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2014

## Glad to Give Back



» *By Milt Handcock, General Manager*

CHS was honored to receive one of the six Governor's Awards for Philanthropy given out for generosity and volunteerism at South Dakota's National Philanthropy Day Awards Luncheon held on Oct. 15.

CHS Inc. was chosen as this year's Outstanding Philanthropic Corporation. The business was highlighted for several initiatives, including the \$450,000 it has raised for the Feeding South Dakota program since beginning its annual "Harvest for Hunger" event in 2011. For these efforts, Feeding South Dakota and Avera St. Mary's Foundation nominated CHS for the 2014 Philanthropic Corporation award.

As Ed Mallet, who accepted the award on behalf of CHS, said, we don't do these things because of a desire for recognition, but because it is part of our stewardship as a responsible member of the community. The fact is, the success of our Harvest for Hunger event is due primarily to the giving spirit of our customers.

That spirit is perfectly reflected in Midwest Cooperatives members Bud and Thelma Beasstrom. The Beasstrom Family of Pierre received the Philanthropic Family of the Year award at the same luncheon. Congratulations on your well-deserved award.

### Strong performance for CHS

CHS Inc. posted the second-highest earnings level in its history for fiscal 2014 at \$1.1 billion. That was a 9% increase over fiscal 2013. Locally, Midwest Cooperatives mirrored that

strong performance and enjoyed a record-setting year. We'll discuss our financials in detail at our annual meeting scheduled for mid-February. For more detailed information on the performance of CHS by business unit, visit the Coop News section of our website at [midwestcooperatives.com](http://midwestcooperatives.com).

As we look ahead to 2015, I'm happy to report that the Philip grain expansion project continues to move along nicely and remains ahead of schedule. This will be a great asset for our Philip area producers in the coming year. ■



## THIS ISSUE

*Read about our latest precision ag program developments on page 2.*

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PIERRE • BLUNT • PHILIP • HIGHMORE • ONIDA • DRAPER • KADOKA

# Board Spotlight – Brandon Rock

About 30 miles south of Kadoka lies the Rock family farming operation. Brandon and his family raise corn, sunflowers, winter wheat, proso millet, the occasional crop of peas and spring wheat. They also have a cow-calf operation and run some yearlings in the summer. He's also involved with his folks, Jim and Kathy Rock, in their operation.

A fourth-generation farmer (who's hoping for a fifth), Brandon ran for a position on the board in 2008 in hopes of gaining a different viewpoint on his cooperative. That hope, says Brandon, has been realized.

"I wish we could get more people interested in running for a spot on the board, because it's a good learning experience for any producer," Brandon states. "You have a certain viewpoint as a farmer, but you get to see the other side, what goes on behind the scenes and how decisions are made—and the reasons why those decisions are made."

Brandon also has a clearer picture of the challenges facing Midwest Cooperatives—and the opportunities. "Our biggest challenge right now is probably getting grain moved away from the coop," he says, "and the constant need for

more storage. As more and more farmers have moved from a wheat/fallow rotation into a row-crop rotation, the need for grain storage has increased on the farm and at the cooperative. That's always a consideration for us.

"The change in cropping practices is also one of the biggest opportunities we have," Brandon continues. "We have been utilizing precision technology on our farm for a few years now, and that is a movement that is growing rapidly in this area. We're ready to serve that market at the cooperative."

A lifelong cooperative member, Brandon most appreciates the agronomic support he receives from Midwest Cooperatives agronomists. "I've worked closely with Ryon Berry, and having a good agronomist who can come out, take a look at my fields and catch problems before I even realize I have them is a great asset. The new fertilizer plant in Philip is also going to be a big plus for a lot of us in this area."

**Editor's note:** Brandon and his wife, Sanna, also stay busy keeping track of that fifth generation: Dawson, 10, Madalyn 4, and Landry, 2. ■

## When Margins Are Tight, Precision Is Crucial



» By Joel Loseke, Precision Ag Specialist

Thanks to all those who attended the first Agronomy 411 meeting in Philip, which focused on our YieldPoint™ Precision Awg program. Keep the second Thursday of the month open through February, as future 411 meetings will cover corn production, feed

crops and soil testing and fertility programs. All will be held in Philip.

In terms of our precision ag program, we had a good year. We enjoyed a 25% increase in YieldPoint acres this past year and our variable-rate soil-sampling program is going strong. As we're pulling these samples, we're seeing lower-than-normal test values on many acres due to the big crops we've experienced. It's a good problem, but one we need to take into account when putting our fertility programs together.

I know there is concern about the drop in commodity prices and the fact that input costs haven't kept pace. Zone management and variable-rate application is more important than ever in these conditions to place inputs where they will deliver bushels and not waste them where there is limited yield potential. When prices are low, we need all the bushels we can get.

### Increased compatibility

We recently added SMS Advanced to our computer software lineup. This will expand our ability to do more with historical recordkeeping. In addition, we currently acquire data from eight different controllers made by several manufacturers. SMS Advanced gives us the capability to easily download and upload data to and from just about any controller out there. This is also one of the best prescription-writing programs available, particularly when dealing with multiple controllers.

All the data we've compiled, along with the maps and prescriptions created from that data, can now be accessed on our website. The producer documents feature allows all of that information to be stored securely under password protection. You can log in with your password and review and approve your plans without having to come into the office. It's a convenient and efficient approach that saves you time. Give me a call if you're interested in wanting online access.

Thanks to all those who are taking advantage of our precision ag services. Please get your soil sampling orders in now so we can be ready for topdressing whenever the weather allows. We're looking forward to working with you in 2015. ■

# Volatile Times



» *By Jeremy Frost, Grain Marketing Manager*

I want to begin by letting everyone know we are finalizing our Winter Grain Marketing Workshop, so save the date—Monday, Jan. 19,

at the Ramkota in Pierre. I am pleased to announce that one of the speakers will be Kevin Van Trump from Farm Direction. We are finalizing the second speaker at this time. This should be a great time with good information and a free lunch. Watch for more details to come.

As for our markets, we are really in uncertain, volatile times. Rail freight has been one of the most volatile aspects, as car costs have varied in a range of nearly \$7,500 over the past few months. That's a range of nearly \$1.90 a bushel in added freight costs alone on top of the normal freight rate to get product to its destination.

Many thought you'd be able to print \$1 in front of corn this past harvest because of high freight costs. But volatility reigned and the board rallied when few thought it could. Producers managed to store plenty of grain at home because of the big carry in the market. Remember, the only way to guarantee locking in a carry is to sell the carry. Fundamentally, a big carry is considered a bearish price.

If you add the volatility of the rail situation to the fact that producers don't seem to have to move grain when the market thinks they need to, then throw in buyers who have been rather patient and you have extremely volatile, tough

marketing times. Don't be surprised to see price moves of 20 cents to \$1 a bushel or more. It's possible these moves could happen in both basis and on the board.

The board seems to be fighting a couple of battles while trying to decide where to go. Fundamentally, we seem to have plenty of corn, beans and wheat in both the U.S. and the world. The question becomes, is it for sale or do producers have much more staying power than the market realizes? Another question focuses on milling-quality wheat. We have plenty of wheat in the world, but do we have enough milling-quality wheat in the right areas? The final battle we are fighting is money flow. The biggest meaningful fundamental is no longer supply and demand, but rather what the funds want to do. This is one reason grains rallied well off of their lows despite the record fall harvest.

Here's the bottom line. We need to realize that we are in volatile times with many factors driving the net price producers receive. We recommend developing a marketing plan that helps take out some of the high-and-low emotions that the market creates. We need to realize that we have much more upside potential than we think, but on the same token we probably can't quantify how much downside risk there is either. Develop a plan that gets you comfortable and fits your operation. If you need help, please feel free to give us a call.

Thanks and Happy Holidays! ■

# Storage, Storage, Storage

» *By Ed King,  
Energy Department  
Manager*

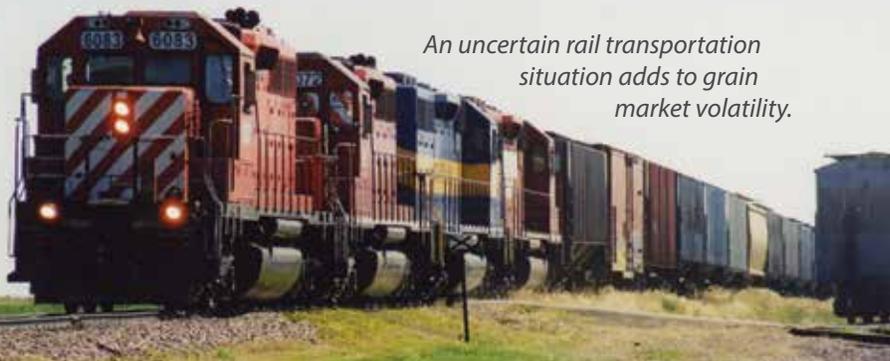


Heading into the winter, the biggest energy issue we're facing is the tight supply of #1 diesel—basically the same situation we saw with #2 toward the end of harvest. As we've noted time and time again, storage capacity is the central issue as we move forward, as spot shortages of various products are becoming more common. The current transportation logjam on the railroads isn't helping the situation.

Stay on top of your tank levels and consider expanding your storage capacity as you plan for the future. It's the best way to ensure product availability during your critical demand periods. Of course, we can help you with tanks.

We're just beginning to contract fuel for next spring and summer, so stop by or call us if you're interested in locking in gallons in the near future. ■

*An uncertain rail transportation situation adds to grain market volatility.*



*Building capacity  
to meet your  
growing needs.*

If you'd like to keep up to date on current Midwest Cooperatives happenings in between our newsletters, our **e-communications are the answer.**

**To receive text and email messages regarding markets, meetings and cooperative news, just sign up on our website.**

*midwestcooperatives.com*



## Getting You Ready for Winter



» *By Justin Parker, Feed Department Manager*

Winter is suddenly upon us, and that has ramped up already high demand for cake. As our delivery volume

increases, it's a good idea to get your cake order in sooner than later to give us sufficient lead time to fill your order in a timely fashion.

December is the time to purchase your Bio-Mos® so you're ready for calving. The good news is, we're having a mineral

promotion in December, so watch for details. Keep in mind that we have liquid feed and lick tubs to help supplement your roughages heading into the winter months.

We'll be happy to come out, sample your rations and send them in to the lab for you so you know exactly what you're feeding. Let us know how we can help you get through the winter and ready for calving season. ■

