

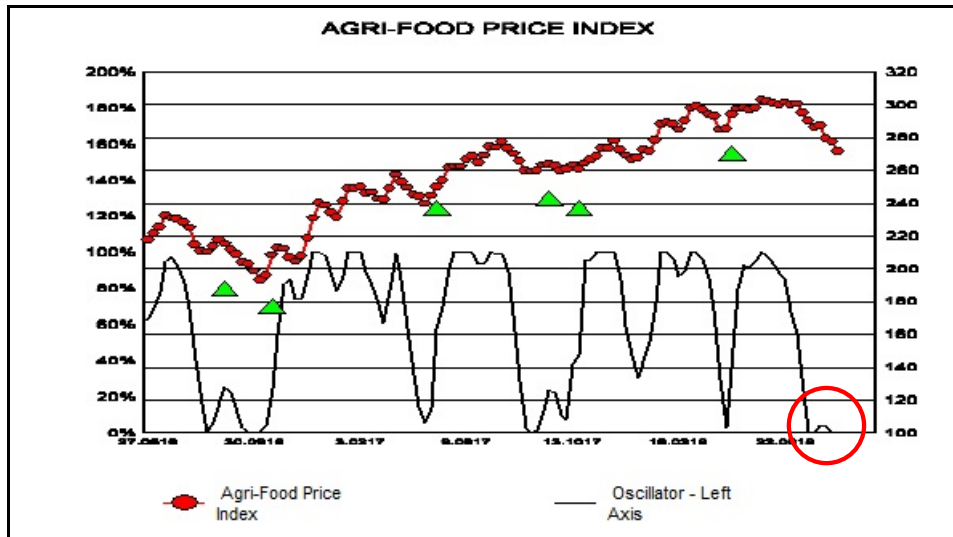
The AGRI-FOOD VALUE VIEW

“Wealth Creation Through Global Agri-Food Investments”

INTERIM COMMENTS

24 August 2018

Are courts a bigger threat to crops than weeds? A California state court has awarded \$289 million to a plaintiff claiming glyphosate, in the form of Roundup, caused him to develop cancer. Regardless of whether or not this verdict stands, anyone selling glyphosate has got to be having some lengthy conversations with their attorneys. *Could some stop selling glyphosate in U.S.? Yes!* In Brazil, a court ruled(3 August) that beginning in September no product containing glyphosate could be sold until health authority issues an opinion on safety of it. Per Reuters(16 August), 95% of Brazilian soy, corn, and cotton have glyphosate used on them with no alternative available. *While this weed killer has been losing effectiveness, “immediate” cessation of use WOULD have a negative impact on future crops, and especially in Brazil where no approved alternative exists.*



AGRI-FOOD PRICE INDEX

Last Value	4 Week Change	200-Day Moving Ave.	52-Week High	52-Week Low	52-Week % Change
271.71	- 4.1%	276.79	302.61 -10%	259.62 + 5%	+ 5%

WORLD End of Crop Year Days of Consumption in Bins Estimates(USDA WASDE)

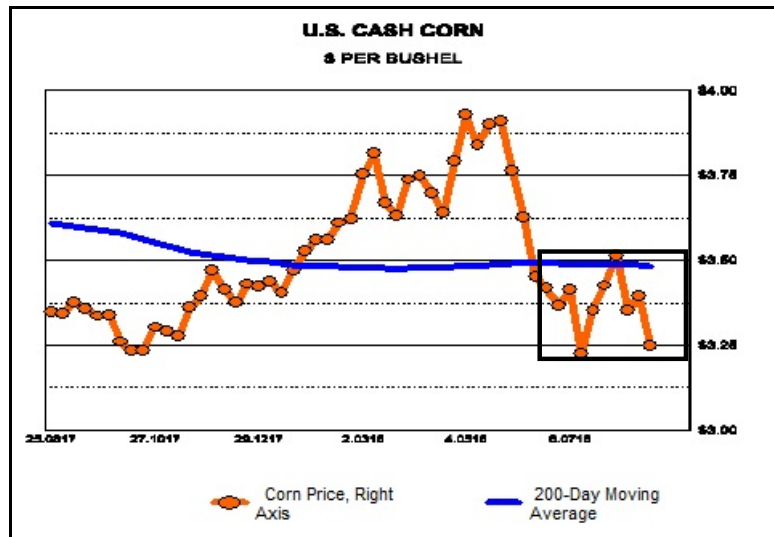
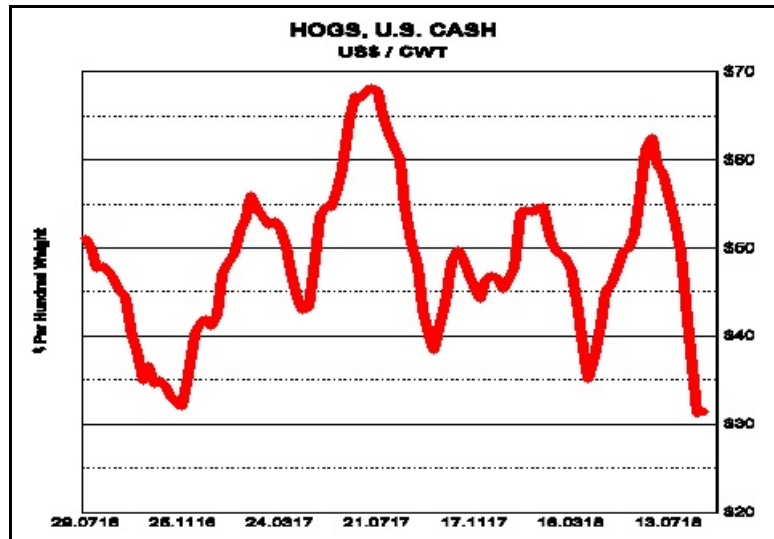
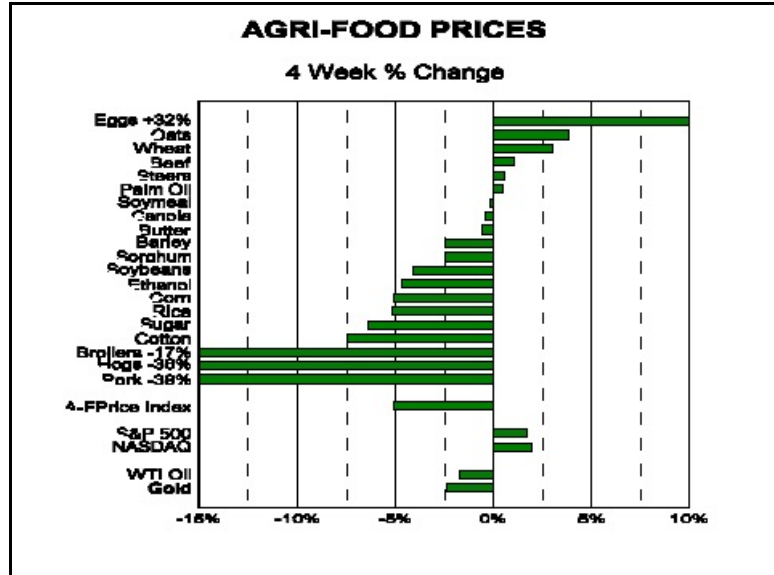
U.S. Crop (End Crop Year)	2019 End Crop Year Days	2019 Days % Change	2019 Begin Inventory % Change	2019 Crop Size % Change	2019 Consumption % Change
Soybeans (Aug)	101 -2	- 2%	- 1%	+ 9%	+ 5%
Corn (Aug) ex China	52 -14 42 - 8	-22% -17%	-15% -10%	+ 3% + 2%	+ 3% + 3%
Wheat (May) ex China	127 - 7 72 -13	- 5% -16%	+ 6% + 0%	- 4% - 4%	+ 0% - 1%

Bottom table on previous page summarizes global supply situation for three major grains as reported in latest WASDE. The tight global corn situation outside of China continues to suggest that price of U.S. corn is too low. Dry conditions around the world continue to point to lower global wheat production, second column from right in bottom row. That situation has been supporting the price of wheat.

Previously we noted that China had discovered an outbreak of African swine flue, a deadly disease for hogs with no vaccine available. A second infestation has been found in large hog slaughter house operated by WH Group. Chinese government ordered slaughter house to be shut down. If a second infestation exists, a third one is probably somewhere. Reason for that outlook is that the disease does not seem to have been found in “early stages” of contagion. We say that as disease has “jumped” from a production facility to a slaughter house some distance away.

Top chart is percentage price change over past 4 weeks for each of the Agri-Commodities. Oats are near top, and those prices may be starting to give some encouragement, but that view might be a reach. US HRW cash wheat also continues near the top, but a lot of price strength has been weather related, a global situation that may be near an end.

Hog, the input, and pork, the intermediate output, prices continue at bottom of chart. Middle chart is of US cash hog prices, and picture is not pretty. All the previous lows have been taken out by seasonal pressure and Chinese tariffs on pork. That said, this past week was first up tick in about two months.

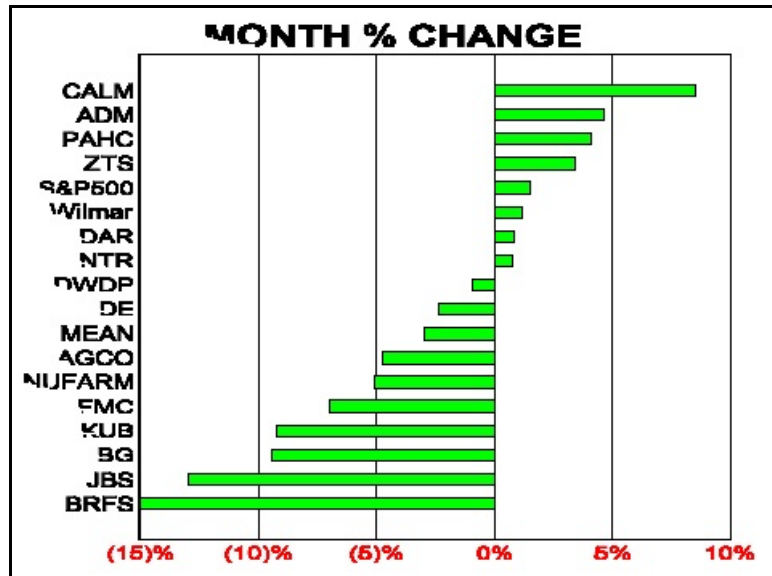
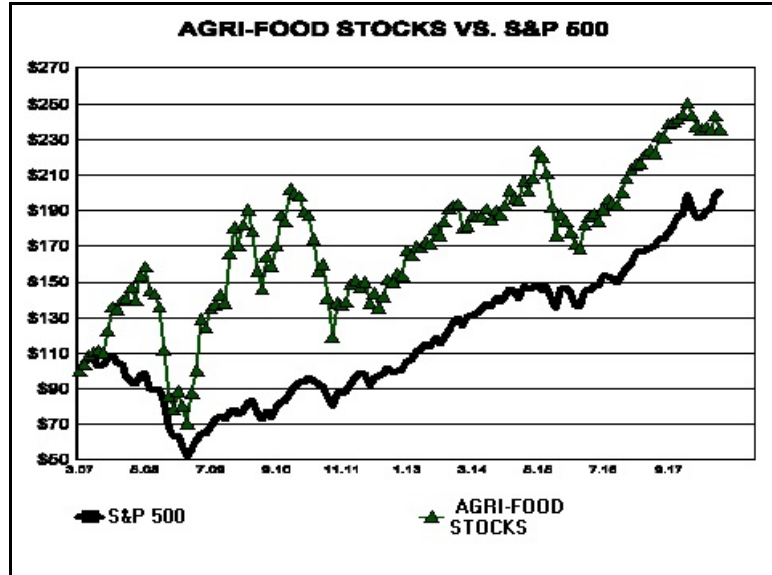


Closely associated with hogs, is corn, bottom chart previous page. Recent price moved back to near the low which gives US cash corn a trading range of \$3.25 to \$3.50. While not good for farmers, it takes such a formation to begin the process of moving higher. Chinese yuan price of corn is 1878 per ton, a 52-week high, or roughly \$7 a bushel.

While several factors contributed to price decline of corn, supply numbers we have been showing on page one suggest corn price should be higher.

We did pick up a bad number last visit. Chinese price of soybeans is roughly equal to \$14.4 per bushel.

U.S. stock market remains below the 26 January high, meaning investors in that market have generally lost money for seven months. Now to be honest, the S&P 500 did make a new high on 21 August that was 0.36 index points higher than that of January, but again the market is down from that high. NASDAQ Composite made its high on 25 July, a month ago. Agri-Equities continued to be hit by the general weakness of equity markets PLUS the negative impact of Chinese tariffs.



25% of Agri-Equities have performed better than the market thus far this month, slightly below that of our last visit. Two stocks made new 52-week highs this month, PAHC and ADM.

For the month to date:

- NASDAQ: + 2.9%
- S&P 500: + 1.5%
- Tier One: - 0.7%
- Agri-Equities: - 3.0%
- Tier Two: - 7.0%

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

CALM is largest U.S. shell egg supplier so it has little or no exposure to Chinese tariffs.

ADM seems to remain a favorite in the group.

BG keeps getting cheaper, but probably not yet time for interest.

Stocks near the bottom are international stocks which are now hated, farm machinery stocks, and seed & crop protection stocks such as Nufarm and FMC. Chinese tariffs are dragging all down.

AGCO got cheaper, but not time yet in our view.

Chinese stock market remains down 24% from 52-week high.

Eat well and prosper,

NED

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Publication schedule: Next monthly: 4 September Next Interim Comment: 14 September

AGRI-EQUITIES VALUATIONS (Prices = 23 August 1230 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 %
	¹ WILMAR	² \$2.32	\$ 3.6 / + 54%		JBSAY	\$4.48	\$9.5 / +111%
	BG	\$62.6	\$79.7 / +27%		BRFS	\$4.87	\$14.1 / +190%
	AGCO	\$60.0	\$67.5 / +12%				
HI	ADM	\$50.5	\$48.3 / - 4%		FMC	\$83.6	³ \$91.0 / + 9%
	NTR	\$54.6	\$54.5 / - 0%				
	CALM	\$49.8	\$44.2 / -11%				
	KUBTY	\$76.3	\$66.9 / -12%	HI	PAHC	\$49.9	\$35.7 / -28%
	DE	\$141.3	\$111.9 / -21%				
	DAR	\$20.3	\$15.8 / -22%				
	ZTS	\$89.4	\$54.1 / -39%				
TIER	ONE	Mean	- 3%				
TIER	ONE	Median	- 8%				

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

² US\$ equivalent of Singapore price.

³ Based only on Agricultural business.

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.**

THE AGRI-FOOD VALUE VIEW

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

OUR SUBSCRIPTION LINKS can be found at: www.agrifoodvalueview.com

This written effort is simply an attempt to report on matters relating to agricultural-based wealth.

Wise people should not believe everything we write.

We do not recommend the investment in securities or concepts discussed in this publication.

Investing should only be done after research and study.

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