

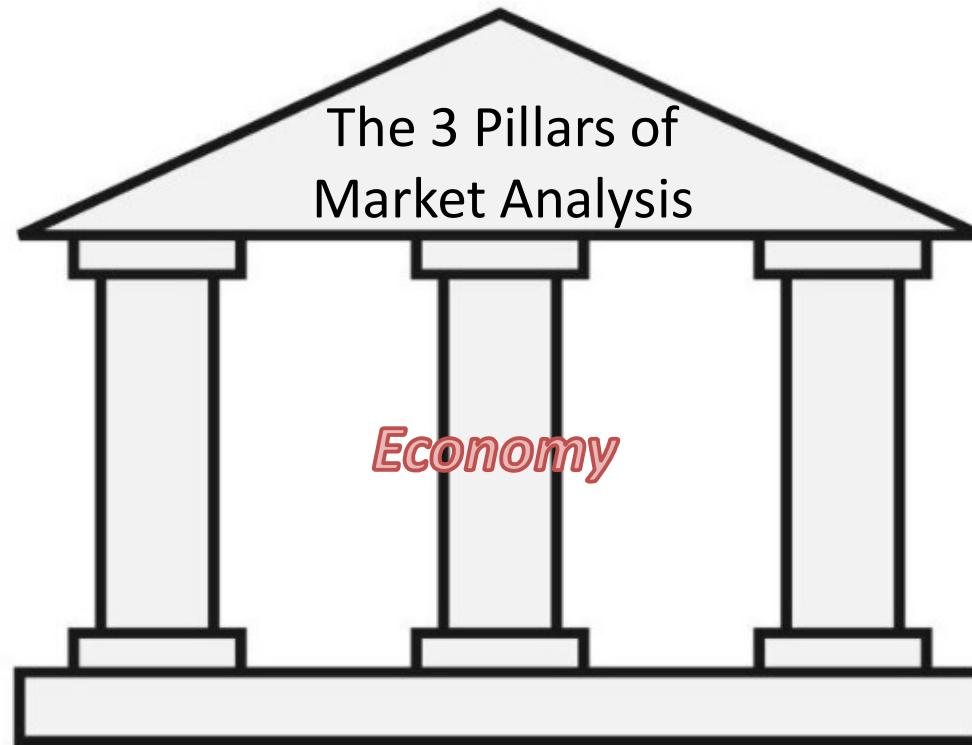
# VANTAGE RM

What the “Tariff” is going on??

Dennis DeLaughter  
Market Analyst  
May 29<sup>th</sup>, 2025

## *A Little About Me*

- MBA from Texas A&M
  - Undergrad Degree in Ag Economics
- Licensed CBOT Floor Trader - 1987-2012
- Private Instrument Rated Pilot
- Division 1 - H.S. Football Official (Ref)
- Serves on US Sec. of Ag ATAC for Feed Grains
- Market Analyst



# *US Economic Environment*

## *“Current Economic Conditions”*

- *Tariffs to the Rescue*
- *US Unemployment Numbers -*
- *Inflation Indicators –*
- *How is the FED doing?? –*

## **Three Market and Economic Drivers**

- ***Fundamentals – Supply and Demand***
- ***Technicals – Balancing Market Action***
- ***Headlines -***

**-The Market is Guessing at What  
Fundamentals & Technicals Will Be**  
-  
**Acts Like A Casino**

# What is the Next Unknown Headline???

What is the Next Unknown Headline???

***Odds Favor it will be about Tariffs***

What's **Missing** on our Radar in 2025?



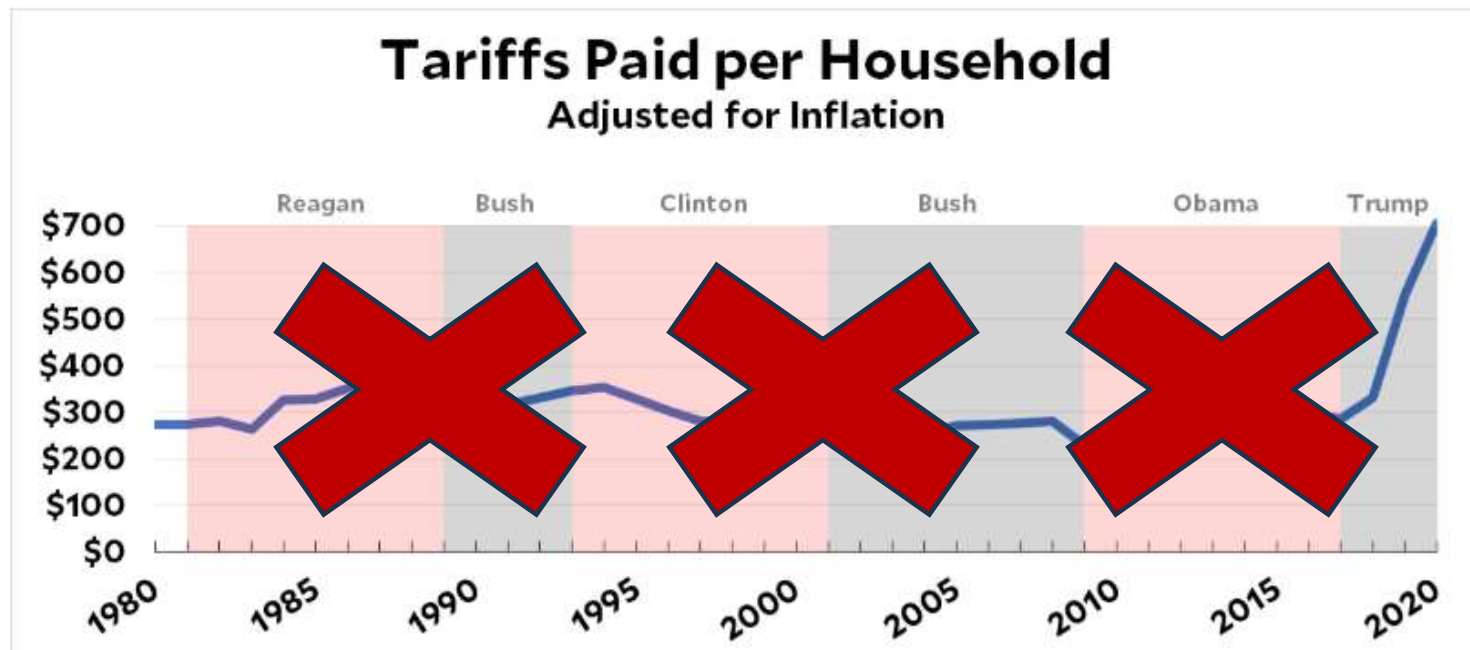


So, we ask the Question-  
What the “Tariff” is going on???

***What is really behind the  
Tariff story and why should it  
matter to the Rice Industry***



# Everyone is Concerned about Higher Costs given the Tariffs



# What the Press and World Sees

- Protectionism
- Fees
- Trade wars
- Inflation
- Market Crash
- No Strategy – No Real Purpose

Tariffs have a Main Objective but are not “THE” Objective






What are we trying to fix??  
What is the problem??

# Here is the problem!!!

**Value of US Dollar to the Value of its  
Trading Partners Currencies**



# What is the problem??

- Plain and Simple it is a Monetary Problem 
- Trade Deficit Unsustainable 
- US Dollar too high killing US manufacturing 
- US Dollar being held by other countries keeping dollar too high
  - Keeps value of their currency low
  - Increases their exports to the US
- Plain and Simple –

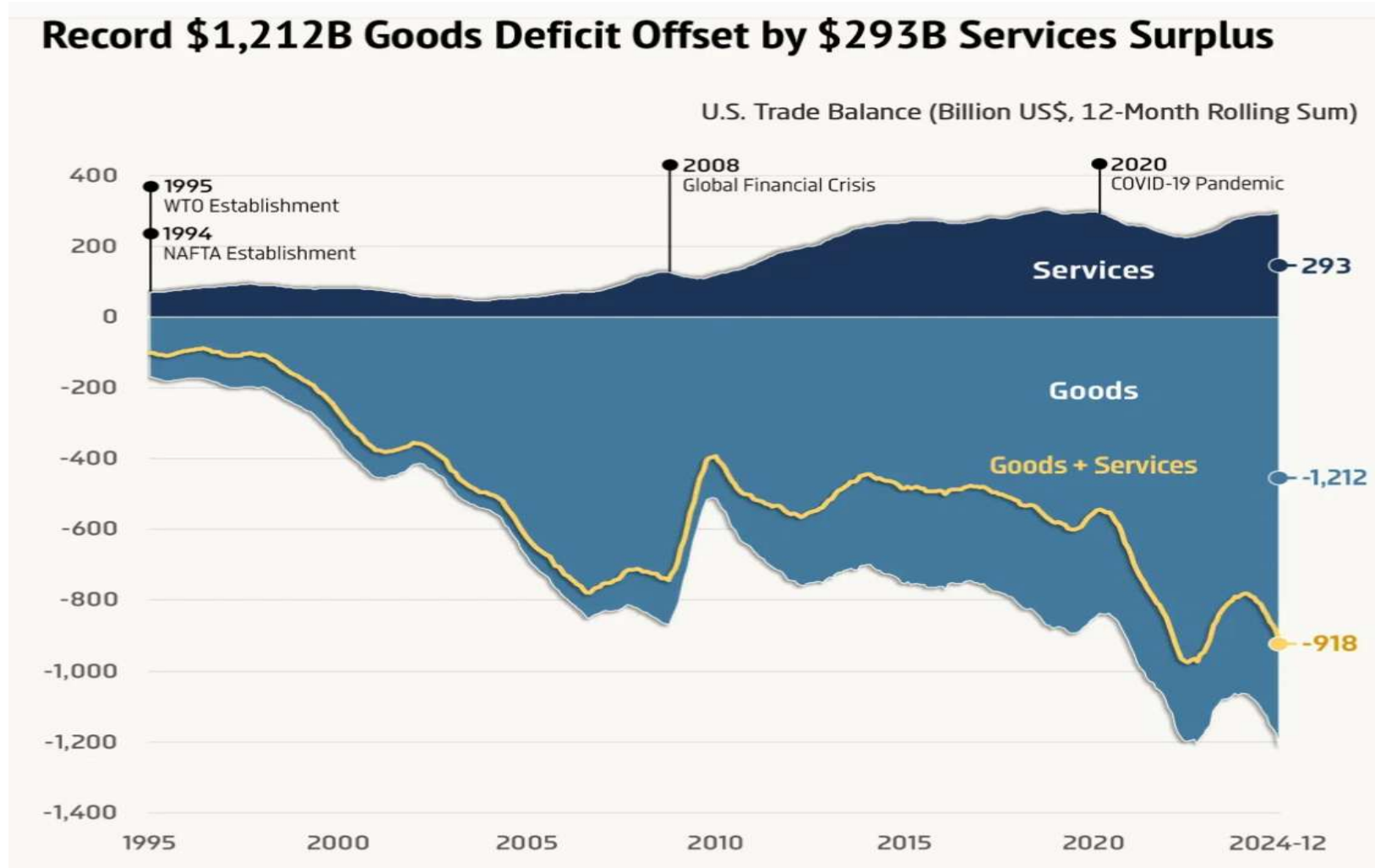
The US is exporting dollars at an unsustainable rate



What are we trying to fix??

The Outflow of US Dollars and  
The Unsustainable Trade Deficit

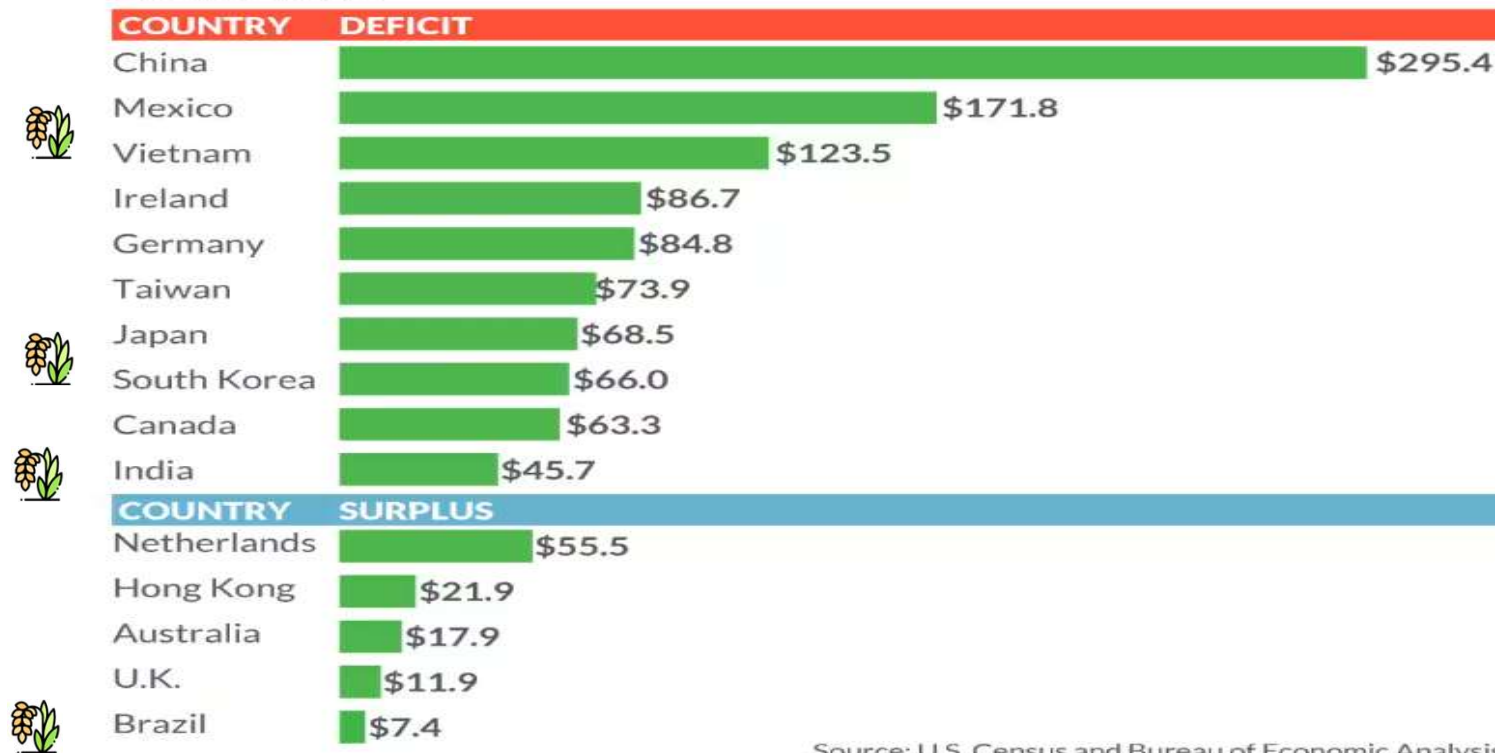
## Record \$1,212B Goods Deficit Offset by \$293B Services Surplus



# Countries Most Impacted



## U.S. runs trade deficits with most countries

2024, in billions



Source: U.S. Census and Bureau of Economic Analysis

# A Possible Solution - Tariffs

- Tariff Increase on all Imports
- The Goal... If Tariffs are placed –
  - Dollars flow back to the United States  
*(Exchanging Dollars for the Sellers Currency)*
- The Impact...
  - Dollar drops in value 
  - Trade Deficit Declines – Increase in Exports 

***The End Goal is not to have Tariffs***

***The End Goal is:  
A New World Financial Order***

# What is meant by- New World Financial Order



# **How did we get to the current World Financial Order??**

I ♥ HISTORY





# How did we get to the current World Financial Order??

***The Bretton Woods Conference (1944)***

# Why the Bretton Woods Conference Happened

- Held in July 1944 in Bretton Woods, New Hampshire, USA
- 44 Allied nations met to rebuild the global economy post-WWII
- Aimed to prevent economic instability and future wars
- To not repeat same mistakes made with the Treaty of Versailles



# The Bretton Woods System



- Currencies pegged to the US dollar
- US Dollar was convertible to gold at Fixed Rate
- Encouraged international trade and stability
- Adoption of a fixed exchange rate system anchored to the US dollar
- US dollar became the world “Reserve Currency”

# Main Results of the Conference

- Creation of the International Monetary Fund (IMF)
- Establishment of the World Bank
- Adoption of a fixed exchange rate system anchored to the US dollar... \$35/Ounce (\$3,357 Today)
- Allowed for the rebuilding of world economy including Germany and Japan

# Bretton Woods Accord Ended in 1971

- France was exchanging dollars for a lot of Gold
- Other countries followed
- US no longer had enough gold to back the value of dollar

# The Nixon Shock (1971)

- Ended dollar convertibility to gold
- Currencies began to float
- Temporary 10% Import Surcharge (Tariff)
  - Protect American industries
  - Bring back home US Dollars held abroad
  - Lower Value of US Dollar

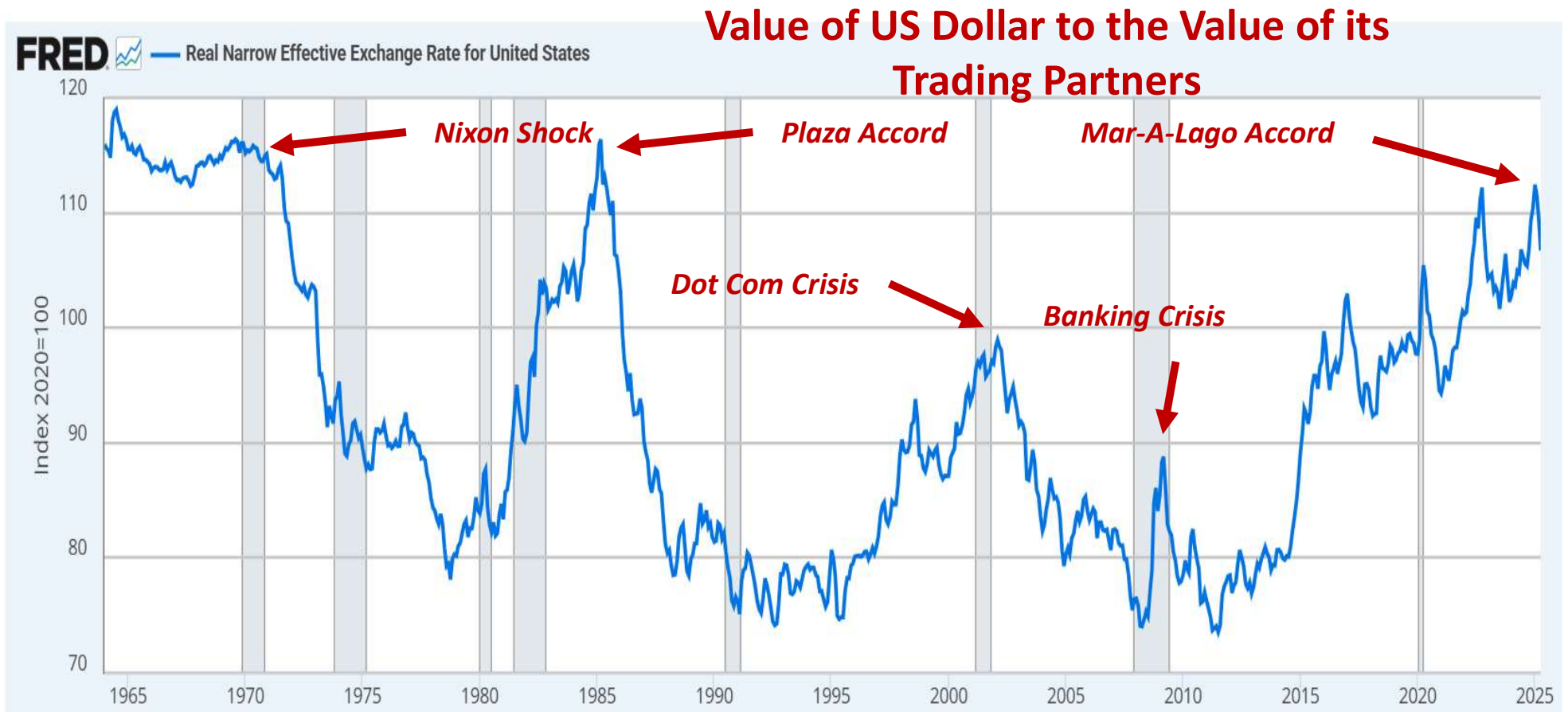
***Sound Familiar???***

# Plaza Accord – 1985 - (Reagan)

- US Debt on Unsustainable Course
- US Competitiveness (Exports) in the World had Collapsed
- US Dollar Overvalued (Up 47.9%)
  - American industries Closing
  - Too many US Dollars held abroad

***Sound Familiar???***


# Effective Exchange Rate for United States






# Mar-A-Lago Accord – 2025 - (Trump)


*“Accord” aims to:*

- 1. Restructure global trade and monetary relations*
  - 2. Devalue the U.S. Dollar* 
  - 3. Maintain Dollar as the world's reserve currency.*
- (My research - 15-20% decline in dollar hits the mean)*

# Mar-A-Lago Accord – Primary Goals

- Dollar Devaluation:
  - Implement measures to weaken the U.S. dollar, making exports more competitive. 
- Debt Restructuring:
  - Convert foreign-held U.S. Treasury securities into ultra-long-term bonds...  
(e.g., 100-year "century bonds").

# Mar-A-Lago Accord – Primary Goals

- Trade Realignment:
  - Utilize tariffs and trade agreements to Encourage US Domestic Manufacturing. 
- Security and Economic Leverage:
  - Leverage U.S. Security Guarantees to Negotiate Favorable Economic Terms with Allies.

# Mar-A-Lago Accord – Potential Challenges

## Potential Challenges – (Plenty of Them)

- Diplomatic Hurdles:
  - Success depends on international cooperation, which may be difficult amid geopolitical tensions.
  - US most focused on 18 trading Partners

# Mar-A-Lago Accord – Potential Challenges

## Potential Challenges

- Economic Risks:
  - Deliberate dollar weakening and debt restructuring could undermine confidence in U.S. financial markets.
  - Lower stock market likely if confidence declines

# Mar-A-Lago Accord – Potential Challenges

## Potential Challenges

- Implementation Uncertainty:
  - Lack of transparency and ambitious scope raise questions about feasibility and potential unintended consequences.
  - The time it will take to negotiate trade deals

# Mar-A-Lago Accord – What's Next ?

## Negotiations

- Countries Get to Pick a Box:
  - Green – Friend – Protected by US Military Might
  - Yellow – Acquaintance – On your own for Protection
  - Red – Foe – Category Designed for China and Russia

# Mar-A-Lago Accord – End Game

- Restore Manufacturing to 15% of GDP by 2030 (Current 10%)
- Keep US\$ at 60% of Global Reserves (Current 59%)
- Build “Green Box” to 40% of Global GDP
- Loyalty become Access - Preferential Tariff Treatment



Can the Mar-A-Lago Accord Work???

Yes!!!

Will it Work???


I DON'T KNOW

Yes!!!

No!!!

# *US Economic Environment*

## *“Current Economic Conditions”*

- ***Tariffs to the Rescue*** 
- ***US Unemployment Numbers -***
- ***Inflation Indicators –***
- ***How is the FED doing?? –***

# *Employment Numbers*

## *How they affect the FED's actions*

- Work Force (Who is working)
- Wage Growth (How much are they paid)

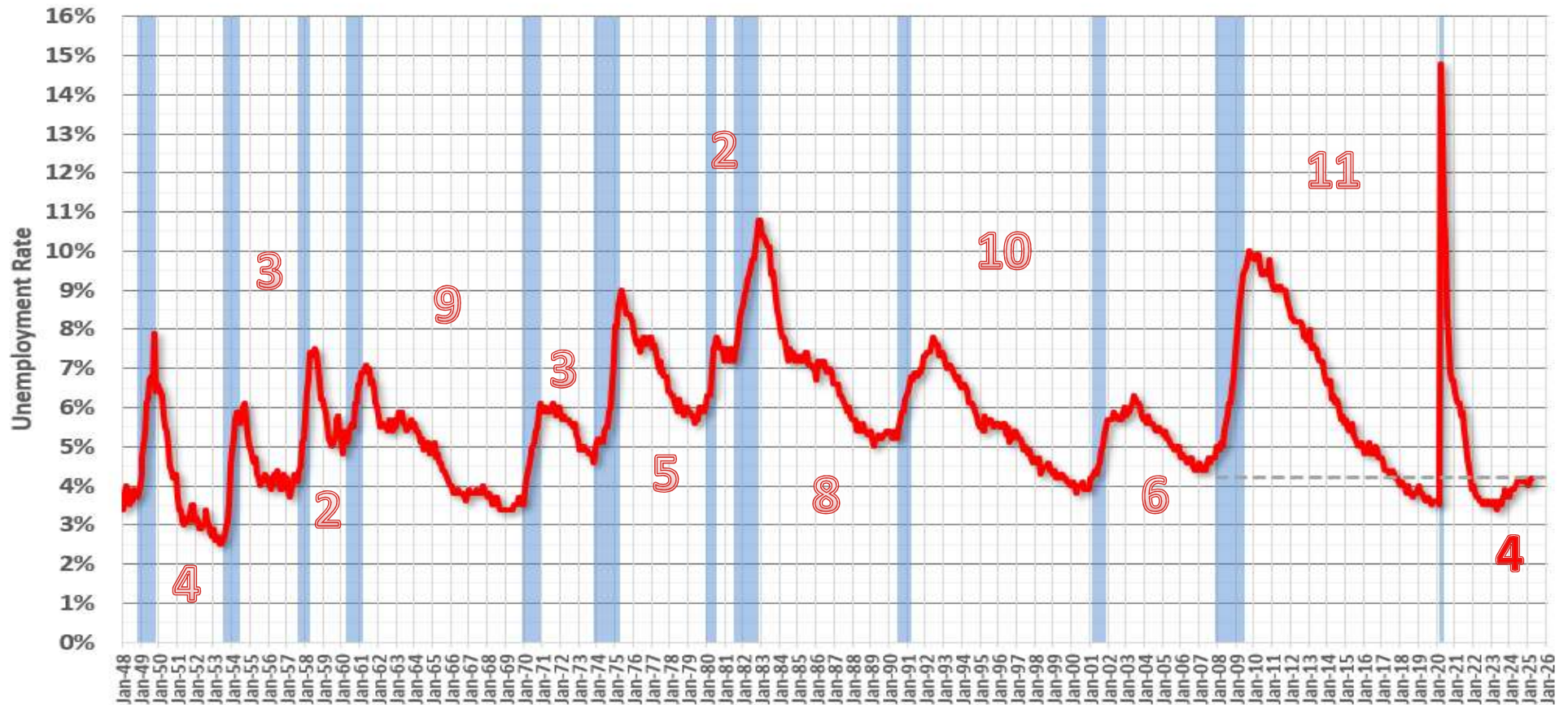
# *First Element of Employment*

## *“The Work Force”*

## Unemployment Rate & The Economic Cycle (current data 5-2-25)

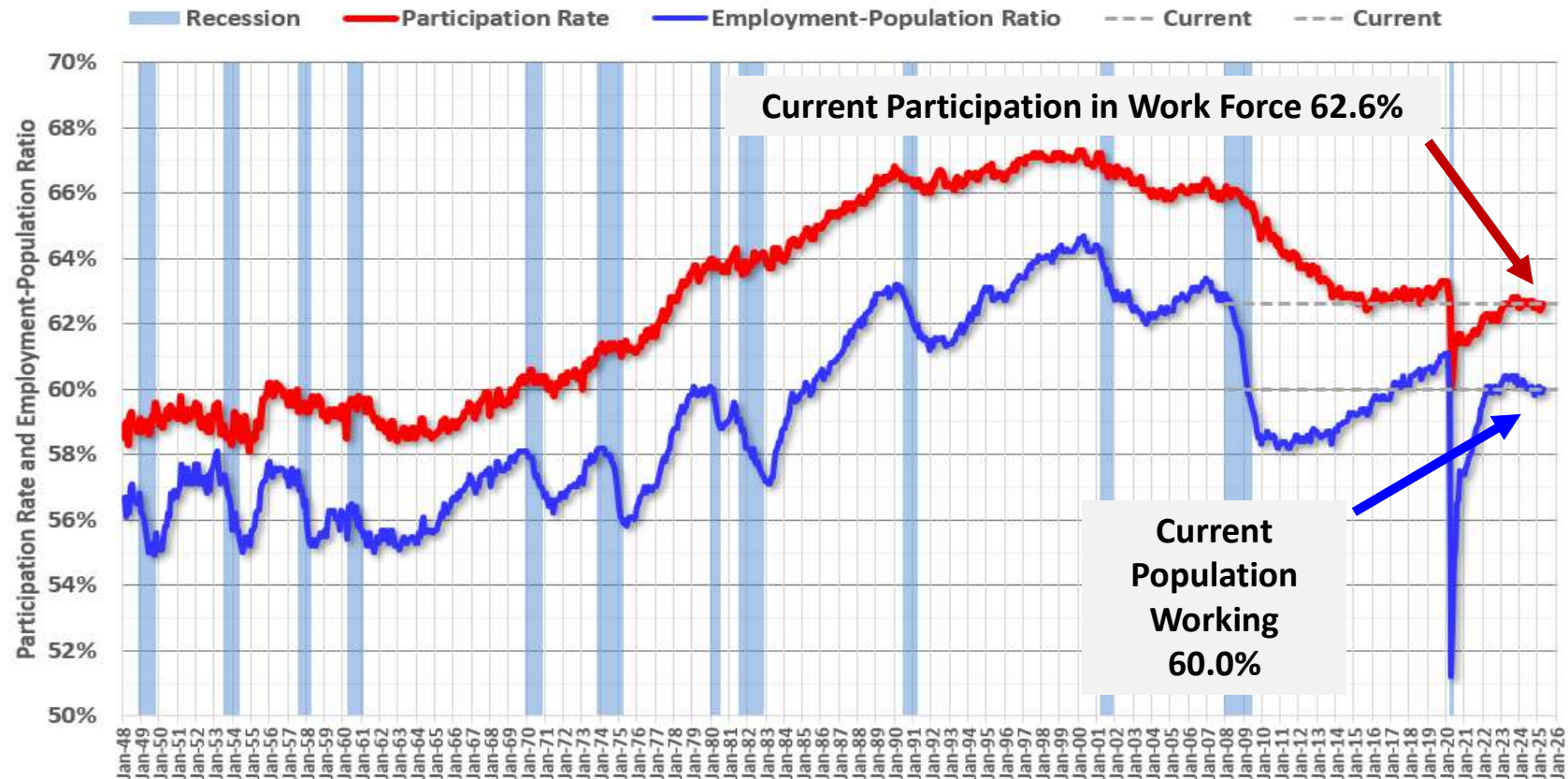
### Unemployment Rate

Recession   Unemployment Rate   Current 4.2%



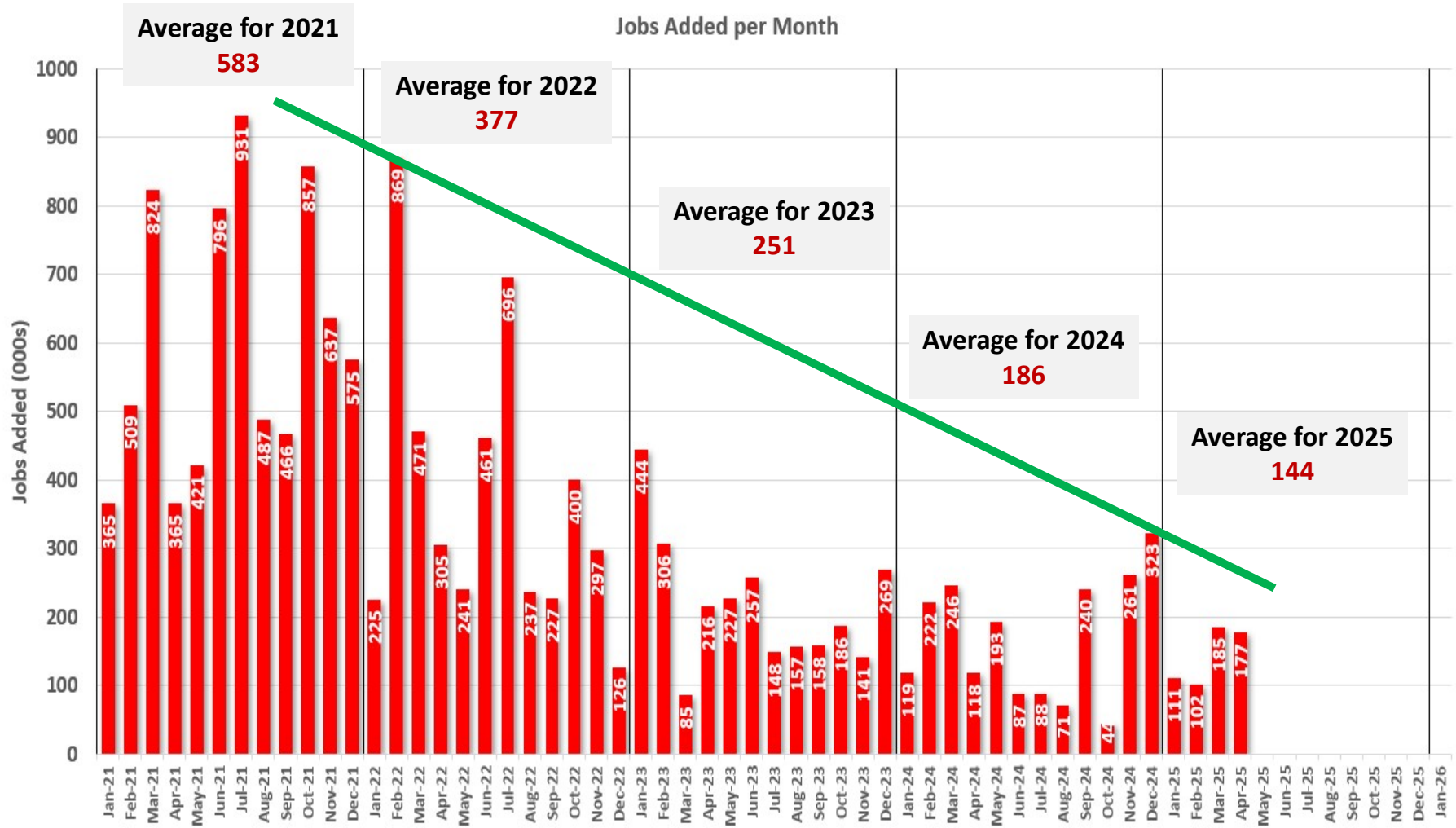
## Employment Participation- As of May 2025

Participation Rate and Employment-Population Ratio



This is the percentage of the working age (15-64) population employed.

This is the percentage of the working age population employed plus those looking for work.



## *Fed Chairman's Comments*

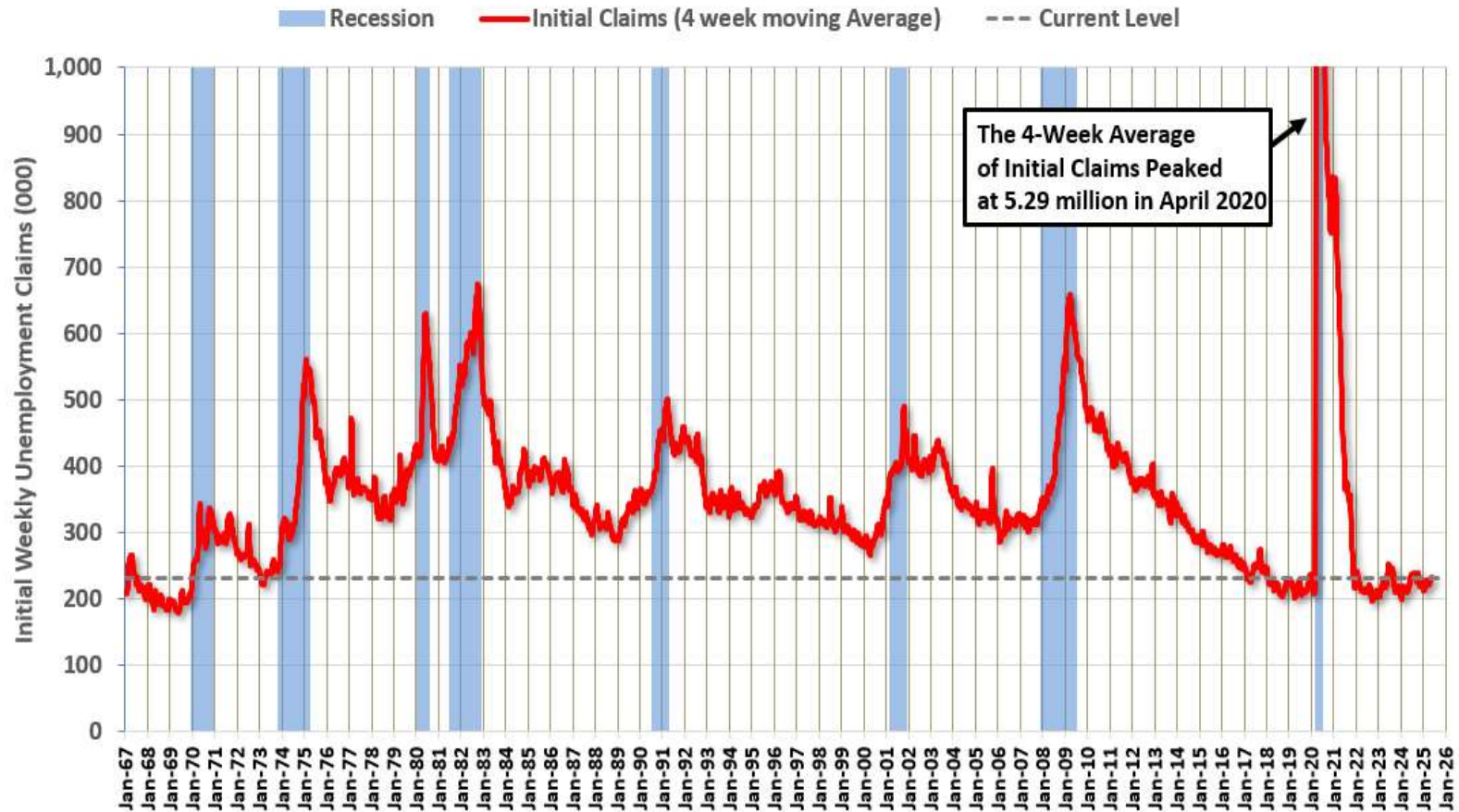
*“Our objective has been to restore price stability while maintaining a strong labor market, avoiding sharp increases in **unemployment**..... We do not seek or welcome further cooling in labor market conditions.”*

*Chairman Powell – August 23<sup>rd</sup>, 2024*

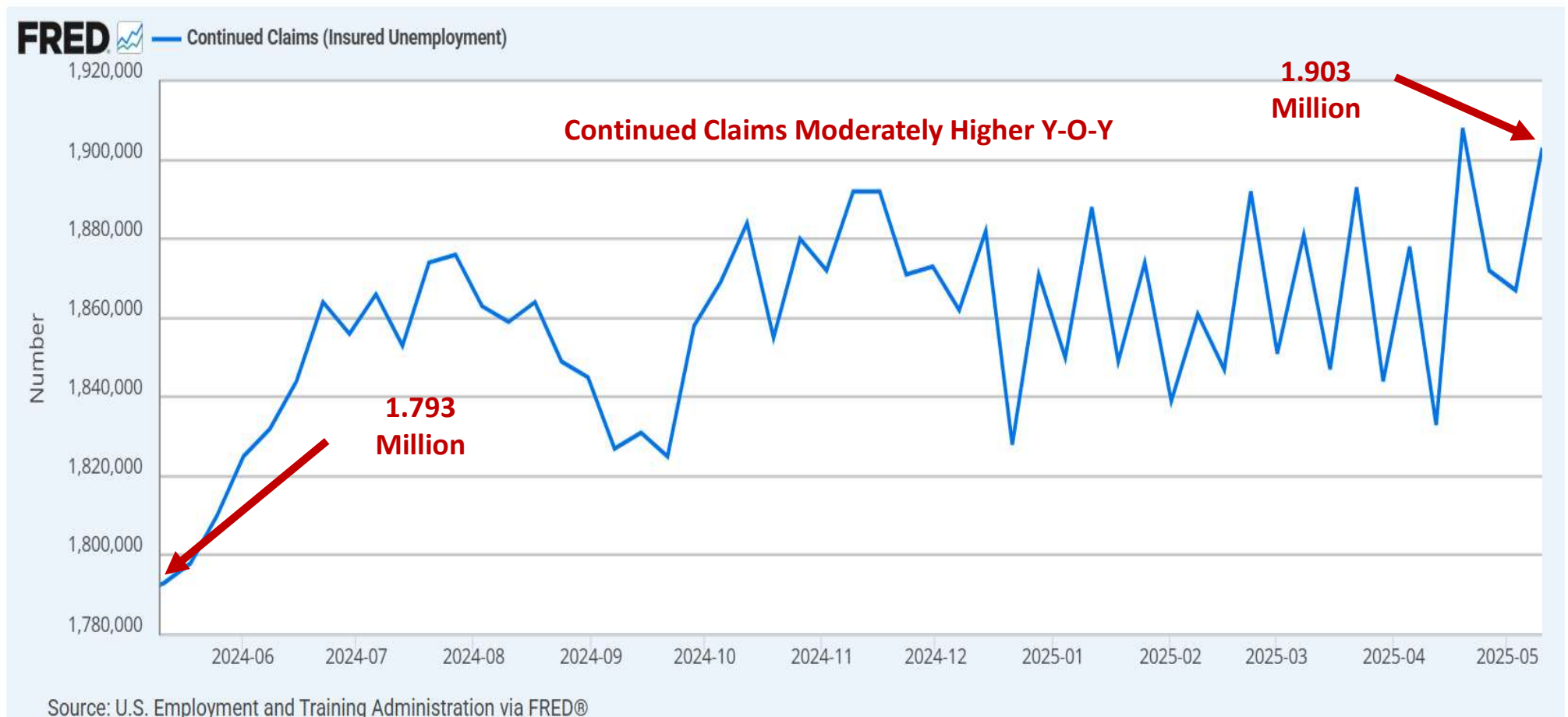


As of the May 22<sup>nd</sup>, Report

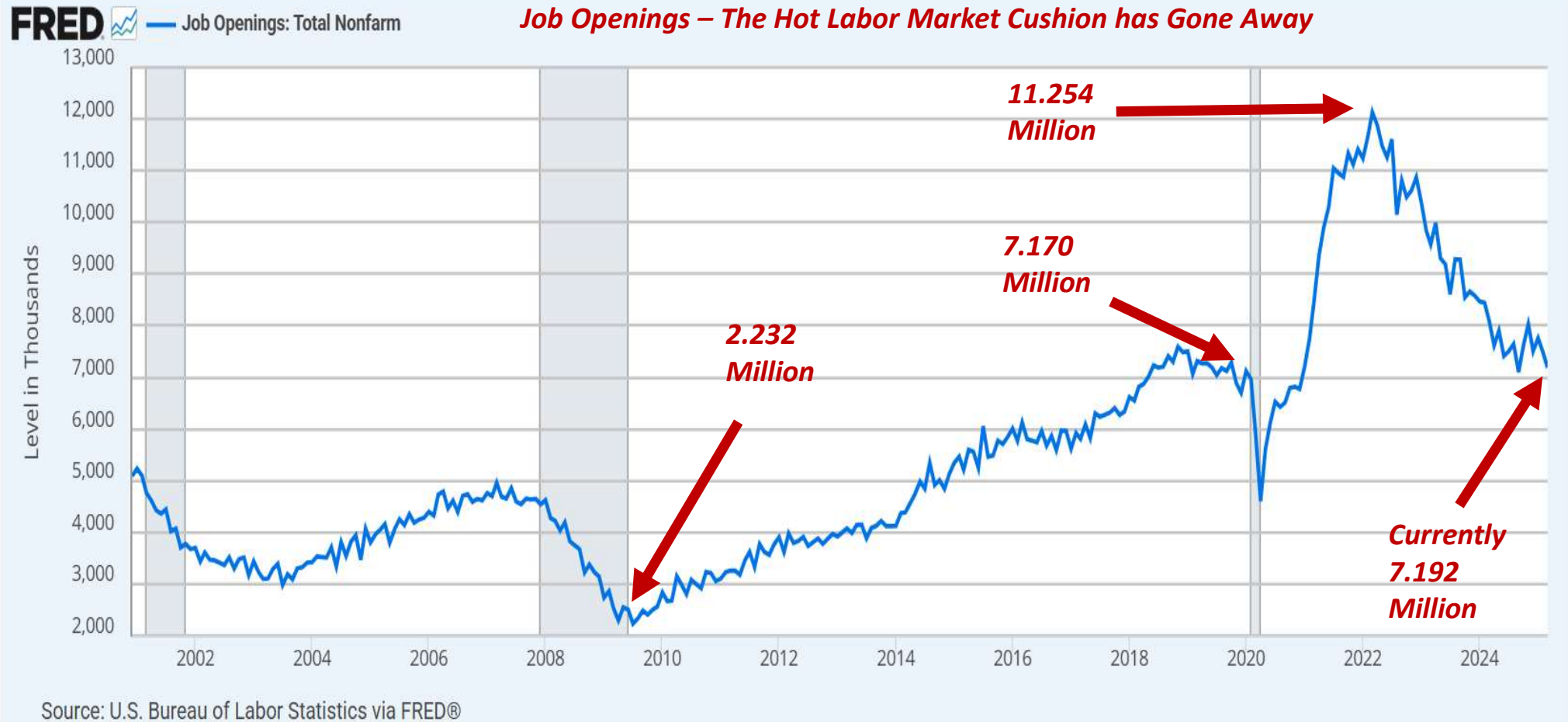
### Initial Weekly Unemployment Claims



## Weekly Continued Claims - As of May 22<sup>nd</sup> (Most Recent)



*Job Openings As of April 29<sup>th</sup> (Latest Data)*



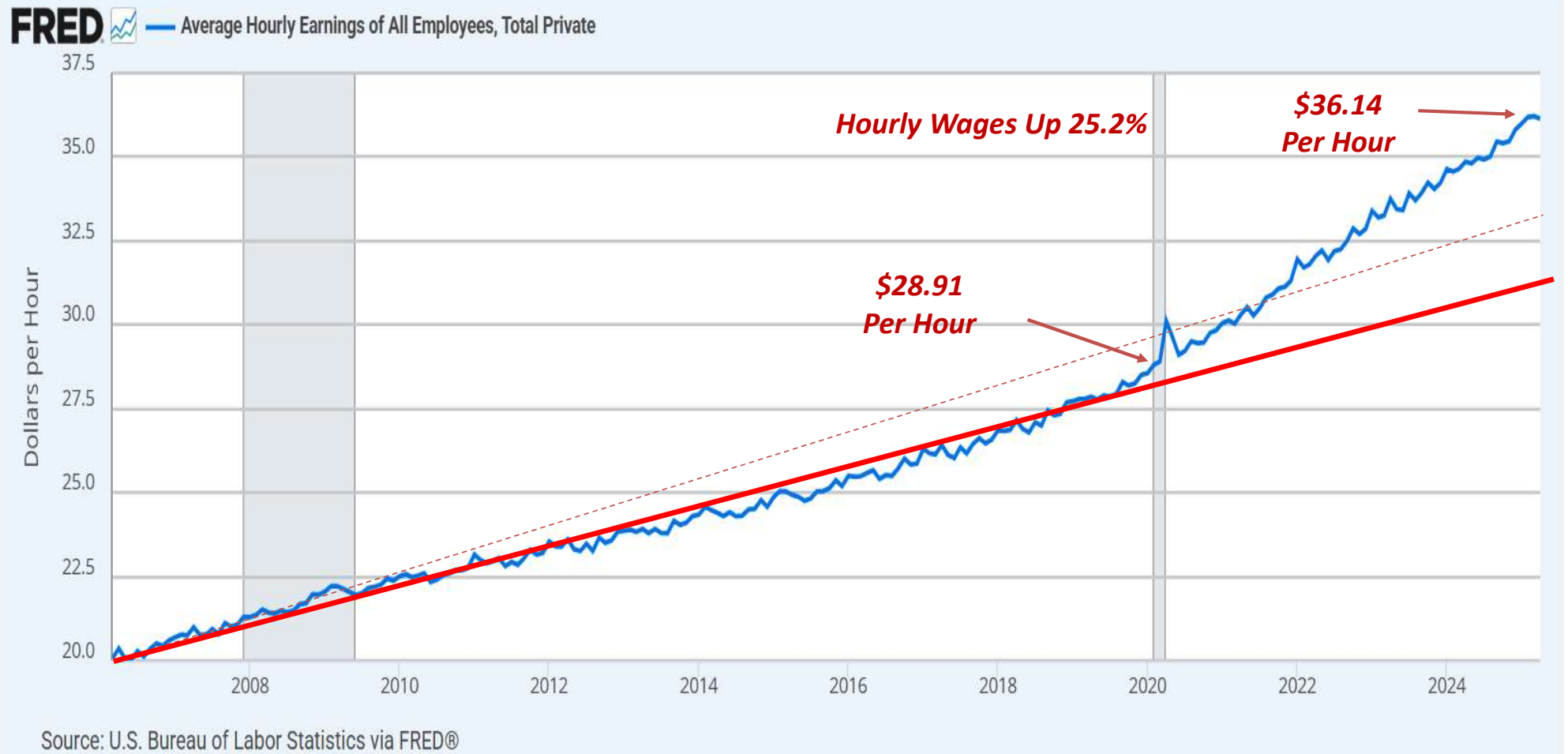
*First Element of Employment*  
*“The Work Force” - Unemployment*

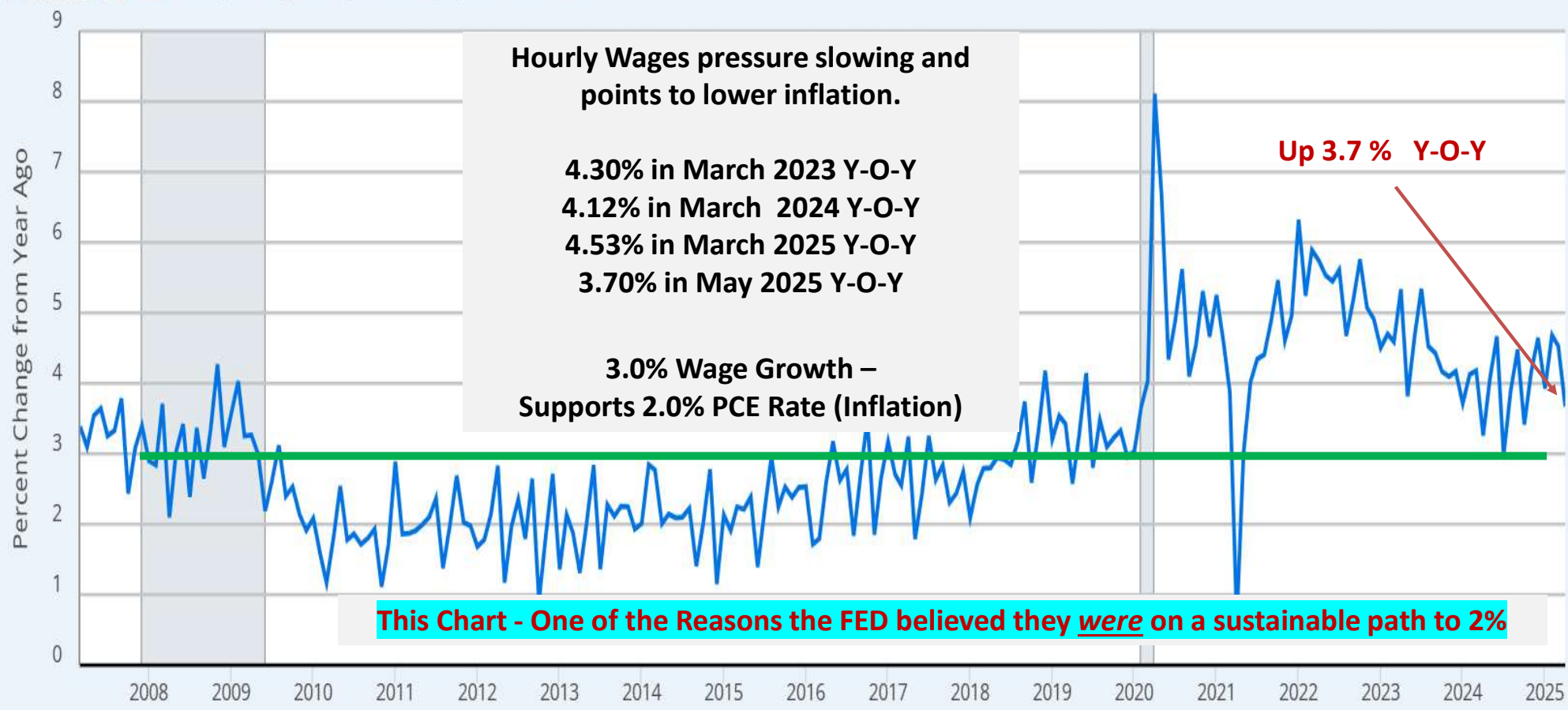
*Data Shows a Slowly Deteriorating  
Labor Market*

# *Second Element of Employment*

## *“Wage Growth” - Inflation*

## Wage Growth as of May 2<sup>nd</sup>, 2025 (Current Data)





Source: U.S. Bureau of Labor Statistics via FRED®



*Second Element of Employment*  
*“Wage Growth” - Inflation*

*Data Shows a Wage Growth Leveling Off*

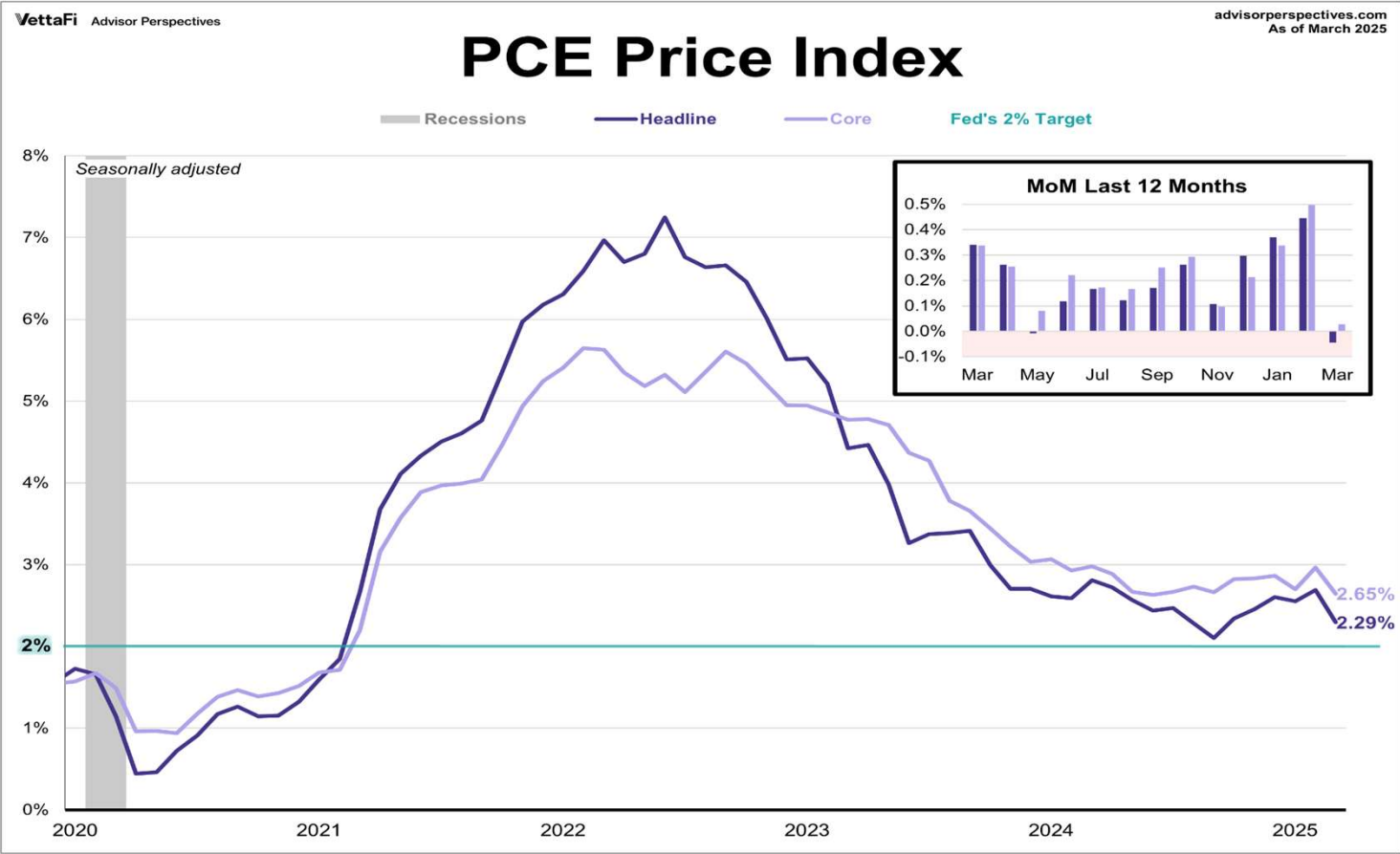


# *US Economic Environment*

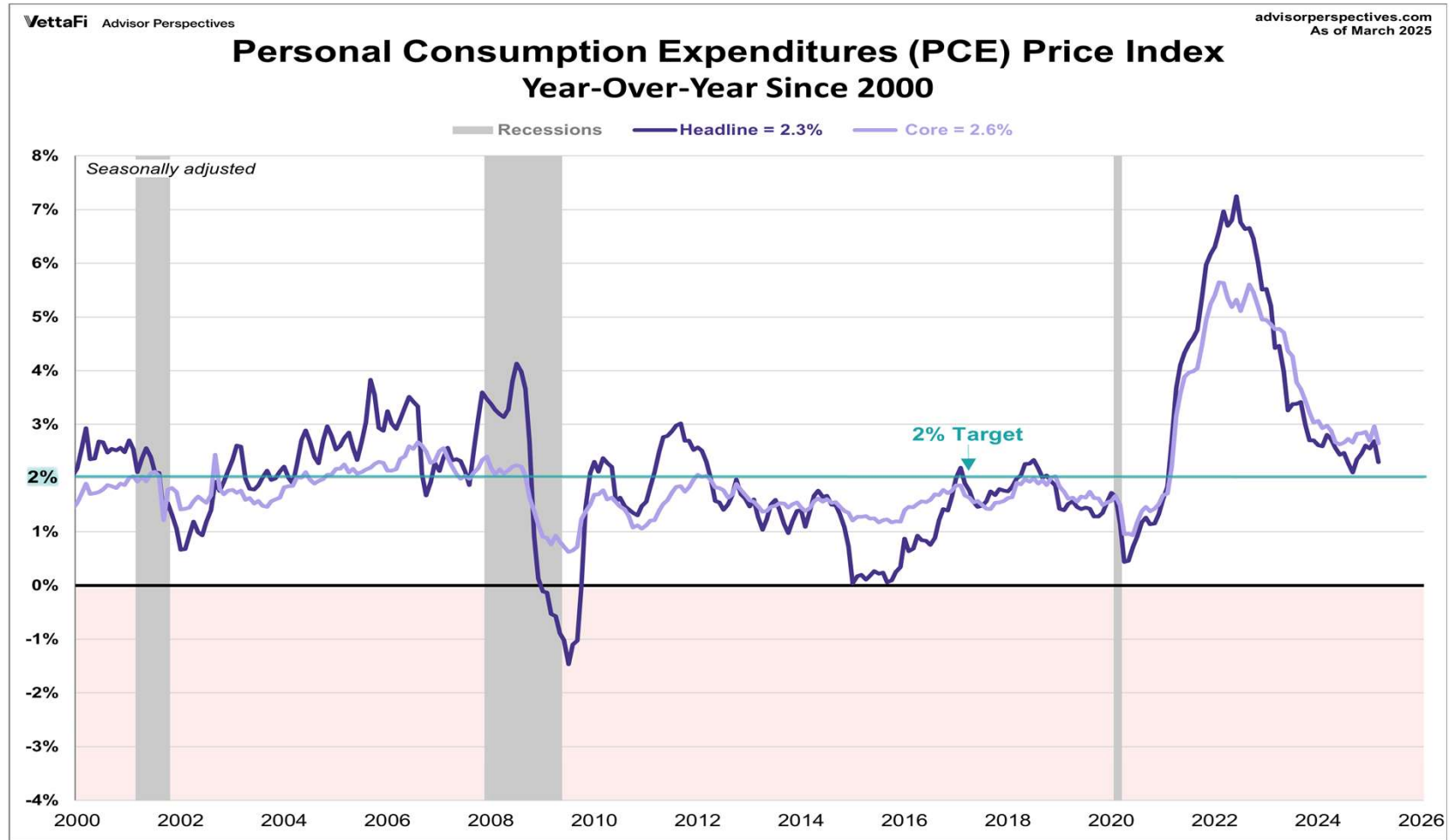
## *“Current Economic Conditions”*

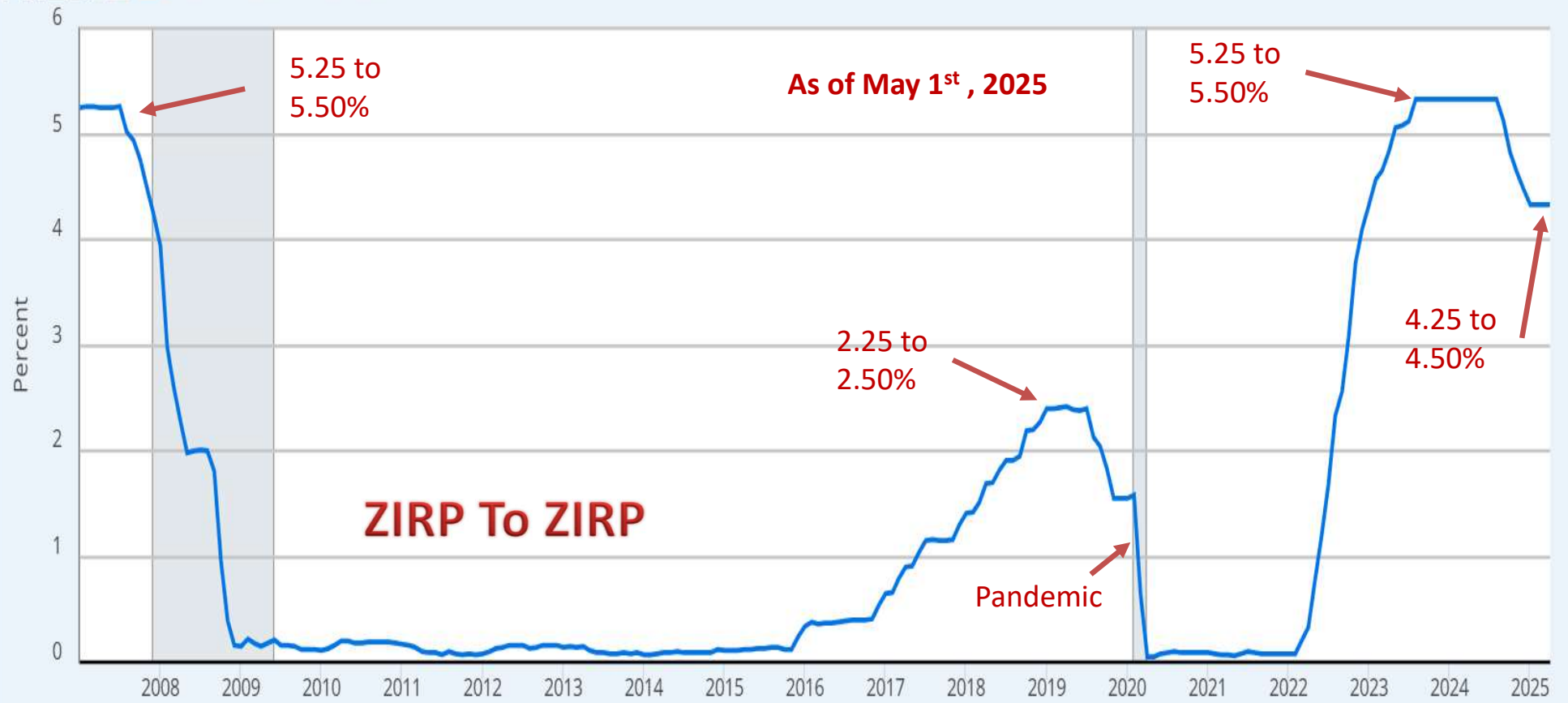
- *Tariffs to the Rescue* 
- *US Unemployment Numbers -* 
- *Inflation Indicators –*
- *How is the FED doing?? –*

As of March 2025 (Current Data)



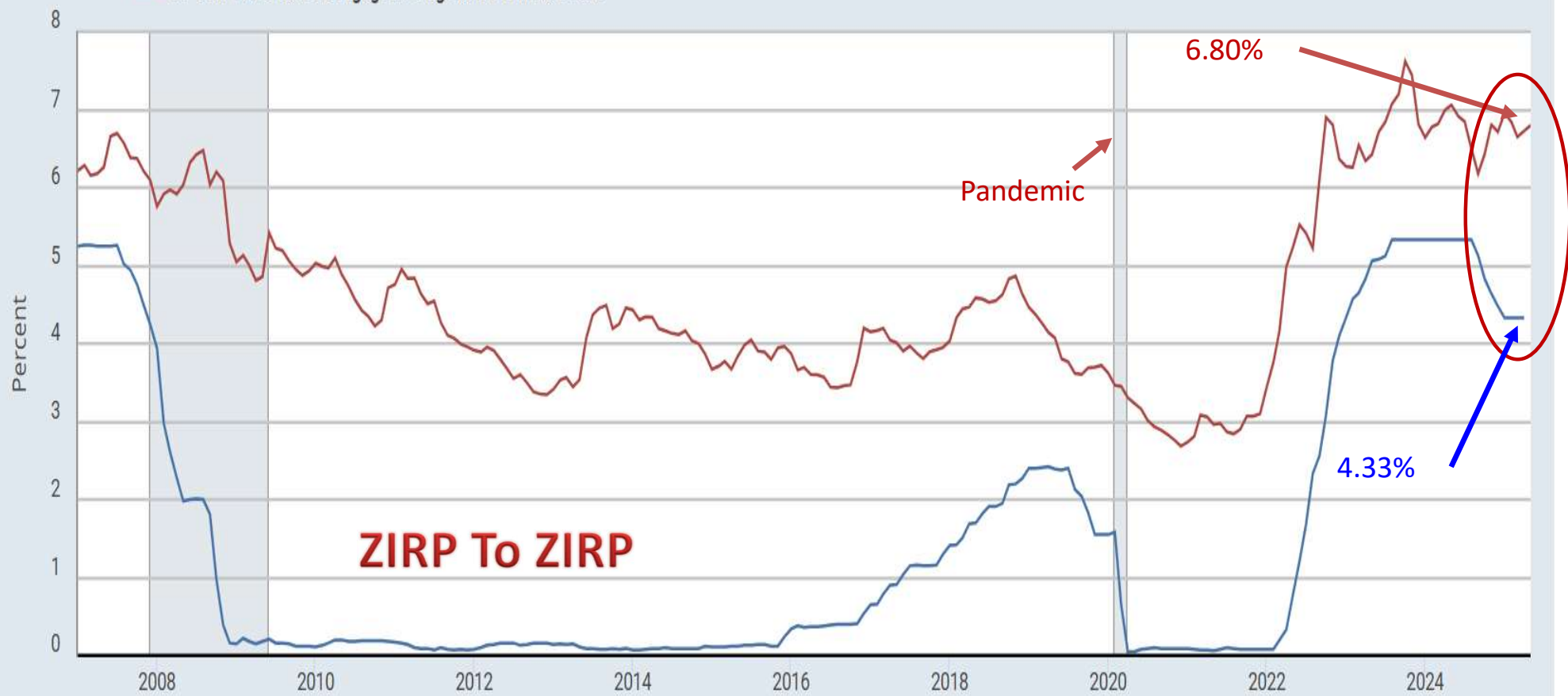
As of March 2025 (Current Data)



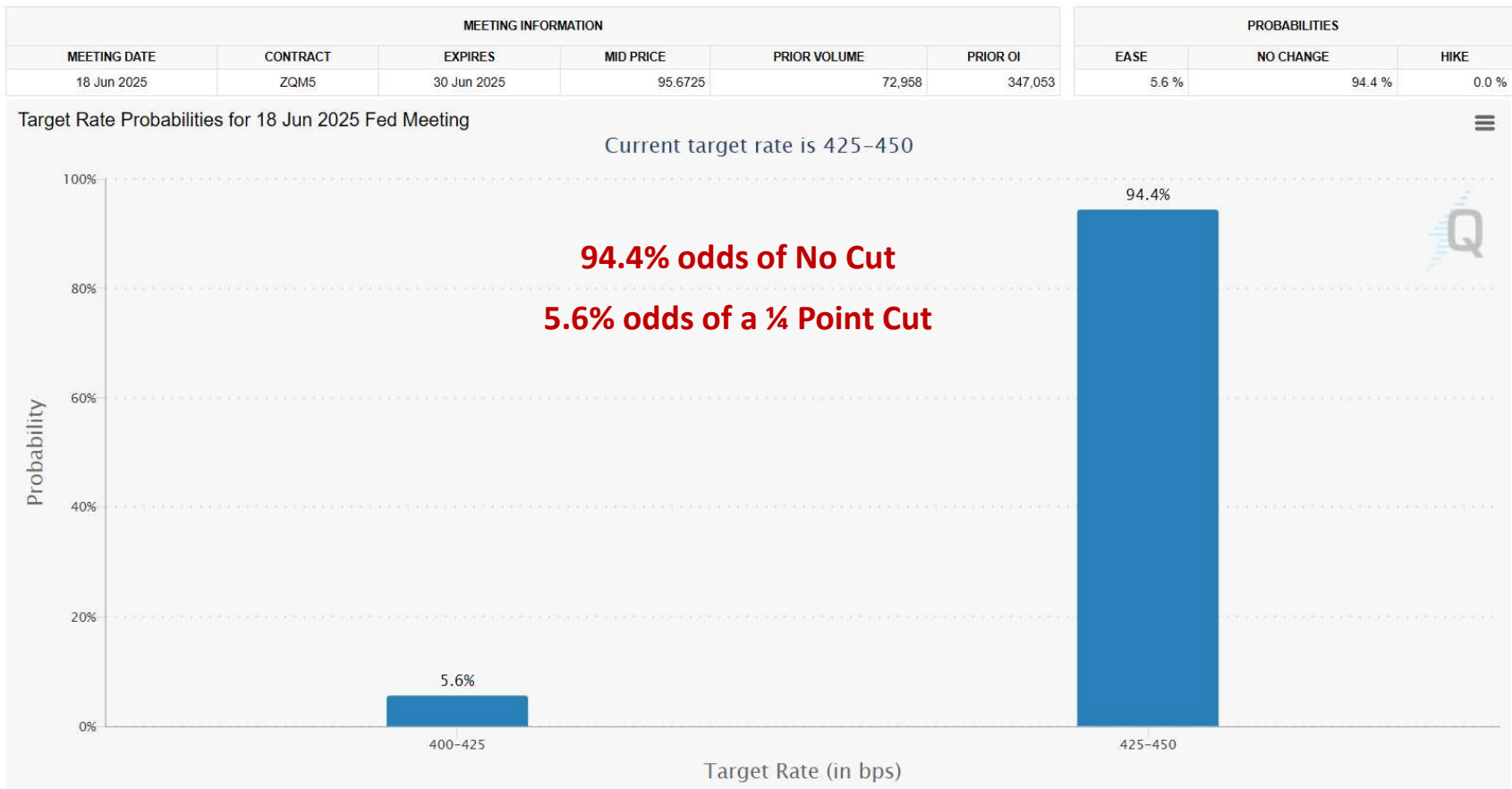


**FRED**

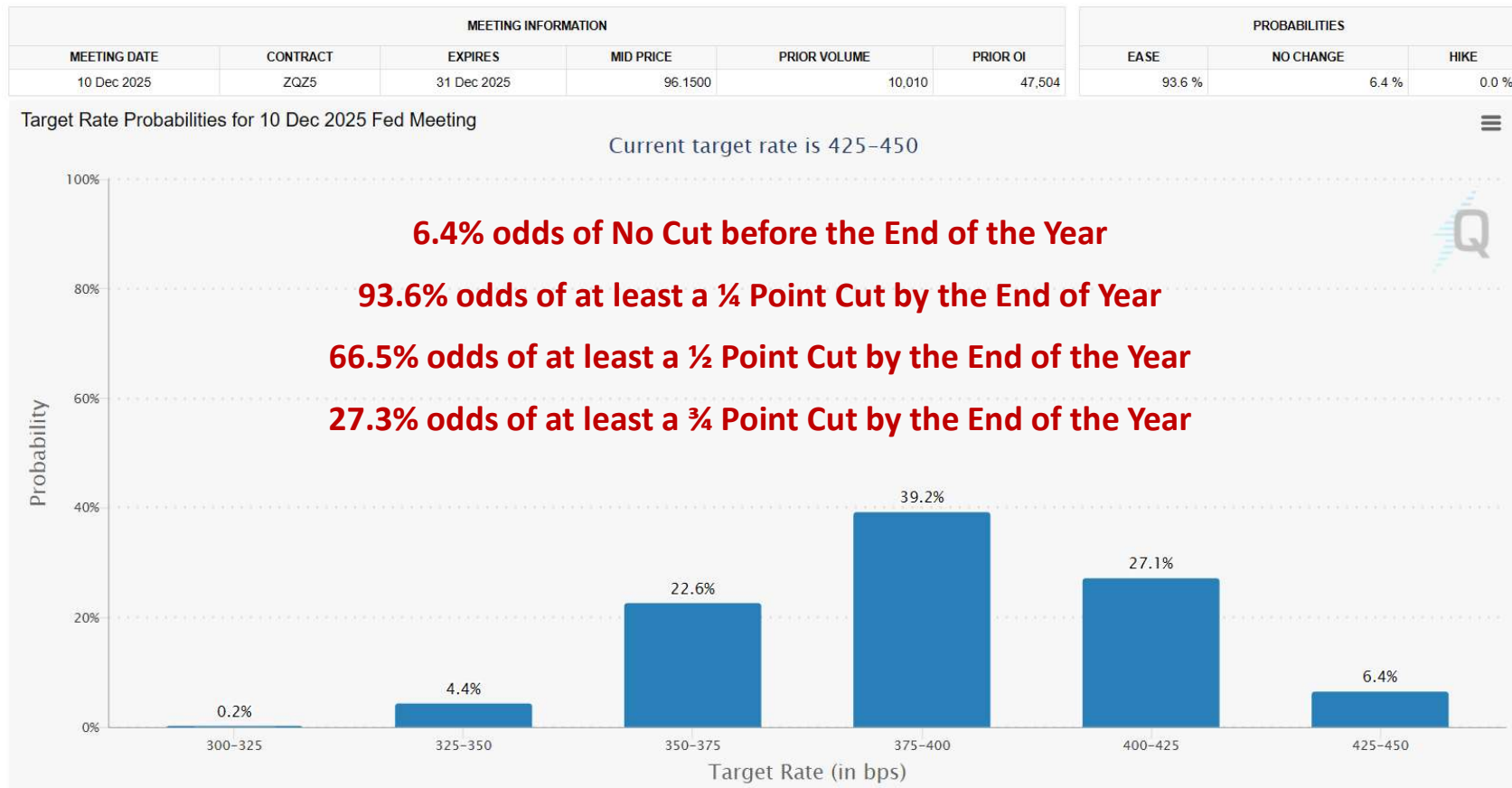
— Federal Funds Effective Rate  
— 30-Year Fixed Rate Mortgage Average in the United States



## Market Trading Change from Current Rate – By June 18<sup>th</sup> , 2025



## Market Trading Change from Current Rate – By December 10<sup>th</sup>, 2025



## The FED has Changed Stance and Focus



The Federal Reserve  
(Fed)



Banking System



The Treasury



Congress

### Three Stances-

1- Accommodating




2- Neutral (Pause)

3-Tightening

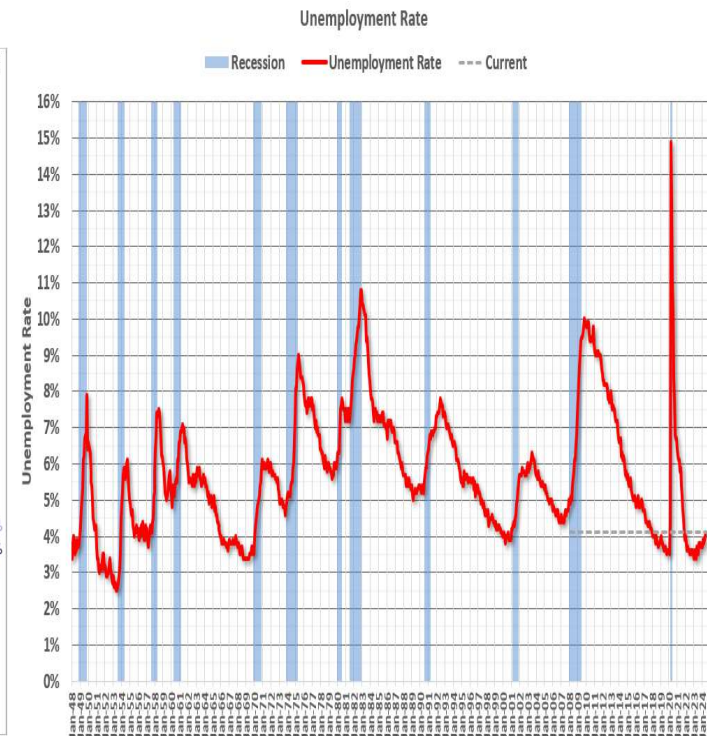
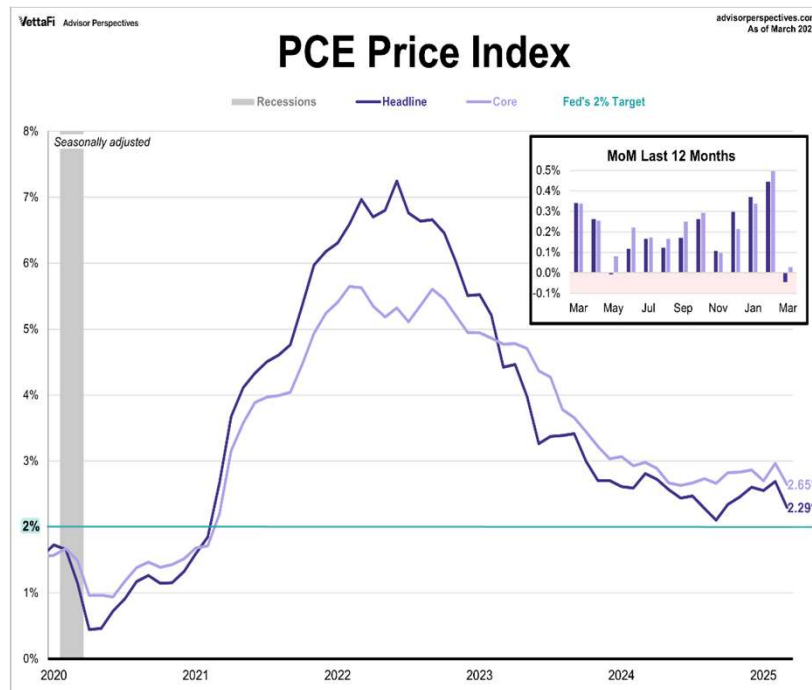


# *US Economic Environment*

## *“Current Economic Conditions”*

- *Tariffs to the Rescue* 
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# *FED Watching Both Inflation and Unemployment*



# *The Fed's Dilemma*

Inflation – Raise Rates (Tightening)

Rising unemployment – Cut Rates (Accommodating)

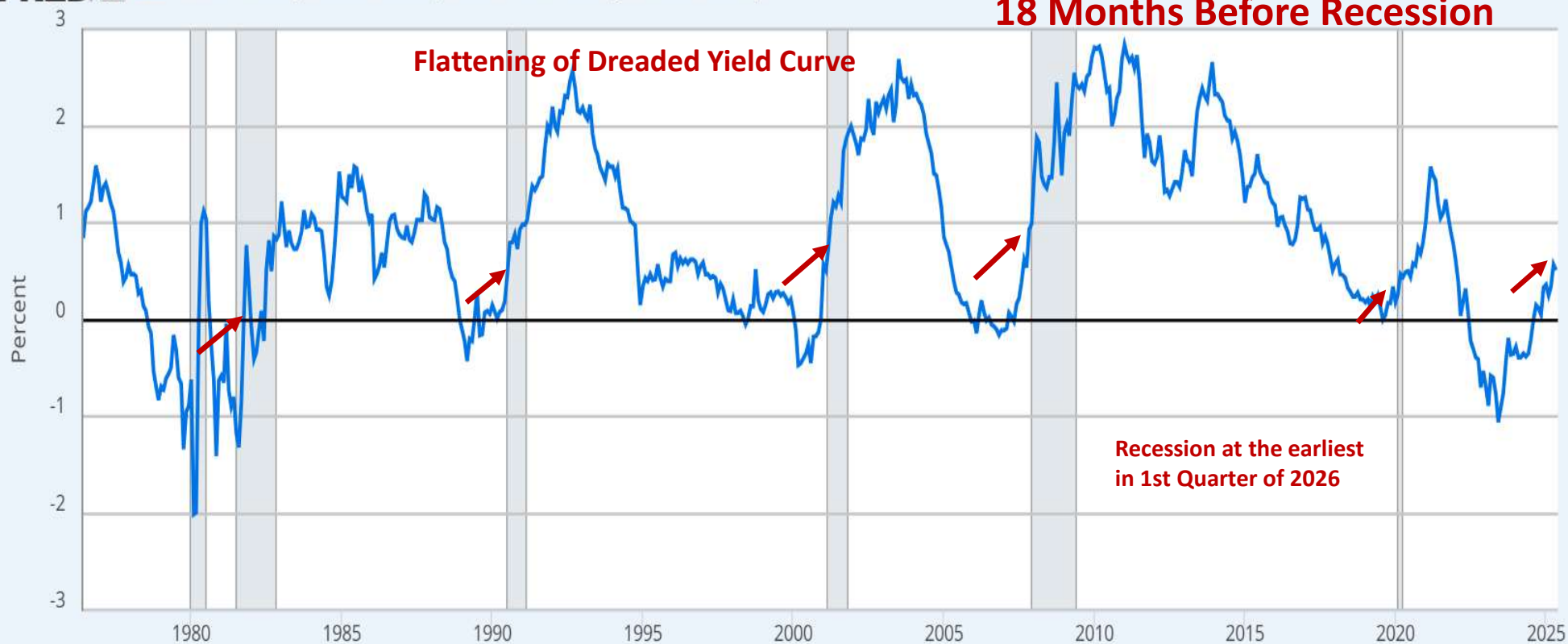
If Both are Acceptable – Hold Rates (Pause)

*Balancing Act to Keep us Out of Recession*

**FRED**

— 10-Year Treasury Constant Maturity Minus 2-Year Treasury Constant Maturity

## Yield Curve Normalizes 6 Months – 18 Months Before Recession



Source: Federal Reserve Bank of St. Louis via FRED®

## *The Sahm Rule -*

*When the Average Unemployment Rate  
for the past 3 months  
is .50 higher than  
the lowest 3-month Average Rate  
Over the Previous 12 months*

*This has ALWAYS Signaled the start of a recession*

# *The Sahm Rule - Current*



# *The Sahm Rule - Current*

*Avg Rate past 3 months - 4.17*

*Lowest Avg rate last 12 months – 4.0 (Apr.)*

*Current Sahm Index = + .17*

## *No Sign of Recession*

Remember

*The Fed Will Cut Interest Rates Aggressively*

*ONLY IF:*

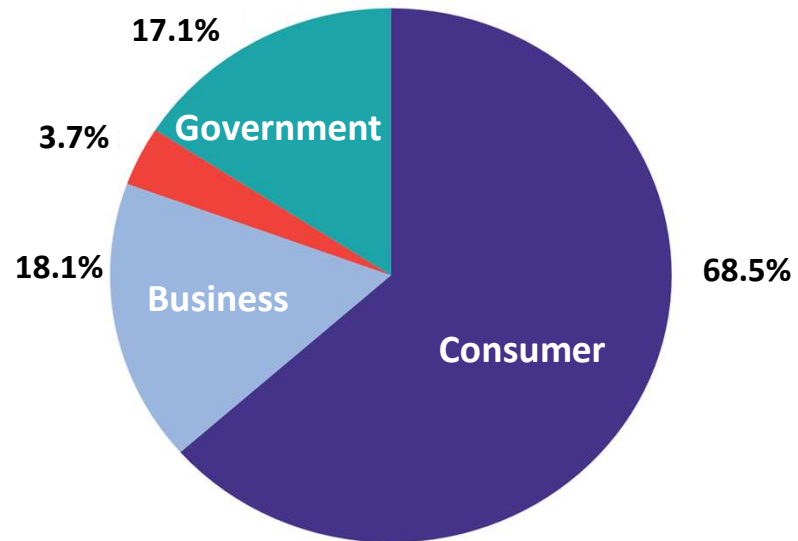
*The Economy is Cooling too fast,*

*Putting Downward Pressure on GDP.*



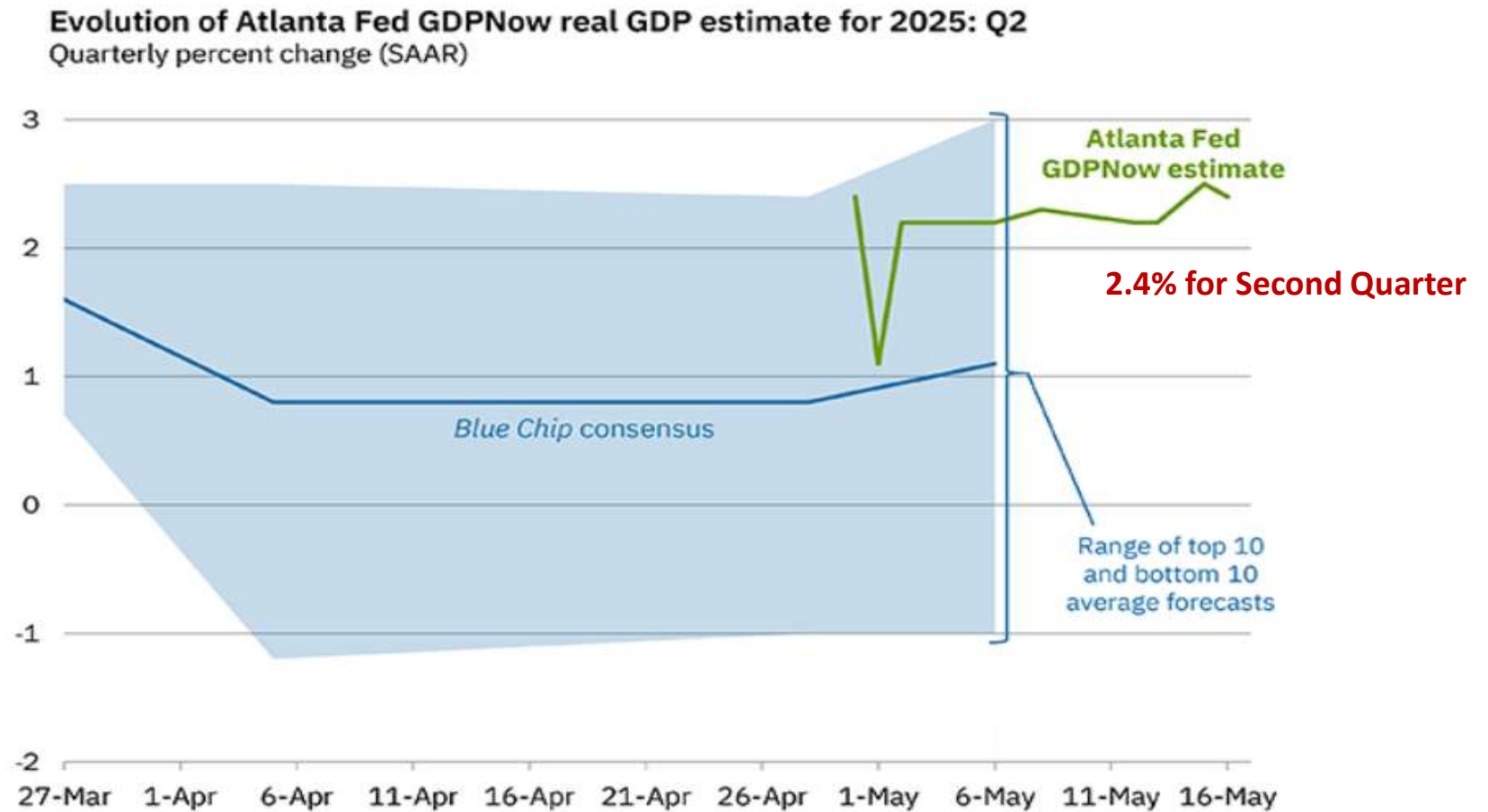
## The Four Components of GDP

- Personal Consumption Expenditures
- Gross Private Domestic Investment
- Net Exports of Goods & Services
- Government Consumption Expenditures & Gross Investment

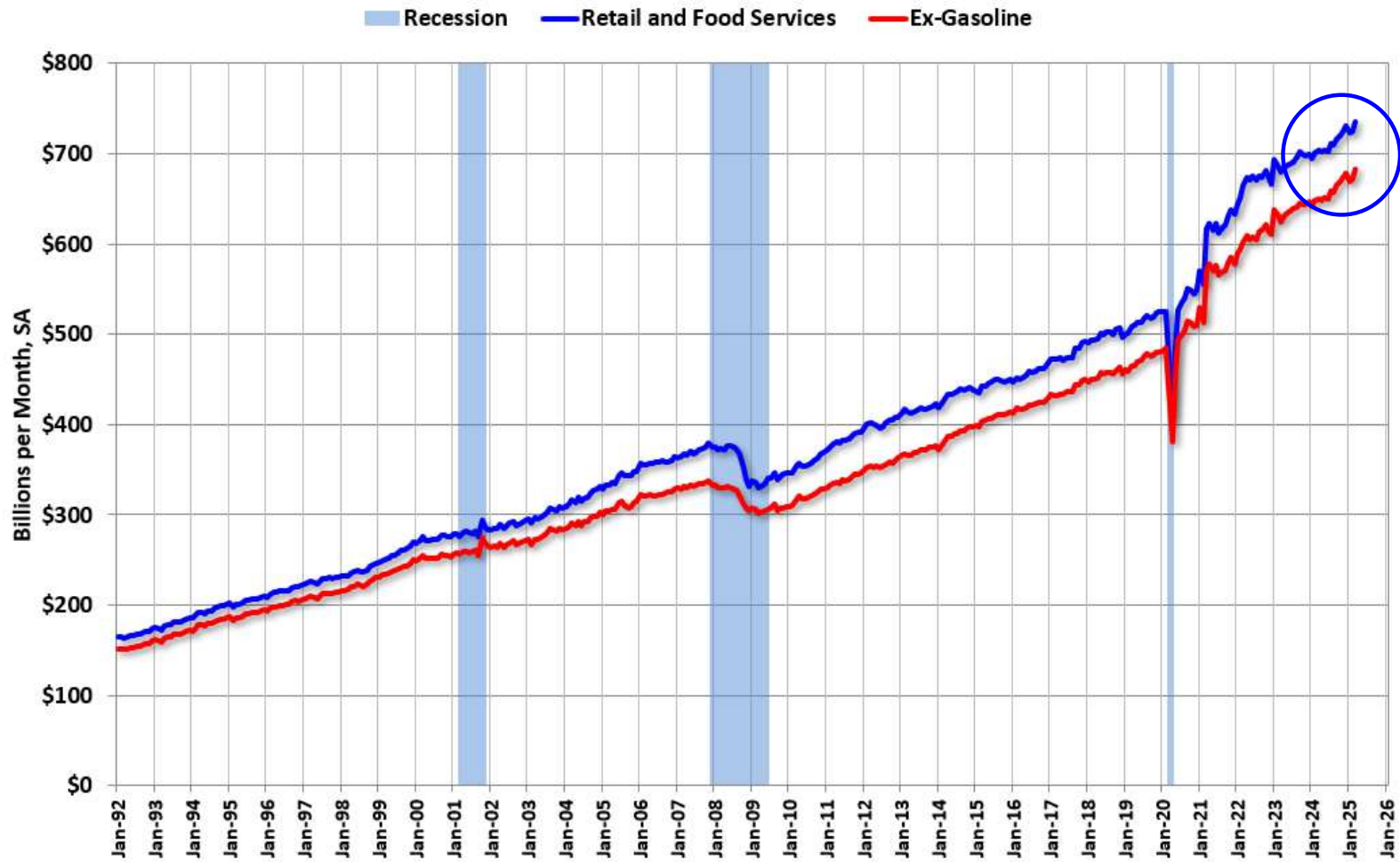


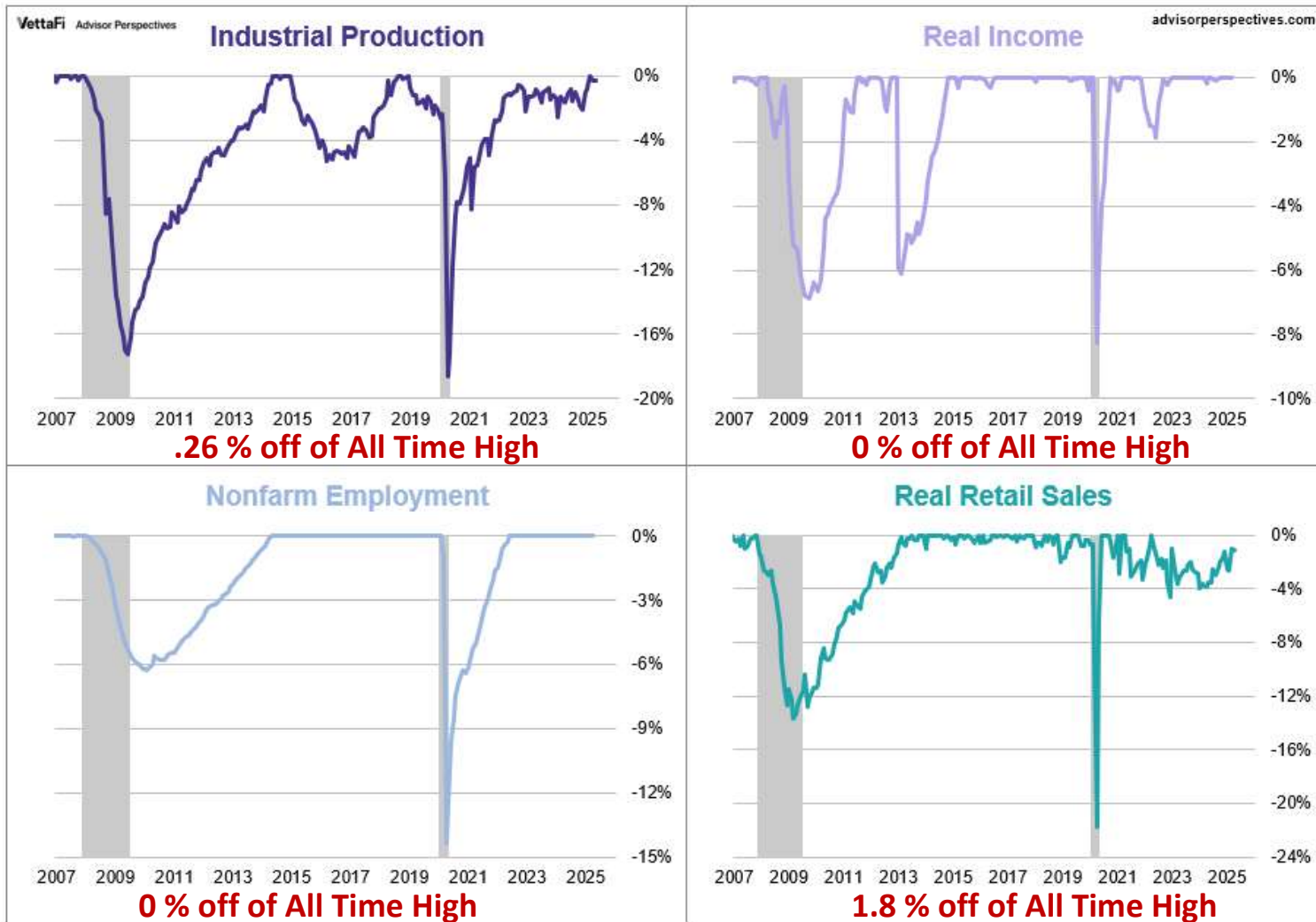
**As of April 30th, of 2025**

*GDP Forecast May 27<sup>th</sup>, 2025 (Current Data)*



## U.S. Retail Sales









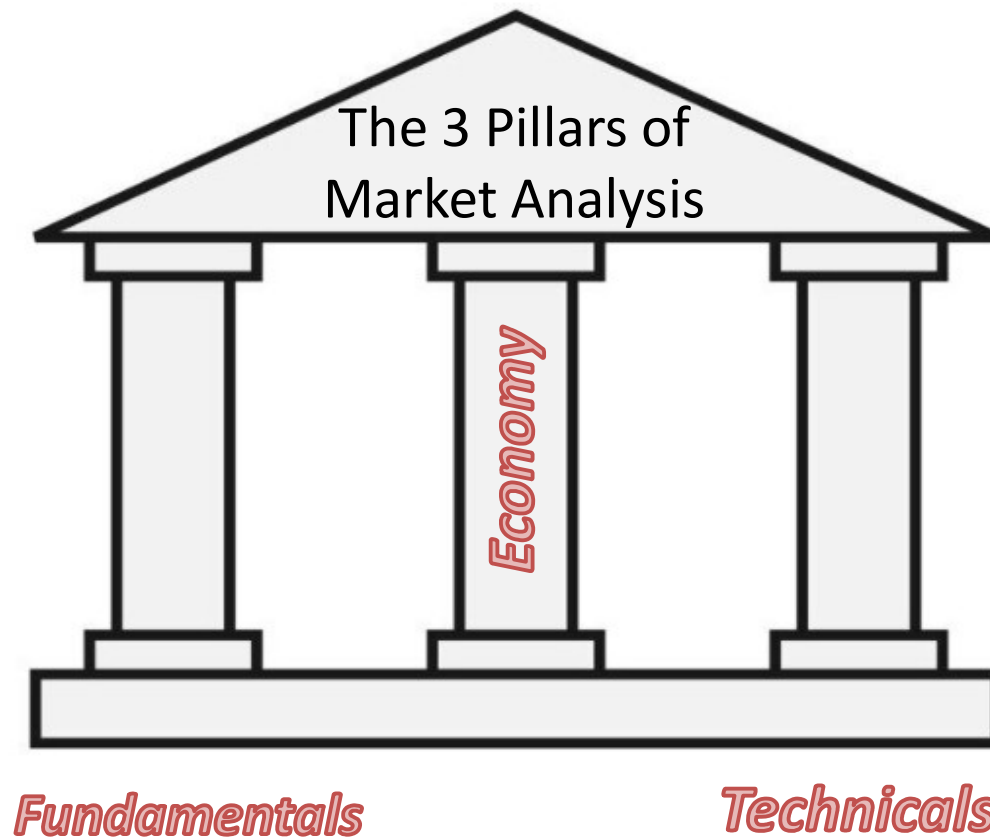
# *Economic Data Shows no Sign of Recession*

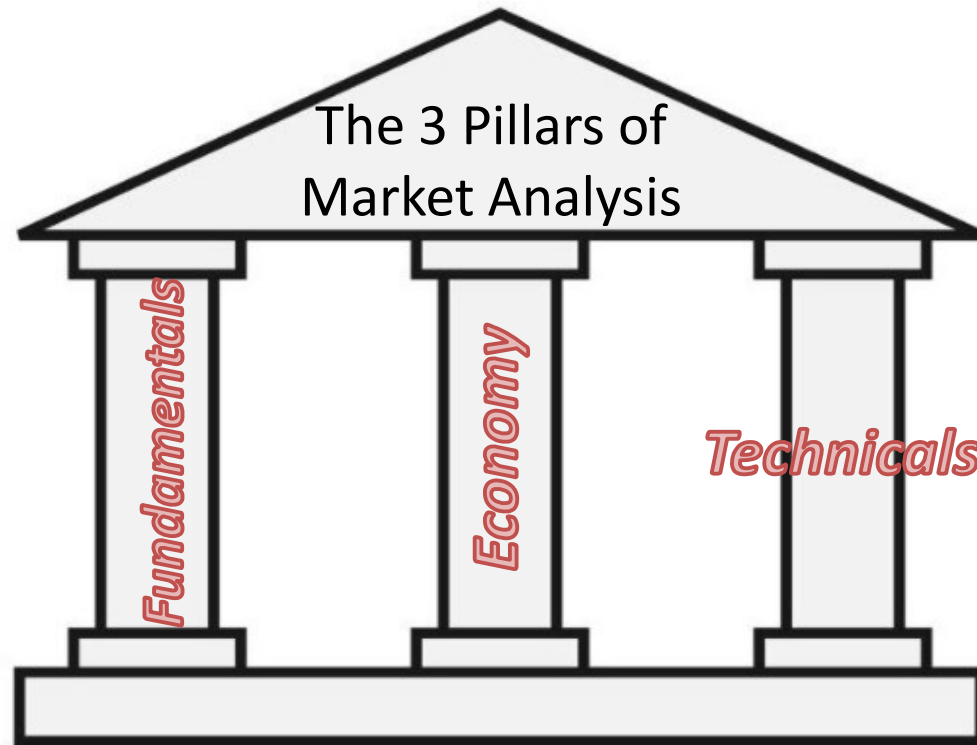


# *US Economic Environment*

## *“Current Economic Conditions”*

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- *How is the FED doing?? –* 







*Technical Trading is:*

*Determining possible*

*Price Movement based on*

*Past Patterns.*

# **Technical Breakdown**

- ***Identify - Detect Risk***

- ***Trading Action***

- ***Charts***
    - ***Indicators***

Type  
"A" or  
Price  
Based

- ***Trading Conditions***

- ***Seasonal Tendencies***
    - ***Market Participants***

Type "B" or  
Non-Price  
Based

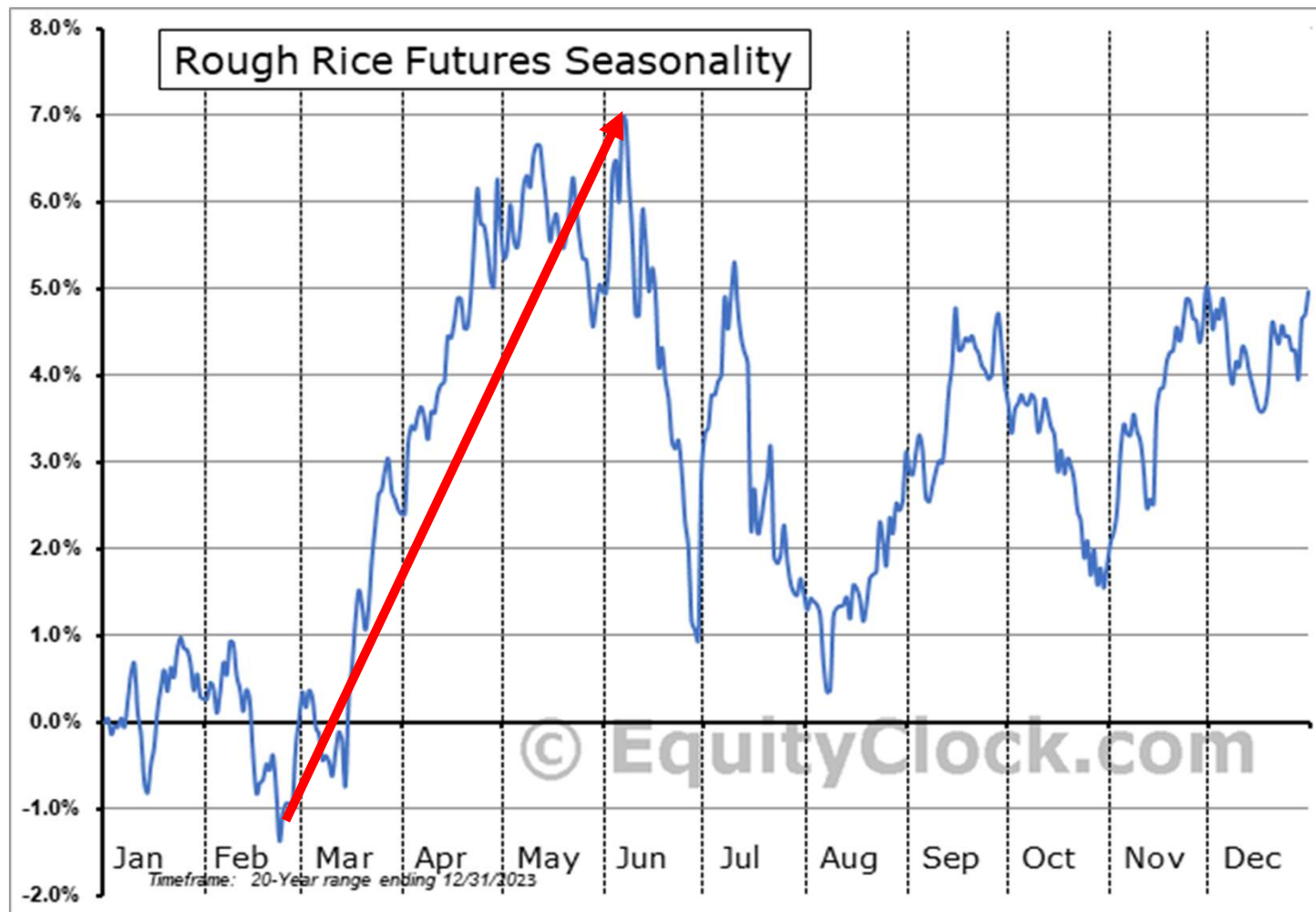
## ***Technical Breakdown***

### ***– Trading Conditions***

- ***Seasonal Tendencies***
- ***Market Participants***

**Based**

**Type “B” or  
Non-Price  
Based**



Rice Futures · 1D · CBOT \* O12.910 H13.340 L12.910 C13.170 +0.255 (+1.97%)

13.135  
SELL

0.070

13.205  
BUY

EMA 12.974

EMA 13.139

Untitled Script !

Untitled Script !

^



T7

RSI 53.60 0 0 0 0

PB 0.7598

↑ ↓ ↻ ⌂

↑ ↓ ↻ ⌂

Sep

Oct

Nov

Dec

2025

Feb

Mar

Apr

May

Jun

VANTAGE RM

VantageRM.com

## *Seasonal's Driven by Weather*

- *Forecasting is Based on Weather Models*
- *Today's Models are Being Updated with AI Solutions*
- *How I Use Them to Check Seasonal Tendencies*
- *Today, anyone can be their own weather man*

# ***Forecasting is Based on Weather Models***

- ***Global***
  - ***GFS – “The American”***
  - ***ECMWF – (Hi Res) “The Euro”***
  - ***GDPS – “The Canadian”***
  - ***UKMET – “The Brit”***
- ***Regional***
  - ***NAM – (US)***
  - ***RAP – (US)***
  - ***RDPS – (Canada)***

# ***Forecasting is Based on Weather Models***

- ***Convection (All American)***
  - ***HRRR***
  - ***NAM***
  - ***HRW-FV3***
- ***Ensembles***
  - ***GEFS – (US)***
  - ***EPS – (EU)***
  - ***CMCE – (Canada)***



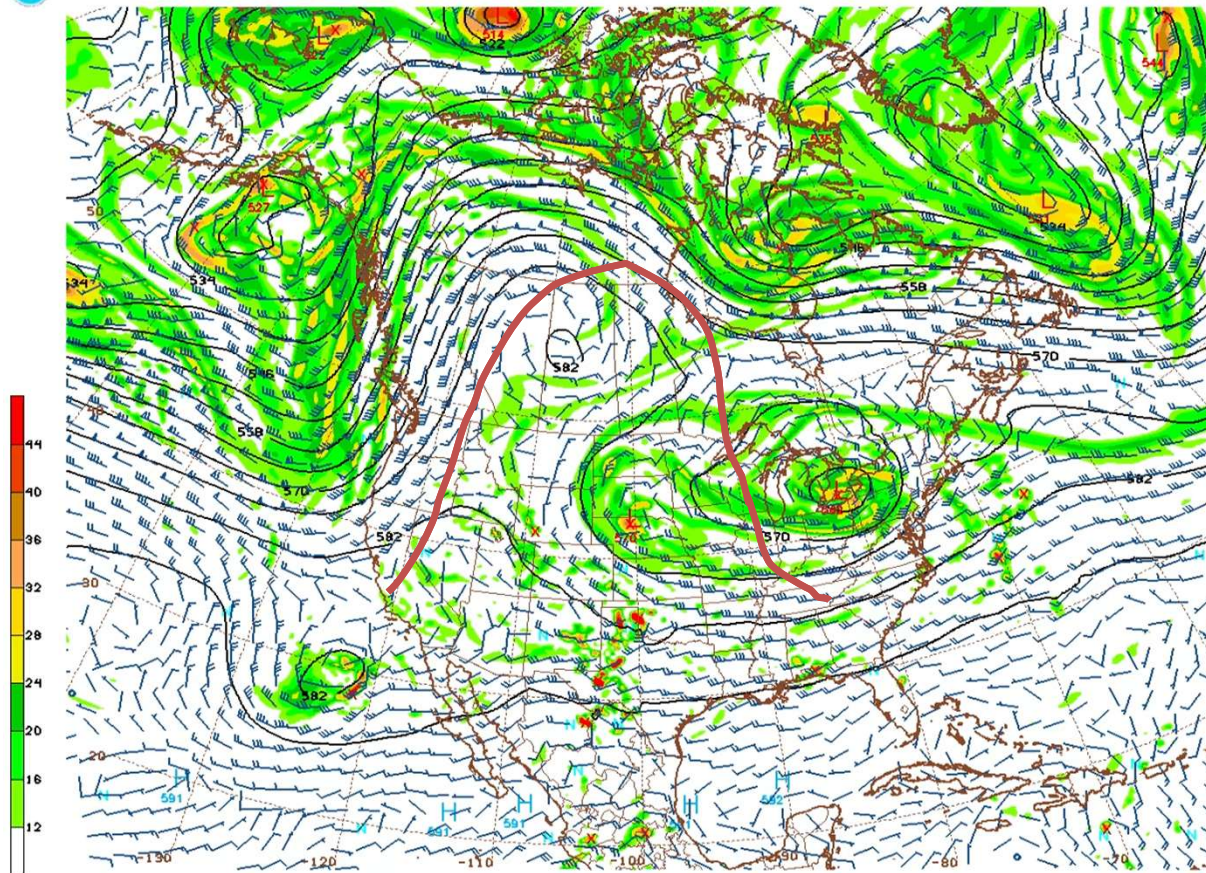
## *What They Tell US*

- ***The Main Questions Models Answer for Me***
  - *What is the Extended Outlook for Specific Area?*
  - *Temperature Highs or Lows over Entire Period*
  - *Precipitation Totals and Number of Rain Events*
  - *Severe Weather Possibilities – Tornado, Hurricane, Frost*
  - *Wind Conditions over Period -*

# Some Examples



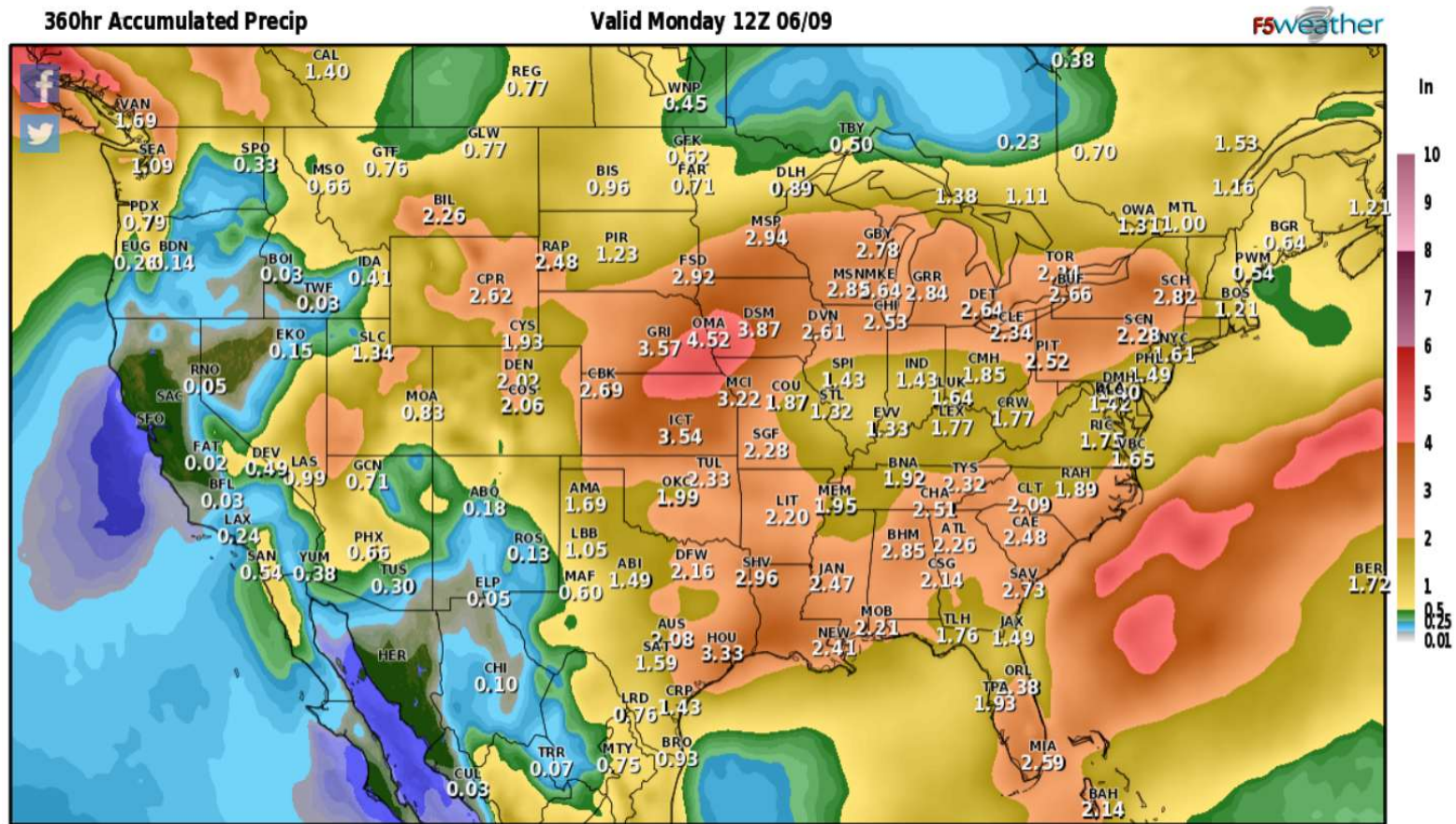
NAM 05/26/23 06UTC 72HR FCST VALID THU 05/29/23 06UTC NOAA/NWS/NCEP



NAM THU 230529/0600V072 500MB HGT ABS VALUE OF ABS VOR AND WIND



# Some Examples

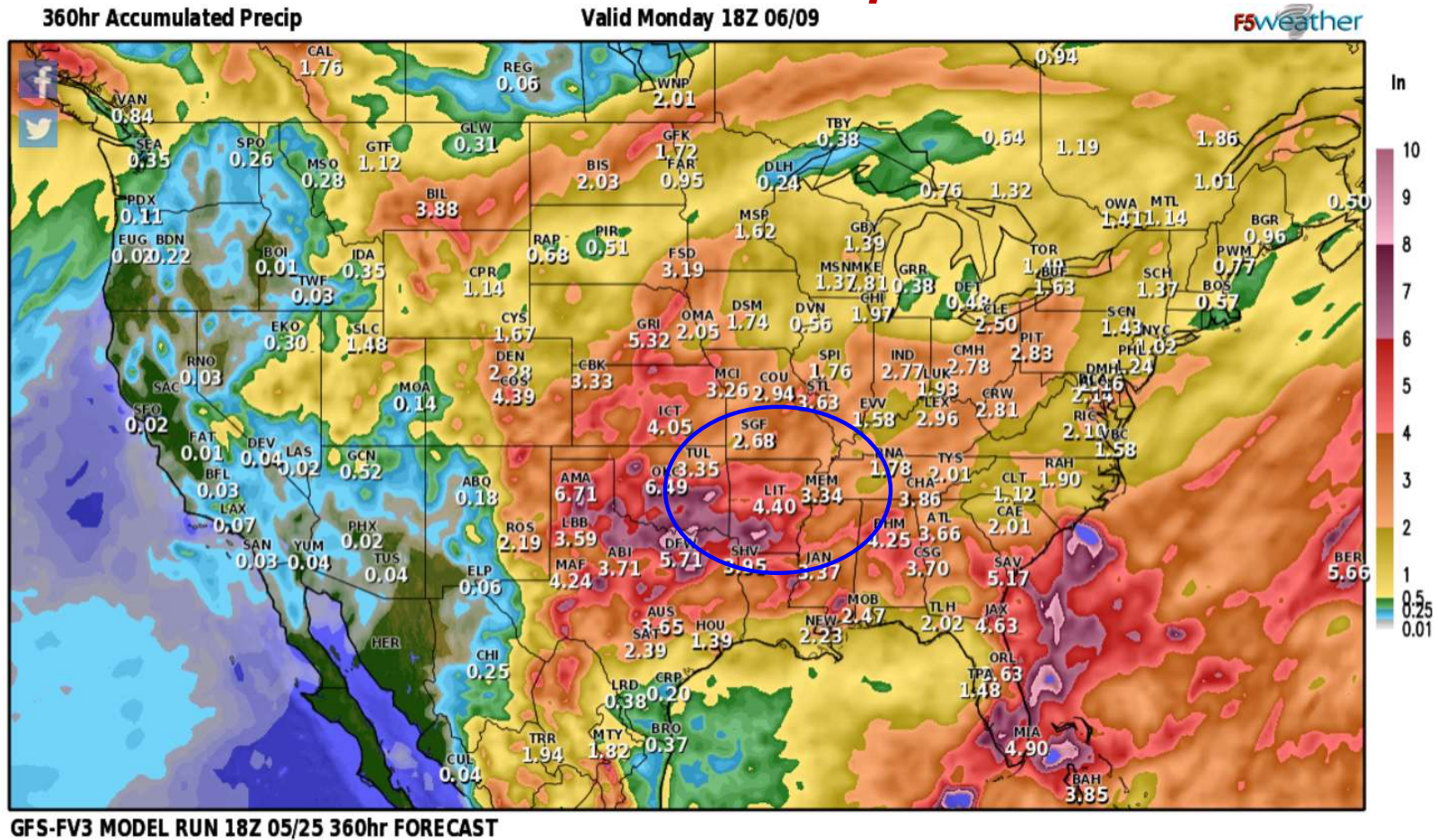


AIFS MODEL RUN 12Z 05/25 360hr FORECAST [ECMWFs AI Machine Learning Model]

C 2025 ECMWF

This service is based on data and products of the European Center for Medium-range Weather Forecasts.

# Some Examples





## *My Goto Sites*

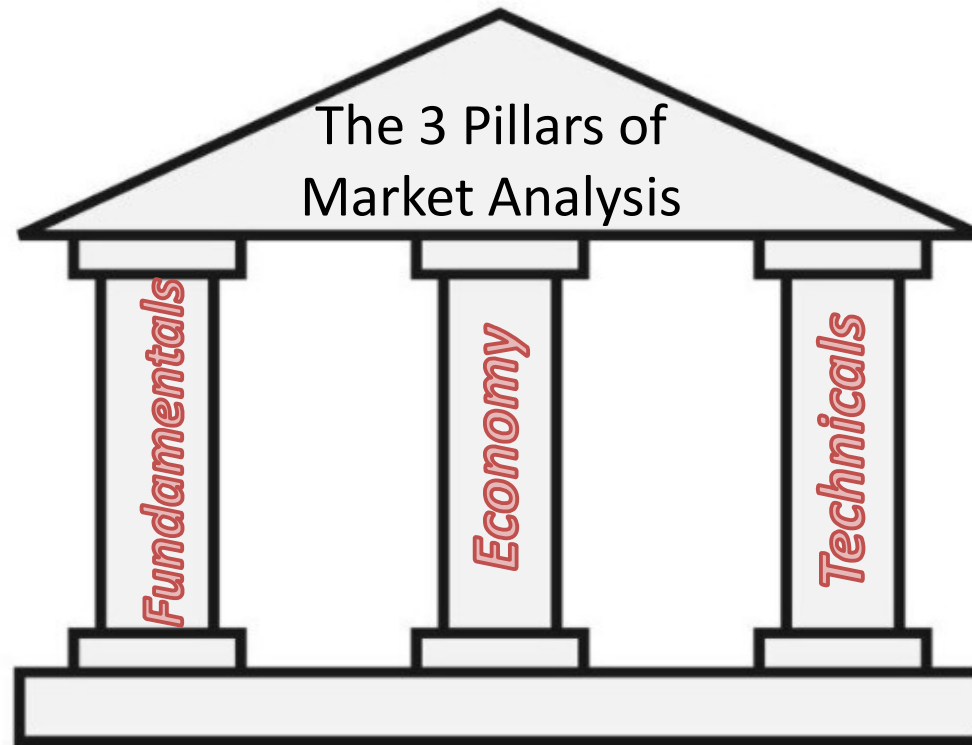
***Windy.com (Radar – Extended Map Forecasts)***

***F5Weather.com – (Accumulation and Model Friendly)***

***Pivotalweather.com (More Detailed and Includes 30-Day CFS)***

***Flhurricane.com (Specific Storm Information)***

***NOAA.gov – (Actual Weather Models)***



## *Concluding Thoughts*

***The Long-Term goal of the Administration is a lower dollar***

***US Economy has not seen any side-effects of Tariffs***

***FED is likely to remain paused (+/-  $\frac{1}{4}$  ) for the next 6 months***

***Good time to learn about weather models and their forecasts***

# VANTAGE RM

And That is What the “Tariff” is going on!!!

Dennis DeLaughter  
Market Analyst  
May 29<sup>th</sup>, 2025