

HANLEY FALLS ■ COTTONWOOD ■ TAUNTON

GRANITE FALLS



MINNESOTA FALLS

MONTEVIDEO ■ ECHO ■ MINNEOTA ■ GHENT

FARMERS COOPERATIVE ELEVATOR CO.

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September, 2007

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Cottonwood: 507-423-5412	Minneota: 507-872-6134
Feed Mill: 507-423-6235	Minnesota Falls: 320-564-3835 320-765-4100
800-423-6230	Montevideo: 320-269-6531
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From the Manager Free storage programs end

Once again we are sending you our Pre-Harvest Newsletter issue to inform you of the latest happenings at FCE and

By
Scott Dubbelde



communicate to you our 2007 Harvest Policies.

Our Free Price Later Corn and Soybean Program ended Aug. 31.

On Sept. 1, a 5-cents-per-bushel up front charge was assessed and then service charges (storage) accrued, by the day, at the rate of 3 cents per bushel per month (the up front fee is 5 cents less than last year).

For example, soybeans that were hauled in under the 2007 Free PL Program and sold Oct. 1, 2007, would have an 8-cent total storage charge.

Harvest policies

Our 2007 New Crop Storage and Drying Policies are identical to the 2006 Policies with one exception. If you want a Warehouse Receipt issued on 2007 New Crop Soybeans, the up front charge will be 8 cents per bushel. PL Corn, PL Soybeans, and WHR Corn will all have a 5-cents-per-bushel "document fee" and then regular storage and service charges accrue at the rate of 3 cents per bushel per month.

We wanted to offer you a reasonable 2007 Harvest Program and we feel that our 2007 Harvest Policies accomplish this.

SCOTT - CONTINUED ON PAGE 6

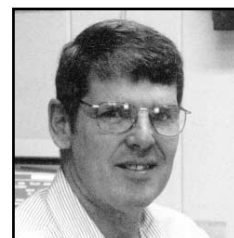
We're gearing up to handle an early 2007 local harvest

As I glance out of the office window I can watch the progress being made on the new Grain Storage Shed. It's one of the many improvements being made at your cooperative to handle this year's crop.

We'll be offering our patrons a tour of the Hanley Falls facility Thursday, Sept. 13, and serving pancakes and sausage at the new Seed Building northwest of the main office from 4 to 7 p.m.

A new leg and dump will be installed on the south side of the new storage shed to allow transfer trucks from branch locations to dump at the new pit. This opens up both dumps at the terminal to be used for wet and dry corn from the farm.

By
John Brandts
Grain
Merchandiser



The new 10,000-bushel-per-hour dryer will handle that volume.

Dumping hours at Hanley Falls and Minnesota Falls will be extended at harvest, too, to better serve your needs.

Opportunity in market

The December '07 to July '08 corn spread is currently trading at 34 to 35 cents.

John - CONTINUED ON PAGE 5

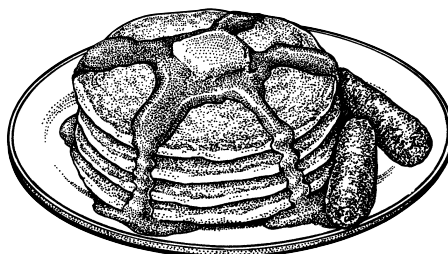
OPEN HOUSE

at

HANLEY FALLS

4 to 7 p.m.

Thursday, Sept. 13



We'll be serving pancakes and sausage at the new Seed Building, immediately northeast of the main office. We'll be giving tours of the New Grain Shed south of main office.

Please park and assemble at the Seed Shed.

Wheat cannot maintain its premium over corn, beans

There is not a lot of new information to help plan for next year. Harvest volumes will be the next major factor. However, I would like to address a couple of things.

Acreage will be at the forefront more than I can ever remember.

Wheat is the culprit because we have a unique situation with wheat prices being so high right now. Demand will keep those prices at hefty premiums to corn and soybeans for a while. The demand for wheat, however, can be much more easily met by the world than can corn or soybeans.

Wheat can be grown in both hemispheres, and on nearly every continent. A new supply of wheat becomes available every six months. It is still subject to

By
Bill Doyscher
 Risk
 Manager
 Coordinator



growing conditions, but has the ability to keep up much better than other grains.

Wheat cannot maintain the premium it has over corn and soybeans for very long. Corn and soybeans need to rally to levels that will match the returns on wheat, or wheat crashes. I believe wheat will crash.

At current gross-dollar-per-acre levels,

wheat will take corn and soybean production away. In the U.S., we cannot swap wheat acres for corn/soybeans acres. They are not equivalent values.

If we take corn/soybean acres out of production and plant them to wheat, where are we to gain the needed acres in corn and beans? You surely cannot plant corn or beans in Texas, Oklahoma, and Kansas to replace these acres. These areas will plant wheat. But if we take acres in Minnesota, South Dakota, North Dakota and other states for soft wheat and spring wheat production, we will not be able to sustain a reasonable supply of corn and soybeans. It will not work.

So the acreage fight will come, and wheat cannot maintain the advantage it has now.

Basis should improve

We've had many questions on basis. Fall delivered basis is fairly good now. I would expect it to widen as we get closer to harvest.

Look at the projected size of the corn crop. Overall, it is a larger crop than last year. This means locally and nationally we will handle as many or more bushels of corn during harvest as we did last year.

When movement overwhelms the ability of the system to handle the grain, basis will widen. A 10-20 percent increase in corn acreage means that even though each producer's yield may be less than last year, the whole crop is still very large.

Basis improvement should come easily after the crop is put away.

Keep on top of next year's sales. Try not to let this year's less-than-ideal weather affect marketing into next year.

Moose, Ozzie, and I can help you make good decisions in marketing. Call us if you would like to visit.

*** 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 ***

A politician will do anything to keep his job, even become a patriot.

HARDWARE HANK'S September Specials

POLY RAKE

with foam grip,
 30-inch

\$7.77

WD 40

3-in-1 oil, 8 ounce
 12 oz, smart straw
 No mess pen
 or 11 ounce can
 Gallon

\$2.29

\$3.48

\$2.49

\$10.88

CONTRACTOR BAGS

42-gal., 3 mil.
 55-gal., 1.5 mil.
 or 39-gal.

\$13.95

CARLON

REMOTE OUTDOOR
 WIRELESS LIGHT
 CONTROL

\$12.97

WINDOW KITS

Patio int. or 4 pk
 (W.J. Dennis Co.)

\$5.88

PHOTO CELL

SOCKET OR PLUG-IN
 PHOTO CONTROL

\$4.88

WINDOW KIT

Int. 1 pk.

\$1.97

HUDSON

1-gallon Asian
 beetle sprayer

\$16.97

POLY SHEET

10x2 5 6 mil, clr
 10x2 5 3.5 mil, clr

\$12.88

\$6.88

**Americans stand about 14 inches apart when they converse.
 Russians stand about 10 inches apart.**

Farmers Co-op 2007-08 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 4 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:

* 3 percent & more: 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: 4 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 4). There is an 8-cent-per-bushel "document fee" on Warehouse Receipt soybeans.

Regular storage charges will apply also, at the rate of 3 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 3-cents-per-bushel per month, plus the 5- or 8-cent document fee.

If you have any questions, contact any FCE office.

Grain Settlement Policy

Our Grain Settlement Policy is illustrated on the following chart:

Grain Delivered	Storage starts at 5 p.m. on:
Sept. 1 - 9	Sept. 14
Sept. 10 - 16	Sept. 21
Sept. 17 - 23	Sept. 28
Sept. 24 - 30	Oct. 5
Oct. 1 - 7	Oct. 12
Oct. 8 - 14	Oct. 19
Oct. 15 - 21	Oct. 26
Oct. 22 - 28	Nov. 2
Oct. 29 - Nov. 4	Nov. 9
Nov. 5 - 11	Nov. 16
Nov. 12 - 18	Nov. 23
Nov. 19 - 30	Dec. 7

Starting again on Dec. 1 and continuing until August of 2008, 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.

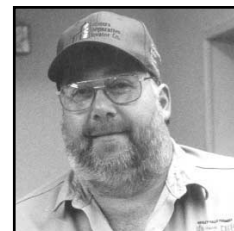
Everyone at the Farmers Cooperative Elevator Company wishes each of you a safe and prosperous harvest season.

New seeds ready for next year

I can hardly believe another year has gone by; it seems to me like we just finished planting.

We missed most of the rain at the critical time for crops and now we have lots of moisture.

By
Steve Fry
Seed Team
Leader



Early corn that tasseled before the heat looks like it is going to be pretty good. The later corn appears to be in a bit of trouble. Harvest is going to be earlier than normal, and some farmers are cutting silage.

We have some new corn numbers for next year. Remember there will be very little winter production when making your selections. Here's the new numbers, by maturities:

Day 85 - 238VT3 (TS RRBT RR)
Day 90 - 286VT3
Day 90 - 2924VT3
Day 95 - 3624VT3
Day 96 - 3724VT3 (RB)

Of course, we will still have the other reliable numbers including 4421VT3 (TS RB RR), 314VT3 (TS), 3688VT3 (TS RB), 3824VT3, 3824TS, 388TS and 421VT3.

Make sure you order enough refuge corn. Supply may be tight along with the early corns VT3, TS, RRBT and RR.

One of the programs being offer is the 24x24 (VT3 Triple Stack). You purchase 24 and receive a \$24-a-bag discount, up to 108 bags. You can pick and choose the variety you want.

There are some new soybean numbers being offered for next year. These include RC1320, RT1692, RC2057, RC2177V (Vistive) and RC2240V (blend Vistive).

FCE will be taking delivery of Vistive soybeans.

We also have sunflower hybrids available including 343, 305, 135 in the shell and the new 139, also in the shell.

Nitrates can create problems in feed

Grain harvest can't be far away. We're seeing corn being chopped for silage and that means grain harvest is about a month or less down the road.

We do need to have some concerns about nitrates. Nitrates can create serious problems for livestock. Here are some checklist items to consider if nitrates are a concern:

- * Complete a nitrate test to determine concentration level.
- * Corn silage complete fermentation may reduce levels from 0 to 50 percent.
- * Cutting, drying, and baling do not reduce nitrates.
- * Cut high for corn silage. Nitrate concentration is usually higher in lower portion of stalk.
- * Green chop for each feeding what livestock will consume in a few hours. Wet chopping heats up, nitrates convert to nitrites. Nitrites are deadly.
- * Graze only after feeding palatable hay and a balanced ration.
- * Avoid green chopping, grazing, or harvesting of drought stress corn the first week following a rain.

By
Gene
Goldenstein
Feed
Department
Manager



Feed mill updates

The feed mill will be updating the fat system this fall. The existing tanks are showing their age and have started to give us some problems.

We will be removing the old tanks and replacing them with two 14,000-gallon tanks and larger pump to keep up with our increased production. We want to have this in place before winter sets in.

We are also replacing the feed truck that was rolled.

It will be replaced with a used truck and box with four 3-ton compartments and low auger box. This will be welcome as our existing straight trucks have been putting in long hours to get the feed delivered.

The open house was well attended. Thank you for coming and thank you for your business.



David Oftedahl was being piloted by Jon Wolff over Hanley Falls last month when he snapped this photo of our new Grain Storage Shed being constructed, south of the main office. The 300-foot wide, 450-foot long unit will hold approximately four million bushels of corn and will be completed by harvest. We'll be hosting an Open House Thursday, Sept. 13, and serving pancakes and sausage from 4 to 7 p.m.

Risk makes hybrid choice difficult

Hybrid selection is composed of two distinct but related components.

The first is selecting high-yielding hybrids for your operation.

The second is risk management, as defined by the number of hybrids you select, their mix of maturities, seed treatments, traits, and acreage allocation.

If hybrid selection was just about finding a high-yielding hybrid, it would be a simple task: use district summaries to identify the top hybrids.

It is the risk management element that makes hybrid selection difficult. Growers will use yield trial data in different ways to reach their appropriate combination of hybrids, maturities, etc.

Even though the risk management aspect of hybrid selection can instill some variability in methodology, there are certain aspects that should remain consistent among all users of yield trial data:

* only multiple-location data should be used to make selection decisions;

* increased yield doesn't necessarily mean increased profit-maturity and seed costs also must be considered;

* yield trials don't have to be performed on your farm, on your soil type, or even under your crop rotation scheme to provide relevant data;

* remember to follow all required insect resistance management protocols when using transgenic hybrids;

* single-location data should not be used for variety selection; and

* more information is better information, so use all reliable sources of data.

Remember that all of your other crop management techniques are utilized to protect the yield potential of your chosen hybrids. It makes sense to spend a little bit of effort to ensure you are maximizing that potential by using proper selection strategies.

Who speaks, sows; who listens, reaps.

JOHN - CONTINUED FROM PAGE 1

For patrons with December '07 Hedge to Arrive contracts and available storage space, rolling this contract to July at a 35-cent carry and waiting for the corn basis to improve is a good way to take advantage of this type of carry markets.

With a smaller corn crop locally, the corn basis should be much narrower sometime next year than during harvest.

Wide bean basis

Many of you have asked why the bean basis is so wide.

This year's bean carryout will be about 575 million bushels. The basis is quite wide because of the market's perception that next year's bean acreage needs to increase, an increase in farmer selling because of higher prices, and a reduced demand from China.

Once harvest is completed, look for the bean basis to improve to more normal levels.

We wish everyone a safe harvest season. We hope to see you at the Open House

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SCOTT - CONTINUED FROM PAGE 1

Cash those checks

We have switched our FCE Checking Account to the Wachovia Bank, which is affiliated with our lender, CoBank.

This will help us transfer money between our loan account, checking account and brokerage accounts more efficiently.

The second change that you will notice is that all checks received by us will be electronically scanned and you

will only receive a picture of your cancelled check from your local bank. Please cash all of your outstanding checks as soon as possible so we can close our Bremer Bank checking account.

FCE notes

Our grain storage building is progressing nicely and will be ready to receive corn by the end of September. Be sure to attend our Open House on Thursday, Sept. 13. We will give you a first hand tour of the "nearly" completed

project.

As John mentions in his article, I think our Excellent Employee Team has a good plan to give you good service this Harvest!

Sandi Woelfel is no longer working for FCE and is pursuing other ventures. We wish Sandi well in her future.

As always, if you have any questions or comments on all of the above information or anything concerning FCE, give me a call or stop in.

Please be safe this Fall!

BT corn is not bullet proof

Bt corn rootworm hybrids are another insect management tool that must be thoughtfully incorporated into corn production practices.

The first assumption that must be examined is that Bt corn rootworm technology might be thought of as "bullet proof" and that corn rootworm injury will not occur.

The University of Illinois has field trial data where the in-plant protected corn

rootworm hybrids have not provided acceptable protection from larval feeding.

One possibility for this failure is that the rootworm population was exceptionally and unusually high.

The bottom line is that planting Bt corn for protection against rootworm doesn't guarantee that there will not be rootworm injury. Harvest-time root inspections make it extremely difficult to determine if

there was a management failure and, if so, the cause of the problem.

One last thing that the reported Bt corn failures very clearly emphasize is that Bt rootworm technology requires an insect resistance management plan.

The reports of Bt failures, while not shown to be due to the development of resistance to the Bt protein, should emphasize the need to be "good stewards" of these new technologies and help delay the development of resistance.

New employees

Michael Van Overbeke and Dennis Isaackson joined our feed mill team in July. Michael will be working in production/delivery and Dennis in delivery.

Beef starter

The starter diet using FCE Beef Starter #5 is formulated to meet that objective of getting cattle eating quickly.

FCE Beef Starter #5 improves the texture of the bunk ration using on-farm ingredients, reduces the need for higher levels of hay in the ration, and provides the proper starting nutrition for calves.

Give us a call at the Feed Mill.