

HANLEY FALLS ■ COTTONWOOD ■ TAUNTON

GRANITE FALLS



MINNESOTA FALLS

MONTEVIDEO ■ ECHO ■ MINNEOTA ■ GHENT

# FARMERS COOPERATIVE ELEVATOR CO.

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June, 2009

**Hanley Falls:**  
507-768-3448  
800-626-2510  
**South Elevator:**  
507-768-3602  
**Uptown Elevator:**  
507-768-3484  
**Cottonwood:**  
507-423-6235  
800-423-6230  
**Elevator:**  
507-423-6489  
**Hardware Store:**  
507-423-6231

**Echo:**  
507-925-4126  
**Ghent:**  
507-428-3255  
**Granite Falls:**  
320-564-3834  
**Minneota:**  
507-872-6134  
**Minnesota Falls:**  
320-564-3835  
320-765-4100  
**Montevideo:**  
320-269-6531  
**Taunton:**  
507-872-6161

## From the manager... Keeping your Coop financially sound

What a difference a year makes! One year ago we had \$25 million borrowed from CoBank on our operating line of credit to finance primarily margin



By  
Scott Dubbelde

calls. By July 4 it had grown to \$62 million borrowed.

Year to date 2009, we haven't borrowed a penny yet on our seasonal line of credit and we still have money in the bank.

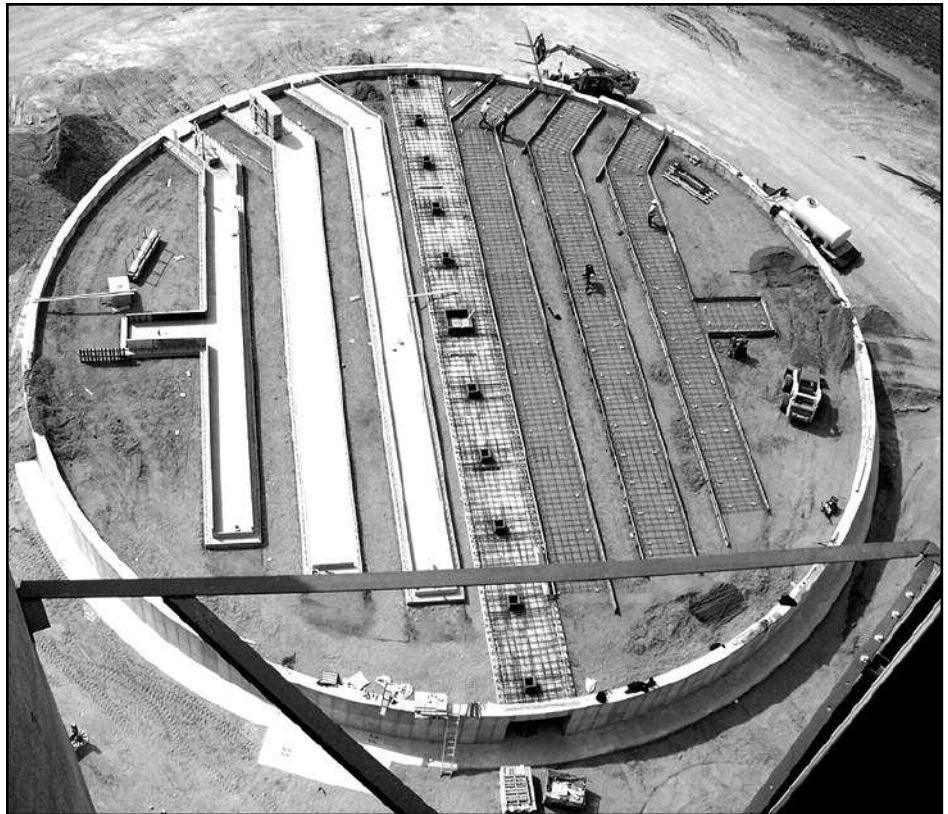
### Grain market responsive

Our goals in 2009 include a "grain department revitalization."

The corn market has changed in much of our territory, especially the Southern half, and we need to be more aggressive and market responsive. This doesn't happen overnight, but I believe that we are heading in the right direction.

You should've received a postcard in early May informing you that we have discontinued The Hedge To Arrive refundable fee. I can't promise you that we'll never reinstate this program but it didn't make sense to us to collect a fee from you when we still had excess funds in the bank.

Like I reported to you at the Annual



## No mystery here

This is NOT a mysterious circle in a corn field; it's the foundation ring of the new one-million-bushel steel bin at Montevideo. Along with the new grain dump pit, this facility will be a great addition to our Monte location. The 36-by-58-foot addition at the Hanley Falls office is well underway, too.

Meeting, we've hired a Grain Merchant, Ben Hedtke, to join our Merchandising Team.

Ben grew up in Barrett, which is near Alexandria, and was working for the CHS System before coming to FCE. Ben has been a great addition to our FCE Team and is bringing new ideas to help revitalize our grain department.

If you have ideas or comments to help this process, please stop in or give us a call. We must not forget that

SCOTT - Continued on Page 3

## CLOSED FRIDAY, JULY 3

ALL FCE LOCATIONS  
WILL BE CLOSED  
FRIDAY, JULY 3,  
IN OBSERVANCE OF  
INDEPENDENCE DAY.

## Order feed early over July 4 week

The profitability of your livestock operation, or the lack of it, has been very concerning to our Feed Department for quite some time now.

We've been trying to assist you and make your feeding program as efficient as possible. Our efforts are also focused on being sensitive to your livestock feeding needs.

We welcome ideas from you, our FCE Owners.

The U.S. livestock industry is a very important user of the grains that are produced and also a very crucial source of protein for the world.

By  
Gene  
Goldenstein  
Feed  
Department  
Manager



I'd like to remind you that we will be closed Friday, July 3, in observance of the Independence Day Holiday. Please order early so we can give you the best service possible for the four-day week. Thanks for your business.

## Low carryout impacts market

One question often asked this time of year is, "Where is the grain market headed?"

The corn market is trading a 1.6-billion-bushel carryout number as of Sept. 1, 2009. Even with 86 million

By  
John Brandts  
Grain  
Merchandiser



acres planted this year and a national average yield of 156 bu/acre, carryout may be down to 1 billion bushels by Sept. 1, 2010.

It appears the market is already trading next year's carryout levels.

The soybean carryout this year may be as low as 100 million bushels. Exports have been very good in part because of a poor South American crop.

Expect tightness in old crop soybeans as evidenced by approximately a \$1.25 inverse in the old crop-new crop futures spread. Nearby bean basis levels will be volatile until we get to new crop.

Besides low carryout levels this year, two other factors are influencing the grain markets.

The strength in crude oil is one factor. As the oil market goes up, the funds have been buying corn futures to maintain their corn/oil ratio of investment.

The other factor is the weakness in the U.S. dollar. The weak dollar has a very positive effect on grain prices.

It appears the markets may move higher but any sign of a curb in demand would have a negative effect on prices.

Another thing to look for is new crop yield estimates. Anything less than trend line yields will have a positive effect on prices.

We wish everyone a safe and enjoyable summer.

## HARDWARE HANK'S June Specials

### STANLEY

Utility knife,  
quick slide.....**\$8.97**  
6 piece  
screwdriver set ..... **\$4.97**  
Powerlock Tape  
1 inch by 25 feet .....**\$11.97**  
Flashlight  
3 in1 tripod ..... **\$29.97**

### ENERGIZER

Flashlight, LED lantern  
of headlight..... **\$11.88**  
Swivel head  
LED flashlight .....**\$19.88**

### DEWALT

HD knee pads.....**\$19.97**  
Apron,  
12-pocket suede .....**\$34.97**  
Tool bag 18-inch  
contractor .....**\$39.97**

### ROUNDUP

Pump & Go  
Weed Killer ..... **\$17.97**  
Weed Killer  
RTU - 30 oz. .... **\$3.97**  
Weed Killer  
RTU 1.1 gal. .... **\$10.97**

### ORTHO

Weed-B-Gon  
max conc.64 oz .....**\$16.97**  
Weed-B-Gon  
max conc. 40 oz .....**\$7.77**  
Dial-N-Spray  
Sprayer .....**\$9.97**

### SOLAR

Rock Spotlight .....**\$9.88**  
Light Set/  
10 pk plastic ..... **\$19.88**  
Light Set/  
4 pk metal ..... **\$14.88**

### GARDEN PRODUCTS

Garden hose  
5/8x50 foot..... **\$12.97**  
Wand trigger nozzle  
8 pattern .....**\$6.19**  
Nozzle front trigger  
with flow control  
or pulsating sprinkler  
with spike base .....**\$7.97**  
Sprinkler, oscillating,  
plastic base..... **\$5.97**  
One gallon  
garden sprayer .....**\$18.97**  
Two gallon  
garden sprayer .....**\$19.97**

# Strong prices should be locked in

These are exciting times at FCE! We have strong commodity prices, new opportunities, new employees, a crop that is looking outstanding in the field, and a safe and successful planting season behind us.

For us grain guys, such conditions equates to lots of pre-selling, hedging, fixing basis on new crop, and/or shipping old crop in on free Price Later. We've seen activity in all these areas, even out to new crop 2010. However, we would always like to see more of these strong prices getting locked in.

For the past few weeks there has been constant talk of when basis on old crop beans is going to break. August soybean futures keep rallying, basis remains steady to strong, and the inverse from August to November indicates the market is in need of soybeans in the front month yet is willing to pay to have more planted in the deferred.

The question is how much more time is there for marginal fields, the soggy ECB, and Northeast North Dakota to plant soybeans? The marginal fields may get planted as will the ECB but with a significant reduction in yield. North Dakota can always seed HRS Wheat in late spring and still gain average yields.

Is it the fundamentals or the funds driving this market? Both.

Old crop corn movement started at \$3.80 or so, then went to \$3.90, then to \$4.00 then \$4.10. I suppose by the time this article hits the newsstands corn will be \$4.40 or more.

However, is \$4.40 beneficial or damaging to our farm economy? Corn growers like it in the short run but it may lead to higher inputs like spring wheat did in February of 2008. Cattle and hog growers have been feeling the strain for too long now. Ethanol margins have dwindled.

Seems the economic concept of equilibrium amongst all these variables is out of balance. Limited supply brings higher prices that eventually curtail demand causing excess supply and so forth.

For both corn and beans keep an eye on their balance sheets, crude oil, the dollar, and rainfall in the weeks that

By  
Ben Hedtke  
*Grain  
Marketing*



follow.

Those of us here at FCE have been ramping up our marketing strategy by getting back to the basics and seeking new opportunities. Our farm calls by phone and in person have been a wealth of information and we will continue them.

Moose, John, and I have been hitting the roads/phones avidly keeping patron-owners informed and up to date with current markets, direct-ship pricing, HTA fee removals, new feed corn pricing, and new employees.

In return we are receiving direct feedback from patrons, which has always been the strongest source for keeping our elevator on the forefront.

With that I would like to extend a thank you to all the warm welcomes I have received from fellow employees and patrons. I look forward to working and getting to know all of you.

The FCE team, both in the grain and the feed division, are second to none and I am proud to be part of such leadership.

A healthy adult takes about  
23,000 breaths a day.

SCOTT - CONTINUED from PAGE 1

FCE and its Employee Team exists to serve you and remember that you, our Patron-Owners, own FCE.

## Construction projects

The Montevideo storage and grain-handling project is running a couple of weeks ahead of schedule. I do wish, however, that there would be a few rain delays to push this schedule back so your crops get watered.

The Hanley Falls office addition is coming along fine.

We'll let you know when we have our schedule for our FCE Customer Appreciation Pork Chop Feeds. It's always fun to get together and socialize with you our Patron/Owners.

**It's A Good Idea  
To Take A Good**

**LOOK**

**At The Grain  
Stored On Your Farm  
Once A Week**

## MEMBER INVESTMENT RATES

The Member Investment Program is available to FCE members, employees and their immediate families.

### 3 Year Term

5% (minimum \$1,000 deposit)

### 2 Year Term

4.5% (minimum \$1,000 deposit)

### 1 Year Term

4% (minimum \$1,000 deposit)

### Demand Account

3% (minimum \$500 deposit)

Contact our Business Office  
507-768-3448 or 800-626-2510  
if you have any questions.

PRSRRT STD  
US POSTAGE  
PAID  
GRANITE FALLS, MN  
Permit No. 58

**Farmers Cooperative**  
**Elevator Company**  
P.O. Box 59  
Hanley Falls, MN 56245

## Uncertainty offers opportunity

Changes in the market place tend to cause much anxiety. Sometimes the fear of the unknown forces us to make marketing decisions. As producers, looking at uncertainty as opportunity will lead to better marketing.

The fear of missing the "high" is changed into knowing that you may miss the high, but that you are still marketing based on knowledge, not fear. It will make you make more informed decisions.

FCE is changing too, which may create more opportunity for our producers. As Scott alludes to in his article, we are ramping up our grain department to help serve you better in price and service. The Montevideo project, zone pricing, 15 percent Free PL Program, and direct ship opportunities are examples of changes we are making.

Our patron-owners should look at these changes as opportunities to utilize their cooperative in better ways, and to let their cooperative help them. Change creates

By  
**Bill Doyscher**  
*Risk  
Manager  
Coordinator*



opportunities and being positioned to take advantage of those opportunities helps us all.

### **Wheat protein sampling**

One change FCE is making this year will involve protein samples for wheat.

In the past, we have used a protein tester at one of our locations to check protein levels. There are always wide variances in protein tests, many times even within a single field.

This year, FCE will sample all wheat for protein as before by taking a sample of each load. However, these samples will be sent to a certified Grain Inspection Company to be sampled. Producers will be charged \$10 per sample, and can choose

to have each sample tested, have a composite of all loads sampled, or a certain field or farm tested.

It is the producer's responsibility to notify the scale attendant of their choice on how many samples they would like to have tested for protein. This must be determined at the time the wheat is dumped. If no decision is made, a single composite sample of all of the producer's wheat will be kept and sampled.

Settlement for wheat will not be made until protein samples have been returned. This typically can take up to a week from the time the sample is sent in, so plan your cash flow needs accordingly. Please call Hanley Falls or your location manager with any questions.

Remember, change can create the opportunity for you and your cooperative to prosper. Look at change in a positive way and be prepared to make good decisions when they present themselves.

Check with Ben, Moose, Ozzie, John, or me for your marketing needs.