

JULY
2015

Patron Generosity Helps Fight Hunger



» *By Milt Handcock, General Manager*

Our first annual Hunger Games, organized to support the CHS Harvest for Hunger campaign, were a big success. Held

March 7 at the Ft. Pierre Youth Center, the Hunger Games was a daylong event filled with activities, including a beanbag tournament, lunch, silent auction, kids games, spaghetti dinner and wrapped up with a band that evening. All the proceeds were donated to the Harvest for Hunger Campaign. In total, Midwest Cooperatives generated these totals for local food pantries through Harvest for Hunger:



- Feeding South Dakota: \$28,293.98
- Pars (Pierre Area Referral Services): \$14,800
- Country Cupboard (Wall Food Pantry): \$450

As is the case every year, the success we enjoy with the Harvest for Hunger Campaign is a direct result of the generosity of our patrons. For every

full-time Midwest Cooperatives employee, CHS provides \$100 in funds to match every \$100 in donations we receive from patrons and community members. Once again this year, we received those matching funds, which went to Pierre Area Referral Services.

Thank you for your support and concern for those in our area who need the resources provided by our area food pantries. We are proud to be a part of such a giving community.

Coming soon to Four Corners

We are in the planning stage of a new CHS Midwest Cooperatives location



at the junction of Highways 63 and 34, also known as Four Corners. Our initial plans call for this to be a grain and retail facility. Centrally positioned between our Philip and Pierre locations, this facility will enable us to further improve service to our customers in this area.

We'll keep you posted as our plans continue to take shape. ■



Beanbag tourney winners. ABOVE: First place winners Dwayne and Tanner Prince. LEFT: The second place team of Brandy Mcbride and Kristi Schmidt.

THIS ISSUE

Read about adding extra pounds of profit on page 3.

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Same Story, Different Chapter



» *By Jeremy Frost, Grain Marketing Manager*

Grain markets continue to be on the volatile side as we approach another production year with a familiar, but slightly different story. The story over the next couple of months is one that Mother Nature will be writing. What will it say? The demand story for our grains is complex. Demand projections for this coming year are at or near all-time highs, so we do have very solid demand—it just hasn't been enough to offset our big supplies.

Projected corn demand is 13.7 billion bushels. Our production the past several years has been (in billions of bushels) 13, 12.4, 12.3, 10.7, 13.8, 14.2 and is projected to be 13.6 this year. Here's where the same story, different chapter comes into play. The USDA is already projecting a corn yield of 166.8 bushels/acre, which would be the second-best ever. But even with a 166.8 national yield, our corn carryout is expected to decrease. This is where Mother Nature plays a huge role. If we can hold the USDA projected demand and our yield slips to, say, 158.1—which was the 2013-14 yield and the fourth-highest ever—our corn carryout drops a massive 710 million bushels. It puts us very close to that magical 1 billion mark. What would that do for prices? Add plenty—in my opinion, a dollar if not more.

Now, on the other side of things, we do need to realize how much risk our

markets have even at these deflated prices, should Mother Nature allow us to raise another record crop. We could easily drift well below the cost of production. That is why in marketing, you need to find a way to be comfortable. That means making sales that make sense when you have a chance, yet not overcommitting so you are able to sell when the rallies do happen.

Same story with soybeans

The bean situation is very similar with near-record demand forecast. USDA is starting with big yields that, if we hit, probably lead to more downside price pressure. But if Mother Nature performs according to her averages over the past few years, then the USDA is overestimating yields.

To me, it feels like our markets have created enough demand that we have huge bets riding on production. Our demand is so strong that we need to have big crops for the row crop grains. But we also have production so variable that we could swing our carryout 2-5 times for a grain like corn. Are we going to see 10.7 or 14.2 billion bushels of production?

Playing the wheat card

Right now the wheat card is the only production card that has been thrown out (because of too much rain down south), and wheat demand isn't as consistent as the row crop demand

has been. We have had major issues down south with weather, which have now worked through the market. Now if wheat can encounter another issue someplace else in the world, it may have a chance to rally. Wheat demand, however, needs to pick up. We also need to keep in mind that the U.S. dollar has a bigger impact on wheat than it does for corn due to the percentage of wheat use that is export driven.

When we tie all of these little points together for marketing, we need to get back to gut, non-backyard marketing. Follow your gut to get comfortable, but keep in mind that weather in central and western South Dakota isn't the same as weather in other parts of the U.S. or in other growing areas of the world. We are now at levels where it is tough to want to sell much of anything, but don't fall into the trap of assuming that the only marketing plan available is to build bins or put grain in bags. There is no guarantee that you will take it out at a higher price than existed when you put it in. My bias is toward the upside on prices just because I feel that everyone else is too bearish. But I don't want to be blindsided by assuming we can't go down. Markets can, always have and always will do exactly what they want. It doesn't matter what I or other advisers might think. They have the ability to overdo price moves in either direction.

If you need help marketing your grain, give us a call. ■

SPCC: Final Ruling Finally In



» *By Ed King, Energy Department Manager*

Over the past couple of years, we've discussed the SPCC regulations and plans. We finally have closure on this issue, so call

Chris Carter or me if you're working to become compliant or want to update tanks. We can now tell you exactly what is in the legislation signed by the president.

We are enjoying the lowest LP prices we've seen in the past 5-6 years. Our summer-fill program is planned for

August and September, and we hope to be under \$1 a gallon at that point, so sign up. Clearly, this is also a very good time to contract propane for the winters of 2015 and 2016.

I'll close by reminding everyone once again to keep your diesel tanks full. Wheat harvest, unfortunately, looks to be minimal. But when we get to harvest this fall, we will encounter our usual spot supply issues. If you want to upsize your tanks, we offer a variety of tank sizes as well as three-year, no-interest financing. ■



Take advantage of low LP prices.

Extra Pounds = Money in the Bank



» *By Justin Parker, Feed Department Manager*

With beef prices remaining solid, it's easy to make the case for adding economical weight to your calves with creep feed. We have both quality creep feed and creep feeders available, so line yours up today.

Just as creep feeding can put on profitable pounds, flies can slow rates of gain as cattle expend energy to keep flies off while simultaneously eating less through interrupted grazing. Lick tubs with IGR fly control is the answer. These tubs are effective and low maintenance.

We also have numbers on just how effective a lick tub can be in adding weight to your calves. Consider lick tubs as an alternative creep-feeding program to provide supplemental nutrition while helping calves gain.

Don't forget about our feed financing program. We have an in-house credit option for you with flexible due dates to match your marketing plan.

Finally, feed customers received 5% patronage rates on their purchases in our last fiscal year. That's just one of the ways it pays to do business with the company you own. ■

Cash Flow Tight? We Can Help



» *By Rich Henderson, Credit and Finance Manager*

Our current environment of low commodity prices can put pressure on your cash flow. Don't overlook our finance program as a way to move some due dates past harvest and avoid getting into a COD position. The process is easy and our rates are competitive, so consider getting credit at the same place you get your

inputs. We also offer financing programs for grain bins. ■



Jolene Schall has joined us as a loan officer in the Onida office. She brings great experience to Midwest Cooperatives, having worked as an ag loan officer with BankWest for more than 20 years.

*Our success is
measured by
yours.*

Plan Now, Relax Later



» *By Russ Daley, Assistant General Manager/Agronomy Department Manager*

The beneficial rains we received toward the end of May came too late for most of the winter wheat crop, but may still help the spring wheat. If you have applied fertilizer on these failed wheat acres, make sure you soil test this summer so you know how much fertilizer you still have in the bank.

At this time, it looks like most fertilizers will come off their spring highs as we move into July and August. So, when you line up your soil testing, talk to your sales agronomist regarding any other fertilizer needs you anticipate for fall so we can have adequate supplies on hand. With a little planning, we can help you lock in your fertilizer for a good price.

Plot plans

The sales group has been busy planting their test plots. They have a wide variety of trials planned, so talk to your sales

agronomist and ask them give you a tour this summer. It's a great opportunity to see how products perform under our specific growing conditions.

We also have access to the WinField® Answer Plot® north of Pierre next to the dragstrip. They always have some top-notch trials planned with corn, soybeans and, this year, spring wheat as well. Please stop in anytime to look around, or ask one of our sales agronomists to give you a personal tour. And don't forget to put the wheat and forage tour scheduled for June 29 at the Answer Plot on Hwy 1804 near the Oahe Speedway on your calendar.

As we move into what looks like a big sunflower season, I want to remind everyone that we do have access to planes for aerial insecticide application on those sunflower acres. You can also take advantage of our scouting services to monitor insect activity and schedule applications.

In closing, I'd like to thank you for your business this past spring. We look forward to working with you through the 2015 growing season and beyond. ■

