

■ HANLEY FALLS ■ COTTONWOOD ■ TAUNTON ■
 GRANITE FALLS ■ **Farmers Cooperative Elevator Co.** ■ MINNESOTA FALLS ■
 ■ MONTEVIDEO ■ ECHO ■ MINNEOTA ■ GHENT ■

FARMERS COOPERATIVE ELEVATOR CO.

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September 2009

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 507-925-4126
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 507-428-3255
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 320-564-3834
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From the manager... Patron-friendly Harvest policies Set for season

Our Harvest Policies are outlined on Page 3 of this edition.

We changed our drying charges on corn to a half-point window. This reflects the goal that we strive for when drying corn due



By
 Scott Dubbelde

to the moisture variance that occurs when we dump incoming wet corn.

Also for corn and soybean harvest, the only minimum storage charge or document fee will be on Warehouse Receipted soybeans.

Our 2009 Harvest Policies should be very patron-friendly and very competitive. We want your business and we want you to survive and thrive.

As we reported in our July issue, there will be no minimum service charges or document fees associated with your corn or soybeans that were hauled in under the 2009 Free Price Later Program. This should be another patron-friendly program.

The grain markets have been challenging and trying, to say the least. FCE's Team is committed to helping you maximize your operation's revenues. Our Marketing Team has several good suggestions in this edition.

Meanwhile, everyone is invited to the Open House at our Montevideo location on Friday, Sept. 4. Details are elsewhere in this issue. Hope to see you there.

Please have a safe harvest season.

Montevideo Grain Project OPEN HOUSE Friday, Sept. 4



Lunch served from 11:30 a.m. to 1 p.m. in the shop.
 Tours from 11:30 a.m. to 3 p.m.

Markets look to be bottoming out

With the fall harvest season rapidly approaching, new crop marketing strategies come to mind.

The new crop corn basis level is not nearly as wide as last year, but the cash market is much lower. The market will probably bottom out sometime before harvest.

For corn that needs to be marketed, a popular strategy is to sell corn and buy either a call option or futures position. This allows the producer to still participate in the market and also avoid storage charges.

For soybeans, the new crop basis is relatively narrow. The carry in the bean market is only about 10 cents from November to July. Selling beans at harvest and buy-

By
 John Brandts
*Grain
 Merchandiser*



ing back July futures locks in about 55 cents basis under next July.

This market allows the producer to sell at harvest at an attractive basis and then decide whether to re-enter the market with futures or options.

We wish everyone a safe and enjoyable harvest.

GRAIN SETTLEMENT POLICY

Our Grain Settlement Policy is illustrated in the following chart:

GRAIN DELIVERED	STORAGE STARTS AT 5 P.M. ON:	
Sept. 1-6	Sept. 11	Starting again on Dec. 1 and continuing until August of 2010, 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.
Sept. 7-13	Sept. 18	
Sept. 14-20	Sept. 25	
Sept. 21-27	Oct. 2	
Sept. 28 – Oct. 4	Oct. 9	
Oct. 5-11	Oct. 16	
Oct. 12-18	Oct. 23	
Oct. 19-25	Oct. 30	
Oct. 26-Nov. 1	Nov. 6	
Nov. 2-8	Nov. 13	
Nov. 9-15	Nov. 20	
Nov. 16-30	Dec. 4	

Take cash now and then hedge market

There is not a lot of time left for us to manage the balance of our old crop grains. Our hand is being forced by the ending of Free Priced Later programs and declining markets.

Give-up sales tend to leave a bad taste in your mouth. For the moment, realize that all of these factors are pushing us to the inevitable sale by the end of the month.

The focus in risk management is not to do things that can put us out of business. While making sales the end of the month won't put us out of business, just giving up might not make the most sense.

If we look at USDA's numbers from August 12th, we see a dramatic increase in the corn crop. However, the increase in the carryout was not nearly as big. That being said, we would be considered to be closer to the low end of corn prices than to the higher end. In other words, being long corn carries the opportunity to recoup some price with relatively small risk.

On old crop corn, doing Extended Price Contracts with March corn futures makes a pretty safe play. Sell cash corn and buy March 2010 corn futures. Place a sell stop under the futures position to limit any potential losses, and take some cash now for your old corn.

This scenario offers the producer the comfort of selling and not paying storage and still being able to participate in upside movement. We have already done a significant amount of these contracts and think it is the best way to market old crop corn.

Old crop soybeans do not carry the same risk/reward scenario.

First, the price of old crop beans remains strong compared to new crop. The market wants beans, is willing to pay more for them now, and will only do so until a ready supply becomes available at harvest.

Second, South America will be planting

By
Bill Doyscher
Risk
Manager
Coordinator



their soybeans in the next 90 days. This crop can have an impact on world supplies.

Thirdly, \$10 beans still cash flows nicely and trying to add value to that just does not make sense. The simple marketing strategy for beans is to cash out. Take the money and run. While next year holds promise on expanded worldwide usage, that is something to deal with next year. Don't try to market old crop in new crop.

Call us for information on Extended Price Contracts or any of our marketing alternatives. The knowledgeable employees of your cooperative can help you market and manage your crop. Our crop is well on its way, hopefully Mother Nature will finish it off.

Be safe this harvest season!

*** 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. ***



Feed mill earns 10th Quality Award

Our feed mill continues to excel in providing quality products for our livestock producers.

By
Gene
Goldenstein
Feed
Department
Manager



The feed mill has again achieved the Quality Assurance Award through a program sponsored by Land O' Lakes Feeds – the 10th year in a row.

This program monitors and audits all aspects of feed mixing, delivery, ingredient and drug monitoring. Feed samples are submitted during the year and analyzed to make sure the customer is receiving what they order.

The mill has an annual onsite audit and inspection to earn this Quality Award. As you can see, it is an award that has to be earned.

Wayne Johnson heads up this program. Congratulations Wayne and all who make this happen.

Marketing Tools Offered

The producer marketing meeting was well attended at the community center in Cottonwood.

Representatives from Country Hedging and John Morrell presented information on covering feed inputs and marketing options for the meat. There were not answers to the current profitability problem in the livestock business but hopefully it will give the producer some opportunities to use these tools when the livestock business turns around.

Thanks to all who attended.

HARDWARE HANK'S SEPTEMBER SPECIALS

TEXACO

Antifreeze 50/50, 1 Gal.....\$4.99
Antifreeze, 1 Gal.....\$6.99
Antifreeze DEX COOL.....\$10.99

TRAILER BALL

2 inch with 1 inch shank
Or 1 7/8 x 2 1/8 inch.....\$4.97

TRAILER BALL SET

1 inch shank\$26.97

TRAILER BALL SET

3/4 inch shank\$24.97

VALLEY BALL MOUNT

2 inch rise, 3 1/4 inch drop or
1 inch rise, 2 inch drop\$9.97

RATCHET TIE DOWN

8 inch 2 pk HD 1,000 pound or 8 inch
4 pk CAMO 400 pound.....\$18.88

RATCHET TIE DOWN

8 inch 2 pk 500 pound
or 12 inch 2pk CAMO\$14.88

SHOP VAC

10 Gal., 4HP, Ultra Plus.....\$64.97

SHOP VAC

16 Gal., 6.25 hp\$109.00

SHOP VAC

Cartridge filter\$12.97

RUFFIES

Trash bags, Assorted sizes.....\$6.99

BUNGEE CORD

HD multi pk, 6 pc\$8.88

DRYWALL

Filter bag 2 pk.....\$14.97

PLASTIC

Roller tray or 9 inch roller frame\$1.29

WHITE KNIT RAGS,

1 pound 9x12 drop cloth or roller
cover 3/8x9 inch\$3.99

PAINTBRUSH PRO

2 PC SET\$12.97

GOOF OFF CLEANER

4.5 ounce\$2.99

MASKING TAPE

3/4 inchX60 yard.....\$.79

Farmers Co-op 2009-2010 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 2 1/4 cents per half point from 13 percent for storage, 14 percent for Price Later and Grain Bank and 15 percent for selling.

* 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 1/2 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

There is no minimum service charge or document fee on corn or soybeans delivered except there is a 10-cent-per-bushel "document fee" on Warehouse Receipt soybeans, wheat and oats.

REGULAR STORAGE CHARGES will apply at the rate of 4 cents a month per bushel for corn and 5 cents a month per bushel for soybeans, wheat and oats. This is calculated each day the grain is stored from the date of deposit.

If you have any questions, contact any FCE office.

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.

Carrying wheat could be wise choice

I recently took a drive into northeastern North Dakota. When I got north of Grand Forks and even some north of Fargo I began to notice a fair amount of Preventive Planting on some of last year's corn stubble and some un-worked ground.

Curious about this, I visited with some friends and producers in the area and discovered that roughly 25-30 percent of the acres were enrolled into the preventive planting program due to last year's corn not getting harvested until June this summer and a wet spring. What did get in appears lush and has plenty of potential.

Allen Anderson, the gentleman I was visiting, estimated his harvest will not start until Sept., roughly 30 days behind and well into the threat of frost for the area. His corn is just now tasseling and expects a yield like last year, roughly 100 dry bu/acre. His spring wheat appears to again be lower protein and around 70 bu/acre.

What does all this mean to us here in Southwestern Minnesota? Mostly, it is always good to have a good relationship with our patrons as they often are our #1 source for clear information. More specifically, as a wheat marketer knowing what quality wheat is growing now and will be hitting the market place helps identify risk and opportunity in timing, quality, and quantity.

By
Ben Hedtke
Grain
Marketing



Wheat harvest is winding down for us here but just starting in the larger wheat producing states like North Dakota. When this wheat hits the market there tends to be a glut that drives prices in regards to quality and quantity. Here in Southern Minnesota our earlier thrashed wheat should be ahead of that glut allowing us opportunity to take advantage of domestic millers looking for hard-to-find quality wheat.

At our elevators we have seen decent yields and incredibly high proteins from the earlier thrashed wheat due to the stress of the light sandier soil it was grown on. However, as our wheat harvest progressed it was like clock-work proteins began to fall, vomitoxin levels began to rise, discoloring, etc.

Fortunately, the Sept. 09 to Dec. 09 spread has been as wide as 13 cents, allowing us a good

carry in the Minneapolis Spring Wheat market for the lower quality wheat. Carrying wheat could be a wise choice as it would allow you to get through the glut in September and away from harvest time protein scales and discounts.

Much like my last article soybeans were at it again slowly climbing up for a few weeks and in less than a day losing nearly a dollar between the board and basis. I think the question about whether or not new crop prices will rally to old crop values or old crop pulling back to new crop has been answered.

However, expect prices at harvest time to be strong and fall off as the bean crop is harvested. Now could be a time to be looking to 2010 for soybean sales. I say this because with plenty of corn on the market and in the fields coupled with the livestock industry consuming less and less a reduction in corn grown for \$3 is likely causing a significant increase in soybeans for next year. This increase in soybean production undoubtedly will drive soybean prices lower for next year. So, take advantage of it this year.

Thank you all for the friendly greeting at the pork chop feeds. It is always nice to put faces with names and voices.

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Three test plot tours scheduled

It was a good spring. The crops got in early and while Mother Nature didn't give us any rain, it stayed cool in the evenings. It looks to me that the corn dryer will be used this fall.

Everybody got the pesky aphids sprayed, sometimes twice. Hopefully we're done with these pests.

It's time to start thinking about seed selection for next year. With that in mind, we've set up three test plot tours for you to check out how various varieties did in the fields this year.

New Corn Numbers

We have a few new corn numbers to offer for next year including 2738VT3 (87 day); 2871VT3 (88 day); 3514VT3 (95 day); and 3337RR (93 day).

We will also have Smart Stack available- 5 percent Refuge in a bag. These numbers are 3424VT3 and 5338VT3.

By
Steve Fry
Seed Team
Leader



Soybean Varieties

Croplan Genetics soybean varieties with Vistive technology offer strong yield potential and top agronomic performance. Vistive soybeans also include Roundup Ready technology for excellent weed control and crop safety with the use of Roundup agricultural herbicides.

Increase demand for low-linolenic oils from food manufacturers is generating excitement among soybean processors who want to supply low-linolenic oil to the food industry.

Producers who choose to partner with participating soybean processors will see how they

can receive price premiums by growing Vistive soybeans. The Vistive numbers include RC2177V Brand, RC 2649V Brand, R2C3059V Brand, RT3126V Brand, R2T3169V Brand, R2C3579V Brand and RC3618 V Brand.

New Croplan soybeans – Roundup 2 – include R20579, R2C1499, R21699, R21869, R2C2139, R2C2459 and R2T1949.

Roundup 2 will be in short supply, so order early. Liberty Link soybeans include LT1098, LT1519, LT1829, LT2238 and LT2339.

Smart Stack corn will probably need to be ordered as soon as possible to guarantee supply.

Thanks you for your seed business. I look forward to visiting with you at one of the plot tours.

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TEST PLOT TOURS

Thursday, Sept. 3,

10 a.m. to noon at the Marshall Answer Plot two miles south of Marshall on Hwy. 59 on the east side of the road.

Noon lunch to follow.

Thursday, Sept 10,

5 p.m. at the Allen Stengel and Bill Sharkey plot eight miles west of Hanley Falls on County Road 18. Supper at 6 p.m. at the seed shed.

Friday, Sept. 11,

10 a.m. to 2 p.m., at the Mustang Plot four miles north of Marshall on the west side of the road.

Dinner will follow.