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From The Manager



By
Scott Dubbelde

Successful 2020 and awesome upgrade at Echo in progress

There are a lot of exciting happenings at FCE in 2021. We are doing a major upgrade at our Echo location. All of the existing structures will be torn down and only the two steel bins will be left standing. The wood elevators and related equipment were beyond their useful life and needed to be replaced. Elevator Works Inc. of Lamberton, MN will be constructing two new scales and dump pits, a new 700,000 Sukup bin and all of the filling and emptying equipment. The pits will each hold a semi load of grain and will each have 15,000 bushels per hour conveyors and legs attached. We are also putting in a bulkweigher to load railcars that will go East. This will be an awesome upgrade that will benefit all FCE Patron/Owners and especially our Echo area. We plan to have the project completed before soybean harvest of 2021. If you need your grain picked up on the farm in the meantime, please contact Ben or Laura. We have visited with many Echo area customers to arrange for them to deliver to another FCE Location until the facility at Echo is operational. Thank you for your patience.

We sure have a lot of corn shuttles to load between now and July. It's nice to have a good demand pull from the Pacific Northwest. FCE Patrons benefit from this market since we have two great shuttle loading facilities. We will also be picking up the covered bunker at Minnesota Falls and the two covered bunkers at Montevideo during this time frame. If you are looking for part time work and would help us by running a pay loader or driving a truck please let Ben know. It takes a Team effort to get all of our tasks completed at FCE.

Ron Hodges, our former Feed Department Manager at Cottonwood, started a couple of weeks ago as our Montevideo Location Manager. We are tickled to have Ron back as an important part of our FCE Team. Now if we could only get him to root for the Gophers instead of the Huskers. Welcome back Ron.

I'd like to share with you our 2020 financial results and Annual Meeting plan. We are very pleased that we had a local profit of \$878,390 and a total profit before income taxes of \$2,813,909. We started out 2020 pretty slow due to the large number of Prevent Plant acres in 2019. There just wasn't as much grain to handle for the first 8 months of 2020. We finished the year strong thanks to a good 2020 harvest. We plan to report the full 2020 financial results to you at an Annual

Meeting sometime this Summer. We will mail out the dividend checks and equity retirement checks in March or April. The equity retirement amount this year is \$655,925. We also plan to have a Board of Director election by mail ballot in March or April. The elections will be for 2020 and 2021 since we did not have an Annual Meeting in 2020. We are optimistic that we will be able to get together this Summer. It'll likely be held outside and we plan to make those attending feel comfortable with the location and setup. I can't wait to see you face to face again. Getting together to socialize is one of the favorite parts of my job at FCE. Feel free to call me to comment or offer ideas on any part of our upcoming plans.

As things are today we need to leave our policies with respect to location visitors as the status quo. We have been able to successfully navigate and conduct business through these times for almost a year now. It won't be much longer in the grand scheme of things. I cannot wait until we can open up our locations and have face to face conversations like those of the past. This time will come and we are starting to see the light at the end of the tunnel. Thanks for your business in 2020 and we look forward to serving you as 2021 unfolds.

**FCE is now offering Free Priced
Later deliveries on Corn and
Soybeans on a space available
basis. If not sold by August 31st
at 4:30 P.M., service charges
will begin effective August
1st. Please check with your
locations for space availability.**



New Manager

Ron Hodges is your new Montevideo Location Manager. He was formerly FCE's Cottonwood Feed Department Manager.

Merchandising an inverted market.

These are unique times to say the least. Covid, elections, impeachments, price rallies, S.A. harvest delays, and huge export numbers for North American beans and corn. I hope we can all look back on 2020 and 2021 and breathe easy. For your coop, 2021 holds in store what we are designed to do, ship lots of grain by rail and/or truck. There is much to do and the market wants it sooner than later. This is what we call an inverse market which is the opposite of a carry market. Bill, Scott, Laura and Zach have elaborated on this phenomenon in their articles as well from their perspectives. Please read them. With regards to grain marketing at your coop inverses provide a risk and an opportunity. The risk is defined by the inverse, be it 5, 10, 15 cents. Truth is a penny is plenty of risk with respect to grain marketing. The opportunity comes with the demand driven inverse, the need for grain now not later and the ability to execute the shipments at the top end of the inverse or curve. Today that top is April and May of 2021. Your coop is structured with truck and rail houses that are designed to feed the best market. Thankfully, your coop has access to all the markets and can pick the best one and execute at the top of the curve. Whether it is local ethanol or a transfer to one of your coop's shuttle facilities grain will move and it will be swift in 2021.

For you the patron/owner inverses are doubly risky and rewarding. Inverses tend to create tunnel vision on the farm. For instance, "why would I sell new crop 2021 when it is so cheap compared to cash grain" is a common comment lately. Please do not get lulled into complacency. Inverses will end and here is why. The demand driving the inverse will be quenched or an alternative supply found. What is happening in the meantime globally is that everyone and their cousin is growing a crop where it often is not grown but at these prices it is worth the risk. Nothing cures high prices like high prices. So the market will run prices too high forcing the supply to become burdensome then prices will go too low. I did not give you a timeline if you noticed. Summer corn in S.A. and North American planting progress and spring weather will be

Market Opportunity.

FCE is getting ready for a busy couple of months. This includes: major construction project at Echo, millions of bushels of corn shipped via rail in Hanley and Montevideo, picking up the bunker in MN Falls and Montevideo after that, shipping beans on rubber wheels and last, but certainly not least, transferring corn to the shuttle facilities. This is what we've set ourselves up for and prepared for since harvest and the PNW market has been hot which allows us to sell corn through July.

In regards to selling 2020 crop, it is hard not to notice the inverse in the market. From March-July there is a 14-cent inverse in the futures today. Between July and October 2021 delivery there is nearly a \$1.00 inverse in the market. In a "normal" year, we don't think twice about carrying corn past July. This year is an entirely different story. It is risky carrying corn past the summer no matter what the inverse is, and this is a key reason FCE will be cleaned out before the end of the summer. Farmers should be too. If you have corn at home, I urge you to consider selling this before we could lose over 50 cents in the matter of 24 hours due to an inverse.

If you are still holding on to an extended price contract, you need to be cautious. Most of you have gained .75 cents and then some on corn; even more on beans. Whether you own July or September futures, let's have a game plan for selling your position. The last thing we want is for futures to converge and you be out everything we've gained the last 4 months.

critical this spring. If North and South America plant, grow, and harvest a burdensome crop (what are the chances of that happening?) the timeline is much shorter for inverses to evaporate. With that said when nearby prices are high during an inverse is when selling some 2021, 2022, 2023 crop is advised. Your risk, high prices. Your reward, high prices.

Looking ahead operationally your coop is going to be busy. The post-harvest price rally and pleasant weather (though as I type it is -22 degrees) led to a significant amount of grain movement early in 2021. More so corn than beans because I feel beans are largely unavailable on the farm. As I said earlier April and May was the top of the curve for your coop so we will be shipping grain and reclaiming corn bunkers (no bean bunkers left) starting Feb 15th through roughly May 28th. A second pay loader will likely be needed to execute on the required deliveries and keep up with rail loading. We continue to clean out Echo in preparation for the remodel. Today, it feels like we will be empty just in time for contractors to start their work. We are excited to have a "New" Echo elevator that can dump trucks and load out trucks and rail faster than ever.

Looking forward to 2021 and beyond. Let's hope this year is a little less unique than 2020. Thank you for your business and feel free to call with questions or comments.

By
Ben Hedtke
*Grain Department
Manager*



Finally, the Averager signup is going on now, with the first pricing day on March 9th. This runs for 18 weeks, averaging during a historically strong pricing season. I've heard from many people that they are unsure what to do as the market has such

extreme price swings. This is a safe, emotionless way to get sales on the books. This year we are still offering cash and HTA options for old and new crop, however we also added the option of marketing December 22 bushels using a HTA contract. I've talked before about the market opportunities to price December futures in the summer preceding that delivery period. Currently, December 22 futures are floating around 4.17; I think this is a great way to get started with that crop. As a reminder, there are no fees associated with signing up cash bushels, and you always have the ability to price out any remaining bushels during the 18-week period.

Please don't hesitate to call if you have questions. Stay warm out there, spring planting is just around the corner!

By
Laura Ruble
*Grain
Merchandiser*



Avoid crisis management

First and foremost, Thank You for your patronage and trust in FCE. The directors, management, and employee team did a great job in 2020 working through and rising above all of the challenges that came our way.

2021 looks to continue the trend of interesting marketing years for the cooperative and producers alike. I say interesting but that can easily be interpreted as “challenging” just as in years past. Ben’s article has some sound thoughts in it about being complacent. I would add a reminder that it is not just the volatility we all have to deal with in our market space, it is the velocity at which it happens. It is highly unlikely and not in anyone’s best interest to be reactive this market space. It can and will change before you ever get that chance. Much more likely in the years ahead is that the producer and cooperative who can be proactive and prepared will prevail.

Let’s have a conversation about what you as producers see and need. What does FCE need to do to help that vision? We are currently looking at feed and corn costs for our customers going into the summer months. With the outlook going forward, the vast majority of soybeans have been exported. This leaves valid and worrisome questions about available supply of soybean meal and other proteins (DDG’s, Bakery Meal) later this year. Actual supply may be constrained. If that happens, price becomes the secondary worry. Corn is going

to be shipped to the export market at a record pace this year. That may well cause some issues late in the summer with the inverted market forcing early shipment and no incentive to hold grain back. My point is we need to have these conversations now, not when it becomes a crisis. If you have concerns, give us a call and we will be happy to talk about it. FCE is here to help us all succeed.

The Echo facility project is yet another example of FCE being proactive and doing what we see is needed to help everyone be successful. The rebuild was a long-term goal and will now come to fruition. We are all excited about this upgrade and look forward to the future in the Echo area.

I am thankful for a mostly tolerable winter and the outlook that the worst of things may be behind us. I hope each of you are looking forward too. Keep your collective chins up!

By
Bill Doyscher
*Assistant
General Manager*



Bill Doyscher
riskmanager@mvtvwireless.com

Challenges throughout the Year

The feedmill would like to extend a huge thank you to all our loyal patrons for your current and future business with FCE. We finally made it through 2020 a year no one will soon forget. Even with the trials of the pandemic we had a great harvest and are currently seeing prices maintain high points in the market for both corn and beans. What will this bring for our summer grain levels at the feedmill? Inverted markets may create significant challenges ahead. Carrying corn through a large inverse is a losing proposition for FCE as a cooperative. Market conditions dictate what we need to do for merchandising. For those who purchase corn, we strongly suggest you give us a call or make plans to deliver corn for grain bank. This holds true for other ingredients as well

and it is very important you begin to plan now. We at FCE will be working as a team be as proactive and informed to stay ahead of any obstacles this coming year may throw our way. Feel free to call with any questions or concerns.

By
Zach Giese
*Feedmill
Manager*



Daylight Savings and Timely Feeding

Many of you feed and milk your animals at the same time every day, which is a good thing. So what do you do when daylight savings time rolls around on March 14th and we have to “spring ahead”? All animals, including humans have a circadian rhythm. Their bodies respond to the rising and setting of the sun and they adjust their feeding and sleeping habits naturally. On the farm, human factors dictate when animals are fed and milked. An hour one way or the other can dramatically change their routine. A good rule of thumb is to feed or milk your animals within 15 minutes of the day before to keep them on schedule. In order to do this in the spring, start 3 weeks before daylight savings. If you are in the habit of feeding at 7:00 in the morning and 4:00 in the afternoon, feed or milk your animals 15 minutes early for a week. The second week move them to 30 minutes early, and 45 minutes early the third week. By the time you “spring ahead” on

the fourth week, they will be eating and milking at 7:00 in the morning and 4:00 in the afternoon again. In the fall, do the opposite. Use those three weeks to feed and milk 15 minutes later every week. This will keep your animals on schedule and in rhythm with nature. Just remember, the rooster doesn’t check the clock before he crows!

By
Beth Feller
*Livestock
Specialist*



Farmers Cooperative Elevator Company

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Temp-Return Service Requested

Early seed delivery encouraged.

By the time everyone read this, Valentine's Day will be over! I hope you got to spend time with the people you care for! FCE would like to start delivering seed the last week in March. This will help with all the grain that is going to be moving out by trains. Please call and notify us if you have room to store it.

We will have a good supply of Croplan 3575vt2, 3899vt2, and 4188vt2, for spring.

We have some new numbers of corn available.

3490 New 94 day

3980 New 98 day

Xtendflex beans are available. We have a good supply of E3 beans like 1120, 1420, 1721, 1820, and 2120.

FCE will have some wheat available, including CP3530 in totes.

Seed treatments will be available such as Talc (new) and 80/20 graphite.

If you need anything before spring just call!
Thank you for your seed business!

By
Steve Fry
*Seed Team
Leader*

