

GOOD MORNING: 02/25/19 Farm Direction - Van Trump Report

1 message

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Mon, Feb 25, 2019 at 7:33 AM

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"You must not only aim right, but draw the bow with all your might." - Henry David Thoreau

MONDAY, FEBRUARY 25, 2019
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Morning Summary: Stocks are higher as bulls cheer about the increasing likelihood of a solid "trade deal" with China. President Trump tweeted highly positive remarks over the weekend that I've included below. From what I can gather, it sounds like both sides have agreed on important structural changes and compromise that will more than likely lead to an official agreement towards the end of March. President Trump announced that he would delay an increase in tariffs on Chinese goods that was scheduled to go back in to force at the end of this week, citing what he called substantial progress. There's talk that President Trump and Chinese President Xi Jinping will get together for a historical summit at Mar-A-Lago in a few weeks to finalize any loose ends and seal-the-deal. Bears argue that bulls have blinders on and that weakening U.S. economic data, shrinking corporate margins and slowing global growth will again become a headwind and major topic of concern once the sugar-high associated with the recent "trade compromise" begins to wear off. The recent rally seems to be driven by more defensive type plays or stocks that tend to perform better in a higher interest rate environment. We have to make certain we are taking notice of this shifting and changing underlying landscape. Let's not forget, Fed Chair Jerome Powell is scheduled to testify on Tuesday and Wednesday in Washington in front of both the House and Senate committees. There's also some talk that Michael Cohen, President Trump's former attorney, is scheduled to testify before an open House committee on Wednesday. I should also note, U.S. Trade Representative Lighthizer is scheduled to testify in front of the House committee members on Wednesday regarding the latest Chinese trade developments. As for more traditional economic data, we will get fresh U.S. housing starts and building permit numbers on Tuesday, along with the latest in U.S. new homes sales and the Case-Shiller home price index updates. Thursday, the trade will be digesting updated U.S. 4th Quarter GDP data, as well as hearing comments and rhetoric from four Fed speakers making presentations. Friday, we not only have the beginning of a new month, but we also have to chew on updated U.S. auto sales data, updated U.S. manufacturing numbers, and a series of manufacturing reports from China and the European Union. I should also note, President Trump heads to Hanoi this week for his second summit with North Korean leader Kim Jong-un.

Today In History



1870, African American Congressman Sworn In -

Hiram Rhoades Revels, a Republican from Natchez, Mississippi, is sworn into the U.S. Senate, becoming the first African American ever to sit in Congress. During the Civil War, Revels, a college-educated minister, helped form African American army regiments for the Union cause, started a school for freed men, and served as a chaplain for the Union army. Posted to Mississippi, Revels remained in the former Confederate state after the war and entered into Reconstruction-era Southern politics. In 1867, the first Reconstruction Act was passed by a Republican-dominated U.S. Congress, dividing the South into five military districts and granting suffrage to all male citizens, regardless of race. A politically mobilized African American community joined with white allies in the Southern states to elect the Republican party to power, which in turn brought about radical changes across the South. By 1870, all the former Confederate states had been readmitted to the Union, and most were controlled by the Republican Party, thanks in large part to the support of African American voters. On January 20, 1870, Hiram R. Revels was elected by the Mississippi legislature to fill the Senate seat once held by Jefferson Davis, the former president of the Confederacy. On February 25, two days after Mississippi was granted representation in Congress for the first time since it seceded in 1861, Revels was sworn in. Although African Americans never obtained political office in proportion to their overwhelming electoral majority, Revels and some 15 other African American men served in Congress during Reconstruction, more than 600 served in state legislatures, and hundreds of African Americans held local offices.

1890, Molotov is Born - Vlacheslav Mikhaylovich Skryabin, foreign minister for the Soviet Union who took the



revolutionary name Molotov, is born in Kurkaka, Russia. Molotov was an enthusiastic advocate of Marxist revolution in Russia from its earliest days.

He was an organizer of the Bolshevik Party in 1906 and suffered arrest in 1909 and 1915 under the czarist government for his subversive political activities. In 1921, after the coup d'état that brought Vladimir Lenin to power and overthrew the old czarist regime, he became secretary of the revolutionary government's Central Committee. After Lenin's death in 1924, Molotov supported Joseph Stalin as Lenin's successor; when Stalin did assume power, Molotov was rewarded with full membership in the Soviet Politburo, the executive policy-making body. In 1930, he was made chairman of the Council of People's Commissars, a position roughly the equivalent of prime minister. On the eve of World War II, Molotov was also made Soviet commissar of foreign affairs—that is, the foreign minister for the USSR. It was in this position that he negotiated the infamous Molotov-Ribbentrop Nonaggression Pact (August 1939) with Nazi Germany, in which the antifascist Soviet Union and anti-Marxist Germany agreed to respect each other's spheres of influence (an agreement that angered and stunned the world, and that only lasted a short time). When Germany invaded the Soviet Union, Molotov became a member of the State Defense Committee, a war cabinet post, and negotiated alliances with the United States and Great Britain, arguing for a "second front" that would draw the Germans westward and away from the USSR. He won a reputation as a hard and relentless advocate for Soviet interests (nicknamed "Stone Ass" by Roosevelt), and did little to hide his contempt for the Western democracies—even as he desperately needed and relied upon them. After the war, Molotov left the foreign ministry, but took it up once again upon the accession of Nikita Krushchev to power. Disagreements with Krushchev led to his dismissal from that post, and "anti-party"—really anti-Krushchev—involvement led to his being deposed from all government posts and denounced as a "henchman" of Stalin. He was then relegated to various low-profile jobs, including ambassador to Outer Mongolia. He retired from public life in 1962 and died in 1986. Though he held many notable posts in the Soviet government, many remember him for another reason—during the war, Molotov advocated the use of throwing bottles filled with flammable liquid and stuffed with a lit rag at the enemy, and the famous "Molotov cocktail" was born.



1964, Clay Knocks Out Liston - On February 25, 1964, 22-year-old Cassius Clay shocks the odds-makers by dethroning world heavyweight boxing champ Sonny Liston in a seventh-round technical knockout. The dreaded Liston, who had twice demolished former champ Floyd Patterson in one round, was

Buffet's Annual Shareholder Letter: In his annual letter to shareholders, Berkshire Hathaway CEO Warren Buffett noted that the company had roughly \$173 billion invested in stocks at the end of 2018, with approximately \$120 billion sitting on the sideline waiting to be deployed if the right opportunity presents itself. Below are a few comments from the Annual Letter I found interesting. I encourage you to read it in full detail by clicking [HERE](#)

Focus on the Forest, Forget the Trees - *Investors who evaluate Berkshire sometimes obsess on the details of our many and diverse businesses – our economic "trees," so to speak. Analysis of that type can be mind-numbing, given that we own a vast array of specimens, ranging from twigs to redwoods. A few of our trees are diseased and unlikely to be around a decade from now. Many others, though, are destined to grow in size and beauty. Fortunately, it's not necessary to evaluate each tree individually to make a rough estimate of Berkshire's intrinsic business value. That's because our forest contains five "groves" of major importance, each of which can be appraised, with reasonable accuracy, in its entirety.*

Finding Undervalued Plays - *In the years ahead, we hope to move much of our excess liquidity into businesses that Berkshire will permanently own. The immediate prospects for that, however, are not good: Prices are sky-high for businesses possessing decent long-term prospects. That disappointing reality means that 2019 will likely see us again expanding our holdings of marketable equities. My expectation of more stock purchases is not a market call. Charlie and I have no idea as to how stocks will behave next week or next year. Predictions of that sort have never been a part of our activities. Our thinking, rather, is focused on calculating whether a portion of an attractive business is worth more than its market price.*

Transaction Cost Can Create Dramatic Headwinds Overtime - *If my \$114.75 had been invested in a no-fee S&P 500 index fund, and all dividends had been reinvested, my stake would have grown to be worth (pre-taxes) \$606,811 on January 31, 2019 (the latest data available before the printing of this letter). That is a gain of 5,288 for 1. Meanwhile, a \$1 million investment by a tax-free*

institution of that time – say, a pension fund or college endowment – would have grown to about \$5.3 billion. Let me add one additional calculation that I believe will shock you: If that hypothetical institution had paid only 1% of assets annually to various “helpers,” such as investment managers and consultants, its gain would have been cut in half, to \$2.65 billion. That’s what happens over 77 years when the 11.8% annual return actually achieved by the S&P 500 is recalculated at a 10.8% rate.

The Top 15 Global Brand Rankings Over the Past 19 Years: I found this visual very interesting and really shows how things can change over a short period of time. In 2000, Coca Cola topped this list with Microsoft not far behind and other names like Intel, GE, Ford, Nokia, AT&T, Marlboro, and HP. By the end of 2018, new companies not on the list in 2000 included Apple, Google, Amazon, Samsung, Facebook, and BMW. Nine companies were on the list in both 2000 and at the end of 2018 including Coca Cola, Microsoft, IBM, Intel, Disney, McDonald's, Mercedes Benz, Cisco, and Toyota. What I found most interesting about this visual is how Apple took the world by storm starting in 2010 as the company jumped to the number one brand in just three years and to this point has stayed on top. In addition, Google made the list in 2008 and was already ranked third in 2012 passing Microsoft just behind IBM and Coca Cola. Keep in mind, one of the fastest to fall off the list was Marlboro who ranked 10th in 2006 and was completely off the chart at the beginning of 2008. In addition, Nokia was 5th on the list in 2008 and was off the list by 2012. Click [HERE](#) to watch the top global brands change over the past two decades. This is a cool short video that's worth looking at!



Smile, It's Almost Over... My wife sent me this photo the other day that a friend sent to her. With the winter being so long and hard this year, I thought I should share with everyone. I hope it brings a smile and a simple reminder from God that Spring is right around the corner.

an 8-to-1 favorite. However, Clay predicted victory, boasting that he would “float like a butterfly, sting like a bee” and knock out Liston in the eighth round. The fleet-footed and loquacious youngster needed less time to make good on his claim—Liston, complaining of an injured shoulder, failed to answer the seventh-round bell. A few moments later, a new heavyweight champion was proclaimed. On February 25, 1964, a crowd of 8,300 spectators gathered at the Convention Hall arena in Miami Beach to see if Cassius Clay, who was nicknamed the “Louisville Lip,” could put his money where his mouth was. The underdog proved no bragging fraud, and he danced and backpedaled away from Liston’s powerful swings while delivering quick and punishing jabs to Liston’s head. Liston hurt his shoulder in the first round, injuring some muscles as he swung for and missed his elusive target. By the time he decided to discontinue the bout between the sixth and seventh rounds, he and Clay were about equal in points. A few conjectured that Liston faked the injury and threw the fight, but there was no real evidence, such as a significant change in bidding odds just before the bout, to support this claim. To celebrate winning the world heavyweight title, Clay went to a private party at a Miami hotel that was attended by his friend Malcolm X, an outspoken leader of the African American Muslim group known as the Nation of Islam. Two days later, a markedly more restrained Clay announced he was joining the Nation of Islam and defended the organization’s concept of racial segregation while speaking of the importance of the Muslim religion in his life. Later that year, Clay, who was the descendant of a runaway Kentucky slave, rejected the name originally given to his family by a slave owner and took the Muslim name of Muhammad Ali. Muhammad Ali would go on to become one of the 20th century’s greatest sporting figures, as much for his social and political influence as his prowess in his chosen sport. After successfully defending his title nine times, it was stripped from him in 1967 after he refused induction into the U.S. Army on the grounds that he was a Muslim minister and therefore a conscientious objector. That year, he was sentenced to five years in prison for violating the Selective Service Act but was allowed to remain free as he appealed the decision. His popularity plummeted, but many across the world applauded his bold stand against the Vietnam War. In 1970, he was allowed to return to the boxing ring, and the next year the U.S. Supreme Court overturned Ali’s draft evasion conviction. In 1974, he regained the heavyweight title in a match against George Foreman in Zaire and successfully defended it in a brutal 15-round contest against Joe Frazier in the Philippines in the following year. In 1978, he lost the title to Leon Spinks but later that year defeated Spinks in a rematch, making him the first boxer to win the heavyweight title three times. He retired



FARM TANK

Tweets of the Day



in 1979 but returned to the ring twice in the early 1980s. In 1984, Ali was diagnosed with pugilistic Parkinson's syndrome and has suffered a slow decline of his motor functions ever since. He was inducted into the International Boxing Hall of Fame in 1990. In 1996, he lit the Olympic flame at the opening ceremonies of the Summer Games in Atlanta, Georgia. Ali's daughter, Laila, made her boxing debut in 1999. At a White House ceremony in November 2005, Ali was awarded the Presidential Medal of Freedom.

Upcoming Events

Mon. 02/25 – Export Inspections

Thurs 02/28 – Export Sales, Jobless Claims

Mon. 03/04 - Export Inspections

Wed. 03/05 - Ash Wednesday

Thurs. 03/07 - Export Sales, Jobless Claims, US Trade Balance

Fri. 03/08 - Crop Production, USDA Supply & Demand, Unemployment

Sat. 03/10 - Daylight Savings Time Begins(2:00 AM)

Mon. 03/11 - Export Inspections

Thurs. 03/14 - Export Sales, Jobless Claims, Retail Sales

Fri. 03/15 - NOPA Crush

Sun 03/17 - St. Patrick's Day

Mon. 03/18 - Export Inspections

Tues.-Wed. 03/19-31/20 - FOMC Meeting

Wed. 03/20 - Spring Begins, Full Moon

Thurs. 03/21 - Export Sales, Jobless Claims

Fri. 03/22 - Cattle on Feed, Cold Storage

Mon. 03/25 - Export Inspections, New Home Sales

Thurs. 03/28 - Export Sales, Jobless Claims, Hots & Pigs Report

Fri. 03/29 - Personal Income, Grain Stock, Prospective Planting

Mon. 4/1 - April Fool's Day, Export Inspections, Crop Progress

Wed. 4/3 - US Trade Balance

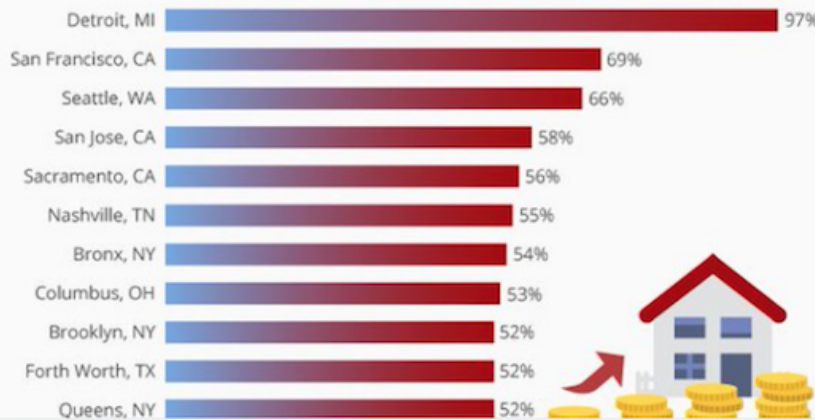
Thurs. 04/04 - Export Sales, Jobless Claims

Fri. 04/05 - Unemployment Data, Consumer Credit

Mon. 04/08 - Export Inspections, Crop Progress

Home prices in [#Detroit](#) very nearly doubled from 2013-2018, making it the large U.S. city with the biggest average price hike:

[statista.com/chart/17094/us...](https://www.statista.com/chart/17094/us...) @p2homes
[#RealEstate](#)



Infographic: The U.S. Cities with the Fastest Growing Home Prices

This chart shows the U.S. cities with the biggest average house price increases from 2013 to 2018.

[statista.com](https://www.statista.com)

Thank you for joining our efforts to support [@FarmRescueOrg](#). Together we raised ~\$250k, and to further support their amazing work we are going to double our contribution. Learn more at [FarmRescue.Org](https://www.FarmRescue.Org)
[#ToastToFarmers](#)



Tues. 04/09 - Crop Production, USDA Supply & Demand

Thurs. 04/11 - Export Sales, Jobless Claims

Mon. 04/15 - NOPA Crush, Export Inspections, Crop Progress

Tues. 04/16 - Retail Sales

Thurs. 04/18 - Export Sales, Jobless Claims, Cattle on Feed

Fri. 04/19 - Good Friday, Full Moon

Mon. 04/22 - Easter Monday, Export Sales, Crop Progress

Tues. 04/23 - Cold Storage

Thurs. 04/25 - Export Sales, Jobless Claims

Mon. 04/29 - Export Inspections, Crop Progress, Personal Income

Kevin's Song of the Week



Kevin's Song of the Week



Gus
@GusBluntzer

Following

#plant19 has started



David Ocker
@davidocker286

Following

I think I'm past the "first day problems"
#plant19



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



edgar scheurer
@EdgarScheurer

Following

#plant2019 ready to go lol



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.



Super 70s Sports

@Super70sSports

Following



Gary Player and Yao Ming. Because just look at them.



Farm Direction

RECIPES

★ **FAMILY** ★
FAVORITES

-SENT IN BY OUR READERS-

**Southern-Style
Green Beans**



CLICK TO SEE RECIPE



ActionComplete
@ActionComplete

Following

Be who you are & say what you feel, b/c
those who mind don't matter, & those who...

~Dr. Seuss

#quote #inspiration



*"Be who you are and
say what you feel,
because those who mind
don't matter,
and those who matter,
don't mind."*

Dr. Seuss

neuro mining



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

TODAY'S RIDDLE:

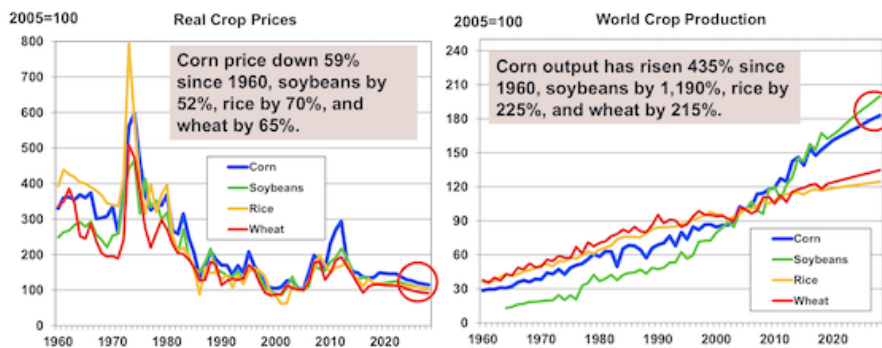
I wasn't born a horse, and I never fly. Yet sometimes I still soar, right into the sky. I often contain breath, and yet I never die. Sometimes I am torn, but I never sigh. Often, with ambition, I aspire, and go till I can go no higher. Then, like many men, so great, I sink into a low state. What am I?

Corn traders are digesting the latest Chinese trade rumors, as well as the most recent USDA estimates. I still have not heard any specifics relating to corn and the Chinese agreeing to buy large quantities from U.S. suppliers. President Trump has eluded to such purchases but still no specifics at this juncture. As for the latest USDA numbers, Despite a projected bump of almost +3.0 million more corn acres, total new-crop ending stocks were estimated lower on increasing demand, falling from 1.735 billion bushel in 2018/19 to 1.650 billion bushel in 2019/20. Feed and Residual jumped by

+125 million bushels. U.S. corn exports were raised higher by +25 million bushels. Corn used for Ethanol was left "unchanged" at 5.575 billion bushels. The trade still seems highly uncertain about new-crop planted acreage. I continue to talk to producers in many of the largest corn producing states and very little if any field work has been done. Producers are also talking about anhydrous prices, which seem to be averaging about +\$100 per ton more than last year. There's also some questions about available cash-flow and if the banks are willing to allow for additional increases in credit-lines. I'm personally not hearing a lot of talk about more corn acres. I think traditional rotations are in practice and producers are going to play it by ear right up until planting. If weather remains rough and fields overly wet they will roll with more soybeans. I also think if soybean prices rally between now and then, giving producers an opportunity to lock in a little profit, they will also go with a few more beans acres over corn. I suspect we will hear more specifics when the USDA relates their Prospective Plantings report on March 29th. Between now and then it will just be all opinions. As a producer, I'm staying optimistic, believing we will eventually have an opportunity to market corn at higher prices. We still have a lot of weather uncertainty left in South America and an entire season ahead of us here in the U.S. I see no reason to get in a hurry to reduce additional risk. I have 30% of our estimated new-crop hedged/priced and feel comfortable letting some time tick off the clock. As a spec, I like the thought of being a longer-term bull, but for the month want to stay patient. It feels like end-users should be using the breaks to lock in small portions of 2019 demand.

Technology Gains Driving Prices Lower and Production Higher: *I thought this was a great graphic released by the USDA this past week at their annual Ag Outlook Forum. It shows how improvements in better farming practices and gains in technology have helped to increase production, but at the same time it inherently works to drive prices lower. Just what I've been preaching for the past several years. Technology is inherently "deflationary", making production more efficient and driving prices lower.*

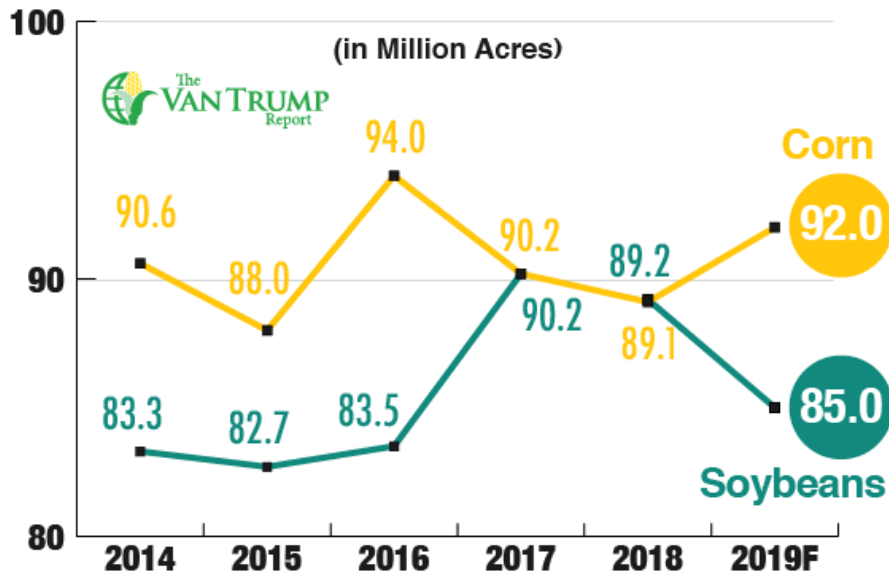
Real prices trend down, as crop production outstrips demand



Data: USDA, BLS

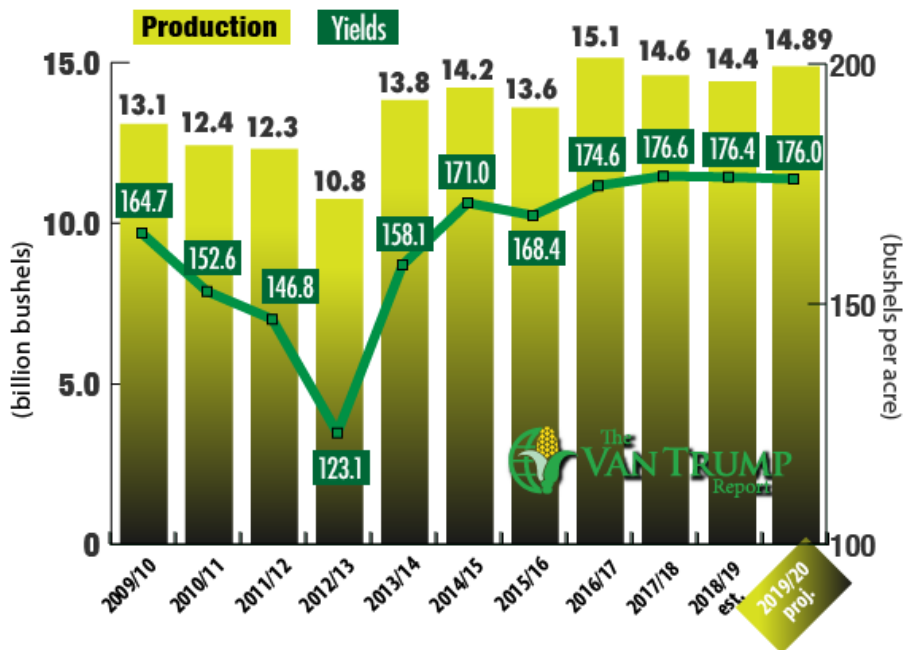
USDA Forecast for Corn and Soybean Planted Acres

Data: USDA, Feb. 22, 2019 Agriculture Outlook Forum



U.S. Corn Production and Yields

Data: USDA, Feb. 22, 2019 Agriculture Outlook Forum



Spring Crop Revenue Insurance Guarantees: Remember these prices will update daily during the month of February as the price average is determined.

Corn - 2019 Spring Price - \$4.01 - Interestingly, this could be one of the higher corn insurance guarantees we've seen in a few years. Maybe I'm all wrong in my thinking and perhaps there will be significantly more corn acres?

2018 - Spring price \$3.96; Harvest price \$3.68

2017 - Spring price \$3.97; Harvest price \$3.49

2016 - Spring price \$3.86; Harvest price \$3.49

2015 - Spring price \$4.15; Harvest price \$3.83

2014 - Spring price \$4.62; Harvest price \$3.49

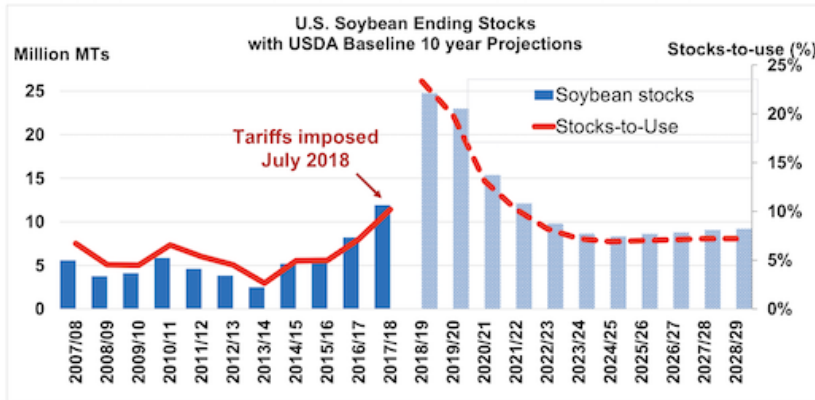
2013 - Spring price \$5.65; Harvest price \$4.39

Soybean - 2019 Spring Price - \$9.55

2018 - Spring price \$10.16; Harvest price \$8.60
2017 - Spring price \$10.19; Harvest price \$9.75
2016 - Spring price \$8.85; Harvest price \$9.75
2015 - Spring price \$9.73; Harvest price \$8.91
2014 - Spring price \$11.36; Harvest price \$9.65
2013 - Spring price \$12.87; Harvest price \$12.87

Soybean bulls are talking about the Chinese commitment to purchase more U.S. soybeans and the very real likelihood of a trade deal being inked in the next 60-days. The USDA released an official statement about the commitment last Friday, saying the Chinese committed to buy an additional 10 MMTs of U.S. soybeans, but they did not include any specifics or timeline for the purchases. Bulls are also pointing towards a slightly less bearish new-crop balance sheet, and the USDA forecasting lower 2019 planted soybean acres. They are currently forecasting 85 million planted acres vs. 89.2 million planted last year and 90.2 million planted in 2017. Total new-crop production is estimated at 4.175 billion bushels vs. 4.544 billion bushels last year. Total new-crop demand is estimated higher in all categories up by +168 million bushels: Crush @ 2.105 billion bushels in 2019/20 vs. 2.090 in 2018/19; Exports @ 2.025 billion bushels in 2019/20 vs. 1.875 billion in 2018/19; Seed and Residual @ 130 million bushels in 2019/20 vs. 127 in 2018/19. Bears are questioning the USDA's early-2019 average yield estimate at 49.5 bushels per acre vs. the past three-year averages being closer to 51 bushels per acre. In other words, several in the trade argue that the USDA is being a bit optimistic with demand estimates but not so optimistic with yield forecasting. Ending stocks were reduced from the 910 million bushel 2018/19 estimate to 845 million for new-crop. The concern is if we see another average yield near 51 bushels per acre vs. the current USDA estimate of 49.5 bushels per acre, it would add another +125 million bushels back on the balance sheet, perhaps pushing us back towards that massively burdensome 1.0 billion bushel ending stock estimate. As I mentioned above, this is the bears argument, but I think we need to all understand their thought process. I also think the bears have some questions about total planted soybean acres. The USDA dropped their 2019 acreage estimate by -4.2 million compared to last year. With all of the rain, lack of field work, tight cash-flow and higher nitrogen costs, perhaps there won't be as many corn acres as anticipated. If the soybean acres don't drop by -4.2 million, that would also drive up total production and expand the balance sheet. On the flip side, and in the bulls defense, we do have an entire weather season ahead of us here in the U.S. and it doesn't feel like the market is factoring in any type of weather premium, at least not as of yet. As both a producer and a spec, I want to remain patient. I continue to like the thought of having 30% to 40% of our estimated new-crop production risk hedged or removed prior to planting. A solid trade deal with China will be extremely beneficial, but the continued spread of African Swine Fever adds some additional hurdles and uncertainties. I recently heard some rumors this past week, that +5 million sows have been culled in China to this point, which if true is a massive number. I had heard previously, the number was closer to 1 million. In an effort to help stop the spread of the disease, I heard the Chinese government was offering around 1,200 yuan or about \$180 for each culled pig. I'm wondering if you're a producer and facing negative margins, perhaps its better to take the money being offered? In other words, perhaps they really have culled more than +5 million sows? Regardless, we understand the virus is very difficult to eradicate. I recently read in a report that it can survive for an hour at boiling temperatures, days in the environment, weeks in meat or even months in frozen meat products. Remember, it has taken some European countries more than a decade to eradicate the virus after it was first introduced to Georgia in 2007. Lets also not forget, the virus has now spread into Vietnam, who is another of the world top-10 pork producers. It was just last week the Animal Health Department of Vietnam, confirmed the country's first outbreaks of the infection on three farms located in Hung Yen and Thai Binh provinces, southeast of the capital, Hanoi. We really need to pay close attention to the ASF headlines. Bottom-line, its great to hear we are making progress with the Chinese, but there's still a lot of supply that needs to be chewed through and new worries surrounding the spread of ASF. Below is an interesting graphic the USDA released this past week at their annual Ag Outlook Forum. As you can see, they are thinking it could take a little time to reduce the current balance sheet. Obviously, this is assuming fairly normal growing conditions and no major weather hiccups.

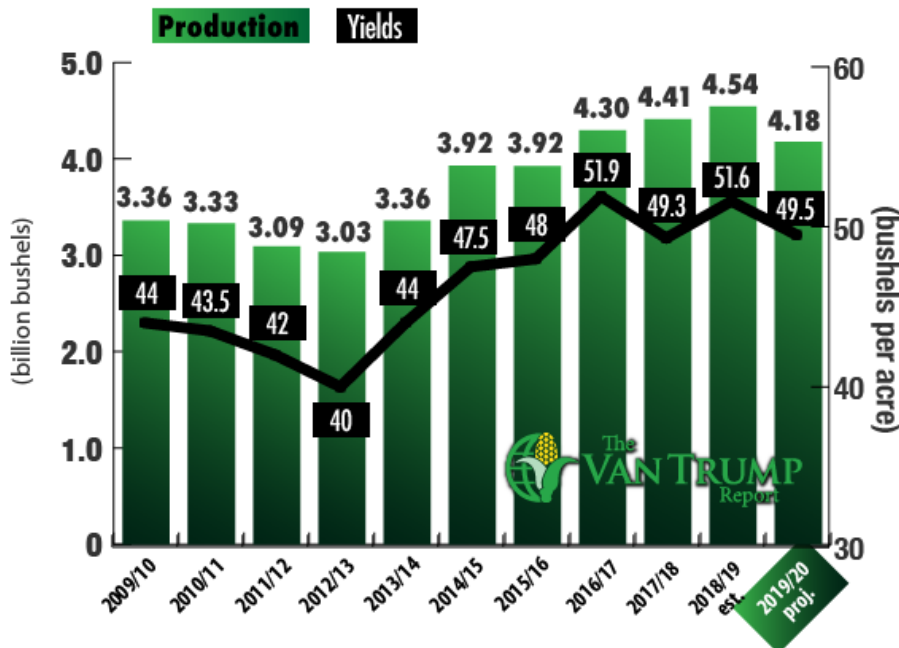
Stocks overhang will take years to unwind



Data: USDA

U.S. Soybean Production and Yields

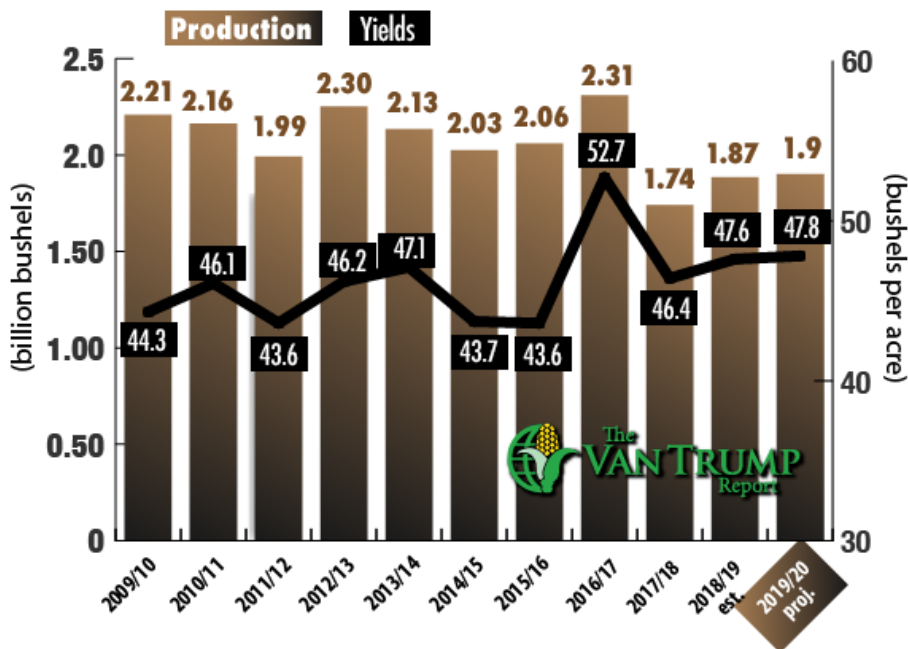
Data: USDA, Feb. 22, 2019 Agriculture Outlook Forum



Wheat bulls will be trying to recover from last weeks losses. The USDA didn't give the market much to cheer about. The USDA did show six-weeks worth of total wheat sales at 3.575 million tons, while most inside the trade were looking for between 2 and 3 million tons. The USDA also slightly lowered new-crop ending stocks from 1.010 billion bushels down to 944 million, but the trade still deems that be over-supplied. Hence, no real need for additional risk-premium. The market also sees no real need for weather risk-premium to be added as U.S. soil moisture profiles are being recharged and there's no major threat of wide-spread winter kill. Bears continue to point towards heavy export competition from low-cost providers such as Russia, Romania, Ukraine and parts of the European Union as a continued headwind. They also see the window of opportunity for U.S. exporters starting slowly close. Bulls point to near record low U.S. planted acres and continued geopolitical uncertainties brewing between Russia and Ukraine. Bulls also believe a trade deal between the U.S. and China will bring along with it increased sales of U.S. wheat to the Chinese. Bulls also believe a trade deal will create a more bullish global economic outlook and perhaps bring a more optimistic outlook for commodities. In turn prompting some of the current bears to release their continued stranglehold. I remain optimistic despite the continued bearish fundamentals. Keep in mind though, I've been bullish for an extended period of time and currently holding a small losing spec position. Meaning, I almost certainly have a skewed bullish perspective.

U.S. Wheat Production and Yields

Data: USDA, Feb. 22, 2019 Agriculture Outlook Forum



> **Cattle-on-Feed Report:** The latest data shows cattle and calves on feed totaled 11.7 million head on Jan. 1, 2019, which was +2% above last year. Marketing of fed cattle during December totaled 1.74 million, -1% lower than the previous year. Placements of cattle on feed during December totaled 1.77 million head, -2% below last year. The on feed inventory included 7.28 million steers and steer calves, down -1% from the previous year. This group accounted for 62% of the total inventory. Heifers and heifer calves accounted for 4.41 million head, up +6% from 2018. (Source: USDA; Drovers)

> **NEW Case of African Swine Fever:** China's agriculture ministry said Sunday that a new case of African swine fever had been confirmed in the northern province of Hebei. The outbreak occurred on a farm with a total of 5,600 pigs in the city of Baoding.

> **U.S. Farmers Receive \$7.7 Billion In Trade Aid To Date:** USDA has paid out \$7.7 billion so far to farmers Undersecretary William Northey said on Friday. Remember, President Trump has pledged up to \$12 billion in aid to help offset losses for crops hit by retaliatory Chinese tariffs imposed in response to Washington's tariffs on Chinese goods.

> **A Look At Wisconsin's Dairy Crisis:** The state lost almost 700 dairy farms last year, at an unprecedented rate of nearly two a day according to the Milwaukee Journal Sentinel. This [report](#) is the first installment in a series of articles examining the statewide dairy crisis. (Source: The Milwaukee Journal Sentinel)

> **Guestworkers Boomed In 2018:** According to official documented numbers, the U.S. government issued a record 242,000 H-2A visas for short-term agricultural workers this year to address a shortage of farm labor. (Source: Wash. Post)

> **EPA to Study Emissions Impacts of the RFS:** The EPA said it will conduct a study of the air pollution impacts of the RFS, as directed by a partial settlement with the Sierra Club. The EPA is required to issue a study of the air impacts of its ethanol requirements every three years but has not done so since 2011.

> **Pinterest Going Public:** Pinterest has confidentially filed paperwork with the Securities and Exchange Commission for an initial public offering that is expected to value the company, which operates a platform for online-image searches, at \$12 billion

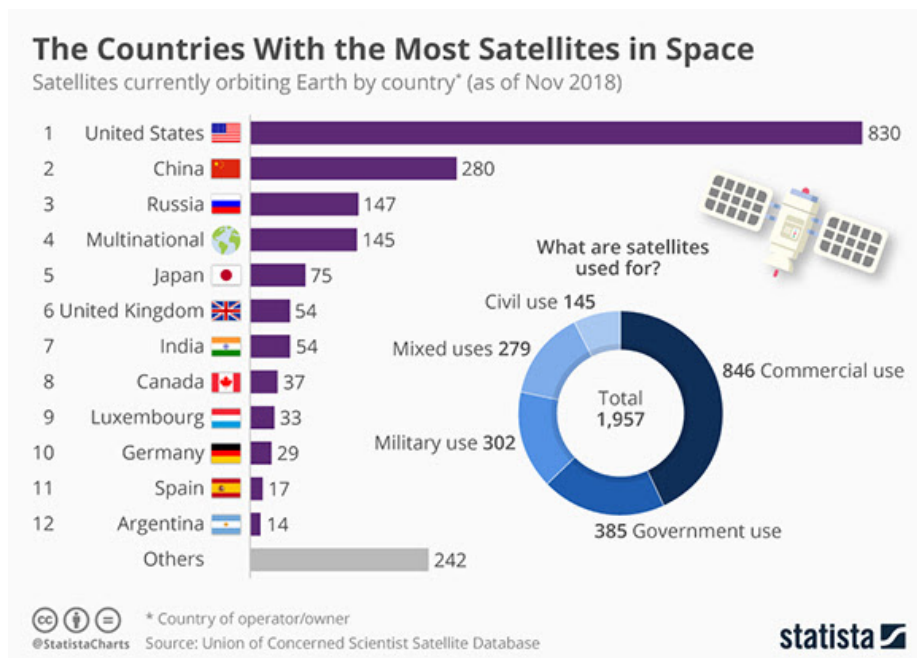
or more as it joins a parade of hot tech startups planning share debuts in 2019." (Source: The Wall Street Journal)

> House to Vote on Trump's National Emergency: House Democrats on Friday introduced a resolution to block President Trump's national emergency declaration to fund his border wall. Speaker Nancy Pelosi said the resolution will be brought to a vote on Tuesday. If the bill passes the House, the Senate would then be forced to take it up within 18 days — putting Republicans on the record on whether they support Trump's use of executive power. (Source: Axios)

> States are Pushing for Higher Speed Limits: After years of seeing posted highway speeds creep up around the country, perhaps it's no surprise that a California legislator would propose the ultimate in motoring freedom: No limits at all. Yet, the resulting higher speeds haven't made much of a statistical dent in highway deaths, the Governors Highway Safety Association reports. In 2017, there were 9,717 speed-related deaths from among 37,133 total road fatalities. Those speed-related deaths were down 574 from 2016, were about the same as in 2015 and up 434 from 2014.

> Looking to Ban More than just Straws: California lawmakers have introduced legislation to phase out single-use non-recyclable plastic food containers and other packaging by 2030. If the legislation becomes law, some experts believe it could lead to other states taking similar steps. Last year, California became the first in the nation to restrict the use of plastic straws in restaurants, and the Golden State banned the use of single-use plastic bags at grocery stores in 2014. (Source: SeekingAlpha)

> Who Has the Most Satellites In Space? Last week, President Trump signed an order calling on the Department of Defense to draft legislation on a potential U.S. military presence in space. Now, a group of scientists are pointing out to President Trump that military activity was only a minor part of all things happening in space. Instead, the group claimed that space was in fact a place where people worked together behind national interests. Data backs up this claim as out of the 1,957 satellites listed as active, only 302 have military uses. While the U.S. is the country with most satellites in space (830), multinational cooperation come in fourth place. (Source: Statista, Union of Concerned Scientists Satellite Database)



North Central Kansas – We got a nice snow on Saturday. They say it was about 7-10 inches depending on where you are. That should provide the wheat with a nice cover to finish out the year. We will start our field work about a month from now if it's not too wet. We're going to stick with our normal corn and soybean rotation. By the looks of it, we should have a pretty good wheat crop. For a while, we were worried we wouldn't

have enough moisture to make a wheat crop but it looks like we should have a pretty good year unless we have an early freeze.

Northern Minnesota – We are going to take a break from hauling corn for a while. We just got 18 inches of snow in the last week so the side roads are pretty bad. One thing we are going to have to do is take and level out all of these snow piles in order for them to melt evenly because they are getting upwards of 15 feet tall. We're going to go with a heavier rotation of wheat because of soybean basis. We should have plenty of moisture this Spring.

Northern Illinois – The wind blew upwards of 40-50 mph today and we had rain most of the weekend. Most of the snow is melted away. We plan to plant the same rotation but we may go a little heavier beans if we can't get the corn planted because it is so wet. It seems like when it's not snowing, it is raining. It doesn't seem like this Spring is going to be any easier than last Fall was. We have none of our fieldwork done up to this point.



You Can Now Get Your Tuna... Tuna-Less: What the Impossible Burger did for the world of plant-based beef, a startup called Good Catch wants to do for the world of fish. Just last week pouches of the company's plant-based version of albacore tuna chunks became available at Whole Foods, Thrive Markets, and is coming to other retailers soon. I should mention that plant-based protein has been growing exponentially, but until now, the ocean space has been relatively untouched. Keep in mind, the timing could be crucial as according to industry experts, most of the world's marine fish stocks are either fully fished, overfished, or becoming depleted. Not to mention that many fish are now eating microplastic; and some sources will cite that factory fish farms can cause pollution and breed disease. I'm told that when the startup began developing its version of tuna a few years ago, it spent roughly a year trying to re-create the right texture. Unlike a plant-based burger or chicken, which might use a single protein, they ended up using a combination of six legumes, from soy and peas to fava beans and navy beans to create the more complex flakiness of tuna. Read more [HERE](#) on emerging space.

Grabbing Asteroid Dust for only the Second Time Ever: Around 200 million miles away from Earth, a Japanese spacecraft just grabbed a tiny sample of dirt off the surface of the asteroid Ryugu — the second time humanity has ever pulled off such a feat. The precious samples are destined to come back to Earth, where they'll be analyzed by scientists. This scrutiny could tell us a great deal about the chemical makeup of these rocks, as well as what materials were present in the early days of the Solar System. In order to successfully pull off its mission, the spacecraft fired its engine, initiating the vehicle's slow descent to Ryugu's surface. Then, when Hayabusa was hovering just above the asteroid, it tapped a horn-like appendage onto the ground and a bullet-like projectile within the horn shot outward, stabbing the asteroid and creating a bunch of dust and fragments. If all went well, some of those fragments fed up into the horn and gathered inside a little chamber inside the spacecraft and are on their way home. Read more on this impressive feat [HERE](#).

Apparently Soda Taxes Are Working Like Intended: Soda taxes are turning out to be very effective at curbing soda drinking as a new study has found that three years after a soda tax passed in Berkeley, California, the amount of sugary drinks people consumed plummeted. After passing the soda tax in 2014, Berkeley sweetened drinks dropped 21%. Three years later, it dropped even more: Residents report drinking 52% fewer sugary drinks than they did before the tax passed. Following the publication of a recently released study by The American Journal of Public Health, who happens to be the first to look at the long-term impacts of a soda tax, California is now considering several statewide soda bills, including one that would ban Big Gulp-style drinks and another that would ban soda displays near checkout counters. The battle is far from won as manufacturers like Coke and Pepsi contribute to the \$3 billion in advertising spent each year on the drinks. Read more [HERE](#) on how user-taxes are being used by municipalities.

How to Change the 40% of Your Day That are Mindless Habits: In the movie "Groundhog Day," the main character relives a single day of his life over and over and over. If you sometimes feel the exact same way, there's a reason: A study revealed that 40 percent of our daily activities are just habit. But if almost half of our lives are based on habits, then what makes it so hard to build a new one? It comes down to engaging your habitual mind versus your intentional mind. While your intentional mind is thoughtful, it's easily derailed by deep-seated habits. If you're trying to lose weight, standard interventions like weight loss programs will leave your intentional mind feeling motivated, but they won't feed your habitual mind. To accomplish that, you'll need to do three things, study co-author Wendy Wood explains in a press release. First, you

must "derail existing habits and create a window of opportunity to act on new intentions." If you want to lose weight, for example, start getting rid of unhealthy habit cues by moving all junk food to your pantry's top shelf and putting fresh fruit out where it's easy to see. Read more [HERE](#) if you are ready for some changes.

Beautiful \$135 million Mansion on Billionaire's Row in Florida: With 210 feet of private beach, this \$135 million home is one of the most expensive homes for sale in Florida. Belonging to Broadway producer Terry Allen Kramer, the Italian Renaissance-style estate is right down the street from Trump's Mar-a-Lago club. I'm told that Kramer has helped produce a number of Broadway shows, including the 2017 revival of "Hello, Dolly" starring Bette Midler and, in 2015, "Finding Neverland" and "On Your Feet." From what I understand the estate encompasses nearly 5 acres, 37,516 square feet and 13 bedrooms, and a total property tax bill of \$829,083! Read and see more [HERE](#).







AgriFood Tech Innovation Awards

Agfunder, an online Venture Capital Platform based in San Francisco, for the past three years, have recognized the innovators and entrepreneurs leading the agrifood tech industry, through their Annual AgFunder AgriFood Tech Innovation Awards. In my opinion, AgFunder does a fantastic job of keeping the industry informed of emerging technologies and providing a better understanding of where ag technology is headed. From what I understand, last year they awarded 12 startups in 12 categories across Farm Tech, Supply Chain, and Retail & Consumer Innovation. Impressively, since then, those winners have raised +\$420 million, including a \$114 million bridge round for Impossible Foods and a \$13 million Series A for Trace Genomics, which AgFunder went on to invest in. I thought I would share the companies nominated in the "Farm Tech" category. I believe it's very important that we stay up to speed with "change" and learn as much as we can about new innovations that will be influencing our industry. You can click on the links below for more information about a specific company. You can also click [HERE](#) to see a full list of all the categories and companies AgFunder is nominating for this year's awards.

Most Innovative US Farm Tech Startup Pre-Series A

Aker Technologies – Their mission is focused on advancing crop diagnostics with practical technology tools and services to improve the profitability and sustainability of every farm operation. They do so by providing accurate in-season crop monitoring of disease, insects, and other stresses without changing the farming principles that work for generations.

Augean Robotics – Provides a collaborative robot that can follow you performing tasks on farms, outdoors, and elsewhere, where people spend 20-30% of their day walking material back and forth rather than doing the important tasks they are trying to accomplish.

Bear Flag Robotics – Autonomous self-driving technology for farms, used for tractors and implements with a goal of lowering the cost of farming through innovation.

FieldIn – FieldIn collects and analyzes field data from every stage of your in-field operations, providing the visibility required to make smart decisions and harvest management for agriculture.

Row7 – First seed company built on chef-breeder collaboration. Working together to create, trial and distribute delicious plant varieties to make an impact in the soil and at the table.

Most Innovative US Farm Tech Startup Series A and Beyond

Benson Hill Biosystems – Computational crop trait discovery and gene editing for ag platform using the CropOS™ design platform, enabling their partners to differentiate their products in bold new ways. It comes down to leveraging the genetic potential of plants across breeding, gene editing and trait targeting.

Crop Enhancement – Developing agrochemical formulations that employ advanced and environmentally friendly chemistry, helping improve crop yields, eliminate or minimize pesticide use, and enable precise and effective delivery of active ingredients and fertilizers with crop coating pest protection technology.

Indigo – Indigo improves grower profitability, environmental sustainability, and consumer health through the use of natural microbiology and digital technologies.

Sentera – Aerial crop health data under your control, shared with your partners instantly through using field sensor and AI technology.

Sound Agriculture – Their discovery platform combines molecular biology, plant phenotyping, and deep learning to rapidly identify and optimize new technologies to address these barriers.

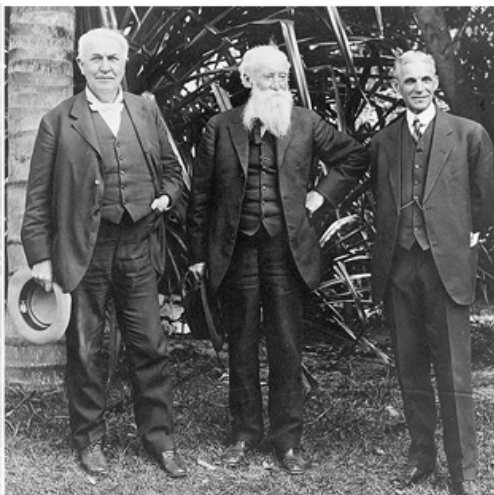


When Edison, Ford and Their Friends Created the "Great American Road Trip"

While road trips are synonymous with the American experience -- it was in the early 20th century that a few celebrity friends gave the tradition a major jump start. When Henry Ford debuted the Model T in 1908, not everyone appreciated its promise. The famous nature writer John Burroughs denounced it as a "demon on wheels" that would "seek out even the most secluded nook or corner of the forest and befoul it with noise and smoke." Ford was a fan of Burroughs and an avid bird watcher himself and he believed his affordable family car would actually grant greater access to the American wilderness. He sent the disgruntled writer a new Model T as a peace offering. Through this exchange, a friendship grew and Ford went on to introduce Burroughs to two other titans of American industry: inventor Thomas Edison and tire manufacturer Harvey Firestone. Between 1914 and 1924, these extremely influential American men loaded their autos with camping gear and embarked on a series of historic road trips. They called themselves "Vagabonds" and they toured the Everglades, the Adirondacks, the Catskills and the Smoky Mountains. The annual forays into the wild would often last two weeks or longer. At an average clip of 18 miles per hour, the caravan meandered across a changing America. Paved roads were sparse and interstate highways were on an imaginary dream. History shows that Edison usually chose the route. He always rode in the front car, acting as captain and navigating pitted dirt roads with a compass and a handful of atlases. Ford served as the energetic mechanic as he soldered busted radiators and organized tree-climbing, wood-chopping, and sharp-shooting contests during the pit stops. Firestone supplied the meals and impromptu poetry recitations. The elder Burroughs with his white beard and back-to-nature philosophy, led botanical hikes wherever camp was pitched. While the road trips were generally about "roughing it", when the men brought their wives along, which wasn't very often, they made it a bit more comfortable. The Vagabonds' entourage sometimes included as many as 50 of Ford's vehicles, heaps of supplies, personal attendants, an official film crew and truck customized with a refrigerator, gas stove and complete with a gourmet kitchen staff. Burroughs dubbed this mobile kitchen the "Waldorf-Astoria on wheels." On many of their adventure, the men picked apples for an orchard owner, helped a farmer cradle his crop of oats and hitched a ride on a passing locomotive. In 1921, the Vagabonds welcome one of Firestone's longtime friends into their ranks: President Warren Harding. Of course, once the silent movies that Ford's film crew shot hit the theaters, the Vagabonds began to attract a great deal of attention (check out a few minutes from their amazing footage [HERE](#)). Fans started lining the streets of country towns when the caravan passed through. By 1924, the celebrity campers were too well known to continue. However, by that point, the fantasy and glamor of the "road trip" had come alive in America's collective imagination. (Source: Smithsonian)



Henry Ford poses with Thomas Edison in Dearborn, Michigan. (Bettman/Corbis)



Thomas Edison, John Burroughs, and Henry Ford at Edison's home in Fort Myers, Florida, in 1914. (Wikipedia)



Thomas Edison, John Burroughs, Henry Ford and Harvey Firestone inspect an antique mill wheel. (Ward/Corbis))



On a camping trip, Henry Ford, Thomas Edison, President Harding, Harvey Firestone and Bushop Abderson sit in lawn chairs reading and relaxing, with George Christian standing behind them. (Underwood & Underwood/Corbis)

Great Story from a Man Who Tried to Kill Himself

Suicide is real! In fact, almost 800,000 people die from suicide every year. That means roughly one person every 40 seconds. Suicide is also the second leading cause of death among 15-29 year old globally. Something else you might not know, the suicide rate for farmers is more than double that of veterans. In fact, farmers take their lives at a higher rate than any other occupation in the United States. The latest CDC report suggests possible causes for the high suicide rate among U.S. farmers, including "social isolation, potential for financial losses, barriers to and unwillingness to seek mental health services (which might be limited in rural areas), and easy access to lethal means". For many, it's the thought of losing the farm that's been in the family for generations that triggers the initial spark. From there, the mind starts to run with thoughts-about-thoughts, sleepless nights and mental stress begin to overwhelm the body. The mind is extremely powerful. The Guardian ran a story in 2018 titled, "[Why are America's farmers killing themselves?](#)" I encourage you to read it in full detail. Below is a short excerpt I wanted to pass along.

Ginnie pauses at the desk where she found her husband Matt's letter on the night he died.

"My dearest love," it began, and continued for pages. "I have torment in my head."

On the morning of his last day, 12 May 2011, Matt stood in the kitchen of their farmhouse.

"I can't think," he told Ginnie. "I feel paralyzed."

It was planting season, and stress was high. Matt worried about the weather and worked around the clock to get his crop in the ground on time. He hadn't slept in three nights and was struggling to make decisions.

"I remember thinking 'I wish I could pick you up and put you in the car like you do with a child,'" Ginnie says. "And then I remember thinking ... and take you where? Who can help me with this? I felt so alone."

Ginnie felt an "oppressive sense of dread" that intensified as the day wore on. At dinnertime, his truck was gone and Matt wasn't answering his phone. It was dark when she found the letter. "I just knew," Ginnie says. She called 911 immediately, but by the time the authorities located his truck, Matt had taken his life.

Ginnie describes her husband as strong and determined, funny and loving. They raised two children together. He would burst through the door singing the Mighty Mouse song – "Here I come to save the day!" – and make everyone laugh. He embraced new ideas and was progressive in his farming practices, one of the first in his county to practice no-till, a farming method that does not disturb the soil. "In everything he did, he wanted to be a giver and not a taker," she says.

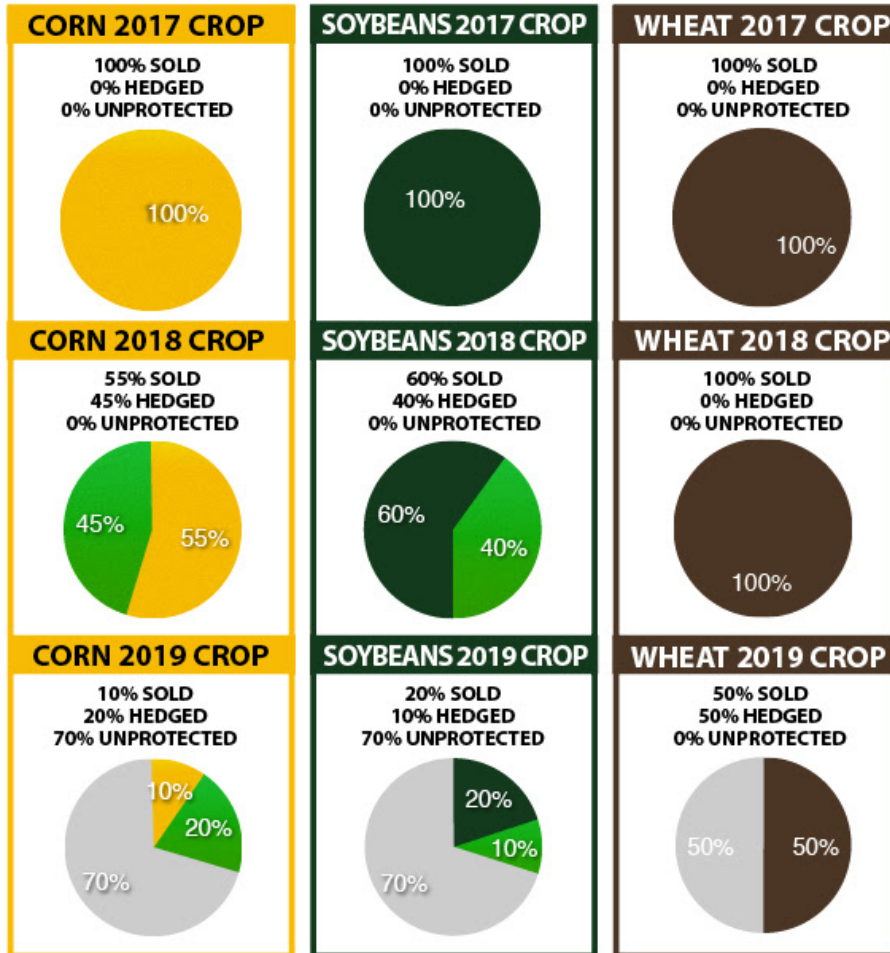
I know this has been a long tough winter, and with prices being low many of us are worried about our future. If you're struggling to keep focus and your mind just won't slow down, you need to take a hard pause for a moment and talk to someone. In the US, the National Suicide Prevention Lifeline is 1-800-273-8255. I wanted to provide even a bit more inspiration, so I'm passing along this short video I received from a friend last week. He thought some producers and family's might be struggling right now and this video could perhaps help save a life. I agree! The video is the heartfelt story of Kevin Hines, a young man that attempted suicide and survived. I hope you find it inspirational and share it with others. You never know who needs to hear the message and needs to know we care.... Click [HERE](#)



ANSWER to riddle: A balloon

CASH SALES & HEDGING TOTALS

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