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GOOD MORNING: The Van Trump Report 2-10-20

1 message

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Mon, Feb 10, 2020 at 5:30 AM

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"Life Always Offers You A Second Chance...It's Called Tomorrow." – **Ryan Blair**

Monday, February 10, 2020[Printable Copy](#) or [Audio Version](#)

Morning Summary: Stock bulls will be hoping to add to last week's gains with the major indexes all near record highs. Bears are scratching their head in disbelief thinking the market should be taking a major hit, but larger money-mangers are pointing a bit further down the road and the recent headlines showing reason for optimism i.e. the coronavirus is perhaps fully contained by the second half of 2020, global growth could see a significant rebound in its wake, U.S.-China trade relations could become much better as we try to offer our help in fighting the virus, and more polls and odds makers now increase their odds for President Trump winning a second term. Nearby, headlines surrounding the coronavirus outbreak will again be closely monitored as investors try to gauge its potential impact on the global economy. The virus has now killed nearly 1,000 people, making it much deadlier than the SARS outbreak in 2003. I should note, there are now well over +40,000 reported cases, with the majority concentrated in China's Wuhan province where the virus is thought to have originated. The good news is that some scientists are now thinking infections

might peak sooner than originally anticipated and modern medicine might be finding alternative ways to battle the spread. Still, investors will be closely monitoring economic data in the weeks and months ahead. Overall, the U.S. economy has continued to signal strength with consumer confidence still strong, employment growth trending higher, and no worrying signs about consumer spending. The monthly Employment Situation report released Friday showed the U.S. added +225,000 jobs in January, a surprisingly strong number that extends the longest stretch of job creation in U.S. history. Some of the highlights in the report included another gain in labor-force participation, which now stands at a seven-year high. The share of prime-age workers (25 to 54) is the highest its been since 2001, and wage gains have climbed +3.1% from a year earlier. If you are looking for some point of weakness it would have to come from the manufacturing sector, which saw -12,000 job cuts last month after dropping -5,000 in December. Economists have been hoping industrial activity would rebound following the "Phase One" U.S.-China trade deal but the coronavirus outbreak is clearly stalling that comeback as it threatens supply chains for everything from automakers to technology and consumer goods companies. Many economists believe the impact on U.S. manufacturers will be minimal as many were already forced to find new suppliers amid the tariff war with China. In its semi-annual report to Congress on Friday, the U.S. Federal Reserve said the coronavirus outbreak presents a new risk to economic growth. Investors hope to learn further details on the Fed's thinking when Fed Chairman Jerome Powell testifies before Congress on Tuesday and Wednesday as part of its twice yearly check-in on the U.S. economy. There is no significant economic data on the calendar for today though the rest of the week does bring several key reports, including Job Openings and Labor Turnover tomorrow; the Consumer Price Index on Thursday; and Retail Sales, Industrial Production, and Consumer Sentiment on Friday. Fourth quarter earnings continue this week as well, though things are starting to wind down. To date, 64% of S&P 500 companies have reported with 71% topping earnings estimates. The blended earnings growth rate (combines actual results for companies that have reported and estimated results for companies that have yet to report) for the fourth quarter now stands at +0.7%, compared to a decline of -0.5% last week, according to FactSet. Today's top attractions include Allergan and Beyond Meat. This week also brings the first U.S. primary of the 2020 Presidential election cycle with New Hampshire voters heading to the polls on Tuesday. Candidates Pete Buttigieg and Bernie Sanders appear to have been the front runners in the Iowa caucuses, followed by Joe Biden then Elizabeth Warren. President Tump's budget request is expected to be released today, which will lay out a funding wishlist for the fiscal year that starts October 1. Keep in mind that Presidential budget's are really just a blueprint that party members in Congress use to shape their spending objectives as the annual process gets underway. However, it does tend to create a lot of headlines as congressional members on both sides make their case for or against the proposals.

Keeping My Eye on Coronavirus: *I'm worried about how the coronavirus headlines respond once the Chinese workers start traveling, commuting, and making their way back to work? I have to imagine the spread of the virus will spike again as more people take to the streets and start moving around. Headlines overnight in China reported a -50% drop in train passengers. And those not wearing a face mask were being advised to leave the station. I've also heard rewards and money are being paid to citizens who come in for testing at the first sign of a fever. I'm also seeing video's and reports that Wuhan has started centralized disinfection twice daily in an effort to help minimize risk of contamination. This massive disinfection spraying is carried out at 10 am & 4 pm everyday across large community areas, etc. The head of the WHO, Tedros Adhanom Ghebreyesus, said recently, "we may only be seeing the tip of the iceberg" with regards to the spread of the coronavirus. He says the detection of a small number of cases ma (globally) may indicated more widespread transmission in other countries, adding that there have been "some concerning instances" of the virus's spread from people with no travel history to China. He has reiterated a point he made on Sunday – that "all countries must use the window of opportunity created by the containment strategy to prepare for the virus's possible arrival". Ghebreyesus has called on all countries to share what they know "in real time with @WHO". Let's hope other nations are listening carefully and taking appropriate measures.*

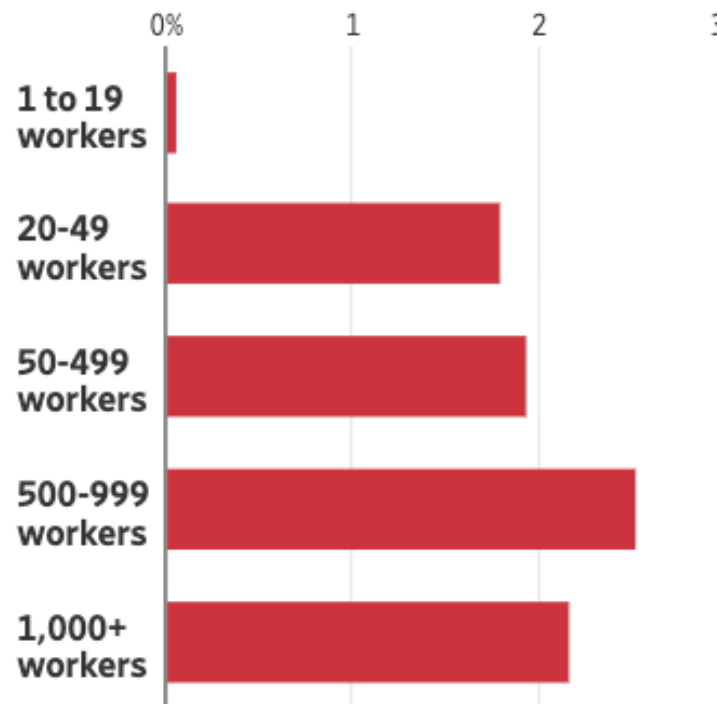
Coronavirus Disrupts the Heart of Electronics Manufacturing in China: *Factories in China, the center of the electronics industry's supply chain, have been closed for an extended Lunar New Year holiday and the outbreak of the deadly coronavirus. Most are expected to reopen today, a week later than scheduled. But quarantines and other measures put in place to stop the spread of the disease in China could continue to disrupt electronics manufacturing well into the 2020 holiday season, even if factories quickly return to full production, manufacturing experts said. That's because electronics companies work on new products in Chinese factories at the same time they are producing last year's products — a process called "new product introduction." That means products scheduled for the holiday season months away could be delayed. U.S. companies are also restricting employee travel to China, potentially limiting the hands-on time that engineers need to work out production issues. Some experts even expect delays to global icons, like Apple's most important product, the iPhone. Factory staffing could also be an issue that lasts long beyond the peak of the outbreak, given that many factory workers in China travel from the countryside to factories in urban areas. Read more from [CNBC](#).*

Smallest U.S. Firms Struggle to Find Workers: *The number of people working at small companies didn't budge last year, even as larger businesses continued to expand their payrolls for a record 10th straight year. Head count at businesses with fewer than 20 employees was essentially unchanged in 2019, according to an analysis of ADP payroll data by Moody's Analytics. Companies with 500 or more employees, by contrast, increased their workforces by +2.3%. January showed the same patterns. The sluggishness in small-business hiring is particularly striking because it is the first time small companies haven't added to their payrolls since 2010. More than 5.3*

million businesses have fewer than 20 employees, based on the latest data available from the Small Business Administration. Small businesses are the first to feel the pinch from a tight labor market, but the challenges they face in adding workers highlight a threat to companies of all sizes and to the broader economy. Their "problems are symptomatic of what all businesses will be struggling with in the not so distant future," said Moody's chief economist Mark Zandi, who analyzed the ADP data. Hiring at the smallest firms was especially weak in the manufacturing, natural resources, transportation, construction and retail sectors, he said. (Source: The Wall Street Journal)

Left Behind

Year-over-year change in 2019 employment,
based on firm size



FARM TANK

Tweets of the Day





Art Young
@outpostart



You can never be too safe.



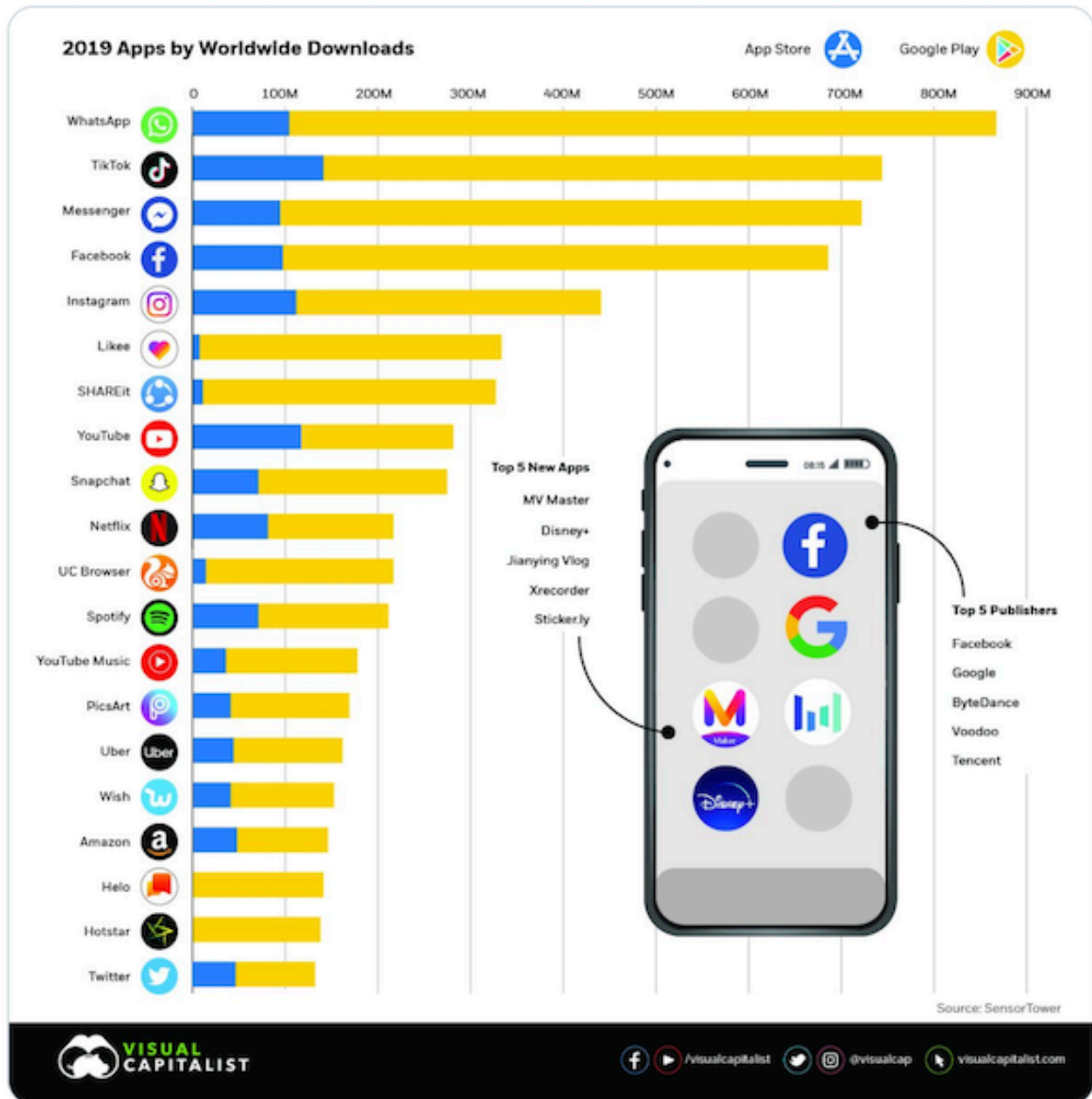


Visual Capitalist 
@VisualCap



Ranked: The World's Most Downloaded Apps

[visualcapitalist.com/ranked-most-do...](https://visualcapitalist.com/ranked-most-downloaded-apps/)

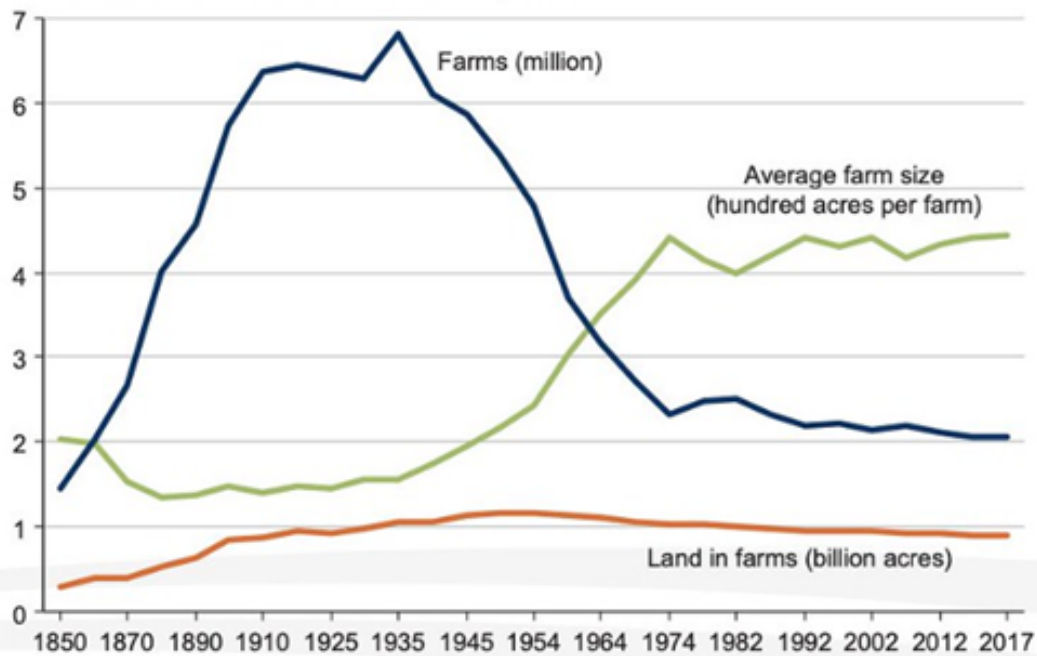




The number of [#farms](#) has leveled off at about 2.05 million, [@USDA_ERS](#)

Farms, land in farms, and average acres per farm, 1850-2017

Million farms, billion acres, or hundred acres per farm



Source: USDA, Economic Research Service using data from USDA, National Agricultural Statistics Service, Censuses of Agriculture (through 2012) and *Farms and Land in Farms: 2017 Summary*.



Tom Klosterman
@klosterman_tom



#harvest19 still dragging on for some people today.



Pat Hill
@povertybayhunt1



Caught in a snare ,10 hrs ago ,huge cougar ,meadow lake Saskatoon 🐾🐾 big cat 🐾





Bill
@BillNachtigal



Couple days of sunshine should be able to start
[#plant20](#)







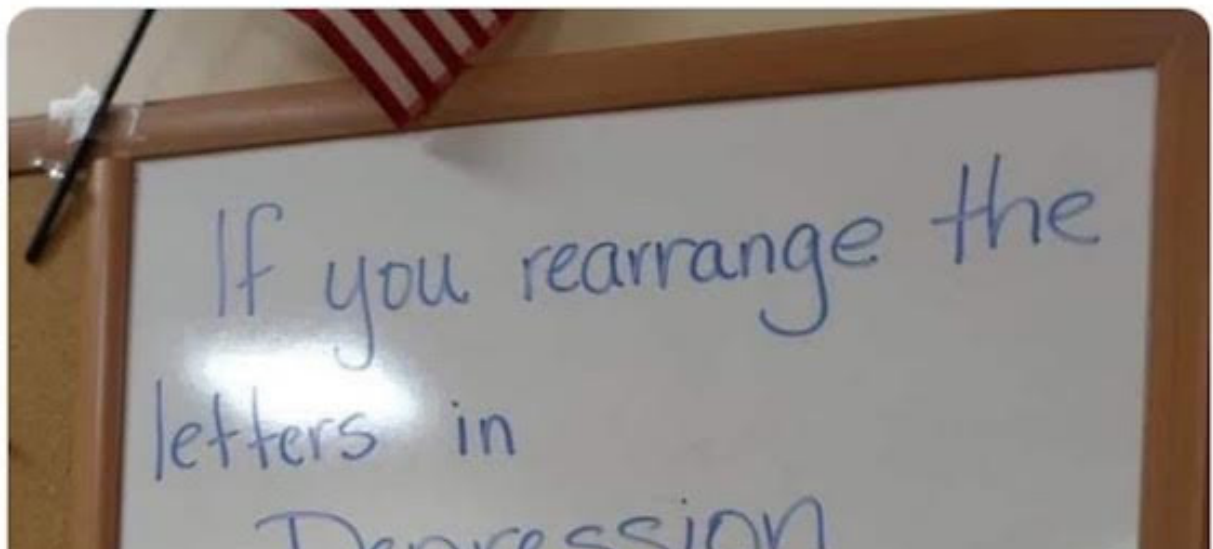
Dave Kestel
@pioneerproud95

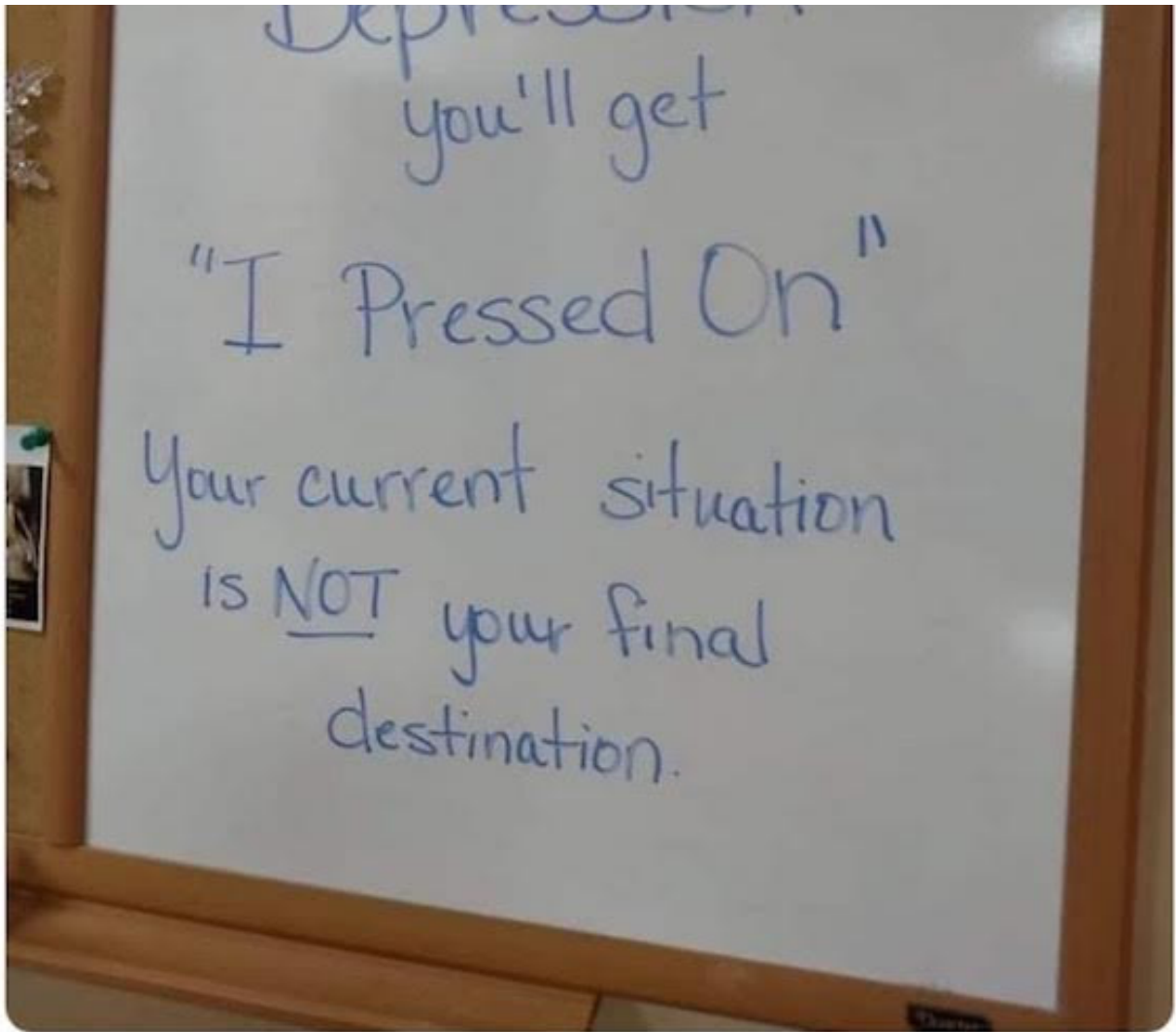
This is what happens when I'm waiting on a truck and looking for some fun!! 😁



Theresa
@Sasta24

Love this :) had to share ❤️😁





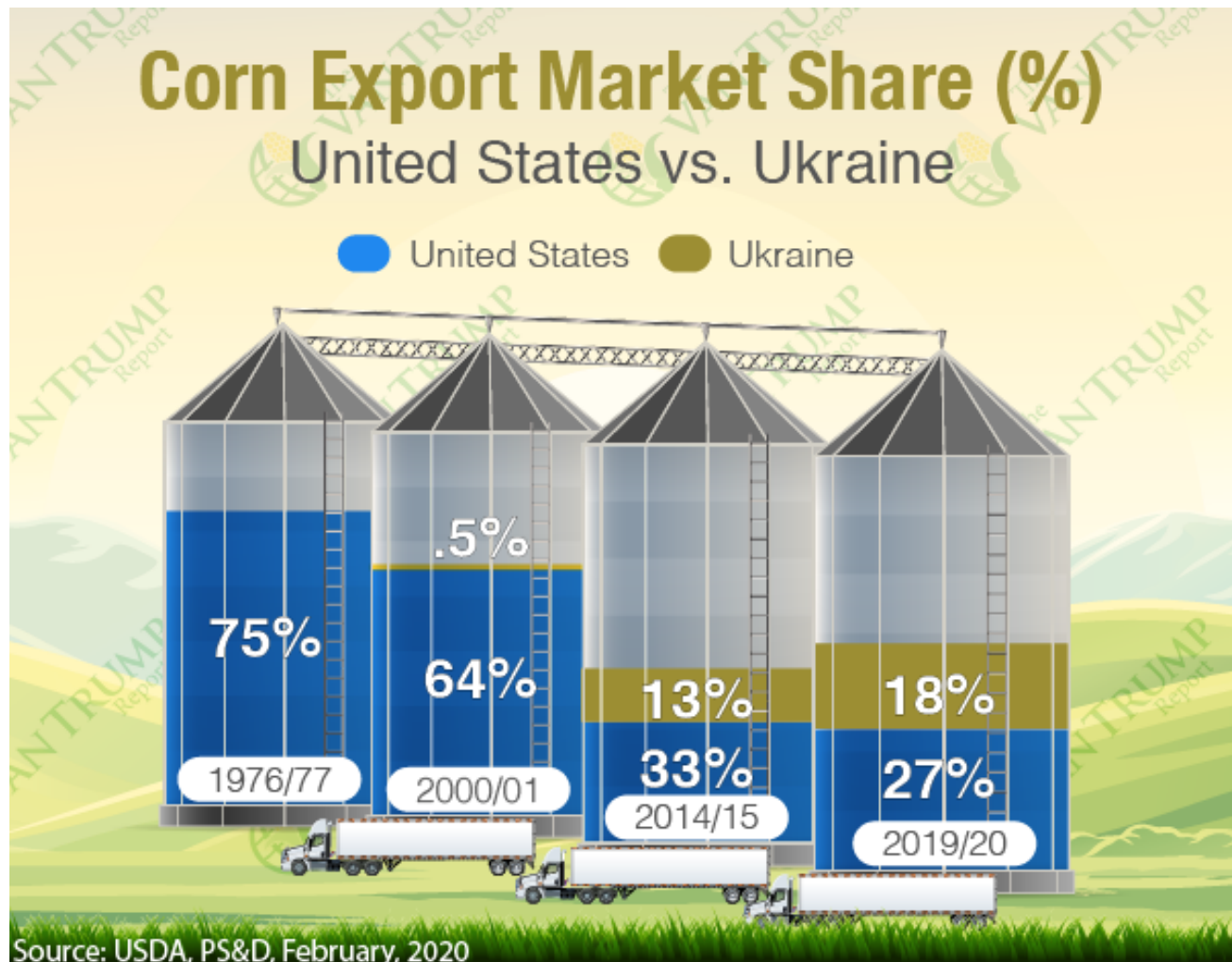
Corn traders this week will be closely monitoring the latest coronavirus headlines and the updated USDA supply and demand numbers. The following week, traders will be focused on the new crop projections released at the Ag Outlook Forum. For the time being, prices in the MAR20 contract appear comfortable trading in a sideways pattern between \$3.75 and \$3.95 per bushel, an area this market hasn't ventured outside since early-December. Technically, it continues to feel like more heavy support and resistance lies just outside the above-mentioned range. To the upside, the heavier long-term resistance still remains in the \$3.95 to \$4.15 range. On the downside, the heavier long-term support remains in the \$3.60 to \$3.75 range. It will be interesting to see if either of these areas is challenged during the next two weeks. Fundamentally, as a bull, I would like to believe the upside has a better chance. I continue to argue that demand is a bit better and quality bushels are a bit less than what the trade is currently forecasting. Unfortunately, bears are quick to point out that Chinese demand remains uncertain, ethanol margins remain suspect, South American weather is mostly cooperative, and U.S. producers are planning on planting several million more corn acres in 2020.

Hence, for the past two months, the corn market has been trading in what appears to be a comfortable battleground area between \$3.75 and \$3.95 per bushel. As a producer, I continue to hold out hope that the upside will eventually be tested and better pricing opportunities remain out on the horizon. I should note, "basis" levels at the Gulf and the rivers have been strong as of late so make sure you are keeping a close eye on cash bids in your local area, some folks are reporting large swings. As a spec, I remain on the sideline and looking to be a longer-term buyer on the breaks.

Spring Crop Revenue Insurance Guarantees: Prices will update daily during the month of February as the price average is determined.

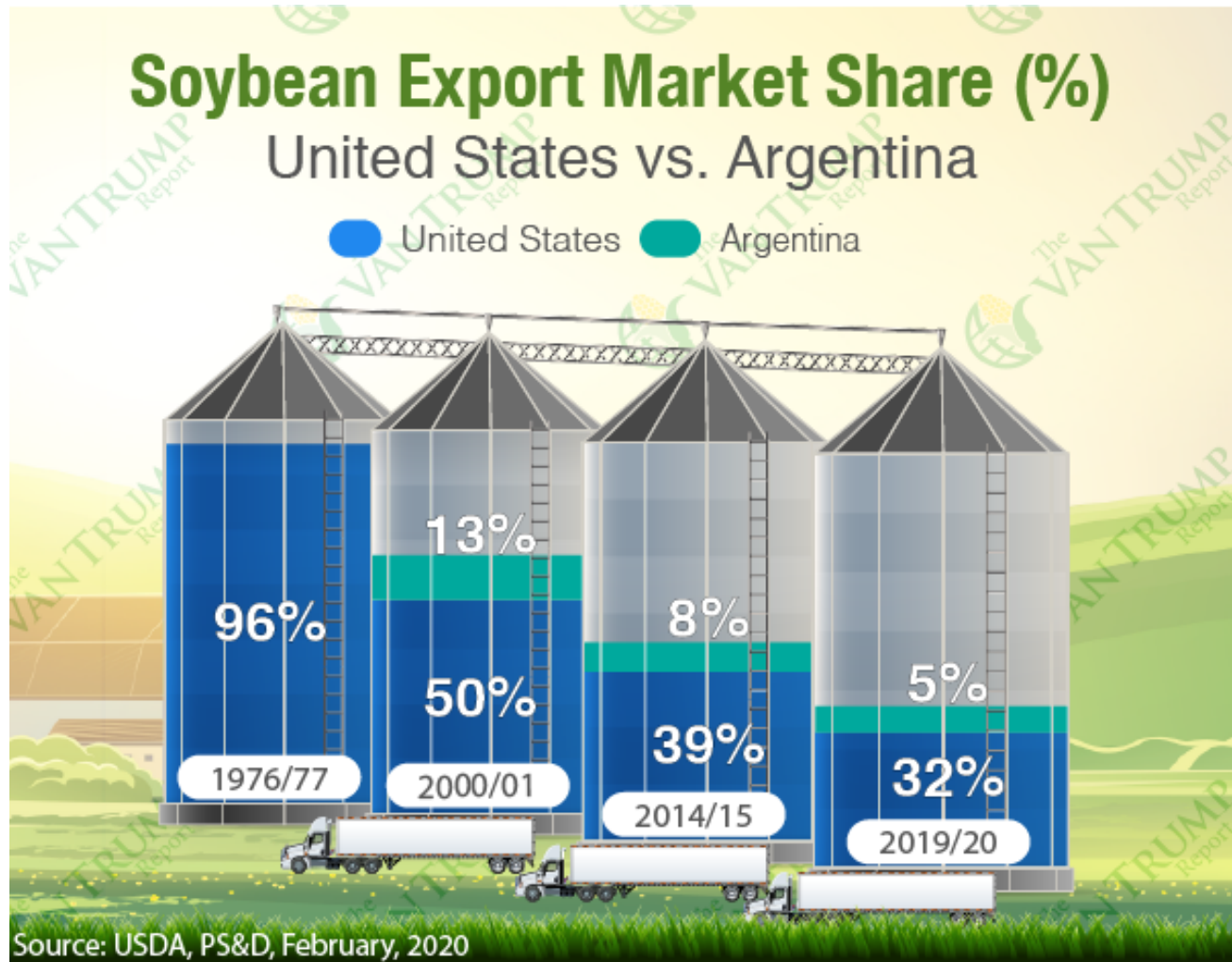
Corn \$3.92 (Avg. close of the DEC18 contract during Feb)

Soybeans \$9.18 (Avg. close of the NOV18 contract during Feb)

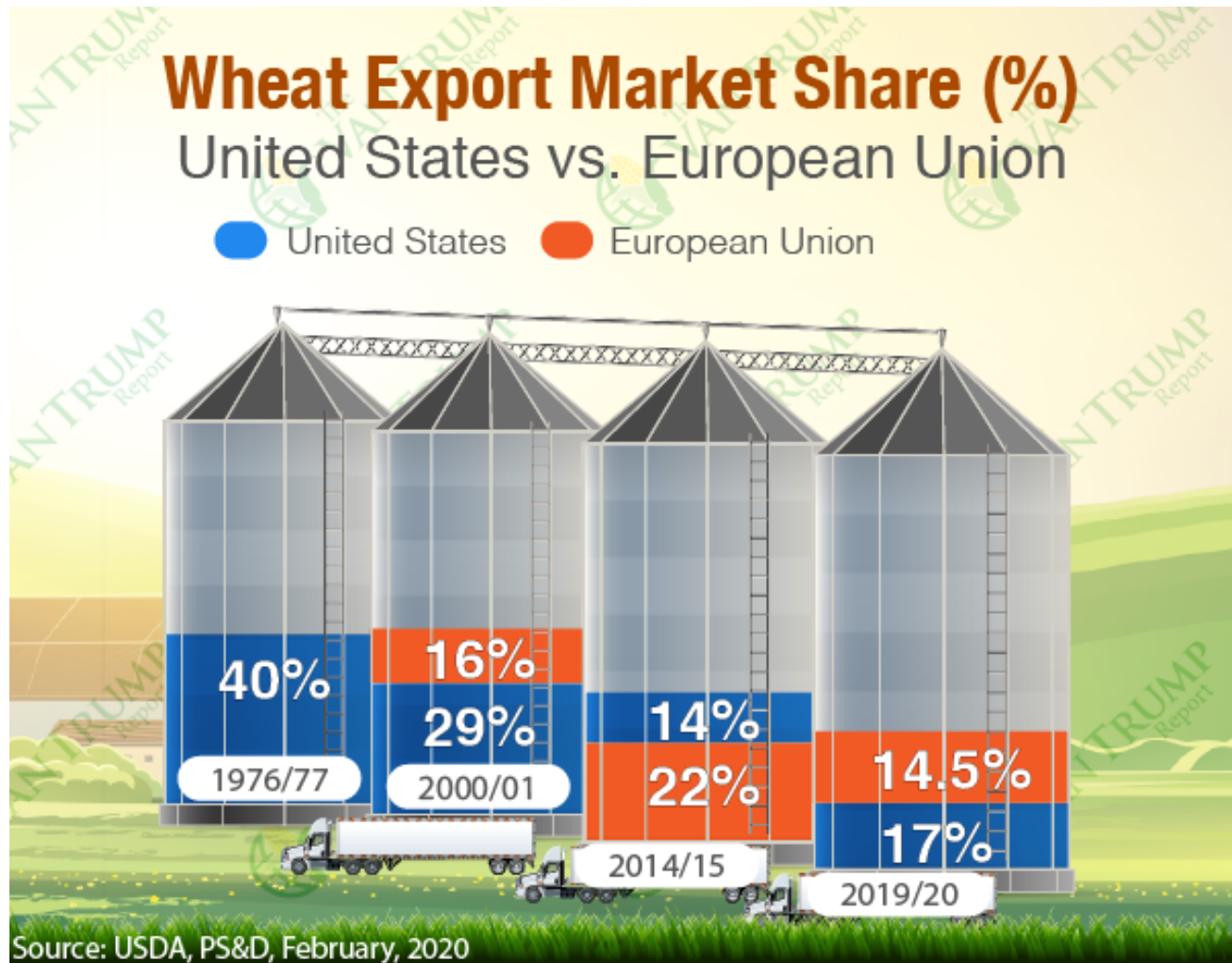


Soybean bulls will be trying to add to last week's +10 cent gain in price, essentially the first weekly gain since the beginning of the new year. Bears are quick to point towards another record crop being harvested in Brazil where

producers this week should have about 25% to 30% of the crop out of the field. As we look out on the calendar U.S. exporters have become less competitive in the global marketplace. Keep in mind, the Brazilian currency has recently fallen to an all-time low against the U.S. dollar, which makes it more difficult for U.S. exporters to compete. At the same time, there's a ton of uncertainty brewing around the world's top buyer of soybeans, as Chinese officials desperately try and stop the spread of coronavirus and the fallout from African Swine Fever. Let's also not forget the +8 to +10 million more U.S. soybean acres that could officially get thrown into the 2020 equation by the USDA next week at the Ag Outlook Forum. Bulls believe the "Phase 1" trade agreement will eventually be huge for U.S. agriculture and we need to stay patient until the Chinese commitments become a reality. There were rumors floating around late last week that China's President Xi Jinping told President Trump during a phone call that China would still be trying to meet its portion of the "Phase 1" buying agreement despite complications stemming from the coronavirus. As a spec, I was recently a buyer of soybeans on the sub-\$8.80 break in price. I quickly started getting cold feet as the coronavirus headlines escalated and exited the position missing the small late week rally. Technically, the trade will be paying close attention this week. To the upside, the first hurdle the bulls will have to clear in the MAR20 contract will be the psychologically important \$9.00 level. On the downside, the trade will be curious if last weeks low at \$8.68⁶ can hold as long-term support or will the bears take a run at the \$8.41⁴ low posted back in mid-May? The Chinese and the USDA will be in the spotlight this week... stay nimble, these have notoriously been two "wild-cards" that are tough to predict.



Wheat traders are eager to see tomorrow's latest round of USDA adjustments. While most in the trade are expecting very little change, there are some bulls who are still anticipating a bigger reduction in the balance sheet, especially if the USDA elects to get a bit more aggressive and optimistic with U.S. exports. Net-net, most sources inside the trade are looking for a slight reduction in U.S. domestic stocks and a slight reduction in global ending stocks. Keep in mind, U.S. winter wheat producers planted the smallest number of acres since 1909 so this could help to keep the downside somewhat supported. Globally, I continue to closely monitor headlines out of the European Union, Russia, and Australia. The recent extreme drought in Australia clearly weighed on production with many now suggesting just 15 MMT's were harvested, which points towards more than a decade low in Australian production. I should note, however, the rains are finally coming down in several parts of Australia. In fact, some weather forecasters are reporting rain totals not seen in the past 20 years for a few areas. This isn't going to impact the recently harvested crop but bears point to the fact it could recharge soils enough in a few areas that it brings back some interest and acres.



Will the USDA Factor in Numbers from the New Chinese Trade Deal? *The trade seems somewhat confused and uncertain about how the data will be interpreted. The USDA released a paper last week that helps further explain. I encourage everyone to become more informed by Clicking [HERE](#)*

U.S. Grain Ending Stocks 2019/20

(million bushels)

	February #s	Avg. Trade Estimate	Range of Estimates	January Estimates	2018/19
Corn	???	1,841	1,667 - 1,942	1,892	2,114
Soybeans	???	448	320 - 586	475	913
Wheat	???	952	900 - 990	965	1,080

South American Production

(million metric tons)

	February #s	Avg. Trade Estimate	Range of Estimates	January Estimates	2018/19
Argentina Corn	???	49.60	47.4 - 51.0	50.00	51.00
Argentina Soybeans	???	53.10	52.0 - 54.0	53.00	55.30
Brazil Corn	???	100.60	99.0 - 101.0	101.00	101.00
Brazil Soybeans	???	123.60	121.5 - 125.0	123.00	117.00

World Grain Ending Stocks 2019/20

(million metric tons)

	February #s	Avg. Trade Estimate	Range of Estimates	January Estimates	2018/19
Corn	???	297.20	292.0 - 300.0	297.80	320.40
Soybeans	???	97.40	94.20 - 102.9	96.70	110.30
Wheat	???	287.60	282.0 - 295.0	288.10	278.10



> African Swine Fever Outbreak Spreads in Philippines: *The Philippines confirmed on Sunday that African swine fever infections had spread in the south of the country, which accounts for nearly a third of the nation's 12.8 million pig herd. Additional cases have also been identified in some northern provinces, the Department of Agriculture said. The world's 10th-largest pork consumer and seventh-biggest pork importer reported its first-ever African swine fever outbreaks in September 2019 in some backyard farms. On Sunday, the department said 407 pigs had been culled in two villages, with a swine population of 2,398, in Davao City on the southern island of Mindanao. The island had a swine herd of around 3.7 million as of Jan. 1, government data shows, or 29% of the country's total. Read more from [Reuters](#).*

> China's Coronavirus Putting More Pressure on Pork Supplies, Prices: *China's coronavirus outbreak has delayed the launch of new pig breeding facilities and put even more pressure on pork supplies and prices, an official with the agriculture ministry told a briefing on Sunday. Kong Liang, deputy director at the Animal Husbandry and Veterinary Bureau of the Ministry of Agriculture and Rural Affairs, said the coronavirus outbreak has disrupted the delivery of vital feed and veterinary medicine supplies, and also delayed the return of agricultural workers to farms. "Looking at it from a market perspective, due to the regional blockades, pork supplies in some places are tight, and prices have risen by a certain extent," Kong told reporters. China has released 10,000 tonnes of frozen pork from its strategic reserve for use in Hubei. It is also aiming to raise imports to alleviate*

shortages. (Source: Reuters)

> USDA Says it Can't Change Hemp THC Limit: *The comment period is over, for now, for the USDA's interim final hemp production rule. Ag Marketing Service Administrator Bruce Summers says there are requirements written into the 2018 Farm Bill about hemp that CANNOT be changed, "Things like the THC limit of point-3-percent." But, Summers told reporters last week that testing requirements are subject to potential change after the USDA reviews the 46-hundred comments it has received. "We're going to take additional comments before we start drafting the final rule and that's something we certainly will look at very closely and decide how to move forward on the final rule. But, that absolutely is within our purview to exercise some discretion and you might see some changes in the final rule." Summers says they will re-open the comment period after the 2020 hemp season and anticipate a final rule soon after. The deadline for a final rule is November 1st, 2021. Listen to the full USDA hemp conference call over at [Brownfield Ag](#).*

> Anti-Dumping Duties to Remain in Place on Argentine Biodiesel: *The Commerce Department responded to a U.S. Court of International Trade ruling requiring it to further explain how it determined anti-dumping duties on biodiesel on Argentina. In a recent filing, the department said it made "certain changes" to its calculations, but the anti-dumping duty rates would remain the same for the two Argentine producers and exporters involved in the case. However, the department said it is still conducting a "changed circumstance review" requested by the government of Argentina that could lead to lower countervailing duties on the biodiesel imports. The U.S. imported about \$1.2 billion worth of biodiesel from Argentina in 2016, before duties were imposed in a case brought by the National Biodiesel Board and 15 domestic producers. (Source: Politico)*

> CNH Industrials Warns on Profit as Farmers in Americas Cut Spending: *Italian-American machinery maker CNH Industrial cut its 2020 earnings forecast on Friday, blaming weakening demand from farmers in Northern and Southern America. The maker of farm machinery, Iveco commercial vehicles, construction equipment and powertrains, said it expected adjusted diluted earnings per share of \$0.78-\$0.86 this year, well below the \$0.95-\$1 it forecast in September. The group expects net sales of its industrial activities to fall "slightly" in 2020, after they dropped -6% in 2019 to \$26.1 billion, just missing the company's guidance. It forecast a -5% decline in demand in the North American row crop sector this year, and said it now expected demand in South American markets to be cumulatively -20% lower than it originally forecast over the fourth quarter of 2019 and whole of 2020. (Source: Reuters)*

> Fake Meat Nuggets vs the "Real" Thing: *The ongoing effort to replace meat with plant-based alternatives is about to take on the chicken nugget, with KFC rolling out a plant-based nugget. It's not really a breakthrough in synthetic*

cuisine, though. Caleb Pershan on Eater points out that the chicken nugget was created in a lab in 1963 as a highly processed food, and continually refined, with the result that real white-meat chicken is only one of 20 nugget ingredients (e.g., eggs, grains, crumbs, starches, not to mention all the unpronounceables). Consequently, it's relatively easy to replace the actual chicken in a nugget without anyone noticing the switch. Moreover, as Pershan adds: "Everything, as the old joke goes, tastes like chicken." (Source: Eater)

> British Airways Smashes Record for Quickest Subsonic Flight: *A British Airways (BA) flight has broken the record for the fastest-ever subsonic flight between New York and London, reaching a top speed of more than 800mph. The Boeing 747 aircraft flew overnight from Saturday to Sunday and reached its destination in four hours and 56 minutes, as Storm Ciara sped towards the United Kingdom. The plane landed at Heathrow airport at 4.43 a.m., almost two hours earlier than scheduled. The average time it takes a plane to fly between London and New York is six hours and 13 minutes. The British Airways flight was one minute faster than a Virgin Airbus A350 flight, which touched down at Heathrow moments later. It beat another Virgin plane which landed half an hour later by three minutes. All three flights comfortably beat the previous record of five hours and 13 minutes, held by Norwegian since January 2018. Although the BA plane was clocked apparently going faster than the speed of sound -- 767 mph -- it would not have breached the sonic barrier because it was being pushed by the air around it. (Source: CNN)*

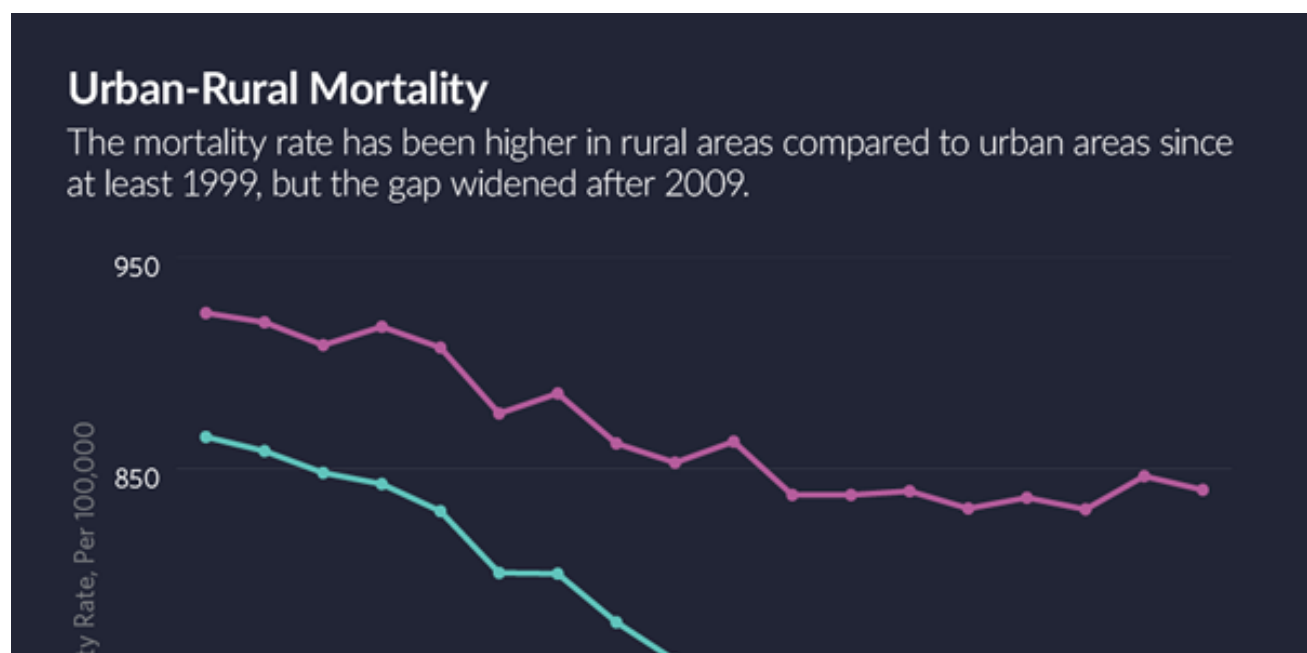
> Microsoft, Twitter, and Walmart Want to Help You Get a Tech Job: *Firms like Ford, LinkedIn, Microsoft, Sony Electronics, Sprint, Toyota, Twitter, Visa and Walmart are exploring, and in some cases implementing, apprenticeship programs for careers in technology. These companies are hiring from previously overlooked segments of the workforce — namely, those without higher-education degrees or a previous job in technology — in order to help address a severe shortage of skilled workers in a fast-growing sector of the U.S. economy. Our university system only graduates 60,000 computer science degrees a year," said Jennifer Taylor, head of U.S. jobs and diversity initiatives at the Consumer Technology Association, a trade group. "Yet, we have well over 1 million jobs in that space." The CTA has around three dozen member firms considering apprenticeship programs. Read more [HERE](#).*

> South Korean carmaker Kia is suspending production at three factories *in the country, according to Reuters. It follows Hyundai's decision last week to suspend work at its giant plant at Ulsan, citing a shortage of parts from China.*

> Will Retiring Baby Boomers Weigh on the Stock Market? *There are 73 million baby boomers in the United States. By 2030, this entire generation will be age 65 or older as roughly 10,000 boomers are reaching this standard retirement*

age on a daily basis. In the year 2000, just 12% of the U.S. population was over the age of 65. By 2030, that number will nearly double to more than 20%. The surge of baby boomer retirees will present challenges for the financial markets. The baby boomers own the bulk of stocks in this country, which makes sense since they have had longer to accumulate financial assets than younger generations. But this fact troubles many people, who worry that once baby boomers go to sell their stocks en masse, the market will crash. Ben Carlson of A Wealth of Common Sense offers some reasons these fears are overblown [HERE](#).

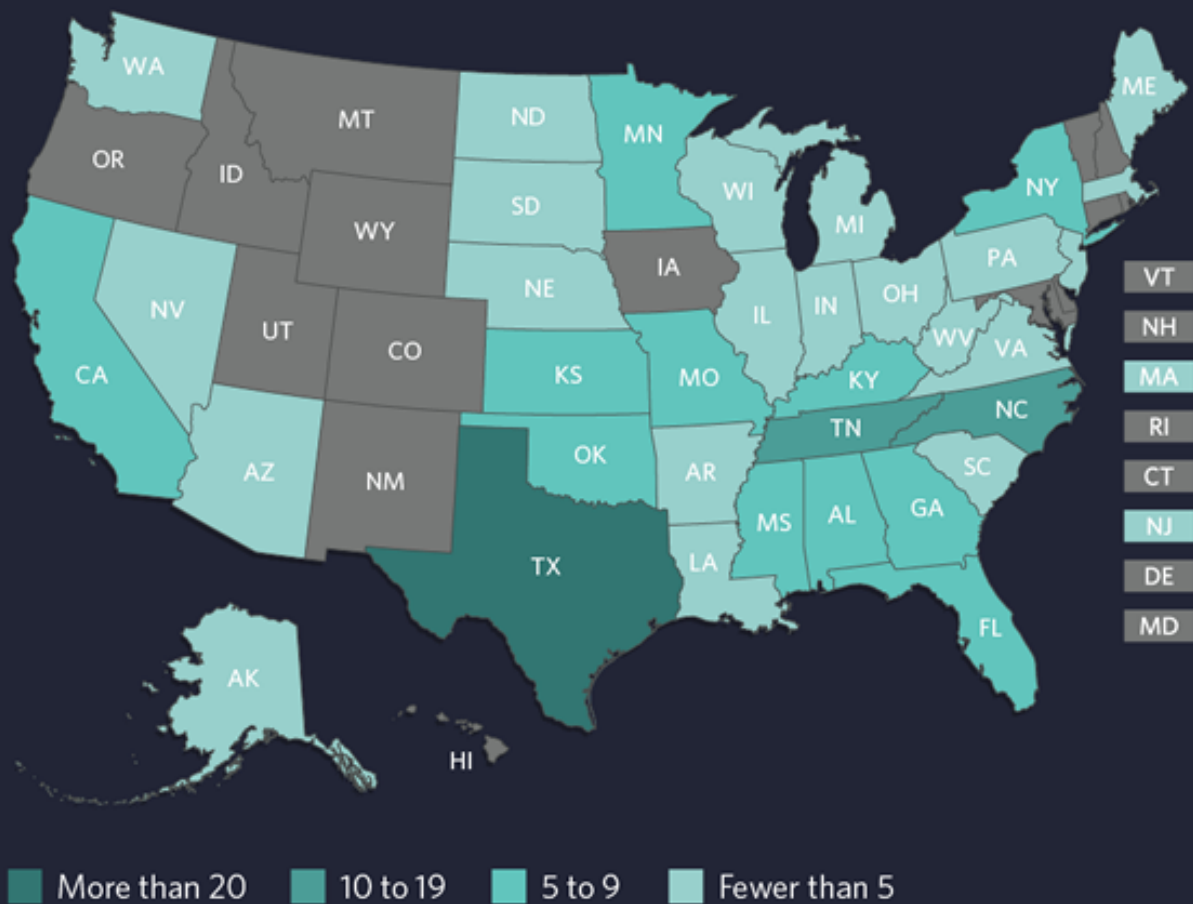
> What's Being Done to Address Rural Healthcare Inequities? Rural residents are in poorer health than those living elsewhere and have less access to treatment, partly because so many rural hospitals and health clinics have shuttered in recent years. As state legislatures begin their 2020 sessions, many lawmakers are struggling to find answers. Brock Slabach, senior vice president of the nonprofit National Rural Health Association, said big ideas are needed to truly change the trajectory of rural health. The good news is that because of scale, rural areas are promising places to test out innovations in the delivery and financing of health care. "But," he notes, "We don't have the luxury of having years to spend finding solutions." One of the main pillars in rural health is in extreme peril. Since 2005, at least 163 rural hospitals have closed, more than 60% of them since 2012. Nineteen rural hospitals closed in 2019, the most ever in a one year time-frame. Rural health clinics are faltering too. The National Center for Rural Health Works reports that 388 clinics closed between 2012 and 2018, which left 4,245 in operation. About 2,200 rural hospitals are in business today, according to statistics from the Sheps Center for Health Services Research at UNC-Chapel Hill, but most survive on the slimmest of operating margins. Michael Ollove of Stateline, an initiative of The Pew Charitable Trusts, has been investigating what states are doing to help mitigate rural America's health crisis. Read his full report [HERE](#).





Rural Hospital Closures

Of the 163 rural hospitals that have closed since 2005, more than 60% shut their doors since 2012.

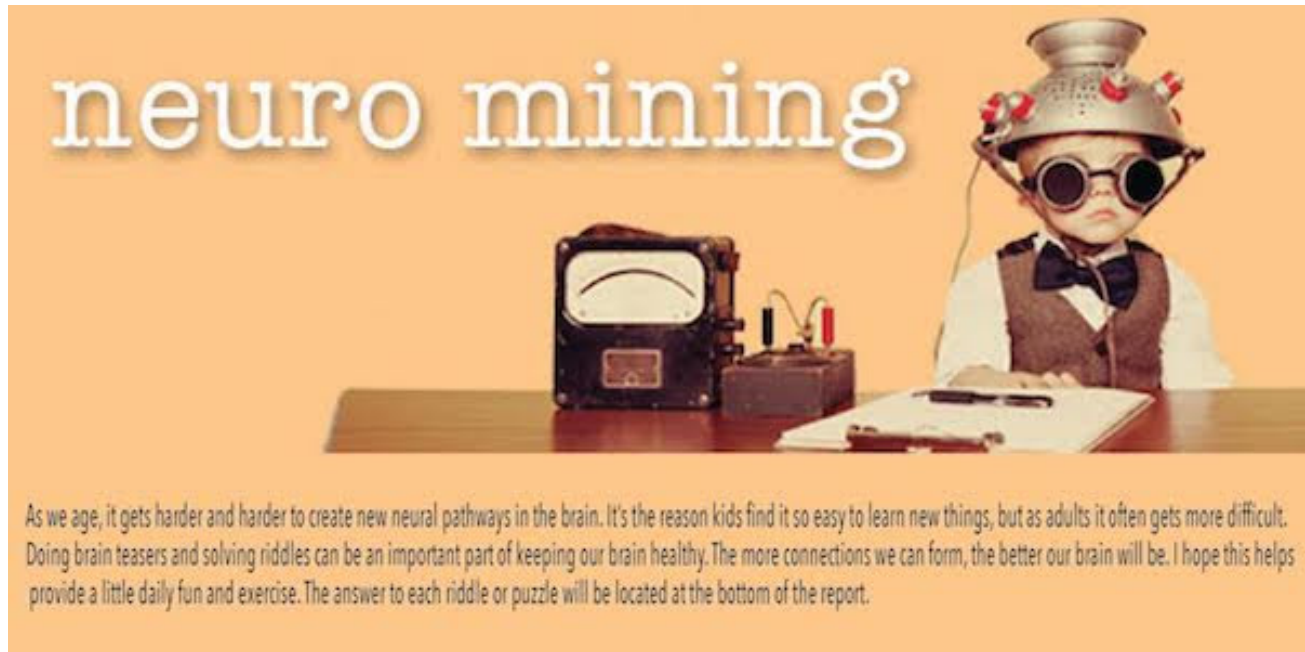




North central Texas - *I have been hearing talk that less wheat has been planted and more corn is going in instead. I'm seeing the opposite. In my opinion more guys planting wheat this year compared to the last two. Right now things look good, as we received about 5 inches of snow a few days ago, but it was quickly melted away with the 70 degree temps that we saw over the weekend. Topsoil moisture levels are adequate to surplus, and both the wheat and ryegrass pastures are growing due to warmer days. With moisture levels where they are, the corn that does get planted should get off to a great start. I'm also hearing about a lot of wild pig activity in the area.*

North central Ohio - *I'm so glad that we've put 2019 in the books. We had roughly 50% prevent plant last season, one which ran long as we rutted up most of our fields during harvest. I keep thinking 2020 is going to get better but we are seeing 50's in February and rain 3 times a week. We did have a dry spell this late fall where we fixed the ruts and got most of the problem areas in the fields cleaned up. Now we have water standing in the fields for the 3rd year in a row. I'm 100% sure that we are going to battle planting at the bare minimum this year. I'm hoping things change in the next month but the long-term forecast is continuing to still look wet and unseasonably warm.*

Southern Wisconsin - *We farm in both Wisconsin and Illinois. Most of our farm is actually in Wisconsin but we do have 2 tracks of land in Illinois. We are getting another round of snow and freezing rain today. We could go without any more moisture through the entire winter and be just fine. I think we have enough moisture built up for 2 years. Our corn this year was not bad considering the conditions it was planted in. We planted our first field in late April and our last field June 6th. The first and last fields and basically everything in between averaged about the same thing. We did shorten our varieties up a little but I was sure the later planted corn would yield at least 20 bushels less. We are gearing up for a tough spring by adding tracts to our planter and preparing our guys that they may be working through the nights to get everything planted. The windows seem to get more and more narrow so letting a night pass by where we could be planting might be the difference in a poor crop and a good crop.*



TODAY'S RIDDLE: A man is pushing his car along the road when he comes to a hotel. He shouts, "I'm bankrupt!" Why?



Wawa's Journey From Your Front Porch to Forbes Top 25 Privately Owned

Located on the East Coast of the United States, Wawa Inc. is one of the most popular store chains in the country, but despite that fact, not many people including myself are familiar with the incredible history of the Wood family that brought it into existence. Thanks to a strong family heritage, timely creative decisionmaking, and a little innovation, Wawa, has managed to get itself to number 25 on Forbes list of the most successful privately-owned businesses, with \$12.1 billion in sales and over +35,000 employees.

Wawa, Inc., began in 1803 as an iron foundry in New Jersey, but after moving to Wawa, Pennsylvania and buying 1,000 acres toward the end of the 19th Century, George Wood took an interest in dairy farming. Wood purchased a house known as "Red Roof" because of its distinctive roof color and immediately began importing cows from the British Crown dependency island of Guernsey. Interestingly, the

company derives its name "Wawa", from the town, which is a Native American word for "wild goose" or "land of the big goose", coming from the large numbers of Canada geese that congregated in the lower Delaware Valley.

With things going well early on, the family decided to add a small processing plant in 1902, and sales would continue to pick up but headwinds were looming. Keep in mind, pasteurization was not yet available, and many children faced sickness from consuming raw milk. With some quick outside the box thinking, Wood arranged for doctors to certify that his milk was, in fact, sanitary and safe for consumption. Consumers were convinced and continued their purchasing, allowing Wawa to grow all the way through the 1920s on the back of the newly created Wawa slogan "Buy Health by the Bottle." It is important to keep in mind that Wawa was serving its customers in Pennsylvania and New Jersey, by delivering milk directly to their homes.

Thanks to its quality, cleanliness and their "certified" process, Wawa's milk business was booming. Unfortunately, by the 1960s customers would begin purchasing milk from stores and revenues would decline in the process, but that wasn't a cause for alarm for the Wood family, again they pivoted. On April 16, 1964, Grahame Wood, George Wood's grandson, opened the first Wawa Food Market at [1212 MacDade Boulevard](#) in Folsom, Pennsylvania, in order to compete, and the store remained in operation until June 17, 2016, when it closed in favor of a new "Super Wawa" down the street. As the era of "convenience stores" was beginning, the Wood family made sure they were going to stay at the forefront of the industry.

Recognizing that culture affects your a team's productivity, Wawa was early to the game in sharing ownership of the company with its associates through profit-sharing plans. In 1992, Wawa formalized its associate ownership with its Employee Stock Program and today, Wawa associates own roughly 50% of the company, more than 40% of which is owned through the company's employee stock-ownership program

Creative decision making and forward-thinking have served Wawa well over the years as seen in some of their early moves. Other examples come from 1995 when they began offering ATMs in the stores and to this day have never had a surcharge on transactions. Then, in the 2000s, Wawa was among the first stores to implement self-serve computer touch-screen menus for food orders, in an attempt to improve order accuracy, speed, and upselling. There are a ton of other innovative and cool "firsts" that you can check out [HERE](#).

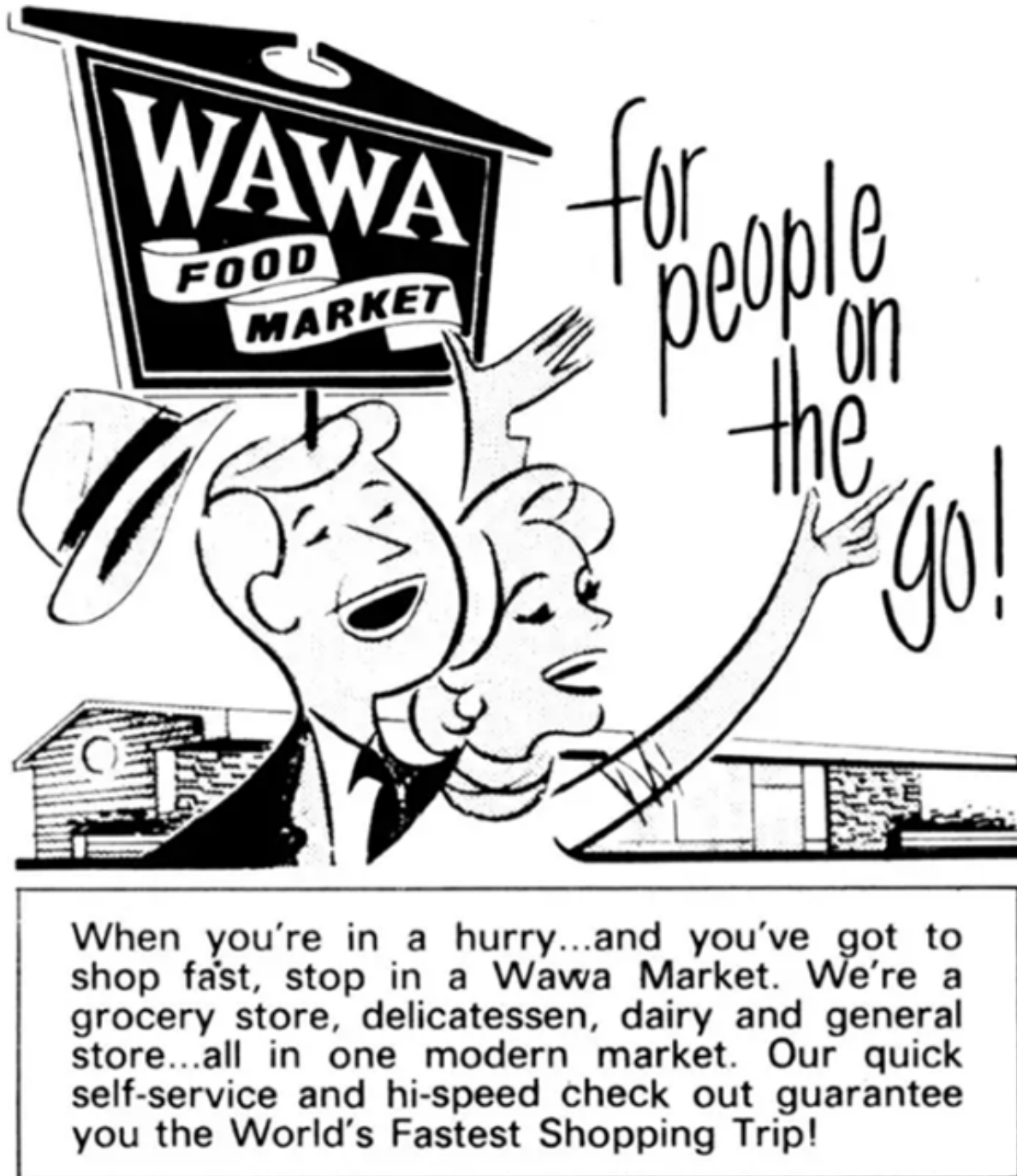
Casey's will always be my go-to if I'm in the Midwest, but I definitely plan to visit a Wawa's next time I hit the East Coast. I love learning the history of those successful "family businesses" and how they handled change and adversity.

Hopefully, the Wood family story will help spur some creative thoughts for your business. (Source: Forbes, Wawa.com, Hagley.com, Money)





(The very first Wawa store, in Folsom, Pa., in 1964. Historic photo provided by Wawa)



Keep Your Eye on the Luxury Stocks... "Tiffany & Co." in Spotlight

I've started to more closely monitor the "luxury stocks" these past few weeks. The fallout in China could be deeply concerning for the higher end luxury brands as a big chunk of their buying and growth has come from Chinese buyers the past few years. Companies I've focused on are names like Ferrari, Hermes, Capri Holdings (which owns Jimmy Choo, Michael Kors and Versace), Tapestry (which owns Kate Spade, Coach and Stuart Weitzman), Kering (which owns brands such as Gucci, Yves Saint Laurent, Balenciaga), Richemont (which owns brands like Cartier, Chlo  , Dunhill, Montblanc, Piaget, Peter Millar) and of course Tiffany & Co. which is in the process of being acquired by Louis Vuitton whose parent company is called "LVMH" (which owns Hennessy, Dom P  rignon, Krug, Christian Dior, C  line, Fendi, Marc Jacobs, Bvlgari,

TAG Heuer, Fred and Hublot, etc..)

During our research and analysis, we did a bit of a deep dive and found some interesting history on Tiffany & Co. that I thought I would pass along. In a recent acquisition deal with Louis Vuitton, the famed American jeweler was valued at more than +\$16 billion and the \$135 per share acquisition price is one of the largest in the history of the luxury sector.

New York-based Tiffany & Co. has actually been around for 182 years and currently employs 14,000 people and operates 300 stores around the globe. Founded in 1837 by Charles Lewis Tiffany and John B. Young in Brooklyn, Connecticut, the store was billed as a "stationery and fancy goods emporium". Charles Tiffany had borrowed \$1,000 from his father to start the store, which got off to a pretty rough start - their first three days in business resulted in just \$4.38 in total sales. They didn't give up, though, and expanded into glassware, porcelain, cutlery, clocks, and jewelry. In 1841, they took on a new partner and named the store "Tiffany, Young & Ellis" and became known for their high-end Bohemian glass, porcelain and "fancy goods." Tiffany took full control of the company in 1853, shortened the name to simply Tiffany & Company and shifted the store's focus to jewelry.

Charles Tiffany became known for his pursuit of rare and exquisite jewelry and gems. In 1879, Tiffany purchased one of the world's largest yellow diamonds, which became known as the Tiffany Diamond. Audrey Hepburn was one of the only two people to have worn this diamond in stills for the promotion of "Breakfast at Tiffany's." In 1887, Tiffany purchased French crown jewels and a jewel-encrusted corset said to belong to Marie Antoinette. By the late 19th century the company had won numerous prizes at the Paris World's Fair and became the go-to jeweler for crowned heads of state across Europe and Asia. Below are some other interesting bits of trivia about the iconic brand: (Sources: Tiffany & Co, TrueFacet, Erstwhile Jewelry, Wikipedia)

Tiffany Setting: *When Tiffany & Co. began manufacturing their own jewelry, they distinguished themselves from the lavish European designs that were prevalent at the time with a clean style that quickly became popular among American women of the day. Tiffany was responsible for a number of innovations in the jewelry world but his most famous contribution is hands down the engagement ring. In 1886, Tiffany decided he would lift the diamond up, above the band, and market it as an engagement ring. Soon, every woman in America wanted a "Tiffany Setting." The cut is still the world's most popular engagement ring.*

No Haggling, Cash Only: *Charles Tiffany also went against other norms of the day as he set about distinguishing his store from the competition. One of those was clearly labeling the items with their price to completely eliminate haggling. Tiffany's also didn't allow purchases on credit, taking cash only.*

Tiffany Blue: *The official color of Tiffany's is a robin's egg blue inspired by a portrait of Empress Eugenie de Montijo, the wife of Emperor Napoleon III of France. She was one of the biggest fashion icons of the 19th century and when Tiffany saw the blue shade in the gown she wore in the portrait, he decided to make it the official color of the Tiffany brand. The color, trademarked in 1998 under the name Pantone number 1837 (the year Tiffany went into business), is used for the Tiffany boxes and bags. The boxes have long been much sought after, but Tiffany & Co. has always refused to sell them. Tiffany himself once said he would happily give you one for free, as long as you selected a design to put in it.*

America's First Mail Order Catalog: *Contrary to popular belief, Charles Tiffany created the first mail-order catalog in North America in 1845 when he introduced the "Blue Book." Many other brands followed suit, including Sears and Roebuck, who often gets the credit for the first catalog. Sears didn't publish its first catalog until 1894. Tiffany's catalog was free up until 1972 and is still produced for subscribers.*

Suppliers of the Union Army: *Starting in 1862, Tiffany & Company was the go-to supplier of swords, surgical implements, and flags for the boys in blue. Today, the company is still known for designing items for the U.S. government such as the Congressional Medal of Honor, the highest military award and, in 1885, the redesign of the Great Seal of the United States on the \$1 bill.*

New York Yankees Logo: *In 1877, Tiffany & Company created a police medal of honor for a New York police officer with an interlocking "N" and "Y." The New York Yankees "borrowed" the "NY" insignia for their logo in 1909, replacing their American flag top hat symbol.*

Sports Awards: *Tiffany & Co is the maker of the Vince Lombardi Trophy, made for the winner of the Super Bowl every year. Since 1977, they have also manufactured the trophy for the winner of the NBA Finals, the Larry O'Brien Trophy. They made the 2010 and 2012 World Series rings for the San Francisco Giants, the MLS Championship Trophy, the NASCAR Sprint Cup Series' Sprint Cup trophy, and the Rugby League World Cup trophy. A commemorative, sterling silver Tiffany necklace has been the star bling and giveaway at the Nike Women's Half Marathon annually in San Francisco; it has been handed out to race finishers at the finish line from gentlemen wearing tuxedos.*

Breakfast at Tiffany's and that Yellow Diamond: *The iconic 1958 movie Breakfast at Tiffany's marked the first time filming was allowed inside the store. 40 security guards were brought in during filming to protect the gems. The Tiffany yellow diamond, worn by star Audrey Hepburn in promotional photos, is one of the largest yellow diamonds ever discovered. It weighed 287 carats when it was discovered and was cut to 129 carats before being set. The famous yellow diamond now resides in Tiffany's Fifth Avenue store where visitors can view it.*

My Wife Loves Tiffany Flatware: *Michelle's favorite is the "Olympian" pattern. Olympian by Tiffany was first introduced in 1878 and is the most elaborate and complex of all Tiffany flatware designs. Each piece of Olympian is designed to illustrate a well known story of Greek mythology. The subjects vary with the size of the handles on the different pieces.*









Great Story... "BLT"

Passing along another great e-mail that was sent my direction recently. Hope you enjoy!

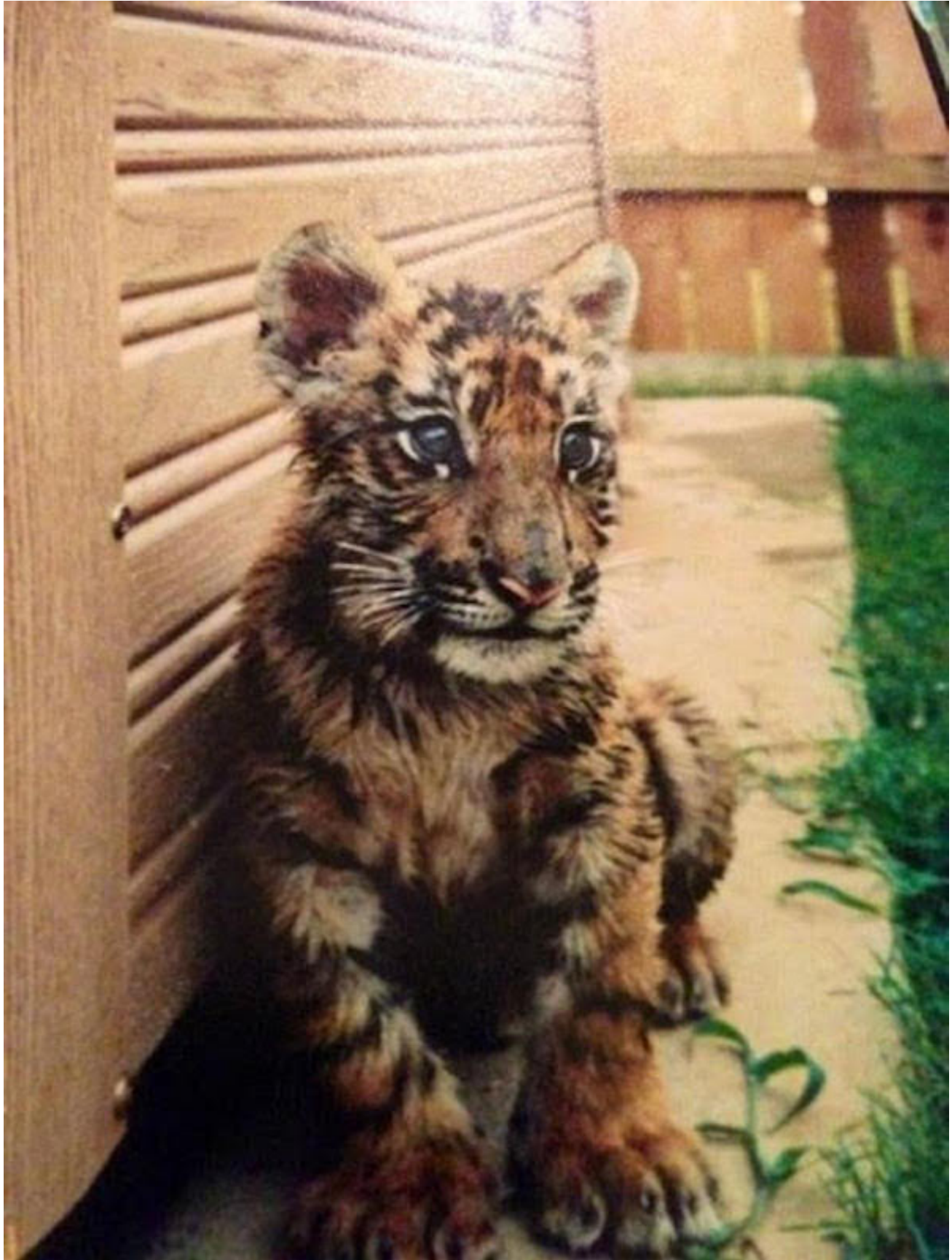
This is Leo the African lion, Balloo the black bear, and Shere Khan the Bengal tiger.



The threesome was rescued as babies from the basement of an Atlanta drug dealer home when it was raided by authorities.



They were starving, traumatized and had bacterial infections.



Since then, they were brought to Noah's Ark Animal Sanctuary.



Where they've lived in the same habitat together for 13 years.



The only time the three were separated was when Baloo (the black bear) had surgery from when the drug dealer had allowed the harness he had put on him to grow into his skin.



The two cats were distraught and cried for the bear's return while at the vet's, since the group had never been separated.



They bonded during their earliest memories and never want to be apart.



Now they live together as if they were brothers of the same species.



They play together, nuzzle one another and are extremely affectionate.



This lion, tiger, and bear are the only such threesome living together in the world.



They're that exceptional!



Humans could really learn from the bond that these three have.



No one ever told them they couldn't love one another, they just did.



And all these years later, they continue to do so...

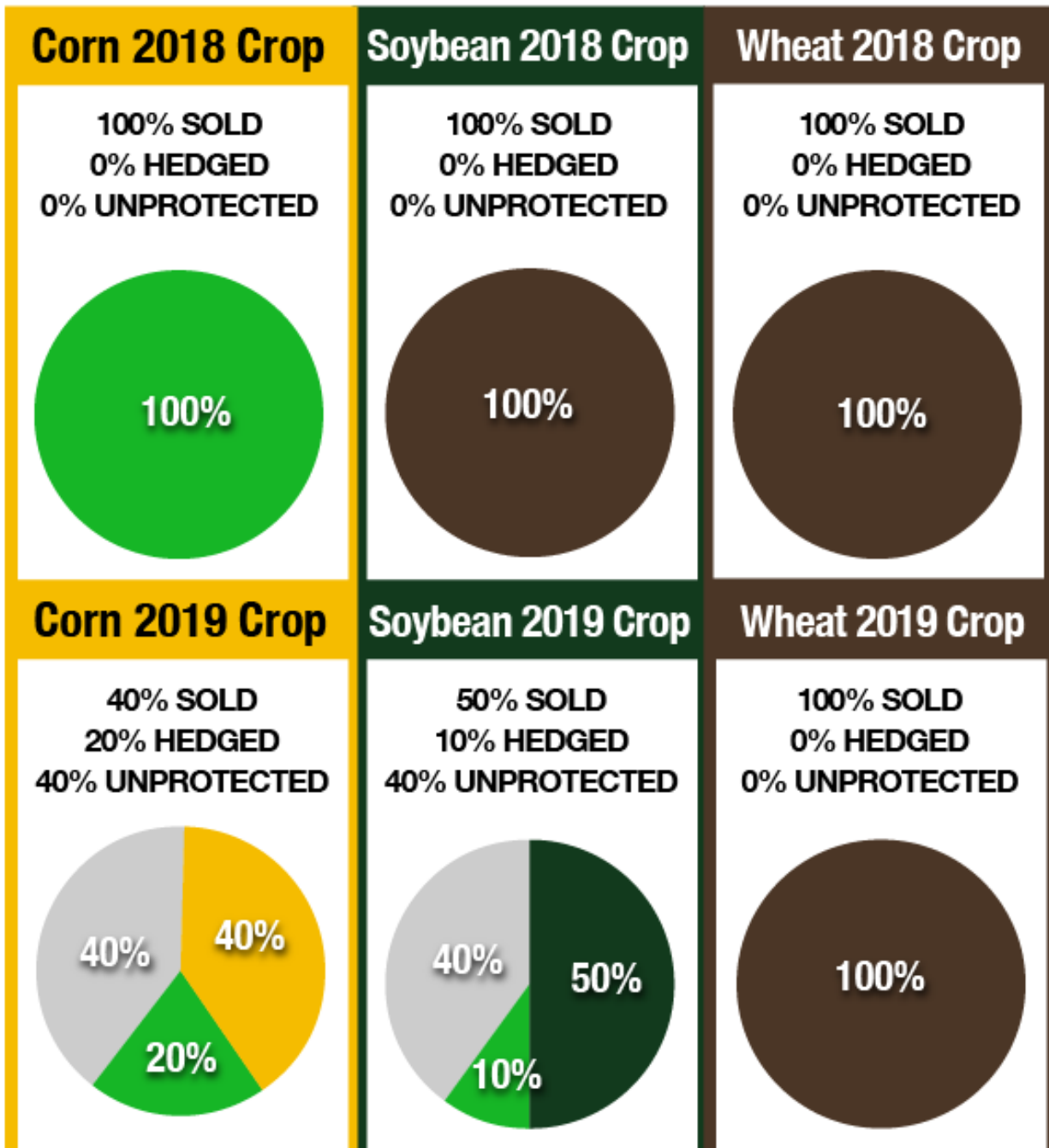


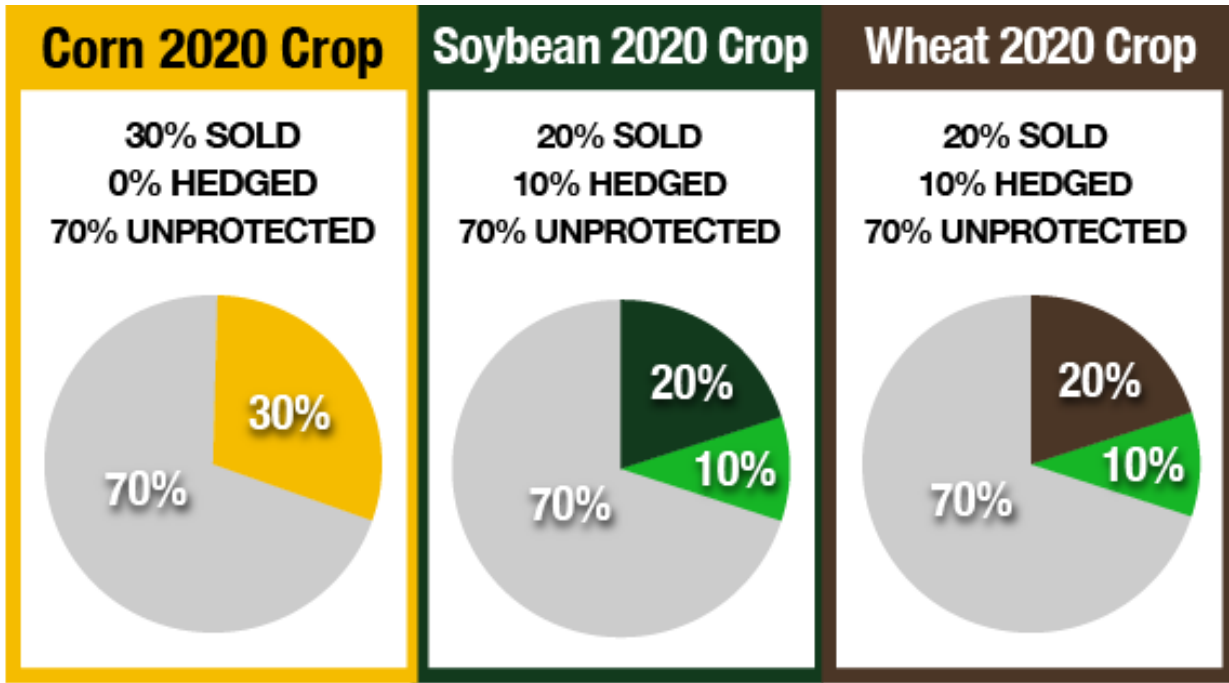
The trio is affectionately referred to as a "BLT" (Bear, Lion, and Tiger)

ANSWER to riddle: He was playing Monopoly.

CASH SALES & HEDGING TOTALS

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Swag should NOT be considered a "cost" or an expense for business owners. When used properly in a well thought out campaign "corporate swag" can dramatically reduce the cost of new customer acquisition, client churn and retention, expedited development of brand ambassadors, etc. The Van Trump family believes their AgSwag business can deliver on those promises.

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