

Wheat Harvest a Highlight

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



Thanks to everyone for counting on us to handle your wheat harvest. Despite the odd weather patterns, we still had one of the best wheat crops we've had in years.

As most of you have probably heard, Matt Richmond has taken other employment, and Dalton Ellefson is now our precision ag specialist. Dalton, who will office in Onida, has been working under Matt's tutelage for the past couple of years, and we anticipate a seamless transition.

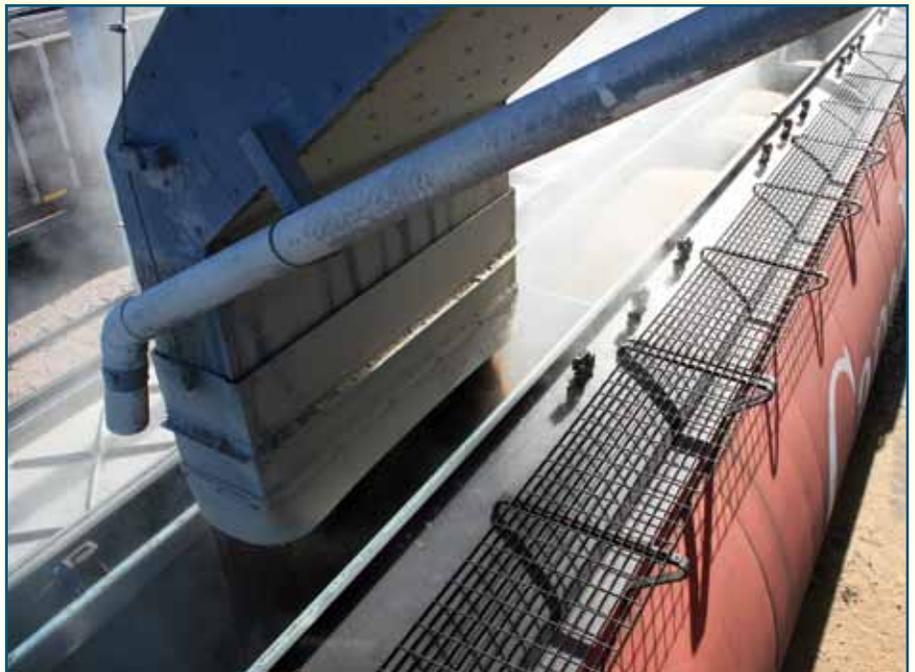
We've got your equity

At Midwest Cooperatives, the criteria to apply for equity redemption are that the applicant must be 70 years old or older and either retired from, or no longer involved in, farming. We have a considerable number of past customers who meet these criteria and have not redeemed their equity. We want to make sure you get the equity you have coming to you in a timely manner. We can't publish the specific equity information, so if you feel you might have equity, please call us at 800-658-5535.

We enjoyed a very good fiscal 2012. The

final numbers haven't been tabulated, but it appears we will be close to the previous year's performance. Patronage will once again be extremely good. Our parent cooperative, CHS Inc., has also enjoyed a strong performance through three quarters, with earnings of \$899.7 million to date on total revenues of \$29.6 billion.

Of course, our success wouldn't be possible without your support, so once again I thank you for choosing to do business with us. ▀



Shipping a portion of the excellent 2012 wheat crop.

SEPTEMBER 2012

800-658-5535

www.midwestcooperatives.com

Are You Still Comfortable?



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

My last newsletter article focused on comfortable changes. I asked if you had "...a pro-active risk management strategy that allows you to be successful in the future, whether the crop prices for corn, wheat, soybeans and sunflowers go up, down or sideways." My intent wasn't to say where the markets might be headed, as I don't know for sure what will happen in the future. I wanted to communicate that at the end of the day, you need to do something that allows you to be comfortable no matter what happens. My message this month is more of the same. Are you still comfortable?

Did you make some decent sales on the massive rally we had over the past few months? If you felt you were oversold, did you re-own some sales with min-price contracts or call options? Are you going to be comfortable if our markets turn around and lose a couple of dollars a bushel or more? What about if we see \$10 or \$12 corn — or higher? Have you done things that allow you to be comfortable not knowing what the next move — or even the event causing the move — will be?

Once again, I am not here to tell you or tell anyone where we are going to go from here. If I really knew and never got it wrong, I'd probably be on a beach somewhere. I can give you my opinion, and my opinion is that the drought we have had is off the charts. It is so extreme that there is really no telling what could happen to prices if we don't ration demand. What could happen to prices if we see another dry, poor-yielding year in the U.S. next year? What if dry weather hits South America again? What happens if it starts spilling over to some of the wheat producing areas? Realistically, there is virtually no limit to where we could go.

I have one word—demand

At the end of the day, it really comes down to demand, and I have a good example of just how important demand can be. In August to September of 2011, sunflower prices traded up to roughly \$50 a cwt. We followed that up with the smallest U.S. crop since the mid-1970s. What do you think happened to sunflower prices? Well, for the majority of the year they traded around \$25 a cwt—about half of what they did last summer despite the supply being cut.

Why? One word: DEMAND, and a lack of selling when the demand was around. High prices cure high prices, and demand slipped so much that the rally never happened to the sunflower market like many thought it would.

My point is that this year could be very similar for the corn and bean markets. On the other hand, it could make the 2008 spring wheat market look cheap. If we see supplies continue to shrink and follow that up with good solid demand, there really is no limit to what the last buyer could have to pay. On the other hand, if we start shutting down ethanol plants left and right, who is to say that we don't end up with tons of surplus corn?

I don't know how it will shake out and I really am not going to try and guess. I do know that price breaks or corrections should add back demand, and longer-term price breaks today should help us go higher later. On the other side, if we see corn rally another couple of dollars, we could see demand slip more than expected and enter a long period of weak prices.

Get comfortable

The bottom line is I want to make sure that you are still comfortable no matter what the next move is. I don't want people to have the stress of thinking they sold too soon on days the market goes up, nor do I want people to have the stress of thinking they haven't sold enough on the days the markets are going down. We want to find a comfortable place in the middle for you, and we can do that using the tools that Midwest Cooperatives and our Country Hedging Branch can provide.

If you need some help with your marketing plans and getting yourself in a comfortable situation, please give us a call.

A quick note as I end. Back in the middle of August, we started recording and sending out Mid-day Market Updates. This goes out around noon and is a quick 30- to 90-second update on what the markets are doing and why. Sometimes we will include information on hot prices we might have or basis information. If you are not getting this, please give us a call and we'll add you. There is no cost for this service. It's just a little more information to help you make the best decision possible. ▀

Congratulations!

5 years – Alex Moos (Philip) – Chris Carter (Pierre) – Dan Haberling (Pierre) – Kraig Henrichs (Draper) – Michael Wurts (Highmore) – Paul Eidsness (Onida)

20 years – Milt Handcock (General Manager)

Plan Ahead, Avoid Surprises

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

From record water to record drought in a single year: That's how averages are made, I guess, and that's South Dakota. We're not alone this year as most of the country is in the same boat. In light of all of this, we are very thankful for the outstanding small grain crop in our area, and it does look like there will be some row crop harvested as well.

Going forward, it is very important to have a cropping plan in place and knowing what fertilizer, chemical and seed products you'll need. Companies are not carrying over inventory like they used to, and are perfectly satisfied to sell out. Advanced planning allows us to have more products you want on our warehouse floor, so we can do the best job we can do for you and your crops.

If you have questions or want to sit down with one of our agronomy specialists, we can put a plan together and make sure

you're ready for the coming production year.

Don't guess—test

In a drought year, it's anyone's guess how much your crop has actually pulled out of the ground. That's why it's particularly important to soil test this fall to make sure you apply the nutrients you need where you need them. There's no need to guess.

Even though we've endured a difficult year, this is not the time to pull back. Continue to plan and prepare for top yields in 2013, because we've certainly seen that the weather in any given year is no predictor of what the coming year will be like.

I'll close by thanking all of you for your business and our employees for their efforts. We look forward to working with you this coming year. ▶



It Doesn't Get Much Easier

BY RICH HENDERSON, FINANCE MANAGER • 605-224-5935 OR CELL: 605-295-3503 • RICH.HENDERSON@CHSINC.COM

A couple of new programs available at Midwest Cooperatives this fall will make financing even easier. We're now offering operating lines of credit through CHS Capital as well as a bin-financing program.

Crop input financing is also getting underway, with 0% financing once again, available for those who qualify. If you purchase

your inputs from us, that same great 0% rate is also available on feed financing with approved credit, and this year you can tie your fuel into that as well. Our customers tell us that one of the best features on the feed loans is the flexible due date. We set the loans up so the due date is 30-45 days after you market the cattle.

It's a short application and a quick process. Talk to us and find out how easy and convenient lining up your financing can be. ▶



Resources for a Tough Year

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

With feedstuff supplies tight and expensive, it's likely that a lot of you will be feeding lower-quality forages and possibly feeds that you aren't that familiar with. This is certainly a year when ration balancing is critical, and that's a service we offer.

Though dry matter will be in short supply, there will be quite a bit of silage cut. When cutting drought-stressed corn crops for silage, nitrate testing is important, as is forage testing. With high feed prices, testing helps you make the most of the feed value you do have. When using low-protein forages and roughages, consider using Payback® liquid feeds as

an economical protein source.

Some of you are weaning early, and we have weaning and medicated feeds as well as starter pellets. You might consider setting your cows up on a limit-feeding program as well.

No matter what you need to deal with the drought and make the most of the feed supplies you have, Midwest Cooperatives has the products, knowledge, and experience you're looking for. Get in touch with us today. ▶



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Angels Among Us

Imagine parenting more than 200 children. Midwest Cooperative's own Bob Fuller and his wife, Jan, don't have to imagine. They've done it. Their efforts as foster parents have earned them a 2012 Angels in Adoption™ award and a trip to Washington D.C.

For the past 40 years, the Fullers have specialized in caring for infants until they can be returned to their biological parents or placed with an adoptive family. "It's amazing to watch them flourish and grow with a little love and attention," Bob states.

The couple will travel to Washington D.C. September 10-12 for the award ceremonies. "It's wonderful to work for an organization that supports what we're doing and allows me the

time to do this," Bob says of Midwest Cooperatives.

The Fullers note that their four biological children have never known what it was like not to have other children in the home. They add that some of their greatest rewards have come in the form of invitations from the children they have cared for to attend their high school graduations.

"We hope that the children who have come into our home have found structure and trust," Jan states, "and that they learn to seek relationships like that throughout their lives." ▀



Don't Wait for Fall to Fill

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



All I can say is supply, supply, supply. Our situation varies from day to day, as half the pipelines in our area are experiencing shortages or outages. Lead times on tanker loads over the past month have ranged from one to five days. Our waits aren't as bad as last year, but we haven't seen the demand yet, either. Once again, the strain is due to the activity in North Dakota. When their pipelines are dry, they come down here and pull gallons from us.

Storage is going to be king. If you have need for gallons this fall, your best option is to have those gallons on your place heading into harvest. And of course, we have 1,000-, 2,000-, and 4,000-gallon single- or double-wall tanks available.

SPCC update

Speaking of fuel storage, legislation currently moving through Congress could modify the Spill Prevention, Control and Countermeasure (SPCC) requirements for many farmers and ranchers. The FUELS Act directs the Administrator of the EPA to change the rule to consider a producer's risk when it comes to maintaining costly oil storage facilities. The bill would allow the EPA to create practical exemptions for small farmers and ranchers. We're keeping an eye on the bill's progress.

Harvest is coming early this year, so line up your fuel supplies today. Just give us a call. ▀