

## GOOD MORNING: 02/05/19 Farm Direction - Van Trump Report

1 message

The Van Trump Report &lt;reply@vantrumpreport-email.com&gt;

Tue, Feb 5, 2019 at 7:05 AM

Reply-To: Jordan &lt;reply-fec8167170610675-314\_HTML-36250946-100003450-1@vantrumpreport-email.com&gt;

To: info@farmdirection.com



"We ask ourselves: Who am I to be brilliant, gorgeous, talented, fabulous? Actually, who are you not to be? You are a child of God. Your playing small does not serve the world. There is nothing enlightened about shrinking so that other people won't feel insecure around you. We are all meant to shine, as children do." - **Marianne Williamson**

**TUESDAY, FEBRUARY 05, 2019**
[Printable Copy](#) or [Audio Version](#)

**Morning Summary:** U.S. stocks are again steady this morning after coming off their best January since 1987, with the S&P 500 up +8.7% in 2019. The Dow industrials are up +8.2% this year and have recorded gains for six consecutive weeks. Traders are heavily debating the recent rebound and if the momentum to the upside can in fact continue? There's limited traditional economic data this week, but rather a wave of corporate earnings, several Fed members out on the speaking circuit, and continued political headlines out of Washington. Of course, trade uncertainty remains the biggest question, with a March 1 deadline in play for U.S. and Chinese negotiations. We also have continued uncertainty surrounding the upcoming February 15th deadline which could lead to another government shutdown. Perhaps we will learn more this evening after hearing President Trumps "State of the Union" address scheduled for 8:00pm CST. The Fed turning less hawkish and more flexible in their stance has clearly provided the market with a nearby tailwind. I'm interested to see where the market will find its next round of needed optimism? Perhaps it will be a trade deal with the Chinese and or some type of compromise between the Democrat's and Republicans regarding the budget. Earnings being released today will include ADM, Cerner, Electronic Arts, Skyworks Solutions, SNAP, and Walt Disney.

**Citi has Turned Bullish on Copper**, saying it expects the metal to rally by 10 per cent over the next three to six months as President Donald Trump will sign a trade deal with China and the global economy recovers. Citi's forecast comes following a 15 per cent fall in the price of copper over the past year to \$6,116 a tonne, driven by a slowdown in China's economy. (Source: Financial Times)

**The 30-Year Mortgage Makes it Tough to Build Wealth:** "If you want to know why most people don't become millionaires, look no further than the 30-year mortgage," wrote Chris Hogan in his book, "Everyday Millionaires: How Ordinary People Built Extraordinary Wealth — and How You Can Too." Of course, there are a lot of other factors like income level and spending patterns, but according to Hogan's research the average millionaire paid off their house in 11 years and 67% live in homes with paid-off mortgages. Keep in mind, Hogan partnered with the Dave Ramsey research team, which studied 10,000 American millionaires for seven months. Below shows the difference between at 15-year and 30-year mortgage! (Source: Business Insider)

**For a \$225,000, 30-year mortgage with a 4% fixed interest rate:**

- The monthly payment (principal and interest) is \$1,074.
- After 10 years, you would have paid \$128,880 with a remaining balance of \$177,264.
- Interest paid at this point is \$81,000 — and you still have 20-years to go.
- After 30 years, the total interest paid would be \$161,640.

### Today In History



**1883, Southern Pacific Railroad Completes "Sunset Route"** - The Southern Pacific Railroad completes its transcontinental "Sunset

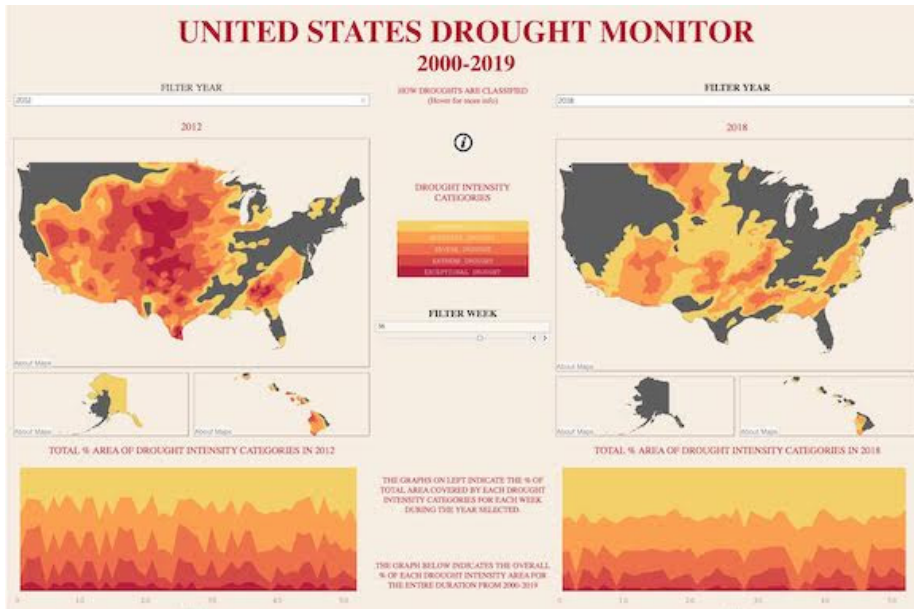
Route" from New Orleans to California, consolidating its dominance over rail traffic to the Pacific. One of the most powerful railroad companies of the 19th century, the "Espee" (as the railroad was often called) originated in an ambitious plan conceived in 1870 by the "Big Four" western railroad barons: Collis P. Huntington, Charles Crocker, Leland Stanford, and Mark Hopkins. A year earlier, the Big Four's western-based Central Pacific had linked up with the eastern-based Union Pacific in Utah, creating the first transcontinental American railway. With that finished, the "Big Four" began to look for ways to increase their control over West Coast shipping, and decided to focus their efforts on extending the California-based Southern Pacific southward. By 1877, the Southern Pacific controlled 85 percent of California's railroad mileage. Huntington, who now dominated the company, saw an excellent opportunity to create a transcontinental line through the southern United States. Huntington had to act fast if was to beat the competition. The Texas and Pacific Railroad was already pushing westward toward the Pacific at a fast pace. Marshaling his awesome energy and financial resources, Huntington began driving his Southern Pacific line eastward. He won the race in 1881, when he linked the Southern Pacific to the Santa Fe Railroad at Deming, New Mexico, creating the second American transcontinental railway. Two years later, on February 5, 1883, Huntington gained full control of a number of smaller railroads, creating the Southern Pacific's "Sunset Route" from New Orleans to California. With the "Sunset Route," Huntington confirmed his domination over California rails. He had taken considerable financial risks to build the Southern Pacific system, and he collected very considerable financial rewards. The Southern Pacific had a near monopoly over rail service to California,

**For a \$225,000, 15-year mortgage with 4% fixed interest rate:**

- A monthly payment (principal and interest) is \$1,664 — \$590 more a month than the 30-year rate mortgage.
- But after 10 years, you would have paid \$134,631 with a remaining balance of \$90,369.
- Interest paid at this point is \$65,049 — and you only have five years left.
- After 15 years, the total interest paid is \$74,520 — about \$87,000 less than the 30-year loan.

**Slack Going Public:** *Slack plans to forgo a traditional initial public offering and instead intends to sell its shares to bidders in a direct listing, which would make it the second big technology company to do so behind Spotify. From what I hear Slack has plenty of cash on hand to pursue the direct listing route. According to The Information, Slack had about \$900 million in cash on its balance sheet as of October 2018. The company was valued at \$7.1 billion in a \$427 million funding round in August, but Slack is hoping for a valuation of more than \$10 billion in the listing. Keep in mind, there are at least 226 private companies looking for an IPO this year including Uber, Lyft, GE Healthcare, WeWork, and Airbnb. In addition, many industry leaders are also thinking there could be over \$100 billion raised for IPOs in 2019, which has never been done in a single calendar year before.*

**Interesting Drought Comparison Tool:** You can check it out [HERE](#) and play around with the dates...



and Huntington and his associates took advantage of the situation by charging high shipping rates. Termed "the Octopus" for its tentacled stranglehold on much of the California economy, the Southern Pacific inspired Californians to create some of the first strong public regulations over railroads in American history. But despite the anger and outrage Huntington's exploitation inspired, few would deny that the mighty Southern Pacific Railroad played an essential role in fostering the growth of a vibrant California economy for decades to come.

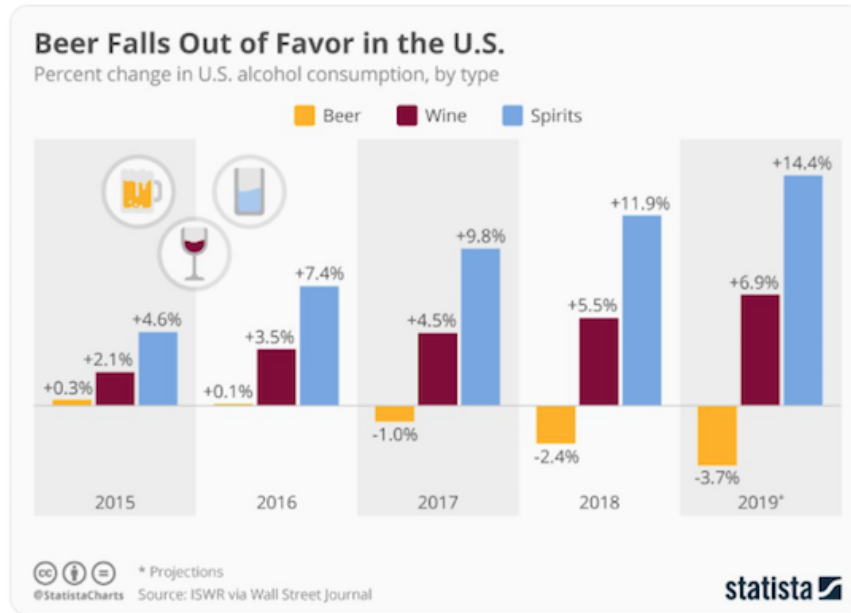


**1934, Hank Aaron is Born -**

On this day in 1934, Henry Louis Aaron Jr., the baseball slugger who broke Babe Ruth's legendary record of 714 homers, is born in Mobile, Alabama. Aaron began his professional baseball career in 1952 in the Negro League and joined the Milwaukee Braves of the major league in 1954, eight years after Jackie Robinson had integrated baseball. Aaron was the last Negro League player to compete in the majors. He quickly established himself as an important player for the Braves and won the National League batting title in 1956. The following season, he took home the league's MVP award and helped the Braves beat Mickey Mantle and the heavily favored New York Yankees in the World Series. In 1959, Aaron won his second league batting title. Season after season, Aaron turned in strong batting performances. "Hammerin' Hank" hit .300 or higher for 14 seasons and slugged out at least 40 homers in eight separate seasons. In May 1970, he became the first player in baseball to record 500 homers and 3,000 hits. Aaron is best known, however, for breaking Babe Ruth's record of 714 career home runs, which he established in 1935. On April 8, 1974, in front of a crowd of over 50,000 fans at Atlanta-Fulton County Stadium, Aaron hit his 715th career home run in the fourth inning of a game against the Los Angeles Dodgers. Sadly, in the months leading up to the new record, Aaron received piles of racist hate mail and death threats from those unhappy about seeing the Babe's record broken, especially by a black man. Aaron, who played for the Milwaukee Braves from 1954 to 1965 and the Atlanta Braves from 1966 to 1974, spent the final two seasons of his 23 years in the majors with the Milwaukee Brewers. When he retired in 1976, he left the game with 755 career home runs, a record that stood until August 7, 2007, when it was broken by Barry Bonds of the San Francisco Giants. Aaron still holds the records for most career runs batted in (2,297), most career total bases (6,856) and most career extra base hits (1,477). After retiring as a player, Aaron became one of baseball's first black executives, with the Atlanta Braves. He was inducted into the Baseball Hall of Fame in 1982.

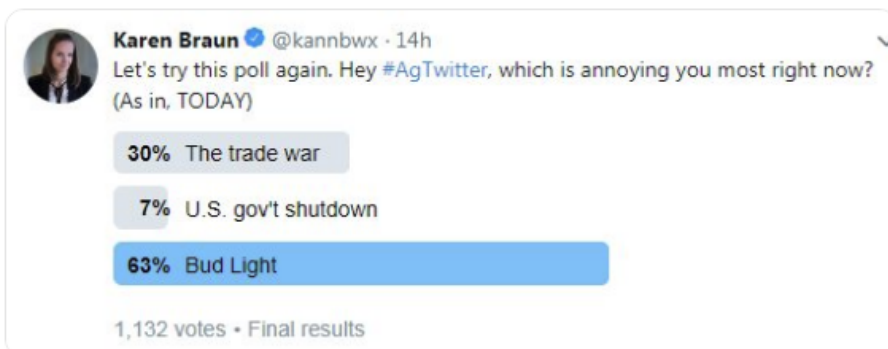
#Beer consumption has shrunk in the #US along with declines in #alcohol beverages overall via @TheWSR

[bit.ly/2FNUKfF](https://bit.ly/2FNUKfF)



**Karen Braun** ✓  
@kannbwax

Results are in. The majority of the 1,100+ #AgTwitter voters were unhappy with Bud Light's anti-corn syrup Super Bowl advert. But will this blow over, or will Bud Light regret the move? Consumers will make that call.



## 1937, Roosevelt Announces "Court-Packing" Plan

On February 5, 1937, President Franklin Roosevelt announces a controversial plan to expand the Supreme Court to as many as 15 judges, allegedly to make it more efficient. Critics immediately charged that Roosevelt was trying to "pack" the court and thus neutralize Supreme Court justices hostile to his New Deal. During the previous two years, the high court had struck down several key pieces of New Deal legislation on the grounds that the laws delegated an unconstitutional amount of authority to the executive branch and the federal government. Flushed with his landslide reelection in 1936, President Roosevelt issued a proposal in February 1937 to provide retirement at full pay for all members of the court over 70. If a justice refused to retire, an "assistant" with full voting rights was to be appointed, thus ensuring Roosevelt a liberal majority. Most Republicans and many Democrats in Congress opposed the so-called "court-packing" plan. In April, however, before the bill came to a vote in Congress, two Supreme Court justices came over to the liberal side and by a narrow majority upheld as constitutional the National Labor Relations Act and the Social Security Act. The majority opinion acknowledged that the national economy had grown to such a degree that federal regulation and control was now warranted. Roosevelt's reorganization plan was thus unnecessary, and in July the Senate struck it down by a vote of 70 to 22. Soon after, Roosevelt had the opportunity to nominate his first Supreme Court justice, and by 1942 all but two of the justices were his appointees.

## Upcoming Events

- Tues. 02/05** - Chinese New Year
- Thurs. 02/07** - Export Sales, Jobless Claims
- Fri. 02/08** - Crop Productions, USDA Supply & Demand
- Mon. 02/11** - Export Inspections
- Thurs. 02/14** - Valentine's Day
- Fri. 02/15** - Retail Sales, NOPA Crush
- Mon. 02/18** - President's Day (Some Markets Closed)
- Tues. 2/19** - Full Moon, Export Inspections
- Wed. 02/20** - Housing Starts & Pmts
- Thur. 02/21** - Jobless Claims
- Fri. 02/22** - Export Sales, Cattle on Feed/Cold Storage
- Mon. 02/25** - Export Inspections





**Jeff Pio**  
@JPio77

Following

Every week on my way to church I pass a good size unharvested **#Soybean** field and keep wondering what the result will end up being for the field... It looks like they were finally able to open it up this weekend. **#Harvest18** continues for **#Kansas #Ag. #Case #Farm #Go!**



**Thurs 02/28** - Export Sales, Jobless Claims

#### Kevin's Song of the Week

#### WHAT I'M LISTENING TO:



 **Rodney Atkins**  
"Caught Up In The Country"

#### Kevin's Song of the Week

#### NEXT level THINKING



My goal at "The Van Trump Report" is to help readers better identify the moving parts and dynamics associated with the financial markets, geopolitical events, economics, media and culture that is currently influencing and shaping the direction of the agricultural markets. I like to believe I "Challenge the Traditional" and encourage our readers to think outside the box.

I use story telling techniques that are written in an easy to read format to help convey my current thoughts about business, markets, technology, weather, sports and life. I also like to include links, filter the noise, and pass along in-depth research and information that I believe could challenge your current thought process and help you make more informed decisions. In addition I include valuable lessons I have learned from other traders, executives and investors, along with an occasional inspirational piece about life, family and faith.

What I do not do in "The Van Trump Report" is give specific financial advice or tell individuals how to invest or how to specifically hedge. Remember, this information is being read by hedge fund managers, bankers, CEO's, and Ag leaders around the globe, therefore it's NOT tailored to fit your specific individual needs. For specific investment or hedging advice please seek the help of a licensed representative that can better understand your particular situation, individual needs and overall risk tolerance. This information should ONLY be used for educational and entertainment purposes.

My family and I would like to thank you again for your support!

*Kevin Van Trump*



Feed The Dialogue  
@FeedTheDialogue

Following

Women in agriculture are an increasingly influential force in farming. In 2012, women accounted for 30% of farm operators, a number that is consistently growing. You go girl! @omahamagazine [bit.ly/2H8tTgB](http://bit.ly/2H8tTgB) #FeedTheDialogueNC #womeninag



### 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 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.



**Greg Peterson**  
@MachineryPete

Following

Devotion...

Instagram pic from our friends at  
[@GreenLineEquip](#) in Neb., highlighting some  
passionate John Deere fans  
[@JohnDeere](#)



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

*Farm Direction*  
RECIPES

★ **FAMILY** ★  
**FAVORITES**  
-SENT IN BY OUR READERS-

Deep Dish Skillet  
Pizza



CLICK TO SEE RECIPE





**Bleacher Report** ✓  
@BleacherReport

Following

Julian Edelman is SUPER BOWL MVP. His career could be a movie.

- No scholarships out of HS
- Kent State QB
- 1 college catch for 11 yards
- No combine invite
- 7th-round pick
- Brady's security blanket
- Clutch part of Pats dynasty
- 3x champ



**ActionComplete**  
@ActionComplete

Following

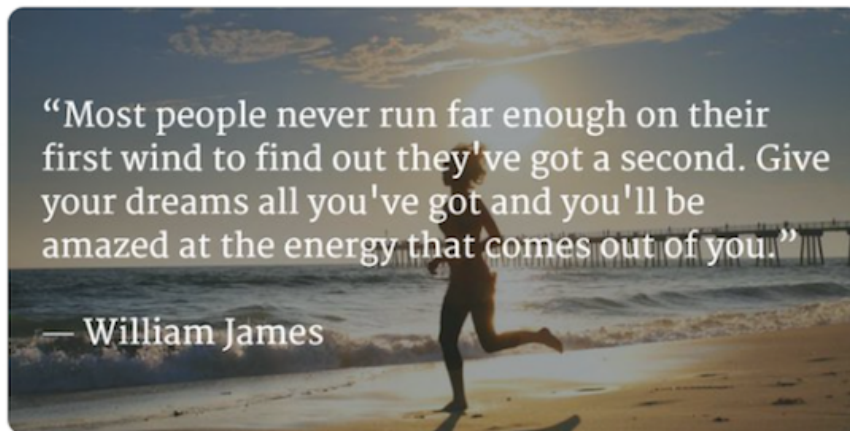
Most people never run far enough on their first wind to find out...

~William James

[#quotes](#) [#inspiration](#) [#motivation](#)

"Most people never run far enough on their first wind to find out they've got a second. Give your dreams all you've got and you'll be amazed at the energy that comes out of you."

— William James



# neuro mining



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

## **TODAY'S RIDDLE:**

What turns everything around without moving?

**Corn** traders remain cautious ahead of this week's heavy USDA data dump. South American weather has arguably improved a bit and there's still no solid deal in place with the Chinese, hence no real race or hurry to add additional risk-premium, at least not at this point. Many parts of Argentina are expected to dry down and create a more cooperative environment. In fact, there seems to be a few more sources starting to bump their Argentine corn production estimate higher. I'm personally not on that bandwagon, but I understand their perspective. I doubt we see the USDA make much of move on Friday in regard to Argentine production. The previous USDA estimate has the crop at 42.5 MMTs, which is more than likely within 1.0 MMTs either direction. As for Brazil, some areas to the North that needed rain seem to be getting a bit of coverage. Again, I'm not looking for the USDA to vary much from their previous estimate of 94.5 MMTs for Brazil. Many can argue that the bad weather conditions that negatively impacted early planted full-season corn is being offset by better conditions and the early planting of second-crop corn. In other words, no fresh or new story brewing in South America. Here at home traders will continue to debate old-crop production and growth in demand. Most inside the trade are looking for the USDA to reduce their current average yield estimate from 178.9 down to around 178.0 bushels per acre. Bulls are hoping to see the yield estimate lowered to sub-177.0 bushels per acre, bears are wanting to argue that it could stay unchanged. There's also some ongoing debate about "harvested acres", most are in agreement that they will be trimmed but by how much? I suspect harvested acres could be reduced by somewhere between -100,000 and -250,000 acres. The bigger question is how will total ending stocks be impacted? There's some speculation that the USDA will be offsetting some of the production losses by lowering their overall demand forecast, particularly in ethanol and perhaps even exports and feed usage. Most in the trade however are looking for a reduction in overall U.S. ending stocks, also a slight reduction in world ending stocks. We've all seen the ethanol margins tighten and estimates for corn used by ethanol plants starting to pullback. Depending on who you are speaking with, most inside the trade are looking for a -25 to -50 million bushel reduction in the USDA's current corn used for ethanol estimate. Also interesting is that roughly 9.5 million bushels of sorghum was recently used for ethanol production (during the month of November) which is much larger than the 8.2 million used in October and was the highest sorghum used for ethanol figure we've seen since the summer of 2017. We had heard sorghum was backing up into the U.S. because of export restrictions, but it's now starting to more actively knockoff a bit of corn demand. There's also some talk about U.S. exports and what happens to the current forecast if China elects not to purchase U.S. corn? Bears are saying the USDA's current export estimate is a bit too lofty and optimistic. I'm hoping they are wrong and the USDA elects to leave their current export estimate "unchanged" until they learn more insight. Bottom-line, despite the recent setbacks in overall demand, there's still enough production loss to trim U.S. ending stocks and create a slightly less bearish balance sheet. As for new-crop production, there's starting to be a ton of debate inside the trade about upcoming planted acres. I included below an interesting e-mail I received yesterday from a friend and reader asking the same question's I've been asking, what's going to happen with planted acres in 2019?

*Kevin,*

*We are having an increasing amount of debate internally about corn planted acres for Spring. I agree 100% that there will be less corn acres planted than what people are thinking. As it relates to NH3 application, the fall market at 93 mil acres of corn planted should have seen roughly 2 million short tons of direct application*



NH3 hit the ground. We estimated that roughly 50% of that was applied, and in some major corn growing areas such as IA, IL, IN, and NE it was more like 35%-40%. This ultimately means that there are a ton of open acres that need to have decisions made, due to the fact that the farmer has no NH3 applied forcing them to plant corn.

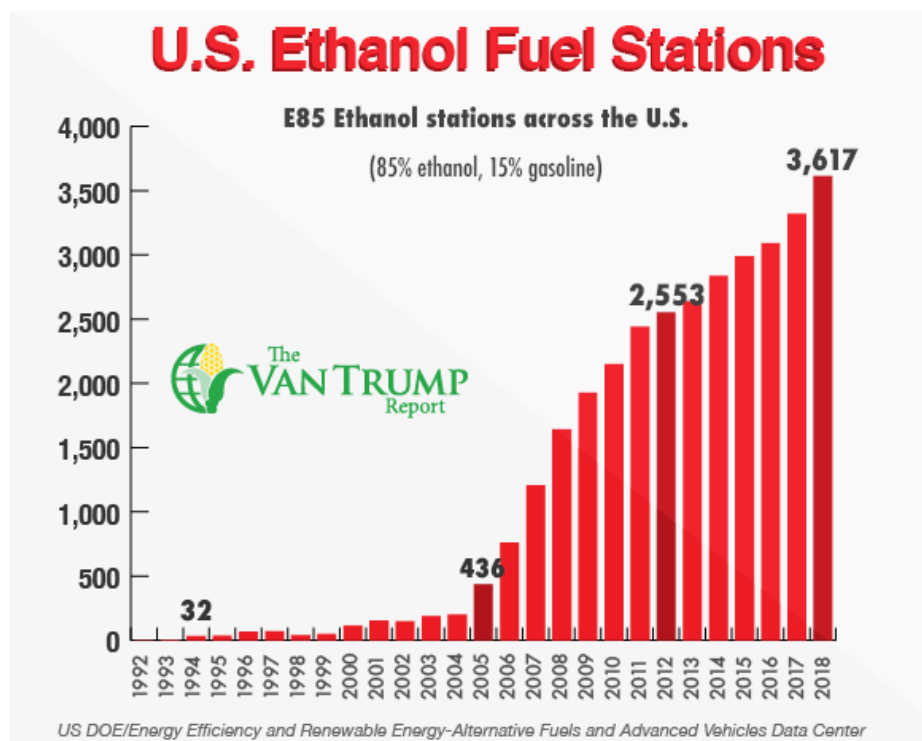
There is also another issue as it relates to nitrogen fertilizer, specifically to us, that the winter wheat acres did not get in and those acres are undecided as well.

I am not sure I can justify there being a large amount of these acres swinging to soybeans due to the poor fundamental S&D balance sheet.

Question 1 – For us in the crop inputs sector, what kind of corn acres should we base our spring demand estimates on? If the number is fairly small (89.5-90.5) could next year be the year we see the big increase in planted acres?

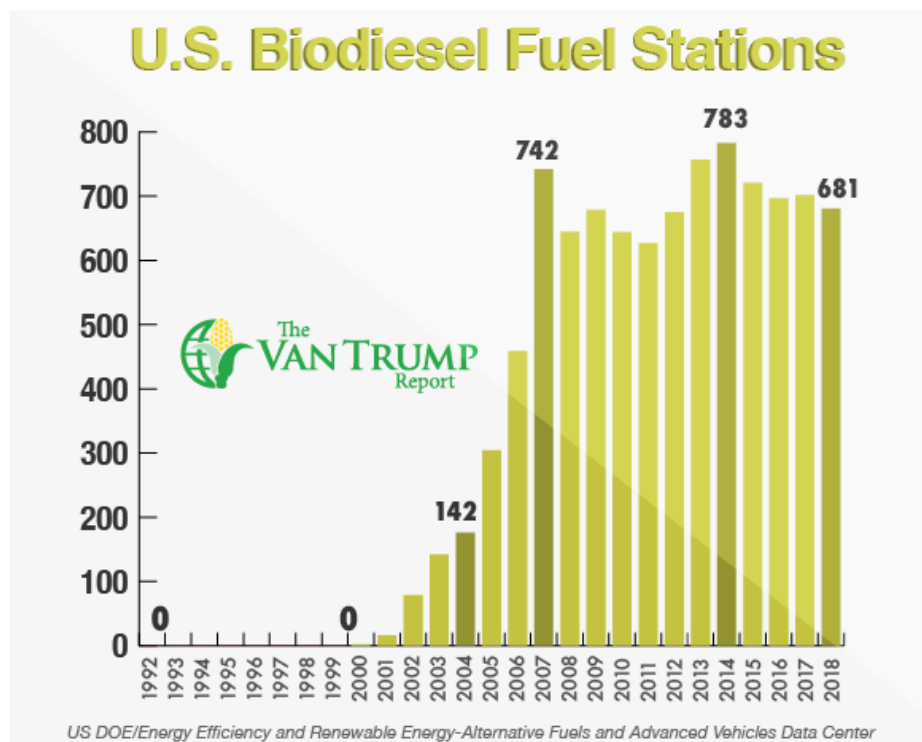
Question 2 – In your opinion if the acre shifts from corn or wheat will it go to soybeans? From a cash perspective I can understand bankers pushing guys that way, however it seems like there is price pressure to the downside on the horizon if we plant a lot of extra acres.

As always, great data and great questions being asked from our readers. He certainly seems to be thinking the same way I am. Unfortunately, I just don't have the answers as of yet regarding final plantings intentions. I hate to say it will come down to weather and price, but that's my only answer right now. Hopefully we learn more about the Chinese trade negotiations prior to planting. I should also note, I'm becoming more and more concerned about fertilizer prices closer to planting. With many ag retailers having extended large lines of credit, their on-hand supply could be very limited. Meaning if you wait until the last minute to call a shot and make a purchase, prices could move higher based on having to bid up for transportation and logistics. Lots of moving parts to think about with the current environment and overall delay and lack of Fall field work.



**Soybean** traders continue to debate Chinese demand, U.S. trade negotiations, South American production, and the upcoming adjustments by the USDA. There's been reports of continued U.S. buying by the Chinese, but still not enough to excite potential bulls who are not yet in the market, and not enough to scare bears out of positions that are already in play. There's been more talk that the USDA could trim the Chinese import estimate, but at this point it's still just talk. On the flip side, I've heard recent talk that Chinese supply at the ports is finally starting to be chewed into. That doesn't necessarily mean they will be importing heavier doses of U.S. soybeans. The Chinese could choose to go with beans from Brazil, where the harvest is now thought to be about 20% complete. Brazilian production still seems to be a bit of a wild guess. Most everyone is in agreement that the USDA will be trimming their Brazilian production estimate, but by how much? The USDA had previously forecast a new record for Brazilian production at 122.0 MMTs based on very cooperative planting weather and total number of acres that went in the ground. There's now some sources in the trade talking about a crop closer to 112.0 MMTs. I don't see the USDA making that type of

adjustment all at once, but they could certainly take a large step in that direction. The trade is looking for a -2 MMT reduction from the USDA, I'm thinking perhaps a -4 to -5 MMT reduction. At this point, I'm thinking Brazilian production ends up between 112 and 115 MMTs. Argentine production could also be trimmed a bit from the current 55.5 MMT estimate down closer to 55.0 MMTs. Here at home, the questions are, how much will the USDA trim from their old-crop production estimate, and will any of this be offset by a reduction in U.S. exports? Most inside the trade agree that the U.S. average yield forecast is going to be trimmed from its current 52.1 bushel per acre estimate, I suspect it ends up somewhere between 51.3 and 51.8. There's also debate about total harvested acres, which could arguably be reduced by -100,000 to -250,000. Perhaps a bigger uncertainty is what the USDA elects to do with U.S. exports. I guess in particular how they choose to interpret the Chinese trade negotiations? If the USDA elects to make a move and lower exports, bears argue there's a chance the already burdensome U.S. balance sheet could get more burdensome as ending stocks move closer to 1.0 billion bushels. If the USDA remains optimistic about Chinese buying, then U.S. ending stocks could be trimmed and less bearish picture painted. World ending stocks are probably going to be trimmed a bit. Bottom-line, there's a lot of grey area when we start talking about projected and forecast U.S. exports. Until we know more about the Chinese trade negotiations we will be left to play the guessing game. Hence, the reason I like staying fairly conservative, reducing risk and not wanting to get overly aggressive in this market.



**Wheat** traders are keeping a closer eye on the clock. Bears are pointing to the fact U.S. exporters could eventually run out of time as new-crop supplies from Russia and Ukraine look to be ample. Bulls don't give this much credibility and continue to focus on U.S. weather uncertainties ahead, the possibility of an improved macro landscape, geopolitical concerns still brewing between Russia and Ukraine, and perhaps a few purchases of U.S. wheat by the Chinese if a trade deal can be negotiated. Again, I want to reiterate, I'm currently bullish this market, so perhaps talking my own position. I'm guessing the USDA will be forced to trim their current export forecast on Friday, which could deliver a slightly bearish blow to an already burdensome balance sheet. I guess it just depends how they play planted acres? Most seem to be thinking U.S. winter wheat acres will be reduced from around 32.535 million down to around 32.250 million. Biggest reduction probably coming in HRW, which could be down over-200,000 acres. SRW and White also slightly reduced, but by perhaps only -50,000 acres each. I included below another interesting e-mail received from a friend and reader of the report in Australia.

Kevin,

Re: Australia

Some interesting events in Australia that are market noteworthy.

North Queensland rainfall is massive, expect disruption to cattle supply to processors and abattoir closures

The follow on consequences will be the pastoralist will now go for weight gain of his/her cattle now that grass feed will be abundant.

*Sugar crops are threatened with floods and with overcast weather in inundated fields yields are expected to collapse.*

*Drought & heat continue in NSW, Victoria and Southern Qld, without any respite forecast for the next three months.*

*Cattle and sheep number exhausted, paddock feeding does not pencil out, most producers in the southern states have liquidated their herds and flocks.*

*All major irrigation dams and storages at nil volume, no irrigation water allocation expected for next summer plantings, cotton crops will collapse.*

*The winter planting are forecast to be in trouble, no sub soil moisture and no forecast of rain. With the massive livestock feed grain demand exports will fall dramatically for 2019 from Australia*

*Bush fires in Tasmania continue.*

*Royal Commission in the Australian banking sector being released this afternoon, expected reaction will be a tightening of credit to business and industry, affecting crop and livestock credit.*

*For a little country, we just might impact the market this week.*

*Regards,*

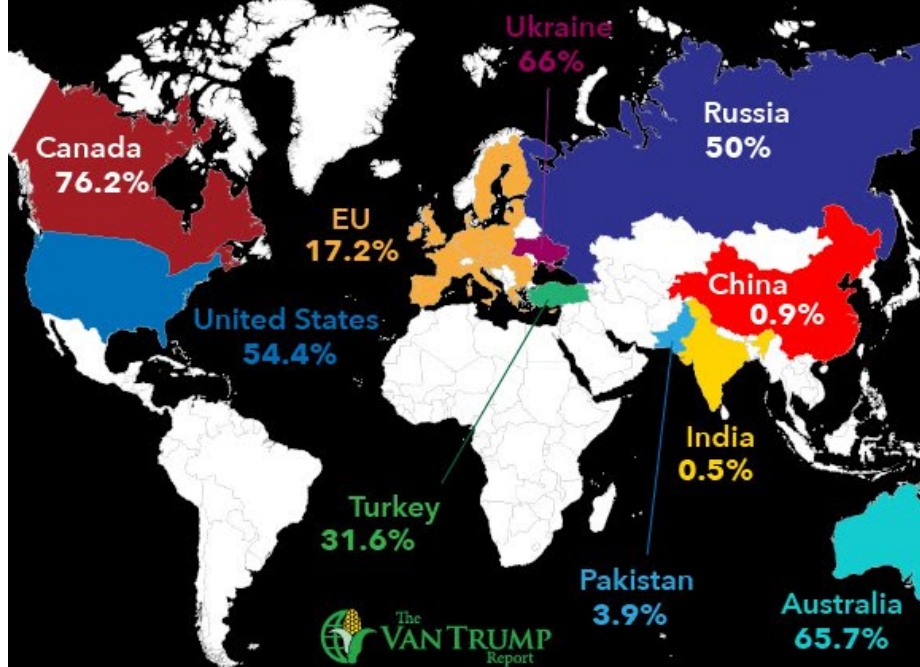
*\*As you can see in the graphic below, Australia is forecast to export around 65% of their crop. If they don't have the production, exports could drastically be trimmed.*



# Top Wheat Producing Countries

## % of Production Exported

2018/19 projected



(in thousand metric tons)

Country	Production	Exports	% Exported
EU	151,600	26,000	17.2%
China	132,502	1,200	0.9%
India	99,700	500	0.5%
Russia	70,000	35,000	50.0%
United States	51,287	27,896	54.4%
Canada	31,500	24,000	76.2%
Ukraine	25,000	16,500	66.0%
Pakistan	25,500	1,000	3.9%
Australia	17,500	11,500	65.7%
Turkey	19,000	6,000	31.6%

Source: USDA, FAS, PS&D Updated 11/16/18



> **Details On Could Come This Week on U.S.-China Trade Talks:** On Friday, President Trump said the date of a possible meeting with Chinese President Xi Jinping could be announced this week. Such a meeting would represent a major juncture in efforts to resolve the trade war. One opportunity could come when President Trump travels to a summit with north Korean Leader Kim Jong Un. Trump said last week the summit could happen in late February.

> **USDA Shows Soybean Crush Slowing in November:** Up from one year ago, Novembers soybean crush numbercame it at 178.1 million bushels, which is 1.1 million

bushels above what most traders expected. According to those on the ground, the pace did slow versus October by 2.9%, but was more than the November 2017 pace by 2.8%

**> Russia Wheat Prices Stall:** Wheat export prices stalled last week for Russia, after three weeks of gains as the country lost a major purchase by Egypt, currently its largest wheat buyer. From what I'm hearing, Egypt's state grain buyer GASC bought 360,000 MT of cheaper French and Romanian wheat in its tender last week. It's worth noting that Black Sea prices for Russian wheat with 12.5% protein content and for delivery in February were \$245 MT FOB at the end of last week, unchanged from a week earlier. The country exported 31.4 MMT of grain from the start of the season on July 1 to Jan. 31, up 4% from a year ago, according to SovEcon.

**> November Ethanol Grinding Drops From October:** Using only 454.5 million bushel for ethanol in November, ethanol grind declined 5.6 million bushels or 1.2% from October and 21.2 million bushels or 4.5% from November 2017. I should mention that corn used for all industrial purposes totaled 504 million bushel in November, down 1% from October and down 4% from 2017. Also, corn-for-ethanol grind in the first quarter of the 2018-19 marketing year was 1.360 billion bu., down 31 million bushel (2.2%) from last year.

**> Ag Secretary Perdue Promises Strong Cell-Based Meat Oversight:** Perdue reiterated at a beef industry event on Friday that USDA and FDA must work together to handle the emerging cell-based meat sector. He referenced the administration's plan for USDA to regulate the production and certification of cell-based meats while FDA handles lab-focused aspects. (Source: Politico)

**> Larger Farms Aren't Translating To Better Production in China:** A new article released in the American Journal of Agricultural Economics details the relationship between farm size and productivity using data taken from Northern China corn producers. What the study found is that the land market reforms have helped to enlarge the average operational scale of household farms in China but did not increase land productivity. This implies that subsidizing large farms in China may not necessarily be a good policy. The article is available for a limited time [HERE](#). (Source: AAEA)

**> Processor Closes Plant Linked to Massive Recall:** Toronto-based McCain Foods has closed its Colton, California, plant involved in the 2018 recall of more than 100 million pounds of produce that was sold as ingredients to commercial kitchens and food makers. (Source: New Food Economy)

**> How to Turn \$250 into \$100,000:** One gambler who chanced \$250 that the Los Angeles Rams would eke out just three points reaped \$100,000 in return. Timmy Fitzgerald, a spokesman for South Point Hotel, Casino and Spa in Las Vegas, told radio host Mitch Moss on the Vegas Stats & Information Network that his company offered bettors a range of scores from 0 to 49 points. "We took four tickets on it," Fitzgerald said. "One guy bet \$250 at 400 to 1." He added, "This is just unheard of." (Source: Marketwatch)

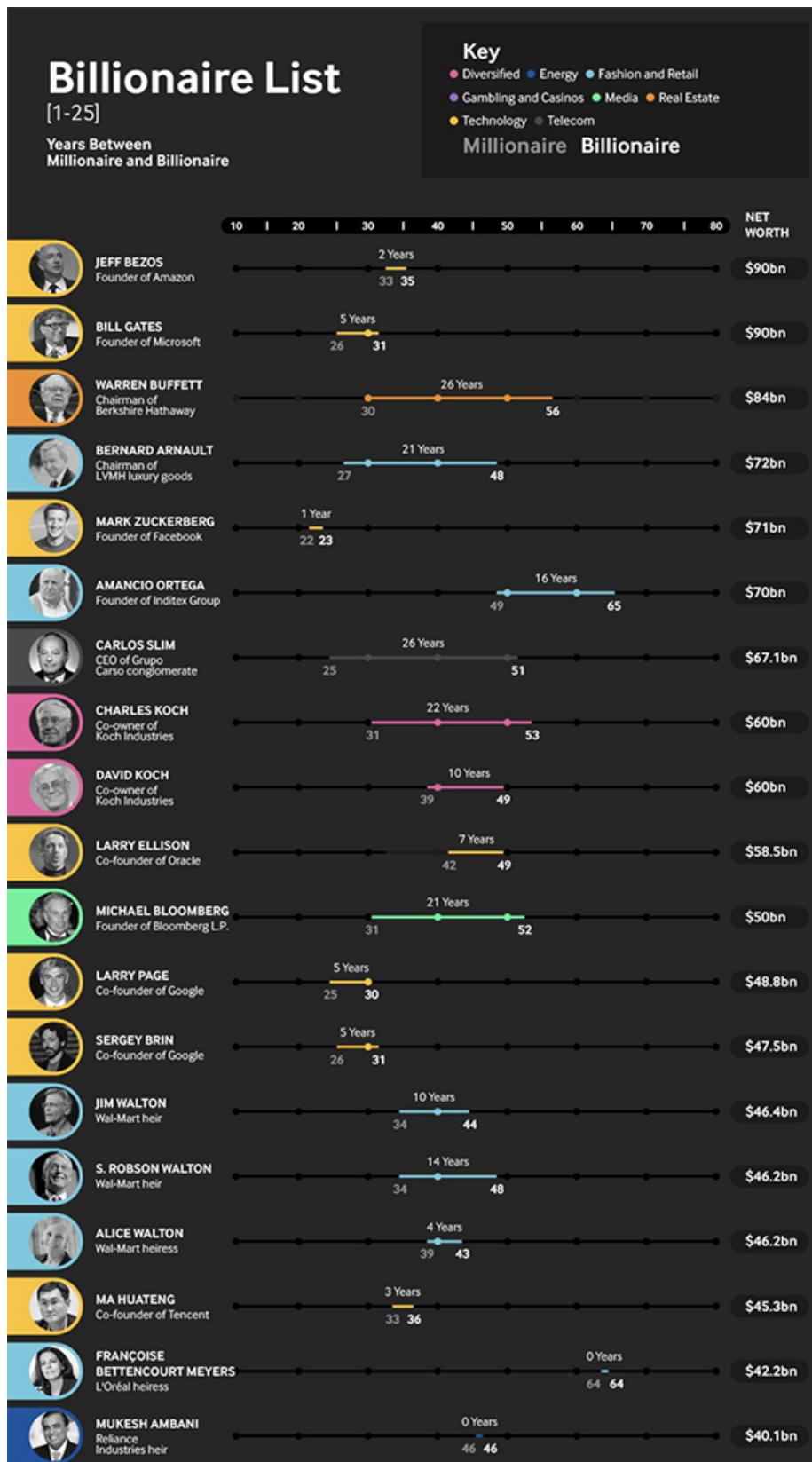
**> Tesla to Acquire Energy Tech Company Maxwell Technologies:** Tesla will buy the company's 45.9 million shares for \$4.75 a share in an all-stock transaction, for a total of about \$218 million, the company said Monday. The deal represents a 55% premium over Maxwell's closing stock price of \$3.07 a share Friday and would value the company at around \$218 million. The purchase will support Tesla's mission to accelerate the world's transition to sustainable energy.

**> Could Amazon be Taking Over the NFL's Sunday Ticket deal from AT&T's DirecTV?** For those of you who aren't NFL football fans, an explanation is in order. Each Sunday during the regular season, between three and 10 games air during the two main slots at 1 p.m. and around 4 p.m. Eastern time. All of those games are televised. But NFL rules require local stations to broadcast the game being played by any team in that TV market. So if you live in San Francisco, like me, you'll be forced to watch the execrable Oakland Raiders and San Francisco 49ers, even though I'm a die-hard Seahawks fan. If Amazon were to take over, they could negotiate with the NFL to blast apart the all-or-nothing bundle for out-of-market games, and instead sell them a la carte. That would be worth \$20 a week!

**> Super Bowl TV Ratings Hit 10 Year Low:** With Sunday' night Super Bowl being not the most exciting championship game every played, it's no surprise the ratings weren't that great either. Shown on CBS for the first time since 2016 and with ad spots going for around \$5 million each, the Rams' loss scored a 44.9/68 in metered market results. That's a dip of more than 5% from last year's Super Bowl on NBC in the first round of ratings. Again, it was the lowest household rating for a Super Bowl since 2009, with that game having drawn a 42.0 metered market household rating. (Source: Yahoo)

**> From Millionaire to Billionaire:** Some people say that making the first million is the hardest. Other, like oil tycoon T. Boone Pickens have quipped that the first billion is a "helluva lot harder." Either way, it's interesting to examine how long it took the world's wealthiest to reach the million and billion dollar benchmarks, as well as how many years were in between. Today's infographic comes to us from [Betway](#), and it

provides a study of the 100 wealthiest billionaires that topped the 2018 edition of the Forbes Rich List.





**Western Illinois** – We typically run corn on corn and our method is to do very light strip till over the ground just in front of the planter. This typically removes residue without having to mow the corn stocks down and creates a nice bed to plant the seed. Some guys will make a pass with a NH3 strip and then plant right into that, but we can't find anhydrous cheap in our neck of the woods, so we just try and clear the debris from last years corn crop. As we are planting, we typically knife in a little extra nitrogen and phosphorus if we know it's going to be several years of corn back to back. We plant right into the row that is cleared by the strip-tiller.

**Southern Kansas** – We have tried to no-till for going on 10 years now but the problem we are running into is weeds. Water Hemp is probably the biggest problem we run into these days. We have patches that I think we will need to moll board plow under in order to knock it down. I hate to mess up this many year of no-till, but we don't have an option considering it's taking out big patches of wheat. They don't grow on top of each other, but they may be spread 3-4 feet apart and we nearly slug the combine going through them most years and it pushes our yield down 30-50% if not more.

**Northcentral North Dakota** – I have been running around talking to guys and I'm surprised to say there is actually more corn going back in then I thought. Guys did okay on corn last year but with prices being so down I thought maybe we would see more specialty crops like sugar beets, pinto beans or sunflowers but guys are sticking with there corn and soybeans rotation a lot closer then I would have ever anticipated. We plan to mix it up and try planting a few potatoes and just have my neighbor/buddy harvest them. We don't want to get into potatoes harvest to for no more then we are planting. The only reason we are planting them is because my neighbor thinks he needs them to fill a contract.



**Land O'Lakes Working With Producers to Grow More Sustainably:** More Americans than ever say they want sustainable food. According to a 2018 survey conducted by the International Food Information Council, 59% of American consumers said they care about whether their food is grown sustainably. But much like "GMO" or "natural," sustainability can be a murky term with no clear definition. Now, two stalwarts of the 'Big Food' landscape are working to clear up that murkiness with a "Turbo-Tax style" software platform aimed at getting farmers to grow their crops more sustainably. Jason Weller, a senior director of SUSTAIN, the division of Land O'Lakes that developed the Truterra platform, says Land O'Lakes brought in a wide range of "outside experts, including agricultural economists, conservation experts and farmers" to work on the program. Truterra launched in September of 2018, and Land O'Lakes is now partnering with Campbell's to offer the software platform to their growers. Read more [HERE](#) how technology and consumer sentiment are driving the future of food.

**To Park or not To Park...** A new article in Transport Policy magazine serves up a gentle reminder that self-driving cars don't need to park, and so they may slowly fill the streets to capacity. "The Autonomous Vehicle Parking Problem," an article by Adam Millard-Ball of the Environmental Studies Department at the University of California, Santa Cruz, points out that "autonomous vehicles (AVs) have no need to park close to their destination, or even to park at all. Instead, AVs can seek out free on-street parking, return home, or cruise" for hours. Millard-Ball used a "game theoretic framework" to show that self-driving cars have an incentive to "coordinate with each other in order to generate congestion" that could "more than double vehicle travel to, from, and within dense, urban cores." That's because AVs can drop off passengers, drive 12 miles to a parking spot, and hang out until it's time to hit the road again to go fetch their human. Interestingly, we've been sharing these concerns over the last year as we speak to organizations on technology and its future impact. This is definitely one that will require a little planning to avoid massive headaches. Read more [HERE](#).

**U.S. Soldiers Have a New Partner:** Pocket-size drones are on their way to US Army soldiers, offering a better view of the battlefield and giving them a lethal edge over enemies. The Army has awarded FLIR Systems a \$39.6 million contract to provide Black Hornet personal-reconnaissance drones — next-level technology that could be a total game changer for US troops in the field — the company said in a recent press release. From what I understand, the units measure just 6.6 inches in length and weigh only 1.16 ounces, meaning these "nano unmanned aerial vehicle (UAV) systems" are "small enough for a dismounted soldier to carry on a utility belt. Providing situational awareness beyond visual line-of-sight capability day or night at a distance of up to 1.24

miles, the Black Hornet can cover ground at a max speed of 20 feet per second. Read more [HERE](#).

**Another View of Future Population Growth... Interesting Thoughts:** You've all heard the story, despite technologies, regulations, and policies to make humanity less of a strain on the earth, people just won't stop reproducing. By 2050 there will be 9 billion carbon-burning, plastic-polluting, calorie-consuming people on the planet. By 2100, that number will balloon to 11 billion. Such dire population predictions aren't the stuff of sci-fi; those numbers come from one of the most trusted world authorities, the United Nations. But what if they're wrong? Not like, off by a rounding error, but like totally, completely goofed? That's the conclusion Canadian journalist John Ibbitson and political scientist Darrel Bricker come to in their newest book, *Empty Planet*, where they have determined that "In roughly three decades, the global population will begin to decline, and once that decline begins, it will never end." But *Empty Planet* is not a book about statistics so much as it is about what's driving the choices people are making during the fastest period of change in human history. Read more [HERE](#) for some interesting insights and a new look at old assumptions.

**Check Out Harley's Newest Concept... the Electric Scooter:** At this year's Consumer Electronics Show, while announcing the final pricing for its first all-electric motorcycle, LiveWire, Harley-Davidson also debuted two concepts: an electric mountain bike thing, and a seated electric scooter that is, frankly, the company's most exciting idea yet. The concepts looked pretty in pictures, but last week Harley-Davidson dropped off a few working prototype versions in Aspen, Colorado during the Winter X Games and let some of the folks there tool around on them. The bike looks fun, but electric bikes are a dime a dozen. The ruggedization will help distinguish it from the literal hundreds of others that are already available, and Harley-Davidson's name recognition could help the company bite out a bigger chunk of the market than others should it actually pursue this as a commercial product. Check out a short video showing off the features of Harley Davidson's newest creation [HERE](#).



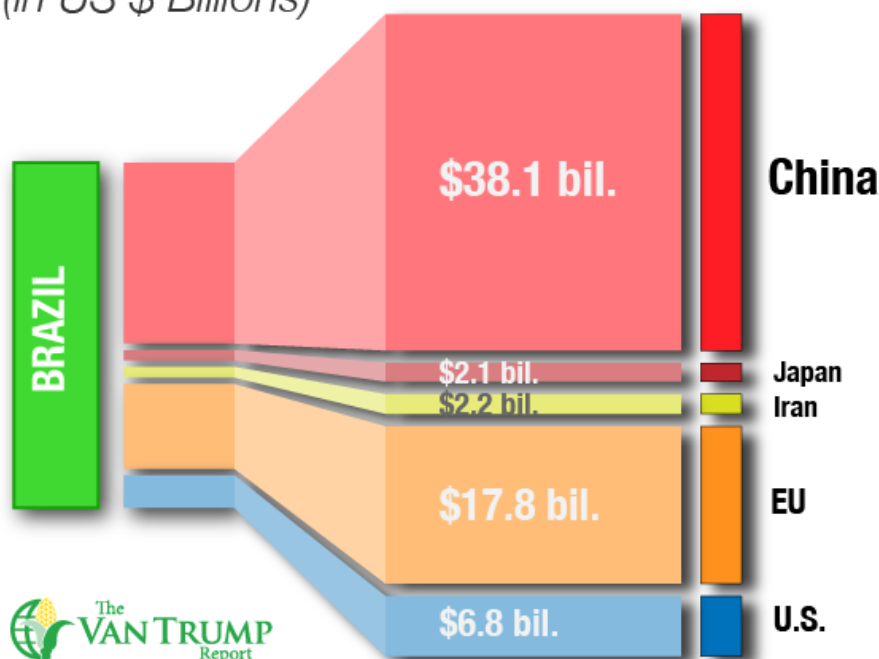


### Brazilian Exports Surge

For the first time in history Brazilian exports surpassed +\$100 billion, reflecting the economic strength and potential of the country's agricultural sector. But before we get into the numbers, I want to note that Brazil significantly benefited from a U.S. trade war with China that handed them huge jump in marketshare demand for ag products that otherwise would have gone to U.S. producers and exporters. Nevertheless, we shouldn't underestimate the fact Brazilian farmers continue to invest in new technology and adopt more efficient production practices in an effort to attract more export business. For 2018, foreign export sales out of Brazil totaled \$101.7 billion, an increase of nearly +6% compared to the year before. The increase in agricultural shipments was driven mainly (but not exclusively) by exports of soybeans (in grain and meal), pulp (cellulose) and fresh beef. Together these three products registered a growth of +\$11.8 billion in exports compared to 2017. They were also the most-sold items, totaling \$54.8 billion, or 53.9% of the total ag export value. The main destinations of agricultural exports were China, who purchased \$38.1 billion worth of Brazilian goods. The EU came in second place, with \$17.8 billion in purchases, followed by the U.S. \$6.8 billion, Iran \$2.2 billion and Japan \$2.1 billion. The aggregate purchases from these five countries accounted for 65.9% of Brazil's total agricultural exports. And despite the high value of trade with these partners, in 2018 Brazil also made inroads into new regions, recording impressive increases in exports to countries like Turkey, Chile and South Korea. Bottom-line, as Brazil and other nations gain more access to technology and best-of-practice efficiencies in agricultural they are going to compete more aggressively with U.S. exporters, producers and suppliers. (Source: CNA Brazil)

## Brazil's Ag. Exports Main Destinations 2018

(in US \$ Billions)



SOURCE: ComexStat, CNA

### A Look at the Future of Hotels... Alibaba's FlyZoo Hotel

Stepping inside Alibaba's Flyzoo Hotel is like stepping into the future. Black disc-shaped robots deliver food and drop off fresh towels throughout their 290-room hotel located in Hangzhou, China. This massive investment is about 105 miles southwest of Shanghai and within walking distance to Alibaba's headquarters. Many might be thinking the name FlyZoo sounds odd for a hotel name, but the name derives from a pun in Chinese for "it's a must to stay here." The hotel just opened to the public last month and provides a stage for the technology Alibaba wants to sell to the hotel industry. It's also giving Alibaba an opportunity to showcase its expertise in artificial intelligence. Guests at the hotel check in at podiums that scan their faces, as well as passports or other forms of ID. Customers with a Chinese national ID can even scan their faces using their smartphones to check in ahead of time. Even the elevators scan guests' faces again to verify the floors they can access. Also, there's no need to worry about room keys and cards because room doors are opened with another face and or hand scan identification. Once guests get in the rooms they are no switches and knobs because the rooms are



full of Alibaba's voice command technology that can be used to change the temperature, control appliances, close the curtains, adjust the lighting, and order room service. Alibaba e-commerce is also offered to guests through the FlyZoo App, which allows them to take pictures of furniture or other items in the hotel that they would like to have and add them to their Alibaba shopping cart online. The craziest part of the hotel might be the hotel's restaurant, where robots deliver food that guests order through the FlyZoo app. While at the bar a different robotic arm can mix more than 20 different types of cocktails. Again, facial recognition cameras can be used to add charges to the room rate automatically. Once guests are ready to leave, they check out by simply pressing a button on the app, which locks the room and automatically charges them through Alibaba's online wallet along with the guests' facial scan data being immediately erased from Alibaba's systems. Keep in mind, this hotel still includes chefs and cleaners as well as reception staff to assist with conventional check-in procedures for guests unwilling to have their faces scanned and want to use electronic key cards. Room fees right now are ranging anywhere from \$200-\$300 per night. Alibaba said that the robots are part of a suite of high-tech tools that drastically have cut the hotel's cost of human labor and eliminates the need for guests to interact with other people. Andy Wang, CEO of Alibaba Future Hotel Management, said "It's all about the efficiency of and consistency of their service because the robots are not disturbed by human moods. Sometimes, we say we are not in the mood, but the system and the robot will always be in the mood." Keep in mind, this isn't the first time Alibaba has launched other highly automated projects. Before the FlyZoo hotel, Alibaba launched automated bookstores and grocery stores. The grocery stores called Hema have been accepted well by the Chinese as there are about 100 locations now open across China. Alibaba acknowledges FlyZoo still has plenty of issues that need upgrading, but the company is moving forward with building more hotels that will deliver the best in technology and customer service.



### **"If you want the rainbow, you gotta put up with the rain" - Dolly Parton**

I was recently sent a short inspirational video that showed the humbled beginnings of Dolly Parton and how she rose from nothing to become one of the most iconic women in the entertainment industry. The video also highlights how Dolly has never forgotten her roots. She was born in mid-January of 1946 (now 73 years old), in a one-room cabin on the banks of the Little Pigeon River located in the Great Smoky Mountains of East

Tennessee. She is the fourth of twelve children born to Avie Lee and Robert Lee Parton. Her daddy could never read or write but worked hard in the mountains of east Tennessee, first as a sharecropper, and later tending his own small farm and acreage. Despite his lack of formal education, Parton has said that he was one of the smartest people she has known. Dolly has long credited her father for her business savvy, and her mother's family for her musical abilities. Interestingly, Dolly has often described her family and childhood as being "dirt poor", literally growing up with dirt floors. Parton's father paid the doctor who helped deliver her with a bag of cornmeal. Dolly had three toes ripped off in an accident once, but since the family couldn't afford a doctor, her mother sewed them back on. Parton says music played an important role in her early life, it always helped keep a smile on our faces. She was also brought up in the Church of God, where at age six some of her earliest public performances were held. She started playing homemade guitar when she was age seven. By age 10 word stated to spread about her musical talents. At age 13 she appeared at the Grand Ole Opry, where she first met Johnny Cash, who encouraged her to follow her own instincts regarding her life and career. She graduated high school in 1964 and the very next day took a bus to Nashville. Many don't realize it, but her initial success actually came as a songwriter. It wasn't until February of 1971, that Dolly would record and sing a number-one single called "[Joshua](#)". She followed that in late-1973 with the mega smash hit "[Jolene](#)". In 1974, her song, "[I Will Always Love You](#)" went to number one on the country chart. Around the same time, Elvis Presley indicated that he wanted to record the song. Parton was interested until Presley's wily manager, Colonel Tom Parker, told her that it was standard procedure for the songwriter to sign over half of the publishing rights to any song recorded by Presley. Parton refused. That single decision has been credited with helping to make her millions and millions of dollars in royalties from the song over the years. From 1974 to 1980, she consistently charted in the country Top-10, with eight singles reaching number one. In 1978, Parton won a Grammy Award for Best Female Country Vocal Performance for her "[Here You Come Again](#)" album. Then in 1980 she starred in a Hollywood feature film called "[9 to 5](#)," in which she starred along with Jane Fonda and Lily Tomlin. The film grossed over +\$103 million and is still one of the top-20 highest-grossing comedy films ever produced. Perhaps even more impressive is the theme song "9 to 5" was actually written and recorded by Dolly Parton and went on to become one of the biggest hits of the entire decade. The song was nominated for several awards, including the Academy Award for Best Song. It won the 1981 People's Choice Award for "Favorite Motion Picture Song", and two 1982 Grammy Awards: for "Country Song of the Year" and "Female Country Vocal of the Year". Again, another quickly written song that made Dolly millions. Between 1981 and 1985, she released another twelve Top-10 hits, with half of them hitting number one. She also worked on and recorded many hit duos, like the #1 song with Kenny Rogers, "[Islands in the Stream](#)". In 1987 she realized another smash hit album called "Trio" that featured Dolly, Emmylou Harris and Linda Ronstadt. Parton has received 46 Grammy Award nominations, tying her with Bruce Springsteen for the most Grammy nominations ever. It's crazy to think about, but Dolly has written and composed over 3,000 songs, with many being chart topping hits. In 1998, Nashville Business ranked her as the absolute wealthiest country-music star on the planet. Since the mid-1980s, Parton has supported many charitable efforts and given away millions and millions. Parton was awarded the Living Legend Medal by the U.S. Library of Congress on April 14, 2004, for her contributions to the cultural heritage of the United States. In 2005, she was honored with the National Medal of Arts, the highest honor given by the U.S. government for excellence. In 2006, Parton received the Kennedy Center Honors from the John F. Kennedy Center for the Performing Arts for her lifetime of contributions to our nation. Perhaps her most cherished honor, however, is a bronze sculpture of herself that the citizens of her small hometown erected on the courthouse lawn in Sevierville, Tennessee. Bottom-line, Dolly Parton came from absolutely nothing and has become one of the most successful women in business and entertainment history. In most of her songs Dolly writes about love, family, memories of being poor, her hometown roots and her sense of God. I included a short video put together by Goalcast. You can view it [HERE](#) on Facebook (Source: Wiki; [Songhall](#))





She grew up **dirt poor**







Storms make trees take deeper roots.

*Dolly Parton*

[www.thequotes.in](http://www.thequotes.in)



The way I see it,  
if you want the **rainbow**,  
you gotta put up with the **rain**.

– Dolly Parton

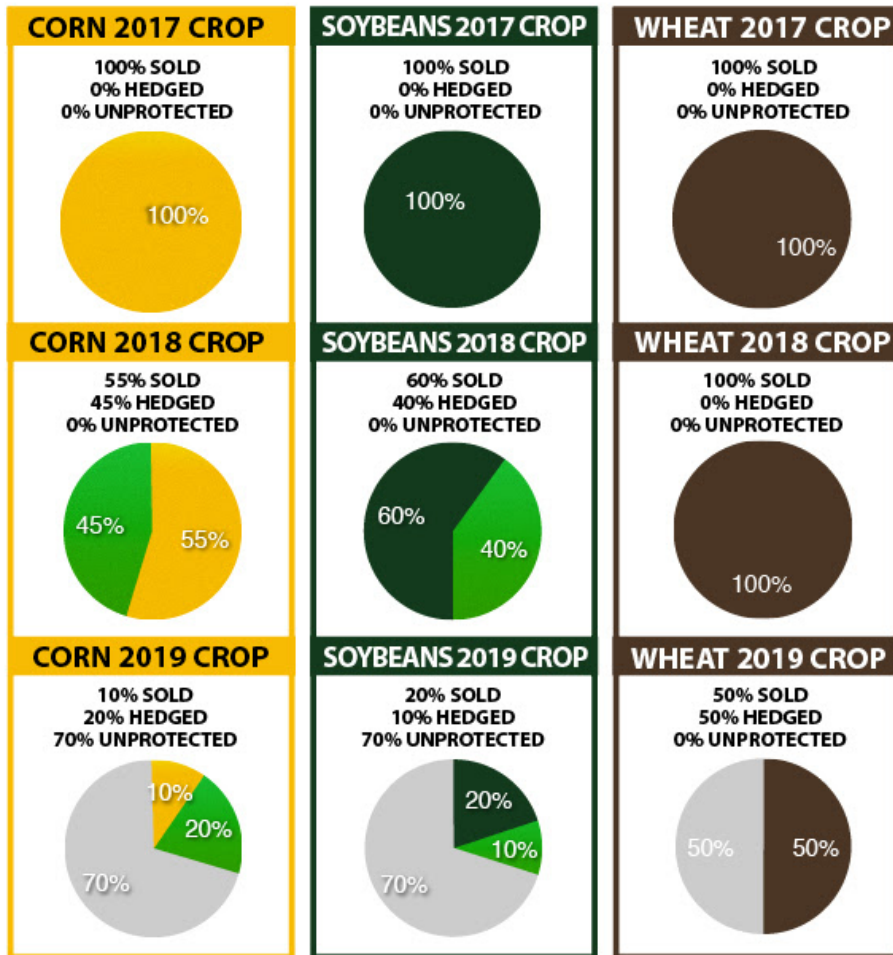
AZ QUOTES



**ANSWER to riddle:** A mirror..

## CASH SALES & HEDGING TOTALS

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