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**GOOD MORNING: The Van Trump Report 10-29-19**

1 message

**The Van Trump Report** <reply@vantrumpreport-email.com>

Tue, Oct 29, 2019 at 5:31 AM

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

"In investing, a bull is said to sound like a reckless cheerleader, while a bear always sounds like a sharp mind who has dug past the headlines. Optimism appears oblivious to risks, so by default pessimism looks more intelligent." - **Wharton Professor**

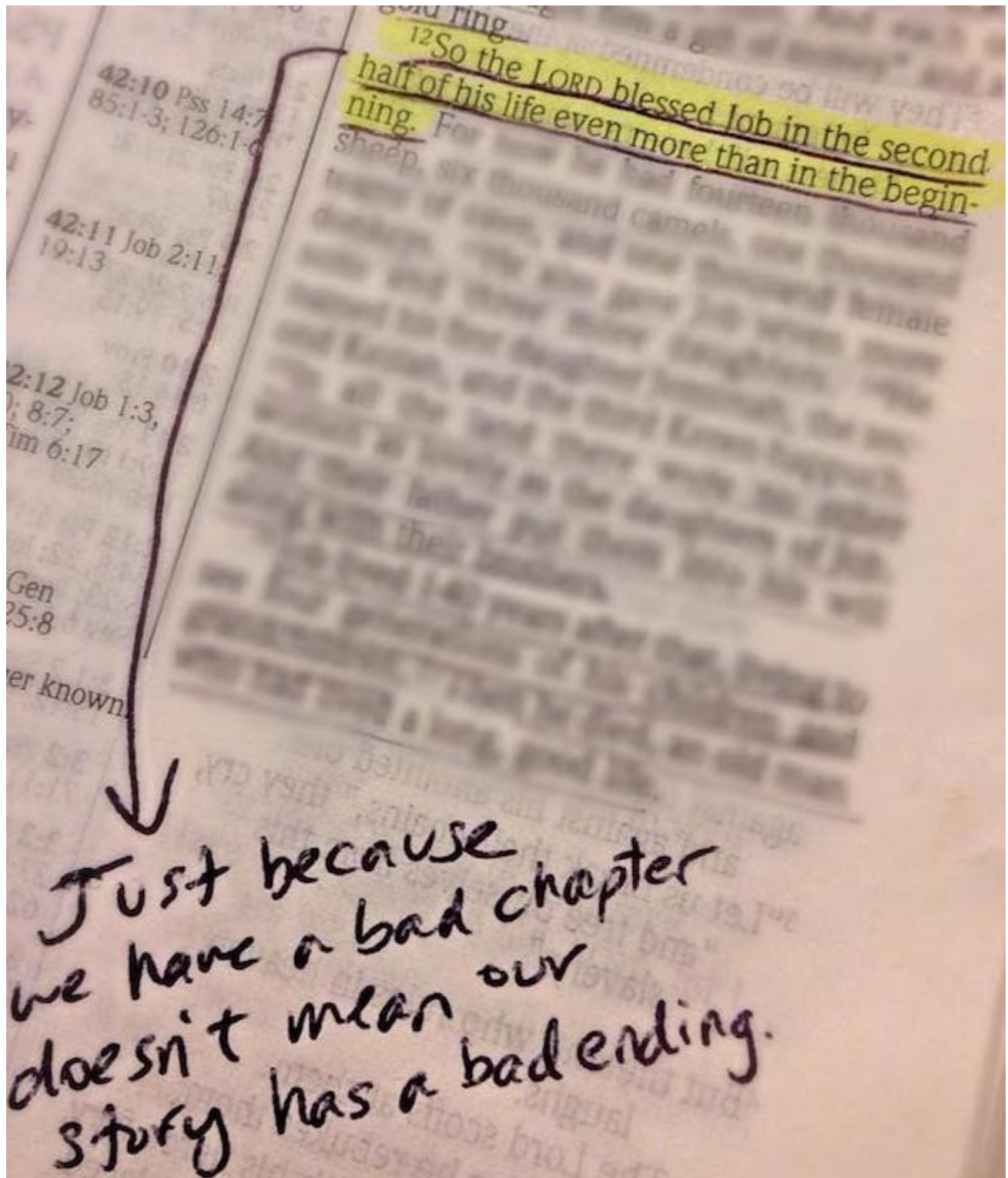
**Tuesday, October 29, 2019**[Printable Copy](#) or [Audio Version](#)

**Morning Summary:** Investors have finally pushed the S&P 500 to a new record high close amid Wall Street's continued optimism surrounding a Chinese trade resolution and better than expected U.S. corporate earnings. The S&P 500 is now up +21% for the year. FYI, today is the 90th anniversary of October 1929's "Black Tuesday" major market crash. Remember, the stock market fell by -43% in 1929 the worst year in market history. From it's peak in September of 1929 to its bottom in June of 1932 the U.S. stock market fell by a whopping -87%. Much more recently, 2008 was the second worst year in stock market history when the market fell by -36%. [Bespoke Investment Group](#) pointed out that it's been a little over three months since the S&P 500 made its last all-time closing high on July

26th. They also pointed out the current bull market has been running now for an amazing 3,885 days and is considered the second-longest on record. We're now more than 1,000 days longer than the bull run that happened between 1949 and 1956 and the bull run between 1974 and 1980. And we are now nearly 2,000 days longer than the bull run that took place between 2002 and 2007. We are also more than double the average bull run in terms of length and overall gains. The average bull run in the stock market posts a gain of +154% and lasts just over 1,700 days vs. this current bull run that has showed a gain of +350% and lasted 3,885 days. While this is tremendously impressive, keep in mind, for this to become the longest bull run in history it would need to keep going for another two years. It would then surpass the massive bull run that lasted from December 1987 to March of 2000 a whopping 13 years and gaining +580%. While I remain a longer-term bull, I actually started banking profits on some of my least favorite holdings and smaller positions. As you've probably noticed through the years, I like to narrow my holdings and clean up loose ends liquidating smaller positions into new all-time highs. This simple strategy has a tendency to make some of my dumber plays seem not nearly as stupid. It's really a psychological play I learned from an old professional trader. If the market continues to rally I'm still holding my largest positions. If the market starts to weaken, I feel good that I tossed out some of my unnecessary baggage and I'm content holding my favorite positions through the storm. The Federal Reserve begins its two-day FOMC meeting today and will release its decision on Wednesday afternoon. Most all sources inside the trade are expecting the Fed to lower interest rates by another quarter-point. Keep in mind, they've already cut their rates twice this year. Refinancing longer-term debt with fixed rates continues to feel like a smart play. Economic data scheduled for release today includes the S&P Corelogic Case-Shiller Home Price Index, Consumer Confidence, and Pending Home Sales. Consumer Confidence is of particular interest right now following a recent decline in Retail Sales. If consumer confidence starts to show signs of weakening, investors will worry that consumer spending will soon follow, in turn increasing the overall odds of a recession. Earnings today will be heavy with scheduled releases from names like Advanced Micro, Allstate, Amgen, BP, Conoco-Phillips, Corning, Electronic Arts, General Motors, Ingersoll-Rand, Kellogg, Mastercard, Merck, Nintendo, and Pfizer.

**Google is Bidding to Buy FitBit:** *Googles parent company Alphabet has made an offer to acquire U.S. wearable device maker Fitbit, as it eyes a slice of the crowded market for fitness trackers and smartwatches. There is no certainty that the negotiations between Google and Fitbit will lead to any deal, the sources said, asking not to be identified because the matter is confidential. The exact price that Google has offered for Fitbit. Fitbit shares rose +27% on the news. You can read more at [Reuters](#)*

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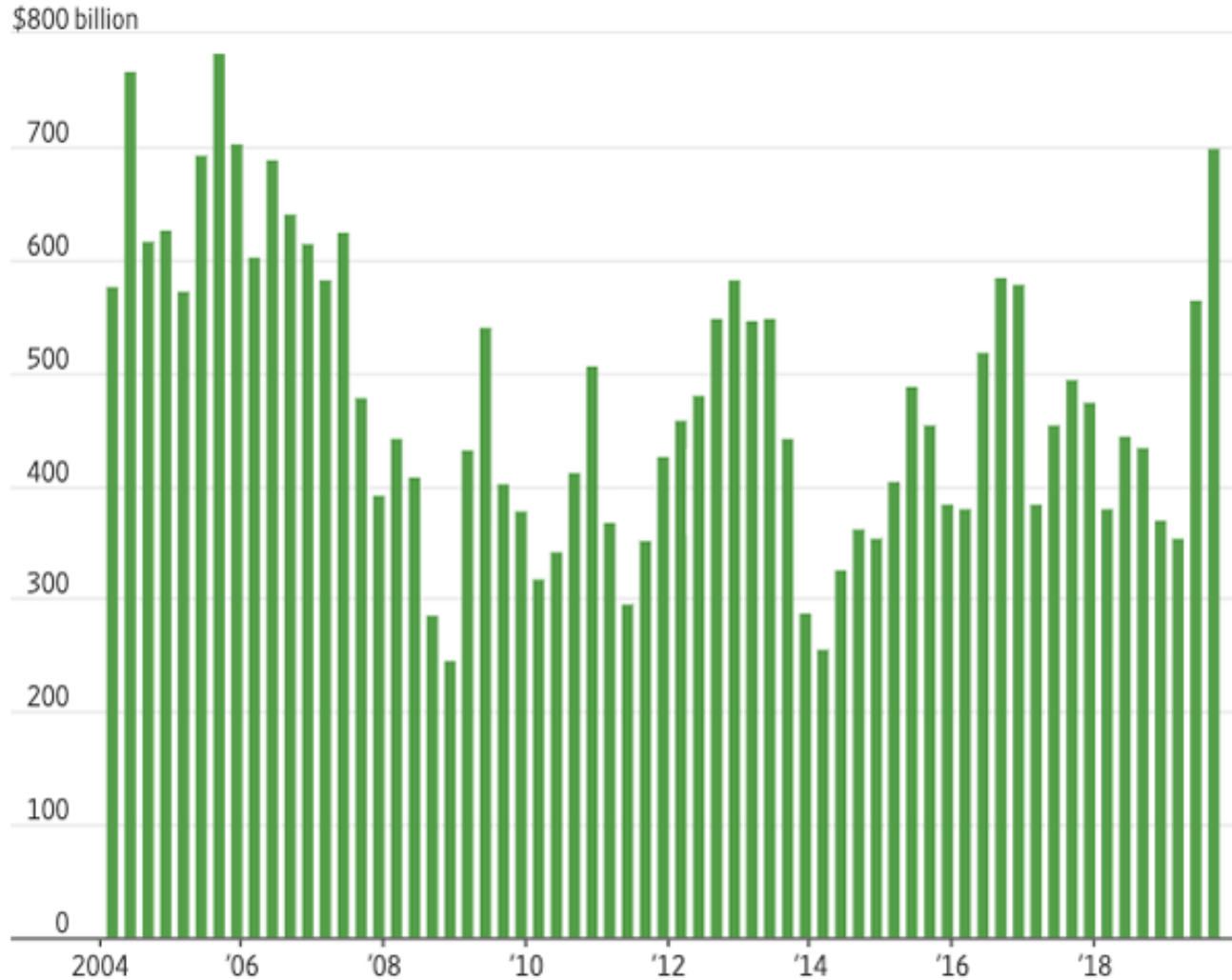
**Beyond Meat Posts a Profit:** *Beyond Meat posted strong earnings and eked out its first quarterly profit, but investors were unimpressed. While the company's earnings and sales topped analysts forecasts Monday, shares of Beyond Meat (BYND) fell 7% in after hours trading. The stock made its Wall Street debut in May at \$25 a share, and soared as high as nearly \$240 before pulling back to its current price of around \$100. That is quadruple the company's initial public offering price, but many Beyond Meat skeptics think the stock is grossly overvalued. Beyond Meat did report a strong quarter. Sales surged 250% from a year ago to \$92 million, and the company had net income of \$4.1 million, compared to a loss of \$9.3 million a year ago. The company also raised its outlook, but investors may have been disappointed because Beyond Meat's new sales guidance of \$265 million to \$275 million for 2019 is only slightly higher than Wall Street's current estimate of \$264 million. Beyond Meat is also feeling the heat from more competition, despite having a leg up on rivals due to distribution agreements with big food retailers like Walmart. Privately-held Impossible Foods has arguably the most popular plant-based product, thanks to its deal with Burger King to sell the Impossible Whopper. Impossible has also started to ship its product to grocery stores. Big Food companies are quickly catching up in the plant-*

*based market share race, too. (Source: CNN)*

**Trump Eases Risks for Banks on False Lending Claims:** *The Trump administration said on Monday it would try to entice banks to offer more mortgages to low-income borrowers by reducing reliance on a Civil War-era law the Obama administration used in the wake of the subprime mortgage crisis to build bad-lending cases against big banks. The U.S. Housing and Urban Development (HUD) and Justice Departments announced they had struck an agreement wherein HUD would handle most enforcement of any violations of the 1863 False Claims Act, which the Justice Department had used to extract billions of dollars from banks. The government is now trying to encourage more banks to offer loans to borrowers eligible for insurance from the Federal Housing Administration (FHA). After the subprime mortgage crisis, former President Barack Obama's Justice Department frequently won multibillion-dollar settlements from big banks using the False Claims Act to build cases. The government argued that banks improperly certified home mortgages as eligible for FHA insurance, leaving the government to pay out insurance when they defaulted. The specter of those settlements drove away many large lenders from offering FHA-eligible loans. Now, banks originate less than 14% of FHA-insured mortgages, down from 45% in 2010, the government said on Monday. In its announcement, HUD said the change was meant to address "uncertain and unanticipated...liability" for banks. (Source: Reuters)*

**Falling Rates Boost Mortgage Market to Precrisis Levels:** *The mortgage market turned red hot over the summer, posting its biggest three months since the financial crisis. Lenders extended \$700 billion of home loans in the July-to-September quarter, the most in 14 years, according to industry research group Inside Mortgage Finance. Mortgage originations for the full year are on pace to hit their highest level since 2006, the peak of the last housing boom. Refinancings kept mortgage lenders busy, though home sales haven't recovered as much as economists expected. Home sales have risen on an annual basis for the past three months, according to the National Association of Realtors, reversing a slowdown that persisted for more than a year. But sales fell about 2% in September from August, indicating the market is struggling to maintain its newfound momentum. A decline in mortgage rates often takes longer to boost home purchases than refinancing because people need to shop for a home first. That could mean a few more months of improving sales as buyers who were drawn back into the market by lower rates continue to close on their purchases. Read more from [The Wall Street Journal](#).*

## Mortgage originations, quarterly



Source: Inside Mortgage Finance

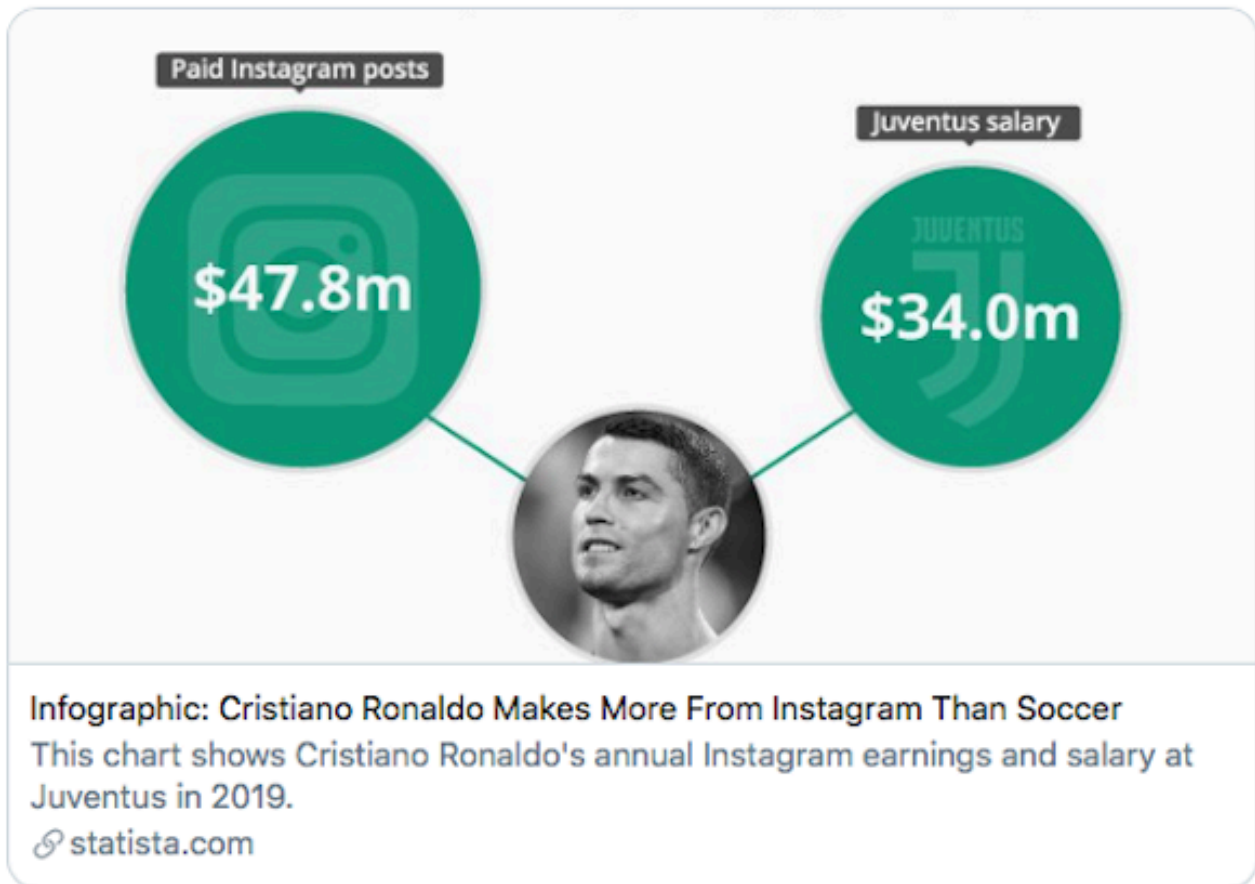
# FARM TANK

Tweets of the Day





## Cristiano Ronaldo makes more money from paid Instagram posts than playing soccer for Juventus.







About 14% of the world's food is lost before it even reaches stores (via [@FAOstatistics](#)) [#WorldFoodDay](#)





**Tom Klosterman**  
@klosterman\_tom



Jimmy having bad day

[#harvest19](#)

[#imoverthisyear](#)

[#AgTwitter](#)





**Adam Ramthun**  
@Adam\_Ramthun



Gets a little more challenging every year to get Nolan up for his combine ride but today was his day.

#harvest19





**Michael Douglas**  
@northdad



The Red River of the North is not going down yet in the northern Red River Valley. This is the corner of MN 220 & Marshall County 5 west of Stephen, MN. Lots of crop under water. [#harvest19](#)







**highheels&fields**  
@lesleyraekelly



The face you make when [#harvest19](#) is done.





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TO SLEEP WITH  
YOUR DREAMS,  
OR WAKE UP AND  
CHASE THEM.



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**Great MINDS THINK ALIKE**

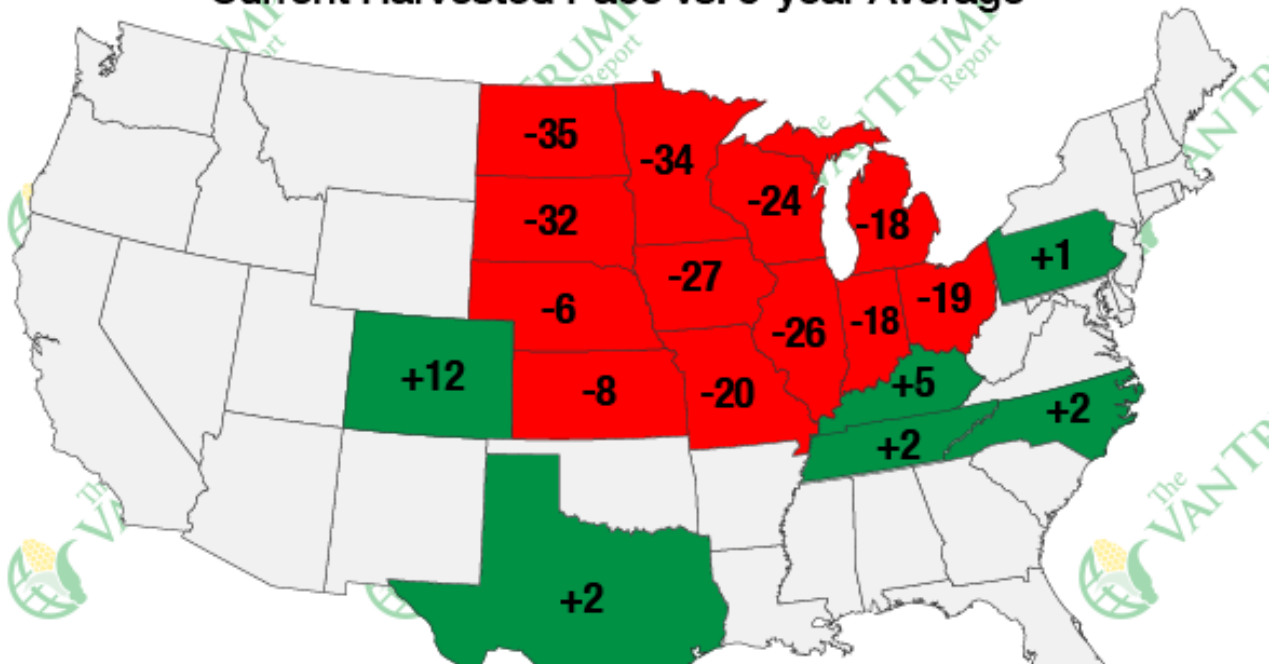
Jan. 15th & 16th, Kansas City, MO - [Click Here to Learn More](#)

**Corn** prices remain in a tight trading range. The USDA showed overall corn conditions improved last week from 56% to 58% rated "Good-to-Excellent". Bears are pointing to the big +9% improvement in the Illinois conditions. South Dakota conditions improved +2%, Indiana and Minnesota conditions improved +1%. Conditions in Nebraska, North Dakota, and Pennsylvania fell by -3%. Colorado conditions fell by -2%, Michigan conditions fell by -1%. The U.S. corn harvest is estimated to be just 41% complete vs 61% historically. North Dakota still only has 6% harvest vs. 41% historically by this date; Wisconsin 13% vs 37% historically; South Dakota only has 14% harvested vs. 46% historically; Minnesota only 22% harvested vs. 56% historically. I have included all of the other state details in the graphics below. Moral of the story, the condition of the crop is improving, but the harvest pace continues to lag, net-net no clear winner, a bit for both the bulls and bears to chew on. As a spec, I continue to hold my net-long positions in the DEC19 contract. As a producer, I still believe there could be a bullish story in the mix

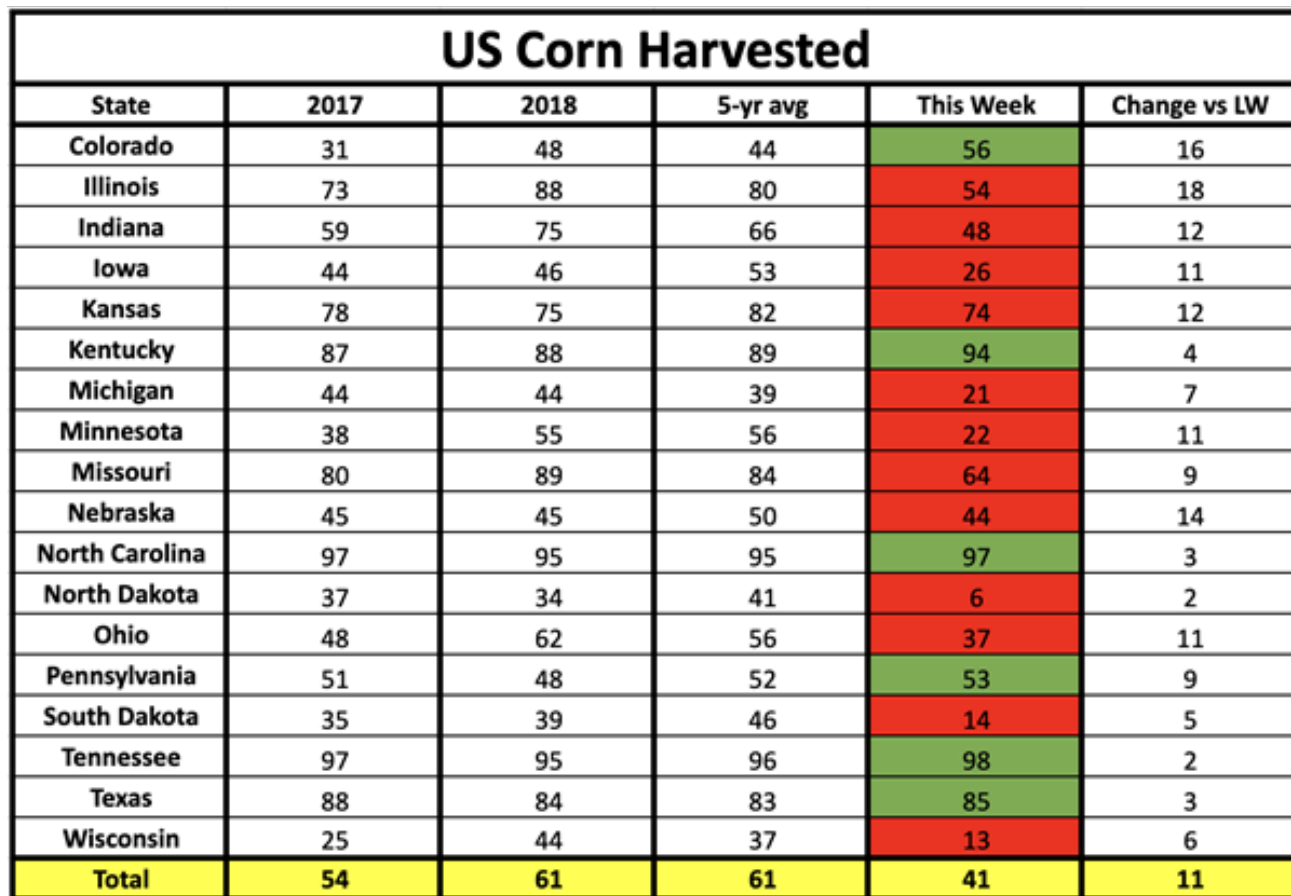
further out on the time horizon. Technically, I'm hoping we don't close sub-\$3.80, which would open the door to \$3.65. For what it's worth, the low in the DEC19 contract was posted back in early-September at \$3.52<sup>2</sup> per bushel. To the upside, heavy resistance is thought to be in play at or around the recent high posted back in mid-October at \$4.02<sup>4</sup>. Remember, as I reported weeks ago, that \$4.00 to \$4.20 area is going to be tough climbing without a major wide-spread weather story or some type of demand interest by the Chinese. I want to believe the downside is fairly limited nearby with Chinese trade negotiations and South American weather in play. Hence the reason I believe we might be stuck in a temporary trading range... Producers who are experiencing a stronger than normal basis should be thinking about selling the cash bushels and reowning the board in some capacity. I'm just worried that once some of the larger elevators or end-users book their early-quota's the basis might start to weaken more aggressively. The elevator owners and larger commercials understand that in this tight margin environment they need to own the bushels in order to make any money, so there's some current competition to secure the ownership of those bushels. If that competition cools the larger players might become more apprehensive in bidding up for your supply, just something to think about as you make your marketing plans. I'm also less enthused about storing a crop that has some quality and moisture concerns, I would rather try and shift that risk of responsibility to someone else.

## U.S. Corn Harvested October 27, 2019 [Week 43]

Current Harvested Pace vs. 5-year Average







The table displays the percentage of corn harvested in various US states for 2017, 2018, a 5-year average, the current week, and the change from the previous week. States are listed in descending order of 2018 harvest percentage. Green highlights indicate an increase from the previous week, while red highlights indicate a decrease.

State	2017	2018	5-yr avg	This Week	Change vs LW
Colorado	31	48	44	56	16
Illinois	73	88	80	54	18
Indiana	59	75	66	48	12
Iowa	44	46	53	26	11
Kansas	78	75	82	74	12
Kentucky	87	88	89	94	4
Michigan	44	44	39	21	7
Minnesota	38	55	56	22	11
Missouri	80	89	84	64	9
Nebraska	45	45	50	44	14
North Carolina	97	95	95	97	3
North Dakota	37	34	41	6	2
Ohio	48	62	56	37	11
Pennsylvania	51	48	52	53	9
South Dakota	35	39	46	14	5
Tennessee	97	95	96	98	2
Texas	88	84	83	85	3
Wisconsin	25	44	37	13	6
<b>Total</b>	<b>54</b>	<b>61</b>	<b>61</b>	<b>41</b>	<b>11</b>

**Soybean** bulls are pointing to big delays in the harvest of U.S. beans, especially in parts of Minnesota, North Dakota, and South Dakota. Keep in mind, only 62% of the U.S. soybean crop is "harvested" and winter weather is now upon our doorstep. In fact, producers in North Dakota are estimated to have only 29% of the crop harvested vs. 91% traditionally; South Dakota has only 53% harvested vs. 90% historically; Minnesota has 62% harvested vs. 93% historically; Wisconsin has only 46% of its crop harvested. vs 73% historically. The USDA also reported that 97% of the U.S. crop is "dropping leaves". We will be keeping our eye on winter weather to the North. Globally, there's some buzz about policy. Obviously, how things play out with the Chinese is of great importance, but we now also have uncertainty in the air in Argentina. There's some fear that producers may rush to dump supply on the market in an effort to unload their stored bushels while the existing government remains in office. There's some belief that the new president and vice president might try to change Argentine ag policy and place larger taxes on bushels being sold for exports. The extra taxes could work to make the Argentine soybeans less competitive in the global marketplace which would be a win longer-term for U.S. exporters. But nearby it could be a pinch as global buyers are tasked with trying to chew through the extra

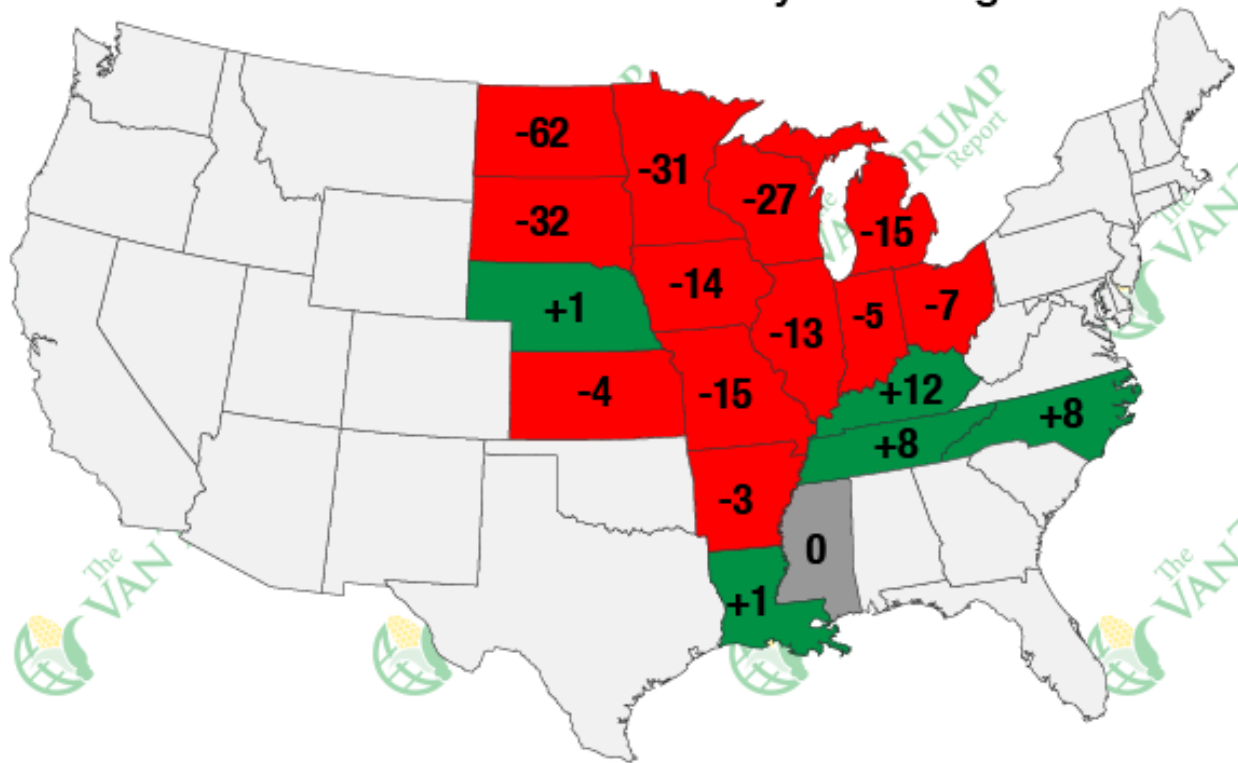
bushels that Argentina has dumped on the world market. As for money flow, the funds remain net-long the soybean market with many sticking to their long soybeans vs. short corn positions. As a spec, I actually exited my long NOV19 soybean positions yesterday. I had been long from prices down in the \$8.60's so I certainly can not complain. I had planned on rolling a portion of those positions to the MAR20 contract but felt I was starting to overthink and overcomplicate that move so I simply exited the entire position. I'm going to gather my thoughts and circle the wagons for a moment. As a producer, I'm paying very close attention, hoping to make some additional cash sales on the next leg higher.

## U.S. Soybeans Harvested

October 27, 2019

[Week 43]

Current Harvested Pace vs. 5-year Average



State	100	75	50	25	0
Michigan	78	62	66	51	14
Minnesota	95	83	93	62	20
Mississippi	94	87	90	90	5
Missouri	63	48	58	43	17
Nebraska	89	71	84	85	25
North Carolina	41	31	31	39	4
North Dakota	96	74	91	29	9
Ohio	85	73	77	70	15
South Dakota	96	73	90	58	25
Tennessee	63	59	64	72	10
Wisconsin	80	57	73	46	14
<b>Total</b>	<b>83</b>	<b>69</b>	<b>78</b>	<b>62</b>	<b>16</b>

**Wheat** traders are debating the USDA's first round of winter crop condition estimates which showed 56% rated "Good-to-Excellent" vs. 53% last year and slightly above the historical average. U.S. winter wheat planting is thought to be 85% complete vs the historical average of 82% by this date. Kansas, who is the nation's top-producing state now has close to 90% planted which is running slightly ahead of schedule. I should also note, the USDA is estimating that 63% of the entire U.S. winter wheat crop is now "emerged" which is slightly below average. As for money-flow, make certain you recognize the funds have recently flipped from a net-short to a net-long position in the SRW wheat contract. They continue to hold small net-short positions in both HRW and Spring wheat contracts. Bears are pointing to the fact global supplies remain record large and U.S. supplies remain burdensome at +1 billion bushels. There's also some talk, similar to corn and soybeans, that political shifts and changes in Argentina could create a wave of nearby farmer selling. Simply stated, Argentine producers might opt to make more cash sales now, ahead of any major policy changes, rather than waiting to see what the new leaders deliver. There's just not a lot fresh or new to report. Globally I could argue that weather is "mixed". Overall conditions in the Black Sea region and parts of Eastern Europe have improved a bit on some recent rainfall. The rains in Canada have slowed in several locations which should start providing more harvest opportunities. Technically, it still feels like the DEC19 SRW wheat contract is trapped in the \$5.00 to \$5.40 range. The DEC19 HRW wheat contract feels comfortable between \$4.00 and \$4.40 per bushel. Spring wheat seems comfortable in the \$5.00 to \$5.60 range.



## U.S. Winter Wheat Planted

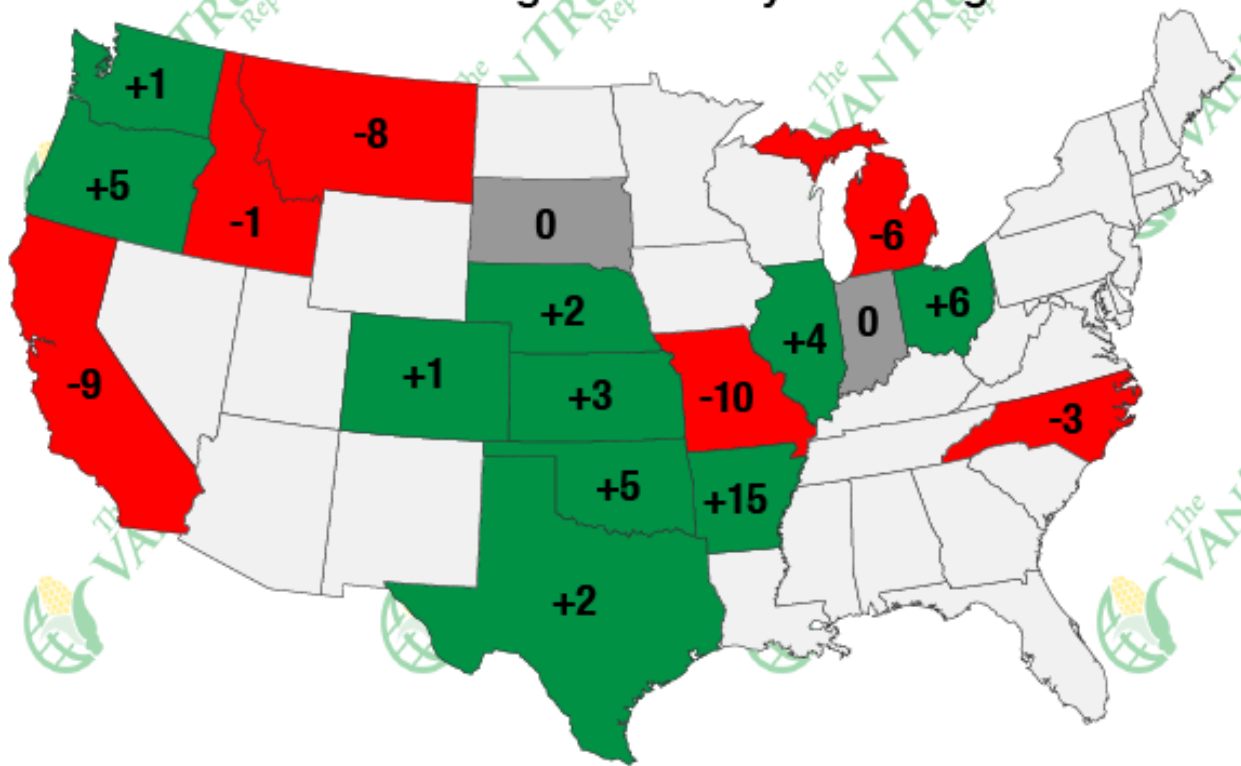


**U.S. Winter Wheat Planted**

October 27, 2019

[Week 43]

Current Planting Pace vs. 5-year Average

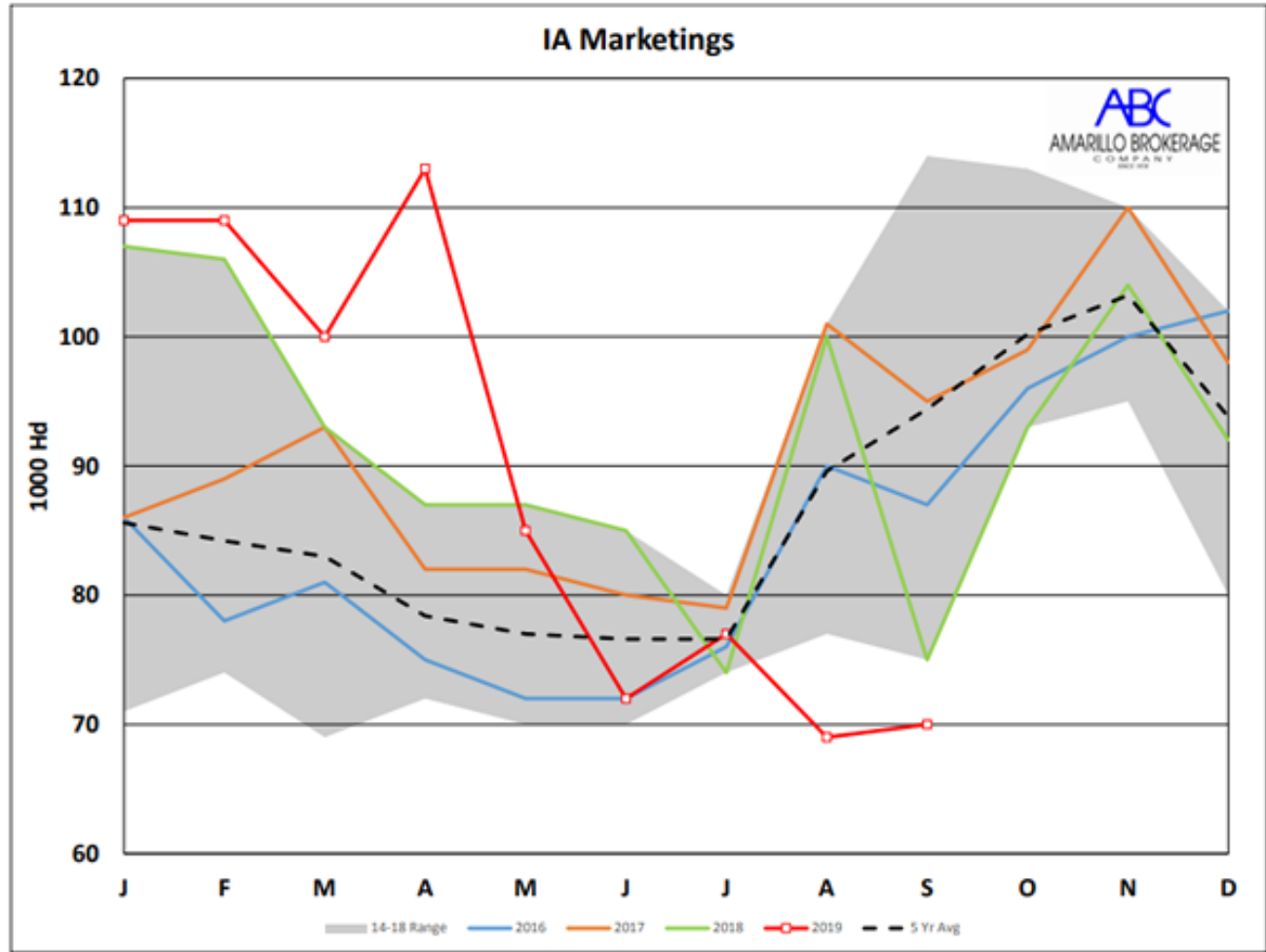
**US Winter Wheat Planted**

State	2017	2018	5-yr avg	This Week	Change vs LW
Arkansas	66	48	52	67	20
California	30	29	34	25	5
Colorado	97	96	97	98	1
Idaho	100	98	96	95	12
Illinois	76	71	71	75	12
Indiana	81	80	78	78	16
Kansas	84	75	85	88	11
Michigan	92	79	84	78	13
Missouri	55	47	53	43	10
Montana	95	93	95	87	7
Nebraska	98	95	98	100	2
North Carolina	39	19	25	22	9
Ohio	91	82	85	91	8
Oklahoma	83	78	84	89	9
Oregon	89	79	85	90	5
South Dakota	98	94	97	97	2
Texas	79	66	72	74	6
Washington	91	93	93	94	8



Total	84	77	82	85	8
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**Cattle** on feed data were released this past Friday afternoon and mostly came in near pre-report expectations. Interesting things to note are that southern (TX and KS) on feed numbers remain historically massive. Nebraska has moved into third for total cattle on feed numbers behind Texas and Kansas. Iowa marketings have moved from historically high to historically low since the peak in April. As we begin this week, we are looking back on a slightly disappointing cash trade as the National avg steer brought 110.07/CWT. The southern trade was 109-110.00/CWT and northern 109-112.00/CWT. The south had a better clean-up trade last week which should help remain current as we work our way into large November supplies. Numbers of cattle for sale this week were approximately 6,000 head higher lead by TX formula and NE cash supplies. The comprehensive beef report showed an uptick in price to 216.29/CWT but on lighter volume from weaker forward and export sales. We are nearing the seasonal beef top from a timing standpoint and should start to see some of the forward middle demand stalls ahead of the holiday season. Shifting our focus to futures markets, there are a variety of factors that are both interesting and impactful. Deliveries against the Oct19 LC futures contract trickled in last week and most were demanded with 2.00/CWT. As of this writing, it appears that more were tendered tonight in the south. We are beginning our eighth consecutive higher week of trade since making our lows post-plant fire. The technical momentum is no-doubt higher and bulls are feeling very comfortable with the look of the chart. The non-commercial short was very short near the lows and are working their way into a more normal position. Additionally, the non-commercial long was not nearly long as normal and is just now starting to get major long term buy signals. Intermingled in all the positional analysis is the commercial short. The commercial short is simply put, the hedger. The hedger was less short/underhedged than we typically see this player. This matters in this scenario because in most natural cases, the hedger takes on the speculative buying from the non-commercial crowd. In the current setup, we are seeing more aggressive speculative buying and less resting paper in the market to absorb it. Trey Warnock - [Amarillo Brokerage Company](#)





**> Biofuel Hearings Scheduled for this Week:** *The EPA's biofuel blending waivers for oil refiners will be front and center this week, between a House hearing on Tuesday and the agency's public meeting on Wednesday. The House Energy and Commerce Committee will hold a subcommittee hearing on the Trump administration's moves to exempt oil refiners from blending requirements under the Renewable Fuel Standard, a practice that has enraged corn growers and biofuel producers who say they're losing demand and complain ethanol plants are being idled or shuttered. The title of tomorrow's hearing is "Protecting the RFS: The Trump Administration's Abuse of Secret Waivers." On Wednesday, the EPA is hosting a public meeting on the proposed supplemental biofuel rule in Ypsilanti, Mich., where officials are sure to get an earful from both sides of the issue. Biofuel producers are begging the administration to rethink the proposal — and even threatening legal action if the rule is finalized. (Source: Politico)*

**> Argentine Farmers Have Questions for Their New President:** *Argentina's farmers have some questions for President-elect Alberto Fernandez, after the center-left Peronist won a decisive election on Sunday, ousting business-friendly leader Mauricio Macri. The farming sector is Argentina's biggest driver of exports and much-needed overseas currency, and will be key as Fernandez looks to right an economy mired in recession for much of the past year and stave off default on rising debts. Fernandez is seen as a pragmatist and moderate but will enter the presidential palace alongside running mate Cristina Fernandez de Kirchner, the*

former president, who battled with the farm sector during her two-term administration from 2007 to 2015. Farmers remember well the high taxes on overseas sales and export caps under Fernandez de Kirchner, who was in power before Macri moved to ease the burden on exporters. Fernandez de Kirchner also imposed strict quotas, or limits, on international corn and wheat shipments. The policy was meant to ensure ample domestic food supplies, but did little to keep prices under control. If you are looking for a deeper understanding about the possible impact of the Argentine Presidential election, this is a great place to start - Click [HERE](#).

**> Corps to Release More Missouri River Water Later into Fall:** The Corps of Engineers continues to release a lot of water from the upper basin of the Missouri River. John Remus is chief of Missouri River Basin Water management and spoke with Brownfield at the recent Corps meeting in Jefferson City, Missouri, "The reason we're releasing what we're releasing is to evacuate the flood control storage in the reservoirs so we're fully prepared for the runoff in 2020 in the upper basin. We are looking at fairly wet soils throughout most of the basins and VERY wet soils in the upper basins." Flood management remains the Corps' top priority, "If we can release more water later into the fall we're going to try and do that. It kind of depends on how cold it gets and when it gets cold in North Dakota, South Dakota and Montana." In the spring, Remus says they'll be as aggressive as they can without adding to flooding. The National Weather Service says there's an increased probability of rain in the Missouri River region over the next four months. Levee repair has just begun in the Omaha district. In the Kansas City district, there's still too much flooding. Listen to the full interview with [Brownfield Ag News](#).

**> Lawmakers Introduce Real MEAT Act:** In an attempt to uphold truthful labeling on alternative meat products, Congressman Roger Marshall, M.D., (R., Kan.), along with Congressman Anthony Brindisi (D., N.Y.), introduced The Real Marketing Edible Artificials Truthfully (MEAT) Act, to address deceptive labeling practices in alternative protein products Monday. The Real MEAT Act will codify the definition of beef for labeling purposes, reinforce existing misbranding provisions to eliminate consumer confusion, and enhance enforcement measures available to the U.S. Department of Agriculture (USDA) if the Food and Drug Administration (FDA) fails to take appropriate action. Marshall says, "For years now, alternative protein products have confused many consumers with misleading packaging and creative names for products. With this bill, consumers can be sure that the meat products they are buying are indeed real meat." The Real MEAT Act would establish a Federal definition of beef that applies to food labels and reinforce misbranding provisions to eliminate consumer confusion. It would also enhance the federal government's ability to enforce the law. The National Cattlemen's Beef Association and the Kansas Livestock Association have both issued statements supporting the proposed law. Read more [HERE](#).



**> Anti-Anxiety Med Recalled Due to "Foreign Substance" and Infection Risk:** *In case you missed it, Mylan Pharmaceuticals Inc. is recalling one lot of the anti-anxiety medication alprazolam -- commonly sold under the brand name Xanax -- "due to the potential presence of foreign substance," the company said. The company said the likelihood that someone would fall ill "is expected to be rare, but the remote risk of infection to a patient cannot be ruled out." Mylan declined to provide additional information about the product or foreign substance. The voluntary recall includes a single lot of bottles, each containing 500 0.5-milligram tablets, that were distributed in the United States between July and August. The lot number affected was 8082708, and the expiration date is listed as September 2020. More details are available [HERE](#).*

**> Amazon Expected to Challenge Loss of \$10 Pentagon Contract:** *Amazon may fight the Pentagon's decision to award a highly contested \$10 billion cloud computing contract to Microsoft as early as next week. A challenge to the Defense Department's award announced Friday is widely expected by legal experts, especially after President Donald Trump publicly derided Amazon's bid for the high-stakes contract. For over a year, the acrimonious contract-award process for the Joint Enterprise Defense Infrastructure (JEDI) contract, set off a showdown among Amazon, Microsoft, Oracle, and IBM, and involved conflict of interest allegations, legal challenges and intense lobbying. In a statement, Amazon Web Services said it was "surprised about this conclusion." A person familiar with the matter told Reuters the company is considering options for protesting the award. Amazon is likely to fight the decision if only to show it is serious about its government contracting business, some of the attorneys and analysts said. Down the road, the company is likely to focus on winning cloud contracts from the Central Intelligence Agency. Amazon already has one \$600 million CIA contract. (Source: Reuters)*

**> Nashville's Mayor Wants to End Government Handouts to Slow Growth:** *Nashville has been a poster child for economic development, the good and the bad. Tax breaks and cash incentives have flowed. Tourists, sports teams and conventioners have come. Hotels and restaurants have bloomed. And now Amazon is erecting a pair of towers downtown to house 5,000 new employees. But progress and growth come with their own problems. Over 15 years, the population has grown by 19 people a day on average—from 588,512 residents in 2003 to 692,587 in 2018—as folks stream in to take jobs in health care, autos, banking and more. Home prices rose; public services sputtered; traffic clogged. Growing pains are now as plentiful as the honky-tonks lining the city's Broadway. Big business, once the object of Nashville's desire, is increasingly seen as a source of ills. Skyscrapers and luxury housing developments are everywhere, yet city leaders can't balance a budget. A surprising deficit, reported in 2018, has given Nashville a cold shower. "People are saying, 'We were told one story, and now*

*we're dealt this slap in the face," said John Geer, a Vanderbilt political science professor who co-wrote the study. Nashville Mayor John Cooper aims to fix the problem by curbing the subsidies that lure big business. And some say that corporations need to be paying attention to how it plays out, as Nashville is hardly the only city wrestling with these problems. Read more from [The Wall Street Journal](#).*

**> Macallan Bottle Sells for \$1.9 Million, Breaking World Record Again:** *The last few years have seen a constant shattering for the record of most expensive whisky bottle ever purchased. In recent years, the record has been held by a Macallan bottle. Until this past weekend, that record was a cool \$1.2 million for a bottle of 60 year old Macallan originally distilled in 1926. That eye-wateringly expensive record has now been shattered...by another Macallan bottle that came from the same cask. The difference is that the first bottle featured a hand-painted design by Irish artist Michael Dillon, while this one is part of an official series, The Macallan Fine and Rare. Originally estimated to sell for \$550,000 as part of a Sotheby's auction, the actual sale of the whisky destroyed that estimation and went for \$1.9 million. Bottles from this cask are known as 'The Holy Grail' for high end collectors. Read all about it from [Forbes](#).*

**> Research Indicates Dog Lovers Live Longer:** *New studies published in the journal Circulation suggest that dog ownership does wonders for cardiovascular health. The ownership of a dog was linked to a 21 percent decrease in the risk of death over a 12-year period studied among people with heart disease. The signal appears causal as well, and researchers are coming to believe that dogs improve health, though a randomized trial — where half a group gets dogs and half gets stuffed animals — is not exactly feasible. Instead, these studies looked at data from dog owners and people without pets from national registries in Europe. They found dogs push owners to spend more time outdoors and have a proven effect on depression and anxiety. The researchers admit that some of the effect is because healthier people own dogs but believe dog companionship is a relatively low risk "intervention" that could have a substantial mortality benefit. (Source: NPR)*

**> Climate Change is Hitting the Insurance Industry Hard:** *Little known but crucial to commerce, reinsurers act as backstops of the global economy. They insure major multinationals, huge industrial facilities, and vast portfolios of risk that first-line insurance companies decide they need to hedge. That makes them leading indicators of the condition of capitalism. Today, the threat that particularly worries Swiss Re is one that, like essentially every other company on the planet, it hasn't figured out how to accurately quantify, let alone to combat: climate change. For the insurance industry, global warming has advanced from a future ecological challenge to a present financial shock. Together, total losses to the economy from natural catastrophes and "man-made disasters" reached \$165 billion in 2018; that followed a 2017 that, at \$350 billion, cost more than twice as much. As a result, according to the Swiss Re Institute, the company's research arm, 2017 and 2018*

were for insurers the most-expensive two-year period of such catastrophes on record, requiring them to fork over \$219 billion globally in checks. The economic impact from catastrophes in 2018 alone was "shocking," Christian Mumenthaler, Swiss Re's chief executive, told shareholders this past March, in the company's 2018 annual report. And Swiss Re is convinced, Mumenthaler made clear, that the trend is linked to rising temperatures. Read the full article [HERE](#).

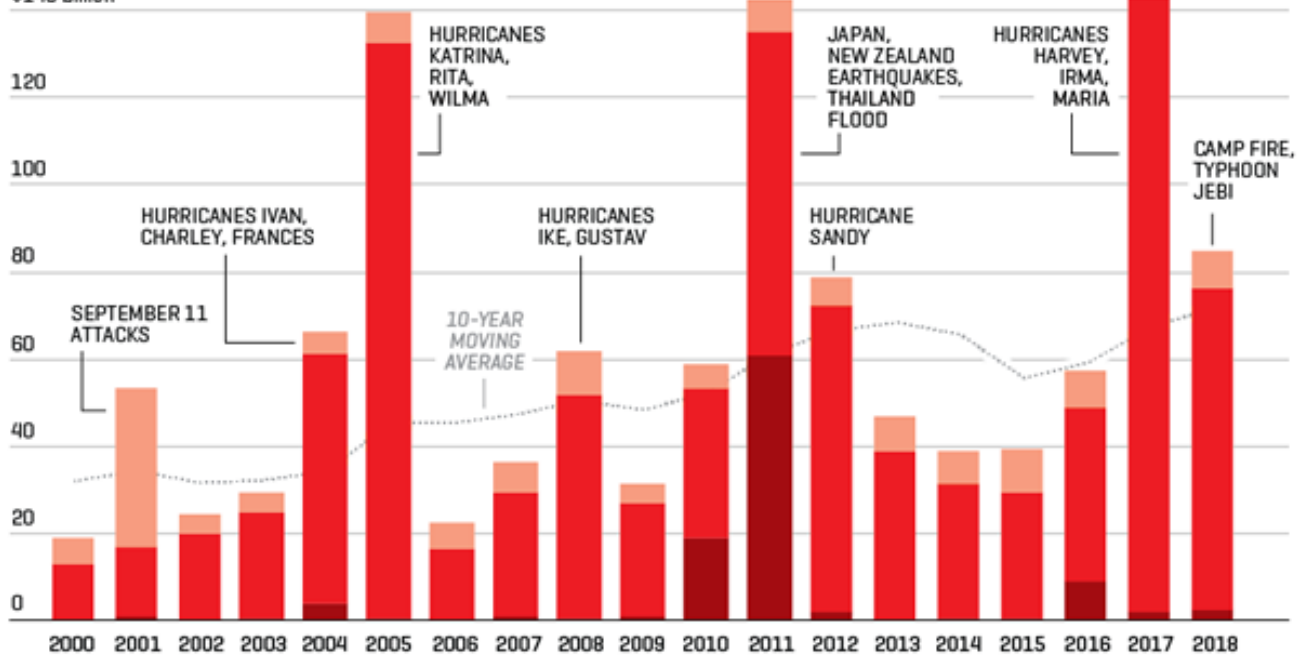
## RISING SEAS AND COSTS

Hurricanes and other weather events linked to climate change have helped fuel an ominous increase in losses from natural disasters.

### INSURED CATASTROPHE LOSSES (2018 dollars)

■ EARTHQUAKE/Tsunami ■ WEATHER-RELATED DISASTERS ■ MAN-MADE DISASTERS

\$140 billion



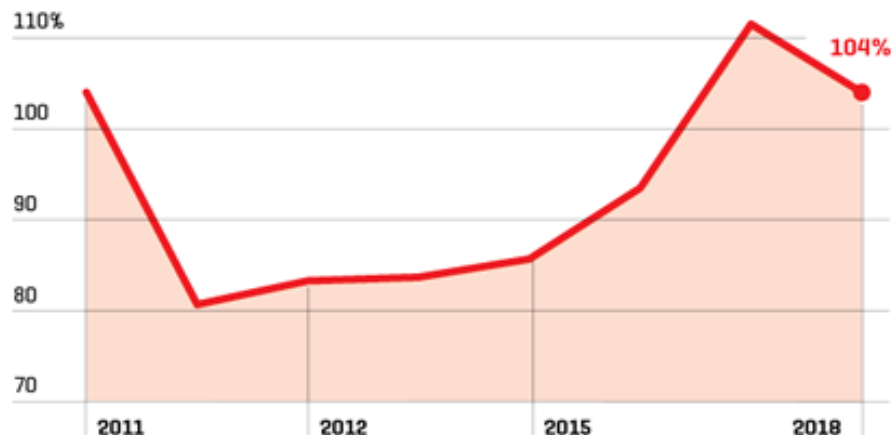
SOURCE: SWISS RE INSTITUTE

## RED ALERT

Swiss Re's payouts for natural disasters have outstripped premium income in some recent years. (A figure higher than 100% represents a loss for the year in the category.)

### PAYMENTS FROM DISASTERS AS A SHARE OF PREMIUM INCOME

SOURCE: SWISS RE INSTITUTE



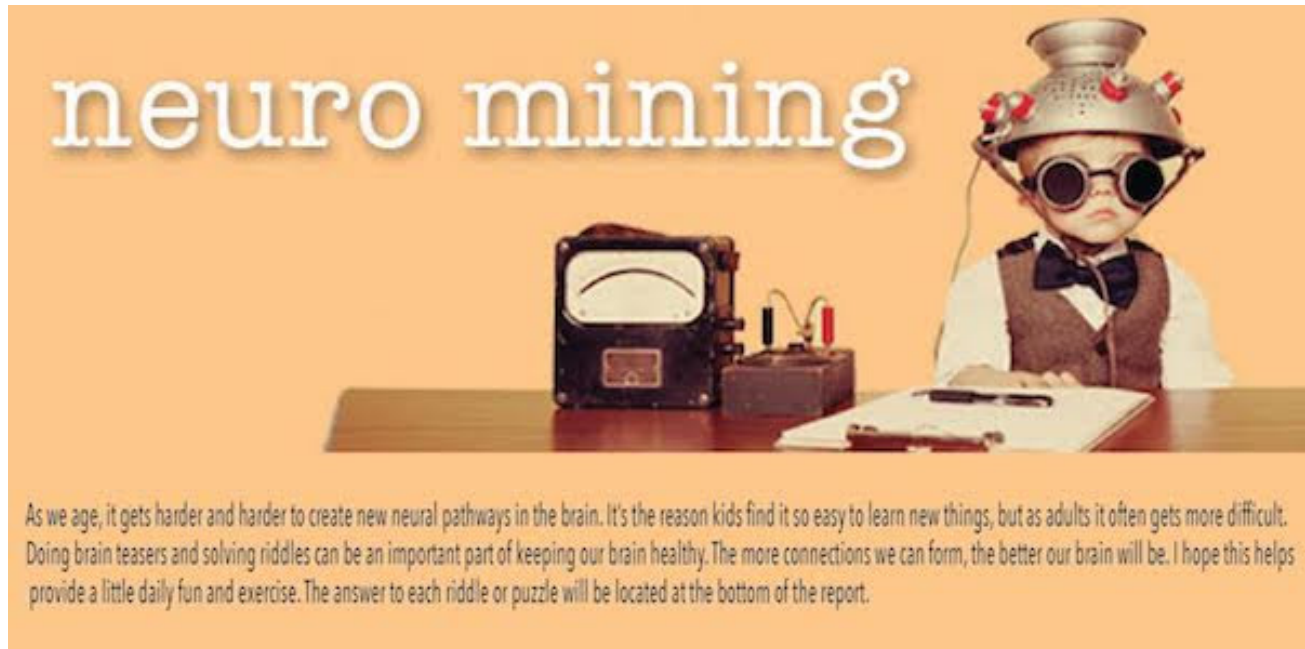


**Northeast Colorado** - *To give you an idea of acres affected by the recent winds, I have heard that every field in a particular water district was affected between 5-10% yield lost on top of a year that was already down 15% minimum in this area or roughly 30 bushels per acre. In the particular water district I'm familiar with, there are 4,000 wells that average 130 acres per field directly affected by the winds. That's 520,000 acres in just one water district. If you look at the other one there are at least another 500k acres that were affected by the winds south of us and that's a conservative estimate. This doesn't even include the dryland corn in both areas. I would conservatively estimate that Colorado alone could have seen 1.5 million acres that were affected in some shape or fashion by the storm last week. This doesn't include the acres that were dinged up in both Nebraska and Kansas. I would say this is the most disappointing year we have seen that I can remember in my lengthy farming career. Based on what I'm hearing and seeing in my fields as well as talking to other larger producers, the USDA could easily drop 50 million bushels off our production from just last week's storm alone, and again that only includes Colorado. To make a bad situation worse we are currently in the midst of a snowstorm that has dropped 3 inches of snow before lunch, Monday.*

**West Central Illinois** - *We are half done with beans and the yields have been running 52-74 bushels per acre. The April planted beans are down on yield a little bit from previous years, but I'm surprised with June planted beans being better than we thought. We are roughly 33% done with corn. It has been all April planted corn harvested so far. It's running 205-235 bushels per acre, which is off from the past couple of record years but good for the year. We haven't gotten to any June planted corn yet. Still too wet. The concern is if it will dry down or not.*

**South Central Nebraska** - *The harvest is winding down in south central Nebraska. The consensus is that although the corn crop is good, it's still down roughly 12-15% from last year, which was expected considering our planting and growing conditions. Most corn was planted in April with almost none later than May 15th this year. The real story is soybeans. The beans are down across the board. I have heard guys talking about yields that are down 15 bushels from their APH on a normal year.*





**TODAY'S RIDDLE:** It takes one word to separate them; otherwise they are inseparable. What are they?



### **One of the Most Important Ag Facilities in America!**

The USDA recently announced its pick for the Director of the National Bio and Agro-Defense Facility (NBAF), a state-of-the-art USDA research and diagnostic facility designed to protect the nation's agricultural systems and stakeholders against the threat and potential impact of serious animal diseases. It's a significant milestone for what will eventually be one of the most important facilities in the U.S.

Dr. Alfonso Clavijo was appointed as the facilities first director on October 1, which will play a crucial role in not just overseeing the NBAF but also "ensuring the smooth transition of responsibility from DHS to USDA once the 574,000 square-

foot facility becomes fully operational in 2023."

According to the USDA, prior to his appointment at NBAF, Clavijo served as Laboratory Executive Director of the Canadian Food Inspection Agency's (CFIA) National Centres for Animal Disease. He also directed the management of biosafety level (BSL) 2-4 facilities that allow for the contained study of pathogens that cause foreign animal diseases, including foot-and-mouth, African swine fever, classical swine fever, and highly pathogenic avian influenza.

The NBAF facility in Manhattan, Kansas, will replace the Plum Island Animal Disease Center in New York, which the U.S. government says is nearing the end of its lifecycle. Plum Island began operating in the 50s and is literally an island off the coast of Long Island. It was established in order to study foot-and-mouth disease (FMD) in cattle following outbreaks in Mexico and Canada in 1954. Foot-and-mouth disease was eradicated from the U.S. in 1929 (with the exception of the stocks within the Plum Island center) but is currently endemic to many parts of the world.

For those not familiar, FMD is a highly contagious disease of cloven-hoofed animals including cattle, pigs, sheep, and can cause enormous economic losses. It has serious impacts on livestock trade as a single case of FMD can lead to a country being barred from international trade for extended periods of time. It's considered one of the most difficult animal diseases to control due to its highly contagious nature and ability to spread rapidly. Although there are effective vaccines against it, they must be matched to the specific type and subtype of the virus, which is highly variable and new variants occur regularly.

Between March and July 1997, FMD struck Taiwan for the first time in sixty years. The disease, which apparently originated on the Chinese mainland, spread like wildfire throughout Taiwan. Over a period of six weeks, FMD virus infected a total of 6,147 pig farms, decimating the country's huge swine industry. The price of Taiwanese hogs dropped 60 percent within a week, and the export market to Japan collapsed. Bringing the epidemic under control required the slaughter of some 4 million pigs at a cost of more than \$6 billion, and some 50,000 workers in the swine industry lost their jobs. The Taiwanese swine industry never recovered. Before the 1997 outbreak Taiwan was one of the world's leading pork exporters, but today it is a net importer.

The NBAF facility will be the country's front line of defense against FMD and other "high-consequence biological threats." In the wake of 9/11, federal officials decided the United States needed a new, state-of-the-art facility to defend against bioterrorism and stop diseases that could devastate the country's farm economy and threaten human lives.

The NBAF facility is not without its critics, chief among them being that work on FMD and other dangerous diseases can not be performed as safely on the mainland. Plum Island has experienced FMD outbreaks of its own, including one in 1978 in which the disease was released to animals outside the center, and two incidents in 2004 in which foot-and-mouth disease was released within the center. NBAF's location in Kansas is also controversial because it is in such close proximity to major cattle and agricultural states, which some say would make it harder to contain any leaks. And of course, there are also budget overruns, as seems to be the case with most government projects. The original budget of \$440 million has ballooned to around \$1.25 billion, partly due to needing stronger walls and barriers to prevent diseases from escaping.

Construction was originally slated to be completed in 2018 but has been delayed until sometime in 2022. Operations from the Plum Island facility are currently scheduled to be fully transferred by 2023. The NBAF site is near the Kansas State University Biosecurity Research Institute (BRI), which has actually already begun work on Hog Cholera (Classical Swine Fever; CSF) and 3 other NBAF diseases. This work will eventually be transitioned to the NBAF. The \$1.25 billion facility is a biosafety level-4 laboratory, which is the highest level of biosafety precautions. Plum Island's highest rated lab is level-3. (Sources: USDA, Wikipedia, ESU Bulletin)



## VITAL TO AMERICA'S HOMELAND SECURITY!



**KANSAS STATE**  
UNIVERSITY

# \$1.25 BILLION TOTAL COST





### **Great Story & Great Lessons From "Under Armour" Founder!**

Under Armour CEO Kevin Plank announced last week that he was stepping down as chief executive from the company he founded 23 years ago. I thought this would be a great time to review his amazing story of success and discuss a few lessons learned.

After finishing up college in 1996 as a so-so linebacker for the University of Maryland, Kevin Plank, at age 23, rounded up his life savings of \$17,000, which he made while selling roses at bars late at night and t-shirts at concerts, to start a business out of his grandmother's house. Within one year he ended up about - \$40,000 in credit card debt spread across five cards and was officially broke.

While playing sports through the years Plank had become frustrated by his sweat-soaked cotton T-shirts' and the inability to keep himself dry and comfortable. He searched for a synthetic material that would wick the sweat from his body. He tried several prototypes before deciding on the one material he wanted to use. He then asked his former teammates to try on the shirts, claiming that his alternative

to a cotton T-shirt would help their on-field performance.

As his friends and acquaintances moved on to play professionally, he would send them T-shirts, requesting that they pass them out to their other friends and players in their locker rooms. Within just a few years his new company called "Under Armour" was doing millions in sales. His first official big sale was to Georgia Tech for about \$17,000 in late-1997, just before he was about to tap out. Two dozen NFL teams soon followed suit. At the end of his second year, he had sold \$100,000 in product.

In 1998, Under Armour is asked to create cool and unique uniforms for the movie "Any Given Sunday". The movie ends up being a huge hit and the buzz around Under Armour starts to spread. By 2002 the company starts to be carried in 2,500 retail stores. In 2003, Under Armour's first television advertisement featured a football squad huddled around Plank's former University of Maryland teammate Eric Ogbogu, shouting "We must protect this house." The phrase became a sales slogan and battle cry for Under Armour.

A couple of years later, Plank was attending the Masters Golf Tournament and spotted one of the contestants, early in the tournament, wearing one of his Under Armour shirts. The story is after the golfer officially made the cut and was guaranteed to play in Saturday and Sunday's final two rounds, Plank approached him and offered him \$8,000 to wear the Under Armour shirts the final two days.

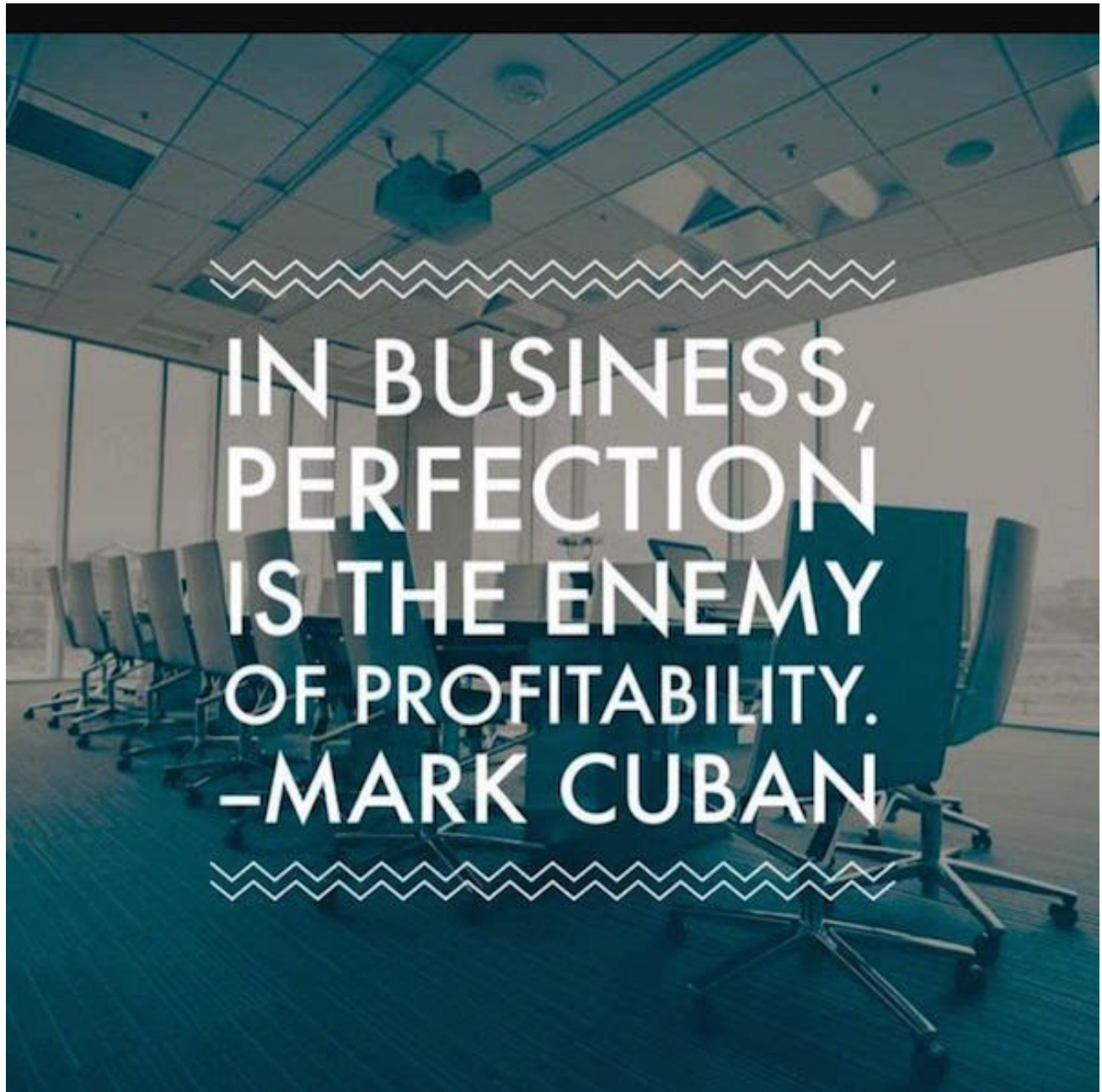
Ironically, Plank had to get a couple of his buddies who were at the event with him to team up so they could get \$8,000 collectively out of the ATMs to pay the golfer to wear the clothes for the weekend. Plank told ESPN in 2015. "That's who we were and who we are. We find an angle and we go after it." Today the company has scored endorsement deals with high-profile athletes including Steph Curry, Tom Brady, Jordan Spieth, Michael Phelps, Cam Newton, and Lindsey Vonn to name a few.

In 2010 the company's revenue first exceeded +\$1 billion. Revenue recorded this past year exceeded +\$5 billion. The company now employees more than 6,000 people.

Plank will transition to executive chairman and brand chief on January 1. He will be replaced as CEO by the company's chief operating officer, Patrik Frisk. Below are a few of Plank's Top Rules for Business Success **along with a few of my comments and insights on the subject.**

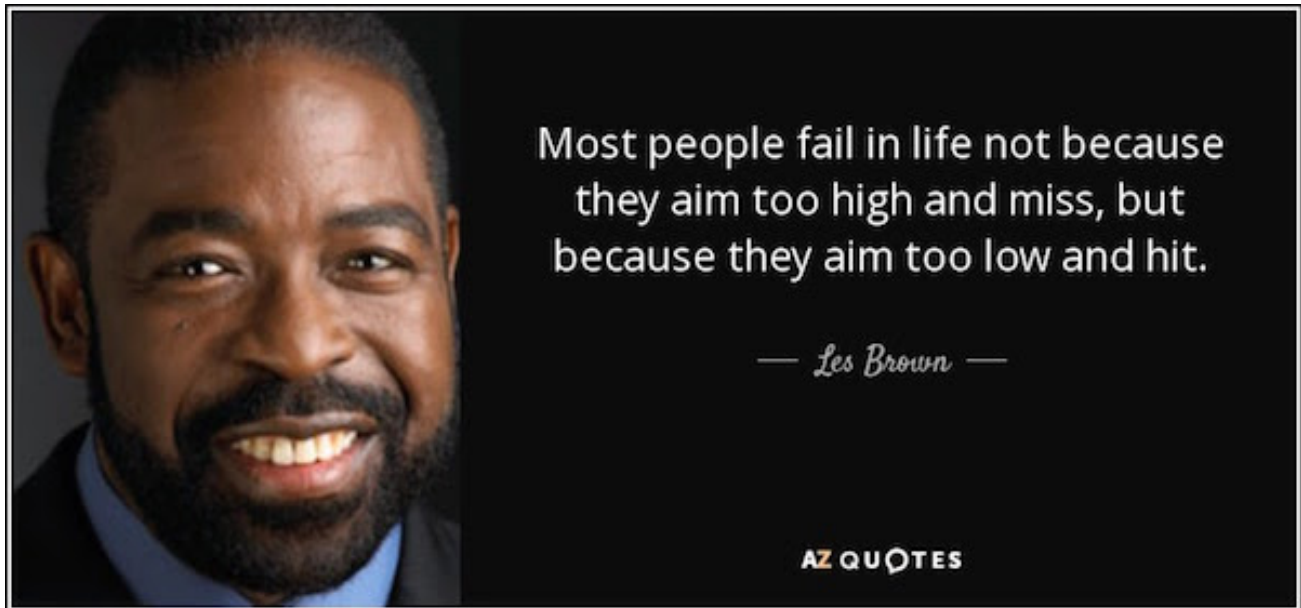
**Perfection is the Enemy of Innovation:** *Too many people sit around not wanting to roll out their idea or product because it's not quite ready or not quite 100% perfect. I once heard Bill Gates say that perhaps his most important move was psychologically being alright with releasing "version*

*1.0". He always thought he could add just a bit more or make a certain software just a bit better, but recognized early on that releasing version 1.0 was mission-critical. If he wouldn't have psychologically gotten his mind around that concept, he would have never met the deadline for MS-DOS or Windows 95, etc... His window of opportunity would have opened and then closed. It was imperative that he moved forward and made adjustments on the fly.*



**Aim High In Case You Hit It!** *Great leaders need to be making sure there's enough runway for their team to take off. Geat leaders have to make certain they never limit the idea, opportunity, or vision of their staff. Make certain your team is thinking about things that are big enough. Don't allow them to*

*get lost in the weeds. It's just as easy to try and solve big problems as it is little problems. Keep them focused on the big stuff!*



**Find Your Darth Vader!** *Every great company or lead character has to have a nemesis. Harley Davidson made a great resurgence in the 80's going after the Japanese bike manufacturers like Honda, Yamaha, Suzuki, etc... They built an entire campaign around being a badass and riding a Harley. They ran ads featuring gang members from the Hells Angels and Missing Links riding Harley's. They tried to aggressively differentiate themselves from those clients who were riding Japanese bikes. Apple also hit a massive home run by trying to differentiate themselves from the conventional pc makers. In other words, Luke Skywalker would have never been so wildly popular if it hadn't been for Darth Vader.*



"Sometimes  
God will put a  
Goliath in your  
life, for you to  
find the David  
within you."

**Why Not You?** *Plank believes most people massively underestimate what they are capable of. In almost every speech Plank has given regarding business success, he says, "I was always smart enough, to be naive enough, to not know what we could not accomplish."*



**You Have to Get the People Right and Build the Right Culture:** *Meaning you and your business can only be as good as the people you hire and surround yourself with. Hire the best and try to get them to bring some of their most successful friends along on the journey.*





We decided that if we get the culture right, most of the stuff, like building a brand around delivering the very best customer service, will just take care of itself.

— Tony Hsieh —

AZ QUOTES

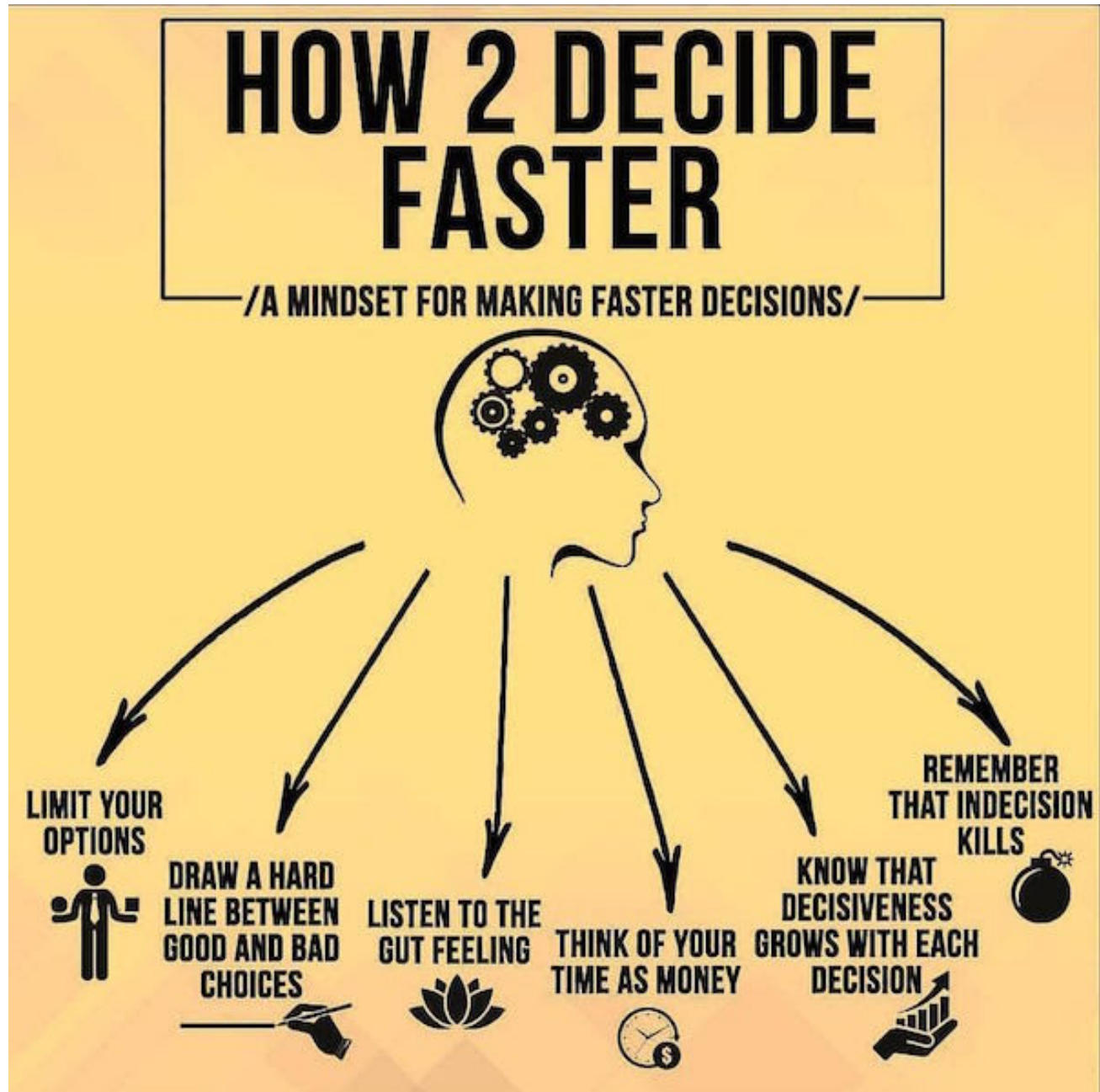
"You can never hire the right people too early. And too often you hire them too late"

Sheryl Sandberg



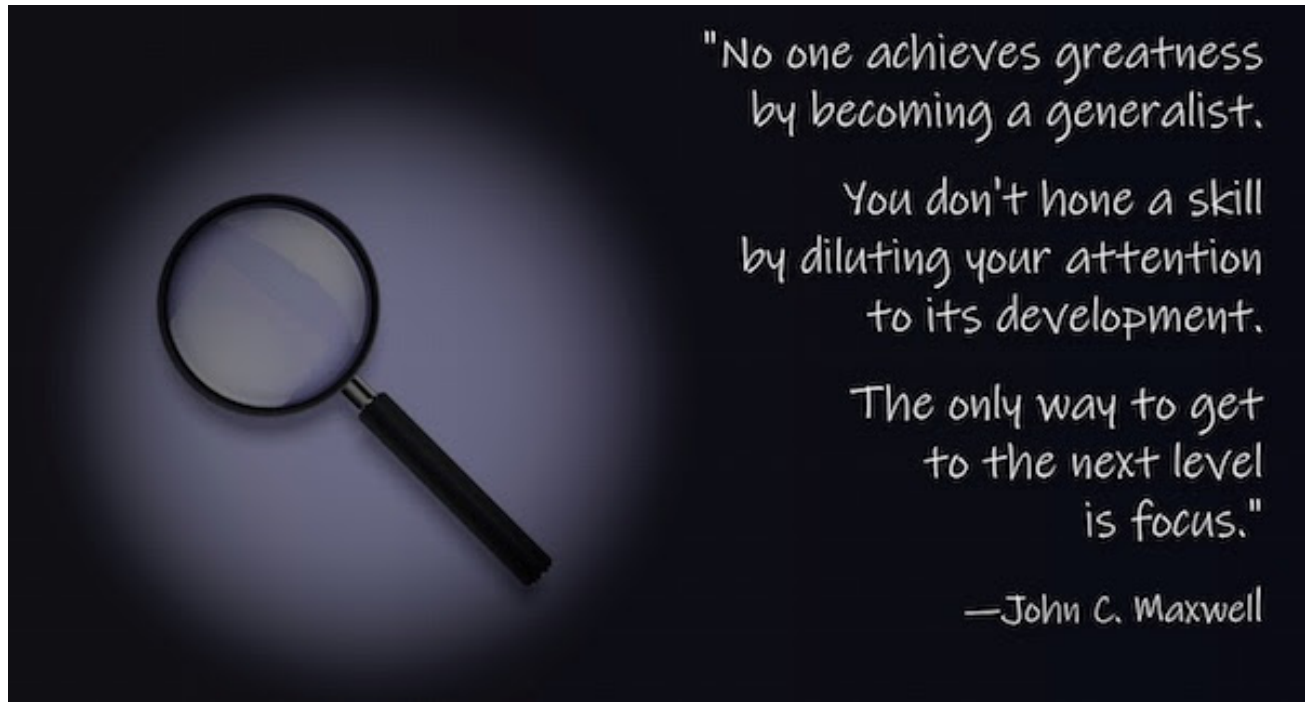


**Make Faster Decisions:** *Similar to Amazon founder, Jeff Bezos, Kevin Plank believes in the importance of making decisions more quickly than most of your competition. I couldn't agree more. Most often times we are trying to make decisions about the "water" while standing on the side of the shore. In other words, simply decided to either jump in or not jump in because more than likely your theory is going to change once you actually get in the water and start swimming. Too often we slow ourselves down trying to analyze and make decisions about events that we haven't tried first-hand.*



**Focus is the Absolute Key to Success:** Plank believes the #1 key to his success and others has been their ability to focus. I would agree. I constantly remind my children about how you start a fire by using a magnifying glass, you have to keep it very still and in one place, directly in line with the sun. If you move the magnifying glass all over the place nothing will ever get hot! From 1996 to 2000 Under Armour had basically one product, the short sleeve wicking t-shirt, and became great based on that "one thing". Nike was the same when they first started. Microsoft the same when they first started. Focus on that "one key thing" was the absolute key to their success!





**Fight Like Your Life and Family Depends On It...** because it does!



**ANSWER to riddle:** Your lips.

*"We can't solve problems by using the same kind of thinking we used when we created them."*  
– Albert Einstein

*"It's not a faith in technology. It's faith in people."*  
– Steve Jobs

*"The truest drive comes from doing what you love."* – Peter Diamandis

*"Don't be afraid to fill it."*  
Hock

*"The good..."*  
– Jo

*"Creativity is..."*  
curiosity is sta

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Conference for Creative Minds in Agriculture

**Get the idea**

*"Our goals can only be reached through a vehicle of a plan, in which we must fervently believe, and upon which we must vigorously act. There is no other route to success."*  
– Pablo Picasso

*"How the plan, and you'll... successful you can... on't have a plan. That's... to beat most folks."*  
ar Bryant

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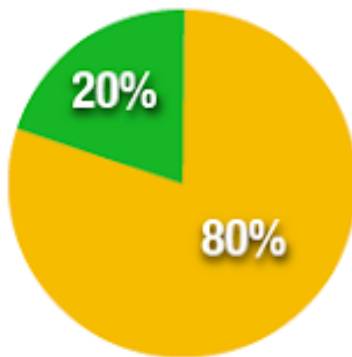
**CASH SALES & HEDGING TOTALS**



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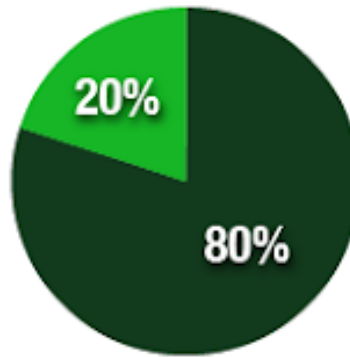
### Corn 2018 Crop

80% SOLD  
20% HEDGED  
0% UNPROTECTED



### Soybean 2018 Crop

80% SOLD  
20% HEDGED  
0% UNPROTECTED



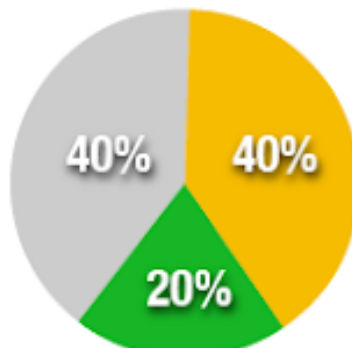
### Wheat 2018 Crop

100% SOLD  
0% HEDGED  
0% UNPROTECTED



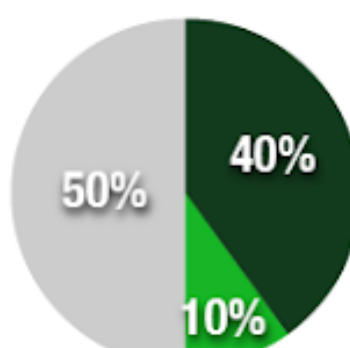
### Corn 2019 Crop

40% SOLD  
20% HEDGED  
40% UNPROTECTED



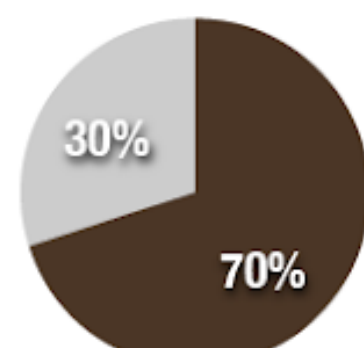
### Soybean 2019 Crop

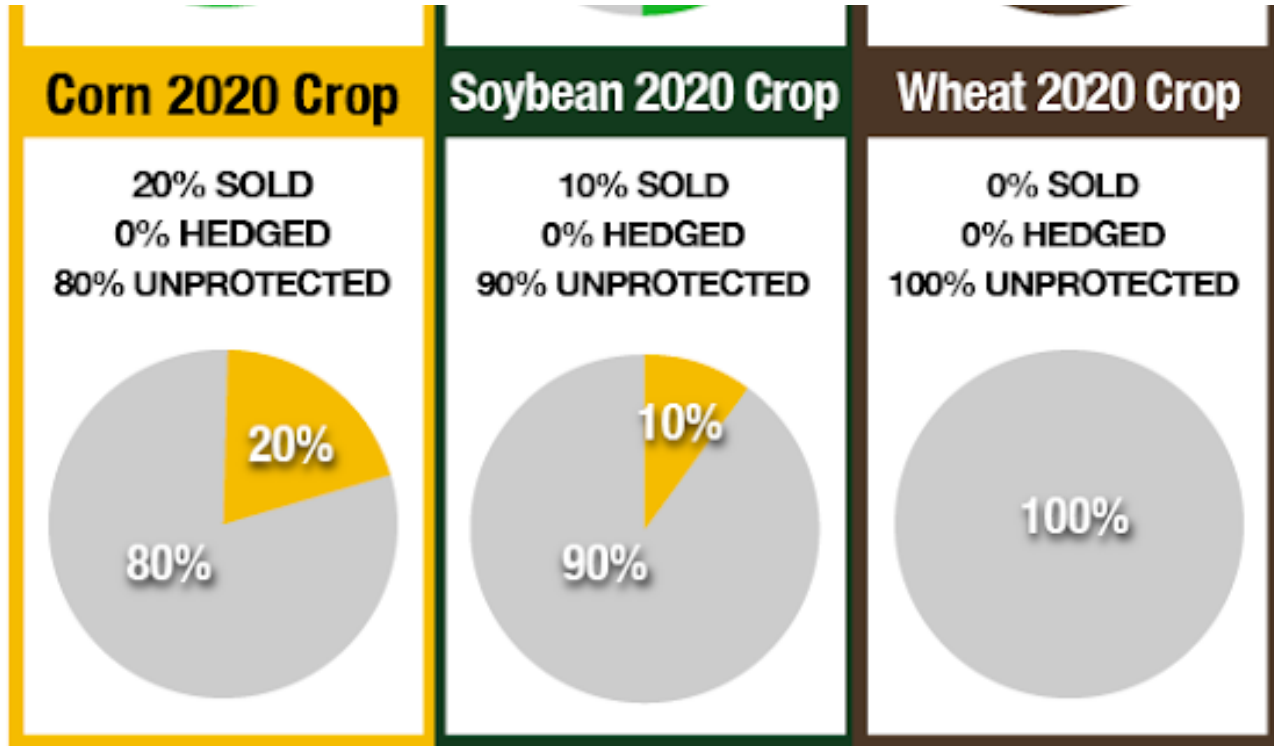
40% SOLD  
10% HEDGED  
50% UNPROTECTED



### Wheat 2019 Crop

100% SOLD  
0% HEDGED  
0% UNPROTECTED





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