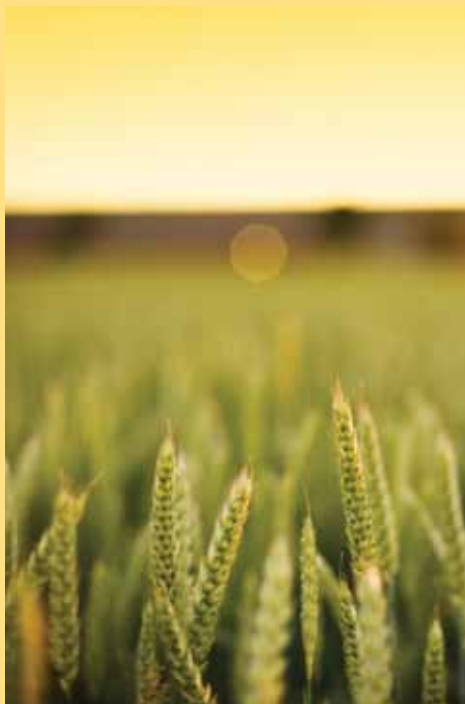




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DECEMBER 2012

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## Time to Finalize Input Decisions

BY MIKE WEISZ • Agronomy Division Manager • 308-487-3317 • [mike.weisz@farmcoop.com](mailto:mike.weisz@farmcoop.com)



Where we are, and where are we going for next year, appears to be on the minds of a lot of producers right now. The obvious item is our current moisture situation—which, to put it bluntly, is dire for both dry-land and irrigated crops for next year. At this point, I don't think anyone would be upset if we wound up with several feet of snow on the ground this winter—anything to get

the moisture. But beyond the moisture issue, which is out of our hands, what are some of the items that you can control?

### Crop nutrients/fertilizer

This is one positive item, as pricing appears to be stable in the short term. The one wild card is how the logistics cost will play into the price formula. What is driving the stable prices? Well, the producers of the products worldwide are looking at the commodity prices in the U.S. and realizing that there will be a high demand for nitrogen products. If they can get a piece of the pie, they'll produce it and push it towards the U.S. markets, which will increase overall supply of those nitrogen products.

The kicker is what happens when it hits the Mississippi River. With low water levels on the river, most of those products will either be shipped by train or trucked to their destinations—and therein lies the issue of logistics costs and

reliability. Currently, our prices are competitive, so consider locking them in, since we all know that those items have an in-season upward price creep.

### Crop protection, seed

We're seeing some upward price movement in some of these products, especially the glyphosates—both Monsanto and generic products. Some of this is a direct result of RT3 going away and Monsanto bringing RT4 into the marketplace. Some of the other major products are seeing upward movement, but it is minimal.

Some of the seed plot data is starting to come in, and our Dekalb plot in Sheridan County was very successful. Dekalb average yield was 193.4 bu./acre while the Pioneer was 155.4 bu./acre. This plot was harvested October 30, and we all know what happened prior to that—wind!

As you can see, we've got some good performers. But we are getting weekly reports concerning the availability of certain corn numbers, and, as we thought, supplies of some hybrids will be limited. So start planning now and get your orders in ASAP. Don't rely on winter production of seed corn, for some of the numbers may not be offered with the full trait lineup.

Next year is on the horizon, and many of you are in the process of determining your input needs for 2013. Our goal here

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# Corn Harvest Slowed by Downed, Wet Corn

BY BART MOSEMAN • Grain Division Manager • 308-487-3325 • [bart.moseman@farmcoop.com](mailto:bart.moseman@farmcoop.com)

The first part of November saw corn harvest wrapping up for many of the patrons in our southern territory, but it could drag on for a while as farmers try to pick up the crop from the ground. In the northern parts of the territory, the harvest is progressing a little slower because the crop is a little wetter.

It was a relatively smooth harvest until the high winds came for two days, blowing down a lot of corn and knocking the ears off even more. Many growers are trying different ways to pick up all that downed corn, and none of those approaches are fast and easy.

For the most part, we were able to manage logistics well across our territory. We did push some loads of wetter corn out to our Buskirks facility while we were waiting for trains to come in. During the harvest period, we moved two corn shuttles out of Hemingford—one to Lubbock, TX, and the other to Durango, Mexico.

Both Hay Springs and Gordon went into harvest with adequate space, so it looks like we will be able to put away the harvest with minimal transfers to Hemingford.

## Thoughts on marketing and merchandising

It looks like we will be making as many sales early on as we can to merchandise this corn crop. There is little to no board carry, and, in fact, futures become inverted when we get past the March delivery month. Basis is going to have to pay us to carry this crop, and right now, I'm not seeing a whole lot of strength in

the deferred basis bids.

For those patrons that have unpriced corn in the bin, you will need to analyze these factors as well. The market is telling you it wants corn now...and not in the future. Be cautious of holding onto that grain in the bin and hoping the price appreciates. Have a plan, and then execute that plan. Talk to me, Scott, or Cole in our grain office if you would like some ideas to help you put together a plan.

With wheat, futures spreads have widened, which made decisions about selling corn and holding old crop wheat even easier. Exports continue to be slow as U.S. wheat is overpriced in the world market. If you still have some 2012 crop left, keep an eye on carrying it into the new crop. Right now there is a 20¢ inverse going into July '13.

We also recommend paying close attention the 2013 crop. Prices for new crop are around the \$8.50 area, which is historically a good price. However, ratings for the 2013 crop are the worst they have been in 20 years, and there are some questions about world production. Again, I encourage patrons to have a conversation with Cole, Scott, or me for ideas on how to manage risk in this market. ●



## Time to Finalize Input Decisions

Continued from page 1

at the Farmer's Co-op agronomy department is to make sure that we offer you the most competitive agronomy products to meet your input needs. To help you capitalize on our current input prices, we are offering CFA financing, which allows you to purchase your seed inputs now with 0% interest financing and the balance of your agronomy inputs at 3.5% interest. Call us for further details of this program.

### Ready for 2013

To help get these inputs on your fields, the board of directors approved the purchase of two new AGCO 1300 RoGator® sprayers, which will give us much more capacity to cover more acres. These units are equipped with 120' booms and the full complement of precision guidance systems for better accuracy on your fields. Additionally, they were ordered with the optional spinner boxes, which will allow us to swap the sprayer systems off for row crop dry applications. The southwest and northeast regions will each receive one of the new sprayers.

We are also putting the finishing touches on the expansion at

our liquid fertilizer plant in Hemingford. Several of our existing tanks were roughly 20 years old and were actually converted fuel tanks. We removed them and replaced them with larger fiberglass tanks, which will boost our capacity by 600 tons.

In addition, we are working with the Village of Hemingford to upgrade our water-filling capability from our slow system to one that would fill at the rate of 500-750 g.p.m. so that we can minimize the refill times of liquid tender trucks. ●



# Flat Markets Could Get Interesting

BY COLE VEJRASKA • Risk Management Consultant • 308-360-0830 • [cole.vejrasaka@farmcoop.com](mailto:cole.vejrasaka@farmcoop.com)



Despite some rather significant news reports, the wheat market has remained relatively flat yet profitable, trading above \$8 cash values at the elevator through the month of October. In the world market, harvest has commenced and looks to be rather disappointing for the 2012 Australian wheat crop. As harvest nears 10% completed, disappointing yields coupled with forecasts for rain—which would cause both delays in harvest and possible deteriora-

tions in wheat quality—have led to further declines in production estimates on the year.

On October 19, Ukraine's ag ministry announced their intentions to ban exports from the country beginning November 15. Russia has denied that they will follow suit. It will be interesting to see, however, how they will curb any sort of export demand through the marketing year if need be. Despite these global wheat supply concerns, United States weekly wheat exports have surprisingly seen a sharp decline since the first of October.

In the U.S., wheat plantings are nearly complete. Fall wheat conditions are the worst the U.S. has seen since 1986, dropping to 39% good/excellent in early November. With bullish news on both global wheat supplies as well as U.S. conditions, we could possibly see wheat prices trade higher. With corn and soybean supplies for the 2012-13 marketing year projected to remain tight, it will also be interesting to see whether wheat will be used in feed

scenarios. This raises the question of how much higher wheat values will trade relative to corn and soybeans while maintaining a feed value spread.

With the market remaining somewhat flat since July and with the news that we have had in the past month, it will be interesting to see how this wheat market will react to either scenario. With cash values staying above that profitable \$8 level, we continue to recommend making sales on 2012 production wheat. On 2013 production, poorer U.S. conditions have continued to cause July 2013 delivery bushels to rally up to \$8.50 cash levels, and our recommendation is to lock in 20% of expected production.

## Turning to corn

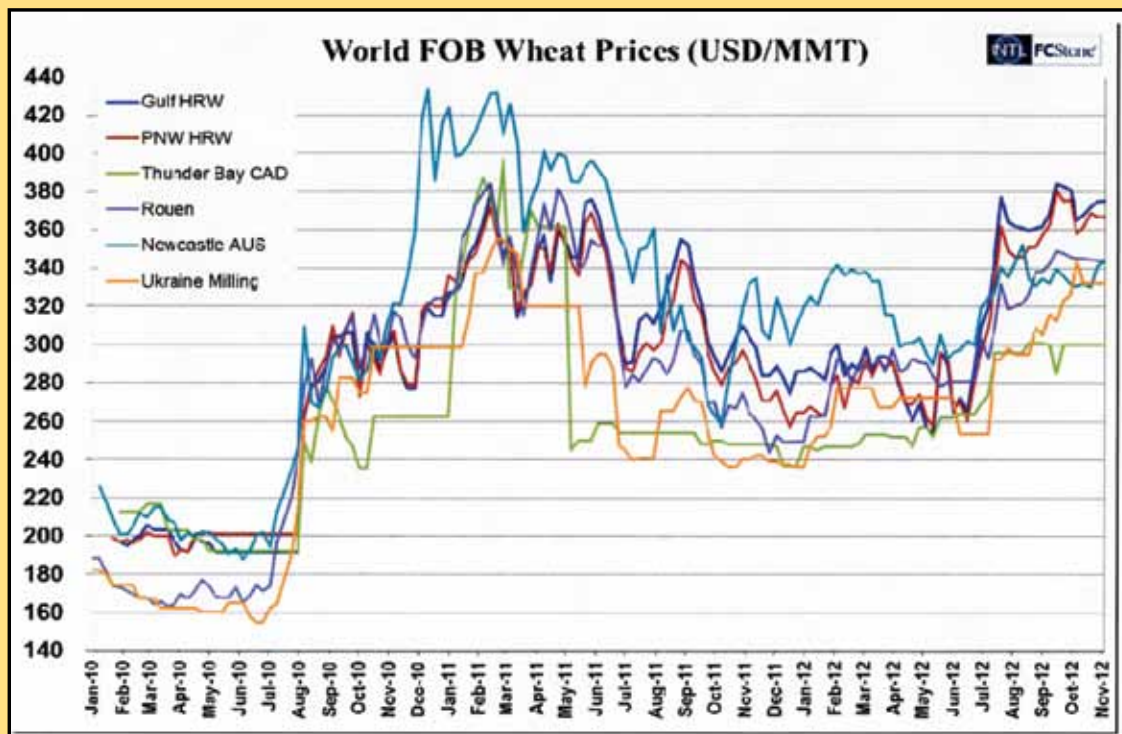
Since harvest pressure caused the December contract, which had been trading at all-time highs, to decline more than \$1.40, the corn markets have also remained relatively flat. With very little to no carry in the corn markets through March, and looking at an inverse going into the May contracts, there has been very little incentive to store corn on the farm versus delivering bushels at harvest time.

Ethanol margins continue to remain in the red, and even though feed demand will most likely never disappear completely, it is difficult to feed cattle at profitable levels with corn prices where they are and cattle markets trading at their current levels.

With soybean exports at very high levels since the first of the month, it is puzzling to see weekly corn and wheat export numbers so low. With old crop corn supplies in South America begin-

ning to tighten, their export prices have gone up considerably as well, so it will be interesting to see how exports from the U.S. and the Ukraine will respond in the following months.

Will demand be rationed enough at our current cash levels? Looking at October's USDA Supply and Demand report, we see demand decreases of 100 million bushels. It will be interesting to see where the market goes from here, and even though it is impossible to say, we may have already seen the highs in cash corn if no increases in demand occur down the road. With cash levels on corn currently above \$7, we continue to recommend making sales at these levels.



# Meet the Feed Team

BY TIM TANKERSLEY • Feed Division Manager • 308-360-1406 • [tim.tankersley@farmcoop.com](mailto:tim.tankersley@farmcoop.com)



As we move forward into the feed season, I want to take a moment to introduce you to the individuals who will be working to serve you in the coming year. We're fortunate to have this highly qualified staff.

Bryan Sanderson grew up in Lake Preston, SD, and attended college at South Dakota State University, where he received a B.S. degree in animal science. Upon graduation, he

worked in Iowa as a feedlot consultant, managed a feedyard in Minnesota, and has spent the last three years as a beef specialist for Cargill. In his role with Cargill, he travels parts of North Dakota, South Dakota, Nebraska, Minnesota, and Iowa serving feedyards and cow/calf customers.

Bryan currently lives near Tripp, SD, and in his free time enjoys riding and training horses, reading, and spending time with family and friends.

Brett Heiting will be joining Bryan as part of the Cargill support team that will be serving beef producers surrounding the Gordon, Hay Springs, and Hemingford locations. Brett is currently employed by Vigortone Ag Products. He has been the area sales manager for 20 years serving customers in western Nebraska and South Dakota.

Brett was raised on a farm near Hay Springs, NE. He earned a degree in agriculture business from Nebraska College of

Technical Agriculture. Brett has been involved in their family farming operation since returning from college.

Brett and his wife, Marlene, live outside of Hay Springs. They have three married sons: Greg, Corey, and Tony.

As part of the Farmer's Co-op team, Brett and Bryan will assist our sales team in providing technical support for our customers with ingredient analysis, ration formulation, breakeven projections, and consulting.

Lora Andersen has worked with Farmer's Co-op for about two years as a feed consultant. She grew up on a ranch south of Harrison, NE, and graduated from Sioux County High School in 2003. She furthered her education at the University of Nebraska-Lincoln and graduated with a B.S. in animal science and a minor in agricultural economics. She currently lives northwest of Crawford and absolutely loves being back in the Panhandle.

Thanks to our joint venture with Cargill, we now have the advanced technology to do complete rations and feeding program proposals for any of your livestock needs. Lora is fully trained in balancing rations with this new program and is looking forward to helping our customers develop cost-effective feeding programs. Lora is based in Hemingford as the location manager for livestock feed in that area. She looks forward to serving you in all of your livestock production needs. ●



For 2013 production, the markets may be shaping into a scenario similar to what we have seen in 2012. With corn and soybean supplies both tight, I think it is safe to say we will see both crops bidding for acres next spring. However, with Informa estimating a record number of corn acres (10/19/2012 - 97.5 million) to be planted next spring, some parallels could already be drawn between 2012 and 2013. That leaves us with the unknowns of whether a short supply will keep our current price levels supported or moving higher and how weather will affect us next year. Knowing your breakeven is key to making sales for 2013 production bushels, but with cash levels trading near \$6, profitable sales at these levels should be considered for next year. ●

## WEEKLY EXPORT INSPECTIONS

In million bushels

WEEK ENDING	CORN	SOYBEANS	WHEAT
08/30/12	8.6	15.5	25.4
09/06/12	10.2	13.0	20.6
09/13/12	28.3	10.0	29.4
09/20/12	24.8	12.6	22.6
09/27/12	20.2	41.7	24.5
10/04/12	17.4	45.7	13.2
10/11/12	17.2	58.3	7.0
10/18/12	10.4	65.2	16.5
10/25/12	15.6	63.9	9.7
11/01/12	14.7	59.4	14.0

# Dealing With Drought a Top Priority

BY TIM TANKERSLEY, FEED DIVISION MANAGER

The drought has hit our livestock producers hard, and we've been working alongside you to help you maintain your animals in the face of this tough challenge.

We are sending in a record number of feed samples to test for nitrates. Results are all over the board, with some samples coming back with levels as hot as anywhere in the nation. Cargill allows us to use their lab at no charge, and we appreciate the savings afforded our customers.

As you receive your results, you'll notice that the nitrate is measured in a different fashion than we are used to. To help alleviate confusion, I am publishing a sample result and the chart you need to use to interpret the results. If you take the nitrate nitrogen number and multiply it by 1000, the result is the ppm. The chart provided shows what levels are safe. You need to use the DM number in your conversion. If you are unsure of the process, please give us a call in Gordon. We can also provide feed recommendations if you need to blend off some of the feed.

## Certificate of Analysis

Nutrient	As Is	DM	Method
Moisture (%)	7.93	0.00	Calculation
Dry Matter (%)	92.07	100.00	Wet Chem.
Crude Protein (%)	9.55	10.38	NIR
Nitrate Nitrogen (NO <sub>3</sub> N) (g/kg)	0.10	0.11	Wet Chem.
Nitrate Ion (NO <sub>3</sub> ) (g/kg)	0.46	0.50	Calculation

## PPM NO<sub>3</sub>-N COMMENTS

<1000	Safe
1000-2000	Generally safe. Limit to 50% of dietary dry matter for pregnant animals.
2000-3400	Limit to 50% of dietary dry matter for non-pregnant animals, and do not feed to pregnant animals. Be sure water is low in nitrates.
3400-4000	Limit to 25% of diet dry matter for non-pregnant animals. Be sure water is low in nitrates.
>4000	Potentially toxic—do not feed

## Creep success story

In late June, we got a call from Tammy Littrell who ranches north of Chadron. She was concerned about the condition of her calves and what effect it might have on weaning weights. We started her calves on a conventional 14% creep feed on June 26. By July 11, the calves had the creep figured out, so we switched them to our Ranger Limited Creep. This unique product has 21% crude protein and 5.5% crude fat and is fortified with a vitamin/mineral package. It also contains the ionophore Rumensin.

These calves sold on September 26, with the steer calves weighing 576 lbs and the heifer calves weighing 526 lbs. The condition of these calves at the auction barn was excellent and they sold very well. Our Ranger Limited Creep was consumed at less than 1% of their body weight for the entire period. This product is designed to promote muscle and bone development and keep calves growing in an economical manner. Tammy remarked that our creep program was the only bright spot in their ranching operation this year.

## Internal parasite problems

One thing we cannot predict when putting together rations for your animals is what kind and how many internal parasites we might be dealing with. With our pastures being grazed short this summer, we face a high probability of worm infestations that can rob your cow of much-needed—and expensive—nutrition. There have been some good studies done recently on the different wormer products and their effectiveness. Please make sure you are rotating wormers and using what is most advantageous to your operation.

## And, then there was wind

About the time I was sure nothing else could go wrong this year, we got the infamous wind that cut our yields and made grazing cornstalks very dangerous. We have fielded many calls seeking information on how to graze these stalks safely. After many hours of research, I have not found any product in the nation that is proven to take the risk out of this situation.

I recently got a tag from a product that is supposed to alleviate this situation, and it contains a statement that says to remove all piles of corn in the field before grazing. With 40-plus bushels of corn on the ground, I would say the entire field is a pile of corn. Not so helpful. Please be careful about purchasing some of these products. If they work, there should be some kind of research done in a professional manner to back them up. Some suggestions that are proven to help are:

1. Add sodium bicarb to the water source.
2. Make sure the livestock are full before turning out.
3. Turn out for short periods of time at first if possible.
4. Feed corn for a period to acclimate the rumen to grain before turning out.
5. Graze lighter cattle on these fields before turning out mature cows to help reduce the volume of corn.
6. If possible, move your electric fence to expose the cattle to limited amounts of the field.
7. Monitor the cattle closely during first exposure.

As always, we're here to help, so keep shooting your questions in our direction. We've also got some new personnel on board, and you can read about them on page 4. ●



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**Gordon**  
308.282.0638

**Hay Springs**  
308.638.4462



## *Equity Retirement Mission Accomplished*

By Tod Clark, General Manager



Last December, I talked about our goal to move to a 15-year equity redemption system. That goal became a reality with the payment we made in March, totaling more than \$408,000. As a result, the payments we will make this month—roughly \$137,000—will redeem the equity issued in 1997.

I've said it before, but I'll say it again. Your support of this cooperative, and our resulting strong financial performance, has allowed us to achieve this goal while also maintaining our schedule of capital improvements. This equity retirement method will provide our younger members with an earlier payout, and that adds value to their participation in the cooperative way of doing business.

### **Capital projects**

I mentioned the balance that has to be achieved between maintaining our equity plan and funding our capital needs. We have been able to find that balance, as evidenced by our progress on several significant capital projects.

The new dry fertilizer facility in Gordon is complete. This much-needed improvement represents a major investment in both the Gordon location and our agronomy customers in that area. We need a similar facility in Hemingford and are

in the process of planning for that project.

Drought won't last forever, and those of you who have seen the ground piles during wheat and corn harvest in Hemingford know the ongoing need we have for more storage space. We're looking at that and also working on a grain storage plan for the Mirage Flats area.

It goes without saying—but I'll say it anyway—that continued solid earnings are required to manage both the equity and capital needs of your cooperative. We truly appreciate your support and will continue to plan and manage to keep Farmer's Co-op moving in the right direction. ●

