



Jordan Van Trump <jordan@farmdirection.com>

GOOD MORNING: The Van Trump Report 8-6-20

1 message

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

Thu, Aug 6, 2020 at 5:30 AM

Reply-To: Jordan <reply-fecb12737d64057f-1180_HTML-40325470-100003450-12@vantrumpreport-email.com>

To: jordan@farmdirection.com



"Any fool can make something complicated. It takes a genius to make it simple." -
Woody Guthrie

Thursday, August 05, 2020[Printable Copy](#) or [Audio Version](#)

Morning Summary: Stock bulls remain in charge as the Nasdaq closed at another all-time high, up a whopping +60% from the March 23rd close. News out of Washington is that lawmakers are getting closer to the next round of stimulus, though there are doubts if anything will be passed by the end of this week. Leaders in on both sides in Washington have made it clear they understand that "something" needs to be done and that message seems to be keeping optimism elevated. On the vaccine front, it appears data from Novavax was initially misinterpreted by media reports earlier this week, meaning their results were actually very positive. Several scientists and health experts have since said they are some of the most promising results they've seen so far. They are only in Phase 1 trials but five other vaccines are already in Phase 3. Even as stocks climb higher, so too do precious metals. Gold set a fresh new record high yesterday as silver reached its highest level in seven years. As of yesterday afternoon, gold futures were up +4% for the week. Bitcoin

has been rallying as well and some analysts think there's a trend in the making. A note from JPMorgan says younger alternative currency traders are flocking to Bitcoin while the older crowd is buying up gold. JPMorgan also noted that younger investors are favoring stocks, especially tech, while older investors are selling equities. Tech stocks do keep impressing on the earnings front. Today will be another exciting one for corporate earnings with results due out from names like Bristol Myers Squibb, Cardinal Health, Ceasars Entertainment, Dropbox, Motorola, Ritchie Brothers, Siemens, TMobile, Uber, Yeti, Zillow, and Zoetis. Today also brings weekly Jobless Claims which are expected to come in close to the previous week of 1.4 million. ADP yesterday estimated that just +167,000 jobs were added to private-sector payrolls in July, which was well below expectations for a gain of around +1.5 million. Remember, ADP's numbers can vary greatly from the official monthly government tally. Bears are also pointing to data in ISM Manufacturing and Non-Manufacturing surveys that also indicate unemployment may come in higher than expected Friday. Bulls, however, point to the fact President Trump said earlier in the week that there's "a big number coming out Friday on jobs". Meaning, they think he was hinting to a positive number showing better employment data. Again, I'm not sure it really matters. I feel like the bulls have the bears pinned either way. If the monthly employment report out tomorrow shows bigger job losses than anticipated it just provides more assurance that the Fed is going to maintain a very dovish demeanor. If on the flip side, the monthly employment report shows more jobs coming back online than anticipated its a positive sign for the economy and a restart.

Say What... If You Travel to New York Expect to be Quarantined! *New York City is setting up quarantine checkpoints at "key entry points" along main bridges and tunnels to the city to screen travelers coming from more than 30 states. The city has also partnered with hotels, train, bus and car rental companies, requiring anyone booking a stay in New York City to fill out a travel form so the Test & Trace Corps can locate them and monitor travelers in isolation, Long said. People who violate the state's order will be subject to fines and a mandatory quarantine, Cuomo said. He said the fines will be \$2,000 for the first violation, \$5,000 for the second and up to \$10,000 if they cause harm. This seems a bit extreme and perhaps a slippery slope... Read more at [CNBC](#)*

Couple of Interesting Charts... *I've been hearing more talk that gold prices eventually trading north of \$3,000 per ounce shouldn't be ruled out and could certainly be possible considering the long-term relationship and ratio between the stock market and the precious metal.*



Andrew Thrasher, CMT
@AndrewThrasher



S&P 100 closed right at the February high. Momentum has waned a bit but watching for a possible breakout.

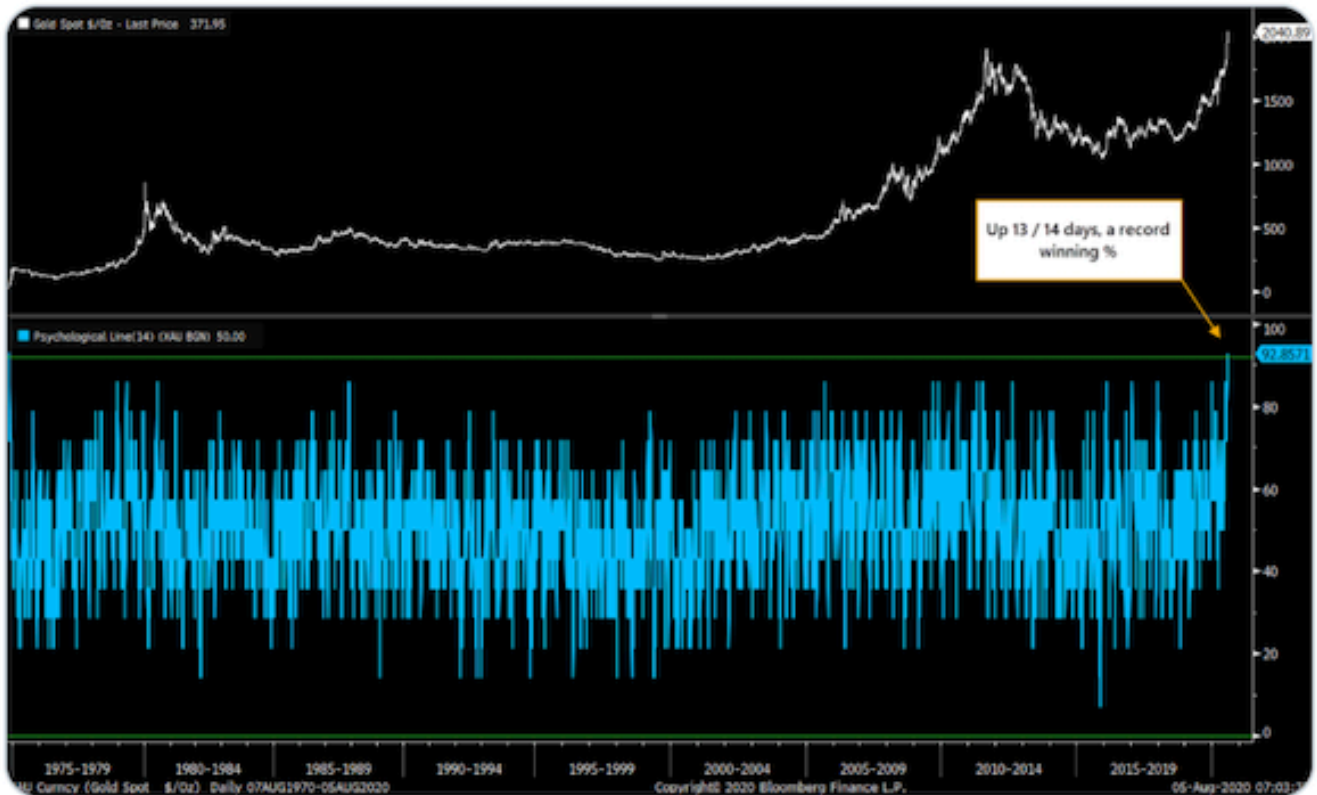
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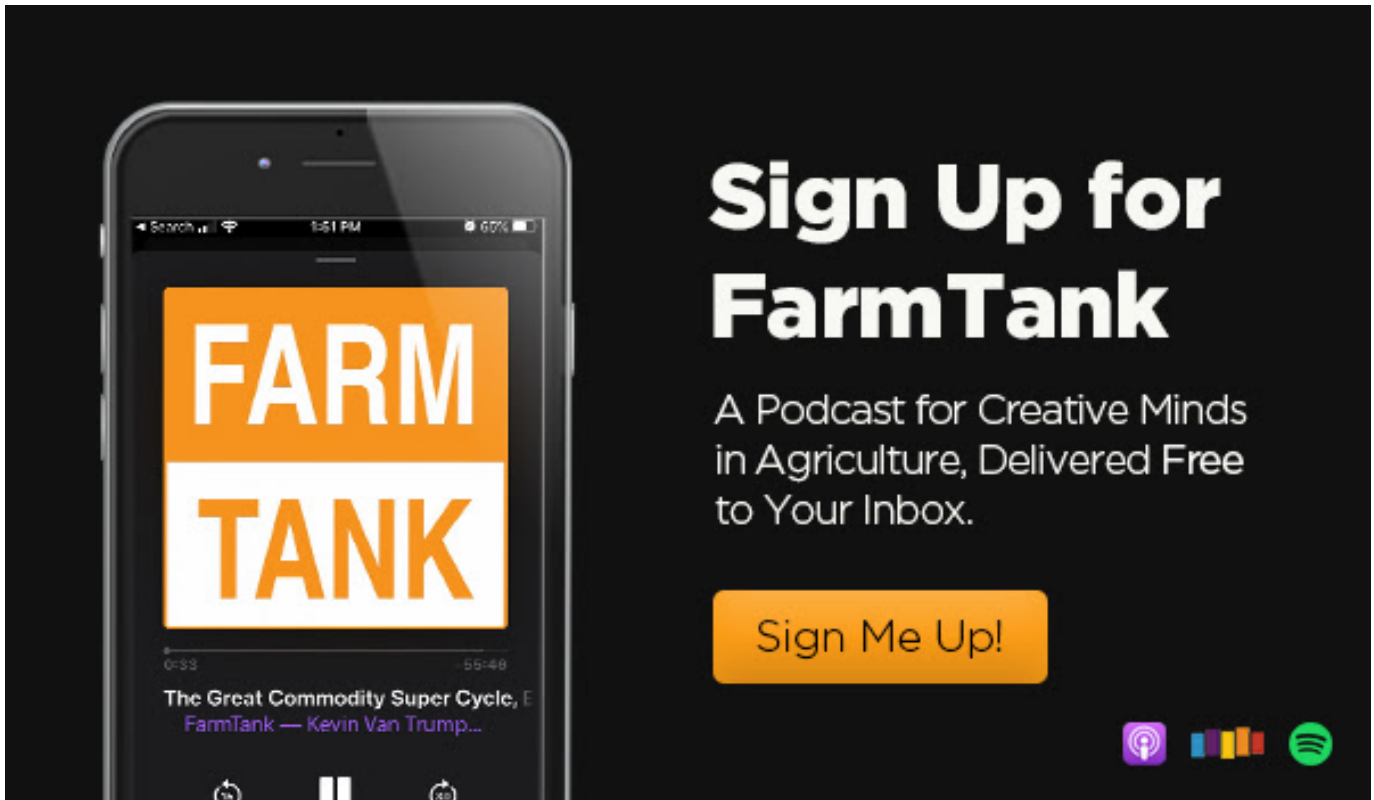




Gold has rallied for 13 out of 14 days.

That has happened never times before.





Are Airlines in Trouble? *U.S. passenger airlines were allocated \$25 billion in aid, mostly in grants, that would preserve sector jobs through Sept. 30, but carriers have told more than 70,000 workers that their jobs are at risk after that deadline passes. Meanwhile, travel demand remains at a fraction of last year's levels. Industry group Airlines for America says passenger volume is down about -73% from a year ago, compared to -87% at the beginning of June, improving but ever so slowly. I heard the other day some airline executives worry that the industry might not be back to normal until 2024. Ouch! (Sources: CNBC, The Hill)*

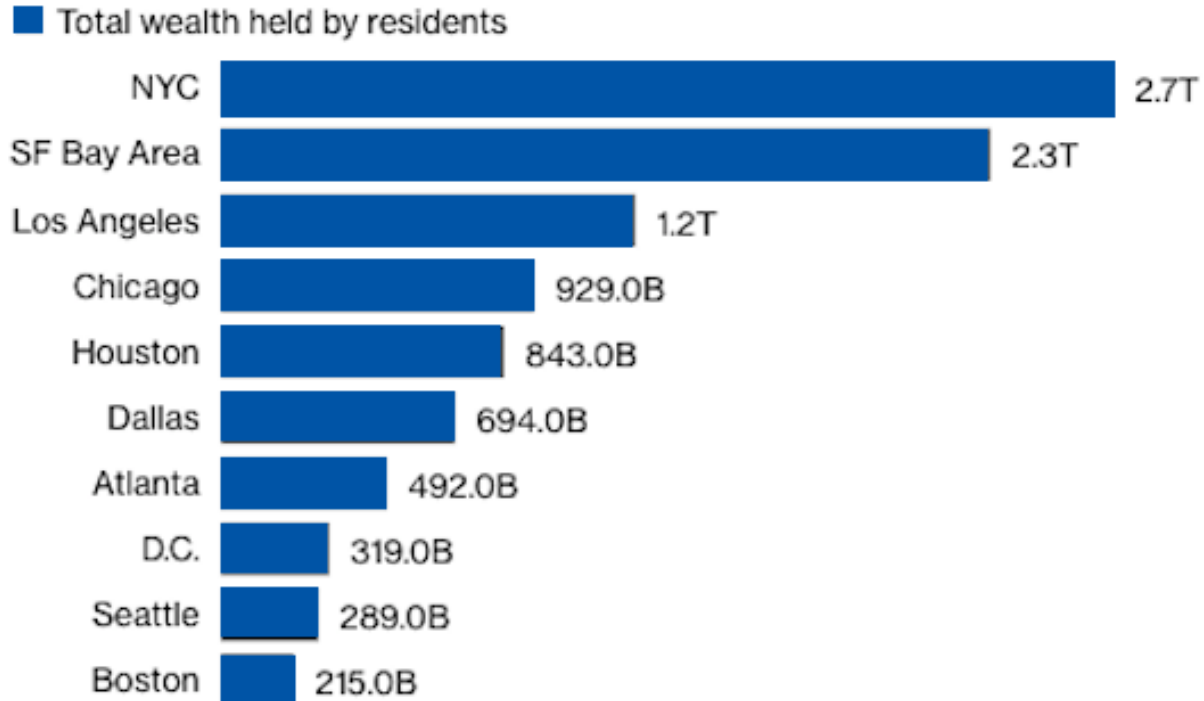
MUST READ: Retail Investor Activity Massive: *According to Goldman Sachs, June was another record month for retail trading with the top four online brokers—Schwab, E-Trade, Interactive Brokers and TD Ameritrade—registering over 8 million trades in the month. Goldman says July activity looks like it will exceed June volumes. Keep in mind, these numbers represent a +333% increase from June 2019 and +210% increase from January 2020. The total number of accounts reported by the big 4 is 34.1 million, this is an increase of +3.8 million traders in 2020. These figures also happen to exclude Robinhood, Fidelity, etc. Goldman says household investors, a grouping that includes retail traders, now accounts for +36% of the \$55 trillion U.S. equities market. Household investors as a trading block are three times bigger than ETFs and private mutual funds, though their actual trading volume still accounts for only a small share of total market activity. (Sources: Forbes,*

Goldman Sachs)

U.S. Wealthy Take a Hit: *The combined wealth of New York City residents shrank by an estimated -\$336 billion, or -13%, in the past year, exacerbated by the fallout from the coronavirus crisis in 2020. The decline - measured as of June 30 compared with the previous year - is the biggest in dollar terms among major U.S. cities during that period, according to a report released Wednesday by research firms Webster Pacific and New World Wealth. San Francisco, the nation's second-wealthiest city, held up bit better, losing an estimated \$105 billion, or -5% of its wealth. Job losses, declining income levels, falling stocks and weaker high-end property values led to a -9% decrease in total wealth held in the U.S. during the first half of 2020, according to the report. That compares with a -14% drop in wealth worldwide and declines of as much as -20% in countries like Russia and Brazil. Despite the damage, the U.S. is still the wealthiest nation on earth by a healthy margin, the report found. As of June 30, people living in the country held \$58 trillion in total, or around 30% of all wealth worldwide. Read more from [Bloomberg](#).*

Richest U.S. Cities

New York, San Francisco Bay both top \$2 trillion in total wealth



Source: New World Wealth and Webster Pacific

FARM TANK

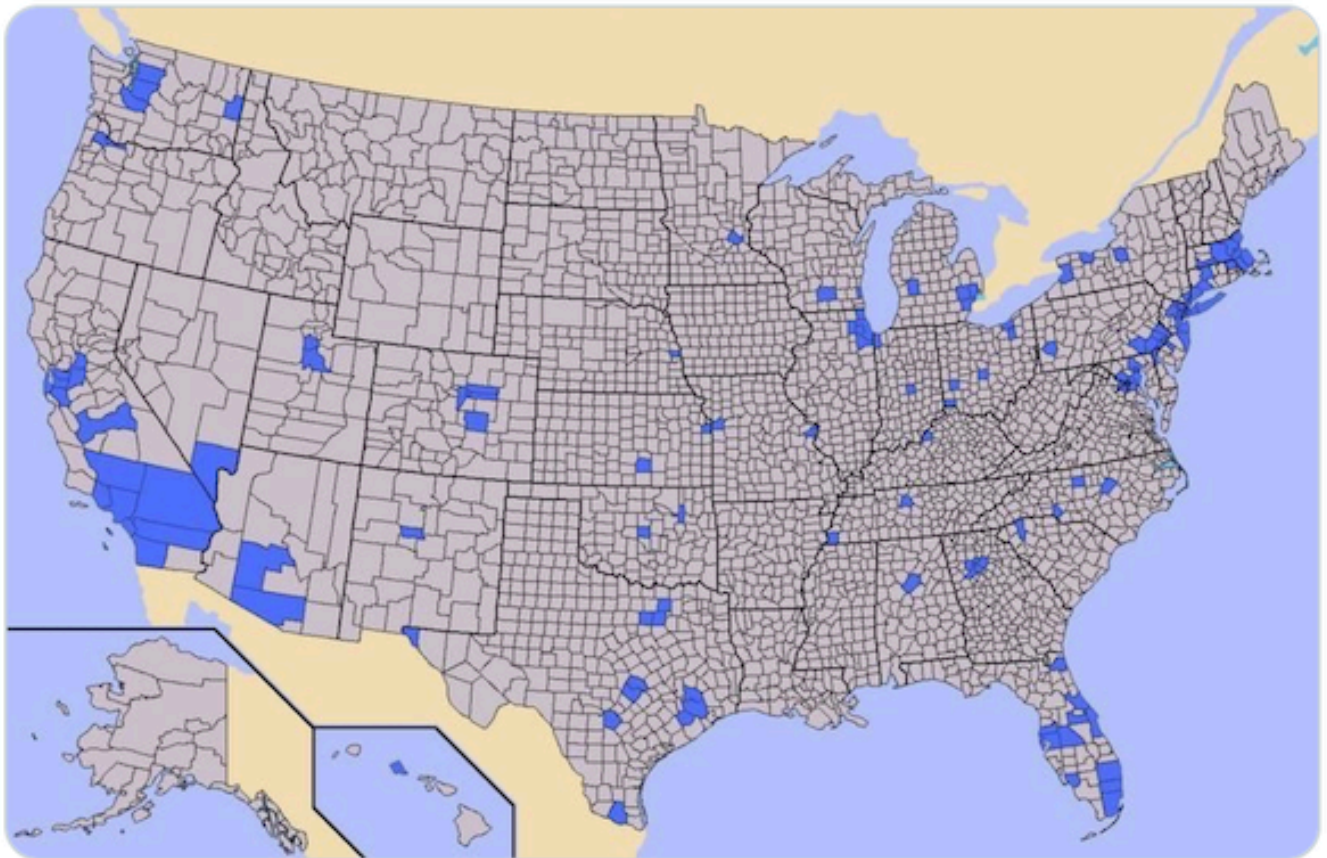
Tweets of the Day



Rex Chapman 🐎 ✓
@RexChapman



This always blows me away. 50 percent of the country lives in the blue areas...





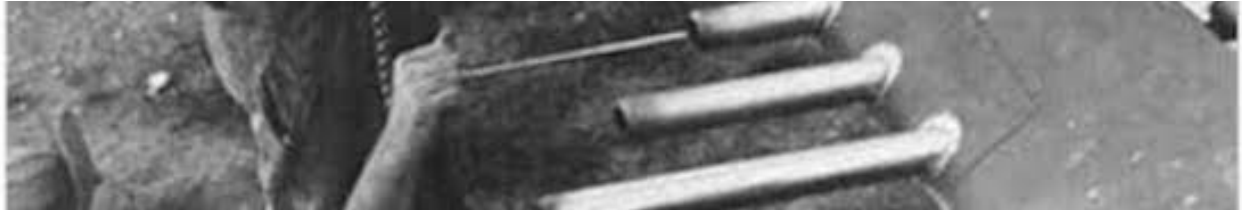
honkeyTM
@pinchehonkey



The more you know

The standard US ammo belt was 27 feet long (nine yards) this is where the expression "the whole nine yards" comes from





Lindsay Kimbrell
@Kimbrellfarms06



Traffic jam 🚜☁️





Logan Pribbeno
@Nebraskero



Executing plan B while thinking about plan D through Z.





Rocky Ormiston
@rockormiston2



I'm over 2020 so I'm just going to get ready for
[#plant21](#).





Eric Jorgenson 🛠️📈😄
@EricJorgenson



The best-smelling gas station in the country:





Robin Poss
@robinposs



My wife's friend Natalie has kidney disease and is nearing kidney failure. Down to 11% function, she is seeking a live donor immediately. It's a big ask, but we are praying she can find a donor to save her life. Retweets are much appreciated [@kidneyontario](#) [@kidneycanada](#)



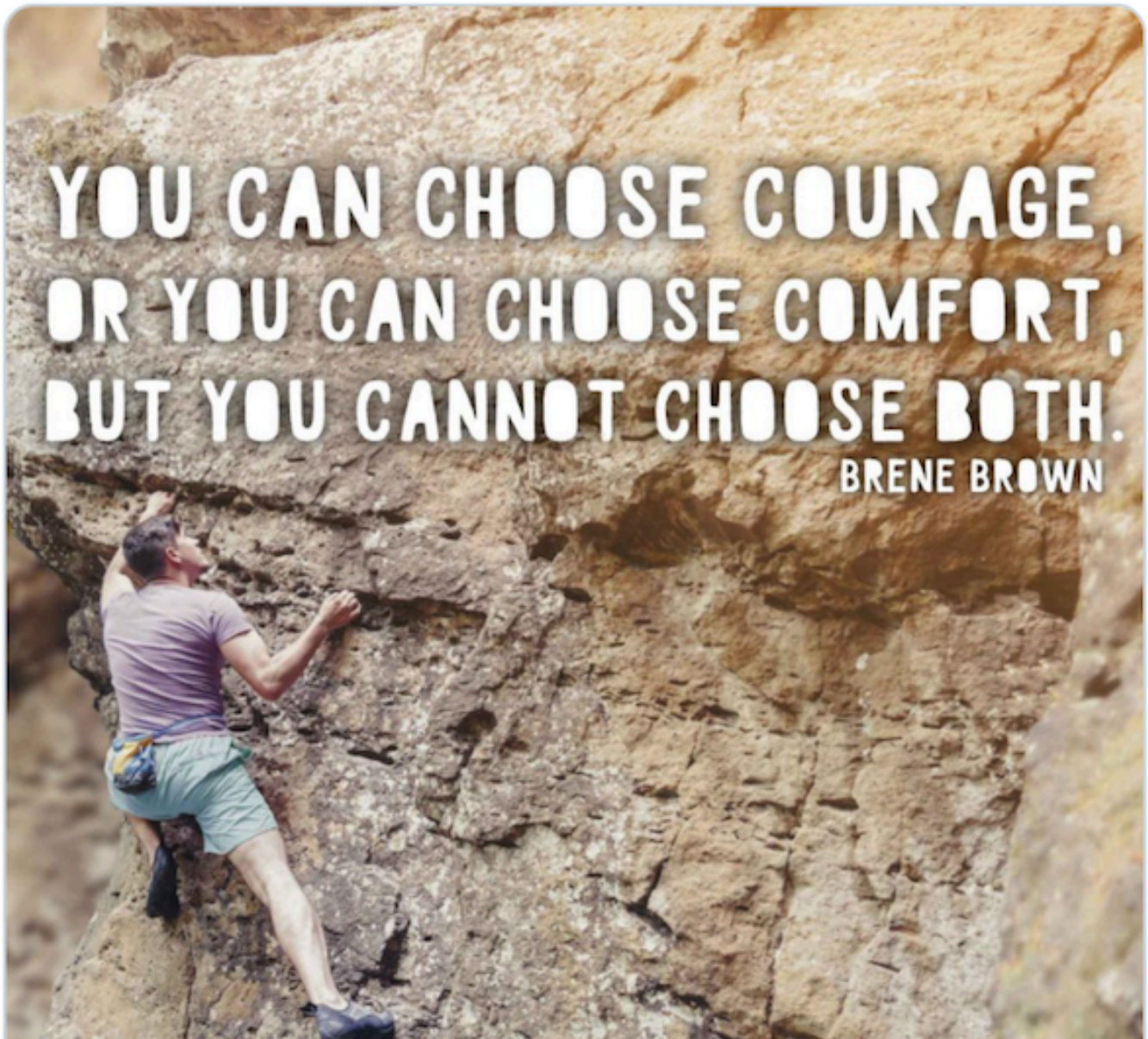
Graeme de Bruyn
@graemedebruyn



You can choose [#courage](#), or you can choose comfort, but you cannot choose both.

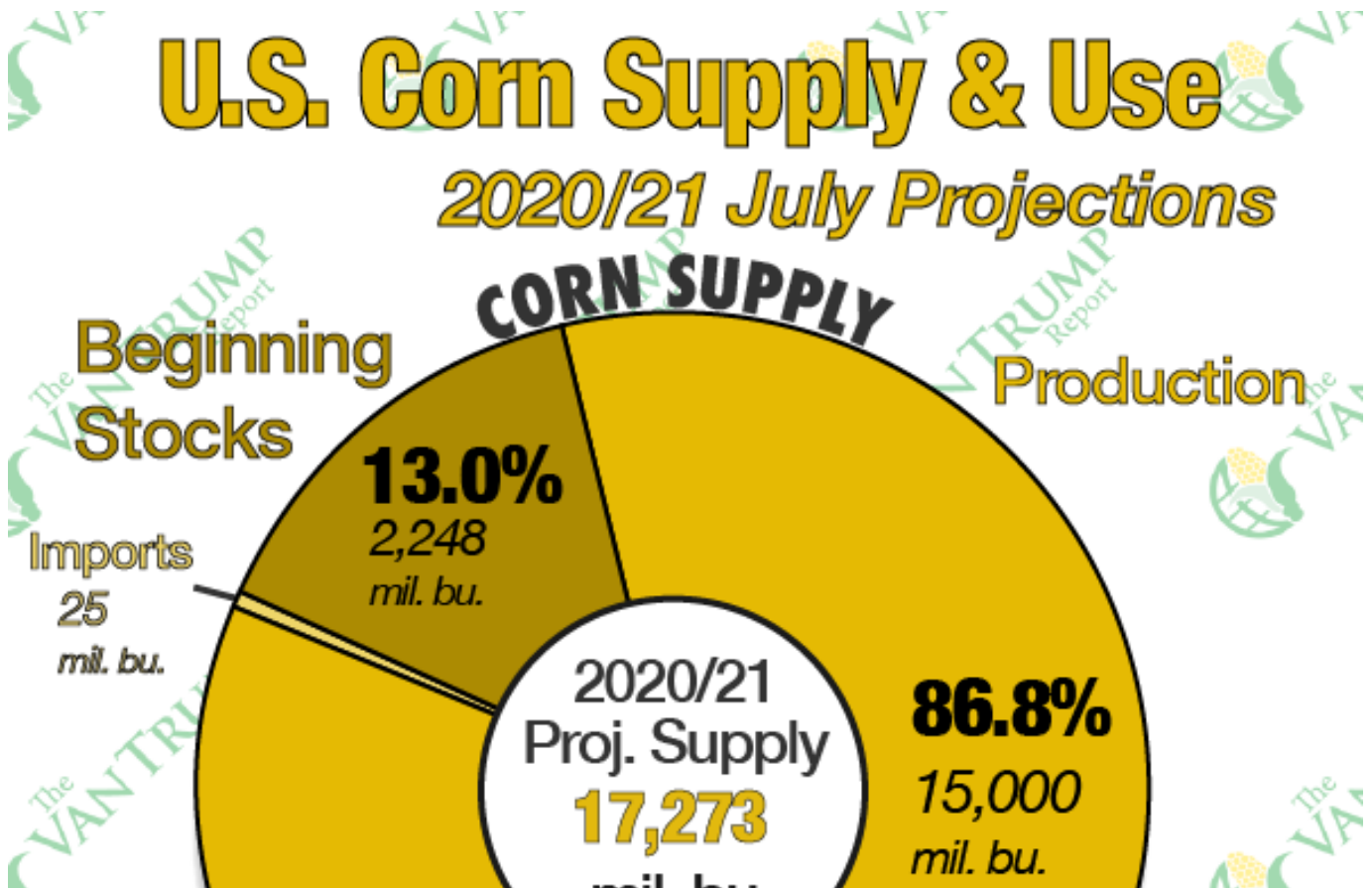
~ Brené Brown

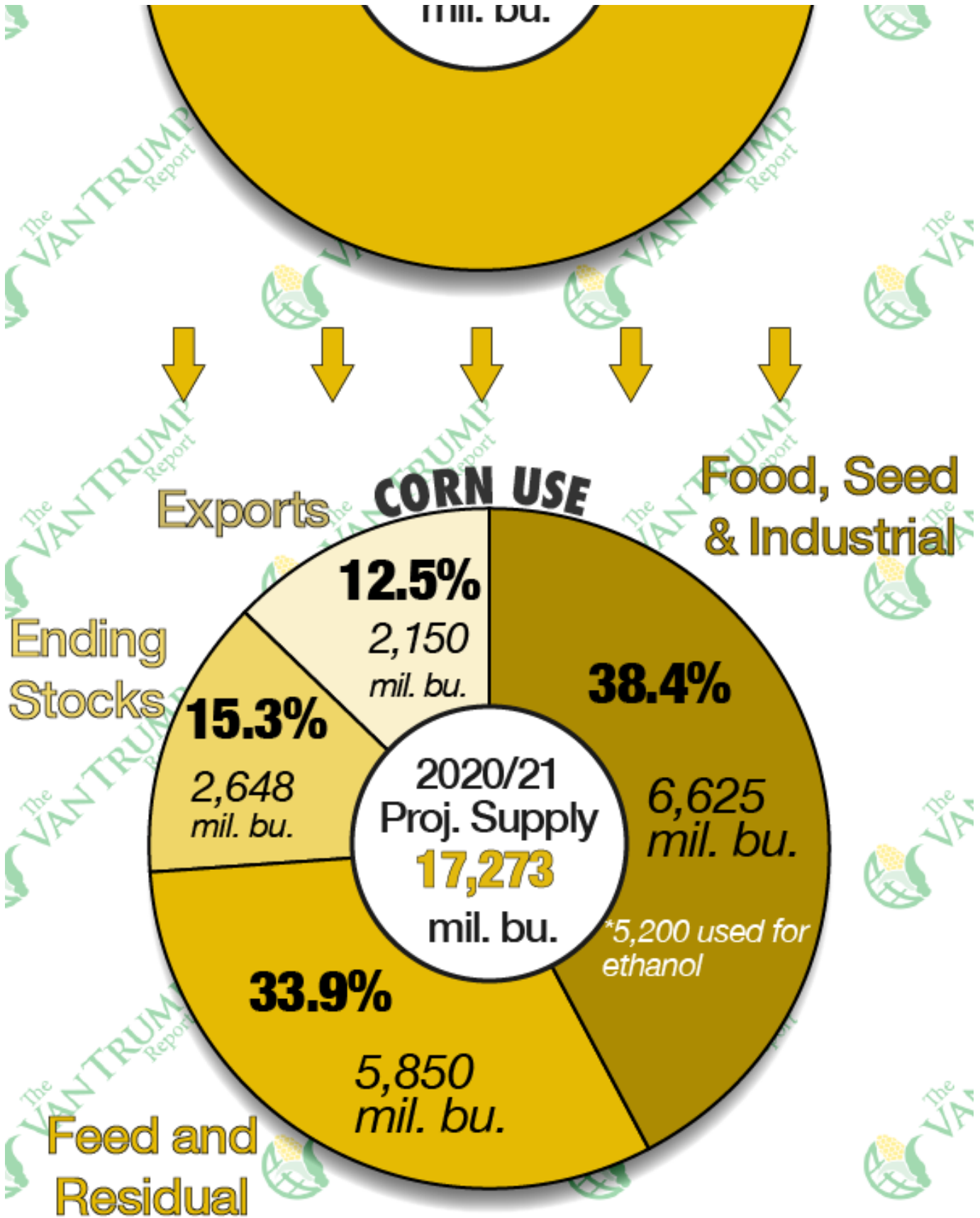
#quote #ThinkBIGSundayWithMarsha #life #brave
#SundayThoughts #mindset #SuccessTRAIN



Corn traders have very few fresh headlines to digest. Most in the trade are now waiting to see what the USDA has to say about total U.S. production in next Wednesday's August Supply and Demand report. As everyone keeps reminding, there will be no field surveys used in this report, with the USDA ill be relying on satellite imagery, overall crop-condition ratings, and some of their other crop forecasting tools at their disposal. Some inside the trade want to complain about this process, saying with the crop planted early this year a good chunk will be harvested before the USDA every really gives us an accurate in-field assessment. I

understand the argument, but does it really matter? Isn't the market and price trying to move in a fashion that supersedes and works to outguesses the USDA's next move? So in this case, with most satellite imagery showing green and crop condition ratings being some of the best we've seen, the trade is leaning towards higher yields in the upcoming report. The big question in my mind is how the USDA plays some of the larger production states like Iowa, Illinois, Minnesota, and perhaps the eastern corn belt? In my opinion, there are some pockets in these states that are still real wild-cards. But again I'm trying to build a longer-term bullish position and hoping to see higher prices for improved new-crop cash sales. In other words, the bears will argue I'm just talking my position. But I have talked to a lot of producers in many of the states mentioned above and there is some big variability in parts. I just don't know if the areas will amount to enough in size to heavily influence or offset some of the record production that is out there. Most bears inside the trade are thinking the U.S. yield pushes north of +181.0 bushels per acre and ending stocks eventually climb to a burdensome 2.7 to 2.9 billion bushels and without a major weather story prices could stay stuck in a range between \$2.50 and \$3.50 per bushel into 2021. I know it's not what any of us want to hear but we need to be aware of the possibility and harsh reality should the bear's story play itself out. I'm hoping the weaker dollar, improved Chinese buying, and strengthening global economies will attract more bullish fund interest and bring us better pricing opportunities.

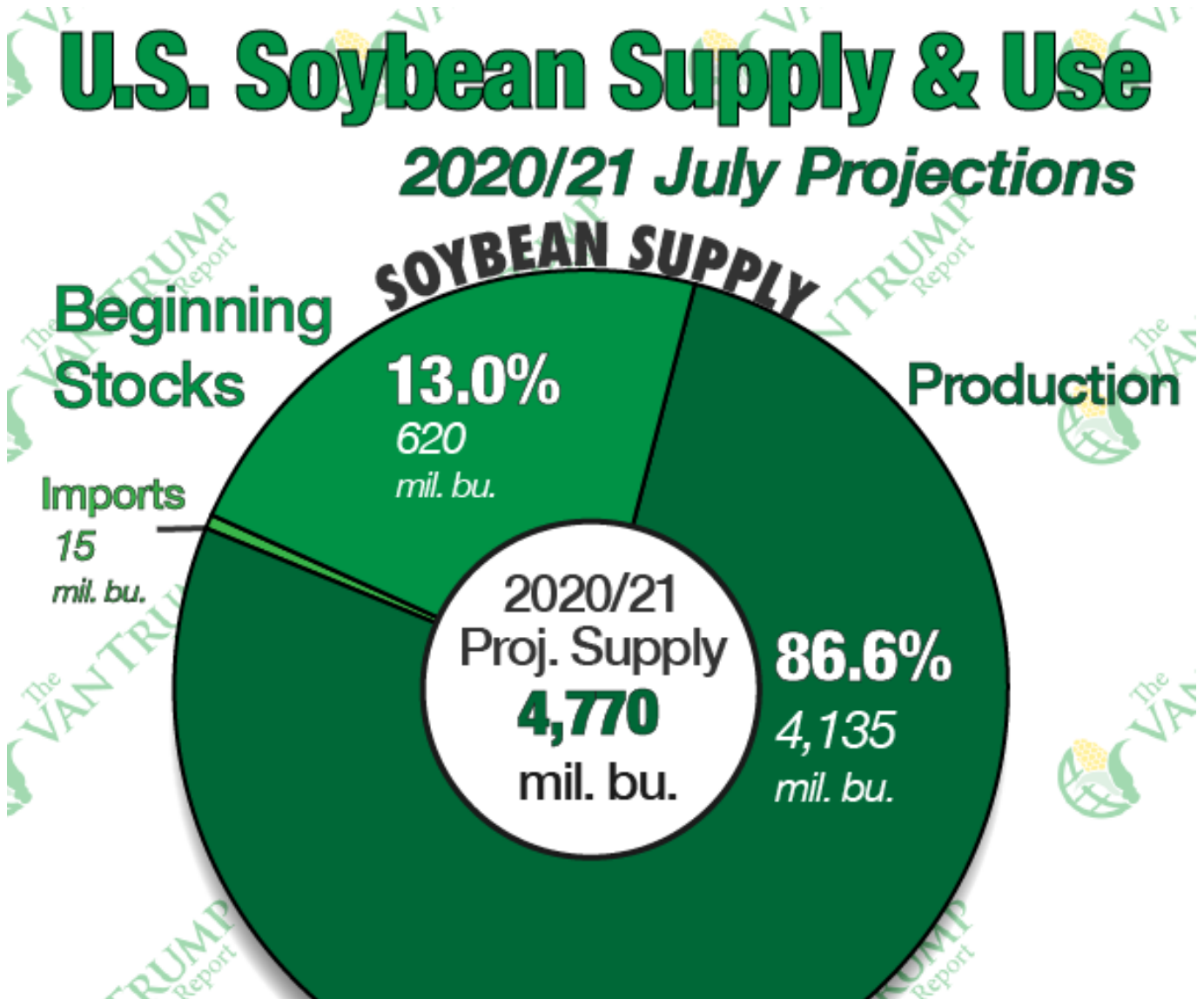


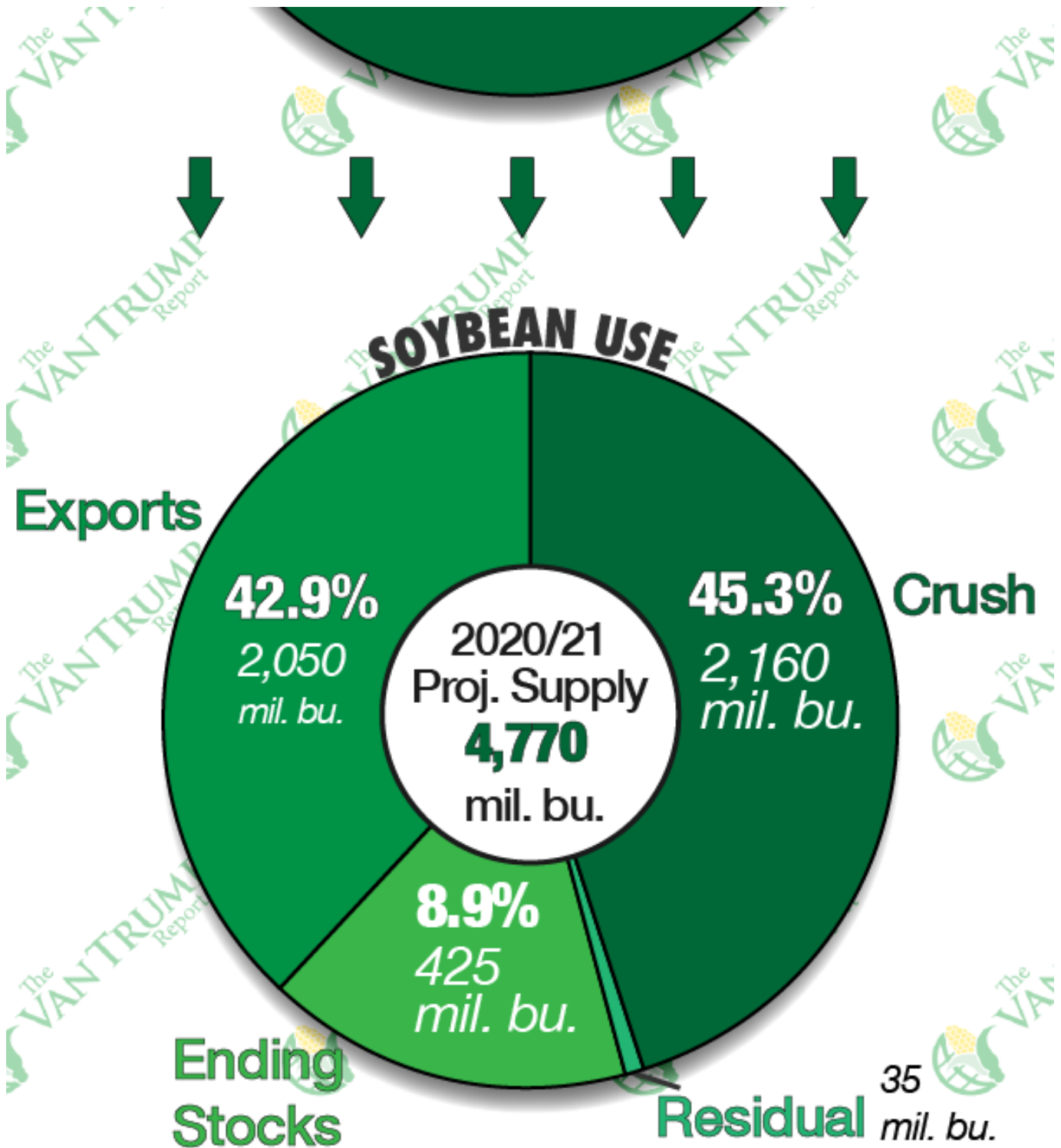




Soybean bears continue to point towards one of the best rated U.S. crops in years and ongoing political tension and uncertainty with the world's top buyer of soybeans, China! Traders seem a bit uneasy about the scheduled August 15th meeting between U.S. and Chinese trade officials. From what I understand, it's simply a meeting to discuss progress and commitments from both nations in reaching their stated goals and objectives. Bears are quick to point out that recent Chinese purchases were simply to get them to these milestone markers ahead of the meeting and the Chinese will now more than likely pull back a bit ahead of the

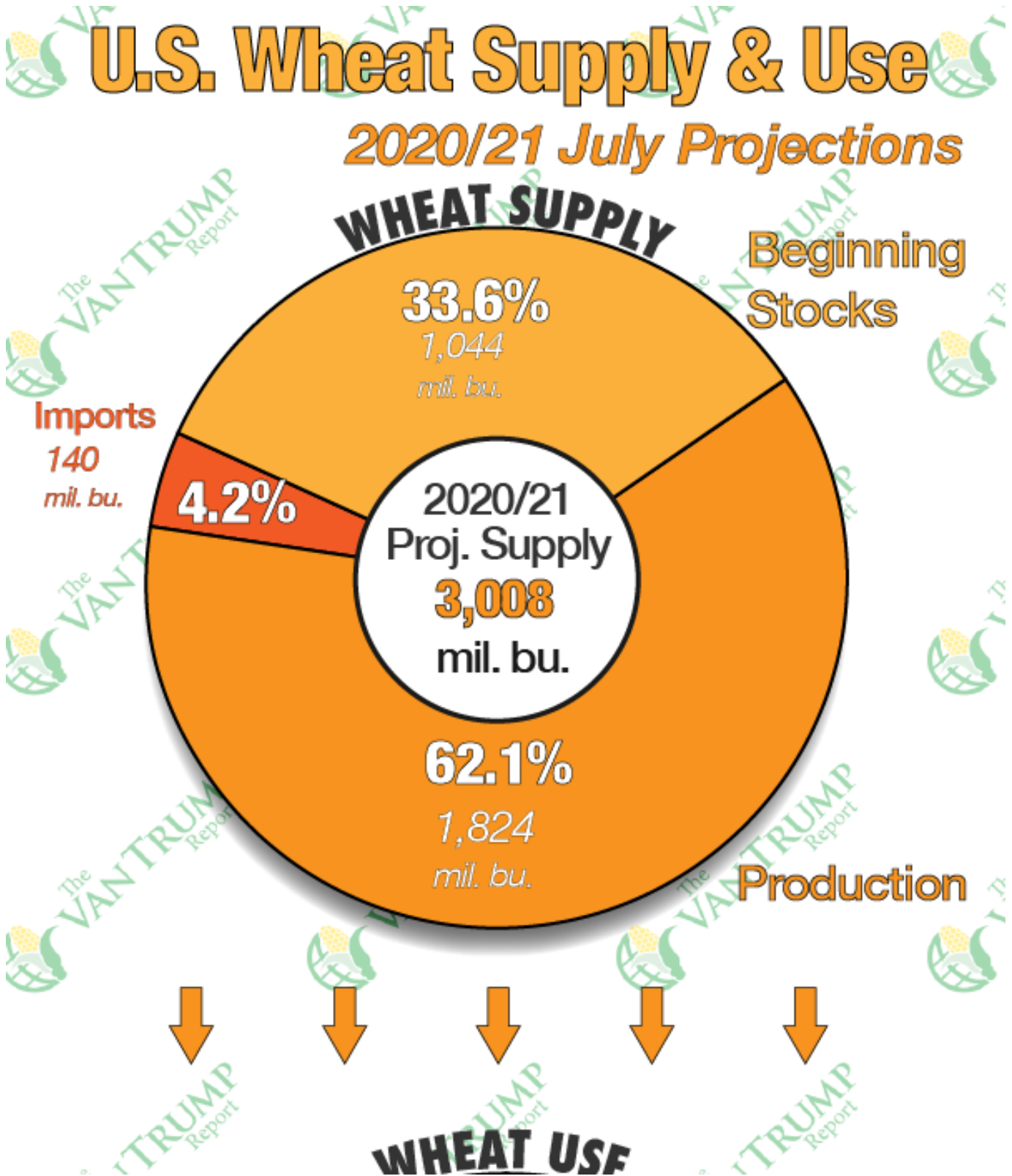
upcoming U.S. election. I understand the thought process and reasoning but I also think Brazil could soon be running on limited supply and the Chinese are battling their own food inflation problem so they will need to keep buying. If that's not the case and Chinese buying dries up the next 90-days ahead of the election, the bulls are going to have a very difficult time rallying the market, especially if U.S. finishing weather looks to cooperate. Technically, I'm sticking with my argument that we trade between \$8.50 and \$9.20 until we learn more about the Chinese game-plan and are more certain about extended U.S. weather and final yield. As a spec, I seem to be getting a bit more interested on every bigger break in price. I'm still on the sideline but suspect I will begin to dip a toe in the water within the next 20 cents. As a producer, I've continued to protect the downside but want to leave upside open. I just can't get overly excited about selling cash new-crop at these levels with the dollar weakening, gold trading at all-time highs and energy starting to strengthening a bit more. Still concerned a bit nearby, but staying patiently optimistic longer-term...

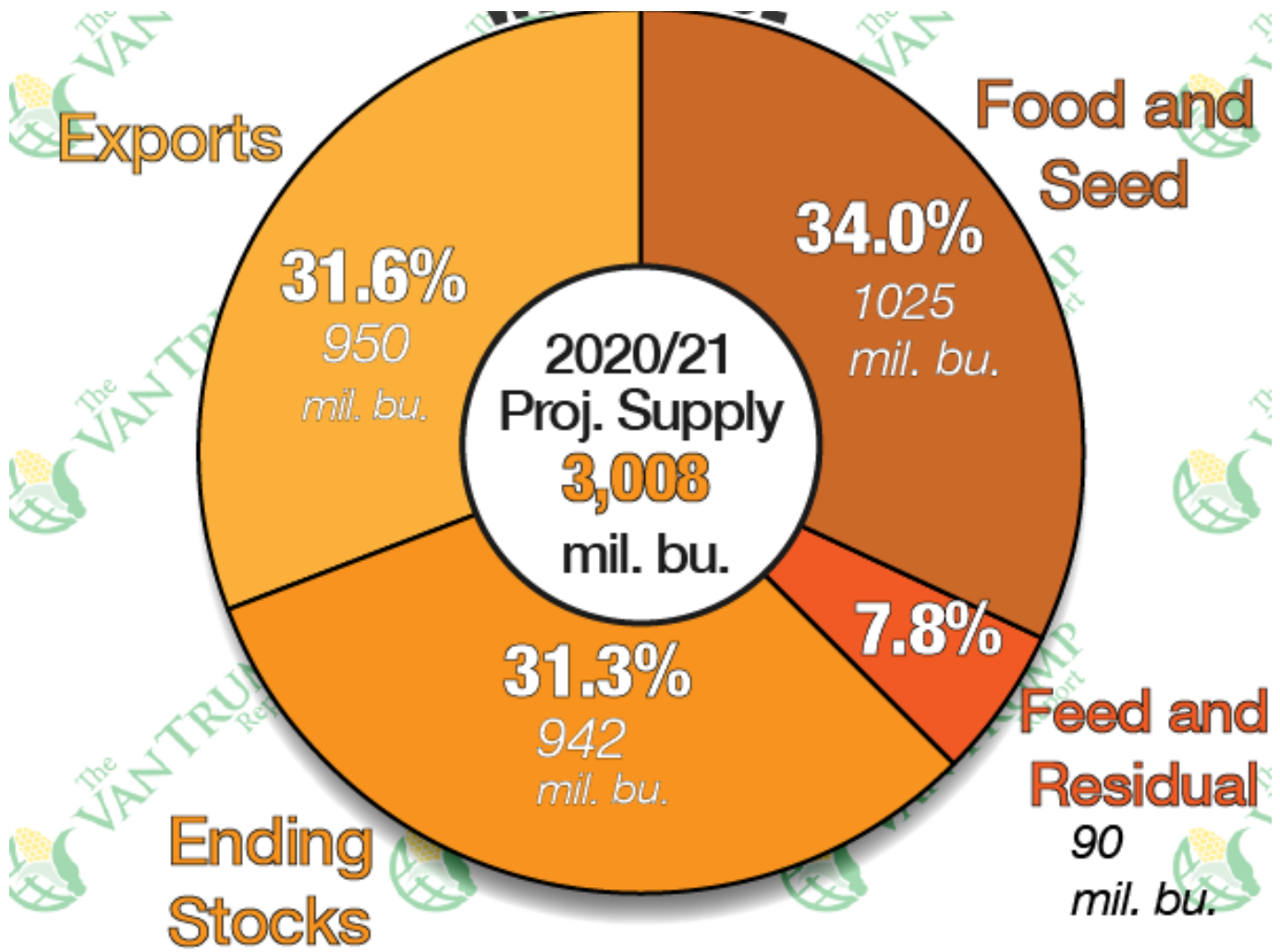




Wheat traders are looking for fresh headlines. Bulls are pointing to the downgrades in production estimates for France and Germany, but this is somewhat old news. Bulls are also keeping a close eye on the dry areas in Argentina, which is also somewhat old news. Bears are saying the crop in Russia and parts of the Black Sea have improved, which is somewhat debatable, considering where the harvest data is currently coming out of, compared to where the biggest weather worries are located. Bears are also pointing to improved conditions here in the U.S. and the fact a much larger crop will be harvested in Australia. Bull's counter-punch with the

possibility of China being a larger U.S. buyer in the weeks ahead and also the more improved macro landscape with a weaker U.S. dollar, record-high gold prices, etc... Like I've been saying, without fresh weather worries for the bulls to chew on the burdensome balance sheet could keep a lid on rallies and force the market to chop around in a sideways to lower price pattern. I see nothing nearby that has changed my opinion. Bulls need fresh news!







> China to Import Most Wheat in Seven Years: *The world's largest consumer and producer of wheat is set to buy 6 million tons in the 12 months starting June, up from just over 4 million tons in the previous year, according to the China National Grain and Oils Information Center, the government forecaster. That would be the highest since 2013-14. Wheat acreage in China has been shrinking as the government encourages farmers to shift to other crops in the dry northern region and prevent excessive usage of underground water, while other growers are turning to vegetables in search of higher profits, the center said. There's more demand for wheat in animal feed too. Corn prices are around five-year highs, driven by recovering demand for hog and poultry feed, and corn is already more expensive than wheat in some areas, spurring more farmers to use wheat. Wheat used in animal feed is likely to rise by +4.5 million tons to 20 million tons in the coming year, it said. (Source: Bloomberg)*

> Energy Department Recommends Partial Retroactive Waivers: *The U.S. Department of Energy has recommended that some of the oil refiners that applied for retroactive exemptions from the nation's biofuel blending law be granted partial relief, two sources familiar with the matter said. The move could help bring those refining companies into compliance with a court ruling earlier this year that requires waivers granted since 2010 to take the form of an extension - the latest twist in a long-running battle between the refining and biofuel industries over the program. At present there are 58 pending requests from refiners for waivers covering the years*

2011 through 2018, according to government data. The sources said the DOE recommended to the U.S. Environmental Protection Agency, which has final say on the waivers, that "a number" of those requests be partially granted. The sources, who requested anonymity in order to speak candidly, could not immediately provide further details. Read more from [Reuters](#).

> Dakota Access Remains Open: The Dakota Access pipeline, or DAPL, will remain open following a federal appeals court ruling that a district court overstepped when it ordered the pipeline closed and emptied of oil by Wednesday. In a ruling that temporarily alleviates transportation concerns raised by agriculture groups, the U.S. Court of Appeals for the District of Columbia Circuit on Wednesday ordered the pipeline to remain open pending further court proceedings. "The district court did not make the findings necessary for injunctive relief," the appeals court said in its ruling. In addition, the appeals court denied a motion to stay the district court's order to vacate the Mineral Leasing Act easement authorizing the DAPL to cross the Missouri River at Lake Oahe. Read more [HERE](#).

> China Hog Futures Face Major Hurdles: China's long-awaited live hog futures contract is almost set for debut, offering a vital hedging tool for the world's largest pork industry, which has been roiled by an African swine fever outbreak that devastated herds and sent pork prices soaring. The country's first live-animal physical-delivery contract has been planned for a decade, and is expected to be popular with domestic traders on the Dalian Commodity Exchange (DCE). But complex delivery logistics, tight quality-control standards, a local lack of experience with futures contracts and a retail trading community that has wildly distorted other markets will be key challenges. Read more [HERE](#).

> Gulf "Dead Zone" Smaller than Usual: The annual Gulf of Mexico "dead zone" – a region of oxygen-depleted water off the Louisiana and Texas coasts that's harmful to sea life – will be the third-smallest on record this summer, federal scientists said in a report this week. This year's zone should be about 2,116 square miles, which is slightly smaller than the size of Delaware. The average Gulf dead zone is about 5,309 square miles. A dead zone occurs at the bottom of a body of water when there isn't enough oxygen in the water to support marine life. Also known as hypoxia, it's created by nutrient runoff, mostly from fertilizer runoff. This year's dead zone is smaller due to the passage of then-Tropical Storm Hanna in July, which brought high winds and waves that mixed oxygen into the water off Louisiana down to about 65 feet. Read more [HERE](#).

> Remote-Health Companies Merge: Coming into 2020, Teladoc and Livongo were worth a combined \$8.5 billion. Now they're joining forces in one of the biggest deals of the year. Teladoc, a provider of virtual doctor visits, announced on

Wednesday that it's acquiring digital health company Livongo, in a cash and stock deal that values Livongo at \$18.5 billion. According to Piper Sandler, the combination gives the companies a joint enterprise value of about \$37 billion. Telehealth has been one of the massive growth stories of the Covid-19 era, as patients -- particularly in older age groups -- avoid clinics and hospitals where they risk exposure to the coronavirus. Teladoc is among the leaders in the space and said last week that visits in the second quarter surged +203% from a year earlier. Livongo, a provider of coaching services that help people manage chronic conditions, falls in the category of remote health management, which is also seeing soaring demand during the pandemic. Read more from [CNBC](#).

> Why it Seems Markets Don't Care About the Economy: The stock market has been on a tear, yet the economy is in the dumps. So why do so many people believe -- undoubtedly incorrectly -- that the stock market has decoupled from reality? As Barry Ritholtz explains, the economy many people experience, while bleak, is local, personal and, for the most part, either not publicly traded or plays only a small part in the stock market's moves. A surprising conclusion when looking more closely at individual market sectors is that the most visible and economically vulnerable industries are also among the smallest, based on their market-capitalization weight in major indexes such as the S&P 500. Markets, it turns out, are not especially vulnerable to highly visible but relatively tiny industries. The 30 most economically damaged industry categories could be de-listed before tomorrow's market open, and it would hardly shave more than a few percentage points off the S&P 500. Overseas strength for multinational companies and the sheer force of market capitalization also help explain the seeming "disconnect." And as Ritholtz also reminds, the U.S. economy is not the stock market and vice versa. Read more [HERE](#).

> California Highway Paved with Plastic: A newly repaved stretch of highway in Oroville, California, looks like an ordinary road. But it's the first highway in the country to be paved in part with recycled plastic—the equivalent of roughly 150,000 plastic bottles per mile of the three-lane road. The change in materials makes the pavement stronger. It also resists potholes and cracking and can last two to three times longer than standard asphalt. The company's process begins with PET, the common form of plastic found in plastic bottles and other single-use packaging, and chemically recycles it back into its original form of polymer chains. That then becomes a binder engineered to hold recycled asphalt together. Learn more from [Fast Company](#).

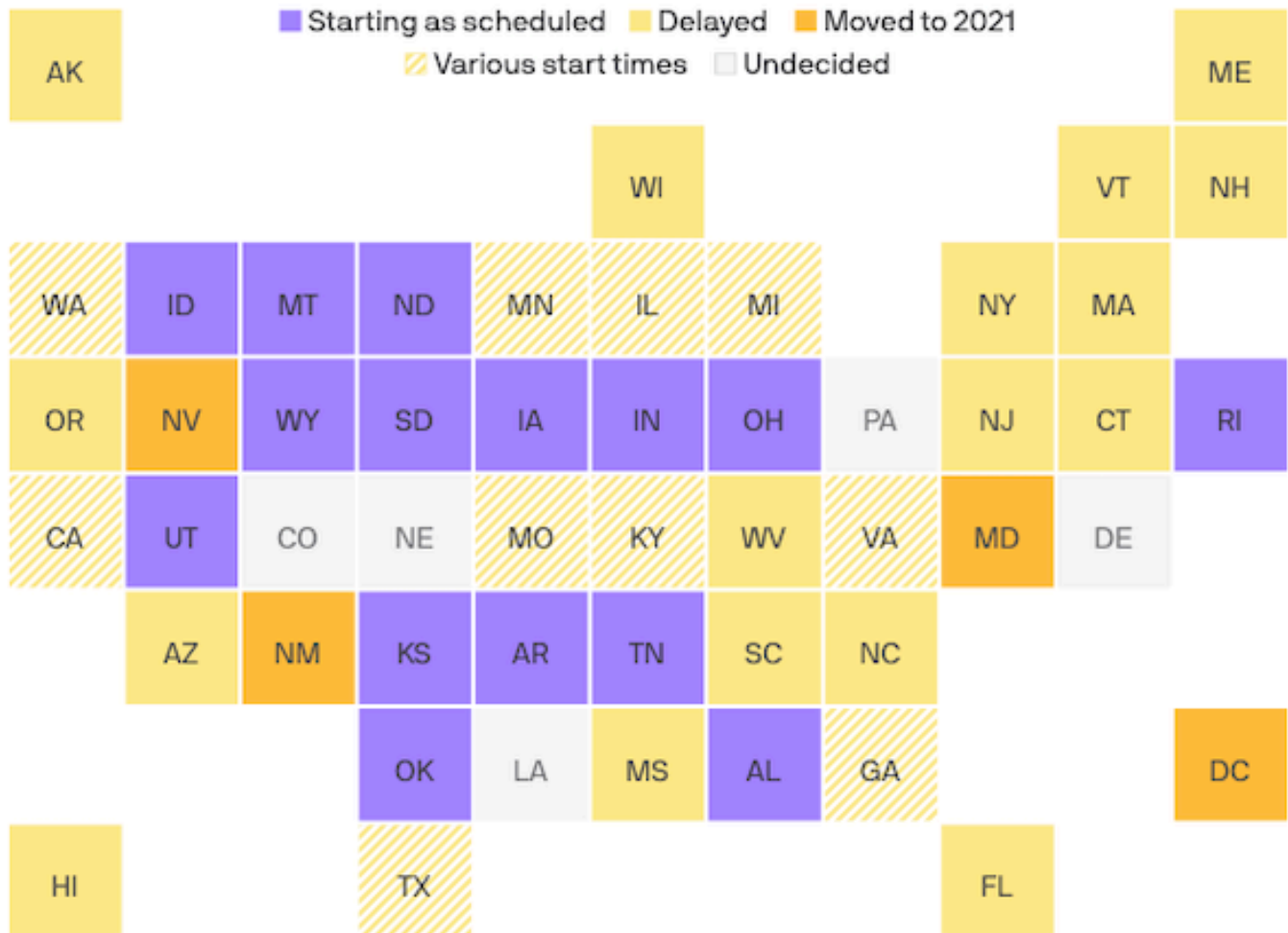
> Satellites Find new Colonies of Emperor Penguins: Satellite observations have found a raft of new Emperor penguin breeding sites in the Antarctic. The locations were identified from the way the birds' poo, or guano, had stained large

patches of sea-ice. The discovery lifts the global Emperor population by 5-10%, to perhaps as many as 278,500 breeding pairs. It's a welcome development given that this iconic species is likely to come under severe pressure this century as the White Continent warms. The British Antarctic Survey (BAS) used the EU's Sentinel-2 spacecraft to scour the edge of the continent for previously unrecognized Emperor activity. The new identifications take the number of known active breeding sites from 50 to 61. Two of the new locations are in the Antarctic Peninsula region, three are in the West of the continent and six in the East. Read more [HERE](#).

> High School Sports Hang in the Balance: *As local governments go to war over whether high schools can open, the fate of the fall sports season hangs in the balance. The National Federation of State High School Associations has offered a 16-page guide to help states resume athletics, but with so many organizations and school districts involved, there has been little uniformity. The majority of states have announced delays or postponements for some or all fall sports, while 15 are still planning to hold normal fall sports seasons. Whether seasons start as scheduled, get delayed or move to 2021, high school athletes will be impacted in myriad ways. Physical activity levels of high school athletes have declined 50% since May, according to a recent University of Wisconsin study. That same study suggests two-thirds of high school athletes are experiencing depression and anxiety due to canceled seasons. A reshuffled high school sports schedule could also negatively impact recruiting. Learn more from [Axios](#).*

Fall 2020 high school sports schedule

As of Aug. 4, 2020




Eastern Washington - We run mostly wheat and canola on our farms and are looking at a great wheat harvest coming up in a couple weeks. We are running a bit later than usual but no complaints even though we haven't seen a drop of rain in 45 days, which for those not from around here is quite normal. Now that harvest is around the corner, we just as soon not see any. Everyone up this way has great

looking wheat and can't wait to get at it. We run on mostly hill ground so our combines are set with an automatic leveler which has made a significant difference from the early days. We live in an interesting area regarding the weather as we receive 18" on average of rain each year, but go less than 100 miles to the west and they only receive 2-3". Fortunately, they have water to draw from in which to irrigate. We also do mostly sharecropping in this area and acres are generally around \$2K to purchase.

Northeast North Dakota - *We have had 16 inches of rain in the last 2 months so we are not hurting for moisture at all. What I find interesting about the rain is we still have tons of grasshoppers in the grass. I'm sure most guys know that grasshoppers tend to show up when the conditions are dry, not wet like us. The edible beans are being sprayed for white mold right now and I would estimate most if not all our low lying fields have at least 20% drown out, some areas even worse. In this area, edibles can make a year so it's too bad to see that many acres gone. I know one guy that swathed the wheat down and will pick it up in the next 3-4 days but outside of that no one is harvesting yet. I have also heard some rumbling of northern corn spot disease so hopefully, that doesn't get too bad as it's already too late to spray for it.*

East Central Michigan - *I farm just north of Grand Rapids. I was out checking an organic corn field brace roots today and thought this was interesting and awesome. We hill our corn and I stuck my hand in the ground near the row and was surprised how mellow it was. Found an earthworm and lots of fine roots. For those that don't understand what hilling corn means, it's just a different way to say cultivate.*



neuro mining

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

TODAY'S RIDDLE: Can you name three consecutive days without using the words Monday, Tuesday, Wednesday, Thursday, Friday, Saturday, or Sunday?



What's Happening with Natural Gas?

Natural Gas prices fell to a 31-year low back in June. Now prices have surged breaking out of a narrow trading range with traders pointing to the largest single-day increase in more than 18-months. From my perspective, all of a sudden we have a hotter forecast for the back end of summer and at the same time an increase in liquefied natural gas export demand. If the demand grows ahead of winter buying interest, the bulls think we could start to quickly eat into what was deemed a huge stockpile but perhaps catch the industry offside with many natural gas producers on the sideline.

Just this past week, Range Resources agreed to sell its North Louisiana natural gas assets for just one-tenth of what it paid for it in 2016. This is just another sign that the low commodity prices and high debt levels have taken a toll on many in the industry.

Williams, which owns one of the largest gas pipeline systems in the U.S., is saying they are seeing increasing demand, including big flows of natural gas to Mexico. From what I understand, the government officials in Mexico are trying to bring in natural gas to replace more expensive power generation in their markets. That might also end up being the theme in other parts of the world as cost savings become more important.

BofA analysts, including Peter Helles, are saying European and Asian demand for U.S. liquefied natural gas (LNG), is recovering and will be ramping up in 2021. The talk is LNG demand could really ramp up starting in September and rise strongly into the winter as Europe and Asia free up storage capacity. Driven by plummeting oil prices and the shutdown of local economies from the coronavirus pandemic, Latin America's rig count fell to the lowest levels since 1982. There were only three natural gas-directed wells operating in Latin America in May, compared to 13 in March, and 24 a year ago. Venezuela, which has the largest oil reserves on earth,

ran two rigs in May, compared to 25 in March. Argentina, after reporting zero active rigs in April, also ran two rigs in May. Keep in mind, here at home, at the end of July, U.S. energy companies were operating just 251 oil and gas rigs nationally, the same as last week and a record low for the industry, according to Baker Hughes, a Houston oil-field services company that has been tracking the rig count since the 1940s. There are 180 oil rigs, 69 gas rigs, and two maintenance rigs. Last year at this time we had about 162 natural gas rigs up and running in the U.S. and about 190 the summer before that. Furthering how bad it has gotten, Wyoming announced that they shut down the state's last operating gas rig this week in Sweetwater County, dropping the state's total rig count to zero. This marks only the second time the state's rig count has reached zero since 1884, at the time, Wyoming was still a territory!

Think about it like this, oil production peaked in November 2019 at 12.86 million barrels per day, production has now plunged by over -22%. Natural gas is part of the mix of hydrocarbons produced from shale wells. In some producing regions, hydrocarbon liquids, such as crude oil, are dominant but with some associated natural gas. Others, such as the Marcellus Shale (Pennsylvania, West Virginia, eastern Ohio, western New York), produce large amounts of natural gas and fewer liquids. In areas where insufficient infrastructure exists to process and take away natural gas, it is flared (burned off). So when oil production booms, natural gas production booms too; and when oil production gets cut, natural gas production gets cut too – but not in lockstep. Production of natural gas peaked in November 2019 at 116.6 billion cubic feet per day and has since then dropped, including a massive -5.3% drop from April to May. In terms of cubic feet, the 5.9 million cf/d drop in May was the second-largest drop ever. The kicker is the US has become a net exporter of natural gas. This export demand now makes it tough to just shut things off.

Bottom line, bulls are thinking the natural gas balance sheet could tighten quicker than many are anticipating as demand ramps up all while U.S. gas production remains flat as the industry struggles with increased debt and overall business uncertainty. In other words, CEO's that know their energy business is in trouble will find it difficult to make any big bets on expansion, growth, or bringing the company back to full-capacity and full-employment. Especially if the business leader deems the rally will be mostly a short-term blip on the radar screen, only to see prices fall back under pressure again by mid-2021. Remember, as we've all learned so often, higher-prices often cure higher prices. Meaning if prices rally high enough it won't make much sense for global governments to make big shifts to Natural Gas. There's also the coming headwinds being stirred by the "green hydrogen" activist that may also create some longer-term uncertainty.

As a user of fertilizer and as a speculator in the market, I feel like prices could continue to push higher into the winter months as the bulls might have enough of a demand story to catch the market flat-footed. I like the thought of buying in small doses on any big pullback. Producers or businesses that might have large exposure to rising Natural Gas prices need to be doing their homework and looking for ways

to protect against a sizable nearby rally. My only concern is how long the rally can last? Will it fizzle out just as quickly as it started or will it run into mid-2021? Lots of unknowns in this environment with so many energy businesses caught overextended into a global pandemic. Wow, what a curve-ball... Below is a 24-Month Natural Gas chart.



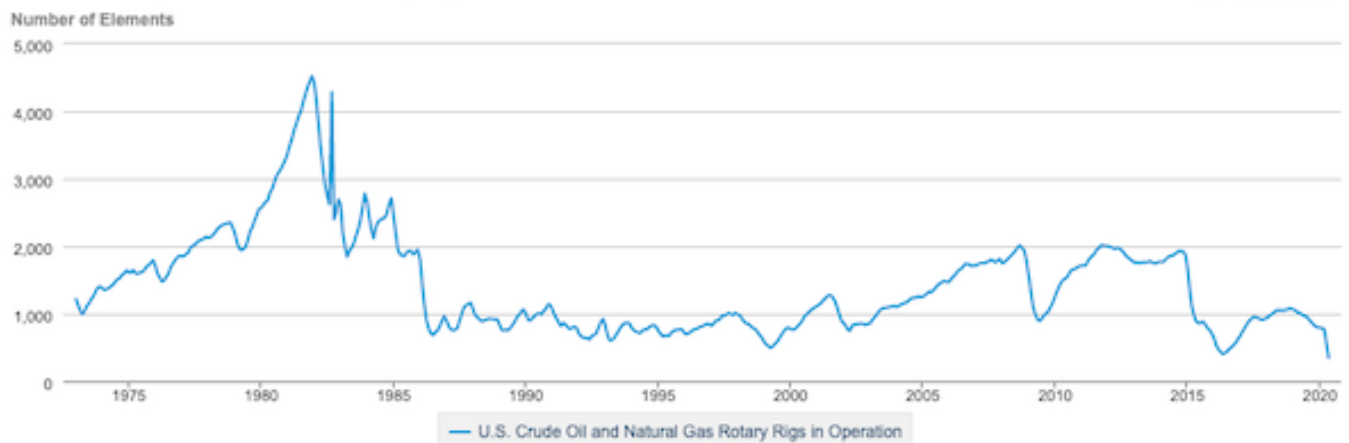
US Oil and Gas Rig Counts

Market Realist[®]

Source: Baker Hughes

U.S. Crude Oil and Natural Gas Rotary Rigs in Operation

DOWNLOAD



Source: U.S. Energy Information Administration

Rig Count Overview & Summary Count

Area	Last Count	Count	Change from Prior Count	Date of Prior Count	Change from Last Year	Date of Last Year's Count
U.S.	31 July 2020	251	0	24 July 2020	-691	2 Aug 2019
Canada	31 July 2020	45	+3	24 July 2020	-92	2 Aug 2019
International	June 2020	781	-24	May 2020	-357	June 2019

75 Years Ago U.S. Drops "The Bomb"... Plus a Crazy Story!

On this day in history in 1945, an American b-29 bomber, the Enola Gay, dropped the world's first atom bomb over the city of Hiroshima, Japan. Approximately 80,000 people are killed as a direct result of the blast, and another 35,000 are injured. At least another 60,000 would be dead by the end of the year from the effects of the fallout. The war in Europe had concluded when Nazi Germany signed its surrender on May 8, 1945, but the Japanese refused to accept the Allies' demands for unconditional surrender. As the war entered its sixth and final year, the Allies had begun to prepare for what was anticipated to be a very costly invasion of the Japanese mainland - expected casualty rates were estimated as high as 4 million Allies, and 5 to 10 million Japanese. President Harry Truman believed the best way to finally end the most destructive war the planet had ever seen, while also sparing millions of American lives, was to drop the bomb. Below are some interesting facts about the development of that weapon and the history of the Manhattan Project:

- **More Than 120,000 People Worked On The Manhattan Project:** *More than 120,000 people were ultimately involved in the bomb's development, including some of the greatest scientific minds that ever lived. At the time, it was the largest collective scientific effort ever undertaken. Research and production took place at more than 30 sites across the United States, the United Kingdom and Canada and ended up costing nearly \$2 billion (\$26 billion in 2015 dollars).*
- **Development of Substitute Materials:** *That was the original name of the project, but officials were afraid it was too suggestive of what they were actually working on. Colonel James Ce. Marshall oversaw the Army's part of the project and established headquarters near the Corps of Engineer's North Atlantic Division, which the Corps commonly referred to as the Manhattan District. Military officials decided to adopt The Manhattan Project, thinking it would draw less attention.*

- **Four Bombs Were Developed:** *Scientists worked on four atomic bombs - Thin Man, The Gadget, Little Boy and Fat Man. Little Boy was dropped on Hiroshima on August 6 and Fat Man was deployed three days later over Nagasaki. The Gadget was detonated in the New Mexico desert during the Trinity Test on July 16, becoming the first ever man-made nuclear explosion. Thin Man's design proved unreliable and was scrapped before it came to fruition.*
- **Opinions About What Would Happen:** *The nuclear material that scientists decided to go with, plutonium, didn't even exist four years before the Trinity Test. Obviously, there were varied opinions as to what might happen – some even believed it would fail to explode altogether. One scientist, the brilliant physicist Enrico Fermi, went to the other extreme and believed that it would set fire to the Earth's atmosphere and create huge fires around the world.*
- **Little Boy's Design Was Never Tested:** *While the Trinity Test proved The Gadget and same-design Fat Man worked, Little Boy was actually the same type of weapon as Thin Man - the bomb that got shelved. Scientists used uranium in Little Boy rather than plutonium though, which they were sure would make it more stable.*
- **Little Boy 's Parts Were Shipped Before Trinity:** *Titian Island was the launching point for both atomic bombs. Hours before the Trinity Test was even conducted, the military began transporting Little Boy's parts to the island for final assembly.*
- **DuPont's Involvement:** *Chemical giant DuPont joined the Manhattan Project, becoming the primary contractor for plutonium-related work. The company was initially hesitant to come on board though because of accusations that it had profiteered during World War I. Because of that public image sensitivity, its contract called for a total payment of only one dollar over actual costs. In addition, DuPont vowed to stay out of the bomb business after the war and offered all patents to the United States government.*
- **Technology At The Time:** *The atomic bomb was developed before the invention of transistor radios, microwave ovens, credit cards, or even Tupperware.*
- **The Pilots' Backup Plan:** *About 12 cyanide pills were kept in the cockpit of the Enola Gay (the plane carrying Little Boy), and pilots were instructed to take them if the mission was compromised during the bombing of Hiroshima. Only 3 of the 12 people on board the plane actually knew the real purpose of their mission.*
- **What Survived:** *After the atomic bombing of Hiroshima, hundreds of people made their way towards Nagasaki, which as we know was also bombed on August 9. Of these, an amazing 165 survived both the bombings and lived to tell the tale. One of the only other living things left in Hiroshima were six Gingko Biloba trees, the worlds oldest living plant. Amazingly enough, the trees budded shortly after the blast without major deformations and are still alive to this day.*

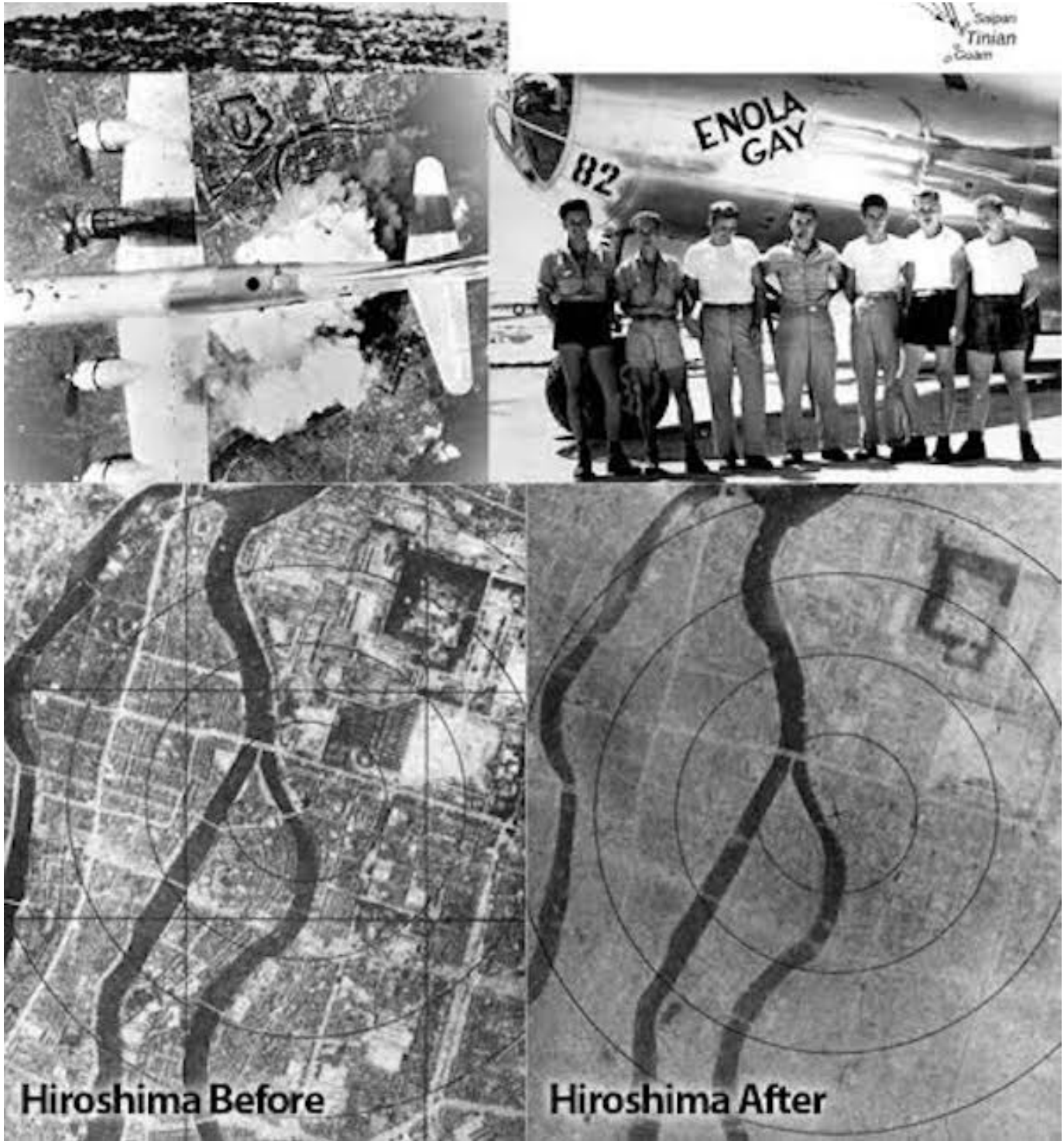
The Crazy Story... Lucky or Unlucky?

You think your luck might be bad... chew on this! A young Japanese marine engineer named Tsutomu Yamaguchi was recognized as a survivor of both the Hiroshima and Nagasaki atomic bombings during World War II. You read that right, this guy was hit by both atomic bombs! He is the only person to have been officially recognized by the government of Japan as surviving both explosions, there are some 70 people who claim to have been hit by both.

Yamaguchi lived and worked in Nagasaki, but in the summer of 1945, he was in

Hiroshima for a three-month-long business trip. On August 6 he was preparing to leave the city with two colleagues, Akira Iwanaga and Kuniyoshi Sato, and was on his way to the train station when he realized he had forgotten his hanko (a type of identification stamp common in Japan) and returned to his workplace to get it. At 8:15 am, he was walking towards the docks when the American B-29 bomber Enola Gay dropped the Little Boy atomic bomb near the center of the city, less than two miles away. Yamaguchi recalls seeing the bomber and two small parachutes before there was "a great flash in the sky, and I was blown over". The explosion ruptured his eardrums, blinded him temporarily, and left him with serious radiation burns over the left side of the top half of his body. After recovering, he crawled to a shelter, and, having rested, he set out to find his colleagues. They had also survived and together they spent the night in an air-raid shelter before returning to Nagasaki the following day. In Nagasaki, he received treatment for his wounds and, despite being heavily bandaged, he reported for work on August 9. Then at 11 am on August 9, Yamaguchi was describing the blast in Hiroshima to his supervisor when the American bomber Bockscar dropped the Fat Man atomic bomb over the city. His workplace again put him less than two miles from ground zero, but this time he was unhurt by the explosion. However, he was unable to replace his now ruined bandages and he suffered from a high fever and continuous vomiting and infection for a few weeks. Amazingly he survived both blasts and actually lived to the age of 93. So the next time you are feeling sorry for yourself or feeling a bit unlucky think about Yamaguchi...





1976... How One Basketball Owner Made a Huge Fortune!

I loved playing with the red, white, and blue basketball from the ABA back when I was a kid. I thought it was awesome. I can remember Dr. J dunking that ball and George "The Iceman" Gervin draining those three-pointers like it was yesterday. Remember, it was the ABA that was using the three-pointer and had most of the early high-flying above-the-rim theatrics being the first to promote a "dunk contest" in its All-Star Game.

It was during early-August 1976 that the National Basketball Association (NBA) merged with its rival, the American Basketball Association (ABA), and would take the ABA's four most successful franchises: the Denver Nuggets, the Indiana Pacers, the New York (later Brooklyn) Nets, and the San Antonio Spurs.

According to the terms of the deal, the three teams not absorbed into the NBA would be paid a separately negotiated lump sum. One of the three teams, the Virginia Squires, went bankrupt before the merger, but the other two were rewarded with substantial payouts. The owner of the Kentucky Colonels, John Y. Brown Jr., received a payout of around \$3.3 million dollars, which was a huge chunk of change back in the day.

The Silna brothers, who were the owners of the Spirits of St. Louis, negotiated what many believe to be the best deal in sports history:

In 1973 the brothers struck a deal to purchase the ABA's struggling Carolina Cougars for \$1 million. Almost immediately, the brothers decided to move the team to St. Louis where they hoped to reach a larger contingent of basketball fans. They then poured \$3 million of their own money into the newly named "Spirits of St. Louis" signing hot young players and upgrading the team's facilities. They also hired a young announcer fresh out of Syracuse broadcasting school by the name of Bob Costas to do the team's play-by-play commentary.

As you can imagine, in 1976, when the NBA announced that the four most viable ABA teams would become full-fledged NBA franchises, the Silna brothers were massively concerned and worried about their investment.

The Kentucky Colonels' owner (who was the president and largest shareholder of Kentucky Fried Chicken) accepted a \$3.3 million buyout offer and then went on to successfully run for Governor. Having just poured their hearts and souls into their beloved Spirits, the Silna brothers were much more reluctant to accept a quick buyout and disappear from basketball forever.

They eventually agreed to accept a \$2.2 million lump sum in exchange for their former players who were successfully drafted into the NBA. But that wasn't quite enough to make them satisfied.

NBA executives offered them what seemed like a very meaningless and inconsequential concession, basically a small percentage of "Visual Media" (television) revenues to make them go away. The crazy part is the NBA would agree to the offer in "perpetuity." Meaning, forever, or as long as the NBA exists as a viable entity. Specifically, the contract reads "The right to receive such revenues shall continue for as long as the NBA or its successors continues in its existence." Their attorney who negotiated the deal would get a 10% cut of the Silna's royalties.

Between 1976 and 1978, the Silnas did not earn a dime from the NBA and the league looked like the

genius in the deal. In 1979 however, the Silna's received their first royalty check in the amount of \$200,000. For the 1980-81 season, the Silnas earned \$521,749. Then, between 1980 and 1995, the NBA's popularity exploded thanks to players like Kareem Abdul-Jabbar, Larry Bird, Magic Johnson and later Michael Jordan, Charles Barkley and Shaquille O'Neal. And with that explosion in popularity came several very large television contracts. During the 2010-2011 season, the Silna's earned a royalty of \$17.45 million. For 2011-12, they earned \$18.5 million. For 2012-2013, the Silna brother's share of TV revenues was just over \$19 million.

In total, since that original 1976 agreement was stuck, Ozzie and Daniel Silna have earned more than +\$300 million in NBA television royalties. And if that's not crazy enough, the NBA finally agreed to buy them out in 2015 for another lump sum thought to be just over +\$500 million!

Best of all... back in 1982 the NBA offered to buy the brothers out of their contract for \$5 million paid over 5 years. The Silna's rejected that offer and countered with \$8 million over 8 years. The NBA declined...OUCH!

Bottom line, you just never know how things are going to play out. In this particular story, the winning-hand seemed to change ownership several times.



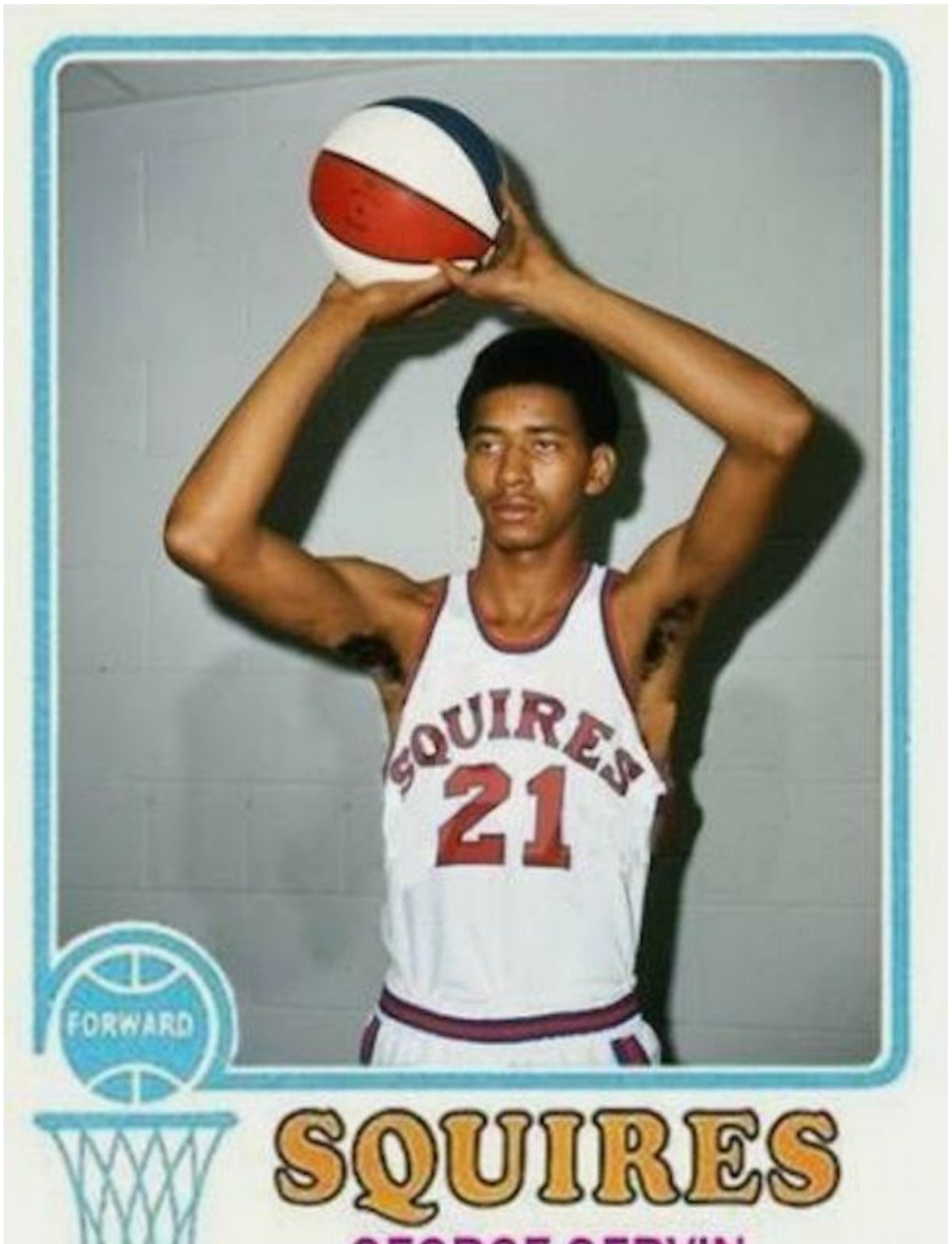
Sports Illustrated

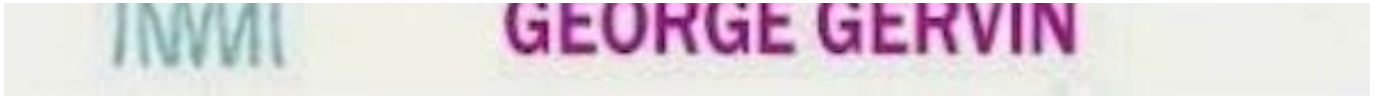
OCTOBER 25, 1976 ONE DOLLAR

PRO BASKETBALL THE MERGER SEASON

Dave and the Doctor
in One Big League







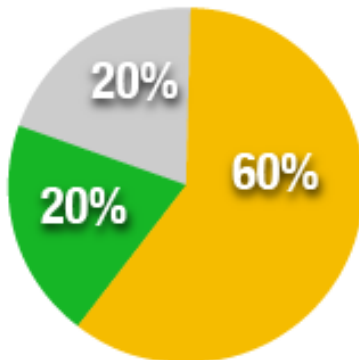
ANSWER to riddle: Yesterday, today, and tomorrow.

CASH SALES & HEDGING TOTALS

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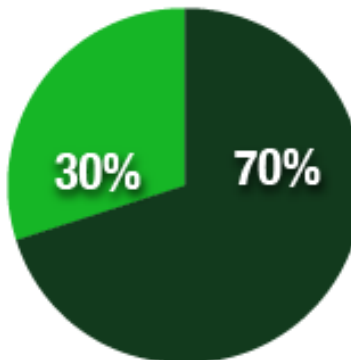
Corn 2019 Crop

60% SOLD
20% HEDGED
20% UNPROTECTED



Soybean 2019 Crop

70% SOLD
30% HEDGED
0% UNPROTECTED



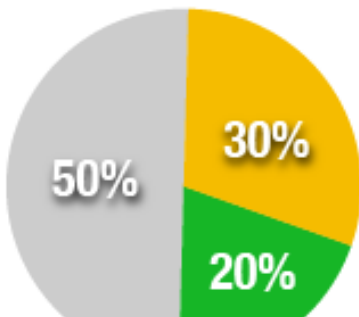
Wheat 2019 Crop

100% SOLD
0% HEDGED
0% UNPROTECTED



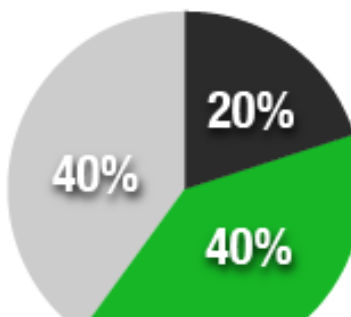
Corn 2020 Crop

30% SOLD
20% HEDGED
50% UNPROTECTED



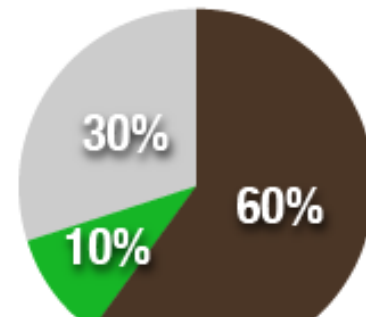
Soybean 2020 Crop

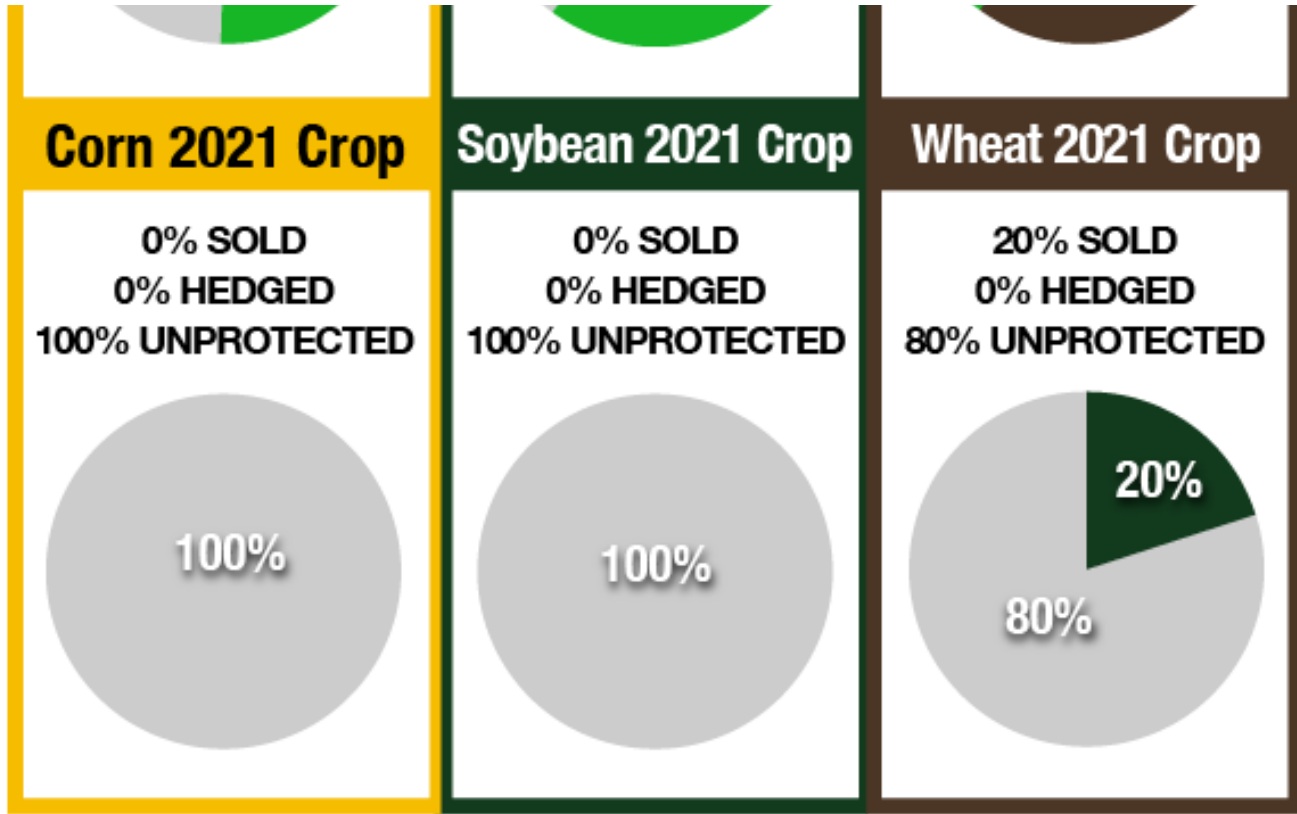
20% SOLD
40% HEDGED
40% UNPROTECTED



Wheat 2020 Crop

60% SOLD
10% HEDGED
30% UNPROTECTED





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