



First Cooperative Association

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April, 2013



MANAGER'S CORNER

By Jim Carlson

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SPRING ARRIVES: April is here and it looks like this is shaping up to be a much more "Normal" spring season, if there is anything to do with weather we can define as "Normal" anymore.

While it certainly was nice last winter with temperatures in the 60s and moving into the 70s during March, one has to question whether such warm weather for such an extended period of time may have taken a substantial amount of soil moisture out of our open fields too early.

Not getting rain for extended periods of time and extremely hot temperatures were, of course, the primary factors in the drought-like conditions so many parts of the state experienced a year ago, but one can't help but to think such a warm and open winter also played a secondary role.

We had a very good fall season, and having a good head start from those acres that have already received attention will certainly help ease some of the pressure and workload facing you and the **FCA Agronomy Team** as spring work begins.

But as we all know from experience, we still have a lot to do, time is always at a premium, weather is always uncertain and unpredictable, therefore good communications, cooperation and a solid dose of patience from time to time will help us to provide all of you with the best possible service each and every day Mother Nature gives us to be out there in the fields taking care of your needs.

So I will conclude this portion of my

YOU CAN NOW GO MOBILE ANYWHERE/ANYTIME WITH FCA

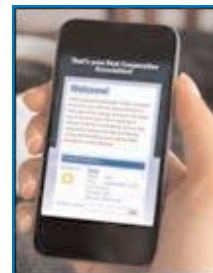
To keep up with the seemingly ever-increasing trend of mobile technology that has given us an entirely new lexicon of smartphones, tablets, pads and pods, FCA has adapted our website to offer our customers quick, convenient mobile access anytime day or night 24/7 to the latest updates on cash bids, weather and other key information we post on the website.

If you have ever tried to look up a traditional site on your smartphone, you know how frustrating it can sometimes be to find what you want.

But with this new technology there will no longer be scrolling from side to side or being in the land of "pinch & zoom" to view the content you're interested in.

Now, no matter what mobile device you choose to log on with, the FCA website will seamlessly adjust the layout to fit your screen for easier navigation and access whether you are at home, in the office or in the fields.

Just log on to FCA's website at www.firstcoop.com on your mobile device to explore this new technology!



article with my customary appeal to all customers to work closely with your agronomist, the FCA location nearest you and its employees, and with any of the other members of the **FCA Employee Team** you call on for products and services so they can do their best for you.

SUMMER PROJECTS: Even though there was still a significant amount of frost in the ground as we were putting the information together for this issue of the newsletter in early April, construction is already underway on this year's **Major FCA Summer Project**.

This year the focus shifts to the FCA Cleghorn location where we will be erecting two new 370,000 bushel capacity Brock steel bins which are being located directly west of the existing storage facilities at Cleghorn.

At press time cranes were in the process of removing conveyors from the top the two existing steel bins to make way for the installation of larger capacity conveyors to handle the increased volumes the new bins will have.

A new dump pit capable of handling semi loads of grain quickly and efficiently is also included in this project, and we're sure our customers will immediately notice the improved speed at which they can unload at this pit and be back on their way to their farms and fields.

A 15,000 bushel per hour grain leg will transfer grain from this dump pit into the new 18,000 bushel conveyor system being installed to serve all the steel bins. This conveyor system will also handle corn coming out of the grain dryer.

The 7,500 bushel conveyor that is being removed from the top will be repositioned at ground level to serve as the conveyor to handle corn from the two wet corn receiving/storage silos to the dryer.

The combined 740,000 bushels of new storage space along with greatly increased dumping capacity will be tremendous additions to the Cleghorn location and valuable assets to the customers in the Cleghorn and Marcus areas who deliver there.

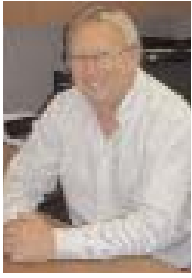
COVERING INPUT COSTS: In closing this time I want to make a few comments about the significant market inverse we have been experiencing in both our corn and soybean markets heading into spring.

In the most basic of terms, an inverse is created when the nearby Chicago futures month is at a higher price than for subsequent months.

Ultimately, there comes a time when the current higher price has to converge with the later lower prices. The uncer-

CORNER
Continued On Page 4

**AGRONOMY
NEWS
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April is here, and it's no secret this spring season is not coming on anywhere near as early as the one we had last year when things got off to such an early start thanks to some unseasonably favorable weather in February and March of 2012.

Fortunately, we're coming off a **Great Fall** with a significant volume of NH-3 having been applied all across **FCA Country**, plus despite all the snow we had at times this past winter, we were actually able to get a considerable amount of ag-lime and P & K applied.

There are, of course, still a good number of acres that need to have NH-3 spring applied, plus I am sure some of our locations will still be attending to any leftover lime and/or P & K spreading work as soon as the fields are fit and conditions favorable for the equipment to operate.

It's likely, therefore, that we could have all of these different phases of work underway at the same time, and that definitely means the value and importance of good communications between you and the FCA locations and agronomists serving your needs in the weeks ahead will be magnified.

By letting us know what products, equipment and/or services you need a day or two in advance whenever possible, or more if you can, we can plan and coordinate manpower and machines to provide you and everyone else with the most timely and effective service.

Of course we want to be able to get after the dry spreading and the NH-3 work as soon as possible so we can shift the focus to spraying services in your fields, and one of the benefits we should be able to cash in on from this later arriving spring season compared to a year ago would be later weed germination, which will enhance the effectiveness of your burn-down and the pre-emerge chemistries applied to your fields.

With the advent of the post-emerge weed control strategies as

seed genetics were introduced that were tolerant to Roundup (glyphosate) and other chemistries, the popularity of pre-plant and pre-emerge applications faded for a number of years.

However, weed resistance buildup resulting from the continuous use of single mode weed controls has been steadily increasing, so these "pre" programs are not only making a strong comeback, they are once again forming the solid foundation on which effective weed control in both corn and soybeans is based.

Among the positive benefits of these "pre" applications are:

* **They slow** the development of resistant weeds by providing another site of chemical action and another mode of activity.

Resistant weed species are spreading and increasing steadily, and using these pre-emerge products is both economical and effective to prevent them from getting established in your fields.

* **They also help reduce** early season weed competition for the moisture, nutrients and sunlight your crop needs for optimum early season growth and vigor.

Even small weeds will have a head start on the crop and rob it of performance during the crucial early stages of development, setbacks that reduce your yields and profits.

* **They improve** post-emerge product performance by thinning out a lot of the weeds long before you spray post, meaning improved coverage and enhanced performance from your post treatments.

As you prepare for the spring season ahead, talk to your **FCA Agronomist** about these and other benefits of a solid pre-emerge program.

In closing, be sure you have given your local FCA office your 2013 **Private Pesticide Applicator Certification** information and that your agronomist has the most recent **FSA Aerial Field Maps** with all infor-

mation included so our custom applicators can take care of your needs as soon as they arrive at your fields to spread, spray or apply products.

**THE
PETROLEUM
REPORT**

**By
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We want our customers to be aware that **Changes Are Coming** to the gasoline that is going to be available for sale in the state of Iowa, as well as in a number of other states.

That's because in the near future refineries are going to stop manufacturing 87 Octane No Lead Gasoline, and starting in September of this year the pipelines will only have 84 Octane No Lead Gasoline, which is commonly referred to as V Grade gasoline.

Although the minimum octane rating of gasoline legal to retail in Iowa will remain 87 Octane Gasoline, to achieve this rating V Grade will have to be blended with either Ethanol or A Grade (Premium) to create an 87 Octane rating.

Not knowing at this time what the V Grade will cost, one would initially assume it would cost less than the current 87 Octane Gasoline, since it is not as expensive to make.

Furthermore this should, one would also assume, result in a less expensive price at the pump for Ethanol Gasoline blends.

And from those assumptions one would logically come to the conclusion that the conversion to V Grade Gasoline would be good for the ethanol industry in Iowa by increasing the number of gallons of ethanol being sold.

**However, there's a Catch-22: A
PETROLEUM REPORT
Continued On Page 3**

Help Eliminate Errors-Mistakes-Confusion

KEEP GOOD RECORDS

Your Records Should Include The

Seed Genetics/Numbers Planted For Each Field So You Can

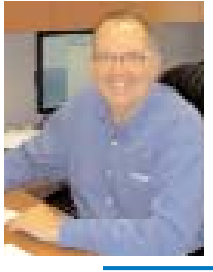
Confirm Proper Seed-To-Herbicide Compatibility

Prior To Spraying Your Crop Fields

REMEMBER

AN INCORRECT SEED-TO-HERBICIDE MATCH = DISASTER

**FEED
FOCUS**
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CHANGE: Does this word really deserve the bad reputation it so often gets whenever applied to anything we seem to have grown accustomed to and comfortable with?

Change is an on-going, continuous part of the livestock production, feed and food industries, and while change can occur slowly and in small increments, other times changes are large and occur suddenly.

In the food and feed industry we have seen significant changes taking place as consumers now have increased access and awareness to information about the food products they are purchasing, making them more particular, more sophisticated and more demanding.

In the feed industry we've seen the size of livestock operations grow by leaps and bounds compared to the operations of less than a generation ago, and they too have become more demanding in terms of the products and services they expect.

We have also seen tremendous increases in the number of regulatory agencies with guidelines, regulations, restrictions that are applied to all aspects of the feed manufacturing process, as well as increased governmental scrutiny at all levels.

There has been a steadily increasing emphasis throughout the entire food chain to safeguard the quality and safety of the food products that your livestock operation is producing, and the feed rations they are consuming supplied by feed manufacturers like FCA.

For example, in 2011 the Federal Government passed the **Food Safety Modernization Act**, and currently that bill is under review.

Among the many provisions of this bill are requirements to establish a **"Preventative Approach"** across all sectors of the food industry which has resulted in all major companies working on establishing and enhancing improvements to assure product safety management.

Obviously, with grain production and feed manufacturing being a major part of the global food chain,

all of us at FCA are engaged in developing our **Quality Management Systems** for implementation by the Feed Department.

We have made a commitment to take the **FCA Feed Team** on this journey to serve as an industry leader in the production of safe feed to assure safe food.

There are many questions being asked and issues are surfacing each and every day throughout the industry and in all phases related to the **Food Safety Modernization Act** as its objectives are being implemented.

The process we and others are following will not always be simple or easy to understand, and as I am sure all of you can understand, changes such as those which will need to be made to comply with the guidelines of the **Food Safety Modernization Act** do not come without a cost attached.

Food safety and quality are of critical importance and value to today's consumers, and if we are to be successful and viable for both the short term and long term in the crop and livestock production process upon which our food industry depends, we must never under-estimate, under-value or under-appreciate the voice and role of the consumers who are our ultimate customers.

These changes will present us with some exciting times going forward, and I welcome your comments and will try to provide you with answers to any questions, so please feel free to contact me with either.

PETROLEUM REPORT

Continued From Page 2

straight gasoline product will be a blend of V Grade Gasoline and A Grade Gasoline, and currently the cost of A Grade Gasoline is not only 30 to 35 cents higher than No Lead Gasoline, it is also not always available at the pipeline terminals.

Blending the two products to make a 87 Grade Octane will therefore most likely result in a higher priced product for people who want a "straight" gasoline fuel that is "ethanol-free".

The decision retailers will be required to make is: Which products will be offered for sale?

Their choices for what fuel they will put in to replace the 87 Octane No Lead product in storage and at the pumps will be:

1.) 87 Octane Gasoline made from V Grade and ethanol, which will replace the current Super No Lead or 89 Octane Gasoline.

2.) A Grade Gasoline, which is 91 Octane.

3.) A straight 87 Octane consisting of a blend of V Grade and A Grade.

4.) An 89 Octane Gasoline consisting of V Grade and A Grade.

As we get closer to this change in fuel product availability from the terminals that supply FCA I will try to keep you informed on what is happening, and if anyone has any questions, please feel free to call or e-mail me.

Save With FCA's Money-Saving Programs & Discounts LP SUMMER FILL SPECIALS

MAY & JUNE SUMMER FILL

**10 Cents/Gallon Discount Off Daily Charge Price
With Billing Deferred Until August, 2013**

JULY SUMMER FILL

**7 Cents/Gallon Discount Off Daily Charge Price
With Billing Deferred Until August, 2013**

AUGUST SUMMER FILL

**5 Cents/Gallon Discount Off Daily Charge Price
With Billing Deferred Until August, 2013**

**RECEIVE AN ADDITIONAL 10 CENTS PER GALLON DISCOUNT
WHEN YOU PAY CASH WITHIN 5 DAYS OF DELIVERY**

LP CONTRACTING FOR THE 2013/14 SEASON

Program 1: 100% Pre-Paid Contract

Program 2: Maximum Price Contract

Program 3: Firm Booking (20 Cents/Gallon Down Payment Required)

FCA ALSO OFFERS A BUDGET BILLING PROGRAM FOR RESIDENTIAL CUSTOMERS
As in the past, we will continue to offer a 2 cent per gallon discount for LP contracting customers who sign up to be included on one of the Keep Full Routes.

**CONTACT YOUR FCA LP TEAM OR NEAREST FCA OFFICE FOR DETAILS
ACCOUNTS MUST BE CURRENT TO TAKE ADVANTAGE OF PROGRAMS**



HEDGERS' HOTLINE

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Whether you love them or hate them, one thing we can all agree on is the fact that **USDA Reports** certainly keep the grain markets from being boring.

Our most recent **USDA Quarterly Grain Stocks Report** that was released on March 28th was a real shocker to most grain traders, as March 1st corn and soybean stocks were both well above the highest of the trade guesses.

This left grain producers crying foul and users rejoicing with the sharply lower prices that resulted.

In the week following the report release, corn has dropped about \$1.00 per bushel and soybeans are off 75 cents per bushel.

There are a couple of theories about where the extra grain came from.

Theory 1 I've heard is that the USDA must have miscalculated on this report and we could get a correction in a subsequent report.

This would appear to have happened a couple of times in the past, but the government rarely acknowledges any mistakes.

Theory 2 is that the December stocks report was wrong and the USDA underestimated the size of the 2012 crop, thus the larger than expected March grain stocks.

Regardless of whether this latest report is right or wrong, those are the "**Official Numbers**" traders will have to work with until the next quarterly stocks report is issued on June 28th.

With this downturn in the markets, we now find current corn and bean prices nearly identical to where we were one year ago at \$6.65 for corn and \$13.75 for beans.

Those prices seem pretty good in comparison to around a year ago, since on June 1, 2012 cash prices were \$5.65 and \$12.90 for corn and beans.

You can do the math, but those June 2012 prices are about \$1.00 per bushel below today's prices.

Last year the devastating drought

sent prices skyrocketing from June through the end of August, ultimately topping out with \$8.00 corn and \$17.50 soybeans, but we have been on a slow price decline ever since, and the bottom fell out after the March 28th report.

So where do we go from here?

If you assume the **Stocks Report** is correct, you would have to think we could follow last year's downward path into the early summer.

Grain stocks are a little tighter than last year and everyone is still on edge about the possibility of less than ideal growing conditions this summer, so maybe the decline will be a little less than last year.

Ultimately, adverse summer weather is about the only thing that can give us another shot at the winter's high prices.

As far as new crop is concerned, the size of the drought area is significantly less than last fall, with most of the Corn Belt located east of central Iowa showing major improvement in soil moisture.

Unfortunately, as of yet our trade area is not in that category.

The worst case scenario would be for the rest of the country to recover with a normal size crop and for us to come up short.

So watch for any opportunities to sell new crop at prices at which you can beat Federal Crop insurance prices, which equate to about \$5.20 new crop corn and \$12.00 new crop soybeans for our trade area.

CORNER

Continued From Page 4

tainty of whether the lower price moves up or the higher price comes down is

always the big question in the marketplace.

With the surprises created in the market by the March 28th USDA Reports, it now appears the convergence of old crop (cash) corn market with the value of new crop corn will be occurring sooner, rather than later as the nearby value of corn retreated towards that of the new crop values.

There is a full planting season, the summer growing season and harvest to unfold in the months ahead.

Thus the size and value for the crops you'll soon be planting is still very much up in the air.

However given the following considerations:

1. The large number of acres that have been projected for corn and soybeans this year.

2. The revised supply picture the latest stocks report has suggested.

3. The demand destruction in the livestock, ethanol and export sectors that has been experienced.

4. The potential for a very large corn and bean crop if projected acreage is realized and weather cooperates.

It would appear all the ingredients are there to suggest the elevated prices we have enjoyed in both corn and soybeans the past couple of years may not be with us too much longer.

Those higher values have driven the prices for inputs, land values and virtually everything else higher, and as we all know from past experience, prices for all those things tend to remain elevated much longer as grain values decline.

Therefore, I suggest everyone needs to be sure they have taken steps to cover the higher production input expenses committed to when crop prices were higher rather than being caught in the middle if/when those higher prices plunge.