



FARMCON <josh@farmdirection.com>

Fwd: GOOD MORNING:: Van Trump Report 9-19-19

1 message

Mark Hendershott <mark@farmdirection.com>
To: Drew Durham <josh@farmdirection.com>

Thu, Sep 19, 2019 at 8:09 AM

----- Forwarded message -----

From: **Mark Hendershott** <mark@farmdirection.com>
Date: Thu, Sep 19, 2019 at 7:13 AM
Subject: GOOD MORNING:: Van Trump Report 9-19-19
To:

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"A life is like a garden. Perfect moments can be had, but not preserved, except in memory." - **Leonard Nimoy**

Thursday, September 19, 2019[Printable Copy](#) or [Audio Version](#)

Morning Summary: Investors are relieved to see the U.S. Federal Reserve cut interest rates in spite of a perceived thawing in trade tensions between the U.S. and China. The Fed voted to cut its benchmark rate by another quarter-point, vowing to "act as appropriate" to keep the economy growing as headwinds remain.

Three members dissented from the decision to lower rates: Kansas City Fed President Esther George and Boston Fed President Eric Rosengren wanted to hold rates steady, while St. Louis Fed President Jim Bullard wanted a deeper cut. The cut marks only the second time the central bank has lowered interest rates since the 2008 recession, the first one being in July of this year. Yesterday's move was inline with what most investors were expecting but the outlook for another rate cut this year is now in question. In their updated economic forecasts, only 7 of 17 Fed leaders anticipate a further reduction in 2019. Fed Chair Jerome Powell in a follow-up press conference indicated the Fed's more accommodative monetary policy direction over the last year has helped keep the U.S. economic outlook positive and said future policy decisions would be "highly data-dependent." Somewhat surprisingly, Fed officials actually moved up their economic growth expectations for this year to +2.2% from a previous +2.1%. Fed Chair Powell addressed the recent recession fears in his press conference, saying that while there has been some softening in the economy, "We don't see a recession; we're not forecasting a recession." I personally believe, if you read between the lines, the Fed is saying if a trade deal between the U.S. and China happens there will be no further rate cuts, if the trade negotiations take another turn for the worse another rate reduction could be in the works. Central Banks will be in focus again today with new policy decisions expected from Bank of Japan, Bank of England, and The Swiss National Bank. Investors today will also be digesting fresh economic data that includes the Philadelphia Fed Business Outlook, Existing Home Sales, and Leading Indicators. I should note, data just released yesterday showed U.S. homebuilding surging to more than a 12-year high in August as both single- and multi-family housing construction accelerated. The report from the Commerce Department also showed permits for future home construction rose to levels last seen in 2007. Housing starts jumped +12.3%, to the highest level since June 2007. Keep in mind, the 30-year fixed mortgage rate has dropped aggressively the past several weeks to an average of just over 3.5%, which is helping to fuel nearby demand. An interesting report today could be "Leading Indicators". The index is a composite of 10 forward-looking components that aim to predict general economic conditions six months out. Consensus is calling for no change in the August number.



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Kevin Van Trump, CEO of Farm Direction

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Size Matters In Farming: *Reuters released an article yesterday showing the number of U.S. farms fell by -12,800 to 2.029 million in 2018, the smallest ever. The declining number of U.S. farmers could hurt the world's top grain merchants such as ADM and Bunge, who will have fewer suppliers. Additionally, farmers will have less need to rent space in the merchants' grain silos as big farmers have plenty of their own storage. Interesting to think about as we move forward. (Source: Reuters)*

U.S. to Supply More than Half of Global Gas by 2035: *The United States is expected to account for more than half of the global natural gas supply growth through 2035, McKinsey & Company said in a new report. The U.S., thanks to booming shale gas production, is expected to contribute 380 billion cubic meters (bcm) to global supply growth by 2035. The total global supply growth is seen at 635 bcm, according to McKinsey. The pace of growth in the gas market is set to slow, but natural gas will remain the fastest-growing fossil fuel and the only fossil fuel expected to grow beyond 2035, McKinsey said in its 'Global gas and LNG outlook to 2035' report. Over the past twelve months, the global gas market expanded by +5.3%, while the liquefied natural gas (LNG) market increased by +8.6% in 2018, the report says. LNG*

demand is expected to grow at +3.6% every year until 2035. In order to meet additional demand after 2027-2028, the industry will need to invest more than US\$400 billion across the LNG value chain, McKinsey noted. The full report is available [HERE](#). (Source: Oil Price)

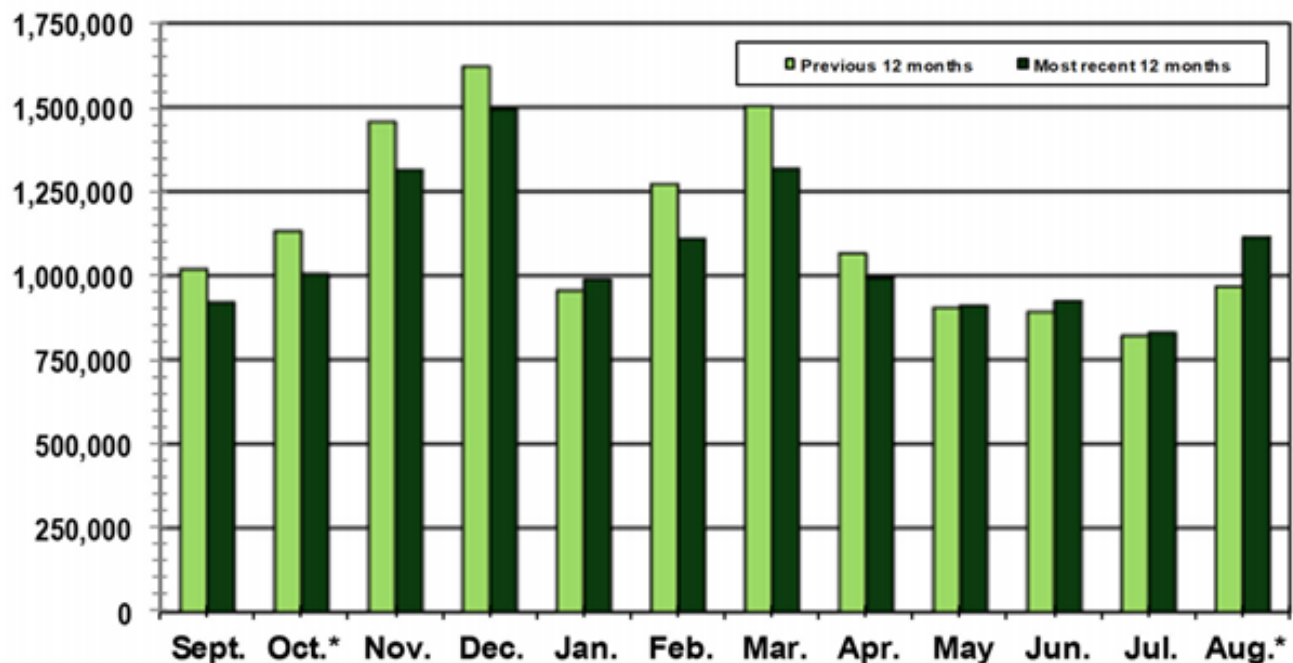
New York and Michigan Issue State-Wide Bans on Flavored E-Cigarettes: *New York became the first state to ban the sale of flavored e-cigarettes on Tuesday, which was followed by Michigan on Wednesday. The moves come as federal health officials investigate a mysterious surge of severe breathing illnesses linked to vaping. The vote by the state Public Health and Health Planning Council of New York means the prohibition, which covers flavored e-cigarettes and other vaping products except for menthol and tobacco flavors, goes into effect immediately. The state health department said it would be studying whether menthol should be added. Michigan's ban is similar and their's does include menthol and mint flavors. Michigan's rules also ban any description of vapor products as "clean, safe, harmless or healthy" and limit advertising of vapor products near candy, food and soft drinks in stores. Juul Labs, Inc., the company with the biggest footprint in the industry, has said it agrees with the need for action in the flavored e-cigarette sector and will comply with any final state and federal regulations. Several cities around the country have also banned flavored e-cigs, and the city of San Francisco has banned all e-cigarettes entirely. The FDA has been able to ban vaping flavors since 2016 but has yet to take the step. The global market is estimated to have a value of as much as \$11 billion. While Juul Labs is a privately held company, there are some big public companies with stakes in the e-cig market, including Altria Group Inc. (MO), the maker of Marlboro cigarettes. Publicly traded Philip Morris (PM) has reportedly been in merger talks with Altria. Both companies are also partnering on the U.S. launch of a heat-not-burn cigarette alternative, iQOS, made by Philip Morris. (Sources: AP, USA Today)*

White House is Floating a Gun Background Check Proposal: *The White House this week began circulating a much-anticipated gun background check proposal to Republicans on Capitol Hill, though it's unclear if President Donald Trump supports it. The White House's plan would expand background checks to all commercial gun sales, including gun show sales, according to a document obtained by POLITICO and first reported by The Daily Caller. It's similar to a proposal from Senators Joe Manchin (D-W.Va.) and Pat Toomey (R-Pa.). Under the White House proposal, background checks would be conducted through federal firearm licensees, also known as FFLS, or a newly created group of licensed transfer agents. Sellers would choose voluntarily whether the federal firearm licensees or a transfer agent keeps records of the transactions. The plan is narrower than a universal background checks bill passed by the House and pushed by top Democrats like Senate Minority*

Leader Chuck Schumer. The NRA on Wednesday came out against the proposal. Senators Lindsey Graham (R-S.C.) and Richard Blumenthal (D-Conn.) are working on a separate red flag bill, which has not yet been finalized. A fear of new regulation could deliver a boost to gunmaker sales, many of which have witnessed a slump in gun purchases. Revenue at American Outdoor Brands, which is the former Smith & Wesson, has been up slightly recently, but was still down by a third in its most recent fiscal year from fiscal 2017. Sales at both Sturm Ruger and Vista are down as well. The overall number of background checks recorded in the National Instant Criminal Background Check System - considered a leading indicator of gun sales - already surged +15.5% in August, according to the National Shooting Sports Foundation. That figure includes background checks done for security, concealed carry permits, and gun sales and was the highest August number ever recorded. (Sources: Washington Post, CBS, NSSF)

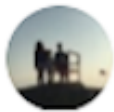
NSSF-Adjusted NICS

Last 12 Months year over year data.



FARM TANK

Tweets of the Day





Charlie Bilello ✓
@charliebilello

Global Growth and Inflation rates...

Global Growth Rates	
Country	Real GDP YoY
VENEZUELA	-22.5%
ARGENTINA	-5.8%
TURKEY	-2.6%
MEXICO	-0.7%
SOUTH AFRICA	0.0%
ITALY	0.0%
GERMANY	0.0%
SINGAPORE	0.1%
BRAZIL	0.5%
HONG KONG	0.5%
RUSSIA	0.7%
FRANCE	1.1%
UK	1.2%
CANADA	1.4%
SWEDEN	1.4%
SWITZERLAND	1.7%
SAUDI ARABIA	1.7%
PORTUGAL	1.8%
AUSTRALIA	1.8%
JAPAN	1.8%
SOUTH KOREA	2.1%

Global Inflation Rates	
Country	CPI Inflation (YoY %)
SAUDI ARABIA	-1.4%
PORTUGAL	-0.3%
SWITZERLAND	0.3%
ITALY	0.4%
SPAIN	0.5%
IRELAND	0.5%
SOUTH KOREA	0.6%
SINGAPORE	0.6%
JAPAN	0.7%
FINLAND	0.8%
FRANCE	1.1%
AUSTRALIA	1.6%
NEW ZEALAND	1.7%
GERMANY	1.7%
SWEDEN	1.7%
US	1.8%
UK	2.0%
CANADA	2.0%
PHILIPPINES	2.4%
CHINA	2.8%

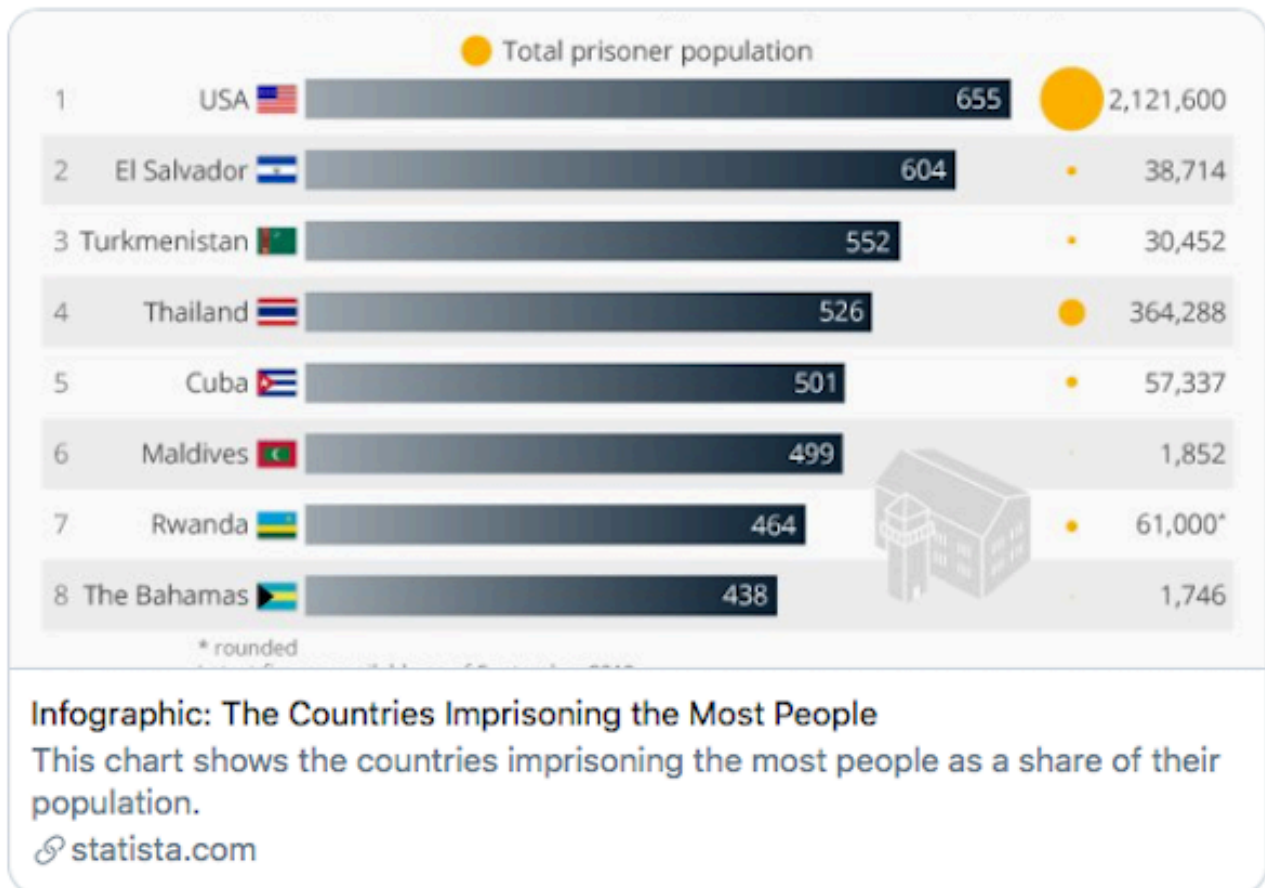
SOUTH KOREA	2.1%
FINLAND	2.2%
US	2.3%
SPAIN	2.3%
NEW ZEALAND	2.5%
POLAND	4.4%
INDONESIA	5.1%
PHILIPPINES	5.5%
INDIA	5.8%
CHINA	6.2%
IRELAND	6.3%
 @CharlieBilello	

POLAND	2.9%
INDIA	3.2%
BRAZIL	3.2%
HONG KONG	3.3%
INDONESIA	3.3%
MEXICO	3.8%
SOUTH AFRICA	4.5%
RUSSIA	4.6%
TURKEY	16.7%
ARGENTINA	55.8%
VENEZUELA	264872%
 @CharlieBilello	



The U.S. is once again the country with the most people in [#jail](#) or [#prison](#) - in relative and absolute terms.

[statista.com/chart/19212/th...](https://www.statista.com/chart/19212/th...) @ICPRtweet





Doug Lindstrom
@LindstromFarms



Some days I wish I had flatlander problems. Needed that rain like a hole in the head yesterday. [#harvest19](#)



**Dusty**

@DtohelzzoAcres



Not the greatest for late evening harvesting but I sure do love the sun coming down at this time in the evening. [#harvest19](#) [#tillage19](#)

**Grant Brown**

@G_Brown926



Gotta start sometime I guess 🧑 [#harvest19](#)







Men's Corner
@Mens_Corner_



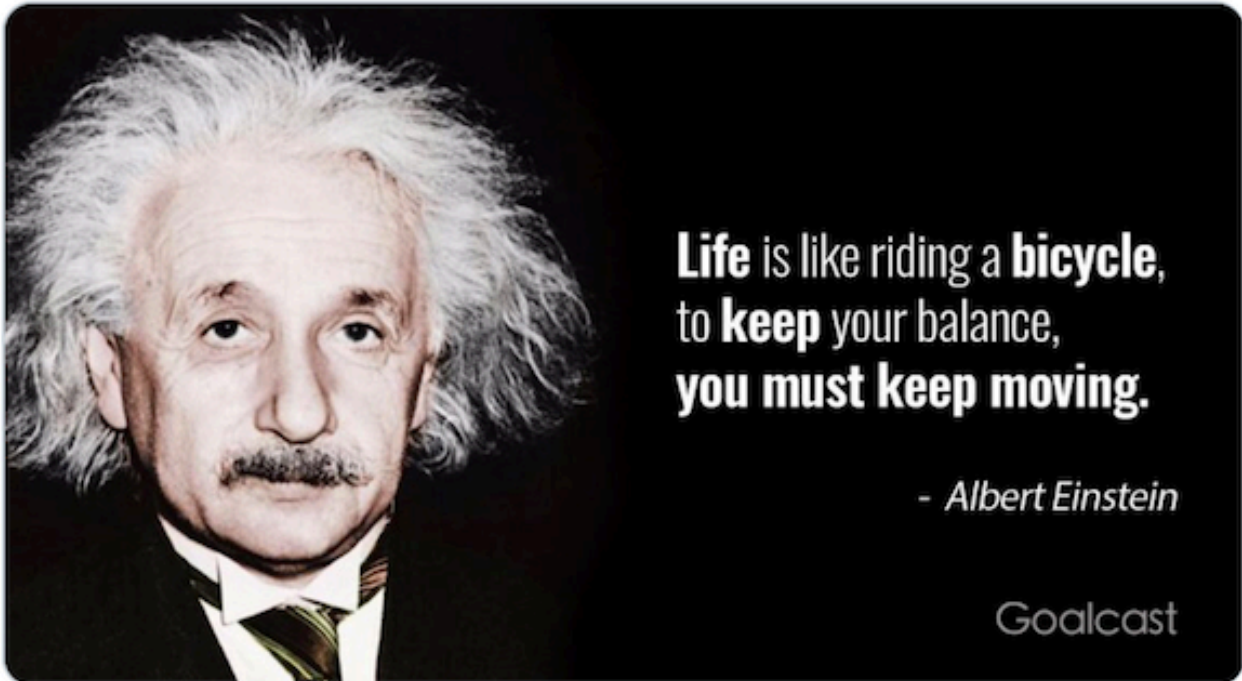


Goalcast
@Goal_Cast



Keep moving.

#Wisdom #Motivation #Quote #Einstein

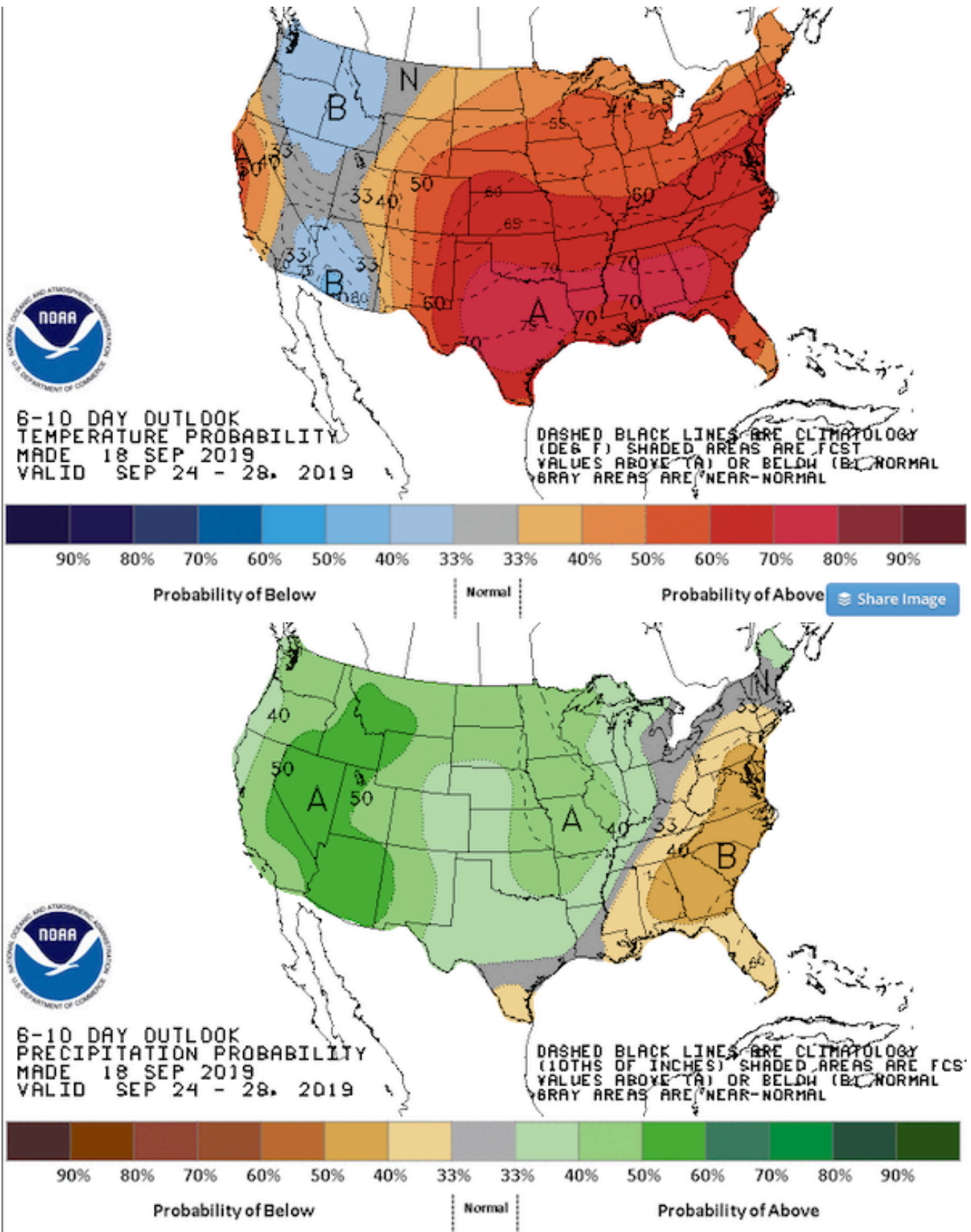


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Corn traders have very little fresh or new to chew on. The concerns about crude oil and continued strength in the U.S. dollar is doing very little to help the macro

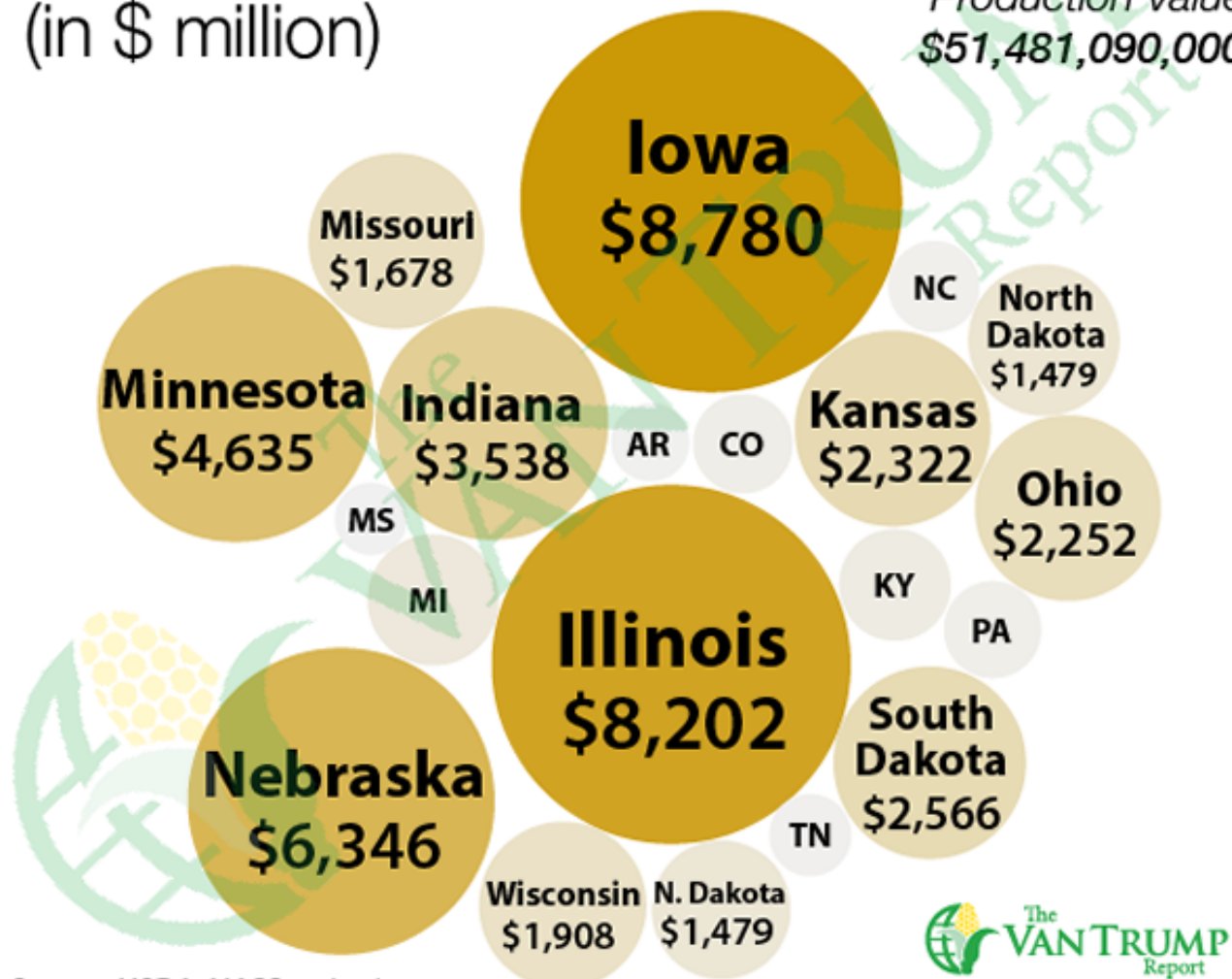
commodity landscape. Weather here at home remains mostly cooperative and there's still no sign of any type of meaningful cold-snap in the into mid-October. Weather in South America seems to be more interesting as bulls point towards many areas needing heavy rains. Forecasters are showing upcoming showers for many of the drier areas in northern Brazil but overall most inside the trade believe that soil moisture levels will remain mostly deficient and in need of additional rainfall. From my perspective, however, it seems like the dry conditions in Argentina will become more of a talking point for the bulls in the weeks ahead than the current dry conditions in Brazil. We now have to have South American weather on our radar. Demand remains in question but we are seeing some improved ethanol margins and a big sale to Mexico might help elevate some nearby concern. Keep in mind, President Trump is said to be meeting with other Washington leaders today about U.S. biofuel policy so there could be some changing dynamics in the days ahead. I also expect to see strong weekly export sales number this morning as Mexico has recently purchased over +40 million bushels. Unfortunately, ending stocks both here at home and in Argentina will remain plentiful. At the same time, several sources are forecasting a +102 MMT corn crop for Brazil in 2020. There have been some interesting headlines of late circulating around Chinese corn supply. In 2017 it was estimated that the Chinese had +200 MMTs of corn in reserves, more recent estimates suggest Chinese corn supply is down around 56 MMTs. Still, bears are thinking the upcoming USDA Quarterly Stocks Report, scheduled for release on September 30th, could show more burdensome supply and keep a lid on most nearby rallies.

Corn Production Value by State

2018 Top 20

(in \$ million)

Total U.S.
Production Value
\$51,481,090,000



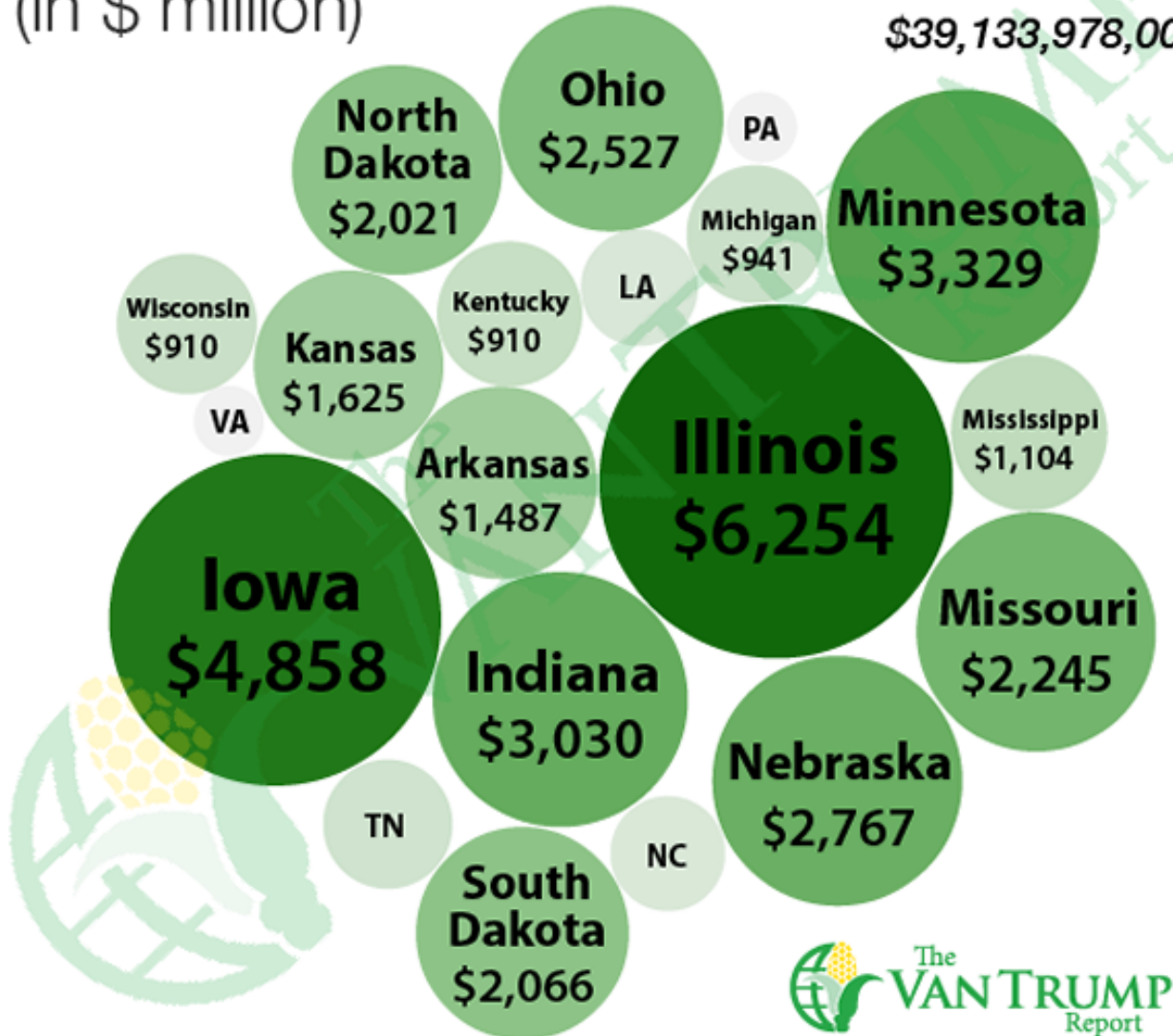
Soybean bulls continue to hold out hope that U.S. and Chinese negotiators can hammer out some type of deal which brings about larger purchases of U.S. supply. The simple thought might be enough to keep the bears at bay until they learn more about the upcoming negotiations. Unfortunately, Chinese purchases just haven't been enough to worry the bears or shake them out of their current short position. Mostly cooperative weather here at home is also allowing the bears to talk about less yield drag and more time for late-planted fields to set pods and make it to maturity. As a spec, I still continue to hold a very conservative bullish position. As a producer, I feel I have no choice right now but to play the waiting game and see what comes of the trade negotiations and South American weather.

Soybean Production Value by State

2018 Top 20 States

(in \$ million)

Total U.S.
Production Value
\$39,133,978,000



Source: USDA, NASS 04/30/19

Wheat bulls are pointing to dry conditions in the western and southwestern Plains and perhaps fewer U.S. winter wheat acres going in the ground. There's also talk of dry conditions in eastern Australia, Argentina, and parts of Europe that are being monitored by the bulls. Unfortunately, the bears seem to remain in control of the market as both global and domestic demand remains overly burdensome. At the same time, U.S. exporters aren't gaining any ground over low-cost suppliers like Russia, Ukraine, and France. I should note, Egypt was once again a buyer of

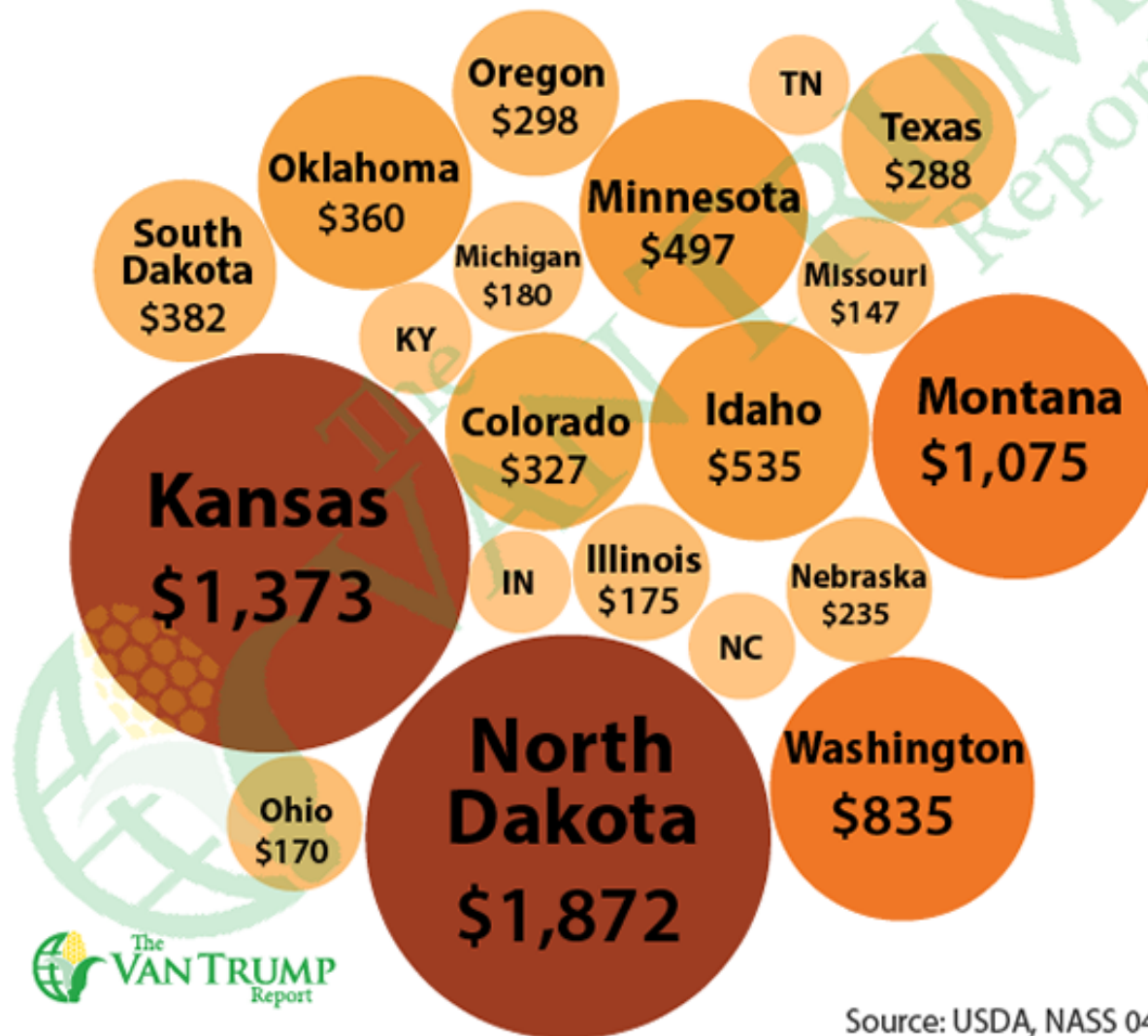
wheat, sourcing supplies exclusively from France, Ukraine, and Russia. Strong production in these countries along with strength in the U.S. dollar continues to keep a lid on demand and a lid on most rallies. In other words, we don't have a weather story large enough to hamper global supply, and we don't have a demand story strong enough to do any of the heavy lifting needed to pull prices up from the bottom of the well. As a spec, I remain on the sideline, only looking to be a longer-term bull on a more significant break in price. As a producer, I'm preparing myself mentally that I may have to wait until the first half of 2020 to price my remaining 2019 production.

Wheat Production Value by State

2018 Top 20 States

(in \$ million)

Total U.S.
Production Value
\$9,699,073,000



Source: USDA, NASS 04/30/19

Rice bulls continue to steer the wagon. Since prices began their rebound over three weeks ago only four session ended the day in the red. There have been valid reasons for the price rebound. Exports have improved, Chinese trade ideas have been more optimistic and rice acres on last weeks WASDE fell significantly. On last week's report, harvested rice acres fell 230k from the August number of 2.71 million. Over half of the acreage cut came from Arkansas which showed a 150k acre fall from the August number of 1.28 million. I have mentioned in past weeks

that it would not surprise me to see acres continue to be trimmed and now here we are. As we all know, this past planting season was one for the books in terms of being late. It simply stayed too wet for too long and prepping fields for next year or switching to beans seemed like the better option. Despite producers having problems during planting season, harvest is moving along nicely. This week's crop progress report showed the nation at 46 percent complete which is just 2 percent behind this time last year. Louisiana and Texas are wrapping up and the Arkansas and Mississippi Delta region is almost halfway complete. Yields overall seem to be average at best but with the late planting season this was expected. The question now becomes, where do prices go from here? The momentum still seems to be to the upside and the price gains have been steady. Now that the trade has digested USDA numbers, average to above average exports would likely keep the bulls interested. I would think any selling would be more macro in nature or fueled by commercial hedging or spec profit-taking. Trey Morris - [Husk Trading](#)



> South Korea Confirms 2nd Case of Deadly African Swine Fever: *South Korea has confirmed a second case of African swine fever at a pig farm near the*

border with North Korea, a day after reporting its first-ever outbreak of the virus, deadly to pigs but not harmful to humans. The Ministry of Agriculture, Food and Rural Affairs said in a statement on Wednesday that the second case was detected at a farm in Yeoncheon, northwest of the capital Seoul, where 4,700 pigs had been raised. North Korea reported its first case in late May. (Source: Reuters)

> Democrats Demanding More Climate Action on USMCA: More than 100 House Democrats are urging President Donald Trump to ensure his new North American trade deal will "meaningfully address climate change" by including binding environmental standards and a commitment from the United States to remain in the Paris climate agreement. The demands are laid out in a new letter House Democrats will send to Trump later this week. The demands, which are laid out in a letter that lawmakers plan to send this week, set the stage for a showdown between the Trump administration and House Democrats over the pact's environmental provisions, which has long been one of the Democrats' top concerns. The letter suggests that more than 40 percent of the Democratic conference believes the administration's proposals do not go far enough toward addressing the issue. (Source: Politico)

> USDA Announces Nearly \$12 Million in Funding to Improve Public Facilities in 17 States: USDA Rural Housing Service Administrator Bruce W. Lammers announced that the U.S. Department of Agriculture (USDA) is investing almost \$12 million in 41 community facilities projects that will benefit 214,000 Americans in rural communities in 17 states. The 41 projects that USDA announced today are in Arizona, Florida, Georgia, Iowa, Kentucky, Maine, Missouri, Montana, Nebraska, New York, North Carolina, Ohio, Pennsylvania, South Dakota, Tennessee, Virginia and Washington. More than 100 types of projects are eligible for Community Facilities program funding. Eligible applicants include municipalities, public bodies, nonprofit organizations and federally recognized Native American tribes. Projects must be in rural areas with a population of 20,000 or less. More details about the program are available [HERE](#).

> Where's The Beef? Argentine Ranchers Hope More is Headed for China: Cattle ranchers in Argentina, which recently edged out neighbor Brazil as the top exporter of beef to China, are hoping to build on that status by getting more local meatpacking plants approved by Beijing, industry officials and other sources told Reuters. An Argentine industry group is currently in China looking to promote the South American country's famed T-bone steaks and sirloins, while Chinese teams have recently inspected Argentine local meat plants, the sources said. The push, after a massive spike in Argentine beef exports to the world's No. 2 economy this year, underscores how China is looking to diversify its protein supply, shaking up the global meat trade as African swine fever hammers its domestic hog herd. Argentina, which traditionally exports cheaper cuts to China, saw its beef sales to the country more than double to \$870 million in the first seven months of the

year, data from its official INDEC statistics agency shows. Chinese customs data show that amounted to around 185,604 tonnes of Argentine beef, giving it the top share of the Chinese import market with 21.7%, slightly ahead of Brazil's 21.03%. That volume was a jump of 129% against the year before. Read more [HERE](#).

> FarmWise and its Weed-Pulling Agribot Harvest \$14.5 Million in Funding: Automating agriculture is a complex proposition given the number and variety of tasks involved, but a number of robotics and autonomy companies are giving it their best shot. FarmWise seems to have impressed someone — it just raised \$14.5 million to continue development of its autonomous weeding vehicle. Currently in the prototype stage, these vehicles look like giant lumbering personnel carriers or the like, but are in fact precision instruments which scan the ground for invasive weeds among the crop and carefully pluck them out. "Each day, one FarmWise robot can weed crops to feed a medium-sized city of approximately 400,000 inhabitants," said FarmWise CEO Sebastien Boyer in a press release announcing the latest funding round. "We are now enhancing the scale and depth of our proprietary plant-detection technology to help growers with more of their processes and on more of their crops." The company previously took in about \$5.7 million in a seed round, following its debut on Alchemist Accelerator's demo day back in 2017. Read more [HERE](#).

> Indonesia Battles Massive Forest Fires: Dozens of people have been arrested over suspected involvement in massive forest fires in Indonesia, where thousands of acres of ecologically rich land have been burned, engulfing the region in a thick toxic haze. The country's National Police spokesman Dedi Prasetyo said Monday that 185 people had been arrested across six provinces hit by fires and four corporations were under investigation. Fires and ensuing smog are a persistent problem during the summer months caused by slash and burn techniques to clear the land. As of this year, more than 800,000 acres of land have been burned, hundreds of residents evacuated, and more than 9,000 personnel have been deployed to battle the flames, according to Indonesia's National Board for Disaster Management. For around two decades, large paper and palm oil plantations have farmed the rich peatlands that run along the Sumatran coast of Indonesia and the island of Borneo. Every year, existing farmland is dried out and burned for the next season's crop and to clear surrounding forests for expansion. The fires are large and hard to control. More details are available from [CNN](#).

> Holiday Retail Sales Expected to Top \$1.1 Trillion: Deloitte's annual holiday retail forecast is calling for a 4.5% to 5% rise in 2019 holiday sales, with e-commerce expected to grow 14% to 18% year-over-year. Total sales are expected to exceed \$1.1 trillion between November and January. For comparison, consumers spent \$829 billion during the 2011 holiday season. E-commerce sales are expected to reach \$144 billion to \$149 billion. The government shutdown,

increased consumer savings, and a stock market decline put a damper on December 2018 sales. "Based on a growth in consumer disposable income and spending indicators, retailers, across channels, should expect a strong holiday season in 2019," said Rod Sides, vice chairman of Deloitte. (Source: MarketWatch)

> How The NYSE President Manages Her Day on a Single Index Card:

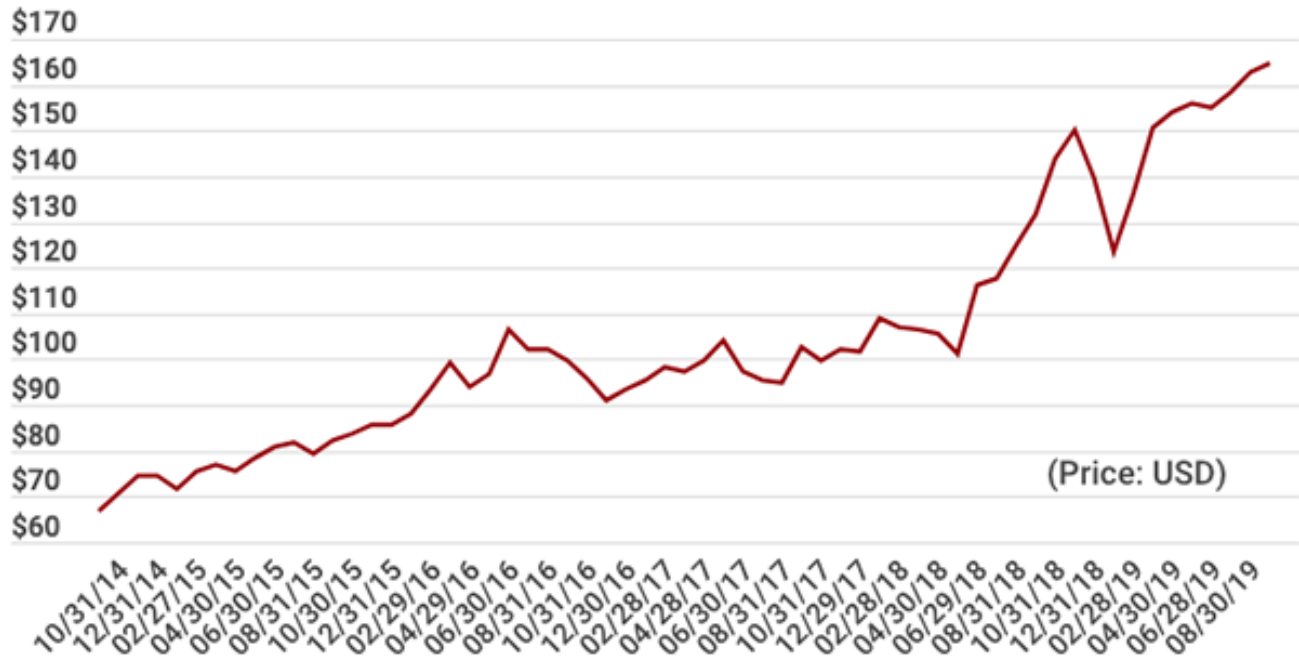
Whether unexpected market swings or visits from CEOs and foreign dignitaries, the NYSE's president, Stacey Cunningham, has to always be ready to adapt her schedule. "It can sometimes be a challenge to balance competing priorities and still maintain focus on less time-sensitive — but equally important — initiatives," she told Business Insider. Cunningham became the first female head of the 227-year-old organization last year, and she has been working to keep the NYSE ahead through the implementation of cutting-edge technology. But to keep track of the day's responsibilities, the tech-savvy executive uses a surprisingly traditional solution: a single index card. Cunningham jots down her responsibilities and allots a percentage to each, giving her a rough guide to how she should be spending her day. "It's easy to become reactive and focus on tasks that are actively demanding my attention," Cunningham told Business Insider. "The card serves as a touchstone to confirm I haven't strayed too far off track." Read more [HERE](#).

> Hiker's Amazing Story of Survival After Brutal Fall: *Neil Parker was about 20 feet up a waterfall when suddenly he wasn't climbing anymore. The same rocks he had scaled many times before were no longer supporting his weight. He was falling, tumbling head over heels as he bounced off the rock face. Seconds later, the 54-year-old splashed into the creek at the bottom of the falls. His left leg, just above the ankle, had "clean snapped in half" and his left wrist was also broken. To make matters worse, he was alone. Parker hadn't told anyone about his plan to take a short hike Sunday in the Mount Nebo area northwest of Brisbane, Australia, and a quick check of his cellphone confirmed that calling for help wasn't an option. There was no service in the deep rocky gully where he was now lying. In what one doctor has called an "incredible story," Parker crawled for two days, hauling his broken leg over about two miles of rugged terrain, before he was spotted Tuesday local time by a rescue helicopter and airlifted to a nearby hospital. Read the full story [HERE](#).*

> McCormick's Impressive Resurgence Under Lawrence Kurzius: *Since the 61-year-old Mark Kurzius took the reins at McCormick & Co. three years ago, sales are up +26% to \$5.4 billion, and the stock price of the company—based outside of Baltimore—has doubled. Forbes says that market performance and a reputation for creativity in a commodified industry are what have landed Kurzius in the 37th spot on their first annual list of America's 100 most innovative corporate leaders. Most of McCormick's growth has come from the purchase of the food assets of the U.K.-based Reckitt Benckiser Group for \$4.2 billion two years ago. That was more than the combined cost of all the acquisitions made in McCormick's 130-year*

history, and investors hated it, sending the stock down 5% the day it was announced. But in retrospect it was a brilliant move. It gave Kurzius control of a slew of supermarket staples, including French's mustard, Cattlemen's barbecue sauce and Frank's RedHot. And it lifted the business from the tenth-largest condiment seller to the second, behind Kraft Heinz. Read more from [Forbes](#).

McCormick & Co. (MKC) Price History

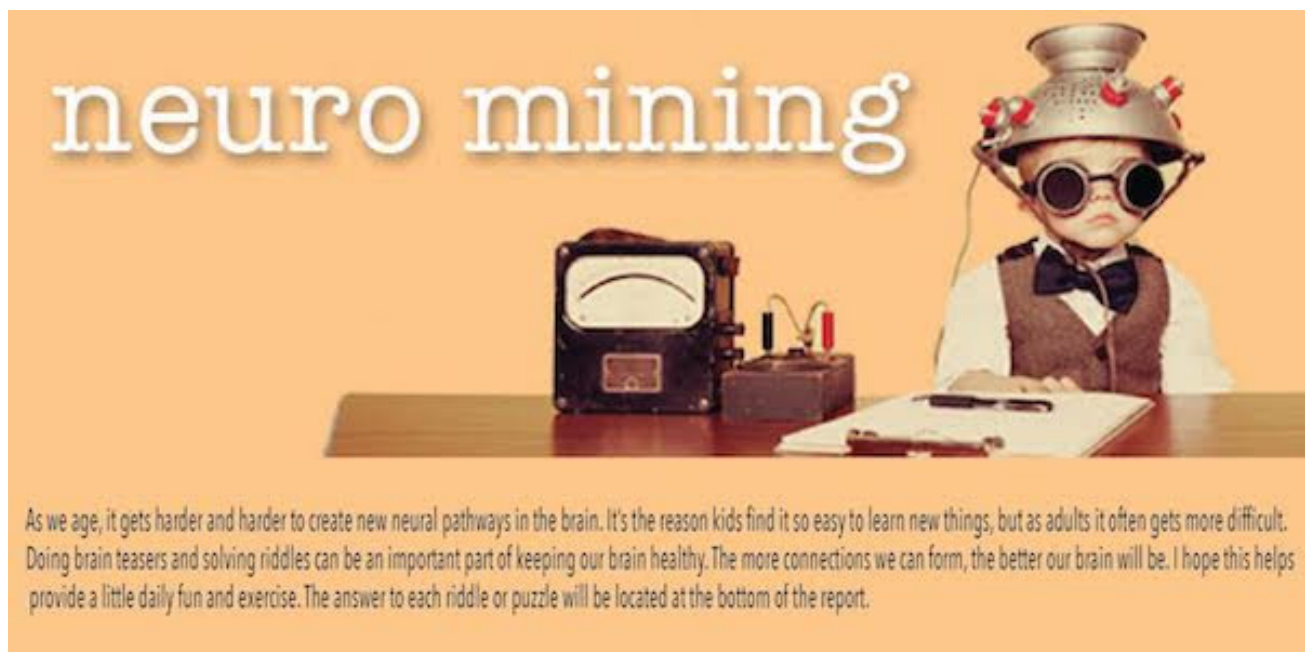


Northeast Kansas – We are still about 2-3 weeks from even starting silage. This time a year ago we were starting to pick dry corn and silage was done. In this area the later corn is far better than the early corn. We planted and replanted into late June, but by the looks of everything we should have replanted everything. The early corn had about an 80% stand; we saw a lot that didn't emerge very well. If you were to fly a drone over most fields in this area you would see a lot of drown out areas.

Central Nebraska – The corn looks good for the most part. The beans are

starting to walk backwards as this heat persist. We are still putting water to the soybeans which we will probably stop after this weekend. This diesel market has jumped up pretty big since Monday. We are seeing a jump at the pump of at least 15 cents and some areas are even worse. If this jump in oil had to happen, I'm glad it's happening at the tail end of our watering because it has the potential to cost a good chunk of money.

Northern Iowa – *We are south of the Minnesota border by about 20 miles. The corn around here looks very good. The problem we have at the moment is the corn is still several weeks from making black layer. The last 10 days have helped speed the process up but I have the feeling that we are about to slow back down as we cool into next week. More then likely, most of the corn will finish but I would say there is 10-15% that is very far behind and I just don't see how frost doesn't hurt the yield a little. I don't have any soybeans this year but the beans in this area are still green. About 10% of the leaves are starting to drop but everything else is still at minimum 10 days from starting to drop leaves, if not further.*



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

TODAY'S RIDDLE: I drape the hills in white, I do not swallow, but I do bite.
What am I?



Organic Farming Acres and Sales Continue Upward Trend

U.S. organic food sales surpassed \$45 billion in 2017, according to the Organic Trade Association, a 6% increase over the prior year and more than double the sales a decade ago. Also, organic acreage in the U.S. increased by 20% between 2011 and 2018, according to Mercaris, a company which provides up-to-date, accurate information on market conditions for organic and non-GMO commodities. Current organic acres total over 5 million but still only make up less than 1% of the country's farmland.

According to the 2017 Census of Agriculture, there were 18,166 US farms that sold organic farm products, an increase of 27% or 3,840 farms from the 2012 Census. It's worth mentioning, seven states accounted for 61% of this growth. Increases mostly came from the Northeast and Midwest with New York leading the way at 466 new farms. Somewhat surprisingly, Wisconsin, Ohio, and Michigan led growth in states more known for traditional production methods.

With consumer demand continuing to grow for organically produced food, more farmers and acres are going to have to come online to meet this demand. With current demand outpacing domestic supply, the U.S. has turned to organic imports totaling more than \$2 billion last year, and likely significantly more as the USDA tracks only 40 imported foods.

Producers face a somewhat significant decision and headwinds when shifting acres to organic, most notably knowing who's going to be there to purchase their crops. Food companies are starting to get ahead of this as they are reaching out to producers and setting up contracts. For instance, Annie's, a producer of organic pasta and snacks now part of Minneapolis-based General Mills, has committed to buying more and marked the occasion with a limited-edition box of bunny-shaped graham crackers that featured Montana farmer Casey Bailey's name on the box. I definitely see this trend of transparency continuing. Costco is also committed to building relationships with farmers by purchasing their crops from before they embark on the organic transition. Keep in mind, General Mills executives are projecting \$1.5 billion in organic sales by 2020 and are recognizing it can't close the supply gap without farmers as partners. I suspect it would be worth the time and effort to reach out to companies in the space if you have acres you are considering turning over to organic production.

Transitioning to organic requires a well thought out plan, not to mention accepting the fact you most likely can expect a decrease in revenues during the transition. But it is with that in mind that companies like Kashi, which sells cereal and granola bars under a transitional label, have created a "certified transitional" initiative in recent years—to give farmers a limited premium to help get through the start-up phase, something I also suspect will become more prevalent as companies seek more domestic production of organic crops. Producers in the space will tell you it's demanding and different work from traditional production but it's that fact that makes it a high barrier to entry for some and allow others to wildly succeed in the space. (Source: Farmdocdaily, Nationalgeographic)

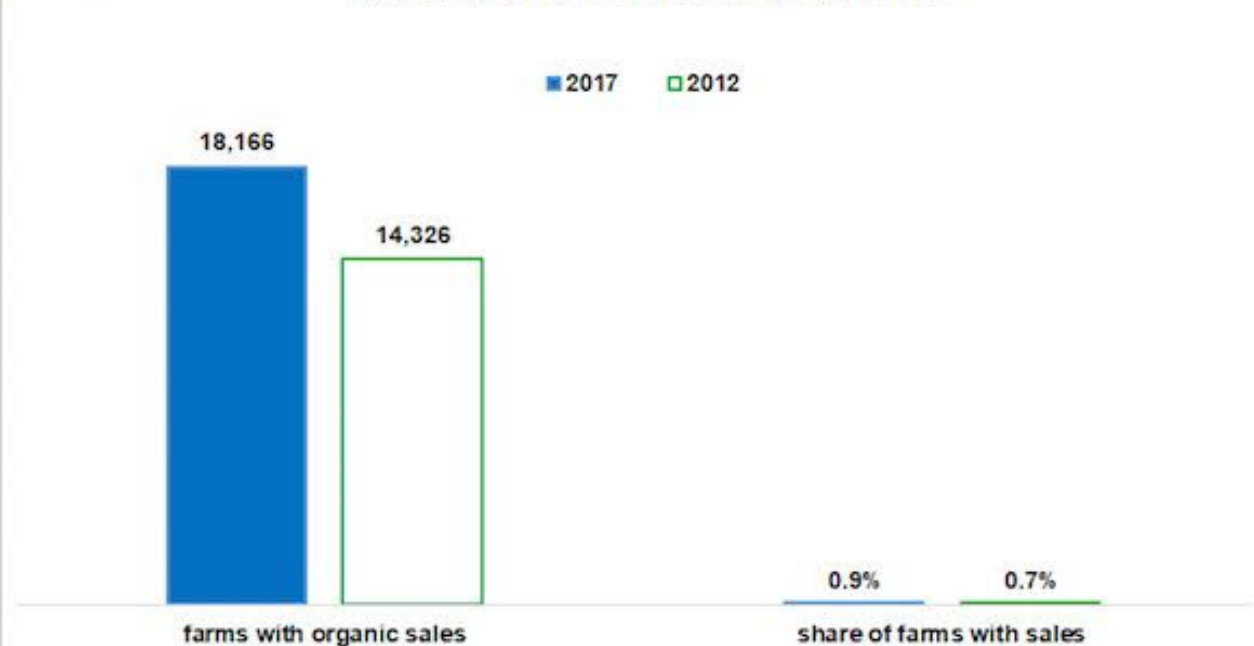
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There's a very high cost of cheap food, and you don't pay it at the checkout counter—farmers are paying it that are going out of business.

BOB QUINN, FARMER

fdd

Figure 1. Organic Farm Operations, Number and Share of All Farm Operations, US, 2017 Census of Agriculture



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Figure 5. Average Sales, Farm Operations with Organic Sales and All Farm Operations with Sales, US, 2017 Census of Agriculture



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Organic agriculture could help fulfill the elusive quest for more jobs in rural America: A conventional farm of similar size could support one family, with some seasonal employment opportunities; his organic farm supports five families.

Will The U.S. Ever Be A Cashless Society?

Talk of a "cashless society" has waxed and waned for decades now, but what once seemed like a pretty far-out idea might be more realistic than you think. Sweden has a plan to rid their country of cash by 2023 and a majority of Chinese consumers are abandoning cash in favor of digital payment systems. But both of those countries are very different from the U.S., so taking cash out of our system is probably not on the near-term horizon. Around 70% of Americans still use cash for some purchases at least once a week, according to Pew Research Center. There are some U.S. businesses that have tried to implement cash bans, though not all of them have been well received. In fact, some cities have even banned the practice.

Sweden approached the transition to cashless by making it a national "goal." Considering that in 2018, just 13% of Swedes reported using cash for a recent transaction, the switch is not that dramatic for most people. In 2012, the country's largest banks actually collaborated to create a mobile payment platform called Swish that is used widely throughout the country. Swish and bank-issued debit cards now dominate consumer payments with cash accounting for less than 20% of transactions in Sweden. Some bank branches don't even dole out cash anymore and most businesses - including public transit - no longer accept banknotes. Economists and retailers predict that in the year 2020, 90 percent of transactions will be performed by credit card or by a developing electronic form of the Swedish krona, known as the E-krona. Another rising trend in Sweden - microchip implants that not only support various payment methods but also keyless entry and security systems.

In China, the rise of electronic payments has closely followed the rise in cellphone adoption. Mobile payments dominate Chinese transactions. A recent report from Worldpay shows that almost two-thirds of 2018 online sales and more than one-third of payments in stores were made through leading mobile wallet operators including Alibaba's Alipay and Tencent's WeChat Pay, making them the world's leading mobile payment market. More than 80% of Chinese consumers use their phones to pay for things. One reason for this is that credit and debit cards were never widely adopted in China, so consumers leapfrogged straight from cash to mobile. This was helped along by the enormous popularity of technology giants Alibaba and Tencent, who created their own digital payment apps. Chinese shoppers are also embracing facial payment technology. Alipay has installed the devices in over 100 cities and Tencent just introduced their own facial payment machines this summer.

A key reason Sweden has been able to so quickly move away from cash is that the country is considered a pioneer in digital technologies, and the population is proud of that designation. The population is very tech-savvy and also has strong broadband coverage, even in rural areas. It's also a small country with only around 10 million people.

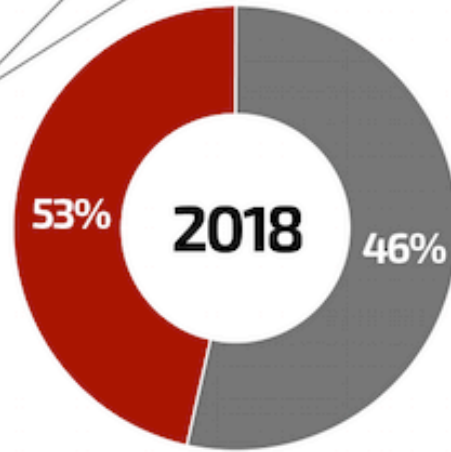
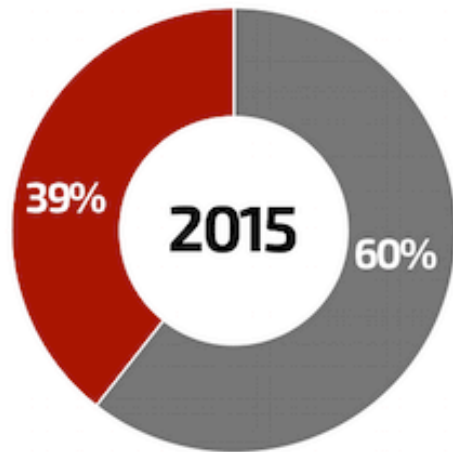
In contrast, China is a massive country with a population of nearly 1.4 billion. Adoption of electronic payments is proving tougher in their rural areas, but the government is helping to address some of the issues. Major companies including Alibaba and JD have also set up online services that help farmers buy and sell.

In both countries, there are still reservations about eliminating cash altogether, though. The concerns range from online fraud and privacy risks to lack of access to the financial system for certain segments of the population. And the progress toward a cashless society could upend the states' centuries-old role as sovereign guarantor. If cash disappears, commercial banks and private companies would wield greater control, though that's probably less of a concern in China.

Overall, it's interesting to see how money is evolving in different countries. It also gives us a lot of insight into the pros and cons of adopting a cashless system in the U.S. (Sources: NPR, Straits Times, Washington Post)



Fewer adults in the U.S. feel like they need to carry cash



SOURCE: Pew © January 2019 The Financial Brand

- I try to make sure I always have cash on hand, just in case.
- I don't worry whether I have cash or not, because there are so many other ways to pay for things.



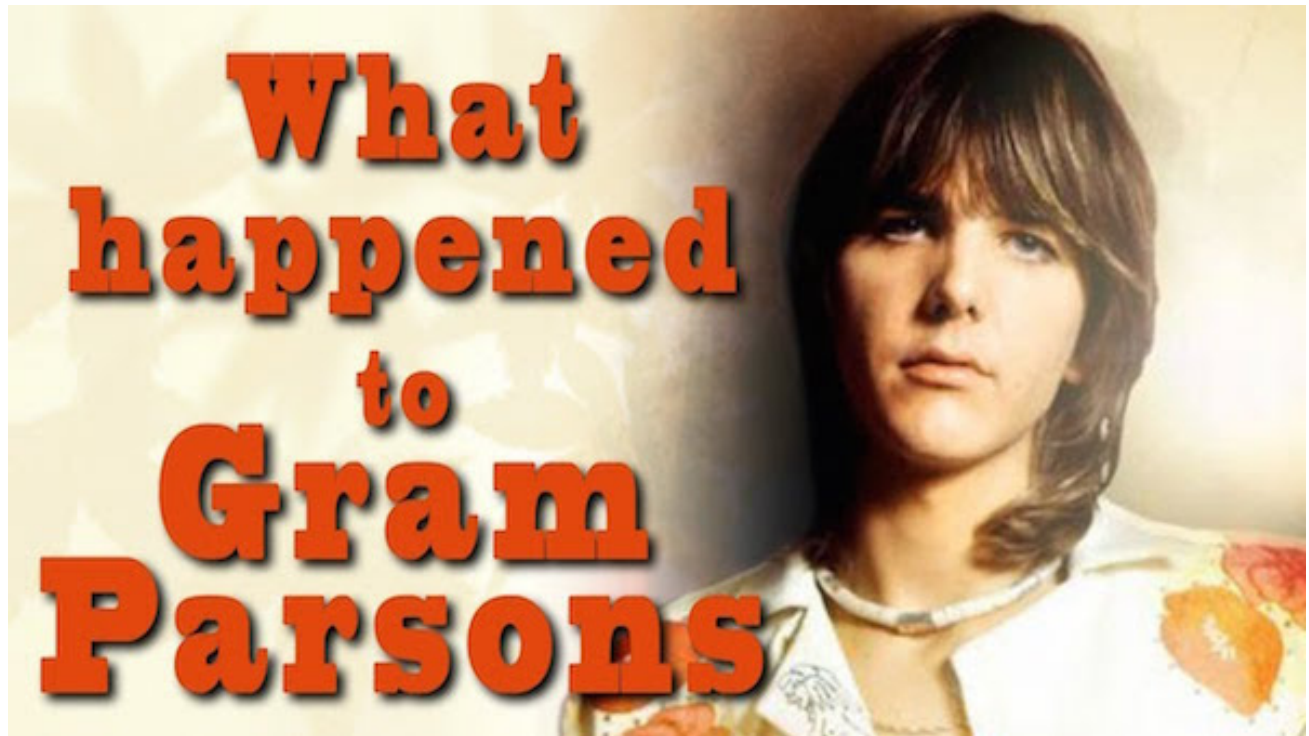
Death of Country-Rock Pioneer Ends with a Crazy Twist

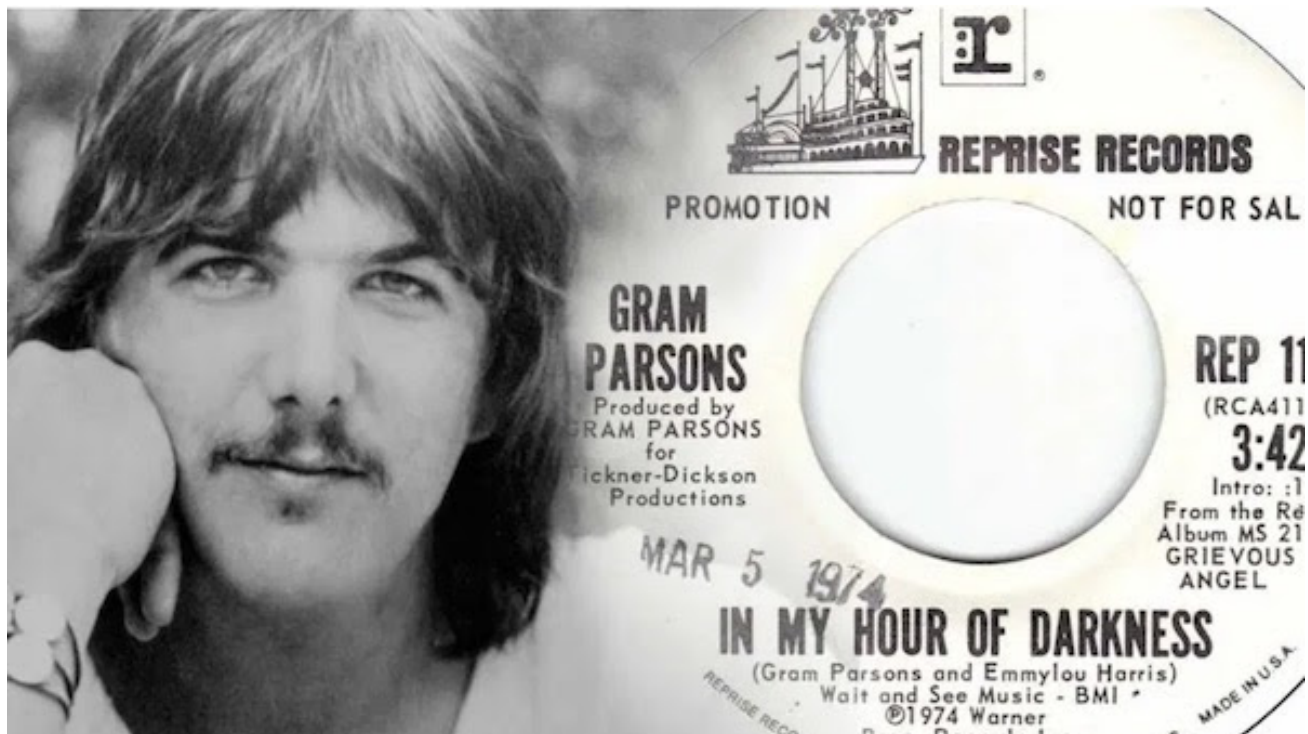
On this day in 1973, 26-year-old musician Gram Parsons dies of "multiple drug use" (reported to be a heavy combination of morphine and tequila) in a California motel room. His death inspired one of the more bizarre automobile-related crimes on record: Two of his friends stashed his body in a borrowed hearse and drove it into the middle of the Joshua Tree National Park, where they doused it with gasoline and set it on fire.

Parsons' music helped define the country-rock sound, and his records have influenced everyone from the Rolling Stones to Wilco. But like many musicians of his generation, Parsons struggled with drugs and alcohol. His childhood was unhappy: His father committed suicide when he was 12, and his mother died of alcohol poisoning on the day he graduated from high school. He dropped out of Harvard and moved to California, where he played with bands like the Byrds and released two celebrated solo albums with the then-unknown Emmylou Harris singing backup. Parsons was said to be heavily influenced by Merle Haggard and Elvis Presley. In fact his first solo album titled "GP" featured several members of Elvis Presley's TCB Band, led by lead guitarist James Burton. Gram Parsons also had a deep and lasting friendship with Rolling Stones star Keith Richards.

At a friend's funeral a few months before he died, Parsons made a drunken pact with his road manager Phil Kaufman: If anything should happen to one of them, the other would take his body to "Joshua Tree" and cremate it. And so, after Parsons' overdose, Kaufman and a roadie named Michael Martin met his coffin at the Los Angeles airport. For complicated reasons involving a disputed inheritance, his stepfather had arranged for it to be flown to Louisiana for a private funeral. But in a borrowed hearse with broken windows and no license plates, Kaufman and Martin convinced the airport staff that the Parsons family had changed its mind about the flight, loaded the coffin into the car, and drove 200 miles to the Mojave Desert, stopping along the way to fill a five-gallon tin can with gasoline. They drove into Joshua Tree and dragged the coffin to the foot of the majestic Cap Rock, where they doused it with the gas and tossed on a match.

A couple of old country classics: "[In My Hour of Darkness](#)" by Gram Parsons with backup by a young Emmylou Harris and harmony by a young Linda Ronstadt. Another popular country classic is "[Love Hurts](#)" sung by Gram Parsons in a duet with Emmylou Harris.







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Corn 2018 Crop

80% SOLD

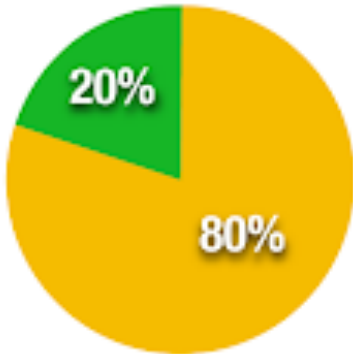
Soybean 2018 Crop

80% SOLD

Wheat 2018 Crop

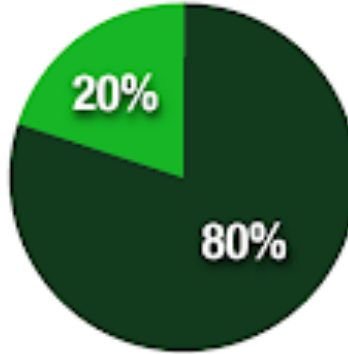
100% SOLD

20% HEDGED
0% UNPROTECTED



Corn 2019 Crop

20% HEDGED
0% UNPROTECTED



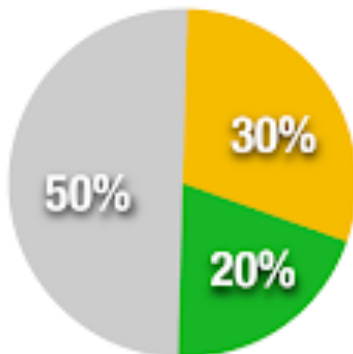
Soybean 2019 Crop

0% HEDGED
0% UNPROTECTED



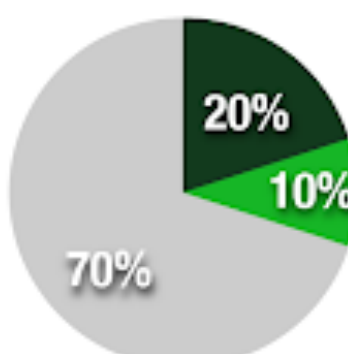
Wheat 2019 Crop

30% SOLD
20% HEDGED
50% UNPROTECTED



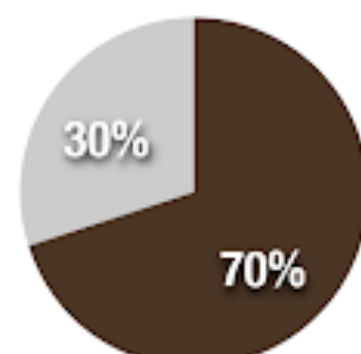
Corn 2020 Crop

20% SOLD
10% HEDGED
70% UNPROTECTED



Soybean 2020 Crop

100% SOLD
0% HEDGED
0% UNPROTECTED



Wheat 2020 Crop

0% SOLD
0% HEDGED
100% UNPROTECTED



0% SOLD
0% HEDGED
100% UNPROTECTED



0% SOLD
0% HEDGED
100% UNPROTECTED



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