

# The AGRI-FOOD VALUE VIEW

“Wealth Creation Through Global Agri-Food Investments”

Volume 2017, Issue 6 / #124

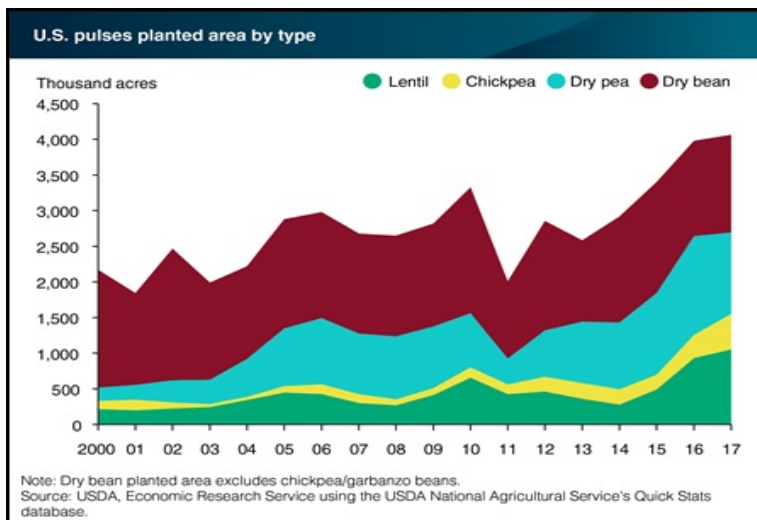
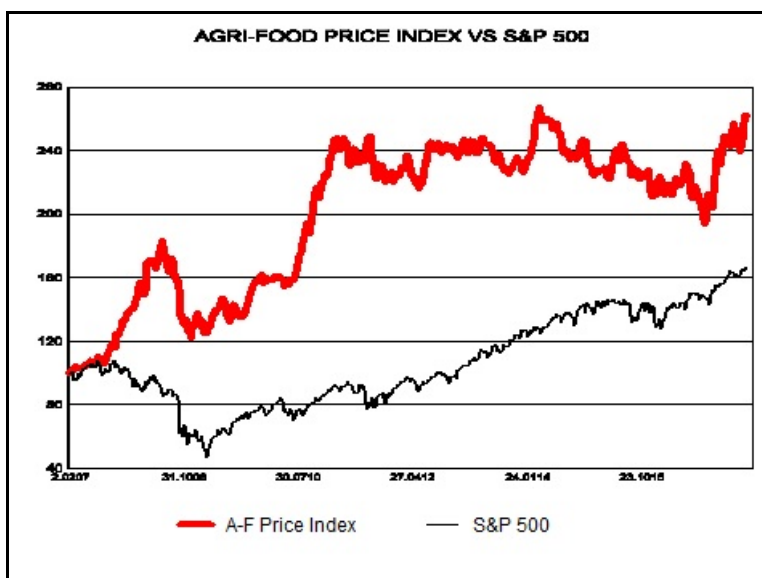
June 2017

## PULSES, INDIAN BEEF, BULLISH CORN

*Ten years ago India was not a topic of a lot of interest.* This month we find ourselves again talking about India twice, on pulses and beef. And when we look at corn we have some optimism to offer up.

Pulses are basically dry beans, lentils, and peas. Few of us ever thought about them being grown in North America. U.S. and Canada have become major growers, exporting to India and other nations from the Middle East to India. Bottom graph is of U.S. acreage planted in pulses. While expansion has been irregular, roughly 1.5 million acres have been added in last fifteen years. Canada is a major source of pulses. Roughly 65% of world's lentils are grown in that nation. Acreage dedicated to these crops is probably approaching 10 million acres. Apparently Canada is an ideal place to grow them, and then send them to India, et al

India is becoming a major customer for world's food system. Second, world will grow what customers want. Farmers are looking to produce alternative crops in search for profits. The “corn vs. soybean” farmer, while essential, may increasingly become “outdated”.



## THE AGRI-FOOD VALUE VIEW

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We email these thoughts to subscribers about 4<sup>th</sup> of the month.

OUR SUBSCRIPTION LINK IS AT: [www.agrifoodvalueview.com](http://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. All performance numbers are for hypothetical paper portfolios, and do not represent actual transactions or performance. No performance numbers, real or imaginary, say anything about what might happen in the future.

**The Agri-Food Value View Philosophy:** The consumption of food and agricultural products is a function of the size of the population and the per capita disposal income. These two factors determine Global Agri-Food revenues. Economic expansion in the Asia-Pacific region combined with the demands for renewable energy sources will greatly increase the growth of Global Agri-Food revenues. Investors that position themselves in front of this growth dynamic are likely to benefit from it. The Agri-Food Trinity, prices of food and agricultural products, the economics of companies involved, and the value of agricultural land, should enhance investor wealth.

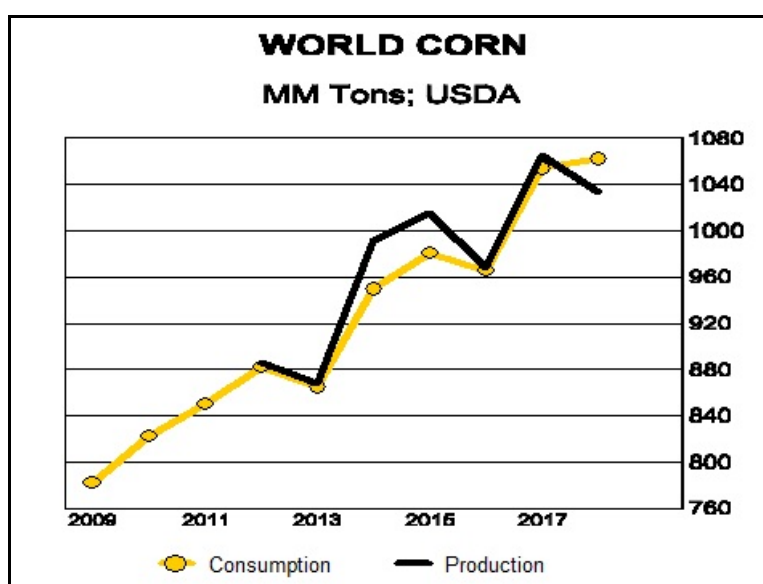
**India Beef(Water Buffalo)**

Carcass Production Rank	#5
% World Production	7%
Export Rank	#1
% World Exports	19%
Calf Production Rank	#1
Calves Produced	68 million

**INDIA & BEEF:** As the table above shows, India is largest exporter of beef. To date India has differentiated between cows and water buffalos. Roughly 80% of India is Hindu which prohibits the consumption of beef. For that reason, cows have long been protected by Indian law. Water buffalos have not been protected, and are source of beef for export. Slaughter of water buffalos is largely conducted by Muslim owned business. Government of India is controlled by a Hindu nationalist party intent on solidifying its base.

A new legal requirement is that in any cattle trade involving an intermediary transaction must be certified that cattle being sold will not be slaughtered. This rule would apply to water buffalos. Essentially what this rule does is make trading of cattle impractical. Intent of rule is to end slaughter of water buffalos, a Muslim activity, in India. While beef exports may not go to zero, essentially little if any beef will be exported by India. Most of exports were to nations in southern Asia. **Beef producers in other nations should benefit from this development.**

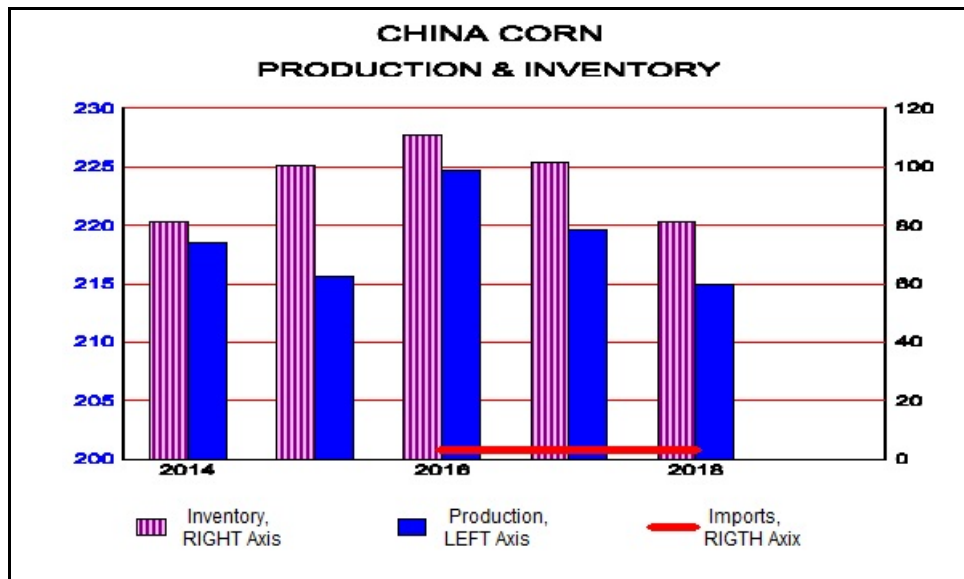
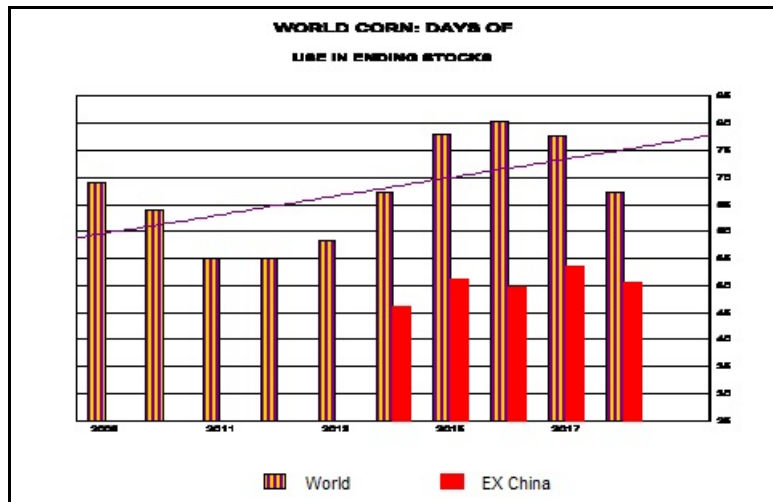
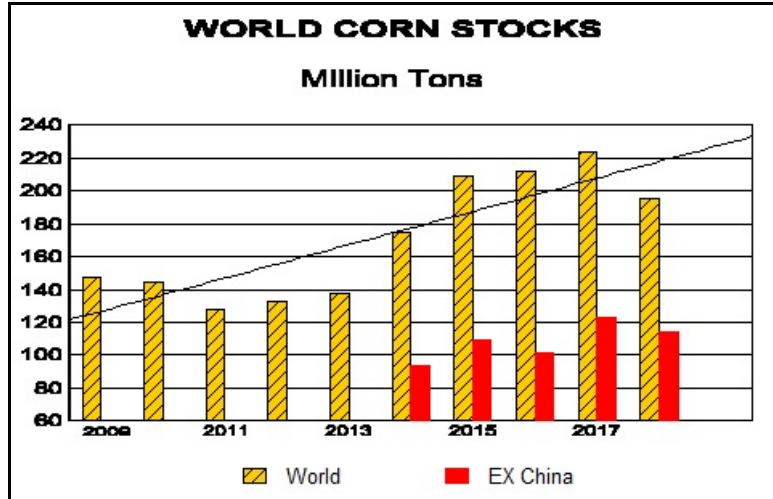
**CORN:** Latest WASDE was first look at the coming corn crop year, which begins 1 September. As you will see on the next page, the picture for corn is a lot

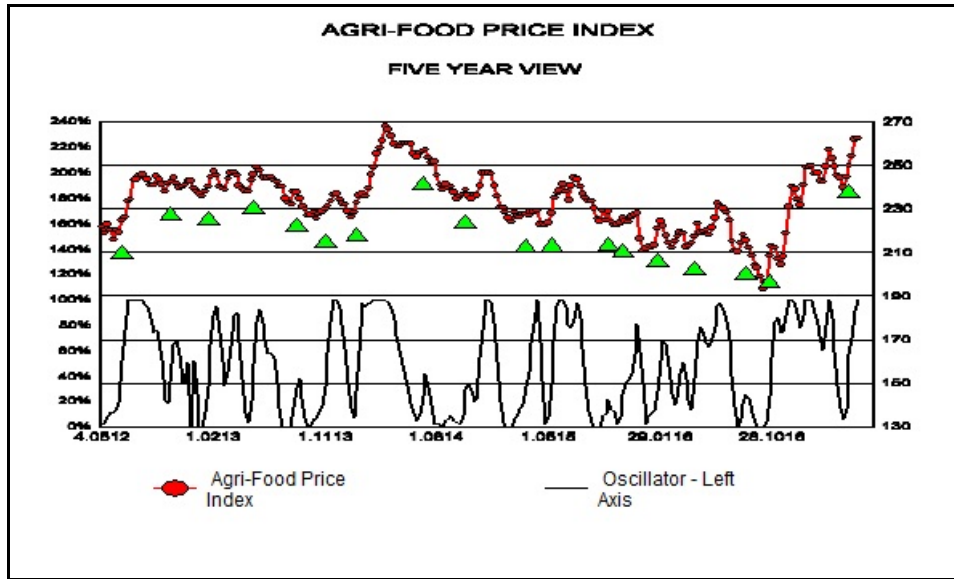


brighter than suggested by many commentators, though we are noting increasing optimism. As shown in graph bottom of previous page, production in current crop year, ending 31 August, was a global record. Same is true for consumption. Another year of record consumption is expected despite global production being lower in 2018.

Top charts portrays gross world corn reserves with reserves outside of China in red. Middle chart shows corn reserves in days of consumption. Note that China holds 45% of world corn reserves. However, probably a “quarter” of those reserves are of no value due to poor storage. World corn stocks excluding China based on consumption are no higher than in 2015 and will decline this year.

Bottom chart is for China, and we made it big so everyone can see the positive picture for corn there. Production, tallest bars, will be down for the second year. China has adopted a policy of reducing support prices to discourage production due to China being a high cost producer and expense of storing corn. Inventory of corn should end 2018 crop year at lowest level in five years as shown in chart. Red line is for corn imports which are running about 3mm tons. Given China’s corn price policy, imports should begin rising sometime in calendar year 2018. China is also expected to increase substantially production of corn-based ethanol to lower air pollution.

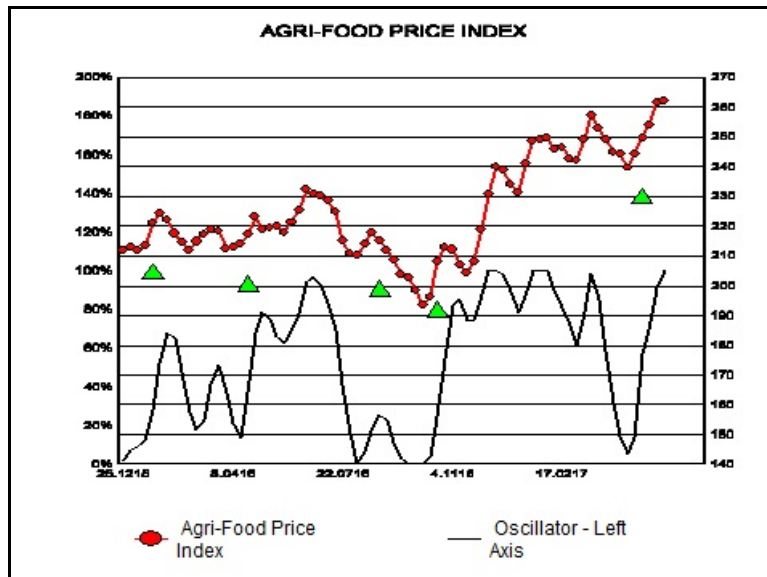




**AGRI-FOOD PRICES**

As can be observed in top chart, Agri-Food Price Index is just shy of all time high achieved in 2014. In the past month it has risen by 7%. From a year ago the index is up 20%. From October 2016 low the index has risen 36%. Clearly, Agri-Food Prices have shown the type of strength that is exhibited by a market after becoming extremely oversold at the end of a bear market two years in length. As optimistic as we are on the longer term outlook, we do expect this strength to moderate.

In last few days several news stories have speculated on what the new iPhone 8 will look like. New features on it may excite Apple groupies, but at the margin the changes are unexciting. In other news, not quite so widely read, has been how weather in Midwestern U.S. has been uncooperative this year. Too much rain has hampered planting of crops and damaged some that had been planted. All the smart phones in the world and all the exaggerated claims for artificial intelligence cannot change the reality that our food supply is still subject to the vagaries of the weather. In terms of feeding the world, iPhone 8 and current state of artificial intelligence will be the equivalent of using smoke signals for communications and letting a dog drive your car.



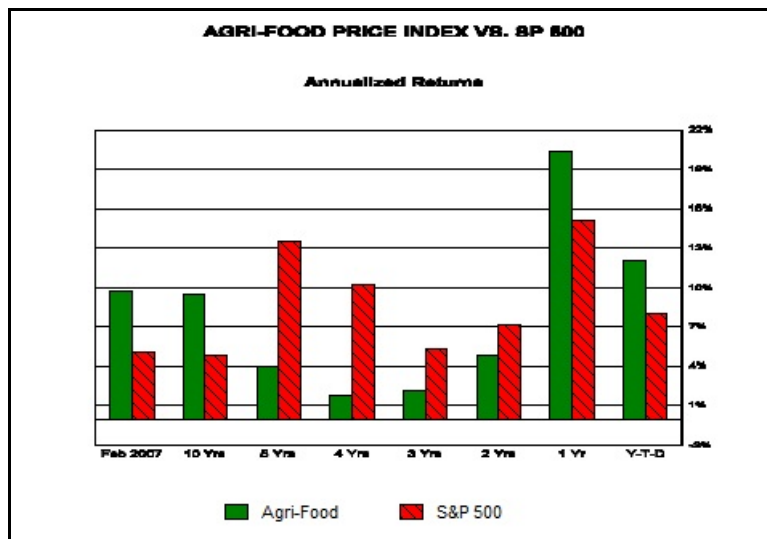
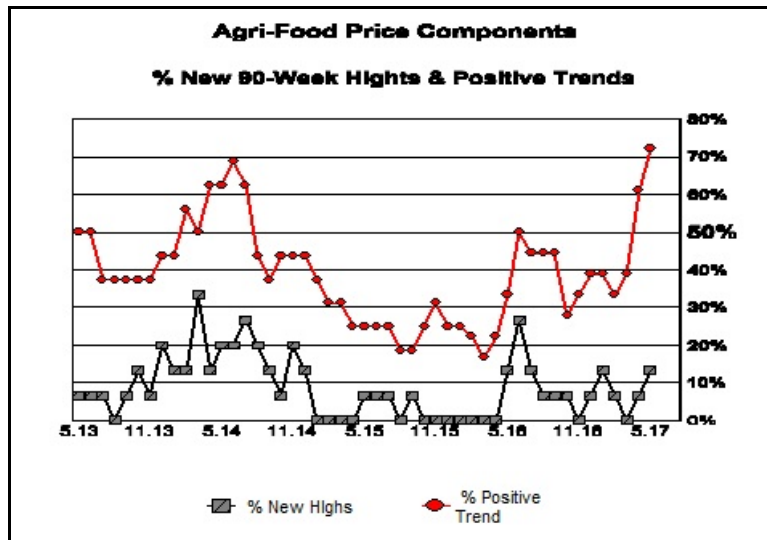
On going rally in Agri-Commodities is different than most rallies we have experienced in the past decade. Animal proteins are leading the way higher. Most previous rallies for the sector have been led by grains.

Our list of Agri-Commodities includes 7 sources of animal protein. The average gain for those seven animal proteins from their respective 52-week low is 65%. That is impressive strength for 40% of our commodity universe.

As we are nearing June some of that gain is seasonal, that we admit. But that the strength is across the entire group does suggest something “new” is happening. The gains from the lows range from 34% for butter to 136% for U.S. cash eggs.

Top chart is of the year-to-year percentage change for the Agri-Food Price Index. As we have noted before, double digit gains on an annual basis are not the norm for food commodities. Two exceptions to that statement exist. One would be in the case of a shortage environment, which is not the case at the present. Other possibility is after a market ends a major bear market, creating an exceptional low, market gain can be especially strong. Markets tend to have their best performance when coming off such lows.

As rally has progressed, participation has increased. In middle chart red line is percentage of Agri-Commodities on our list that have positive price trends, as measured statistically. That percentage fell to below 20% in first half of 2016. In



the latest month 72% had positive price trends. *In a bull market most of the market moves higher, but not necessarily all.*

**Priced as of 29 May 2017**  
**AGRI-FOOD PRICE INDEX**

Latest Value	4 Week Change	52 Week % Change	200-Day Moving Ave.	52-Week High	52-Week Low
262.23	+ 7.2%	+20.4%	232.61	262.23	193.39

Priced as of 29 May 2017

<b>AGRI-FOOD PRICE INDEX VS. S&amp;P 500</b>		
<b>Estimated Annualized Returns</b>		
Time Period	A-F Prices	S&P 500
Latest 4 Weeks - N/A	+ 7.2	+ 1.3
2017 Y-T-D	+12.0	+ 8.0
1 Year (52-Weeks)	+20.4	+15.2
2 Years (104-Weeks)	+ 4.9	+ 7.1
5 Years (260-Weeks)	+ 4.0	+13.5
10 Years (520 Weeks)	<b>+ 9.4</b>	+ 4.8
<b>Since Inception 2 Feb 07</b>	<b>+ 9.7</b>	+ 5.0

**Peak Production Summary\***

(Revised: May 2017)

Crop	Statistical Peak Year of Production Gain	Absolute Peak Year Total Production**	Current Crop Year vs. Abs. Peak Year
World Agricultural Area	1950-1960	2000	- 0%
Canola	2009-2011 [Est.]	2014	- 8%
Corn	1985-2007	2017	- 3%
Cotton	2004-2011	2012	-19%
Rice	1988-2008	2017 ?	
Soybeans	2009-2011	2017 ?	
Wheat	2004-2011	2017	

\*Sources: Seppelt, et al, 2014; USDA

\*\*USDA crop years

Table notes: A “+” before price in second column means price rose since last month. Otherwise price was flat or down. A “-” following price in third columns means the 90-week high moved lower. Otherwise that price is unchanged unless indication of a new high.

Schmidt Agri-Food Price Index Components In US\$\$ & Ranked by Strength of Price Trend					
Component	Price Current	90 Week Price High NEW # BOLD	Price Trend	Trend Rank Current / Previous	Since Inception % Price Change
Broilers(lb)	\$1.14	# \$1.14	+	+ 1 / 3	+82
Beef Index(cwt)	\$218 +	\$223 -	+	+ 2 / 5	+65
Hogs, Live (cwt)	\$54.5 +	\$62	+ / -	+ 3 / 13	+11
Pork, Carcass(cwt)	\$71.0 +	\$81	+ / -	+ 4 / 15	+11
Oats(bu)	\$2.90	\$3.17	+	- 5 / 1	+ 9
Eggs(12)	\$0.47	\$2.00 -	+	- 6 / 2	- 46
Steers, feeder(cwt)	\$169 +	\$223 -	+	+ 7 / 9	+61
Sorghum(cwt)	\$5.48 +	\$6.75	+	8 / 8	-17
Wheat, HRW (bu)	\$4.90 +	\$5.73	+	- 9 / 4	- 7
Cotton(lb)	\$0.76	# \$0.81	+	- 10 / 6	+28
Canola (ton)(US\$)	\$403 +	\$418	+	- 11 / 7	+20
Corn(bu)	\$3.71 +	\$4.38	+	- 12 / 10	- 2
Butter(lb)	\$2.36 +	\$3.14	+ / -	13 / 12	+93
Palm Oil ton (US\$)	\$637 +	\$713	- / +	- 14 / 11	+ 1
Rice (cwt)	\$9.24	\$13.3	-	15 / 16	- 9
Soybeans(bu)	\$ 9.2	\$11.7	-	- 16 / 14	+29
Barley(bu)	\$6.88 +	\$10.0 -	-	17 / 18	+68
Sugar, World(cwt)	\$15.1	\$23.4	-	18 / 17	+31
Ethanol (Gallon)	\$1.42	n/a	n/a	n/a	n/a

Note: The pricing data and analysis on the table, Schmidt Base Food Index Components, are intended as an aide to investors in understanding Agri-Food price trends. This information is not intended to support the trading of futures. Most individuals should not trade commodity futures, and we do not recommend that individuals trade commodity futures for short-term profits.

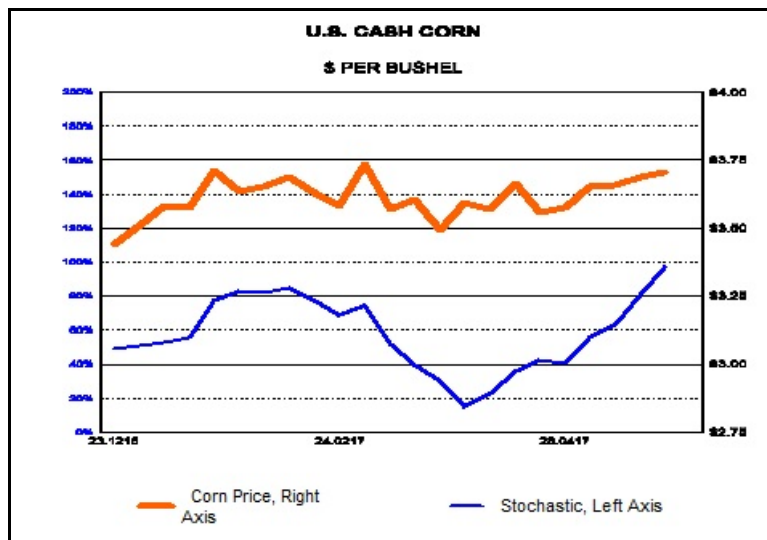
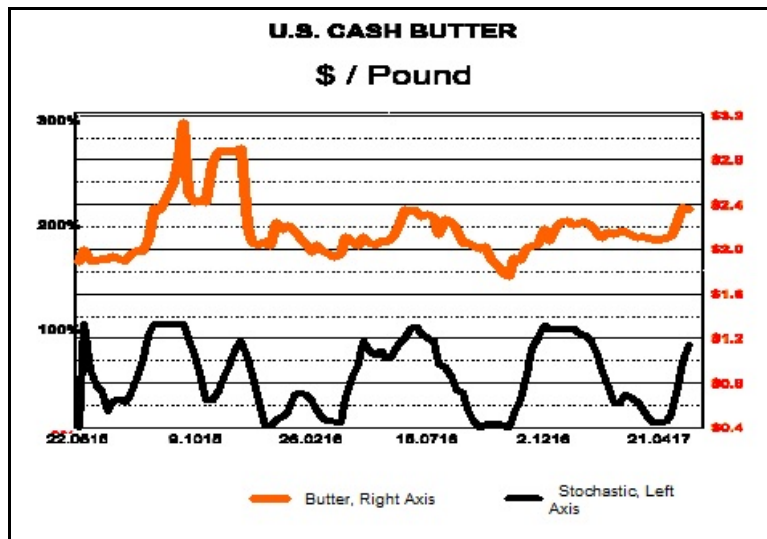
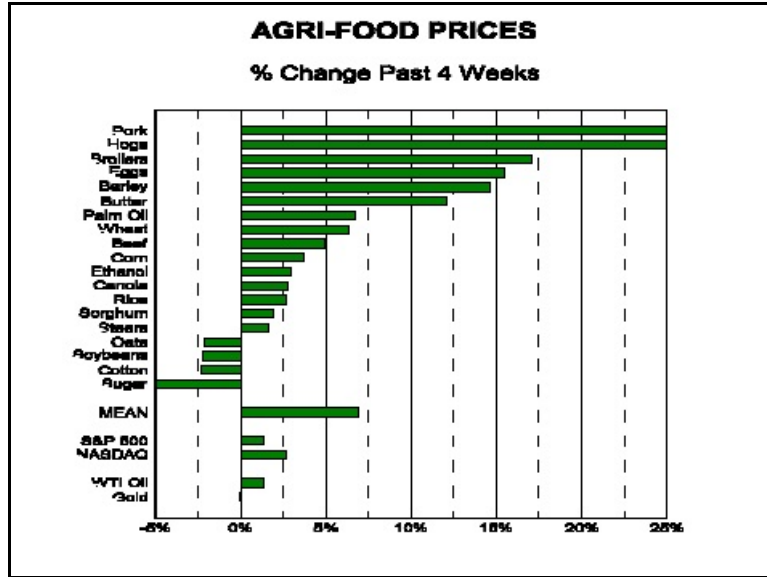
**Changes to note in above table:** Clearly, strength of animal proteins showed itself this month. That

strength dominated anything that might have been happening in grains. Soybeans are not at the bottom yet, but are close to it. Barley will soon move higher due to weak crop in Europe. We did add ethanol, but our price history is not yet long enough for measurement.

We have often noted that those that rise to the top ultimately tend to move lower over time. We just cannot say when it will happen. Similar situation develops with those toward the bottom, only in reverse.

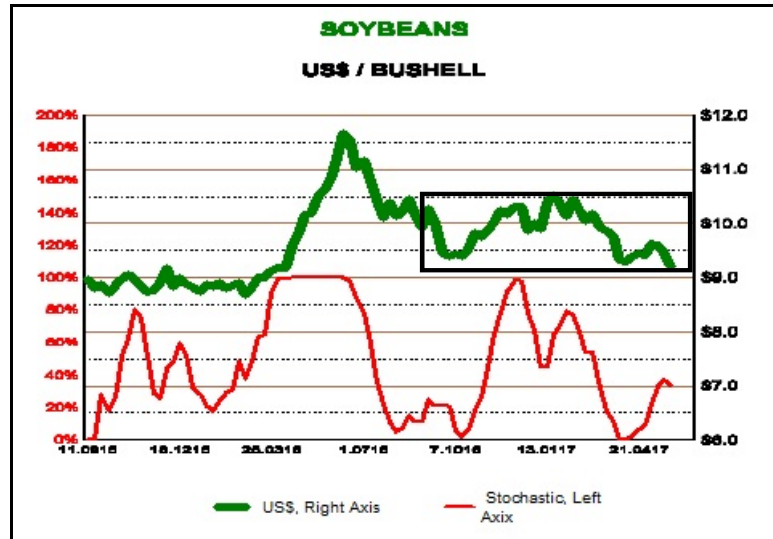
Chart top right is of percentage changes for each Agri-Commodity price over the past four weeks. Pork and hog prices, which are obviously related, took top position. Seasonal strength is helping, but globally pork is somewhat in short supply. Sugar is at the bottom, and we see no reason for that to change.

We talk often of the parabolic formation and how it unfolds. Middle chart of U.S. cash butter is a good example of a completed pattern. At beginning of chart is a parabolic rise created by emotions in a period when a real or imagined shortage of butter existed. That bubble burst and prices collapsed. For butter, lateral move lasted almost a year and a half. Recently butter made a new 52-week high above \$2,50, and that is likely the end of the lateral. Prices should now move up out of that pattern. A break down is exceedingly rare. Fundamentals tend to support a positive interpretation. Consumers seem to be shifting to butter as part of a trend to “natural” food away from margarine, a “synthetic” food.

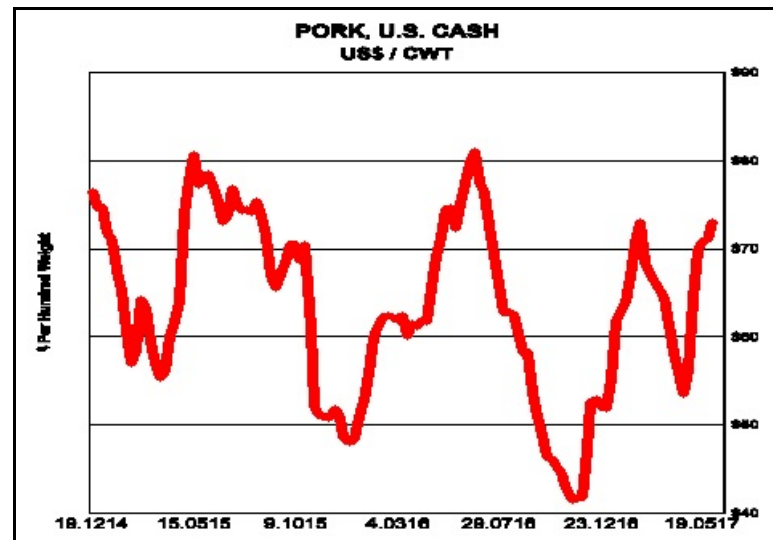




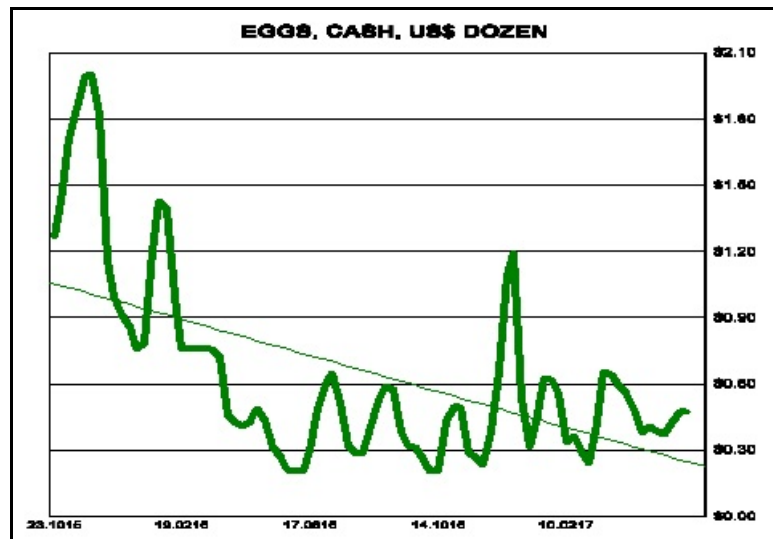
Bottom chart on previous page is of US cash corn. Shown is the right-hand side of the lateral pattern, like the one in butter, that has been in place for about 11 months. As we said above, this pattern is usually resolved in a positive manner. As we observed in our review of corn, the fundamentals are turning positive. Production will be down this year and inventories are declining. Time elapsed may be too short, but beginning of August might be a reasonable expectation of a move higher. By the way, we added ethanol to our list. Our outlook for ethanol is more positive than in years. More on it over time.



Soybeans, top chart, hold the unique distinction as the only one of 18 Agri-Commodities at a new 52-week low. Prices are still trying to develop a lateral pattern, but pessimism among traders is extraordinarily high. Only short working for them. But, commercials went from short ~540 million bushels in early February to ~500 million long is latest report. That is a billion bushel swing during this period of price weakness.

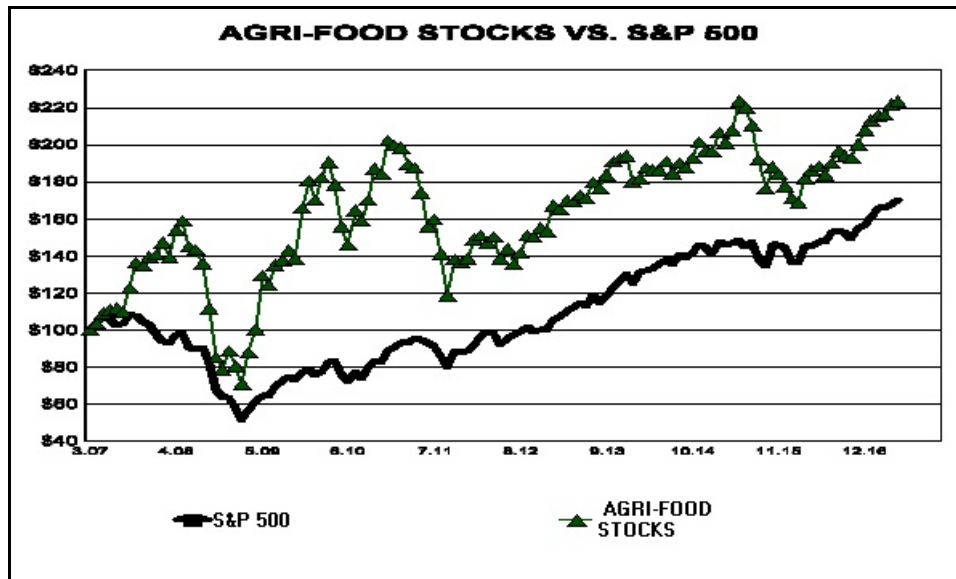


Middle chart is U.S. pork prices. Latest low did not give much encouragement as it was lower than each of the previous lows. Does not look like this year's high will break the previous high. That all means that while prices are better, we cannot say anything about a turn until Winter low.



US cash eggs, bottom chart, are probably close to the end of the lateral pattern, and better times. Price spike was due to seasonal strength during year end holidays.

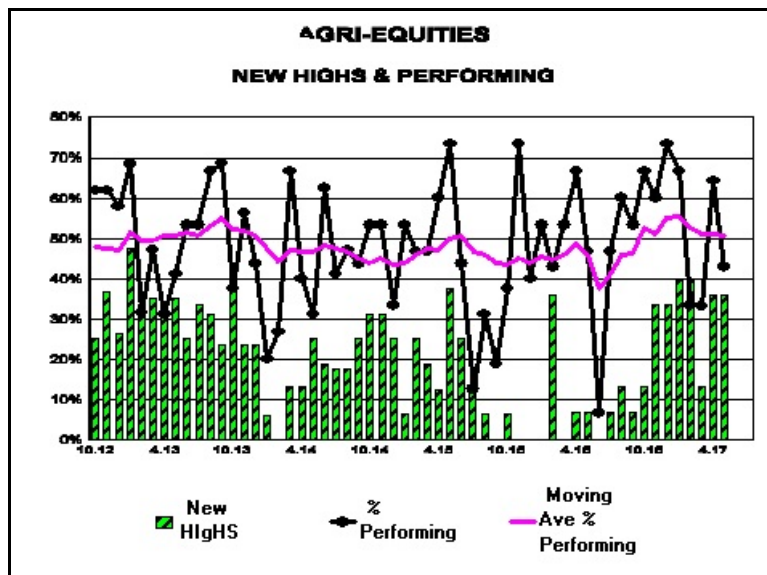
**NEW HIGH!**



**AGRI-EQUITIES**

Agri-Equities have completed a good year of returns, beating the S&P 500. That is something most portfolios do not do. Those results are especially interesting because the Agri-Equities are not part of the mainstream bubble stocks. We are pleased with returns on Agri-Equities while at the same time adding a word of caution. All debt financed investment manias ultimately burst, and that too will happen sometime to the U.S. equity market where most of our stocks trade. We recommend spending some time with Figure 1 at this link: [Yardeni Margin Chart](#) Thus is satisfied our need for a disclaimer about the uncertain future. Black Swans are not extinct.

Strong support for Agri-Equities has been and is the positive developments in Agri-Commodities discussed in the previous section. The powerful move from the October low for Agri-Commodity prices provided support for the businesses of the companies that we follow. We also observed that many commodities appear to be near breaking out of lateral patterns which should allow them to move higher. Part of “formula” for prices is demand, which is strong on a global basis as evident in U.S. grain exports this past year.



<b>Tier One Agri-Equities</b>					
<b>Name / % Change Since Added / End of</b>	<b>U.S. Symbol / Website # = 52 Week High in Month</b>	<b>US\$ Price / Mo. Change</b>	<b>Value Estimate</b>	<b>Potential To Value</b>	<b>Priority<sup>1</sup></b>
Wilmar International -39% / Jul 2010	Singapore <sup>23</sup> US: WLMIY ADR www.wilmar-international.com S\$ = Singapore dollars	US\$ 2.52 - 1% S\$ 3.54	US\$ 3.53  S\$ 4.96	+ 40%	C
Monsanto +114% / Mar 2007	# <b>MON</b> www.monsanto.com	\$117.4 + 1%	\$128.0	+ 9%	C
Darling Ingredients +141% / Mar 2007	DAR www.darlingii.com	\$15.7 + 4%	\$16.8	+ 7%	F
Archer-Daniels +16% / Mar 2007	ADM www.admworld.com	\$42.4 - 7%	\$44.9	+ 6%	C
Bunge Ltd. - 3% / Mar 2007	# <b>BG</b> www.bunge.com	\$80.0 + 1%	\$76.9	- 4%	C
Agrium Inc. +43% / Jan 2008	AGU www.agrium.com	\$ 92.3 - 2%	\$86.1	- 7%	C
Kubota +66% / Apr 2007	KUBTY www.kubota.com	\$79.4 + 1%	\$71.3	-10%	F
AGCO Corp. +48% / May 2007	# <b>AGCO</b> www.agcocorp.com	\$64.0 + 0%	\$50.7	-21%	C
Cal-Maine Foods +177% / Mar 2007	CALM www.calmainefoods.com	\$37.2 - 1%	\$27.6	-26%	F
Zoetis +102% / Jul 2013	# <b>ZTS</b> www.zoetis.com	\$62.3 +11%	\$42.3	-32%	C
Deere +126% / Mar 2007	# <b>DE</b> www.deere.com	\$122.5 +10%	\$78.7	-36%	C
<b>+71%</b>	<b>Average for the List</b>	<b>- 1%</b>		<b>-10%</b>	

<sup>1</sup> See end of newsletter for discussion of Priority codes.

<sup>2</sup> WLMIY is the U.S. symbol for the ADR, 1 ADR:10 Shares.

<sup>3</sup> ADM owns 23% of Wilmar

In bottom chart on page 10 the black line is percentage of Agri-Equities performing better than the market each month. Six months ago that percentage rose to above 70%. We said at that time that percentage was too high, and likely to decline. That percentage then declined to almost 30% before turning up. Over time the average, also shown in that chart, has been around 50%, which is very good. We do expect that average percentage will continue to be met over time.

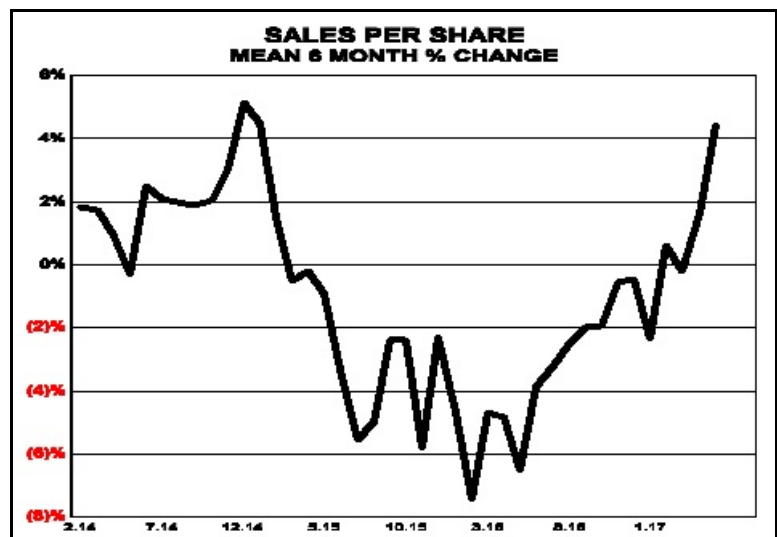
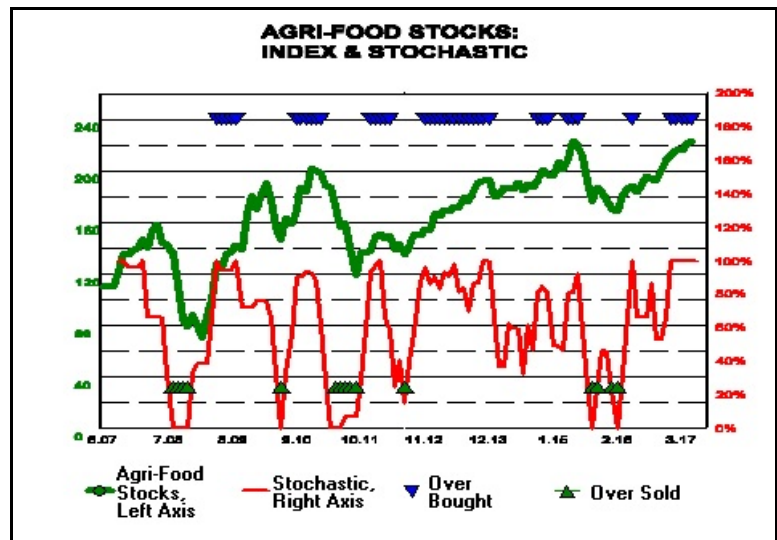
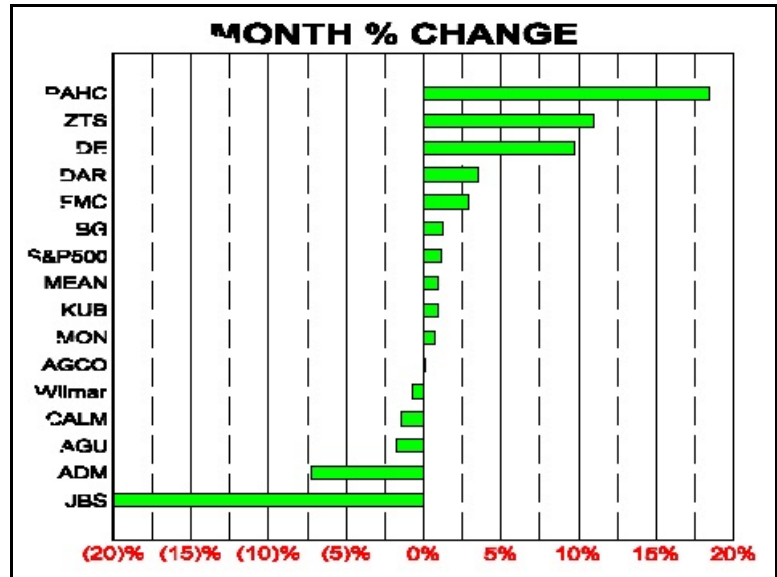
Top chart is the monthly performance for each of the Agri-Equities. PAHC and ZTS clearly lead that chart with what looks to us like abnormal returns. More on them later.

DE made positive comments along with its earnings report. Stock was up almost 10% for the month. We believe that DE is over valued, and should not be bought at current prices.

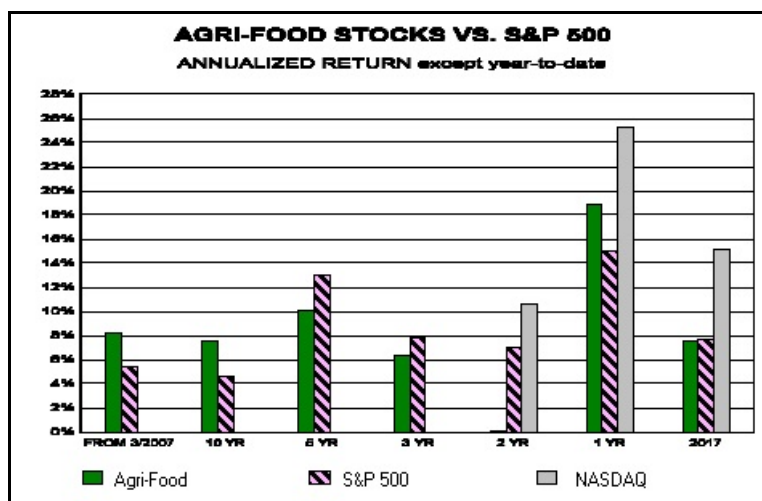
BG was up on rumors. We will discuss it and ADM later.

JBS was hurt badly by political problems in Brazil. However, the stock is up from the low. It remains the largest animal protein company in the world. We will talk more on it later.

**AGRI-FUNDAMENTALS** are portrayed in bottom chart. Plotted is average percentage change over past six months for trailing twelve month revenues. That business is getting better is readily evident in chart. Accelerating industry growth usually supports the equity prices of companies in the industry.



As we observed in the bottom chart on previous page, the fundamentals of the Agri-Companies are improving. With economic growth moderate, in Europe and the U.S., Agri-Equities have been attractive to investors over the past year. However, with internet and technology stocks in a full-blown mania, perhaps even a bubble, they do have strong competition for money at the present time.



*The prospects for the Agri-Equities continue to improve. With rising economic activity in the developing world, demand for Agri-Commodities will continue to expand. That demand growth is evident especially in animal proteins where prices have been especially strong. Two commodities, corn and soybeans, tend to drive money into Agri-Equities. A bottom is in place in corn prices. Soybeans are only one trading at a low. As corn prices rise and soybeans finally find a bottom, money should flow into Agri-Equities.*

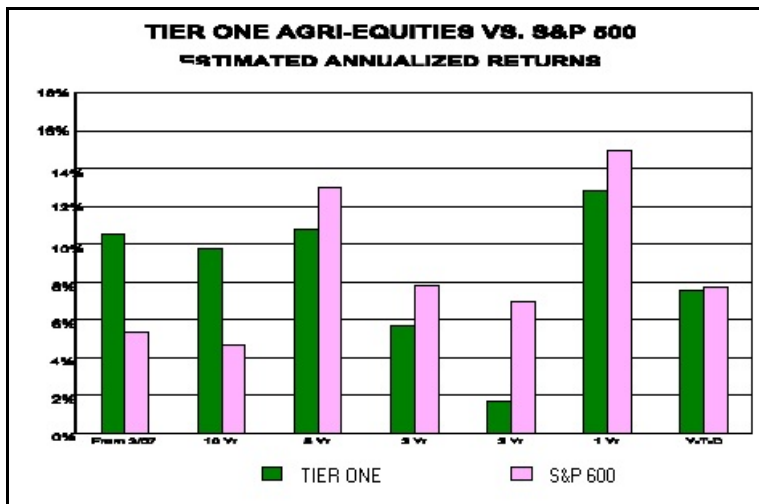
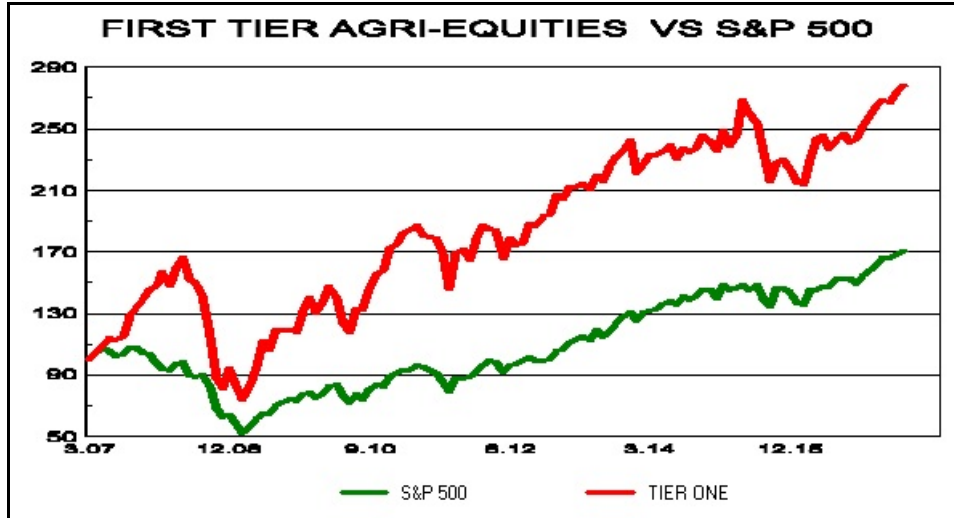
AGRI-EQUITIES - Estimated Returns in %			
	Agri-Equities	S&P 500	NASDAQ
Month N/A	+ 1.0	+ 1.2	+ 2.5
2017 To Date	+ 7.5	+ 7.7	+15.1
1 Year	<b>+18.9</b>	+15.0	+25.3
2 Years	+ 0.1	+ 7.0	+10.6
3 Years	+ 6.3	+ 7.8	
5 Years	+10.1	+13.0	
10 Years	+ 7.5	+ 4.7	
Since Inception Feb 2007	+ 8.2	+ 5.3	

**Tier One Agri-Equities:**

ADM and BG are of primary interest. They are discussed later.

DE is a “core” holding in Agri-Equities. But, the price action in it does cause us to worry about potential for disappointment. CEO recently sold some stock,

NEW HIGH!



TIER ONE AGRI-EQUITIES Estimated Annualized Returns in %			
	Agri-Equities - I	S&P 500	NASDAQ
Latest Month, N/A	+ 1.5	+ 1.2	+ 2.5
2017 Year to Date	+ 7.6	+ 7.7	+15.1
1 Year	+12.8	+15.0	+25.3
2 Years	+ 1.7	+ 7.0	+10.6
3 Years	+ 5.7	+ 7.8	
5 Years	+10.8	+13.0	
10 Years	+ 9.8	+ 4.7	
Since March 2007	+10.6	+ 5.3	

**ARCHER DANIELS (ADM) and BUNGE (BG)** are portrayed in the charts on this page.

Four companies dominate the global grain distribution system. Often referred to as ABCD, they are ADM, BG, Cargill, and Dreyfus. Only ADM and BG are public companies. The global food system works because of these four companies. Despite this small group of dominant companies, the industry is intensely competitive.

As we can observe in both charts, revenue growth, solid red line, has been in an improving trend. Combination of expanding global demand and improving prices have caused revenues to rise. However, Brazilian issues have hindered results this year. As we have talked, an appreciating Brazilian real had caused farmers to refrain from selling grain. That situation seems to be lessening with recent political events causing the currency to depreciate.

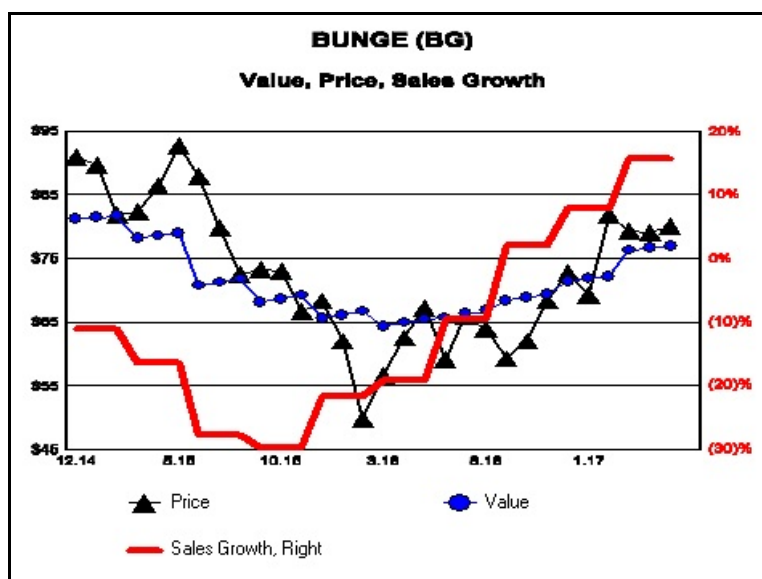
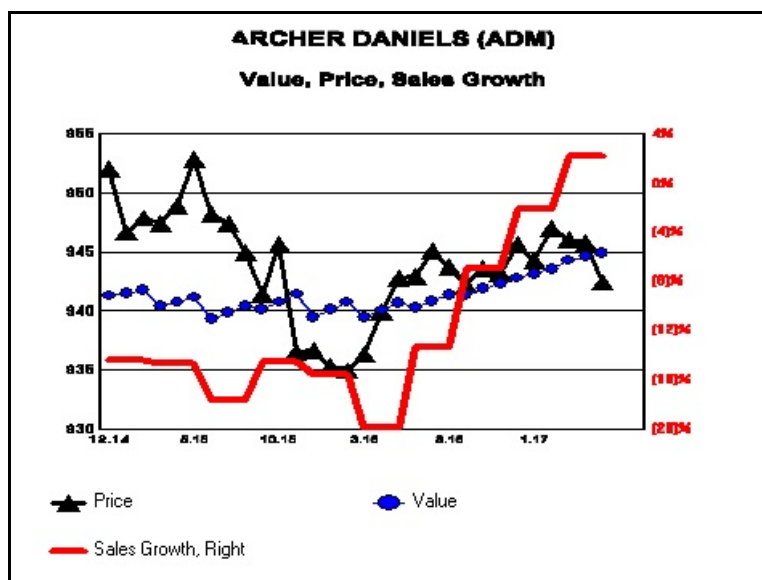
ADM is slightly under values and can be added to portfolios.

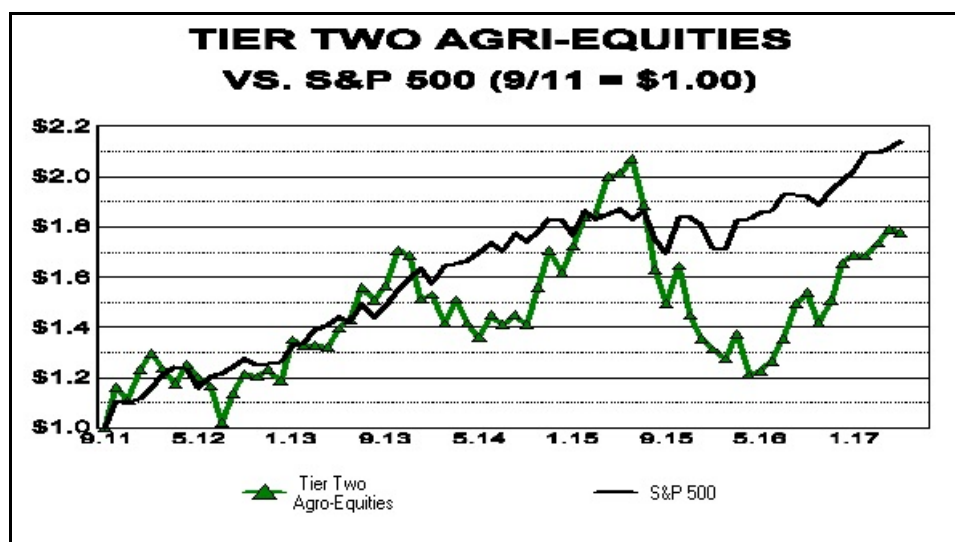
BG recently was rumored to be in talks with Glencore, the commodity trading company, about a possible combination. Current talk is that nothing is happening. Glencore has an agriculture commodity trading subsidiary that is 51% owned by Glencore. Remainder is own by two Canadian pension plans.

Transaction, if it occurs, would merge BG into Glencore’s agriculture subsidiary. Such an approach would reduce the money required to complete the transaction. BG has not demonstrated strong skills at managing a public company so such a merger might be attractive to them. We will continue to follow this situation and report back.

ADM website is [www.adm.com](http://www.adm.com)

BG website is [www.bunge.com](http://www.bunge.com)





**Tier Two Agri-Equities**

Situation with JBS seems headed toward what we would consider a positive resolution. Company is controlled by the Batista family, the founders of it. Brazilian businesses and government have always it seems pushed ethics to the limit. Those limits were stretched in acquiring some government loans for acquisitions over the years. Two of the Batistas have been active in the management of the company. One is now resigning as chairman and from board. He is being replaced by a former PG executive. Second Batista will remain as CEO, but resign as vice chairman. Batista family holding company will pay \$3.2 billion fine over 25 years. While Batistas have built JBS, reducing their involvement will probably improve the image of the company with investors. No one is going to jail. (?)

AGRI-EQUITIES - TIER TWO					
Name / Website	Exchange / Symbol # = 52 Week High in Month	US\$ Price / Mo. Change	Value Estimate	Potential To Value	Priority
FMC Corp +27% / Apr 2015	# FMC / Crop Protection www.fmc.com	\$75.4 + 3%	\$58.0(3)	-23%	E
Phibro Animal Health +99% / Apr 2014	# PAHC / Animal health www.pahc.com	\$35.3 +18%	\$26.6	-25%	E
JBS S.A. -20% / Aug 2013	(1) JBSAY / Animal Protein www.jbs.com.br	\$4.93 -24%	\$10.4	+110%	C
BRF S.A.	US: BRFS / Brazil Chickens www.brf-global.com	\$13.4 + 7%	Under Review		
Dow Du Pont Seeds & Pesticides	Dow Du Pont / Seeds & related	Merged Company	(2)	Being	Monitored

(1) JBSAY is U.S. ADR for JBS. Primary market in Brazil. Each ADR represents 2 shares of JBS. All values in U.S. dollars for ADR. JBS owns most of PPC.

(2) Valuation for combined agriculture units of Dow and du Pont to be revised.

(3) Possible year end valuation based on acquisition of du Pont businesses.



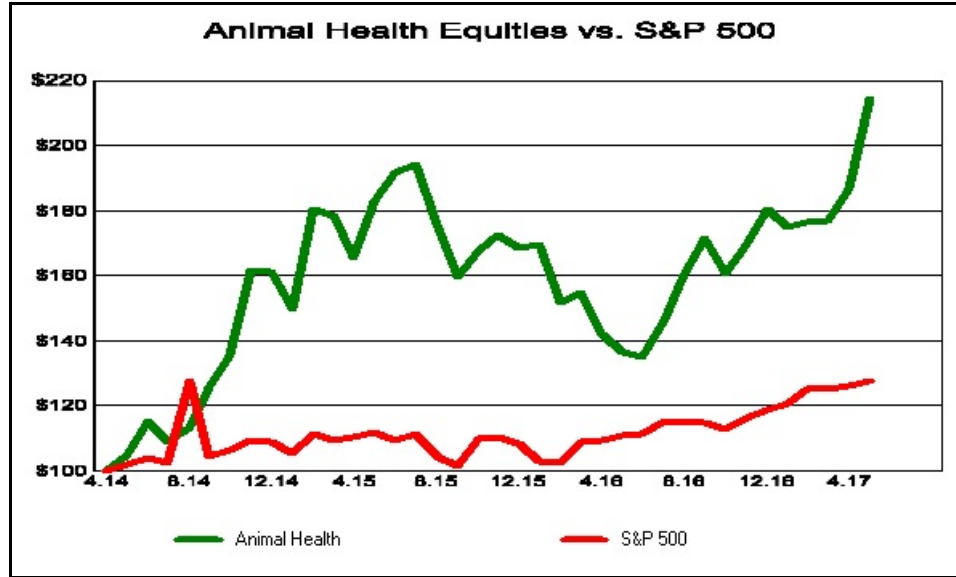
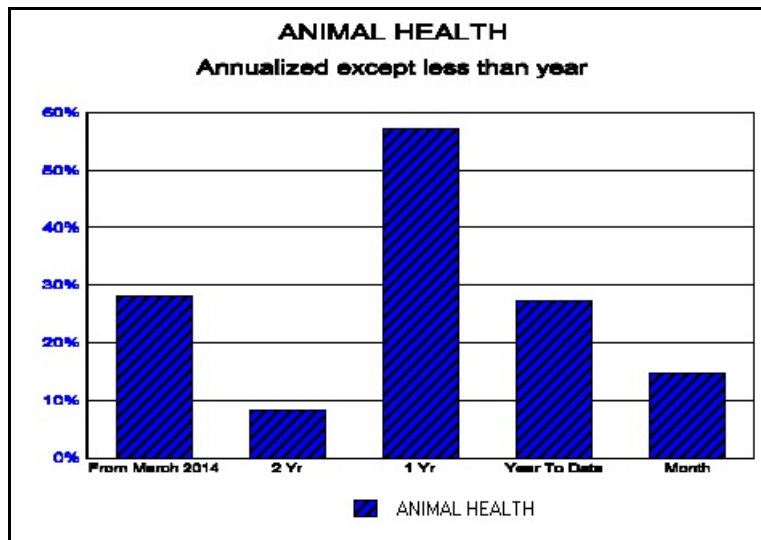
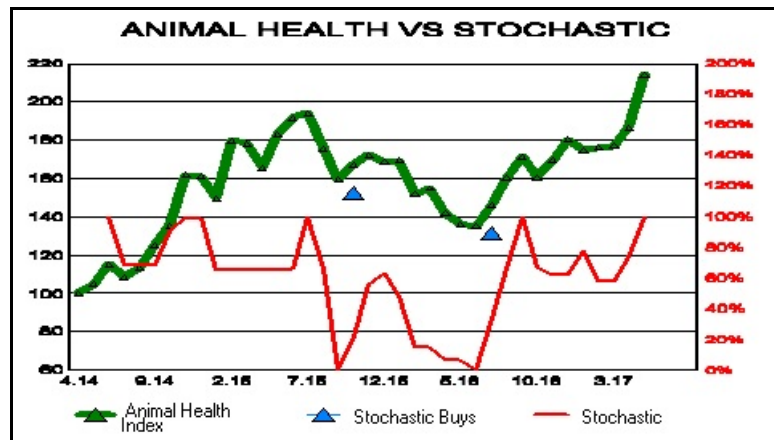


Chart above is our *Animal Health Equities Index* versus the S&P500. Health Equities Index is composed of equal weights of ZTS and PAHC.

Animal Health Equities have certainly exceeded our expectations at the time we began discussing them. Since 2014 they have on average more than doubled. They are no longer cheap. As shown on the next page, ZTS is selling for more than 6 times sales per share.



**PRICE-TO-SALES PER SHARE RATIOS FOR COMPANIES**

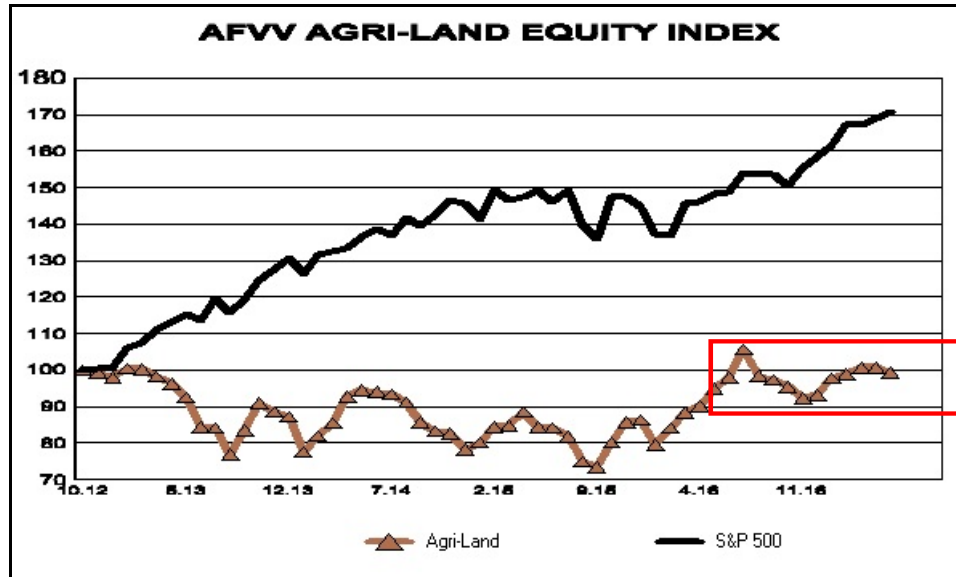
Table which follows focuses on ratio of price-to-sales per share. This ratio has been shown to be extremely useful. Lower the ratio, more under valued company is likely to be. Companies are ranked by the growth rate of sales per share. Growth rate is the six-month change in trailing twelve month sales. Current growth rate is followed by previous value. In last column companies are ranked on basis of sales per share growth, current month rank followed by rank for previous month.

<b>Price-To-Sales Per Share Ratio Analysis of Companies</b>					
<b>Company Bold = Rank Up</b>	<b>US \$ Price</b>	<b>\$ Sales Per Share*</b>	<b>Price-to-Sales Per Share Ratio Current/High/Low</b>	<b>6 Mo. Growth Rate of Sales Per Share</b>	<b>Rank Current / Previous</b>
<b>FMC</b>	\$75.4	\$27.4	276% / 296% / 127%	+23% / + 6%	1 / 6
WILMAR	\$2.52	\$6.7	38% / 47% / 28%	+22% / +13%	2 / 2
<b>BG</b>	\$80.0	\$320.1	25% / 32% / 15%	+16% / + 5%	3 / 7
<b>DAR</b>	\$15.7	\$21.3	74% / 89% / 38%	+11% / + 5%	4 / 8
MON	\$117.4	\$32.8	358% / 400% / 239%	+ 8% / +15%	5 / 1
AGCO	\$64.0	\$94.1	68% / 70% / 43%	+ 6% / + 4%	6 / 5
JBSAY	\$4.93	\$34.7	14% / 37% / 10%	+ 3% / +7%	7 / 3
<b>ZTS</b>	\$62.3	\$10.0	622% / 631% / 381%	+ 3% / + 1%	8 / 9
<b>DE</b>	\$122.6	\$84.6	145% / 146% / 82%	+ 2% / + 1%	9 / 11
<b>ADM</b>	\$42.4	\$108.7	39% / 48% / 26%	+ 2% / - 2%	10 / 12
PAHC	\$35.3	\$18.9	186% / 190% / 89%	+ 1% / + 0%	11 / 10
AGU	\$92.3	\$98.8	93% / 113% / 75%	- 2% / - 4%	13 / 13
KUBTY	\$79.4	\$55.9	142% / 160% / 100%	-10% / + 6%	12 / 4
CALM	\$37.2	\$22.8	163% / 243% / 83%	-22% / -49%	14 / 14

**DIVIDEND PAYING AGRI-EQUITIES:**

Table below provides a listing of Agri-Food stocks which pay dividends. Attempting to track dividends, while it may not sound like it, is no easy task. We expect that these numbers will often be wrong.

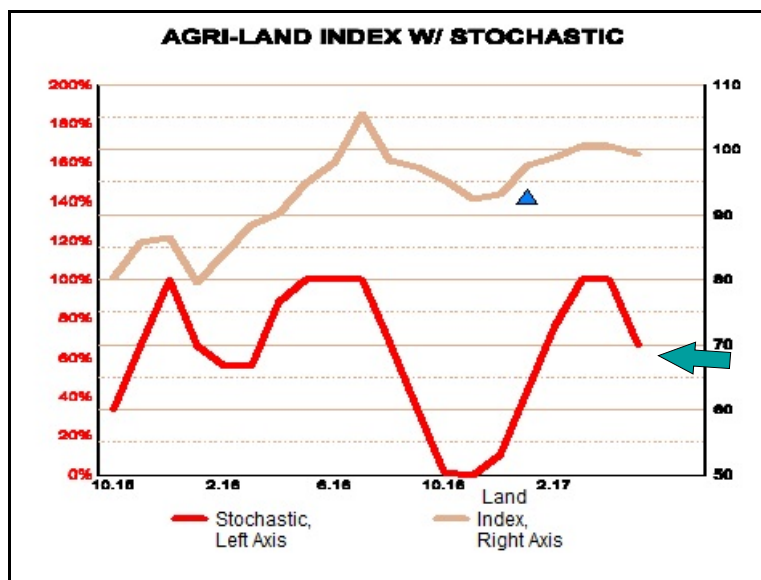
AGRI-EQUITIES - DIVIDEND PAYING			
Symbol	Price	Dividend Annualized	Dividend Yield
ADM	\$42.4	\$1.20	2.8%
AGCO	\$64.0	\$0.56	0.9%
AGU	\$92.3	~\$3.50	3.8%
BG	\$80.0	\$1.68	2.1%
CALM	\$37.2	Dividend	Suspended
DE	\$122.5	\$2.40	2.0%
FMC	\$75.4	\$0.66	0.9%
GEA(Tech list)	€36.8	€0.80	2.2%
Genus (Tech list)	£18.7	£0.18	1.0%
JBSAY	\$4.93	\$0.24	4.9%
KUBTY	\$79.4	~\$1.30	1.6%
MON	\$117.4	\$2.16	1.8%
PAHC	\$35.3	\$0.40	1.1%
Wilmar	\$2.52	~\$0.06	2.4%
ZTS	\$62.3	\$0.42	0.7%



**AGRI-LAND EQUITY INDEX**

For many investors Agri-Land may not be a practical approach. For that reason we started some time ago exploring indirect investments in Agri-Land. Shown above is our Agri-Land Equity Index based on the companies in the table which follows. We have not yet recommended investment in any of these companies. Information presented is to help investors start to learn about these companies.

Agri-Land Equities, as shown in chart above, continue to move laterally within the trading range identified in the chart by a rectangle. Stochastic, in bottom chart, is unwinding the over bought condition. Watching now for the index to hold above the bottom of the trading range as the stochastic moves lower. A successful test of the lower edge of the trading range would be encouraging.



<b>Agri-Land Equities</b>					
<b>Name / Website</b>	<b>Exchange / Symbol</b> # = 52 Week High in Month	<b>US\$ Price / Mo. Change</b>	<b>Value Estimate</b>	<b>Potential To Value</b>	<b>Footnote</b>
Adecoagro S.A. (1) <a href="http://www.adecoagro.com/index.php?idioma=ingles">http://www.adecoagro.com/index.php?idioma=ingles</a>	US: AGRO	\$11.0 - 1%	\$11.8 (5)	+ 7%	(2)
BrasilAgro-Companhia Brasileira. . . <a href="http://www.brasil-agro.com">http://www.brasil-agro.com</a>	US: LND ADR: 1:1	\$ 3.73 - 3%	n/a	(3)	(4)
Australian Agricultural Company <a href="http://www.aaco.com.au">http://www.aaco.com.au</a>	ASX: AAC	AUS \$1.88 + 9%	n/a	n/a	(5)
Farmland Partners <a href="http://www.farmlandpartners.com">www.farmlandpartners.com</a>	US: FPI	\$9.73 -11%	n/a		REIT

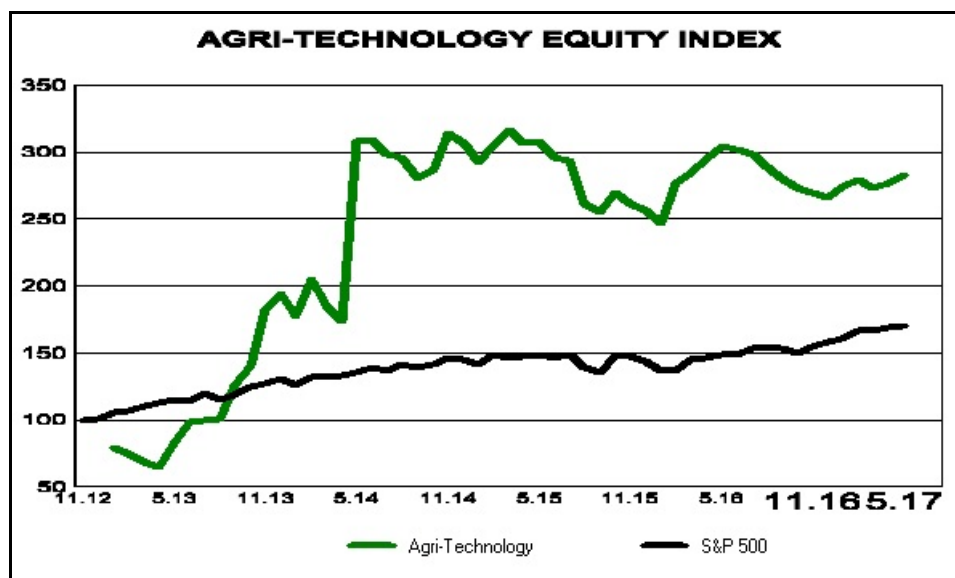
## Footnotes:

- 1: 21% of company held by Soros Fund Management.
2. AGRO, per the company, “currently one of the leading companies in the production of food and renewable energy in South America. Present in Argentina, Brazil and Uruguay, our main activities include the production of grains, rice, oilseed, dairy products, sugar, ethanol, coffee and cotton.”
3. Valuation highly tentative.
4. LND operates in Brazil, and per the company “Acquisition, development and exploitation of agricultural properties with high potential of appreciation and Diversification and active management of our portfolio.”
5. Low confidence in this estimate.

**AGRI-TECHNOLOGY**

Agri-Technology companies are involved in bringing new technologies to the industry. This research effort is still well in infancy, but we expect over the years to find some companies of interest.

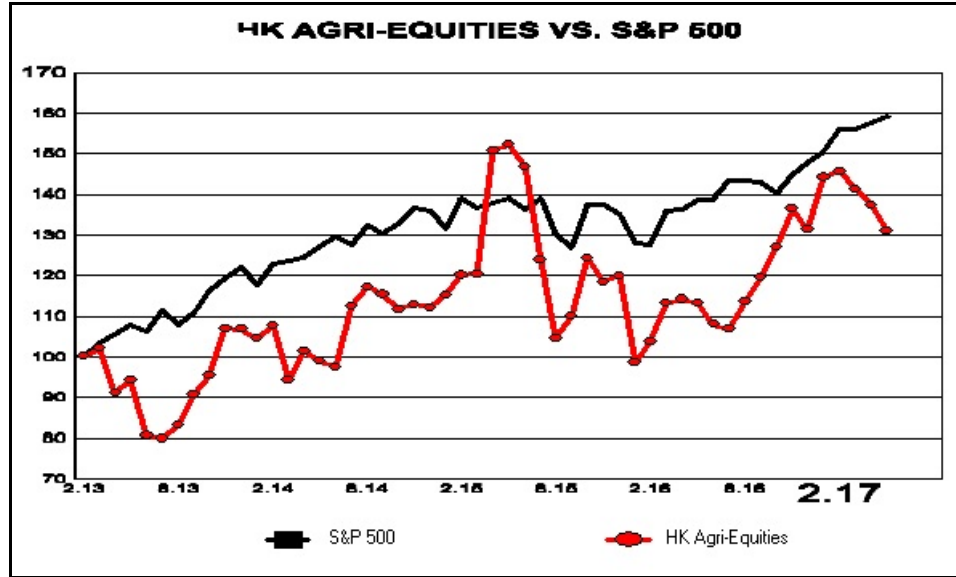
A quiet month in world of Agri-Technology.



Agri-Technology Equities					
Name / Website Date Added / % Change	Exchange / Symbol # = 52 Week High in Month	US\$ Price / Mo. Change	Value Estimate	Potential To Value	Footnote
Where Food Comes From, Inc. <a href="http://www.wherefoodcomesfrom.com">www.wherefoodcomesfrom.com</a> Oct 2012 / + 79%	US: WFCF	\$2.15 - 2%	\$3.3	+55%	(1) (4)
AquaBounty Technologies <a href="http://www.aquabounty.com">www.aquabounty.com</a>	US: AQB	\$8.15 + 5%	n/a	n/a	(2)
GEA Group <a href="http://www.gea.com">www.gea.com</a> August 2014 / +14%	Xetra/Frankfurt: G1A US: GEAGY	€36.8 - 6%	n/a	n/a	(3)
Genus, Plc <a href="http://www.genusplc.com">www.genusplc.com</a> Jan 2016 / +19%	London: GNS	£18.7 + 9%	n/a	n/a	
Plant Impact, Plc <a href="http://www.plantimpact.com">http://www.plantimpact.com</a> Mar 2016 / -13%	London: PIM	£48.5 + 4%	n/a	n/a	

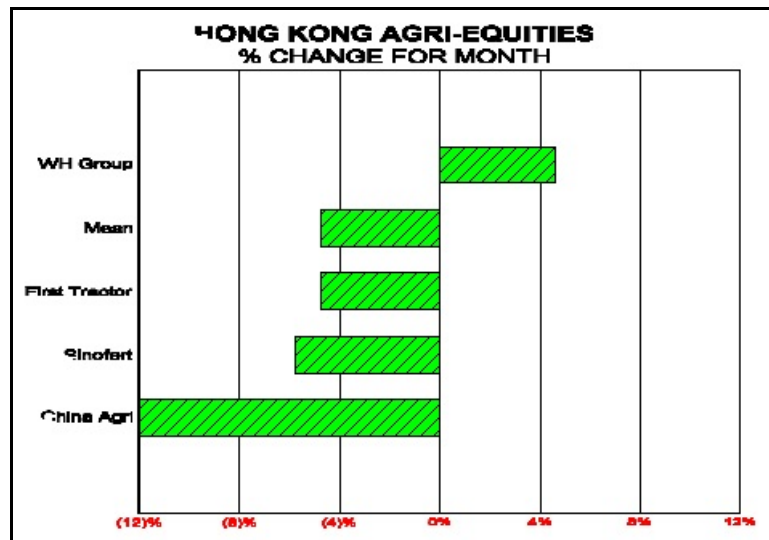
Footnotes:

- 1: WFCF provides verification services for livestock, food industry, and agriculture.
2. 58% owned by Intrexon Corp. (XON)
3. A U.S. ADR trades in dollars, but liquidity may be poor. GEAGY
4. Ned owns a tiny amount of WFCF.



**CHINESE AGRI-EQUITIES**

Note that information on these companies is provided as a service. No, repeat no, investment opinion is expressed on them by their inclusion in this report. Prices are in HK\$ while percentages are all based on US\$ values. All listings are in Hong Kong. That exchange can be accessed through this link: [HKEX](http://hkex.com)

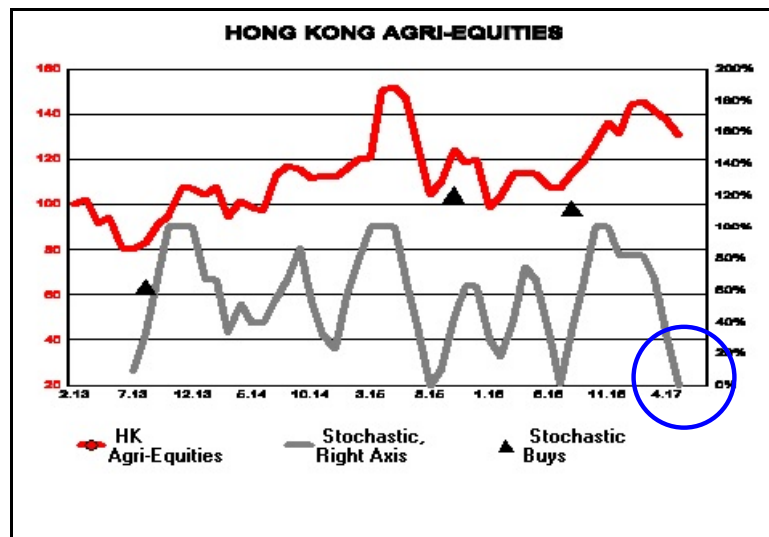


Hong Kong Agri-Equities declined for the third month.

Stochastic is now over sold as shown in the bottom chart.

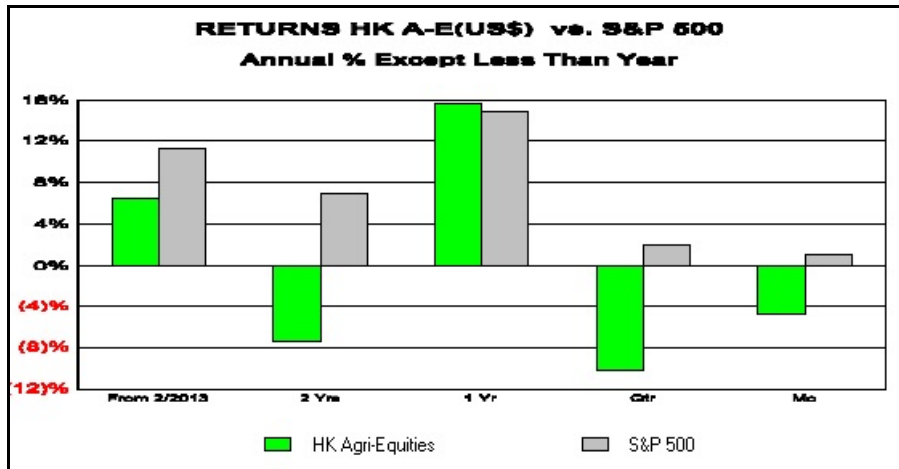
List of companies is now down to four. These may be the survivors.

Eli Lilly has filed suit in Hong Kong to resolve the situation with China Animal Health, so we deleted it.



Hong Kong Agri-Equities				
Name	Web Site	Business	HK \$	Possible
China Agri-Industries HK#: 606	<a href="http://www.chinaagri.com/en/">http://www.chinaagri.com/en/</a>	Grain processing & trading	3.85 -13%	n/a
First Tractor HK#: 38	<a href="http://www.first-tractor.com.cn/">http://www.first-tractor.com.cn/</a>	Agriculture tractors	4.00 - 5%	4.94
Sinofert (2) HK#: 297	<a href="http://www.sinofert.com/en/">http://www.sinofert.com/en/</a>	Fertilizers	0.98 - 6%	n/a
WH Group HK#: 288	<a href="http://www.wh-group.com">http://www.wh-group.com</a>	World's largest pork company (Smithfield Foods)	7.30 + 5%	5.30

- 1.
2. 22% owned by Potash Corp.





<b>HONG KONG AGRI-EQUITIES</b> <b>Annualized Returns % except less than a year.</b>		
	Hong Kong Agri-Equities	S&P 500
Latest Month, N/A	- 4.7	+ 1.2
1 Year	+15.6	+15.0
2 Years	- 7.3	+ 7.0
Since 3/13	+ 6.4	+11.3

**OTHER THOUGHTS**

First of June ushers in Atlantic hurricane season. Has been 139 months, or almost 12 years, since a major hurricane, Category 3 or higher, hit the U.S. Such a record is completely opposite of what climate scammers predicted. We wonder what Karl Popper would say about the climate scam. If you are not familiar with Popper we suggest reading on his work. He explored the philosophy of science and knowledge. I am currently reading his 1934 book, much of which is “over my head”.

Eat well, and grow prosperous,

*Ned*

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Publication schedule: Next monthly 4 July Next Interim Comments on 14 June

**References:**

Bawden, T. (28 January 2015).Have we reached 'peak food'? Shortages loom as global production rates slow. *The Independent*. Link here: [Bawden, Peak Food](#)

Grassini, P. et al (September, 2013) Distinguishing between yield advances and yield plateaus in historical crop production trends. *Nature Communications*. [Grassini Article](#)

Malthus, T. (1798). *An Essay on the Principle of Population*. Amazon Kindle.

Seppelt, R., et al. (December,2014). Synchronized peak-rate years of global resources use. *Journal of Ecology and Society*. Link here: [Seppelt et al Article](#)

**MANAGING THE AGRI-FOOD PORTFOLIO:**

List of stocks is divided into three groups. *Core* is comprised of those stocks that, as the name implies, should be the core holdings for Agri-Food exposure. This group will tend to be larger and more multinational companies, and are noted in the table with C. See column titled Priority. Second group we call *Extend*, labeled E in the tables. 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 high business risk. We do expect the long-term results on these to be better than average, while their business risk and stock price volatility to be significantly higher than average stock. *Final* are those that round out the portfolio, labeled with F. Their businesses help to complete the circle. Their activities may be more tangential.

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**“Wouldn’t it be nice to own that future instead of replaying the past?”**

**P.T.M. Barnett, *Global Powers*, 2009**