

HANLEY FALLS • COTTONWOOD			MINNESOTA FALLS	FARMERS COOPERATIVE ELEVATOR CO.	Hanley Falls: 507-768-3448 800-626-2510 Hanley Falls South Elevator: 507-768-3602	Cottonwood: Mill Office: 507-423-6235 800-423-6230 Cottonwood Elevator: 507-423-6489
MONTEVIDEO					Minnesota Falls: 320-765-4100 320-564-3835	Echo: 507-925-4126
ECHO • TAUNTON • MINNEOTA		1972 510th Street Hanley Falls, MN 56245		Montevideo: 320-269-6531	Taunton: 507-872-6161	
		E-Mail: fce@mvtvwireless.com Website: www.farmerscoopelevator.com			Minneota: 507-872-6134	
		September 2018				

From the manager... Building projects will be operational



By
Scott Dubbelde

Our Taunton and Montevideo building projects are within a couple of days of

being operational. These additions should free up some trucks to help us out at all FCE locations. We would like to thank CEEC, Inc. of Wabasso, MN for their timely project completions.

We've listed our 2018 Harvest policies and settlement schedule in this issue. Our 2018 Harvest policies are exactly the same as they were last Fall. Please take note of the settlement schedule. It is the same format as before...we settle grain after 5 PM on Fridays. If you have any questions whether your grain will go to a document or not, just call us every Friday to double check. We've tried to make it easy and consistent for you to remember each week during Harvest.

The most economical way to dispose of

the uptown Hanley Falls fire damaged concrete silos was to crush and grind the cement. We are using the ground concrete at our FCE locations on the roads. Lawrence Rogge from the Ghent area is doing this for FCE. The finished product is very uniform and is excellent road material.

We feel that our FCE Team has great plans in place to serve you again this Harvest. As a reminder, you own 17 scales, 20 dump pits, dumping capacity of 260,000 bushels per hour, and just under 26 million bushels of licensed grain storage at FCE. We are prepared for some ground piles also if needed.

Most importantly, please be safe this Harvest season! Thanks for your business!

Big supply, Swine Flu affect prices

The USDA came out swinging on September's WASDE report with a 52.8 bpa yield and an 845-million-bushel carry-out for 18/19. Record setting for both. Shortly following, the markets took a little bit of jump because of the potential to have more trade talks with China-this time with the higher-ups. Following that, President Trump said the US is not in any hurry to make a trade deal, but is open to having a meeting. And with that, the markets tumbled, putting in a new low for the

November 18 futures at 821'2. Remember, big supply=lower prices.

There has been a lot of talk about China not needing our beans; that the rest of the world (Brazil) can supply their needs. Some may or may not agree with this statement, however what isn't arguable is the fact that they are going to need less beans if the Swine Flu problem continues. So far 18 cases of the Swine Flu have broken out, affecting about 30% of the hog production. On top of that, the Chinese

By
Laura
Wentzel
Grain
Merchant



government has ordered them to cool their rations containing soymeal for the hogs. In summary, less hogs = less need for meal=less soybeans.

LAURA - CONTINUED ON PAGE 3

By
Steve Fry
Seed Team
Leader



Hi from the Seed Department!

I would like to thank you for all your seed business this last year. It's all about doing business with a company you own. I know with the "not so good" market, no one wants to talk about seed

Soybeans Liberty Link

LC 1177	LC 1550	LC 2096
LC1200	LC1665	

Extend		
RX 0960	RX1827	RX2300
RX1600	RX2150	

Round Up R2C

1400	1572	1950
2050	2124	2200

We will have LG varieties, Mustang and Seed Wheat. The earlier you order, the better chance that we can get the hybrid you want and the seed size you prefer.

Thank you!
Steve Fry

or any ag products. But, it is here again. There will be new corn varieties with limited amounts – so if you know there's one variety you want please let me know.

Corn		
3575 SS 95	3575 VT2 95	3499 VT3 (limited)
3909 SS 99	3795 VT2 97	
4079 SS 100	3909 VT2 99	
4188 SS 100	4079 VT2 100	
4488 SS 104	4188 VT2 100	

Farmers Co-op 2018-2019 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 2.5

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 1/2 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.

2018-2019 FCE GRAIN SETTLEMENT POLICY

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

GRAIN DELIVERED	STORAGE STARTS AT 5 P.M. ON:
Sept. 1-9	Sept. 14
Sept. 10-16	Sept. 21
Sept. 17-23	Sept. 28
Sept. 24-30	Oct. 5
Oct. 1-7	Oct. 12
Oct. 8-14	Oct. 19
Oct. 15-21	Oct. 26
Oct. 22-28	Nov. 2
Oct. 29-Nov. 4	Nov. 9
Nov. 5-11	Nov. 16
Nov. 12-18	Nov. 23
Nov. 19-30	Dec. 7

Corn:

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

Corn Drying:

2.5 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 4¢ per bushel per month with no minimum.

Warehouse Receipt 13%; has a storage charge at the rate of 4¢ 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, 2018 and continuing until August 31, 2019, 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.

Early reports of good yields

Harvest is upon us, early reports are good yields. Prices are responding to the reports and rallies will be hard to come for a while. Let's look at the reasons why.

1) Tariffs. Opinions abound on the validity of the proposed and active tariffs. Everyone is entitled to have theirs. If we look at the potential effects and the length of time they will affect us let's remember that it would be highly unlikely that they would be permanent. So while time is of the essence in coming to negotiations it can also be the asset that gives the US an edge. While we continue to do a fantastic job of raising crops the rest of the world is not doing as well. This leaves us with the goods.

2) See the last sentence above. We have the goods. Since we have too many, the buyer is not willing to dive in and take his share right away. It can be a Catch 22. Either we have the goods to sell, albeit at lower prices, or we don't have them and the rest of the world does, sometimes still

at depressed prices.

3) Seasonal price trends. It's just before harvest. In the face of a big crop (big ones get bigger) the market has little reason to reward the seller. Post-harvest can be a different story but without changes in the balance sheet (think January report) rallies will be small.

4) Acreage mix. There is lots of talk about switching bean acres back to corn. Beans don't need to rally on a 845 million bushel carryout, and if corn knows it's getting acres there is no need to push 2019 prices higher. This changes as we get to March-April-May next year but is not a market mover now.

All in all try to look at time as your friend and asset. Things will change. We just can't try to out guess when they will change.

By now you should have received correspondence on our Patron Group Health Insurance. If you are an active member of FCE this is a very good resource to protect

By
Bill Doyscher
Assistant
Manager



your family with reasonably priced, good quality health insurance. If you have any questions, call Laura Wing or myself and we can help you.

Have a safe Harvest!

Bill Doyscher
riskmanager@mvtvwireless.com

This material has been prepared by a sales or trading employee or agent of CHS Hedging LLC and should be considered a solicitation.. CHS Hedging, LLC makes no representation or warranty regarding the correctness of any information contained herein, or the appropriateness of any transaction for any person. There is a risk of loss when trading commodity futures and options.

We have challenges to face

Rather than talking about why the markets are where they are today and beat on issues you are all well aware of from every other marketing "professional" or "advisor" let's dabble with how to muddle through the challenges you face and the challenges your Coop faces. These are unusual times, then again isn't every year lately a little further outside the box or our comfort level?

I am going to piggy-back Bill's article some because he makes a lot of valuable points. Especially when he talks about time. To date North America has never experienced a bean carryout like we currently have for 2018/2019. Right or wrong these are the numbers published and traded. With that we have never seen in recent history bean carries being so weak due to said carry out. The same can be said for corn to a degree with one exception. With robust demand for corn and a tight working stocks number corn seems to have a glimmer of light in its future. Today the futures market wants you to carry all your crops. The cash market wants you carry your

beans and price corn. This is so simply because demand for corn is present today and we will wait for politics on bean demand to develop. See Laura's article for a more in depth look at soybeans. I think regardless of what your opinion is on politics, weather, crops, world demand, etc your marketing strategy will need a large factor of time calculated into it. Grant, our FCE Grain Originator explains very well a method of generating cash, buying a large amount of time, limiting down side risk as well as staying open to a market rally within the next 11 months or so. For those of you that just like carrying physical crops and adding on farm space should consider piling or bagging if you are short a little space. No one of these ideas are a cure-all for all the different situations. As this market changes there comes opportunities to exploit it. It would be wise to remain limber and able to do what the market is telling us to do. These are unusual times and time seems to be required to let the market work in your favor.

By
Ben Hedtke
Grain
Merchandiser



FCE, compared to last fall will carry less corn and more beans into 2018 harvest. Your coop has added space in places that will accommodate this carryover. Some storage that has typically been corn will be beans this fall, which will better accommodate bean storage needs and wet corn space should there be that need. FCE has added trucks to its fleet to meet the growing need of off-the-farm hauling, direct ship pricing, premium pricing, and transferring between locations during and after harvest. There will be many new faces throughout FCE this fall, please welcome them joyfully. Visit our website for harvest policies, current harvest and weekend hours. Lastly, stay safe!

LAURA - Continued from Page 1

One positive outlook is that fact that the U.S. price of beans compared to Brazil is coming to parity, even after the tariffs are priced in. Our exports are pretty good considering all things, and we are having record crush margins. China is buying every ton they can get their hands on of Brazil beans, leading all other leftover

countries to U.S. Lately, our top countries we are exporting to are Egypt, Japan and the Netherlands. Also, just this week, Argentina bought 5 vessels of U.S. beans, presumably used for crush for their exports.

We've been hearing some early yields come in for new crop beans. Things sound pretty good thus far and something to consider is that a yield of 65 bpa at

\$7.25/bushel isn't a whole lot different than 50 bpa at \$9.50/bushel in terms of Gross Revenue. And for those that aren't seeing the such great yield, there is possibility of indemnification from crop insurance, as well as the "Sonny Money."

Hope you all have a bountiful, and SAFE harvest!

Make sure the roller mill is set properly

Harvest is under way and many people are finishing up with silage and earlage. Next will be HMC. The optimum moisture for HMC is between 28 & 32%. This will ensure you have a good pack and fermentation, prevent as much yeast growth as possible. If your corn is below 27% moisture, you may need to add water. The rule of thumb is to add 3.5 gallons of water for every ton of corn for each percentage point below 27%.

Proper grind is another thing to watch. Make sure your roller mill is set so that you don't grind to fine or let too many whole kernels go through. The rule of thumb is to have less than 5% fines and less than 5% whole kernels.

Use a good inoculant if your corn is

By
Ron Hodges
*Feed
Department*



under 30% moisture.

Pricing HMC is fairly easy. The formula is the DM of HMC/the DM of dry corn (85)/56 x 2000. On your phone, you can download an app called Pricing Wet Corn (HMSC).

We are starting to see the price of vitamins go down and hope to see a constant downward trend. The feed industry continues to see various feed products become unavailable due to manufacturing issues.

Our latest product is Mecadox. We are no longer able to get any, and unfortunately it does not look to be back in the market until mid to late 2019. We have a limited supply on hand, so please talk to your vet for an alternative product to use.

With the changing of the seasons upon us and harvest around the corner, FCE would like to remind everyone to please call your orders in the day before you need the feed or earlier in the week to receive the early order discount. This helps with efficient scheduling and delivery. The feed mill would like to thank everyone for their business. FCE Feed Mill at 1-800-423-6230 * Beth at 507-479-0072 * Ron at 507-829-0308.

Consider an Extended Price Contract

After having a hot and humid 95 degree weekend, it is time to think about Fall and what most Farmers say is their, "favorite time of the year". I have had a lot of producers ask, "what should I do with this year's crop that is not priced and going to town"? In my opinion, I would consider an Extended Price Contract. This is a very popular contract that provides the producer cash up front, keeps the producer in the market (having ownership on paper) for a 2 cent fee, eliminates storage costs and shrink to 14%.

This is an example of how an Extended Price Contract works: October 18 corn (N/C) at FCE is \$3.00 and the producer has 20,000 bushels to sell.

#1 The producer makes a 20,000 bushel sale of New crop corn at \$3.00 (minus the

By
Grant Velde
*Grain
Originator*



\$0.02 fee)

#2 80% goes to the producer (\$2.40) and 20% is held in an account for margin calls (\$0.60)

#3 On the same day as the sale, the producer would get into the market, September 2019 futures at \$3.70 (at the same time as the producer gets in at \$3.70, a sell stop is placed at \$3.10 or \$0.60 under the \$3.70 = to the margin call)

#4 The producer will then watch

September 2019 futures (\$3.70 is where the producer entered the market). For every penny above \$3.70 the producer would gain a penny, for every penny below \$3.70 the producer would lose a penny.

#5 When the producer decides to get out. The producer has the option to get out in 5,000 bushel increments (It's not all in all out). Let's say there is a rally in January 2019 and September 2019 futures go to \$3.90 (\$0.20 gain) but the producer would like to sell half and stay in the market with the other half.

#6 The numbers: 10,000 bushels with \$0.20 market gain = \$2,000 plus the 20% held for margin calls (\$.60) on 10,000 bushels = \$6,000 for a total of \$8,000.

Any questions feel free to contact the main office at 507-768-3448. Have a safe and prosperous Harvest!

FARMERS COOPERATIVE - PAGE 4