



First Cooperative Association

Vol. 8 No. 1

Visit Our Web Site At: www.firstcoop.com

May, 2007



MANAGER'S CORNER

By **Jim Carlson**

General Manager

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Spring challenges put in our path by Mother Nature have delayed our efforts several times.

Yet when we had suitable conditions for our men and machines to be out there in your fields, corn planting was able to progress at a feverish pace so that as we start May a good share of the corn has been planted and many are now waiting for the soggy fields to dry so they can start on beans.

To provide a boost for our custom application services in the eastern areas this spring, we have added a new **6203 TerraGator** equipped with an 1,800 gallon tank and 80-foot boom, plus it's our first TerraGator equipped with the latest VRT capabilities, giving us the ability to spray liquid nitrogen at a variable rate.

This new machine, which is pictured on page 2, is being operated out of the Laurens location, and we feel it will be a tremendous asset for FCA and our customers in handling their custom spraying services with unmatched precision, performance and efficiency.

I am also pleased to report we have added our first **Bulk Seed Storage** consisting of two Friesen bulk tanks, each with a capacity to hold the equivalent of approximately 2,000 bags of seed. This new bulk bean storage system is also at our Laurens location.

AN EXCITING EVENT: On April 22nd

The Old Wooden Mill At Laurens Is Burned April 22nd



This series of photos illustrates the fire's progress over the two and one half hour controlled burn that was used as a training exercise to provide experience to local firefighters representing area fire departments.

at 9:00 in the morning, the old wooden mill at FCA's Laurens location burned to the ground.

In this case, the fire was for a very good cause and was intentionally set.

The controlled burn was facilitated through the efforts of First Training Consultants in Des Moines, and brought together **20 Area Fire Departments & Firefighters** to participate in a valuable training exercise to prepares them for hazards they may encounter in performing their duties.

Roger Nuehring, Laurens Location Manager, played a key role in organizing the burn as a training and educational exercise for local firefighters. He indicated that some 140 people participated, and by 11:30 the fire was flickering its last flame.

FCA has a number of employees serving as volunteers on various local area fire departments.

In addition to them and their fellow firefighters, we also had a number of other FCA employees and spouses of

employees on hand to take part and help in various ways, and I want to extend a very special **Thank You** to all who were there.

The debris from the fire has now been cleaned up, and the dirt that is coming from the excavation site where a new bin is being built will be used to fill the area on which the old wooden mill was located.

Over the past several years we have concentrated not only on upgrades and expansion to facilities to better serve the needs of our members and patrons, but we are also making great strides year to year on the removal of old, outdated and, in some cases, what may have become hazardous structures that have long outlived their functional use as facilities.

We try to concentrate these projects at one or two locations per year, and whether the project is of the **Out With The Old** variety or is classified as an

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**AGRONOMY
NEWS
&
NOTES**
By
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Every season is busy, of course, and some are busier than others as a result of weather delays condensing the work we all have to do into fewer days.

This was the scenario this spring, as frequent showers and some unseasonably cool temperatures thwarted our combined efforts to make steady progress.

A later than normal start across much of the Grain Belt also meant more people were wanting and needing the same products and services all at the same time, and that put even greater pressure on nutrient supplies and the logistics of getting those supplies delivered.

This had the greatest impact on the nitrogen side of the business.

I am pleased to report, therefore, that we were able to cover the nitrogen needs of all FCA customers, and that our employees did an absolutely remarkable job of handling the orders, working with the condensed schedules imposed on them by weather setbacks, and doing their absolute best to provide you with the most timely service each day.

There were some delays encountered in the process, however, and those are always a source of frustration for us and for our customers.

We certainly apologize if there were any inconveniences created for anyone, plus we definitely want to thank everyone who was patient and understanding for the great cooperation that was shown.

If anyone feels they will need to apply additional units of nitrogen for this crop, please talk to your FCA Agronomist very soon.

I sincerely believe there are some very valuable lessons the events of this spring have illuminated for us, and insights that we can and should take from our experiences of this spring that will help everyone be better prepared and in a better position for the future.

For one thing, if we are indeed going to continue with the shift underway to increased acres of corn

and perhaps even expand the corn-on-corn strategies that have been projected, then it is crucial we also address the changes this has brought to the surface in terms of seed and nutrient supply issues.

The increasing demand for corn hybrids with early maturity dates and with genetic characteristics that allow them to be planted earlier in the spring has led most of our seed suppliers to depend on seed production in the southern-most regions of this country, and beyond our borders into other countries.

This has naturally stretched the supply lines much farther, creating additional transportation and logistic problems and pressures in the process.

Plus, when those production areas encounter adverse weather, such as they did all across the southwestern part of the nation and on into northern Mexico this past year, then issues of seed supply become even more serious.

FCA, with its strong link to so many of the leading seed companies in this country, has added flexibility to address these supply issues so that we can fill any gaps that may occur in one or more seed company's production with another seed that has comparable traits, genetics, technology characteristics and, most importantly, with a seed that will perform and yield comparable to your initial selection.

Issues related to fertilizer supply are perhaps even more challenging as a result of so much of the N-P-K production now shifting to sources located overseas, as well as due to the constantly shrinking number of suppliers from which we are able to obtain these nutrients to serve you.

The added pressure to meet the demand for more N products for

increased corn acreage simply multiplies the challenges that may develop for the future.

We also feel that with our participation in the **Iowa State University Corn & Soybean Initiative** and their staff headed by Extension Crop Specialists Joel De Jong and Paul Kassel, we have a tremendous link to the very latest in crop production research and technology, as well as access to the most timely updates and information on any on-going issues related to your corn and soybean crops as they progress through the planting and growing season.

By the time you are reading this I would imagine many of you will be making final plans and preparations to plant soybeans.

So if there is still sufficient time to do so I would encourage those of you who have not applied a "pre" herbicide product to give extra strong consideration to getting **One Of The Yellows** out there!

This is a very affordable protection against the potential delays we might encounter with post treatment timing as the water, wind and weather patterns thus far suggest may be the norm for 2007.



FCA's New Bulk Bean Storage
The two Friesen bulk soybean storage tanks at the Laureds location will enable us to store the equivalent of 4,000 bags of soybeans and bring added convenience to supplying the needs of our customers.



Our 2007 TerraGator 6203 Is VRT-Ready For Service
It's shaping up to be a busy spraying season all across FCA Country this spring, and the addition of the new 6203 TerraGator gives us the capability to spray liquid nitrogen using Variable Rate Technology to bring added efficiencies to your fields.



**THE
PETROLEUM
REPORT**
By
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LP PROGRAMS: As you can see in the announcement elsewhere, FCA is now offering its LP Summer Fill & Contracting programs, and I once again encourage everyone to participate so they can get in on the outstanding savings that are offered and, at the same time, lock in their supplies to provide peace of mind that your needs have been covered for the 2007/08 season.

We're getting an earlier start on Summer Fill this year to give everyone additional time to get in on the best savings, so please feel free to contact your local FCA office if you have any questions on any of the specifics of these programs, and to place your orders.

MARATHON CARD-TROL: By now I'm sure everyone is aware of the incident at the Marathon location's Card-Trol facilities that knocked the pumps out of commission.

The damage was extensive, and we anticipate it will require 4-6 weeks for all of the new equipment and operating systems to be assembled, shipped and installed.

We therefore ask for your continued patience and understanding, and we apologize for any inconveniences that may be experienced during the downtime until we can have the Marathon Card-Trol back up and running to provide fuels to our many loyal customers who use this facility.

VOLATILE MARKET: The price for all fuel products surged higher during the latter stages of April, and it appears we are in for some very volatile times ahead, since inventories of products continue to shrink at a steadily accelerated pace.

The supply of gasoline is nearly 10 million barrels behind where it was a year ago, 15 million barrels below the 5-year average, and reached its lowest point since October of 2005.

Transports are stacked up for hours in long lines at all terminal sites, and there have been various refinery problems, both planned and unplanned, that have squeezed the flow of fuel even tighter.

Having these challenges in full force at this point, nearly a month before what is historically the start of the peak demand period that coincides with the arrival of Memorial Day, further illustrates just how much more volatility we may face as the season unfolds.



**LIVESTOCK
PRODUCTION
COMMENTS**
By
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I am pleased to announce that the FCA Feed Team has hired a **new Beef Specialist** to serve the needs of the beef producers and their operations in the FCA trade area.

His name is **Mark Hinners**, and he comes to us with an outstanding background and a load of sales and customer service experience with over 20 years in livestock production, animal nutrition and livestock management assistance.

For the past 3 years Mark was employed in a similar capacity as Beef Specialist, thus he also will bring those valuable experiences with him in handling the responsibilities of providing service to our area's beef customers.

Mark and his family live north of Alta, and he has asked me to let you know that he is looking forward to

meeting and getting to all of the FCA beef producers, to becoming familiar with their operations and their specific needs, and to providing you with quality service.

Mark will be working with FCA beef producers and operations two and a half days each week, with the remaining days spent serving in a similar capacity for the beef producers and operations of our neighbors at the co-op in Remsen.

Please give Mark a warm welcome when he stops by your operation to introduce himself and let him know how he and the FCA Team can be of service.

If you need to contact him at any time for assistance, answers to questions or any of your beef operation's needs, you can reach Mark on his cellular phone at **712-348-3695**.

With Mark's outstanding background and experience on the beef side of our operations, plus the tremendous experience of Doug Davis on the swine side of our business, the dedicated FCA Feed Team is well positioned to address the changes and challenges which all of today's livestock producers and their operations face.

I encourage you to make full use of their knowledge and experience now and for the future.

In closing and on behalf of the Feed Team and all of us at FCA, I ask you to join with us in recognizing and expressing our appreciation to the area's beef producer families during **May National Beef Month**.

FIRST COOPERATIVE'S 2007-08 LP PROGRAMS
LP SUMMER FILL PROGRAM

10 Cents Per Gallon Discount from the daily charge price when delivered in **May and June with Billing Deferred until August, 2007.**

7 Cents Per Gallon Discount from the daily charge price when delivered in **July with Billing Deferred until August, 2007.**

5 Cents Per Gallon Discount from the daily charge price when delivered in **August. Order billed in August with payment due by September 20, 2007.**

*Receive An Additional 2 Cents Gallon Discount
If You Pay Cash Within 5 Days Of Delivered Date*

LP CONTRACTING PROGRAMS

Program 1: 100% Pre-Paid Contract **Program 3: Firm Booking**
Program 2: Maximum Price Contract **Program 4: Budget Billing** ResidentialOnly

NOTE

*Receive An Additional 2 Cents Per Gallon Discount
When You Sign Up For Our Keep Full Program*

Contact Your FCA LP Salesman Or Nearest FCA Office For Additional Details

Mark Wandrey: 1-800-465-4793

Mike Schnell: 712-260-9264

Dave Wesselink: 1-800-356-2667

Jim Klatt: 712-363-0372

Randy Johannsen: 712-348-1126



HEDGERS' HOTLINE

By
Randy
Dunn

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Some times I wonder if we will ever get past the GMO issues associated with corn and soybean seed.

That day may arrive sometime, but it certainly hasn't yet, and just in case you hadn't heard the latest potential GMO problem, I will give you a quick update.

This spring Syngenta received approval from the U.S. regulatory agencies to market their version of a rootworm resistant corn variety.

As I understand it, the trait is called Agrisure RW and is marketed in a few different brands of seed.

This type of corn has been deemed safe for any type of food and feed consumption in the U.S.

The problem, however, is that many countries we export corn and corn by-products to have not approved these varieties at this time.

Syngenta is hopeful that they will gain international approval before the fall harvest, but they have no guarantees it will happen.

If Syngenta is not successful in gaining full approval in the next 5 months, their plan is to channel the unapproved corn to end users who will not export any corn or corn by-products, and about the only market that leaves us for this type of corn is the local livestock feed markets.

Syngenta's emergency plan is simple and sounds good if they fail to get approval before harvest.

The problem is that **IT'S IMPOSSIBLE TO SEGREGATE CORN.**

We saw this a number of years back with Starlink, and it's been repeated in every other situation where a certain type of corn was supposed to be kept out of the export channels.

The National Grain and Feed Association and many others urged Syngenta to keep Agrisure corn off the market until they had gained full approval. Syngenta decided to continue marketing the corn, and we now have the potential for major disruptions in our export markets if approval does not come before fall.

If Agrisure corn is not

approved for export before harvest, First Co-op will only be able to receive these varieties of corn at our Larrabee location.

Now let's get back to more pleasant issues, like what's happening with the market.

Corn and bean markets continue to trade erratically in a manner that doesn't seem to have any correlation to the news of the day, since we've seen higher prices on negative news and lower prices on what would seem to be friendly grain news, and this pattern has been fairly common over the last 2 months.

Back in February we had local cash corn prices over \$4.00 per bushel for a few days, and at that time traders felt we had to have a huge increase in corn acres and near ideal planting and growing conditions for the 2007 crop to keep from running out of corn in the coming year.

The March 30th Planting Intentions Report came through with the increase in acres, but planting conditions have been far from ideal across the Corn Belt.

Considering the fact that we are struggling along with the slowest planting pace we have had in several years, you wouldn't expect we would be 60 cents off our high corn prices posted in February.

One possibility I think we need to consider is that \$4.00 per bushel corn may still be too high of a price to sustain for a long period of time.

On the bright side, the corn market seems fairly comfortable trading in a \$3.25 to \$3.50 local cash price range.

My guess on corn prices for the

next 6 months is that we could see \$4.00 corn again if traders think the corn crop size will be below average, and yet we could also see \$2.75 corn by October if the crop size would actually be above average.

Whatever our high and low prices turn out to be between now and the end of harvest, I don't think the extreme prices will last a long time, and it is a good bet you will have a lot of opportunities to sell \$3.25 to \$3.50 corn over the next year.

There's really not much to say about the beans other than the U.S. and world supply is still extremely large and in no danger of running short over the next year, thus bean prices will probably continue to run about twice the price of corn.

There should be some volatility in both corn and soybean markets as we continue to struggle with getting the 2007 crop into the ground, and we have many grain contracting options that are flexible and make it easy to price grain in these markets, so call us if we can help.

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In With The New project, they both reflect the pride we take in the assets of our membership as well as the pride we have in the local communities in which we operate your FCA facilities.

TAKE CARE: As the work on getting the crops in, sprayed and performing well continues in the weeks ahead, I want to first of all thank all of you for your continued support and business as our employees strive to provide you with the best possible service each day, and secondly to encourage you to work safely in all you do.



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