

Farmers Co-op of Hanska

Proud to be Farmer-Owned

Fall 2018
1929-2018
89 Years



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-Vice President

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-Director

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-Director

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-Director

Matt Suess
-Director



Jerry Svoboda

Fall Harvest

Another fall harvest is in the books and marks the end of a growing season we'd like to forget. Too much water delayed planting, timely crop spraying, wind and wet harvest conditions negatively affected yields which naturally affects the volumes grain businesses can expect to handle in the coming year. Like most of our neighbors we don't have any corn on the ground as we were able to get it all under roof. I'm really proud of our team for the efficient way they handled the harvest rush. I received good comments from our customers appreciating the service our employees gave them. The new grain bin in Hanska was completed just in time to fill with corn. They even opened up the old wood house to move the soybean lines a little faster and stayed open later at times to help out our customers. We have many employees who truly care about the customers they serve and we want to thank them for their dedication.

Looking forward, the disappointing corn yields will affect your coop not only in lower grain volumes but also reduced corn drying revenues and propane sales for corn dryers. The feed business has been strong and we see more opportunities in the future. There always seems to be a demand for hog barns and our team is active in networking pig owners with barn owners. There is also continued opportunities to build new barns. Energy division had a good year and other than the reduction of propane sales due to less corn drying we should continue to grow. The agronomy division is now staffed with excellent employees who worked hard during the shortened application window this year. They will be ready to finish next spring what didn't get done this fall. With some luck, by the time you read this we will get our Indian summer to see fields fit enough to work and finish up the fall application! Ben Willis has joined your coop as our agronomy salesman. He has been out visiting with producers and is anxious for the opportunity to help you with all your agronomic needs.

Annual Meeting

All members should soon be seeing an invitation to your 90th annual meeting of the Farmers Co-op in Hanska. It will be held on December 13th at Turner Hall in New Ulm. A review of the 2018 financials and operations will be presented along with the election of two board seats for the "at large" and the "Northeast" area. If a member is interested in running for a board seat feel free to contact me and I'll get you in touch with a nominating committee member. We have had great attendance in the past and hope to see you again this year.

Jerry Svoboda - General Manager

ENERGY



Brian Stueber

Fuel tank maintenance becomes very important when using ultra-low sulfur diesel mixed with biodiesel. Moisture in your fuel tanks can start corrosion and microbial growth. The shelf life of ultra-low sulfur diesel is much shorter than high sulfur diesel fuel used in the past, so changing fuel filters on your storage tanks, having fresh fuel, and less storage time will help reduce these problems. Watch prices during up coming months.

Markets generally soften during December and January for your 2019 diesel usage. Contract by calling Jen at 507- 439-6015

Minnesota Biodiesel B-20 mandate important dates:

April 1, 2018 – April 30, 2018

10% bio mandate

May 1, 2018 – September 30, 2018

20% bio mandate

October 1, 2018 – March 31, 2019

5% bio mandate

#1 fuel is exempt from bio mandate

Propane:

November 26, 2018 FCH will start our keep full program. This allows us to keep an eye on your propane tank levels. Remember to call when you are around 20% to schedule a delivery. Please keep a path shoveled to tank so Dallas can get to them to deliver.

If you have a dual energy source furnace (heating with electricity, wood, or if running on propane) you will have to keep an eye on your tanks.

The Energy Department also wants to thank you for your continued business and appreciates it.

Call 507.439.6015 for all your energy needs!

Happy Holidays!

Thank you from:

Brian Stueber – Energy Manager

507-276-1007

Dallas Larson - Delivery and Installation

507-240-2300

Jen Brandel - Energy Assistant

(507) 439-6015

AGRONOMY



Bill Meyer

Dicamba Registration extended for 2 additional years.

As many of you have probably already heard, the EPA has extended Dicamba registration for 2 years, until December 20, 2020. Here are the main points that are included in this registration.

- 1 – Two year registration (until December 20, 2020)
 - 2 – Only certified applicators may apply dicamba over the top (those working under the supervision of a certified applicator may no longer make applications)
 - 3 – Prohibit over the top application of dicamba on soybeans 45 days after planting
 - 4 – Applications will be allowed only from 1 hour after sunrise to 2 hours before sunset
 - 5 – In counties where endangered species may exist, the downwind buffer will remain at 110 feet, and there will be a new 57 foot buffer around the other sides of the field (the 110 foot downwind buffer applies to all applications, not just in counties where endangered species may exist)
 - 6 – Clarify training period for 2019 and beyond, ensuring consistency across all three products
 - 7 – Enhanced tank clean-out instructions for the entire system
 - 8 – Enhanced label to improve applicator awareness on the impact of low PH's on the potential volatility of dicamba
 - 9 – Label clean up and consistency to improve compliance and enforceability
- What does this mean for Minnesota? State regulations have not been announced for the 2019 season. I don't think

that we will see a change in the June 20th deadline and the daily temperature restrictions. There could be other things added to this list, we will have to wait and see what the State comes up with.

With all the issues with getting crops sprayed this year, it is going to be imperative, especially on soybeans, that we do what we can to get a pre herbicide applied next year. Giant ragweed unfortunately took over a number of fields this year and the weed pressure is going to be immense. I know that these products are expensive, but looking back at the hit that we took in some fields, how can we not afford to hit back hard.

Ben Willis is our new agronomist. He has been out in the country meeting customers and getting acquainted. Ben is a Hanska native and worked here for the Co-op about 10 years ago. We are very pleased to have him back here and think that he will be an excellent addition to the agronomy department.

We have added Renk seed to our lineup. They have a number of excellent products in their portfolio and they will be a great addition to our seed offerings.

Prepay pricing will be ready by the week of December 17th. If you need any pricing before that just give me a call and I will help you as best that I can.

We thank you for your business this past year and look forward to a productive 2019 season!!!!

Bill Meyer – Agronomy Manager
(507) 439-6244 Ext. 4

Ben Willis - Sales (630) 816-2709

Jake Blake, Leon Yarger, Andrew Havemeier - Operations

FEED



John Schmidt

Feed business at the Farmers Co-op of Hanska has been brisk! Tonnages year to date are ahead of last year's pace at all feed locations with more new business likely. We continue to reach out for new and existing feedlots at the request of some of our feeding partners. If you know of good feedlots open or expect to be open in the future please call Brian Storm, Steve Enderle or John Schmidt. A major topic of discussion among livestock feeders is managing feed costs in the face of lackluster livestock markets. Opportunities have been available to forward contract soybean meal and, to a lesser extent corn, below last year's prices. Prudent use of byproduct feedstuffs can also reduce our reliance on corn and SBM. Amino acid prices look to have bottomed out and in the case of lysine and threonine bounced off of market lows. Vitamin prices have stabilized.

The recent outbreak of African Swine Fever (ASF) in China has set off a flurry of questions concerning the spread of this disease in swine. ASF outbreaks have occurred in Eastern and Western Europe and South America. This is the first time ASF has been reported in Asia. ASF is spread by direct contact with sick pigs or pig secretions and ticks. Indirect infections can occur through

contact with contaminated vehicles, premises, equipment or other objects. ASF does not infect humans. While feed and feed ingredients are not the most likely sources of disease transmission, they are a documented vector for disease (Kansas State University). If ingredients are sourced from countries with foreign animal disease (FAD) it is important to know which ingredients are considered at risk and what mitigation procedures are used to reduce that risk.

Corn quality delivered to our feed locations has been very good this fall. Crude protein is running a little lower than average, but energy (starch) is higher than average. Not surprisingly, mycotoxin monitoring has revealed a low level of vomitoxin. Levels recorded to date are under the concern level, but high enough to remind us to be diligent in monitoring corn quality.

John Schmidt - Manager

Brian Storm - Operations

Cindy Hering - Accounting

Casey Walters, Jim Schultz, Devyn Tierney,

Grant Romberg - Feed Mill Operations

Michael Wagner, Liz Kietzer, Brad Fitzner, Brian Kloos, Chad Petersen, Loren Bruns, Dale Bartlett, Troy Youngerberg, Jeff Dahn, Mike Unzeitig - Delivery Trucks



Jim Johnson

As I write this in early November we are still trying to finish getting the crop out of the field. To say this year was a challenge is a gross understatement. Bean yields have been OK to good. But apparently Mother Nature was tough on corn. We are hearing of reduced yields throughout our trade territory. Many bunkers remain empty throughout southern Minnesota.

And along with yield issues, grain markets have been less than stellar. In fact, downright poor.

OK, enough of the downside. What can you do now and in the near future? First of all, get your crop insurance squared away for this year with a keen eye on what you might do different to protect your business in the future. By virtue of insuring "revenue per acre", Federal Crop Insurance is a very good deal. As with house or car insurance, you don't insure to "make money" from the insurance. The goal of the insurance is to get you back to where you were before the loss. In the case of farming, to farm another year.

One of the goals of the "Freedom to Farm" farm bill in 1995, besides Revenue Insurance, was to encourage producers to try and forward contract a portion of their crop to help protect against typically poor harvest prices. That was one of the reasons for the crop insurance, to help protect against a crop loss in order to cover any shortfall on forward contracting. I am not advocating that you market a full average crop. But to do nothing until you have it in the bin or on the scale doesn't seem to be a great strategy either. Almost every forward contract the last few years has been better than cash at harvest. Hmmm

So, as I said above, "What can you do now"? Now is the time you can look at markets and start setting some targets to price. First you tell me you will do that when we get to \$5.00 corn. How has that worked for you the last few years?

You have to set some realistic targets that the market might give you, and start pricing at some point. OK, specifically, I would start looking real hard at +\$4.00 Dec 19 corn futures. \$4.10? \$4.20? That's a sale in my book. How much? My first sale is 5 to maybe 10% of an average crop. And when I make that sale I am rooting for the market to KEEP GOING UP.

In fact, unless you are quitting farming today, you want the market to go up after EVERY sale. Because even if you sell out of the crop you have, you can forward market two to three years on the CBOT. Why would you not want to lock in a "profit" on future crops? Again, I am NOT saying you forward contract every bushel, but what percent are you comfortable with? Maybe use the bills you know you will have to pay each year as a benchmark for sales.

OK, as I write this, soybeans are in the dumps. But I still advocate that you set some targets and start marketing when you get there. November 19 bean futures were at \$9.30 this morning. With a \$1.00 basis, that would put you at \$8.30 out of the field. If that is your worst sale, would that be all bad? Today we are paying just under \$8.00 cash. Oh, and what if that sale is your best sale next year...?

Now, for the values I have given you, I am using information and markets that I know today. If things change; a drought in Brazil, Tariffs go away, huge corn acres in the US next year, another 9.11 incident – adjust your targets. You

can't sit and watch markets continually, but I would review my targets at least twice a month. I like using the 10th and the 25th.

What if you don't hit your targets? I would include sale dates in my plan. By that I mean I would make a sale by whatever date if the target has not been reached. I recommend using March, April, May, and maybe through June as good times to price. In fact, on your perfect day for planting, when that is all you want to do, I would suggest you take a minute to look at what the market is doing, and maybe...

I have talked mostly about New Crop 19. What do you do with the crop in the bin? You follow the same "plan", but probably have to be more aggressive. You have to be more realistic with values and your hand will be forced as bills come due. In short, you are not in the greatest position. And the market knows that. How do you prevent being in that spot? Hmmm... Maybe more forward marketing may have helped...

With these poor markets, how can you pick up some extra cents? We have some Conditional Bonus contracts that can add some cents to these old crop sales. We are adding 10 to 15 cents on corn and 18 to 30 cents on bean sales. Let us show you how they work.

To perhaps help give you more courage to start New Crop marketing, we have some products that can "bump" current prices. This morning Dec 19 corn was trading at \$4.04. I said above I would consider marketing at \$4.00. With our Accumulator contract you could have gotten priced at \$4.27. How many bushels in the last three years have you locked in Futures better than that? Would \$4.27 Futures be that big of a mistake?

November 19 soybeans were trading at \$9.30, a value I would consider making a sale. With an Accumulator contract we could have gotten you \$9.90 Nov 19 Futures. Again, that is almost \$9.00 off the combine.

With both corn and beans, you could roll these contracts to capture any carries and probably get a better basis. I think \$4.00 corn and \$9.50 beans would be very doable with the values I have shown you. There are "bells and whistles" with these contracts. Let us explain them to you.

What's the market going to do? We are in a South American weather market. We only see that as it plays out. I have heard everything is going well so far.

World wide there have been issues with wheat production. World carry outs have been declining. Wheat can substitute for corn. Less likely when wheat is "short". There is an old saying that wheat always leads a corn bull market...

US corn supply is also down from the last few years. Obviously any South American issues or US planting issues will affect this market. But so will "too many" US planted acres.

US soybean carry out is huge. World stocks are "adequate". Are you going to plant more beans next year than this year? Again, South American weather and then our spring planting weather. And, of course, what happens with tariffs? A "tweet" moved the market 30 cents the other day. Who would have thunk???

I have been told many times by many farmers that marketing is the toughest thing they do. Maybe we can help. Or at least help you think through your market plan. Karen and I would be glad to discuss any or all of what I have written.

Farmers Co-op of Hanska
103 E. 1st St.
Hanska, MN 56041

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AGRONOMY SALES



Ben Willis

Renk means Results

We are excited to announce the addition of Renk Seed to our 2019 lineup. We decided to choose Renk for their top quality products and excellent customer service. Renk is a family owned company that shares the same values we believe in at the FCH. The seed lineup gives our growers additional option to make sure

we get the best hybrid placement possible in their fields with competitive pricing. With the addition of Renks corn, corn silage, soybeans, and alfalfa, we also carry Croplan, Stine, and Federal Hybrids.

It has been a very warm welcome coming back to my hometown and working for the business where I started my career in agriculture. I look forward to providing you with the best possible customer service throughout the growing season. Call me anytime @ 630.816.2709.

Ben Willis – Agronomy Sales (630) 816-2709

CONVENIENCE STORE



Jeanne Willis

November Diamond rewards perks include 69cent cookies and 2 pints of milk for \$2.00. December Specials include \$1.99 slices of pizza, and \$2.99 wings. Every Wednesday come in and grab a cup of chili! Don't forget as always, your rewards card earns you an extra 5cents off per gallon of gas!

Holiday Hours:

Thanksgiving – Closed
Christmas Eve – Closing at 3pm
Christmas Day – Closed
New Year's Eve – Closing at 3pm
New Year's Day – Closed.

Jeanne Willis - C-Store Manager - (507) 439-6019