

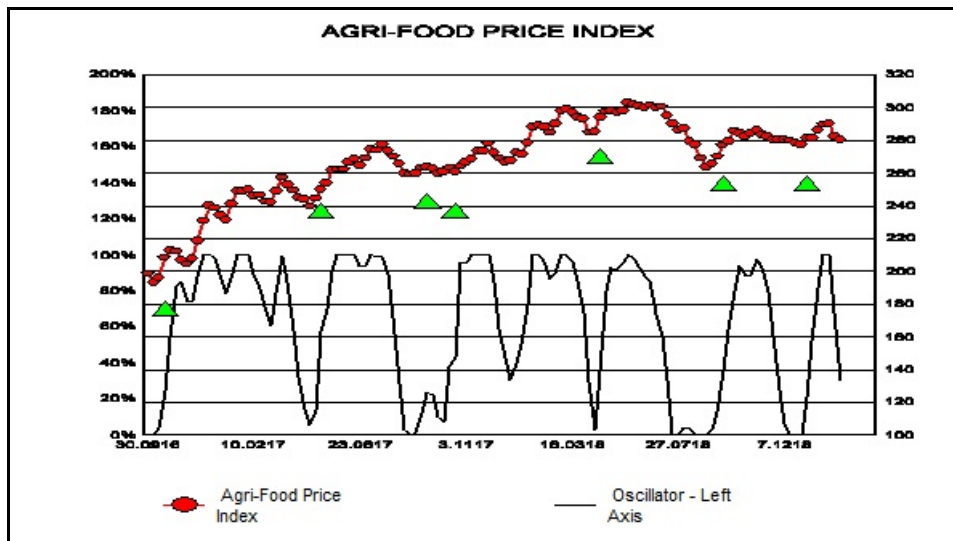
The AGRI-FOOD VALUE VIEW

“Wealth Creation Through Global Agri-Food Investments”

INTERIM COMMENTS

17 February 2019

USDA reports are again coming out. February WASDE was a nothing burger, and that will likely be true for March. At end of March U.S. Prospective Planting report will be released. That report is first estimate of how many acres of grains U.S. farmers expect to plant. That report then makes the April WASDE of much interest. Export reports, which are closely watched, are only through 3 January. Next week’s export report, Friday, is expected to be current, including missing data to date. That could make it a bigger than normal report.



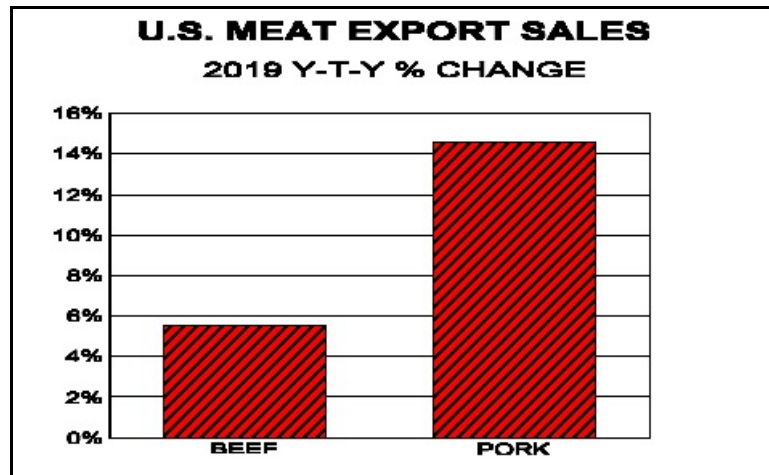
AGRI-FOOD PRICE INDEX

Last Value	4 Week Change	200-Day Moving Ave.	52-Week High	52-Week Low	52-Week % Change
280.11	- 2.3%	277.23	302.61 - 7%	263.61 + 6%	- 2%

U.S. MEAT EXPORTS

Bars in chart to right are for existing U.S. meat export sales for 2019. Report from USDA is for 3rd of January so we should consider these numbers as being subject to change.

Clearly, pork export sales, bar on right, as of this report are exceptionally strong. Australia is showing largest gain. Wonder about that. Destined for Australian tables or to be reexported to China? Also curious is large number for



Chinese purchases. More than double previous year.

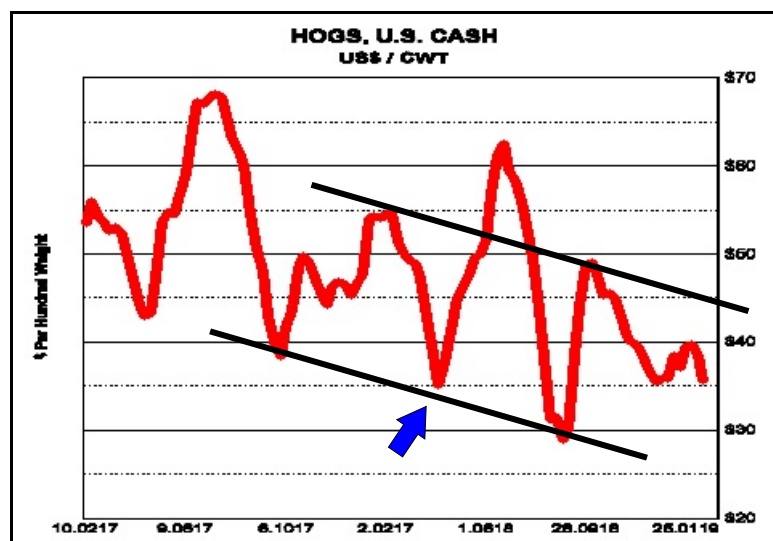
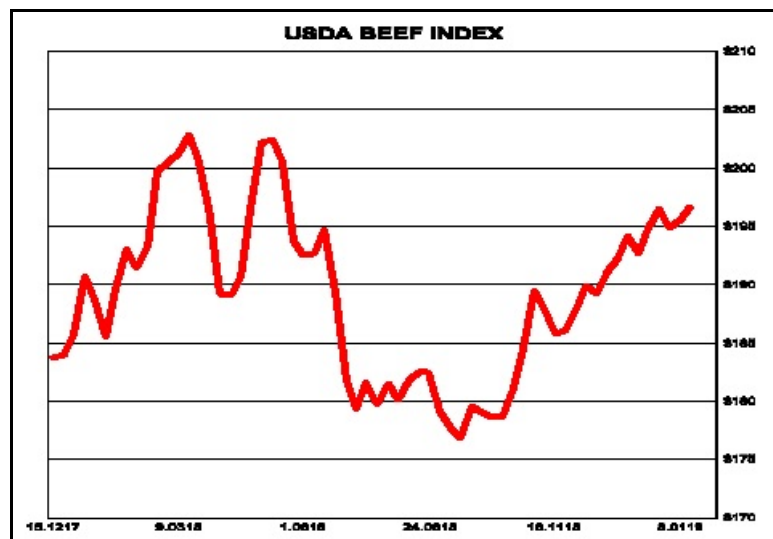
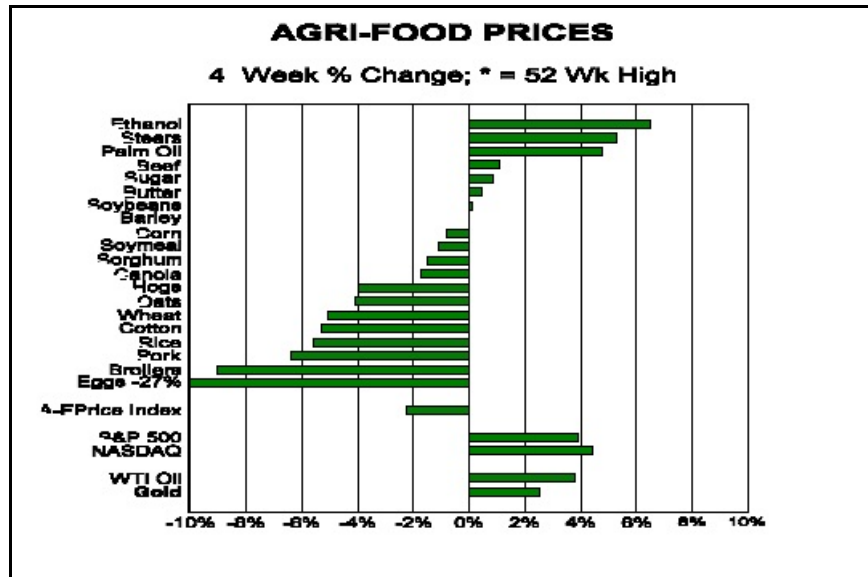
Beef exports, while not as strong as pork, are good for that meat. Perhaps reason U.S. beef prices so strong. Purchases, in tons, by Hong Kong are up 65%. China's tariffs on U.S. agricultural product imports may not apply to imports by Hong Kong.

Top chart is percentage price change over past four weeks for each of the Agri-Commodities. No meaningful USDA reports, seasonal issues, and still some Winter in Northern Hemisphere caused markets to tend toward weakness in past month. Palm oil near top of chart. Starting to see comments on current and future role of India's demand in commodity markets. Beef and feeder steers also strong.

US cash HRW wheat in Kansas, near bottom in chart, went below six dollars on our measure. That action is probably confirmation that wheat price run is done.

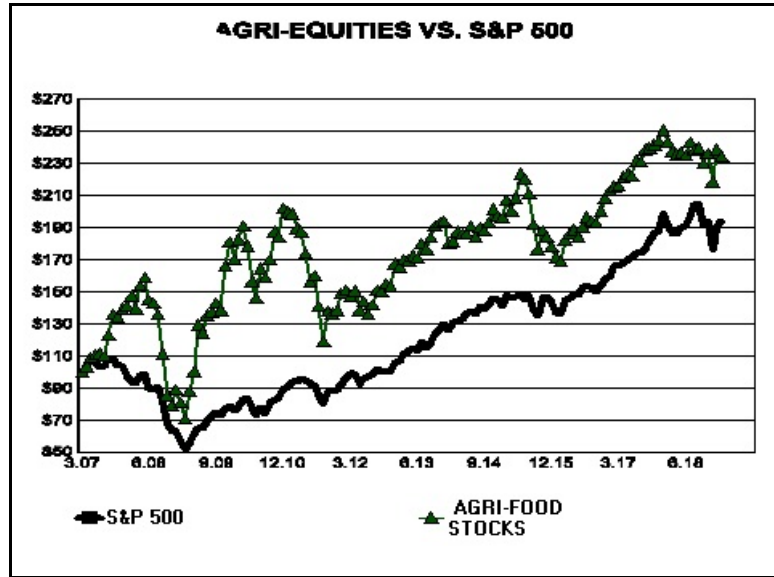
Middle chart is of US beef index for boxed and hanging beef. Strong prices are readily observable in that chart. Good U.S. economy and strong export sales seem to be boosting prices. Starting to see this strength spill over into prices for feeder steers. Remember, to produce beef one must feed grains to feeder steers. Steaks are not made in a factory.

Strong export sales for pork should start impacting U.S. pork and hog prices, bottom chart. Chinese press reporting that Chinese government suppressing, with a heavy hand, news on African Swine Flue. Hog prices turned down last week which should be move to seasonal low.



Watching that price relative to last year's comparable low, highlighted by blue arrow. Continued talk on damage done to Chinese pork production by ASF. Some, forecasting on few facts, that Chinese soybean demand could fall 20% from peak due to reduction in hog production as a consequence of ASF.

On Friday, financial markets declared the U.S./China trade spat essentially over. Chinese press expressed same optimism as that in the U.S. But, no indication that a real peace plan is imminent. Media essentially declared that U.S. will not impose higher tariffs on Chinese goods on first of March. Some might be rushing to a celebration.



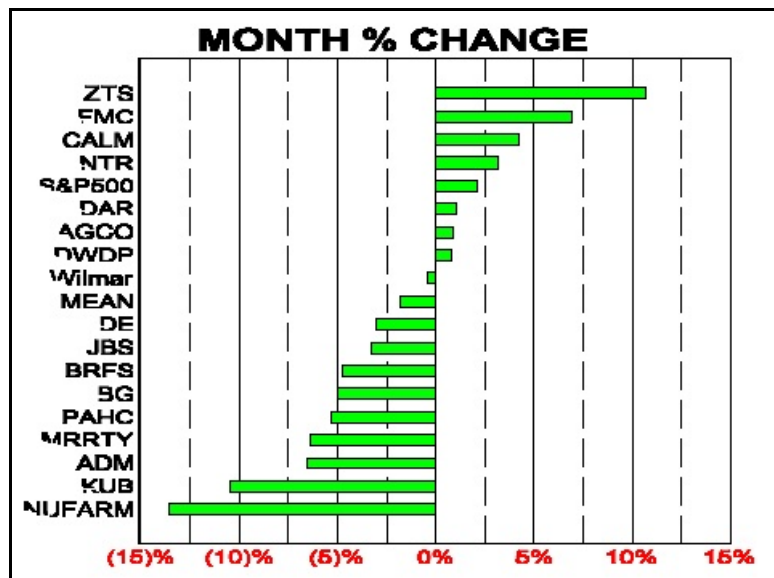
Two levels of issues in trade discussions. Intellectual property rights and technology transfers would be level one. These issues are extremely difficult to resolve, and might require structural changes to Chinese system that they are unwilling to accept. Near everything else, including agriculture, falls in second level. Agreement on those might be easier to accomplish. We continue to believe some relief will be given on agriculture tariffs this year, but timing is not known.

Euphoria has dominated equity markets since new year started. NASDAQ Composite is up 12.6% since beginning of year. U.S. equity market up for eight weeks straight. Most of the action was in techno fantasies as they are deemed to be both immune to trade issues and beneficiaries of a trade resolution. No one is claiming equity markets are dominated by rational individuals in modern times. **But, on Friday a shift started to develop.** With acceptance of belief that trade peace is at hand, "other" equities started to rise. Techno fantasy stocks under performed badly on Friday as "other" came into play.

24% of Agri-Equities have performed better than the market thus far this month. That low level usually occurs when performance is about to begin improving. For the month to date:

- NASDAQ: + 2.6%
- S&P 500: + 2.1%
- Tier One: - 0.5%
- Agri-Equities: - 1.8%
- Tier Two: - 3.7%

Chart to right is of percentage price change thus far in the month for each of the Agri-Equities.



ZTS reported earnings that satisfied, and stock is a clear favorite for some reason.

FMC will distribute stock in lithium subsidiary on 1 March.

DE reported earnings, and that report disappointed. DE's acknowledgment that replacement demand will drive equipment sales was sort of "cold water" on some investors. That may dampen demand for stock considerably.

Pessimism on China/U.S. trade spat dominated most of the month. That caused selling in Brazilian-based companies with U.S. operations. Also, have been stories on family of Brazilian president and perhaps questionable financial dealings.

Corteva Agrisciences, DWDP's agricultural business, expected to be separated and begin trading as an independent company on first of June.

BG continues to look "cheap", but not sure how higher value is to be achieved.

ADM and NTR are of interest.

BRFS, and MRRTY are also of interest.

Eat well and prosper,

NED

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

AGRI-EQUITIES VALUATIONS (Prices = 15 February 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 %
	¹ WILMAR	² \$2.43	\$ 3.6 / + 48%		BRFS	\$6.19	\$13.3 / +115%
	BG	\$52.3	\$77.4 / +48%		NUFARM ³	A\$5.55	A\$7.3/ +31%
	KUBTY	\$71.0	\$86.8 / +22%		PAHC	\$30.4	\$38.9 / +28%
	ADM	\$42.0	\$49.7 / +18%		MRRTY	\$1.55	\$1.96 / +27%
	NTR	\$53.4	\$59.2 / +11%		DWDP	\$54.2	\$68.1 / +26%
					FMC	\$85.4	⁴ \$103.3 / +21%
	CALM	\$44.0	\$48.3 / +10%		JBSAY	\$8.00	\$8.9 / + 12%
	AGCO	\$64.8	\$70.8 / + 9%				
	DE	\$159.0	\$128.0 / -19%				
	DAR	\$21.5	\$15.7 / -27%				
	ZTS	\$95.4	\$58.8 / -38%				
TIER	ONE	Mean	+15%				
TIER	ONE	Median	+10%				

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.**

THE AGRIFOOD 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
