



Jordan Van Trump <jordan@farmdirection.com>

GOOD MORNING: The Van Trump Report 4-16-20

1 message

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

Thu, Apr 16, 2020 at 5:30 AM

Reply-To: Jordan <reply-febd117371630274-1180_HTML-40325470-100003450-11@vantrumpreport-email.com>

To: jordan@farmdirection.com



"The market is not a weighing machine, on which the value of each issue is recorded by an exact and impersonal mechanism in accordance with its specific qualities. Rather we should say that the market is a voting machine, whereon countless individuals register choices which are the product partly of reason and partly of emotion." - **Benjamin Graham**

Thursday, April 16, 2020[Printable Copy](#) or [Audio Version](#)

Morning Summary: Investors continue to debate the good, the bad and the ugly. The good news for the economy is President Trump is going to announce some reopening plans and gradually lifting restrictions. Germany plans on reopening its economy next week with schools resuming in early-May, but large public events will be banned until at least Aug. 31. The fear inside the trade is that political leaders will look to reopen the 20 states that have seen little impact from Covid-19 but these are also the same states that have done the least amount of testing. Example: California has about 27,000 cases and has done about 220,000 tests, Florida has about 23,000 cases and has done about 216,000 tests, Missouri has about 5,000 cases and has done about 50,000 tests, while Kansas has only

about 1,500 cases but has only done about 15,000 tests, South Dakota now about 1,200 cases but only about 10,000 tests. Wall Street is worried that if we reopen and experience a significant second spread of the virus the market will endure a major setback. The "bad" is the fact U.S. economic data continues to show signs of significant stress. Yesterday, the market digested a historic plunge in retail sales and industrial production. Industrial production plunged as factories and mines shut down amid temporary lockdowns. Not since the post-WWII transition from wartime to peacetime in 1946 has there been this type of output decline. At the same time, retail sales fell by a record amount. Unfortunately, the Federal Reserve's Beige Book economic report released yesterday warned further job cuts are expected in the coming months and that economic conditions are set to worsen. We will learn more today when weekly jobless claims are released, with most inside the trade looking for another -5 million to -6 million jobs lost. The Philadelphia Federal Reserve will offer some April data with its manufacturing index, which is also expected to show a record-setting drop. Earnings from big U.S. banks continue to highlight how deeply the pandemic is expected to damage the economy. Goldman Sachs, Citigroup, and Bank of America reported widely-expected profit plunges as they all three socked away billions of dollars to cover expected credit losses from loan defaults in the coming months. Today's key earnings include Abbott Labs, Blackrock, Honeywell, and Morgan Stanley. Another key highlight today comes from New York Fed President John Williams, who will provide investors some insights as to how the epicenter of the virus in the U.S. is faring. Williams is also expected to provide updates on the Fed's stimulus program and maybe some clues as to what the central bank wants to see happen next. As for the "ugly", I have to give the award to U.S. crude oil, which for the first time since 2002 settled below the \$20 level. That came after new data showed U.S. oil inventories climbed for the 12th consecutive week. The International Energy Agency warned of a record drop in global crude demand this year due to the COVID-19 pandemic. The agency estimated a drop in demand of 9.3 million barrels a day this year, equivalent to a decade's worth of growth. In the near term, demand in what the agency is referring to as "Black April" for the energy market, is forecast to drop to its lowest since 1995. The problem remains, a massive glut of supply and a world that is running out of places to store it. Storage around the globe is rapidly filling and, in areas where crude is hard to transport, producers could soon be forced to pay consumers to take it off their hands—effectively pushing prices below zero. Keep in mind, we've already seen prices at some locations in Canada and Dakota's fall to sub-\$6 per barrel. In fact, we've heard that some energy trade groups are reprogramming their software in order to process negative prices for energy-related financial instruments. WOW! This is certainly a long way from the "Peak Oil" hype back in 2007-2008 when people suggested the world was running out of oil and prices were trading +\$130 per barrel... proving again that trying to forecast the future can be extremely humbling! It also reminds me of all the talk back in 2011 and 2012 when we had +\$7.00 corn and everywhere I went people were saying there wouldn't be

enough food to feed the world. Now we are swimming in corn supply and prices have been cut in half. Again, WOW! This is why I've learned through the years to side with more moderate philosophies, not to take any massively big swings and make a concerted effort not to hit the ball out of bounds. Keeping it in the fairway certainly helps keep you in the game!

Inside the Employment Numbers: *There are 163 million Americans in the workforce. It was estimated that 6 million were unemployed before the corona crisis. During the past three weeks just over 15 million new workers have filed for unemployment. Throw in another 5 million filing for unemployment again this week and we now have over 26 million out of work or about 16% of the workforce. There's talk this number moves closer to 20% by month-end which means 2 out of 10 people have lost their jobs.*

Rent by Credit Card... *A growing number of Americans are paying rent by credit card during the coronavirus pandemic.*

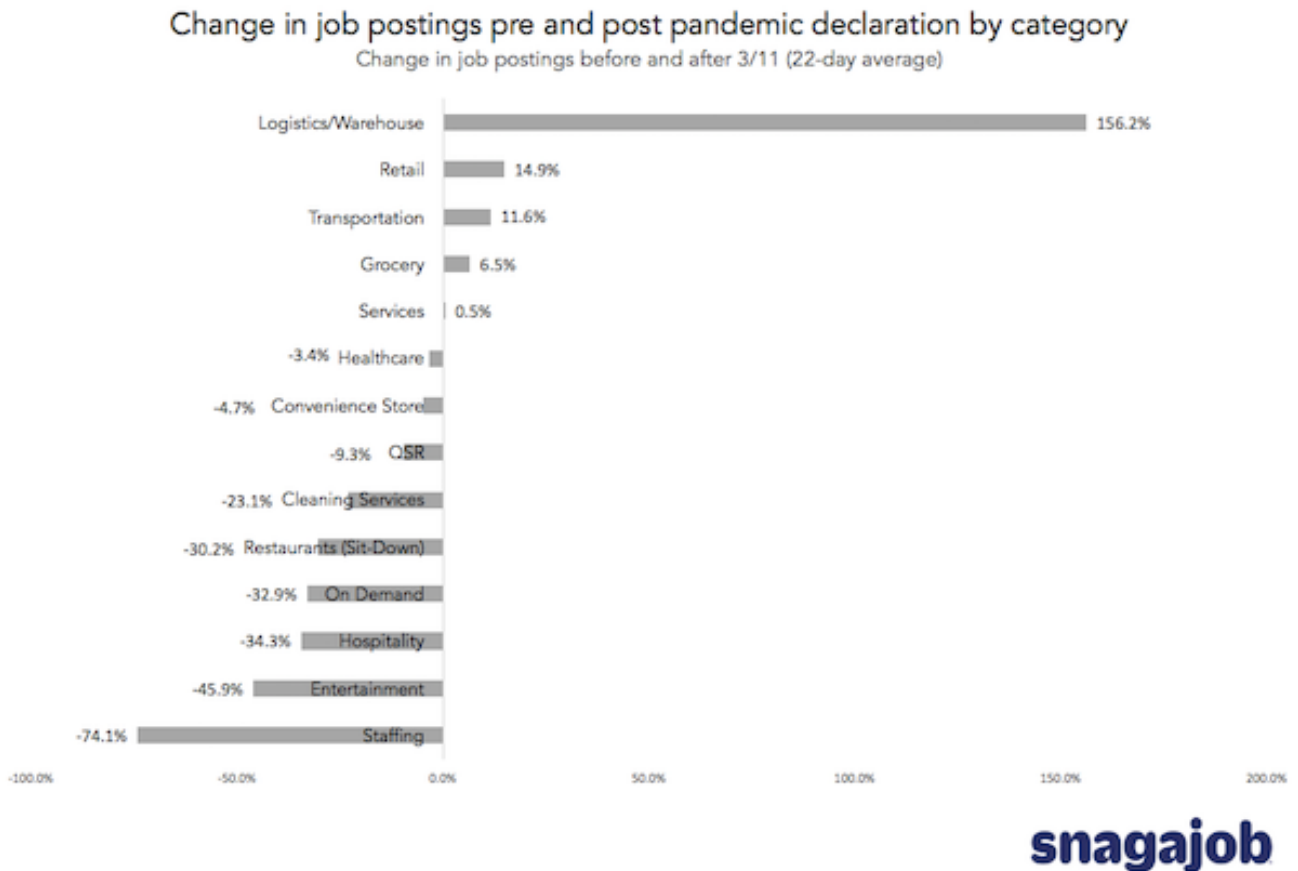
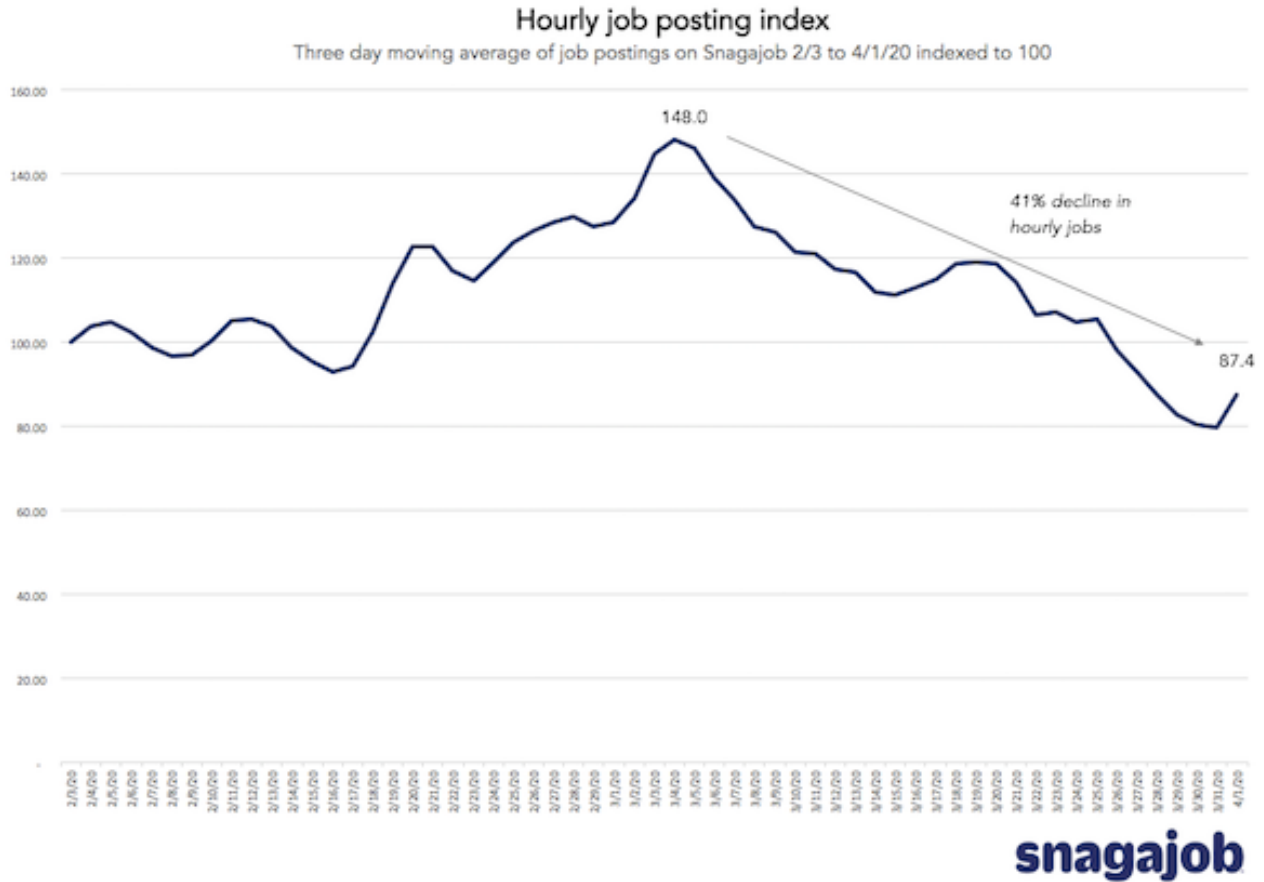
Venture Investors Pausing on NEW Deals: *Venture investors, who had \$121 billion in dry powder as of mid-year 2019, have not stopped investing, but many are being more conservative in their approach," the report says, taking an early pulse on the current state of affairs. "The focus has primarily turned to their existing portfolio companies, ensuring companies have enough cash runway and stressing efficiency. New deals are still happening, but most of these had already been in the pipeline prior to the onset of the pandemic. (Source: [VentureBeat](#))*

Another Example... Why You Should Never Use the Same Password on Different Sites: *A friend of ours was on a Zoom call the other day and has since had several of his accounts hacked. Perhaps it's a coincidence, perhaps not, but he thought it would be a great opportunity to remind everyone not to use the same password across platforms. Word on the street is Zoom got hacked and +530k customers info like user name and passwords ended up on the dark web being wither sold and or just given away. If you used your same password for a zoom call on for other apps change your passwords. Look deeply in the mirror and promise not to do stupid stuff again, like using the same passwords. If they get all of your basic info and have your password they can then try and use it across all platforms and sites. Not good!*

Fed Official Says Uncertainty is Central Issue Surrounding the Economy's Future: *San Francisco Fed President Mary Daly says currently, uncertainty is the central issue surrounding the economy's future. No matter what, Daly doubts the path of recovery out of the coronavirus crisis will be swift. "I don't expect a sharp V-shaped recovery, I expect something more like negative quarters of growth throughout 2020, and then a gradual return to positive growth in 2021," Ms. Daly said in an interview with The Wall Street Journal. Even then, she added, that view is entirely dependent on how the health crisis plays out. Under the best-case scenario, including the virus being brought under control quickly, Ms. Daly points out that it will take time for the economy to spin back up again as it will take time for restrictions to be lifted and for people to regain confidence, "all of which point to slow path*

of recovery." But things could also take much longer to recover if the coronavirus pandemic is more persistent, Ms. Daly said. Read more from the interview [HERE](#).

Where Hourly Jobs Are Growing and Where They Are Gone: *The coronavirus outbreak has been an unprecedented shock to the hourly job market. The past few weeks have seen huge changes in who's hiring. Snagajob is one of the largest site for hourly jobs and its employers include some of the hardest hit categories like sit-down restaurants. But it also helps employers in the grocery and warehouse industries, jobs critical to keeping the economy running during this crisis. Their data shows overall job postings are down almost 40% from their peak a month ago. In particular, sit-down restaurants, staffing firms and entertainment have been the hardest hit. If you're looking for a job, hiring is up in warehousing, logistics (think shipping), retail, groceries and transportation. The graph below looks at data before and after the World Health Organization (WHO) declared a pandemic on 3/11/2020. More details are available over at [Priceonomics](#).*



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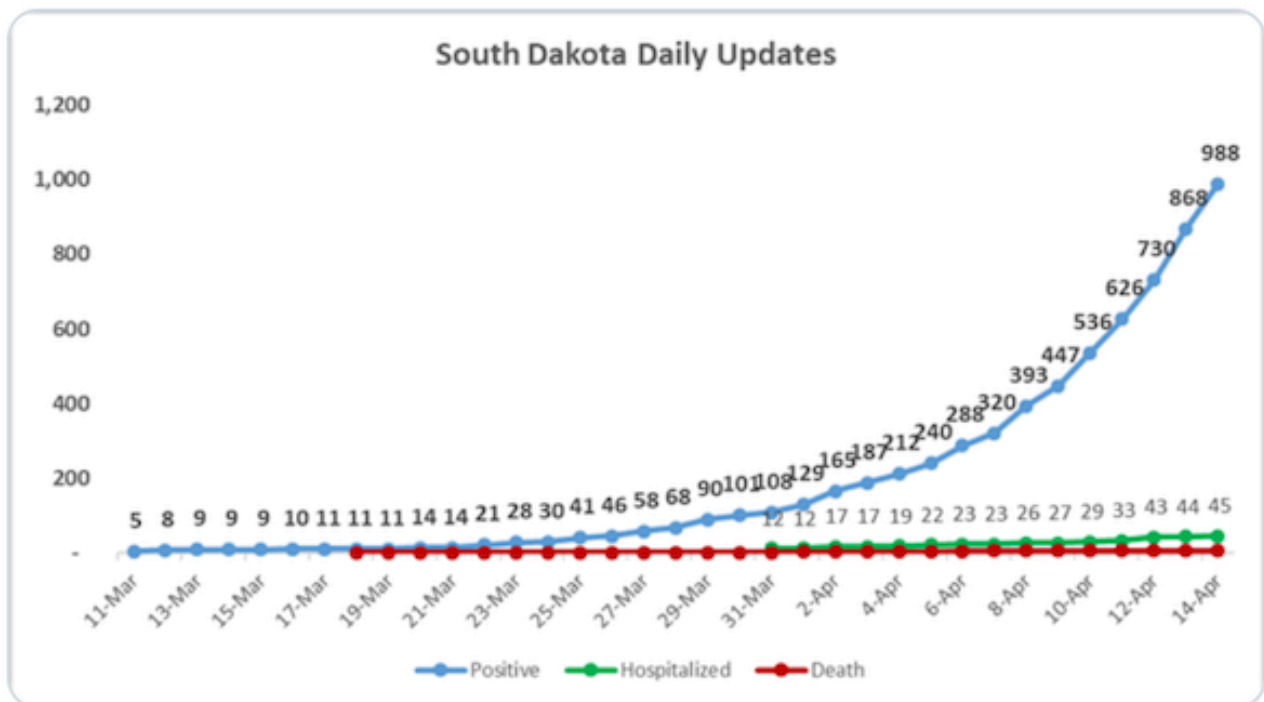
Tweets of the Day



Scott Gottlieb, MD ✓
@ScottGottliebMD



South Dakota has become one of the fastest growing hot spots in U.S., even as other parts of nation see their epidemics start to level off or slow. South Dakota has a doubling time now of about 4 days. In the setting of the ongoing national epidemic, every state is vulnerable.





Carl Quintanilla ✓
@carlquintanilla

Worst retail sales drop ever, but here are the runners up ..

(via @CNBC)

	Retail Sales
Mar-20	-8.73
Jan-87	-6.46
Oct-86	-4.19
Nov-08	-3.85
Oct-08	-3.76
Oct-85	-2.9
Dec-73	-2.6

<u>Nov-01</u>	-2.52
Sep-74	-2.39
<u>Sep-09</u>	-2.35
Mar-75	-2.27
Jan-91	-2.24



SSH

@hackman_sam



Finally got this party started [#plant2020](#)







Bare Footn' Farmer 🇺🇸 **Louie Nigg**
@LouieDN



Good day to update field boundaries for [#plant2020](#)
🙄. [#agleader](#)



Ethan Earlywine
@EthanJEarlywine



Planting season is among us, happy
[#WyffelsWednesday](#) [#plantWyffels](#) [#Plant2020](#)

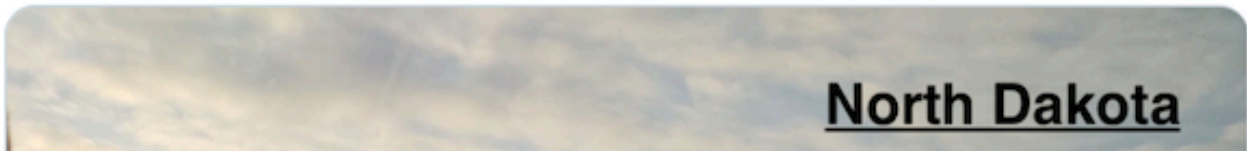




Peter Ness
@Pness03



It's a beautiful 120th day is December







Jonathan Mikkelsen
@JonathanMikk



Corn in the ground in Central MN! [#stresstest](#) [#plant20](#)





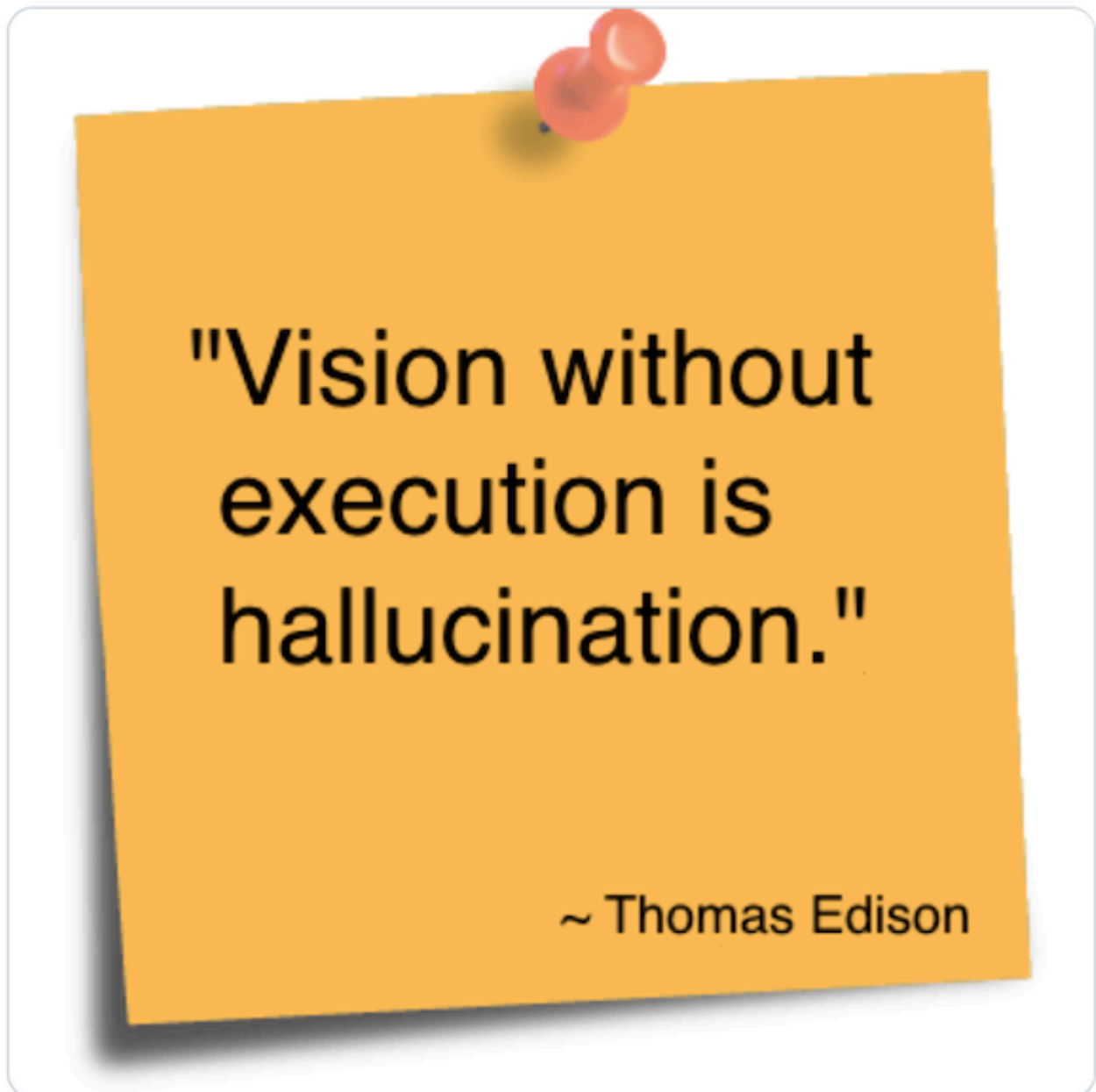
ActionComplete
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Vision without execution is hallucination.

~Thomas Edison

#action #motivation #quotes

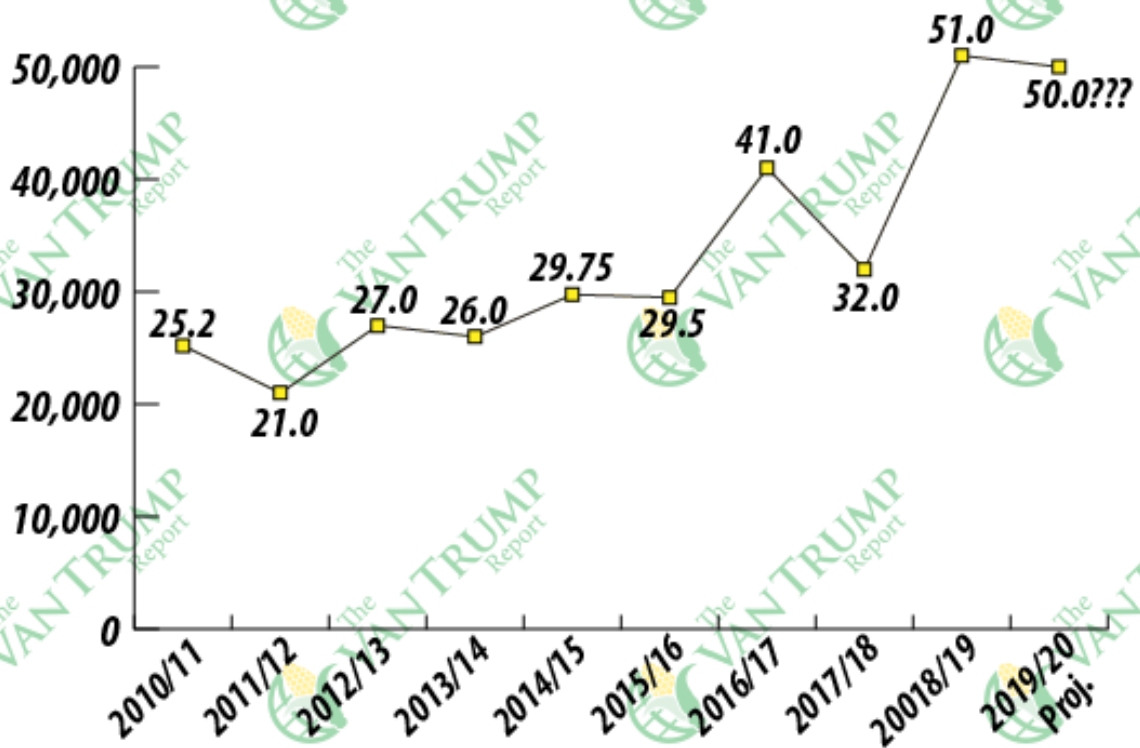


CORN prices continue to trade at or near fresh contract lows on weakness in overall demand and mostly cooperative global weather. Bears continue to point towards the massive fallout in ethanol, perhaps a little setback in corn for feed

demand, and the big increase in U.S. acres. Weekly ethanol production numbers fell by another -120,000 barrels per day, while at the same time ethanol inventories jumped by another +378,000 barrels to nearly 27.5 million barrels. With U.S. gasoline demand extremely weak and crude oil prices closing sub-\$20 for the first time since 2002, the market believes it will take a great deal of time to chew through the excess ethanol supply. Corn used for feed demand is now being debated as more meat and poultry processing plants are being closed and understaffed due to coronavirus complications. As the livestock backs up we are hearing more cases of animals having to be culled. There's talk in the poultry industry that millions of chickens may need to be depopulated or culled as plants around the country are going offline or reduced to skeleton crews. Technically, the MAY20 contract traded down to its lowest level since September 2016. Personally, I own bullish positions in the JUL20 and DEC20 contracts but am currently "long and wrong". I have very small position currently in play and am committed to adding on additional breaks in price. As a producer, I might be making a big mistake, but I've decided to lift more hedges. If we continue to break I may soon start looking at strategies to re-own some of our previous sales. Yes, I fully understand the bearish arguments regarding demand and the balance sheet perhaps expanding to +2.5 billion bushels, maybe even higher... but I've also traded long enough to know the market is not a perfect scale that efficiently balances supply and demand. I'm just trying to understand where the next wave of bearish news comes from that pushes prices down to \$3.00, then even more bearish news to push prices down to \$2.80 like many bears are talking about? Remember, the market will need to keep adding more short side interest to keep prices moving lower. It's just hard for me to get my head around "real traders" wanting to place "real money" at risk with not much meat left on the bone. Bottom-line, prices could certainly trade sub-\$3.00 as money sloshes around but it's hard for me to believe prices can stay there for very long. There will simply be too many bears banking profits and not enough new bears entering to offset the money-flow.

Argentina Corn Production

(in Million Metric Tons)

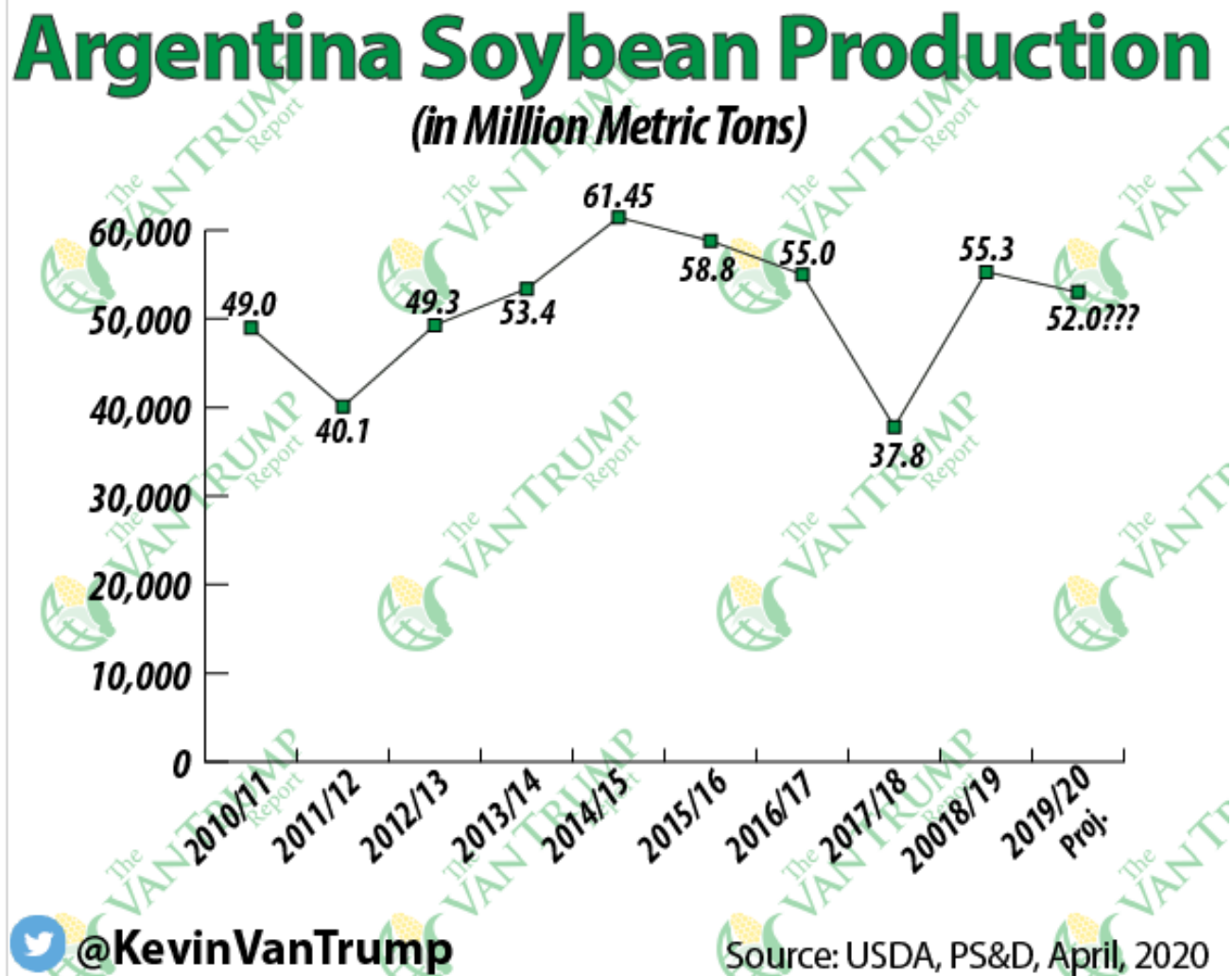


 @KevinVanTrump

Source: USDA, PS&D, April, 2020

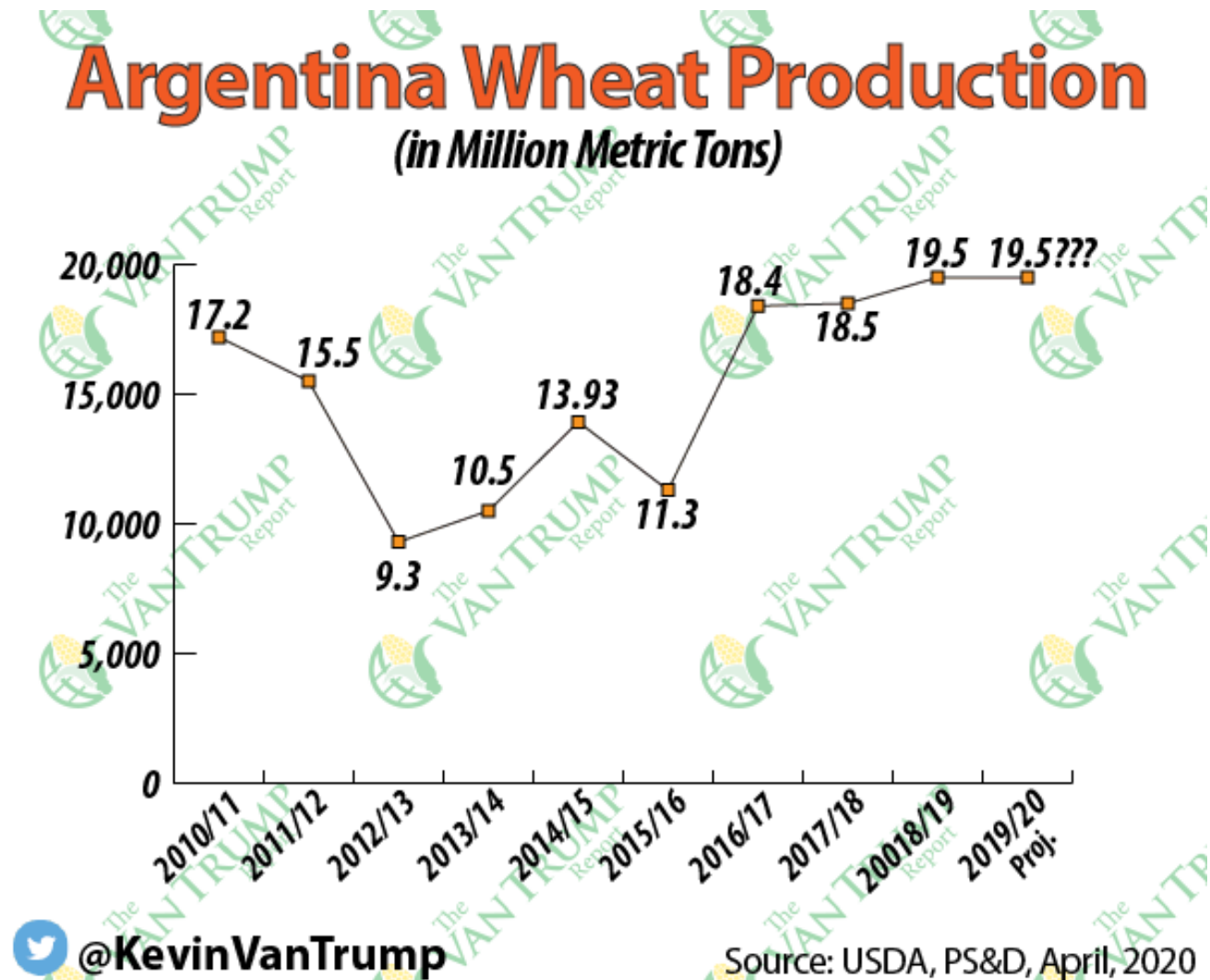
SOYBEAN bears are talking about soybean oil backing up and running out of storage capacity as U.S. restaurants remain closed. There's also the bearish macro spillover associated with the fallout in crude oil and the weakness in the global economies. Let's also not forget the less expensive supply being offered by South America. Talk inside the trade is that Brazil will export a monthly record of 14.5 MMTs of soybeans during the month of April. There's also more talk that trade tensions between China and the U.S. might be heating up as Chinese officials are saying corona is making it harder for them to fulfill "Phase 1" trade agreements. For me, this seems really hard to understand when the Chinese are buying record amounts from Brazil? You do the math... Here at home, the good news is the monthly NOPA crush report for March showed a whopping 181.4 million bushels of soybeans crushed, which was well above expectations and a new record. But as I mentioned above, there's starting to be more worry and talk that crush facilities could slow as bean oil supplies bulge and try to find a home. As a spec, I remain on the sideline, looking to start building some type of bullish position if prices were to fall another -20 to -30 cents. As a producer, I lifted a few more hedges on yesterday's setback. I'm certainly not smart enough to know if the bottom is

actually in place, but the closer we get towards \$8.00 the more hedges I will trim. Sub-\$8.00 and I will be looking to re-own some of my previous sales. Similar to corn, I understand the bears could pressure the market to the extreme on the downside, but I just doubt we can stay there very long.



WHEAT bears are pointing to better weather in parts of Russia and Ukraine and still the good movement of wheat out of the European Union. I should also note, the trade is not giving much attention to the recent round of cold temps here in the U.S. With close to 1.0 billion in ending stocks the cold snap just doesn't seem to be enough to bring on new bullish money. Most bulls are pointing to areas inside Kentucky and Tennessee as perhaps the most concerning. As a spec, I'm currently doing nothing in this market. As a producer, I really like reducing some of next year's risk by selling the JUL21 contract. I've also heard some producers just purchasing outright \$5.50 puts with intentions to sell call premium if we rally. Others using strategies to buy At-The-Money puts and selling double the Out-Of-the-Money calls to finance. Bottom-line, many are thinking next year's winter wheat acres could be stronger, especially if other crop prices remain pressured. In

this environment, if you can lock in any type of winner you look to make it happen.





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WHATEVER FLOATS YOUR GOAT

A Section for Creative Minds

> Cargill Cuts Production at Colorado and Alberta Beef Plants: Cargill has reduced production at its Fort Morgan, Colorado beef processing plant as well as its High River, Alberta plant. Fort Morgan idled its second shift after several workers tested positive for COVID-19. Teamsters union leader Steven Vairma said

at least one worker has died, six have tested positive for COVID-19 and 150 workers at the plant are under quarantine. The facility employs 2,100 people. Cargill's High River, Alberta facility, one of Canada's largest beef packing plants, has reduced production as well, laying off about half its 2,000 employees and shutting down the second production shift. A union rep says slaughter has fallen by about -3,000 head per day. 38 employees at the High River plant have tested positive for COVID-19. (Sources: CBS Denver, Reuters)

> Three-Way Partnership Moves Wisconsin Milk to Food Banks: *Wisconsin's checkoff promotion group, Dairy Farmers of Wisconsin and the state's Department of Agriculture, Trade and Consumer Protection are working with Hunger Task Force to get dairy products trapped in the COVID-19 shifted supply chain to a growing number of underfed and unemployed in the state. Hunger Task Force will commit up to a million dollars to the new Wisconsin Dairy Recovery Program. Milk producers will be paid to supply milk to Kemps, which will bottle thousands of gallons of milk for distribution to free and local partner food banks and pantries through Hunger Relief Federation of Wisconsin. Normally, about half of Wisconsin's dairy production is consumed through foodservice channels, but with many schools and restaurants closed, fewer products are reaching consumers. (Source: Brownfield Ag)*

> From Export Bans to Hoarding - How the Wheat Trade is Being Disrupted: *Panic buying of food might have largely eased at grocery stores, but governments are beginning to get more serious about securing supplies of key staples like grains. From export restrictions to plans to hoard more, there are signs that typical trade routes are being affected as this season nears an end. Shipment limits across the key Black Sea region are already having knock-on effects, with cargoes being held up and offers dwindling in the latest tender by Egypt, the biggest buyer. Russia also risks having to share the crown as the world's top exporter. Plus, the challenges are happening as a threat looms from an enduring wildcard at this time of year: the weather. Read more from [Bloomberg](#).*

> Some H-2A Requirements will be Temporarily Amended During COVID-19 Emergency: *The Department of Homeland Security, with the support of the U.S. Department of Agriculture (USDA), has announced a temporary final rule to change certain H-2A requirements to help U.S. agricultural employers avoid disruptions in lawful agricultural-related employment, protect the nation's food supply chain, and lessen impacts from the coronavirus (COVID-19) public health emergency. These temporary flexibilities will not weaken or eliminate protections for U.S. workers. More details are available [HERE](#).*

> USDA Plans to Buy Milk, Meat to Help Farmers: *The Trump administration plans to buy milk and meat from U.S. farmers as part of an initial \$15.5 billion effort to help them weather the impact of the coronavirus outbreak, Agriculture*

Secretary Sonny Perdue said on Wednesday. The decision comes amid rising pressure from the U.S. farm lobby for government purchases as growers and ranchers struggle to get their goods to market because of disruptions caused by the pandemic, forcing some of them to throw out their supplies. "We want to purchase as much of this milk, or other protein products, hams and pork products, and move them into where they can be utilized in our food banks, or possibly even into international humanitarian aid," Perdue said in an interview. (Source: Reuters)

> How to Track Your Stimulus Payment: *Over 80 million Americans were expected to see the coronavirus stimulus checks deposited into their bank accounts yesterday. If you haven't gotten yours but are eligible for a payment, don't worry — it's coming. The first round of checks were automatically deposited into the bank accounts of those who filed a 2018 or 2019 tax return and received a refund via direct deposit. Social Security retirement and disability beneficiaries will also automatically receive their payments. Those who do not typically file tax returns and have not provided the IRS with their bank account information, including low-income Americans, as well anyone receiving paper checks will have to wait a bit longer, according to the U.S. Treasury. No checks have been mailed yet, and it is expected to take a few months for all of them to be sent out. You can track your payment with the new IRS Get My Payment tool. The portal will also allow some tax payers to submit direct deposit information. More info is available [HERE](#).*

> JC Penney Considering Bankruptcy: *J.C. Penney is considering filing for bankruptcy protection as the retailer grapples with the fallout from the coronavirus pandemic and its own long-in-the-making struggles. The Plano, Texas-based company is exploring the possibility along with a range of other options, including out-of-court debt restructuring, according to a person familiar with the deliberations who was not authorized to speak publicly. With all of its stores temporarily closed due to the coronavirus, J.C. Penney is bleeding cash while it awaits the chance to get back on its feet. (Source: USA Today)*

> Here's How Millions Voted in South Korea Amid Coronavirus: *In a surprisingly high turnout, millions of South Korean voters wore masks and moved slowly between lines of tape at polling stations on Wednesday to elect lawmakers in the shadows of the spreading coronavirus. The long lines that snaked around public offices and schools followed record-high participation in early voting held on Friday and Saturday, and defied expectations of low turnout to minimize social contact. The National Election Commission said 15.6 million people had voted as of 5 p.m. When combined with the 11.8 million who cast their ballots during early voting or by mail, the overall turnout was at 62.6%, the highest since a 60.6% turnout in the 2004 general election. To hold the parliamentary elections as scheduled, South Korean officials and health authorities drew up a deliberate set*

of preventive measures to reduce risks of the virus being transmitted. Read about how they did it [HERE](#).

> How Wuhan Residents are Reacting One Week After 76-Day Lockdown

Ends: *Getting back to normal is possibly in sight for the residents of Wuhan, China, the epicenter for the coronavirus outbreak. Lockdown of the city officially ended just after midnight on April 8 — 76 days after the government ordered the restrictions to curb the spread of the coronavirus on January 23. When speaking with people around the city, various news outlets found the population experiencing mixed emotions from their newfound freedom. Business Insider has compiled some of the accounts [HERE](#).*

> McDonald's, Waffle House, and More Release "Secret" Recipes:

For as long as chain restaurants have existed, people have been trying to recreate their most famous dishes at home. But now, in a time when people can no longer dine out at restaurants, chains are freely giving away their recipes — among them, as Vice's Bettina Makalintal reports, McDonald's recipe for the sausage-and-egg McMuffin, chocolate chip cookie recipes from Pret A Manger and DoubleTree by Hilton, Disney's recipe for its amusement parks' churro bites, Wagamama's katsu curry recipe unveiled on a cooking channel, and even Waffle House. Find all the links [HERE](#).

> MUST SEE! 300 Car Barn Find Video Tour:

There are car collections that are meant to be seen by the world, and there are car collections that are meant to be seen only by its owner. The cars in the video linked below are without a doubt from the latter. The team from Ammo NYC, expert detailers with a huge YouTube following, were given access to what is essentially a hidden time capsule with at least 300 cars hiding in three different garages. The collection started in the 1970s, and most of the cars have never seen the light of day, sitting in storage for close to 40 years. Ammo was initially called in to begin detailing the cars after the owner decided he was ready to begin selling a few. The first car to be cleaned was a £1-million Bizzarrini P538, a racecar built in the mid-1960s to take on Le Mans, and was the brainchild of Giotto Bizzarrini, an engineer that worked closely with Alfa Romeo and Ferrari. Only two examples are known to have been built. More details and a ton of pictures are available [HERE](#). To go straight to the video, Click [HERE](#).

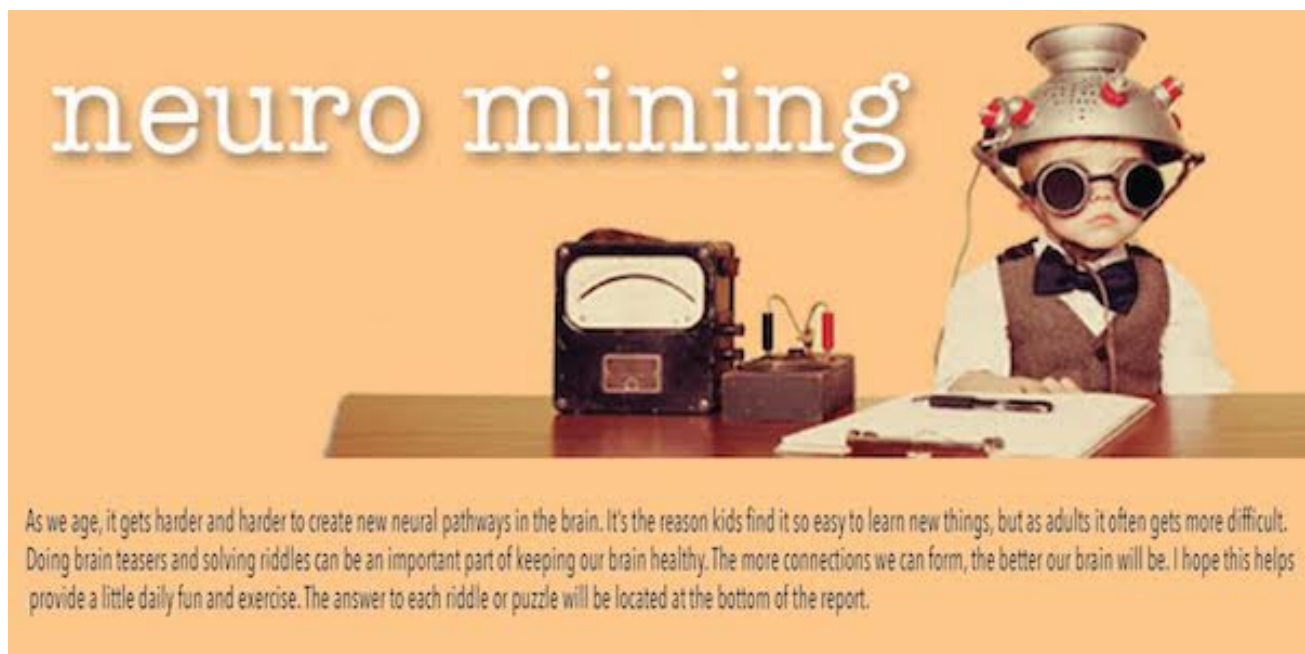


Northeast Missouri - *We manage farms on both sides of the MO/Ill line and we have seen some of the bigger producers get beans a good percentage of beans in the ground already. Most of the operators are waiting till next week if the weather forecasts are correct. The retailers we have spoken to are happy as lots of anhydrous was purchased and put down in the area recently. One fella told me he personally planted a test plot of corn and beans two weeks ago and the beans are finally starting to neck-through. We will start planting next week ourselves but haven't decided yet which to start with. I hate to put corn in the ground without soil and evening temps a little higher. Most everyone is doing ok getting through this latest headwind but I'm hearing some cash renters are getting closer to the place they don't want to be. In this environment, corn pencils out better than beans so it will be interesting to see how the final acres actually play out.*

Southern Minnesota - *The planting date is getting pushed back further and further for the guys planting corn. I'm going to be 100% soybeans so I don't have much to worry about just yet. There's a little snow on the ground with a high of 30 degrees, with temps expected to get a little warmer each day the rest of the week.*

Some guys were getting anhydrous put on before a few plantings last weekend. It's going to be 60+ degrees by this weekend so I think guys will more than likely be planting corn by the middle to end of next week.

Northern Indiana - *We grow winter wheat way up north in Indiana. I'm not real experienced at growing the stuff but I've got a solid 20-30 shoots per square foot. The field got 20 gallons of 28% and 3 gallons of Ammonium Thiosulfate (ATS) about three weeks ago. The ground was soybeans last fall. We are set to put on 10 gallons of 28% and 3 more gallons of ATS. The ground is sandy loam. I wanted to push yields so I'm looking at putting more 28% or more fungicide and foliage products.*



TODAY'S RIDDLE: I am alive without breath and cold as death. I am never thirsty but always drinking. What am I?



Early Predictions of COVID-19 on Ag Industry

COVID-19 has left economic forecasters with the very difficult task of analyzing

and trying to predict where things go from here. Our friends from the Food and Agricultural Policy Research Institute (FAPRI) at the University of Missouri are using their talents and tools to try and best forecast what affects and impact the pandemic may have on the agriculture sector. I encourage everyone to read all of the details in their Early Estimates of the Impacts of COVID-19 on U.S. Agricultural Commodity Markets, Farm Income and Government Outlays Report [HERE](#).

I should mention, the group's objective is simply to provide a framework for owners and operators to consider as they seek to develop a working plan for an uncertain future. I always like hearing their thoughts as it helps me gain additional perspective that I can then apply to my own business.

Impacts Will Vary: *Supply chain disruptions and sharp changes in consumer demand have been observed and have, so far, varied considerably by commodity or product. The expansion of shelter in place orders has reduced food consumed away from home and with it altered consumer demand among food products. Though your specific sector may not have been negatively touched yet as much as others, you need to be thinking of how an extended stay in place, or new regulations, or future disrupted supply chains may affect your operation or end-users demand. There is no status quo on which to rest your laurels on, so stay aware and nimble. For instance, don't make plans that your gas prices will stay this low forever, etc. This goes for all the sectors seeing a huge increase in demand as well. Will that demand remain on the other side? Are you prepared either way?*

KVT Thoughts - *With all of the restaurants closed, we are seeing soybean oil heavily backing up into the pipeline and starting to weight on crush. We are also seeing the same thing happen in the livestock sector as animals are backing up in the pipeline with processing plant closures and demand falling off a cliff with restaurant closures. I'm thinking hard about how this ultimately plays out and perhaps there is some longer-term potential in the backend of the market? I suspect it all depends on how the consumer comes back once we reopen the economy.*

As Incomes Begin to Fall, Demand for Agricultural Goods Could Follow: *Economic forecasts are calling call for a sharp decline in U.S. GDP in the second quarter in 2020 as well as a contraction for the year as a whole. On top of that, the speed and duration of the recovery are also a source of great uncertainty. I've stated more than once that I am not in agreement with the "V" shaped recovery that some are touting once we breakout of the current lockdown. With consumer income contracting, most likely we will see a corresponding contraction in consumer expenditures. While agriculture has fared better than industries such as energy and manufacturing during past economic downturns such as 'the great recession' experienced from 2007 to 2009, the sector is certainly not immune from demand and price impacts as a result of the loss of income by its consumers both here and around the world. I suspect supply chains will recover long before*

consumer spending does.

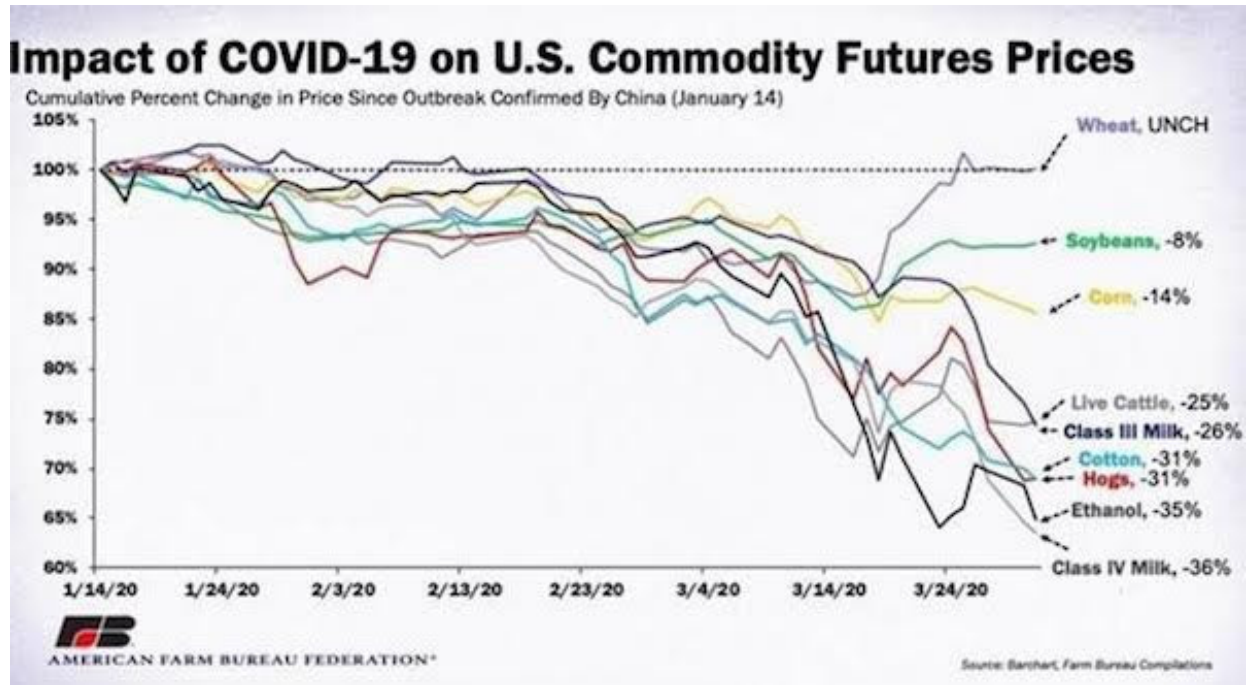
KVT Thoughts: *I certainly do not see consumers racing out to gather for entertainment purposes in crowded venues or concerts. I suspect this also adversely impacts food demand, i.e. not near as many brats or hot dogs will be sold at the ballparks, not near as many big barbeques will be taking place, etc. The question is how long will it take to get the consumer back to normal, how long will the herd be spooked? We have to remember, it took the airlines three years to get back to normal bookings post-911.*

Looking Across the Ag Sector: *It is important to note that key macroeconomic assumptions made in this analysis represent a sharp and significant decline in the national economy in 2020, most notably with the sharpest decline occurring in the second quarter. Also, The scenario assumes a "V-shaped" recession where the market recovers quickly. At best, such an outcome would have to be contingent on a rapid end to the public health crisis and to current restrictions on economic activity.*

Consumer expenditures are being negatively impacted by the increase in unemployment and restrictions on economic activity, but the CARES act and other relief legislation may moderate the decline in consumer spending. A decline in consumer expenditures was last seen in 2009, during the great recession. Consumer expenditures on food and beverages tend to be less responsive to income shocks and so are reduced by 2.5% relative to the baseline for 2020.

Oil prices are assumed to decline by 15% as a result of COVID-19. The actual decline in oil prices in March 2020 was much greater, but the analysis assumes that much of the observed decline can be explained by the dispute among oil producers that is not entirely attributable to the COVID crisis. Importantly for biofuels, both gasoline and diesel use are expected to contract. Should restrictions remain in place into the summer and beyond, the actual reductions in fuel use could be greater than assumed here.

Supply chain impacts have been varied and, in some cases, severe. The production, processing, transportation and retailing of food have all been affected in ways that have seriously disrupted normal practices and increased costs. Even if it proves temporary, shifting from a world where a significant share of food is consumed in restaurants to one where far more food is consumed at home may require changes in food processing and distribution that may come with additional costs.



Will Coronavirus Unveil a New Generation of Ponzi Schemes?

I came across an article recently that pointed out how big market downturns tend to shake out a lot of financial scams, particularly Ponzi schemes. Similar to pyramid schemes, the scams often rely on a continuous flow of new investor money to pay the outrageous returns promised to earlier investors. When markets head south, the schemes become apparent pretty quickly as investors rush to exit the market and find most if not all their money is gone.

Following the market collapse in 2008, three of the largest Ponzi schemes in history - run by Bernie Madoff, Allen Stanford, and Tom Petters - were brought to light, which all told ended up costing investors an estimated \$25 billion. By the end of 2009, more than 150 Ponzi schemes had been uncovered. Experts believe the recession was the main reason for the collapse of so many scams, which otherwise were able to hide their true nature amid a soaring bull market.

Ponzi schemes are named for infamous scam artist Charles Ponzi, an Italian immigrant who realized he could make a profit buying and selling international postage reply coupons as a form of arbitrage, the prices for which often fluctuated from country to country. He Ponzi hired agents to purchase cheap international reply coupons in other countries and send them to him, which he in turn sold at a profit.

He expanded his efforts into an investment company he called the Securities Exchange Company, promising investors returns of as much 50% in just 45 days, or 100% in 90 days. This was at a time when banks were offering annual interest of only 5%. Thanks to his postage stamp success, Ponzi was able to attract

enough investors that he actually had to hire six clerks to help him keep track of it. However, instead of actually investing the cash, he simply redistributed incoming funds to older investors, telling them they'd made a profit. An investigation by The Boston Post in the summer of 1920 finally brought the scam down and Ponzi was later charged with several counts of mail fraud.

Sometimes, the victims of Ponzi schemes are even more fascinating than the scams themselves. In the case of Bernie Madoff, for instance, his victims were largely considered "smart money" including among them giant banks and hedge funds, as well as notable clients such as director Steven Spielberg, Baseball Hall of Fame Pitcher Sandy Koufax, broadcaster Larry King, and even Salomon Brothers economist Henry Kaufman. These are not what you'd consider gullible or fiscally irresponsible people.

How was Madoff able to hoodwink so many institutions and people that would seem to be too smart and sophisticated to fall for a century-old scam? Experts say it boils down to people's tendency to overestimate what they know and remain unaware of gaps in their knowledge. In his book "Don't Fall for It: A Short History of Financial Scams", Ben Carlson explains that when it comes to getting sucked in, "people want to believe that if something seems too good to be true, it's not too good to be true for them because they feel they deserve it."

As recently as January, Carlson warned that the current situation was ripe for financial scams. As he explained, many investors have been taking on more risk, particularly with interest rates as low as they've been and people trying to reach certain asset or return goals. Carlson feels retiring Baby Boomers, in particular, have been prime scam targets, willing to take on risky bets in an effort to boost their savings.

With the recent market volatility and big losses for some investors, scammers trying to cover their tracks may be on the hunt for fresh money right now, too. So be smart, do your homework, and always remember, if it sounds too good to be true, it probably is. (Sources: RIA Intel, Think Advisor, A History of Con Artists)

PONZI SCHEMES

IF IT'S TOO GOOD TO BE TRUE



Image: Wikipedia

The schemes are named after Charles Ponzi, who duped thousands of Americans into investing in a postage stamp scheme in the 1920s.

What is a Ponzi Scheme?

IT USUALLY IS



An investment scheme that lures new investors by offering unusually high payouts.

Older investors get payouts from new investors, rather than from profits earned.

HOW TO SPOT A SCHEME

Compare the scheme's interest rate to the country's official rate (Repo Rate).

5% - 6%

Average interest rate in a country

VS



30%

Unusually high rate

Don't be comforted if the scheme has paid out regularly to family and friends.



"My husband did not want to invest initially, because he was very conservative. The monthly statements showed very impressive growth. This convinced us to use some of our other investments to live off." *Ponzi victim*

WHAT TO ASK BEFORE INVESTING



How long have you been in the investment business?
What are your qualifications?



Do they require me to introduce other investors?

"We heard about it from friends, they all invested and received great returns. All our friends and family were invested and now have nothing to live off." *Ponzi victim*



Are you registered with the Financial Services Board?
Can you show me proof?



★ Trust your instincts!

With Lysol and Clorox Out of Stock... Some Hacks to Make Your Own!

Of the many things you don't want to be caught short of in the midst of a pandemic, disinfectant is high on the list. But that's the situation we find ourselves in as store shelves have been cleared of Lysol, Clorox, and every other disinfectant available.

Consumers rushed to stock up on cleaning products last month as they prepared for outbreaks and quarantines. The EPA lists Clorox 4-in-1 Disinfecting Spray and Lysol Disinfectant Spray among the products likely to protect against the spread of COVID-19, so it's no surprise they disappeared quickly. In March, sales of aerosol disinfectants jumped +343% and multipurpose cleaners 166% from a year ago, according to Nielsen. Even as stores have set limits on purchases of these products, they remain extremely difficult to find.

The reason for the shortage is the same as it's been for other products facing shortages - nobody saw the coronavirus pandemic coming. These products tend to have steady sales that don't tend to fluctuate too much outside of flu season, which is something they can plan for. The supply chain itself is snarled with key ingredients also being in short supply causing further delays in production.

Disinfectant products manufacturers say they are rushing to churn out as much as they can as quickly as they can to meet the unprecedented demand but they've been pretty vague about when inventory levels will return to normal. Some supply chain experts say it will likely be mid-May before supply chains return and early June when hard-to-find disinfectants are consistently available on store shelves.

If you are interested in making your own disinfectant wipes or sprays, it's not difficult, though the necessary ingredients can be a bear to find. An online search will turn up tons of recipes.

The best DIY alternatives for disinfectant sprays and wipes use bleach as a base, but it needs to be highly diluted so you don't damage surfaces or your own lungs. A ratio of five tablespoons of pure bleach to a gallon of water (or four teaspoons to a quart) is considered sufficient. This can be used straight from a spray bottle or a paper towel dipped in the solution can take the place of the wipe. The key is to make sure that you let the solution sit on the surface for at least one minute.

The CDC says hydrogen peroxide is also an effective disinfectant. According to their guidelines, a solution of 3% hydrogen peroxide mixed with 97% water is effective against rhinovirus, though the exposure time has to be six to eight minutes. It's believed to work the same against coronavirus. The EPA also puts hydrogen peroxide high on its list of recommended disinfectants.

And remember, while vinegar is a great all-purpose cleaner, it is not effective

against coronavirus. There are a lot of DIY recipes out there that recommend using vinegar but it has no ability to kill a virus. If you don't have bleach or hydrogen peroxide, check out the EPA's full list of 350+ products that are effective against coronavirus [HERE](#).







Life is a Mystery...

This short 1-minute video from the Steve Harvey Show was sent my direction recently by a subscriber and I've since watched it dozens of times. It is the shortest yet most impactful and profound 1-minute I've heard in years. [CLICK HERE](#)

If you took away the mystery and uncertainty we wouldn't need faith.

Faith functions best when you don't know!

So God often puts us in positions where we don't know to destabilize us from relying too much on what we do know.

So the more unstable your life becomes the more you have to go inside yourself to stabilize yourself.

You're strong enough to withstand instability!

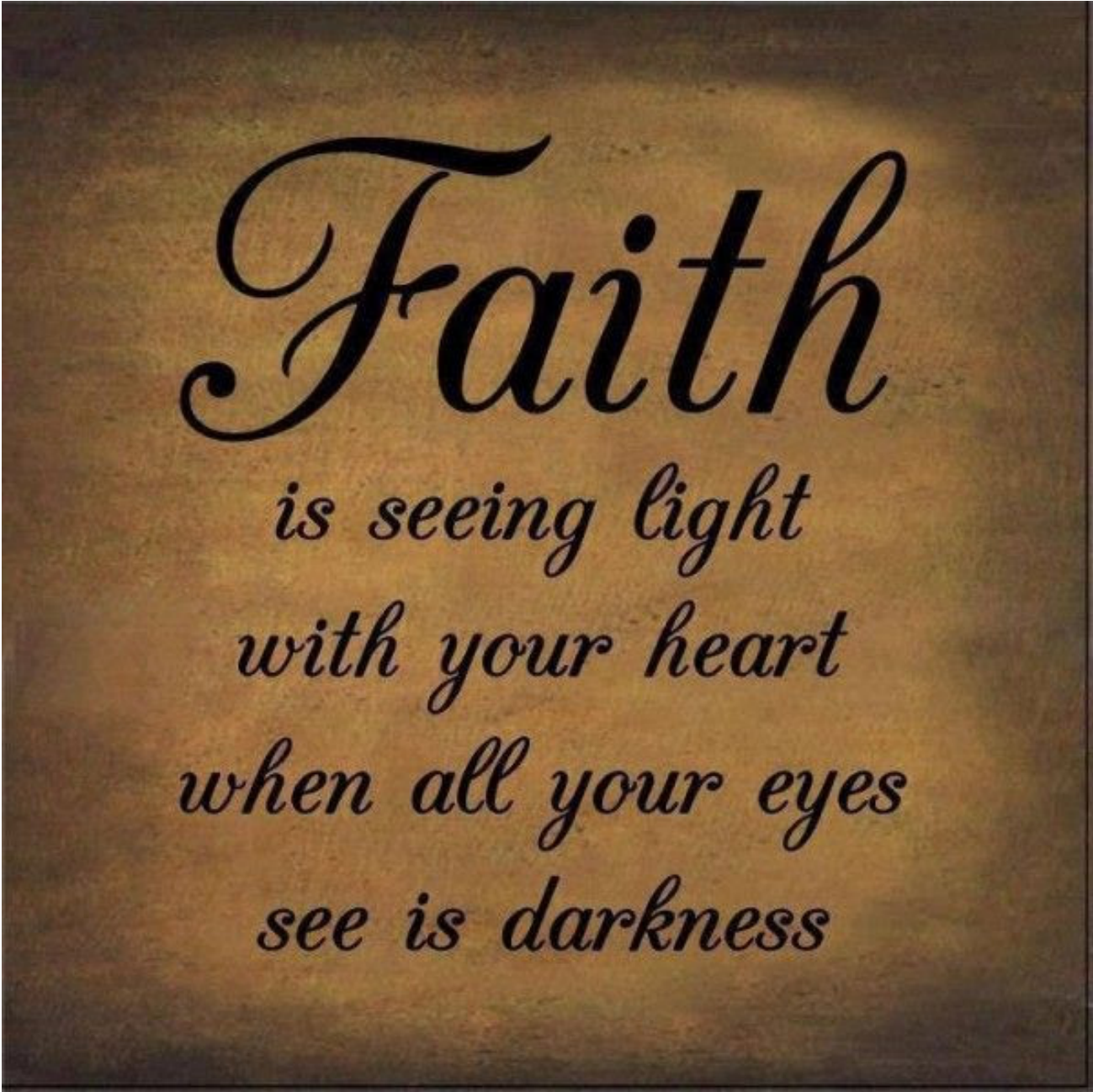
And if you knew everything you would have no room for faith, for discovery, for innovation because creativity comes in uncertainty.

Because after a while, after you know too much, you stop living your

best self!

You would never discover what else you were if you stayed in the same place.



The image features a quote in a cursive script font on a textured, brownish-gold background. The word 'Faith' is significantly larger than the rest of the text. The quote reads: 'Faith is seeing light with your heart when all your eyes see is darkness'.

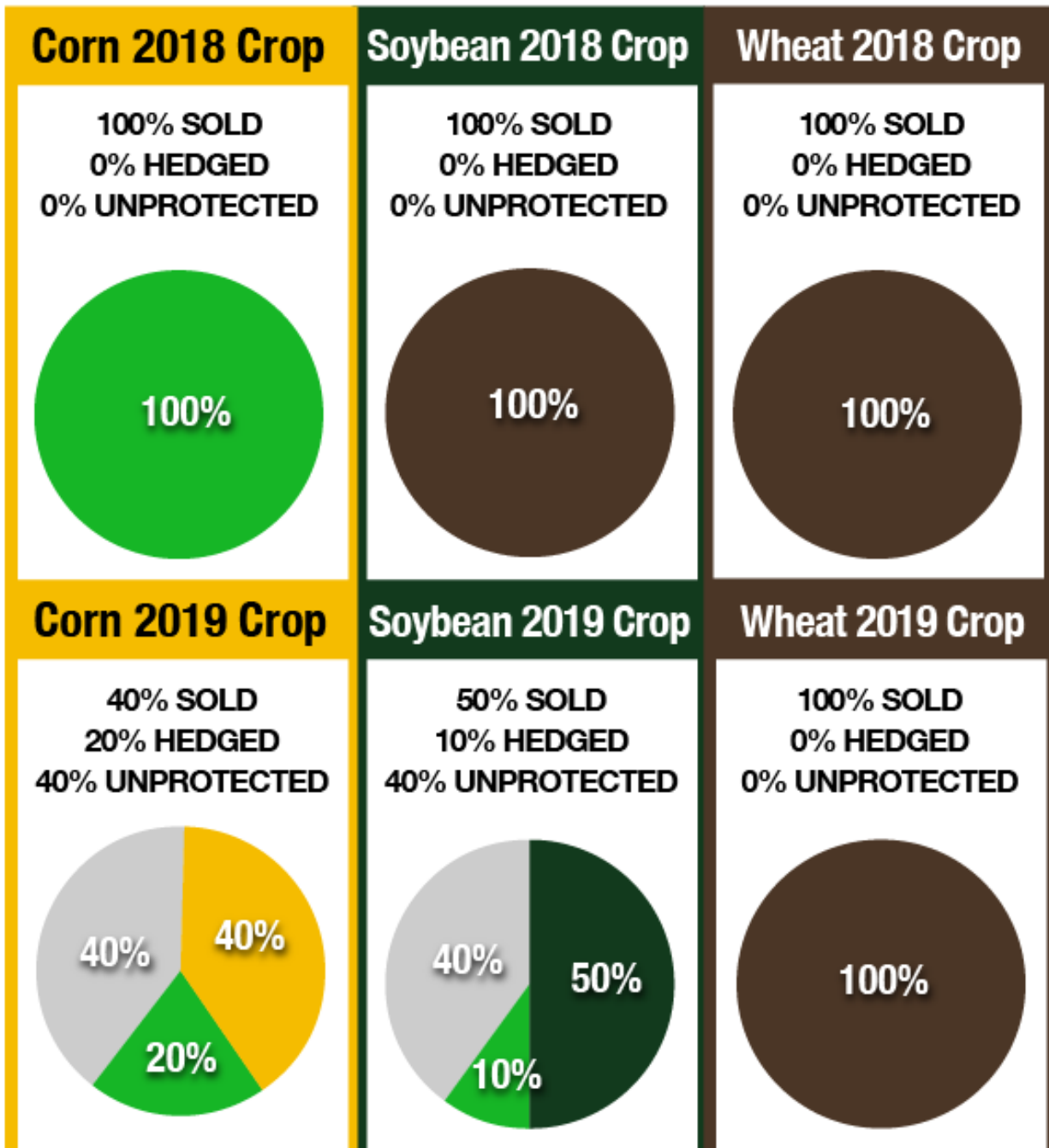
Faith
is seeing light
with your heart
when all your eyes
see is darkness

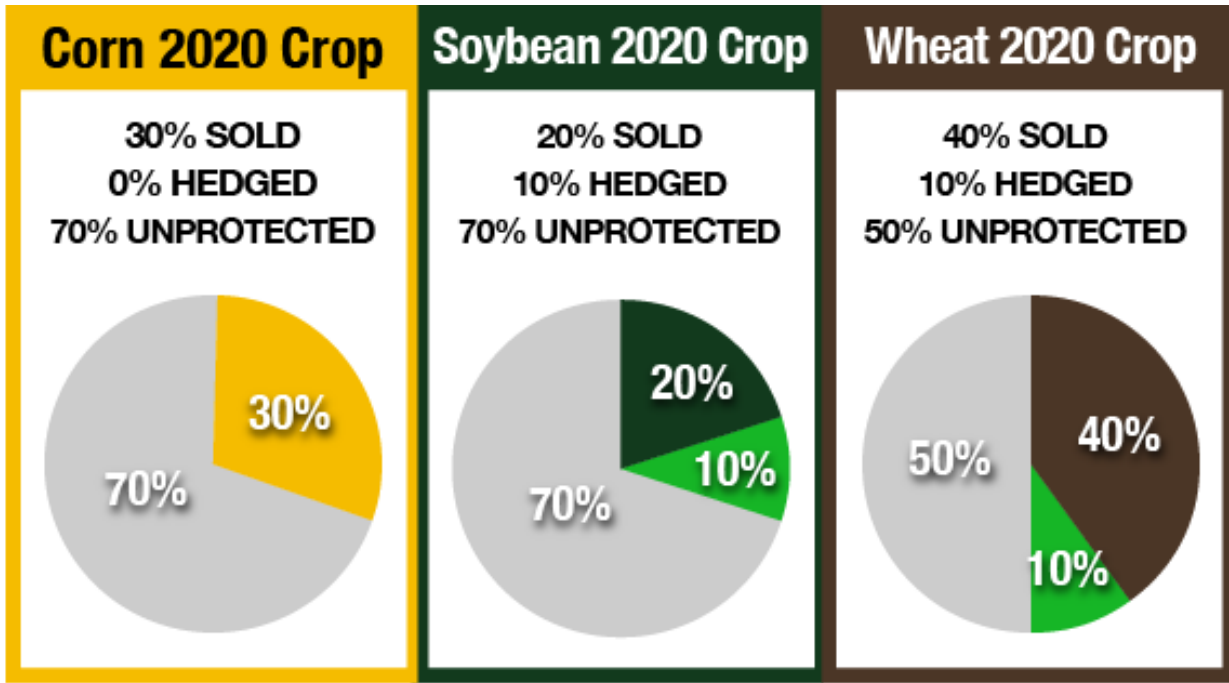


ANSWER to riddle: A fish.

CASH SALES & HEDGING TOTALS

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AgSwag



Bold. Fast. Fun

Sponsored by **AgSwag**

Tired of battling poor customer service, poor quality and lack of premium selection in the swag space?

AgSwag now offers our members the latest fashions and trends from brands such as: Branded Bills, Carhartt, Champion, Cutter & Buck, Drake, Fairway and Greene, Filson, Ice Shaker, Marmot, New Era, Nike, North Face, Pacific Headwear, Under Armour, Yeti... and more

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

AgSwag is not trying to be the lowest cost supplier. We are trying to partner with "best-of-practice" and like-minded businesses to bring a better "return-on-

investment” by designing and helping to implement a well thought out corporate swag strategy and campaign. There are hundreds of online companies that offer quick ways to throw a corporate logo on a cheap hat or t-shirt. AgSwag offers the best in selection, design, implementation, and service! Click [HERE](#) to learn more!

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