



# First Cooperative Association

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December, 2012



## MANAGER'S CORNER

By Jim Carlson

General Manager

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On behalf of the Board of Directors, Staff and all FCA Employees, I want to thank all of the members who were able to attend one of the two sessions of FCA Annual Meetings that were held in November.

We had a very good year of operations to be reported at this year's Annual Meeting, and it is always gratifying to all of us to have so many of the members turn out to participate and support their cooperative.

For those of you who were unable to attend, and I am sure the excellent weather in November and the opportunity to get additional fieldwork completed following the harvest kept a number of you at home, we do have copies of the financial statement booklet containing the Statements of Savings, Balance Sheet, Sales and other information available from any FCA location if you wish to stop in to request one.

As is customary in my newsletter article, I will include some of the major highlights from those statements, beginning with the main one of the 2011-12 fiscal year ending August 31st being another **Record Year for Total Sales**, and for this I say **Thank You** to all FCA customers!

This past year's **Total Sales** were **\$496,092,129**, an increase of over \$116 million from the previous year's total and certainly a milestone for your



We Extend Our Very Best Wishes  
To Our Customers & Their Families

**MERRY CHRISTMAS**

&

**HAPPY NEW YEAR**

From All Of Us At FCA

Board Of Directors

Employees & Families

cooperative, as with that sales total FCA is now among the top 100 cooperatives in total sales in the United States, something each of you can be very pleased and proud to be a part of.

**FCA's Net Savings** for this past year reached **\$7,409,306**, an increase of over \$900,000 from the previous year and yet another positive figure I feel all of you can be very proud to have your cooperative achieve.

This year your FCA Board of Directors authorized a **Total Patronage Dividend** to the membership of **\$2,511,506**, of which 30% or **\$753,452 was paid in cash**.

This year's patronage rates were as follows:

<b>Grain:</b>	<b>2.6 Cents/Bu.</b>
<b>Agronomy:</b>	<b>1.70%</b>
<b>Petroleum Products:</b>	<b>1.25%</b>
<b>Feed:</b>	<b>0.80%</b>
<b>Service Income:</b>	<b>5.0%</b>

In addition to the conventional patronage dividend members have received, this year FCA was also able to pass through a portion of its Section 199 tax deduction that can be used by the membership on their tax returns, and that total amount was approximately \$2.2 million.

There were a number of significant records that were established for the 2011-12 fiscal year that contributed to the record sales year at FCA. Among these were:

\* **Over 46 million bushels** of grain handled for this past year, with

over 34 million bushels of corn and 12 million bushels of soybeans crossing the scales of FCA locations, representing record bushel volumes for both commodities.

That is an 8% increase from the previous year's grain total, and it clearly demonstrates the decisions and investments which have been made by FCA to upgrade its grain receiving, drying and storage capabilities and capacities in recent years have been sound and solid ones in terms of serving the grain needs of our members and patrons.

\* **Your FCA Agronomy Team** also set new records, with record tons of fertilizer and lime up 16% or 17,487 tons higher; crop protection products up 20% or \$2,464,000, and seed sales showing a 10% increase by being up \$590,000.

\* **In this our first full year** with the Galva-Holstein volumes, **FCA's Feed Team** sales recorded an \$11.2 million increase for the year, and overall the total sales for **FCA's Fuel/Energy Team** increased over a million gallons for the year.

It was, as you can see, a remarkable year for your cooperative, and once again I say **Thank You** to all of you for your role in making this year such a positive one.

And of course speaking for everyone here at your cooperative our **Very Best Wishes** to you and to your family for a **Most Wonderful & Joyous Holiday Season**.

## AGRONOMY

### NEWS

By

Mark

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As we think back on just how hot and dry conditions were for so much of the 2012 growing season, I am sure all of us were asking questions like:

**Where did these corn and soybean yields come from?**

**How did the crop do as well as it did in those conditions?**

While there is obviously no single answer to the often surprisingly higher yields that were harvested this fall, there are some key things that fell into place at just the right time to help the 2012 crop perform and yield beyond what many expected.

First and foremost there was the combination of some decent spring moisture and an early start to the planting season for many of you.

Next, evidence indicates that whereas the normal depth for corn roots will reach down 5 1/2 inches into the soil profile to access moisture, this year a lot of corn roots extended a full 8+ feet deep.

Then, of course, there are the improved genetics in the seed you're planting providing greater tolerances to various stresses.

Finally, we can not, should not and must not under-estimate or under-value the critical role of the much more intensive crop nutrient, weed, disease and pest management strategies all of you are putting into your fields these days.

There were more, of course, and certainly some timely showers during the course of the season, while not plentiful in terms of number or volume, still arrived at some of the more critical stages of the growing season when the crop could and did benefit the most from them.

Now the process is already underway for the next crop, and we are just coming to the final stages of what has been a huge fall NH-3 season in our trade area.

Here again there were many contributing factors, an early end to harvest and great fall weather extending deep into November plus some very mellow soils that provided easy pulling of equipment and good seal-

ing capabilities among them.

Add to that great cooperation from customers to plan and order their product, equipment and custom service needs, great communications from you to help us coordinate everything, some long hours and the dedication to customer service by the entire **Agronomy Team**, and it adds up to a successful fall NH-3 season.

We are also having a very good fall P & K season, one which will continue for as long as fields are open and conditions fit for our men and machines to serve your P & K spreading needs, so please keep working with the guys to plan and schedule things.

There has been another big surge in lime demand this fall so the pits are being pressed to keep pace with the orders.

Currently we're getting supply two days a week and taking care of orders as they were scheduled.

Fortunately, as more lime is being spread area wide the demand is easing and lime pits are steadily catching up, and thanks to the open conditions we're having at this time and an extended forecast calling for more of the same, we should also start gaining ground on the lime orders in the weeks ahead.

Most seed orders have been covered very well with the early attention so many of our customers gave to taking care of their 2013 seed needs this fall, and we certainly say **Thank You** for getting together with the **FCA Seed Team** to get your top priorities locked in early.

If anyone still has seed bases to cover, I'd suggest **The Sooner The Better Strategy**, since demand for the top performing, top yielding numbers, genetics and most widely planted sizes are causing supplies of many of those seeds to sell out fast.

Of course the **Pre-Pay Season** is here and we expect to have our pre-pay pricing and program for crop protection supplies established around mid-December.

Once again this year we will be emphasizing the value and impor-

tance of the pre-emerge residual products and strategies, both as a key tool to help slow the weed resistance buildup that's becoming all too evident in so many fields, and to limit the competition weeds give to crops for moisture and nutrients during the early stages of the season, competition that cuts performance and yield potential significantly.

## THE PETROLEUM REPORT

By

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December is here, the **Holiday Season** is in full swing, and so too is another very important season for our FCA customers, the **Pre-Pay Season**.

Once again, therefore, your **FCA Fuel/Energy Team** has established a **Pre-Paid Spring Diesel Contract** opportunity in addition to our regular **Spring Diesel Contracting Program** so you can pre-pay a portion of your needs before the end of 2012 for tax considerations.

We have also established our very popular **Early Bird LP Contracting** program to give you an opportunity to start contracting your home, farm/livestock building and dryer fuel energy needs for the 2013/14 fall and winter season.

I would strongly suggest you take a very close look at this **LP Contracting** opportunity in the time you have between now and the end of the year, since right now the contracting price for LP for your 2013/14 fall/winter needs is actually lower than the LP price currently posted.

Feel free to contact the **FCA Fuel/Energy Team Driver** that serves and supplies your farming operation or your local FCA office

**PETROLEUM**

*Continued On Page 3*

**TAKE A MINUTE TO**

**Check Your Pesticide Applicator License**

**To See If It Expires December 31, 2012**

**IF YOU NEED TO RE-CERTIFY FOR 2013**

**Be Sure You Contact Your County Extension Office**

**For Dates-Times-Locations Of Re-Certification Sessions**

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As the 2012 year begins to wind down, it's customary to take a look back to review the past year's events in the feed and livestock industry, since in the next few weeks you and we will both be making many of our plans and decisions for what lies ahead of us in the new year of 2013.

To begin this process, I am very pleased to report that here at FCA we have seen some very nice growth in our retail feed area, and I would first of all like to say **Thank You** to our feed customers for their trust, support and business - all are greatly appreciated!

I would also like to recognize and thank the **Feed Sales Staff & Feed Employees** for their commitment to customer service and for working hard to take care of your needs to help us earn your continued support going forward.

Without all of us working together in unison, we could not have made the progress we have made nor achieved the positive growth we have, since as we all know, in today's livestock and feed business it takes a **Total Team** approach to be successful.

My next area of reflection on this past year is a little more difficult to put into words on paper.

We have had a great year, with many success stories and positive feedback from a number of our customers, however I don't nor can I go into great detail on these.

I can and will, however, offer some general observations which will hopefully convey the overall message.

First of all in our swine area, we have had a number of our area producers re-evaluate their feed choices and feeding programs, which has led them to make some changes to their swine diets.

As a result of these changes, those producers are now seeing some of their best feed efficiency levels in years. One of the simple changes made was to keep their feed budget updated as a group, which

resulted in feeding the correct diet to the proper weight pig.

In our beef area many producers have had some of the best closeouts based on **Average Daily Gain** and **Feed Efficiency** that they have ever had.

Those positive results all began when these producers worked closely with their **FCA Feed Salesman** to make adjustments in diets to focus on improving performance.

While these **"new"** diets may not have been the **"cheapest"** per ton of feed, the improvements in performance, gains and efficiency made a significant difference where it counts the most - **The Bottom Line** - where the return on the initial investment was markedly improved.

It has been a similar success story in our cow/calf area, with many of our producers also seeing significant improvements resulting from proper nutritional balancing of their cow diets.

In the majority of these situations the changes that resulted from the re-evaluations that were implemented were simple ones to make and, like so many things we all have done the same way for years, all it really required to begin the re-evaluation process was taking a closer look and considering something different.

As we look ahead into 2013, it's clear we will still be facing higher prices in the grain sector accompanied by elevated prices in the feed industry.

That combination further increases the value and importance of producers and the **FCA Feed Team** working together to address the situations and issues we can control, most notably efficiency, rather than dwell on those we can not control, like grain and feed prices.

I encourage you to contact your local **FCA Feed Salesman** to see how we can assist you with all of your livestock's nutritional needs to maximize performance, gains and efficiency.

## PETROLEUM

*Continued From Page 2*

about these **Spring Diesel and Early Bird LP Contracting** programs to place your orders, and of course if you have any questions or would like information about them.

**SPCC PLAN DEADLINE:** It's been a year ago in the December, 2011 newsletter article that I wrote about an extension being granted to the implementation of the **EPA's Oil Spill Prevention, Control and Compliance Regulations** (SPCC) to give more time to those of you with over 1,320 gallons of above ground fuel storage to have a SPCC Plan established for your farming operation.

**That extension was to May 10, 2013, and that date is now less than six months away!**

Two items I want to mention in regard to this issue:

**One,** if you need any assistance in formulating an SPCC Plan for your farm by this date, please feel free to contact me and I can provide sources that you can turn to for specific details and the information you will need to establish your plan in time.

**Two,** if you are thinking about and/or need to update your fuel storage to dual wall tanks, please be aware there is currently a 2 to 3 month wait between the time of placing an order and receiving the tank.

In other words, don't wait too much longer to order dual wall fuel storage tanks, since the closer we get to the **May 10, 2013 Deadline**, the heavier the demand for those tanks and the longer the gap is likely to become.

**IN CLOSING:** As I bring my article to an end this time and for 2012, and speaking on behalf of the entire **FCA Fuel/Energy Team**, I extend our **Very Best Wishes** to all of you and to your families for a **Safe & Joyous Holiday Season.**

### FCA Board Of Director Election Results

*At this year's FCA Annual Meeting the results of this year's Board of Director Election were announced and the following incumbent Directors were re-elected to serve three year terms by the membership:*

**East District**

**EBEN SALTON**

**West District**

**MARK JOHNSON**

**South District**

**LESLIE HAAKE**

*At their re-organizational meeting your Directors elected the following to serve as officers on the Board for the 2012-13 year:*

**CHARLES SPECKETER: PRESIDENT**

**RANDY SENNERT: SECRETARY**

**DAVID DEAN: VICE-PRESIDENT**

**MARK JOHNSON: TREASURER**



## HEDGERS' HOTLINE

By  
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Grain news has been a little scarce lately, and with harvest winding up in October and no more USDA crop reports until early January when they will release their final estimates for the 2012 crop, things are likely to stay that way.

Nevertheless, there are still a few items in the news that can give traders a reason to run the markets up and/or down every few days.

For example, even though we are four months away from even thinking about planting our next crop, weather still makes headlines.

Most of the Midwest is still in a drought with no relief in sight, and just recently the Great Plains wheat crop was rated as the worst it has ever been for this time of year.

While we don't raise wheat in our part of the Grain Belt, if it looks like wheat is in trouble then that will typically have a positive effect on corn prices.

South American weather is also being closely watched by U.S. grain traders.

At this time the Argentine corn crop is only a little more than half planted due to heavy rainfall and severe flooding.

That's a full month behind the normal planting pace for them, so they are already expecting some reduction to their corn crop size.

There has been enough positive news for corn that CBOT futures prices have climbed up 60 cents from the harvest lows.

And when you add in steady basis improvement, we have the best cash corn price we have had since early September.

I don't know if it is good news or bad news, but the CBOT March futures corn price is still some 70 cents lower than what we had in August.

One fact that hasn't changed, and probably won't change, is that we will have a lot smaller corn supply this coming summer than we had last year.

The 2012 corn crop was one of

the earliest harvested ever, and that helped relieve some of the stress from the short supply, but I would hate to think what could happen if the 2013 crop is later than normal on top of an extremely tight old crop supply.

The soybean market has not acted nearly as well as corn, as soybean prices have been on a steady slide since early September, losing \$3.50 per bushels on the CBOT.

The local bean basis has improved 50 cents since harvest, so cash prices have held up better than the CBOT.

Weighing heavy on the soybean market has been the expectation of a huge increase in South American soybean planting intentions.

Their planting season is underway now, reports have the crop going in with decent planting conditions, and although some parts of Brazil are a little wet, and some are a little too dry, the situation is not bad enough to cause much concern yet.

Late December through early February is the critical growing period for Brazil, so things could start happening in a few weeks.

On the positive side, we have seen the U.S. soybean market start

to show some signs of finding a bottom since mid-November.

January soybean futures are currently 70 cents above the November 16 low of \$13.72, and steady Chinese soybean buying has led to a U.S. export pace that is far ahead of USDA projections.

At the current export pace, we would run out of beans by spring or early next summer.

The key to U.S. soybean prices for the rest of the year will be based on answers to the following questions:

**1. How big is the South American crop?**

**2. How fast can they export beans through their marginal export loading facilities?**

Many grain experts believe that the Brazilian export facilities are so inadequate that they won't be able to meet world demand by themselves no matter what their crop size is.

If the world still need soybeans loaded out of the U.S. after the first of March, we are going to see some crazy markets next year, and that isn't even considering what would happen if the Grain Belt moisture situation doesn't improve dramatically by spring.

### FCA HOLIDAY BUSINESS HOURS

All Locations Will Be Closed

The Following Dates

**CHRISTMAS HOLIDAY**

**Closed At 12:00 Noon Monday, December 24th**

**Closed All Day Tuesday, December 25th**

**NEW YEAR'S HOLIDAY**

**Closed All Day Tuesday, January 1st**

