

HANLEY FALLS • COTTONWOOD

MONTEVIDEO



MINNESOTA FALLS

ECHO • TAUNTON • MINNEOTA

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July 2018

From the manager...
Our Weather isn't always MN Nice



By
Scott Dubbelde

Weather once again is a main topic of discussion at FCE. Some of you have good looking crops and some have had too much rain and hail. We all know that we cannot control the weather...but when it has so much effect on all of us, we can't help but worry and lose patience with Mother Nature sometimes.

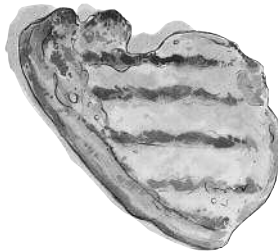
The rainy and snowy weather also affected the picking up of our grain piles this year. We had more off grade corn than we had planned and yet the corn and soybean bunkers stayed in good shape for the most part. We would rather have zero off grade corn but sometimes it's part of being in the grain business. And typically the market dictates when grain is to be shipped regardless of the weather.

Our facilities at times this Spring and Summer have been pushed. Our Employee Team has really shined during this time and they have done a great job utilizing our facilities and equipment. The shipping periods have been compressed with the threat of tariffs and our FCE Team responded very well. Your FCE facilities can move a lot of grain in a hurry when that's what the market needs us to do.

We've ordered two new semi tractors and grain trailers that will be ready later this Summer. The demand to move your grain on a timely basis, including on the farm pickup, keeps increasing so we are growing our grain fleet to seven rigs. We are currently looking for a couple of drivers so if you have a good candidate in mind, please let Ben know.

We hope to see you at a Pork Chop Feed later this month! It is a great time for

Annual Customer Appreciation Pork Chop Feeds



Monday, July 30

at the Sportsmen's Club in Minneota

Tuesday, July 31

at Cottonwood Community Center

Wednesday, Aug. 1

at the
Montevideo Community Center

Thursday, Aug. 2

at Granite Falls
The Rock Restaurant
(Formerly Bootlegger's) 1940 11th Ave.

4:30
to
7:30 p.m.
each
day

All
Patrons and
families are
invited to attend
one of these
events.

socialization and fellowship with your neighbors and friends. And those of us at FCE look forward to serving you in a social setting as well. Note the change of venue in Granite Falls. Memorial Park is being remodeled and the Handeland Family at

the Rock are allowing us to host our supper at their restaurant.

Thanks for your business and thanks for feeding the World!

Fly Management

Fly control is an important part of any livestock operation, and is particularly important during the summer months. Large fly populations are a concern because of the risk of disease and nuisance complaints from neighbors.

Because fly populations are a mix of various lifecycle stages, control methods should be conducted on a regular basis. This should be done once a week to disrupt the fly's lifecycle and prevent more outbreaks. Chemical application only affects the adult population, so removal of fly breeding areas is key to controlling fly populations.

Typically, the main breeding area for flies are around bunks that have spilled feed mixed with manure and moisture. Other

By
Ron Hodges
Feed
Department



areas of concern are corners and edges of fencing, runoff areas where manure and water drain, manure piles, silage pits or silos, feed mixers and underneath augers. Keeping these areas cleaned up and dry prevents flies from breeding in those areas.

There are many different ways to get rid of flies including traps, fly parasite release programs, fly baits, manure sprays, and feed additives. Use insecticides from different chemical classes when spraying

throughout the season. Alternate between pyrethroids and organophosphates to prevent insecticide resistance and minimize control failures.

Having a written fly prevention program is an excellent tool for spraying schedules and routine maintenance of breeding habitats for your operation. Creating a checklist and keeping it with your records is a great idea to help you get started with your fly control program. As always, follow label instructions before applying fly spray.

We have a great team at FCE, who strives every day to bring you a quality product and excellent service! I would like to end with a big THANK YOU from our team at the feed mill and hope to see you at upcoming pork chop feeds.

Mother Nature

I think Mother Nature owes we Minnesotans a do-over. What happened to spring? To plant a crop there are some basic and fundamental rules everyone must follow, plant date, seed depth, soil temp, etc... Similarly, Marketing 101 for any grain elevator is to maximize time, space, and money. Currently there has been plenty to carry in a space and money tight environment coupled with a giant sucking sound coming from the PNW, tis good to have access from 2 spouts. Hard to believe your local coop moved over 21 million bushels of grain in 6 months and by the time this article is published ground piles will be gone. The time, space, and money logic would suggest to carry the crop even longer. Heck, as I type the CN/CU spread has moved out to \$0.095 /bu. This is a big deal for a grain and feed coop like FCE but sooner or later the universal constraint time trumps all and grain has to move. If for no other reason than to prepare for the next crop. I am going to guess that in 60 days or less the space constraint will cause some valuation

changes in corn and bean bids as time will no longer be abundant. So, how do we move lots of bushels in a little time? First and foremost, good people that work very hard with pride in what they do. Second, assets that can dump and ship grain quickly and endlessly, i.e. the rail markets do not "go full" at 1 p.m.

FCE has pushed this "carry market" in beans and corn to the brink and it feels like the last 30% of the crop will reluctantly flow to a market. Looks as though we have seen the highs for 2018, currently trading 3.56 in July down from 4.12. Looking forward the questions remain: Do we need to move a crop this summer? If it keeps raining is there space at home enough to carry last year's crop into next year? How does that scenario, carrying crops year on year play out from strictly a price perspective?

There is a time to buy and a time to sell and it is always that time. A wise man once told me buying (or selling) it right is only half of the right decision, you still have to sell (or buy) to extract the gains. As I type we have established new lows in CN and

By
Ben Hedtke
Grain
Merchandiser



SN futures. For those of you long cash grain this is an opportunity that will gain you time, money, and space. For those of you long the paper, dig in. Much of the red on the screenings lately is a function on the funds profit taking not a fundamental market move. However, the marketing year's seasonality is not far from "making the crop".

For those of you long some grain and short the required space ask the simple questions, what could make this market rally in the time remaining? What could drive it lower? When will the end users step up & buy? Will the grower panic sell? When will fundamentals matter again?

Tariffs

As I wrote in the May 2018 newsletter, Soybeans have been pressured down by the threat of trade tariffs by the Chinese. We now are waiting for July 6th when the Chinese have said they will impose \$34 Billion in tariffs on U.S. products with another \$12 Billion to follow, for a total of \$450 Billion. What does that mean for us in Minnesota? If a tariff is imposed, it is estimated to cost Minnesota \$119.9 Million directly plus the loss of income from lower commodity prices.

Another reason for pressure on the Grain Markets is the lack of weather issues across the U.S. An independent commodity brokerage firm updated their yield estimates. For the 2018 U.S. Soybean crop, the estimate is 49.8 bpa versus the June 2018 USDA estimate of 48.5 bpa. For the 2018 U.S. Corn crop, the estimate is 178.5 bpa versus the June 2018 USDA projection of 174.0 bpa.

In my opinion, I would expect a lot of movement in the market as we get closer to July 6th. Remember to get your offers in

By
Grant Velde
Grain
Originator



the FCE - Grain Offer System, so you are ready for any market movement.

Thank you for your patronage, Grant

Politics

How many times have we had to discuss “irrational” markets in the past few years? Seems like each time political/economic upheaval happens domestically or internationally the commodities market takes the hit.

The irrationality is amplified by the extensive amount of speculative trade. Since the onset of the “passive fund” there appear to be bigger and more frequent moves in the market. A study done a few years ago talked about not only the volatility that accompanies the trading, but the velocity at which it happens. The last two weeks of losses are another example of this.

Time is on our side. Time gives the irrational the opportunity to sort through things. So it is with our current markets. The political javelins being tossed about by all sides will soon become darts at a dart board and eventually pens and pencils across a table.

What we currently have is not the final result. It is a part of the process. While there may not be a recovery to previous prices (the weather is pretty good!) there will certainly be some center ground to be found.

This time of year concentrate on your part of the equation. Be sure you are doing all you can to maximize your yield. Prepare your equipment. Be ready to take care of the crop as it matures. And above all keep a mindful eye on the market. The long term outlooks for US and World Carryout numbers still bodes well for prices. There is no less usage of commodities in the world, actually quite the opposite. The only difference at this point is the size of our piece of the pie.

For the most part, the Minimum and Extended Price Contracts from last fall did their job. If we don't get the right chance before harvest to market some more new

By
Bill Doyscher
Assistant
Manager



crop they remain a viable alternative.

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Marketing Meetings

Tues., July 10, 2018

Minneota Community Center @ 8:00 - 9:30 a.m.

Cottonwood Community Center @ 10:30 a.m. - 12:00 p.m.

Granite Falls Kilowatt Community Center @ 1:30 - 3:00 p.m.

Pizza Ranch – Montevideo @ 3:30 - 5:00 p.m.

Prices.....a roller coaster ride

It's been a long road, we can finally say that every kernel of corn is off the pile in Minnesota Falls, every bean out of the bunker in Hanley and all corn picked up in Montevideo. What a relief. Logistics have been busy to say the least between trains, ground piles, transfers, and on-the-farm pickup. Our operations teams have been working day and night 7 days a week to get all of your grain loaded out. We truly wouldn't be able to operate without them or move an incredible amount of grain over the past few months (see Ben's article). Hats off to everybody that has helped out this year.

We've been so busy that one can almost forget that the market has dropped off 40 cents on corn and \$1.45 on beans this month...almost.

Ever been on a roller coaster that has a

big drop off, makes you feel as if your stomach is about to leap out of your body, and eventually your world comes together as the coaster goes back uphill? Well that's what the grain markets have been like in the last few weeks, only we haven't been able to come back uphill, and it's not near as joyous. With that being said, prices can't stay down forever. It is possible that we already put in our lows (cue 63 cent down day on June 19th) or maybe we haven't quite gotten there yet?

I feel as if all my coworkers have given good information and advice on what to do when your head is spinning and you are unsure of selling. The most important thing is for you to make time for your grain marketing program. I know summer gets busy and there are a million things to do on the

By
Laura
Wentzel
Grain
Merchant



farm but keep an eye on the markets. They are going to be volatile for a long while between USDA reports, trade talk, crop progress and weather. Speaking of that, always remember that our area here in SW Minnesota is one little piece of the pie.

See you on July 10th at one of our four marketing meetings presented by Ben Peters from Advanced Trading.

Health insurance available to our producers members

Affordable health insurance is available to our producer members again in 2019!

In case you missed it, there was a change in Minnesota legislation last year that allowed Land O'Lakes and its subsidiary, BuyPoint™ Insurance Solutions, to develop a health insurance program exclusively for farmers. Understanding the burden of rising health insurance costs to farmers nationwide, FCE was proud to make an initial investment last year to offer this program to our producer members.

Though the late Harvest made it difficult to properly communicate the details of the program to members, the inaugural year was a success! In 2018, over 750 members enrolled in the program. We expect many more to follow in 2019.

Land O'Lakes partnered with Minneapolis-based health insurance company, Gravie, to administer the program. Members who participate benefit from the following:

- Competitive pricing (lower than most individual policies)
- Access to a broad, national (PPO) network with over 100,000 providers, hospitals, clinics and pharmacies including Mayo Clinic, Sanford Health, Essentia Health, Allina Health, Fairview Health Services and more
- Eight health plan options with coverage ranging from catastrophic (high deductible, extremely low cost) to comprehensive (no deductible, virtually 100% coverage)
- Access to Gravie Care (free, year-round guidance from expert, licensed advisors in selecting and managing benefits)
- Easy access to additional benefits (dental, vision, life, HSAs, and more)
- Guaranteed coverage (no member can be denied coverage or rated-up based on individual health history)
- No membership fees
- Doesn't require a W2-employee

The Open Enrollment period will be from October 29, 2018 through December 21, 2018 for coverage starting January 1,

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2019. Prior to the start of Open Enrollment, there will be in-person meetings in our community where you will have the opportunity to learn about this new benefit option in more detail. You can expect to receive more information through email and direct mail.

We encourage our eligible producer members to at least compare your current health insurance rates to the Land O'Lakes program – you might be surprised that you could save your family thousands of dollars a year while receiving access to better quality care! We also encourage all of our producer members who took advantage of the health insurance program to tell other friends and relatives about your experience.

Please visit www.gravie.com/mncoop to sign up for important announcements including 2019 rates, event dates and locations, and more! If you have questions or are interested in learning more, you can also call 844-538-4690.

Please note: To participate in this program, FCE members, per our bylaws, must do at least \$10,000 in business with the co-op, reside in Minnesota, and actively work in production agriculture. If you prefer not to receive communication from Gravie about this health insurance program, please notify the co-op at 507-768-3448 and we will remove you from the list.

NOW HIRING

FCE is looking for a
full-time truck driver to haul grain.
If interested, please fill out an application
found under the careers tab on our website
and submit to main office.

Any questions,
contact
the office at
507-768-3448.



Temp-Return Service Requested

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**Farmers Cooperative
Elevator Company**