



Josh Knight &lt;josh@farmdirection.com&gt;

**GOOD MORNING: The Van Trump Report 7-16-20**

2 messages

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

Thu, Jul 16, 2020 at 5:31 AM

Reply-To: Jordan &lt;reply-fec1127172600d7e-1180\_HTML-68584704-100003450-10@vantrumpreport-email.com&gt;

To: josh@farmdirection.com



*"If you see 10 troubles coming down the road," Calvin Coolidge reportedly said, "you can be sure that nine will run into the ditch before they reach you, and you have to battle with only one of them." Adopting a long-term perspective teaches you that you don't have to protect against every trouble. You only have to figure out which troubles to pay attention to. Most of the time, nearly all are temporary or marginal. Every day, investors have to snowshoe their way through a blizzard of propaganda, misinformation, and incomplete and incorrect data. If you respond reflexively to that noise, you'll do nothing but trade until you go broke. This rule can also easily apply to life." - Jason Zweig*

**Thursday, July 16, 2020**[Printable Copy](#) or [Audio Version](#)

**Morning Summary:** Stock bulls are pointing to overnight news out of China that its economy returned to growth in the second quarter, confirming one of the world's earliest signs of recovery from the coronavirus fallout. China's GDP reportedly grew +3.2% in the three months to the end of June, compared with the same period last year, exceeding most all forecasts. The figures follow the first annual decline in decades in the previous quarter when China's GDP fell by -6.8%.

Here at home, bulls are looking past rising coronavirus infections that are complicating reopening plans in some large parts of the country, instead focusing on the positives they see in earnings data, progress with a vaccine, and expectations for more government stimulus. The S&P 500 traded back into positive territory and is now just -5% below its all-time highs, while the Nasdaq is up almost +18% for the year. Earnings today include Abbott Labs, Bank of America, Charles Schwab, Johnson and Johnson, Morgan Stanley, and the heavily traded Netflix. Schwab could provide some interesting insights into recent retail investor activity, which some analysts have said is creating bubbles in the market. Of course, Netflix being part of the FANG's and heavily owned and traded will also garner a ton of attention. Most analyst on Wall Street think that Netflix will report +\$6.0 billion in second-quarter revenue, a nearly +24% increase year over year. Also keep an eye on number of new subscribers. During the first quarter Wall Street suspected Netflix would add about +7.5 million new subscribers; in fact, the company more than doubled that with nearly +16 million new additions for a total of 183 million. Investors are also anxious to see weekly Initial Jobless Claim today, which analysts expect will show another 1.25 million Americans filed for unemployment last week. There's some speculation that the July 4th holiday delayed some filings which could inflate new claims reflected in today's report. The better gauge is the four-week moving average which was at around 1.43 million last week. Analysts have also indicated that forecasts for weekly claims as well as the July Employment Report are being complicated by outbreaks in some areas that have forced businesses to shut down again. Economists at Jefferies said the number of clicks on the web pages of state unemployment agencies "appears to be picking up again" which could indicate another wave of new job losses in the weeks ahead. Other economic data worth noting today include Retail Sales for June, the Philadelphia Fed Index for July, and the NAHB Housing Market Index for July. Stock bears are beating the drum about expanded unemployment benefits that run out this month. The last of those extra support checks will be paid the week of July 25 and Congress has still not agreed on whether or not to extend the bonus pay. Some worry the loss of the extra unemployment money could deal a massive blow to lower-income families struggling to find work as the virus continues to create widespread complications. Many other safeguards like eviction and foreclosure moratoriums are also set to expire soon. Bulls believe the political wrangling over the next stimulus is largely showmanship and that the two political sides will come together soon on something that looks very close to the \$3.5 trillion package already passed by House Democrats back in May. The Senate returns to Washington next week.

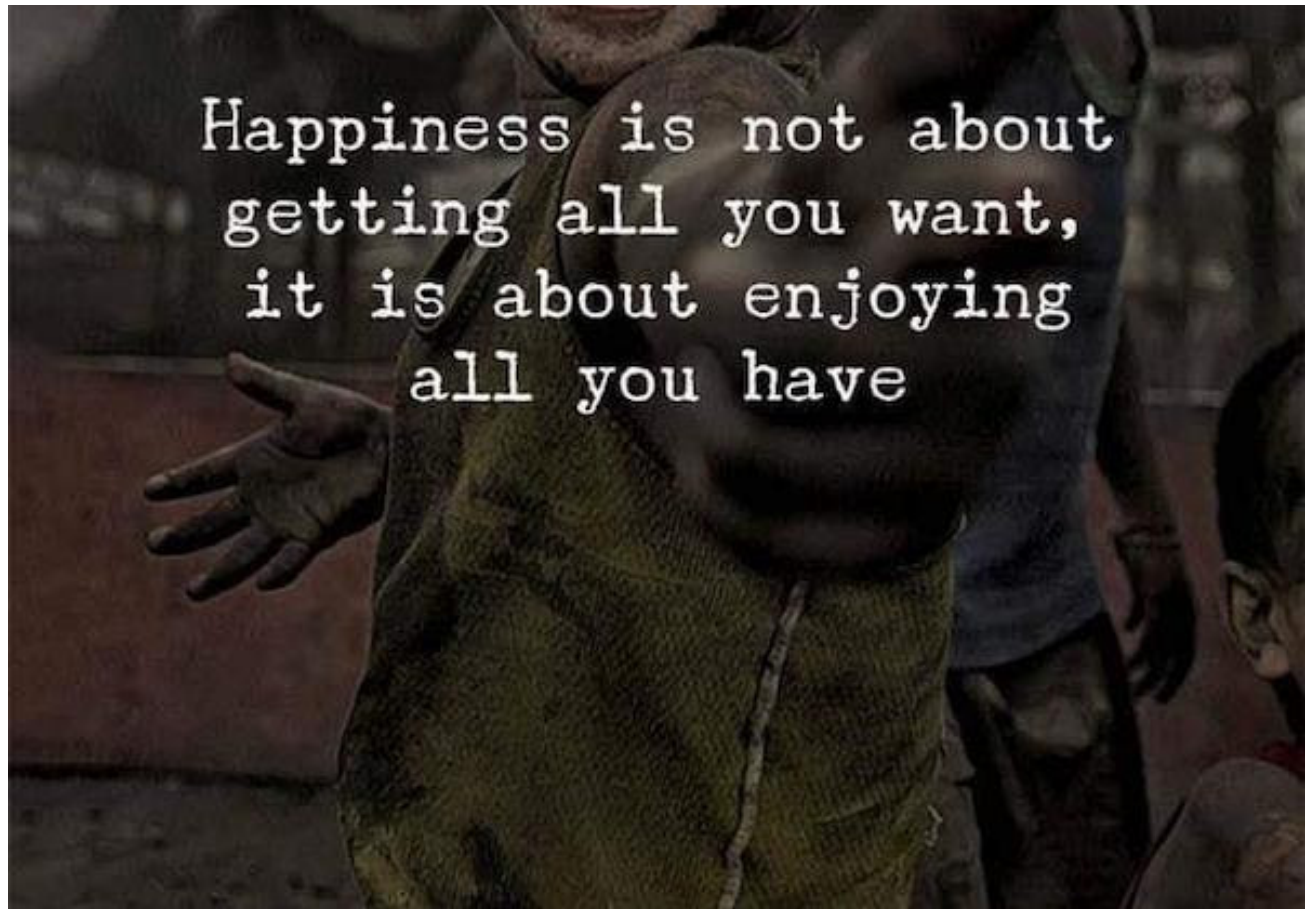
**Could We See A Major Fallout?** *Before the pandemic, half of U.S renters spent about 30% of their income on housing. The poorest quintile of Americans spent more than +50% of their income on rent, on average. Even in a healthy economy, housing costs were eating workers' wages. Now that we are seeing massive closures in the hospitality and restaurant space many*

*Americans are falling into more dire circumstances. With more government intervention some worry the COVID-19-induced economic crisis is in danger of becoming a housing crisis. They estimate by September, more than 20 million renters will be at risk of eviction, especially as eviction moratoriums come to an end. Without income, renters can't pay rent and utilities. Without monthly payments, landlords and other companies can't make mortgages and bond payments. (Source: The Atlantic)*

**Chipotle to Hire 10,000 NEW Employees:** *The fast-casual chain is going to be adding "Drive-Thru's", but from what I understand, these new drive-through lanes will strictly for picking up orders placed in advance online. Chipotle had 83,000 employees as of the end of last year and may soon be approaching 100,000 employed. Starbucks Corp. said last month it would open 40 to 50 pickup-only stores over an 18-month stretch in the U.S. and Canada while closing some traditional cafes. Many restaurant companies have sought to bolster delivery options. Best Buy Co. and other retailers have worked to develop curbside pickup, while some stores are experimenting with sidewalk shopping. (Source: The Wall Street Journal)*

**Just a Solid Reminder...**





An advertisement for the FarmTank podcast. On the left, a smartphone displays the FarmTank logo (an orange square with "FARM" in white and "TANK" in orange) and a podcast player interface showing the title "The Great Commodity Super Cycle, E" and the host "FarmTank — Kevin Van Trump...". On the right, the text "Sign Up for FarmTank" is displayed in large white font, followed by "A Podcast for Creative Minds in Agriculture, Delivered Free to Your Inbox." Below this is an orange button that says "Sign Me Up!". At the bottom right are icons for Apple Podcasts, Google Play, and Spotify.

**EU vs U.S. Tech Industry:** *Technology giant Apple won its court battle with*



*the EU over a disputed \$15 billion tax bill. The European Union Commission didn't show sufficient evidence to back up a 2016 ruling that Apple's businesses in Ireland were granted unfair tax advantages, the court said. The court ruling is a major blow to the Commission, which has sought to crack down on what it considers unfair tax deals in Europe. Tech investors are now waiting for a ruling in a landmark case that some have argued could grind the wheels of commerce to a halt. The case concerns whether the legal agreements used by companies to share data between Europe, the US and other countries are in breach of European law. It's a data market worth hundreds of billions of dollars that lets companies such as Alphabet Inc.'s Google, Facebook Inc., and Amazon.com Inc. use U.S.-based facilities to serve European customers. Needless to say, there's a lot riding on the decision. More details can be found [HERE](#).*

**UBS Election Playbook:** *The U.S. presidential election is less than four months away and Wall Street has already started turning its sights on what could transpire. UBS has compiled an investing playbook for all the possible election outcomes. The investment bank recently surmised that a so-called blue wave Democratic sweep — including a Biden win — would actually be positive for markets. The firm also noted the same goes for a red wave outcome. To them, political consensus is the most powerful catalyst of all, because of how much easier it would be to enact further stimulus. UBS has also compiled a handful of strategies for a broad range of election outcomes. Check it out [HERE](#).*

**Indications Coronavirus Surge is Slowing Recovery:** *A surge in new coronavirus cases is slowing the pace of the U.S. economy's recovery from the pandemic, according to a basket of high-frequency, alternative economic data that Bloomberg Economics has been tracking. Economist Eliza Winger says most high-frequency indicators have shown signs of moderation. Consumers' income and spending benefited from fiscal support and reopening efforts, but both are now under renewed strains. Winger says added uncertainty was likely behind the latest deterioration in consumer sentiment, a key to the economic outlook. Another indication that the strength of the recovery is easing is the slowdown in restaurant reservations on OpenTable but have now faltered for two straight weeks. One bright spot was a gauge showing that more Americans are taking advantage of near-record-low rates to purchase homes, with the Mortgage Bankers Association's purchasing index rising to the highest level since January 2009 in the week ended July 3. More details are available [HERE](#).*

# Recovery Tracker

Tracking virus spread, real economy and financial markets

Better

Worse



## Virus

Jan 24

Jul 10

New Covid-19 Cases



Lockdown Index



## Real Economy

Jobless Claims



Public Transit Ridership



Airline Passengers



Mortgage Applications



Consumer Comfort



Same Store Sales



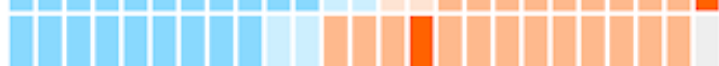
Restaurant Bookings



Active Oil Rigs



Steel Production

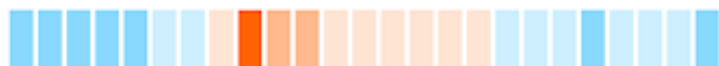


Electricity Demand



## Financial Markets

S&P 500



Financial Conditions



# FARM TANK

## Tweets of the Day



**StockCats**  
@StockCats



overhead resistance **S&P 500**

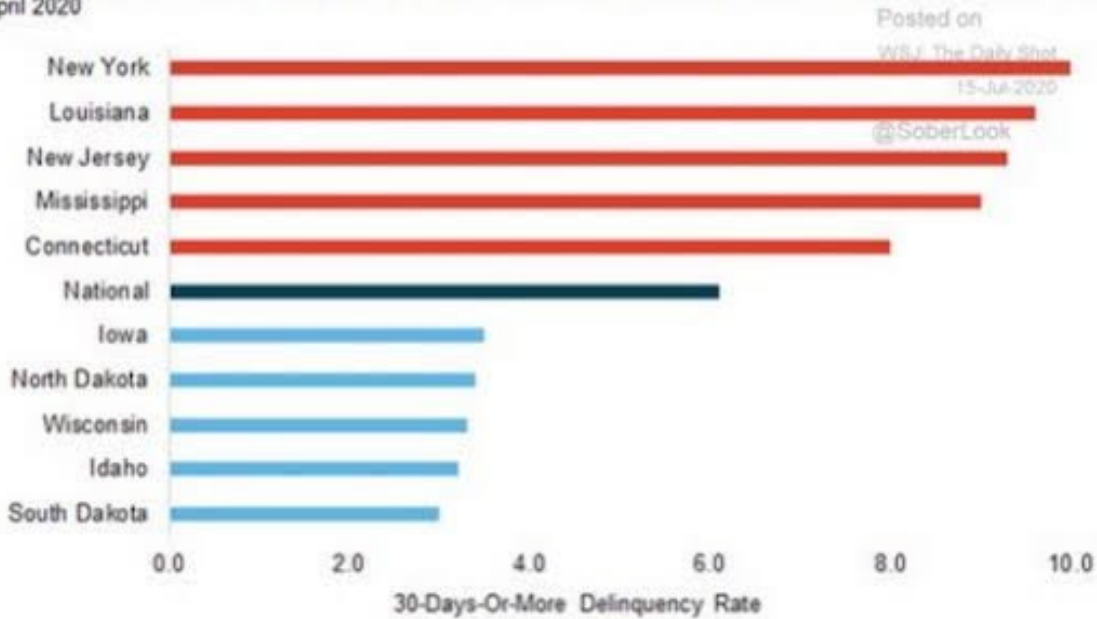




**Liz Ann Sonders** ✓  
@LizAnnSonders

New York seeing highest rates of past-due mortgages, while South Dakota currently faring best @SoberLook @CoreLogicInc

**Figure 2: States With the Highest and Lowest Rate of Mortgages At Least 30 Days Past Due**  
April 2020



Source: CoreLogic

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**Scott Sloan**  
@ScottSloan6164



Yea.... those do make their tractors butt look big.!!!





**Laura Boroughs-Haffner**  
@LBHaffner



There was a pot of gold at the end of the rainbow this evening. [#harvest2020](#) [@NebraskaWheat](#)  
[@JohnDeere](#) [@ShelbourneReyno](#) [@HighPlainsHarv](#)







**Ray Ortlund**  
@rayortlund



You saved your sister from an attacking dog, though you got hurt, and you knew you'd get hurt. I am so proud of you, young man. Keep on. Keep on.



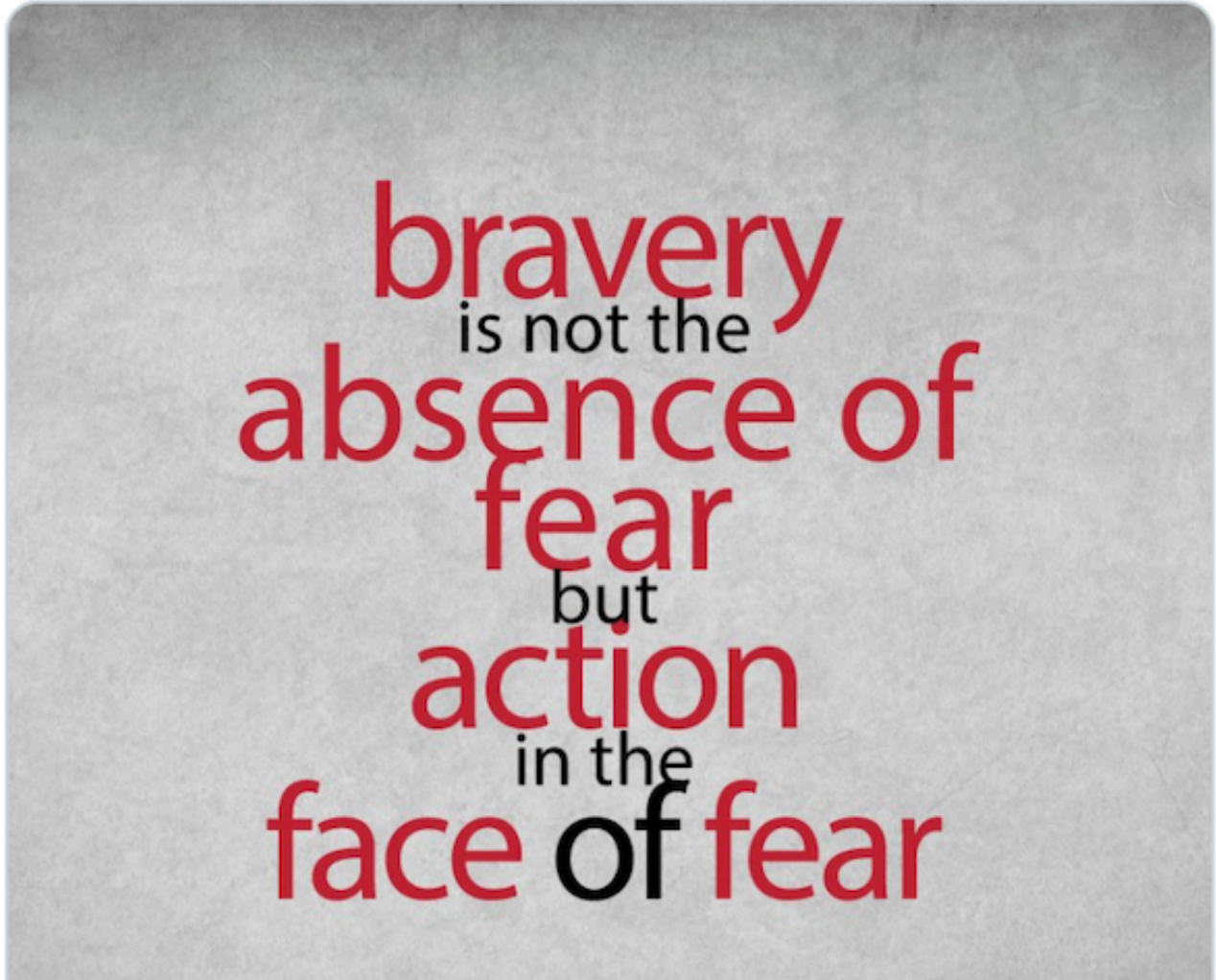


**Police Awam Saath Saath**  
@PoliceAwam



What is bravery?

#PoliceAwamSaathSaath #PakistanPolice #Police  
#Bravery #Brave #Quotes #Quote



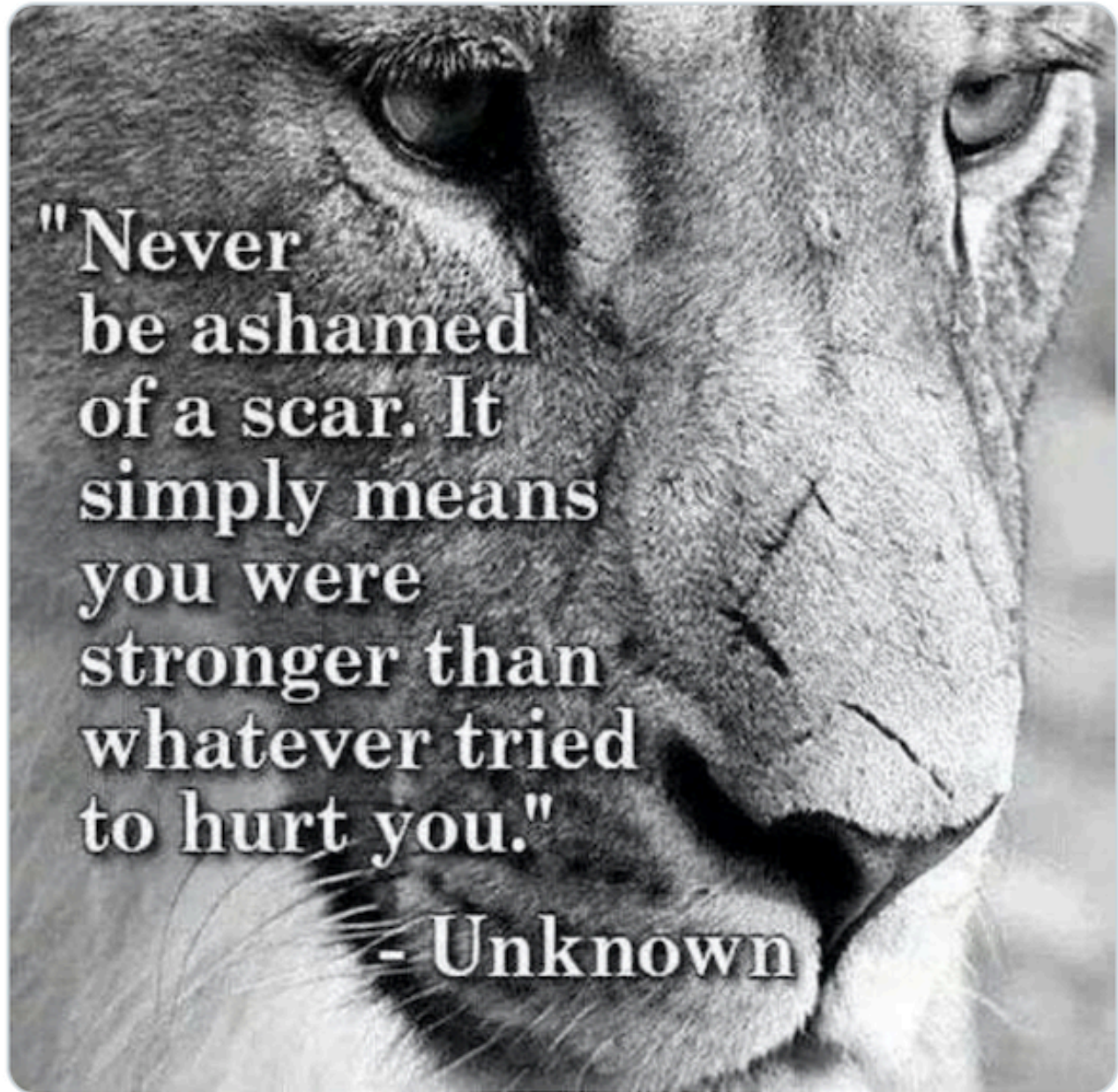




Kim Tipling  
@Kym191185



love it I have some nasty scars! #getyourbellyout  
#scars #scars #bravery #fighter #quote #quotes



**CORN** bulls are disappointed by the recent price action, including myself. I was hoping some larger Chinese buying would be enough to spark a bit of upside momentum and perhaps a small short-covering rally. We get two record large Chinese purchases in the past week, but the bears never really flinch, instead pointing towards cooler temps and more widespread rainfall in the forecast.

Obviously, the trade doesn't see ending stocks as being tight enough to create much worry, especially if the U.S. weather is going to cooperate and we continue to hear talks of a +180 bushel per acre average yield. We also have continued demand uncertainty in the ethanol space and more global competition for exports coming into the mix. As a spec, I was hoping to get the 1-2 combination punch of Chinese buying and U.S. weather concerns. Instead, the Chinese buying headline by itself is simply not enough to stagger the bears. I am not going to add any additional length to my small bullish corn position. The market has not responded to the Chinese buying like I hoped and U.S. weather has arguably become less worrisome. Remember a major chunk of the U.S. corn is scheduled to be pollinating during the next 5 to 10 days. The old forecasts of little rain and extreme heat have changed to more widespread rain and cooler temps, i.e. not a winning combination for the bulls. I should note, the trade is still keeping an eye on parts of Iowa and Minnesota that have missed some of the recent rains. As a producer, I'm hoping longer-term I can find a better pricing window for new-crop bushels. I have already priced, locked in basis or hedged most all remaining old-crop. Let's just say, I was not overly excited about my old-crop marketing performance. The unforeseen fallout in crude oil that spilled over into ethanol during the first quarter of 2020 really hurt. In the two-months between February 20th and April 20th we went from trading DEC20 corn at around \$3.90 all the way down to around \$3.25 per bushel. Those of us who were hoping to get another shot to price new-crop bushels up above \$4.00 in the first half of 2020 got hung out. Then once new-crop prices broke sub-\$3.70 per bushel and moved well below break-even pulling the trigger became even more psychologically challenging. Moral of the story, don't beat yourself too bad. I've seen some of the best traders I've known get tangled upside down and chopped up in the ag markets this past year. Political uncertainty with China along with a global pandemic and trying to outguess how the computers will interpret these headlines has been tricky.

**Total Coronavirus Cases as of 7/15: 1,926,824**

**- Top 7 Agriculture Ports**

**Top Five States % of Production**

State	Coronavirus Cases	% of Production
Mato Grosso	29,279	31%
Parana	45,363	16%
Sao Paulo	386,607	10%
Goias	37,832	11%
Minas Gerais	78,463	8%

**Top 7 Agriculture Ports**

Port	Rank
Santos	1
Paranagua	2
Rio Grande	3
Sao Francisco do Sul	4
Vitoria	5
Belem	6
Manaus	7

**Legend for Coronavirus Cases:**

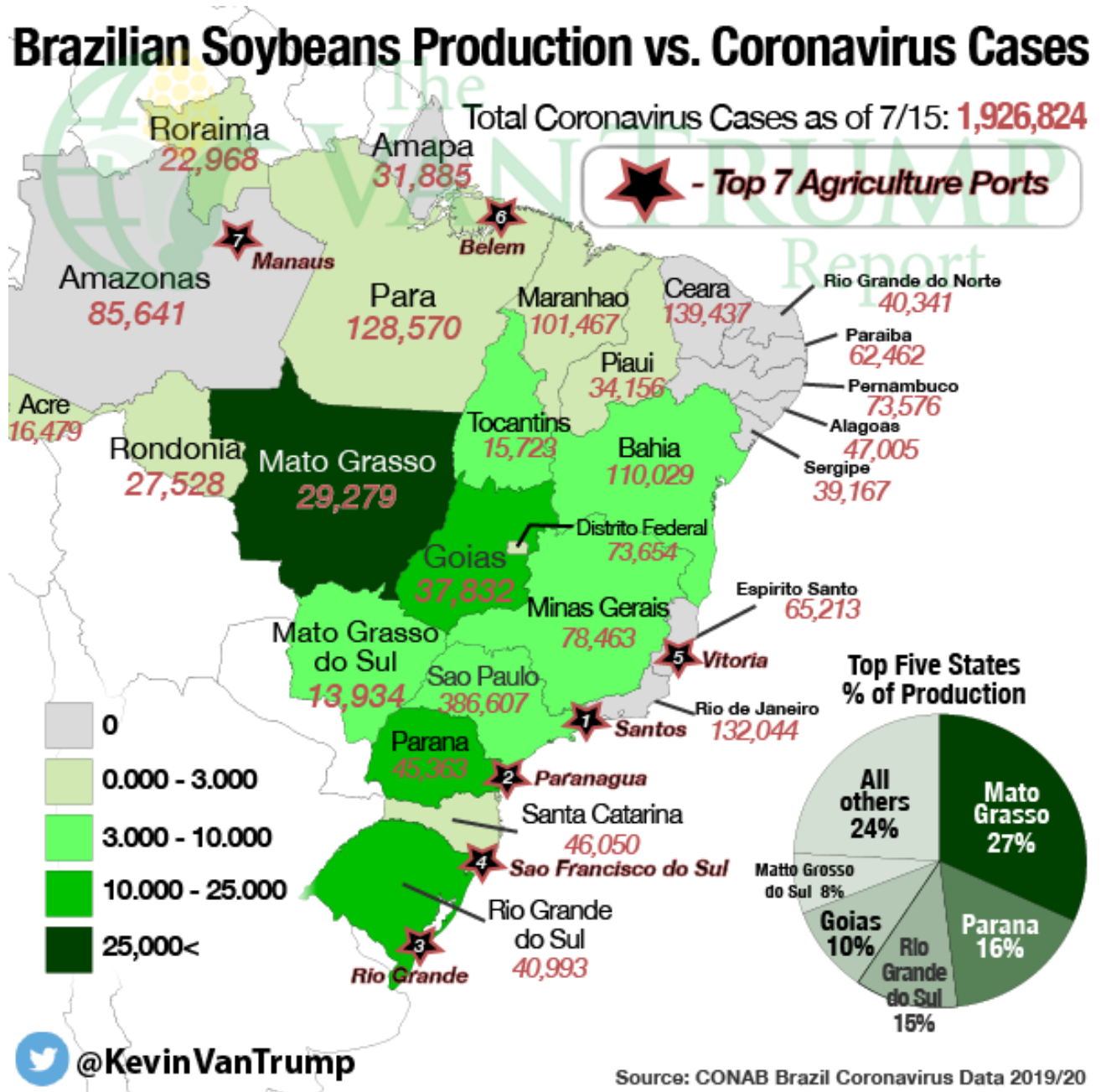
- 0
- 0.000 - 3.000
- 3.000 - 10.000
- 10.000 - 20.000
- 20.000<

**Source:** CONAB Brazil Coronavirus Data 2019/20

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to slightly higher for a brief period until more is learned.



**WHEAT** bulls are excited to see the SRW contract close back above \$5.50 per bushel for the first time in about three months. Producers should also take note that the JUL21 new-crop contract is back above \$5.50 per bushel. I had made some early sales to reduce a bit of new-crop 2021 price risk the last time we trade in the \$5.50s-\$5.60s range and when prices broke many were upset they missed the opportunity. Well, here we are again with prices back above the \$5.50 level. If you are a producer who incorporates some "pre-marketing" ahead of planting into your plan this might be worth taking a look at. As you can see from the chart I included below, we haven't spent a whole lot of time north of \$5.60 in the past 5-

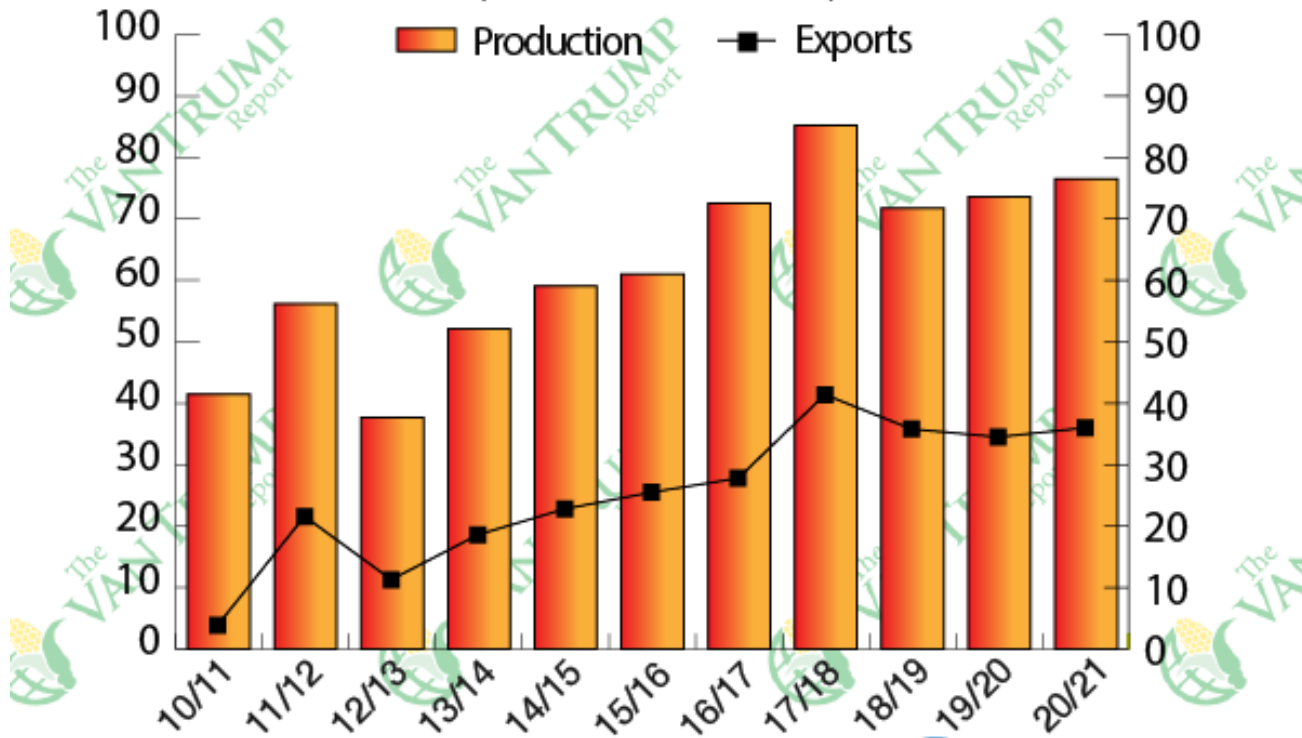


years. As a spec, I'm still bullish thinking we could work higher, especially if global weather becomes more interesting. But as a producer, I recognize we are price risk-managers first and not speculators or price forecasters. It seems best-of-practice to reduce a bit of next year's price risk at profitable levels and hope these are the worst sales we make. I'm just worried that the headlines might not be able to keep the bulls fed when we get to these higher altitudes. Trading very small as a spec, and reducing a little longer-term risk as a producer.




# Russian Wheat Production vs. Exports

(In Million Metric Tons)



Source: USDA, PS&D, July 2020




 @KevinVanTrump



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**> Ethanol Outlook Improving, Still not Profitable:** *An ethanol producer says the early days of coronavirus brought financial losses that rivaled anything since the beginning of the industry. Erik Huschitt is the CEO and General Manager at Badger State Ethanol and serves as the President of the Wisconsin Biofuels Association board. He says, "It wasn't uncommon for an ethanol plant to be hemorrhaging millions of dollars a month at that time." Huschitt tells Brownfield more people are driving, which has increased demand for ethanol fuels, but the industry is not operating at a profit. "Well, we've come a long way from the hemorrhaging. We are in a stable ground where we can say ethanol can run uninterrupted at these levels." Huschitt says there is a significant part of the ethanol industry that is covering their fixed costs but are not operating at a profit. Huschitt tells Brownfield there is a lot of uncertainty now, and new coronavirus-related shutdowns like California imposed this week don't help. He says the market is watching for signs of demand increases, but cautious about possible steps backward, which is why some producers have not reopened or ramped up production. (Source: [Brownfield Ag News](#))*

**> Argentine Suspends Chinese Meat Exports:** *Argentina has temporarily suspended exports to China from six meat packing plants after cases of the novel coronavirus were found among their employees, the president of Argentina's food quality and safety body Senasa said on Wednesday. China, the main destination for the South American country's beef, has been clamping down on meat imports*

*amid concerns about infections of COVID-19, which is gripping countries around the region, including key food producers Argentina and Brazil. Carlos Alberto Paz, the head of Senasa, said the decision to halt exports from the companies was made after Beijing asked the Argentine government to offer commercial security guarantees amid the pandemic. Read more from [Reuters](#).*

**> U.S. Independence Day Meat Sales up Nearly +20%:** *So far this year, the 2020 pandemic-affected holidays have resulted in very robust meat sales performances. Easter, Mother's Day, Father's Day and Memorial Day have boosted the already elevated everyday demand to achieve astounding gains versus year-ago levels. Independence Day was no exception, with total meat department sales coming in at \$1.66 billion for the week. While growth percentages versus a year ago were not as high as those seen for Father's Day week, Anne-Marie Roerink, president of 210 Analytics LLC, noted that it is much tougher to beat year-over-year sales for the Independence Day holiday given the high focus on grilling instead of eating out in regular years. However, the 2020 holiday resulted in a +17.9% increase in dollar sales versus last year. This was the 17th week of double-digit gains since the onset of the COVID-19 pandemic. While higher prices drove much of this gain, Roerink said the holiday brought meat volume growth too, up 4.1%. Meanwhile, although availability and assortment have improved, consumers continue to be frustrated with higher meat prices and fewer meat features. Read more from [Feedstuffs](#).*

**> WRDA Bill Advances in Congress:** *The next bill detailing investments for locks and dams and other inland waterways investments passed out of the House Transportation and Infrastructure Committee on Wednesday. The Water Resources Development Act of 2020 authorizes the Army Corps of Engineers to begin construction on 34 pending water-infrastructure projects and authorizes 35 separate feasibility studies on other projects. A key provision in the WRDA bill involves funding changes that allows the full use of \$10 billion in the Harbor Maintenance Trust Fund to go for dredging ports and inland harbors. For flood-prone communities, the bill also provides new authority for water projects to communities seeing repetitive flood challenges up to \$15 million in federal cost-share, "and the Corps shall consider a community's ability to pay," states a summary on the bill. Read more [HERE](#).*

**> FlyOver Tech Fest:** *An new online summit slated for this fall will focus on the often overlooked tech companies that exist outside our country's coastal meccas. The FlyOver Tech Fest will showcase stories from Midwest entrepreneurs on topics ranging from fundraising to hiring to scaling businesses. "We really just wanted to shine a light on the companies doing cool stuff in no-coast country and didn't feel like there was a lot of dedicated opportunity to do that," said Nathan Joens, founder of Structurely and organizer of the event. "Hopefully this can be a good launching point for others to share their successes and failures and how to grow a*



company the right way." Fundraising and hiring will be the two main topics at the event, Joens told Clay & Milk. Other topics will include tech, sales, and marketing. "Our motto is 'doing more with less,' said Joens. "I think that's the theme for a lot of no-coast companies. Usually, they raise less money. They often have smaller teams and are more focused on profitability and growing sustainability. And I think that's encompassed in the 'do more with less' mindset." This year's FlyOver Tech Fest will take place on Oct. 1. Tickets for the event are free. Learn more [HERE](#).

**> Zoom Expands into Hardware:** Zoom has become the de facto standard for online communications during the pandemic but the company has found that it's still a struggle for many employees to set up the equipment and the software to run a meeting effectively. The company's answer is an all-in-one communications appliance with Zoom software ready to roll in a simple touch interface. The device, dubbed the Zoom for Home - DTEN ME, is being produced by partner DTEN. It consists of a standalone 27-inch screen, essentially a large tablet equipped with three wide-angle cameras designed for high-resolution video and 8 microphones. Zoom software is pre-loaded on the device and the interface is designed to provide easy access to popular Zoom features. Learn more [HERE](#).

**> American Airlines Warns 25,000 Workers of Layoffs:** American Airlines sent notices to 25,000 workers -- about one-fifth of its workforce -- about potential furloughs as the airline copes with what it calls slackening demand for air travel during the pandemic. American, which is prohibited from slashing jobs or pay rates through Sept. 30 under terms of \$25 billion in federal payroll support, also urged employees to take buyout and early retirement packages before being forced to cut their jobs. The airline, which reported an 80% plunge in June revenue, says it will be overstaffed by 20,000 when federal aid expires Oct. 1. Earlier this month, United Airlines warned its workers it could furlough 36,000 of them and likely move to layoffs in August. (Source: MarketWatch)

**> Where Lawmakers Stand on Stimulus:** Congressional leaders are hoping to have another coronavirus aid package ready by the end of the month. But while both sides of the aisle agree more funds will be necessary to help families, workers, businesses and the national economy recover, Republicans, Democrats and the administration still have significantly different ideas of what should be included in the next package, including the possibility of another stimulus check for some Americans. One sticking point is who should get additional stimulus checks, with Republicans favoring payments to those earning \$40,000 or less while Democrats aiming closer to \$75,000 or less. The two sides are also divided on the additional \$600 weekly in unemployment insurance that expires at the end of this month. Dozens of other provisions also could make their way into the stimulus package. Republicans, Democrats and the administration have made differing proposals a priority that could pose additional hurdles as sides work to negotiate. Read more [HERE](#).

**> Electric-Car Subsidies Make Renaults Free in Germany:** *Car buyers in Europe can now get their hands on a brand-new electric vehicle for less than the typical cost of a mobile-phone contract. Thanks to newly generous subsidies, some are even free. Shoppers have swarmed virtual showrooms in Germany and France -- the region's two largest passenger-car markets -- after their national governments boosted electric-vehicle incentives to stimulate demand. Their purchase subsidies are now among the most favorable in the world, according to Bloomberg. The state support is allowing Autohaus Koenig, a dealership chain with more than 50 locations across Germany, to advertise a lease for the battery-powered Renault Zoe that is entirely covered by subsidies. Read more [HERE](#).*

**> Stocks Without the CARES Act:** *Bank of America ran the numbers on a scenario in which the U.S. Congress failed to reach an accord on a rescue package back in March. "Imagine if, instead of the CARES Act and subsequent stimulus," BofA strategists write, "we had just endured a repetition of the House TARP rejection in September 2008? The analogous S&P 500 plunge would have been to 1,720, to say nothing of the effects on public health and jobs." On March 27, President Trump did indeed sign the CARES Act into law and in the 15 weeks since, the S&P 500 has rocketed roughly more than +27% higher, adding trillions in shareholder value over that time. The price of this rally? It's too soon to say. But, judging by BofA's analysis, that \$2.2 trillion saved a lot of stock portfolios and retirement funds. Read more from [Fortune](#).*

## Chart 9: Gridlock in 2020 could have sent SPX to 1720



Source: BofA Research Investment Committee, Bloomberg; estimate based on market reaction following 2008 TARP rejection.



**North central Montana** - *We run a lot of grain up here and wheat is still king in this area, but we have been adding to our cereal acres and continue to look for opportunities to multi crop. There has been a growth in the area of mustard acres*

*over the last decade but I haven't chosen to pursue that one just yet. Everything is looking beautiful up here as we have had awesomely timed rains. If we can just get it in the bin and the prices can manage to stay somewhere respectable, it will be a good year. We are cleaning out bins as we get ready to harvest green peas in the next two weeks. Harvest for all our crops will generally keep us in the field for the next two months. Like all the other markets, we just need prices not to venture off. Chickpeas most often will bring in the best returns when we can move them to the end-users.*

**West central Missouri** - *The big rain that hit all of northern Missouri hardly went much lower than I-70 interstate., at least on the west side of the state. We didn't get a drop while 75 miles north saw rains with increasing amounts the further you head north. We had a nice amount of rain in May and all looked well. If we hadn't received that rain we would be much worse off than we are now. In June, we didn't clear a half-inch for the entire 30 days. So far in July, we are at a few hundreds over a half-inch and no real rain in sight. We have done everything that we can to produce the best crop but eventually, without water, it doesn't matter. We selected the best hybrids, applied a generous amount of fertilizer, and have applied fungicide. The corn and soybeans are just barely holding on at this point. We are seeing burnt up corn waist-high in some places. Even if the rain picks up and gives us more than adequate rainfall, we will struggle to clear our APH.*

**Southeast Nebraska** - *This is a new farm for us this year. It was in several years of continuous corn prior to this year. It's hilly ground with some high pH areas. The beans that were selected have high IDC scores. We grid sampled and applied as needed. However, it's been pretty dry and some of the pell lime and MAP can still be seen on the soil surface. These beans have been runty and lethargic all year. They are yellow now as all the other beans around are getting a nice dark color. These beans were supposed to be double rate inoculated. I have my doubts the double rate happened. But I do believe at least a single rate happened.*





# neuro mining

A young boy is depicted wearing a metal helmet with several wires attached to it, and large, round goggles. He is sitting at a wooden desk, looking at a vintage computer monitor. On the desk, there is also a keyboard and some papers. The background is a solid orange color.

As we age, it gets harder and harder to create new neural pathways in the brain. It's the reason kids find it so easy to learn new things, but as adults it often gets more difficult. Doing brain teasers and solving riddles can be an important part of keeping our brain healthy. The more connections we can form, the better our brain will be. I hope this helps provide a little daily fun and exercise. The answer to each riddle or puzzle will be located at the bottom of the report.

**TODAY'S RIDDLE:** If a man carried my burden, he would break his back. I am not rich, but I leave silver in my track. What am I?



## Rural America's Resilience Amid Coronavirus

Rural America has been impacted at every level over the past four months amid the coronavirus pandemic that, unfortunately, maybe far from over. The latest update from CoBank's Knowledge Exchange indicates that the initial surge in economic activity experienced as cities and states came out of lockdown in May and early-June might have plateaued. Still, CoBank believes rural industries have a chance to bounce back more resilient than ever. Below are a few of the key points they hit on in the latest Quarterly report, titled 'Rural Industries Adapt to Coronavirus Reality'. The full report can be found [HERE](#).

**Macro-Economic Outlook:** *CoBank's most recent quarterly report makes a very important point - Traditional economic data can go stale remarkably fast in the COVID-19 era. The bank's analysts note that recent government data does point to steady improvement in the U.S. economy since the March shutdown, which largely coincides with re-openings. Looking under the hood of traditional data, troubling signs include the more than 20 million newly unemployed that have remained jobless since May.*

*Dan Kowalski, vice president of CoBank's Knowledge Exchange Division, notes that regions slower to recover will unavoidably impact the entire country. Likewise, industries that have been more directly impacted by the pandemic, such as travel, tourism, education, and other aspects of normal life are expected to remain sluggish until the virus risk subsides. That's not to say economic improvements will come to a halt but Kowalski says the "bounciest" post-shutdown economic gains are almost certainly behind us and the grind awaits. The analyst also highlighted fiscal stimulus measures in the works that could provide additional aid for agriculture and/or rural infrastructure.*

**Grains:** *CoBank's Kenneth Scott Zuckerberg said grain has been moving and basis has generally tightened since April 1, noting that the second quarter was an eventful one for the U.S. grain complex. Zuckerberg highlights tightening corn basis as U.S. ethanol production began to recover, though he does note it has been somewhat disconnected across certain regions of the Midwest Corn Belt as more corn purchases are cost-effectively transported by barge.*

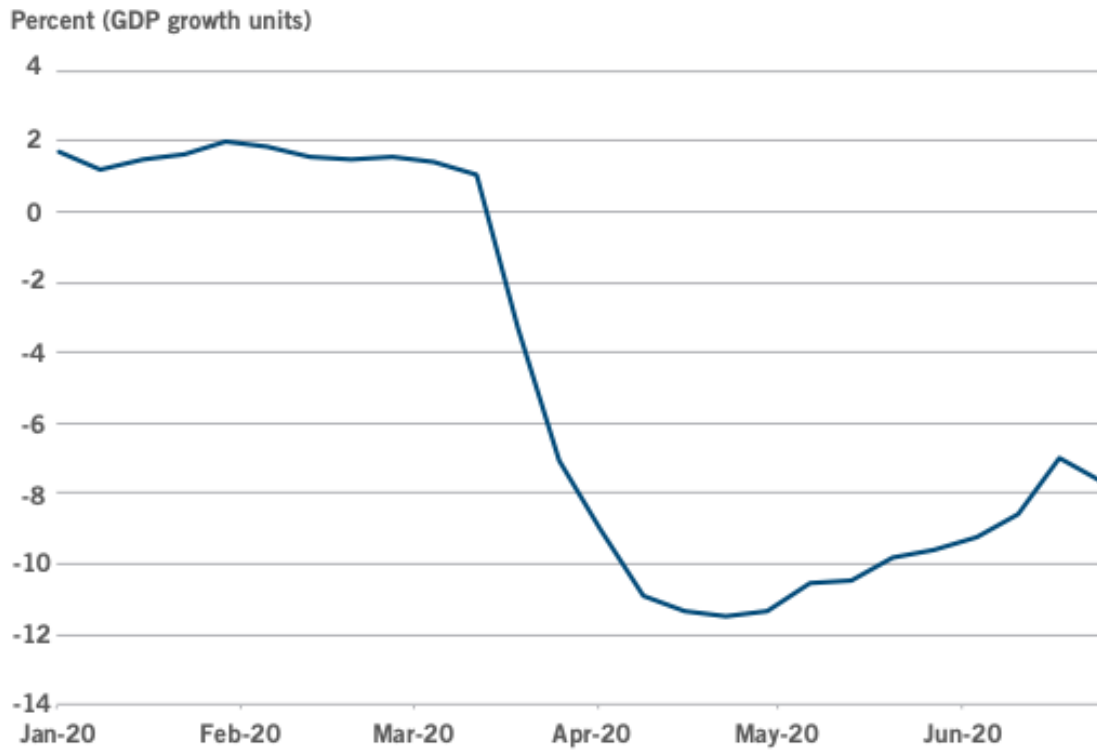
*For wheat, Zuckerberg says an issue that surfaced late in the quarter could impact prices and basis in the future - test weights in certain parts of Kansas that may have suffered from hot, dry temperatures and high winds earlier in the growing season. He also notes "substantial" sorghum imports by China that saw the basis in central Kansas tighten materially into late June. In the coming months, CoBank is focusing on the following: Domestic weather, Brazilian crop production, China / U.S. relations, Other trade issues, such as ongoing negotiations between the U.S., EU, and UK.*

**Ethanol:** *CoBank predicts the pandemic will cause the ethanol industry to rationalize excess capacity and further diversify as 2021 fuel demand is not expected to fully rebound to pre-COVID-19 levels. Looking out three months, Zuckerberg points to currently resurging coronavirus infections in several states along with renewed activity restrictions that he says will "arguably reduce driving and fuel demand." CoBank projects ethanol fuel demand will recover to only 85%-90% of pre-VOVID levels by 2021.*

**Beef:** *Beef processing, CoBank said, is now operating at 95% of capacity with all facilities back online. The beef sector is now focused on-demand, with traffic at foodservice establishments continuing to improve but social distancing restrictions and consumers' reluctance to venture out of their home for non-essential trips have hampered a full recovery. This means ongoing challenges for the dine-in, full-service sector, which especially hurts the beef complex. Another challenge for the beef industry is the tens of millions of Americans that have lost jobs amid the pandemic and could possibly lose government supports soon. CoBank expects modest supply growth in 2020, with production climbing +1%, versus the previous estimate for growth of +2%.*

**Pork:** *CoBank's report says the pork industry is beginning to work through its backlog of hogs, estimating that nearly 3 million pigs that were supposed to come to market in the second quarter were not able to do so because of coronavirus-related disruptions. The degree to which these disruptions affected pork supplies won't be fully known until later in 2020, potentially creating long-term implications for producers beyond that.*

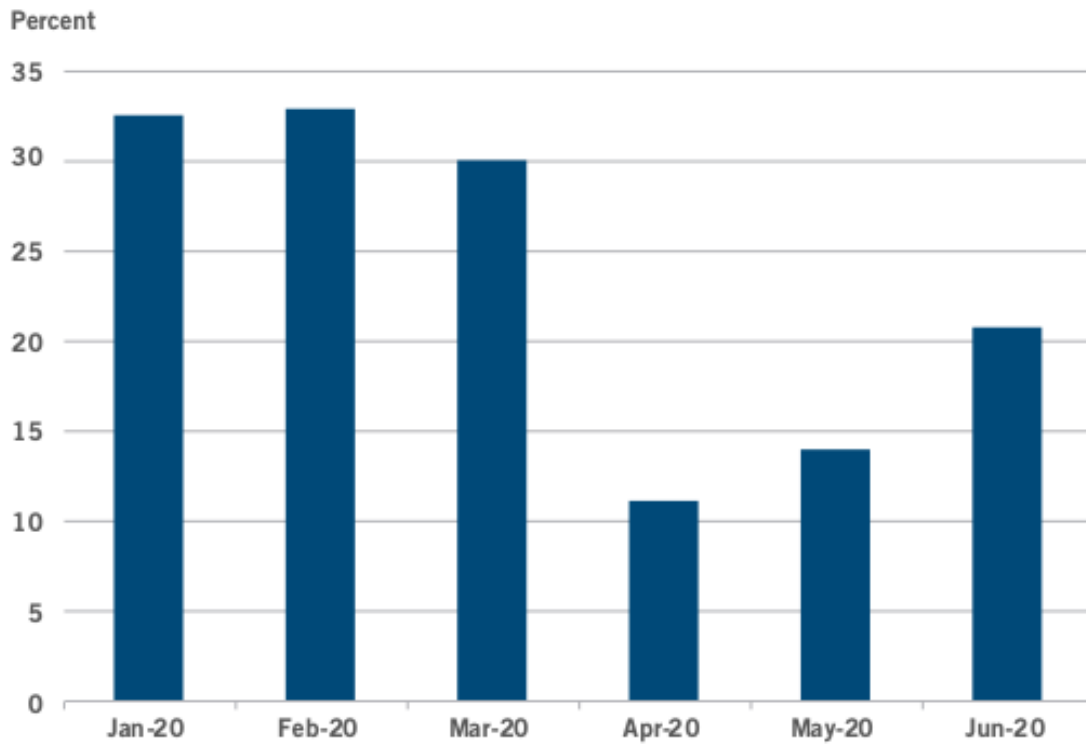
## EXHIBIT 2: NY Fed Weekly Economic Index



Source: New York Federal Reserve

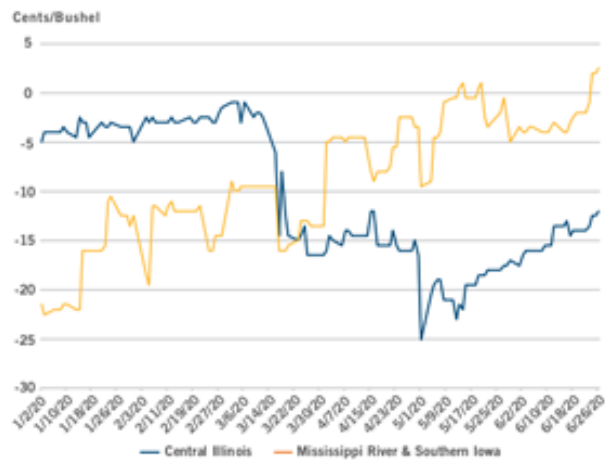


### EXHIBIT 3: Percent of U.S. Unemployed Not on Temporary Layoff



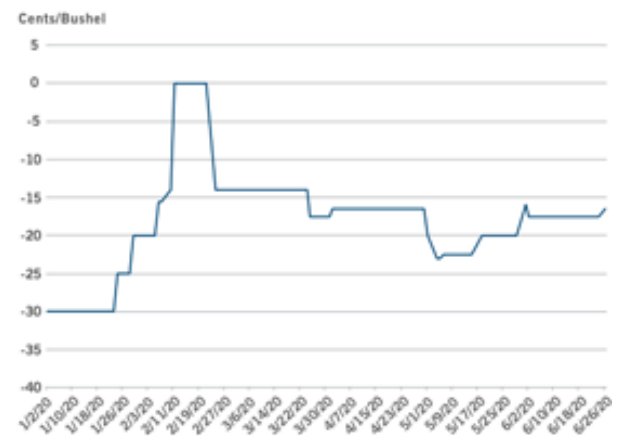
Source: Bureau of Labor Statistics

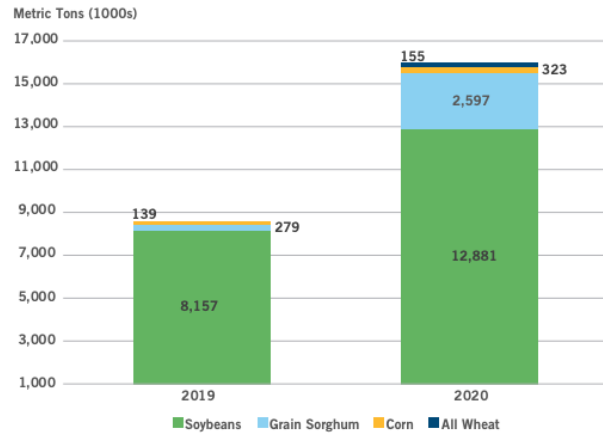
#### EXHIBIT 1: Corn Basis Regional Comparison



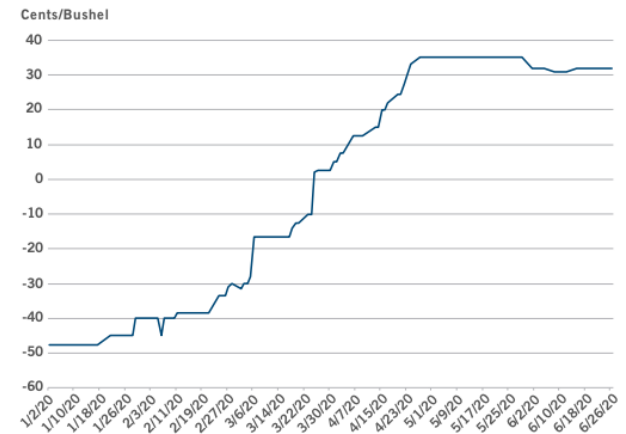
Source, all charts this page: USDA-AMS

#### EXHIBIT 2: Central Kansas Hard Red Winter Wheat Basis



**EXHIBIT 3: U.S. Accumulated Exports to China, YTD Sales**

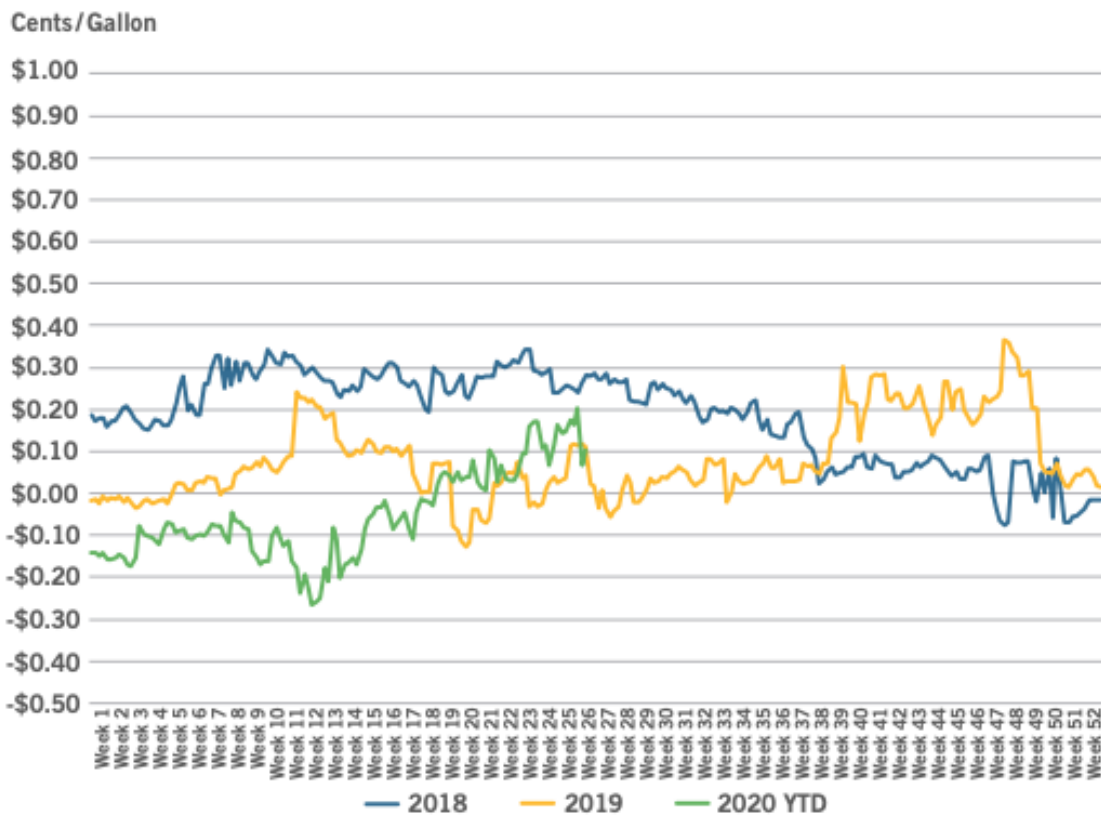
Source: USDA-FAS U.S. Export Sales Report, as of June 25, 2020

**EXHIBIT 4: Central Kansas Sorghum Basis**

Source: USDA-AMS

## EXHIBIT 2: Return Over Operating Costs

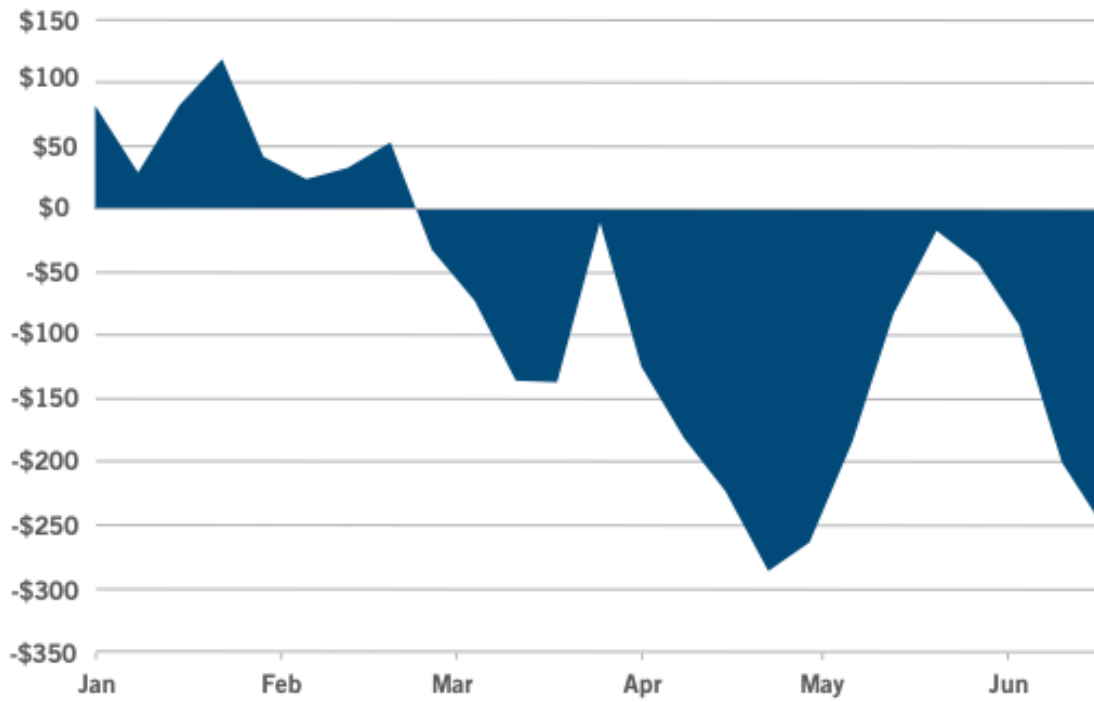
### Data for Representative Iowa Dry-Mill Fuel Ethanol Plant



Source: Center for Agricultural and Rural Development, Iowa State University

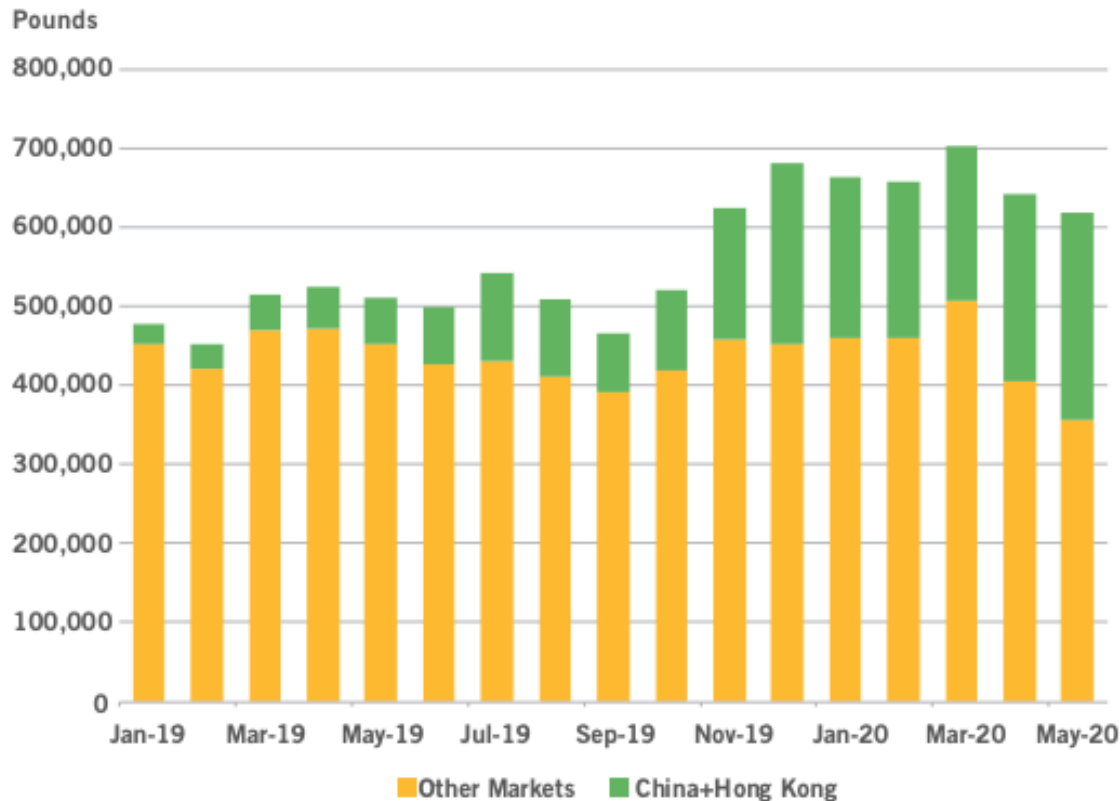
## EXHIBIT 1: 2020 Cash Cattle Feeding Margins

Dollars/Head



Source: USDA ERS, CoBank Estimates

## EXHIBIT 1: U.S. Pork Exports to Greater China and Other Markets



Source: USDA-ERS

### America's National Parks Expect a Busy Summer

America is blessed with a remarkably diverse landscape, something our country's earlier leaders recognized and helped to preserve by establishing our system of national parks. With the addition of Indiana Dunes and White Sands last year, the United States now has 62 official national parks that encompass some 52.2 million acres of land.

This summer is expected to be an especially busy one for the parks as U.S. families seeking safe vacation options turn to the outdoors. The country's parks were drawing enormous crowds long before coronavirus entered the picture. The National Park Service logged more than 327 million visitors last year, the third-largest behind 2016 and 2017. Recreation visits have exceeded 300 million every year since 2015. Lockdowns in some parts of the country led to a decline in visits earlier this year but there are signs that tourists have returned in record numbers. A popular section of the Great Smoky Mountains National Park in Tennessee said weekend visitation in May was +54% higher than the same month last year even though the park was closed for some of that time!

National Parks can be found in 29 of U.S. states. California has the most, with 9, followed by Alaska (8), Utah (5), and Colorado (4). Alaska claims the four largest



national parks, the biggest being Wrangell-St. Elias at over 8 million acres. The smallest is Gateway Arch National Park in St. Louis, Missouri, at just under 91 acres. The [National Park Service website](#) has loads of information, including whether they are open during the pandemic. The site also offers several different ways to find a park that has just what you're looking for. Below are more details about the country's top five most popular national parks. (Sources: The Crazy Tourist, The New York Times, NPS, NPCA)

**1. Great Smoky Mountains National Park** - *The Great Smoky Mountains is the most visited National Park in the U.S., spanning the Great Smoky Mountains themselves which are in turn part of the Appalachian Mountain Chain. The mountains span a wide range of elevations, making them home to over 400 vertebrate species, 100 tree species, and 5000 plant species. Hiking is the park's main attraction, with over 800 miles of trails, including 70 miles of the Appalachian Trail. Other activities include fishing, horseback riding, and touring nearly 80 historic structures. The Great Smoky Mountains was the first national park whose land and other costs were paid for in part with federal funds; previous parks were funded wholly with state money or private funds. The park was designated as a UNESCO World Heritage Site in 1983 and an International Biosphere Reserve in 1988. Tourism to the park contributes an estimated \$2.5 billion annually into the local economy.*





**2. Grand Canyon National Park** - *The Grand Canyon is one of the most well-known and renowned natural landmarks in the world – this is the largest canyon in existence and covers an area of 1.2 million acres in the northern region of Arizona. This epic canyon has been formed over millions of years and was crafted by the Colorado River, which still runs through the canyon today. The Canyon itself is 277 miles long, up to 1 mile deep, and up to 15 miles wide. The Park covers over 1.2 million acres and includes the viewpoints Mather Point, Yavapai Observation Station, and architect Mary Colter’s Lookout Studio and her Desert View Watchtower. Lipan Point, with wide views of the canyon and Colorado River, is also popular, especially at sunrise and sunset.*







**3. Yosemite National Park** - *Yosemite is one of the most popular National Parks in California and spans Tuolumne, Mariposa, Madera and parts of the Sierra Nevada mountains. This park actually has the accolade of being designated a World Heritage Site in 1984 and it continues to be a popular holiday destinations for Americans and tourists. Yosemite features sheer granite cliffs, exceptionally tall waterfalls, and old-growth forests at a unique intersection of geology and hydrology. Half Dome and El Capitan rise from the park's centerpiece, the glacier-carved Yosemite Valley, and from its vertical walls drop Yosemite Falls, one of North America's tallest waterfalls at 2,425 feet high. Three giant sequoia groves, along with a pristine wilderness in the heart of the Sierra Nevada, are home to a wide variety of rare plant and animal species.*







**4. Rocky Mountain National Park** - *The Rocky Mountains are one of the most well-known mountain ranges in the USA and the section that sits in the northern region of Colorado above Denver is a sublime National Park. This park was established in 1915 and has since been designated a UNESCO World Biosphere Reserve. Bisected north to south by the Continental Divide, this portion of the Rockies has ecosystems varying from over 150 riparian lakes to montane and subalpine forests to treeless alpine tundra. Wildlife including mule deer, bighorn sheep, black bears, and cougars inhabit its igneous mountains and glacial valleys. Longs Peak, a classic Colorado fourteener, and the scenic Bear Lake are popular destinations, as well as the*



*historic Trail Ridge Road, which reaches an elevation of more than 12,000 feet.*







**5. Zion National Park** - Zion is an immensely popular National park located in the southwestern United States in Utah – although this relatively small park only covers an area of 146,000 acres, it is one of the most visited in the state and has some fantastic attractions and features. Located at the junction of the Colorado Plateau, Great Basin, and Mojave Desert, this park contains sandstone features such as mesas, rock towers, and canyons, including the Virgin River Narrows. The various sandstone formations and the forks of the Virgin River create a wilderness divided into four ecosystems: desert, riparian, woodland, and coniferous forest.







### **How He Became the Richest Man in the World!**

Jeff Bezos, the founder of Amazon is 56 years old and the world's richest man. What many don't realize is the fact he came from very humble beginnings. When he was born his mother was a 17-year-old high school student and his father was a bike shop owner. After his parents divorced, his mother married Cuban immigrant Miguel "Mike" Bezos. Shortly after the wedding, Mike adopted the four-year-old Jeff. The family moved to Houston, Texas. Where a young Jeff Bezos attended River Oaks Elementary School in Houston. Bezos' maternal grandfather retired to his family's ranch near Cotulla, Texas, where Bezos would spend many summers in his youth. On a side note, Bezos would later purchase this ranch and expand it to 300,000 acres.

When Bezos got a bit older his family moved to Miami, Florida, where Bezos attended Miami Palmetto High School. While Bezos was in high school, he worked at McDonald's as a short-order line cook during the breakfast shift. He worked hard both in and out of school and was awarded high school valedictorian and received a National Merit Scholarship. He was accepted to Princeton University and graduated with honors in 1986 with a Bachelor of Science in Engineering (BSE) in electrical engineering and computer science.

After Bezos graduated from Princeton University in 1986, he was offered jobs at Intel, Bell Labs, and Andersen Consulting, among others. He hopped around a couple of times then joined D. E. Shaw & Co, a newly-founded hedge fund on Wall



Street with a strong emphasis on mathematical modeling, he worked there until 1994.

At the age of 30, he had left his job, and while on a cross-country trip from New York to Seattle wrote a business plan to start an online bookstore called Amazon. Why books and why the internet? While surfing the Internet in search of new ventures for D.E. Shaw & Co. to invest in, he came across the statistic that World Wide Web usage was growing by 2,300 percent a month. Bezos immediately recognized the expansive possibilities of selling online and began exploring the entrepreneurial possibilities of developing an Internet business. He drew up a list of 20 potential products he thought might sell well via the Internet, including software, CDs and books. After reviewing the list, books were the obvious choice, primarily because of the sheer number of titles in existence. Bezos realized that while even the largest superstores could stock only a few hundred thousand books, a mere fraction of what is available, a "virtual" bookstore could offer millions of titles.

For nearly a year, Bezos and a crew of five employees worked out of the garage, learning how to source books and setting up a computer system that would make Amazon.com easy to navigate. So books it was!

In 1994, Jeff held 60 meetings with family members, friends and prospective investors to get them to each invest around \$50,000 apiece in Amazon and help him raise \$1 million. Only 20 said yes, a group that included his parents. In fact, reports indicate his parents invested \$245,573. Interestingly, if they've kept their holdings, some estimates their shares could be worth +\$50 billion today. I'm told his parents have made a lot of big donations to charities the past many years so I'm certain they did extremely well with their initial nest egg. The investment was far from a sure bet. Sources close to Bezos said that Jeff made it clear to everyone that there was a very strong chance the initial investors might not ever see their money again. I suspect that's a big reason why only 20 of the 60 he initially approached as investors took the leap of faith.

Let's also not forget, his parents didn't think it was smart to leave his job in New York, and his father had never even heard of online shopping. But yet they still put most of their life savings to help their son chase a vision.

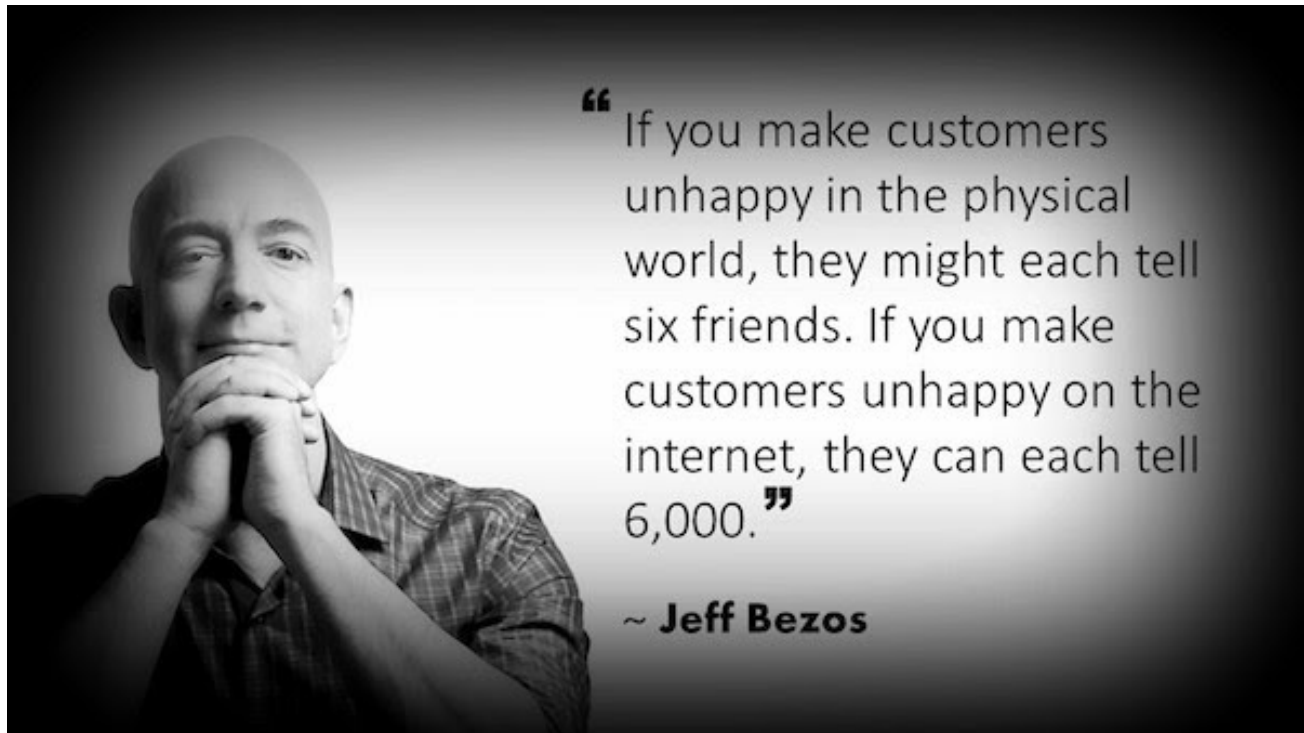
Once Jeff had a bit of money to start, he passed up a fat bonus, packed his wife, MacKenzie, and their dog, Kamala in the car, and headed for Seattle. For Bezos, Seattle was the ideal city for his new business. Not only was it home to a tremendous pool of high-tech talent, it was also in close proximity to Ingram Book Group's Oregon warehouse. got to Seattle and rented a small house, setting up his business in the garage. For nearly a year, Bezos and a crew of five employees worked out of the garage, learning how to source books and setting up a computer

system that would make Amazon.com easy to navigate. To achieve this goal, he and his team created a number of innovative programs, including one that would let customers add their own book reviews to the site and a feature that recommends books based on a customer's previous purchases.

In July 1995, Amazon.com opened its virtual doors, calling itself "Earth's Biggest Book Store," with more than 1 million titles to choose from. Fueled by word of mouth, or more accurately, word of e-mail, Amazon.com rocketed. The orders poured in, and by September 1996, Amazon.com had grown into a company of 100 employees and had racked up more than \$15.7 million in sales. Three years later, those figures would soar to more than 3,000 employees and more than \$610 million in sales.

The rest is somewhat history... Bezos built the platform to sell books, then expanded to CD's, and all other areas of retail. It was estimated last year that Amazon controlled roughly 37% of all online sales. Amazon's runaway growth has made Jeff Bezos the richest man in the world. By owning 12 percent of the company, Bezos' net worth is estimated to be +\$180 billion. His ex-wife MacKenzie owns about 4% of the company and is estimated to be worth +60 billion.







**“ALL BUSINESSES  
NEED TO BE YOUNG  
FOREVER. IF YOUR  
CUSTOMER BASE  
AGES WITH YOU,  
YOU’RE WOOLWORTH’S.”  
-JEFF BEZOS**

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What we need to do is always  
**lean into the future;**  
when the world changes around  
you and when it changes against  
you—what used to be a tail wind  
is now a head wind—you have to  
lean into that and figure out  
what to do, because  
**complaining isn’t a strategy.**

Jeff Bezos

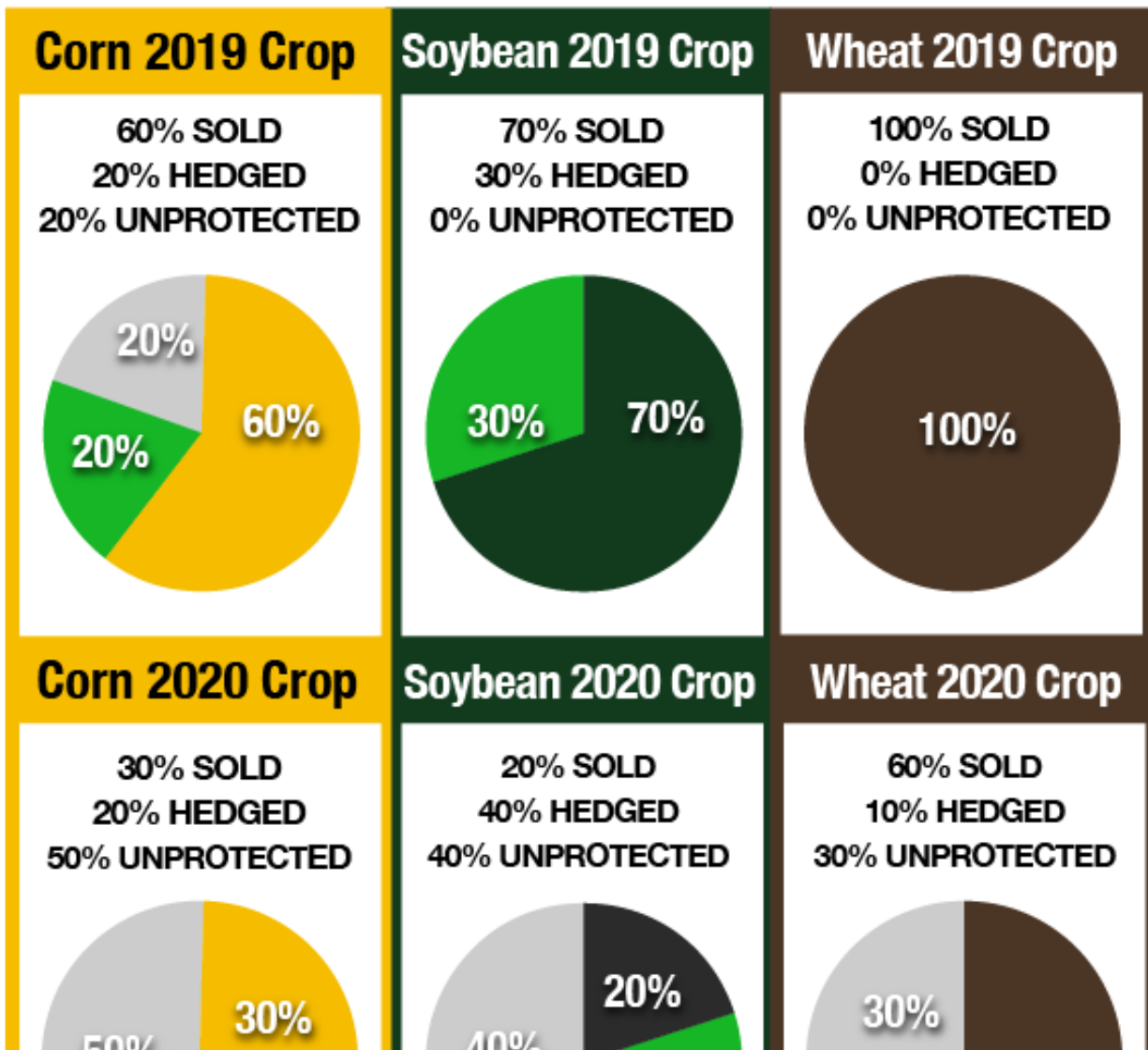
wist.info

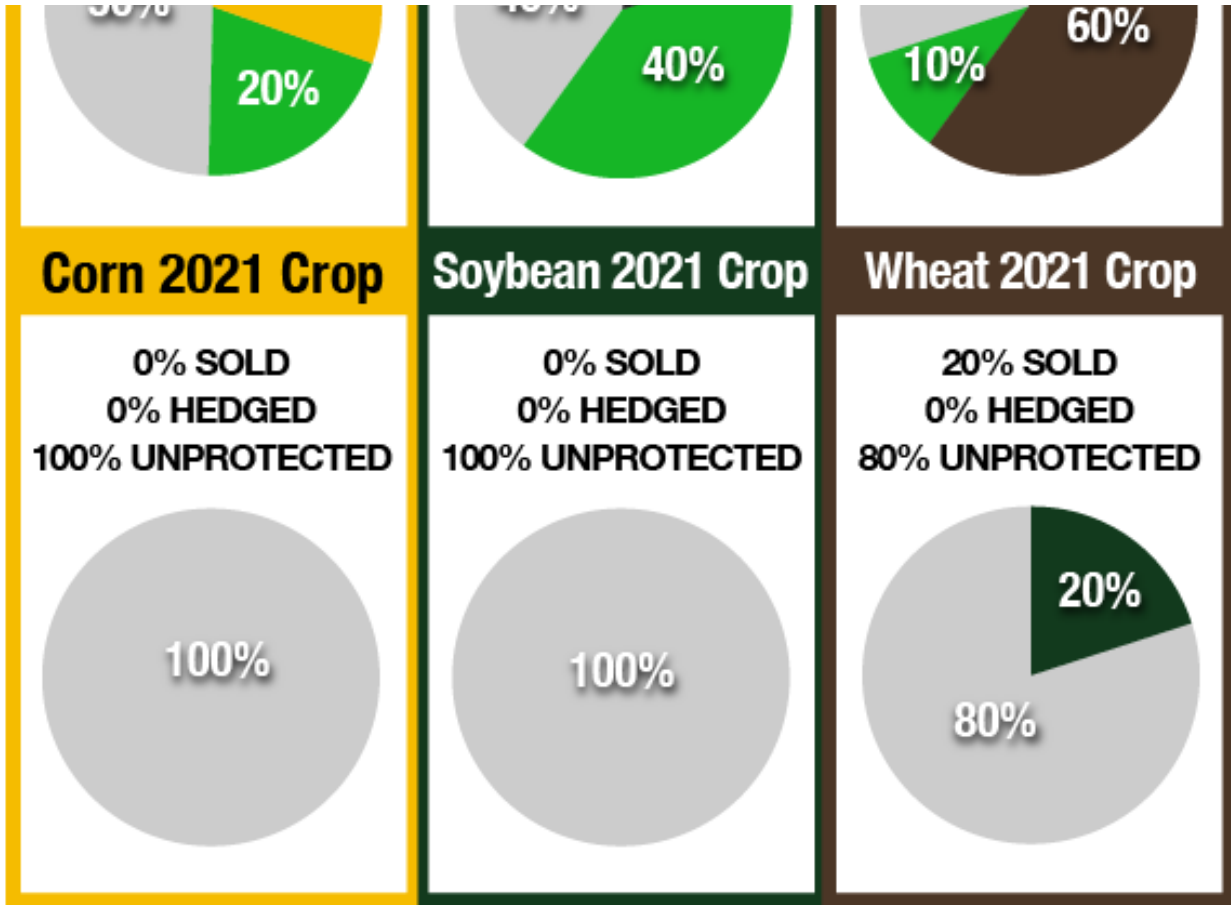
**ANSWER to riddle: A snail.**



# CASH SALES & HEDGING TOTALS

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----- Forwarded message -----

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

Date: Thu, Jul 16, 2020 at 5:31 AM

Subject: GOOD MORNING: The Van Trump Report 7-16-20

To: &lt;josh@farmdirection.com&gt;



*"If you see 10 troubles coming down the road," Calvin Coolidge reportedly said, "you can be sure that nine will run into the ditch before they reach you, and you have to battle with only one of them." Adopting a long-term perspective teaches you that you don't have to protect against every trouble. You only have to figure out which troubles to pay attention to. Most of the time, nearly all are temporary or marginal. Every day, investors have to snowshoe their way through a blizzard of propaganda, misinformation, and incomplete and incorrect data. If you respond reflexively to that noise, you'll do nothing but trade until you go broke. This rule can also easily apply to life." - Jason Zweig*



**Thursday, July 16, 2020**[Printable Copy](#) or [Audio Version](#)

**Morning Summary:** Stock bulls are pointing to overnight news out of China that its economy returned to growth in the second quarter, confirming one of the world's earliest signs of recovery from the coronavirus fallout. China's GDP reportedly grew +3.2% in the three months to the end of June, compared with the same period last year, exceeding most all forecasts. The figures follow the first annual decline in decades in the previous quarter when China's GDP fell by -6.8%. Here at home, bulls are looking past rising coronavirus infections that are complicating reopening plans in some large parts of the country, instead focusing on the positives they see in earnings data, progress with a vaccine, and expectations for more government stimulus. The S&P 500 traded back into positive territory and is now just -5% below its all-time highs, while the Nasdaq is up almost +18% for the year. Earnings today include Abbott Labs, Bank of America, Charles Schwab, Johnson and Johnson, Morgan Stanley, and the heavily traded Netflix. Schwab could provide some interesting insights into recent retail investor activity, which some analysts have said is creating bubbles in the market. Of course, Netflix being part of the FANG's and heavily owned and traded will also garner a ton of attention. Most analyst on Wall Street think that Netflix will report +\$6.0 billion in second-quarter revenue, a nearly +24% increase year over year. Also keep an eye on number of new subscribers. During the first quarter Wall Street suspected Netflix would add about +7.5 million new subscribers; in fact, the company more than doubled that with nearly +16 million new additions for a total of 183 million. Investors are also anxious to see weekly Initial Jobless Claim today, which analysts expect will show another 1.25 million Americans filed for unemployment last week. There's some speculation that the July 4th holiday delayed some filings which could inflate new claims reflected in today's report. The better gauge is the four-week moving average which was at around 1.43 million last week. Analysts have also indicated that forecasts for weekly claims as well as the July Employment Report are being complicated by outbreaks in some areas that have forced businesses to shut down again. Economists at Jefferies said the number of clicks on the web pages of state unemployment agencies "appears to be picking up again" which could indicate another wave of new job losses in the weeks ahead. Other economic data worth noting today include Retail Sales for June, the Philadelphia Fed Index for July, and the NAHB Housing Market Index for July. Stock bears are beating the drum about expanded unemployment benefits that run out this month. The last of those extra support checks will be paid the week of July 25 and Congress has still not agreed on whether or not to extend the bonus pay. Some worry the loss of the extra unemployment money could deal a massive blow to lower-income families struggling to find work as the virus continues to create widespread complications. Many other safeguards like eviction and foreclosure moratoriums are also set to expire soon. Bulls believe the political wrangling over the next stimulus is largely showmanship and that the two political

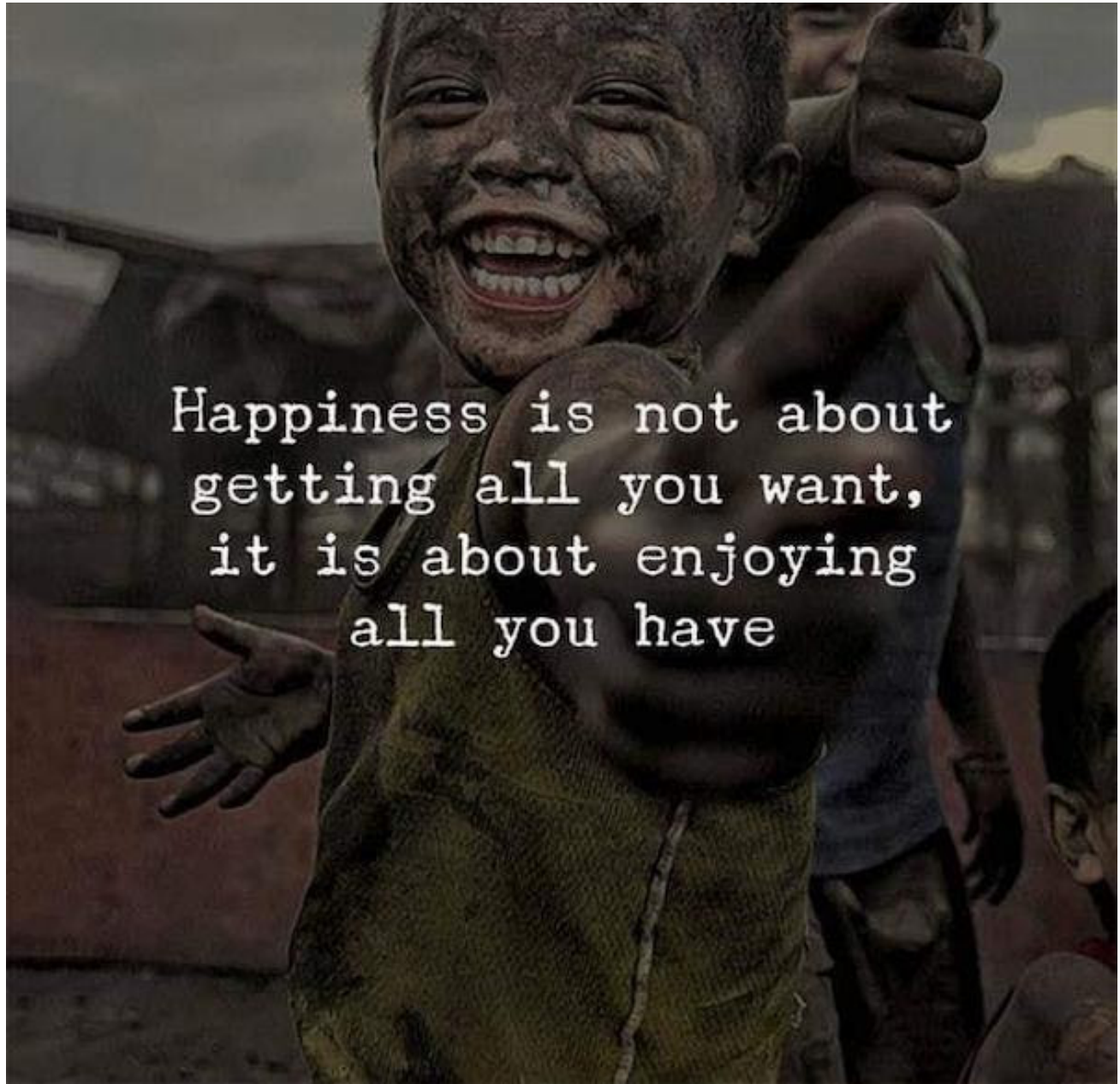
sides will come together soon on something that looks very close to the \$3.5 trillion package already passed by House Democrats back in May. The Senate returns to Washington next week.

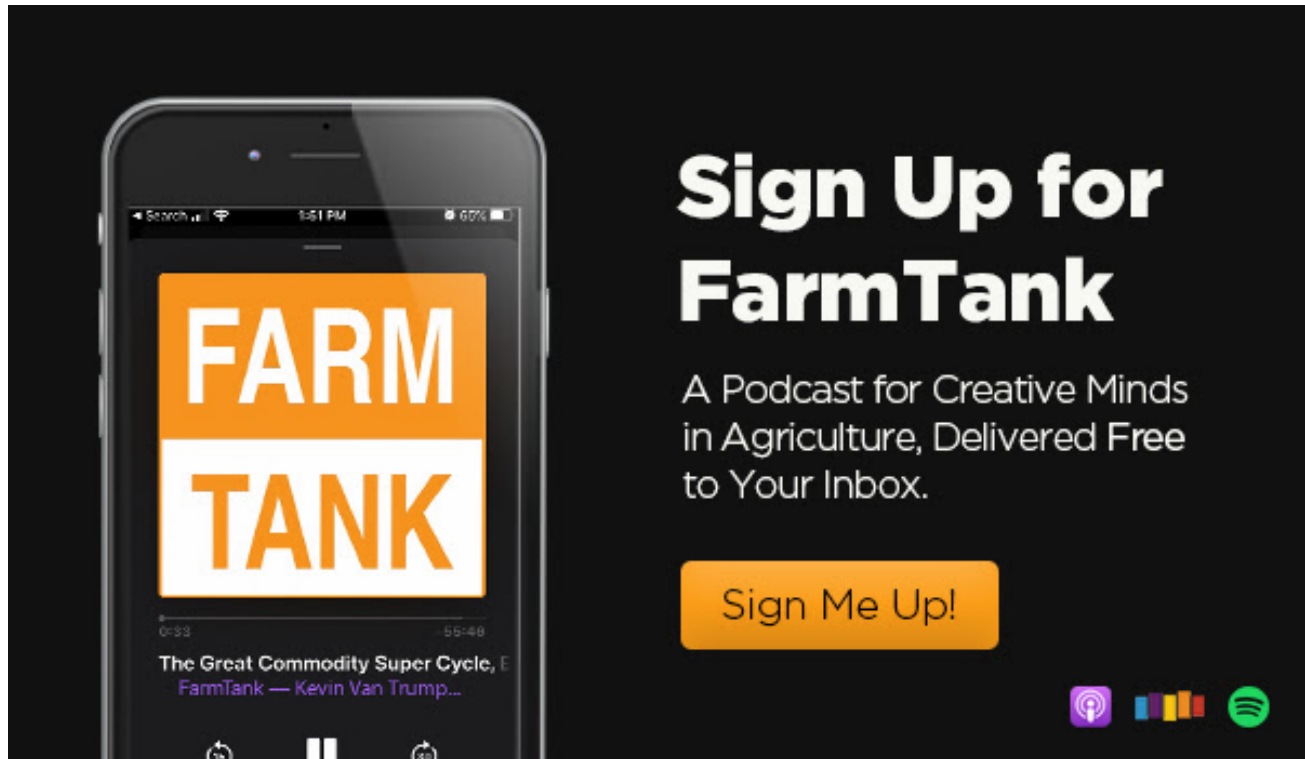
**Could We See A Major Fallout?** *Before the pandemic, half of U.S renters spent about 30% of their income on housing. The poorest quintile of Americans spent more than +50% of their income on rent, on average. Even in a healthy economy, housing costs were eating workers' wages. Now that we are seeing massive closures in the hospitality and restaurant space many Americans are falling into more dire circumstances. With more government intervention some worry the COVID-19-induced economic crisis is in danger of becoming a housing crisis. They estimate by September, more than 20 million renters will be at risk of eviction, especially as eviction moratoriums come to an end. Without income, renters can't pay rent and utilities. Without monthly payments, landlords and other companies can't make mortgages and bond payments. (Source: The Atlantic)*

**Chipotle to Hire 10,000 NEW Employees:** *The fast-casual chain is going to be adding "Drive-Thru's", but from what I understand, these new drive-through lanes will strictly for picking up orders placed in advance online. Chipotle had 83,000 employees as of the end of last year and may soon be approaching 100,000 employed. Starbucks Corp. said last month it would open 40 to 50 pickup-only stores over an 18-month stretch in the U.S. and Canada while closing some traditional cafes. Many restaurant companies have sought to bolster delivery options. Best Buy Co. and other retailers have worked to develop curbside pickup, while some stores are experimenting with sidewalk shopping. (Source: The Wall Street Journal)*

**Just a Solid Reminder...**







**EU vs U.S. Tech Industry:** *Technology giant Apple won its court battle with the EU over a disputed \$15 billion tax bill. The European Union Commission didn't show sufficient evidence to back up a 2016 ruling that Apple's businesses in Ireland were granted unfair tax advantages, the court said. The court ruling is a major blow to the Commission, which has sought to crack down on what it considers unfair tax deals in Europe. Tech investors are now waiting for a ruling in a landmark case that some have argued could grind the wheels of commerce to a halt. The case concerns whether the legal agreements used by companies to share data between Europe, the US and other countries are in breach of European law. It's a data market worth hundreds of billions of dollars that lets companies such as Alphabet Inc.'s Google, Facebook Inc., and Amazon.com Inc. use U.S.-based facilities to serve European customers. Needless to say, there's a lot riding on the decision. More details can be found [HERE](#).*

**UBS Election Playbook:** *The U.S. presidential election is less than four months away and Wall Street has already started turning its sights on what could transpire. UBS has compiled an investing playbook for all the possible election outcomes. The investment bank recently surmised that a so-called blue wave Democratic sweep — including a Biden win — would actually be positive for markets. The firm also noted the same goes for a red wave outcome. To them, political consensus is the most powerful catalyst of all, because of how much easier it would be to enact further stimulus. UBS has also compiled a handful of strategies for a broad range of election outcomes.*



Check it out [HERE](#).

**Indications Coronavirus Surge is Slowing Recovery:** *A surge in new coronavirus cases is slowing the pace of the U.S. economy's recovery from the pandemic, according to a basket of high-frequency, alternative economic data that Bloomberg Economics has been tracking. Economist Eliza Winger says most high-frequency indicators have shown signs of moderation. Consumers' income and spending benefited from fiscal support and reopening efforts, but both are now under renewed strains. Winger says added uncertainty was likely behind the latest deterioration in consumer sentiment, a key to the economic outlook. Another indication that the strength of the recovery is easing is the slowdown in restaurant reservations on OpenTable but have now faltered for two straight weeks. One bright spot was a gauge showing that more Americans are taking advantage of near-record-low rates to purchase homes, with the Mortgage Bankers Association's purchasing index rising to the highest level since January 2009 in the week ended July 3. More details are available [HERE](#).*

# Recovery Tracker

Tracking virus spread, real economy and financial markets

Better

Worse



## Virus

Jan 24

Jul 10

New Covid-19 Cases



Lockdown Index



## Real Economy

Jobless Claims



Public Transit Ridership



Airline Passengers



Mortgage Applications



Consumer Comfort



Same Store Sales



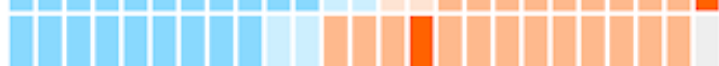
Restaurant Bookings



Active Oil Rigs



Steel Production

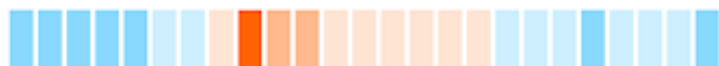


Electricity Demand



## Financial Markets

S&P 500



Financial Conditions



# FARM TANK

## Tweets of the Day



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overhead resistance **S&P 500**



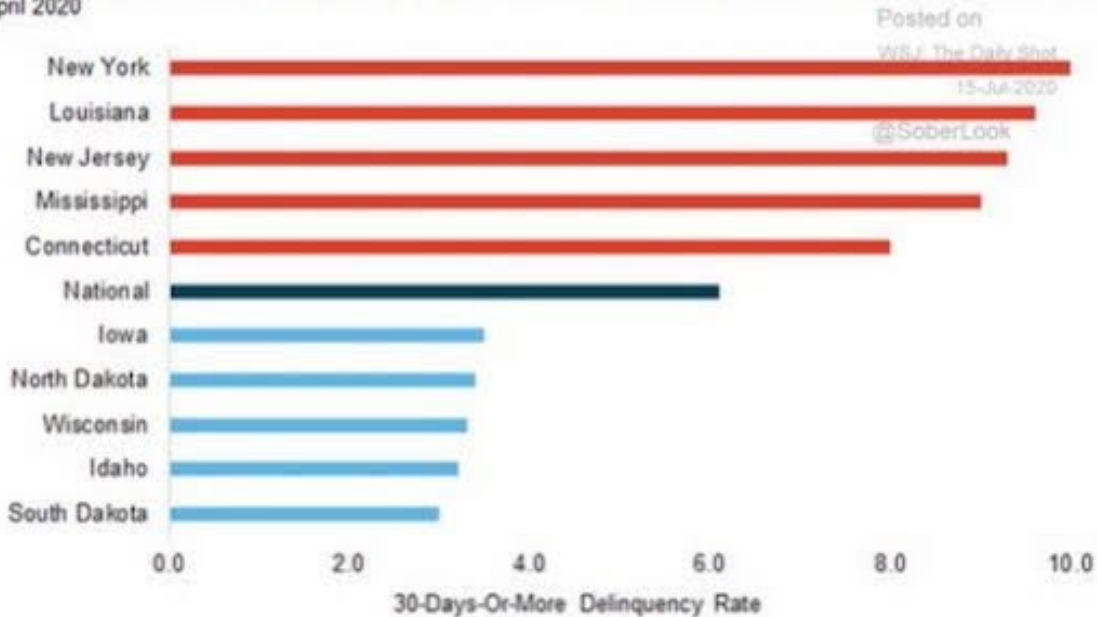




**Liz Ann Sonders** ✓  
@LizAnnSonders

New York seeing highest rates of past-due mortgages, while South Dakota currently faring best @SoberLook @CoreLogicInc

**Figure 2: States With the Highest and Lowest Rate of Mortgages At Least 30 Days Past Due**  
April 2020



Source: CoreLogic

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**Scott Sloan**  
@ScottSloan6164



Yea.... those do make their tractors butt look big.!!!





**Laura Boroughs-Haffner**  
@LBHaffner



There was a pot of gold at the end of the rainbow this evening. [#harvest2020](#) [@NebraskaWheat](#)  
[@JohnDeere](#) [@ShelbourneReyno](#) [@HighPlainsHarv](#)







**Ray Ortlund**  
@rayortlund



You saved your sister from an attacking dog, though you got hurt, and you knew you'd get hurt. I am so proud of you, young man. Keep on. Keep on.



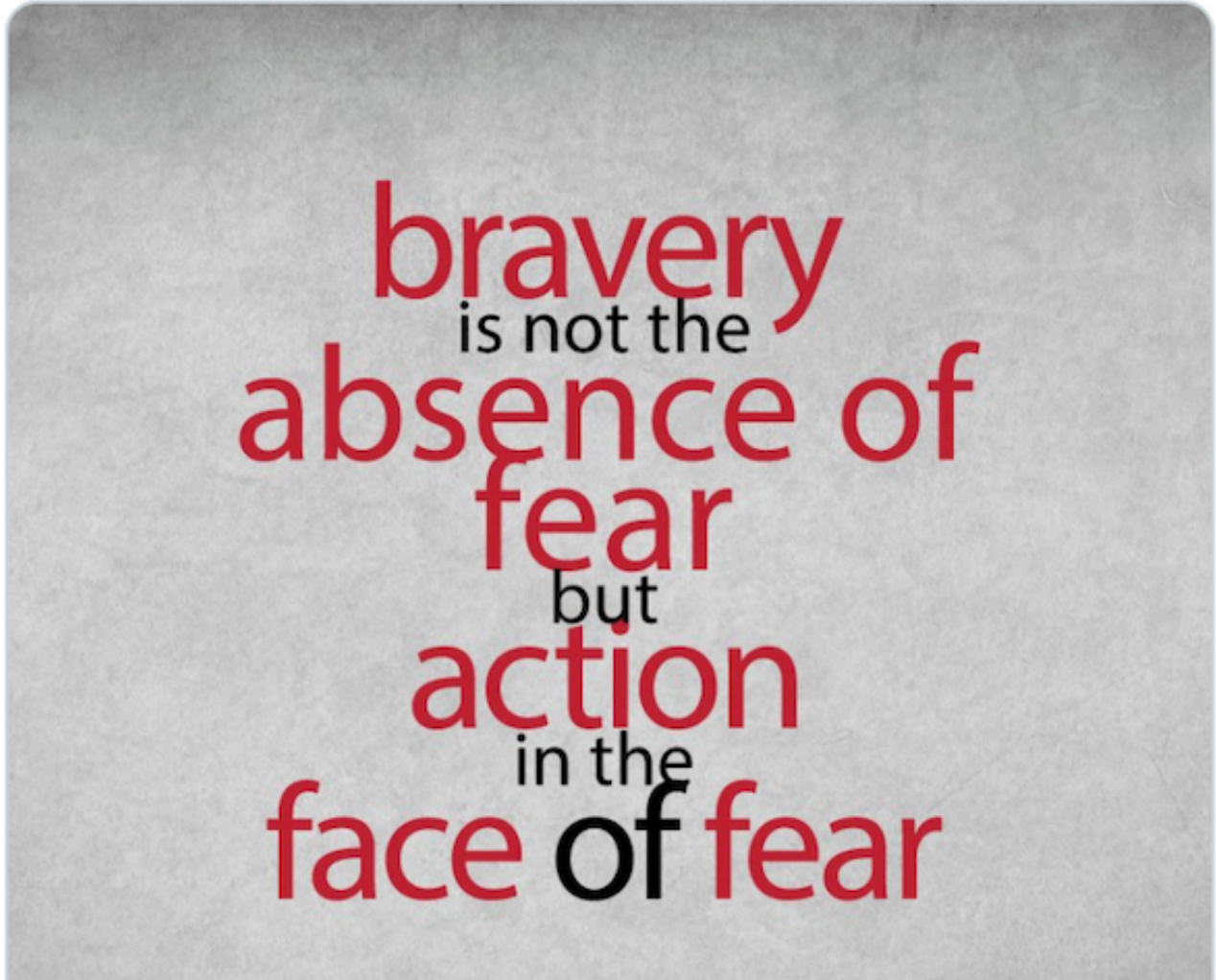


**Police Awam Saath Saath**  
@PoliceAwam



What is bravery?

#PoliceAwamSaathSaath #PakistanPolice #Police  
#Bravery #Brave #Quotes #Quote



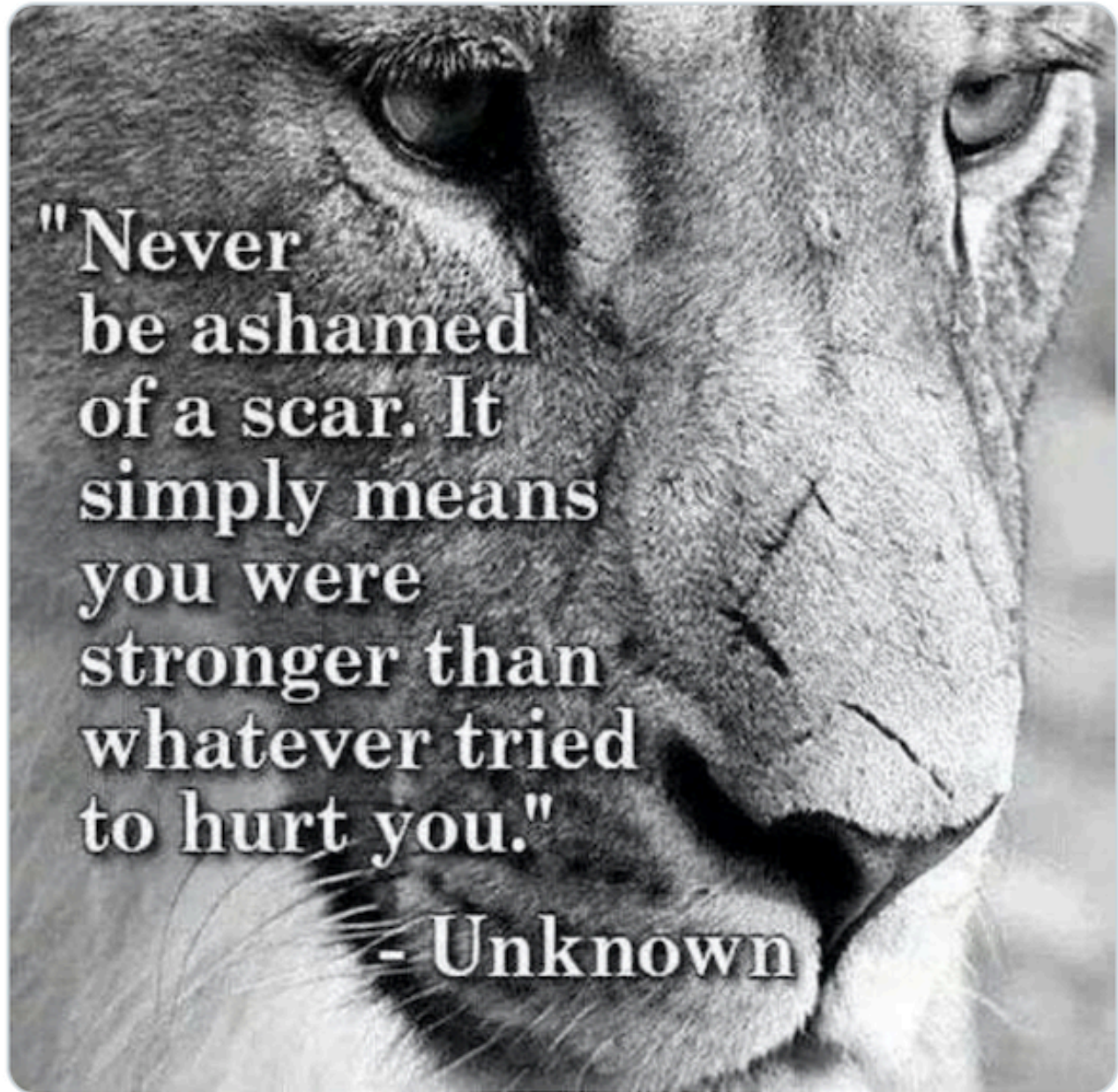




Kim Tipling  
@Kym191185



love it I have some nasty scars! #getyourbellyout  
#scars #scars #bravery #fighter #quote #quotes

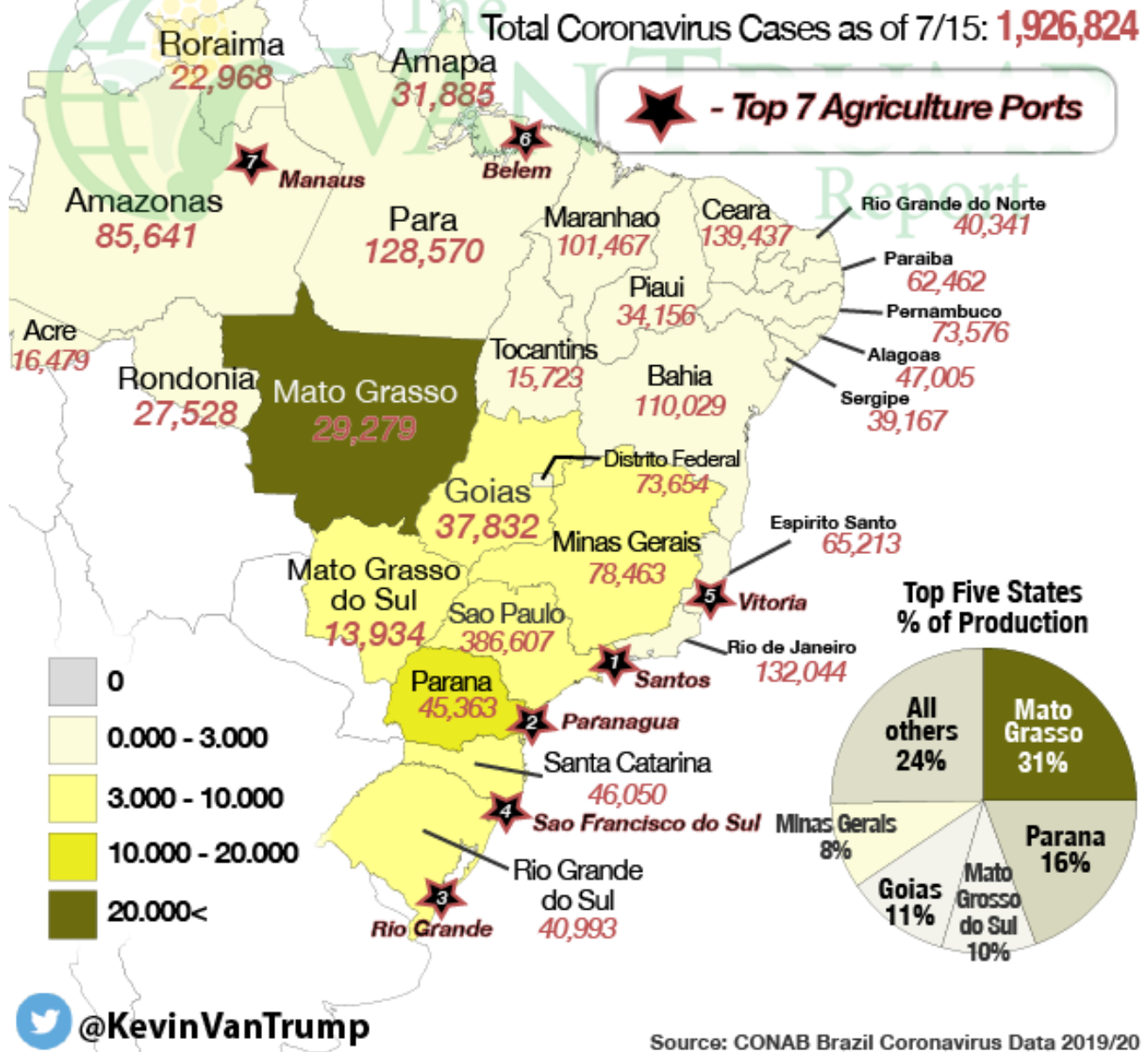


**CORN** bulls are disappointed by the recent price action, including myself. I was hoping some larger Chinese buying would be enough to spark a bit of upside momentum and perhaps a small short-covering rally. We get two record large Chinese purchases in the past week, but the bears never really flinch, instead pointing towards cooler temps and more widespread rainfall in the forecast.



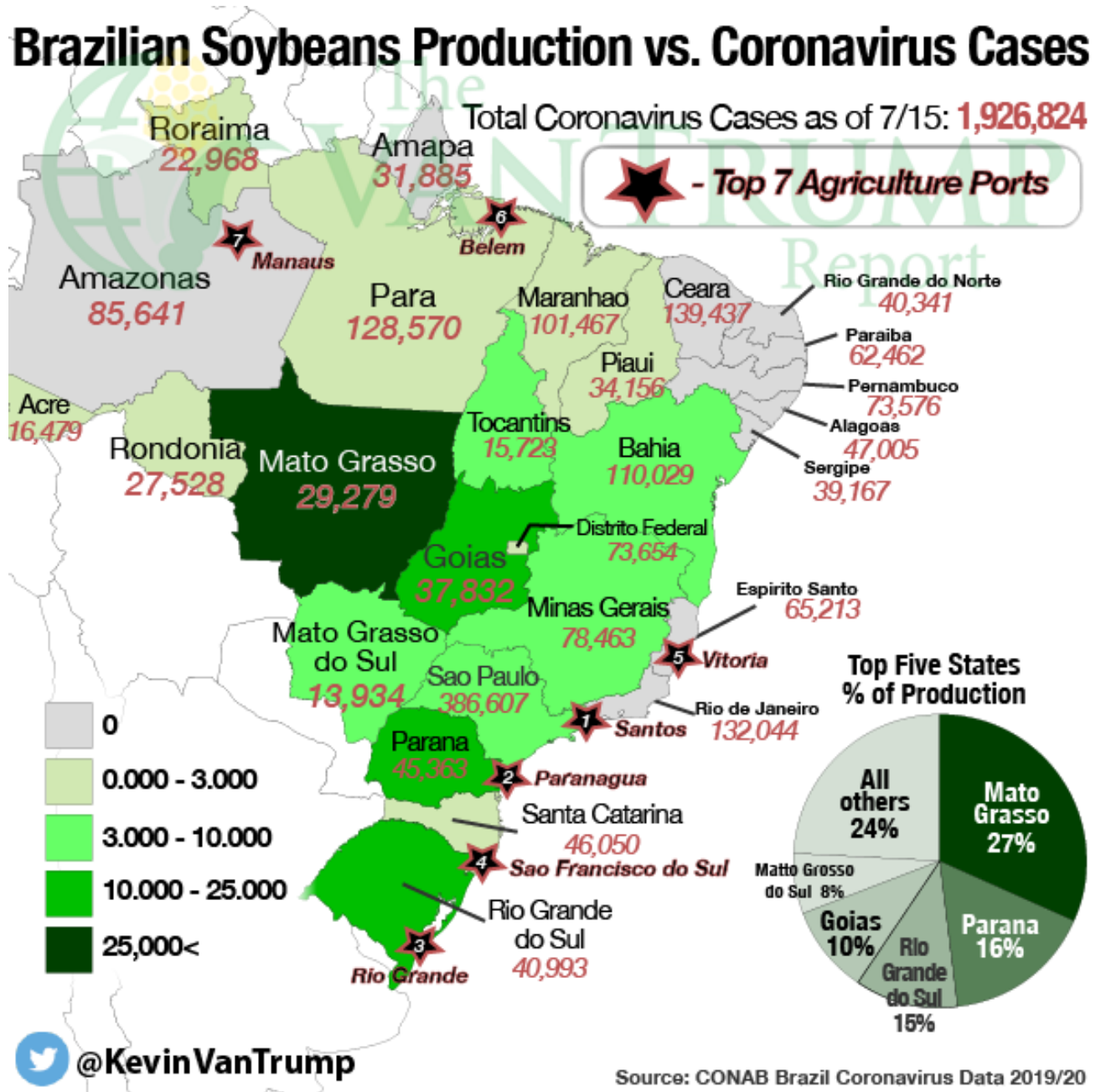
Obviously, the trade doesn't see ending stocks as being tight enough to create much worry, especially if the U.S. weather is going to cooperate and we continue to hear talks of a +180 bushel per acre average yield. We also have continued demand uncertainty in the ethanol space and more global competition for exports coming into the mix. As a spec, I was hoping to get the 1-2 combination punch of Chinese buying and U.S. weather concerns. Instead, the Chinese buying headline by itself is simply not enough to stagger the bears. I am not going to add any additional length to my small bullish corn position. The market has not responded to the Chinese buying like I hoped and U.S. weather has arguably become less worrisome. Remember a major chunk of the U.S. corn is scheduled to be pollinating during the next 5 to 10 days. The old forecasts of little rain and extreme heat have changed to more widespread rain and cooler temps, i.e. not a winning combination for the bulls. I should note, the trade is still keeping an eye on parts of Iowa and Minnesota that have missed some of the recent rains. As a producer, I'm hoping longer-term I can find a better pricing window for new-crop bushels. I have already priced, locked in basis or hedged most all remaining old-crop. Let's just say, I was not overly excited about my old-crop marketing performance. The unforeseen fallout in crude oil that spilled over into ethanol during the first quarter of 2020 really hurt. In the two-months between February 20th and April 20th we went from trading DEC20 corn at around \$3.90 all the way down to around \$3.25 per bushel. Those of us who were hoping to get another shot to price new-crop bushels up above \$4.00 in the first half of 2020 got hung out. Then once new-crop prices broke sub-\$3.70 per bushel and moved well below break-even pulling the trigger became even more psychologically challenging. Moral of the story, don't beat yourself too bad. I've seen some of the best traders I've known get tangled upside down and chopped up in the ag markets this past year. Political uncertainty with China along with a global pandemic and trying to outguess how the computers will interpret these headlines has been tricky.

# Brazilian Corn Production vs. Coronavirus Cases



**SOYBEAN** bulls are pointing towards continued steady demand from the Chinese and a record domestic NOPA crush number, up +18 million bushels or +12% from last June. Bears point to a mostly cooperative U.S. weather forecast and continue to think the average U.S. yield could push north of 50 bushels per acre. There is some extreme heat in portions of the Plains and some dryness in parts of Iowa and Minnesota that are being monitored. Net-net, the bulls are pointing to good demand while the bears are arguing the other side of the balance sheet and pointing towards mostly good weather and strong production. Technical gurus are thinking we might chop around sideways for a bit in the NOV20 contract between \$8.60 and \$9.20 per bushel until we learn more about August weather and politics between the U.S. and China. I'm mostly in agreement thinking we chop sideways

to slightly higher for a brief period until more is learned.



**WHEAT** bulls are excited to see the SRW contract close back above \$5.50 per bushel for the first time in about three months. Producers should also take note that the JUL21 new-crop contract is back above \$5.50 per bushel. I had made some early sales to reduce a bit of new-crop 2021 price risk the last time we trade in the \$5.50s-\$5.60s range and when prices broke many were upset they missed the opportunity. Well, here we are again with prices back above the \$5.50 level. If you are a producer who incorporates some "pre-marketing" ahead of planting into your plan this might be worth taking a look at. As you can see from the chart I included below, we haven't spent a whole lot of time north of \$5.60 in the past 5-

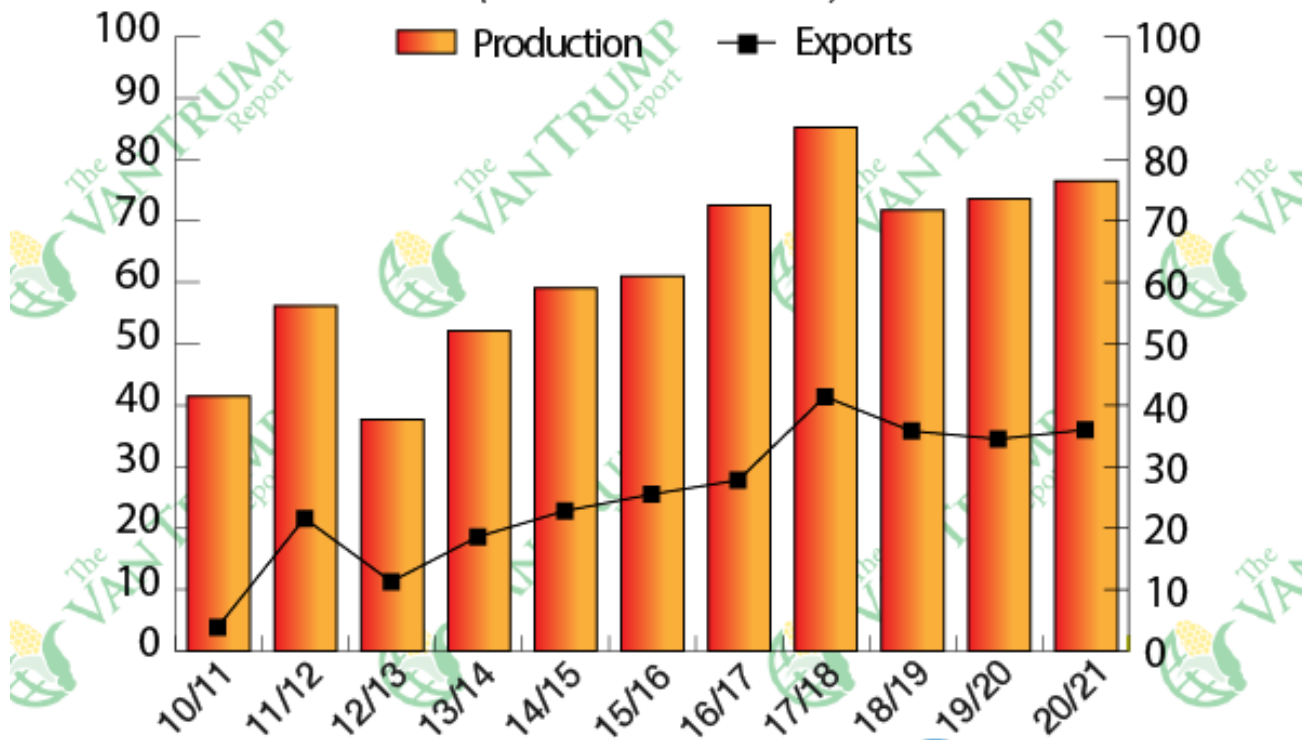


years. As a spec, I'm still bullish thinking we could work higher, especially if global weather becomes more interesting. But as a producer, I recognize we are price risk-managers first and not speculators or price forecasters. It seems best-of-practice to reduce a bit of next year's price risk at profitable levels and hope these are the worst sales we make. I'm just worried that the headlines might not be able to keep the bulls fed when we get to these higher altitudes. Trading very small as a spec, and reducing a little longer-term risk as a producer.




# Russian Wheat Production vs. Exports

(In Million Metric Tons)



Source: USDA, PS&D, July 2020




 @KevinVanTrump



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**> Ethanol Outlook Improving, Still not Profitable:** *An ethanol producer says the early days of coronavirus brought financial losses that rivaled anything since the beginning of the industry. Erik Huschitt is the CEO and General Manager at Badger State Ethanol and serves as the President of the Wisconsin Biofuels Association board. He says, "It wasn't uncommon for an ethanol plant to be hemorrhaging millions of dollars a month at that time." Huschitt tells Brownfield more people are driving, which has increased demand for ethanol fuels, but the industry is not operating at a profit. "Well, we've come a long way from the hemorrhaging. We are in a stable ground where we can say ethanol can run uninterrupted at these levels." Huschitt says there is a significant part of the ethanol industry that is covering their fixed costs but are not operating at a profit. Huschitt tells Brownfield there is a lot of uncertainty now, and new coronavirus-related shutdowns like California imposed this week don't help. He says the market is watching for signs of demand increases, but cautious about possible steps backward, which is why some producers have not reopened or ramped up production. (Source: [Brownfield Ag News](#))*

**> Argentine Suspends Chinese Meat Exports:** *Argentina has temporarily suspended exports to China from six meat packing plants after cases of the novel coronavirus were found among their employees, the president of Argentina's food quality and safety body Senasa said on Wednesday. China, the main destination for the South American country's beef, has been clamping down on meat imports*



*amid concerns about infections of COVID-19, which is gripping countries around the region, including key food producers Argentina and Brazil. Carlos Alberto Paz, the head of Senasa, said the decision to halt exports from the companies was made after Beijing asked the Argentine government to offer commercial security guarantees amid the pandemic. Read more from [Reuters](#).*

**> U.S. Independence Day Meat Sales up Nearly +20%:** *So far this year, the 2020 pandemic-affected holidays have resulted in very robust meat sales performances. Easter, Mother's Day, Father's Day and Memorial Day have boosted the already elevated everyday demand to achieve astounding gains versus year-ago levels. Independence Day was no exception, with total meat department sales coming in at \$1.66 billion for the week. While growth percentages versus a year ago were not as high as those seen for Father's Day week, Anne-Marie Roerink, president of 210 Analytics LLC, noted that it is much tougher to beat year-over-year sales for the Independence Day holiday given the high focus on grilling instead of eating out in regular years. However, the 2020 holiday resulted in a +17.9% increase in dollar sales versus last year. This was the 17th week of double-digit gains since the onset of the COVID-19 pandemic. While higher prices drove much of this gain, Roerink said the holiday brought meat volume growth too, up 4.1%. Meanwhile, although availability and assortment have improved, consumers continue to be frustrated with higher meat prices and fewer meat features. Read more from [Feedstuffs](#).*

**> WRDA Bill Advances in Congress:** *The next bill detailing investments for locks and dams and other inland waterways investments passed out of the House Transportation and Infrastructure Committee on Wednesday. The Water Resources Development Act of 2020 authorizes the Army Corps of Engineers to begin construction on 34 pending water-infrastructure projects and authorizes 35 separate feasibility studies on other projects. A key provision in the WRDA bill involves funding changes that allows the full use of \$10 billion in the Harbor Maintenance Trust Fund to go for dredging ports and inland harbors. For flood-prone communities, the bill also provides new authority for water projects to communities seeing repetitive flood challenges up to \$15 million in federal cost-share, "and the Corps shall consider a community's ability to pay," states a summary on the bill. Read more [HERE](#).*

**> FlyOver Tech Fest:** *An new online summit slated for this fall will focus on the often overlooked tech companies that exist outside our country's coastal meccas. The FlyOver Tech Fest will showcase stories from Midwest entrepreneurs on topics ranging from fundraising to hiring to scaling businesses. "We really just wanted to shine a light on the companies doing cool stuff in no-coast country and didn't feel like there was a lot of dedicated opportunity to do that," said Nathan Joens, founder of Structurely and organizer of the event. "Hopefully this can be a good launching point for others to share their successes and failures and how to grow a*

company the right way." Fundraising and hiring will be the two main topics at the event, Joens told Clay & Milk. Other topics will include tech, sales, and marketing. "Our motto is 'doing more with less,' said Joens. "I think that's the theme for a lot of no-coast companies. Usually, they raise less money. They often have smaller teams and are more focused on profitability and growing sustainability. And I think that's encompassed in the 'do more with less' mindset." This year's FlyOver Tech Fest will take place on Oct. 1. Tickets for the event are free. Learn more [HERE](#).

**> Zoom Expands into Hardware:** Zoom has become the de facto standard for online communications during the pandemic but the company has found that it's still a struggle for many employees to set up the equipment and the software to run a meeting effectively. The company's answer is an all-in-one communications appliance with Zoom software ready to roll in a simple touch interface. The device, dubbed the Zoom for Home - DTEN ME, is being produced by partner DTEN. It consists of a standalone 27-inch screen, essentially a large tablet equipped with three wide-angle cameras designed for high-resolution video and 8 microphones. Zoom software is pre-loaded on the device and the interface is designed to provide easy access to popular Zoom features. Learn more [HERE](#).

**> American Airlines Warns 25,000 Workers of Layoffs:** American Airlines sent notices to 25,000 workers -- about one-fifth of its workforce -- about potential furloughs as the airline copes with what it calls slackening demand for air travel during the pandemic. American, which is prohibited from slashing jobs or pay rates through Sept. 30 under terms of \$25 billion in federal payroll support, also urged employees to take buyout and early retirement packages before being forced to cut their jobs. The airline, which reported an 80% plunge in June revenue, says it will be overstaffed by 20,000 when federal aid expires Oct. 1. Earlier this month, United Airlines warned its workers it could furlough 36,000 of them and likely move to layoffs in August. (Source: MarketWatch)

**> Where Lawmakers Stand on Stimulus:** Congressional leaders are hoping to have another coronavirus aid package ready by the end of the month. But while both sides of the aisle agree more funds will be necessary to help families, workers, businesses and the national economy recover, Republicans, Democrats and the administration still have significantly different ideas of what should be included in the next package, including the possibility of another stimulus check for some Americans. One sticking point is who should get additional stimulus checks, with Republicans favoring payments to those earning \$40,000 or less while Democrats aiming closer to \$75,000 or less. The two sides are also divided on the additional \$600 weekly in unemployment insurance that expires at the end of this month. Dozens of other provisions also could make their way into the stimulus package. Republicans, Democrats and the administration have made differing proposals a priority that could pose additional hurdles as sides work to negotiate. Read more [HERE](#).

**> Electric-Car Subsidies Make Renaults Free in Germany:** *Car buyers in Europe can now get their hands on a brand-new electric vehicle for less than the typical cost of a mobile-phone contract. Thanks to newly generous subsidies, some are even free. Shoppers have swarmed virtual showrooms in Germany and France -- the region's two largest passenger-car markets -- after their national governments boosted electric-vehicle incentives to stimulate demand. Their purchase subsidies are now among the most favorable in the world, according to Bloomberg. The state support is allowing Autohaus Koenig, a dealership chain with more than 50 locations across Germany, to advertise a lease for the battery-powered Renault Zoe that is entirely covered by subsidies. Read more [HERE](#).*

**> Stocks Without the CARES Act:** *Bank of America ran the numbers on a scenario in which the U.S. Congress failed to reach an accord on a rescue package back in March. "Imagine if, instead of the CARES Act and subsequent stimulus," BofA strategists write, "we had just endured a repetition of the House TARP rejection in September 2008? The analogous S&P 500 plunge would have been to 1,720, to say nothing of the effects on public health and jobs." On March 27, President Trump did indeed sign the CARES Act into law and in the 15 weeks since, the S&P 500 has rocketed roughly more than +27% higher, adding trillions in shareholder value over that time. The price of this rally? It's too soon to say. But, judging by BofA's analysis, that \$2.2 trillion saved a lot of stock portfolios and retirement funds. Read more from [Fortune](#).*



## Chart 9: Gridlock in 2020 could have sent SPX to 1720



Source: BofA Research Investment Committee, Bloomberg; estimate based on market reaction following 2008 TARP rejection.



**North central Montana** - *We run a lot of grain up here and wheat is still king in this area, but we have been adding to our cereal acres and continue to look for opportunities to multi crop. There has been a growth in the area of mustard acres*

*over the last decade but I haven't chosen to pursue that one just yet. Everything is looking beautiful up here as we have had awesomely timed rains. If we can just get it in the bin and the prices can manage to stay somewhere respectable, it will be a good year. We are cleaning out bins as we get ready to harvest green peas in the next two weeks. Harvest for all our crops will generally keep us in the field for the next two months. Like all the other markets, we just need prices not to venture off. Chickpeas most often will bring in the best returns when we can move them to the end-users.*

**West central Missouri** - *The big rain that hit all of northern Missouri hardly went much lower than I-70 interstate., at least on the west side of the state. We didn't get a drop while 75 miles north saw rains with increasing amounts the further you head north. We had a nice amount of rain in May and all looked well. If we hadn't received that rain we would be much worse off than we are now. In June, we didn't clear a half-inch for the entire 30 days. So far in July, we are at a few hundreds over a half-inch and no real rain in sight. We have done everything that we can to produce the best crop but eventually, without water, it doesn't matter. We selected the best hybrids, applied a generous amount of fertilizer, and have applied fungicide. The corn and soybeans are just barely holding on at this point. We are seeing burnt up corn waist-high in some places. Even if the rain picks up and gives us more than adequate rainfall, we will struggle to clear our APH.*

**Southeast Nebraska** - *This is a new farm for us this year. It was in several years of continuous corn prior to this year. It's hilly ground with some high pH areas. The beans that were selected have high IDC scores. We grid sampled and applied as needed. However, it's been pretty dry and some of the pell lime and MAP can still be seen on the soil surface. These beans have been runty and lethargic all year. They are yellow now as all the other beans around are getting a nice dark color. These beans were supposed to be double rate inoculated. I have my doubts the double rate happened. But I do believe at least a single rate happened.*



# neuro mining

A young boy is depicted sitting at a wooden desk. He is wearing a large, metallic, dome-shaped helmet with several wires and red connectors attached to the sides. He also wears round, dark-rimmed goggles. He is dressed in a white shirt, a dark bow tie, and a brown vest. On the desk in front of him is a vintage computer monitor with a dark frame and a light-colored screen, and a keyboard. The background is a solid orange color.

As we age, it gets harder and harder to create new neural pathways in the brain. It's the reason kids find it so easy to learn new things, but as adults it often gets more difficult. Doing brain teasers and solving riddles can be an important part of keeping our brain healthy. The more connections we can form, the better our brain will be. I hope this helps provide a little daily fun and exercise. The answer to each riddle or puzzle will be located at the bottom of the report.

**TODAY'S RIDDLE:** If a man carried my burden, he would break his back. I am not rich, but I leave silver in my track. What am I?





## Rural America's Resilience Amid Coronavirus

Rural America has been impacted at every level over the past four months amid the coronavirus pandemic that, unfortunately, maybe far from over. The latest update from CoBank's Knowledge Exchange indicates that the initial surge in economic activity experienced as cities and states came out of lockdown in May and early-June might have plateaued. Still, CoBank believes rural industries have a chance to bounce back more resilient than ever. Below are a few of the key points they hit on in the latest Quarterly report, titled 'Rural Industries Adapt to Coronavirus Reality'. The full report can be found [HERE](#).

**Macro-Economic Outlook:** *CoBank's most recent quarterly report makes a very important point - Traditional economic data can go stale remarkably fast in the COVID-19 era. The bank's analysts note that recent government data does point to steady improvement in the U.S. economy since the March shutdown, which largely coincides with re-openings. Looking under the hood of traditional data, troubling signs include the more than 20 million newly unemployed that have remained jobless since May.*

*Dan Kowalski, vice president of CoBank's Knowledge Exchange Division, notes that regions slower to recover will unavoidably impact the entire country. Likewise, industries that have been more directly impacted by the pandemic, such as travel, tourism, education, and other aspects of normal life are expected to remain sluggish until the virus risk subsides. That's not to say economic improvements will come to a halt but Kowalski says the "bounciest" post-shutdown economic gains are almost certainly behind us and the grind awaits. The analyst also highlighted fiscal stimulus measures in the works that could provide additional aid for agriculture and/or rural infrastructure.*

**Grains:** *CoBank's Kenneth Scott Zuckerberg said grain has been moving and basis has generally tightened since April 1, noting that the second quarter was an eventful one for the U.S. grain complex. Zuckerberg highlights tightening corn basis as U.S. ethanol production began to recover, though he does note it has been somewhat disconnected across certain regions of the Midwest Corn Belt as more corn purchases are cost-effectively transported by barge.*

*For wheat, Zuckerberg says an issue that surfaced late in the quarter could impact prices and basis in the future - test weights in certain parts of Kansas that may have suffered from hot, dry temperatures and high winds earlier in the growing season. He also notes "substantial" sorghum imports by China that saw the basis in central Kansas tighten materially into late June. In the coming months, CoBank is focusing on the following: Domestic weather, Brazilian crop production, China / U.S. relations, Other trade issues, such as ongoing negotiations between the U.S., EU, and UK.*

**Ethanol:** *CoBank predicts the pandemic will cause the ethanol industry to rationalize excess capacity and further diversify as 2021 fuel demand is not expected to fully rebound to pre-COVID-19 levels. Looking out three months, Zuckerberg points to currently resurging coronavirus infections in several states along with renewed activity restrictions that he says will "arguably reduce driving and fuel demand." CoBank projects ethanol fuel demand will recover to only 85%-90% of pre-VOVID levels by 2021.*

**Beef:** *Beef processing, CoBank said, is now operating at 95% of capacity with all facilities back online. The beef sector is now focused on-demand, with traffic at foodservice establishments continuing to improve but social distancing restrictions and consumers' reluctance to venture out of their home for non-essential trips have hampered a full recovery. This means ongoing challenges for the dine-in, full-service sector, which especially hurts the beef complex. Another challenge for the beef industry is the tens of millions of Americans that have lost jobs amid the pandemic and could possibly lose government supports soon. CoBank expects modest supply growth in 2020, with production climbing +1%, versus the previous estimate for growth of +2%.*

**Pork:** *CoBank's report says the pork industry is beginning to work through its backlog of hogs, estimating that nearly 3 million pigs that were supposed to come to market in the second quarter were not able to do so because of coronavirus-related disruptions. The degree to which these disruptions affected pork supplies won't be fully known until later in 2020, potentially creating long-term implications for producers beyond that.*

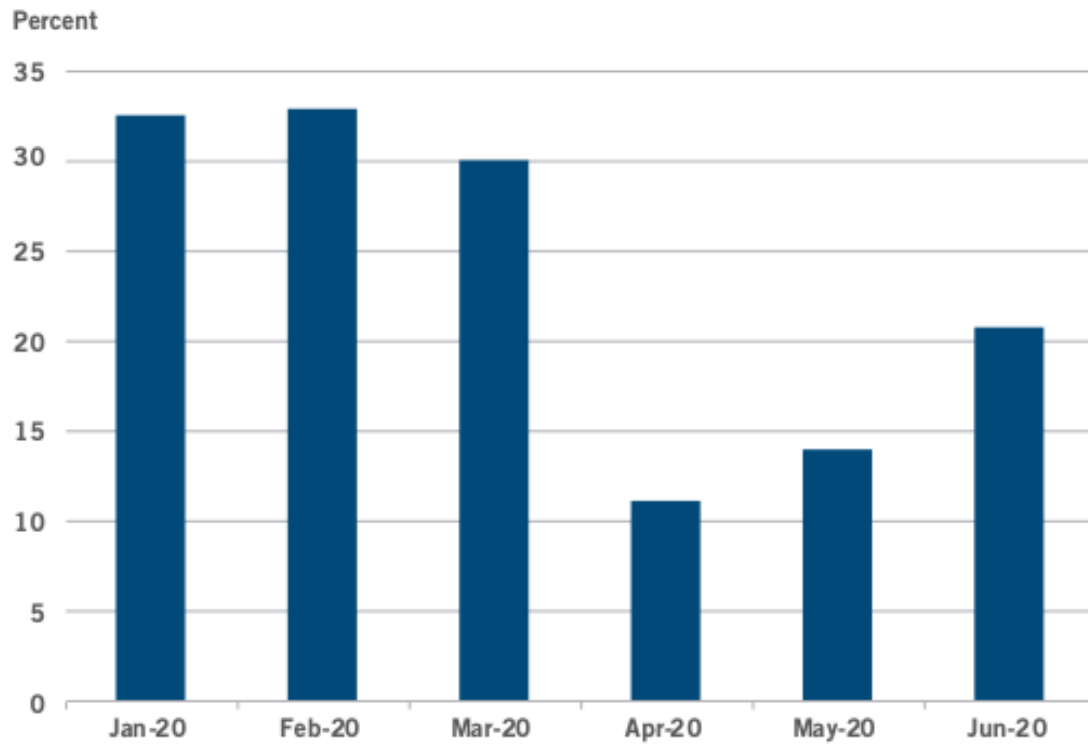
## EXHIBIT 2: NY Fed Weekly Economic Index



Source: New York Federal Reserve

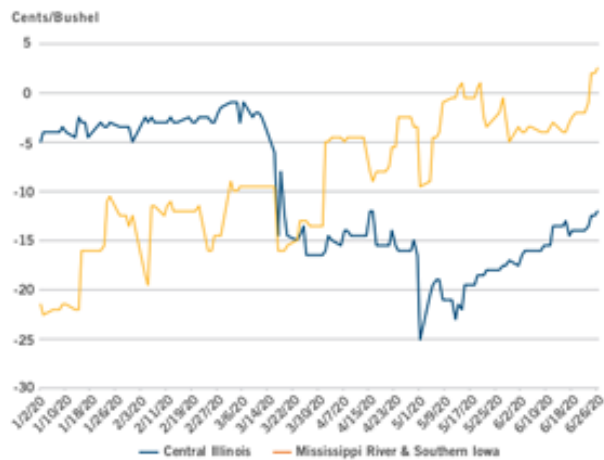


### EXHIBIT 3: Percent of U.S. Unemployed Not on Temporary Layoff



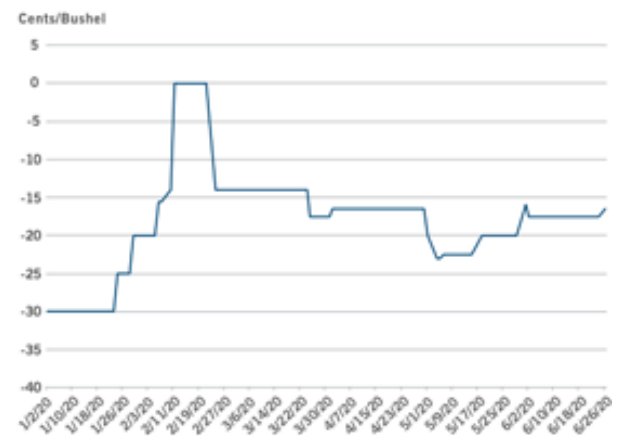
Source: Bureau of Labor Statistics

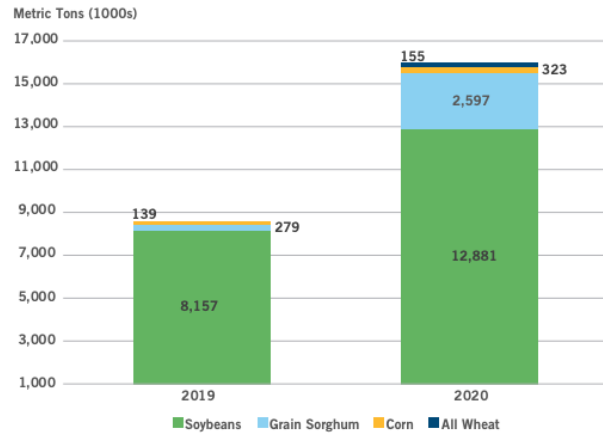
#### EXHIBIT 1: Corn Basis Regional Comparison



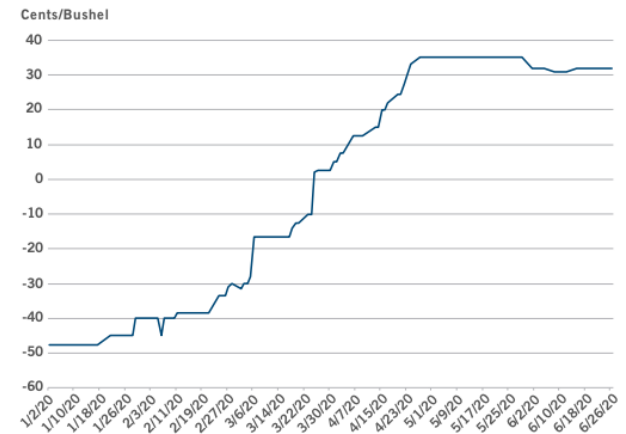
Source, all charts this page: USDA-AMS

#### EXHIBIT 2: Central Kansas Hard Red Winter Wheat Basis



**EXHIBIT 3: U.S. Accumulated Exports to China, YTD Sales**

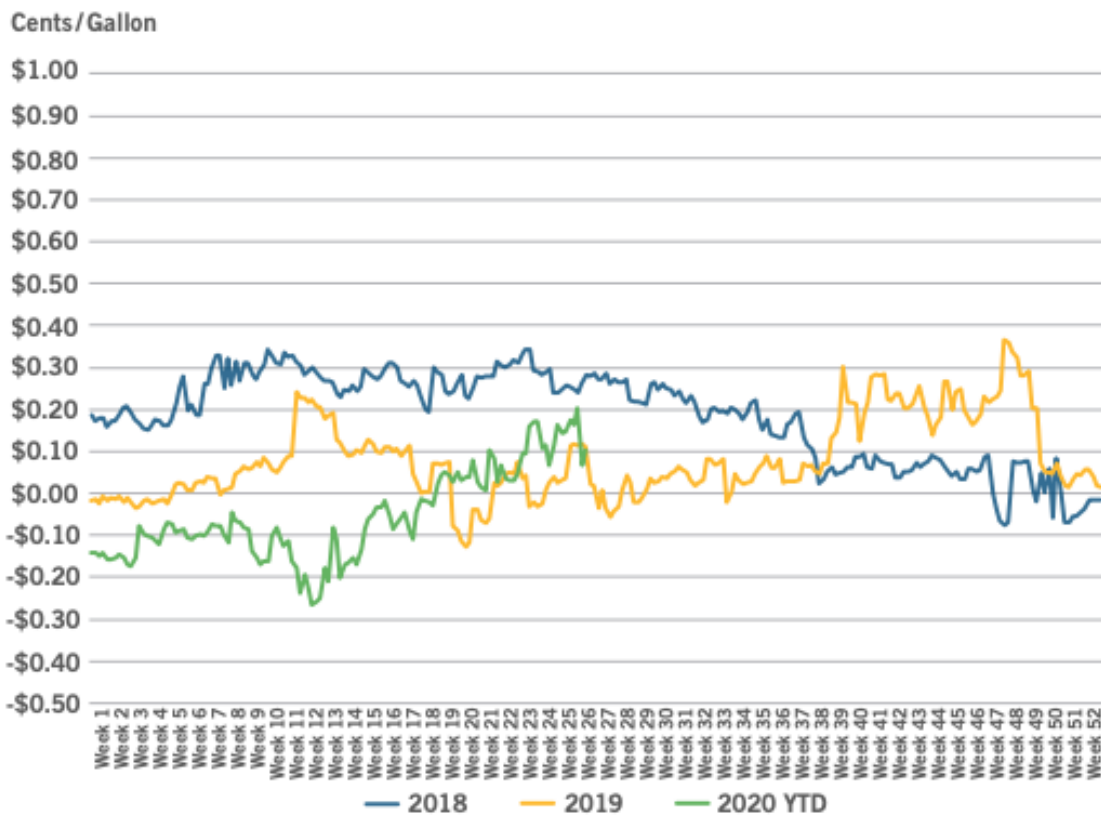
Source: USDA-FAS U.S. Export Sales Report, as of June 25, 2020

**EXHIBIT 4: Central Kansas Sorghum Basis**

Source: USDA-AMS

## EXHIBIT 2: Return Over Operating Costs

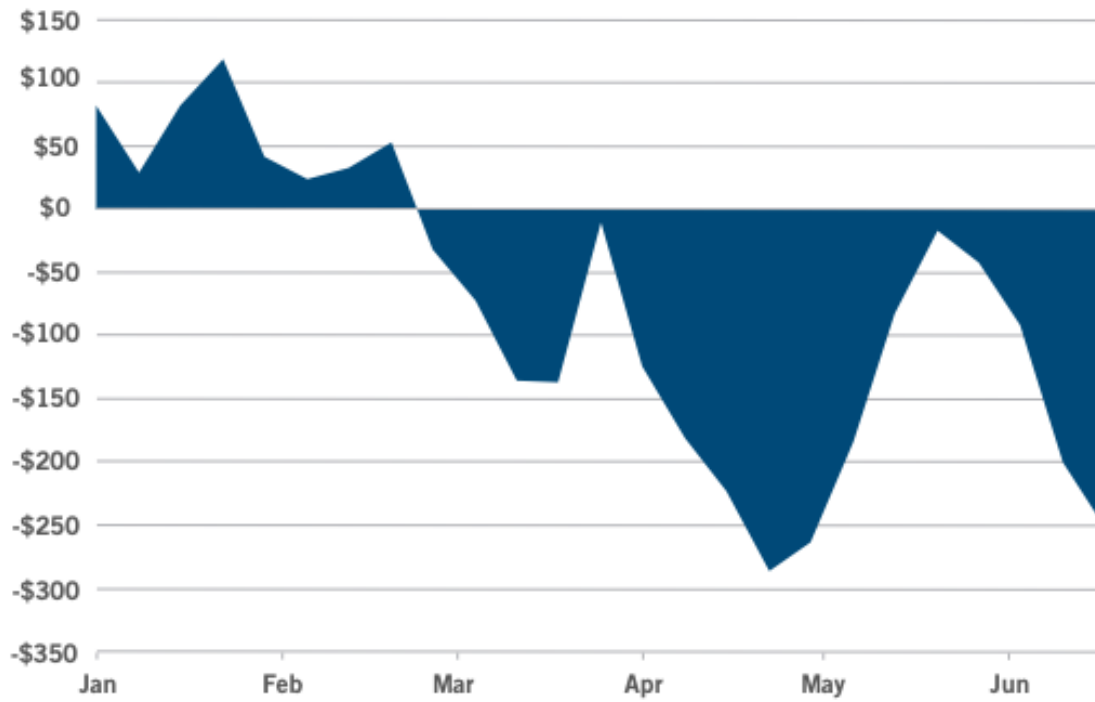
### Data for Representative Iowa Dry-Mill Fuel Ethanol Plant



Source: Center for Agricultural and Rural Development, Iowa State University

## EXHIBIT 1: 2020 Cash Cattle Feeding Margins

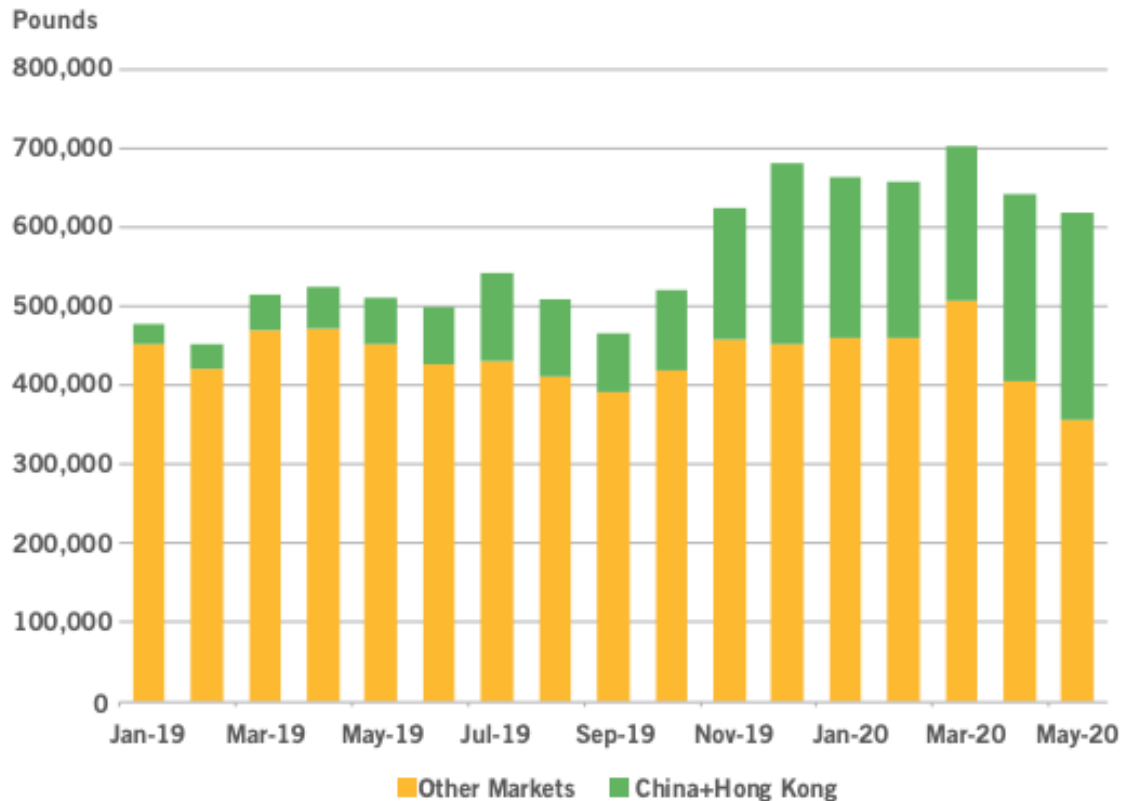
Dollars/Head



Source: USDA ERS, CoBank Estimates



## EXHIBIT 1: U.S. Pork Exports to Greater China and Other Markets



Source: USDA-ERS

### America's National Parks Expect a Busy Summer

America is blessed with a remarkably diverse landscape, something our country's earlier leaders recognized and helped to preserve by establishing our system of national parks. With the addition of Indiana Dunes and White Sands last year, the United States now has 62 official national parks that encompass some 52.2 million acres of land.

This summer is expected to be an especially busy one for the parks as U.S. families seeking safe vacation options turn to the outdoors. The country's parks were drawing enormous crowds long before coronavirus entered the picture. The National Park Service logged more than 327 million visitors last year, the third-largest behind 2016 and 2017. Recreation visits have exceeded 300 million every year since 2015. Lockdowns in some parts of the country led to a decline in visits earlier this year but there are signs that tourists have returned in record numbers. A popular section of the Great Smoky Mountains National Park in Tennessee said weekend visitation in May was +54% higher than the same month last year even though the park was closed for some of that time!

National Parks can be found in 29 of U.S. states. California has the most, with 9, followed by Alaska (8), Utah (5), and Colorado (4). Alaska claims the four largest

national parks, the biggest being Wrangell-St. Elias at over 8 million acres. The smallest is Gateway Arch National Park in St. Louis, Missouri, at just under 91 acres. The [National Park Service website](#) has loads of information, including whether they are open during the pandemic. The site also offers several different ways to find a park that has just what you're looking for. Below are more details about the country's top five most popular national parks. (Sources: The Crazy Tourist, The New York Times, NPS, NPCA)

**1. Great Smoky Mountains National Park** - *The Great Smoky Mountains is the most visited National Park in the U.S., spanning the Great Smoky Mountains themselves which are in turn part of the Appalachian Mountain Chain. The mountains span a wide range of elevations, making them home to over 400 vertebrate species, 100 tree species, and 5000 plant species. Hiking is the park's main attraction, with over 800 miles of trails, including 70 miles of the Appalachian Trail. Other activities include fishing, horseback riding, and touring nearly 80 historic structures. The Great Smoky Mountains was the first national park whose land and other costs were paid for in part with federal funds; previous parks were funded wholly with state money or private funds. The park was designated as a UNESCO World Heritage Site in 1983 and an International Biosphere Reserve in 1988. Tourism to the park contributes an estimated \$2.5 billion annually into the local economy.*





**2. Grand Canyon National Park** - *The Grand Canyon is one of the most well-known and renowned natural landmarks in the world – this is the largest canyon in existence and covers an area of 1.2 million acres in the northern region of Arizona. This epic canyon has been formed over millions of years and was crafted by the Colorado River, which still runs through the canyon today. The Canyon itself is 277 miles long, up to 1 mile deep, and up to 15 miles wide. The Park covers over 1.2 million acres and includes the viewpoints Mather Point, Yavapai Observation Station, and architect Mary Colter’s Lookout Studio and her Desert View Watchtower. Lipan Point, with wide views of the canyon and Colorado River, is also popular, especially at sunrise and sunset.*







**3. Yosemite National Park** - *Yosemite is one of the most popular National Parks in California and spans Tuolumne, Mariposa, Madera and parts of the Sierra Nevada mountains. This park actually has the accolade of being designated a World Heritage Site in 1984 and it continues to be a popular holiday destinations for Americans and tourists. Yosemite features sheer granite cliffs, exceptionally tall waterfalls, and old-growth forests at a unique intersection of geology and hydrology. Half Dome and El Capitan rise from the park's centerpiece, the glacier-carved Yosemite Valley, and from its vertical walls drop Yosemite Falls, one of North America's tallest waterfalls at 2,425 feet high. Three giant sequoia groves, along with a pristine wilderness in the heart of the Sierra Nevada, are home to a wide variety of rare plant and animal species.*







**4. Rocky Mountain National Park** - *The Rocky Mountains are one of the most well-known mountain ranges in the USA and the section that sits in the northern region of Colorado above Denver is a sublime National Park. This park was established in 1915 and has since been designated a UNESCO World Biosphere Reserve. Bisected north to south by the Continental Divide, this portion of the Rockies has ecosystems varying from over 150 riparian lakes to montane and subalpine forests to treeless alpine tundra. Wildlife including mule deer, bighorn sheep, black bears, and cougars inhabit its igneous mountains and glacial valleys. Longs Peak, a classic Colorado fourteener, and the scenic Bear Lake are popular destinations, as well as the*



*historic Trail Ridge Road, which reaches an elevation of more than 12,000 feet.*







**5. Zion National Park** - Zion is an immensely popular National park located in the southwestern United States in Utah – although this relatively small park only covers an area of 146,000 acres, it is one of the most visited in the state and has some fantastic attractions and features. Located at the junction of the Colorado Plateau, Great Basin, and Mojave Desert, this park contains sandstone features such as mesas, rock towers, and canyons, including the Virgin River Narrows. The various sandstone formations and the forks of the Virgin River create a wilderness divided into four ecosystems: desert, riparian, woodland, and coniferous forest.







### **How He Became the Richest Man in the World!**

Jeff Bezos, the founder of Amazon is 56 years old and the world's richest man. What many don't realize is the fact he came from very humble beginnings. When he was born his mother was a 17-year-old high school student and his father was a bike shop owner. After his parents divorced, his mother married Cuban immigrant Miguel "Mike" Bezos. Shortly after the wedding, Mike adopted the four-year-old Jeff. The family moved to Houston, Texas. Where a young Jeff Bezos attended River Oaks Elementary School in Houston. Bezos' maternal grandfather retired to his family's ranch near Cotulla, Texas, where Bezos would spend many summers in his youth. On a side note, Bezos would later purchase this ranch and expand it to 300,000 acres.

When Bezos got a bit older his family moved to Miami, Florida, where Bezos attended Miami Palmetto High School. While Bezos was in high school, he worked at McDonald's as a short-order line cook during the breakfast shift. He worked hard both in and out of school and was awarded high school valedictorian and received a National Merit Scholarship. He was accepted to Princeton University and graduated with honors in 1986 with a Bachelor of Science in Engineering (BSE) in electrical engineering and computer science.

After Bezos graduated from Princeton University in 1986, he was offered jobs at Intel, Bell Labs, and Andersen Consulting, among others. He hopped around a couple of times then joined D. E. Shaw & Co, a newly-founded hedge fund on Wall

Street with a strong emphasis on mathematical modeling, he worked there until 1994.

At the age of 30, he had left his job, and while on a cross-country trip from New York to Seattle wrote a business plan to start an online bookstore called Amazon. Why books and why the internet? While surfing the Internet in search of new ventures for D.E. Shaw & Co. to invest in, he came across the statistic that World Wide Web usage was growing by 2,300 percent a month. Bezos immediately recognized the expansive possibilities of selling online and began exploring the entrepreneurial possibilities of developing an Internet business. He drew up a list of 20 potential products he thought might sell well via the Internet, including software, CDs and books. After reviewing the list, books were the obvious choice, primarily because of the sheer number of titles in existence. Bezos realized that while even the largest superstores could stock only a few hundred thousand books, a mere fraction of what is available, a "virtual" bookstore could offer millions of titles.

For nearly a year, Bezos and a crew of five employees worked out of the garage, learning how to source books and setting up a computer system that would make Amazon.com easy to navigate. So books it was!

In 1994, Jeff held 60 meetings with family members, friends and prospective investors to get them to each invest around \$50,000 apiece in Amazon and help him raise \$1 million. Only 20 said yes, a group that included his parents. In fact, reports indicate his parents invested \$245,573. Interestingly, if they've kept their holdings, some estimates their shares could be worth +\$50 billion today. I'm told his parents have made a lot of big donations to charities the past many years so I'm certain they did extremely well with their initial nest egg. The investment was far from a sure bet. Sources close to Bezos said that Jeff made it clear to everyone that there was a very strong chance the initial investors might not ever see their money again. I suspect that's a big reason why only 20 of the 60 he initially approached as investors took the leap of faith.

Let's also not forget, his parents didn't think it was smart to leave his job in New York, and his father had never even heard of online shopping. But yet they still put most of their life savings to help their son chase a vision.

Once Jeff had a bit of money to start, he passed up a fat bonus, packed his wife, MacKenzie, and their dog, Kamala in the car, and headed for Seattle. For Bezos, Seattle was the ideal city for his new business. Not only was it home to a tremendous pool of high-tech talent, it was also in close proximity to Ingram Book Group's Oregon warehouse. got to Seattle and rented a small house, setting up his business in the garage. For nearly a year, Bezos and a crew of five employees worked out of the garage, learning how to source books and setting up a computer

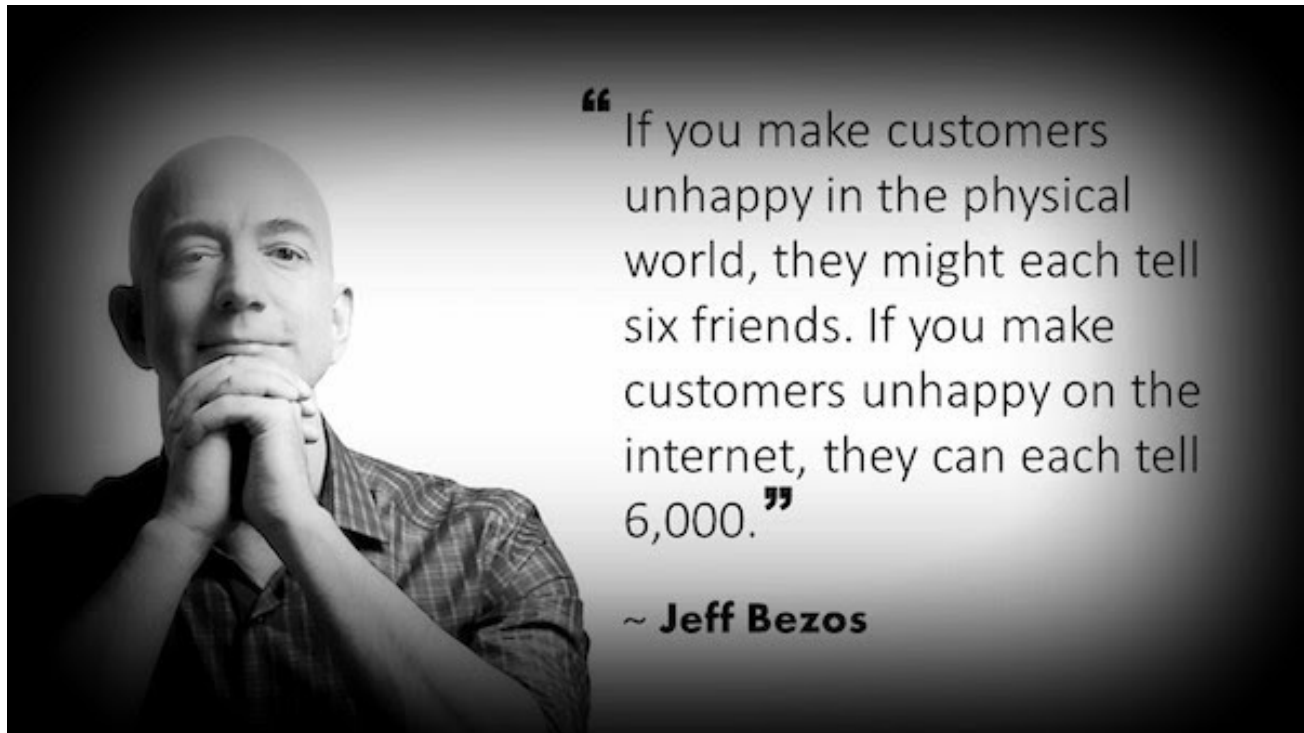
system that would make Amazon.com easy to navigate. To achieve this goal, he and his team created a number of innovative programs, including one that would let customers add their own book reviews to the site and a feature that recommends books based on a customer's previous purchases.

In July 1995, Amazon.com opened its virtual doors, calling itself "Earth's Biggest Book Store," with more than 1 million titles to choose from. Fueled by word of mouth, or more accurately, word of e-mail, Amazon.com rocketed. The orders poured in, and by September 1996, Amazon.com had grown into a company of 100 employees and had racked up more than \$15.7 million in sales. Three years later, those figures would soar to more than 3,000 employees and more than \$610 million in sales.

The rest is somewhat history... Bezos built the platform to sell books, then expanded to CD's, and all other areas of retail. It was estimated last year that Amazon controlled roughly 37% of all online sales. Amazon's runaway growth has made Jeff Bezos the richest man in the world. By owning 12 percent of the company, Bezos' net worth is estimated to be +\$180 billion. His ex-wife MacKenzie owns about 4% of the company and is estimated to be worth +60 billion.







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CUSTOMER BASE  
AGES WITH YOU,  
YOU’RE WOOLWORTH’S.”  
-JEFF BEZOS**

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lean into that and figure out  
what to do, because  
**complaining isn’t a strategy.**

Jeff Bezos

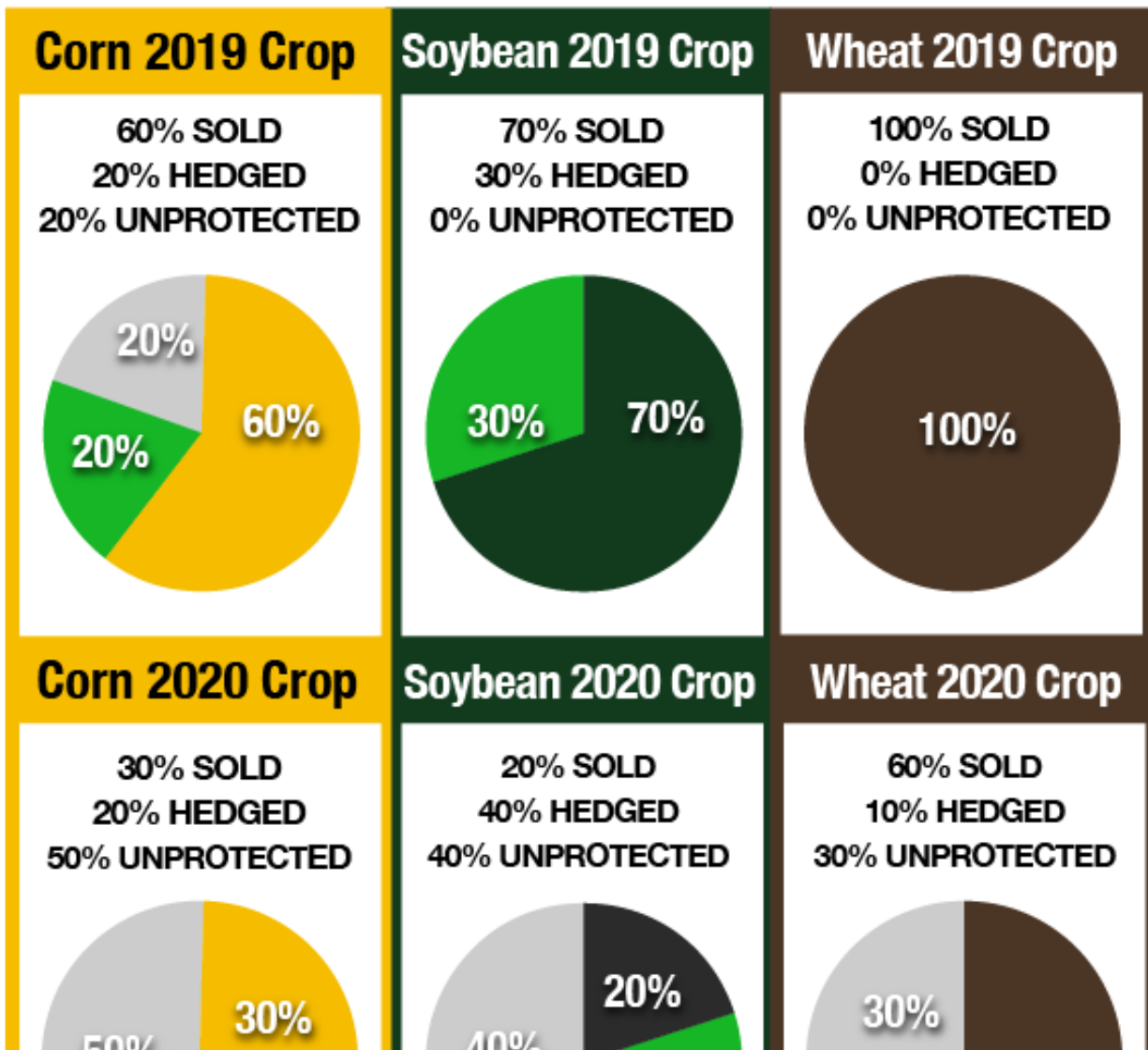
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**ANSWER to riddle: A snail.**

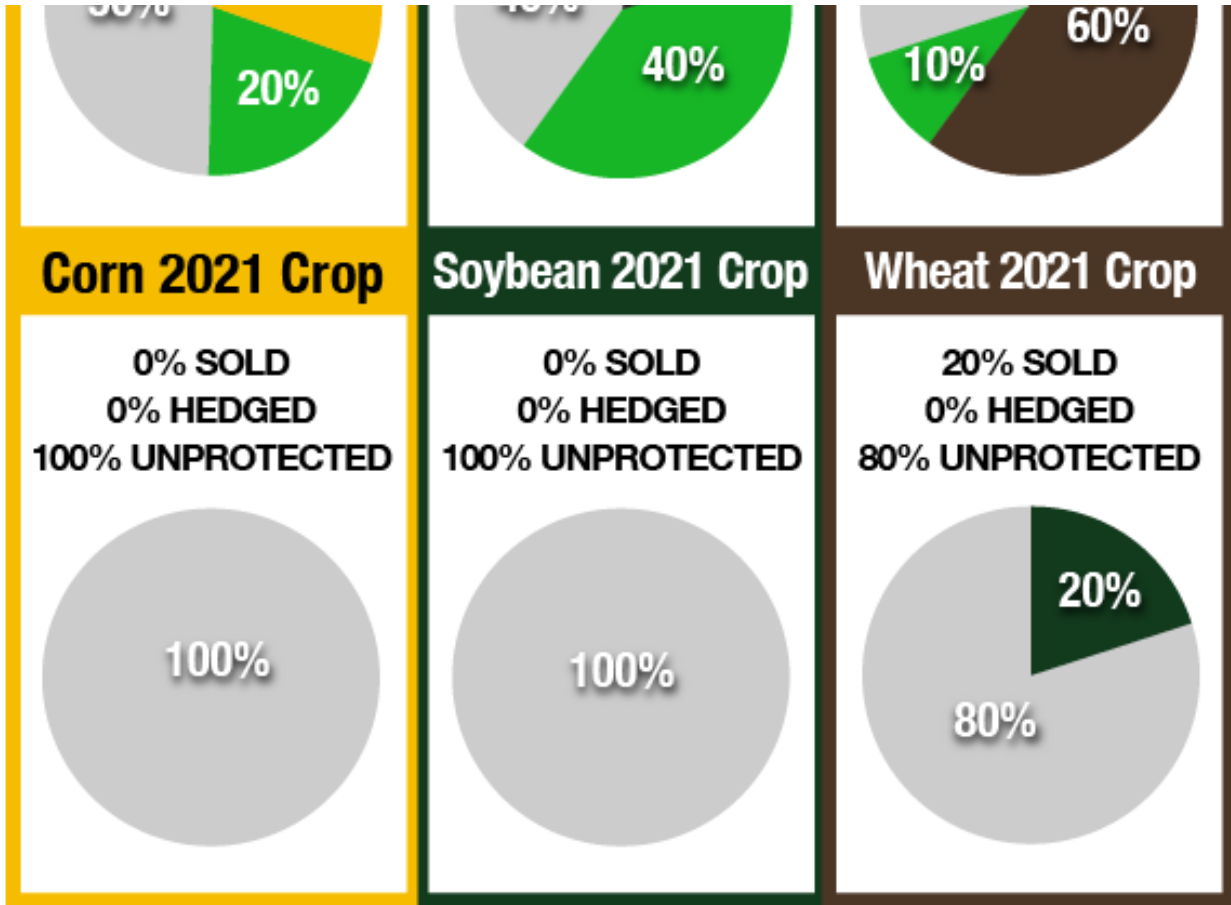


## CASH SALES & HEDGING TOTALS

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