



# First Cooperative Association

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## MANAGER'S CORNER

By Jim Carlson

General Manager

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It took a while for Old Man Winter to put in an appearance this year, and that certainly allowed many of our customers and the FCA Agronomy Team to extend the post-harvest season and get a great head start on the fertilizer and field work chores.

And today, with just a couple of days remaining before March arrives as we put our newsletter articles together, we've just experienced an old fashioned winter snow and ice storm and, according to the forecasts, another is on the way.

I suppose the notion many have is true, and the good thing about getting a late winter storm like this isn't as bad, since the colder temperatures and nasty conditions don't last very long.

Spring will indeed be here soon, the calendar shows us that, and the days ahead are ones that will be filled with activity as all of us plan and prepare for the fields to open and the rush to a new planting season gets underway.

Throughout the winter months your cooperative has been laying in the inventories of spring crop inputs to serve your needs, and thanks to some very good cooperation and communications between the FCA Agronomists and our customers, our warehouses are filling with the specific products needed for your crops.

The task of planning inventories for this upcoming season has been made



*This winter we added a new 4,500 gallon fuel delivery truck to the FCA Fuel Team fleet to help us maximize efficiencies in serving the needs of our fuel customers. This new truck is operating out of the Cleghorn location to serve the western part of the trade area.*

even more challenging than in the past, since as you know there is a significant amount of discussion and consideration being devoted to changes in the traditional corn/soybean rotation systems most everyone has been following for so many years.

It remains to be seen just how many more acres are planted to corn this season than were planted to corn a year ago.

Certain individuals may plant a significantly greater percentage of their acres to corn than they have in the past, others may have only a modest change in the split between corn and soybeans, and there are likely others who will stick with their normal rotation, since the soybean market has also pushed prices higher.

Mother Nature will, as always, have a major role in determining what actually does go into the ground, but with the increased number of corn acres being projected, it's clear the demand for all corn inputs will be facing added pressure as we approach spring.

Therefore, the price and supply availability for corn inputs will be an issue that we feel you will need to address sooner, not later, and I strongly recommend you keep in very close contact with your FCA Agronomists to

plan, order and lock in the price and supply of your crop needs well in advance.

The FCA Employee Team is very busy servicing and preparing our custom application fleet, the tending equipment and all other equipment to have everything at-the-ready to serve you as soon as spring work gets started, and we are looking forward to serving your needs and to making this a very good season for all.

**GRAIN UPGRADES:** This year we will again be addressing improvements and expansion of FCA's grain storage and handling capabilities and capacities as part of the on-going commitments that we have been working on for the past several years.

This spring, as soon as the weather warms and soil conditions are fit, excavation will begin at the Marcus and Laurens locations so that we can start construction of two 90-foot, 510,000 bushel bins.

The additional storage will provide more space and increased flexibility to our customers delivering grain to Marcus and/or Laurens, and the added capacities will enable us to be

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**AGRONOMY  
NEWS  
&  
NOTES**  
By  
**Jim Compton**  
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March has arrived, and although the weather we've been having has made it a lot more difficult to entertain thoughts of spring, the fact remains the start of the new 2007 planting season is rapidly approaching, and we therefore need to concentrate on getting the remaining inputs and services finalized.

The task is made a bit more challenging this year because there are more questions still up in the air about what crop is going to be planted in a lot of the fields.

Unlike past years, when corn has followed soybeans and beans have followed corn in the normal rotation system, we don't have that automatic rotation to use as a guideline in projecting crop input needs this year.

That's because the issue of the acre split is more uncertain and unpredictable due to the prospects of farmers planting more corn in response to the market's increased demand projections for corn.

Over the past month or so we've seen the demand for all corn inputs, especially nitrogen and seed, push the cost of these supplies steadily higher, while at the same time bringing increasingly heavy pressure to bear on supply availability.

While FCA still has a good supply of "most" seed corn hybrids available at the time of this writing, there are certain numbers that are starting to disappear very quickly, particularly those which are best adapted to a corn-on-corn strategy.

Therefore, if there are specific corn hybrids, traits and/or genetic packages you're definitely interested in that you have not as yet locked in with an order, I strongly recommend you lock in those supplies as soon as possible, before they are completely sold out.

Obviously, the potential for a sizeable increase in the number of acres that are likely to be planted to corn in 2007 has put even more pressure on nitrogen supplies, thus prices for all N forms have been moving up significantly.

FCA had a very good fall NH-3 season, with record volumes applied, and that should help ease the pressure a bit.

Likewise, the investment in bulk liquid nitrogen storage assets that FCA has made makes us less vulnerable to industry-wide shortages than so many of our counterparts.

That being said, however, I firmly believe that if you have any nitrogen needs that have not as yet been locked in, you need to set aside time to visit with your FCA Agronomist to calculate what N form(s) you will be needing and the volume(s), and then get them covered right away.

I can assure you that the way things are shaping up, you definitely will not want to risk trying to secure supplies of nitrogen in-season.

While so much discussion and attention is being paid to the corn side of the equation, the fact remains that a soybean crop will be planted this spring, and certainly the soybean market is also offering some very attractive pricing opportunities to hold on to its share of the acres.

We have a very good selection of soybean varieties available, and I encourage you to talk to your FCA Agronomists and our Seed Sales Representatives so they can assist you in matching your soil types, management practices and the genetic packages and protection to the varieties that will perform and yield the best in your fields.

Among the other **Pre-Spring Tasks** that I encourage you to take care of in the weeks ahead are setting aside time to visit with your FCA Agronomists to update field map information, to finalize your crop input needs, and to plan custom application services.

Also, if you have re-certified your

pesticide applicator license, or soon will, please be sure to get the new license number into your local FCA office so we can have that information recorded in our system.



**LIVESTOCK  
PRODUCTION  
COMMENTS**  
By  
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**BEEF:** It looks as though the 2007 calving season could be getting underway in some less than favorable weather conditions this year.

I therefore encourage all of our cattlemen to contact the FCA Beef Team for assistance with their nutritional needs, as well as for any of the other calving time supplies they will need to have on hand and at-the-ready for this all important time.

While on the topic of beef, I'll also mention that it's not too early to be lining up and locking in all of your cattle's mineral needs with us, since even though we're facing winter conditions now, spring is going to be arriving soon.

Specialty minerals, such as those you use to address problems with flies and grass tetany, need to be made available to cattle in advance of the animals being turned out into the pastures in the spring.

Your FCA Beef Team will be happy to advise on the best mineral choices to fit into your specific needs and feeding situations, and they're ready to stop out to your place any time to discuss these products and

**LIVESTOCK**  
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**Congratulations To The FCA Seed Team  
BRETT BARGLOF & TRAVIS JACOBSEN  
For Being Recognized By Croplan Genetics  
FOR OUTSTANDING SEED SALES**

*At a recent event held in Minneapolis and sponsored by Croplan Genetics, the nation's 4th largest seed company, two of the FCA Seed Sales Representatives, Brett Barglof and Travis Jacobsen, were recognized as being among the leaders in total seed sales volumes for the 2006 year.*

*Brett was honored as being in the Top 10% in seed sales volumes, the first member of FCA to receive this distinction, and Travis was honored for being in the Top 30% out of over 3,500 seed sales representatives in the Land O' Lakes system, which markets seed in 33 states.*

*In offering our congratulations to Brett and Travis, we express our thanks and appreciation to all of our seed customers for the support and business that have been given to make this recognition possible.*



**THE  
PETROLEUM  
REPORT**  
By  
**Jim Bieber**  
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The calendar tells us that spring is coming soon, but between now and the day it arrives we can still have all kinds of nasty weather to contend with, as the late February snow storm clearly demonstrated.

As your FCA Fuel & Energy Teams make their rounds in the weeks ahead, one thing they will certainly appreciate, and which will go a long way to helping them take care of serving your needs with maximum efficiency, safety and speed, is to be sure there is plenty of space for them to maneuver and a clear access to your fuel/energy tanks.

As you can see from the photos elsewhere in this issue of the newsletter, the delivery trucks we have hauling supplies to your farm are fairly large machines, and the larger volumes of product they have on board (up to 5,000 gallons of LP and 4,500 gallons of diesel) represent heavy loads.

These trucks need ample space to maneuver so they can off-load your supplies smoothly and efficiently, so if you're pushing snow, be sure to clear a wide enough path so they have plenty of space to maneuver in your drives and lots to gain access the tanks and barrels.

On a related note, as this snow melts, the spring thaw settles in and/or as spring showers arrive, we all know how the country roads, farm drives and lots can quickly turn into muddy, swampy quagmires.

In the weeks ahead we will be finishing off with the delivery of the remainder of all of this season's contracted LP, plus, at virtually the same time, trying to get a jump on pre-spring farm fuel deliveries.

This will give us a head start on getting these products out while we can still take advantage of whatever solid ground we have.

As the month unfolds, we will, as we have typically done in the past, try to concentrate deliveries into the morning hours to take advantage of cooler overnight lows to get out on the roads and to as many farms as possible before they thaw.



*A new bulk feed delivery truck has been added to our Feed Team fleet to help us provide timely, efficient delivery of rations to the livestock producers and operations we serve. The new truck has one 4-ton and three 3-ton compartments, and when enables us to bring 13 tons of feed out with every trip to the country.*

I would very highly recommend you have your on-farm fuel storage filled as early as possible in preparation for the upcoming spring season.

Our diesel fuel contracting program was very well received again this year, and with the renewed volatility and upward spiral we've been seeing in prices lately, contracting has once again proven to be a sound economic decision.

It was at about this same time a year ago that the volatility and uncertainty in the fuel market began to escalate, pushing prices steadily higher all the way through spring.

We're seeing that trend developing again, so if your fuel needs for this spring are greater than the volume of storage you have on your farm, I recommend you get the remainder of your needs covered with a contract, since the spot/open market will likely be a very costly one to be in as spring arrives.

If you'll think back to last fall you will recall the availability of supply at pipelines/terminals became a serious issue, and every source I have been in contact with has told me we are facing very similar concerns as we head into this spring.

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*Continued From Page 2*

programs with you.

**PORK:** The Land O' Lakes Pig

Starter program and the rations included in it have recently been fine-tuned and modified to address the ever-changing nutritional needs of today's pigs.

We will be having a **Special Swine Meeting** to discuss these latest innovations with our pork producers on **Wednesday, March 28th** in Alta, and will have four guest speakers on the program to present information we feel will be very valuable for our pork producers.

Additional details will be forthcoming in the mail, but we encourage you to mark your calendars now to reserve the date in your schedule so you can join us for what promises to be a very worthwhile meeting.

With the approach of the spring season, we are continuing to receive inquiries from a variety of sources looking for buildings in which pigs can be placed, and these opportunities include a full range of flexible options, alternatives and features, including a number of programs that provide the manure to be used as crop nutrients.

We are also receiving calls about the availability of outdoor facilities for groups of pigs, and if you have any interest in any of these, please contact us so we can fill you in on all the details and match your needs to an opportunity that will be the best fit to your specific situation.



*Our new 5,000 gallon LP delivery truck is helping the FCA Energy Team keep up with the sudden surge in demand for heating ever since Old Man Winter put in his appearance in late January. The new truck is operating out of the Marathon location and has been a tremendous asset to our co-op and customers.*

## CORNER

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open longer hours to take in larger volumes at harvest and, in the process, help reduce the truck transfer inconvenience and interference.

These projects have been responsible for adding approximately 4.5 million bushels of new storage at various FCA locations, along with a number of significant improvements and upgrades to the speed and efficiency of the grain handling and drying equipment used to receive deliveries from your farms and fields, dry wet corn, and move your bushels into and out of storage.

What is also very significant about these grain storage and handling projects is that thanks to the on-going support and business from our customers, we have been able to add these facilities and the equipment without any significant increases in the company's long term debt.

**FUEL/ENERGY UPDATES:** Elsewhere in this the newsletter you will see photos of the newest additions to the FCA Feed, Fuel/Energy Departments as we continue to address our customer's needs for timely, efficient delivery of feed, fuel and LP to their farms, homes and livestock operations.

The new 4,500 gallon refined fuel truck, the 5,000 gallon propane truck and the new 13-ton feed truck have all been in-service this winter hauling products to the country.

With their larger capacities enabling us to haul larger volumes on each trip they make out, all of these new delivery trucks help us to be more efficient and economical in serving your needs in the face of rising delivery costs.

Nevertheless, weather worries, oil prices, and fund traders may just take us there.

The same people who are touting \$5.00 corn are also predicting \$10.00 beans.

Considering we have a record soybean surplus in the U.S. and throughout the world, along with a record crop in South American fields nearing the start of their harvest, it seems that \$5.00 per bushel should be about the right price for beans, rather than \$10.00.

That would be if logic and the normal fundamentals of supply and demand meant something, but at this time they don't, so \$10.00 beans are probably not out of the question if we have a little weather problem.

To give you an idea of how big our bean surplus is, Darrell Good, Ag Economist at the University of Illinois, says we could lose 5 to 6 million bean acres in each of the next 2 years, and we should still have an adequate bean supply.

No one knows how high prices can go, but I think we all know prices can certainly go a lot lower than where they are today.

We have many programs to help you sell your crop, including average pricing and minimum price contracts, so why not cash in on some of the best prices we've had in a decade.

We make it easy for you to do business with us, and we are anxious to be of service to you in capturing some of these exceptional and unprecedented values for you farming operation.

### HEDGERS' HOTLINE

By  
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Dunn

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Corn prices are the highest we've seen them in 10 years, and yet they're still more than \$1.00 below the all time Chicago Board of Trade (CBOT) high price set in July of 1996 at \$5.54 for July futures.

The current corn situation is completely different than the one of ten years ago.

In 1996 we had to reduce corn usage by several hundred million bushels to keep from running out, and it took \$5.00 futures to reduce demand so we had enough corn to make it to the new crop supply.

At that time, the July futures traded about \$1.50 higher than the new crop price.

It is also interesting to note that 1996 was the year of the "**Hedge-to-Arrive**" debacle, and there are some who would say that Hedge-To-Arrive Contracts caught short in July futures caused July corn prices to raise \$1.00 per bushel more than they normally would have, and that the December prices of around \$3.50 were closer to the real value of corn that year.

In the current marketing year, we have enough corn to meet our needs until fall, with a tight but still manageable surplus of about 700 million bushels remaining, assuming government projections are accurate.

We don't actually need to ration much, if any, demand this marketing year, however the real cause for concern comes next year, when the demand for corn for ethanol production should increase dramatically.

It will be crucial that we increase corn acres this growing season, and have a high enough yield to produce a record crop, since anything short of a record to very large crop will most likely push us into a corn rationing situation similar to that of 1996 as we use up the 2007 crop.

Many grain experts are saying it is only a matter of time before Chicago corn prices hit \$5.00 this spring, although the projected supply and demand numbers wouldn't indicate that we need to go that high.



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