Gmail Jordan Van Trump <jordan@farmdirection.com>

GOOD MORNING: The Van Trump Report 5-5-20

1 message

The Van Trump Report <reply@vantrumpreport-email.com> Tue, May 5, 2020 at 5:30 AM
Reply-To: Jordan <reply-feb411747c6d0374-1180_HTML-40325470-100003450-10@vantrumpreport-email.com>
To: jordan@farmdirection.com

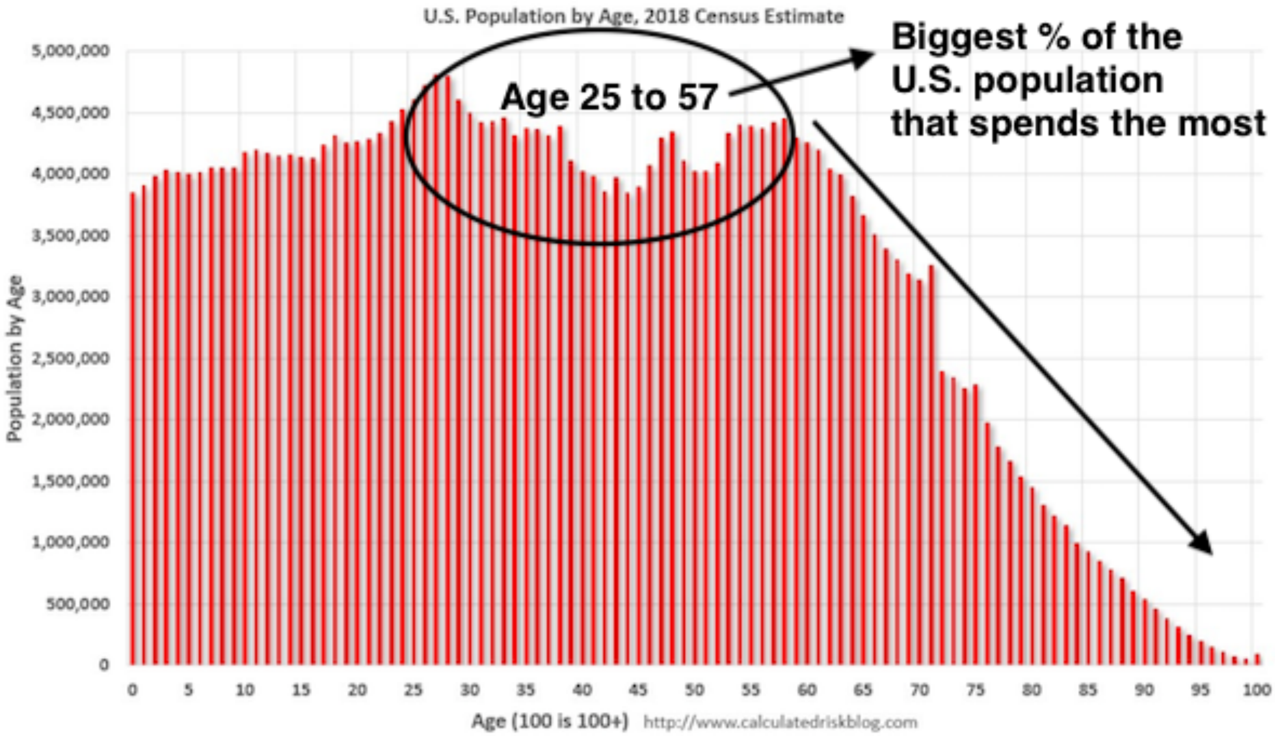
The VanTrump Report

"Ability may get you to the top, but character keeps you there." **- John Wooden**

Tuesday, May 5, 2020
Printable Copy or Audio Version

Morning Summary: Investors are keeping a closer eye on the growing glut of corporate and government debt as concerns grow about what a deluge of upcoming offerings could mean for existing bond prices. Apple yesterday announced a new $8.5 billion bond deal, adding to a record amount of debt already in the corporate bond market. Prior to Apple's deal and a slate of others announced on Monday, a cumulative $807.1 billion of investment-grade corporate bonds had been issued since January 1, making it the fastest start to a year ever. Additionally, the U.S. Treasury said yesterday that it would borrow a record $3 trillion in the second quarter, twice what it borrowed in all of fiscal 2019, which will largely cover the costs of the nearly $3 trillion in coronavirus-stimulus authorized by Congress in the last two months. The Treasury expects to borrow at least an additional $677 billion in the third quarter. What all this debt ultimately means for the economy moving forward is yet another massive unknown but many large investors worry that the heavy borrowing could depress growth for several years. There is also the worry that it could complicate the recovery for numerous businesses, too, with the threat of credit downgrades and outright defaults growing larger the longer economic activity remains depressed. Let's also not forget the massive fallout in crude oil and the debt concerns mounting inside the energy sector. Today, investors get the first look at how the sharp collapse in activity has impacted the services sector with ISM's Non-Manufacturing Index for April. On the earnings front, Walt Disney is one of today's main highlights with some analysts expecting the company to take a sizable hit due to coronavirus related shutdowns that have severely impacted revenue from its theme park and movie businesses, as well as sports property ESPN. Things are thought to be growing more complicated for its Disney+ streaming service, too, as the pandemic has halted production on many of its upcoming releases. I currently own a small bit of Disney stock but have been hesitant to add to my core holding, worried there could be a few more significant hurdles ahead. I'll perhaps add if bears take the stock sub-$80 in the weeks ahead. Other earnings of importance today will include Activision Blizzard, Allergan, Allstate, Beyond Meat, Dominion Energy, Electronic Arts, Fiat Chrysler, Marathon Petroleum, Mattel, Occidental Petroleum, Pinterest, Planet Fitness, Prudential, Regeneron, Sysco, Suncor Energy, and Wayfair. From my perspective, it doesn't feel like either side of the trade, bulls or bears, have much conviction at this point. Bears have been heavily beaten up on the massive March rebound and bulls seem to be wondering how much reward is left to the upside compared to the possible downside risk. Staying cautious...

Interesting Demographic Data: *This was sent my way the other day by a much younger trading friend and I wanted to share with everyone. Our conversation was in regard to understanding the importance of demographics and the fact those ages 25 to 57 are the largest group and tend to spend the most. We also discussed the fact it's most important to understand the younger buying preferences and new trends as they will stay in this upper channel the longest. In other words, you better know what the 25 to 30-year-olds are wanting to spend their money on and how they will look to play the game during the next 20 to 30 years. The 60 and 70-year-olds might have some of the largest amounts of money but their numbers start to dramatically tumble and their spending habits shrink as more chose to coast towards the finish line. I fully understand the graphic as it references and pertains to demographics, but as I told my wife, the more I looked at the graphic the more I hated seeing that slippery slope to the right that I now find myself and many of my friends upon. Damn, how did we get old? I suspect like everything else, gradually then all once...*

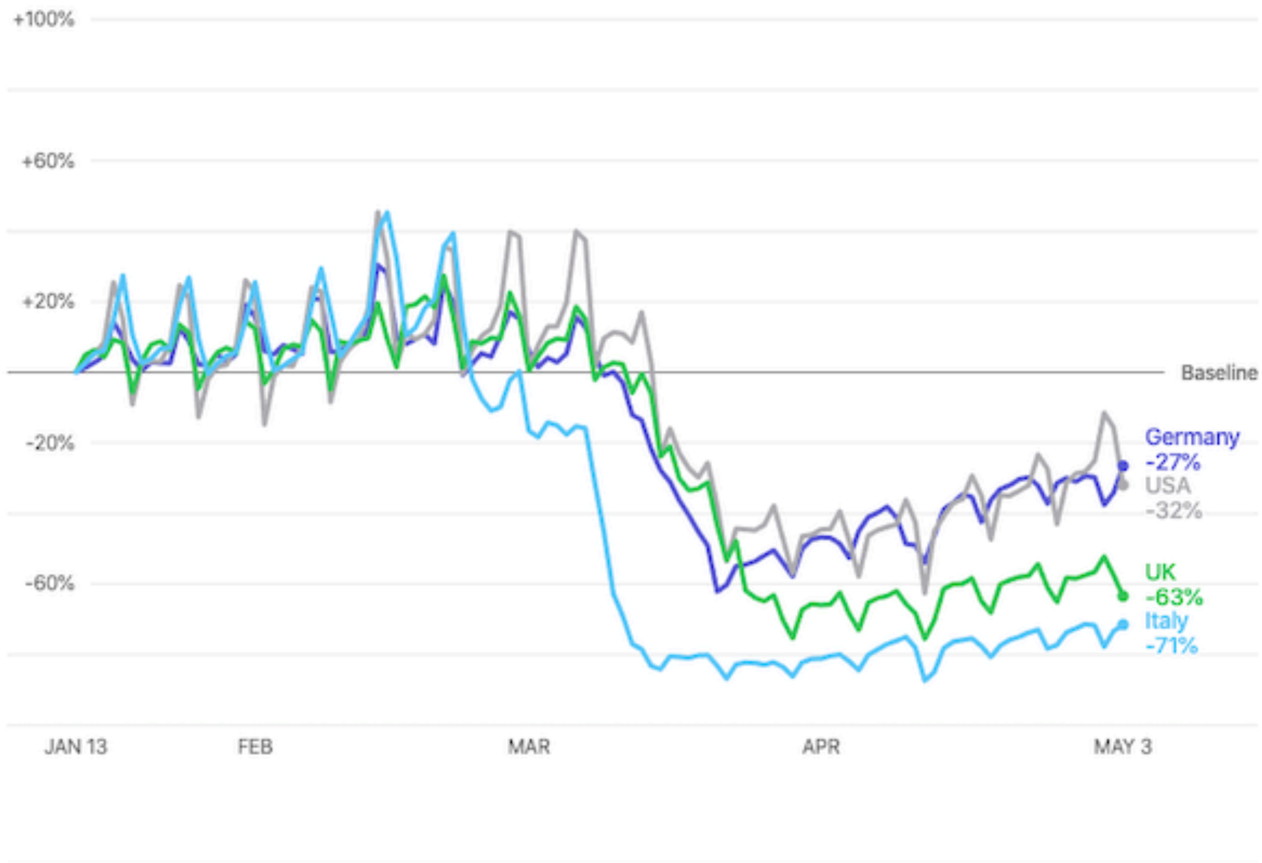


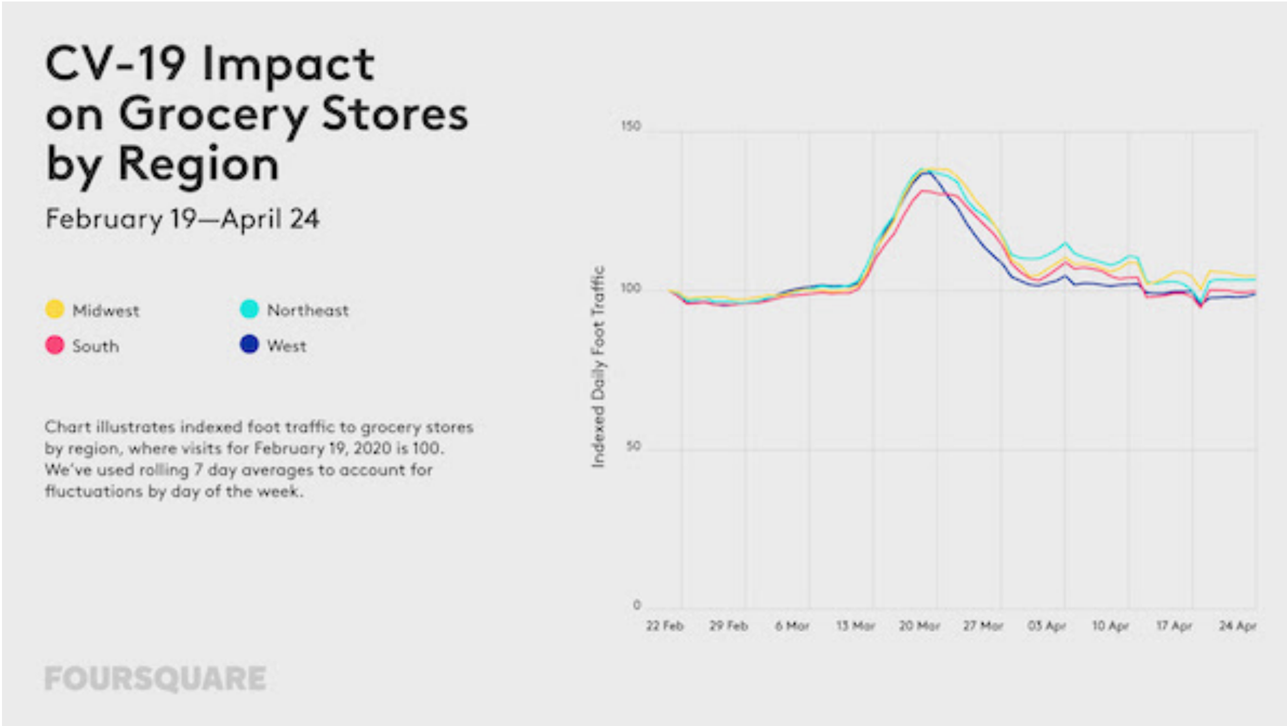
This Might be the Time to Sell a Home? *The supply of homes for sales is now down -22% annually, and new listings are down about -40%, according to recent data from Redfin. Some very sharp experts say if you are thinking about selling then this is your window of opportunity, i.e. when supply is low. I've heard in several cities across the U.S. properties are getting multiple full-price offers. I know that sounds crazy, but think about it, with very limited supply on the market and record low rates it's keeping prices elevated. If you think the economy is going to weaken over the next six to twelve months and more people are going to be forced to sell this would actually add a great deal to our inventory and perhaps overwhelm demand.*

Consumers Struggling with More Credit Card Debt: *Data now shows that up to 40% of Americans that have credit card debt can't pay more than the minimum. About 47% of U.S. adults, or about 120 million people, currently have credit card debt, up from 43% reported in early March, according to a new report from CreditCards.com. Millennial credit card holders have been hit the hardest by the pandemic, with 1 in 3 (34%) going further into credit card debt. (Source: CNBC; CreditCards)*

Retail Investors Flocking to Robinhood: *The popular stock-picking app Robinhood announced it raised a Series F funding round that will see the company valued at a whopping $8.3 billion. The $280 million cash infusion is being led by Sequoia Capital and comes at a time that Robinhood is seeing a spike of new customers and trading activity during the pandemic. According to co-CEO Vlad Tenev, Robinhood has added 3 million funded accounts since the start of the year, while its daily trading volume for March was three times higher than its fourth-quarter average. (Source: Fortune)*

People Began Moving Around Before Restrictions Lifted: *Apple's Mobility Trends report shows that traffic in the U.S. and other countries like Germany has pretty much doubled in the past three weeks. Traffic compared to January 13 in the U.S. was down -32% as of yesterday. It had been down* *as much as -72%. Apple's data is measured by people searching Apple Maps for directions with the chart below reflecting data as of May 3. Before states even began lifting restrictions late last week, Foursquare data showed that visits to gas stations and fast food restaurants were already back to pre-COVID-19 levels in the Midwest, with rural areas closely following. Interestingly, Foursquare data also shows that grocery store visits mostly returned to normal by the end of April, after climbing 30-40% higher than normal in late March. (Sources: Forbes, Foursquare)*



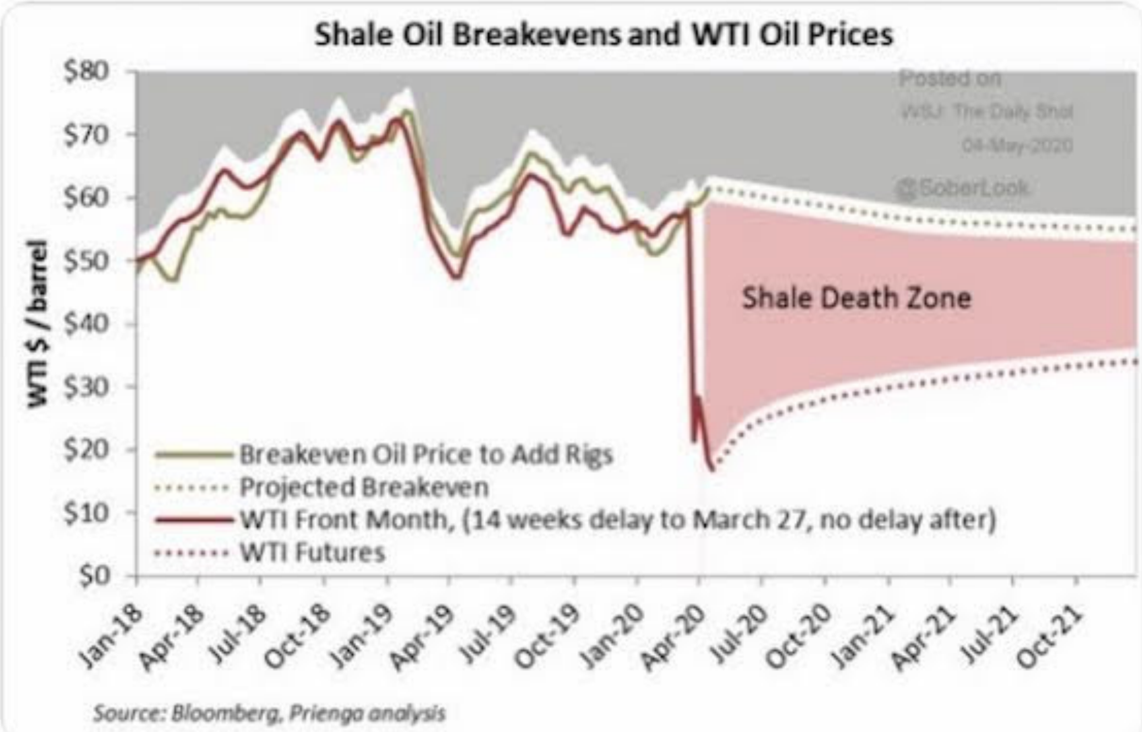


FARM TANK

Tweets of the Day

Liz Ann Sonders
@LizAnnSonders

Oil remains in the "Shale Death Zone," well under the projected breakeven price @SoberLook



Saratoga Springs, NY
@saratogaNOW

PSA: Cinco de Mayo falls on Taco Tuesday this year. 🌮 #CincoDeMayo

Michael Rebeyka
@Mrebeyka

Looks like tomorrow's the day. Bring on #plant20. Good luck everyone!

Kendall Voth
@kendall_voth

Dad's never bought hail coverage, this was probably the year to do it #kswheat

Becky
@beckyrichter7

My dad had unexpected triple bypass surgery last week so my nephew, uncles and cousins banded together to help get the ground ready for my brother to plant. #family #plant20

Michael Bergen
@michael_bergen

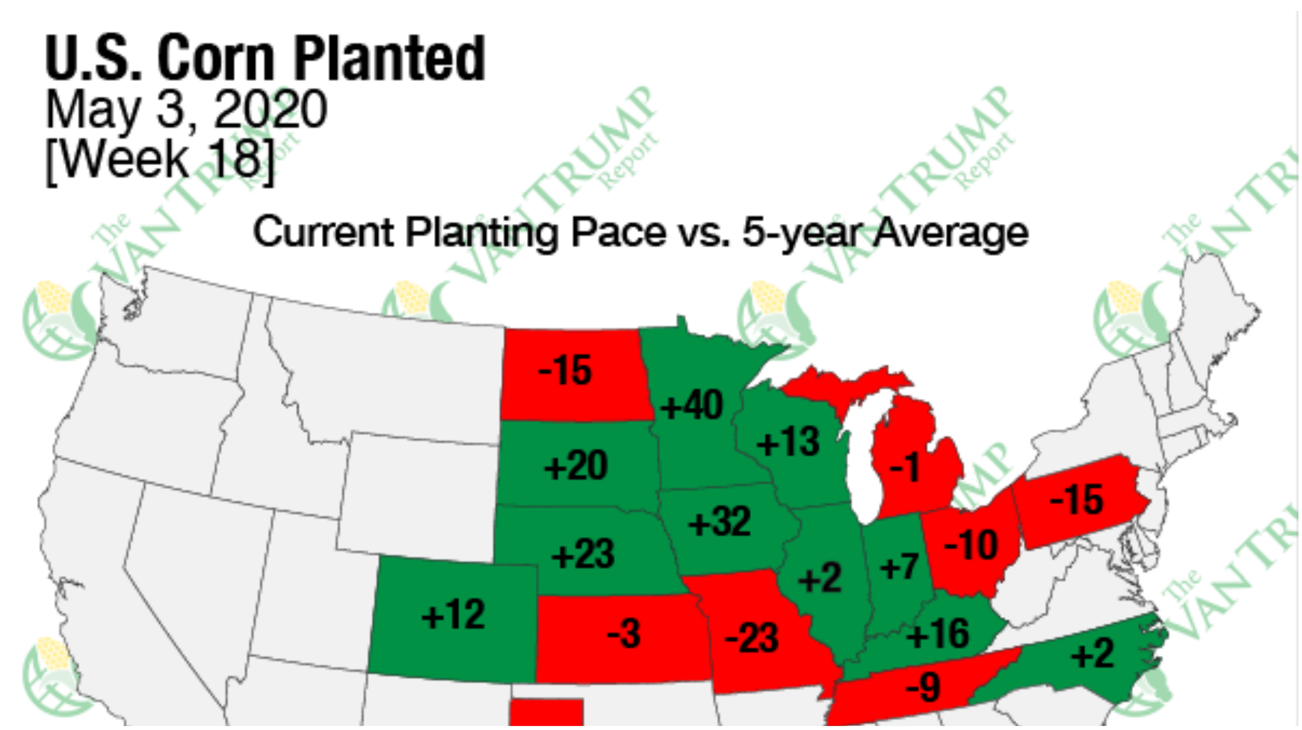
I have decided that I need to spend more time in the field, scouting, checking, and teaching my boys my passion. I have started doing this on Sunday mornings with a cup of coffee before church. #plant2020

#Nebraska

Six Word Stories
@ernest6words

Great changes are preceded by chaos. #TuesdayThoughts #TuesdayMotivation #TuesdayMorning #tuesdaymood #quotes #quotestoliveby #quotesoftheday #quotesaboutlife #MotivationalQuotes #InspirationalQuotes #ernest6words #sixwordstories

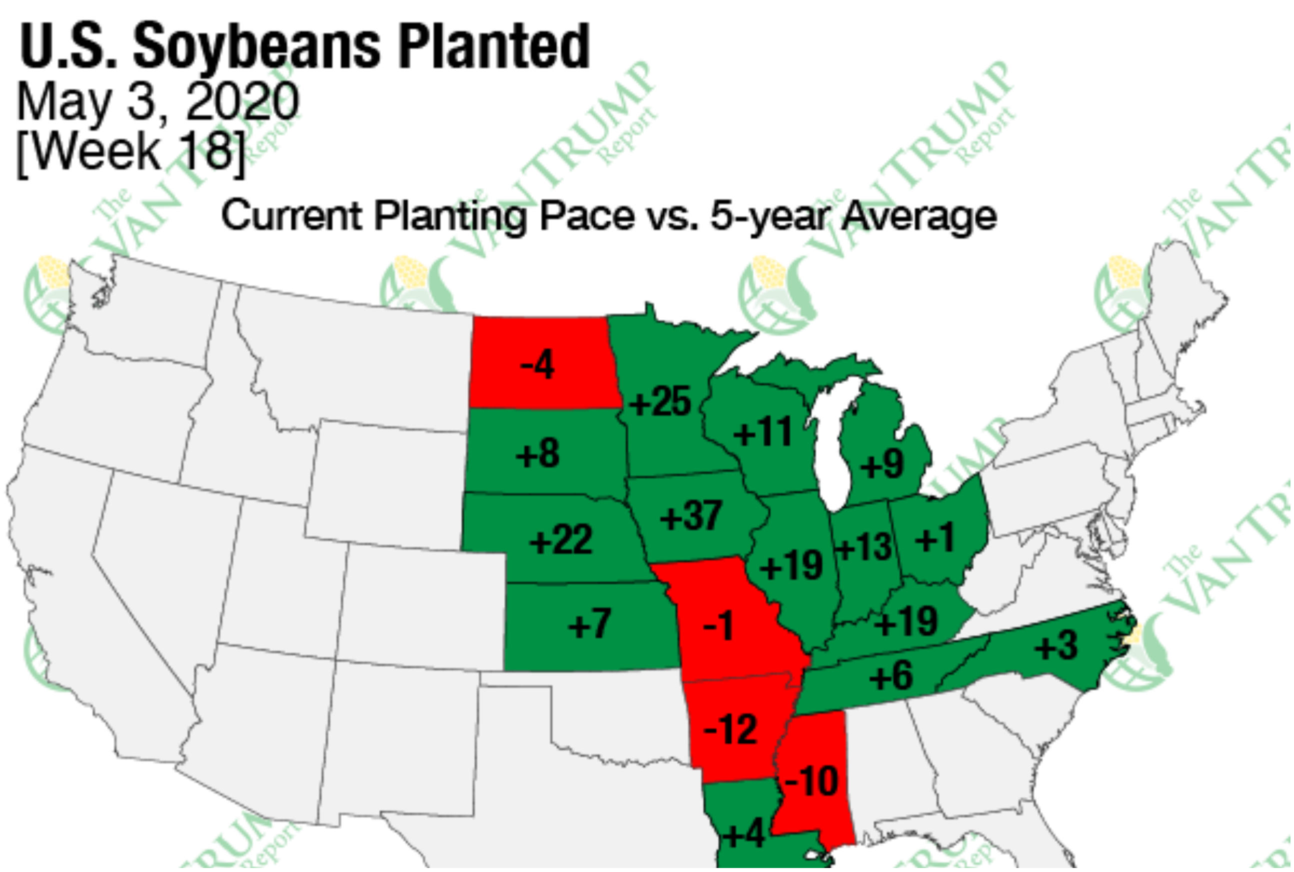
CORN bears are thinking +50 million acres of U.S. corn has now been planted as producers are off to a torrid pace. The trade believes crossing the halfway-point with planting is yet another bearish headwind as it reduces the threat of a late-crop i.e. perhaps less extreme heat and lack of moisture at pollination and little chance of an early-frost hitting the plant doing any major wide-spread damage. Keep in mind, several big production states are well ahead of schedule... Iowa estimated at 78% planted vs. the 5-year average of 46% by this date; Minnesota estimated at 76% planted vs. the 5-year average of 36% by this date; Nebraska estimated at 61% planted vs. the 5-year average of 38% by this date. And despite all of the rainfall across many portions of Illinois, they are also running ahead of schedule with 56% planted vs. 54% on average. The states running behind schedule include Kansas, Missouri, Michigan, North Dakota, Ohio, Pennsylvania, Tennessee, and Texas. Bottom-line, the trade sees little threat to the supply side of the equation as U.S. producers are getting the crop in fast and planting many more corn acres compared to last year. As for the "demand" side of the balance sheet, there's really nothing new or fresh to report. There's still a ton of uncertainty regarding corn used for ethanol and feed. With driving miles down significantly, gasoline demand suffering, and no one really certain about how aggressive the U.S. consumer will be when coming back online ethanol demand still seems to have more questions than answers. As for livestock demand, with +20 meat processing facilities closed, there's a lot of questions about the supply chain and how quickly we can turn it off and back on. We also have the political uncertainty surrounding relations with China that are now being more heavily debated. As I've been saying, it still feels like the bears want to make a run at prices sub-$3.00, many technical traders still talking a number in the $2.80s. As a producer, we need serious bullish help from weather and Washington!



Corn % Planted

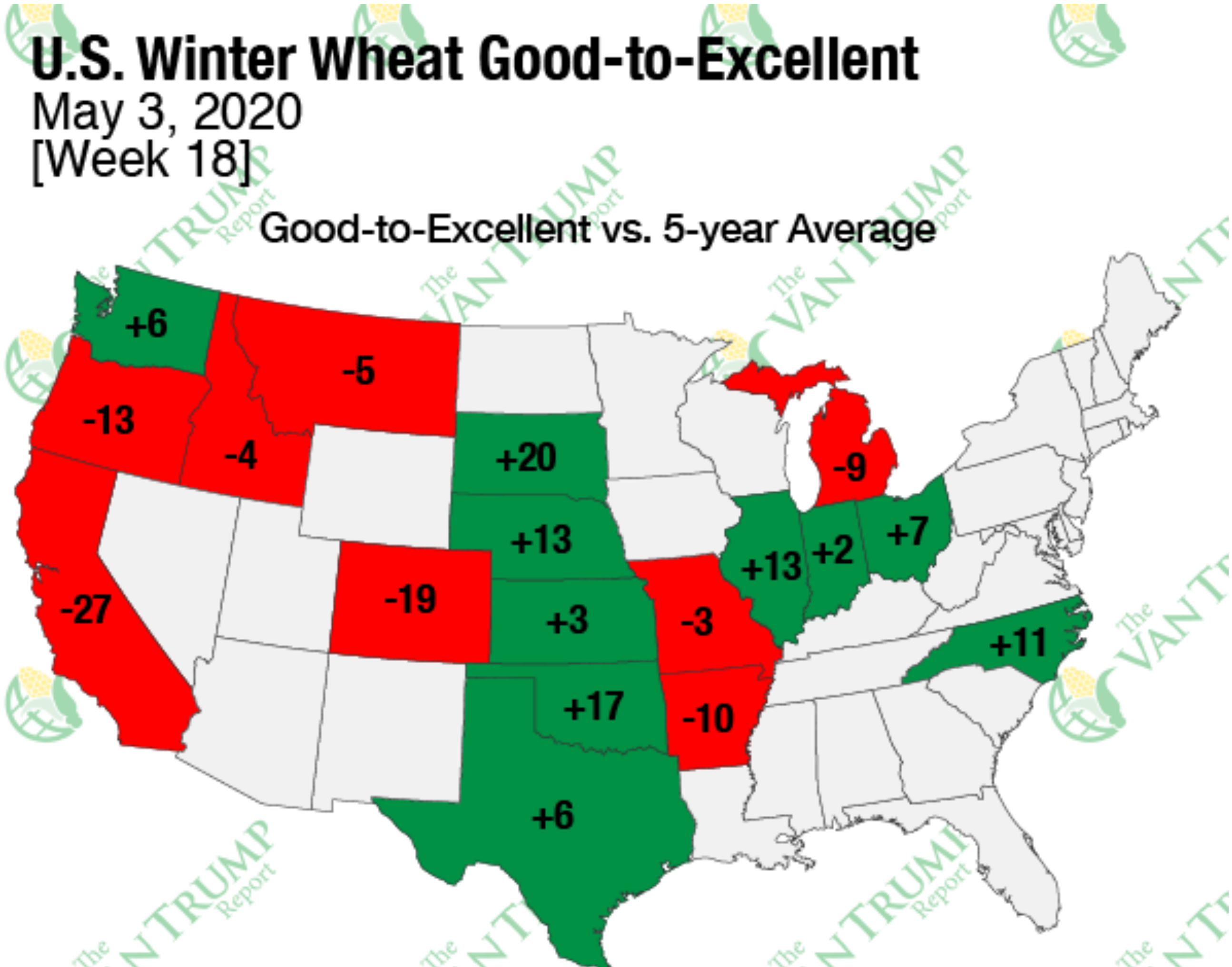
	2018	2019	5-yr avg	This Week	Change vs LW
Colorado	16	17	21	33	+16
Illinois	74	10	54	56	+19
Indiana	42	3	26	33	+15
Iowa	40	32	46	78	+39
Kansas	47	38	45	42	+18
Kentucky	37	38	41	57	+13
Michigan	14	3	12	11	+8
Minnesota	9	5	36	76	+36
Missouri	78	48	67	44	+19
Nebraska	42	30	38	61	+41
North Carolina	81	67	77	79	+17
North Dakota	7	2	19	4	+4
Ohio	23	2	20	10	+7
Pennsylvania	9	14	16	1	+1
South Dakota	6	0	18	38	+30
Tennessee	65	58	63	54	+19
Texas	81	69	71	69	+2
Wisconsin	15	6	20	33	+22
Total	39	21	39	51	+24

SOYBEAN bears are pointing towards a good start to U.S. planting and ongoing demand uncertainties. Most inside the trade suspect we currently have +20 million soybean acres now planted and running well ahead of pace. Similar to corn, many of the big production states are off to an amazingly fast start... Iowa estimated at 46% planted vs. 9% on average; Minnesota estimated at 35% planted vs. 10% on average; Nebraska estimated at 32% planted vs. 10% on average; Illinois estimated at 31% planted vs. 12% on average. The states currently running behind their historical pace include Arkansas, Mississippi, Missouri, and North Dakota. Bears are also pointing to demand uncertainty as political tensions stir between U.S. and Chinese leaders. There was talk and rumors circulating yesterday that the White House might have to put "trade" on the back-burner as leaders discuss more tariffs and punishment for the lack of early-disclosure and overall handling of coronavirus by the Chinese. Large fund traders believe U.S. soybean exports could be one of the biggest casualties of an extended political rift between the world's two largest superpowers. So if they want to design a little insurance from the fallout and exposure they look to cross-hedge, in this case it would be via some type of bearish soybean positon. Keep in mind, at the same time the Chinese are supposedly going to be buying huge amounts of soybeans from us here in the U.S., we aren't seeing it, yet numbers out of Brazil show record soybean exports in both March and April. This has some in the trade thinking the Chinese are bullshitting about the soybean purchases and if we pressure or question them about the handling of the virus they may just take their ball and go home. I'm personally betting that the President calls them out on corona and calls their bluff on trade! I'm holding a small bullish spec position and have now given back most of the gains, but I still think long term the Chinese are going to come to the table as more significant buyers of U.S. agriculture. The fear is that the longer the Chinese buying is delayed more pressure will be placed on the USDA to lower export estimates.



Soybean % Planted					
	2018	2019	5-yr avg	This Week	Change vs LW
Arkansas	40	15	32	20	+8
Illinois	29	3	12	31	+13
Indiana	13	1	9	22	+11
Iowa	12	7	9	46	+37
Kansas	8	4	4	11	+9
Kentucky	6	7	6	25	+7
Louisiana	64	40	47	51	+18
Michigan	6	2	4	13	+9
Minnesota	1	0	10	35	+30
Mississippi	53	25	49	39	+9
Missouri	19	3	8	7	+5
Nebraska	16	11	10	32	+24
North Carolina	13	11	7	10	+5
North Dakota	1	1	5	1	+1
Ohio	8	1	6	7	+5
South Dakota	1	0	3	11	+10
Tennessee	7	7	8	14	+6
Wisconsin	5	1	3	14	+12
Total	15	5	11	23	+15

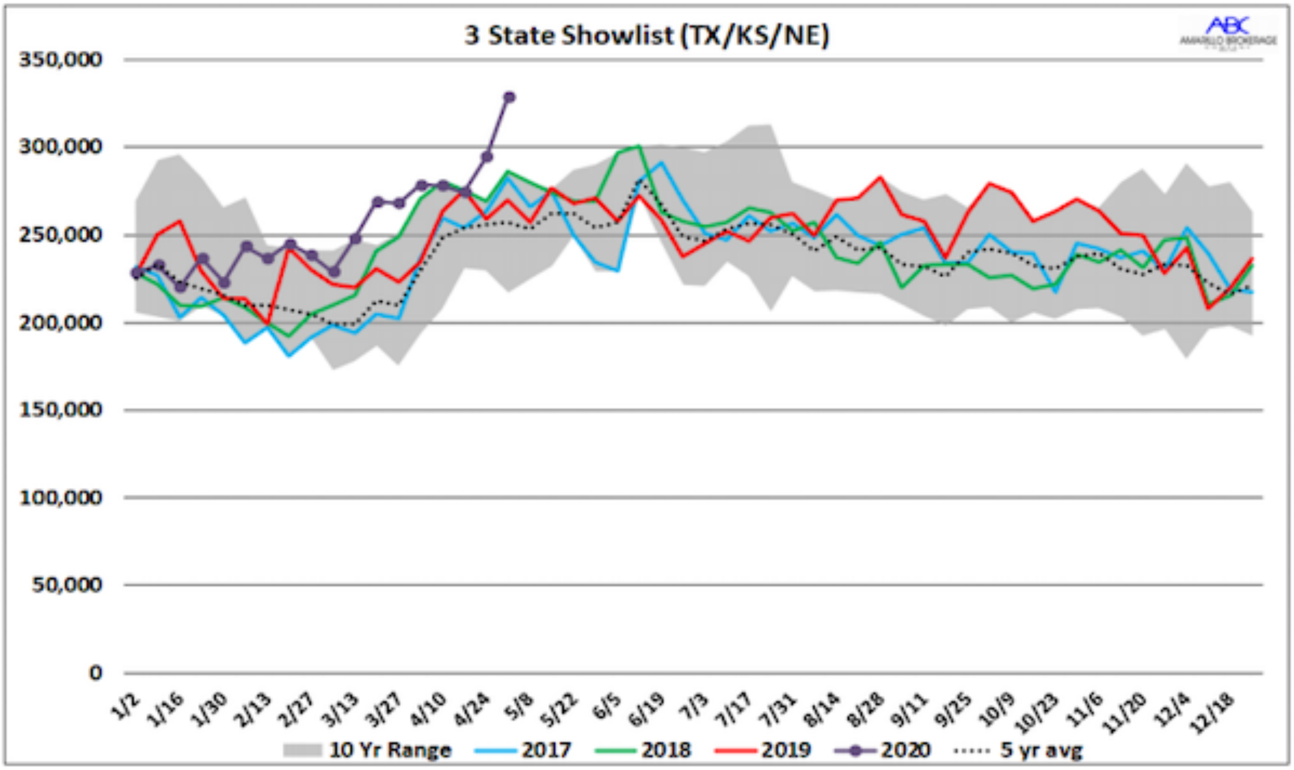
WHEAT bears are pointing to the USDA's weekly winter wheat crop condition report, where U.S. conditions improved from 54% to 55% rated GD/EX. Bulls are still closely monitoring dry conditions for HRW winter in parts of Colorado, Kansas, Oklahoma, and Texas. SRW traders are keeping an eye on cold temps and some areas with too much moisture. Spring wheat planting jumped from 14% to 29% but still remains well behind the average pace of 43% planted by this date. North Dakota only has 15% planted vs. 33% historically; Minnesota just 21% planted vs. 45%; Montana 33% vs. 44%. Don't forget, the USDA will be out next Tuesday with its first major wheat forecast for 2020. I'm not looking for any significant surprises. As a spec, I remain on the sideline. As a producer, staying extremely patient and wanting to see a few more cards turned over before pricing any more new-crop production.



Winter Wheat % Good-to-Excellent					
	2018	2019	5-yr avg	This Week	Change vs LW
Arkansas	58	55	58	48	+10
California	90	95	92	65	0
Colorado	53	73	57	38	+1
Idaho	72	65	69	65	-1
Illinois	53	38	55	68	+5
Indiana	64	54	65	67	0
Kansas	14	58	39	42	+2
Michigan	69	42	60	51	0
Missouri	54	41	55	52	-1
Montana	54	81	66	61	-2

Nebraska	61	71	54	67	+3
North Carolina	75	53	58	69	-7
Ohio	76	30	66	73	+2
Oklahoma	9	74	47	64	+2
Oregon	81	65	68	55	+5
South Dakota	30	57	46	66	-6
Texas	16	63	44	50	-7
Washington	83	69	71	77	+1
Total	34	64	52	55	+1

Cattle: Cash fed cattle prices moved slightly higher last week on marginally higher volume. There was, as there has been, some 105.00/CWT paid in certain yards. Some talk of cash trades being adjusted to higher prices for those that may have traded below 105.00/CWT, but have nothing concrete on that notion. The markets remain conflicted as to what information is worthy of keying off of. As has been mentioned in previous writings, there are many factors driving the current market situation and as a result, there is a wide swath of implications. Spot Beef prices are above 400.00/CWT for the first time ever with comprehensive beef prices at 304.00/CWT as of today. There are such small volumes of product being moved at the moment and when slaughter facility throughput regains momentum, we could see an aggressive move lower in beef prices. Additionally, at the current levels, demand will be impacted. Cattle on lists to be sold this week are massive. For the first time in a long time, all three major cattle feeding states have show lists above 100,000 HD. The KS list is approximately even with its largest from 2011 and essentially as large as January 2007. Obviously, some of this is the result of cattle not being marketed, reduced kill pace and some du to larger numbers that were intentionally placed into the timeframe. With that being said it is hard to see cash moving substantially higher until we move past some of the current logistical quagmires. If I had to estimate cash trade for this week, I would guess larger volumes around steady. Beef is likely to be supported but today's move in the choice cutout of +32.60/CWT seems like a blow-off. Futures markets are gaining steam and the front spreads are firming. The technical setup has many hurdles but is moving above key resistance. The basis will be at risk of narrowing going forward. Much talk of government intervention in a variety of ways for cattle producers. We have very little evidence of anything official, but most industry groups are flexing in every way possible to help guide the easing of the packing flow issues and supplement lost revenue through this crisis. There are obviously risks associated with manipulating a biological production cycle and a market. The details, if any, will surely come to the surface sooner rather than later. Overall, markets are beginning to stabilize and market participants have regained some order in how they are moving in and out of the marketplace. We will still see some chop and being sure-footed will be very important going forward. Trey Warnock - Amarillo Brokerage Company



> SBA Opens up Loans for Farmers: *Farmers who have been waiting for the Small Business Administration to open up more loan funding need to take action quickly to get their loans in line. SBA on Monday announced it would open Emergency Economic Injury Disaster Loan (EIDL) programs for farmers. SBA will essentially "reopen" the loan portal for those EIDL loans, the agency stated. Congress approved a new round of small-business funding and specifically detailed that farmers are allowed to apply in late April but up until Monday, SBA was stating there was such a backlog of EIDL loan applications that it was not accepting new applications. EIDL loans go directly through SBA and they provide individual grants to small businesses for up to $10,000. But the EIDL loans can go as high as $2 million for small businesses. The EIDL loans are not forgiven, but EIDL allows low-interest loans (3.75%) for up to 30 years. Learn more HERE.*

> USDA Announces $100 Million in Grants for Biofuels Infrastructure: *USDA intends to offer up to $100 million in competitive grants to expand the availability and sale of renewable fuels, Secretary of Agriculture Sonny Perdue announced Monday. The Higher Blends Infrastructure Incentive Program (HBIIP) consist of up to $100 million in funding for competitive grants or sales incentives to eligible entities for activities designed to expand the sales and use of ethanol and biodiesel fuels. Funds will be made directly available to assist transportation fueling and biodiesel distribution facilities with converting to higher ethanol and biodiesel blends by sharing the costs related to and/or offering sales incentives for* *the installation of fuel pumps, related equipment, and infrastructure. More information is available HERE.*

> Tyson's Earnings Miss, More Plant Closures Expected: *Tyson Foods on Monday reported that its fiscal second-quarter net income fell 15% from a year earlier, as production disruptions weighed on its results. Tyson warned Monday that it expects more meat plant closures this year and also said it will continue producing less meat than usual, as workers refrain from coming to work during the coronavirus pandemic. Tyson reported fiscal second-quarter net income of $364 million, or $1 per share, down from $426 million, or $1.17 per share a year earlier. Net sales rose 4.3% to $10.89 billion. Tyson's total volume grew 2.6% during the quarter. Beef and pork volumes rose, while Tyson's chicken and prepared foods segments saw volumes shrink. Tyson executives said that U.S. hog processing capacity has been nearly cut in half as the coronavirus closes slaughterhouses, pressuring profits. As consumers shift to eating more meals at home due to restaurant closures, Tyson expects volumes to decline in the second half of fiscal 2020 because of weaker food-service demand. Read more from CNBC.*

> Smithfield Claims Executive Order Preempts Safety Lawsuit: *Smithfield Foods Inc has outlined for a federal judge numerous steps it is taking to protect workers at a Missouri plant during the coronavirus pandemic, and said a recent executive order preempts a worker advocacy group's bid to force the company to do more. Smithfield's lawyers said in a brief that the order issued by President Donald Trump last week gives the U.S. Department of Agriculture (USDA) the final say over what steps meatpacking plants should take to prevent the spread of the virus and ensure they can remain open. (Source: Reuters)*

> Food-Export Bans Being Rolled Back: *Of at least 17 countries that sought to limit food exports to protect local supplies, about half have backtracked all or some of the measures, according to a tracker from the International Food Policy Research Institute. That includes several major grain shippers such as Vietnam and Romania, although top wheat exporter Russia has kept its curbs in place. Immediate worries about food shortages have eased in many parts of the world as supply chains continue to flow despite lockdowns. Meanwhile, even short-lived restrictions have resulted in spoiled crops and stranded cargoes. Organizations such as the United Nations have urged against measures that could harm food security and raise prices. Bloomberg has a rundown of current food-export limits in place around the globe HERE.*

> U.S. Court Vacates 287 U.S. Oil and Gas Leases: *A federal court has vacated 287 oil and gas leases issued by the U.S. government that covered 145,063 acres of land in Montana, deciding that the Trump administration did not adequately consider risks to the environment and water supply. Judge Brian Morris* *vacated the leases, which were sold by the administration to oil and gas producers between December 2017 and March 2018. He also ordered the bureau to conduct further analysis of the environmental impacts granting the leases would cause. BLM officials said the agency would evaluate the ruling and determine its next steps. (Source: The Hill)*

> U.S. and U.K Begin Trade Talks: *The U.S. and Britain kick off formal trade negotiations today with a video call between U.S. Trade Representative Robert Lighthizer and U.K. International Trade Secretary Liz Truss. It's the first step in what's expected to be a long process with the U.S. pushing for greater access to U.K. markets and Britain looking for tariff relief.*

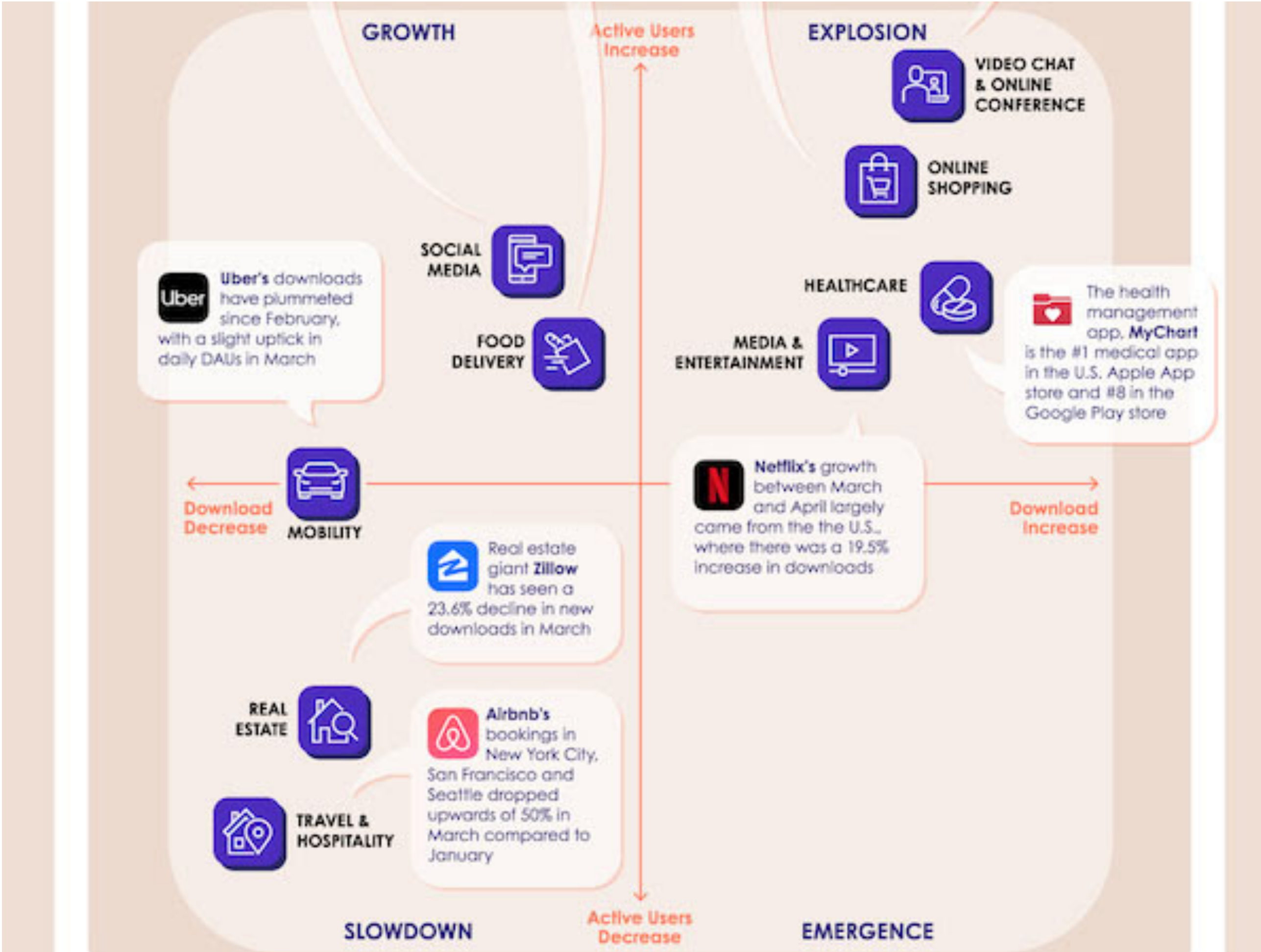
> Global Factory Output Plummets, Slow Rebound Projected: *Factory output plummeted across Asia, Europe and Latin America during April, according to surveys of purchasing managers, as efforts to limit the spread of the novel coronavirus dealt a blow to the global economy that has few precedents in its breadth and abruptness. From India to Poland to Mexico, purchasing managers at manufacturing businesses told data firm IHS Markit the same story: April saw the sharpest fall in output and other measures of activity on record. Surveys for the U.S. released last week painted a similar picture. With many countries already easing restrictions on movement and social interaction, and more to follow in May, governments, businesses and workers will hope that last month marked the high point in terms of the economic cost of containing the pandemic. But a quick rebound to the level of activity recorded before the first lockdowns were imposed in January is unlikely. "Steps needed to keep workers safe will mean even businesses that are able to restart production will generally be running at low capacity, and most will be operating in an environment of greatly reduced demand," said Chris Williamson, chief business economist at IHS Markit. Read more from* The Wall Street Journal.

> Disney's Diverse Business Mix Could be a Liability: *After a decade of spectacular growth, Disney has been devastated by the coronavirus pandemic. Its 14 theme parks (annual attendance: 157 million) delivered record profits in 2019. They're now padlocked. Its movie studios (there are eight) controlled a staggering 40 percent of the domestic box office last year. Now, they're sitting at a near standstill. Today, Disney's new chief executive, Bob Chapek, and Robert A. Iger, Disney's executive chairman, will offer their first assessment of the damage but the true scale of the pandemic's impact won't be known until late summer, when Mr. Chapek reports results for the current quarter — the one in which Disney has furloughed an estimated 100,000 employees, slashed executive pay up to 50 percent and taken out a $5 billion line of credit to bolster its liquidity (on top of $8.25 billion secured in March). Disney's mind boggling collection of holdings have turned it into a colossus over the last 14 years but its vastness may now become a liability. Read more from* The New York Times.

> JCrew Becomes Pandemics First Major Retailer Victim: *J. Crew filed for bankruptcy yesterday, crushed by debt and unable to revive its preppy clothing line amid the pandemic. While the retailer's struggle pre-dated the outbreak, it's the first major retailer to go bankrupt during the ensuing economic shutdown. But it likely won't be the last: Neiman Marcus and J.C. Penney could be days away from default. (Source: Bloomberg)*

> The Actual Experience of Virtual Experiences: *Many of us are currently missing things like Outside and Proximity to Other Humans. For the lucky ones, at least, monotony and loneliness are our most prominent enemies. Some brands like Airbnb, Viator, Google, and various tourism councils have begun offering virtual "experiences," so that hypothetically you both keep spending money and also don't die of boredom. But can paying to stare at a screen for culture really rescue you from the monotony of staring at Twitter? Or are these online versions of "doing stuff" just more screens? A reporter over at Eater tried some of them out and shares the "experience" HERE.*

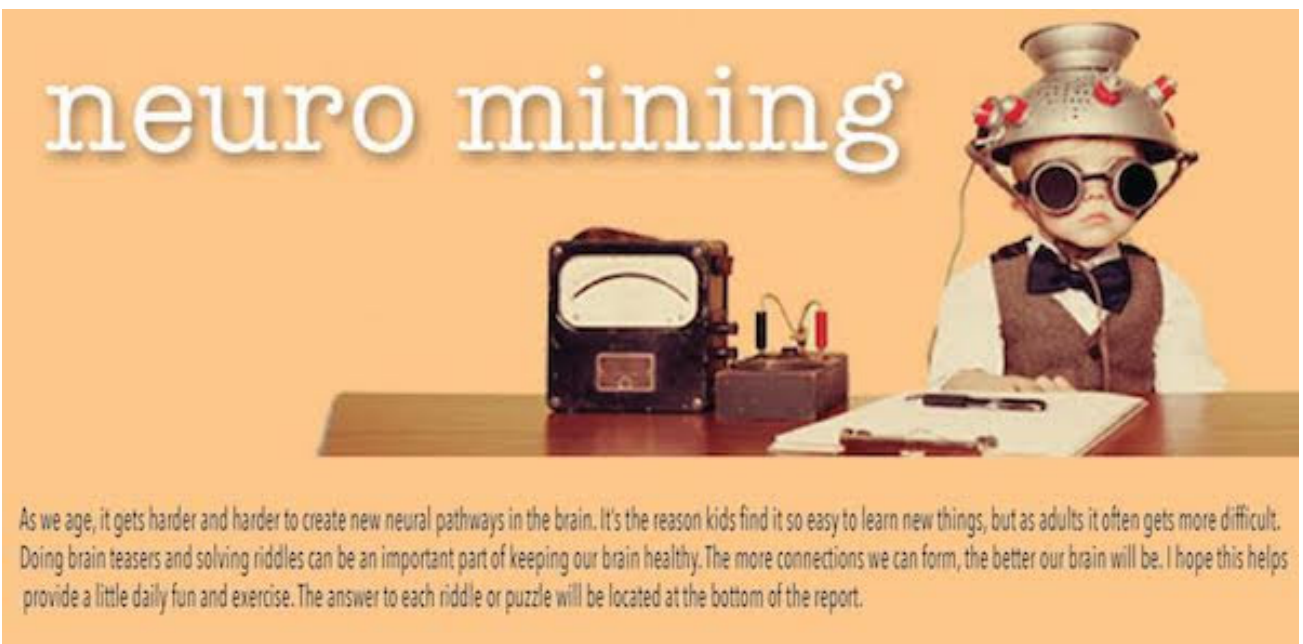
> COVID-19 App Popularity: *Pandemic-induced social isolation has altered the relationship consumers have with technology as they grow more reliant on apps for communication, shopping, staying healthy, and entertainment. The graphic below pulls data from a new report by MoEngage and Apptopia, and it plots the winners and losers of the pandemic from the app world in North America. Their data shows people spent 20% more time using apps in the first quarter of 2020 compared to 2019. During that time, consumers also spent over $23 billion in app stores—the largest spend per quarter recorded to date. While consumers across the globe lean on apps to support them in times of crisis, what exactly are consumers in North America using? Click HERE for the full graphic and more details.*



Southwest Minnesota - *We've had the best planting weather in a decade this season and I wish I had more good news. I am not a complainer and always believe the glass is half full, but things are not good out this way. Ethanol plants are the life blood for many around here, but they are currently at very minimal capacity. We did get a note today saying they would start taking some deliveries next week. I have some bushels already contracted with them so I am glad for that news. Hog operations up here are getting slammed as well and from my field, I'm having to watch hog carcasses being ground up and spread on a neighbor's field. Most of the housing for pigs were never intended to support the weights these pigs are getting to. We are feeding the minimum recommended amounts and have about three weeks before ours hit max density. We need a break and* *prayerfully are hoping for one.*

North central Kansas - *There are a lot of acres in this part of the world that look good. At the same time, there are many acres that look really terrible. I would say somewhere around 25% of all acres were killed a few weeks ago on the frost. We didn't get as cold as the northwest portion of the state, I would say closer to 50% of the acres in that part of the country was hurt or killed. The common theme in the hurt wheat was late planted, planted into soybean ground, or extremely dry. A lot of the wheat still had the joint below the ground and it's taking off as we put our 3rd pass of Nitrogen over the top. In the northwestern part of the state, guys will be lucky to make 50 bushels on the better-looking wheat but realistically it was probably knocked back closer to 30 bushel wheat.*

Southwest Nebraska - *We're probably 2-3 weeks out from spraying our wheat with fungicides here in southern Nebraska. It seems like if the guys have rust in Texas, Oklahoma, and Kansas then it blows up here eventually. Our wheat has been a victim of freezes and drought so kind of wondering if it will be worth adding any more expense to it. Our wheat yields look to be half of what our record yields were a year ago. The frost did some serious damage from what I can tell.*



TODAY'S RIDDLE: Often held but never touched, always wet but never rusts, often bites but seldom bit, to use me well you must have wit. What am I?

What You Need to Know... Big Money Leasing Farmland to Solar Operators
Solar is being installed at an increasing clip across the United States with large-scale projects looking to farms for the massive tracts of land needed for their development. In fact, I've personally spoken with and talked to several landowners who have recently inked longterm leases (10 to 30 years) on +800 acre tracts for between $600 and $1,200 per acre. Wow!!! Bottom line, there are loads of utility-scale solar farms projects popping up and we are seeing more farmers being offered big bucks to lease their ground. But those big bucks do come with strings attached and there are many different factors landowners need to consider before signing long term contracts. Below is just some of the research we've found. Make certain you do more specific digging for your particular area.

> **What is a solar farm?** *Solar farms or solar arrays are basically a group of solar panels that collect energy from the sun. They most commonly use multiple large photovoltaic (PV) panels that require a good-sized chunk of land. Most of the projects going in across the Midwest are what's known as "utility-scale", the definition of which varies widely but in general means projects that are greater than 5 megawatts (mW).*
>
> **How much land does a solar project require?** *The amount of land for a typical solar installation also varies depending on the project. The most widely cited literature says the general rule of thumb is for every 1 kilowatt (kW) of solar panels needed, the area required is approximately 100 square feet. So a 1-megawatt power plant would require a minimum of about 2.5 acres. That's just for the panels, however...there is other equipment needed to run these things as well as space for workers to access them for maintenance, etc. According to a National Renewable Energy Laboratory report, the average direct land requirements for projects greater than 20 mW range anywhere from 7.5 acres/mW to 8.3 acres/mW. Interestingly, most of the deals we have been hearing about as of late are involving a minimum of 500 to 800-acre tracts, with some of the deals further east involving a minimum 1,000 acres.*
>
> **How much do solar leases pay?** *Solar operators mostly lease land rather than buy and much of what is considered "prime solar array country" also happens to be farmland - wide open spaces, strong levels of total solar radiation, and flat ground. Typical solar project lease rates vary widely*

depending on the region, project size, and use. I've heard anywhere from $300 to $2,000 per acre but the average seems to be around $1,000 per acre. Leases should also contain built-in annual rent escalations as well to adjust for future inflation. Some leases also have royalty structures where the landowner shares in a percentage of the project's revenue, though these don't seem to be very common.

How long do lease commitments last? *Lease lengths vary but average around 20 years (we've seen them as long as 40 years) and tend to come with automatic extension renewals of 5 or 10 years. Because of the long timeframes, it's critical that landowners think through possible future events that could interfere with that commitment. Obviously we can't anticipate every scenario but landowners should have a good idea of what they want their operation to look like 20-30 years or more down the road. Our research finds these solar leases are extremely difficult if not impossible to get out of and generally prohibit any other use of the property. Bottom line, this is not a quick fix to a temporary cash-flow problem. It's a long term commitment that will shape your farm for literally decades and generations to come.*

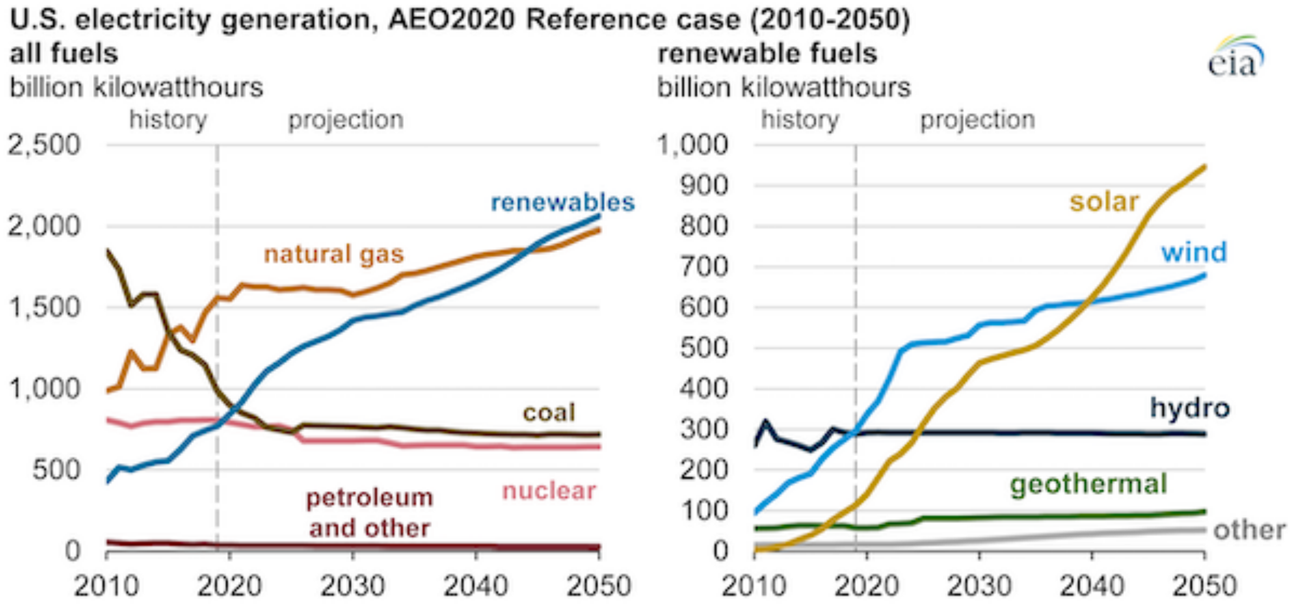
Other legal interests to consider: *Does anyone else have any legal interest in the land you're thinking of leasing? For example, some mortgages have provisions that can prevent you from entering into such an agreement with a third party. Don't forget about farmland leases, hunting leases, mineral rights, easements, and trusts.*

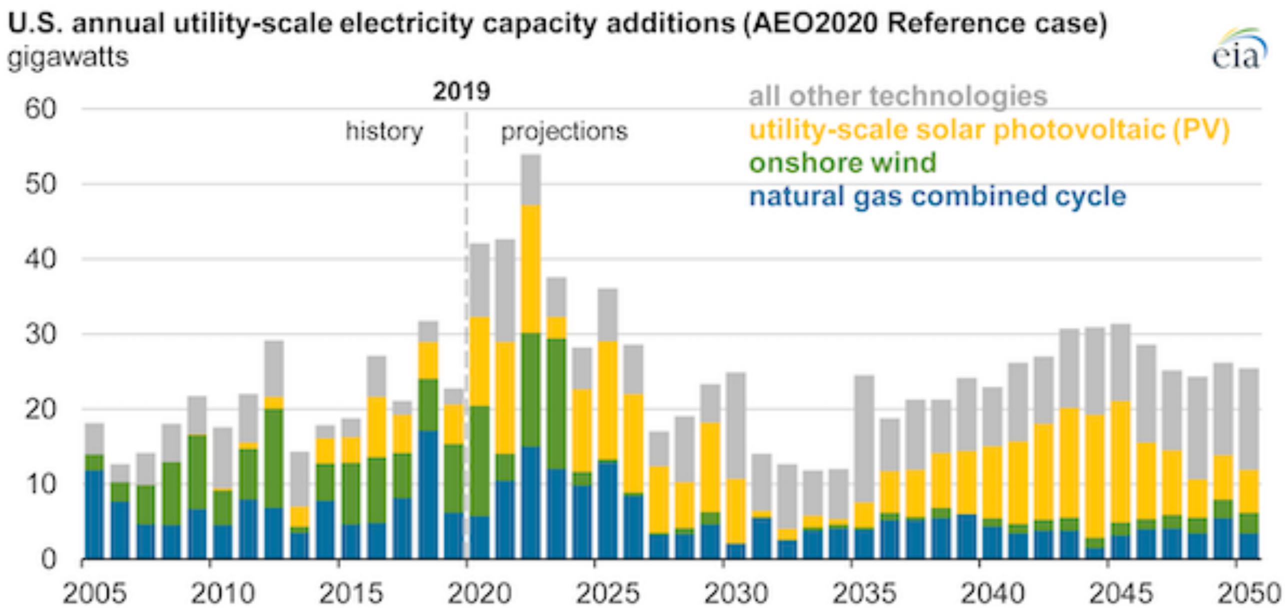
Property taxes: *Some states assess commercial agricultural land at lower values for property tax purposes. Solar energy may not qualify under your state or local tax codes which could mean higher taxes. Also, under some tax laws, qualifying land that is converted to non-agricultural commercial use could be subject to penalties equal to previous years' tax savings. There could also be penalties under other various agricultural-use laws.*

Insurance and liability: *Landowners need to consider this from two perspectives - Who is liable if someone gets hurt on the property being leased? And who is liable for damage to the solar panels and other equipment? These are largely going to be determined in the lease but there may be additional insurance requirements or clauses needed, depending on a variety of circumstances.*

Your neighbors: *Some rural American communities have expressed skepticism about these larger solar farms for many reasons. Some do not like the idea of high-quality farmland "going to waste." There are also concerns about the rural landscape being crowded with solar panels. And then there is the actual installation process, which can take many weeks or even months,* *often requiring the addition of access roads that can mean clearing crops or other natural vegetation. This step in the process also brings added traffic, noise, dust, etc. There is also maintenance and possible panel replacements that may be necessary over the years. These are projects that impact entire communities over long periods of time and it's inevitable that some will oppose them, maybe even your own neighbors. Also keep in mind, depending on how an area is zoned, solar operators might be subject to a lengthy public approval process.*

Start with the End in Mind: *Another thing to consider is what happens when the lease ends - who is hauling that equipment out and what shape is your land going to be in once it's gone? And what if the solar operator leasing your land goes under? That could open a whole new can of worms. As you can tell, this is a very complicated decision and any landowner considering adding a solar lease needs to seek legal, tax, insurance, and financial advice from professionals. It would also be prudent to thoroughly research the solar developer and their other existing projects to get a sense of how they operate. You could be in business with them for a very, very long time. (Sources: Texas A&M, National Agricultural Law Center, MU Ag Extension, Strategic Solar)*


U.S. electricity generation, AEO2020 Reference case (2010-2050)
all fuels
billion kilowatthours
history
projection
2,500
2,000
1,500
1,000
500
0
2010
2020
2030
2040
2050
renewables
natural gas
coal
nuclear
petroleum and other
renewable fuels
billion kilowatthours
1,000
900
800
700
600
500
400
300
200
100
solar
wind
hydro
geothermal
other
eia


U.S. annual utility-scale electricity capacity additions (AEO2020 Reference case)
gigawatts
2019
history
projections
all other technologies
utility-scale solar photovoltaic (PV)
onshore wind
natural gas combined cycle
60
50
40
30
20
10
0
2005
2010
2015
2020
2025
2030
2035
2040
2045
2050
eia

Happy Cinco de Mayo!
Today is the fifth day of May, or Cinco de Mayo, a date celebrating the Mexican army's underdog victory in a battle against France during the Second Franco-Mexican War on May 5, 1862. Interestingly, it's typically a widely celebrated holiday here in the U.S. but in Mexico, it's not really a big deal. In the U.S., the holiday usually involves a lot of Tex-Mex food and too much tequila served up at bars, restaurants, and block parties. This year, obviously, things are going to look a lot different with most celebrations relegated to back yards and living rooms.

According to historians, Cinco de Mayo gained its foothold as a major holiday in the U.S. thanks largely to Mexican-American youth appropriating it in the 1950s and 1960s as a way to celebrate Mexican culture and build pride in their communities. TIME magazine reports that "Cinco de Mayo started to come into vogue in 1940s America during the rise of the Chicano Movement." The introduction of corporate sponsorship is what really blew the holiday, though, with ad campaigns introduced by beer brands like Corona and Modelo building major marketing campaigns around the holiday starting in the 1980s.

Cinco de Mayo is often mistaken as Mexico's "Independence Day" but its origins lie in the historically significant Battle of Puebla which came some 50 years after the country had already won its freedom from Spanish rule. In the battle near Puebla City, the Mexican army faced off against a much better equipped and significantly larger French army. The victory provided a significant morale boost for Mexican troops, even though it would be several more years before they could claim total victory over France.

The war itself was a unique one in world history, coming about as a consequence of Mexican President Benito Juárez's decision to suspend interest payments to Mexico's foreign creditors. Among the largest affected were France, Britain, and Spain, which decided to band together in October of 1861 and send military forces to Mexico in an effort to extract payments from the country.

The British, Spanish, and French fleets all arrived in Mexico in mid-December and made their way up the coast to the state of Veracruz. European forces seized several towns along the way to use as leverage in their campaign. In February 1862, Mexico signed an agreement with the European countries in which Mexico acknowledged its debts and scheduled a meeting for April 15 to discuss the issue further.

However, then Emperor of France Napoleon III had an even grander scheme and, ignoring the treaty, soon captured the city of Campeche where the French military began consolidating its forces. As Britain and Spain realized a bit too late, Napoleon intended to conquer all of Mexico, a plan the other two European powers were not on board with. Both withdrew all their forces by the end of April, 1862, leaving the French to fend for themselves.

The Battle of Puebla came as Mexican forces commanded by General Ignacio Zaragoza were trying to slow the Spanish advance toward Mexico City. It is considered the first major battle of the war and resulted in a crushing defeat for the French, which were forced to retreat back to Veracruz. It was a short-lived victory, though, and the war would drag on until the Summer of 1867, when France finally withdrew thanks largely to open threats of intervention from the U.S. (Sources: National Geographic, History Hit, Wikipedia)


CINCO
DE MAYO

Harlow's Monkey Experiment... Makes Me Think About Our Economy Moving Forward

All humans possess fundamental psychological needs. If we do not meet our psychological needs, we suffer, sometimes severely. Just like we need food, shelter, and sleep to survive, we also need to fulfill our psychological needs to remain mentally healthy and stable.

Psychologists have studied a number of psychological needs, but tend to narrow them down to about four big fundamentals: #1 security, #2 self-esteem, #3 autonomy, and #4 connection. To be happy, stable people, it is believed we need to meet all four of these needs consistently. If we are not meeting these needs, they say our minds will actually begin to rationalize ways to get them met, even at the expense of our physical or mental health. If one starts to believe they will never be able to meet any single or multiple combinations of these needs, they will become chronically depressed and sometimes take steps towards suicide.

Humans are born wired for "connection" – it’s in our DNA, as strong a need as food, water, and warmth. And if you look at a newborn baby, that makes sense. Unless babies successfully attach to their mother, they won’t be able to survive – human infants are born completely helpless, so we are entirely reliant on our caregivers. A loving, secure relationship is literally a matter of life and death for babies.

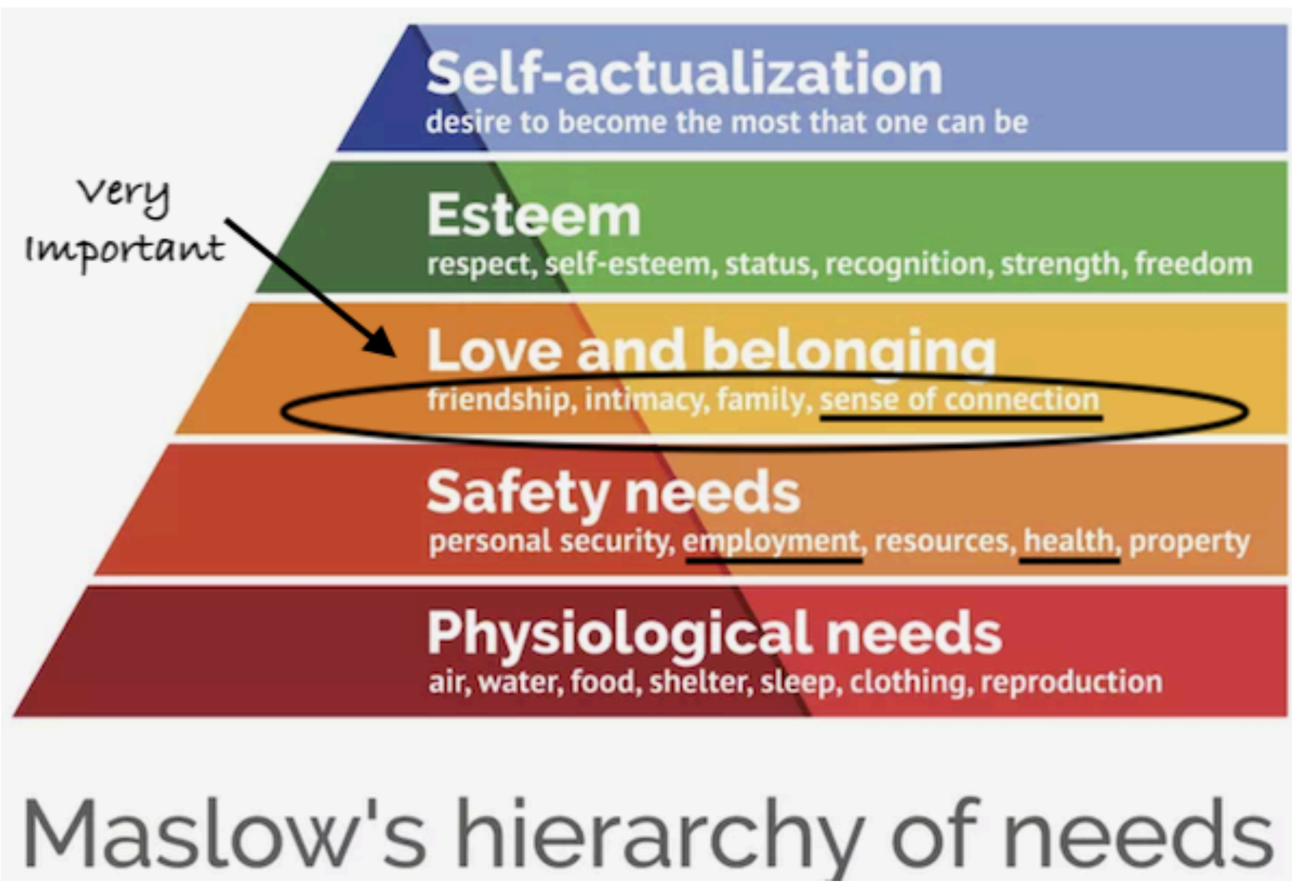
American psychologist Harry Harlow was famous for his research with rhesus monkeys. Harlow’s most well known experiment involved giving young rhesus monkeys a choice between two different "mothers." One was made of soft terrycloth but provided no food. The other was made of wire but provided nourishment from an attached baby bottle.

Harlow's young monkeys were "raised" exclusively by these mother surrogates. The experiment demonstrated that the baby monkeys spent significantly more time with their cloth mother than with their wire mother. In other words, the infant monkeys went to the wire mother only for food in desperation but preferred to spend their time with the soft, comforting cloth mother when they were not eating.

Bottom-line, behavioral psychologists have proven time and time again that humans need and are driven to be around other humans. I know some will argue this fact, but I will question their psychological sharpness and overall mental health when compared to others who are much more outgoing and socially active in their communities. Remember, we are not talking about I.Q. when we are talking about mental health. In fact, many recent studies have shown our most intelligent, those with the highest I.Q.'s, often struggle the most with mood disorders (depression, dysthymia and bipolar), and anxiety disorders (generalized, social, and obsessive-compulsive).

Investors are desperately trying to figure out how this desire or need for human "connection" will play out in our new post-coronavirus world. Like the baby monkeys in Harlow's experiment, we can get food from the wire structured mother if we have to, i.e. food from delivery type robots, home good items from Amazontype drones, a little entertainment streamed from Netflix, and some virtual family time via Facebook and Zoom, but what we crave and truly need as human beings are real connections.

Many large investors and deep thinkers I've spoken with think in some ways we might go back more towards how things were in the 1950s, 60s, 70s... more home-cooked meals around the dinner table, more social gatherings with the immediate family and neighbors, more time spent talking with those who mean the most, more entertaining at home showing off your newest recipes, newest cooking skills, newest drink mixes, and newest home remodel. Personally, I would love to see a hard-reset! Just remember, as humans it's our emotions that most influence our decision making and ultimately forecast our action. If you want to know what's coming next you have to become somewhat of a master at "behavioral psychology" and forecasting emotions... Good luck, I can't even completely understand and forecast my own emotions or the emotions of the people I've lived with my entire life:) Lots to think about! (Source: Dan Roberts, Psychotherapist, Thrive Global; Mark Manson; VeryWellMind, Kendall Cherry, Steven Gans, MD)



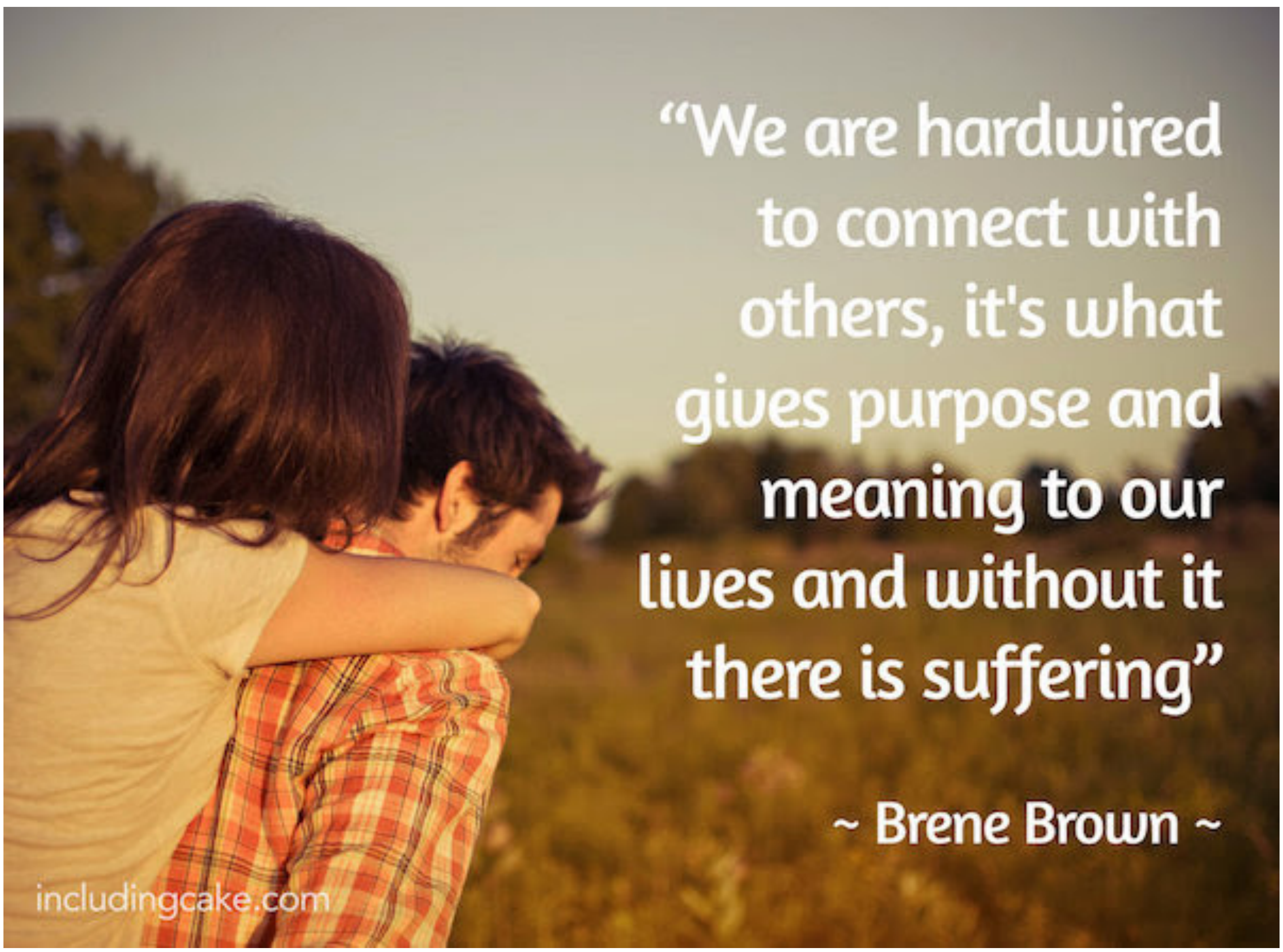
Heidi May
March 12 ·

Satan "I will cause anxiety, fear and panic. I will shut down business, schools, places of worship, and sports events. I will cause economic turmoil."

Jesus "I will bring together neighbors, restore the family unit, I will bring dinner back to the kitchen table. I will help people slow down their lives and appreciate what really matters. I will teach my children to rely on me and not the world. I will teach my children to trust me and not their money and material resources."

I like option two better than option one😃

168 32 Comments 676 Shares

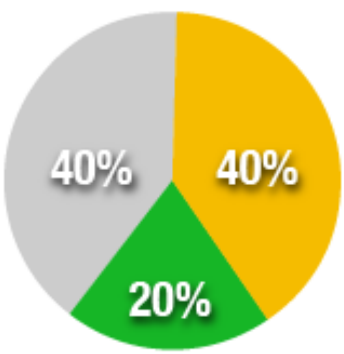


ANSWER to riddle: Your tongue.

CASH SALES & HEDGING TOTALS

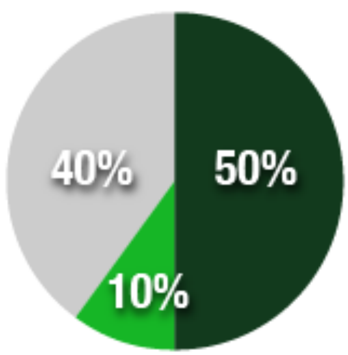
Corn 2019 Crop

40% SOLD
20% HEDGED
40% UNPROTECTED



Soybean 2019 Crop

50% SOLD
10% HEDGED
40% UNPROTECTED

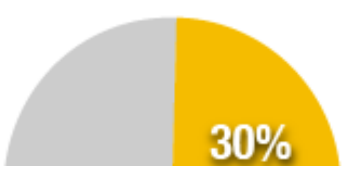


Wheat 2019 Crop

100% SOLD
0% HEDGED
0% UNPROTECTED

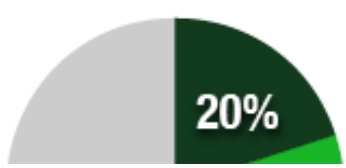
Corn 2020 Crop

30% SOLD
0% HEDGED
70% UNPROTECTED



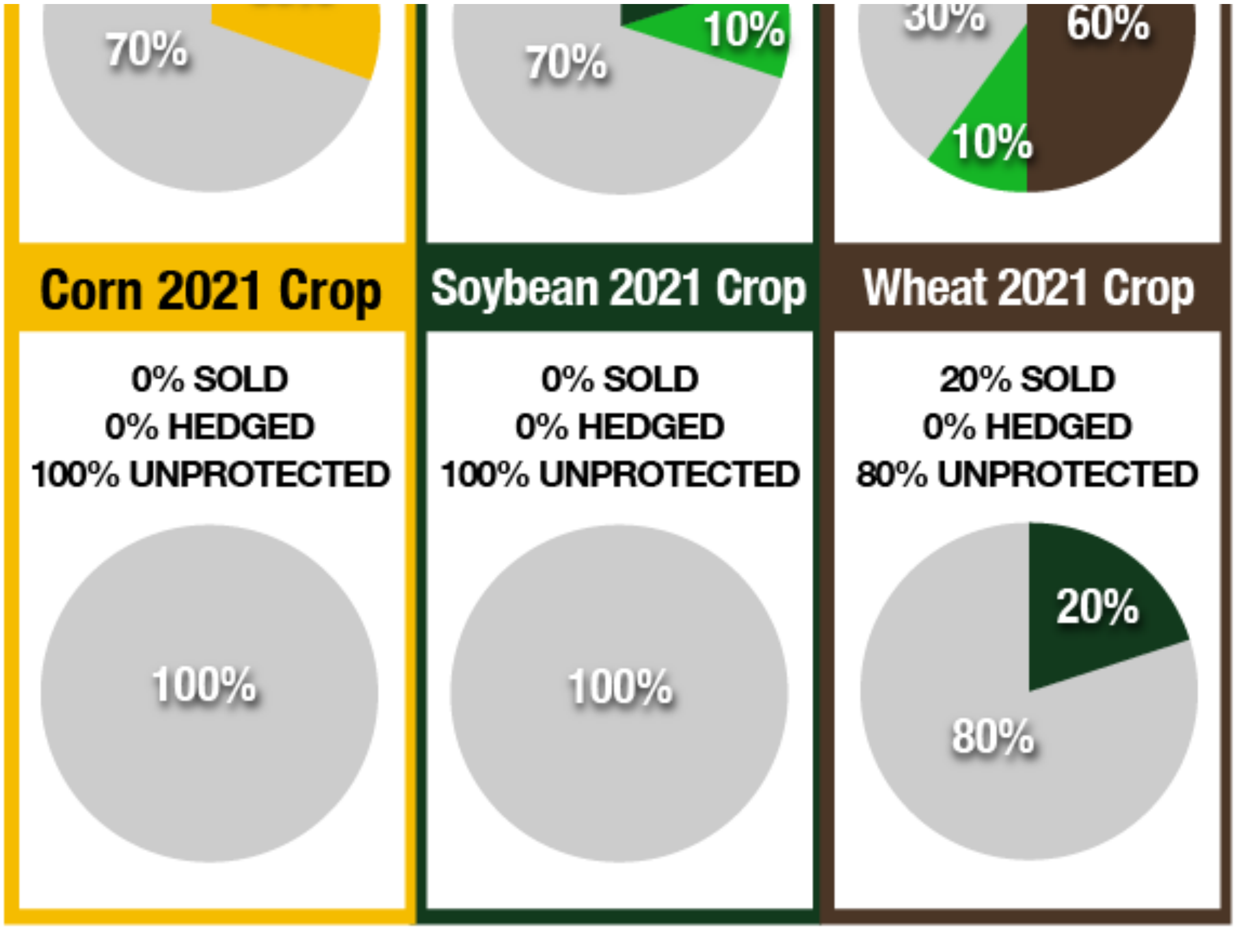
Soybean 2020 Crop

20% SOLD
10% HEDGED
70% UNPROTECTED



Wheat 2020 Crop

60% SOLD
10% HEDGED
30% UNPROTECTED


70%
70%
10%
30%
60%
10%
Corn 2021 Crop
0% SOLD
0% HEDGED
100% UNPROTECTED
100%
Soybean 2021 Crop
0% SOLD
0% HEDGED
100% UNPROTECTED
100%
Wheat 2021 Crop
20% SOLD
0% HEDGED
80% UNPROTECTED
20%
80%