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GOOD MORNING: The Van Trump Report 5-14-20

1 message

The Van Trump Report <reply@vantrumpreport-email.com> Thu, May 14, 2020 at 5:30 AM
Reply-To: Jordan <reply-fec611757d660579-1180_HTML-40325470-100003450-10@vantrumpreport-email.com>
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The VAN TRUMP Report

"The biggest competitive advantage is to do the right thing at the worst time." - **Bill Hewlett**

Thursday, May 14, 2020
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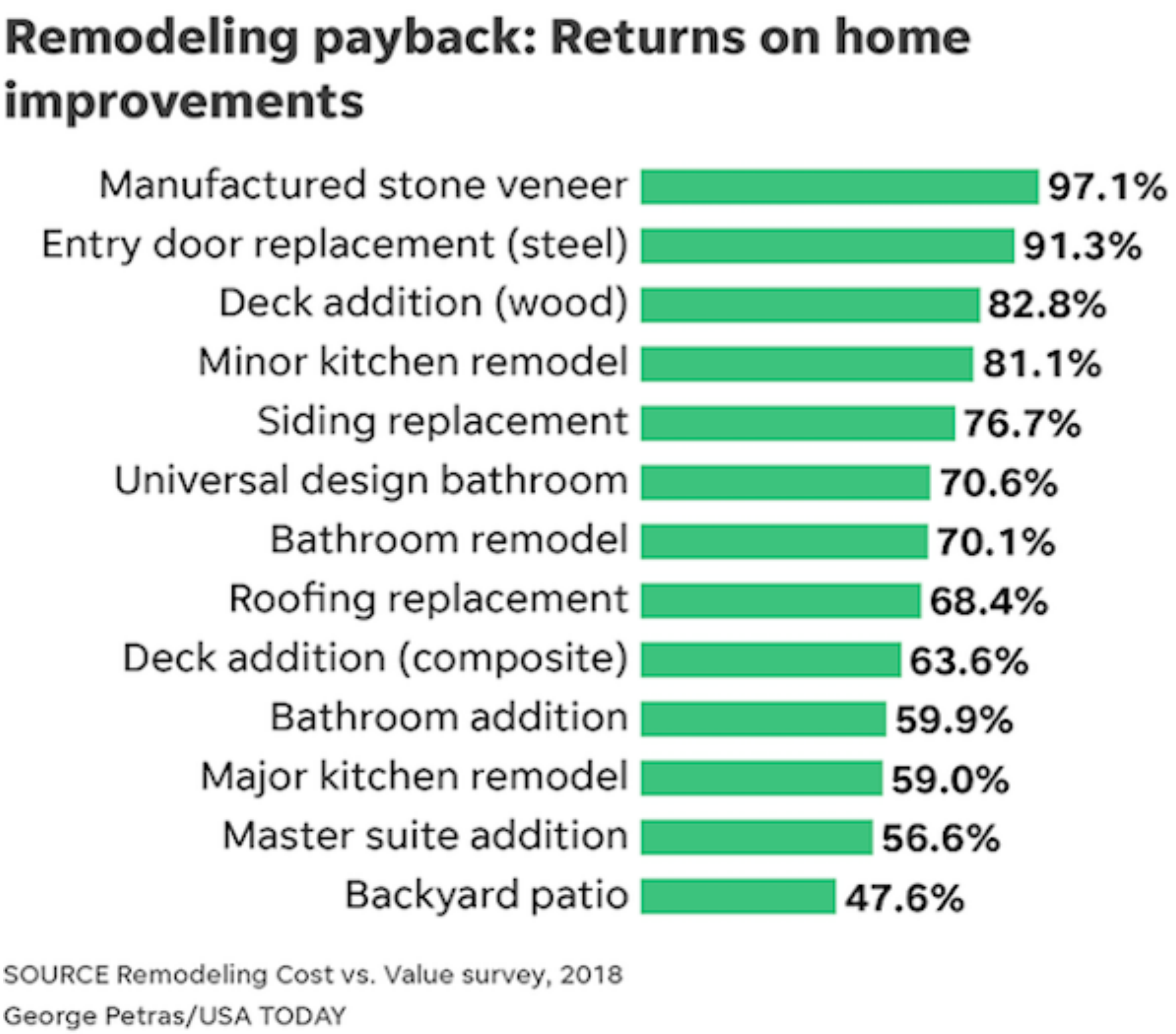
Morning Summary: Stock bulls are having a tougher time defending their position against a string of negative economic projections and talk from big name players on Wall Street that the market is overvalued. Billionaire investor and famed trader David Tepper of Appaloosa Management made comments that the market feels extremely overvalued and more than likely not a very good risk-to-reward. He did however say with the Fed acting as a major backstop anything is possible, but he just doesn't like the current setup. Remember, this is following comments the day before from famed billionaire investor Stan Druckenmiller who says the risk-to-reward in stocks is the worst he's ever seen while calling the prospect of a "V-shaped" recovery a "fantasy". At the same time, Federal Reserve Chair Jerome Powell is warning of "significant downside risks" ahead for the U.S.

economy. Powell also believes more stimulus may be needed to spur the U.S. economy during what could be a long recovery. The Fed chief points to the loss of many small and medium-sized businesses and the income destruction witnessed by U.S. households, all of which could limit the strength of the recovery when it does come back online. Powell also cited a Fed survey being released today that details a -40% loss of jobs among households making less than $40,000 a year. Powell said, “This reversal of economic fortune has caused a level of pain that is hard to capture in words, as lives are upended amid great uncertainty about the future.” There is also a revised projection from Goldman Sachs making the rounds that U.S. second quarter gross domestic product will decline -39% with unemployment peaking at near 25%, up from a previous estimate of 15% peak unemployment. One economic bright spot actually comes out of Mexico, which announced it will allow some auto factories to reopen as soon as next week. That is very welcome news for U.S. car companies that rely heavily on Mexican factories for parts and vehicle production. Those re-openings will coincide with U.S. assembly plants that are set to resume operations on Monday. Tech giant Apple has also begun reopening some of its U.S. retail stores. Today brings the latest tally of new unemployment claims which are expected to show another -2.5 million Americans have lost jobs. Investors will likely be more interested in the continuing claims number going forward as they try to determine how many people have been called back to work as states begin reopening. Today also brings more Fed commentary with Minneapolis Fed President Neel Kashkari and Dallas Fed President Robert Kaplan both scheduled to speak at separate events.

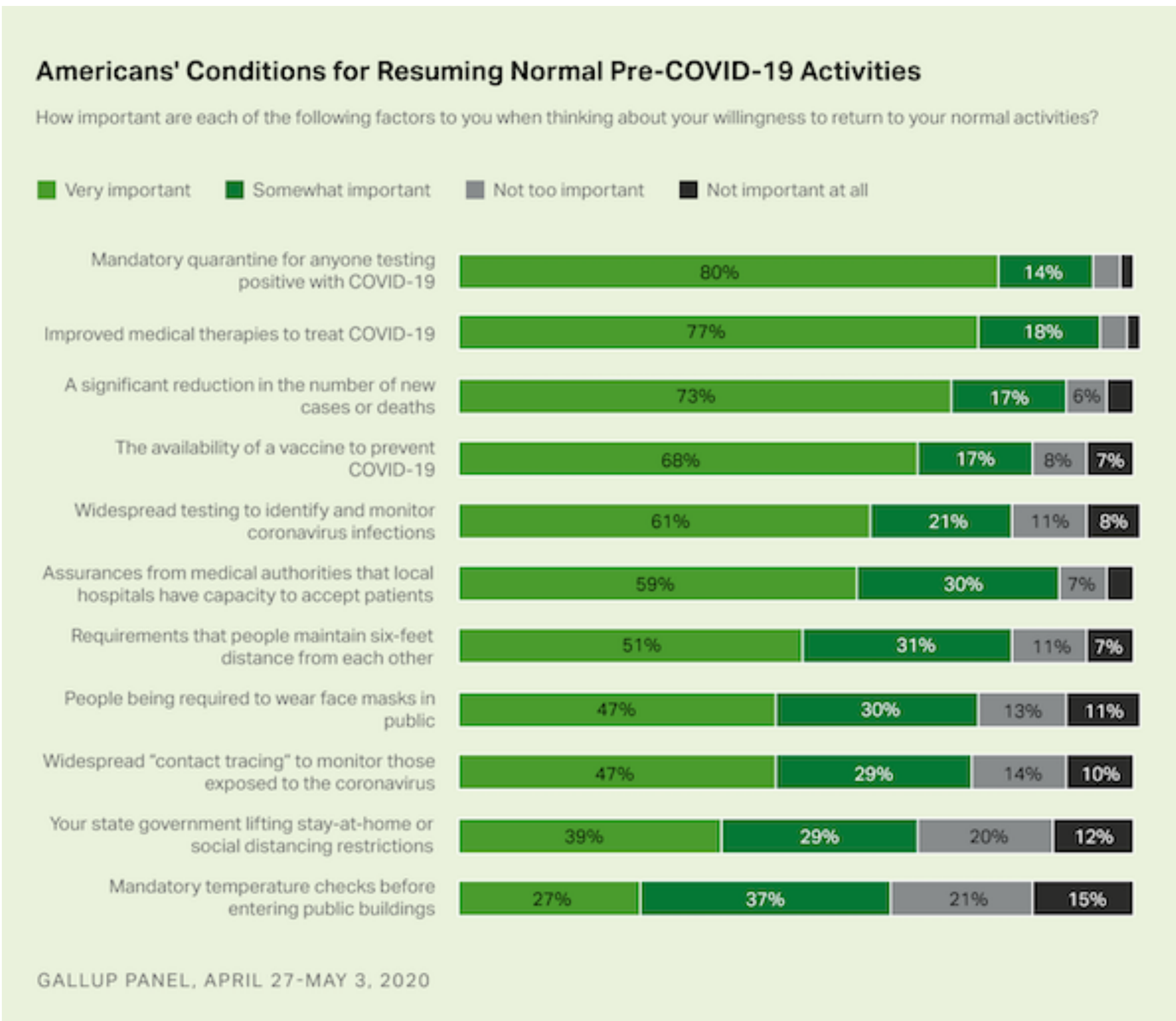
Home Remodeling Returns: I always found this interesting...



OPEC Offers Bleak Forecast as U.S. Inventories Decline: *OPEC presented a bleaker assessment of global oil markets, cutting global oil demand in 2020 by -2.23 million barrels per day (b/d). OPEC also lowered its 2020 production estimate to -3.5 million b/d below 2019 levels, unfortunately that's not going to be enough. I should note, the U.S. Energy Information Administration revealed a -745,000 barrel decline in U.S. crude inventories, the first drop since January. U.S. oil production fell by -300,000 barrels per day last week. From what I understand, we are down about -1.5 million barrels per day since U.S. output hit a record high of 13.1 million barrels per day back in mid-March. (Sources: OPEC, Investingdotcom)*

Grocery Shoppers Shift from Stockpiling to Penny Pinching: *Grocery shoppers' purchasing behaviors may be changing because of high unemployment and economic uncertainty. In recent weeks, U.S. shoppers are buying more of store's private labels than usual, spending less across popular convenience store categories, and making more trips to dollar stores, according to data from market research firm IRI. Krishnakumar Davey, president of strategic analytics for IRI, points to the* *grim economic picture, particularly unemployment and pay cuts that are squeezing family budgets. Even those whose income hasn't been impacted may feel uneasy, as they read about it or know others who have. Davey said all of those factors "have an effect on the psychology of the consumer" and can linger in the back of shoppers' minds. During the stockpiling phase of the pandemic, Davey said private labels sold at a higher rate as customers cleared shelves and bought whatever was available. He believes the trend will stick as people tighten their belts. (Source: CNBC)*

Targeted Quarantines Top U.S. Adults' Conditions for Normalcy: *In an effort to restart the U.S. economy, some states have begun to ease restrictions brought on by the COVID-19 pandemic, yet at least two-thirds of Americans think it is "very important" that each of four specific conditions is met before they are willing to return to their normal activities. These include mandatory quarantine for anyone who tests positive for the virus; improved medical treatments for COVID-19; a significant reduction in the number of new cases or deaths from the disease; and the availability of a vaccine. Good luck... Gallup breaks down the details HERE.*

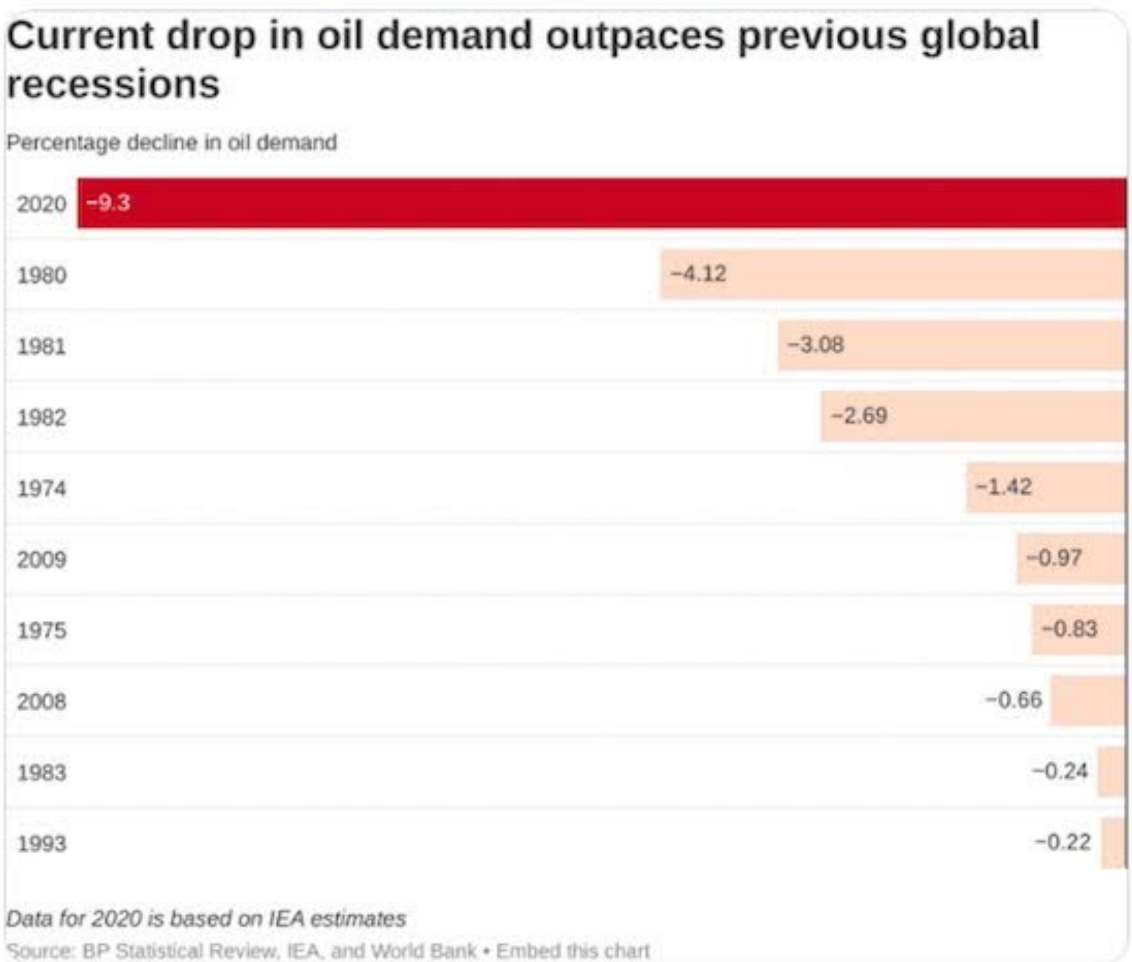


FARM TANK

Tweets of the Day

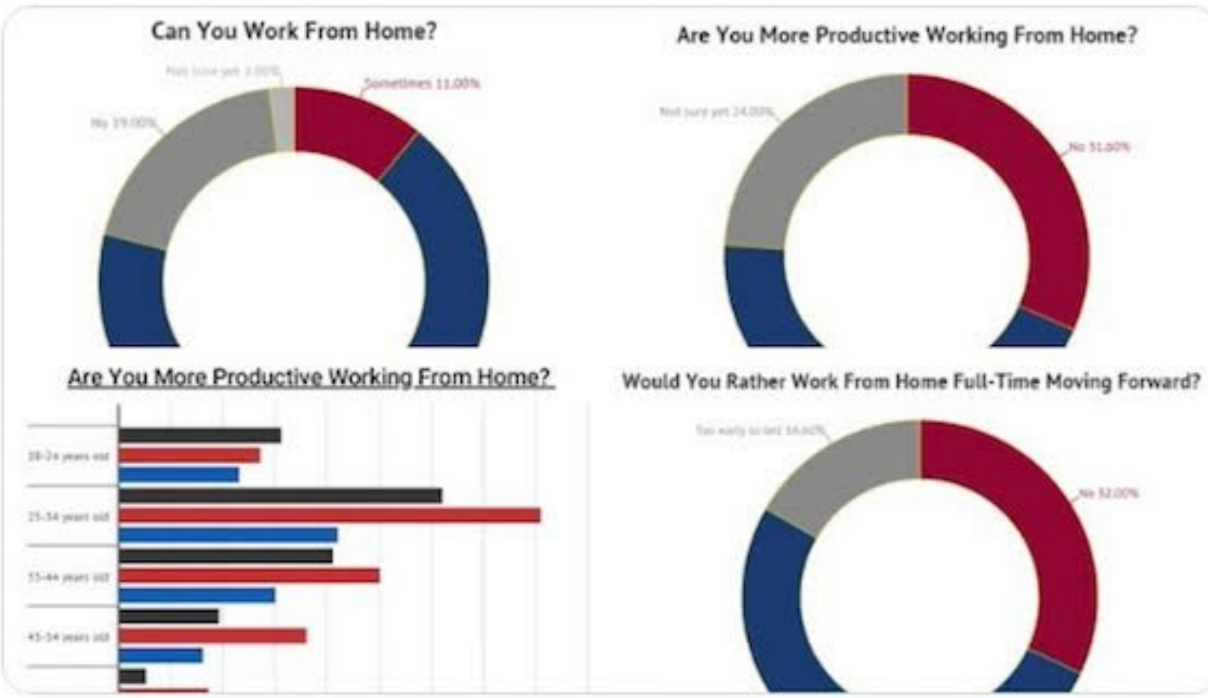
World Economic Forum
@wef

This is how the drop in oil demand compares to previous recessions bit.ly/35Uebhl #oil #demand



Liz Ann Sonders
@LizAnnSonders

Half of millenials want to work from home permanently;
most people feel more productive (older people significantly so);
51% would rather work from home full-time; >1/2 don't believe their companies will make remote work permanent (17% do)
@ZippiaInc



HindsightCapital™
@Data_Junkie_

soo ur saying the trade war has a chance of being fixed ?

Ramp X Æ A-12 @RampCapitalLLC · 10h

Did you know?

This is a picture of two bullets hitting each other midair in 1916, during the Battle of Gallipoli. The probability of two bullets hitting randomly in midair is one in 70 billion. The only thing more unlikely is you outperforming the S&P 500 over a 10 year period.

Ben Kuhns
@benk8680

Worlds largest ag tire meets worlds largest fixed frame tractor!!
@Fendt_NA @ScottSloan6164

The Cow Queen
@ChromeCattleCo

They really be doing their best #CowTwitter

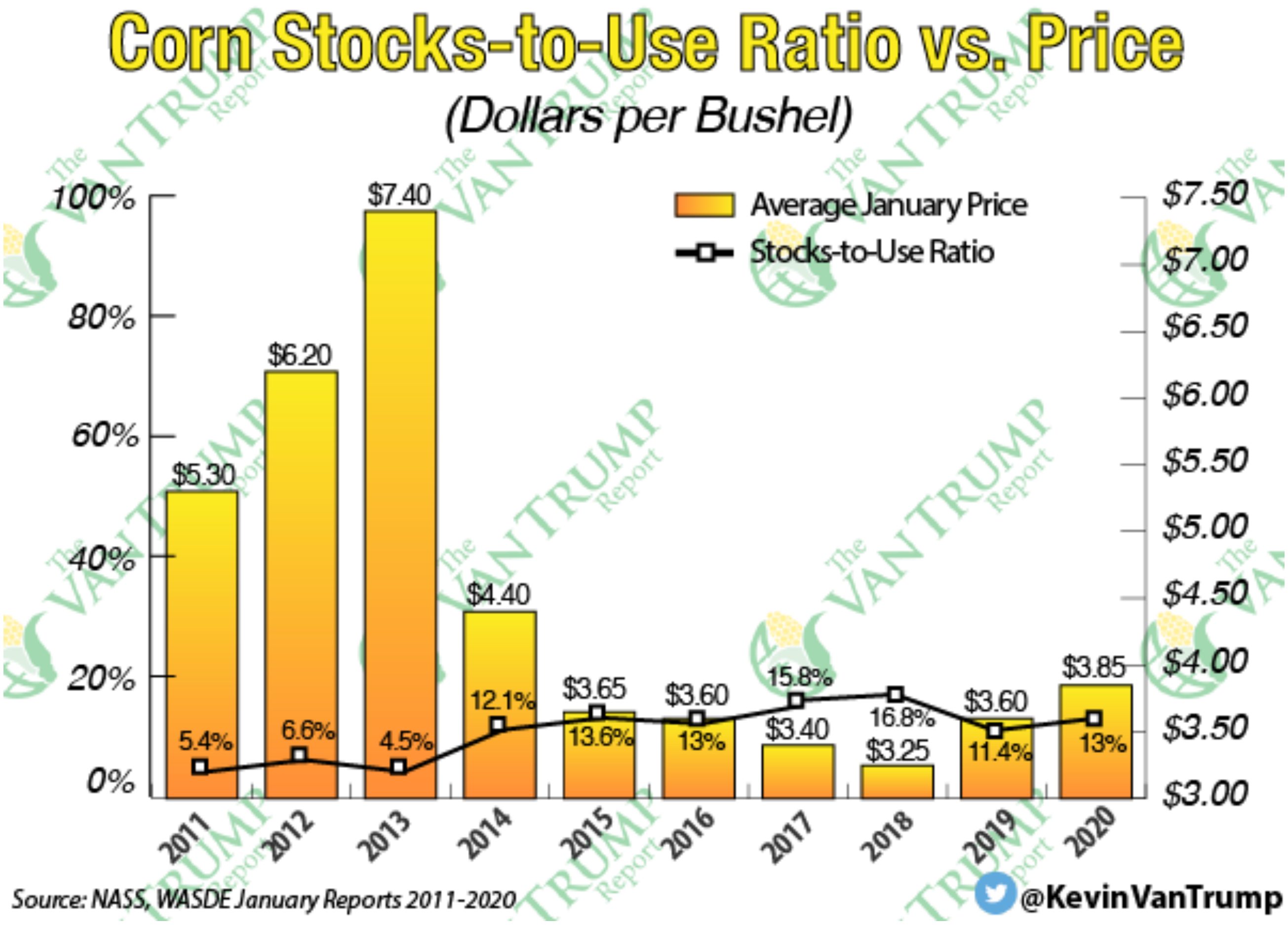
Brian Scott 🌾
@thefarmerslife

Done with #plant20

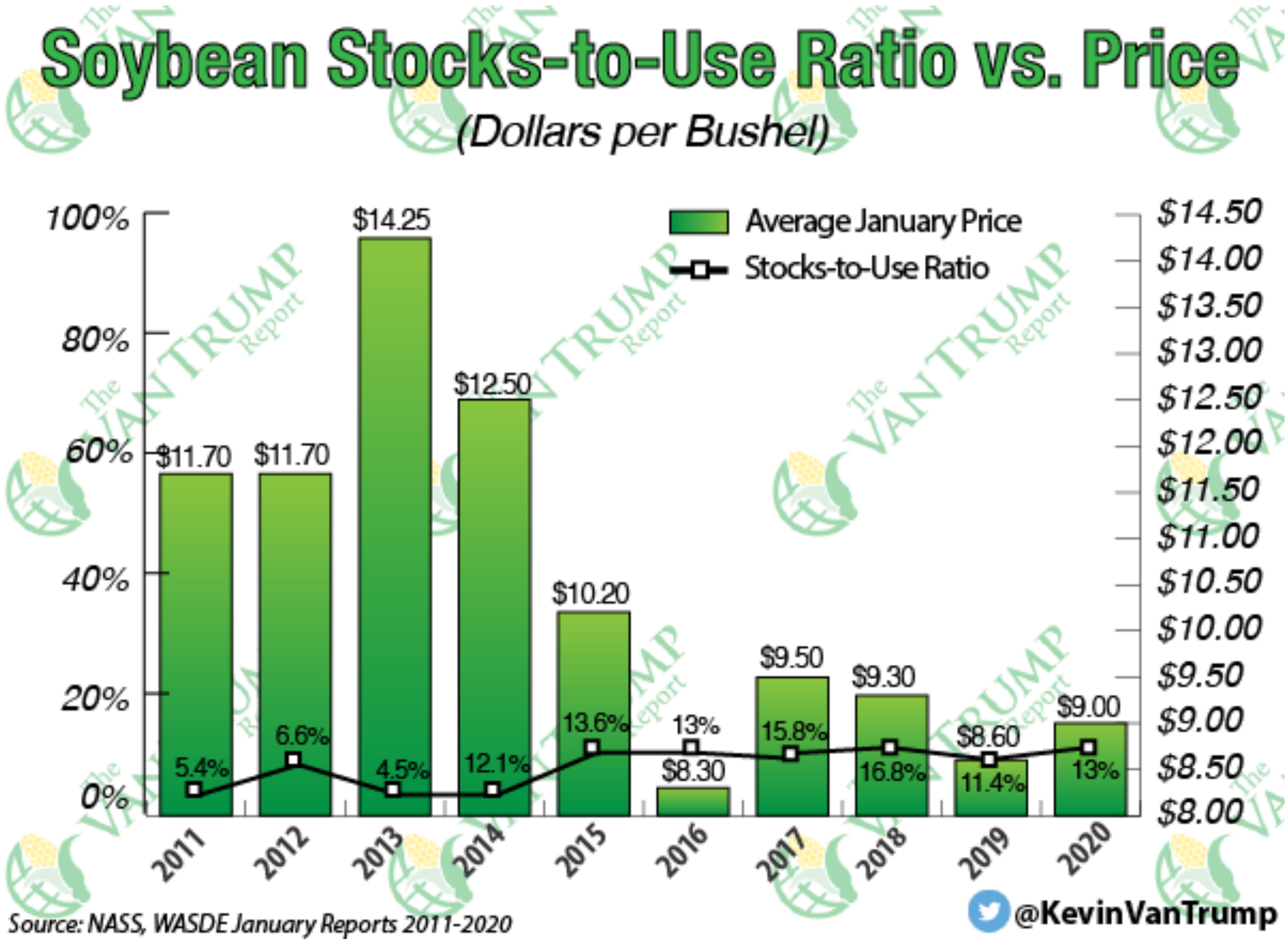
Started 4/20 finished 5/12 compared to last year 5/11-6/7.

CORN bulls continue to struggle with gaining sustained upside momentum. As with most bear markets, it feels like two-steps higher and then four steps lower i.e. the tune of "lower-highs and lower-lows" continues to be the music we are hearing. U.S. acres are set to be massively large and early weather mostly cooperative, no new story here with more than ample supply expected to be delivered. Demand has obviously been in the tank with the fallout in crude oil, coronavirus headwinds, and Chinese demand uncertainties. As a bull, I would like to argue that we might be seeing some improvements on all fronts. Meat processing plants have most all come back online and we are moving the ball in the right direction. At the same time, U.S. and Chinese officials seem to be picking up talks about trade and perhaps we will see more buying. Crude oil prices have strengthened to some degree and we are starting to see an increase in gasoline demand and driving miles. Ethanol production for the week was estimated at 617,000 barrels per day, up from 598,000 the prior week. Keep in mind however, ethanol production is still down over -40% from last year. Ethanol surplus was also reported lower on the week but still about +9% higher than last year. Technically, bears are still talking about the $2.80 to $3.00 range being their next major downside target. To the upside, we probably need corn prices to break back above the $3.40 level before we see larger interest from big-money bulls. The new-crop DEC20 corn will need to get back up above the $3.50 level to spark bullish money-flow. The question now is where will the headlines come that have the power to reverse the flow and allow for some sustained upside momentum? I will continue to closely monitor weather and China...

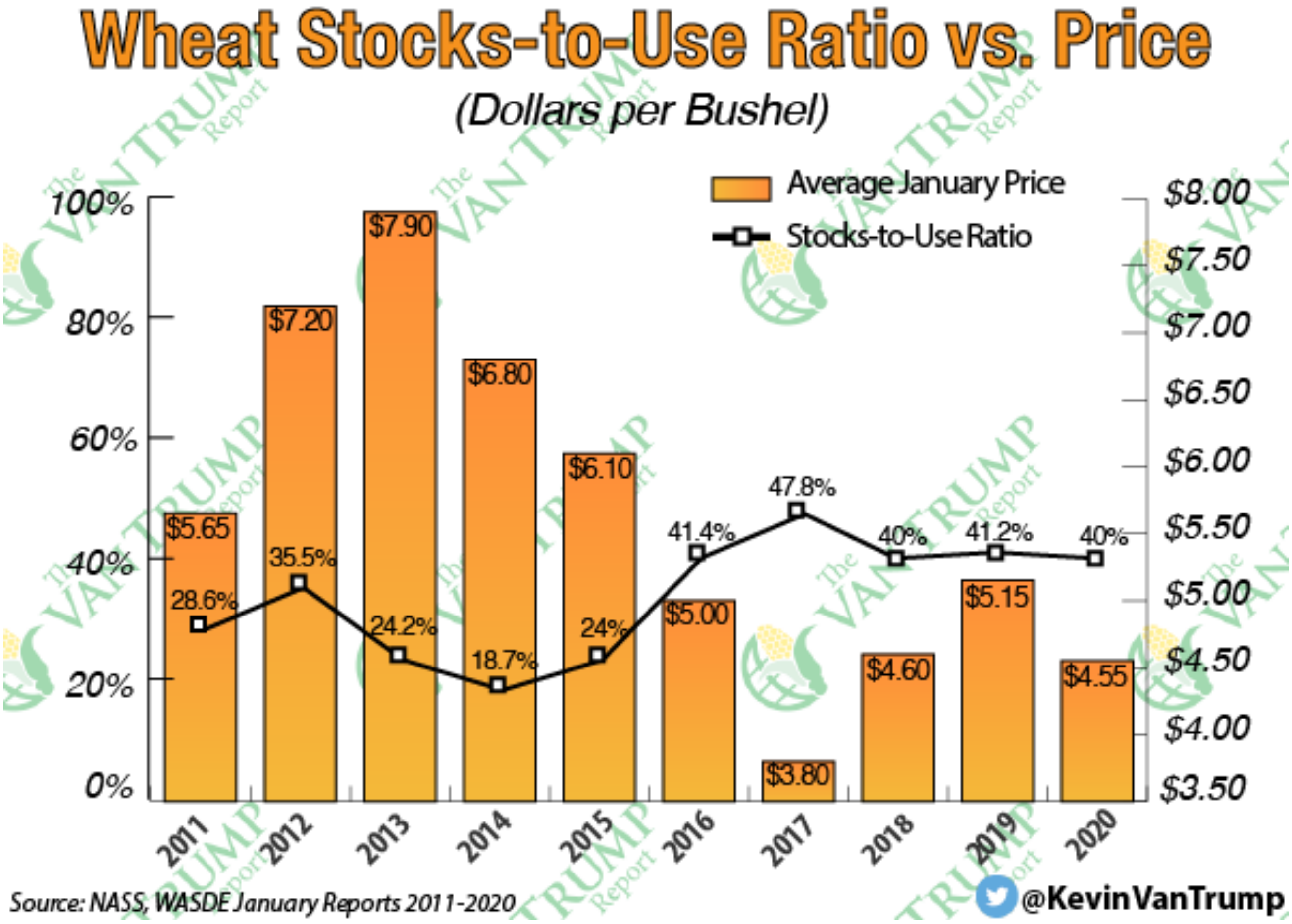
**Please understand the tables below are based on January stocks-to-use for each year. I told my graphic guy to give me a quick visual of stocks-to-use and this is what he came back with late in the day. Not what I wanted, but as you can see, we need extremely tight stocks-to-use to drive prices higher. Keep in mind, the USDA's massive 3.318 billion bushel ending stock forecast for new-crop, if realized would be the highest since 1987/88. Stocks relative to use will be +22% and the highest since 1992/93. Ouch!*



SOYBEAN traders are keeping a close eye on political headlines between U.S. and Chinese officials. I want to badly believe the Chinese are going to come through on their commitment, but I've thought this way for many months only to be wrong. I worry that the Chinese might try to hold out beyond the November U.S. election as a way to put extended heat on President Trump. This would obviously be a major headwind for the soybean market and create more pain across rural America. I hate to think this way, but we can't just bury our head and ignore the 800-pound gorilla in the room. Yes, the Chinese still have a ton of time to fulfill their commitments, but there's also a lot of controversy and finger-pointing circulating around coronavirus. As a bull, I am hearing of more coronavirus complications at a few of Brazil's major ports and talk of increasing political unrest inside Brazil. Which in the end might mean a few extra hurdles for exporters as labor and trucking issues become more complicated. As a spec, I am still holding a small bullish position and have given back a large portion of my gains. As a producer, I am worried about lower prices and continue to keep put hedges in place. Technically, major support still seems to be in the $8.00 to $8.20 range. To the upside, we haven't been able to close the JUL20 contract above $8.60 in over a month. That will need to happen if we want to attract larger bullish money. Again, Chinese and U.S. political relations are on center-stage.



WHEAT bears have managed to pull the market down to multi-month lows as global weather seems more cooperative than many had forecast and ending stocks more burdensome than many bulls anticipated. Bottom-line, bulls have backpedaled a bit, and bears have strengthened their grip as the weather headlines weakened and the USDA confirms another round of record global surplus and strong global competition for U.S. exporters. As a spec, I'm glad I banked profits weeks ago on my bullish position and ecstatic that I remained patient and didn't jump back in. As a producer, I am happy that I made those sales on the rally and am now content waiting it out.


Wheat Stocks-to-Use Ratio vs. Price
(Dollars per Bushel)
Average January Price
Stocks-to-Use Ratio
100%
80%
60%
40%
20%
0%
$8.00
$7.50
$7.00
$6.50
$6.00
$5.50
$5.00
$4.50
$4.00
$3.50
$5.65
$7.20
$7.90
$6.80
$6.10
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$3.80
$4.60
$5.15
$4.55
28.6%
35.5%
24.2%
18.7%
24%
41.4%
47.8%
40%
41.2%
40%
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
Source: NASS, WASDE January Reports 2011-2020
@KevinVanTrump

> USDA Webinar for CFAP Direct Payments: *The U.S. Department of Agriculture (USDA) Agricultural Marketing Service (AMS) and Farm Service Agency (FSA) will host a webinar on Thursday, May 14, 2020, at 1 p.m. ET, for farmers, ranchers and other producers interested in applying for direct payments through the Coronavirus Food Assistance Program (CFAP). USDA is hosting this webinar to share what information is needed to apply for direct payments through CFAP, once the application period begins. Producers who are new to participating in FSA programs are especially encouraged to join the webinar. Producers interested in participating in the webinar may register in advance HERE. More information about CFAP and a recording of the webinar once its available can be found HERE.*

> More Mexican Beef Headed to U.S.: *More Mexican steaks and other beef cuts are headed north of the border after the coronavirus outbreak has hobbled U.S. meat processing plants, potentially offsetting fears of shortages affecting businesses from fast-food chains to grocery stores but angering American ranchers. Mexican beef supplies were already a growing part of U.S. sales prior to the crisis, and they are set for even stronger double-digit growth in 2020, said Juan Ley, president of Mexico's main cattle growers association. Sales to U.S. buyers have already jumped 10% this month, he said, and he expects the same in June. From the beginning of this year through the first week of May, Mexican beef exports to the U.S. rose 8,000 metric tons compared with the same period last year. The Mexican industry chalks up the export growth to new safety measures* *adopted by plants, as well as relatively smaller-scale operations that have so far kept infections at bay and business humming. Read more [HERE](#).*

> Debris Cleared on Parana River but Water Levels Remain Low: *Grains flow improved on Argentina's Parana River after debris from a landslide slowed cargo ships over the weekend, the local ports chamber said on Wednesday, while lower-than-normal water levels continued to put downward pressure on traffic rates. Guillermo Wade, manager of the Chamber of Port and Maritime Activities, told Reuters that low water levels on the Parana remained a concern. A drought in northern Argentina and central Brazil has pushed the river's level at Rosario to around just 1.44 feet, well below the average of over 12 feet for this time of year. Wade says the current level forces export companies to load -10,000 fewer tons in large Panamax ships that usually leave the area with between 50,000 and 55,000 tons in their holds. (Source: Reuters)*

> ADM Optimistic China will Meet Trade Deal Targets: *Global grains trader Archer Daniels Midland Co remains optimistic that China will meet its Phase 1 trade deal farm product purchase commitments despite the slow pace of buying so far and recent criticism of China by U.S. President Donald Trump. Lower commodity prices due to the coronavirus pandemic may limit the value of China's first year U.S. agricultural product purchases, "but it's a two-year agreement," ADM CEO Juan Luciano said during the virtual BMO Capital Markets Global Farm to Market Conference on Wednesday. Luciano also points out that China has so far been delivering on all their commitments to remove non-trade barriers and to improve the ability of both countries to trade. Chinese imports of U.S. agricultural products and related goods totaled just $913 million in February and $952 million in March, the lowest totals for those two months since 2007, according to U.S. Census Bureau data. China has about 25% of its August soybean needs met and 22% to 25% of its February 2021 needs filled, while purchases for September through January, typically the peak export period for U.S. soy, remain "completely open," Luciano said. (Source: The New York Times)*

> JPMorgan Extends Banking Services to Bitcoin Exchanges: *JPMorgan Chase has taken on two well-known bitcoin exchanges, Coinbase Inc. and Gemini Trust Co., as banking customers, according to people familiar with the matter, the first time the bank has accepted clients from the cryptocurrency industry. Coinbase, founded in 2012, is the largest U.S.-based bitcoin exchange, with more than 30 million accounts. Gemini, founded in 2014 by Tyler and Cameron Winklevoss, is a smaller exchange, but it has been in the vanguard of the industry's movement to attract mainstream clients and embrace regulation. The accounts were approved in April, and transactions are just starting to be processed. The move is the latest in a string of positive developments for bitcoin and another sign that Wall Street is becoming more comfortable with the business of cryptocurrencies. Read more [HERE](#).*

> **Brokers are Hiking Margins on Chinese Stocks:** *Large moves in U.S.-listed Chinese stocks are putting brokers on edge, leading some to take steps to protect themselves from losses. Interactive Brokers has told investors they might in some cases be subject to higher margin requirements, in a move focused on accounts with concentrated positions in small-capitalization companies based in China. At least two other online brokerage firms say they will follow suit. One of those, Futu, explained that the extra caution was necessary partly because Chinese depositary receipts were becoming targets for short sellers. Last month, investors suffered heavy losses when Chinese coffee chain Luckin Coffee Inc. revealed that much of its sales last year were fabricated by a few employees. This year short sellers have published reports targeting nine Chinese companies, including seven with U.S. listings, according to Breakout Point, a data provider. It said investors should assume others are also being scrutinized. (Source: The Wall Street Journal)*

> **Coronavirus Batters Global Trade:** *Maersk, the world's biggest shipping company, expects volumes across all businesses to contract as much as 25% in the second quarter as coronavirus has battered global trade. If that prediction pans out, it will represent "the biggest drop in demand on record, worse than during the global financial crisis," according to Maersk CEO Sorn Skou. Maersk added that it cancelled more than 90 sailings, equivalent of 3.5% of total shipping capacity in the first quarter to grapple with lower demand resulting from the pandemic. Maersk expects to cancel another 140 sailings in the second quarter. Global container trade fell by 4.7% in Q1 2020, Maersk said, which was "primarily due to the COVID-19 pandemic that impacted both the supply chain and demand." Maersk expects container demand to further weaken in 2020 although the company said it is not possible to be more precise due to uncertainties surrounding COVID-19. (Source: MarketsInsider)*

> **Is Private Equity and Health Care an Unhealthy Combo?** *Over the past decade, private equity firms like Blackstone, Apollo Global Management, The Carlyle Group, KKR & Co. and Warburg Pincus have deployed more than $340 billion to buy health care-related operations around the world. In 2019, private equity's health care acquisitions reached $79 billion, a record, according to Bain & Co., a consulting firm. Partly as a result of private equity purchases, many formerly doctor-owned practices no longer are. Hospitals have increasingly switched from primarily being owned by either nonprofit entities with religious affiliations or by states and cities, with ties to medical schools, to private equity-owned for-profit institutions. The impact private equity has had on employees and customers of the companies it has taken over, however, isn't always beneficial. Read more from NBC News.*

> **Beware Misuse of Market Valuations:** *There is perhaps no piece of information that is more misused in equity investing than the valuation of the market. Whether someone has an agenda to show that the market is expensive, or that it is cheap, it is usually very easy to find data or a chart to prove their point. Even for those who don't have an agenda, it can be very easy to fall into the trap*

of misusing or misinterpreting valuation information, and reaching an incorrect conclusion as a result. This is especially true at a time like now when there are extreme opinions on both sides of the debate as to whether the market is overvalued. Despite the limitations of market valuation data, it can be useful if put into the proper context. Investor blog Validea lists a few things to keep in mind when looking at market valuation data HERE.

> 10 Tips on Making Big Decisions: *Making financial decisions is difficult even in good times. But when we have a year like 2020, it's that much harder. And yet it's precisely at times like this that our financial choices may have the most impact. Where do we begin? For some, the answer is to "run the numbers." For others, the solution is to "trust your gut." But both suggestions seem more like vague platitudes than true action plans. Fortunately, research has identified a number of tools and techniques to help us make better choices in the face of uncertainty. Check out 10 ideas from Humble Dollar.*

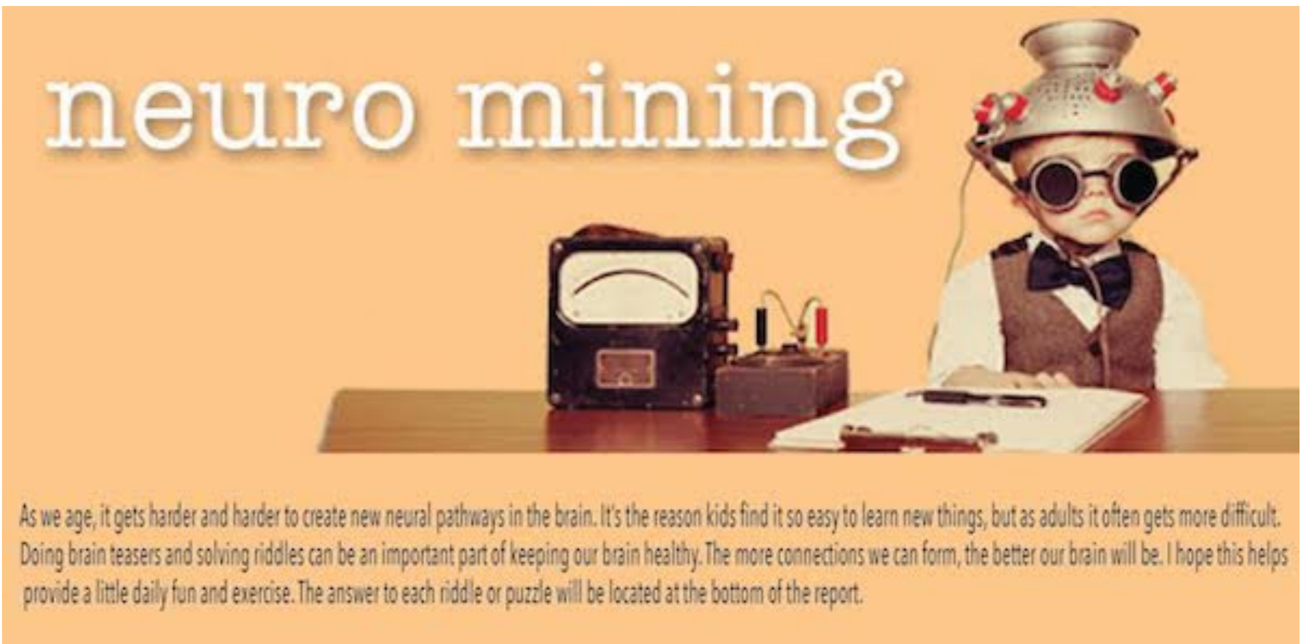
> Sports Leagues Prepare for No Fans Era: *As we transition out of global lockdowns, the No Sports Era may become the No Fans Era. According to a FiveThirtyEight/Ipsos poll of more than 1,000 Americans, only 24% of respondents said they would be either very likely or somewhat likely to attend a sporting event right now if government restrictions were lifted. 58% said they would be "not at all likely." For athletes and coaches, empty stadiums will create a surreal environment that lacks the energy and noise that fans provide. As for the broadcasts, fanless games will likely accelerate changes already in development, sports media consultant and former ESPN executive John Kosner tells me. And some of those changes could be permanent. Read more from Axios.*

> The Best Road Trip In Each State: *Nothing beats a good road trip and it might just be a preferred vacation choice for some in the post-lockdown world. There's a lot to like about road trips, regardless of health concerns. Exploring by car allows you to immerse yourself in the journey rather than hurrying to get to a specific destination and you just see so much more. Road trips in the United States were already pretty popular before coronavirus made air travel a nightmare - according to AAA, an estimated 50 million Americans embarked on one in 2019. The Discoverer Blog put together a thorough guide to the best road trips in all 50 states for those looking for a little travel inspiration. Click HERE.*

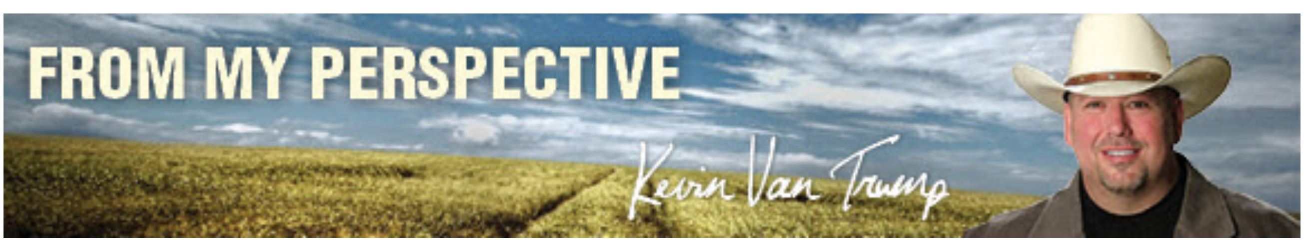
Southern Ontario - *We haven't started planting anything but some folks around me are nearly done with corn & soybeans. Others are patiently waiting.....We are spreading fertilizer and working last year's wet mess of ruts. There's a crust on top, and mud underneath. We would have been planting but we have hogs and got an opening late last week to catch up the backlog at a plant. The snow squalls last week made it difficult to see for a bit. I don't know... time will tell us what is the right direction but we can only do so many things at a time.*

Northeast Colorado - *We are in drought conditions in our area and things are getting pretty bad. It's been this way for a bit and the frustrating thing is seeing it rain and snow fairly consistently less than 100 miles away. We run cattle and have some wheat and irrigated corn. We have only planted a little of the wheat and aren't sure we should even bother. Then there is the irrigation issue with the corn because of the marginal water supply we have. We've had years it was shut down in August and we suffered yield losses for sure. With the hot temps forecasted this year, it doesn't look fun. We are at the point of discussing stepping aside and leasing the land, a move that would have been better timed last year. With all the* *headwinds of weather, costs, lack of reliable labor, and group decision making, we finally are taking a good hard look at what is best for the family.*

Southern Missouri - *This is my 47th crop and my dad was in the cotton ginning business before me. This is by far the worst start to a cotton crop I can remember. We are underwater again today and as far out as the 7-day forecast goes its rain rain rain. I know the southern delta region was really wet earlier but I'm not sure about now. We are not only wet but have been hurt on what little we do have planted by cold temperatures. Our insurance date here is May 20th. It was supposed to finally warm up here in the mid-70s today but it's 1:00 PM in the afternoon and my truck says 58 degrees, which is not good.*



TODAY'S RIDDLE: My voice is tender, my waist is slender and I'm often invited to play. Yet wherever I go I must take my bow or else I have nothing to say. What am I?



What You Need to Know... Stiff Competition from "Fake Meats" to Increase

There was a report circulating inside the trade yesterday that "Record Sums of Money Flowed Into Alternative Meats in First Quarter." As I've been saying for the past couple of years, if millennials and other investors are going to keep throwing huge sums of money in that direction, those companies are going to be able to hire brighter and brighter individuals and figure out ways to make meat cheaper and taste better. It's simply the "law of numbers" at this stage, they are going to get both more efficient and more competitive as they receive more and more money. On the flip side, our traditional livestock operations could become a bit more expensive each year to operate as we face stiffer and stiffer environmental rules, regulations, and procedural processes that add to a bit more overhead. As the fake meat gets cheaper to make and taste a bit better each day we may eventually find ourselves on a collision course. I have included below a few of the recent money-flow highlights. This is certainly something we need to keep on our radar and think more about. You can read in full detail at Financial Times.

- *More money flowed into companies making plant-based or cell-cultured meat, eggs and dairy in the first quarter than in the whole of last year, as some of the biggest names in the sector led large investment rounds.*
- *Impossible Foods, which makes plant-based burgers and pork, raised $500m, LiveKindly, both a media site and a stable of alternative food brands, raised $200m and Memphis Meats, which grows cultured meat, raised $160m.*
- *Beyond Meat, the $7.8 billion fake meat company recently announced quarterly earnings and revenues rose +140% year-over-year. In the first quarter, Beyond Meat's gross margin was an astonishing 38.8%. To put that in context, that's double what $20bn Tyson, the world's second-largest beef, chicken and pork processor, has achieved at peak over the past 30 or so years*
- *Donald McLee, analyst at Berenberg, said that while restaurant closures have hit some companies, the overall trend towards "environmental sustainability, health and wellness, and animal welfare" would remain positive for the "plant protein category".*
- *Meat shortages and complications in logistics with traditional protein is presenting an opportunity for Beyond Meat and its competitors such as Impossible Foods to grab more market share.*
- *Competition inside the "fake meat" space is also heating up. As more players see the opportunity, big names like Cargill, Tyson, Kellogg, Conagra, Horrmel, and Nestlé are now jumping in the game. I have to imagine this ultimately means more money being thrown at the "process" which in the end drives prices down and creates a better product.*

NEW "Comfort Economy" Might Impact Your Business or Investments
With many people still working from home or perhaps out of work, consumers have drastically changed their spending habits. It's hit the retails industry hard but there is one niche market that might continue to get a coronavirus boost - anything related to self-care and well-being. It's what analysts are calling the "comfort economy," and revolves around simple pleasures that make people feel good.

The market for self-care and so-called "wellness" products was on the rise pre-corona but many brands are seeing the popularity of some items rapidly increase as people settle into their new "home-all-the-time" lives. It makes a lot of sense that people want to surround themselves with things they find soothing and comforting, especially if they are going to be working and staying at home more.

There are a lot of obvious things that fit into this new "comfort economy", like yoga pants, bathrobes, and other loungewear-type apparel. This segment was vexing traditional apparel companies long before coronavirus hit U.S. shores. In fact, many retail brands have rapidly introduced their own lines of "athleisure", the term the use to describe athletic leisure wear, as a way to stay relevant over the last several years, even if it doesn't really seem to fit their style. Brands have also moved pretty quickly to shift their marketing toward a new wave of work-from-home customers, blasting out ads for cleverly dubbed "workleisure" lines. Sales at clothing stores were down -50% the past couple of months but industry experts believe brands with a strong online presence and a solid foothold in the athleisure/loungewear segment are going to come out the other side in better shape than most apparel brands. Also, sneakers are still surprisingly popular, along with loungey footwear like Uggs and regular ole slippers. Some companies and stocks that have done fairly well in this space have been Lululemon (LULU), Nike (NKE), Under Armor (UAA), Dicks Sporting Goods (DKS).

Entertainment at home is also becoming bigger and bigger huge. A few companies and stocks in this space include Netflix (NFLX), Facebook (FB), Alphabet (GOOGL) because they own Google and YouTube, Disney (DIS) because of their new streaming service, Spotify (SPOT), Zoom Video (ZM), Roku (ROKU) streaming tv platform. We also need to be thinking about video game companies when we are talking at-home-entertainment, meaning names like Take-Two-Interactive (TTWO) maker of games like Rockstar, Grand Theft Auto, Red Dead Redemption, WWE 2K and NBA 2K. There is also Activision Blizzard (ATVI) maker of games like Call of Duty, Guitar Hero, World of Warcraft. Another gaming company I like and often trade is Electronic Arts (EA) who are the creators of games like Madden NFL, NBA Live, FIFA, Need for Speed, etc...

Home goods are also proving to be very popular with people as they try their best to spruce up the places they are stuck in. Some of the shopping trends suggest a lot of home offices have been cobbled together lately, which isn't surprising. One inventive thing I've seen some home goods stores do is to create backgrounds for video conferencing platforms like Zoom, which of course come in emails that link to all the cool things in those backgrounds! It's clever marketing. Consumers are gravitating to all things comfort, like plush bedding and scented candles. Obviously sales for these types of items are not going to be able to offset lost sales of higher-ticket items, like furniture for example. Keep in mind, home furnishings in March fell by more than -26%.

Home Health and Personal Care are also considered part of this new "comfort economy" and one of the few retail segments outside grocers that has actually seen sales increase the past couple of months, even as overall retail sales have plunged. I'm not just talking Peleton and exercise equipment, also think about things like yoga mats, meditation, books, crafting, cooking, self-help classes, etc... basically, a "self-care" or "wellness" label can be thrown on almost anything. In general, this is a continuation of a larger consumer trend towards sustainability and healthy physical and mental living.

Also in the self-care category are things considered "guilty pleasures" such as CBD and cannabis products, sex tech, and e-gambling, all of which are seeing growing consumer interest. Vice Ventures, a seed-stage fund that invests in startups within industries that are traditionally seen as “bad” or taboo, recently shared results from some of the brands under in their portfolio. Recess, a CBC-infused sparkling seltzer, saw e-commerce sales double in the second week of April, while Maude, an online "sex-positive" retailer is on track for a +200% sales increase this year.

Home improvement companies are also going to be the big winners. As more people opt to stay at home, they are wanting to make their places more accomodating, that means building out that home office, improving the outdoor entertainment areas, finishing the basement, converting extra space into small bars or playroom areas for the kids. Do you realize, foot traffic at Lowe's (LW) and Home Depot (HD) was actually up +49% this April compared to last. That's crazy to think about! Bottom-line, people are going to find a new normal and many experts believe it will include more at-home-time. As you are thinking about your own business or making an investment, make certain you are looking forward and not out of the rearview mirror. Lots to consider... (Sources: Fortune, MarketWatch, Business Insider, AdAge)

In a Galaxy Far-Far Away...
Happy birthday to George Walton Lucas Jr., who turns 76 years old today, and is best known for his iconic film franchises "Star Wars" and "Indiana Jones", which transformed him into both a household name and one of the wealthiest filmmakers of all time. In fact, the world may never have known Darth Vader or the intrepid archaeologist Jones had it not been for a car accident that shifted Lucas's teenage interests.

Lucas grew up in Modesto, California, by all accounts a pretty average American boy that was interested in comics and science fiction. However, his real passion during his youth was car racing. He spent a good deal of his high school career driving race cars on an underground circuit at fairgrounds and hanging out at garages. About two weeks before graduation, Lucas was clipped from behind and got into a terrible accident.

During his long recovery, Lucas decided he would go to college as driving race cars had suddenly lost its appeal. At Modesto Junior College, he developed a passion for underground experimental films and began playing around with an 8mm camera and developed his love for making movies. He later transferred to the University of Southern California School of Cinematic Arts in Los Angeles, where he received a BA in film in 1967.

At that point, he still wasn't sure how to turn his passion into a living and tried to join the Air Force as an officer. He was rejected due to his numerous speeding tickets! That sent him back to film school at USC where he re-enrolled as a graduate student and where he met legendary director Francis Ford Copolla. The pair started their own studio through which Lucas created his first full-length sci-fi feature, "THX 1138", which was a huge flop.

That all changed in 1973 when he became a hit in Hollywood with the movie "American Graffiti", which he directed and co-wrote. We have to re-wind a little back to 1971, when Universal Studios agreed to make American Graffiti and Star Wars in a two-picture contract with Lucas, although Star Wars was later rejected in its early concept stages. American Graffiti was completed in 1973 and, a few months later, Lucas wrote a short summary called "The Journal of the Whills", which told the tale of the training of apprentice CJ Thorpe as a "Jedi-Bendu" space commando by the legendary Mace Windy. Frustrated that his story was too difficult to understand, Lucas then began writing a 13-page treatment called "The Star Wars" on April 17, 1973, which had thematic parallels with Akira Kurosawa's The Hidden Fortress. By 1974, he had expanded the treatment into a rough draft screenplay, adding elements such as the Sith, the Death Star, and a protagonist named Annikin Starkiller. In fact, up until a few months before the movie was shot, it was titled "Adventures of Luke Starkiller."

Star Wars as we now know it landed in American movie theaters in May of 1977 and became a blockbuster hit forever changing the movie watching experience with groundbreaking special effects and a new order of sci-fi geeks. For many of us, we can remember the "buzz" that was in the air as nightly news showed enthusiastic young people camping out in sleeping bags and waiting in long lines all across the country to see what would become a pop-culture phenomenon. Below are some interesting facts and short-stories about George Lucas and his mega-success. (Source: History, BuzzFeed, Wiki, Fandom, LucasFilms, Biography, and Wookie)

> **George Lucas Is Now Richer Than Oprah and Michael Jordan... Combined!** *This year, George Lucas, the director, producer, and*

screenwriter behind the massive Star Wars franchise is the world's richest celebrity with a net worth of around $6 billion. Lucas took home the number one spot on Forbes's list of the America's celebrities with the deepest pockets. Spielberg ($3.7 billion) came in second, Oprah ($2.8 billion) came in third, and Michael Jordan ($1.7 billion) took fourth place.

The Bet That Has Paid Lucas Millions: *Word is George Lucas was shooting "Star Wars" and was running into some big problems, so he decided to go visit his old friend Steven Spielberg who was shooting a movie at the time called "Close Encounters of the Third Kind." He made a bet with George Lucas for a percentage of the Star Wars films, which has earned him millions of dollars since. Needing to recharge, Lucas spent a couple of days on set. Lucas at the time supposedly didn't feel 'Star Wars' lived up to the vision he initially had. He felt he had just made a little kids' movie. After visiting the set Lucas realized something else: Spielberg's "Close Encounters" was going to be so much more successful than "Star Wars." So much more than he felt like making a bet with Spielberg. Spielberg would later say: "He said, 'Oh my God, your movie is going to be so much more successful than 'Star Wars'! This is gonna be the biggest hit of all time. I can't believe this set. I can't believe what you're getting, and oh my goodness.' He said, 'All right, I'll tell you what. I'll trade some points with you. Do you want to trade some points? I'll give you 2.5% of 'Star Wars' if you give me 2.5% of 'Close Encounters.' So I said, 'Sure, I'll gamble with that. Great.'" " Close Encounters" would indeed be a hit, making $303 million at the box office. However, "Star Wars" would go on to become one of the biggest box-office hits of all time. Net-net Spielberg's 2.5% has brought him in an extra +$40 million.*

Low Budget High Profit... *"American Graffiti" is now considered one of the most profitable movies of all time. Made on a budget of $777,000, it has earned +$150 million in revenue.*

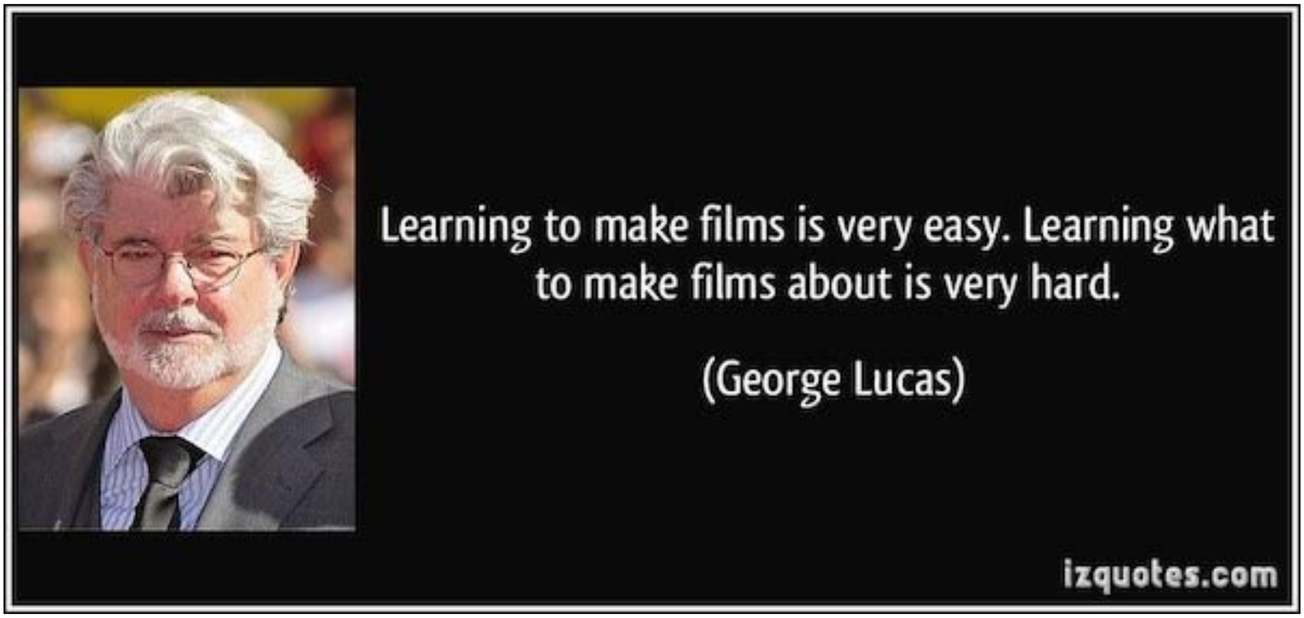
What Really Made George Lucas Rich? *Yes, his movies grossed millions and millions, but it was Fox thinking the original "Star Wars" movie would be somewhat a flop, that they let Lucas negotiate and reduce his directing fees by -$500,000 in exchange for ownership of all licensing and merchandising rights. Wow, what a genius move by Lucas! In 1978 alone, the year following the first "Star Wars," more than +40 million "Star Wars" figures sold, grossing millions upon millions. In 2011, a year in which there was no new "Star Wars" movie, "Star Wars" toys brought in more than $3 billion.*

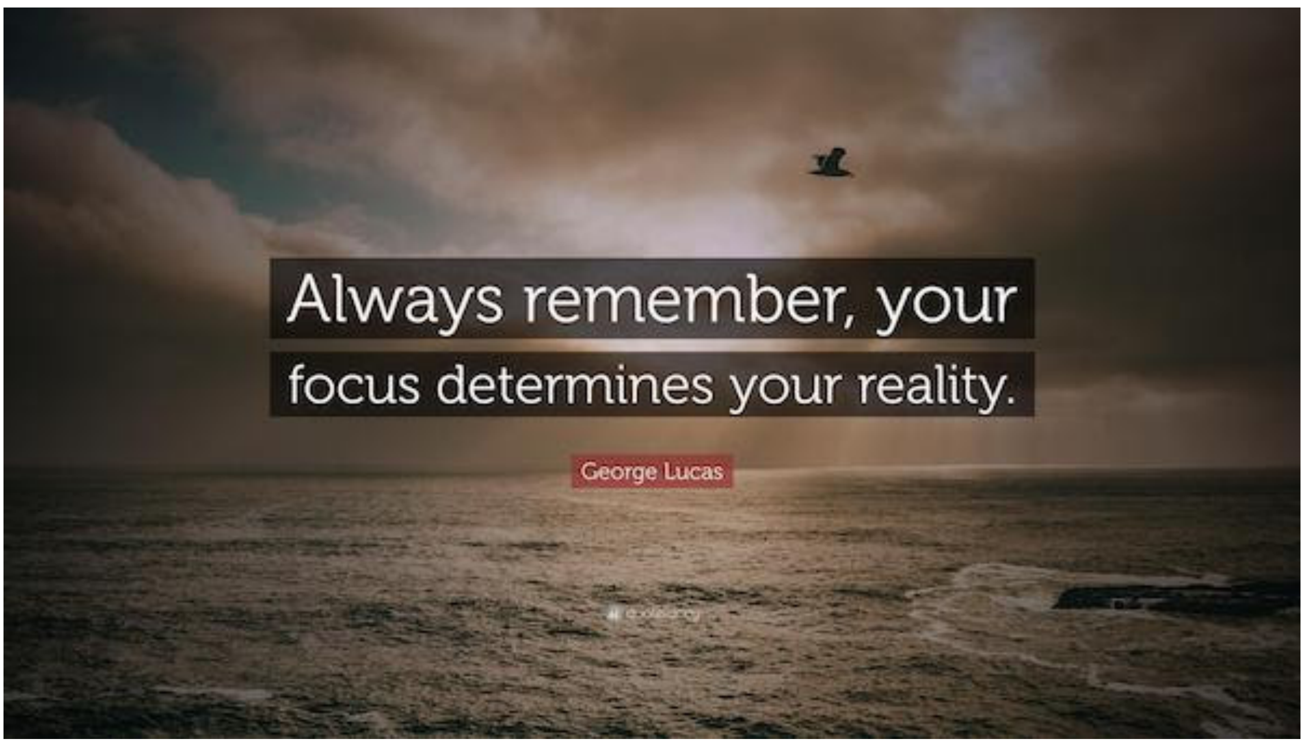
The Making of Harrison Ford: *A self-taught professional carpenter who was supporting his wife and two young sons was asked to read lines at an audition with George Lucas for the role of Bob Falfa, which Ford went on to play in American Graffiti. Ford's relationship with Lucas would profoundly* *affect his career later on. Francis Ford Coppola then hired Harison Ford to do carpentry work on his home office then offered him a couple of small parts one in a film called "Apocalypse Now". Around the same time, Lucas has hired him to read lines for actors auditioning for roles in a sci-fi film being called Star Wars. Lucas was eventually won over by Ford's performance during these line reads and cast him as Han Solo. Ford's status as a leading actor was solidified when Lucas asked him to play Indiana Jones in the 1981 smash hit "Raiders of the Lost Ark".*

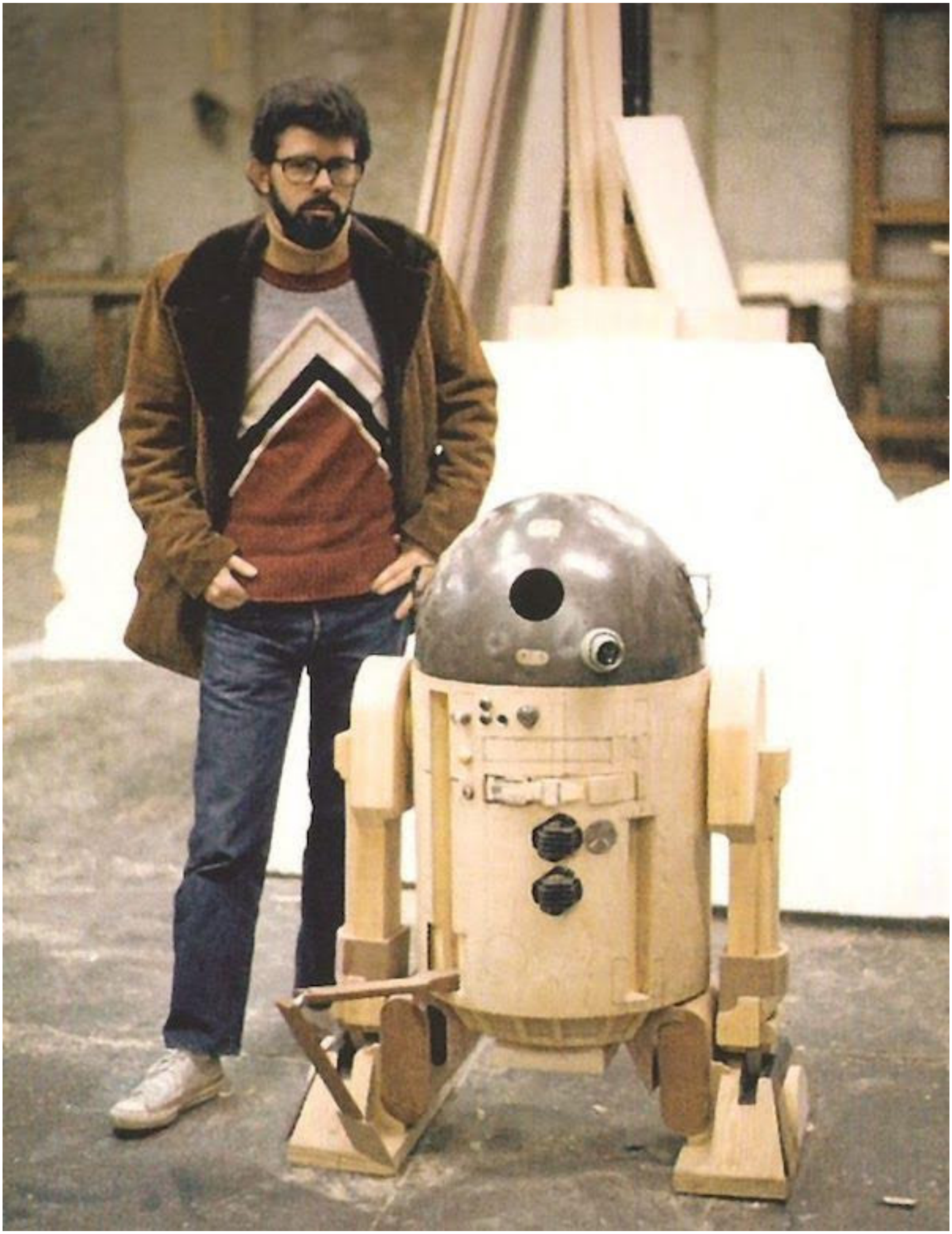
Indiana Jones: *Lucas created the "Indiana Jones" series with his good pal and fellow filmmaker Steven Spielberg. Released from 1981 to 2008, the series consists of four installments: "Raiders of the Lost Ark," "Indiana Jones and the Temple of Doom," "Indiana Jones and the Last Crusade," and "Indiana Jones and the Kingdom of the Crystal Skull." Collectively, they've grossed a total of $1.9 billion worldwide.*

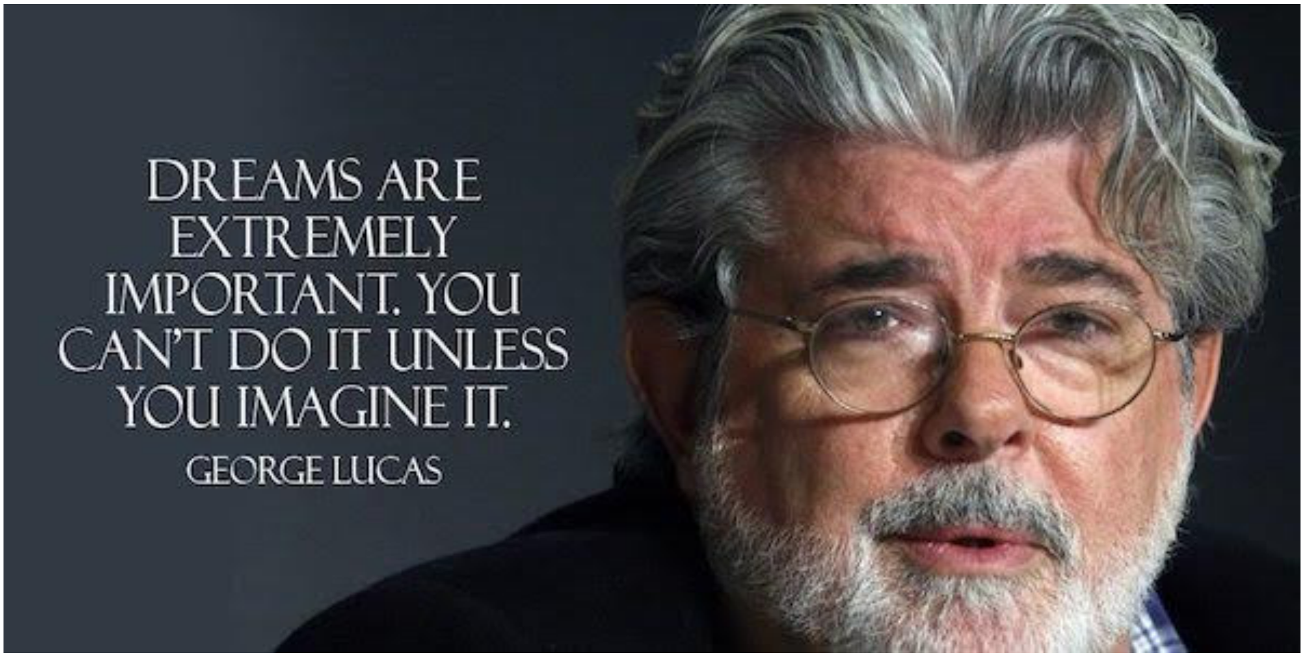
Direct Link to Pixar: *Lucas started a company called "Industrial Light and Magic" (ILM), which spurred the further development of computer graphics, film laser scanners, and the use of 3D computer character animation in films. Interestingly, Steve Jobs purchased ILM in 1988, which he later renamed Pixar.*

Sold For Billions: *The Walt Disney Company bought Lucasfilm for $4.06 billion and earned the distribution rights to all subsequent Star Wars films, beginning with the release of The Force Awakens in 2015. From the latest estimates, the "Star Wars" franchise is now reportedly worth around $40 billion and growing. Back in 2012 Box office sales had brought in $4.27 billion; +$20 billion in Licensing sales (toys, books, apparel, consumer products, etc.); +$3 billion in video games; +$3 billion in DVD sales; +$1 billion in rentals...*


Learning to make films is very easy. Learning what to make films about is very hard.
(George Lucas)
izquotes.com


Always remember, your focus determines your reality.
George Lucas





ANSWER to riddle: A violin.

CASH SALES & HEDGING TOTALS

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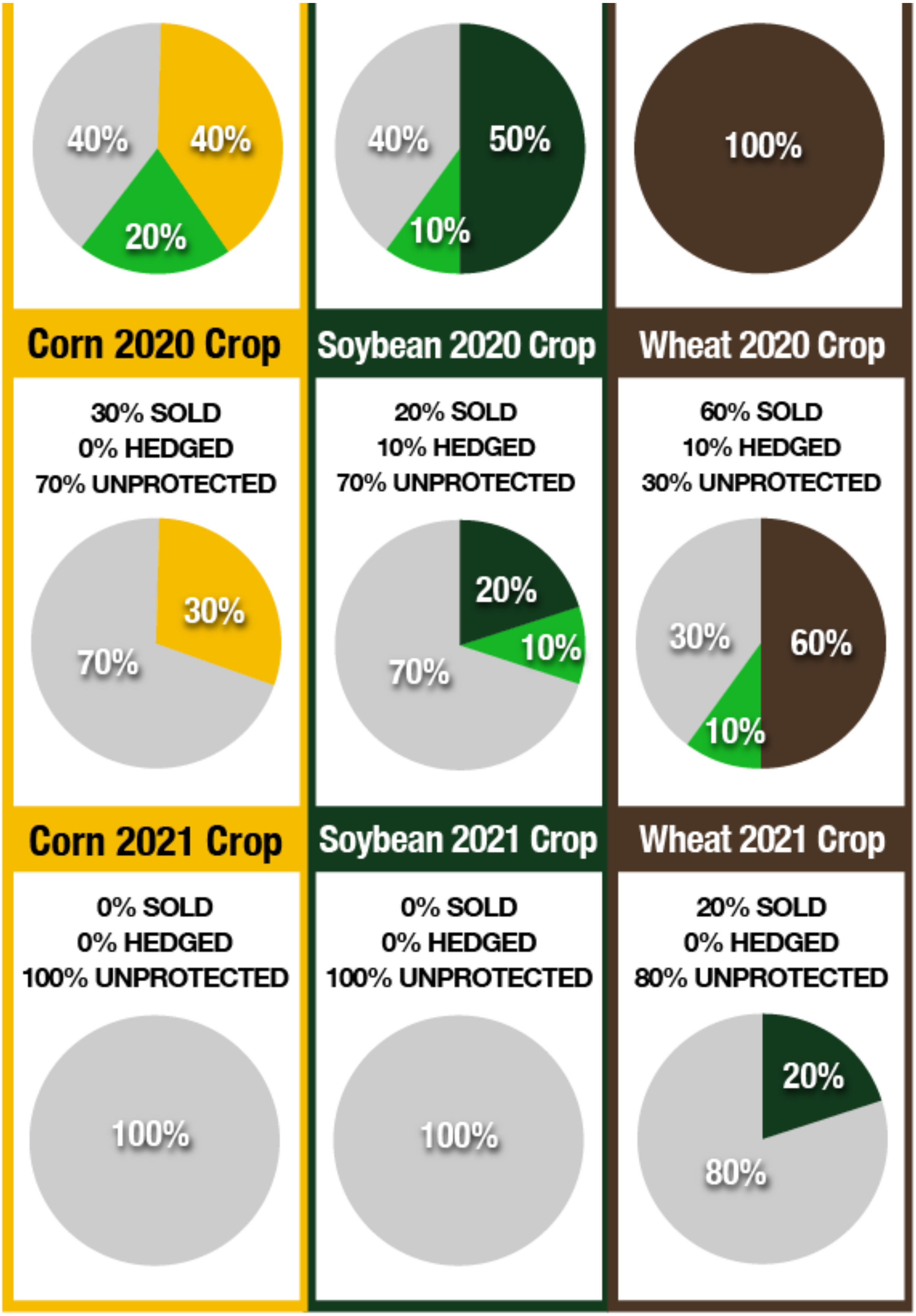
Corn 2019 Crop	Soybean 2019 Crop	Wheat 2019 Crop
40% SOLD	50% SOLD	100% SOLD
20% HEDGED	10% HEDGED	0% HEDGED
40% UNPROTECTED	40% UNPROTECTED	0% UNPROTECTED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Corn 2020 Crop
Soybean 2020 Crop
Wheat 2020 Crop
30% SOLD
0% HEDGED
70% UNPROTECTED
20% SOLD
10% HEDGED
70% UNPROTECTED
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Corn 2021 Crop
Soybean 2021 Crop
Wheat 2021 Crop
0% SOLD
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