

Farmers Win

FALL 2020



Coop GAME PLAN

"PERFECTING THE WINNING COMBINATION!"

110 N. Jefferson • Fredericksburg, Iowa 50630
(800) 562-8389 • www.farmerswin.com

Bremer | Burr Oak | Caledonia | Cresco East | Cresco West | Florenceville/Granger | Fredericksburg (Main Office)
Hawkeye | Houston | Ionia | Jackson Junction | Mabel | Ridgeway | Rushford | Spring Grove | Sumner | Waucoma



Trent Sprecker General Manager

What a year 2020 has been! Corona virus pandemic, challenging economy, damaging weather in parts of the Midwest and an election year. I know that most people are ready to turn the page on 2020.

As a result of the Corona virus pandemic, we will not hold a traditional annual meeting this year. I wanted to highlight the past fiscal year as it just ended July 31, 2020. Sales volume was up in all categories and departments. Our final sales ended up being close to \$258,000,000.00 at fiscal year ending July 31 2020. The auditors are working on putting the final numbers for the annual audit together as I write this article.

We will mail a copy of the year end financials along with patronage checks as soon as the audit is complete.

During the past fiscal year we have completed a couple of larger projects that will help serve our members better.

1. At the Burr Oak Iowa location, we doubled the size of our dry fertilizer shed and increased the load out speed.
2. Added additional propane storage at the Bremer and Hawkeye locations to help avoid shortages as we experienced last fiscal year.
3. Continued to update trucks and equipment as needed at all locations.

The grain employees at each grain location are busy working on emptying grain bins and doing the needed repairs to be prepared for the coming harvest season. The agronomy and energy employees are gearing up to be prepared for the coming fall season. I would like to recognize the employee work force in the entire company for the hard work and dedication that they have shown during the past year.

Thank you to all of our members and customers for being patient with us as a company, as we had to make adjustments to the way we do business as a result of the Corona virus. We appreciate your business and continued support. *Trent*



Amber Decker

On August 12th the USDA released it WASDE report, suggesting farmers are producing record-high yields this year. Even with increased exports and greater feed and residual use, a 181.8 bpa corn yield increases our ending stocks over previously reported numbers. Soybeans followed the same trend. Export numbers are up and crush numbers increased, but not enough to offset a 53.3 bpa yield.

It is hard to imagine record yields locally when we missed many of the needed rains this summer, in addition to the high temperatures, hail and wind damage in isolated areas. Pro Farmer tour supported a lower yield, estimating Iowa at 180 bpa, and suggesting any additional rains likely won't help the crop at its current maturity stages.

Low, below break-even cash prices limited farmer selling this summer, a time that is historically ideal to market what's left in the bin and what is growing in the fields. Many farmers are headed into harvest with more un-priced grain than they ever have, even those who consider themselves "good" marketers.

One contract option to consider for either corn or soybeans is Farmers Win's MPC (Minimum Price Contract). MPCs have a few distinct advantages over traditional pricing methods. You can deliver, sell (establish

a minimum price) and get paid on your grain in the fall, while still allowing yourself the opportunity to earn more if the board rallies above a strike price before a set expiration date. While this may sound complicated, we are here to answer any questions you have on our different types of contracts and run the possible scenarios by you!

Example: \$3.10 (October corn cash bid into Fredericksburg) - .13 (Estimated cost of a July 2021 \$3.90 strike call) - .02 (Transaction fee) = \$2.95 minimum price.

We are looking to update customer contact information! Please send any updated email addresses or cell phone numbers to grainaccounting@farmerswin.com so we can continue to communicate important information with you.

Farmers Win Coop is looking forward to a productive 2020 harvest! It is certainly going to be a busy one and we aim to provide you exceptional customer service while remaining safe and healthy in these unprecedented times!

FARMERS WIN CONTRACTS



Cash/Purchase Contract

- CME Futures – Basis = Cash Price
- Both futures and basis are determined to calculate cash
- Allows to capture and lock in elevators/end users current cash price for respective months

Futures Only (HTA)

- Lock in Chicago Board of Trade Price
- Lock in the futures for the corresponding futures month on the CME
- Allows capture of potential improvement on the basis

Farm Pick Up Cash Contract

Save time and money, let us haul it!

- You get quoted a cash farm picked up price
- We line up trucks for you
- Service offered all year round

LET US HELP!



Basis Only

- Lock in basis at destination
- Hope for improvement on the Chicago Board of Trade
- Establish quantity and delivery period
- Set futures at a later date



Minimum Price Contract

- Set cash price and buy a call option
- Established by subtracting call option premium cost from the cash price
- Locks in cash floor
- Can maintain the opportunity to improve net price
- Additional income can be captured if futures linked to call option increases in value before expiration

WE ALSO OFFER!

Defer Payment

- Sell your grain this year
- Delay payment until next year

Firm Bid Offer's

- Tell us what price you are wanting (cash or futures), and we will watch the market for you
- No specific bushel amount required

Earn patronage on bushels sold through Farmers Win Coop

Farmers Win



Bremer	Cresco
Fredericksburg	Frederika
Granger	Hawkeye
Houston	Mabel
Ridgeway	Rushford
Spring Grove	Sumner

Let us help you! Call: (800) 562-8389



Rodney Torgerson Feed Department Manager

I hope all is going well for everyone in this odd pandemic year. It has been a challenging year for everyone. We have not been able to have producer meetings and get everyone together like normal, but we are still running specials and contracts for you to take pricing advantages on. If you have questions please contact your nutritionist and they will help you with what you need, or contact me in Houston.

Even with the challenging year we had we still were able to increase our feed tons produced and sold. This year between Houston and Cresco West we produced 123,647 ton of feed. That was an increase of 6,978 tons over last year. Thank you all for your continued business!! With the increase in tons over the years we have outgrown our roller mill capacity. This fall in Houston we are putting in a larger triple stack roller mill and more over head processed corn storage. We had a Land O Lakes group come in to do an efficiency assessment. The thing that

slowed the feed mill down the most was processing corn. In Houston we grind 1.5 million bushel of corn a year. This new roller mill will grind 40 ton an hour and will double our tons per hour produced through the feed mill in Houston. Reducing our labor costs to help keep us efficient.

The other big project in Houston this year is the grain site is getting overhauled. We are pushing to have it done by harvest. We got a late start on it due to everything this year with Coronavirus. When completed it will have a new pit dump scale, new receiving legs, an 80,000 bushel wet bin, 20,000 bushel oats bin, 255,000 bushel corn bin and we are re-using the dryer that was at our downtown location in Rushford. The pit dump scale will end the bottle neck we had here in Houston with the feed scale. There are a lot of trucks coming in and out of here and when you add incoming grain, it creates a never ending traffic jam. The grain site will also have a new screener and scalper to clean up the corn for our texturized feed. We are always striving to improve our feed consistency and this new grain site will help in that.

I hope that everyone has a safe and successful fall harvest and thank you for your business!

Rich Fravel Safety/Compliance

FARM EQUIPMENT ROAD SAFETY TIPS

“Road Safety” by Lisa Holscher

You know the scenario: Transplanted urbanites and suburban dwellers often find themselves in traffic with large, slow-moving farm equipment. They feel held up on their way to work or another destination and take unnecessary risks.

If you live, work or commute through an area populated with farm fields, drive with caution, especially during spring planting and fall harvest seasons.

When I meet a piece of equipment on the road, I personally try to find a safe spot to pull over to allow safe and easy passage of the implements. **It's someone's life. It's someone's livelihood. And it's the meal we all eat tonight.**

REMINDERS FOR FARMERS

- **Make sure all safety lights are clean and working.** Replace any worn SMV emblems. Add reflective tape to your equipment: yellow on the sides, orange or red on the rear.
- **Try not to group pieces of equipment together when traveling on high-traffic roadways.** Motorists need time to pass and return to their lane. Space equipment to allow motorists to pass one unit at a time.
- **Provide a follow car with hazard lights flashing.** People respond better to this type of escort.
- **Limit movements of equipment** during evening or peak traffic hours.
- **Keep lights on** and flashing, even in the daytime.

A farmer may be required to transport equipment through small towns or developments. Talk to local law enforcement officials. Don't expect them to drop what they are doing, but with ample warning, don't be surprised if traffic is halted to allow your safe passage.

Please have a SAFE harvest season. *Rich Fravel*



Ron Cruise
Agronomy Department
Manager



Travis Blockhus
Assistant Agronomy
Department Manager

Hopefully by the time you read this we have all received sufficient rain to capture any yields that are still available. We started early and dry and its looking like we might finish early and dry. Once again our growing season has offered many challenges such as Covid-19, frost, wind, hail, drought, etc. and yet we were all optimistic when the calendar hit August 1st that we might have a record crop.

The fertilizer market has softened in price from last fall and remains quiet except for the phosphorus market. Towards the end of July phosphate giant Mosaic filed anti-dumping petitions to the US Dept. of Commerce and the US International Trade Commission claiming that US imports of phosphate fertilizer from Morocco and Russia surged because of government subsidies in those countries, leading to unfair competition. Since this filing all imports of Phosphorus has stopped coming to the US and the market is up almost \$100/ton. The United States imports about half of its total phosphorus usage. As you can imagine Mosaic mines most of the phosphorus in the US. The lack of imports could also make phosphorus products tough to get a hold of in the later part of the season. The remaining fertilizers have remained flat but I would anticipate an uptick in price as product starts to go to the ground. We should have fertilizer pricing for fall available the first part of September.

Adequate moisture during spring and early summer followed by dry conditions in August seem to be a recent trend in the region. **How vulnerable is corn and soybean yield potential from later season drought stress?**

R2 (full bloom) - Soybean plants respond to drought in this growth stage by aborting flower blossoms, and in severe cases, lower leaves are dropped. Flower production can occur for 30 to 40 days under good conditions. Moisture stress and high temperatures can shorten the flowering period. A reduction in moisture stress during this period can help plants produce and retain new blossoms to compensate for losses earlier in this growth stage.

R3 (beginning pod) - Temperature or drought stress at this time can cause a reduction in total pod number, the number of beans per pod, or seed size. Drought-stressed soybean plants may abort flowers and pods. Normally, soybeans abort 60 to 75% of flowers. Any stress can increase floral abortion and significantly affect yield potential. If stress is alleviated, there may be partial compensation for earlier losses but as the plant matures from R1 to R5.5, the ability to compensate decreases. Temperatures above 95°F have been shown to significantly decrease pod set. Leaf loss can also occur in severely stressed plants.

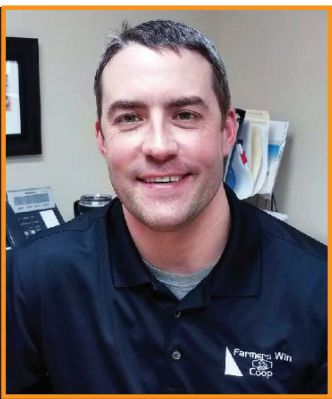
R4 (full pod) through R5 (beginning seed) - This period is the most crucial period for seed yield. Stress during late pod formation at R4.5 to early seed fill at R5.5 is the most critical time. Stress reduces the number of pods per plant and the plants cannot produce new blossoms and pods. The seeds per pod and seed size can also be reduced at this time. Severely stressed plants can lose leaves.

Drought-stressed soybean seed can be small (shriveled and wrinkled) and lower than average in protein. Soybeans produce seed protein in the later part of the growing season and consequently, conditions that shorten the growing season reduce protein levels. Oil content is not normally affected much by stress. However, oil yields per bushel may be lower because flat and small soybeans are harder to extract oil completely, leaving more residual oil in the soybean meal.

Drought stress can shorten the corn grain-filling period, increase lodging, and lower kernel weight. Water stress during several corn reproductive growth stages result in yield losses from 3 to 6.8% per day of stress. Kernels near the tip of the ear are most susceptible to abortion during the first 2 weeks following pollination.

Severe drought stress that continues into the early stages of kernel development (blister and milk stages) can abort developing kernels. Once kernels have reached the dough stage of development, losses occur from reduced kernel dry weight accumulation. Severe stress during dough and dent stages of growth can decrease kernel weight and is often caused by premature black layer formation in the kernels.

Corn plants can tolerate stress during late grain filling because kernels can draw on stored carbohydrates from the stem to finish accumulating dry matter. However, remobilization of carbohydrates may weaken stems and increase susceptibility to stalk rots. Extreme drought can increase the susceptibility of corn to aspergillus, which produces the mycotoxin known aflatoxin.



Dan Steege Energy Department Manager

FUEL TANK MAINTENANCE

The Covid-19 pandemic caused diesel fuel prices to reach levels that we have not seen in years. Prices have recovered 20 to 30 cents from the lows but remain stable as the pandemic continues to loom over energy prices. These low prices have created an opportunity to fill diesel storage tanks and in some cases increase storage capacity to use the diesel at a later date.

So how long can diesel fuel be stored? Answers will vary depending on who you ask this question because storage life of any fuel is dependent on storage conditions but under ideal conditions diesel fuel can be stored between six and twelve months. To extend the life past twelve months, even under the best conditions, it needs to be treated with fuel stabilizers and biocides. If the fuel can't be kept cool, below 70 degrees F consistently, twelve months is the longest reasonable estimate for storage. Storing fuel for longer than this can lead to microbial growth in the tank which leads to filter plugging.

When you have infected fuel, you have to add a biocide to kill the living microbes. But that's just the first step. Once the microbes are dead, they don't just disappear. Whatever biocide you add to the fuel to kill them, that's all it does-kill the bacteria. It does not dissolve them or make them disappear. The biocide kills the microbes. Which means you still have dead microbes floating around in the fuel that you have to get rid of. The next step is simply running the fuel through a filter as it is being used. Depending on how bad the infection was, you might have to change the filters a few times, but eventually, all the dead microbes will be gone and you'll have clean fuel.

As sulfur was diminished from diesel fuel to meet EPA standards, this opened the door for the presence of microbes to contaminate the fuel because sulfur was our natural biocide. Over time all storage systems accumulate water through condensation in the empty part of the tank and this water can lead to microbial growth. Do your best to keep fuel tanks full to prevent condensation and to keep your equipment operating properly.

ADDITIONAL PROPANE STORAGE

Farmers Win Coop has added propane storage at two of our locations. A 30,000 gallon tank was added to the Hawkeye location which gives this site 60,000 gallons of total propane storage. The Bremer location also had a 30,000 gallon tank added this summer. The Bremer location now has 78,000 gallons of propane storage.





110 N. Jefferson • Fredericksburg, Iowa 50630

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Dwane Koch President, Board Of Directors

As the countdown to fall work is fast approaching, I would like to take a few minutes of your time to update you on what is happening in the boardroom. The Board of Directors held Zoom meetings to keep up on the finances and other board duties during the months of March thru July. Since then we have been meeting as usual to prepare for year end.

After much discussion it was decided to indefinitely post pone Farmers Win Annual Meeting. According to the by-laws this can be done for up to 6 months, however we are looking to do as others in the industry are doing, and will be hosting a virtual annual meeting. Not what we would like to do, but feel it is best for the safety of all of our patrons. The details are being worked out and information will be sent to you

soon.

You will be receiving more information and ballots for director elections. If you are interested in running for the Board of Directors please call the office in Fredericksburg or Loren Schweer at 319-415-5945, as he is the board rep for nominations.

Farmers Win Board along with the Five Star Board have restarted discussions in July and August as to whether it would be advantageous to work closer together in different aspects of our business. No decisions have been made and we will continue to meet after harvest.

As I am writing this message the Auditors are finishing up with our financial year end. The Board will be meeting late next week to review and make some decisions for the upcoming year. Thank you for your continued support of Farmers Win Coop.

Thanks, Dwane Koch, Board Chair