



Jordan Van Trump &lt;jordan@farmdirection.com&gt;

**GOOD MORNING; The Van Trump Report 5-26-20**

1 message

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

Tue, May 26, 2020 at 5:30 AM

Reply-To: Jordan &lt;reply-febb11767d640d75-1180\_HTML-40325470-100003450-9@vantrumpreport-email.com&gt;

To: jordan@farmdirection.com



*"You cannot swim for new horizons until you have courage to lose sight of the shore."* — **William Faulkner**

**Tuesday, May 26, 2020**[Printable Copy](#) or [Audio Version](#)

**Morning Summary:** Stock bulls continue to point towards the reopening of the economy, more talk of a vaccine, improved treatments, and the mammoth amount of stimulus being injected by the government. American biotech firm Novavax started the first human study of its experimental coronavirus vaccine, making it one of at least 10 shots now being tested in people globally for Covid-19. Spain is saying domestic tourism can resume in June and foreign tourism will be allowed starting in July. Here at home, Nevada said it plans to reopen its casinos on June 4 although larger operators like MGM and Caesars have said they won't immediately resume operations at all their properties. The NBA said it wants to resume its season in late July at Disney's ESPN complex in Orlando, which will serve as a single site for all games, practices, and housing. The leaders of MLB and NHL are

also making plans to resume professional play. Headline data from this past holiday weekend is showing a major uptick in overall travel activity meaning that perhaps many more consumers are ready to venture out. One highlight in America's "return to normalcy", the New York Stock Exchange trading floor is set to partially reopen this morning, over two months after it shut down due to the pandemic. Investors and health authorities alike remain on high-alert for signs of a resurgence in cases that might signal the start of a "second wave". Traders also continue to monitor U.S.-China relations as tension seems to be escalating. China's recent move towards a tougher national security regime in Hong Kong is causing some concern. U.S. officials worry the new plan threatens Hong Kong's autonomy and are already warning of a tough response while China threatens countermeasures if U.S. leaders get involved. The recent U.S. decision to add 33 Chinese entities to a trade blacklist risks potential retaliation from Beijing as well. In Washington this week, the House will take up bipartisan legislation that would amend the Paycheck Protection Program by easing restrictions on how small businesses can use the federal loans. Right now, Senate leadership says it won't consider more coronavirus stimulus funding until June. Turning to economic data, one of today's key reports is Consumer Confidence for May with most inside the trade expecting an improvement from April's massive plunge. Investors are particularly interested in the forward-looking component as people gain a fuller understanding of the economic damage the pandemic has inflicted. The worry is consumers will vastly reign in spending if they're stressed about their economic future, in turn slowing the recovery. Also out today is Dallas Fed Manufacturing which investors expect will show a substantial improvement in factory activity, providing further signs of recovery for the U.S. economy. New Home Sales and the S&P CoreLogic Case-Shiller Home Price Index are also due out today.

**Interesting Bar Reopenings, The U.S. Economy and Human Psychology:** *I was on a call this weekend with a friend that owns many restaurants and bars. I've owned a few in my day but nothing to this magnitude. As he pointed out during our conversation there is a major difference between a bar and a restaurant that many overlook and the impact from corona and how it survives the reopening will be huge. Think about it like this... a bar makes approximately 70% of its entire revenue during just 16-hours in a week. As you can imagine that's the massive weekend night rush and the happy-hours during the week. Unfortunately, with many businesses not bringing employees back to the large metro offices many happy-hours could be negatively impacted. At the same time, the prime late-night weekend hours that heavily depend on the crowded dance floors and packed atmosphere to generate a lot of revenue in a short period of time will also be negatively impacted. Bottom-line, bars are going to have an extremely tough time staying afloat. Unless you own a bar down at the Lake of the Ozarks. Look at how crowded a couple of the bars were this past Memorial Day weekend at the Ozark's. Michelle and I didn't make it down this year, but we both spent a lot of time at the Lake of the Ozarks growing up as kids. I may have caught a few viruses down there in the 80's that are still yet to be identified. Crazy times... I'm not sure they are heeding much of the social distance guidelines. My daughter said some of the big bars in Scottsdale, AZ were also jam packed and partying. It will be interesting to see how it plays out:*

- **Early-Adopters** - These are the risk takers we see in the pictures below. We know the early-

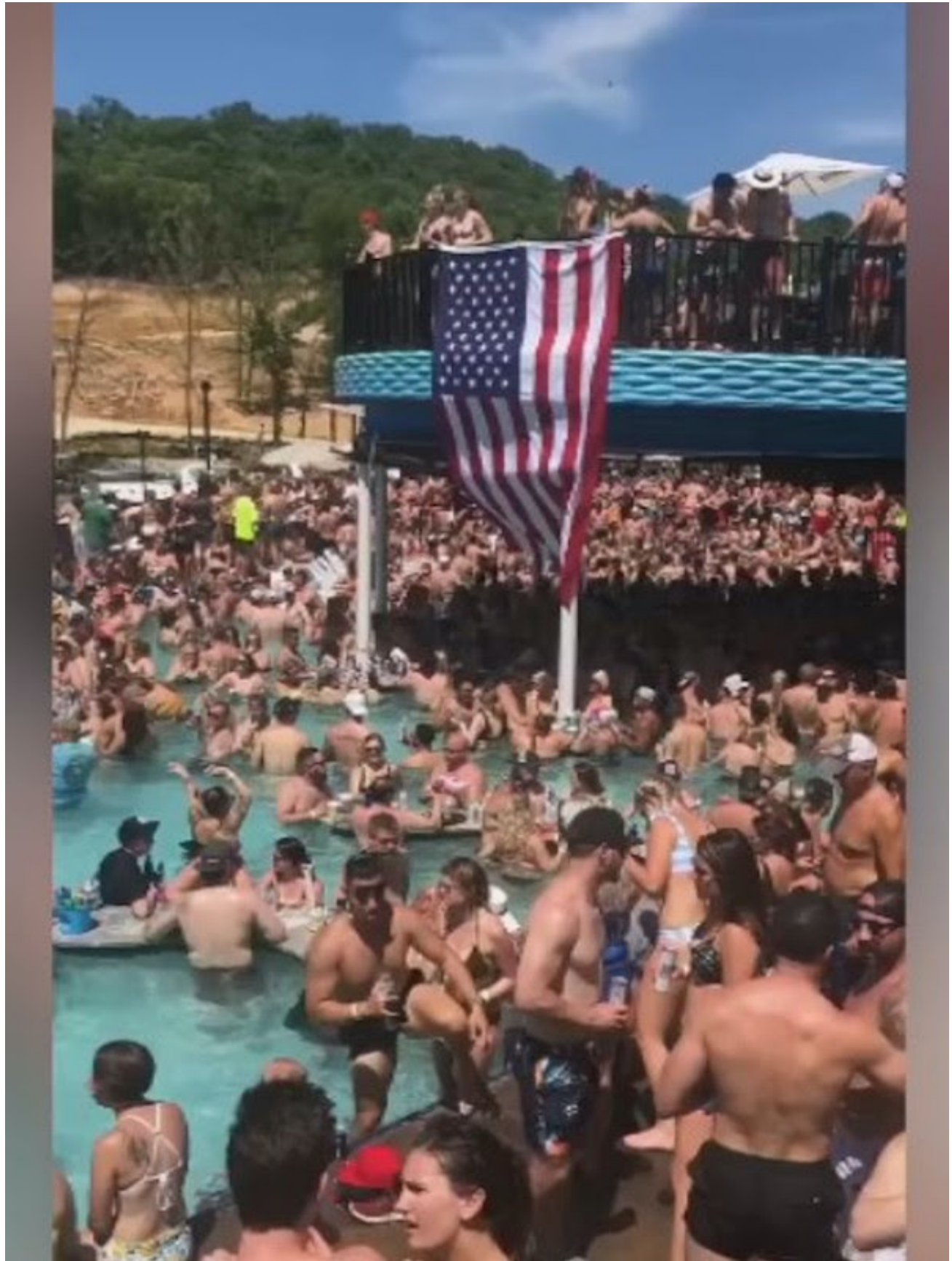
*adopters and risk-takers are going to jump back in the economy with both feet.*

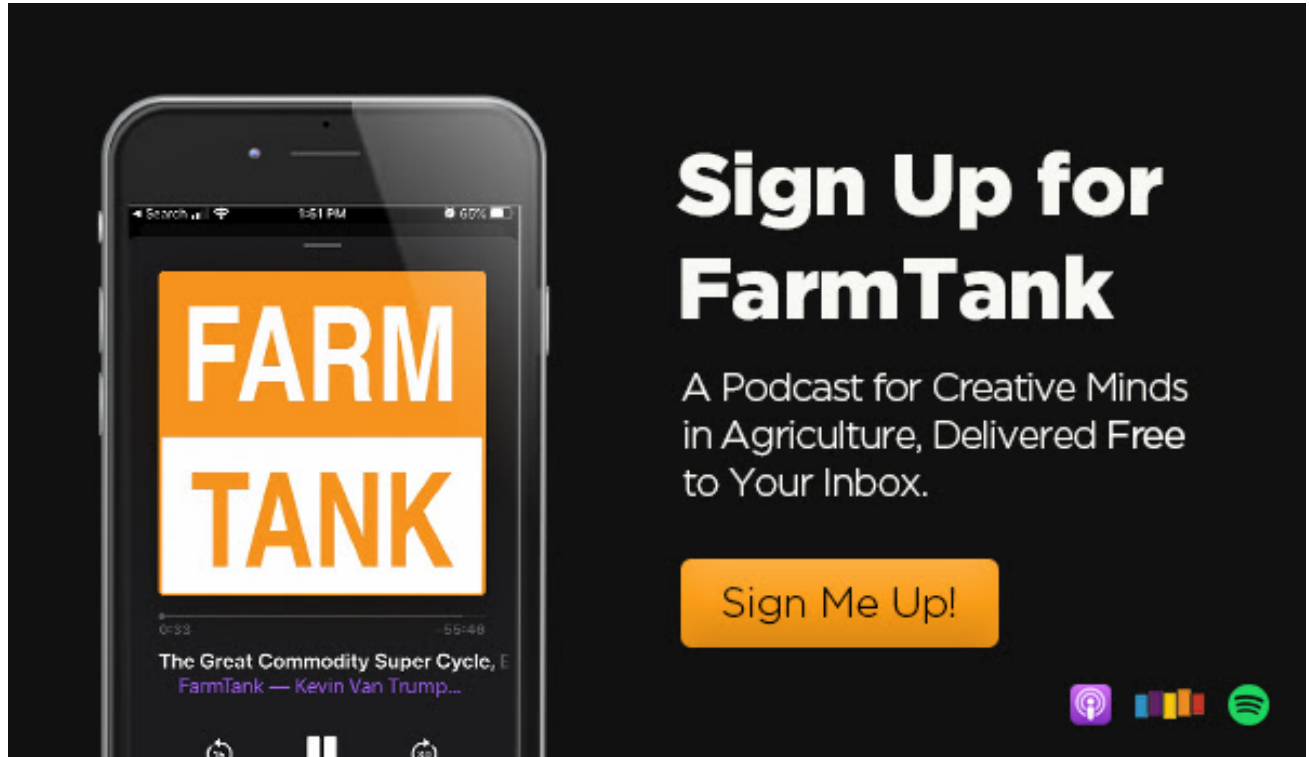
- **Wait-and-See** - *This is more the majority of people. Let the early-adopters and risk-takers jump in the water then "wait-and-see" before they react and join. We suspect a majority of this crowd will soon join the economy.*
- **Must-be-Certain** - *These portion of the economy is what many might be underestimating. A significant number of people like to be much more certain before moving their piece. They watch much more patiently and are much more calculated. The economy will not be back in full-swing until this crowd decides to join the party. You tell me when that happens?*











The graphic features a smartphone on the left displaying the FarmTank podcast interface. The screen shows the title 'FARM TANK' in large orange and white letters, a progress bar, and the episode title 'The Great Commodity Super Cycle, E...'. Below the phone, there are three icons: a purple podcast icon, a multi-colored bar icon, and a green Spotify icon. To the right of the phone, the text 'Sign Up for FarmTank' is displayed in large white font, followed by the description 'A Podcast for Creative Minds in Agriculture, Delivered Free to Your Inbox.' and an orange 'Sign Me Up!' button.

# Sign Up for FarmTank

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FarmTank — Kevin Van Trump...



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- Minimum 6,000 Gallons - *Because of our direct buying campaign with the supplier we have to buy in big bulk. We can drop ship 6,000 gallon minimums. I'm thinking we can partner to create smaller packaging units to supply to producers and buyers in your area.*
- 90 to 120 Day Lead Time - *Again because of logistics, I'm thinking we need 90 to 120 days lead time to fulfill orders.*
- Low Price Guarantee - *The market price can vary from week-to-week for DEF but I believe we*

*can guarantee and source the lowest prices in the industry.*

**EU Response Plan in Focus:** *Germany and France have proposed a plan to help the worst-hit states with a \$543 billion "recovery fund", as they've grown tired of waiting for a more robust response from the European Commission. The money would be allocated in the form of grants rather than loans that the European Commission is advocating. There are still details to be ironed out but if accepted by the EU, it could help ease growing concerns about less fiscally secure countries racking up even more debt and snowballing into another European debt crisis. News of the proposed fund has already helped push borrowing costs down for some of Europe's riskier economies but investors are anxious to see details. The European Commission is scheduled to present its pandemic recovery plan on Wednesday.*

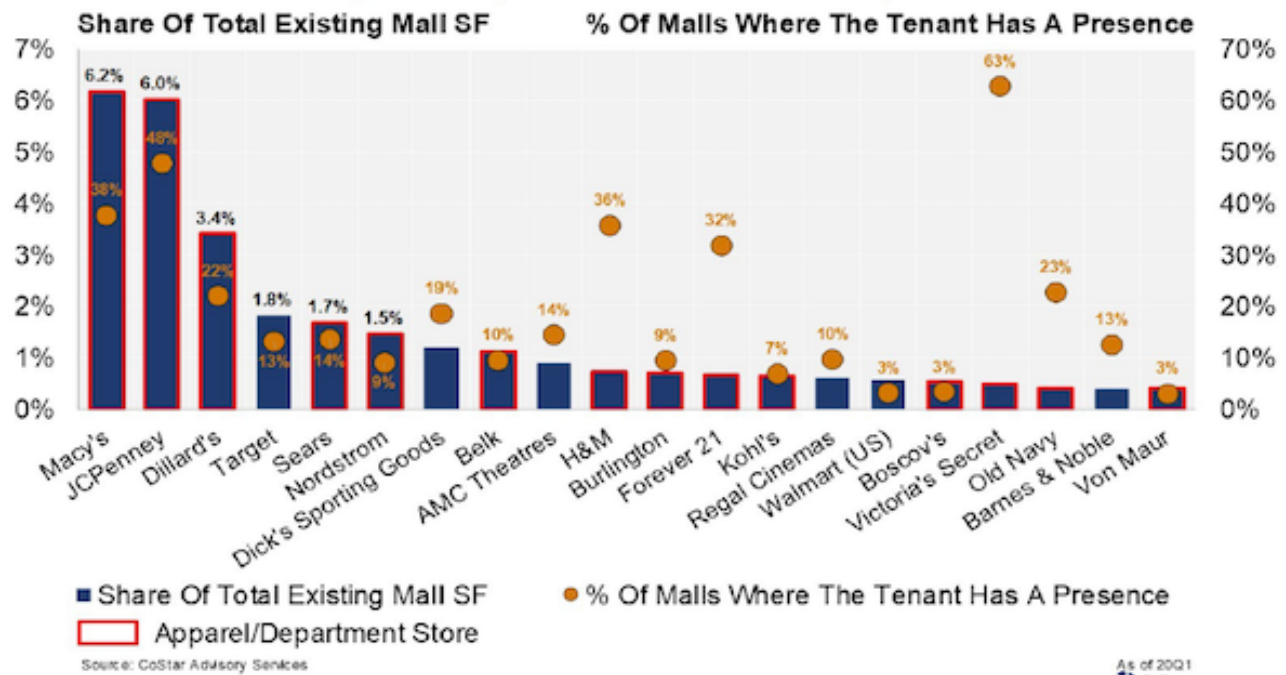
**Will Pandemic Aid Lead to More Tariffs?** *A central question once a recovery kicks in is whether World Trade Organization member nations will rush to impose duties on imported goods as a way of countering any market-distorting state aid in the countries where those goods were produced. Edwin Vermulst, a trade expert and partner at law firm VVGB expects countries will resort to countervailing duties a lot more often because of all the subsidies being handed out during the pandemic. Also potentially affected is the arduous push for a political truce among the U.S., China, Europe and others over the global trading order. Much of the underlying trade disagreements between the U.S. and China stem from years of generous Chinese government aid to exporting industries and the EU has echoed America's concern. Four months on, the EU's top trade officials have become alarmed about the extent to which pandemic-induced state aid has made many countries look more like China and have urged an internationally coordinated way out of emergency aid. (Source: Bloomberg)*

**Malls Face Extinction with Department Store Losses:** *The novel coronavirus is crippling department stores, leading to a rash of bankruptcies and store closings. Malls will struggle to find replacement tenants for the large, multi-story buildings — known as anchor stores — that department stores occupy, at a time when most businesses are halting store growth. "We expect to see a lot of the space that goes vacant remain vacant for extended periods of time," said Kevin Cody, senior consultant for the commercial real estate firm CoStar Group. The loss of anchor stores can trigger co-tenancy clauses, which allow other mall tenants to break their leases or pay lower rent. Some of those are also struggling with companies planning to close thousands of stores already. CoStar data shows that 14 of the 20 largest mall tenants are either apparel retailers or department store chains. Department*



store operators Macy's and J.C. Penney take up the largest share of mall space in the U.S., according to CoStar's analysis, or 6.2% and 6% of space, respectively. UBS recently estimated that about one in five clothing and accessories stores — or roughly 24,000 locations — will close in the next five years as the pandemic hammers retailers. Cowen analyst Oliver Chen has predicted that as many as 400 malls could close as retailers shut more stores permanently. (Sources: Business Insider, CNBC)

## The Fourteen Largest Apparel & Department Store Brands Make Up Nearly 25% Of U.S. Mall Space



# FARM TANK

Tweets of the Day





**Ritholtz Wealth**  
@RitholtzWealth



## Inequality Everywhere You Look

"The people being hit hardest by this crisis own few or no stocks. Roughly 85% of the wealth in the stock market in the United States is held by 10% of the population."

[buff.ly/3cFHLKt](https://buff.ly/3cFHLKt)

by [@awealthofcs](#)

### The Middle Class Has a Lot Riding on Their Home

Composition of Household Wealth by Wealth Class

■ PRIMARY RESIDENCE ■ FINANCIAL ASSETS

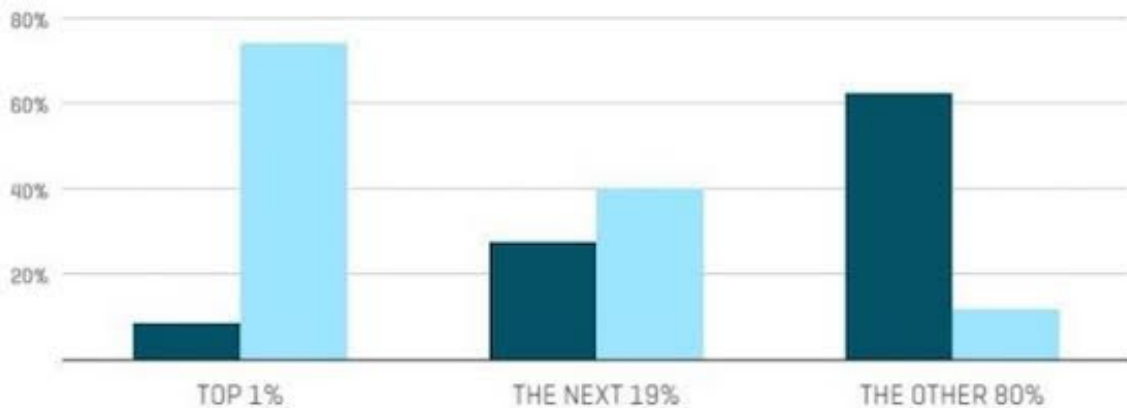


Chart: Ben Carlson • SOURCE: [Edward Wolff](#)

**FORTUNE**



**Charlie Bilello** ✓  
@charliebilello



## US National Debt as % of GDP...

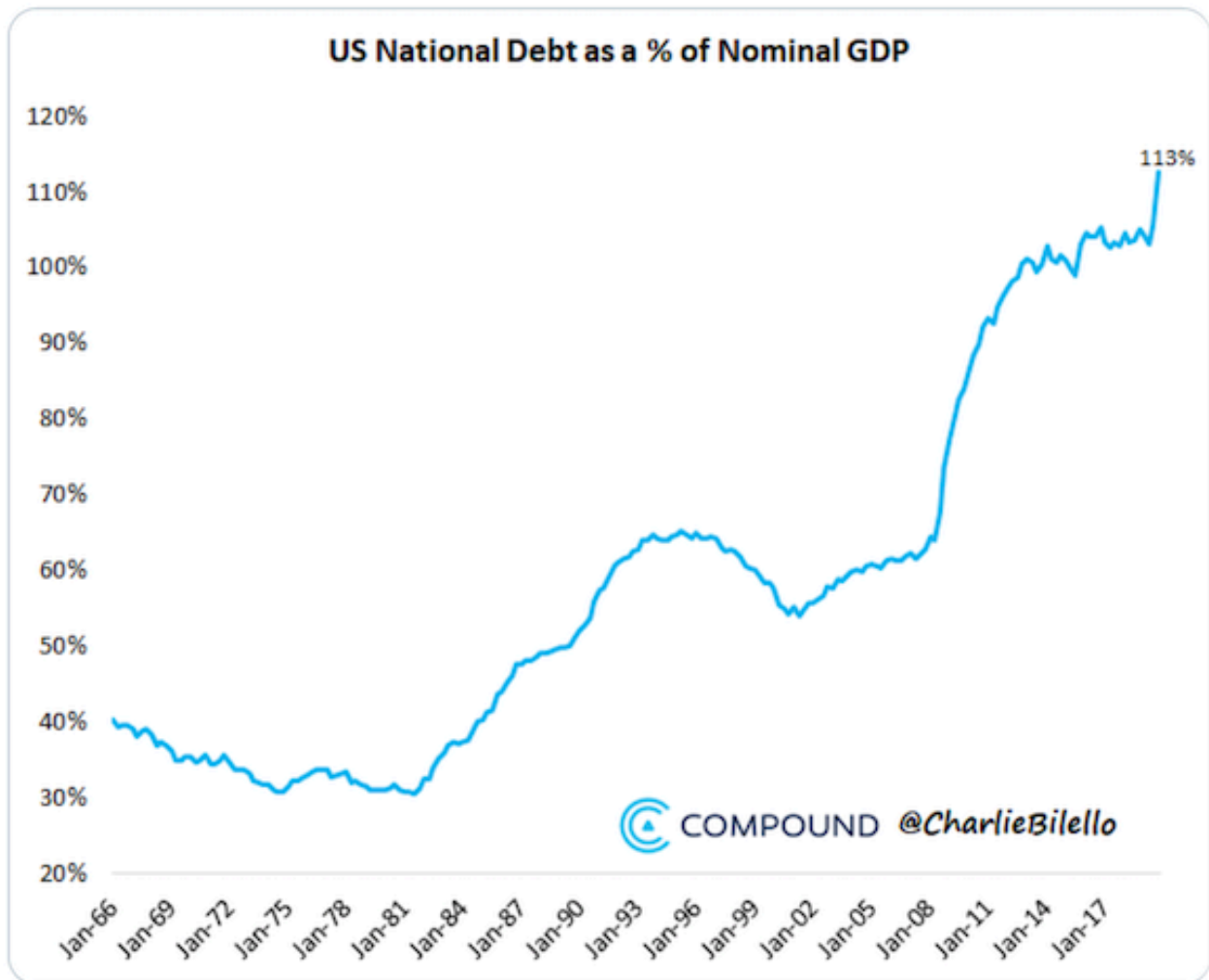
1970: 35%

1975: 32%

1980: 31%

1985: 40%

1980: 40%  
1990: 52%  
1995: 65%  
2000: 58%  
2005: 61%  
2010: 87%  
2015: 101%  
Today: 113%







**Dave Bordner**  
@BordnerTowing



PSA: Open the vent on your tanker, BEFORE unloading! 🤔  
#plant20





**Dan Lakey** 🌾  
@danlakey21



3 miles from one end of the field to the other.  
[#autosteerisnice](#)





**Tyler R Montgomery**  
@tmontelH



Just because it looks cool doesn't mean it's a good idea.



NW, Kansas





**Lindsay Kimbrell**  
@Kimbrellfarms06



Son in the front combine, daughters feet, husband on my right. Don't get much better 🍏🍏

#FarmFamily #Harvest20 #StillFarming #Deeresighting





**Nazia Khan**  
@naziamed



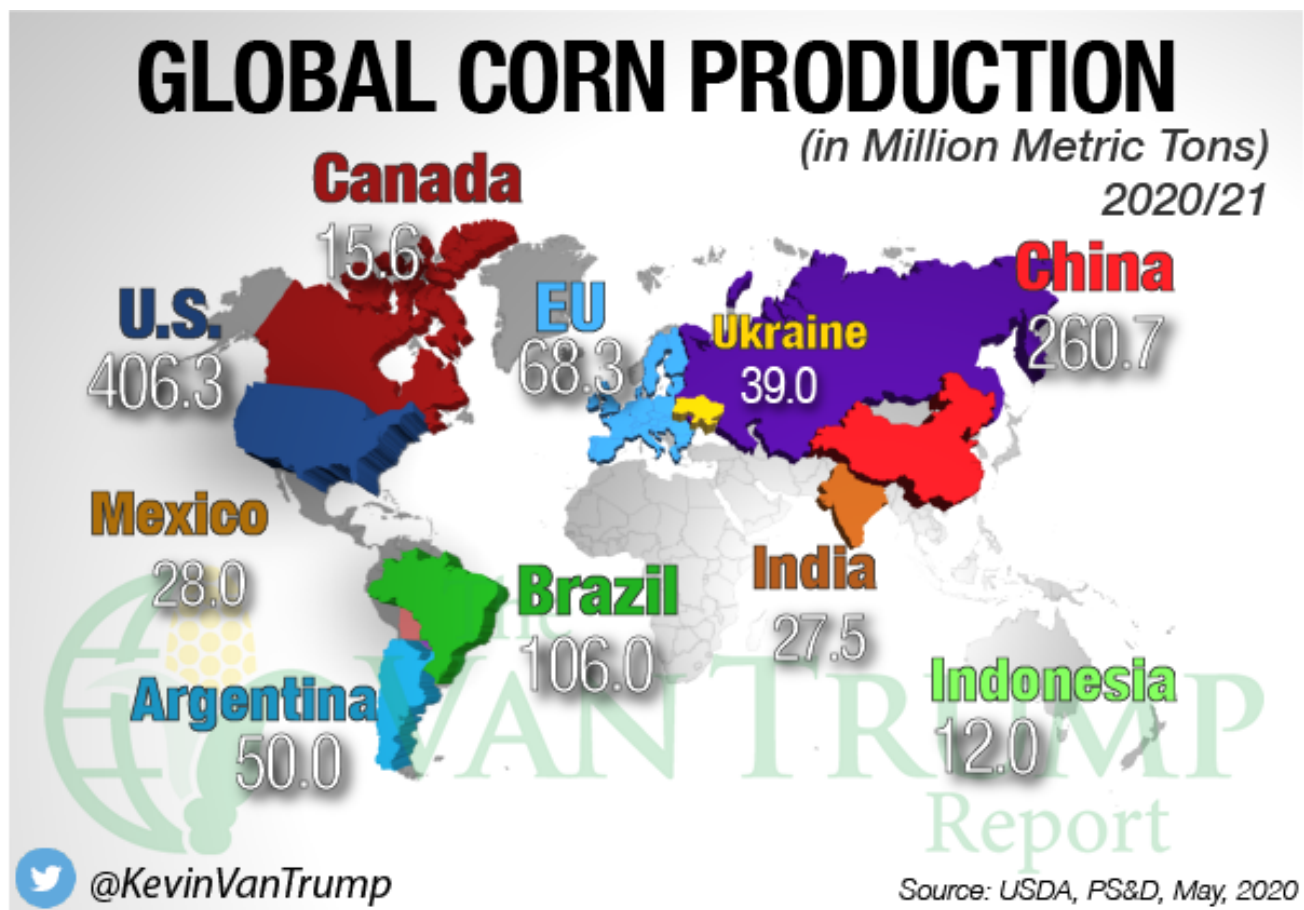
Family Above All..👨👩👧👦 #family #jimbutcher #familyquote  
#quoteoftheday #quote #friendsarefamilytoo.

When everything goes  
to hell, the people  
who stand by you  
without flinching -  
they are your family.

Jim Butcher

**CORN** traders are thinking the USDA will show close to 90% of the U.S. is now planted vs. about 55% last year. Bulls are wanting to talk about acres in parts of North Dakota, South Dakota and Minnesota that will struggle to get corn in the ground and more than likely take "prevent plant". Despite the unfriendly planting conditions in those areas, bears still believe we will get +95 million corn acres in the ground. Fundamentally, there's not a lot fresh or new in the headlines. Demand is improving to some degree but still remains suspect. The recent rebound in crude oil prices along with the economy reopening has improved ethanol demand but we are still massively below previous levels. I can argue that corn for feed has improved with meatpacking plants coming back online and

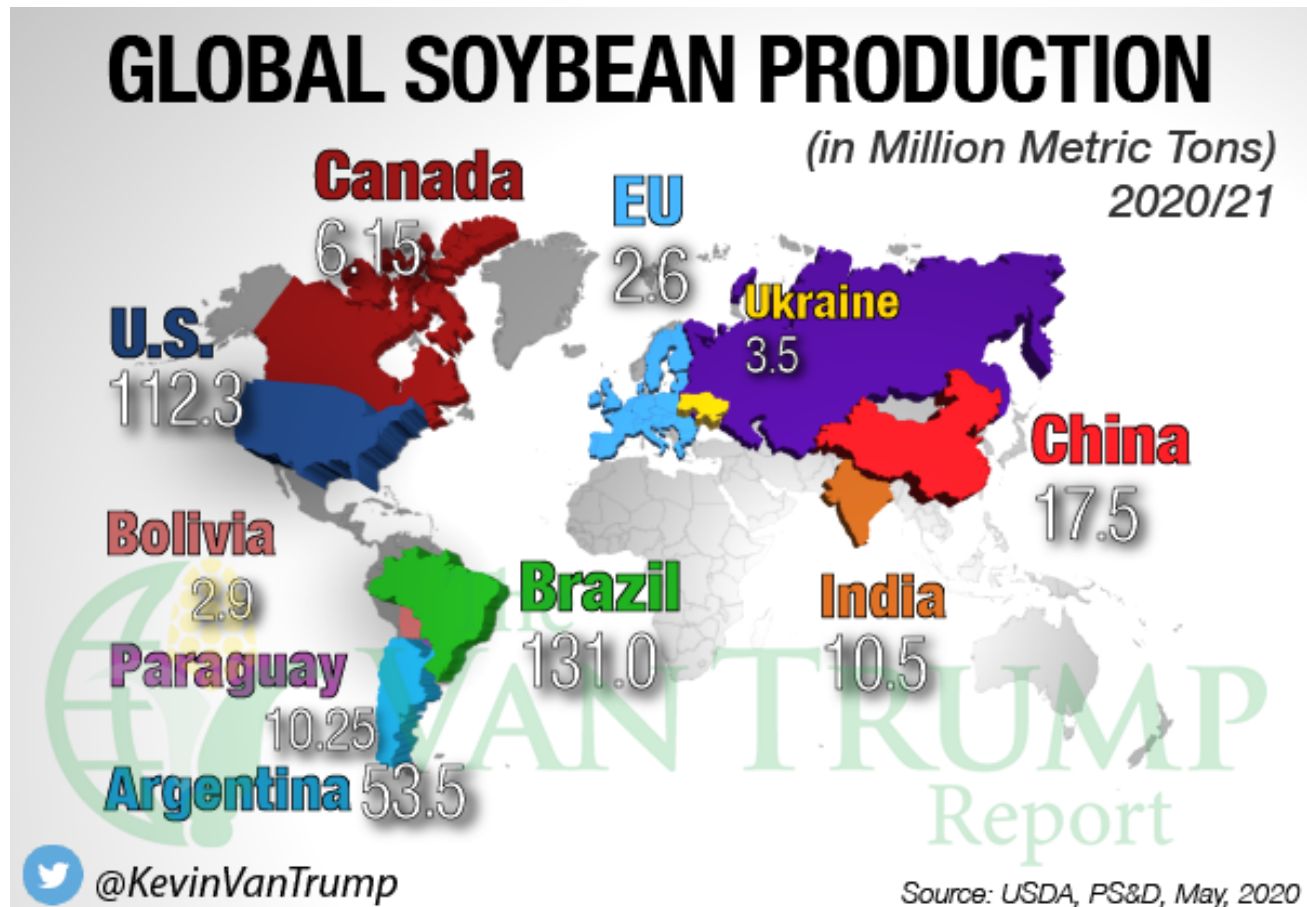
easing the bottleneck in the supply chain. Bears want to argue that U.S. exporters will soon start facing stiffer competition in the weeks ahead. At the same time, bears point to the political uncertainty brewing between U.S. and Chinese leaders as an additional headwind. Bottom-line, we have a burdensome supply-side story brewing as U.S. weather cooperates and corn acres are massively increased compared to last year. At the same time, we have demand uncertainty in the air associated with coronavirus, the fallout in crude oil, and overall global economic weakness. Technically, the market has traded in a very narrow range the past few weeks. Bears are thinking the JUL20 low down at \$3.09 and the new-crop DEC20 low at \$3.25<sup>4</sup> per bushel could be tested this week. Especially if weather forecasters show little change to the U.S. forecast and rising tensions between Washington and Beijing. the funds are now thought to be short roughly -250,000 contracts.



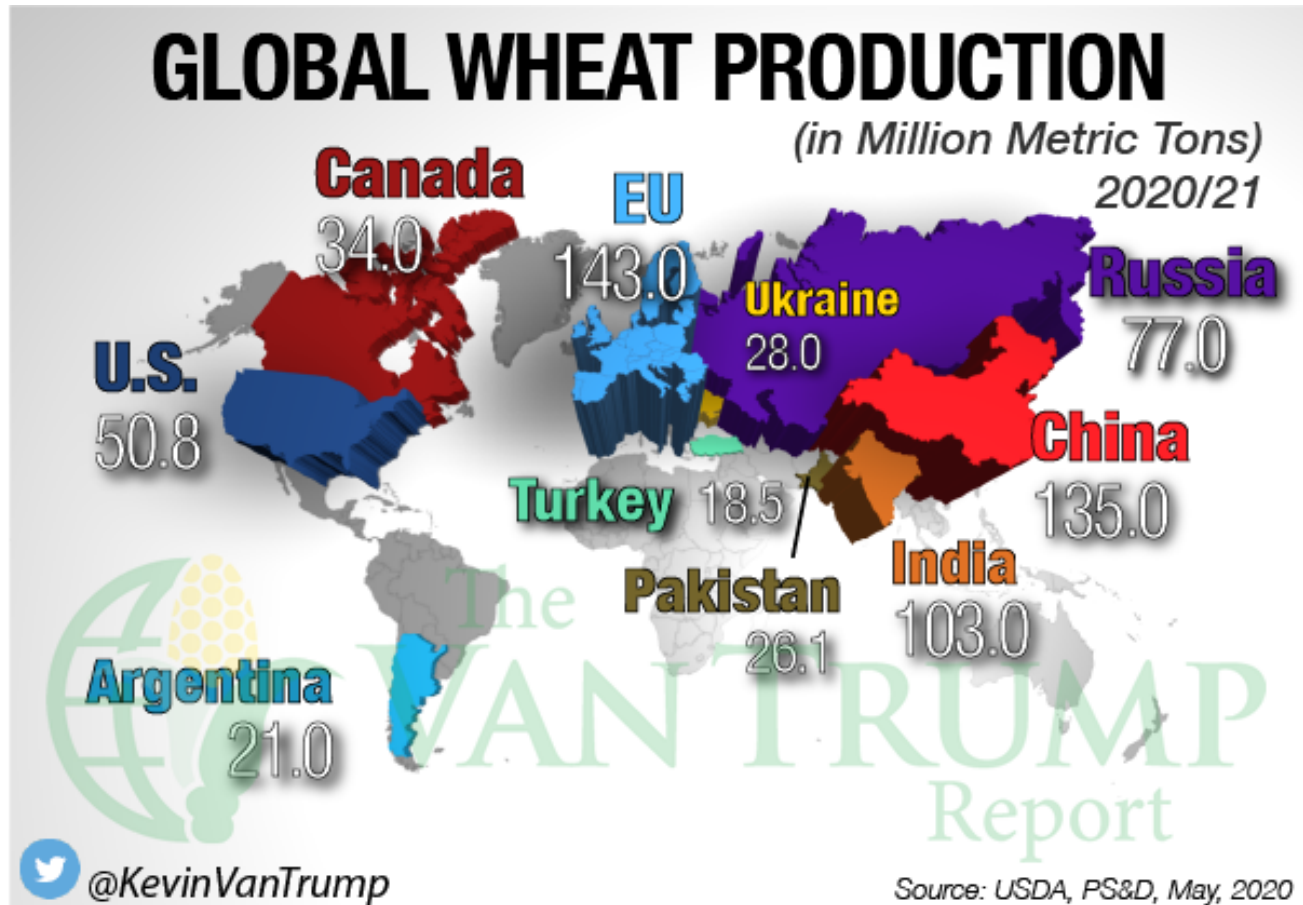




**SOYBEAN** bulls are pointing to rising coronavirus complications inside Brazil as the country now reports more daily deaths than the U.S. Keep in mind, Brazil has now reported the second-worst outbreak in the world, with approximately 400,000 cases, behind the U.S. with around 1.7 million cases. Total deaths in the U.S. has reached close to 100,000 while reported coronavirus deaths in Brazil are closer to 25,000. Interestingly, the falling Brazilian real, which has lost over -40% of its value since January, has helped boost the competitiveness of Brazilian soybeans. Talk inside the trade is that about 75% of Brazilian soybean exports have been going to China each month and that their beans are currently selling at about a -10 cent per bushel discount to U.S. beans landed at Chinese ports. Several sources are saying U.S. soybeans probably don't become competitive until September or perhaps October. There's also the worry and uncertainty now circulating around escalating political tensions between U.S. and Chinese leaders. If the relationship completely sours there will be a ton of questions regarding demand? The most recent data showed the funds backed off their long position with some inside the trade now thinking they could be mostly flat the soybean market. It just feels like the funds have backed away from their long exposure with the brewing political uncertainties and cooperative U.S. weather. As a spec, I continue to hold a small bullish position.



**WHEAT** bulls will be trying to keep prices supported on production worries associated with parts of the European Union and dry conditions in portions of Russia. Here at home, spring wheat will move to between 80% and 85% planted and winter wheat conditions will be mostly unchanged at just over +50% of the crop rated GD/EX. The funds appear to have shifted their overall position from slightly bullish to more neutral to slightly bearish. As a spec, I continue to hold a very small yet profitable bullish wheat position originated last week with JUL20 SRW sub-\$5.00. As a producer, I am patiently waiting for better pricing opportunities.



**Daniels Trading**

Brought To You By: **Andy Daniels** [www.danielstrading.com](http://www.danielstrading.com)

## UPDATED: RICE COMMENTS

For full disclosure I am currently long rice. This is not a solicitation to buy or sell any commodity rather just an explanation of my current thoughts about this particular market. I have been asked many times the past few



weeks and wanted to update my perspective.

The purpose of this comparison is to point out how much things can change and this upcoming year is likely no exception.

It is amazing to me that on May 22 2019 November rice futures closed at \$11.73 and on May 22 2020 November rice futures closed at \$11.68. So with a 16.7 million less ending stocks and an average farm price \$1.80 higher the future price was 5 cents cheaper

## ***U.S. Rough Rice Supply & Demand*** (Million Hundredweight)

**May 10, 2019**   **May 12, 2020**   **May 12, 2020**  
**2019/20**   **2019/20**   **2020/21**

<b>Beginning Stocks</b>	<b>35.3</b>	<b>32.6</b>	<b>14.7</b>
<b>Production</b>	<b>159.6</b>	<b>125.6</b>	<b>155.5</b>
<b>Imports</b>	<b>23</b>	<b>25.5</b>	<b>26</b>
<b>Total Supply</b>	<b>217.9</b>	<b>183.7</b>	<b>196.2</b>

<b>Domestic Use</b>	<b>108</b>	<b>99</b>	<b>103</b>
<b>Exports</b>	<b>72</b>	<b>70</b>	<b>72</b>
<b>Total Use</b>	<b>180</b>	<b>169</b>	<b>175</b>
<b>Ending Stocks</b>	<b>37.9</b>	<b>14.7</b>	<b>21.2</b>
<b>Avg. Farm Price</b>	<b>\$10.00</b>	<b>\$12.00</b>	<b>\$11.80</b>

**Recapping the 2019/20 market:** We lost substantial acreage last spring due to wet conditions, setting the stage for the reality we are living today. The total export commitments ( shipments plus outstanding sales) is more than the USDA projection with pipeline ending stocks and with deliverable receipts down to 121, we are going to run out, it is just a question of how the 6,747 open interest in July futures gets resolved. Early this month, May futures made a high at \$18.70. I believe July will test that level before expiration. Given the unprecedented inverse of \$4.00 N/U, look for a rollercoaster event now through July expiration. For those who were in step this marketing year, many firsts were made and lessons learned. From a spec perspective if you haven't been along for the ride, this is not the time to jump into the shrinking pool of liquidity, however, consider the following sneak peek into possible coming attractions:

Looking ahead to the 20/21 marketing year, consider the following: Prevent planting starts May 25th, some acres will still get planted, but yields will suffer and some will opt for prevent-plant.

## ***Rough Rice March Prospective Plantings*** (1,000 Acres)

	<b><i>Actual 2019/20</i></b>	<b><i>Estimate 2020/21</i></b>
<b>Arkansas</b>	<b>950</b>	<b>1,190</b>
<b>Mississippi</b>	<b>115</b>	<b>150</b>
<b>Missouri</b>	<b>180</b>	<b>190</b>
<b>Louisiana</b>	<b>370</b>	<b>390</b>
<b>Texas</b>	<b>153</b>	<b>170</b>
<b>Total</b>	<b>1,778</b>	<b>2,100</b>

## ***U.S. Rough Rice Planting Progress*** (Percentage Planted)

	<b><i>May 18, 2020 % Planted</i></b>	<b><i>May 18, 2019 % Planted</i></b>	<b><i>May 18, 2020 5-Yr. Avg.</i></b>
<b>Arkansas</b>	<b>76%</b>	<b>63%</b>	<b>88%</b>
<b>Mississippi</b>	<b>76%</b>	<b>60%</b>	<b>88%</b>
<b>Missouri</b>	<b>60%</b>	<b>65%</b>	<b>83%</b>
<b>Louisiana</b>	<b>91%</b>	<b>91%</b>	<b>97%</b>
<b>Texas</b>	<b>97%</b>	<b>83%</b>	<b>87%</b>

Obviously not as bad as last year but not ideal/concerning. My gut feeling is we have seen the largest plantings number and will likely lose 75k total acres from the March estimate. We will address this in more detail when the next planting intentions comes out in late June where we will likely see an increase of intentions due to farmers fudging with numbers to maximize benefits, but acreage certification in late August will true-up those numbers and net/net my current dart at the dartboard suggests we lose 75k acres or 5.5mmhwt's of production.

Taking a look at our competition in S. America for 20/21, current forecasts for exports suggests

- *Argentina 330mt, down 58mt vs LY*
- *Brazil 500mt, down 454mt vs LY*
- *Paraguay 600mt, down 89mt vs LY*
- *Uruguay 800mt, down 9mt vs LY*
- *Lastly, Brazil is projected to import 850mt, up 159mt vs LY*

Bottom-line, our main export competition in this hemisphere has a net shortfall of 769mt of milled rice which when converted back to a rough basis is 26 million hundredweights while our exports are projected at 72 million up 2 million.

Furthermore, Brazil's interior rough price made a low of 49.29 reals per 50 kilo bag (\$9.45) on March 18th but closed at 62.79 reals on May 21st (\$11.27). The previous highest price ever in real terms was 51.12 a couple of years ago. Obviously their currency has gotten crushed but the point being the flat price has been on a steady rise at the tail end of their harvest, unprecedented. This will likely adversely impact their plantings in Sep/Oct as all inputs are priced in dollars, and the real/dollar is near an all-time high at 5.7-1, up 30% vs last Sep/Oct.

Over in Asia prices are substantially higher in Thailand and Vietnam. Thai 100%B was quoted \$517 per ton on May 20th up from \$395 a year ago and Viet 5% was \$470 up from \$370 a year ago. While Asian rice is not substitutable in the US, rising tides lift all boats.

Takeaway is much higher prices in Thailand and Vietnam, much smaller supplies in South America plus potentially less US acres than projected in March all occurring at the same time November futures price are lower than last year. Not a lot of risk premium. To the best of my knowledge, we have never had back to back crop problems in rice, but it is shaping up to be the case this year. I view November futures as having limited long term value with limited risk at these levels.

Regards,  
Andy

THE RISK OF LOSS in TRADING COMMODITY FUTURES CONTRACTS CAN BE SUBSTANTIAL. YOU SHOULD, THEREFORE, CAREFULLY CONSIDER WHETHER SUCH TRADING IS SUITABLE FOR YOU IN LIGHT OF YOUR CIRCUMSTANCES AND FINANCIAL RESOURCES. PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. THE RISK OF LOSS IN TRADING FUTURES CONTRACTS OR COMMODITY OPTIONS CAN BE SUBSTANTIAL, AND THEREFORE INVESTORS SHOULD UNDERSTAND THE RISKS INVOLVED IN TAKING LEVERAGED POSITIONS AND MUST ASSUME RESPONSIBILITY FOR THE RISKS ASSOCIATED WITH SUCH INVESTMENTS AND FOR THEIR RESULTS.





# FARM TANK

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# WHATEVER FLOATS YOUR GOAT

## A Section for Creative Minds

**> Feed Lot Placements Plunge -22%:** *Cattle and calves on feed for the slaughter market in the United States for feedlots with capacity of 1,000 or more*

head totaled 11.2 million head on May 1, 2020. The inventory was -5% below May 1, 2019. Placements in feedlots during April totaled 1.43 million head, -22% below 2019. Placements were the second lowest for April since the series began in 1996. Marketings of fed cattle during April totaled 1.46 million head, -24% below 2019. April marketings are the lowest since the series began in 1996.

**> Food Prices Expected to Keep Rising:** The USDA's Consumer Price Index (CPI), a measure of economy-wide inflation, was down -0.7 percent from March 2020 to April 2020 and was +0.3 percent above the April 2019 level, according to the ERS. The CPI for all food was up +1.5% between March 2020 and April 2020, and food prices were +3.5 percent higher than the April 2019 level. The degree of food price inflation varies depending on whether the food was purchased for consumption away from home or at home. Notably, the newly released April CPI numbers indicate that food-at-home prices had a month-to-month rate of inflation higher than any month since 1990, while food-away-from-home prices were nearly flat. Looking at 2020 so far compared to 2019, food-at-home prices have increased +1.8% and food-away-from-home prices have increased +1.9%, with eggs seeing the largest relative increase at +7.4%. Fruit had the largest decrease at -1.7%. In 2020, food-at-home prices are now expected to increase between +2% and +3%. Food-away-from-home prices are still expected to increase in a range between +1.5% and +2.5% in 2020. The full report is available [HERE](#).

**> China Drafting Food Security Plan:** China will draft and carry out in 2020 a response plan for ensuring food security amid the global coronavirus pandemic, the country's state planner said. Beijing will also draw up a new national medium-to-long-term plan in the new year to secure food supplies. The move came as the pandemic has roiled agriculture supply chains worldwide, and threatened to trigger a potential food crisis. China will keep total crop acreage and grain output stable in 2020, give more rewards to major grain producing counties, and raise the minimum purchase price of rice. Chinese farmers plan to plant 11.4 million acres of early rice this year, up almost half a million acres from a year ago, according to Chinese officials. Read more [HERE](#).

**> China's Pork Imports Jump +170%:** China imported a record 400,000 metric tons of pork in April, up nearly 170% from a year earlier, customs data showed. China's pork imports for the first four months of the year stand at 1.35 million metric tons, also up +170%. Though Chinese pork prices have also fallen steadily since early February, they are still about double where they were a year ago, and were three to four times U.S. pork prices in March, before plant shutdowns caused the latter to spike in mid-April. The jump in U.S. prices is likely to reduce imports in the coming month, while Chinese pork prices are still falling on weak domestic demand. China also brought in 160,000 metric tons of beef in April, up +28% from the previous year. Imports of the meat in the first four months of the year rose +54% to 680,000 metric tons, customs data showed.

*(Source: Reuters)*

**> Deere Forecasts Sharp Profit Drop:** *Deere & Co on Friday forecast a sharp fall in full-year profit as farmers and ranchers struggle to bring their goods to market because of coronavirus-led restrictions, crushing demand for equipment like harvesters and tractors. Farm machinery sales fell -18% to \$5.97 billion, while construction and forestry equipment sales dropped by a quarter to \$2.26 billion. Deere said it expects fiscal 2020 profit in a range of \$1.6 billion to \$2 billion. The company had posted a profit of \$3.25 billion in 2019. Net income attributable to the company fell -41% to \$666 million, or \$2.11 per share, in the quarter ended May 3. Total net sales and revenue fell -18% to 9.25 billion. Equipment sales declined -20% to \$8.22 billion. (Source: Reuters)*

**> Biofuel Group Urges Washington to Reject Retroactive Waivers:** *A U.S. biofuel trade group asked the Trump administration on Friday to deny requests from refiners seeking retroactive biofuel blending waivers after an Energy Department official said the department will review such "gap-filings". Refiners are seeking to be consistent with a court decision earlier this year that ruled that any exemptions to biofuel blending laws granted to small refineries after 2010 had to take the form of an "extension." The court's decision created uncertainty over the status of the large number of waivers that the Trump administration's Environmental Protection Agency has issued in recent years, in that most of the recipients are now thought to be not in compliance with the ruling. Biofuel companies oppose the waivers, saying they undermine demand for their products. Read more [HERE](#).*

**> Pandemic Inspires New Ways to Distribute Food:** *This pandemic spring has changed some pathways of getting food to hungry people, but there's still plenty being donated and distributed to meet the increased need. West Des Moines, Iowa-based Hy-Vee, with stores in eight states, often makes donations to food banks, says Christina Gayman, director of public relations. But right now, many of its suppliers have approached the chain for help distributing their surplus. "They know that we have either the food bank contacts or the media contacts to share this information in local communities," Gayman says. So, Hy-Vee acts as a conduit between the wholesalers and consumers or food banks. Hy-Vee has arranged contact-less distribution of mangoes, carrots and bananas in several communities. It also coordinated a 40,000-pound donation of watermelon, honeydew and cantaloupe to the Food Bank of Iowa. Read more from [Harvest Public Media](#).*

**> Netflix Canceling Inactive Accounts:** *Netflix said it has started to notify customers who haven't watched anything on the platform in 12 months since they became a subscriber to check if they wish to keep their membership. The company is also reaching out to those who haven't streamed anything in more than two years, it said. Netflix says it will cancel accounts if they don't hear back from*



customers, explaining, "At Netflix, the last thing we want is people paying for something they're not using." Netflix said these inactive accounts only represent a few hundred thousand users, or less than half of 1% of its overall member base. (Source: Tech Crunch)

**> Pandemic Accelerates Starbucks to-go Plans:** The pandemic is increasing Starbucks' determination to build more drive-through stores and to-go only locations, as it had begun to do in New York City before the crisis, and will relocate stores out of low-traffic malls. The pandemic is increasing Starbucks' determination to build more drive-through stores and to-go only locations, as it had begun to do in New York City before the crisis, and will relocate stores out of low-traffic malls. The company is also rolling out ads encouraging customers to order ahead through its app. (Source: The Wall Street Journal)

**> Why There's Still a Toilet Paper Shortage:** Can't find toilet paper at the supermarket? It's not that your neighbors are hoarding, even as you see everyone grabbing what they can as soon as shelves are stocked. The empty shelves are as much a result of manufacturers not being able to shift production to meet demand. Use of toilet paper at home has increased, raising demand for domestic tissue by about 40%. But domestic tissue is different than commercial tissue, requiring about twice as much wood fiber than the latter. Mills are set up to make more of the commercial stuff and they can't just switch over easily. The types of fibers used for the two types of tissue also differ, and the kind needed for domestic tissue is in short supply. Read more [HERE](#).

**> Companies Face Higher Operating Costs:** For large companies, the price—and perils—of operating in a pandemic are already coming into focus. Walmart Inc., Target Corp., and Home Depot Inc. last week said they absorbed more than \$2 billion combined in added expenses for wages, bonuses, and other benefits for workers during the early months of the pandemic. McDonald's laid out conditions for franchisees to reopen their dining rooms that include cleaning bathrooms every half-hour and digital kiosks after every order. Ford last week opened its American assembly plants for the first time in two months, and promptly had to idle factories in Michigan and Illinois after employees tested positive for Covid-19. The stakes can be higher for small businesses, which tend to operate on thinner profit margins and smaller cash reserves. Many companies are struggling with how to recoup some of those costs via things like pandemic surcharges but worry higher prices will turn off already struggling consumers. Read more from [The Wall Street Journal](#).

**> Inside the Bizarre Winchester Estate:** A 160-room California mansion in the heart of Silicon Valley serves as a famous tourist attraction with a beautifully bizarre back story. The estate's mystery stems from a century-old legend: that Winchester built the mansion to escape the angry spirits of those killed by a

*Winchester rifle, which her husband's company invented. Construction on the home spanned over 30 years until Winchester's death in 1922. Crews reportedly worked around-the-clock to appease vengeful ghosts, resulting in a variety of odd feats, like staircases that lead to nowhere, cabinets that open into walls, and a door that opens up to a 12-foot drop. Business Insider took a tour through 110 rooms of the unique estate. Check it out [HERE](#).*

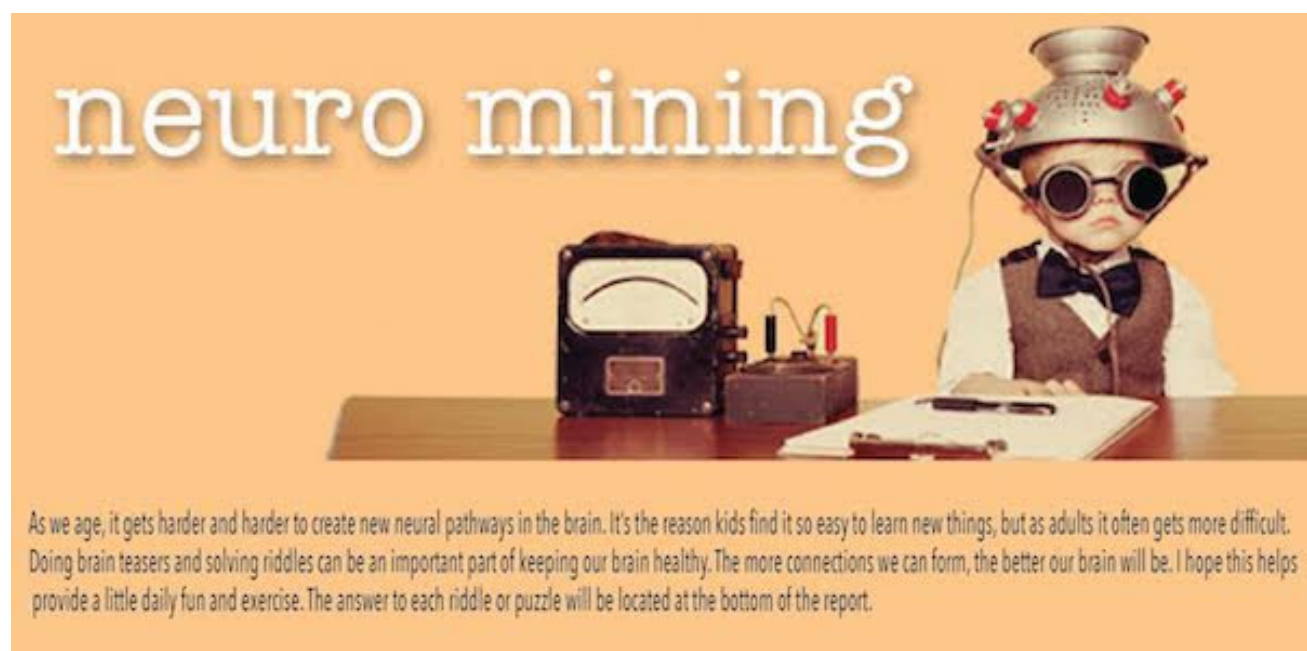


**East central Washington** - *We run a few specialty crops like wheat, winter canola and alfalfa seed. We are fortunate to have our own deep well to irrigate, even though it's running out of water. The current rotation with the alfalfa seeds is interesting as it makes us more money than anything else when it comes through*

*and it takes water at different times than the rest of the crops, meaning we avoid overly stressing that resource in summer. We take the more expensive freeze out insurance for some of the crop and it's definitely worth it for the 10% of the time that we see a failure. They don't offer it in canola, I suspect because the crop is still too tender. I probably have a couple years left doing what we are doing but retirement isn't in the picture. We are taking a serious look at doing some vertical growing in an empty warehouse we have on property. I'm not sure how the 80 miles to Spokane will work out if we do, but I can tell you that I will not violate the number one lesson I've learned, and sometimes painfully over the years, ALWAYS have a market to sell into before you drop a seed!*

**Central Illinois** - *The corn is up and standing tall, which means it's time to start spraying. The problem is we have seen a lot of rain, especially over the last week or so. The fields are not fit to walk through let alone run equipment through. The waterhemp is going to grow too big to kill the next 4-5 days. We will be in the 80's the rest of the week with rain chances every day. Most guys in this area are 50% planted in both corn and soybeans and we will see a good amount of replanting before the end of the planting season. Maybe if we miss the next 4 chances of rain we can run by the weekend.*

**Central Kansas** - *The wheat is all looking pretty good. It's starting to head out the last few weeks and will be a good crop if everything fills out. It seems like the wheat is heading slower than normal but it should pick up the pace this week as the weather clears and warms up. We aren't growing much corn this year but everything that we are growing is planted and up. We decided that we would plant heavier milo this year because the basis is a touch better and the potential for a dry year seems much more likely.*





**TODAY'S RIDDLE:** What can you charge without getting paid?



**Interesting Longer-Term Trends Impacting the Dairy Industry... Think About Changes That Will Be Hitting Your Industry As Well!**

The dairy sector has struggled with low milk prices and rapid consolidation in the industry that continues to force producers out of business. There has been even greater complications in the wake of COVID-19. Farm bankruptcies jumped by nearly +20% in 2019, and Wisconsin, a top dairy-producing state, had the most. I suspect the bankruptcy numbers will move even higher in 2020. Recent bankruptcies of major dairy processors Dean Foods and Borden Dairy have more sharply highlighted the challenges facing the industry. Fluid milk consumption per capita in the U.S. has been falling for decades, but a recent analysis from Agricultural Economic Insights shows that consumers are actually buying more dairy goods overall, including more butter and cheese. Below are some of the highlights. The full report, "U.S. Dairy Consumption Trends in 9 Charts," is available [HERE](#).

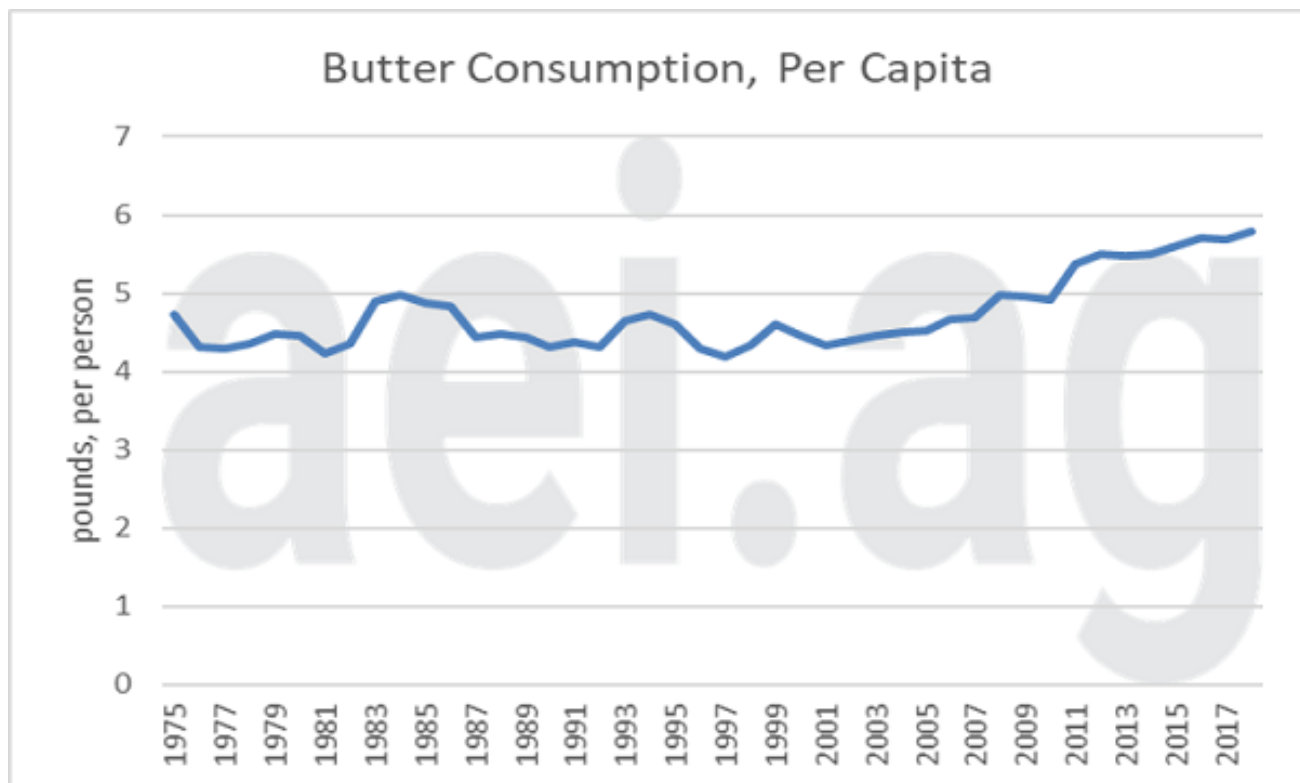
**Butter and Cheese Trending Higher:** *Cheese consumption per capita has doubled since 1975, with mozzarella and cheddar each representing about 30 percent in 2018; butter consumption has grown by one third since 2001. Part of that surge has come since fat has lost some of its stigma among dietary health advocates.*

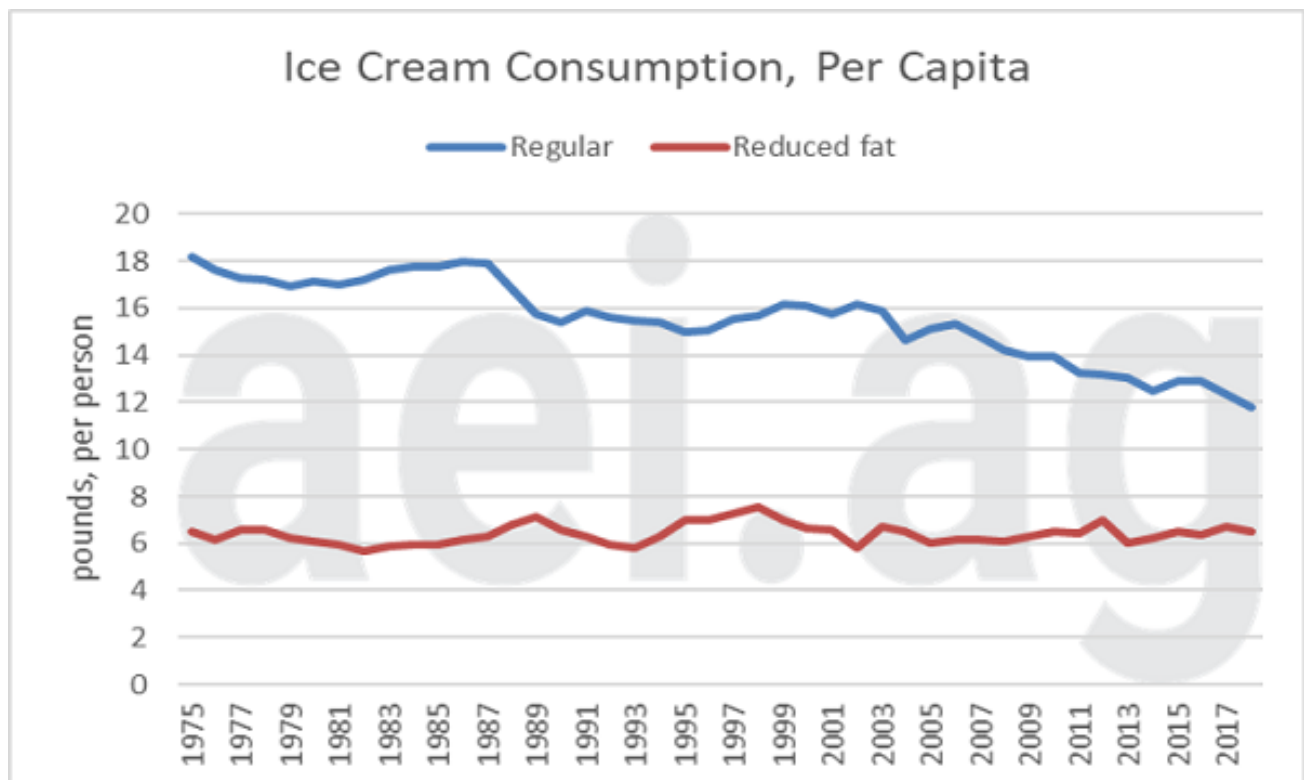
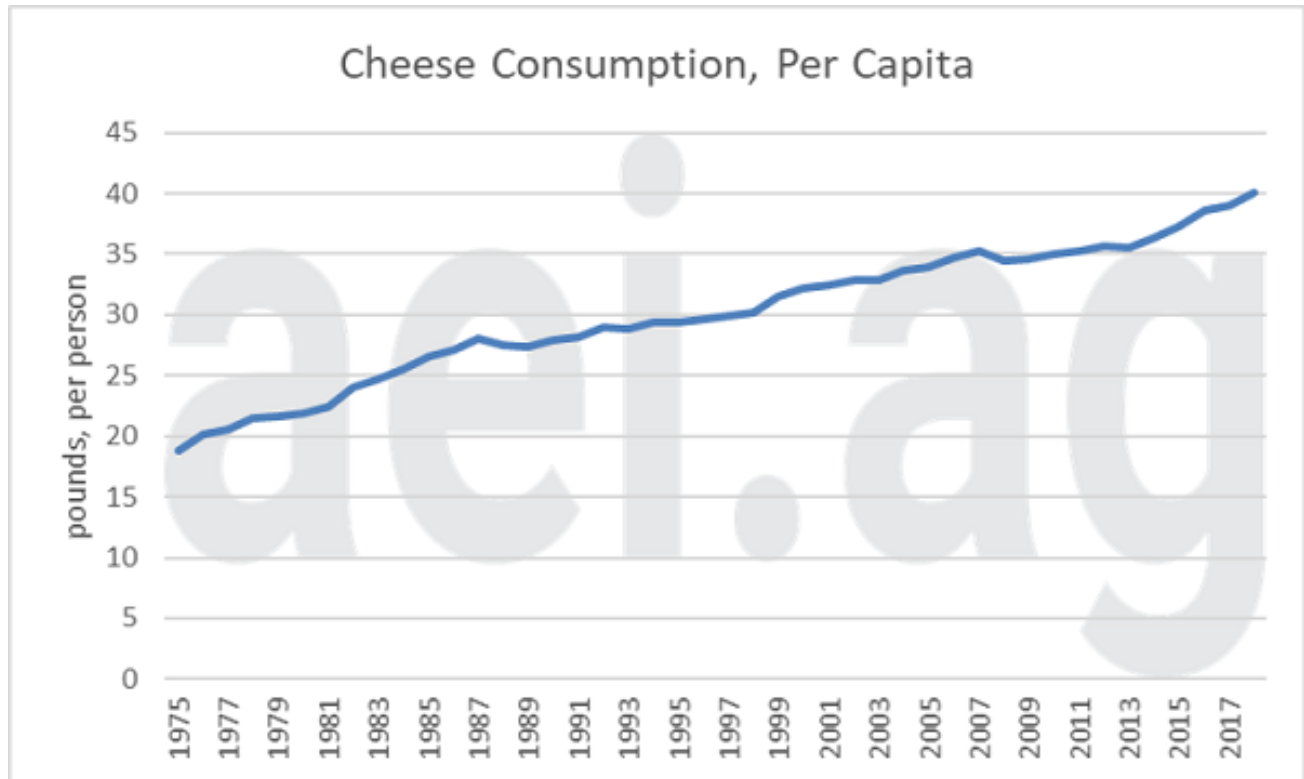
**Ice Cream, Yogurt Trending Lower:** *Annual per-capita consumption of "regular" ice cream has declined from more than 18 pounds annually to less than 12 since 1975. Reduced-fat ice cream, with steady consumption over time, has been mostly immune to declines. Another dramatic observation in dairy consumption has been the recent about-face in yogurt. After decades of steadily increasing per-capita consumption (at an average rate of 5.2% from 1975 to 2014), yogurt consumption has contracted in the last five years. Specifically, annual per capita consumption fell from 14.9 pounds per person (2014) to 13.5 pounds (2018).*

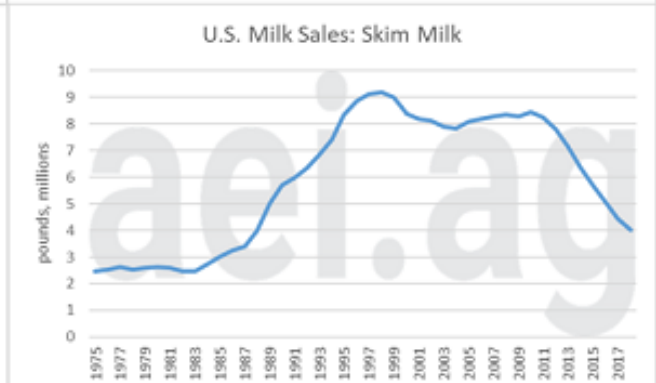
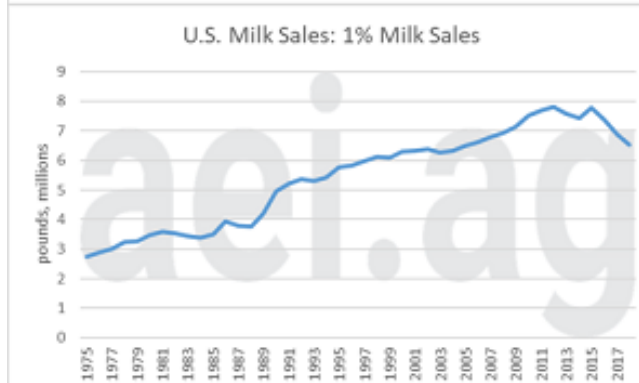
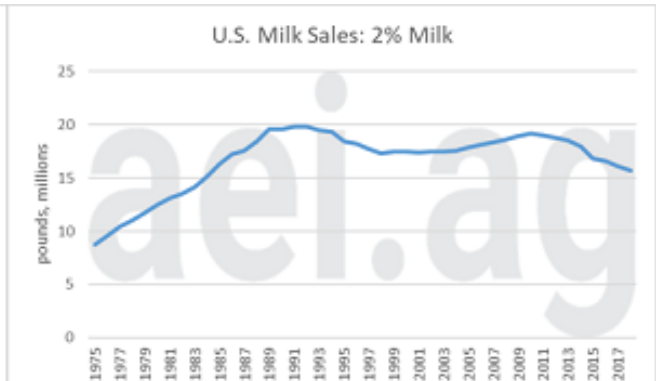
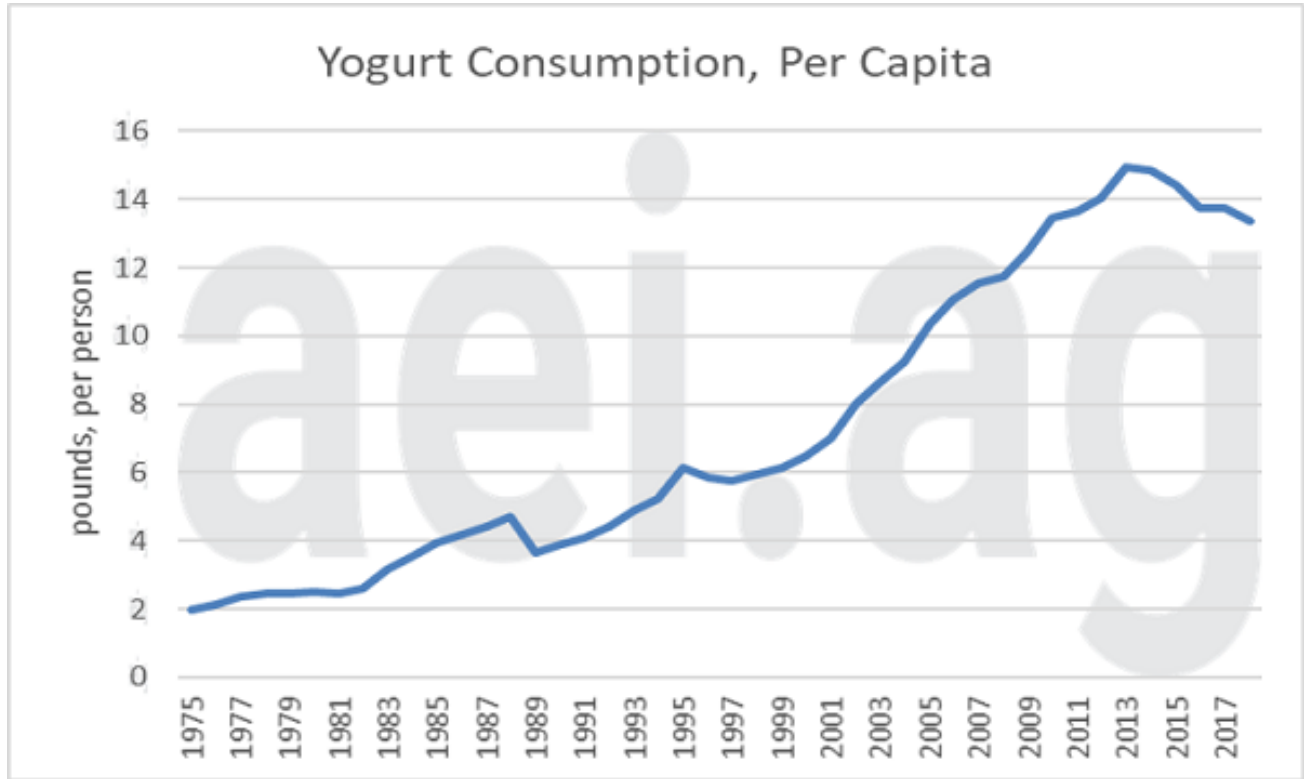
**Fluid Milk Consumption has Nosedived:** *Meanwhile, fluid milk*

consumption dropped more than -40% since 1975, or roughly -1.2% per year, while alternatives like almond and soy milk have grown in popularity. The charts below show annual fluid milk sales of the four largest categories. Before 2009, the trend had been less whole milk, more 2% (especially before the 1990s), more 1%, and more skim milk (especially during the 1990s). However, over the last decade, these trends have flipped. Whole milk sales have turned higher for the first time in decades. At the same time, sales of 2%, 1%, and skim milk have all contracted.

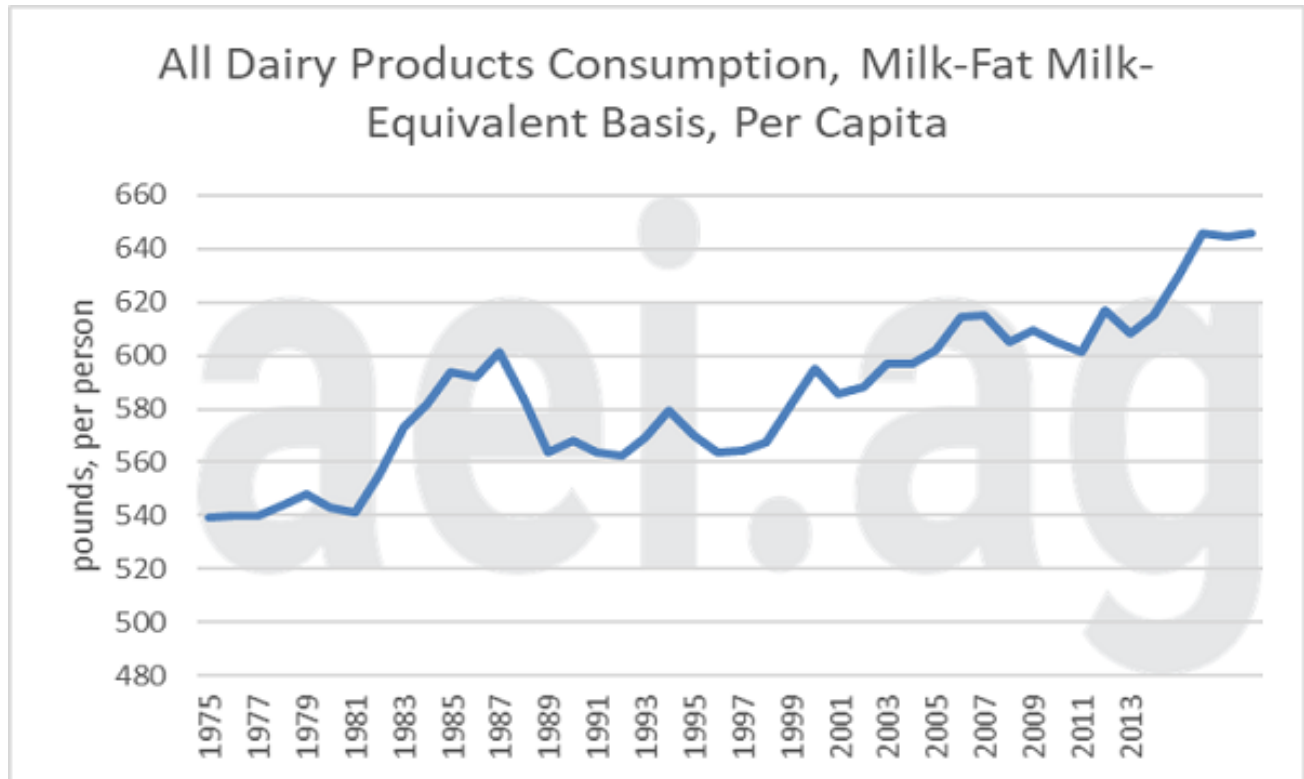
**The Big Picture:** Total per capita dairy consumption in the U.S. can vary from year to year, but since the mid-1990s, the trend has been higher. Although consumption has plateaued in recent years, consumption in 2018, the most recent data point, is the highest since 1975. "Overall, the dairy industry is primarily driven by slow rates of changes unfolding over several decades," wrote AEI farm economist David Widmar. As consumer trends continue to unfold, AEI says to expect even more changes in the supply chain: grocery store displays, processing, and, eventually, at the farm-level.











### **UPDATE: The Race to a Coronavirus Vaccine**

The entire world is frantically searching for a coronavirus vaccine, something many health experts argue is the best hope for ending the pandemic. It's also something a lot of economists, including Fed Chair Jerome Powell, believe will be the most effective way to get the economy revving again. Without a vaccine, fear of the virus could keep a lid on consumer spending and overall make it tough for the economy to mount a full recovery.

Over 100 vaccines are currently in development by companies, universities, and governments across the globe. Obviously, finding an effective and safe vaccine against coronavirus will be a great thing for the world but the companies that get there the soonest stand to benefit enormously. Morgan Stanley estimates the market for coronavirus vaccines could be between \$10 billion to \$30 billion during the pandemic.

Of all the vaccines in the works, analysts at Morgan Stanley have pinpointed six that they believe are most likely to succeed by both being effective and being widely available. They expect these potential vaccines will be made available to the public in three waves, with the first wave coming from Moderna, Pfizer-BioNTech, AstraZeneca-University of Oxford by the end of 2020. Understand, there will likely be several different vaccines from multiple drug makers. Moderna has already kicked off the first wave, announcing promising results in a very early trial on May 18. Below are more details about that and other vaccines in the "first wave" Morgan Stanley is watching:

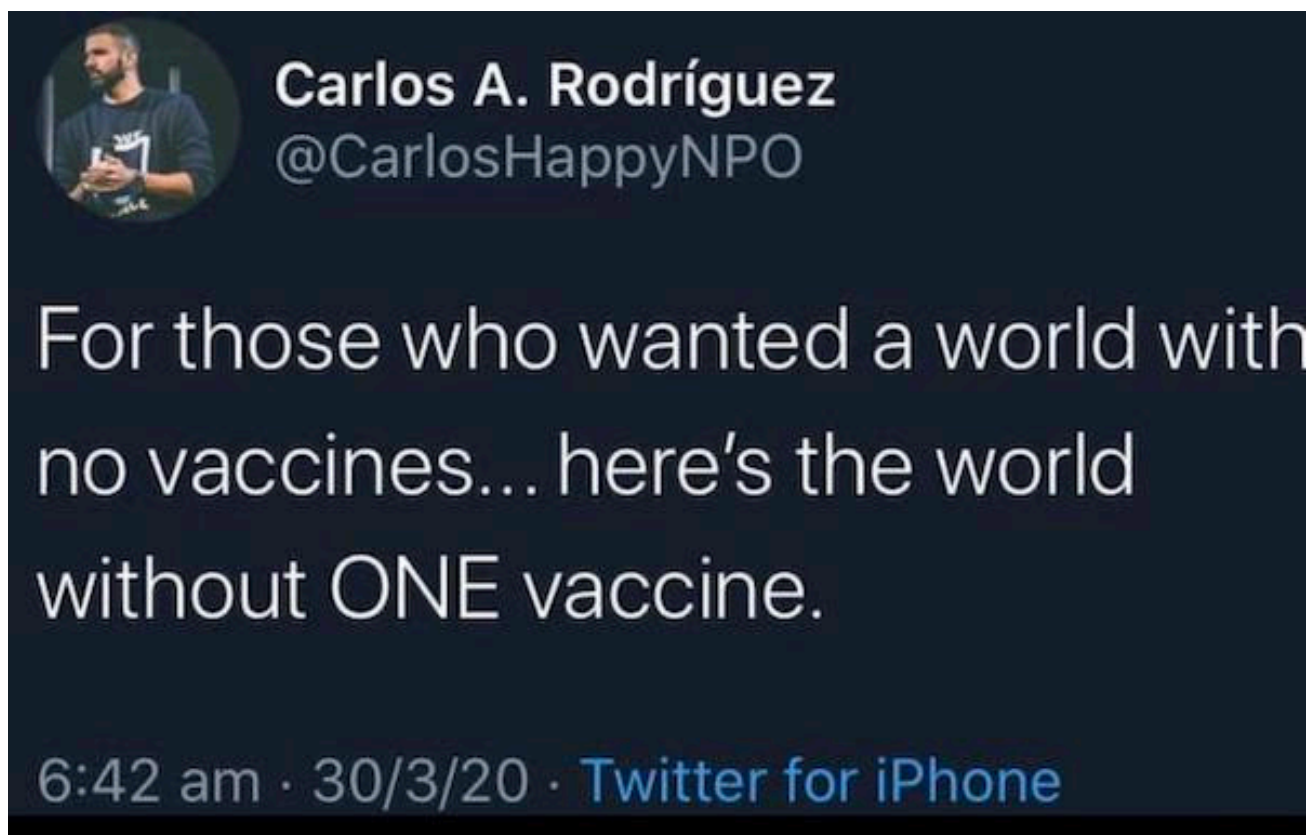
**Moderna (NASDAQ: MRNA)** - U.S.-based biotech released the first human results for its vaccine candidate which was conducted in a very small group of 105 participants. The reported results are from the first eight people that received the experimental vaccine. Moderna's results show all volunteers produced antibodies, the virus-fighting proteins which are a key part of the body's immune system. The antibodies were then tested in infected cells in the lab and were able to stop the virus from replicating — a key requirement for an effective vaccine. Keep in mind, the number of antibodies needed for an entire human body to protect against coronavirus is unknown. It's also not known if it will protect people in the real world but Moderna's researchers say the early results indicate that "this is the right antigen and it should be protective." The phase 1 trial is ongoing and Moderna hopes to publish full results this summer. A second phase trial involving 600 people is set to begin soon with a third phase beginning in July that will possibly involve thousands of people. If all goes well, Moderna is hoping for emergency use authorization this fall and full approval by early 2021. Moderna has also partnered with a contract development and manufacturing firm, Lonza (OTCMKTS: LZAGY)

**University of Oxford and AstraZeneca (NYSE: AZN)** - Oxford University hit a milestone this past weekend with researchers announcing it will be progressing to advanced stages of human trials. It will be tested in 10,260 volunteers across the United Kingdom to determine how effective it is at preventing infection, the university said in a statement. If successful, it could be on the market as early as September, according to British-Swedish drugmaker AstraZeneca, which partnered with the university in April to manufacture and distribute the vaccine. Researchers began working on a vaccine in February, and human trials started at the end of April. Over 500 volunteers are part of the ongoing phase 1 trial with at least 5,000 expected by phase 3. I should note, Washington through the U.S. Department of Health's Biomedical Advanced Research and Development Authority just gave AstraZeneca more than \$1 billion to further pursue the cause. The company agreed to produce at least 400 million doses and secured total manufacturing capacity to produce 1 billion doses by the end of 2021, with first deliveries this September. Government approval is now allowing researchers to move ahead with the second and third phases of testing, which will see more people across a wider age range — including older adults and children — tested. The second phase begins June 1 in the U.K. and researchers hope to launch clinical trials in the United States in the coming weeks.

**Pfizer (NYSE: PFE) and BioNTech (Nasdaq: BNTX)** - U.S. drug company Pfizer and German biotech firm BioNTech are working on four separate vaccine candidates that researchers have already begun testing in human volunteers. 12 adults were dosed last month but the test will eventually

*expand to as much as 8,000 volunteers by the end of the second stage. The companies should know which is the most safe and effective to move forward in June or July and aim to have as many as 20 million doses before the end of the year if their efforts are successful, increasing to as much as 200 million doses in 2021.*

**CanSino Biologics (OTCMKTS: CASBF)** - China-based biotech firm CanSino's vaccine candidate is already in mid-stage trials. Morgan Stanley expects the company to release trial data any day now. For those not familiar, CanSino has previously manufactured an approved vaccine for Ebola. (Sources: Business Insider, Science Daily, Washington Post; The Wall Street Journal)



### Onward to Greatness

I was sent an interesting read and wanted to share. It was written by Dasarte Yarnway, a former college football player at the University of California, and Founder & Managing Director of Berknell Financial Group, an innovative independent wealth management firm focused on helping millennials and seasoned investors design their best lives. I included below the short e-mail I received. I thought it was well written and provided some interesting life lessons to pass along. You can read more details at [Berknell Financial Group](#).

Dasarte writes... *"A few weeks ago, I reminded myself on Twitter that this year is not over and that there is still much to be gained if we choose to sow in this season of uncertainty."*

*After tweeting this, I reflected on all of the things that I have gone through in a relatively short amount of time. These things range from losing my Dad to cancer at 12 years old, to undergoing three surgeries during my time playing football at the University of California, Berkeley, to losing my 27-year-old brother in 2015, my little cousin's death in a fiery car crash in 2016, and even starting this firm against the odds. If I was led out of all of those bleak circumstances, why should I not be confident in God's covering, the healing power of time, and the fruits awaiting me in the future? I'm confident that you, too, can march onward.*

*Onward to Greatness is my war chant that keeps me going when circumstances look rough. It's a reminder that you are a fighter. It's getting yourself out of bed when your world feels heavy, and being vulnerable enough to share your hurt. It's doing the hard things when no one asks or is looking.*

*From these experiences, I've developed a saying that reminds me of where I've been, what I've learned, and where I'm headed despite how impossible it looks.*

*In the midst of this pandemic, I find myself counting my blessings more than ever. Some of these are the lessons that I've learned on the battlefield. Below I share a few with you:*

**Growth Hurts:** *In order to attain such a thing, you must be such a person. The process of becoming "such person" is the uncomfortable metamorphosis of growth. You must shed old habits, ways of thinking, and in many cases even people. It does not feel good. But, there is no way to avoid this. You mustn't delay growth, because it delays your pursuit onward to greatness. You can't go around it, under or over it. You must endure the hard things that lead to your mental, spiritual, emotional, and physical transformation. Here is where the champion in you is birthed.*

**Pack Light for the Journey:** *The journey is long and arduous. Because of this, you have to cast off every weight that prevents you from running your race. Unfortunately, everybody can't go. What is for you will not pass you, but it's up to you to reserve the room for those blessings.*

**Delayed Does Not Mean Denied:** *We usually want things to happen on our time. As the saying goes, "man plans, God laughs." If your desired outcome does not happen on your timeline, do not fret. Delayed does not mean denied. There is a lesson to be learned in every step of the journey.*



**Don't Be Too Proudful to Ask:** *There is no such thing as self-made. Someone, somewhere along the journey gave you just enough to keep you going. This could be something as simple as a word of encouragement, or something as significant as a financial gift or paycheck. As you become more in-tune with your calling, you'll also become more in-touch with your needs. Do not be afraid to ask. The worse that someone can say is no.*

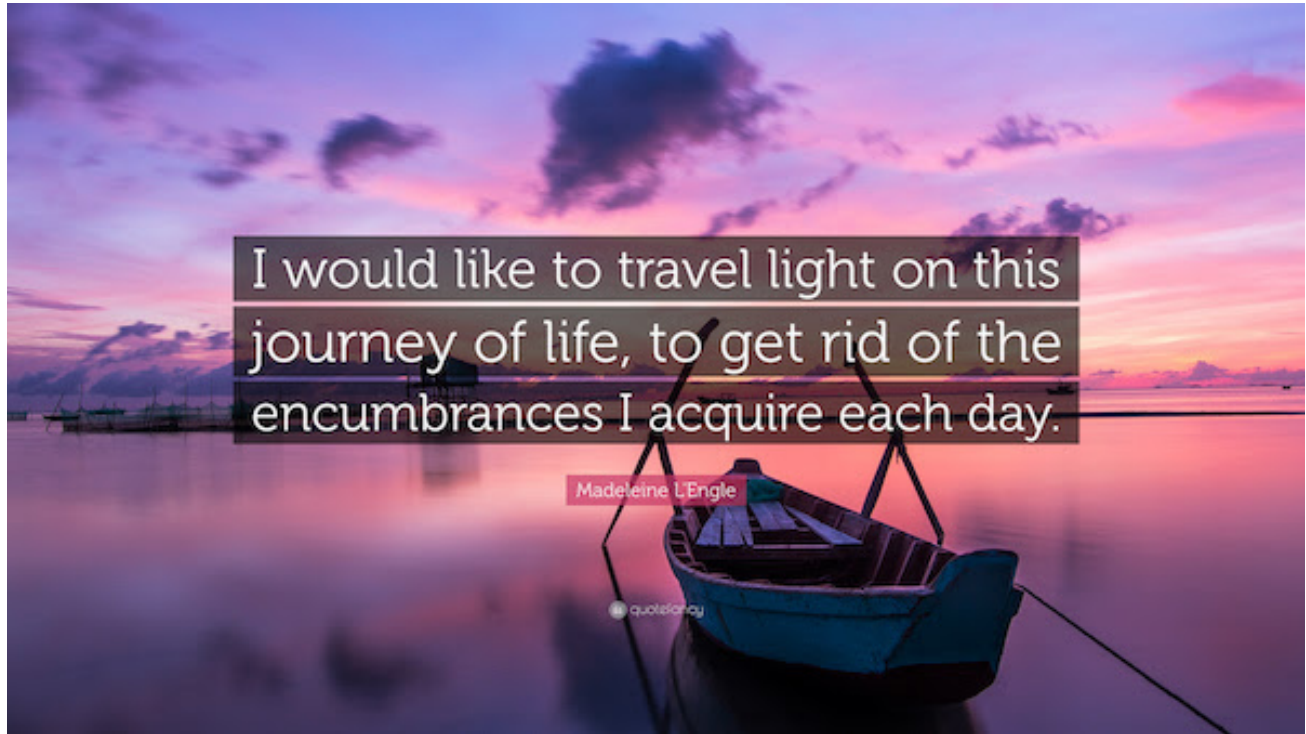
**Success Leaves Fingerprints:** *Greatness won't leave you guessing. If you are patient enough to let the seeds that you sow sprout, you'll see that success always will leave clues that you are traveling in the right direction. Be aware of these. They will often be subtle and can be noticed only by you. These fingerprints will give you the motivation to continue.*

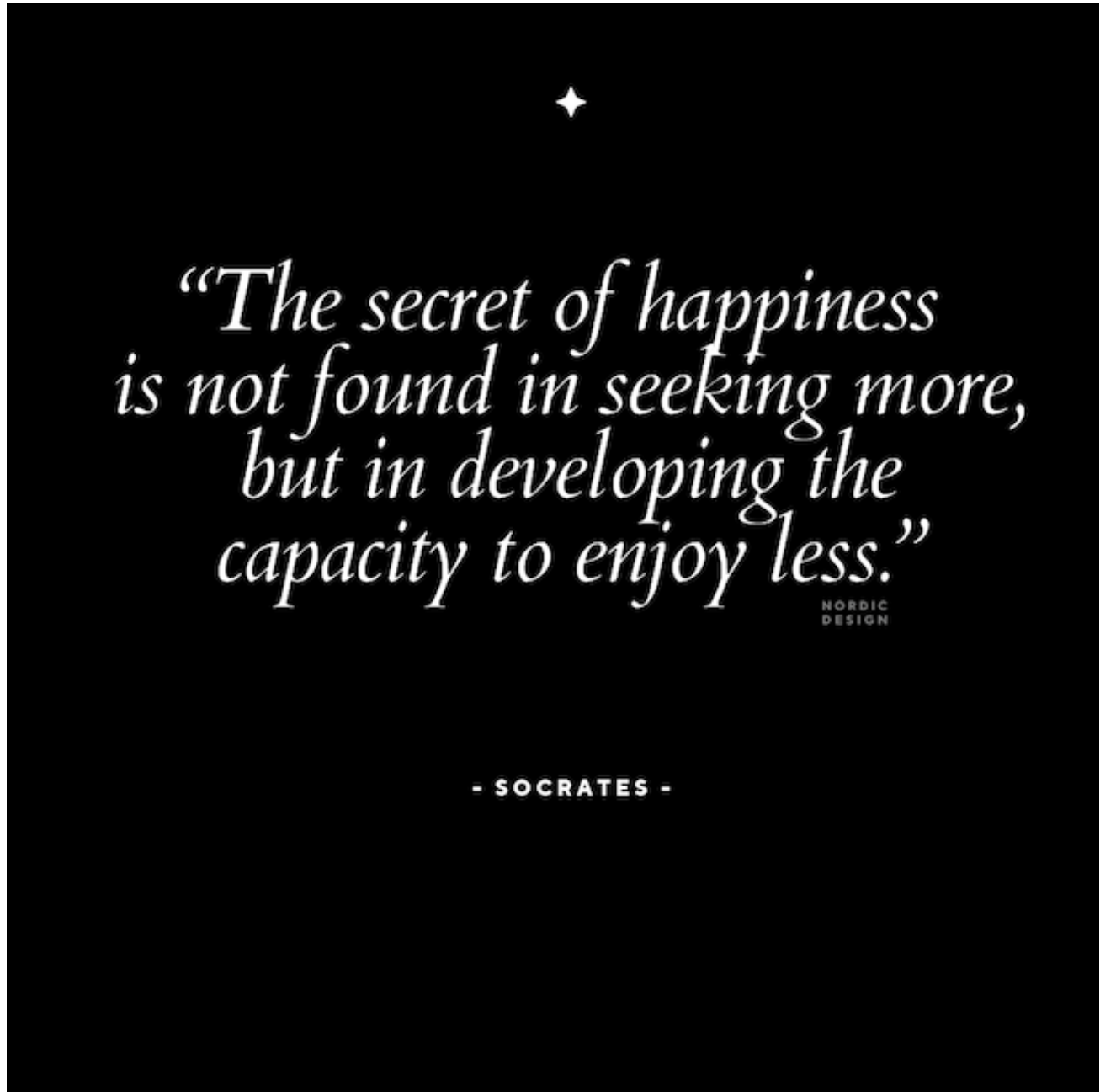
**Less Is More:** *When you're walking down an uncharted path, you may second guess the journey in its entirety. You may think that you can't compete unless you have more tools. Newsflash: you don't need more stuff. Less is more, when less does more. Assess what you have, and figure out how to use it on your mission. I'll bet that you are more than enough.*

**You Belong In Every Room, Act Like It:** *There are no coincidences, only divine appointments. On your journey, do not credit luck for your exaltation. You worked hard, and you have value to share. Act like it. Humbly accept the fruits of your labor, and commit to sharing this value in every room that you are in.*

**There Is Power In Believing:** *The common characteristic of every person who achieved something great is that they believed that they could. There is power in believing. When you do so, you stretch the corridors of "reality" and turn all that is "impossible" into achievable. Believing not only makes you great, but it gives someone else the confidence that they can be, too.*





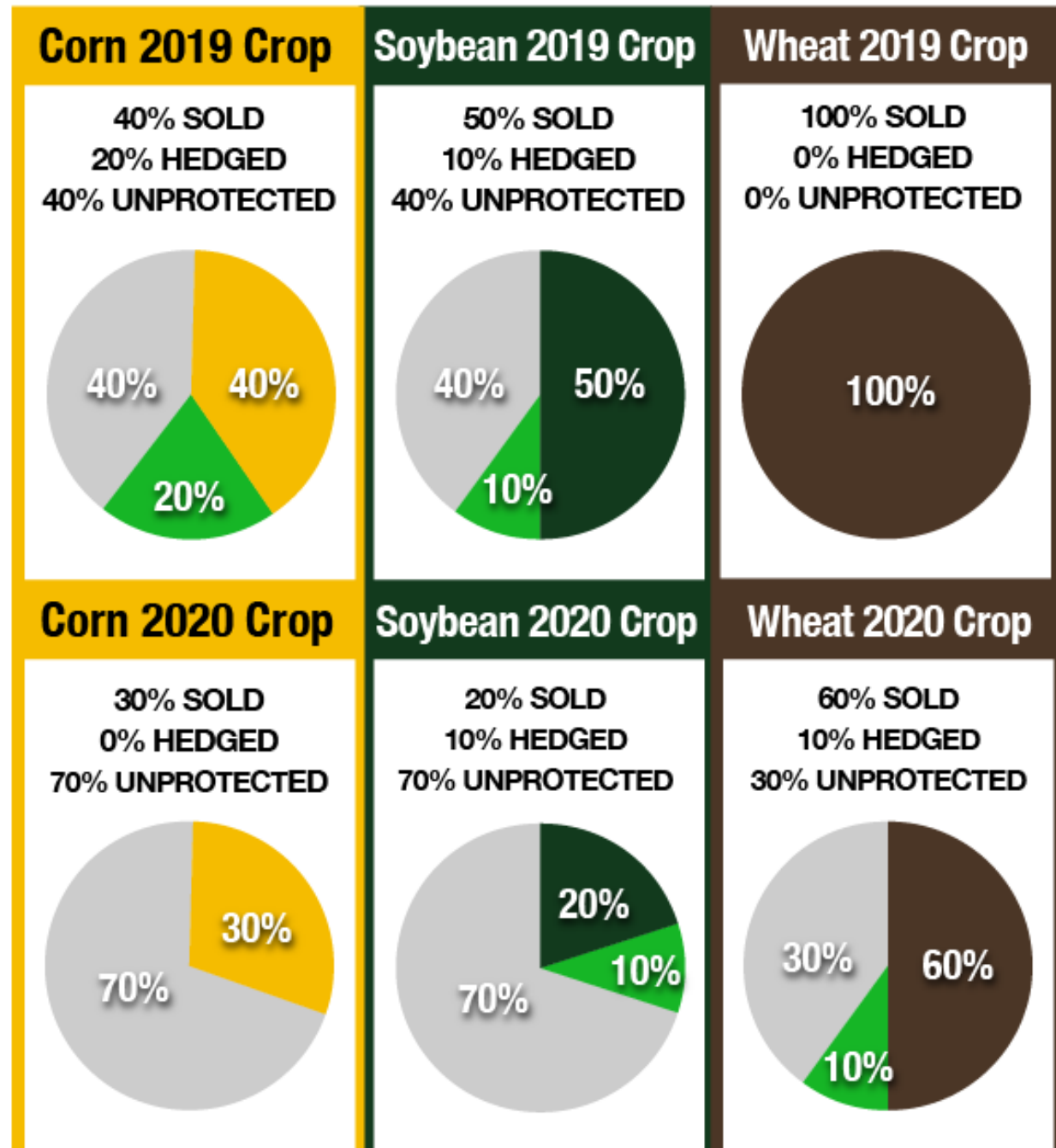


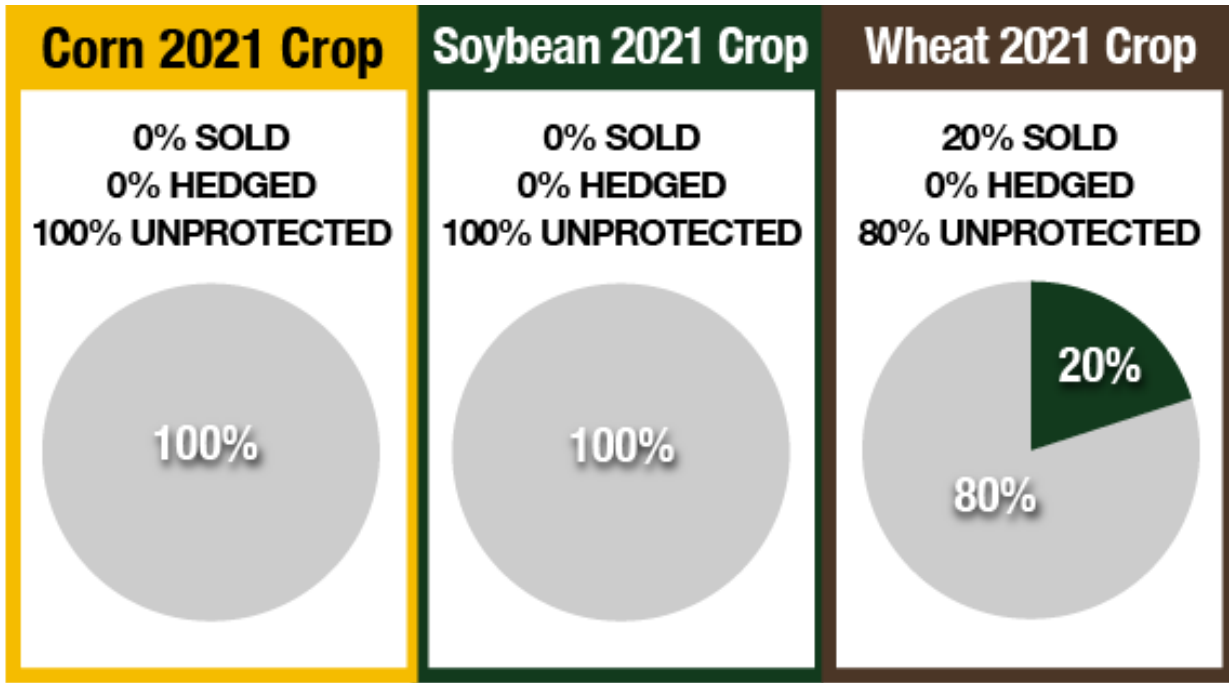
**ANSWER to riddle:** A battery.

**CASH SALES & HEDGING TOTALS**



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