

## The Farmers Coop of Hanska

*E-Newsletter*

May 2017

1929-2017

88 Years!



### **FCH Board Members:**

Richard Wellmann  
-President

Randy Aschenbrenner  
-Vice President

Mark Fischer  
-Secretary/Treasurer

Gerald Grathwohl  
-Director

Richard Wurtzberger  
-Director

Brad Portner  
-Director

Matt Suess  
-Director



Spring is a great time of the year in the cooperative business. Looking out the window I see our members delivering grain and our trucks loading it back up to be shipped out, fertilizer tender trucks on their way to the fields, our refined fuel truck leaving town and the FCH feed trucks passing through to make deliveries. Springtime is when all the wheels are in motion as the excitement of a new crop season begins. All we need is some extended dry weather to get the planting season finished off.

I'd like to update you about how your cooperative is doing financially. Through the end of March our local net savings are about \$272,000 ahead of last year. The Grain, Feed and Energy divisions are all performing better than last year. A combination of improved volumes, margins and expense control has helped to drive the improved performance. Agronomy was hampered by wet weather last fall and the window for fertilizer application was very small resulting in significantly reduced volumes. The bright side is that seed sales volume for this spring have surpassed any year in the past five and give us great optimism that we can grow the fertilizer and chemical volume along with it. I am very confident that if the spring agronomy season meets our budget projections and the three other divisions continue their trends we will have made great progress in our road to profitability. The old saying, "you can't walk a mile until you take the first step" applies here. Your cooperative has taken the first step. We have a great team of employees at FCH who are anxious to serve your needs. Thank you for giving them the chance to prove it!!!

I'd like to welcome a new employee, Merlin Maas, who recently joined our grain division and will be serving you through our Burdick elevator. Merlin has over 30 years of experience in the grain business working with producers on marketing and managing grain operations. Merlin will be a member of the operations team at Burdick along with originating grain from members. To contact Merlin you can call the Burdick location at (507) 354-4149. I'd also like wish Andy Miller great success in his new trucking business venture. Andy was a long time employee at FCH and we will miss his enthusiasm and versatility.

I've been attending the various meetings that the Minnesota Department of Transportation has been hosting as plans are being made to upgrade Highway 14 and the bridges through New Ulm. There will be no impact on access to the Burdick elevator this coming harvest season so you should have no concern about delivery to our elevator this fall. The Front Street Bridge is scheduled to come down early in the spring of 2018. From the spring of 2018 until the fall of 2019 the stretch of road on Highway 14 from Front Street to the intersection of Highway 14 and Highway 15 will be closed. You will be able access the Burdick elevator from the North by coming down Fort road or turning off Highway 15 onto Highway 14 East to county 37 then take Valley Street back to the Burdick elevator. In the spring of 2019 the intersection of Highway 14 and 15 will be closed and the detour from the North will take you east to county road 12 then down to Courtland and then take Highway 14 West

back into New Ulm. Or, you can still take the Fort Road in from the North. That is what we know so far and all this could change once the bids are let or weather causes delays. We will try to keep you informed or you can go to the MNDOT website for progress reports on the Highway 14 project.



## ACCUMULATOR CONTRACTS

The Accumulator contract must be done in 5000 bushel increments. This contract cost .01/bushel to do. How this contract works is that at the time of sign up you agree to sell your allotment of bushels over a designated period of time for a Guaranteed Futures Price as long as that Futures Price doesn't close below your Barrier Price Level. If at any time the Futures Price of the futures month you have chosen closes at or below the Barrier Price the contract is over. What is priced is priced and what is unpriced is unpriced. If at the end of the contract the futures month closes above the Guaranteed Price and a Barrier Price event didn't take place the producer would then be obligated to another contract quantity at the Guaranteed Futures Price less basis. I have included a sample of one below.

Guaranteed Futures Price	10.74	START DATE	1/13/2017
Barrier Price Level	9.3	END DATE	10/27/2017
COST	0.01	WEEKS	42
Total Cost	\$300.00	BUSHELs	30000
Weekly Bu. Priced	714.286	BASIS	0

Pricing Date: Friday	Futures month SX17	Guaranteed Futures Price	BUSHELs
1/13/2017	10.185	10.74	714.29
1/20/2017	10.2875	10.74	714.29
1/27/2017	10.2525	10.74	714.29
2/3/2017	10.0975	10.74	714.29
2/10/2017	10.3	10.74	714.29
2/17/2017	10.1825	10.74	714.29
2/24/2017	10.07	10.74	714.29
3/3/2017	10.22	10.74	714.29
3/10/2017	9.9975	10.74	714.29
3/17/2017	9.935	10.74	714.29
3/24/2017	9.77	10.74	714.29
3/31/2017	9.54	10.74	714.29
7-Apr	9.495	10.74	714.29
14-Apr	9.6175	10.74	714.29
21-Apr	9.595	10.74	714.29

This contract is set up for soybeans with a Guaranteed Futures Price of \$10.74 the November 2017 futures and a Barrier Price of \$9.30. The contract cost \$300.00 to do. The Start date is 1/13/2017 with an end Date of 10/27/2017. It will price 30,000 bushels over 42 weeks for a weekly amount of 714.286. As you can see from the chart above each week the Guaranteed Futures month has remained above the Barrier Price so we were able to get our weekly allotment priced at \$10.74 November 2017 Futures. So far on this contract you would have 10,714.35 bushels priced @ \$10.74 November 2017 Futures. The average November Futures price during this time period was \$9.97.

Here are some of the risk with this contract.

1. You could get doubled up if the contract closes above the Guaranteed Futures Price.
2. If the futures price drops below your Barrier Level you could get knocked out and all your bushels won't get priced.
3. If during the pricing period if the futures price goes above the guaranteed price you would be making weekly sales at a lower futures price.

If you are interested in this type of contract please feel free to give Scott a call @ 507-345-4103. These values change daily and these contracts need to be done during day trading hours.



As I write this, the temperature is 36 degrees and fieldwork is at a standstill. We have had a slow start to the planting season. Mother nature has not been very kind to us so far, but looking at the forecast I am hopeful that by the middle of next week (1<sup>st</sup> week of May) things will turn around and we can get the crop in the ground.

Fertilizer supplies are not a problem this year. The opening of the new CF nitrogen plant in Sioux City I believe has helped to take some of the pressure off that market, and P&K supplies are in very good shape. We have gotten very timely deliveries and will go into this next push with a full building.

For those of you that are planning on using one of the new Dicamba formulations on soybeans this year, remember that they all come with a long list of do's and don'ts, so make sure to follow the directions. All the companies are going to be real sticklers about following label directions. Also remember that they all recommend using a pre-emerge herbicide ahead of these products. Have a safe and productive planting and growing season!!!!



The Energy Department has decided to offer 91 octane gasoline at Ampride Store in Hanska. With that being said, I will also offer it for farm delivery as well. Just call us and we get a delivery to Ampride I will also put requested gallons on the fuel truck to deliver to farm tanks.

Propane Summer Fill will start June 5<sup>th</sup>. If you are a schedule full customer you will be automatically be filled.

A big thank you from the Energy Department for your continued business!

## Stronger Together

Here in rural America, there are three things that never change. The land, the commitment of the families that farm it, and the loyalty of the local cooperative, which provides the inputs, markets and information farmers and ranchers need to stay profitable. As part of a bigger system that can handle the logistics of global markets, The Farmers Coop of Hanska can tie your farm operation to buyers and sellers far beyond the county line. It also helps to represent your interests in shaping state, local and national policy.

As a member-owner of our local co-op, you have a say in how it operates, who runs it, and the local communities it supports. You also share in its success through patronage dividends based on earnings from the products you buy, the grain you sell and the services you use. That's money that stays in our local community, and helps us all thrive.

Being local, our co-op knows you, your land, and what it takes to make your operation successful. We approach your business like a partner who has your best interests in mind. So in

addition to providing quality inputs, we offer the risk management, agronomic and other services your operation needs.

As technologies change, it's the next generations of farmers who face the challenge of staying current. By staying on the forefront of emerging technologies, we help young producers stay relevant while forming relationships that last a lifetime. Access to modern information helps younger farmers remain in the community and raises the bar for all members.

When you're a member of The Farmers Coop of Hanska, everyone wins. You gain a valuable local resource, the co-op grows stronger, and the community in which we live gains a strong economic anchor that helps fund local initiatives and allows the community to thrive. Wherever you find successful farming operations and strong local communities, you'll find a local cooperative that helped them grow.

Farming has always been about working together. Without each other, growing becomes more difficult. That's why we continue to work as a team, every day. Together we grow stronger.

We have several customers with hog finishing sites that are available, if you would like more information on these please call 1-800-216-0742 and ask for Brian Storm or John Schmidt.

