

Market Update

By Dean Kohlmeyer, StateLine Cooperative Grain Department Manager

As we move through summer, we will continue to wish for heat units for the corn and hours of daylight for the soybeans to mature. The USDA shocked most of us on June 28 with their estimations for planted acres. So much so, that the USDA will be resurveying 14 states and updating its estimated planted acres on Monday, Aug. 12, at 11 CST. The 14 states include: North & South Dakota, Nebraska, Kansas, Minnesota, Iowa, Missouri, Arkansas, Wisconsin, Illinois, Michigan, Indiana, Ohio and New York. Estimated Planted Acreage given to us on June 28 was 91.7 million acres of corn compared to an average guess of 86.66 and a range of 82 - 89.8 million acres. In 2018 we had 89.1 million corn acres planted. Soybean acres came in at 80 million acres for 2019 with

reports that are released each Monday at 3 p.m. CST. As the crop improves or declines in the weekly reports, the market will become more bullish or hold back. The market will also watch the World Agricultural Supply & Demand Estimates (WASDE) that are schedule to be released at 11 a.m. CST on July 11, Aug. 12 and Sept. 12. Our markets will be in flux until we define and realize the supply of corn that will be coming our way.

This year will be an interesting one for corn. As we will need to ration the supply of corn, which will eliminate or remove market carry for corn and will cause the market to relocate bushels into areas of limited new crop supplies.

Soybeans will still have a hard time rallying. The only reason soybeans will rally will be to keep up with the corn prices. Soybeans alone have no good reason to rally. This table gives you a look at the soybean picture for the U.S.

If you would like more information related to the information and tables you see here, let us know. We would be glad to give you any information you need

	USDA WASDE Soybean Balance tables						June 2019
	1991-92	1994-95	2005-06	1990-91	2006-07	2018-19	2019-20
Planted Acres	59.2	61.6	72.0	57.8	75.5	89.2	84.6
Harvest Acres	58.0	60.8	71.3	56.5	74.6	88.1	83.8
Yield	34.2	41.4	43.0	34.1	42.9	51.6	49.5
Carryin	329	209	256	239	449	438	1,070
Production	1,987	2,515	3,063	1,926	3,197	4,544	4,150
Imports	3	5	3	3	9	17	20
Total Supply	2,319	2,729	3,322	2,169	3,655	4,999	5,240
Crush	1,254	1,405	1,739	1,187	1,805	2,100	2,115
Seed	63	72	93	61	80	98	96
Residual	40	77	101	33	77	31	34
Exports	684	840	940	558	1,116	1,700	1,950
Total Use	2,041	2,394	2,873	1,839	3,081	3,929	4,195
Ending Stocks	278	335	449	330	574	1,070	1,045
Stocks/Use	13.62%	13.99%	15.63%	17.94%	18.63%	27.23%	23.12%
Avg. Cash Price	\$5.58	\$5.48	\$5.66	\$5.74	\$6.43	\$8.50	\$8.10

the trade guessing an average of 84.4 within the range of 81 - 86.5 million acres. In 2018 we had 89.2 million acres of soybeans planted.

We will be trading weather and the market will be looking at the weekly Crop Progress

to help you create a marketing plan that allows you to sell bushels within the higher ranges of the marketing year.



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'Spring was Neither
Short, or Efficient'

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StateLine Agronomy Thoughts

By Chuck Peter, StateLine Cooperative Agronomy Department Manager

Spring and Summer 2019 have been very challenging to your cooperative, our employee team, and to our customer/owners. We got off to a good start with fertilizer this spring, even with the narrow window of time with which to work. Since then, it seems like planting season has gone on forever.

As I drive through the area this summer, I really can't remember seeing such a disparity in crop height and development before. Fields with corn about ready to shoot tassels just down the road from fields sub knee-high. Soybeans with closed rows around the corner from soybeans having emerged within the last 10 days. While it's a long way from perfect around here, one does not have to drive very far to see the total devastation that Mother Nature's Great White Combine harvest has created. Drive a couple hours further to the west, and witness what our brothers and sisters in South Dakota have experienced this season. Then come home, look around, say a prayer of thanks, and contemplate what our situation would be without the risk management tools available to modern day farmers and business persons. We truly are more fortunate than we may care to admit.

Your StateLine Cooperative has

also experienced some challenges, but again, ours pale in comparison to the situation some of our fellow cooperatives find themselves in. The intense and expended rains caused such a degree of flooding that fertilizer barges intended for spring application never got to their destination due to river closures. Much of what fertilizer did arrive in Wisconsin, for example, sometimes was freighted there by truck off the Illinois River, resulting in much higher cost to dealers, and in most cases, also to farmers. Additionally, the barges sitting on the river unable to unload have been generating demurrage charges to the tune of \$300 per day to those who own the product. Since early April.

I have been told there is a dealer in South Dakota sitting with sheds and tanks STILL full of fertilizer intended to be applied this spring on fields that remain flooded today. Someone

"We have begun to get a picture of where fertilizer prices are headed for the coming fall season. Early indications are the NH₃ could be up a little from last fall pricing, while phosphate fertilizers look to be a fair amount lower." Chuck Peter

owns every particle and drop of that fertilizer. If it is the dealer, the cost to them will be whatever the difference in original cost and the replacement cost becomes this summer. Most of the dry sheds in South Dakota are very large, and they did not have much of a fall season for fertilizer. Do the math on \$50/ton x 20,000 tons of leftover phosphate fertilizer. It's a real number, folks. If a farmer owned the fertilizer on a contract basis, he or she could be obligated to take that fertilizer at the contract price, regardless of whatever the then current value of like product will have become. Fortunately, this is not StateLine Cooperative's situation, nor that of our customer/owners. Again, give thanks.

At this point, some advice I have given the past couple seasons bears repeating. It is very important to keep adequate nitrogen available to your corn crop this summer, especially in those fields with good



early stands. In the event additional nitrogen is really needed, either due to loss of product already applied, or not yet being able to complete your planned applications, we do have a couple reasonably good options we can use.

There are more pieces of high-clearance equipment in dealers and farmers hands than there used to be, both for liquid and dry application of nitrogen. And, in the case of dry nitrogen, air application is also an option, particularly when lower rates are needed.

Remember, if you are planning to leave your applied secondary nitrogen on top of the ground, you will need to use a urease inhibitor to delay the volatilization of surface applied Urea up to two weeks, or a nitrogen stabilizer product, which will not only protect against volatilization, but also help under the soil surface to protect against leaching of nitrogen. Your StateLine Sales Agronomist is well experienced in the use of nitrogen stabilizers and can help you make an informed decision as how to best protect your investment in your corn crop. Please give them a call to help with these decisions. You'll be glad you did.

Fall fertilizer pricing

We have begun to get a picture of where fertilizer prices are headed for the coming fall season, at least for those that do not already own their product. Early indications are the NH₃ could be up a little from last fall pricing, while phosphate fertilizers look to be a fair amount lower.



I see potash being similar to last fall, probably a bit higher in most cases. If grain pricing continues to build strength into fall, and your cash flow allows, it might be a good fall to make up for some past reductions in applied P & K rates, since fertilizer manufacturers are also watching

grain markets very carefully, and will no doubt be eager to raise prices going into next spring. UAN fill pricing has yet to be announced, but I would expect it to end up somewhat similar to the past couple years levels, given where NH₃ is, and depending on what kind of spread manufacturers want between products.

Thank you for allowing us to be your supplier of choice this and every season. We will continue to work hard to earn that opportunity. We understand that your cooperative is only successful when you, our owners are successful. Please remember that at StateLine Agronomy, the main reason we exist is to help you improve the profitability of your farming operation. If we are not doing that job to in a manner to meet or exceed your expectations, or if you have any questions regarding StateLine Agronomy, please let me know. I can be reached at my office 515-924-3859, cell phone 515-320-1466, or e-mail cpeter@statelinecoop.com.



Diseases to Watch For in a Late Planting Year (like this one)

By Steve Mulligan, StateLine Cooperative Seed Department Manager

This tough growing season will not leave us soon enough. The disease triangle is setting up with the cool and wet conditions we've had. The three elements of the disease triangle are a **host plant** (corn or soybeans in this case), the **right environment** and a **pathogen**. This triangle sets the stage for diseases to flourish.

The best way to stay ahead of diseases is to scout and look for symptoms and/or insect activity in growing crops. In addition, there are times when sending plant samples to labs for testing will be necessary. In many situations, especially early plant growth stages (through V6 in corn and 3-4 trifoliate in soybeans), it is best to dig and send whole plant samples. The lab can then examine the whole plant from roots to foliage.

Late planting adds another dimension to the disease triangle because plant maturities are pushed back farther into the summer. With much more green plant material available, diseases continue to attack plants. If cool, wet conditions continue into summer, this will slow growth habits and make younger plant tissue even more vulnerable.

So, what issues will delayed planting, slow growth and development cause for the 2019 season? This question pops up every year in areas that experienced a wet spring. However, this year, the wet area encompasses

such a large swath of the central U.S., we should consider all of these potential hazards:

Delayed harvest with decreased yields

- With late-planted crops, we know yields decrease, but harvest can also be delayed in scenarios where cooler, wetter conditions prevail past normal dates.
- Greater prevalence of insect pressure
- Yields can also decrease due to other factors
- Nitrogen loss
- Greater prevalence of disease pressure
- Greater prevalence of insect pressure

Nitrogen loss is a concern in all areas every year, especially when we have excess moisture. Nitrogen is mobile within the soil and therefore has the ability to leach through the soil profile with moisture or be carried off fields with erosion. However, nitrogen loss may not be the only factor contributing to yellow, stunted plants. Cool growing conditions combined with a lack of sunlight contributes to slow growth, poor photosynthesis and stunting. Nitrogen may be available, but plants may not be accessing the depth the nitrogen has moved to.

Management Tip: Compare current soil samples from 6-, 12- and 24-inch depths to applied nitrogen to see if the nitrogen has been driven deeper in soils. As plants grow, roots will eventually reach these depths and interact with soil nitrogen. Supplemental applications may be made in the intervening periods, but at lower rates to sustain the plants until they reach deeper sources of nitrogen.

Corn Diseases (Northern Region)

- Root rots from Pythium, Fusarium and Rhizoctonia
- Tar spot
- Common and southern rust
- Eyespot
- Northern corn leaf blight

Stalk rots will be a major concern with saturated fields and flooding. These will be covered in a later blog.

Management Tip: All of these diseases are controllable through timely identification and treatment with fungicides in a timely manner. However, treatment is not always necessarily based on timing and level of infection. Goss' wilt will not respond to treatment as it is a bacterial infection. Therefore, proper identification is key at an early stage along with severity and attention to future potential for disease spread.

Soybean Diseases (Northern Regions)

- White mold
- Frogeye leaf spot
- Septoria brown spot
- Bacterial leaf blight

Management Tip: Frogeye leaf spot is the only issue on this list that can be effectively treated this year. Septoria brown spot rarely makes it to the upper canopy to do yield-robbing damage; however, if it does infect the upper third of the canopy, treatment may be necessary. Fungicide selections should always include Strobilurin and Triazole (curative and preventative).

With all of these watch outs for late season diseases, here are some thoughts from our StateLine Cooperative Advantage team.

Comments from the Stateline Advantage “Boots on the Ground” scouts.... Fields have shown early season nitrogen stress. The above article points to reasons why nitrogen was impacted, namely rainfall. In addition, corn has had trouble getting many nutrients, NPK particularly, inside the corn plant due to wet conditions, and smaller corn roots due to saturated conditions. Not to mention less time to develop larger roots due to later plant dates. Combining all these wet, early conditions can translate into late fall problems,

namely stalk strength, as we near harvest. Farmers remember corn that fell down last year, and that corn fungicide applied at VT improved the ability of corn to stand in the field longer.

StateLine Cooperative's stress monitoring tools can really assist farmers as they make fungicide application decisions. Our tools, using the latest satellite images, measure the stress of your corn fields and measure whether the corn is offensively growing. Conversely, there are some fields, and some areas within fields, that are showing defensive and slower growth. In fields that have higher yield potential, and the majority of the acres are offensively growing, some fungicides applied at VT can result in higher increased economic yields. Using satellite imagery to identify fields with offensive growth, and with higher yields, will be the key to success.

Regarding soybeans, we are all seeing less vegetative growth. This means we may need to protect the mid to lower part of the canopy where more than half

of our yield exists. Fungicide will help preserve what is there. Today our yield forecasting tools are

suggesting that soybeans have 50-60bu yield potential. This season soybeans

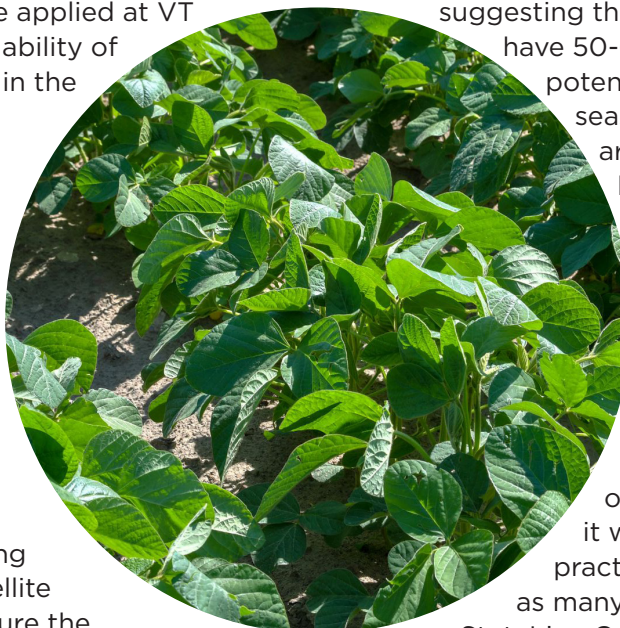
are short, less branching, have fewer nodes, and fewer flowers.

Since 70% of flowers on soybeans are aborted on the average, it would seem practical to save as many as possible.

StateLine Cooperative's field trials show economic yield increase to products that save more blossoms.

Please contact your StateLine Cooperative agronomist to help you through the balance of the growing season and into harvest. And see how StateLine Cooperative Advantage can assist with these issues that may occur.

Thank you for your continued support of your StateLine Cooperative!





'Spring was Neither Short, or Efficient'

By Bill Buekema, StateLine Cooperative CEO

Thank you.

As owners and as customers of StateLine Cooperative I want to thank you for your support thru another abnormal spring season. I also want to thank the employees of StateLine Cooperative for the dedication and work put in to get the 2019 crop to this point. This spring was neither short nor efficient.

How do market the 2019 crop?

In the world of agriculture 2019 has proven to be one of the most interesting in some time. It is now mid- July and as an industry we have very little information about the United States corn and soybean crop. In this country we are blessed to have Department of Agriculture that functions as well as it does. My high regard for our USDA does not mean that I always agree with them. The USDA has struggled in 2019 to collect the right data consistently from it's normal reporting channels.

The widespread planting struggles added additional stress to the system. Historically some area of the country was always delayed for planting due to excessive moisture and the significance of the correct of incorrect data collection was in material in the entire scope. Due to the historical planting delays across most of the row crop regions the traditional process of data collection has become problematic. I believe that we still do not have even directionally correct reporting of acres planted into corn and soybeans today. In the end it will not matter because bushels produced will be the bushels produced. However, between now and post-harvest it is difficult to decide how to market this crop both remaining old crop as well as new crop. In general, the market believes that we have a well below trend line national average for both corn and soybean production but that only minor part of a two-part equation. How many

acres got planted is much more important than national averages. The silver lining in this dilemma is that from what I have seen and from others I have spoken with the northern half of Iowa is the garden spot of row crop country. We have our own production issues due to late plantings and ponding. Despite the spring that we experienced the northern half of Iowa is the garden spot of the corn belt. Please contact your local SLC grain originator to help you with all of your 2019 and 2020 marketing decisions.

Global Issues

I will not spend much time talking about African Swine Fever in this article because at this point the vast devastation of the swine industry is very well publicized. The death loss is staggering and continues to spread.

The demand for corn and soybean meal from a global standpoint



continues to be negatively impacted. I believe the total reduction in demand for feed ingredients will not be known until sometime in late 2020. The outbreak must first stop spreading. Many long-term questions are how will the diets of the people in these infected areas be altered due to lack of supply or pricing that makes normal consumption prohibitive. Will this catastrophic event create change that is permanent changing the long-term demand curve for pork globally? Will the short-term supply chain alterations become permanent? Will the increase in poultry consumption become a long-term replacement for pork in the diet? Very few answers that exist today are facts they are merely opinion.

China's population is increasingly urbanizing. 55 percent of China's population is now living in urban areas, up 5 percent from 2010. The urban population grew at an average of 2.8 percent during the 2011-2015 timeframe. In addition to the urbanization trend, China's population is aging. At the end of 2014, China had over 10 percent of its population aged above 65 years old, a 10 percent increase since 2011.

China's demographic development (2011-2014)

Population	2011	2012	2013	2014
Total (billion)	1.347	1.354	1.360	1.367
Age above 65 (%)	9.1	9.4	9.7	10.1

(Source: Historical data from China's Statistic Yearly Books)

Consumers of imported retail products: Foreign nationals living in China that are seeking products they are familiar with are willing to pay premium prices. More chain retailers (e.g., BHG, Ole) are starting to target these consumers. Small local specialty retailers (e.g., Jenny Lou's, City Super, and Corner's Deli) also have success in attracting foreign nationals.



Source: Getty Images, RyanJLane

Affluent Chinese Consumers: are seeking high quality products that portray an image of status. Highend retail chains (e.g., Sam's Club, Taste, Great, Treat) cater to these buyers, and tend to focus on products with special health claims. Labeling and brand image are important to these consumers.

Middle-class Chinese Consumers: seek the same high quality and safe products the affluent and foreign national consumers do but are willing to seek out the best value. These consumers tend to be somewhat price-sensitive and will compare several brands before they make a final purchase decision. On average, this target group is looking for food products that are fresh, easy-to-prepare, and consistent. Companies

that offer value-added services and great customer service seem to do well with this group of consumers.

China's younger generation: has become more knowledgeable about imported food products. This group of consumers will still purchase in the many wet markets around China but at a much lower frequency rate in comparison to past generations. Younger consumers now purchase through hypermarkets, supermarkets, and online. Healthy eating is important as well is convenience. Many will buy through online or mobile shopping applications (e.g., We-chat and the Ali-pay).

The one constant belief that I have is that this historical event will alter the global ag sector from what is considered normal for years. I am confident that this event creates opportunity for the United States in the short term. Today my long-term outlook would be that we will see massive expansion of swine production in South America. Due to increasing corn and soybean production and the lack of efficient infrastructure converting the products grown to meat-based protein and then shipping it as finished goods makes economic sense to me. In a few years when we look back, I think we will be surprised by how we ultimately got to the new normal and how long it took to get there.



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Project Preparation Pays Off at County Fair

By Mike Jensen, Feed Department Manager

It is about time for the county fair! I enjoy taking it all in and watching the exhibitors realize that the hard work and time spent with the animals and projects really pays off at the county fair. It brings back memories of time I spent raising and showing livestock, and of all the great people that I have met. The months of preparation are realized as exhibitors showcase their projects. Each project is an investment of not only money, but hours of work by the exhibitor.

As you prepare your livestock these next few weeks for your big day, get your livestock to their full potential with StateLine Cooperative's Purina High Octane line of supplements. Whether it be weight control, fill, or trying to push your animals, we have the supplement that you need. We stock these products at our Bancroft location. If you need any assistance in selecting the product that is right for your animal, we are here to help. We also have wood shavings on hand for your fair pens or stalls.

My best advice for all of you exhibitors is to have fun and use what you learn to make your projects even better next year. Enjoy the time with your family and friends because some day you will look back and the county fair will be some of your best memories. Good luck! We know that you have worked hard all year to get ready for the fair.