

# HORIZONS

## Updates from the Interim Manager

From JIM COHRS, Interim Manager

We've had a little bit of sun shine and it has brightened everybody's spirit. Maybe spring is on the way?

We are trying, every day, to pick up grain from our outside piles. Pierson's pile has been completely picked up. Sloan's north pile is gone and they have started on the bowl. Blencoe's south pile and the pile by the office are both gone but they still have to start on their bowl. Hornick's pile is about 60% gone. Most if not all the grain from the piles has been shipped with minimal quality problems.

The Board started Manager Interviews the week of March 8th. They indicated to me they have several very good candidates. We have a very good company and should be able to attract a good manager. During the interim we are not slowing down we are getting ready for spring fieldwork, several building projects have been approved, and business as usual. We are very fortunate to have good employees, staff, board, customers, and no financial problems. Financials this year look almost identical to last year at this time. We will not be writing down fertilizer values so we should have another good year. ■



## Stored Grain on Farm

From JIM LAKE, Location Manager

The last couple of years we have had to deal with an abundance of wet corn and most all of you have done an excellent job keeping it, Thank You. We are approaching spring and the temps are finally approaching the 40's, that's great for us but might not be so great for stored wet corn. Make sure that you have checked your bins on a regular basis. Before pulling any grain out make sure the top is broke up as we have frozen this corn and you don't want frozen chunks plugging your sumps. This is a good time to take the tops out of these bins and see exactly what you have for moisture; this will give

you an idea on how long you can hold it into the summer. We have heard a lot of stories this winter because we froze this corn, this may cause bridging at the top and leaving a lot of columns around the stirrators. Please DO NOT get into a bin if these situations arise as it is very dangerous and we don't want any of you engulfed in grain. Again as the temps begin to move up checking your bins weekly will let you notice if any problems begin and give you a chance to alleviate a problem. ■



# Newsletter March 2010

From KURT ROSS, Agronomy Sales Manager



## Bill Change is Necessary

If you took advantage of the opportunity to attend one of the annual meetings that we held, you would have heard Jim C., Controller and Interim Manager, say that we took a significant write – down in the value of our fertilizer inventory.

We had been operating our fertilizer inventories as we had in the past: fill early in the year with the amount we anticipated to sell that season and hope the farmer will buy it. Well, the farmers did NOT buy it. The price fell dramatically, so your coop de-valued its inventory.

This last fall, we put in about the same amount of inventory that was sold the prior year, and proceeded to sell 3 times as much, struggling to find inventory and get it into the warehouses. To complicate the issue, some farmers with prepaid product did not get applied due to the weather. It should have been inventory in the warehouse. But, it wasn't. It had been sold. Buying the replacement product to cover those prepaid tons was done at less than normal margin.

These fertilizer inventory challenges are being addressed. We are purchasing less inventory than we have in the past and are offering it to you for commitment. In order to assure that the prepaid inventory is always available to you, we need to have an accurate “long and short” of our inventory. The only way we are able to accomplish this is by billing fertilizer as soon as it is applied. In the past, some locations have waited for a rainy day to bill product. In some cases, it was a month later. Now, we are asking the original orders to be complete with the proper billing splits, etc., the application operators to turn in completed applied orders daily and the billing to be completed within 48 hours of the application.

## Mini Bulk Must Remain Sealed

Another change that you will see this spring and summer is sealed outlets on mini-bulk containers. A new set of EPA and DOT rules go into effect in August pertaining to mini-bulk containers. Part of the rules deal with sealing the container, to guarantee that the content has NOT been contaminated.

When a mini-bulk leaves a Western Iowa Coop

location, all the outlets of the tanks will be sealed with a wire type tie. If the container returns with any seal broken, the contents will NOT be able to be returned for credit, you will be asked to take the mini-bulk and its contents home and you will be billed for the unit.

I know this seems harsh but it is the law and your coop needs to avoid the possibility of contaminated product.

## Fertilizer Update

In general, fertilizers are priced about 1/3 lower than last spring. Supplies are tighter due to reaction from the write-down of inventory last year.

Fall ammonia application was about 1/3 of normal throughout the Midwest. This is expected to result in a larger than normal spring movement. But, the weather may put pressure on the farmers' ability to get it done. Magellan has announced that the pipeline system feeding the Midwest (including the Whiting Terminal), will be shut down for test for 5+months. This will dramatically affect our supply. We do not yet know the dates.

Midwest pricing has been stable. Pricing at the east coast (and worldwide) has raised about \$80.00 per ton. We do not know when or if this change will extend to us.

Urea has dropped a little in pricing lately, but is predicted to increase when application on wheat and rice starts. US imports are much less than prior years and a potential shortage looms.

UAN has increased significantly in price since last summer. Many companies, including WIC have sold their inventory and replacement costs have moved up and appear to be moving a little higher. A supply concern exists if enough ammonia is not applied.

Phosphates currently are stable. We saw a significant price increase during the late fall season. Inventory may be tight in some forms. The manufacturing facilities in Florida have export contracts thru spring at higher prices than are paid here.

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Potash contract by the manufactures to China and India are resulting in an industry desire to increase prices by \$40.00 on March 1st. It is uncertain if this will hold. Supply should be adequate.

Western Iowa Coop offers future delivery prepay contacts for fertilizer products as soon as they are available. With fertilizer costs changing daily, we can only advise you on what we think the prices will do based on history and current world situations. It is our goal to provide you with opportunities and recommendations that improve your farming profitability.

**The billing statements will be mailed monthly as they have been in past with payment due the 20th of the month mailed.**

**Fertilizer pricing may change more often than it did in the past. A price quoted will only be good for a limited time. If you are satisfied with the price, put in your order for application or prepay the product (prepay charge may be available). ■**



## Seed Selection From JIM BIEDERMAN, Agronomist

As a farmer, one of the most important management decisions you make each year is the selection of hybrids for your farming operation. Genetics and traits are constantly improving, bringing steady increases in yield potential ranging from 0.7 to 2.6% per year. To stay competitive growers must introduce new hybrids to their acreage on a regular basis.

What information do you base your selection process on? Last year's plot data, neighbor's fields, price, advertising, or just luck? Almost every company advertises that they have "the best" seed for your farm. But they don't know your farm.

At Western Iowa Coop, we know success normally doesn't happen through any of the above. Success happens by evaluating all contributing production factors to arrive at the best seed decision for a specific plot of land.

We call it the **R7** Placement Strategy:

- The **R**ight genetics for
- The **R**ight soil type planted at
- The **R**ight population in
- The **R**ight cropping system with
- The **R**ight traits fed
- The **R**ight nutrition defended by
- The **R**ight crop protection

Your local Western Iowa Coop agronomist is trained to work with you to match high-performing genetics with hybrid-specific management and placement information, maximizing each product's genetic potential. By offering hybrids from Dekalb, Asgrow, Croplan Genetics and NK we have a wide selection of genetic diversity available and therefore are not limited to one company's genetic family, allowing us to pick and choose the best genetic package for your individual fields. We also offer custom soybean seed treatment at most locations, which allows us to offer specific treatment options for different field's needs. After all, your success is our success.

Each year Croplan Genetics sponsors over 135 Answer Plots across the United States. These Answer Plots go beyond the typical test plots to encompass every aspect of the latest technologies, showing the R7 Placement Strategy in action. This year Western Iowa Coop and Croplan Genetics are working together to bring a full blown Answer Plot to Western Iowa, and will host Knowledge Events throughout the summer demonstrating ways to optimize your crop input investments. Plan now to attend these events, you will be glad you did. As you can see, exciting things are happening in seed, both industry wide and locally. Talk to your local Western Iowa Coop agronomist about your seed needs and the 2010 Answer Plot; we want to grow great things with you!! ■

# Grid Sampling

From ANDY GAGE, Agronomist Hornick



With today's fertilizer cost per ton and tighter margins per acre, grid sampling is the best way to insure that you are applying the correct product/rate per acre and on the right acre of your farm.

Western Iowa Coop's grid sampling report is a powerful tool for your farming operation. Using GPS technologies a field is GPS mapped and sampled. Samples are taken on a 1, 2.5, 5 or 10 acre grid. Mapping software is then utilized to display field variability on a printed report.

This report will show nutrient deficiencies, sufficiencies, (pH) acidity, alkalinity, salt load and the soil's water holding capacity. This information can impact your farm/field management decisions and help improve your profitability per acre.

Field soil test maps, soil test summaries and

application maps are constructed for each field tested. Maps are produced for each soil test and parameters on a separate page for easy evaluation.

Often low yielding areas test high for nutrient levels as less grain has been removed and high yielding soils test lower because large amounts of grain have been removed. If you composite soil test, these differences may not be seen.

Grid sampling and VRT application can help answer the question of why the low yielding areas are lower (pH)? It also allows you to stimulate even higher yield on the high yielding areas.

Talk to your location's agronomist today for the best time and grid sample size to fit your operation.



## PRE-EMERGE HERBICIDE

### Reduce resistance issues, and increase yields:

From CRAIG HARRIS, CCA, Blenco Location Agronomist

The start of herbicide resistance in a weed population is based on selection pressure. The more frequently a single herbicide is used, the more pressure is placed on a weed population, and the sooner resistance will appear at a troublesome level in the field. The use of a pre-emerge herbicide can provide an alternative mode of action which will reduce the potential for selecting resistant weeds by placing different selection pressures on weeds. This alternative herbicide can provide support to control the weeds that Glyphosate (Roundup) has trouble with in an all Roundup system, and this will help you to reduce the potential for herbicide resistance. Resistant weeds can be in your field for up to two years before they are discovered. That is why you need to use a pre-emerge herbicide to help fix this problem before you have it on your farm, once you have a problem with resistance, it can never be totally fixed.

More importantly, pre-emerge herbicides protect against yield loss by early-season weed competition, as

well as protect against any plant other than your crop utilizing the fertilizer you apply. Studies have shown that early weed flushes can rob anywhere from 34 to 60 lbs per acre of nitrogen, and reduce yields anywhere from 17 to 30 bushels per acre. Many of the pre-plant/pre-emerge herbicides cost between \$10.00 and \$15.00 per acre, and with roundup being \$6.00 per acre your total chemical program would be \$21.00 per acre. If corn is \$3.40 and you gain 17 bu/acre your net profit from using a pre-emerge herbicide is \$36.80 (\$57.8-\$21.00) per acre. Other advantages to a pre-emerge herbicide are delaying your post emerge application to the optimum time to aid controlling the late season flushes, in most cases reducing tracks by only making one post emerge application, your pre-plant/pre-emerge application can be done with your liquid fertilizer application so you are actually saving a trip across your field, and insuring that weeds will not be competing with your crop if weather keeps you from making your post emerge application on time. See you local Western Iowa Coop agronomist to help you set up your pre-plant/pre-emerge program to fight resistance and yield robbing weeds. ■

# Grain & Petroleum Updates

From CRAIG ESKELSEN, Grain Merchandiser

## Grain

After waiting for two months for the so called re surveyed USDA crop production report, we were largely disappointed by their numbers. On their March 10 report USDA did lower production by .3 bu./acre to a yield of 164.9 and a production of 13.151 billion bushel, compared to 13.131 in January. Harvest reports of late harvested corn crop show little field loss so far. They did leave the soybean crop basically unchanged with a final yield of 44 bu./acre and a production of 3.369 bil. bushel. The usage numbers is where USDA did make some changes though not unexpected. They lowered corn exports by 100 million bushel as corn exports continue to drag. However, they did raise soybean exports by 20 million bushel and crush by 10 million. The new expected carryout numbers show a 80 million increase in corn carryout to 1.799 billion bushel and a 20 million decrease in soybean carryout to 195 million. On March 31 USDA will issue its grain stocks and prospective planting report. This is always a very important report and quite often has a big effect on the grain market.

So as always the big question seems to be where the market will go from here. In the last 30 days the corn market has been very disappointing, troubled by slow demand and ample supplies. Exports continue to drag as ample supplies of world feed wheat and foreign corn priced below US prices continue to draw world buyers away from the US. Feed demand has been slow as negative margins in all livestock sectors have had their effect. Although lately most feeding margins have turned positive. In many ways soybeans are the opposite of corn. We continue to have tight supplies due to a poor South American crop a year ago, but this year's South American crop continues to get bigger and USDA is projecting huge world soybean stocks this fall. We will continue to need an increase in corn acreage in this country. Even with last year's huge crop we only stayed slightly ahead of usage. USDA is estimating that those needed acres will come from wheat acreage as well and some CRP ground as well as some soybean acreage. So will current prices and input costs support the needed increase in corn acreage?



## Petroleum

I guess maybe we should not look at the market fundamentals but the calendar when making our energy pricing decisions. History tells us that seasonal lows are usually set by mid to late January and so far this year is no exception. However market fundamentals seem to indicate that most energy products are overpriced. Inventories of crude oil, gasoline, and distillates remain way above the upper boundary of the average for this time of year. So where is the support coming from? True there are signs that the economic recession has bottomed but the demand for energy products has not increased substantially. Economic troubles in Europe continue to worry the market but China has shown an increase in demand for energy products. Probably the biggest support for energy prices comes from our weak dollar. Energy prices seem to be closely tied to the price of our dollar. As the value of our dollar falls, energy prices work higher as well as lower if our dollar value increases. The continued worry and threats of hostilities with Iran has been supportive as well. The situation seems to be quiet for a while but then suddenly the Iranian government is threatening with rockets and nuclear testing. Hopefully we will get a setback in energy prices and give us an opportunity to lock in a lower price. ■

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