

GOOD MORNING: 10/18/18 Farm Direction - Van Trump Report

2 messages

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

Thu, Oct 18, 2018 at 6:36 AM



"Inspiration gets you started. Discipline gets you finished." - Walt Disney

THURSDAY, OCTOBER 18, 2018

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

Morning Summary: Stock are steady to slightly lower as traders continue to play tug-o-war, bulls and bears with debating rising interest rates and trade complications involving the Chinese. There's really nothing fresh or new to report on either front. The latest Fed minutes offered no real surprise. In a nutshell, the Fed indicated it's staying the course on rate hikes despite growing criticism from Washington and many on Wall Street. Members said in the meeting notes that there might be a period where the Fed even will need to go beyond normalization of rates and into a more restrictive stance. Federal Reserve officials remain convinced that continuing to gradually increase interest rates is the best formula to preserve a steady economy. As for Chinese trade negotiations, I thought it was interesting to hear Commerce Secretary Wilbur Ross saying yesterday, that U.S.-China trade talks are now in something of a hiatus. President Donald Trump, somewhat confirmed by saying he did not believe the two countries were ready to start talking again. U.S. and Chinese officials have suggested that the leaders of the two countries may be able to advance talks at the upcoming G-20 summit in Argentina at the end of November, but I'm not holding my breath and or looking for major resolution at that meeting. I still feel like this is going to take much more time to fully play itself out. Here at home, the U.S. stock market is clearly in the process of trying to move towards "normalization" or trying to transition away from the more extremes. As we move back towards the middle in regard to inflation and interest rates, we have to recognize there will be a lot of money repositioning and sloshing around. There are a lot of seasoned traders trying to sort out and better understand forward looking valuations. What is "fair value" right now and perhaps more importantly what will it be in 6-12 months from now? Will a strong U.S. dollar, rising interest rates, and increasing labor expenses squeeze margins and outpace corporate growth? It's an interesting conundrum, bears are unhappy and bulls are unhappy, as neither side can find conviction in their current arguments. One bright spot, is the fact crude oil prices have come under pressure as of late, but are still up over +35% in the past 52-weeks. Yesterday, the Energy Information Administration showed U.S. crude stockpiles increasing by +6.5 million barrels, which was much higher than most had been forecasting, and the fourth consecutive week of gains. Interestingly, inventories are rising even as U.S. production levels slipped by -300,000 barrels per day to 10.9 million. Bear are also pointing to the fact tensions between the U.S. and Saudi Arabia might be cooling. In fact, there are some insiders who think the Saudi's may give President Trump some cooperative support, by agreeing to pump more oil into the marketplace to help lower U.S. and global prices at the pump. It will be interesting to see how this eventually plays out. I'm thinking the Saudi's are going to ultimately owe President Trump a favor of some sort. I just think it will be difficult to initiate sanctions against the Saudi leaders, when they are claiming they did not order the interrogation of the journalist. Turning to today's economic news, traders will digest the latest in weekly Jobless Claims, Philadelphia Fed Business Outlook Survey, and a speech by St. Louis Fed President James Bullard. Friday will bring updated Existing Home Sales data. Earnings out today include Pay-Pal, American Express, Danaher, Philip Morris, PPG Industries, Skechers, Blackstone Group and Travelers. Fridays earnings reports include: Schlumberger, Honeywell, Kansas City Southern, and Proctor & Gamble to name a few.

U.S. Housing Market Brings About Questions? *Housing starts fell -5.3%. Building permits hit a post-recession high back in March but have since been trending lower. At the same time mortgage applications fell -7.1% for the week and came in -15% lower than the same week a year ago. If you dig deeper*

and look at applications to refinance, they fell by -9% for the week and were -33% lower than a year ago. It's worth noting, the rates have moved 22 basis points higher over the last month and 96 points in the last year. Rather than a 4% rate, people are now looking at a 5% rate. Keep in mind analysts watch the pace of single-family starts closely, because nearly all single-family houses are built for purchase, rather than rent, meaning if builders are breaking more new ground it's a thumbs up for the economy. Unfortunately, those numbers were -0.9% lower in September vs. August, but are still up +5% from a year ago. Looking ahead, we have to keep our eyes on the rising costs of materials, as they rose by +7.4% on the year in September while contractors only passed on +3.5% of the costs over the same period. As I've mentioned many times, profit margins could be squeezed moving forward if costs continue to rise.

Where Have All The Newspapers Gone? The largest 25 newspaper now own a third of all U.S. newspapers, including two-thirds of the country's 1,200 dailies. There's been a net loss since 2004 of almost 1,800 local newspapers. About 70% (1,300 papers) that closed or merged were in the suburbs. Between 1,300 and 1,400 communities that had newspapers of their own in 2004 now have no dedicated news coverage. Today, almost 200 entire counties (of the 3,143 total counties in the U.S.) have no newspaper. (Source: Axios)

Penny Now Worth Over +\$1,000,000 - One of the very first pennies ever produced in the U.S., called the "1792 Birch Cent," will soon be auctioned off by Stack's Bowers Galleries at the Whitman Expo in Baltimore on Oct. 26th. It is estimated to bring over \$1 million. Historians say that the coin was commissioned by Thomas Jefferson, only a handful of "Birch Cents" were minted as an example of what the newly-formed U.S. government was considering to produce. Documents show the coins were seen first hand by both Thomas Jefferson and George Washington. The collector who ends up with this Birch Cent will have the satisfaction of knowing that it very likely was held by our founding fathers, making it a very special piece of American history. Rare coins have become a big business. A 1913 Liberty Head nickel was recently auctioned by Stack's Bowers Galleries for \$4.56 million. The Liberty Head nickel is one of only five in existence.

Dare to be Different

2018 Van Trump Conference



Strategy - Collaboration - Leadership

2018 VAN TRUMP CONFERENCE



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!

November 28 - 29, 2018

SPECIAL "MASTER MIND" SESSION



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, 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



FARM TANK

Tweets of the Day



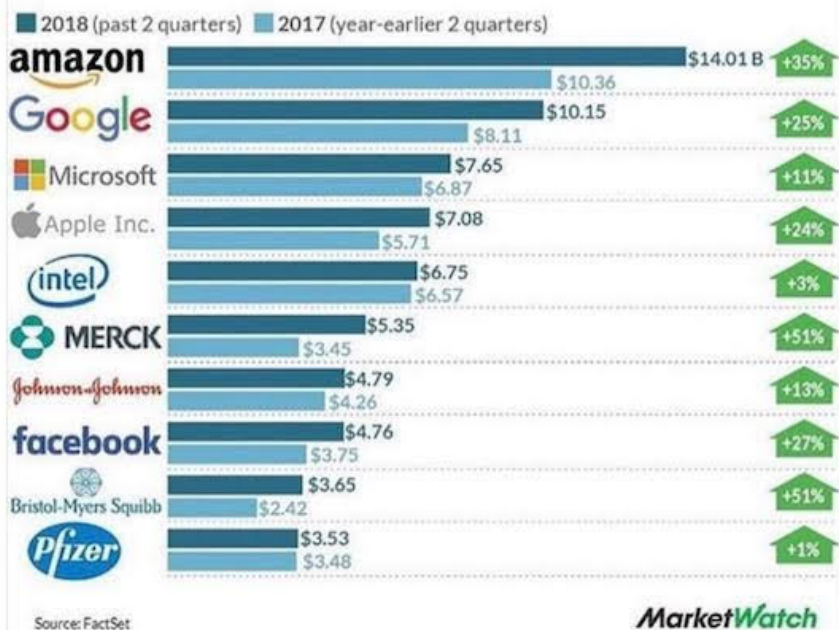


Steve Burns
@SJosephBurns

Following

U.S. companies that are investing the most in tomorrow's big ideas

S&P 500 companies reporting large R&D investments (in billions)



7:07 PM - 16 Oct 2018



Morgan Housel ✓
@morganhousel

Following

Interest rates are rising, which is bad for stocks.

But rates are rising because the economy is growing, which is good for stocks.

High growth could cause inflation, which is bad for stocks.

But inflation could boost earnings, which is good for stocks.

Repeat until crazy.

9:56 AM - 17 Oct 2018

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!"

REDEFINING THE IMPOSSIBLE: "IRON COWBOY"

Don't miss this tale of adventure as James Lawrence 'Redeefes Impossible.'

"Meeting the Iron Cowboy had a lasting affect on me. I spent the next few months ruminating about what should be my own personal challenge. James has that effect on you."

"It was like a pep talk for my head. I loved all the real, raw experiences but this also gave me something else that I wasn't expecting. It touched me deeply on a spiritual level and helped me reconnect to my strongest, truest self, someone who now chooses to keep going when life is hard."

"One of the grittiest stories on perseverance I've ever heard. His epiphany that the whole reason quitting is impossible to him is his love for his kids and his wife. That struck an important nerve for me."

"I think of this story every time something seems too hard or impossible. It has truly changed my life! So blessed to have heard it."

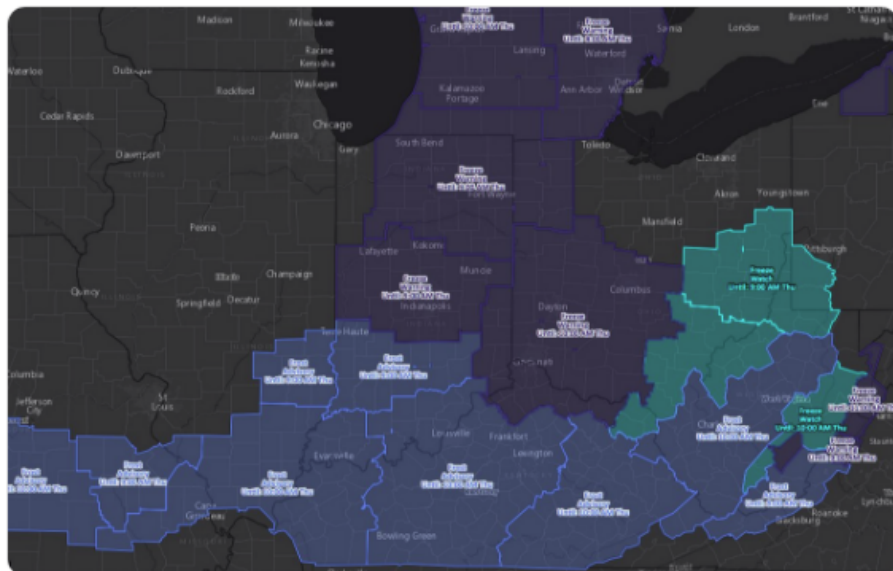




BAMWX
@bamwxcom

Following

10-17-18 IL/IN/OH: Targeting more widespread frost/freeze Thurs AM...update on possible light wintry mix north Sat evening. K.
#ILwx #INwx #Indy #OHwx #AGwx
#Harvest18



2:28 AM - 17 Oct 2018



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.

Early Bird Special

\$299

regular price \$500

Remember we sold out early last year!

LEARN MORE

WHAT'S HAPPENING IN WASHINGTON



With Washington's every move impacting our future, it's vitally important that we know the latest developments and better understand future direction. Come listen to our team of insiders provide their latest thoughts.



Enjoy Nature
@EnjoyNature



Following

Alpine Lake and Morning in the European Alps

#Travel #Nature #Sunny #Mountains #Trips
#Water #Tours #Europe #Fun #Sunrise
#Wanderlust #InnerPeace #JoyTrain



7:03 AM - 17 Oct 2018

NETWORKING COCKTAIL EVENT Wednesday, November 28th

*Collaboration is the Name
of the Game*

I recently watched comedian Dusty Slay on the Jimmy Fallon Show, then I saw him again on Jimmy Kimmel. I thought he was funny, so we called him up and booked him for the conference. Come kick back and enjoy the show and some good conversation with friends.

Extend your Network by attending!



MARKETING ROUNDTABLE

Kevin Van Trump, Andy Daniels, Mike Mock, Matt Bennett, Chip Nelling and Todd Gleason talk about the markets and strategies for reducing risk and improved pricing.



Today In History



1898, Puerto Rico - Only one year after Spain granted Puerto Rico self-rule, American troops raise the U.S. flag over the Caribbean nation, formalizing U.S. authority over the island's one million inhabitants. In July 1898, near the end of the Spanish-American War, U.S. forces launched an invasion of Puerto Rico, the 108-mile-long, 40-mile-wide island that was one of Spain's two principal possessions in the Caribbean.



Classic Rock In Pics
@crockpics

Following

Elvis Presley being sworn into the U.S. Army at Fort Chaffee, Arkansas, March 24, 1958



11:38 AM - 16 Oct 2018



The Emotion Machine
@StevenHandel

Following

Don't be an "aspiring musician," just make music.

Don't be an "aspiring writer," just write.

Don't be an "aspiring artist," just paint.

Don't be an "aspiring entrepreneur," just build.

Don't be an "aspiring designer," just design.

Stop aspiring and start doing! **#Motivation**

2:13 PM - 17 Oct 2018

With little resistance and only seven American deaths, U.S. troops were able to secure the island by mid August. After the signing of an armistice with Spain, the island was turned over to the U.S. forces on October 18. U.S. General John R. Brooke became military governor. In December, the Treaty of Paris was signed, ending the Spanish-American War and officially approving the cession of Puerto Rico to the United States. In the first three decades of its rule, the U.S. government made efforts to Americanize its new possession, including granting full U.S. citizenship to Puerto Ricans in 1917 and considering a measure that would make English the island's official language. However, during the 1930s, a nationalist movement led by the Popular Democratic Party won widespread support across the island, and further U.S. assimilation was successfully opposed. Beginning in 1948, Puerto Ricans could elect their own governor, and in 1952 the U.S. Congress approved a new Puerto Rican constitution that made the island an autonomous U.S. commonwealth, with its citizens retaining American citizenship. The constitution was formally adopted by Puerto Rico on July 25, 1952. Movements for Puerto Rican statehood, along with lesser movements for Puerto Rican independence, have won supporters on the island, but popular referendums in 1967 and 1993 demonstrated that the majority of Puerto Ricans still supported their special status as a U.S. commonwealth.



1931, Thomas Alva Edison -

one of the most prolific inventors in history, dies in West Orange, New Jersey, at the age of 84. Born in Milan, Ohio, in 1847, Edison received little formal schooling, which was customary for most Americans at the time. He developed serious hearing problems at an early age, and this disability provided the motivation for many of his inventions. At age 16, he found work as a telegraph operator and soon was devoting much of his energy and natural ingenuity toward improving the telegraph system itself. By 1869, he was pursuing invention full-time and in 1876 moved into a laboratory and machine shop in Menlo Park, New Jersey. Edison's experiments were guided by his remarkable intuition, but he also took care to employ assistants who provided the mathematical and technical expertise he lacked. At Menlo Park, Edison continued his work on the telegraph, and in 1877 he stumbled on one of his great inventions—the phonograph—while working on a way to record telephone communication. Public demonstrations of the phonograph made the Yankee inventor world famous, and he was dubbed the "Wizard of Menlo Park." Although the discovery of a way to record and playback sound ensured him a place in the annals of history, it was just the first of several Edison creations that would transform late 19th-century life. Among other notable inventions, Edison and his assistants developed the first

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 have two different cases but I never win nor never lose and never need a lawyer.

Weather across the Corn Belt is cool and favorably dry, except for some snow showers that fell yesterday in the upper Great Lakes region. Still many upper Midwestern fields are saturated and may not be able to support harvest equipment until soils freeze. On October 14, topsoil moisture was rated 60% surplus in Iowa and 42% surplus in Minnesota and Wisconsin. On the Plains, flooding remains a threat in central Texas, where rain continues to fall. Chilly conditions linger in most areas of the nation's mid-section, but warmth is returning across the northern High Plains. Fieldwork delays are common due to the after effects of a series of moisture-laden storms. In the South, warm, dry weather continues in hurricane recovery areas of Florida, Georgia and Alabama. In Georgia — even with one-fifth of the cotton harvested when Hurricane Michael hit — more than one-half (54%) of the cotton was rated in poor to very poor condition on October 14, up from 9% the previous week. Elsewhere, widely scattered showers stretch from the Carolinas to central Texas. Late-season warmth will continue to build in the West, while above normal temperatures will briefly return across the northern Plains. In contrast, cool weather will cover the remainder of the country, except for lingering warmth across the lower Southeast. During the next 5 days significant rainfall will be confined to the south central U.S., although periodic showers will also affect the South, East, and lower Midwest. Completely dry weather can be expected from the Pacific Coast into the upper Midwest. The 6 to 10 day outlook is calling for below normal temperatures in most areas along and east of a line from Texas to Wisconsin, while warmer than normal weather will prevail in southern Florida, the northwestern half of the Plains, and the West. Meanwhile, below normal precipitation from the northern Plains to the middle and northern Atlantic States should contrast with wetter than normal conditions throughout the southern and western U.S.

practical incandescent lightbulb in 1879, and a forerunner of the movie camera and projector in the late 1880s. In 1887, he opened the world's first industrial research laboratory at West Orange, where he employed dozens of workers to systematically investigate a given subject. Perhaps his greatest contribution to the modern industrial world came from his work in electricity. He developed a complete electrical distribution system for light and power, set up the world's first power plant in New York City, and invented the alkaline battery, the first electric railroad, and a host of other inventions that laid the basis for the modern electric world. He continued to work into his 80s and acquired 1,093 patents in his lifetime. He died at his home in New Jersey on October 18, 1931.

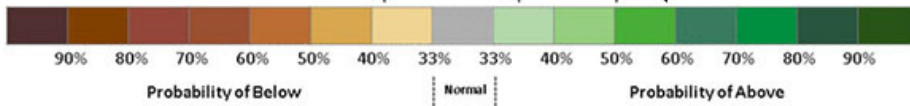
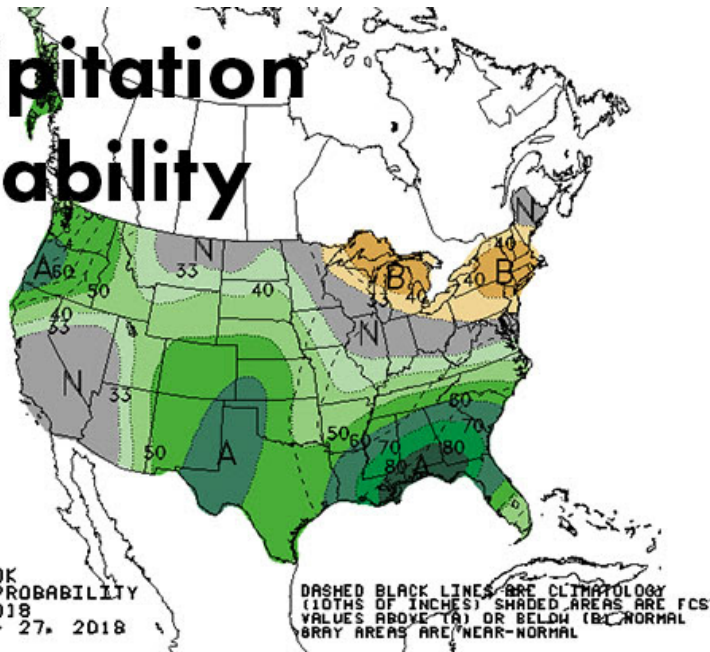


1988, Roseanne - A television sitcom about a blue-collar American family starring the comedienne Roseanne Barr, premieres on ABC. The show was considered groundbreaking for its realistic portrayal of a working-class family and the issues they faced. Barr's portrayal of the loud, abrasive, overweight Roseanne Conner was a sharp contrast to the stereotypical TV housewife in the mold of Leave It to Beaver's June Cleaver and The Brady Bunch's Carol Brady. The show was an instant ratings hit, airing for nine seasons, collecting numerous awards and turning Barr into a big star. Like her or not she definitely resonated with American households. Roseanne was set in the fictional town of Langford, Illinois, where the wisecracking Conner lives with her husband Dan (played by John Goodman), daughters Becky (alternately Lacy Goranson and Sarah Chalke) and Darlene (Sara Gilbert) and son D.J. (Michael Fishman). Roseanne's younger sister Jackie (Laurie Metcalf) is also a prominent member of the family. The show featured a large cast of supporting characters, which over the years included a young George Clooney (as Roseanne's boss Booker Brooks of Wellman Plastics), Estelle Parsons (as Roseanne and Jackie's mother), Shelley Winters, Martin Mull and Sandra Bernhard, among others. Roseanne Barr was born on November 3, 1952, and raised in Salt Lake City, Utah. She began doing stand-up comedy at clubs in Denver and used her experiences as a wife and mother of three children as fodder for her routines. She became known for using the term "domestic goddess" to refer to a housewife. By the mid-1980s, Barr had risen to national fame, and in 1988 her self-titled TV show debuted on ABC. During her years on TV, the outspoken Barr became a tabloid target, and her family, personal appearance and romantic relationships were all heavily scrutinized. Barr was married to her second husband, the actor Tom Arnold, from 1990 to 1994. From 1995 to 2002, she was married to Ben Thomas, who worked as her security guard. In June 1990, Barr stirred up controversy when she performed a screeching, off-key version of the "Star

Precipitation Probability



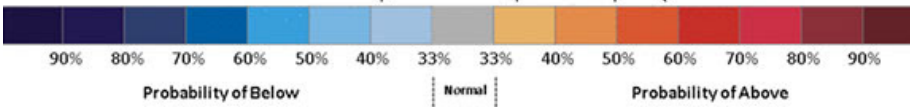
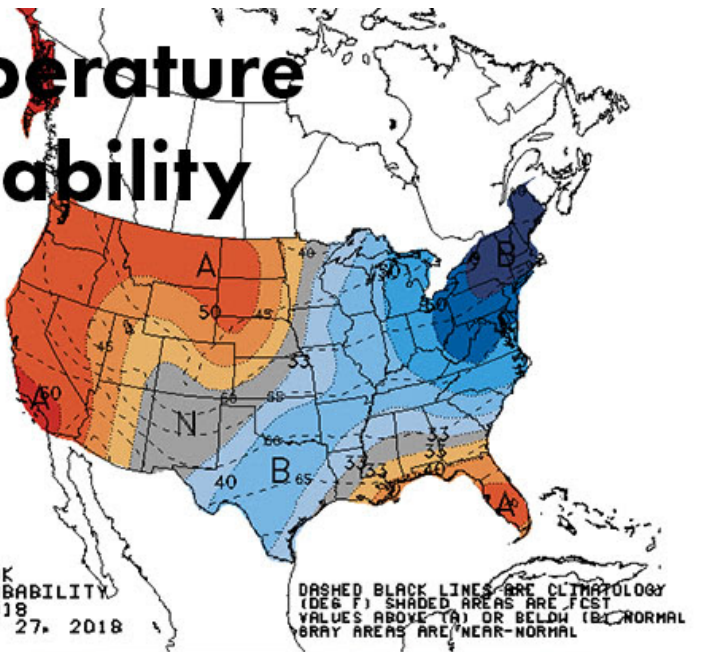
6-10 DAY OUTLOOK
PRECIPITATION PROBABILITY
MADE 17 OCT 2018
VALID OCT 23 - 27, 2018



Temperature Probability



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



Corn bulls are hoping they will soon see continued gains. Technically, the market seems as if it has stalled out just ahead of heavier nearby resistance up between \$3.80 and \$3.90 per bushel. Bulls argue that extremely wet fields and significant delays in the harvest, certainly places the crop in greater risk of yield drag associated with stalk diseases, rot, lodging, breakage, ear and root complications, etc. The further the harvest drags on, the more yield loss potential is left in the field. Lets also keep in mind, generally after October 15th, the soil in the fields will take much longer to dry out... the plants are not showing much water uptake, we clearly have lower evaporation rates, as days becoming shorter in length. There's also a greater chance for a cold front to blow through which can greatly increase the odds of strong crop damaging winds. The weather forecast is offering a nearby window of opportunity, but some areas are dealing with fields that might not dry out before the next round of rains appear, this might force some producers to wait until soils freeze in order to harvest the wetter portions of fields. As for South America, I could argue there's some dryness in the central part of Argentina that needs to be monitored, but it's still early and the longer-

Spangled Banner" at a Major League baseball game in San Diego. After her song, she spit and grabbed her crotch in what she said was a humorous imitation of baseball players. She was heavily criticized for the incident, which was later parodied on multiple occasions, including by Barr herself. The final original episode of Roseanne aired on May 20, 1997. Barr went on to host her own talk show, from 1998 to 2000, and has subsequently been involved in a variety of film and television projects.

Upcoming Events

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

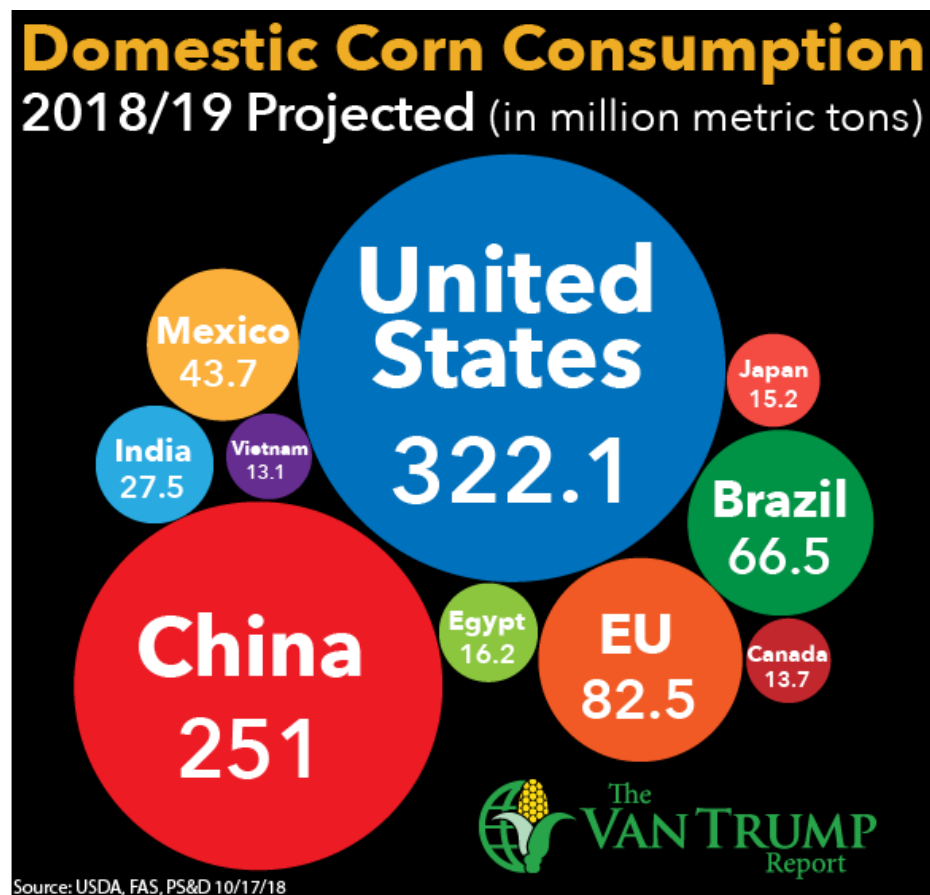
Fri. 12/7 - Monthly Unemployment

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

Thur. 12/13 - Export Sales

term forecast are showing some moisture. Weather in Brazil seems to be cooperating with very few if any concerns. Ukraine, another large global corn exporter, is thought to be about 50% harvested, with yields averaging much better than last year. Here at home, demand remains strong and supportive of price. Weekly ethanol production remains above 1 million barrels per day, but surplus stockpiles still remains about +12% higher than last year. Exports still remain strong, but bears are starting to talk about the "what if's" associated with cooperative weather in South America and improved conditions in Ukraine. In other words, how much business could we see cut from U.S. export estimates Argentina, Brazil and Ukraine end up harvesting the bushels currently forecast? As a producer, I worry that if the demand story starts to weaken or show any signs of slowing down, the bulls will have a tough time keeping the bears out of the market. Hence, the reason I decided to use the recent rally (+30 cents in the past month) as an opportunity to eliminate nearby downside risk. I felt that owing some cheap puts out in July might help me sleep better at night, while keeping my upside potential open. As a spec, even though we may soon test the higher end of the range north of \$3.90 per bushel, I'm only looking to be a buyer on a significant break. I just feel like there are easier shots on the court and don't want to see my capital chewed up as the market flips and flops searching for direction.

2018 Fall Harvest Price: Corn \$3.67



Soybean traders continue to debate strong harvest delays in portions of the U.S. Nearby weather forecasts are showing a window of opportunity to get the beans out of the fields, but for areas that have seen massive amounts of rainfall, there's some question if things will dry out enough before the next wave of moisture arrives? Remember, the soil has to dry out enough to support the combine. I've actually read a couple of studies that show soil compaction associated with wet harvest conditions can actually reduce crop yields for a few years. We also have to remember, the plants get tougher and more difficult to cut, which makes the harvest more problematic. The moisture content of the seed will also be high. Most will tell you, soybeans can be harvested as long as the moisture is 20 percent or below. In some areas this might be a problem. I also continue to hear fear and worry about the crop lying down in the field or pods perhaps shattering. The main point being, the harvest in many areas will be much more difficult this year as the heavy rains really complicate the process. Losses associated with the actual harvest will certainly be more significant than seen in the past several years. There's no question when harvesting soybeans wet and late, the tough stems and pods and softer seed will probably increase threshing and cleaning losses. Michigan State University released a study once, that said for every four beans per square foot found on the ground, one bushel per acre of yield is lost. Keep in mind, there's also more talk of quality complications and late disease problems associated with a wet and late harvest. Many bulls are arguing that the U.S. average yield might

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

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

Fri. 12/28 – Export Sales

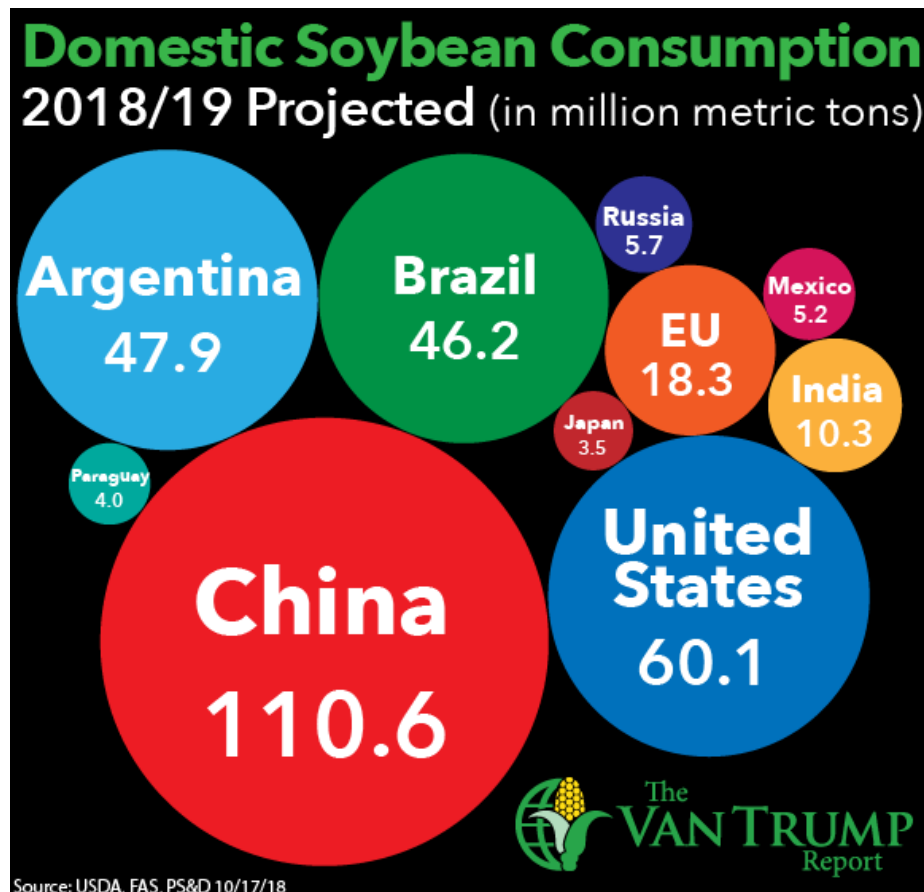
Kevin's Song of the Week



Kevin's Song of the Week


end up being closer to 50 bushels per acre once all of the harvest losses are accounted for. The USDA recently reduced their yield forecast from 53.1 down to 52.8 bushels per acre. It will be interesting to see the USDA's next move. Areas that didn't have significant weather complications are still reporting huge yields coming out of the field. I'm just not sure how wide-spread the heavy heavy rains have been? If we were to end up with the average U.S. yield closer to 50 bushels per acre, we would essentially trim about -250 million from the current balance sheet, which would certainly go a long ways to provide the bulls with some tailwind. As a producer, I just can't get a clear read on the extent of the U.S. yield drag? I'm also not comfortable in my full understanding of U.S. and Chinese trade talks and how long the conflict will last? With two major "unknowns" on my doorstep and very little cash margin to risk, I've elected to use the recent rally, +70 cents in the past month, to secure a floor and eliminate some of my longer-term exposure. Maybe I'm right, maybe I'm wrong, I'm just not in the position to take a big gamble. I still believe there's over -\$1.00 of downside risk if talks with China stall out longer-term and South America harvests +20 to +25 MMTs more than last year, like many are currently forecasting. There's also continued talk and rumors of AFS spreading across China. From what I understand, there have been about 40 reported cases and around 50,000 animals culled. I've also seen data circulating that shows the Chinese sow herd down about -5% compared to this time last year, which ultimately means less soymeal demand. As a producer and business owner, this market has become all about "risk-management", not market forecasting. As a spec, we can afford to have an entirely different and biased opinion or perspective. As producers, we have to manage the unknown risk. Make sure you clearly identify which hat you are wearing!

2018 Fall Harvest Price: Soybeans \$8.62^{^4}



Wheat bulls are pointing the USDA attache in Russia throwing out a lower crop estimate, 68.5 vs. the current USDA estimate of 70 MMTs. I personally think this has been fairly well advertised inside the trade, as I've been writing for weeks the USDA's bump in Russian production a couple of months back was head scratcher. All of the intel and comments we have been receiving from Russia is forecasting the crop between 67 and 68 MMTs. I suspect many others inside the trade are also hearing the same or similar information. That's why I don't see the reduction as a surprise to the trade. I think the trade is also thinking the USDA is a bit too optimistic with their current Ukraine production forecast. Regardless of lower production estimates in the Black Sea region and portions of Europe, the bears still point to lack of increasing demand for U.S. wheat. Bulls, like myself, believe the demand is ultimately coming, but the market might have to endure some more negative headlines before it arrives. Russian prices are still cheaper than the U.S. but continue to creep higher. As both a producer and a spec, I remain conservatively bullish and content playing the waiting game.

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

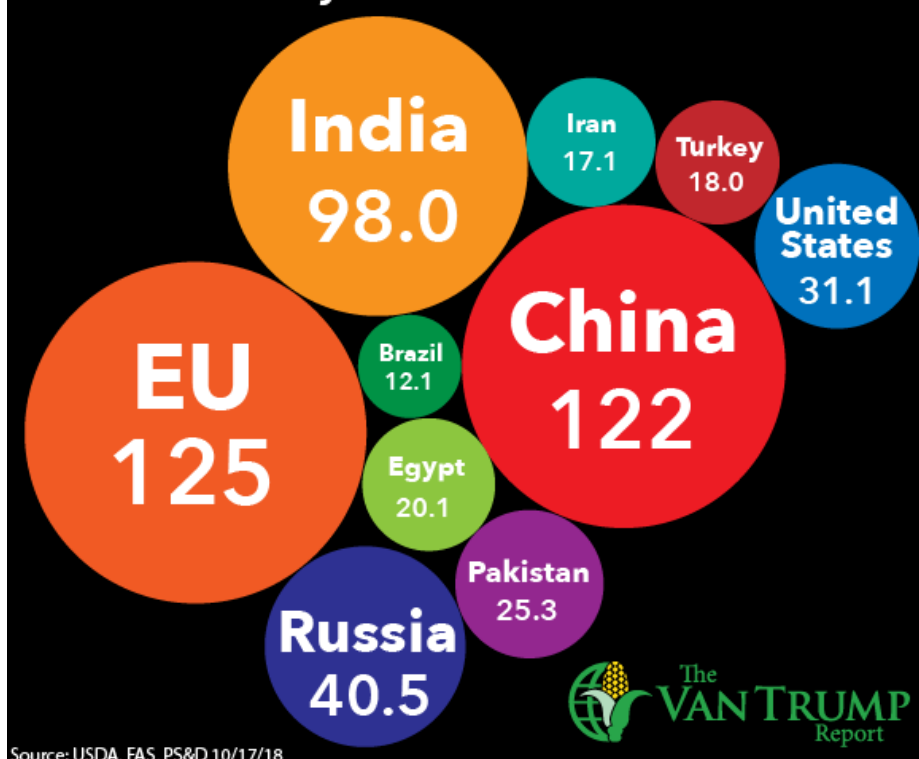
What Others Are Saying

"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

Domestic Wheat Consumption 2018/19 Projected (in million metric tons)



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.



> **Fertilizer Consumption Expected to be Record in 2018 in Brazil:** Fertilizer consumption in Brazil is expected to grow by +2.8% in 2018, to a record of just over 35 million tonnes, with demand from soy producers, in particular, offsetting rising freight costs and the impact of the strike of truckers, projected consultancy FCStone. The estimate comes one day after the National Association for Fertilizer Diffusion (Anda) shows that fertilizer deliveries in the accumulated 2018 through September were more than 4% higher compared to the same period of the previous year. The high expected by FCStone reverses a forecast of fall of 3.7% made by the consultancy itself in July, shortly after the entry into force of the minimum price table for freight, one of the measures taken by the government to end the stoppage of truck drivers May. (Source: Reuters Global)

> **USDA Approves a Potential New Protein-Packed Food:** Cottonseed could become a high-protein food option, providing a boon to cotton growers, if FDA signs off on a new genetically engineered variety. Traditional cottonseed is toxic for humans and most animals because it contains a poisonous substance called gossypol. But a team of ag scientists at Texas A&M developed a type of cottonseed that contains very low levels of gossypol, making it edible for humans — and creating the possibility that the tree nut could help address global malnutrition.

> **Consumer Groups Release Report on Antibiotic Use in Burger Beef:** A coalition of consumer advocates and environmental groups want hamburger chains to crack down on excessive use of antibiotics among certain beef suppliers. The report graded the 25 biggest hamburger chains on their antibiotic use, only two chains had an "A" grade. This report is being taken quite seriously and being passed all around mass media. (Source: Politico)

> **Ukraine Misses Expectations on Grain Exports:** Officials had forecasted an increase of grain exports for the country versus 2017-18. From what I understand, to this point Ukraine has only exported 11.1 MMT of grain, down 1.9 MMT from last year at this point. That figure includes 6.7 MMT of wheat, 2.3 MMT of barley and 1.9 MMT of corn. The country's 2018 grain crop is expected to total 63.1 MMT, up 1.8 MMT from the year prior. I'm told grain exports should to climb from 39.4 MMT in 2017-18 to 42 MMT.

> **Organic Farming Continues to Grow:** In 2018 organic production increased by 2%, raising the number of harvested acres to 6.5 million. I'm told the number of farms

stands at 17,648, an rise of 3% in the U.S. Despite the three-year certification process, I still believe it may be worth a look for some operators looking to increase margins

> Ukraine Corn Traders Look to France for Arbitrage Play: France is typically an export market itself, making the move from the Black Sea to Northwest Europe a rare opportunity, but the pick-up in interest reflects two adjacent regions that have seen diametrically opposite experiences through the summer. (Source: Blackseagrain)

> Olive Tree Disease Plagues Europe: A highly contagious and incurable disease has devastated olive groves in southern Italy and has now spread to Belgium. The disease had already reached Spain and France, both major olive producers, and it threatens other commercial plants like almond and plum trees.

> U.S. Trade Reps Notify Congress of Upcoming Trade Talks: U.S. Trade Rep. Robert Lighthizer told lawmakers the Trump administration plans to launch trade negotiations with the EU, the U.K. and Japan early next year. The formal letters to Congress set off a 90-day countdown until discussions can commence.

> NAFTA 2.0 Vote Will Have to Wait: Senate Majority Leader Mitch McConnell told Bloomberg that a vote on the new North American trade pact won't happen until next year, given the procedural steps required under Trade Promotion Authority rules. I'm told the procedures required do not lend themselves to being completed before then. I suspect Democrats will view the opportunity to haggle with the White House should they win the mid-term elections.

> Trade Talks With India Get Hung Up on Dairy Bans: A forum scheduled for Nov. 1 in New Delhi was meant to be a key step toward President Donald Trump's vision of replacing China with India as the destination of choice for U.S. companies investing in the region. But disputes including India's ban on dairy products from animals that were fed internal organs or blood meal could spoil the plans. (Source: Politico)

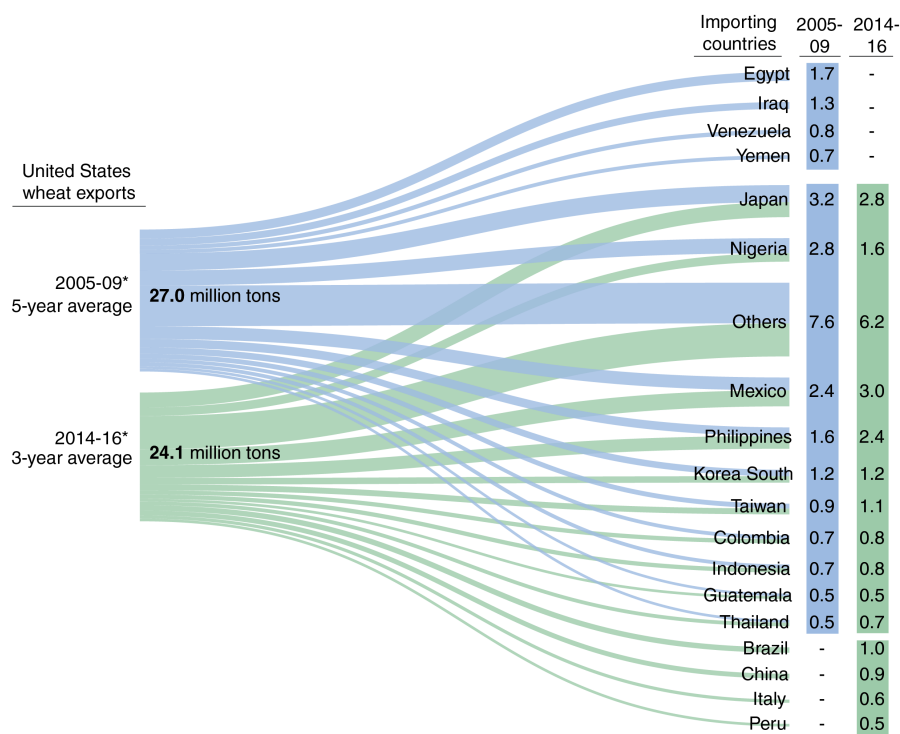
> Mega Millions Jackpot Could Hit \$900 Million: The current estimate of \$900 million eclipses the old Mega Millions record of \$656 million in 2012 but still lacks the 2016 Powerball high of 1.56 billion. Drawing is Friday 10 PM CST

> Canada Legalizes Pot: Canada became the largest country to legalize the recreational use of marijuana, a potentially watershed moment for a nascent cannabis industry that is banking on showing the drug can be safely regulated. There are widespread worries that a patchwork of retail regulations and a shortage of legal supply mean the black market won't disappear soon. But legalization has already started to reshape Canada's financial markets: There are more than 120 marijuana companies listed on Canadian stock exchanges. (Source: The Wall Street Journal)

> U.S. Wheat Exports Lose Out To Competitors Over The Last Decade: While the U.S. remains a major global supplier of wheat, it has struggled to attract new markets and has seen its export totals decline over the last decade. 2014-16, annual U.S. wheat exports averaged nearly 3 million bushels less than in 2005-09. U.S. wheat exports have decreased as Russia, Ukraine, and EU have gained market share in several key U.S. markets. One of the biggest losses is from Egypt, which use to purchase the bulk of its wheat from the U.S. but now receives most of its imports from Russia, Ukraine and the EU. (Source: USDA, ERS)



U.S. wheat exports have fallen as competitors have taken up market share



*Each diagram depicts the 5-year average export flows for the 2005/06 - 2009/10 trade years, overlaying them with the average flows for the recent 3 years of 2014/15 - 2016/17 for a specific country and commodity. The current 2017/18 year is not yet over, and the final results will become available in the autumn. The diagrams exclude bands with less than 0.2-0.5 million tons, depending on the country.

Source: USDA, Economic Research Service using data from Global Trade Atlas (GTA), Sankey-MATIC technology.



Central Nebraska - We just got back into the field yesterday after letting the snow melt and the previous rains to settle in. Our area is a bit unique as we have quarters that can have up to eight different soil types, meaning you may be able to get back in the fields on the sandy soil but you will quickly run into heavier ground and get stuck at times like these. I would say there are 85% of the beans still in the ground and they are getting beat up the longer they stay. It started with lots of rain not long ago, heavy winds following that and then the killing freeze we experienced days ago. Keep in mind right before all that we had a 90-degree day followed up with a 40-degree day. Right now guys will hit whatever crop dries sown first, for some it will be beans and others corn. We had one field of corn that got laid down so bad you couldn't tell which way the rows ran. We are hearing there will be more than a few guys that will not be farming next year but renting land instead. Costs of fertilizer, low commodity prices and higher interest rates are making this a very challenging career for many.

Northern Iowa - We have a relatively small farm in comparison to most of our neighbors around Mason City. The snow came and has already melted from Sunday but did continue to delay us. We are far less aggressive when it comes to harvest, so we haven't started corn or soybeans yet. Most guys are harvesting today but their combines are cutting ruts, and they are not able to bring the trucks into the field. We are not going to start until we are sure the tires aren't going to cause a mess because fixing the ruts is just not in our budget. We don't have a drier either, and the corn is still hand testing in the high 20's. I think we would probably get out there if the corn was dropping or the soybeans were splitting, but we are just not seeing any of that. We have a 40-50% chance of rain on Friday which is probably going to hit if it's like every other rain the last 6 weeks. I think we have gotten rain every time the forecast has reached 30% or more. I have talk to a couple neighbors that are telling me they are 20-30 bushels behind their APH which doesn't make us overly excited to get out there. Very few soybeans have been cut so I don't know what to expect on them.

Northwest Ohio - We are day 22 since harvest has started with about a third of those being rain or weather delays. Both the corn and soybeans are standing good, and we are seeing very little on the

ground. The beans have been making about 60 and the corn is 224 on all the fields combined. I think the lowest yielding field was 212 and the highest field yield has been 261. We are getting close to done with corn so that 224 shouldn't change one way or another. We are happy because our APH is 191. We are looking hard at planting more corn for next year because of soybean basis is -0.64 for this year and the elevator we deliver isn't even offering a bid for next year. We figure that spot price for next year will \$9.00 or less at this current price. Unless we raise 80-bushel soybeans \$9.00 just won't work for us. We can get \$3.70 cash price for 2019 corn which put us right at our breakeven. It's frustrating making this decision based on which crop loses us the least amount of money.



You May Soon be Eating Cotton: Earlier this week, the U.S. Department of Agriculture gave the green light to commercialize a biotech version of the cotton plant whose seeds can be eaten, according to Texas A&M University, which developed it over more than two decades. U.S. Food and Drug Administration approval is still needed, which the university said it expects within months. After that, farmers will be able to grow cotton for food as well as for fiber. Texas A&M professor Keerti Rathore started working on the project 23 years ago, and figured out how to silence a gene in the plant that produced a toxin, called gossypol. While gossypol protects the plant from insects, it made the seeds inedible to humans and most animals. Read more [HERE](#) about this breakthrough of technology...I'm told it tastes like hummus!

Local Media Deserts Continue to Grow: The United States is in the midst of a local media crisis as Media companies are struggling and journalists are losing their jobs, creating an entire nation of uninformed citizens. A recent study from the University of North Carolina School of Media and Journalism contains a number of bleak data points. For one, the United States has lost about 1,800 local newspapers since 2004—which represents nearly 20% of the total number of local news publications. Of the ones that remain, over 80% publish just weekly. With the decline of these publications come news deserts, or areas where people have no local news source. According to the study, nearly 200 out of the 3,143 counties in the United States don't have a local paper. Click [HERE](#) for an interactive map from the study which provides a ton of interesting information.

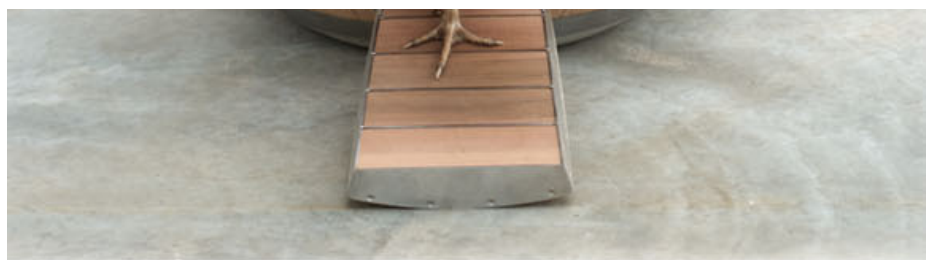
IBM's Watson Can Now Manage Your Money: AI Powered Equity ETF, which launched late last week, differs in that it uses artificial intelligence to pick stocks in much the same way humans have for decades—by ranking investment opportunities on a variety of factors, including fundamentals such as profit growth and valuations. EquBot notes that its AI technology can do humans one better because it can process over 1 million pieces of information a day—including earnings releases, economic data, consumer trends, industry developments, and headline news—to constantly update its assessment on roughly 6,000 publicly traded companies. It remains to be seen whether AI technology can trump the instincts of a human stock picker over longer periods of time. But what is clear is that artificial intelligence is likely to lower the cost of stock picking, which in turn is expected to lower the cost of actively managed funds in the future. Read more [HERE](#) how AI may change the way investors put their money to work.

Researchers Believe "Tornado Alley" is Moving East: Over the past four decades, researchers found that tornadoes have increased over a large swath of the Midwest and Southeast, including what's been referred to as "Dixie Alley." At the same time, they've decreased in the central and southern Plains, a region traditionally known as Tornado Alley that includes Oklahoma and Texas. This new research is key for pinpointing future tornado damage in the U.S. "Severe thunderstorms accompanied by tornadoes, hail, and damaging winds cause an average of \$5.4 billion of damage each year across the United States, and 10 billion-dollar events are no longer uncommon," the study said. Overall, about 1,200 tornadoes hit the U.S. yearly, the National Severe Storms Laboratory said. Tornadoes in the Southeast also tend to be deadlier than those in the Plains, due to several factors such as longer, larger tornado paths, expanding population, more mobile homes, and more nighttime tornadoes. Read more details [HERE](#).

Are Your Animals in Need of Some Pet-tecture? We all spend a ton of money on our family pets to make them comfortable and feel a part of the gang. Now, Thomas Wainwright, author of Pet-tecture, challenges our notions that spaces for domestic animals are dull and depressing. Designer pet furniture isn't just for spoiled cats and dogs either. French designer Grégoire de Laforrest created what must be the most poetic work surface by inserting a birdcage in an otherwise plain oak table. In another design for feathered creatures, this one called "Nogg," designers Matthew Hayward and

Nadia Turan used cedar wood, glass, concrete and steel to create an egg-shaped chicken coop. There are some pretty cool designs here that not only give your favorite animals a new space, but yourself as well. Check out the pics below and read more [HERE](#).







Using Soils Natural Filtering Abilities to Battle Nitrate Runoff

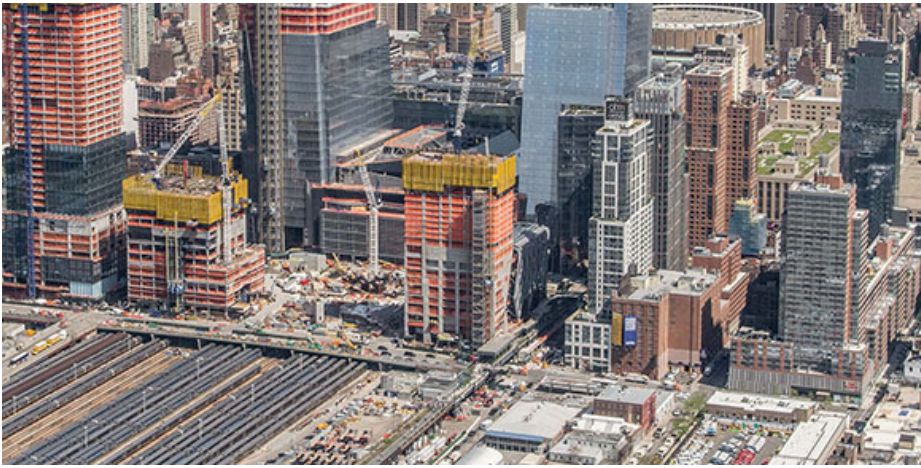
Fifty-years ago, farmers began installing drain tiles to overcome the wet springs which kept them out of the fields. Tile installation was a technological revolution at the time as it lengthened the growing season by several weeks and thus greatly increased yields. Not only that but it reduced compaction significantly as well, all of which has added to producers bottom line. Of course, with any good innovation, there are unwanted side-effects. It took a few years to emerge but in the late 1980's, nitrates were found to have traveled from Midwest fields all the way to the Gulf of Mexico, causing the algae blooms and dead spots we have today. Removing the tiles was not an option due to the huge loss of production that would occur, so edge-of-field practices were developed to maintain the tile system as well as prevent runoffs. Tom Isenhardt, an agronomist and professor at Iowa State University and his colleagues published data a few years back, about the ability of saturated strips of naturalized land near streams to remove nitrate from tile drainage water and the news was good enough to lead the USDA to establish conservation standards for the practice. Interestingly, there was one simple difference between the strips studied by Isenhardt and typical buffers. The team noticed that most drainage tile ran under the buffer strips and not through the soils. The buffers studied by Isenhardt and his team all connected the drains into the soils and used the natural processes to filter the nitrates out of the water. Click [HERE](#) for a great article on that process. After excavating the tile outlet within the buffer strip, the team installed a control box with outlets connected to a new perforated pipe serving as a distribution line, ensuring all water was sent into the soil. Isenhardt's team confirmed their findings at five other locations under varying conditions and soil types. Researchers share that the riparian buffer strips are comparatively simpler, cheaper, and quicker to install than many systems, but they are not suitable for all farm fields. I'm told they do require specific soils and landscape characteristics to function properly, meaning this may limit their use within certain types of watersheds. Looking at the cost, the per pound of nitrate removed for saturated riparian buffers was \$1.33 per pound of nitrogen removed, with a 40-year lifetime, while denitrifying woodchip bioreactors have a lifespan of around 10 years, before the woodchips need replacing and have a cost of \$0.95 per pound of nitrogen removed. You can learn more about the research [HERE](#). (Source: [agronomy.org](#), [soilsmatter](#))





The Most Expensive Real-Estate Development in US History

"Hudson Yards" is now the most expensive real-estate development in U.S. history being in excess of \$25 billion. It will also be one of the largest real-estate developments once completed, spanning over 18 million square feet. "Hudson Yards" is in Manhattan's New West Side strategically located between 10th and 12th avenues from West 30th to West 34th Street and borders the Hudson River, Chelsea, Hell's Kitchen, and Midtown. From what I understand, the development includes both commercial and residential space, state-of-the-art office towers, more than 100 shops including New York's first Neiman Marcus, and a collection of restaurants curated by Chef Thomas Keller. The urban development will include approximately 4,000 residences, a 750-seat public school, and an Equinox Hotel with more than 200 rooms. Apartments at the majority-residential building, are said to start at around \$3.9 million, while renters can expect to pay over +\$5,000 per month for a one-bedroom unit. The development of Hudson Yards will also create more than 23,000 construction jobs. The development is also building a recognizable public landmark, which is a 150-foot-tall honeycomb structure known as Vessel. The Vessel was created by Thomas Heatherwick, one of the world's foremost design visionaries, and Heatherwick Studio. The development will also be home to "The Shed," which is New York's first multi-arts center designed to commission, produce, and present all types of performing arts, visual arts, and pop culture. Hudson Yards will open in phases starting in 2019 with hopes of being fully completed by 2024. Perhaps one of the coolest things is that will boast the highest outdoor observation deck in the western hemisphere. At 1,100 feet above ground, the 7,500-square-foot outdoor viewing area will extend 65 feet from the 100th floor. I've included a few pictures below. What a massive project! (Source: Hudson Yards New York)





Why I Believe Being An "Optimist" Pays The Best Dividends

If you have spent any amount of time reading my newsletter, you will know this is right up my alley. Being an optimist doesn't mean I don't think bad things will happen. They will. But I believe it's extremely important to keep a positive perspective. Morgan Housel of the Motley Fool once wrote an article titled, "[Why I'm An Optimist](#)". Housel was simply pointing out how poorly your investments would have fared if you had bought into the "end-of-the-world" and "doom-and-gloom" headlines over the past 150 years or so.

- 1.3 million Americans died while fighting nine major wars.
- Four U.S. presidents were assassinated.
- 675,000 Americans died in a single year from a flu pandemic.
- 30 separate natural disasters killed at least 400 Americans each
- 33 recessions lasted a cumulative 48 years.
- The stock market fell more than -10% from a recent high at least 97 times.
- Stocks lost a third of their value at least 12 times.
- Annual inflation exceeded 7% in 20 separate years.
- The words "economic pessimism" appears in newspapers hundreds of times per day, according to Google.

Despite these bearish headlines above, our standard of living has increased 20x. Investing, not much unlike your grain marketing, is about objectively playing the odds - not about giving into emotions. This is a perfect example of how short-term thinking can dramatically hurt your long-term goals and objectives, especially if you allow yourself to become emotionally "reactive." Have a plan and stick to your well thought out course of action. Do NOT allow yourself to waiver in the wind! I challenge you to watch this extremely short video that delivers "actionable advice" on how to live our best life. Good Stuff! Click [HERE](#)

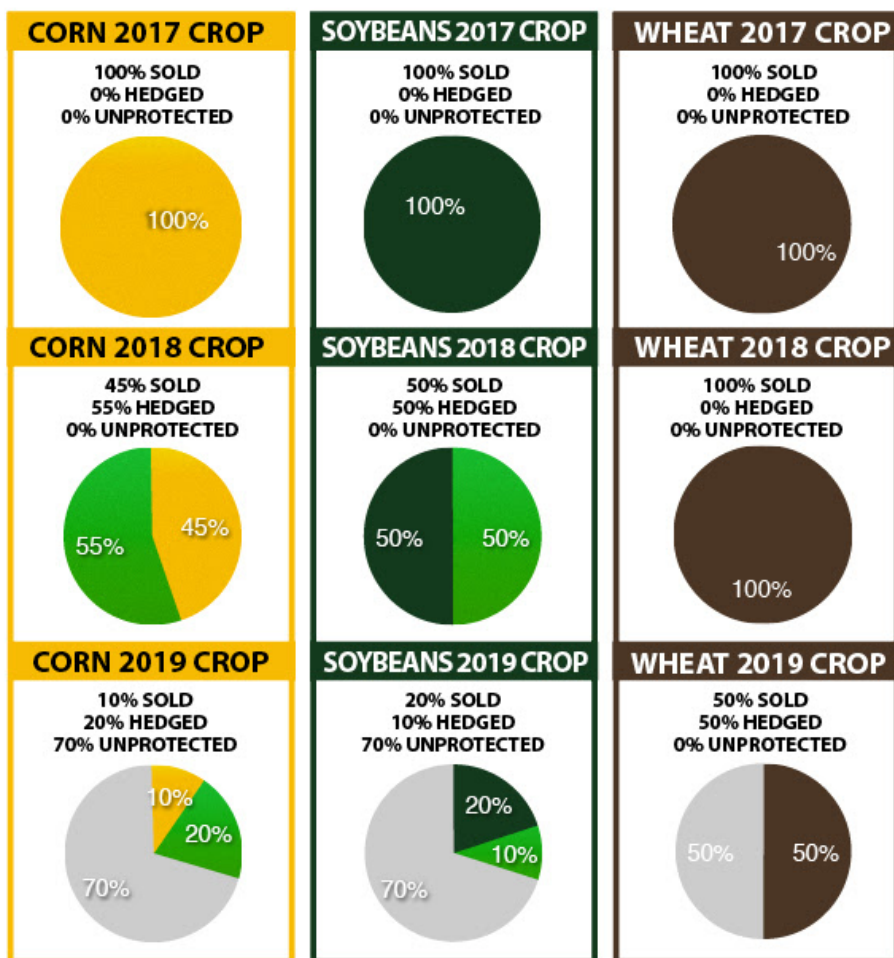


ANSWER to riddle:

Letters (upper and lower case)

CASH SALES & HEDGING TOTALS

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

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