

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

1 message

**The Van Trump Report** <reply@vantrumpreport-email.com>

Tue, Dec 18, 2018 at 7:41 AM

Reply-To: Jordan &lt;reply-feca15787d66057c-314\_HTML-36250946-100003450-1@vantrumpreport-email.com&gt;

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*"No man becomes rich unless he enriches others."* - **Andrew Carnegie**

**TUESDAY, DECEMBER 18, 2018**
[Printable Copy](#) or [Audio Version](#)

**Morning Summary:** Limbo lower now... how low can we go? Stocks are starting a bit higher this morning, but this is how we have started most mornings as of late, only to see the limbo stick lowered throughout the day as the music plays. Jack be limbo, Jack be quick... The S&P 500 just posted its lowest close of the year. In fact, it was the lowest close in the S&P 500 since October 2017. To this point, December is shaping up to be our worst month of the year. Since the S&P 500 started back in 1957, December has never been the worst month of the year. Crude oil prices have also fallen aggressively, now down to their lowest level in 18-months as more investors fear a widening global economic slowdown. Keep in mind, many traders have already been arguing that the global economy has shown some red flags, with slowing growth in China, contracting growth in Japan, as well as parts of the Europe Union. There's also fear surrounding what looks to be a currency crises in the emerging markets. The tightening of interest rates is also looming large. Economic demand growth is now being heavily question by investors around the globe, oil and stocks are seeing the fallout. Keep in mind, crude oil prices are down almost -30% in the past 90-days, while the Nasdaq and Russel are down about -15% during the same time period. I heard that over half of the S&P 500 stocks are now officially in what many consider a bear market. A correction is typically defined as a -10% drop for a stock or an index from a recent peak, while a bear market is a -20% or more decrease. Data recently circulating by FactSet shows that 264 or 53% of the S&P 500 companies are now in a bear market. General Electric stock is now down over -60% from its 52-week high, while big names like Nvidia, Michael Kor's and Haliburton are all down about -50% from their 52-week highs. The FAANG's have also taken it on the chin, Facebook down about -34%, Apple down about -29%, Amazon down about -25%, Netflix down about -37%, and Alphabet (Google) down about -21%. For what it's worth, big names like IBM, Citigroup, WellsFargo, DowDupont, 3M, and Bank of America are all down about -30%. In other words, the selloff is not just selective in nature, but appears to be widening, with the bears casting a much larger net. It's also worth noting, investors almost always feel the pain associated with the downside as being much more significant than joy associated with similar upside movement. Behavioral psychology and human patterns amongst traders and investors has become of greater and greater importance. Nearby, almost everyone inside the trade is closely monitoring the Fed's next move. Keep in mind, their two-day meeting starts today and ends tomorrow with a statement release scheduled for around 1:00pm CST. Most sources still believe there's another interest rate hike coming in 2018. Several sources, including President Trump, are calling for the Fed to "pause" and not raise rates in this meeting. If the Fed decides to go ahead and hike interest rates, it will be the ninth time since December 2015. I personally think the go ahead and raise tomorrow, then start to walk back some of their forward looking guidance for 2019. I feel the Fed has been extremely transparent to this point and clearly telegraphed or called each of their previous pitches, so I don't see them mixing in a curve ball at this stage of the game. I'm not necessarily saying I agree, but this has clearly been their plan. I could certainly argue that inflationary pressures have pulled back with crude oil prices getting hammered as of late, and the recent announced layoffs at a few larger U.S. businesses could have eased the tight employment picture a at least enough to justify a "pause". I just don't think they play that card, and I'm not sure the stock market would reward a "pause" with a sustained rally to the upside. I think there's still more nearby downside risk in the stock market, but some longer-term bargains are starting to appear. Staying extremely selective... don't forget some of the years biggest losers may see even more sell-side pressure as we close out 2018. Taking the tax loss and selling the biggest losers.

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**What Has Some Of The Bigger Traders Concerned:** *We have never before had the Fed raise interest rates while the budget deficit was expanding. This has many large traders and investors nervous. DoubleLine Capital's founder and famed trader Jeffrey Gundlach says, the fact that the federal deficit is so out of control this late in a robust economic cycle is extremely worrisome.*

**More Than A Tunnel:** *"The Boring Company will host its product launch today. It will include modded but fully road legal autonomous transport cars & ground to tunnel car elevators." Musk recently tweeted. His tunneling venture is set to unveil its two-mile test tunnel underneath Hawthorne, California. According to Musk's tweets, this will be the first time the general public will not only get a peak at the shaft that now extends from SpaceX's headquarters to Hawthorne Boulevard, but also a working demonstration of the vehicles themselves as well as the elevator that will bring them to and from the surface. The concept has been said to be able to convey a car with up to 16 passengers at speeds of up to 150 mph using skate technology. Due to unbelievably high demand, tours through the Hawthorne test tunnel are by invitation only. Click [HERE](#) to follow along with the action with a webcast that will kick off at 10 p.m. CST.*



**Get Your Packages in the Mail Today!** *Time has all but run out if you're looking for guaranteed delivery by Christmas Eve. FedEx's ground and home delivery deadline was yesterday, while today is the deadline for UPS's most affordable delivery option. The deadline for free shipping on Amazon orders also is today. The Postal Service's deadline for its priority and first-class mail is a bit more generous and packages need to be mailed out no later than Thursday. In a statement, USPS said yesterday was anticipated to be its "busiest day online with more than 8 million consumers predicted to visit [usps.com](#) for help shipping that special holiday gift." This week is expected to be the service's busiest week for mailing, shipping and delivery. It expects to process and deliver nearly 3 billion pieces of First-Class Mail. Read more [HERE](#).*

**Bubble Watch...** *U.S. student loan debt outstanding reached a record \$1.465 trillion last month and one particular set of borrowers is having a hard time paying*

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#### Today In History



#### 1777, States Give Thanks -

The new United States celebrates its first national day of thanksgiving on Thursday, December 18, 1777, commemorating the American victory at the Battle of Saratoga after the surrender of General John Burgoyne and 5,000 British troops in October 1777. In proclaiming the first national day of thanksgiving, Congress wrote, "It is therefore recommended to the Legislative or executive Powers of these UNITED STATES, to set apart THURSDAY, the eighteenth Day of December next, for solemn THANKSGIVING and PRAISE; That at one Time and with one Voice the good People may express the grateful Feelings of their Hearts, and consecrate themselves to the Service of their Divine Benefactor" Neither when the Congress proclaimed the day of Thanksgiving on November 1, nor when the population celebrated in December, were they aware that on December 17, the French would finally formalize a military and trade alliance with the rebelling states. These were not disconnected events. The victory at Saratoga convinced the French king that the Americans might be worthy allies and the ensuing alliance made an American victory possible. Merely having a national day of thanksgiving was a tremendous step forward in creating an American identity. Previously, the colonies had celebrated individually or as part of the British Empire. Now they had experienced an event that had affected them all and formalized a celebration that involved them all. With the French alliance, they had an ally who supported them all. Americans had just taken a major step on the tortured trail from colonies to states and from states to nation.



#### 1886, Ty Cobb is born -

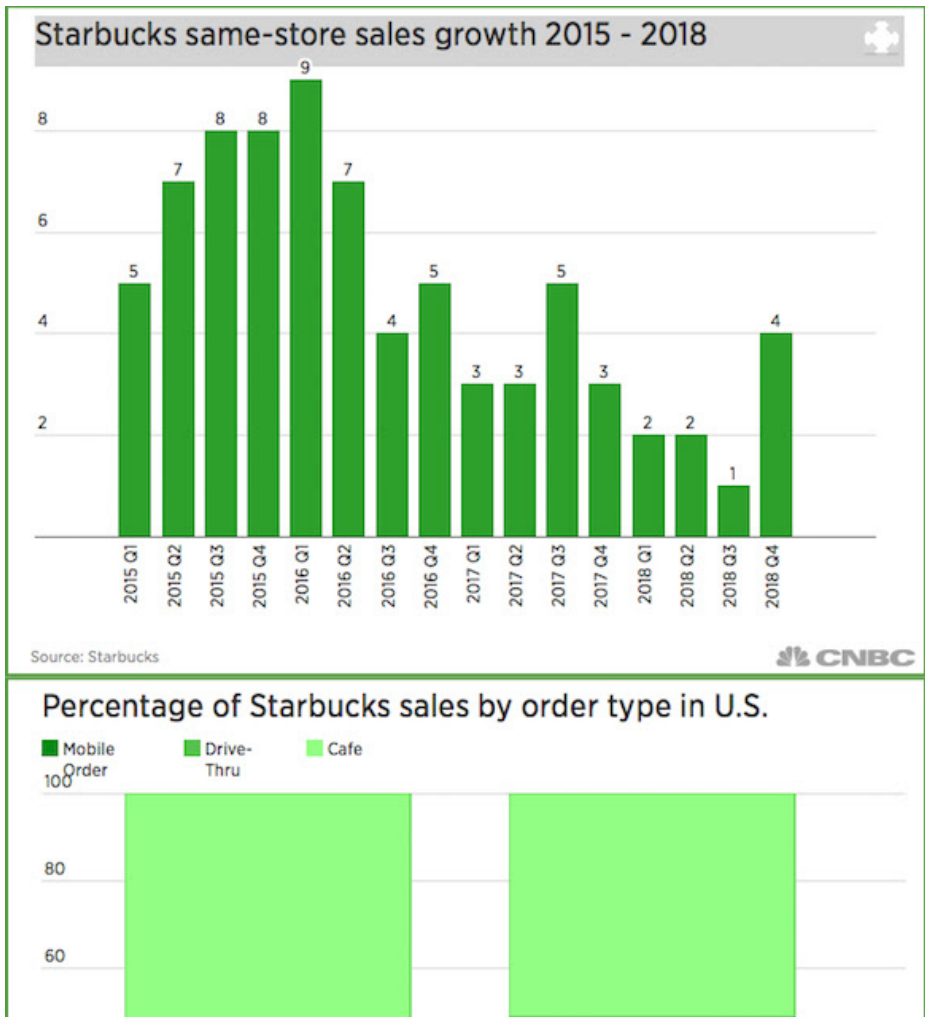
On this day in 1886, the often controversial baseball legend Ty Cobb is born in Narrows, Georgia. From the beginning of his career, a shadow seemed to hover over the hard-drinking, hard-living Cobb, whose dark personality would often overshadow his undeniable athletic talent. In August 1905, just before Cobb joined the major leagues at the age of 18, his mother shot his father to death; she was later acquitted of voluntary manslaughter after testifying that she had mistook him for an intruder. After two weak seasons as a center fielder for the Detroit Tigers, he emerged in 1907 to hit .350 and win the first of nine consecutive league



back their loans. This debt is raising fiscal risks. "Over 90% of student loans are guaranteed by the U.S. Department of Education, meaning that if a recession causes a rise in youth unemployment and triggers mass defaults, this contingent liability could prove burdensome for the U.S. government budget," said Paul Della Guardia, economist at the Institute of International Finance in emailed comments. The record student debt level is more than double the \$675 billion outstanding in June 2009 when the recession ended. Read more from Bloomberg [HERE](#).

**Corporate Stock Buy-Backs Set Record but Market Still Under Pressure:** Corporate America celebrated the first full year under the new tax law by rolling out a record-setting \$1 trillion of stock buybacks. US companies, led by Lowe's and AbbVie, rewarded shareholders by unveiling \$34.4 billion in buybacks just last week. That lifted repurchase announcements above \$1 trillion for the first time in stock market history. Unfortunately the massive buyback boom hasn't been enough to keep the market supported. Not only did the tax law reduce the corporate rate, but it gave a big break to companies returning foreign profits. Companies have used a sizable chunk of that windfall to buyback shares of their stock. In fact buyback announcements have spiked +64% so far this year. Read more [HERE](#).

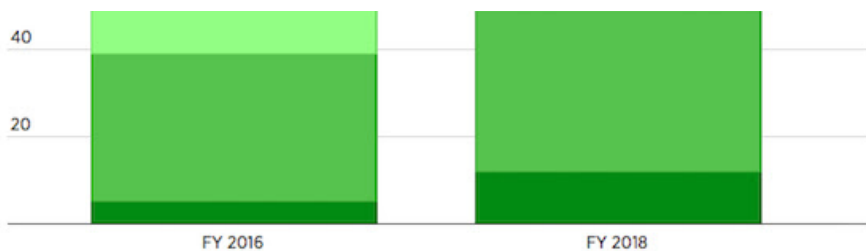
**How Starbucks Plans to Boost US Sales:** It's no secret that Starbucks has been struggling to get new customers in the U.S. and aren't seeing anywhere near the growth they once were. Starbucks recently held its biennial investor day, which gave analysts and shareholders a glimpse into the company plans in 2019 and beyond. It looks like moving forward, Starbucks is going to focus on same-store sales growth, moving toward a more digital and mobile platform, adding more reward members, being more cautious about where it opens new stores, and improving the human connection. Below is data Starbucks has collected to show how they are going to improve U.S. sales. Not mentioned in the graphs below, the company also plans on bolstering its cold beverage platform. The company is now throwing more support behind its refreshment category, which includes drinks like Teavana branded iced teas and "Refreshers." The reason behind this move is because these beverages tend to have fewer calories and less caffeine than their coffee counterparts. I always like looking at how some of the larger companies are planning on growing their business, to help give me ideas about my own. From this I can see they are going to try and do a better job of winning their own client database and selling more units per transaction to their current clients. I can also see they are turning more attention to healthy alternatives. Makes sense...



batting titles. He also led the league that year with 212 hits, 49 steals and 116 RBI. That year, the Tigers won the pennant, but lost to the Chicago Cubs in the World Series, during which Cobb hit a dismal .200. That pattern would repeat itself for the next two years, though Cobb upped his World Series batting performance to .368 in Detroit's five-game loss to the Cubs in 1908 and .231 in a seven-game defeat in 1909 to the Pittsburgh Pirates. Cobb won the league's Triple Crown in 1909--most home runs (9), most runs batted in (107), and best batting average (.377). Though he never again appeared in the World Series, Cobb's best years in baseball were yet to come. In 1911, he led the league in eight offensive categories, including batting (.420), slugging percentage (.621), hits (248), doubles (47), triples (24), runs (147), RBI (144) and steals (83), and won the first American League MVP award. He batted .410 the following season, becoming the first player in history of baseball to bat better than .400 in two consecutive seasons. Cobb set a record for stolen bases (96) and won his ninth straight batting title in the 1915 season. He faltered the next year, but came back to win another three straight titles (1917-19). Despite his legendary temper, aggressive personality, and outspoken racism which caused problems on and off the field and consistently alienated him from his teammates, Cobb was considered an invaluable addition to the lineup throughout his career. He was made the Tigers' player-manager beginning in 1920. He left the team in 1926 and signed with the Oakland Athletics, hitting .357 and becoming the first-ever player to reach 4,000 total career hits before retiring after the 1928 season. In 1936, during the first balloting for the Baseball Hall of Fame, Cobb received the most votes of any player, handily outpolling his fellow inductees Babe Ruth, Honus Wagner, Christy Mathewson and Walter Johnson. In his retirement, Cobb invested heavily in the stock market, and by the time of his death from cancer in 1961, he was worth nearly \$12 million. Reflecting Cobb's complicated legacy, only four people from baseball attended his funeral, though he was hailed by many at the time as one of the best players ever to play the game.



**1912, Piltdown Man Discovered** - After three years of digging in the Piltdown gravel pit in Sussex, England, amateur archaeologist Charles Dawson announces the discovery of two skulls that appear to belong to a primitive hominid and ancestor of man, along with a canine tooth, a tool carved from an elephant's tusk, and fossil teeth from a number of prehistoric animals. Despite muted criticism from a minority of paleontologists, the majority of the scientific community hailed the so-called Piltdown Man as the missing evolutionary link between ape and man. The remains were estimated to be up to a million years old. For the next decade, scientists

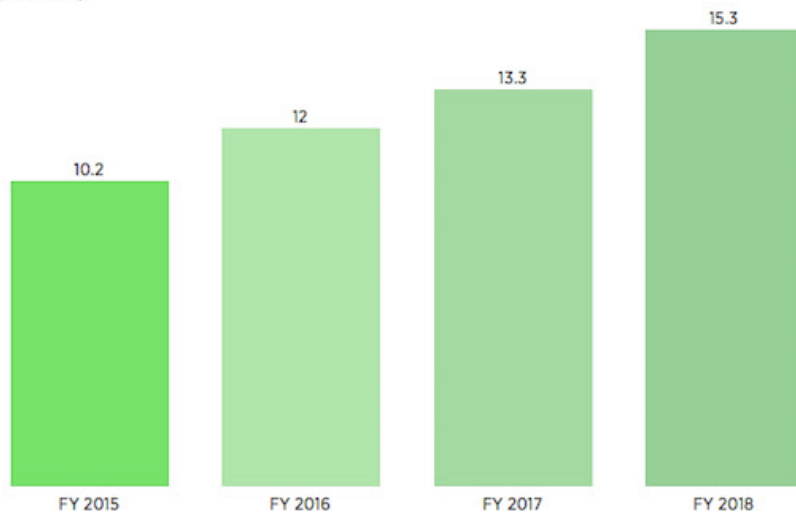


Source: Starbucks

CNBC

## Total Starbucks rewards members 2015 - 2018

(in millions)

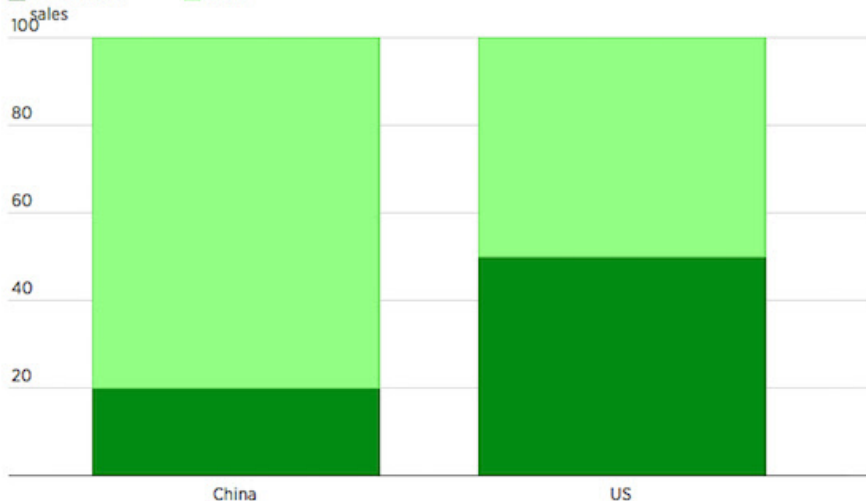


Source: Starbucks

CNBC

## Starbucks' growth drivers China vs. US

Same-store sales Units



Source: Starbucks

CNBC

## How Starbucks Baristas spend time during the day



heralded the finding of *Eoanthropus dawsoni*, or "Dawson's Dawn-man" in Latin, as confirmation of Darwin's still-controversial theory of human evolution. In the 1920s and '30s, however, the Piltdown gravels were found to be much less ancient than believed, and other finds of human ancestors around the world seemed to call the authenticity of the Piltdown Man into question. In 1953, at an international congress of paleontologists, the Piltdown Man was first openly called a fraud. An intensive study of the remains showed that they were made up of a modern human cranium—no more than 600 years old; the jaw and teeth of an orangutan; and the tooth of a chimpanzee. Microscopic tests indicated that the teeth had been doctored with a file-like tool to make them seem more human. Scientists also found that the bones had been treated with chemicals to make them appear older. Other fossils found in the Piltdown quarry proved to be authentic but of types not found in Britain. The person who orchestrated the hoax never came forward, but in 1996 a trunk in storage at the British Museum was found to contain fossils treated in the exact same manner as the Piltdown remains. The trunk bore the initials M.A.C.H., which seemed to suggest that Martin A.C. Hinton, a volunteer at the British Museum in 1912 and later a curator of zoology at the institution, was likely the culprit. Some theorized that he was attempting to embarrass Arthur Smith Woodward, curator of the British Museum's paleontology department, because Woodward had refused Hinton's request for a weekly pay raise.

## Upcoming Events

**Thur. 12/20** – Export Sales

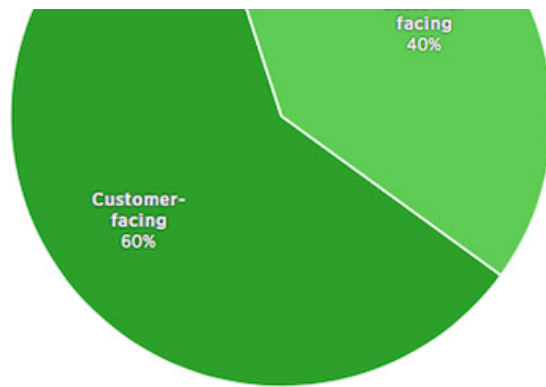
**Fri. 12/21** – Quarterly Cold Storage, Hogs and Pigs, Monthly Cattle on Feed, Personal Income

**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



## WHAT I'M LISTENING TO:



Alan Jackson  
"Let It Be Christmas"

Kevin's Song of the Week

# FARM TANK

Tweets of the Day



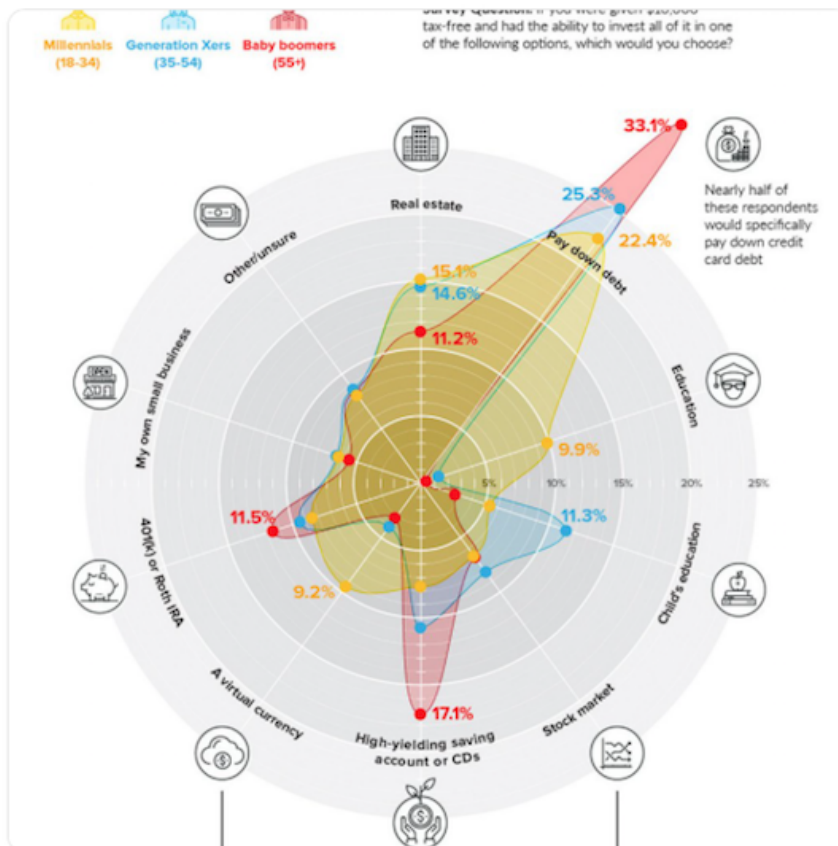
**Visual Capitalist**

@VisualCap

Following

This Chart Shows How Different Generations Would Invest \$10,000

[visualcapitalist.com/chart-differen...](https://visualcapitalist.com/chart-differen...)



## 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





**Rosette T**  
@Rosette\_Tamadon

Following

## When #Santa upgrades his vehicle @VisitBelfast



*influences commodity prices. His analysis and conclusions are highly thought out and conveyed in layman's terms so that the reader can comprehend the numerous and often complex interrelationships that impact the markets. Kevin is a real attribute to the agricultural sector."*

**A.M., FDIC**

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

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

### My Own Personal Truisms

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

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

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

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

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

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

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

*I never initiate a "short" position in a market that I am "bullish" longer-term, nor do I initiate a "long" position in a market I am "bearish" longer-term.*



**Jason Mauck**  
@jasonmauck1

Following



True story

When I told grandpa my plan to seed wheat with the manure tanker and gandy box he had a fit. "We are going to waste all of those acres of production!"  
Best beans we've ever raised.

This story will come in handy when I want to try everything under the sun this summer.





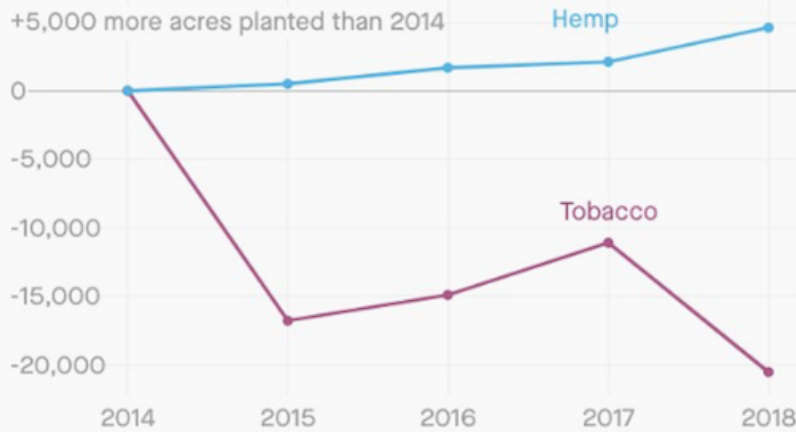
TryCBDRelief  
@trycbdrelief

Following

Farmers in Kentucky are replacing #tobacco with industrial #hemp, as the country awaits passage of the #FarmBill18. #cbd #cbdoil [qz.com/1483381/the-20...](https://qz.com/1483381/the-20...)

Hemp fields are growing while tobacco fields shrink

+5,000 more acres planted than 2014



ATLAS | Data: USDA

Share



Mark Nelson  
@MarkNel1026

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"Tell us something about yourself"

Me:







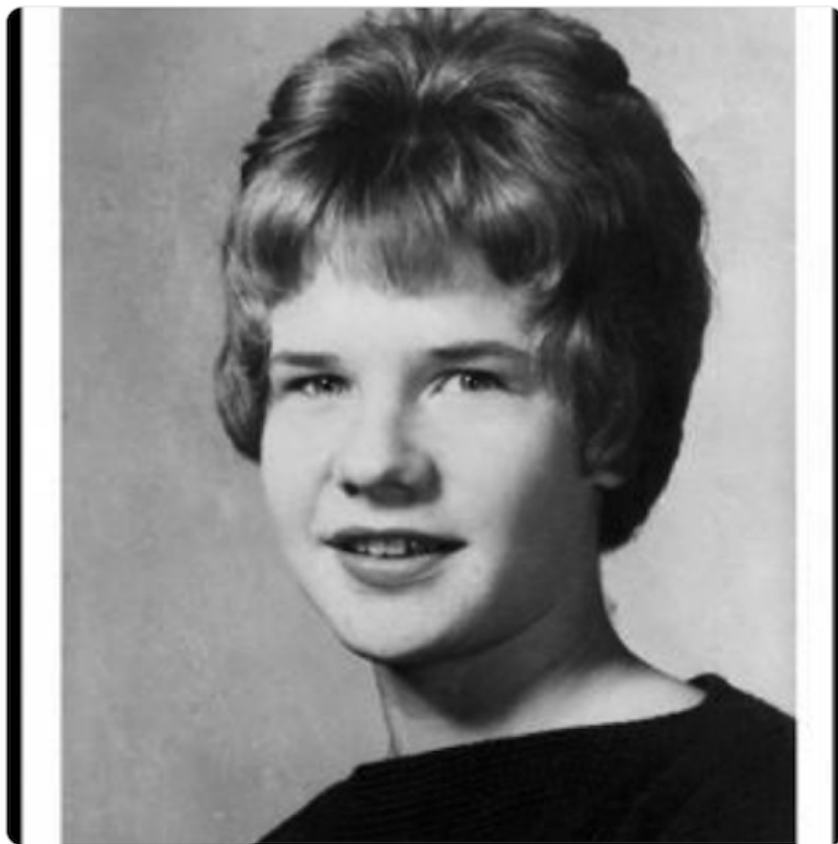
**Rock N Roll Pictures**

@RockNRollPics

Following



Janis Joplin in 1958.





Skye & Tori

@\_zilis\_

Following

Learn to be uncomfortable, this is where change happens

#Motivation #Staypositive #feelinggroovy

You know what lies  
outside your comfort zone?

Opportunity.

## neuro mining



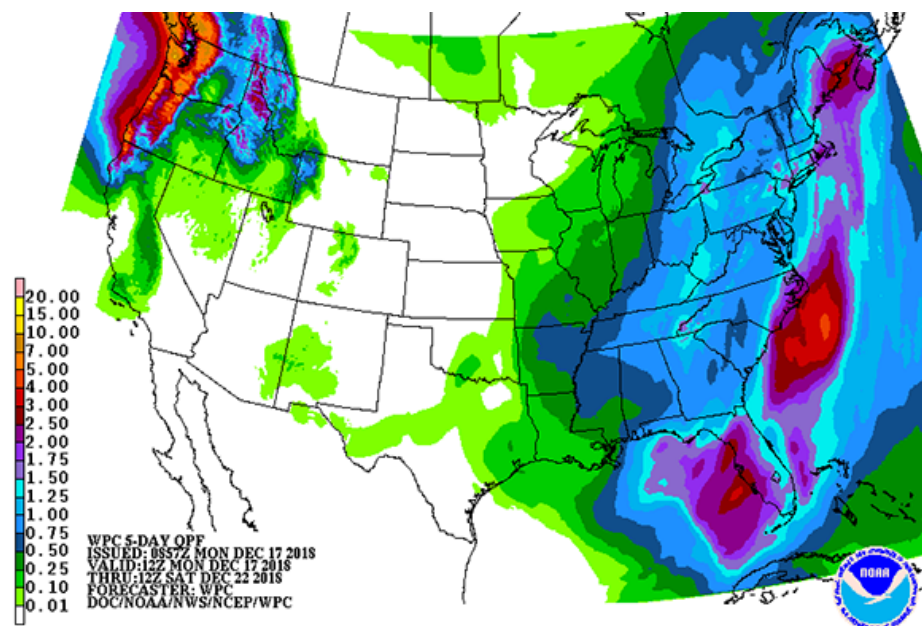
*As we age, it gets harder and harder to create new neural pathways in the brain. It's the reason kids find it so easy to learn new things, but as adults it often gets more difficult. Doing brain teasers and solving riddles can be an important part of keeping our brain healthy. The more connections we 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:

The more I take, the more you leave behind. What am I?

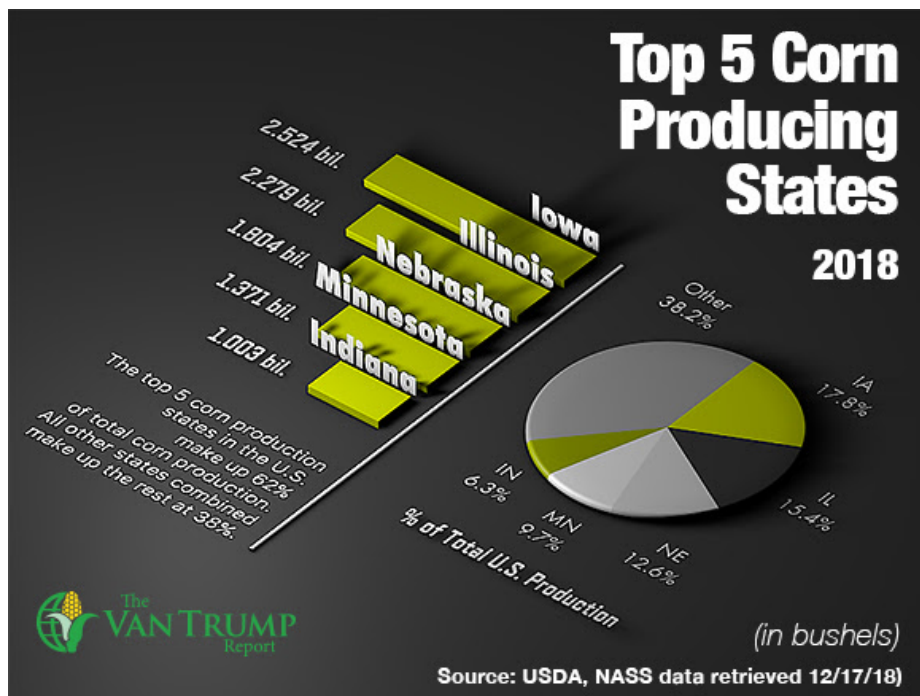
**Weather** on the Plains continues with dry conditions and above normal temperatures favoring any remaining fieldwork. In addition, the mild weather is promoting some additional winter wheat development. Today's high temperatures could approach 60 degrees as far north as southwestern Nebraska. Across the Corn Belt, dry weather

accompanies above normal temperatures. However, breezy conditions have developed in some areas, particularly across the eastern Corn Belt. Despite recent melting, a patchy, mostly shallow snow cover still exists in portions of the northern and western Corn Belt. In the South, dry weather prevails, although fog developed overnight in some areas from the Mississippi Delta westward. Although most late-autumn fieldwork has wrapped up, pockets of wetness have prevented harvest activities and winter wheat planting from reaching completion. Precipitation and gusty winds will linger across parts of the Northeast through today. Meanwhile, periods of stormy weather will continue in the Northwest. Many other areas of the country, however, including the Plains and the Southwest, will experience mild, dry weather for the remainder of the week. By Thursday, a storm system will begin to take shape across the mid-South and drift northward across the Ohio Valley and the lower Great lakes region. Most of the storm's precipitation will be locally 1 to 2 inches across the Ohio Valley and the lower Great lakes region. Most of the storm's precipitation, locally 1 to 2 inches across the eastern one-third of the U.S., will fall as rain, although some wet snow is possible. Below is the 5 day rainfall forecast for Dec 17 through Dec 22.



**Corn** traders remain very uncertain about Chinese buying headlines. Hence, the extremely narrow trading range we've been seeing as of late. Do you realize, since the beginning of December, or since the G20 meeting between President Trump and Xi, the MAR19 contract has traded in less than an 8 cent range between \$3.80 and \$3.87<sup>6</sup> per bushel, the new-crop DEC19 contract has traded in an even tighter range. Technically, the old-crop contracts are still struggling to close above \$4.00, while the new-crop DEC19 contract has yet to close above the 200-day moving average. It continues to feel like heavier resistance is building in the \$4.05 to \$4.15 range in the DEC19 contract. This is also the area I continue to hear producers are placing resting orders to reduce some new-crop price risk. I should note, the funds have moved to a more aggressive long position, hoping Chinese buying rumors eventually come to fruition. There are a few holes being shot in U.S. demand growth story as of late, with both exports and ethanol arguably underperforming a bit. But at the same time, there's starting to be some questions about South American weather. There's a few areas in both Brazil and Argentina that are dry and worth keeping an eye on. There's also some areas in Argentina that are overly wet. I think it's still early, so not a major concern, but worth keeping on our radar. The biggest wild-card nearby clearly remains China. There's been talk circulating that China will be buying U.S. corn, ethanol and DDGs, the question is when and how big of a purchase? Bears are pointing to the fact President Trump approved the second round of payments for the Market Facilitation Program, meaning perhaps the Chinese are now backpedaling a bit? I personally don't think that's the case, but I can certainly understand their argument. I'm staying patient, thinking we could still see another leg higher in the next few weeks. Still see no major reason to get in a hurry to make more new-crop sales. I've already got about 10% priced and another 20% hedged. Producers who have yet to eliminate any new-crop risk might find themselves being a bit more nervous. My rule has always been, if I can't sleep or feel a bit nervous, I need to reduce my exposure...

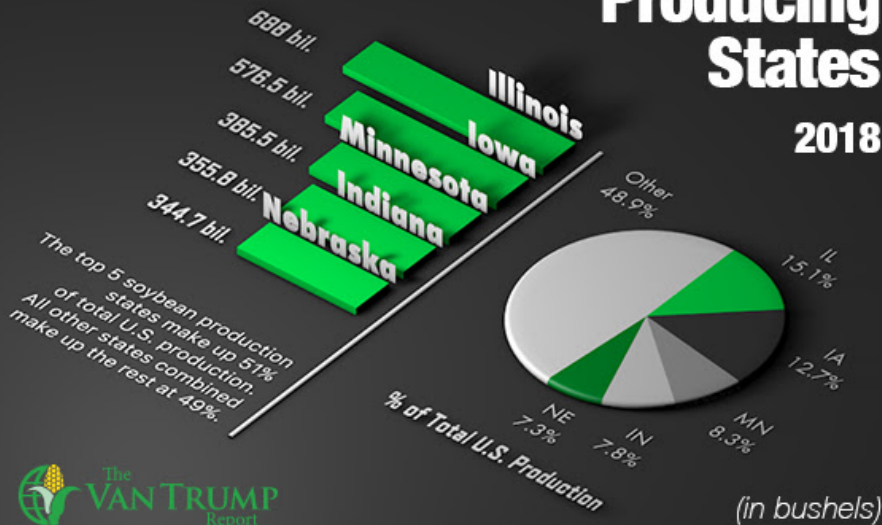




**Soybean** traders continue to heavily debate Chinese buying and South American weather. Most bears argue even with the recent Chinese purchases the U.S. balance sheet is still grossly over supplied, with some thinking ending stocks could still be north of +1.0 billion bushels. Bulls continue to believe the Chinese are going to be much larger buyers moving forward, with total U.S. purchases perhaps pushing to between 8 MMTs and 11 MMTs. Personally, as each day passes and South America gets closer to harvesting a record soybean crop, it gets tougher and tougher for me to believe the Chinese are going to massive U.S. buyers. Sure, they are buying U.S. soybeans, as I believe they want to keep the door open for future possibilities in case there's a hiccup in getting supply out of South America. But ultimately, it still feels like the Chinese want to purchase more of their soybean demand from South America and ultimately perhaps shifting more corn, ethanol and wheat demand towards the U.S.? I should note, there are some crop concerns brewing in parts of South America. There are areas in central, southern and southwestern portions of Brazil battling dry conditions. Portions of northern Argentina continue to battle overly wet conditions, while areas to the south are starting to deal with dry conditions. In fact, portions of Buenos Aires has received less than 50% of normal rainfall in the past 30-days. Here at home, NOPA reported a November crush of 166.96 million bushels, which was towards the lower end of market expectations. The monthly crush number was up +2.1% compared to November of the previous year, but down -3.1% compared to October of this year. Somewhat the same story for soy oil stocks, down compared to October, but above last November. I've heard there's a bill being considered in Washington that could extend the \$1 per gallon credit for biodiesel. Talk is it will be retroactive for 2018, extend through 2021, then start to phase itself out into 2024. Perhaps the biggest news out of Washington was yesterday's afternoon announcement by the President that he had approved the USDA will be making the second payment from the Market Facilitation Program, which brings the total soybean subsidy to \$1.65, which certainly helps the situation. Ag Secretary Sonny Perdue stated, "The President reaffirmed his support for American farmers and ranchers and made good on his promise, authorizing the second round of payments to be made in short order. While there have been positive movements on the trade front, American farmers are continuing to experience losses due to unjustified trade retaliation by foreign nations. This assistance will help with short-term cash flow issues as we move into the new year."

# Top 5 Soybean Producing States

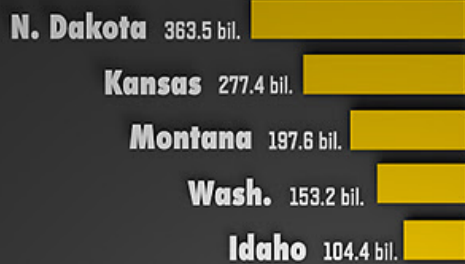
2018



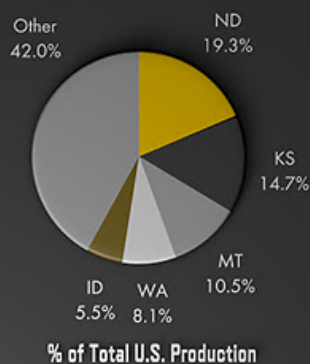
Source: USDA, NASS data retrieved 12/17/18)

**Wheat** bulls are keeping a close eye on weather complications in both Russia and Argentina. There's some extremely cold conditions moving across Russia the next couple of weeks that worth keeping a close eye on. There's also a meeting scheduled in Russia at the end of the week that might reveal more details around export restrictions. The harvest in Argentina is being complicated in some areas by extreme rains. This is not only raising questions about total production but also overall wheat quality. Stay tuned... Here at home the weather has turned more cooperative. Bears argue the warmer temps now in play will help the crop establish a better stand as it prepares for winter extremes. There's really no major threat of winter-kill nearby. I could argue the lack of snow-cover in the northern Plains might eventually become a bullish headline, but it seems too early for the market to give it a ton of premium or concern. Perhaps the first few weeks of 2019 might bring about a different story. As a producer and a spec, I remain conservatively bullish. I still believe there's more room to the upside between now and late-March.

# Top 5 Wheat Producing States



The top 5 wheat production states make up 58% of total U.S. production. All other states combined make up the rest at 42%.



2018

(in bushels)

Source: USDA, NASS data retrieved 12/17/18)



**> What You Need To Know About The Second Round of MFP Payments:**

Producers need only sign-up once for the MFP to be eligible for the first and second payments. The MFP sign-up period opened in September and runs through January 15, 2019, with information and instructions provided at [www.farmers.gov/mfp](http://www.farmers.gov/mfp). Producers must complete an application by January 15, 2019 but have until May 1, 2019 to certify their 2018 production. The MFP provides payments to almond, cotton, corn, dairy, hog, sorghum, soybean, fresh sweet cherry, and wheat producers who have been significantly impacted by actions of foreign governments resulting in the loss of traditional exports. For farmers who have already applied, completed harvest, and certified their 2018 production, a second payment will be issued on the remaining 50 percent of the producer's total production, multiplied by the MFP rate for the specific commodity. For more further information or to locate and contact local FSA offices, interested producers can visit [www.farmers.gov](http://www.farmers.gov). (Source: USDA)

**> Could There Be Some Changes Coming To The Ethanol Contract?** From what Reuters reported, top U.S. ethanol producer POET LLC has asked the CME Group to change its pricing method for a key swap contract used by the industry to hedge, and the rival ICE exchange is contemplating offering an alternative to CME's product after discussions with biofuels companies. The push comes as the key farm belt industry struggles with weak demand growth, a loss of export markets due to the U.S. trade war with China, and aggressive selling by global commodities giant Archer Daniels Midland that have pushed ethanol prices to 13-year lows. (Source: Reuters)

**> EU Becomes Net Importer Of Grain:** There are headlines circulating that the European Union will be a net importer of grain this year. It would be the first time in a decade that this has occurred. It seems to be a combination of the drought reducing production, record imports of corn, and stiffer competition by Russia in the export space. The last time they were net grain importers was back in 2007-2008. From what I understand, the EU has imported 13.15 MMT of grain as of Dec.16th in 2018-19, compared with exports of 12.64 MMT. Soft wheat exports are down 25% from 9.9 MMT from the same time last year and barley exports are down 1%.

**> Antibiotic-Resistant Bacteria Found in Brazil Pork:** Pork products sold at retailers in Brazil contain antibiotic-resistant bacteria, according to a study funded by animal rights group World Animal Protection (WAP), providing potential evidence of overuse of the medicines in food livestock. The study, which also looked at pork in three other countries, was conducted by the University of São Paulo on behalf of WAP in Brazil. It examined 100 meat samples from outlets owned by Carrefour, GPA and Walmart, WAP said. "In all of the samples, the tests detected a generalized presence of bacteria resistant to antibiotics," WPA noted in a report last week describing the study's findings. (Source: Reuters)

**> The Administration Wants Action From China On Tariffs:** U.S. Trade Representative Robert Lighthizer has released a notice saying the administration will hike tariffs on more than \$200 billion in Chinese goods by March 2 if there's no trade resolution between Washington and Beijing. The March 2 cutoff date is 90 days after President Trump and Chinese President Xi Jinping struck a temporary truce in Buenos Aires. President Trump agreed to postpone the planned rise of those duties from 10% to 25% but it was previously not clear when they would increase if the 90 day talks don't make major breakthroughs on longstanding disputes.

**> Chickens Culled From Maryland Farm Fearing Bird Flu:** Following a spike in mortality rates, an estimated 40,000 chickens were culled late last week at a commercial poultry farm in Wicomico County, Maryland, I'm told the broiler flock had been treated for bacterial disease, but due to an inconclusive test for avian influenza, the decision to cull the birds was made.

**> Tesla to Sell All Cars Bought But Not Delivered By Year's End:** Tesla really wants to be sure buyers can make the most of the full \$7,500 EV tax credit before it's cut in half for the company in 2019. Elon Musk has announced that the automaker is now selling "all" cars where the original customer can't take delivery before the end of 2018. If you're quick on the draw, you could get the full credit even if you're placing an order for the first time.

**> Bitcoin Jumps +11% On One-Year Anniversary of All-Time High:** Bitcoin bulls were upbeat yesterday on the anniversary of the all-time high, finally climbing back above the \$3,400 level after weeks of pain. Cryptocurrency has nosedived by more than -80% from the all-time high hit exactly a year ago on December 17, 2017, when bitcoin peaked just above \$19,475. BitPay could also be bringing some value to cryptos as they



*predict in just 3 to 5 years you will be able to go into a restaurant or a retail establishment and expect the store will accept a blockchain payment.*

**> Merck Acquires "Antelliq" for \$3.7 Billion:** Merck agreed to buy Antelliq Group, a French supplier of animal identification, tracking and monitoring solutions, from BC Partners for around \$3.7 billion. The company's technology helps veterinarians, farmers, and pet owners do things like manage livestock and predict health issues in critters before it's too late. Antelliq brought over \$406 million in sales in the year ending Sept. 30. This year alone, VCs threw \$579m into pet tech startups.

**> Google Invests \$1 Billion in New Campus:** Google will invest \$1 billion in a new campus in New York City. The 1.7 million square foot "Google Hudson Square" campus will include two buildings located at 315 and [345 Hudson Street](#). This will allow Google to double the size of its 7,000-employee workforce over the next decade and be able to compete with Amazon's new expansion plans.

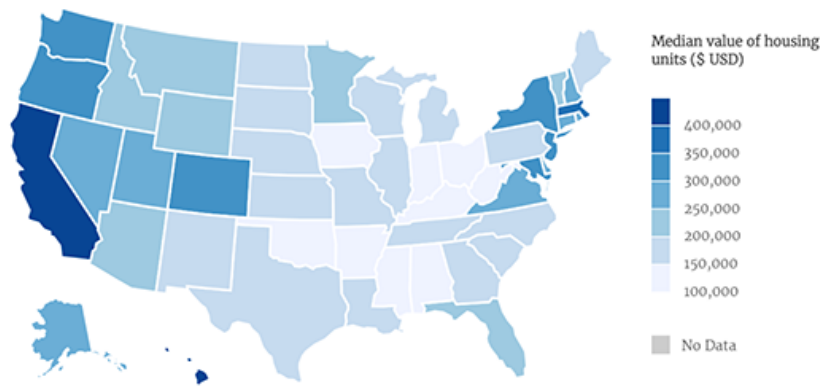
**> E-Cigarette Use Doubles in U.S. High Schools:** The percentage of high school seniors who used e-cigarettes in the last 30 days nearly doubled to 20.9% from last year, results of a survey released by the National Institute on Drug Abuse showed. The increase in vaping by 10th and 12th graders was the largest year-over-year jump for any substance ever measured by the survey, which started 44 years ago. The annual survey, which also measures use of other substances including marijuana, alcohol and opioids, questioned more than 44,000 students from 8th, 10th and 12th grades in U.S. public and private schools. (Source: Reuters)

**> Do You Deserve a Raise:** Where you live has a lot to do with whether you got a raise in 2018. 32% of workers have received a raise or increased benefits this year, according to Prudential's latest survey of American workers. Workers in the Midwest and New England were more likely to say that is the case, while areas where workers were least likely to see the same perks include the Pacific and Mountain regions. When it comes to hiring, 33% of American workers surveyed said their employer had added additional workers in the past year. (Source: CNBC)

**> China Cut its Holdings of U.S. Treasuries** - by \$12.5B in October - for a fifth consecutive month, amid a broader decline in foreign demand for U.S. government debt due to a strong dollar. Beijing's Treasury appetite has garnered attention due to its continued trade dispute with Washington, which has contributed to the renminbi falling toward the RMB7 threshold vs. the greenback for the first time since the financial crisis. (Source: SeekingAlpha)

**> Homebuilder Sentiment Drops to Lowest in More Than 3 Years:** Homebuilder sentiment dropped in December to its lowest point in more than three years while potential buyers hesitate to purchase new homes even as mortgage rates have pulled back in the past month. According to the National Association of Home Builders/Wells Fargo Housing Market Index, homebuilder sentiment declined 4 points in December to 56, which is the lowest point since May of 2015 and well below December 2017's level of 74. Keep in mind, this is coming off an 8 point drop in November. Let's also not forget, anything above 50 is considered positive sentiment. Regionally, on a three-month moving average, builder sentiment in the Midwest dropped 2 points to 55; the West and South both fell 3 points to 68 and 65; the Northeast plunged eight points to 50. I suspect we continue to move lower next month as The Federal Reserve is widely projected to raise interest rates this week. (Source: CNBC)

**> How Much Does It Cost To Own A Home In Every U.S. State:** There are an estimated 76.7 million homeowners in America, according to the U.S. Census Bureau, which recently released its 2013 - 2017 American Community Survey five-year estimates. Their homes are worth a median \$217,600 and those with a mortgage spend a median \$1,500 per month on housing costs. Where you live makes a huge difference in terms of how much you have to spend, though. While residents of Alabama own homes with a median value of around \$141,000 in the District of Columbia the typical home is worth more than \$600,000. How does your state stack up? (Source: CNBC)



**Central Kansas** – I farm near Salina, KS. I had to make a run to Wichita to get a part for a buddy of mine in Northern Kansas. My drive was about 175 miles north to south. My friend in northern Kansas had to shut down soybean harvest for a few weeks to get their wheat drilled and now it's probably 2 inches tall and you can hardly see it because it's about as brown as the ground. Now they are whacking away at their last 150 acres of soybeans. There is a bunch of guys around Salina that have Milo left to harvest but not much corn or soybeans. About 30 miles outside of Wichita the wheat is much greener and stands about 4 inches tall. There has been a lot more moisture in Southern Kansas vs Northern Kansas. It's typically the opposite.

**Central Indiana** – We got done with harvest the middle of last week, so I feel a little more relaxed. I thought I would be opening Christmas presents with my kids then getting in the combine that afternoon. There are still tons of fields that still have corn and even soybeans still standing. We got a sizable rain on Friday, so those fields are not going to be ready until at least Wednesday if not later. I walked a bean field with a neighbor and the beans were not falling out of the pods yet. I would bet if they were not wet, we would see a lot more shatter. I think everyone should be done by the weekend or very latest the 25th.

**Northern Illinois** – I thought we might be frozen the rest of the year, but the weather has turned for the warmer in the last few weeks. All the snow is melted, and the grounds are not frozen at least on the surface. We might actually get a little field work done after all. Right now, we are just too wet but if the weather holds up we should be able to get out there next week. From what I can see we are going to have a snow free Christmas which I'm definitely fine with. We have too many tracks and other damage we need to fix before spring.



**Zymergen Raises \$400 Million in Largest Ever Upstream AgriFood Tech Deal:** This is the largest-ever round of funding for a US-based startup company operating upstream in the food and agriculture supply chain and second globally to Chinese Agribusiness Marketplace Meicej, which raised a \$450 million earlier this year. Zymergen is not wholly focused on agriculture but it's a significant part of its business and drove early demand for its molecular products that aim to replace petroleum-based products and other environmentally-damaging ingredients with a biological alternative. In agriculture, this means finding alternatives to chemically manufactured pesticides

and fertilizers with microbial alternatives. In food, it could mean replacing preservatives or flavorings, or even packaging. Click [HERE](#) to learn more about Zymergen.

**Less Than 1% of People Who Apply Get to Open a Chick-fil-A:** The first Chick-fil-A restaurant opened in 1967 in Atlanta's Greenbriar Mall. The menu offered just a few classics, including the now-famous chicken sandwich, which sold for \$0.59. Today, the chain employs 120,000 people in 2,300 restaurants across 47 states. It first opened its doors to New Yorkers in October 2015, at the corner of 6th Avenue and 37th street in midtown Manhattan. Chick-fil-A receives about 60,000 franchise inquiries per year, and, of those applicants, only 75 to 80 are selected to open new locations. That's an acceptance rate of less than 1 percent. Click [HERE](#) to learn what it takes.

**Five of Warren Buffett's Best Bits of Investing Wisdom:** Markets are down, so it's always a good reminder to learn from one of the best when you think everything might be going against you. Today Buffett is CEO of Berkshire Hathaway, but he bought his first stock when he was just 11. Since then he's bought stocks through seven Democratic U.S. presidencies and seven Republican. Buffett is worth \$82.5 billion, according to Forbes, making him the third richest person alive behind Amazon founder Jeff Bezos and his friend and Microsoft co-founder, Bill Gates. Buffet's keys to investing are investing is a long game, diversify, stocks are now generally better than bonds, you can't time the market, and there's no room to be emotional. Click [HERE](#) to learn more about these tips.

**What Do 90-Somethings Regret Most?:** One of the all-time favorite "life" articles is *The Top Five Regrets of the Dying*, an article written by a former hospice nurse. This article is on par with that for hitting you right in the gut for adjusting life priorities. Like the former article, what mattered most to these 90 something's was the strength of their relationships. When one man was asked if he wished he accomplished more, he responded, "No, I wished I loved more." Click [HERE](#) to read the article.

**Frank Sinatra Actually Owned This 1985 Chrysler LeBaron Wagon:** When you think of Frank Sinatra, perhaps the coolest cat of the 20th century, you probably don't associate him with Chrysler K cars. However, the 1985 Chrysler LeBaron wagon with faux wood paneling you see here was owned by none other than the Sultan of Swoon himself and it's about to be sold off by H&H Auctions. This was the nicest LeBaron you could buy in 1985. It was a Town & Country Turbo which technically means it's not actually a LeBaron. Town & Country was the name given to the wagon variant of the LeBaron, but other than the body, it was the same car. Under the hood was Chrysler's first-ever turbocharged engine—a 2.2-liter inline-four with a Garrett T03 turbo producing 7.2 psi of boost. It was rated at 142 horsepower and 160 pound-feet of torque which was a big improvement over the naturally-aspirated K engine it was based on. Read more [HERE](#).







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#### One of the Coldest and Wettest Novembers On Record

November was filled with an abundance of unusual weather conditions, particularly in

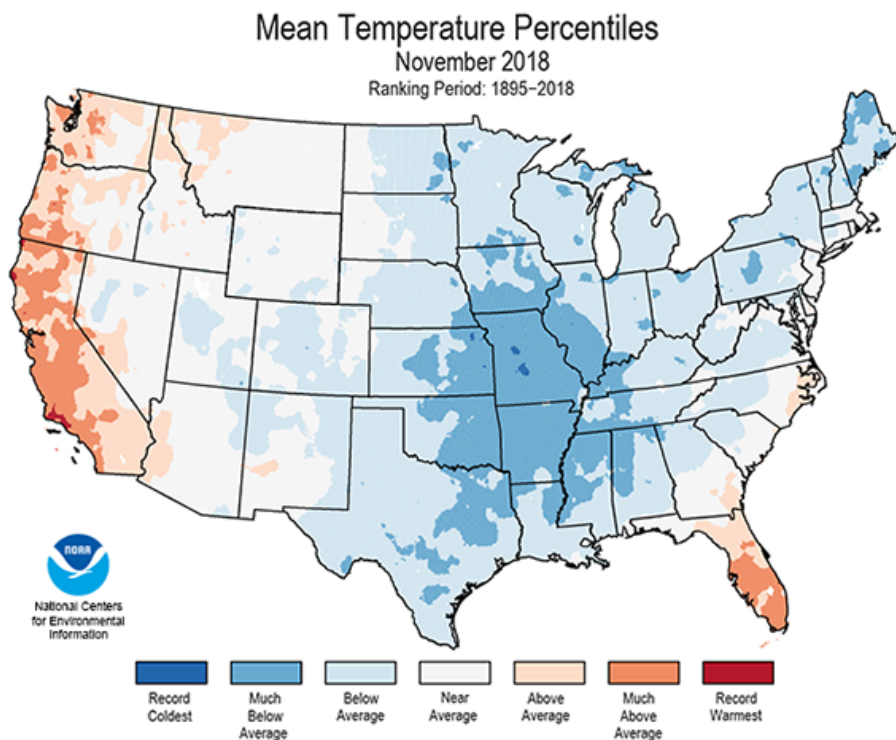
the central and eastern U.S., where some cities experienced one of the coldest or snowiest Novembers on record. For November, the average contiguous U.S. temperature was 40.1°F, that's -1.6°F below the 20th century average, ranking in the coolest third of the historical record. The November precipitation total for the contiguous U.S. was 2.64 inches, +0.41 inch above average, and ranked in the wettest third of the 124-year period of record. Much-above-average precipitation accumulated in the East, with record totals in parts of the Mid-Atlantic and Northeast. Below-average precipitation fell in the Northwest, Southwest and parts of the Southern Plains. In total, the autumn precipitation total for the contiguous U.S. was 9.61 inches, +2.73 inches above average. In fact, this was the second wettest autumn on record, behind the 9.72 inches that fell in 1985. Below are some more climate highlights from the NOAA's November recap.

**Record Setting Low Temps** - Below-average temperatures impacted a lot of locations this past month, but a few areas actually observed their coldest November on record, including my hometown of Kansas City, Missouri. The city's average temperature was 35.6°F, -8.0°F below the 1981-2010 normal. On a statewide level, Arkansas, Illinois, Mississippi, Missouri and Oklahoma each recorded a top-10 record for a cold November.

**Above Average Temps** - Alaska had its seventh warmest November on record with an average temperature of 19.3°F, +7.6°F above average. Much-above-average temperatures were observed across western and southern parts of the state. Much-below-average sea ice was also observed off Alaska's west coast in the Bering Sea. Above-average temperatures were observed across the West and East where 13 states had a top 10 warm January–November. Alaska had its third warmest year-to-date on record. Near- and below-average temperatures were observed across the Central and Northern Plains to the Upper Midwest. No state had a record warm or cold year-to-date.

**Precipitation** - Above-average January–November precipitation fell across most locations east of the Rockies. Eight states from the Mid-Atlantic to Northeast were record wet with near-record precipitation totals observed into the Midwest. Below-average precipitation stretched from the Northwest to Southwest, with Oregon having its 10th driest year-to-date on record.

**Raging Wild Fires** - Two large and devastating wildfires impacted California in early November when high winds interacted with long-term dryness and above-average temperatures creating ideal fire conditions. The Camp Fire burned more than 153,000 acres in Northern California, near Chico. The fire destroyed more than 18,000 structures and caused at least 88 fatalities with the town of Paradise being the hardest hit. This marked the most destructive and deadliest wildfire on record in California and the deadliest wildfire in the U.S. since the Cloquet Fire in 1918 killed 453 people in Minnesota. The Woolsey Fire destroyed more than 1,500 structures and caused at least three fatalities in and around Malibu.

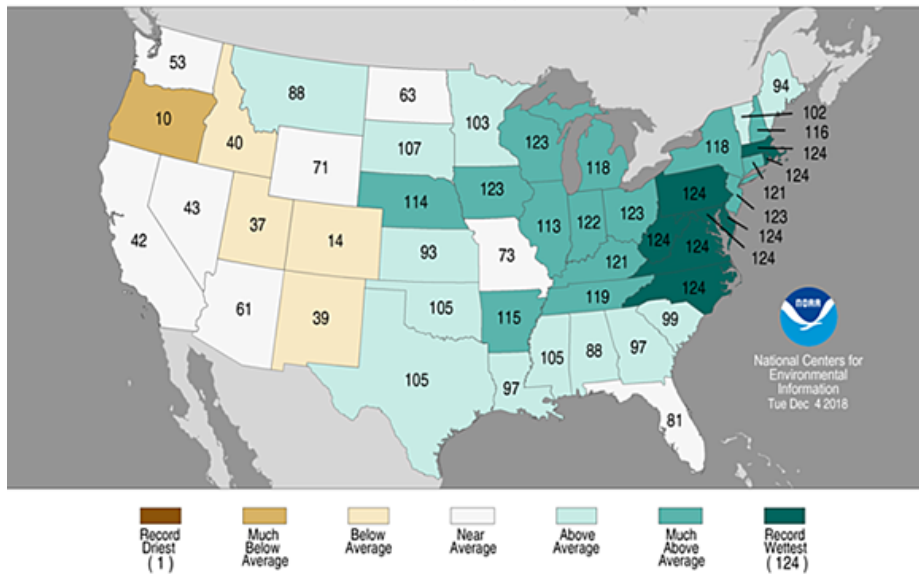




## Statewide Precipitation Ranks

January–November 2018

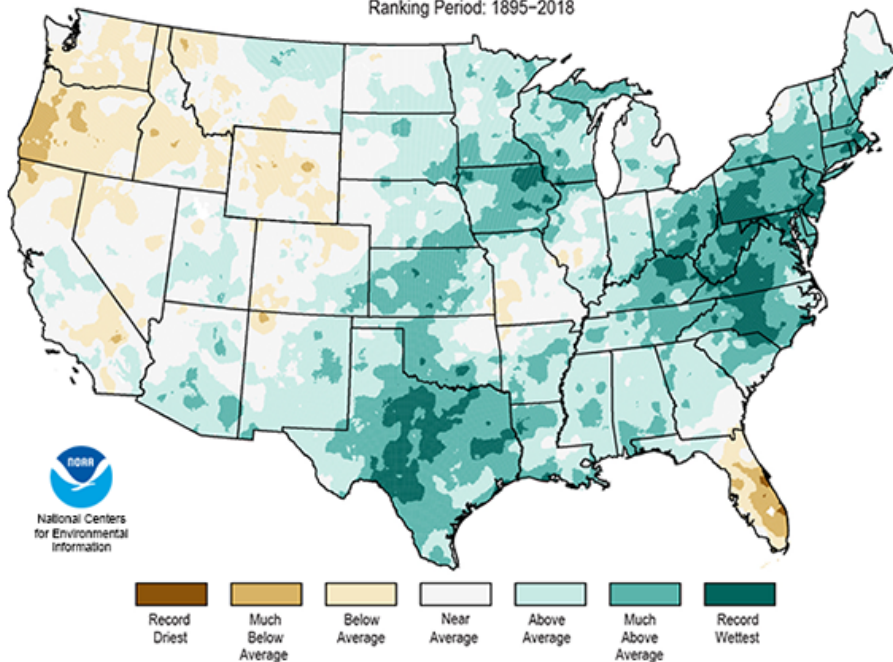
Period: 1895–2018



## Total Precipitation Percentiles

September–November 2018

Ranking Period: 1895–2018



Created: Tue Dec 04 2018

Data Source: 5km Gridded Dataset (nClimGrid)

### The Christmas Tree

The argument is not about whether your family celebrates with a real or fake Christmas tree, but rather how you use the holiday's to build a stronger bond within your family based around traditions and togetherness. Our family has always made the commitment to go with a real Christmas tree. All I can say, it's created some interesting adventures through the years and certainly provided the kids with some funny stories. Below are a few fun facts and interesting thoughts about the origin of the Christmas tree. Could make for some fun conversation why all of the holiday craziness is unfolding:

**The Origin of the Christmas Tree** - One of the earliest stories relating back to Germany is about Saint Boniface. In 722, he encountered some pagans who were about to sacrifice a child at the base of a huge oak tree. He cut down the tree to prevent the sacrifice and a Fir tree grew up at the base of the oak. He then told everyone that this lovely evergreen, with its branches pointing to heaven, was a holy tree - the tree of the Christ child, and a symbol of His promise of eternal life. In the 1840s and 50s, Queen Victoria and Prince Albert made the Christmas tree even more popular. Prince Albert made it a tradition to always decorate a



Christmas tree. Because of the public's love for their King and Queen, they immediately copied the couple's Christmas customs including the decorating of a Christmas tree and the displaying of ornaments. An engraving of the Royal Family celebrating Christmas at Windsor was published in 1848 and the earlier German traditions were copied and adapted.

**Alternative Trees** - Besides evergreens, other types of trees such as cherry and hawthorns were used as Christmas trees in the past.

**Lighting the Christmas Tree** - Thomas Edison's assistant, Edward Johnson, came up with the idea of electric lights for Christmas trees in 1882. Christmas tree lights were first mass-produced in 1890.

**The First Presidential Christmas Tree** - In 1856 Franklin Pierce, the 14th President of the United States, was the first President to place a Christmas tree in the White House. President Coolidge started the National Christmas Tree Lighting Ceremony on the White House lawn in 1923.

**The Mayor's Christmas Tree** - The tradition of an official Chicago Christmas tree was initiated in 1913 when one was first lit by Mayor Carter H. Harrison in Grant Park. The official Christmas tree tradition at Rockefeller Center began several years later in 1933.

**Big Business** - Thirty-four to thirty-six million Christmas trees are produced each year and 95% are shipped or sold directly from Christmas tree farms. In the United States, there are more than 15,000 Christmas tree farms. There are approximately 350 million Christmas trees growing on U.S. farms. The first Christmas tree retail lot in the United States was started by Mark Carr in New York, in 1851. More than one million acres of land have been planted in Christmas trees. The industry employs over 100,000 people. More than 2,000 trees are usually planted per acre. On an average 1,000-1,500 of these trees will survive. In the North, maybe, 750 trees will remain. Almost all trees require shearing to attain the Christmas tree shape. At six to seven feet, trees are ready for harvest. Christmas trees take an average of 7-10 years to mature. 82% of Christmas trees purchased were pre-cut and 18% were cut your own.

**Top Selling Varieties** - The best selling trees are Scotch pine, Douglas fir, Noble fir, Fraser fir, Virginia pine, Balsam fir and white pine. The top six Christmas tree producing states are Oregon, North Carolina, Pennsylvania, Michigan, Washington & Wisconsin.

**The First Fake Trees** - Artificial Christmas trees were developed in Germany during the 19th century and later became popular in the United States. These "trees" were made using goose feathers that were dyed green and attached to wire branches. The wire branches were then wrapped around a central dowel rod that acted as the trunk.

**Real vs. Fake** - The number of natural tree sales has remained relatively stagnant since 2004, oscillating between about 27 million and 33 million a year. Fake tree sales have more than doubled during that time, from 9 million in 2004 to about 21 million last year. There's been a steady decline in the number of real tree farmers for several years. Oregon, the nation's top producer of Christmas trees, had 699 licensed growers in 2010. As of last year, that number dropped to 392. The average price was \$75 for a real farm-grown tree last year, while the average price for a manufactured one was \$107 and you can use it many times. There are some arguments in play that the Millennials are going to bring back the real Christmas tree in the next decade. Might actually be a business opportunity?



### The Important Things In Life

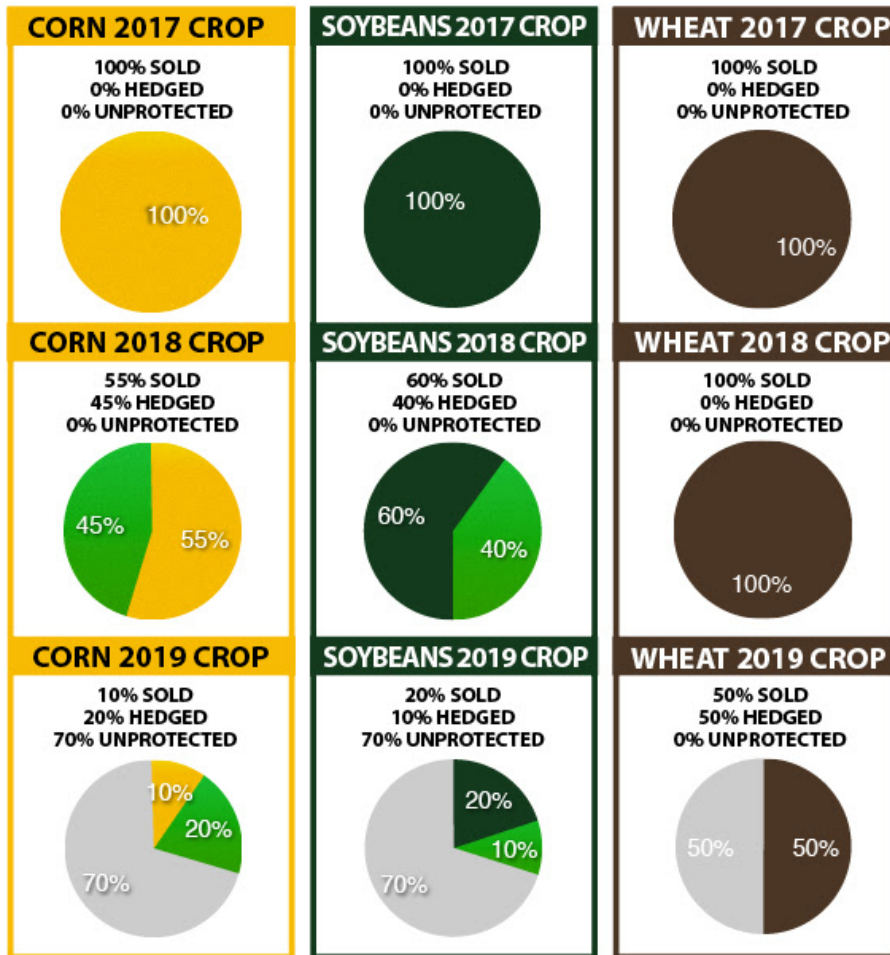
This Christmas video always makes me stop and remember the important things in life. It's sad to see so many running around chasing huge monetary dreams while the togetherness of their family is sacrificed. I also hate to see and hear stories of families being torn apart by small senseless arguments or differences of opinions, that blow up and become something much larger. Just remember, there are no do-overs in life... Take the high road and make the sacrifice. Click [HERE](#)



**ANSWER to riddle:** Footsteps

## CASH SALES & HEDGING TOTALS

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