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**GOOD MORNING: Van Trump Report 8-13-19**

1 message

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Tue, Aug 13, 2019 at 8:09 AM

To view this email as a web page, go [here](#).

"As I look back on my life, I realize that every time I thought I was being rejected from something good, I was actually being re-directed to something better." - **Steve Maraboli**

**Tuesday, August 13, 2019**[Printable Copy](#) or [Audio Version](#)

**Morning Summary:** Volatility remains the theme as investors continue to grapple with uncertainties surrounding U.S.-China trade relations, social unrest in Hong Kong, and ongoing fears that the global economy could be headed for the skids. How China chooses to address Hong Kong's current instability, and the geopolitical ramifications seem to be a complete wild-card. Stocks have maintained a pretty tight trading range for the last six months, with the Dow having gained just over +300 points from where it was in mid-February. Yesterday's trading session saw both the Dow and S&P lose just over -1%. Most institutional investors seem to be more closely focused on bond markets than equities, however, as they worry that global yield declines could soon bleed over into stocks. The yield curve has been

inverted for the majority of the past three months, meaning the yield on shorter-term bonds is higher than yields for longer-term bonds. It's considered a classic indicator of a looming recession and the gap between the two has recently been widening farther. It stands in contrast to all other economic indicators that point to a strong U.S. economy, however, and investors seem as confused as the economists as to where things are headed. Today brings some key data that might help shed more light on the big picture with the July Consumer Price Index. June's report showed core consumer prices rose +0.3%, the largest increase in over a year. Investors hoping for further interest rate cuts will be closely watching the July results as the long-term lack of inflation key factor in the Federal Reserves July rate cut. Also due out today is second-quarter Household Debt and Credit, which rose by \$124 billion in the first quarter of 2019. As an investor, I remain a bit nervous regarding the underlying landscape. I have been de-risking into the record highs and still believe there is more downside before the bulls regain an upper-hand. I think the VIX could still work higher as more extreme volatility lies ahead. Staying extremely patient and waiting for better buying opportunities! Again, I would not be swimming far from the shore...

**Short Bets Against The Pound Hit Two Year High:** *Traders have increased short bets against the pound to the highest level in more than two years as the currency slumped to a 10-year low against the euro on Monday. Investors added 12,552 short positions in the week to August 6, its highest level since April 2017. Speculators increased the number of short positions to 107,406 contracts, according to Commodity Futures Trading Commission (CTFC) data. Overnight on Monday, sterling tumbled to a fresh two-year low against the US dollar. News that British Members of Parliament are working on a credible route to preventing a "no deal" Brexit helped the pound recover slightly later in the day, though it remains close to recent lows. Experts have been warning that the pound could fall to parity with the US dollar for the first time in history in the event of a messy exit from the EU. (Sources: The Telegraph, Wall Street Journal)*

**Russia's Mystery Explosion May Be A Big Deal Afterall:** *A deadly explosion rocked the Nenoksa Missile Test Site in Russia last week, and Moscow has offered shifting accounts of what happened. A new report in the New York Times might explain why Moscow is being so cagey: This might have been the region's worst nuclear accident since Chernobyl, though on a much smaller scale. The explosion killed at least seven people and coincided with a spike in radiation levels in the atmosphere. Researchers at the institute that employed some of the scientists that died in the explosion just*

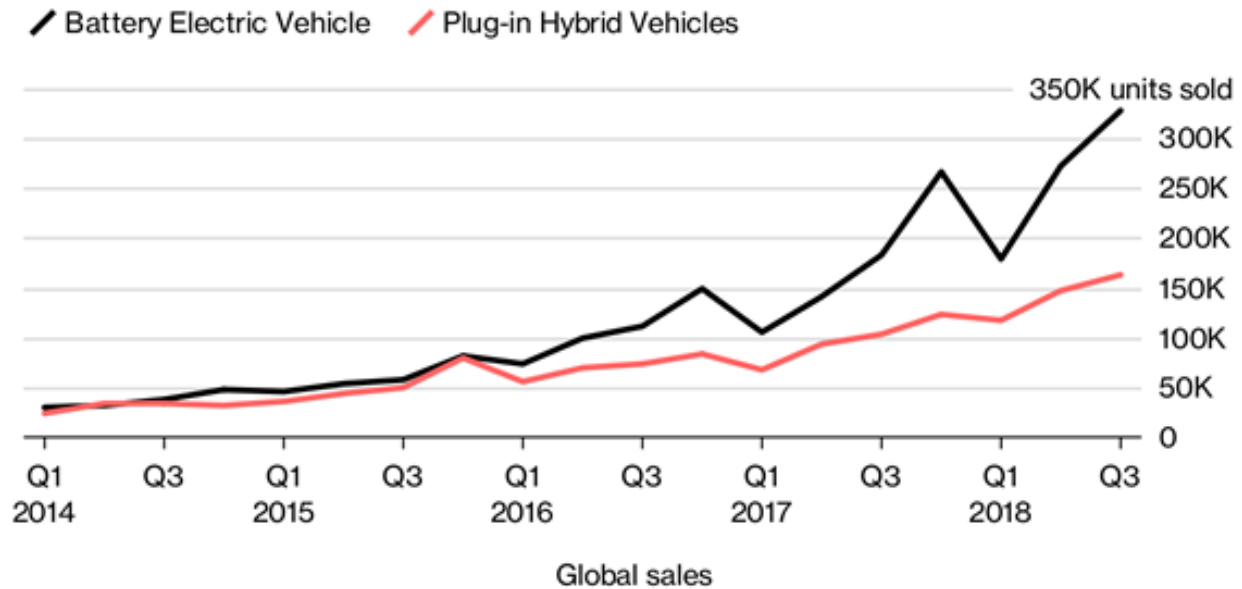
*confirmed that a small nuclear reactor was part of the failed experiment and that authorities were investigating the cause. But United States intelligence officials have said they suspect the blast involved a prototype of what NATO calls the SSC-X-9 Skyfall. That is a cruise missile that Mr. Putin has boasted can reach any corner of the earth because it is partially powered by a small nuclear reactor. In several recent Pentagon and other government reports, the prospect of a Russian nuclear-powered cruise missiles has been frequently cited as a potential new kind of threat. (Source: The New York Times)*

**Argentine Peso Falls More than -20%, Why it Matters!** Argentina's currency tumbled and the cost to insure against a debt default swelled a day after opposition candidate Alberto Fernández won a primary election, stoking concerns of a populist comeback just two months before the presidential vote. The strong showing by Mr. Fernández, whose running mate is former president Cristina Fernández de Kirchner, prompted investor fears that market-friendly President Mauricio Macri will lose October's election. Remember, this makes Argentine exports much more competitive than those from the U.S. (Source: The Financial Times)

**GM And Volkswagen Are Stepping Away From Hybrids:** *As automakers around the globe lean on hybrids as a way to enable compliance with fuel consumption and emissions standards, two of the world's leading manufacturers have decided to completely scrap the vehicles from their lineup - General Motors and Volkswagen say they're going fully electric. According to the Wall Street Journal, GM plans to launch 20 fully electric vehicles world-wide in the next four years. Volkswagen also has committed billions to producing more battery-powered models, including introducing a small plug-in SUV in the U.S. next year and an electric version of its minibus around 2022. Ford and Toyota, on the other hand, are sticking with hybrids, with Ford pumping more money into models like a hybrid F-150 and Toyota maintaining the popularity of its Prius model. Interesting facts - a hybrid system can add roughly \$2,000 to a vehicle's cost, while a fully electric version is an additional \$6,000 to \$10,000, according to Alan Baum, an independent Detroit-area auto analyst. (Sources: Wall Street Journal, Fox Business News)*

## All In

As range anxiety vanishes, electric vehicle sales are fast pulling away from plug-in hybrids around the world.



Source: Bloomberg New Energy Finance

**Bloomberg**

# FARM TANK

Tweets of the Day





Following

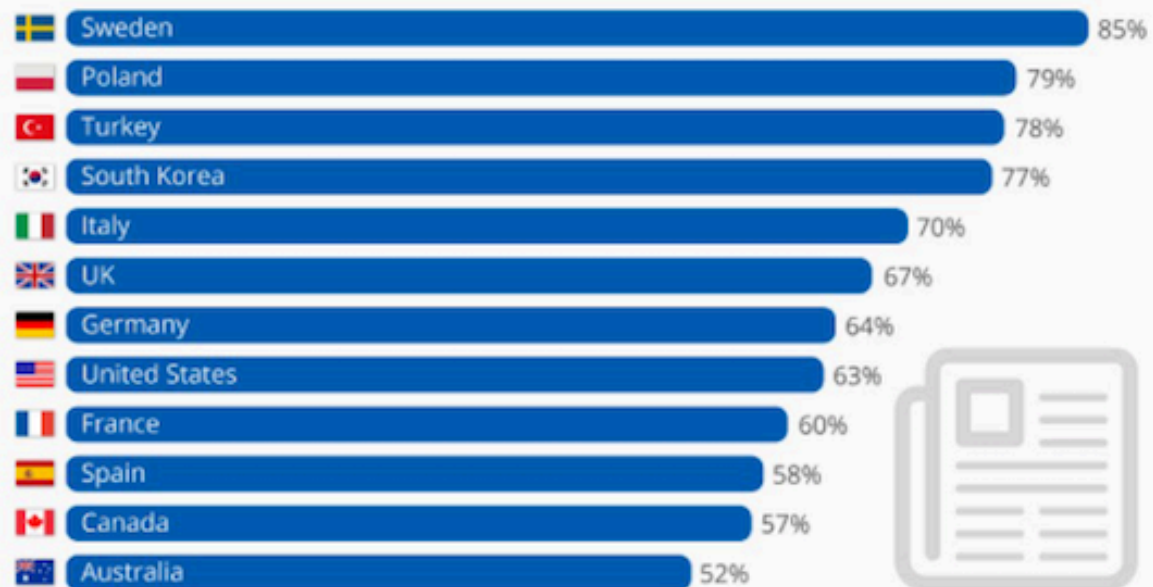


## Which countries read the news most?

[bit.ly/2x36KnQ](https://bit.ly/2x36KnQ)

### Which Countries Read the News the Most?

Share of respondents in selected countries who read the news more than once a day



Survey of approx. 2,000 respondents each in 38 countries in Jan and Feb 2019  
Source: Reuters Institute Digital News Report

statista



**Michel Camps**  
@cpfarmsltd



Season over







**Jake Freestone**  
@No1FarmerJake



This week your onions will come pre washed!  
[#harvest19](#)





**Robert Wilson**  
@RomanyHerefords



Aye, still a bit damp think we'll give it an hour and try again after dinner.....

#harvest19 #rain #stormyweather #scottishborders







**Robson and Cowan**  
@robsonandcowan



Good Morning all from [#ScotsGap](#) At last the rain has stopped and the water levels are dropping, but the standing crops in the field may never recover, what a disaster for [#Harvest19](#)





B/R Betting ✓  
@br\_betting

Anyone betting on one of these long shots? 🍀

(Odds via @CaesarsPalace)

| VIA CAESARS   |  |
|---|--|
| <br><b>REDSKINS +17500</b>   | <b>WORST<br/>ODDS TO WIN<br/>SUPER BOWL</b>  |
| <br><b>BUCS +15000</b>      |  |
| <br><b>DOLPHINS +15000</b> | <br><b>CARDINALS +15000</b> |
|   | <br><b>BENGALS +12500</b>  |



Inspirational Quotes  
@QuoteloveU

When God gives you a new beginning, don't repeat the old mistakes. #MondayMotivation #Quote



When God gives  
you a new  
beginning, don't  
repeat the old  
mistakes

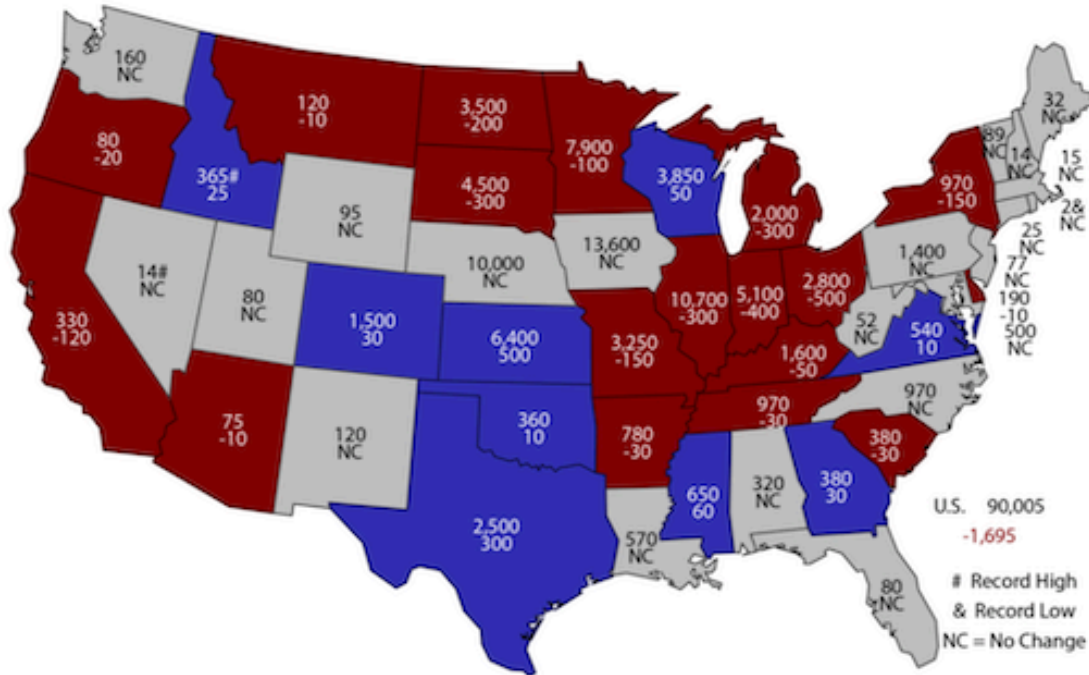


## THINKING.

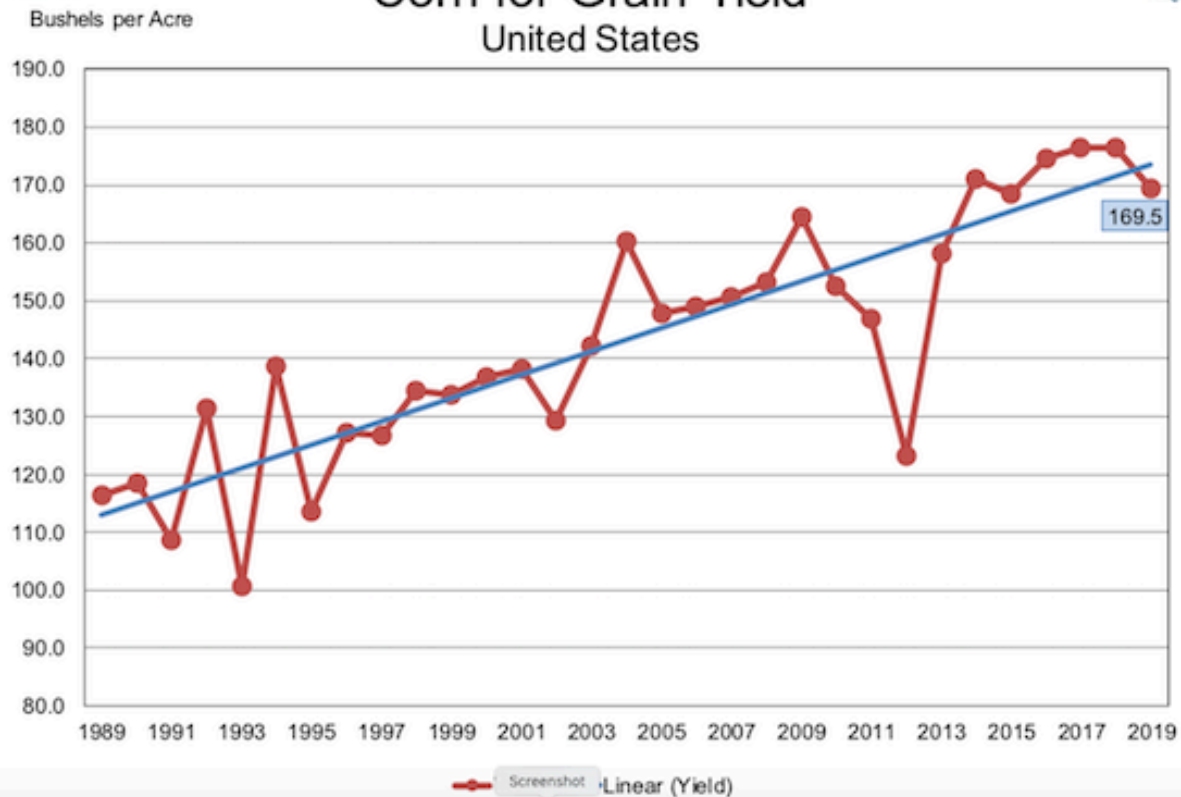
**Corn** bulls will be trying to answer the standing eight-count. In boxing, this occurs when the referee stops the action and gives an eight-count to a boxer who has not been knocked down but appears seriously injured or hurt. During this time, the referee tries to determine if the boxer is fit to continue. I suspect during the next couple of days the market will be trying to determine if bulls are fit to continue. Unfortunately, I think many bulls may be forced to throw in the towel as the margin-gods begin to take a deeper toll. Bulls are massively disappointed by the updated USDA data which shows harvested acres estimated at 82 million. Many sources inside the trade, including myself, are looking for harvested acres to eventually fall to sub-80 million. At the same time, the USDA opted to raise its yield forecast higher by +3.5 bushels per acre. The average yield estimate jumped from 166 to 169.5 bushels per acre. That just seems like a tough number to swallow with overall U.S. crop conditions showing just 57% rated "Good-to-Excellent" vs. 70% last year. Especially with crop conditions in big production states like Iowa, Illinois, Minnesota, Nebraska, Indiana, Ohio, and South Dakota all worse than last year. I suspect all eyes will now start to shift towards the more highly publicized crop tours. The Pro Farmer Crop Tour begins next Monday with both an Eastern and Western leg kicking off. I suspect the tour will generate many social media headlines and even greater debate. The tour concludes with an event next Thursday evening in Rochester, MN. Perhaps we will hear a more bullish perspective? I'm worried however that if the crop tour numbers confirm what the USDA is forecasting, it could be the final nail in the coffin. As a spec, I remain long and wrong! Luckily I have not added to my positions as I've been worried about the overall timing. I'm more afraid than ever that the USDA may be slow to pivot or shift to a more bullish perspective. As I've mentioned many times, we need to remind ourselves that it's not about being right yield or harvested acres, it's all about being right the market and finding ways to best reduce longer-term price risk. I just wonder how long it will take the USDA to turn their massive ship around if they finally determine they are going the wrong direction with corn?



## 2019 Corn Planted Area (000) Acres and Change From Previous Estimate



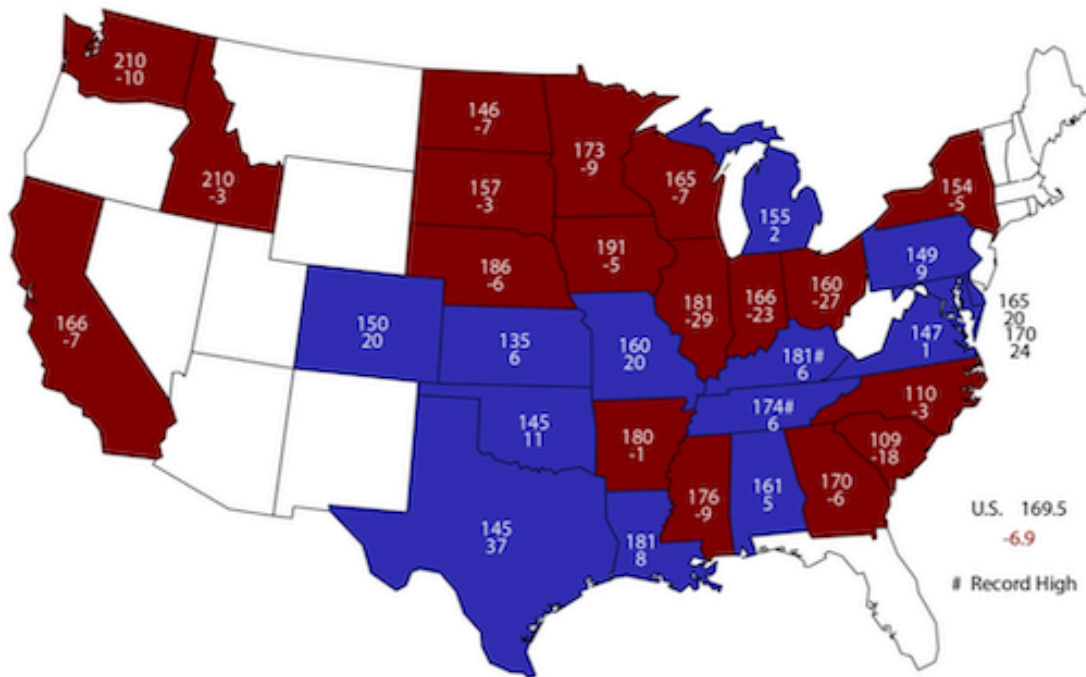
## Corn for Grain Yield United States





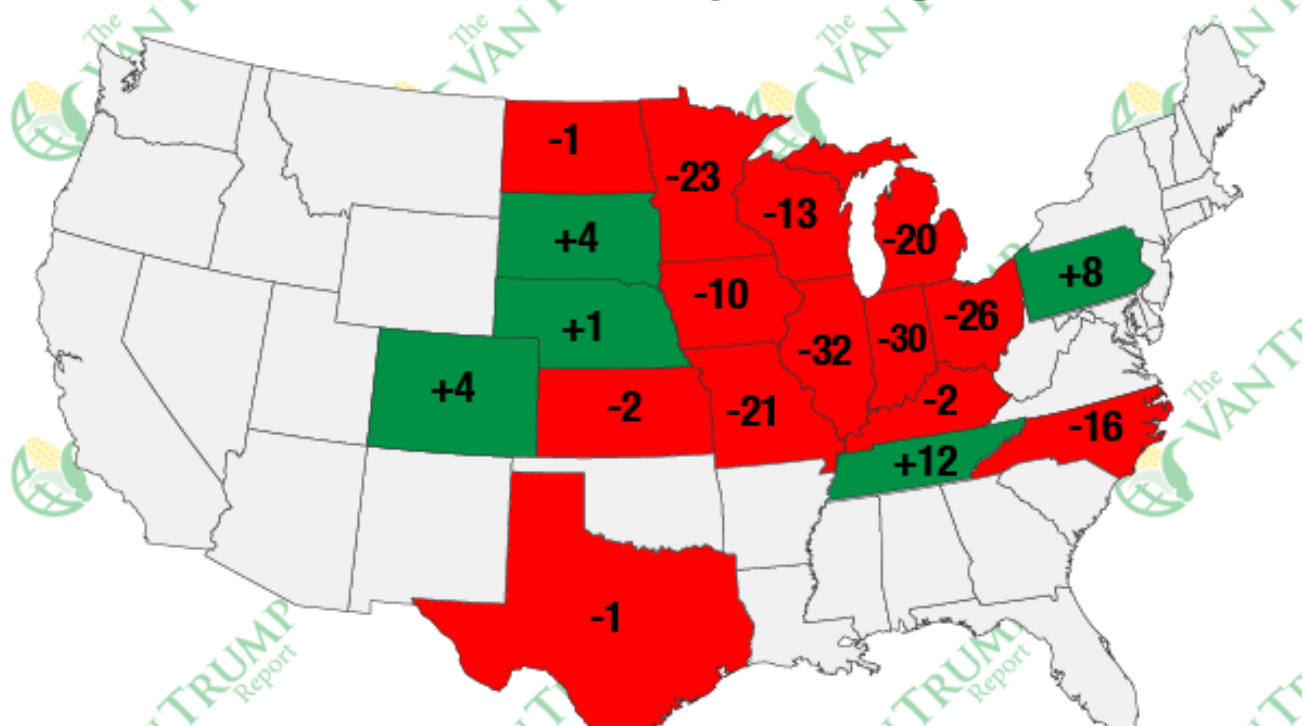


## August 1, 2019 Corn Yield Bushels and Change From Previous Year



## U.S. Corn Good-to-Excellent [week 32] August 11, 2019

Current Good-to-Excellent vs. 5 year average for week 32



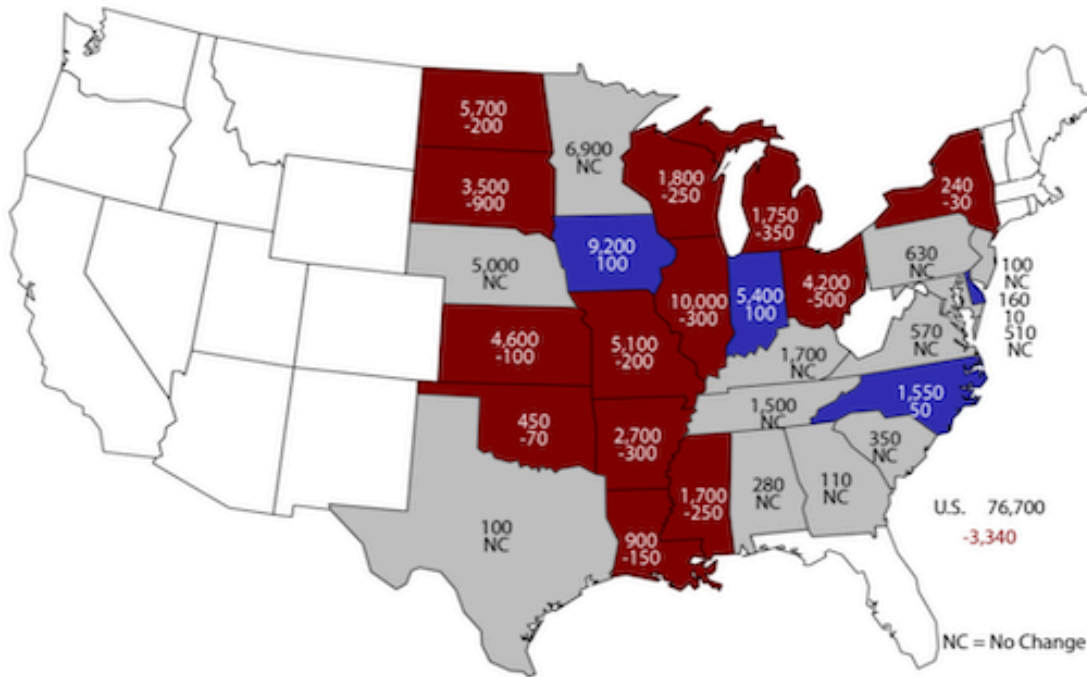
| Corn % Good-to-Excellent |           |           |           |           |              |
|--------------------------|-----------|-----------|-----------|-----------|--------------|
|                          | 2017      | 2018      | 5-yr avg  | This Week | Change vs LW |
| Colorado                 | 72        | 63        | 73        | 77        | 3            |
| Illinois                 | 62        | 76        | 72        | 40        | -1           |
| Indiana                  | 55        | 71        | 63        | 33        | -3           |
| Iowa                     | 61        | 75        | 75        | 65        | -1           |
| Kansas                   | 55        | 47        | 56        | 54        | 0            |
| Kentucky                 | 79        | 70        | 73        | 71        | 0            |
| Michigan                 | 58        | 48        | 60        | 40        | -6           |
| Minnesota                | 81        | 77        | 79        | 56        | -1           |
| Missouri                 | 64        | 26        | 60        | 39        | 5            |
| Nebraska                 | 63        | 83        | 74        | 75        | 4            |
| North Carolina           | 73        | 35        | 55        | 39        | -1           |
| North Dakota             | 48        | 79        | 72        | 71        | -2           |
| Ohio                     | 58        | 76        | 60        | 34        | 0            |
| Pennsylvania             | 90        | 72        | 73        | 81        | 2            |
| South Dakota             | 34        | 69        | 60        | 64        | -2           |
| Tennessee                | 84        | 68        | 76        | 88        | 2            |
| Texas                    | 80        | 29        | 57        | 56        | -7           |
| Wisconsin                | 70        | 78        | 76        | 63        | -2           |
| <b>Total</b>             | <b>62</b> | <b>70</b> | <b>67</b> | <b>57</b> | <b>0</b>     |

**Soybean** bulls get the reduction in acres they were looking for with the harvested number falling by another -3.4 million. Unfortunately, the yield was left "unchanged" at 48.5 bushels per acre. Which I still believe could be too high. Total U.S. production is now forecast at 3.68 billion bushels, down -165 million from last year. Traditionally, this would be considered a very bullish report but not this time around. U.S. soybean exports were reduced -100 million bushels to 1.78 billion. Net-net, U.S. soybean ending stocks are now projected at 755 million bushels, down -40 million. The U.S. season-average soybean price for 2019/20 is forecast at \$8.40 per bushel, unchanged from last month. Globally, China's soybean imports are lowered -2 million tons to 85 million reflecting lower soybean meal

crush in 2019/20. With crush also lowered in 2018/19, China's protein meal consumption growth is forecasted flat in 2019/20. Global 2019/20 soybean ending stocks are lower relative to last month simply due to lower stocks in the United States and China. As a spec, I continue to hold my conservative bullish position. I like the thought of adding some additional length on a further pullback. I still believe there is significant longer-term upside potential. Staying bullish despite the demand destruction!



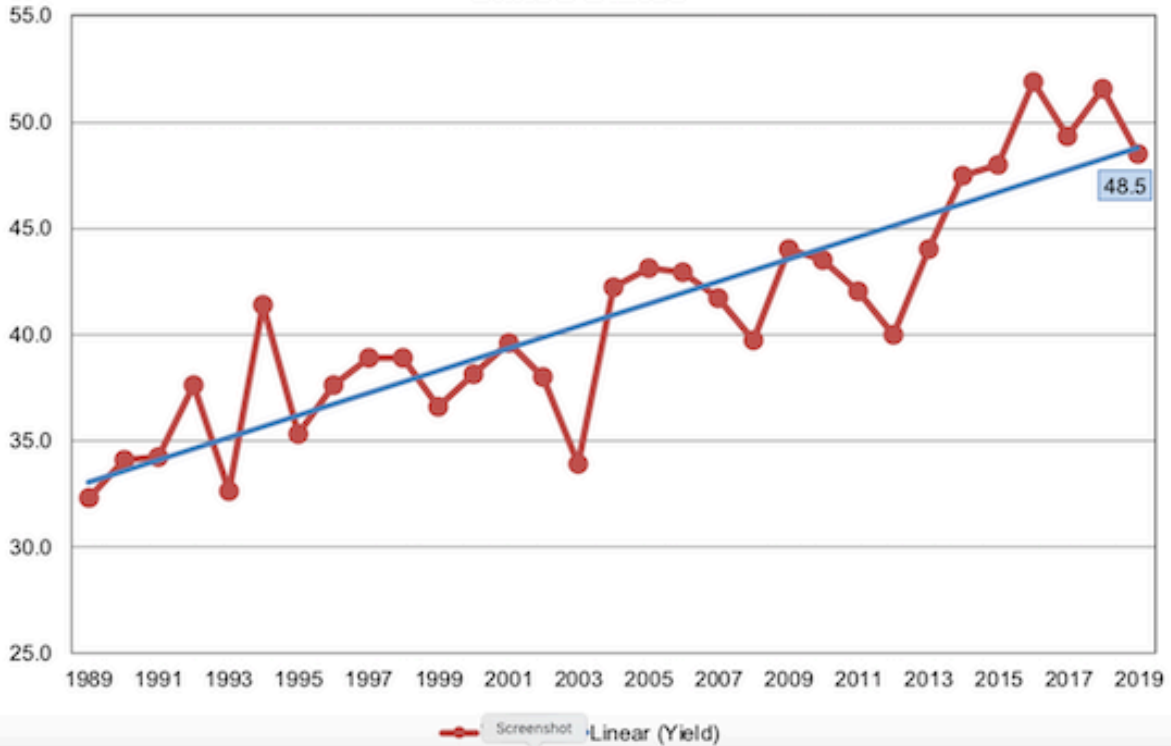
### 2019 Soybean Planted Area (000) Acres and Change From Previous Estimate



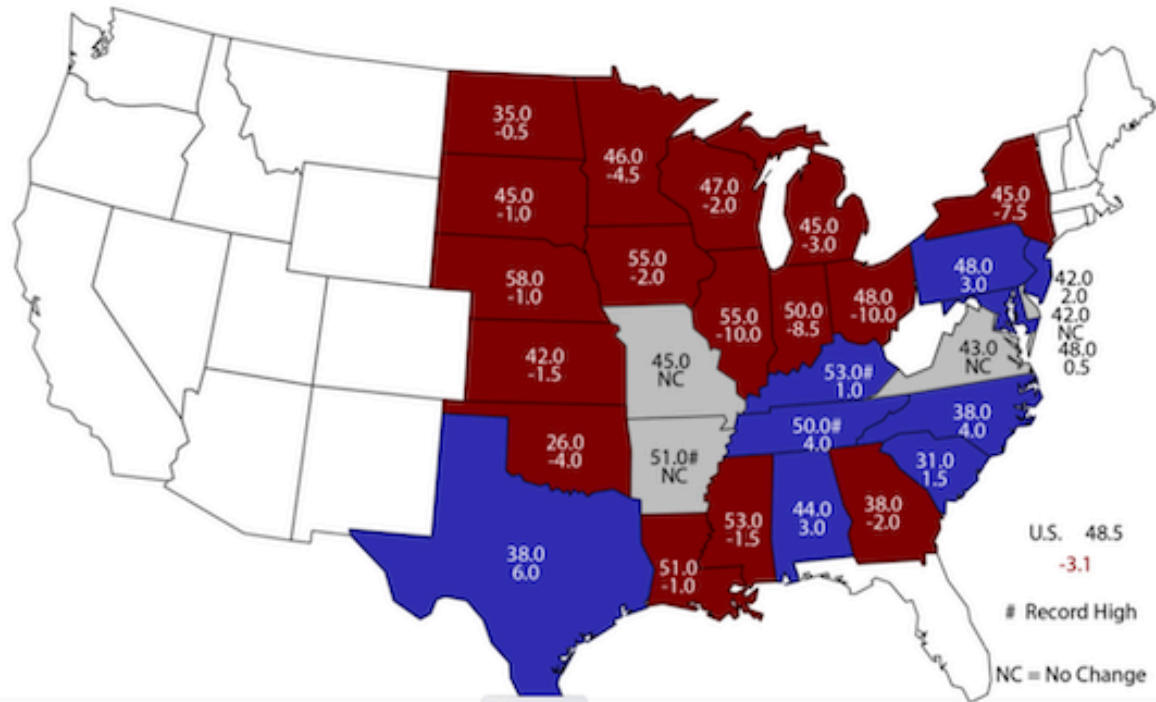


## Soybean Yield United States

Bushels per Acre



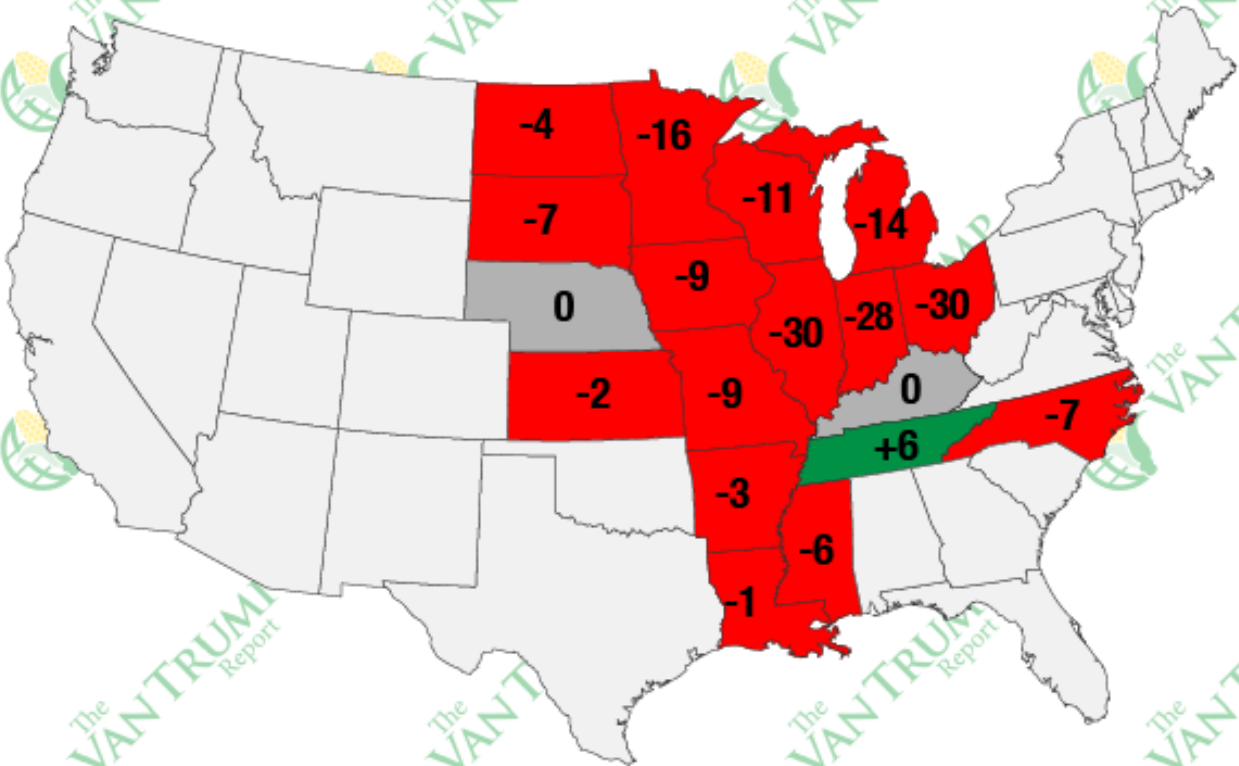
## August 1, 2019 Soybean Yield Bushels and Change From Previous Year



# U.S. Soybean Good-to-Excellent

[week 32] August 11, 2019

Current Good-to-Excellent vs. 5 year average for week 32



## Soybean % Good-to-Excellent

|                | 2017 | 2018 | 5-yr avg | This Week | Change vs LW |
|----------------|------|------|----------|-----------|--------------|
| Arkansas       | 69   | 59   | 62       | 59        | 6            |
| Illinois       | 63   | 74   | 69       | 39        | -1           |
| Indiana        | 56   | 69   | 62       | 34        | -2           |
| Iowa           | 56   | 72   | 72       | 63        | -2           |
| Kansas         | 52   | 40   | 52       | 50        | 1            |
| Kentucky       | 74   | 70   | 71       | 71        | -1           |
| Louisiana      | 79   | 55   | 67       | 66        | 5            |
| Michigan       | 55   | 53   | 59       | 45        | 1            |
| Minnesota      | 74   | 73   | 75       | 59        | -2           |
| Mississippi    | 69   | 69   | 70       | 64        | -6           |
| Missouri       | 64   | 32   | 56       | 47        | 0            |
| Nebraska       | 61   | 80   | 73       | 73        | 3            |
| North Carolina | 72   | 51   | 62       | 55        | 1            |

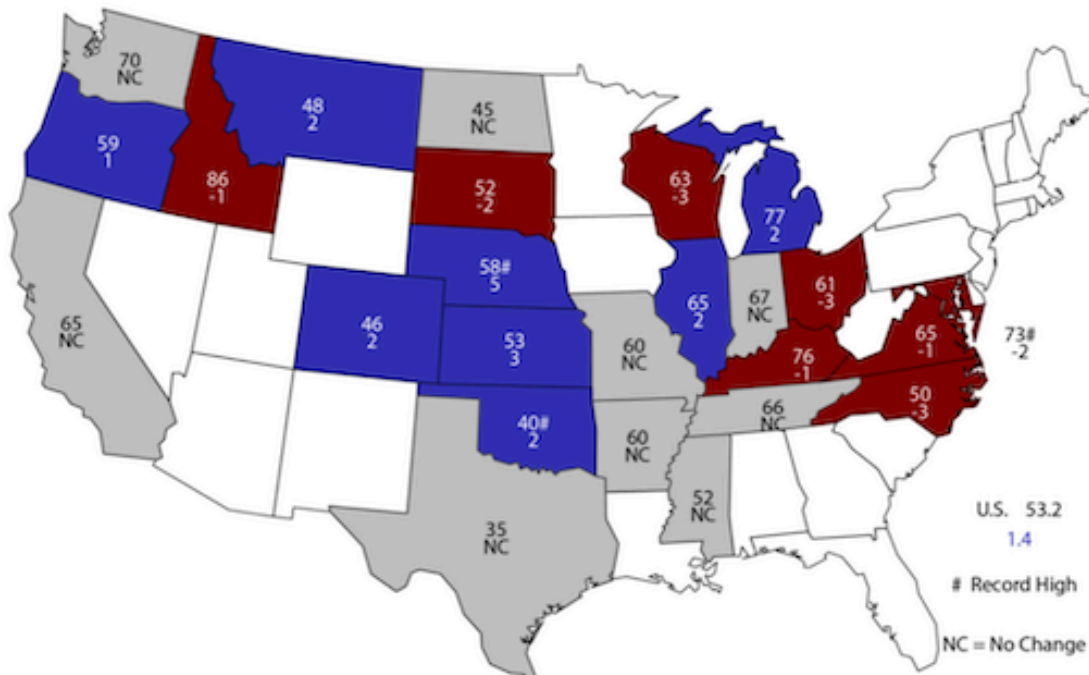


|              |           |           |           |           |          |
|--------------|-----------|-----------|-----------|-----------|----------|
| North Dakota | 44        | 62        | 66        | 62        | -1       |
| Ohio         | 55        | 74        | 59        | 29        | 0        |
| South Dakota | 34        | 66        | 60        | 53        | -1       |
| Tennessee    | 77        | 69        | 75        | 81        | 4        |
| Wisconsin    | 75        | 76        | 77        | 66        | -3       |
| <b>Total</b> | <b>59</b> | <b>66</b> | <b>66</b> | <b>54</b> | <b>0</b> |

**Wheat** prices have been aggressively beaten up the past several weeks. Prices have tumbled by almost \$1.00 per bushel since the late-June highs. Yesterdays USDA report did little to help the bullish cause. U.S. wheat production was raised +59 million bushels to 1.980 billion on increased winter wheat and other spring wheat production. The yield was raised from 50.0 to 51.6 bushels per acre. Imports are lowered by -5 million bushels. On the demand side of the equation, food is lowered -5 million, feed and residual raised +20 million, exports raised +25 million. Net-net, the total U.S. ending stocks for 2019/20 are raised +14 million bushels to a burdensome 1.014 billion. Despite ending-stocks being raised slightly higher, the number is still -5% lower than last year, but the trade doesn't really seem to care as it's still deemed overly burdensome. The season-average farm price is lowered -\$0.20 per bushel to \$5.00. Globally, wheat supplies are reduced by -4.5 million tons, primarily on lower production in several major competing exporters. The production declines are led by a -2.0-million-ton reduction for Turkey. EU, Kazakhstan, and Russia are lowered by -1.3 million tons, -1.0 million tons, and -1.2 million tons, respectively. Partly offsetting is a +0.5-million-ton production increase for Argentina and a +0.2-million-ton increase for Ukraine. Global ending stocks are lowered -1.1 million tons to 285.4 million tons, but still remain record large. I have to imagine the recent price break is going to make U.S. wheat a bit more competitive which could ultimately help improve the overall demand story. As both a producer and a spec, I still remain patient and longer-term oriented. In no nearby hurry!



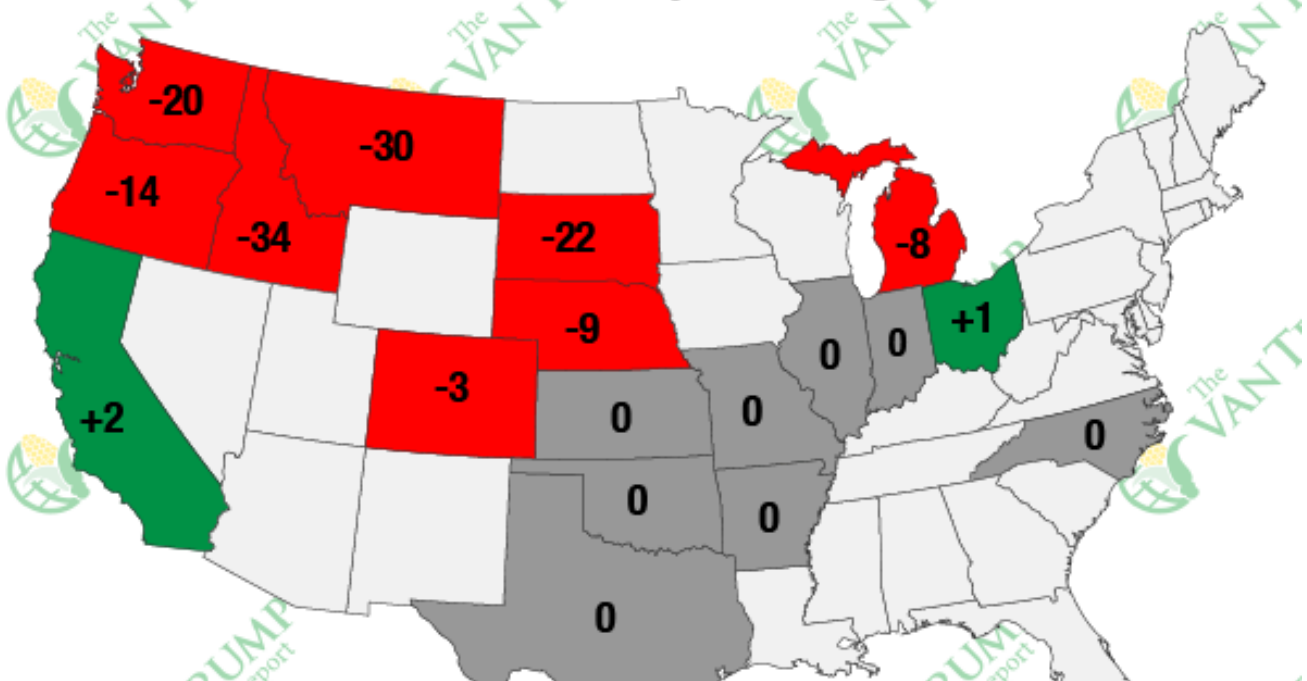
## August 1, 2019 Winter Wheat Yield Bushels and Change From Previous Estimate



Screenshot

## U.S. Winter Wheat Harvest [week 32] August 11, 2019

Current Harvest Pace vs. 5 year average for week 32



## U.S. Winter Wheat Harvested

|                | 2017      | 2018      | 5-yr avg  | This Week | Change vs LW |
|----------------|-----------|-----------|-----------|-----------|--------------|
| Arkansas       | 100       | 100       | 100       | 100       | 0            |
| California     | 98        | 98        | 98        | 100       | 0            |
| Colorado       | 99        | 100       | 99        | 96        | 4            |
| Idaho          | 84        | 67        | 70        | 36        | 21           |
| Illinois       | 100       | 100       | 100       | 100       | 0            |
| Indiana        | 100       | 100       | 100       | 100       | 0            |
| Kansas         | 100       | 100       | 100       | 100       | 1            |
| Michigan       | 97        | 96        | 97        | 89        | 15           |
| Missouri       | 100       | 100       | 100       | 100       | 0            |
| Montana        | 92        | 64        | 80        | 50        | 24           |
| Nebraska       | 100       | 97        | 99        | 90        | 15           |
| North Carolina | 100       | 100       | 100       | 100       | 0            |
| Ohio           | 100       | 100       | 99        | 100       | 3            |
| Oklahoma       | 100       | 100       | 100       | 100       | 0            |
| Oregon         | 87        | 88        | 87        | 73        | 21           |
| South Dakota   | 95        | 96        | 90        | 68        | 19           |
| Texas          | 100       | 100       | 100       | 100       | 0            |
| Washington     | 74        | 67        | 76        | 56        | 21           |
| <b>Total</b>   | <b>97</b> | <b>93</b> | <b>96</b> | <b>89</b> | <b>7</b>     |

## U.S. Production 2019/20

(million bushels)

| Corn            | August #s | Avg. Trade Estimate | Range of Estimates | July Estimates | Last Year |
|-----------------|-----------|---------------------|--------------------|----------------|-----------|
| Production      | 13.901    | 13,123              | 12,080 - 13,857    | 13,875         | 14,420    |
| Yield           | 169.5     | 164.7               | 160.0 - 167.8      | 166.0          | 176.4     |
| Plant Acres     | 90        | 87.707              | 83.494 - 90.000    | 91.7           | 89.129    |
| Harvested Acres | 82.0      | 80.1                | 76.1 - 81.9        | 83.6           | 87.1      |

| <b>Soybeans</b>            | <b>August<br/>#'s</b> | <b>Avg. Trade<br/>Estimate</b> | <b>Range of<br/>Estimates</b> | <b>July<br/>Estimates</b> | <b>Last<br/>Year</b> |
|----------------------------|-----------------------|--------------------------------|-------------------------------|---------------------------|----------------------|
| <b>Production</b>          | <b>3,680</b>          | 3,791                          | 3,590 - 3,974                 | 3,845                     | 4,544                |
| <b>Yield</b>               | <b>48.5</b>           | 47.5                           | 45.0 - 49.0                   | 48.5                      | 51.6                 |
| <b>Plant Acres</b>         | <b>76.7</b>           | 80.849                         | 78.000 - 83,500               | 80.0                      | 89.196               |
| <b>Harvested<br/>Acres</b> | <b>75.9</b>           | 79.9                           | 77.3 - 82.8                   | 79.3                      | 88.1                 |

### U.S. Grain Ending Stocks 2019/20

(million bushels)

|                 | <b>August<br/>#'s</b> | <b>Avg. Trade<br/>Estimate</b> | <b>Range of<br/>Estimates</b> | <b>July<br/>Estimates</b> | <b>Last<br/>Year</b> |
|-----------------|-----------------------|--------------------------------|-------------------------------|---------------------------|----------------------|
| <b>Corn</b>     | <b>2,181</b>          | 1,613                          | 1,281 - 2,100                 | 2,010                     | 2,340                |
| <b>Soybeans</b> | <b>755</b>            | 836                            | 607 - 1,200                   | 795                       | 1,050                |
| <b>Wheat</b>    | <b>1,014</b>          | 995                            | 865 - 1,072                   | 1,000                     | 1,102                |

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

(million bushels)

|                 | <b>August<br/>#'s</b> | <b>Avg. Trade<br/>Estimate</b> | <b>Range of<br/>Estimates</b> | <b>July<br/>Estimates</b> | <b>Last<br/>Year</b> |
|-----------------|-----------------------|--------------------------------|-------------------------------|---------------------------|----------------------|
| <b>Corn</b>     | <b>2,360</b>          | 2,388                          | 2,220 - 2,490                 | 2,340                     | 2,140                |
| <b>Soybeans</b> | <b>1,070</b>          | 1,069                          | 980 - 1,300                   | 1,050                     | 438                  |

### US Wheat Production 2019/20

(million acres)

|                            | <b>August<br/>#'s</b> | <b>Avg. Trade<br/>Estimate</b> | <b>Range of<br/>Estimates</b> | <b>July<br/>Estimates</b> | <b>Last<br/>Year</b> |
|----------------------------|-----------------------|--------------------------------|-------------------------------|---------------------------|----------------------|
| <b>All Wheat</b>           | <b>1,980</b>          | 1,926                          | 1,873 - 1,990                 | 1,921                     | 1,884                |
| <b>All Winter</b>          | <b>1,357</b>          | 1,292                          | 1,270 - 1,324                 | 1,290                     | 1,184                |
| <b>Hard Red<br/>Winter</b> | <b>840</b>            | 806                            | 762 - 834                     | 804                       | 662                  |
| <b>Soft Red<br/>Winter</b> | <b>257</b>            | 258                            | 250 - 288                     | 259                       | 286                  |
| <b>White</b>               | <b>260</b>            | 227                            | 220 - 257                     | 227                       | 236                  |

|               |            |            |                  |            |            |
|---------------|------------|------------|------------------|------------|------------|
| <b>Winter</b> |            |            |                  |            |            |
| <b>Spring</b> | <b>560</b> | <b>571</b> | <b>542 - 583</b> | <b>572</b> | <b>623</b> |
| <b>Durum</b>  | <b>55</b>  | <b>57</b>  | <b>53 - 60</b>   | <b>58</b>  | <b>77</b>  |

### World Ending Stocks 2019/20

(million tonnes)

|                 | <b>August<br/>#’s</b> | <b>Avg. Trade<br/>Estimate</b> | <b>Range of<br/>Estimates</b> | <b>July<br/>Estimates</b> | <b>Last<br/>Year</b> |
|-----------------|-----------------------|--------------------------------|-------------------------------|---------------------------|----------------------|
| <b>Corn</b>     | <b>307.72</b>         | <b>290.3</b>                   | <b>278.0 - 298.7</b>          | <b>298.9</b>              | <b>328.8</b>         |
| <b>Soybeans</b> | <b>101.74</b>         | <b>105.6</b>                   | <b>101.0 - 124.1</b>          | <b>104.5</b>              | <b>113.0</b>         |
| <b>Wheat</b>    | <b>285.4</b>          | <b>284.5</b>                   | <b>273.0 - 290.0</b>          | <b>286.5</b>              | <b>275.2</b>         |

### World Ending Stocks 2018/19

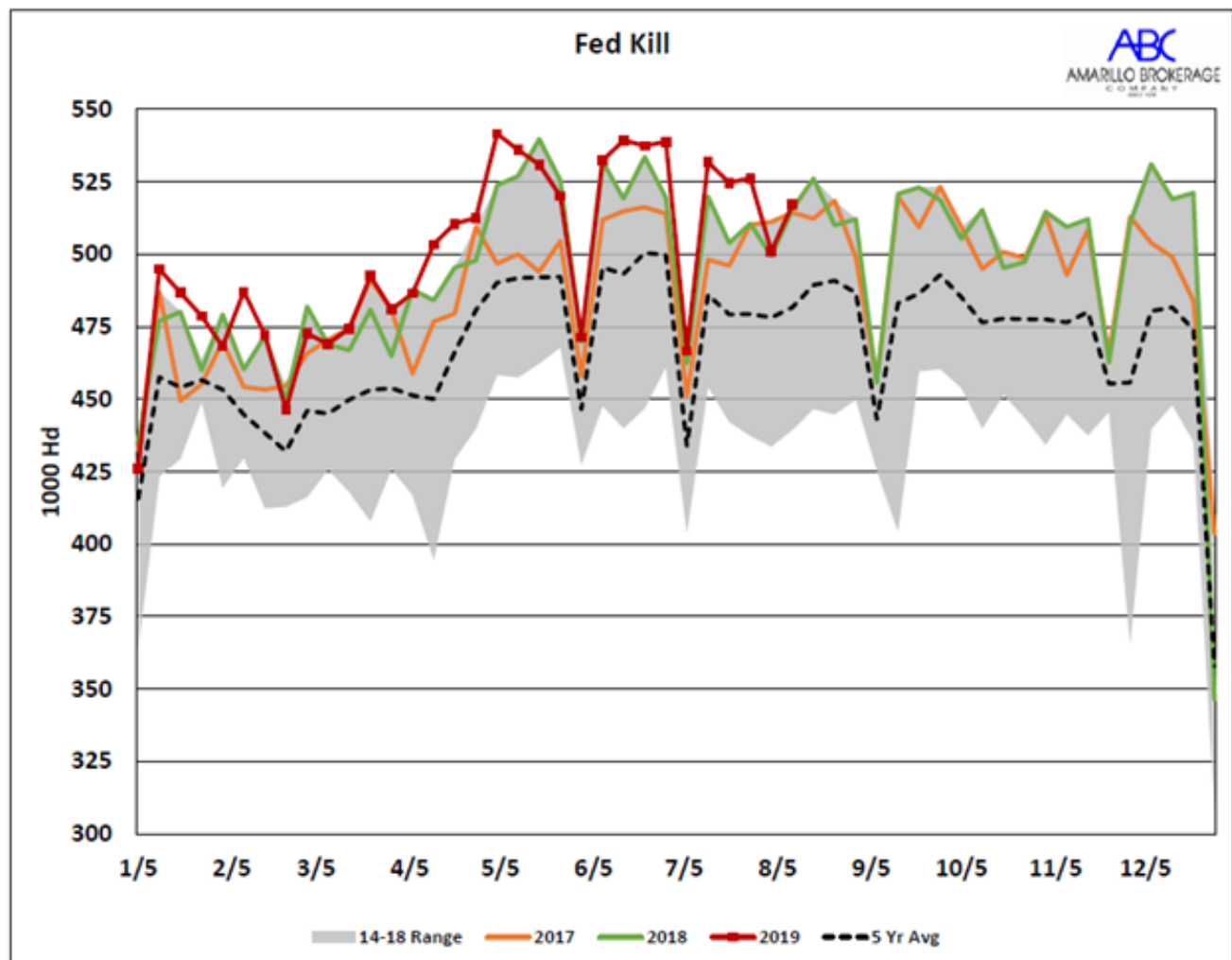
(million tonnes)

|                 | <b>August<br/>#’s</b> | <b>Avg. Trade<br/>Estimate</b> | <b>Range of<br/>Estimates</b> | <b>July<br/>Estimates</b> | <b>Last<br/>Year</b> |
|-----------------|-----------------------|--------------------------------|-------------------------------|---------------------------|----------------------|
| <b>Corn</b>     | <b>328.58</b>         | <b>332.9</b>                   | <b>327.5 - 382.0</b>          | <b>328.8</b>              | <b>340.4</b>         |
| <b>Soybeans</b> | <b>114.53</b>         | <b>113.5</b>                   | <b>111.0 - 116.1</b>          | <b>113.0</b>              | <b>99.1</b>          |
| <b>Wheat</b>    | <b>275.49</b>         | <b>275.0</b>                   | <b>273.0 - 276.0</b>          | <b>275.2</b>              | <b>281.9</b>         |

**Cattle** markets were shaken today after a fire damaged a Tyson beef plant in Holcomb KS over the weekend. This development could be a short term issue, but with record cattle on feed numbers and an already imbalanced feeding to slaughter capacity issue it will no doubt present some challenges to the industry. Cash trade was on the modest end for volume last week and prices slipped lower into Friday evening and Saturday morning. The national avg live steer brought 112.60/CWT versus 114.00/CWT the previous week. Interestingly, the amount of cattle being traded for out front delivery up-ticked in recent weeks and the spread between the north and south fed prices widened back out to historical levels for this time of year. Cattle on show list for this week were reported to be down with most of the reductions being noted in KS and NE. Anecdotally, we might expect for cattle to move into formula/grid rather than negotiated trade for the near term as



we adjust for the loss of a central plant. Futures charts look wildly negative. The Oct19 LC lows from the summer is 103.175 and will likely do very little hold back the wave of selling expected in the coming sessions. There are a few things we can be sure of: this move will provide substantial volatility, shoving the markets into severely oversold territory is possible and it will be very important to make good decisions for each ourselves and your own operations. The cattle markets have experienced extreme market conditions numerous times over the years and the one things that is always true is monitoring your risk and acting appropriately is best. Synthetic settles printed several dollars lower than the settlements today. Tomorrow, we have expanded limits in cattle and feeders being 4.500/CWT and 6.750, respectively. With the extra running room, we would hope to see markets trade and stabilize some. Trey Warnock – [Amarillo Brokerage](#)





**> White House Announces Revisions To Endangered Species Act:** *The Trump administration on Monday announced it has finalized a controversial rollback of protections for endangered species, including allowing economic factors to be weighed before adding an animal to the list. Monday's rule finalizes an earlier proposal from the Interior Department that will no longer offer the same protections for threatened species as those that are labeled endangered. Many environmental groups who say the changes will gut the Endangered Species Act have already threatened lawsuits. At the same time, the changes are welcomed by a number of industry groups, including the National Cattlemen's Beef Association that referred to the decision as "long-awaited regulatory relief." U.S. Secretary of Commerce Wilbur Ross said, "The revisions finalized with this rulemaking fit squarely within the president's mandate of easing the regulatory burden on the American public, without sacrificing our species' protection and recovery goals."* (Source: The Hill)

**> Farmers Prevented From Planting Crops On More Than 19 Million Acres:** *Agricultural producers reported they were not able to plant crops on more than 19.4 million acres in 2019, according to the USDA's latest Crop Acreage Data. This marks the most prevented plant acres reported since USDA's Farm Service Agency (FSA) began releasing the report in 2007 and 17.49 million acres more than*

*reported at this time last year. Of those prevented plant acres, more than 73% were in 12 Midwestern states, where heavy rainfall and flooding this year has prevented many producers from planting mostly corn, soybeans and wheat. The full report is available [HERE](#). (Source: USDA)*

**> USDA Food Purchases Will Go To School Cafeterias:** *School cafeterias are set to receive free food purchased by the Department of Agriculture to relieve farmers hurt by the U.S-China trade war. The USDA has spent \$1.2 billion to buy up food to redistribute to nutrition programs through "trade mitigation" as part of the \$16 billion aid package for farmers. Because the agency bought much more food than usual, its typical target programs like food banks, are maxing out from the surplus. That's allowing it to send some school cafeterias "bonus foods", which it hasn't really been able to offer in the last couple of years. That's making the trade mitigation items that much more of a treat for school food officials. Read more [HERE](#).*

**> Eastern Australia Water Supply Dangerously Low:** *Australia's drought has prevailed since 2015 with the past two years being extremely tough on agriculture. The last time drought was this persistent was from 2003 to 2007, and its impact on agriculture and the economy was significant as well. The past two years have been especially harsh, resulting in dramatic reductions in livestock herds and dryland crop production in both the winter and summer crops. Water supplies in rural Australia are now dangerously low, with most of the key water catchment basins in eastern agricultural areas of Australia reporting storage levels of 5% to 26%. The next few weeks will bring on more frequent rain from Western Australia to New South Wales and Victoria. East-central Australia, however, is not likely to get much rain, and that will leave crops struggling for moisture. Read more [HERE](#).*

**> Nike Launches Long Awaited Shoe Subscription Service:** *Companies know that many parents don't have a lot of time to shop for their kids new outfits—which is why subscription services designed to make the process more automated and less time consuming are flourishing. Nike has now officially embraced the lucrative fad with the Nike Adventure Club will send subscribers a pair of Nike or Converse kicks at regular intervals. Each pair of shoes works out to between \$50 and \$60 a pair—which puts the service on higher end of the kids' sneaker market.*

Read more about it [HERE](#).

**> CBS And Viacom Are Close To Finalizing A Deal:** *CBS Corp. and Viacom Inc. are in the final stages of negotiating a deal that would reunite mogul Sumner Redstone's media empire in the hopes of creating a more formidable competitor to the entertainment industry's giants. The two sides are still working out details but have narrowed it down to a range of between 0.59 and 0.60 CBS share for each Viacom share. The last time the two companies explored a merger, CBS and Viacom discussed an exchange ratio of about 0.61. Those talks were derailed in early 2018 when CBS sued National Amusements Inc., which controls both CBS and Viacom. A combined CBS and Viacom would still be relatively small compared to the reach of some of its competitors, which means it may need to expand in order to compete with big players like Walt Disney and Netflix. More details are available [HERE](#). (Source: CNBC, Wall Street Journal)*

**> FedEx Is Cutting Ties With Amazon:** *FedEx says it's ending its ground delivery contract with Amazon, which is up at the end of August. It's already said it's ending air shipping services for the online retail giant, so this effectively cuts ties with a company that you might think is an important customer. Amazon and FedEx have long relied on each other, but Amazon's recent investments in its own delivery service has frustrated FedEx and led to the companies' breakup. FedEx's decision to drop Amazon couldn't have come at a worse time for the e-commerce giant. To start, the holiday shopping season is just around the corner. That, paired with the one-day shipping Amazon recently rolled out for Prime members, means that Amazon will likely soon be faced with millions of holiday orders to deliver quickly, but without FedEx's network and next-level delivery speeds. (Source: Forbes)*

**> Are You An Overfunctioner Or Underfunctioner?** *There are two kinds of people in any relationship — an overfunctioner (OF) and an underfunctioner (UF). A basic understanding of this difference and how it plays in your relationships with other people is the first step in being able to make larger, important changes, according to Dr. Will Meek, Director of Counseling and Psychological Services (CAPS) at Brown University. The concept stems from psychologist Murray Bowen's (1931–1990) work that studied family dynamics in a live-in setting and how they function as systems. As Bowen explains, OFs and UFs get stuck in a mutually*



*reinforcing trap. In any situation, you either quickly switch into fixing mode or pull back and hope others will take responsibility. The psychology says people become OFs and UF's because of their past experiences, with patterns often learned and passed on through generations. Ideally, we all want to function optimally, not taking more than our share of responsibility, or leaving our duties for others to handle. Learn more [HERE](#).*

**> Tesla Owner Implants Key's RFID Chip Into Her Arm:** *Tesla's Model 3 doesn't come with a physical key. Instead, it can be unlocked and turned on with a smartphone, a car-shaped key fob, or a keycard that comes in handy if you don't have a fob or your phone dies. One creative driver figured out a way to make sure that she can always unlock and start her Model 3: she implanted the RFID tag from the keycard into her forearm. To do that, she dissolved the card using acetone, and had it encased in a biopolymer. From there, she went to a body-modification studio to have the chip (about the size of a Lego mini-figure) implanted into her forearm. While the new implant does work, she says the range is only about an inch from her arm to the car. Still, it's unlikely she'll ever be locked out of her Tesla. And of course she made a video! Check it out [HERE](#).*



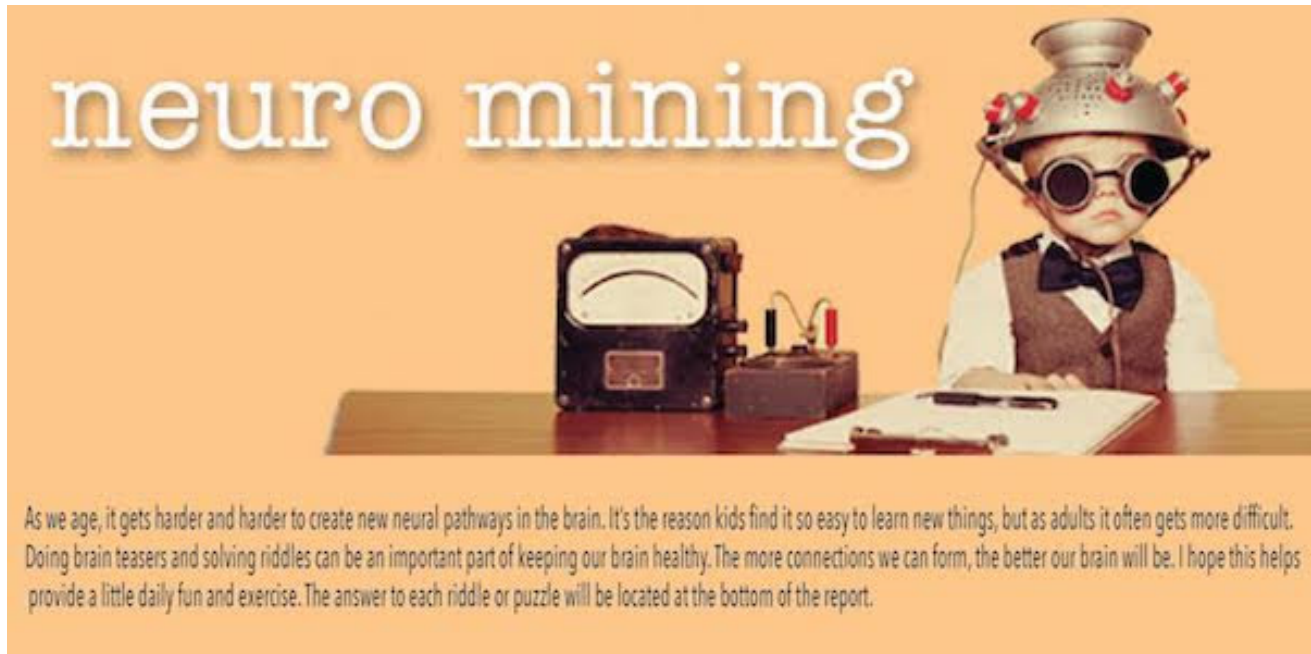




**West Central South Dakota** - *There are no dry spots to be found in our area, which along with the cool temperatures has pushed back the development of crops. Normally, we would have a number of days over 100 degrees but there hasn't been one this season. Milo and the sunflowers are just popping and right now everyone is talking about what happens if we get an early frost this fall. We're hoping for the same first frost from two-years ago which came in November but in my lifetime, we've seen plenty before that. Had a corporation come in and buy a 30,000-acre organic operation near us. Right now all we're seeing is weeds as they prep for next season. We talk about finding other options for production as we'd like to get rid of our wheat acres but got nothing at this point.*

**Southeast Iowa** - *The April corn was yellow between tile lines from excessive rain throughout May. It slowly greened up with some better weather as roots got down to the nitrogen. Now with the extreme dry weather, the yellow has come back in the corn. The roots never got down well enough to get to the nitrogen as the ground is really hard. We are dry but not as dry as 2017 and 2018 when the temperatures were much warmer, but the corn is firing like it did those years. June corn here will be a disaster if we miss another week of rain.*

**Central Illinois** - *The radar showed we received rain over the weekend but I'll be the first to let you know that we didn't see enough rain to amount to one day of help. Our biggest hope right now is rain on Monday, for which we are showing a fairly good chance. If we miss the rain we will be in trouble as our next chance isn't for another 8 days. We have seen a good deal of humidity and nighttime temperatures that are pulling back into the low 70's which is helping us get through this dry stretch. It's surprising how fast the corn rolls even in 80-degree temperatures.*



**TODAY'S RIDDLE:** Poke your fingers in my eyes and I will open wide my jaws. Linen cloth, quills, or paper, my greedy lust devours them all. What am I?



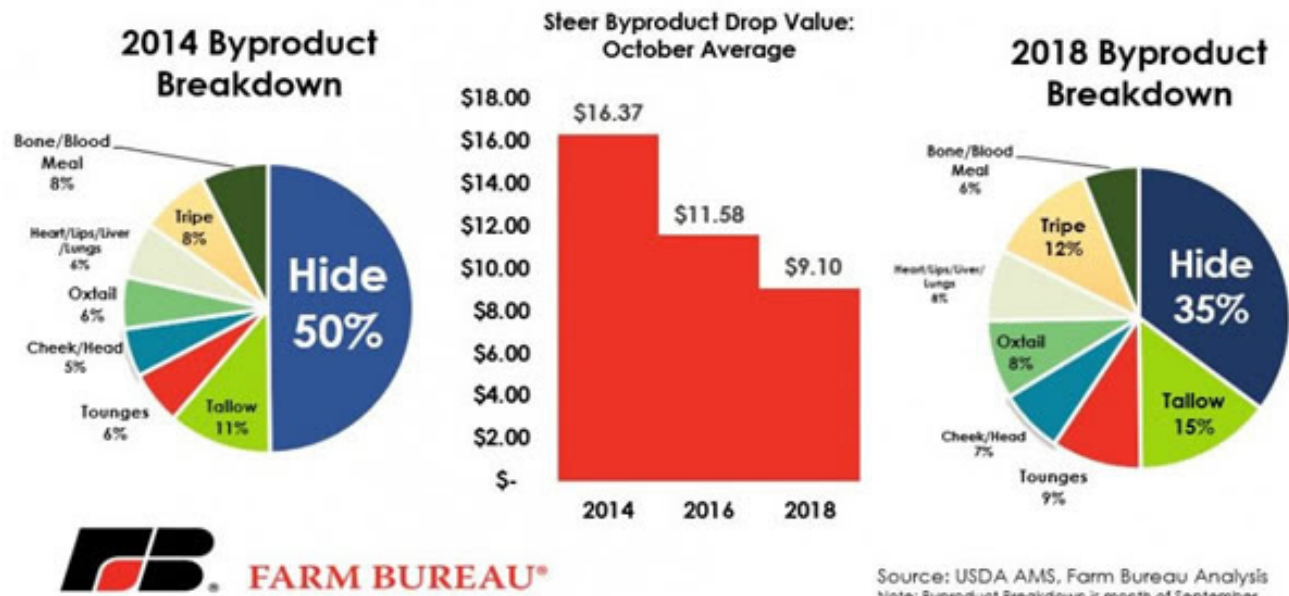
### America Has A Leather Problem

Cowhides are literally being tossed into landfills as U.S. consumers gobble up more beef while simultaneously embracing the "vegan" clothing trend. U.S. beef consumption is the highest it's been in more than a decade, a major contributor to the country's increasing and unwanted leather supply. At the same time, demand from all corners of the leather industry has been in rapid decline for the last five years.

The changing market dynamic has been devastating for leather makers and the livestock producers alike. Just five years ago, hides accounted for roughly half of a steer's byproduct value. Today, that value is around 35%. Lower quality cow hides

are more like 5% of byproduct value if they can find a market at all. June 2019 trade data shows cured cattle hide exports were down 19% in volume and 34% in value compared to the same period in 2018.

**Figure 2. Change in the Byproduct Drop Value Over Time**



Bloomberg recently spoke to Twin City Hide manager Joe Brannan, who explained some hides have no value at all. "We're throwing a natural product in the garbage," because it costs more to process low-quality hides than what the finished product will bring. If processors choose not to store them, the only place willing to take them seems to be the trash heap.

The leather industry was on top of the world following the 2011-13 drought that led to a nearly 20% liquidation of the U.S. cattle herd, resulting in the lowest inventories since the 1950s. However, sky-high hide prices sent consumer goods manufacturers in search of lower-cost alternatives, particularly in the footwear industry which has traditionally used about half the world's hide supply. These new synthetics hit the mark with consumers and brands looking to jump on the "ecologically friendly" bandwagon. It also coincided with the rise of athleisure fashion, which leans more toward spandex than leather.

Another factor putting downward pressure on the overall industry is China. In 2017, roughly half of total U.S. hides and skins exports were shipped to China,

reaching a total of \$945 million. The country is still the top importer of hides, but a combination of stricter environmental regulations, rising labor costs, and new trade tariffs have set demand for both hides and leather goods on a downward slide.

It's important to note that China's demand decline began before the current trade dispute with the U.S. The USDA's Foreign Agriculture Service reports that Chinese shoe manufacturers have seen a 500 percent increase in their labor costs over the past 30 years, which has been passed on to consumers. Tighter environmental regulations have also increased costs for tanners, leading to massive consolidation as small local outfits are forced to shut down. Analysts expect this consolidation will result in only 20 or so large-scale tanneries left in China. While tariffs on both sides of the aisle may not be at the root of the problem, the industry does expect them to make things even tougher.

As for consumers, it will be interesting to see which direction current trends take. The leather industry argues that the petrochemical-based synthetic products used as leather substitutes are just as bad as plastics. On the other hand, environmentalists point to harmful chemicals used in some tanning processes as well as methane gas emissions generated by livestock.

That last point is really moot as leather demand does not drive livestock production. The recent U.S. cattle herd expansion is the direct result of increasing meat demand both domestically and around the globe. It is also what's driving the rising supply of hides and skins. And as Stephen Sothmann, President of the U.S. Hide, Skin and Leather Association, thoughtfully points out to Bloomberg, "because we are dairy and meat consumers, we have an ethical need to produce [leather] products as well." (Sources: Bloomberg, American Farm Bureau, USDA)





### How About "Hippo" for Homeowners Insurance?

Hippo, a tech startup focused on the insurance market, is the newest unicorn with a \$1 billion valuation. Well-known tech investor Mary Meeker and her firm Bond



Capital provide the most recent multi-million dollar investment.

Hippo is disrupting the insurance business by using Internet-connected sensors, satellite imagery, and automation, among other technologies, to deliver better and ultimately cheaper insurance policies to homeowners. Interestingly, the company keeps tabs on extensions to customers' property, such as new pools or decks, using aerial photography. And, in partnership with Comcast, another Hippo investor, it gives away free Internet-connected sensor kits to help customers react to and prevent damage from floods, fires, break-ins, and other disasters.

Chief executive and cofounder, Assaf Wand, recently told Fortune that "insurance is moving from big number averages to big data, which lets us price risk more correctly." He adds that "people with lower risk are subsidizing people with higher risk" and that Hippo is targeting less risky folks "to give them a cheaper price compared to what's happening now."

Policies written by Hippo are said to be up to -25% cheaper than many competitors. Comcast, who is an early investor in Hippo, believes the company fits nicely into its overarching goal to provide fast Internet service everywhere. So-called smart homes represent a major facet of that ambition. Since connected homes are able to alert consumers when there's trouble—a leak, say—they also enable homeowners to respond quickly and avoid big losses. Homes are safer with all these devices and a great benefit of a safer home is a reduced rate on home insurance. The company compares the incentives encouraging people to install sensors in their homes to the reduced rates life and health insurers may offer people who strap on wearable devices that track their health and biometric data.

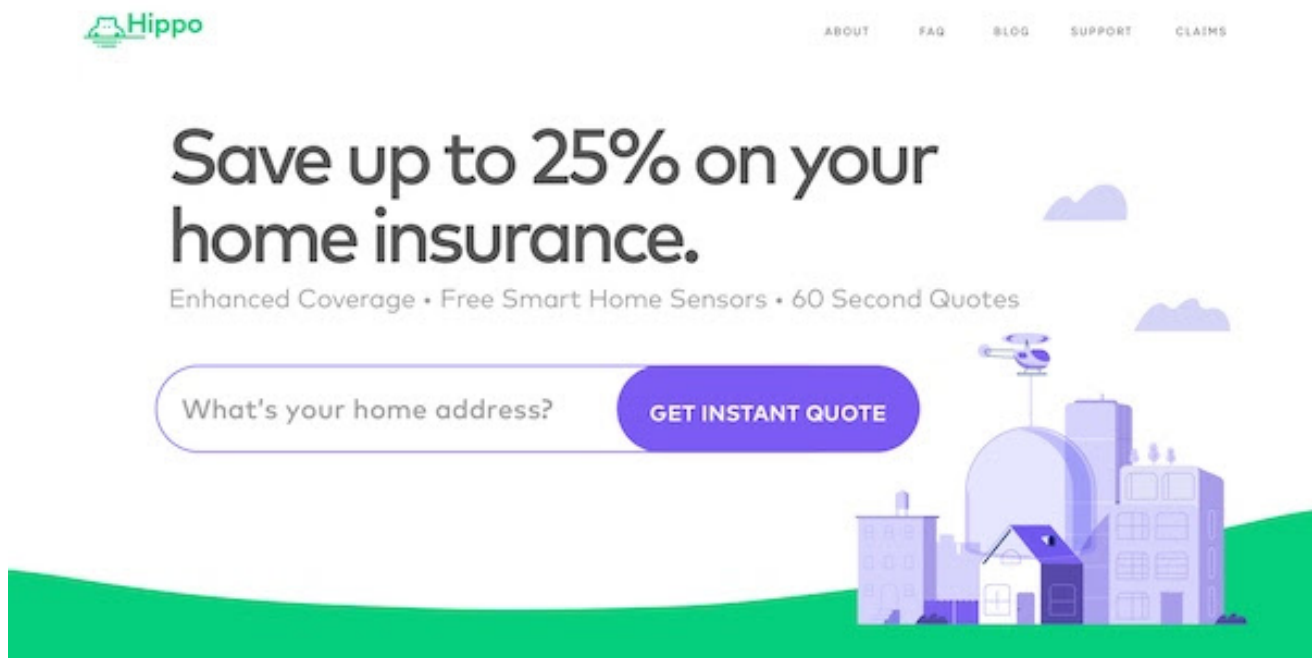
Hippo doesn't simply seek to cover damage when it happens: It aims to prevent it in the first place. The company has developed a robust strategy that relies on connected, smart home sensors and IOT (internet of things) data to identify and prevent damage before it occurs. As part of this strategy, Hippo's first policyholders will receive a free, advanced water leak detector that sends digital alerts at the first sign of water damage.

Analyst report that Hippo has already grown its volume of premiums by 10-times in the past year, now doing north of \$150 million. Competition in the field,

however, might be getting much more difficult. Aside from the big players, such as Allstate and Travelers, Hippo's biggest rival is a company called Lemonade, a Softbank-backed fintech startup that reached a \$2 billion private valuation in April. Lemonade is better known for selling renters' insurance, though it also offers homeowner's insurance.

Quotes are given in about 60 seconds. You can visit their website [HERE](#) to learn more! Bottom-line, the insurance industry is starting to dramatically change. Improved technology is increasing transparency and lowering costs. Make certain you are paying attention to all of the changes and savings that are coming available. (Source: Hippo; Forbes; Fortune)





### **Back to School Day: A letter to my first-grader**

With lots of kids going back to school, I wanted to take a moment and acknowledge all of the Moms and Dads who have had to wipe the tears away. Our youngest is about to head back off to college, so once again Michelle and I will be empty nesting. We've learned to adjust, and yes it seems to get a bit easier each year, but it's still just not the same around the house. There's just something about the pitter-patter of bare feet running across the hardwood floors, the dogs barking and chasing after them, the girls screaming as the boy's torment. I miss the balls bouncing off the walls, the bicycles banging up against the cars, the spills at dinner, the go-carts and mini bikes always breaking down, finding my tools in the yard, the pool balls being lost, the dogs being dressed up, the scrapes, cuts, broken bones, bee stings, etc. It sounds crazy, but we miss a lot of the things we never would have thought. In any regard, to those who have little ones, enjoy every minute of it. Submerge yourself in the craziness and let it soak deep into your pores, there's nothing better in life... Below is a short e-mail I once received from a great friend. Hope you enjoy it as much as we did. (Source: Reno Gazette-Journal)

*To my first-grader:*

*When you were in preschool, your teacher asked me to write on a piece of paper what I hoped for you that school year.*

*There are so many things I hope for my daughter, but I was stuck.*

*I sat there, frazzled on how I could write everything I wanted for my daughter on a little index card.*

*On this first day of school for thousands of Washoe County School District students, what I want for my daughter is what I want for everyone.*

*I want my daughter to be kind.*

*Be kind to classmates who are like you and — most importantly — different from you. Make friends with people who make you smile, laugh and get angry. Be kind to the kids who are mean to you.*

*Be kind to yourself.*

*Be kind to your little brother — you don't see it, but he wants to be just like you.*

*Be kind to your teacher, your principal and the lunch lady.*

*Be kind to your grandparents, who won't be around forever and love you so much.*

*Be kind to your aunt because you are a lot like her.*

*Be kind to your dad because someday you will want to go on a date.*

*And be kind to me because while I'm rejoicing that I don't have to remember what summer camp you are attending today, I am also suffering from major mom guilt.*

*It's too soon for summer to be over. I didn't do enough.*

*I only have 10 more summers before you are a high school senior.*

*It won't be long before I'm picking you up to move into a college dormitory and yet, somehow, I can barely accept that today you start first grade. I'm not ready for you to grow up.*

*Last year I cried on your first day of kindergarten. I sobbed at your kindergarten graduation.*

*I'm crying now thinking about your first day of school. On Monday, I am not wearing mascara.*

*And while I want so much from your education, what I wanted years ago, still remains the same as you start another school year.*

*I hope you always have the confidence to be kind.*

*Love,*

*The mom of a 2029 Washoe County School District graduate*



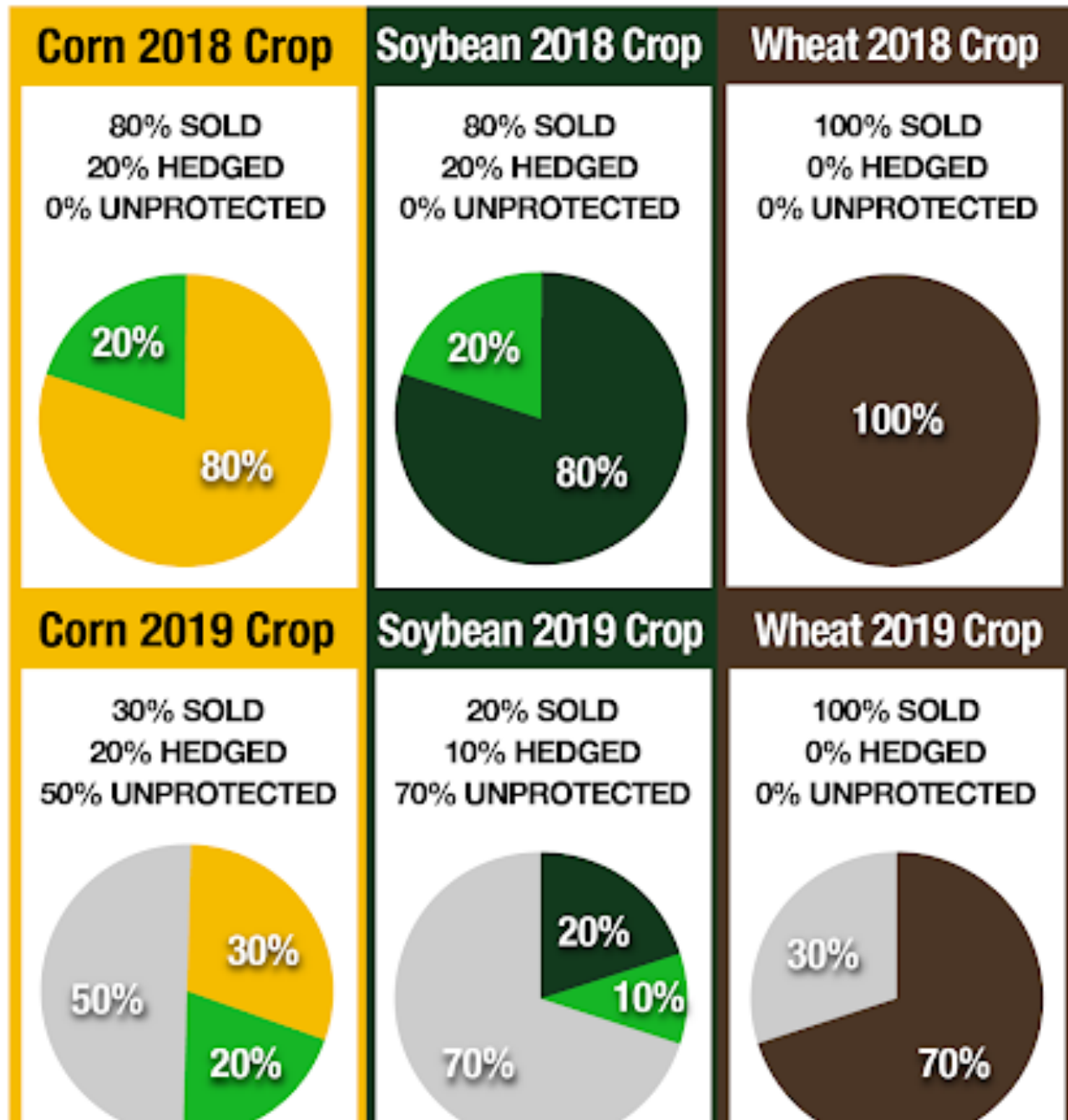




**ANSWER to riddle:** Scissors.



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