



FARMERS COOPERATIVE ELEVATOR CO.

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February 2014

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**Minnesota
Falls West:**
320-564-3834
Montevideo:
320-269-6531

Cottonwood:
Mill Office:
507-423-6235
800-423-6230
**Cottonwood
Elevator:**
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Hardware Store:
507-423-6231
Echo:
507-925-4126
Taunton:
507-872-6161
Minneota:
507-872-6134

From the manager... FCE Annual Meeting Fri., March 7

We'd like to cordially invite you to attend your FCE Annual Meeting on Friday, March 7th. More details are listed in this issue.



By
Scott Dubbelde

Director candidate profiles are in this issue. And immediately after the business meeting, Scott Gottschalk will share with us the details of his recent trip to Antarctica. This is a show you don't want to miss! (I know that Diane and I only plan to see Antarctica through another person's camera lens.)

We will share with you more details about the Taunton silo repair plan and the upcoming building projects for 2014. FCE had a successful financial year also and we look forward to presenting you with your dividend checks and equity retirement checks.

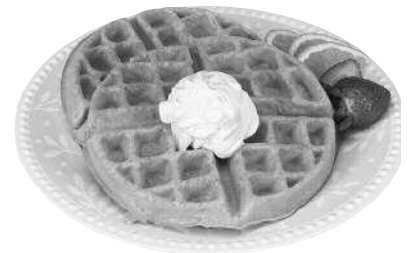
Our Customer Appreciation Pork Chop Suppers will be held on August 4, 5, 6 & 7 this year. Be sure to mark your calendars. I look forward to both the Annual Meeting and the Suppers so we can all spend time visiting with each other.

Thanks for your business!

ANNUAL MEETING Friday, March 7 at the LAKEVIEW HIGH SCHOOL IN COTTONWOOD

BELGIAN WAFFLES

Served from 4 to 6:45 p.m.



ENTERTAINMENT

Immediately following adjournment
Scott Gottschalk will share the details and some breathtaking photos from his recent trip to Antarctica.

MEETING BEGINS at 7:00 p.m.

The traditional, delicious Belgian waffles will be served along with all the trimmings from 4 to 6:45 p.m. ALL YOU CAN EAT. Bring your spouse and children. There will be at least 38 waffle irons and everyone can wait inside. Lakeview High School is located on the north side of Cottonwood, visible from Hwy. 23.

The business meeting begins at 7:00 p.m. We'll review last year's operations at FCE and discuss plans for the current year. We will also be electing three directors to the board. Profiles of the director candidates are inside this newsletter.

What a difference a year makes

What a difference a year makes. Corn basis today is 43 cents under the March futures compared to 8 cents under last year. The corn basis peaked at 22 over last year. The outlook for basis improvement this year is doubtful. With a much larger carry, a small PNW export program, car costs of between \$1000.00 to \$3000.00 per car, and limited farmer movement this winter, basis levels will probably not improve this year. Any substantial improvement in the futures market will

also pressure basis level.

The bean situation is somewhat interesting. This year's bean carryout is estimated at 150 million bushels which is the same as last year yet the bean basis is 70 cents under the March futures compared to 17 cents under a year ago. China has purchased a record amount of soybeans and crush levels are higher than last year. With South America harvesting a record crop which is now making its way into the export market the bean

By
John Brandts
Grain
Merchandiser



basis levels may be on the defensive in the near term. But with a 150 million bushel carryout basis levels could improve dramatically during the summer months.

See you at the Annual Meeting!

Corn/bean markets are challenging

In regards to cash corn, what was once offered at 4.50 cash is now offered 4.20 cash and what was once offered 4.20 was offered 4.00 and traded. In regards to the Chicago Board of Trade (CBOT) less your local demand, what corn was offered at 4.50 it was bid 4.00. When offered at 4.20 the corn market bid it 3.80. Today we buy lots of 4.00 to 4.20 corn. And in just the right amounts with demand being strictly local and domestic and shipped via truck mostly. Today if we value corn delivered PNW via BNSF rail corn should be something close to eight-five under the May futures, or 3.76 cash.

Today we are posting 4.20ish cash delivered to your local corn processor. Fundamentally a merchandiser's job is to maximize space and time constraints as well as to arbitrage grain to the best market available. Today our best market is clearly a truck market yet that poses some limits. A one truck in-one truck out market will pose a problem when the 2013 corn begins to flow from the bin this spring. Sooner or later we will need to ratchet back local processor values or ramp up export rail values. If there truly is a 1.5 billion bushel carry-out on corn someone will carry corn into the 2014 harvest and this spring/summer will be busy. Not to mention as time ticks we tighten the time constraint of getting a 1.5 billion bushel crop moved to end users and exporters.

By
Ben Hedtke
Grain
Merchant



In regards to beans we find nearly the polar opposite to corn. \$13.00 buys lots of beans and as the CBOT goes higher local basis goes lower. Still beans have tight stocks, strong demand, and many markets to trade. Also, opposite to corn the bean market is challenging us with inverses in the Chicago Board of Trade. Do we carry beans through a 15 cent inverse? Will the board rally to offset any losses in the inverse? How big is the South American crop and will they actually be able to move their crop in a timely matter? Feels like stocks are tight enough to reward those who carry beans through the inverses. Time will tell.

We are loading our 7th of 10 bean trains out of Hanley next week. All are going for export and all are high quality beans. Our 1 million bushel bunker of beans is safely on wheels or in a bin. With very little waste and cruel elements to deal with this winter the guys are happy to see it done and we all are sleeping better at night. Thanks to all those who helped.

In regards to Spring Wheat we find large stocks globally yet we trade an inverse in this market of nearly 21

cents. Why you ask? Because the wheat is not where it needs to be and the premium goes to whoever has it on wheels or floating at the dock. With a 75 day wait time for a Canadian PNW vessel and a BNSF rail market struggling to perform flour mills and wheat buyers get nervous and pump premiums into spot wheat values. To the farmer that means when trains and boats catch up or rather if they catch up likely these premiums will soften both in basis and the CBOT.



Daylight Saving
Time

starts 2 a.m. on
Sunday, March 9

DIRECTOR CANDIDATE PROFILES

Cottonwood Area



Steve Doom

Steve has served on the FCE board since 2005. He and his wife Brenda live five miles west of Cottonwood. They have three children: Cody, Justin and Carly. Steve has been farming since 1980. He and his cousin grow corn, soybeans and alfalfa and also raise hogs and cattle. He currently serves as chairman of the Lyon County ASCS Board. He enjoys hunting, golf and playing cards.

Taunton Area



Adam Gorecki

Adam and his wife Sara live north of Taunton where he has farmed for 15 years with his dad, his brother and his uncles. They raise corn, soybeans, wheat and alfalfa and have a cow/calf herd and finish cattle. Adam and Sara are the parents of Noah, 7, who is a student at St. Edward's in Minnesota, Niara who is 4 and Stella who is 1. Adam enjoys hunting deer and pheasants. He believes in supporting local co-ops because they help small towns survive.



Stan Knutson

Stan has served on the FCE board since 1999. He and his wife Teri have three adult children, Chad, Stacey and Kora. They live near Porter where they raise corn and soybeans. Stan has been farming for 34 years. He is a member of the Minnesota Corn Growers, the Minnesota Soybean Growers and Farmers Union. Stan is a member of the Porter First Responders and enjoys hunting and shooting sports. Stan and Teri farm on land that was homesteaded by the Knutson family 133 years ago, in 1881.

Maynard Area



Andy Bristle

Andy and his wife Laura live northwest of Maynard where he has been farming with his dad John and his uncle Dave with Bristle Brothers Farms for 12 years. His younger brother Mike has just started farming with them. Andy and Laura are the parents of Rorie, who is 5 and goes to school at MACCRAY

West Elementary and Beau who is 2. Andy is a member of the Maynard Lutheran Church board and is the Assistant Fire Chief for Maynard and has coached Wrestling for MACCRAY High School.

Brad Sunderland

Brad has served on the FCE board since 2008. He farms corn and soybeans with his brother Steve northwest of Minnesota Falls near Maynard. He and his wife Mary have two adult children, Toby and Jodi. He has been farming since 1977. He has been a township supervisor for 30 years and has served as chairman. He has also been a director for United FCS for 21 years, where he has also served as chairman. He is a member of the Corn and Soybean Growers Association and has served as their Secretary/Treasurer. He enjoys woodworking and playing with his granddaughter and grandson.



Select seed with the best yield potential

It looks like spring 2014 will be arriving slowly with all the moisture we've received. Planting the right population is equally important. If the hybrid you are considering produces big flex ears it will excel at lower seed populations. If you have a fixed ear hybrid that produces smaller, consistent sized ears, it needs higher populations to produce maximum yield.

With corn-on-corn rotations becoming more prevalent, it is essential to plant hybrids with high health genetics that can tolerate the increased disease pressure. We still have a good supply of:

3399SS 4099SS 5146SS
5412SS 4199SS

Bean seed treatments pay off

Seed treatments help develop good

plant health early on, and it all starts with a good canopy. The more leaves a plant has early on the more sunlight the plant can take in and the more shade it can create, improving plant strength and weed control/ respectively.

Seed treatments make a difference even when you're planting beans that have an Rpsl-x or c gene. Even though these genes carry resistance to early cool season diseases like phythophthora and pyhium, the treatments complement the genes and improve protection against these diseases.

Improved vigor from AgriSolutions Warden RTA Bean's seed treatments has also been noted in Croplan Genetics Answer Plot sites. In some environments, node production has

By
Steve Fry
*Seed Team
Leader*



increased with seed treatments versus untreated soybean seed.

New Agrisure Duracade traits

When selecting new hybrids with Agrisure Duracade traits be very careful that you are planting something that has been approved for export or ethanol. Some of the DDGS are exported.

Please stop by and contact one of the seed management team if you have questions or concerns!

THINK SPRING!

Hardware Hank's March Specials

We have been using our quieter winter months to update many of our departments. The plumbing fixtures and light bulb areas have many new and updated products to stay current with the ever-changing laws. The electrical department has been updated to stay current with new technology. The paint department's update is in the works. We will be having an event to introduce all the changes in that department this spring.

In anticipation for spring seeds, garden décor and of course farming supplies are coming in. We cannot wait to get busy with the upcoming planting season.

- | | |
|---|--|
| ~ 6 Piece Metric or SAE
Combination Wrench Set ...\$10.99 | ~ 16 Gallon 6.5hp
Wet/Dry Vac\$99.00 |
| ~ 12 Oz Heavy Duty
Brake Fluid Dot 3\$1.50 | ~ 4 oz Bonide
Measuring Cup\$99 |
| ~ 6 Piece
Screwdriver Set \$7.99 | ~ 5 Piece SAE
Nutdriver Set \$10.99 |
| ~ 1 pk Eveready Gold
9v Alkaline Battery \$1.99 | ~ 12 oz
Carb & Fuel |
| ~ 52 Pc Combination
Drive Socket Set\$16.99 | Injector Cleaner \$1.50 |
| ~ 128 oz
Tree And Shrub Drench | ~ 12 oz
Power Steering Fluid \$1.50 |
| (Insect Control)\$34.99 | ~ 12 oz
Super Gas Treatment \$1.50 |
| ~ 6 oz Mold Armour
House Wash\$7.99 | ~ Mighty Mini
Air Mover \$59.99 |

~ **All Hummingbird Feeders and Nectar are on sale throughout the month**

Questions about where prices are headed

Last fall many questions were asked about basis and where prices (futures and cash) were headed. After a couple of years of profitability not seen in agriculture before, I was of the opinion that producers would sell beans because of price, and hold corn late into the year. Cash flows were (are) good. Balance sheets should have been bolstered. The producer has staying power, storage, and with bad weather, won't be interested in selling \$4.00 corn.

Swing and a miss! Although the upper Midwest is lagging the Eastern Corn Belt in corn sales, there has been much more marketed than I would have believed. It took a while to figure it out, but there seems to be a common reason why.

Last year's crop insurance program infused enough cash into the produc-

ers hands to entice him to pass risk off. Although the variables on yields and insurance levels make individual differences, overall the producer has opted to take the insurance proceeds, sell some \$4.00 corn, and look at the overall dollars/acre.

The end result is earlier movement than expected, depressed basis levels, no need for the end user to buy futures as a replacement and thus a struggle to maintain any rallies.

I missed that one. Really did not take the crop insurance payments into consideration. Another lesson learned in the grain industry that underlines the fact that this is not your father's grain market. The days of storing until the market rallies may be limited. Margin is the name of the game.

See you at the Annual Meeting!

By
Bill Doyscher
Assistant
Manager



Bill Doyscher,
Assistant General Manager
riskmanager@mvtvwireless.com

*** This information is taken from sources which we believe are reliable, but is not guaranteed. This info is sent to you for information purposes only. There is a risk of loss when trading commodity futures & options, and is not suitable for everyone ***

Producers have seen decreased feed efficiency

The weather pattern this winter has been hard on livestock, and many producers in the area have seen decreased feed efficiency. In general, cattle are tolerant of cold, but productivity can decline when cattle are exposed to very cold temperatures for long periods of time. Extreme wind chills, precipitation in the form of rain, sleet, and snow, along with muddy pen conditions further aggravate the level of cold stress in which animals are exposed. The susceptibility to disease increases:

- Distress-mediated depression in immune system function from shipping

and environmental sources.

- Tissue damage attributed to frost bite.
- Increased survival times of airborne pathogens.
- Cattle huddling together to keep warm, therefore increasing transmission of infectious disease.
- Depressed feed intakes stemming from reluctance to go to the feed bunk due to effects of cold, wet pen conditions, moisture-damaged feeds, or a combination of these and other factors.

Under these conditions, animal management, feed, and pen conditions should be adjusted to counteract the adverse consequences to cattle productivity and health.

- Remove snow from pens as soon as possible after a storm.
- Make sure water tanks are free of ice and in working order.
- Remove excess mud and manure around edges of monoslope pens more often.
- Blade mounds in open pens.
- Add extra bedding through the extreme cold.
- Make sure all cattle have vaccina-

By
Gene
Goldenstein
Feed
Department
Manager



tions when entering the feed yard.

- Use an aureo rotation on a monthly basis.

The ability of cattle to maintain a stable body temperature, whether by avoiding fever that accompanies disease or by being maintained in an environment that is within their range of thermal comfort and tolerance is critical to their overall health and productivity.

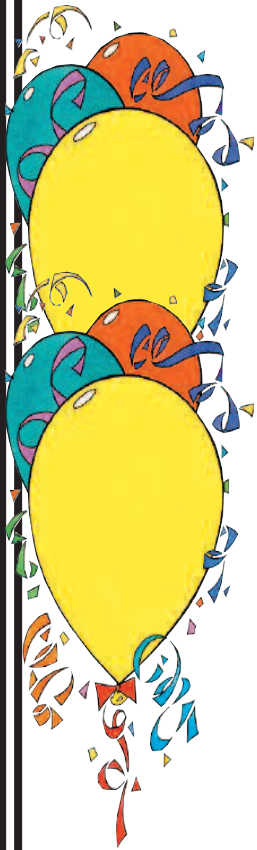
Porcine Epidemic Diarrhea Virus (PEDV) in swine is still a big concern and outbreaks have been reported from Canada throughout the US. Sow farms seem to be the most susceptible. Sows experience diarrhea, vomiting and baby pigs 10 pounds and under have significant mortality. FCE is following this information closely and adjusting feeding and biosecurity protocol as needed.

Thank you for your business.

**It's A Good Idea
To Take A Good**

LOOK

**At The Grain
Stored On Your Farm
Once A Week**



Retirement Open House

for

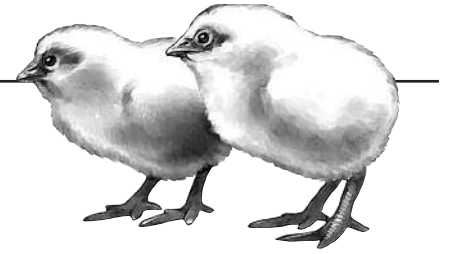
Donna Olson

will be held on

Mon., March 17.

Donna will be in
Montevideo
from 9 to 11:30 a.m.
and in Hanley Falls
from 1 to 4:30 p.m.

We hope that you will join us!



TIME TO ORDER YOUR CHICKS

It's time to order your chicks.
We have a large selection.
Regular delivery is every other

week on

Mondays, beginning
March 17.

Prices vary by breed.

Call Jerlyn or Allison

at the Feed Mill

in Cottonwood

(507-423-6235 or

800-423-6230)

with pricing questions

or orders.

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