



Josh Knight <josh@farmdirection.com>

**Fwd: GOOD MORNING: Van Trump Report 8-12-19**

2 messages

**Mark Hendershott** <markhendershott@gmail.com>  
To: Trae Hodges <josh@farmdirection.com>

Mon, Aug 12, 2019 at 8:01 AM

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From: **The Van Trump Report** <reply@vantrumpreport-email.com>  
Date: Mon, Aug 12, 2019 at 5:31 AM  
Subject: GOOD MORNING: Van Trump Report 8-12-19  
To: <markhendershott@gmail.com>

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"Our lives improve only when we take chances...and the first and most difficult risk we can take is, to be honest with ourselves." - **Walter Anderson**

**Monday, August 12, 2019**

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**Morning Summary:** Stocks are steady this morning but traders are starting to pay much closer attention to several geopolitical hotspots around the globe i.e. Hong Kong, Iran, U.K, and Italy. I have included brief overviews below.

**China - Hong Kong:** *Investors are worried about another Tiananmen Square episode. Fear of a massive Chinese protest and military involvement could continue to weaken the yuan and strengthen the U.S. dollar. The spring of 1989 saw the largest pro-democracy demonstration in the history of China's communist regime. protests began in mid-April among university students in Beijing, spread across the nation, and ended on June 4 with a final deadly assault by an estimated force of 300,000 soldiers from People's Liberation Army (PLA). Throughout these weeks, China's top leaders were deeply divided over how to handle the unrest, with one faction advocating peaceful negotiation and another demanding a crackdown. There are some who fear the rallies and protests happening currently in Hong Kong could take on a similar feel. I've included a lot more on this subject towards the end of the report in the "From My Perspective" section.*

**Iran:** *The threat posed by a potentially nuclear Iran is no small matter. In its wake, America's policy of maximum pressure on Iran continues, with the U.S. Department of the Treasury announcing new sanctions on eight Islamic Revolutionary Guards Corps (IRGC) Commanders. Insiders report that U.S. sanctions are finally starting to take a larger toll on the Iranian regime. The trade is worried however that this is pushing Iran's Supreme Leader Ali Khamenei into a corner and he's steadily taking a more hardline position that is massively anti-American. While Iranians may be disaffected with their own regime, they are nationalists and place much of the blame for the current state of affairs on the United States.*

**Brexit:** *The British economy is already taking a hit from the risk of a chaotic Brexit on Halloween, the latest date set for the U.K. to leave the EU. The U.K. economy, the world's fifth-largest, contracted at an annualized rate of 0.8% in the second quarter as business confidence plunged. Business investment has fallen in five of the last six quarters. Some forecasters are saying a Brexit with no agreement on the U.K.'s future relations with the EU could push the country into a recession.*

**Italy:** *The Italian government is on the brink of collapse, but this is probably*

*the least worrisome to the U.S. stock market. Many traders joke that Italy changes governments as often as some change socks. In fact, anti-immigration firebrand Matteo Salvini is pushing to bring down the government and trigger snap elections for October. Opinion polls currently have him as the strong favorite to win the vote. His promises include sharp tax cuts that could challenge the EU's rules on fiscal discipline and spook bond investors who are worried about Italy's already-high debts.*

Chinese trade negotiations, rumors, and talks will certainly remain in the spotlight. Tensions between the worlds two top economies currently show no signs of softening. President Trump is now saying the U.S. will no longer deal with Chinese telecom giant Huawei, and adding he's not ready for a trade deal with China, casting doubt on whether the two countries will still meet in September. It's worth mentioning, Huawei is grabbing the attention of investors after announcing that it has launched its own operating system called HongmengOS, or HarmonyOS in English, which now allows them to be less reliant on Google's Android. Traders are keeping their eyes on August 19th, the day the temporary general license for supplying Huawei expires. Analysts are saying if an extension is granted, China would have a reason to respond positively towards trade talks. Add to the mix, the close watch the Treasury department has on the China's devaluing the yuan and lots of balls are in the air, leaving traders debating which directions markets will head.

U.S. markets will be digesting the latest CPI inflationary data on Tuesday, a wave of Chinese numbers on Wednesday, and updated U.S. retail sales and industrial production numbers on Thursday. Important corporate earnings out this week will include Alibaba, Cisco, Walmart, Macy's, Nvidia, and John Deere. From my perspective, the stock market has reached a battleground area where fears surrounding weakening global growth are battling U.S. consumer and corporate strength. Goldman Sachs has now taken steps towards cutting its U.S. growth forecast as trade war triggers recessionary type fears. Goldman seems to be expecting the new round of tariffs to go into effect in September and it no longer expects a trade deal before the 2020 election. In return, the firm lowered its fourth-quarter growth forecast by -20 basis points to -1.8%. The overall fear is

that political policy and uncertainty may lead to corporate leaders lowering their CAPEX spending as they wait for more resolve. Despite all of the negative undertones, I remain conservatively bullish longer-term but well underinvested. I continue to advance forward with less than 50% of my available funds actually invested. I am content with +50% of my funds sitting on the sideline in cash as the trade attempts to wade through the murky and often volatile and highly unpredictable waters experienced during the August, September and October time period.

**Simone Biles Makes History with Jaw-Dropping Beam Dismount:** Five-time Olympic medalist Simone Biles on Saturday made history once again when she became the first gymnast to attempt and land a double-twisting, double somersault dismount from the balance beam in a match. Biles, the most decorated U.S. gymnast of all time, ended her nearly 1.5-minute routine with the incredible move at the 2019 U.S. Gymnastics Championship in Kansas City, Missouri. The dismount will be named after Biles once she completes it during an international meet. Click [HERE](#)

**Chase Bank Clears All Canadian Credit Card Debt:** *Canadians who had credit cards with Chase Bank can breathe a sigh of relief as the company says it will "forgive" all outstanding debt. I should mention, Chase closed all credit card accounts in the country in March of 2018 with instructions to customers to continue paying their debt, but as of last week, all debt has been wiped off the books. Chase declined to say how much debt was actually written off, but reporters have spoken with some residents who had at least \$4,500 still on the account. Keep in mind, Chase could have sold the debt to a third party, but officials were quoted as saying, "Ultimately, we felt it was a better decision for all parties, particularly our customer, to forgive the debt." Read more [HERE](#).*

**Can Being TOO SMART Hurt Your Overall Investment Returns?** *Ernest Hemingway once wrote: "Happiness in intelligent people is the rarest thing I know." Believe it or not, people who ace standard cognitive tests are in fact slightly more likely to have a "bias blind spot". That is, they are less able to*

*see their own flaws, even when though they are quite capable of criticizing the foibles of others. And they have a greater tendency to fall for the "gambler's fallacy" – the idea that if a tossed coin turns heads 10 times, it will be more likely to fall tails on the 11th. The fallacy has been the ruination of roulette players planning for a red after a string of blacks, and it can also lead stock investors and traders to sell their positions before they reach peak value – in the belief that their luck has to run out sooner or later or that they are being a "contrarian." Read More [HERE](#)*

**23 U.S. Metro Areas Account for Half of Our GDP:** *United States is home to just 4% of the world's population, yet it generates 24% of global economic output, but the country's biggest economic drivers are just a handful of cities. New York City's metropolitan area alone has a GDP of \$1.7 trillion, which is nearly equal to the total economic output of all non-metro areas in the country. Also, the state is one of the less than two dozen metro areas nationwide that together make up more than half of the U.S. economy. To identify these 23 cities, 24/7 Wall St. reviewed 2017 GDP for all U.S. metropolitan areas using data from the Bureau of Economic Analysis. It's worth mentioning another important factor is the presence of major companies as many of the largest Fortune 500 businesses are headquartered in these metro areas and are leading regional employers. Read more [HERE](#).*

**Florida is Largest Benefactor From Relocations:** *Sunshine State coffers banked nearly \$18 billion in adjusted gross income, and those over 55 accounted for 72% of that figure, as Florida is now the number one state to benefit from those relocating for the last chapter of life. Interestingly, it wasn't even a close race as Florida's net income AGI crushed the other 19 states that saw a positive net influx combined to total \$19.4 billion. Even no-income states like Texas and South Carolina didn't come close to catching Florida. While the study analyzed data from 2016, this trend has likely only intensified thanks to recent changes to the U.S. tax code, which places a \$10,000 cap on state and local tax deductions has caused an exodus from states like New York, Connecticut, and California. Read more [HERE](#).*

**Earnings Season Has Been A Pleasant Surprise:** *Second-quarter earnings season is turning out to be better than most analysts expected. Some companies have managed to increase revenue significantly, as others have improved their gross margins, and a select few have done both. Only one month ago, analysts polled by S&P Global Market Intelligence expected weighted aggregate second-quarter earnings per share to increase from a year earlier for only three of the benchmark index's 11 sectors: financials, health care, and industrials. You can look at the current estimates through last week on the graphic below, which shows how they have improved for all sectors from a month earlier. Read more [HERE](#).*

S&P 500 sector	Q2 earnings change estimate - Aug. 7	Q2 earnings change estimate - July 7
Financials	9.1%	4.3%
Health Care	8.4%	2.0%
Real Estate	6.8%	-9.2%
Consumer Staples	1.0%	-0.7%
Information Technology	0.6%	-4.4%
Consumer Discretionary	-2.6%	-3.8%
Utilities	-8.1%	-6.8%
Industrials	-8.5%	0.2%
Energy	-13.5%	-4.5%
Materials	-18.6%	-20.5%
Communication Services	-38.6%	-42.5%
<b>S&amp;P 500 Index</b>	<b>0.8%</b>	<b>-1.7%</b>

Source: S&P Global Market Intelligence

# FARM TANK

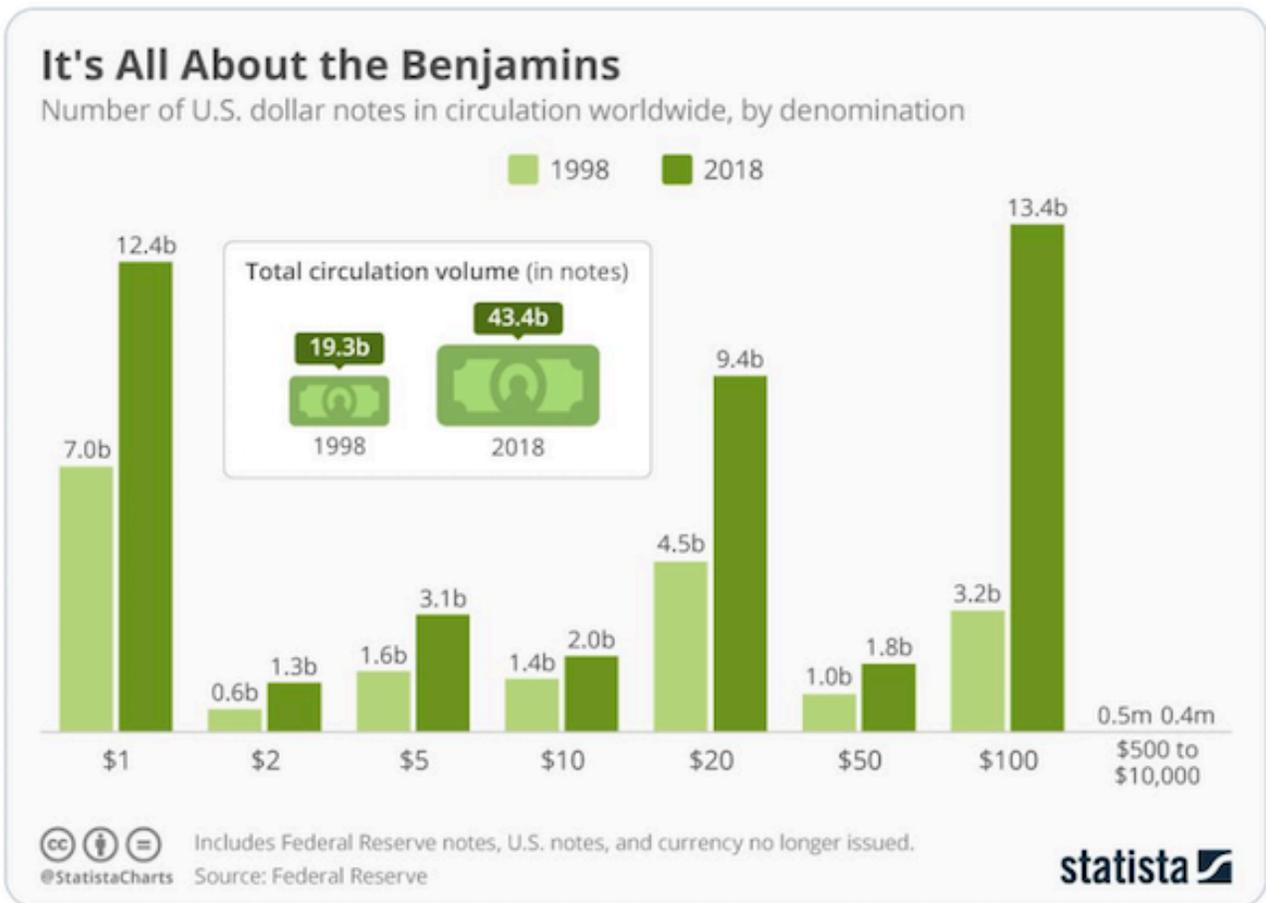
Tweets of the Day





# An estimated 80% of the 13.4 billion \$100 notes in circulation are held outside the United States

[bit.ly/31dfZ1R](https://bit.ly/31dfZ1R)





**Todd Hoffman-Farmer**  
@toddhoffmanfrmr



Went to take a sample. Frick.





**Casey Kimbrell**  
@CBKimbrell



A good example of why big acres from USDA doesn't equate to a big crop.



**Justin Redalen**  
@Justinredalen



For a couple weeks each summer the neighbor puts his tractor collection on display.







**Greg Peterson**  
@MachineryPete



Cool 1 min. video of this converted school bus into hay bale loader/mover in action in South Dakota...clocked up to 35 mph in the field, 20 mph loaded. Wow:  
[machinerypete.com/media\\_posts/co...](http://machinerypete.com/media_posts/co...)

@DallasCHenry1 @candboperations

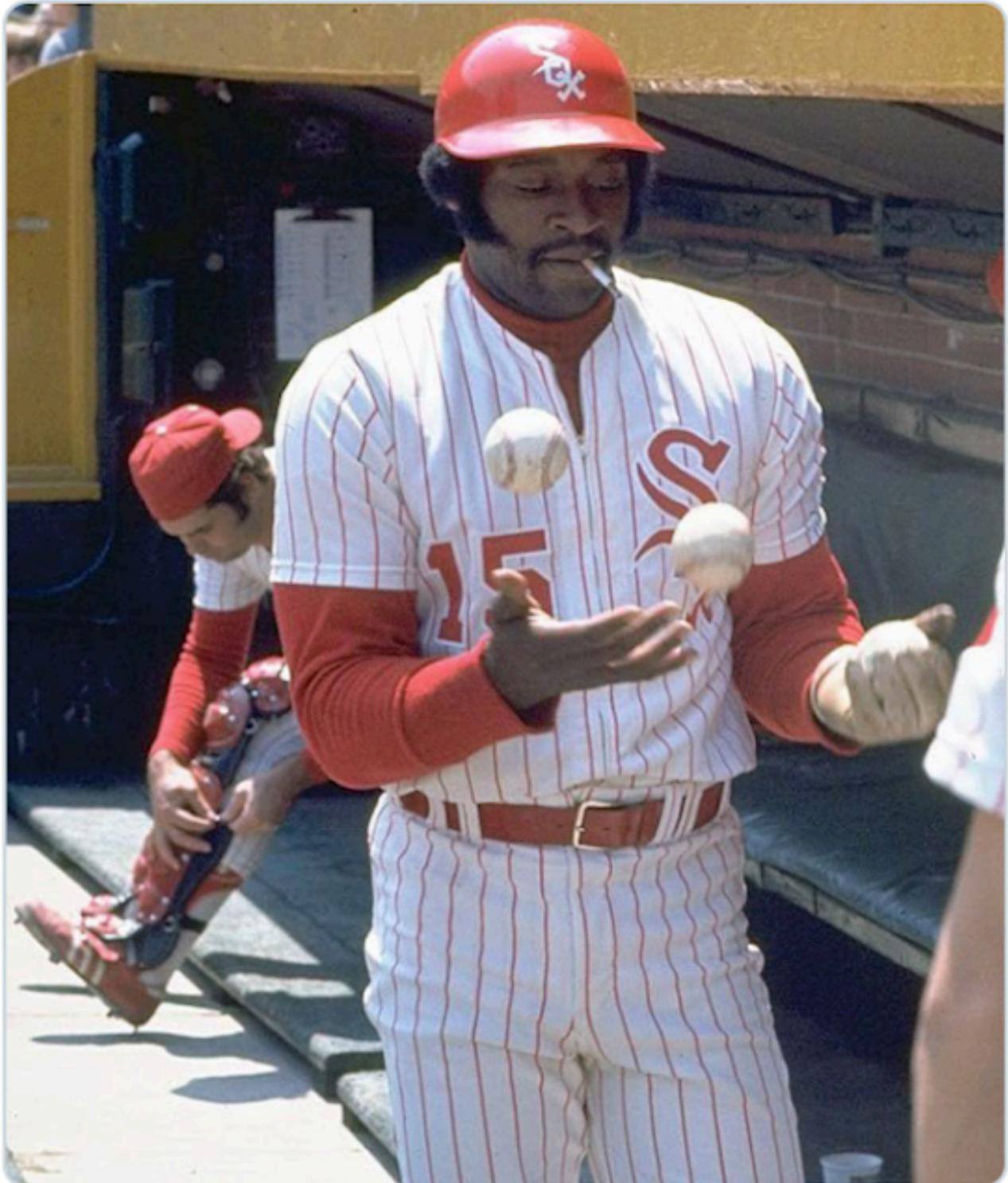


**Super 70s Sports**  
@Super70sSports



You may be cool, but you'll never be Dick Allen

working on a lung dart in the dugout while juggling baseballs cool.





**ActionComplete**  
@ActionComplete



The bad news is time flies. The good news is you're the...

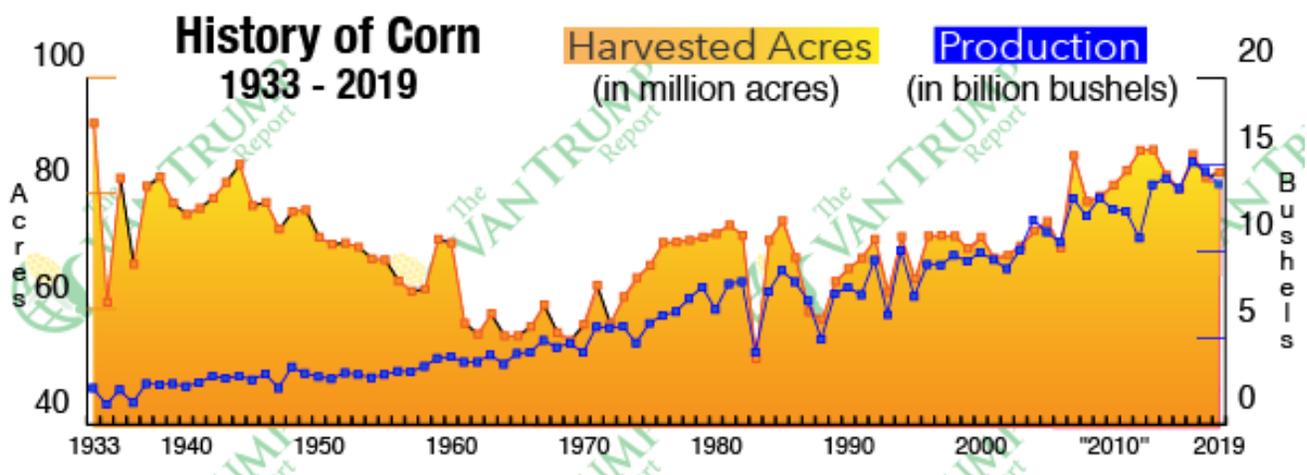
~Michael Altshuler

[#quotes](#) [#inspiration](#) [#leadership](#)



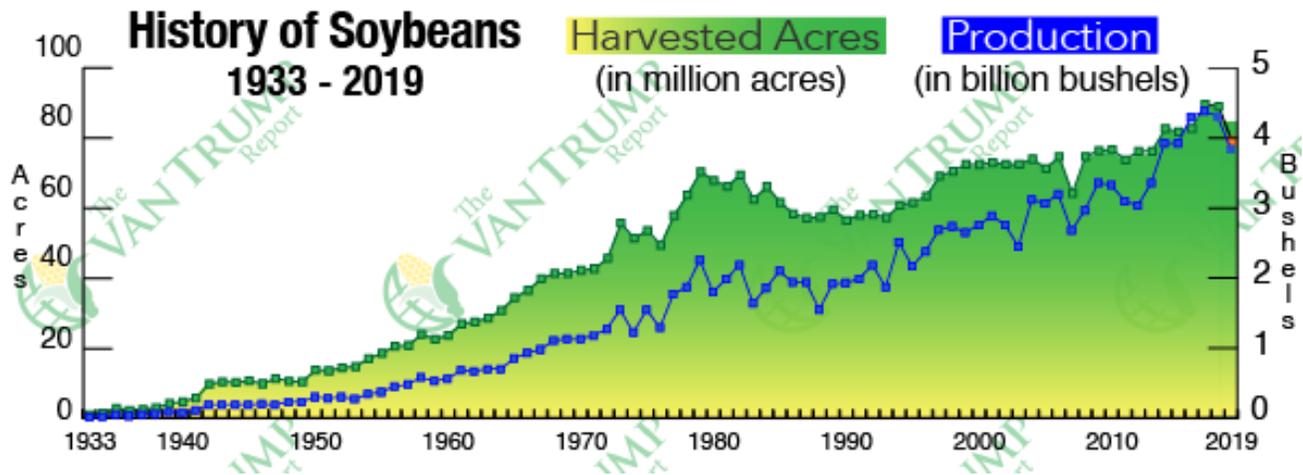
**Corn** traders are awaiting today's highly anticipated USDA report. I personally see it as a complete crapshoot, meaning it could easily go either way. I could see the market +25 cents higher or -25 cents lower based on the USDA's current interpretation of their data. For what it's worth, I am holding all of my bullish positions into the report. If the USDA delivers another bearish blow I will be

looking to add more longer-term length at or near limit-down. Smaller breaks or a bullish bounce higher and I will simply remain patient and maintain my current length. This report has to be one of the strangest I can remember. Nobody seems to have any real idea or handle on the numbers. Perhaps more importantly, nobody seems like they will be too surprised if the USDA throws another massively wild pitch. I simply can't remember the last time we came into a USDA report with such varying degrees of opinions and estimates. Outside the USDA numbers, bulls are pointing to deepening dry conditions across several important U.S. production areas. On the flip side, bears are further questioning overall demand. This past Friday the EPA granted 31 more controversial waivers allowing refiners to forgo blending requirements of the Renewable Fuels Standard (RFS). As expected, corn and ethanol groups were outraged by the decision which they say "undermines" the Renewable Fuel Standard and brings about more demand uncertainty. Bracing for a big day and perhaps some controversial USDA numbers...

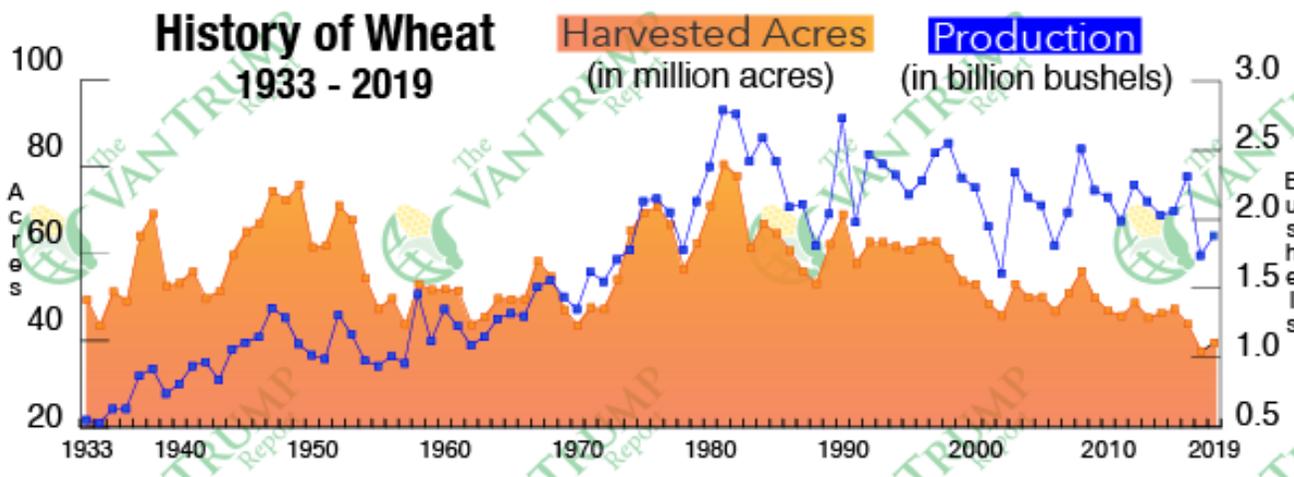


**Soybean** traders are eagerly waiting on today's monthly USDA report. There's a ton of uncertainty and a wide array of estimates surrounding both planted acres and yield. How many corn acres got switched to soybean acres? How many soybean acres got planted after the first week in July? How many acres will actually get harvested? What type of yield drag will the crop experience? The trade is also trying to navigate through and around the ongoing uncertainty associated with Chinese trade negotiations and the fallout from African Swine Fever. Perhaps even more than corn, this market has a ton of unknowns and massive uncertainty. As a spec, I am going into today's report holding a conservative bullish position.

Similar to corn, if we happen to get hit by another bearish USDA wild-pitch, I will more than likely add to my current longer-term bullish position. The NOV19 market will need to trade sub-\$8.60 to trip my trigger. I am not currently comfortable adding on upside momentum or breakouts. Wanting to stay patient and buy the pullbacks! As a producer, I remain on hold, waiting for better and brighter days ahead!



**Wheat** prices will more than likely act as a follower in today's market action. The updated USDA data isn't expected to change the balance sheet much. Most sources are looking for a slight increase in U.S. ending stocks which keeps the balance sheet burdensome at +1.0 billion bushels. On the flip side, there's some talk that global production could be trimmed a bit but world stocks will remain plentiful. As a spec, I am currently flat this market and standing patiently on the sideline. If we break aggressively lower for some reason, I will entertain dipping a toe in the water and buying for longer term positioning.



**Cattle Traders Concerned About Tyson Plant Fire:** A fire over the weekend at the Tyson plant in Holcomb, KS is causing some concerns and debates across the cattle market. Tyson released a statement that said the plant would be "down indefinitely" after a devastating fire destroyed the facility. There are several sources that believe by mostly knocking Tyson out of the cattle market it will be bearish the overall trade. Cash prices could get hit fairly hard early on as the market softens and the overall cattle slaughter weakens. Cattle feeder prices more than likely take it on the chin.

**U.S. Production 2019/20**

(million bushels)

Corn	August #’s	Avg. Trade Estimate	Range of Estimates	July Estimates	Last Year
Production	???	13,123	12,080 - 13,857	13,875	14,420
Yield	???	164.7	160.0 - 167.8	166.0	176.4
Plant Acres	???	87.707	83.494 - 90.000	91.7	89.129
Harvested Acres	???	80.1	76.1 - 81.9	83.6	87.1

Soybeans	August #’s	Avg. Trade Estimate	Range of Estimates	July Estimates	Last Year
Production	???	3,791	3,590 - 3,974	3,845	4,544
Yield	???	47.5	45.0 - 49.0	48.5	51.6
Plant Acres	???	80.849	78.000 - 83,500	80.0	89.196

Harvested Acres	???	79.9	77.3 - 82.8	79.3	88.1
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### U.S. Grain Ending Stocks 2019/20

(million bushels)

	August #'s	Avg. Trade Estimate	Range of Estimates	July Estimates	Last Year
Corn	???	1,613	1,281 - 2,100	2,010	2,340
Soybeans	???	836	607 - 1,200	795	1,050
Wheat	???	995	865 - 1,072	1,000	1,102

### U.S. Grain Ending Stocks 2018/19

(million bushels)

	August #'s	Avg. Trade Estimate	Range of Estimates	July Estimates	Last Year
Corn	???	2,388	2,220 - 2,490	2,340	2,140
Soybeans	???	1,069	980 - 1,300	1,050	438

### US Wheat Production 2019/20

(million acres)

	August #'s	Avg. Trade Estimate	Range of Estimates	July Estimates	Last Year
All Wheat	???	1,926	1,873 - 1,990	1,921	1,884
All Winter	???	1,292	1,270 - 1,324	1,290	1,184
Hard Red Winter	???	806	762 - 834	804	662
Soft Red Winter	???	258	250 - 288	259	286
White Winter	???	227	220 - 257	227	236
Spring	???	571	542 - 583	572	623
Durum	???	57	53 - 60	58	77

### World Ending Stocks 2019/20

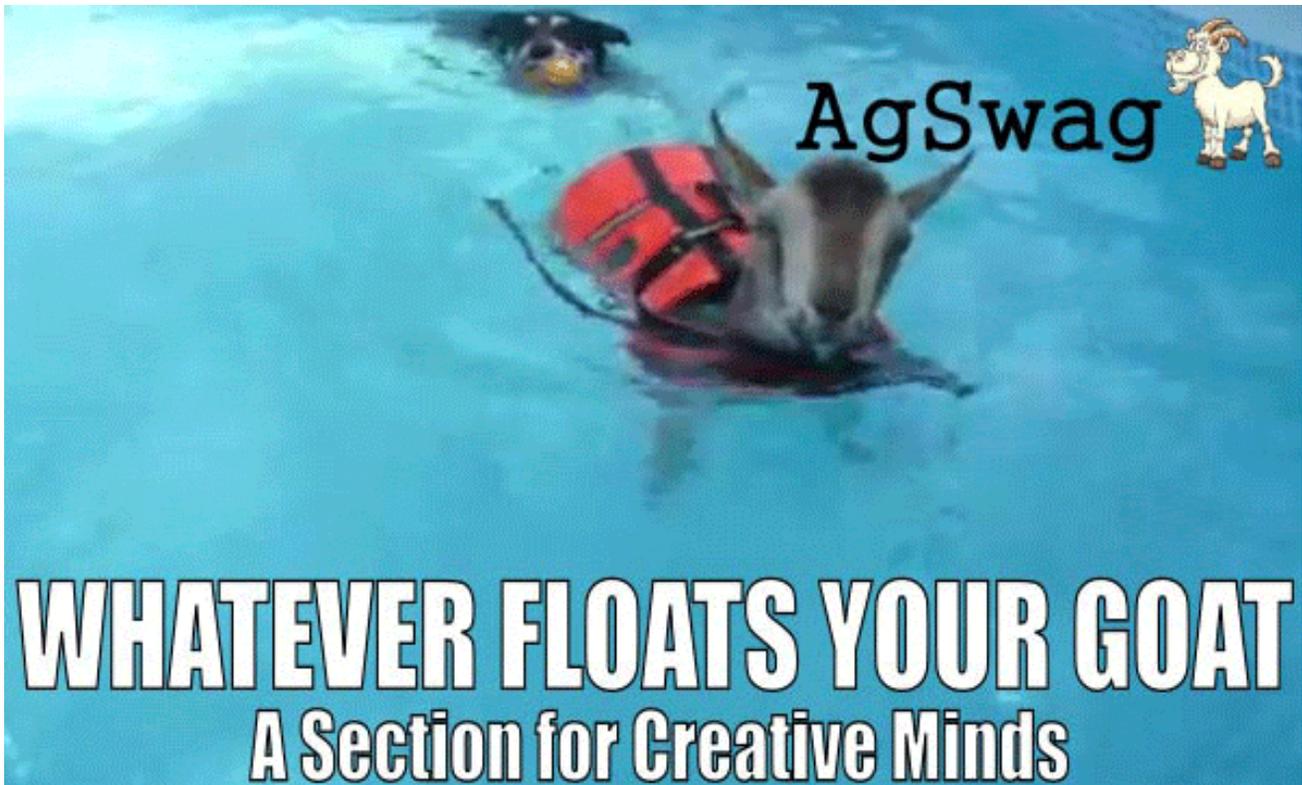
(million tonnes)

	August #’s	Avg. Trade Estimate	Range of Estimates	July Estimates	Last Year
Corn	???	290.3	278.0 - 298.7	298.9	328.8
Soybeans	???	105.6	101.0 - 124.1	104.5	113.0
Wheat	???	284.5	273.0 - 290.0	286.5	275.2

**World Ending Stocks 2018/19**

(million tonnes)

	August #’s	Avg. Trade Estimate	Range of Estimates	July Estimates	Last Year
Corn	???	332.9	327.5 - 382.0	328.8	340.4
Soybeans	???	113.5	111.0 - 116.1	113.0	99.1
Wheat	???	275.0	273.0 - 276.0	275.2	281.9



> **Cargill's "BeefUp Sustainability" Tackles GHG:** *US-based agriculture giant, Cargill, is launching "BeefUp Sustainability," an initiative that aims to reduce 30% of greenhouse gases across its North American beef supply chain by 2030. It's worth mentioning, the program will focus on grazing management, feed production, innovation, and food waste reduction while engaging with stakeholders including producers, customers, and innovators. Definitely something all producers need to be considering to stay aligned with future markets. Read more [HERE](#).*

> **Plant-Based Meat Goes Exotic:** *Australian startup VOW is now cultivating kangaroo meat in a lab, potentially making a market for hard to find animals into routine meals for adventurous meat-eaters. Interestingly, only 15% or so of Australia's population eats kangaroo, which can be found in major grocers, but 55 countries import the product. Meaning, apparently there's a market. Kangaroo meat is lean, high in iron, and zinc as well as harvested from the wild. From what I can tell, this is the first attempt to cultivate an undomesticated land animal in a lab. Read more [HERE](#).*

> **Chick-fil-A is America's Favorite Fast Food:** *In-N-Out is no longer the reigning fast food restaurant in the country as Chick-fil-A received a composite loyalty index of 79% from over 7,600 customers polled in Market Force's annual satisfaction survey. Customers were asked to rate the chains on index food quality, speed of service, value for money, healthy options, overall cleanliness, staff friendliness, curb appeal, and atmosphere. On top of that, the Chicken Chain that's closed on Sundays is on track to generate more than \$10.4 billion in sales, easily surpassing Taco Bell and Subway for the No. 3 spot in the industry. Certainly an impressive feat for it 2,300 locations nationwide. (Source: usatoday)*

> **Atlantic Hurricane Season Predictions Get Updated:** *Forecasters are now updating their preseason predictions. Now, we're being told to expect activity to be above normal with 10 to 17 named storms including five to nine hurricanes. It sounds like two to four of those hurricanes are forecast to be Category 3 or stronger with winds greater than 110 mph. It's worth mentioning, the updated forecast was issued just ahead of the start of the most active hurricane period, which is roughly eight weeks that surround September 10. Read more [HERE](#).*

**> Saudi Aramco Push Up IPO Plans:** *Saudi Arabia's state oil company is revving up plans for an initial public offering and accelerating the timeline for what would be the world's biggest listing as early next year, according to people familiar with the discussions. Government officials are hoping to capitalize on the positive international reaction to the company's debut bond sale in April, which raised \$12 billion. It's worth mentioning, the Saudi government needs the proceeds from the IPO to finance social and military spending, and to direct toward Neom, a futuristic city Saudi Arabia which is building at a cost of \$500 billion. Read more [HERE](#).*

**> Millennial's Beards Cost Gillette \$8 Million:** *Millennial men are ditching their razors, according to Procter & Gamble, who are blaming its recent \$8 billion write-downs on its men's grooming brand Gillette because younger generations of men aren't shaving as much. In the last five years, the U.S. men's market for shaving products has shrunk by over 11%, according to data from Euromonitor. As trends have changed, the U.S. men's razors and blades market which was worth \$2.4 billion 2015, declined to \$2.2 billion in 2018, according to the same report. Read more [HERE](#).*

**> Will Your Car's FM Radio Still Be There In 5 Years?** *Most tuners are now tucked slyly between the Bluetooth and auxiliary options on car dashboards as music enthusiasts are turning to personalized streaming services such as Spotify, Sirius XM's Pandora, and Apple Music to find their next favorite artist. Larry Miller, the director of New York University's music business program and host of the "Musonomics" podcast, is predicting that FM radio is near a breaking point and the stats are on his side. All you have to do is look at the recent downtrend in radio station valuations, not to mention that advertising revenues are shrinking as well. Just another one of my generations teenage companies being disrupted with technology. Read more [HERE](#).*

**> Son Flies Vietnam Vet Father's Remains Home:** *Air Force Maj. Roy Knight, Jr. left for Vietnam 52 years ago from Dallas's Love Field, where his 5-year old son, Bryan, saw him off. Last week, Bryan, now a captain for Southwest Airlines, brought back his father's remains aboard a flight to the same Dallas airport. On*

*May 19, 1967, Maj. Roy A. Knight, Jr. was shot down while attacking a target on the Ho Chi Minh Trail in Laos. Initially, he was listed as Missing in Action until being declared Killed in Action in 1974. I should mention, the story of Knight, who was subsequently promoted to colonel, and Bryan, who also served in the Air Force, was announced over the airport intercom as the moving scene unfolded. It was a moving and emotional scene as crowds gathered around windows with American flags, and pumper trucks sprayed an arc of water over the jet as it brought Knights body home to rest. Hard to imagine how his son must have felt! Read more [HERE](#).*







**Jackson Proskow** ✓  
@JProskowGlobal

Incredible moment to watch. The entire airport fell silent.

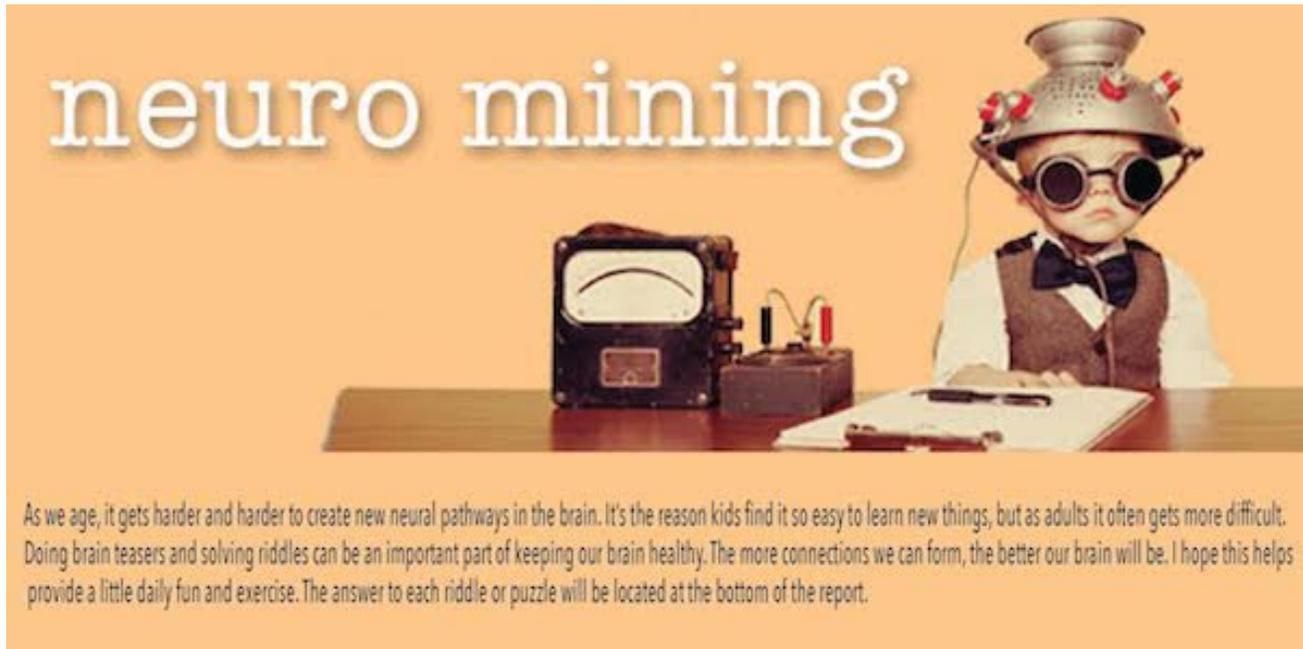


**East Central South Dakota** – *We've had eight inches of rain in five days. We have another two inches coming down the pipe this weekend. I'd estimate most farmers in this area didn't plant more than 20% of their total crop. Many guys including us were not able to even get a cover crop planted because there's just not been any window to get in the field. We don't farm around any major rivers so there aren't any real good spots for the water to go. We have water running over roads and completely filling ditches etc. If you go south the prevent plant acres are even more substantial. Real tough year in parts of South Dakota.*

**Southern Nebraska** - *Just got back from Spirit Lake in northwest Iowa, which is*

*a really good trip and has a lot of nice people up there. Around Fremont, NE is bad because lots of prevent plant with corn trash piles at the end of the fields. I was quite surprised at how good the crops are the further north you go in Iowa some of it may be a bit behind as some corn just started tasseling . You have to wonder if that will make it. Also, it appears to be a bit dryer as you go north because of brownish lawns, but the crops don't show it. Coming back, I went down to Shenandoah then west on Highway 2. From Shenandoah to the state line it's not very good because of prevent plant. The only area where I've seen stress is southeast of Lincoln around the Bennett area, but it quickly gets better to the west. From my 60-mph tour, western Iowa corn appears to be 75% good to excellent. It would be more, but there are some spots of nitrogen deficiency. It appears that the corn plants are there and thick, guessing 30,000 plus population. As for the beans, I didn't get out and looked at the stage they are in, but it appears to also be a very good crop. What Iowa is suffering from though is weed control, which is in very few fields that don't have water hemp. I couldn't tell if it was palmer or not, but if it's going to have some work to do in the future, some fields you can tell are just being sprayed again. Overall, I think the yields are there and PP is less than 1% on an overall average. Yes, some places are bad, but as a whole, there are not many acres that didn't get planted. Just my observation, but 170 bushel per acre corn and 50 bushel per acre soybeans is very obtainable with a later frost.*

**Western Missouri** – *The soybeans are extremely short in this area and they aren't putting on significant pods right now. We're hoping we'll see a few more if this month doesn't get too hot. The corn looks acceptable considering the extremes we've experienced this year. If we're able to close out the month with maybe two more decent rains, the corn should make 160-170 bushel per acre. Right now, we don't have a slight chance of rain over the weekend. If we miss that we are going to start seeing some problems because our temperatures are going to jump up next week about 5-10 degrees.*



**TODAY'S RIDDLE:** When you need me, you throw me away. But when you're done with me, you bring me back. What am I?



### **How Do I Get a Fairly Accurate Estimate of Corn Yield Prior to Harvest???**

Extremely variable weather this year will make it particularly interesting how close early yield estimates come to matching what's actually harvested from the field. I'm often asked about different procedures that can give a fairly simple and accurate estimate of yield before the crop is fully grown. One method that I find compelling is called the yield component method -- also referred to as the "slide rule" or corn yield calculator. The yield component method was developed by the Agricultural Engineering Department at the University of Illinois and said to produce yield estimates that are extremely close to that of the actual final yield. An estimate with this accuracy can be helpful for general planning purposes. The principle advantage of this method is that it can be used as early as the milk stage

of kernel development. The yield component method involves using a numerical constant for kernel weight, which is figured into an equation in order to calculate grain yield. This numerical constant is sometimes referred to as the "fudge factor" since it's based on a predetermined average kernel weight. Understand, with weight per kernel varying depending on hybrid and environment, the yield component method should be used only to estimate relative grain yields. When below normal rainfall occurs during grain fill (resulting in low kernel weights), the yield component method is known to overestimate yields. In a year with good grain fill conditions, the method will generally underestimate grain yields. In the past, the yield component method equation used a "fudge factor" of 90, but since kernel size has increased over the years. Bob Nielsen at Purdue University suggests an updated number of 80-85. (Source: Purdue University; Mississippi State University; Ohio State University)

*To use the **Yield Component Method** to estimate your corn yield, use the following steps. Of course, if you see variable crop development across a certain field you are measuring, the greater the number of samples should be taken to estimate yield for that field. For more information on the yield component method, check out Bob Nielsen's write-up on the method from Purdue University [HERE](#). You can also check out the article called [Estimating Corn Yields](#), by Peter Thomison at Ohio State University Extension.*

**Step 1.** *Count the number of harvestable ears in a length of row equivalent to 1/1000th acre. For 30-inch rows, this would be 17 ft. 5 in.*

**Step 2.** *On every fifth ear, count the number of kernel rows per ear and determine the average.*

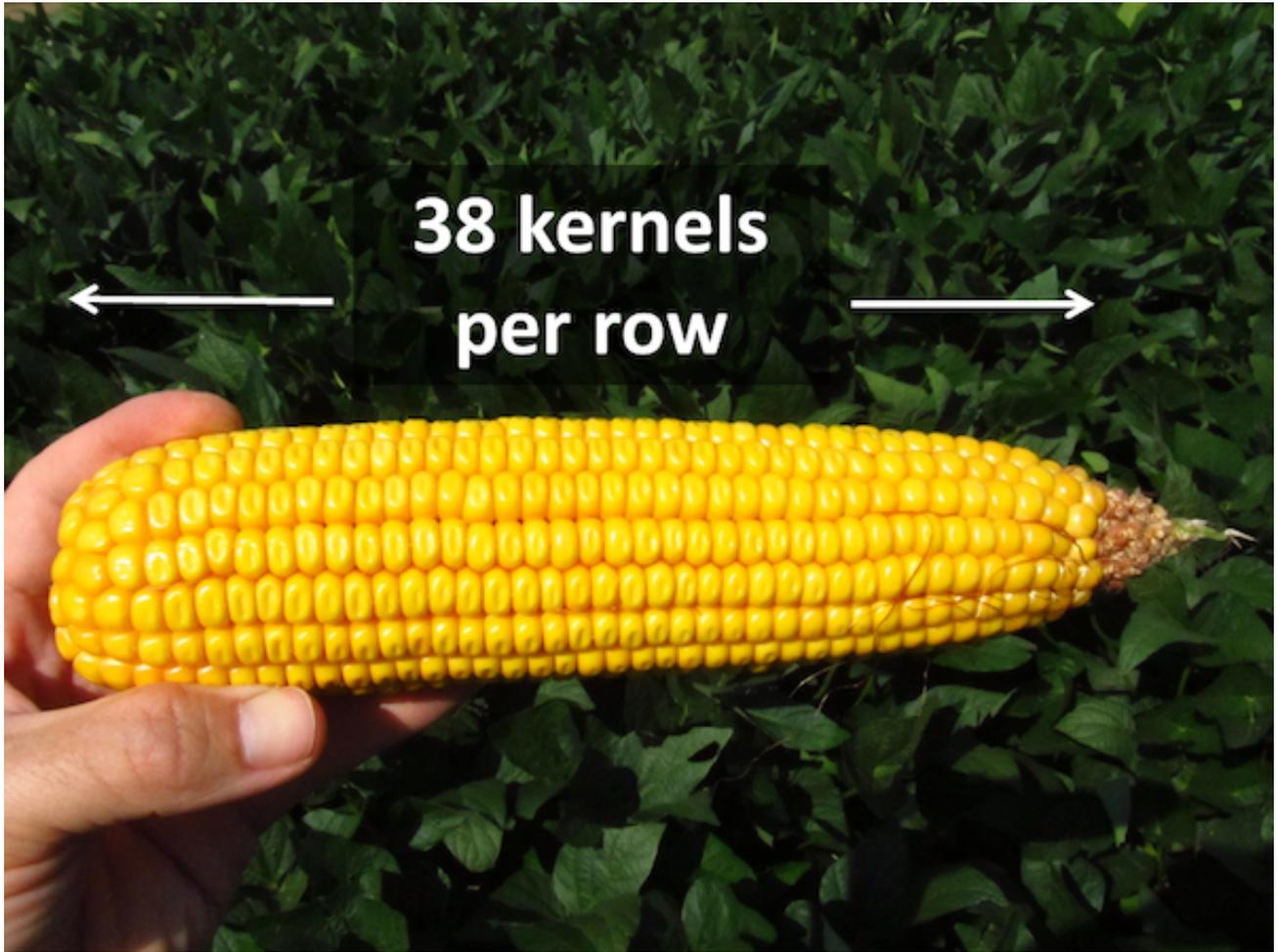
**Step 3.** *On each of these ears count the number of kernels per row and determine the average. (Do not count kernels on either the butt or tip of the ear that are less than half the size of normal size kernels.)*

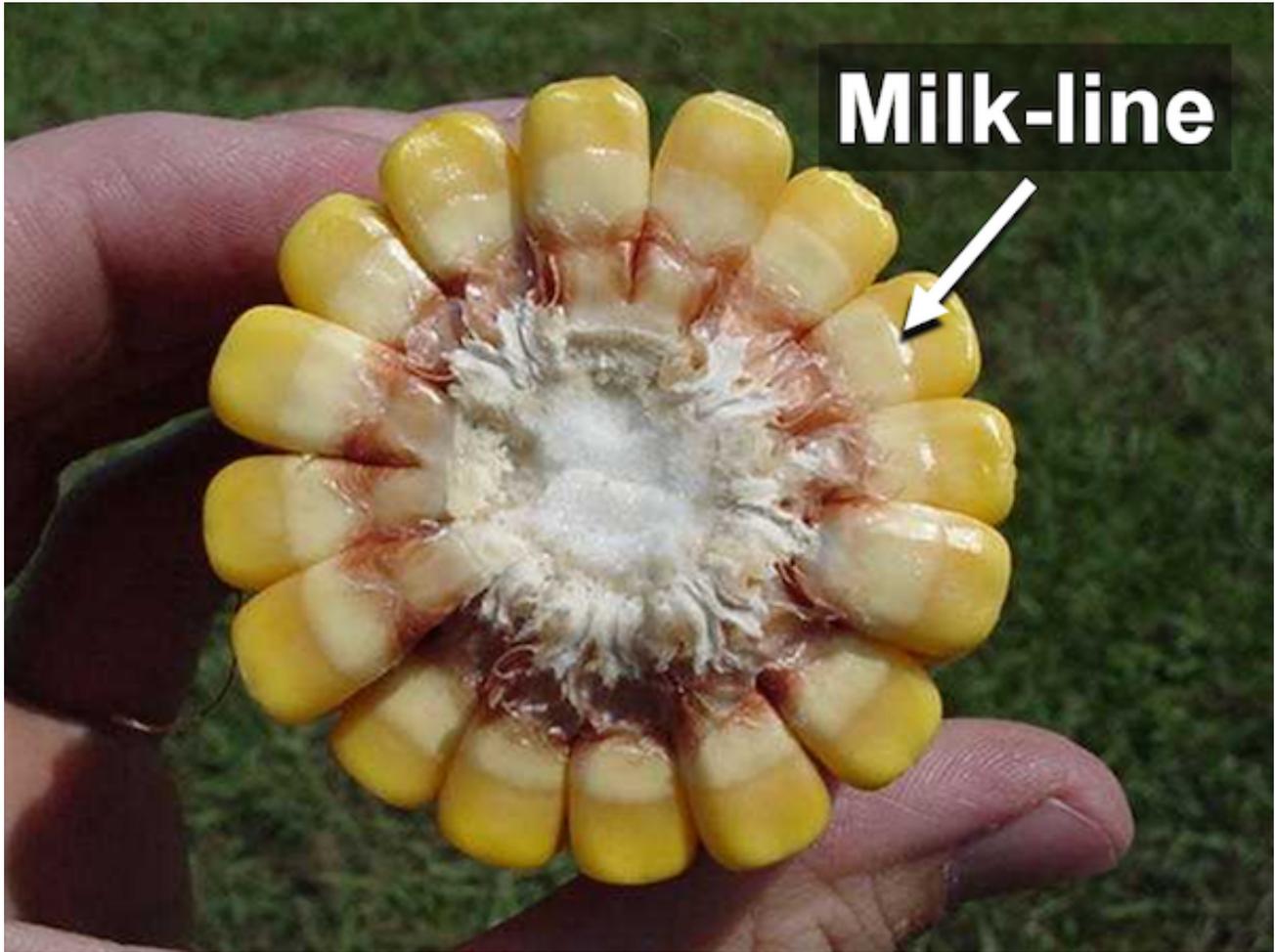
**Step 4.** *Yield (bushels per acre) equals (ear #) x (avg. row #) x (avg. kernel*

#) divided by 85.

**Step 5.** Repeat the procedure for at least four additional sites across the field. Keep in mind that uniformity of plant development affects the accuracy of the estimation technique.









### **Private Company Called "OpenAI" Could Change the World**

Smart money players who are interested in the artificial intelligence space are keeping an extremely close eye on a private company called "OpenAI." A couple of weeks back, Microsoft agreed to invest \$1 billion in the company. OpenAI's goal is to develop something called artificial general intelligence, essentially replicating the human brain's ability to reason and learn on its own.

OpenAI began as a nonprofit research lab in 2015 and was intended to match the high-tech R&D of companies like Google and Amazon while focusing on developing AI in a safe and democratic fashion. But earlier this year, OpenAI said it needed more money to continue this work and set up a new for-profit firm to seek outside investment. To attract backers, OpenAI has made outrageous promises about the potential of its technology. Altman, who became CEO of the new for-profit OpenAI, has said that if the lab does manage to create artificial general intelligence, it

could "maybe capture the light cone of all future value in the universe." Interestingly, OpenAI has a unique 100x cap on investor returns. So, that limits Microsoft's upside to only \$100 billion, which still isn't a bad potential return!

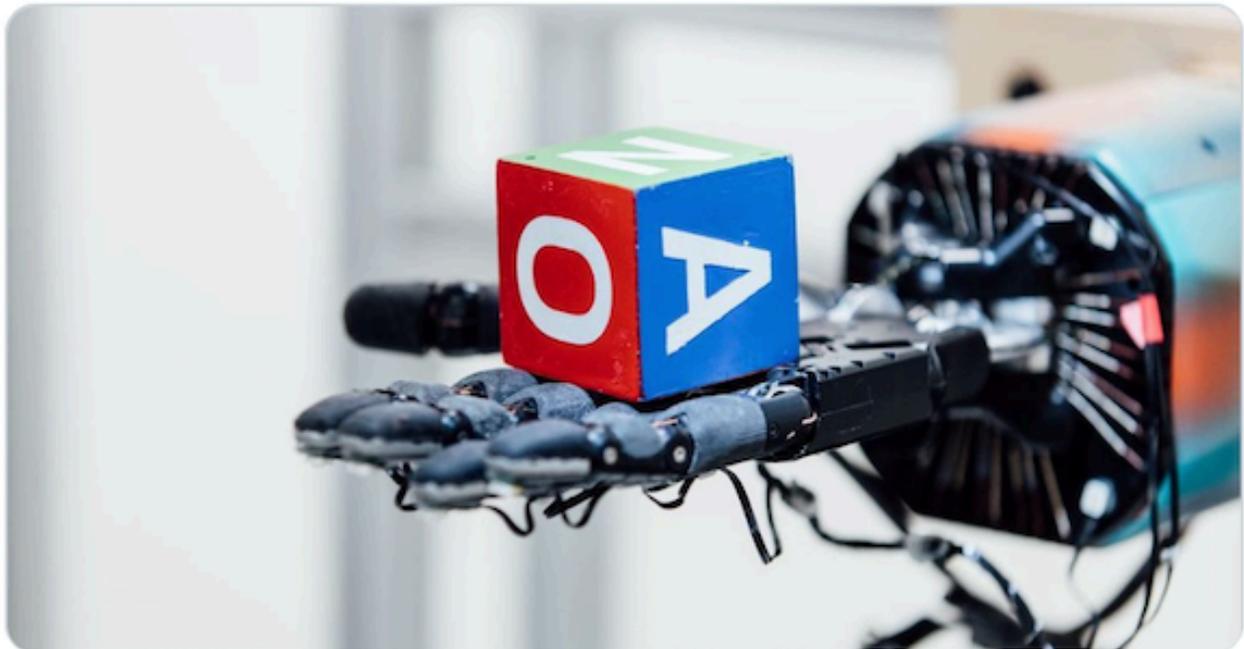
Timelines (of where AI will take us) are always really hard to predict. One story I really like thinking about is just looking, for example, at previous technological innovations. In 1878, Thomas Edison announced that he was going to create the incandescent lamp and gas securities in England fell. So, the British Parliament put together a commission of distinguished experts, who came out to Menlo Park. They checked everything out. They said this isn't going to work and one year later he shipped. I think that we're in a similar sort of place here where it's hard to predict what the future will be like. We're in this exponential right now where the computational power that we're using is growing five times faster than Moore's Law. What we do know is every year we're going to have unprecedented AI technologies. OpenAI executives think within five years they will have computer systems that humans can really have meaningful conversations with. In fact, they believe they will have computers and bots within a bunch of different domains, a lot of systems that can work with humans to augment what they can do much further than anything we can imagine today. Keep your eye on the company "OpenAI". (Source: AIXperts; Verge; WebPro)



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#Microsoft invests \$1 billion in #OpenAI to pursue holy grail of artificial intelligence [rb1.shop/2YyQPcg](http://rb1.shop/2YyQPcg) @verge



## **Could We See Another Tiananmen Square?**

Traders and investors have been paying close attention to the recent protest and uprising in Hong Kong. There's a fear amongst investors that protests and uprising could spread from Hong Kong across southern China and into other major cities. Such a move would have a devastating effect on Hong Kong's economy, possibly causing the local stock market that is key to funding the Chinese economy to crash and prompting a more massive outflow of foreign investors and capital.

Hong Kong is located in southern China and is one of the most densely populated places in the world with around 7.5 million people. Hong Kong is interesting because it maintains governing and economic systems that are separate from those of mainland China. Hong Kong is often characterized as a hybrid of crossover between the East and West. Traditional Chinese values emphasizing family and education blend with Western ideals, including economic liberty and the rule of law. Although the vast majority of the population is ethnically Chinese, Hong Kong has developed its own distinct identity and freedoms.

Chinese censorship has kept a lid on the uprising until lately, details of the protests and events in Hong Kong are now rapidly spreading through China and among officials and intellectuals in major Chinese cities, raising concerns about potential calls for political freedoms like those enjoyed by others in Hong Kong. Beijing officials fear there might be a copy-cat effect in other cities in China.

Investors are worried because the Chinese government has mostly been ignoring the problem and there are similarities to what happened in Tiananmen Square in 1989. China is grappling with a slowing economy and the ongoing impacts of the U.S. - China trade war as well as pushback against its ambitious multi-billion dollar "Belt and Road" infrastructure program. At the same time, the nation is getting ready for a massive 70th anniversary that will celebrate the founding of the People's Republic on Oct. 1st. Many suspect the government could eventually become impatient with the protestors, especially ahead of the big celebration, and backed into a corner where they have to use force. Whenever you get talk of the worlds largest military, the People's Liberation Army (PLA), perhaps moving into play, the market tends to get a bit nervous. I don't think Beijing will get in the

same position as last time, and I'm hoping they don't have to deploy military troops. I included below an abbreviated timeline of how things unfolded back in 1989 when deadly force was used against pro-democracy protesters in Beijing's Tiananmen Square. You can read more of the specific details at [FRONTLINE](#).

**APRIL 17, 1989** *Tens of thousands of university students begin gathering spontaneously in Tiananmen Square, Beijing, the nation's symbolic central space. They come to mourn the death of Hu Yaobang, former General Secretary of the Communist Party. Hu had been a symbol to them of anti-corruption and political reform. In his name, the students call for press freedom and other reforms.*

**APRIL 18–21** *Demonstrations escalate in Beijing and spread to other cities and universities. Workers and officials join in with complaints about inflation, salaries, and housing.*

**APRIL 22** *More than 100,000 university students assemble outside the Great Hall of the People, where Hu's memorial service is being held. Over the next days, the students boycott classes and organize into unofficial student unions — an illegal act in China.*

**MAY 4** *Tens of thousands of more students march into Tiananmen Square to commemorate the 70th anniversary of the 1919 "May Fourth Movement," which also took place in the square. They pledge to return to classes the next day but intend to keep pressing for reforms.*

**MAY 19** *Student leaders learn of the plan to declare martial law and call off their hunger strike. Instead, they stage a mass sit-in in Tiananmen Square that draws about 1.2 million supporters, including members of the police and military and industrial workers.*

**MAY 20** *For the first time in 40 years of Communist rule, the PLA troops attempt to occupy Beijing. A huge number of civilian protestors block their convoys on the streets.*

*The soldiers have been ordered not to fire on civilians, even if provoked. They are stuck — unable to reach the protestors in Tiananmen Square and unable to withdraw from the city — for almost three days.*

**JUNE 2** *The Party elders approved the decision to put down the "counterrevolutionary riot" and clear the square with military force. Most hope it can be done without casualties. Unaware of what was about to happen, Hou Dejian, a Chinese rock star, and three prominent intellectuals start a hunger strike in Tiananmen Square. Demonstrators continue their sit-in and their calls for democratic reforms.*

**JUNE 3** *As word spreads that hundreds of thousands of troops are approaching from all four corners of the city, Beijingers flood the streets to block them, as they had done two weeks earlier. People set up barricades at every major intersection. At about 10:30 p.m., near the Muxidi apartment buildings — home to high-level Party officials and their families — the citizens become aggressive as the army tries to break through their barricades. They yell at the soldiers and some throw rocks; someone sets a bus on fire. The soldiers start firing on the unarmed civilians with AK-47s loaded with battlefield ammunition.*

*"The first rounds of fire catch everybody by surprise," recalls human rights observer Timothy Brook. "The people in the streets don't expect this to happen." The wounded are taken to nearby hospitals on bicycles and pull-carts, but the hospital staff is unequipped to deal with the severe wounds. Muxidi sees the highest casualties of the night; an untold number of people are killed.*

**JUNE 4** *At about 1:00 a.m., the People's Liberation Army finally reaches Tiananmen Square and waits for orders from the government. The soldiers have been told not to open fire, but they have also been told that they must clear the square by 6:00 a.m. — with no exceptions or delays. They make a final offer of amnesty if the few thousand remaining students will leave.*

*About 4:00 a.m., student leaders put the matter to a vote: Leave the square, or stay and face the consequences. "It was clear to me that they stay votes were much, much, much stronger," recalls eyewitness John Pomfret, who was near the students. "But Feng Congde, who was a student leader at the time, said, 'The go's have it.'" The students vacate the square under the gaze of thousands of soldiers.*

*Later that morning, some people — believed to be the parents of the student protestors — try to re-enter Tiananmen Square via Chang'an Boulevard. The soldiers order them to leave, and when they don't, open fire, taking down dozens of people at a time. According to eyewitness accounts, the citizens seem not to believe the army is firing on them with real ammunition.*

*"After a little while, like 40 minutes, people would gather up their nerve again and would crawl back to the corner and start screaming at the soldiers, and then the commander would eventually give another signal ... and they'd shoot more in the backs," remembers journalist Jan Wong, who watched it all from her hotel room above the boulevard. "And this went on more than half a dozen times in the day." When rescue workers try to approach the street to remove the wounded, they, too, are shot.*

*No one knows for certain how many people died over the two days. Many estimate over 10,000 were killed. The Chinese Red Cross initially reported a huge number, then quickly retracted that figure under intense pressure from the government. The official Chinese government figure is 241 dead, including soldiers, and 7,000 wounded. Who really knows?*

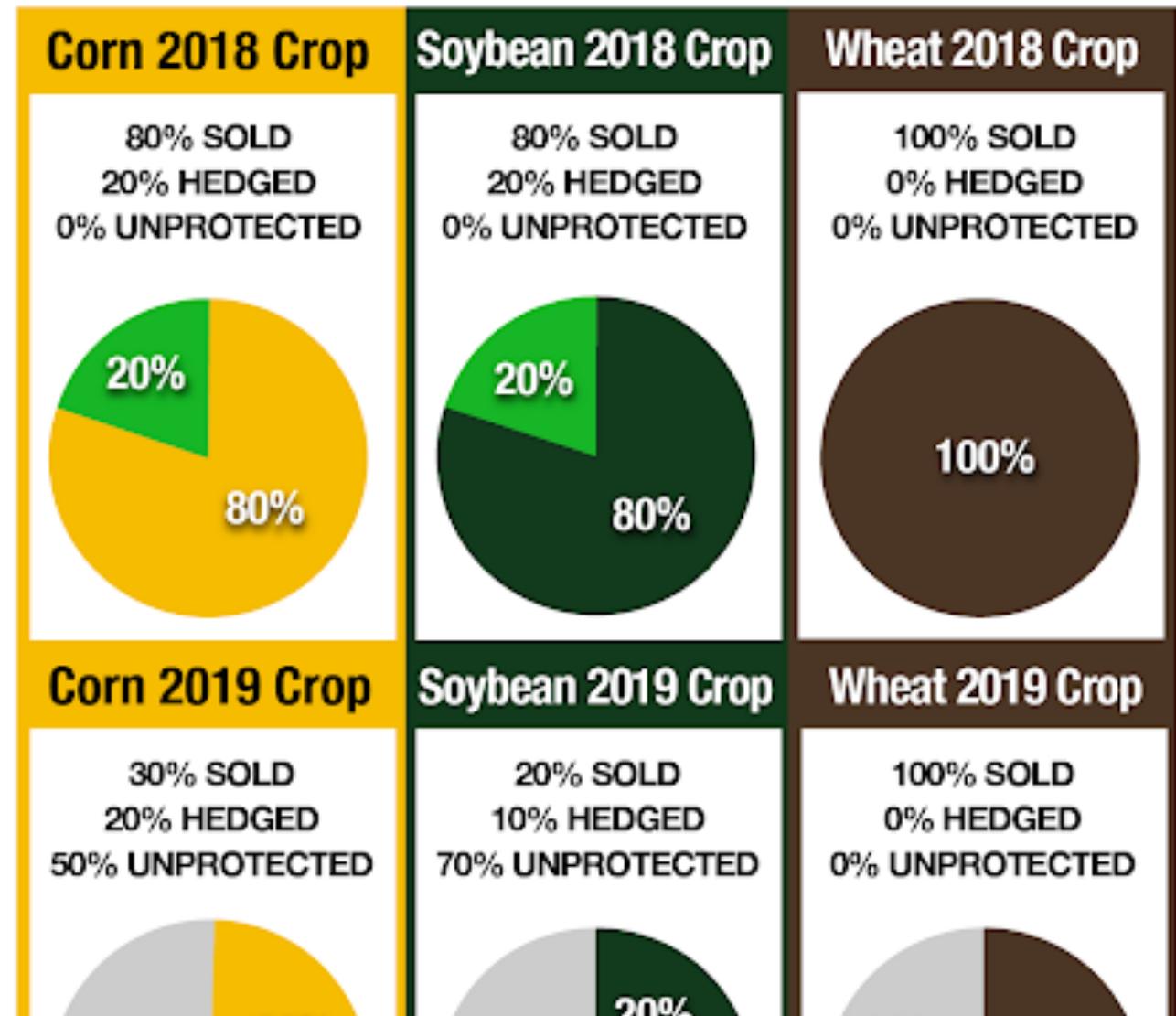


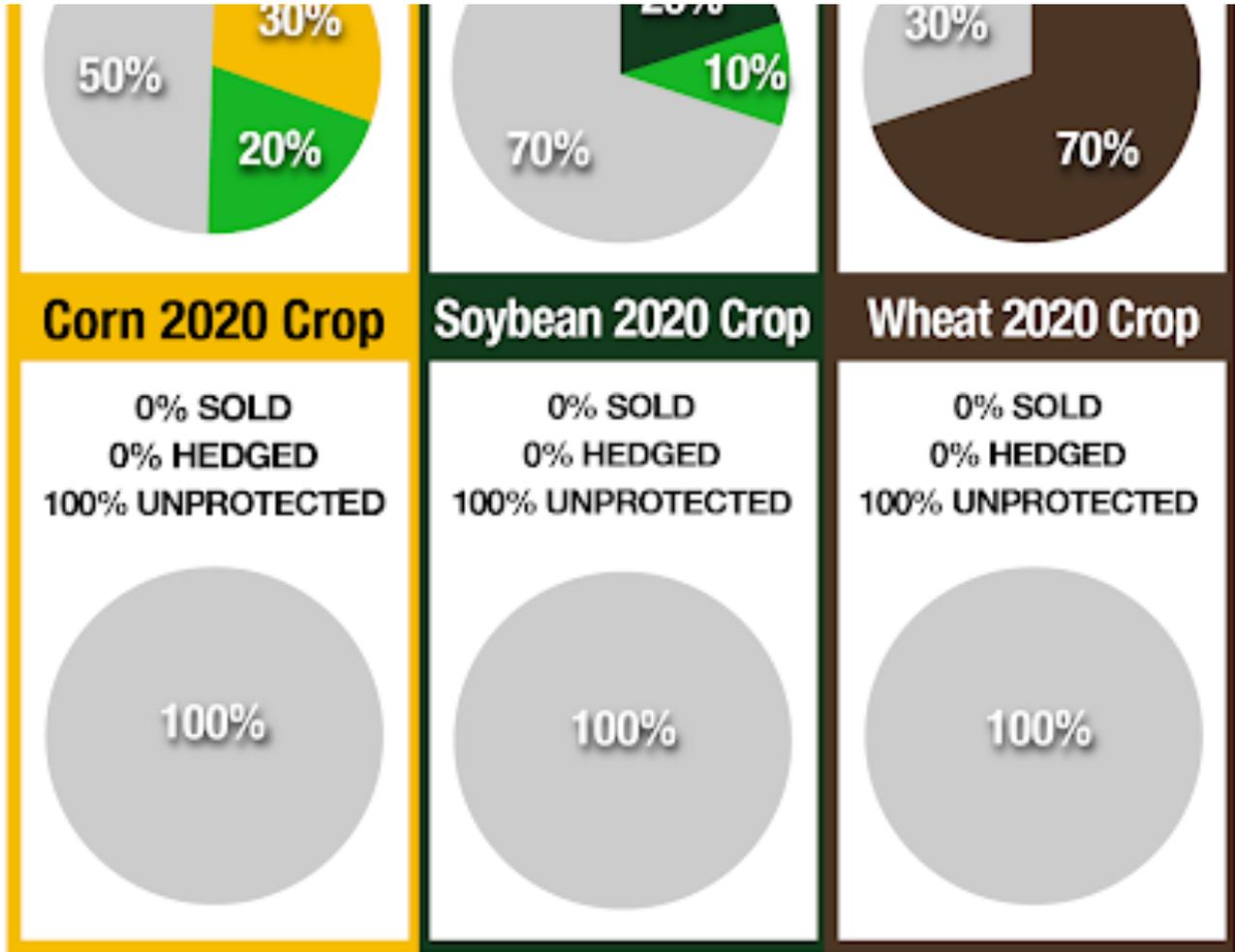


**ANSWER to riddle: An anchor.**

# CASH SALES & HEDGING TOTALS

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"Our lives improve only when we take chances...and the first and most difficult risk we can take is, to be honest with ourselves." - **Walter Anderson**

**Monday, August 12, 2019**

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

**Morning Summary:** Stocks are steady this morning but traders are starting to pay much closer attention to several geopolitical hotspots around the globe i.e. Hong Kong, Iran, U.K, and Italy. I have included brief overviews below.

**China - Hong Kong:** *Investors are worried about another Tiananmen Square episode. Fear of a massive Chinese protest and military involvement could continue to weaken the yuan and strengthen the U.S. dollar. The spring of 1989 saw the largest pro-democracy demonstration in the history of China's communist regime. protests began in mid-April among university students in Beijing, spread across the nation, and ended on June 4 with a final deadly assault by an estimated force of 300,000 soldiers from People's Liberation Army (PLA). Throughout these weeks, China's top leaders were deeply*

*divided over how to handle the unrest, with one faction advocating peaceful negotiation and another demanding a crackdown. There are some who fear the rallies and protests happening currently in Hong Kong could take on a similar feel. I've included a lot more on this subject towards the end of the report in the "From My Perspective" section.*

**Iran:** *The threat posed by a potentially nuclear Iran is no small matter. In its wake, America's policy of maximum pressure on Iran continues, with the U.S. Department of the Treasury announcing new sanctions on eight Islamic Revolutionary Guards Corps (IRGC) Commanders. Insiders report that U.S. sanctions are finally starting to take a larger toll on the Iranian regime. The trade is worried however that this is pushing Iran's Supreme Leader Ali Khamenei into a corner and he's steadily taking a more hardline position that is massively anti-American. While Iranians may be disaffected with their own regime, they are nationalists and place much of the blame for the current state of affairs on the United States.*

**Brexit:** *The British economy is already taking a hit from the risk of a chaotic Brexit on Halloween, the latest date set for the U.K. to leave the EU. The U.K. economy, the world's fifth-largest, contracted at an annualized rate of 0.8% in the second quarter as business confidence plunged. Business investment has fallen in five of the last six quarters. Some forecasters are saying a Brexit with no agreement on the U.K.'s future relations with the EU could push the country into a recession.*

**Italy:** *The Italian government is on the brink of collapse, but this is probably the least worrisome to the U.S. stock market. Many traders joke that Italy changes governments as often as some change socks. In fact, anti-immigration firebrand Matteo Salvini is pushing to bring down the government and trigger snap elections for October. Opinion polls currently have him as the strong favorite to win the vote. His promises include sharp tax cuts that could challenge the EU's rules on fiscal discipline and spook bond investors who are worried about Italy's already-high debts.*

Chinese trade negotiations, rumors, and talks will certainly remain in the spotlight. Tensions between the worlds two top economies currently show no signs of softening. President Trump is now saying the U.S. will no longer deal with Chinese telecom giant Huawei, and adding he's not ready for a trade deal with China, casting doubt on whether the two countries will still meet in September. It's worth mentioning, Huawei is grabbing the attention of investors after announcing that it has launched its own operating system called HongmengOS, or HarmonyOS in English, which now allows them to be less reliant on Google's Android. Traders are keeping their eyes on August 19th, the day the temporary general license for supplying Huawei expires. Analysts are saying if an extension is granted, China would have a reason to respond positively towards trade talks. Add to the mix, the close watch the Treasury department has on the China's devaluing the yuan and lots of balls are in the air, leaving traders debating which directions markets will head.

U.S. markets will be digesting the latest CPI inflationary data on Tuesday, a wave of Chinese numbers on Wednesday, and updated U.S. retail sales and industrial production numbers on Thursday. Important corporate earnings out this week will include Alibaba, Cisco, Walmart, Macy's, Nvidia, and John Deere. From my perspective, the stock market has reached a battleground area where fears surrounding weakening global growth are battling U.S. consumer and corporate strength. Goldman Sachs has now taken steps towards cutting its U.S. growth forecast as trade war triggers recessionary type fears. Goldman seems to be expecting the new round of tariffs to go into effect in September and it no longer expects a trade deal before the 2020 election. In return, the firm lowered its fourth-quarter growth forecast by -20 basis points to -1.8%. The overall fear is that political policy and uncertainty may lead to corporate leaders lowering their CAPEX spending as they wait for more resolve. Despite all of the negative undertones, I remain conservatively bullish longer-term but well underinvested. I continue to advance forward with less than 50% of my available funds actually invested. I am content with +50% of my funds sitting on the sideline in cash as the trade attempts to wade through the murky and often volatile and highly unpredictable waters experienced during the August, September and October time period.

**Simone Biles Makes History with Jaw-Dropping Beam Dismount:** Five-time Olympic medalist Simone Biles on Saturday made history once again when she became the first gymnast to attempt and land a double-twisting, double somersault dismount from the balance beam in a match. Biles, the most decorated U.S. gymnast of all time, ended her nearly 1.5-minute routine with the incredible move at the 2019 U.S. Gymnastics Championship in Kansas City, Missouri. The dismount will be named after Biles once she completes it during an international meet. Click [HERE](#)

**Chase Bank Clears All Canadian Credit Card Debt:** *Canadians who had credit cards with Chase Bank can breathe a sigh of relief as the company says it will "forgive" all outstanding debt. I should mention, Chase closed all credit card accounts in the country in March of 2018 with instructions to customers to continue paying their debt, but as of last week, all debt has been wiped off the books. Chase declined to say how much debt was actually written off, but reporters have spoken with some residents who had at least \$4,500 still on the account. Keep in mind, Chase could have sold the debt to a third party, but officials were quoted as saying, "Ultimately, we felt it was a better decision for all parties, particularly our customer, to forgive the debt." Read more [HERE](#).*

**Can Being TOO SMART Hurt Your Overall Investment Returns?** *Ernest Hemingway once wrote: "Happiness in intelligent people is the rarest thing I know." Believe it or not, people who ace standard cognitive tests are in fact slightly more likely to have a "bias blind spot". That is, they are less able to see their own flaws, even when though they are quite capable of criticizing the foibles of others. And they have a greater tendency to fall for the "gambler's fallacy" – the idea that if a tossed coin turns heads 10 times, it will be more likely to fall tails on the 11th. The fallacy has been the ruination of roulette players planning for a red after a string of blacks, and it can also lead stock investors and traders to sell their positions before they reach peak value – in the belief that their luck has to run out sooner or later or that they are being a "contrarian." Read More [HERE](#)*

**23 U.S. Metro Areas Account for Half of Our GDP:** *United States is home to just 4% of the world's population, yet it generates 24% of global economic output, but the country's biggest economic drivers are just a handful of cities. New York City's metropolitan area alone has a GDP of \$1.7 trillion, which is nearly equal to the total economic output of all non-metro areas in the country. Also, the state is one of the less than two dozen metro areas nationwide that together make up more than half of the U.S. economy. To identify these 23 cities, 24/7 Wall St. reviewed 2017 GDP for all U.S. metropolitan areas using data from the Bureau of Economic Analysis. It's worth mentioning another important factor is the presence of major companies as many of the largest Fortune 500 businesses are headquartered in these metro areas and are leading regional employers. Read more [HERE](#).*

**Florida is Largest Benefactor From Relocations:** *Sunshine State coffers banked nearly \$18 billion in adjusted gross income, and those over 55 accounted for 72% of that figure, as Florida is now the number one state to benefit from those relocating for the last chapter of life. Interestingly, it wasn't even a close race as Florida's net income AGI crushed the other 19 states that saw a positive net influx combined to total \$19.4 billion. Even no-income states like Texas and South Carolina didn't come close to catching Florida. While the study analyzed data from 2016, this trend has likely only intensified thanks to recent changes to the U.S. tax code, which places a \$10,000 cap on state and local tax deductions has caused an exodus from states like New York, Connecticut, and California. Read more [HERE](#).*

**Earnings Season Has Been A Pleasant Surprise:** *Second-quarter earnings season is turning out to be better than most analysts expected. Some companies have managed to increase revenue significantly, as others have improved their gross margins, and a select few have done both. Only one month ago, analysts polled by S&P Global Market Intelligence expected weighted aggregate second-quarter earnings per share to increase from a year earlier for only three of the benchmark index's 11 sectors: financials, health care, and industrials. You can look at the current estimates through*

last week on the graphic below, which shows how they have improved for all sectors from a month earlier. Read more [HERE](#).

S&P 500 sector	Q2 earnings change estimate - Aug. 7	Q2 earnings change estimate - July 7
Financials	9.1%	4.3%
Health Care	8.4%	2.0%
Real Estate	6.8%	-9.2%
Consumer Staples	1.0%	-0.7%
Information Technology	0.6%	-4.4%
Consumer Discretionary	-2.6%	-3.8%
Utilities	-8.1%	-6.8%
Industrials	-8.5%	0.2%
Energy	-13.5%	-4.5%
Materials	-18.6%	-20.5%
Communication Services	-38.6%	-42.5%
S&P 500 Index	0.8%	-1.7%

Source: S&P Global Market Intelligence

# FARM TANK

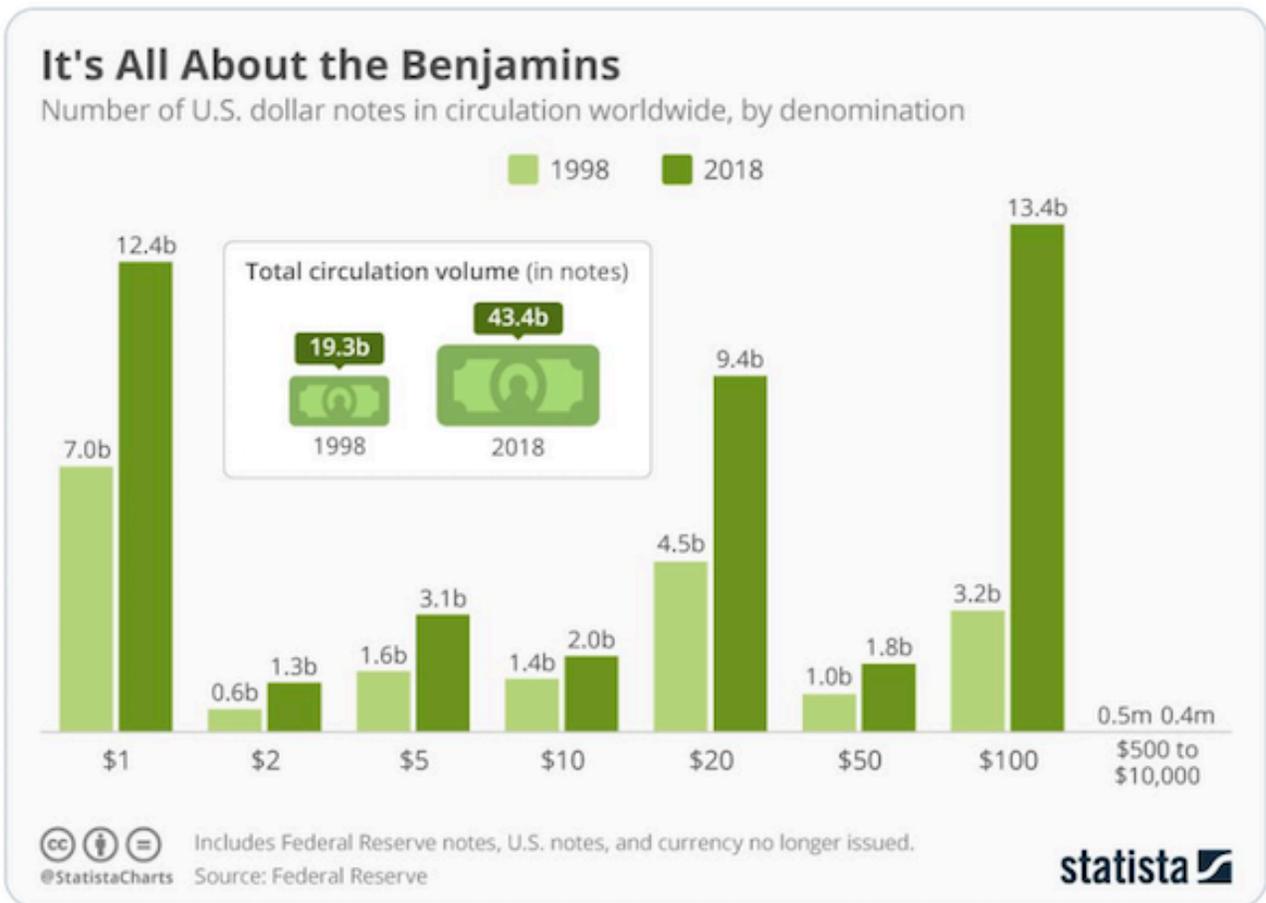
Tweets of the Day





# An estimated 80% of the 13.4 billion \$100 notes in circulation are held outside the United States

[bit.ly/31dfZ1R](https://bit.ly/31dfZ1R)





**Todd Hoffman-Farmer**  
@toddhoffmanfrmr



Went to take a sample. Frick.





**Casey Kimbrell**  
@CBKimbrell



A good example of why big acres from USDA doesn't equate to a big crop.



**Justin Redalen**  
@Justinredalen



For a couple weeks each summer the neighbor puts his tractor collection on display.







**Greg Peterson**  
@MachineryPete



Cool 1 min. video of this converted school bus into hay bale loader/mover in action in South Dakota...clocked up to 35 mph in the field, 20 mph loaded. Wow:  
[machinerypete.com/media\\_posts/co...](http://machinerypete.com/media_posts/co...)

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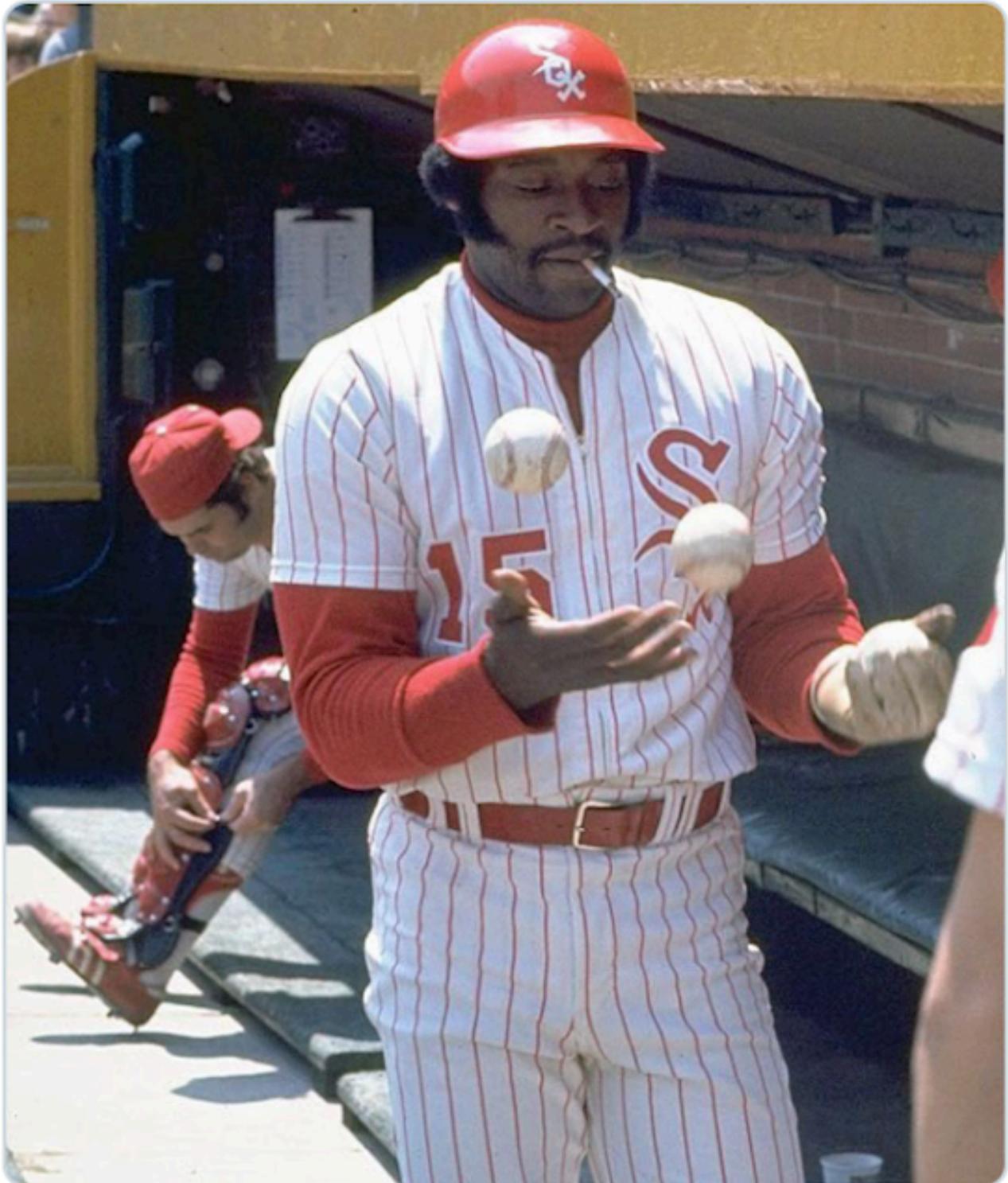


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You may be cool, but you'll never be Dick Allen

working on a lung dart in the dugout while juggling baseballs cool.





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@ActionComplete



The bad news is time flies. The good news is you're the...

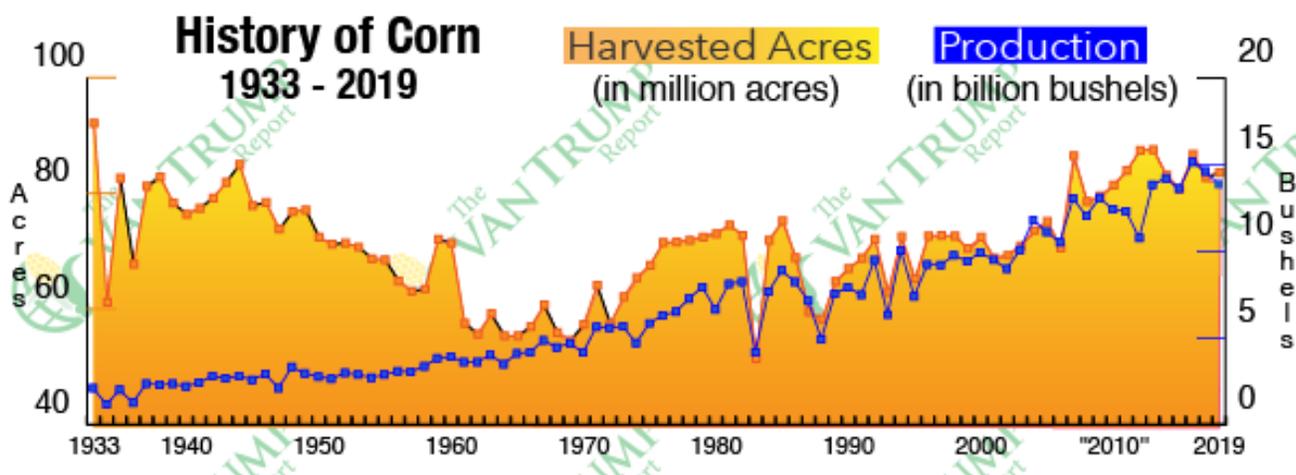
~Michael Altshuler

[#quotes](#) [#inspiration](#) [#leadership](#)



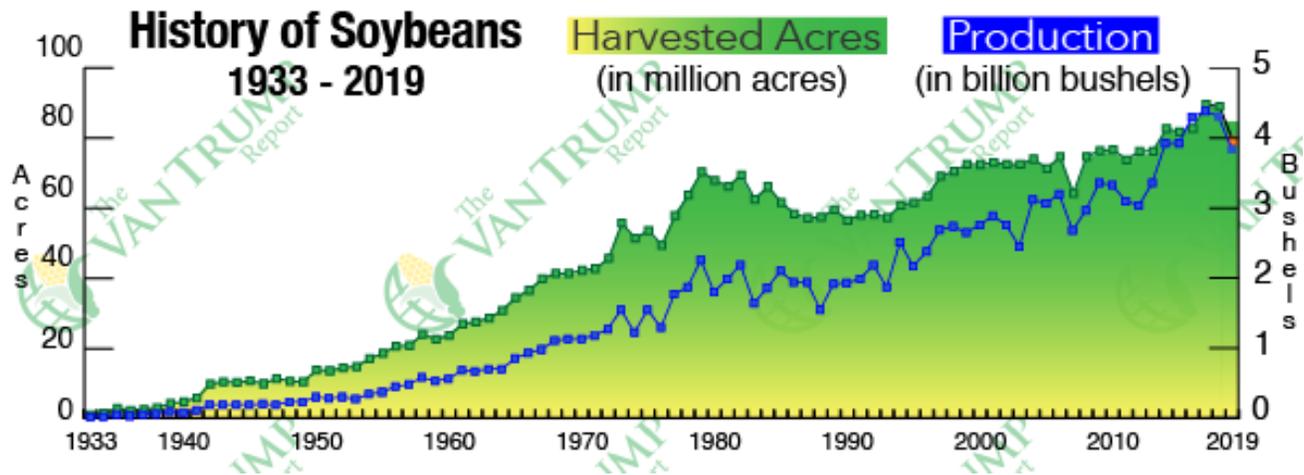
**Corn** traders are awaiting today's highly anticipated USDA report. I personally see it as a complete crapshoot, meaning it could easily go either way. I could see the market +25 cents higher or -25 cents lower based on the USDA's current interpretation of their data. For what it's worth, I am holding all of my bullish positions into the report. If the USDA delivers another bearish blow I will be

looking to add more longer-term length at or near limit-down. Smaller breaks or a bullish bounce higher and I will simply remain patient and maintain my current length. This report has to be one of the strangest I can remember. Nobody seems to have any real idea or handle on the numbers. Perhaps more importantly, nobody seems like they will be too surprised if the USDA throws another massively wild pitch. I simply can't remember the last time we came into a USDA report with such varying degrees of opinions and estimates. Outside the USDA numbers, bulls are pointing to deepening dry conditions across several important U.S. production areas. On the flip side, bears are further questioning overall demand. This past Friday the EPA granted 31 more controversial waivers allowing refiners to forgo blending requirements of the Renewable Fuels Standard (RFS). As expected, corn and ethanol groups were outraged by the decision which they say "undermines" the Renewable Fuel Standard and brings about more demand uncertainty. Bracing for a big day and perhaps some controversial USDA numbers...

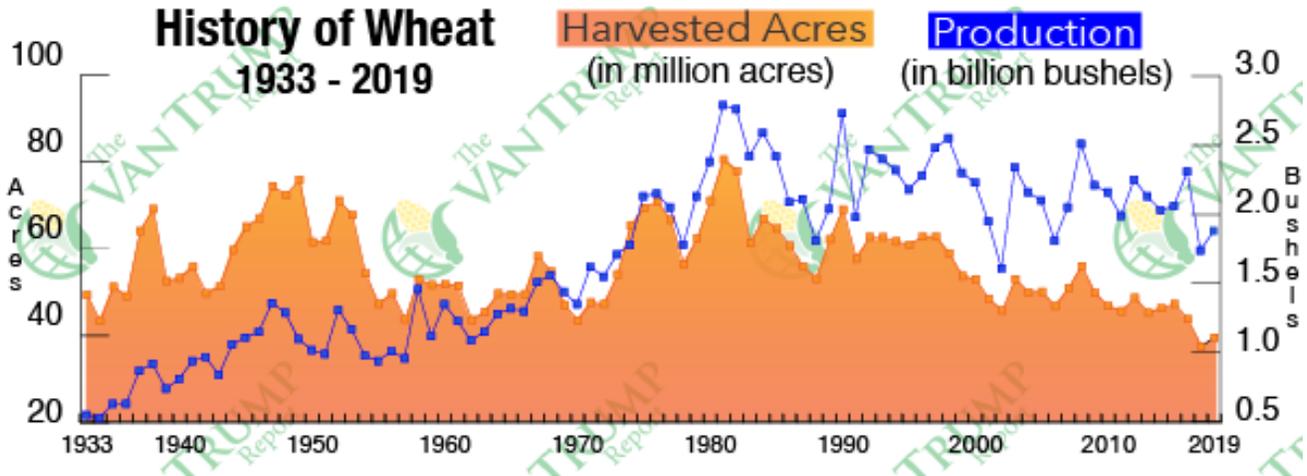


**Soybean** traders are eagerly waiting on today's monthly USDA report. There's a ton of uncertainty and a wide array of estimates surrounding both planted acres and yield. How many corn acres got switched to soybean acres? How many soybean acres got planted after the first week in July? How many acres will actually get harvested? What type of yield drag will the crop experience? The trade is also trying to navigate through and around the ongoing uncertainty associated with Chinese trade negotiations and the fallout from African Swine Fever. Perhaps even more than corn, this market has a ton of unknowns and massive uncertainty. As a spec, I am going into today's report holding a conservative bullish position.

Similar to corn, if we happen to get hit by another bearish USDA wild-pitch, I will more than likely add to my current longer-term bullish position. The NOV19 market will need to trade sub-\$8.60 to trip my trigger. I am not currently comfortable adding on upside momentum or breakouts. Wanting to stay patient and buy the pullbacks! As a producer, I remain on hold, waiting for better and brighter days ahead!



**Wheat** prices will more than likely act as a follower in today's market action. The updated USDA data isn't expected to change the balance sheet much. Most sources are looking for a slight increase in U.S. ending stocks which keeps the balance sheet burdensome at +1.0 billion bushels. On the flip side, there's some talk that global production could be trimmed a bit but world stocks will remain plentiful. As a spec, I am currently flat this market and standing patiently on the sideline. If we break aggressively lower for some reason, I will entertain dipping a toe in the water and buying for longer term positioning.



**Cattle Traders Concerned About Tyson Plant Fire:** A fire over the weekend at the Tyson plant in Holcomb, KS is causing some concerns and debates across the cattle market. Tyson released a statement that said the plant would be "down indefinitely" after a devastating fire destroyed the facility. There are several sources that believe by mostly knocking Tyson out of the cattle market it will be bearish the overall trade. Cash prices could get hit fairly hard early on as the market softens and the overall cattle slaughter weakens. Cattle feeder prices more than likely take it on the chin.

**U.S. Production 2019/20**

(million bushels)

Corn	August #’s	Avg. Trade Estimate	Range of Estimates	July Estimates	Last Year
Production	???	13,123	12,080 - 13,857	13,875	14,420
Yield	???	164.7	160.0 - 167.8	166.0	176.4
Plant Acres	???	87.707	83.494 - 90.000	91.7	89.129
Harvested Acres	???	80.1	76.1 - 81.9	83.6	87.1

Soybeans	August #’s	Avg. Trade Estimate	Range of Estimates	July Estimates	Last Year
Production	???	3,791	3,590 - 3,974	3,845	4,544
Yield	???	47.5	45.0 - 49.0	48.5	51.6
Plant Acres	???	80.849	78.000 - 83,500	80.0	89.196

Harvested Acres	???	79.9	77.3 - 82.8	79.3	88.1
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### U.S. Grain Ending Stocks 2019/20

(million bushels)

	August #'s	Avg. Trade Estimate	Range of Estimates	July Estimates	Last Year
Corn	???	1,613	1,281 - 2,100	2,010	2,340
Soybeans	???	836	607 - 1,200	795	1,050
Wheat	???	995	865 - 1,072	1,000	1,102

### U.S. Grain Ending Stocks 2018/19

(million bushels)

	August #'s	Avg. Trade Estimate	Range of Estimates	July Estimates	Last Year
Corn	???	2,388	2,220 - 2,490	2,340	2,140
Soybeans	???	1,069	980 - 1,300	1,050	438

### US Wheat Production 2019/20

(million acres)

	August #'s	Avg. Trade Estimate	Range of Estimates	July Estimates	Last Year
All Wheat	???	1,926	1,873 - 1,990	1,921	1,884
All Winter	???	1,292	1,270 - 1,324	1,290	1,184
Hard Red Winter	???	806	762 - 834	804	662
Soft Red Winter	???	258	250 - 288	259	286
White Winter	???	227	220 - 257	227	236
Spring	???	571	542 - 583	572	623
Durum	???	57	53 - 60	58	77

### World Ending Stocks 2019/20

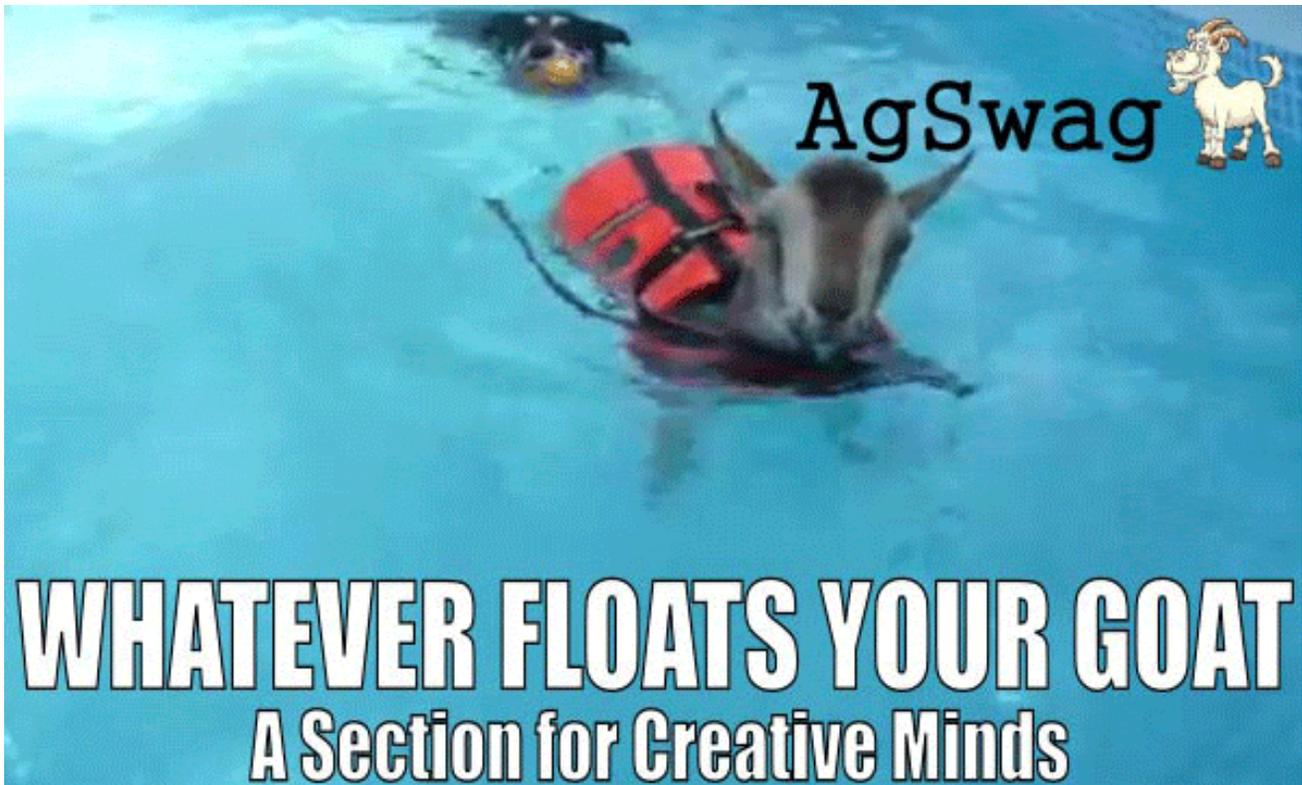
(million tonnes)

	August #’s	Avg. Trade Estimate	Range of Estimates	July Estimates	Last Year
Corn	???	290.3	278.0 - 298.7	298.9	328.8
Soybeans	???	105.6	101.0 - 124.1	104.5	113.0
Wheat	???	284.5	273.0 - 290.0	286.5	275.2

**World Ending Stocks 2018/19**

(million tonnes)

	August #’s	Avg. Trade Estimate	Range of Estimates	July Estimates	Last Year
Corn	???	332.9	327.5 - 382.0	328.8	340.4
Soybeans	???	113.5	111.0 - 116.1	113.0	99.1
Wheat	???	275.0	273.0 - 276.0	275.2	281.9



> **Cargill's "BeefUp Sustainability" Tackles GHG:** *US-based agriculture giant, Cargill, is launching "BeefUp Sustainability," an initiative that aims to reduce 30% of greenhouse gases across its North American beef supply chain by 2030. It's worth mentioning, the program will focus on grazing management, feed production, innovation, and food waste reduction while engaging with stakeholders including producers, customers, and innovators. Definitely something all producers need to be considering to stay aligned with future markets. Read more [HERE](#).*

> **Plant-Based Meat Goes Exotic:** *Australian startup VOW is now cultivating kangaroo meat in a lab, potentially making a market for hard to find animals into routine meals for adventurous meat-eaters. Interestingly, only 15% or so of Australia's population eats kangaroo, which can be found in major grocers, but 55 countries import the product. Meaning, apparently there's a market. Kangaroo meat is lean, high in iron, and zinc as well as harvested from the wild. From what I can tell, this is the first attempt to cultivate an undomesticated land animal in a lab. Read more [HERE](#).*

> **Chick-fil-A is America's Favorite Fast Food:** *In-N-Out is no longer the reigning fast food restaurant in the country as Chick-fil-A received a composite loyalty index of 79% from over 7,600 customers polled in Market Force's annual satisfaction survey. Customers were asked to rate the chains on index food quality, speed of service, value for money, healthy options, overall cleanliness, staff friendliness, curb appeal, and atmosphere. On top of that, the Chicken Chain that's closed on Sundays is on track to generate more than \$10.4 billion in sales, easily surpassing Taco Bell and Subway for the No. 3 spot in the industry. Certainly an impressive feat for it 2,300 locations nationwide. (Source: usatoday)*

> **Atlantic Hurricane Season Predictions Get Updated:** *Forecasters are now updating their preseason predictions. Now, we're being told to expect activity to be above normal with 10 to 17 named storms including five to nine hurricanes. It sounds like two to four of those hurricanes are forecast to be Category 3 or stronger with winds greater than 110 mph. It's worth mentioning, the updated forecast was issued just ahead of the start of the most active hurricane period, which is roughly eight weeks that surround September 10. Read more [HERE](#).*

**> Saudi Aramco Push Up IPO Plans:** *Saudi Arabia's state oil company is revving up plans for an initial public offering and accelerating the timeline for what would be the world's biggest listing as early next year, according to people familiar with the discussions. Government officials are hoping to capitalize on the positive international reaction to the company's debut bond sale in April, which raised \$12 billion. It's worth mentioning, the Saudi government needs the proceeds from the IPO to finance social and military spending, and to direct toward Neom, a futuristic city Saudi Arabia which is building at a cost of \$500 billion. Read more [HERE](#).*

**> Millennial's Beards Cost Gillette \$8 Million:** *Millennial men are ditching their razors, according to Procter & Gamble, who are blaming its recent \$8 billion write-downs on its men's grooming brand Gillette because younger generations of men aren't shaving as much. In the last five years, the U.S. men's market for shaving products has shrunk by over 11%, according to data from Euromonitor. As trends have changed, the U.S. men's razors and blades market which was worth \$2.4 billion 2015, declined to \$2.2 billion in 2018, according to the same report. Read more [HERE](#).*

**> Will Your Car's FM Radio Still Be There In 5 Years?** *Most tuners are now tucked slyly between the Bluetooth and auxiliary options on car dashboards as music enthusiasts are turning to personalized streaming services such as Spotify, Sirius XM's Pandora, and Apple Music to find their next favorite artist. Larry Miller, the director of New York University's music business program and host of the "Musonomics" podcast, is predicting that FM radio is near a breaking point and the stats are on his side. All you have to do is look at the recent downtrend in radio station valuations, not to mention that advertising revenues are shrinking as well. Just another one of my generations teenage companies being disrupted with technology. Read more [HERE](#).*

**> Son Flies Vietnam Vet Father's Remains Home:** *Air Force Maj. Roy Knight, Jr. left for Vietnam 52 years ago from Dallas's Love Field, where his 5-year old son, Bryan, saw him off. Last week, Bryan, now a captain for Southwest Airlines, brought back his father's remains aboard a flight to the same Dallas airport. On*

*May 19, 1967, Maj. Roy A. Knight, Jr. was shot down while attacking a target on the Ho Chi Minh Trail in Laos. Initially, he was listed as Missing in Action until being declared Killed in Action in 1974. I should mention, the story of Knight, who was subsequently promoted to colonel, and Bryan, who also served in the Air Force, was announced over the airport intercom as the moving scene unfolded. It was a moving and emotional scene as crowds gathered around windows with American flags, and pumper trucks sprayed an arc of water over the jet as it brought Knights body home to rest. Hard to imagine how his son must have felt! Read more [HERE](#).*







**Jackson Proskow** ✓  
@JProskowGlobal

Incredible moment to watch. The entire airport fell silent.

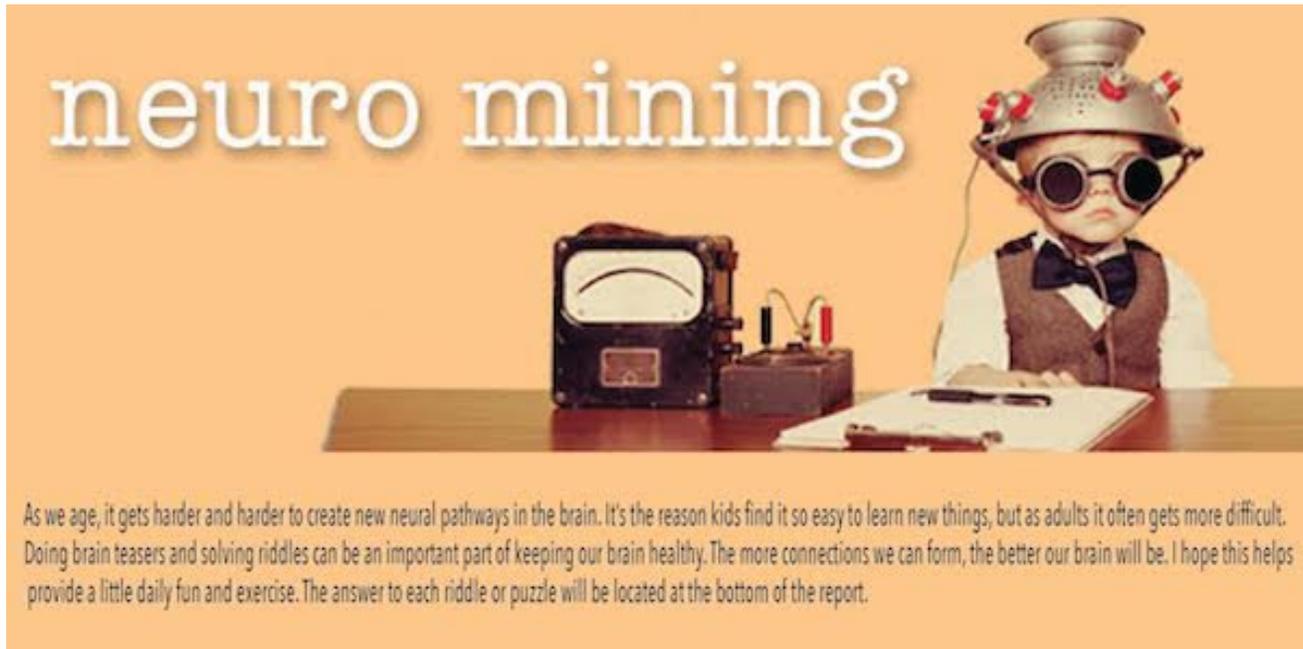


**East Central South Dakota** – *We've had eight inches of rain in five days. We have another two inches coming down the pipe this weekend. I'd estimate most farmers in this area didn't plant more than 20% of their total crop. Many guys including us were not able to even get a cover crop planted because there's just not been any window to get in the field. We don't farm around any major rivers so there aren't any real good spots for the water to go. We have water running over roads and completely filling ditches etc. If you go south the prevent plant acres are even more substantial. Real tough year in parts of South Dakota.*

**Southern Nebraska** - *Just got back from Spirit Lake in northwest Iowa, which is*

*a really good trip and has a lot of nice people up there. Around Fremont, NE is bad because lots of prevent plant with corn trash piles at the end of the fields. I was quite surprised at how good the crops are the further north you go in Iowa some of it may be a bit behind as some corn just started tasseling . You have to wonder if that will make it. Also, it appears to be a bit dryer as you go north because of brownish lawns, but the crops don't show it. Coming back, I went down to Shenandoah then west on Highway 2. From Shenandoah to the state line it's not very good because of prevent plant. The only area where I've seen stress is southeast of Lincoln around the Bennett area, but it quickly gets better to the west. From my 60-mph tour, western Iowa corn appears to be 75% good to excellent. It would be more, but there are some spots of nitrogen deficiency. It appears that the corn plants are there and thick, guessing 30,000 plus population. As for the beans, I didn't get out and looked at the stage they are in, but it appears to also be a very good crop. What Iowa is suffering from though is weed control, which is in very few fields that don't have water hemp. I couldn't tell if it was palmer or not, but if it's going to have some work to do in the future, some fields you can tell are just being sprayed again. Overall, I think the yields are there and PP is less than 1% on an overall average. Yes, some places are bad, but as a whole, there are not many acres that didn't get planted. Just my observation, but 170 bushel per acre corn and 50 bushel per acre soybeans is very obtainable with a later frost.*

**Western Missouri** – *The soybeans are extremely short in this area and they aren't putting on significant pods right now. We're hoping we'll see a few more if this month doesn't get too hot. The corn looks acceptable considering the extremes we've experienced this year. If we're able to close out the month with maybe two more decent rains, the corn should make 160-170 bushel per acre. Right now, we don't have a slight chance of rain over the weekend. If we miss that we are going to start seeing some problems because our temperatures are going to jump up next week about 5-10 degrees.*



**TODAY'S RIDDLE:** When you need me, you throw me away. But when you're done with me, you bring me back. What am I?



### **How Do I Get a Fairly Accurate Estimate of Corn Yield Prior to Harvest???**

Extremely variable weather this year will make it particularly interesting how close early yield estimates come to matching what's actually harvested from the field. I'm often asked about different procedures that can give a fairly simple and accurate estimate of yield before the crop is fully grown. One method that I find compelling is called the yield component method -- also referred to as the "slide rule" or corn yield calculator. The yield component method was developed by the Agricultural Engineering Department at the University of Illinois and said to produce yield estimates that are extremely close to that of the actual final yield. An estimate with this accuracy can be helpful for general planning purposes. The principle advantage of this method is that it can be used as early as the milk stage

of kernel development. The yield component method involves using a numerical constant for kernel weight, which is figured into an equation in order to calculate grain yield. This numerical constant is sometimes referred to as the "fudge factor" since it's based on a predetermined average kernel weight. Understand, with weight per kernel varying depending on hybrid and environment, the yield component method should be used only to estimate relative grain yields. When below normal rainfall occurs during grain fill (resulting in low kernel weights), the yield component method is known to overestimate yields. In a year with good grain fill conditions, the method will generally underestimate grain yields. In the past, the yield component method equation used a "fudge factor" of 90, but since kernel size has increased over the years. Bob Nielsen at Purdue University suggests an updated number of 80-85. (Source: Purdue University; Mississippi State University; Ohio State University)

*To use the **Yield Component Method** to estimate your corn yield, use the following steps. Of course, if you see variable crop development across a certain field you are measuring, the greater the number of samples should be taken to estimate yield for that field. For more information on the yield component method, check out Bob Nielsen's write-up on the method from Purdue University [HERE](#). You can also check out the article called [Estimating Corn Yields](#), by Peter Thomison at Ohio State University Extension.*

**Step 1.** *Count the number of harvestable ears in a length of row equivalent to 1/1000th acre. For 30-inch rows, this would be 17 ft. 5 in.*

**Step 2.** *On every fifth ear, count the number of kernel rows per ear and determine the average.*

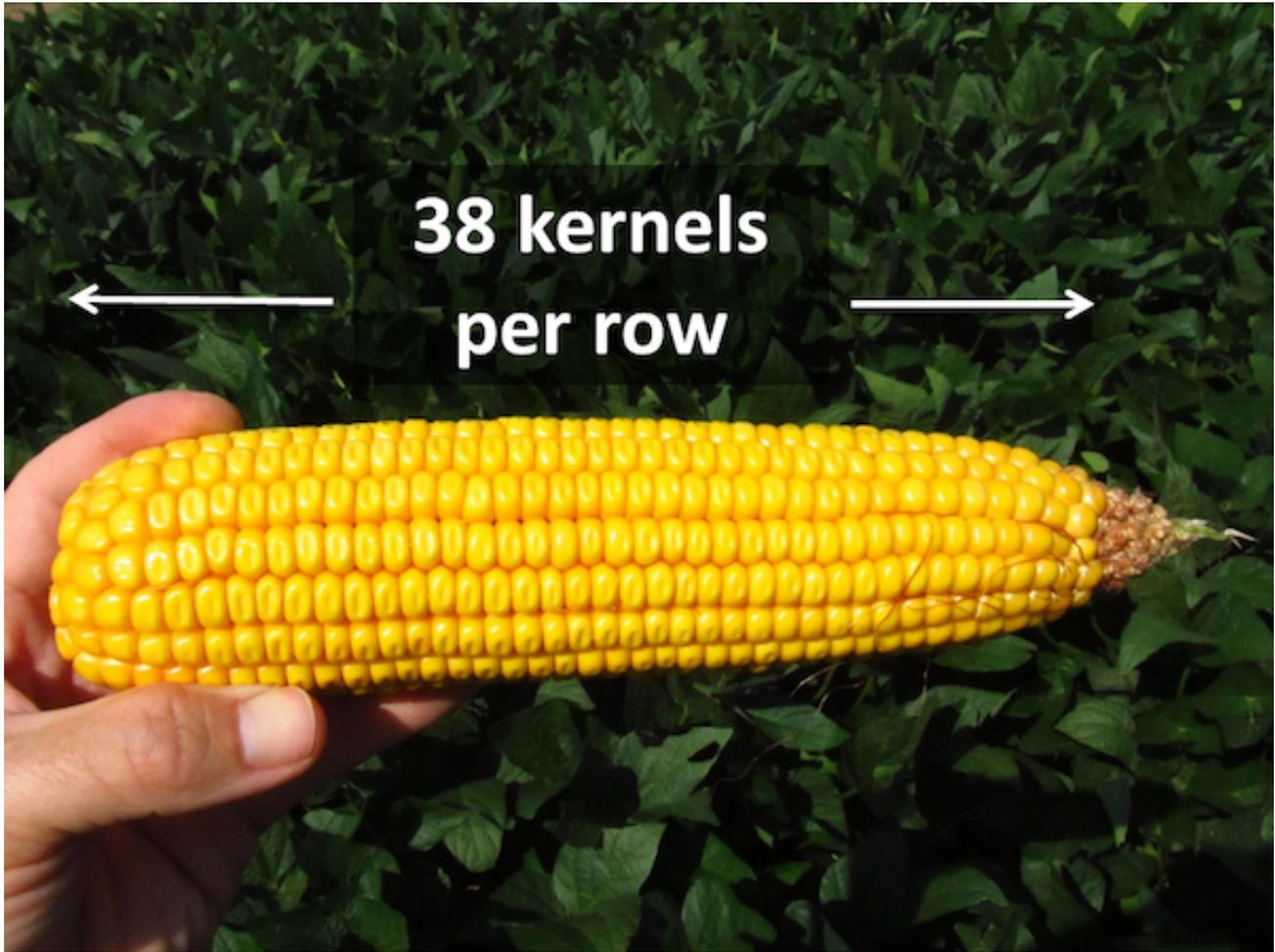
**Step 3.** *On each of these ears count the number of kernels per row and determine the average. (Do not count kernels on either the butt or tip of the ear that are less than half the size of normal size kernels.)*

**Step 4.** *Yield (bushels per acre) equals (ear #) x (avg. row #) x (avg. kernel*

#) divided by 85.

**Step 5.** Repeat the procedure for at least four additional sites across the field. Keep in mind that uniformity of plant development affects the accuracy of the estimation technique.









### **Private Company Called "OpenAI" Could Change the World**

Smart money players who are interested in the artificial intelligence space are keeping an extremely close eye on a private company called "OpenAI." A couple of weeks back, Microsoft agreed to invest \$1 billion in the company. OpenAI's goal is to develop something called artificial general intelligence, essentially replicating the human brain's ability to reason and learn on its own.

OpenAI began as a nonprofit research lab in 2015 and was intended to match the high-tech R&D of companies like Google and Amazon while focusing on developing AI in a safe and democratic fashion. But earlier this year, OpenAI said it needed more money to continue this work and set up a new for-profit firm to seek outside investment. To attract backers, OpenAI has made outrageous promises about the potential of its technology. Altman, who became CEO of the new for-profit OpenAI, has said that if the lab does manage to create artificial general intelligence, it

could "maybe capture the light cone of all future value in the universe." Interestingly, OpenAI has a unique 100x cap on investor returns. So, that limits Microsoft's upside to only \$100 billion, which still isn't a bad potential return!

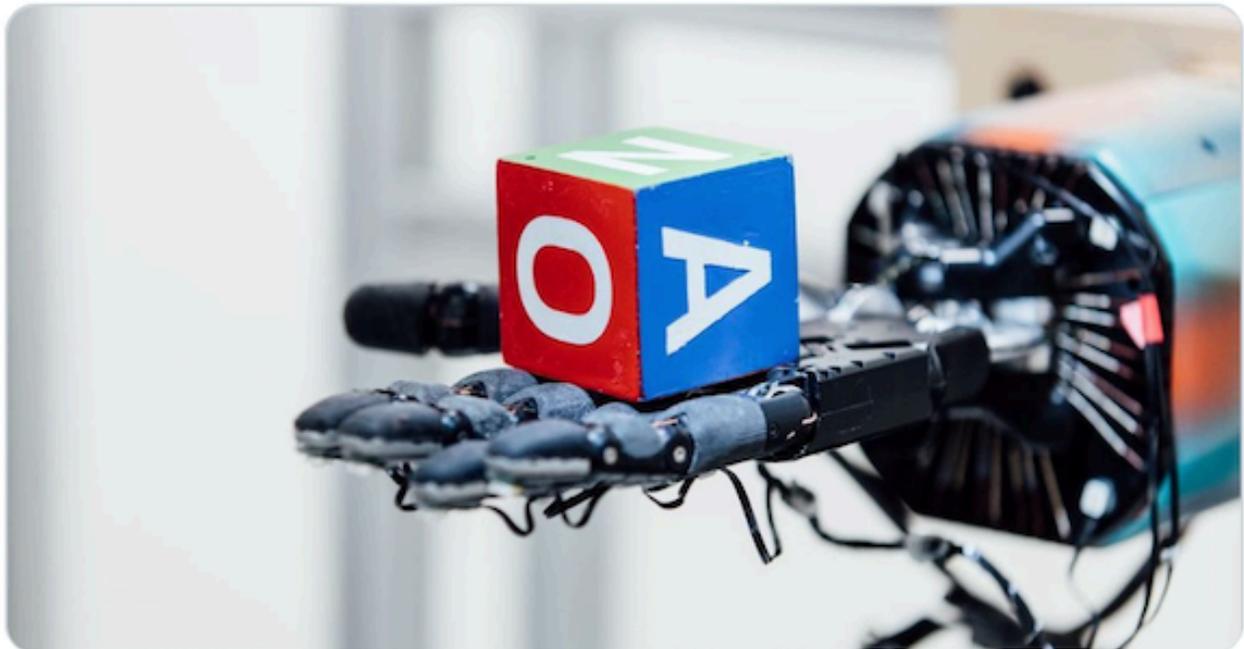
Timelines (of where AI will take us) are always really hard to predict. One story I really like thinking about is just looking, for example, at previous technological innovations. In 1878, Thomas Edison announced that he was going to create the incandescent lamp and gas securities in England fell. So, the British Parliament put together a commission of distinguished experts, who came out to Menlo Park. They checked everything out. They said this isn't going to work and one year later he shipped. I think that we're in a similar sort of place here where it's hard to predict what the future will be like. We're in this exponential right now where the computational power that we're using is growing five times faster than Moore's Law. What we do know is every year we're going to have unprecedented AI technologies. OpenAI executives think within five years they will have computer systems that humans can really have meaningful conversations with. In fact, they believe they will have computers and bots within a bunch of different domains, a lot of systems that can work with humans to augment what they can do much further than anything we can imagine today. Keep your eye on the company "OpenAI". (Source: AIXperts; Verge; WebPro)



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[#Microsoft](#) invests \$1 billion in [#OpenAI](#) to pursue holy grail of artificial intelligence [rb1.shop/2YyQPcg](http://rb1.shop/2YyQPcg) [@verge](#)



## **Could We See Another Tiananmen Square?**

Traders and investors have been paying close attention to the recent protest and uprising in Hong Kong. There's a fear amongst investors that protests and uprising could spread from Hong Kong across southern China and into other major cities. Such a move would have a devastating effect on Hong Kong's economy, possibly causing the local stock market that is key to funding the Chinese economy to crash and prompting a more massive outflow of foreign investors and capital.

Hong Kong is located in southern China and is one of the most densely populated places in the world with around 7.5 million people. Hong Kong is interesting because it maintains governing and economic systems that are separate from those of mainland China. Hong Kong is often characterized as a hybrid of crossover between the East and West. Traditional Chinese values emphasizing family and education blend with Western ideals, including economic liberty and the rule of law. Although the vast majority of the population is ethnically Chinese, Hong Kong has developed its own distinct identity and freedoms.

Chinese censorship has kept a lid on the uprising until lately, details of the protests and events in Hong Kong are now rapidly spreading through China and among officials and intellectuals in major Chinese cities, raising concerns about potential calls for political freedoms like those enjoyed by others in Hong Kong. Beijing officials fear there might be a copy-cat effect in other cities in China.

Investors are worried because the Chinese government has mostly been ignoring the problem and there are similarities to what happened in Tiananmen Square in 1989. China is grappling with a slowing economy and the ongoing impacts of the U.S. - China trade war as well as pushback against its ambitious multi-billion dollar "Belt and Road" infrastructure program. At the same time, the nation is getting ready for a massive 70th anniversary that will celebrate the founding of the People's Republic on Oct. 1st. Many suspect the government could eventually become impatient with the protestors, especially ahead of the big celebration, and backed into a corner where they have to use force. Whenever you get talk of the worlds largest military, the People's Liberation Army (PLA), perhaps moving into play, the market tends to get a bit nervous. I don't think Beijing will get in the

same position as last time, and I'm hoping they don't have to deploy military troops. I included below an abbreviated timeline of how things unfolded back in 1989 when deadly force was used against pro-democracy protesters in Beijing's Tiananmen Square. You can read more of the specific details at [FRONTLINE](#).

**APRIL 17, 1989** *Tens of thousands of university students begin gathering spontaneously in Tiananmen Square, Beijing, the nation's symbolic central space. They come to mourn the death of Hu Yaobang, former General Secretary of the Communist Party. Hu had been a symbol to them of anti-corruption and political reform. In his name, the students call for press freedom and other reforms.*

**APRIL 18–21** *Demonstrations escalate in Beijing and spread to other cities and universities. Workers and officials join in with complaints about inflation, salaries, and housing.*

**APRIL 22** *More than 100,000 university students assemble outside the Great Hall of the People, where Hu's memorial service is being held. Over the next days, the students boycott classes and organize into unofficial student unions — an illegal act in China.*

**MAY 4** *Tens of thousands of more students march into Tiananmen Square to commemorate the 70th anniversary of the 1919 "May Fourth Movement," which also took place in the square. They pledge to return to classes the next day but intend to keep pressing for reforms.*

**MAY 19** *Student leaders learn of the plan to declare martial law and call off their hunger strike. Instead, they stage a mass sit-in in Tiananmen Square that draws about 1.2 million supporters, including members of the police and military and industrial workers.*

**MAY 20** *For the first time in 40 years of Communist rule, the PLA troops attempt to occupy Beijing. A huge number of civilian protestors block their convoys on the streets.*

*The soldiers have been ordered not to fire on civilians, even if provoked. They are stuck — unable to reach the protestors in Tiananmen Square and unable to withdraw from the city — for almost three days.*

**JUNE 2** *The Party elders approved the decision to put down the "counterrevolutionary riot" and clear the square with military force. Most hope it can be done without casualties. Unaware of what was about to happen, Hou Dejian, a Chinese rock star, and three prominent intellectuals start a hunger strike in Tiananmen Square. Demonstrators continue their sit-in and their calls for democratic reforms.*

**JUNE 3** *As word spreads that hundreds of thousands of troops are approaching from all four corners of the city, Beijingers flood the streets to block them, as they had done two weeks earlier. People set up barricades at every major intersection. At about 10:30 p.m., near the Muxidi apartment buildings — home to high-level Party officials and their families — the citizens become aggressive as the army tries to break through their barricades. They yell at the soldiers and some throw rocks; someone sets a bus on fire. The soldiers start firing on the unarmed civilians with AK-47s loaded with battlefield ammunition.*

*"The first rounds of fire catch everybody by surprise," recalls human rights observer Timothy Brook. "The people in the streets don't expect this to happen." The wounded are taken to nearby hospitals on bicycles and pull-carts, but the hospital staff is unequipped to deal with the severe wounds. Muxidi sees the highest casualties of the night; an untold number of people are killed.*

**JUNE 4** *At about 1:00 a.m., the People's Liberation Army finally reaches Tiananmen Square and waits for orders from the government. The soldiers have been told not to open fire, but they have also been told that they must clear the square by 6:00 a.m. — with no exceptions or delays. They make a final offer of amnesty if the few thousand remaining students will leave.*

*About 4:00 a.m., student leaders put the matter to a vote: Leave the square, or stay and face the consequences. "It was clear to me that they stay votes were much, much, much stronger," recalls eyewitness John Pomfret, who was near the students. "But Feng Congde, who was a student leader at the time, said, 'The go's have it.'" The students vacate the square under the gaze of thousands of soldiers.*

*Later that morning, some people — believed to be the parents of the student protestors — try to re-enter Tiananmen Square via Chang'an Boulevard. The soldiers order them to leave, and when they don't, open fire, taking down dozens of people at a time. According to eyewitness accounts, the citizens seem not to believe the army is firing on them with real ammunition.*

*"After a little while, like 40 minutes, people would gather up their nerve again and would crawl back to the corner and start screaming at the soldiers, and then the commander would eventually give another signal ... and they'd shoot more in the backs," remembers journalist Jan Wong, who watched it all from her hotel room above the boulevard. "And this went on more than half a dozen times in the day." When rescue workers try to approach the street to remove the wounded, they, too, are shot.*

*No one knows for certain how many people died over the two days. Many estimate over 10,000 were killed. The Chinese Red Cross initially reported a huge number, then quickly retracted that figure under intense pressure from the government. The official Chinese government figure is 241 dead, including soldiers, and 7,000 wounded. Who really knows?*

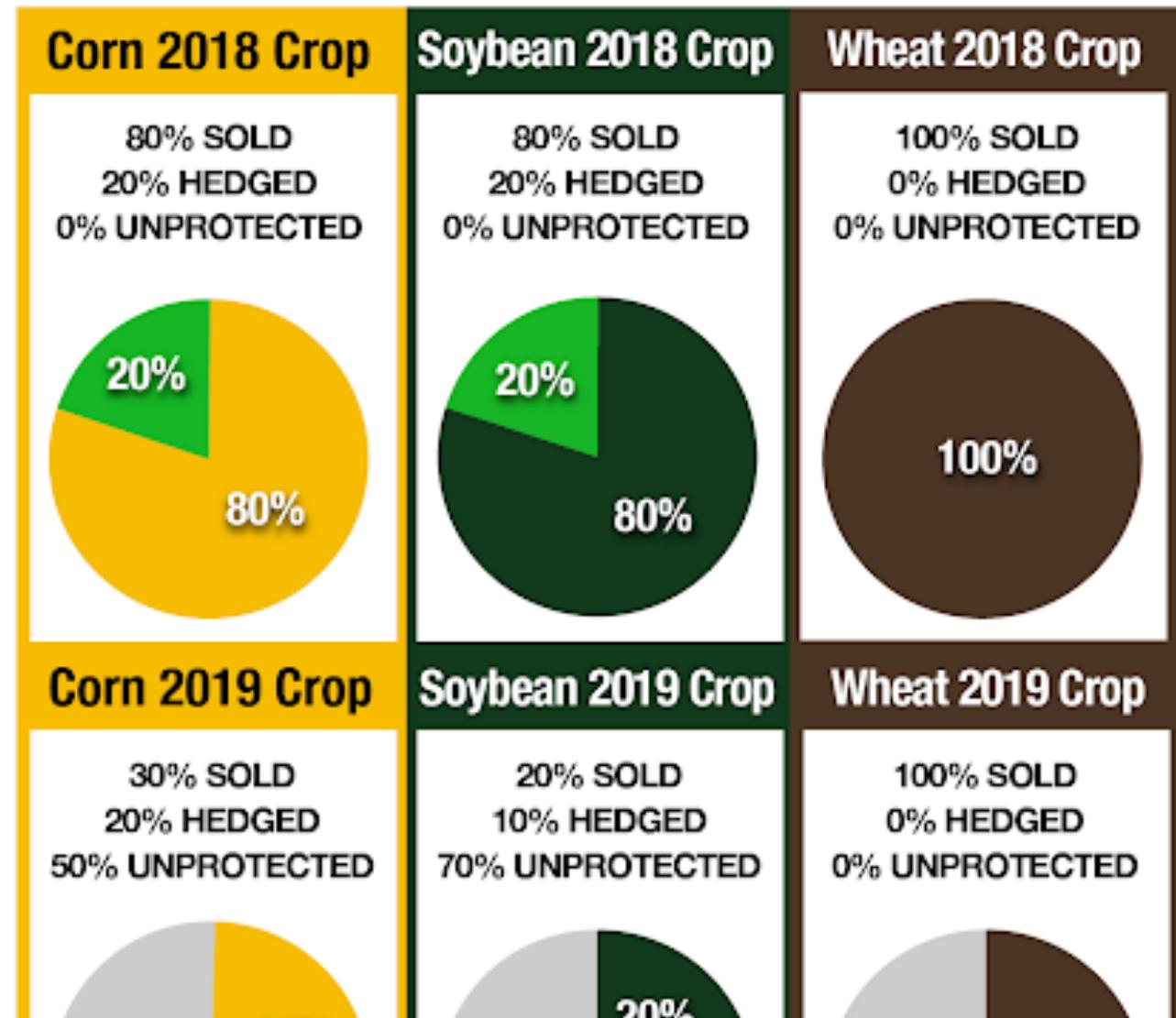


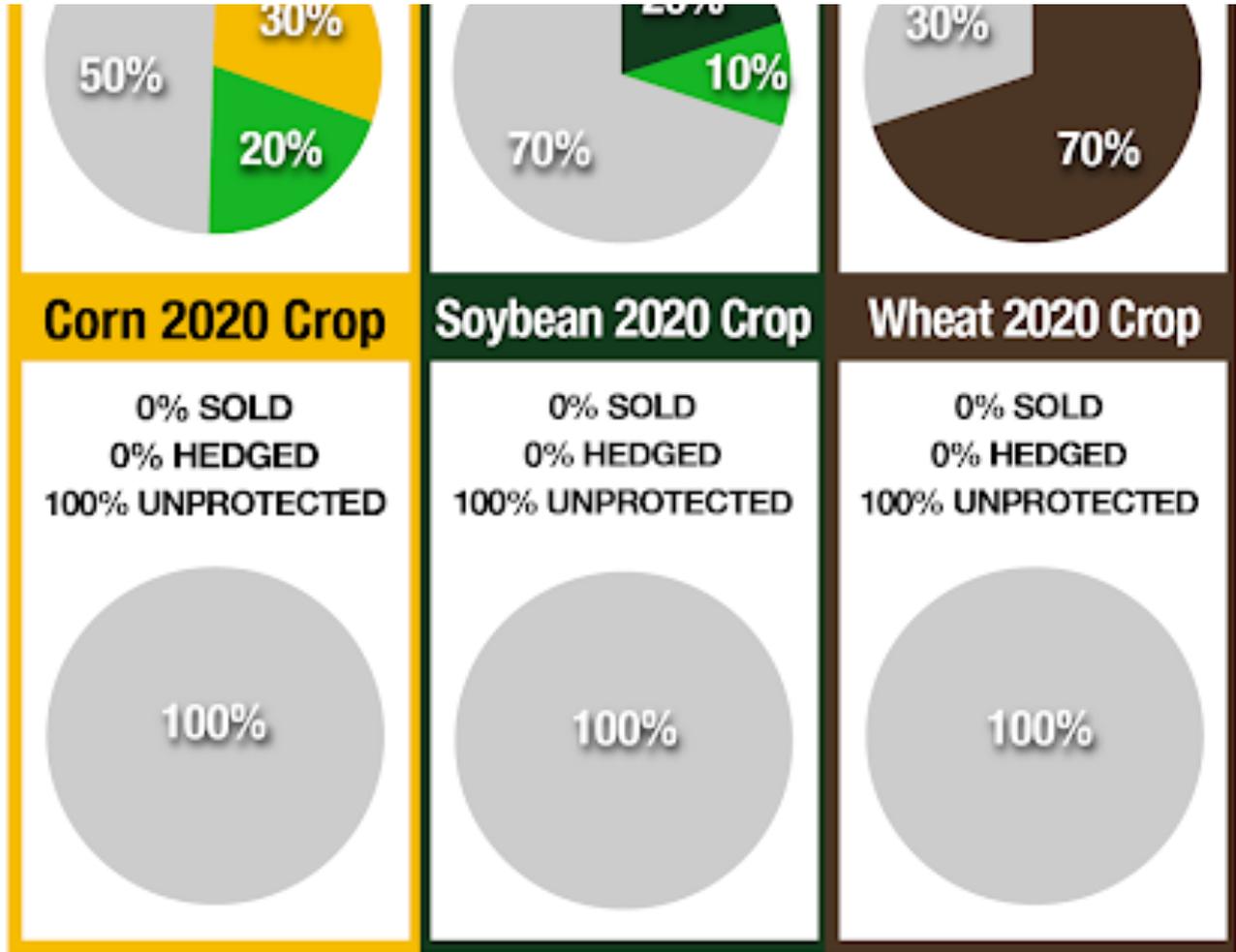


**ANSWER to riddle: An anchor.**

# CASH SALES & HEDGING TOTALS

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