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GOOD MORNING: The Van Trump Report 2-4-20

1 message

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

Tue, Feb 4, 2020 at 5:30 AM

Reply-To: Jordan <reply-fec41077756d037d-1142_HTML-68584704-100003450-8@vantrumpreport-email.com>

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"Progress is impossible without change, and those who cannot change their minds cannot change anything." - **George Bernard Shaw**

Tuesday, February 4, 2020[Printable Copy](#) or [Audio Version](#)

Morning Summary: Stock prices continue to seesaw as investors struggle to digest the overwhelming amount of information and speculation about the global economy. The People's Bank of China cut rates and injected cash into the financial system yesterday in an effort to limit the economic damage from the coronavirus outbreak which has somewhat eased concerns. The situation however remains very fluid and a top concern for many investors. An economic crisis in China could certainly have broader implications on the rest of the world. Investors are also keeping a close eye on oil prices, which have fallen sharply amid coronavirus outbreak in China, the world's largest oil importer. Energy markets also face fallout due to the mass travel restrictions that have been implemented. More than 25,000 flights to, from, and within China will be canceled this week as more than two dozen airlines suspend services. OPEC officials are expected to meet today and tomorrow to discuss the situation and some big producers are calling for an emergency ministerial-level meeting this month. Citi yesterday cut its first quarter

Brent oil estimate to \$54 a barrel from \$69. The bank also warned that prices could eventually fall as low as \$47 based on its view that the virus will have a longer and deeper impact than previously anticipated. Earnings also remain in the spotlight with another round of corporate bellwethers set to release results this week. One of the most highly anticipated results came from Google parent Alphabet yesterday, which beat on earnings but came in below consensus on the revenue front causing stock prices to fall. Today's highlights will include Aflac, Allergan, Allstate, BP, Cerner, Chipotle, Clorox, ConocoPhillips, Disney, Ferrari, Ford, Gilead Sciences, Match Group, Prudential Financial, Royal Caribbean, Simon Property Group, Sirius XM, and Snap. The economic calendar is fairly light with Factory Orders being the main attraction. The American Petroleum Institute will issue its measure of weekly U.S. oil inventories, which could get some outsize attention due to the current concerns about the energy market. Today also brings a lot on the political front with the results of the Iowa caucuses and the "State of the Union" address from President Trump. It's also worth noting, the impeachment trial could be over as soon as tomorrow. Senators will be allowed to make floor speeches on the articles of impeachment today and will conclude tomorrow with a vote that is expected to acquit the President.

Coronavirus Update: *There are now +20,500 cases confirmed, with the death toll now reported at +425. The U.S. is taking an abundance of precautions, issuing a mandatory federal quarantine on Friday for Americans flying home from China who had spent time in Hubei Province—it is the first such quarantine in 50 years—since the time of smallpox. “While we recognize this is an unprecedented action, we are facing an unprecedented public health threat,” Dr. Nancy Messonnier, director of the National Center for Immunization and Respiratory Diseases, said on a Centers for Disease Control and Prevention conference.*

The Power of Uber Data: *“Uber Technologies has suspended 240 user accounts in Mexico to contain the potential spread of coronavirus. The users suspended had ridden with two drivers who came into contact with a possible coronavirus case.” Source: Bloomberg*

Why You Should Be Paying Close Attention to Crude Oil: *Global and U.S. prices fell into bear-market territory yesterday, generally defined as a -20% decline from a recent peak. The fall marked a rapid reversal from three weeks ago, when escalating tensions in the Middle East drove prices to fresh highs. I've included a chart below that shows the recent fallout in crude oil. Prices have fallen to lows not seen in 13 months as oil demand falters as the death toll for the coronavirus continues to rise. Oil's price drop is not just market panic—demand is faltering, with China cutting its March orders from Saudi Arabia, and Sinopec is already cutting its refinery production this month by -600,000 bpd because it is seeing reduced demand. China's oil demand will likely fall by -20% compared to normal demand this time of year due to the stringent restrictions on travel within China, and well as to and from China. This -20% would be roughly -3 million barrels per day, according to Bloomberg. In fact, energy consulting firm JBC cut its forecasts Monday for China's oil consumption by -1 million barrels a day in February and March, amid signs refiners in the country have reduced their oil intake. “The first numbers out of China show losses to demand of three million barrels a day, and the extent of the virus is still unfolding. We're nowhere near stabilization.” There's also some fear that if oil prices continue to fall it could eventually put some energy companies in a more dire financial situation. I should also*

mention, Goldman Sachs downgraded ExxonMobil's shares to Sell from Neutral, following another disappointing quarter. Exxon reported a drop in profits on Friday for the fourth quarter, weighed down by a deterioration in nearly every segment. Oil prices were weak, natural gas prices fell sharply, while profit margins for refining and petrochemicals also deteriorated. ExxonMobil would need oil prices to trade at about \$100 per barrel in order for the company to pay for all of its spending and also cover shareholder payouts, according to Citigroup. As a result, the financial picture has darkened. Goldman slashed its price target for Exxon's shares to \$59, down from \$72 previously. There's just a ton of uncertainty building and brewing around the fossil fuel space and how things are going to play out in the next decade. As an end-user, I like the thought of starting to lock in some fuel demand on the breaks. I don't want to lock in the entire year but I think making some strong purchases on the new lows makes sense.



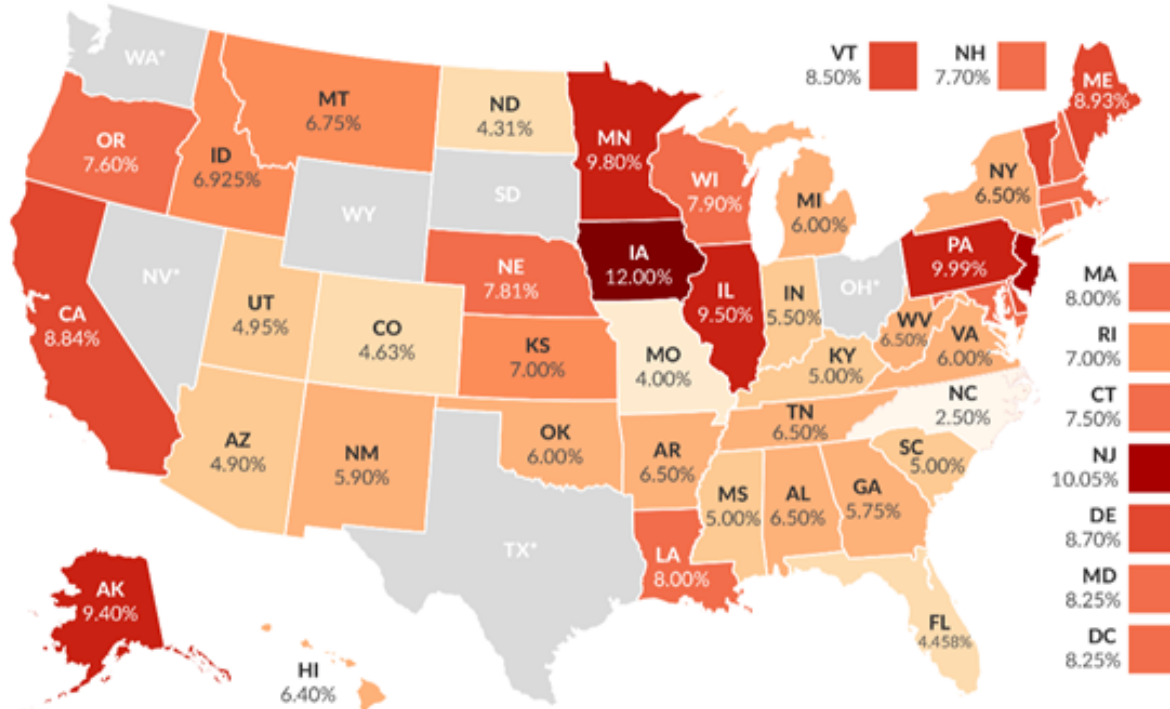
NFL Poised to See Huge Payday: Sunday night concluded the most recent NFL season and despite the many troubles the league has endured in recent years, ratings have jumped higher. Fox's games during the season saw ratings up +7%, ESPN's Monday Night Football was up +6%, and CBS and NBC were both up +4%. All told, 41 out of the 50 most-watched programs on television last year were NFL games, even as broadcast television viewership declined overall. All of which comes at an opportune time for the league - the rights to broadcast the media world's most coveted asset is now up for grabs for the first time in a decade, and TV networks and cash-rich technology companies are lining up to fork over billions. Commissioner Goodell has begun renegotiating television deals with CBS, Fox, NBC, ESPN, and DirecTV for rights that expire in the next two years. With digital companies like Apple Inc. and Alphabet's Google likely to jump in for the first time too, experts say the league could pull in as much as +35% more than the roughly \$6.5 billion per year it now gets. Read more from [Bloomberg](#).

Tesla's Stock Skyrockets! Tesla shock shares surged to a new record high of almost \$800 per share yesterday thanks to a fourth quarter earnings report last week that topped expectations and a host of Wall Street analysts recently predicting further upside for the stock. Tesla's shares have steadily risen and moved ever-higher in recent months, as the company works to transform itself from a niche manufacturer into a mass-market electric-vehicle producer. The stock has gained nearly +170% over the last six months alone. CEO Elon Musk is the company's biggest shareholder and Monday's share price gain pushed his net worth to \$39.3 billion, Forbes estimates. Baillie Gifford & Co., Tesla's biggest shareholder after Musk, increased its stake in the company, according to a regulatory filing earlier Monday. Baillie Gifford now holds a 7.67% stake in the company, up from 7.46% previously.

How High are Corporate Income Tax Rates in Your State? *Corporate income taxes are currently levied in 44 states, with rates ranging from 2.5% in North Carolina to 12% in Iowa. According to a 2018 study by the Federal Reserve, which found that state corporate taxes harm entrepreneurship, "For every one percentage point increase in the corporate tax rate, employment in start-up firms declines -3.7%." Six states levy top marginal corporate income tax rates of 9% or higher: Alaska, Illinois, Iowa, Minnesota, New Jersey, and Pennsylvania. Meanwhile, ten states have top rates at or below 5%: Arizona, Colorado, Florida, Kentucky, Mississippi, Missouri, North Carolina, North Dakota, South Carolina, and Utah. Some states like Nevada, Ohio, Texas, and Washington (shown in gray on the map) forgo corporate income taxes but instead impose gross receipts taxes on businesses, which are generally thought to be more economically harmful than corporate income taxes due to tax pyramiding and lack of transparency. Learn more from the [Tax Foundation](#).*

How High are Corporate Income Tax Rates in Your State?

Top Marginal Corporate Income Tax Rates as of January 1, 2020



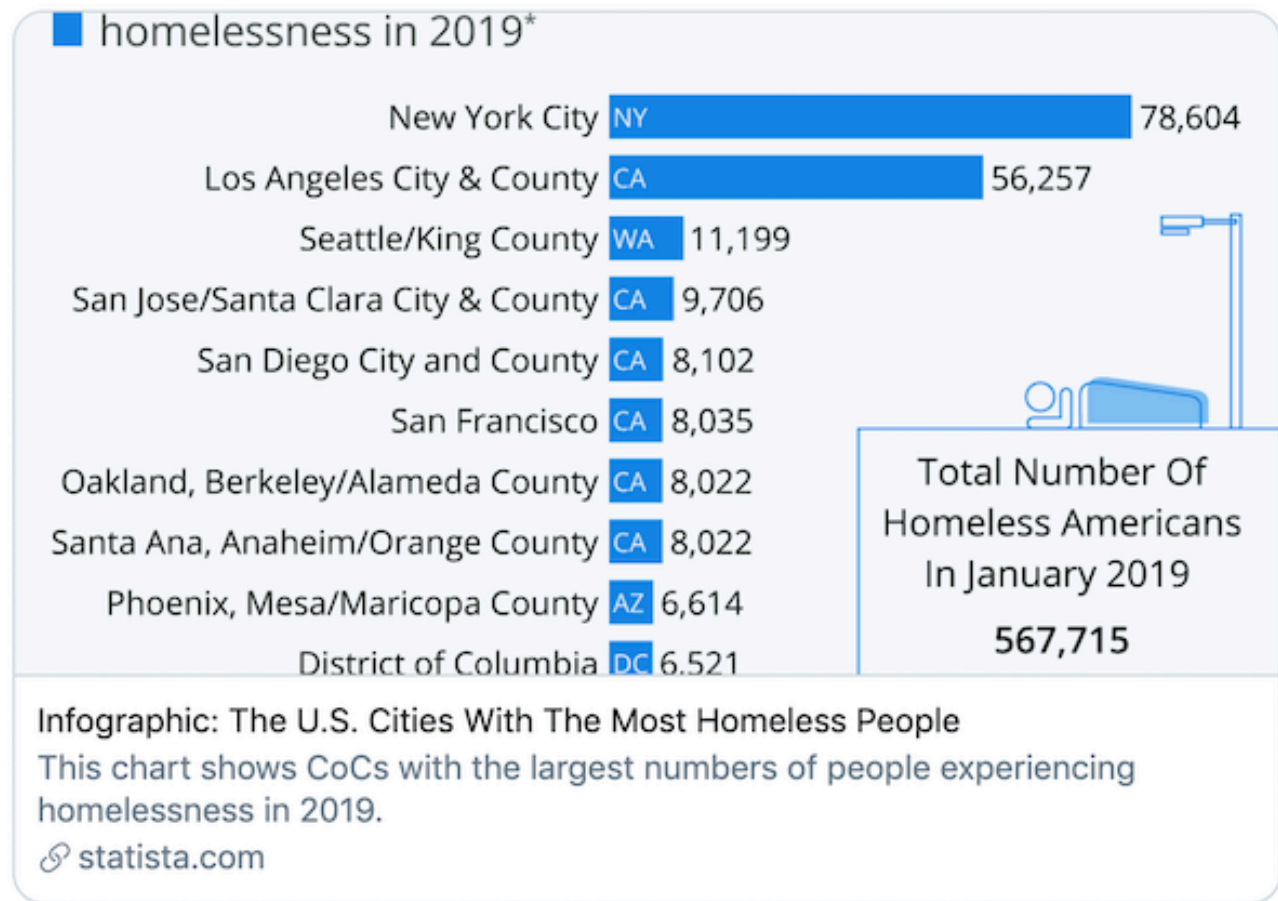
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Tweets of the Day





Which cities in the US are dealing with the highest #homeless populations? @HUDgov #EndHomelessness



Otavio (Tavi) Costa
@TaviCosta

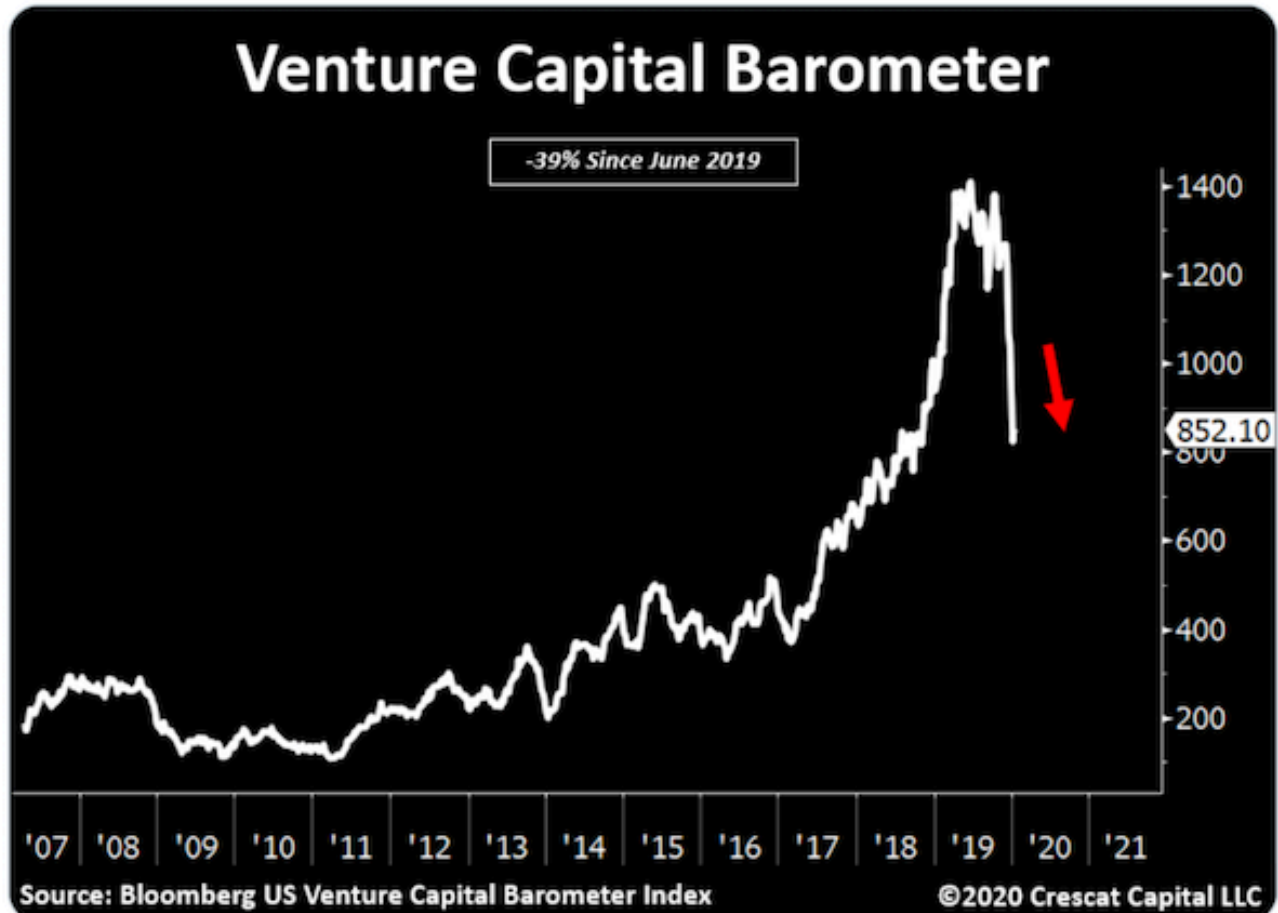
In a free fall.

It's what the bursting of a bubble looks like.

Venture capital barometer down close to 40% from its peak in June 2019.

VC deal volumes are down 24%, while deal exits just plunged 35%!

Yet another vital part of the economy crumbling.



Jack of all trades master of none
@justinfastert



It will blend [#corn](#) [#agritalk](#). Good to excellent according to the [@usda_nass](#)







wesley jensen
@wesley1411



Always warm your hands before preg checking.





The OG Devil's Agvocate 🇺🇸🇨🇦🇸🇰🇮🇪
@MGigger



All I can say is someone sure can strap down a tractor





Andrea De Groot
@AndreaDeGroot2



Farming is pretty hard! #farmboy





Eric Ifft
@eric_iff

I saw gratitude, care and family

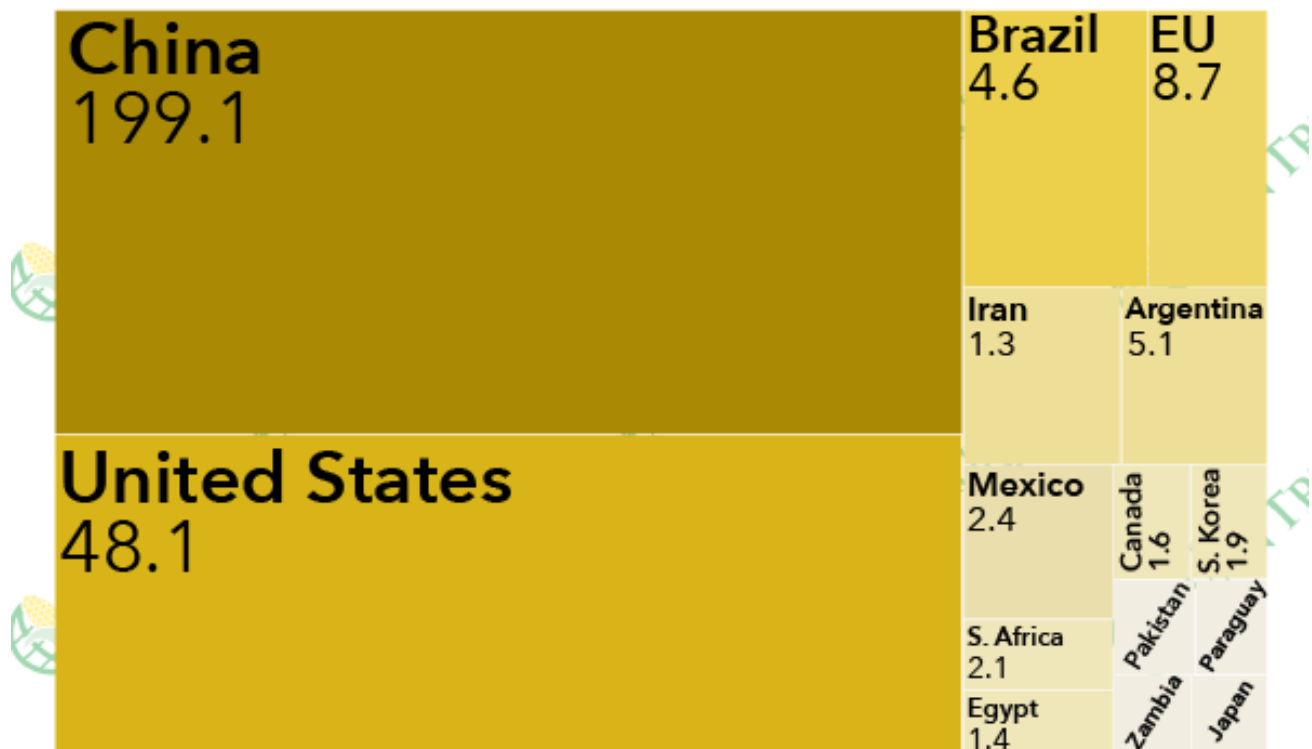
First three words u see are your reality.

JGLDMGKDMSDOEOVMSCMWOQPRYTL SMLFJOMCES
KOGJKLMSMIEOPJMLSMVMGKEJSKNMLESSON SJAPQ
PEICREATIONJMXLAMFAJFLSMCGJIWLOVEPJFLAMVL
WILFEGMLEMFMEPAVBZNLSNVMJDKUITIEWJTKDKNV
MSGKDSLJGKDSLJGKLSGRATITUDEJGKLSJAKLGZV
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IMELNGSANVDCONNECTIONKMG EWJNNZCMANHHFL
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JGKDSLJGKLSJGKLSJAKLGZVNM C NSJWUQDLDPWSJ
GDSKIEMNBSKGMNBAXBDM SGME LN GSANVDSMG EW
JNNZCMANHHFLSTRENGTHWQIRPWIQTYIEJCZXNMR
ZVJSAGKSMZNVLGKELJWJKCNSNFAMILYJDQRWADE
XCRSWVGCRBYTNKUM LIMLYBJVRNWCGEYVQXDRWS
LJDSKLWPURPOSEJKD SLJEMJGLDMGKDMSDOEOVM
STMWOQMIRACLES PRYTL SMLFJOMCESKOGJKLMSMI
ELPJMLSMVMGKEJSKNMJAPQBREA KTHROUGHPEIJM
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Corn bulls are hoping that continued global competitiveness by U.S. exporters will lead to increased demand, especially if Chinese buyers start coming to the table.

At the same time, there's ongoing hope that the USDA will aggressively trim its production estimate following the resurvey. Bears, on the other hand, point to the possible fallout associated with the coronavirus, especially with the large rapid drop in crude oil prices. A Bloomberg article was circulating inside the trade yesterday that mentioned China could ask for some type of temporary reprieve or grace period in regard to their "Phase One" buying commitments. There's also more talk circulating and debates arising that U.S. ethanol production could disappoint in the weeks ahead, ultimately creating a headwind rather than a tailwind for U.S. demand. Bears are also pointing to cooperative weather conditions in South America and talk of more U.S. corn acres in 2020. As a spec, I've decided to move to the sideline, out of the way of the uncertainty associated with the coronavirus. I feel it's just too big of a "wild-card" at this moment. As a producer, I'm paying very close attention to the macro headlines and believe best-of-practice is still to keep all hedges in place. The strong basis in some areas should be rewarded and used to help reduce some longer-term risk.

Global Corn Ending Stocks (in million metric tons)



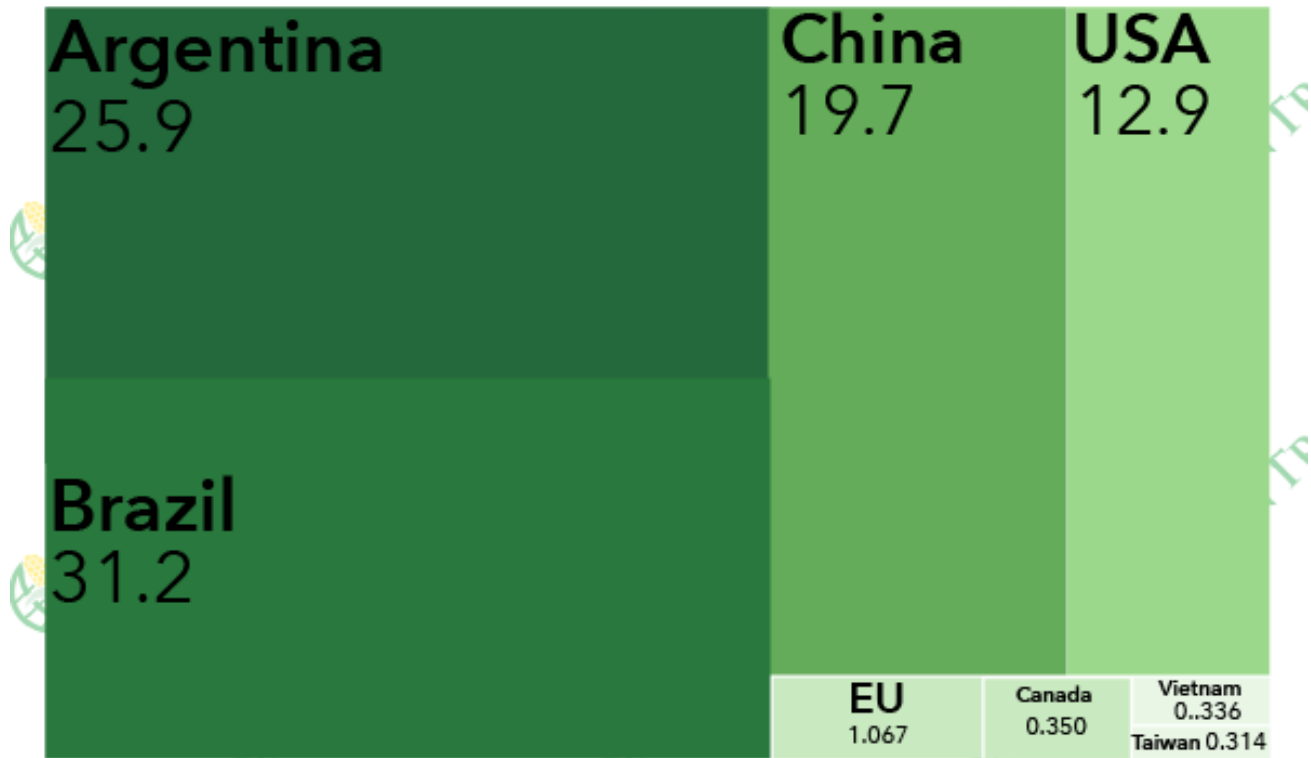
World Total: 297.8 million metric tons

Source: USDA, PS&D, January, 2020

Soybean traders continue to debate the risk and uncertainty of the coronavirus. I hate to sound like a broken-record the past several sessions but I believe the virus will continue to be a fairly significant headwind and obstacle we hadn't accounted for. the problem is we have no idea how long this storm will last? I heard some talk circulating in the equity markets that the virus might not peak until April, which means there could still be a great deal of doom and gloom surfacing in the media and being digested by the headline trading algo's and quants. As a spec, I just don't want to battle or play that game as I feel I have no edge whatsoever, hence I elected to move to the sideline. As a producer, I remain patient, but I'm certainly more nervous about price appreciation than I was two weeks ago. Weather continues to cooperate in South America and the Brazilian harvest is moving along at a good clip, meaning there will soon be more export competition in the global marketplace. Keep in mind, several sources have been bumping their Brazilian crop estimate higher based on improved conditions and better than expected yields. Technically, traders are paying very close attention to the charts and the fact open interest has been jumping higher on the break, telling me more bears are jumping into the water. I worry that macro trading funds looking to hedge against the fallout in China will cross-hedge via short soybean or short commodity type strategies.

Global Soybean Ending Stocks

(in million metric tons)



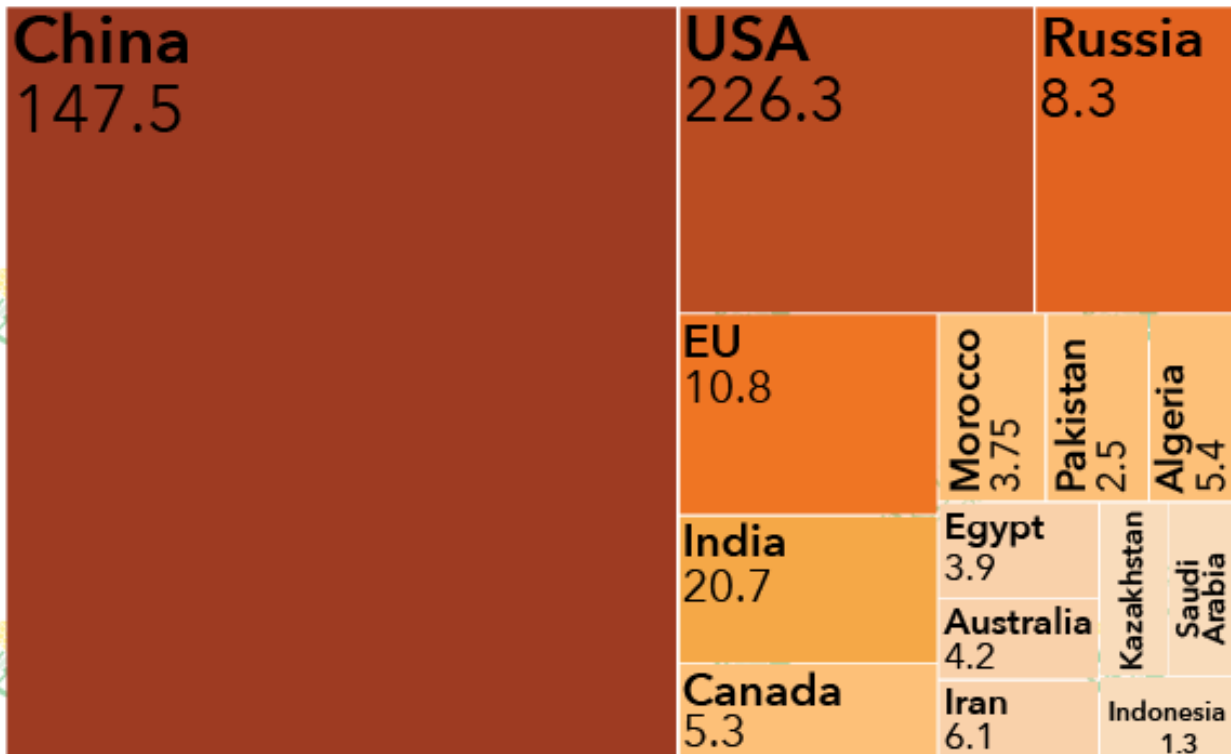
World Total: 96.67 million metric tons

Source: USDA, PS&D, January, 2020

Wheat traders are keeping a close eye on the macro headlines and how the larger traders might be influenced moving forward. For several weeks we were seeing bullish fund inflow on thoughts of improved global economics. Now all of a sudden there's a ton of uncertainty in the air surrounding the world's #2 economy and the impact the coronavirus could have on the global economies? If the larger fund traders continue to see greater global economic headwinds ahead it will be extremely difficult to rally this market despite record low winter wheat acres here at home and improved U.S. demand. With what seems to be ample global supply, I'm of the opinion we are going to need more widespread weather worries and some type of confirmation of global growth to get bigger buyers back on the bullish bandwagon. Staying patient...

Global Wheat Ending Stocks

(in million metric tons)

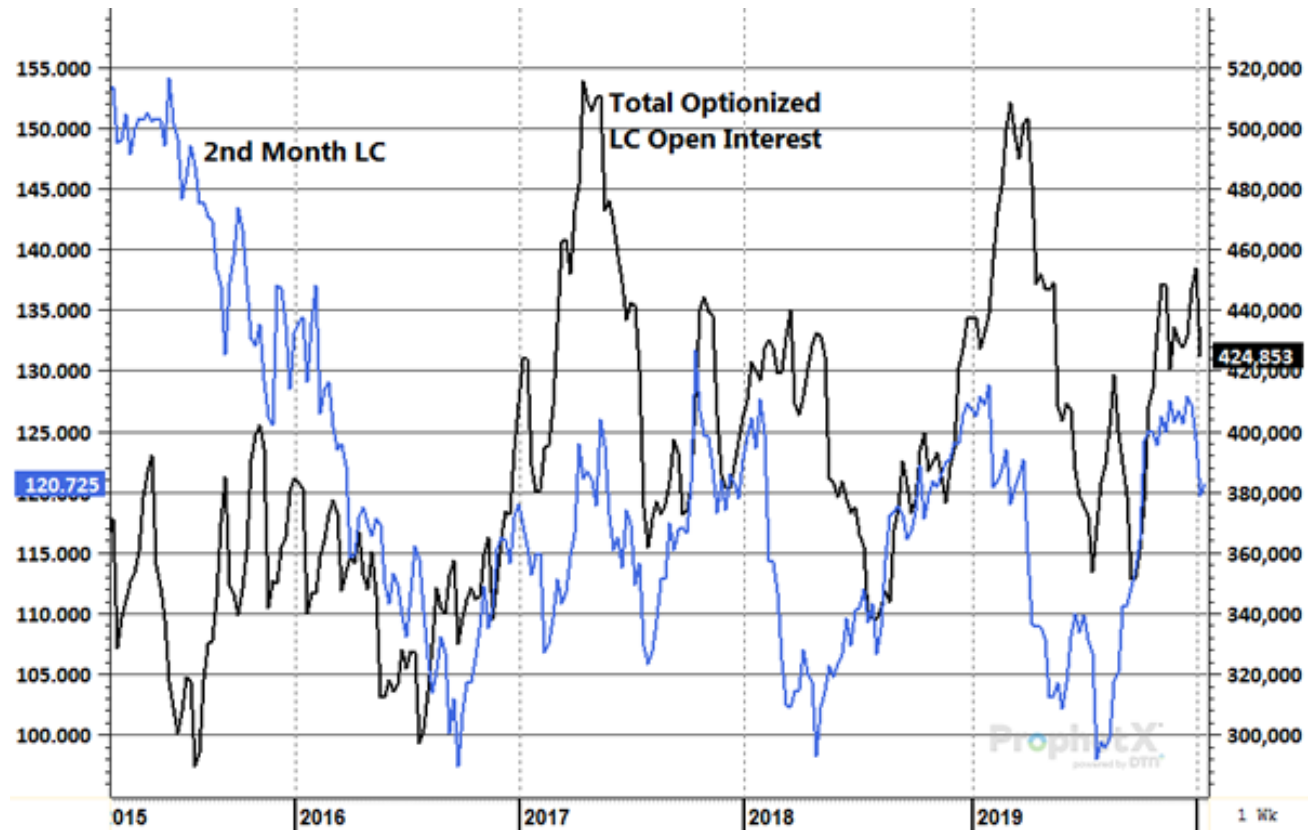


World Total: 288.27 million metric tons

Source: USDA, PS&D, January, 2020

Cattle Inventory report was released Friday afternoon by USDA. Largely the data fell into line with the pre-report estimates and if anything, it might have had a modest supportive tone for deferred contracts. Live cattle basis improved dramatically last week. Futures sold off aggressively as speculative money seemed to be exiting the market. Cash cattle printed a lower weekly price of 122.00/CWT on lighter volume but appeared to keep feed yards current evidenced by smaller show lists for the current week. Spot beef markets ended the week down approximately 1.25/CWT and volumes rolled over in seasonal fashion. Typical beef market lows are not far in front of us, assuming we did not degrade demand to any large extent with the recent rally and widening Ch-Se spread. Slaughter totals underwhelmed the market last week, but Saturday's kill was revised slightly higher yesterday. Kills typically tighten for the next few weeks as packers work to balance supply and demand. As we continue to deal with historically large slaughter totals and record beef production, it will be very interesting to see how we perform as we work into larger spring and summer cattle supplies. At the end of the day, it is quite possible that futures have topped, and cash may or may not have. Massive

long liquidation continues to drag open interest lower and the risk this could continue is certainly real. Cash is being supported to a certain degree by positive packing margins and generally good demand. Futures were beaten up badly last week and seeing Apr20 LC move back up into the 123.00-124.00/CWT area would not shock us before resuming a softer move. Trey Warnock - [Amarillo Brokerage Company](#)





> USDA Issues Third Tranche of 2019 MFP Payments: *USDA announced yesterday the third and final tranche of 2019 Market Facilitation Program (MFP) payments aimed at assisting farmers suffering from damage due to trade retaliations. Payments will be made by the Farm Service Agency (FSA) to producers of alfalfa hay, barley, canola, corn, crambe, dried beans, dry peas, extra-long staple cotton, flaxseed, lentils, long grain and medium grain rice, millet, mustard seed, oats, peanuts, rapeseed, rye, safflower, sesame seed, small and large chickpeas, sorghum, soybeans, sunflower seed, temperate japonica rice, triticale, upland cotton, and wheat. MFP assistance for these non-specialty crops is based on a single county payment rate multiplied by a farm's total plantings of MFP-eligible crops in aggregate in 2019. Those per-acre payments are not dependent on which of these crops are planted in 2019. A producer's total payment-eligible plantings cannot exceed total 2018 plantings. County payment rates range from \$15 to \$150 per acre, depending on the impact of trade retaliation in that county. Acreage of non-specialty crops and cover crops had to be planted by August 1, 2019 to be considered eligible for MFP payments. For more information on the MFP, visit the USDA site [HERE](#) or contact your local FSA office, which can be found at [HERE](#).*

> French Wheat Shipments at Six-Year High for January Despite Strikes: *Soft wheat exports from French ports stayed at a six-year high in January despite intermittent docker and tug boat strikes that saw shipments delayed for up to three weeks in some cases, Refinitiv data showed on Monday. About 1.33 million*

metric tons of soft wheat left French ports last month, the highest in January since 2014 when 1.66 million metric tons was exported in the month. Soft wheat shipments were -10,000 metric tons less than the previous month, when loadings also set a six-year high for the month of December. A feared grain shortage for export was avoided due to ample stocks and a switch to trucks to replace idled trains, although traders say costs have spiraled and certain export loadings were transferred to other European countries. Soft wheat exports outside the European Union also set a six-year high for the month of January at 1.21 million metric tons. That took the total to non-EU destinations since the start of the 2019/20 season in July to 6.37 million metric tons, the data showed, trailing the pace needed to reach the 12.4 million full-year forecast of farming agency FranceAgriMer. (Source: Reuters)

> Monsanto Officials Limited Dicamba Weedkiller Testing, Court Testimony Shows: *In February 2015, with the U.S. EPA considering whether to approve a new Monsanto weedkiller anticipated to be sprayed on tens of millions of acres of crops, many researchers wanted to see how the herbicide would work in the field. But knowing federal regulators were paying attention to the new weedkiller's potential to contaminate other fields, the company decided to "pull back" on testing to allow dicamba to have a "clean slate," according to one Monsanto email presented in a civil lawsuit filed by Bader Farms against German agribusiness giants BASF and Bayer, which bought St. Louis-based Monsanto in 2018. Bader Farms, which says it is no longer a sustainable business because of off-target movement of dicamba harming its orchards, alleges that the companies released their dicamba-tolerant systems intentionally to create drift issues in order to increase their profits. The companies deny the allegations, blaming the off-target movement of dicamba on farmers applying dicamba off label, weather event, and other issues. Read more [HERE](#).*

> Advocacy Group Took Plant-Based Meat Fight to Super Bowl: *An advocacy group backed by the food and restaurant industries took the heated plant-based meat fight to the Super Bowl on Sunday in an advertisement. The advertisement, which ran only in the Washington DC market, was aimed at plant-based meat producers such as Impossible Foods Inc, maker of the plant-based Impossible Burger, and Beyond Meat Inc, by the Center for Consumer Freedom. The group bills itself on its website as "a nonprofit organization devoted to promoting personal responsibility and protecting consumer choices." The ad features a young girl in a spelling bee, who is asked to spell "methylcellulose." When she asks for a definition, the judge says it is a chemical laxative that is also used in synthetic meat. "You might need a PhD to understand what's in synthetic meat," the voice of a female narrator says. "Fake bacon and burgers can have dozens of chemical ingredients. If you can't spell it or pronounce it, maybe you shouldn't be eating it." An Impossible Foods spokeswoman called the ad "disingenuous, misleading and shameless disinformation." You can watch the*

commercial [HERE](#). (Source: Reuters)

> Coronavirus Threatens Natural Gas Demand in China: *Buyers of liquefied natural gas (LNG) in China are bracing for demand to be shattered by the coronavirus outbreak. With demand already weakened in an economy slowed by a trade war with United States, several LNG buyers in China told Reuters they are considering either delaying cargoes or cancelling them by invoking force majeure, though nothing had been decided yet. Last week, a Chinese international trade promotion agency said it would offer force majeure certificates to companies struggling to cope with the fallout of the epidemic on business with overseas partners. China had already been grappling with a high inventory of LNG as demand had been dented by a winter that was milder than usual and the slower economy. Traders expect the economic impact from the virus to further hit gas demand and cause major delays in LNG cargo deliveries into China, as demand for gas in trucking and industries is expected to slow. Asia spot prices of LNG are already at their lowest in more than a decade and are expected to tumble further as Chinese demand slows, traders said. (Source: Reuters)*

> FDA Approves First Drug Designed to Treat Peanut Allergy: *The U.S. Food and Drug Administration has approved the first drug to treat life-threatening peanut allergies, which affect 1.2 million children. The drug is intended to help children tolerate small amounts of peanuts and potentially avoid a life-threatening accidental exposure. The oral therapy is not a cure. The drug would still need to be used daily and over the long term, as 80% of children with peanut allergies stay allergic. It's meant to prevent severe reactions to accidental exposure. Palforzia is seen as an important test case for a new generation of therapies expected to transform how food allergies are treated and doctors expect other drugs will follow. This is the first commercial success for Aimmune Therapeutics, the company that makes Palforzia, which was founded in 2011 and is working exclusively on therapies for food allergies. Read more [HERE](#).*

> WeWork and Why Workplaces Can't be Expected to Meet Every Worker's Needs: *The future of WeWork is unclear now that SoftBank — after pumping \$4.4 billion into the company — forced out cofounder and CEO Adam Neumann amid its failed IPO. With Neumann gone, it's also unclear whether the real-estate giant will stick to its claims of elevating "the consciousness of the world" by bringing individuals together as "part of a greater 'we.'" WeWork wanted to be everything — a workplace, lifestyle, identity — but its collapse makes it clear that the push to be everything makes neither business nor moral sense. Neumann called the company part of "the 'We Generation' — a largely millennial workforce who demand more from their work than just a job." The current trend toward making the workplace the source for meaningful connection, a type of spiritual home, is somewhat laudable. But by looking at WeWork's example, it becomes clear that neither we nor today's employees should expect our workplaces to meet our every*

physical, social, and spiritual need. WeWork and a growing number of companies with similar philosophies are simply going too far. Read more from [Fast Company](#).

> The Wild World of the Underwater Torpedo League: *The new sport of underwater torpedo is attracting everyone from NFL players to pro surfers hoping to get an edge in the pool—and on land. The brainchild of Prime Hall and Don Tran, two former Marine Raiders (an elite unit of the U.S. Marine Corps), underwater torpedo is played in the deep end of a large pool by two teams of five. The aim is to get a ten-ounce, ten-inch-long torpedo-shaped toy into a kid's hockey net anchored at the bottom of the pool by dive bricks. After Hall and Tran left the Marine Corps in 2017, they began to casually organize underwater-football-inspired games at two pools in Southern California. Social-media posts garnered so much interest that they expanded to more pools soon after, formalized the rules, and changed the name to underwater torpedo to differentiate themselves from underwater football clubs in Canada. By the end of 2017, the Underwater Torpedo League had 12 players and hosted its first league championships, named the Aqua Bowl. Hall says the game primarily attracts active military members and veterans, MMA fighters, CrossFit enthusiasts, surfers, lifeguards, freedivers, former collegiate swimmers, and water-polo players. It has also been a popular off-season training activity for NFL players. Read all about it [HERE](#).*

> If You Like Skittles and Trix, You Will Love this New Beer: *The beer world is full of odd pairings, but it's been a while since we've seen one this strange. Pontoon Brewing Co., in Sandy Springs, Ga. will roll out a new offering called Rainbow Smiggles in early February that was made with Trix and Skittles. Beyond the breakfast cereal and the candy, the Berliner Weisse will incorporate strawberries, pineapple, vanilla and lactose to add a fruit flavor and give the beer some acidity. Pontoon is no stranger to unusual sour beers, rolling out "Snozzberries Taste Like Snozzberries" last year and capturing the attention of national beer drinkers. Read more [HERE](#).*

> The Candy Bar Wars are Getting a Little Crazy: *Two weeks ago, weighing in at more than 4,700 pounds and measuring 2 feet high and 26 inches wide, the Guinness Book of World Records declared Waco, Texas, as the home to the world's largest chocolate nut bar -- a Snickers the size of 43,000 single-size candy bars put together. The record didn't last long. Hershey has one-upped Mars with an even bigger version of a Reese's Take 5 candy bar weighing 5,943 pounds and measuring 9 feet long by 5.5 feet wide by 2 feet high, the Hershey Company said. The enormous candy bar took five days to create and was presented Friday at Hershey's Chocolate World in Hershey, Pennsylvania. A team of more than 40 people from The Hershey Company's research and development center and manufacturing facilities helped bring the chocolate bar to fruition. Both Mars and Hershey said the world record attempts were a tease to their respective Super*

Bowl commercials that will aired on Sunday. Watch a video of the ginormous chocolate bar being made [HERE](#).



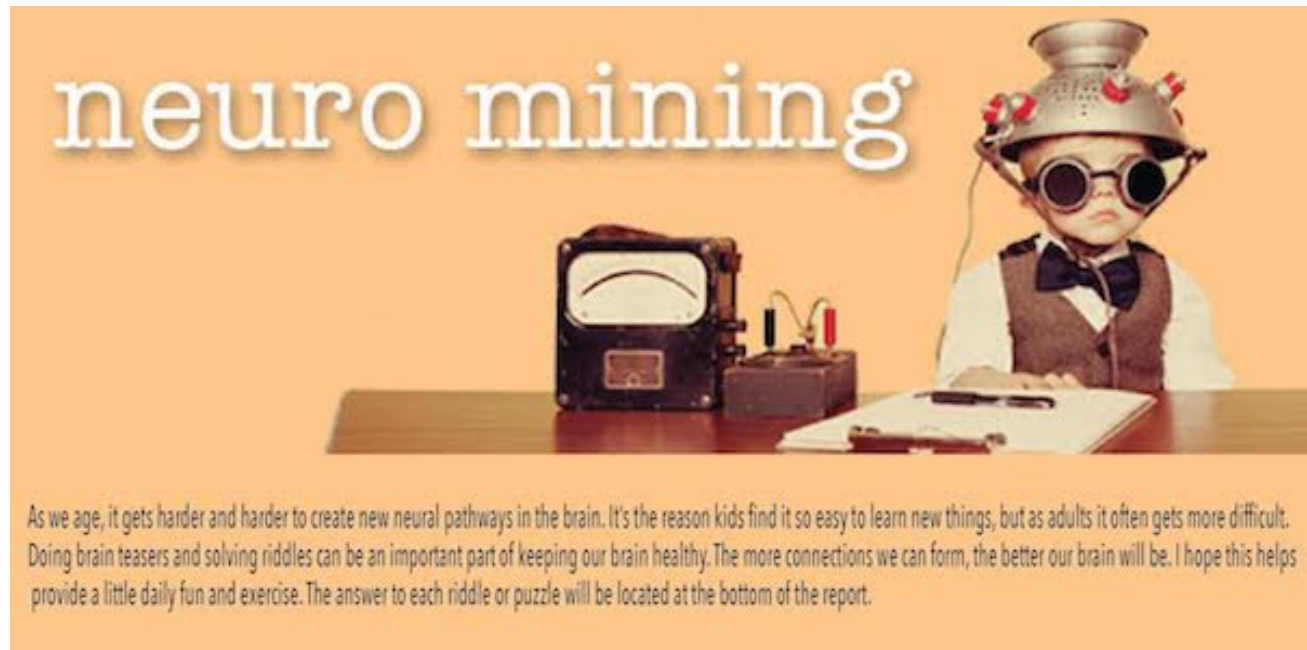


Central Michigan - *We have a corn, bean, wheat rotation but only planted 40% of our corn and 60% of our beans before the extended insurance deadline hit us. Some folks continued to plant following that date but nothing produced worth a darn. None of our corn was too mentionable as we spent a ton getting it dried down before delivering it to the local ethanol plant. All our test weights were low and the none of it came in under 30% moisture. The only good news is we were done right before Thanksgiving, while lots of folks were going well into December due to their late plantings. We are starting to have an interesting issue arise around solar usage in our area. We were to be part of an 800 acre multi-farm purchase by a solar company, when all of a sudden the township got involved in zoning after deciding they didn't want to see solar panels on the landscape. The issue is in the court system now and in my opinion, this is a serious matter of private property rights and how far municipalities can go to control what I do with my land.*

Western Mississippi - *I know this may sound crazy to some of the guys that have 2+ feet of snow on the ground but we are inside of 5 weeks from planting our first corn. The winter seemed fairly mild but we are approaching the time of year where the rains can start to fall and seem to never quit. Let's just hope that doesn't happen again. In this area, roughly 95% of the corn is irrigated and we rarely had to run the pivots last year. In fact, we had more ground flooded than we have seen in a long time.*

North Central Kansas - *We applied Holganix to half our wheat and the other half we just drilled like normal. You can't visibly see a difference so I'm going out to dig roots when the fields dry down a little. I was hoping I would be able to see it over the surface but it all looks about the same. Early on the rows were difficult to see but now everything looks green and lush and the rows look excellent. A neighbor of mine tried this product so I'm excited to go out and do a little root comparison. He was very pleased with his results. I don't know his exact yield comparison but I think it was around 7-10 bushels. I will be sure to let you know what I find. All the other acres will go to either corn or soybeans. Our wheat farming days are nearing an end. This year we planted 400 acres and I'm thinking next year we will drop that to 200. Corn and soybeans just pencil better on our ground. The very best dryland ground might bring \$3,000 if a certain farmer is in the crowd. We can grow 130-170 bushel corn and 40-50 bushel soybeans*

consistently.



TODAY'S RIDDLE: I go up and I go down, towards the sky and the ground. I'm present and past tense too.



Make Profitability a Priority in 2020

Costs of production for corn and beans haven't been seeing the rapid fluctuations that were present for a few of the previous seasons, but the trade war and other events created a lot of uncertainty when it came to overall profitability on individual operations. Iowa State University Extension and Outreach recently released their "[Estimated Costs of Crop Production](#)" report for the average cost estimates for Iowa farms in 2020. I find this to be a great reference tool for those looking for key benchmarks and some deeper insights into the numbers. You can access the full report [HERE](#).

Iowa's total cost of production is expected to decline by -4% from this past season. Specifically, costs increased slightly for labor, insecticides, and corn seeds, but declined in a few larger areas of the budget. Land used for corn production

which represents nearly 33% of the total cost, ranges in value from \$183, \$219, and \$255 per acre rent charges for the low, medium, and high quality, according to the survey's assumptions. Keep in mind, the cost estimates are representative of average costs for farms in Iowa, meaning very large or small farms may have lower or higher fixed costs per acre. I'm told growers can expect to pay less for nitrogen this season, as costs in some areas could decline by more than -10%. There are also some reductions in the budget based on lower drying costs.

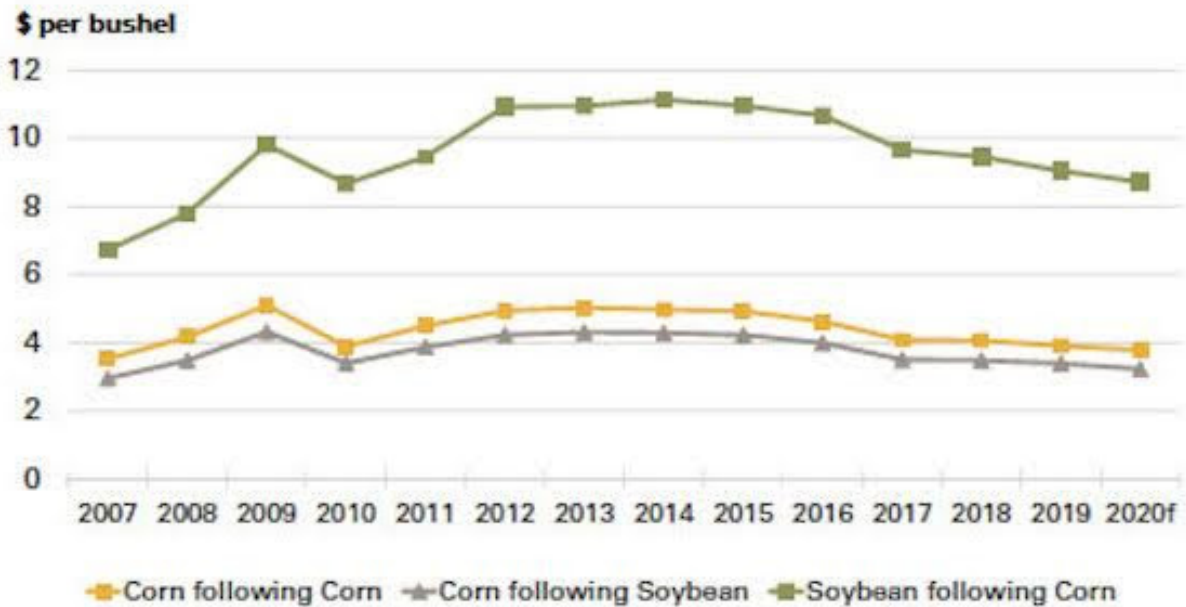
Iowa State's latest projections used for the 2020 report, reflect that yields for corn following soybean were increased by one bushel per acre, while yields for corn following corn and soybean following corn remained unchanged. Obviously, the specifics for each operation will vary greatly. Iowa State likes to show the budget for several types of operations i.e. Corn-following-Corn with an average yield of 164 bushels per acre, an average yield of 182 bushels per acre, or an average yield of 200 bushels per acre. I encourage you to reference and take a closer look at their entire study by following the link above. Below are a few of the generalities:

Corn-following-Corn: *Average cost of production between \$3.76 to \$3.81 per bushel vs. last year's average cost of production between \$3.88 to \$3.93 per bushel. Interestingly, the cost-of-production peaked in 2013 at over +\$5.00 per bushel and has fallen ever since.*

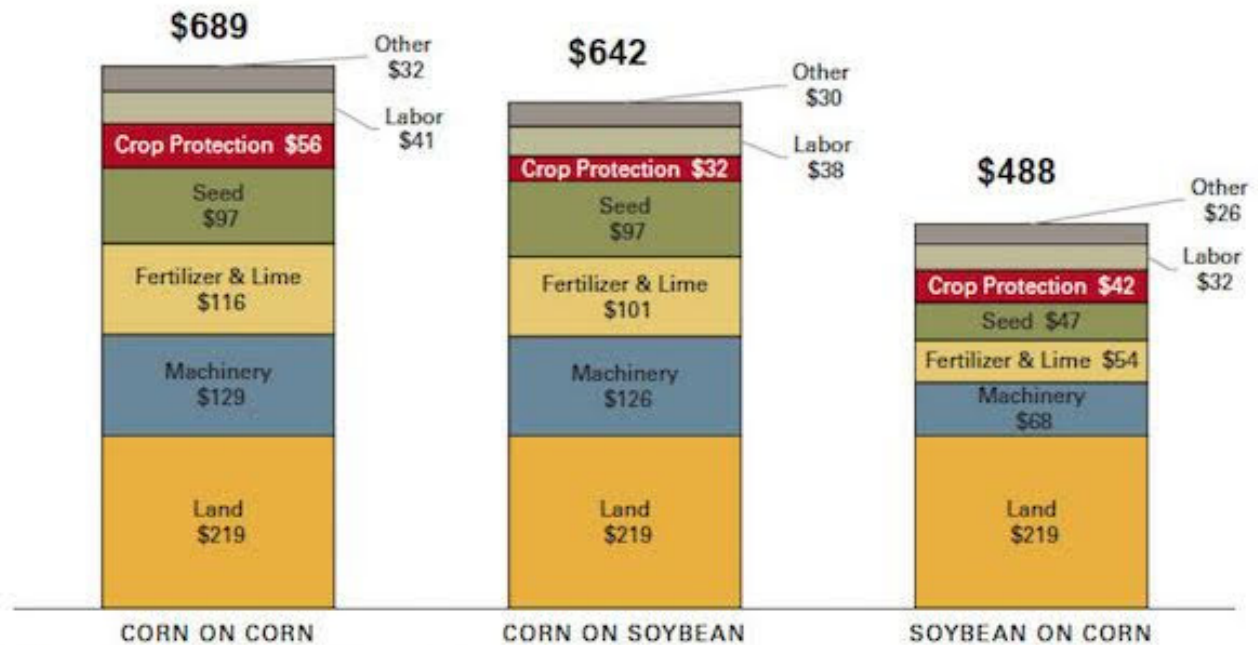
Corn-following-Soybeans: *Average cost of production between \$3.22 to \$3.23 per bushel vs. last year's average cost of production between \$3.38 to \$3.39 per bushel. Interestingly, the cost-of-production peaked in 2013 at over +\$4.30 per bushel and has fallen ever since.*

Soybeans-following-Corn: *Average cost of production around \$8.76 per bushel vs. last year's average cost of production of around \$9.04 per bushel. Interestingly, the cost-of-production peaked in 2014 at over +\$11.00 per bushel and has fallen ever since.*

Profitability, however, could still be a challenge for those who struggle to achieve strong yields. As I like to say, we have to try to out produce these lower prices and tight margins. We clearly have our dog in a race for higher yields and lower prices. Technology, therefore, has to be our friend!

Figure 1. Costs of crop production in Iowa

Source: Iowa State University Estimated Costs of Crop Production

Figure 2. Costs of crop production in Iowa – 2020 (\$ per acre)

Source: Iowa State University Estimated Costs of Crop Production

"Perfect Collection" of Whisky Expected to Fetch \$10.5 Million at Auction

A lot of impressive whisky collections have been auctioned off lately but none compare to the personal stash Richard Gooding assembled. Gooding spent two decades scooping up some of the world's rarest and most prized bottles, some of which could fetch as much as \$2 million each when they hit the auction block.

Gooding, who once owned one of the largest soft-drink distributors in the U.S., passed away in 2014, leaving behind some 3,900 bottles of whisky. Nancy Gooding, Richard's widow, said in a statement, "Richard's mission was to collect a bottle that represented every single distillery. Scottish firm Whisky Auctioneer estimates the full collection could sell for as much as \$10.5 million, calling it "the most extensive private collection we have seen in terms of the completeness of representation of 20th Century Scottish distilleries." In general, it's the largest private collection of whisky to ever be offered for public sale.

The collection consists of some of the world's most sought-after bottles, like The Macallan 1926 60-year-old Valerio Adami label, of which only about a dozen were made. There is also a Macallan 1926 60-year-old Fine and Rare, a bottle of which sold for \$1.9 million in October. In fact, it's the largest collection of The Macallan ever to go to auction, with those two bottles alone representing the world's most expensive whiskies. Both releases contain the same liquid drawn from the same sherry cask, which is sometimes known as "The Holy Grail" by high-end collectors. Other rarities include some highly valued bottles from Springbanks and Bowmores, as well as bottlings from a few of Scotland's lost distilleries, such as Stromness and Dallas Dhu, some of which have never before been seen.

One of the interesting things about this auction is the auction house itself. Whisky Auctioneer was founded in Perth, Scotland just six years ago but has managed to establish itself as one of the most reliable resources around for whisky aficionados. They are also digital only, meaning all sales are done online. Collections of this caliber tend to end up being handled by more traditional auction houses like Christie's and Sotheby's, so scoring Gooding's collection is a huge win for Whisky Auctioneer. They also put together a fantastic mini-documentary about The Perfect Collection that includes interviews and insights about the collection from several experts in rare and old whiskies. If for no other reason, watch it to see the incredible "Pub" room where Gooding stored his treasures. Check it out [HERE](#).

The Gooding collection will be sold on Whisky Auctioneer in two separate auctions - from February 7-17 and from April 10-20, 2020. It will be interesting to see if all the enthusiasm around rare whiskies can maintain its momentum into next year. There were several huge sales last year, including Sotheby's "The Ultimate Whisky Collection", which broke auction records for the most expensive whisky collection ever sold at just under \$10 million in September. No one seemed more surprised by that record sum than Sotheby's itself, which had estimated less than half that amount. If the trend continues, Gooding's collection could easily shatter that

record. (Sources: Forbes, Robb Report, BBC)





Facebook... Continuing to Create Millionaires and Billionaires

It was on this day back in 2004, Mark Zuckerberg and some of his fellow Harvard classmates launched "Thefacebook" in his dorm room when he was only 19 years old. The social-networking site, now simply called Facebook, is used by around 2

out of 3 adults on the planet, and has the power to influence global elections, trends in fashion, and so much more. It's crazy to think how far this company has come and the influence it has had on the world.

It wasn't until September 2006 that members of the general public were allowed to become a Facebook user, but it didn't take long for the concept to catch fire - by the end of 2006, the number of users had more than doubled from 5.5 million to 12 million. Skip ahead to mid-2009, and Facebook surpasses MySpace as the number one social network in the U.S.

Facebook users continued to steadily climb and the company finally went public in early 2012. They had an initial IPO price of \$38 which put the company's value at \$104 billion, the largest valuation to that date for a newly public company. At first, the shares struggled to maintain their IPO price, losing over a quarter of its starting value by the end of May. Of course, things drastically turned around as the company continuously reported user growth and higher profitability over the successive quarters. Today, Facebook is valued at over +\$500 billion. Keep in mind the company also owns the wildly popular Instagram and WhatsApp.

Facebook (FB) continues to beat Wall Street earnings estimates on both the top and bottom line and I remain a longer-term bull holding the stock. I should also mention, Facebook has a nice chunk of cash in their coffers, an estimated \$55 billion. With no real long-term debt to pay down, the company has opted to allow some of this money to be used for share buybacks. During their recent earnings call, Facebook announced a further \$10 billion in authorized buybacks. This will add to their existing \$24 billion of authorizations to give us \$34 billion authorized, or approximately 5% of outstanding shares at today's prices.

Mark Zuckerberg was most recently estimated to have a net worth of about \$75 billion, making him the fifth-richest person in the world. In 2007, at age 23, he became the world's youngest self-made billionaire. As of 2020, he was the only person under 50 in the Forbes ten richest people list and the only one under 40 in the Top 20 Billionaires list. I should note, Zuckerberg is still by far the company's largest shareholder, with an estimated 12.18 million Class A shares and 365.72 million Class B shares. Co-founder Eduardo Saverin is the second-biggest shareholder, with 7.5 million Class A shares and 45.9 million Class B shares. Dustin Moskovitz is the third-biggest Facebook shareholder. Jan Koum, the WhatsApp founder and former CEO—and former Facebook board member—reportedly still holds 5.57 million Facebook Class A shares. Facebook chief operating officer (COO) Sheryl Sandberg is thought to hold 1.35 million Class A shares and 770,000 Class B shares. Bottom line, lots of millionaires and billionaires were created by what came out of that dorm room 16 years ago today. For full disclosure, I have been long Facebook stock since the original IPO and continue to hold a bullish position.



I literally coded Facebook in my dorm



room and launched it from my dorm room. I rented a server for \$85 a month, and I funded it by putting an ad on the side, and we've funded ever since by putting ads on the side.

— Mark Zuckerberg —

AZ QUOTES



Nothing is more expensive than a missed opportunity

MARK ZUCKERBERG,

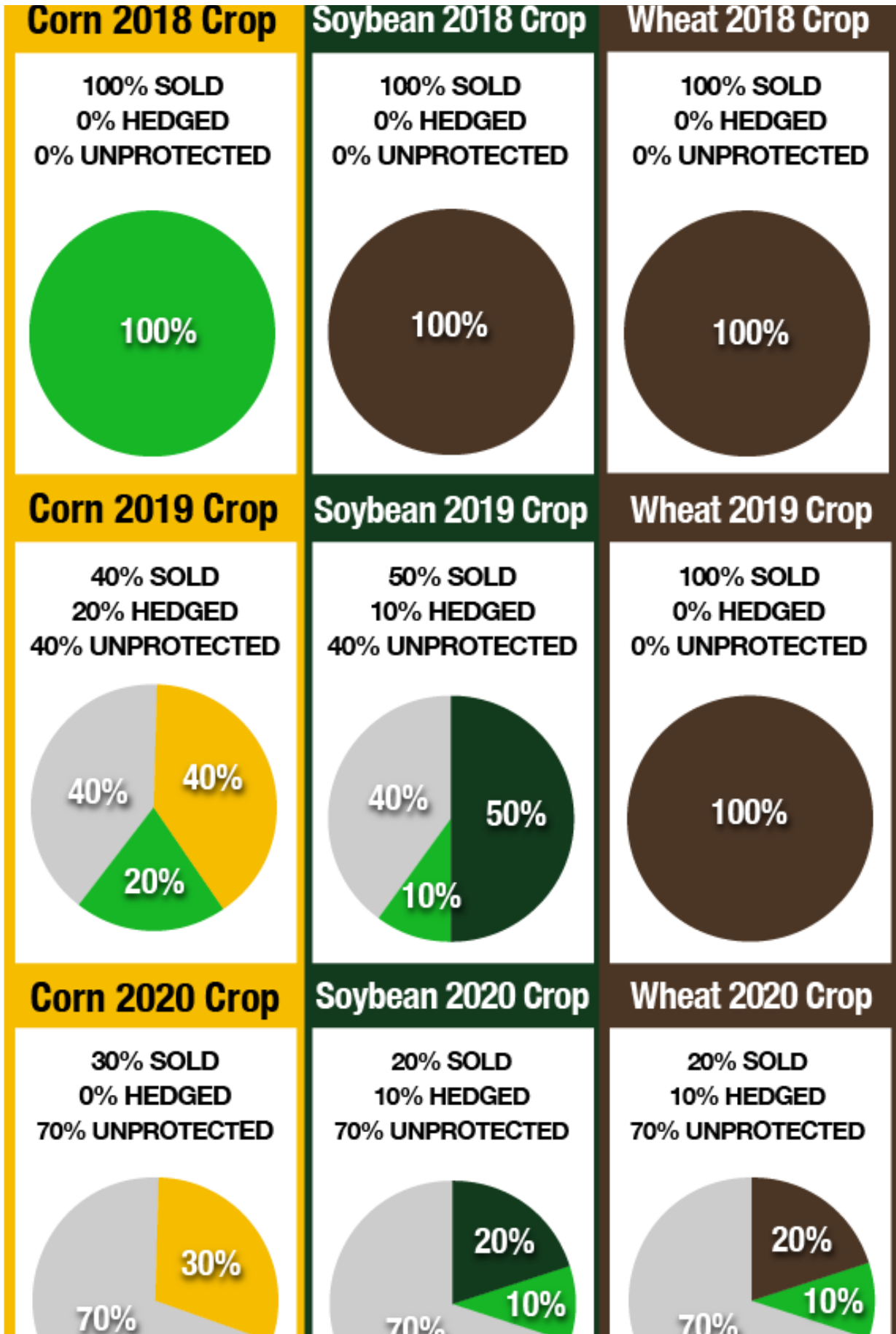




ANSWER to riddle: A seesaw.

CASH SALES & HEDGING TOTALS

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