



Josh Knight <josh@farmdirection.com>

GOOD MORNING: The Van Trump Report 11-4-19

1 message

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

Mon, Nov 4, 2019 at 6:51 AM

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"A great future doesn't require a great past." - **William Chapman**

Monday, November 4, 2019

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Morning Summary: Investors start the month of November with the S&P 500 and Nasdaq trading at new record highs, In fact, the S&P 500 hit three new record closing highs last week thanks in large part to better-than-expected U.S. corporate earnings. More specifically, the S&P 500 is now up +22% since the start of 2019, led by a +36% gain in the technology sector. Apple shares have surged +62% year-to-date, followed by Microsoft's gain of +41%. Real estate shares are the second-largest gainer, rising +26%. To this point, just over 70% of the S&P 500 companies have reported Q3 earnings, which are now on track to decline -2.7%, up from a decline of -3.8% at the start of last week. Analysts however are optimistic that results will improve even further and are now projecting U.S. company earnings will decline just -0.8%, according to IBES Refinitiv. Some of the big names reporting today include Marriott, Nutrien, Occidental Petroleum, Pioneer Natural Resources, Prudential, Ryanair, Shake Shack, Sprint, Uber, and Under

Armour. Investor concerns about the U.S. economy have eased somewhat recently, following a better-than-expected jobs report Friday showing payrolls rose +128,000 with unemployment ticking up slightly to 3.6%. The report also included large upward revisions to the prior two months results for a net gain of +95,000 jobs. Average hourly earnings rose during the month too, bringing the year-on-year gain to +3.0% from a previous +2.9%. Manufacturing was the big weak spot but analysts believe that is just a temporary setback resulting from the GM strike. Manufacturing reports released Friday showed activity actually improved slightly in October with the closely watched ISM Manufacturing Index edging up to 48.3 from a previous 47.8. Today's key economic data includes Factory Orders and Motor Vehicle Sales. The only Fed speaker on the calendar is San Francisco Fed President Mary Daly. Several Fed members delivered speeches on Friday with the overall message being that the central bank's decisions to cut rates this year have accomplished what they were intended to do - provide support for the U.S. economy. Fed Vice Chair Richard Clarida said both the economy and Fed monetary policy are "in a good place," which also reinforces Wall Street's expectation that the central bank is taking a break from further rate cuts. CME's FedWatch Tool shows investors give a December rate hike just an 11% probability, with that jumping to 35% for a January 2020 cut and a 44% probability that the Fed will cut rates again in March 2020. As for the U.S. and Chinese trade deal, everything still sounds like it's moving right along. In fact, President Trump even told reporters this past weekend that Iowa was now being considered as the place he and Xi might choose to sign "Phase 1" of a trade deal. U.S. Commerce Secretary Wilbur Ross is also saying the trade pact with China appears to be in good shape and is likely to be signed around mid-November.

Google Buys Fitbit! *Alphabet's Google has reached a deal to buy wearable fitness products company Fitbit for roughly \$2.1 billion, an acquisition which would extend the internet-search giant's reach in consumer electronics.*

Made Me Laugh *I received this over the weekend and it made me laugh. Thought you might also find it very fitting and amusing.*





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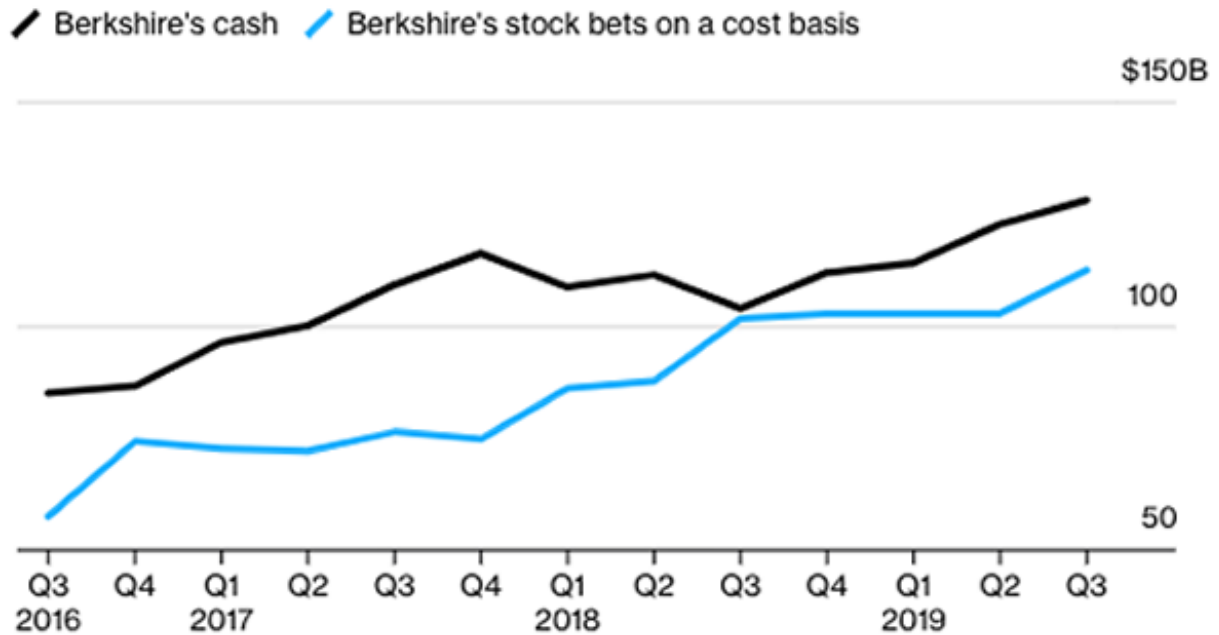
Wealthy Investors' are Holding More Cash Amid Trade War and Politics Worries: *UBS's most recent Global Wealth Management Investor Sentiment survey says high net worth individuals and business owners globally are slightly more optimistic on the economy and stocks but are concerned about the trade war and holding more money in cash. The survey, which polled more than 4,600 wealthy investors and entrepreneurs in 18 markets, saw confidence tick up at the end of the third quarter. Fifty-three percent expressed optimism on the global economy and 61% on their own region's economy. Both figures were up two percentage points quarter over quarter. Fifty-six percent were bullish on their own region's stocks, up one percentage point. However, 73% of respondents said market volatility from the trade war concerned them. As a result, 34% said they were shifting more money to cash - making this the most popular reaction to trade developments among respondents. This tempered optimism was also in evidence among business owners. Thirty-four percent said they were planning to hire new workers, down five percentage points. Forty-four percent said a global recession was highly likely in the next six months. If anything, however, respondents globally were even more concerned about political dynamics in their home market, at 47% of respondents versus 44% who expressed concern over a global trade war. The concern was especially prevalent in the US, with 60% worried about domestic politics versus 44% over trade. The full report is available [HERE](#).*

U.S. May Not Need to Impose Auto Tariffs this Month: *The United States may not need to impose tariffs on imported vehicles later this month after holding "good conversations" with automakers in the European Union, Japan and Korea, U.S. Commerce Secretary Wilbur Ross said in an interview published on Sunday. The United States must decide by Nov. 14 whether to impose threatened U.S. national security tariffs of as much as 25% on vehicles and parts. The tariffs have already been delayed once by six months, and trade experts say that could happen again. Ross told Bloomberg in an interview that the Trump administration hoped to avoid imposing the tariffs after discussing capital investment plans with automakers. "Our hope is that the negotiations we have been having with individual companies about their capital investment plans will bear enough fruit that it may not be necessary to put the 232 (tariffs) fully into effect, may not even be necessary to put it partly in effect," Ross said. The United States has already signed trade deals with Japan and South Korea that appeared likely to stave off auto tariffs, but its talks with the EU have been moving forward more slowly. (Source: Reuters)*

Berkshire Hathaway Earnings Bring New Records on Profit and Cash: *Warren Buffett's third quarter in many ways marked a new peak. To start, Berkshire Hathaway Inc.'s operating profit topped its best levels. That was lifted by record earnings from BNSF railroad, his biggest-ever acquisition. Gains on his stock bets pushed the conglomerate's 2019 net income to a staggering \$52 billion, making Berkshire the most profitable public company in the world. And the legendary investor now has more cash than ever to play with: \$128 billion, also a new record. Buffett's cash pile climbed again in the quarter, and his liquidity brings him potentially lucrative deals like crisis-era bets on Goldman Sachs Group Inc. and General Electric Co., and the third quarter's \$10 billion investment in Occidental Petroleum Corp. that allowed a deal with Anadarko Petroleum Corp. But aside from the Occidental bet, Buffett was a net seller of stocks in the quarter and deals spurred by turmoil are harder to find with the S&P 500 Index hitting fresh highs. The period also provided examples of the limits Buffett faces in trying to put cash to use to continue the outsized growth that made him famous. He's pushed further into financial stocks, but in his two biggest stakes, he's right around regulatory caps on bank ownership. Buffett has conceded that the immediate prospects for buying up businesses isn't good amid "sky-high" prices. But he said he still hungers for an "elephant-sized acquisition." Read more from [Bloomberg](#).*

Cash Machine

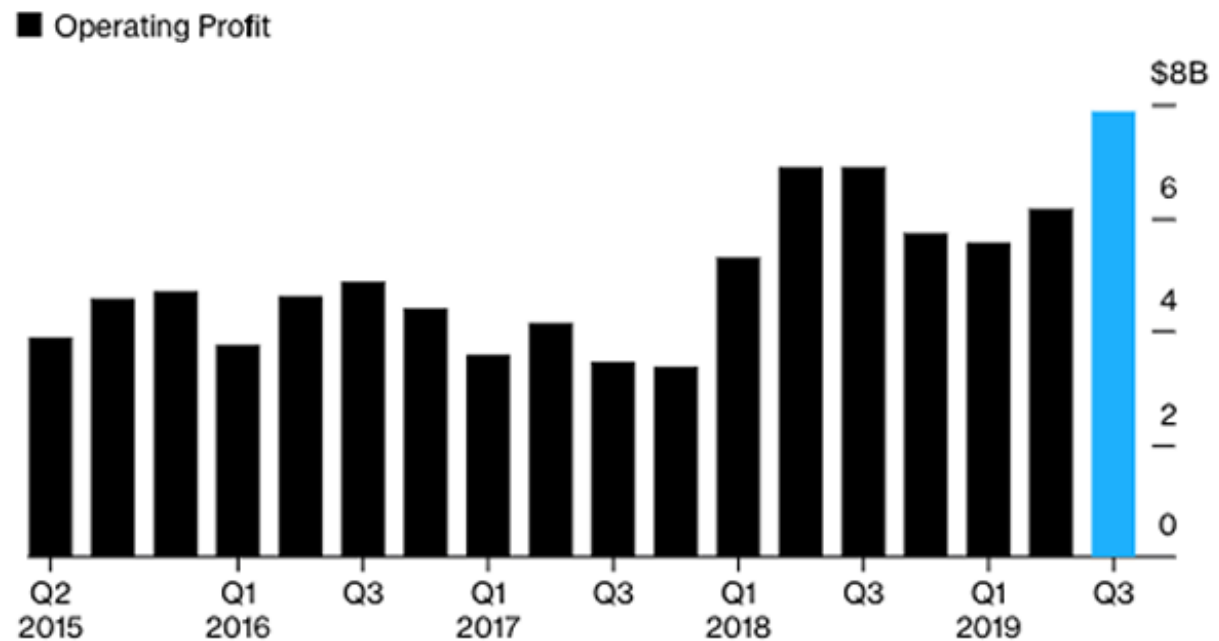
Berkshire's funds hit a new record even as Buffett piles money into stocks



Source: Company filings

New Record

Berkshire's operating units posted their highest profit ever



Source: Company filings

FARM TANK

Tweets of the Day





Steve Burns
@SJosephBurns



Psychological test for traders. What word do you see first?

Eye Test

P	A	V	S	H	A	R	E	P	S
U	R	C	E	A	T	A	K	R	T
M	M	A	B	F	I	L	U	I	R
L	O	S	T	O	C	K	S	S	A
I	N	H	I	R	K	C	D	K	T
K	E	N	W	E	A	L	T	H	E
E	Y	R	O	X	E	O	U	I	G
X	T	R	A	D	E	T	J	P	Y

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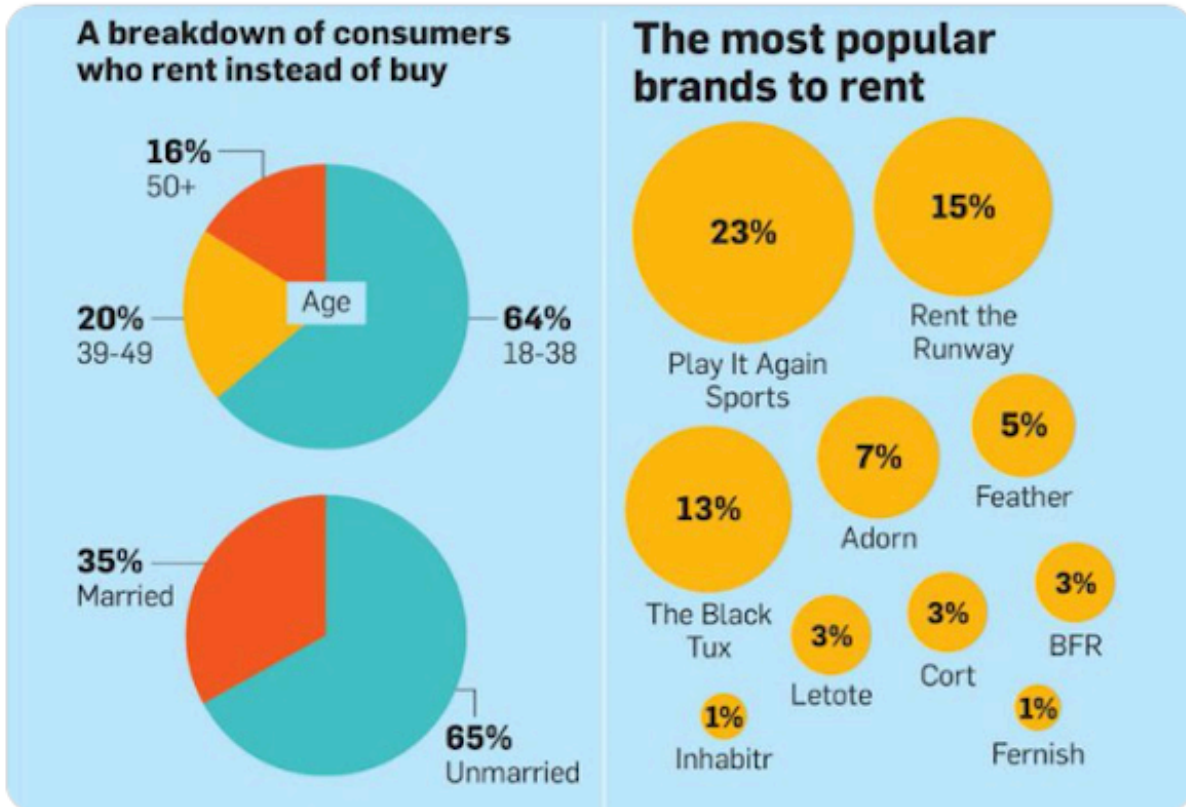


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Generation Rent: How Millennials are Fueling the Rental Economy 🏠

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Austin Sundeen
@AustinSundeen



Does anyone remember what it was like to drive trucks in the field [#harvest19](#)





Clint Ringdal
@ClintRing



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[#harvest19](#) we have ever faced. Thanks to the relentless
effort of our harvest crew and the hard work to keep us
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Michael Rebeyka
@Mrebeyka



"Hey Siri play 'Day 'n' Nite' by Kid Cudi" [#harvest19](#)
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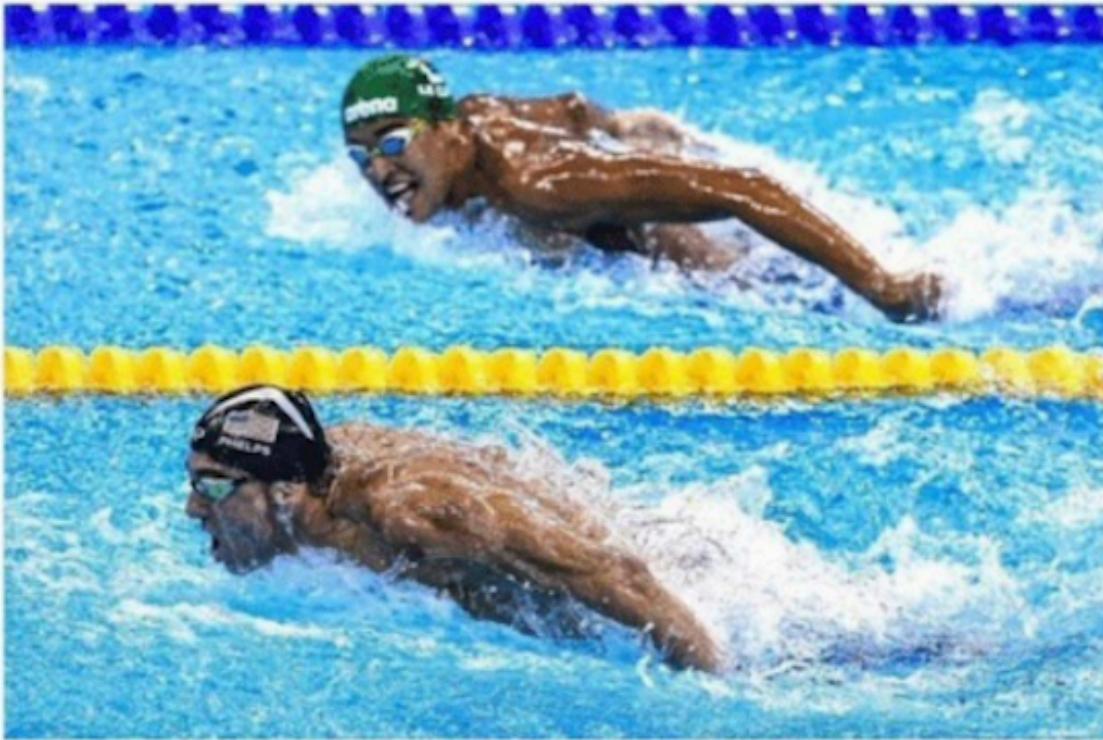
Steve Burns
@SJosephBurns



Remember this when you encounter internet trolls:

[#WednesdayMotivation](#) [#WednesdayWisdom](#)

"Winners focus on winning, losers focus on winners"





"The most precious resource we all have is time." - SJ.
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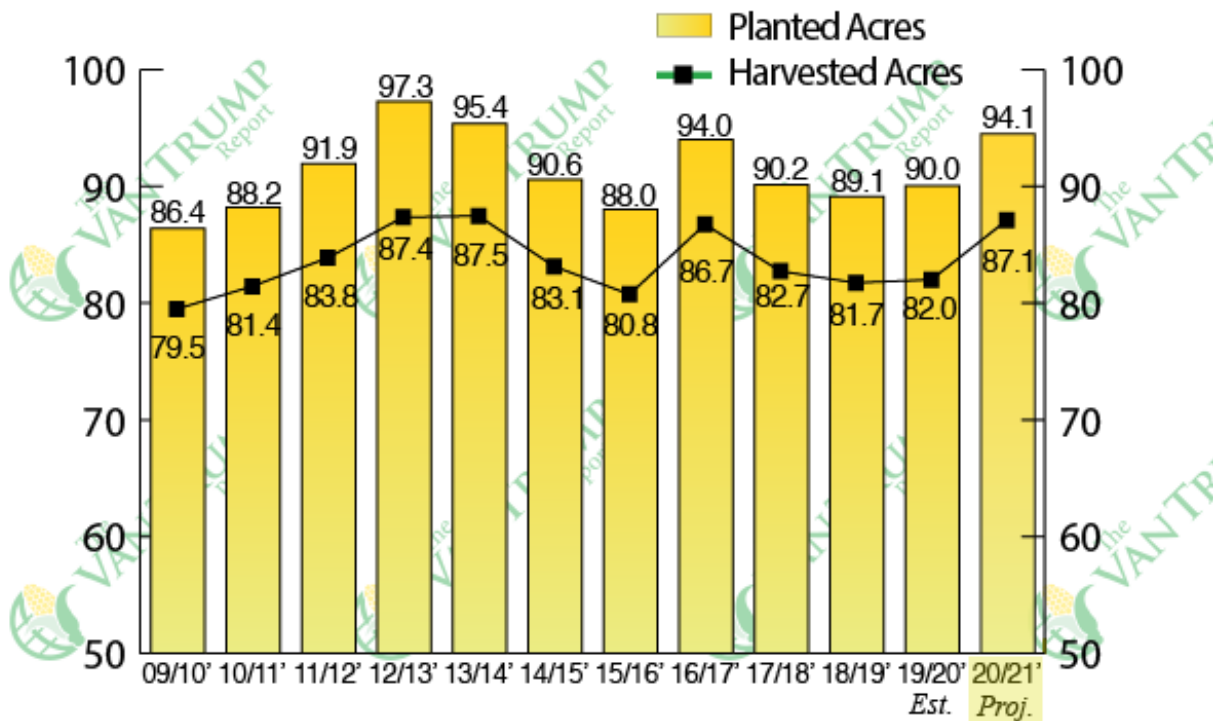
Corn prices start the month of November at almost the exact same spot they started the month of October. In other words, this market has shown very little movement and almost appears stuck in the mud. The DEC19 contract has traded between a low of \$3.78² and a high of \$4.02⁴ during the past month and seems comfortable sloshing around in that range. The question is what will be the next major catalyst to cause a breakout in either direction? Bulls will argue all it takes is one of the following cards to come out of the deck: Lower USDA production numbers for the current U.S. crop; Some sings of the Chinese buying U.S. sourced corn exports, ethanol, ddgs, etc; or a weather hiccup in South America. If none of those cards appear it will be tough for the corn market to sustain any type of momentum north of \$4.10 per bushel. Like I said, yes we could slosh around and larger fund money-flow repositioning itself could splash us outside the current range a bit, but it will be tough to sustain upward momentum without one of the larger bullish catalysts coming to fruition. I should note, IEG Vantage, formerly Informa, raised its average U.S. yield forecast from 167.5 to 168.6 with total production bumped higher to 13.792 billion bushels. FCStone also

bumped its U.S. corn yield estimate higher from 169.3 to 170.0 and in turn, slightly increased its production forecast. Keep in mind, these numbers are extremely close to the current USDA numbers which project the U.S. yield at 168.4 bushels per acre and total production of 13.779 billion. Bears are pointing to the longer-term USDA numbers that were floating around the trade on Friday. The longer-term numbers forecast 94.5 million U.S. corn acres planted next year vs. the 89.8 million planted this year. It estimates 87.1 million U.S. corn acres will be harvested next year vs. the 81.8 million estimated to be harvested this year. Next year's early U.S. corn yield is estimated at 178.5 bushels per acre vs. the current 168.6 bushels per acre. Remember, these are just early production estimates and can only assume cooperative weather. The problem is when you tally up the +5 million in extra acres and the +10 bushel per acre jump in yield it pencils out to a massively burdensome +2.75 billion bushels in ending stocks. Which generated the projected price of \$3.40 per bushel. I actually think if the scenario the USDA proposed plays out on the balance sheet, and we push towards 3.0 billion in ending stocks, the \$3.40 per bushel estimate they projected is overly generous. I would think we would trade more in the \$2.80 to \$3.20 range if we are swimming in that type of supply. Before we all hit the panic button, remember, that's simply an early-forecast. If anything though, I think it should make us all take a deeper look at our breakevens. We have to make certain we can continue to survive in an oversupplied environment. That's the problem when we find ourselves in a "commoditized" market that becomes oversupplied...how long will it stay oversupplied? Who will be able to hold their breath the longest as we remain underwater? That's why I continue to believe, as long as we stay in what the trade deems an "oversupplied" environment, we have to simply try and hit singles or draw walks to get on first base. We can't be swinging for the fences. We have to play the game under the belief that margins are going to remain extremely tight. If we get a chance to bank some profits and reduce risk we need to think long and hard. Again, that's why I am paying extremely close attention to the DEC20 contract which has been trading in that \$4.00 to \$4.10 range since mid-September. I've made a few early sales, but I just don't want it to get away from me. I constantly remind myself, almost all of my biggest problems in life always started out as really small problems that I just chose to ignore.

U.S. corn long-term projections

Item	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Area (million acres):												
Planted acres	89.1	89.9	94.5	89.0	89.0	89.0	89.0	89.0	89.0	88.5	88.5	88.5
Harvested acres	81.7	81.8	87.1	81.6	81.6	81.6	81.6	81.6	81.6	81.1	81.1	81.1
Yield:												
Bushels per harvested acre	176.4	168.4	178.5	180.5	182.5	184.5	186.5	188.5	190.5	192.5	194.5	196.5
Supply and use (million bushels):												
Beginning stocks	2,140	2,114	1,929	2,754	2,764	2,789	2,809	2,819	2,844	2,859	2,869	2,844
Production	14,420	13,779	15,545	14,730	14,890	15,055	15,220	15,380	15,545	15,610	15,775	15,935
Imports	28	50	25	25	25	25	25	25	25	25	25	25
Supply	16,588	15,944	17,499	17,509	17,679	17,869	18,054	18,224	18,414	18,494	18,669	18,804
Feed & residual	5,618	5,300	5,775	5,675	5,750	5,875	5,975	6,025	6,125	6,125	6,250	6,325
Food, seed, & industrial	6,791	6,815	6,870	6,920	6,940	6,935	6,960	7,005	7,030	7,050	7,075	7,120
Ethanol and by-products	5,376	5,400	5,450	5,500	5,525	5,525	5,550	5,600	5,625	5,650	5,675	5,725
Domestic use	12,409	12,115	12,645	12,595	12,690	12,810	12,935	13,030	13,155	13,175	13,325	13,445
Exports	2,065	1,900	2,100	2,150	2,200	2,250	2,300	2,350	2,400	2,450	2,500	2,550
Total use	14,474	14,015	14,745	14,745	14,890	15,060	15,235	15,380	15,555	15,625	15,825	15,995
Ending stocks	2,114	1,929	2,754	2,764	2,789	2,809	2,819	2,844	2,859	2,869	2,844	2,809
Stocks/use ratio, percent	14.6	13.8	18.7	18.7	18.7	18.7	18.5	18.5	18.4	18.4	18.0	17.6
Prices (dollars per bushel):												
Farm price	3.61	3.80	3.40	3.40	3.45	3.45	3.50	3.55	3.55	3.60	3.60	3.60
Variable costs of production (dollars):												
Per acre	332	324	323	324	322	325	328	332	333	334	334	334

U.S. Corn Planted VS. Harvested Acres (In Million Acres)



Source: USDA, WASDE, Baseline Projections, Nov. 2019

Soybean soybean bulls are pointing to fresh export sales to China, strong deliver numbers in the NOV19 contract and some renewed bullish interest in the macro space on headlines of improved trade talks between U.S. and Chinese negotiators. Also, the extremely cold weather and wintry conditions in many areas to the

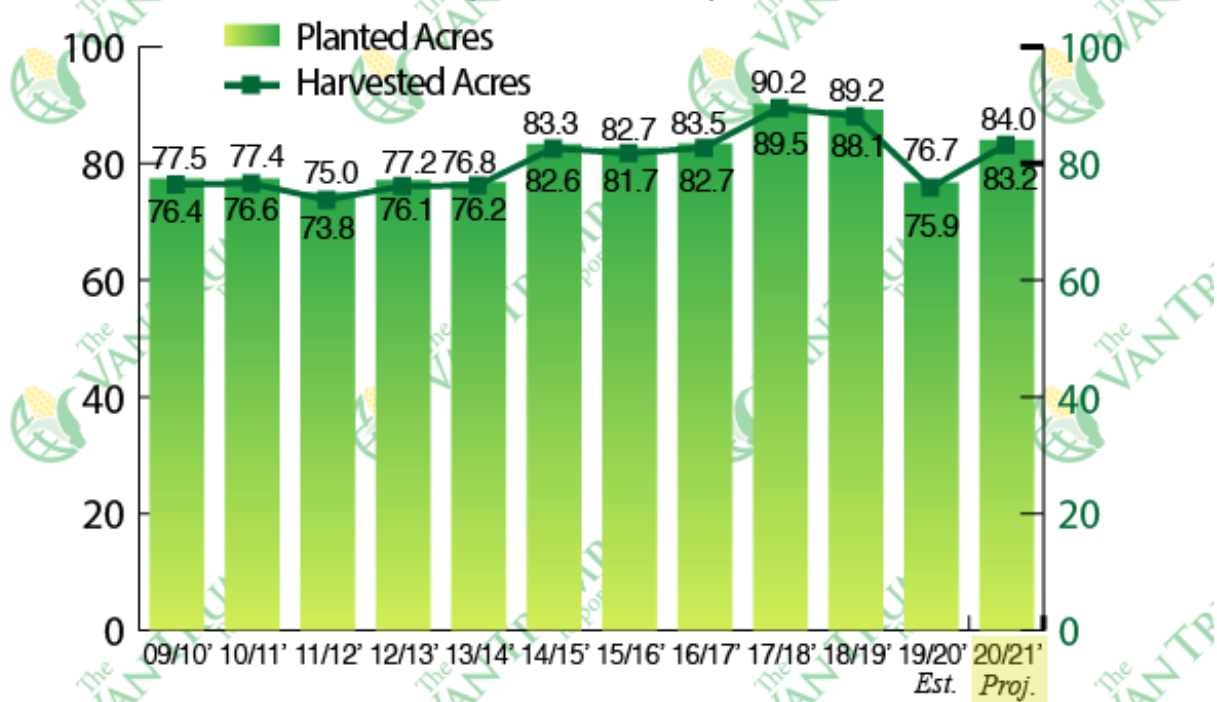
north are adding some complications to the U.S. crop that remains in the field. Bears are pointing to improved rainfall in several parts of South America. Keep in mind, FCStone just raised its 2019-20 Brazilian soybean crop estimate by +365,000 MTs on an increase in planted acreage. In fact, from my perspective, the improved moisture has prompted several sources inside the trade to move their Brazilian new-crop production estimate a bit higher. Planting in Brazil is thought to now be moving beyond +50% complete. The top producing state of Mato Grosso is probably closer to +85% planted. Here at home, IEG Vantage formerly Informa, raised its U.S. soybean yield estimate by +0.5 bushels per acre to 47.0, which increases its production estimate by about +40 million bushels to a total of 3.553 billion bushels. This is actually very close to the USDA's most recent total U.S. production estimate of 3.550 billion bushels on a yield of 46.9 bushels per acre. At the same time, FCStone lowered its U.S. yield forecast from 48.1 to 47.5 bushels per acre. The trade is also digesting some longer-term USDA production numbers that were released on Friday and will be used in some capacity to help generate the long-term USDA Baseline projections in February. The USDA data estimates that 84.0 million soybean acres will be planted next year with an average yield of 50.5 billion bushels and total production at +4.200 billion bushels. In comparison, this year the USDA is currently estimating about 76.5 million planted soybean acres with 75.6 million harvested with a yield average of 46.9 bushels per acre. the good news is they have demand projected higher and ending stocks forecast at a respectable 518 million bushels. Unfortunately, they have an average price of around \$8.85 per bushel in the forecast. I personally think the planted acreage estimate is again too high, but I was thinking the same thing early last year, so perhaps my calculations or perspective is the one out of whack? When trying to forecast market direction and price, it doesn't matter if you are right, it matters if you can outguess the next step that will be taken by the USDA. Don't forget we have the highly anticipated monthly USDA "Supply and Demand" report scheduled for release this Friday. Bulls want to believe the USDA's production estimate is going to be lowered and the balance sheet once again tightened. Bears argue just the opposite has a chance of happening. Funds continue to hold a net-long position, thought to currently be long some 70,000 to 85,000 contracts. It will be interesting to see how the funds want to play that hand heading into Friday's USDA report. If they become a little nervous and want to take some risk off the board prices could get pressured. On the flip side, if the global macro space improves and we start to hear more specifics regarding an official deal between U.S. and Chinese negotiators, soybean prices could grind a bit higher on additional fund length. As producers, we have must continue to pay very close attention to all of the nearby details. I'm also closely monitoring the NOV20 contract which continues to trade it in that \$9.60 to \$9.80 range.

U.S. soybeans and soybean products long-term projections

Item	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Soybeans												
Area (million acres):												
Planted	89.2	76.5	84.0	86.0	85.0	85.0	85.0	85.5	86.0	86.0	86.5	86.0
Harvested	87.6	75.6	83.2	85.2	84.2	84.2	84.2	84.7	85.2	85.2	85.7	85.2
Yield, bushels per harvested acre	50.6	46.9	50.5	51.1	51.6	52.2	52.7	53.3	53.8	54.4	54.9	55.5
Supply (million bushels)												
Beginning stocks, September 1	438	913	460	518	616	604	561	498	448	423	392	396
Production	4,428	3,550	4,200	4,350	4,345	4,390	4,435	4,510	4,585	4,630	4,705	4,725
Imports	14	20	20	20	20	20	20	20	20	20	20	20
Total supply	4,880	4,483	4,680	4,888	4,981	5,014	5,016	5,028	5,053	5,073	5,117	5,141
Use (million bushels)												
Crush	2,092	2,120	2,135	2,170	2,200	2,225	2,255	2,280	2,305	2,335	2,355	2,380
Seed and residual	128	128	132	132	132	132	133	135	135	136	136	136
Exports	1,748	1,775	1,895	1,970	2,045	2,095	2,130	2,165	2,190	2,210	2,230	2,240
Total use	3,967	4,023	4,162	4,272	4,377	4,452	4,518	4,580	4,630	4,681	4,721	4,756
Ending stocks, August 31												
Total ending stocks	913	460	518	616	604	561	498	448	423	392	396	385
Stocks/use ratio, percent	23.0	11.4	12.4	14.4	13.8	12.6	11.0	9.8	9.1	8.4	8.4	8.1
Prices (dollars per bushel)												
Soybean price, farm	8.48	9.00	8.85	8.45	8.55	8.60	8.70	8.85	8.85	8.95	8.95	9.05
Variable costs of production (dollars):												
Per acre	160	158	159	159	159	160	161	162	163	163	164	164
Returns over variable costs (dollars per acre):												
Net returns	268	264	288	273	282	289	298	309	314	323	328	338

U.S. Soybeans Planted VS. Harvested Acres

(In Million Acres)



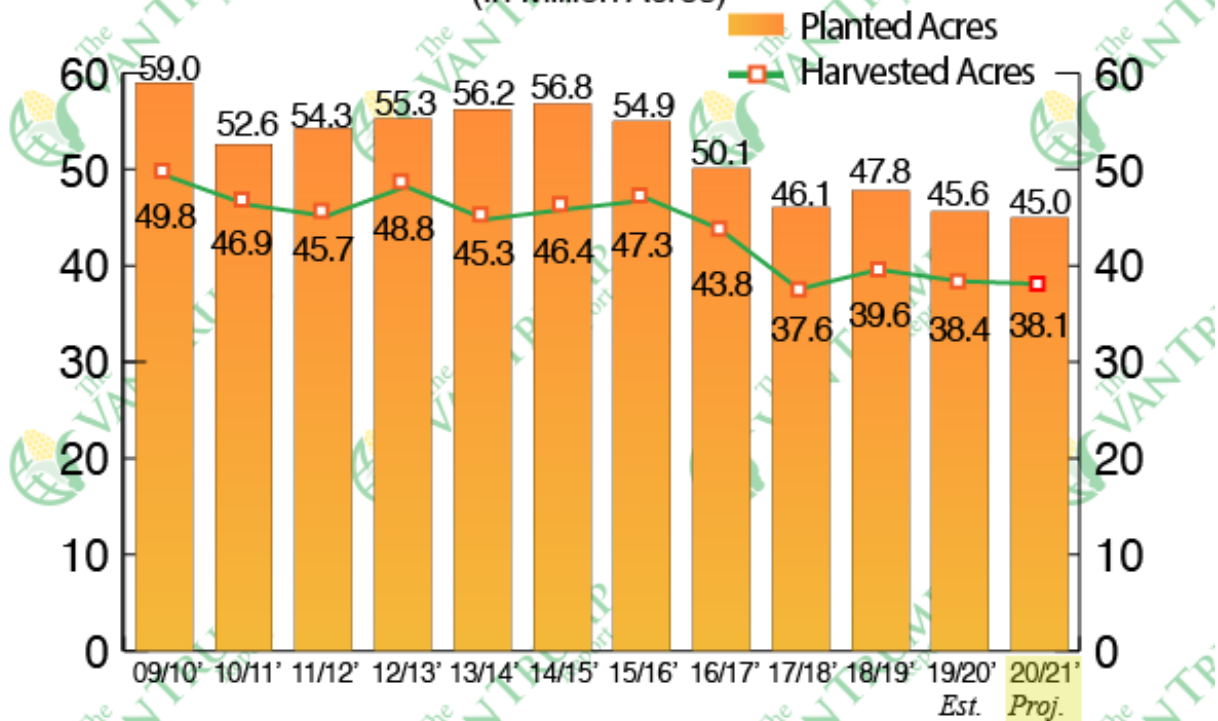
Source: USDA, WASDE, Baseline Projections, Nov. 2019

Wheat prices appear comfortable being a follower and not a leader. The monthly USDA report scheduled for release this Friday probably doesn't create a lot of change for the wheat balance sheet. Bulls will argue that both U.S. and global production will be reduced, but I doubt it's enough to move the needle in a major manner. And most of those production cuts have been well advertised. The USDA's longer-term forecast released on Friday didn't offer up much of a different opinion. They have next years planted acreage at around 45.0 million and harvested at just

over 38 million. The USDA is throwing an early national average yield estimate of 48.2 bushels per acre in the ring, which would produce a total crop of 1.836 billion bushels. On the demand side of the equation, they are forecasting total domestic use at 1.144 billion bushels, and exports at 925 million bushels. Add it all together and they are still talking about a burdensome ending stock number of around 950 million bushels. With a forecasted price of around \$4.80 per bushel. Like I've been saying, there's just not a whole lot of major changes in the mix. I suspect if the macro space starts to become a little more friendly and the U.S. dollar weakens up a bit then the funds might start to show a little more interest in increasing their bullish bets. As a spec, I continue to stand on the sideline. Technically, as a bull, I would like to say we've just been doing some "back-and-fill" type action on the chart since posting the mid-October highs and that we are now ready for another leg higher. Unfortunately, with a global balance sheet this burdensome I'm not wanting to talk myself into anything. Staying very patient...

U.S. Wheat Planted VS. Harvested Acres

(In Million Acres)



Source: USDA, WASDE, Baseline Projections, Nov. 2019



> USDA Releases Early Baseline Projections: *The USDA has released its first outlook for 2020-21 with baseline projections through 2029. The full report will be released in February. The early release is part of the government's budget process which includes a mandate to forecast government spending, including farm programs, to show what the federal deficit will look like a decade down the road. USDA economists based their outlook on the supply and demand estimates released October 10. The agency will update those forecasts November 8, so take the forecasts with a grain of salt. USDA's baseline says farmers will plant 94.5 million acres of corn next spring with production for 2020 estimated at 178.5 bushels per acre for a total crop of 15.545 billion bushels, with ending stocks estimated at 2.754 billion bushels. They estimate farmers will plant 84 million acres of soybeans with yields of 50.5 bushels per acre for a total crop of 4.20 billion bushels. Ending stocks are estimated at 518 million bushels. USDA put wheat seedings at 45 million with a national average yield of 48.2 bushels per acre for a total crop of 1.836 billion bushels. Projected ending stocks are pegged at 950 million bushels. All early-release tables are available [HERE](#).*

> Propane Shortages Reported in Parts of Midwest: *The early winter weather has many people already heating their homes. And with an abnormal year for the planting and harvesting season, many farmers are needing to grain dry their corn and soybean crops to prevent spoiling, and to keep their livestock warm. The demand is causing major propane shortages throughout parts of the midwest. In Iowa, hours long waits have been reported at terminals as tanker drivers wait for fresh propane shipments to arrive. Some farmers reported three- to four-day*

delays in their efforts to get fresh supplies. The upper Midwest is supplied with propane by pipelines (Mid-American and ONEOK) flowing north from Conway, Kansas, (home to 7% of the nation's propane storage), the Cochin Pipeline coming south from Canada, and from rail deliveries. The Cochin Pipeline delivers ethane and propane from Canada to the upper Midwest. Brad Borrer, manager - communications for ONEOK said in an email statement, "Due to unexpectedly high demand, two terminals in Iowa on ONEOK's North System recently experienced temporary inventory outages lasting less than 24 hours. However, the pipeline system continues to move propane to resupply terminals per shippers' requests." Governors in Iowa and Wisconsin have signed emergency orders lifting restrictions on the number of hours liquid fuel delivery drivers can work in order to help ease the supply constraints. (Sources: Successful Farming, WSAU)

> Record Cotton and Cattle Exported by Brazil: *Brazil's cotton exports in October hit an all-time monthly high of 273,400 MT's. Their beef exports also notched an all-time record high of 160,100 MT's. Brazil's pork exports were up nearly +8% compared to last year. Interestingly, Corn exports were up nearly double in October compared to last month.*

> Pelosi Calls USMCA "Easiest Trade Deal," Could Get Vote in 2020: *House Speaker Nancy Pelosi said President Donald Trump's new Nafta agreement is the "easiest trade deal that we've ever done." Pelosi added, "We're on a path to yes, and I think every day brings us closer to agreement. I'd like to have it done as soon as it's ready. I wouldn't rule it out next year. Hopefully we can do it sooner, but I said: when it's ready we'll do it." Pelosi said Democratic negotiators and the Trump administration are close to making final fixes to the accord, adding that she believes the deal could serve as a template for future agreements if they get it right. Key Senate Republicans have said that letting a vote on the U.S.-Mexico-Canada Agreement slip to a presidential election year could doom the deal altogether. Pelosi said that approving the trade agreement won't be influenced by the impeachment inquiry and the timeline will depend on when the deal is ready. (Source: Bloomberg)*

> Multistate Salmonella Outbreak Linked to Ground Beef: *Ten people in six states contracted salmonella in August and September, the Centers for Disease Control and Prevention reported Friday. One person died in California, and eight others were hospitalized. Illnesses might not yet be reported because it takes an average of two to four weeks for an infected person to report the illness, the CDC said. Lab testing indicated that ground beef is a "likely source" of the most recent outbreak but that a "single, common supplier of ground beef has not been identified," according to the CDC. Salmonella was positively identified from repackaged leftover ground beef from an ill person's home in California. Other Salmonella patients reported eating different types and brands of ground beef, which were purchased from many different locations, according to the agency. At this time, the CDC is not advising retailers to stop selling ground beef nor is it asking people to stop eating thoroughly cooked meat. (Source: ABC)*

> U.S. Companies are Set for a Tax Break: *The U.S. Treasury Department plans to pare back regulations championed by President Barack Obama that were intended to prevent American companies from moving profits offshore to avoid taxes, according to guidance released last week. The instructions mark a change in U.S. tax policy that has in recent years focused on imposing stricter rules on American corporations using complex transactions to move money overseas to skirt taxes. The Treasury Department said parts of the regulations are no longer necessary because of the 2017 tax law enacted under President Donald Trump. Treasury's regulations address rules preventing American firms from lowering their U.S. tax bills by shifting income to offshore related companies, loaning that money back to their domestic companies, and then deducting the interest off their Internal Revenue Service bills. The agency intends to repeal a part of the rules that automatically re-characterize tax-deductible loans as taxable stock. The new rule would give companies some leeway to prove that two transactions aren't related and don't deserve adverse tax consequences. Treasury will also eliminate requirements for businesses to report their inter-company loans to the IRS, a change the agency had previously proposed. (Source: Bloomberg)*

> Keystone Pipeline Leaks 383,000 Gallons of Oil in North Dakota: *Part of the Keystone 1 Pipeline in North Dakota was shut down after a leak of about 9,120 barrels of oil -- 383,040 gallons -- was discovered, TC Energy company said in a statement. The oil leak was discovered just north of Edinburg, in the northeast part of the state, and affected about 2,500 square yards of land, the company said. The company is not sure how the leak started, but says an independent party is examining the pipeline. The North Dakota Department of Environmental Quality said the spill impacted a wetland area and personnel are on site investigating. Some environmental groups are pointing to the leak as the exact issue that they have been raising concerns about. "This is exactly the kind of spill we are worried about when it comes to Keystone XL being built. It has never been if a pipeline breaks but rather when," said Joye Braun, Indigenous Environmental Network frontline community organizer. Keystone 1 refers to phase one of the Keystone Pipeline that starts in Alberta and runs through North Dakota, South Dakota, Nebraska, Kansas and Missouri to refineries in Illinois and Oklahoma. The controversial Keystone XL pipeline would begin in Alberta and extend south to Steele City, Nebraska. The company says it hopes to start construction in 2020. Read more [HERE](#).*

> Measles Can Give Your Immune System Amnesia: *During the two to three years after a measles infection, a person can have immune system "amnesia," where the system appears to forget the prior illnesses and vaccinations that triggered immunity, making the person vulnerable to sometimes-deadly infections. It's important to know as a number of people are deliberately not getting vaccinated, with some fighting new restrictions on exemptions. But, two new papers provide more evidence that getting measles appears to have longer-term implications than originally thought. The studies detail how the virus lowers the*

white blood cell count for a long period of time in some people, which can lead to a compromised immune memory for non-measles infections. That includes the flu. Measles is a highly contagious disease that is 97% preventable after two vaccinations. A recent intensification of both vaccine hesitancy and the anti-vaccination movement has led to an increase in global infections. In the U.S., from Jan. 1-Oct. 3 of this year, there were 1,250 cases of measles — the highest number since 1992, per the Centers for Disease Control and Prevention. More details are available [HERE](#).

> How the Soviet "Mind Game" Tetris was Accidentally Invented: Like many of history's greatest ideas, Tetris came about quite unintentionally. Alexey Pajitnov was a software engineer at the Soviet Academy of Sciences in Moscow, tasked with testing a new type of computer, the Electronika 60. To do so, he wrote a simple game based on a puzzle from his childhood. It would help assess how powerful the computer was -- and provide a bit of fun. Little did he know that the resulting game would go on to become one of the greatest, most addictive and most successful of all time. Tetris is a puzzle game in which geometric shapes called "tetrominoes" fall down onto a playing field, and the player has to arrange them to form gapless lines. Pajitnov took inspiration from pentomino, a classic board game consisting of all the different shapes that can be made by combining five squares -- 12 in total -- with the goal of arranging them in a wooden box like a jigsaw puzzle. To simplify things, he knocked that down to four squares, thus reducing the number of shapes from 12 to seven. He called the game Tetris, combining the Greek numeral "tetra" (meaning four) and tennis, his favorite sport. Pajitnov himself was immediately hooked. Read the full story [HERE](#).

> Man Wins \$1 Million Lottery Jackpot for Second Time: For many, winning a big lottery jackpot is a once-in-a-lifetime experience. But it looks like lightning has struck twice for Rolf Rhodes. The Massachusetts State Lottery said on Wednesday that he just won a million bucks in its "\$4,000,000 Instant Jackpot" game. When he made his latest life-changing purchase, he managed to beat odds of 1 in 1.68 million, according to the lottery. Rhodes won his first million in the state's "Hit \$1,000" instant game back in May 2018. He opted to receive that prize in a one-time infusion of \$650,000 into his bank account. This time, he's chosen to receive his \$1 million payout in 20 annual installments, valued at \$50,000 apiece before taxes, the lottery says. Rhodes' million is just a quarter of the total in the state's "\$4,000,000 Instant Jackpot" game. There are three remaining \$1 million jackpot prizes still up for grabs, the lottery says. (Source: CNN)

> Alex Trebek Turns His Cancer Battle Into a Call for Action: "Jeopardy!" host Alex Trebek is turning his battle with pancreatic cancer into advocacy, partnering with the World Pancreatic Cancer Coalition to issue a public service announcement (PSA) aimed at heightening awareness of the killer disease. The aim of the video PSA is to "help raise global awareness of the risks and symptoms of pancreatic cancer," Trebek says, wearing a purple tie -- the color representing advocacy in the fight against the disease. "I wish I had known sooner that the

persistent stomach pain I experienced prior to my diagnosis was a symptom of pancreatic cancer," he notes in the one-minute video. "Other common symptoms can include mid-back pain, unexplained weight loss, new-onset diabetes and the yellowing of the skin or eyes." The 79-year-old Trebek urges viewers to "join me in this fight" by wearing purple in November and spreading the word on social media about pancreatic cancer. Nov. 21 is World Pancreatic Cancer Day. It's been a rocky road for Trebek since he first announced his diagnosis of stage 4 pancreatic cancer in March. For the time being, he said he'll keep hosting "Jeopardy!" "as long as my skills do not diminish." He told CTV, "I'm sure there are observant members of the television audience that notice also, but they're forgiving. But there will come a point when they [fans and producers] will no longer be able to say, 'It's OK.'" You can read the full story and watch his message [HERE](#).

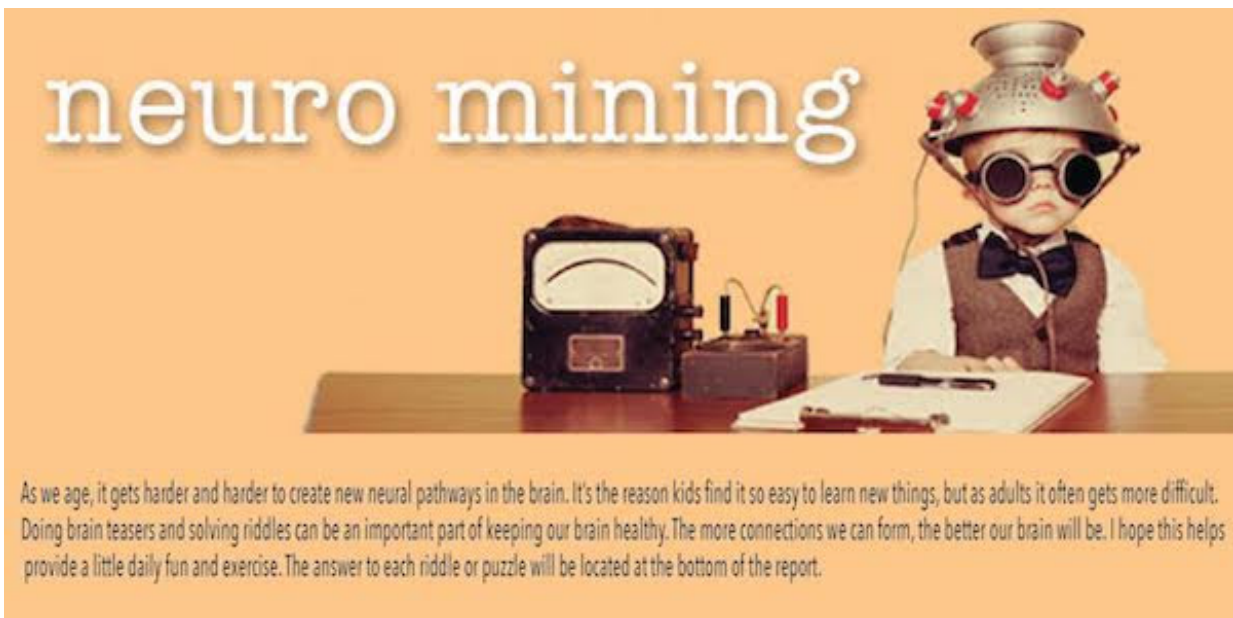


South Central Nebraska - *Most of the corn was planted in the first few weeks in May. We saw a hard frost last week and the corn was not at black layer yet. Most of the corn is holding its moisture at roughly 20-25% and isn't making any noticeable difference drying down. It should have dried over the weekend or late last week but didn't. We also have a ton of downed corn that will probably never*

dry at this point. Not a good situation around here.

Southern Minnesota - *I wanted to let you know how harvest is coming along. We have roughly half our soybeans harvested and they are making a couple of bushels better than last year and beating our APH. It's really the same story in corn. It's slightly better than last year and we are nearly done now. This was a surprise year because you couldn't have convinced me 60 days ago we wouldn't have had frost damage by now. I have heard some bad areas not far from us so we are more than like the anomaly and not the norm. Can't complain.*

Central Kansas - *Soybeans have suffered this year. It was from too much heat at the wrong time or too little rain when it was needed. We thought we might get a little help from the Indian summer but it didn't seem to help. We were off 20 or more bushels from last year and 10 off our APH. Corn, on the other hand, isn't too bad considering the weather hasn't cooperated in the least.*



TODAY'S RIDDLE: You use me from your head to your toes, the more I work the thinner I grow. What am I?



Making Me Think... 90-Year-Old Farmer Coop Moving Out of Their Comfort Zone

Ocean Spray, a 90-year-old farmer cooperative owned by more than 700 cranberry farmers in the United States, Canada, and Chile, is changing its business model to seize upon innovation, growth and financial returns. In what I expect will be copied by many in the ag space looking to adjust, the shift for the coop will take on an entrepreneurial approach with the creation of their "Lighthouse Incubator" program. Ocean Spray founded the Lighthouse to inspire collaboration, creativity, and ingenuity, with rapid innovation playing a critical role. To put it in the words of Rizal Hamdallah, the former managing director of Tyson's Innovation Lab, and now Ocean Spray's new Global Chief Innovation Officer and leader of its Innovation, Research and Development teams, the company is moving out of their "comfort zone" in order to create new products that will resonate with a more diversified customer base.

Lighthouse is made up of three startup "hacker" teams, each consisting of three to five people. I'm told the plan is for each group to ideate and bring new products to market every five months. Interestingly, these hacker teams are not really a new concept, in fact, agriculture companies have been applying these "small hacker" team principles for some time, but mostly in their technology side and not throughout the entire company. When creating new teams for this purpose or allowing existing teams time to spend time on innovative ideas for change, you need a strong focus not only on experience and expertise but more importantly on "culture," meaning are all my team members fitting well into our culture so no one blows up the team or the process. Too often companies hire for a "position" and not for the right "cultural fit". This one wrong hire can then slow-down the entire team or process you are trying to implement. The key is to build smaller teams that collectively have the right culture and are designed to tackle your most pressing needs in a quick and efficient manner.

Leading to this shift is a story now familiar to most ag business owners, "the trade wars", which has helped pressure the price. It's crazy to think about, but a barrel of cranberries has fallen from over \$58 a decade ago down to nearly \$22 today. Don't miss the takeaway here though, this story is not about falling prices, but rather how this 90-year-old farm coop is innovating and changing their internal dynamics to better improve its own future and not simply hoping that prices return to previous levels.

Ocean Spray's initial launch from the Lighthouse will consist of The Atoka portfolio, which will include three plant-based beverage lines, Tea Tonics, Oatmilk Elixirs and Herbal Shots, all coming in four flavors. Like many of us in the row crop business, we are trying to find ways to survive. Meaning we have to look at our problems and concerns from any and every perspective we can think of. If the solution was easy and obvious everybody would be doing it, but it's not. If you are in the production ag space and haven't been asking what your operation needs to be

doing different, now is the time! (Source: Globalaginvesting, prnewswire)





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Biggest Tech Trends in 2020

As we gear up for another new year and also a new decade, it's never a bad idea to get a handle on the "next big trends" that might impact our business. With technology being such an integral part of our daily lives and business operations, it seems more important than ever to understand the upcoming "disruption" drivers as well as the trends that consumers are latching onto. Below are the predictions that I've seen most frequently on lists coming from a variety of respected sources. (Sources: CRN/Garner, Entrepreneur, Insight, Forbes)

AI as a Service: *Artificial Intelligence (AI) promises to be one of the most transformative tech evolutions of our times and is already used in a wide variety of applications. In fact, it's been on many people's lists of "top trends" for several years now and is likely to stay there for many more as the*

technology advances even further. Computers are able to learn about the world in the exact same way that humans can, which means that through AI, along with an increase in computing power, computers will be able to start doing more complex human tasks at lightning speeds. There are already some AI provider platforms offering services such as processing-intensive GPU workloads, and Google, Amazon, Microsoft and other large companies already offer machine-learning solutions and training materials. Proliferation in this area, and a move to more specific AI tasks being offered on subscription, is a likely development in 2020. Modern-day research projects in the field of AI are allowing this tech to also utilize facial recognition, speak through voice technologies, and understand via messaging and reporting.

5G: This technology is expected to become a driving factor in wireless technology growth. 5G will see its greatest amount of implementation in 2020 as manufacturers come out with more 5G phones and the world's largest telecommunications companies keep their deployment of 5G technology on pace to meet goals. 5G promises higher broadband speeds along with more reliable wireless and mobile networks. If it can match those promises, it will ultimately allow a greater level of automation and technological proliferation into cities and remote areas. The high data transfer speeds of 5G would allow easy implementation of driverless cars as they would be able to get real-time data about the entire city. 5G networks don't just mean your phone will get faster, it means everything will get faster.

Mobile Commerce: Mobile Commerce has been edging into our lives for some time. It's best described as buying, selling and performing online transactions on any given mobile device that allows access to the flexibilities of easy mobile application operations on the go. People have become used to shopping on their phones via intuitive apps and mobile-friendly websites, but the ability to pay for products in bricks and mortar stores with Apple Pay and Google Wallet is also gaining popularity in the U.S. - it's already taken over China. More mobile commerce companies are employing robust technologies and one-click payment methods and it's set to expand even further.

Human Augmentation: This refers to the use of technology to enhance a person's cognitive and physical experiences. Examples range from miners using wearables to improve worker safety to exploiting information and applications to enhance learning or new experiences. Physical augmentation will change the physical capability by implanting or hosting a technology within or on the body, while cognitive augmentation enhances a human's ability to think and make better decisions.

Prescriptive Analytics: Analytics are playing an increasingly important role in the growth and measurement of companies across the world. Until now, analytics tools have been mostly focused on both descriptive and predictive

applications. This means they would allow for historical data to be better arranged and represented to allow for a "better understanding of changes that have occurred," and for data to be used to make predictions about future events and behavior. Prescriptive usage is where the tool in question would deliver options for how to take advantage of the results of descriptive and predictive analytics. Prescriptive analytics has already seen application in the oil and gas industry as well as healthcare.

The Empowered Edge: *Edge computing is where information processing and content collection and delivery are put nearer to the source of the data, with the possibility that keeping traffic local and circulated will diminish latency. This incorporates all the innovation on the Internet of Things (IoT). Empowered edge takes a look at how these devices are increasing and shaping the establishments for smart spaces, and moves key applications and services closer to the individuals and devices that utilize them. Over time, the edge will create an unstructured architecture consisting of a wide range of "things" and services connected in a flexible mesh linked by a set of distributed cloud services. For example, a smart "thing" such as a drone, might communicate with an enterprise IoT platform or city-level local cloud services then conduct peer-to-peer exchanges with nearby drones for navigational purposes.*

Blockchain: *Blockchain is another technology that's been touted for several years. It's the underlying tech of cryptocurrencies like Bitcoin but it also has potential beyond crypto. Blockchain technology has only been implemented in a few different industries right now, but it's poised to provide a secure underlying framework to many aspects of our digital lives. Its purpose is to allow technology to communicate securely, and verifiably, all the while doing a great job of preventing malicious acts during data transfer. It paves the way for uses like tracing food-borne illnesses back to its origination. Some companies that have been investing heavily in the technology include FedEx, IBM, Walmart, and Mastercard. If they start to deliver some real-world results, blockchain is likely to be adopted even more widely.*

Autonomous Things: *With most current autonomous technology existing in controlled environments, such as in a mine or warehouse, IT research firm Gartner says they will eventually evolve to include open public spaces. Autonomous things will move from stand-alone to collaborative swarms, such as with the drone swarms used during the 2018 Winter Olympic Games. Organizations can incorporate the use of intelligent things into traditional manual and semiautomated tasks. Business use cases included autonomous shipping and advanced agriculture where algorithms for robots are created to autonomously operate farms. Autonomous things are developing very rapidly, in part because they share some common technology capabilities. Once the challenges to developing a capability have been overcome for one type of autonomous thing, the innovation can be applied to other types of*

autonomous things. This field also includes autonomous driving, but most experts seem to think the tricky regulatory landscape will keep it on the back burner for at least another few years.

Decline of APPs: *Having to find and download apps could be the next problem to solve for companies bemused by the investment they've put into apps and the competitive nature of the various app stores. Many people believe that making apps accessible from a cloud, or scrapping them all together in favor of Progressive Web Apps, might be more useful and cost-effective for everyone involved. Some believe this preference will lead to a rise in "multiexperience," the next one on the tech trend list.*

Multiexperience: *IT research firm Gartner projects that by 2021, at least one-third of enterprises will have deployed a multiexperience development platform to support mobile, web, conversational and augmented reality development. Multiexperience replaces technology literate people with people-literate technology. Gartner points to Domino's Pizza as an example of a company who created an experience beyond the app-based ordering that includes autonomous vehicles, a pizza tracker, and smart speaker communications.*





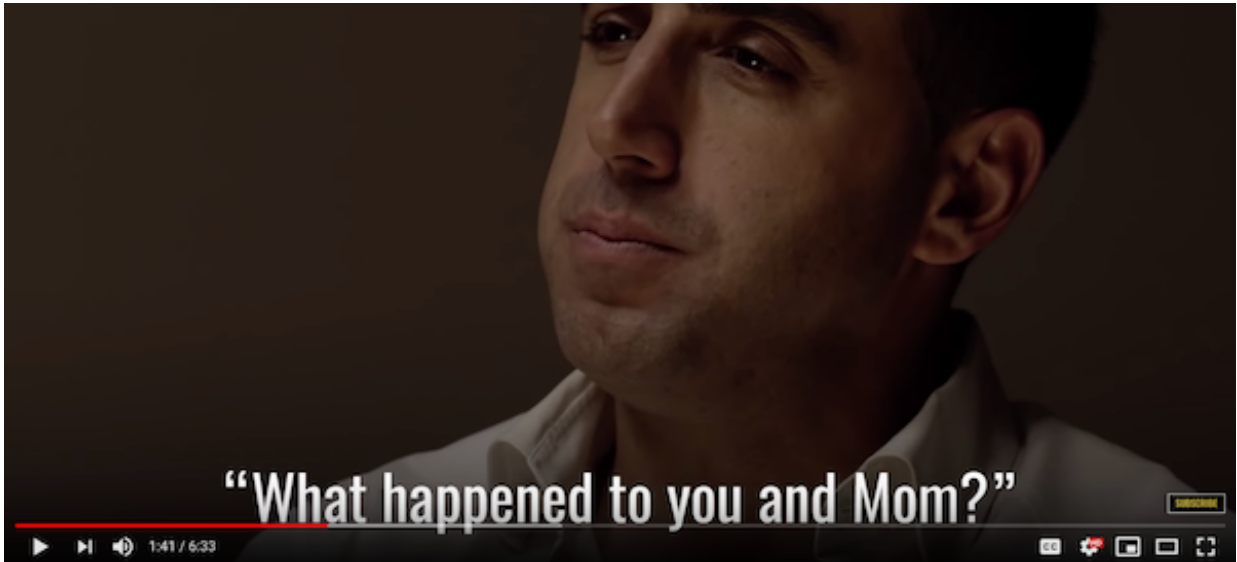
Very Valuable Message To All

I thought this video delivered a quick and very powerful message. I suspect everyone in life eventually figures it out but I hope this triggers some deeper reflection. I have a ton of great friends who have struggled with their relationships. What's difficult for me to swallow is when most of my guy friends, in those fleeting moments of serious conversation, tell me, "they would rather be miserable than lonely, and can't stomach the thought of someone else raising their children, so they just simply do what it takes to get by..."

I certainly don't have all the answers, but I've learned in life it's oftentimes not the "obvious" that's causing the problem, it takes looking at something from an entirely different point of view or perspective. It's interesting to hear a nine-year-olds simple yet profound perspective and how it impacted and changed the life of one adult.

I think back on all of my buddies through years who have battled troubled relationships and I wonder if most of the problems started with them not truly loving themselves and who they really were inside? I know many of my wife and I's arguments often stem from my own insecurities. At the time, when I'm in the heat of the moment I rarely recognize that, but when I reflect back and try to think differently about the situation it often hits me like a ton of bricks.

Just like everyone else I'm constantly learning and trying to improve myself as a husband, father, and friend. I hope this video makes you stop and think Click [HERE](#).



ANSWER to riddle: A bar of soap.

"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

"Creativity is curiosity is starting to see the good in things."
- John

"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 know how successful you can be. You can't have a plan. That's how to beat most folks."
Bar Bryant

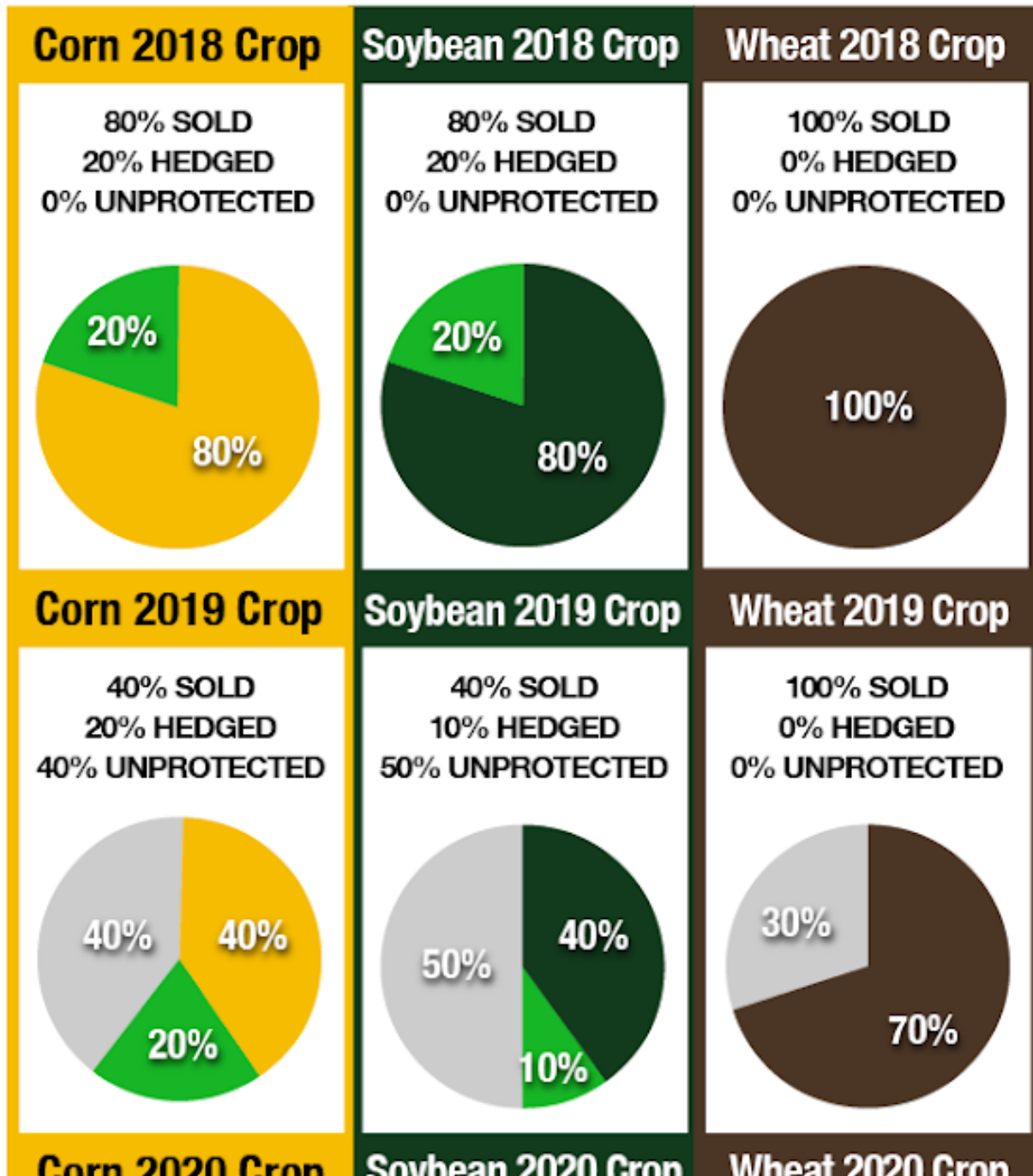
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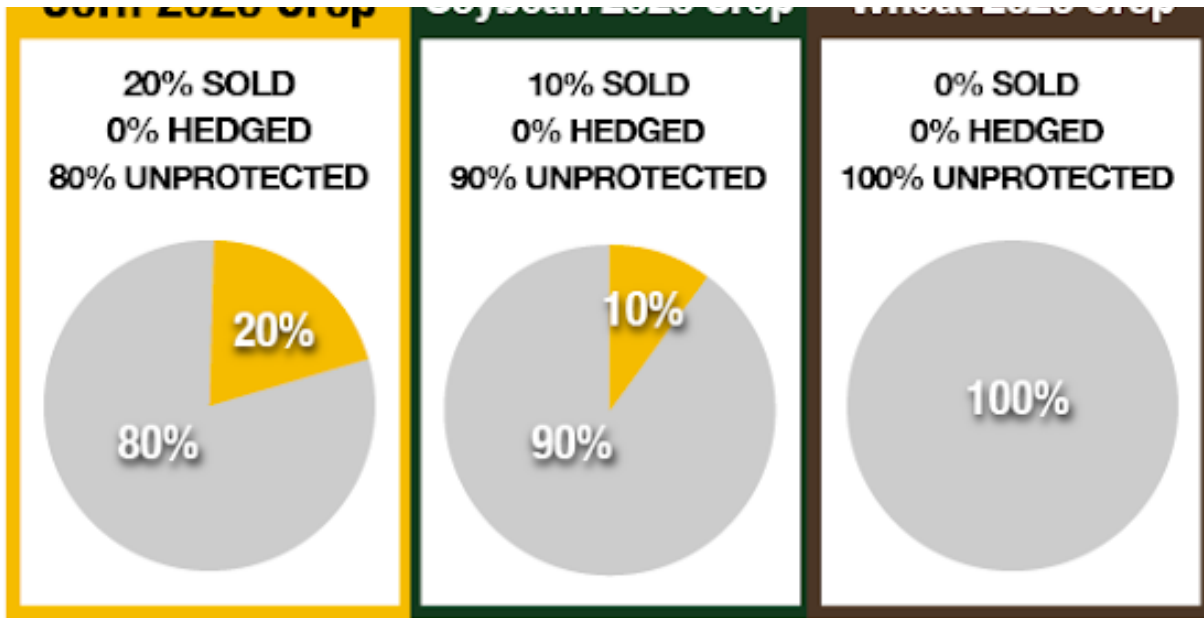
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