

How Was Spring? Depends on Where You Farm

» By Don Truhe, General Manager

Location, location, location. Usually, that applies to the most important consideration when deciding where to open a business. This spring, it describes the primary factor impacting farmers' experiences of spring planting season. If you live in the Madison, Brookings or Watertown areas, you may rate this one of the best springs you've ever seen. Everything got planted . . . and then came the moisture.

We know our situations were vastly different. As of mid-May, some of you had a lot of corn in the ground, while others hadn't been able to plant a kernel. It has been a challenge to work around the rain and wind.

Our conditions highlighted once again the value of our new fertilizer facility. On those days when we got a break and were able to get into the field, we were able to work two to three times faster than we could have before; the facility makes the most of the time we have. As a result, we had many days when our sprayers were pushing the planters' pace; we seldom went home at night with anyone waiting on us.

Picking it up

We've been steadily emptying our bunkers and piles since harvest. We did get some help from Mother Nature at the terminal, as she graciously removed one of our tarps ahead of schedule. Though we got 6-7 inches of rain on the grain, we were fortunate that it went in very dry. It came out of there in really good shape.

Kudos to our team—from the girls in the office handling the

paperwork, to our outside staff working until 10 p.m. some evenings to get the grain handled and moved and the trains loaded. They moved at least 100,000 bushels on several days as we emptied those bunkers.



All the grain from 2015, and in some cases before then, has the basis widening out. Fortunately, we've been on the right side of that: Nathan has been moving grain just as soon as we've bought it. Industry-wide, grain margins are severely challenged. Basis gain is critical for those in the grain business, so the next six months will be difficult for companies that aren't in the kind of shape we are.

Throughout March, our grain volumes have continued to run well ahead of last year's. Our agronomy volumes will be harder to determine. We were done planting by mid-May last year, while this year we're far from it. It feels like we're doing well, but we still have a lot of ground to cover in some areas of our territory.

Thus far in our fiscal year, our margins are a bit ahead of our projections and our expenses are behind—a good place to be. We do know that the margins for the next four months won't be what they have been.

Thank you for trusting us with your business and your grain. I hope you're able to get all your acres planted. «

Beans Are the Bright Spot

» By Nathan LaFerrier, Grain Merchandiser

Since the beginning of April, the market has been on a steady march higher on dry weather in Brazil, wet weather in Argentina and an export tariff reduction on corn that will have Argentine producers planting more corn this fall. These problems will not affect carryout until next year.



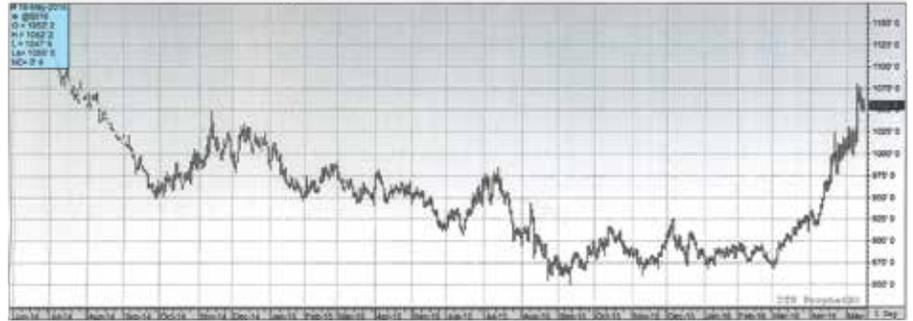
The market shows bean consumption increasing at a rapid pace, which will entice growers to plant more beans in the 2017-2018 crop year. During this rally, producers should try to lock in new crop values on 20-30% of their annual proven yields. There is not a “one-size-fits-all” solution in grain marketing, so give us a call to see which pricing options fit you best.

Corn, on the other hand . . .

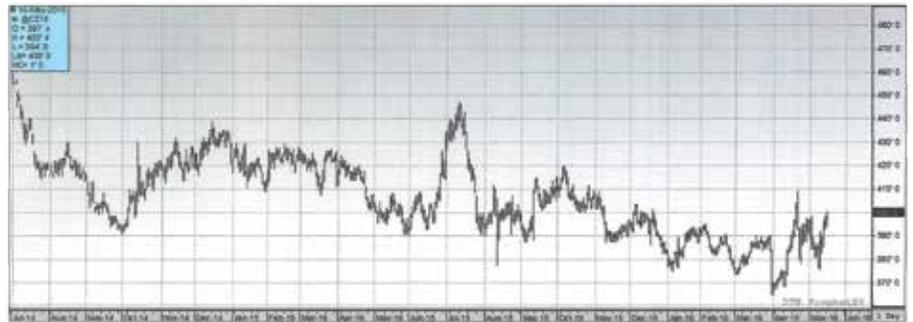
Corn has been reluctant to move higher with the beans. A large carryout in all feed grains seems to be the main reason. One bright note for corn has been the dryness in Brazil. This production issue has shifted some demand back to the U.S. and should keep our carryout from increasing. The market will continue to look at Brazilian production numbers to see how much yield was lost to the dry weather. «



New Crop Soybeans



New Crop Corn



A snapshot of the May 10, 2016 USDA Supply and Demand Report compiled by CHS Hedging.

<u>Corn</u>	Apr 12	May 10	Change	Apr 12	May 10	Change
	2015/16	2015/16		2016/17	2016/17	
Planted Acres	88.0	88.0	0.0	0.0	93.6	93.6
Harvested Acres	80.7	80.7	0.0	0.0	85.9	85.9
Yield	168.4	168.4	0.0	0.0	168.0	168.0
Beginning Stocks	1731	1731	0	0	1803	1803
Production	13601	13601	0	0	14430	14430
Imports	50	55	5	0	40	40
Total Supply	15382	15387	5	0	16273	16273
Feed/Residual	5250	5250	0	0	5550	5550
Food/Seed/Industrial	6621	6610	-11	0	6670	6670
Ethanol	5250	5250	0	0	5300	5300
Domestic Use	11871	11860	-11	0	12220	12220
Exports	1650	1725	75	0	1900	1900
Total Use	13521	13585	64	0	14120	14120
Ending Stocks	1862	1803	-59	0	2153	2153
Stocks/Use Ratio	13.8%	13.3%		0.0%	15.2%	
Avg. Farm Price (c/lb.)	3.40-3.70	3.50-3.70			3.05-3.65	

<u>Soybeans</u>	Apr 12	May 10	Change	Apr 12	May 10	Change
	2015/16	2015/16		2016/17	2016/17	
Planted Acres	82.7	82.7	0.0	0.0	82.2	82.2
Harvested Acres	81.8	81.8	0.0	0.0	81.4	81.4
Yield	48.0	48.0	0.0	0.0	46.7	46.7
Beginning Stocks	191	191	0	0	400	400
Production	3929	3929	0	0	3800	3800
Imports	30	30	0	0	30	30
Total Supply	4150	4150	0	0	4230	4230
Crush	1870	1880	10	0	1915	1915
Exports	1705	1740	35	0	1885	1885
Seed	95	95	0	0	95	95
Residual	34	34	0	0	30	30
Total Use	3705	3750	45	0	3925	3925
Ending Stocks	445	400	-45	0	305	305
Stocks/Use Ratio	12.0%	10.7%		0.0%	7.8%	
Avg. Farm Price (\$/bu.)	8.50-9.00	8.85			8.35-9.85	

Moving Past Planting

» By Chad Nelson, Agronomy Manager



With our extended planting season wrapping up, it's time to start thinking about topdressing your corn fields, choosing the post chemicals you'll use to control weeds and setting up a general scouting plan for summertime insects, disease and weeds. Let's take those in order:

For topdressing, we have our two John Deere machines, as well as liquid applicators and pull-type spreaders. In short, we have ways to apply nitrogen in any form that works for your operation.

You all did a very good job with your pre-applications in both corn and soybeans this spring, and weed control has been solid as a result. Let's keep the pressure on weeds

with a good post program, making sure we change up our chemical families and use products that provide residual control to carry us through the season.

Because of our wet conditions, it's a good idea to keep a close watch on your fields for signs of disease, weeds or stand problems. We can take a look at your field upon request at no cost. Or, for a minimal cost, we can create a scheduled scouting program to keep your fields constantly covered. Let's figure out an approach that works for your situation.

As the season progresses, the bottom line is to keep watch for yield-stealing factors. With the increase of grain prices, there may now be opportunities for profit. We need to give the crop every opportunity to express its full yield potential. «



MAKE WINTER ENERGY PLANS NOW

WITH SUMMER JUST BEGINNING TO WARM THINGS UP, IT'S HARD TO BELIEVE THAT NOW IS THE RIGHT TIME TO BE THINKING ABOUT FALL AND WINTER ENERGY NEEDS. PLEASE CALL 605.253.6152 TO DISCUSS THE OPTIONS FOR LOCKING IN PROPANE TO COVER YOUR HOME HEATING AND CROP DRYING REQUIREMENTS. «



By the Numbers:



100,000 bushels:

The rate at which our team moved grain from our bunkers each day.

Creep Still Pays

» *By Larry Bork, Feed Manager*



With the crops in the ground, creep feed season can't be far behind. While the cattle market hasn't been what it was a couple of years ago, creep feed still delivers a very positive

return on your investment: a heavier calf. We handle quality creep feed in bulk or bags, and we have creep feeders available to rent when you use our feed.

A solid mineral program is also critical for calves and cows on pasture. We carry Payback™ minerals and Rancher's Choice supplement tubs. While we don't really want to think about it yet, we're also headed into fly season. We can get both tubs and free-choice mineral products with added fly control to help reduce fly pressure and improve cattle performance.

Whatever your feed needs, we want to work with you. Stop in or call the mill at 605-763-2477. «

