



Jordan Van Trump <jordan@farmdirection.com>

GOOD MORNING: The Van Trump Report 7-27-20

1 message

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

Mon, Jul 27, 2020 at 5:30 AM

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To: jordan@farmdirection.com

*"To everything, there is a season..." - Book of Ecclesiastes***Monday, July 27, 2020**[Printable Copy](#) or [Audio Version](#)

Morning Summary: Traders will have a ton of headlines to digest this week. One of the biggest will probably be the first read on second-quarter GDP. Just how bad has the world's #1 economy been hit? Some Wall Street insiders are thinking GDP has fallen by -40% to -50%. Perhaps the even bigger question is what happens to the U.S. economy in the third and fourth quarters of 2020? Another large headline event this week will be the Fed's two-day FOMC meeting on Tuesday and Wednesday. Most everyone in the trade is expecting rates to be left "unchanged" near record lows but investors want to know what to expect moving forward, in other words, how low for how long? Coronavirus headlines continue to be mostly "doom-and-gloom" as cases around the globe surge. South Korea's cases have now pushed back to levels last seen in March. Australia posted new daily death records. In fact, 40 countries reported record single-day coronavirus cases in the last week, including major countries like India, Brazil, Japan, Hong Kong, Israel, Mexico, and others. Even some areas in Europe, which have been commended in the media for

their ability to contain the virus, have now recently experienced a spike in cases. And here at home, our four most heavily populated states California (with almost 40 million people in population), Texas (almost 30 million people), Florida (21 million people), and New York (19 million people) all have a commanding lead in the number of reported cases: California +435,000, New York +410,000, Florida +390,000, and Texas +380,000. I should note, more companies and retailers are requiring masks and many traders wonder if the mandates will have any type of direct impact on earnings? Most air travel data I'm seeing shows just 25% to 30% of passengers flying compared to last year. I have been hearing a bit more positive news on the vaccine front and some comments out of Harvard that vaccine makers who are in massive-scale efficacy trials could yield early results before the end of this year. And more than likely at least one of the many vaccine candidates will give long-enough protection to end this pandemic. I hope they are right and this craziness soon gets behind us. Many economists, including Federal Reserve members, have argued the labor market can't fully recover until the spread of the virus is brought under control. Michelle and I were at Sam's Club this weekend and it just felt so strange with everyone having to be in masks. Despite what the stock market might be saying, the length of time this virus has lingered and now escalated with restrictions and guidelines has to be taking a toll on businesses. Investors today are anxious to see Dallas Fed Manufacturing, which showed a remarkable rebound in June but some analysts fear may have seen setbacks in July from continued interruptions due to coronavirus outbreaks. June Durable Goods are also due out today. Tech stocks are also in the spotlight again this week as a Congressional hearing that was scheduled for today is bumped back to Wednesday. This is an important hearing for "Big Tech" with many calling it a watershed moment in Washington's scrutiny of perhaps an antitrust monopoly claim officially coming into question. Keep in mind, this will be the first time Amazon CEO Jeff Bezos, the richest man in the world, has testified in Congress. Washington will also hear from the CEO's Apple, Facebook, and Google. Don't forget, there are also some big corporate earnings being released this week. Perhaps a big read of the general feel of the entire economy will come tomorrow from earnings reported by McDonald's, Starbucks, and Visa. On Wednesday we will hear from big names like Boeing, Facebook, GE, Paypal, Shopify, and Spotify. Thursday will bring reports from big names like Amazon, Apple, Google, Proctor & Gamble, and UPS. Then on Friday, we will hear from Caterpillar, Chevron, Exxon, and Merck.

Bitcoin Back Above \$10,000, Gold to New All-Time Highs: *As the U.S. dollar falls under pressure on the heels of the government being forced to provide more stimulus... the inflations bets are starting to gain momentum. I should note several cryptocurrencies have spiked higher as of late and silver rallied +15% last week alone and has also now pushed to multi-year highs.*

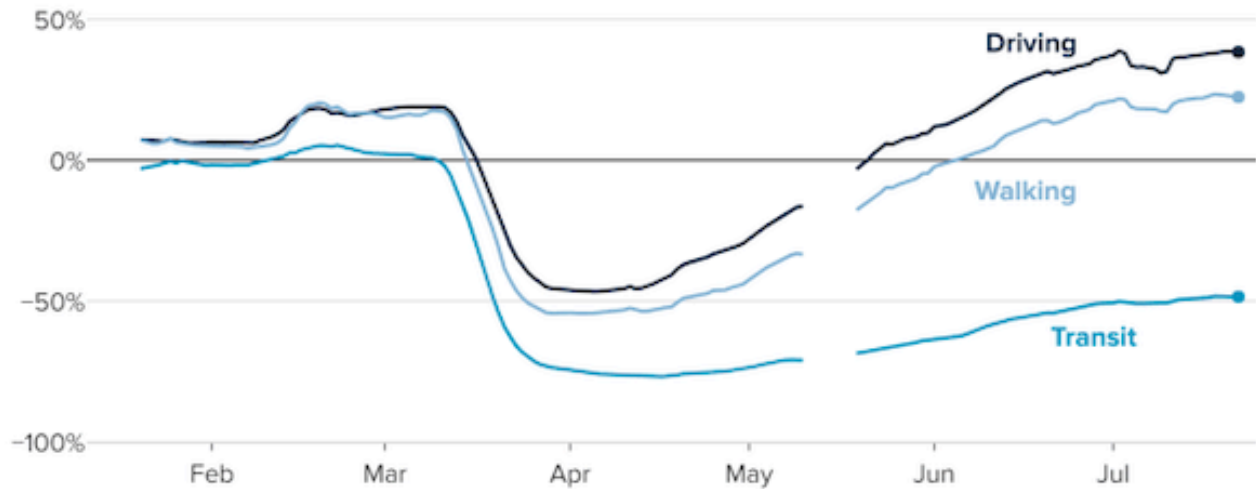
U.S. Presidential Election Big Uncertainties Now and After... *Wall Street is keeping a closer eye on the U.S. presidential election as it is now less than 100 days away. The polls and oddsmakers now*

heavily favoring former vice-president Joe Biden. Yes, we all quickly reference the polls from four years ago that had Hillary Clinton as the clear presidential winner and wonder about the accuracy. Many political insiders are pointing to the fact Bidens lead in the polls is much greater this time around than Clinton's was four years ago. Regardless of the polls and oddsmakers, there's clearly stating to be more heavy debates and public arguments taking place for those adamantly against or for our current president. I personally can't remember a time in my life that we have had more social unrest or divide over an upcoming election. Now throw in the uncertainty of COVID-19 and how it will impact the turnout at the polls and it becomes a real race of unknowns? I say hang on to your hats, I think we are going to see a sprint to the finish line and absolutely anything is possible. For what it's worth, I try to stay "neutral" in providing any particular political view. I have my opinions and views, but they are just that, my own opinions and views. I hate hearing all of the basketball players, football players, late-night comedians, rock stars, and other entertainers acting like they are political experts. I pay to go see them play a game or entertain on stage. I certainly don't pay or want to waste my time hearing their so proclaimed political expertise. I suspect the media is going to be filled with these so-called political experts the next 100-days, so brace yourself. Honestly, I'm just as confused as perhaps anyone. I know there's a huge silent majority across this great nation that loves the history and traditions of America, but I also know our country is changing in a big way. I guess my biggest fear is what happens after the November 3rd presidential election? Whichever party wins, it's almost certain the other party is going to feel massively slighted... in other words, I think we will be looking at more questions than answers even after we find out the winner. Crazy times we are living in!

Consumers Pausing and Economic Activity Stale: CNBC compiled five sets of data into some useful charts to illustrate the trends in important industries that help track reopening progress in the U.S. A look at requests for walking and driving directions from Apple's navigation tool, Maps, shows little change from last week as the requests have flattened off at approximately +40% above January 13 requests. Walking and driving requests are still meeting summer highs seen in late June before a dip in early July. Requests for both are also still well above pre-pandemic levels, as they have been for most of the pandemic. Transit direction requests have stayed nearly stagnant over the past few weeks, though this week saw another slight increase over last week. U.S. restaurant bookings saw some daily variation in bookings over the last week, but the year-over-year change is similar to where it was a week ago, at around a -60% drop compared to last year. Check out the rest [HERE](#).

Change in requests for directions on Apple Maps in the U.S.

Seven-day average of the change in volume of requests compared to a Jan. 13, 2020 baseline

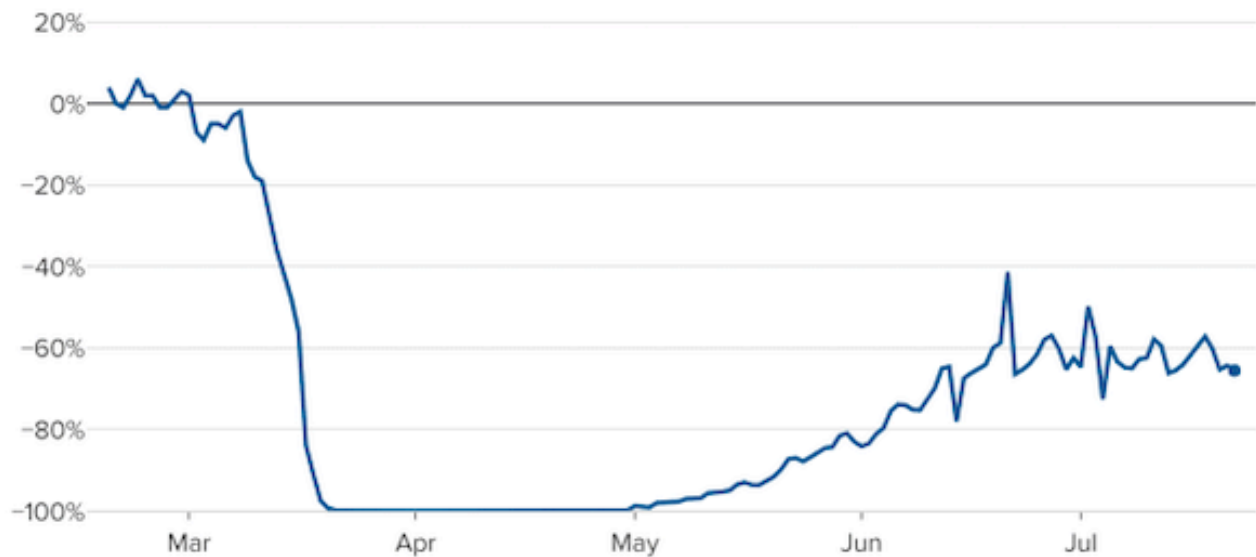


SOURCE: Apple. Data through July 22, 2020. A seven-day average is used to account for day-of-week variations.



U.S. Restaurant bookings

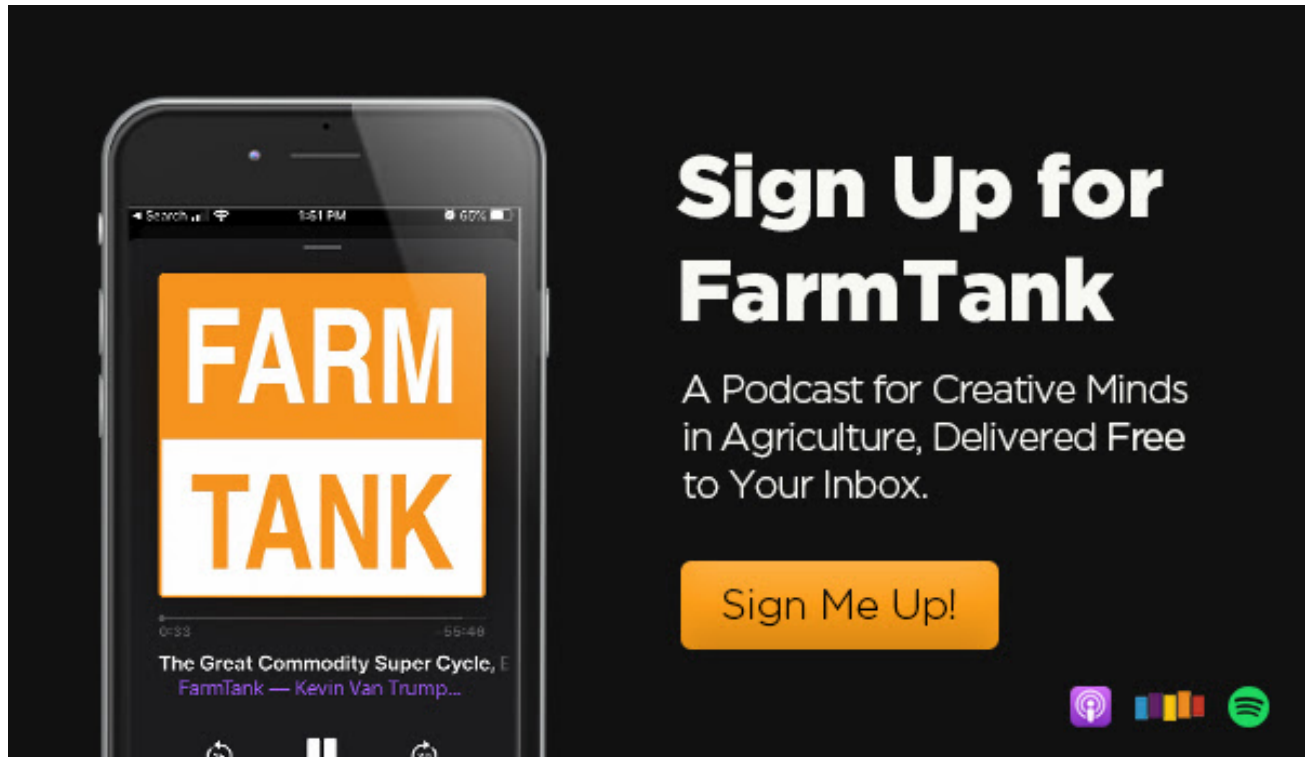
Year-over-year change in seated diners at restaurants on the OpenTable network



SOURCE: OpenTable. Data through July 22, 2020. Only states or cities with 50+ restaurants in the sample are included.

NOTE: The drop and spike in year-over-year change in June is due to the Father's Day holiday occurring earlier in 2019.





Tech Antitrust Hearing Postponed: *The highly anticipated antitrust hearing featuring CEOs from Amazon, Apple, Facebook and Google has been officially postponed. The hearing was initially set to take place today, but was postponed due to memorial services for the late Rep. John Lewis, D-Ga., which are scheduled to take place today as well. The hearing is meant to be a culmination of an investigation into the four tech giants that began in June 2019 to assess their competitive practices and the efficacy of antitrust laws for the new digital marketplace. Following the hearing, the subcommittee is expected to issue a report of its findings as well as legislative proposals aiming to update the antitrust laws. For a deep dive on the issues Congress wants the CEOs to answer for, check out this report from [Protocol](#).*

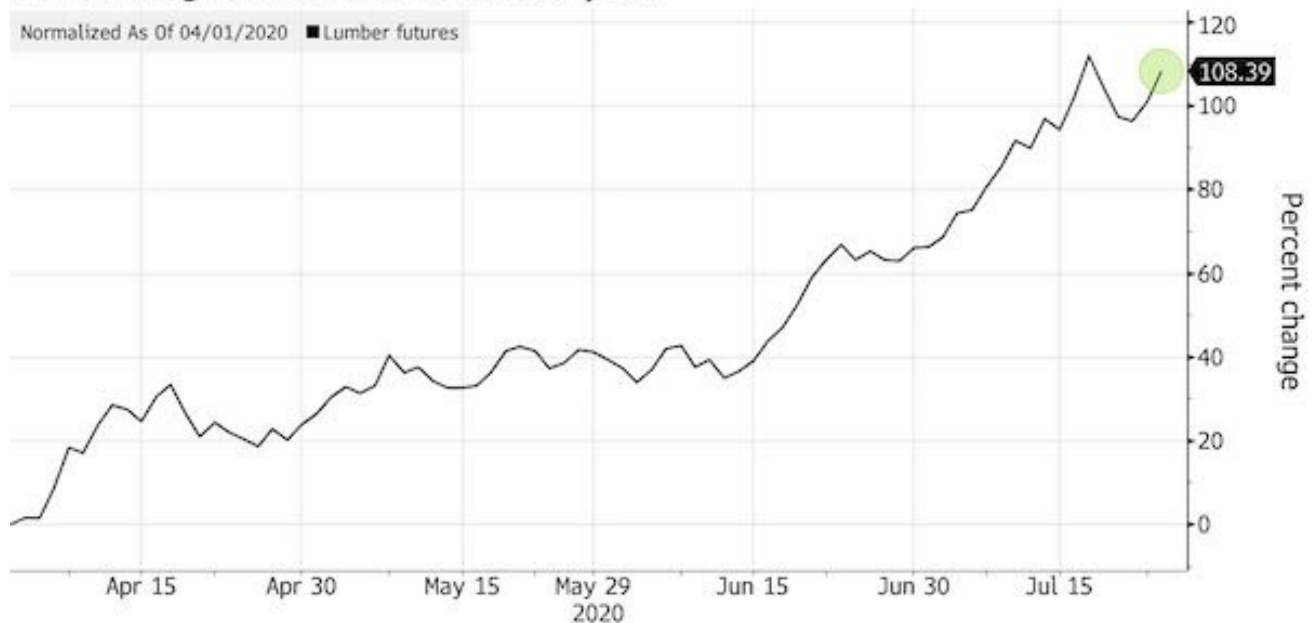
President Trump Signs Drug Pricing Orders: *President Donald Trump on Friday signed four executive orders geared toward lowering drug pricing for Americans. Drugmakers have until Aug. 24 to come up with a solution before the U.S. implements an International Price Index, or IPI. Such a model would cap drug prices based on what they sell for in economically comparable countries, and is fiercely opposed by drug companies. Some analysts highlight the government's willingness to work around IPI if other strategies can be agreed upon, which one said "perhaps the most negative of the...orders has a chance to be dampened down." RBC Capital Markets analyst Brian Abrahams wrote in a note Friday that the actual implementation of such orders would be challenging. He doesn't see a material impact in the near-to-mid-term, "as we believe they are likely*

geared more towards deriving campaign talking points rather than producing tangible, material effects." Still, Abrahams does believe headlines could hit the biotech sector following its 2020 run. (Source: Barron's)

Wood More Precious Than Gold: *As economies struggle to recover in the pandemic and U.S.-China tensions flare, investors piling into precious metals may be overlooking another potential haven: wood. Lumber futures have doubled since early April and are the top-performing major raw material this year. Wood is even outshining gold and silver, traditionally the go-to haven commodities. While lockdowns and stay-in-place restrictions were expected to curb demand for building materials, North Americans stuck inside decided to spend money and renovate their homes just as aggressive production cuts tightened supplies. To be sure, lumber trades at much lower volume than gold and other metals and is prone to wild price swings. But producers such as Canfor Corp. expect strong demand and prices will continue into early fall. (Source: [Bloomberg](#))*

Home Repair Haven

Lumber surges amid boom in home repairs



Source: Chicago Mercantile Exchange

FARM TANK

Tweets of the Day





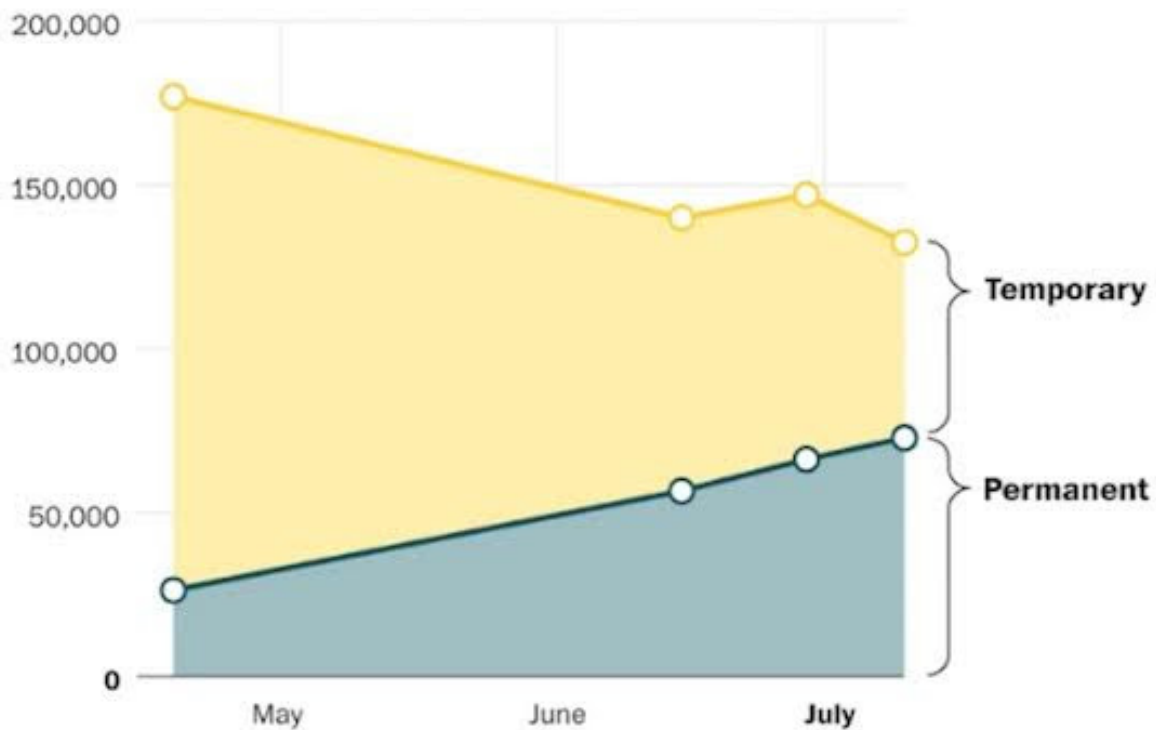
Jesse Felder
@jessefelder

'The economic crisis caused by the novel coronavirus pandemic has entered a new phase, with permanent business closures now outnumbering temporary ones, new data shows.'

[washingtonpost.com/business/2020/...](https://www.washingtonpost.com/business/2020/...)

Permanent closures now outnumber temporary ones

Business closures on Yelp since March 1



Source: Yelp

THE WASHINGTON POST



USD sentiment:

Dollar Optimism Index is at the *lowest* 1% of readings over the past 10 years. Traders have rarely been this bearish on USD

A rally in USD could be a major risk for stocks in the months ahead.





Bare Footn' Farmer 🇺🇸 **Louie Nigg**
@LouieDN



Look what I didn't do 😎 #stuck #johnndeere





Jonathan Folsom
@AgronomyJohnny

I could say its dry in west TX, but that's going to be an understatement.



Okaton Farm
@okaton_farm

Year 2 of combine training



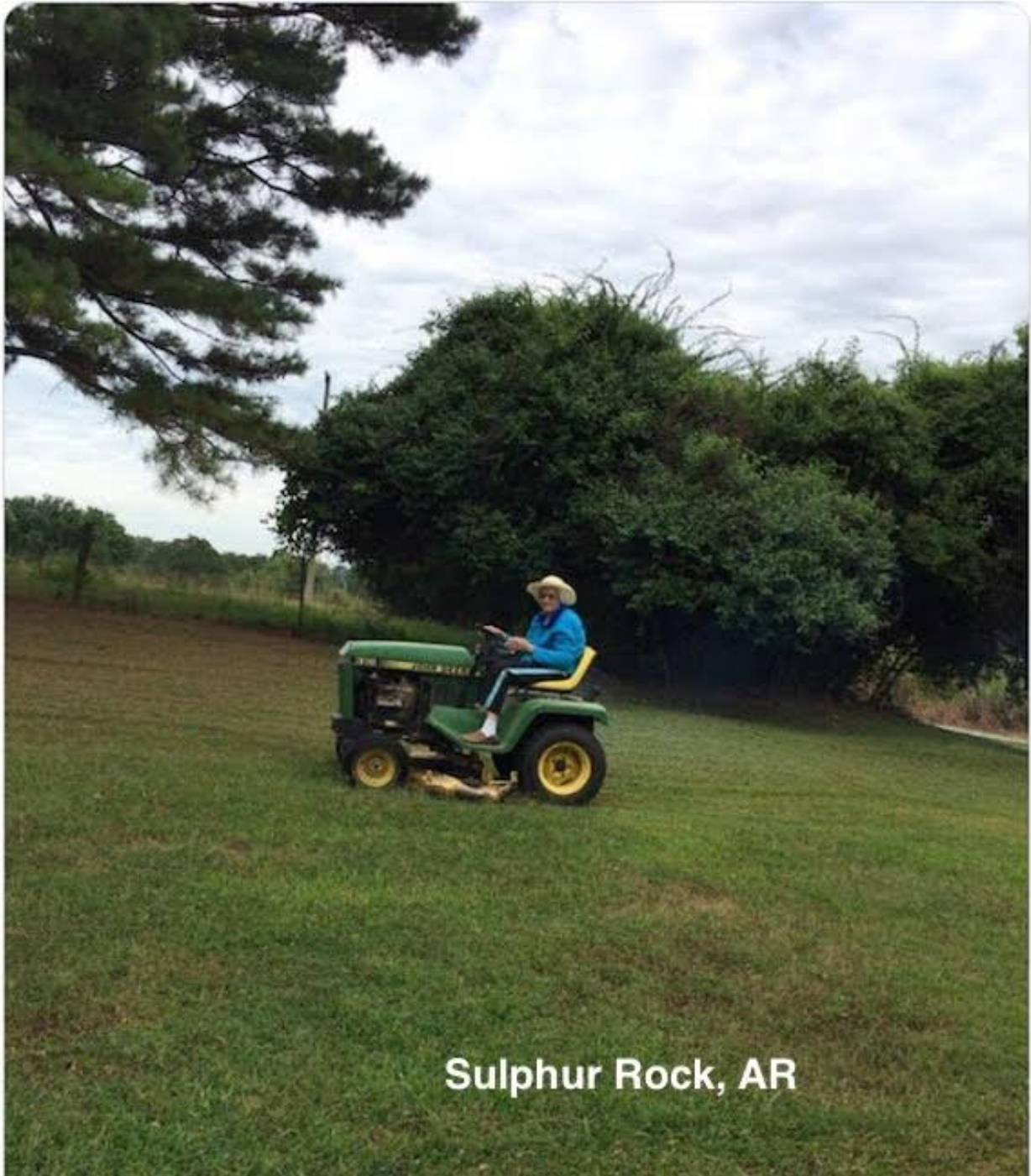


Matt Carter
@Carter_Cattle



92 years old today and mowing her yard. She would be mad for a week if we mowed it for her. According to her, the @JohnDeere 318 was the best mower ever made so there's no reason to trade it. Even if her Grandson manages a Deere dealership. Happy

Grandma manages a deer deer camp. Happy birthday Grandma



Sulphur Rock, AR



Tim Fargo 🌻🔵
@tim_fargo



Tough times never last, but tough people do. – Robert H. Schuller #quote

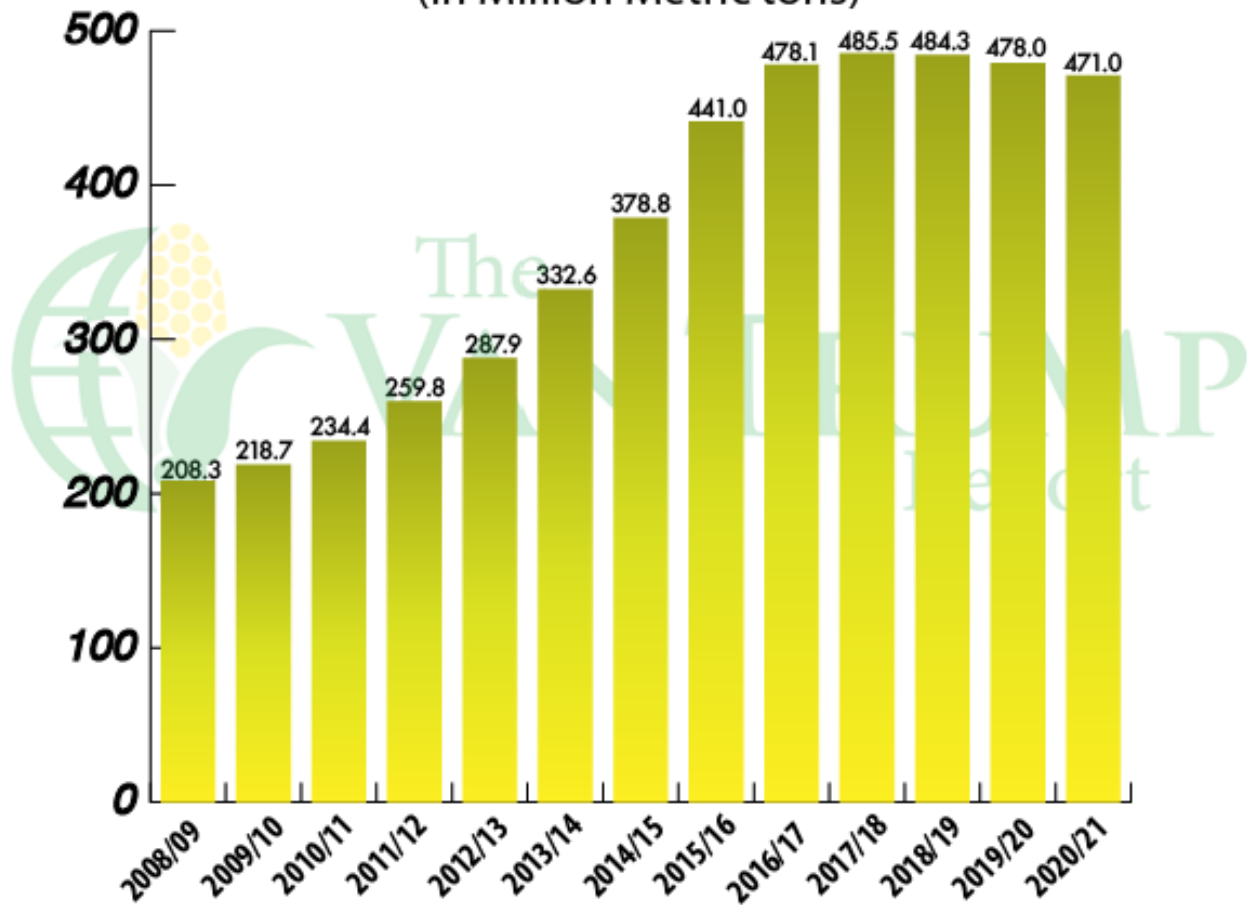


CORN bulls would like to recover some of the recent price losses but they will be battling improved U.S. weather conditions and talk from the bears that Chinese buying will more than likely be limited in the coming weeks. The U.S. forecast has reduced some of the heat and at the same time, the rains look to be fairly widespread. Here in my neck of the woods, just outside of Kansas City, they are talking high-temps in the 70s by Friday and the low 60s at night most of the week. There's also some rain in the forecast almost every day. It's crazy to see the grass this green and the weather cooling down like this during the last week of July and into the first week of August. Bulls will still be keeping an eye on some areas of important production in parts of Iowa, Illinois, Indiana, and Ohio. I have to imagine if those areas get some good soaking rains the edge will go to the bears as talk of a higher USDA yield estimate becomes more widespread. Most inside the trade are looking for today's USDA's weekly crop-condition estimate to stay

"unchanged" or perhaps even slightly improve on better overall weather. Bottom line, the U.S. weather story over the weekend is being digested as a win for the bears. If the Chinese buying turns off like many bears are forecasting this could cause even more price pressure. The bearish argument is that the recent wave of Chinese buying was to help them get caught up in regard to their "needed trade quotas" and they may not have wanted to do much buying ahead of the U.S. presidential election. I know Chinese corn prices have been smoking hot the past few weeks and they are selling out of their offered supply at domestic auctions. And I also see some major logistical hurdles in China associated with the massive flooding. It seems like a big chunk of corn is out of position and it might simply make more sense to import into the south. Yes, I understand the bear's reasoning and thoughts that China will want to do very little to help President Trump in the polls ahead of the election. But I also think they have a major food inflation problem brewing and may need to keep buying U.S. corn? As a spec, the U.S. weather forecast has certainly tempered my bullish enthusiasm. And with the U.S. election fast approaching I am certainly worried that Chinese buying could conveniently take a little break. Meaning if the U.S. weather continues to cooperate there could be very little news in the headlines for the bulls to feed on. As a producer, I have to keep my current hedges in place and kick the can further down the road.

Chinese Corn Total Supply

(in Million Metric tons)



Source: USDA, PS&D, July 2020



@KevinVanTrump

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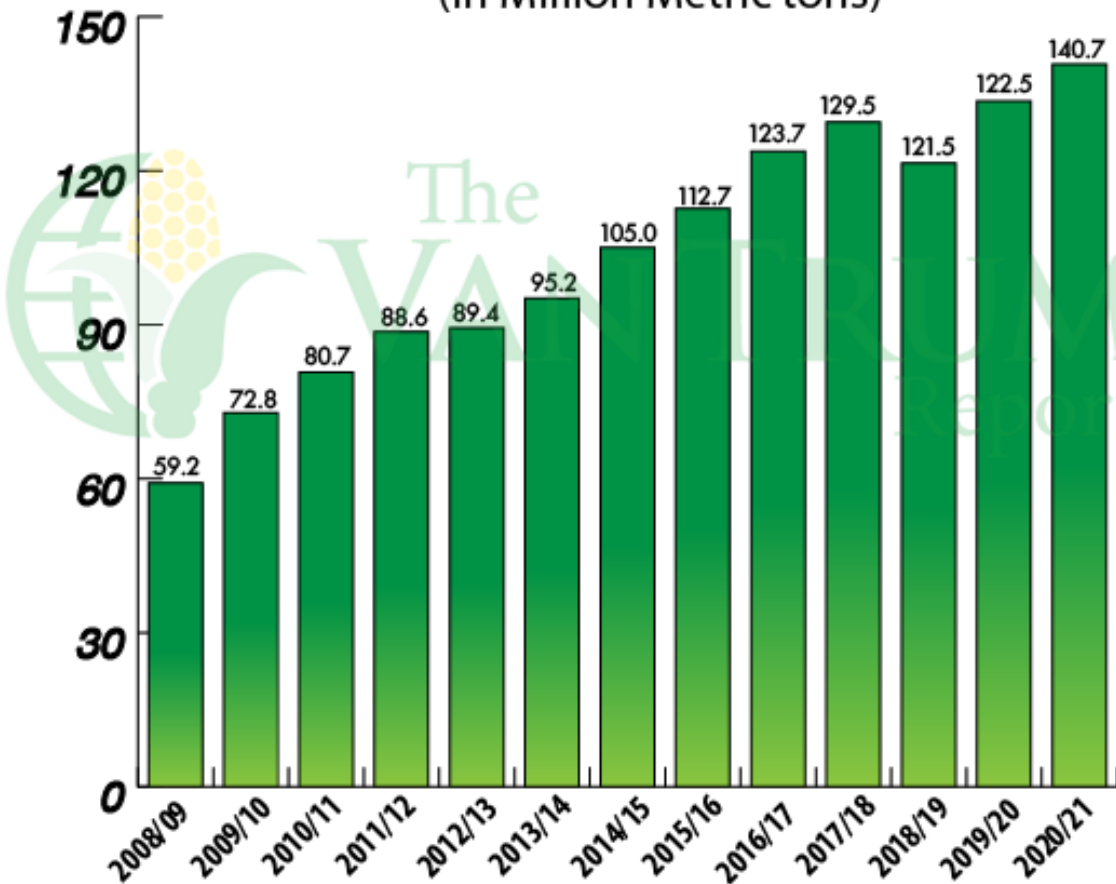
AgSwag 
MINIMUM OF 4



SOYBEAN bears continue to believe prices are at the high-end of the range as U.S. yield estimates should start ticking higher as the extended August forecast looks very manageable. An average U.S. yield "record" is being discussed and considered in many circles. At the moment, the bears seem to be winning the debate about U.S. weather and production. The other major factor driving price and sparking debate is Chinese demand. As I mentioned in the corn comments, I listened to many bears this weekend tell me they look to see the Chinese pullback buying to some degree as we get closer to the U.S. presidential election. The bears believe the absence of Chinese buying in the headlines will put pressure on the bulls who need the constant flow of buying by China to keep the computer models in the game. The recent weekly buying by the Chinese has given the bulls something to chew on and provide hope for even more buying ahead. If those demand headlines dry up and at the same time there are no major U.S. weather worries to satisfy the bulls we could hit a little air pocket and risk-premium will be sucked out of price. Keep in mind, this is the bear's perspective and them talking their position. It's very important that we always understand their perspective even though we don't have to necessarily agree. Obviously, if the Chinese continue to buy and show strong demand prices will reflect and reward. And if U.S. weather doesn't deliver as well as the forecasters are thinking then prices will again need to work a bit higher. As a spec, I'm on the sideline. As a producer, I've played the game defensively, making cash sales and reowning and also purchasing some puts for downward protection should we tumble. I've tried to keep my upside potential open. I should note, I am getting a bit chewed up in my reownership of calls as the market hasn't really done much the past couple of weeks. I'm staying patiently optimistic believing China is still going to need a significant amount of U.S. beans.

Chinese Soybean Total Supply

(in Million Metric tons)



Source: USDA, PS&D, July 2020

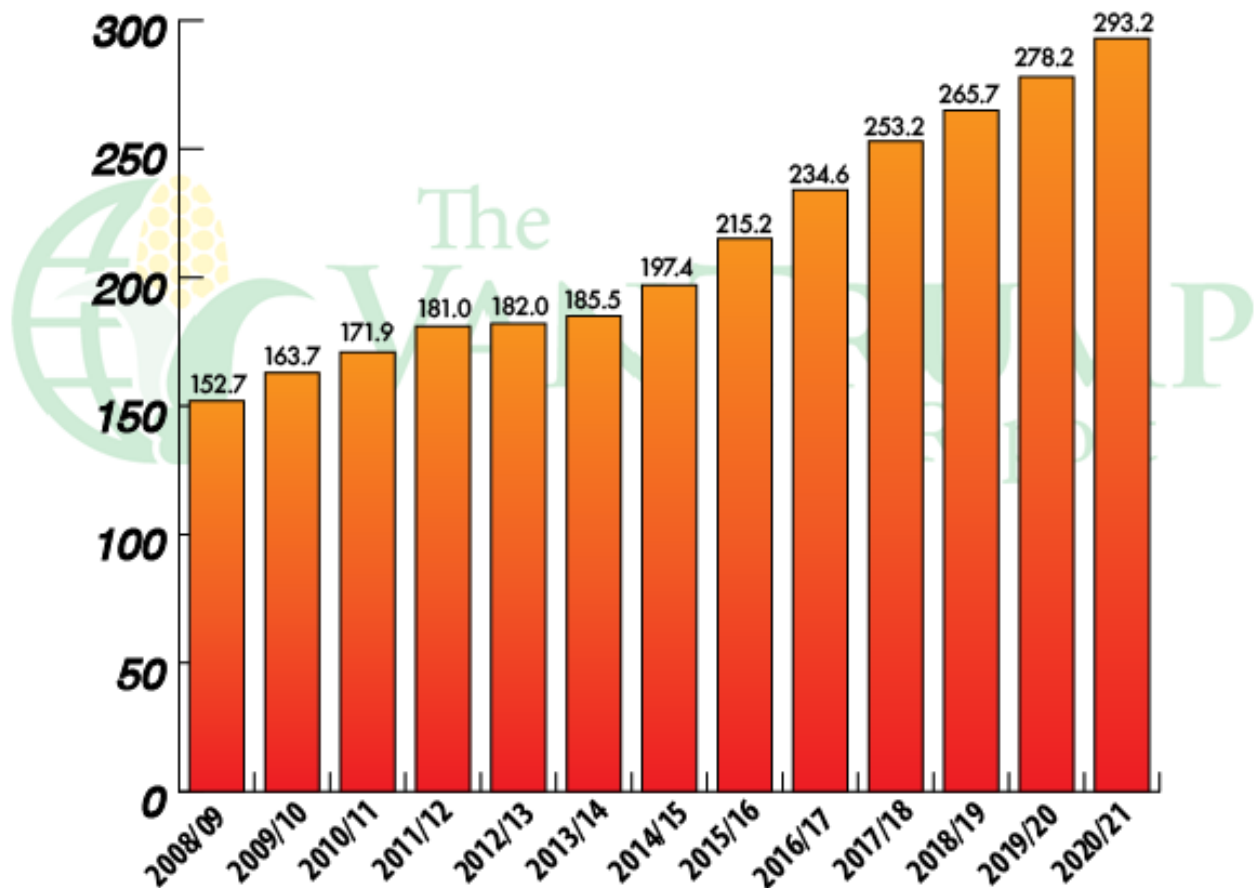
 @KevinVanTrump

WHEAT bulls will need some fresh global weather worries to keep prices moving higher. Problems in parts of the European Union, Argentina, Russian, and the Black Sea region have been well advertised. Bulls have been keeping an eye on the weather in parts of Australia, China, and North America. China is battling major flooding in many parts and some other areas are too dry so we will continue to monitor. Here at home, bears are quick to point out the weather has been mostly cooperative. Bears are also now talking about some better-than-expected wheat yields coming from a portion of the Russian harvest. Not that it's a major improvement, but perhaps more a sign that the bleeding has stopped and the yield drag has stabilized a bit better than expected. As a longer-term bull, I would love to see a fresh new demand story of some sort, perhaps the Chinese will continue to be a buyer of U.S. supply? I'm also hoping a weaker U.S. dollar will also work to attract more macro fund interest on the buys-side. I suspect the bearish argument will remain this week, in that higher-prices most often cure higher-prices. In other words, it's tough for the bears to imagine more U.S. demand if prices move higher,

they simply point to the fact Brazil is already buying cheaper wheat from Russia. Why would they come to the U.S. if prices continue to work higher? As a producer, I think we have to be smart up here and fully understand our "risk". Building a floor of some sort or reducing a bit more new-crop risk on the rallies seems like best-of-practice at these elevations. As a spec, I don't want to try and navigate the waters as a bear so that leaves me either completely on the sideline or playing with a small bullish position. Prices and headlines are at levels where I don't feel comfortable holding large positions in this contract for extended periods. Therefore, I've chocked up on the bat a lot and simply trying to put a ball in play. Trading smaller size with a shorter-term mindset...

Chinese Wheat Total Supply

(in Million Metric tons)



Source: USDA, PS&D, July 2020

 @KevinVanTrump



> Cattle on Feed and Cattle Inventory Mostly Flat: *Cattle and calves on feedlots with capacity of 1,000 or more head in the U.S. totaled 11.4 million on July 1, 2020, slightly below July 1, 2019 levels. Placements in feedlots during June*

totaled 1.80 million head, +2% above 2019. Marketings of fed cattle during June totaled 1.97 million head, +1% above 2019. Total inventory of cattle and calves in the U.S. on July 1, 2020 totaled 103 million head, slightly above last year levels. All cows and heifers that have calved totaled 41.4 million head, slightly below the 41.6 million head on July 1, 2019. Beef cows, at 32.1 million head, were down -1% from a year ago. Milk cows, at 9.35 million head, were up +1%. The 2020 calf crop in the United States is expected to be 35.8 million head, down -1% from last year. Calves born during the first half of 2020 are estimated at 26.1 million head, down -1% from the first half of 2019. An additional 9.70 million calves are expected to be born during the second half of 2020.

> China on Path to Use Up Annual Quotas: *China has accelerated grains buying from abroad in the first half of 2020 and may fully use up its annual quotas for corn and wheat imports for the first time ever, traders and analysts said last week. China, the world's top agricultural market, imported 3.66 million tonnes of corn from January to June, 51% of its annual quota for the grain set at 7.2 million tonnes, according to customs data released on Thursday. Wheat imports came at 3.35 million tonnes, 35% of its yearly quota at 9.64 million tonnes, the data showed. Last year, China only used 67% of its annual quota for corn and one-third of its yearly wheat quota. Read more from [Reuters](#).*

> Western Bean Cutworm on the Move: *Higher-than-normal levels of western bean cutworm are being reported in parts of the western Corn Belt. John Mick, a Pioneer agronomist in south-central Nebraska, says the corn pest has also expanded its range in recent years. "Traditionally the western bean cutworm is a pest that follows the Platte River corridor," Mick says. "What we've noticed in the last five to seven years is that it has spread farther south, into the Little Blue River basin and the Big Blue River basin." Mick says southern corn rust is also picking up steam. "Producers kind of look for that one as a bell-ringer, if you will, on making that decision to apply a fungicide—because southern rust can really build to alarming levels and cause some significant, not only yield loss, but also standability concerns for producers." Mick says the decision to treat with fungicide is being complicated this year by the wind damage in many fields. Listen to his chat with Brownfield [HERE](#).*

> Ag Fights for Dakota Access Pipeline: *Saying the permanent shutdown of the Dakota Access pipeline (DAPL) would have devastating consequences for farmers, a number of agriculture groups in North Dakota and South Dakota last week waded into the legal waters of the controversial pipeline. A district court this summer ordered the pipeline closed down as a result of permitting issues with the construction of the line dating back to 2017. The North Dakota Farm Bureau, North Dakota Grain Dealers Association, North Dakota Grain Growers Association, South Dakota Corn Growers Association, South Dakota Farm Bureau Federation, and South Dakota Soybean Association submitted an amicus brief asking the court*

to stay the district court ruling. "Amici have an interest in the outcome of the court's decision, because a shutdown of DAPL would unduly burden the agricultural industry with increased transportation costs by forcing the agricultural industry to compete with the oil industry for railroad transportation to transport its commodities," the groups argued in the brief. Read more [HERE](#).

> Stockpiling Leads to Can Shortage: American consumers are still loading up on pantry staples even as the economy opens up, leaving food supply chains tight as companies run at full tilt to keep up with buying. In fact, demand is so strong there aren't enough empty cans, according to wholesale food distributor ePallet, which is struggling to find enough containers for the chili and soups it sells to food banks and retailers. Labels to mark the cans are also hard to come by. According to seafood packer Starkist, sales of tuna have cooled down slightly but remain elevated. In March and April, sales were up 120% from a year earlier. Now they're trending at an annualized increase of about 30%, according to Andy Mecs, the company's vice president of marketing and innovation. "At retail, it's akin to toilet paper and paper towels," Mecs said. "We've been running our factories at full speed trying to keep up with demand." (Source: Bloomberg)

> McDonald's Continues Pause on Dining Room Reopenings: McDonald's will pause reopening dining rooms for another 30 days as coronavirus cases continue to surge in some parts of the country. The company will also require customers to wear face coverings, starting Aug. 1, and will add protective panels in its restaurants to allow franchisees to increase order taking, seating capacity and staffing levels. The fast-food chain first paused dining room reopenings on July 1 for three weeks amid a surge of coronavirus cases. About 15% of McDonald's 14,000 locations had reopened their dining rooms at that point. Franchisees who already reopened dining rooms and are not facing any rollbacks from local officials can decide if they want to keep them open. Read more from [CNBC](#).

> Worst for U.S. Renters and Apartment Owners Yet to Come: One in three renters failed to make their full payment in the first week of July, an Apartment List survey showed. Nearly 12 million renters could be served with eviction notices in the next four months, according to an analysis by advisory firm Stout Risius Ross. And in some cities, like New York and Houston, more than a fifth of renters say they have "no confidence" in their ability to pay next month. Roughly 11 million renters spend at least half of their income to keep a roof over their heads in normal times, and the first wave of job cuts skewed toward lower-paying retail and hospitality workers who are less likely to have emergency savings. John Pawlowski, a senior analyst at real estate research firm Green Street Advisors, said he doubts the apartment industry would see an immediate crash if the additional unemployment benefits aren't extended. People will skip things like auto and credit card payments to cobble together enough for rent. But over the long-term, rental revenue will decline because of missed payments and lower

occupancy as tenants look to save money by doubling up with others, Pawlowski said. Landlords could end up missing more than \$22 billion in rent over the next four months, according to the Stout analysis. Read more [HERE](#).

> What Comes After Zoom Fatigue: *Even after the pandemic ends, video chat will play an increasingly important role at work, for school, in health care, and in our relationships with friends and family. The pandemic not only pushed this technology into new scenarios of our daily lives but also forced people to learn how to use it. Folks that hadn't tried Zoom, FaceTime, or Google Meet before March became power users in record time. Some of these new users have even embraced the software's virtual backgrounds and AI-generated face-smoothing effects. Recode looks at the history of video chat, which goes back further than you might realize, and imagines what its future might look like, which looks increasingly holographic. Check it out [HERE](#).*

> Lottery Jackpot Shared After 1992 Handshake: *Long-time friends Joe Feeney and Tom Cook made a pact in 1992 - sealed with a handshake - that if one of them won the US Powerball lottery they would share it. Nearly 30 years later the numbers came up for Tom - and he honored the deal. Joe said he was stunned when his friend called to say they were sharing the \$22 million jackpot. "He called me and I said, 'are you jerking my bobber?'" said the keen fisherman. The two men live in the Menomonie area of Wisconsin. The two men decided to take a cash option of about \$16.7 million which means that - after federal and state taxes - each will take home about \$5.7 million. Tom decided to retire after learning about the win while Joe was already retired. They say they are looking forward to spending more time with family. "We can pursue what we feel comfortable with. I can't think of a better way to retire," said Tom. I love seeing a deal worth its handshake. Read more from [HERE](#).*



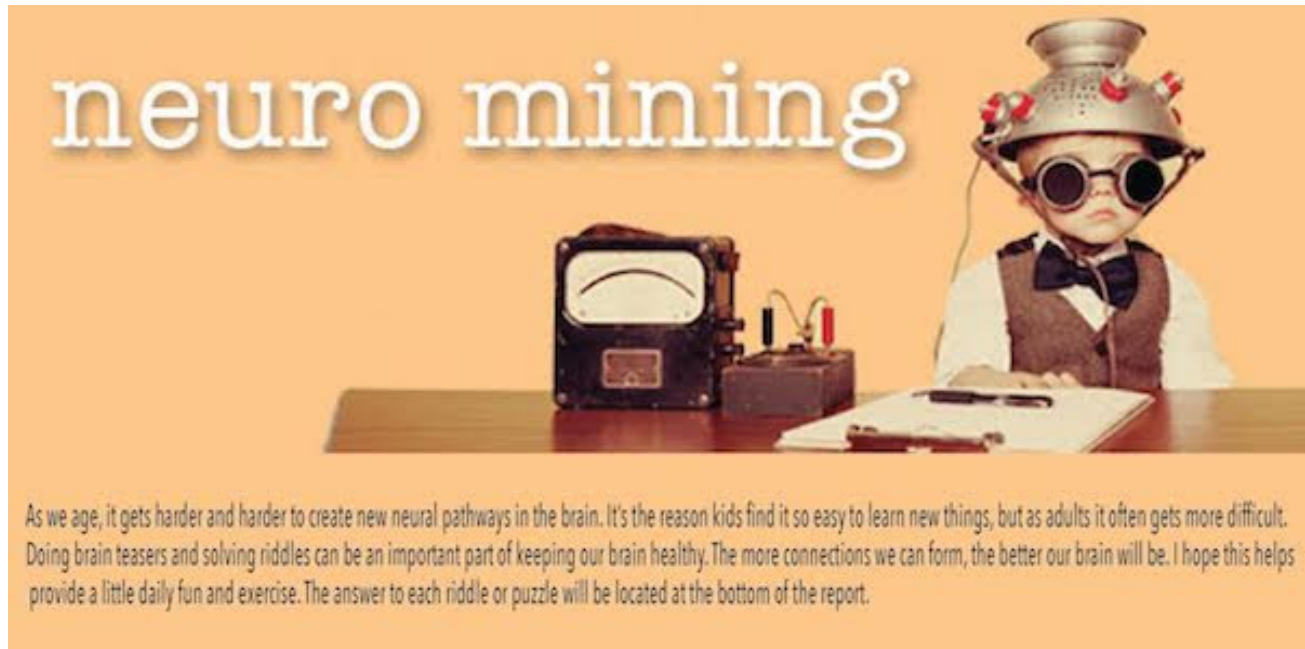
Central Ohio - *Things are very dry in our area as we look for some moisture to push the corn and beans along. The last measurable precipitation was four-tenths followed by a heat blast that effectively took it all away in a day. Not sure if we will get to the 70-bushel beans and 200-bushel corn this year without the moisture. Wheat harvest is over and it was disappointing with only 70 bpa this year when we normally would hit the 80s and others around here can push into the 90 bpa territory. I have to figure that the early frost is the reason the wheat never fully recovered and that set us back. One thing we are seeing around here is the continued encroachment of development, with \$8K acre land getting snatched up by developers and sold for \$25K to city folk moving outside of the burbs. It seems everything is being built on 5-acre lots which is fine, but a lot of these folks leave half the property un-mown and gone to weed.*

East central Nebraska - *Our dryland COC field that isn't tilled is looking awesome and in my opinion, a lot of the credit goes to the huge amount of stalks that are mulching between the rows that we ran over with a rolling stalk chopper this spring. Interestingly, the row cleaners just swept the stalks away right down*

to the dirt, almost like we were strip-tilling. We've been checking out some other fields in the area and it looks like the corn is growing better for those guys that VR planted. I got friends in the southwest part of the state who are saying the corn planted into last year's wheat stubble is what's hanging on the best for them. All I know is we need a rain and fortunately, one is forecast for the weekend.

Central Indiana - *This year's wheat was one of our best and produced a ton of straw as well. Our dc beans got planted with very nice subsoil moisture and emerged in less than three days. The best thing was they quickly received another good rain right away. We had over five inches of rain here since the middle of June. The first cut alfalfa was also the best I've ever had with over 3 bales per acre, and the second cut alfalfa is ready as soon as we clear this recent wet weather system. Beans are looking great and corn is as well. If dc beans keep getting rain, they will be over 50 bpa again and I might even be able to pick up another cut of alfalfa.*





TODAY'S RIDDLE: Name the only sport in which the ball is always in possession of the team on defense, and the offensive team can score without touching the ball?



Agricultural Commodity Demand Growth Projected to Remain Flat

The global COVID-19 pandemic has complicated the outlook for agriculture in 2020 and beyond, a finding that comes as no surprise in a new joint report issued by the OECD (Organization for Economic Co-operation and Development) and FAO (Food and Agriculture Organization of the United Nations). The "[Agricultural Outlook 2020-2029](#)" projects that over the next ten years, supply growth will outpace demand growth, causing real prices of most commodities to remain at or below their current levels.

According to the report, global population remains the main driver of demand growth even though the rate of population growth is projected to decline. Per capita consumption of many commodities is expected to be flat at the global level. The slower demand growth for agricultural commodities is projected to be matched by efficiency gains in crop and livestock production, which the OECD-FAO

say will keep real agricultural prices relatively flat. About 85% of global crop output growth over the next decade is expected to come from yield improvements resulting from higher input use, investments in production technology, and better cultivation practices. Multiple harvests per year will account for another 10% of crop output growth, leaving only 5% to cropland expansion.

OECD-FAO notes that fluctuations in the factors driving supply and demand could lead to strong price variations around this general path. At the same time, a decrease in disposable incomes in low-income countries and households caused by COVID-19 is expected to depress demand in the early years of the outlook and could further undermine food security. Beyond COVID-19, current challenges include the locust invasion in East Africa and Asia, the continued spread of African swine fever, more frequent extreme climatic events, and trade tensions among major trading powers. The full report is available [HERE](#). Below are some of the highlights:

Cereals

In the last ten years, cereal production growth outpaced demand growth, leading to ample stocks and lower prices. Over the outlook period of 2020 to 2029, prices are projected to decrease further in real terms, while recovering slightly in nominal terms. Increased production and destocking will continue to exert downward pressure on cereal prices despite increasing demand. Lower anticipated prices, however, could weigh on planting decisions and reduce future supply.

The global average cereal yield is projected to increase by +1.1% p.a. (per acre) over the next ten years, markedly lower than the +1.9% registered in the previous decade, while total crop area is expected to increase only modestly. These changes are influenced by increasing profitability in the Black Sea region where production costs are lower compared to other major exporters.

Global cereal stocks are expected to remain high over the outlook period, except for corn, where the global picture is dominated by the assumption that temporary stocks in China will be eliminated in the coming years. As a consequence, the stock-to-use ratio for corn will fall from about 31% in the base period to about 17% in 2029 globally as China reaches levels of this ratio similar to those in other major countries. Stocks as a share of total consumption are expected to increase for wheat and rice, and remain similar to current levels for other coarse grains.

The COVID-19 pandemic in 2020 will not change the general situation of ample cereal supply and good harvest prospects in the near-future marketing

seasons. Short-term risks due to this pandemic are mainly related to distributional aspects and supply problems in some countries which rely on seasonal workers. Over the medium term, once supply chain disruptions are resolved, the impact of the COVID-19 pandemic on cereal markets should be limited unless national policies move towards sustained higher self-sufficiency goals or to a sustained increase in the levels of stock holding. Aside from COVID-10, China's feed demand, and its overall level of domestic supplies and associated changes in stocks remain a major uncertainty in global cereal markets.

Oilseeds

Prices of oilseeds and products in 2019 were at their lowest in several years, a reflection of the slowdown in global demand for oils and protein meals, as well as the uncertainties stemming from bilateral trade disputes. Since trade relations between the United States and China improved towards the end of 2019, trade policies have had less short-term influence on world prices, especially for soybeans. Notwithstanding expectations of a partial recovery in China's pig herd, African Swine Fever continues to weigh on the country's livestock sector, curbing feed demand, especially of soybean meal.

During the outlook period, global soybean production is projected to continue to expand at +1.3% p.a., with the expansion of area harvested accounting for about a third of global output growth. With domestic output projected to reach 140 million metric tons by 2029, Brazil is expected to be the world's largest producer, ahead of the United States with a projected production of 120 million metric tons by 2029. Together, these countries are expected to account for about two-thirds of world soybean production.

Crushing of soybeans and other oilseeds into meal (cake) and oil will continue to dominate demand and increase faster than other uses, such as direct food/feed consumption of soybeans, groundnuts and sunflower seeds. Overall, 91% of world soybean output and 87% of world production of other oilseeds are projected to be crushed by 2029. Additionally, the uptake of vegetable oil as feedstock for biodiesel is projected to increase at a considerably slower pace over the next ten years as national targets for mandatory biodiesel consumption increase at a slower pace than in previous years.

The pandemic spread of the COVID-19 has resulted in a reduction of consumer movement with strong implications for away-from-home consumption. This could affect demand for vegetable oil, which is widely used for deep-frying. In addition, the decline in economic activity combined with reduced crude oil price curb the demand for vegetable oil as biodiesel

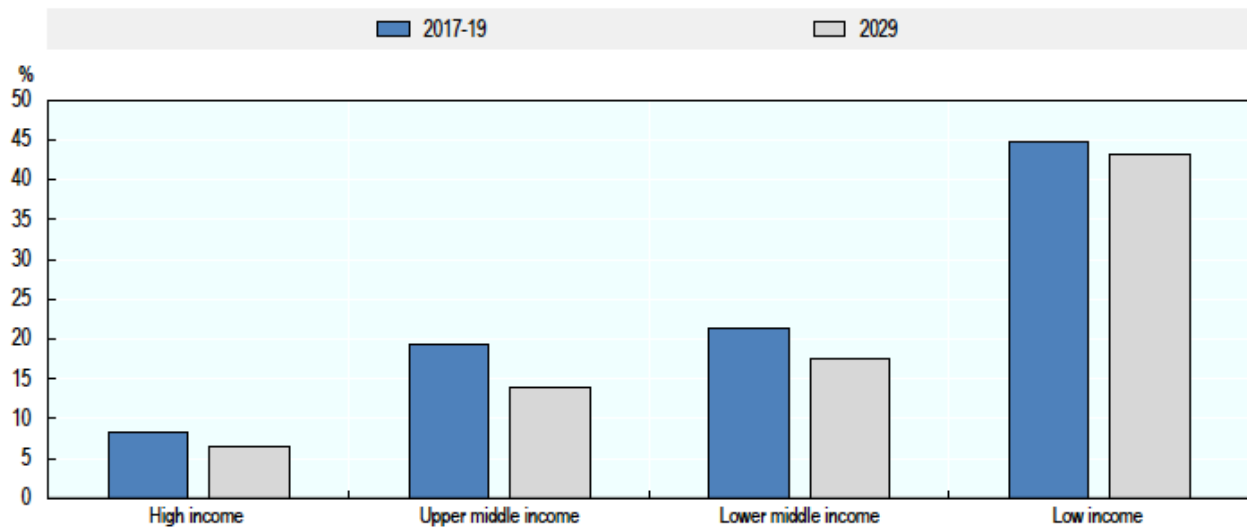
feedstock. Consumer concerns regarding soybeans stem from the high share of soybean production derived from genetically modified seeds, particularly in the EU. Environmental concerns are also on the rise, especially with respect to a potential link between deforestation and increasing soybean production in Brazil and Argentina.

Meat

At the global level, this year's Outlook projects that meat production and consumption levels will reach a low point in 2020 as a consequence of the multiple outbreaks of AFS across Asia. In the early years of the outlook period, the overall growth in global meat output will be impacted negatively by a decline in availability of pigmeat, only partially offset by higher production volumes of other meat types

Over the first half of the projection period, prices will be supported by supply constraints in several Asian countries and the consequent increased import demand. This is relevant for the pigmeat sector, where ASF-related culling has decreased production in Asia. Higher prices will improve profitability in meat production during the first half of the projection period, despite a gradual increase in feed costs. When pigmeat supplies begin to return to their long-term trend growth, pigmeat prices will decline in real terms over the remainder of the projection period as productivity growth is assumed to continue. While ongoing economic and population growth in developing countries are the main drivers of meat consumption globally, the Outlook projects a leveling-off in per capita meat consumption with a shift towards a demand for quality products in high-income countries.

Trade policies remain a major factor affecting the dynamics of world meat markets. The implementation of various trade agreements over the outlook period could diversify or consolidate meat trade considerably. In the short term, the magnitude and duration of the impact of the current outbreak of COVID-19 is uncertain but meat production (including both slaughtering and processing) and consumption patterns, especially those of food services, are expected to be affected. Other factors that could influence the meat outlook over the medium term include changing consumer preferences and attitudes towards health, the environment, animal welfare, and global greenhouse gas (GHG) emissions which may lead to more modest demand growth.

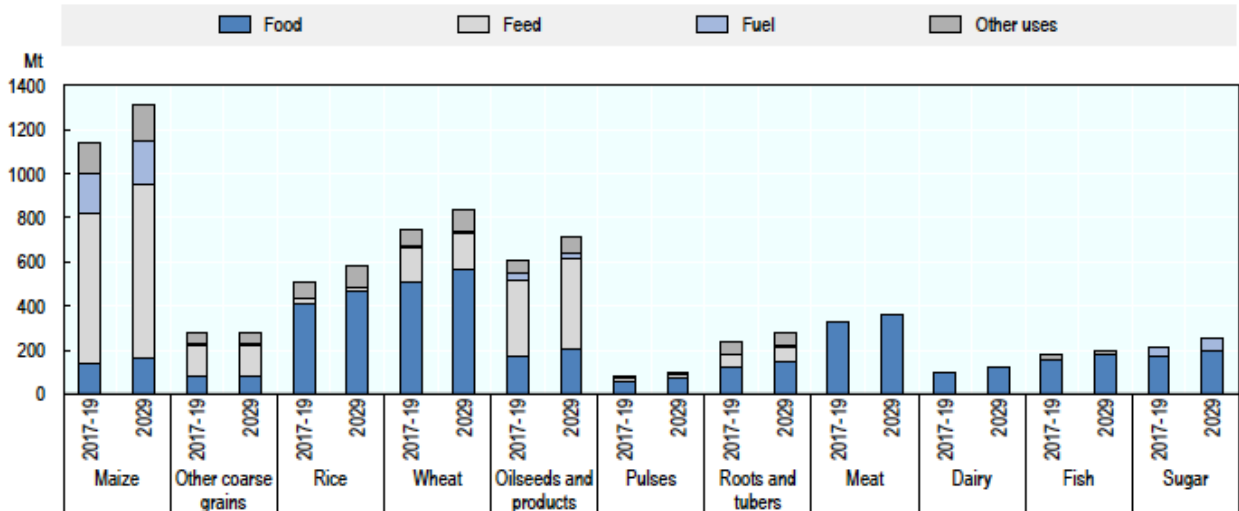
Figure 1.4. Food as a share of household expenditures, by income group

Note: Calculated on per-capita GDP and excludes food consumed away from home.

The 38 individual countries and 11 regional aggregates in the baseline are classified into the four income groups according to their respective per-capita income in 2018. The applied thresholds are: low: < USD 1 550, lower-middle: < USD 3 895, upper-middle: < USD 13 000, high: > USD 13 000.

Source: OECD/FAO (2020), "OECD-FAO Agricultural Outlook", OECD Agriculture statistics (database),

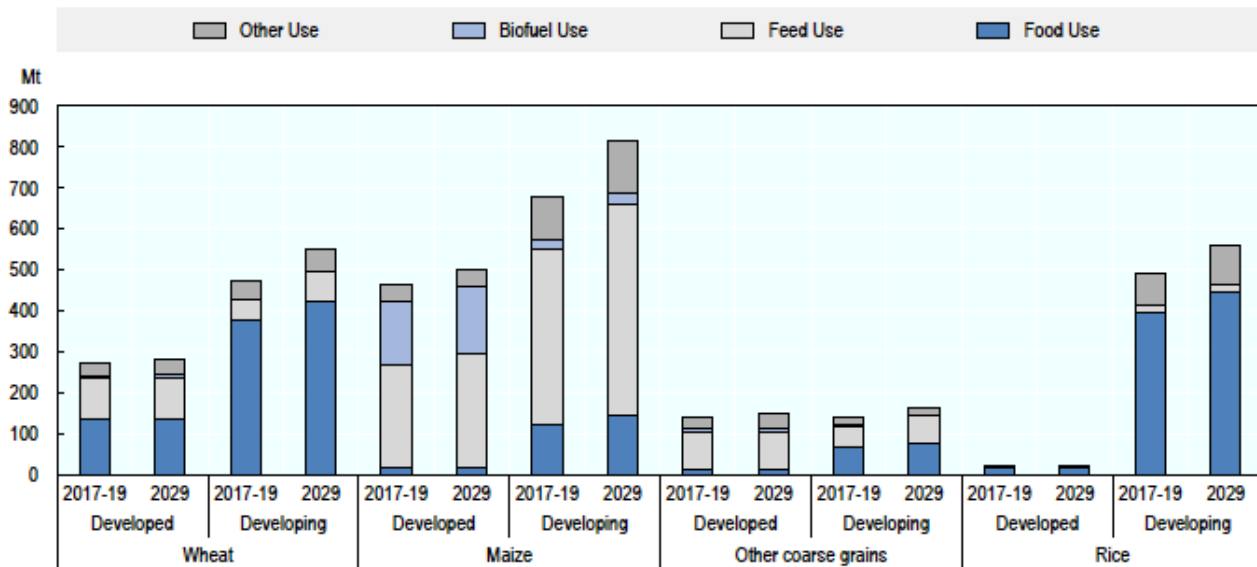
<http://dx.doi.org/10.1787/agr-outl-data-en>.

Figure 1.5. Global use of major commodities

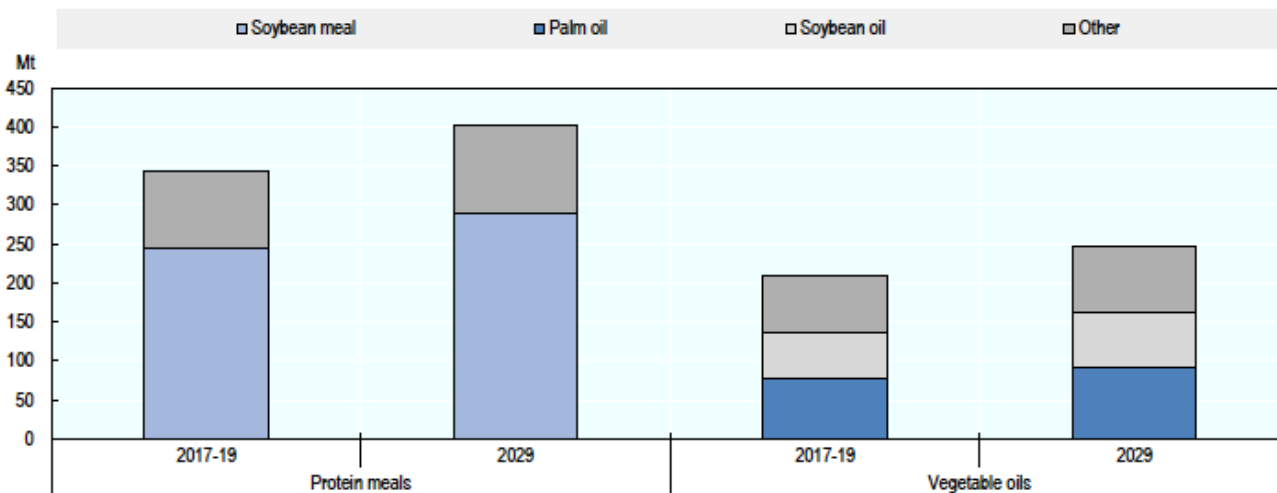
Note: Crushing of oilseeds is not reported as the uses of 'vegetable oil' and 'protein meal' are included in the total; Dairy refers to all dairy products in milk solid equivalent units; Sugar biofuel use refers to sugarcane and sugarbeet, converted into sugar equivalent units.

Source: OECD/FAO (2019), "OECD-FAO Agricultural Outlook", OECD Agriculture statistics (database),

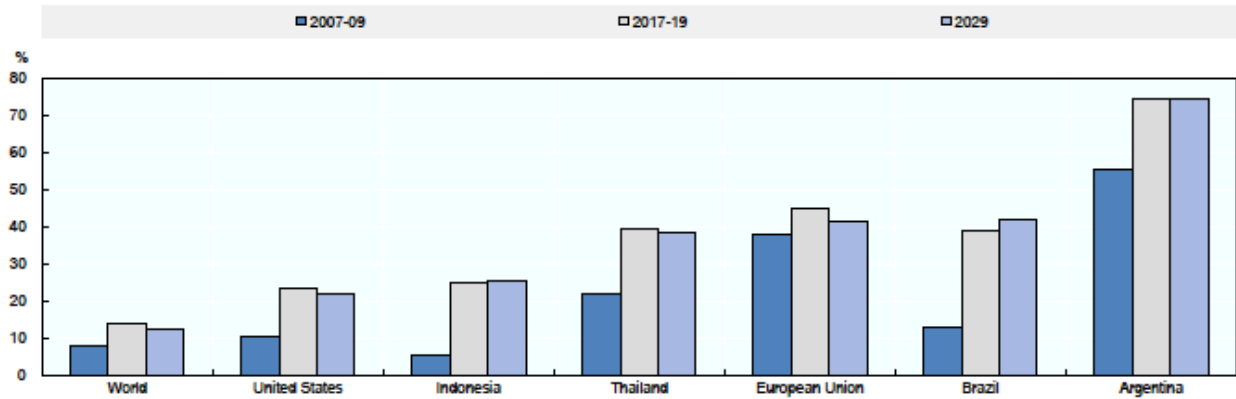
<http://dx.doi.org/10.1787/agr-outl-data-en>.

Figure 3.4. Cereal use in developed and developing countries

Source: OECD/FAO (2020), "OECD-FAO Agricultural Outlook", OECD Agriculture statistics (database), <http://dx.doi.org/10.1787/agr-outl-data-en>.

Figure 4.4. Protein meal and vegetable oil production by type

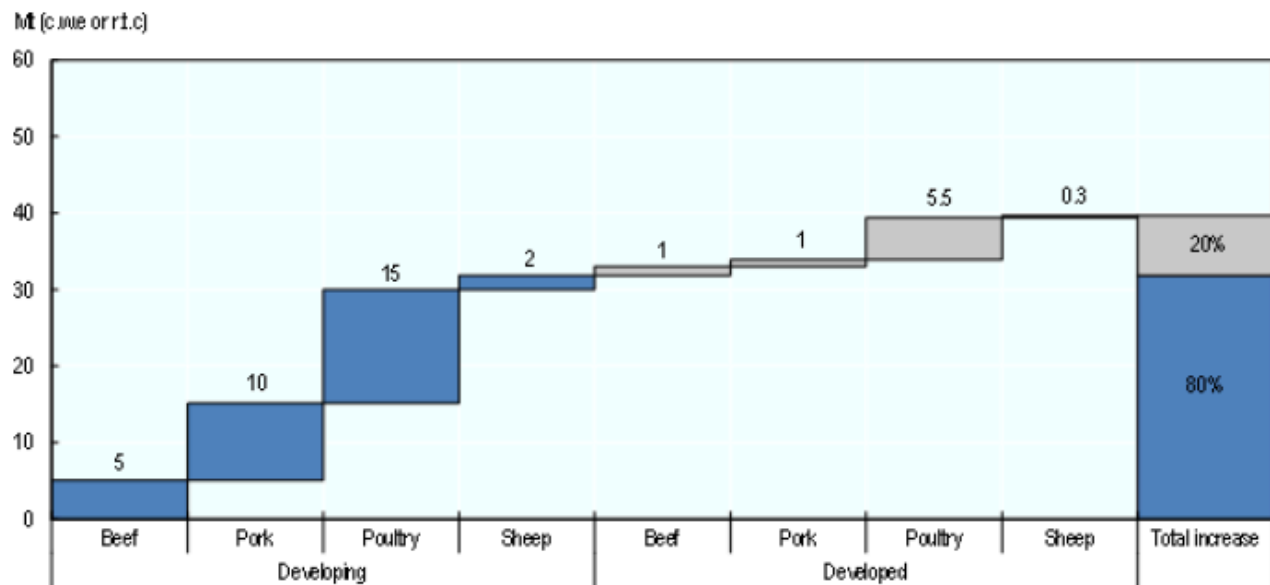
Source: OECD/FAO (2020), "OECD-FAO Agricultural Outlook", OECD Agriculture statistics (database), <http://dx.doi.org/10.1787/agr-outl-data-en>.

Figure 4.6. Share of vegetable oil used for biodiesel production

Source: OECD/FAO (2020), "OECD-FAO Agricultural Outlook", OECD Agriculture statistics (database), <http://dx.doi.org/10.1787/agr-outl-data-en>.

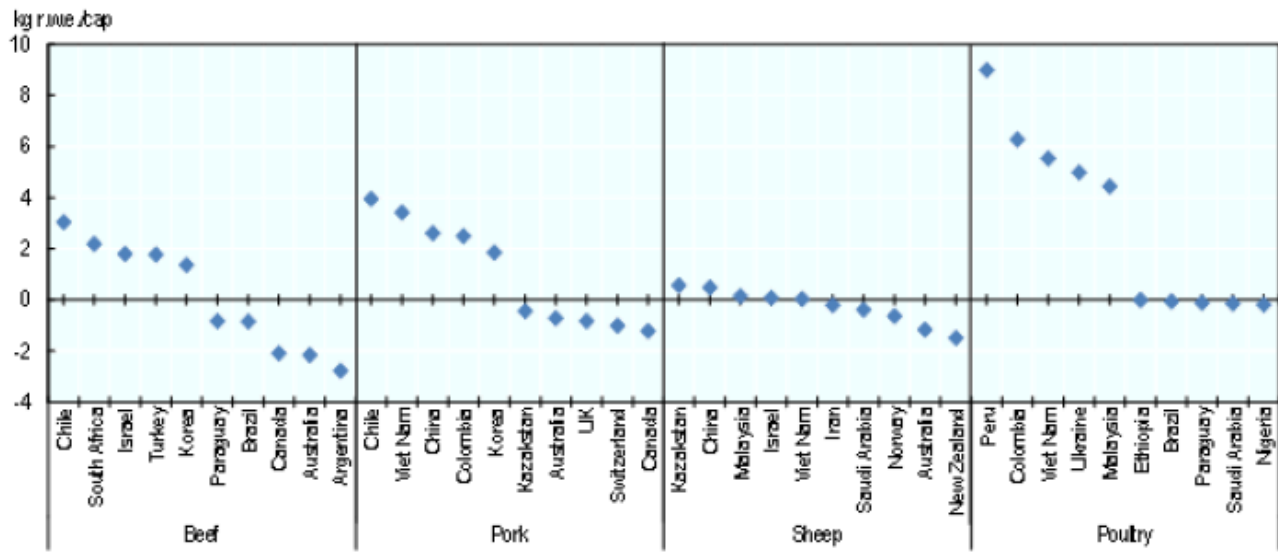
Figure 6.3. Growth of meat production by region and meat type

2029 vs 2017-19



Note: c.w.e. is carcass weight equivalent, r.t.c. is ready to cook equivalent.

Source: OECD/FAO (2020), "OECD-FAO Agricultural Outlook", OECD Agriculture statistics (database), <http://dx.doi.org/10.1787/agr-outl-data-en>.

Figure 6.5. Top 5 countries increase/decrease in per capita consumption by different meat types**2029 vs. average 2017-19**

Source: OECD/FAO (2020), "OECD-FAO Agricultural Outlook", OECD Agriculture statistics (database).

What's Behind the Latest China-India Border Skirmish

China and India have long had a strained relationship but recent tensions over a remote strip of border territory is raising new concerns about Chinese aggressions. Skirmishes along the border are pretty common but a clash June 15th resulted in the first deaths at the contested border in 45 years with India now claiming that China is attempting a land grab. As the two sides continue to posture in the heavily militarized border area, India's Navy has also been active in the Indian Ocean, where it is keeping a close watch on Chinese naval activity. Just recently, a U.S. Navy carrier strike group, led by USS Nimitz, conducted maritime drills with Indian warships in the area. India's Navy also just recently deployed fighter jets to key air force bases in the northern part of the country to strengthen its position near the Chinese border. Below is some background on the disputed territory and some deeper insight into the current border standoff between the nuclear-armed countries:

Sino-India Border History: *Both countries' troops have patrolled this region for decades, as the contested 2,200-mile border is a long-standing subject of competing claims and tensions, including the one-month-long Sino-Indian War in 1962. The border, or Line of Actual Control (LAC), is not demarcated, and China and India disagree on where it should be located at 23 separate locations, leading to regular border "transgressions." In 2019, India reported over 660 LAC violations and 108 aerial violations by the People's Liberation Army which were significantly higher than the number of incidents in 2018.*

Ladakh: *Many of the disputed claims made by China involve the Ladakh region, a mountainous region high in the Himalayas of northern India that holds a crucial road connecting Tibet with the Chinese province of Xinjian. Pakistan also disputes some of the area. The deadly June confrontation came after tensions bubbled up in recent months over a new road India built in Ladakh along its side of the LAC. It's a clear move on India's part to catch up to China's buildup in the region and analysts say it alarmed Beijing. China in turn deployed troops to build more infrastructure of its own on, most of it on contested land. According to Indian defense analyst Ajai Shukla, China captured 23 square miles of Indian-patrolled territory between May and June 2020. China maintains India illegally constructed defense facilities across the border into Chinese territory.*

June 15 Clash: *Indian and Chinese soldiers clashed at an area near a sharp bend in the Galwan River, where Chinese forces had set up tents. China accused Indian troops of crossing the border twice, "provoking and attacking Chinese personnel." Both sides insisted that no shots were fired. Indian officials said their troops were ambushed. While soldiers carry firearms, due to decades of tradition designed to reduce the possibility of an escalation, agreements disallow usage of firearms. According to accounts, some 600 men were eventually engaged in combat using stones, batons, iron rods, and other makeshift weapons. The battle lasted about six hours and took place in total darkness. 20 Indian soldiers were killed, most of which fell to their deaths off the steep ridge.*

China Flexing: *One big question has been why China took such drastic action after similar squabbles over the decades have largely been resolved peacefully and with little attention? The Indian government says it is part of a larger campaign by China to consolidate its military and economic influence in Asia. India believes China wants to grab greater control of the mountainous regions along the border in order to gain better accessibility to its partner Pakistan, India's chief rival. Others say China's Communist Party is using the situation as a distraction from its own troubles with Hong Kong and a coronavirus-ravaged economy.*

U.S. Concerns: *Analysts in the U.S. and other countries fear the Beijing is attempting to exploit the international fallout from the coronavirus pandemic to secure territorial claims along this and other the border, as well as in the South China Sea and Hong Kong. China is also trying to strengthen ties with the Middle East. Some analysts say Beijing may have viewed India's building troop presence in Ladakh as preventing a military and territorial link up between China and Pakistan. That link is critical to China's "Belt and Road Initiative", formerly known as "One Road, One Belt", a global infrastructure development strategy. China has also been boosting links with Turkey and*

Iran, which in turn have shifted away from India. (Sources: Economist, NYT, Foreign Policy)







AND THEN IT IS WINTER...

I received this e-mail from a subscriber the other day. At first, I was reading fast until I reached the third

sentence. I stopped and started over, reading slower and thinking more about every word. The e-mail is very thought-provoking and certainly worth the read. Hope you enjoy:

You know. . . Time has a way of moving quickly and catching you unaware of the passing years. It seems just yesterday that I was young, just married and embarking on my new life with my mate. Yet in a way, it seems like eons ago, and I wonder where all the years went. I know that I lived them all. I have glimpses of how it was back then and of all my hopes and dreams.

But, here it is... The winter of my life and it catches me by surprise... How did I get here so fast? Where did the years go and where did my youth go? I remember well seeing older people through the years and thinking that those older people were years away from me and that winter was so far off that I could not fathom it or imagine fully what it would be like.

But, here it is... My friends are retired and getting grey... They move slower and I see an older person now. Some are in better and some worse shape than me... But, I see the great change... Not like the ones that I remember who were young and vibrant... But, like me, their age is beginning to show and we are now those older folks that we used to see and never thought we'd be. Each day now, I find that just getting a shower is a real target for the day! And taking a nap is not a treat anymore... it's mandatory! Cause if I don't on my own free will... I just fall asleep where I sit!

And so... Now I enter into this new season of my life unprepared for all the aches and pains and the loss of strength and ability to go and do things that I wish I had done but never did!! But, at least I know, that though the winter has come, and I'm not sure how long it will last... This I know, that when it's over on this earth... Its over. A new adventure will begin!

Yes, I have regrets. There are things I wish I hadn't done... Things I should have done, but indeed, there are many things I'm happy to have done. It's all in a lifetime.

So, if you're not in your winter yet... Let me remind you, that it will be here faster than you think. So, whatever you would like to accomplish in your life please do it quickly! Don't put things off too long!! Life goes by quickly. So, do what you can today, as you can never be sure whether this is your winter or not! You have no promise that you will see all the seasons of your life... Enjoy today with the people that make you happy and smile. Bring new people into your life that see the beauty in everything around them.

Live for today and say all the things that you want your loved ones to remember... And hope that they appreciate and love you for all the things that you have done for them in all the years past!!

"Life" is a gift to you. The way you live it is your gift to those who come after. Make it a fantastic one!

~Your kids are becoming you..... But your grandchildren are perfect!

~Going out is good.. Coming home is better!

~You forget names.... But it's OK because other people forgot they even knew you!!!

~The things you used to care to do, you no longer care to do, but you really do care that you don't care to do them anymore.

~You sleep better on a lounge chair with the TV blaring than in bed. It's called "pre-sleep".

~You miss the days when everything worked with just an "ON" and "OFF" switch.

~You tend to use more 4 letter words ... "what?"..."when?"... ???

~Now that you can afford expensive jewelry, it's not safe to wear it anywhere.

~You notice everything they sell in stores is "sleeveless"?!!!

~What used to be freckles are now liver spots.

~Everybody whispers.

~You have 3 sizes of clothes in your closet.... 2 of which you will never wear.

~But Old is good in some things: Old Songs, Old movies, and best of all, OLD FRIENDS!!

REMEMBER: TODAY IS THE OLDEST YOU'VE EVER BEEN, YET THE YOUNGEST YOU'LL EVER BE...
SO ENJOY THIS DAY WHILE IT LASTS!









ANSWER to riddle: Baseball.

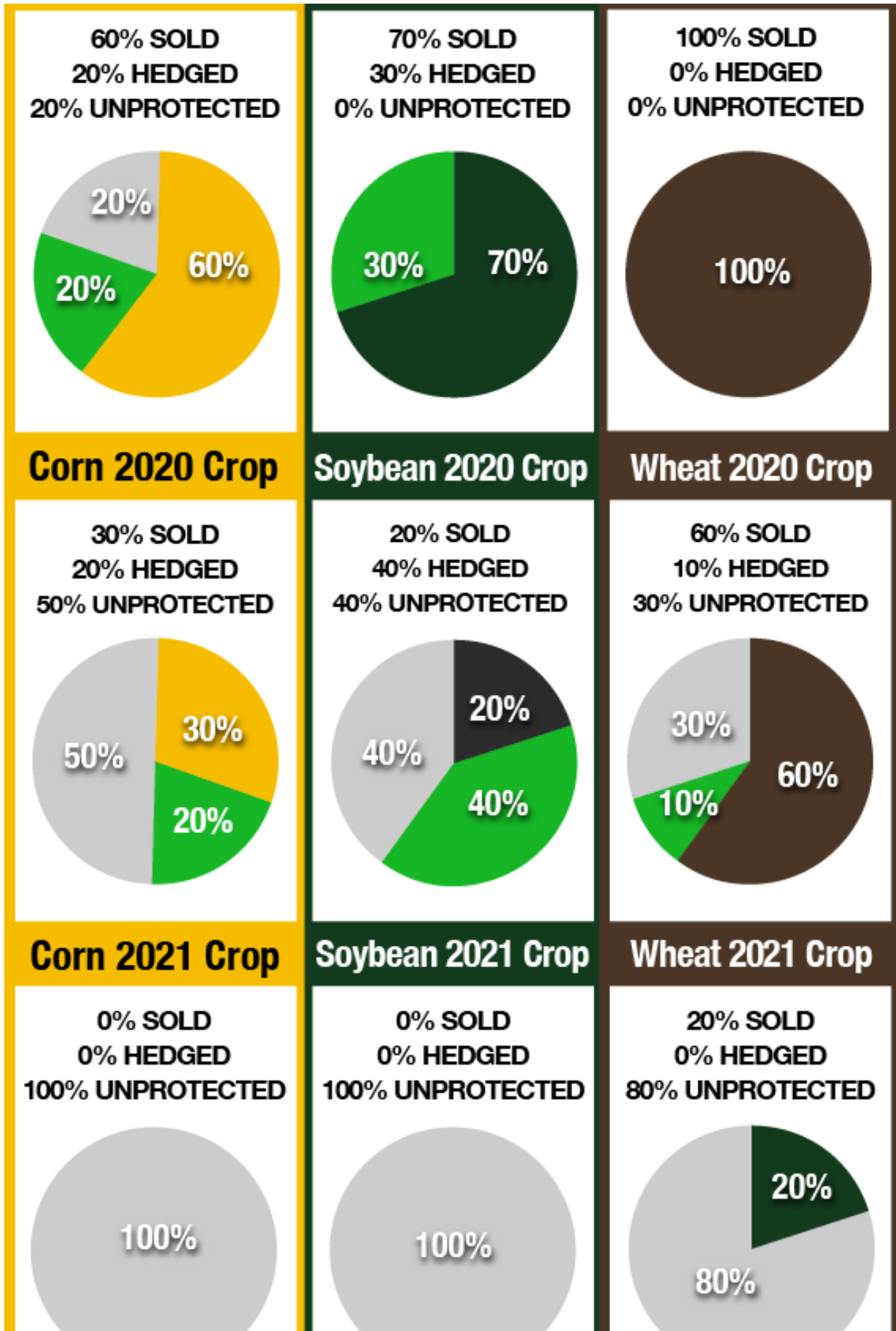
CASH SALES & HEDGING TOTALS

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Corn 2019 Crop

Soybean 2019 Crop

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