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Spring 2017

Pro-Ag News



2016 Year In Review

NOTICE OF ANNUAL MEETING

PRO-AG FARMERS COOPERATIVE

THURSDAY, MARCH 16, 2017
PARKERS PRAIRIE EVENT CENTER

Pro-Ag Farmers Cooperative will hold its annual meeting Thursday, March 16, 2017 at the Parkers Prairie Event Center. Lunch will be served from 11 a.m. to 1 p.m. Our meeting starts at 1:00 p.m. to review reports, elect three directors, vote and transact any business that may come before the meeting.

• Door Prizes Will Be Given •



This winter has started out with the more typical Minnesota weather. With the cold, we have seen an increase in propane sales compared to last year at this time. Propane draws on inventory have been very high the last month. Couple that with big exports, and we see propane prices strengthen as we get deeper into winter. The increases have been moderate so far and hopefully will stay that way.

With the calendar turning to 2017, we just completed our year-end audit. This has been the 19th year of Pro-Ag Farmers Co-op. Sales for the year were down slightly as compared to a year ago. Volumes were up in the company for 2016, but the cost of these products were down. We did have a profitable year, decreasing slightly from last year as we continue to go through hard economic times in agriculture.

Sales for 2016 were \$78,269,216 compared to last year at \$79,934,741. Combining local earnings and regional patronage refunds, our net profit for the year exceeded \$2 million. All divisions of the company performed well.

With another profitable year behind us, we will issue dividends on a percentage of profit by division. Thirty percent of your dividend will be paid in cash, which amounts to \$379,184. The remaining 70 percent will be distributed in stock.

We received an equity retirement on milk marketed with First District Association. With this retirement we will be able to retire milk equities for the year of 2009 for a total of \$39,177. The board of directors has authorized an equity payout on Ag supply stock. We will be paying all 1998 Ag supply equity, amounting

to \$368,510. We will also be making an equity payout on the Central Ag stock, amounting to \$181,505. The total amount of cash Pro-Ag will be paying out to our stockholders this year is \$968,376.

As I mentioned in my last newsletter article, there will be an election for three directors. The terms of Kerby Lund, Allen Blommel and Steven Dobratz will be expiring. If you live in one of these areas and are interested in running for the board, contact one of these nominating committee members.

Bruce Paskewitz • 218.894.3840

Kevin Meyer • 218.640.7814

Chuck Debilzen • 218.849.4657

All nominations for the board must come through the nominating committee. There will be no nominations from the floor on the day of the meeting.

Thank you for your support, which makes this possible. I hope to see you at the annual meeting on March 16 at the Event Center in Parkers Prairie.

Have a safe spring.

Mark Jaskowiak
General Manager
Parkers Prairie – Main Office



Grain Update

Growing Soybeans on Soybeans

Growers have been watching the market closely this winter to see what crop will provide the best return in 2017. It appears that many growers are going to swing acres over to soybeans. At Pro-Ag, we have been fielding an unusually high number of questions about the management issues that may come up when planting soybeans on acres that had soybeans in the 2016 rotation.

The first concern that comes to mind is that fields which were infected with white mold in 2016 should be rotated to another crop, if at all possible. 2016 had moderate to high white mold infestations. Soybean variety and in-field tolerance does have an impact on how bad the white mold gets, but no soybean variety alone can be considered a defense against yield-robbing infestations of white mold. The very best varieties against white mold are still only 10 to 15 percent of the total equation. Planting populations, row spacing, irrigation and other sources of plant injury, such as hail damage, all impact the severity of white mold infection.

Another concern is soybean cyst nematode and if the field has a history of the disease. Nematode pressure is pretty heavy around the Brandon area, but we are also finding concentrations as far north as Henning. Picking nematode-resistant varieties, nematocides and some cover crops can minimize the yield-robbing effect of soybean cyst nematode. At Pro-Ag, we have seen a significant response to a seed treatment that includes a fungicide, insecticide and a component that fights rhizoctonia. Our treatment of choice is Warden® CX. The exact ways that each ingredient works in the seed treatment is a pretty lengthy discussion best left to you and one of our agronomists. The short story is: better emergence, plant health and plants per acre that all lead to better yields. If you're going to plant beans on beans, I'd say a quality seed treatment is mandatory. A grower should also consider switching up varieties, preferably to a variety with a newer phytophthora root roto gene, so that we are not planting the same variety for two growing seasons on the same field.

Another management practice that is mandatory, in my mind, is the use of a pre-emergent soybean herbicide. We have enough issues with weed resistance. Not using a pre-herbicide is like playing Russian roulette with five of the six chambers in a revolver loaded. You might get away with it, but the odds are not good. This might be the year to try Liberty® on those acres, or the new dicamba-traited soybeans. Although dicamba is not labeled for use on soybeans in Minnesota at the time this article is being written, approval is expected this spring. A pre-herbicide application is still necessary in these programs, especially so if waterhemp, ragweed or wild radish are present.

"If you're going to plant beans on beans, I'd say a quality seed treatment is mandatory."

I think the final piece of the soybean-on-soybean rotation is a fungicide application. We have seen a yield response of about 10 percent to an application of fungicide at R1 in soybeans locally. Not all fungicides work the same way, but at Pro-Ag we have been running strip trials and have narrowed down the products that seem to work the best in our area. In the end, all of these additional steps can add \$50 per acre, but not adding them can cost much more. In general, these practices have really helped drive yields for local farmers; yields rose to a higher level than we ever expected on soybeans in our part of Minnesota. With soybeans at over \$9 a bushel new crop 2017, it doesn't take many bushels to justify some TLC on your soybean acres.



Jim Hlatky
Agronomy Manager
Parkers Prairie - Main Office



The beat goes on here in January as of this writing, with sluggish demand and abundant grain inventories. End users have not needed to push bids to get coverage and the rail resale freight market has gone through the roof due to cold weather. There are train derailments and avalanches on the west coast. This leaves us with cheap corn and bean basis levels. Where does basis go from here? Well, much depends on the railroads ability to make train turns to the west coast quickly. Although we are not a unit train shipper, this does impact the values a processor will show to the country locally. A functioning river market in Minneapolis will also stabilize cash values to our east. For soybeans, much depends on the size of the Argentinian crop. Heavy rains have impacted production there and the current projections are for a crop from 49 to 56 MMT. Soybean price implications are anywhere from nine to 13 dollars locally, depending on the crop size in Argentina, with a stronger basis locally in the lower crop size scenario.

We are currently cleaning up some of the grain bags at our Parkers Prairie location, as space allows. We have plenty of work to do, as we also have grain stored on three farm sites. Give us a call if you need grain hauling this spring, as we may be able to fit that in before the agronomy season hits.

This spring, Pro-Ag will offer free Delayed Pricing on soybeans and spring wheat. Please check with your location for availability. If you have spring wheat in a bin, consider moving it sooner rather than later to avoid bug infestation and reduced quality.

At our Parkers Prairie location, we are working on improving the truck scale and smoothing out traffic flow – more to come on this.

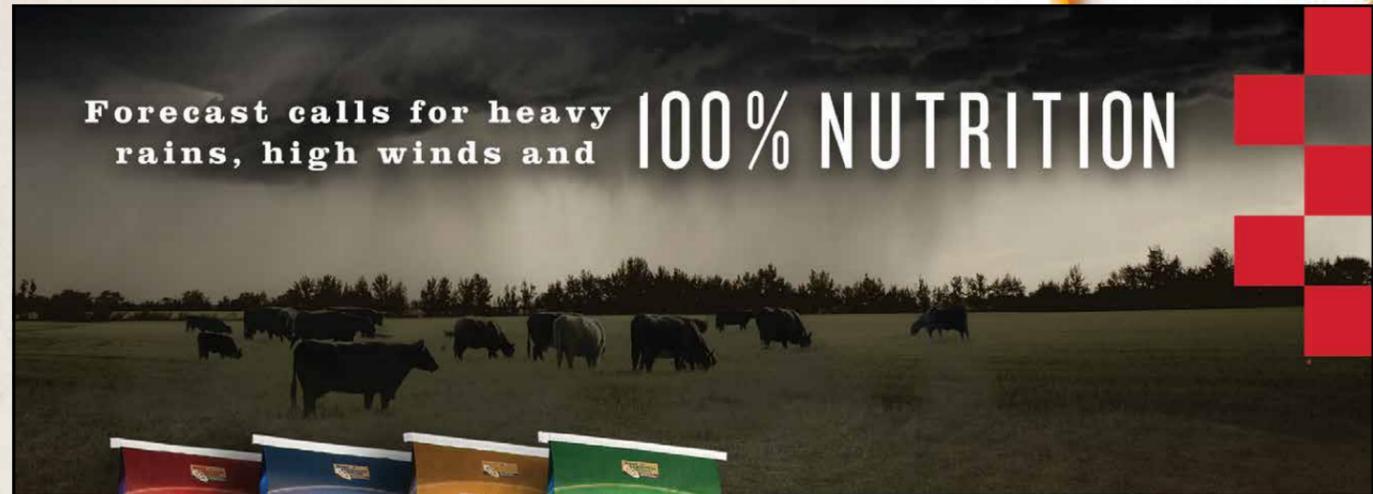
We appreciate your patience as we deal with these large crops that tax our capacity. More volume is certainly a good thing, but the logistics of it all are challenging for us. Good luck in the growing season ahead and thank you for your patronage.



Tim Lauthen
Grain Merchandiser
Brandon Elevator



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Economic Milk Production & Forages

"...sitting down and having a plan is the best way I know to stay on track..."

Even though the milk price outlook for 2017 appears to have recovered from the 2016 lows, the future market is never certain. That being said, the key to profitability continues to be producing milk in an economical way, no matter the level of production or the size of the dairy operation. The key to economic milk production on most farms focuses around producing and feeding as much high-quality forage as the dairy is able to. What do I mean by high-quality forage?

For corn silage, high quality means harvested at the ideal moisture content for your storage facility, using an inoculant to ensure a quick and proper fermentation, having the kernel processing score in the optimal range (this can be tested at a local forage lab), checking the feed for molds, yeast and toxins, making the necessary adjustments to manage them if they are present and having a good theoretical length of cut (one inch TLC seems to work well in most rations and storage facilities). A good quality corn silage will have a moisture content greater than 60 percent and an NDF digestibility (NDFd) in the upper 50 to low 60 percent range. Starch content can vary from farm to farm and region to region in corn silage, but a high NDFd can and should always be a goal for your corn silage.

For alfalfa silage, high quality means producing feed that is 165 RFQ or better. To do this requires harvesting in the bud to pre-bud range, chopping in the 40 to 50 percent DM range, and having a 1-3" cut length. The NDFd will be in the mid-50 percent range, and having an ash content of less than 12 percent. In recent years, the ash content of alfalfa silages has increased as we move to disk binds that cut closer to the ground, improper merging (picking up dirt with the forage), and having the vacuum set higher on the chopper so that you can go across the fields faster. Unfortunately, high ash content dramatically lowers the energy content (Nel-ORDAC) of any feed, which limits the amount that can be added into the ration.

The limiting factor for milk production is energy, and energy is also the most expensive part of a ration. At first, most producers think that protein is the expensive part of a ration as SBM is \$300 a ton and corn is only \$3.50 a bu. If you don't believe me, have your nutritionist work up a mock ration for you, where the only forage available is corn silage and then another where the only forage is alfalfa and look at the total and purchased feed costs. The only corn silage ration will be the cheapest and this is evident in the trend to higher corn silage-based rations across the country. High-quality forages, both corn silage and

alfalfa silage, contain more energy than low-quality forages. High-quality, high-NDFd forages also allow for a greater overall intake, due to being more digestible. Usually, a higher intake will mean higher levels of production and increased profitability. When poor-quality forages are made and fed, producers will need to supplement the necessary energy to maintain milk production. This means a higher level of supplementation, be it in the form of fat, starch, sugars or high-NDFd byproducts and an increase in purchased feed cost. As an example, I can easily feed 12 to 15 pounds of dry matter of an 180 RFQ alfalfa silage in a ration to maintain greater than 80 pounds of milk production, but when given 130 RFQ alfalfa silage to feed, the amount that can be fed to maintain that same 80-plus pounds level of milk drops to eight to 11 pounds of DM. That is because not only is the 130 RFQ alfalfa silage lower in energy, but it also contains a lot of ingestible fiber that will lower intakes and the overall energy the cows are able to consume.

Purchased and total feed costs are linked as much to the quality of the forages being produced and fed as to the level of milk production achieved on the farm. The cost to produce a ton of a high-quality forage is about the same as a lower-quality forage on most farms. Most dairy producers can also produce forages more economically than they can purchase commodities and supplements. Therefore, the easiest way to lower total and purchased feed costs, along with the cost of producing a cwt of milk, is to produce and feed more high-quality forages. Since we are not currently in the growing season, my recommendations are to work with both your agronomist and nutritionist on the quality and amount of forage you can and need to produce for your number of cows and the desired level of production. This will mean talking about crop rotations, seed selection, harvesting times and management, along with fertilization, weed prevention, insect control and the application of fungicide, just to name a few. Mother Nature always throws us a few curve balls every year, but sitting down and having a plan is the best way I know to stay on track and hit your forage quality and production goals.

If you have any questions, feel free to contact and work with your local Pro-Ag Purina Feed Consultant.

Andy Mueller Ph.D.
Purina Animal Nutrition

Pre-Calving

I hope that you made it through the holidays and 2017 is off to a great start so far! My name is Katie Nelson, and I am a Livestock Production Specialist for Purina Animal Nutrition who works for Pro-Ag Farmers Cooperative. This time of year is a good time to evaluate a couple things on the farm to ensure that calving goes as well as it possibly can.

As we move into the new year, the fall and early part of winter should have provided time for our cows to rebuild some condition. Typically, we want those cows to have a body condition score of five and a half to six. Cows that are in proper body condition are going to have an easier time calving, have better quality colostrum because there will be a higher level of immunoglobins and breed back in a more timely manner. For a cow to have a 12-month calving interval, cows must be pregnant 83 days after calving.

The first thing that I like to check on is my mineral feeder. Sixty days pre-calving is a good time to make sure that your feeder has mineral in it that is palatable, they eat it consistently and the ingredients are readily available for the cow to absorb. Cattle do need mineral supplementation year round. One cannot expect that forages have enough for them; forages are deficient in minerals. I strongly suggest the Wind and Rain® Availa® 4 mineral, or if you use tubs either the Availa® 4 or stress tub. I always think of using a stress tub in stressful situations, and calving is one of the most stressful times of the year for a cow. These products are going to be enhanced with the Zinpo's Availa® 4 complex trace minerals, making them more available to the cow. Cows that are mineral deficient can create a calf that is deficient at birth, which can result in weak calf syndrome, loss of vigor or scours. A good way to prevent this is to have a solid year-round mineral program.

Another group to check on to make sure they are on track are the replacement heifers. We want them to be weighing 65 percent of their mature weight and have a good standing mineral status come breeding time. Typically, that means they only need to gain one and a half to two pounds per day.

Lastly, we cannot forget about our bull power. We may not need them for a few more months, but we need to make sure they are in the right body condition and receiving the proper supplementation to help develop high-quality sperm and to handle the number of cows they are exposed to.

Again, please don't hesitate to contact me with any questions. Give me a call at 320.290.5136 or send a note to kenelson@landolakes.com. Thank you.

Katie Nelson
Beef Livestock Production Specialist

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