

## Get Your Livestock 'Show' Ready

By Cherilyn Krichau, StateLine Cooperative Feed Department Manager

It's just about time for the county fair! Even though I am not a kid anymore, I still enjoy taking it all in. It brings back memories of time I spent with my family raising and showing livestock and all the great people that I have met over the years. The months of preparation can be seen 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

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. Check with StateLine Cooperative also for wood shavings for your fair pens or stalls.

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



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Coulda, Shoulda,  
DIDN'T



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# Current Environment Impacts Future Decisions

By Bill Buekema, StateLine Cooperative CEO

I was very wrong about Spring 2018. If you attended any of the town hall meetings earlier this spring you can confirm my error. I stated at those meetings that with the large amount of fall work that had been completed, Spring 2018 would be relatively easy to work thru. Looking back, we now know that 2018 has been a struggle from beginning to this current date. I want to thank our customers for allowing StateLine Cooperative to serve them and for their patience as we worked together to plant the 2018 crop.

## Agriculture and politics matter

In an industry that consistently over supplies its domestic market, political policy matters. Political policy has always had material impacts on agriculture. The policy of aggressively addressing trade practices with the largest of agricultural trade partners has recently depressed commodity values.

No matter your political affiliation, the current market impact to the downside has been significant. The issue created by tariff uncertainty not only impacts commodity futures, but adds another factor to consider when managing risk.

The risk of trade policy adds additional risk thru the system from growers to buyers to end users and hedge fund managers. In order for a futures market to work effectively it must have sufficient volume of trading. When risk related to policy cannot be forecasted or consistent it will cause those who manage risk

to exit the space and retreat to the sidelines. When money leaves the futures exchange and goes to the sidelines, volume tends to drop. Low volume futures exchanges can create wild volatility. At the end of the day the market needs to know that any policy implemented is a long term strategy that will not change in a knee jerk, reactionary way. If this makes you feel any better we are all in this together. Anything that positively or negatively impacts production agriculture generally has the same effect on companies such as StateLine Cooperative.

## Demographics matter

The most recent census showed that the average age of farmers in the United States now stands at 58.3 years of age. In the last 30 years the average age has increased by nearly eight years. What does this mean and is it important?

In my world this is very important. Almost daily at StateLine Cooperative we have some level of discussion about what does production agriculture look like in the next 5 to 10 years in the upper Midwest. The long standing and well understood historical barriers of entry into production agriculture are not changing and likely will not be altered in the near future. The compounding factors are fewer children being born into and raised in agriculture. Historically those raised in agriculture are the ones who tend to fill agriculture roles.

Another factor, obviously, is the

overall lack of profitability in the ag space currently. A growing consideration is quality of life. For generations we rationalized lower than normal returns on investment by believing that the lifestyle was worth the effort. The generations that are to follow will have more opportunities than any generation that preceded them. The opportunities are numerous but certainly include earning potential, greater control of hours worked and reduction of manual labor.

Demographics also matter in who owns and controls the land. The most recent census survey concluded that in Iowa, the land is owned by only 19.4 percent of those who farm the land. Approximately 80 percent of the land is owned and controlled by non-operators. And actual age of landowners in Iowa today . . . 71.4 percent are at least 65 years of age. Of the group previously mentioned 17.7 percent are 85 or older.

A third factor to consider is that the current unemployment rate in Iowa is 2.9%. This means that producers will find it more difficult to add labor to their operation from outside sources. The other reality is that the current part-time labor force is older.

The combination of lack of new producer/farmers entering production agriculture, and what is an inevitable change in land ownership and lack of outside labor, will materially change the ag landscape in the next 5 to 10 years than at any time in modern agriculture history.

## Predicting the future using today's agricultural climate

So, what is the outcome? My thoughts somewhat vary from day to day, but as of the writing of this article, I believe that consolidation at the production level will accelerate from the current pace. At the end of 10 years, farm size in this area of Northern Iowa / Southern Minnesota will double

the supplier of choice for a diverse customer base. The concept is simple, the plan is complex. The industry that is production agriculture is, has and will continue to evolve. My job is to insure that we adapt to the ever-changing needs of our customers. As a marketing and supply cooperative we have had the luxury of not changing our go-to-market strategy for some time and focus on striving

**Table 1. Landlords by ownership arrangements in Iowa, Midwest and the U.S.: 2014**

	Iowa	Percent	Midwest	US
Operator Landlords	20,453	19.4%	107,955	280,044
Non-operator Landlord	84,741	80.6%	607,263	1,851,796
Individual	48,897	46.5%	344,044	1,092,551
Partnership	17,078	16.2%	118,759	361,826
Trust	13,589	12.9%	100,239	249,632
Corporation	4,266	4.1%	26,877	91,011
Other	1,860	1.8%	17,344	56,776
Total	105,194	100%	715,218	2,131,840

*Numbers in this table may not add due to rounding, and the Midwest is defined as Iowa, Illinois, Minnesota, Wisconsin, Indiana, Ohio, and Michigan.*

*Source: Iowa State University Extension Ag Decision Maker AgDM File C2-78, Who Owns and Rents Iowa's Farmland*

in acres. We will experience a movement from cash rent back to shared arrangements. I think that the reduction in cash rent will be driven by agricultural lenders. The lenders will want the landowner to have more skin in the game as a risk management tool. In a raising interest rate environment this may happen rapidly.

Change generally does not happen immediately, but rather as trends that develop over time. The role of StateLine Cooperative is to be

to be more efficient and cost effective in our daily operations. The future offerings of companies like ours will need to be amended. The changes for the producer will be built off of our core and will not be a complete change in direction. Much like our customer, the asset base we own cannot be changed overnight, but be amended and repurposed overtime. At the end of the day, I believe the following statement to be an absolute—productive land near useful infrastructure will not be followed.





# StateLine Agronomy Thoughts

By Chuck Peter, Agronomy Department Manager

“Row, Row, Row Your Boat” is a catchy little song that I learned to sing “in the round” as a youngster. I was planning on teaching it to our 2- and 4-year-old grandsons on the boat this summer, but as their other Grandpa is a farmer with acres of crops under water now, I think I’ll just pass on that thought for another year. At this point, it appears that the only difference between 2018 and 1993 in our corner of the world is that we have a lot less people “feeling our pain” than in ’93, when much of the entire Midwest looked like a lake.

This spring and summer season has been very challenging to your cooperative and our employee team. We got off to a good start with fertilizer this spring season, even with the narrow time window we got to work. Since then, it seems like planting season has gone on forever. Our seed business has been good, and we have been very busy treating and hauling seed, for what seems like an eternity. We say, “thank you” to all our seed customers for their business this spring, and also a second “thank you” for your patience while we looked for and found earlier and shorter season seed to exchange for the varieties you normally plant due to the

weather we’ve experienced. With the assistance of our seed supply partners, I believe we managed

the earlier in grain fill that these diseases occur, the greater the yield loss.

Because much of the corn was planted late this season, tasseling will likely occur much later than normal, so we could be at risk for yield loss due to disease. There is a greater chance of a return on investment with a fungicide application when disease risk is high.

Of course, there are other things that will also have a significant effect on any fungicide or pesticide application’s return on investment this year, such as the quality of your stand, and the ramifications of your crop insurance policy’s coverage, but from a disease standpoint alone, if the field warrants treatment, the observable and measureable differences in yield in the areas treated could be significant this year.

One issue that is now confronting us is how to best deal with keeping adequate nitrogen available to your corn crop this summer. Those of you who used N Serve this past fall with your NH<sub>3</sub> application made a very wise decision. One result of these heavy rains is to make the soil very tight, and short of oxygen. This can result in corn



to satisfy most every request we received for seed exchange.

Looking ahead this summer, we are very aware of the possibility of summer diseases occurring in fields, and making certain that we are equipped to deal with them. Warm weather with frequent precipitation favors Gray Leaf Spot and Northern Leaf Blight, both of which reduce yield. We know that

plants that turn yellow as the year progresses, even in the presence of adequate nitrogen. Keep in mind that a cultivator can be a valuable tool to open the ground up to allow oxygen into the soil and enable soil organisms to work, in addition to being a valuable assist to your herbicide program.

In the event that additional nitrogen is really needed, either due to loss of product already applied, or not yet being able to complete your planned applications, StateLine Cooperative agronomy does have a couple reasonably good options to use. There are a lot more pieces of high clearance equipment in dealers and farmers hands than there used to be, both for liquid and also dry application of nitrogen. And, in the case of dry nitrogen, air application is also an option, particularly when lower rates are needed. Please remember that if you are planning to leave your applied secondary nitrogen on top of the ground, you will need to use a urease inhibitor such as Limus to delay the volatilization of surface applied Urea up to two weeks, or a nitrogen stabilizer product such as Instinct, Limus, Cipher, or Contain, which will not only protect

against volatilization, but also help under the soil surface to protect against leaching of nitrogen.

Your StateLine Cooperative 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 that you did.

In this summer edition of our newsletter I typically give you some of my thoughts regarding the outlook for fall fertilizer. At this point, fill pricing for P and K to your cooperative is a bit above last year, around \$70 on phosphates, and around \$30 on potash. Nitrogen pricing is in the process of being

fertilizer prices should be higher this year, but keep in mind that all these fertilizers are international commodities, as are your crops. As such, they are subject to worldwide pricing pressures, not just domestic ones as used to be the case. Throw in grain prices that look to be pretty mediocre so far as well, and it's hard to envision a scenario that will drive above normal fertilizer demand this fall, at least in our geography.

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

Cooperative Agronomy, the main reason we exist is to help you improve the profitability of your farming operation. If we are not doing that job 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](mailto:cpeter@statelinecoop.com).



*StateLine Cooperative's dry fertilizer plant at Armstrong.*

determined at the manufacturer level, and so far indications are that it will be somewhat higher as well. It's easy for me to question why any producer would think that



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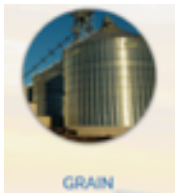


# Coulda, Shoulda, DIDN'T

By Dean Kohlmeier, StateLine Cooperative Grain Department Manager

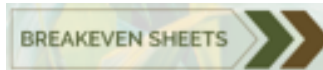
This June was a good example of how fast grain markets can change. Prices going into June 2018 were at levels that you could make a return on your costs and investments. By the end of the month, the picture looks much different. By the time you read this article we MAY have defined how some of the tariffs will affect our Chinese grain exports. It will take eliminating most of the Chinese export uncertainties along with some type of hot and dry weather to push markets back to the levels we saw in late May.

To help you in your marketing decision-making process, StateLine Cooperative has placed some excel worksheets within its website that you can use and modify to help you estimate when the markets allow you the opportunity to identify when you can market grain at profitable levels.



Click on the Grain button on the home page.

Click on the BREAKEVEN SHEETS menu



Then click on the crop year you want to look at.



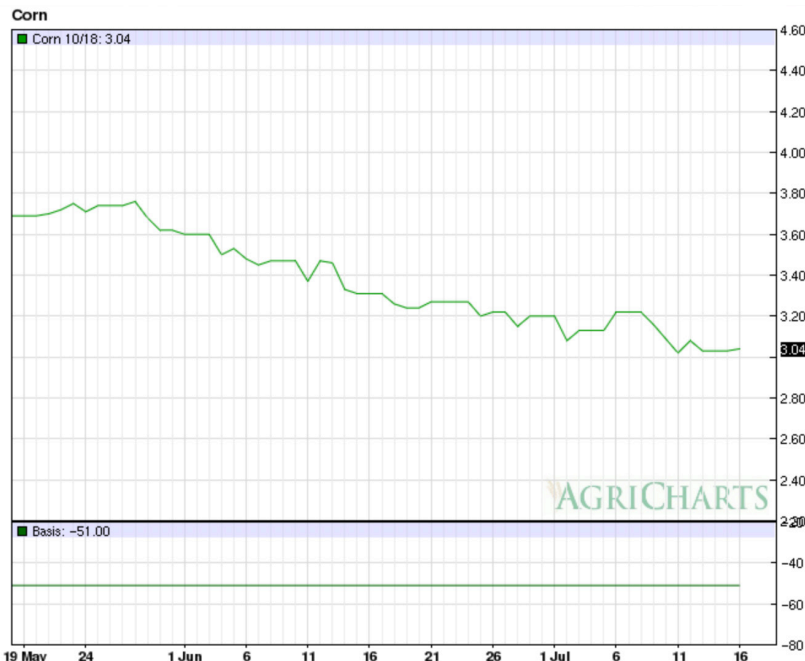
An Excel worksheet will be downloaded and then you can modify the worksheet to help you analyze your costs and when you should be able to market grain above your costs.

**StateLine Cooperative's website also allows you view and download bid history from any location.**

Open the Cash Bids page and then click on the price under the month you want to view.

You will open up a chart that you can view or download.

Below is an example of North Burt's October 2018 corn bids as of July 17, 2018.



You can see that May 2018 gave us opportunities to sell corn from \$3.60 to \$3.76. By July 17th we were struggling to stay above \$3.20. That brings us back to: Coulda, shoulda, DIDN'T.

We could have sold at \$3.60, we should have sold at \$3.60 and did we?

Marketing grain can be very emotional, if we let it become an emotional decision. Marketing grain could be done with less emotion if we identify our costs of production and then market grain when the market goes above our estimated costs of production.

Should you have questions about marketing your grain with StateLine Cooperative, please connect with me at [dkohlmeier@statelinecoop.com](mailto:dkohlmeier@statelinecoop.com).



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## Test Identification Skills at the Iowa State Fair Weed ID Contest

Contest open to participants of all ages

AMES, Iowa – Iowa State University Extension and Outreach will host its annual Iowa State Fair Weed Identification Contest on Friday, Aug. 10, from 9-11:30 a.m. in front of the John Deere Agriculture Building. Everyone can participate in one of three divisions: future agronomists (youth), general and professional. Winners will be announced at the 3 p.m. awards ceremony inside the John Deere Agricultural Building.

The top five winners in each division will walk away with a cash prize and a coveted Iowa State Fair ribbon. Future agronomists will identify 20 common Iowa weeds, those in the general

division will identify 30 weeds and professionals will identify 30, plus five extra challenging Iowa weeds.

A great test of weed identification skills, this contest brings some of the most knowledgeable weed experts in the state into competition.

Contestants wanting to brush up before the competition have plenty of time to improve weed identification skills and prepare for the big contest. Study up using the following resources:

- ISU Extension and Outreach's Weed Identification Field Guide – 2nd Edition (IPM 0003)

- University of Missouri's Weed ID Guide
- Michigan State University's Turf Weeds
- University of Illinois' Weed Identification webpage