

Celebrating the Power of Partnership

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I want to thank all of you for another exceptional year at Midwest Cooperatives. This year and years past would not be possible without your continued loyal support.

I have stated many times that we want to be a partner with each of our producers. We strive, through that partnership, to create value and drive dollars to your bottom line. If we are successful at accomplishing both of those goals for each of our producers, then in turn Midwest Cooperatives will be successful. I do believe that it is working!

For me to quantify that it is actually working, we need to know what it means to be a partner. The word “partner” is defined as a person who is associated with another in some action or endeavor, usually sharing its risks and profits. Fairly simple, but how does it relate or apply to our relationship with our producers?

In order for us to be your partner, sharing our risks and profits, you have to trust us. We have to earn your confidence. I won't partner with someone that I don't trust, and I am sure you won't either, especially if we are going to have to share in each other's risks. I will be the first to admit that farming has many risks and we don't shoulder all of them with you, but I will make this statement—we strive every day to do all we can to minimize your risks. We offer programs and services

that are created to mitigate the risks that you take. I can also say with confidence that if you struggle to make a profit, we, in turn, struggle. We are in this together, partners.

The second half of the “partner” definition is sharing profits. This part I can be 100% confident in. If we make money, we share! We are sharing this year to the tune of \$8,071,978. In fact, in the last four years, we have shared over \$31,000,000 in patronage. We are in this together, partners.

Thank you all for another amazing year! ▶

CATEGORY	PATRONAGE RATES	UNIT (U)
	FYE 2011	OR SALES (\$)
SPRING WHEAT	0.3031	U
WINTER WHEAT	0.2333	U
OATS	0.0000	U
SOYBEANS	0.1577	U
CORN	0.0395	U
MILO	0.0466	U
MILLET	0.6016	U
SUNFLOWERS	0.3676	U
PEAS	0.0121	U
FEED	0.0461	\$
SEED	0.0336	\$
FERTILIZER	0.0213	\$
CHEMICAL	0.0390	\$
FUELS	0.0260	\$
OTHER MERCHANDISE	0.0145	\$
SERVICES	0.0148	\$

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Green Grass Signals Need for Magnesium

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

Lush spring pastures are a treat for grazing cattle, but they also hold the threat of grass tetany. Most common in lactating cows, tetany is characterized by low magnesium in the blood caused by a diet of forage low in the critical mineral—such as new grass.

The initial signs of grass tetany are nervousness, reduced feed intake and muscular twitching around the face and ears. Cows become uncoordinated and walk with a stiff gait, eventually going down, convulsing and dying unless treated with a magnesium salt solution.

Supplementation is the best way to avoid grass tetany. SmartLic® tubs utilize magnesium oxide, a highly available source of magnesium, to meet the cow's magnesium needs. Molasses masks the flavor of the magnesium oxide, ensuring cattle will consume it consistently.

Cheap mineral isn't

Of course, magnesium is only one element in a spectrum of necessary vitamins and minerals. There are a couple of basic rules to remember when formulating your nutritional program. First, the most important nutrient is the one that is missing or deficient. Second, the cheapest product usually isn't. Quality matters, and here's why.

If a mineral isn't in a form that is available to the animal, it isn't doing that cow—or your bottom line—any good. Does it pay to use a quality mineral? Let's run the numbers.

The cost of really good mineral nutrition is \$54.75 per animal per year. Let's assume the price of a feeder calf is \$1.50 per pound. If the cow's nutritional status is insufficient and she doesn't breed on her first estrus, it will be 21 days before she can breed again. Normally, calves gain 2.5 pounds per day from birth to weaning at 205 days. Remember that most operations wean their calves in one day. Therefore, losing 21 days on a calf's age costs around 52.5 pounds. At \$1.50 per pound, that's \$78.75, or \$24 more than the cow's mineral nutrition cost for an entire year.



That doesn't take into the fact that maintaining proper nutrition for the life of that cow reduces energy and protein supplementation costs, the average number of days from calving to re-breeding and the number of calves treated for illness due to poor immunity while increasing the total pounds of calves weaned.

Time to creep

Creep feeding season is here. We have great Apache feeders in stock and are offering three-year, interest-free financing.

While we're on the topic of financing, stop by and talk to Rich or me if you're interested in our feed financing program. We have some pretty attractive options. ▶

Don't Get Caught Short

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



It looks like planting season will look a lot like last fall when it comes to diesel availability, so plan ahead. Make sure your tanks are full as you head into spring.

The other way to stay on top of your fuel situation is to make sure the tank you're filling is the right size. Sufficient on-farm storage is huge, since all the energy activity in North Dakota is pulling so much fuel out of our country that we can run into supply issues during our busy seasons. There were days last fall when I was waiting 5-6 days for a load of diesel.

We do have 1,000- and 2,000-gallon tanks for sale, and we offer three-year, no-interest financing on those as long as you buy your fuel from us. I do need to mention that tank supplies are tight right now, as a lot of folks are updating tanks in preparation for writing their SPCC plans. We are 5-6 weeks out on tanks at this point, so don't wait to order yours.

Contact us about contracting your spring and summer fuel. Of course, we're still installing tank monitors and offering consumption billing. Whatever your energy needs, we can meet them. ▶

Make Your Nutrient Needs Known Now

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

Gone are the days when you could line up fertilizer almost as you needed it. Suppliers and manufacturers learned their lesson in 2008, and no one is sitting on tonnage anymore. That means it's time to make decisions about your fertilizer needs, particularly when it comes to urea. There's a lot of urea yet to be purchased for spring, so meet with your agronomist and get your tons purchased so we have what you need.

We will have MAP (11-52-0) on hand as well as our newer product, MicroEssentials® SZ (MESZ). Mosaic, who manufactures MESZ, uses a patented production process to incorporate nitrogen, phosphorus, sulfur and zinc into a uniform fertilizer granule. Every granule contains each nutrient in the same formulation (12-40-0-10-1), enabling more uniform distribution of nutrients than ordinary blended fertilizer can provide. That allows plants to more readily take up the nutrients they need.



Be sure to ask our agronomy sales staff about MESZ.



The way it looks, liquid starter and liquid nitrogen fertilizers should be readily available for spring. The closer we get to spring, the greater the availability of these products—and the prices are dipping a bit as well.

We're excited about the completion of our new fertilizer plant in Highmore. With a total capacity of 600 tons and a new blender system, the new setup will greatly increase our efficiency and speed.

Speed treatment

Our new seed treatment plant will be up and running in Pierre this spring. Thanks to the 3,000 bushel-per-hour treatment capacity, you'll be able to bring in your seed wheat, run it through and put it right back into your truck.

Seed supplies range from good to tight. We have a limited supply of wheat. Top corn varieties are getting tight, and milo is in extremely short supply—so don't wait. Sunflower seed suppliers, on the other hand, are in good shape.

Prices on crop protection products, while not dropping, should be flat or only slightly higher compared to last year. We have a good supply of all products, so give us a call and we'll help you put a program together.

We appreciate your business in the past, and we look forward to working with you through the coming growing season. ▶

Results Confirming Power of Precision

BY MATT RICHMOND, NEXT LEVEL AGRONOMIST • 605-258-2687 OR CELL: 605-280-5147 • MATT.RICHMOND@CHSINC.COM



Our relative lack of winter makes me think that spring could come early this year, so our big push right now is making sure our air seeders and corn planters are calibrated and ready for planting. We've been busy wrapping up soil sampling, writing fertility prescriptions based on yield goals and finishing up our winter agenda of equipment installations and retrofits.

This will be our first spring where all our dry air-flow machines are variable-rate capable. That's an exciting milestone for our

Next Level program and an important step toward our goal of establishing the right fertility level for the soil type and geography of every acre in our program.

We're seeing very good results from our Next Level farmers using variable-rate corn seeding. That's the other side of our precision equation—the right variety at the right population for the soil type of that specific acre. As we gain experience and technology continues to evolve, the more we can see that precision pays. ▶

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Plan for Profits

BY JEREMEY FROST, GRAIN MARKETING MANAGER • 605-224-5935 OR CELL: 605-295-3100 • JEREMEY.FROST@CHSINC.COM



Many of you attended the Grain Marketing Workshop we held recently in Pierre. I wanted to review the high points from speakers Kevin Van Trump and Ed Usset as a reminder

to those who were there and as useful new information to those who couldn't make it.

The objective of the workshop was not to determine if the market was going up or going down—as neither of our speakers nor anyone else can know with certainty what the future holds for prices. Our focus was rather on how to manage the risk in either environment. And that means having a grain marketing plan that is proactive, not reactive.

Practically speaking, that's a plan that helps you make good sales that make dollar sense and lock in some profit. That's critical, because the way our markets move, there is no guarantee that profits will still be here tomorrow, let alone in a couple of months.

It appears this volatile environment that we call the grain markets won't be taking a breather any time soon. In fact, it seems to find ways to become even more extreme. Having a proactive marketing plan in place is a way to mellow out the extremes—to take away the “have to sell” situations.

Planning together

As your partner, one thing we can do is help you write a marketing plan. We'll start by asking questions. For example, where is your breakeven point, how much storage room do you have, when do you need cash flow?

Then, we'll look at ways to spread out your risk by diversification, making small incremental sales up to comfort levels (insurance guarantees). We will take a look at the market structure: Does it pay to put the grain in the bin and store it, and if so, what is the market trying to tell us? Is it worth more today than it is next week, and what is that telling us about nearby demand? Because we have the resources of licensed brokers in our

Country Hedging branch, we'll also look at futures and options. The bottom line is, we will help you pull the trigger on sales that make profits for you while having a plan in place that tries to ride the rallies, so to speak.

Do you know when history tells us are the best times to sell? First, when things look the best and everyone is super bullish and, second, seasonally when everyone is busy—i.e., planting time. Historically, the next couple of months have been the best time to make sales.

What's your marketing plan?

Please give me, Dan, Kevin or Jordan a call, and we will help you get started with one. Don't forget we are just a couple of weeks away from another quarterly stocks report—the March 30 report, which is also planting intentions. Anyone know how many quarterly stocks reports have triggered limit moves the past couple of years? Enough that one might want to have a plan in place before March 30. ▀