

HANLEY FALLS • COTTONWOOD • ECHO

GRANITE FALLS



Farmers
Cooperative
Elevator Co.

MINNESOTA FALLS

MONTEVIDEO • TAUNTON • MINNEOTA

FARMERS COOPERATIVE ELEVATOR CO.

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Hanley Falls, MN 56245

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December 2016

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Hanley Falls
Uptown Elevator:
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Minnesota
Falls East:
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320-765-4100
Minnesota
Falls West:
320-564-3834

Montevideo:
320-269-6531
Cottonwood:
Mill Office:
507-423-6235
800-423-6230
Cottonwood
Elevator:
507-423-6489
Echo:
507-925-4126
Taunton:
507-872-6161
Minneota:
507-872-6134

Merry Christmas

Cottonwood

Jacob Albee
Allison Blake
Gary Enger
Beth Feller
Ron Hodges
Tim Pehrson
Adam Suckow
Jeff Tusberg

Echo

Russ Hennen
Nathan Reiten
pt-Merlin Hennen

Granite Falls

David Roe

Hanley Falls

John Balvin
Scott Beukelman
Jason Blankenheim
Brad Bossuyt
Willard Burns
Bill Doyscher
Scott Dubbelde
Todd Eschen
Steve Fry
Ben Hedtke
Mike Kontz
Connie Melberg
Bob Moore
Denton Olson
Kristi Selzler
Levi Shemon
Fred Stumm
Becky Timm
Grant Velde
pt-Wes Cole
pt-Rollie Rebers

Minneota

Kevin Johnson
Richie Sorensen
pt-Ryan Esping

Minnesota Falls

John Holien
Taylor LaVoy
Kim Malmquist
pt-Dean Baldry

Montevideo

Bruce Bowman
Wyatt Brusven
Tasha Enevoldsen
Adam Goschey
Jeremy Martin
Sharon Ostlie
Aaron Tufto

Taunton

Dan Grengs
Dean Lichtsinn
pt-Jim Fink

Directors

Mark Vandelanotte	Stan Knutson
Al Enevoldsen	Steve Doom
Tim Gossen	Todd Lecy
Dan Stevens	Brad Sunderland
Jon Thostenson	

Holiday Closings

All FCE locations will be
closed
Monday, December 26th
and
Monday, January 2nd.

Consider selling into late fall rally

Commodities this month are in a precarious position. With the unemployment data showing a fall of unemployment to 4.6% from 4.9%, there is an argument for improved investor and consumer confidence. This likely will lead to a slight increase in interest rates at the December FED meeting, which will in turn lead to a strengthening of the dollar. A negative effect on Corn and Bean Futures prices could be expected.

There is still a fair amount of corn in the world. Export commitments are 76% ahead year on year when the USDA was predicting an increase of 17% in export sales. This leaves some room now for a tapering off in sales. The USDA is setting the baseline for planted corn acres next year to 90 million which is down from this years 94.5 million acres. This is a good estimate and reflects that nov 17 beans, being 2.7+ times the price of dec 17 corn, would be a profitable crop to switch acres into and away from corn. Ethanol Stocks are also the lowest in a year at 18.4 million barrels even after an unexpectedly high usage of corn for the ethanol grind. Next year's US corn carryout is expected to be lower at 2.3

By
Jason
Blankenheim
Grain
Merchant



billion from this year's 2.4 billion.

Soybeans have rallied notably this Fall. The last rally in beans was started the week of Thanksgiving from the EPA that the required biodiesel production would be increased almost 280 million gallons to 4.28 billion gallons. The increased need for soybean oil had a strong effect on the market leading a seven-day rally that topped out Monday, Nov 28 at 10.65 for January Soybean futures. The EPA announcement led to increased ethanol margins and prices as well as the value of bean oil. Soybeans are likely to see additional planted acres next year at 85.5 million acres as opposed to the current year's 83.7 million acres. The carryout after the additional production would be expected to be smaller even so at 396 million bushels as opposed

to this years 480 million bushels.

Even previous to the the EPA mandate release, the October soybean crush was 3.4% higher than last October. China has begun purchasing beans from Brazil and reportedly has nearly half of the January soybeans needs met already. With US export sales currently 27% ahead of expectations when the USDA is predicting a 5.9% increase in export sales meaning some slump could also be seen in soybean sales. Soybean markets would be expected to have a decline in December going into January especially if key resistance points are passed through. It would be recommended to watch for the 10.20 January futures price and the 10.10 January futures price which would be lower resistance points that could trigger a sell-off. Once again, there is a significant amount of managed money and retail investor money in the Soybean market leaving it vulnerable to fundamental factors. Keep in mind at this time that there are a number of different ways to market grain during the year. Contact Ben, Grant or Jason with any questions or advice for this time period.

Have a great Holiday Season!

Feeding livestock during the winter weather conditions

Winter is fast approaching and it is a good idea to have a "Storm Plan" in place before the bad weather hits.

Feeding cattle is a priority during a storm. During a storm, cattle will only eat what is necessary to survive. Overfilling bunks will only create more work to scoop bunks the next day.

- When it comes to feeding cattle, make sure the blade/blower is on the tractor and ready to remove snow from feed alleys and the commodity shed.

- While someone is removing snow, another person should be cleaning bunks, if necessary.

- Check the water supply to make sure no lines are frozen or water is free of ice.

- Adjust feed during a storm. Bunk readers should make their calls to a smaller portion of feed. Drop the cattle on finisher's back one ration. Starter cattle can stay on the same ration.

- Once cattle are fed, it is important to remove as much snow as possible from pens, if cattle are outside. Extra bedding could be used at this time.

- Make sure you have an adequate supply of feedstuffs on hand at your location.

By
Ron Hodges
Feed
Department
Manager



Remember to order feed and supplements early if you know there is a storm approaching to make sure you get what you need. Do not run out of ingredients during a storm!

- Try not to process cattle during storms.

- As soon as the storm passes, many feed yards will place their cattle on 3-5 grams of CTC per head for 3 days.

- Be careful to not let cattle overeat immediately after the storm. Increase feed no more than 1# of dry matter intake increase per day over the intakes previous to the storm. Hay cattle (even finisher cattle) if they eat all of their allotted feed.

- Most of all, be SAFE! Keep supplies on hand to keep your work force warm and be aware of first aide procedures.

Being prepared before and during a storm can make life much easier for you,

the cattle, and the people delivering your feed. Plan now and save later!

Change is coming. Will you be ready? Beginning January 1, 2017 a Veterinary Feed Directive (VFD) order must be presented to purchase feeds containing CTC, Lincomycin, Oxytetracycline, Tylosin and Virginiamycin to name a few. If you have any questions or concerns please contact Beth at 507-479-0072 or Ron at 507-829-0308.

Old man winter has been good to us so far but we know that can change in a few hours. With that in mind we would like to remind all of our patrons of a few weather related items. To insure the safety of our drivers and to keep your schedule and our schedule running smoothly, please make sure your ladders and lids are in proper working condition. Snow removal in your yard and around your bins should be done prior to our arrival. Please remember that ordering early will give us sufficient time to work around the winter conditions.

We wish all of our patrons & their families a safe & happy holiday season!

Wind down to ramp up

FCE wound down the largest harvest we have ever had the end of October. Our locations and employees did a great job of taking grain under the weight of record yields. We truly do live and work in the best place in the world. As we like to remind others, we don't live here for the weather, we live here for the people.

Our facilities and team were pressed to come up with uncommon and unusual solutions to handle the crop. They were willing to do the extra work for our producers. This year, I am thankful for them and their work ethic.

The end of harvest brings the beginning of the shipping season. FCE now has two major rail shipping points that we will utilize to ship grain. These shipments will help us

pick up our piles of grain. The weather has not been conducive to our cause, but we have not seen issues with the condition of the grain. Our team will get it done, they always do.

Montevideo's expansion was utilized for the first time this fall. The usual challenges presented themselves, but the comments received from producers gave it a resounding thumbs up. This investment will show benefits in so many ways going forward. Not only does it improve our efficiency and open up new markets, it also saves our producers time and energy. Thank you for your patience and patronage.

Have a Merry Christmas, and a very Happy New Year.

By
Bill Doyscher
*Assistant
Manager*



Marketing Meetings: Fri., Jan. 13, 2017

Minneota: 8 AM Community Center
Cottonwood: 10 AM Community Center
Granite Falls: 1 PM Kilowatt Center
Montevideo: 3 PM Community Center

Piles and piles of corn and a sloppy grain market

Merry Christmas! Harvest 2016 was like the Mississippi trying to flow through Hawk Creek. It tested FCE facilities and its people. So we ask, what can we do better next time and what can we build on next time? Everyone measures success differently yet after the fog clears and smoke settles FCE's employees, the backbone of running this local coop have never been more successful. They managed to handle more bushels than any other harvest and did so safely. For some this was their first harvest with FCE for others it was one of many with FCE. I would like to whole heartedly THANK all FCE employees for their diligence and commitment to keeping FCE running this harvest. We couldn't have done it without you! And a special thanks to the FCE patron/owner, we wouldn't be here without you.

Today, FCE is focusing on its greatest

By
Ben Hedtke
*Grain
Merchant*



risks, uncovered ground piles of which we are working on amid the rain and snow. We ended harvest with uncovered corn piles in Echo, Hanley Falls, Montevideo, Taunton, and Minneota. We piled corn in places we have never piled before and managed to operate extended hours and weekends without going to "cash/contract only" or enforce a "dump charge". To best serve you, our Patron Owner, we basically did what you have charged us to do, receive your grain production. Today we have whittled away Echo and Hanley Falls piles to zero. To expedite the reclaiming of

ground piles going forward we have 7 trains to load beginning in December. 3 will load in Hanley and 4 will load in Montevideo. The Montevideo Shuttle facility could not have come online at a better time. We loaded our first rail cars out of Monte in late October.

Much like our fall weather the grain markets have been a sloppy mess as you know all too well. A weak futures price will eventually equate to a firm basis or big carries. However, keep in mind FCE alone has more corn piled on the ground than ever and will need to find a home quicker than corn in a bin. Beans are abundant and growing more so with South America supposedly well under way of producing another crop for the world markets. Time will test that theory. Crops only get worse when at their best.

Facing record volumes of corn

With a great growing year for crops, we are now facing record volumes of corn and beans. I would like to share some information on current OTC's. On 12/1/16 -- *N/C Beans Nov. 17 futures @ 1013. Price Builder Bonus - You will get the 1074 premium with a floor at 969. That is a .61 premium for your beans. *N/C Corn Dec 17 futures @ 377. Price Builder Bonus- You will get the 400 premium with a floor at 342. That is a .23 premium for your corn. There are other OTC's available such as the Daily Price Plus with guaranteed priced bushels. FCE is offering Weekly Averager contracts for old and new crop corn and beans. It is Free of charge with No double up or knock out. It runs from March 1st to July 5th for a

By
Grant Velde
*Grain
Originator*



total of 19 weeks. Every Wednesday 1/19th of the total bushels are priced and the average is figured at the end. The producer retains the right to price any unpriced bushels at his/her discretion within the pricing period.

Please feel free to contact me with questions.

I would like to thank you for your busi-

ness. Wishing you and your family a Merry Christmas and a Happy New Year! Grant
Farm'er: noun "A person who is OUT-
STANDING in their field"

**Open house
to celebrate
the retirement of
Willard Burns**
will be at the
Hanley Falls Office on
Wed., Dec. 28th
from 1-5 PM.

A good year in 2016

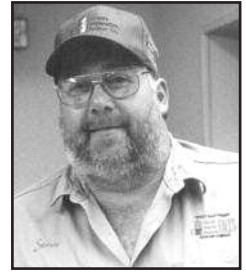
Crops had a really good year. They received plenty of moisture the entire year in our area. I heard some really large bushel numbers on both corn and bean crops. We had a grower that had 80 bushel wheat! So overall, great crops.

As you know, Tom Redding, Croplan Genetics Seed Advisor, retired in July. He is stilling helping with a few customers. The new representatives are Noah Engels and

Rob Fiala.
Here are some new numbers
3614V2P 3705SS 4350SS

Soybeans
1400 blend
Xtend - 1716 2146 2376
Liberty - 1200 1384 1665 2096
We have 3419 spring wheat on hand.
Thank you for your patronage and have

By
Steve Fry
*Seed Team
Leader*



a wonderful Christmas and a Happy New Year.

DEFERRED PAYMENTS

Deferred payments will be ready by 10 a.m. Tuesday, Jan. 3. If you have signed your Deferred Payment Contract we will attempt to get it to the correct FCE location for you to pick up. If unsigned, the payment will be at the Hanley Falls office.

From the manager... **Hats off to FCE Patron/Owners**

Great job FCE Patron/Owners! You raised and harvested a record crop, on the average, in this territory. In spite of all of the 2016 growing season challenges, you persevered. This Country and the whole World should thank you for feeding them.

As several of the other articles in the newsletter issue point out, it was a grueling bountiful Harvest that pushed all of our grain systems to the limit. Since FCE does not force Delayed Pricing Contracts to be sold each year, we carried in about three



By
Scott Dubbelde

million bushels of inventory. We believe that it is your decision when you choose to sell your grain. When you add the carried over, stored grain to our record Fall receipts of 22.5 million bushels, it goes to show why we had so much corn on the ground. We hope to have all of our piles picked up by the middle of January.

Thanks to our Employee Team for once again doing a great job serving you!

The other articles also touch on the Montevideo Expansion's ability to access new markets for FCE. This adds value to all FCE Patron/Owners and we look forward to the arbitrage enhancements that the TCW Railroad brings to the table. I'm also happy to report to you that the Monte Project costs stayed within our \$19.4 million budget. Thanks to all of our Contractors for sticking to their bids and building FCE an awesome facility!

From all of us at FCE we wish you a Blessed Merry Christmas and a Happy New Year.

FARMERS COOPERATIVE - PAGE 4



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