



FARMCON <josh@farmdirection.com>

GOOD MORNING: The Van Trump Report 10-8-19

1 message

Mark Hendershott <mark@farmdirection.com>
Bcc: Josh@farmdirection.com

Tue, Oct 8, 2019 at 6:18 AM

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"Life is fairly simple, complicating it is the problem." – **Margaret Mara**

Tuesday, October 8, 2019

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Morning Summary: Stock traders remain a bit uncertain as U.S. and Chinese negotiators resume trade talks in Washington this week. The S&P 500 and Nasdaq are both down a little over -1% in the past 30-days and are essentially unchanged to slightly higher from levels traded a year ago. From what I understand, ministry-level talks are ongoing through today, which will be followed by high-level talks on Thursday and Friday. With China recently agreeing to waive tariffs on some U.S. ag imports and increasing soybean purchases, hopes had risen that the two sides would be meeting under more amicable circumstances this week. However, China over the weekend announced that some key issues would be off the table, including reforming Chinese industrial policy and government subsidies.

The announcement has made Wall Street nervous that the Chinese are less open to striking a deal, maybe preferring to roll the dice on perhaps a new administration being in the White House next year. One of the biggest fears is that dragging the trade war out even longer could eventually pull the U.S. into a recession. Tariffs on \$250 billion worth of Chinese goods are set to be raised from 25% to 30% from on October 15, which will be followed by another round of tariffs on about \$112 billion worth of Chinese goods on December 15, including consumer electronic devices. Retail investors worry how the tariffs might impact the U.S. holiday shopping season, which is crucial for U.S. retailers. Businesses did ramp up imports from China last month so the bulk of their holiday inventories may beat the new tariffs. However, it's unrealistic to think businesses will be able to eat the higher import costs once those inventories are depleted. The big concern is that once higher prices start hitting consumer pocketbooks, they begin to reign in spending, in turn delivering a blow to U.S. growth estimates. Traders are already expecting earnings for companies in the S&P 500 to fall about -4% for the third quarter. It's not just the trade war that's negatively impacting corporate profits, though. The U.S. dollar has rallied to an almost two year high, which makes it more difficult for companies with large international businesses to turn a profit overseas. The rising dollar is partially the result of weakness in other global economies as well as political turmoil in the Europe as the UK struggles to strike a deal for leaving the European Union. Turning to today, economic data is pretty light with just the NFIB Small Business Optimism Index and PPI set for release. Fed speakers include Federal Reserve Chair Jerome Powell, Minneapolis Fed President Neel Kashkari, Chicago Fed President Charles Evans. Earnings of note today include Levi's and Domino's Pizza.



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Kevin Van Trump, CEO of Farm Direction

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The Four Horsemen: *These four stocks... Microsoft, Apple, Google and Amazon – make up a whopping 14% of the S&P 500. Their weightings: MSFT (4.3%), AAPL (3.9%), GOOG/L (3.0%), and AMZN (2.9%). If they were their own "sector", these 4 names alone would be more important to US equity markets than either Health Care (13.6% weight) or Financials (12.9%). (Source: FactSet, DataTrek)*

Charles Schwab Says He Would Never Buy the Money-Losing Companies Going Public These Days: *Investing legend Charles Schwab, founder and chairman of his namesake brokerage firm, said he would stay away from money-losing companies going public. "I would never buy a company like that that has huge losses and no sight ahead of you [about] how you are going to make money," Schwab said in an interview with CNBC's Bob Pisani. "You want to buy companies that have great values. That means No. 1 they have to be growing in revenue and they have to be making money. Pretty simple formula and a lot of these companies just don't make money yet," Schwab said. This year's initial public offerings have been the least profitable of any year since the tech bubble, according to CNBC. "Some of the IPOs we've seen with very large valuations based upon no earnings.*

That's sort of an obvious place to look at [for potential bubbles]," Schwab said. The hyper growth of those start-ups had led to extreme valuations in the private markets, but this year's IPO market has served as a rude awakening as those companies' market caps in the public markets have fallen way below their private valuations. Uber now has a market cap of about \$51 billion, below its private valuation of about \$76 billion just before its IPO in May. You can watch the full interview [HERE](#).

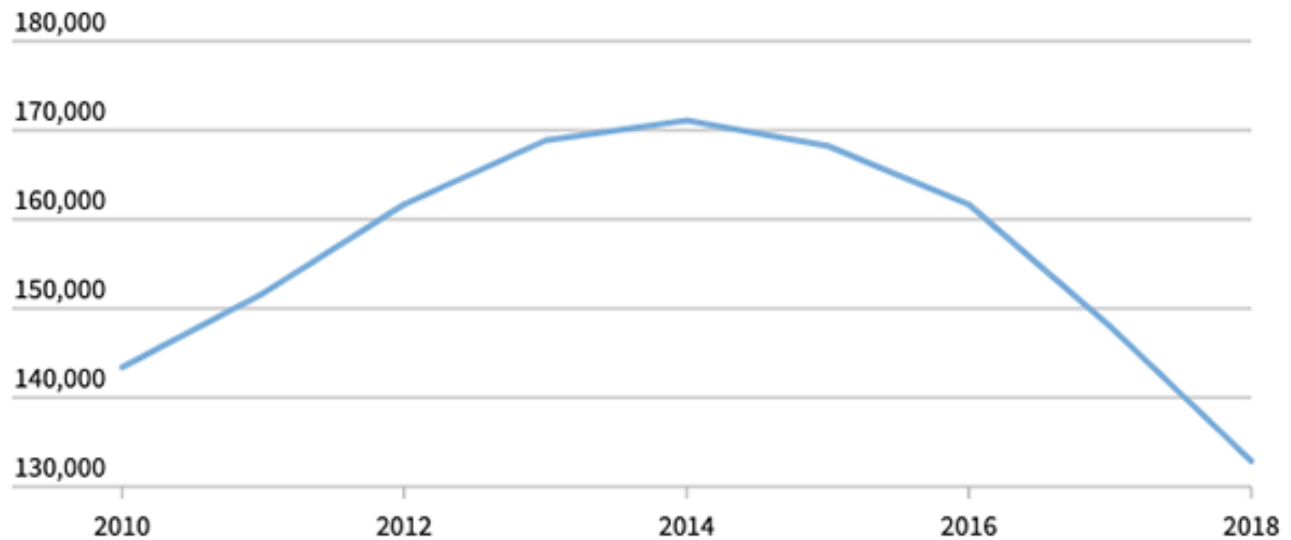
Soaring Tanker Costs Could Undermine U.S. Crude Business: *The cost of chartering a very large crude carrier, or VLCC, to ferry oil from the U.S. Gulf Coast to Asia has surged to \$10 million, or \$5 a barrel—about twice the price before the attacks in Saudi Arabia, according to analysts. The increase has raised the price of U.S. oil sold overseas at a time when countries in Asia—particularly Japan, South Korea and India—are racing to replace lost deliveries from Saudi Arabia and bolster their stockpiles to buffer against further Middle Eastern supply disruptions. Heightened demand for tankers to make the voyage from the U.S. Gulf Coast, from which most barrels leave the country, is meeting a shortage of available ships. The U.S. last month blacklisted several Chinese shippers for allegedly carrying Iranian crude in violation of U.S. sanctions. Meanwhile, many tankers are in harbor to be retrofitted to comply with new international emissions standards that go into effect in the new year. High transport costs threaten to send overseas buyers looking elsewhere and reduce U.S. crude exports. Lower export volumes would likely reduce domestic oil prices, which would be a boon to U.S. motorists and refiners, not to mention unsanctioned tanker owners, but could hurt domestic drillers already struggling with low oil prices. South Korea and India in particular have ramped up oil purchases from the U.S. in recent months amid Middle Eastern turmoil, according to U.S. Energy Information Administration data. U.S. crude exports reached a peak of about 3.2 million barrels a day in June. Crude buyers should see some relief in the coming weeks as more VLCCs return to the market once they are retrofitted with emissions-reduction equipment. However, the work has generally taken longer than expected, which has ships backed up in Asian ports where the new equipment is being installed. (Source: Wall Street Journal)*

Harley Struggles to Lure New Riders with Electric Bike: *Harley-Davidson is betting on electric motorcycles to attract the next generation of younger and more environmentally conscious riders to reverse declining U.S. sales. But as Harley ships its first "LiveWire" bikes - priced at \$29,799 - to dealers, there is little evidence the 116-year-old brand is catching on with new young customers. The sleek sport bike has been available for preorder in the United States since January. However, the bulk of the orders are coming in from existing and older riders, according to interviews Reuters conducted with 40 of the 150 dealerships nationwide that are carrying the bike this*

year. A key reason dealers site for low sales with younger buyers is the steep price. Gary Jon Prough, general sales manager at a dealership in Countryside, Illinois, said the vast majority of millennials cannot afford the bike as LiveWire is targeted at young and affluent customers with incomes above \$100,000 a year. It also has a limited range of 146 miles (235 km) in the city or 95 miles in combined city and highway riding per charge. This limits its appeal for longer-distance riders and among rural riders who prefer touring bikes. Harley has for years failed to increase sales in the United States, its top market accounting for more than half of its motorcycles sold. As its tattooed, baby-boomer base ages, the Milwaukee-based company is finding it challenging to woo new customers. In 2018, Harley posted the steepest sales decline in four years in the United States and domestic sales are tipped to fall again this year. (Source: Reuters)

Harley Davidson's U.S. Retail Sales

Grappling with an ageing customer base and the waning charm for its big bikes, Harley has failed to post sales growth in the United States - its biggest market - in the past four years.



Number of Motorcycles Sold

Harley-Davidson's earnings release

Rajesh Kumar Singh | REUTERS GRAPHICS

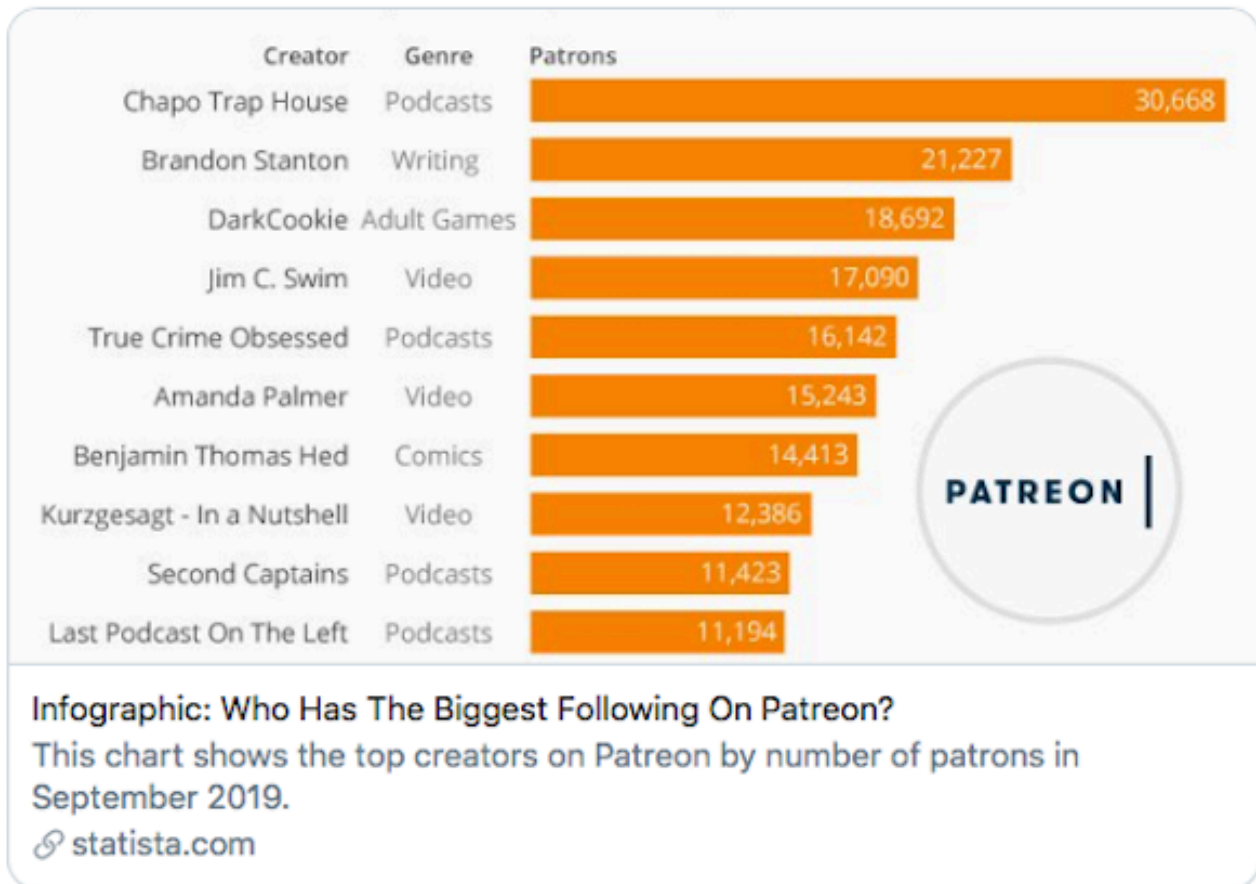
FARM TANK

Tweets of the Day





Which content creators have the biggest following on Patreon?





Jon Erlichman ✓
@JonErlichman



Monthly subscription costs for U.S. streaming services:

HBO Now \$14.99

Netflix \$12.99

Hulu* \$11.99

Showtime \$10.99

CBS* \$9.99

Prime \$8.99

Starz \$8.99

Disney+ \$6.99

AppleTV+ \$4.99

Total cost: \$90.91 per month



Tryin 2B A Cow Farmer That Grows Corn
@C_Chri33



Only thing good about climbing a silo! [#harvest19](#)
[#farming](#)





Jacquelyne Leffler
@jaxlef14



God Bless the Dad's in the Combine who will let the Grain Cart Daughter stop and capture these Harvest Views ...

#MyKsFarmLife
#BigBootyJudy
#Harvest19



HolganixAg
@HolganixAg

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Cheers to our ND farmer for sending in this

picture showing a comparison in onions! Can you guess which onion was treated with Holganix Bio 800 Agriculture? Hint: It's on the left!

Send in you photos for a chance to win:
hubs.ly/H0jgzPy0 #Roots #SoilHealth
#Agriculture





Super 70s Sports
@Super70sSports



The personification of "Leave it on the field."



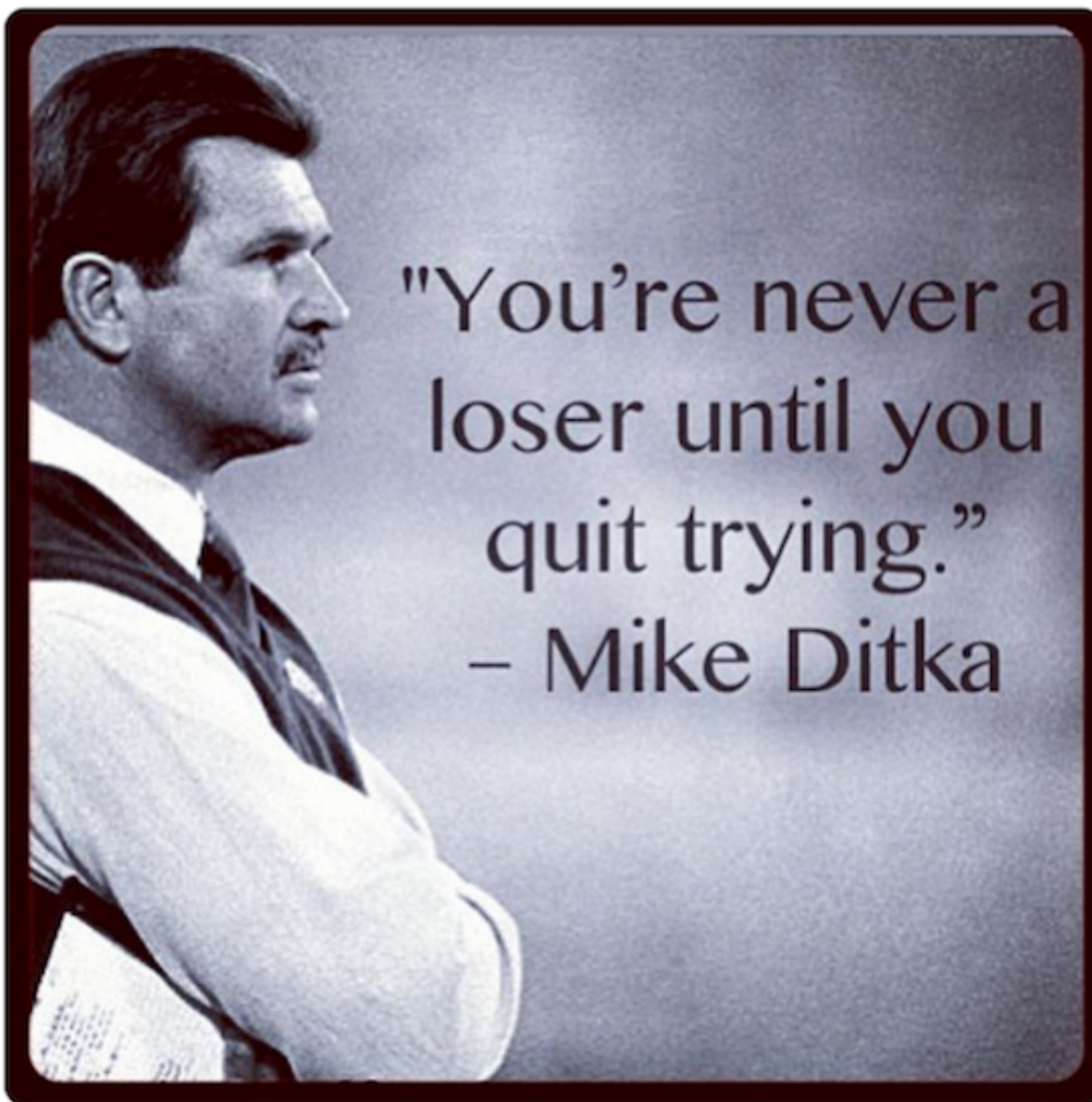
**Sports Motivation**

@Sports_HQ

Following



Rise when you fall and success is bound to find you.





Corn bulls are looking at a U.S. crop that is only 58% "mature" and a massive winter storm forecast to hit the upper-Midwest late this week. From what I'm hearing parts of North Dakota, South Dakota, Minnesota, and perhaps a small part of Iowa could get blasted with heavy snow and high winds. There's also some talk that parts of Kansas, Nebraska, and Wisconsin could battle some difficult conditions. In fact, some forecasters are calling for between 10 and 20 inches and winds between 35 and 50 mph in some of the areas mentioned above. Producers in these areas are talking about "lodging" complications. As with most winter weather stories, it will be tough to get an immediate gauge on yield drag or overall crop damage in the impacted areas. Meaning the trade could be a bit hesitant to add additional risk-premium until some of the smoke clears and the dust settles. I suspect it will also depend a lot on how some of the bigger tickets items play out this week. Will the USDA continue to lower its U.S. yield forecast or has the weather been good enough to stabilize yield? Will corn used for exports and ethanol be lowered? Will feed and residual demand be raised higher? Will overall demand be lowered? Has the market already cooked in the -331 million bushel reduction associated with the surprise in the recent Quarterly Stocks Report? What

will happen with the Chinese trade negotiations later this week? I have to imagine if these larger more important cards come out of the deck as "bullish" the recent winter weather worries to the north will only add fuel to the fire and flush even more bears out of their current short position. On the other hand, if the main cards are seen somewhat as a disappointment, I doubt the trade will pay much attention to the winter storm to the North and bears will be back on the bandwagon adding to their short positions. I've said it several times, this is an important week for corn and soybeans. The trade has recently added some premium to the market, a few bears have moved to the sideline, now the bulls have to have the headlines actually deliver. Yesterday, the USDA showed 93% of the U.S. corn crop is "dented", just 58% of the crop considered "mature" vs. the average of 85% by this date. And just 15% of the crop was reported as "harvested" vs. what's historically closer to 27% by this date. I should also note, overall crop-conditions were lowered slightly from 57% to 56% rated "Good-to-Excellent". Interestingly, it's several of the bigger producing states that are seeing a significant lag in maturity: North Dakota just 22% mature vs. 75% average; South Dakota just 36% mature vs. 80% average; Minnesota just 39% mature vs. 83% average; Illinois just 59% mature vs. 94% average; Iowa just 52% mature vs. 88% average; Indiana just 56% mature vs. 87% average; Ohio 44% mature vs. 76% average; Wisconsin 30% mature vs. 69% average. Staying optimistic!

Harvest Crop Revenue Insurance Guarantee \$3.88² - Remember this price will update daily during the month of October as the monthly price average is determined.

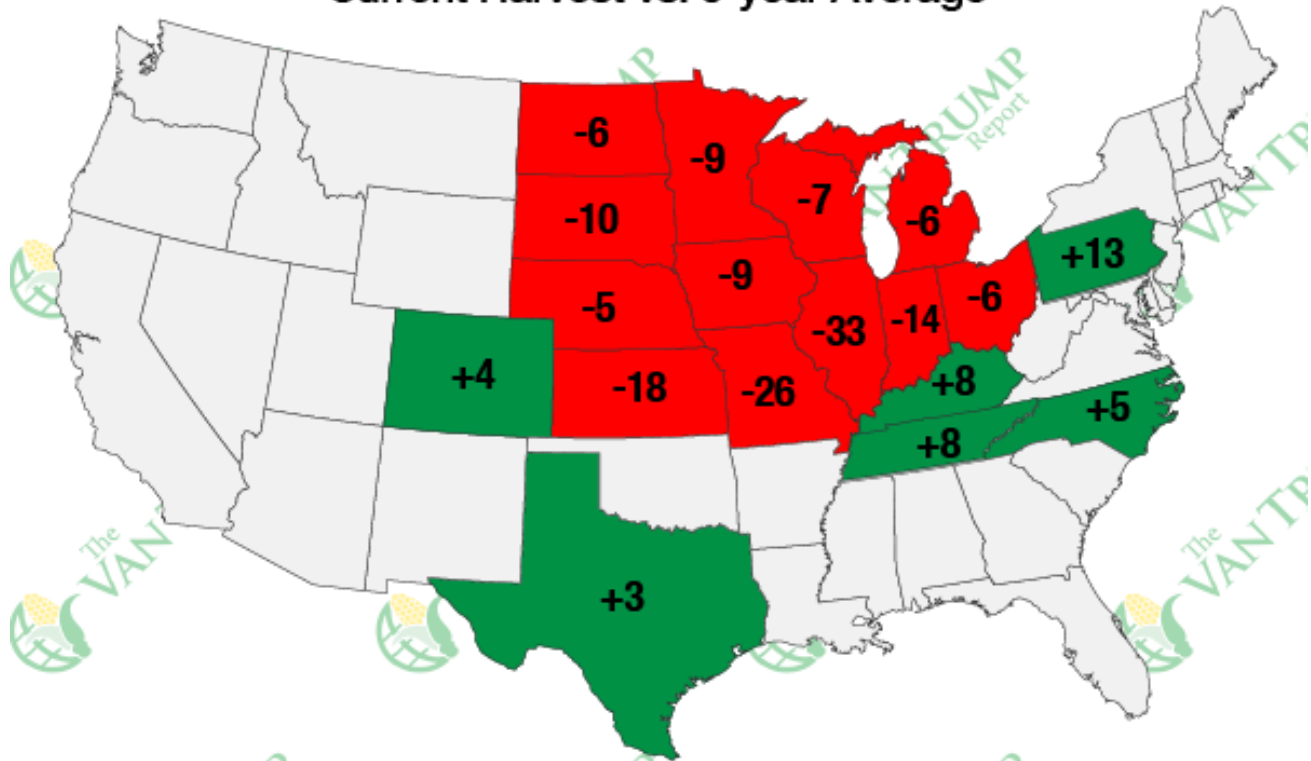
2019 - Spring price \$4.00; Harvest price ???
 2018 - Spring price \$3.96; Harvest price \$3.68
 2017 - Spring price \$3.97; Harvest price \$3.49
 2016 - Spring price \$3.86; Harvest price \$3.49
 2015 - Spring price \$4.15; Harvest price \$3.83
 2014 - Spring price \$4.62; Harvest price \$3.49
 2013 - Spring price \$5.65; Harvest price \$4.39
 2012 - Spring price \$5.68; Harvest price \$7.50
 2011 - Spring price \$6.01; Harvest price \$6.32
 2010 - Spring price \$3.99; Harvest price \$5.52
 2009 - Spring price \$4.04; Harvest price \$3.90

U.S. Corn Harvested

October 6, 2019

[Week 40]

Current Harvest vs. 5-year Average



US Corn Harvested

State	2017	2018	5-yr avg	This Week	Change vs LW
Colorado	8	19	13	17	5
Illinois	38	61	46	13	9
Indiana	24	37	29	15	7
Iowa	8	14	12	3	1
Kansas	46	57	54	36	8
Kentucky	66	69	68	76	18
Michigan	12	15	10	4	4
Minnesota	4	14	10	1	1
Missouri	53	74	61	35	9
Nebraska	13	22	17	12	4
North Carolina	89	87	86	91	4
North Dakota	4	8	6	0	0
Ohio	13	20	17	11	6
Pennsylvania	24	19	23	36	13
South Dakota	6	15	12	2	2
Tennessee	85	77	80	88	14
Texas	76	72	71	74	2

Wisconsin	5	13	8	1	1
Total	22	33	27	15	4

Corn Mature vs 5-year Average

State	6-Oct-19	5-year Average	Difference	Acres Behind the 5-yr
Iowa	52	88	-36	4,752,000
Illinois	59	94	-35	3,657,500
Minnesota	39	83	-44	3,256,000
South Dakota	36	80	-44	1,764,400
North Dakota	22	75	-53	1,733,100
Indiana	56	87	-31	1,519,000
Wisconsin	30	69	-39	1,107,600
Nebraska	74	85	-11	1,061,500
Ohio	44	76	-32	828,800
Michigan	31	69	-38	646,000
Kansas	84	92	-8	480,000
Missouri	87	96	-9	275,400
Pennsylvania	71	80	-9	86,400
Colorado	65	69	-4	48,800
Texas	84	86	-2	41,000
Kentucky	96	94	2	30,000
Tennessee	100	98	2	18,400
North Carolina	100	100	0	-
Total	58	85	-27	20,684,700

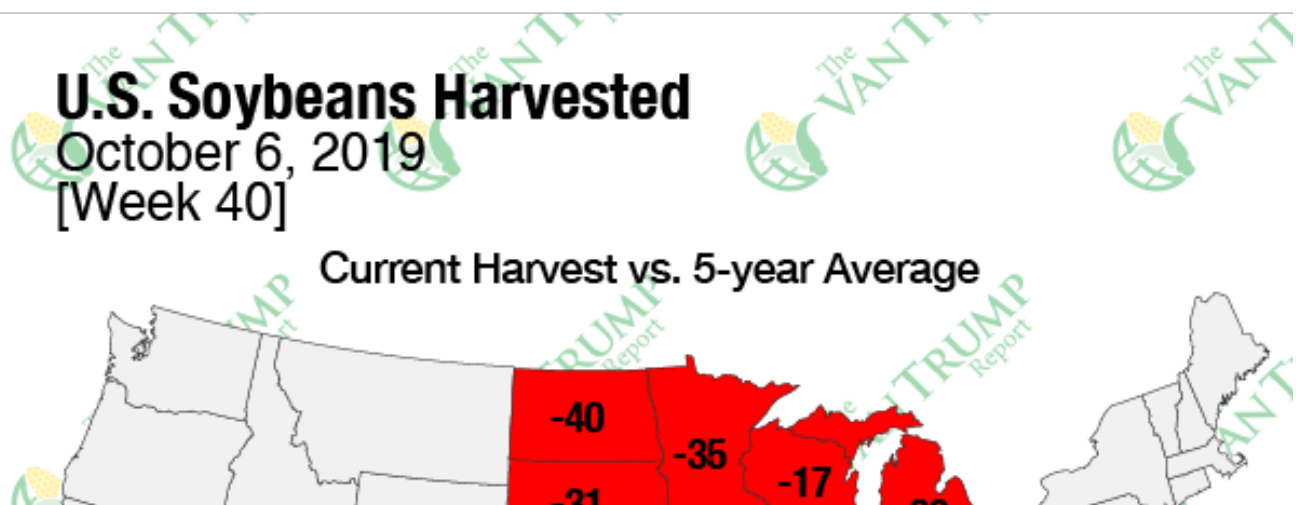
Corn Dented vs 5-Year Average				
State	6-Oct-19	5-year Average	Difference	Acres Behind the 5-yr
Illinois	91	100	-9	940,500
Iowa	94	99	-5	660,000
Wisconsin	76	95	-19	539,600
North Dakota	84	98	-14	457,800
Indiana	91	100	-9	441,000
Ohio	84	99	-15	388,500
Minnesota	94	99	-5	370,000
South Dakota	91	99	-8	320,800
Nebraska	96	99	-3	289,500
Michigan	82	96	-14	238,000
Kansas	97	100	-3	180,000
Pennsylvania	90	96	-6	57,600
Colorado	99	98	1	12,200
Kentucky	100	100	0	-
Missouri	100	100	0	-
North Carolina	100	100	0	-
Tennessee	100	100	0	-
Texas	100	100	0	-
Total	93	99	-6	4,596,600

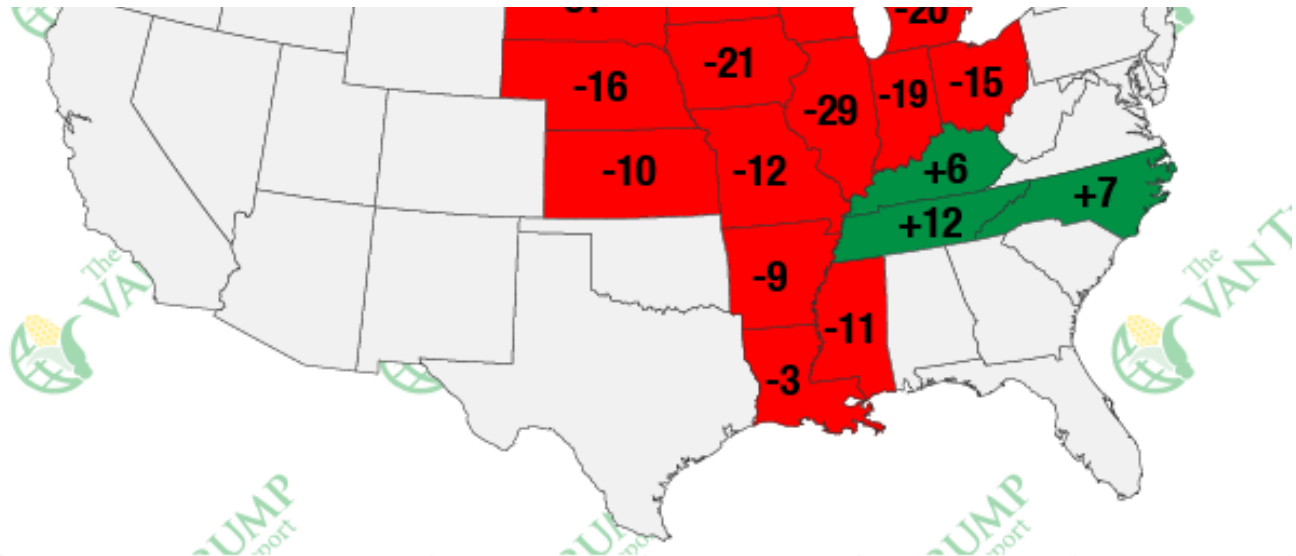
Soybean bulls are talking about the same thing as corn bulls... a large winter storm forecast to hit the North and an extremely late-maturing U.S. crop. The USDA reported just 14% of the crop has been "harvested" vs. 34% on average. Iowa 5% harvested vs. 26% on average; Illinois 11% harvested vs. 40% on average; Minnesota just 8% harvested vs. 43% on average; South Dakota just 5% harvested vs. 36% on average; North Dakota 8% vs. 48% on average; Nebraska 14% vs. 30% on average; Kansas 5% vs. 15% on average; Missouri 6% vs. 18% on average. The USDA showed just 72% "dropping leaves" vs. 87% on average. I should also note, the USDA lowered its weekly crop-condition estimate from 55% down to 53% rated "Good-to-Excellent" vs, 68% rated GD/EX last year. In Brazil, producers are off to their slowest planting pace in over five years, which is adding a bit more uncertainty to the mix, especially in regards to second-crop acres. Looking forward it's now all about Thursday's USDA report and the end of week U.S. and Chinese trade talks. If the market is disappointed by the headlines the recent gains in price will be in question. On the flip side, if the headlines can

confirm the more recent bullish tilt we could quickly challenge the mid-June high set in the NOV19 contract at \$9.48 per bushel. As a spec, I continue to hold a small bullish position. As a producer, I like the thought of buying some puts as downside protection or a type of safety net if things don't go as planned, but I want to keep my upside open. I've been waiting for an extended period of time for this setup i.e. South America running low on supply and uncertainty in the air regarding the U.S. crop, U.S. harvest, and upcoming South American weather. I want to be paying very close attention these next few weeks as this could be our window of opportunity to price or reduce risk on a large portion of our soybean production.

Harvest Crop Revenue Insurance Guarantee \$9.15⁴ - Remember this price will update daily during the month of October as the monthly price average is determined.

2019 - Spring price \$9.54; Harvest price ???
 2018 - Spring price \$10.16; Harvest price \$8.60
 2017 - Spring price \$10.19; Harvest price \$9.75
 2016 - Spring price \$8.85; Harvest price \$9.74
 2015 - Spring price \$9.73; Harvest price \$8.91
 2014 - Spring price \$11.36; Harvest price \$9.65
 2013 - Spring price \$12.87; Harvest price \$12.87
 2012 - Spring price \$12.55; Harvest price \$15.39
 2011 - Spring price \$13.49; Harvest price \$12.14
 2010 - Spring price \$9.23; Harvest price \$11.63
 2009 - Spring price \$8.80; Harvest price \$9.66





US Soybean Harvested

State	2017	2018	5-yr avg	This Week	Change vs LW
Arkansas	62	30	47	38	13
Illinois	52	49	40	11	10
Indiana	42	38	33	14	8
Iowa	26	18	26	5	2
Kansas	22	13	15	5	3
Kentucky	26	28	25	31	12
Louisiana	91	78	83	80	12
Michigan	51	15	23	8	1
Minnesota	22	36	43	8	3
Mississippi	73	59	69	58	12
Missouri	22	19	18	6	5
Nebraska	23	35	30	14	8
North Carolina	16	10	10	17	3
North Dakota	44	33	48	8	4
Ohio	45	28	33	18	12
South Dakota	22	27	36	5	4
Tennessee	29	28	27	39	12
Wisconsin	32	16	20	3	2
Total	36	31	34	14	7

Soybeans Dropping Leaves vs 5-year Average				
State	6-Oct-19	5-year Average	Difference	Acres Behind the 5-yr
Illinois	65	87	-22	2,186,800
Iowa	68	89	-21	1,917,300
Indiana	66	90	-24	1,288,800
Missouri	45	67	-22	1,106,600
Minnesota	80	95	-15	1,023,000
Ohio	68	90	-22	917,400
South Dakota	78	96	-18	622,800
Kansas	63	74	-11	500,500
Wisconsin	60	86	-26	462,800
Nebraska	86	93	-7	346,500
Michigan	69	89	-20	344,000
North Dakota	92	97	-5	282,500
Arkansas	78	83	-5	132,500
Mississippi	87	90	-3	50,100
North Carolina	73	59	14	214,200
Tennessee	85	80	5	73,500
Kentucky	69	67	2	33,800
Louisiana	96	96	0	-
Total	72	87	-15	10,867,500

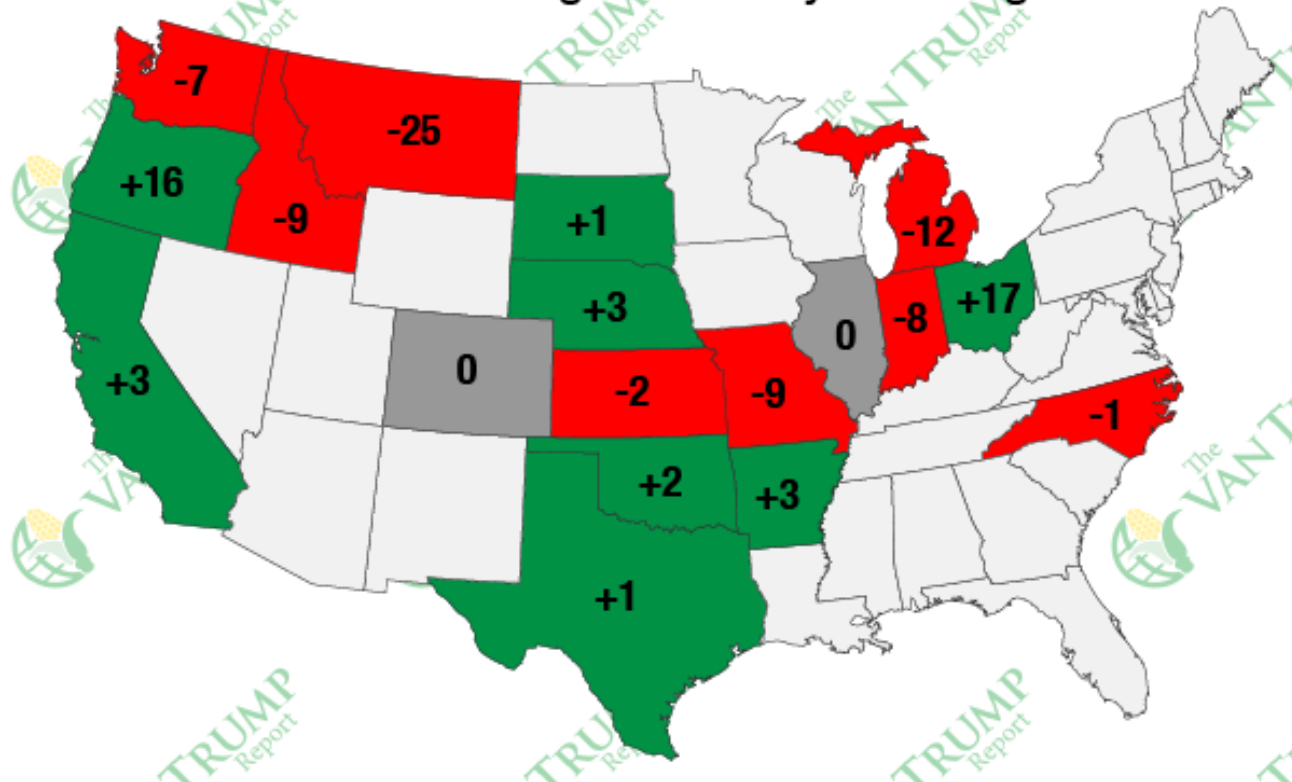
Wheat prices continue to consolidate as the market takes its position following corn and soybeans. SRW wheat prices are up +5% in the past 30-days, HRW wheat is up +2% in the past 30-days, and Spring wheat is up +9% during that period. Unfortunately, SRW wheat prices are still down -15% in the past 52-weeks, HRW wheat down -32% in the past 52-weeks, Spring wheat down -13% in the past year. The USDA reported yesterday that winter wheat is now 52% planted vs. 53% on average, and 26% of the U.S. winter wheat crop is considered "emerged". The spring wheat harvest is now considered 91% complete vs. 99% on average. The trade is keeping a particularly close eye on the unharvested acres remaining in Montana (14% still unharvested) and North Dakota (10% still unharvested). Unfortunately, bears continue to point towards stiff global competition in the export space and burdensome global stocks. Russian production estimates continue to ratchet higher, with IKAR and Russia's Grain Union estimating this year's wheat crop at +75 MMTs, which is well above the current USDA estimate of just over 72 MMTs. Bottom-line, I suspect to see the USDA cut production

estimates for Argentina and Australia but offset those loses by increasing production estimates for Russia and the European Union. As a spec, I remain content sitting on the sideline. As a producer, I continue to take a wait-and-see approach.

U.S. Winter Wheat Planted

October 6, 2019
[Week 40]

Current Planting Pace vs. 5-year Average



US Winter Wheat Planted

State	2017	2018	5-yr avg	This Week	Change vs LW
Arkansas	18	16	12	15	5
California	10	16	9	12	2
Colorado	70	76	79	79	12
Idaho	86	65	67	58	15
Illinois	30	20	19	19	15
Indiana	28	29	25	17	10
Kansas	27	56	47	45	15
Michigan	62	30	40	28	5
Missouri	19	13	15	6	3
Montana	75	56	74	49	9

Nebraska	77	85	85	88	17
North Carolina	9	5	3	2	1
Ohio	43	29	33	50	24
Oklahoma	42	57	55	57	12
Oregon	49	41	41	57	14
South Dakota	78	73	76	77	18
Texas	54	52	48	49	15
Washington	77	74	74	67	6
Total	48	55	53	52	13

U.S. Production 2019/20

(million bushels)

Corn	October Estimates	Avg. Trade Estimate	Range of Estimates	September Estimates	Last Year
Production	???	13,591	12,736 - 13,900	13,799	14,420
Yield	???	166.8	159.0 - 169.6	168.2	176.4
Harvested Acres	???	81.51	80.1 - 82.6	82.017	81.74

Soybeans	October Estimates	Avg. Trade Estimate	Range of Estimates	September Estimates	Last Year
Production	???	3,555	3,384 - 3,660	3,633	4,428
Yield	???	47.1	45.5 - 48.5	47.9	50.6
Harvested Acres	???	75.639	74.5 - 76.2	75.866	87.594

U.S. Grain Ending Stocks 2019/20

(million bushels)

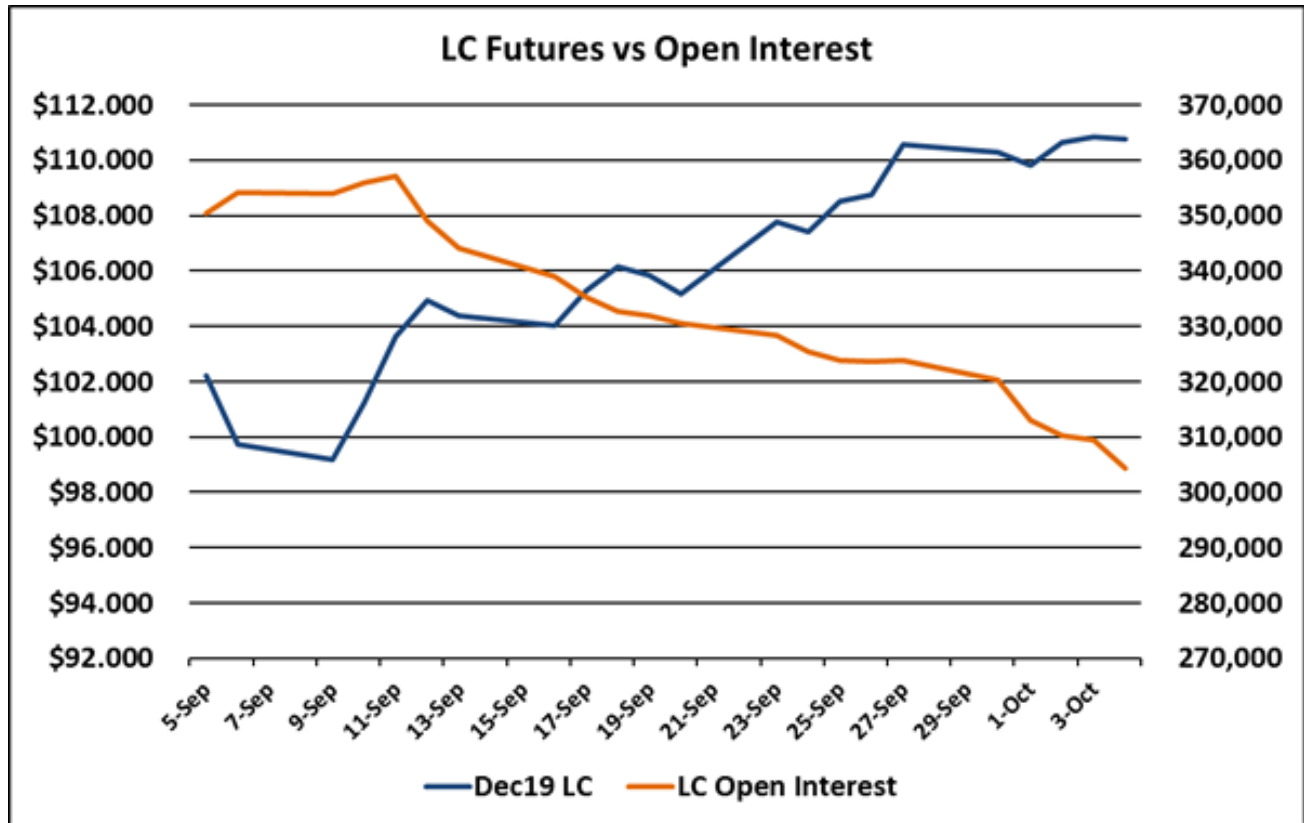
		Avg. Trade Estimate	Range of Estimates	September Estimates	Last Year
Corn	???	1,689	1,280 - 1,963	2,190	2,116
Soybeans	???	497	324 - 584	640	913
Wheat	???	1,040	939 - 1,054	1,014	1,080

World Grain Ending Stocks 2019/20

(million tonnes)

	October Estimates	Avg. Trade Estimate	Range of Estimates	September Estimates	Last Year
Corn	???	296.4	289.3 - 304.5	306.3	329.6
Soybeans	???	97.0	92.3 - 108.8	199.2	112.4
Wheat	???	285.2	280.5 - 288.7	286.5	277.2

Cattle markets firmed last week with the majority of the southern trade coming in at 107.00/CWT. The northern feeding regions printed 108.25/CWT live and 170.00/CWT dressed. Volumes of cattle traded to packers last week neared 100,000 head and should go a long way towards maintaining a current level on marketings. It seems that as we start this week, most are looking for cash markets to move higher yet again. Historically wide price spreads have incentivized moving cattle back and a tighter Sep/Oct market-ready numbers situation has possibly developed. Show list numbers were strong this week and should come as no surprise as this is the typical response to higher cash markets. Interestingly, Texas, Kansas, and Nebraska are all at or above 10-year high show list numbers. Overall, the news and potential fundamental developments within the cattle and beef sectors are favorable. Premiums are being built into the deferred futures contracts and breakevens being purchased are firming up as a result of these premiums. Futures markets have filled upper gaps on daily charts left from the selloff response to the beef plant fire in August. The longer-term technical setup suggest additional upside is possible and that momentum should remain up. However, shorter-term outlooks point towards overbought action that could easily retrace some of the recent gains. Live cattle open interest has moved sharply lower in the face of the rally. The commercial hedger remains rather unhedged compared to a historical normal. The non-commercial trader is beginning to liquidate some of the short position but may still have a ways to go. Trey Warnock - [Amarillo Brokerage](#)



> U.S., Japan Sign Formal Agriculture, Digital Trade Deals: *U.S. and Japanese leaders signed two separate trade agreements dealing with agriculture and digital trade Monday. U.S. officials estimated the deal would reduce tariffs for roughly \$7 billion worth of American agricultural products including cheese, wine, beef, pork, wheat, and almonds. The U.S. would in turn lower tariffs on Japanese industrial goods under the agreement, which would also set stricter terms for digital trade between the two sides. The agreement did not touch on current auto tariffs or additional ones that Trump threatened Japan with last year on the basis of national security concerns. The agreement was announced on a preliminary basis in August. On the sidelines of the United Nations General Assembly in New York last month, the US and Japan signed an agreement-in-principle. The move on Monday afternoon concluded the final text of the deal. (Source: Business Insider)*

> 25% of U.S. Cotton Now Picked: *The USDA is showing 83% of the U.S. cotton crop has "bolls" vs. 75% on average. The harvest is also running a bit ahead of schedule at 25% complete vs. 20% on average.*

> Louis Dreyfus Reports -20% Drop In Profits: *Louis Dreyfus Company reported a -20% drop in first-half profits as it and other grain traders deal with global trade tensions and the spread of African swine fever in China and other parts of the world. The company posted net income from continuing operations of \$73 million in the six months to June, a drop from \$91 million in the same period of 2018. Volumes fell -6.5% in part because China bought fewer soybeans because of African swine fever, which has ravaged the country's pig population. LDC also has been affected by the higher volatility in agricultural prices caused by the U.S.-China trade war as well as chronic overcapacity, which has crimped margins across the industry. Read more [HERE](#).*

> JBS Will Stop Using Ractopamine In An Effort To Boost Chinese Biz: *JBS USA will remove the growth drug ractopamine, which is banned by China, from its U.S. hog supply in hopes of accelerating pork exports to the country. The meat packer's move away from the feed additive shows how companies are maneuvering to take advantage of an expected shortage in China, the world's largest pork consumer, due to African swine fever (ASF). JBS USA, owned by Brazil's JBS SA, said it removed ractopamine from internally owned production systems in August 2018. Now the company will also prohibit the drug from diets of hogs owned by farmers who sell livestock to JBS USA. Rival U.S. pork producer Smithfield Foods, which is owned by China's WH Group, already raises all of the hogs on its company-owned and contract farms without the drug. Tyson Foods Inc previously told Reuters it was looking at diversifying its pork supply to include ractopamine-free hogs as demand expands. Ractopamine is used in some countries to raise leaner pigs, but China does not allow its use or tolerate residues in imported meat. The European Union also bans ractopamine. (Source: Reuters)*

> Are Giant Pigs The Answer To China's Pork Shortage? *With African swine fever decimating China's pig herd, one enterprising farmer has an idea for fixing the shortage - breed gargantuan pigs. A farm owner in Nanning, the capital of southern China's Guangxi province is raising a pig that tips the scale at around 1,100 pounds. Such pigs can reportedly sell for more than 10,000 yuan, or \$1,400, which is more than three times as high as the monthly average disposable income in the province. Small farmers and large pork corporations in the country are all gearing toward growing larger hogs, attempting to increase the average weight by 14% to boost profits by 30%. Most hugely oversize pigs do end up dying from health complications. The giant pigs bred in Nanning are intended for slaughter regardless, but larger-size hogs are becoming more widely used by farmers looking to support themselves as the African swine flu devastates pig populations in Asian countries. Heftier pigs translate to heftier profits, of course. But thanks to African swine fever, which first began wiping out pigs in Aug. 2018, even svelte pigs are a good business at the moment. By early 2020, prices could be 80% higher than they were in early 2019, according to a recent analysis from Capital Economics. (Sources: Quartz, Insider)*

> Land O'Lakes CEO Beth Ford On 60 Minutes: *In case you missed it, Land O'Lakes CEO Beth Ford was on 60 Minutes this past weekend to talk about the challenges facing farmers today, as well as the opportunities technology offers. 60 Minutes' Lesley Stahl joins her on visits to a couple of farms, where the owners talk about their recent struggles and how they are coping. Check it out [HERE](#).*

> Kroger, Walgreens Halt Sales of E-Cigarettes: *Kroger Co and Walgreens Boots Alliance Inc said on Monday they would stop selling e-cigarettes at their stores, amid heightened regulatory scrutiny of the product and reports of lung disease and some deaths linked to vaping. Their move comes weeks after Walmart Inc said it was pulling the plug on e-cigarette sales, citing growing federal, state and local regulatory complexity and uncertainty. Kroger said it would discontinue sales of e-cigarettes at its stores and fuel centers after selling through its current inventory. Walgreens, which earlier this year set a minimum age to sell tobacco products at 21 years, said the decision was also reflective of developing regulations in a growing number of states and municipalities. New York and Michigan have already banned the sales of flavored vaping products, while the Trump administration has announced plans to remove all flavored e-cigarettes from store shelves. (Source: Reuters)*

> How the Ultra Rich are Investing in the Future: *Never before has it been more on trend to do good with your dollars. Coined at a Rockefeller Foundation event in 2007, the term "impact investing" is defined as investing in ventures that both make money and have a positive social or environmental impact. It's a strategy that's been embraced by many, including billionaires, pop stars and athletes. As of April, there were more than 1,340 organizations managing \$502*

billion in impact investing assets worldwide, according to the Global Impact Investing Network. That's more than double last year's total. Forbes has put together The Impact 50 to highlight some of the most notable impact investors. To compile the list, Forbes reporters researched all the U.S. billionaires as well as members of Forbes' lists of the highest-paid athletes, highest-earning celebrities and most successful self-made women. To qualify, these impact investors had to have been at it for a year or more, either with deployed capital or personal investments, and be respected in the field. The list was vetted by a panel that included Forbes editors and two impact investing experts. Some of the investors highlighted include Bill and Melinda Gates, Michael Dell, Laurene Powell Jobs, Ray Dalio, George Roberts, Mark Cuban, Liesel Pritzker Simmons, and Howard Buffett. Check out how these investors are putting their money to work for the future [HERE](#).

> Biological First: China Grows Cotton Plant on Far Side of the Moon:

China has broken new lunar ground, successfully growing cotton on the moon for the first time. The experiment was part of the Chang'e 4 project, in which China is exploring the far side of the moon with a lander. The cotton plant was one of several organisms encased in a mini biosphere weighing just 2.6 kilograms (5.7 lbs) with a pressure of 1 atmosphere which was aboard the lander. The organisms experienced an environment largely similar to that on Earth, however, they did have to contend with both space radiation and microgravity. The team conducting the experiment selected five species of biological organisms to send to the moon: Cotton seeds, potato seeds, arabidopsis seeds, yeast, and fruit-fly eggs. Most of these died quickly, but the cotton seeds sprouted and grew not one but two leaves. Although plants have been grown on the International Space Station before, this experiment marks the first time a plant has been grown on the moon. However, despite the hardy cotton's best efforts, the leaves died within one lunar day, which is equivalent to two weeks here on Earth. During the lunar night, the temperatures on the moon drop dramatically, and without external heating, the organisms were doomed by the cold. But in order to test whether the equipment could survive, the Chinese scientists continued the experiment for several months. Read more [HERE](#).

> Why So Few Teenagers have Jobs These Days: Most people remember their first summer or after-school job, which provided cash to help pay for college or a car. Today, vehicles and higher education — among other expenses — cost significantly more. Yet fewer teenagers are working. The share of teens participating in the labor force peaked 40 years ago and has declined ever since. In 1979, nearly 60% of American teenagers were employed, an all-time high. Today, just over one-third, or 35%, of teens between the ages of 16 and 19 are part of the workforce. Teens are less likely to work part-time while in school and also less likely to work over the summer, according to a study by the Hamilton Project and Brookings Institution. "High school has become more intense," said

Lauren Bauer, a co-author of the study, adding that students have less time to hold down a job. In addition to the time constraints on kids, a reduced demand for low-wage work and increased competition from older workers, among other factors, have also contributed to the sharp drop in labor force participation, the Brookings study found. Now, more teenagers are enrolled in school and more schools are in session year-round. "The flip side is that graduation rates are way up," Bauer said. Read more [HERE](#).

> How Wheelchair Boxing Changed Everything For One Young Man: *Donahue Fields had planned to enlist in the Marines. But at 19 he was hit by a stray bullet one night in the Bronx, New York. He lost both his legs. Doctors told him he would spend the rest of his life in a wheelchair. He could no longer go on to serve in the Marines, he felt hopeless. Then he took up boxing. And everything changed. Some people see the sport as violent. Fields has a different perspective. For him, boxing awakens the spirit. It's a fulfilling physical and mental challenge. It changed how he saw himself. It changed how others saw him. Fields fell in love with the sport and wanted to use it to empower disabled people. So he founded U.S. Adaptive Boxing. Now, he runs a boxing camp where he teaches people how to throw jabs, how to block punches, how to get comfortable with the way their wheelchairs move in the ring. The amount of satisfaction he gets out of seeing others benefit from boxing is immense. It took him awhile to get here, but today Fields can say he is happy with his life. "This is what I have to work with, and I affect many in a positive way," he says. "And that's a great existence." Watch a video about Fields' story [HERE](#).*

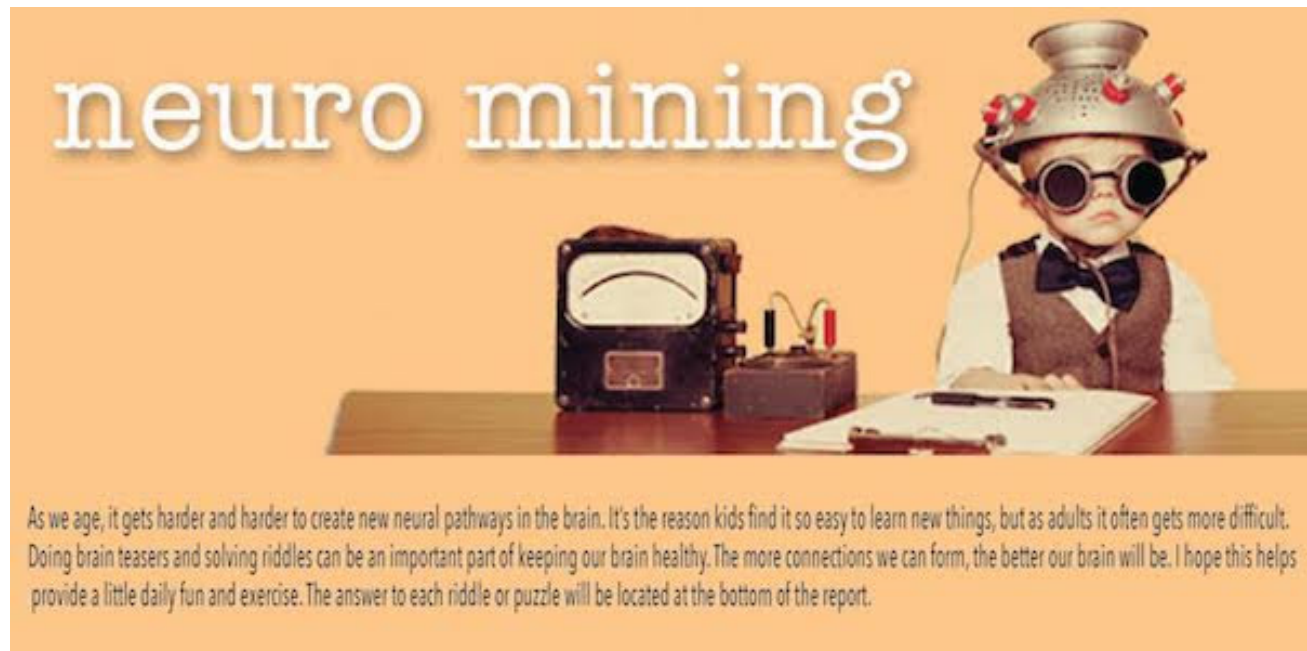




Northern Montana - *Harvest in northern Montana is very challenging as a weather system came through last week that made the ground white. We had three feet of snow at the farm that laid the crops flat. There was still a lot of acres out there that probably won't be harvested because every night it dips below freezing and we continue to get precipitation.*

Eastern Washington - *We had a lot of rain and hail in August and September. Many stopped to seed then to resume wheat harvest. The rains kept coming though. There was a lot of reseeding and small wheat, a lot of wheat went uncut with quite a bit of sprout or at least downgraded quality. Crops were pretty good but don't expect as much number 1 wheat as usual.*

Northern North Dakota - *We have a decent chance of rain and snow flurries in the forecast for the coming weekend. I believe it's supposed to get down to roughly 31 degrees or maybe a little colder. We hand shelled a little corn and test it for moisture and test weight. The moisture was no surprise at 32% but the test weight was 52.9%. For those of you that do not understand what that means, we are going to have unusually heavy corn. Our corn is normally about 54 pounds when it dry. With corn that heavy when it's still at 32% moisture, we are looking at 58-59 pound corn, maybe even heavier.*



TODAY'S RIDDLE: I am an instrument that you can hear, but you can not touch or see me. What am I?



Brick to Click Gaining Traction With Grocery Shoppers

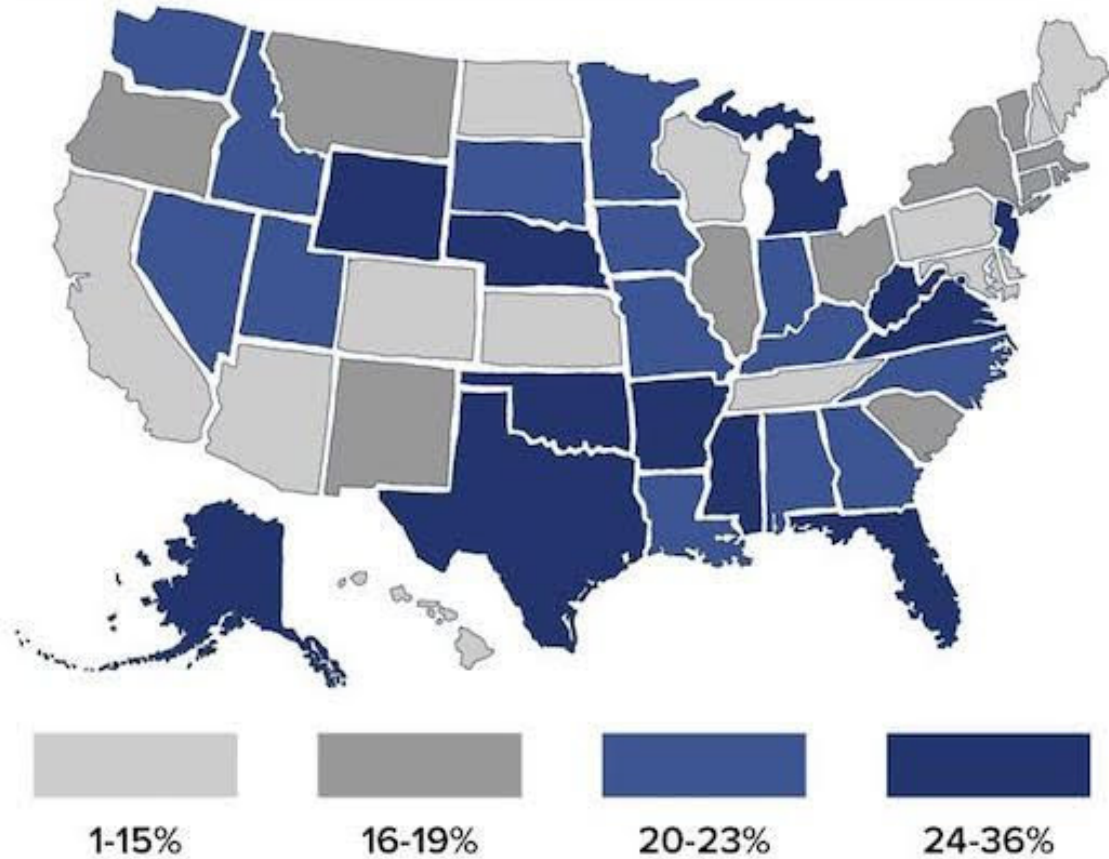
Improvements in grocers' e-commerce operations are starting to move the needle as online providers are offering a better experience. From what I understand, 81% of online grocery buyers said they would use the service again up from just 69% last year. Additionally, 90% of customers are reporting an improved ability to find all the products they want to buy, a 12% increase from last year. It sounds like companies are making the right adjustments to engage grocery shoppers, a segment that has lagged behind in the online purchasing realm.

Notable is that ship-to-home services are being used just as much as grocery pickup and delivery available same-day or next-day. This points to the domination of Amazon.com, which is still the market share leader in online grocery, but it also indicates momentum for services like Kroger Ship and Costco's two-day grocery

delivery service. It's worth mentioning, Amazon, Costco and other ship-to-home services do not include perishables, and their share of online grocery reiterates customer reluctance to order fresh items online.

Online grocery shopping still only accounts for around 6% of U.S. households' total grocery-related spending, but growth hit 15% this year and household penetration increased from 20 to 25%. It's worth mentioning, both home delivery and pickup orders grew to \$70 and \$100 respectively, even as the frequency of purchases remained flat at an average of two orders a month. It will be interesting to see whether pick-up or delivery wins out in the future as providers continue to battle the high fees associated with the last mile of delivery. At the moment the lines are clear, Amazon wins for grocery delivery and Walmart is the top choice for pickup. I suspect in the end, the customer will win out with both convenience improving and prices becoming more competitive! (Source: [grocerydive](#), [offers.com](#))

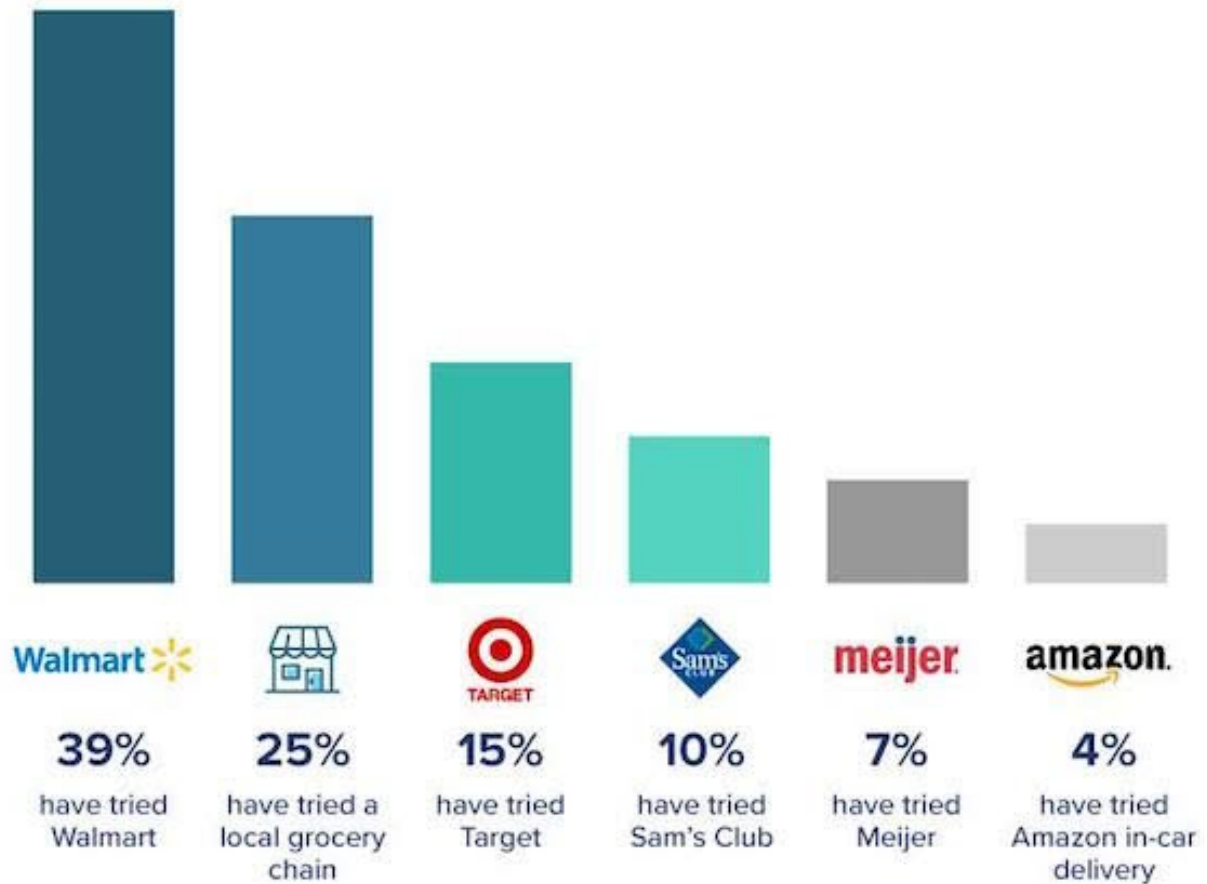
Adoption rate of grocery curbside pickup in the U.S.



GROCERY SURVEY 2019

Offers.com

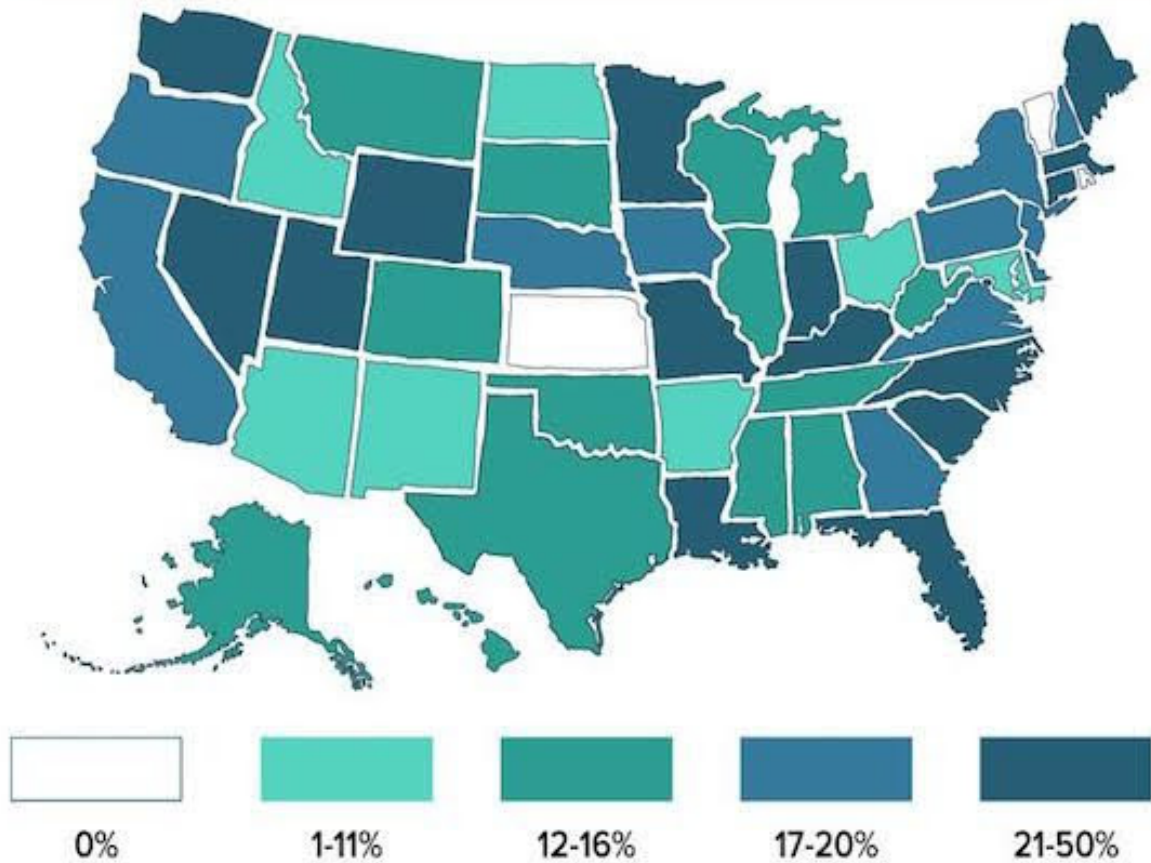
Top Grocery Curbside Pickup Options



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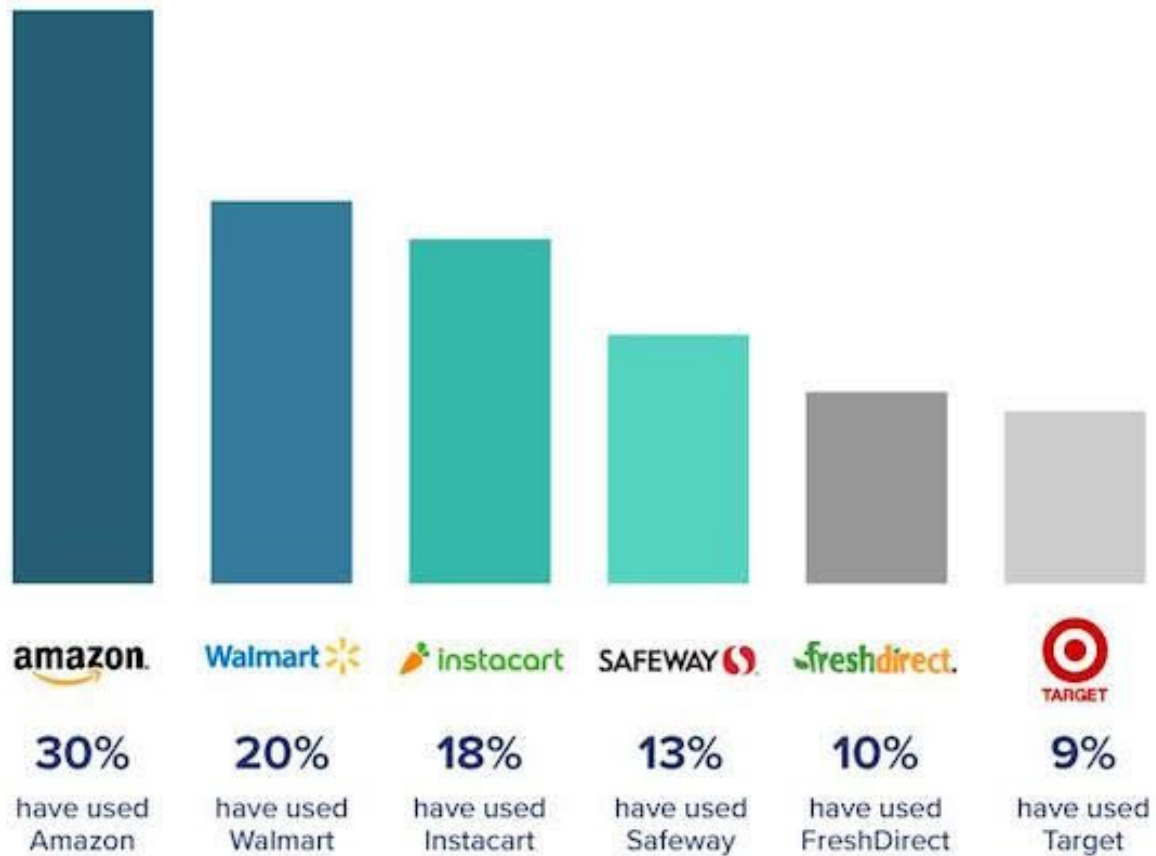
Adoption rate of grocery delivery in the U.S.



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Top Grocery Delivery Options



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What Happened To All The \$500, \$1000, \$5000 and \$10,000 Bills?

Have you ever seen a U.S. \$10,000 bill? Outside of a museum, they are very rare and extremely hard to find, but at one time they were indeed in circulation. The same is true of \$500, \$1,000 and \$5,000 bills - all real denominations and all officially discontinued on July 14, 1969. These high-denomination notes were first introduced in 1780 when the Province of North Carolina issued the first \$500 bill. Other jurisdictions followed suit, adding \$1,000 notes and at one time even a \$2,000 bill printed by Virginia. Interestingly, most of this currency was only used for intra-government transactions and never issued to the general public. Gold-

backed \$5,000 and \$10,000 bills were released in 1928, then confiscated following President Franklin Roosevelt's repeal of the gold standard in 1933. For some reason, even though the gold standard was done away with the year before, several more gold certificates were issued in 1934, including the largest denomination ever printed for \$100,000. There are only seven known to still be in existence. In researching this story I came across several claims on the internet of people having them for sale, and while I guess it can't be said with 100% certainty that it's impossible, according to the Treasury all 42,000 of those printed have been accounted for, so be extremely cautious thinking you've found a hidden gem. They were never in general circulation and it's actually illegal for a private person to own one! Of the high-denomination that were in general circulation, the Federal Reserve not only discontinued them but started taking them out of circulation back in 1969. They are however still completely considered a legal tender but are now worth far more than the face value. The \$10,000 bill, which is considered rare, with only about 336 still known to exist, depending on condition can fetch anywhere from \$30,000 to \$200,000. These bills actually have an odd figure featured on their face - Salmon P. Chase. Nope, that 's not a President that was left out of the history books. He was actually a big-time political player during the 19th century, served as Chief Justice of the US, had stints as both Ohio's governor and Senator and was Abraham Lincoln's first Secretary of the Treasury. The latter position put him in charge of designing the new US currency in 1861, so historically speaking it makes sense that the Treasury later honored him in some capacity. He also happens to be the very same Chase that Chase National Bank was named after, which then became Chase Manhattan and is now a part of JPMorgan Chase. There are not too many \$5,000 bills still floating around out there either, with only a little over 300 known to exist. Collector prices range from \$10,000 for those in poor condition up to \$100,000 for those in pristine condition. As for the \$500 and \$1,000 bills, only "uncirculated bills" seem to have any real value for collectors, which can often bring close to twice their face value.







LARGEST BILL EVER



Mary Daly... from High School Drop Out to Federal Reserve President

A Freakonomics podcast I recently listened to introduced me to the background of San Francisco Federal Reserve President Mary Daly, whom I admit I knew nothing about beforehand. Daly is actually a high-school drop out who went on to earn her Ph.D. from Syracuse University and now heads the largest of the Federal Reserve's 12 districts. She started her career at the San Francisco Fed in 1996 as a research economist and worked under former Federal Reserve Chair Janet Yellen while she headed the San Francisco Fed between 2004 and 2010. Dr. Daly worked her way through the ranks and was named President of the institution in October of 2018.

She's a very highly respected expert on labor economics and comes at the job with an arguably unique perspective from what one typically expects to find in the upper echelons of the bureaucracy.

Daly was born in Ballwin, Missouri to a lower-middle-class family. Her father was a postal worker and her mother stayed at home. She's rather vague in interviews about her family, but says it "just sort of imploded." Talking to Freakonomics, she explains "What you don't know as a kid is that you're super-close to falling through, and you're just one little hiccup away. And my family had a number of hiccups — health shocks, job shocks, marital shocks, and as a consequence, we fell through."

Her siblings went to live with her grandparents, but she dropped out of high school, moved in with a friend, and began working. She was fifteen. She had aspirations of becoming a bus driver because it was a union job with decent benefits. A mentor suggested she get her GED, so she took the advice. The same mentor then suggested she try going to college. When Daly couldn't afford the tuition, her mentor paid the \$216 for her. She began studying psychology at the University of Missouri-St. Louis but later switched to economics, which she calls "psychology at large."

"So economics is the study of humans. It's mistakenly often thought of as a study of data and finance and math, but it's really the study of people." And she says that the study of people, in the aggregate, is what she really loved doing, so she stuck with it. She ended up earning her bachelor's degree from the University of Missouri-Kansas City in 1985. She later received a master's degree from the University of Illinois Urbana-Champaign in 1987, then a Ph.D. in economics from the Maxwell School at Syracuse University in 1994. She also completed a post-doctoral fellowship at the National Institute of Aging at Northwestern University in 1996.

From there she joined the San Francisco Fed as a research economist, eventually becoming Executive Vice President and Director of Research in 2017. Her research has focused on labor market dynamics and the aggregate and distributional impacts of monetary and fiscal policy. She has published work on economic inequality, wage, and unemployment dynamics, increasing output through workforce development, and disability and retirement policy.

Daly considers herself lucky in that she had support and guidance in getting her where she is today. Freakonomics' Stephen Dubner asked her how that experience has informed the way she approaches her economic research.

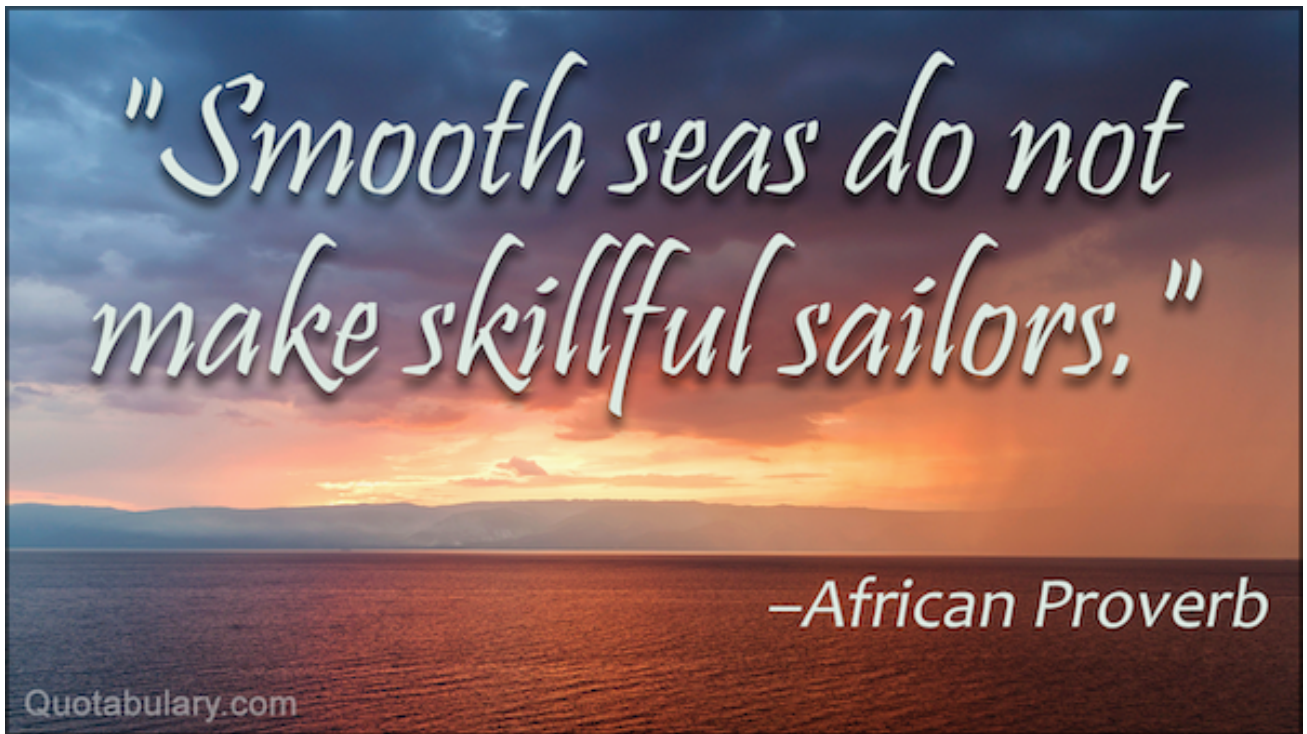
"It made me realize that we're leaving so much talent on the table. Think about full employment. If we have so many people sidelined, and we don't take

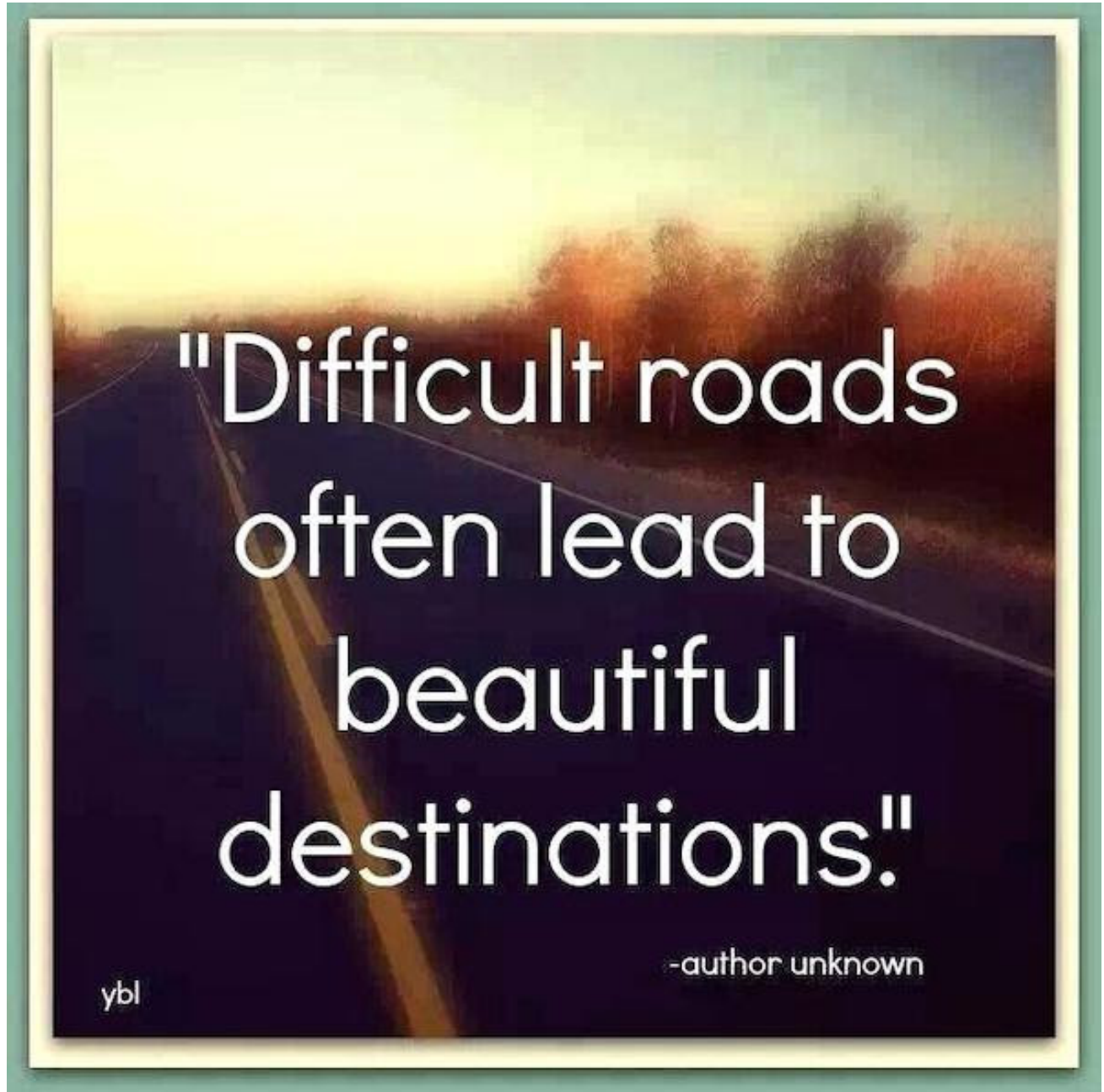
advantage of them, then we're restricting them for sure. But we're also restricting our economy. So it becomes a key theme in everything I do. And it goes all the way back to the time I fell through. If not by good luck and good fortune, I would have been one of those people."

She hosts a podcast called Zip Code Economies, where she travels around her region to find out what's happening on the ground. She describes how in doing that, she discovered her conviction that for economics to really be good, it has to be about people. She explains, "I was a true believer in the profession of my training, that I could look at the data and if I studied it and I did natural experiments and used aggregate data and read everything I could possibly read, that I have a really good line of sight into what the reality of a situation was. And I was totally wrong. Because if we simply study things as data points from a satellite perspective, we will lose some of the contexts. So I was totally wrong about that. And the context matters."

Another thing that stood out to me in the Freakonomics podcast was her answer to a question about how her background helps her look for things that haven't been looked for before when considering good economic policy? "I'm comfortable being uncomfortable. I've only ever swam upstream. So it gives me a sense of freedom to just look. And I don't think that I'm more courageous or that I'm more wonderful or anything. I'm just simply more experienced. And the skill that we can all grow is to just be a little more comfortable being uncomfortable."

I'm amazed at what Mary Daly has been able to achieve in her lifetime and the hurdles she has had to overcome. Again, this story is about an individual overcoming great obstacles and pushing themselves beyond the norm. I later learned, doing more research, Mary Daly is the first openly gay female to be President of one of our nation's Federal Banks. I wonder how many will read that final bit of info and change their overall perspective? If you would like to hear the podcast in full Click [HERE](#). You can also check out the San Francisco Fed's Zip Code Economies podcast series [HERE](#).





ANSWER to riddle: Your voice.



CASH SALES & HEDGING TOTALS

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Corn 2018 Crop

80% SOLD

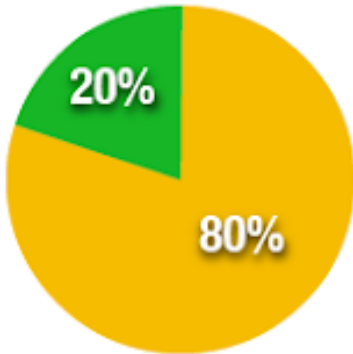
Soybean 2018 Crop

80% SOLD

Wheat 2018 Crop

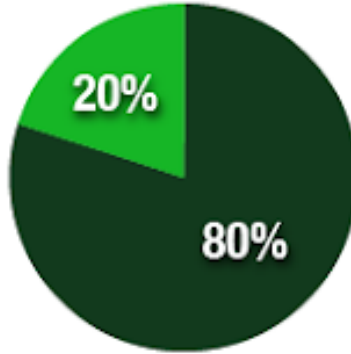
100% SOLD

20% HEDGED
0% UNPROTECTED



Corn 2019 Crop

20% HEDGED
0% UNPROTECTED



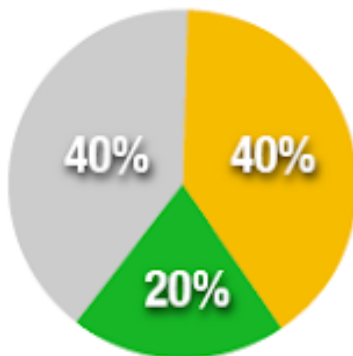
Soybean 2019 Crop

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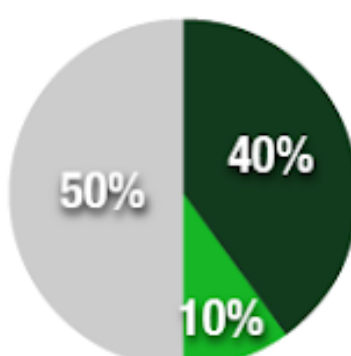
Wheat 2019 Crop

40% SOLD
20% HEDGED
40% UNPROTECTED



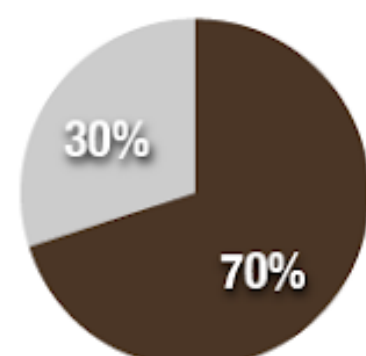
Corn 2020 Crop

40% SOLD
10% HEDGED
50% UNPROTECTED



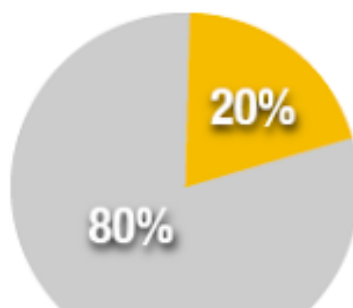
Soybean 2020 Crop

100% SOLD
0% HEDGED
0% UNPROTECTED

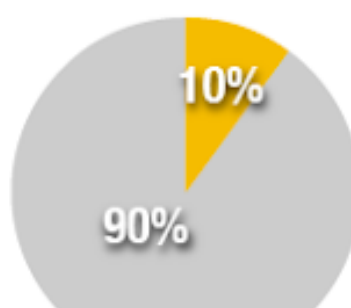


Wheat 2020 Crop

20% SOLD
0% HEDGED
80% UNPROTECTED



10% SOLD
0% HEDGED
90% UNPROTECTED



0% SOLD
0% HEDGED
100% UNPROTECTED



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