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MONTEVIDEO
MINNESOTA FALLS
Farmers Cooperative Elevator Co.
ECHO · TAUNTON · MINNEOTA

FARMERS COOPERATIVE ELEVATOR CO.

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From the manager...

We are ready for harvest

By
Scott Dubbelde

Once again we had a great turnout at our Customer Appreciation Pork Chop Suppers. Thanks for attending to visit with your neighbors and the FCE Team Members that served you and your families. A reoccurring topic was that we are all ready for the year 2019 to be over. But we know that we should not wish time away. I've included the Serenity Prayer in this issue as a reminder to all of us.

FCE is ready for the 2019 Harvest Season. Our facilities and valued Employee Team will once again take care of you this Fall. Our 2019 Harvest Policies are included in this issue. We lowered our corn drying rate since we were able to contract LP cheaper than last year. Our settlement policy remains the same. We will be putting grain onto the various contracts every Friday at business close. If you have questions as to whether or not your grain will be going to a Delayed Pricing Contract or a Warehouse Receipt, just call us every Friday to double check. It is a pretty simple system.

We have a few recent hires at FCE. Tim Hanson is our new Feed Department Manager, Jena Albertz will be at the Cottonwood Mill front desk, and Julie Oftedahl will be doing bookkeeping duties in the Hanley Falls office. We also hired Travis Downing to drive a grain semi. We welcome the new FCE Team Members.

Our Montevideo bunker floor is now paved along with the Monte office lot. A paved bunker bottom sure helps us when we are picking grain up during wet weather. We also patched a spot in the Hanley Falls bunker.

One of my most important daily goals is that each and every FCE Employee goes home from work in equal or better shape than when they showed up in the morning. We greatly emphasize and preach safety and health at FCE. Please be safe this Harvest Season no matter what weather conditions we are dealt. Like I titled my July article, "Let's Persevere Together."

Serenity Prayer

God grant me the serenity
To accept the things I cannot change;
Courage to change the things I can;
And wisdom to know the difference.
Living one day at a time;
Enjoying one moment at a time;
Accepting hardships as the pathway to peace;
Taking, as He did, this sinful world
As it is, not as I would have it;
Trusting that He will make all things right
If I surrender to His Will;
So that I may be reasonably happy in this life
And supremely happy with Him
Forever and ever in the next.
Amen.

Soybean outlook

By
Laura
Ruble
Grain Merchant

Last year at this time I spoke on a big supply and the Swine Fever and as time would have it, not much has changed since. On the Trade War side of things, the next big events are sit down meetings in October. It seems we are at a Mexican standoff and we will stay there until something is published on paper with a John Hancock at the bottom.

South America continues to meet the needs of China. The African Swine Fever has ravaged China's demand for bean imports. Speculation continues that they lost 50% of their swine herd but it is difficult to be 100% certain. Vietnam is also affected by ASF, so far losing 18.5% of their herd and on top of that the first case of ASF was recently found in the Philippines. They've culled about 7,000 hogs so far. This is good for our pork exports, not so great for bean exports.

We don't know how big of a crop we have coming; NASS speculates 48.5 bpa on 75.8 million acres. As of 9/9/19, 92% of beans were still setting pods and 6 million acres had not yet started setting. There is no frost in the forecast, so if it holds off and beans have time to finish, what are the chances the USDA bpa is closer to right than wrong? Time will tell and most likely we wouldn't see any big reaction until January reports.

Something to keep an eye on-Brazil and Argentina are supposed to start planting very soon. However, both countries are currently waiting until they get decent rainfall as their dryer season is lasting longer than usual. With a slow start to planting, that could lead to potential export business in Dec-Feb but depends on how long things get delayed.

If you have a Nov Soybean HTA and plan on carrying beans this year you may consider rolling out those hedges to 2020. Spreads have widened and all the way to next summer the carry is ~50 cents. If basis appreciates you could be looking at a pretty hefty gain just for utilizing bin space. If you need to crunch the numbers or have questions about rolling, don't hesitate to reach out to us.

Hope you all have a safe harvest!

Farmers Co-op 2019-2020 Grain Policies

SOYBEANS

MOISTURE DISCOUNT: 1 percent for each 1/2 point of moisture over 13 percent up to 15 percent; 2 percent for each 1/2 point of moisture over 15 percent and up.

TEST WEIGHT: 1 cent per each 1 pound under 54 pounds.

DAMAGE Discount	HEAT Per Bu.	TOTAL Per Bu.
.3 to .5%	2 cents	
.6 to 1.0%	4 cents	
1.1 to 1.5%	6 cents	
1.6 to 2.0%	8 cents	
2.1 to 2.5%	10 cents	3 cents
2.6 to 3.0%	12 cents	4 cents
3.1 to 3.5%	14 cents	5 cents
3.6 to 4.0%	16 cents	6 cents
4.1 to 4.5%	18 cents	7 cents
4.6 to 5.0%	20 cents	8 cents
5.1 to 5.5%	22 cents	9 cents
5.6 to 6.0%	24 cents	11 cents
6.1 to 6.5%	26 cents	13 cents
6.6 to 7.0%	28 cents	15 cents
7.1 to 7.5%	30 cents	17 cents
7.6 to 8.0%	32 cents	19 cents

FM: All FM over 1 percent will be considered shrink.

MUSTY: 10 cents per bushel discount.

SOUR: 10 cents per bushel discount.

MUSTY/SOUR: 20 cents per bushel discount.

CORN

MOISTURE DISCOUNT: Shrink is 1.5 percent per point of moisture over 13 percent for storage, 14 percent for Price Later Contracts and Grain Bank and 15 percent for selling.

DRYING CHARGES: Drying charges are 2.25 cents per half point from 13 percent for storage, 14 percent for Price Later and Grain Bank and 15 percent for selling.

TEST WEIGHT:

* 53.9 to 52 pounds: 2 cents per pound.
* 51.9 to 50 pounds: 3 cents per pound.
* 49.9 pounds & below: 4 cents per pound.

REGULAR DAMAGE:

* 2 cents per 1 percent damage over 5 percent.

HEAT DAMAGE:

* 1 cent each 1/10th point.

FOREIGN MATERIAL:

* 3.1 to 4 percent: 3 cents per percent.
* 4.1 to 5 percent: 4 cents per percent.
* 5.1 percent & more: 4 cents per percent.

MUSTY: 10 cents per bushel discount.

SOUR: 10 cents per bushel discount.

MUSTY/SOUR: 20 cents per bushel discount.

INFESTED: 10 cents per bushel discount

OATS

MOISTURE DISCOUNT: 2 cents per 1/2 point 13.5 to 14 percent; 1 cent per 1/10th point 14 to 15 percent. ABOVE 15 PERCENT SUBJECT TO REJECTION.

TEST WEIGHT:

* 2 cents per pound from 37.9 to 34 pounds.
* 3 cents per pound from 33.9 to 30 pounds.
* 4 cents per pound from 29.9 and less.

SPRING WHEAT

SPRING WHEAT
MOISTURE DISCOUNT:

1 1/2% for each ½ point 13.5-14.9, 2% for each 1/2 point 15 & over.

TEST WEIGHT:

3 cents for each pound under 58 pounds down to 56 pounds; 5 cents for each pound under 56 pounds.

DAMAGE DISCOUNT:

3 cents each 1% from .9 - 2.0
4 cents each 1% from 2.1 - 5.0
5 cents each 1% 5.1 - 10.0

Protein scales subject to market at time of delivery. Spring Wheat protein basis 14%. Winter Wheat protein basis 12%.
All discounts subject to market changes.

THESE POLICIES SUBJECT TO CHANGE AS MARKET CONDITIONS DICTATE.
ALL DISCOUNTS OR LIMITS SUBJECT TO REVISION.

2019-2020 FCE GRAIN SETTLEMENT POLICY

Our Grain delivery settlement date is illustrated on the following chart:

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GRAIN DELIVERED	STORAGE STARTS AT 4:30 P.M. ON:
Sept. 1-15	9/20/2019
Sept. 16-22	9/27/2019
Sept. 23-29	10/4/2019
Sept. 30-Oct. 6	10/11/2019
Oct. 7-13	10/18/2019
Oct. 14-20	10/25/2019
Oct. 21-27	11/1/2019
Oct. 28-Nov. 3	11/8/2019
Nov. 4-10	11/15/2019
Nov. 11-17	11/22/2019

Corn:
Storage to 13%
Delayed Price, Grain Bank to 14%
Cash, Contract to 15%

Corn Drying:
2.25 cents each 1/2 point
Shrink 1.5% each point

Soybeans:
1% Shrink each 1/2 point moisture above 13% up to 15%
2% Shrink each 1/2 point above 15% and up

Corn

Delayed Price 14%; has a service charge at the rate of 5¢ per bushel per month with no minimum.

Warehouse Receipt 13%; has a storage charge at the rate of 5¢ per bushel per month with no minimum.

Soybeans, Wheat & Oats

Delayed Price; has a service charge at the rate of 5¢ per bushel per month with no minimum.

Warehouse Receipt; Soybeans, wheat and oats has a storage charge at the rate of 5¢ per bushel per month and a 10¢ per bushel "Document Fee".

All fees are calculated by the day from the date of deposit if not sold by the Delivery Settlement Date.

Starting again on Dec. 1, 2019 and continuing until August 31, 2020, all open assembling sheets will be stopped at the end of each month. Delayed Pricing contracts and/or Warehouse Receipts will be issued the 15th of the following month for all grain still not sold prior to that day. Please sign and return the contract when it arrives.

If you have any questions, contact any FCE office.

THESE POLICIES SUBJECT TO CHANGE AS MARKET CONDITIONS DICTATE.
ALL DISCOUNTS OR LIMITS SUBJECT TO REVISION.

Weathering the weather and prices

By
Mike Busack
Grain Originator

It It comes as no surprise we are yet again receiving more rain than our crops are wanting or able to absorb. Once more, we find ourselves trying to “weather the storm” in hopes that the conditions we are facing somehow have a light at the end of the tunnel. The same is true for the way we are going to weather the storm with our grain markets, finding strategies and options to price grain at a profit. With a summer of extreme volatility, surprising USDA reports, and an ongoing trade dispute, one thing is in question, how can we weather the storm to see profitable prices in the future? After a very unfavorable August report, we saw a sharp decline in price, where many producers found it hard to market their grain knowing we have a supply issue that still needs to unfold. So one might ask, “what are my options for marketing my grain even though prices are lower and our shortage issue hasn’t been resolved?”

Here at FCE, we have various ways to add value to your grain. Through the utilization of our value-added contracts, there are many ways we can find a solution to pricing your grain effectively. One of the contracts which may be of interest depending on your bias is our Extended Price Contract. With this contract, a producer makes a cash sale while simultaneously entering the futures market, allowing more time to capture market gains when they see fit. This is a very useful marketing tool to avoid extra storage and shrink, get cash upfront, and remain in the market in hopes of a post-harvest rally.

Another option available with slightly less risk is our Minimum Price Contract. Through this contract, a producer may lock in a minimum price for their grain regardless of what the markets are going to do. This is a tool useful for those who are hoping to stay in the market but wants downside risk protection.

One more alternative to finding the best possible price for your grain could be taking advantage our direct ship bids. We are in an area of extreme competitiveness with numerous end users within our marketplace, so why not take advantage? By utilizing our direct ship bids, one can find a way to price their grain to the best possible market. In addition to finding the best bids through direct ship, we also provide off-farm pick up services to effectively haul producers’ grain at a very competitive rate. Many people use and enjoy this service as it allows them more time working on the farm, and less time spent waiting in a busy line to dump grain. Time is money!

As the grain originator here at FCE it is my mission to find the best strategies and ways to bring value to your operation. I only touched on a few of the many ways to effectively weather the storm and make it through this crop year with a profit. Please contact myself, Ben, Bill or Laura to learn more about the various contracts I mentioned, as they could be very useful in a volatile market like we are seeing today. Wishing you all the best.

Meet our new Feed Manager

By
Tim Hanson
Feed Manager

Hi. I am Tim Hanson the new Feed Manager in Cottonwood. I come to you from Trouw Nutrition in Willmar. I was the plant Manager at Trouw for the last 15 years. I spent a total of 37 years there working in several different positions.

I live in Sunburg with my wife Kathy. I have two grown children. Our daughter is a social worker at Prairie Lakes Detention Center in Willmar. Our son is a police officer in Moorhead.

I am presently learning the mill operator position and will work at becoming knowledgeable in all the positions of the Mill. I look forward to meeting all of you throughout the next few weeks.

Plan ahead for harvesting for feed use

By
Beth Feller
Sales

I’ve had many beef customers call asking questions about which method they should use for harvesting their crops this fall for feed use. With the wet spring and late planting and now a wet fall, there is concern about getting corn to maturity before harvest. It seems many producers have been running short of silage, HMC, and earlage the last few years, and this may be an opportunity to get a head of the game and put up more, especially silage. Using fermented feeds before they have properly fermented and using secondary fermentation from moving forages is terrible for gut rumen pH. It is always good to let your piles ferment 30 days or longer before using them. Use this to your advantage, and put up more silage, HMC, and earlage to get you through next summer and up to 30 days after you harvest. Plan ahead!

If you need help with figuring out how many tons you are going to need to accomplish your goal, please contact Beth for help.

Enlist soybeans lead the way

By
Steve Fry
Seed Team Leader

Just to let everyone know that our Winfield representative, Noah Engels, will be leaving our area in the near future. He has taken a position by Rochester. Ryan Halverson will be his replacement. Some of you met Ryan at the plot tour supper.

It looks like harvest is going to come later than normal. We’ve experienced many weather issues this year which caused wet ground with poor emergence, and the wind and hail that caused a lot of issues

There are a lot of changes in our soybean line up this year with the new Enlist variety coming. The following are some numbers we will have.

Enlist	**Liberty**	**LibertyGT27**	**XTend**
1220E	1200	1359Lg	1519X
1429E	1550	1380Lg	1600X
1502E		1659Lg	1827X
1829E		1780Lg	1960X
2020E		1959Lg	2128X
		2180Lg	2219X

Mustang Soybeans

Enlist	**Liberty GT27**
11E929	1179
13E920	1420
10E420	1620
12E220	1829
15E520	2220
19E229	
21E829	

CROPLAN CORN VT2

2845VT2-SS	3737VT2
3399VT2-SS	3899VT2
3499VT2	3909VT2-SS
3573VT2-SS	4079VT2-SS
3614VT2	4188VT2-SS
3795VT2	4199VT2-SS

89 days to 101 day

Order early for the best seed selection

Please stop in and pick up a new seed guide and have a safe harvest.

Risk management on livestock prices

By
Bill Doyscher
Assistant Manager

My time in Cottonwood will be ending in the near future. As you see in this edition, we have hired a new Feed Department Manager. Tim Hanson will join us full time in early October. In addition, we hired Jena Albertz to hold down the front desk, take and enter feed orders, and help with the accounting process at the mill.

One of the things I have noticed is that feed production is maintaining a steady pace. We are not losing livestock producers at the speed we did a few years ago. That's good for the agriculture economy. If we can't sell for profits we can try a value added approach and get it that way. Dairy has suffered, but for the most part the livestock sector has held together well.

Did you know that we can help you lock in livestock prices, just like grain? I trade Lean Hogs, Live Cattle, Feeder Cattle, and can even help you with risk management on energy and commodity inputs like Soybean Meal. The recent volatility in the meat markets has been the cause of some serious indigestion for producers. There are some ways to ease that stress. Give me a call and we can talk about it.

And don't forget about that grain that didn't get sold. Storage space can have value if you market to gain the premium for that storage. Talk to Mike or any of us about hedging for the carry.

Be safe this fall! The challenges ahead mean we all need to work smarter, safer and better as a group.

Bill Doyscher
riskmanager@mvtvwireless.com

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Mother Nature cause of uncertainty

By
Ben Hedtke
Grain Merchandiser

Warren Buffett in a recent interview told of his top 10 practices in life. Not sure he qualifies as a life counselor but he has been a brilliant investor in his life time. Nevertheless, #4 on his list was 'to stay calm in volatility and stay the course'. Mr. Buffett has made his fortune by investing in long term returns therefore, requiring him to weather the down times while expecting a long-term growth and in years, not days showing a stable sustainable investment. You see where I am going with this. So much of farming revolves around the same long-term principle. The challenge is how to weather the short term storm and find the staying power to make it to the next "bounce."

We have been told the corn crop is ~169.5 bu/acre on 90 million acres, ProFarmer pegged it a little smaller at 163.3. With this the market has adjusted accordingly to lows not seen since May 15thish. Managed Money has essentially liquidated their long positions which makes them ripe to go long corn again, right? But when? Considering that we have planted less acres later than ever would be short term supply side marketing, the focus of the bulls. That said, one would be compelled to wait for higher markets alternatively, the corn market bears are considering the demand side. Mother Nature (the cause of all this uncertainty) appears to be stabilizing providing no frost threat today. Though we need that to extend out to Oct 20th here in SW Minnesota. South America has had bumper corn crop of 151 million tons, 91bu/acre from early planting of the Safrinha crop. U.S. new crop corn export sales are half of last year and year to date are 98%. World stocks are currently at 308 million tons. There have been 13 ethanol plants closed in 2019, 3 of them permanently. Also, according to BioFuels Digest, as many as 35 ethanol plants may close down by the end of the year. These are things we know. What we do not know is how many plants have "slowed grind" or "extended down times" or changed processes altogether to manufacture something other than Ethanol that requires less corn. Nor do we know when, or if rather, we will see tariff resolutions or an RFS change in 2020.

So, how do we weather this storm and make it to the next bounce? Mike has some great ideas in his article, please read it. I do believe January will bring a bounce in corn values. To where, from where, I cannot say.

Cash markets (basis) today remain strong through next summer consider pricing and actually locking in a carry. FCE is taking Oct. contracts as early as Sept. 23rd for those that want to haul old crop in for new crop contracts. Call if you have questions. And remember to stay the course and remain calm and that FCE shares your same long-term principles.

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