



# Western Farmer

The Official Publication of the Garden City Co-op, Inc.

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March/April 2006



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## Grain Division News

*Ken Jameson, V.P. Grain Division*

The 2006 wheat crop is still looking pretty good thanks to that wonderful snowstorm in late March. The recent heat wave with howling winds has shortened the window we had until the next moisture is needed. Imagine that, we are waiting for rain in Southwest Kansas.

The Kansas City Board of Trade is definitely paying attention to the weather forecasts now, as the price of wheat has improved 50¢ a bushel since the 1<sup>st</sup> of April. Latest crop ratings on wheat showed Kansas at 42% good to excellent, Oklahoma 11%, Texas 7%, Colorado 48%, and Nebraska 54%. This compares to last year's ratings of 76%, 63%, 71%, 64%, and 67% respectively.

47% of the Kansas crop is jointed versus 29% average, while 9% of the Oklahoma crop is headed versus 2% average. We will start hearing private company estimates of production potential over the next few weeks. One out for Oklahoma and Texas production showed Oklahoma at 80 million bushels versus 128 million last year and Texas at 41 million bushels versus 96 million last year. This would be the smallest production in Texas since 1971. Kansas wheat tour will take place the first week of May and while its accuracy can be questioned, the trade will react to the number. This market will continue to watch the weather forecasts for its direction.

While the wheat market has had some fireworks, the corn and milo markets have been just plodding along. We had a little spurt after U.S.D.A. projected planted corn acres to be down 3.74 million acres from last year but even that surprising number couldn't really get this market going. There are many in the trade questioning that number but there is still enough nervousness that as we enter the planting season, the weather forecasts and planting progress reports will be followed closely. We are just beginning the too season; is it too hot, too cold, too wet, too dry? With the domestic demand base we are building through ethanol plants, this market will be nervous until the market perceives the crop is made.

The U.S.D.A. planting intentions report was also a surprise to the soybean market with an increase in acreage of 4.753 million acres over last year. Like the corn number, many in the trade questioning the bean acreage also. The idea of that big of a jump in U.S. bean acres, while the South American harvest continues, has pressured this market lower. Like the corn market, the bean guys will watch weather forecasts and planting reports as we move into the planting season.

## Petroleum Division News

Cheryl Haug, Petroleum Division

Due to the dry autumn and winter, as crop producers make plans for the season ahead, many are experiencing shock by higher fuel prices.

As summer approaches, not only are refineries still recovering from the hurricanes that hit the gulf coast last year- futures rose after the United States reported a large drop in inventories, adding to supply worries that are already heightened by political turmoil in Nigeria and Iran, two of the world's largest oil producers.

Fuel prices are expected to remain volatile and unpredictable. We are urging our customers to expect volatility and plan for it. The Garden City Co-op, Inc. Petroleum Office continues to monitor the markets daily to be able to offer our customers the best price available. Please contact our office, at 620-276-8301 for contact availability.

Many of you have noticed the construction on the south end of our offices and wondered about it. We are in the process of remodeling the old feed mill; we will be moving our bulk oil from the warehouse at the Bulk Plant to this remodeled facility. This is an effort to serve our customers better by making our Cenex Lube Terminal more cost effective. The growth of the Terminal has surpassed our expectations and continues to grow. Stop by and someone will be happy to give you a tour of the facility.

Joe Amos, Country Corner Manager, has taken on the responsibility of managing the Dighton Service Station as well. If you have any questions or concerns, you can contact Joe at 620-272-7910.

We appreciate your business and hope to continue to serve your needs. We welcome all questions and concerns.

Don't forget, we still have our propane filling station at the Bulk Plant at 1304 Massey Ferguson Road. Look for our \$1.00 off coupon on all propane refills.

## Ultra Low Sulfur Diesel

**What is Ultra Low Sulfur Diesel (ULSD)?** ULSD was mandated through the Clean Air Act that requires the current sulfur content of the diesel fuel (500 ppm) to be reduced to 15 ppm. On the retail side, we have until October 15th to be in compliance with the 15 ppm level. This means that between June 1st and October 15th, we will be slowly blending in the lower sulfur diesel until we reach the 15 ppm level.

**What do we know about ULSD?** There are far more questions than answers as it relates to ULSD. We do know that all 2007 or later on-road diesel engines will be made to run on ULSD. ULSD will have a nominally higher cetane level, a lower lubricity level (HFRR), is clear, and will have a different smell vs. LSD.

**What does all this mean?** There could be some added cost associated with ULSD as a lubricant will need to be added at the terminal to meet OEM's requirements.

There are some estimates that for 2007 and later engines, there could be as much as 2-3% reduction in mileage per gallon but not much other than a guess on older vehicle engines as to not much of a change in mileage per gallon.

### ULSD - Lubricity

Lubricity content of diesel fuel is directly related to sulfur content. As you lower the sulfur content in diesel fuel, you also lower the lubricity. Lubricity is measured using HFRR (High Frequency Reciprocating Rig).

HFRR is a wear scar test. On the HFRR scale, the lower the number, the better. For example, Low Sulfur Diesel (LSD) fuel today may run 500-600 and ULSD may run from 600-700 on the HFRR scale. To give some perspective, most OEMs would like to see 460 HHFRR in fuels ran through their equipment.

**How will lubricity concerns be addressed with ULSD?** ASTM has implemented a specification for lubricity that must be met at the terminal. Every terminal that sells ULSD must assure it meets 520 on the HFRR scale. If not, the terminals are required to add lubricity improver to the fuel.

**Again, as this is a Federal government requirement,** this is what you will find all over the U.S. More information will follow as it becomes available. Please let the Petroleum Division know if you have any questions or concerns.



See Jayrene at Dighton for all your cell phone needs.

Jayrene is located at the Dighton Office, 245 W. George, Dighton, KS 67839 Phone (620) 397-5343

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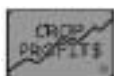


Country Corner is currently offering a Car Wash Special (**Get \$3.00 off of an Ultimate Wash with a \$20.00 gas purchase**).

We are also offering pre-paid gift cards. They can be purchased for amounts from \$5.00 to \$100.00. They will be rechargeable if you would like to add more to the card after they have been purchased. So, if you are looking for a quick gift, come in and purchase one from us.

# Variety Resistance to Stripe Rust in Wheat

Fred Fisher, Crop Profit\$



Flag Leaf emergence is the critical time to evaluate wheat fields for the onset of foliar leaf disease. Over the past 6 years, one of these diseases has proven a significant factor in the outcome of the wheat crop. This disease is Stripe Rust.

Two factors will be critical in determining the threat Stripe Rust will pose to the wheat crop.

## #1. – Weather from late boot through grain fill.

Strip Rust spores blow in on prevailing winds from the southern United States and are deposited in wheat fields most commonly during rainfall events. Disease development is favored by cool wet weather. Temperatures in the 50 to 60 degree range are most favorable for disease development. When nighttime temperatures exceed 65 degrees and daytime temperatures exceed 85 degrees, development of the disease tends to stop.

## #2 – Wheat variety resistance.

This is a moving target. The level of resistance a variety has to foliar diseases changes over time. What was true in 2005 may not be true in 2006. When Jagger and Jagalene were first developed, they had excellent resistance to both Leaf Rust and Stripe Rust. Both quickly lost their resistance to Leaf Rust and it was noticed in 2005 that the level of resistance to Stripe Rust was also decreasing. It is expected that there could be situations in 2006 where it will pay to use foliar fungicides on these varieties. Both varieties have been downgraded from highly resistant to moderately resistant to Stripe Rust.

### Wheat Variety Disease Resistance

<u>Variety</u>	<u>Stripe Rust</u>	<u>Leaf Rust</u>
Jagger	Moderate Resistance	Susceptible
Jagalene	Moderate Resistance	Susceptible
Dumas	Moderate Susceptible	Moderate Resistance
TAM 107	Susceptible	Susceptible
TAM 110	Susceptible	Susceptible
TAM 111	Resistant	Susceptible
2137	Susceptible	Moderate Susceptible
T 81	Moderate Resistance	Moderate Susceptible
Platte (White Wheat)	Susceptible	Moderate Resistance
NuHills (White Wheat)	Resistant	Susceptible
Trego (White Wheat)	Susceptible	Susceptible

## Western Cooperative Seed Update

Chris Irvin, Seed Sales Manager

Western Cooperative Seed and Garden City Co-op are offering custom application of soybean inoculate again this year! Becker Underwood's Nod+ soybean inoculant, in combination with Nod+ Liquid Extender, is the industry's premier sterile liquid inoculant for custom inoculation of soybeans. Producers now have up to 30 days to plant inoculated beans from the day of treatment. Please stop by Lowe or call Chris at 271-8150 to set up an appointment to inoculate your soybeans. Please give us a day or two in advance so we can have things ready when you arrive!


WCS is your answer to all of your seed needs! Whether it is corn, soybeans, sunflower, alfalfa, milo or forage sorghum, WCS has it! We still have a good supply of corn products and are in the process of receiving sorghum for the upcoming season. We are also moving large amounts of Roundup Ready alfalfa and Concept/ Cruiser Sorghum. Please give us a call for all of your Croplan Genetics, Dekalb, Asgrow, NK and Mycogen seed needs.

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# Security

I would have a hard time thinking of a word that has recently been more deeply ingrained in our every day conversations than security. People like life insurance salesmen, funeral pre-planners and an occasional banker peddling CDs used to be the only people that regularly used the word security. The word almost had a stodgy feel or a mothball odor to it. No one was looking for security in a seemingly safe world full of get rich quick opportunities.

Then 9-11 happened resulting in the worldwide war on terror. The high tech stock bubble burst and gas went to \$3.00. People's IRAs and other retirement plans were worth a fraction of their previous paper value. Americans were actually planning vacations with gas costs as a consideration. Most importantly, who has flown since 9-11 and not looked around at the other passengers to make sure they "look OK".

This concern about security has extended clear out to our small communities and farms. It used to be that if nothing else, we were secure. We knew how we liked to do things and those methods were developed over many years experience. Most farmers have a system for marketing their grain and buying their inputs. Farmers had their own method for evaluating risk and opportunities and making decisions. Everyone knew that the stakes were getting higher so farmers became more sophisticated and involved lenders, crop and business consultants, and marketing experts.

Then the hurricanes hit. Refined fuels and natural gas doubled and continued higher. Rail freight of grain and inputs saw unprecedented volatility. At one point last fall, the charge just to get a grain railcar, not including additional freight charges, jumped 80¢ per bushel. That is higher than the volatility experienced the previous year in futures market moves. Natural gas prices caused some fertilizer manufacturing to shut down with the remaining production precariously hanging on. I hate to even revive the memories of fuel costs from the end of last year's irrigation and harvest season.

The word security has a whole different feel now. Everything that goes through Congress is about security. Even the farm bill is now the Food Security Act. We have demonstrations in downtown Garden City about the proper balance between immigration and security. Nobody sells anything anymore without the word security.

The question then becomes, how does your local Co-op help you find security in this turbulent world? The first answer is for the Garden City Co-op



John McClelland  
General Manager

to remain financially strong. You can't feel secure about contracting fertilizer, petroleum or grain if you are not comfortable with the financial stability of the company you are contracting with. The largest commitment our management team and the Board have is to maintain and improve the strong financial condition of your Co-op.

We will continue to look for ways to manage the risk that is the new environment of agriculture. These new risks involve not only price but availability of supply and transportation. These will be some turbulent times we face. We will need to work together and accomplish the mission of the co-operative system, to achieve together what we can not individually. If we stand together, hopefully we can convert the many risk factors into opportunities.



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