



Jordan Van Trump <jordan@farmdirection.com>

GOOD MORNING: The Van Trump Report 5-13-20

1 message

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

Wed, May 13, 2020 at 5:30 AM

Reply-To: Jordan <reply-febc1175736c0278-1180_HTML-40325470-100003450-10@vantrumpreport-email.com>

To: jordan@farmdirection.com



"I made such a mess out of my life that it turned into art" — Matt Barker

Wednesday, May 13, 2020[Printable Copy](#) or [Audio Version](#)

Morning Summary: Stock bulls take a step back perhaps rethinking the fallout and economic storm clouds that might be headed our direction. It seemed to hit home after Twitter publicly announced that it would allow employees to work from home forever, not just during the shelter in place orders. As traders started to extrapolate the Real Estate sector took it on the chin, which isn't surprising and fits directly in-line with our concerns about commercial real estate. Also, think about what this does to other businesses... i.e. ethanol demand probably never comes back to previous levels because gasoline demand is negatively impacted by way less commuter driving and way less business travel; restaurants and food trucks that depend on lunch business are probably out of business; hotels that depend on business travel and business meetings during the week will be massively hit. There seems to be no question that the work from home model is

going to be a byproduct of corona meeting technology, the question is how much of the workweek labor force will be shifted and what dominos will tumble and what new opportunities will arise as people and businesses pivot? I should note, LinkedIn reported they were seeing a massive +43% spike in the number of people who want to get jobs working remotely. Next we have to ask, how will travel change? Keep in mind, back in 1950 there were only about 25 million people that crossed a border, while last year +1.4 billion people crossed a border. There's some indication that as we settle into a new normal, folks will forgo air travel, cruises, and overseas trips in favor of destinations closer to their homes. Who knows exactly how it will change, but I suspect it changes.

Today, investors are anxious to hear from Federal Reserve Chair Jerome Powell where he is expected to quash speculation that the central bank is considering negative interest rates. The unorthodox concept is designed to spur economic growth during deflationary periods but is not really popular with U.S. investors. Most analysts believe negative rates would be enormously costly for banks and other parts of the financial industry, and possibly limit the ability of financial institutions to extend credit. There are indications in the futures market that rates could turn negative next year but some trading insiders argue those moves are due to hedging strategies big banks are using right now to defend against the "possibility" of negative rates - talk about a self-fulfilling prophecy. Fed officials this week have already pushed hard against negative rates and Powell probably won't deliver any surprises. The Fed chief will also talk about the current outlook for the U.S. economy and possibly other strategies the central bank might be considering. Investors also remain laser-focused on the coronavirus situation in areas of the U.S. that have reopened recently after leaders of the White House coronavirus response team warned a Senate panel that the U.S. is not prepared to reopen yet and risks a second wave of outbreaks. Stock bulls remain very optimistic about a vaccine, of which there are now at least eight promising candidates in development. There have also been several new drug treatments announced recently that health officials are hopeful about, including one that just concluded a phase II trial this week. California Governor Gavin Newsom also just announced further reopening steps that will allow some offices and malls to reopen, which is a pretty big deal considering it has the largest economy in the U.S., and the fifth largest in the world. It's unclear if that will include the state's most populous county though, as Los Angeles has indicated it may keep lockdown orders in place until July. Economic data today is very light with the U.S. Energy Information Administration weekly oil inventory report being the only real highlight. Stockpiles are expected to climb again though traders don't seem to be as sensitive to ever-expanding inventory levels as they were a few weeks ago. It helps that the Saudis and other OPEC producers have announced additional cuts this week. The EIA yesterday also reduced its production forecasts for both 2020 and 2021 and also projected a rebound in demand and the beginning of inventory reductions for the third quarter.



NEW Highly Volatile Podcast... "Corona Recovery, Deepening Debt, and Opportunities Ahead"

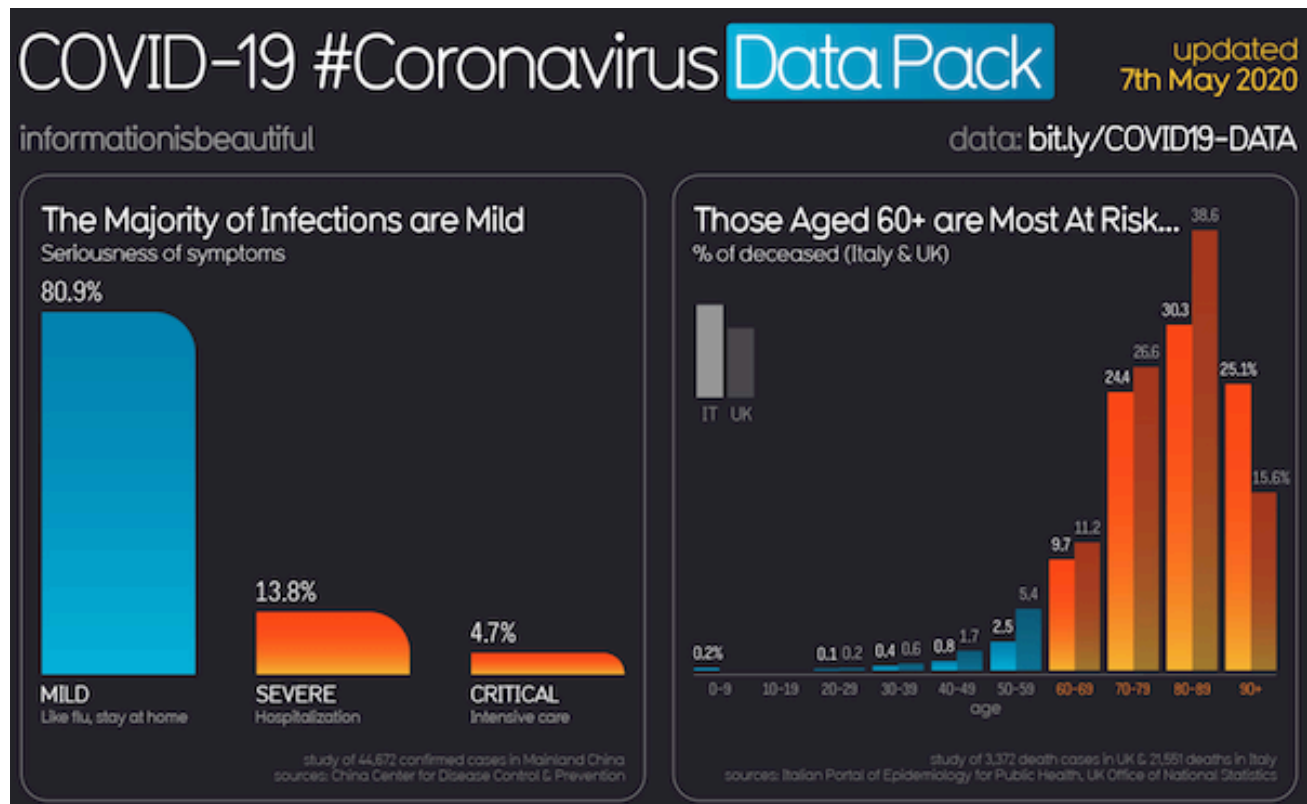
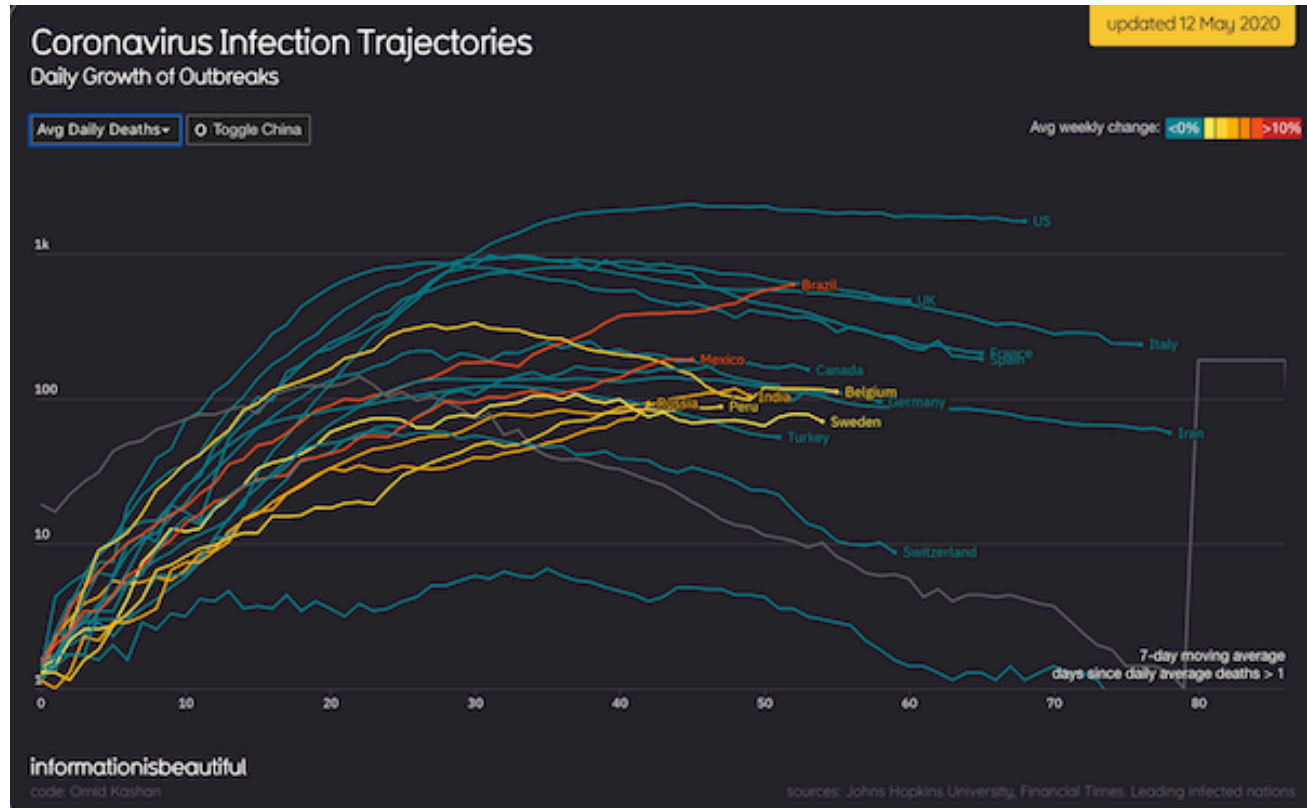
Kevin and Andy talk shop with special guest Michael Lewitt, CEO and CIO at Third Friday Management, discussing the future of the economy and its road to recovery. Michael Lewitt has over 30 years of investment experience and successfully managed large credit portfolios through the 2001-2002 and 2008 credit crises. In 2016, Third Friday Management, was named Hedge Fund Manager of the Year by Wealth & Finance magazine in the UK and The Third Friday Total Return Fund was named "Best US Options Hedge Fund Strategy" by BarclaysHedge. Lewitt is certainly a big name in the investment world and has some interesting perspective.

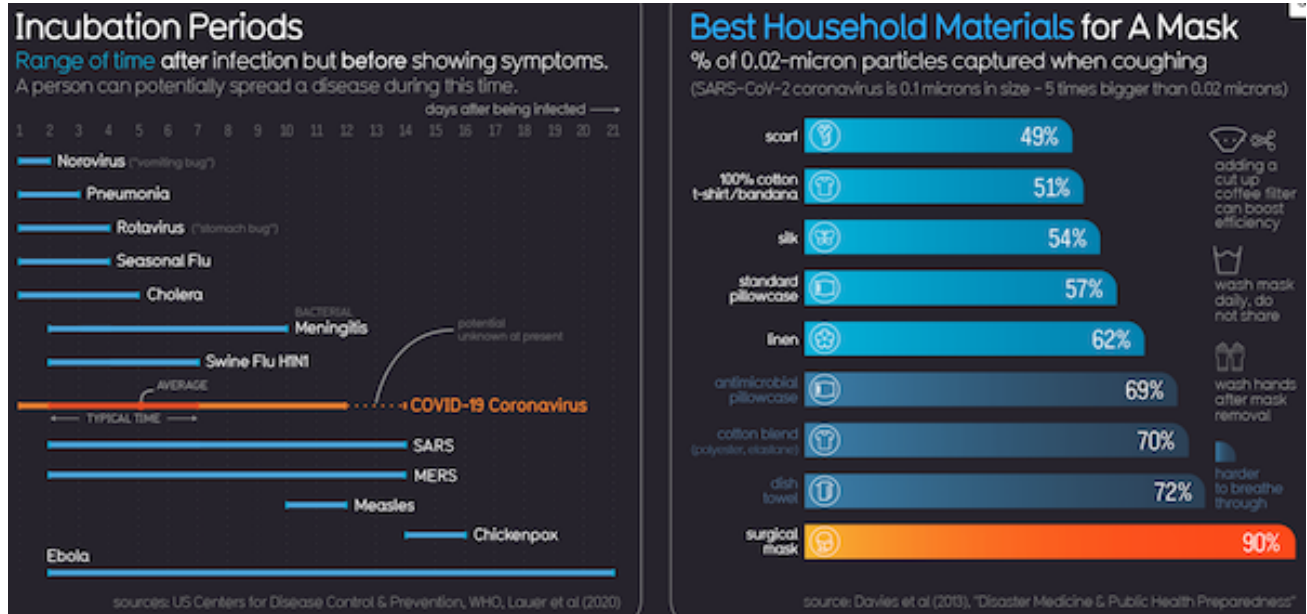
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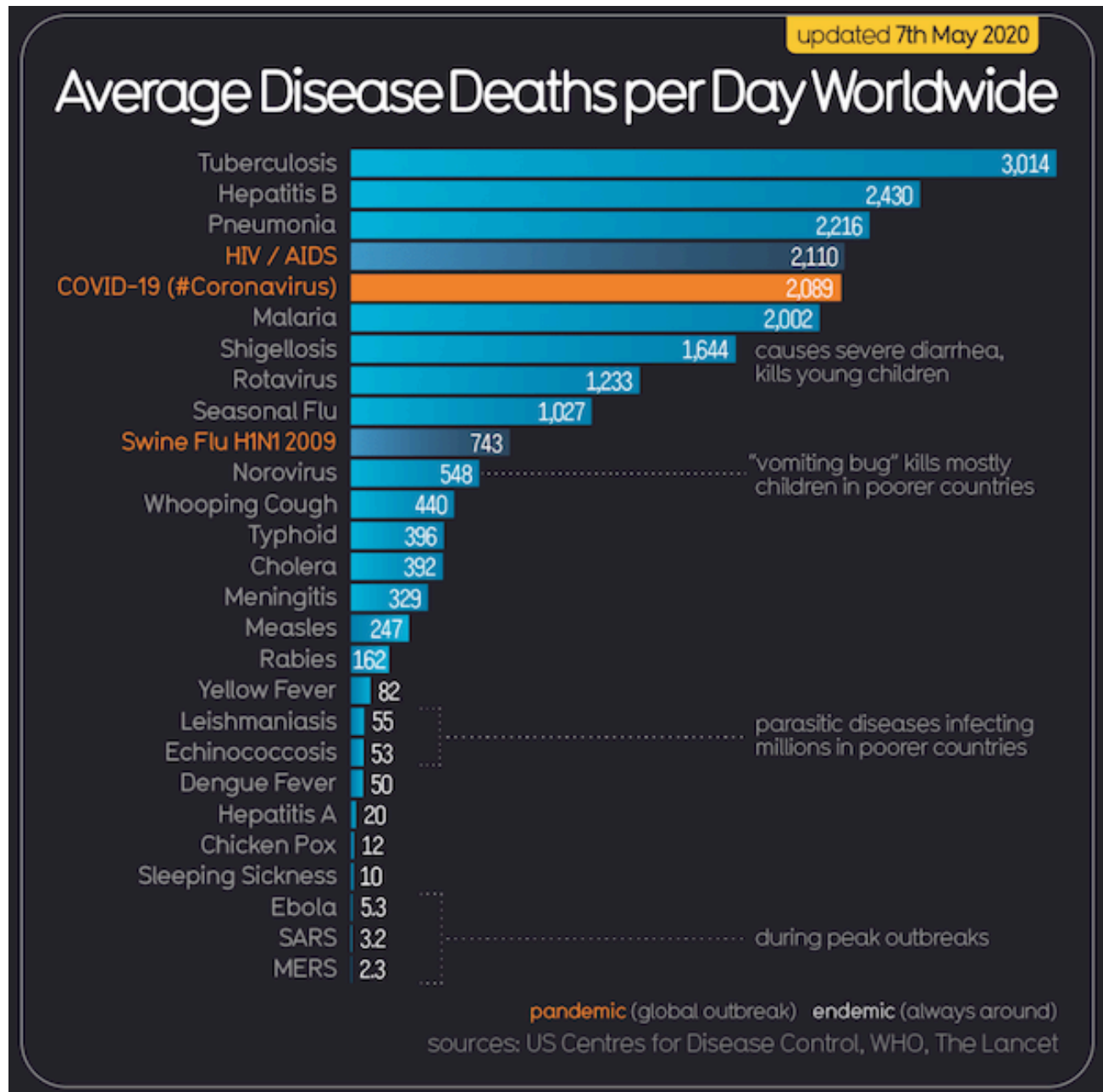
Everything Has Changed: *Business Insider* asked over 200 CEOs about how the COVID-19 crisis has transformed their business. The coronavirus has affected everything, from how we work and take care of one another, to how we shop, pay, and entertain ourselves. They received answers from the CEOs of Walmart, ViacomCBS, Sanofi, PayPal, Zoom, AB InBev, Duke Energy, etc. Their comments pointed to the rise of remote work, how we will all interact, travel, entertain, etc. Most seem to believe their operations have become much more efficient with no business lunches, dinners, or traveling. One quote that stuck out was from the CEO of Shopify Tobias Lütke: "The future we imagined for 2030 has been pulled forward to the present, with everything going digital by default." Click [HERE](#)

Driverless Vehicles Perhaps Sooner Rather Than Later: Waymo announced yesterday that it has raised another roughly +\$750 million for its self-driving technology, expanding the size of its first external investment round to \$3 billion. Waymo CEO John Krafcik told Axios the pandemic has underscored how fully self-driving technology can provide safe and hygienic personal mobility and delivery services. Meaning they see an opportunity to get to market sooner than previously anticipated. (Source: Axios)

Great Infographics on COVID-19: Created by David McCandless, Omid Kashan, Fabio Bergamaschi, Dr Stephanie Starling, Univers Labs.



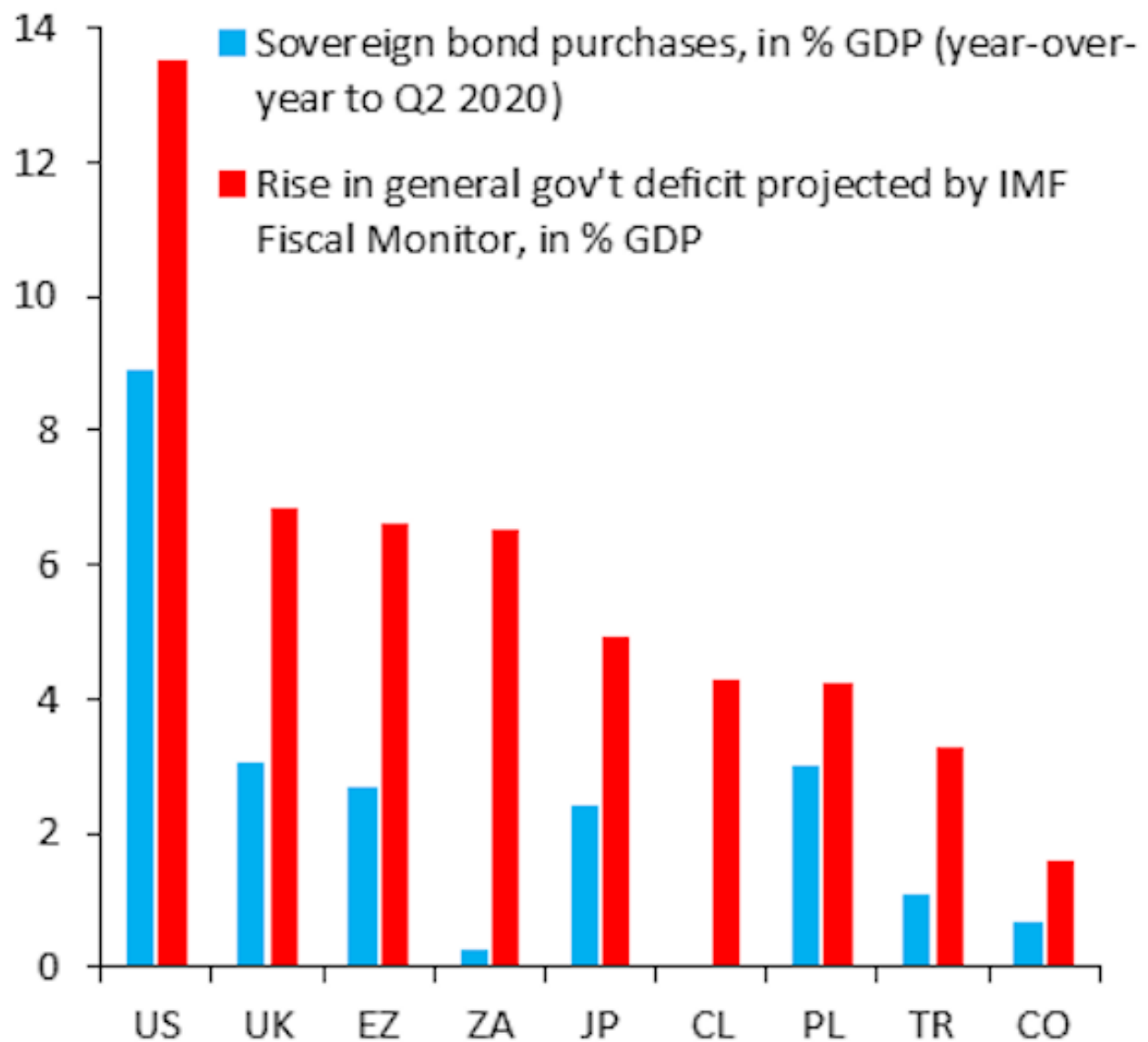




Uber Preparing to Buy GrubHub? The combination of Uber Eats and Grubhub would produce the largest food delivery service by revenue and it would shake up the entire industry. Interestingly, and something I've never learned how to do, Uber continues to operate like a cash cow, but just a few months ago at the end of 2019 Uber had negative retained earnings to the tune of -\$16 billion! I have to remind myself, Amazon operated in the negative for a very long time and investors continued to applaud and reward the potential for growth...stay tuned! Word on the street is GrubHub is valued at perhaps \$5 to \$6 billion, not bad for what started as a business idea by two friends to create an alternative to paper menus, which became an online and mobile food ordering platform for regional restaurants and next a food delivery business. The company is based in Chicago and was founded in 2004. As of 2019, the company had 19.9 million active users and 115,000 associated restaurants across 3,200 cities and all 50 states.

Burger King, Popeyes, and McDonald's Reopening Dining Rooms: *Restaurant Brands International CEO José Cil announced that close to 1,000 dining rooms at Burger King, Popeyes, and Tim Horton's are fully open in North America. Cil said guidance from RBI executives in Asia have helped guide the company's decisions as it works to safely reopen dining rooms in the U.S. McDonald's said this week that the chain is moving into the "recovery" stage of the pandemic and allowing franchisees who meet certain requirements to open their dining rooms as well. (Source: Business Insider)*

Visualizing the Global Stimulus: *Central banks and governments have unveiled an estimated \$15 trillion of stimulus already to shield their economies from the coronavirus pandemic. The \$15 trillion covers the "G10" group of major economies plus China, where total stimulus is harder to track. Central banks are also buy more bonds, with some saying there is no cap on purchases, inflating the \$15 trillion number between now and end-2020. It's worth nothing that the U.S. Federal Reserve began buying corporate-bond exchange-traded funds yesterday, the first time the central bank has ever purchased ETFs. (Sources: Reuters, IMF)*



FARM TANK

Tweets of the Day





StockCats
@StockCats



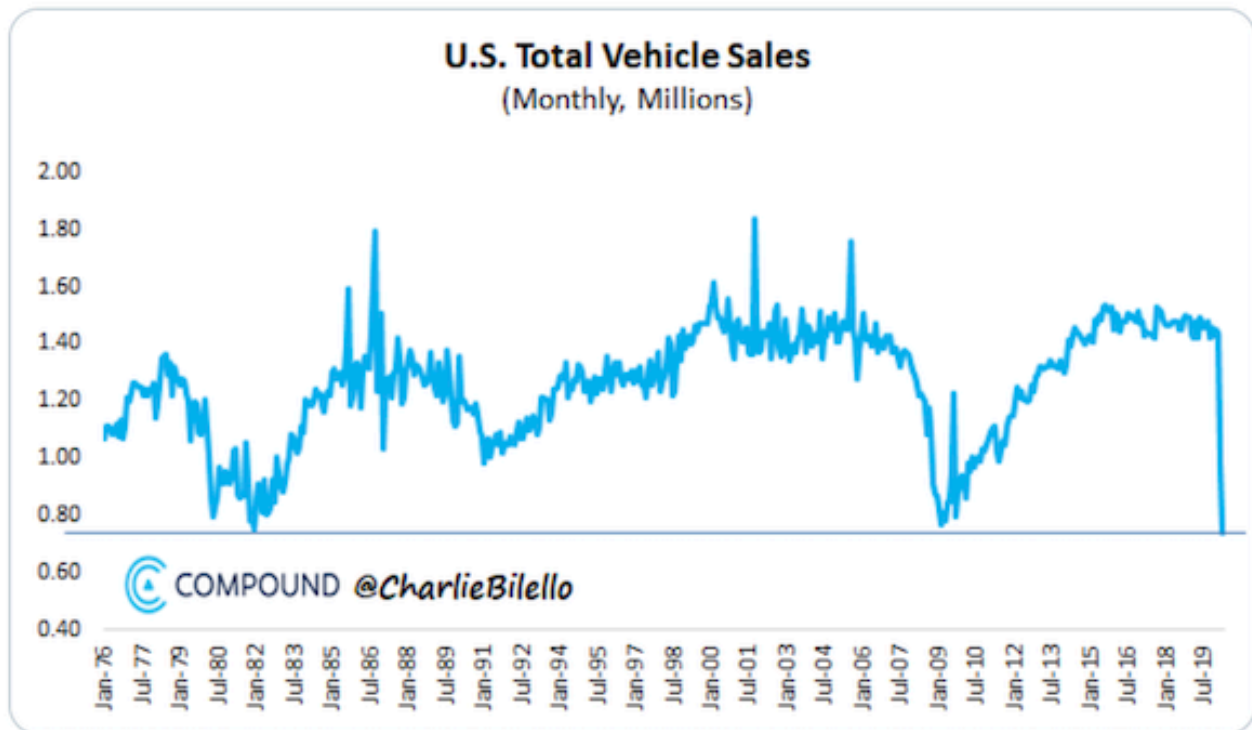
**"The Market is Not
the Economy"**

- Confucious



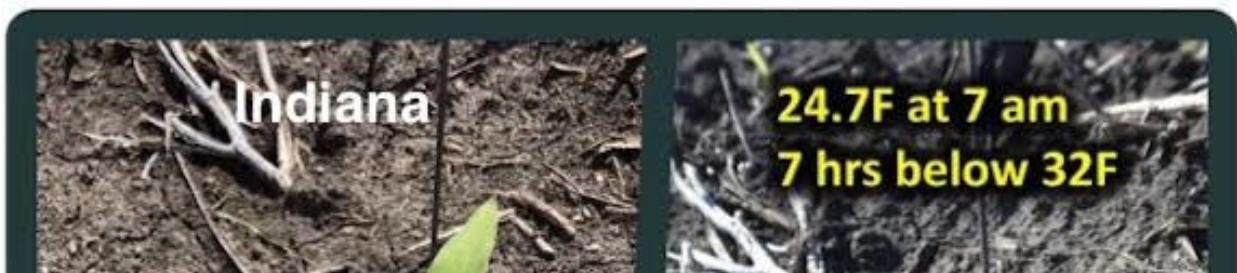
Charlie Bilello ✓
@charliebilello

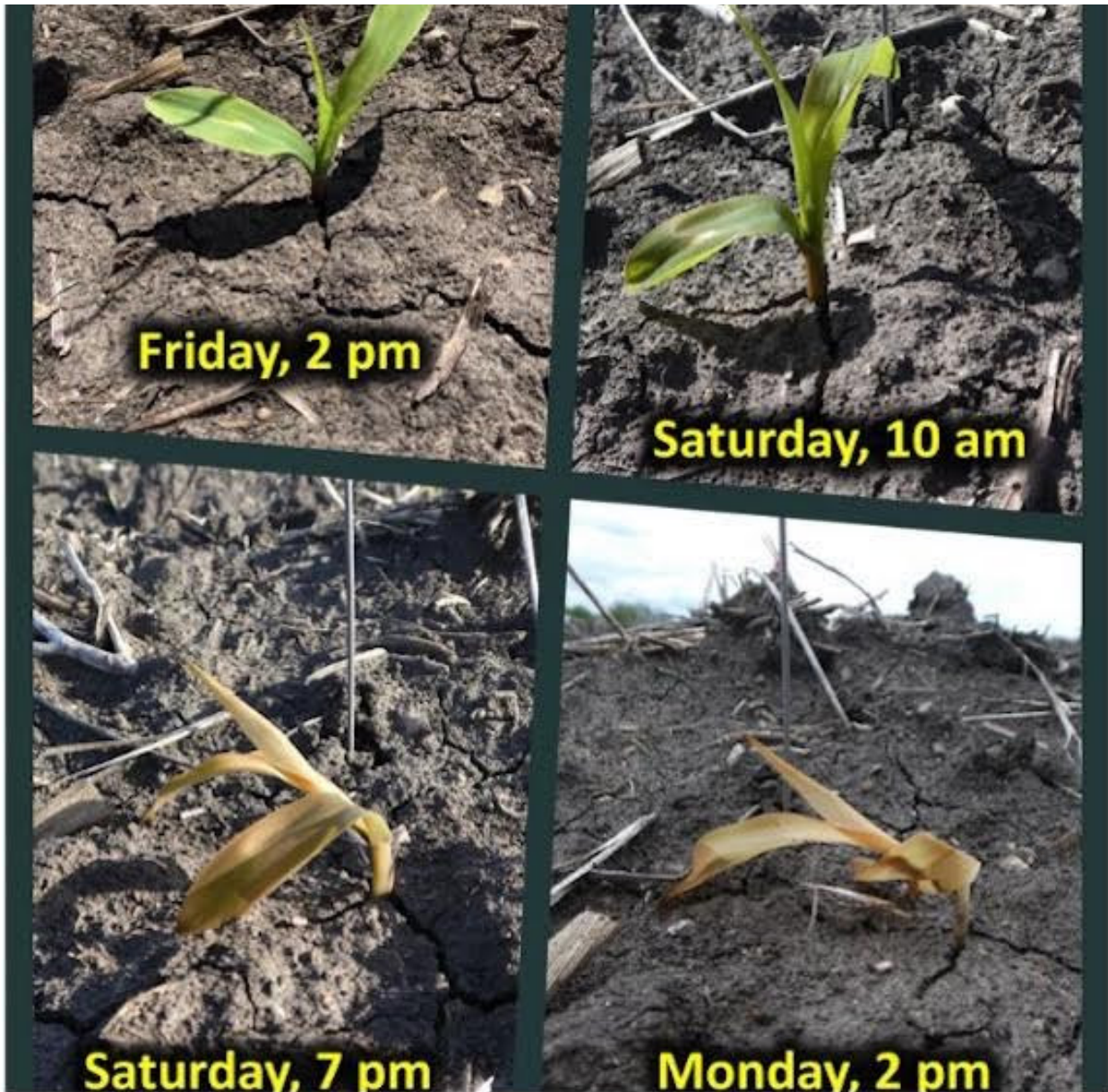
US Total Vehicle Sales hit their lowest level ever in April w/ data going back to 1976, breaking below prior recession lows in February 2009 and December 1981.



RL (Bob) Nielsen
@PurdueCornGuy

7 hrs < 32F, bottomed out at 24.7F, cool weather since, above-ground tissue dead, growing point still firm & healthy color, jury still deliberating 2.5 days after FREEZE EVENT on likelihood of damaged CORN surviving, but don't give up hope yet
@PurdueAgronomy @PurdueExtension







Bruce Wilton
@BruceKwilton



Farmer thing maybe but that has to be the sexiest piece of iron of all time [#caseih](#) [#vaderstadseedhawk](#)





Matthew Krueger
@MatthewCKrueger



Dust?! Hardly know what that is anymore! [#plant20](#) has finally started!





Joel Daniel
@JoelyDenterpris



And that's a wrap for [#plant20](#) 1000 acres 8 days 1 man

Port Broughton, South Australia





Peter Ballerstedt
@GrassBased



When noodling goes wrong...

Nice fish, though!





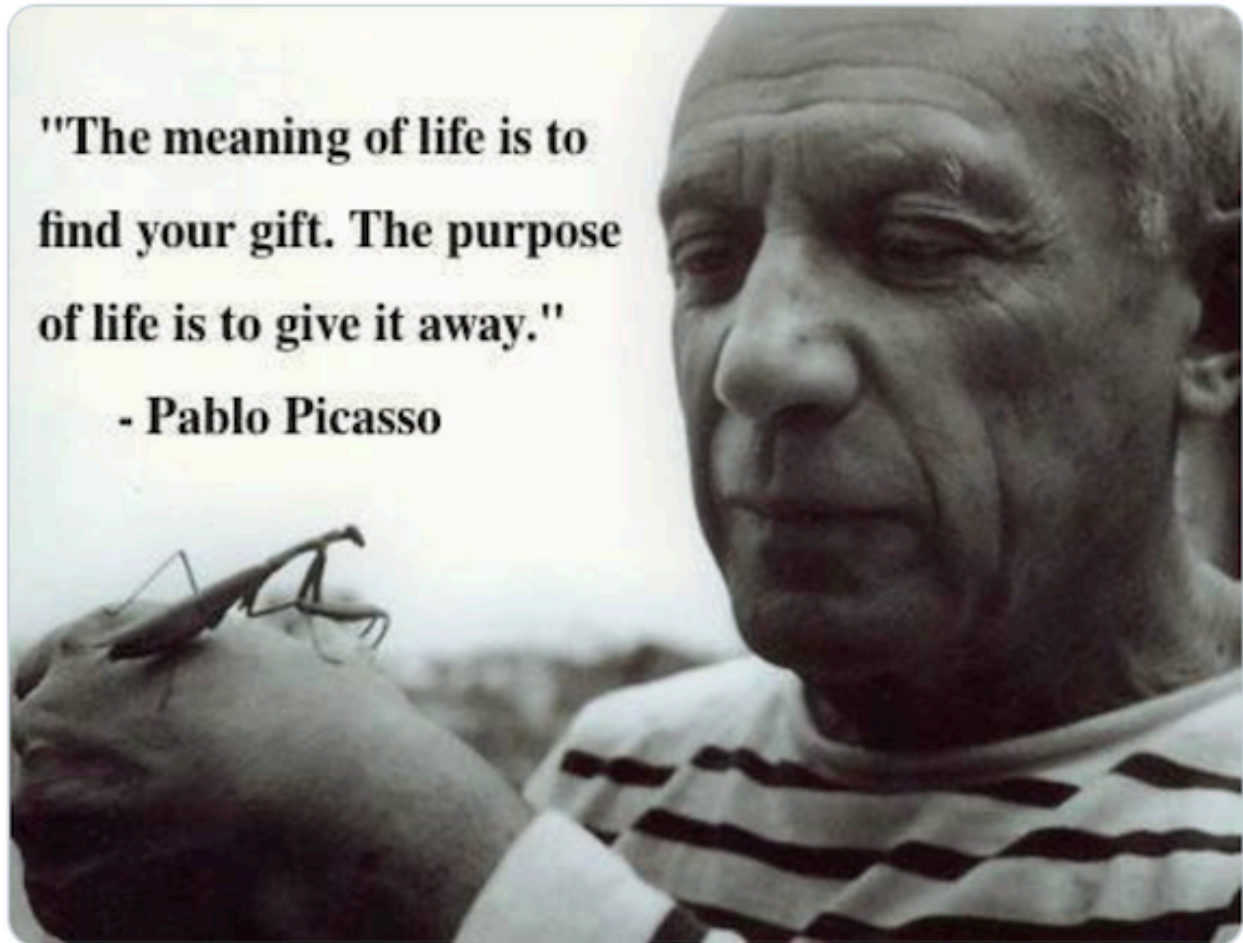
ActionComplete
@ActionComplete



The meaning of life is to find your gift. The purpose of life is to give it...

~Pablo Picasso

#inspiration #quotes



"The meaning of life is to
find your gift. The purpose
of life is to give it away."

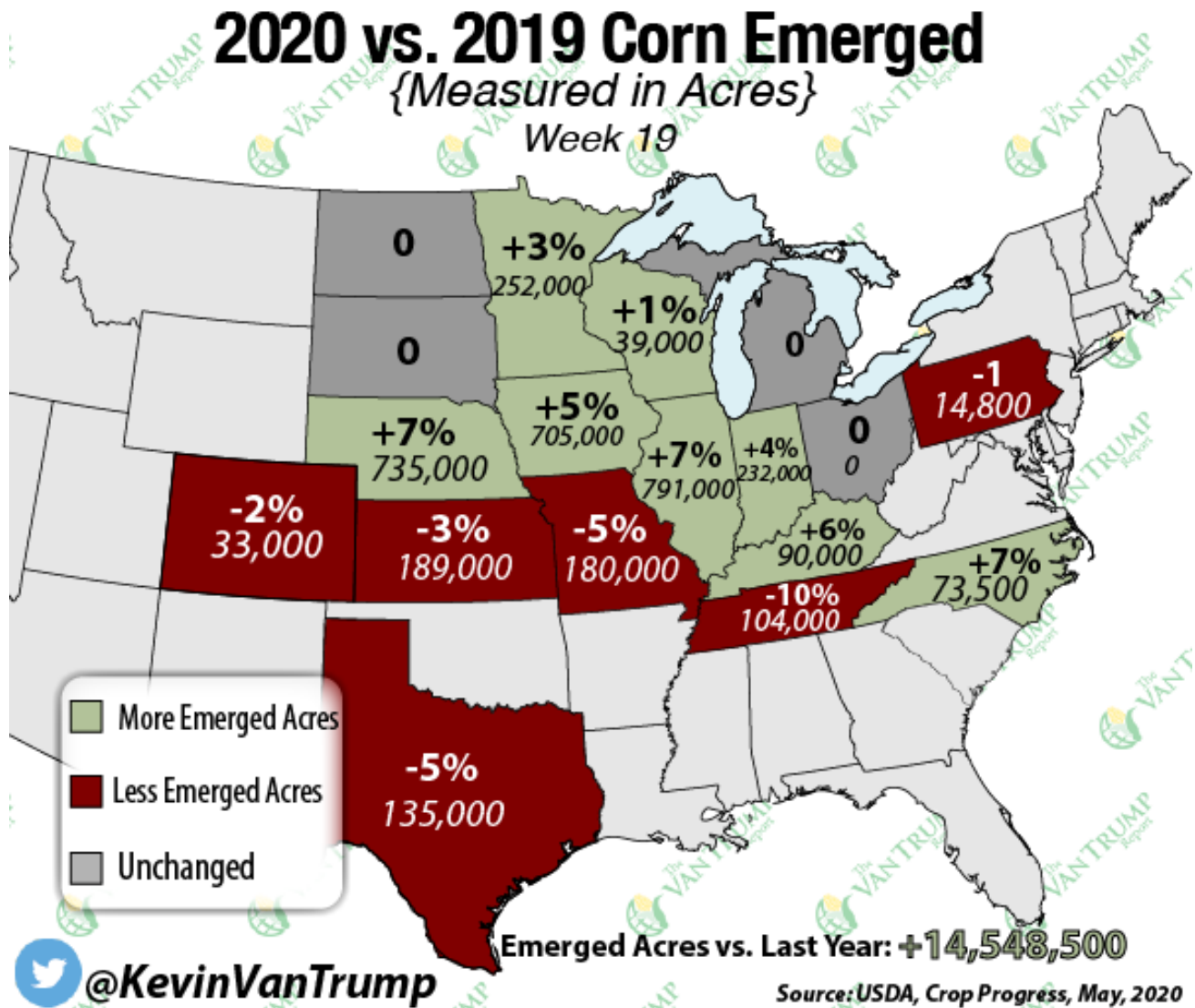
- Pablo Picasso

CORN bears are pointing to the USDA's forecast for the largest ending stocks in over 30-years at a massive 3.318 billion bushels, the highest since 1987/88. There's also some fear and worry that the USDA is overly optimistic about some of their forward-looking demand estimates. Meaning, if the weather doesn't start to create some larger concern, the market could backpedal on fears of rising yields and small trimming and negative adjustments to demand. U.S. new-crop corn production is forecast record large at nearly 16.0 billion bushels. New crop "demand" was fairly strong with food, seed, and industrial (FSI) use projected to rise +245 million bushels to 6.6 billion. Corn used for ethanol is projected to

increase +250 million bushels from the 2019/20 COVID-19 reduced levels, based on expectations of a rebound in U.S. motor gasoline consumption. U.S. 2020/21 corn exports are forecast to rise +375 million bushels to 2.150 billion, driven by growth in world corn trade. Corn feed and residual use is projected higher by +350 million bushels mostly reflecting a larger crop and lower expected prices. With larger stocks relative to use, the season-average farm price is projected at \$3.20 per bushel, down -40 cents from 2019/20 and the lowest since 2006/07. Global corn stocks for the new marketing year pegged at 339.62 MMT's vs. the trade thinking more like 319.56 MMT's. Argentine and Brazil corn estimates were left "unchanged".

| CORN | 2018/19 | 2019/20 | 2020/21 |
|---|--------------------------|--------------------------|--------------------------|
| | | <i>Million Acres</i> | |
| Area Planted | 88.9 | 89.7 | 97.0 * |
| Area Harvested | 81.3 | 81.4 | 89.6 * |
| | | <i>Bushels</i> | |
| Yield per Harvested Acre | 176.4 | 167.8 | 178.5 * |
| | | <i>Million Bushels</i> | |
| Beginning Stocks | 2,140 | 2,221 | 2,098 |
| Production | 14,340 | 13,663 | 15,995 |
| Imports | 28 | 45 | 25 |
| Supply, Total | 16,509 | 15,928 | 18,118 |
| Feed and Residual | 5,430 | 5,700 | 6,050 |
| Food, Seed & Industrial 2/ Ethanol & by-products 3/ Domestic, Total | 6,793 5,378 12,223 | 6,355 4,950 12,055 | 6,600 5,200 12,650 |
| Exports | 2,065 | 1,775 | 2,150 |
| Use, Total | 14,288 | 13,830 | 14,800 |
| Ending Stocks | 2,221 | 2,098 | 3,318 |
| Avg. Farm Price (\$/bu) 4/ | 3.61 | 3.60 | 3.20 |

Note: Totals may not add due to rounding. 1/ Marketing year beginning September 1 for corn and sorghum; June 1 for barley and oats. 2/ For a breakout of FSI corn uses, see Feed Outlook table 5 or access the data on the Web through the Feed Grains Database at www.ers.usda.gov/data-products/feed-grains-database.aspx. 3/ Corn processed in ethanol plants to produce ethanol and by-products including distillers' grains, corn gluten feed, corn gluten meal, and corn oil. 4/ Marketing-year weighted average price received by farmers. * Planted acres reported in the March 31, 2020, "Prospective Plantings." For corn, harvested acres projected based on historical abandonment and use for silage. The yield projection is based on a weather-adjusted trend assuming normal mid-May planting progress and summer growing season weather, estimated using the 1988-2019 time period, and includes a downward stochastic adjustment to account for the asymmetric response of yield to July precipitation.



SOYBEAN bears are pointing to higher than expected old-crop ending stocks as the USDA lowers exports by -100 million bushels and a sizeable jump in ending stocks to 580 million. Unfortunately, many bears believe that number will work even higher as the USDA is eventually forced to further reduce old-crop exports. On the flip side, bulls are happy to see a tighter than expected new-crop balance sheet, but many, including myself, were hoping to see an even tighter scenario. The USDA has U.S. new-crop production projected at 4.125 billion bushels, up a whopping +568 million from last year on the increased harvested acres and trend yields. The good news is new-crop exports are expected to rise by +375 million bushels. With higher global soybean import demand for 2020/21 led by expected gains for China. The U.S. soybean crush for 2020/21 is projected at 2.130 billion bushels, up +5 million from the 2019/20 forecast with higher soybean meal disappearance partly offset by lower soybean meal exports. U.S. ending stocks for 2020/21 are projected at 405 million bushels, down -175 million from the revised 2019/20 forecast. The 2020/21 U.S. season-average soybean price is projected at \$8.20 per bushel, down -30 cents from 2019/20. Global new-crop soybean stocks

are forecast at 98.39 MMTs vs. trade thinking more like 104.04 MMTs. Argentine production estimate lowered from 52.0 down to 51.0 MMTs, Brazil trimmed slightly from 124.5 to 124.0 MMTs. The USDA raised last years crop estimate for Brazil from 117 to 119 MMTs. Looking ahead, the USDA's global soybean production is forecast up +26.6 MMTs to 362.8 million, with Brazil's crop rising +7.0 MMTs to 131.0 million, Argentina's crop is up +2.5 MMTs to 53.5 million, and U.S. production rising from last year's decline. The good news is global protein meal consumption remains strong. Meal demand outside of China is projected to increase +2% in 2020/21, with protein meal consumption in China projected +6% stronger. With higher protein meal demand, soybean exports are expected to increase +8.0 MMTs to 161.9 million. China accounts for most of the increase in shipments with imports rising +4 MMTs to 96 million. Global soybean ending stocks are projected at 98.4 MMTS, down -1.9 million from 2019/20. Lower year-over-year U.S. stocks offset higher stocks in China, Brazil, and Argentina. Bottom line, as a spec, I'm still holding a small bullish position in this market but am keeping a very close eye on the Chinese headlines and standing very close to the exit sign. The fear is China doesn't hold up their end of the bargain, U.S. soybean acres creep a bit higher, and weather stays fairly cooperative. If that plays itself out the USDA could be forced to further trim old-crop exports and at the same time bump new-crop production higher, which becomes a double-whammy for the bulls as the balance sheet would get more burdensome. I'm trying to stay optimistic, but need some help from the Chinese and the weather... two things none of us trust much right now!

Week 19



Source: USDA, Crop Progress, May, 2020

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demand is projected down nearly -3% on reduced feed and residual use (-35 million bushels) as record-large 2020/21 corn supplies are expected to displace wheat for feeding. Higher food use is partially offsetting as 2020/21 is projected up +2 million bushels. Exports for 2020/21 are projected at 950 million bushels, down -20 million from the revised 2019/20 exports. Greater global 2020/21 export competition is expected for the United States with several major exporters projected having larger supplies. Projected 2020/21 ending stocks are -69 million bushels lower than last year at 909 million. The projected season-average farm price is \$4.60 per bushel, "unchanged" from last year as the outlook for low U.S. corn prices is expected to restrain 2020/21 U.S. wheat prices. The Global outlook for 2020/21 shows higher ending stocks. Foreign supplies are projected to increase +23.2 MMTs as several major exporters (Argentina, Australia, Canada, and Russia) are projected to have higher production for 2020/21. Australia is projected with the largest increase from last year to 24.0 million tons, up +8.8 million as it recovers from a multi-year drought. Conversely, the EU is projected to decline nearly -12 million tons to 143 million on lower harvested area and yields. Ukraine production is also projected lower at 28.0 million tons, but this would still be the second largest production on record. Russia is projected as the 2020/21 leading world wheat exporter at 35.0 million tons with Argentina, Australia, and Canada also projected higher while the EU, Ukraine, and United States are lower. Projected 2020/21 world ending stocks increased +5% to a record-large 310.1 million tons with China accounting for 52% of the total.

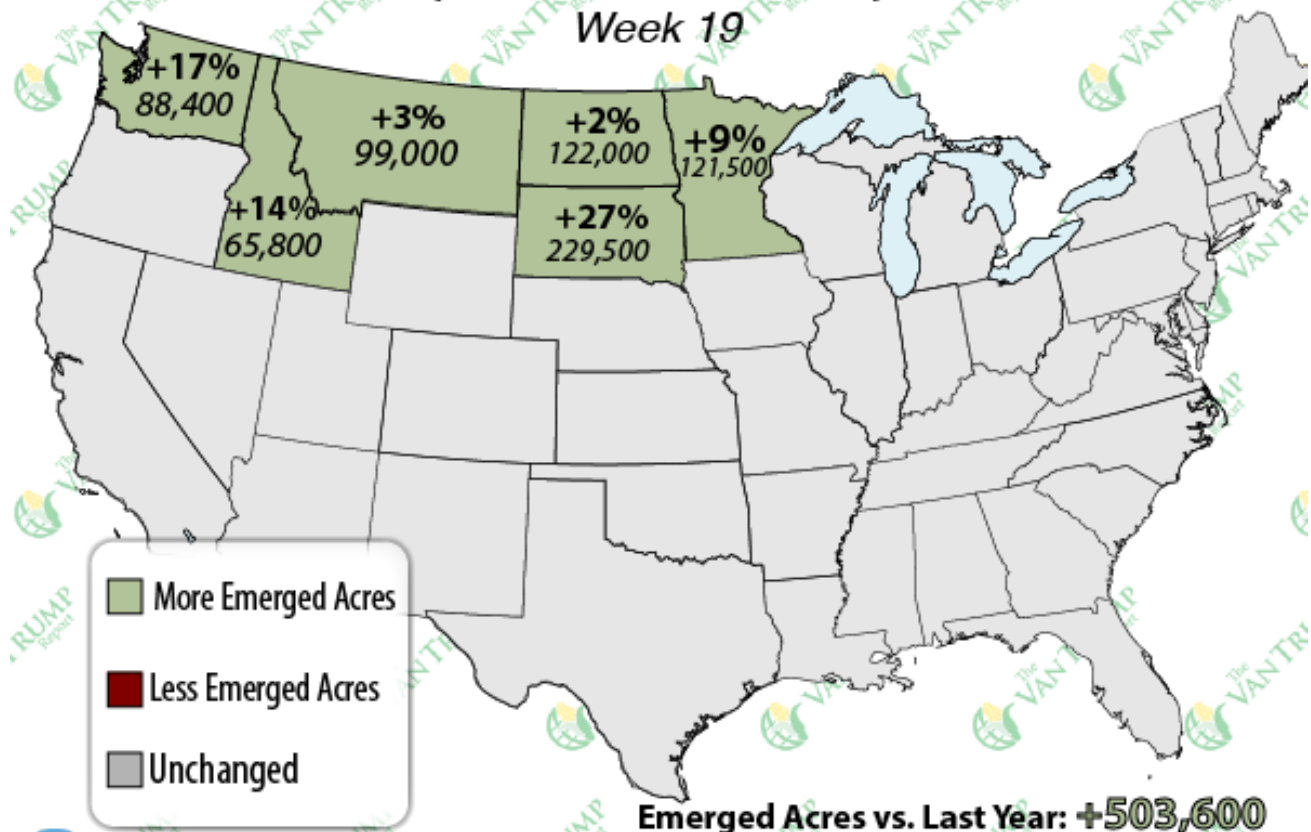
WHEAT

| | 2018/19 | 2019/20 Est. | 2020/21 Proj. Apr | 2020/21 Proj. May |
|----------------------------|---------|--------------|------------------------|----------------------|
| | | | <i>Million Acres</i> | |
| Area Planted | 47.8 | 45.2 | NA | 44.7 * |
| Area Harvested | 39.6 | 37.2 | NA | 37.7 * |
| | | | <i>Bushels</i> | |
| Yield per Harvested Acre | 47.6 | 51.7 | NA | 49.5 * |
| | | | <i>Million Bushels</i> | |
| Beginning Stocks | 1,099 | 1,080 | NA | 978 |
| Production | 1,885 | 1,920 | NA | 1,866 |
| Imports | 135 | 105 | NA | 140 |
| Supply, Total | 3,119 | 3,105 | NA | 2,984 |
| Food | 955 | 962 | NA | 964 |
| Seed | 59 | 60 | NA | 61 |
| Feed and Residual | 90 | 135 | NA | 100 |
| Domestic, Total | 1,103 | 1,157 | NA | 1,125 |
| Exports | 936 | 970 | NA | 950 |
| Use, Total | 2,039 | 2,127 | NA | 2,075 |
| Ending Stocks | 1,080 | 978 | NA | 909 |
| Avg. Farm Price (\$/bu) 2/ | 5.16 | 4.60 | NA | 4.60 |

2020 vs. 2019 Spring Wheat Emerged

{Measured in Acres}

Week 19



@KevinVanTrump

Source: USDA, Crop Progress, May, 2020

U.S. Grain Ending Stocks 2019/20

(million bushels)

| | May #s | Avg. Trade Estimate | Range of Estimates | Previous Estimates | Last Year |
|----------|--------|---------------------|--------------------|--------------------|-----------|
| Corn | 2,058 | 2,261 | 2,025 - 2,545 | 2,092 | 2,221 |
| Soybeans | 580 | 497 | 430 - 581 | 480 | 909 |
| Wheat | 978 | 969 | 925 - 1,041 | 970 | 1,080 |

U.S. Grain Ending Stocks 2020/21

(million bushels)

| | May #s | Avg. Trade Estimate | Range of Estimates | Last Year |
|------|--------|---------------------|--------------------|-----------|
| Corn | 3,318 | 3,420 | 2,665 - 4,310 | 2,092 |

| | | | | |
|----------|-----|-----|-----------|-----|
| Soybeans | 405 | 440 | 299 - 670 | 480 |
| Wheat | 909 | 818 | 696 - 971 | 970 |

US Wheat Production 2020/21

(million acres)

| | May #’s | Avg. Trade Estimate | Range of Estimates | Last Year |
|--------------------|------------|------------------------|-----------------------|--------------|
| All Wheat | 1,866 | 1,847 | 1,773 - 1,970 | 1,920 |
| All Winter | 1,255 | 1,245 | 1,200 - 1,310 | 1,304 |
| Hard Red Winter | 733 | 739 | 678 - 812 | 833 |
| Soft Red Winter | 298 | 280 | 233 - 305 | 239 |
| White Winter | 224 | 226 | 202 - 239 | 232 |

South American Production 2019/20

(million metric tons)

| | May #’s | Avg. Trade Estimate | Range of Estimates | Previous Estimates | Last Year |
|-----------------------|------------|------------------------|-----------------------|-----------------------|--------------|
| Argentina Corn | 50.0 | 49.5 | 48.2 - 50.0 | 50.00 | 51.0 |
| Argentina Soybeans | 51.0 | 51.3 | 50.0 - 52.5 | 52.00 | 55.3 |
| Brazil Corn | 101.0 | 99.0 | 95.0 - 101.0 | 101.00 | 101.00 |
| Brazil Soybeans | 124.0 | 123.00 | 120.6 - 124.5 | 124.50 | 117.00 |

World Ending Stocks 2019/20

(million tonnes)

| | May #’s | Avg. Trade Estimate | Range of Estimates | Previous Estimates | Last Year |
|----------|------------|------------------------|-----------------------|-----------------------|--------------|
| Corn | 314.73 | 306.5 | 299.0 - 325.0 | 303.2 | 320.9 |
| Soybeans | 100.27 | 99.8 | 97.5-104.0 | 100.5 | 110.8 |
| Wheat | 295.12 | 291.8 | 284.0 - 295.0 | 292.8 | 278.1 |

World Ending Stocks 2020/21

WORLD ENDING STOCKS 2020/21

(million tonnes)

| | May #s | Avg. Trade Estimate | Range of Estimates | Last Year |
|----------|-----------|------------------------|-----------------------|--------------|
| Corn | 339.62 | 317.2 | 289.0 - 365.0 | 303.2 |
| Soybeans | 98.39 | 104.2 | 96.1 - 115.0 | 100.5 |
| Wheat | 310.12 | 292.7 | 280.0 - 305.9 | 292.8 |



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> All U.S. Pork Processors Back Online: *As of Tuesday, all of the nation's processing plants were back online and are running at about 70% capacity. Ag economist Steve Meyer with Kerns & Associates says this is the type of recovery to processing capacity the pork industry needs to see. "If we can maintain it this week, it puts us on a little faster recovery pattern than I thought we might achieve," he says. While this does help to alleviate some of the pressure on the supply chain, Meyer tells Brownfield he doesn't think it will ever be able to fully catch up. "We've probably got the better part of 2-million hogs backed up," he says. "I don't think there's any way to get out of this without euthanizing any market hogs. Hopefully, we can minimize that by getting (capacity) back up there pretty quick." The industry is still unsure what slaughter capacity looks like following changes to facilities to implement social distancing measures. Meyer says his first guess was somewhere around 90 percent of original slaughter capacity. Tyson's Columbus Junction, Iowa plant started the week running at around 94 percent of its daily capacity, which Meyer says is right around the facility's normal run rate. Learn more [HERE](#).*

> China Halts Beef Imports from Four Australian Firms: *China has suspended beef imports from four of Australia's largest meat processors. The suspension comes after Australia last month called for an independent inquiry into the origins of the novel coronavirus and just days after China proposed introducing an 80% tariff on Australian barley shipments. China has rejected the need for an independent inquiry, and Beijing's ambassador to Australia, Cheng Jingye, in late*

April said Chinese consumers could shun Australian goods in response to the Australian government's support for such an investigation. China says the suspension the Australian beef imports is due to instances of the Australian companies having violated inspection and quarantine requirements. Australian Meat Industry Council Chief Executive Patrick Hutchinson said the companies made up approximately 20% of Australian beef exports to China. Learn more from [Reuters](#).

> United Fresh Requests Accountability for USDA's Food Box Contracts:

Industry leaders are asking the Agriculture Department for answers after many produce distributors who thought they would get contracts in the agency's new fresh box program were denied. "This is not 'sour grapes' from those that may not have been awarded; this is a genuine effort to ensure integrity and confidence in the program and that fresh produce actually gets to those in need in an efficient and cost-effective way," said Tom Stenzel, CEO of the United Fresh Produce Association, in a letter to USDA's Agriculture Marketing Service. In addition to urging its members to request a review of their application, Stenzel listed 15 more he wants USDA to review. Within those 15 appeals, he asks for clarification on USDA's process for selecting participants, pointing out some awarded contracts aren't located in the regions for their contracts, and calls for USDA to reconsider current offers. The full letter is [HERE](#).

> Biofuel Producers Still Seeking Lifeline: *Ag and biofuel groups are making their case directly to Speaker Nancy Pelosi and Senate Majority Leader Mitch McConnell for "direct assistance" in the next economic rescue package. So far, more than 130 production sites have been partially or completely idled, according to a letter from the Renewable Fuels Association, Growth Energy, the American Farm Bureau Federation and other industry groups. Ethanol producers were left out of USDA's agricultural aid program, despite heavy pressure from farm-state lawmakers. Secretary Sonny Perdue said there simply wasn't enough money to go around. So the industry and its allies on Capitol Hill have quickly moved on to the next round of stimulus legislation, which Congress was expected to consider in the coming weeks or months. However, hopes are fading for a bipartisan stimulus deal before the upcoming Memorial Day recess — meaning much-needed aid for the industry (and all others) might not be approved until June or beyond. (Source: Politico)*

> Why Chicken Is Plentiful During the Pandemic and Beef Is Not: *Beef and pork have been pricey and, at times, scarce in the U.S. this spring amid outbreaks of the coronavirus at slaughterhouses around the country. Chicken has remained widely available and cheap. Why the difference? One reason is that most slaughtering of chickens, unlike that of cattle and hogs, is automated. Deboning and cutting chicken into pieces is often done by hand, which is why there have been some shortages of boneless chicken. But machines are now available to do*

that work, too, and processors will surely buy more of them in the coming years. Chicken farming has long been the most industrialized of American agricultural operations, and it keeps getting more so. The birds are bred for maximum meat production and raised in a matter of weeks in controlled indoor environments. Interestingly, poultry costs U.S. consumers -62% less in inflation-adjusted terms than it did in 1935, which is how far back the Bureau of Labor Statistics' price data go. Pork, now also raised mostly at factory scale indoors, is -12% cheaper. Beef, which isn't, costs +63% more. Read more from [Bloomberg](#).

> China Announces New Tariff Waivers: *One of yesterday's best pieces of news was what looks like an attempt by China to calm rising tensions. The country suspended punitive tariffs on 79 types of goods from the U.S. for one year, effective May 19, following recent pressure from President Trump for China to more aggressively work toward meeting its obligations under the "Phase 1" trade deal. President Donald Trump has threatened to terminate the deal if China fails to meet its purchase commitments. The latest list waives tariffs on products including ores of rare earth metals, gold ores, silver ores and concentrates. (Source: CNBC)*

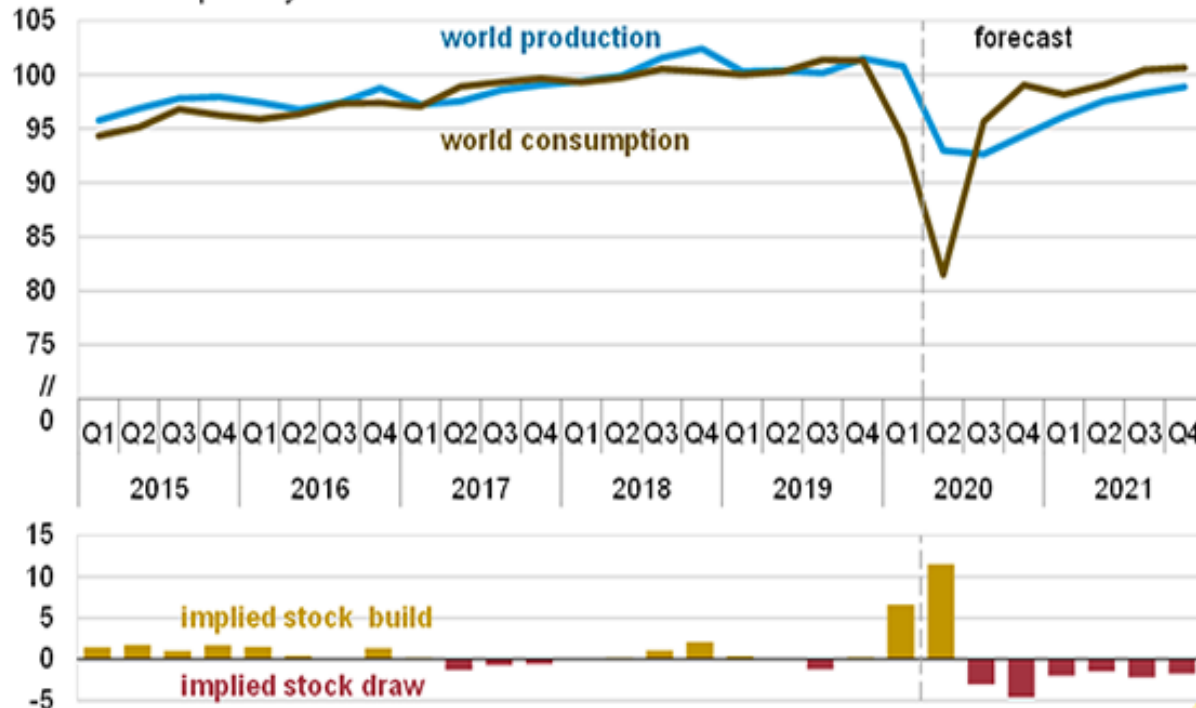
> Europe is Re-Opening Schools: *In Europe, millions of children are returning to classrooms, turning the continent into a giant lab for what works and what doesn't. The Wall Street Journal takes a thorough look at what we know and don't know about children and Covid-19, what measures schools in Europe are taking or planning, and what we're about to find out. Check it out [HERE](#).*

> Small Business Optimism Craters: *The outlook among small businesses has cratered since. The National Federation of Independent Business small business optimism index posted its largest two-month fall on record as of last month. Sales expectations dropped to the lowest reading in the survey's 46-year history. The one positive: The share of owners expecting the economy to improve over the next six months rose to 29%, hardly a majority but still a big improvement from the prior month's minus -17%. (Source: Reuters)*

> Why Not Spend \$100 Million on a Shopping Mall: *Even before the novel coronavirus, Walmart and Sears had shut down their stores at the Baldwin Hills Crenshaw Plaza in South Los Angeles. The shopping center's movie theater and many of its other retailers have been closed in recent weeks, too, because of a stay-at-home order. Some may struggle to reopen. That didn't stop developer CIM Group from agreeing to buy the mall for more than \$100 million last month. The allure, like so much in real estate, came down to location: The shopping center sits at a soon-to-open light rail station. Investing at times of distress is a classic recipe for generating outsize returns. But it's a particularly risky strategy during a global pandemic that could permanently alter how we shop, work, commute, and go about our daily lives. And that's to say nothing of the near-term pain. Read more [HERE](#).*

> U.S. EIA Slashes 2020 Oil Demand by 3 Million b/d: *The U.S. Energy Information Administration (EIA) cut its outlook for 2020 global oil demand by 3 million barrels per day (b/d) due to the coronavirus pandemic with the biggest global demand hit expected to occur during the second quarter. While the EIA sees consumption increasing in 2021, it's expected to remain below the 2019 fourth quarter average. EIA Administrator Linda Capuano said in a statement, "The possibility of lasting behavioral changes to transportation and oil consumption patterns present considerable uncertainty to the increase in liquid fuels consumption, even with a significant increase in GDP." EIA now estimates U.S. oil production will fall to 11.69 million b/d in 2020, the first annual decline since 2016, and fall further to 10.9 million b/d in 2021. That compares to a record 12.23 million b/d pumped in 2019. Other highlights in the report - EIA expects retail sales of electricity in the commercial sector will fall by 6.5% in 2020 because many businesses have closed. U.S. sales of electricity to the residential sector are forecast to fall by -1.3%. Additionally, EIA forecasts that total U.S. electric power sector generation will decline by -5%. EIA also forecasts that natural gas prices will generally rise through the rest of 2020 as U.S. production declines. The full report is available [HERE](#).*

World liquid fuels production and consumption balance
million barrels per day

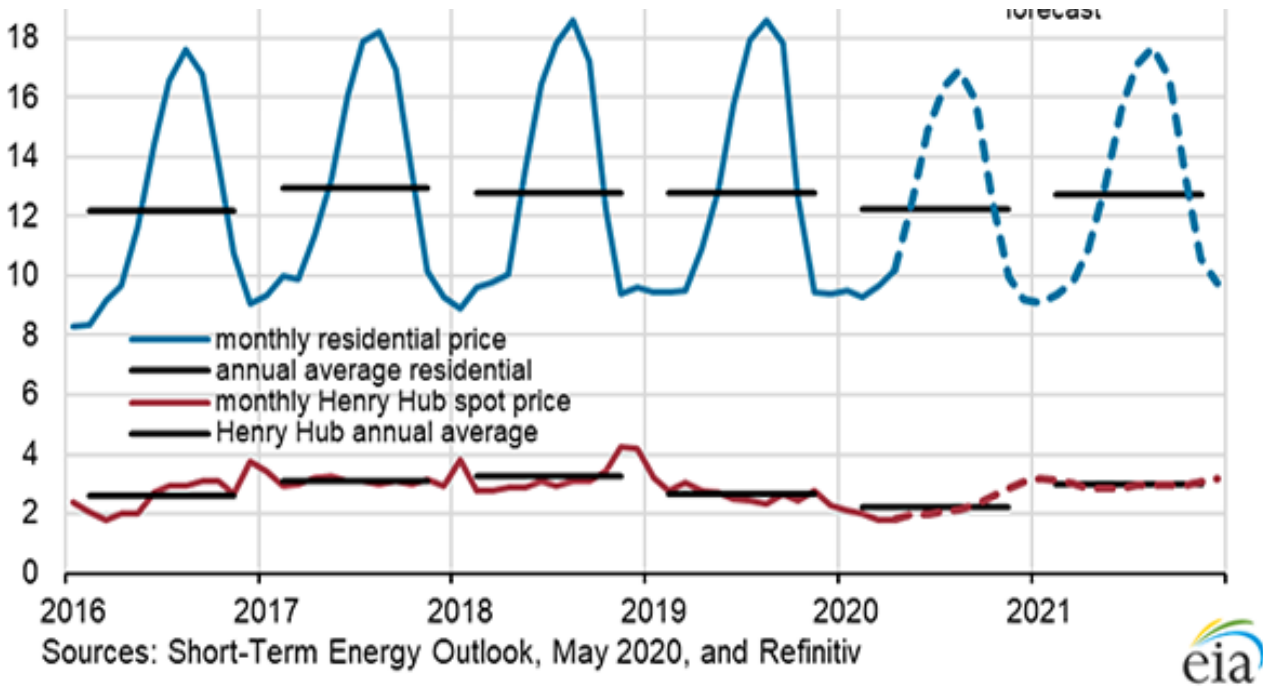


Source: Short-Term Energy Outlook, May 2020

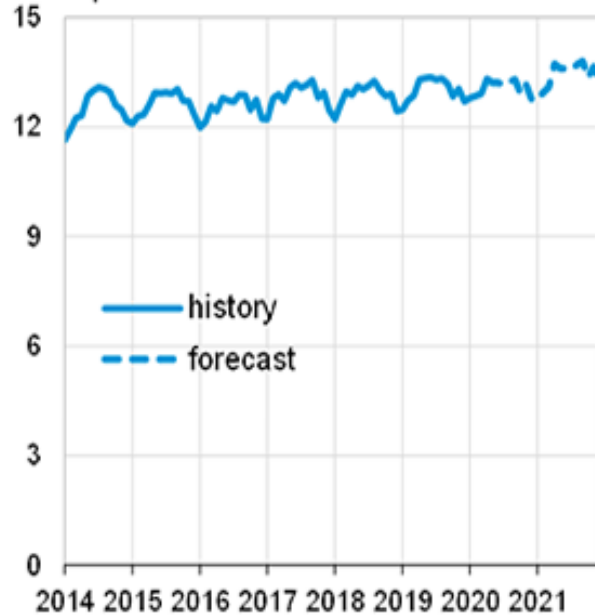


U.S. natural gas prices
dollars per thousand cubic feet



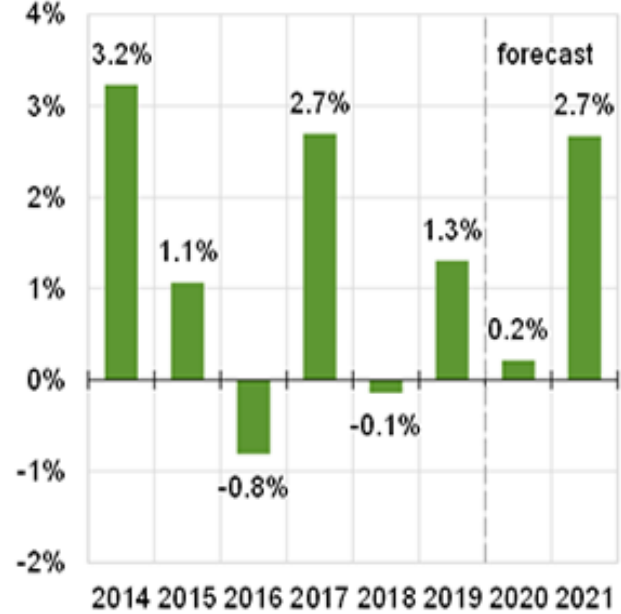


U.S. monthly residential electricity price cents per kilowatthour



Source: Short-Term Energy Outlook, May 2020

Annual growth in residential electricity prices percent






Central Michigan - *I had 26 degrees on emerged beans for over three hours and below 30 degrees for at least 10 hours. Looking at the soybeans I'd say they were not even phased. The water in my rain gauge didn't even freeze but the dog dish did. More than likely because it was metal. I think the ground was warm enough to stop the freeze. I threw a towel over a patch of beans just to see what the difference would be. I'll be watching to see if there is any.*

Northwest Minnesota - *We have not started planting corn yet in extreme northwest Minnesota. The soil temperatures are 40 in the morning, and 45 in the afternoon. There's not a high temperature over 60 forecasted until Saturday the 16th. I have been tempted to either plant this coming week or switch corn acres to wheat. Not sure what I should do. I am hearing of some guys making the call on switching to wheat already. We need all the GDUs we can get up here for corn.*

Northwest Minnesota - *We have yet to turn a wheel around here but that could change next week. Still wet and lots of guys are using this sunny day to get some burning done from all the trash that the overland flooding deposited recently. We had discussed it for a while and made the decision to get out of the sugar beet game. Just too many risks and I really prefer not to be a price taker any longer. We sold all our shares and will now be corn, beans, and wheat farmers. I figure with our storage and being able to use strategies on the board, there are dimes laying around that we can pick up. We did entertain the idea of sunflowers, something that hasn't been done on our family farms for years and my dad wanted to, but it still was more risk and price taking than we wanted.*

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: First I am dried, then I am wet; The longer I swim, the more taste you get. What am I?

FROM MY PERSPECTIVE



Kevin Van Trump



BROUGHT
TO YOU BY:



During 2020, iSelect, The VanTrump Report and The Yield Lab Institute are sponsoring a series of weekly webinars featuring the best in agriculture innovation. Agrifood Conversations is all about driving innovation and each month will highlight a specific theme, from biologicals to vertical farms, featuring emerging topics such as soil health, biologics, plant genetics, vertical farming, precision agriculture, herd health and management, and aquaculture, to name a few. Once a quarter, we'll open up the conversation with a panel of experts on that month's topic. Learn about new trends in ag, connect with industry leaders and discover new solutions.

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Get Competitive With the Internet of Cows

Dairy's supply chain is in need of technological advancements in many parts of the world in order for producers to more efficiently streamline their operations and give them a chance to not only be competitive in a low margin space, but also meet the goals of Sao Paulo-based BovControl, to put a significant dent in the hunger that hundreds of millions go to bed with every night. BovControl has created a suite for data collection and analysis so producers can improve performance on their meat, milk and genetics operations.

Partnering with Nestle, BovControl's BovDairy, developed the Leiteria App, a solution that is being actively used by more than 2,500 dairy farmers who supply

milk daily to the company. Leiteria, which means dairy in Portuguese, not only empowers the farmer with consolidated information in practically real-time, but also plays an important role in enabling technical assistance in the field and guiding the milk sourcing management teams through data. Farmers can now input data like weight, milk production amount, vaccination status, temperature, and genetic history, then uses artificial intelligence the app helps farmers keep track of a cow's efficiency and alerts them when certain cows, say, aren't producing typical levels of milk.

From what I understand, farmers can use any technology they have for logging cow data from a basic ear tag to a Bluetooth-equipped smart collar that can collect data like temperature and location. Eventually, the app takes over, crunching the data and using artificial intelligence to make predictions about the cows. Also, the more sophisticated the tools, the more powerful BovControl is, meaning If a farmer has a Bluetooth-connected weight scale, for example, the device can sync to the app.

BovControl is hoping to revolutionize livestock management all over the world by creating an internet of the cows, learn how they are continuing to develop new digital tools to improve this process at "Digitizing Milk Sourcing for Dairy Processors," a webinar to be held at 3pm CT on Thursday, May 14, featuring Francisco JB Oliveira, B2B Director at [BovControl](#).



Empowering farmers

A data collection and analysis tool to improve performance on meat, milk and genetics production.



CGIAR Platform for Big Data in Agriculture
@CGIAR_Data



You may have heard of the Internet of Things (IoT), but have you heard of the Internet of Cows? This cutting-edge innovation harnesses [#BigDataInAg](#) to increase production and efficiency in the [#livestock](#) industry: bit.ly/2zNWtNj
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"The Internet of **#cows**" @BovControl , "the google analytics of the cattle ranchers" **#TCDisrupt** **#agtech**





Insurance Industry Bracing for Wave of Coronavirus Lawsuits

Businesses face myriad obstacles as they fight to stay solvent amid the coronavirus pandemic. Unfortunately, many businesses have recently discovered that the insurance they purchased to protect them from disaster may not actually cover what they thought it did and a wave of lawsuits is already headed to courts. I worry that as insurance companies have to defend and battle the cases in court, regardless of the outcomes, our premiums are ultimately going to go higher as their cost are increased.

Business interruption coverage is exactly what it sounds like - it is designed to cover the loss of income that a business suffers from being forced to temporarily shutdown. This can include things like fires or even someone ramming a car through your storefront. Quite often, they also come with a long list of exclusions, which can include flooding, earthquakes, and yes, even pandemics.

For policies that do not contain wording that specifically exclude "viruses" or "pandemics" from their coverage, some insurance companies say coronavirus-related losses don't meet other requirements. One of those frequently referenced by insurance companies denying claims is "physical loss or damage", which is a common clause that requires there be direct physical loss or damage to your property that causes the business closure, and that the loss or damage resulted

from a covered cause of loss.

The insurance industry has held firm that business interruption insurance was not designed or priced to cover "virus-related" losses as they typically do not meet the requirement for physical damage in a business interruption policy. Meaning they did not build that risk-premium into the policy.

Hundreds of lawsuits have now been filed by businesses that feel they have been duped by "ambiguous" policy language. One argument being used is that it was not the pandemic that caused the closures but rather local governments, aka a "third party", and which they say does trigger business interruption coverage... interesting?

Lawmakers in states including New Jersey have considered legislation forcing insurers to pay out certain interruption losses for small businesses, with some bills requiring insurers to pay out even if policies explicitly excluded losses from viruses. The American Property Casualty Insurance Association has estimated that companies with 100 employees or fewer could see business continuity losses of as much as \$431 billion a month, dwarfing the roughly \$6 billion a month in premiums the local industry receives.

Berkshire Hathaway's Warren Buffet warned at the company's virtual shareholder meeting in early May that the amount of litigation facing the insurance industry over business interruption policies "is going to be huge." And regardless of what the outcomes are, the cost of defending the expected flood of lawsuits could be enormous. The insurance industry is no doubt going to try to recoup those losses and the most obvious way to go about it is to raise insurance rates. Hang onto your hats as the ripple effect continues... (Sources: MarketWatch, Insurance Journal, Law.com)





231 Years Ago U.S. Politics Were Insanely Different

I love history, so it should be no surprise I am fascinated with the people and the stories that shaped our great nation. George Washington was sworn in as the first U.S. President in the spring of 1789, to say things have changed would be a

massive understatement! This story may be a bit long for some, but I believe it's important to know and understand our heritage. To provide a little historical background on George Washington, I've provided below a chronological and quick overview of his life. It's amazing when comparing it to our lives of today. Please feel free to pass along and share with the younger ones, perhaps it will offer some inspiration. And remember, Washington was a farmer! (Source: Bio; Wiki)

Born *February 22, 1732, in Westmoreland County, Virginia*

11 years old - *Father dies and he became the ward of his half-brother, Lawrence, who gave him a fairly good upbringing.*

20 years old - *Lawrence dies of tuberculosis making George the heir apparent of the Washington lands and vast tobacco farms; Throughout his life, he would hold farming as one of the most honorable professions and he was most proud of Mount Vernon. He would gradually increase his landholdings there to about 8,000 acres.*

21 years old - *Virginia's Lieutenant Governor, Robert Dinwiddie, appointed Washington with a rank of major in the Virginia militia. Shortly thereafter he sent Washington to Fort LeBoeuf, at what is now Waterford, Pennsylvania, to warn the French to remove themselves from land claimed by Britain. The French politely refused and Washington made a hasty ride back to Williamsburg, Virginia's colonial capital. Dinwiddie sent Washington back with troops and they set up a post at Great Meadows. Washington's small force attacked a French post at Fort Duquesne killing the commander, Coulon de Jumonville, and nine others and taking the rest prisoners. Essentially, a young Washington lead his small group of men and sparked the beginning of "The French and Indian War".*

23 years old - *Washington was made commander of all Virginia troops*

26 - 35 years old - *He retires from his Virginia regiment and returned home to Mt. Vernon to once again farm; A month after leaving the army, Washington married Martha Dandridge Custis, a widow, who was only a few months older than he. Martha brought to the marriage a massive 18,000-acre farm, and George had personally been granted another 6,000 acres for his military service. As you can see, by his late-20s Washington had quickly become one of the most wealthy landowners in Virginia; Between his retirement from the Virginia militia until the start of the Revolution, George Washington devoted himself to the care and development of his land holdings, attending the rotation of crops, managing livestock and keeping up with the latest scientific advances. He worked six days a week, often taking off his coat and performing manual labor with his workers. He was an*

innovative and responsible landowner, breeding cattle and horses and tending to his fruit orchards. While he kept over 100 slaves, he was said to dislike the institution but accepted the fact that slavery was the law. He also entered politics and was elected to Virginia's House of Burgesses in 1758. It has been written many times that Washington did not take a leading role in the growing colonial resistance against the British until the widespread protest of the Townshend Acts in 1767. In fact, his letters of this period indicate he was totally opposed to the colonies declaring independence. However, by 1767, he started singing a much different tune.

43 years old - *The battles of Lexington and Concord erupted in April 1775, as the political dispute between Great Britain and her North American colonies escalated into an armed conflict. In May of 1775, Washington traveled to the Second Continental Congress in Philadelphia dressed in a military uniform, indicating that he was prepared for war. On June 15, he was appointed Major General and Commander-in-Chief of the colonial forces against Great Britain. As was his custom, he did not seek out the office of commander, but was eager to serve and happy to help his country! Historians say Washington was the best choice for a number of reasons: he had the prestige, military experience, and charisma for the job and he had been advising Congress for months. Another factor was political. The Revolution had started in New England and at the time, they were the only colonies that had directly felt the blunt of British tyranny. Virginia was the largest British colony and deserved recognition and New England needed Southern support. Washington and his small army received a taste of victory early in March 1776 by placing artillery above Boston, on Dorchester Heights, forcing the British to withdraw. Washington then moved his troops into New York City. But in June, a new British commander, Sir William Howe, arrived in the Colonies with the largest expeditionary force Britain had ever deployed to date.*

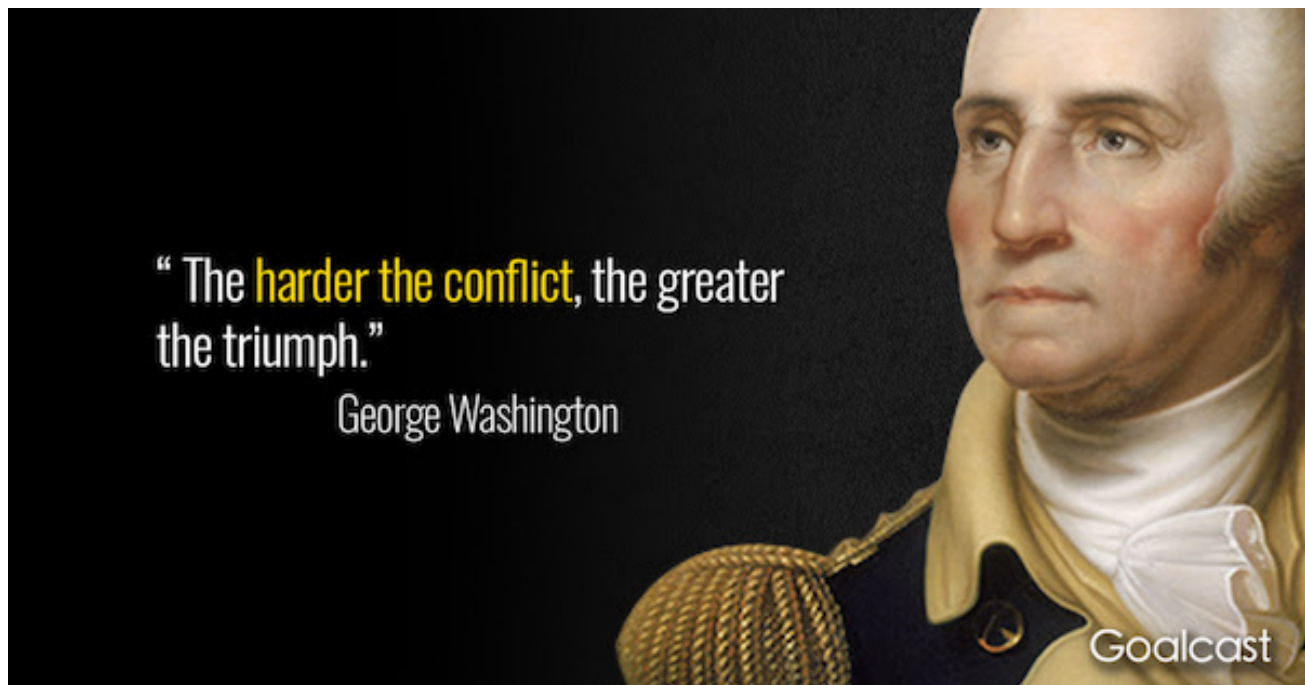
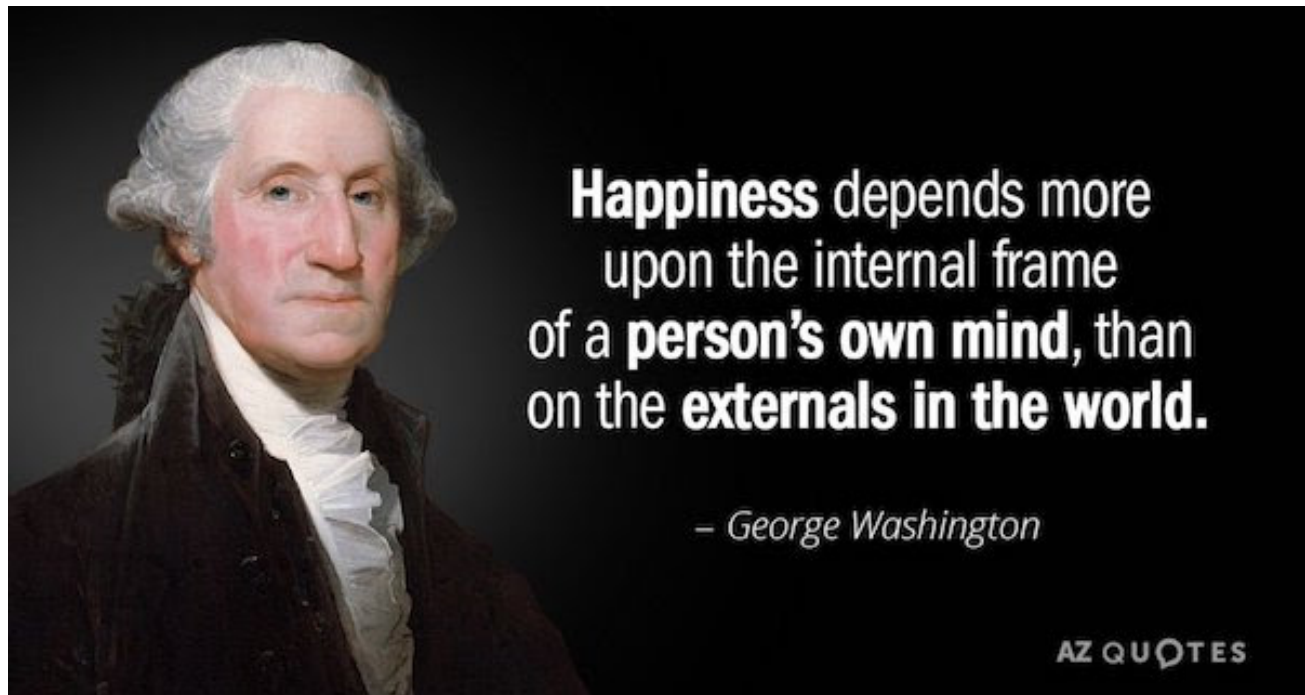
44 to 51 years old - *Serves as Commander-in-Chief of the colonial forces. It was in August of 1776, the British army launched an attack and quickly took New York City in the largest battle of the war. Washington's army was routed and suffered the surrender of 2,800 men. He ordered the remains of his army to retreat across the Delaware River into Pennsylvania. Confident the war would be over in a few months, General Howe wintered his troops at Trenton and Princeton, leaving Washington free to attack at the time and place of his choosing. On Christmas night, 1776, Washington and his men crossed the Delaware River and attacked unsuspecting Hessian mercenaries at Trenton, forcing their surrender. A few days later, evading a force that had been sent to destroy his army, Washington attacked the British again, this time at Princeton, dealing them a humiliating loss. In the late summer of 1777, the British army sent a major force, under the command of John*

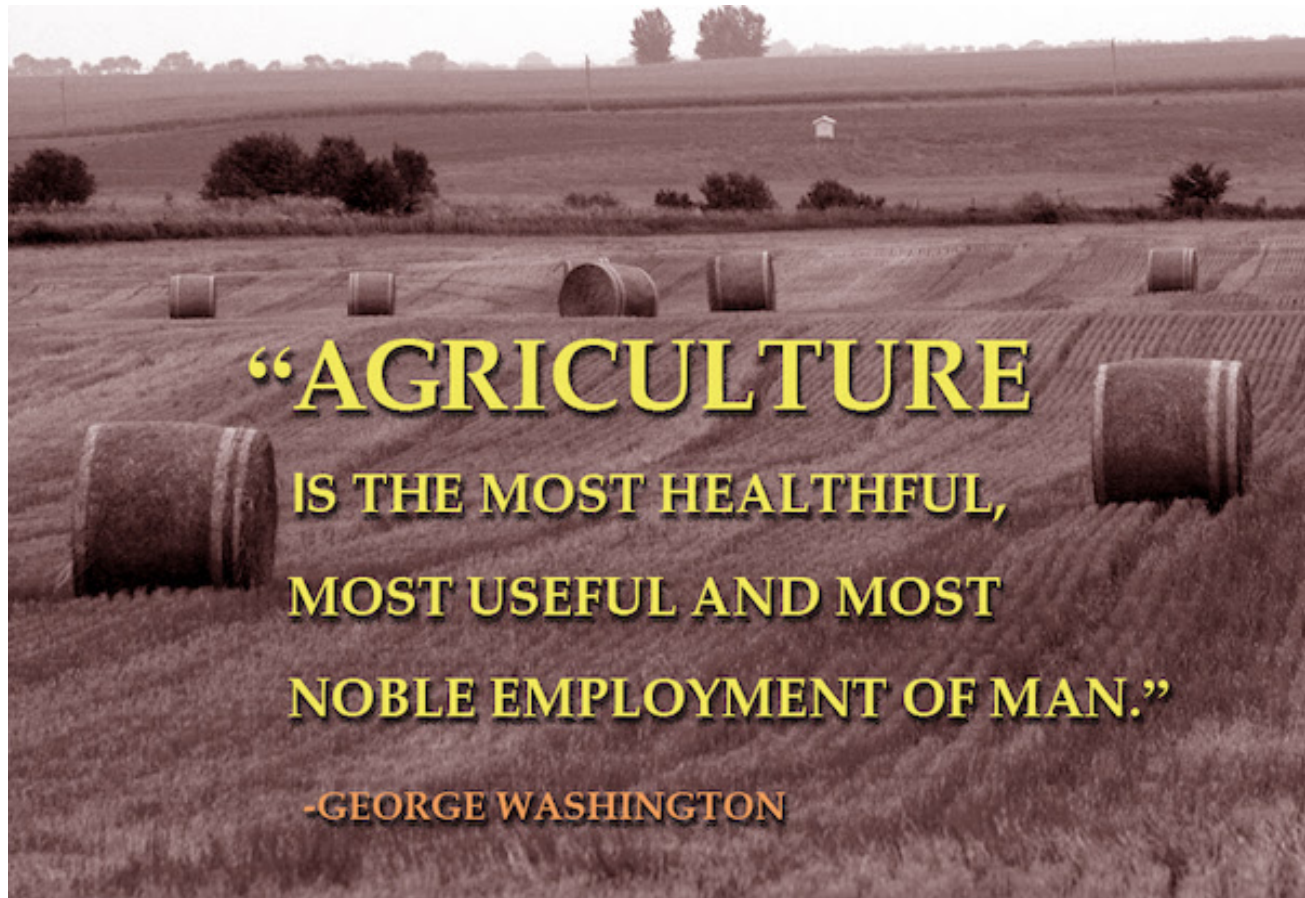
Burgoyne, south from Quebec to Saratoga, New York, to split off the rebellion in New England. But the strategy backfired, as Burgoyne became trapped by the American armies led by Horatio Gates and Benedict Arnold, at the Battle of Saratoga. Without support from Howe, who couldn't reach him in time, he was forced to surrender his entire 6,200 man army. The victory was a major turning point in the war as it encouraged France to openly ally itself with the American cause for independence. Through all of this, Washington discovered an important lesson: The political nature of war was just as important as the military one. Washington began to understand that military victories were not as important as keeping the resistance alive. Americans began to believe that they could meet their objective of independence without defeating the British army. On the other hand, British General Howe clung to the strategy of capturing colonial cities in hopes of smothering the rebellion. He didn't realize that capturing cities like Philadelphia and New York would not unseat colonial power. Congress would just pack up and meet elsewhere. The darkest time for Washington and the Continental Army was during the winter of 1777 at Valley Forge, Pennsylvania. The 11,000-man force went into winter quarters and over the next six months suffered thousands of deaths, mostly from disease. But the army emerged from the winter still intact and in relatively good order. Realizing their strategy of capturing Colonial cities had failed, the British command replaced General Howe with Sir Henry Clinton. The British army evacuated Philadelphia to return to New York City. Washington and his men delivered several quick blows to the moving army, attacking the British flank near Monmouth Courthouse. Though a tactical standoff, the encounter proved Washington's army capable of open field battle. The alliance with France had brought a large French army and a navy fleet. Washington and his French counterparts decided to attack British General Charles Cornwallis at Yorktown, Virginia. Facing the combined French and Colonial armies and the French fleet of 29 warships at his back, Cornwallis held out as long as he could, but on October 19, 1781, he surrendered his forces. Washington formally bade his troops farewell and on December 23, 1783, he resigned his commission as commander-in-chief of the army and returned to Mount Vernon.

52 to 56 years old - *Washington attempted to fulfill his dream of resuming life on the farm and to give his much-neglected plantation the care and attention it deserved. The war had been costly to the Washington family with lands neglected, no exports of goods, and the depreciation of paper money. But Washington was able to repair his fortunes with a generous land grant from Congress for his military services.*

57 years old - *Since independence, the young republic of the U.S. had been struggling under the Articles of Confederation, a structure of government that centered power with the states. But the states were not unified. They fought*

among themselves over boundaries and navigation rights and refused to contribute to paying off the nation's war debt. Political leaders of the states knew something had to be done to unify their efforts so again they called on George Washington. The Constitution of the United States was ratified by the states in June 1788. In February of the following year, the new nation's Electoral College selected George Washington unanimously with 69 electoral votes to be its first U.S. president. On April 16, 1789, Washington began a seven-day journey from his home at Mount Vernon to New York City, then the nation's capital, where he would be inaugurated. Washington was reluctant to leave the serenity of his home and uncertain about his new position. His journal entry for that day noted: "About 10 o'clock I bade adieu to Mount Vernon, to private life, and to domestic felicity, and with a mind oppressed with more anxious and painful sensations than I have words to express, set out for New York in company with Mr. Thompson, and Colonel Humphries, with the best dispositions to render service to my country in obedience to its call, but with less hope of answering its expectations." His journey to New York City was transformed into a triumphal procession by the crowds and local officials who greeted the new president along the way. Celebrations erupted at numerous towns along his route including Alexandria, Baltimore, Wilmington, Philadelphia, and Trenton. Washington arrived at Elizabeth Town, NJ. It was on April 23 he took a small barge with 13 pilots through the Kill Van Kull tidal strait into the Upper New York Bay and from there the city. A variety of boats surrounded him during the voyage, and Washington's approach was greeted by a series of cannon fire, first a thirteen gun salute by the Spanish warship Galveston, then by the North Carolina, and finally by other artillery. Thousands had gathered on the waterfront to see him arrive. Washington landed at Murray's Wharf (at the foot of Wall Street), where he was greeted by New York Governor George Clinton as well as other congressmen and citizens. A plaque now marks the landing site. They proceeded through the streets to what would be Washington's new official residence, 3 Cherry Street. On April 30, 1789, George Washington took the oath as the first president of the United States. The oath was administered by Robert R. Livingston, the Chancellor of New York, on a second-floor balcony of Federal Hall, above a crowd assembled in the streets to witness this historic event. Three days before George Washington took the oath of office as the first president of the United States, Congress passed the following resolution: Resolved, That after the oath shall have been administered to the President, he, attended by the Vice President and members of the Senate and House of Representatives, shall proceed to St. Paul's Chapel, to hear divine service. Accordingly, the Right Rev. Samuel Provoost (1742-1815), newly appointed chaplain of the United States Senate and first Episcopal bishop of New York, performed "divine service" at St. Paul's Chapel on April 30, 1789, immediately following Washington's inauguration.





“I had rather be on my
farm than be emperor
of the world.”

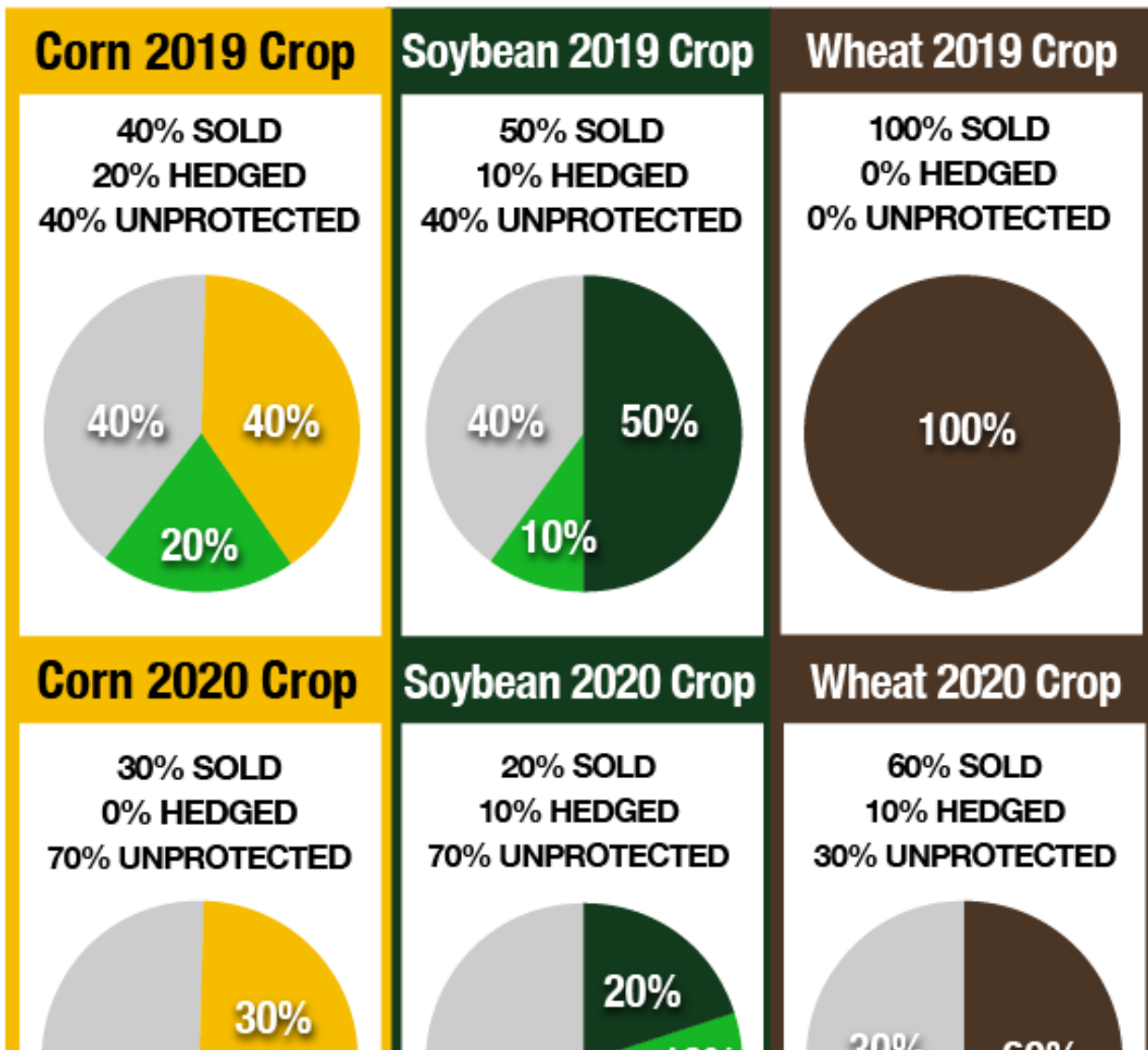
— President George Washington

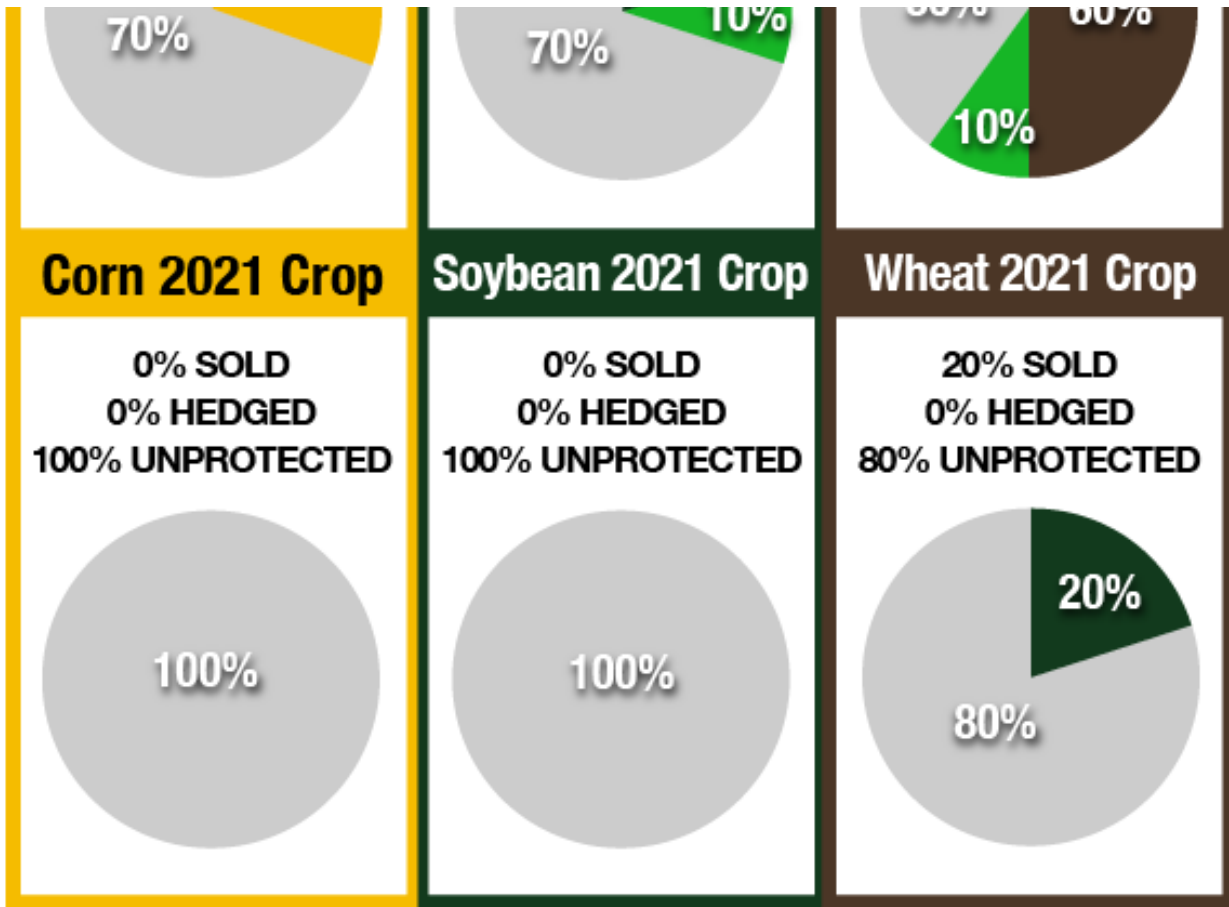


ANSWER to riddle: Tea.

CASH SALES & HEDGING TOTALS

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