



Fall 2018

## Once Again, Our People Made the Difference

» By Don Truhe, General Manager

We talk a lot in this newsletter about assets—the facilities and equipment we need to get the job done for our owners. As was proven once again by the spring of 2018, however, those are just tools to be used by far-and-away our most important assets, our people.

I believe our current crew is one of the best teams we've ever had. They're talented and fully invested in Southeast Farmers, and they did a fantastic job in a challenging spring. There were days when they would run a sprayer for 10 hours and spend the next 10 hours loading a train through the night.

With that said, their efforts this spring were greatly aided by our investment in four new applicators—two dry machines and two sprayers. One dry machine is a spinner, and the other an airship. Both can be equipped with duals to reduce their footprint in the field.

Having new, dependable equipment allowed us to gain significant agronomy business this spring. While other providers were several days behind, we were able to get fields covered within 24 hours thanks to our new plant, tenders and applicators. As a result, our fertilizer tons were up significantly this spring.

Though the “go a day, sit for three” pattern was tough, I'm proud of the way we worked through this spring to serve our patrons.

I also want to highlight another great talent we've acquired in Brad Erickson. A veteran diesel mechanic with 23 years of experience at Peterbilt, Brad joined the team in March. He can do it all, from fixing the heater to rebuilding an engine. The air conditioning is now working in trucks that haven't seen consistent cool air for a long time. He is a great addition.

### Solid year

July 31 marked the end of another fiscal year, and this one is definitely looking better than the past couple. Our grain sales volume set a record and the market finally provided us with some decent margins. We're working on emptying the last bunker at the terminal now and the grain has come out of all of them in good shape.



We'll spend the next month and a half getting ready for harvest. We've also been receiving a lot of grain, as you get your bins ready for the fall and what promises to be a big crop. If conditions stay as they have, I believe some of the fields I've seen could deliver 300-bushel corn yields. After our final two pre-harvest trains are loaded, we'll still have about 2 million bushels of grain on hand, and the market is telling us to carry this corn until April or May. We will keep evaluating our space.

On the agronomy side, we were spraying fields later into the season as planting was pushed back. Another challenge is controlling weeds on the 10-20,000 acres of cropland in our area that either drowned out or didn't get planted.

Thank you for entrusting us with your business. Have an enjoyable end to your summer and, we hope, an abundant and safe harvest. «



Brad Erickson,  
our diesel mechanic

# USDA Estimates No Help to Markets

» By Nathan LaFerrier, Grain Merchandiser



On Aug. 10, the USDA published the August Supply and Demand numbers. The recaps on this page, supplied by CHS Hedging, illustrate the USDA's belief that we will experience a record corn yield per acre, bringing us close to last year's production level.

Demand continues to be robust on corn and our carryout numbers, projected to be 1.684 billion bushels, show a 384-million-bushel decrease in corn carryout from last year. Some believe these will be the biggest production numbers that we see this year, but for now, they are what the trade has to work with.

Producers should look to lock in some of the carries once they feel confident in their production prospects. As of mid-August, July 2019 corn was trading 24 cents above the new crop 2018 futures. With the trade issues we are experiencing on beans, producers should look at pricing new crop corn around \$4 futures given that corn acres for 2019 may increase dramatically.

## Soybean overview

In the same report, the USDA projected a 3.1-bushel-per-acre increase to the bean yield. This increase added 276 million bushels to our production numbers. Couple that with a 35 million bushel decrease in this year's carryout and a 35-million-bushel increase in usage next year and our new crop 2019 soybean carryout is pegged at 785 million bushels.

Price action for soybeans is going to be on the defensive side until world trade issues are sorted out. Looking at the numbers, one can see our demand numbers haven't fallen off the cliff, but with increased production, our carryout has become burdensome.

Another factor impacting soy price is the need to seek different export destinations due to the loss of our main soybean purchaser. Filling this void comes with added transportation costs, a factor which has affected soybean price in recent months.

We're here to help you deal with the challenges of marketing your crops in this volatile environment. Our relationship with CHS Hedging gives us access to a variety of contracting options. Call us at 605.253.6150 to see which marketing tools are the best fit

for you. See a complete list of our contacts on the back page. «

<u>Soybeans</u>						
	Jul 12 2017/18	Aug 10 2017/18	Change	Jul 12 2018/19	Aug 10 2018/19	Change
Planted Acres	90.1	90.1	0.0	89.6	89.6	0.0
Harvested Acres	89.5	89.5	0.0	88.9	88.9	0.0
Yield	49.1	49.1	0.0	48.5	51.6	3.1
Beginning Stocks	302	302	0	465	430	-35.0
Production	4392	4392	0	4310	4586	276
Imports	22	22	0	25	25	0
Total Supply	4715	4715	0	4800	5040	240
Crush	2030	2040	10	2045	2060	15
Exports	2085	2110	25	2040	2060	20
Seed	104	104	0	103	103	0
Residual	32	32	0	32	33	1
Total Use	4251	4266	35	4220	4256	36
Ending Stocks	465	430	-35	580	785	205
Stocks/Use Ratio	10.9%	10.0%		13.7%	18.4%	
Avg. Farm Price (\$/bu.)	9.35	9.35		8.00-10.50	8.45-10.15	

<u>Corn</u>						
	Jul 12 2017/18	Aug 10 2017/18	Change	Jul 12 2018/19	Aug 10 2018/19	Change
Planted Acres	90.2	90.2	0.0	89.1	89.1	0.0
Harvested Acres	82.7	82.7	0.0	81.8	81.8	0.0
Yield	176.6	176.6	0.0	174.0	178.4	4.4
Beginning Stocks	2293	2293	0	2027	2027	0
Production	14604	14604	0	14230	14586	356
Imports	40	40	0	50	50	0
Total Supply	16937	16937	0	16307	16664	357
Feed/Residual	5450	5450	0	5425	5525	100
Food/Seed/Industrial	7060	7060	0	7105	7105	0
Ethanol	5600	5600	0	5625	5625	0
Domestic Use	12510	12510	0	12530	12630	100
Exports	2400	2400	0	2225	2350	125
Total Use	14910	14910	0	14755	14980	225
Ending Stocks	2027	2027	0	1552	1684	132
Stocks/Use Ratio	13.6%	13.6%		10.5%	11.2%	
Avg. Farm Price (c/bu.)	3.30-3.50	3.35-3.45		3.30-4.30	3.10-4.10	



# Rough Start Yields Some Impressive Crops

» By Chad Nelson, Agronomy Manager

Hard to believe, but another harvest season is quickly approaching. The early August rains should have been what we needed to finish off the corn. They also helped push our soybeans along with pod development and the start of pod fill.

This has been a very challenging growing season, getting everything planted, replanted, fertilized and sprayed with all the excess moisture. Where the crops are good, they are going to be very good. Timing has been crucial, and I believe it will be even more critical going into harvest. We need to watch every field closely because of the many stresses we've had this season.

While our hybrids and varieties have a tremendous ability to deliver yields, it comes at a cost to the plants. I think we will have standability issues with the higher populations we are planting and the amount of grain hanging on these plants. We need to be very aware of this on a field-by-field basis as the harvest season gets closer and schedule harvest accordingly. If you have concerns about your fields and would like us to scout, we can do this for you.

## Fertilizer notes

Fertilizer markets have been relatively quiet since the spring season wrapped up. There have been opportunities for us to purchase some of our fall fertilizer needs. We have seen the P, K and anhydrous ammonia markets increase since purchasing tons for this upcoming fall. The liquid nitrogen (28%) suppliers came out with a fill program, and buying a layer of that looks to have been a good decision.

Fertilizer prices for this fall are higher compared to fall of 2017. Most of the increase is due to energy cost—it is simply costing manufacturers more to make their products. Another factor is high, world-wide demand for fertilizer coupled with the U.S. having the cheapest fertilizer prices in the world—not the best scenario for us. Other countries aren't interested in selling their products to the U.S. when they can go somewhere else and get more money. So, either the world market has to come down or the U.S. market has to go up to attract fertilizer imports.

It is too early to know what is going to happen next spring, but for fall we have a good supply of all the

fertilizers you will need.

## Final grades for seed

Fall is a fun and very educational time of year, as we see how the different hybrids and varieties did on your operation. Harvest is always a great starting point for next season's planting plans, and this year we have the tools to make this even easier for you. We will be out visiting you in the field before and during harvest with some positive programs that will be worth your time.

## Full service

Agronomy division services offered this fall include dry fertilizer application, VRT application, grid sampling, composite soil sampling, NH<sub>3</sub> application, fall spraying, spreader wagon rental and yield checks with our weigh wagon.

Thank you for your patronage. We look forward to seeing and serving you this fall and wish you a safe and bountiful harvest. «



*The addition of two new John Deere sprayers this spring was a tremendous help in getting all the acres covered.*

# Southeast Farmers Coop

31303 471st Ave.  
Burbank, SD 57010

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Southeast Farmers offers many contracts to aid in your marketing plans:

- **Forward Cash Contract**
- **Price Builder Bonus**
  - Contract allows you to price at a premium
  - All bushels may not price and there may be a double up
- **Daily Price Plus**
  - Contract allows you to price at a premium
  - All bushels will be priced - there may be a double up
- **Foundation Contract**
  - All bushels priced - no double up
- **HTA - minimum charge**
- **Minimum Price**
  - Allows producer to participate in futures market after cash price is set
- **Min-Max Contract**
  - Same as a minimum price contract, but has a ceiling
- **Basis Fixed**
  - Allows producer to set basis off a futures month and deliver the grain
  - Producers can draw an advance on the grain that has been delivered.

With harvest just around the corner, now is the time to get set up on Southeast Connect, powered by AgVision. It allows users to:

- View contract balances
- Receive scale ticket texting
- View account balances
- View scale tickets
- View settlements
- View field applications (up to 3 years)

Give us a call at 605.253.6150 to get set up or for help navigating the site.



## New additions strengthen staff

*Though they've spent a lot of their time at the terminal, these new staff members have pitched in wherever needed and have been a great help this spring and summer. Pictured from left to right are Hestin Erickson, Marty Pierce and Mark Holmes.*



*It would have been tough to get all the spring application done without these new applicators. They worked extremely well under some tough field conditions, can be equipped with dual wheels and increased our capacity to apply in-season nitrogen.*