

SPRING 2017

Sharpening Our Focus to Boost Efficiency, Service

By Ron Rutten, Chief Operations Officer



In the current ag environment of tight margins, delivering a high level of service as efficiently as possible is more important than ever. With that in mind, Country Partners has reorganized our agronomy and grain operations into a regional structure. Effective Jan. 1, we created three regions, each with a regional manager. James Kunzman will manage Region 1, Josh Hollibaugh Region 2 and Matt Korinek Region 3.

Location managers in each region will report to their regional manager, and the regional managers will report to me. Under the previous structure, the directors of operations for agronomy and grain covered the entire Country Partners trade area. The new system will narrow the focus to fewer locations, improving communication and coordination and enabling more efficient and cost-effective service for our producers. The regional structure will also be very supportive of improved resource allocation and increased teamwork among the locations.

Energy, feed and seed won't move to the regional system, but will continue to operate under their own directors of operations.

Transportation focus

Before becoming a regional manager, one of Josh Hollibaugh's responsibilities included transportation for the cooperative. As a function of the growing transportation needs of Country Partners and Josh's transition to his new role, we have made the decision to hire a full-time director of transportation. That individual is Kevin Wall, who brings many years of transportation industry experience to the position. His addition will enable us to increase our focus on this very important segment of our operation. ■

REGION 1

Spalding
Cedar Rapids
Greeley
Midway
Primrose
Albion
Bartlett
Ewing
Oakdale

REGION 2

North Loup
Ord
Stapleton
Arnold
Merna
Anselmo
Sumner
Callaway
Westerville

REGION 3

Gothenburg
Farnam
Cozad
Lexington
Eustis
Kearney

Soybeans Show Some Life

By Scott Hillius, Vice President of Grain



The biggest factor currently driving the market is South American weather. It's been too wet in some areas, too dry in others. Early bean harvest results out of Mato Grosso have been better than expected, but February through May weather will determine what kind of Safrinha corn crop they will see.

This week, some private firms dropped Argentine bean production by 180-360 million bushels. The market can manage that amount at this point, but the question that caused the market run-up is whether we'll see further reductions in the future.

Farmers have been actively selling into these rallies. I would estimate that 90% or more of the harvested bean crop has been sold. Technical traders have liked what the charts are showing, and that brought some money into commodities, adding fuel to the run-up.

There have been some new-crop sales by farmers as well, but most have been in-store bushels—not much off the farm yet. With new crop prices above \$3.50, we're starting to see a little farmer interest.

U.S. weather impacts

In the U.S., we won't know the full impact of recent freezing temps on the winter wheat crop until the crop comes out of dormancy this spring. We're also looking at dry conditions in Kansas, which seems to frequently be the case this time of year.

While we don't know what the weather will do to wheat, we do know that the heavy snows in the PNW region have impacted our rail transportation, resulting in sharply higher car costs. BNSF values have surpassed \$2,000 per car, with the UP well over \$1,000. Demand is supporting prices and the weather has only made matters worse.

Multiple factors could impact the markets going forward, including our new President, his recently-named choice for Agriculture Secretary, Sonny Perdue, or how his new policies affect trade in general. This is also a farm bill year with the uncertainty that accompanies that process. News that China will impose steep tariffs on U.S. DDG imports was not friendly regarding grain demand for the feed market.

Up to this point, ethanol production has been pretty solid. Margins are currently at or near break-even, and if those decline or don't improve, I would expect some plant slowdowns as they try to gain efficiencies—further hurting demand. There's also a bit of bird flu talk, which is another potential demand dampener.

USDA reports

Most of the changes in the recent USDA numbers came on the production side rather than impacting demand. They cut corn carryout by 48 million bushels—more than expected—due primarily to a 78-million-bushel reduction in production. The reports also verified that we are buried in corn stocks in the western Corn Belt and made no changes to the South American corn balance sheets.

For soybeans, production was reduced by 60 million bushels, due almost entirely to a revision in crop size. The trade has been expecting carryout to be gradually reduced through increased usage going forward. The Brazilian crop estimate was increased slightly, and the USDA chose not to adjust U.S. exports. Many in the trade expect that there will be upward revisions in the future to exports.

Probably the biggest surprise to me was the much lower-than-expected winter wheat plantings—the fewest acres since the early 1900s. The trade was estimating 25.3 million acres, and the USDA estimates 2 million fewer. This is going to place an increased emphasis on the weather going forward, given our subpar conditions at the moment.

Storage program

Country Partners is now offering a free storage program for corn or beans delivered to most of our locations from off the farm. These new bushels will be given free storage through Sept. 30, but must also be priced by that date. Unpriced grain in this program will be priced at the market when trading resumes Monday, Oct. 2. Arnold is the only location excluded at this time, but we reserve the right to amend or discontinue all or part of this program at any time. Please call us for more details.

Additionally, if you want to move grain off the farm, we may also have farm-direct opportunities with feedlots and processors that could earn you a better price. Call us about marketing alternatives we offer that can help bring extra revenue to your bottom line—especially this year, when every penny really counts. With options still being reasonably priced, we like the ability to maintain upside opportunity. Better yet, they're quite simple...and they work.

Finally, make sure you're checking your bins. Fall harvest temperatures were above normal, and you don't want that hard-earned crop to lose condition in storage.

We look forward to earning your business and appreciate the opportunity to be your partner in agriculture. ■

New Hire to Serve All Energy Customers

By Scott Haller, Vice President of Energy



As Ron Rutten discusses in his article on the front page, Country Partners has reorganized all grain and agronomy operations into three regions. Energy, seed and feed, however, will continue to operate as single divisions across all three regions. One change we have made in energy, however, is to hire a new energy sales representative who will devote a portion of his time to each of the three new regions.

Keith Mctavish joined the energy team Jan. 9. He brings with him 12 years of energy experience, having previously filled a very similar role with Sapp Brothers. He's a resident of Wood River, so he is centrally located in our trade footprint. He'll be able to present all aspects of our energy business—refined fuels, lubricants and propane—to current and potential customers. We're excited to have Keith on board.

Pathways appreciated

Our propane drivers work hard in the winter, navigating roads in all conditions and hauling hoses all day long. Whatever you can do to make their job easier by clearing snow and

debris from the path to your propane tank would be greatly appreciated. And thanks to all of you who make sure our delivery personnel can easily reach your tank.

On the subject of propane, in my opinion it is overvalued now in the heart of home heating season. June and July, however, should be a very good time to look at pricing your needs for the coming year. We continue to offer both the fixed forward contract and the max price contract with downside protection.

Regarding the refined fuels futures market, I don't have a crystal ball. But based on what I've been reading and observing, crude prices hitting \$50 or lower is probably a good signal to lock in some of your supplies for spring and summer irrigation and, perhaps, fall harvest. Whether you choose to fill open storage or enter into a fixed forward contract, we can take care of your needs.

Forces to keep your eye on: OPEC strongly defending the \$50/barrel mark, and the impact of an incoming cabinet of Trump appointees well connected with the oil industry. It seems likely they will favor higher energy prices. ■



Keith Mctavish

Cedar Rapids Project Ready for Spring

By Mark Ballmer, Vice President of Agronomy

As winter hits the midway point, we're wrapping up our project in Cedar Rapids, where workers are putting the finishing touches on the new fertilizer plant. The additions include a 2,500-ton liquid storage tank and loadout, as well as new bulk chemical tanks. Everything will be fully operational in time for spring work.

The big news on the crop protection front is the new herbicide programs for dicamba-tolerant soybeans—XtendiMax™ and Engenia™. As was the case when Roundup® first came out, good communication and record keeping will be very

important. Everyone will have to know exactly which crops are in which fields.

At this point, we're still trying to determine how great the initial demand for these products will be. Roundup shot up to 95% adoption almost instantly. If we get 10% adoption of the new dicamba technologies this first year, that will be huge. No matter how much is used, this is just another tool, not a silver bullet. We'll still need to use multiple chemistries to protect this new technology and limit resistance.

Fertilizer rolls on

Our open conditions have enabled us to apply dry fertilizer through the winter to this point, and we'll continue to apply while the weather allows. Everything you can get down now frees up more time come spring.

On the seed side, I believe we'll see more soybean acres this year. If you're still trying to decide on your corn-to-beans ratio, we have a good supply of quality soybean varieties and corn hybrids.

We're ready to work with you to get ready for spring and another production season. Just stop in or give us a call. ■



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Nebraska Cooperative Council Education Foundation Scholarships

The Nebraska Cooperative Council Education Foundation (NCCEF) will provide eight scholarships for the 2017/18 academic year to students at the University of Nebraska-Lincoln (UNL) College of Agricultural Sciences and Natural Resources (CASNR) and the Nebraska College of Technical Agriculture (NCTA) at Curtis.

The NCCEF scholarship program includes:

- Six \$2,500 scholarships in honor of Michael S. Turner – one to an

incoming student and the balance to upperclassmen majoring in agribusiness or agricultural economics.

- One \$2,500 scholarship in honor of Robert C. Andersen to an upperclassman majoring in agribusiness or agricultural economics.
- One \$1,500 scholarship at NCTA to a student majoring in agribusiness or ag production systems.

Scholarship committees at UNL and NCTA make the selection of

recipients based on criteria established for each scholarship. Scholarships will be awarded to sons/daughters of a parent who has been an active member, director or employee for at least the prior three years of a cooperative in good standing with the Council. Individuals will need to complete an online application form and submit it to UNL or NCTA by April 15. Please see their website at nebr.coop and click on the Foundation/ Scholarships tab. ■

Board Members Honored

Retiring Board Members Don Anthony, Jeff Beattie and George Valasek (not pictured) were recognized at the Country Partners annual business meeting. CEO Tod Clark presented them with awards for their many years of dedicated service to their cooperative. Thank you Don, George and Jeff—we appreciate all of your hard work and commitment. ■



Don Anthony



Jeff Beattie