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From the Manager New drying rate reflects increased energy costs

Once again we're sending you our Pre-Harvest Newsletter to inform our patrons of the latest happenings at Farmers Cooperative Elevator and

By
Scott Dubbelde



communicate to you our 2008 Harvest Policies. These are published inside this edition.

We've already mailed you a letter explaining the charges that were accrued when our Free Price Later Corn and Soybean Program ended on Aug. 31. I also explained why our monthly storage charges increased to 4 cents per bushel per month.

Our 2008 New Crop Storage and Drying Policies are very similar to last year.

If you want a warehouse receipt on soybeans, the document fee will be 10 cents. Price Later Corn, Soybeans and warehouse receipt corn document fees will be 5 cents.

Our drying charge will be 7 cents per point, which reflects the dramatic increase in energy costs.

We will put open grain onto contracts and documents every Friday. A schedule is in this newsletter for your information.

All other policies remain the same. These policies, however, are subject to change as the market dictates.

Drying and storage rates change

Two years ago your cooperative installed a 10,000-bushel-per-hour dryer. Last year, the four-million-bushel storage shed was added.

With this year's corn crop expected to be wetter and the market having gone down from this summer's high, these additions should allow your cooperative to dry and store your grain until the market improves.

Drying and storage rates have changed.

This year, the drying charge will be 7 cents per point of moisture removed. Shrink remains at 1 1/2 percent per point.

Shrink and drying will be charged down to 15 percent for cash and contact corn, 14 percent for Price Later and Grain Bank corn and 13 percent for warehouse receipt.

The service charge will be 4 cents a month for Price Later with a document fee of 5 cents a bushel.

Corn and beans handled this fall will

By
John Brandts
Grain
Merchandiser



be put on open assembly until the Friday of the week following delivery. This gives everyone 5 to 12 days to decide.

Also, corn will be shrunk to 15 percent upon delivery. If not sold or applied on contract during this 5- to 12-day period, the corn will be re-shrunk to 14 percent for Price Later and Grain Bank or 13 percent for warehouse receipt.

These policies are the same as last year with the exception of drying charges and storage rates.

We wish everyone a safe and enjoyable harvest season.

Monte shed is history

By the time you receive this newsletter, the Montevideo grain shed should be well into the demolition process. The windstorm that damaged many grain bins, crops and other facilities also totaled our shed at the Montevideo location.

We have a 15,000 - to 20,000-bushel-per-hour conveyor with a drive-over hopper leased so we can pile corn on the shed's asphalt pad and serve our Monte patron/owners. This should work fine for this harvest.

The Board and Management have not determined what type of facility to

rebuild at Monte. Our first priority was to come up with a good harvest plan.

We'll keep you posted as decisions are made.

The yields from our territory's crops will be all over the board. Hail, wind, drought, down-outs and who knows what has impacted your crops. These factors are out of your control.

What is in your control is to have a safe fall harvest season.

HARDWARE HANK'S September Specials

KIDDE

Smoke alarm, dual sensor.	\$19.88
Fire extinguisher 10BC	\$16.88
CO alarm battery backup	\$39.88
Smoke alarm battery backup	\$4.97
CO alarm battery backup OP	\$24.88
Auto fire extinguisher	\$10.97

GE LIGHTING

4-pack soft white bulbs 40, 60, 75, 100W	\$1.00
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MOUSE CONTROL

Mouse trap metal pedal or EZSET 2 pack	79¢
D-CON	
Mouse Killer	\$1.25
Rat & Mouse Killer Pellets or RTU Mix 12 ounces	\$4.97
Mouse glue trap 2 pack	\$1.27

CHANGING SEASON

WJ DENNIS window kits starting at	\$1.97
Window & door foam 12 ounce or Big Gap filler	\$4.97
Fill & Seal foam 12 ounce	\$3.47
Gaps & Cracks min exp 12 ounce	\$3.97

**The only rose without thorns
is friendship.**

Order early to assure seed

It was an interesting growing season. First it snowed on some of the early planted corn. Then it dried off. Next was mud. Then came the bugs and hail.

Each challenge stressed the crop, giving growers a good idea how the varieties they planted handled the elements. By evaluating your yields, you can determine what worked, and what didn't.

There is a large selection of new corn numbers and soybean varieties from which to select. However, some supplies are short. To guarantee that you get the seed you want, order early.

Croplan Genetics will have a 24+ corn offer on Triple Stack. Farmers who purchase more than 24 bags will get a discount on up to 120 units.

Croplan Genetics will have zinc treatment and Cruiser on seed corn at no charge. This will be available mainly in these numbers, which are limited. These include 3424 VT3 (94 day), 3514 VT3 (95 day) and 4338 VT3 (100 day).

We do have several varieties that are processor-preferred for ethanol. If and when there is a premium, you will be covered.

By
Steve Fry
Seed Team
Leader



In the soybean area, new varieties include RC 2068, RC 2257 and RC 1718.

Another new one to keep in mind is RC 1400 Blend (half RC1320, half RC 1516). This new blend should prove to be good in iron chlorosis ground. There will also be a limited amount of RC 1799. This is one for the really hot iron chlorosis ground.

We will have a limited amount of Round Up Ready to Yield soybean for the 2009 growing season. We will treat your soybeans for spring planting, if you desire. Mustang corn and soybeans are available. Mustang also has Triple Stack.

In wheat, we locked in a little supply of Mercury for spring 2009 on a first come, first served basis. If you want a different variety than Mercury, let me know.

GRAIN SETTLEMENT POLICY

Our Grain Settlement Policy is illustrated on the following chart:

Grain Delivered	Storage starts at 5 p.m. on:
Sept. 1 - 7	Sept. 12
Sept. 8 - 14	Sept. 19
Sept. 15 - 21	Sept. 26
Sept. 22 - 28	Oct. 3
Sept. 29 - Oct. 5	Oct. 10
Oct. 6 - 12	Oct. 17
Oct. 13 - 19	Oct. 24
Oct. 20 - 26	Oct. 31
Oct. 27 - Nov. 2	Nov. 7
Nov. 3 - 9	Nov. 14
Nov. 10- 16	Nov. 21
Nov. 17 - 30	Dec. 5

Starting again on Dec. 1 and continuing until August of 2009, all open assembling sheets will be stopped at the end of each month. Delayed Pricing contracts and/or Warehouse Receipts will be issued the 15th of the following month for all grain still not sold prior to that day. Please sign and return the contract when it arrives.

If you have any questions about this policy, feel free to call the Hanley Falls office at (507) 768-3448.

Everyone at the Farmers Cooperative Elevator Company wishes each of you a safe and prosperous harvest season.

Farmers Co-op 2008-2009 Grain Policies

SOYBEANS

MOISTURE DISCOUNT: 1 percent for each 1/2 point of moisture from 13.1 to 15 percent; 2 percent for each 1/2 point of moisture from 15.1 percent and up.

TEST WEIGHT: 1 cent per each 1 pound under 54 pounds.

DAMAGE Discount	HEAT Per Bu.	TOTAL Per Bu.
.3 to .5%	2 cents	
.6 to 1.0%	4 cents	
1.1 to 1.5%	6 cents	
1.6 to 2.0%	8 cents	
2.1 to 2.5%	10 cents	3 cents
2.6 to 3.0%	12 cents	4 cents
3.1 to 3.5%	14 cents	5 cents
3.6 to 4.0%	16 cents	6 cents
4.1 to 4.5%	18 cents	7 cents
4.6 to 5.0%	20 cents	8 cents
5.1 to 5.5%	22 cents	9 cents
5.6 to 6.0%	24 cents	11 cents
6.1 to 6.5%	26 cents	13 cents
6.6 to 7.0%	28 cents	15 cents
7.1 to 7.5%	30 cents	17 cents
7.6 to 8.0%	32 cents	19 cents

FM: All FM over 1 percent will be considered shrink.

MUSTY/SOUR: 10 cents per bushel discount.

CORN

MOISTURE DISCOUNT: Shrink is 1.5 percent per point of moisture over 13 percent for storage, 14 percent for Price Later Contracts and Grain Bank and 15 percent for selling.

DRYING CHARGES: Drying charges are 7 cents per point from 13 percent for storage, 14 percent for Price Later and

Grain Bank and 15 percent for selling.

TEST WEIGHT:

- * 53.9 to 52 pounds: 2 cents per pound.
- * 51.9 to 50 pounds: 3 cents per pound.
- * 49.9 pounds & below: 4 cents per pound.

REGULAR DAMAGE:

- * 2 cents per 1 percent damage over 5 percent.

HEAT DAMAGE:

- * 1 cent each 1/10th point.

FOREIGN MATERIAL:

- * 3.1 to 4 percent: 3 cents per percent.
- * 4.1 to 5 percent: 4 cents per percent.
- * 5.1 percent & more: 4 cents per percent.

MUSTY/SOUR: 5 cents.

OATS

MOISTURE DISCOUNT: 2 cents per 1/2 point 13.5 to 14 percent; 1 cent per 1/10th point 14 to 15 percent. ABOVE 15 PERCENT SUBJECT TO REJECTION.

TEST WEIGHT:

- * 2 cents per pound from 37.9 to 34 pounds.
- * 3 cents per pound from 33.9 to 30 pounds.
- * 4 cents per pound from 29.9 and less.

SPRING WHEAT

MOISTURE DISCOUNT: 1 percent for each 1/2 percent moisture over 13.5 percent.

DRYING CHARGE: 7 cents for each 1/2 point moisture over 15 percent.

TEST WEIGHT: 2 cents for each pound under 58 pounds down to 56 pounds; 4 cents for each pound under 56 pounds.

DAMAGE:

- * 2 cents each 1 percent from 1.1 to 5 percent.
 - * 3 cents each 1 percent from 5.1 to 10 percent.
 - * Protein premiums or discounts subject to market.
- Base protein is 14 percent. Any other discounts subject to market.

****THESE POLICIES SUBJECT TO CHANGE
AS MARKET CONDITIONS DICTATE****

**** ALL DISCOUNTS OR LIMITS SUBJECT TO REVISION ****

DOCUMENT FEE

for Price Later Contracts & Warehouse Receipts

FCE has a 5-cent-per-bushel "document fee" on Price Later corn and Warehouse Receipt corn and Price Later soybeans if not sold by the delivery settlement date (on Page 2). There is a 10-cent-per-bushel "document fee" on Warehouse Receipt soybeans.

Regular storage charges will apply also, at the rate of 4 cents per bushel per month. This is calculated each day the grain is stored from the date of deposit. Thus, the total storage fee is 4-cents-per-bushel per month, plus the 5- or 10-cent document fee.

If you have any questions, contact any FCE office.

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Calm sets in before hectic harvest season

It seems like we are just waiting for harvest to start. Nothing to do, no incentive to price grain, tired of politics already. It really is the calm before the storm.

As a producer, this is an excellent time to reassess your current risks and take a look at potential risks that you will face.

Crop insurance is a risk management tool that we all have to use. This year will test the capabilities of the crop insurance system to "make whole" those that were affected by weather-related crop loss.

Hail and wind did some serious damage in nearly all parts of our company's trade area, and with the added costs for inputs, it is vitally important to determine how much of a loss your operation can stand.

Do you have enough insurance to keep your equity intact? Looking back is easy, but it is necessary to be absolutely certain you are purchasing enough insurance to survive.

Another area of risk involves land costs.

Producers who have short term leases, own most of their land, or are not deeply

By
Bill Doyscher
Risk
Manager
Coordinator



in debt can manage their land base to spread costs across appropriate acres. However, when the price of commodities drops and high input costs erode the profitability, will you be able to stand a long term lease at high rates, need to purchase land at high prices to spread risk, or borrow against your equity? Reassess your land risk now.

At some point in the future, land will undoubtedly be overvalued when compared to commodity prices.

Lastly, we look at prices and question what the risks are. Of course, lower prices always create the greatest risk to the producer. Nothing can have as dramatic an impact as big drops in commodity prices.

But for the last 18 to 24 months our prices have been affected by so many outside forces that it has become nearly impossible to price based on supply and demand. So the risk to the downside is still there, and for all practical purposes, it is still unmanageable.

Money flows, the value of the U.S. dollar, weather, and politics are all uncontrollable influences on the commodity markets.

In a nutshell, don't be a hero! If you know you can make money, make it!

Putting more risk in your operation is not a good idea these days. Simplify your marketing and make smart decisions. Call us if you need a push, we can help you assess your risks in the market.

*** 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
