

The AGRI-FOOD VALUE VIEW

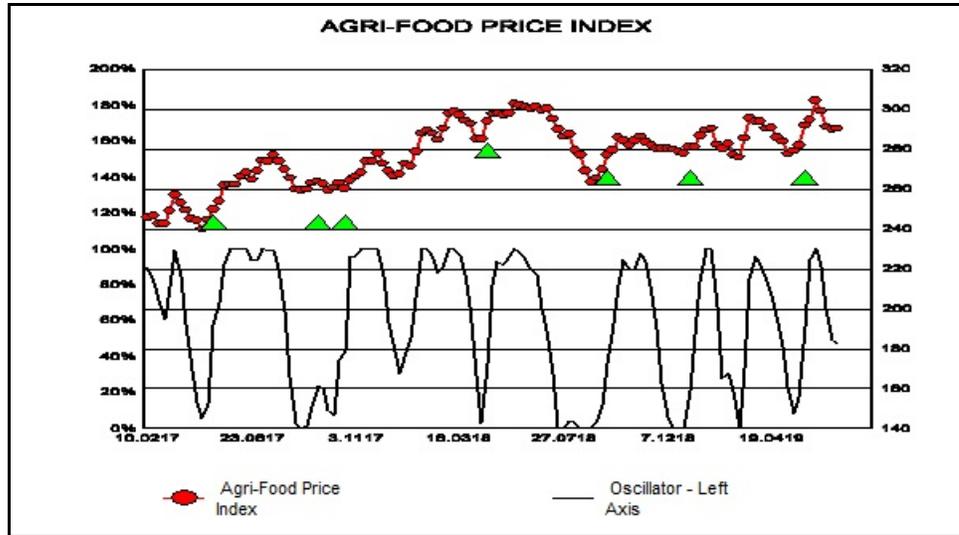
“Wealth Creation Through Global Agri-Food Investments”

INTERIM COMMENTS

14 July 2019

WEATHER just will not go away. With about all the planting done that is going to get done, Midwestern U.S. now worries about the weather until that grain is harvested. Forecasts are not good. In general, July is to be hot and Winter is expected to be somewhat early. Frost stops plants from fully completing their tasks. So, harvest potential may be lowered by that cold.

Down South at New Orleans weather is also not looking good. First big storm of 2019 hurricane season is expected to send lots of water up the Mississippi where it will meet too much water coming south. Gulf port will again be closed to grain shipping.



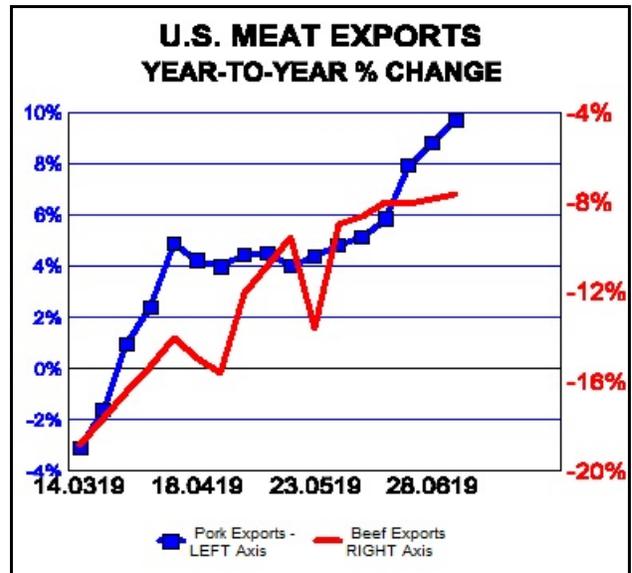
AGRI-FOOD PRICE INDEX

Last Value	4 Week Change	200-Day Mov/Ave.	52-Week High	52-Week Low	52-Week % Change
291.19	- 4.0%	278.37	304.22 - 4%	263.61 +11%	- 1%

Chart to right portrays trends for U.S. meat exports. Blue line is year-to-year percentage change for pork that U.S. has exported, using left axis. Red line is for year-to-year percentage change for beef exports, using right axis.

Trend for both lines is positive as export volume for both continues to rise.

U.S. pork exports in latest week of data were up 9.7% from a year ago. Apparently that higher volume has not been able to offset normal U.S. seasonal weakness. Export sales have been moderating. Chinese purchases have weakened, but actual shipments have been 100 thousand more tons than last year. Their import



channels may be somewhat “full”, at least for the moment.

Weather in U.S. is not only problem. India’s monsoon season is beginning weak. Rainfall in July determines size of that nation’s harvest. 32% of India’s economy is related to either producing crops or processing them.

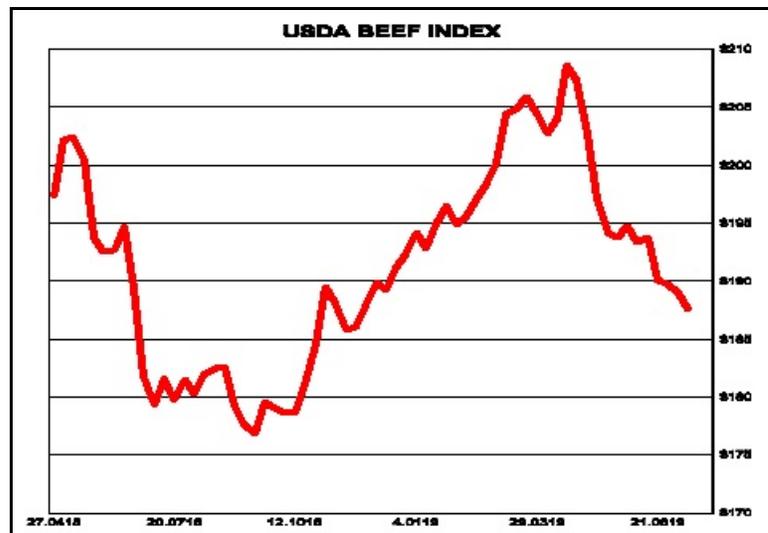
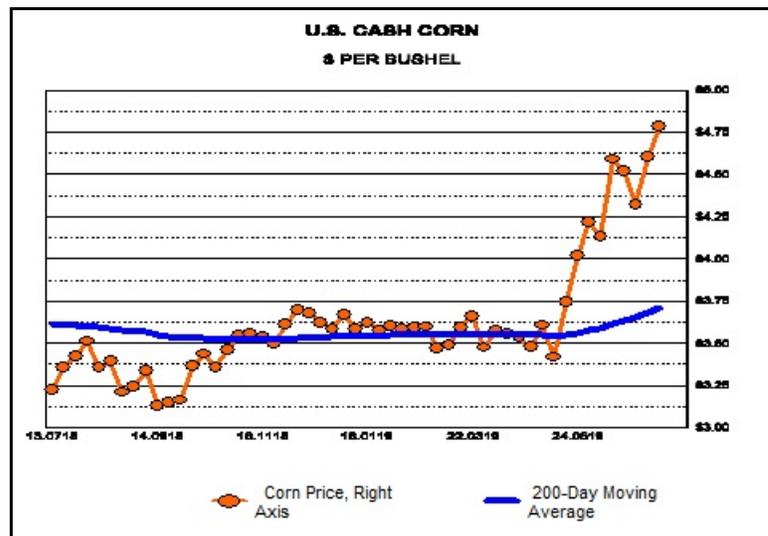
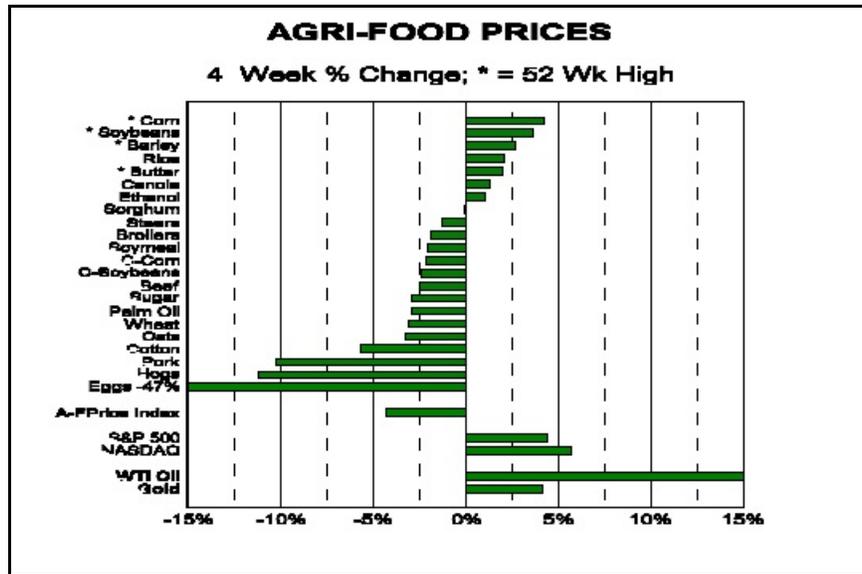
USDA WASDE, released last week, will be known for what it did not do. After report on planted acres, credibility of USDA is not high. WASDE was simply ignored by many, and cash market responded by essentially ignoring report. Both corn and soybean moved to 52-week highs. Wheat also higher. Even barley moved up to a 52-week high.

Top chart is of percentage price change over past four weeks for each of the Agri-Commodities. “C-“ indicates Chinese price. With exception of corn, soybeans, and related items, picture not that exciting. Corn and soybeans hit 52-week highs while US cash butter continues at a high.

Pork and hogs continue near bottom as seasonal U.S. weakness still stronger than export demand. Export sales, while weakening some, are up 99% from a year ago. Cotton and sugar traders seem to have “given up”.

US cash corn in middle chart. Buyers seem somewhat stronger than traders. We had to widen the price axis to accommodate Friday’s move higher. That is usually a good sign.

While U.S. beef exports are still down from a year ago, export sales are 29% better than last year. Hong Kong imports of U.S. beef are down 17 thousand tons from a year ago, but purchases, not yet shipped, are up 50 thousand tons. Korean



numbers are not as big, but sales do now seem to be advancing.

About this time last year is when US beef prices plunged to their lows. Will that happen again and will low be higher than last year? How that plays out might suggest a better tone to beef prices, and possibly less seasonality, due to exports.

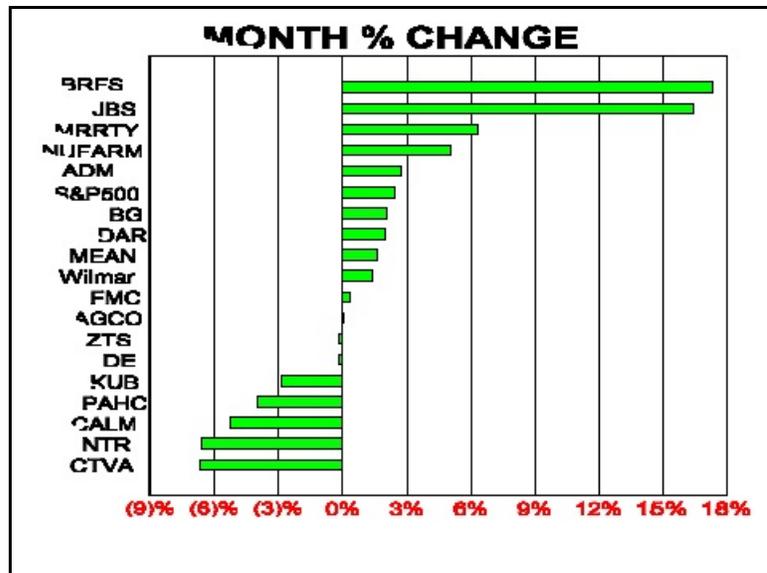
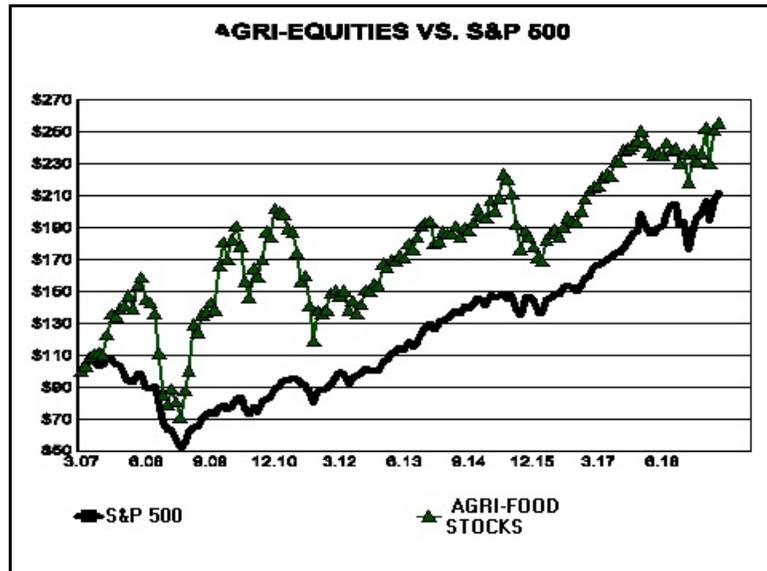
Federal Reserve, after deep consideration and sacrificing a chicken under a full moon, seems to be moving toward cutting U.S. interest rates on 31 July. We do not know if they will wear their royal robes while chanting sacred phrases. This interest rate cut will miraculously end U.S./China trade war, reverse the consequences of U.S. Spring floods, and repair the damage from first U.S. hurricane of season. *Or, it could just create another speculative bubble that will ultimately burst with great pain.* Given track record of Federal Reserve, we go with the latter.

29% of Agri-Equities have performed better than the market thus far this month. That low percentage is not unusual after an exceptionally strong June and for first month in a new calendar quarter.

For the month to date:

- Tier Two: + 5.0%
- NASDAQ: + 3.0%
- S&P 500: + 2.4%
- Agri-Equities: + 1.7%
- Tier One: - 0.7%

NEW HIGH!



Bottom chart is of percentage price change thus far in the month for each of the Agri-Equities.

Last month all rose, so this month has been far less exciting thus far.

Animal Proteins were again hot with both BRFS and JBSAY making 52-week highs.

MRRTY moved up nicely. Market may have discovered that it had not yet moved. No news on possible merger with BRFS.

ADM was up modestly. Company is in process of doing an asset swap with Cargill of grain handling facilities in Midwestern U.S.

BG and British Petroleum(BP) are in talks to merge their ethanol/sugar operations in Brazil into one company. Hope is that by operating those activities as one will improve efficiency and profits. This action is another indication new management at BG is making an effort to improve results.

CTVA and NTR are both suffering from slow and low planting season in U.S.

Eat well and prosper,

NED

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Publication schedule: Next monthly: 4 August Next Interim Comment: 24 July

AGRI-EQUITIES VALUATIONS (Prices = 12 June 1600 EDT)

<i>Tier I</i>	<i>Tier I</i>	<i>Tier I</i>	<i>Tier I</i>	<i>Tier II</i>	<i>Tier II</i>	<i>Tier II</i>	<i>Tier II</i>
New 52-Wk High	Company	Price	Value / Potential %	New 52-Wk High	Company	Price	Value / Potential %
	BG	\$56.9	\$77.0 / +38%		CTVA	\$27.6	\$43.1 / +46%
HI	¹ WILMAR	² \$2.77	\$ 3.5 / +27%	HI	BRFS	\$8.92	\$11.8 / +55%
	ADM	\$41.9	\$50.1 / +23%		MRRTY	\$1.77	\$2.1 / +23%
	CALM	\$29.5	\$47.8 / +15%		PAHC	\$30.5	\$36.2 / +14%
	NTR	\$49.9	\$61.1 / +14%				
					NUFARM ³	AU\$4.31	AU\$6.1 / +49%
	KUBTY	\$81.0	\$87.4 / + 5%				
HI	AGCO	\$77.6	\$71.4 / - 8%	HI	FMC	\$83.3	\$ 83.1 / + 0%
	DE	\$165.4	\$148.7 / -10%				
	DAR	\$20.3	\$15.7 / -21%	HI	JBSAY	\$12.8	\$8.5 / -23%
	ZTS	\$113.3	\$64.8 / -43%				
TIER	ONE	Mean	+11%				
TIER	ONE	Median	+14%				

¹Wilmar Intl. primary market is Singapore. WLMY is U.S. ADR symbol, representing 1:10

² US\$ equivalent of Singapore price.

³ Primary market Australia, price in Australian dollars.

PRIORITY CODING NOTES

Core refers to those stocks that should be the core holdings for Agri-Food exposure. This group will tend to be larger and more multinational companies. That said, some may not be if their businesses have special long-term advantages. ***These stocks are labeled C.*** Second group we call ***Extend, and are labeled E*** in the tables. They are intended to *extend* the reach of the portfolio beyond the core. This group includes those stocks with the best exposure to the Agri-Food trends being created by China and India. They will be smaller stocks, and have higher business risk. We do expect the long-term results on these to be better than average. We also expect their business risk and stock price volatility to be significantly higher than average stock. ***Final*** group of stocks are those that round out the portfolio. Their businesses help to complete the circle. While likely to benefit from global Agri-Food trends, their activities may be more tangential. ***These stocks are labeled F.***

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We email our humble effort, *The Agri-Food Value View*, to subscribers on about 4th of the month.

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Questions or comments? Email us at: ned@agrifoodvalueview.com
