



Josh Knight &lt;josh@farmdirection.com&gt;

**GOOD MORNING: The Van Trump. Report 3-10-20**

1 message

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

Tue, Mar 10, 2020 at 5:31 AM

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"Things may come to those who wait, but only the things left by those who hustle." - **Abraham Lincoln**

**Tuesday, March 10, 2020**[Printable Copy](#) or [Audio Version](#)

**Morning Summary:** S&P 500 is trying to recover from its 7th worst day since its inception back in 1957. Crude oil is trying to recover from its worst trading day (down around -25%) since the Gulf War in mid-January 1991. Stock trading was briefly halted yesterday for the first time since 1997 after a tumultuous selloff triggered an automatic curb on trading. For future reference, once the S&P 500 drops -7% from its previous close before 3:25 p.m. ET, trading is halted for 15 minutes. After that, it would take a drop of -13% before 3:25 p.m. for the next circuit breaker to kick in. That would kick off another 15-minute trading halt. The smartest traders and investors I know right now seem most worried about a market induced recession. Meaning bankruptcies, consolidation and contagion in the energy space might spook the credit markets into a further tailspin which could ultimately bring about a market induced recession i.e. banks start to really tighten up, corporations don't want to lose employees in a tight labor market so they try and hold onto them, in turn their cash burn really heats up and the

balance sheet starts to come under significant pressure. There's also the big cloud of uncertainty still hanging over "private equity", will they double-down and keep investing or pull back aggressively? Overall "liquidity" in several markets is also starting to become a buzz-word that is concerning some investors. From a technical perspective, many inside the trade are focused on the 2700 to 2740 level in the S&P 500 as it represents a -20% pullback from the late-February highs. The key level in the Nasdaq is right above 7850. Technical traders are also referencing yesterday's first -5% down day as perhaps a cleansing and a spot to start looking for longer-term bullish buys. Keep in mind, however, the stock market meltdown back in 2008 ended up posting 11 days with a -5% decline. For me, I'm only wanting to take very small nibbles on the big down days. There was some data circulating yesterday that showed main street investors were still in the market buying the breaks.

**Oil Update:** *The oil price crash followed a breakdown in talks between OPEC and Russia, which rejected additional production cuts when the 14-member group of major oil producers met last week. Saudi Arabia in turn slashed its oil prices and is now reportedly preparing to increase production by as much as +1 million barrels per day. Meanwhile, analysts say Russia could increase output by up to +300,000 barrels per day. This comes as the world is already swimming in an oversupply of crude that had lowered prices -30% since the beginning of January. IHS Markit yesterday released its latest assessment of the coronavirus's impact on oil markets, projecting first quarter oil demand will decline by -3.8 million barrels per day compared to last year. Previously, the largest quarterly decline was during the financial crisis of 2009, when first quarter oil demand fell -3.6 million barrels per day year-over-year. You may recall that China was instrumental at that time in soaking up excess inventories and the country has traditionally been a reliable buyer during other oil price slumps. However, with the economic damage they've sustained amid the coronavirus outbreak, China may not be in the market this time around. The International Energy Administration yesterday said that Chinese inventories rose by about +30 million barrels in February as demand collapsed due to the impact of the virus. Investors are clinging to hope that Saudi Arabia and Russia might still be able to negotiate some sort of deal. In the meantime, analysts are predicting crude prices could drop into the \$20 range if supplies continue to outstrip demand and inventories witness a steep climb. Even if OPEC and Russia manage to ink another deal, coronavirus remains a huge threat as the outbreak continues to expand outside China, which now has analysts projecting negative oil demand impacts into the second quarter. The International Energy Agency slashed its 2020 full-year demand forecast Monday from growth of +825,000 barrels per day to a contraction of -90,000 barrels per day, which would mark the first annual fall since 2009. Oil isn't the only commodity facing an oversupply problem. Steel and aluminum inventories have also skyrocketed amid China's manufacturing slump, which threatens already struggling producers in the U.S. and elsewhere. U.S. and Canadian steel mills shipped approximately 2.5 million tons directly to the oil, gas, and petrochemical industries in 2019, so a blow to U.S. energy producers could further exacerbate the situation in other areas.*

**What About the Fed?** *Investors are again looking to the Federal Reserve for a lifeline with expectations for another rate cut at its March 17-18 policy meeting. Goldman Sachs is projecting a cut of 50 basis points at next week's meeting, followed by another at the April 28-29 meeting. That would bring the Fed's benchmark rate to a range of 0% to 0.25%.*

**Keeping it Light... We All Need an Occasional Smile:)**



**Italy Under Lockdown Quarantines Entire Nation:** *Prime Minister Giuseppe Conte ordered people the people of Italy to stay home and seek permission for all essential travel. Italy's coronavirus infections have exploded towards 10,000 with a death toll of +500. It is the worst-hit country after China. Mr Conte described the measures as "I stay home" - with people forbidden to gather in public. "No more nightlife; we can't allow this anymore since they are occasions for contagion," he said. All sporting*



*events - including football matches - are suspended nationwide. Schools and universities will remain closed until 3 April. Passengers departing on flights will have to justify themselves, as will all those who arrive by plane. There are controls at train stations to check the temperatures of passengers. Cruise ships are also forbidden to dock at various ports.*

**Worried in Seattle:** *The Seattle-area nursing home at the epicenter of one of the biggest coronavirus outbreaks in the United States said on Monday it had no kits to test 65 employees showing symptoms of the respiratory illness that has killed at least 13 patients at the long-term care center, Reuters reports. The staff in question, representing more than a third of the Life Care Center's 180 employees, are out sick with symptoms consistent with coronavirus, and a federal strike team of nurses and doctors is helping to care for 53 patients remaining in the center. With the facility in the Seattle suburb of Kirkland accounting for more than half of the known U.S. coronavirus deaths, and all its patients tested, it was unclear why Life Care lacked diagnostic kits for staff, even as the University of Washington offered to process test samples for them. Twenty-six of 120 patients who were residing at the nursing home as of Feb. 19 have since died, with 13 of 15 autopsies carried conducted to date confirming coronavirus was the cause, Life Care officials said on Monday. Among 53 residents still in the facility as of Monday, results for 31 out of 35 tested have so far come back positive for the coronavirus, they said. Washington as a whole has documented 162 confirmed cases, one of the largest tally of any single U.S. state. The nationwide number has surpassed 600. (Source: The Guardian)*

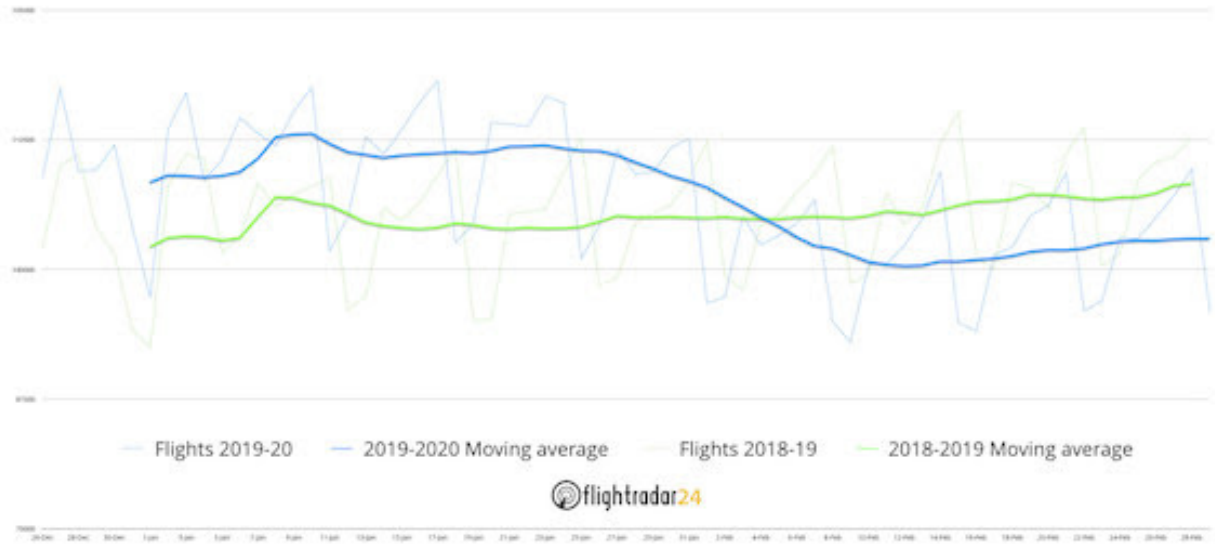
**CDC Advises Many to Prepare for a Lengthy Stay at Home:** *The CDC is expanding its guidance for people at extreme risk of serious illness, like those over 60 or with underlying health conditions. Of the 70,000 cases WHO scientists looked at, only about 2% were in people younger than 19. The odds of developing COVID-19 increase with age, starting at age 60. It's especially lethal for people over 80. People with diabetes, heart disease, lung disease and other serious underlying conditions are more likely to develop "serious outcomes, including death," according to the CDC's Dr. Nancy Messonnier. The CDC is recommending people with underlying conditions or who are over 60 to stock up on medications, household items and groceries to stay at home "for a period of time," she said. The agency also is recommending that people at higher risk avoid crowds, touching "high-touch" surfaces in public areas and close contact with people who are sick. Read more from [CNBC](#).*

**U.S. Retailers Face Huge Losses as Coronavirus Disrupts Shipping:** *U.S. retailers face an estimated \$700 million sales hit from the coronavirus and some shipping lines are sending vessels to retrieve empty cargo*

containers from Los Angeles to prevent further supply disruptions. The extended shutdown of factories in China caused by the virus, travel restrictions on workers, and canceled sailings by shipping lines have thrown off the movement of containers, resulting in a surplus at the Port of Los Angeles and a shortage in Germany. U.S.-bound electronics, clothing and furniture have had the biggest supply chain interruptions, Patrick Hasani, chief of staff for digital freight forwarder Zencargo. A spokesman for the world's biggest container line Maersk said three large ships would be deployed to carry both full and empty containers from the United States back to Asia. "We're only weeks away from a real tipping point," Port of Los Angeles Executive Director Gene Seroka said of the empty container backlog at the busiest U.S. seaport. Lingered empties could jam up the vital Los Angeles trade gateway when China factory production rebounds – exacerbating the supply chain havoc from the COVID-19 outbreak. China accounts for 55% of the "lifts" at the Port of Los Angeles – which expects to have 41 canceled ship calls during the first quarter, more than double the number in the same period last year. First-quarter container volume is forecast to drop 15% year-on-year. However, Ken Hoexter, senior shipping analyst at BofA Global Research, says China appears "well positioned for a return in demand." Read more from [Reuters](#).

**Coronavirus Shock Tests the Airline Industry's Cash "Fortress":** It was the Great Recession that taught airlines how to prepare for bad times. Now that Covid-19 is keeping people on the ground, the industry has built a fortress of cash to ride out the storm. What U.S. carriers first saw as largely Asia's problem has quickly spread to America, where passengers are now starting to shun domestic air travel. Global commercial air traffic tracked by Flightradar24 decreased -4.3% in February compared to 2019. The deepest blow has come from business travelers, with many companies prohibiting travel while conferences and trade shows are canceled or postponed. Corporate demand will contract by -30% in March and April, Cowen & Co. analysts forecast. But against this widening calamity, there is some good news for the U.S. airline industry. Oil prices may be one short-term bright spot. The other may be the strong balance sheets, reorganized business models airlines and new tools to help ride out tough times. Cash is of course the ultimate buffer in lean times, and the airlines have stashed a lot of it away. "In terms of survival, I don't think there's a threat," said Samuel Engel, head of the aviation group at consultant ICF. "In terms of a risk to profits, it's hard for me to imagine that there wouldn't be." Nevertheless, carrier resilience is likely to be tested far more in the second quarter than the first, given that January and February were mostly routine business months. One unknown is how much the virus will spread in the U.S., and if it forces authorities to close airports, schools and other public venues. Read more from [Bloomberg](#).

7-day moving average of commercial flights tracked by Flightradar24  
January-February 2019 vs January-February 2020



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# FARM TANK

## Tweets of the Day



**Jon Erlichman** ✓  
@JonErlichman



Some of their first jobs:

Jeff Bezos: McDonald's cook

Elon Musk: video game coder

Oprah Winfrey: grocery store clerk

Warren Buffett: paperboy

Reed Hastings: vacuum salesman

Michael Dell: dishwasher

Ellen DeGeneres: waitress

Jack Ma: English teacher

Indra Nooyi: receptionist





**John** 🚜  
@KowalchukFarms



I spend many hours working alone on my farm. We sometimes live in our own heads and the challenges of farming can stack up.

I'm thankful for the connections I've made on here that I can share those long days with.  
You're all amazing and you're not alone

#BellLetsTalk 🗨️

#AgTwitter





**Joe Virgin**  
@jev4320



The herd got some fresh air today







**Frederick Hiam Ltd**  
@FrederickHiam



Managed to get some wheels turning today whilst conditions allowed - precision planting Onions for [#harvest20](#).



**Chet Edinger**  
@ChetEdinger



Today we were cleaning some [#corn](#) out with our Daay paddle sweep. Bin entry not necessary.  
[@siouxsteel](#) [#safetyfirst](#)

**Mitchell South Dakota**







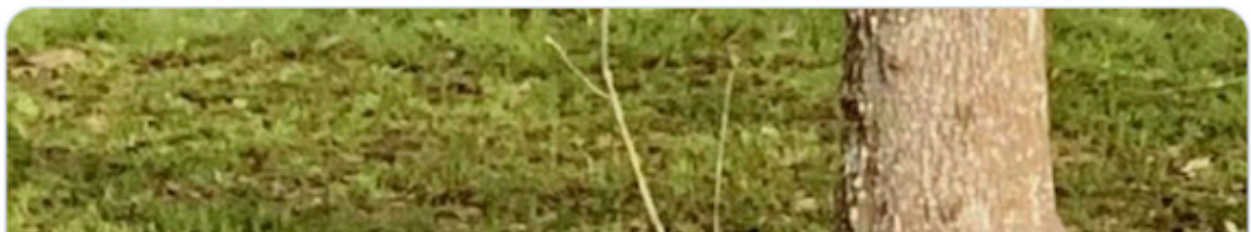
**Fighter-pictures**  
@fighterpics

Scary shadow 😎 #F18



**Para el WhatsApp**  
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Saw this gem in a yard in Houston. via /r/funny  
[ift.tt/2Tpmln6](https://ift.tt/2Tpmln6) #funny #lol #haha #humor #lmao #lmfao  
#hilarious #laugh #laughing #fun #wacky #crazy #silly  
#witty #joke #jokes #joking #epic [#funnypictures](#)

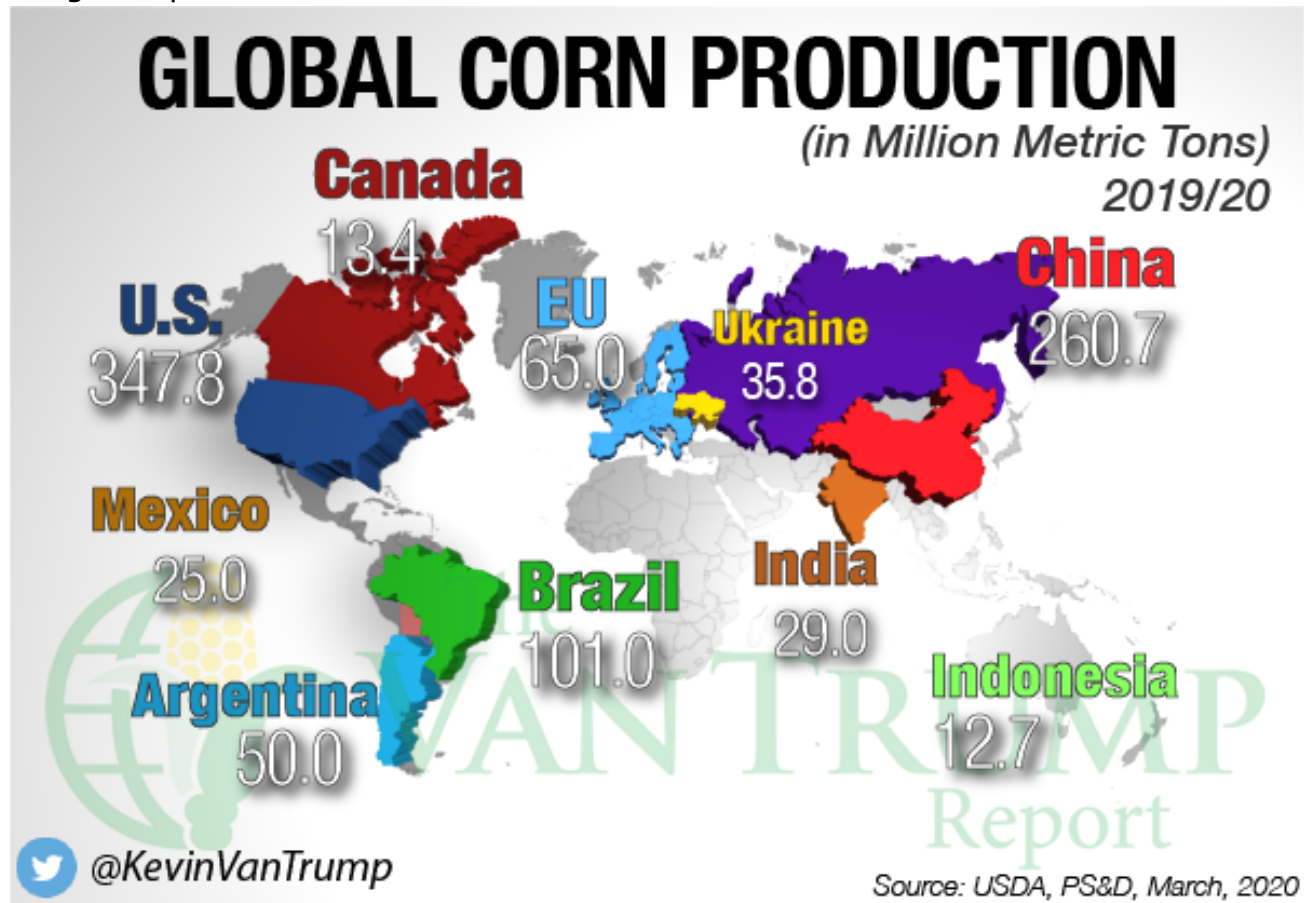




**Corn** bulls are trying to recover after watching the DEC20 contract make new lows yesterday in the wake of falling crude oil prices and continued macro uncertainties. There was also some renewed talk and rumors circulating that Chinese ending stocks could be larger than the USDA had been forecasting. This has the bears thinking China might not actually need all that much U.S. corn. Bears also point to overall rising demand uncertainty now revolving around ethanol, exports and feed. The fear is if the coronavirus continues to spread and applies more pressure to global economic growth there will continue to be more questions and uncertainty about overall demand. At the same time, the recent



fallout in the energy sector could force balanced fund managers to lighten the load in other spaces such as agriculture and metals? The contagion associated with other markets and the possible spill-over certainly has my attention and has me concerned. As both a producer and a spec, I continue to believe we will see lower-lows nearby. As a producer who wants prices to move higher, I could easily argue that we are going to experience overly wet spring field conditions in many parts of the U.S. and that acres are going to be lower but I doubt the bulls who were burned last year will be eager to bite aggressively on those headlines this year. In other words, I worry nearby the headlines surrounding corona, crude oil, and lack of large Chinese buying will be stronger than worries associated with U.S. spring weather uncertainty. I suspect the bears know they have a better hand and will soon be looking to raise their bets. If I were to be a buyer of this market it would be only as a short-term trader looking to play a bounce. But I just don't see the reward being worth the current risk. Don't forget the USDA will be out with updated supply and demand numbers today at 11:00 am CST. I'm hard-pressed to believe the USDA will be delivering a bullish surprise in this report. Keeping my hedges in place.



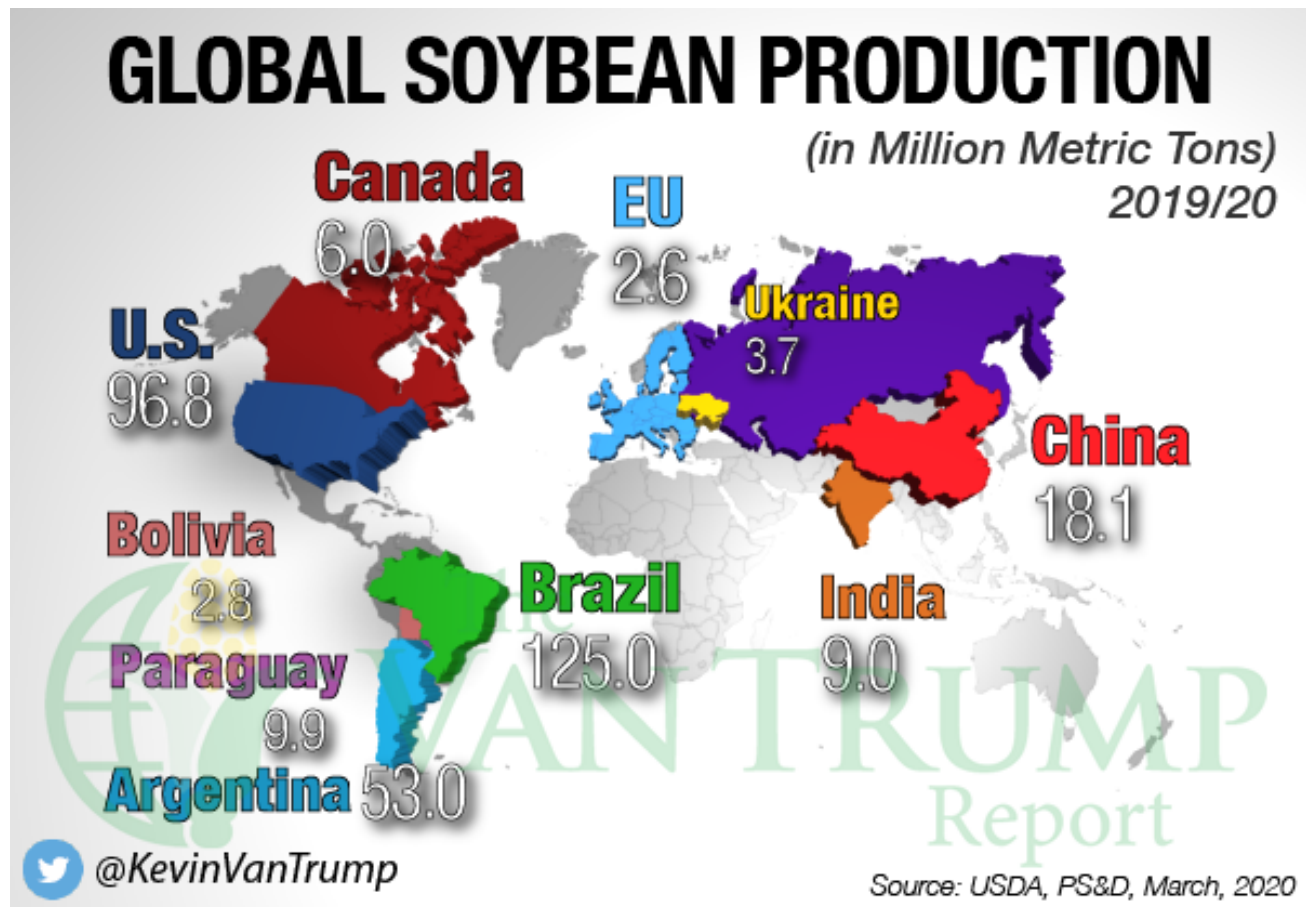


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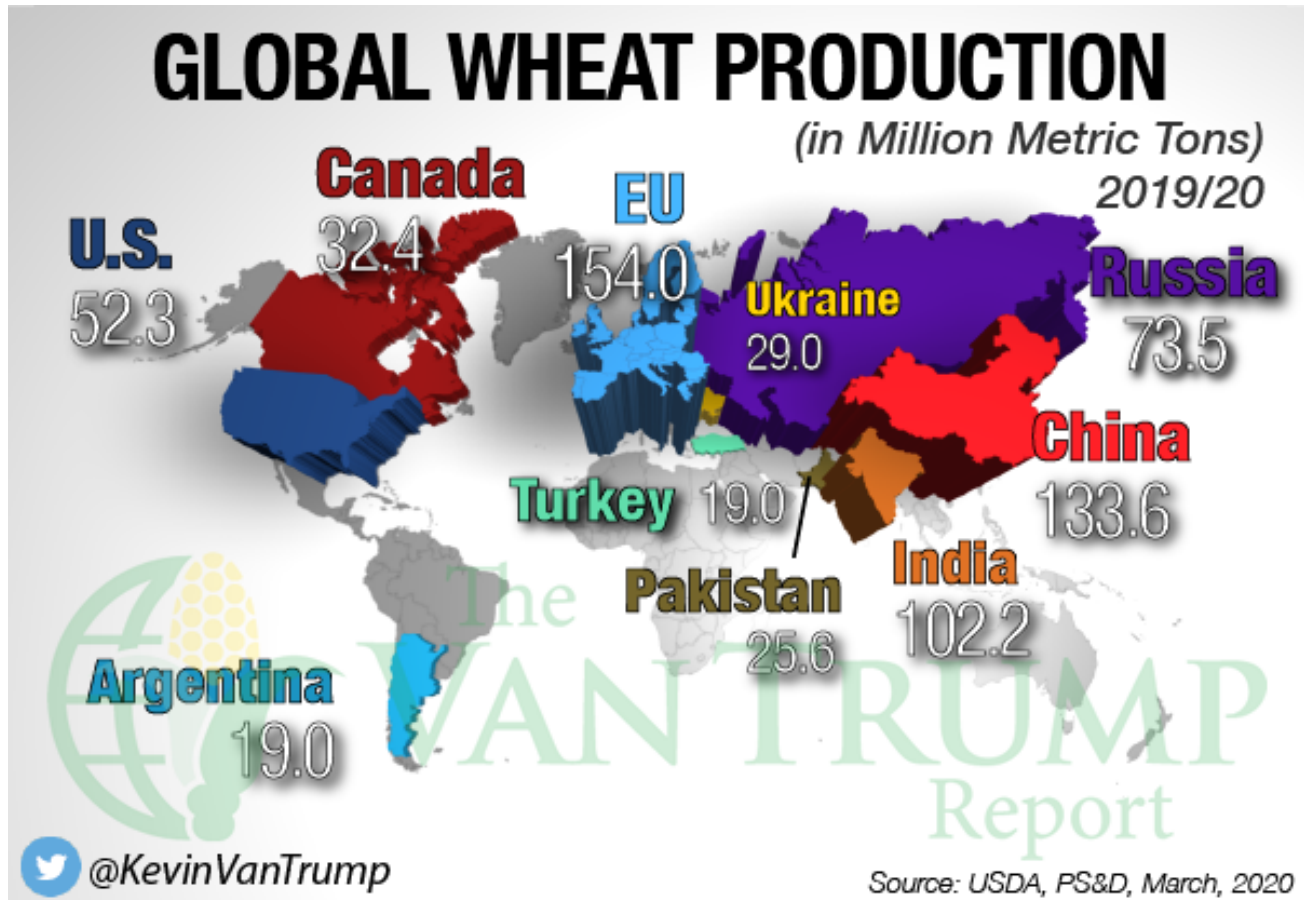
**Soybean** bulls are trying to bounce the market back from yesterday's 10-month lows. Bulls want to argue that Argentine conditions are too dry in several locations and want to believe total production might come up short of recent estimates. Bulls also believe China is coming back online and will soon be buying larger quantities of U.S. supply. There are also acreage arguments and weather uncertainty ahead for the U.S. growing season. As a spec, I would like to be a buyer on the more traditional headlines but I just don't want to step in front of the wild-cards now associated with coronavirus and crude oil. I suspect if this market continues to get punished to the downside I will start to build a bullish position. For the moment I am going to remain patient but I now have a finger on the trigger. As a producer, I have no choice but to remain patient and keep hedges in place. Looking back I



wish I would have placed more hedges, but as always hindsight is 20/20. I still want to believe we will get a better window of opportunity to price cash bushels later in the marketing year.



**Wheat** has rebounded off multi-month lows but technical guru's doubt the recent trend of moving lower is fully behind us. I continue to hold my bullish spring wheat positions which has been a loser from the moment I put the position on late last week. I was hoping that Chinese buying and more weather worries in the U.S. would provide some ample support. Unfortunately, I didn't see the bearish freight train in crude oil coming down the tracks. I knew I wouldn't be able to pick the exact bottom and planned on cost-averaging into the position a couple of times, but for now, I'm pausing with my small initial position and waiting until I have a more clear vision of the macro space. I have heard some experienced traders bull spreading the SRW wheat market. As a producer, I will continue. to play the waiting game.



**U.S. Grain Ending Stocks 2019/20**

(million bushels)

	March #s	Avg. Trade Estimate	Range of Estimates	February Estimates	Last Year
Corn	???	1,882	1,767 - 1,942	1,892	2,221
Soybeans	???	432	410 - 586	425	909
Wheat	???	943	910 - 965	940	1,080

**South American Production 2019/20**

(million metric tons)

	March #s	Avg. Trade Estimate	Range of Estimates	February Estimates	Last Year
Argentina Corn	???	50.40	48.5 - 53.5	50.00	51.00
Argentina Soybeans	???	53.80	53.0 - 55.5	53.00	55.30
Brazil Corn	???	100.90	99.5 - 102.0	101.00	101.00
Brazil Soybeans	???	125.20	124.0 - 128.0	125.00	117.00

**World Grain Ending Stocks 2019/20**

(million metric tons)

	March #s	Avg. Trade Estimate	Range of Estimates	February Estimates	Last Year
Corn	???	297.40	294.9 - 300.0	296.80	320.50
Soybeans	???	99.70	97.80 - 108.5	98.90	111.20
Wheat	???	288.40	285.0 - 291.0	288.00	278.30



**> Ethanol Makers See Demand Surge on Hand Sanitizer Stockpiling:** *Some ethanol producers worldwide said demand is up for their products due to customers stockpiling hand sanitizer - which can be made using the biofuel - as the coronavirus outbreak worsens. Governments and health agencies have advised people to wash their hands and use hand sanitizer to curb the virus's spread, prompting an increase in demand for ethanol, also known as ethyl alcohol, industrial alcohol and denatured alcohol, used to make many hand sanitizers. Minneapolis-based Cargill, which produces and commercializes ethanol, said on Monday that demand for its denatured ethanol in Europe has doubled since last month. Sacramento-based producer Pacific Ethanol confirmed that industrial alcohol sales are rising, said Paul Koehler, vice president of commodities and corporate development. Toiletries and cosmetics, which include hand sanitizer, account for almost a quarter of U.S. end-markets for industrial alcohol, according to the most recent data available from the Renewable Fuels Association. (Source: Reuters)*

**> Farm Credit Mid-America CEO Talks About Opportunities for 2020:** *The president and CEO of Farm Credit Mid-America says many growers are well positioned for this year as they control costs, look at profitability for each individual field, and adapt their operation to the new normal of this economic cycle. Bill Johnson suggests that growers create two business plans for the short-term and long-term. "One of the things we've seen in past economic cycles is that so much focus on the short-term can lead to long-term opportunities being missed along the way," he says. He says growers should also look at their risk*



management plan. "To make sure that crop insurance is in place and has been structured in a way that's best for their operation," He says. "The second piece of that is continuing to focus on financial accounting- tracking costs and making sure they have the information they need to best run their operation and the third part is marketing and if they can go ahead and lock in some profitability, the sooner that happens the better." Read the full interview over at [Brownfield Ag.](#)

**> Senators Urge Corp to Make Changes to Reduce Missouri River Flooding:**

Republican senators from four states that have seen severe flooding from the Missouri River are backing legislation that would require the U.S. Army Corps of Engineers to change its management of the river to reduce flooding risk. The measure introduced last week follows criticism from residents of flooded areas that the Corps should give flood protection a higher priority than environmental, recreational and other needs. The proposal would require the Corps to take steps to reduce flooding risks along the lower Missouri River by changing the way it manages the dams and strengthening levees along the river. The proposal is backed by all the senators from Nebraska, Iowa, Kansas and Missouri. Flooding caused more than \$3 billion in damage along the lower Missouri River last year as releases from dams upstream combined with heavy runoff from rain and melting snow to damage levees and inundate land along the river. Prolonged flooding also caused significant damage along the river in 2011. Read more from the [Des Moines Register](#).

**> Coronavirus Forces Schools to Devise Meal Plan:**

USDA has agreed to let Washington state and California move to the summer model for school meal plans after some school districts in the states closed out of precaution. Nutrition programs give some flexibility to states to accommodate public health emergencies like the coronavirus that prompt schools to close. States can request USDA to allow sponsors to serve meals in non-group settings — both outside of school like at churches and libraries, as well as on school sites. In America, more than two-thirds of the 31 million students who regularly eat school lunch are economically dependent upon the meal. On Saturday, officials declared that California's fifth largest school district — home to more than 60 schools — would move up spring break and close until March 13. Elk Grove Unified School District is located in southern Sacramento County, an area where nearly 60 percent of students qualified for free or reduced price meals in 2019. (Source: Politico)

**> What's the Point of Panic Buying?**

Anticipating the spread of the novel coronavirus in the U.S., many American shoppers are doing what they do best: Buying in bulk. Big stores like Costco and Walmart as well as smaller grocery chains and local markets are reporting sales spikes as concerned buyers snap up items like hand sanitizer and non-perishable foods as if preparing for a hurricane. But COVID-19 isn't exactly like a natural disaster, says Karan Girotra, a professor of operations and technology at Cornell Tech, and the frenzied shopping is

*probably overkill: A storm could reasonably interrupt supply chains, but COVID-19 doesn't threaten the US supply chain for food, which is mostly intracontinental. Instead, overeager shopping — borne of a fear that customers will be stuck at home for prolonged periods of time during an enforced quarantine and that supplies will run out — is a problem in and of itself. Photos of empty store shelves on social media are the result (and, in a feedback loop, the cause) of "panic buying," not a real sign of an actual shortage. "Panic buying becomes a self-fulfilling prophecy," says Girotra. "A lot of people think [the store] will run out, and then they do run out." Their habits are occasionally encouraged by the media: One news outlet, for example, has a list of groceries "you need to buy in case of self-quarantine." Read more from [Eater](#).*

**> Keeping Track of Suspended and Modified Airline Service:** *Airlines across the globe have suspended flights or modified services in response to the coronavirus outbreak. A lot of the suspended services still revolve around China, as well as other Asian nations hard hit by the coronavirus. There are also an increasing number of cancellations into Italy, and several airlines are cutting back on flights in general, including in the U.S. United and JetBlue both announced temporary reductions in domestic flight schedules last week. Reuters keeps an updated list [HERE](#). You can also find information on change and cancellation fee policies for most major domestic airlines over at Vox. Click [HERE](#). As they note, most airlines are only allowing travelers who booked flights within a certain window, typically in late February and March, to make changes without charge. These policies continue to evolve so be sure to check with the airline directly.*

**> Spring is Arriving Earlier Across the U.S... Not Always Good News:** *Across much of the United States, a warming climate has advanced the arrival of spring. This year is no exception. In parts of the Southeast, spring has arrived weeks earlier than normal and may turn out to be the warmest spring on record. Apple blossoms in March and an earlier start to picnic season may seem harmless and even welcome. But the early arrival of springtime warmth has many downsides for the natural world and for humans. Rising temperatures in the springtime signal plants and animals to come alive. All species don't respond to warming the same way. When species that depend on one another — such as pollinating insects and plants seeking pollination - don't respond similarly to changing conditions, populations suffer. Earlier springs can also devastate valuable farm crops. Cherry, peach, pear, apple and plum trees blossom during early warm spells. Subsequent frost can kill the blooms, which means the trees will not produce fruit. Read more [HERE](#).*

**> Congress Goes to Bat for Baseball's Minor League Teams:** *As spring training gets underway, a group of bipartisan lawmakers is taking a swing at the league's proposal to reorganize the Minor League Baseball system. The MLB and MiLB are in the midst of renegotiating their operating agreement, which expires at*

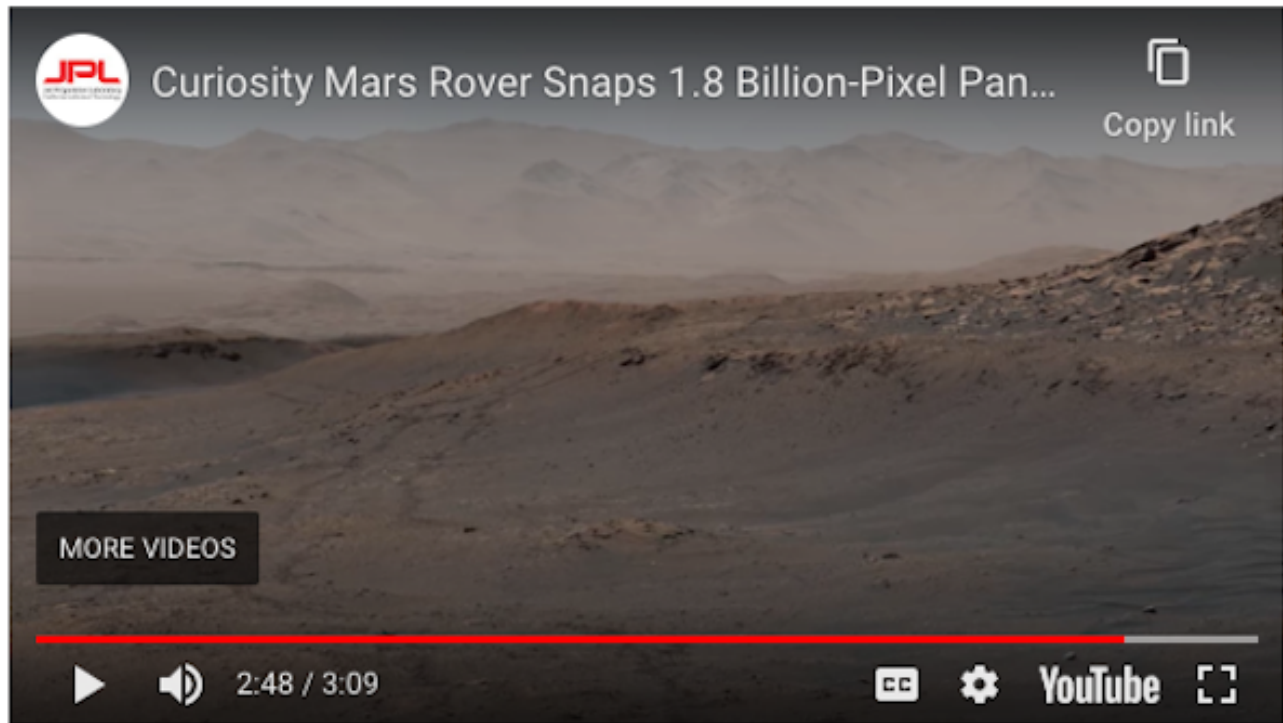
*the end of 2020. The New York Times last year published a list of 42 teams across the country that could have their affiliations with major league teams ended as part of the renegotiation and a wider proposed restructuring of the minors. Critics argue that stripping the major league affiliations from those minor league teams -- mostly in small or rural communities that don't have any major league sports -- would effectively shutter the clubs. A spokesperson from the MLB said that the league is working to protect every existing minor league team and slammed "an inaccurate and distorted account of our conversations" by the MiLB "in an effort to create pressure" during the negotiation process. Read more [HERE](#).*

**> Robinhood Trading App Suffers Another Outage:** *Fintech startup Robinhood faced a third outage in less than a week on its trading platform yesterday. The Menlo Park, California-based company said on its website that trading was "functional for new orders with the exception of fractional equities since at least 10:25 AM ET." But many users took to social media to complain that they were still not getting confirmations for earlier sell and cancel orders. Robinhood faced similar glitches last Monday and Tuesday while markets whipsawed. Robinhood said last week it was notifying customers on how to discuss possible compensation for being unable to trade on the app. (Source: Reuters)*

**> Porsche Raises the Bar with Redesigned 911 Turbo S for 2021:** *An all-new 2021 Porsche 911 Turbo S has made its debut. Completely redesigned, it rides on the new "992 Series" platform. The German automaker's flagship GT sports car promises to be the quickest, fastest, and most powerful 911 Turbo in 46 years of existence. Yet Porsche has not only raised the bar of performance, as technical innovation and improving everyday usability were also the company's primary engineering goals. The 2021 Porsche 911 Turbo S Coupe has a base price of \$203,500 (plus \$1,350 delivery). The 911 Turbo S Cabriolet, with a power-operated soft top and a heated rear window, is priced from \$216,300 (plus \$1,350 delivery). Expect both vehicles to reach showrooms before the end of the year. More details are available [HERE](#).*

**> "Curiosity Rover" Captures Highest-Resolution Photo of Mars Ever:** *NASA's Curiosity rover had an active Thanksgiving holiday in 2019, snapping over 1,000 images of Mars to send back to Earth. This week, NASA revealed the glorious 1.8-billion-pixel 360-degree picture that came from that photoshoot — the highest-resolution panorama photo of the red planet ever taken. Scientists have spent the last few months assembling the nearly 1,200 images to create one cohesive picture, NASA said in a press release. Scientists programmed the Mastcam to take photos each day during the same two-hour window in order to keep the lighting consistent. In addition to the 1.8-billion-pixel panorama that doesn't feature Curiosity, the rover also captured a 650-million-pixel panorama that includes its deck and robotic arm. Both panoramas highlight "Glen Torridon," the region of Mars Curiosity is currently exploring inside Gale crater. Check out the*

*full image along with a detailed explanation of everything Curiosity captured in the images [HERE](#).*







**Central Illinois** - *We heard a few lucky guys got into the fields over the weekend and put some beans in the ground. Most of the boys in this area won't be able to do that for another month or so. We were a bit wet prior to the rains we received*

*today and are expecting more this week. We run an elevator in this part of the state and I have to say that the corn last season was the worse we have seen in some time. Yields were down 15%-20% thanks to LTW and high moisture. Most all the corn we were drying down started at 30% and once you get it to 16% it just wasn't worth that much. I would say most of the folks brought their corn in from the field at harvest and anything left on farm, I doubt we even want at this point. We've been asking guys if they are planting more corn this season and it appears not, most will stay with their 50/50 rotation. From what we can tell, there will be anywhere from 4%-5% of prevent plant acres taken this year. We are working hard to get rid of our corn and when we do, I expect us to have to reach out a bit farther and up the basis to draw it in. We are sitting around 2 under at the moment but I am almost certain we will see some over bids soon enough.*

**Panhandle of Texas** - *This patch of wheat has looked pretty good all winter. I just pulled some big steers off of it after grazing all winter and we got a nice rain last night. Rare to get very much rain in March for us. All the guys north and east of here are burning up with grass fires. We will take what we can get and hope we don't have any nasty weather to wipe out what looks to be a darn good crop.*

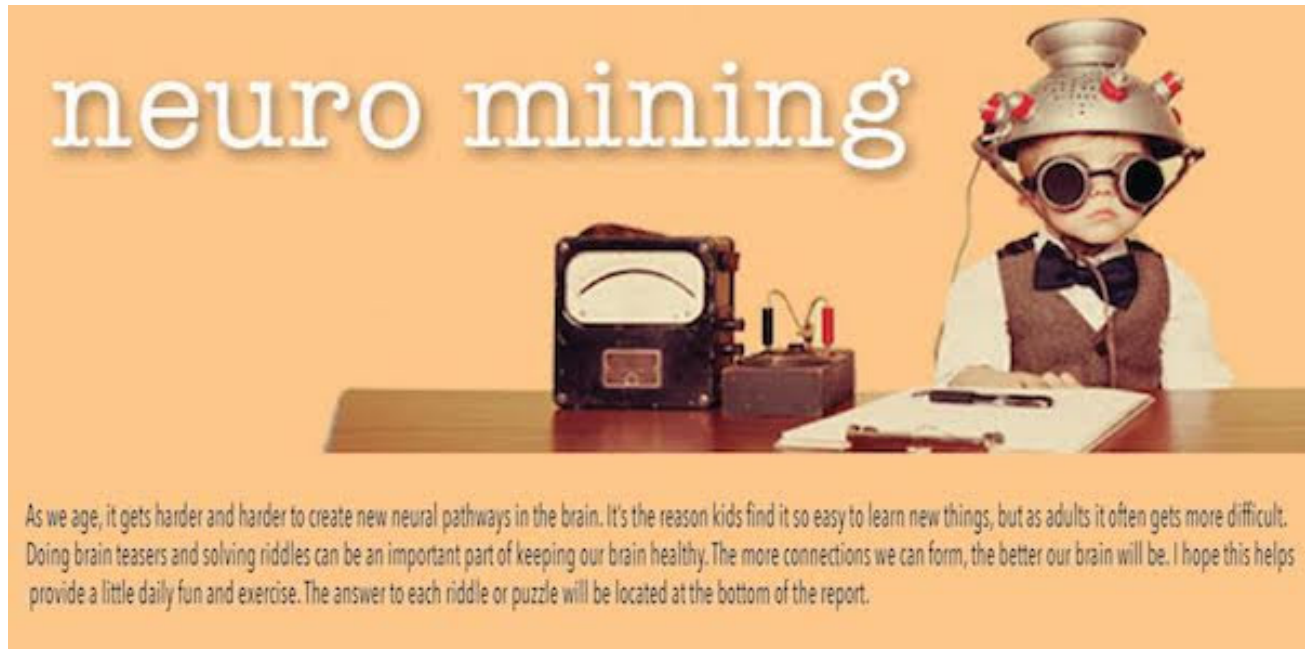


**Northwest North Carolina** - *I have several acres of annual ryegrass that I no-till seeded last fall. The fields were permanent grassland fields that needed total re-*



*establishing or just thickening. Some of the ground I sprayed with glyphosate and 2-4-D then burned the thickest dead vegetation. I got a very good stand of ryegrass in every situation in the fields. There is now chickweed, purple deadnettle, and wild garlic plus some other winter broadleaf weed that I do not know the identity of. The mild winter has kept ryegrass green, growing and thickening up nicely. The ryegrass will be chopped for silo in early May. It is just about time to apply some Nitrogen. I certainly would like to knock out the weeds mentioned above, especially the deadnettle and garlic as they add undesirable odor to the harvested forage. Still trying to figure out what herbicide will knock down all the weeds.*





**TODAY'S RIDDLE:** People make me, save me, change me, raise me. What am I?



### **If You're In The Livestock Business... Pay Close Attention**

When the stock market shakes out and investors are forced to reposition and reallocate funds, we often see new industries and new concepts more rapidly evolve and prosper. Jacob Bunge wrote an interesting article last week that pertained to "plant-based" meat companies lowering prices and working towards becoming more competitive. Makers of plant-based meat alternatives are cutting prices, as startups compete with food-industry giants for slices of the rapidly growing market. You can read the full article [HERE](#).

Impossible Foods Inc. recently announced that it had reduced wholesale prices for its products by -15%. Big food companies -- including Nestlé SA, Smithfield Foods Inc., Cargill Inc. and food distributor Sysco Corp. -- have recently set plans to introduce their own meat-free patties, sometimes at lower prices than those charged by startups, like Impossible, that helped popularize plant-based products.



Impossible and rival Beyond Meat Inc. are jockeying with food-industry giants for a plant-based meat alternative market that is growing faster than sales of traditional meat. Plant-based meat sales in U.S. retail stores totaled a little over \$1 billion for the 52 weeks ended Jan. 25, according to Nielsen, up +14% from the prior year. Sales of traditional meat grew +0.8% to \$96 billion over that period.

Impossible and Beyond say they use less grain, water, and energy to make burgers from soy and pea protein than companies that feed, slaughter, and transport livestock. But the plant-based production processes are more expensive than traditional burger making, partly because meat mimics are made on a scale far smaller than the global meat industry.

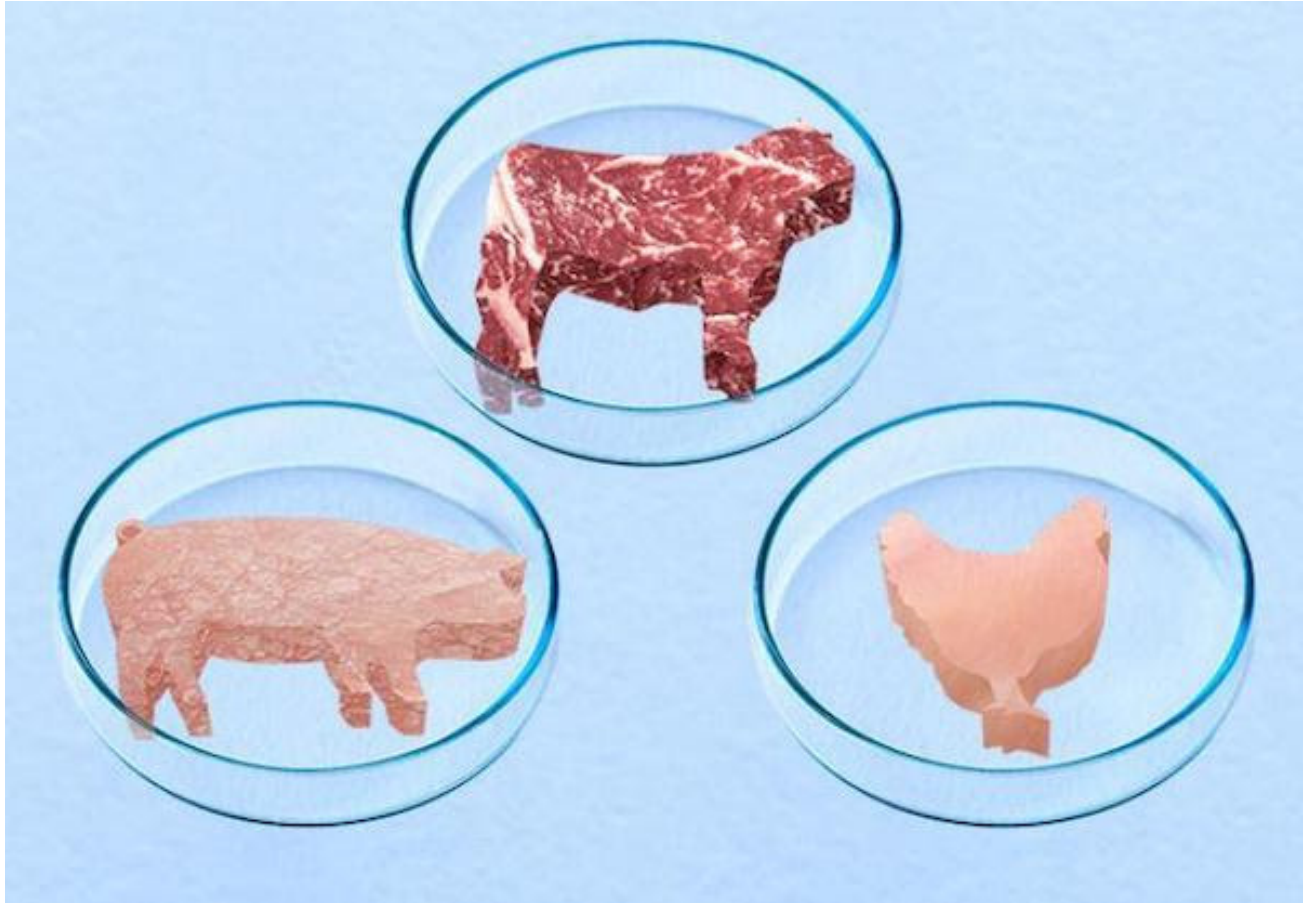
Impossible and Beyond say they are working to change that dynamic by adding more manufacturing plants and making their processing techniques more efficient. A lower price point will make their products more appealing to customers, plant-based food proponents say.

Impossible said its -15% price cut would reduce what it charges for direct sales of its plant-based meat to about \$7.90-\$8.50 a pound. Impossible said it couldn't specify how the price cut would affect restaurants and retailers that buy its products through distributors.

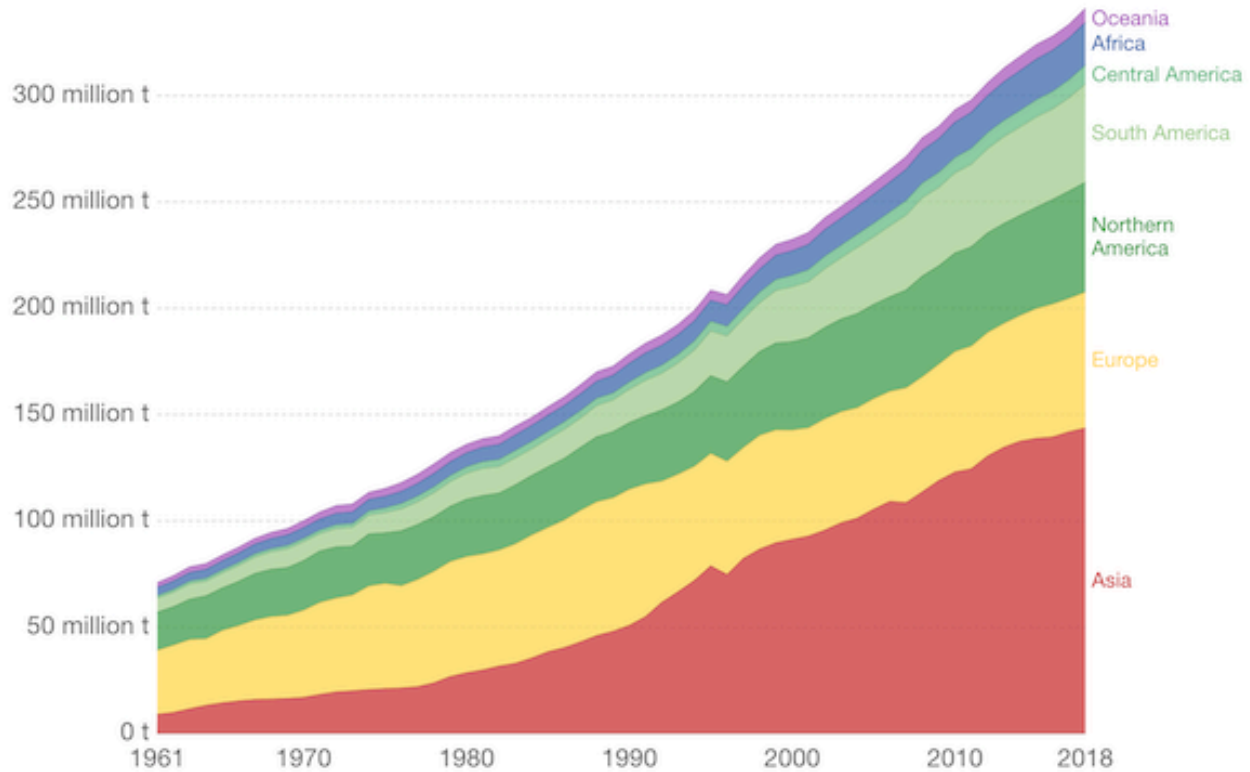
Beyond Chief Executive Ethan Brown said competitors are trying to undercut the El Segundo, Calif.,-based company on price. So far, he said, Beyond has resisted broadly discounting its burgers, but the company aspires to match the price of traditional meat with at least one of its products by 2024. For what it's worth, Beyond reported a -\$452,000 quarterly loss last quarter, though sales more than tripled.

My worry is our livestock production costs could be moving higher each year as we are forced to navigate increasing regulations associated with climate change and clean energy. But at the same time, lab-grown and plant-based meat production costs could be working lower with quality and taste getting better. I still see huge opportunities for U.S. livestock exports but I do worry about longer-term market share perhaps being lost to what could become a cheaper substitute. Stay on top of these headlines especially as we see more big players getting into the space.

I was sent an interesting white paper that was released by IP Pragmatics Limited titled "[Future Food Sources: Market Developments and Intellectual Property Landscapes](#)". It's a very interesting read...

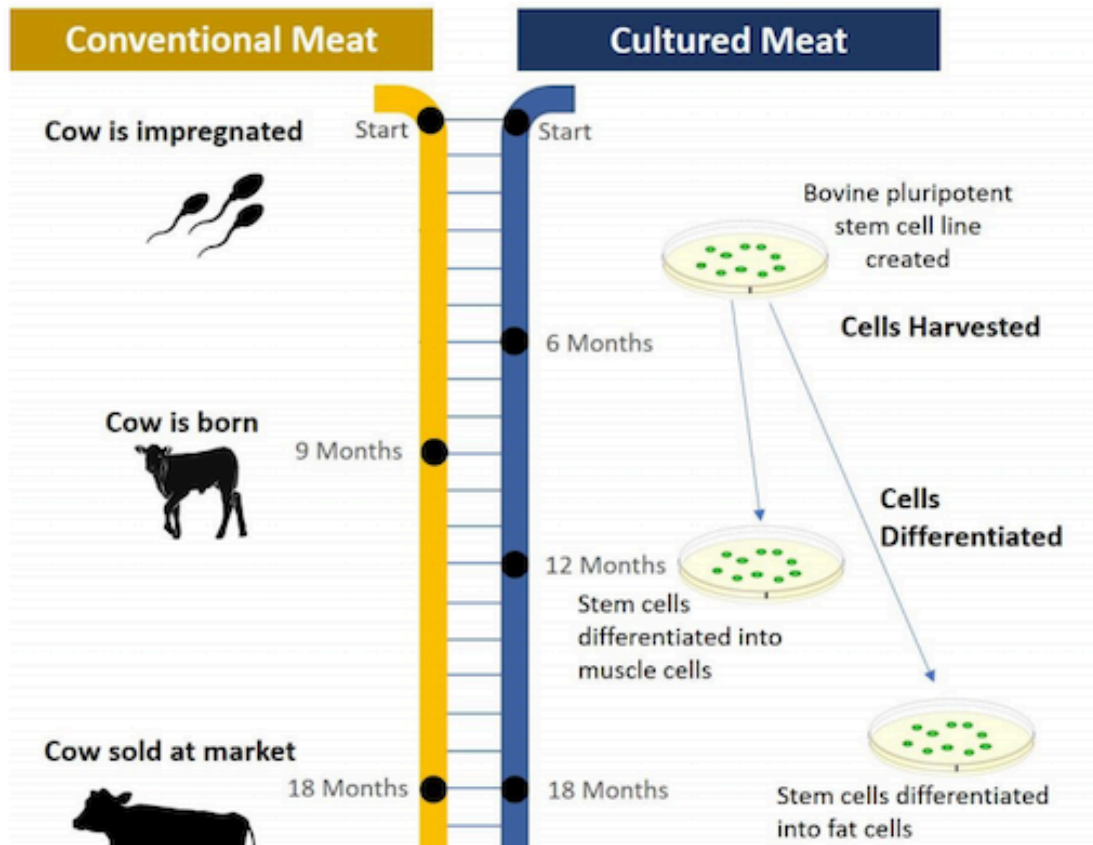


## Global meat production

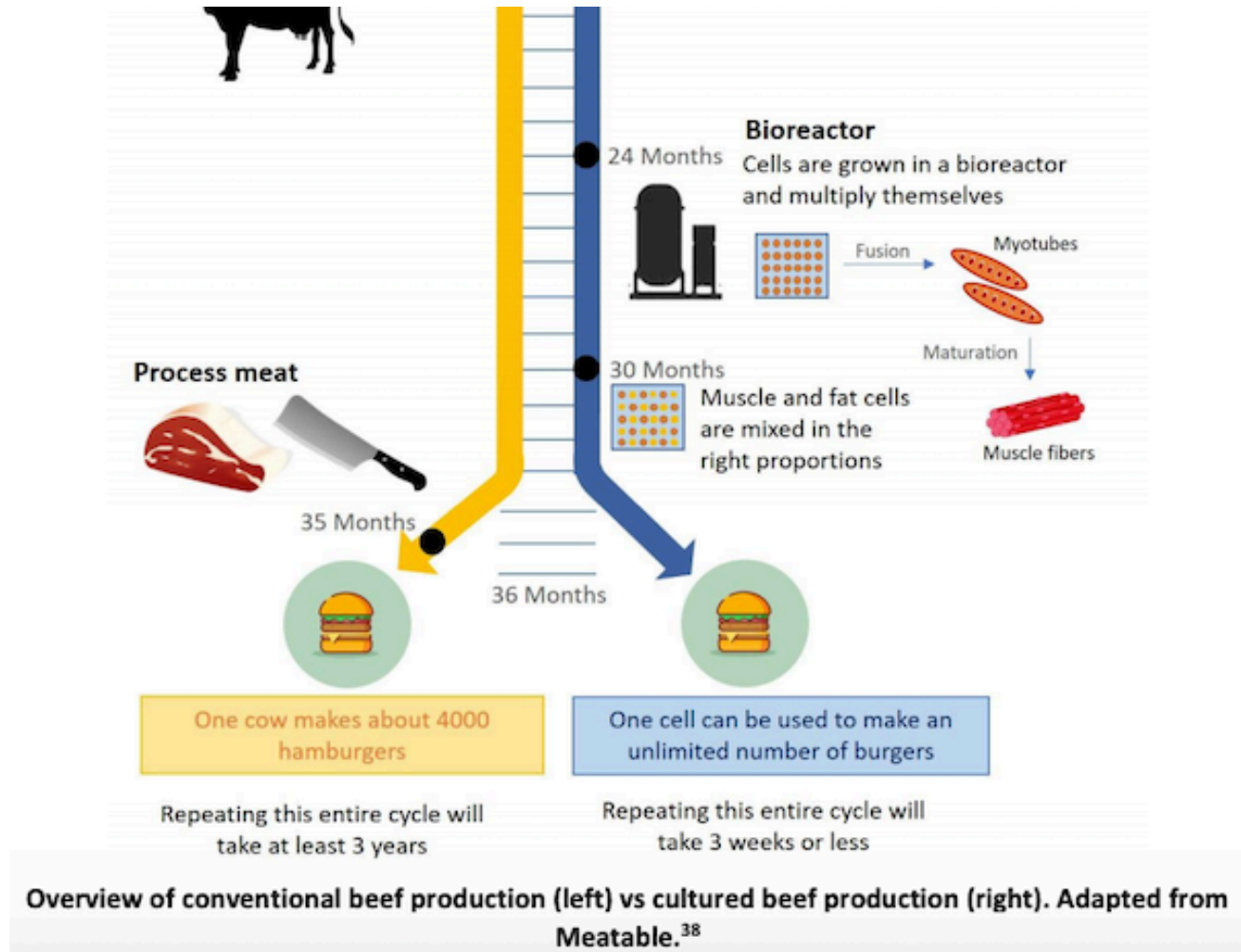


Source: UN Food and Agriculture Organization (FAO)

Screenshot: [ourworldindata.org/meat-production](https://ourworldindata.org/meat-production) • CC BY









### **20 Years Ago Today... The Dot-Com Bubble**

How ironic! The dot-com stock bubble hit its peak on this day in 2000 with the Nasdaq closing at an all-time high of 5,048.62. Less than three months into the year, that was the 16th new record high the composite had hit. It also proved to be the last time the Nasdaq traded above 5,000 until we climbed back to that level in 2015. Keep in mind, the Nasdaq has recently surged to a high of 9,763 posted on February 20, 2020 but again is in somewhat of a freefall as investors are forced to adjust to coronavirus and the shakedown in crude oil. Below is a bit of history.

The Nasdaq composite index, which we now simply refer to as the Nasdaq, began trading back in 1971 at a value of 100. It was 1995 before it pushed above 1,000. Then, from 1996 to 2000, it absolutely exploded and started an accelerated climb on the popularity of internet stocks. The overly enthusiastic environment at the time led to some insane valuations for any company that attached a "dot-com" to their name.

Remember the internet really only started to become widely available to the general public around 1994. American Online (AOL) helped bring it to the masses and as its popularity grew, businesses began realizing the internet's huge

potential. It was during this time that Amazon and eBay started their sites and Yahoo created the search engine. Investors believed that this new dot-com era presented an opportunity to get on the ground floor of the next "big thing."

New dot-com companies became in hot demand and entrepreneurs and venture capitalists obliged by launching a record number of contenders. From 1994 to 2000, over +3,000 companies went public. At the peak of the bubble in 1999, they say a new millionaire was created every minute in Silicon Valley.

In early 2000 however, investors had to face a harsh reality when stocks such as Pet.com that had premiered with multi-billion dollar valuations began reporting losses, first in a trickle, and then all at once. Falling stock prices turned into stock market delistings and then became actual bankruptcies. Panic soon set in and between September 1, 2000, and January 2, 2001, the Nasdaq dropped -45.9% to 2291.86. It continued to slide, and by October of 2002, the Nasdaq was trading at 1108.49 and an estimated -\$8 trillion in wealth was completely wiped out.

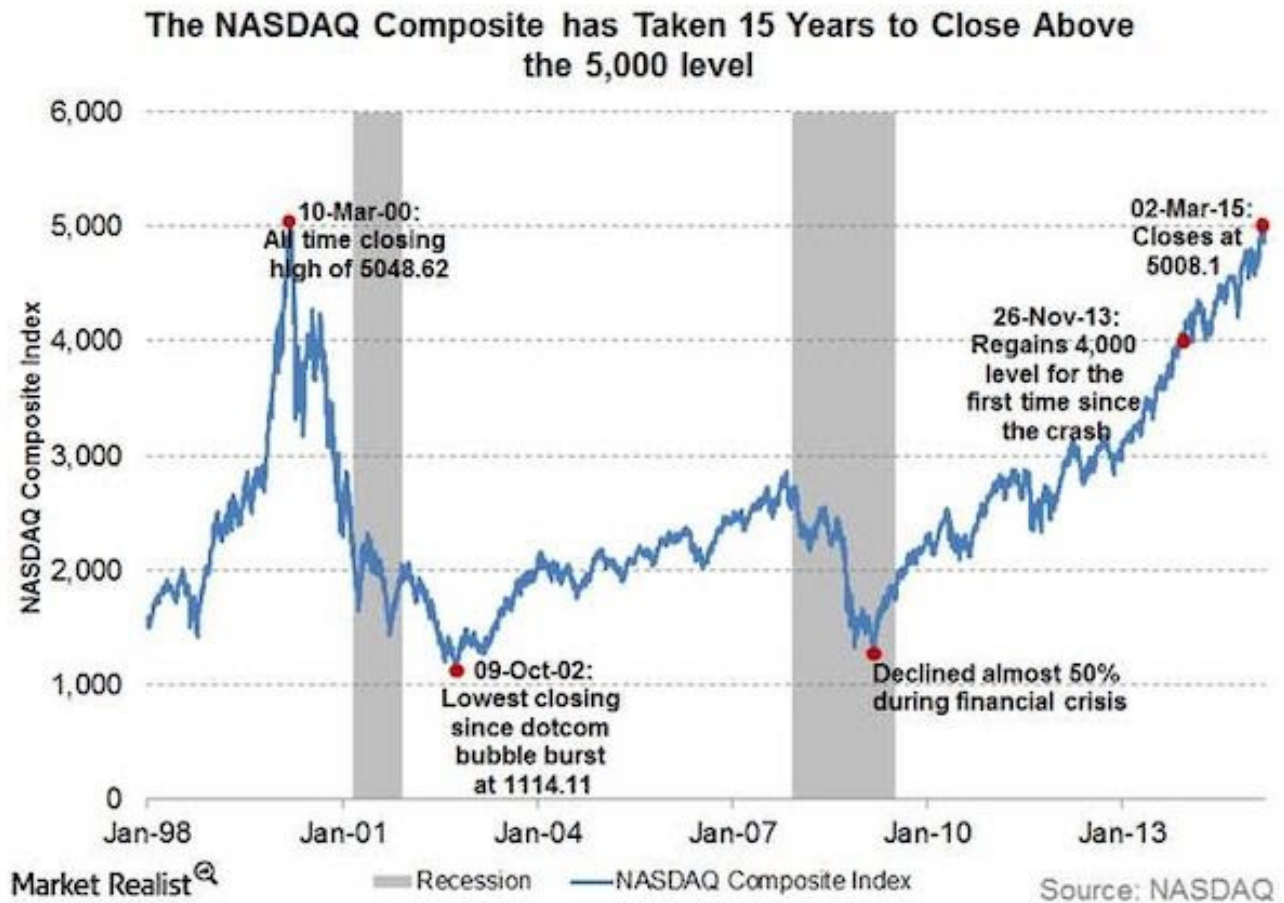
The U.S. government would date the start of the dot-com recession as beginning in March 2001. And by the time of the economic shock from the terrorist attacks of September 11, 2001, there was no longer any doubt. In that tragic month of September, for the first time in 26 years, not a single IPO came to market. The dot-com era was over.

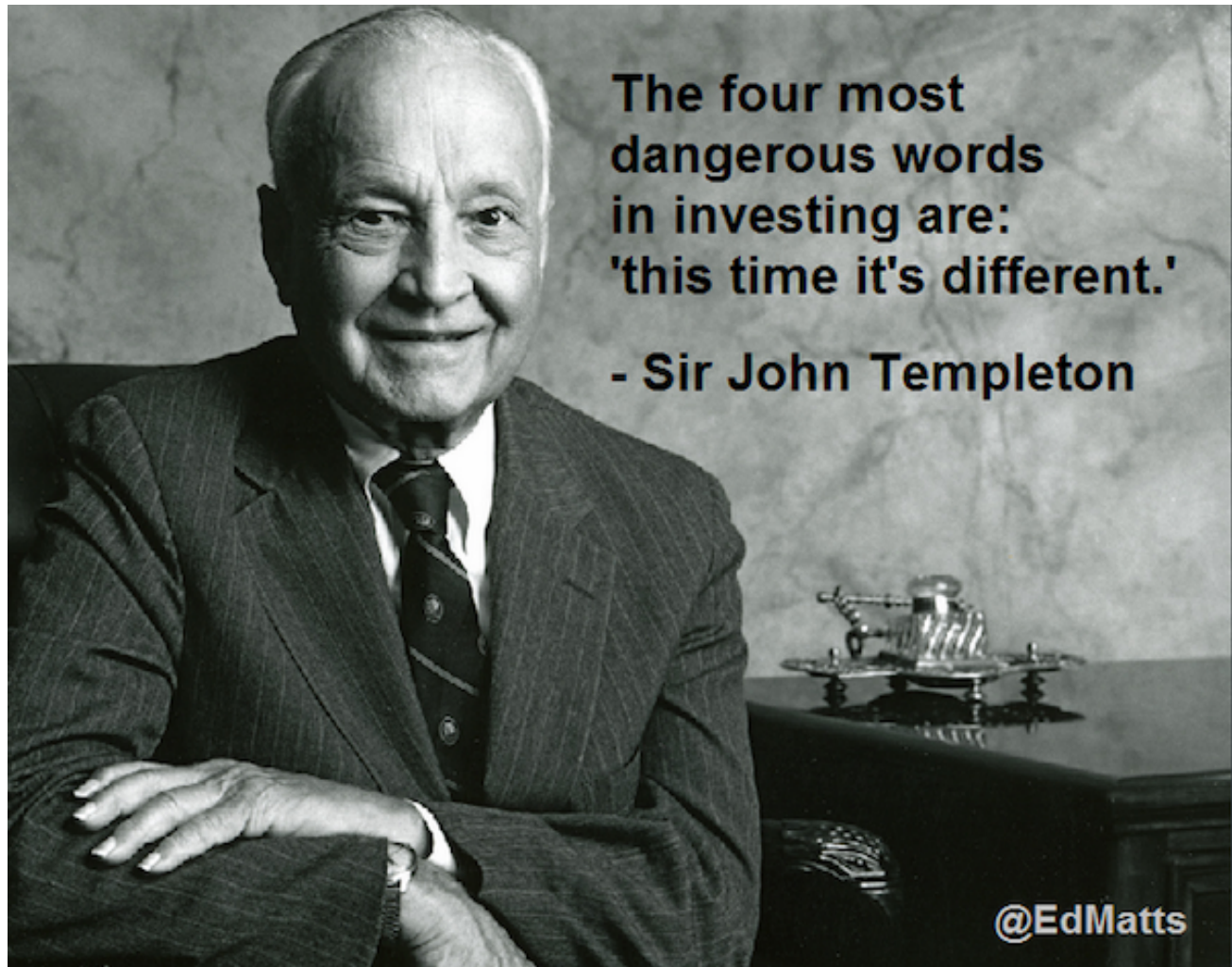
So, who ended up holding the bag? Average investors! Over the course of the year 2000, as the stock market began its meltdown, individual investors continued to pour \$260 billion into U.S. equity funds. This was up from the \$150 billion invested in the market in 1998 and \$176 billion invested in 1999. Every day people were the most aggressive investors in the dot-com bubble at the very moment the bubble was at its height — and at the moment the smart money was getting out. By 2002, 100 million individual investors had lost \$5 trillion in the stock market. A Vanguard study showed that by the end of 2002, 70% of 401(k)s had lost at least one-fifth of their value; 45% had lost more than one-fifth.

I worry that it could again be the average investor that is feeling the major heat. There's been a lot of talk as of late about how the American public — especially the middle and upper-middle classes — have become much more active participants in the stock market. I told my wife Michelle when we were in Miami for the Super Bowl, there were way too many men talking about and checking their stock trading accounts while their wives were shopping. Every store we walked into, the men were sitting on the sideline talking stocks and giving tips to one another. These were not hedge fund managers or professional money-managers, these were every day Joe's who had been trading in the market and making money. Rather than deeming it simply dumb luck and being in the right place at the right time, they instead view themselves as self-proclaimed investing guru's.



We all know how this story ends... Don't just read history for the entertainment, let it force you to think more deeply about your future. (Sources: Wiki; Ted; The Wall Street Journal)





## **Leadership Lessons from the Late Jack Welch, GE CEO and Iconic Business Leader**

Jack Welch, who served as General Electric's CEO for two decades, passed away earlier this week at the age of 84. His success in transforming GE made him a legend and even earned him the title of "World's Greatest CEO" among fellow industry leaders. During his tenure helming GE, he dramatically increased the company's value from \$12 billion in 1981 to over +\$410 billion when he retired in 2001. His honest, be-the-best style of management became the gold standard in business, with his relentless focus on people, teamwork, and profits.

Welch began his career at GE as a chemical engineer in 1960 and worked his way up the ranks over the next 20 years. When he took the CEO job in 1981, he became the company's youngest CEO ever at age 45. He proceeded to pioneer a policy of informality at the workplace, allowing all employees to have a small business experience at a large corporation and abolishing the nine-layer management hierarchy. He also ruthlessly set about eradicating inefficiencies, including trimming inventories and underperforming businesses. During the early 1980s, he was dubbed "Neutron Jack" (in reference to the neutron bomb) for eliminating employees while leaving buildings intact. Welch also popularized so-called "rank and yank" policies used now by other corporate conglomerates. Each year, Welch would fire the bottom 10% of his managers, regardless of absolute performance. At the same time, he rewarded the top 20% with bonuses and stock options.

Welch traveled the world in his retirement, holding over 150 questions and answer sessions with groups ranging from thirty to five thousand. He later said that that period gave him time to sift through what he'd learned during his lifetime of experience, reflect on what worked, and put those solutions in succinct and memorable ways. In his mind, all the questions were basically about how to win. Welch later laid out his leadership rules in his 2009 book "Winning", which he wrote with his wife, Suzy Welch. Warren Buffett is a fan, saying once that "No other management book will ever be needed." Welch's rules of leadership are as follows:

**1. Leaders relentlessly upgrade their team, using every encounter as an opportunity to evaluate, coach, and build self-confidence.** *The team with the best players wins!... and leaders should expend their energy and time in evaluating, coaching, and building the team. "People development," Welch writes, "should be a daily event, integrated into every aspect of your regular goings-on." As a leader, it's important to recognize and acknowledge the good work of your team in order to continue to encourage peak performance, why instilling confidence.*



**2. Leaders make sure people not only see the vision, but they also live and breathe it.** *Good leaders cast the vision of the future and motivate people to buy into it. They constantly talk about their vision and reinforce it with rewards, which may be in the form of a salary, bonus, or significant recognition of some sort. Even without the rewards, just sharing your vision as a leader can in itself bring about the motivation your team needs to accomplish the most difficult of assignments.*

**3. Leaders get into everyone's skin, exuding positive energy and optimism.** *Effective leaders fight the negative forces of life and encourage their teams with a high level of optimism that keeps members upbeat. Welch says they do not allow a bad economy or brutal competition to put them down to the extent that their team catches the bug. Why? "Unhappy tribes have a tough time winning," Welch writes.*

**4. Leaders establish trust with candor, transparency, and credit.** *Welch decries a situation where leaders hoard information that could benefit direct reports in the performance of their duties, saying "...I would call lack of candor the biggest dirty little secret in business." This, he says, drains trust right out of a team. And that, "trust happens when leaders are transparent, candid, and keep their word." Leaders, he also says, establish trust by giving credit where it is due. They detest a situation where they'll take credit for someone else's idea or work.*

**5. Leaders have the courage to make unpopular decisions and gut calls.** *Effective leaders listen to their gut, Welch says, regardless of what team members think. "Obviously," he writes, "tough calls spawn complaints and resistance. Your job is to listen and explain yourself clearly but move forward. Do not dwell or cajole."*

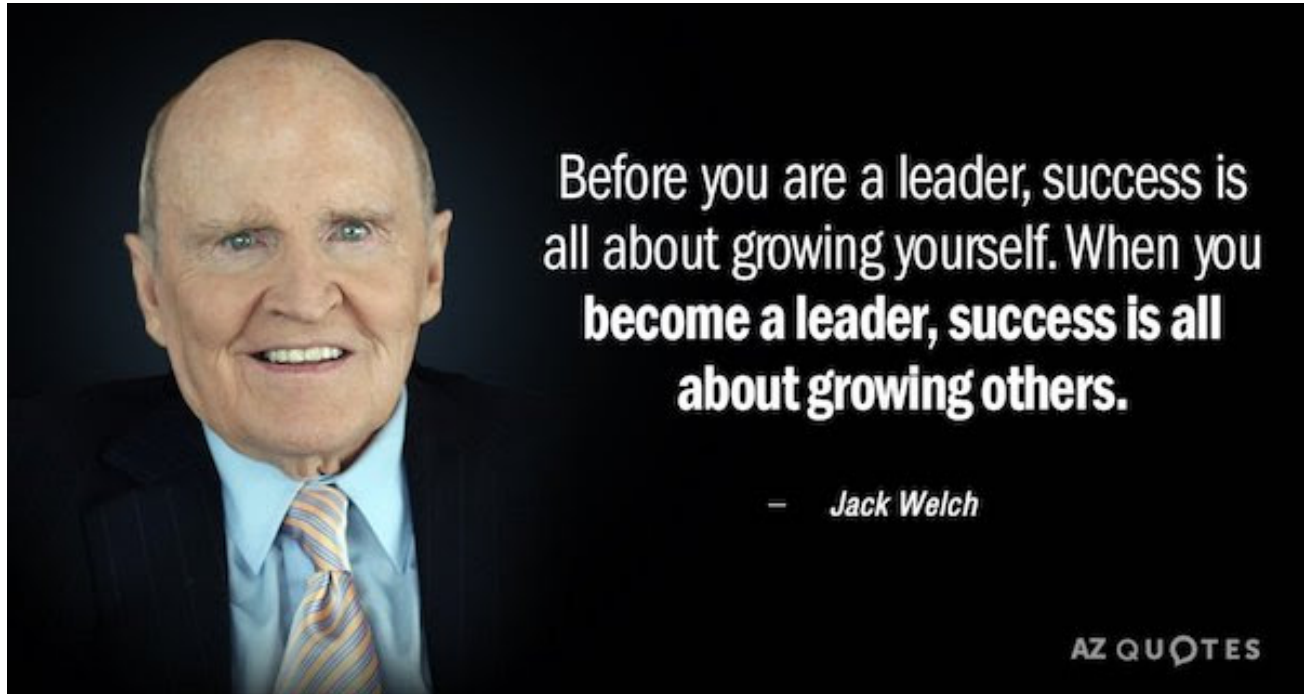
**6. Leaders probe and push with a curiosity that borders on skepticism, making sure their questions are answered with action.** *To get bigger and better solutions, Welch says leaders probe proposals and presentations by asking questions and stirring up a healthy debate. He writes: "When you're a leader, your job is to have all the questions. You have to be incredibly comfortable looking like the dumbest person in the room. Every conversation you have about a decision, a proposal, or a piece of market information has to be filled with you saying, 'What if?' and 'Why not?' and 'How come?'"*

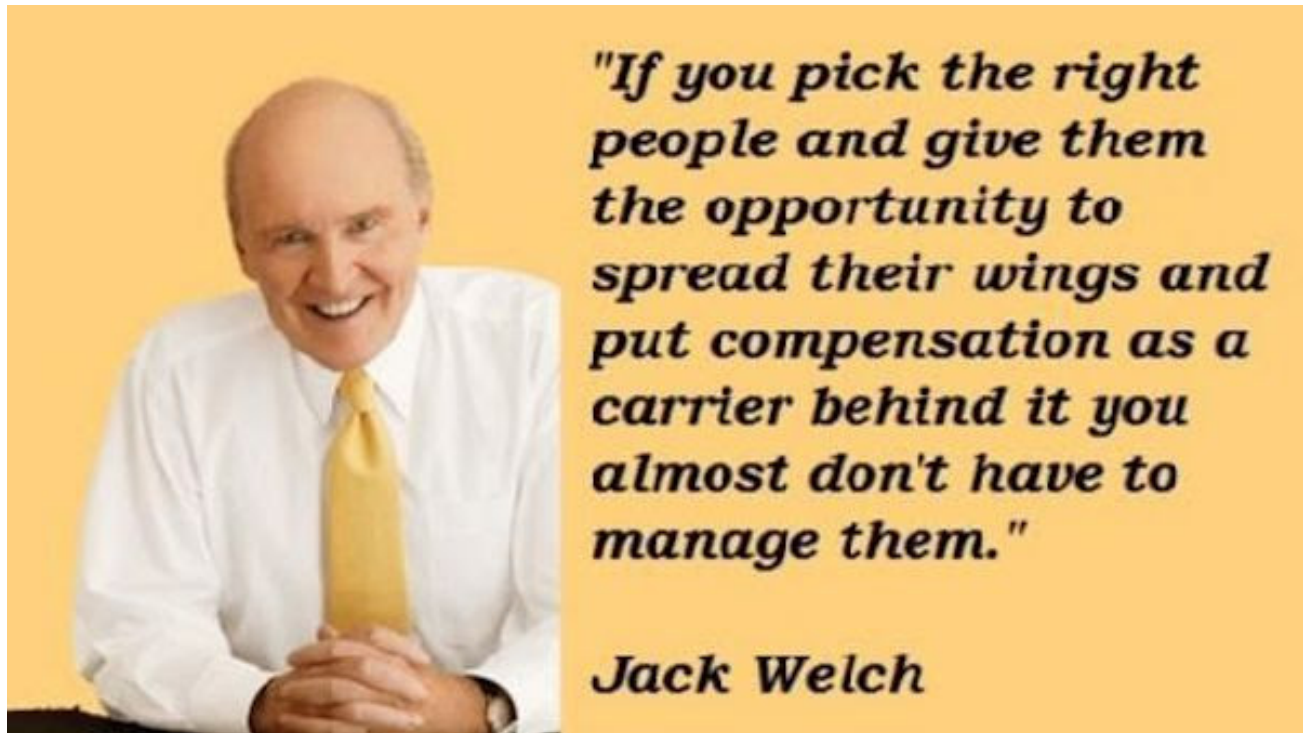
**7. Leaders inspire risk-taking and learning by setting an example.** *"Winning companies," Welch writes, "embrace risk-taking and learning." Leaders set the example and encourage team members to experiment*

*without being afraid of making mistakes. In order to get ahead, you need great ideas - lots of great ideas. To get the best ideas, turn your business into an idea machine. Nurture a constant flow of ideas from every level of your organization - not just your top managers.*

**8. Leaders celebrate.** *While noting that leaders don't celebrate enough, the former GE boss advocates that leaders make a big deal out of small wins because "celebrating makes people feel like winners and creates an atmosphere of recognition and positive energy." Welch wrote that he often asked groups when he was speaking if they celebrated enough. The response? "...almost no one raises a hand." (Sources: Inc., Winning by Jack Welch and Suzy Welch, Character Education)*







**ANSWER to riddle:** Money.

## CASH SALES & HEDGING TOTALS

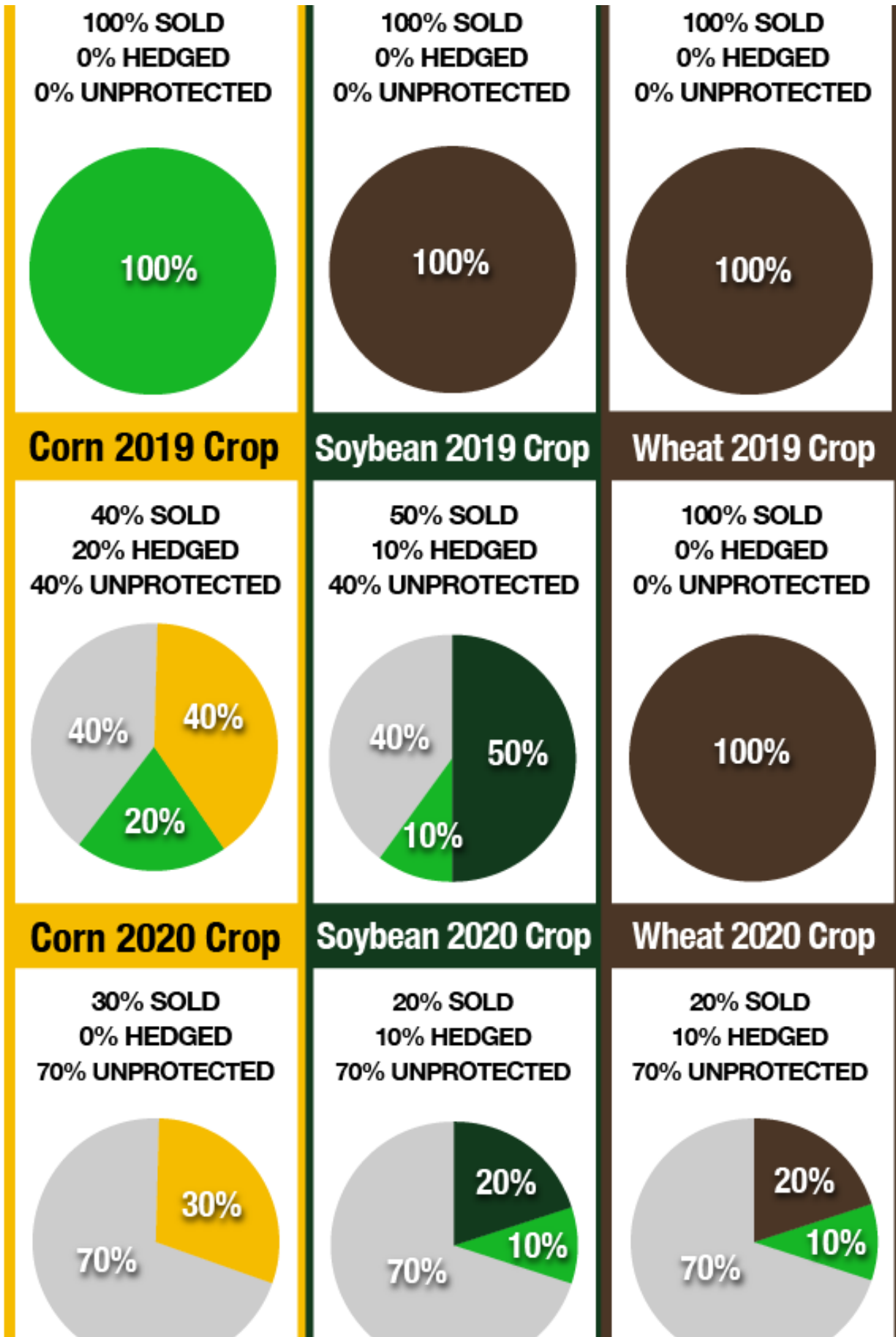
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