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GOOD MORNING: The Van Trump Report 12-10-19

1 message

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

Tue, Dec 10, 2019 at 5:30 AM

Reply-To: Jordan <reply-fec210727d670c79-1142_HTML-68584704-100003450-8@vantrumpreport-email.com>

To: josh@farmdirection.com



"There are two types of pain, one that hurts you and the other that changes you."

Tuesday, December 10, 2019[Printable Copy](#) or [Audio Version](#)

Morning Summary: Investors continue to wait for concrete news on major trade deals ahead of the December 15 deadline for new planned tariffs on Chinese goods. Traders seem to be growing a bit more nervous as the deadline approaches amid worries that letting the tariffs go through could jeopardize the U.S.-China negotiations for an extended period. While the U.S. and China say they are optimistic about getting a "Phase 1" deal done, there's nothing official or new to report as of yet. The USMCA, however, could be signed by the end of the month, according to Washington insiders. The Trump administration and House Democrats have reportedly reached a tentative deal on the revised North American Free Trade Agreement. Details still need to be completed and the U.S. trade representative will need to submit the implementing legislation to Congress, but it's expected to be an easy pass as both Democrats and Republicans are eager to pass the long-sought agreement. For today, the U.S. Federal Reserve's Open Market Committee begins its two-day policy meeting. Since the central bank's last meeting in October when they cut rates for the third time this year, Fed Chairman Jerome Powell has said on several occasions that monetary policy was in a good place, leaving most

Fed watchers to believe the central bank will hold rates steady. Following tomorrow's final meeting, the Fed will release an updated dot plot, policy statement, and economic projections. Fed Chair Jay Powell will also deliver a press conference. Today also brings the Labor Department's final 3rd quarter estimates for Productivity and Costs. Earnings of interest include Autozone, Randstad Holdings, and Dave & Busters.

The November Jobs Report Was the Whole Decade in One Report:

Friday's November jobs report marked the government's final monthly jobs report of the decade. The report showed that more jobs were created than had been expected by economists. The unemployment rate unexpectedly fell. Wages rose faster than expected. Stocks reacted on Friday by surging to near record highs. And in many ways, this one event defines what markets and the economy were all about in the 2010s. It was a decade that saw markets and data routinely exceed bearish expectations, leaving the bears dejected as the bulls endured with cautious optimism. Almost every year of this decade had some version of the perilous moments we seemed to be facing this summer and early fall — when an inverted yield curve and a slump in global manufacturing seemed to signal the most anticipated recession in history would finally arrive. And yet we finish this decade with the longest U.S. expansion on record and markets near record highs. The last time we saw a month with negative nonfarm payroll growth was September 2010. The unemployment rate hasn't been above 5% since November 2015. Read more from [Yahoo! Finance](#).

Goldman Sachs Expects Gold To Climb +9% in 2020:

The price of gold could jump +9% to \$1,600 per ounce by the end of March, according to Goldman Sachs. The investment bank stood by its three-month, six-month, and 12-month forecasts in a research note last week. It highlighted as factors underpinning the price: political uncertainty, recession fears, high household savings, low interest rates, an equities selloff, growth of emerging markets, moderate growth in mine output, robust central-bank purchases, and greater discussion of Modern Monetary Theory, among others. Goldman's analysts said they "remain optimistic" about gold going into 2020, given investors view it as a safe or "haven" asset during turbulent times. "We still see upside in gold as late cycle concerns and heightened political uncertainty will likely support investment demand for gold as a defensive asset." Check out Goldman's 10 key reasons to expect higher gold prices [HERE](#).

Warm Winter Weather Prompts Lower Natural Gas Price Forecasts:

Unseasonably mild weather and continued production growth have prompted forecasts that the gas market will end this winter oversupplied and push prices below \$2 per million British thermal units for the first time in three years. Gas hasn't traded below \$2 since April 2016. Producers have been

hoping chilly weather will reduce stockpiles and buoy prices, but so far this winter frigid temperatures have been fleeting. Several large producers have pledged restraint, yet gas continues to flood the market. U.S. production averaged 96 billion cubic feet a day at the end of last month, up about 3 billion cubic feet over the past 10 weeks, according to Tudor, Pickering, Holt & Co. The energy-focused investment bank said that it expects gas in storage to end winter 25% above the five-year average, pushing prices below \$2 in the second quarter of 2020. (Source: [The Wall Street Journal](#))

Sure... It's Probably Not Going to Happen! *I remember having conversations just a couple of years back with folks in our industry who said the electric vehicle thing will never happen. During this past Thanksgiving holiday, Tesla owners posted hundreds of videos and photos of long lines and broken chargers at Tesla Supercharger stations on social media hoping to indicate that Tesla and other electric vehicle manufacturers need to build more charging stations and start adding more infrastructure to accommodate the demand. I've included some pics below, but I encourage everyone to check out the short video of the line one person posted waiting for a charge out in California...it's nuts! Click [HERE](#).*



Alyssa
@lyssabits



So there are a few people at the big 40-stall Tesla Supercharger in Kettleman City. 😞





T. Rust
@nibblonian



Replying to [@shawn_nag](#) and [@Tesla](#)

Ran into same at Buellton and SLO SCs which are "edge" chargers due to the long distance between next stops. Not the worst, but the software could certainly do a better job warning about expected charging delays.





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Tweets of the Day

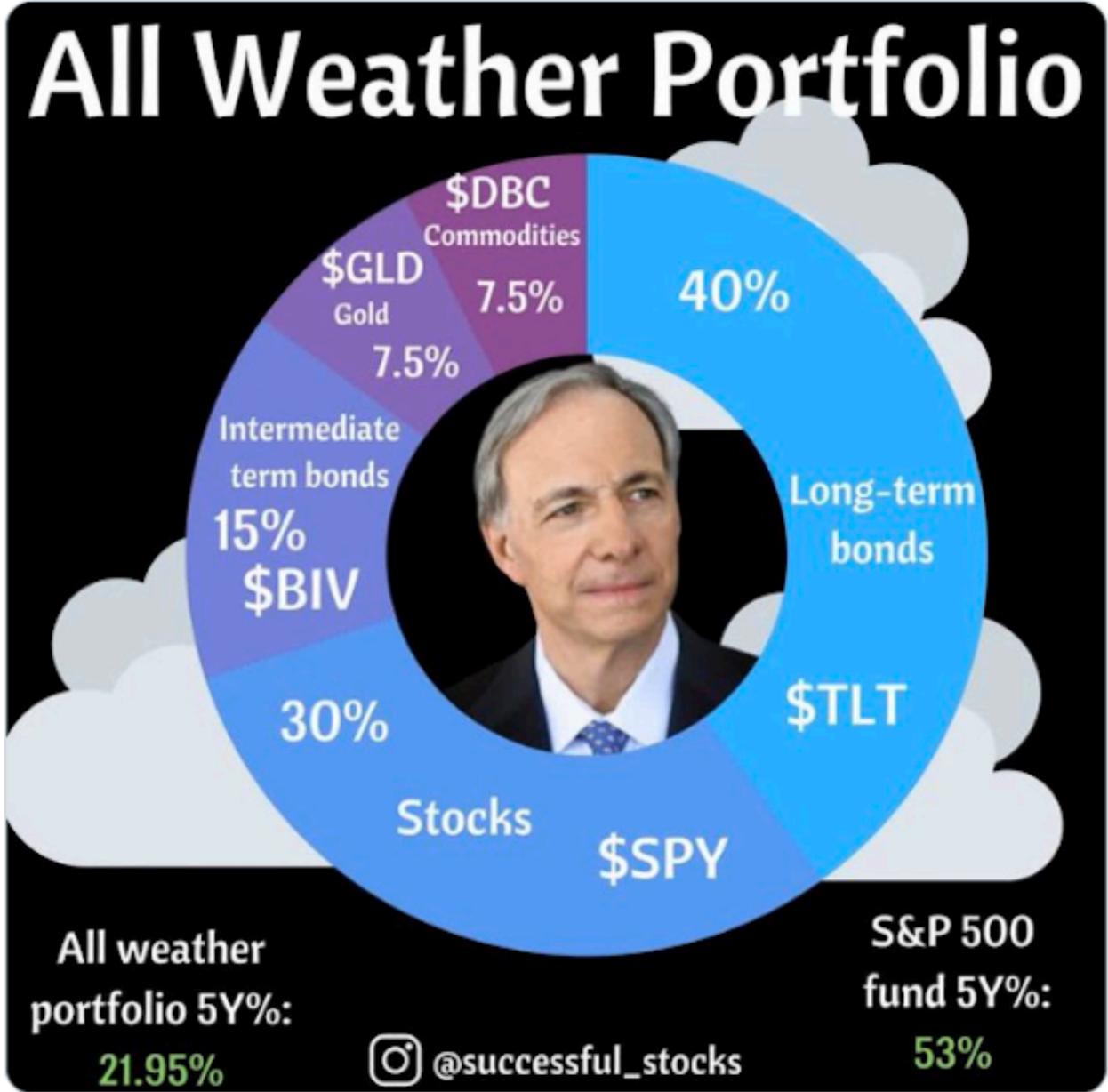




Steve Burns
@SJosephBurns



The Ray Dalio All Weather Portfolio:





Visual Capitalist ✓
@VisualCap



The 25 Best Warren Buffett Quotes in One Infographic

(See full infographic: visualcapitalist.com/the-25-best-wa...)





Alex
@alexh605



The combine will go right through this right? [#harvest19](#)





Diane - Rabbit
@mmdadcccw



When it's too muddy for the trucks to make it to the field, the driveway becomes the transfer point. Back on rain delay today. [#harvest19](#) [#corn19](#)





Trent Clark
@trntclark



Fossil fuels doing what wind and solar didn't.
[#harvest19](#)

East Central, Alberta





Jeremy Hughes
@JeremyH750



Combines in the North Dakota RRV rolling this afternoon in corn. Driving home from work I ran into this beast
[#fendt](#) [#fendtideal](#) [#agco](#) [#harvest19](#) [#AgTwitter](#)





Anne Scottlin
@AnneScottlin



🌳 Sometimes it's not the strongest tree that survives the storm, but the most adaptable. ~Anne Scottlin
[#Art](#) [#GrayArtus](#) [#tuesdaymotivation](#) [#life](#) [#lifecoach](#)
[#nature](#) [#inspirationalquotes](#)



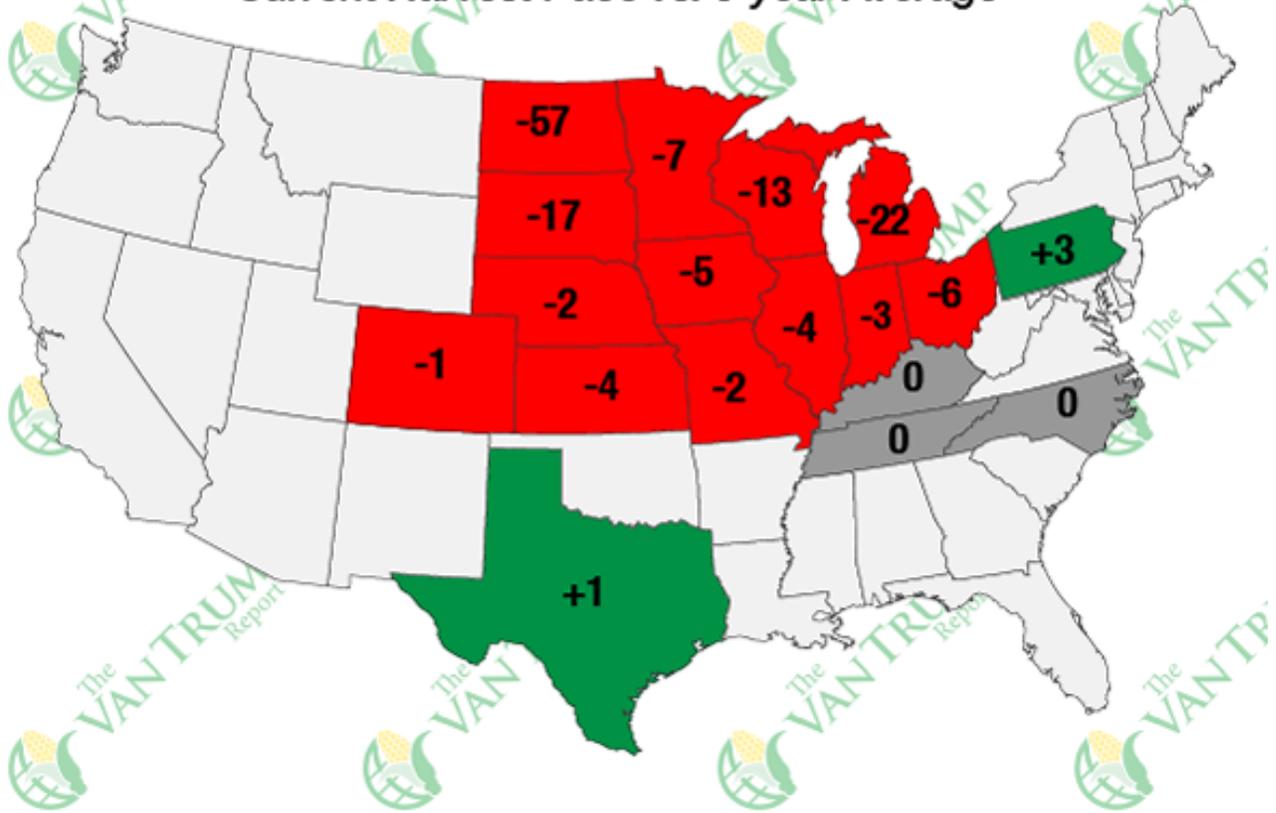


Corn traders are digesting the final USDA weekly crop progress update. Yesterday's data showed the U.S. crop just 92% harvested, up only +3% from the previous week, and well below the 5-year average of 100% complete by this date. Bulls argue there's still 6 to 7 million acres of corn unharvested in states like North Dakota just 43% complete, Michigan and Wisconsin just 74% complete, South Dakota 83% complete, Minnesota and Ohio 93% complete. There's also still a bit of unharvested corn in states such as Illinois, Indiana, Iowa, Missouri, and Nebraska. Today the trade will be digesting the USDA's December Supply and Demand report. All eyes are on U.S. demand with most wanting to know if exports or ethanol will be further reduced? I'm hoping the USDA elects to leave the demand side of the balance sheet unchanged this month. Perhaps they can buy themselves more time to see if a trade deal gets completed. As a spec, I believe the domestic balance sheet is going to tighten during the next few months. Globally, the adverse weather in Argentina could prompt the USDA to lower its production forecast but at the same time, Brazil's production could arguably be upgraded. Net-net, not much change out of South America. If the USDA throws the market bearish surprise, I may look to pick up a few bullish bargains in the options market. I still like the thought of being a longer-term bull. We are hearing more talk of low-test weights and bigger disappointments on the tail end of harvest.

U.S. Corn Harvested

December 8, 2019
{Week 49}

Current Harvest Pace vs. 5-year Average

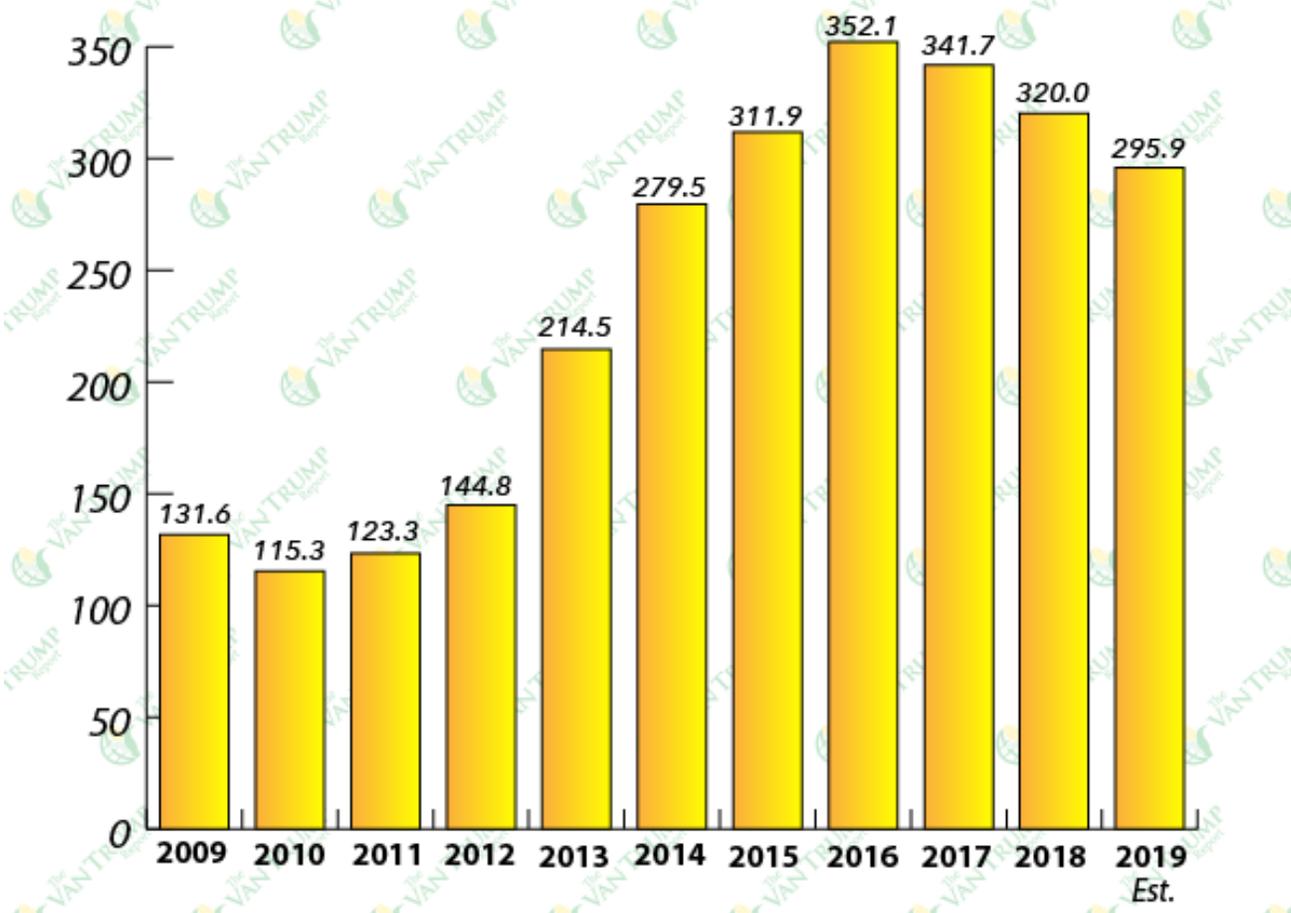


US Corn Harvested					
State	2017	2018	5-yr avg	This Week	Change vs LW
Colorado	100	100	100	99	1
Illinois	100	100	100	96	3
Indiana	100	100	99	96	3
Iowa	100	100	100	95	3
Kansas	100	98	99	100	1
Kentucky	100	100	100	100	0
Michigan	100	99	96	74	8
Minnesota	100	100	100	93	2
Missouri	100	100	100	98	3
Nebraska	100	100	100	98	2
North Carolina	100	100	100	100	0
North Dakota	100	100	100	43	7
Ohio	100	94	99	93	3
Pennsylvania	100	82	88	91	5
South Dakota	100	100	100	83	3
Tennessee	100	100	100	100	0

Texas	100	98	99	100	0
Wisconsin	100	96	95	74	8
Total	100	100	100	92	3

Global Corn Ending Stocks

{in million metric tons}



Source: USDA, PS&D, November, 2019

Soybean bulls are talking about Chinese importers buying a few more cargoes of U.S. beans since reducing its tariffs late last week. There's also headlines circulating that China's hog population was up +2% compared to October, the first monthly increase in some time. Bulls are also pointing to the fact China imported 8.28 MMTs of soybeans in November, up +50% from the same month a year ago. Bears are saying Chinese authorities simply reduced the tariffs to give importers a brief window of opportunity to purchase U.S. soybeans before trade talks are kicked further down the road. Bears continue to doubt that a deal gets done anytime soon. The USDA is scheduled to release its December Supply and Demand

report today at 11:00 am CST. Most inside the trade are looking for very little if any change to the bottom line. Bears want to argue the U.S. export estimate needs to be lowered, but I think the USDA will take a wait-and-see approach with all of the trade uncertainty in the air. South American production could be split between a slight downgrade for Argentina, who has about 50% of their crop planted, and a slight upgrade to the Brazilian crop, which is nearing 100% planted. I continue to hold a small bullish position and will be looking to exit half of the position if we catch a bullish surprise. I do not want to be buying or adding length into a rally. As a producer, I still like the thought of staying patient.

Global Soybean Ending Stocks

{in million metric tons}



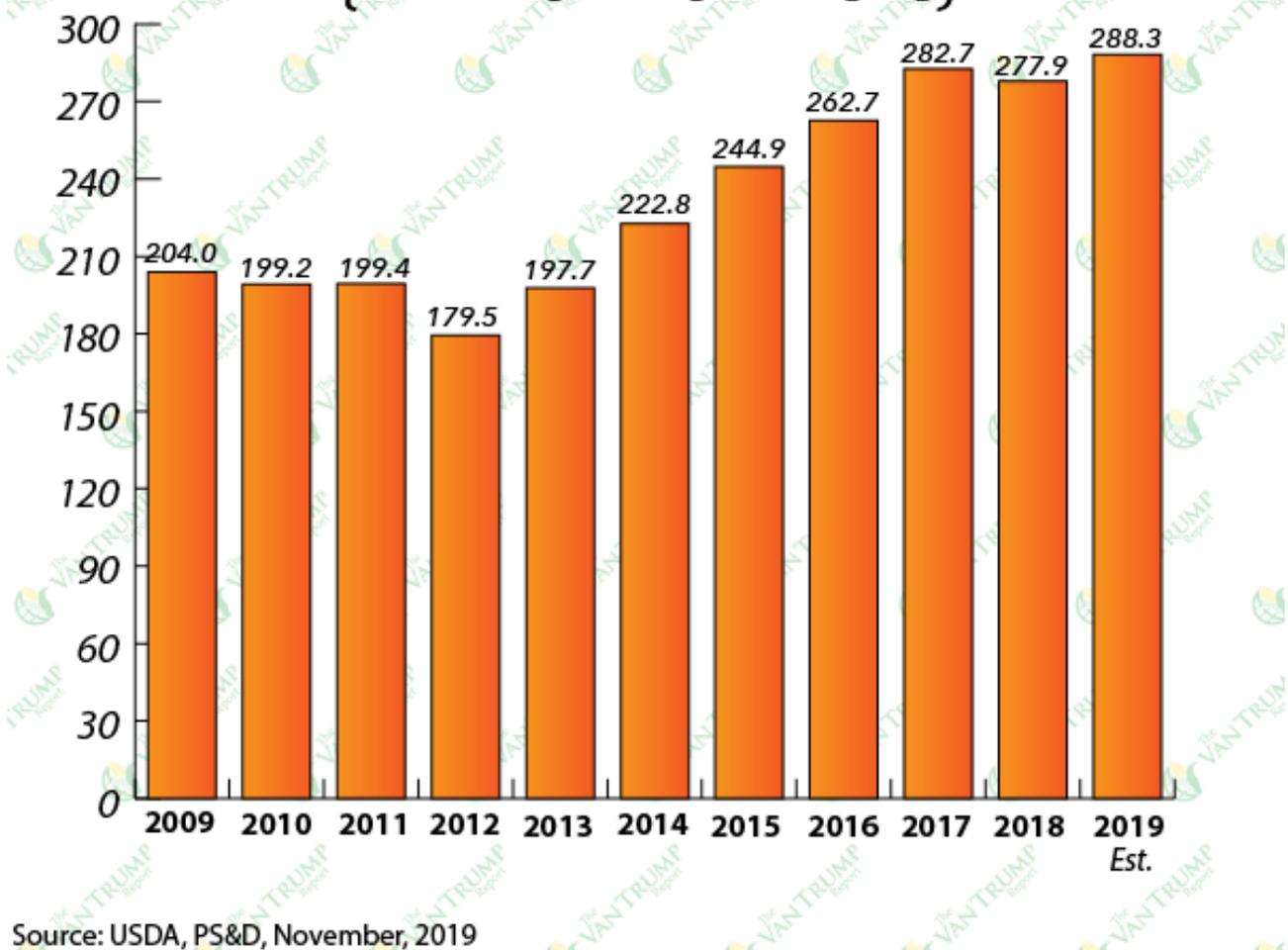
Source: USDA, PS&D, November, 2019

Wheat traders are anxious to see what the USDA has to say in today's report. HRW is trading down near the low end of its recent range and actually just closed at its lowest level since early to mid-October on lack of fresh "demand" headlines and ample global supply. Bulls want to argue many areas here in the U.S. are a bit

too dry and or lacking adequate snow-cover for protection. Bulls also believe the USDA still has some room to trim production estimates for both Argentina and Australia. There has also been more talk and rumors of Russia perhaps exporting less wheat. SovEcon is thinking Russia will export just 2.2 MMTs of wheat in December vs. 2.522 they exported in November. This is also well below the 3.77 MMTs of wheat Russia exported last December. Bottom-line, bulls want to believe fewer Russian exports will result in more global interest for U.S. supplies. I say the verdict is still out and this might be a bit of a stretch. As a spec, I continue to hold a small bullish spring wheat position. I will be keeping a close eye on today's USDA data and global weather forecasts. As a producer, I'm in no hurry to price more cash bushels.

Global Wheat Ending Stocks

{in million metric tons}



U.S. Grain Ending Stocks 2019/20

(million bushels)

	December # 's	Avg. Trade Estimate	Range of Estimates	November Estimates	2018/19 Estimate
Corn	???	1,919	1,890 - 1,960	1,910	2,114
Soybeans	???	476	455 - 500	475	913
Wheat	???	1,010	989 - 1,025	1,014	1,080

World Grain Production 2019/20

(million tonnes)

	December # 's	Avg. Trade Estimate	Range of Estimates	November Estimates
Corn	???	295.52	292.0 - 298.2	295.96
Soybeans	???	95.46	93.90 - 96.80	95.42
Wheat	???	286.18	283.9 - 288.5	288.28

South American Production

(million metric tons)

	December # 's	Avg. Trade Estimate	Range of Estimates	November Estimates
Argentina Corn	???	49.77	49.0 - 50.0	50.0
Argentina Soybeans	???	53.0	52.0 - 54.0	53.0
Brazil Corn	???	100.93	100.0 - 101.5	101.0
Brazil Soybeans	???	123.03	122.0 - 124.0	123.0



> **Record U.S. Pork Exports:** *Recent data shows the U.S. exported 520.9 million pounds of pork in October, which was the most ever for the month and up +18 million pounds from last year. I should note, exports to China were up +375% compared to the year-earlier. On the flip side, U.S. pork exports to Mexico, Japan and South Korea were all down.*

> **U.S. Beef Exports Disappoint:** *U.S. beef exports in October were reported at 248.6 million pounds, down about -9.0% compared to last year. Exports to our top-five markets were all lower when compared to last year.*

> **Funds Purge Soybeans at Faster Clip Than When Trade War Began:** *Chicago-traded soybeans have been priced below \$9 per bushel for nearly two weeks now. But speculators still felt they were overvalued last week as they sold the oilseed more than they did during June 2018 when the U.S.-China trade war was just beginning. In the week ended Dec. 3, hedge funds and other money managers extended their net short in CBOT soybean futures and options to 99,019 contracts from 42,941 a week earlier, according to data published Friday by the U.S. Commodity Futures Trading Commission. That places their two-week net selling total through Dec. 3 at 117,471 futures and options contracts, easily beating the previous two-week record of 94,228 contracts set in the period ended June 12, 2018. Through Dec. 3, funds also set three-, four-, and five-week selling records in soybeans, with the latter two also topping highs notched in the lead-up to the U.S.-China trade war. The previous three-week record was set in the period*

ended Dec. 26, 2017. Read more [HERE](#).

> China Buys U.S. Soybeans after Beijing Issues New Tariff Waivers: Chinese soy importers on Monday bought at least five bulk cargo shipments of U.S. soybeans, or about 300,000 metric tons, for shipment in January and February after Beijing offered the buyers at least 1 million tonnes in new tariff waivers, U.S. exporters said. The fresh allotment of tariff waivers, which exempts importers from 30% tariffs on U.S. shipments, comes after buyers used up nearly all of the 10 million metric tons in waivers awarded by Beijing in October. Monday's purchases, the largest in at least two weeks, according to U.S. Department of Agriculture (USDA) data, came ahead of a Dec. 15 deadline, when U.S. President Donald Trump has said he would impose a new round of tariffs on Chinese goods. China said on Monday that it hoped to make a trade deal with the United States as soon as possible, before the new tariffs kick in. (Source: Reuters)

> Vietnam Considers Tariff Cuts on American Ag Products: Vietnam is considering cutting tariffs on several American products, the Ministry of Finance said in a statement on Monday. Tariffs on chicken and processed chicken meat, almonds, grapes, wheat, pork, and potatoes are all earmarked for reductions, in order re-balance bilateral trade, the ministry said in a statement on its website. Vietnam has emerged as one of the largest beneficiaries of the trade spat between Washington and Beijing but it is concerned that it could be U.S. President Donald Trump's next target. Vietnam's trade surplus with the United States hit \$38.4 billion in the first 10 months of 2019, up 33.66% from a year ago, customs data showed. Read more from [Reuters](#).

> Austria Blocks Ban on Glyphosate While France Bans Dozens: Austria's caretaker leader on Monday made clear she would not sign into law the European Union's first national ban on the weedkiller glyphosate due to a technicality, infuriating environmentalists while delighting farmers' groups. In July, when the current caretaker government of civil servants was already in place, parliament passed the total ban, which was due to come into force on Jan. 1. On Monday, however, Chancellor Brigitte Bierlein said the bill could not come into force because the European Commission was not properly notified under a process aimed at giving it and member states time to react. Austria is actually attempting to be the first European country to ban all uses of the weedkiller, so the move is likely to be only temporary. Meanwhile, France's health and environment agency said on Monday it was banning dozens of glyphosate-based weedkillers, most of the volume of such products sold in France, ruling there was insufficient data to exclude health risks. The ANSES agency was withdrawing the marketing license for 36 products which would no longer be authorized for use after the end of next year, it said in a statement. However, France stopped short of legislating to outlaw glyphosate, setting instead a target to phase out its use by 2021 except where no viable alternatives existed. (Source: Reuters)

> Feds Sue California Farmer For Growing Wheat: *No one told Jack LaPant that he could be in violation of the Clean Water Act for farming his own land. That's mostly because the federal law includes a clear exemption for "normal" farming activities. But it's also because the government officials LaPant consulted didn't view overturned dirt that has been tilled and plowed as pollution. In 2016, the Army Corps of Engineers, which administers the Clean Water Act with the Environmental Protection Agency, began legal action against LaPant for plowing he did in 2011 to plant wheat on a ranch property he owned in Northern California. What's particularly alarming to LaPant and other farmers familiar with his case is that in their view the Corps saw fit to modify the Clean Water Act without congressional approval, says Tony Francois, a lawyer with Pacific Legal Foundation who specializes in property rights. "There's a pretty broad, clear statement in the Clean Water Act that you don't need a permit for normal farming activities," Francois said. Read more [HERE](#).*

> Plastic Backlash Leads to Bets on Old Recycling Technology: *Big makers and users of plastic packaging are betting on a recycling technology that has failed for decades to take off, as a public backlash and new rules push them to find ways to cut waste and greenhouse-gas emissions tied to plastic. Plastic makers like BP PLC and Dow Inc., and packaging users like Coca-Cola Co. , Danone SA and Unilever PLC, are testing or investing tens of millions of dollars in the technology, called chemical recycling. The process uses chemicals or heat to break down plastic so it can be turned into clean, new plastic again and again while preserving quality—a Holy Grail for the industry. That is a big improvement on existing, mechanical recycling—in which plastic is shredded, washed and melted—where quality diminishes over time. Chemical recycling has been around since the 1950s, but high costs and a lack of demand made it financially unviable. Companies are turning to it now, partly because of the need to find more recycled material to meet or forestall regulations aiming to cut emissions and waste. Beverage companies are especially under pressure, following a European Union directive for plastic bottles to use 30% recycled plastic starting in 2030. Read more from [The Wall Street Journal](#).*

> The Resurrection of a Failed Alzheimer's Drug Set to Test FDA Approval Process: *A once-promising anti-Alzheimer's drug failed in final clinical trials early in 2019, but now Biogen, the company producing it is claiming it analyzed the data incorrectly. The drug actually works, it says, and all eyes are now on the FDA's approval process. The discontinuation of two large-scale final phase human trials into the efficacy of aducanumab early in 2019 sent shockwaves through the Alzheimer's research community. The trials were halted after an early independent data analysis suggested the drug was not working and would not meet its primary endpoint. The failure of aducanumab came hot on the heels of several other prominent discontinued Alzheimer's clinical trials, all focusing on reducing the*

accumulation of amyloid proteins in the brain. When aducanumab was classified a failure at the beginning of 2019, many experts suggested it could be the final death knell for the amyloid hypothesis. But in October a strange, and almost unprecedented, thing happened ... Aducanumab came back from the dead. Read more [HERE](#).

> Russia Banned from 2020 Olympics and 2022 World Cup Over Doping: *The World Anti-Doping Agency (WADA) has unanimously agreed to ban Russia from major international sporting competitions -- notably the Olympics and the World Cup -- for four years over doping non-compliance. RUSADA has 21 days to accept the decision or send the matter to the Court of Arbitration for Sport (CAS). If upheld, WADA's decision means Russia will be unable to compete in events such as next year's Olympic and Paralympic Games in Tokyo nor the 2022 FIFA World Cup in Qatar. It will also be unable to host any major sporting events. WADA's punishment relates to inconsistencies in data retrieved by WADA in January 2019 from the Moscow lab at the center of the 2016 McLaren report, which uncovered a widespread and sophisticated state-sponsored sports doping network. The report found the Russian state conspired with athletes and sporting officials to undertake a doping program that was unprecedented in its scale and ambition. The findings led to sanctions, including no Russian team being present at the 2018 Winter Olympic Games in Pyeongchang, with certain eligible athletes being forced to compete under a neutral flag. Read more [HERE](#).*

> What to do if Your Package is Stolen or Damaged: *Online shopping is a fantastic convenient tool, particularly around the holidays. It opens up an enormous array of options for gift-giving (as well as shopping for ourselves), but it's not all perfect. One of the big risks of ordering from online retailers is that there is a chance, however small, that the item will arrive damaged, that the item will be snatched from your front step after delivery, or that it won't be delivered at all. I've had packages fall into all three of those groups in the past, and I've learned some lessons the hard way. The Simple Dollar has compiled some of the best practices you can follow with regards to handling damaged, lost, or stolen packages effectively, particularly during the holiday season. Check it out [HERE](#).*

> The Most Grueling Race on Turf: *Sure, you can use a riding lawnmower to cut grass. But you can also slap on a helmet, put together a pit crew and race. Yes, lawnmower racing is a thing, and it is extraordinary. Think NASCAR or Formula 1—just a bit slower. In England, the British Lawn Mower Racing Association oversees the sport. Great Big Story followed the members of the Who's Racing team as they compete in a grueling 12-hour endurance race in Five Oaks, England. Check it out [HERE](#).*

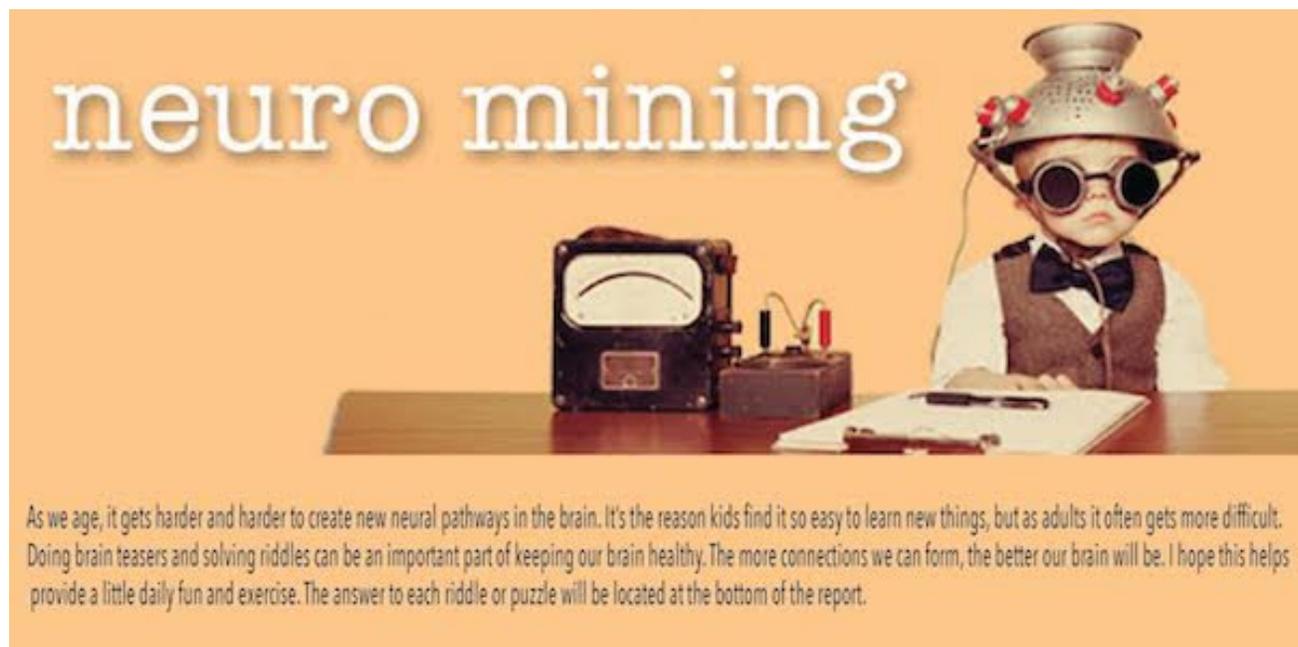


Northern Texas - *We farm just south of the Oklahoma border. The sorghum yields were down here somewhat bad in comparison to the last few years. A lot of "too much rain" and a little more of "not enough rain" was the culprit. We struggled to get planting finished because of constant rains, and then we got very little moisture in July and August with a lot of 100+ degree heat. My yields ranged from 45-75 bushels per acre which were 30-50 less than 2016-2018. One bright spot was that I didn't spray a single acre for Sugarcane Aphids which was the first time since 2014.*

Central Kentucky - *All in all we had a darn good year. The wheat cleared almost 100 bushels which isn't that uncommon but it sure didn't feel like we would get anywhere near that the way the year started. The full season beans and second crop soybeans were nearly identical in how they looked and yielded. The corn wasn't the best crop we have ever had but it was 184 bushels across 1,700 acres which was roughly 18 bushels less than what I would consider a perfect year. We sold a lot of beans really early on but we held the wheat so we really it's about a wash on the price difference in what we made on soybeans vs what we lost in*

wheat price. Hopefully, we will see a rally sometime this winter and we can dump some of this wheat. We have roughly 20% of our corn sold so I'm not super happy about that at this price level. We really thought it was going to make a run at \$5.00.

Northern Kansas - *The wheat planting in this area has a decent stand but there is a little that was patchy especially on the soybean ground. Not sure what made it more patch on the bean ground but it's consistently worse where it followed soybeans. Most guys want nothing to do with wheat anymore. It's only used as a rotation or potentially to give the ground a little break from corn. Not more than 10 years ago you wouldn't have found a corn field unless you drove 30-50 miles into Nebraska but now all the corn is migrating south.*



TODAY'S RIDDLE: I can go up a chimney down but not down a chimney up?
What am I?



Global Master Class of Farmers Share Hopes and Fears

Last month Rabobank hosted its biennial Global Farmers Master Class in Brazil. If

you've never heard of it, the event brings together a group of 40 entrepreneurial farmers from across the world, who gather to share knowledge, discuss the challenges and opportunities they face, and hear from many of Rabobank's experienced team. Everyone knows how strongly I believe in listening to and learning from other perspectives, so this is right in that wheelhouse. I thought I would pass along a few key takeaways from the meeting where growers from across the world shared what they see as their greatest challenges ahead:

Growing Disconnect Between Farm and Fork: *The widening gap between the farmer and the consumer was front of mind for a majority of growers. In fact, many in the group had experienced first-hand the impact of changing consumer tastes and opinions. Others highlighted the cultural divisions in society between rural and urban areas as well and the urban dwellers' perceived lack of knowledge regarding agriculture. I can personally assure you there is a growing push towards "Clean Energy" which stokes the flames and increases the challenges we will all face trying to farm in a "Climate Change" sensitive world. The commitment to sustainable and regenerative agriculture is really going to be important.*

How Do We Add Value? *The search to add value and shake off the shackles of commoditization came through loud and clear, with attendees asking variations of "How can farmers create more added value to earn a better standard of living?" Global commodity markets all share a painfully familiar story, where farmers are essentially price takers. I'm told this led to interesting conversations about responding to the consumer with strategies that would help decommoditize crops, such as customizing their products, exploring niche products, and certification schemes to differentiate themselves through sustainable and/or organic farming practices facilitated by Rabobank's organic transition loan offering. Just keep in mind, as you seek out a niche market, if too many producers jump in, it simply becomes another commodity. I look at this approach much like investing in stocks, meaning you have to narrow down your timeline and realize that you might not be in the same stock, or in this case crop as long as you used to.*

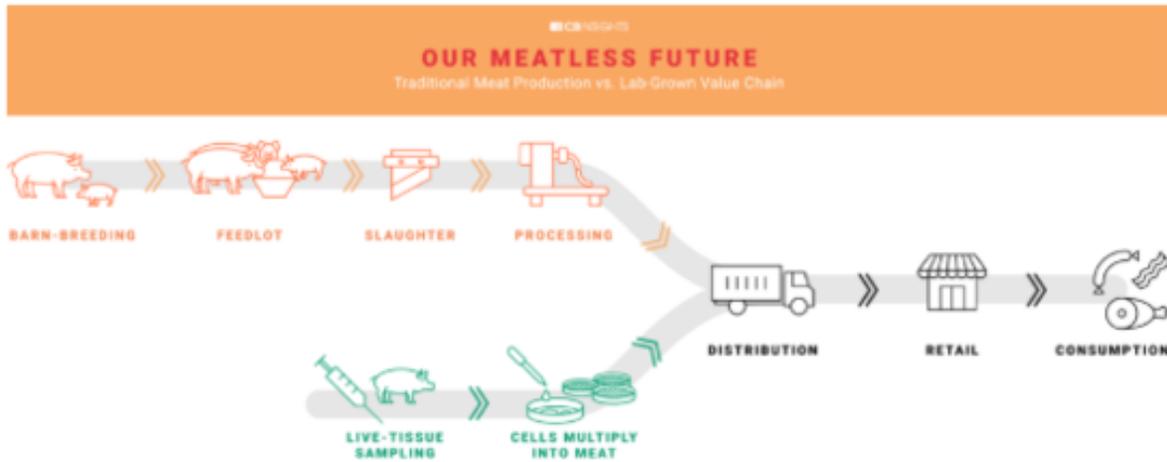
The Shift Toward Plant-Based or Lab-Grown Foods: *Out of all the consumer trends discussed, I'm told the "cultural shift" toward plant-based foods was the most heated. Despite growing global meat demand, the emergence of alt meat, lab meat, artificial proteins, faux meat, etc., left many asking what it means for producers and will it take market share. For the moment at least and contrary to expectations, the growing interest in alternative proteins has added to total protein consumption, meaning even as alt meat proteins are growing at double-digit rates, animal consumption rates are stable or slightly higher. Keep in mind, however, we are early in this game and any readily available products on a large scale in your local supermarket are optimistically a decade away. I have to say, my opinion in this space has changed, even though I've tasted and don't like the meatless burgers currently being produced. But like I tell readers and clients, it's*

not always what we feel or believe that matters, in this case, if Wall Street continues to throw money at this space, the technology is going to rapidly advance, prices are going to come down and the flavor is going to improve. Just remember, pay close attention to where the money is flowing, it's not always about just being "right" and confirming your personal beliefs, but rather being on the right side of the bet.

The History of the Farm to Table Movement

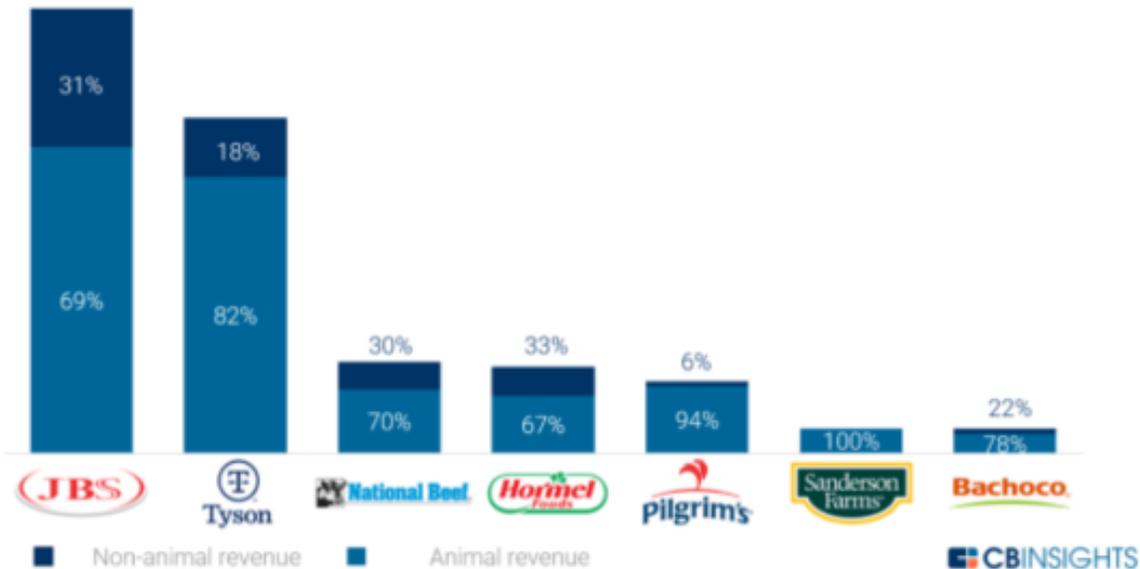






Especially vulnerable to these changes are food companies like Tyson, Pilgrim's, and Sanderson Farms, which rely on animal meat products for 80% or more of their revenue, as seen below.

Animal revenue percentage of meat corporates
2016 Fiscal Year



What You Need to Know About "Forever Chemicals"

The chemical compound known as PFAS has been generating an increasing number of headlines as U.S. regulators consider ways to crack down on the toxic substances. It's also the subject of a feature film, *Dark Waters*, that stars Mark Ruffalo as attorney Rob Bilott in his fight against PFAS manufacturers. Also called "forever chemicals", they have been highly utilized in various industries and

products because of their ability to repel liquid and grease. At the same time, a growing body of evidence suggests they could cause a number of adverse health effects, including cancer.

What is PFAS? *The compounds are part of a class of about 5,000 fluorinated compounds that companies like DuPont and 3M have produced since the 1940s. They're dubbed "forever chemicals" because they don't break down. They easily migrate into the air, dust, food, soil, and water. People are also exposed to them via food packaging. The chemicals also accumulate over time in both the environment as well as our bodies. A study from 2007 by the Centers for Disease Control and Prevention estimated that PFAS chemicals could be detected in the blood of 98% of the U.S. population.*

Why are they dangerous? *PFAS stay in the human body for long periods of time. As a result, as people get exposed to PFAS from different sources over time, the level of PFAS in their bodies may increase to the point where they suffer from adverse health effects. To be clear, not all PFAS chemicals are considered harmful to human health, as far as the science has so far shown. The most-studied PFAS chemicals are PFOA and PFOS. Studies indicate that PFOA and PFOS can cause adverse reproductive and developmental, liver and kidney, and immunological effects in laboratory animals. Both chemicals have caused tumors in animals. The most consistent findings are increased cholesterol levels among exposed populations, with more limited findings related to low birth weights, effects on the immune system, cancer, and thyroid hormone disruption. The other problem is that because they don't break down, the "environmentally friendly" packaging they are often used in is not actually biodegradable. Scientists say that once they are in the environment, they do not go away.*

Where are the chemicals found? *These "forever chemicals" are used in everything from flame retardants in carpet to non-stick cookware (i.e., Teflon) because they make those products water- and stain-resistant. They are also found in food packaging where it is used to coat containers including paperboard boxes like those used for fries and pizza, and paper food wrappers used for things like burgers and microwave popcorn. They are found in hundreds of common household products like stain- and water-repellent fabrics (including carpeting), waxes, paints, cleaning products, and various rubber and plastic products.*

How are they contaminating our water and food supplies? *One example of how PFAS travels to food sources is a carpet that's made with the chemicals that end up in a landfill and then contaminates groundwater or surface water and ends up in agricultural or drinking water sources. Some landfills send the liquid that leaches from the waste to a water treatment*

center. Since the chemicals are water-soluble, they can slip through filters and into drinking water. The highly mobile compounds have also been found in rain, Arctic snow, and the flesh of animals all around the world.

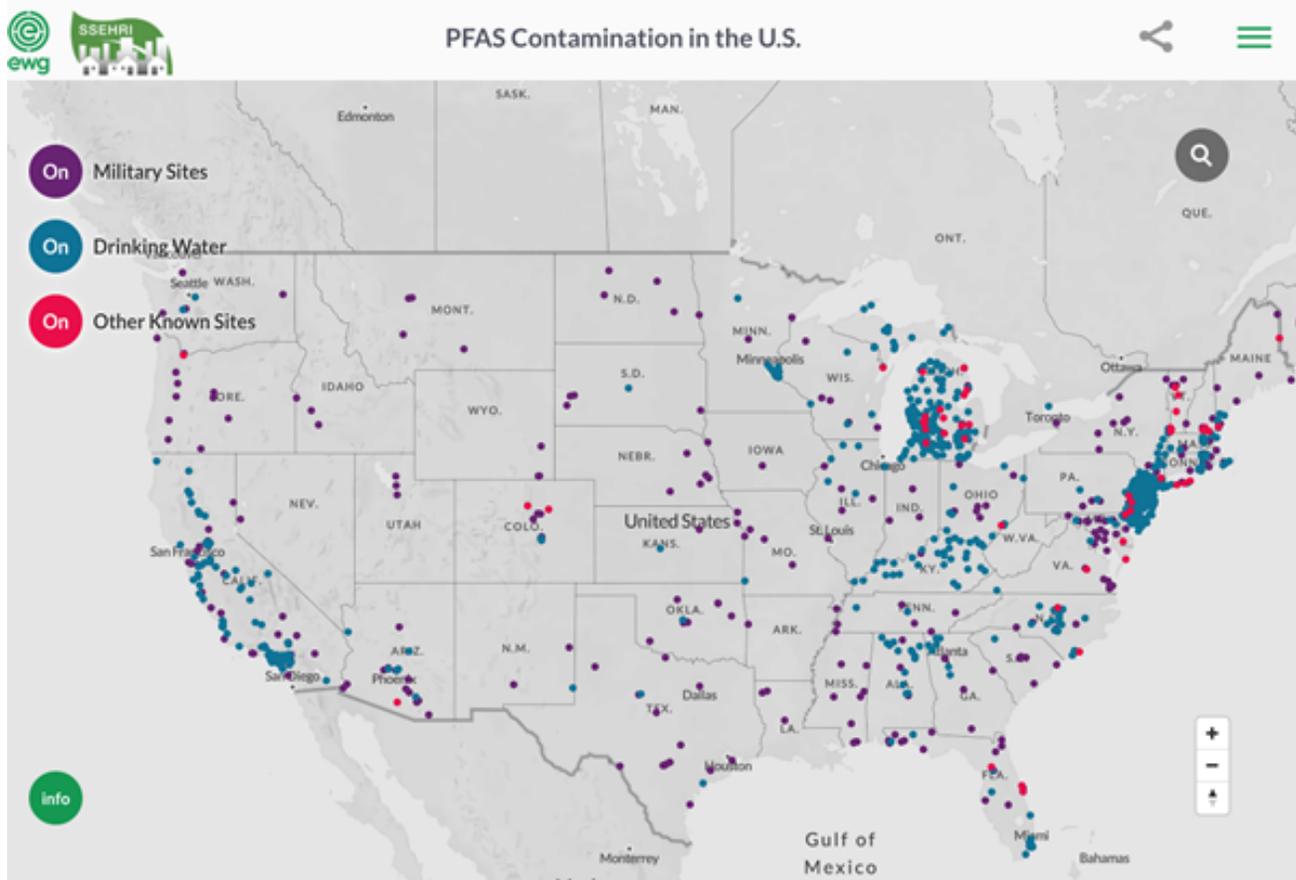
What is being done? *Two PFAS chemicals - PFOS and PFOA - have been identified as "contaminants of emerging concern" by the Environmental Protection Agency (EPA) and are no longer manufactured or imported in the U.S. However, they can still be imported into the U.S. in consumer goods. In May of this year, the agency announced an action plan to eradicate the two contaminants from drinking water and steps toward establishing a maximum contaminant standard for the chemicals, which would be regulated as "hazardous substances." According to the environmental advocacy group Environmental Working Group, more than 1,500 drinking water systems that serve nearly 110 million Americans may be contaminated with the chemicals. Recently, two water districts in Long Island, New York filed lawsuits against 3M Co, E.I. DuPont De Nemours and Co., and the Chemours Co, accusing the chemical makers of contaminating their drinking water supplies with toxic substances. Some states have banned food packaging made with PFAS and a handful of others have approved bans on firefighting foam with PFAS. Around 30 states considered new laws around PFAS in their most recent legislative session.*

Getting it out of water supplies is a tough challenge as most filters are only partly effective, though activated carbon seems to be very effective. What to do with them once they are removed from the water is another issue. Public health advocates say they would need be stored in secure facilities that are similar to the ones that store nuclear waste until a solution is found. Researchers are considering everything from high-temperature incineration and electrochemical, thermal and ultrasonic treatments that could fully break down the molecules. Regardless of the final solution, experts say that cleanup will require untold amounts of money and many believe the companies that manufactured the chemicals should cover the cost. Industry analysts, as well as some from the investment side, have warned that companies like 3M and Dupont could be facing millions if not billions in fines and cleanup costs. It's probably a good idea to keep a close eye on those New York lawsuits if you've got these companies in your portfolio. (Sources: Civil Eats, Live Science, EPA)

The EPA's health advisory level for PFAS in drinking water is **70 parts per trillion**. Earlier this year, the Food & Drug Administration tested for PFAS in a variety of foods. While the sample sizes were small and may not reflect typical contamination levels, here's what the FDA found.







Be Careful... Don't Overplan Your Life!

Uber's CEO Dara Khosrowshahi says his best advice for young people: Don't overplan your life! He told reporters at a recent high-end executive luncheon, "I see people make wrong decisions all the time because they have this picture of where they're going to be. Usually, when you have a picture of where you want to go, or what that should be, it leads to confirmation bias."

Confirmation bias is a logical fallacy that can hijack all of our decisions because the brain often sees these challenges to our beliefs as a threat. In other words, it's a human tendency to seek, interpret, and embrace information that confirms our preexisting beliefs, goals or objectives. We do not want to hear or be real receptive to an idea or concept that's going to jeopardize or challenge that thought or direction.

For example, there's a classic experiment from 1954 in which Princeton and Dartmouth students were shown a game between the two schools. At the end, Princeton students said there were clearly more fouls committed by Dartmouth, while the Dartmouth students remembered more fouls clearly committed by Princeton. In other words, everyone is always talking from their perspective.

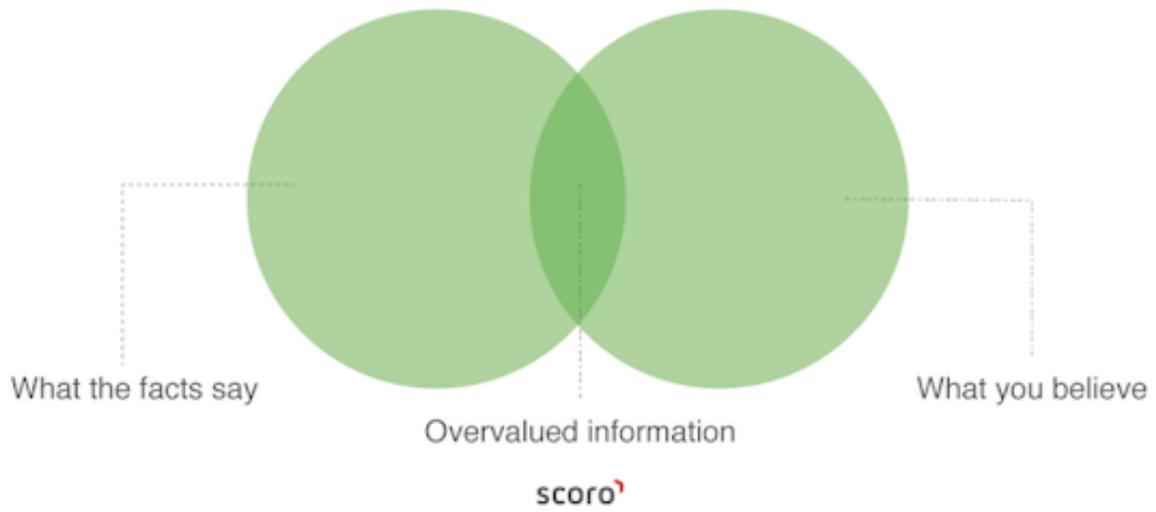
Another experiment gave participants a complex rule-discovery task that involved

moving objects simulated by a computer. Objects on the computer screen followed specific laws, which the participants had to figure out. So, participants could "fire" objects across the screen to test their hypotheses. Despite making many attempts over a ten-hour session, none of the participants figured out the rules of the system. They typically attempted to confirm rather than falsify their hypotheses and were reluctant to consider alternatives. Even after seeing objective evidence that refuted their working hypotheses, they frequently continued doing the same tests. Some of the participants were taught proper hypothesis-testing, but these instructions had almost no effect.

Another study of biased interpretation occurred during the 2004 U.S. presidential election and involved participants who reported having strong feelings about the candidates. They were shown apparently contradictory pairs of statements, either from Republican candidate George W. Bush, Democratic candidate John Kerry, or a politically neutral public figure. They were also given further statements that made the apparent contradiction seem reasonable. From these three pieces of information, they had to decide whether or not each individual's statements were inconsistent. There were strong differences in these evaluations, with participants much more likely to interpret statements from the candidate they opposed as contradictory. In this experiment, the participants made their judgments while in a magnetic resonance imaging (MRI) scanner which monitored their brain activity. As participants evaluated contradictory statements by their favored candidate, emotional centers of their brains were aroused. This did not happen with the statements by the other figures. The experimenters inferred that the different responses to the statements were not due to passive reasoning errors. Instead, the participants were actively reducing the cognitive dissonance induced by reading about their favored candidate's irrational or hypocritical behavior.

Dara Khosrowshahi says, "When we overplan in an increasingly volatile and rapidly changing world, we stop allowing ourselves to be open to new opportunities." I find these comments very enlightening, especially when we relate the thoughts to U.S. agriculture and the deep-rooted traditional thinking that appears to be a breeding ground for "confirmation bias". Which again is simply the tendency to search for, interpret, favor, and recall information in a way that affirms one's own beliefs or hypotheses. Every day, especially as I get older, I have to work and remind myself to be more open-minded and receptive to new perspectives. I hope you are challenging yourself to do the same!

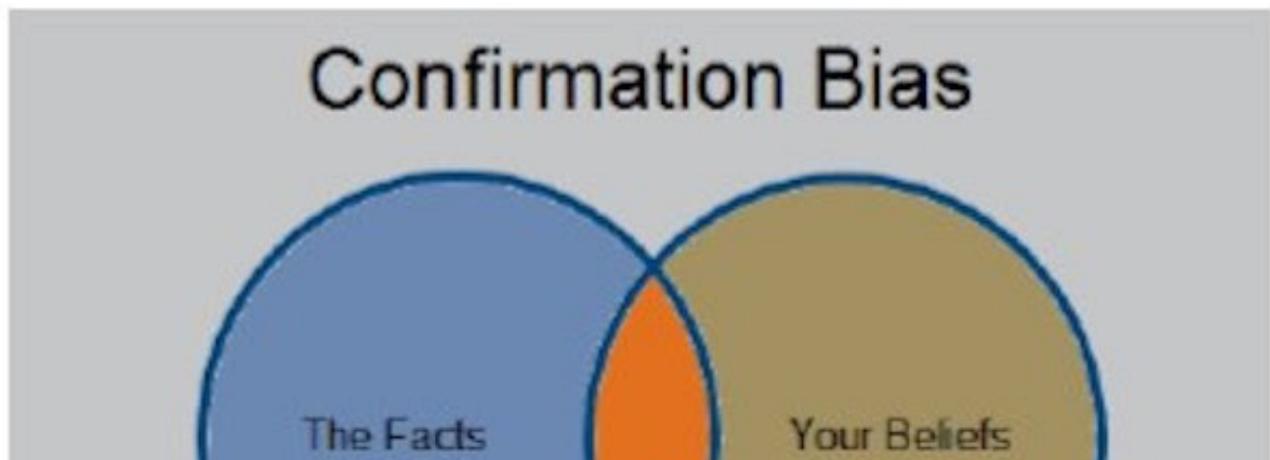
CONFIRMATION BIAS



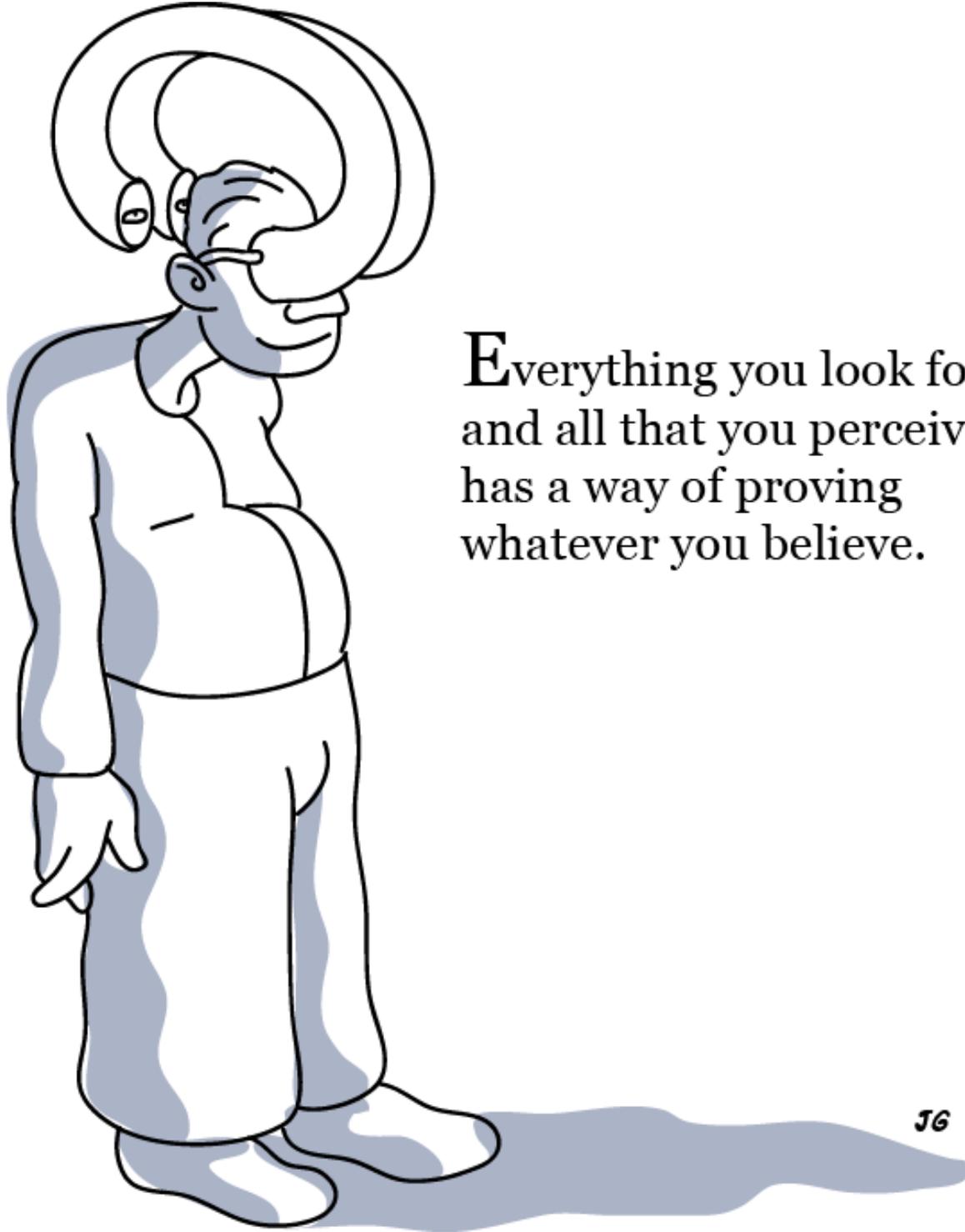
**THE DIFFERENCE BETWEEN
SOMEONE GUIDED BY PRINCIPLE AND
SOMEONE DRIVEN BY BIAS:**

**A PERSON WHO IS GUIDED BY
PRINCIPLE WILL STAND UP TO HIS ALLIES
AND SIDE WITH HIS "OPPONENTS"
IF TRUTH AND MORALITY DICTATES IT.**

**A PERSON WHO IS DRIVEN BY BIAS
WILL GO TO WAR AGAINST REALITY
IN ORDER TO DEFEND THE IDENTITY
OF THE HERD**

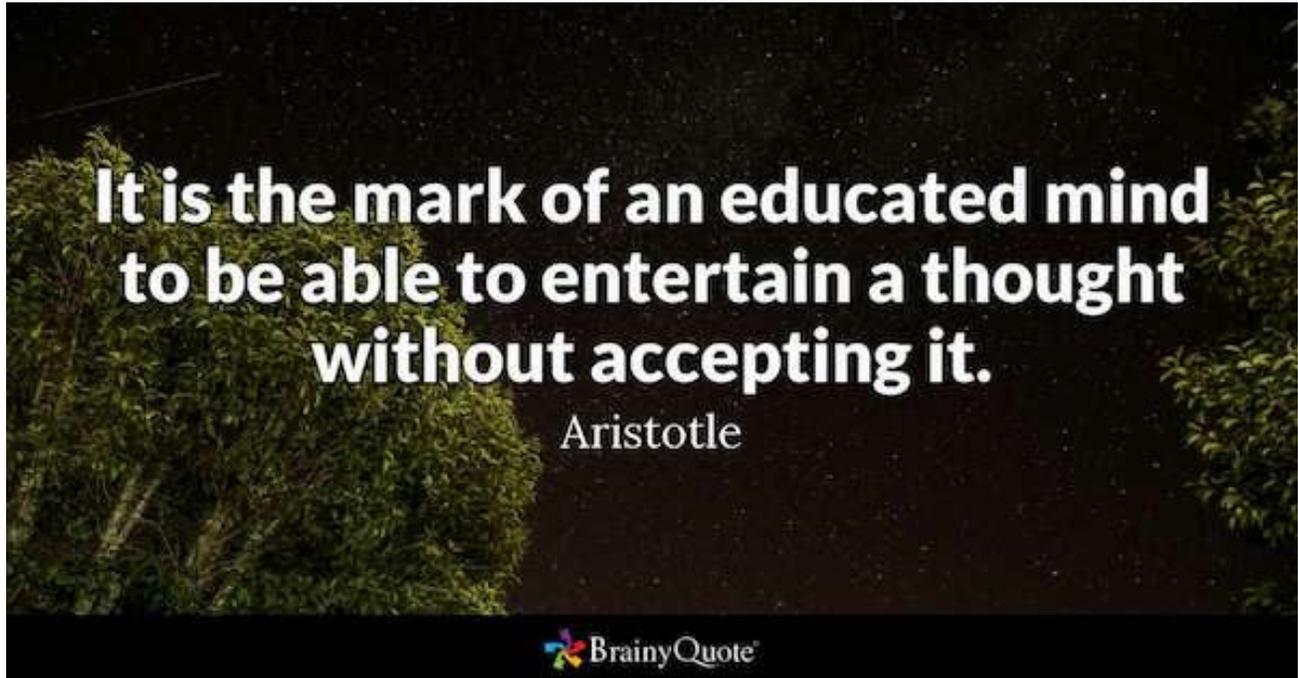






Everything you look for
and all that you perceive
has a way of proving
whatever you believe.

JG

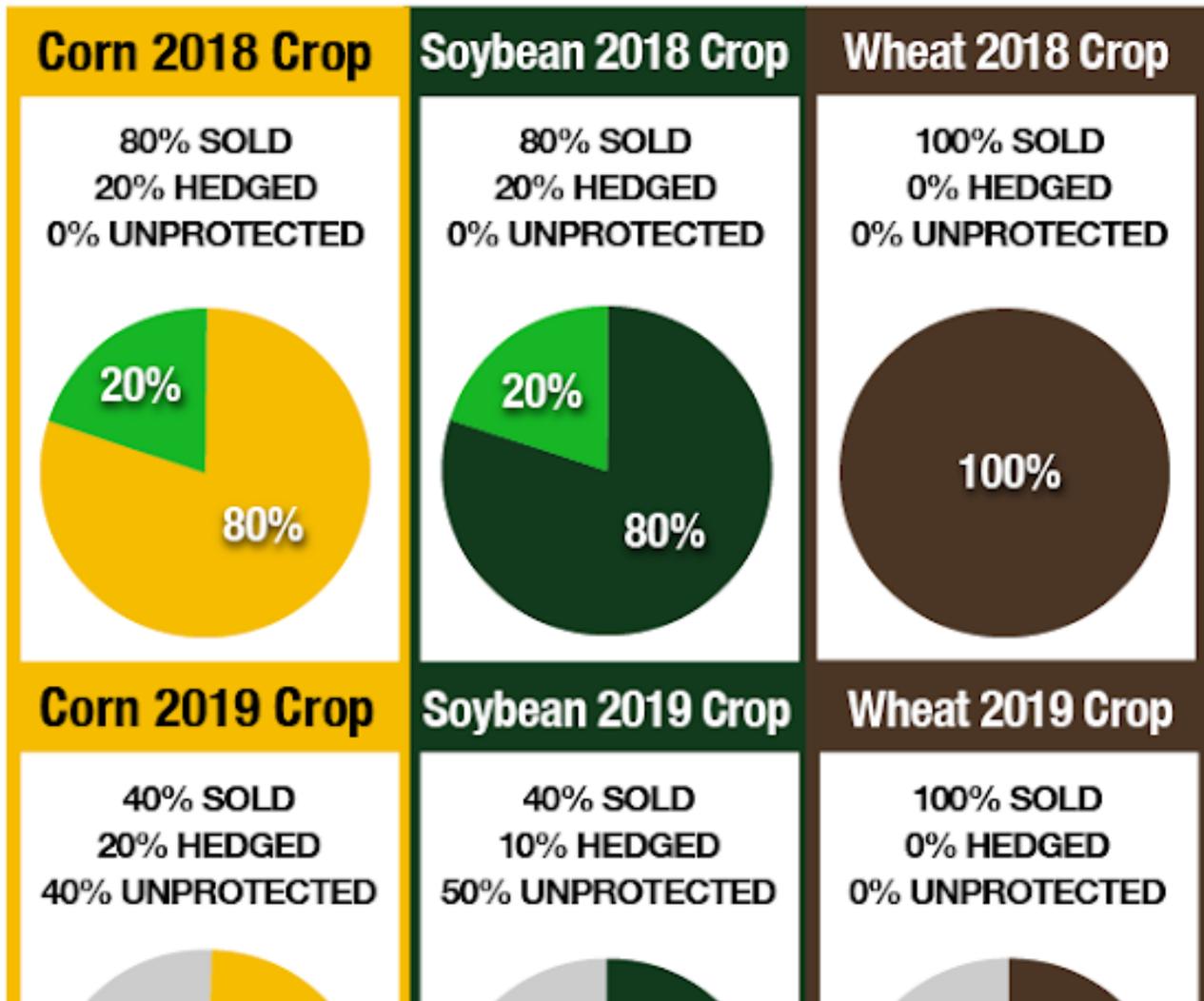


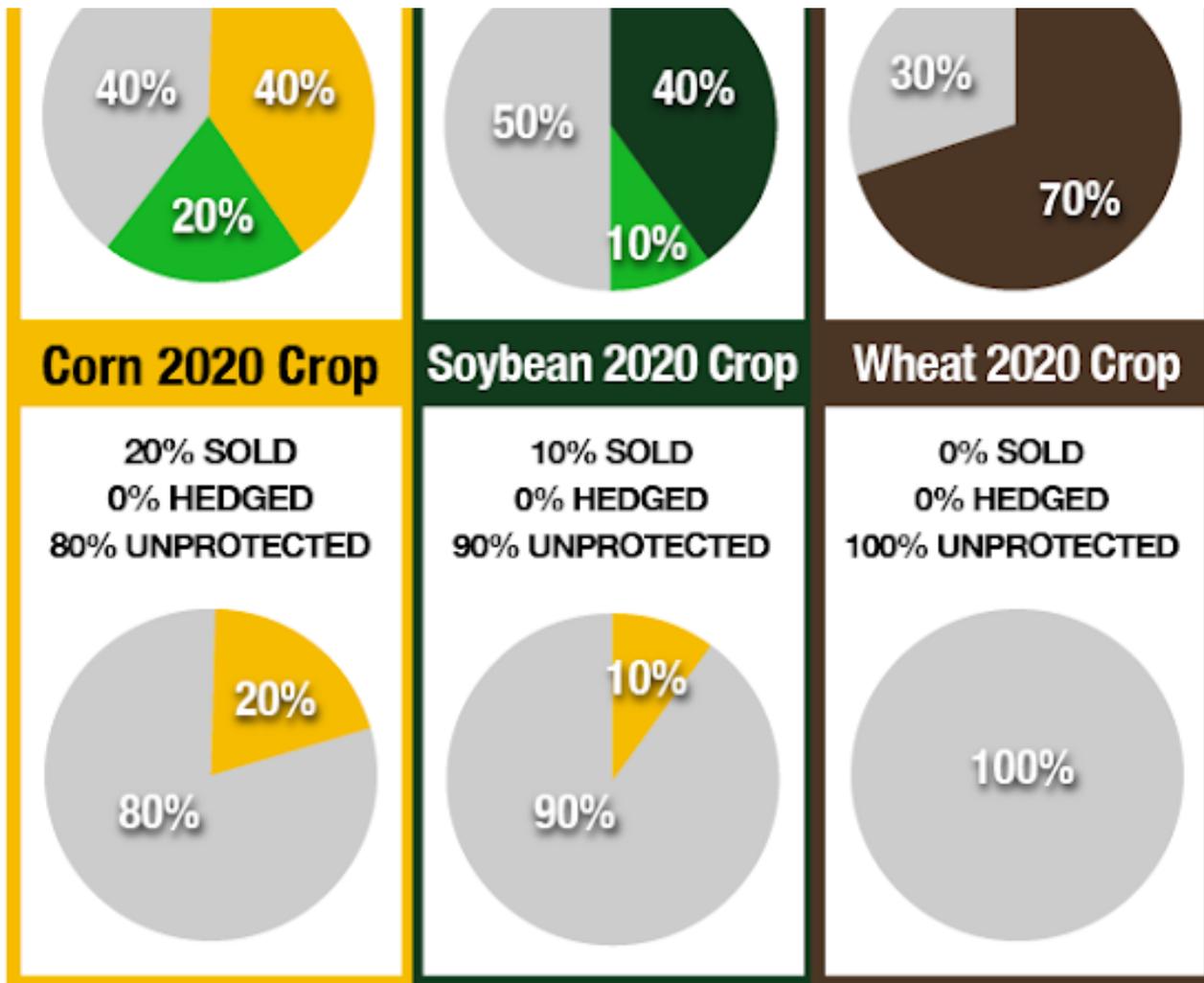
ANSWER to riddle: An umbrella.



CASH SALES & HEDGING TOTALS

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