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GOOD MORNING: The Van Trump Report 3-20-20

1 message

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

Fri, Mar 20, 2020 at 5:30 AM

Reply-To: Jordan <reply-fecf117177640475-1180_HTML-68584704-100003450-10@vantrumpreport-email.com>

To: josh@farmdirection.com



"The hardest battle is often what you think you know in your head and what you feel in your heart." - **Unknown**

Friday, March 20, 2020

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Morning Summary: Large U.S. cities eerily quiet as if the calm before the storm as corona cases begin to explode higher. California issues a statewide stay-at-home order after Governor Newsome wrote a letter to President Trump saying, *"We project that roughly 56 percent of our population — 25.5 million people — will be infected with the virus over an eight week period."* Pennsylvania saying at midnight tonight they will be shutting most everything down. The number of cases in New York has also exploded higher and Florida is now being closely monitored and watched as perhaps the next major hotspot. There are rumors circulating that major changes are going to be made that start to more heavily limit movement. When you hear the words "all non-life sustaining business must be closed" that means essentially everything in your state will be closed except grocery stores, hospitals, pharmacies, nursing homes, gas stations, and business-related to food production and agriculture. To get an idea you can [Click HERE](#) to see the full list from the state of Pennsylvania. We've also heard of some military being activated and moved around with 25 states now mobilizing parts of their National Guard. I'm thinking more of a lockdown is coming after the market closes for the weekend. While at first, that might sound more extreme, I think the market is looking for signs and signals that we are eventually going to get the virus stopped. It feels like the Fed could come out every day with more

relief yet the market would continue lower, which makes me believe the market is searching for a health cure or some type of plan to slow down the virus, not an economic bailout, at least not yet. People are stressed and concerned about their lives and their loved ones. That's the one thing that takes precedence over money and valuations and the market senses that fear.

Initial Unemployment Claims released yesterday surged much more than analysts expected last week, hitting 281,000 which was a +70,000 jump from the week before. Last week's sudden increase is "clearly attributable to impacts from the COVID-19 virus," the Department of Labor said in its release. Obviously these numbers are just going to keep climbing. Next week's report will probably be a much better gauge of what's coming down the road. The biggest problem remains trying to figure out how long the crisis will last...without that, it's impossible to determine how big the economic hit will be. Some strategists are of the mind that the faster things escalate, the better. Right now, it looks like a bottomless pit with no way to even begin estimating how long this will go on for, how much economic activity will be slowed, and how much permanent damage will be done.

In 2008, for instance, it was possible to work out roughly how big the crisis would be and allowed governments and businesses to formulate plans accordingly but the coronavirus pandemic has not reached a point where anyone can start making those calls. As such, the huge volatility in global equity markets shows little sign of easing heading into late-March.

Economic data next week will mostly be out of the "rearview mirror" which the trade will deem as somewhat useless. However, investors will be paying attention to the EIA's crude oil inventories on Wednesday, Initial Jobless Claims on Thursday, and the University of Michigan's Consumer Sentiment on Friday.

We're hearing more talk about India with health experts worried it could become the next global hotspot for virus cases. India has the world's second-highest population at nearly 1.4 billion but has only tested about 12,000 people for the virus. The government had previously said it didn't want to "create unnecessary panic by allowing indiscriminate testing" but now plans to expand its efforts which could see a massive number of infections added to the world tally. Keep in mind, India is also densely populated with approximately 420 people living on each square kilometer (about 0.4 of a square mile), compared with 148 per square kilometer in China. We suspect India and several other nations could be an absolute powder keg and most officials don't really think social distancing measures are feasible in these countries' biggest cities. Bottom line, we should probably prepare to start seeing big big numbers in the next few weeks. Amid the overwhelming coronavirus-related events this week, it may have been overlooked that Joe Biden is now the likely Democratic presidential nominee after winning primaries in Florida, Illinois and Arizona on Tuesday night. At this point in time, it's unclear how or if the primaries will proceed or how the coronavirus outbreak might impact the November election overall.

Keep the family safe this weekend and prepare for some government news that could rock the social boat. I think our leaders are going to make the right move for what's best longer-term. It might feel crazy and painful at first but as leaders of our businesses and families we have to stay calm and reassure our passengers that we are going to make it out of this. I remember a coach once told me, "all leaders are made in times of crisis, it's all about who stays calm and can lead when the water is coming onto the boat. Go catch your breath, take a walk by yourself outside, get the emotions under control, and do what you were raised and capable of doing... Lead this team!" Hang in there, the waters might get a little rough the next couple of weeks, but we got this!

Best Coronavirus Site with Updated Numbers: Click [HERE](#) - Cool thing it was done by a high schooler in Washington State, USA.

Words of Wisdom from Our Trucker Friends: We are hanging tough but things you would never think about are starting to become a bit of a problem. Many people have started stealing all the toilet paper at the truck stops. Several places are closed in many towns as attendants at gas stations simply aren't showing up for work. I suspect the risk vs. reward has many low paid workers spooked. There are some worries that government subsidy checks might further exasperate the low-wage workers not showing up. This could certainly add to stress and uncertainty so plan ahead.

Interesting Thoughts on Surveillance: There's starting to be more talk that all the surveillance cameras and cell phones will be bale to track our movement and tip government officials off when lock downs are being broken primarily in heavily concentrated areas and larger metros. Also interesting is the fact if they find someone tests positive they can use the data on your cell phone to track and see others you have been close to the past few weeks and get them quarantined. Crazy I know, but it might actually save a ton of lives in this scenario...

Having Two Thought Processes Can Often Make Things More Difficult: I've often said when two thought processes are in play at the same time with a blended approach its tough to see much traction in any front. Meaning there are two thought processes in play here... One to try and prevent financial and economcial ruin, the other focused on trying to save lives and not overwhelm the healthcare industry. In Italy, I have to imagine more attention was given early to the travel and hospitality industry since it's a significant portion of its government's balance sheet. Meaning at the time, early in the game, the economic fallout seemed much more dier than the overall healthcare concerns and broader risks. We worry that the delays in closing hotels, restaurants, and bars in some states here in the U.S. might have been a blended approach early and now has them behind the curve. Pay attention to areas with high hospitality economics and how their government thought process was played early in the game. I worry that if some leaders were put in office by the restaurant and hospitality industry it could be very difficult to turn and point the gun in that direction. Leaders today have an extremely difficult task in trying to balance health and wellbeing while at the same time trying to keep some financial stability. As I said, it's extremely tough when trying to battle it on both fronts. I almost want to argue that we need to pick one or the other and run full steam in that direction.

Great Idea About Boats, Bailouts, and Hospitals

One reader wrote in and said the following, *"You asked in yesterday's report for ideas for relief programs. I am wondering if the government could bail out the cruise ship companies in some capacity by using their ships as temporary hospitals? Cruise ship companies get some income and we get more hospital beds. Just a thought."*

I personally love hearing from people who are thinking differently. I was talking to a couple of investors who own several hotels yesterday and they said they would gladly rent some hotels out for makeshift hospitals if space is needed. I know many will argue about the virus building and mutating with the sick all under one roof. But realistically what are our options. We are already seeing hospitals being overwhelmed in some locations. Keep the thoughts coming and I will try to pass along to the powers that be.

My Apologies... and I Totally Agree with this Subscriber

One subscriber wrote in yesterday about my off-the-cuff comments regarding my recent visit to the hospital. Sometimes I tend to write as I would talk and it ends up NOT grammatically correct nor perhaps indicative of its true meaning. If I come across as a bit raw or unpolished I apologize. You can attribute it more to a lack of skill rather than malicious intent. I certainly appreciate and also donate time and money to several medical causes. Michelle and I wish all of our healthcare workers safety and sanity during these very difficult times. I can't imagine the associated stress. We should all be thankful every day for all they do!

I couldn't help but chuckle when I read these lines this morning: "I had surgery last week and had to go back to the damn doctor yesterday to have a catheter removed. I'm strong and feel great! Yes, I hated going to that damn hospital with all of this going on but it is what it is."

Remember Kevin where you would be without "that damn doctor" and "that damn hospital" (and pray we don't have to find out over the next few weeks!). My wife and I recently drove south to Monterey, CA for a few days. Got to see and enjoy lots of stuff, including an unplanned tour of their fine hospital, where I left my gall bladder (Remember Henry Mancini's "I left my heart in San Francisco?"). I was thrilled to discover a great medical facility, fine doctors, and competent, caring staff in my hour of need. I'm fine now, thanks!

Health, and health care, including damn doctors and damn hospitals, are, at best, inconvenient, and at worst, undignified, embarrassing, painful, trying, etc., etc. But it sure beats dying!

*My brother (farm partner) and I have both been involved with the governance of and fundraising for our local hospital. We think our hospital, the doctors that practice there, and the staff that makes it go, are some of the most important community assets that we have. They are worthy of our support. If we've taken proper care of them (including utilizing them properly, but loyally), they're gonna take good care of us in our hour(s) of need.
Thanks for all your wisdom and advice!*



Coronavirus Updates:

- The U.S. State Department raised its travel alert to Level 4 for the entire world, an unprecedented move aimed at keeping Americans from going overseas. The department advises Americans overseas to consider returning to the U.S. immediately through whatever commercial means are available. Additionally, Americans that choose to travel internationally may be forced to remain outside of the United States for an indefinite timeframe.
- New York Governor Andrew Cuomo ordered businesses to keep 75% of their workforce home, from 50% just the day before. New York will also waive mortgage payments for 90 days. Cuomo offered reassurances that he will not shut down New York City.
- Governor Gavin Newsom said Thursday that California has projected almost 26 million residents - or 56% of the state - will be infected by the coronavirus within the next 8 weeks and asked Congress for \$1 billion in federal funds to support the state's medical response.
- The American Dental Association advised dentists this week to offer only emergency care to their patients amid the coronavirus pandemic.
- Netflix is reducing its bit rates across all European streams, in effect cutting traffic on European networks by -25% to preserve the smooth functioning of the internet during the coronavirus crisis. The move came after the EU asked Netflix to downgrade quality in order to avoid internet gridlock.
- Israeli Prime Minister Benjamin Netanyahu on Thursday tightened a national stay-at home

policy, announcing guidelines aimed at halting the spread of the coronavirus would now be enforced by police under emergency orders. Israelis will still be allowed to shop for food and medicine, and some workers will be exempt from the restrictions.

- *Italy's death toll has hit 3,405, meaning the country now has more reported deaths than China.*

Senate Releases Proposal for Coronavirus Relief Package: *The coronavirus relief package introduced by Senate Majority Leader Mitch McConnell yesterday includes cash payments of up to \$1,200 for individuals and \$2,400 for couples. The sum would go up by \$500 for every child. The check totals would start to phase out above \$75,000 in adjusted gross income based on 2018 tax returns. People with non federal tax liability would get only \$600. McConnell said the bill includes four major components: "direct financial help" for Americans, "rapid relief" for small businesses, "significant steps to stabilize our economy" and "more support" for health care professionals and patients. The proposal is not a finished product: Republicans and Democrats are expected to meet Friday to hash out details. Some Republicans have voiced their opposition to direct payments, while some Democrats say it may not be enough. McConnell has indicated he supports direct aid. When speaking about getting money into the pockets of American workers he implored, "no tangled Washington process with a thousand cooks in the kitchen. No piles of forms for laid-off workers or busy families to fill out." Once the Senate strikes an agreement and passes a relief package, it will head to the House, which is on a temporary recess. House Majority Leader Steny Hoyer told members Thursday that the chamber would not return until it is "in a position to vote on the third piece of emergency legislation to respond to the economic impact of this crisis." Adding to the urgency, two congressmen have tested positive for the coronavirus, while others are in self-quarantine. Meantime, McConnell said that this economic legislative package, likely to top \$1 trillion, may not be the last that lawmakers pursue. (Source: [CNBC](#))*

Age Creeping Lower for Coronavirus Hospitalizations in U.S.: *The deadly coronavirus has been met with a bit of a shrug among some in the under-50 set in the United States. But new data from the U.S. and Europe show younger people may be more at risk than previously thought. An analysis by the Centers for Disease Control and Prevention of U.S. cases from Feb. 12 to March 16 released Wednesday shows 38% of those sick enough to be hospitalized were younger than 55. Earlier this week, French health ministry official Jérôme Salomon said half of the 300 to 400 coronavirus patients treated in intensive care units in Paris were younger than 65, and, according to numbers presented at a seminar of intensive care specialists, half the ICU patients in the Netherlands were younger than 50. More details [HERE](#).*

White House Seeks \$3 Billion to Buy Up U.S. Oil: *The U.S. Department of Energy said on Thursday it will buy up to 30 million barrels of crude oil for the Strategic Petroleum Reserve by the end of June as a first step in fulfilling President Donald Trump's directive to fill the emergency stockpile to help domestic crude producers. The reserve, in caverns on the Texas and Louisiana coasts, has 77 million barrels of available capacity. The first 30 million barrel purchase will be for both sweet and sour crude oil and will focus on buying from small and midsize producers with less than 5,000 employees. The funding for the full 77 million barrel purchase would have to be mandated by new stimulus legislation. Energy Secretary Dan Brouillette told reporters in a teleconference that the department has asked Congress for about \$3 billion. Treasury Secretary Steven Mnuchin said on Fox Business he would tell Trump to take advantage of low oil prices and ask Congress for \$10 billion to \$20 billion to fill up the SPR for the long term. However, as Julian Lee points out over at Bloomberg, there might be a hitch in the plan. About two-thirds of the spare capacity in the Strategic Petroleum Reserve, or SPR, is for sour crude — with a sulfur content of more than 0.5% — but the crude pumped from the shale formations of West Texas and elsewhere in the U.S. has very low concentrations of sulfur, if any at all. This will make it unsuitable for blending into the sour crude stored in the SPR. Read more [HERE](#). (Sources: Reuters, Bloomberg)*

Sour, Not Sweet

Most of the spare capacity in the Strategic Petroleum Reserve is for sour crude, that won't help shale drillers

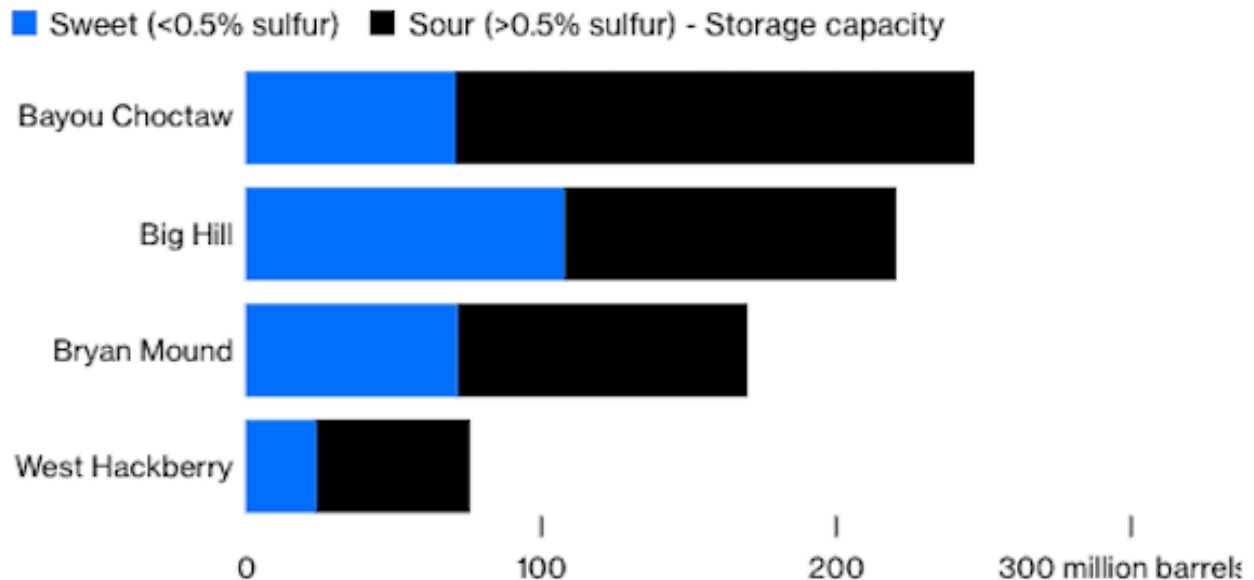
■ Spare SPR capacity



Source: Bloomberg, EIA

SPR Capacities

The Strategic Petroleum Reserve is spread across four sites and split into separate sweet and sour crude stockpiles



Source: Department of Energy

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Fraud Alert on \$1,000 Relief Checks That Aren't Even a Thing Yet: *The Federal Trade Commission is already warning consumers to beware of scammers looking to get their hands on the still-to-be-determined coronavirus relief checks that the White House has proposed sending out. Normally, the FTC says it would wait until the details of the proposed payment plan are finalized before issuing a warning, "but these aren't normal times." The details are still being worked out, but there are a few really important things to know, no matter what shape the final plan takes:*

- 1. The government will not ask you to pay anything up front to get this money. No fees. No charges. No nothing.*
- 2. The government will not call to ask for your Social Security number, bank account, or credit card number. Anyone who does is a scammer.*
- 3. These reports of checks aren't yet a reality. Anyone who tells you they can get you the money now is a scammer.*

So, remember: no matter what this payment winds up being, only scammers will ask you to pay to get it. If you spot one of these scams, please tell the Federal Trade Commission [HERE](#).

Nextdoor Adds Features to Help Neighbors: *Nextdoor, the social networking app designed around local communities, has launched a new interactive map to let neighbors offer help to one another during the novel coronavirus outbreak. Called Help Map, the tool lets you mark yourself as available to help with anything from grocery shopping to child care. The company also says it's bringing its Groups feature out of beta globally to let neighbors organize during the crisis. Details are available [HERE](#).*

Netflix Party Lets Friends Have Virtual Movie Nights: *Just because you're social distancing in response to coronavirus doesn't mean you and your friends have to forgo your movie nights or TV watch parties. Thanks to a Google Chrome extension called Netflix Party, groups of friends can get together virtually and watch their favorite Netflix titles on their computers at the same time. The extension also comes with a chat room, so you can share your reactions to the programs as you watch. Follow USA Today's explainer to get set up [HERE](#).*

How to Keep Your Pets Safe and Happy: *While maintaining the health of yourself and the people around you is at the forefront of the world's focus during the coronavirus outbreak, a lot of pet owners are wondering about their furry friends. The CDC says there's no evidence that any animals in the U.S. have contracted or can spread the virus. This also means that quarantining them is an unnecessary measure. But, there are other concerns that they can carry the virus on their fur. Check out what the experts do and do not know as well as some tips on how to take care of out pets (where to get food, etc.) during this difficult time [HERE](#).*

Not Even Shonda Rhimes is Immune to Coronavirus Mayhem: *This gave us a good chuckle!*



shonda rhimes 
@shondarhimes

Been homeschooling a 6-year old and 8-year old for one hour and 11 minutes. Teachers deserve to make a billion dollars a year. Or a week.

10:12 AM · Mar 16, 2020 · [Twitter Web App](#)

96.8K Retweets 601.9K Likes

FARM TANK

Tweets of the Day



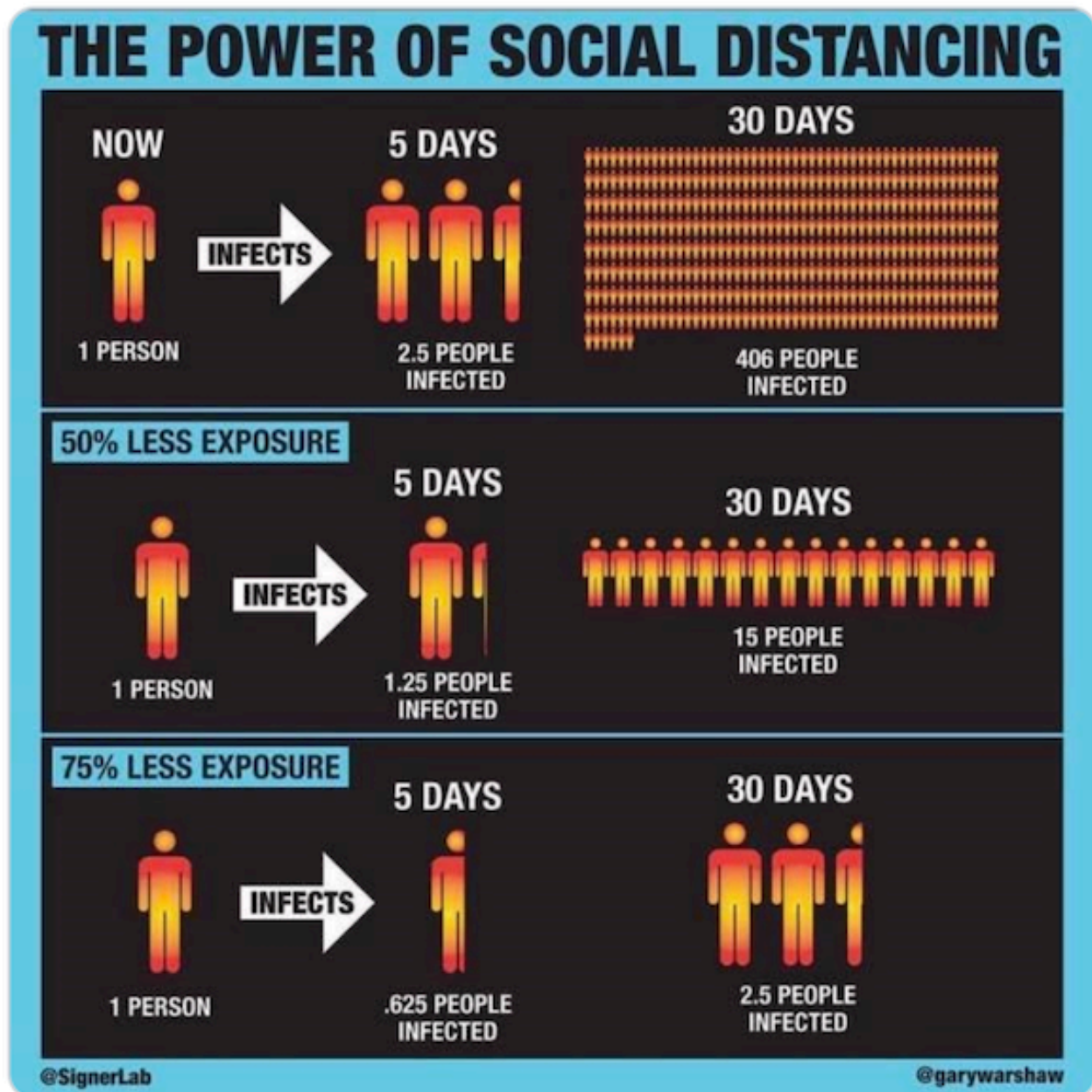


KJL

@kerryjeanlister



You've probably already seen this but the head of geriatric care at UCH has asked everyone to share this image far and wide. In her words "it's the only weapon we've got right now". [#socialdistancing](#)





Cale Carlson
@LEAADFarms

Normal spring time [#Quarantine](#) in my [#SocialDistancing](#) 25 sq foot box. American Food, fuel, and fiber are on it's way. 🙌🍴👨🌾🙌





Jay B Coker
@jaycoker7

How do we go from “this to that” in such a short period of time?? Thankful for a dry spell in early March. 🌱 🌱 #plant2020 @GranularAg @FieldView #krause @versatile



Arkansas



Ellen Batchelder
@txaggie2005

Plant by committee? Have no clue why it takes 3 to plant the 24 rows of sweet corn in the garden 😂. #plant20







Carolyn Hetzel
@carolyn_hetzel



When you're husband asks you to pick up sticks..

•
#Farmer #PickUpSticks2020 #GodBlessAmerica 🇺🇸





Joni & Paul
@jp_livestock

Millennial city dwellers be panicking, I'm out here like boomer what.

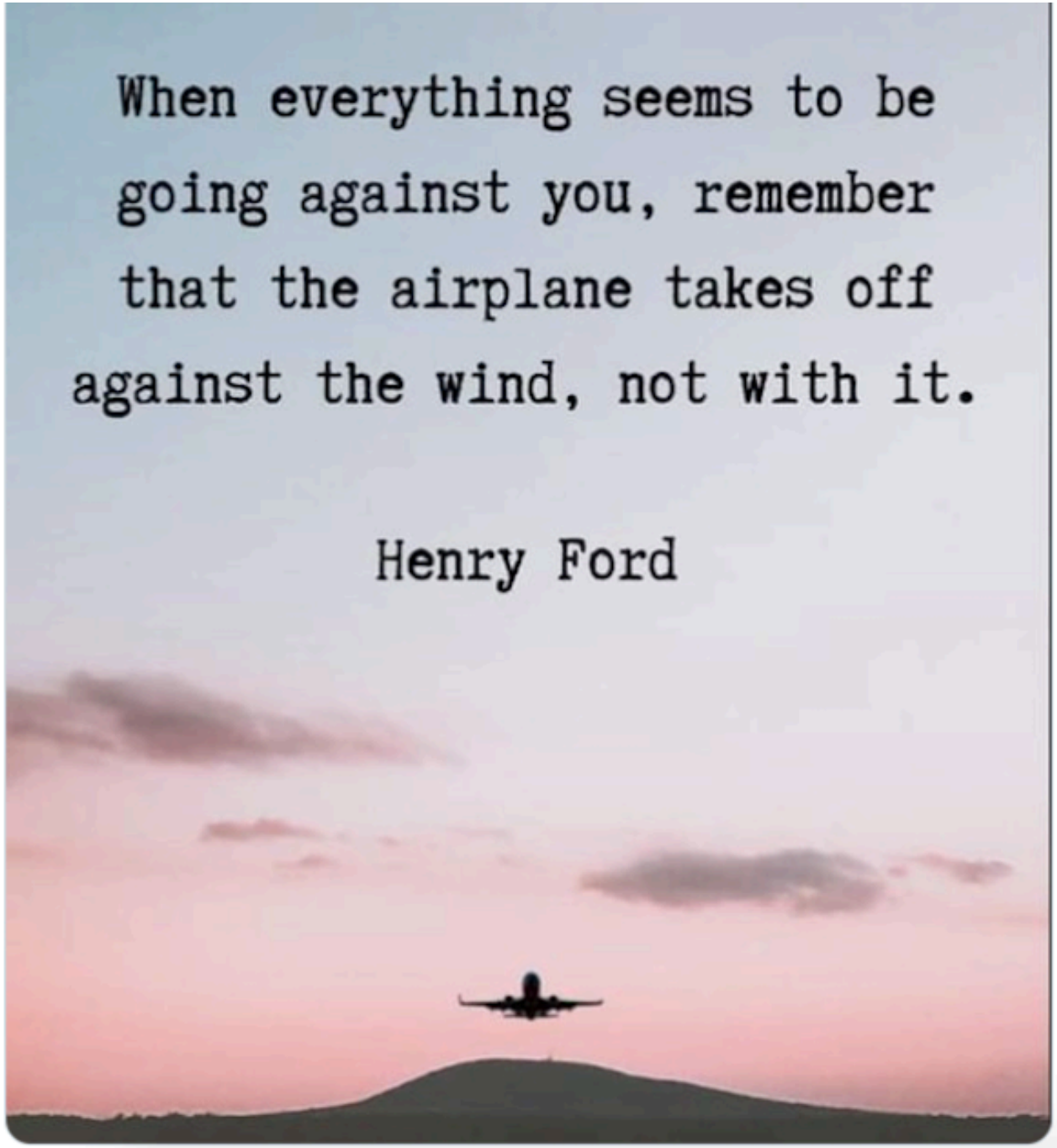


Inspirational Quotes
@QuotellLoveU

When everything seems to be going against you, remember that the airplane takes off against the wind, not with it. #Quote

When everything seems to be
going against you, remember
that the airplane takes off
against the wind, not with it.

Henry Ford



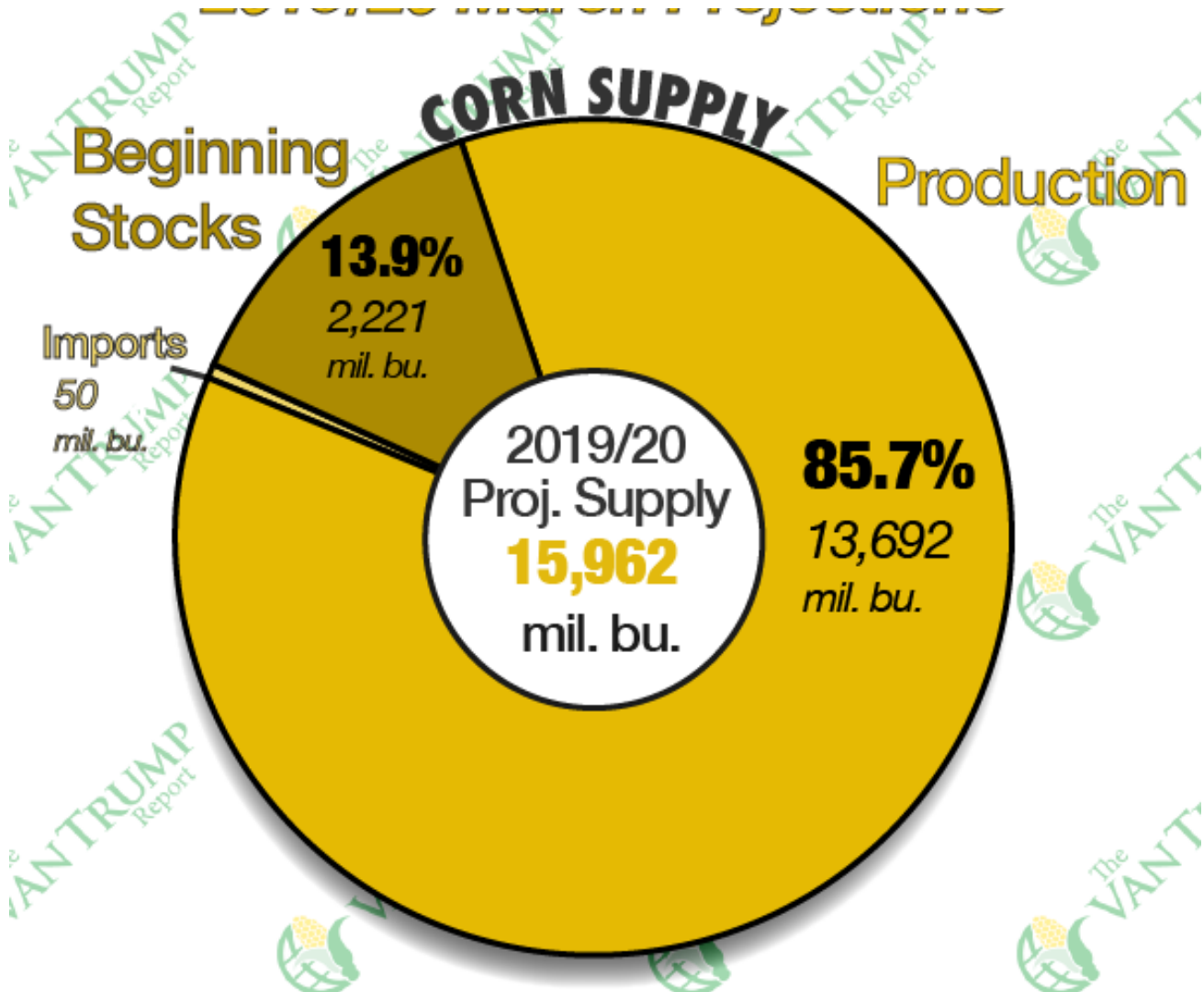
READ - WHY I AM BULLISH!

As I mentioned earlier this week, I was keeping a close eye on the virus and its spread. I was involved in a few conversations last week with large equity fund managers that were really focused on Argentina and Brazil and maneuvering positions. There was worry that as South American weather shifts towards cooler conditions and large masses have been gathering in the streets that corona could gain hold and wreak havoc. The number of cases in Argentina has now jumped to over +100 and Brazil has exploded towards 1,000 cases. There are some requests by government officials in Argentina who are trying to persuade higher-ranking officials to close down port operations at one of the country's main export hubs for grains and oilseeds. Obviously this proposed shutdown is being met by heavy opposition from those who have financial ties. This is how Italy got held up with their decision-making process, blending economic worries with health

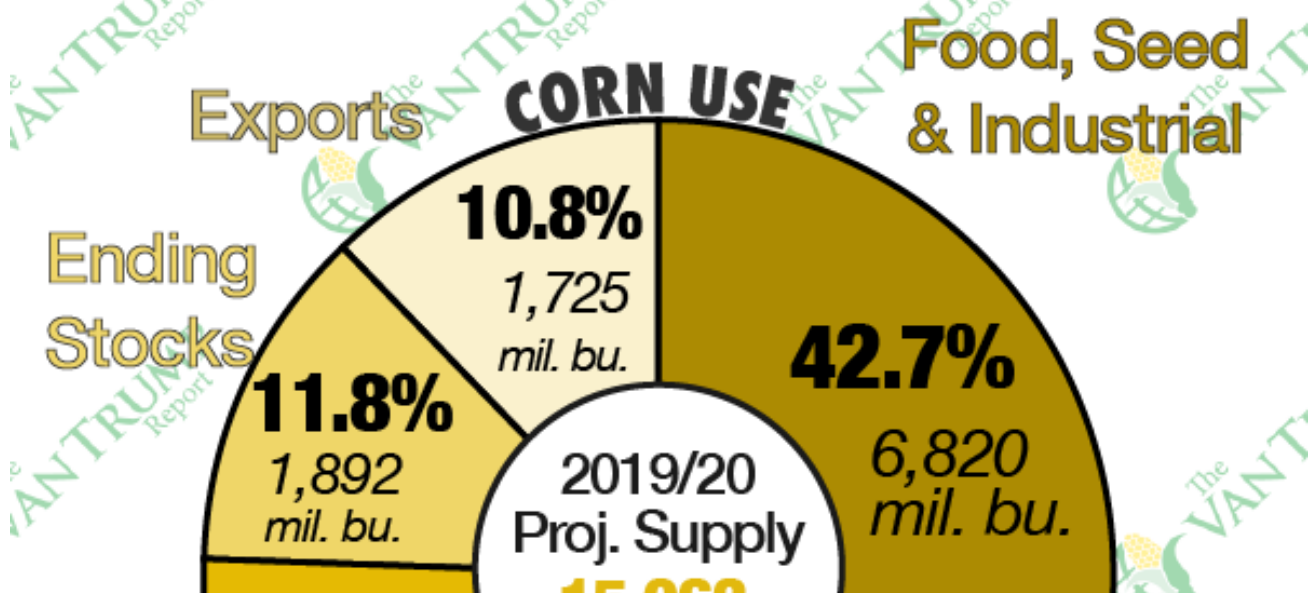
concerns, now the country is in a death spiral. I worry the same could happen in South America and other nations where leaders have been put in power by those with the most financial risk. It will be interesting to see how it plays out in Santa Fe and across other parts of Argentina where government money is extremely important and now at risk. Just remember Argentina exports about half the world's meal. Let's also keep in mind, Uruguay just closed its borders this week which could start to also limit supply to the Argentine crush facilities. As for Brazil, the country confirmed its first coronavirus-related death earlier this week, a man who tested positive for the virus at a hospital in Sao Paulo. The man is said to have caught the virus domestically, never having left Brazil, suggesting community transmission of the virus could now be deep in South America. Two days ago there were fewer than 200 cases in Brazil, now I'm hearing the number is closer to 1,000 and climbing rapidly. Again, I worry that economic concerns amongst leadership will cause hesitation and indecision which places them dramatically behind the curve. From what I understand, Brazil closed its borders with eight neighboring countries yesterday, and major layoffs are now rippling through the region. There are reports out of Peru that the government has now implemented a nighttime curfew and fish exporters to China have been halted. There are also reports that metal miners are also starting to reduce movement. In fact, Reuters recently reported that a group of 50 top-agribusiness associations has sought support from the federal government to guarantee Brazilian ports continue to operate amid the coronavirus crisis. Remember, the issue in China started to become workers at ports and docks simply not showing up as the "risk-to-reward" didn't seem worth it. In other words, the government can do all they want to keep the ports and truck running but the workers still have to show up. Another major concern I have is the fact we could eventually start to see a greater reliance on national agri-production for self-sufficiency. Meaning countries are forced to turn away from global exports as leaders are pressured domestically by voters out of work and out of food. With grain and soy prices beat up, I think this a long-shot I want to bet on. Yes, you could definitely argue I'm talking my own position as I desperately want prices to go higher on the farm. But at the same time, I think some of the world's low-cost suppliers are going to find this problem nearly impossible to corral.

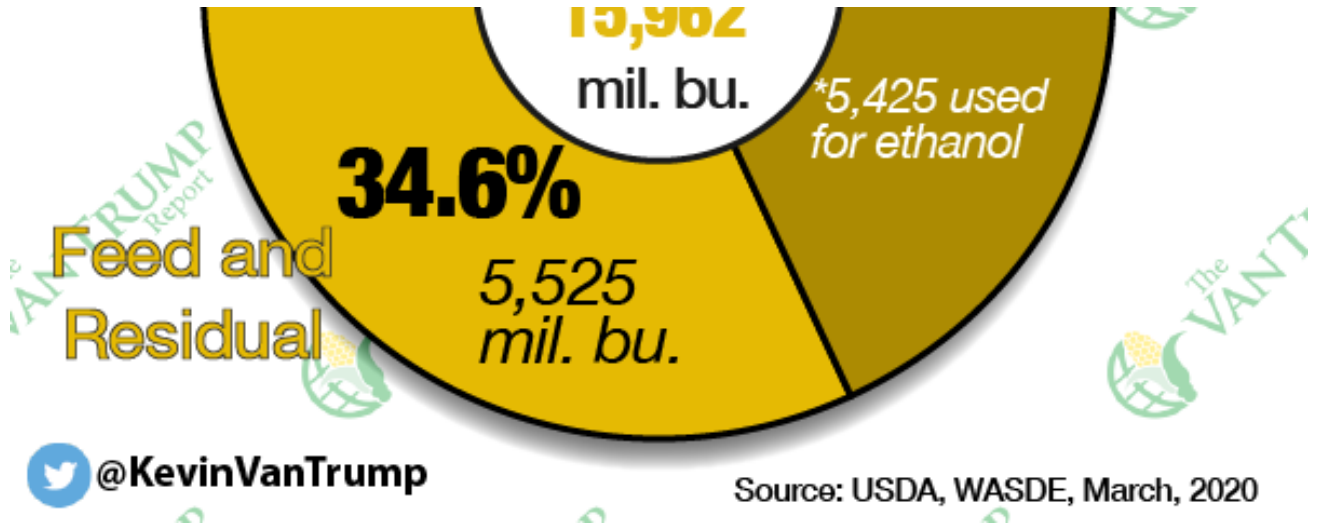
CORN catches a bid as fears associated with corona start to circulate around the globe. I provide the details in the comments above. As a producer, I've lifted some hedges in hopes the market is pulled higher by soybeans and wheat. As a spec, I still haven't purchased any outright futures contracts and still want to pause. I feel I have enough risk and exposure on with bullish positions in wheat, soybeans, and rice. Meaning, I think corn prices will be pulled higher but with volatility this high and margins being raised at the blink of an eye I don't want to get over-extended and shaken out of my position on whipsaw action. I continue to worry about the ethanol industry and fear there could be a major fallout if some type of subsidy isn't provided. I'm not sure the government will be able to make it happen with the massive carnage across all sectors. I suspect we lose several of the weaker plants and may eventually see production estimates trimmed. In the end, the strong plants probably get stronger and the weak don't make it out alive.





U.S. Corn Use

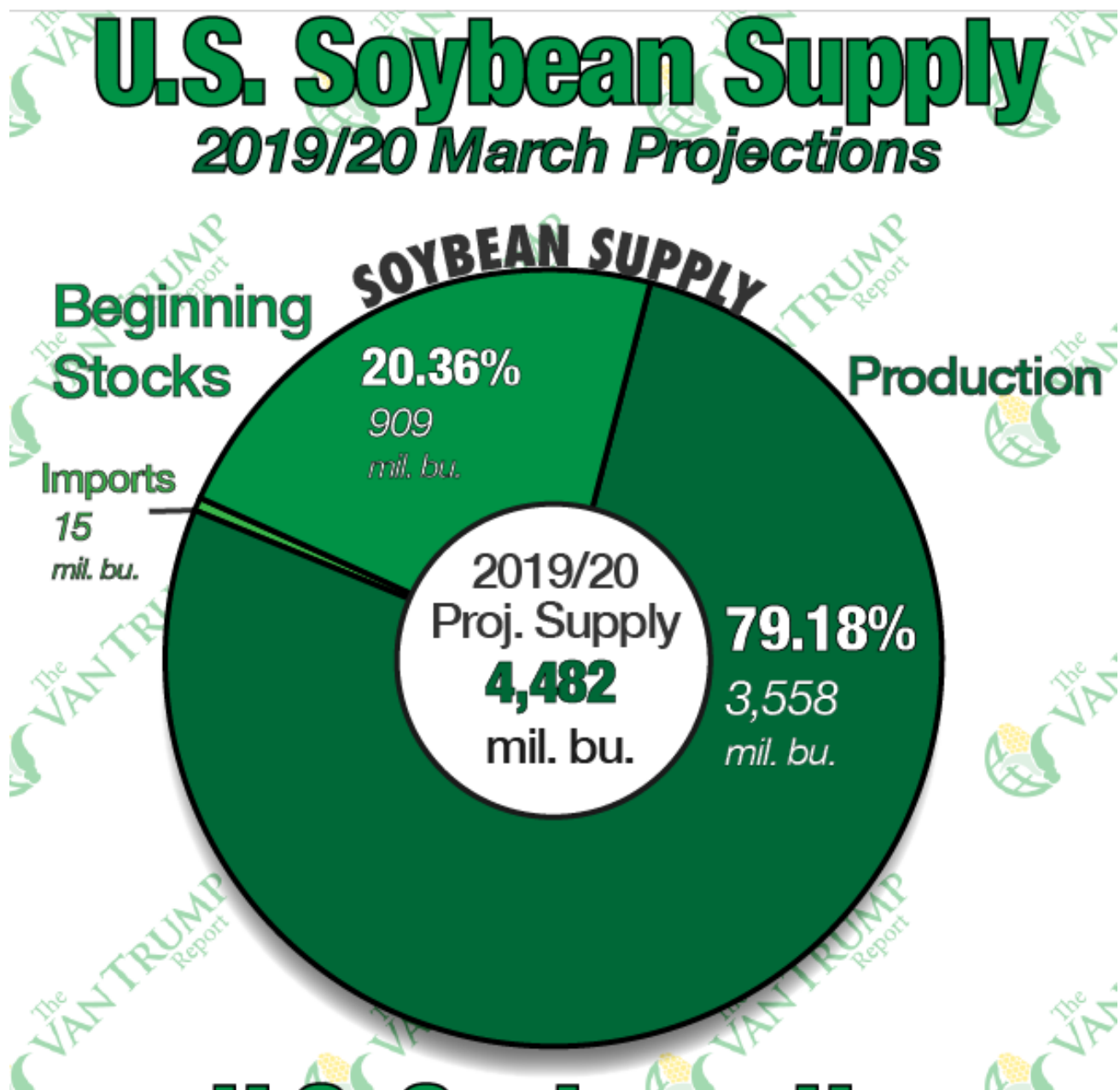




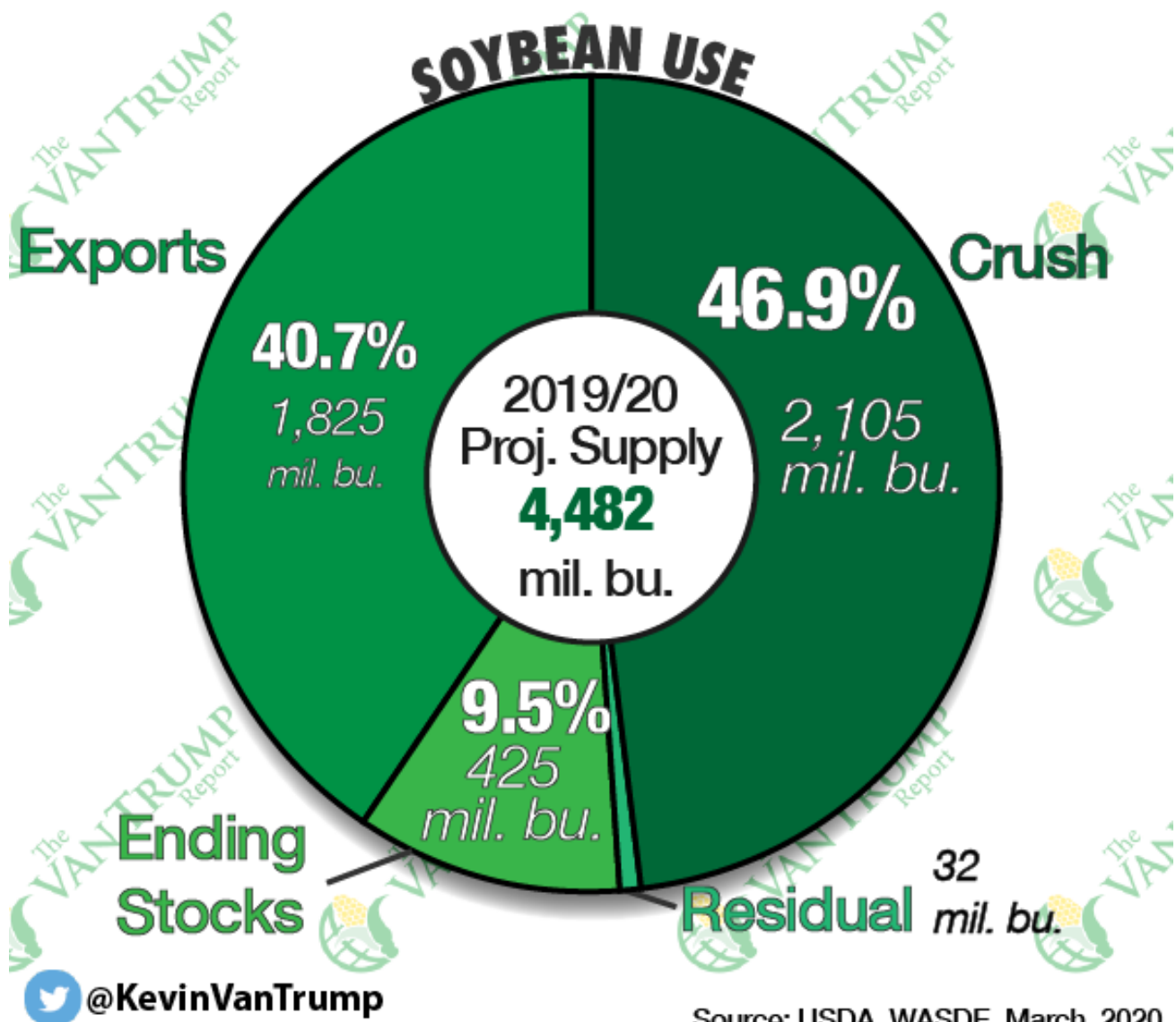


SOYBEAN bulls are happy to finally see some positive headlines hit the press. As I mentioned earlier in the week I had gotten long the soybean market and as a producer lifted some hedges. The spread of the coronavirus globally makes me very uncertain about exports, especially in nations that notoriously have logistical hiccups. I contacted a couple of friends who know the South American export business much better than myself, both seemed to think that Argentina would have a better chance of pushing bushels out the door if all hell breaks loose. They say just too many bushels have to move via truck in Brazil and some areas can be extremely complex. There's also the belief that the Argentine government is more desperate for the tax income from the exports. My friends also think the logistical problems might take some time to play out so w can't get overly impatient. It

might be May/June forward but by then they may have figured out a way to prioritize and keep exports flowing. I think that's a fairly optimistic viewpoint and one that might require really "threading-the-needle". After seeing how this virus has rattled up the U.S. and is tipping our world upside down, I'm dramatically reducing my odds of South America making this play without fumbling the ball a few times and complete chaos unfolding in the stands... Staying bullish and not wanting to overthink the position. I suspect the violent swings in price could easily talk me in or out of my position. When it feels like your own psychology could become an issue you have to scale back your size and go to sleep for a bit. Like most bad car accidents, "oversteering" a trade can often cause the most fatalities. As a producer, make certain you are paying close attention to the spreads, I'm sure there's some money on the table for some folks.



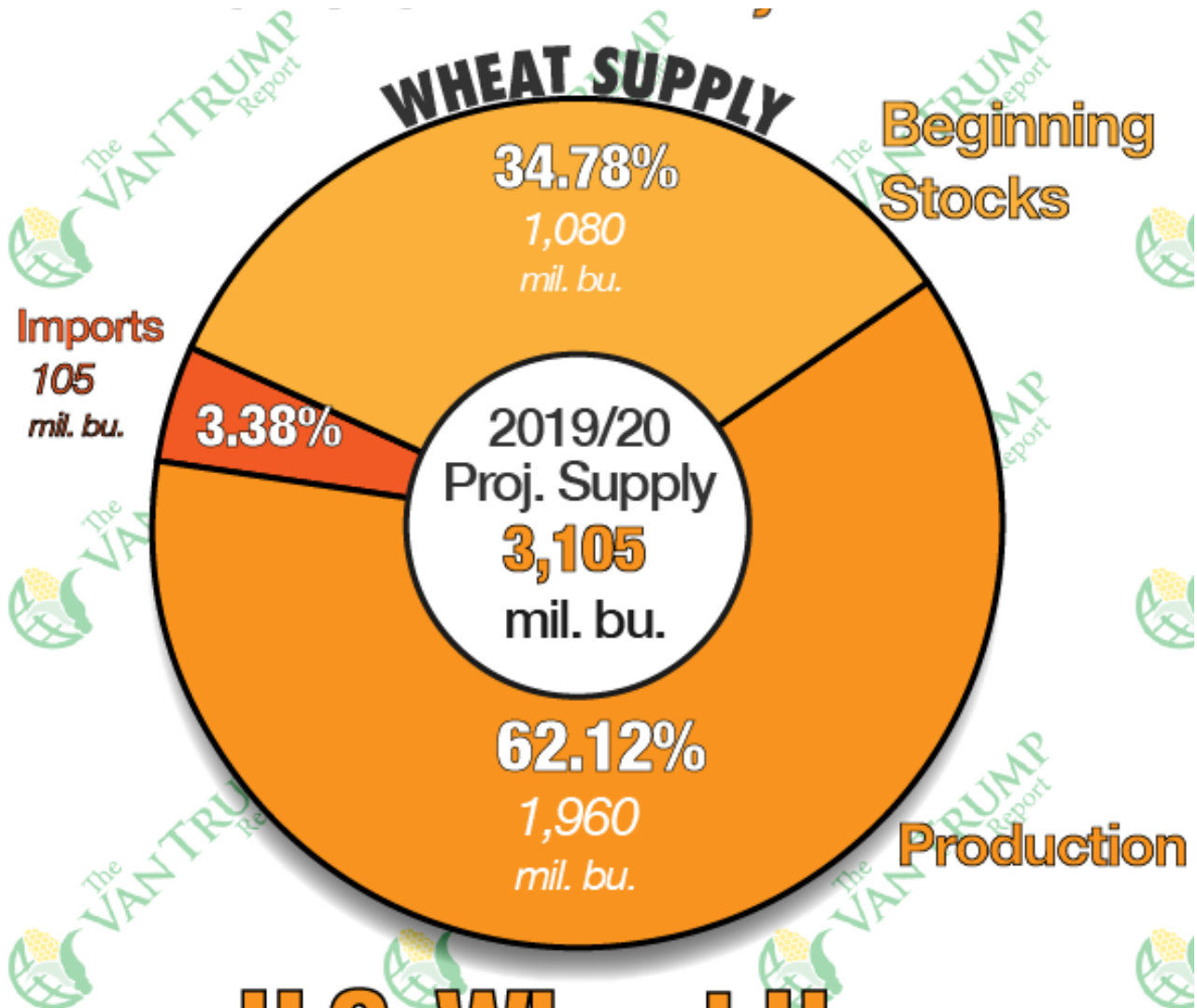
U.S. Soybean Use



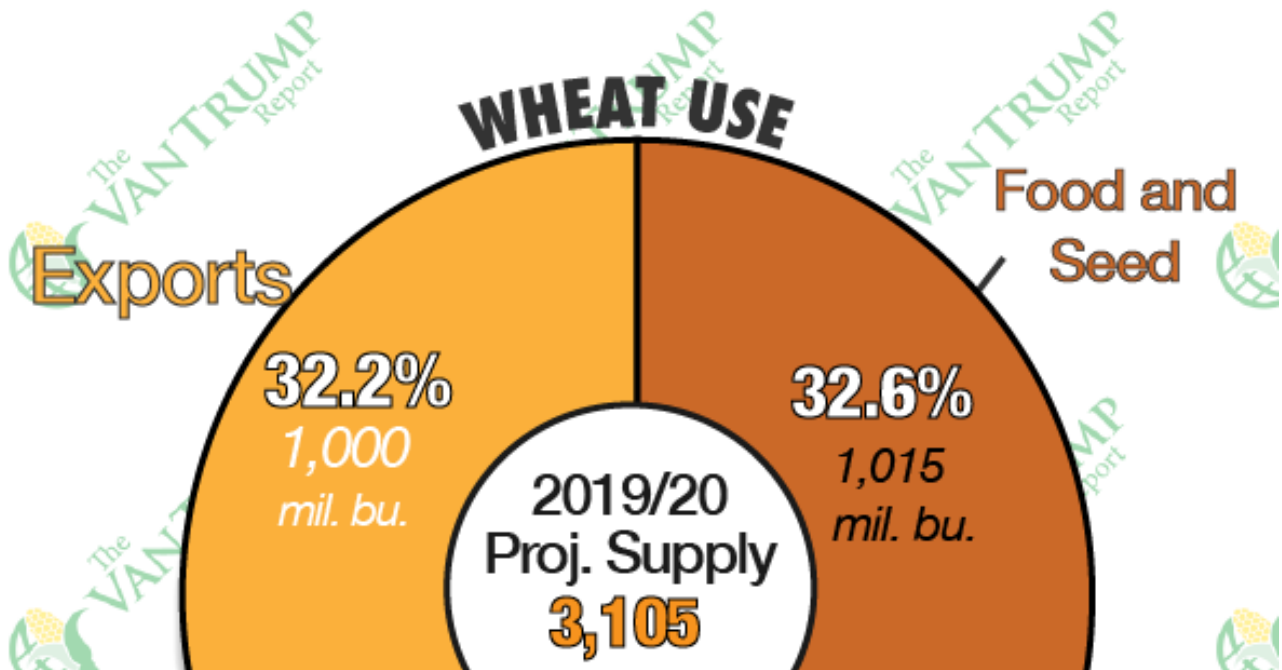
WHEAT prices strengthen as more traders start to debate and talk about logistical complications arising inside major exporting nations. The European Union now seems to be battling a massive forest fire type outbreak of corona. There are also problems brewing in other exporting nations. At the same time, we have record low acres here in the U.S. with some weather concerns brewing. As a spec, I continue to hold my bullish positions.

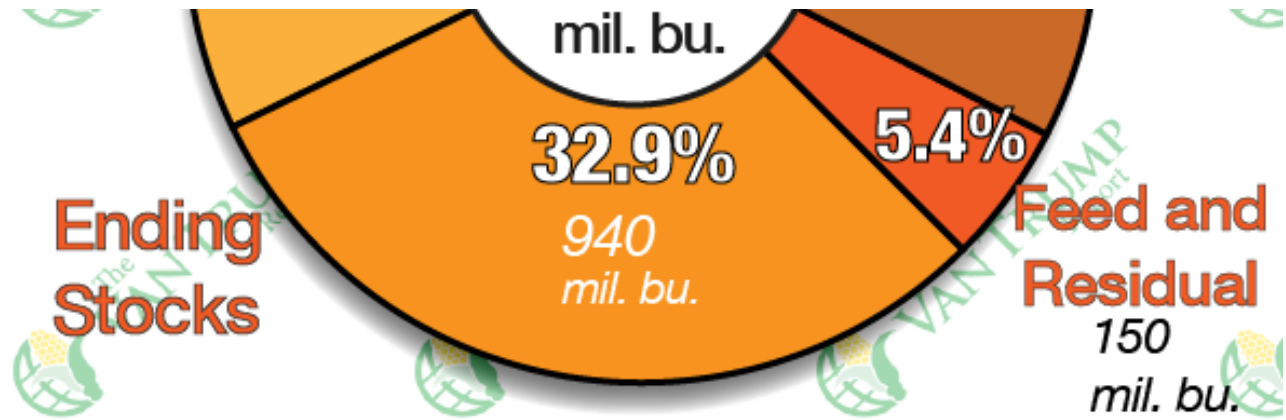
U.S. Wheat Supply

2019/20 March Projections



U.S. Wheat Use





 @KevinVanTrump

Source: USDA, WASDE, March, 2020



> Cattle Ranchers are Desperate for Help: *Cattle ranchers have sent a letter to the Trump administration asking for "emergency measures" to keep livestock producers afloat, such as directing agricultural lenders to extend deadlines for loan repayments and cutting capital gains taxes for farmers who sell off their land or equipment. "The coronavirus upheaval has intensely worsened the financial and economic conditions of America's cattle farmers and ranchers," wrote Bill Bullard, CEO of R-CALF USA. "Many will not make loan payment deadlines, and many of those will not survive without immediate intervention." Bullard goes on to explain that the entire industry, "along with all fo Rural America it supports", needs Washington's immediate attention to help cattle producers survive the*

ongoing crisis. Details are [HERE](#).

> AFIA Urges States to Keep Feed Mills Open: *The American Feed Industry Association (AFIA), along with 23 state and regional feed and grain associations, called on state officials around the country to maintain access to businesses providing animal food amid proposed state plans to close "non-essential businesses" to curtail the spread of the novel coronavirus (COVID-19). The plea comes after some states released response plans that excluded animal food manufacturing facilities, transportation, and agricultural and non-agricultural retail establishments from their lists of "essential businesses." In an urgent letter, the groups stated that these businesses should be reclassified because not doing so would hinder the animal food industry's ability to continue feeding America's livestock, poultry and pets, threaten the US food supply and drive up prices for farmers, ranchers, pet owners and consumers. Read more from [World Grain](#).*

> USDA Reports Record Pork, Red Meat Production for February: *The USDA's monthly Livestock Slaughter report shows pork and overall red meat production hit record highs for the month during February as packers continue their efforts to meet expected domestic and export demand. The USDA says pork production was 2.306 billion pounds, up +6% from February 2019, with a +6% increase in the slaughter to 10.722 million head and +1 pound gain for the average live weight at 288 pounds. Beef was pegged at 2.131 billion pounds, +7% above a year ago, with a +5% rise in the slaughter at 2.578 million head and a +24 pound jump in the average live weight to 1,376 pounds. Monthly red meat production totaled 4.453 billion pounds, +7% more than last year, and the year to date total is 9.412 billion pounds, +6% ahead of 2019's record pace. February's dairy cow slaughter was 266,100 head, down -32,400 from January and -12,800 less than in February 2019. The year to date total is 564,600 head, -12,700 behind the year ago pace. (Source: Brownfield Ag)*

> China's 2020 Poultry Output Seen Unchanged Despite Coronavirus: *China's poultry and egg output in 2020 are expected to be level with last year, an agriculture official said on Thursday, despite the severe disruption to the industry because of the coronavirus epidemic. Many Chinese chicken farmers struggled to feed their birds and send them to slaughter in February after the government imposed strict restrictions on the movement of people and transport to curb the coronavirus outbreak. Some farmers were forced to cull their birds because of the difficulties. But 80% of poultry enterprises in the country have resumed production, said Wei Hongyang, an official with the Ministry of Agriculture and Rural Affairs. Wei also said that hog production is recovering, with sow stocks increasing by +1.7% in February from the prior month, the fifth consecutive monthly increase. He warned however that the risk of African swine fever could increase this year as China seeks to raise pig output. (Source: Reuters)*

> Iron, Parts Sales Go Online in Response to COVID-19 Crisis: *The popularity of online auctions has been growing but got a massive injection of participation with the COVID-19 virus crisis. For example, one of the largest agricultural auction outlets in the country, the Steffes Group (steffesgroup.com), announced earlier this week that it will perform all auctions, both equipment and land sales, on its online platform until public policy changes. For Bigiron.com this has been a way of business, selling equipment via online auctions for several years as the company, along with Tractorhouse.com, pioneered online auction sales in agriculture. The ability to readily switch to online-only sales has been crucial in keeping the world of ag equipment operating as close to normal as possible. AgriVision Equipment, a large John Deere dealership network primarily located in west-central and western Iowa, is keeping stores open and stocked while pointing customers to its website where they can place parts orders. They are also offering delivery direct to a customer's vehicle or a drop location. Read more from [Successful Farming](#).*

> Impossible Foods Raised \$500 Million Prior to the Coronavirus Panic: *Plant-based meat company Impossible Foods said this week it raised about \$500 million in its latest series F funding round, which was led by South Korea's Mirae Asset Global Investments, a new investor. According to a source familiar with the deal, the post-money valuation now approaches \$4 billion. The funding announcement comes as the novel coronavirus outbreak hits hard, with schools in many states closing and consumers emptying shelves at grocery stores. Top venture capital firm Sequoia recently called it a "black swan" event and urged its start-ups to be careful with cash. Impossible CFO David Lee says the company has the means to withstand short-term shocks and realize its long-term mission. The latest round brings the total raised by the Redwood City, California-based company to \$1.3 billion. Other investors in this round include Khosla Ventures, Horizons Ventures and Temasek. (Source: Reuters)*

> BIMCO Revises 2020 Forecast for Main Shipping Markets: *International shipping association BIMCO update its 2020 forecast to reflect the coronavirus pandemic. For tanker shipping, BIMCO says demand is positively impacted on the short term, as the breakdown of the OPEC+ alliance has lifted Saudi Arabian exports dramatically. In the longer term, the corona pandemic has annihilated global oil demand for 2020. Freight rates for oil product tankers will be negatively affected by the fundamentally lower demand but BIMCO still expects average freight rates for the year above break-even levels. Freight rates for crude oil carriers are currently super strong, but if/when the geopolitical support eases, the oversupplied market is likely to deliver freight rates below the levels of last year. Dry bulk shipping demand is negatively impacted for the full year on China's limited purchases amid its coronavirus outbreak. Still, BIMCO expects demand to grow for the full year, picking up from current low-point when China returns to the market for commodities. In the medium term, Chinese stimulus may benefit*

domestically more than externally as demand outside the country is now getting hit by the pandemic. In the longer term, a gradual return to normality is expected. No demand boost is expected to come around, as the events have not built up demand, merely destroyed it. BIMCO already expected average freight rates for 2020 to come down from last year but believes they will now become even lower. Read more [HERE](#).

> Restaurant Industry's Stimulus Price: *The National Restaurant Association estimates the industry will lose \$225 billion over the next three months and shed 5 million to 7 million jobs. "Without aggressive and immediate action from the federal government, many restaurants that are a staple of local communities will simply never resume service," Sean Kennedy, the trade group's executive vice president for public affairs, wrote in a letter to President Trump and congressional leaders. The restaurant association is seeking more than \$325 billion in aid, including a \$145 billion recovery fund for the industry administered by the Treasury Department; \$35 billion in community development block grants for disaster relief; \$100 billion in federally backed business interruption insurance; \$45 billion in loans; and \$130 million in unemployment benefits for employees. The group also called for a temporary payroll tax cut and tax credits for businesses that retain their employees. Meanwhile, the country's largest hospitality union estimates that 90 percent of its 300,000 members might have been laid off. UNITE HERE said 240,000 to 270,000 people weren't at work. (Source: Politico)*

> Regulators Will Give U.S. Banks Credit for Loans to Low-Income Borrowers: *U.S. banking regulators said Thursday they would give banks extra credit for lending to lower-income Americans affected by the coronavirus epidemic as part of their fair lending score. That 1977 fair lending law rates banks on, among other measures, how effectively they meet the credit needs of poorer communities. The regulators also responded to questions from banks about how to utilize their liquidity and capital buffers during market stress, as part of an ongoing effort to encourage them to use some of those reserves to keep lending. Also on Thursday, FDIC Chairman Jelena McWilliams called on a global accounting board to allow banks to postpone adhering to a new accounting methodology that requires banks to estimate potential future losses on loans. Read more [HERE](#).*

> The Psychological Reasons Why Gen X May Be Taking COVID-19 More Seriously Than Boomers and Millennials: *So, who is taking COVID-19 most seriously? Possibly Gen X, who are born between 1965 and 1980 according to Pew Research Center, and are often referred to as the "sandwich generation" because many are caring for children and older parents. On social media this weekend, the hashtag "GenX" trended, with the "latchkey generation" saying that they were the most prepared to live in isolation. From a psychological perspective, there might be some truth to this argument. One theory is that Gen X might have more experience working through tumultuous times, as they were in the workforce*

during other pivotal times like 9/11 and the 2008 stock market crash. Read more [HERE](#).

> Shortage of Masks Has Volunteers Sewing a Supply for Health Care Workers: *With a severe shortage of masks, volunteers are offering a solution to health care workers on the front lines of the coronavirus pandemic. The staff at Phoebe Putney Memorial Hospital in Albany, Georgia, has about three-and-a-half days of masks left. More than 3,000 a day are being used and discarded. The answer: a handmade, washable prototype mask which health care workers could place over disposable, N95 masks. Watch the story [HERE](#).*



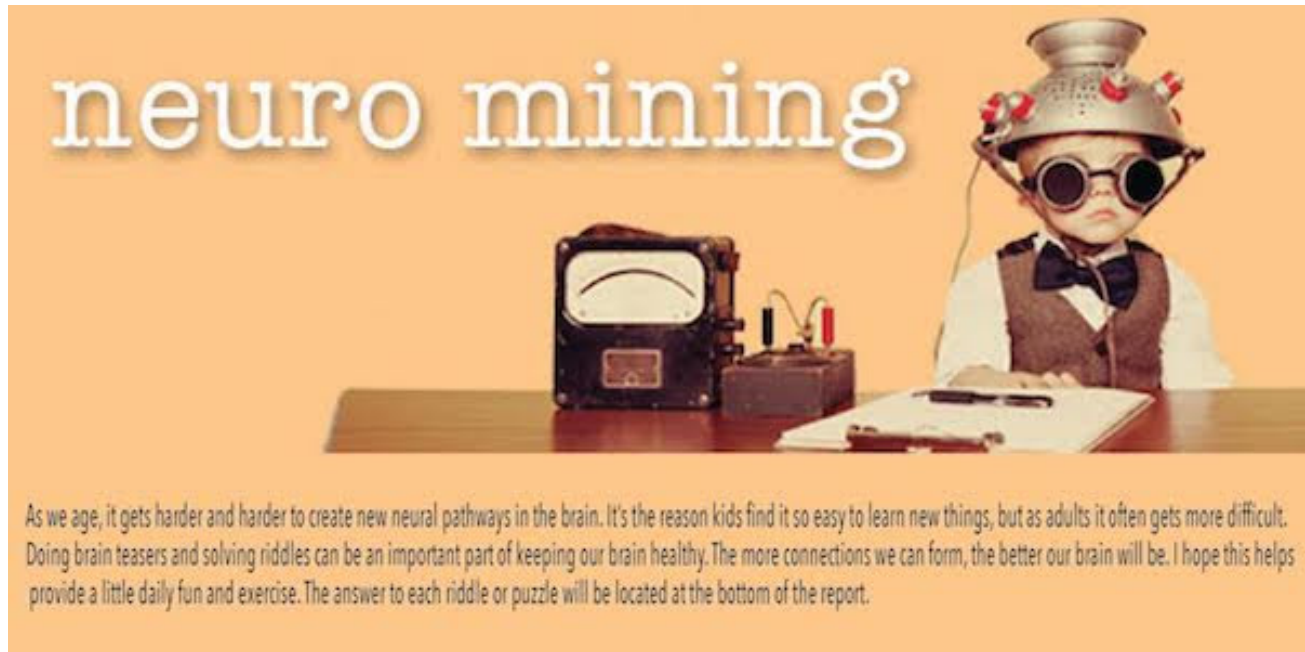


Western Missouri - Looks like this March is comparing to the past five. Wet, although I think this one seems a little wetter due to the amount of rain we've had over the past 18 months. Due to the wet weather, we have everything about ready to go and will more than likely set the Anhydrous toolbars to the side and get hooked to planters so that when things dry and conditions are correct we can roll. I just believe we have too many tools today to do it like we also have. Once the corn peaks out of the ground we will slip in and apply anhydrous. We had hopes of some early beans, although based on the forecast that is probably out of the market. The remainder of the week we will have several trucks here to load out corn we priced last May. Thank Goodness. I just want to take a moment and thank all the farmers that continue to get out in the elements to feed livestock and prep for 2020. It amazes me how this world is going under quarantine and we the farmers still have to go to the feed store to get food for the livestock, we the farmer still have to go pick up our seed to go another day and year.

Southeast Texas - Our corn is all up and looking decent at nearly one foot high. We could definitely use a shower down this way and that is why we are holding off

on planting the milo and the cotton. I'd say about half the cotton acres are planted, but I'm not willing to push dirt at the moment for 55 cent cotton. We had good yields at 2 bales an acre last year but no way I get that this year if we stay dry. Land down here doesn't make it to market much as most of the older money snatches the acres behind the scenes. Around here, it still sells for around \$3,500 an acre. Our picker partner in west Texas is telling us that there are more than a few guys that won't be farming any longer as the banks are pulling the plug on them. He says he has never been offered so many acres to take over as he has in the last two years. He has picked up a couple thousand but says the local FSA office is telling owners no one is around to farm due to prices, both of land and commodities. Things are going to have to break soon or pockets are going to have to be deep to keep buying. Unfortunately, they can't really grow anything else out that way as they don't get enough rain to take the chance.

Southwest Minnesota - *I'm still looking at the ice on the water in back but we are definitely shaping up for a better planting season than 2019. I am into my second year of retirement this season after 47 harvests and I'm happy to have been able to pass my acres along to a local young farmer whom my family has built a close relationship with over the years. Our state legislators have been very proactive in helping to get the next generation off on a good foot while adding tax benefits to the retiring guys. I have saved nearly \$30K in state taxes the last two years. The best piece of advice I can give any young or starting-out farmer is to make sure you know and understand your ratios so that you can put yourself in a position to be successful. As I look at agriculture in this current environment, I am worried for the cattle guys. If it should happen that they shut down packing plants because of the virus, it would create another headwind they don't need right now. I was driving around last week north of Des Moines and did see a couple of tractors in the field so we are not far away from another season. Be Safe!*



TODAY'S RIDDLE: What do you call a baby rifle?



Coronavirus Pivots: Why Couldn't Ethanol? From Perfume and Liquor to Hand Sanitizer

Alarm over coronavirus has caused a run on hand sanitizers, with products from Purell and other brands almost impossible to come by. While it's an annoyance for some (if you're at home, just use soap and water!) but it poses a major health hazard for medical workers and their patients.

The names Givenchy and Dior don't normally conjure images of critical medical supplies but in an effort to do their part in the fight against coronavirus, LVMH - which owns luxury brands Louis Vuitton, Christian Dior, Guerlain, and Givenchy - announced it was switching the production lines of its perfume and cosmetic brands to produce large quantities of hydroalcoholic gels. The hand sanitizer will be offered to public health authorities in France.

Shine Distillery and Grill, based in Portland, Oregon, had already been converting its alcohol byproducts into cleaning products but has now switched operations to

create its own version of hand sanitizer. Made of 80% alcohol, xanthan gum, and water. The solution is free for members of the local community. In the comments on their Facebook post, Shine's owners have been connecting with many other distillery owners who for their recipe so they can help their communities in a similar way.

Durham Distillery in North Carolina announced that they would be giving away a sanitizing solution for local hospitality workers. The company said the spray can be used for doorknobs, bathrooms and glass-touch surfaces. The distillery says it is in a unique position as it distills its Connipion gins from a 95% ethanol base. "Having this ethanol available enables us to develop a highly effective sanitizing solution of 70% ethanol and distilled water."

We've also heard ethanol producers have seen a massive increase in demand. Cargill, which produces and commercializes ethanol, said last week that demand for its denatured ethanol in Europe has doubled since last month. You've got to imagine they've now seen a similar increase in demand here in the U.S. Perhaps some plants can figure out a simple way to pivot and start massive production?

And one note of caution - there are a lot of DIY recipes online for homemade sanitizers but be aware, most of them call for rubbing alcohol, which is 99% alcohol by volume. Per the CDC, 60% is required to kill viruses and most liquors do not have levels that high. So don't waste the good stuff on a DIY hand sanitizer - you might need it for your sanity down the road! (Sources: Bloomberg, CNN, Civil Eats)





Corona Thoughts from Our Good Friend Carter Williams

I've been on the phone talking a lot with Carter as of late trying to play out how the dominos might fall and how this all plays out. I very much respect and appreciate Carter's deep understanding and perspective of the situation. Carter Williams is the CEO of iSelect. Carter's connections and experiences in and around this space make him a source that I give a lot of weight.

Carter Williams was first as a young engineer at McDonnell Douglas, then had leadership roles at Boeing managing R&D and starting Boeing Ventures, and later as a successful entrepreneur and venture investor. Through his career, he has directly managed investments of more than \$600 million in early-stage ventures and corporate research, resulting in several billion dollars of new product revenues. Carter is the past President and Founder of the MIT Corporate Venturing Consortium and Co-founder of the MIT Entrepreneurship Society. He has an M.B.A. from the MIT Sloan School and a B.S. in Mechanical Engineering from Rensselaer Polytechnic Institute.

I've included below an article Carter recently wrote and shared with me titled "[Corona Virus: Getting Back to Work Now not Later](#)".



Right after 9/11 we were a bit dazed. It took us time to understand the threat and adapt. Markets and airlines were shut down. Then airlines got back online, but with lots of security. In time the national guard was removed. New scanners were deployed. We were back to normal. With an improved system.

Going forward with COVID19, we need to focus on getting back to work. Even with the threat of further transmission, we can not shut down the U.S. economy for 18 months. Throwing money from helicopters has an appeal, but it does nothing for GDP or 401ks.

It seems we will have 3 phases

- **Phase 1:** Knock back the progression, 3–4 weeks of extreme distancing
- **Phase 2:** Bring key industries back on line using the best protection mechanisms
- **Phase 3:** Ramp up the remainder of industry that can operate remote for now, but really should be back in offices

Phase1: Shock the System

Phase 1 is in progress. It will last another couple of weeks. Perhaps 4 more weeks. More data from the COVID tests will help us understand transmission. Medical professionals will figure out treatment. If you think we started phase 1 to late, there is an interesting model that suggests how a one-shot intervention induces a disproportionate impact on epidemic control. In a sense, a well-timed serious shock to the system is an effective way to snuff the virus. A bit like dropping a bomb on a forest fire to remove the oxygen.

Phase 2: Get Critical Industry Back to Work

With Phase 1 underway, we need to start planning for Phase 2. It would seem

industrial supply companies like Grainger, Uline, Gojo, and 3M are pivotal to Phase 2. The practical reality, as proven in SARS, is that if everyone wears PPE it dramatically reduces progression. I get why the CDC said limit use of PPE to healthcare workers. A shortage of masks in Phase 1 means concentrate on healthcare workers. The government needs to be accountable for its failure to replenish the national stockpile after 2009 swine flu.

In reality, research over the 10 years suggests that Swine, Influenza and SARS have much more aerosol transmission. The spread is further than 6 feet. It stays in the air for a longer period. This aerosol is a means of transmission.

During SARS, and more recently in South Korea, massive use of PPE in the general population stopped the progression. There is still a probability of failure. PPE in a healthcare setting with perfect training is the gold standard. The less trained general population simply won't achieve the same standard. But they will be 70% to 80% of the way there. Even at a quality of 70%, the general population use cuts transmission materially. If you model PPE in the general population in with some level of social distancing, regular temperature checks, regular health questions and a few other measures, R_0 will go down dramatically. If you implemented a layered approach, a set of workers could go back to work in key industries.

Focus on Industry Verticals

OSHA, FDA, hygiene companies (Gojo), PPE companies (3M) and industrial distribution companies (Grainger) should get together and configure a set of solutions for each key industry vertical. One for automotive. Another for airlines. Yet another for retail. Each industry might need a slightly different architecture. Working as a team though they could model equipment in conjunction with virus propagation in a work setting. They could consider human factors. Once they arrive at a solution they could say:

Here is the bill of materials and OSHA specification to operate in the automotive industry. OSHA and FDA have an online video that shows you how to use these face masks, googles and gloves

Factories could install IR temp sensors at points of entry. Health care professionals could be on-site to further double check usage. Using an iPhone app, the company could keep track of what shifts work when. If an outbreak occurs, medical professionals can quickly trace contacts.

To get ready for Phase 2 we need gear. We can't wait for cargo containers across the pacific. Send some C17s out to Cambodia and pick up the masks. Airdrop to factories in Detroit, Bentonville, and Seattle to get things moving.



The president could say "This week retail is back to work", "Next week Auto is back to work." This is not rocket science. We do not need congress to create a cumbersome bill. We need teamwork. Folks like the FDA need to shift their minds from suing Gojo for unproven virus killing claims, to having FDA labs validate that Purell reduces Ro when applied to the system developed by a OSHA, FDA, Gojo, Grainger and 3M team.

Entrepreneurship in Academia, Government, and Enterprise is a force multiplier. America is at its best when it applies innovation. Helicopter money is old thinking. Put Military Airlift Command on the project with some great teamwork between industry and government. That will flank the virus and get the economy working.

Could There Be a Silver Lining...

My wife and were talking last night and she wonders if this might ultimately be God's way of bringing family's and people back together.

It saddens us when seeing families out at dinner and no one talking to each other because they are on their phones. It saddens us to see families at ballparks or little league games and not talking to one another because they are on their phones. It saddens us to sit at airports and watch families not talking to one another because they are on their phones. It saddens us to watch families in their

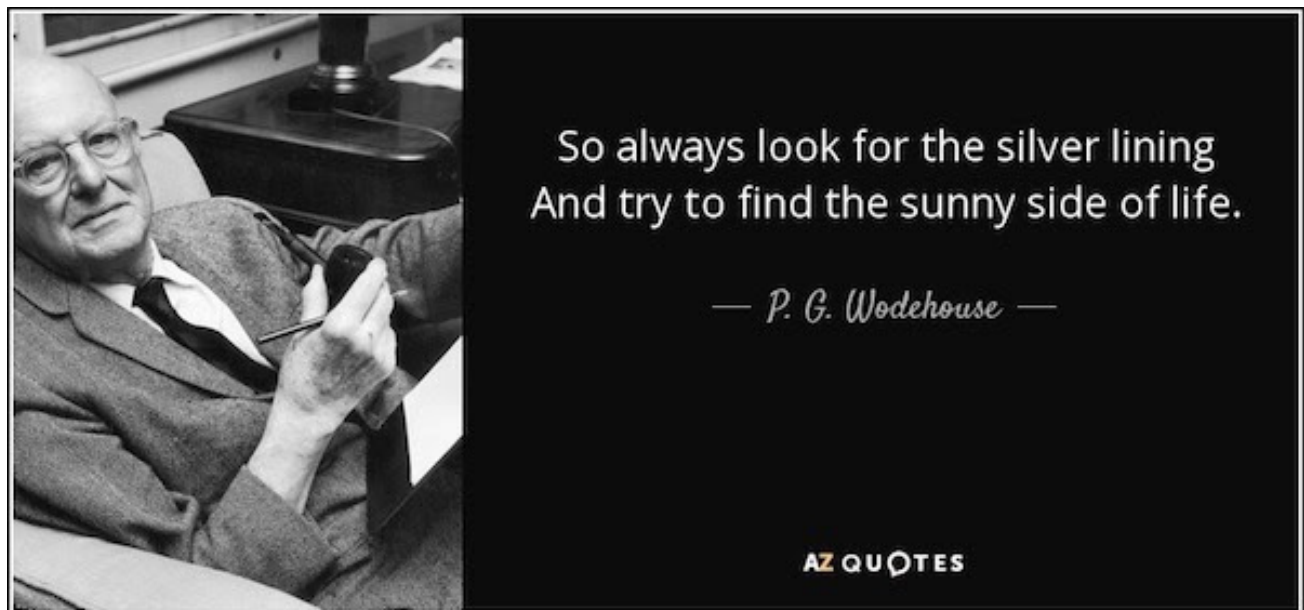
cars not talking to one another because the kids are in the backseat on their phones and the spouse in the front passenger seat is on their phone.

How interesting does it get if the power grids start to have hiccups or the internet gets overloaded with everyone at home streaming videos, etc... I know our internet has been starting to get slower and slower at both the offices and at home and we are hearing of some rolling delays and bandwidth problems in many locations. I heard yesterday, Netflix was already reducing traffic in Europe by 25% to battle the problem.

What will some families do if they have to put down the iPads, cell phones, etc? I know this is really going to date me, but my Pops and Gram taught me some of the best lessons in life sitting around the kitchen table all night long playing cards, board-games, jacks, pick-up sticks, and sharing stories and thoughts. When we weren't doing that we were working together at the farm or around the house on projects.

Our families were always together and always talking and communicating with one another, sometimes perhaps arguing and fighting but still communicating. We had no internet, no cell phones, just each other... and it was awesome!

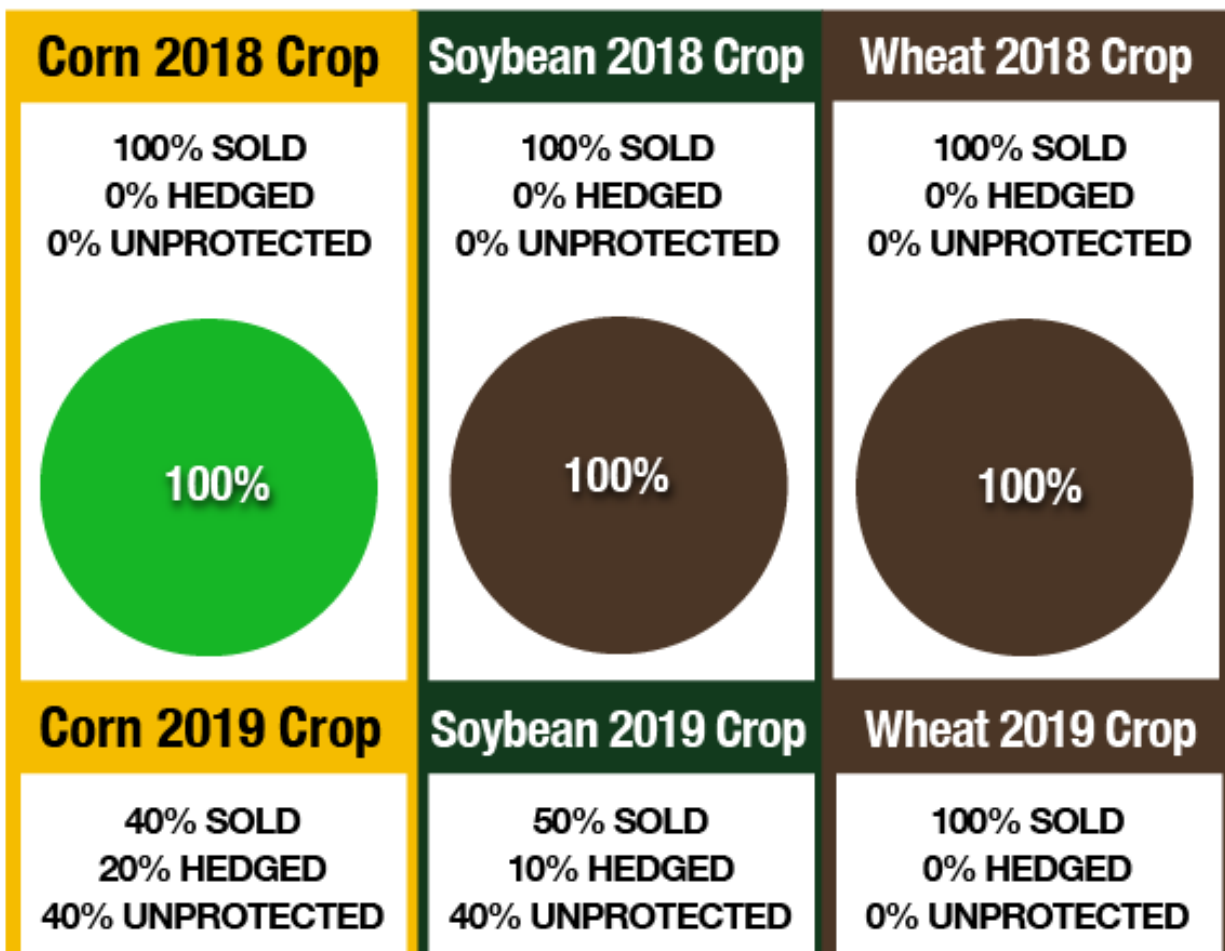
I wish this coronavirus would have never happened and I certainly don't want to see anyone injured or lives lost because of it. I also don't want to see families face financial ruin. But it is now upon our doorstep and ultimately we will make it to the other side. I just hope we gain and exchange something for all the lives and financial losses that will be incurred. Perhaps it means closer families...

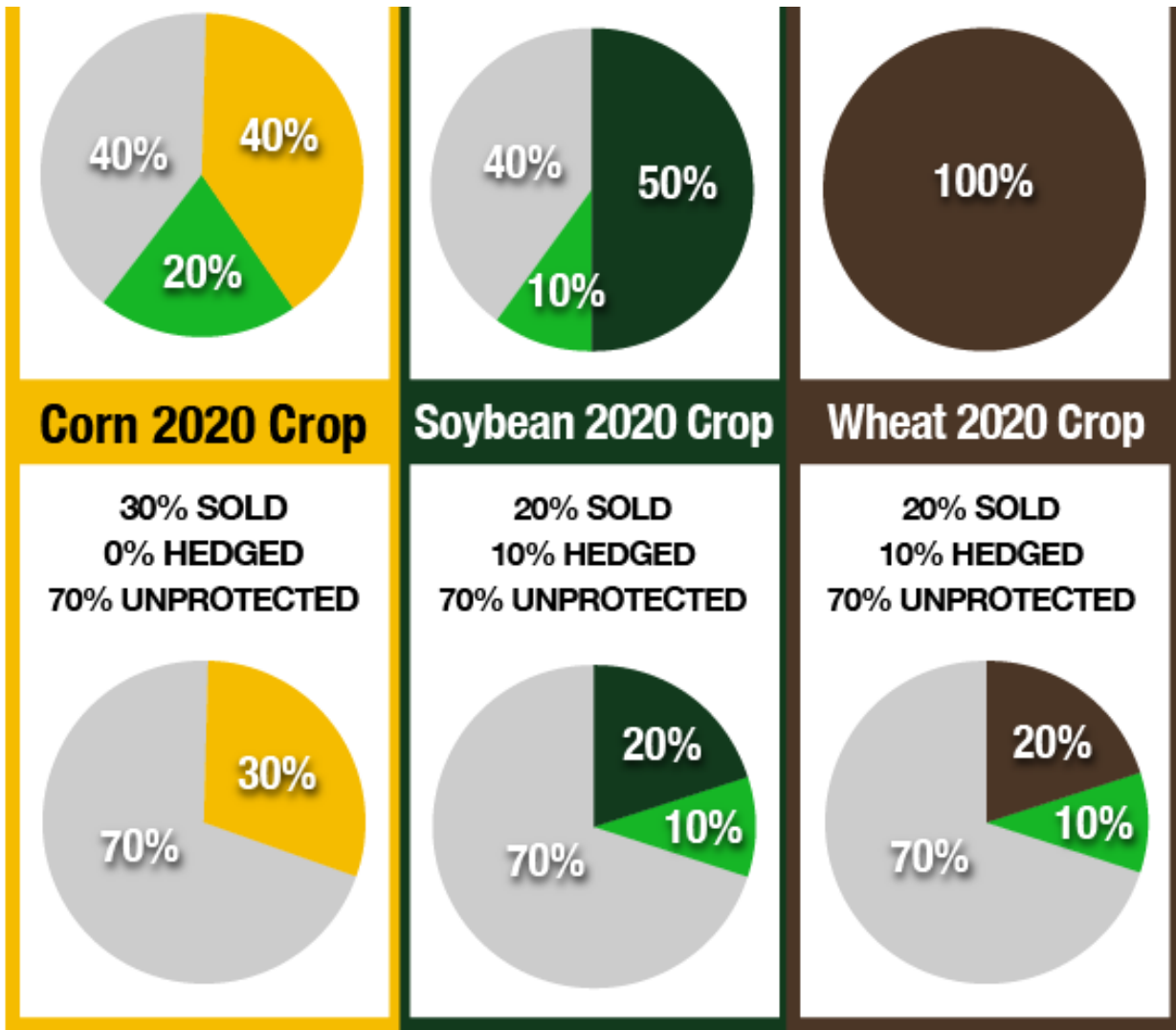


ANSWER to riddle: Son of a gun.

CASH SALES & HEDGING TOTALS

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