



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

## GOOD MORNING: The Van Trump Report 6-4-20

1 message

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

Thu, Jun 4, 2020 at 5:30 AM

Reply-To: Jordan &lt;reply-fec11177736c0479-1180\_HTML-40325470-100003450-9@vantrumpreport-email.com&gt;

To: jordan@farmdirection.com



*"God will not look you over for medals, degrees or diplomas but for scars."* —  
**Elbert Hubbard**

**Thursday, June 04, 2020**
[Printable Copy](#) or [Audio Version](#)

**Morning Summary:** Stock bulls remain in control as civil unrest across the country calms and hopes grow for a new round of stimulus. Minnesota's Attorney General yesterday announced charges against all four former Minneapolis police officers involved in the death of George Floyd last week, which many believe will help settle the recent violence. This helps pave a smoother path for more businesses to open in the days ahead, many of which had to postpone corona re-openings due to protests and rioting. Stock bulls are also cheering news that President Trump is planning talks with senior advisors about the next coronavirus relief package which could indicate another round of stimulus may be on the way sooner rather than later. Some in Congress have resisted moving too quickly, preferring to see how the economy does with what it's already been put in-play. There is also the belief that a swift rebound will negate the need for more stimulus. ADP jobs data paints a much better picture than most have been predicting, showing just -2.76 million jobs lost in May. That's only about one-third what analysts were expecting so perhaps the labor market is a lot healthier than other data indicates. Some 40 million Americans have filed initial jobless claims since March and

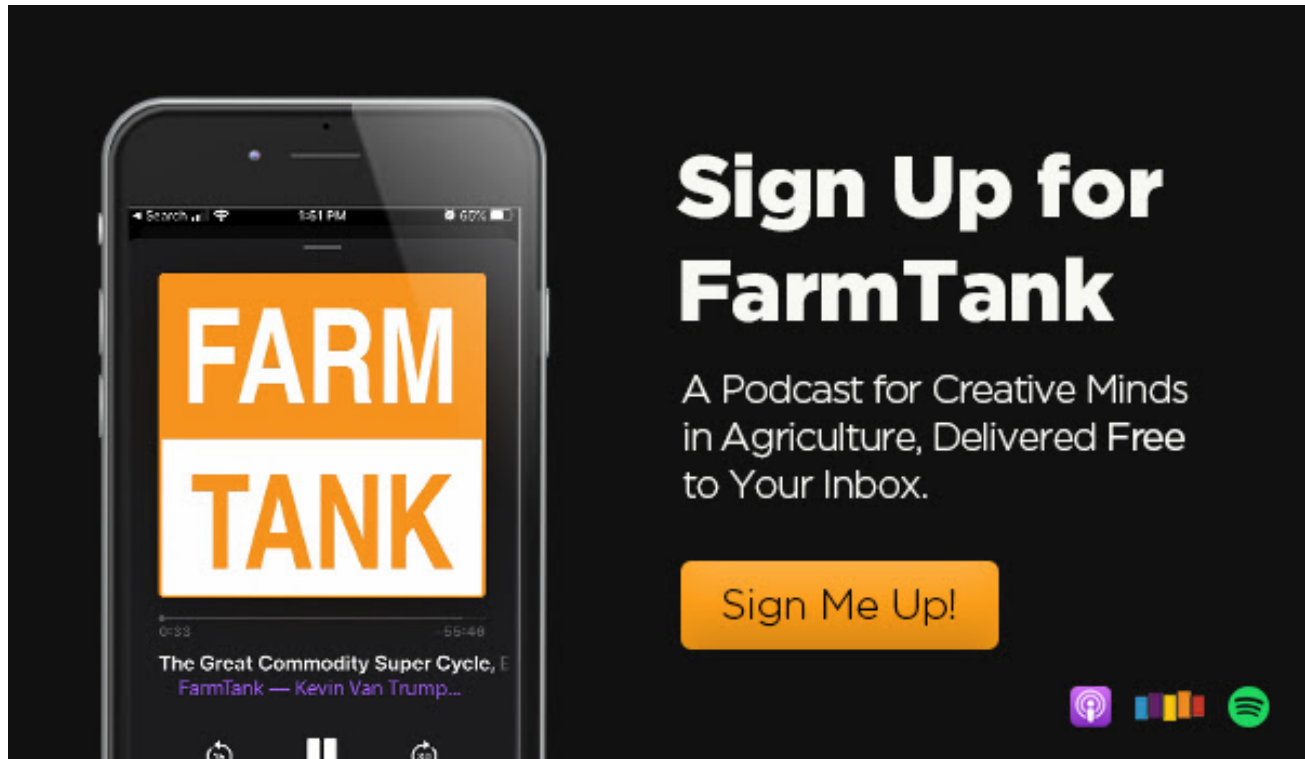
another 1.8 million new claims are expected to be reported today. Keep in mind, ADP's numbers can sometimes differ greatly from the Labor Department, which releases the official May Employment situation report on Friday. Stock bears continue pointing to growing tensions between the U.S. and China. Washington's latest move to ban Chinese passenger airlines from flying to the United States is aimed at getting China to lift its ban on U.S. carriers which some worry could further exacerbate tensions. The move follows President Trump's announcement last week to end Hong Kong's special trade status. China so far has not made any retaliatory moves and stock markets certainly aren't reflecting any major concerns at the moment. Investors are also keeping close tabs on China's economic recovery, as it was the first to be hit by the pandemic and the first to reopen. The most recent Chinese manufacturing data indicates activity was back in expansion territory in May after hitting a 10 year low in April. However, data also indicates employment is still on the decline with the services sector continuing to struggle. Most economists believe China's economic rebound has been slowed by the widespread shutdowns in the rest of the world that began just as China was starting to reopen. Meaning perhaps a quicker turnaround in the U.S. and now the world as most major economies are also getting back online.



**NEW Highly Volatile Podcast... with Special Guest Joel Ross "Ross Rant". This podcast includes all kinds of interesting topics!"**

Kevin and Andy talk shop about some their current trades and investments. Then, invite special guest Joel Ross, author of Ross Rant and principal at Citadel Realty Advisors. They talk a lot about investments to look for in corona fallout, how to play the presidential election, what works and doesn't work with real estate investments, the future of our education and colleges, and much more...

If you haven't yet signed up for the podcast series, you can do so for FREE by [Clicking HERE](#), the podcast will come direct to your inbox from our FarmTank team. Look for the NEW podcast in your inbox around 7:30 AM CST!



**Greatest 50-day Rally in the History of the S&P 500:** *The S&P 500 has returned +39.6% over the last 50 trading days, making it the benchmark index's largest 50-day rally in history. Looking at the other largest 50-day rallies all the back to 1957, LPL Financial found that stocks were higher 100% of the time six and 12-months later. It should be interesting to see how this bull run plays out.*



**Ryan Detrick, CMT**  
@RyanDetrick



50 trading days after the bear market ended and the S&P 500 is now up 39.6%, for the best 50-day rally ever.

Looking at the other largest 50-day rallies, they tend to take place at the start of new bull markets and the future returns 6- and 12-months later are quite strong.

#### Largest 50-Day S&P 500 Index Gains Ever (Greater Than 20%)

This Was The Greatest 50-Day Rally Ever; Past Big Rallies Have Led To Continued Strength

Date	50 Day % Change	S&P 500 Index Return			
		1 Month	3 Month	6 Month	12 Month
3/6/1975	26.9%	-4.0%	10.8%	3.0%	18.2%
10/22/1982	35.6%	-3.3%	3.6%	15.6%	20.3%
3/26/1991	20.8%	0.8%	-1.5%	3.0%	8.7%
6/24/1997	20.5%	4.9%	6.2%	6.4%	26.4%
12/18/1998	23.8%	4.0%	6.2%	12.4%	19.4%
5/19/2009	34.2%	1.1%	9.0%	22.2%	22.8%
9/16/2009	21.3%	2.6%	3.7%	9.1%	5.2%
6/3/2020	39.6%	?	?	?	?
Average		0.9%	5.4%	10.2%	17.3%
Median		1.1%	6.2%	9.1%	19.4%
% Positive		71.4%	85.7%	100.0%	100.0%

Source: LPL Research, FactSet 06/03/2020 (1957 - Current)

All indexes are unmanaged and cannot be invested into directly. Past performance is no guarantee of future results.

The modern design of the S&P 500 Index was first launched in 1957.

**Here Comes Vegas!** Some hotels and casinos are reopening on the Las Vegas strip today after closing due to corona. They are required to have a plan for proper hygiene and social distancing before they can reopen. For example, "Bellagio and other MGM Resorts properties, hand-washing stations and plexiglass shields have been set up on the casino floor." Resorts "are encouraging guests to use their mobile check-in process" and "also use the hotel's digital key technology to enter their rooms. Read more at [BusinessInsider](#)



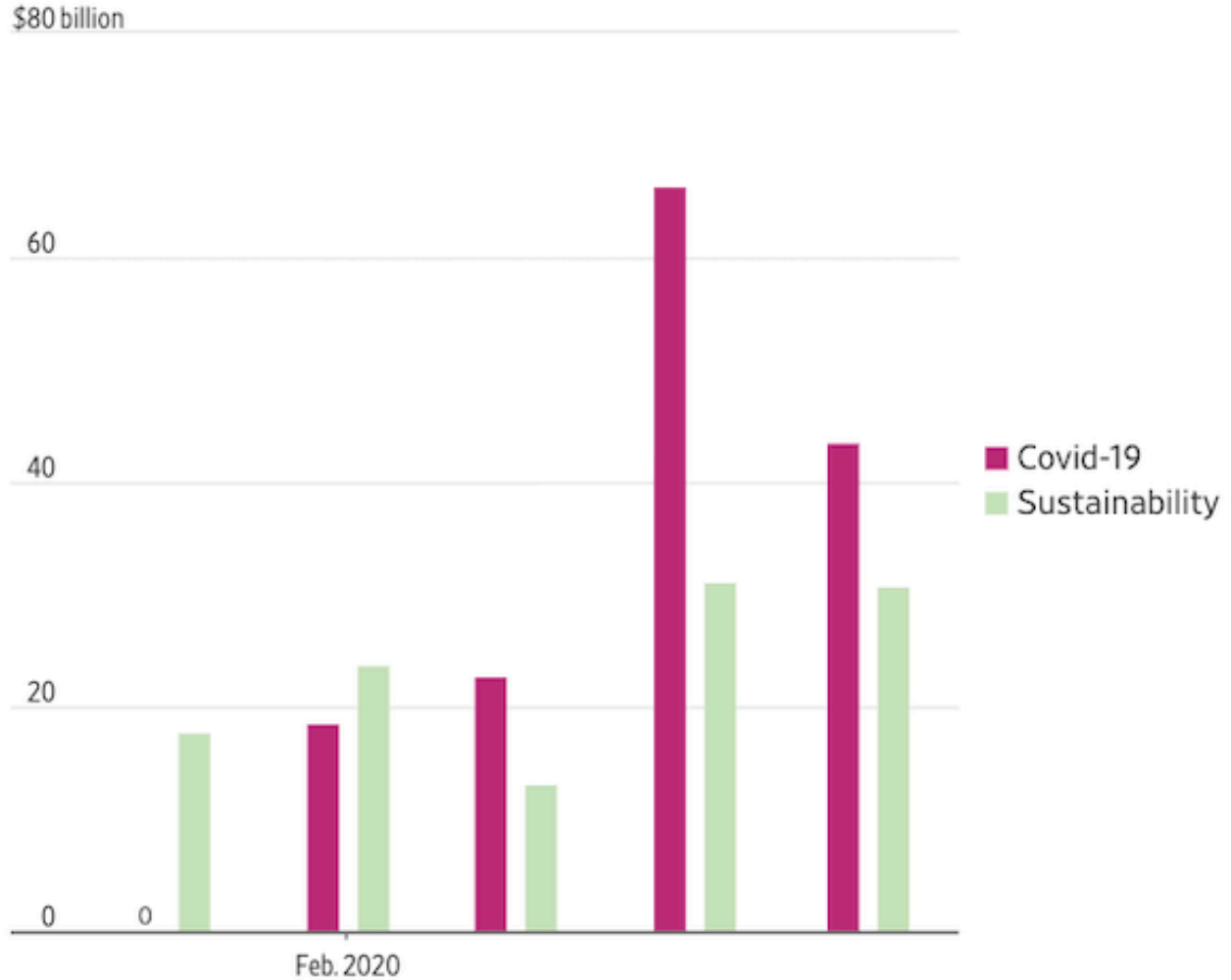


**Millionaires Cut Spending, Postpone Purchases:** *A majority of American millionaires say they plan to spend less this summer than in years past, according to the newest CNBC Millionaire Survey, which polls 750 people with investible assets of \$1 million or more. Real estate, new cars, and vacations are the expenses they are most likely to put on hold -- and many won't complete those purchases for at least a year. More than 1 in 4 millionaires plan to postpone a real-estate purchase due to the coronavirus, according to the survey. Fully 15% plan to postpone the purchase of a car, and 10% plan to postpone a vacation. When asked when they plan to complete those purchases, the largest number (37%) said in 2021 or later. Half believe the recession will last longer than the Great Recession of 2008-09. And when considering a major purchase like real-estate or a car, some may be waiting for prices to fall even more. Read more from [CNBC](#).*

**Airline ETF Climbs +2,930% Since March:** *"Bored" millennials are being credited with boosting a once obscure airline ETF past \$1 billion. The US Global Jets exchange-traded fund, ticker JETS, posted its 64th consecutive day of inflows on Tuesday. Its growth has been staggering: The ETF—whose top holdings are the four major American airlines—held just \$33 million in early March, meaning its assets have climbed +2,930. "All these millennials, being stuck at home with no bars to go to and no beaches to travel to, took their money and became day traders," said Frank Holmes, CEO of JETS issuer U.S. Global Investors. Read the full story over at [Bloomberg](#).*

**Investors Channel Over \$150 Billion Into Coronavirus Bonds:** *The coronavirus pandemic has led to the genesis of a new class of bonds, paving the way for fund managers to springboard from socially responsible investing to putting money toward the health crisis. Governments, banks, companies and multinational organizations raised \$151.5 billion globally by May 31 from selling Covid-19 bonds, or debt whose proceeds are broadly earmarked for work linked to the pandemic, according to research by BNP Paribas. Pharmaceutical giant Pfizer, Bank of America, and Bank of China are among those that have tapped investors with such bonds since February, though sometimes even the issuers don't classify the debt as virus bonds. Some part of the proceeds from the virus bonds are being used to fund the development of vaccines or treatments, or to bolster health-care systems and curtail the outbreak. In other cases, the funds may go toward relief efforts, but there is no system in place to track their ultimate use. The Covid-19 bonds have attracted more money this year than bonds linked to sustainability projects, a corner of the debt market that has received a lot of attention due to growing interest in climate-change issues. Read more from [The Wall Street Journal](#).*

## Pandemic and sustainability bond issuance



Source: Bloomberg data via BNP Paribas research

# FARM TANK

## Tweets of the Day





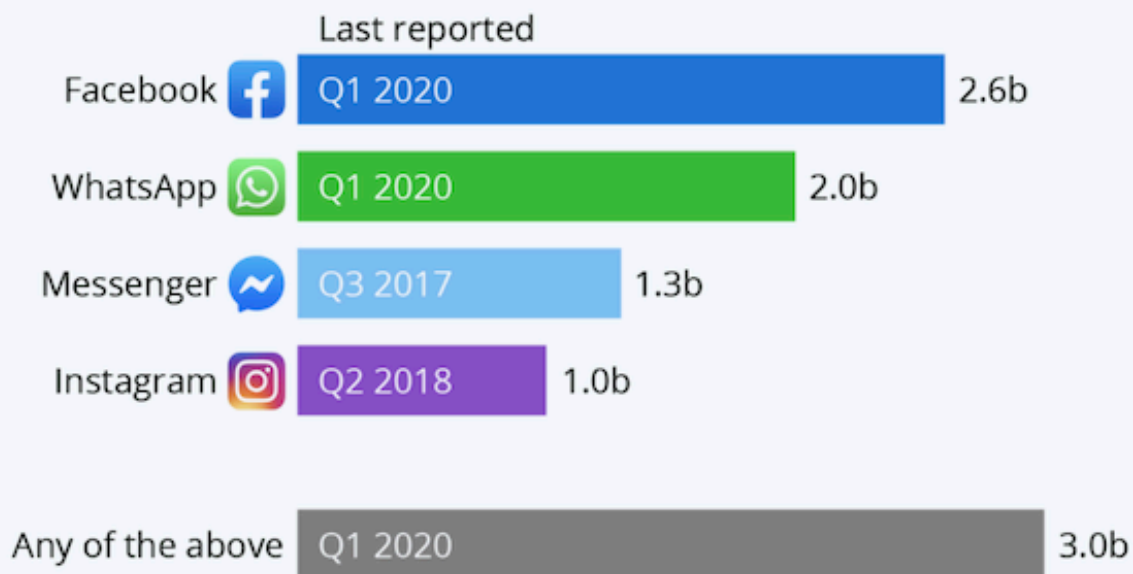




#Facebook is reaching 3bn people per month as their Q1 results show the social giant has been largely unaffected by #Covid19. In fact, ad revenue increased 17% year-over-year. The recently announced that up to 8 people can now live chat using #whatsapp. [statista.com/chart/2183/fac...](https://statista.com/chart/2183/fac...)

## Facebook Reaches 3 Billion People Each Month

Monthly active users of Facebook's social media/messaging platforms



Source: Facebook



statista



**Jon Erlichman** ✓  
@JonErlichman



## Facebook's cash pile:

2020: \$60.3 billion

2019: \$45.2 billion

2018: \$41.1 billion

2017: \$41.7 billion

2016: \$29.4 billion

2015: \$18.4 billion

2014: \$12.5 billion

2013: \$7.8 billion

2012: \$5.1 billion

2011: \$3.7 billion

2010: \$1.8 billion

2009: \$633 million

2008: \$297 million



**Shilow J Bennett**  
@shilowj



Nothing beats a ride in an old farm truck with your grandpa! [#futurefarmer](#) [#plant20](#)



**Corn Junkie**  
@SchwabMatt



Looking Sanford & Son today with my Auction sale treasures







NE Michigan



iRohan  
@snoopdingo



When someone's trying to make your dinner but you're getting in the way because your hungry and can't be arsed waiting. [#plant20](#) [#giveitacoupleofweeksgirls](#)

**Pingrup, Western Australia**









**Shaun Tyson**  
@ShaunPTyson



If 2020 had an album cover

## If 2020 had an album cover





ActionComplete  
@ActionComplete



It has been my observation that most people get ahead during the time...

~Henry Ford

#motivation #success #quotes

*It has been my  
observation that most  
people get ahead  
during the time that  
others waste.*

*—Henry Ford*

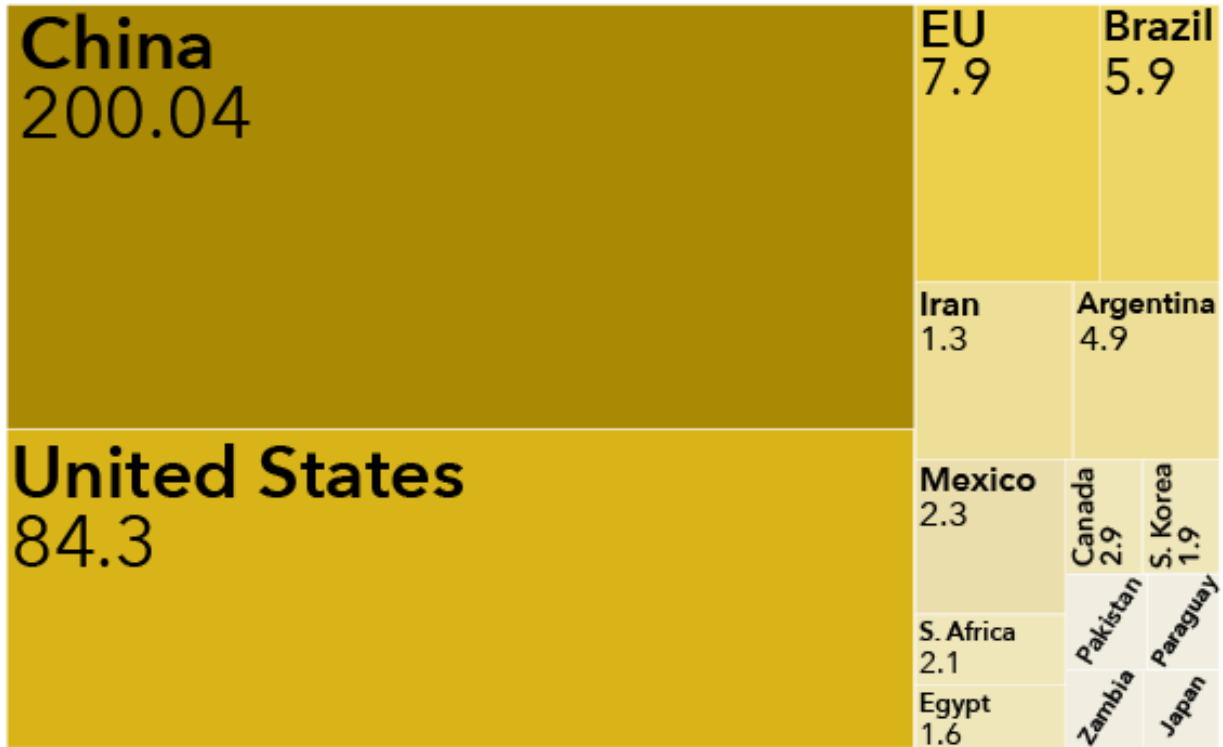
**CORN** continues to trade in a sideways to slightly higher range but still only about +15 cents above the lows. Technically, I think it will take another +20 to +25 cents to shake the bears and bring bigger bullish money-flow to the party. As a spec, I worry that will be difficult to make happen without a major U.S. weather hiccup so I remain on the sideline. I don't want to be short down at these levels

but there's just not enough production worries or demand improvements to get overly excited as a bull. Sure, money could slosh around and rally the market another +10 to +20 cents but much beyond that the U.S. weather forecast will have to get more worrisome or Chinese demand for U.S. ag will have to pick-up momentum. As a producer, I like the thought of selling old-crop bushels on the rallies and reowning in some limited-risk capacity. As for new-crop, buying cheap puts for a safety-net or implementing some strategy to help protect the downside on uninsured or unprotected bushels. Keep in mind, the rally in the Brazilian real vs. the weakness in the U.S. dollar has provided a recent tailwind, I'm just uncertain how long that headline will last and provide price support. As producers, even though we don't like the current price, we have to be paying close attention the next 30 to 45 days as it might be the best we get for old-crop bushels we need to move before the new-crop harvest. The weather forecasters are still talking mostly cooler and wetter for many important production areas or should I say not talking overly hot and dry. We also have what appears to be stiffening competition from Argentine exporters coming into the mix. Weather and Washington will remain the most important headlines...



# 2020/21 Global Corn Ending Stocks

(in million metric tons)



**World Total: 339.6 million metric tons**

Source: USDA, PS&D, June 2020



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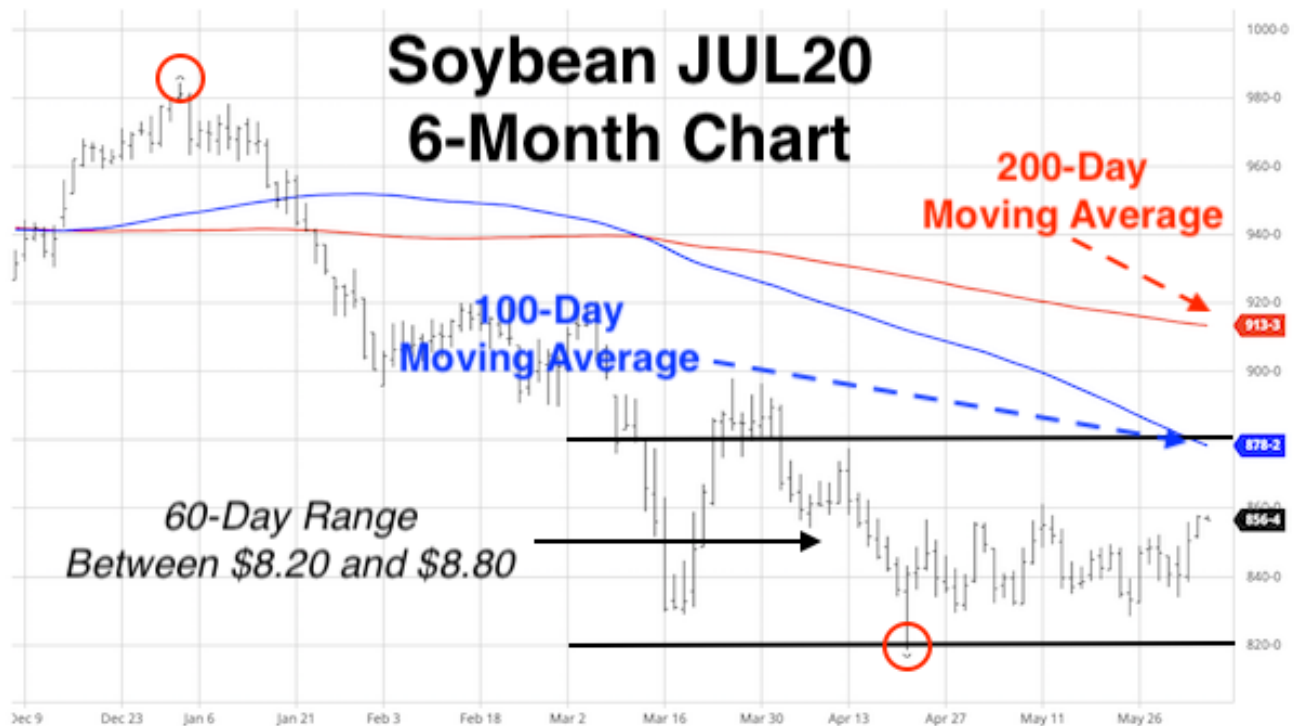
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**SOYBEAN** traders continue to debate Chinese demand and U.S. acreage. Personally, I'm in the camp that U.S. acres are higher than what the USDA forecasted early and that the Chinese are going to work towards fulfilling their "Phase 1" commitment. Net-net, that does little to change the balance sheet because U.S. production probably works higher on increased planted acres and hopefully an uptick in demand can eventually offset the supply-side gains. In other words, we might just chop around for a bit. If the weather forecast gets hotter and drier we trade to the upper end of the range. If the Chinese become more aggressive buyers of U.S. supply we trade to the upper end of the range. If both happen we break-out to the upside, if neither happens we breakout to the downside and post new lows. As a producer, I think there will be some

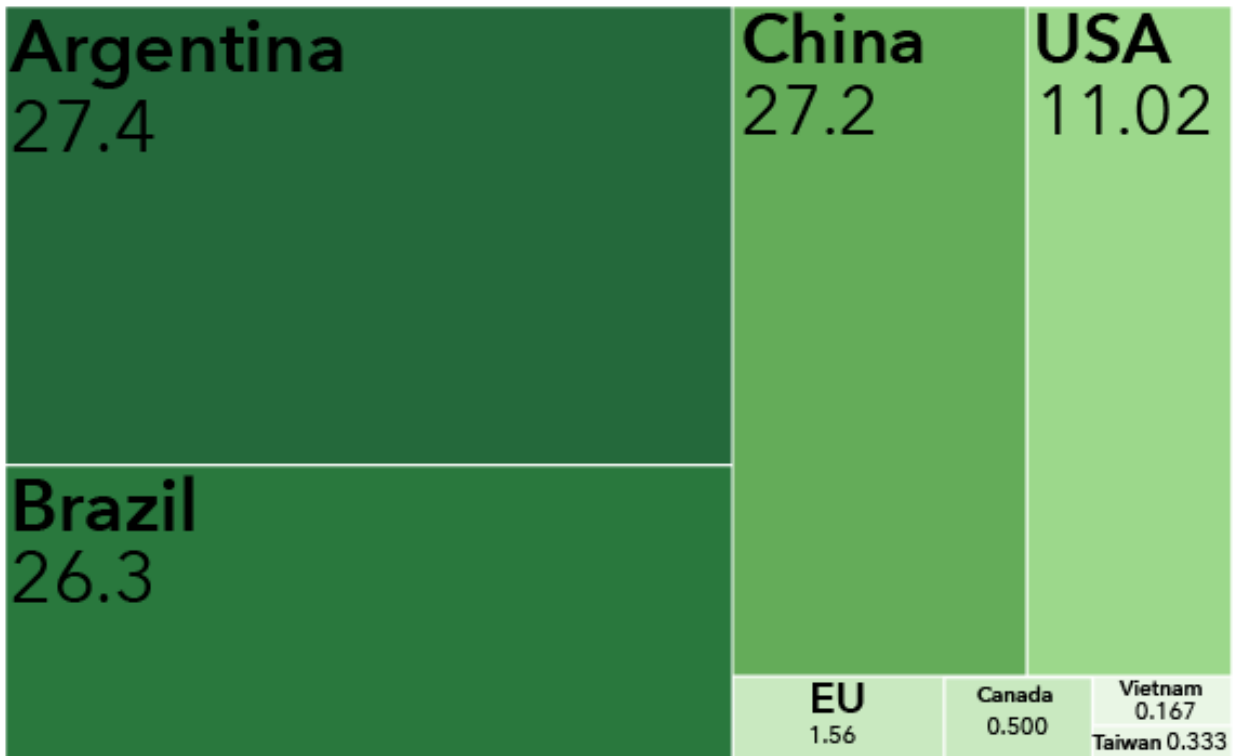


combination of headlines that allow us to test the upper end so I want to remain patient. At the same time, I need to keep my hedges in place to protect the downside. Again, I like the thought of defend the \$8.50 level in some capacity. Similar to corn, simple money sloshing around could rally prices another +20 to +30 cents beyond that level it's going to take much more serious headlines. As a producer, we have to be paying close attention to any unpriced old-crop bushels that we want moved prior to harvest. The chart below is JUL20 soybeans, pay attention to the old-crop bushels as work towards the 100-Day Moving Average and the upper end of the range.



# 2020/21 Global Soybean Ending Stocks

(in million metric tons)



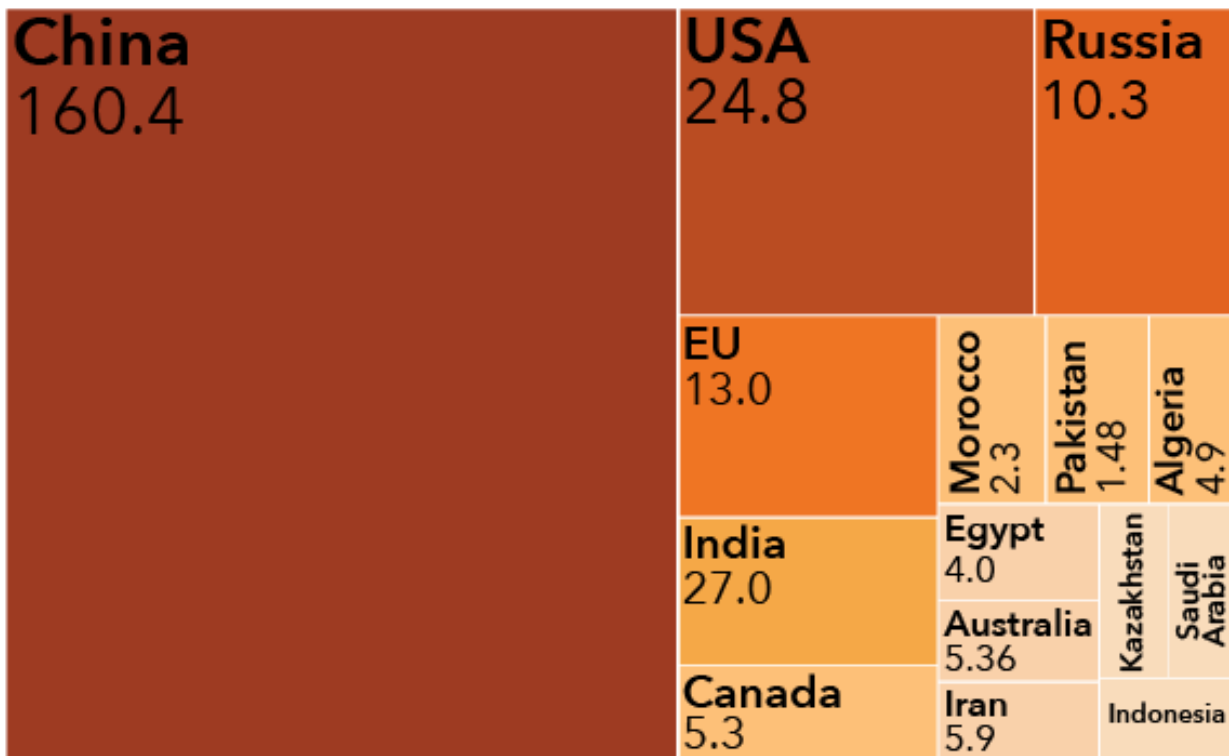
**World Total: 98.39 million metric tons**

Source: USDA, PS&D, June 2020

**WHEAT** bulls point to the recent weakness in the U.S dollar. Weather here in the U.S. seems mostly mixed, but bears are arguing better rainfall in parts of Europe and the Black Sea region. Without a global weather story of some sort or big Chinese buying, it's tough for me to believe we can mount a large sustained rally. As a spec, I've closed my bullish positions banking small profits. As a producer, I will look to price a bit more new-crop bushels should we post another leg higher. As a spec, I'm thinking I can establish a longer-term bullish position at a better price. I can see a bullish story but I don't want to risk it developing at these levels.

# 2020/21 Global Wheat Ending Stocks

(in million metric tons)



**World Total: 310.11 million metric tons**


Source: USDA, PS&D, June 2020


## WOW... What A Call!

The call Andy Daniels made in the rice market was one for the books. He sent us his comments and they ran in the report back on Monday November 25th, 2019. He has updated us along the journey. I wish I could say I've made fortunes but I haven't. I've made some great profits in rice this year but have donated a big portion of that back getting caught on the wrong side in a few other markets. Regardless, I have to tip my hat to Andy and friends for the great call. It's not often that you forecast and actually stick with it and catch that type of whale. Below I included a JUL20 rice chart and the comments from back in late-November 2019. Lets just say, his "conclusion" was very good... Please remember, there is substantial risk in trading futures and options. You should carefully consider whether such trading is suitable for you in light of your circumstances and financial resources. Past performance is not indicative of future results!



**REPRINT:** Below is what Andy wrote and we ran in the report back on November 25, 2019. This is simply to be used as an educational reference to look back at how the market played out. Hope this helped producers get a better understanding of the market dynamics and improved risk-management.





# Daniels Trading

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

**My Current Thoughts about the RICE Market:** The USDA has been given a lot of grief lately about various reports and rice hasn't been left off the list regarding questionable numbers. The difference with rice is twofold; not only is production overstated, but the demand estimates have been artificially lowered due to insufficient supplies. The production side of the equation is generated by NASS and the Interagency Commodity Estimates Committee which consists of four people who put together the WASDE

supply and demand numbers. In the case of rice this year, they had to start at the bottom with what is most likely their lowest carryout number (pipeline) and work upwards:

## U.S. Production & Consumption

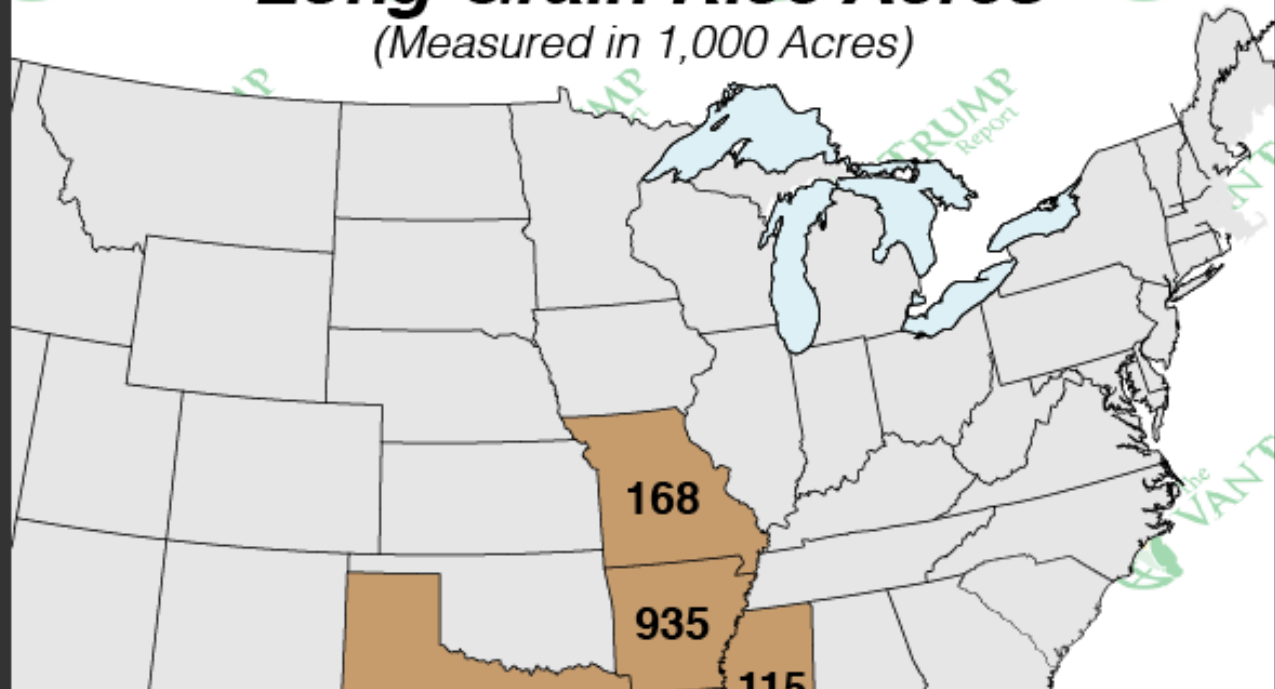
	2018/19'	USDA Estimates	Andy's Estimates	Difference
Carry	20	33	33	0
Production	164	127	121	-6
Imports	24	24	24	0
Total Supply	221	184	178	0

### Consumption:

Domestic	109	98	105	+7
Exports	66	66	53	-13
Carryover	33	20	20	0

## Long-Grain Rice Acres

(Measured in 1,000 Acres)







**A few things to consider when trading rice:** Total acreage for long-grain rice is projected to be 1.74mm acres which are broken down above.

Total open interest is only 8,972 contracts of which 8,435 is in January, 498 March, 13 May, and 26 July, hence no real spread opportunities in the deferred positions and market orders are ill-advised due to the lack of liquidity. The options market is fairly thin as well. Best to TRADE SMALL

A contract is 2,000 hundred weights and trades in ½ cent increments, so a 1 cent move is \$20 per contract vs \$50 in corn, beans, and wheat.

20MM HWTs is historically considered pipeline minimums

The crop year is Aug 1- July 30

***That said, let's review:***

**Production:** USDA is using 127mm HWTs for total production. This number, along with Dec 1 stocks, will be revised in the Jan 12th final production report. Based on canvassing and conversations with numerous commercials and producers, I believe that number is too high as Arkansas is overstated by conservatively 6mm HWTs due to overstated field yields and dropping milling yields. Problems throughout the year included a late-planted crop, a wet spring, and high temps and low moisture in September.

**Imports:** A fairly static number representing high-priced specialty rice, primarily Basmati and fragrant rice from India. Landed value in the US is approx. \$1,200/MT vs US rice valued at roughly \$550/MT FOB. Other Asian origins (Thailand, Vietnam, etc.) would pencil into the US at approx. \$400/MT, but the quality is not and has never been compatible with US consumption needs; more on that later.

**Domestic demand:** This is where USDA's "residual" is embedded. Last year 109MM HWT's vs forecast this year of 98MM HWTs, is too low. I believe 105MM HWTs is more realistic as domestic demand is the closest thing to inelastic that there is. Millers buy by the ton and sell by the pound. Also,

Budweiser, Kellogg's, etc., are not going to alter their formulations with rice prices being such an insignificant part of their overall cost structure. As mentioned above, the quality of other Asian origins prohibits it from being an alternative supply in our domestic markets. USDA is suggesting that domestic demand will be down 11MM HWTs year on year, while usage milling data (private estimates as USDA does not provide weekly data) to date suggests it is on pace with last year.

**Exports:** In the end, where musical chairs is played, is the only category from which we can ration demand and therein lies the problem. USDA considers 20MM HWTs to be pipeline minimum and they will not go below that number. The glaring problem is export sales through the first 14 weeks of the marketing year are 36.6MM HWTs vs. 28.3MM HWTs one year ago; an all-time record sales pace this early in the year. That leaves only 16MM HWTs available over the next 38 weeks. A Herculean feat to say the least . . . not even certain if possible. At a minimum, we will require SIGNIFICANTLY higher price levels going forward.

**Competition:** Global trade is estimated at 44.37MMT this year with the US at 3.02 MMT and our only competitor in this hemisphere, "Mercosur" (Brazil, Arg, Uruguay, Paraguay) forecast to export 2.57MMT. The problem is that Brazil, this hemisphere's largest producer and consumer last year, net imported 537MT vs forecast of 900MT this year, while Mercosur exported 2.985 YA. By my math, that suggests Mercosur has approx. 800MT less to sell this year. So, if our competition in this hemisphere has 1/3 less to sell and we are already so far ahead of last year's sales pace, how can US exports *not be substantially higher (other than the fact we don't have it to sell)?* Lastly, this year's plantings in Brazil are forecast to be the lowest in 19 years due to a weak Real with inputs being quoted in dollars. Furthermore, plantings, which are normally done by the end of October, are only 40% currently due to excessive rains in rice-producing areas which portend a problem for next year.

**Delivery certificates:** On Oct 30 were 1196, of which only 477 remain, and of those, less than 200 are not owned by commercials (Est). What is so unique is the fact that most of the cancellations were done by domestic mills, and this is the first time that I can recall millers EVER stopping this quantity in Nov. Sixty percent of domestic milling is done by two co-ops who historically pool all of their inventories, mill the rice and pay the farmer based on returns from milled rice sales, which they have historically done poorly from a producer's perspective. As a result, there has been a significant reduction in producers participating in the co-op pools in recent years with a significant increase in on-farm storage.

**Price action:** In the January contract: Since May 1, 2019, the low has been 11.06 and the high was 12.56 on Sep 19, 2019. Keep in mind that on May 1, 2019 (when the low was made), acreage was expected to be 700k

*acres higher, which would have resulted in ample supplies, but those were lost due to late planting, Fund participation in the last year has ranged between 2,000 long to 2,000 short. Currently, I estimate funds to be short 1,500. Point being when they decide to exit shorts and build longs, who will be there to sell to them as commercials are cash short?*

**Conclusion:** *Bubba is not going to stop drinking beer and Fido is not going to stop eating dog food. By the time we get the December 1st stocks number on January 12th, 2020, it will be a little late to start whatever rationing will be needed and the price necessary to do so will be prohibitive. We have never had a situation like this domestically so this is uncharted territory. The only other domestic situation that comes to mind was the Hard Red Spring wheat in 2008. Take a look at that chart. When rice made a big move in 2007/2008 front month went from \$12 in Nov to \$25 before the May delivery. Open interest started roughly here and peaked before May deliveries well above 20,000. At the same time, all ag-based commodities were on a roll, which is obviously not the case this year, but the US rice fundamentals are more bullish today than in 2007/2008 or ever in history for that matter. I reiterate it is a small contract with huge volatility so not for everyone's participation. With Jan currently at \$12.10, I consider the downside to be .50 cents (\$1,000 per contract) and the upside . . . pick a number . . . \$3, \$4, \$5,+++. I do not look for the market to top until late spring or beyond, so in Dec, will need to roll longs to March and in April, roll to the May.*

Regards,

Andy Daniels  
Daniels Trading



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# WHATEVER FLOATS YOUR GOAT

## A Section for Creative Minds

**> Egg Farmers Look for CFAP Help:** *Beginning May 26, farmers were able to file for aid from the Coronavirus Food Assistance Program (CFAP). At that time*



*egg farmers producing liquid egg for foodservice establishments were excluded because liquid egg and shell egg farmers were combined into a single category as a commodity that did not suffer a 5% or greater price decline from mid-January 2020 to mid-April 2020. USDA data for processed (liquid) eggs show that prices fell nearly -70% by mid-April. Now, the National Association of Egg Farmers (NAEF) and Iowa leaders are urging the U.S. Department of Agriculture to reconsider. In a letter sent to Agriculture Secretary Sonny Perdue this week, U.S. Sens. Chuck Grassley (R., Iowa) and Joni Ernst (R., Iowa), Iowa Gov. Kim Reynolds and Iowa secretary of agriculture Mike Naig asked USDA to include egg producers to CFAP. With nearly 70% of Iowa's layer flocks producing for the liquid egg market, the COVID-19 market disruption has proved to be devastating to Iowa's egg producers, the state leaders said. Read more from [Feedstuffs](#).*

**> Employee Fear Tops List of Food Industry Challenges:** *The biggest challenges food processors and equipment and service suppliers have had during the coronavirus pandemic include workforce issues, big changes in the way business is conducted, dealing with the supply chain and changes to projects, according to a survey of 324 leaders across the industry done by Food Industry Executive. More than 40% of processors and one in five suppliers said employees have been afraid to come to work amid the pandemic. Processors and equipment suppliers both have seen an impact on their revenue so far, but they do not expect it to be large. In the second quarter of 2020, the suppliers have seen revenue slip about -9.3%, but for 2020 as a whole they only expect a -3.9% decrease. Processors saw their revenues tick up +0.8% in the second quarter, and anticipate a -1.3% decline for the whole year. According to the survey, 52% of processors reported less demand because they primarily served food service. At the same time, 23% saw more demand because of additional retail shopping. Survey respondents were optimistic about the future. More than half — 54% — said they think the business will come back stronger after the pandemic. Read more from [Food Dive](#).*

**> Brazil's Second Crop Corn 2% Harvested:** *Soybean & Corn Advisor says the weather over the last several weeks has probably stabilized the safrinha corn crop in southern Brazil. There has been three episodes of rain over the last three weeks and the crop has dodged two episodes of scattered frosts/freezes. The biggest threat going forward will be the possibility of additional frosts. The safrinha corn harvest is just getting started, so we don't have any good yield reports as yet, but there should be more yield estimates coming in over the next 1-2 weeks. Check out their full harvest rundown [HERE](#).*

**> Pilgrim's Pride Executives Indicted on Price-Fixing Charges:** *A federal grand jury has indicted Pilgrim's Pride CEO Jayson Penn, as well as other executives of the Colorado-based Pilgrim's Pride and Georgia-based Claxton Poultry, on price fixing charges. Pilgrim's Pride is majority-owned by Brazilian*



*meat giant JBS and the second largest U.S. chicken company behind Tyson. The U.S. Department of Justice said Wednesday that the executives from Pilgrim's Pride and Claxton conspired to fix prices and rig bids for broiler chickens from at least 2012 to 2017. They are the first executives to be charged in a long-running investigation of price-fixing in the chicken industry. (Source: Minneapolis Star Tribune)*

**> Warner Music's \$13 Billion Debut:** *The market debut of Warner Music Group is music to Wall Street's ears. The biggest IPO so far this year kicked off Wednesday with a share-price jump as high as +23% on the Nasdaq, in what was seen as another encouraging sign financial markets are recovering after a tumultuous March. The world's third-largest record label raised nearly \$2 billion in an IPO that saw more shares sold than originally planned. The company increased the offering to 77 million class A shares at \$25 per share, valuing it at \$12.75 billion. It had initially proposed to sell 70 million shares at a target range of \$23-\$26 per share. Unusually for an IPO, the entire offering was made up of existing investors selling stock. Billionaire Len Blavatnik's Access Industries owns the vast majority of Warner, having bought the company in 2011 for \$3.3 billion. Read more [HERE](#).*

**> Next Wave of Job Cuts Targets Higher-Paid Workers:** *The pandemic isn't finished with the U.S. labor market, threatening a second wave of job cuts—this time among white-collar workers. Close to 6 million jobs are potentially on the line, according to Bloomberg Economics. That includes higher-paid supervisors in sectors where frontline workers were hit first, such as restaurants and hotels. It also includes the knock on-effects to connected industries such as professional services, finance and real estate. The extent and details of the spillover job cuts will start to reveal themselves Friday with the government's release of the May employment report. The unemployment rate is expected to soar to 19.5%, the highest since the Great Depression. Check out the Bloomberg analysis [HERE](#).*

**> Chinese Gene Sequencing Firm Making Coronavirus Tests:** *A leading Chinese gene sequencing and biomedical firm that said it would build a gene bank in Xinjiang is supplying coronavirus tests around the world. U.S. officials are worried that widespread coronavirus testing may provide an opportunity for state-connected companies to compile massive DNA databases for research as well as genetics-based surveillance. U.S. officials are particularly focused on BGI, a leading Chinese gene sequencing and biomedical firm, which has distributed more than 10 million COVID-19 tests to over 80 countries worldwide. BGI's tests were approved by the FDA for use within the United States. BGI has engaged in gene sequencing of Xinjiang residents and has announced it would build a gene bank and a "judicial collaboration" center in Xinjiang, Axios has found, a region where authorities are seeking to build up genetics-based surveillance capabilities targeting ethnic minorities. Read more [HERE](#).*

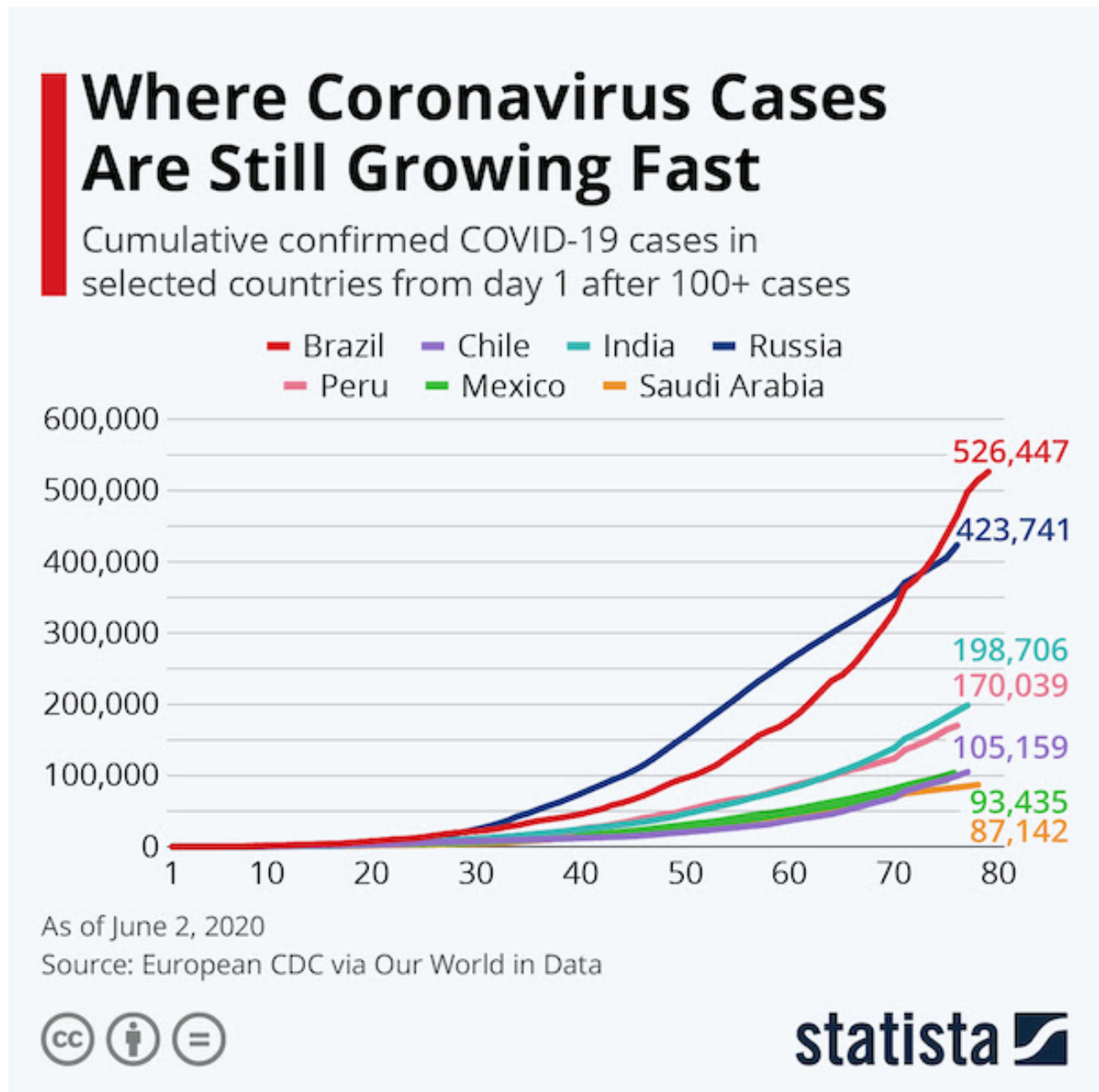
**> Families Rush to Buy Backyard Pools:** *Staring down the barrel of a long, hot summer, homeowners are hunting for creative ways to stay cool, active and sane. Landscapers and retailers say sales of gardening soil, mulch and firewood — for fire pits — are soaring. Trampolines are hard to come by. And swing sets have been sold out for months in some places. And then there are the pools. High-end in-ground varieties remain in demand among homeowners with deep pockets and the luxury to wait months for permits and construction. But it is the aboveground versions that are the hottest items at many pool stores, both because of their relative affordability and ease of installation. However, pools and pool alternatives like stock tanks are getting hard to come by. And installation in some places is already booked through summer. Read more from [The New York Times](#).*

**> Where Our Brains go at Hearing "Free":** *There are many incredible resources available amid this crisis, but we need to keep an eye out for free resources that may have a negative impact on our performance. The reality is that free is not always as good as it sounds. Instead, when it comes to managing your finances, free can actually cost you. Our brains treat "free" differently because it's not clear what we're giving up. When we're getting something free, we aren't parting with any money, so we don't have to go through an entire "Is this worth it?" thought process. When something is free, we don't consider the nonmonetary costs such as time, effort, and quality. As a result, things that are free are generally overconsumed. Read more [HERE](#).*

**> Last Civil War-Era Pensioner Dies:** *Irene Triplett, the last person receiving a pension from the U.S. Civil War, has died at the age of 90. Ms. Triplett's father, Mose Triplett, started fighting in the war for the Confederacy, but defected to the North in 1863. That decision earned his daughter Irene, the product of a late-in-life marriage to a woman almost 50 years his junior, a pension of \$73.13 a month from the Department of Veterans Affairs. "She's a part of history," said Dennis St. Andrew, one of Irene's supporters and a past commander of the North Carolina Sons of Union Veterans of the Civil War. "You're talking to somebody whose father was in the Civil War, which is mind-bending." The number of what the group calls true sons and daughters of Civil War soldiers is fast heading toward zero. Read more [HERE](#).*

**> Where Coronavirus Cases are Still Growing Fast:** *A look at some of the most heavily affected countries outside of Europe shows that the curve of coronavirus infections is still pointing very much upwards in Brazil and Russia, which are now the most-affected countries in the world after the U.S. Outbreaks are also growing in India, Peru, Chile, Saudi Arabia and Mexico, according to data by the European CDC compiled by Our World in Data. Out of all countries with more than 50,000 cumulative cases outside of Europe, some nations have also been successful in flattening the curve of infections - among them Turkey and*

China. (Source: Statista)

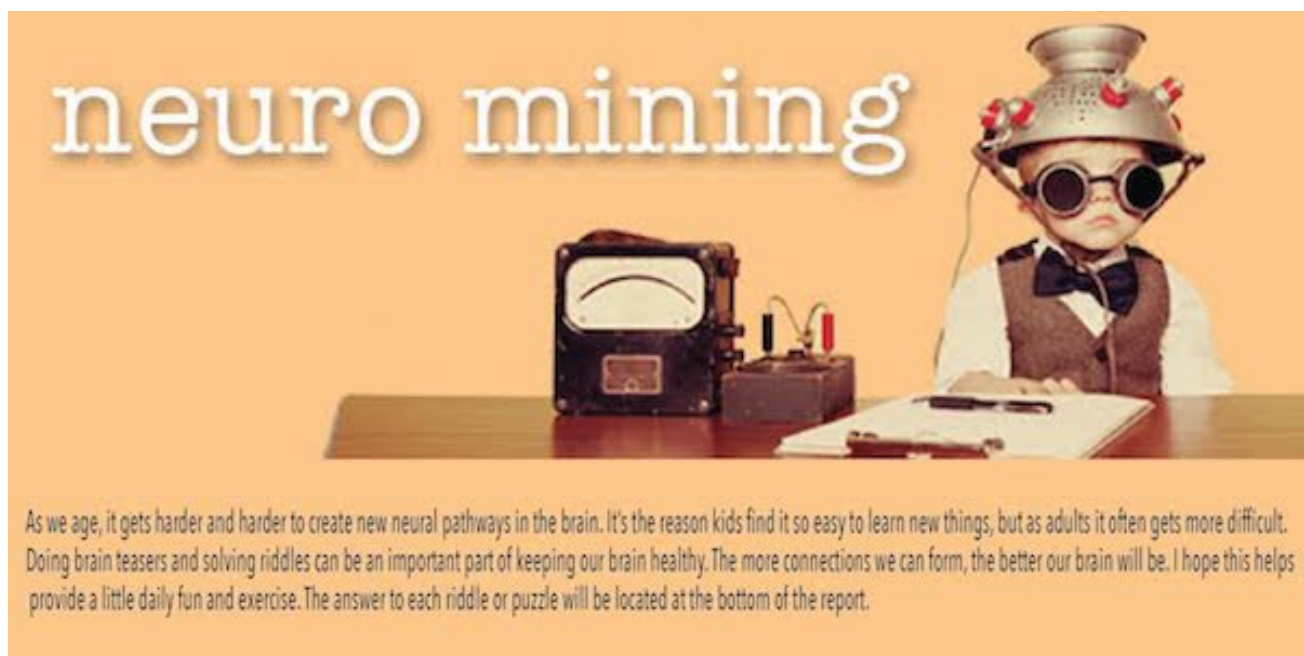


**Southern Texas** - We had been seriously dry and only weeks away from

*collecting insurance on our cotton, then it finally rained. It's not in the bag yet, but if we could get another rain event at the end of this month we could land over two bales per acre. Our corn and sorghum went in late because of the dryness and they look good right now considering. We'll bag a lot of the corn for deer season and sell it. Right now we are doing a lot of spraying, which we do ourselves unless the fields are too wet and need it, which they do, so we had to call the planes in to get the job done. It feels like we are always spraying something on the cotton acres. All in all things are pretty good down in our area.*

**North central Kansas** - *We finished planting everything around the 12th of May. The wheat looks like it might make 45 bushels. We certainly have had better crops than this year but it's not terrible. Some guys lost their wheat crop from the late cold snap but ours bounced back and looks pretty good. There was about a week where we had to let it sit because it looked like we lost it. All the corn and soybeans stand to look solid around this area and I would say most guys are done planting.*

**Southern Wisconsin** - *I don't know if it was too cold early on when we planted or we didn't see the heat units when we needed them the most, but our corn stand could look a heck of a lot better. It's not wet here but there's plenty of subsoil moisture. The first couple of inches is dry and if you get down in the subsoil, it gets pretty tacky quick. Looks like we should see a decent stretch of warm weather so we are hopeful that will straighten out the weak and uneven stands.*



**TODAY'S RIDDLE:** In a year, there are 12 months. Seven months have 31



days. How many months have 28 days?



### **What About Timberland or Home Builder Investments?**

With record low-interest rates and a wave of fiscal stimulus in play the lack of new home inventory could spark a surge in new home construction. At the same time, timberland investments become a lot more interesting with lumber prices rebounding strongly and the housing market expected to hold up well the next few years as a greater number of millennials start to make more money and purchase homes. Housing's expected resilience is also due to the market already being pretty severely undersupplied. And the recent pandemic leads us to an even further decline in inventories as builders in many areas paused, new homeowners, hesitated, and baby boomers delayed plans to sell.

The benefit that many see in timberland investment is its tendency to hold up during troubled times, much like land prices. Wood prices also tend to keep up with inflation over time, and demand for wood products naturally increases over time as the population grows. Over the long-term, timberland returns have done well compared to other major assets and they aren't closely tied to fluctuations in the stock market, making them popular as an alternative investment.

Lumber prices cratered along with nearly everything else in April but have seen a strong and steady climb since the beginning of May. Some of that is due to surging demand by consumers, who have presumably decided to tackle a backlog of DIY projects while stuck at home. Obviously, home improvement projects aren't enough to sustain the industry and will likely fall off as businesses reopen.

Around half the demand for lumber comes from the housing industry so all things timber are extremely sensitive to the health of the housing market. When the COVID-19 pandemic hit the U.S., housing starts dropped by -20% to -30% in many areas. At the same time, housing prices have actually accelerated in many regions due to the sharp inventory decline as many buyers pulled listings during lockdowns.

The economy will be the ultimate determinant of how the housing market shakes out and there are still a lot of unknowns. In a fairly quick rebound scenario, there



is a lot of optimism that rising home prices brought on by severe inventory constraints will lead to a swift rebound in homebuilding. I'm thinking that could be what happens... home building could pick-up momentum.

For those looking to put some money into homebuilders or timberland without buying the actual land, below are few vehicles to consider. As always, be sure to consult your adviser before making any investment. (Sources: LBM Journal, AgriInvestor, Motley Fool, Invesco)

**Weyerhaeuser (Stock Symbol: WY):** *Weyerhaeuser is hands down the industry leader in terms of market cap, roughly three times the size of all the other timber REITs combined. Weyerhaeuser is also the largest private owner of timberlands in the U.S. While timberlands is Weyerhaeuser's largest segment, it also operates a wood products segment, and a real estate, energy, and natural resources segment.*

**Rayonier (Stock Symbol: RYN):** *Rayonier is the second-largest timber REIT, but it's a distant second. By land size, Rayonier is less than one-fourth the size of Weyerhaeuser. The other big difference between Rayonier and Weyerhaeuser is manufacturing - Rayonier is a pure-play timber REIT.*

**PotlatchDeltic (Stock Symbol: PCH):** *The third-largest timber REIT, PotlatchDeltic is about two-thirds the size of Rayonier in terms of both market capitalization and volume of land it owns. PotlatchDeltic also has a large manufacturing business and is one of the Top 10 lumber producers in the U.S.*

**CatchMark Timber Trust (Stock Symbol: CTT):** *The smallest timber REIT, CatchMark owns about 1.6 million acres, although the majority of those acres are owned in joint ventures. About half its revenue comes from its timber business, while the rest is roughly split between its real estate operation and its investment management segment.*

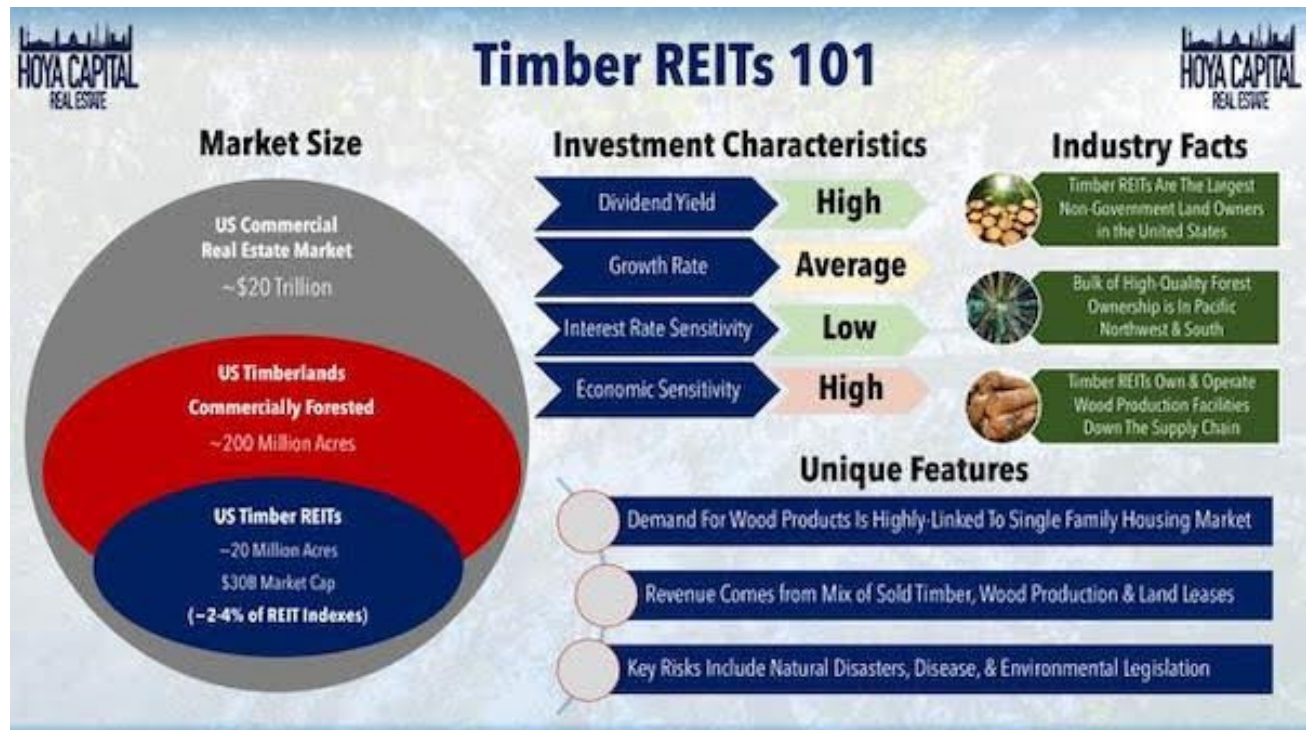
**iShares S&P Global Timber & Forestry Index ETF (Stock Symbol: WOOD)** *which tracks the S&P Global Timber & Forestry Index. The top holdings for this ETF are Rayonier, PotlatchDeltic, Weyerhaeuser, West Fraser Timber.*

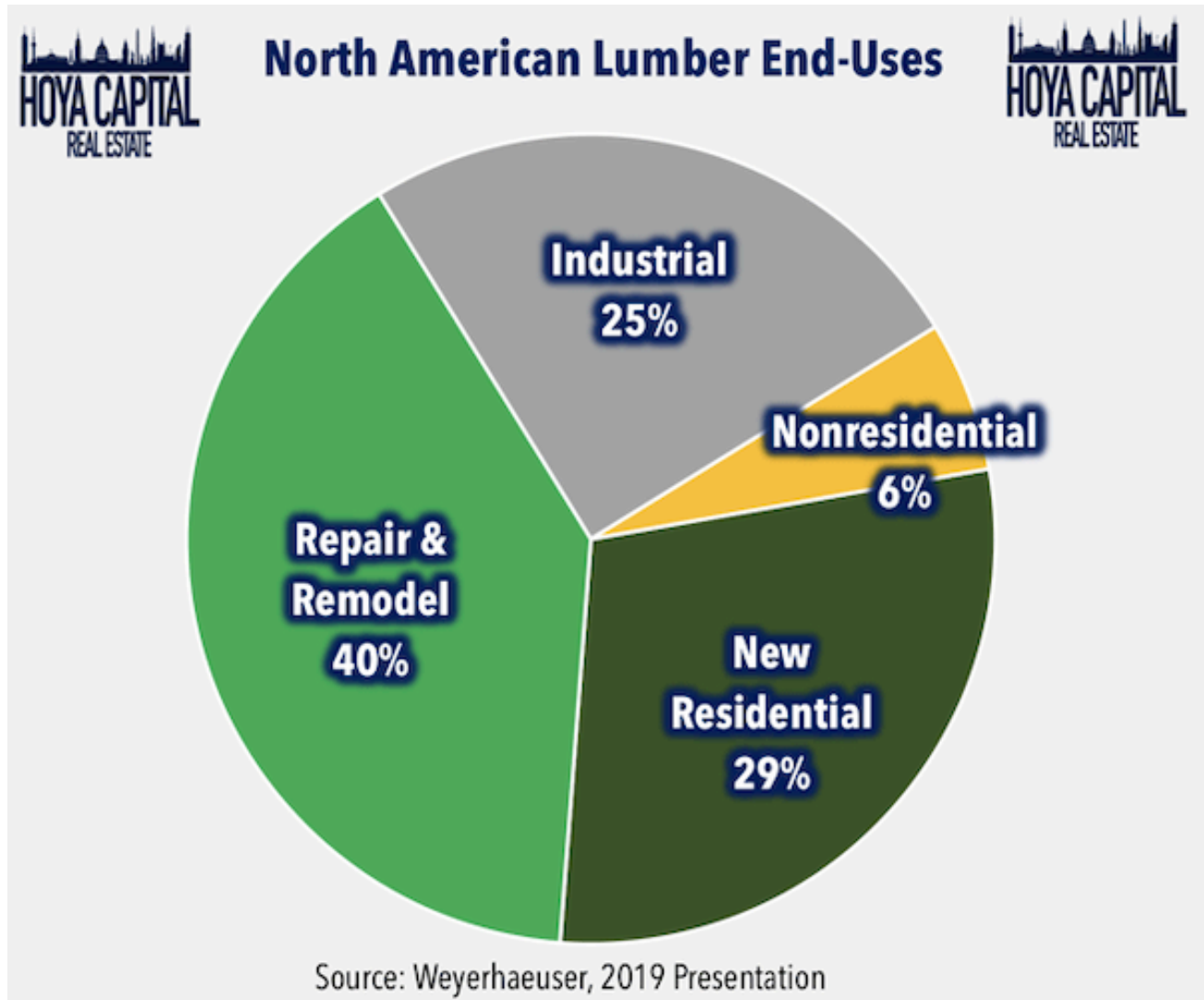
**Invesco MSCI Global Timber ETF (Stock Symbol: CUT)** *based on the MSCI ACWI IMI Timber Select Capped Index. The top holdings for this ETF are Packaging Corp of America, Amcro, Avery Dennison, International Paper, WestRock, Weyerhaeuser.*

**S&P Homebuilders ETF (Stock Symbol: XHB):** *The top holdings for this*

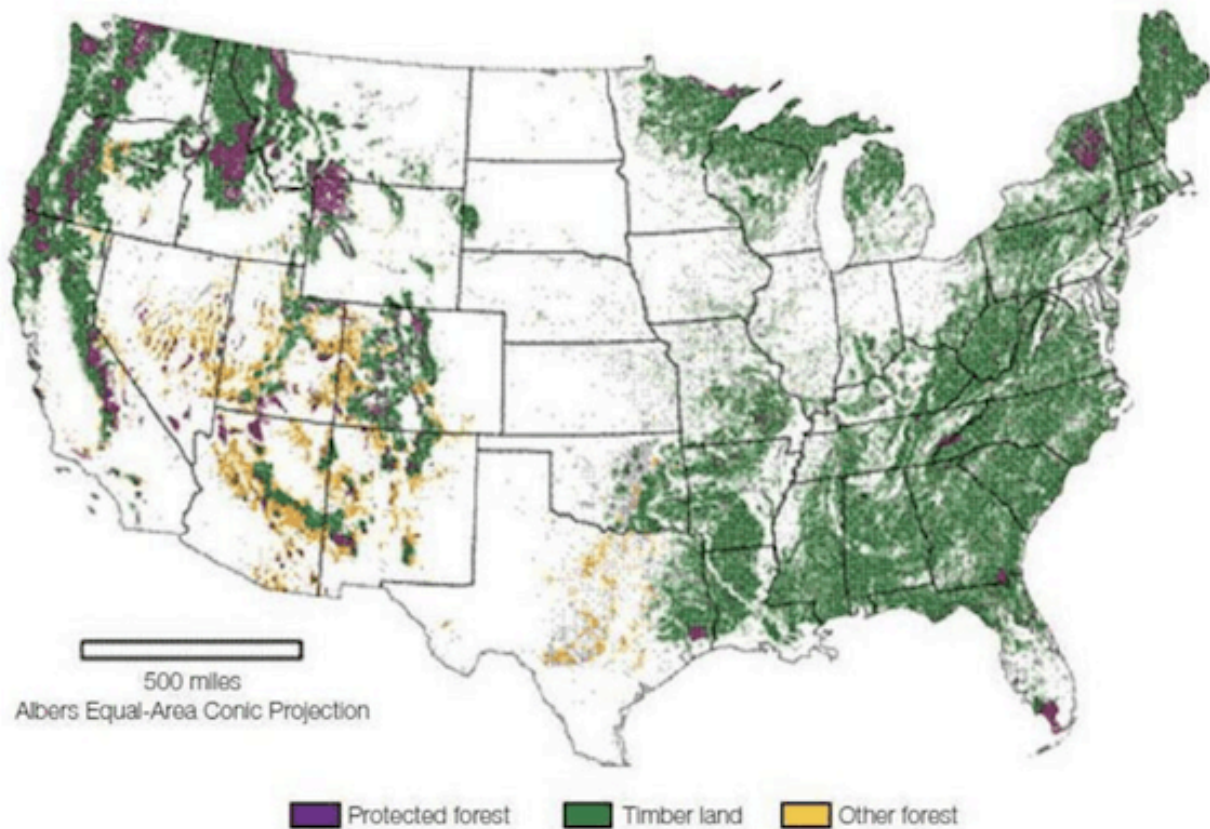
ETF include Home Depot, Lowes, D.R. Horton, Masco, Lennar, NVR, Williams-Sonoma, Whirlpool, Johnson Controls, Lennox.

**Individual Home Builder Stocks:** Toll Brothers (TOL), Lennar (LEN), Pulte (PHM), NVR (NVR), D.R. Horton (DHI).









### China's Tiananmen Square Could Offer Clues About the Future

It's been 31 years since the world watched China crush pro-democracy protests in the now infamous Tiananmen Square Massacre. But, when I review the history and the details I can see some similarities to the protest and demonstrations we are seeing today in both Hong Kong and the U.S. See what you think...

It was on this day, June 4, 1989, that weeks-long student protests were abruptly and violently ended when the Chinese military swept through Beijing, killing demonstrators that tried to block their advance on Tiananmen Square, where troops then opened fire. The estimates for the number of people killed range from several hundred to several thousand. At least 10,000 were arrested and dozens were later executed.

Looking back on those early scenes today, it's hard not to draw some comparisons to what's happening in Hong Kong. Like the protestors in Hong Kong, China's youth was calling for pro-democracy reforms that benefitted more than just the perceived elite.

In April of 1989, the influential pro-reform leader Hu Yaobang, who had been calling for a more transparent government, died. Hu's death prompted thousands of students to march through Tiananmen Square to "honor" his legacy. Thousands



more joined them in the following weeks and the march morphed into a full-blown movement demanding greater freedoms and an end to corruption.

When a rally in mid-May that drew more than a million people forced China's leaders to cancel a welcoming ceremony for visiting Soviet leader Mikhail Gorbachev, martial law was declared. The protestors were undeterred and the Western press began to heavily cover the daily rallies. Meanwhile, a student-led hunger strike began drawing attention across China and protests spread to around 400 other cities. On June 4, Chinese soldiers bore down on protestors and bystanders alike. British intelligence later claimed the Chinese military killed at least 10,000 people in Beijing alone, with hundreds more killed in other cities.

After the crackdown, authorities began rounding up those they deemed as playing a key role in the movement. A number fled to western countries via Hong Kong but many were arrested and jailed on "counter-revolutionary" charges. It's believed many of them were killed. The last known prisoner of the uprising, factory worker Miao Deshun, is believed to have been released in 2016, having been spared execution for throwing a basket onto a burning tank.

Today, what China generally calls the "June Fourth Incident" is almost a taboo subject in the country and information about the massacre is highly censored within China's borders. Some sources say that scores of outspoken activists and intellectuals are placed under house arrest ahead of the anniversary every year to hopefully not reignite the fire. Scholars today say Tiananmen Square, unfortunately, marked a turning in which the door to any meaningful democratic reform was more permanently closed by the Communist Party.

With that history in mind, many see the protests in Hong Kong as something the Chinese Communist Party does not want to let gain more momentum and may use more force early. Let's hope the protests and demonstrations here in the U.S. don't grow and take a similar path to that in China... (Sources: BBC, History, PBS, Wiki)











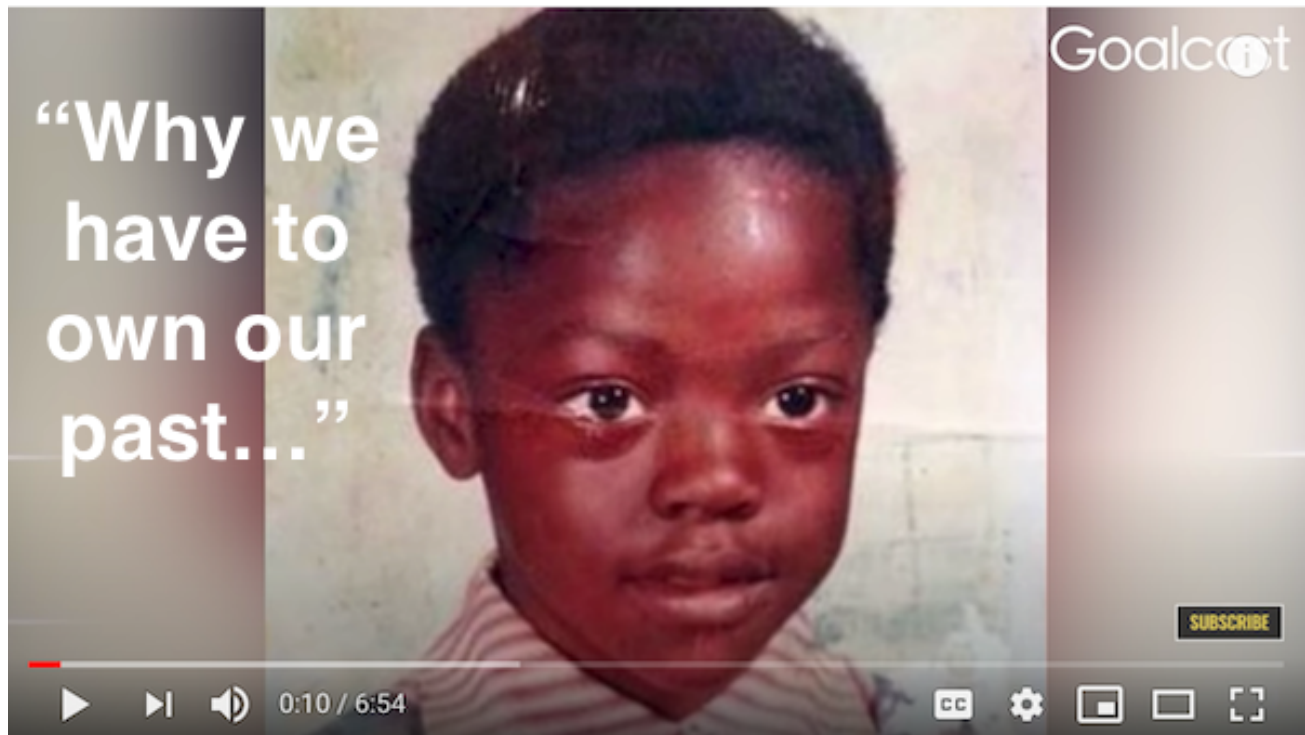


### **Own Your Past!**

Viola Davis came from absolutely nothing and became extremely successful.

Regardless of your political slant, she delivers a very powerful message and provides many a very different perspective. This short video certainly made me think about many things... I hope you take the time to listen and think about how blessed we truly are. Click [HERE](#)

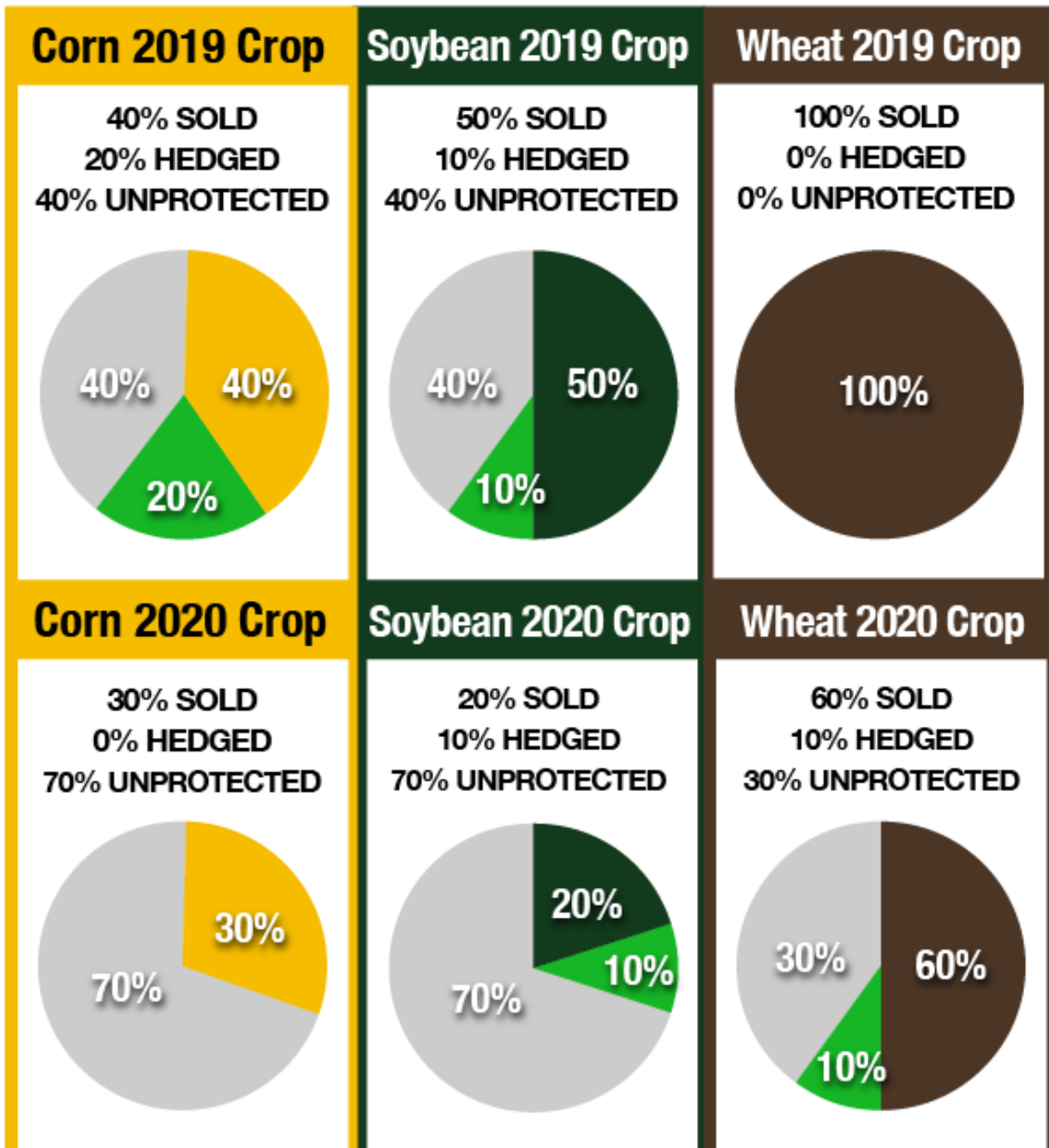
- *When you are extremely poor you feel invisible to the rest of the world.*
- *There's a difference between having a goal and having a purpose.*
- *We all have just a dash of time on this earth and we have to decide how we want to use it!*
- *All of who you are is who you are, how about owning it! Own both the good and the bad!*



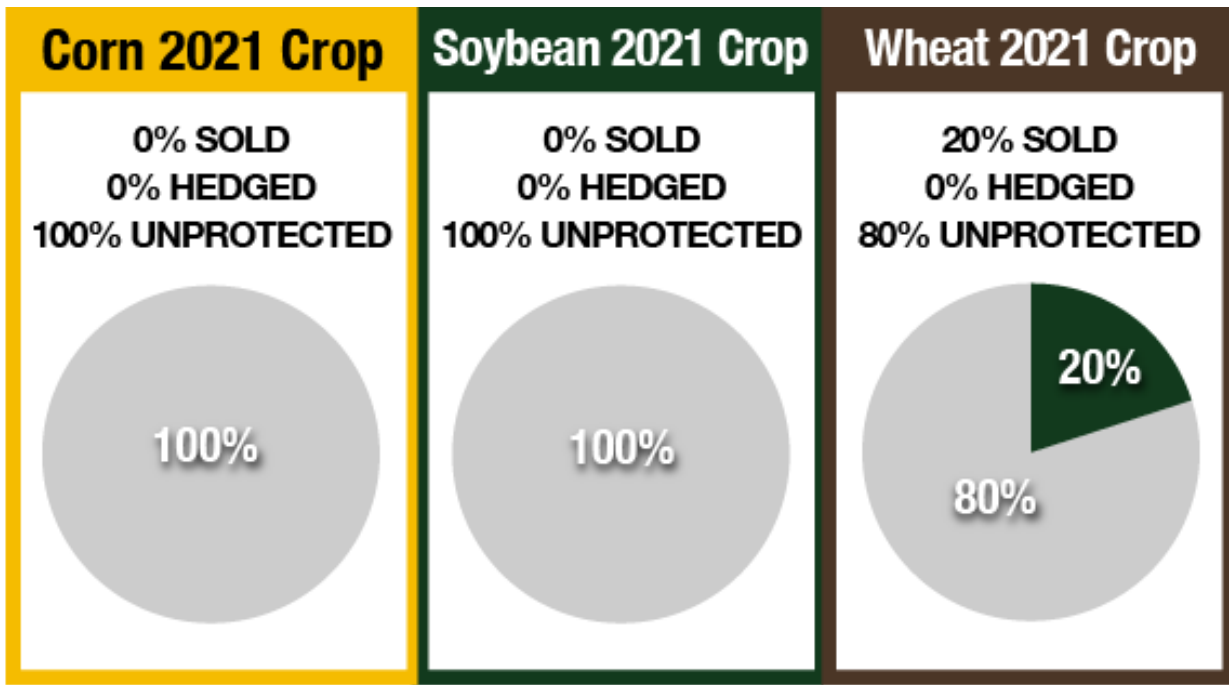
**ANSWER to riddle:** They all do.

**CASH SALES & HEDGING TOTALS**

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