



## Reaping the Rewards of Ownership

BY MILT HANDCOCK, GENERAL MANAGER • 605-224-5935 OR CELL: 605-295-1023 • [MILT.HANDCOCK@CHSINC.COM](mailto:MILT.HANDCOCK@CHSINC.COM)



This is the time of year when we share one of the unique benefits of the cooperative way of doing business—the distribution of patronage to eligible Midwest Cooperatives patrons. This year, we will allocate a total of \$7.5 million in patronage dividends to nearly 1,500 patrons—\$2.86 million of which is being paid out in cash.

Through your ownership in this cooperative, not only do you have access to products and services, but you also share in our success and that of the integrated CHS system. This enables all of us to invest in the future of our local producers, this business and our community. We're extremely proud that we can provide this tremendous return to our customers and owners, and I believe it underscores the added value of being a cooperative system owner and customer.

### *Congratulations, Darwin*

One primary reason for our continued success is the quality of the people who work for us. Their efforts have not gone unnoticed, as several have received recognition on

both the regional and national level. You can read about Chris Carter on the back page of this newsletter, and I would like to highlight the efforts of Philip-based energy employee Darwin Hellekson. Darwin, who has been with us for nine years, was the top refined fuel sales performer for the entire CHS Midwest Region in 2012.

### *Tomorrow's Answers Today*

As we move into a new production year, we continue to focus on delivering value to our patrons. That commitment takes many forms, from an ongoing emphasis on building a culture of safety to employing the latest technology and expanding capacity and service capability. In our rapidly changing ag environment our theme, Tomorrow's Answers Today, has never been more relevant.

Our goal is to make decisions that ensure that both our operation and yours remain profitable. To do that, we'll continue to work closely with you. Thank you for partnering with us. ▶



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800-658-5535

# Living Between the Extremes



By JEREMY FROST, GRAIN MARKETING MANAGER • 605-224-5935 OR CELL: 605-295-3100 • [JEREMY.FROST@CHSINC.COM](mailto:JEREMY.FROST@CHSINC.COM)

Grain marketing is an extreme business, rarely calm and never boring. We're familiar with the price extremes of the past few years. The big question is, what are the possible extremes we will see in the coming marketing year?

The factor receiving the most attention over the next several months is crop size and crop size projections. Corn is king, and corn fundamentals trump everything else for the funds. So what could 2013 have in store for corn production?

## Setting a range

Let's start with the drought of 2012, which results in average U.S. corn yields in the low 120-bushel range. Early projections for 2013 have corn yields pegged at 150-170 bushels, with acre estimates ranging from 95-100 million acres. I'm not going to try and outguess Mother Nature. Instead, let's take a look at our possible extremes for corn.

Let's keep it simple and use round numbers. If we wind up with 90 million acres harvested with a yield range of 120-170 bushels, we'll have a production range of 10.8 billion to 15.3 billion bushels. I can say with certainty that should we hit the low end of this range, it would take a minor miracle to keep prices from a spectacular climb. By the same token, it would require a similar miracle to keep prices from falling should we hit the top side of that range.

With that production range, we could see a corn carry-

out between 500 million bushels (maybe lower) and 3-4 billion bushels. Translation: Corn prices as high as \$8-\$10 a bushel or as low as \$2-\$3 a bushel.

That is a realistic picture of what Mother Nature could throw our way. So how do we market in the face of that range? Knowledge is power, so understand what the extremes could be and prepare. Have a proactive plan in place that helps diversify some of your risk.

This is where your Midwest Cooperatives grain department can help. We can help you put together a marketing plan that takes out some of the extremes. If you want help putting together a plan that makes you more comfortable navigating the extremes, call us.

## Is DP the right answer?

I want to remind everyone that we are offering free delayed price (DP) for corn, spring wheat, soybeans and winter wheat. Delayed Pricing can be a great marketing tool, depending on your situation. Attractive as delayed pricing may sound, it may not always fit your current situation. It is important to review the advantages and disadvantages of this pricing program against your marketing-plan goals.

Before making a pricing decision, one must ask what risk level is desired. Do you want market protection in the event the market declines prior to pricing? Or, do you desire to deliver grain now and price the grain later, risking market volatility? Both options have their advantages and disadvantages. The bottom line: consider talking with the Midwest Cooperatives team about whether or not DP is the right option. ▶



# Spring Season Officially Underway

By JAY BAXTER, PHILIP AND KADOKA LOCATION MANAGER

This has been an exceptional year for our feed department here in Philip. Part of the increase in business has been due to our dry conditions, and part has come from new customers who have chosen to do business with us. We've seen the biggest increase in our custom mixes with dried distiller's grain. We've also been busy putting new applicators on feed wagons that will apply our liquid feed directly to the ration as it is fed.

We're coming into spring pretty dry, but we're optimistic here

and praying for rain. That's the good thing about working with farmers—they're a pretty optimistic bunch.

Our open winter has let us get a good jump on spring fertilizer application. That's great, as our fall workload was lighter than usual as farmers held off in hopes of receiving winter moisture. With that said, it's a good idea to get in touch with us soon to schedule your spring application, for our days will be full. ▶

# Don't Wait...Plan

BY RUSS DALEY, ASSISTANT GENERAL MANAGER/AGRONOMY DEPARTMENT MANAGER • 605-280-5935 OR CELL: 605-280-4497 • RUSS.DALEY@CHSINC.COM

With spring coming at us in a hurry, there seem to be more questions than answers concerning the coming production year. That said, we can't afford to wait to see what happens. We have to be proactive with our cropping decisions.

We've been hearing all winter that the river would be too low for barges to make it up to the Twin Cities. Now with the arrival of some moisture, they are predicting it won't be an issue. So we don't feel that there will be major issues affecting the supply of urea and anticipate the prices will remain generally flat. Recent upward price movements rarely last more than a day before falling back.

UAN has been higher all winter compared to dry. This trend will continue into the spring, but availability should not be an issue. Phosphate prices remain flat for both dry and liquid, and this trend should also continue through spring, with availability also not much of an issue for the coming year.

Despite the relative lack of market volatility (nice for a change), it is still in your best interest to sit down with us and put a farm plan together. Then we'll know what your plans are, so when we do receive spring moisture, we'll have your crop nutrient needs here and ready to go when you need them.

## The cost of protection

Crop protection products have increased in price 3%-5% since last year, with glyphosate leading the charge. All glyphosate products will be in short supply this coming year, so it's a good

idea to talk to us as soon as possible about your needs for glyphosate and other crop protection products. That way we can get what you need on the warehouse floor.



## Seed update

Seed corn is still available for sale, but it will be harder to get the particular hybrids you want as time goes on. We have very good supplies of soybean, sunflower and milo seed. Proso millet, on the other hand, is very, very short—plan to purchase ASAP. Sorghum sudangrasses and hay millets are short as well.

We do have spring wheat seed available. Brick, available in Pierre, is resistant to stem rust and moderately resistant to leaf rust. It has very good scab resistance and a high test weight with average protein. In Onida, we will have Select and RB07 available. Both of these varieties are moderately resistant to stem and leaf rust. Select is also moderately resistant to scab, with good test weight and average protein. RB07 consistently delivers above-average yields with average test weight and above-average protein. We also have access to SY605CL spring wheat, a Clearfield® variety with tolerance to Beyond® herbicide.

If you have any other needs that we can help you with, please give us a call. Thank you for your past business, and we look forward to working with you in the future. Take a little extra time to stay safe this spring. ▸

# Feed Team Welcomes New Member

BY JUSTIN PARKER, FEED DEPARTMENT MANAGER • 605-224-5935 OR CELL: 605-280-5518 • JUSTIN.PARKER@CHSINC.COM



I'm excited to welcome Kodee Schell, our new feed sales representative, to the Midwest Cooperatives feed team. Kodee will be working from our Highmore location.

We're already thinking supplements, with an emphasis on new grass and the dangers of grass tetany. We've got a wide selection of SmartLic® mag and mineral tubs on sale through April 19. In anticipation of breeding season, we also have discounts on FlaxLic® tubs in place until May 17.

## About Kodee

"I was born and raised on a cattle ranch in southwest Wyoming and attended the University of Wyoming, where I was involved

with the sheep and beef research centers. After college, I moved to Valentine, NE, to help on my grandparents' cattle ranch, and I've worked in Nebraska and South Dakota prior to coming to Midwest Cooperatives.



"I've always been interested in livestock nutrition and helping people, so this position gives me the opportunity to put the two together. Some of my specific responsibilities include making product recommendations, developing customized feeding plans and using the latest software technology to perform precise feed analysis and ration balancing. My ultimate goal is to deliver feed products and plans that increase herd health and profits. I'm here to help, and you can reach me at 605-280-9075 or [kodee.schell@chsinc.com](mailto:kodee.schell@chsinc.com)." ▸

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## *SPCC Deadline Nears*

The EPA's drop-dead date for SPCC implementation is May 10, 2013. The EPA will be monitoring compliance and is willing to work with you to help you become compliant. If you have questions, talk to Ed King or go to the EPA website, [www.epa.gov/oem/content/spcc](http://www.epa.gov/oem/content/spcc). That's your best source of information. Ed also has phone numbers you can call to get more information on plans and implementation. ▶

## *Customer Focus Earns Top Award*

**BY ED KING, ENERGY DEPARTMENT MANAGER • 605-224-5935 OR CELL: 605-280-5176 • ED.KING@CHSINC.COM**

It's always gratifying when someone you work closely with is recognized for doing the right thing. That's why I'm so pleased that our own Chris Carter was the 2012 winner of a major national award—the CHS Country Operations Top Gun Sales Award.

***“Honestly, it was a shock to win. It was a great feeling to get this award.”***

—CHRIS CARTER



That means Chris was the top energy salesperson in the entire Country Operations system. Although it's a sales award, Chris didn't win it by spending his time trying to figure out how to increase his numbers. He did it the right way. First, he acquired a thorough knowledge of the energy products and services we offer. Second, he took the time to understand the customers he served and their operations. Finally, he matched those customer needs with products, equipment and services that would address issues and help them operate more efficiently.

One area in which Chris helped the local customers was by providing timely information on SPCC compliance. This included conducting patron meetings and actively assisting his customers in meeting the SPCC regulations.

Chris can also attribute some of his success to the investment he makes in his community. He is a familiar face at many area events and spends a solid portion of his free time volunteering—manning the Midwest Cooperatives grill at area sales, working with the local 4-H program and helping local producers.

Ultimately, focusing on customers first always pays off—in this case with a big-time award. Congratulations, Chris. ▶