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Lock in spring planting decisions now

By Steve Mulligan, Seed Sales Manager

It's the second week of March, and there is still a lot of indecision out in the countryside. "Do I plant more corn or go back to a 50/50 crop rotation?" is one question I'm being asked. As you sort through the facts and figures, it may be tempting to purchase your seed needs purely on price. Other factors should be considered, and here is an excerpt from *Seed World* magazine:

Purchasing an inexpensive, unproven hybrid could mean up to a 10 Bu. Loss. At \$3.50 per bushel, this is \$35.00 per acre. Since a bag of seed plants 2.5 acres at 32,000 seeds per acre, that bag just cost you an extra \$87.50. On 1,000 acres, that could result in a loss of \$35,000 dollars!

The same is true for soybeans. Planting a soybean yielding 11% less could mean a difference of up to 6.5 less yield per acre. With soybeans around the \$7 range, that would total a loss of \$45.55 per acre, just by not planting the highest yielding seed for your soils.

These are just a few of the many questions to think about before planting this spring. Our agronomy sales team goes through a four-stage Answer Plot training session each growing season to help you sort all of these factors out. If you are in question please do not hesitate to contact your local StateLine Cooperative agronomist.

BAGS TO BULK

As I have mentioned in this newsletter before, we are "Bulking Up" with soybeans in the Ringsted location. We installed a two-bin Friessen bulk system along with a USC LP800 seed treater. With the continued increase of soybean sales thanks to our members, this winter we have added

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Some factors to ask yourself when purchasing your seed needs are:

- Is the hybrid the right genetic type for the ground it will be planted on?
- Do I have a genetic type of hybrid that is yield driven by higher populations?
- Do I have the proper traits needed for this piece of ground?
- Is this the right hybrid to use on a heavy residue field?
- Is this a Nitrogen driven hybrid?

StateLine Agronomy chooses to be accountable with its producers

By Chuck Peter, StateLine Cooperative Agronomy Department Manager



In the previous issue of this newsletter I walked you through where the fertilizer industry has been in terms of inventory planning, manufacturing, pricing, and the closure of production facilities in the face of significantly lower world-wide prices.

More recently we have seen Agrium Inc. (\$1.3 bil), Terra Industries (\$641 mil), and CF Industries (\$684 mil) report 2008 financial results showing a record income year AFTER 4th qtr inventory write downs totaling \$367 million.

What to do with all these profits? On Jan 15, CF Industries (yes, the **formerly cooperatively owned** CF Industries) announced its intention to pursue the acquisition of Terra Industries for \$2.1 billion. On Feb. 25, Agrium Inc. submitted a proposal of acquisition to CF Industries of approx. \$3.6 billion.

Does it sound to anyone like these companies see a need to rush back into the manufacturing of fertilizer at depressed prices? Do you suppose that if/when one or more of these acquisitions occur that fertilizer pricing at the manufacturer level will be more competitive? The point I am trying to make is that most of the money in the fertilizer business is being made by the basic manufacturers and those same manufacturers are using their profits to pursue acquisitions beneficial to their own long term business interests, not those of the producer customers.

RETAILER ACCOUNTABILITY

The story at the retail end of the supply chain this year will be somewhat different. Every day you can hear about cooperatively owned retailers sitting on considerable quantities of fertilizer we purchased to insure our customers had a dependable supply available for spring, as has been our usual custom. Much of this fertilizer was purchased in response to requests for prepay opportunities starting as early as April of last year. Most customers are continuing to support their retailer of choice with their purchases this spring, recognizing that commitments made in good faith by those retailers on producers' behalf need to be utilized to the best of their ability. Rates are being reduced whenever possible, particularly on phosphate and potassium, and those rate reductions are frequently being made at the suggestion of the customer's

fertilizer sales agronomist, who is doing the job we get paid to do--recommend only applications that will benefit the customer's operation. Sometimes the recommendation is made for the short term, sometimes for the long term, but at StateLine Cooperative, our recommendations to apply fertilizer are made with the best interests of the producer in mind. The reason for that can be distilled down to one word — accountability.

Accountability; def: *Accountability is a concept in ethics with several meanings. It is often used synonymously with such concepts as answerability, enforcement, responsibility, blameworthiness, liability and other terms associated with the expectation of account-giving.* (Wikipedia)

Accountability is also a term that has been on my mind quite a bit as I work through spring planning with you, our customers and our Agronomy team members. When StateLine Cooperative Agronomy employees provide recommendations to you, our StateLine Cooperative agronomy customers, for the use of any product, we accept accountability for the results of that recommendation, good or bad.

When we provide advice to a customer on how to work with and use a piece of our application equipment to self-apply products, we accept the accountability for the received condition of the equipment, as well as for the quality of the job that piece of equipment does. When we custom apply products for our customers, we are accountable to the customer and to the states of Iowa and Minnesota for the proper application of that material, including the use of correct, legal rates. We are also accountable to our customers, and to the people of our two states, to recommend and use good environmental stewardship practices, so as to eliminate or at least minimize any negative impacts of row crop agriculture to our environment. And, we also are accountable to you, our customer-owners for the impact that our recommendations, products, and application have on your farm income bottom line.

SLC ADVICE IS BACKED BY EXPERIENCE

StateLine Cooperative Agronomy has a team of employees that, in my opinion, are second to none in our area. Our Sales

Agronomists, Custom Applicators, and Agronomy Management team averages slightly in excess of 20 years each in this business. We have 6 Sales Agronomists who have attained Certified Crop Advisor (CCA) status, and one who has earned his Masters Degree in Agronomy.

I wonder when one of these individuals (who has spent countless hours in training sessions and time in your or your neighbor's fields), tells me a customer or prospective customer has chosen to take the agronomy recommendation from a well-meaning neighbor, or from an accountant, or from a chemical salesperson, or even from someone a couple hundred miles away who has never set foot in your field, but who purports to know what best suits your operation, and will supposedly will make you the most money.

Trust me, folks, when the words "It's easy to do fertilizer," or "this product has the same effect as so much more regular fertilizer," comes up in the conversation, alarm bells should start going off. Also, your local retailer has saved you more money over the years by selling you fertilizer on a cost-averaged basis than you could possibly save by purchasing on a replacement cost price basis this spring, or any other spring. We sell the way we do because we believe that we make our owners more money that way over the long term, while also ensuring a dependable supply. I'll be very interested to see just how many farmers want to purchase this fall or even next spring on a replacement cost basis, but should the desire be there, we will be in a better position to comply with their wishes.

Again, thank you for allowing us to be your supplier of choice this and every season. We will work hard to continue to earn that opportunity. We understand that your cooperative is successful only when you, our owners are successful. THANK YOU for the faith you put in us, and for supporting us with your business. Please remember that StateLine Cooperative Agronomy exists to help you improve the profitability of your farming operation. If we are not doing that job in a manner to meet and exceed your expectations, please let me know. As always, please don't hesitate to contact your StateLine Cooperative Sales Agronomist or myself with any questions or concerns you may have. I can be reached at 515-924-3859, cell phone 515-320-1466, or e-mail cpeter@statelinecoop.com.

“Committed to Working and Growing Together for the Future”

By Larry Sterk, StateLine Cooperative General Manager

The warmer temperatures are a prelude to the exciting spring planting season. It has been a long winter. If you watch the news, much time has been devoted to elections, recessions, terror wars, drug wars, global warming, record-setting cold temperatures, etc., making the winter seem even longer and colder. But with warmer temperatures on the way, we will soon see signs of the new life of spring, including ag producers getting into the fields to plant. Spring will be a welcome relief to all of us who focus on getting crops planted and I'm sure we're all looking forward to the warm sunshine of summer.

SLC'S WINTER REPORT

Your cooperative has weathered the winter very well. We have not had any liabilities or losses in connection to the VeraSun bankruptcy, and your cooperative does not have any investment in ethanol or biodiesel businesses except for one 5,000-bushel



share in Global Ethanol. Compared to other Iowa and southern Minnesota ag supply businesses, we feel fortunate to have had a fall fertilizer season, and most producers in our area had respectable yields.

Early last fall StateLine Cooperative had its annual financial renewal with CoBank; your cooperative did not have any issues with this renewal, and had no problems in posting forward grain prices throughout the summer and fall of 2008. During this same time, the ag industry appeared to be setting up for

severe shortage of fertilizer and chemicals, and SLC secured a supply of fertilizer and chemicals to make sure you had enough for last fall and this spring.

LEARNING LESSONS

During this time of uncertainty, it is very important that you know who you are doing business with. The lesson of VeraSun and Farm Advantage are still very fresh. Situations such as these reinforce that contracts and commitments carried out by business partners that you have long-term, stable relationships with are still very important. These two recent examples demonstrate that a little higher grain price or a little cheaper chemical price really does not mean anything if the commitment is not carried through. SLC has proven stability over the years and will continue to provide you with a constant stable supply of goods and services. An even more important component is the stable group of qualified employees that SLC has to meet your needs as well as the dependable equipment you need to service your agronomy, grain and feed needs.

GROWING OPPORTUNITIES

As I look ahead, I see so much opportunity for agriculture and especially agriculture in the United States. Today, there are approximately 6 billion people in the world. In 2050 it is estimated that there will be over 9.5 billion people in the world. These people will need to be fed and there will be consistent growth in demand for products farmers produce. In 1920 the American farmer fed himself and 5 other people. Today, he/she feeds himself and over 150 other people with most of the increases in population coming in just the last decade. Last year we had a less than desirable growing season, yet still produced a near record crop. Technology, genetics, farming practices, and advances in equipment will continue to give the American farmer the advantage to continue to produce consistently higher yields.

I am a firm believer that to envision what your cooperative business will look like in the future, look at the customers we will serve. Our customers are more advanced, more

Spring farm safety checklist

By Dean Holland, StateLine Cooperative Safety Coordinator

sophisticated, better informed, and more efficient. Historically, farming was a way of life, and today farming is a highly technical and professional business.

Your local co-op continues to bring value by becoming more efficient, providing consistent service day-in and day-out, and providing a stable environment for you every day to make sure you have the goods and services you need to put your crop in the field and a stable place for you to market your crop. StateLine Cooperative has good equipment and facilities, but what really sets our organization apart is the quality of the employees that provide you information and tools to support your operation from planting your crops to providing tools to turn the products you produce into cash for your operation.

READY TO ROLL

We spent the winter months preparing equipment and people for the 10-day spring planting window you have for optimum yields. You can depend on SLC this spring to be the best resource you have to make your farming business profitable. Especially this year, with lower commodity prices, yield is one of the most important factors to keep your operation profitable.

We look forward to serving you with *“Real People and Real Pride”* and are always *“Committed to Working and Growing Together for the Future.”* Have a safe and prosperous spring.



GRAIN BIN SAFETY

1. Many of you will be checking grain bins or coring the centers out of them this spring. Make sure you evaluate the grain condition and the quality of air in the bin before entering. Grain may be crusted, which could cause an engulfment hazard.
2. Make sure someone is watching the entrant and that he has a safety line on.
3. Always lock-out or shut off and tag the equipment before entering the bin.
4. Flowing grain can cause engulfment.

CHEMICAL SAFETY

1. Follow label directions and use recommended rates.
2. If you do not understand the directions, call your local chemical rep or your StateLine Cooperative agronomist and they will be able to help you.
3. Also wear the right protective equipment to handle the product. The label will inform you on the proper protective equipment (PPE) you should wear. [Rubber gloves, eye protection, apron etc.]
4. If you would happen to get an allergic reaction from the chemical the label has basic first-aid to use. If you need to go the doctor, take the label and the MSDS sheet with you. You can get the MSDS sheet from your local supplier.

ANHYDROUS AMMONIA SAFETY

1. Wear your PPE [anhydrous gloves, goggles and long sleeve shirt]
2. Always make sure you have a gallon of water in the tractor cab with you and an eye bottle in your front pocket. Make sure the water tank on the nurse tank is full also.
3. If you would happen to get NH-3 on you, soak yourself with water, remove the contaminated clothes and keep applying water to the burn area for a minimum of 15 minutes. The only treatment for an NH-3 burn is water and more water. If the burn is severe, seek medical attention. Just remember that water is the only treatment. Do not let them put salve on you. Also make sure to take the MSDS sheet with you.

Evening trades and online resources provide opportunities for growers

By Dean Kohlmeyer, StateLine Grain Department Manager

The problem with writing grain market comments in a company newsletter is that by the time it is published and you are reading it; the market place has given us new numbers to digest. This newsletter is no exception to that rule. Crop Production numbers will be updated by the USDA on March 11th and the Prospective Plantings report will be released on March 31st.

We have seen a sizable decline in corn and soybean prices in the last eight months due to the adequate supply of the corn and soybean inventories and the declining global economic situation. It seems that only some energy and medical companies haven't felt the downward pull of the markets.

I used the yearly examples of the December and November contracts to demonstrate the price ranges that the market gave us in the last year. Knowledge is gained by experience and learning. What did we learn from last year? December 2009 corn had a \$3.5775 range and November 2009 soybeans gave us a \$7.41 range.

A good part of your profitability in marketing comes from the sales opportunities the grain markets present. StateLine Cooperative customers did a great job forward contracting the 2008 crop production. All our cash grain contracts from October 2008 through July 2009 were well above the market price for the delivery period. This means that SLC's customers forward contracted

when the markets were offering good opportunities. Most grain producers failed to forward sell the 2009 crop because grain prices were only going higher last summer.

TRADING 24-7

Placing Offers with StateLine Cooperative was a major reason the 2008 crop got contracted. Our employees take Offers from our customers during all of our business hours. StateLine has used both the day trade and the evening trade of the CME Globex commodity futures to fill the Offers for many years. The one-on-one customer service you get by placing an Offer with a StateLine Cooperative employee assures you that your Offer is being looked at immediately and will be filled if the market reaches your Offer price. We bought many bushels of Offers during the night session of the CME Globex last year. The night sessions trades from 6 p.m. until 6:00 am on most

Monthly highs and lows of December 2009 corn in last 12 Months

February 2008	High \$5.45	Low \$4.90
June 2008	High \$7.07	Low \$5.94
July 2008	High \$7.03	Low \$5.94
December 2008	High \$4.675	Low \$3.4925
February 2009	High \$4.27	Low \$3.82

Monthly Highs and Lows of November 2009 soybeans in last 12 months

February 2008	High \$13.85	Low \$11.9525
June 2008	High \$15.08	Low \$13.34
July 2008	High \$15.575	Low \$13.25
December 2008	High \$10.0925	Low \$7.965
February 2009	High \$9.60	Low \$8.165

weekdays. Give us a call, place your Offers and let us keep your Offers working at all hours of the market.

DTN and Pioneer have online offer systems they have used to promote the use of offers. We have been participating with Pioneer's MarketPoint program as a service to the StateLine Cooperative customers that wanted to use the online offer program. DTN also has several grain buyers using their Grain Portal on-line offer program. StateLine Cooperative isn't currently participating with the DTN Grain Portal program. DTN's program is a buyer's fee-based program and we presently feel that we have given our customers good service and not added to the cost of doing business. Please let us know if you want more online grain offer programs available to you and we will discuss with you the advantages of an on-line program.

ONLINE RESOURCES

StateLine Cooperative has also tried to show our customers some online tools that can be used to look at cost of production and grain marketing scenarios in our website at *ISU Acre Comparison Worksheets*. You can use these basic worksheets to look at trucking costs and run different marketing scenarios for corn or soybeans.

We took some of Iowa State University's Ag Decision Maker worksheets and placed them in our home page for your easy reference. These worksheets are a good start to developing a marketing plan.

StateLine Cooperative has developed a very good individual worksheet that any of our Agronomy Sales team would be glad to work with you to create an accurate marketing plan for your specific farming operations. Please let us know and we'll send an employee your way to help with outlining the costs and determining the marketing opportunities for your farm.

StateLine Cooperative's Grain employees can listen to your marketing thoughts and present the marketing tools that best fit your marketing goals and risk tolerances. Call Option Premium Offer Contracts are a good way to add value to old crop sales while extracting value from the market place. Just let us know your desire to have one of our employees work with you and we'll show you the tools you'll need to use to put together the plan that will work specifically for your farm. If I would list all the possibilities in this newsletter, it would become too long for your reading pleasure. So please give us the opportunity to work one on one with you.



Visit www.statelinecoop.com to access daily grain commentaries, grain bids, and links to valuable resources such as the ISU Extension's Ag Decision Maker Acre Comparison Worksheets

Lock in spring planting decisions now (cont.)

(Continued from page 1.)

an additional bulk seed plant at the North Burt location. We installed a three-bin Friessen bulk system to go along with the USC LP2000 seed treater we have been treating with for the past four years. As many of you know, we used to use a Parker wagon as our “holding tank” to dump into before treating the soybeans. Before I forget, I need to thank Denny Becker for letting us use his wagon in the spring! This new system has its own 300 unit weigh hopper we will dump into before treating the seed. The advantages of the bulk seed system are:

- Ability to get seed in early which will insure the best seeds per pound
- Safer to handle than bags or bulk bags
- More seed treating options
- Quicker delivery time to your wagons

These bulk sites are just another way StateLine Cooperative is looking to the future to service the needs of our growers and your continued support as been very much appreciated.

One last comment before I close is to remind all of you that treating your soybeans can gain you up to 3- to 5-bu. per acre more yield. Your agronomy staff can help you in making the best decision on which treatments would work best for your soils. Ask them about these products before planting your soybeans.