



CELEBRATE THE REASONS DAIRY MAKES SENSE

FCE joins Midwest dairy farmers in recognizing dairy's nutritional value, affordability and sustainability.

Today's busy consumers have a lot of choices when it comes to picking healthy foods. As part of June Dairy Month, more than 8,000 Midwest dairy farmers are sharing why dairy makes sense for families.

"Dairy foods taste great, they're part of a healthy diet, and they're easy on the budget. It's simple to see why dairy makes sense," said Rod Torgerson, FCE feed division manager. "Plus, dairy foods are produced by farmers with long-standing commitments to sustainability and being good stewards of the land."

"June Dairy Month reminds us of dairy's benefits and connects us to the farm so we know where dairy foods are produced and the farm families behind them," said Stephanie Cundith, a registered dietitian with the Midwest Dairy Council.

Visit MidwestDairy.com for more about farm families, dairy nutrition and recipes.

SPEAK UP AND SHARE THE REAL STORY OF AGRICULTURE

June Dairy Month events and county fairs are great opportunities to help people understand that what you do every day may be better aligned with their values than previously thought.

Let people know it's not bad to question where their food comes from, but they should base their food choices on fact, not fear.

Speak up and let people know —

- ☆ All milk is antibiotic free.
- ☆ 95% of dairies are family owned.
- ☆ Milk travels from the cow to the grocery store in about 48 hours.
- ☆ U.S. cows are among the most efficient, productive cows in the world.
- ☆ Because of their 4 chambered stomach, dairy cows eat human inedible foods and transform it into milk.
- ☆ Compared to 1944, the U.S. dairy industry now produces a gallon of milk using:

90% less land
60% less water
75% less manure
63% less carbon footprint

- ☆ The improvements are attributed to improved cow health and nutrition, housing, genetics and breeding.
- ☆ Comfortable cows produce more milk of higher quality and live longer, more productive lives.
- ☆ Cows are monitored every day to ensure their health.

Learn more at the Truth in Agriculture tab at www.fce.coop.

Young and old enjoyed last year's Winona County Dairy Night on the Farm, including the cow ration ingredient display and the animals at Wirtland Holsteins.



Having trouble logging into AgVantage?

We recently changed web hosts and some bookmarked links aren't working. Type the URL <http://www.fce.coop>, click and bookmark the AgVantage link in the upper right corner.

FARMERS Co-op Elevator

RUSHFORD • HOUSTON • CALEDONIA • SPRING GROVE

RUSHFORD

PO Box 604

800-450-7733 | 507-864-7733

Monday-Friday: 8:00 a.m.-5:00 p.m.

TOWN & COUNTY STORE HOURS

800-450-7733 | 507-864-7733

Monday-Friday: 8:00 a.m.-5:00 p.m.

Saturday: 8:00 a.m.-12:00 p.m.

HOUSTON

300 North Grant Street

800-450-3147 | 507-896-3147

Monday-Friday: 7:00 a.m.-5:00 p.m.

Saturday: 8:00 a.m.-12:00 p.m.

CALEDONIA

15609 State 76

800-427-2520 | 507-725-3306

Monday-Friday: 8:00 a.m.-5:00 p.m.

Saturday: 8:00 a.m.-12:00 p.m.

SPRING GROVE

306 2nd Avenue NW

877-362-8898 | 507-498-5321

Monday-Friday: 8:00 a.m.-5:00 p.m.

Saturday: 8:00 a.m.-12:00 p.m.

WEBSITE: www.fce.coop

EMAIL: paulson.r@fce.coop

BOARD OF DIRECTORS

Steve Oian Jr., President

Dan Kunst, Vice President

Paul Olson, Secretary/Treasurer

Eric Nelson, Director

Rick Ruberg, Director

Darin Bratland, Director

Scott Bulman, Director

STAFF

Gordy Elliott, General Manager

Steve Lundberg, Controller

Rod Torgerson, Feed Division Manager

Mark Honsey, Agronomy Division Manager

Greg Boldt, Grain Division Manager

Sally Ryman, Editor

The Farmers Co-op Advantage is published bi-monthly by Farmers Co-op Elevator Company, your member-owned local co-op — serving farmers, rural households, gardeners and animal lovers in southeastern Minnesota, northeastern Iowa and southeastern Wisconsin.

Copyright 2016

MANAGEMENT REPORT by GORDY ELLIOTT



FCE'S MISSION

The board recently updated your cooperative's mission statement. Your cooperative's mission statement now reads "Our mission is to service and enhance the profitability of our producers." We also worked on values and vision of what it takes for your cooperative elevator to be successful. Much of this boils down to people – directors, managers, employees, and you. We have to continue to work together. So what is the best for you and your cooperative?

MARKET INFLUENCES

The U.S. Dollar Index (USDIX) has been on a roller coaster ride. This is critical to you as the world price for most all commodities is in terms of U.S. dollar value. The higher the U.S. dollar rallies, the more we lose our competitive edge compared to other global suppliers. We have been very competitive with the export corn market, but we are quickly losing our market with the recent USDIX rally. This covers all our exportable commodities – corn, soybeans, wheat, milk products, pork, beef, and many more U.S. products.

Weather is the other wild card. The strong cooling of ocean temperatures is moving weather patterns from El Nino to La Nina. This is influencing weather in other areas and perhaps here in our local region. Heavy rains have hit the southern Gulf Coast and portions of the eastern corn belt. Drought is reaching other crop growing areas. La Nina brings a dryer weather forecast and speculators are buying this market.

Recent rains have helped our local area. La Nina would favor our regional crop production.

NEW ROAD AT SOUTH- FORK

The main Rushford grain facility, which we call Southfork, has had an amazing transformation with the construction of a new dirt road to our facilities. For safety and visibility reasons, the Minnesota Department of Transportation wanted us to build a driveway farther from the bridge crossing the Root River. We are very thankful to Wieser Brothers general contractors for giving us the dirt from the new Rushford-Peterson School project.

SMOOTH AGRONOMY SEASON

This agronomy season was very smooth compared to the past two years. Both for you and for us. The new Rushford fertilizer blender was great, minimizing wait time. We were also able to stay very current with spreading and spraying orders. Currently weather is changing this outlook.

Thanks for the business. We depend on the spring agronomy season a lot for our final bottom line.

HOUSTON FEED MILL

The new feed mill project is moving forward. We be soon be receiving project bids and then will proceed to financing opportunities.

AGRICULTURE CELEBRATIONS

June is Dairy Month — a great reason to be proud of local agriculture. Cheese burgers and milk is a great combo. By the time we release another newsletter, we will be in the fair season. I wish all fair exhibitors the best of fun and success this year. Hope to see you at the fairs.

FEED NEWS *from Rod Torgerson*



HAY MANAGEMENT

Spring planting should be completed and most of our 1st crop hay should be cut and processed by the time you read this. With the instability in the commodity markets this year, it is more important than ever to make sure to take your haylage and hay crops as early as you can to get the most protein out of what you can on the farm. We again have the CHR Hansen products available for inoculants and Oxygen Seeker to spray on top of the bunkers before covering. We've had steady growth with these products with good results. If you're interested, talk with one of our nutritionists or get in contact with me and we can get your questions answered.

FLY MANAGEMENT

Summer heat brings flies. Make sure to use an Altosid product for animals on pasture and for the animals in confinement or in lots use Clarify. These are two proven products that help reduce flies on your livestock. Our milk replacers and calf starters from Purina have Clarify in them. Our beef minerals and tubs have Altosid. We can add them into any custom grain mix or blend.

HEAT STRESS AIDS

Heat stress in dairy cows is another problem to contend with. Fans and sprinklers are still your best starting point to battle the heat. You can also add in Rally or DCAD Plus to help reduce heat stress. These products help keep intakes up during the heat, and when it cools down the milk tends to come back faster. Talk with your nutritionist about what would work best for you to help your cattle beat the heat.

HOUSTON FEED MILL

The new bulk load out tower parts did not come in until April. The millwright has been working on it, and

we should be using it by the time this newsletter is published.

We have ordered the parts for the new texturized tower system, and construction will begin this summer. This will give us an additional 100 ton of finished feed storage. The texturized feeds will be in charge bins above a molasses mixer that will then drop the feed directly into the truck or conveyor over to our bagger, speeding up mixing by not sending wet, sticky feed through our legs, pipes and distributors. The molasses feed really builds up in those areas and slows down the whole milling operation. This new process should also increase the quality of the mixes. Right now we have to switch back and forth too often from texturized feeds to other products like proteins, ground corn etc. and flush the system out each time we switch. That slows down the mixing times and increases the chance for fines. With the new tower we will be able to mix up to 100 ton of texturized feed at a time, so we will not have to switch back and forth so often.

At the same time, we will add bulk ingredient towers to get more bulk ingredients overhead. That will solve a bulk storage need. It will have a collection scale underneath and convey to mixer, which will help to reduce labor involved in feed production.

FEED INTERN

Chelsea Schossow from Ridgeway, Minnesota, will be our feed summer intern. We are excited to have her on board. Her work for FCE will include a program coordinated with Purina and some of our other suppliers.

KRYSTAL REGAN PROMOTED

Krystal Regan was promoted to a regional position with Purina. Krystal will still be working with us 1.5 days a week and with Benson Farm Service

a half day week. Krystal has done a great job for us and we are glad she will still be part of our feed team moving into the future.

TROY KING HIRED

We have hired Troy King to help replace some of Krystal's time with the calf and heifer side of our business. Troy was our intern last summer and did a great job for us. We look forward to him joining us full time.

TODD LANDT PROMOTION

Todd Landt, our Swine Specialist, was also promoted in the Purina system. We wish Todd well in his new position, and know he will do as fantastic a job for them as he did for us. We are in the process of hiring his replacement.

We strive to hire good people to work with you, our customer, on your operations. We've had 4 people in the last 5 years get promoted in the Purina system. Hopefully everyone we have on staff now is promotable but they won't have any positions to fill!

COUNTY FAIRS & DAIRY MONTH

FCE is looking forward to being involved in our area county fairs and with the youth showing their 4-H projects. We wish them all good luck at the fair!

June is Dairy month. I would like to thank all our producers that supply the world with your safe, excellent and economical dairy products.

I would like to thank everyone for their business.



GRAIN NEWS *from GREG BOLDT*

USE COMMODITY MARKETING TOOLS TO ENHANCE PROFITABILITY

FCE has many commodity marketing tools that can help you protect the down side. We can also help you take advantage of short market rallies. Please give me a call if you want more information.

Price your grain through FCE and take advantage of carries in the market, call options and/or put options.

These are some of the contracts and services FCE can help you with:

Set It & Forget It
(Fixed Price Contract)

★★★

Set Your Basis & Hope for Higher Futures
(Basis Contract)

★★★

Set Your Futures & Hope for Better Basis
(HTA Contract)

★★★

Capture the Market Upside
(Extended Price Contract)

★★★

Delayed Price Merchant Plus Pricing

★★★

On-the-Farm Pickup Services

★★★

Deferred Payment Opportunities

★★★

Firm Bid Offers

WHAT IS AN OPTION?

An option is the right, but not the obligation, to buy or sell a futures contract. The buyer of an option acquires this right.

Types of Options

Call Options

An option to buy a futures contract is a call option. The buyer of a call option purchases the right to buy futures. For the right to exercise the option, the buyer pays the seller a premium.

The buyer of a call option will make money if the futures price rises above the strike price. If the rise is more than the cost of the premium and transaction, the buyer has a net gain.

Put Options

An option to sell a futures contract is a put option. The seller of the put option must buy futures if the buyer exercises the option.

For the right to exercise the option, the buyer pays the seller a premium.

The buyer of a put option will make money if the futures price falls below the strike price. If the decline is more than the cost of the premium and transaction, the buyer has a net gain.

Strike Price

When buying or selling an option, you must choose from a set of pre-determined price levels at which you will enter the futures market if the option is exercised. These are called strike prices.

For example, if you choose a soybean option with a strike price of \$7 per bushel, upon exercising the option you will buy or sell futures for \$7. This will occur regardless of the current

level of futures price.

Delivery Month

When buying an option you must choose which delivery month you want. If you exercise a December corn option you will buy or sell December futures.

Closing-out your Option

There are three ways you can close out an option position. The option can be:

- Exercised
- Sold / Offset
- Allowed to expire

Exercise

Only the option buyer can exercise an option.

- When a call option is exercised, the option buyer buys futures at the strike price.
- When a put option is exercised, the option buyer sells futures at the strike price.

Offsetting Transaction

If you have already purchased an option, you can offset this position by selling another option with the same strike price and delivery month. You are now out of the options market.

The amount of gain or loss from the transaction depends on the premium you paid when you purchased the option and the premium you received when you sold the option, less the transaction cost.

Expire

An option expires if it is not exercised within the time period allowed. The expiration date is the last day on which the option can be exercised. Options expire in the month prior to contract delivery. For example, a July corn option expires in June.

EXAMPLE 1

Assume you buy a \$10 strike price November soybean call option for a premium of 30 cents and subsequently the November futures price rises to \$11.

The buyer will make money by exercising the option (which places him/her in the futures market buying futures at \$10) and then offsetting the futures position by selling futures. A gain of \$1.00 is received when the buyer offsets the futures position at a price of \$11. After deducting the 30 cent premium, the net return is 70 cents ($\$1.00 - .30 = \$.70$), assuming no trading cost.

| | |
|---------------|---------------------|
| \$-10.00 | buy futures |
| <u>+11.00</u> | <u>sell futures</u> |
| \$1.00 | gain |
| <u>- 0.30</u> | <u>premium</u> |
| \$0.70 | net gain |

When the buyer exercises the option, the option seller must sell futures at \$10. A loss of \$1 is incurred when the option seller buys futures at \$11 to offset the futures position. After accounting for the 30 cent premium, the net loss is 70 cents ($\$.30 - 1.00 = \$.70$), assuming no trading cost.

| | |
|---------------|--------------------|
| \$-10.00 | sell futures |
| <u>+11.00</u> | <u>buy futures</u> |
| \$1.00 | loss |
| <u>- 0.30</u> | <u>premium</u> |
| \$0.70 | net loss |

If the futures price drops below the strike price, the option buyer will not exercise the option because exercising will create a loss for the buyer. In this situation the option buyer will let the option expire worthless on the expiration day. The only money transfer will be the premium the option buyer originally paid to the writer.

EXAMPLE 2

Assume you buy a \$10 strike price November soybean put option for a premium of 30 cents and subsequently the November futures price drops to \$9.

The buyer will make money by exercising the option (which places him/her in the future market selling future at \$10) and then offsetting the future position by buying futures. A gain of \$1 is received when the buyer offsets the futures position at the futures price of \$9. After deducting the 30 cent premium, the net return is 70 cents ($\$1.00 - .30 = \$.70$), assuming no trading cost.

| | |
|---------------|--------------------|
| \$-10.00 | sell futures |
| <u>+9.00</u> | <u>buy futures</u> |
| \$1.00 | gain |
| <u>- 0.30</u> | <u>premium</u> |
| \$0.70 | net gain |

When the buyer exercises the option, the option seller must buy futures at \$10. A loss of \$1 is incurred when the option seller sells the futures position at \$9. After accounting for the 30 cent premium, the net loss is 70 cents ($\$.30 - 1.00 = \$.70$), assuming no trading cost.

| | |
|---------------|---------------------|
| \$-10.00 | buy futures |
| <u>+9.00</u> | <u>sell futures</u> |
| \$1.00 | loss |
| <u>- 0.30</u> | <u>premium</u> |
| \$0.70 | net loss |

If the futures price rises above the strike price, the option buyer will not exercise the option because exercising will create a loss for the buyer. In this situation, the option buyer will let the option expire worthless on the expiration day. The only money transfer will be the premium the option buyer originally paid to the seller.

AGRONOMY NEWS *from MARK HONSEY*



Another early spring. Like last year almost everyone was able to get their crops in the ground early this year, but it wasn't easy and required many long days in the field. Your agronomy team at Farmers Co-op put in some long days too, taking advantage of the warm weather to provide the services you need when you need them.

STAND COUNTS: ESSENTIAL DECISION MAKING TOOL

This spring's planting conditions have or are creating some potential stand issues. Rains, strong winds, prolonged cool temperatures, compaction, insects, disease and many other factors can result in less than desirable crop stands. Before deciding whether to replant a field, getting an accurate stand count can help you determine whether the existing stand will yield as good as or even better than a replanted stand.

When making a replant decision, consider: the hybrid's or varieties' maturity, actual plant population, initial planting date, potential replant date, potential replant population, weed pressure, herbicide issues, insect issues, grain prices, and the cost of replanting. The availability of a suitable replant hybrid or variety should be determined before initiating replant operations. Planting full season hybrids or varieties may result in maturity and yield loss issues due to frost damage. Planting too early of a maturity crop can result in reduced yield potentials and in the case of soybean very short plants with the pods close to the ground making harvest more difficult.

Determining Stand

When evaluating a replant situation, the first step is to get an accurate stand count. Random stand counts from several areas of the field should be taken. For corn, a typical sample area is 1/1000th of an acre selected randomly. Use the hoop method for soybeans.

Determine Yield Potential

Winfield has provided FCE with a variety of tools to estimate yield potential based on a variety of factors combined with an accurate stand count. You need to compare three things:

- The yield potential of a grower's existing stand (based on original planting date and existing plant population)
- The optimum potential yield if replanted (based on obtaining optimum populations on a potential targeted replant date). Of course you can never predict for sure if the replanted stand will be optimum.
- The actual cost of replanting (seed, labor, time, and

more) versus the potential dollar gain due to any potential yield increase resulting from replanting.

WELCOME OUR SUMMER INTERNS

We are excited to have two summer interns returning from last year and two new interns. They will be scouting fields, doing stand counts and nitrate testing, as well as work on a project based on their skill level and educational needs.

- **Keeley Greco** is studying animal science at Iowa State University and is working out of Spring Grove.
- **Karlee Lawrence** is studying crop and soil sciences at UW-River Falls and is working out of Rushford.
- **Blaine Kundsén** is a second year intern working out of Houston. He is studying food, agriculture and natural resource science at the University of Minnesota.
- **Christy Bauer** is also a returning intern and will again be headquartered in Rushford. She's pursuing a degree in crop and soil sciences at UW-River Falls.

SCHEDULE TOP DRESS APPLICATION

We have state-of-the-art machines for top dressing crop nutrients. Our RoGator RG1100 combo unit comes with both a sprayer and a dry box for spreading fertilizer in standing crops. It also has crab steering which should mean fewer tracks in your fields.

Your agronomy team has elected to use only the dry spreading box this season in order to best serve the needs of our customers. With this machine and its operator focused solely on the task of top dressing, **we have the ability to top dress some of your nitrogen fertilizer in season and time it closer to when the crop actually needs the bulk of its nitrogen to produce maximum yield.** By splitting the total nitrogen application we can reduce your risk of a heavy rain event leaching nitrogen out of the root zone.

*Call FCE today
to schedule your
top dress
application
with our
state-of-the-art
RoGator unit.*



Black Cutworm Warning

Black cutworms have been seen in our area, and the U of M is seeing them as well. Bruce Potter, extension integrated pest management specialist, noted on May 19 that "black cutworm cutting of corn begins." Enough moths made it up from the south early this spring to cause problems in at least one corn field in Benton County, and there have been multiple, scattered trap locations with significant moth captures this spring.

Yield loss is from stand reduction. Corn fields with stand reduced from planting issues, drought or frost can tolerate fewer cut plants than full stands.

Use the following threshold table to estimate projected crop loss:

Table 3. Worksheet for black cutworm management in field corn.
Rescue treatment yield loss factors and formula for projected crop loss.

| Average Instar | Approximate Days Left to Feed | Avg. Moisture Conditions | | | | | Inadequate Moisture Conditions | | | | |
|----------------|-------------------------------|----------------------------|-----|-----|-----|-----|--------------------------------|-----|-----|-----|-----|
| | | Number of Leaves (collars) | | | | | Number of Leaves (collars) | | | | |
| | | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 |
| 3 | 21 | 2.4 | 1.8 | 0.8 | 0.7 | 0.7 | 1.6 | 1.2 | 0.4 | 0.4 | 0.2 |
| 5 | 14 | 1.2 | 1.4 | 0.6 | 0.3 | 0.3 | 0.8 | 0.9 | 0.3 | 0.2 | 0.2 |
| 6 | 5 | 0.7 | 0.2 | 0.1 | 0.1 | 0.1 | 0.5 | 0.2 | 0.1 | 0 | 0 |

Yield loss = Yield Loss Factor (Table 3) X % of plants cut (as decimal) X Expected Yield X Price per Bushel

1. Determine average instar of the black cutworm larvae and number of corn leaves.
2. Consider soil moisture inadequate if top 3 - 4 inches are dry and rain is not in forecast.
3. Find yield loss factor in Table 3.
4. Calculate projected yield loss.
5. Insecticide treatment is warranted if projected yield loss is greater than cost of insecticide + application.

Source: University of Illinois Extension & Outreach: Black Cutworm

Our Agronomy Team Has the Equipment & Knowledge to Meet Your Application Needs.



TWIN BIN AIRFLOW FERTILIZER SPREADERS

- Variable rate
- Tailored to your exact crop needs



10 ROW CROP SPRAYERS

- Cover more acres in a shorter time
- Match the capacity of your planting equipment



ROGATOR® TOP DRESSER

- Crab steering
- Dry box for spreading fertilizer in crop to sidedress nitrogen and time it closer to when it's needed



3 CASE FLOATERS

- Built to handle changing terrain while accurately applying fertilizer and chemicals.
- Enhanced air delivery system improves efficiency.
- Updated controllers with enhanced mapping capabilities.

**Please contact an FCE agronomist
for your fertilizer and herbicide needs.**

Our Mission is to service and enhance the profitability of our producers.

GET YOUR ANIMALS READY FOR THE FAIR



Proven to help horses:

- Recover Faster
- Increase Exercise Capacity
- Support Muscle Development

High Octane supplements
for all your show animal needs



contact our show feed team
for more information

ALESHA SVEEN • 507-259-4110
PAUL BARTSH • 507-259-1220

Mark your calendar

- June 21 **Dairy Night on the Farm**
Stortz Dairy Farm, Mabel
Barn tours, farm safety displays, dairy displays, games, activities.
- June 22 **Night on the Farm - 4-8 pm**
Bruce & Jodi Hein Farm, St. Charles
Brats, hot dogs, chips, beans, root beer floats, cheese sticks, farm machine display, games, petting zoo, train wagon, band.
- June 25 **Fillmore Co Dairy Night on the Farm - 5:30-8:30 pm** - Duschee Hills Dairy, Lanesboro
Malts, cheeseburgers, corn pile, bounce houses, farm tours and other activities.
- June 18 **8:30 am-noon Breakfast on the Farm**
Iowa's Dairy Center, Guided tram tours, education exhibits, milk a cow, robot milkers.
- July 6-10 **Winona County Fair**
- July 12-16 **Winneshiek County Fair**
- July 17-19 **Allamakee County Fair**
- July 18-24 **Fillmore County Fair**
- July 25-31 **Olmsted County Fair**
- Aug. 17-21 **Houston County Fair**