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

1 message

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

Mon, Apr 20, 2020 at 5:31 AM

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"Coaches have to watch for what they don't want to see and listen to what they don't want to hear." – **John Madden**

Monday, April 20, 2020
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Morning Summary: Stock bulls will be trying to keep the momentum moving in a positive direction. Keep in mind, the market has closed higher for three consecutive weeks. Believe it or not, the Nasdaq is now up +1.1% year-to-date and up +12% in the past 52-weeks. The S&P 500 is still down about -3% over the past 52-weeks but desperately trying to battle back. Interestingly, crude oil prices are down -60% in the past 52-weeks and gold prices up nearly +30%. The extreme price swings and volatility in various asset classes measured over the past 52-weeks have been insane. i.e. gasoline prices down -60%, natural gas prices down -30%; corn prices down -20%, cotton prices down -30%, rough rice prices up +32%, copper prices down -21%, lean hog prices down -53%, live cattle prices down -28%, milk prices down -26%, sugar prices down -25%, ethanol prices down -29%, Brazilian Real down -23%, etc... I have to imagine many smaller business owners are having an extremely difficult time dealing with these types of price extremes. Keep in mind, outside of the large Fortune 500 companies, there are another +30 million small U.S. businesses that add to our economy. The question is how many of them will make it through the corona storm and arrive safely on the other side of the virus? As most of you know, I was bullish the stock market for almost an entire decade, but I'm having a very difficult time forecasting higher-highs into these unprecedented corona

circumstances. Perhaps we continue to rally higher on nearby "hopes", but I just worry that once that optimism is behind us the market will be forced to deal with the fallout left behind. Yes, a vaccine would certainly provide another bullish catalyst but that still seems a ways off on the horizon. Keep in mind, there's been more talk circulating that "recovery" from the virus doesn't necessarily mean "immunity" to the virus moving forward. Based on other viruses that we've encountered, like measles or mumps, the evidence is pretty clear that that type of immunity is protective. But in other infections, such as hepatitis C, people can be reinfected. The same thing is true for many tropical viruses. So it's not 100% clear yet with coronavirus. There were more reports circulating this weekend that some in China have again retested positive and that +200 in South Korea have again tested positive. So who really knows? I'm certain this is something world leaders will be closely monitoring moving forward. As for U.S. economic data this week, Thursday's jobless claims will again take center stage and are expected to show millions of more job losses across the country, though there are signs that the pace of layoffs has passed its peak. At this point, more than +20 million Americans filed for unemployment benefits from mid-March through mid-April. Also later in the week, traders will be eager to see U.S. Durable-Goods Orders for March which will help tell the trade factory closures and how big was the drop-off in demand for long-lasting goods. Then on Friday, we will get an updated reading on U.S. consumer sentiment and a better understanding of the deterioration in consumer confidence. Lets also not forget, this will be a big week for U.S. corporate earnings as big names like American Express, AT&T, Biogen, Celgene, Coca-Cola, Delta, Dominos, Eli Lilly, Haliburton, IBM, Intel Netflix, Snapchat, and Verizon are all scheduled to report. The following week will be even bigger with names like Alphabet, Amazon, Apple and Microsoft all reporting.

WORTH THE READ: If you do one thing today make certain you read the "memo" recently written by Howard Marks the co-founder and co-chairman of Oaktree Capital Management, the largest investor in distressed securities worldwide. If there's one man that most of the top minds on Wall Street listen to it seems to be Howard Marks. Legendary investor Warren Buffett once said, "When I see memos from Howard Marks in my mail, they're the first thing I open and read. I always learn something, and that goes double for his books." I would absolutely concur. The recent memo that has been circulating is titled, "Knowledge of the Future". I've included a brief excerpt but encourage you to read it in full detail [HERE](#). Learn more about [Oaktree Capital](#)

I was impressed by the observation of Marc Lipsitch, Harvard epidemiologist, that there are (a) facts, (b) informed extrapolations from analogies to other viruses and (c) opinion or speculation. He said it in connection with the novel coronavirus, but I've been thinking about its relevance to investing.

To follow Lipsitch's analysis, in our world of investing:

- there are few if any facts regarding the future,
- the vast majority of our theorizing about the future consists of extrapolating from past patterns, and
- a lot of that extrapolation – and just about all the rest of our conclusions – consists of what Lipsitch calls opinion or speculation and what I call guesswork.

Last week, in Calibrating, I mentioned having written to an Oaktree colleague that, "These days everyone has the same data regarding the present and the same ignorance regarding the future." I chose the title of this memo because it's such an oxymoron: there's practically no such thing as meaningful knowledge regarding the future investment environment. Thus, this memo will be about some things people think they know but may not.

We use extrapolation from the past as the best way to deal with the future. So, for example, in investing we

study typical past cycles, the exceptions from the norm, and details like the up-and-down pattern that's part of most rallies, as described last week in Calibrating.

But blind faith in the relevance of past patterns makes no more sense than completely ignoring them. There has to be good reason to believe the past can be extrapolated to the future; as Lipsitch says, it has to be informed extrapolation. And that brings me to the current episode.

What does the U.S. see today?

- *the greatest pandemics to reach us since the Spanish Flu 102 years ago,*
- *the greatest economic contraction since the Great Depression, which ended 80 years ago,*
- *the greatest oil-price decline in the OPEC era (and, probably, ever), and*
- *the greatest central bank/government intervention of all time.*

The future for all these things is clearly unknowable. We have no reason to think we know how they'll operate in the period ahead, how they'll interact with each other, and what the consequences will be for everything else. In short, it's my view that if you're experiencing something that has never been seen before, you simply can't say you know how it'll turn out.

In my last two memos, I stressed my conviction that there's no "informed" way to choose between the positive and negative scenarios we face today, and that most people decide in a way that reflects their biases. While searching the Internet for the source of the quote above about professions, I came across something that I think supports my view that most people reach conclusions for reasons that are questionable:

An ignorant mind is precisely not a spotless, empty vessel, but one that's filled with the clutter of irrelevant or misleading life experiences, theories, facts, intuitions, strategies, algorithms, heuristics, metaphors, and hunches that regrettably have the look and feel of useful and accurate knowledge. This clutter is an unfortunate by-product of one of our greatest strengths as a species. We are unbridled pattern recognizers and profligate theorizers. Often, our theories are good enough to get us through the day, or at least to an age when we can procreate. But our genius for creative storytelling, combined with our inability to detect our own ignorance, can sometimes lead to situations that are embarrassing, unfortunate, or downright dangerous – especially in a technologically advanced, complex democratic society that occasionally invests mistaken popular beliefs with immense destructive power. (See: crisis, financial; war, Iraq). ("We Are All Confident Idiots," David Dunning, Professor of Psychology, University of Michigan, Pacific Standard magazine, October 27, 2014)

In other words, we may not be able to know the future, but that doesn't keep us from reaching conclusions about it and holding them firmly. Read more [HERE](#)

Corona Update: *According to the leaked report, Gilead's remdesivir drug has reportedly been effective at helping speed recovery in some critically ill patients. The company is scheduled to report official results on April 27. Those results mirrored what Gilead had already published in early April in regard to its own independent study. Efforts to produce a vaccine are ongoing but there have not been any breakthroughs announced yet on that front. Stay-at-home orders are starting to be relaxed a bit in some U.S. cities and states, as well as some countries in Europe, including Italy and Spain. Texas and Vermont will allow certain businesses to reopen as of today while Montana will begin lifting restrictions*

on Friday. There are a lot of concerns about a resurgence in cases if restrictions are lifted too early, especially if there are not robust testing protocols in place to catch new cases early and prevent an outbreak resurgence. Worldwide, coronavirus has now killed more than 162,000 people, with over 2.3 million infected. More than 4.5 billion people are living under some sort of "stay-at-home" measures to slow the pandemic. We've seen with protests here in the U.S. and elsewhere that the social and economic strains may be starting to wear on people. Obviously there are some very real worries that these strains will lead to deeper breaks in some societies, particularly developing countries that were already stressed and especially if their governments can't meet the massive economic challenges.

How Will Restaurants ReOpen? *There's been a ton of speculation about the guidelines and requirements that will be in place for restaurants and bars to reopen. I've heard many big owners in New York and California are saying there's no way some of the proposed will work. Talk out of government leaders in both New York and California are talking about waiters and waitresses all having to wear masks, no parties larger than four allowed, 50% of all seating removed or blocked off, tables must be a minimum six to eight feet apart, only disposable menus, all staff including cooks will have to have their temperatures taken and recorded before each shift, staffing someone at the doors to take patrons temperatures before entering. I personally think this sounds nuts. It might be required from a health perspective but I'm not going to go out and eat or drink at place where the staff is all wearing mask and we are all taking our temperatures and having to be social distanced. I'll just stay home! And I wonder how many others will feel the same way? Lets hope this isn't how the reopen goes down... You can read more at an article titled, "[There Will Be No Grand Reopening for Restaurants](#)"*

Interesting Corona Tracker: *Instagram founders Kevin Systrom and Mike Krieger have teamed up to launch their first product together since leaving the Facebook mothership. Rt.live is an up-to-date tracker of how fast COVID-19 is spreading in each state. Click [HERE](#) (Source: TechCrunch)*

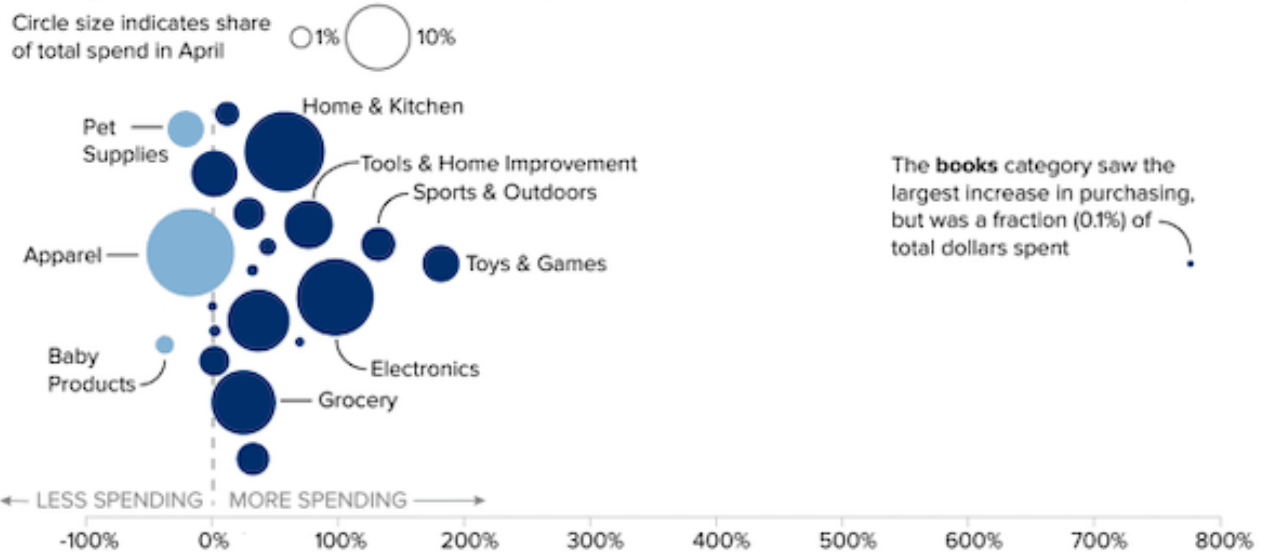
bankruptcy that could come as soon as the next few months... The chain is grappling with a heavy debt load, deteriorating performance and a coronavirus pandemic that forced it to shut all 448 clubs. (Source: CNBC)

E-Commerce Spending Up +30%... Shift to At-Home Entertainment:

As coronavirus lockdowns drag on, data shows Americans have shifted their focus from stockpiling essentials to buying more entertainment products such as books and games as they adjust to the new normal of life in quarantine. E-commerce spending in the U.S. is up more than +30% from the beginning of March through mid-April compared with the same period last year, according to market research firm Rakuten Intelligence. That is significantly more growth — about 50% more — than the annual +20% growth in online shopping the firm has become accustomed to seeing in recent years. In the first half of April, and despite being a fraction of the overall share of spend, there was a whopping +777% increase in book purchases, followed by +182% growth in the toys and games category and +131% growth among sports and outdoors items, which includes gym equipment. Home improvement (71%) and health and beauty (38%) products follow close behind. Meanwhile, spending on grocery items and cleaning supplies appeared to taper off. The grocery category, for example, increased at only a 25% clip in the first half of April compared with growth of more than 100% year-over-year. That said, that slowdown could be influenced by the fact that many shoppers have struggled to find in-demand items across the web. Read more from [CNBC](#).

The online spending shift over the course of quarantine

Change in share of total e-commerce spend, first half of March 2020 vs. first half of April



SOURCE: Rakuten Intelligence. First half of March is March 2 through 15, and the first half of April is March 30 - April 12. Data includes U.S. shoppers only and does not include sales on Amazon.



FARM TANK

Tweets of the Day

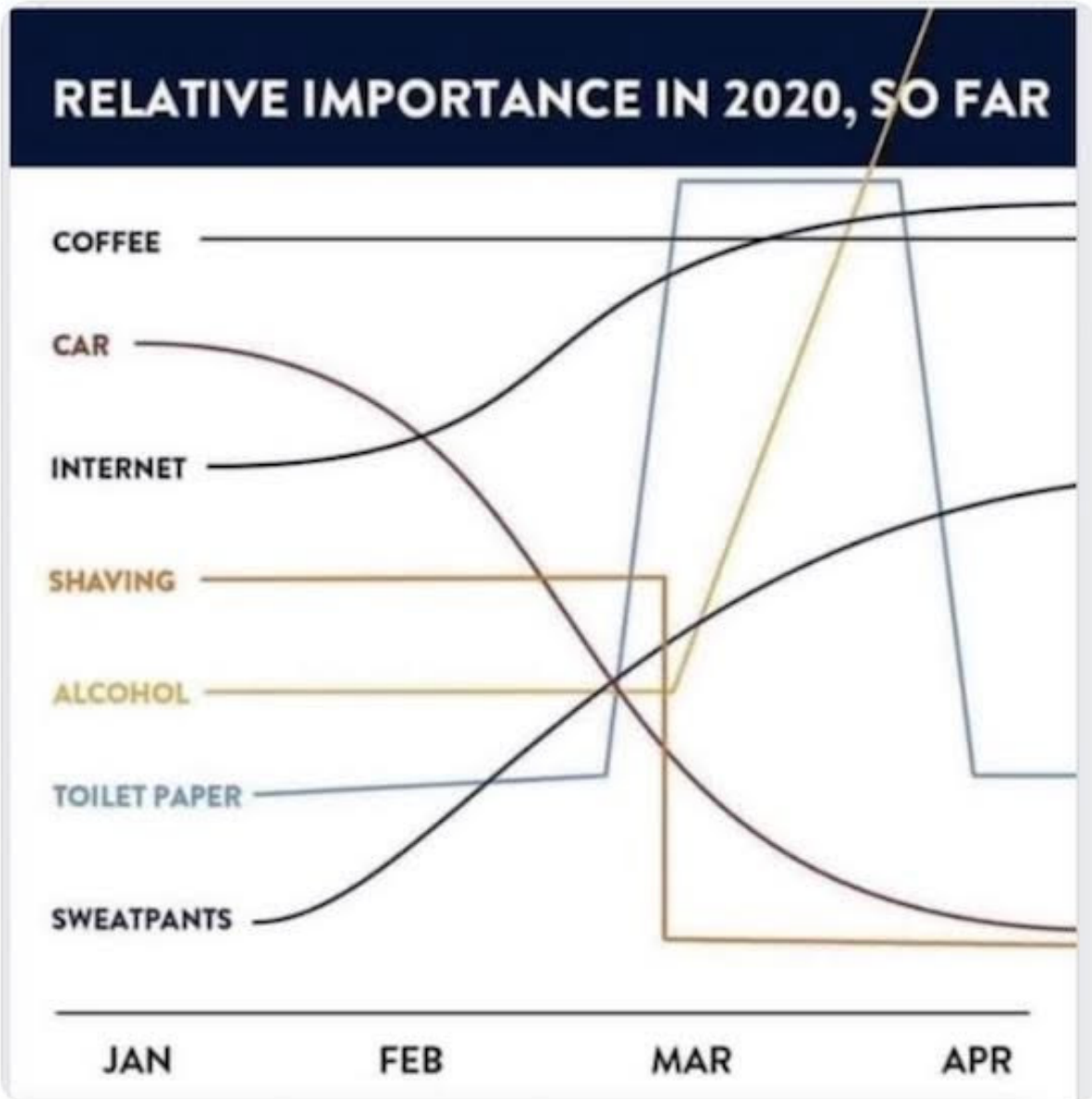




Jim OShaughnessy ✓
@jposhaughnessy



Mostly accurate, IMO:





Sven Henrich ✓
@NorthmanTrader



Ok, I'm kinda ready for self isolation to end.



**Kasper Ag Solutions**

@KasperAg35



A revisit to my 10 commandments of corn planting.



10 Commandments of Corn Planting

1. Plant in the dust and your bins will bust, Plant in the mud and your crops a dud.
2. Slow Down! (or SpeedTube up)
3. G.O.A.L. Get Out And Look. The best thing to see in your field is your shadow.
4. Better to be a week late than a day early.
5. The Sins of your planter will haunt you all year.
6. Just because you can, doesn't mean you should.
7. Flag test your emergence. Don't guess at performance, measure it then manage it.
8. If you absolutely must run your planter early, go plant beans.
9. Don't know when to plant? Watch the neighbors and plant between the crazies and the lazies.
10. Don't plant by the calendar. Plant by conditions.



Andy Pasztor
@apasztor82



These cats who designed Farming Simulator freaking blow my mind like seriously..... how cool! Lol..... my dad had a GMC identical to this except it wasn't a dually..... I'll try and find a pic





Robin F
@robinflicek



#calving20





Robert Reese
@robertreese_4



#plantprep20 #fert20 dad has no need for a Tele handler, he and the 4430 are piling it high





Trent Loos
@trentloos

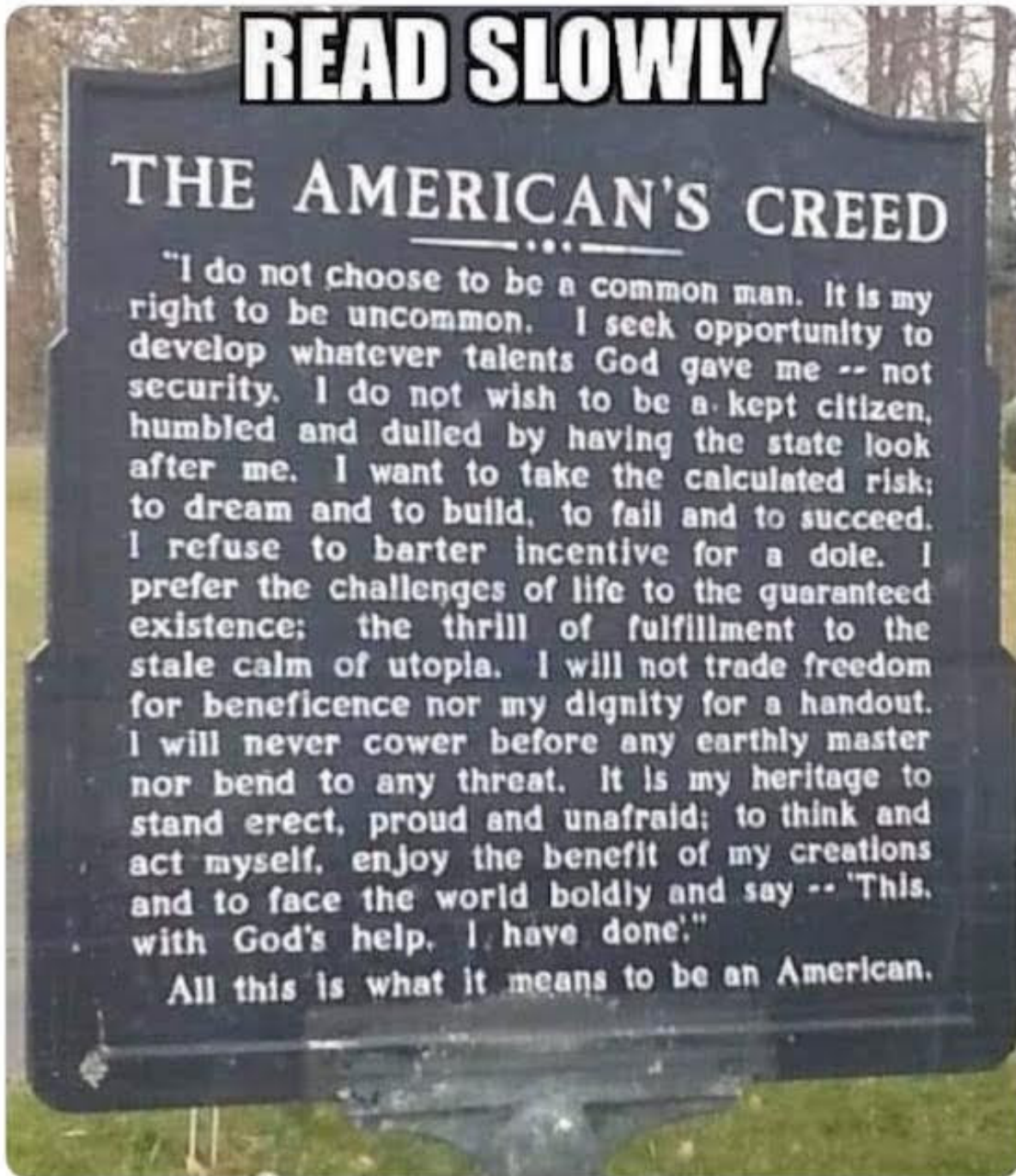


Happy SPRING day in the Great Livestock State of
[#Nebraska](#)





Lincoln County Smud Farmer
@PlsntVlyFarmer

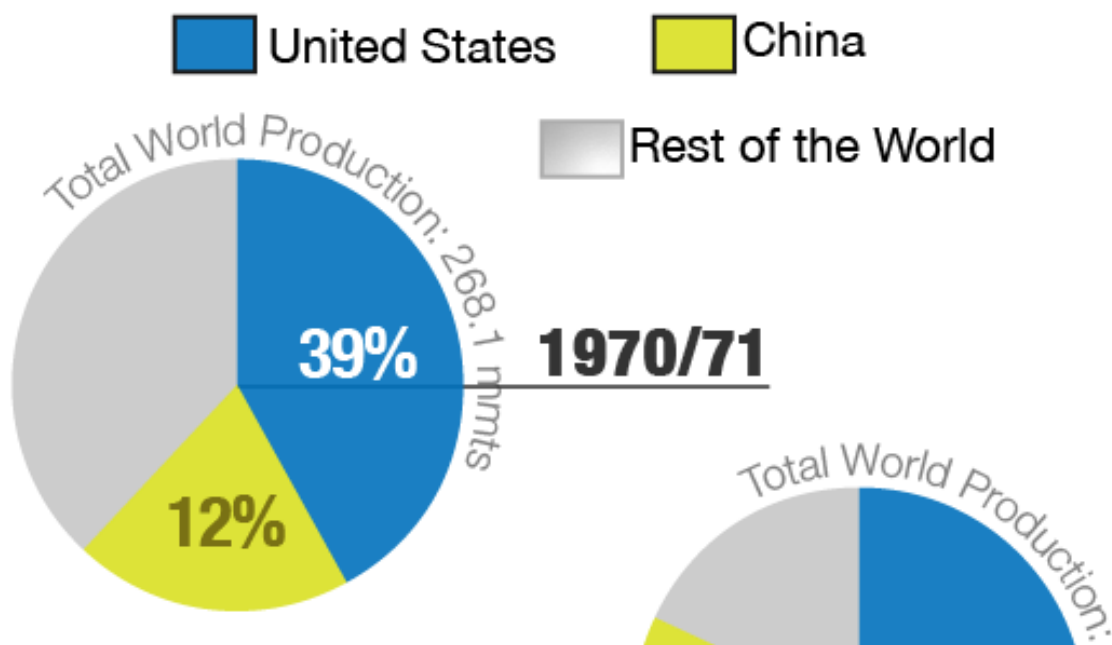


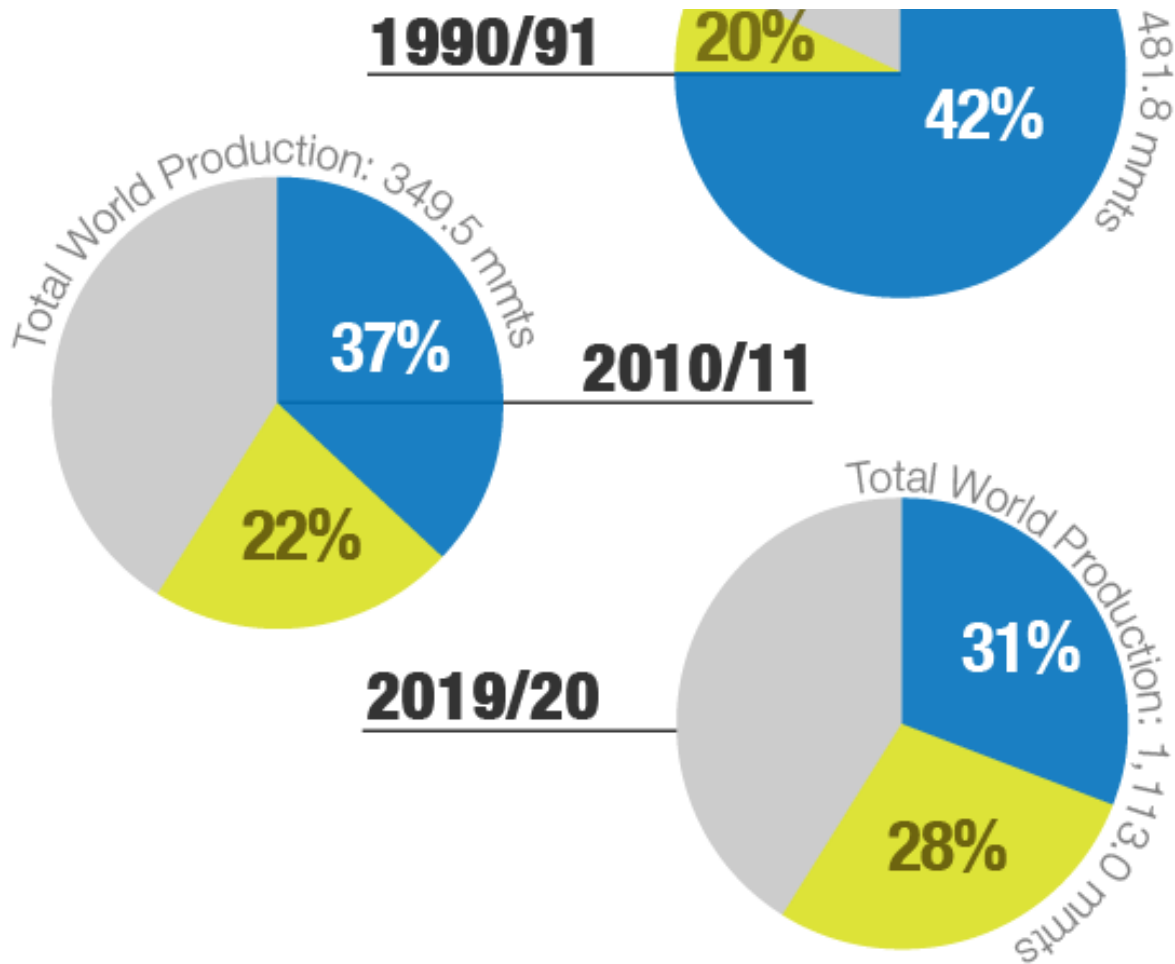
CORN bears continue to point towards "demand" destruction with ethanol production thought to be down by about -35% to -45% and feed usage now suspect with many meat processing plants reducing production or in some cases temporarily closing their doors. My fear is that as long as cattle and hogs continue to backup in the pipeline and consumer travel and commute is limited there is

going to be heavy negative debate about corn demand. Keep in mind, there was no bailout program or government assistance recently offered to the ethanol industry. At the same time, bears are talking about +95 million U.S. corn acres being planted in 2020 vs. 89.7 million corn acres planted in 2019 vs. 88.9 planted in 2018 vs. 90.2 million planted in 2018. In other words, bears are pointing to extreme demand uncertainty, an overly burdensome balance sheet at +2.0 billion bushels, and U.S. producers about to plant a much larger number of acres than we've seen the past few years. The combination of weak demand, bulging surplus, and more acres going in the ground has pressured prices to fresh contract lows. The question now becomes will the pressure continue? How soon before demand starts to improve and will U.S. weather be problematic and wide-spread enough to limit production and reduce surplus? As a spec, I've started to build a longer-term bullish position but worry that prices nearby could continue to be pressured lower. I'm taking a scaled buying approach and will be looking to add additional length on the breaks. Shorter-term traders may prefer to surf the downward momentum by selling any nearby rallies. As a producer, I like the thought of lifting some hedges on the breaks. Old-crop bushels that must be priced should look to be re-owned in some capacity. End-users should be buying in larger quantities on the breaks. As for today, the USDA will release planting progress data after the close. Most inside the trade are thinking we will see somewhere between 6% and 9% of the U.S. crop planted. We are also closely monitoring weather here at home and in Brazil. There are some large second-crop areas in Brazil that are in need of a drink.

Corn Production Market Share

United States vs. China





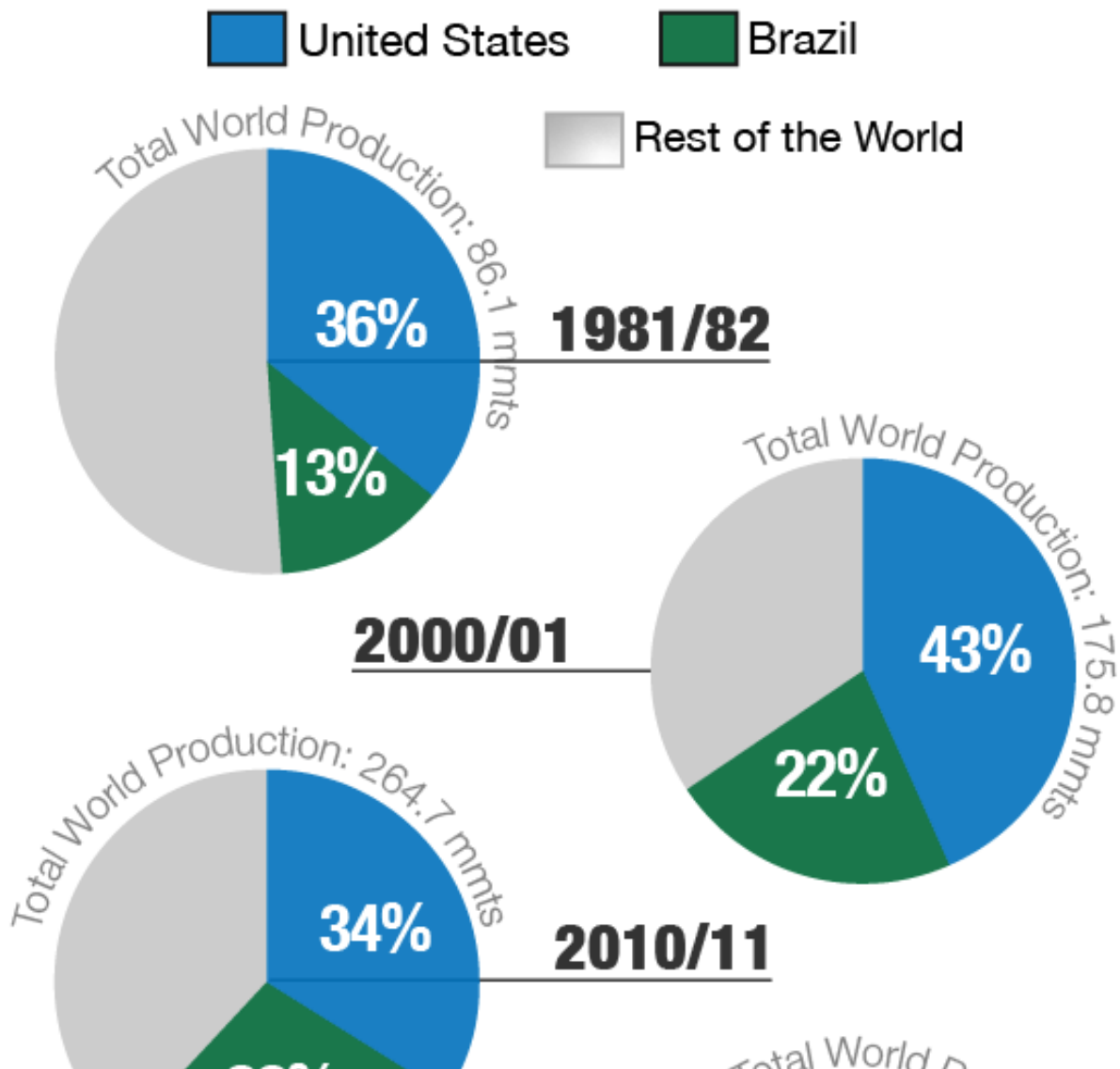
Source: USDA, PS&D, April, 2020

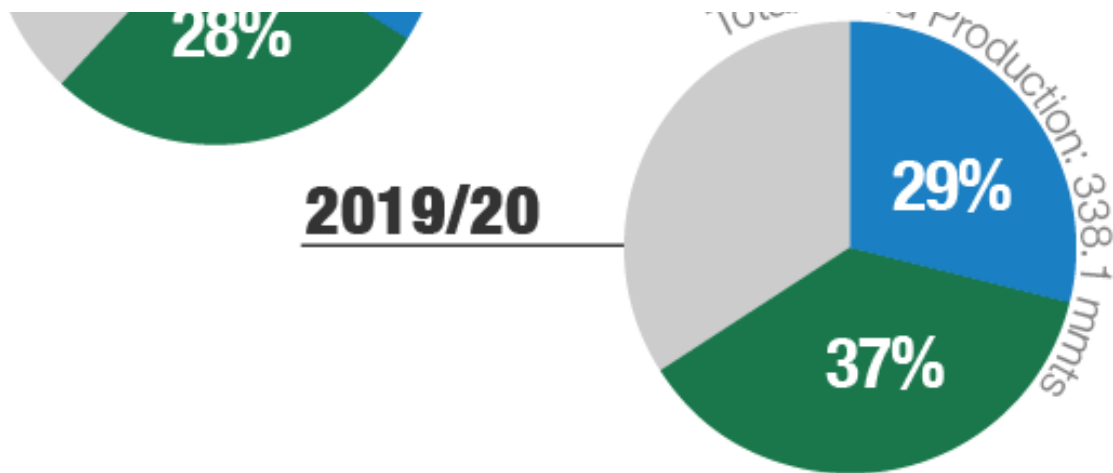
SOYBEAN traders are trying to sort out a multitude of variables. On one hand, we have record-setting domestic crush numbers but with restaurants closed soybean oil demand is weak and supply is aggressively backing up in the pipeline. At the same time, DDGs supply is limited and prices high as several corn-based ethanol plants are closed and or operating under reduced capacity. Bulls argue that this should be increasing the demand for soybean meal, which I agree with, but with the meat processing plants dealing with coronavirus complications, there's a lot of debate now regarding total feed demand. The trade is also heavily debating U.S. export demand moving forward. Are tensions rising between U.S. and Chinese leaders and could the differences escalate to a point they negatively impact the Phase 1 trade agreement? How long will it take for Chinese bean oil and meal demand to get back to previous levels? With the U.S. dollar strong and record exports coming out of South America, we have to imagine ending stocks in Argentina and Brazil will soon be very tight. At the same time, supplies here in the U.S. aren't overly abundant. So I argue any major weather hiccup could cause concern and additional risk-premium to be quickly added. Bears argue that U.S. planted soybean acres will be more than currently anticipated and the big jump in acres will work to offset any weather-related concerns. Bottom line, there has been a ton of "demand" debate circulating inside the trade at the same time

people have been talking about more U.S. acres. This combination has kept a lid on prices and overwhelmed the bulls. Looking ahead, I believe demand uncertainties will eventually dissipate, China will be a bigger buyer of U.S. soybeans, feed demand for meal will strengthen, restaurants will reopen, and U.S. weather hiccups will arise. Hence, the reason I'm wanting to build a longer-term bullish position as a spec, and the reason I want to wait to price more cash bushels as a producer. I like the thought of end-users starting to become larger buyers. As for today, some traders are thinking the USDA will release its first U.S. planting progress update, which if so would only show about 1% to 2% planted.

Soybean Production Market Share

United States vs. Brazil





Source: USDA, PS&D, April, 2020

WHEAT bulls are talking about dry conditions in parts of Ukraine, Romania, and the European Union. There's also ongoing buying and shipping uncertainties involving coronavirus. Will importing nations be buying larger quantities heading into the Fall? Will some exporting nations struggle with logistics? Last week, wheat prices tumbled to multi-week lows. As a producer, I'm staying patient. I feel I have a good amount of the upcoming 2020 crop priced and recently reduced some risk with estimated 2021 production. As a spec, I remain on the sideline with no dog in the race. I like the thought of being a bull but not enough to put real money in play at this level. I've included a tweet below that shows dry conditions ahead for the EU. I will also be closely monitoring macro money-flow, U.S. weather and hints about the longer term direction of U.S. dollar.

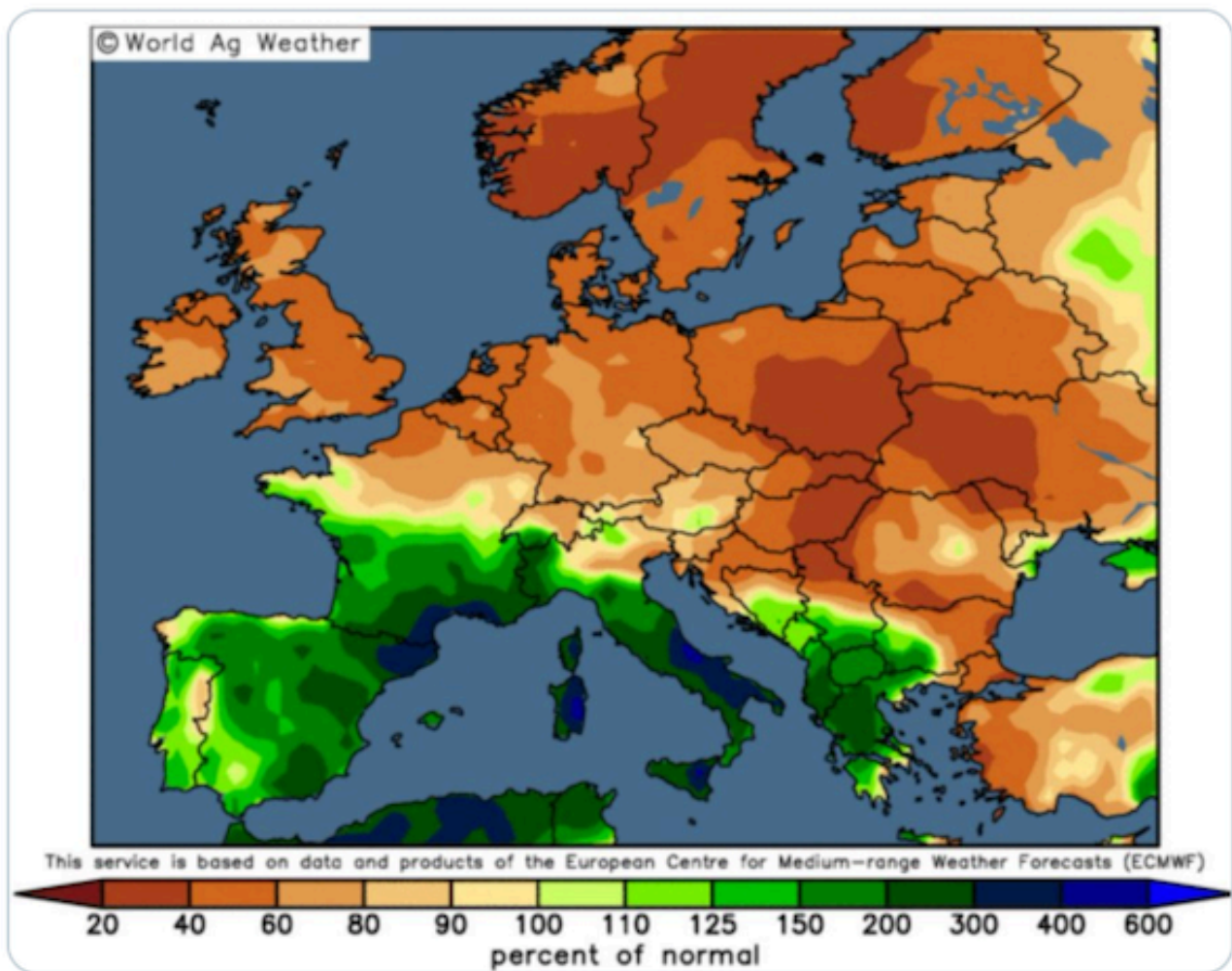


Visio-Crop 
@Luc_Lorin



Situation meteo catastrophique à venir pour le Nord de la France!.... Depuis plusieurs semaines, c'est le modèle ECMWF qui est le plus pertinent en terme de tendance Pour les 2 semaines à venir très peu de pluie de prévu... Les potentiels en forte baisse.....

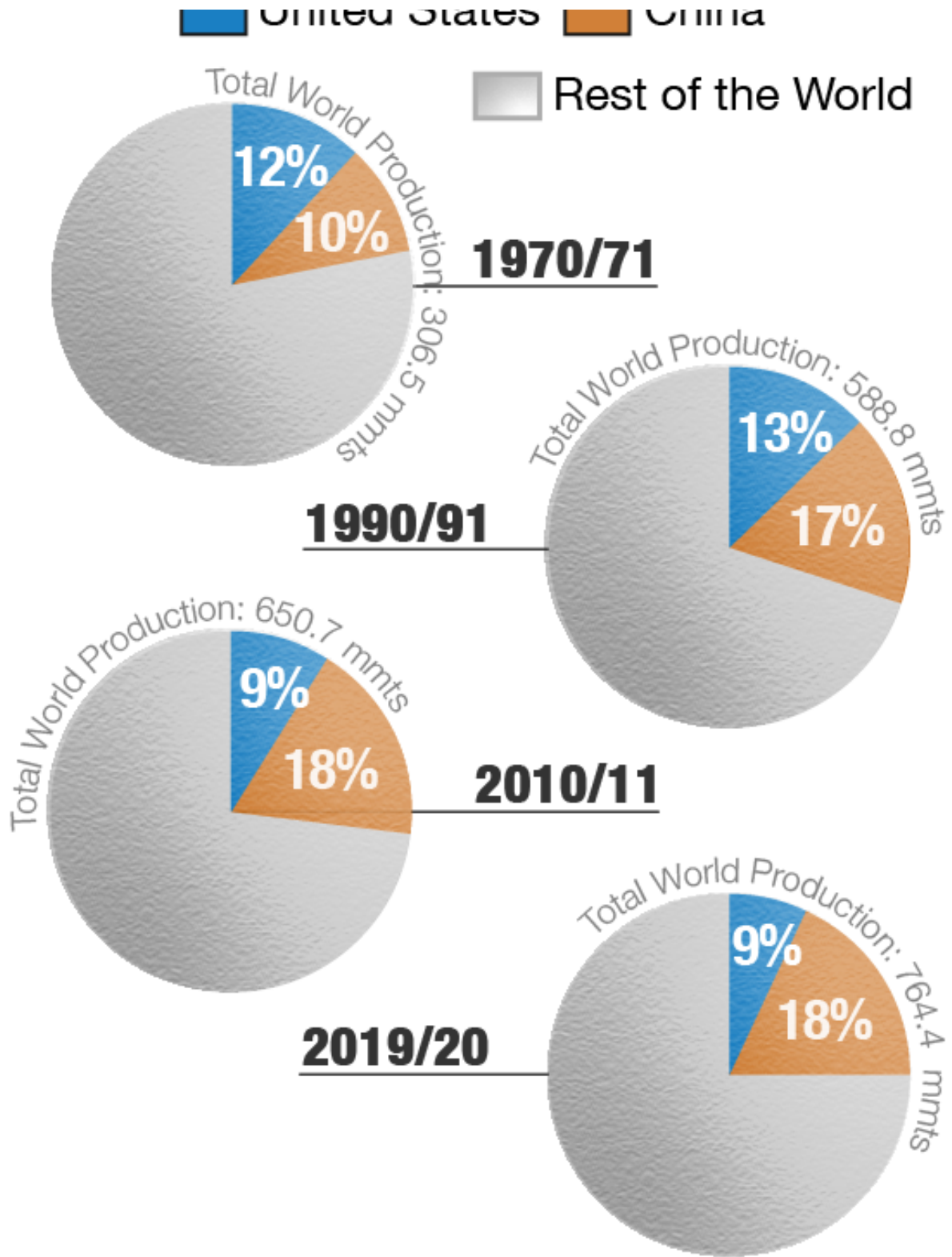
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Wheat Production Market Share

United States vs. China

 United States  China



Source: USDA, PS&D, April, 2020



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> USDA Announces \$19 Billion in Coronavirus Aid to Farmers, Food Buys for Needy: *Responding to the economic impact on agriculture brought on by the coronavirus pandemic, the Trump administration will provide an initial aid package of roughly \$16 billion in direct payments to farmers and ranchers and another \$3*

billion in food purchases. The program will provide \$9.6 billion in direct aid to livestock producers, \$3.9 billion for commodity crop producers, \$2.1 billion for fruit-and-vegetable growers and another \$500 million for farmers who grow various niche products. According to Senator John Hoeven, R-N.D., chairman of the Senate Agriculture Appropriations Committee, farmers will receive one payment based on a formula detailing price losses from Jan. 1 to April 15, and paid on 85% of that price loss. Commodities eligible for the program must reflect at least a 5% price decline within that time. A second part of the formula involves projection of potential losses from April 15 through mid-October and farmers will be paid based on 30% of those expected market losses. Read more [HERE](#).

> Saudi's to Slash Crude Supplies by -4 Million Barrels in May: State-owned Saudi Aramco said Friday it will cut oil supplies in May by almost 4 million b/d, in line with the kingdom's commitments under the new OPEC/non-OPEC deal, as it seeks to assure an oil market devastated by the COVID-19 pandemic. Aramco "will provide its customers with 8.5 million b/d of crude oil starting May 1," including allocations to its crude buyers abroad but also to its domestic customers. This is another signal from the OPEC kingpin that it has officially ended its oil price war, which led oil prices to crash close to two-decade lows, exacerbated by massive demand destruction caused by the coronavirus. However, for April Saudi Arabia will still pump at an all-time record of 12.30 million b/d, according to the Saudi oil minister Prince Abdulaziz bin Salman. Aramco had pledged to max out its production capacity, on orders from the Saudi energy ministry, after March's OPEC+ meeting fell apart with no deal on output restraints. Read more from [Platts](#).

> Ukraine Weekly Wheat Exports Jump +47% Despite Government Warning: Ukrainian wheat exports jumped nearly 50 percent in the week of April 11-17 despite a government warning that it could ban shipments if export rates exceed limits agreed to with traders. Preliminary data from the APK-Inform consultancy on Sunday showed that Ukraine exported 319,000 metric tons of wheat last week, up from 217,000 metric tons a week earlier. APK-Inform said that the 2019/20 season's wheat exports had reached 18.56 million metric tons as of April 17, compared with 12 million metric tons at the same date in 2019. The maximum wheat export level agreed to with traders is 20.2 million metric tons. Overall grain exports, which include wheat, corn and barley, also rose, reaching 47.436 million metric tons, up from 35.922 million in the same period the previous season. (Source: Reuters)

> Russia Will Suspend Grain Exports for 6 Weeks if its Quota Runs Out in Mid-May: Russia, the world's biggest wheat exporter, will suspend grain exports until July 1 once its export quota is exhausted, which is currently expected to happen in mid-May, its deputy agriculture minister Oksana Lut said on Friday. Russia last fully banned wheat exports in 2010 when drought hit its harvest, rocking global markets. Turkey, Egypt and Bangladesh are the largest buyers of

Russian wheat. There are no plans to increase the second-quarter quota, and the agriculture ministry could keep the grain export quota mechanism in the new 2020/21 marketing season, which starts on July 1, Lut said. Read more [HERE](#).

> China Reports New ASF Case: *China has confirmed a new case of African swine fever in the eastern province of Jiangsu, the agriculture ministry said on Friday. The outbreak, detected in Muyang county in Jiangsu, was founded in 17 hogs illegally transported from outside the province, the Ministry of Agriculture and Rural Affairs said in statement. (Source: Reuters)*

> Rural Response to Coronavirus Could Be Hampered by Years of Population Loss: *The worst impact of the coronavirus as of early April has been in urban areas, but the problem is quickly spreading to less dense regions. Hospitals and public health agencies in the nation's rural counties, many of which were already struggling before the pandemic took hold, may lack the resources to respond, in part because of shrinking populations. Population losses weaken a region's fiscal and economic health, eroding its workforce and productivity as well as the tax revenue available to fund health care programs. With counties serving as critical providers of hospital and public health services, the decline in the rural tax base has probably weakened the nation's ability to respond to the crisis in many large, less populated areas. Check out this interactive tool from Pew Trusts that shows total population change in each county in every state since 2010 [HERE](#).*

> Idaho Farm Giving Away 2 Million Potatoes as Coronavirus Hits Demand: *With coronavirus severely affecting the potato supply chain, a farm in Idaho is giving away about 2 million potatoes so they don't go to waste. First come, first served. Ryan Cranney, CEO of Cranney Farms in Oakley, Idaho, about 150 miles from Boise, told CNN the majority of his potatoes from the farm are typically sold to grocery stores and to restaurants to make french fries. Because of stay-at-home orders throughout the nation, Cranney said the food service demand is down significantly, leaving him with six months worth of crop. Cranney Farms also grows sugar beats, wheat, barley, mustard seeds, corn and alfalfa and they raise cattle, but Cranney said their potato crop and cattle have been hit the hardest. Initially, Cranney said he posted about the crop on Facebook, urging members of his community of about 700 people to show up at the farm and grab as many potatoes as they want. But now, people are driving hours to pick some up. Read more [HERE](#).*

> U.S.-Canada Border Restrictions Extended for Another 30 Days: *The U.S.-Canada border restrictions will be extended for another 30 days, Canadian Prime Minister Justin Trudeau announced Saturday. The restrictions took effect on March 21, banning any nonessential travel between the two countries. The U.S. has similar restrictions with the southern border, which allow trade to continue but have slowed down passenger traffic. (Source: The Hill)*

> Wynn Resorts Calls for Las Vegas Strip to Conditionally Reopen in Mid-to Late-May: *Wynn Resorts Chief Executive Officer Matt Maddox on Sunday called on the Nevada governor to begin to reopen the Las Vegas Strip in mid- to late May with extensive safety measures in place, assuming the state is in line with certain benchmarks around the spread of the coronavirus. In an opinion column published on the Nevada Independent news website, Maddox said Governor Steve Sisolak should reopen parts of the local economy in early May. He also laid out Wynn's health and safety guidelines for reopening, which include allowing a maximum of four people to ride in an elevator at one time; and requiring guests to enter the resort through doors that are either propped open, are automated or manually operated by an employee. Read more [HERE](#).*

> Disney Characters Can Call Your Kids with Goodnight Messages: *On Friday, Disney announced that it's temporarily bringing back its Bedtime Hotline, which was last available in 2019. The service will be available between Friday and April 30, during which time parents can dial 1-877-7-MICKEY to have a classic character — Mickey, Minnie, Donald, Daisy, or Goofy — call their children with a good-night message. In addition to the Bedtime Hotline, Disney has launched a new section of the Shop Disney website. There, parents will find activities like character-themed reward charts, which encourage children to put on their pajamas and brush their teeth through a fun game. Find out more [HERE](#).*

> NASA Meet SpaceX: *NASA has set the date for the first-ever astronaut flight on a SpaceX rocket. On May 27, Bob Behnken and Doug Hurley will be the first humans to fly on the Crew Dragon spacecraft as part of what's known as the Demo-2 mission. The historic flight is the final test for SpaceX's Falcon 9 rocket and Crew Dragon spacecraft to be certified by the space agency to conduct regular flights to the station with crew on board. (Source: The Wall Street Journal)*

> States Where Job Losses Hit Hardest: *The number of jobs lost due to the coronavirus shutdown continue to mount, with the latest weekly total of Americans applying for unemployment benefits topping 5.24 million. But some states have been feeling the impact of job losses more than others. A Yahoo Finance review of jobless claims data from the U.S. Department of Labor reveals that Michigan and the South has been particularly hard hit since the coronavirus pandemic brought the country's economy to a grinding halt. Comparing each state's average weekly jobless claims totals over the last three weeks to the week before shutdowns started occurring, reveals Michigan, Georgia, and Alabama to be the top states showing the largest percentage spike in citizens applying for unemployment benefits. Each state saw jobless claims spike more than 5,000% versus the week ending March 14. Indiana, New Hampshire, and Virginia also saw sustained jobless claims over the past month, all averaging a more than 4,000% increase to unemployment claims compared to the week ended March 14. North Carolina,*

Kentucky, and Louisiana rounded out the top 10 states enduring the sharpest percentage spike in jobless claims over the period analyzed. (Source: Yahoo Finance)



Northwest Missouri - *Guys will start planting around here this week if things dry out. We were wet before the recent snow event which added more moisture than needed right now. My cash rent customers are feeling it the hardest as they can't afford to rent ground at prices that make sense to stay in the game. We are seeing bigger operators bid up the prices to get the acres and that is putting pressure on those who rent most of their acres. I'm also seeing more one-year contracts from owners only interested in the highest price, even when it means the ground may not get the nutrients it needs as that is the first thing guys cut in order to be in the game. I tell my clients there is no substitute for doing what it takes to maximize yields in order to out produce the low prices. I suspect those that don't will not be in the game much longer. Prices shouldn't be much over \$140 an acre but we are seeing it go for \$20-\$40 more and even higher when the big boys are bidding. The guys who want to grow are also operating other businesses in order to pay for more acres and get debt paid down. I'm looking at hemp more closely as I believe there will soon be a place for it as infrastructure grows and more reliable supply chains come to fruition.*


Southwest Nebraska - *We farm in the panhandle of Nebraska right near where the corner of Colorado and Nebraska meet. The wheat looks really bad. I don't remember any previous cold April doing a number on our wheat like this. I would be spraying weed killer on it normally but not sure how long I'll have to wait for the wheat and the weeds to get growing again. I'm not sure how much yield potential we lost but I would say we have lost a lot - the top end is gone, to say the least.*



Western Texas - *A lot of years the wheat gets banged up in the home stretch. Most recently, several years have been hail and a few years have been April freezes. This year we have seen very little problems which is a good thing but it's a long way from in the elevator still. Last July, the late heat burnt the wheat up so I'm hoping that we get rain soon. This wheat looks like it should be roughly 60 bushels or more if nothing major happens between now and harvests.*



neuro mining



As we age, it gets harder and harder to create new neural pathways in the brain. It's the reason kids find it so easy to learn new things, but as adults it often gets more difficult. Doing brain teasers and solving riddles can be an important part of keeping our brain healthy. The more connections we can form, the better our brain will be. I hope this helps provide a little daily fun and exercise. The answer to each riddle or puzzle will be located at the bottom of the report.

TODAY'S RIDDLE: Anyone can hold me, even without their hands, yet no one can do it for long. What am I?



Pandemic's Effect on Organic Sector

Americans have been buying an increasing number of organic products in the last few years with sales climbing +6.3%, but the question now is how will the spread of COVID-19 impact the future of the organic space?

Consumer purchasing patterns and more importantly, priorities are quickly changing. Our friends at Mercaris, the leading market data service and online trading platform for organic, non-GMO, and certified agricultural commodities did a terrific deep dive into the question in a recently released presentation. If you are thinking about pivoting some acres in this direction or already deep in the organic space this is very valuable information. The team at Mercaris does an amazing job of trying to cover the entire gamut, including imports, exports, organic grain as feed, and how things look to play out through this growing season and beyond. I encourage everyone to check out the full presentation [HERE](#).

Speaking from a macro perspective, consumers had been turning to healthier alternatives, but with the pandemic, there's a ton of uncertainty on the horizon. I've personally been on a ton of conference calls and investors are worried. Many smaller farming operations that had pivoted to organic for the premiums and made the jump going direct to chefs and restaurant owners have gotten hammered. Keep in mind, many smaller farms were selling almost 100% to restaurant owners or specialty type players in the food space. As you can imagine, demand simply dried up. Similar to what we are seeing with the fake meats. People aren't necessarily buying these products at the grocery stores, in the same manner, they were buying at restaurants pre-corona.

The good news, with the rise of more consumers eating at home, it's anticipated that food-at-home consumption could increase as much as +50%, adding billions to grocery store sales. Keep in mind, prior to the pandemic, food-at-home consumption was on a steady decline. I keep hearing mixed data on what shoppers are buying i.e. According to a recent survey by The Packer, grocery shoppers have changed their shopping habits due to fears of catching coronavirus from food. Survey respondents indicated that they are buying less fresh produce in grocery stores and more canned foods due to fears around food safety. Studies have also shown that consumers want food that is pre-packaged. On the flip side,

I've heard from others that organic produce sales are up double-digits. I have talked to many grocery store owners and they say "organic" is typically the last thing left available on the shelves right now, so is it that demand is actually surging higher or is it more the fact a rising tide lifts all boats? Remember, as consumer budgets are squeezed by job losses and business failures their food budgets and choices tend to shift almost immediately. Meaning they tend to pull back on higher-end food purchases.

Organic growers of field crops should be mostly insulated for this growing season as most have already been planted, and inputs needed to get through harvest have been acquired. Producers who grow for feedstocks could face more stiff headwinds. As more livestock processing facilities close there will most likely be a corresponding reduction in demand for organic feed grains as well as creating shortages in the supermarket where most organic meat products are sold.

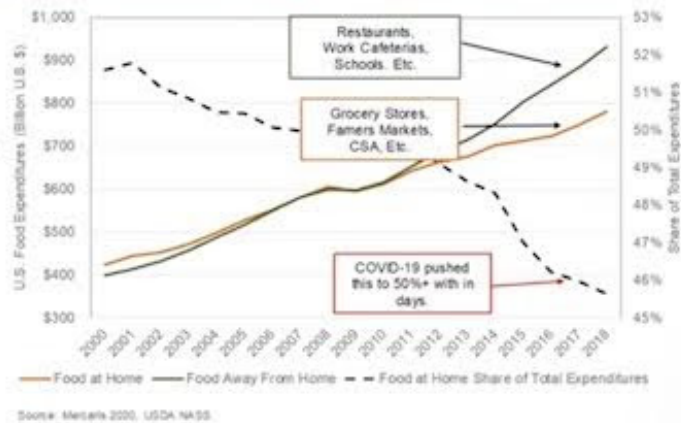
Labor is also causing some interesting hiccups. Last year, some +250,000 seasonal migrant farmworkers came to the U.S. from Mexico under the federal government's H-2A visa program. But this year, coronavirus precautions and limited staffing at the State Department led to an early bottleneck in the application process, inciting fears of labor shortages, though eased restrictions hope to speed things along there are still some big holes that will need to be filled.

Since the global food supply chain has been turned on its head, there's been an interesting shift in consumers expressing new interest in purchasing their food directly from local farmers, leaving many growers rushing to adapt this evolving market—adding e-commerce platforms to their websites, devising distribution systems for at-home delivery or drive-through pick-ups, and incorporating no-touch harvesting and handling protocols.

Bottom line, I'm thinking there could be massive disruptions in the organic space. Strong producers will more than likely find a way to survive and gain market share. Unfortunately, I suspect we lose some of the farms that aren't open and averse to making a big change. I do NOT see the restaurant space getting back to its previous level anytime soon. I think it will take a few years. So finding a different path for distribution and demand will be challenging but not impossible. (Source: Organic Produce Network, AgFunder, Mercaris)

COVID-19 Reshapes Consumption, Creates Organic Opportunities

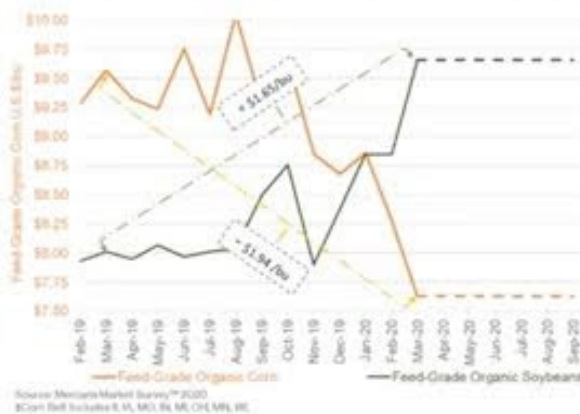
- Prior to COVID-19, FAH on the decline
 - 52% in 2000, to 46% in 2018
- Organic brands thrive with FAH
 - 3% in 2008, 6%+ in 2018
- COVID-19 significantly alters consumer behavior
 - FAH heading for 50%+
 - Adding \$100 billions



- More grocery store activity, more consumer focus on health, less dependence on FAFH
- Organic brands well positioned to reach more people, and expand their roll

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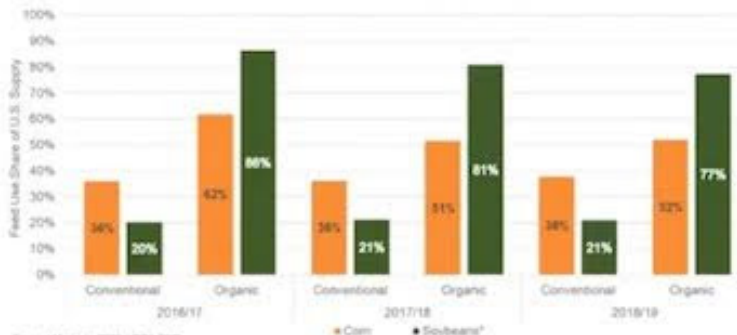
2020/19 Marketing Year-To-Date Review



- Despite bad yields, 2019 achieved fantastic industry growth
 - 13% more field crop acres
 - 13% more organic corn farms
 - 11% more organic soybean farms
- More organic corn hitting prices, trimming imports in 2019/20
- Organic soybeans find strength on tighter meal/whole bean imports
- The expansion in organic livestock production continues to slow
- With slower organic livestock demand growth & more production in 2020, fall pricing prospects appeared bearish **BEFORE** COVID-19
- With more risk and supply chain challenges, COVID-19 doesn't smooth organic markets

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Livestock Feed Demand Leads Organic Markets



Source: Mercaris 2020 USDA PSD
Organic values calculated from Mercaris data, "Animal Feed Demand" as a share of "Production" and "Imports"
Conventional values calculated from USDA PSD data, "Feed Stocks and Domestic Consumption" as a share of "Production" and "Imports"
*Soybean values include soybean meal

- Bottomline: Organic grain markets are much more vulnerable to livestock industry shutdowns

- **Easy math for Organics:**
 - 50% of corn
 - 80% of soybeans
- Each 5% drop in feed demand
 - Cuts organic corn 2.5%
 - Cuts organic soybeans 4%
- **Conventional by Comparison:**
 - 35% of corn
 - 20% of soybeans
- Each 5% drop
 - Cuts corn 1.75%
 - Cuts soybeans 1%

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Caution Signs For Fall 2020 Harvest

Market Risk Range					
Low Market Risk		Medium Market Risk		High Market Risk	
Field Crop Operations					
Inputs	Labor Supply & Services	Macroeconomic	Political	Consumer	RISK
Lower spring/summer energy prices reduce production, boosting harvest time energy prices.	Principal farm operators, or hired labor contracting COVID-19	Economic recession cuts personal incomes, reducing organic purchasing behavior.	Additional U.S. stimulus to offset persistent economic recession.	Commodity prices decline as slower organic demand growth puts market pressure on the entire supply chain.	HIGH
Energy prices move lower, following reduced GDP and global demand.	Some farm services (e.g., FSA, organic certification, university extension) limit services or go remote-only.	Currency value changes decrease the cost of imported grain.			
Grain Elevators/Mills/Crushing Facilities					
Inputs	Labor Supply & Services	Macroeconomic	Political	Consumer	RISK
On-farm grain supplies remain robust.	Some locations temporarily close or reduce operations as COVID-19 persists.	Economic recession cuts personal incomes, reducing organic purchasing behavior.	Additional U.S. stimulus to offset persistent economic recession.	Commodity prices decline as slower organic demand growth puts market pressure on the entire supply chain.	HIGH
Trade partners limit in-country mobility and exports to slow COVID-19 and protect domestic markets.	Operations limiting number of trucks or driver mobility during delivery.	Currency value changes decrease the cost of imported grain.			

MERCARIS

Interesting Bit of History... Isaac Newton, The Great Plague, and Quarantine

As the world learns to cope with coronavirus, many have been looking to the past for insights as to what we might be facing and how it can be ended. One of those historical instances is The Great Plague of London, which hit the city in 1665 and

resulted in lockdowns similar to what's being experienced today. And just as Universities around the world have closed their campuses and sent students home this Spring, so they did in 1665. This included Cambridge where a young, undistinguished student named Isaac Newton had just earned his BA degree.

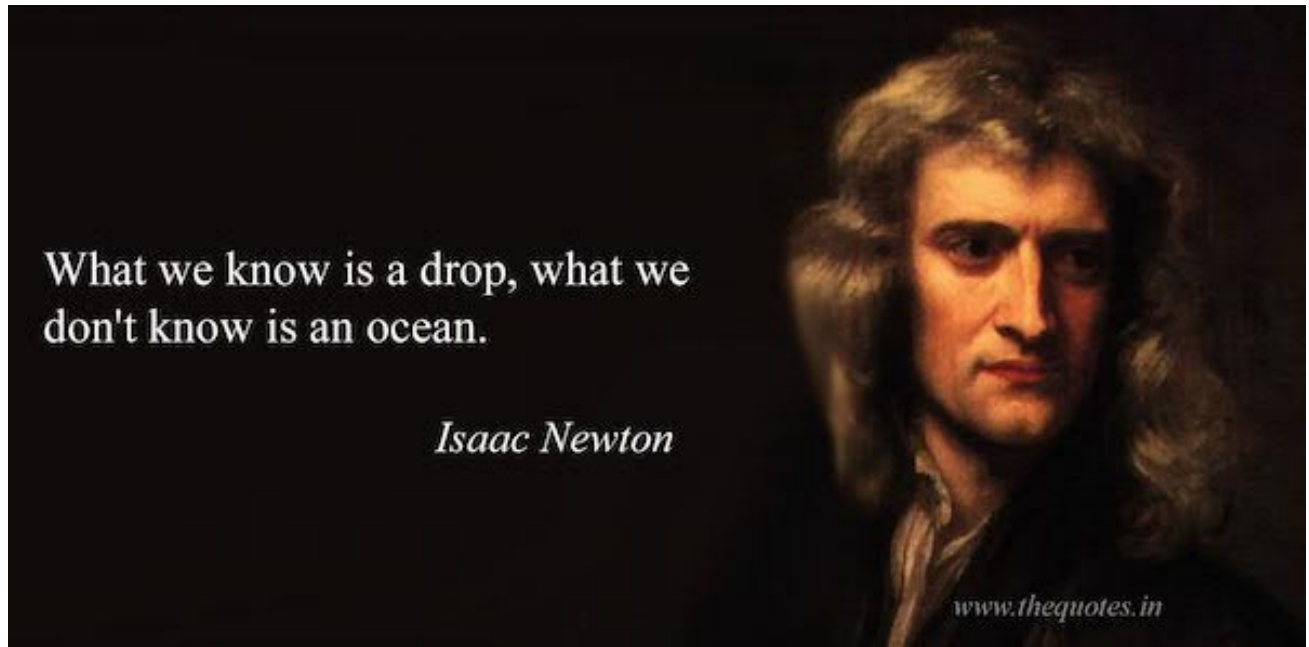
It's probably fortunate for our current world that Newton didn't have our modern-day distractions - instead of binge-watching "Tiger King" on Netflix, he came up with a couple of theories about light and gravity, and also worked out something we now call calculus. In fact, his two years of independent study at home were so impressive and productive that when students were allowed to return to Cambridge, he was elected as a fellow of Trinity.

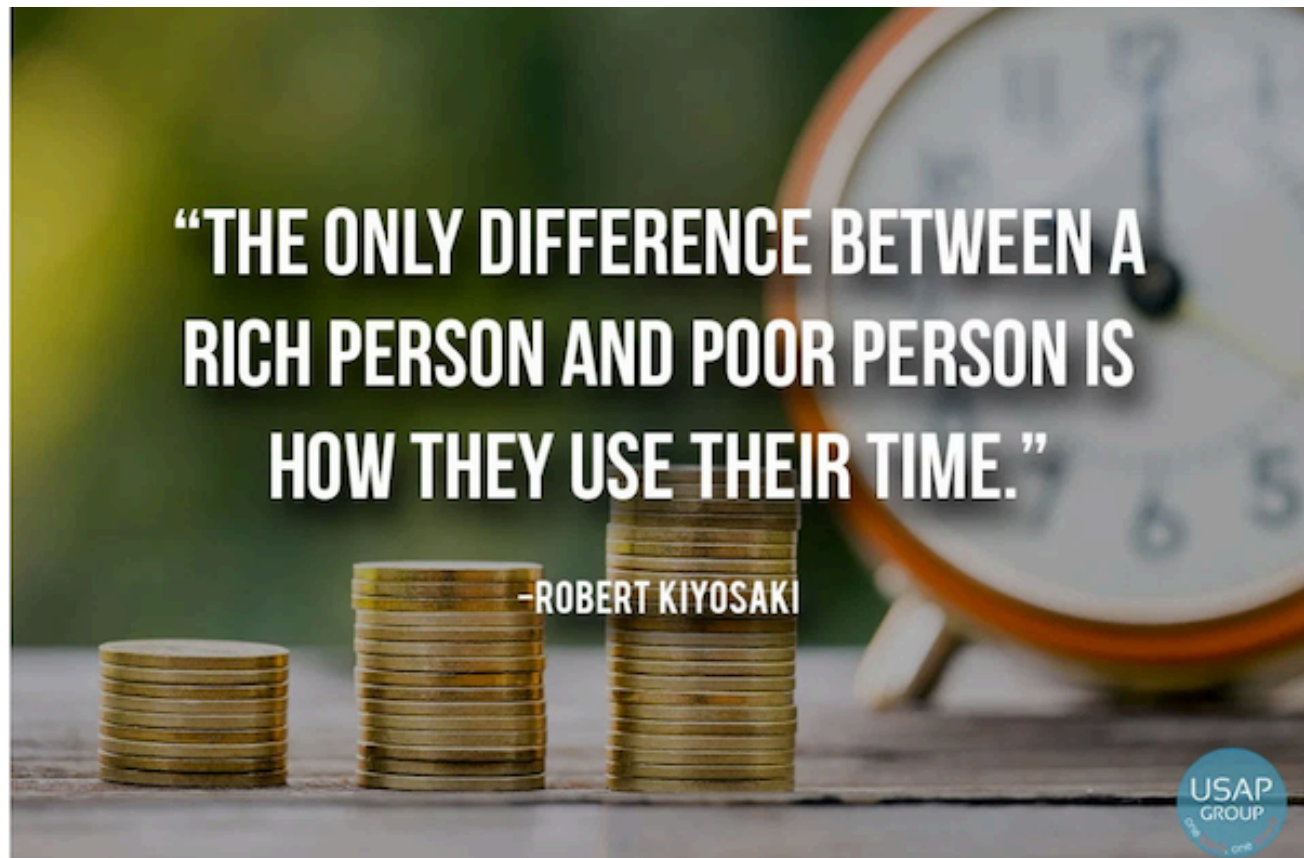
Newton's "quarantine" was spent at home in Woolsthorpe, where he continued his Cambridge work on the mathematical concepts that later became calculus. Newton's work has been said "to distinctly advance every branch of mathematics then studied."

Strangely he messed around a lot with prisms during his two years, developing his theories on optics and light. In 1666, his experiments of bending white light through a prism made him the first to prove that white light is made up of all the colors that we can see.

Even crazier, just outside his window in Woolsthorpe was an apple tree. For those who don't remember the story, young Isaac Newton is sitting beneath an apple tree contemplating the mysterious universe when an apple hits him on the head. He then has an "Aha!" moment, realizing a mysterious force pushed that apple toward the ground. It's one of the most well-known science stories in the world and turns out, it is mostly true! In Newton's version of the story, it was the sound of apples falling that sparked the notion of gravity rather than a bonk on the head.

As we know today, the theories Newton developed during his isolation would end up changing human understanding of the world forever. Newton is widely regarded as one of the most influential scientists of all time - not just the 17th century. The true genius of his work, experts think, is how he ultimately took various theories and applied them to the universe at large, explaining the motions of the Sun and planets in a way that had never been done before. If he hadn't had that two year Great Plague break from Cambridge, who knows what the world would look like right now. Moral of the story, if you spend your time and play your cards right, there's a chance you could come out on the other side of this in a great position. (Sources: Live Science, Wikipedia, Weird History)





I'm Missing the Traditions of Spring...

The tradition started in 1903... Every year, the Boston Red Sox play a home game at Fenway Park, starting at 11:05 a.m. When the game ends, the crowd empties into Kenmore Square to cheer as the runners enter the final mile of the Boston Marathon. Unfortunately, neither of those will be happening today. The 124th Boston Marathon has been rescheduled for September 14th.

The Boston Marathon is the world's oldest and one of the best-known road racing events. It is also one of six World Marathon Majors. Along with the 30,000 participants that are registered to compete in the 26.2 mile run, event organizers each year make plans and preparations for over one million cheering spectators.

History books show us the first Boston Marathon was run on April 19, 1897. At that time, it was known as "The American Marathon", with a course that measured 24.5 miles. John J. McDermott of New York finished first out of a 15-man field in just over 2 hours and 55 minutes. In 1924, the race was changed to run from Hopkinton to Boylston street at what's now the official marathon distance of 26.2 miles

The fastest man to ever run the Boston Marthon is Geoffrey Mutai, who in 2011 ran the race in just over 2-hours and 3 minutes, with all sub-5 minute miles. WOW! Buzunesh Deba holds the women's record at just a hair under 2 hours and

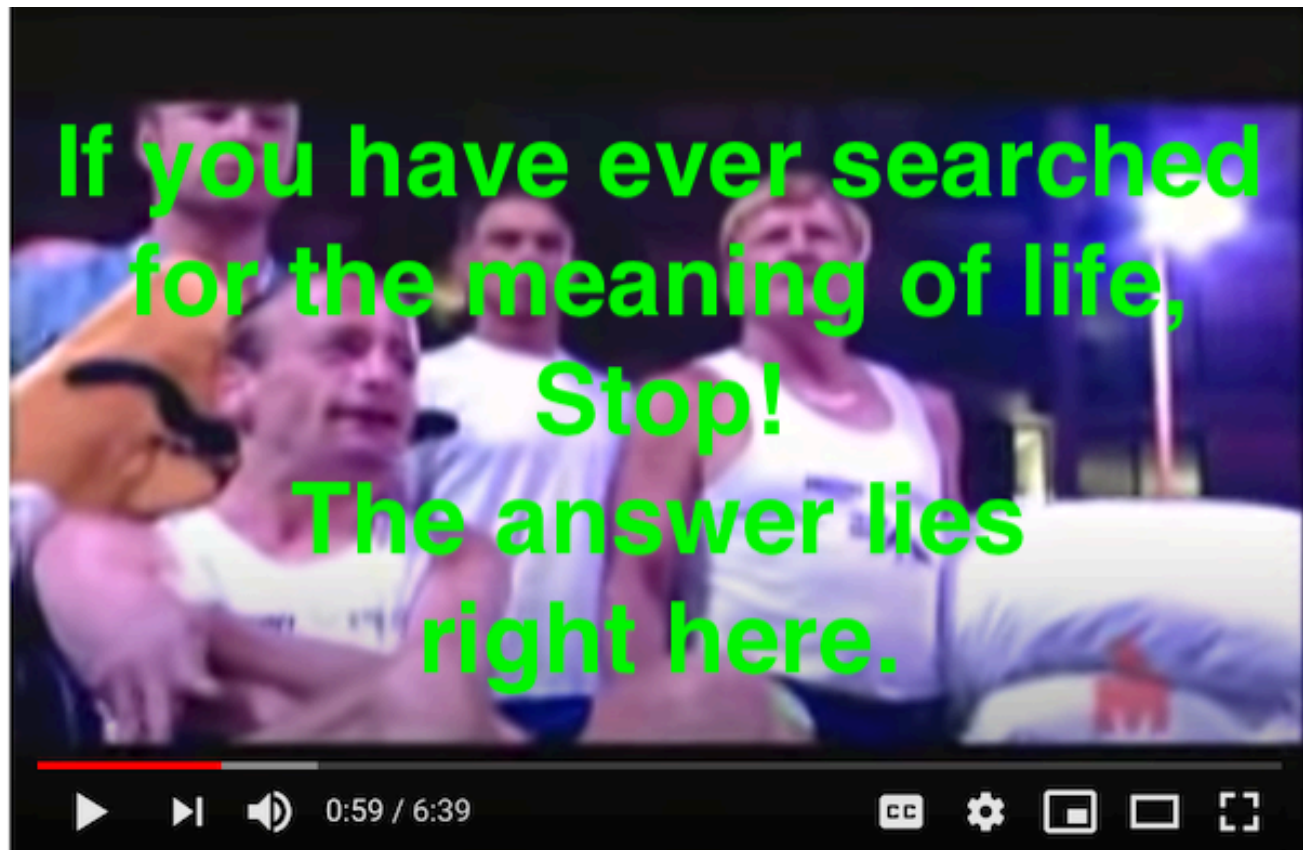
20 minutes and 56 seconds, set in 2014.

There are just so many cool and inspiring stories and traditions surrounding the event, but what has to be my favorite is the father-son team of Dick and Rick Hoyt. I'm sure we've all seen the inspirational videos of the Hoyt's, but I thought this would be the perfect year to revisit the story. I hope it moves you as much as it has me...

Dick and Rick Hoyt have been one of the most recognized duos each year at the Boston Marathon. Dick is the father of Rick, who has cerebral palsy. While doctors said he would never have a normal life and thought that institutionalizing Rick was the best option, Dick and his wife disagreed and raised him as an ordinary child. Eventually, a computer device was developed that helped Rick communicate with his family, and they learned that one of his biggest passions was sports.

"Team Hoyt" (Dick and Rick) started competing in charity runs, with Dick pushing Rick in a wheelchair in 1977 when Rick asked his father if they could run in a race together to benefit a lacrosse player at his school who had become paralyzed. He wanted to prove that life went on no matter your disability. Dick Hoyt was not a runner and was 36 years old. After their first race Rick said, "Dad, when I'm running, it feels like I'm not handicapped." After their initial five-mile run, Dick began running every day with a bag of cement in the wheelchair because Rick was at school and studying, unable to train with him

Dick and Rick have competed in +70 marathons and +230 triathlons and 6 ironmans. Their top marathon finish was 2:40:47. Perhaps even more amazing is the fact the team completed their 32nd Boston Marathon in 2014, when Dick was 74 and Rick was 52. They had intended the 2013 marathon to be their final event, but due to the Boston Marathon bombings were stopped a mile short of completing their run, and decided to run one more marathon the following year. They completed the 2014 marathon on April 21, 2014, and it would be their last. This is a must-watch tribute video to Dick & Rick Hoyt Click [HERE](#) . What an inspiration! We are all running our own race each day, this is how it's done, push yourself!



ANSWER to riddle: Breath.

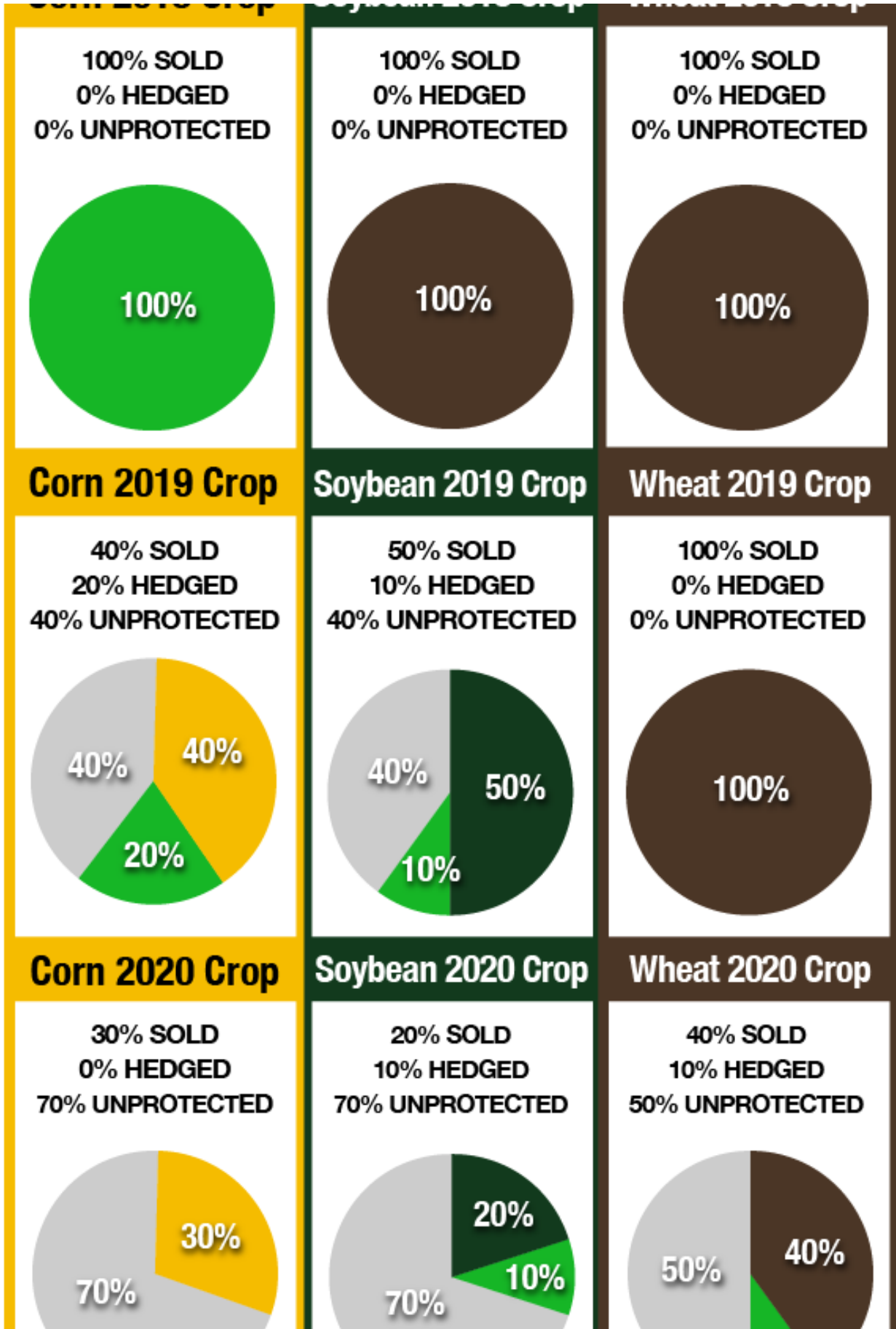
CASH SALES & HEDGING TOTALS

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Corn 2018 Crop

Soybean 2018 Crop

Wheat 2018 Crop





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