

GRANITE FALLS	HANLEY FALLS ■ COTTONWOOD ■ TAUNTON	MINNESOTA FALLS	F C E	farmers Cooperative Elevator Co.	FARMERS COOPERATIVE ELEVATOR CO.	Hanley Falls: 507-768-3448 800-626-2510 South Elevator: 507-768-3602 Uptown Elevator: 507-768-3484 Cottonwood: 507-423-5412 Feed Mill: 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
	MONTEVIDEO ■ ECHO ■ MINNEOTA ■ GHENT					P.O. BOX 59, Hanley Falls, MN 56245 P.O. BOX 108, Cottonwood, MN 56229 E-Mail: fce@mvtvwireless.com Web Site: www.farmerscoopelevator.com	August, 2008

**From the Manager
Higher costs
require more
money to operate**

By SCOTT DUBBELDE

It has been an interesting summer to be involved in agriculture.



By
Scott Dubbelde

Depending whether you have crops to sell or feed inputs to buy, determines your desirable grain price levels. Thank goodness many years ago hedging was invented for the grain system. Hedging protects FCE from big market swings, up or down, and allows us to buy grain no matter what the current price or futures markets are.

All grain contracted to be delivered to FCE is up to date. Our Patron/Owners have an excellent track record regarding deliveries.

This is very important to a healthy grain system.

There have been articles written concerning the volatile markets and how they have affected agriculture. The farming and grain systems will show higher interest costs for this past year, but that's no surprise.

Buying \$5-7 corn, \$12-16 soybeans, \$300-400 per ton soybean meal and then add \$4-5 per gallon diesel fuel and \$500-1,000 per ton fertilizer just plain takes more money to operate.

A farming, feeding, or elevator oper-

Annual Customer Appreciation Pork Chop Feeds

4:30 to 7:30 p.m.

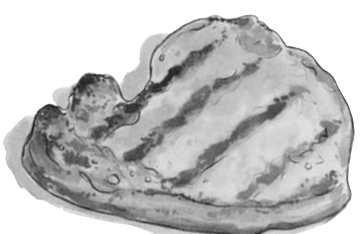
Monday, Aug. 11
At the Cottonwood Community Center

Tuesday, Aug. 12
At the Sportsmen's Club in Minneota

Wednesday, Aug. 13
At the Montevideo Armory

Thursday, Aug. 14
At Granite Falls Memorial Park

All patrons are invited
to attend one of these events.



ation requires a large amount of operating capital.

Just a reminder that our Free Price Later Program ends Aug. 31. We will send out another newsletter in a month outlining our Harvest Policies and Programs.

Hope to see you and your family at

one of our Customer Appreciation Pork Chop Suppers. It's a great time to socialize with FCE Employees, Directors, and your neighbors and friends.

FCE grows to meet your harvest needs

Your cooperative is gearing up each year to handle the harvest volume of grain.

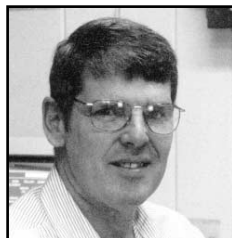
Two years ago, a 10,000-bushel-per-hour dryer was installed at Hanley Falls and a 3.2-million-bushel bunker was added at Minnesota Falls.

Last year, a 4-million-bushel storage shed was built at the Hanley Falls terminal.

This year, a bunker is being added at Montevideo.

Cars have been ordered to ship wheat and shuttles are also on order to move soybeans at harvest. With the improvements in place plus rail cars on order, your cooperative should be ready for harvest.

By
John Brandts
Grain
Merchandiser



Your cooperative will do its best to handle your harvest needs.

Market Opportunities

Everyone is aware the grain markets have been very volatile.

During July, the corn and soybean markets both dropped more than \$2 a bushel. This volatility will likely continue. With this type of market comes more risk

- but also more opportunities.

Whether forward contracting, selling a hedge-to-arrive or using new innovative contracts, FCE has the marketing program to help you take advantage of this type of market.

Price Later

Your cooperative is currently taking free Price Later corn and beans on a no-charge basis until Aug. 31 at all of our locations, including the Granite Falls Ethanol Plant.

A service charge will be assessed on Price Later grain not sold by Aug. 31.

New load-outs working beyond expectations

The new load-outs are complete and in full use. The efficiency of the new load outs has been better than we expected.

With the addition of the extra delivery trucks earlier we are able to deliver a full day of production in an average of 10 hours per day, 5 days per week. Thanks to our customers for ordering early. This helps our production team plan the day and also helps our efficiency, which benefits everyone.

New at FCE

Our FCE Feed Team has hired a new feed sales representative.

Micah Rupp joined our Team in May. Micah graduated from South Dakota State University in April with an animal science degree. Micah grew up on a livestock and grain farm in the Westbrook area and will be working with all species of livestock.

By
Gene
Goldenstein
Feed
Department
Manager



Reduce feed loss

Pork producers are facing a period of rapidly-increasing feed and production costs. One area of your operation to look at to reduce feed loss is your feeders.

Repair or replace broken feeders. Broken or damaged feeders can result in excess costs due to feed wastage or inadequate feed provisions for the pigs resulting in poor performance.

Consider replacing older or inefficient feeders with well-designed, efficient feeders that minimize feed wastage and promote maximum performance.

Adjust feeders to reduce waste. Adjusting feeders to reduce feed wastage should be a routine practice. Minor adjustments of feed bins and transport systems can also result in big savings. Kansas State University recommends the following steps for proper feeder adjustment:

- Close feeder completely after cleaning before putting any feed in the feeder.
- Open feeder just enough to start small feed flow.
- Shake feeder to increase amount of pellets or meal in pan (to cover 1/3 of pan).
- Clean corners daily instead of increasing feeder adjustment to increase feed flow.
- Prevent moisture damage and spoilage in feed systems and storage.
- Eliminate all rodents, birds and other pests.

Take your profit when it's offered by the market

The futures market's job is to find "fair value" of the commodities we grow and trade. "Fair Value" is sometimes misunderstood.

"Fair Value" does not have to mean what we need to get to make a profit. It does not have to mean what our product is worth to the world. It does not even have to mean what our neighbor gets.

What the futures market needs to do is find out, "What price will someone pay for my commodity, or what price won't they pay?" Ultimately that price is determined by the last person to use the commodity. Then you have to take out transportation, handling fees, and margins. This is the price that finally ends up in the producer's pocketbook.

For some time now, index funds have been forcing the market to struggle with

By
Bill Doyscher
Risk
Manager
Coordinator



its job. Was the fair value of corn really \$7 or soybeans \$15, or even \$20 for spring wheat? Most likely not, but the market's job was to see how high it could go before someone refused to pay that much.

The index fund has exaggerated that type of a scenario because they hold a large position. Now that the index fund, (and other funds) have been getting some attention, they have scaled back some of their positions. If they continue

trimming their positions, we can very well end up too low for what would be considered "fair value"

The Commodities Futures Trading Commission (CFTC) has been putting pressure on the unregulated funds in the market. By slowly doing this, and not making sweeping changes in policy, they are effectively and efficiently moving the funds to a much more manageable position. If there were to be massive changes in the way the CFTC regulates the index fund, we would have serious problems in the market.

Prices would most likely be forced much lower than necessary to allow the funds to exit the market. Keep an eye out for the legislation being passed around Washington, D.C., and its potential affect on the market. If the government mandates controls in the amount of speculative money in crude oil, the spillover into grain will be obvious.

With all the talk of index funds, government intervention, margin calls, and "fair value," it is best to really simplify your marketing strategies. Trying to capture up or down moves in the market with futures or options is expensive and nerve racking. If ever in your career there was a time to take what the market is offering at profitable levels, now is the time.

Waiting for \$8 corn or \$20 soybeans "costs" too much in the end. Not selling at profitable levels, good levels, is just not good business. It is best not to plan early retirement on prices that don't get reached. Instead, stay the course and make the proper decisions based on profitability.

Lock it in, put it away, and don't look back. We can help you keep a steady hand and work on marketing together. Call us if you need help working up a simply marketing plan.

We are here to serve our cooperative members.

***This information is taken from sources which we believe are reliable, but is not guaranteed. This info is sent to you for information purposes only. There is a risk of loss when trading commodity futures & options, and is not suitable for everyone ***

HARDWARE HANK'S August Specials

S.C. JOHNSON

RAID

House & Garden

Spray Wasp &

Hornet Spray or

Flying Insect Killer **\$3.37**

Yellow Jacket trap **\$6.37**

GE LIGHTING

CFL bulbs 60W-100W

Regular or daylight **\$2.97**

CAULKING GUN

Ratchet type **\$3.99**

DAP

Silicone sealant

White or clear. **\$3.49**

Caulk cap

finishing tool **\$1.99**

SIMPLE GREEN

Regular or

lemon cleaner **\$4.99**

1-gallon cleaner **\$9.99**

SHOP TOWELS

55-sheet roll **\$1.88**

SHOP VAC

10-gallon, 4 hsp

Ultra Plus **\$69.99**

Reusable

dry filter **\$4.99**

Foam filter

sleeve **\$4.99**

Cartridge filter **\$10.99**

Permit No. 58
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Farmers Cooperative
Elevator Company
P.O. Box 59
Hanley Falls, MN 56245

Time to consider seed needs for next spring

Another growing season is coming to an end. It's time to be thinking about seed for next spring.

There are a lot of programs being offered. Take a very close look at them before you sign up for one you'll later regret.

Croplan will have eight new VT3 corn hybrids for this coming year. Some will be winter production and some are growing in the United States. Here are some of the new VT3 corn hybrids:

3241VT3 - 91 day.
3362VT3 - 94 day.
3514VT3 - 94 day.
3810RHXT - 98 day.
4015VT3 - 98 day.
4338VT# - 100 day.
4924VT3 - 104 day.

New soybean offerings include:

RC1400 blend.
RC1718.
RC2100.
RC2257.
RC2350 blend.

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New offerings in Vistive soybeans include RC2177VC, RC2280V blend and RC2428V.

Noncyst new offerings include RT1188, RT1692 and RT1968.

If you're interested in ordering any of these, do so early before the seed sells out.

Plot Tour

Croplan Genetics will conduct "Grower Plot Days" at the Marshall Answer Plant Sept. 3.

The FCE plot tour will be later and we'll send out postcards to let you know the date.

The plots are identical to last year's at the Allen Stengel and Bill Sharkey farms. We've been placing seed signs all over. Stop and take a look at some of the varieties that you aren't familiar with.

There will be seed programs and promotions sometime in September for you to consider. Seed tender and seed equipment programs are also available. Contact me.

Wheat harvest is fast approaching. Let us know how your fields produce. By doing this, we can order early to get the best prices.

Do not hesitate to contact me with any questions or concerns. Have a safe harvest.

