

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

1 message

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

Tue, Feb 19, 2019 at 7:25 AM

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"Conditions are never perfect. 'Someday' is a disease that will take your dreams to the grave with you.... If it's important to you and you want to do it 'eventually,' just do it and correct course along the way." - Tim Ferriss

TUESDAY, FEBRUARY 19, 2019
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Morning Summary: Stocks are steady to start the holiday shortened trade week, as investors wait for another round of headlines surrounding U.S. and China trade talks, which are scheduled to resume again today in Washington, D.C. Reports circulating, say the two sides will start to get into more details and discussion about China's pledge to purchase a substantial amount of goods and services from the U.S., which could bring positive headlines to the agricultural and energy markets. It sounds like a couple of the bigger names in the negotiations will be at the table on Thursday and Friday. Following last weeks meetings, Treasury secretary Steve Mnuchin tweeted that the talks were 'productive,' and U.S. Trade Representative Robert Lighthizer said, 'We feel we have made headway on very, very important and difficult issues.' Chinese President Xi agreed that 'important progress' was made, and President Trump even talked about extending the trade-truce another 60-days if the two side felt progress was being made. Moral of the story, it seems like progress is being made! Oil prices have responded positively and are back to their highest levels in roughly three months. Not only are energy bulls hoping that a trade truce between the worlds top economies will reduce the fears of slowing global growth, but recently promised production cuts from top producers like Saudi Arabia and Russia, along with U.S. sanctions against Iran and Venezuela, could help limit supply. Here at home, West Texas Intermediate crude oil has seen a price jump of more than +20% since the start of the new year. You should be recognizing prices at the pump creeping back higher. The current average price of unleaded gas here in the U.S. is about \$2.32 per gallon this week vs. around \$2.24 a month ago vs. about \$2.50 per gallon a year ago. Diesel prices have been averaging about the same the past several weeks at around \$2.93 per gallon. As for traditional economic news, this should be a fairly light week. The big ticket item will probably come Wednesday, when the trade digests the Fed's "minutes" from its Jan. 29-30 policy meeting. There's a lot of market participants that are wanting to know why the Fed flipped, was it mostly stock market related, or what specific forward looking economic data did they not like? Keep in mind, the U.S. stock market has now moved higher for eight consecutive weeks. I read an interesting bit of data this weekend, in the fact it took 66 trading sessions for the S&P 500 to fall -19.8%, essentially from September 20th to December 24th. On the flip side, it has taken just 33 trading sessions for stocks to rally back +17%. Keeping in mind we are getting back closer to "even" for many traders and investors, it will be interesting to see what role human psychology will start to play? The debate remains, is this the start of what we generally see in a bear market, a major dip, followed by a bearish bounce to the upside, then a more substantial break and retesting of the lows? Or is this somewhat of a cleansing and the start of another bullish leg to another round of new all-time highs? I personally think we are now range-bound and will trade sideways between the recent low and the previous all-time high establishment established in 2018. Perhaps the market might try to test both levels again in 2019, but I currently doubt it breaks out much beyond either level. I still believe its turned into a traders market and strategies need to be adjusted accordingly. Don't forget we will see another wave of U.S. corporate earnings this week, about 10% of the S&P 500 companies will be reporting. Today's big earnings will come from Walmart. Last week's big unexpected fall in U.S. retail sales has the bears circling the wagons, so the Walmart earnings report will be an important number. I personally think the Walmart number will be fairly strong, with the company benefiting from the collapse of ToysR'Us and the continued shrinkage of Sears and other traditional U.S. retailers. I also think Walmart is starting to get their legs under them in regards to

Today In History



1473, Copernicus born - On February 19, 1473, Nicolaus Copernicus is born in Torun, a city in north-central Poland on the Vistula River. The father of

modern astronomy, he was the first modern European scientist to propose that Earth and other planets revolve around the sun. Copernicus was born into a family of well-to-do merchants, and after his father's death, his uncle—soon to be a bishop—took the boy under his wing. He was given the best education of the day and bred for a career in canon (church) law. At the University of Krakow, he studied liberal arts, including astronomy and astrology, and then, like many Poles of his social class, was sent to Italy to study medicine and law. While studying at the University of Bologna, he lived for a time in the home of Domenico Maria de Novara, the principal astronomer at the university. Astronomy and astrology were at the time closely related and equally regarded, and Novara had the responsibility of issuing astrological prognostications for Bologna. Copernicus sometimes assisted him in his observations, and Novara exposed him to criticism of both astrology and aspects of the Ptolemaic system, which placed Earth at the center of the universe. Copernicus later studied at the University of Padua and in 1503 received a doctorate in canon law from the University of Ferrara. He returned to Poland, where he became a church administrator and doctor. In his free time, he dedicated himself to scholarly pursuits, which sometimes included astronomical work. By 1514, his reputation as an astronomer was such that he was consulted by church leaders attempting to reform the Julian calendar. The cosmology of early 16th-century Europe held that Earth sat stationary and motionless at the center of several rotating, concentric spheres that bore the celestial bodies: the sun, the moon, the known planets, and the stars. From ancient times, philosophers adhered to the belief that the heavens were arranged in circles (which by definition are perfectly round), causing confusion among

improved online market share. For full disclosure, I currently do not own any Walmart stock, but am kicking myself that I wasn't a buyer on the last big break. The stock fell to almost \$85 per share and is now back close to \$100 per share. I'm not going to chase it higher... staying patient. I should mention, we also have some U.S. new home building data being released today that should garner some attention. Then on Thursday, we will see the latest in U.S. existing-home sales data for January. Housing data has been a little suspect as of late, so these numbers will be watched fairly close.

Why More Are Renting, and One Legendary Investors Shift in Strategy: *In 59% of housing markets nationwide — 442 of 755 U.S. counties — renting a three-bedroom property is now thought to be more affordable than buying a median-priced home, according to a new report from real-estate data firm Attom Data Solutions. Among the 40 counties across the country with more than 1 million residents, only three had housing markets where it was still cheaper to buy a home than rent one: Wayne County (Detroit), Mich.; Philadelphia County, Pa.; and Cuyahoga County, Ohio. Moreover, home prices are rising faster than wages in 80% of housing markets nationwide, including everywhere from Chicago to Houston to Phoenix. From what I understand, the "buy vs. rent" calculus continues to show renting as being more affordable, especially with a strong jobs market, Americans want to stay mobile and often can't afford to buy near urban centers where they're more likely to get a job at higher wages. Keep in mind, many smart investors now argue that "renting" may be better than owning if you are trying to build wealth. A legendary investor told me this past year, his investment mindset towards real estate has changed dramatically. He never again wants to own anything he is going to live in, he only wants to rent. But he wants to keep buying investment real estate to rent to others in prime locations. I found that very interesting...*

Sailor in Iconic Kissing Photo Dies at 95: *This was the first picture my wife and I purchased after getting married. It hung in black and white in the living room of our first apartment. We didn't have any money, but thought our black and white framed pics and leather couches were extremely cool. In any regard, we were saddened to hear that George Mendonsa, the man in the iconic photo of an exuberant Navy sailor kissing a woman in New York City's Times Square at the end of World War II has died. When photographer Alfred Eisenstaedt snapped the picture in 1945, he did not document any information about the photo's subjects, and their identities were a mystery for years. Even today, people have used everything from 3D face scanning to the position of the sun in the photo to try to determine exactly whom the couple was. Mendonsa kissed dental assistant Greta Zimmer Friedman, mistakenly thinking she was a nurse in the war because of her uniform. She came to represent the 342,000 women the Census Bureau says served in the war as pilots, nurses and more. Friedman reached out to Life in the 1960s after seeing the photo in a book of Eisenstaedt's photography to notify the magazine it was her in the picture. The magazine told her it was another woman until 1980 when representatives contacted her and she met with Eisenstaedt, according to an interview with the Library of Congress. The photo was taken Aug. 14, 1945, which is known as V-J Day, the day Japan officially surrendered to the United States in World War II. Published in Life magazine as "V-J Day in Times Square," it came to represent how joyful Americans and people across the world felt at the end of the war. Read more [HERE](#).*



62-Year Old Sugar Ray Leonard Still Lighting Fast: *Looks like Sugar Ray has been working out and staying fit. I suspect he still might surprise a lot of young punks if they tried to test him not knowing who he was... Click [HERE](#) to see this short one minute video.*

astronomers who recorded the often eccentric motion of the planets, which sometimes appeared to halt in their orbit of Earth and move retrograde across the sky. In the second century A.D., the Alexandrian geographer and astronomer Ptolemy sought to resolve this problem by arguing that the sun, planets, and moon move in small circles around much larger circles that revolve around Earth. These small circles he called epicycles, and by incorporating numerous epicycles rotating at varying speeds he made his celestial system correspond with most astronomical observations on record. The Ptolemaic system remained Europe's accepted cosmology for more than 1,000 years, but by Copernicus' day accumulated astronomical evidence had thrown some of his theories into confusion. Astronomers disagreed on the order of the planets from Earth, and it was this problem that Copernicus addressed at the beginning of the 16th century. Sometime between 1508 and 1514, he wrote a short astronomical treatise commonly called the *Commentariolus*, or "Little Commentary," which laid the basis for his heliocentric (sun-centered) system. The work was not published in his lifetime. In the treatise, he correctly postulated the order of the known planets, including Earth, from the sun, and estimated their orbital periods relatively accurately. For Copernicus, his heliocentric theory was by no means a watershed, for it created as many problems as it solved. For instance, heavy objects were always assumed to fall to the ground because Earth was the center of the universe. Why would they do so in a sun-centered system? He retained the ancient belief that circles governed the heavens, but his evidence showed that even in a sun-centered universe the planets and stars did not revolve around the sun in circular orbits. Because of these problems and others, Copernicus delayed publication of his major astronomical work, *De revolutionibus orbium coelestium libri vi*, or "Six Books Concerning the Revolutions of the Heavenly Orbs," nearly all his life. Completed around 1530, it was not published until 1543—the year of his death. In the work, Copernicus' groundbreaking argument that Earth and the planets revolve around the sun led him to make a number of other major astronomical discoveries. While revolving around the sun, Earth, he argued, spins on its axis daily. Earth takes one year to orbit the sun and during this time wobbles gradually on its axis, which accounts for the precession of the equinoxes. Major flaws in the work include his concept of the sun as the center of the whole universe, not just the solar system, and his failure to grasp the reality of elliptical orbits, which forced him to incorporate numerous epicycles into his system, as did Ptolemy. With no concept of gravity, Earth and the planets still revolved around the sun on giant transparent spheres. In his dedication to *De revolutionibus*—an extremely dense scientific work—Copernicus noted that



The Weather Channel

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Following

#WinterStormPetra is in the Southwest now but will bring #snow and #ice to the Plains, Midwest, mid-Atlantic and Northeast
Tuesday through Thursday: wxch.nl/2SZ00E1



"mathematics is written for mathematicians." If the work were more accessible, many would have objected to its non-biblical and hence heretical concept of the universe. For decades, De revolutionibus remained unknown to all but the most sophisticated astronomers, and most of these men, while admiring some of Copernicus' arguments, rejected his heliocentric basis. It was not until the early 17th century that Galileo and Johannes Kepler developed and popularized the Copernican theory, which for Galileo resulted in a trial and conviction for heresy. Following Isaac Newton's work in celestial mechanics in the late 17th century, acceptance of the Copernican theory spread rapidly in non-Catholic countries, and by the late 18th century it was almost universally accepted.



1847, Donner Party

Rescued - On this day in 1847, the first rescuers reach surviving members of the Donner Party, a group of

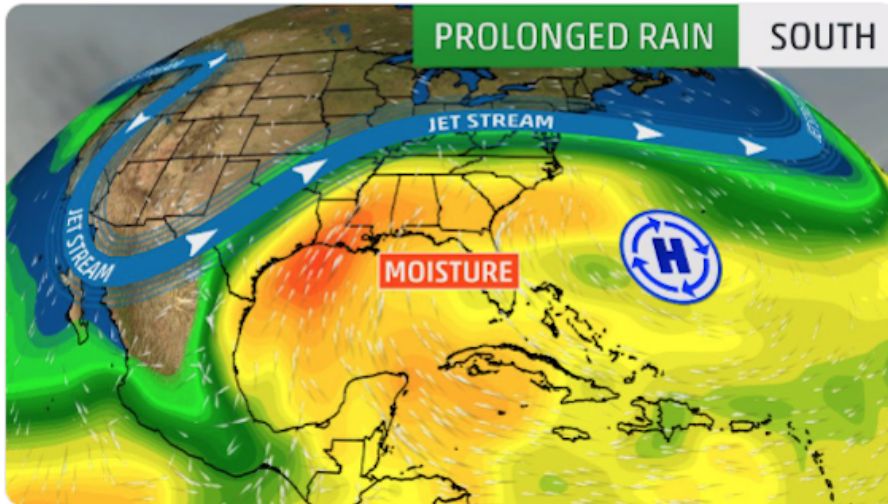
California-bound emigrants stranded by snow in the Sierra Nevada Mountains. In the summer of 1846, in the midst of a Western-bound fever sweeping the United States, 89 people—including 31 members of the Donner and Reed families—set out in a wagon train from Springfield, Illinois. After arriving at Fort Bridger, Wyoming, the emigrants decided to avoid the usual route and try a new trail recently blazed by California promoter Lansford Hastings, the so-called "Hastings Cutoff." After electing George Donner as their captain, the party departed Fort Bridger in mid-July. The shortcut was nothing of the sort: It set the Donner Party back nearly three weeks and cost them much-needed supplies. After suffering great hardships in the Wasatch Mountains, the Great Salt Lake Desert and along the Humboldt River, they finally reached the Sierra Nevada Mountains in early October. Despite the lateness of the season, the emigrants continued to press on, and on October 28 they camped at Truckee Lake, located in the high mountains 21 kilometers northwest of Lake Tahoe. Overnight, an early winter storm blanketed the ground with snow, blocking the mountain pass and trapping the Donner Party. Most of the group stayed near the lake—now known as Donner Lake—while the Donner family and others made camp six miles away at Alder Creek. Building makeshift tents out of their wagons and killing their oxen for food, they hoped for a thaw that never came. Fifteen of the stronger emigrants, later known as the Forlorn Hope, set out west on snowshoes for Sutter's Fort near San Francisco on December 16. Three weeks later, after harsh weather and lack of supplies killed several of the expedition and forced the others to resort to cannibalism, seven survivors reached a Native American village. News of the stranded Donner Party traveled fast to Sutter's Fort, and a rescue party set out on January 31. Arriving at Donner Lake 20 days later, they found the camp



The Weather Channel
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Following

Flooding will likely return to the South and Ohio Valley this week, with a widespread area expected to see 3 to 5-plus inches of rain: wxch.nl/2SUd79x



FARM TANK

Tweets of the Day



completely snowbound and the surviving emigrants delirious with relief at their arrival. Rescuers fed the starving group as well as they could and then began evacuating them. Three more rescue parties arrived to help, but the return to Sutter's Fort proved equally harrowing, and the last survivors didn't reach safety until late April. Of the 89 original members of the Donner Party, only 45 reached California.



1945, Marines invade Iwo Jima - On this day, Operation Detachment, the U.S. Marines' invasion of Iwo Jima, is launched. Iwo Jima was a

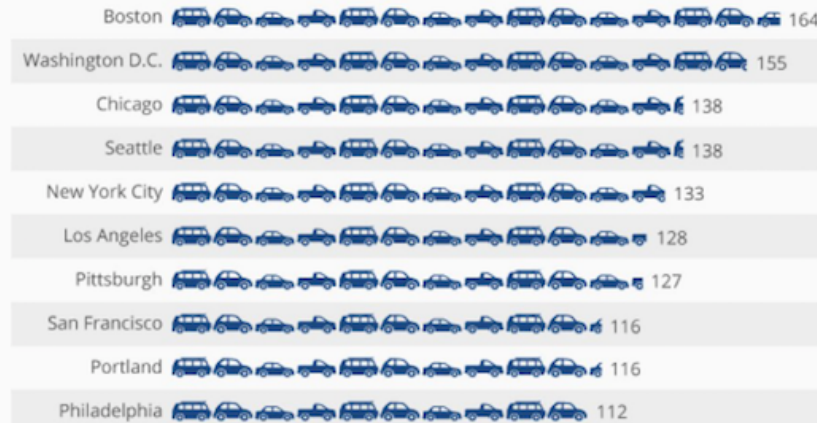
barren Pacific island guarded by Japanese artillery, but to American military minds, it was prime real estate on which to build airfields to launch bombing raids against Japan, only 660 miles away. The Americans began applying pressure to the Japanese defense of the island in February 1944, when B-24 and B-25 bombers raided the island for 74 days. It was the longest pre-invasion bombardment of the war, necessary because of the extent to which the Japanese—21,000 strong—fortified the island, above and below ground, including a network of caves. Underwater demolition teams ("frogmen") were dispatched by the Americans just before the actual invasion. When the Japanese fired on the frogmen, they gave away many of their "secret" gun positions. After the heavy losses incurred in the battle, the strategic value of the island became controversial. It was useless to the U.S. Army as a staging base and useless to the U.S. Navy as a fleet base. However, Navy Seabees rebuilt the landing strips, which were used as emergency landing strips for USAAF B-29s. The Japanese positions on the island were heavily fortified, with a dense network of bunkers, hidden artillery positions, and 11 mi of underground tunnels. The American ground forces were supported by extensive naval artillery, and had complete air supremacy provided by U.S. Navy and Marine Corps aviators throughout the entire battle. Japanese combat deaths numbered three times the number of American deaths although, uniquely among Pacific War Marine battles, American total casualties (dead and wounded) exceeded those of the Japanese. Of the 21,000 Japanese soldiers on Iwo Jima at the beginning of the battle, only 216 were taken prisoner, some of whom were captured because they had been knocked unconscious or otherwise disabled. The majority of the remainder were killed in action, although it has been estimated that as many as 3,000 continued to resist within the various cave systems for many days afterwards, eventually succumbing to their injuries or surrendering weeks later. Despite the bloody fighting and severe casualties on both sides, the American victory was assured from the start. Overwhelming American superiority in numbers and arms as well as complete air supremacy—coupled with the impossibility of Japanese retreat or reinforcement,

An average driver in **#Boston** lost almost a week of their year sitting in **#traffic** via **@INRIX**

bit.ly/2N5rD8X

The U.S. Cities With The Worst Traffic Problems

Average hours lost to congestion per driver in major U.S. cities in 2018



@StatistaCharts Source: INRIX

statista

along with sparse food and supplies—permitted no plausible circumstance in which the Americans could have lost the battle.

Upcoming Events

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

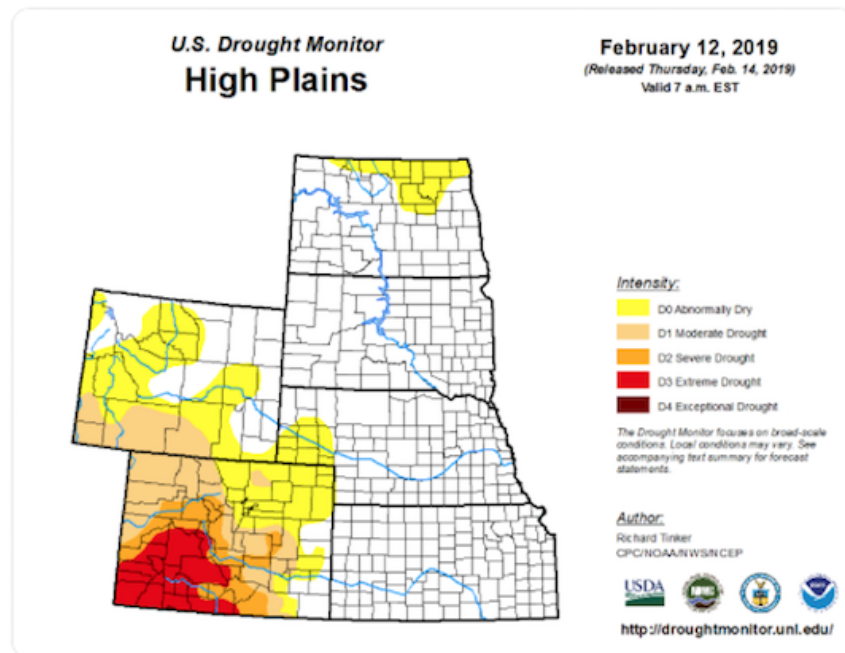
Thurs 02/28 – Export Sales, Jobless Claims

Kevin's Song of the Week



Kevin's Song of the Week

#Drought Monitor- Plains: Although only light precipitation fell last week, and 30-day totals generally range from 0.5 to 1.5 inches, rainfall for several months now has been generally above normal, with totals so far this water year considerably above normal
@DroughtCenter



NEXT level THINKING



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

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

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

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

Kevin Van Trump

What Others Are Saying

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

A.M., FDIC

"As a national federal farm policy administrator and commodity producer, I find it critical to keep updated with what is going on in the real world of agriculture and with the domestic and global markets. Of all the services I've have been privy to or have subscribed to over the past 20 years I've found in the past several months of engaging in your "Farm Direction" services to be the best perception and analysis of what is really



Michael McGill

@6_2mcgill

Following

This warm weather has me thinking about
#plant19. @JohnDeere @WesternSalesLtd



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.



You Had One Job

@YouHadOneJOB

Following

These hay bales dressed as pool balls. 🙌





Sandy Russell 🇨🇦
@Sandy_Russell

Following

One of the most delicious burgers I've had in a long time. Well done #hawaiibeef ranchers. I am impressed! #lovebeef #ranchlife #proudofbeef

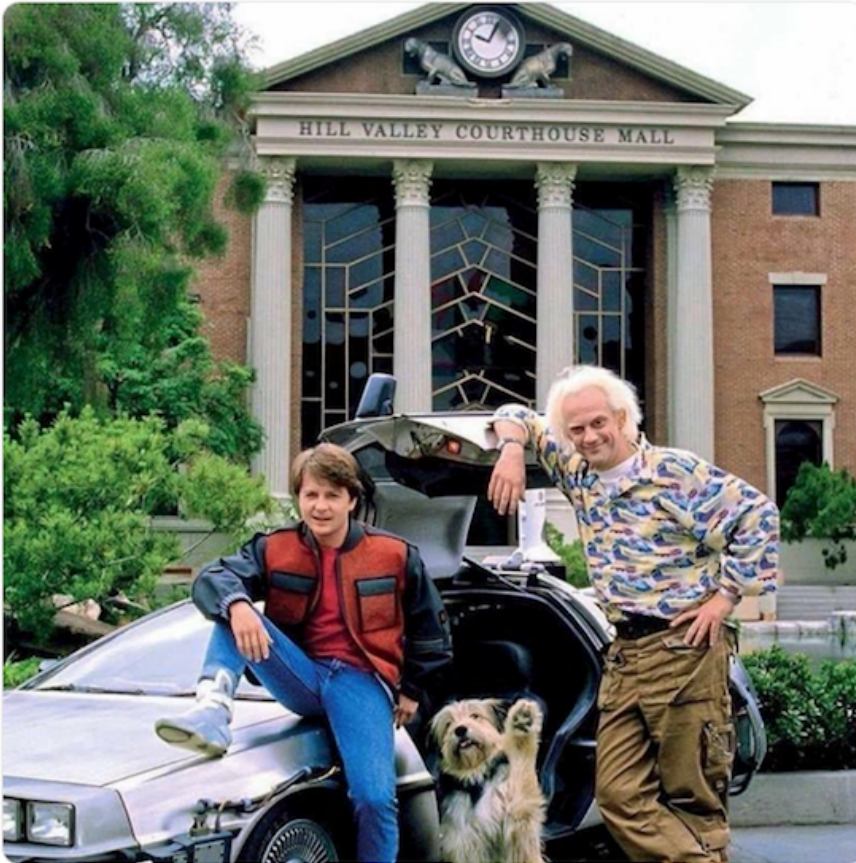




History In Pictures
@HistoryInPix

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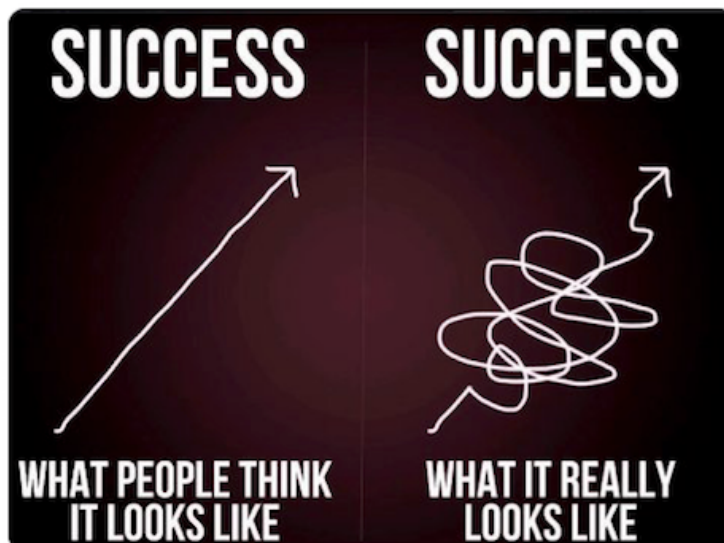
Marty, Doc, and Einstein, 1989.



ActionComplete
@ActionComplete

Following

#Success: what it really looks like.
#quotes #inspiration



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.

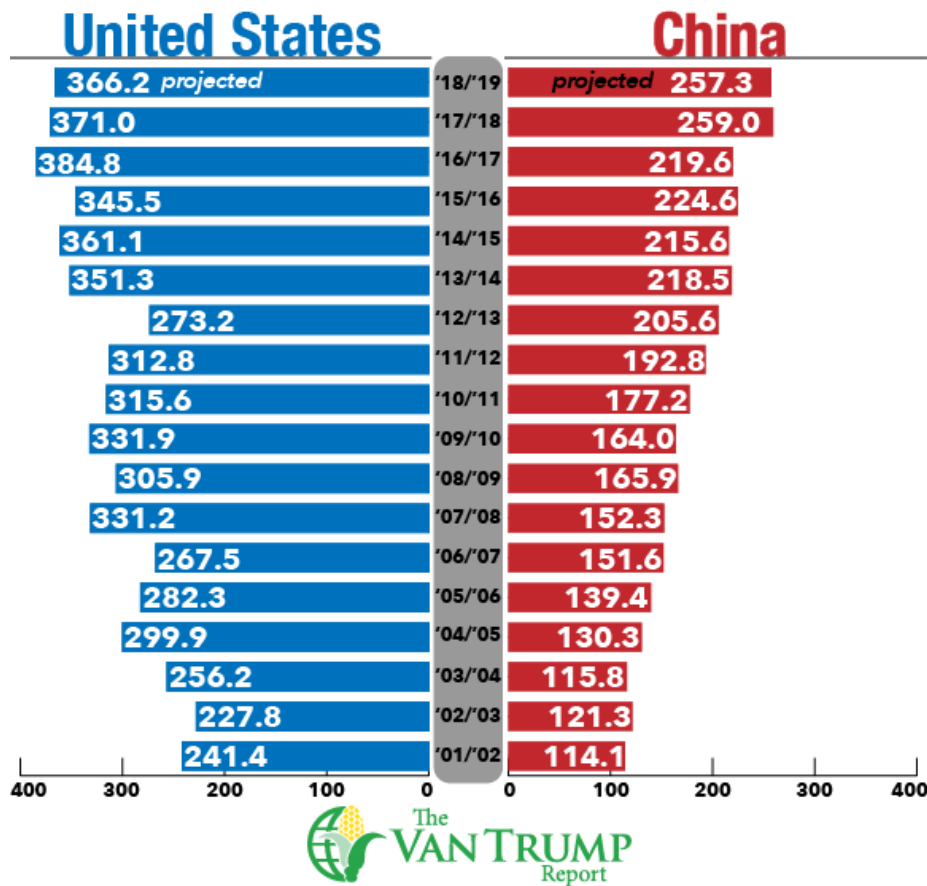
TODAY'S RIDDLE:

A surgeon named Hal and a bus driver named Al are both in love with the same woman named Paige. Al needs to go for a long trip of 10 days. Before he left he gave Paige 10 apples. Why?

Corn traders continue to see little movement in price. For the past three months, the new-crop DEC19 contract has essentially traded between \$3.95 and \$4.05 per bushel. The only really good news for producers is the fact old-crop basis has improved in some locations across the U.S. Producers who are still sitting on old-crop bushels and have both basis and flat-price risk open should be paying close attention. I've personally reduced all old-crop risk by either selling cash bushels and re-owning with JUL19 calls and or a combination of bull-call spreads or simply buying ATM puts and selling calls to help finance. There's a thousand ways to go about reducing remaining old-crop risk, I just have a tough time leaving the risk "open" this late in the marketing cycle. Make certain you are considering all of your available marketing tools and discussing with your individual advisor. I just don't want to see this market lull everyone to sleep, then all of a sudden make a significant move in one direction or another. There's really not much new to report. All eyes remain on U.S. and Chinese trade negotiations, with another round scheduled to take place this week in Washington. The weather in South America is somewhat of a non-event at the moment. I continue to hear producers in Brazil are getting a very good start to second-crop corn planting, which could bring about additional acres. There's still a ton of weather risk remaining in Brazil so we will just have to wait and see how that plays out. The USDA is currently forecasting the Brazilian corn crop at 94.5 MMTs vs. 82.0 MMTs last year. Argentine corn production is forecast at 46.0 MMTs vs. just 32.1 MMTs last year. Here at home, later in the week the trade will be focused on the USDA's annual Ag outlook Forum scheduled for Thursday and Friday. This will be when the USDA gives us their early thoughts on the 2019 balance sheet. There will also be a heavy wave of U.S. export data released late in the week. From what I've heard, the USDA will not be releasing their 10-year baseline projections this year at the Ag Outlook Forum. Producers who still have "open" old-crop risk remaining, should use any rallies this week to help reduce some exposure. If we see a substantial jump to the upside, I will entertain reducing a bit more new-crop risk.

Corn Production

(in million metric tons)



Source: USDA, updated with latest WASDE

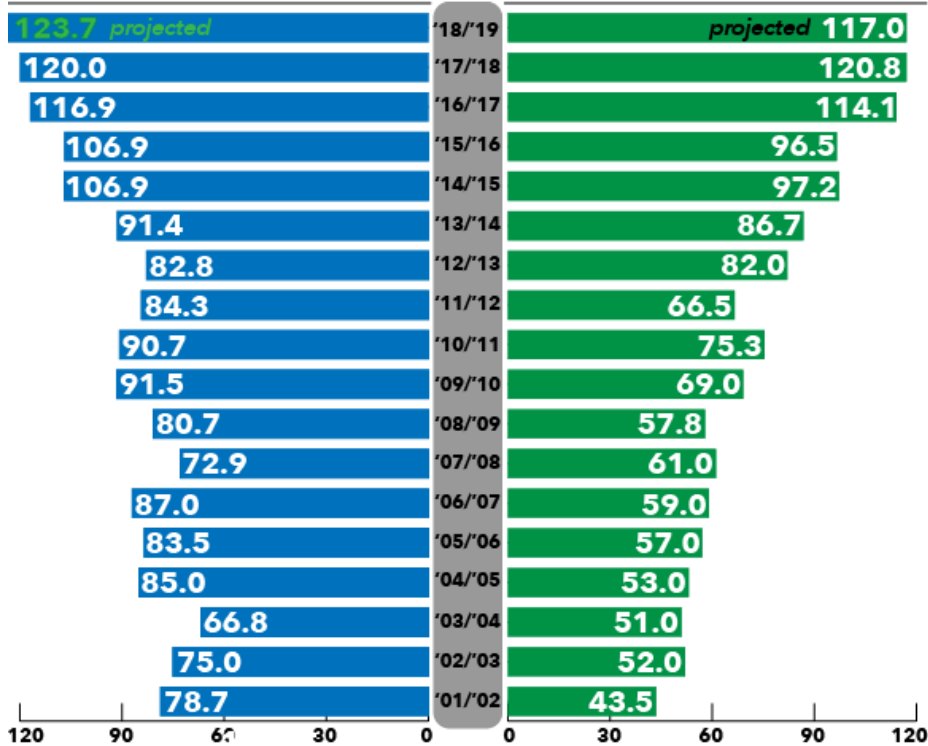
Soybean traders continue to keep a close eye on U.S. and Chinese negotiations. New-crop NOV19 prices continue to oscillate around the \$9.50 level as traders await more details and information. Bulls are now arguing the worst thing might simply be an extension of the current cease-fire agreement or trade-truce that's currently in play until March 1st. And if so, that is not all that bad, as China's been buying fairly strong doses of U.S. soybeans during that window of opportunity. If that's allowed to continue, then the bulls will be able to play that card in their hand and perhaps up the wagers a bit. As for South America, boots on the ground in Brazil suspect the country will be 45% to 50% harvested by the end of this week, which continues to run well ahead of schedule. Brazil's weather has arguably stabilized, but the total crop is thought to have dropped to somewhere between 112 MMTs and 116 MMTs. The USDA is currently estimating the Brazilian crop at 117 MMTs vs. 120.8 MMTs last season. Most sources are thinking the USDA will eventually need to trim a bit more off their current estimate for Brazil. In Argentina, the overly wet conditions have also started to improve. The USDA is currently estimating the Argentine crop at 55.0 MMTs (which I still believe is too high) vs. just 37.8 MMTs last season. Bottom-line, despite the dry conditions in Brazil and flooding in Argentina this crop season, as well as some problems in Paraguay and Uruguay, it still looks like South America is going to harvest more soybeans than last year. The good news, is the fact their total surplus is shrinking. Old-crop supplies carried forward are down dramatically compared to previous years, which hopefully helps reduce the available amount of export supply South America will be able to offer in 2019. Here at home, demand remains strong, as NOPA number released late last week showed another monthly record crush of 171.630 million bushels and well above analyst expectations. There's talk that the USDA might need to again raise their U.S. crush estimate higher. Traders are eager to hear what the USDA has to say at their annual Ag Outlook Forum towards the end of this week. The big question will be early acreage thoughts for 2019 and obviously Chinese demand. There will also be another wave of export data released on Friday. Moral of the story, Chinese trade headlines continue to take center stage. The weather in South America has become less of a concern, and USDA data will move into the spotlight later in the week.

Soybean Production

(in million metric tons)

United States

Brazil



Source: USDA, updated with latest WASDE

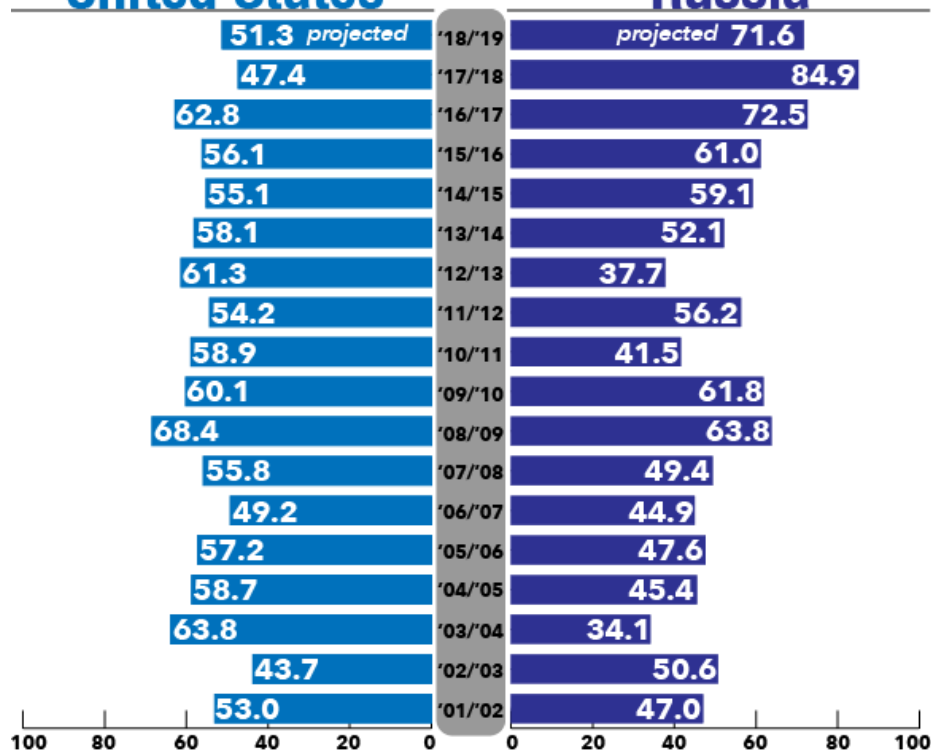
Wheat bulls continue to point to the fewest number of HRW wheat acres planted in the U.S. since 1986, at approximately 22.2 million. This is also the least number of total winter wheat acres planted in the U.S. since 1909. Keep in mind, the top producing state of Kansas is thought to have only planted around 7.2 million acres. Meaning, this crop and the crop from 1957 will be in the record books as the least amount of HRW wheat acres ever planted in Kansas dating back to 1919. Bears however continue to talk about the stark differences in soil moisture conditions this winter compared to last. Most areas are seeing good moisture, which many argue is drastically helping the crop. There's basically no drought in Kansas at the moment, where as last year over 70% of the state was battling some type of dry condition. Bears are also pointing to recent rounds of snow in the midwest and additional snow coverage for many parts in the forecast. Meaning arguably more moisture and more protection for the crop. As for U.S. demand, bears continue to talk about our window of opportunity starting to close, with little significant signs of improvement, especially now that the European Union is starting to become more aggressive. Bulls are hoping the recent break in price will attract more global buyers of U.S. wheat. I hate to point it out, but the recent strength in the U.S. dollar hasn't helped the bullish argument. The dollar was weakening up nicely into the end of January. Since then however, its done nothing but rebound back to hit a fresh new nearby high on Friday. As a producer, make certain you are checking your local basis levels. Some areas have seen a nice bump higher, as weather related delays in transportation have caused some imbalances. Keep in mind, in just a couple of weeks the May contract will move to the lead month.

Wheat Production

(in million metric tons)

United States

Russia



Source: USDA, updated with latest WASDE



> **January NOPA Crush is Fourth Highest on Record:** January saw more bushels of beans crushed than expected, reaching 171.630 million bushels. Even though crushings were a bit down from December's numbers, it still finished as the fourth highest NOPA crush to date. I should mention that soymeal exports climbed from 826,404 MT in December to 905,923 MT in January, while at the same time exports were stronger than January 2018 when NOPA members exported 860,416 MT of meal.

> **South Korea Buys More Corn From Cargill:** South Korea's NOFI has tendered and bought a 69,000 mt cargo of corn from Cargill at \$205.48/mt, according to market sources, becoming the latest in a string of feed manufacturers to capitalize on relatively low prices in a week-long buying spree. I'm told there were offers from 17 different companies with over 1 million mt on show, with private deals thought to have followed the tender, taking the total volume to 855,000 mt in a week. (Source: Agricensus)

> **Gas Prices Could Rise as Supplies to Refiners Slow:** With U.S. sanctions on Venezuela, the U.S. is turning to Canada to meet our rising demand. I'm told a shortage of pipeline stock has forced Canadian oil producers to shift to rail car late last year, but that cost is significantly more expensive than pipeline and is now slowing supplies into U.S. refineries. Experts warn this could lead to rising prices for gas, diesel and jet fuel in the coming months.

> **2018 Farm Income Projections Updated:** 2018 net farm income has been updated by the USDA to \$69.2 billion, up from the November outlook of \$66.3 billion. I'm told the Market Facilitation Program numbers have been included in the update. Also, the USDA expects farm income in 2019 to reach \$77.6 billion, a number not seen since 2014. From what I understand, direct payments are set near \$10.2 billion.

> U.N. Cites Potential Locust Outbreak on Both Sides of Red Sea: A locust outbreak in Sudan and Eritrea is spreading rapidly along both sides of the Red Sea to Saudi Arabia and Egypt, the U.N. Food and Agriculture Organization said on Friday, flagging a possible threat to crops and food security. Adult locust swarms can fly nearly 100 miles a day with the wind and adult insects can consume roughly their own weight in fresh food per day. A very small swarm eats as much in one day as about 35,000 people.

> Rivian Announces \$700 Million Investment Round Led by Amazon: Electric truck start-up company Rivian recently announced a \$700 million investment round led by Amazon, which comes months after the company unveiled both an electric pickup truck and sport utility vehicle at the LA Auto Show. Rivian plans to launch its R1T pickup truck and R1S sport utility in the U.S. in 2020 and overseas in 2021. Amazon said, "We're inspired by Rivian's vision for the future of electric transportation." Keep in mind, this is Amazon's second investment in transportation this month, which recently also invested in the online giant Aurora.

> Walmart Putting Trailers with VR Technology in its Parking Lots: Walmart will be bringing 50-foot tractor-trailers to some of their parking lots to let customers experience the movie "How to Train Your Dragon" using virtual reality technology throughout the next few weeks. Wearing a VR headset and sitting in VR-powered chairs, users will be able to see and feel and even smell like they are in the film. Trailers will be in California, Nevada, Arizona, Texas, and Arkansas.

> CBS Reaches its 8 Million Streaming Subscribers Two Years Early: CBS recently announced it has reached its streaming goal of 8 million subscribers nearly two years ahead of schedule, which number accounts for consumers of both CBS All Access and Showtime. In addition, CBS said its next goal is to reach 25 million subscribers from these streaming services by 2022. Keep in mind, CBS may be gaining some traction in this space, but Disney is planning to launch its own streaming service in late 2019 and Apple has said they may potentially be launching a streaming service as early as April that will include original content for free on Apple devices.

> Drop and Give Me 41: A new study finds that men who can perform at least 40 push-ups in one attempt are much less likely to suffer from heart disease within the next 10 years. Researchers from the Harvard T.H. Chan School of Public Health say their report is the first to show how push-up capacity is linked to heart disease. They found that middle-aged men who can log more than 40 push-ups in a single try have a 96% reduced risk of developing the potentially deadly condition and other related ailments, such as heart failure, compared to those who can complete no more than 10 push-ups. (Source: livescience)

> Romance Scams Raked in Over \$143 Million in 2018: 21,000 Americans were victim to romance-based scams in 2018 according to the Federal Trade Commission. From what I understand, the FTC said it received more reports of "romance scams" than other consumer-facing fraud last year and that con-jobs involving dating or "courtship" are becoming more popular by the year and for 2018 they totalled over \$143 million. (Source: TheHustle)

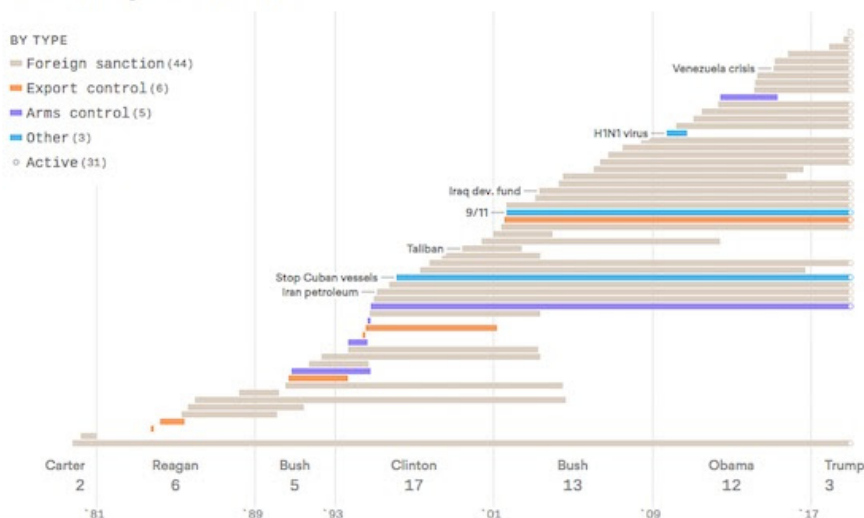
> Payless ShoeSource to Close All 2,100 U.S. and Puerto Rico Stores: Payless began a liquidation sale Sunday after confirming Friday that it will close its 2,100 stores in the U.S. and Puerto Rico. The giant discount retailer also has discontinued online sales; its website payless.com is directing shoppers to find a nearby store. I'm told all stores will remain open until at least the end of March. Payless, based in Topeka, Kansas, which has called itself, "the largest specialty footwear retailer in the Western Hemisphere," filed for bankruptcy in 2017 and closed 673 stores. The latest closings mark the biggest by a single chain this year, nearly doubling the number of retail stores set to shutter in 2019. (Source: USAToday)

> Scientists Say This Year's Flu Shot More Effective Than Last: This year's flu shot is about 47% effective against the dominant strain of influenza, per NBC News, compared to last year when the shot was 36% effective at this interim stage. The Centers for Disease Control and Prevention estimates that somewhere between 9,600 and 15,900 people have died from the flu since Oct. 1. That puts this flu season on pace to be a lot less deadly than last year's when 80,000 people died. (Source: Axios)

> Common Reasons for Declaring National Emergencies: Most experts agree that Trump's use of a national emergency is a legally questionable use of emergency powers. The Brennan Center for Justice has found 123 emergency powers the president can invoke. There are one or two powers that Trump could use that are related to military construction. Those emergency construction powers have only been used twice: by George H.W. Bush during the Gulf War and then by George W. Bush after 9/11. Those orders aren't listed in the graphic because they were just amendments to earlier emergency declarations. Over the past 40 years, the National Emergencies Act has become a common tool for U.S. presidents to quickly enact foreign sanctions, especially when their views conflict with Congress. Of the 58 national emergencies in the data, 44 have been foreign sanctions.

Why national emergencies are usually declared

National emergencies, 1978-2019



Data: Brennan Center for Justice; Note: The chart reflects primary emergency declarations, not those amending existing emergencies; Chart: Andrew Witherspoon, Chris Canipe/Axios



Southeast Nebraska – We raise cattle and have room for about twice what we usually keep on the farm. We are thinking that we might try and run our cattle heard up to maximum capacity because we have a lot of corn left to sell and the price is not great after basis. We are thinking we could use about 50,000 bushels of corn to fatten them up and make more as cattle has risen to recent highs. We then could use the manure to fertilizer our fields for next year as many of the cattle will be in lots. We are trying to put pencil to paper on ways to make a little more off what we have but we really don't want to take too much risk.

Central Illinois – We had excellent yields in this area this year especially in soybeans. I have heard guys talk about fields that went over 100 bushels per acre across the entire field and these are not just little 10-acre patches that they throw everything but the kitchen sink at. These are just average fields that just got perfect rains at exactly the right time. It just shows me genetically these companies are just getting it right. Corn was not the best crop we ever raised but it was only a few bushels behind our best year's.

Central Iowa – I own about 2000 acres in Iowa and we rent another 2000. I farm with my 2 brothers and a son. Now we are not getting old to the point we can't work but we are getting up there in our 60's. We were going through our balance sheets with our banker and with our rent cost, equipment cost, and fertilizer cost we are not making much money especially in 2018. We are farming, just to farm at this point. My brothers and I are discussing dropping the 2000 rented acres and just renting out our own ground. With the revenue that ground could bring in we would all make a good living and have none of the stress of growing and selling a crop. We are not going to do it in 2019 but we are seriously considering it for 2020.



Soon to be World's Largest Offshore Wind Farm Is Up and Running: The UK is

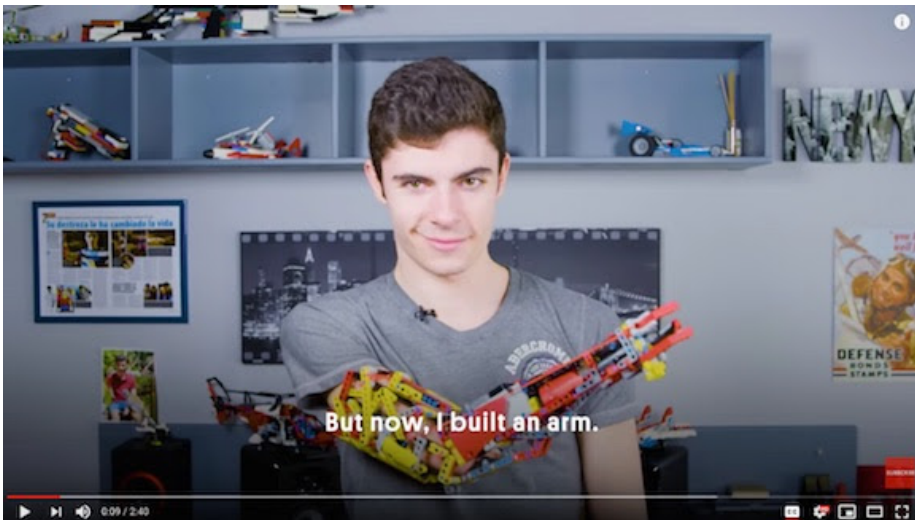
home to some gigantic offshore wind farms but the Hornsea One is to dwarf them all and become the largest facility of its kind anywhere in the world once complete. For now, the first turbine at Hornsea One, have started to generate power. Located 120km 74.5 miles off the Yorkshire coast – the furthest from the shore any offshore wind farm has ever been built – construction on Hornsea One began in January last year and is due for completion in 2020. Once complete, the facility will feature the world's longest powerline cable route at 559 miles, and will span an area five times the size of Hull or 157 square miles. With a capacity of more than 1.2 gigawatts (GW), the wind farm will provide enough power to the UK grid to power more than a million homes. It will play host to a total of 174 turbines, with each one 164m wide and 190m tall – towering above iconic London buildings such as the Gherkin. Read more [HERE](#) on this mammoth project.

Baylor Study Shows Board Games and Art Classes Can Bring Couples Closer: It turns out that while couples were having a lengthy discussions about how different rules interacted or if the last move we made was legal, they were also strengthening their relationship through the release of a "love hormone", at least according to the findings of a recently published Baylor study. The study focused on hormone levels of couples who either played board games or went to a couples art class together, and measured increases in oxytocin, also known as the "hugging hormone", which plays a role in social bonding. When comparing changes in oxytocin levels, the study found: "the release of oxytocin increased most for the men in the art class, followed by women playing board games; women in the art class; and last, men playing board games. But the last three groups did not differ significantly from one another. 'Our big finding was that all couples release oxytocin when playing together — and that's good news for couples' according to Baylor assistant professor of child and family studies and study author. Read more [HERE](#) and make sure to dig out your favorite board games this week!

OpenAI Created Advanced Text-Generating Algorithm They're Afraid to Release: OpenAI, the artificial intelligence research company founded by tech heavyweights including Elon Musk and Peter Thiel, says it's developed the most advanced language-processing algorithm so far. Sample outputs suggest that the AI system is an extraordinary step forward, producing text rich with context, nuance and even something approaching humor. It's so good, in fact, that OpenAI says it's not releasing its code to the public because its researchers are scared it could be misused, according to a new blog post. The algorithm, GPT-2, was trained on some 8 million web pages, according to the new research. Given a prompt, GPT-2 is tasked with predicting the next word based how those words have been used on the websites it read. In the end, the algorithm churns out passages of text that are far more coherent than past attempts to build AI with contextual knowledge of language. Read more [HERE](#) on the recent developments in this space.

German Auto Supplier Has Been Working 10 Years on External Airbags: Lots of people—especially those who've been protected from injury or death by an airbag deployment—must have wondered: What if we put the same technology on the outside of the car? Some of those people must work for German auto supplier ZF Friedrichshafen AG, which has spent 10 years working on the external airbag. The tech is finally ready for carmakers—that is, if ZF can convince them to buy it. With ZF's system, each side sill (the outside bodywork underneath the car doors) packs one airbag that runs the full length of the doors. Sensors on the car will watch out for any objects that look likely to slam into the side of the car. When the computers decide a crash is imminent and unavoidable, they deploy from the side sill, revealing the airbag. In no more than 100 milliseconds, inflators pump up the airbag to the height of a typical front bumper. I should mention that when a car hits an inflated airbag, the impact force is spread through the airbag and along the length of the vehicle's side structure, which reduces energy loads. ZF says its tech reduces intrusions into the passenger cabin by up to 30%, and reduces injury levels by 20 to 30%. Read more [HERE](#) on what could be the future of auto safety.

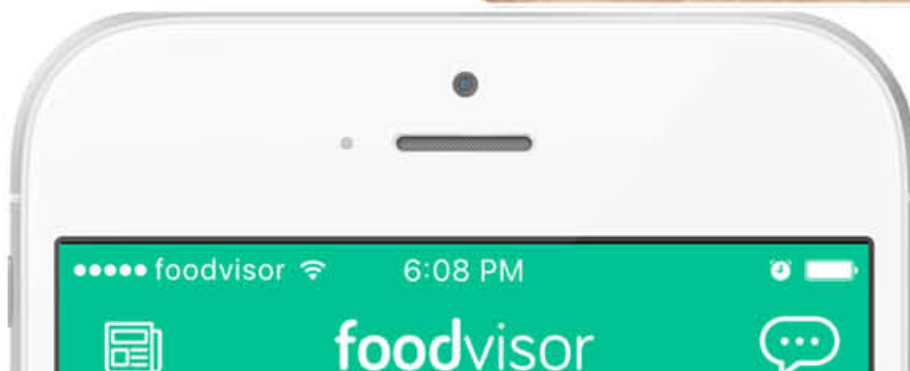
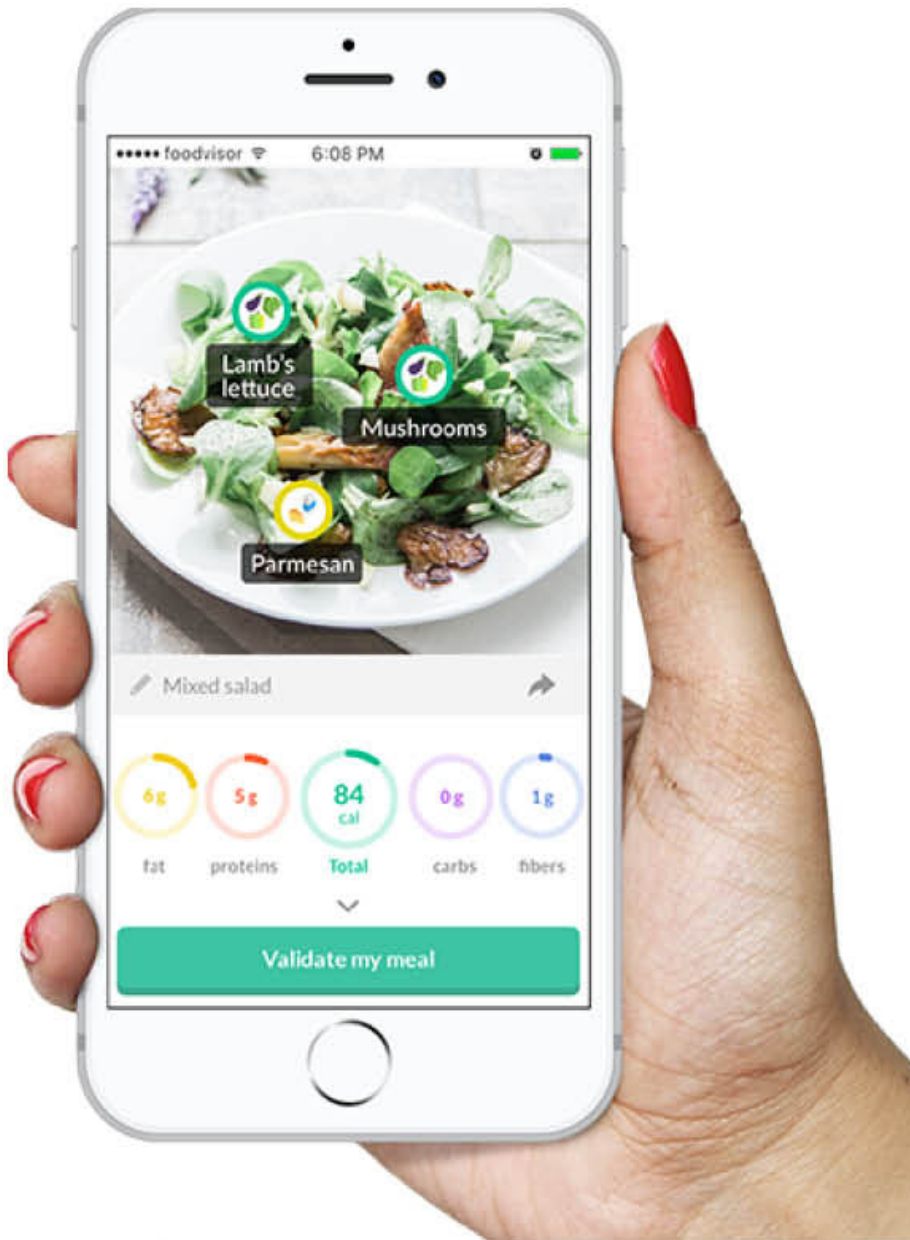
Teen Builds His Own Prosthetic Arm With Lego Set: Ever since he was a kid, David Aguilar was obsessed with Lego. He spent his childhood building cars, planes, helicopters, and eventually, his own prosthetic. Born with a deformed arm, the self-named "Hand Solo" decided to take his Lego-building skills to the next level. At age 18, he perfected his designs with the MK2, a prosthetic arm with the ability to bend and pick up objects with a pincer-like grip. Now, he's the coolest kid on the block. Watch the short video [HERE](#).

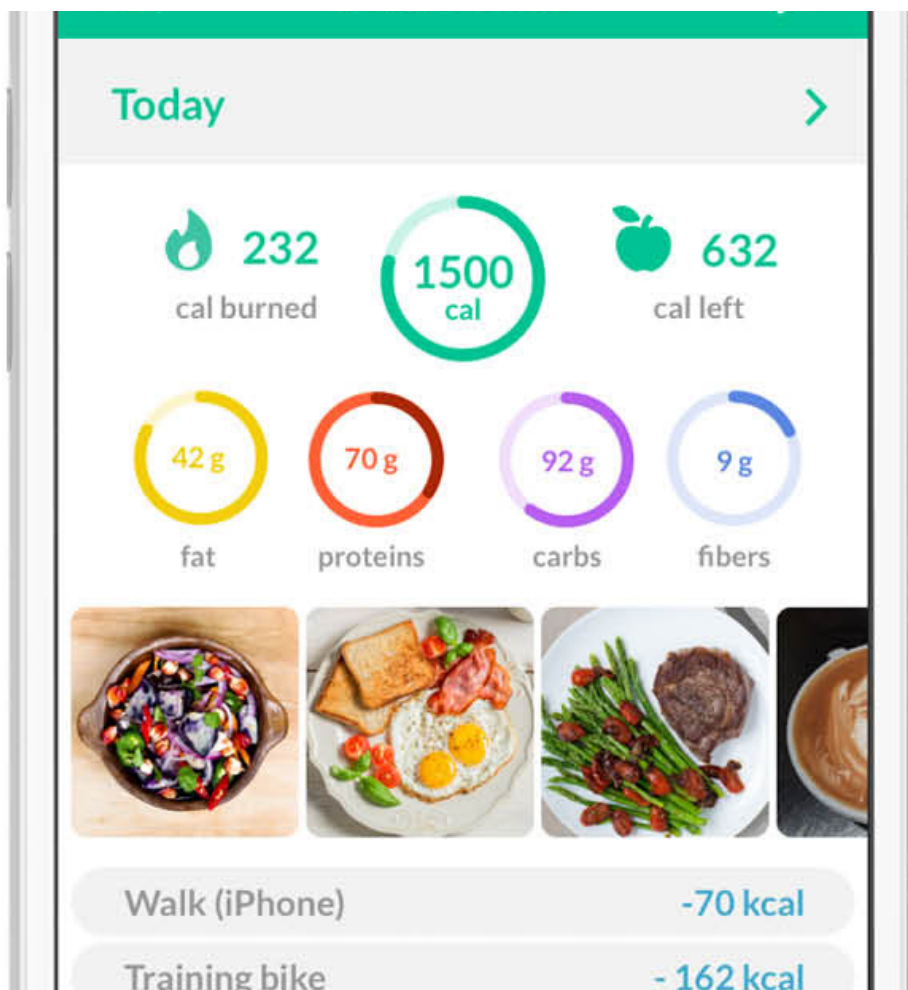


New Foodvisor App... Your Newest Assistant In Calorie Counting

Millions of people use apps everyday to monitor health and nutrition and now one company wants to make your process easier. Foodvisor was designed specifically so you don't have to manually log the foods that you are eating as you follow your chosen weight loss or control plan. Instead, Foodvisor simply requires a snap of your camera, no more laborious weighing ingredients, carefully counting up calories yourself, or estimating what makes up a dish. From what I understand, after taking the photograph of your meal, Foodvisor's algorithms will attempt to identify the food and give you a breakdown, which includes the total calorie count, fat, proteins, carbs, and fibers. If you are looking for help in tracking calories for your specific diet, there is a target calorie counter that will help you to lose weight, assuming you need to, and the app records your intake and progress. I'm told you can improve the data, which is plotted on a chart over time by entering your weight, height, gender, and age. Founded in France in 2015 as a research project by three engineers, the trio whose background was in artificial intelligence and led them to develop an algorithm capable of analyzing photos of food and producing useful nutritional information. I should mention that the app just launched last year and already has over a million users. If you would prefer to step it up, there is a premium subscription service at \$10 per month, or \$60 for the year, giving you access to nutritionists and dietitians who will suggest a tailor-made diet for you. I should mention that it has been tested in its French market and compared against the manual logging in of MyFitnessPal. From what I'm told, there are a couple of small kinks to work out, for instance there was a discrepancy of a few hundred calories

because one recipe used less oil and slightly different ingredients. Like all algorithms, as the app gets more input it will only get more accurate and there is an expected learning curve for the app as well, meaning you may need to manually log and tweak things at first, including your serving size, but over time it will get better. The app is now expanding its reach as it moves from France into the rest of the Europe starting with the U.K., Germany, Spain, and Italy, with a U.S. launch planned before the end of the year. Looking forward, I understand the app may include gamification, with the hopes of deepening engagements with users and encouraging those using the app to lose weight. Also, they are also hoping to leverage social media, allowing users to interact and support each other, specifically to share pics of meals as well as the recipes. If you want to download the app, it is available for [iOS](#) or [Android](#) and it's completely free, but keep in mind it won't work that well in the U.S. until later in the year. (Source: digitaltrends)





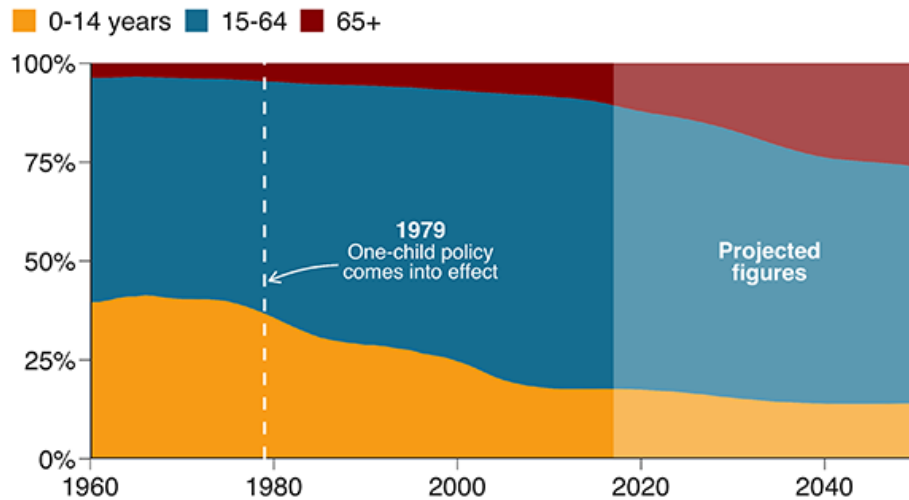
Interesting Thoughts About Chinese Demographics

The end of China's draconian one-child policy has failed to bring an expected boom in births, adding yet another headwind to the country's economy and compounding worries about its long-term growth potential. The Wall Street Journal has ran a couple of interesting articles the past few weeks and there's been some thought provoking "white papers" circulating inside the trade that shed interesting light on Chinese demographics. Many experts are now saying the Chinese population will actually start to decline in 2030. The World Bank, United Nations and several think-tank groups were warning of a potential fallout all the way back in the 70's and 80's when the Chinese government restricting people from having babies. Remember, it was in 1979, the Chinese government introduced a policy requiring couples from China's ethnic Han majority to limit themselves to one child. The official start of implementation came in 1980, with an open letter issued by the Central Committee of the Communist Party of China. The letter outlined the population pressure on the country and set out a goal of curbing population growth, bringing the nation's total below 1.2 billion at the end of the 20th century. To enforce the law, the Chinese government could fine couples for having another child without a permit. The law also incentivized single-child homes by offering longer maternity leave and other benefits to such families. Compliance with the law was seen as a revolutionary good for society; couples who abided by the mandate were awarded a "Certificate of Honor for Single-Child Parents." According to the Chinese government, +400 million births were prevented. Now as China faces an aging and shrinking population rather than an exploding one, the government has decided to end the controversial policy. But as many global thought leaders predicted, as China opened its economy to more free-market forces, the economic growth has left China facing a major labor shortage. This in turn means fewer working-age people to support rising health-care and pension obligations, and perhaps a more pressing drag on the nations overall economic growth. In 1970, China's median age was nearly 10 years younger than that in the U.S., but by 2015, China's average age was older than the U.S. Lets also not forget that Chinese workers tend to retire much earlier, between 55 and 60, than workers here in the U.S., which seems to be pushing back to between 65 and 70 years old. Bottom-line, you have to have the younger workers to support the retiring portion of a nations demographics. China recognized this increasing concern, but perhaps a bit too late. Chinese leaders dropped the one-child policy in 2016, but interestingly, the number of newborns in China continues to drop. Last year, in 2018, just 15.23 million new babies were born. That's two million less than the previous year in 2017 and -30% below the median official forecast of more than 21 million. It was also the lowest level of births since 1961, when millions of Chinese were struggling to

survive during China's Great Famine. Keep in mind, the great Western nations grew prosperous...before they grew old. (Source: [The Wall Street Journal](#); [TIME](#))

Breakdown of China's population by age group

Proportion of total population (1960-2050)



Source: The World Bank

BBC

Not Bad for a Kid Going Nowhere!

Andre Young is the oldest son of Theodore and Verna Young. The couple divorced early in the young man's life and he was raised by his grandmother in New Wilmington Arms housing project in Compton, California. He dropped out of high school and chased his dream in the music industry. Inspired by Grandmaster Flash, he often attended a club called Eve After Dark to watch many DJs and rappers performing live. He subsequently became a DJ in the club, initially under the name "Dr. J", based on the nickname of Julius Erving, his favorite basketball player. That same year, in 1984, he started to find some success as a DJ and felt compelled to create his own identity. His first big move was to change his stage name, dropping the "J" and adding a "Dre", to become who we know today as "Dr. Dre". In 1986, Dr. Dre hooked up with old neighborhood friends, O'Shea Jackson, nicknamed "Ice Cube", and Eric Wright, nicknamed "Eazy-E" to form a trio named N.W.A. In less than 18-months the friends had found a small recording studio and the controversial album, *Straight Outta Compton*. The album has been regarded as one of the most influential albums of all-time. The album reached triple platinum sales status, initially reaching platinum status with no airplay support and no major tour of any type. In 1991, Dr. Dre started his own production company called "Death Row Records". In 1992 he signed a young rapper on the West Coast that went by the name of Snoop Dogg, he had also signed his step-brother who went by the name of Warren-G. In 1995, Dr. Dre signed a rapper that was going by the name of 2Pac. That same year he started another record label called "Aftermath Entertainment". While building Aftermath, he found and signed such names as 50-Cent, Busta Rhymes and Kendrick Lamar. I should also mention, the music world thought Dre was nuts in 1998 when he signed a white rapper out of Detroit named Marshall Bruce Mathers or who we know now as Eminem. The following year a young Eminem released an album called "The Slim Shady". The album went on to be certified quadruple-platinum by the Recording Industry Association of America (RIAA) and has sold over 18 million copies worldwide. In 2001, Dre produced six tracks on Eminem's landmark *Marshall Mathers LP*, including the Grammy-winning lead single, "The Real Slim Shady". This album also earned a Grammy and proved to be the fastest-selling rap album of all time, moving over +1.75 million units in its first week alone. To say Dre got paid would be a huge understatement! His list of music accomplishments go on and on. But something you might not have know, is in 2008, Dr. Dre released his first brand of headphones, a brand he called "Beats". In May 2014, technology giant Apple purchased the Beats brand for \$3 billion, Apple's most expensive purchase to date, and one that made a going nowhere, high school dropout named Andre Young, one the richest men in the world. Andre Young aka Dr. Dre has gone on to donate hundreds of millions to philanthropical causes. Crazy how life plays out... The home you see below is where Dr. Dre grew up, followed by his most recent purchase and remodel. From what I understand he purchased the home from Tom Brady and Giselle for about \$40 million then renovated and doubled its size. WOW!





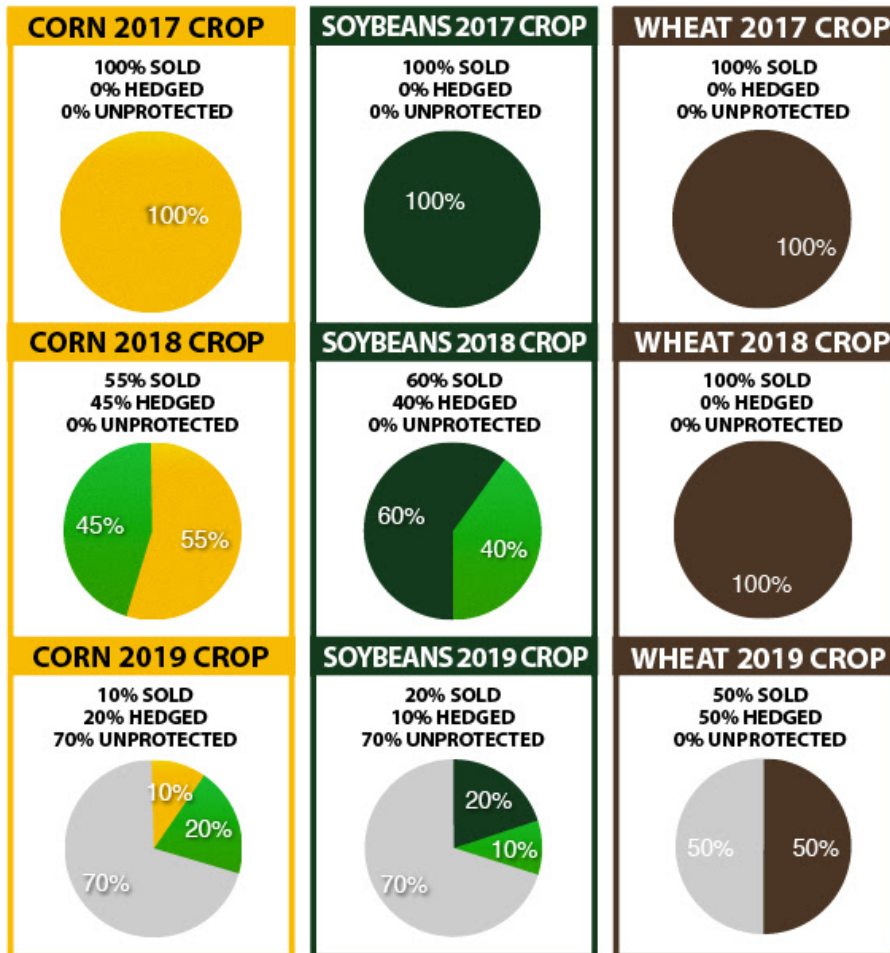




ANSWER to riddle: An apple a day keeps the doctor away.

CASH SALES & HEDGING TOTALS

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