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GOOD MORNING: The Van Trump Report 7-31-20

1 message

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

Fri, Jul 31, 2020 at 5:30 AM

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"The story of a love is not important, what is important is that one is capable of love. It is perhaps the only glimpse we are permitted of eternity." - **Helen Hayes**

Friday, July 31, 2020
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Morning Summary: Stock bulls are excited to see earnings from tech giants blow out expectations as Amazon, Apple, Facebook and Google all report better than expected numbers. Bears continue to question how long big tech profits can be sustained, especially if the economy loses the additional spending power some of the expiring economic supports provided. Keep in mind other big companies are struggling. United Airlines warned that it will have to increase pilot furloughs amid a further deterioration in demand. Walmart is in the process of cutting hundreds of corporate jobs. And Exxon said it is preparing for large spending and job cuts. The fear moving forward remains employment. If more jobs are lost or the ones currently lost simply don't come back we could see increased evictions and foreclosures, and reduced consumer spending. Investors are already looking ahead to the July Employment Report due out next Friday. Estimates are all over the place as persistently high weekly claims numbers and new coronavirus outbreaks in some parts of the country are clouding the outlook. The Labor Department has been running a new experimental model built from its weekly "Household Pulse Survey", which estimates some -6.7 million jobs were lost in July. Others are looking for gains as high as +6 million. In other words, nobody really knows what to expect. The government's latest economic estimate showed that U.S. Gross Domestic Product has fallen

by almost -33%. So-called "high-frequency data" that gives a more real-time snapshot of economic activity such as bank credit card data, Apple's mobility tracker, and restaurant data from Yum and Open Table are all showing that spending and activity have slowed the past few weeks. Let's hope it picks back up on the next round of government stimulus and perhaps a decrease in COVID-19 cases. As for today, Consumer Sentiment, Personal Income and Outlays, and Chicago PMI are scheduled for release. Next week we will be digesting July Auto Sales and June Construction Spending on Monday; June Factory Orders on Tuesday; ADP Private Employment Change on Wednesday; July ISM Non-Manufacturing Index on Thursday; and June Wholesale Inventories and Consumer Credit on Friday. Earnings slow down a bit today with Abbvie, Caterpillar, Chevron, Colgate-Palmolive, Exxon, Fiat Chrysler, Johnson Controls, Merck, Nokia, Phillips 66, and Pinterest as the main highlights. Another barrage of second-quarter results roll out next week too, with Activision, Clorox Bristol Myers, CVS, Ferrari, Hilton Worldwide, Hyatt Hotels, Marathon Oil, Metlife, Moderna, Monster Beverage, Mosaic, Nikola, Nintendo, Nobel Energy, Peloton, Regeneron, Roku, Square, Twilio, Tyson, Uber, Virgin Galactic, Walt Disney, Zillow, and Zoetis among the key highlights. It's also worth noting that Joe Biden plans to announce his running mate next week, which is considered by many to be one of the most consequential picks in recent political history. Biden has said he will select a woman, with the top candidates believed to include California Senator Kamala Harris; Susan Rice, who served as National Security Advisor under President Barack Obama; and Atlanta Mayor Keisha Lance Bottoms.


Apple Revenues Jump and Stock to Split 4 for 1: *Apple beats forecasts that its business would decline due to the coronavirus-induced slowdown and the closure of Apple stores around the world. In fact, revenues climbed +11% to \$59.7 billion vs. forecasts that they would decline -3%. iPhone revenues rose +2% to \$26.4 billion, largely thanks to the introduction of the cheaper model iPhone SE in April, compared with forecasts that they would decline by -14%. The Board of Directors has also approved a four-for-one stock split to make the stock more accessible to a broader base of investors. Each Apple shareholder of record at the close of business on August 24, 2020 will receive three additional shares for every share held on the record date, and trading will begin on a split-adjusted basis on August 31, 2020.*

Amazon Shows Huge Quarter: *Amazon showed blow-out earnings with net sales increasing a whopping +40% to \$88.9 billion in the second quarter. that's almost \$3 billion dollars per day rolling through Amazon. Wow! I should note, the company has also created +175,000 new jobs since March. They think net-sale next quarter could grow between 24% and 33% compared to the third-quarter of 2019.*

Faux Meat Milestone: *Walmart will sell Impossible Foods's plant-based burger in over 2,000 stores across the U.S. The expansion into the world's largest retailer, which began Thursday at more than a third of Walmart's total U.S. locations, brings the availability of Impossible Foods products to over 8,000 brick-and-mortar stores across the U.S. And it will stock the patties in its meat aisle, a move that's been shown to bolster sales of plant-based meat by +23% versus sitting in the refrigerated section. Read more from [Bloomberg](#).*

Weakness in the U.S. Dollar Continues: *Many traders and large investors are keeping a very close eye on the U.S. dollar. Some are starting to make reference to perhaps the beginning of another commodity super-cycle.*






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Big Tech Reports Nearly \$200 Billion in Sales: *Alphabet, Amazon, Apple, and Facebook combined Thursday to report profit of nearly \$29 billion on sales approaching \$200 billion in the second quarter, the first full three-month period of the COVID-19 pandemic. Combined revenue for the four,*

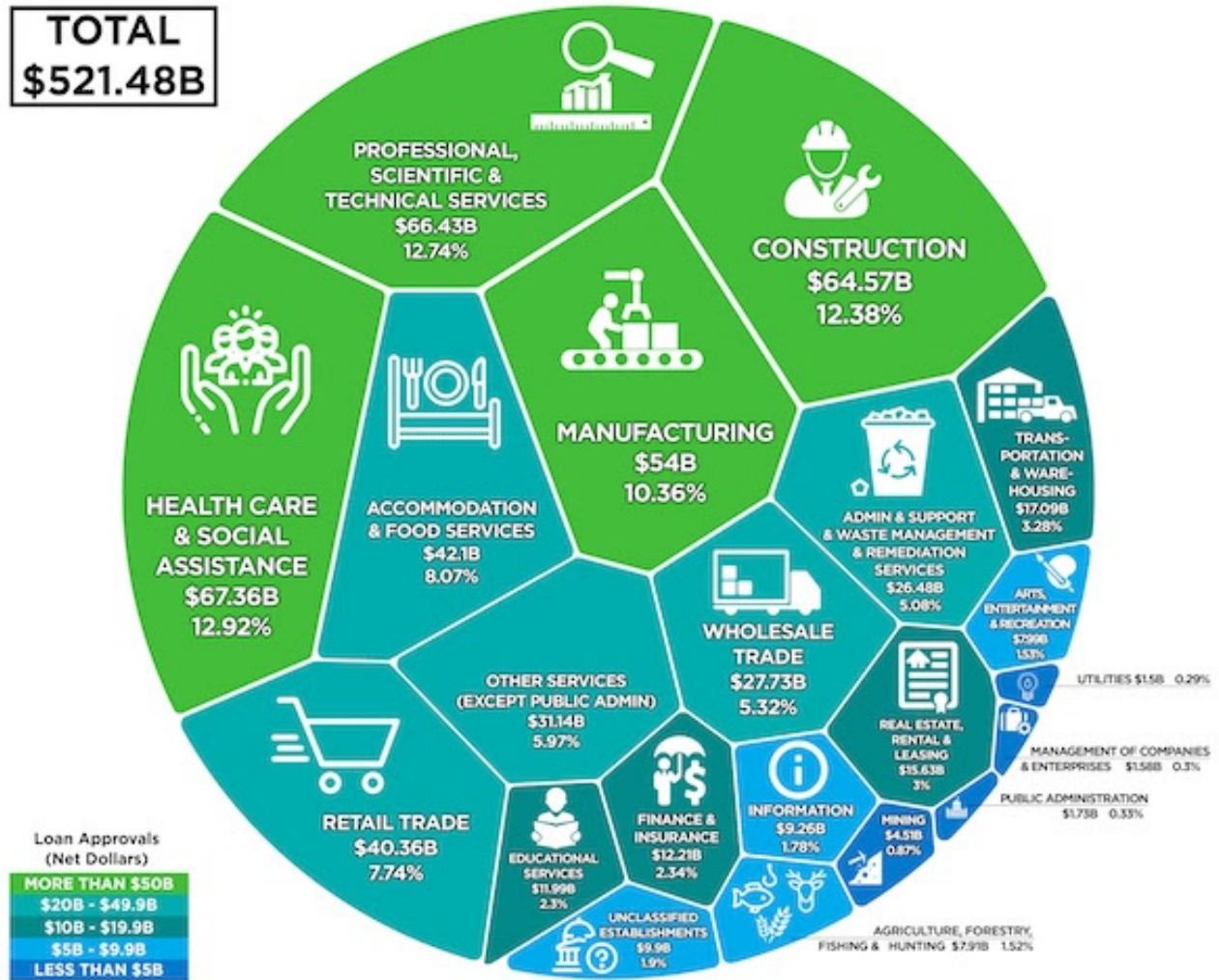
excluding some items, was \$198.11 billion, an increase of nearly +20%. Amazon's profit nearly doubled to \$5.2 billion, or \$10.30 a share on a sales increase of +40% to nearly \$90 billion. The company expects similar results for this quarter. Apple reported more than \$11 billion in profit and announced a surprise four-for-one stock split. Facebook saw monthly active users climb +12% while Alphabet saw its cloud sales grow +43%. The four companies combined were worth almost \$5 trillion at the market close yesterday.

Earnings Reflect Consumer Trends: *Company earnings this week have reflected where consumer dollars are flowing. United Parcel Service reported a record +65% jump in daily shipping volumes, sending its shares up more than 14%. That volume jump represented an additional +5.8 million additional pieces delivered per day. PayPal gained reported better-than-expected revenue from a surge in online shopping with digital payments soaring +25% to \$222 billion, and 21.3 million new accounts created. Procter & Gamble, which sells cleaners, soap and detergents, recorded a +14% sales gain, the largest since 2006. P&G has yet to show signs of being negatively affected by the recession, as consumers remain willing to pay higher prices for its products. Kraft Heinz officials noted that the shift in food spending and eating habits driven by COVID-19-related shutdowns drove sales that rose almost +4%, with sales in the U.S. segment of the business up +8.5%.*

Industries Helped Most by PPP: *HowMuch used data from the Small Business Administration to illustrate what parts of the economy the Paycheck Protection Program (PPP) has been able to provide the most help. The government guaranteed forgivable loans to small businesses impacted by the virus if they kept workers on the payrolls. The visualization below highlights the specific industries benefiting the most from the \$521.48B in PPP loans as of June 30, 2020. Health care and social assistance organizations received more money than any other industry from PPP at \$67.36B, or 12.92% of the program's total. 3 industries other than health care also received more than \$50B, including professional services (\$66.43B), construction (\$64.57B) and manufacturing (\$54B). Companies working in educational services got comparatively little funding at just \$11.99B or 2.34% of the total. More details and a larger version of the graphic are available [HERE](#).*

Paycheck Protection Program (PPP) by Industry

Total Loans Approved in the U.S.



*Loan approvals through 6/30/2020

Article and Sources:

<https://howmuch.net/articles/paycheck-protection-program-ppp-by-industry-2020>
 U.S. Small Business Administration - <https://www.sba.gov/>

howmuch.net

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Tweets of the Day











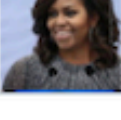
Charlie Bilello ✓
@charliebilello



Big move higher in betting markets for Harris over the last few hours, now a 59% probability to win VP nomination (new high)...

predictit.org/markets/detail...

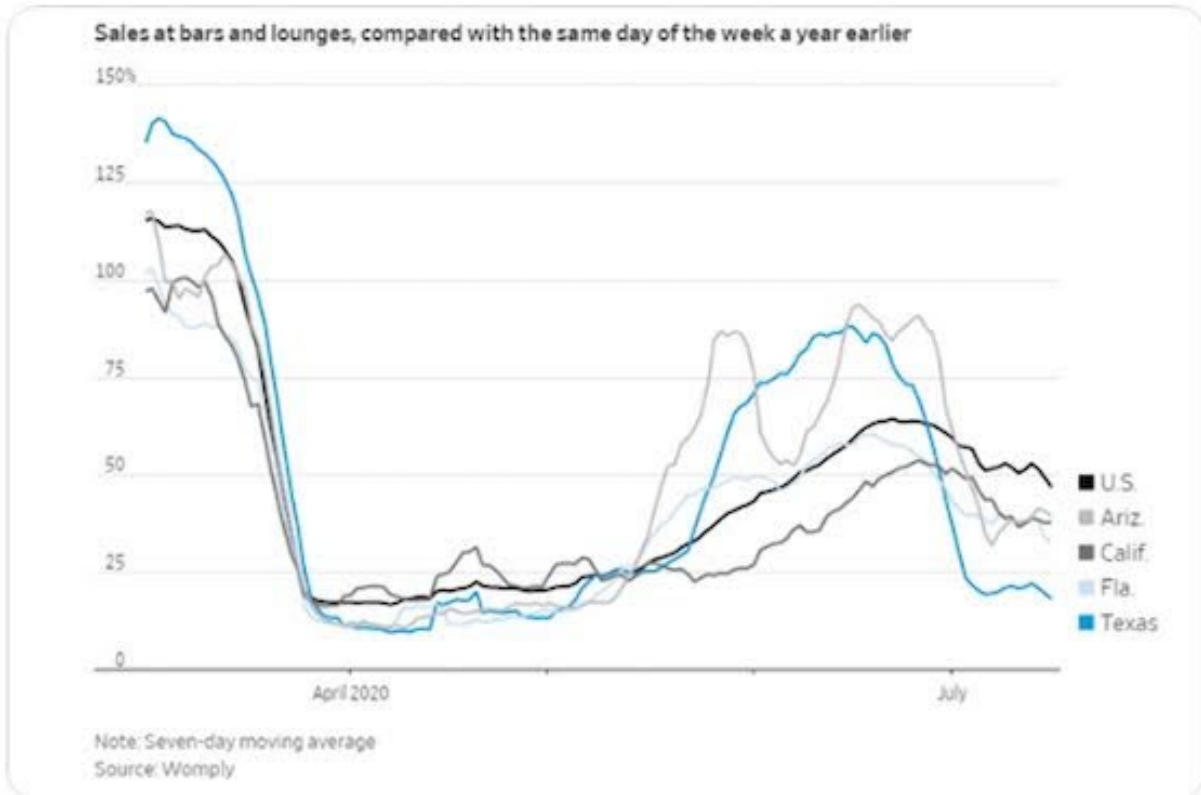
Who will win the 2020 Democratic vice presidential nomination?

Contract	Latest Yes Price	Best Offer	
 Kamala Harris	59¢ 21¢▲	60¢	Buy Yes
 Susan Rice	24¢ 5¢▼	24¢	Buy Yes
 Elizabeth Warren	6¢ 1¢▼	7¢	Buy Yes
 Tammy Duckworth	6¢ 1¢▼	6¢	Buy Yes
 Val Demings	6¢ 2¢▼	7¢	Buy Yes
 Karen Bass	6¢ 6¢▼	7¢	Buy Yes
 Michelle Obama	2¢ NC	3¢	Buy Yes



Real Time Economics ✓
@WSJecon

At bars, national spending in mid-July was less than half what it was a year ago, with even worse numbers in Texas, Florida and California, according to Womply.
on.wsj.com/30KIBlk



Austin Miller
@Miller_time150

Disappointment







Andy Pasztor
@apasztor82



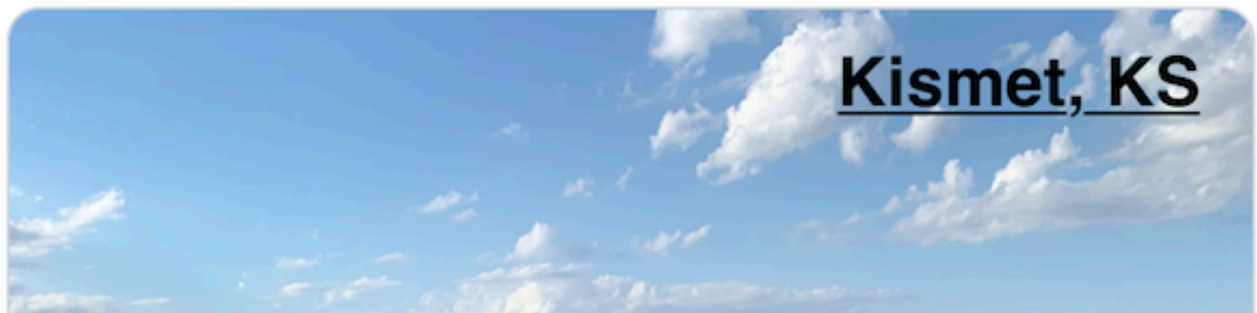
I thought it looked cute..... I don't know? I might delete it later



Rocky Ormiston
@rockormiston2



#cabcorn







Kyle Samp
@mocornfarmer



Fridays are for family

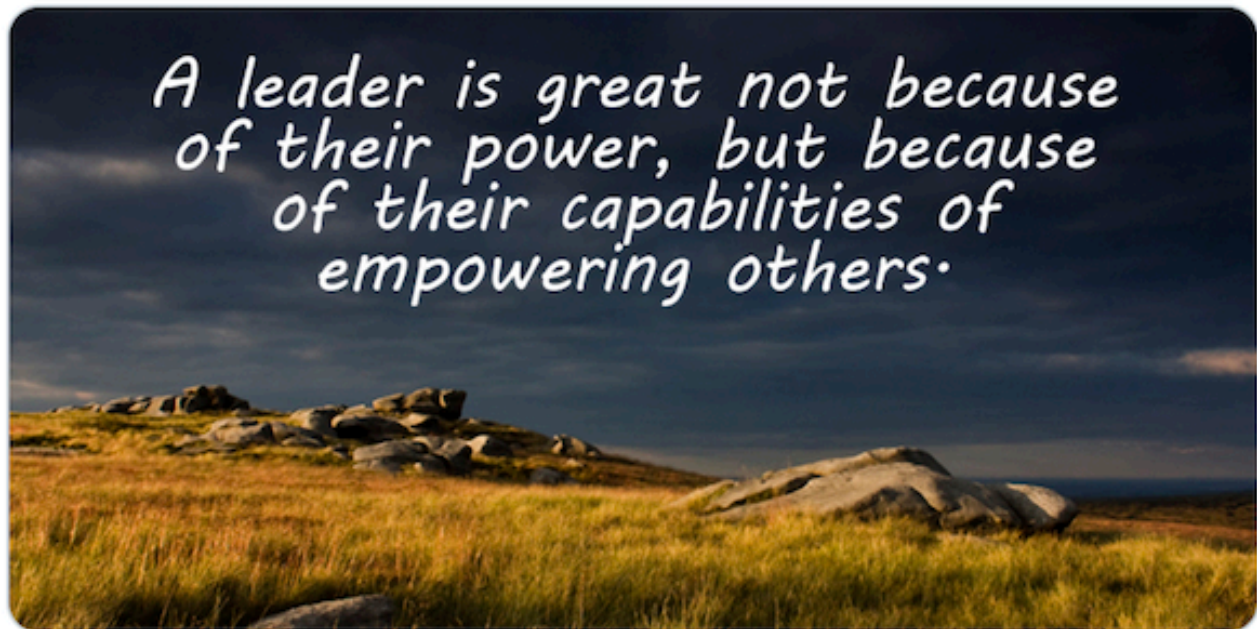




Tim Fargo 🍷🔵
@tim_fargo



A leader is great not because of their power, but because of their capabilities of empowering others.



CORN bulls point to another big U.S. purchase commitment by the Chinese. Bears say these are just commitments and the corn might not leave the ports if U.S. and Chinese political relations deteriorate further. Bears also continue to talk about a record U.S. yield and very cooperative weather. As a spec, I want to believe we are building some type of bottom between here and \$3.00 per bushel. Unfortunately, from a calendar or seasonal perspective, we could see more headwinds as the U.S. harvest is ahead along with a highly uncertain U.S. presidential election. I guess my big question is when will the bears start to see too little meat left on the bone for the risk involved getting it? As a longer-term bull, I would like to believe that has to happen in the next -20 to -30 cents of downside. I'm still holding a very small bullish position and have yet to add any more length on the break. I still see Iowa and a few pockets out east in Indiana and Ohio needing some rainfall. The latest drought monitor released yesterday showed 63% of Iowa in abnormal dryness/drought. I also see the dollar weakness and Chinese demand as a longer-term tailwind. In case you missed it, the USDA reported a sale of +1.93 MMTs of corn to China for 2020/21, new crop delivery yesterday. There were also reports floating around that China's weekly domestic auctions sold out once again with prices +\$7.30 per bushel. From what I understand, China has sold more than double the amount of domestic corn at auctions compared to what they sold last year. Chinese demand is hot and I think

they are going to keep buying. But until the trade turns the page in regard to cooperative U.S. weather and a record yield it might not matter...



U.S. Decade High Corn Acres & Corresponding Yields

Acres Planted (1,000 ac)	Yield (bushels per acre)	Year
113,024	26.5	1932
95,475	33.0	1944
83,275	36.9	1951
81,425	54.7	1960
84,588	88.0	1976
84,097	108.9	1981
80,165	134.4	1998
93,527	150.7	2007
97,291	123.1	2012
92,006???	178.5???	2020

Source: USDA, NASS, July 2020

 @KevinVanTrump

SOYBEAN bulls were happy to see much better than expected weekly export sales. I should note, new crop export sales commitments are now almost 5x the number of sales on the books last year at this time. Similar to corn, bears point to the fact these are "commitments" and if political relations turn bad perhaps these new crop sales could be canceled or bumped. I think that's a bit of a stretch. Hell, we could argue that with anything, and if that was the case the stock market would also be trading under massive pressure worried about the fallout. Bears are also pointing to good rains and cooler temps across most of the U.S. and the very real possibility of harvesting a record-setting yield. As a longer-term bull, I'm looking at reports that show China is hungry for supply, Brazil could soon have limited exports available and Argentina is running into some logistical hiccups with COVID-19. There's also been some talk floating around that both Brazil and Argentina might be tight on soybean oil supply and could struggle to meet biodiesel demand in some areas. The bulls would really get excited if they heard rumors or headlines that Brazil might eventually need to grab a few shipments of U.S. soybeans to bridge demand between now and the new-crop harvest in early-2021. As both a spec and a producer, I continue to hold a bullish tilt but worry we could chop around for a while longer or at least until we get past the talk of record-setting yields and cooperative U.S. weather. I like the thought of buying the bigger breaks... As a producer, I continue to sit patient.

U.S. Decade High Soybeans Acres & Corresponding Yields

Acres Planted (1,000 ac)	Yield (bushels per acre)	Year
9,565	20.9	1939
14,191	18.3	1943
25,108	24.2	1958
42,534	27.4	1969
71,411	32.1	1979
70,884	31.5	1982
73,730	36.6	1999
77,451	44.0	2009
90,162	49.3	2017
83,800???	49.8???	2020

Source: USDA, NASS, July 2020

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WHEAT prices continue to chop around. Bulls are content keeping a close eye on weather in parts of Russia, France and Argentina. Bears are pointing to improved crop estimates in many parts of the world on stabilizing weather forecasts. Bears are also pointing to the USDA still showing record global supply and U.S. weather and harvest pressure as a nearby headwind. Bulls like the weakening U.S. dollar, improved macro landscape, and continued talk of more Chinese buying ahead. As a producer, I still like the thought of looking for ways to reduce risk on the rallies by building a floor. As a spec, I'm trading from the bullish side of the table but in very small units and more short-term oriented. Don't want to be overcommitted or overleveraged in a wheat position at this juncture.

U.S. Decade High Wheat Acres & Corresponding Yields

Acres Planted (1,000 ac)	Yield (bushels per acre)	Year
80,814	13.6	1937
83,905	14.5	1949
78,931	17.3	1953
67,264	25.8	1967
80,395	30.3	1976
88,251	34.5	1981
77,041	39.5	1990
63,617	44.8	2008
56,841	43.7	2014
44,300???	49.7???	2020

Source: USDA, NASS, July 2020

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> China's \$1 Billion Glut of U.S. Cotton: *China has bought more than \$1 billion worth of American cotton in the past three months. And it doesn't even need it. The purchases -- made as part of the phase one trade deal between Washington*

and Beijing -- are hitting just as the pandemic shuts down clothing stores, decimating demand. That means China's state-run companies are stashing away the cotton they bought, dimming the outlook for further imports. "Recent Chinese purchases have not been correlated with downstream demand," said Jon Devine, chief economist for Cary, North Carolina-based researcher Cotton Inc. "Much of that cotton is believed to be destined for the Chinese reserve system. If it moves into storage, it can be used against future demand and offset future purchases." The spread of Covid-19 has caused havoc in the global cotton industry with world consumption forecast to drop -23 million bales in the most recent USDA estimates. China's mills haven't seen any growth in orders since June and 45% of the facilities surveyed were losing money by the end of that month. U.S. mill use also dropped to an all-time low. Read the full story from [Bloomberg](#).

> ADM Projects Strong Exports Ahead for U.S.: *Archer Daniels Midland expects a groundswell of export demand in the second half of 2020, led by robust purchases by China, as the coronavirus pandemic fuels food security concerns around the world, the company said Thursday. Ample U.S. supplies of crops like soybeans, corn and wheat could help propel ADM to a record fourth-quarter profit, Chief Executive Juan Luciano said during an earnings call. After record export volumes from South American facilities helped ADM deliver a stronger-than-expected second-quarter profit, Brazilian soy stocks are nearly depleted, Luciano said. The United States will be the prime supplier to the world, he added. "The U.S. export market is setting up ... for very good times on very solid global demand and competitive prices," Luciano said. The company reported earnings of \$469 million, or 84 cents per share. The Ag Services & Oilseeds business posted earnings of \$413 million, which compared with \$362 million in the same quarter a year ago. Read more [HERE](#).*

> Pilgrim's Pride "Significantly Challenge" by COVID-19: *Pilgrim's Pride reported lower financial results this week for its second quarter ended June 28, 2020, as a result of impacts from the COVID-19 pandemic. The company reported a net loss of \$6.04 million, compared with a profit of \$170.08 million during the same period last year. Net sales during the quarter were \$2.82 million, down from \$2.84 million in the second quarter of 2019. Despite the decline, net sales for the first half of the year were \$5.89 million, up from \$5.57 million in 2019. Pilgrim's interim chief executive officer Fabio Sandri said, "After a very challenging beginning of the quarter, markets have adapted. During the month of June, results were quite encouraging and showing a noticeable improvement globally. Compared to June of last year, the U.S. was roughly the same -- Europe slightly better and Mexico in line -- even when considering all the disruptions, less-than-optimal product mix and added operating costs because of COVID-19." Read more from [Feedstuffs](#).*

> DOJ Makes Statement of Interest in DFA Case: *The Department of Justice*

has filed a brief in an ongoing Dairy Farmers of America federal court case with Northeast dairy farmers. The Department says the cooperative's actions are inconsistent with legal protections for co-ops in the Capper-Volstead Act and is not safeguarded from antitrust laws as DFA argues. Ben Gotschall with the Organization for Competitive Markets tells Brownfield the purpose of agriculture antitrust laws is to protect producers and they're pleased to see the government taking a stand to protect them. He's unsure if the merger between DFA and Dean Foods will have any bearing on the case, but says there could be implications because Deans is DFA's largest processing customer and not a cooperative. Listen to the full interview with [Brownfield Ag](#).

> How 3 CEOs Pivoted Their Companies: *Leaders of Flowers Foods, Bush Brothers & Company, and Idahoan discuss changes they have made and challenges they faced in a webinar sponsored by the Consumer Brands Association. Bush Brothers & Company CEO Al Williams had to pivot manufacturing quickly to keep its famous beans and other products on shelves. "We had a fair amount of inventory, so that was one of the benefits to us to really make it through that first few weeks of the big wave," he said. Williams and two fellow CEOs — Ryals McMullian of Flowers Foods and Drew Facer of Idahoan — spoke about how they shifted and managed their production to handle huge increases in demand, a highly contagious virus, and a changing consumer that all add up to some of the most unique challenges that the leaders said they have faced. Check it out [HERE](#).*

> FCC Authorizes Amazon's Satellite Internet Network: *The Federal Communications Commission declared on Thursday that Amazon may build its ambitious satellite internet system, which would compete with SpaceX's Starlink network. Amazon's project, known as Kuiper, would see the company launch 3,236 satellites into low Earth orbit. Amazon says it will deploy the satellites in five phases, with broadband service beginning once it has 578 satellites in orbit. The company has not outlined a timeline or cost for Kuiper and the FCC said the company has not finished the satellites' design. Kuiper is poised to go toe-to-toe with SpaceX's Starlink network of high-speed internet satellites, which Elon Musk's company has been steadily launching for the past year. SpaceX has launched more than 500 Starlink satellites and aims to begin offering direct-to-consumer broadband service later this year. Read more from [CNBC](#).*

> California Proposal Would Tax Millionaires at 54%: *Democrats in the California state legislature this week proposed a tax hike on the state's highest earners to help pay for schools and services hurt by the coronavirus pandemic that would result in a top tax rate of nearly 54% for federal and state taxes. The plan follows proposals in New York state to raise taxes on the wealthy to pay for a widening budget deficit. With the deduction on state and local taxes capped at \$10,000 under the Trump tax cuts, the top-earning Californians wouldn't be able*

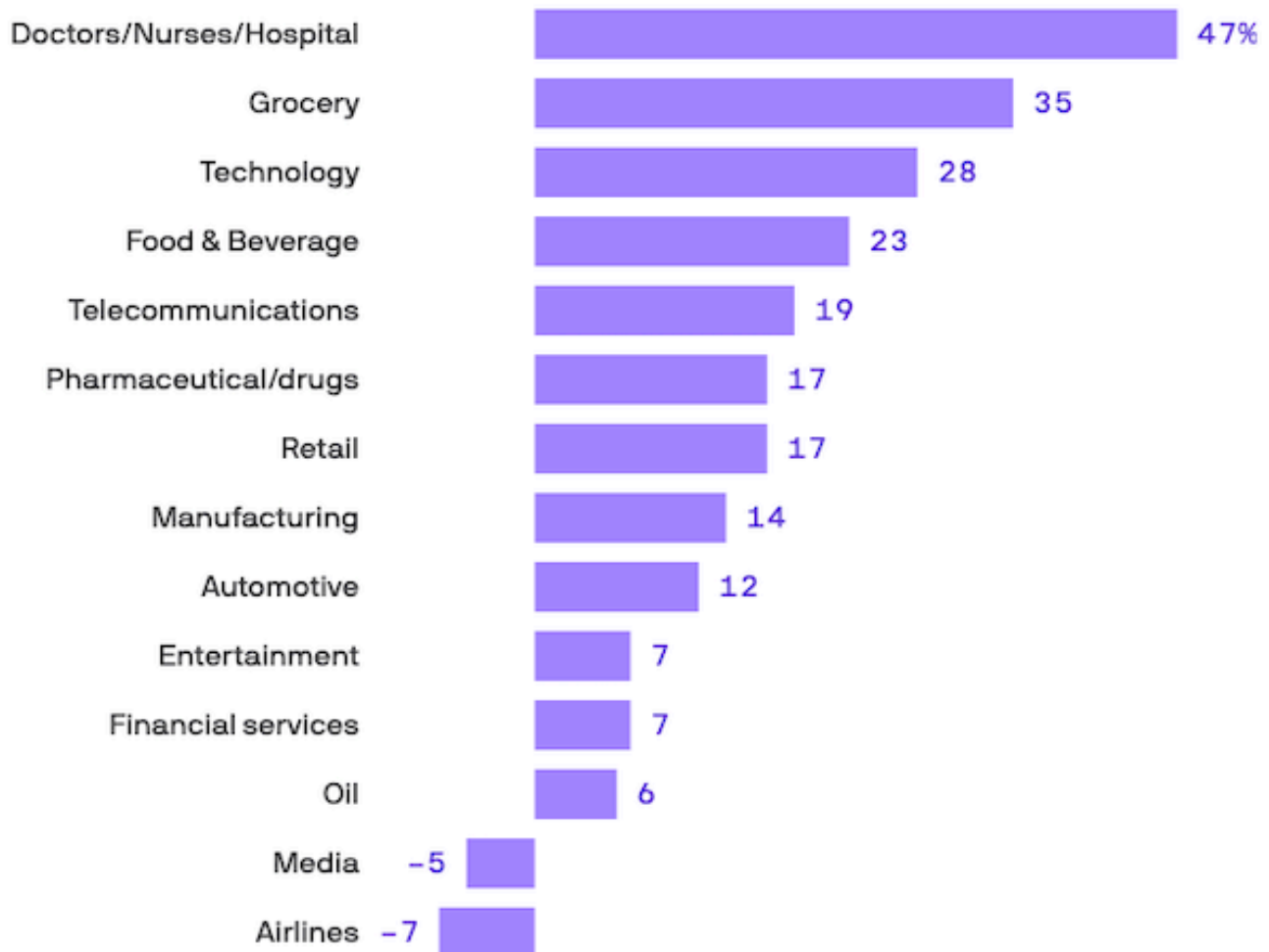
to deduct the new taxes from their federal returns, either. The tax would only effect the top 0.5% of California taxpayers. But that small group of super-earners — many of them in tech — pay 40% of the state's tax revenues, according to California's Franchise Tax Board. Robert Gutierrez, president of the California Taxpayers Association, warns it would be a tipping point for many of the state's taxpayers. Read more from [CNBC](#).

> How Magicians Control Your Mind: Finally, science has confirmed that magic isn't real. Indeed, a team of researchers is using the lessons from persuasive "stage magic" card tricks and more to explore what these techniques can teach us about other mental processes and decision-making. No, some people with Ph.D.s haven't decided they need to prove that magic isn't real. The truth is that even well-understood social phenomena like stage magic must still be analyzed to understand why and how they work on us. As scientists unravel more secrets about how the brain works and how humans process information, they have even better models to begin analyzing why we credulously follow magic tricks. In their paper, two psychologists from Goldsmiths, University of London consider the history of research into "priming," which is the umbrella term for how stage magicians influence audience members. Read all about their tricks [HERE](#).

> Trust in Companies Soars: The public's view of almost every industry has improved since the beginning of the coronavirus pandemic, according to a new Axios/Harris poll. Industries with a prominent role in life under quarantine have seen especially big jumps. The public's view of almost every industry has improved since the beginning of the coronavirus pandemic, according to a new Axios/Harris poll. Industries with a prominent role in life under quarantine have seen especially big jumps. The poll ranks the top 100 companies, based on consumers' scores across 7 qualities: Affinity (trust), citizenship, ethics, culture, vision, growth and products and services. Affinity is weighted higher than all other categories. Leading the index are companies that have focused on solving problems related to the coronavirus. Grocers, including Publix, Wegmans and Kroger, are among the highest-ranking companies, as are delivery companies like Fedex, Amazon and UPS. Read more from [Axios](#).

How has your view of each of the following industries changed since the start of the coronavirus pandemic?

Net approval; Harris Poll



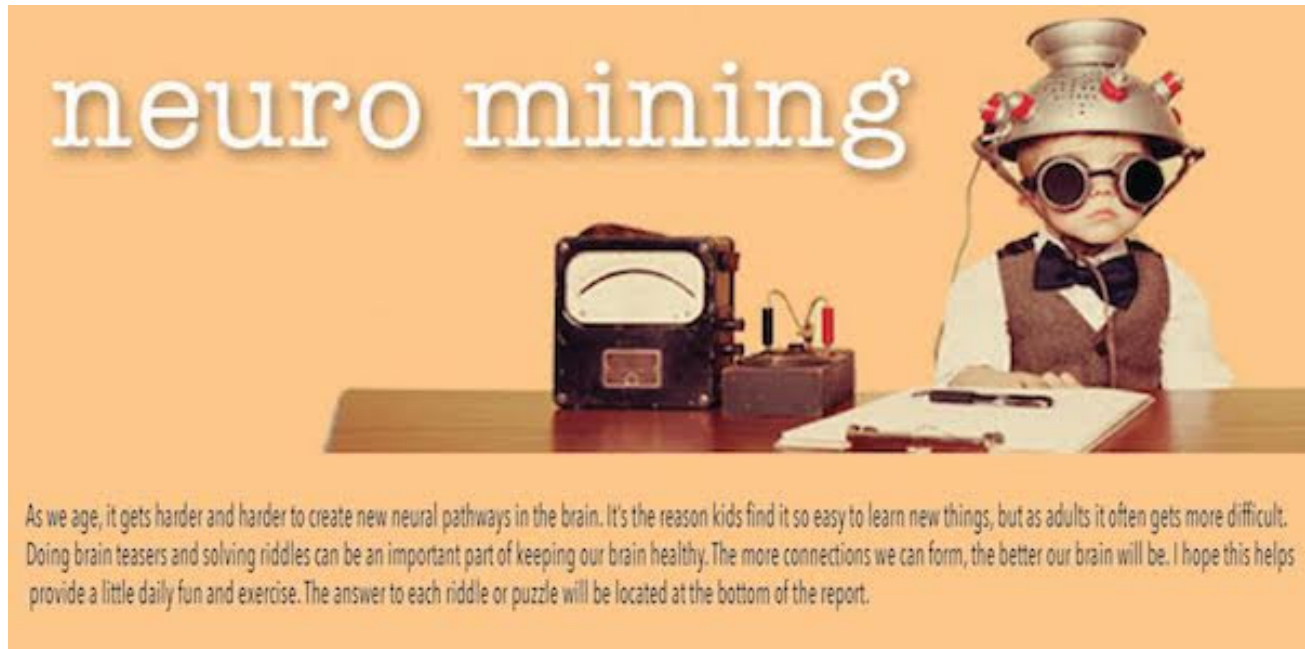
Western Wisconsin - *The corn is right there on being the best corn we have ever seen in this area. I'm thinking even if it shuts off and we don't see another drop of rain, we will have the best corn that at least I've ever seen. If we get the rain on Saturday and maybe one other in mid- to late-August, this corn will easily be not only the best corn I've ever seen but quite possibly the best corn anyone in this*

area has seen. Another reason it may be even better than expected is the ideal temperatures during the night and the day. We are dropping into the mid 50's with our highs mostly in the mid 70's which will finish this corn nice and slow. Even if we finish slow we should be in the combine no later than September 20th.

North central Iowa - *In parts of our area in Iowa, the rains have missed mostly us. The pastures and lawns, plus areas that are a little sandy, plus many other areas are showing heat stress. Without question, the yields will suffer some. It's not excellent here but it has been an easy year so far as weed control has been excellent and planting was near perfect. The sweet corn is excellent so there's still hope. It takes less rain than we would think as new hybrids are being bred to withstand heat stress. It was a good year for rootworm corn as we need all the roots intact.*

Northwest Missouri - *We've gotten almost 20 inches of rain this month and fortunately we have incredibly deep top soil and our hemp crop, which hates wet feet, are doing great. We couldn't even get it in the ground until July due to the fact our seed, which comes from abroad, was stuck in New York City. Even with that we have plants that are 8 feet tall and proud. Our acres are dedicated to research for this seed company and we will be doing a three in one harvest which will separate the seed, flour, and stalk all to their own piles. I'm not a fan of the CBD oil market and plan to focus on industrial uses. Most folks are not aware that it was only less than a decade ago that the last tobacco farmer shut it down in our area, and many of the drying barns are still standing. I am actually a third-generation tobacco farmer as grandpa came from Kentucky with some seed and made a go of it.*





TODAY'S RIDDLE: I am strongest when you see me as round, but I am often viewed in other forms. I lift & drop the sea with my tremendous strength, and a man with a name like 'powerful bicep' was the first to tread on me. What am I?



Are Walmart, Kroger and Other Big Names Changing the Milk Industry?

The dairy industry has faced a barrage of disruption in recent years. One threat that's been looming large for some time now is the increasing trend toward in-house milk bottling by supermarkets. This in turn has made large grocers even bigger forces in the milk industry.

The trend really started drawing more worried attention around 2018 when Walmart opened its own milk processing and bottling operation in Fort Wayne, Indiana. Production from that plant meant that Dean Foods would lose out on around 100 million gallons in milk sales to its largest customer a year. Overall, in-house bottling operations that are also operated by Kroger, Albertson's, Publix and others reduce how much milk is being purchased from suppliers like Dean's and Borden which filed for bankruptcy in November and January, respectively.

The milk industry operates on razor-thin margins but large retailers aren't always in the bottling business to make money from it directly. Some grocers readily admit that they use low milk prices to lure in customers, also known as a "loss leader." To them, it's worth it because milk remains one of the most frequently purchased items in grocery stores. Kroger's group Vice President for marketing, Erin Sharp, told the Wall Street Journal late last year, "Virtually every basket that goes through has milk."

The Wall Street Journal recently ran another interesting story about the struggles in the dairy industry and revisited some of Dean's history with Walmart. According to people the Journal spoke with, Walmart floated the idea of Dean starting a separate operation for its Great Value brand back in 2012, but they never reached a deal. Then in 2015 when milk prices sharply declined, Dean reportedly refused to lower its wholesale price to Walmart. In 2016, Walmart announced it was building its own milk-processing plant, convinced that customers didn't have as much loyalty to premium brands as some in the industry believed.

Because retailers can sell their own products for less, they have been able to undercut private labels. Analysts have found that in-store brands can sell for as much as -40% less than premium brands sitting right next to them in the dairy aisle. That price differential led to such a severe slowdown in sales for some of Dean's products at one point that Walmart dropped them from some of its stores, according to the Journal. Maybe even more alarming, grocer Food Lion in 2018 ended its contract with Dean, instead opting to buy its milk from fellow supermarket competitor Kroger. The full story is available [HERE](#).

Grocers argue that having their own operations makes them more flexible and efficient. Walmart in 2018 reported that its new plant helped reduce dairy costs, led to more efficient delivery times, and longer shelf life results. They touted the results as an example of how they are always looking for ways to deliver lower prices to customers. What's more, retailers can make other products such as juice and iced tea when milk demand or prices slump.

Milk demand, in general, has been under pressure from changing consumer tastes as well as the slew of alternative "fake milk" products coming to market. Annual per capita U.S. milk consumption has dropped nearly -40% since 1975 and that falling demand was already driving milk prices down, having a crushing effect on America's dairy farmers. In its bankruptcy filing in January, Borden said 2,730 U.S. dairy farms had gone out of business over the previous 18 months. With the upheaval in the restaurant and foodservice industry, the road ahead is expected to remain a struggle.

Rabobank in its second-quarter dairy outlook said that dairy prices have seen a

rebound in the northern hemisphere but much of the price support has been driven by government aid that will slow in the coming months. They note that many markets are also still dealing with imbalances from demand destruction due to government lockdowns. The bank also warns that the probability of a slower economy is likely to keep a lid on demand growth.

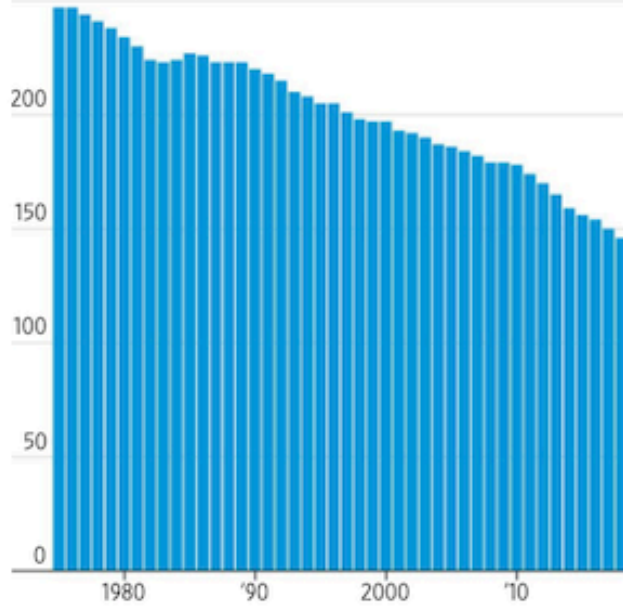
The report, released in late-June, forecast a return to a "more normal balance" as heightened retail sales and lower foodservice sales were expected to converge. Meaningless spending at grocery stores and more spending through foodservice sales like restaurants and cafeterias. Analysts did stress that it would take time and could be limited by outside complications. Factors to watch for the dairy industry include the impact on markets of elevated dairy inventories, the potential resurgence of the virus, shifts in global trade, and the potential for larger-than-normal stimulus and aid packages in the U.S. in the lead up the election in November. Rabobank's full report, "Waiting for the Dust to Settle," is available [HERE](#).



Milk's Long Decline

U.S. per-capita milk consumption

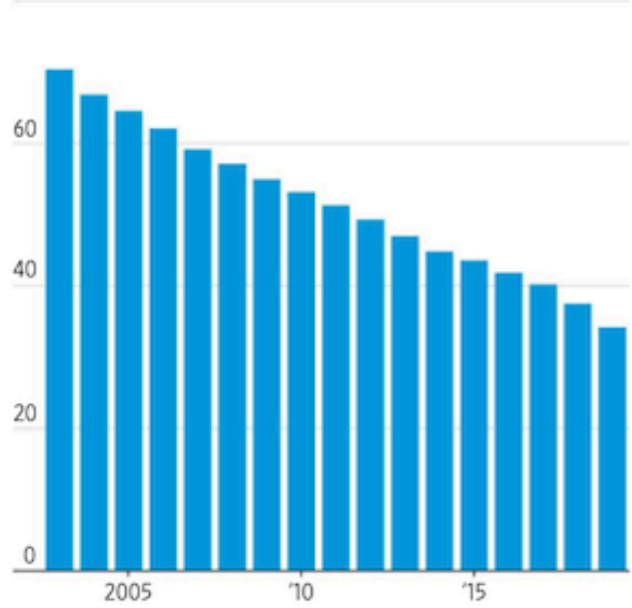
250 pounds a year



Source: U.S. Department of Agriculture

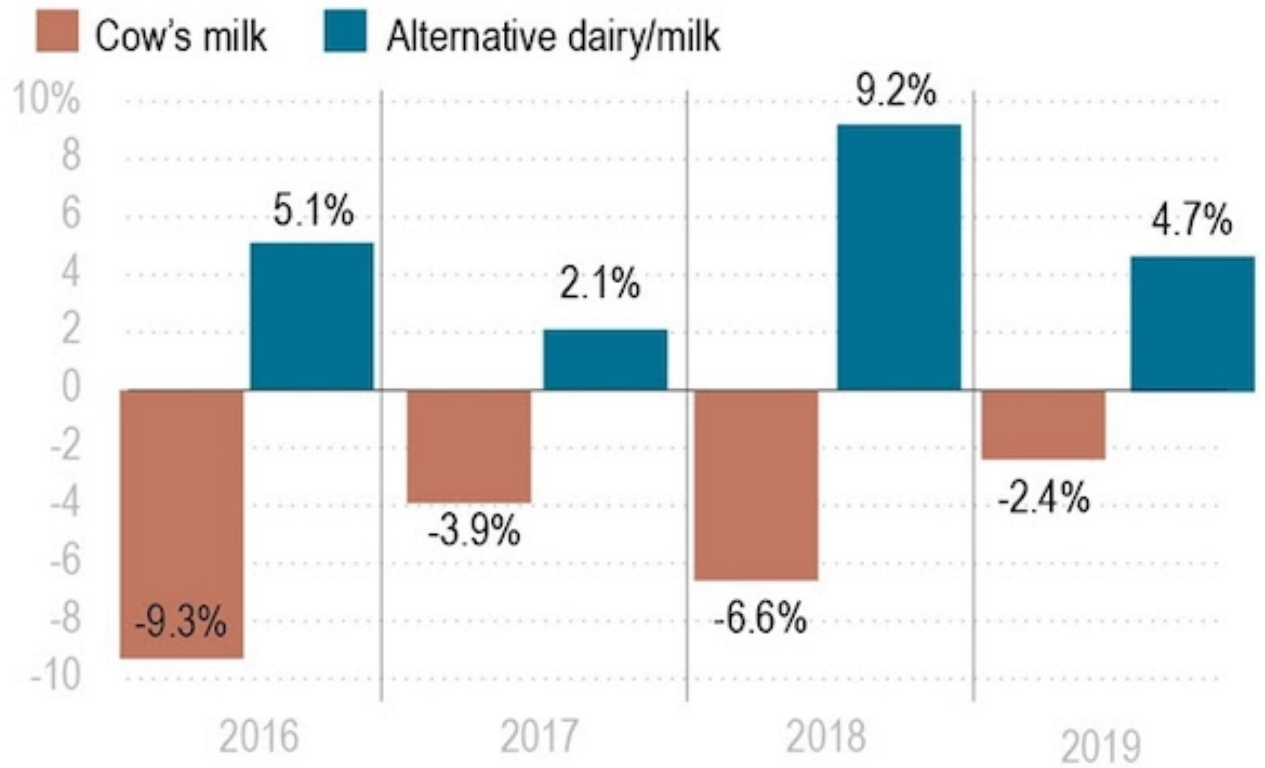
U.S. dairy cow herds

80 thousand



Milk sales drop as alternatives gain popularity

Percentage annual change in total U.S. sales. Alternative dairy includes almond, coconut, oat, rice, soy milks and others.



Source: Nielsen

AP



How To Pick The Perfect Watermelon

With all of the fresh watermelon hitting the market, I thought it would be good to again review a few tips about how to pick just the right one. A few of our readers happen to be some of the largest watermelon producers in the U.S. and have

passed along a few inside tips through the years. I was certainly doing it all the wrong when I was younger. On a side note, one of my first real jobs, outside of throwing hay, was unloading semi-trucks full of watermelons. Let's just say for a period of time in my life, I didn't even want to see at another watermelon. Picking up watermelon and putting them down softly inside boxes and containers for 12-hours straight will give you a whole new perspective on things. It's even more exciting when there are snakes from the field still alive in the haul. Those were the days... (Source: Preview photo credit O.Bellini, Shutterstock; [fifteenspatulas.com](https://www.fifteenspatulas.com/); [thekitchn.com](https://www.thekitchn.com/))

White Field Spots - *Many folks view the melons that have the big white areas as a problem. That's not really the case, these are just field spots where the watermelon rested on the ground and are very natural. In fact some melons with just a shade of field spotting can be some of the best tasting. You don't necessarily want the ones with the white spot, but more of a creamy-yellow or orangish-yellowish area can be best... so go for the "gold".*

Webbing - *Many folks don't like to pick a watermelon with "webbing", the brown crusting spiderweb-like lines that are often on melons. Interestingly, the "webbing" on watermelon can help tell how many times that bees touched the flower. Many sources believe the more pollination, the sweeter the watermelon.*

Shape - *It is beloved that the taller and more elongated watermelons are a bit more watery, while the more rounded and stout are perhaps a bit sweeter.*

Size Matters - *In this case, bigger doesn't always mean better. Most experts say an "averaged size" watermelon gives you the best odds of getting a great taste. Not too big or not too small.*

The Tail - *The tail of watermelon can often indicate its ripeness. A green tail can mean the melon was picked a bit too soon and might not taste as good. The melons with the dried tails can make for a better taste.*

Color - *Some folks believe color matters. Saying a perfect, ripe watermelon should be darker green in color and dull in appearance, rather than shiny. A shiny watermelon can have a tendency to be under-ripe.*

The Thump - *This how my grandpa always checked his watermelons, but through the years I've heard a few conflicting thoughts on the sounds. Most agree that you want a more full sound when you thump the belly of the melon. If the melon sounds or feels somewhat hollow it's definitely not one to*

take home to the family.



Brooks Cardinal
@BrooksCardinal



Watermelon season is in full swing!! @cornwarriors







Life Lessons From The Woman Who Conquered Wall Street

Carla Harris is a Vice Chairman, Managing Director and Senior Client Advisor at Morgan Stanley. She has been on Wall Street for +30 years and twice been named to the list of Top 25 Most Powerful Women in Finance. She was also included in a recent list of The 50 Women Who are Shaping the World. Carla's accolades and achievements go on and on. She is clearly an overachiever! You can read more [HERE](#).

But after listening to this short speech and a few life hacks that Carla Harris offered up to the audience, it once again hit me, regardless of race or gender, I constantly hear similar stories and life lessons for achieving maximum success.

I have been blessed and just lucky to have been around so many great high achieving individuals in my life i.e World Series winners, Super Bowl winners, Top Hedge Fund managers, Top Traders, High level CEO's, Top doctors, Top lawyers, etc.. Interestingly it's crazy that we can all be so different and opposed on so many issues but the path to success is so early similar for all. I wish we could find a way for the media and more importantly social media to bring us together based on our similarities rather than find and exploit our differences.

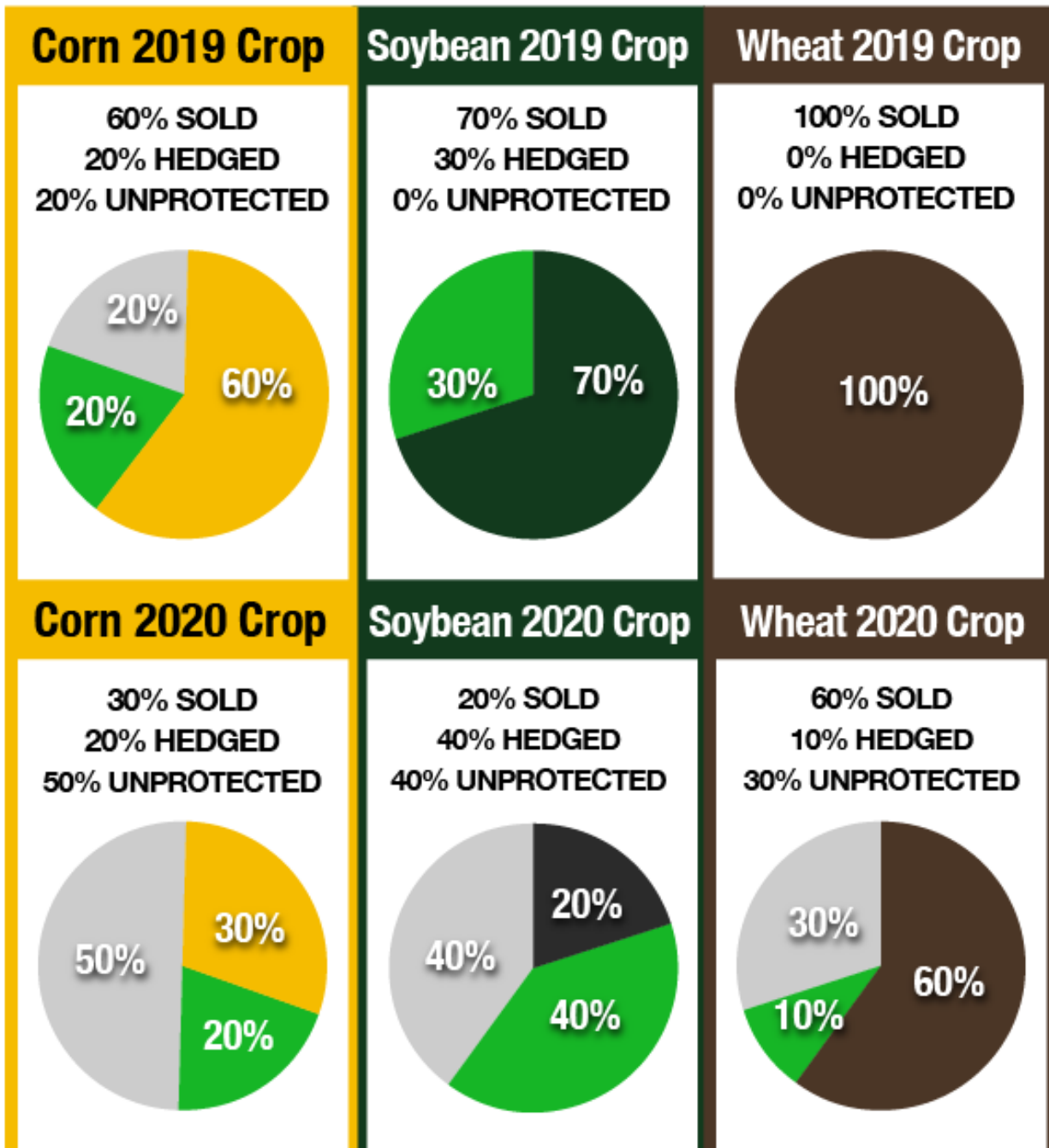
In this short video, Carla Harris is asked to write a letter back to herself at the age of 25, and what advice she would give based on what she has learned along her journey. I think this is an excellent exercise that we should all take a shot at and review and update from time to time. Watch the 4-minute video [HERE](#).

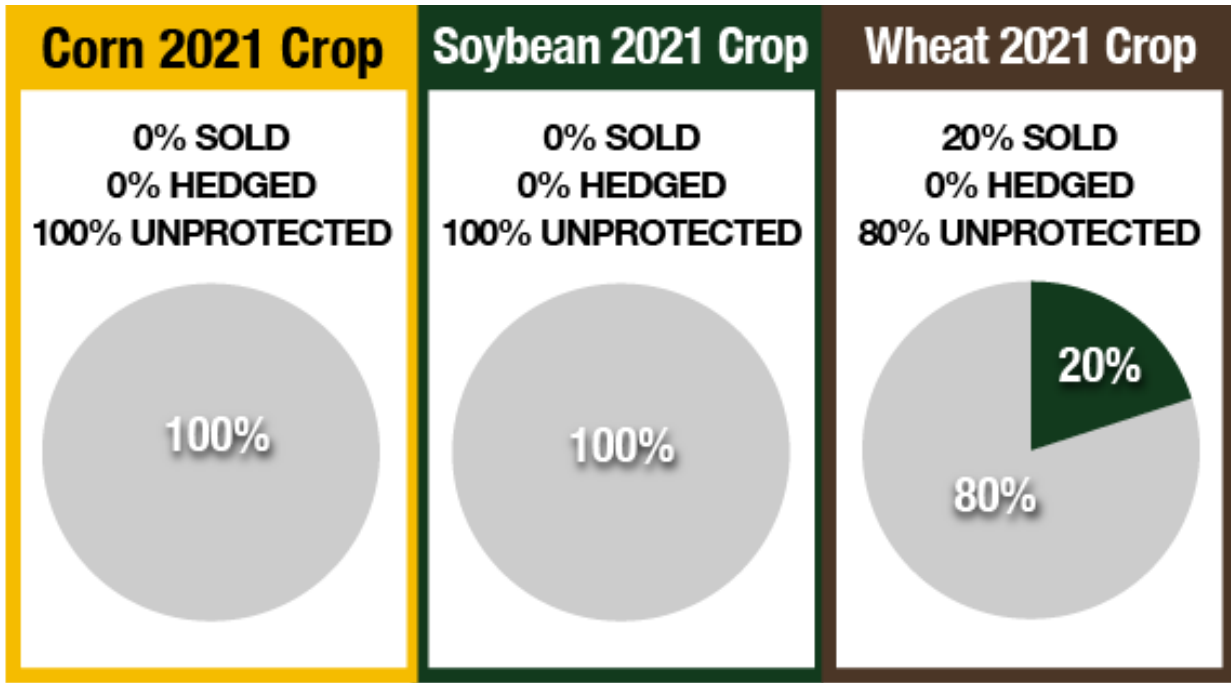


ANSWER to riddle: The Moon.

CASH SALES & HEDGING TOTALS

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