

Volume 01 • March 2010

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Seed treatment decisions drive yield

By Steve Mulligan, StateLine Cooperative Seed Sales Manager

For the 2010 growing season no one knows what the top soybean disease problem will be. However, if we have a cool wet spring, soybean growers and our agronomy team need to be concerned with seedling diseases like Pythium and Fusarium seed rot. While we don't yet know how spring weather will shake out, it does appear that soils will be wet, setting up a perfect year for insects and diseases. So, by treating your soybean seed, you will be protecting the seed throughout the seedling stage and get your crop off to a quick, healthy start.

If weather forces you to plant later May, use of seed treatment should still be considered. Despite higher soil temperatures and a faster emergence, late planting most likely is related to wet conditions early. Planting in warmer, and often wet, soils could be the perfect condition for Phytophthora root rot that can cause large stand loss. The photos at right and on page 8 illustrate Fusarium, Rhizoctonia and Phytophthora root rot. These diseases are very likely to have high yield robbing potential.



Rhizoctonia root and stem rot have yield robbing potential.



Phytophthora root rot can cause large stand loss.

SLC treats seed at three sites

StateLine Cooperative has three seed treating sites at Ringsted, Cylinder and North Burt to help you protect your seed from these yield-robbing diseases. Seed treatment products offered are:

- **Warden RTA:** This fungicide provides two times the Phytophthora and Pythium protection of Apron Maxx or Bean Pak fungicides. Those products would need an additional 0.16 ounces of Apron XL fungicide to achieve protection equivalent to Warden RTA fungicide.
- **Warden CZ:** This convenient premix of insecticide and fungicide consists of Cruiser (thiamethoxam) and Warden RTA (fludioxonil + mefenoxam). This combination protects

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2010 – Heading in the right direction

By Larry Sterk, StateLine Cooperative General Manager

With the challenging winter behind us, we are eagerly looking forward to the planting and growing season. This winter the roof collapsed on our main repair shop in Burt due to the heavy snow, but other than that we were fortunate not to have any serious injuries or accidents. At the end of February, StateLine Cooperative was ahead of last year on local earnings. With a normal spring we should achieve or exceed budget for fiscal year 2009-10.

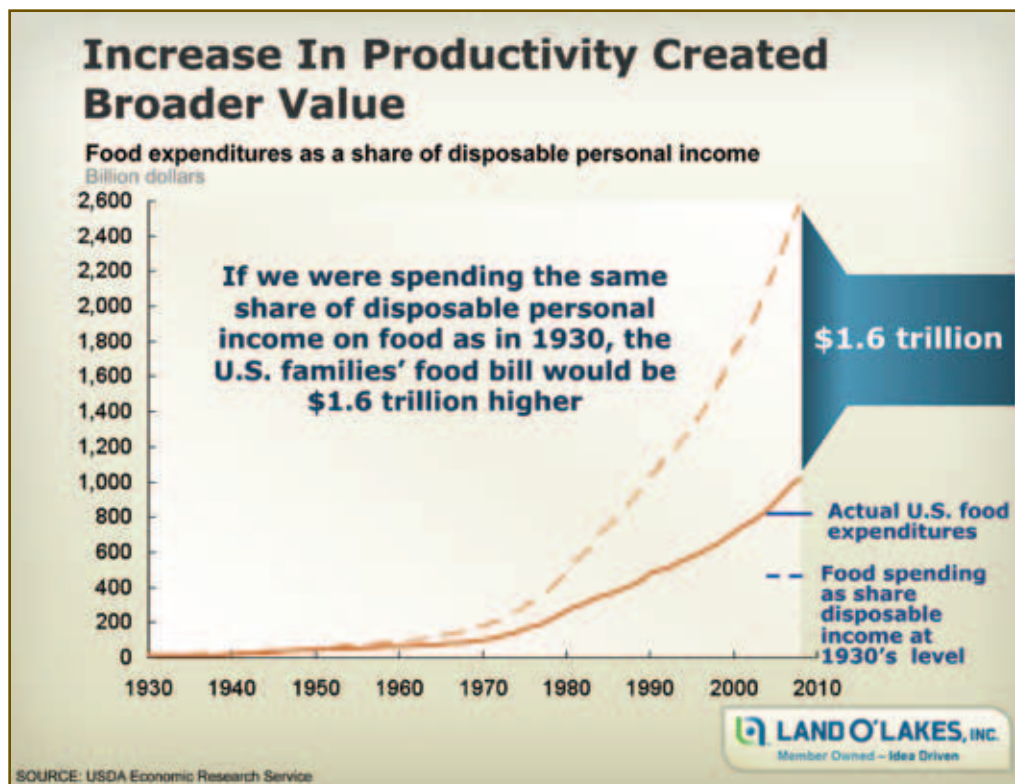
There are many things happening at SLC. With harvested corn carrying more than average moisture the last couple of years, the board has directed management to update drying equipment, as well as continue to increase receiving capacity to better serve your harvest grain delivery needs. Make sure you read our grain section of the newsletter for the latest.

This winter, CFO David Edge and I scheduled a visit to every location for the purpose of having an exchange of dialog with our customers. Through these Customer Informational Meetings we had the opportunity to connect with many customers about SLC's objectives to improve grain receiving

and grain drying. There was key interest on our readiness for this spring agronomy season, and we also discussed StateLine Cooperative's financially strong balance sheet. Thank you for taking the time to have coffee with us, it was a great opportunity for us to learn from you and for you to learn about your cooperative.

Get involved in telling the ag story

In my opinion, people working in production agriculture need to take a more active interest in the political scene and what happens in our national government. You as an American farmer have this great story to tell and we do not tell it often enough. Remember, production ag industry has less representation in the Federal Government today than ever before. Of the 435 members in the House of Representatives, 75 years ago 60% to 70% of these representatives were directly involved in agriculture. Today there are only about 7 of the 435 members directly involved in agriculture.



*If we are at fault in anything,
it is that we do not talk enough
about the fantastic story we have
in production agriculture.*

— Larry Sterk

Consider this:

- In 1930, 22% of people living in the United States were directly involved in agriculture and today only 2% of Americans are directly involved in agriculture.
- In 1930, each farmer raised enough crops to feed another 10 people. Today, every farmer raises enough crops to feed another 150 people.
- In 1930, Americans spent 25% of their disposable income on food. Today, Americans spend 10% of their disposable income on food.

With that increase in productivity, American farmers freed up 15% additional cash for Americans to spend on other things besides food. That 15% equates to 1.6 trillion dollars Americans can use to support other areas of the economy. Now, that is what I call a stimulus package! And it does not cost the tax payers. As you can see by the above numbers, there are not many people in Washington DC who have a direct interest or an understanding of the importance of production ag and what the American farmer has done to improve the productivity of raising food for the world. We have an abundance of the safest lowest cost food available in the world and in all history.

The two primary reasons for this improvement in productivity are the adaptation of modern farming practices and the use of safe, proven technology.

It has never been more important to get acquainted with those representing you in government and make sure they know what issues are important for you. Cap and Trade, Indirect Land Use, Carbon Emission, sustainable agriculture, changing the wording of the Clean Water Act, Capper-Volstead Act, Climate Change, and Carbon Credits are all issues the Federal Government is wrestling with this spring. What is of concern, is a lack of understanding of the long-term ramification of these programs; and too many decisions on how these issues relate to greenhouse gas emission are based on non-scientific inputs.

I hear that the additional cost to production ag will be offset by carbon credits. What they fail to tell you is that for farmers to get enough carbon credits to offset the carbon emission calculations of corn and soybean production as well as ethanol manufacturing, nationally, we would need to take 60 to 80

million acres out of crop production and plant those acres to trees. They also tell me that the world population will double by 2050. To produce enough food to feed this growing population, we will need all the resources and technology available to get that done. I am confident that if you present the American Farmer the challenge on a level playing field, there is no doubt in my mind that we can feed the world, as well as the biofuel industry.

I have been involved in the cooperative system since 1972. I have seen the cooperative system work, and it is the most important aspect of rural agriculture that keeps the playing field level. I have seen first hand over the years how cooperatives have been, and continue to be, instrumental in the knowledge transfer that has been so effective for improved productivity. I get offended when agriculture is criticized for not being environmentally friendly. Fact is, farmers are environmentalists and have made great strides and sacrifices to protect the environment. If we are at fault in anything, it is that we do not talk enough about the fantastic story we have in production agriculture. For the last 160 years, cooperatives have proved that we can give farmers a voice so all can be heard.

Your cooperative is in the 3rd quarter of its fiscal year. We had a good harvest in fall 2009, we are good stewards of the grain we have on hand, and managed through one of the most difficult winter seasons we have had in years. We anticipate a good spring and are financially positioned to have a profitable 2010. Myself, as well as your board of directors and employees, express a deep-felt thanks for the confidence you have in StateLine Cooperative to serve you. I also encourage you to communicate regularly with your state and federal congressmen and women to help share the wonderful agriculture story.

Thank you for allowing us to serve you. We are real people
“Committed to Working and Growing Together for the Future.”

StateLine agronomy thoughts

By Chuck Peter, StateLine Cooperative Agronomy Department Manager

After all the carrying on of the past several months, the end of the great health care debate and the end of winter are finally in sight. Both events have certainly been a source of great discomfort and discourse recently, and it is quite refreshing to catch a break from the hot, dry air in Washington, and the cold, wet weather here in Iowa. The Sunday morning I woke to hear and see robins in the trees at home I knew spring had to be fairly close, but Mother Nature had sure played a bad trick on those birds, considering there was a couple inches of fresh snow on the ground, and more falling. Hopefully the ditches, lakes, and streams soon recede to normal levels, and we can all get back to doing what we are about--feeding a hungry world.

Fertilizer industry consolidations

A year ago in this space I was walking you through the plans some of our fertilizer manufacturers had for disposing of the record profits you as farmers had helped them achieve over the years. At the time, it seemed like crazy talk, considering the potential numbers (CF Industries offering \$2.1B for Terra, Agrium offering \$3.6B for CF), but last month, Terra agreed to sell their assets to CF for the princely sum of \$4.7B. That's \$4.7 BILLION. Now, Terra sure can afford to pay the \$123 million fee they owe to Yara International, a very large Norway-based fertilizer manufacturer, to get out of a \$4.1B purchase deal Terra had recently accepted from them. Crazy money, folks.

In my opinion, the winners are Terra executives and stockholders, along with CF Industries. Losers look to be the community of Sioux City, which will likely lose many upper and mid-level management positions as CF consolidates their corporate payroll. I have mixed feelings about the net effect of this transaction on farmers and local cooperative owners.

On the front end, it looks like a loss of purchasing power for your local cooperative, as CF now controls a much larger percentage of the Midwest nitrogen manufacturing industry. If Yara had actually bought Terra, the likely outcome would have been CF being acquired by Agrium, and we would have ended up with a loss of two domestic nitrogen manufacturers, not just one. The Sioux City community might have been better off, but I'm not certain the Iowa farmer would have been.

How global fertilizer subsidies imbalance market

On another note, I want to share with you how change in India's system of subsidizing their farmers has had unintended consequences for India's production of grain, its fertilizer industry, and the environment. For years, India's government has subsidized the cost of fertilizer to its farmers through direct subsidies to domestic fertilizer manufacturers, allowing them to sell at prices set by the government that were below their actual cost to produce fertilizers.

In 1991, due to the strain these subsidies were on India's finances, the government attempted to eliminate the subsidies. In the political firestorm that ensued, a compromise was reached that eliminated the subsidy on all fertilizers except urea. Indian farmers have, over time, proceeded to do what economics seem to dictate, and increased their rate of cheaper urea applied, while reducing the rates of the more expensive P & K used.

Over the past 18 years, as grain production per acre began to decline, Indian farmers have continued to increase their usage of urea fertilizer in an attempt to keep yield levels up. By 2009, urea nitrogen usage climbed from the 4:1 recommended rate of N to K to an application rate in some provinces of 32:1 N to K. This has helped somewhat to maintain yields, but at what cost to farmers, their customers, and the environment?

This does not strike me as a very "sustainable" practice. Another consequence of this practice is that the domestic phosphate fertilizer industry has been severely reduced. India is now in the position of having to import 67% of the phosphate fertilizers they need annually, as well as 100% of their potash needs. When politics trumps sound business and agronomic practices, good results sometimes get hard to come by. Apparently the *Law of Unintended Consequences* seems to be alive and well in India, much as it is here in the USA.

Spring markets 'looking for direction'

During the past couple years some producers have had an early interest in purchasing fertilizer products for the following year's crops. In light of that recent history, I thought I might make a few comments in this regard.



"I'm having a hard time making a case why a farmer should be locking input costs in the near future, without an opportunity to lock in a profitable production year based on grain income."

— Chuck Peter

Right now, fertilizer markets in general seem to be looking for direction. Much of this is due to uncertainty over when farmers both here and in Europe would get in the fields due to weather conditions. Also, with memories of last year still ringing in the ears of most of us in the fertilizer industry as well as our lenders, no one has been very aggressive in filling storage space, either at a retail or wholesale level. As the overseas markets have increased in price above ours, domestic producers have chosen to fill overseas orders, and leave domestic warehouses empty, rather than to lower domestic pricing to a level that will sell.

Earlier this year phosphate fertilizers took off on a \$150 per ton run over about 6 weeks, while NH_3 , Urea, and UAN have also been climbing, although somewhat less aggressively. Potash has come down from last summer's pricing, but has also leveled off, and doesn't seem to have a direction. I expect much of this will increase for all products once demand kicks in this spring, but I also expect that to be relatively short lived increase.

To purchase product now for use this fall would require a retail price that would be over half the peak prices we experienced in the summer/fall of 2008, while current corn pricing for fall is less than half what the price opportunity was in the mid to late

summer of 2008. My thought on this is, if fertilizer didn't sell well during the fall of 2008 at those input and corn price levels, I'm having a hard time making a case why a farmer should be locking input costs in the near future, without an opportunity to lock in a profitable production year based on grain income. In short, it doesn't *yet* appear to be a wise choice to own fertilizer for next year's crops. A lot can and probably will change this summer, and as it does your SLC Sales Agronomists will be a good source of information to tap as you look for when to make a fertilizer ownership decision.

Again, 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.

Grain facility upgrade planned

By Dean Kohlmeyer, StateLine Cooperative Grain Department Manager

There are several drivers that led StateLine Cooperative to review where to increase drying, dumping and storage capacity to better serve customer needs.

- 1 2009 corn harvest was the biggest ever handled by StateLine Cooperative.
- 2 Our customers are producing more corn and have increased their harvesting capacity.
- 3 StateLine Cooperative agronomic specialists play an important role of extending customer's yields as a result of genetic technology, increased acres and better information.

As a result, SLC is finalizing plans to install a 5,000 bushel per hour dryer in Ringsted along with increasing Ringsted's dumping capacity to 25,000 bushels per hour.

In addition, the winter liquid propane shortage helped StateLine make a dryer capacity decision. We applaud K & H Cooperative's efforts to allow very little down time due to the LP shortage. The LP pipeline shortage gave us the last bit of momentum we needed to determine that additional dryer capacity we invest in should be hooked to a pipeline and not subject to transportation restrictions from others.

Look online for up-to-date grain information

It's almost impossible to give you grain marketing advice in a newsletter, because by the time you receive the newsletter, the grain marketing conditions have already changed. But it is important for our customers to know that StateLine Cooperative trades grain futures 17 hours a day during week-days, with trading beginning Sunday nights at 6 p.m.

That means your bids are fluctuating with the CME futures for 17 hours a day. Compare that to trading less than four hours per day just a few years ago when we only could use the floor of the Chicago Board of Trade. StateLine connected electronically very early in the online transition, and now your offers work in all the trading sessions. We still feel the best way to obtain your marketing objectives is to have offers working and available for when the market rallies to meet your objectives. The technical influences and speculators do give us wider market swings and seem to override the fundamental aspects of the markets many times. So, it is important for you to have price objectives set



and available for contracting. If you market on emotion, you will go on an exciting ride and may find that emotions may not be a good indicator of when the profitable time to sell is at hand.

Tools available online

StateLine has posted some ISU worksheets on our website that give you the basics of determining your cost of growing the crop. We also offer other personalized break-even tools from our Agronomy and Grain Origination employees. Just let us know and we'll show you what tools we have to help you determine the break-even prices you'll need to market your corn and soybeans. We have found our most successful marketers are the ones who base their sales on profitability and not the market emotion of greed.

A good way to assist you in determining a price goal is to look at the price history for your delivery period. StateLine allows you to look at both futures, basis and cash price charts within our website. To look at our cash bids simply click on Cash Bids and then click on the underlined price to look at the cash bid or basis chart for the selected delivery period. You can also click on the Location name to give you a complete listing of the cash bids for a location. Click on the underlined Cash Price and you will again see the cash bid and basis chart. Click on the underlined Basis Month to view a futures chart. Futures charts can also be viewed by clicking on Futures, then clicking on your commodity and then selecting your underlined month.

StateLine leaders attend DC forum

By Larry Sterk, StateLine Cooperative General Manager

StateLine Cooperative CEO Larry Sterk and Board Chairman Kim Ruby were among the co-op leaders participating in Land O'Lakes Business Development Services first-ever *growinginsights* Forum in Washington D.C., March 23-25, 2010.

Ninety Land O'Lakes member cooperative leaders from around the country joined in the policy forum, which focused on issues of importance to production agriculture, cooperatives and agribusiness. During the three-day forum, participants:

- Received insights and updates on key issues from Congressional members, administration officials and agriculture association executives;
- Took their insights and represented member interests in meetings with their respective members of Congress on Capitol Hill; and
- Exchanged insights on policy issues and best practices with their peers.

Key policy priorities that were addressed include Capper-Volstead and the role of farmer cooperatives in the 21st century, climate change and carbon reduction strategies, and the Clean Water Restoration Act.

"The Forum was both an important learning experience and an opportunity for participants to pursue the interests of producers and cooperatives on Capitol Hill," Land O'Lakes President and CEO Chris Policinski said. "Our co-op leaders came away with a good understanding of the policy arena, and Congressional leaders left these meetings with a much better understanding of our key issues."

Policinski noted that important actions have already resulted from the leaders' meetings with their members of Congress, such as letters sent to EPA to express concerns with the agency's proposed regulations for spray drift pesticide labeling.

Larry Sterk and Kim Ruby were part of the Iowa Team and met with four members of the Iowa Congressional delegation – Senator Chuck Grassley and briefly with Senator Tom Harkin, Representative Leonard Boswell, Representative Steve King and an aide to Representative Tom Latham.



Speakers at the *growinginsights* Forum included U.S. Senator Charles Grassley (R-IA); Congressman John Salazar (D-CO); Congressman Sam Graves (R-MO); Dallas Tonsager, USDA Under Secretary for Rural Development; Chuck Conner, CEO of the National Council of Farmer Cooperatives; Jay Vroom, CEO of CropLife America; Kendell Keith, CEO of National Grain & Feed Association; and Daren Coppock, CEO of Ag Retailers Association.



Fusarium root rot has yield robbing potential.

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soybean seed and seedlings against damaging seed and foliar-feeding insects as well as major seed and soil-borne diseases.

- **Optimize:** This product is an inoculant and growth promoter. Optimize encourages faster emergence, so soybeans are up and out of the ground more quickly and get off to a strong start. Even though most growers have a corn soybean rotation, inoculation is still very important. Rhizobia are live bacteria in the soil that infect soybean roots to create nodulation. The lack of rhizobia in the soil will affect the health of the plant and the amount of nitrogen it fixes. Optimize also contains an LCO Promoter Technology which is a natural molecule that enhances early growth creating a larger root mass for quicker canopy.

Bottom line

Treating soybean seed will get your soybeans off to a healthy start and protect your investment throughout the year, and enhance yield at harvest.

StateLine Cooperative supports all dealers and growers, whether they purchased their seed beans from us or not, with seed treating services. Give your local SLC Sales Agronomist a call today to discuss your seed treatment needs. I can be reached at 515-924-3859, ext. 12, or by e-mail smulligan@statelinecoop.com.