

<p>HANLEY FALLS • COTTONWOOD</p> <p>Farmers Cooperative Elevator Co.</p> <p>MONTEVIDEO MINNESOTA FALLS</p> <p>ECHO • TAUNTON • MINNEOTA</p>		<p>FARMERS COOPERATIVE ELEVATOR CO.</p> <p>1972 510th Street Hanley Falls, MN 56245</p> <p>E-Mail: fce@mvtvwireless.com Website: www.farmerscoopelevator.com</p> <p>May 2018</p>		<p>Hanley Falls: 507-768-3448 800-626-2510 Hanley Falls South Elevator: 507-768-3602</p> <p>Minnesota Falls: 320-765-4100 320-564-3834</p> <p>Montevideo: 320-269-6531</p>	<p>Cottonwood: Mill Office: 507-423-6235 800-423-6230 Cottonwood Elevator: 507-423-6489</p> <p>Echo: 507-925-4126</p> <p>Taunton: 507-872-6161</p> <p>Minneota: 507-872-6134</p>
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From the manager...
2017 a good year, looking forward



By
Scott Dubbelde

We typically send out a newsletter issue to communicate with you within a few weeks after the Annual Meeting. But this year our April newsletter has turned into a May newsletter. So our Team will send this out to bring you up to speed with what's going on at FCE. At the Annual Meeting we reported a 2017 local income of \$1,408,774 and a net margin after taxes of \$1,721,235. I reported that all three departments were

locally profitable in 2017. We continue to retire equity when a Patron/Owner reaches the age of 68 by March 31st of each year. Three Directors were re-elected for a 3 year term each. They are Al Enevoldsen from the Montevideo Area, Tim Gossen from the Minneota Area, and Jon Thostenson from the Hanley Falls Area. All Board Officers remained the same. Feel free to pick up a 2017 Audit at any location.

Our three 2018 FCE Employee Memorial Scholarship Recipients, awarded in honor of Kathy Willson and Joey Fry, were Kaitlyne Enevoldsen from Watson, Landon Abraham from Minneota, and Sophia Louwagie from Clarkfield.

Our FCE Employee Awards went to Taylor LaVoy and Levi Shemon for 5 years of service, Jeff Tusberg for 20 years of service, Kevin Johnson for 30 years of service, and Steve Fry for 35 years of service. We are proud to have these Valued Employees as part of our FCE Team.

We are in the middle of two construction projects for 2018. A 750,000 bushel bin is being added at Taunton and a bunker/piling

system at Montevideo. The Monte addition will allow us to dump 3 million more bushels through the receiving pits at Harvest. And we need the extra capacity. FCE has been adding, on the average, more than one new Customer each week. It's really fun to be a part of a growing Team.

We sent you a letter dated March 30th that reported to you that the Unification Process that FCE was participating in had ended. The four Coops involved decided not to go to Phase 2 of the process together. FCE will continue to follow our road map and guidance document which is our Mission Statement. And listed under the Values section are these statements. "FCE will pursue new business ventures that have a high probability of success and will enhance the profits of our Members. And FCE will accept change as a normal business environment." So we will keep forging ahead together as a Patron/Owner/ Coop Team.

On March 30th the wood framed elevator
SCOTT - CONTINUED ON PAGE 3



FCE Board of Directors

Photo by Kyle Klausing

The FCE Board of Directors (left to right): Todd Lecy (Echo Area Director), Steve Doom (Cottonwood Area Director), Vice President Jon Thostenson (Hanley Falls Area Director), Secretary Alan Enevoldsen (Montevideo Area Director), Tim Gossen (Minneota - Ghent Area Director), Dan Stevens (Hanley Falls Area Director), Adam Gorecki (Taunton Area Director), and President Mark Vandelanotte (Cottonwood Area Director). Not pictured: Brad Sunderland (Minnesota Falls Area Director).

Annual Meeting awards and scholarships



Photo submitted by the FCE

Service Award winners (left to right): Steve Fry (35 years), Kevin Johnson (30 years), Jeff Tusberg (20 years), Taylor LaVoy (5 years), Levi Shemon (5 years)



Photo by Kyle Klausing
2018 FCE Employee Memorial Scholarship winner Kaitlynn Enevoldsen



Photo by Kyle Klausing
2018 FCE Employee Memorial Scholarship winner Landon Abraham

Tonnage increase in 2017

2017 brought more growth, as we had an 8% increase in tonnage for the year. Customers are seeing the value we can bring to their operations with supplements that are custom made for them and manufactured at our mill or through Big Valley Milling.

January 1, 2017 was the start of the new VFD regulations. We had all of our customers on board. Because of the VFD's, we have seen a decrease in the use of medications, which was the purpose of the regulation in the first place. There has been continued communication with producers and vets, on any changes made throughout the year. We feel like we have been successful in communicating the

By
Ron Hodges
Feed Department



rules and regulations to our customers as this has been a smooth transition.

Feed costs over the last few months have been on the rise for a number of reasons. We have seen an increase in vitamin prices which affects all VTMs going into our feed products. This increase was triggered by a fire at the plant in Europe that caused a shortage of vitamins. There were only 2 main plants in the world that produced and sold vitamins. Just in the last week this

plant has come back on line and started production. Because of this, we have seen a small decrease in vitamin prices. Vitamins should continue to go down as more product becomes available.

The demand for distillers is high on the world market. Much of it is dried and sent overseas. We have been working with nutritionists to reduce the amount in customer rations, while keeping the protein and energy at adequate levels.

We have a great team at FCE, who strive every day to bring you a quality product and excellent service! We would like to end with a big THANK YOU from our team at the feed mill.

Adding Value at FCE

At our March Annual Meeting we reviewed financial results, elected directors, and updated patrons on plans going forward.

Construction has started on both the Montevideo and Taunton projects. These will bring added speed and space to these locations and to FCE as a whole. The success of the cooperative allows us to continue to make improvements to our facilities. This remains the focus of your FCE board, management, and employees.

Last year we offered a new group health insurance policy to our active members. This has proved to add a valuable piece to our patron's lives. While affordable health care is not typically something that an agri-

cultural cooperative would offer it is something that makes FCE and its patrons unique and in turn more successful. We plan to continue to facilitate this service in the future.

Our Risk Management Group has seen some nice results from re-ownership strategies. The recent rally has given options and futures a positive return. If you are a price taker, this type of contract and service can add value to your operation. Call us if you have any questions.

The export market has returned with a bang. In particular, the Pacific Northwest (PNW) export corridor has become busy, crowded, and pushed to maximum capacity. This is good for FCE, as we positioned ourselves to utilize this market if/when it came to be. We have shipped shuttles of corn from Montevideo, corn and beans from Hanley Falls, and will be loading 50 car trains of beans to Savage soon. This means that the exportable surplus typically held in the Upper Midwest is being moved out. The piles of grain seen late summer/early harvest the last few years may well be gone this summer. There is plenty of grain on the farm yet, and we can

By
Bill Doyscher
Assistant
Manager



grow a big crop, but the stress on the storage system may ease a bit.

Enjoy the spring and summer. Come see us if you can, we love to visit with our patrons. Scott lists the Saints Game and Pork Chop Feed dates, so mark them on your calendars. Have a great growing season!

Bill Doyscher
riskmanager@mvtvwireless.com

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at the uptown Hanley Falls location burned to the ground. No one was hurt and that is the most important thing. Emergency Personnel from 11 different area communities assisted with the firefighting efforts. And they all did an awesome job! We have good insurance coverages and will evaluate all options before we decide on a particular path forward. We would like to again thank all of the local fire departments and rescue squads! They are an important asset to us all!

Don't forget about the upcoming FCE St. Paul Saints trip. This outing will be on Monday, July 9th and should be a really fun time. We have 2 buses full already and plan to take either 3 or 4 bus loads to the stadium. Please call the Hanley Falls Office ASAP if you want to get in on this trip.

Please mark your calendars for our Annual Customer Appreciation Pork Chop Suppers. They will be held July 30th & 31st and August 1st & 2nd. It is a great time to socialize with your neighbors and your FCE Board and Employee Team. We plan to send out another reminder with our Summer newsletter.

Thanks for being working so hard and persevering to get this crop planted. And above all, Thank You for feeding the World!

Take the rewards

If you would have asked me back in January if I thought we were going to get to \$3.50+ cash for corn I probably would've said something like "I wouldn't get my hopes up." Yet, here we are, sitting at \$3.63 cash for July (does that number make sense for your old crop sales?). The real question is, how did we get here? Strong exports, planting progress delays (however, not so much a concern anymore), and dryness in Brazil (grain fill/early harvest Safrinha) and too much precipitation in Argentina (currently harvest). Keep in mind that eventually all of these issues will shake out and we will need fresh news to get any sort of market movement again. Speaking of, the next big reports to watch for are coming on June 29th-Planted Acreage and Grain Stocks. We will also have a better idea of U.S. 2018/19 carryout numbers then—something that could be a concern, in the farmers favor.

Beans are a little bit of a different story. It is really amazing how long it can take to build their price up and then you blink and it is gone. The fact that we went from \$9.80 to \$9.25 within a few short weeks is troublesome. Now the question is, are we going to get back up there? At this point it really is a political standoff. Exports have been pretty null in the last few weeks (as

By
Laura Wentzel
Grain
Merchant



expected), funds have been selling off and all we can hear about lately is Trump, China, North Korea, and NAFTA. By the time you read this a deal could be made, however by the sounds of it things are going to get drawn out. There is also speculation that the USDA may bump up acres in the June report so be ready for that.

Are you still holding onto your extended price contract? If you have beans it is likely you went from making back 50 cents or more to being down 10. What is your plan?

For those of you with corn, for right now you are hanging on but what is the next step? When you bought in, you likely had a futures target in mind. Are we there yet, or already above it? It's time to start thinking about the what-ifs and weigh your risk of hanging on to these contracts or not. If you have questions about your extended price contract, or minimum price, call us at the office.

Trade agreement or Trade War?

Why is the Soybean market getting pressured down?

The answer: The CHINESE - 1) The trade tariff story has put Soybeans in a yo-yo pattern, with the down's greater than the up's. 2) Cheaper Soybeans from South America. 3) The LARGE Chinese Corn reserves being used for feed rations in livestock. 4) Soymeal in China is at a 3-month low as margins for crush and hog feeding are weak.

In my opinion, Soybeans are waiting to react positively to a trade agreement between the United States and China. If you are looking for a nice pricing option, consider an OTC. An OTC provides you with a premium to the current futures price.

FCE provides you the patron/owner with various marketing choices. Feel free to contact

By
Grant Velde
*Grain
Originator*



Higher Prices for better living

May 17th 2018 as I type. Since our 2017 Annual Meeting in Cottonwood much has changed and for the better! First as you all can see prices have shown some resilience among the pleasant weather, planting progress, firmness in US Dollar and of course the politics. With most every farmer and their neighbor in the field there has been some quick ship strength in corn basis. Local processors looking for coverage spike posted bids 5-10 cents. Makes you all wonder what coverage is for next month, or any month beyond 7 days. Betting on summer volumes to be large, risky business. Never hurts to call. Couple your local demand with an incessant export demand pull and we see all values rise in corn and your efforts as farmers are rewarded in the cash market. Will this phenomenon in cash corn values and demand extend out into New Crop? I think so, but keep in mind this information is free. Beans, up down, up down getting sick of it. Since the Argentine crop news passed

beans are riding the Trump roller coaster. Are some acres switching to beans in S. MN and N. IA? Do those acres really matter in the big picture? Future for beans is volatile into new crop as well.

Be sure to weigh out your marketing options. We offer all the marketing tools, extended/minimum price, direct ship, buyer's call premiums, on farm pick up, and the usual HTA, cash, basis etc...

Of the near 6 million bushels of piled corn from October and November your coop has approximately 1.7 left to pick up, 1 pay loader bucket at a time. Should be done by mid-June with corn. Hanley Falls' 1.5 million bean bunker will be getting shipped in short order starting the beginning of June. If all goes well there will be nothing but pavement there by late June. There have been massive amounts of corn and beans to handle this winter and spring. This massive amount of grain leads to lots of work to be done. Which is why at our annual meeting I thanked the FCE team and I will do so

By
Ben Hedtke
*Grain
Merchandiser*



again, Thank you! It is no small task to do what you do. Again thank you.

Prepared for harvest? Do not know. The wild card as I mentioned earlier is summer volumes. Our trucks have felt the pressure as some of you wind down planting and on farm pick up loads have maxed out. Feels like corn and beans want to move post planting. Does FCE need to continue to ship 12+ trains a month or will 6 suffice through June/July/August? Will we dump 3.5 million again in August/September like last year, there is a carry again? I would wager things get interesting this summer but we will make it work because that is what you expect of us as your local coop.