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**GOOD MORNING: The Van Trump Report 6-15-20**

1 message

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

Mon, Jun 15, 2020 at 5:30 AM

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*"Make a pact with yourself today to not be defined by your past. Sometimes the greatest thing to come out of all your hard work isn't what you get for it, but what you become for it." — Steve Maraboli*

**Monday, June 15, 2020**[Printable Copy](#) or [Audio Version](#)

**Morning Summary:** Investors start the week debating the economic reopening, a recent wave of coronavirus, ongoing police protests, and what the Fed has left to pull out of its hat. Coronavirus cases as of yesterday were higher in 23 U.S. states versus two weeks ago, though 19 states are on the decline. Health experts are most closely following the hospitalization rates to gauge whether the increases are due to more testing or the result of real-time transmission. Arkansas, North Carolina, Texas, and Utah all had a record number of patients enter the hospital on Saturday. A handful of cities and only one state - Oregon - have pushed paused on their reopening schedule but so far there are no indications such moves will be widespread. At the same time, many health experts are now saying with global

travel regulations easing the U.S. will start receiving more travelers from nations that did little to slow the spread. Globally, there are now close to 8 million confirmed coronavirus cases. Most all on Wall Street doubt there will be any additional government lockdowns or stay-at-home orders, but if the continued spread spooks even a portion of our consumers the economy will struggle to fully ignite. Complicating reopening matters in many cities has been mass protests against police brutality, which had been on the decline overall in the past week. However, the shooting of a black man by police in Atlanta over the weekend reignited tensions there, ending in another night of violent rioting. Obviously, the social unrest over the last three weeks has interrupted reopening plans but it's also costing businesses as well as state and local governments a ton of extra resources. In many cases, this is just compounding the financial strain already being felt from the coronavirus fallout. Bulls argue that the economy is in a better place than it was a month ago as restrictions on businesses ease and more people start returning to work. Bears say as long as the threat from coronavirus is hanging overhead the economy will not return to former levels for some time. The latest consumer sentiment index rose from 72.3 in May to 78.9 in June but is still nowhere near the 101 posted back in February. Starting Tuesday, investors will hear from Federal Reserve Chair Jerome Powell again this week as he begins two days of testimony before Congress as part of the central bank's semiannual monetary report. In the report, which was released on Friday, the central bank called the poor state of small businesses "alarming," adding the outlook for viability is "uncertain" with half not expecting to return to normal operations within the next six months. The Fed called the broader economic outlook "extraordinarily uncertain," highlighting strains on both household and business balance sheets that in turn pose risks to the financial sector. Despite a recent uptick in job growth, the Fed said employment for lower-wage earners remains about -35% lower than in February, compared with -5% to -15% lower for higher-wage earners. The Fed's most recent economic projections called for a -6.5% contraction in 2020 GDP with unemployment ending the year at 9.3%, compared to 13.3% currently. Today, Dallas Fed President Robert Kaplan is scheduled to speak. Empire State Manufacturing is also due out today with analysts looking for another double-digit improvement in the region's activity.

**MLB Players End Negotiations:** *Major League Baseball's effort to peacefully negotiate with its players a return from the coronavirus shutdown has ground to a halt. Owners and the players' union have been unable to figure out how to share the financial cost of playing a season without fans in attendance. The Major League Baseball Players Association on Saturday said it would no longer discuss a restart plan after rejecting a proposal that called for them making no more than 37% of their salaries for 44% of a typical season. The players have said they would only return to play if their salaries are prorated based on the number of games played, as called for in a deal the union struck with the league in March. (Source: [The Wall Street Journal](#))*

**Biden's VP Search** *moves into the next phase with the list of top-prospects narrowed to Kamala Harris, Val Demings, Susan Rice, Keisha Lance Bottoms, Elizabeth Warren, and Michelle Lujan*

*Grisham. Most political sources say Kamala Harris is thought to be the frontrunner (Source: Washington Post)*

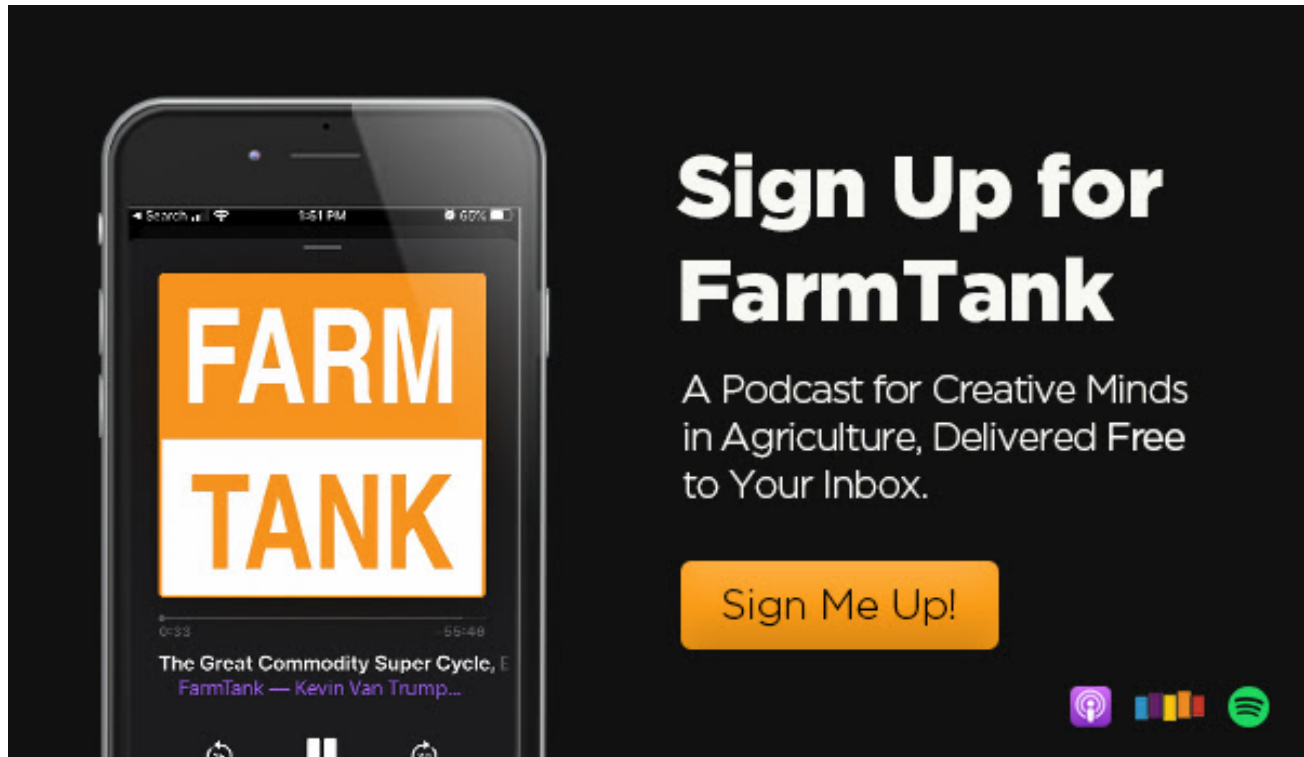
**Times Are A Changing...** *Harley Davidson and Nordstrom are being removed from the S&P 500 to make room for the new. Dillards is now being removed entirely from the S&P MidCap. All data points to "aging demographics" and an out with the old and in with new mentality. Ouch!*

**Making the Most of Your Situation... Here's to the People Who Make Shit Happen and Don't Just Bitch and Complain!** *Emigrating from South Korea to the United States in the early 1980s, Johnathon Kim's parents opened a liquor store in South Los Angeles, with Kim's father scarcely having a high-school education. Jonathan Kim was born in 1984 in Los Angeles. Kim's mother worked as a substitute elementary school teacher while raising Kim and his younger brother. Kim joined the Navy after high school in 2002. Kim graduated BUD/S class 247 and was assigned to SEAL Team 3 with the rate Special Warfare Operator. He deployed twice to the Middle East and participated in over 100 combat missions as a combat medic, sniper, navigator, and point man. Kim is a recipient of a Silver Star, Bronze Star Medal (with Combat "V"), the Navy and Marine Corps Commendation Medal (with Combat "V"), and Combat Action Ribbon. According to Jocko Willink, Kim's Silver Star was awarded for rescuing multiple wounded Iraqi soldiers in the face of enemy fire. Kim received a Bachelor of Arts (summa cum laude) in mathematics from the University of San Diego (USD) in 2012, and his Doctor of Medicine from Harvard Medical School in 2016. In 2017, Kim completed his medical internship in emergency medicine at Massachusetts General Hospital. While studying at Harvard Medical School, Kim met and was inspired by astronaut-physician Scott E. Parazynski to apply for Astronaut Candidacy. Kim was one of over 18,300 applicants. It was June 2017[10] when Kim was one of twelve people chosen to join NASA Astronaut Group 22. He reported for duty on 21 August 2017, and graduated from training on 10 January 2020. Wow, Awesome!!!*



This is what we call **overachievement**, 36-year-old Jonathan Kim is a **US Navy lieutenant** and a form **SEAL**, a **physician** from Harvard Medical School, a **NASA astronaut** and he is now waiting on his first **mission** in **space**.





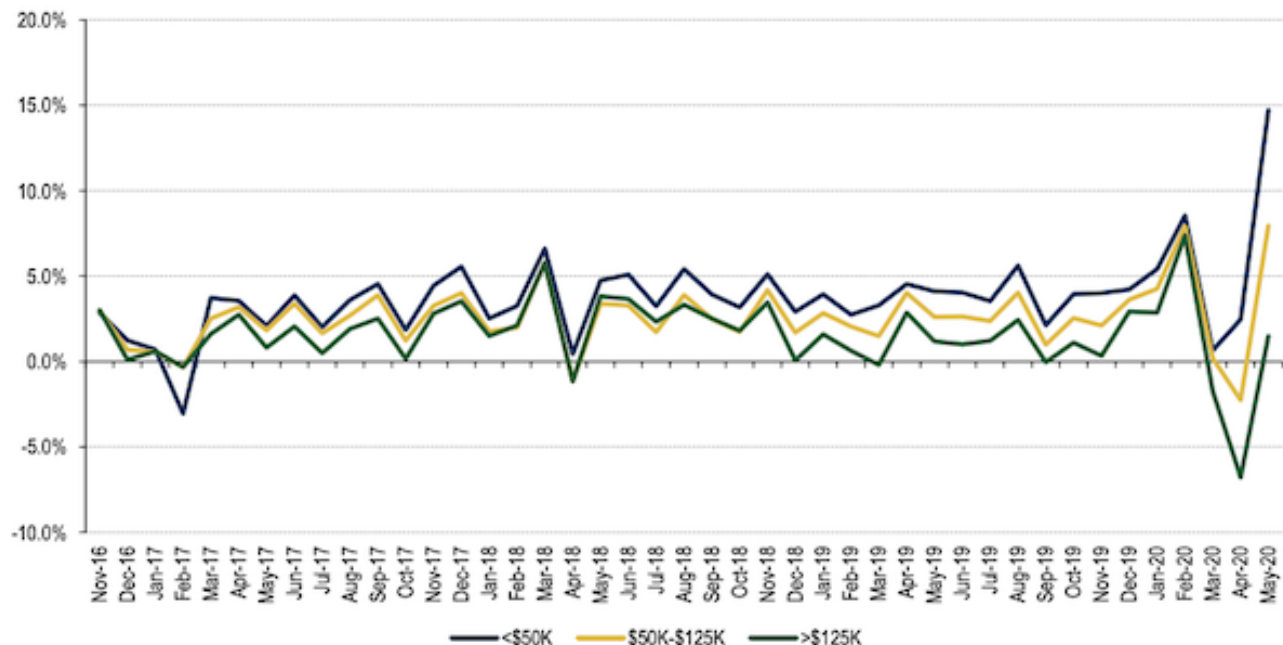
**OPEC+ Maintains Record Production Cuts:** *Oil traders are waiting for the first meeting of OPEC+'s new Joint Technical Committee meeting on Wednesday, following the first weekly loss for oil prices since April. The panel was formed to more closely monitor the effectiveness of record production cuts that OPEC+ countries are participating in and is scheduled to meet monthly through the end of 2020. Its sole purpose is to advise the OPEC+ countries participating in record oil production cuts, meaning any recommendations are still subject to a vote by all OPEC+ members. The group on Saturday agreed to keep production cuts of -9.7 million barrels per day, or -10% of pre-coronavirus world demand, until the end of July. One of the issues the JMMC will look at is whether countries that have not delivered their share of the cutbacks could do more. OPEC+ on Saturday demanded countries such as Nigeria and Iraq compensate with extra cuts in July to September. (Sources: Reuters, Platts)*

**Hotels May Struggle for Years:** *The Covid-19 crisis has punished the hospitality industry as hard as any business. U.S. hotel occupancy levels shrank to less than 25% in April, down 64% from a year ago, in what hotel data tracker STR called the "Worst Single Month Ever." More than 5,000 U.S. hotels closed in March and April, and by the start of June nearly half still had their doors locked, according to STR. The road back to precrisis levels of business is expected to be a brutal slog. Real-estate firm CBRE Group Inc. forecast that guest demand won't return to precrisis levels until the second half of 2022. Slumping room rates will keep the lodging industry from a*

revenue recovery until 2023, the firm said. Corporate travel probably won't come back in earnest until at least 2021, hotel analysts say, and the big groups that arrive for association gatherings or company celebrations are expected to be the last to return. The Wall Street Journal recently took a deep dive on the state of the industry, available [HERE](#).

**Consumer Spending Growth Hit Record in May:** Bank of America in a recent research report estimated the current implied average hourly wages for unemployed workers at \$24/hour, significantly higher than the average for many occupations. According to the bank's aggregated Credit and Debit card data, spending growth accelerated to the highest levels on record in May as spending growth for the low income consumer accelerated to +14.7% (from +2.5% in April), the middle income consumer to +8.0% (from -2.3% in April), and spending for upper income consumer (\$125K+) increased +1.5% (from -6.8% in April). BofA notes that the savings rate was 33.0% in April (highest in history) up from 12.7% in March and compared to 8.0% for all of last year. Analysts watch this rate to gauge consumer confidence - the more confident consumers feel about future wealth prospects, the less they tend to save. The White House has said it does not support extending the expanded unemployment benefit of \$600 a week but President Trump is said to be pushing for another round of coronavirus stimulus in the \$2 trillion range. Such a plan would include more direct payments to tax payers and possibly "back to work" bonuses. (Sources: Bank of America, Politico)

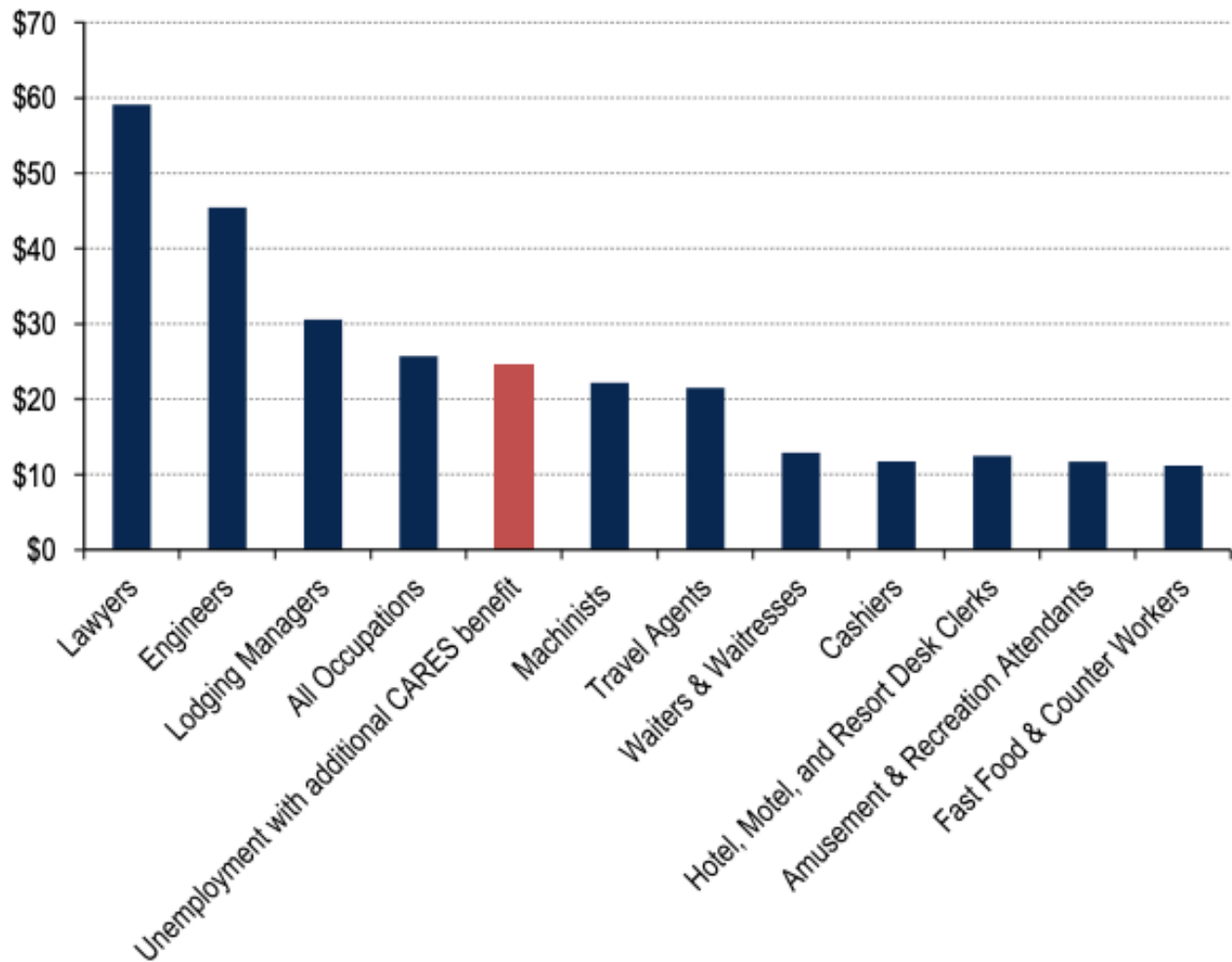
Chart 3: According to BAC credit & debit card data, spending growth for low income consumers continues to outpace low/middle income consumers  
Monthly BAC card retail spending growth (ex-auto & gas), y/y % change, non-seasonally adjusted data



Source: BofA Securities Global Research, BAC internal data

**Chart 1: Avg. hourly wage for unemployed persons under CARES act exceeding wages across many occupations**

Avg. hourly wage




Source: BLS. Avg. Wage data as of May 2019

**FARM TANK**

Tweets of the Day





World Economic Forum   
@wef



3 ways COVID-19 has made the European Green New Deal more challenging [bit.ly/2AtmCFp](https://bit.ly/2AtmCFp)

## Global Coronavirus Stimulus Packages Compared

Financial response to the COVID-19 pandemic as a share of GDP (selected countries)\*





\* As of May 10, 2020  
Source: Ceyhun Elgin



**StockCats**  
@StockCats



**Scott Farm Company**  
@ScottFarmCo



No wind. Let's rock [#plant20](#) [#spray20](#)

**Burrows, Indiana**





**RickBieber8**  
@RickBieber81



I heard about this 'plant green' thingy. So we thought we'd give it a whirl ... sunflowers into the front lawn. Yes we do have a plan, Step 1 - plant ... Step 2 - emergence ... Step 3 - stay tuned



**Wes Anderson**  
@fielddirt



Plant on the right has listened to the Metallica black



Plant on the right has notched to the notched black  
album, plant on the left hasn't 😊

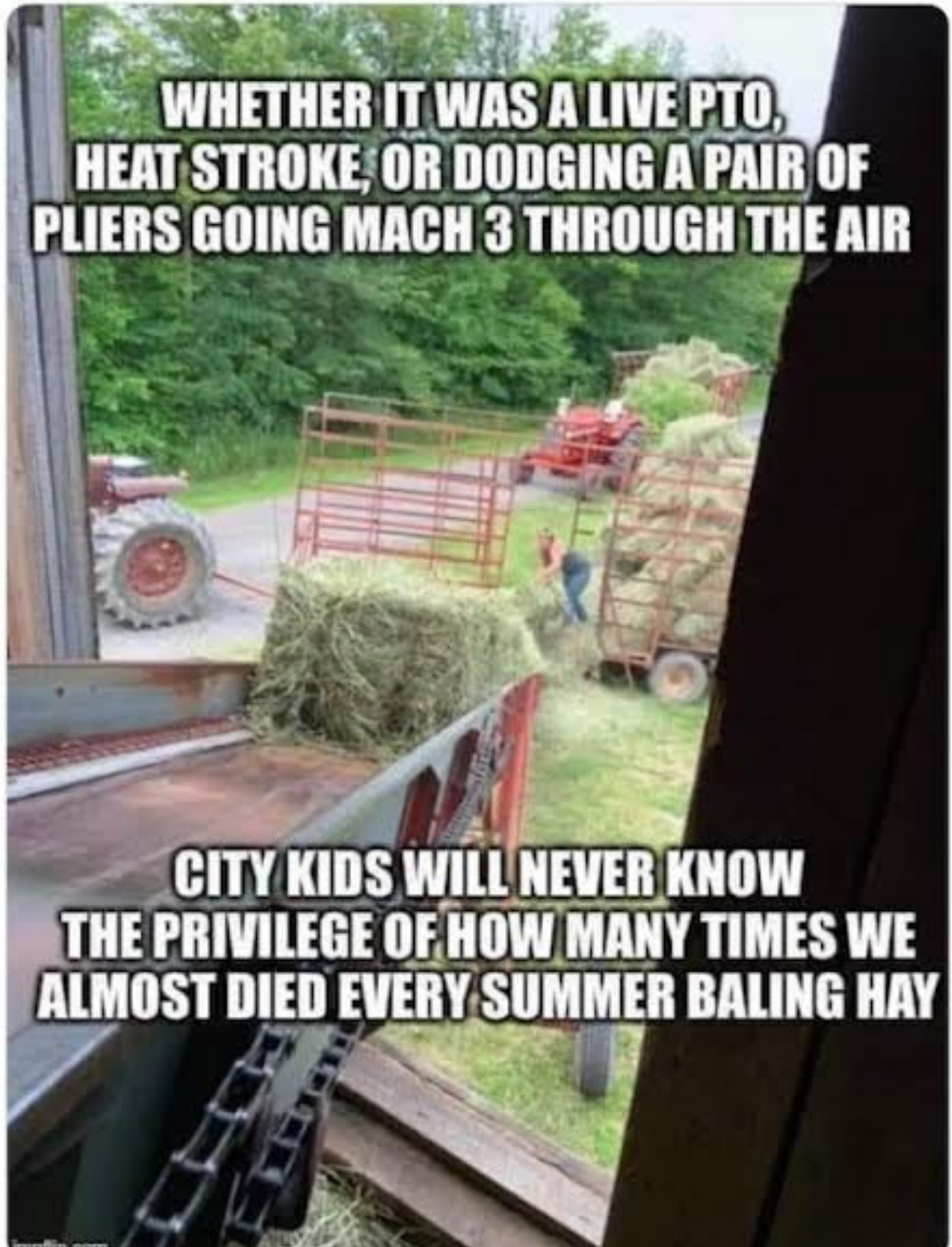






Jodi-not a weakling-DeHate  
@FarmChicJodi

Stolen from Facebook. Made me giggle. Cuz it's true.







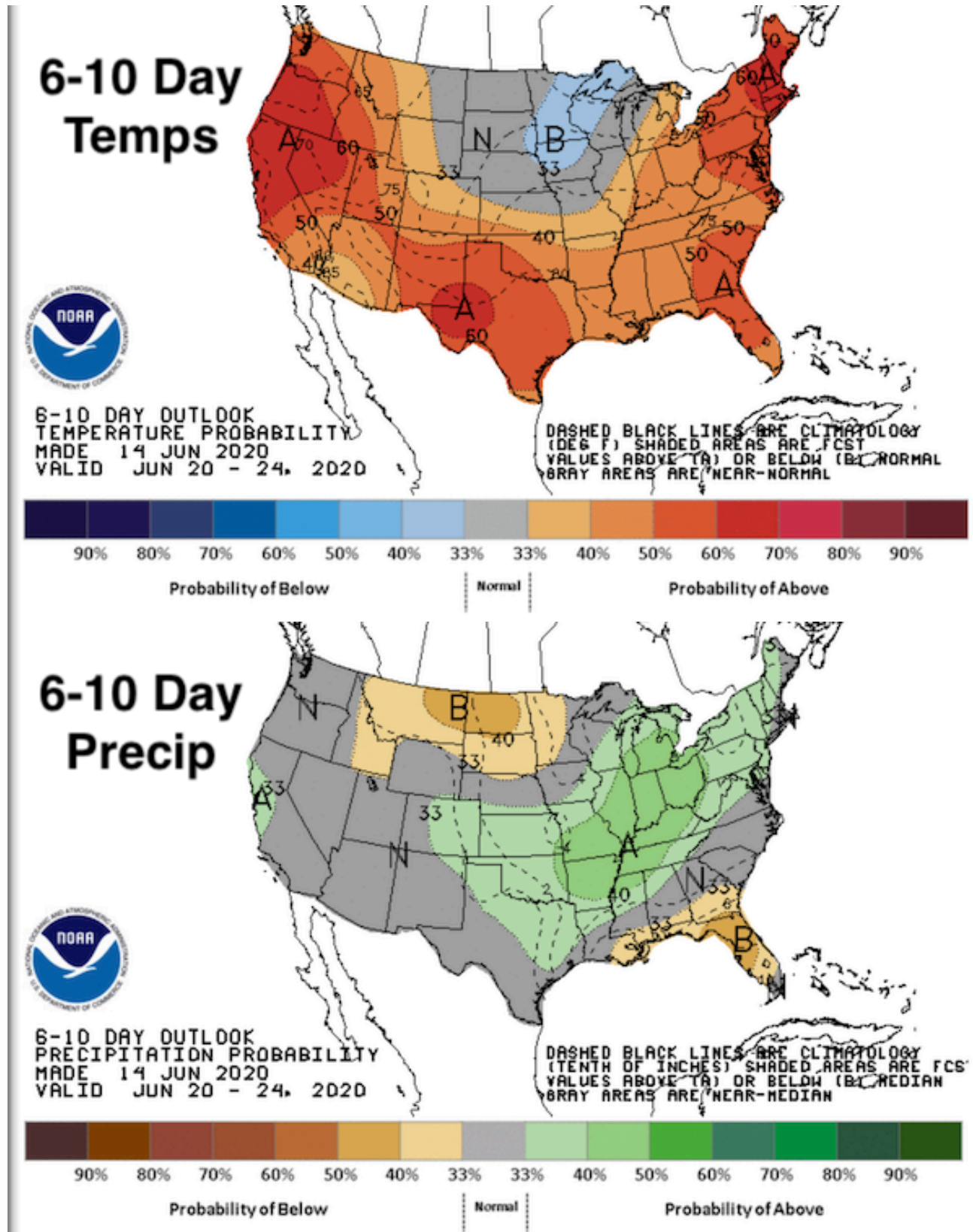
**Good Life Quotes**  
@quotes2share211



"One of the greatest gifts you can give to anyone is the gift of your attention." -Jim Rohn [#wisewords](#)



#### 6-10 Day Forecast



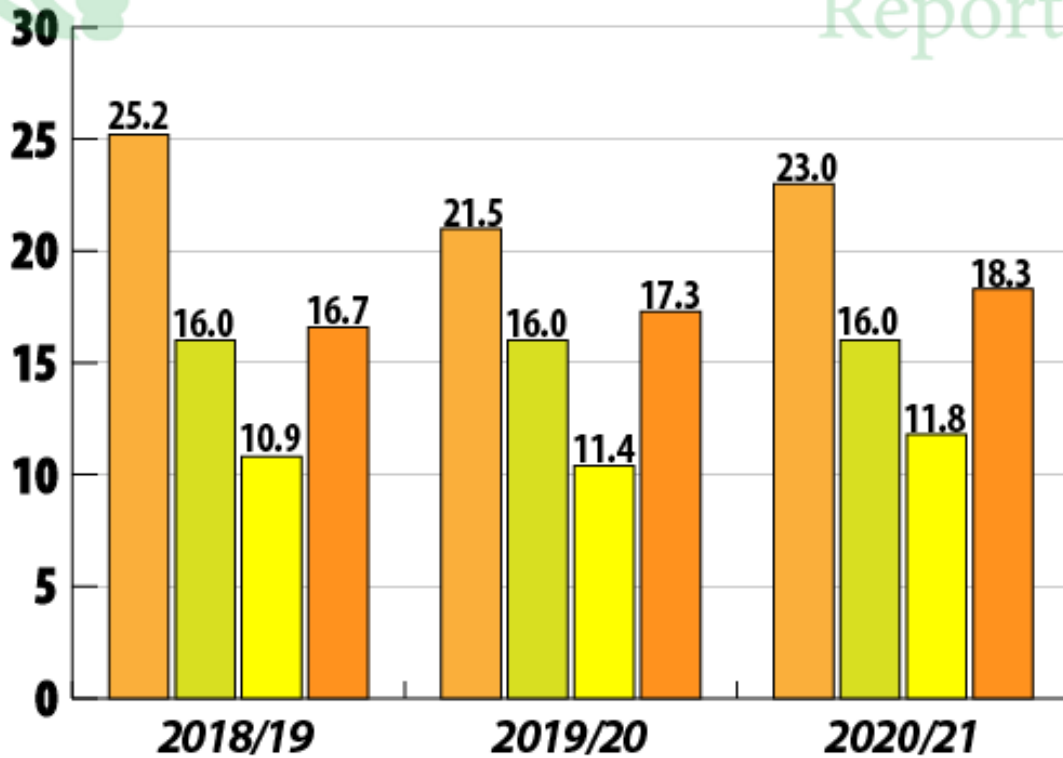
**CORN** bulls are closely watching the dry conditions in some parts of the U.S. It seems the central and southern Plains are certainly in need of a drink. Bears say there is better weather in the forecast ahead and still very little wide-spread need

for worry. In fact, most sources inside the trade are thinking weekly USDA crop-condition ratings for corn will stay strong and perhaps even show another week of improvements on an already impressive start. The trade is also looking for U.S. corn planting to be almost entirely complete. We will learn more about acres in a couple of weeks when on Tuesday, June 30 the USDA delivers its acreage report and quarterly grain stocks estimate. Perhaps the heavily short-side funds, who are now thought to be short almost a record number of contracts (-297,000 in the latest CFTC report), might look to balance-up a bit ahead of the USDA's acreage report as most are expecting the USDA to trim its planted corn acreage estimate from the lofty 97.0 million currently forecast. The big question is how many acres will be cut from the forecast? I continue to hear wide-ranging guesses. Bears argue the cooperative weather and early-planting allowed producers plenty of opportunities and the number is going to be higher than many might think +94 million. Bulls argue the planted acreage number could be sub-90 million as cash-strapped producers opted for more soybean acres and the stronger "preventative plant" insurance. Bottom-line, if the weather forecast turns hotter and drier along with the USDA acreage report ahead, the heavily bearish funds might look to bank some profit and move to the sideline "just in case". Meaning perhaps we work a bit higher the next couple of weeks. I'm just worried about the uncertainty in the macro space and that the recent weakness in crude oil could spill over and keep pressure on corn prices and the funds leaning over the bearish side of the boat. I hate to say it, but without a more worrisome weather forecast, we might be stuck for a while. As a spec, I still have no position. As a producer, I've hedged and put a floor under all bushels that I need to price by mid-September. I just can't afford any additional downside pain between now and then and I worry since prices tend to historically deteriorate a bit. I have reowned with some limited-risk bull call spreads and bull ratio-spreads, nothing fancy just trying to keep it simple so as not to dig a deeper hole.

# Worlds Top Importers of Corn

EU JAPAN SOUTH KOREA MEXICO

Top 4 Global Corn Importers  
(in Million Metric Tons)



Source: USDA, PS&D, June, 2020





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DIESEL EXHAUST FLUID

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**PER GALLON**  
(bulk orders only)

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**VAN TRUMP**  
Ag Solutions

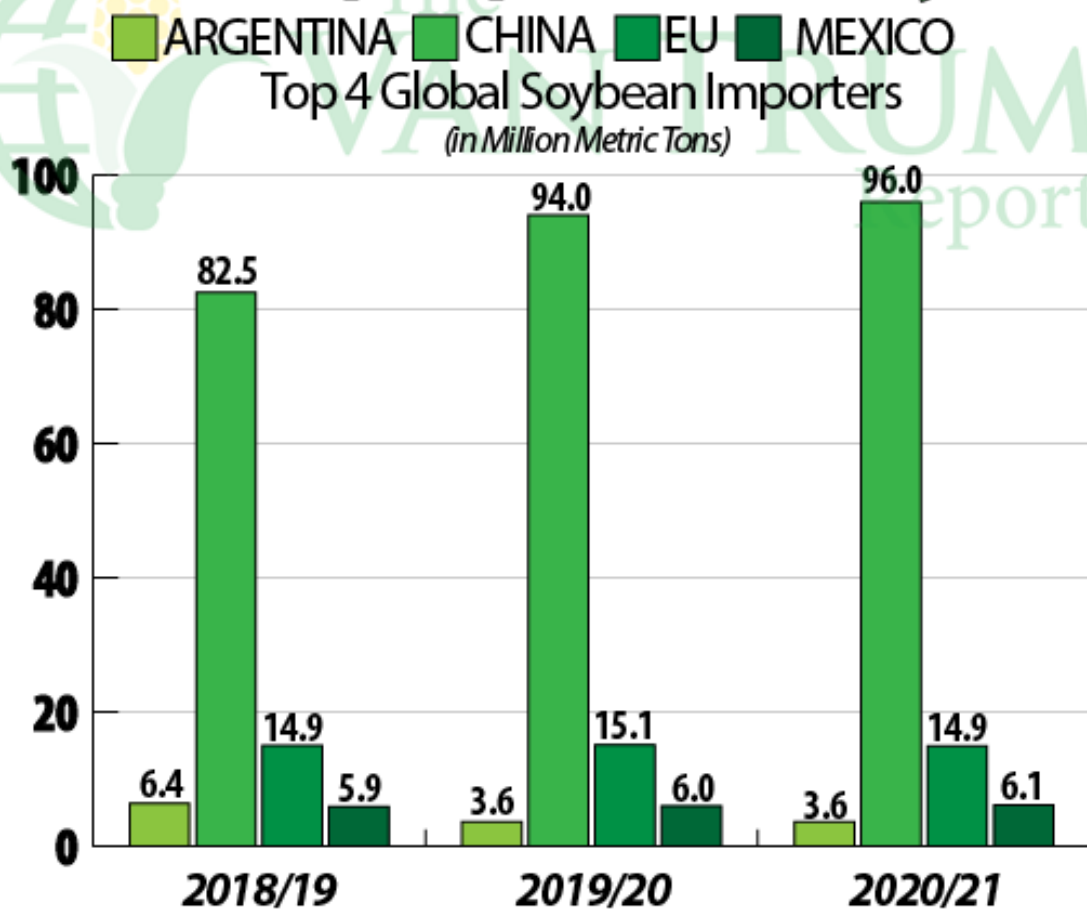
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**SOYBEAN** traders continue to debate U.S. planted acres, U.S. weather, and Chinese demand. As I mentioned in the corn comments, we will learn more about acres in a couple of weeks when the USDA delivers its June acreage report. As for U.S. weather and Chinese demand, it remains anyone's guess. Currently, U.S. weather is being viewed as mostly a non-event, arguably dry in some locations but still early for soybeans and some moisture in the forecast. As for Chinese demand, it just depends on who you talk to about the subject. Bulls obviously argue that the Chinese will work to fulfill their commitment but probably make a late surge at some point during the forth-quarter. Bears don't believe a word the Chinese are saying and doubt they come anywhere close to fulfilling their "Phase 1" commitment. Most bears suspect China will continue to play games into the



November presidential election in order to keep pressure on President Trump but not entirely blow up relations. Personally, I think somewhere in between the two arguments is the truth. To date, China has fulfilled less than 15% of its "Phase 1" commitment with over 1/3rd of the calendar year gone. As for today, the trade will be digesting the latest NOPA crush numbers for May. Most are looking for a substantial jump compared to last year. Trade looking for a number around 173 million bushels this May vs. just under 155 million bushels last-May. The USDA's weekly crop-condition report probably shows a slight improvement from last weeks already strong 70% rated GD/EX. And soybean planting is probably close to 95% complete and still running well ahead of schedule. As a producer, I have a floor under all unpriced bushels that I need to move between now and mid-September. Similar to corn, I worry without a "weather story" and "stronger Chinese demand" prices could stay range-bound in old-crop between \$8.00 and \$9.00 per bushel, especially if U.S. planted acres jump higher in the end of June report.

## Worlds Top Importers of Soybeans



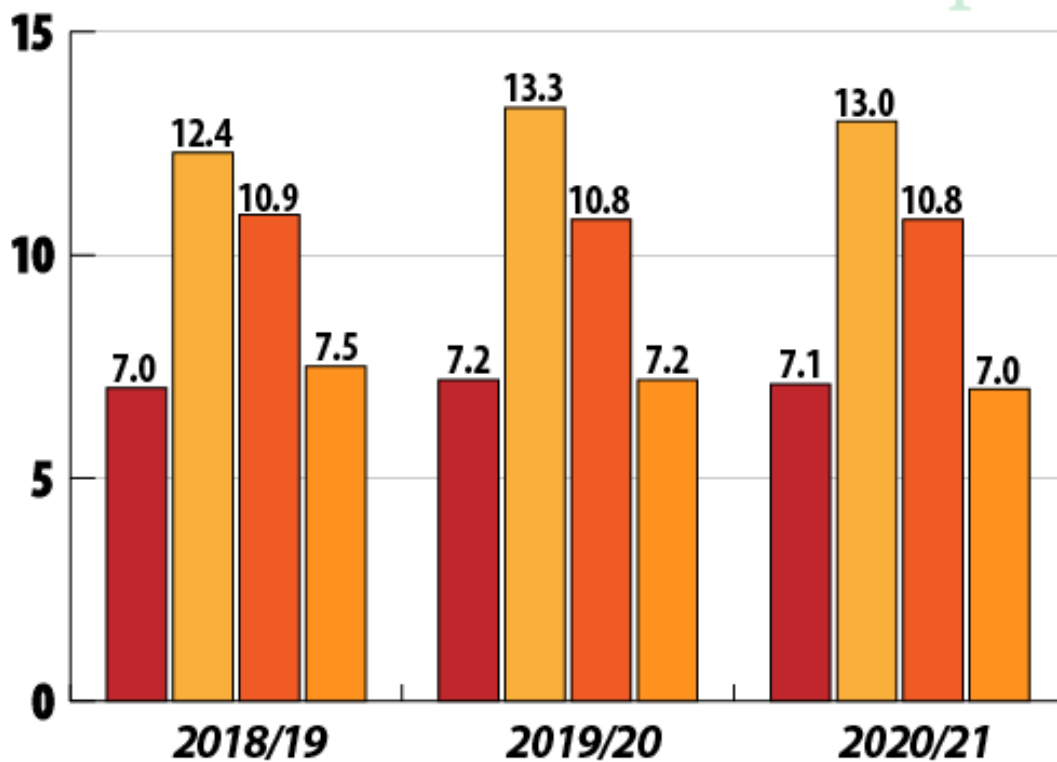
Source: USDA, PS&D, June, 2020

**WHEAT** traders see prices consolidating down near the recent lows as the U.S. winter wheat harvest starts to gain more and more momentum. The trade is

thinking the U.S. harvest is now 15% to 20% complete which is still lagging a bit behind the traditional pace. Spring wheat is now somewhere between 95% and 98% planted with overall conditions the best we've seen reported in year, with last week 82% reported GD/EX. As both a spec and producer, I worry that record global ending stocks, seasonal wheat harvest pressure here at home, and heavy macro uncertainty might outweigh weather worries in parts of Russia and the European Union. As a producer, keeping all hedges in place. As a spec, I might entertain being a small buyer on a bigger break, but I'm still in no hurry.

## Worlds Top Importers of Wheat

**BRAZIL** **EGYPT** **INDONESIA** **PHILLIPPINES**  
Top 4 Global Wheat Importers  
(in Million Metric Tons)



Source: USDA, PS&D, June, 2020



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# WHATEVER FLOATS YOUR GOAT

## A Section for Creative Minds

**> Dicamba Use Challenged:** *An emergency motion was filed late Thursday night, June 11, asking the Ninth Circuit Court to halt all dicamba use and hold the*

*EPA in contempt of court for its decision to allow farmers to use existing stocks of three dicamba herbicides. On June 12, the court's panel of judges responded and ordered EPA to respond to the emergency motion by 5 p.m. on June 16. Until then, EPA's order still stands. But if the judges ultimately rule against EPA, the motion could once again leave farmers without many dicamba herbicide options to use over millions of acres of dicamba-tolerant soybean and cotton this summer. The emergency motion was filed by the plaintiffs who brought a lawsuit against EPA to the U.S. Circuit Court of Appeals for the Ninth Circuit, demanding the court end three herbicide registrations -- XtendiMax, Engenia, and FeXapan. They succeeded when, on June 3, three judges ruled in their favor, effectively ending the registrations of the herbicides with a "vacatur" order. Five days later, EPA issued a cancellation order, which ended the registrations but permitted growers and commercial applicators to continue using "existing stocks" of the herbicides through July 31. Learn more [HERE](#).*

**> RMA Adjustments Aim to Provide Flexibility:** *The USDA's Risk Management Agency (RMA) recently made some adjustments to crop insurance programs to provide more flexibility to producers during the COVID-19 pandemic. RMA administrator Martin Barbre tells Brownfield one of those changes gives producers more time to pay premium and administrative fees and defers the resulting accrual of interest. "We started from March 1st, then went through April 30th, and have now extended that into anything due to July 31st," Barbre says. RMA has also extended the correction time period for acreage reports or other forms. In an interview with Brownfield Ag News, Barbre was also asked about proposed changes to the Livestock Risk Protection program and prospects for prevent plant acres this year. Check it out [HERE](#).*

**> Food and Petroleum Boost May Import Prices:** *Deflation fears were further assuaged by a report from the Labor Department on Friday showing import prices rose +1.0% in May, the largest gain since February 2019, after falling -2.6% in April. Import prices, which exclude tariffs, were driven by higher costs for petroleum products and food. Prices for imported fuels and lubricants surged +20.5% after declining -31.0% in the prior month. Petroleum prices jumped +21.7% after plunging -32.6% in April. Imported food prices rebounded +2.2% last month after dropping -1.6% in April. The government also reported that export prices rose +0.5% in May as higher prices for nonagricultural products offset lower prices for agricultural goods. That followed a -3.3% drop in April. Export prices fell -6.0% on a year-on-year. Prices for agricultural exports declined -0.5%, pulled down by weaker prices for corn, dairy products and soybeans. That more than offset higher prices for meat, vegetables and cotton. Agricultural export prices fell -3.5% year-on-year. (Source: Reuters)*

**> California Traders Make Room for Brazilian Ethanol:** *Ethanol traders in California have been selling in-tank product ahead of the late June or early July*



arrival of imports from Brazil. The Rudolf Schulte, the vessel sources said will carry the cargo, was anchored and unladen near Santos, Brazil, on June 12, according to cFlow, Platts trade-flow software. Sources expect it to begin loading and traveling toward California in the coming days. Ethanol in tanks at the Selby, California, terminal was heard trading below the value of rail cars moving into California as traders try to move product out of tank before the ship's arrival. Ethanol imports from Brazil typically begin flowing into California in June or July, based on seasonal trends shown in Energy Information Administration data. Sources said the arbitrage opened for vessels to bring product into California, and that additional cargoes are expected later in July and in August. (Source: Bloomberg)

**> Coronavirus Threatens Chicago's Last Trading Pits:** Chicago brokers and traders worry the novel coronavirus will kill more of the city's once famous open-outcry trading pits. CME Group (CME.O), which owns the Chicago Board of Trade, said this week that most of the pits it closed in March because of the pandemic will remain shuttered indefinitely. The news disappointed some brokers who hoped to return to the trading floor this month and are looking for other ways to make money. A CME spokeswoman declined to comment on whether the company intends to shut any trading pits permanently. CME closed most futures pits in 2015 due to the rise of computerized trading, although more than 20 products like Eurodollar and grain options were still traded in pits. Read more [HERE](#).

**> Caterpillar Sales Drop Points to Slow Recovery:** Caterpillar Inc.'s machinery sales dropped by the most in 10 years last month in a sign of a deepening slump in its Americas businesses, where the company has extended plant shutdowns. Retail receipts in North America fell -36% on a rolling three-month basis, the most since January 2010, the company said in a government filing Friday. Sales in Latin America had the biggest decline since December 2016. There was an improvement in the Asia-Pacific region, with sales down just -1%. Overall global sales dropped by the most since early 2010. The data comes on the heels of a report that the Deerfield, Illinois-based company is keeping some of its plants across North and South America shut for longer than expected. The second quarter traditionally is Caterpillar's highest factory output as it ramps up for seasonal demand. (Source: Bloomberg)

**> May 2020 Tied for Hottest on Record:** May 2020 was 1.71 degrees above average globally, NOAA said, which put the month in a tie with May 2016 for the warmest May on record. The 10 warmest Mays have all occurred since 1998. Climate records go back to 1880. The warmth was most noteworthy in Asia, NOAA said. The heat wasn't just limited to May, according to NOAA: The three-month season (March through May) and the year-to-date (January through May) ranked second-warmest in the 141-year global record, NOAA said. A separate analysis from NASA said that May 2020 was the record-warmest month. According to projections and statistics from the National Centers for Environmental Information,



2020 is 99.9% likely to rank as one of the five warmest years on record. The NOAA's full report is available [HERE](#).

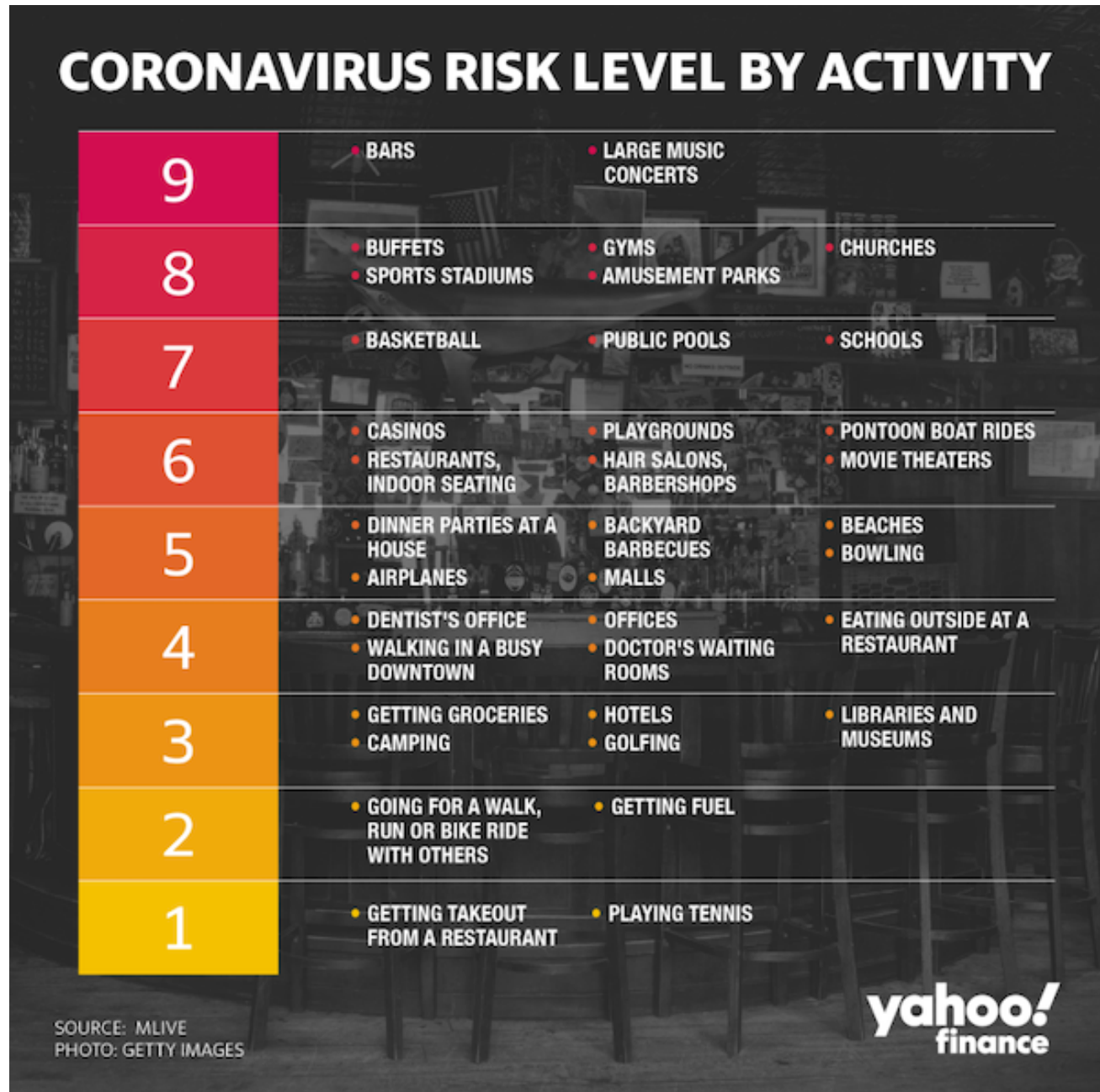
**> Hertz Granted Approval to Sell \$1 Billion in Shares:** Hertz was granted approval Friday by the U.S. Bankruptcy Court for the District of Delaware to sell up to \$1 billion in stock. The potential sale is highly unusual for a company going through Chapter 11 bankruptcy proceedings. Hertz said it is a last ditch effort for the company to cash in on its volatile stock price as it fights with the New York Stock Exchange to not be delisted. Hertz said the net proceeds would be used for general working capital purposes. The filing was on an "emergency basis given the volatile state of trading in Hertz's stock." Melanie Cyganowski, a former bankruptcy judge for the Eastern District of New York who's now with the Otterbourg law firm, told CNBC if the company sells the shares future bankrupt companies may look at doing the same. But because of this occurring under such "unusual" circumstances, she doesn't believe the case will set any significant precedent. Read the full story [HERE](#).

**> Luxury Good Industry Turns Sour:** Global demand for premium foods has plunged with thousands of restaurants shuttered and many economies sliding into recession amid the coronavirus pandemic. Some speculate the luxury food industry could be among the worst hit since it heavily relies on restaurants and top hotels for demand for deluxe items. In Tokyo, the price of top quality wagyu beef cuts has fallen about -30% from a year earlier, bluefin tuna - considered the best in Japan - has dropped more than -40% over that period, while prices of the famed 'Earl's melons' from Shizuoka have slumped -30%. Russia's top sturgeon breeding company - Russian Caviar House - meanwhile was offering a 30% discount for Beluga hybrid caviar. Oyster and razor clam fishermen from Cape Cod and other top fishing grounds have also had to curb catches as lockdowns upended global eating habits. (Source: Reuters)

**> CDC Posts Guidance for Minimizing Coronavirus Risks:** The Centers for Disease Control and Prevention posted updated guidelines Friday about how to reduce risk of coronavirus infection for Americans who are attempting some semblance of normal life. The CDC also added a second set for organizing and attending big gatherings such as concerts, sporting events, protests, and political rallies. Check it out [HERE](#).

**> Activities Ranked Based on Risk:** As more and more states begin phases of reopening, many Americans are now wondering what is safe to do and what should still be avoided to prevent the spread of coronavirus. An analysis by MLive chose 36 American activities and asked four public health experts to weigh in on the risk of coronavirus exposure for each activity. The experts factored in whether the activity is inside or outside, proximity to others, how long you'd be exposed, the likelihood of compliance, and your personal risk level. With 1 being the least

risky and 10 being the riskiest, the experts gave a score to each activity. Bars, large music concerts, and sports stadiums are the riskiest activity settings at this point in time. This is because of large groups of people congregating together, with little room to keep at least six feet apart from others. More details available [HERE](#).



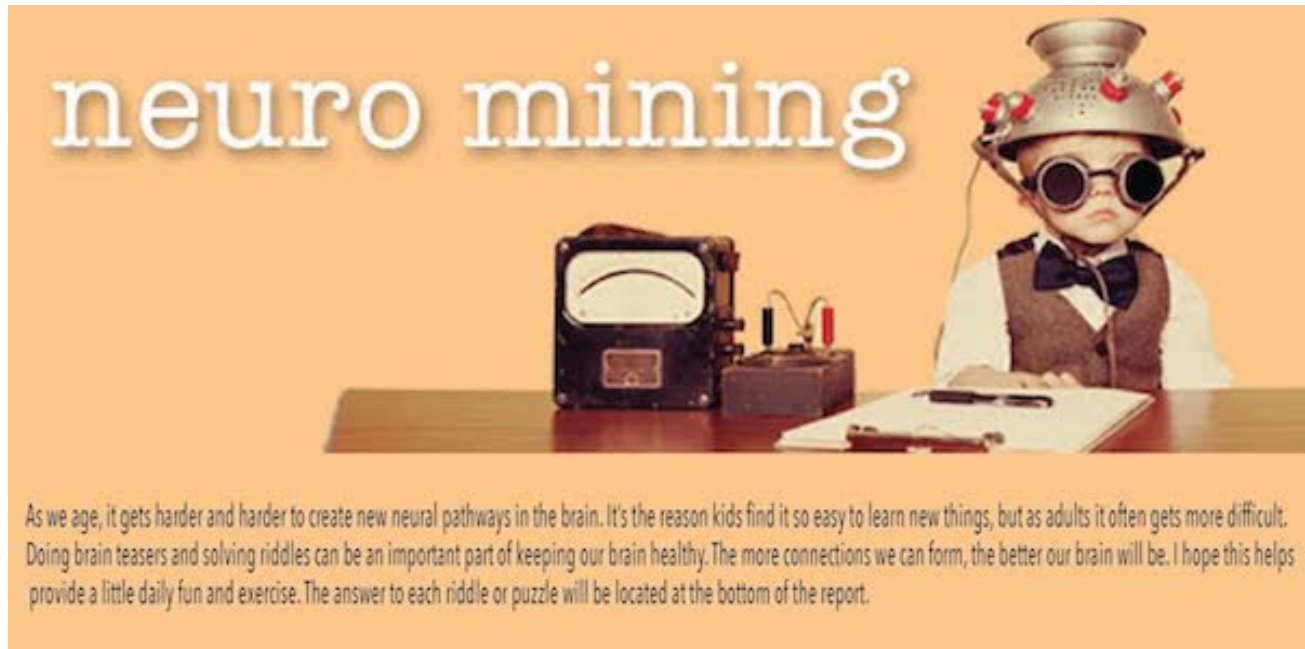


**East Central Illinois** - *I'm just giving a report on my local area. It won't make a big difference, but Coles, Douglas, and Edgar counties are off to a disastrous start. It's just a small area in Illinois but it's the worst spring we've had in our 45-year career. WAY below trend yields here this year. Douglas County was the #1 corn yield county in IL and #2 in the country in 2018. Corn planted April 20-22 saw it turn cold and rainy with freezing conditions. Very, very slow emergence, and some uneven stands. Corn is still taking a while to get going, with some of it is still only 12" tall. Corn planted mid-May was cold and wet then turned hot the same week and rotted in 10-40% of fields. Extremely uneven stands. Corn and beans planted last week of May through the first week of June received 6" of rain 2 days after planting. We had 6 1/2 working days out of 45 days because of rain delays.*

**South Central Missouri** - *The corn and soybeans went in fast here. They are coming up and looking really good so far. Some of the corn is already chested high but most of it is waist-high. There are areas that are still planting or just finished planting south of us because of too much rain. This is the best crop we have seen in a while. Granted, things can change fast here but right now we are looking pretty darn good.*

**Northeast Louisiana** - *We grow corn and beans down here in the Louisiana Delta and I sure wish prices were up because our crops are looking their best ever. I realize Louisiana is less than a speck on the corn balance sheets but we grow it along with beans because cotton is no longer viable. I warned a buddy against spending the money on a cotton combine last year, but he was going to grow cotton no matter what and it cost him. At 55 cents for cotton and \$800K for a new combine, it no longer makes sense. For the first time in three years, we didn't have to replant any crops, so we are pretty excited and now just need to make some good sales. We will generally sell some in the summer but last year I missed it and got lucky with a majority of good sales at harvest. In order for us to stay competitive down here, we have been using some online companies for seeds and saving \$25 an acre. It has been working out and I hope I don't get bit by it like my father-in-law seems to think I will. We have been able to acquire some new tools that have cut down on the number of times we have to be on the fields and that has been a huge savings in labor, fuel, and tractor time.*





**TODAY'S RIDDLE:** A spider was given \$28, an ant was given \$21 and a chicken was given \$7. How much money did the dog get?



### **Argentine Takeover of Soy Giant Vicentin Raises Lots of Questions**

Argentina's recent announcement that it will "rescue" major oilseed crusher Vicentin is raising concerns about nationalizing the country's farming industry as the government faces a political storm set off by the move. The Argentine government says the state takeover is meant to save jobs while critics say it poses a threat to free markets and might be unconstitutional.

Keep in mind, this move would require Argentina's insolvent government to assume the \$1.5 billion in debt and liabilities of Vicentin weeks after the country defaulted on tens of billions of dollars in foreign debt for the ninth time in its history.

Vicentin, which was Argentina's top exporter of soymeal and soybean oil before hitting financial trouble late last year, entered bankruptcy in February. The Argentine government on Monday announced that it will temporarily seize control

of Vicentin for 60 days while seeking approval from Congress for a formal state takeover. The government of President Alberto Fernandez proposes Vicentin be overseen by the agricultural arm of state energy firm YPF, which is itself the product of a state takeover in 2012.

Vicentin reported \$3.2 worth of soy product sales in 2019. The company allegedly owes around \$350 million to grain suppliers with overall debt estimated at \$1.5 billion. Since defaulting on its payments to suppliers in December, the companies crushing operations have been largely idled, save for a joint venture with Glencore.

Glencore's joint venture with Vicentin is called Renova and includes one of the world's biggest soy-crushing plants. Glencore bought an additional 16.7% of Vicentin's stake in Renova in December, bringing its total stake to 66.7%. Interestingly, Glencore entered a bid to acquire Vicentin's remaining one-third stake for \$325 million earlier this year but the offer expired the end of March. The Swiss-based company reportedly entered another offer in April as part of Vicentin's bankruptcy process. Local press reports at least two other investment groups had planned to make offers as well. Argentine officials have said the details on how a partnership with Glencore would work is still being worked out.

Argentina's politics are complicated, filled with decades of corruption and mismanagement that have kept the country's finances in chaos. In May, Argentina defaulted on its sovereign debt for the ninth time in the last 20 years. The country gains most of its revenue from agricultural exports. Argentine farmers are notorious for holding on to their grain as a hedge against inflation, which in turn can delay revenue flows to the state. Some see the government takeover as a way for the state to seize control of the market, particularly soybeans, and essentially forcing farmers to sell their grain. This generates both tariff revenue and brings in foreign currency, something the cash-strapped country desperately needs. Others worry a state-run Vicentin could effectively shut-out competitors and even dictate prices.

Other political motivations are also suspected, including that former President Cristina Fernández de Kirchner, who happens to be the current Vice President, is behind the move. Kirchner is blamed by many for previous nationalizations that ended with massive losses for the state, such as the oil company YPF and Aerolineas Argentinas. Her administration was also embroiled in numerous corruption scandals. The country's main opposition coalition says the state's plan to seize Vicentin is illegal and warns it is "a first step in the road to nationalizing the agricultural market."

Argentina's powerful farm group, Society for Rural Argentina or SRA, said "History has shown us that state interventions in the grain trade in particular and the



agricultural markets, in general, have always created severe distortions that ended up creating more serious problems than those they intended to solve." (Sources: The Wall Street Journal, Bloomberg, Union Journal, MercoPress, AgriCensus)





### Quick Look at 2020's Hottest IPOs

Last year we saw a long list of high-profile unicorns finally go public like Slack, Zoom, Lyft, and Uber. This year we were supposed to see more high-profile startups go public like Airbnb and Madewell, but COVID-19 brought those plans to a halt for many companies. Keep in mind, a few that still might IPO include DoorDash, InstaCart, and TopGolf. So far in 2020, there have been 72 companies that have announced IPOs. Of those, 24 have started trading and three have withdrawn. On average, these stocks are up +60% from their IPO, according to Bespoke Group. Below are the top-10 performing IPOs this year. I should note, all the top-performing companies in this year's IPOs class so far are in the "healthcare sector" except one, Nikola, which IPO'd June 4. (Source: Business Insider)

#### **Black Diamond Therapeutics**

*Ticker: BDTXIPO Date: 1/3*

*IPO Price: \$19.00*

*Close Price June 10th: \$38.49*

*% Gain From IPO Through June 10th: 103%*

#### **Nikola**

*Ticker: NKLA*

*IPO Date: 6/4*

*IPO Price: \$31.25*

*Close Price June 10th: \$67.00*

*% Gain From IPO Through June 10th: 114%*

**ORIC Pharmaceuticals***Ticker: ORICIPO Date: 2/28**IPO Price: \$16.00**Close Price June 10th: \$35.20**% Gain From IPO Through June 10th: 120%***Keros Therapeutics***Ticker: KROSIPO Date: 3/16**IPO Price: \$16.00**Close Price June 10th: \$36.00**% Gain From IPO Through June 10th: 125%***1Life Healthcare***Ticker: ONEMIPO Date: 1/3**IPO Price: \$14.00**Close Price June 10th: \$33.45**% Gain From IPO Through June 10th: 139%***ZoomInfo***Ticker: ZI**IPO Date: 2/27**IPO Price: \$21.00**Close Price June 10th: \$53.50**% Gain From IPO Through June 10th: 155%***Inari Medical***Ticker: NARI**IPO Date: 2/21**IPO Price: \$19.00**Close Price June 10th: \$50.10**% Gain From IPO Through June 10th: 164%***Zentalis Pharmaceuticals***Ticker: ZNTL**IPO Date: 3/6**IPO Price: \$18.00**Close Price June 10th: \$47.51**% Gain From IPO Through June 10th: 164%***IMARA***Ticker: IMRA**IPO Date: 2/14**IPO Price: \$16.00**Close Price June 10th: \$54.89**% Gain From IPO Through June 10th: 243%*



**Schrodinger**

*Ticker: SDGR*

*IPO Date: 2/5*

*IPO Price: \$17.00*

*Close Price June 10th: \$67.05*

*% Gain From IPO Through June 10th: 294%*







**Nothing Like I Planned...**

It was the summer of 1987, and John Cougar Mellencamp just released one of his best selling albums, "The Lonesome Jubilee". He was still using "Cougar" in his name at the time, but the singer-songwriter knew things had to change, so he dug deeper into the folk and Americana sounds to create "[Paper in Fire](#)," "[Cherry Bomb](#)" and "[Check It Out](#)", all of which became smash hit singles that propelled "The Lonesome Jubilee" album to sell millions of copies.

Personally, I listened to a lot of John Cougar back in the '80s, songs like "[Jack and Diane](#)", "[Hurt So Good](#)", "[Pink Houses](#)", etc... What many folks have never heard or perhaps realized is the fact following his "Scarecrow" album in 1985 he believed his band had fallen into a deep rut and was in desperate need of a facelift. In fact, at Mellencamp's request, he required his eight-member band to expand their basic rock background and each learn a couple of new instruments. That is why on "The Lonesome Jubilee" album we hear such fresh and unique instruments like the fiddle, hammered dulcimer, autoharp, accordion, banjo, dobro, mandolin, and the lap steel guitar. Never before had a rock artist used such a unique abstraction.

In fact, one of the band members told reporters back in 1987, "When we finished the Scarecrow tour, John said that our next album had to be 180 (degrees) from what we did last. He encouraged us all to pick up a couple of new instruments and learn them professionally... it was a totally new direction we took. We used the instruments like they're not supposed to be used; we approached them as rock 'n' roll instruments, something no one had seen or done." To make it even more interesting Mellencamp decided the album would be informally recorded at a little house, buried deep in the woods, that he had bought for \$20,000. The band member said, "Whenever John got an idea, he'd call us up, and ask us to meet him (there). We'd show up, rehearse a bit, and if we felt like we had something, we'd let the tapes roll. The album had no real producer we just recorded what happened, "The Real Life" on Jubilee is actually just a demo take.

To put "The Lonesome Jubilee" in proper perspective, one must consider the time it was released in and who released it. At a time when hair metal was the order of the day in rock 'n roll, alternative rock was just that, and punk was all but dead, this was a definite curve-ball from way out in left-field. Not only do I tip my hat to Mellencamp for knowing when to "change", but also for having the balls to take action and big risks. There are many times I've thought or felt I needed to make a change but I can recall several where I didn't jump because I was scared of the uncertainty that might be ahead. I hate that feeling!

I also have to again acknowledge Mellencamp for taking a stand to help the American farmer. Remember it was in 1985 at a concert in Champaign, Illinois, John's concern for the plight of the American farmer, which had been voiced in the Scarecrow album, brought him together with Willie Nelson and Neil Young in launching "Farm Aid". It has since become an annual event over the past 35-years

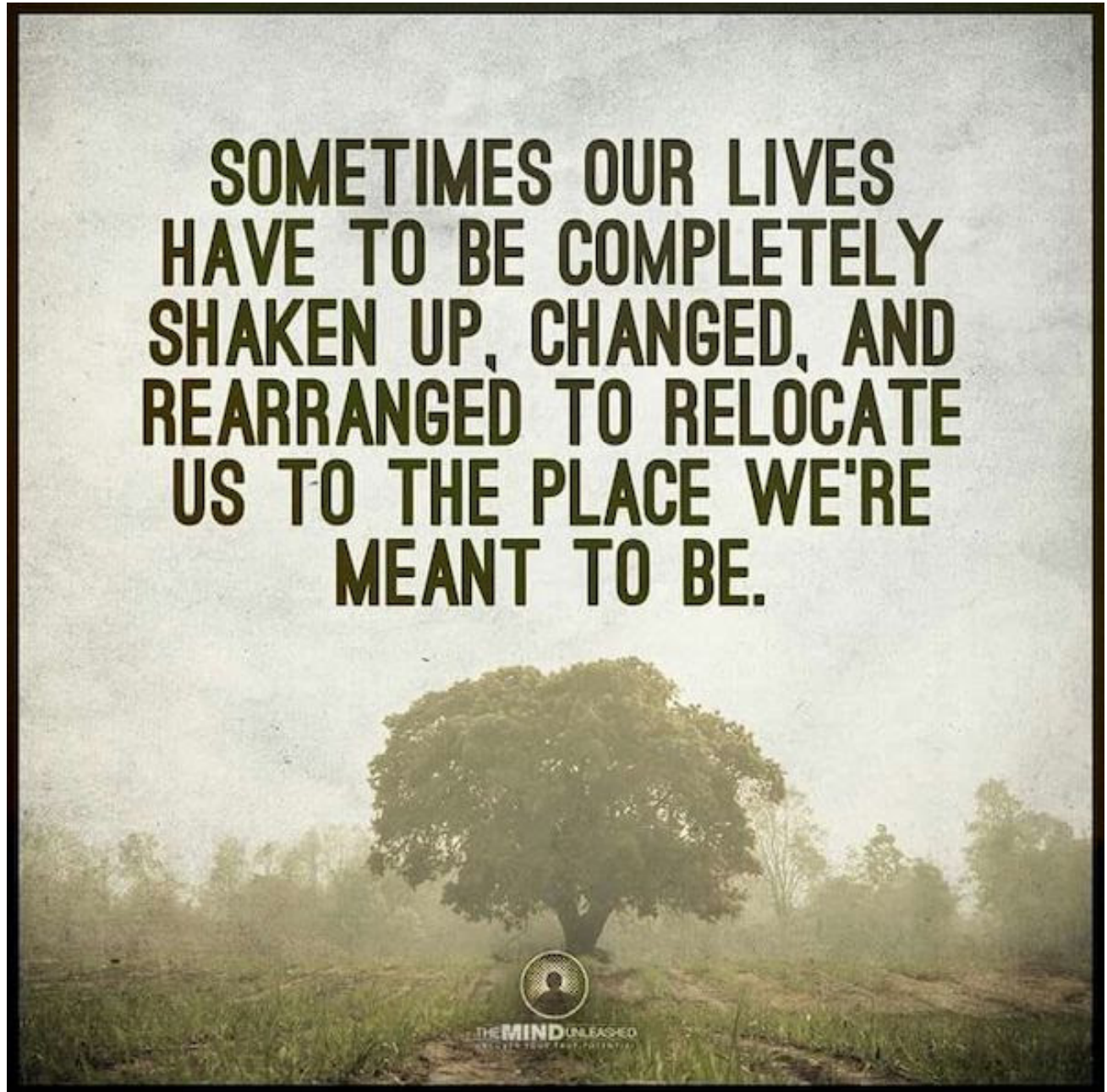
and has raised over \$60 million to help promote a strong and resilient family farm system of agriculture.

Another interesting bit you might not realize is that while John was born and raised in Seymour, Indiana he first went to New York in the 1970s with the intention of studying painting. In the 80's he was painting a lot more and his music took off. His art style has evolved over the years as evidenced by several gallery shows and published portfolios. In fact, his pieces were shown in 2012 at the Tennessee State Museum in Nashville under the title "Nothing Like I Planned: The Art Of John Mellencamp". I just think it's interesting to note how the most successful in every field has a knack for evolving and being extremely welcoming to change. As I get older, I'm learning I almost have to force myself to look for ways to become more flexible and more open to change. I'm constantly fighting against being comfortable and sticking with what I already know or taking the tools I've learned and acquired and jumping to the next challenge. Here's a great Cougar song and video called "[Small Town](#)" it brings back a ton of great memories. Had myself a ball in that small town...





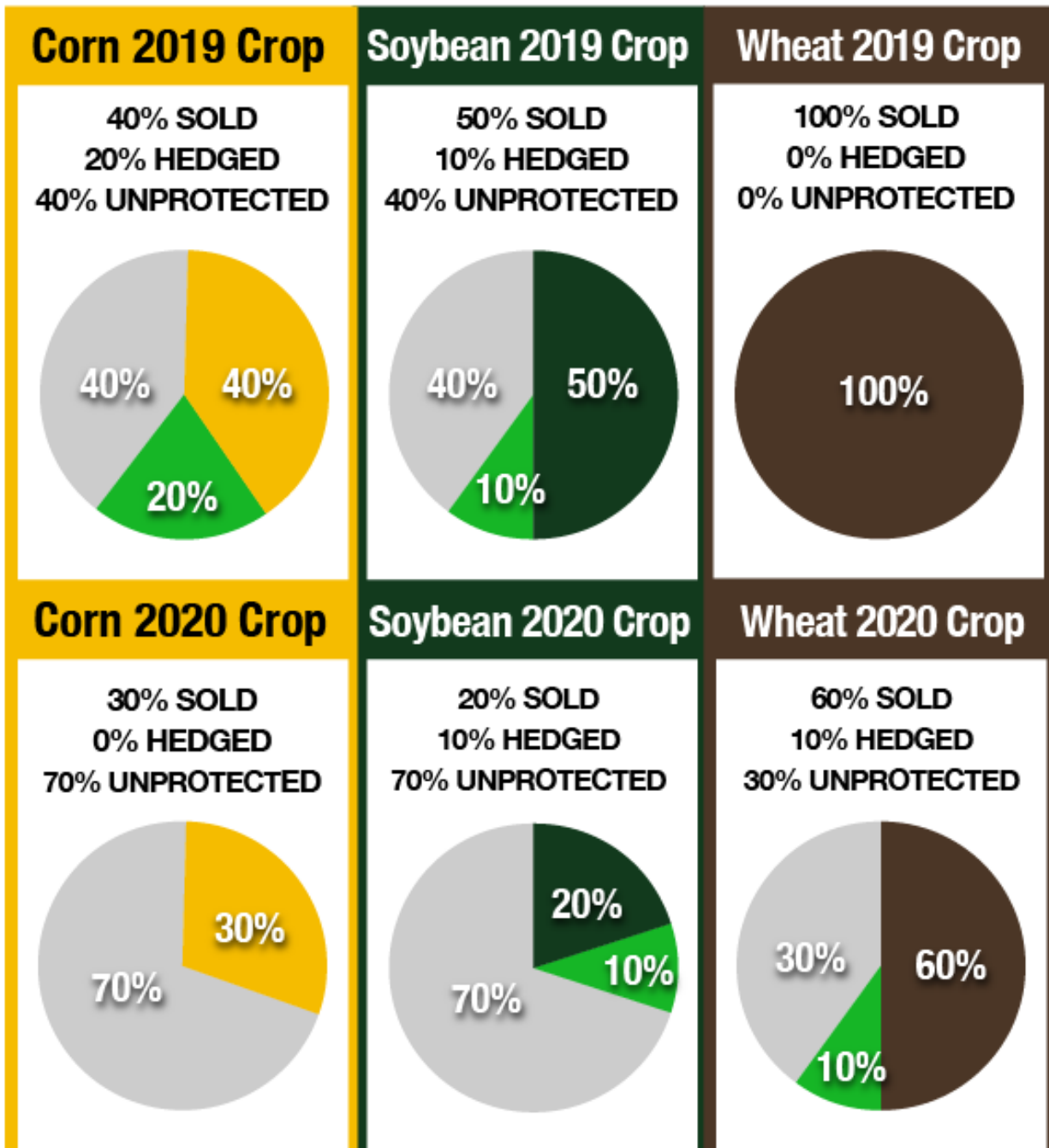




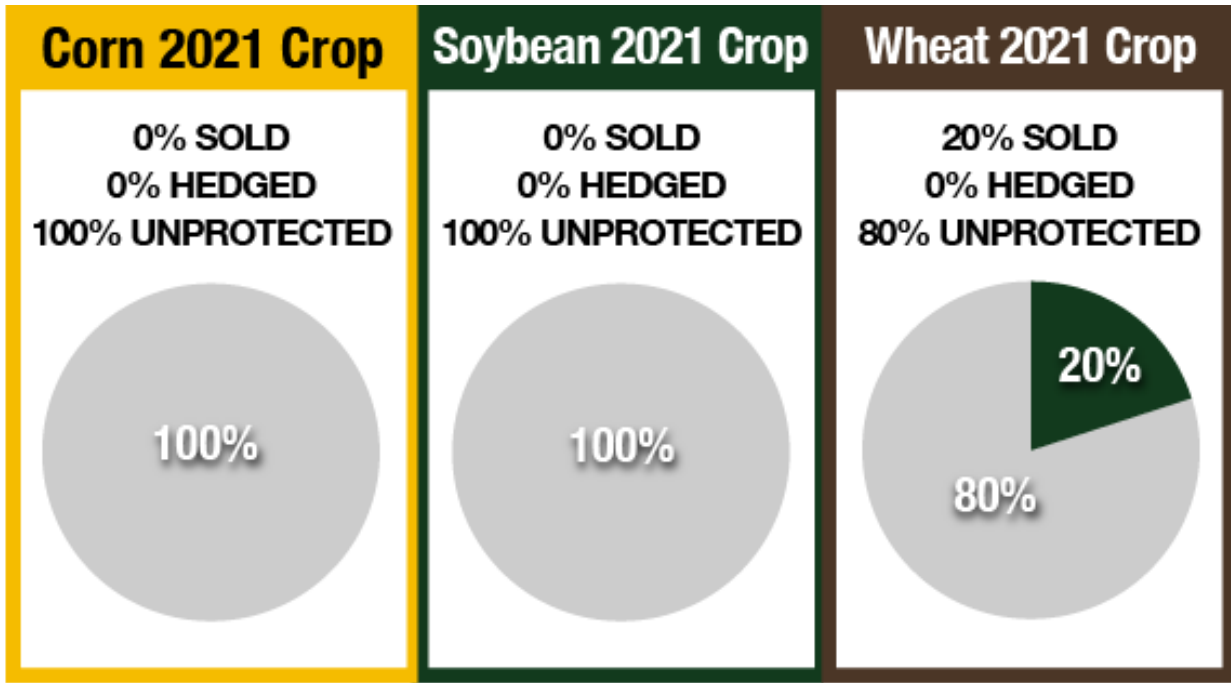
**ANSWER to riddle:** \$14 (\$3.50 per leg)

**CASH SALES & HEDGING TOTALS**

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