet they have current exports estimated +20% higher. I understand the fact Canadian exports could be higher based on the current underlying trade and currency landscape, but I'm just not sold on +20% higher. I could also argue that the current Argentine and Ukraine export estimate ends up being a touch high. Regardless of the bullish traditional fundamental details, the trade still feels like it has a bearish macro tilt, which I suspect keeps the upside limited nearby. Bears are also pointing to improved moisture profiles and increased acreage here in the U.S. Bottom-line, I remain a longer-term bull, but worry about the market being able to hold nearby momentum. I feel like the next leg higher happens a ways down the road. I'm long a small amount and hoping the market proves me wrong.

Thur. 10/11 - USDA Supply and Demand, Crop Production

Fri. 10/12 - Export Sales

Mon. 10/15 - Crop Progress, NOPA Crush

Thur. 10/18 - Export Sales

Fri. 10/19 - Cattle on Feed, Milk Production

Mon. 10/22 - Crop Progress

Thur. 10/25 - Export Sales

Mon. 10/29 - Crop Progress

Wed. 10/31 - Halloween

Thur. 11/1 - Export Sales

Fri. 11/2 - Monthly Unemployment

Sun. 11/4 - Daylight Savings Time Ends (turn clocks back and gain an hour)

Mon. 11/5 - Crop Progress

Tues. 11/6 - Midterm Election

Wed.-Thur. 11/7-11/8 - FOMC Meeting

Thur. 11/8 - Export Sales, USDA Supply and Demand, Crop Production

Mon. 11/12 - Veterans Day; US Markets Open

Tues. 11/13 - Crop Progress

Thur. 11/15 - NOPA Crush

Fri. 11/16 - Export Sales

Mon. 11/19 - Crop Progress, Milk Production

Wed. 11/21 - Cattle on Feed, Cold Storage

Thur. 11/22 - Thanksgiving; US Markets Closed

Fri. 11/23 - Export Sales, Black Friday

Mon. 11/26 - Last Crop Progress, Cyber Monday

Wed.-Thur. 11/28-11/29 - 2018 Van Trump Conference

Thur. 12/6 - Export Sales

Fri. 12/7 - Monthly Unemployment

Tues. 12/11 - USDA Supply and Demand, Crop Production

Thur. 12/13 - Export Sales

Mon. 12/17 - NOPA Crush

Thur. 12/20 - Export Sales

Fri. 12/21 - Quarterly Cold Storage, Hogs and Pigs, Monthly Cattle on Feed, Personal Income

Mon. 12/24 - Christmas Eve; Market Closes at Noon CST

GLOBAL Ending Stocks WHEAT

(IN MILLION METRIC TONS)



SOURCE: USDA, updated SEPTEMBER WASDE data

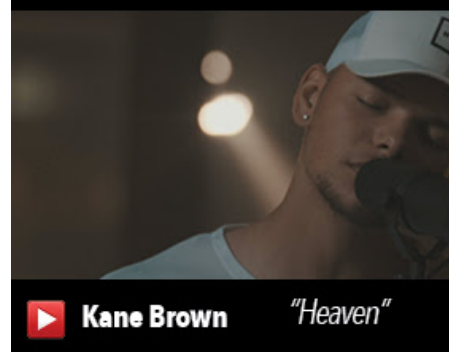


Tues. 12/25 - Christmas Day; US Markets Closed

Fri. 12/28 - Export Sales

Kevin's Song of the Week

WHAT I'M LISTENING TO: ▶



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

> Informa Expects Big Increase in Corn Plantings, Big Drop in Soybeans for 2019... Informa Economics IEG reportedly projects U.S. corn plantings will surge 4.4% from the 2018 growing season to 93.044 million acres in 2019. On the other hand, the firm projects soybean acres will drop from 89.6 million acres in 2018 to 82.27 million acres in 2019, a drop of 8.2%, according to trade sources cited by Reuters.

> Soybean Plantings in Brazil Get Moving: Brazil's second-largest producing state of Paraná reached 9 percent of the expected final area plantings for soybeans this week, up 8 percentage points from last week and compared to only 1 percent at this time last year, as ample soil moisture allowed for a quick start of fieldwork. Producers in No. 1 soy state Mato Grosso were also quick to plant as soon as the soy seeding ban - a measure adopted each year to reduce soy rust outbreaks - ended on Sept. 15, according to industry-backed institute Imea. (Source: Reuters)

> USDA Announced \$102.7 Million Investment to Expand Market for Specialty Crops: Agriculture Under Secretary Greg Ibach announced yesterday that the USDA is investing \$102.7 million to increase opportunities for farmers, ranchers and other growers across the country through five grant programs. Much of the grant money will go to support farmer growing specialty crops, including fruits, vegetables, tree nuts, and nursery crops. (Source: USDA, AMS)

> Florence Takes Toll On North Carolina's Poultry Industry: Sanderson Farms said that about 1.7 million chickens had been killed by flooding at contractor farms in the state and another 30 farms — housing a combined 6.3 million birds — were surrounded by floodwaters and couldn't be reached by feed trucks.

> USDA To Spend \$392 Million On Water Projects: USDA said new funding will go toward rebuilding rural water and wastewater infrastructure in 42 states, including for projects such as replacing water lines and mains, digging wells and building treatment plants. [Here](#) are the full list of projects.

> Would You Be Willing To Bank With Amazon? In a recent survey by consulting firm Bain & Co. and research firm Research Now, more than a third of respondents who said they are not Amazon customers (37%) said they would try it. Among Amazon Prime customers, 65% were willing to sign

up and for non-Prime customers, 43% were onboard. Should we expect more disruption by Amazon?

> **Fewer Americans Eat Out at Restaurants:** According to recent research gathered by the NPD Group, the average American's restaurant visits reached 28 year low this year, falling from an average of 215 a year in 200 to 186 a year in 2018. The data shows the decline increased significantly since 2008. Today, 82% of meals in America are made at home. Key reasons cited by the surveyors is the convenience of Netflix, the advent of pre-made meals, the spread of online grocery delivery, the focus on healthy eating and even the increase in prices at restaurants. (Source: NPD Group Inc.)

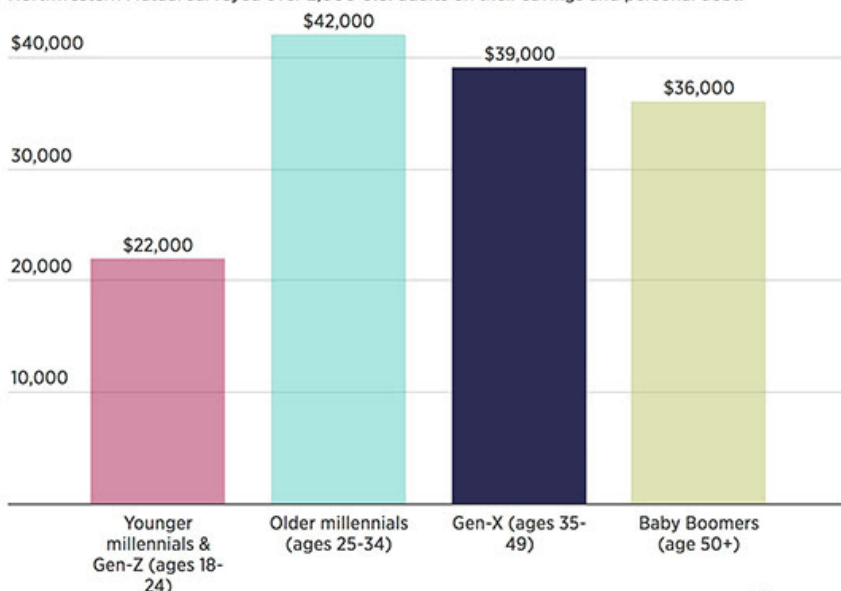
> **Northeast China Is Now on the U.S. Flight Map:** For the first time in a decade, direct flights to the U.S. from Northeastern China will be possible. Direct flights will reduce shipping times from several weeks to less than 14 hours, and will make possible for the first time U.S. direct exports of live seafood, fresh fruit, fresh cheese, geoduck clams, and premium meats to this region with 110 million consumers. U.S. exporters will now enjoy at least two new direct gateways to this important region, which will simplify the distribution between U.S. farmers and Northeast Chinese consumers. The two direct flights come out of Anchorage, Alaska and Los Angeles, California. (Source: USDA, GAIN)

> **Rare Visit By South Korean President:** Kim Jong Un welcomed Moon Jae-in to Pyongyang for the first visit by a South Korean leader in 11 years. Moon is trying to salvage stalled talks between Kim and Trump, but North Korea's news agency soured the mood by blaming the U.S. for the deadlock. Kim wants Trump to declare the Korean War formally over before setting a timetable to denuclearize.

> **Generation X Have Racked Up A lot of Debt:** Those in Generation X who chastise millennials for their goofy spending habits should remember the adage about people who live in glass houses. Americans between the ages of 35 and 49 have only slightly less debt than their younger millennial counterparts. Gen Xers have an average of \$39,000 each in personal debt, excluding home mortgages according to Northwestern Mutual's 2018 study, while older millennials (25-34) have an average of \$42,000. And younger millennials (18-24) have far less: \$22,000. The findings are based on a survey of over 2,000 adults. Of course, let's bring some balance to this discussion as Gen Xers are also in their peak earning years and generally have a decent nest-egg in bank accounts and retirement savings. (Source: CNBC)

Debt by age

Northwestern Mutual surveyed over 2,000 U.S. adults on their savings and personal debt.



Source: [Northwestern Mutual's Planning & Progress Study 2018](#)

CNBC

FROM THE FIELD

Northern Minnesota – We have officially sold wheat earlier in the year higher than we can currently sell beans right now. We also double the yield on wheat compared to soybeans. We were near 70-bushel wheat and the early soybeans have been less than 35 bushels on over 400 acres. That's a tough pill to swallow right now. We are asking ourselves what we do with these worthless soybeans. I can tell you what we are not going to do is plant more soybeans next year. We are going to plant

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

A.M., FDIC

"As a national federal farm policy administrator and commodity producer, I find it critical to keep updated with what is going on in the real world of agriculture and with the domestic and global markets. Of all the services I've have been privy to or have subscribed to over the past 20 years I've found in the past several months of engaging in your "Farm Direction" services to be the best perception and analysis of what is really happening in today's world. Not only here in the United States, but across the globe as well. US farmers need this type of help and information to assist them in their daily efforts. I commend you for a job well done. Please let me know if I can ever be of any help or assistance to you in the future..."

**L.T., Assistant Deputy Administrator
for Farm Programs USDA**

My Own Personal Truisms

"Not To Trade, is often considered a good trading decision..."

"First Rule of HOLES: When you are in one stop digging..."

"Every looser in Vegas, always walks away from the table thinking he could have done better, the winners on the other hand leave while on top..."

"Bulls make money, Bears make money, but pigs get slaughtered..."

"The markets ability to remain irrational can often times last much longer than your ability to remain solvent..."

I'm more of a long-term player, therefore you will not see me give many short-term suggestions or trade ideas. One of my most important rules is that I always follow my long-term direction. Therefore, as long as I am "bullish" a market I will only play that particular market in one of three ways.

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

I never initiate a "short" position in a market that I am "bullish" longer-term,

way more corn and wheat. We never seem to yield much over 35 on the soybeans across the entire farm. We are just starting some of the later beans now that have a small amount of hail damage and they are actually averaging around 42-45 bushels per acre which is a very good yield for us but it's just nowhere near where we would have to be to make up for price decline so while it's a good yield it's still pretty darn depressing to be out there harvesting.

Northern Iowa – I wanted to give everyone a heads up that farms around northern Iowa and Southern Minnesota of what I have seen and heard. Silage cutters are seeing an unusual number of ears hit the ground. It has not been variety or brand related. This is not the year to let corn in this area sit in the field. I have heard its stalk quality problems and it will deteriorate rapidly this year due to all the rain. If there's any major wind or excessive rain it will be a problem. I just wanted to warn guys not to let their crop sit if possible because by the sounds of it, it could be costly. Guys are already reporting more rain and wind in the forecast, so I might not really matter at this point anyway. Just a heads up.

Northcentral Kentucky - The custom crew clipped our wheat off in a hurry this year as we had rain in the forecast. We had 5 machines with 45-foot MacDon's that could cut 500-600 acres a day between the 5 of them. We averaged between 75-110 bushels per acre across most of our fields which is an excellent crop. We drilled in soybeans behind the wheat and if we made 30-40 bushels it would work for our balance sheet, or at least during wheat harvest it did. Now since price is so low we need 70-bushel beans to even come close to what we had. Lucky for us we are coming darn close to 70 bushel beans, it's like they are matching full season soybeans so we are feeling blessed in that sense.

CROSSING WIRES

A place to share intelligent thoughts...

Clean Meat Startup New Age Meats Creates Slaughter-Free Sausage: *New Age Meats let a handful of journalists taste its prototype product, a pork sausage meat made from animal cells and without slaughtering any animals. Keep in mind this is the way consumer trends seem to keep heading, so someone's going to fill the need. Creating this kind of meat has been the primary objective of several startups ever since Dutch scientist Mark Post became the first person in the world to make a beef burger from cow cells in 2013. Since then, at least six companies have emerged with the aim of slashing food waste and emissions while reducing animal suffering and improving human health. Read more [HERE](#) to see when we should expect this to be an affordable option.*

What the Future of Wearables Looks Like: *Tech brands are hoping that wearables will become as much a part of the consumer tech landscape as smartphones and laptops. However, mainstream adoption is taking a bit longer than expected. Tech companies are hoping the next generation of products could finally turn the tide? Enthusiasts were promised this glorious tech for years via trade shows and sci-fi movies, priming an entire generation for wearables before they even hit the market. Unfortunately, whether because of poor battery life, ugly aesthetics or compatibility issues, wearables have been a bit disappointing for the everyday user so far. Even with a market value projected to hit \$25 billion in 2019, mainstream adoption has been hard to come by. See what's coming [HERE](#).*

Does Music's Enjoyment Stem From the Intellect or Emotions? *Can a melody provide us with pleasure? Plato certainly thought so, as do many today. But it's incredibly difficult to discern just how this comes to pass. Is it something about the flow and shape of a tune that encourages you to predict its direction and follow along? Or is it that the lyrics of a certain song describe a scene that reminds you of a joyful time? Perhaps the melody is so familiar that you've simply come to identify with it. Check out histories most interesting theories on why music moves us [HERE](#).*

Making a New Market With Goat Hide Waste: *Launched by two leather rookies, Billy Tannery is the first ever entirely British goat leather brand. Shocked at learning that almost all goat hides end up in the trash, Jack Millington and Rory Hawker, two friends, decided to create a sustainable goat leather brand at home in the UK. Neither of the entrepreneurs behind Billy Tannery, their startup, came from the leather, or even garment, industry background. But when co-founder Millington discovered that every year thousands of British goat hides were going to waste, he had an idea. I love the simplicity and awareness of the duo's new business, making something from nothing. Read more [HERE](#) how the company has made a market for themselves.*

Closing the Gap on the Two-Hour Marathon: *As Eliud Kipchoge soared across the line in 2hr 01min 39sec last weekend in Germany, even sober minds began to entertain the fantastical. His time, after all, was just 100 seconds from the holy grail of distance running: the sub-two-hour marathon. Suddenly the pipe dream did not look so impossible. Certainly Kipchoge, who ran 2:00.25 in Monza last year as part of the Nike Breaking2 project – although it did not count under official rules as pacers were subbed*

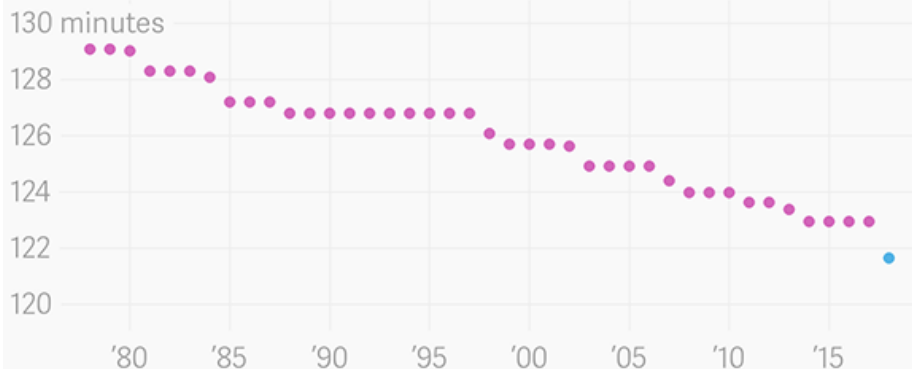
nor do I initiate a "long" position in a market I am "bearish" longer-term.



in and out of the race – thinks it is possible. "It is not rocket science to break this barrier," he insisted. "You simply have to believe in it. And you need a great team that believes in it and in you, the perfect shoes, and to be stronger than any runner before. Then everything is possible." Read more [HERE](#).

Men's marathon world-record times

■ Record time, by year ■ Eliud Kipchoge's 2018 Berlin time



△ T L △ S | Data: Sub2hr (2018 shows Eliud Kipchoge's 2018 Berlin time, yet to be ratified as of publication)



Who Would Have Ever Guessed... Feeding Chickens Probiotics, Essential Oils and Fungal Enzymes

For decades, producers have used low doses of human antibiotics to help fatten their chickens. However, in 2018 those numbers are changing. Poultry producers like Perdue, Tyson and others and restaurant chains including McDonald's, Chick-fil-A, Wendy's, Burger King, etc. have pledged en masse to limit antibiotics in their chicken. They point to recent evidence linking antibiotics on animal farms to possible drug resistance in humans. Without debating or arguing the reasons why, it seems "change" is coming. If one company has its way, poultry producers will be using a fungal extract originally found in a Japanese pigsty. Scientists at the Danish company [Novozyymes](#) recently found that an enzyme in the fungus helps clear dead cells in chickens' guts. The enzyme, which the company and its animal-nutrition partner DSM are calling Balancius, allows the birds to absorb more nutrition from food. The result appears to be less feed, less poop, and more chicken. Balancius is the latest in a category of products — including probiotics and essential oils — that have gained popularity with the phasing out of antibiotics. Probiotics, or beneficial bacteria, are one alternative to help with maintaining healthy gut flora in the chicken. Farmers can also feed chickens probiotics, which are carbohydrates that beneficial bacteria like to eat. Essential oils from plants like oregano and thyme are also used. All these methods seem to have positive effects on the gut flora, but testing and finding the most effective is a tedious task. Chicken producers who once had decades of experience using antibiotics are learning the process all over again with new probiotics. It is a difficult situation for poultry farmers. For years antibiotics were considered a wonder supplement for farmers, but the new products don't have the same range of functions. Many believe antibiotics helped build modern industrial chicken farming and the practice of using in mass will be tough to break. Data shows that in 2016, use of antibiotics on animal farms in the U.S. fell for the first time since the Food and Drug Administration began keeping track of the data. The FDA also put a new policy into effect in 2017 that recommends farmers stop using important human antibiotics for growth enhancement. While feeding prebiotics, probiotics, essential oils and fungal enzymes to chickens may currently sound ridiculous, we may ultimately see it as routine in the decades ahead. (Source: The Atlantic, Novozymes)

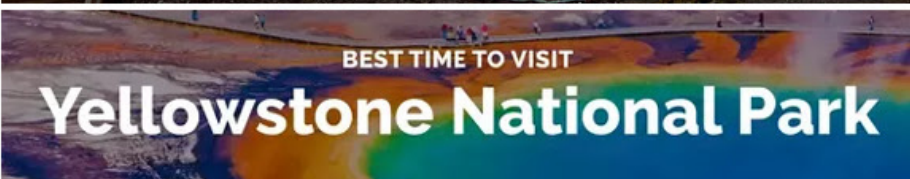


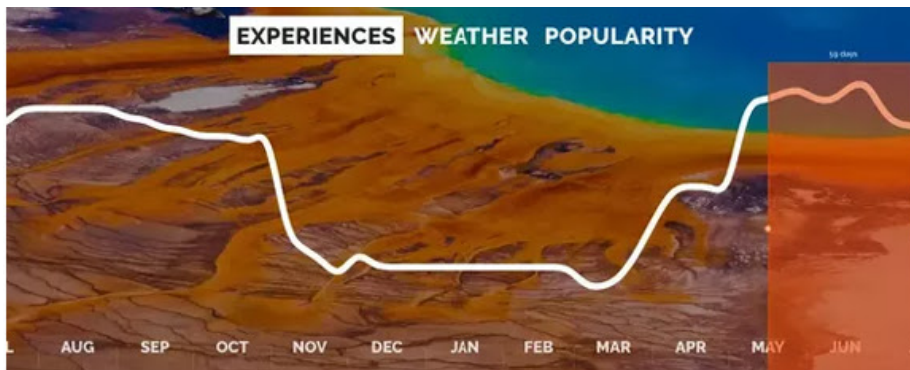
Volcanoes, Earthquakes, and Wild Animals Make For An Awesome Trip...

I had no idea, but on average, Yellowstone experiences 1,500 to 2,500 small earthquakes a year, most of them so small they can't be felt, but nonetheless they register as official quakes. The small earthquakes play an important role in helping keep geysers like Old Faithful rumbling. Experts say we need this seismicity to keep these beautiful features alive. The fear however is a major earthquake happening sooner rather than later. The last major earthquake hit Yellowstone back in the summer of 1959, when a magnitude-7.3 earthquake rocked the park, killing 28 people when a landslide roared through a campground. More than 80 million tons of rock fell, blocking a river and forming a lake, aptly named Earthquake Lake, that remains today. At the time, the quake was the second-largest in the lower 48 states in that century. It remains the largest historical earthquake in the Intermountain West, a region between the Rocky Mountains to the east and the Cascade Range and Sierra Nevada to the west. The good thing is that Yellowstone is one of the best seismically monitored regions in the world. More than 40 seismic stations with the University of Utah continuously record the Earth's movements in and around the Yellowstone region and report back to the National Park Service. The Yellowstone system has two main contributors to its earthquakes: the volcanic system, which puts stress on the crust, and the tectonic system, which is represented here by an area of active stretching of the crust from east to west. Despite all the talks of earthquakes and volcanoes, odds makers believe you should be more worried about the dangers of simply driving to Yellowstone than being injured in an earthquake or volcano at the park itself. I should also note, Yellowstone National Park has the largest concentration of wildlife in the lower 48 states. The wildlife that visitors see the most in Yellowstone are Bears, Wolves, Moose, Elk, Bison, Badgers, Otters, Fox and many other newborn critter. Supposedly there are Wolverines and Lynx living in the park but are much harder to spot. If you have never been to Yellowstone, it's certainly worth the time. Below are some amazing photos from this fabulous park! (Source: Wiki; [USAToday](#))

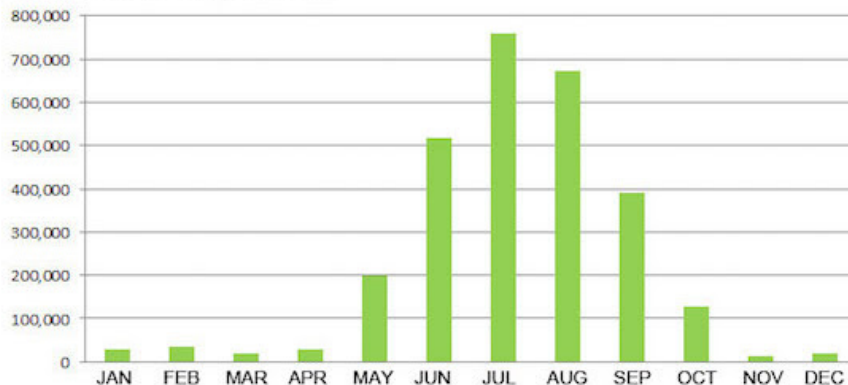








Average Visitation per Month



Interesting Thought... Morgan Housel's once ran an article titled, "50 Reasons We're Living Through the Greatest Period in World History". It's a fantastic article where Housel points out how we tend to ignore the really important news because it happens slowly, but we obsess over trivial news because it happens all day long. Below is just a small sample from the article, but I thought it was timely to think back on the overall message... We are constantly being bombarded with all of the tiny negatives, yet nobody wants to report the massive gains we are making as we move forward. I suspect it's just not as sexy and doesn't sell. Probably why we've always heard the media and press saying, "if it's going to lead, it must bleed..." Psychologists have also learned that negative headlines and events are much more sticky. Studies from the field of neuroscience indicate that, while negative events may be seared into your mind almost instantly, it takes up to 20 seconds sometimes to emotionally absorb positive events. The brain handles positive and negative information in different hemispheres. Negative emotions generally involve more thinking, and the information is processed more thoroughly than positive ones, thus, we tend to ruminate more about unpleasant events. In fact many tests and studies have found we become much more upset about losing \$50 than happy about gaining \$50. Interestingly, along with many other quirks of the human psyche, many argue there may be an evolutionary basis for this tendency. The theory being those who were "more attuned to bad things would have been more likely to survive threats and, consequently, would have increased the probability of passing along their genes and surviving. Survival requires urgent attention to possible "bad outcomes" but less urgent attention with regard to good ones. With prices on the farm extremely low and cash tight, we need to remind ourselves to take a break from the negatives and that we are naturally wired to focus in that direction. Below are some positives....

U.S. life expectancy at birth was 39 years in 1800, 49 years in 1900, 68 years in 1950, and 79 years today. The average newborn today can expect to live an entire generation longer than his great-grandparents could.

Child Birth vs. Breast Cancer: In 1900, 1% of American women giving birth died in labor. Today, the five-year mortality rate for localized breast cancer is 1.2%. Being pregnant 100 years ago was almost as dangerous as having breast cancer is today.

More Available Food: From 1920 to 1980, an average of 395 people per 100,000 died from famine worldwide each decade. During the 2000s, that fell to three per 100,000, according to The Economist.

Traffic Fatalities: In 1950, 23 people per 100,000 Americans died each year in traffic accidents, according to the Census Bureau. That fell to 11 per 100,000 by 2009. If the traffic mortality rate had not declined, 37,800 more Americans would have died last year than actually did.

Google Maps is Free: If you think about this for a few moments, it's really astounding. It's probably the single most useful piece of software ever invented, and it's free for anyone to use. Maps in the past were never free!

Airline Crashes: Despite a surge in airline travel, there were half as many fatal plane accidents today than there were in 1960, according to the Aviation Safety Network.

College Education: People talk about how expensive college is today, but a century ago fewer than 1 in 20 Americans ever stepped foot in a university. College wasn't an option at any price for some minorities because of segregation just six decades ago. In 1940, less than 5% of the adult population held a bachelor's degree or higher. Today more than 30% can say the hold a degree.

Deaths from War: Worldwide deaths from battle have plunged from 300 per 100,000 people during World War II, to the low teens during the 1970s, to less than 10 in the 1980s, to fewer than one in the 21st century, according to Harvard professor Steven Pinker. "War really is going out of style".

Working A Lot Less: The average American work week has declined from 66 hours in 1850, to 51 hours in 1909, to 34.8 today, according to the Federal Reserve. Enjoy your weekend.

Retirement: If you think Americans aren't prepared for retirement today, you should have seen what it was like a century ago. In 1900, 65% of men over age 65 were still in the labor force. The entire concept of retirement is unique to the past few decades. Half a century ago, most Americans worked until they died. Adjusted for inflation, the average monthly Social Security benefit for retirees has increased from \$378 in 1940 to a maximum monthly benefit payment for a person retiring in 2018 at full retirement age being \$2,788.

U.S. Housing: According to the Census Bureau, in 1900 there was one housing unit for every five Americans. Today, there's one for every three. In 1910 the average home had 1.13 occupants per room. By 1997 it was down to 0.42 occupants per room

Technology Making Everything Cheaper: According to AT&T archives and the Dallas Fed, a three-minute phone call from New York to San Francisco cost \$341 in 1915, and \$12.66 in 1960, adjusted for inflation. Today, Republic Wireless offers unlimited talk, text, and data for \$5 a month.

Your Probably In The Top 1% Globally: You need an annual income of just over \$33,000 a year to be considered in the richest 1% of the world, according to World Bank economist. To be in the top 20%, you only need to earn over \$5,000 per year. Enter the top 10% with \$12,000 a year. To be included in the top 0.1% requires an annual income of \$70,000. In other words, some of America's poorest are some of the world's richest.

Proud to be an American: Only 4% of humans get to live in America. Odds are you're one of them. We've got it made. Be thankful.

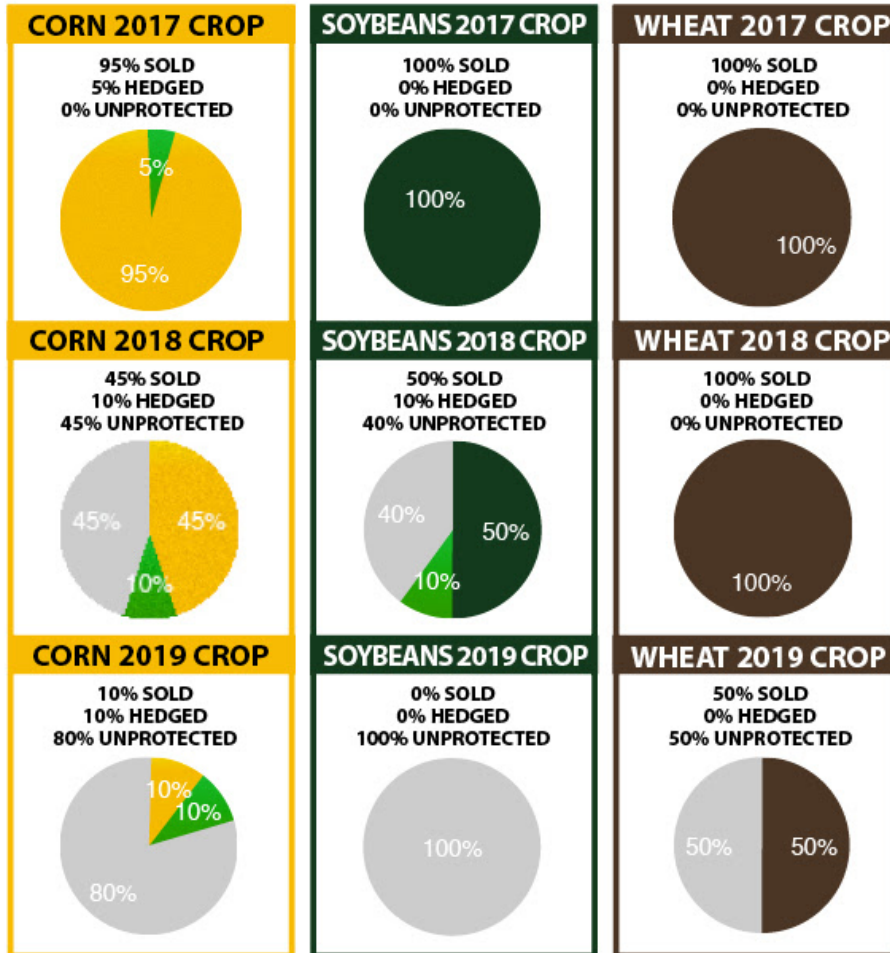


ANSWER to riddle:

The horizon.

CASH SALES & HEDGING TOTALS

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

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