

SPRING 2018

Charting a Course for Growth

By Tod Clark, General Manager



Your board of directors held a strategic planning session in late January and charted the path for future growth and initiatives. As part of the planning process, they also discussed and prioritized initiatives focused on creating a positive customer experience. We

want to consistently make it easier to do business with us.

The management team will now take the goals established in the planning session and develop strategies and actions to help us accomplish these initiatives. Mission, vision and core value statements were also reviewed, and it was agreed that these still provide guidance for the board and management as we work to create the company we want Country Partners to be.

While our last fiscal year was a challenging one from a local earnings standpoint, it is important to note that your coop's balance sheet is strong. The Country Partners board and management have prioritized a sound approach to fiscal management and have established a strong financial foundation designed to weather the storms brought on by downturns in ag cycles.

Thanks to the strength of the balance sheet, we were able to once again meet the board's goal of paying off deferred equity. The board has approved a payment of over \$1.4 million. These checks were sent out in February to those qualified for redemption.

We know these are challenging times in ag. We are committed to doing everything we can to support our customers and serve as a resource you can count on. ■

To be the leading agricultural cooperative focused on customers, employees and profitability, with integrity, safety, pride and vision

mission

To aggressively pursue the producer and employee of the future by providing best-in-class products, services, facilities and technology, while maintaining continual profitable growth.

vision

- *Growth is essential for our relevance and sustainability*
- *Be a trusted advisor to targeted customers*
- *Customer experience matters*
- *Be fiscally responsible*
- *Employees are our number one asset and will be treated as such*
- *Integrity guides our actions*
- *Provide clean, well-maintained, and safe facilities*

core values

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NEBRASKA COOPERATIVE COUNCIL EDUCATION FOUNDATION SCHOLARSHIPS

The Nebraska Cooperative Council Education Foundation will provide eight scholarships for the 2018/19 academic year to students at the University of Nebraska-Lincoln (UNL) College of Agricultural Sciences and Natural Resources and the Nebraska College of Technical Agriculture (NCTA) at Curtis.

Students will need to complete an online application and submit it electronically to UNL or NCTA by April 15. To do so, visit www.nebr.coop/foundation/scholarships.



\$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



\$2,500 scholarship in honor of Robert C. Andersen to an upperclassman majoring in agribusiness or agricultural economics



\$1,500 scholarship at NCTA in honor of Michael S. Turner to a student majoring in agribusiness or ag production systems

Time to Finalize Spring Decisions

By Mark Ballmer, Vice President of Agronomy

Uncertain might be a good word to describe conditions headed into the 2018 spring planting season. Everything from trade agreements to crop selection is up in the air. However, now is the time to nail down all the variables under your control. Seed will be planted, and I believe there is quite a bit of input yet to be purchased. Our seed selection is still very good, so we're all set when you're ready to finalize your seed choices.

We have an event coming up quickly that we're very excited about. Jim Hedges from Winfield United will be with us in early March, speaking about the practical application of

precision farming and how that technology can deliver a return on your investment. Jim is the senior director of strategy and insights for Winfield's ag technology group, as well as a corn and soybean farmer—and a very good speaker.

Read more about Jim on page 4, and see when and where he'll be speaking.

Time to plan, train

With the spring season now only weeks away, it's time to sit down with one of our agronomists, lock down your dry fertilizer needs and put your crop plans together. That will ensure we're ready to go when you are.

I want to remind everyone that, as of February 1, dicamba is a restricted-use pesticide. If you're planning to apply dicamba yourself, you'll need to attend the training to get your certification. This training is separate from the training required for the Private Pesticide Applicator license.

As we look forward with all of you to a productive 2018, we're hoping for some moisture. The 12-inch January snowfall in Gothenburg was a nice start, but we could certainly use more.

Whatever your agronomy needs this spring and summer, please keep us in mind. ■



World Markets Steering U.S. Prices

By **Scott Hillius,**
Vice President of Grain



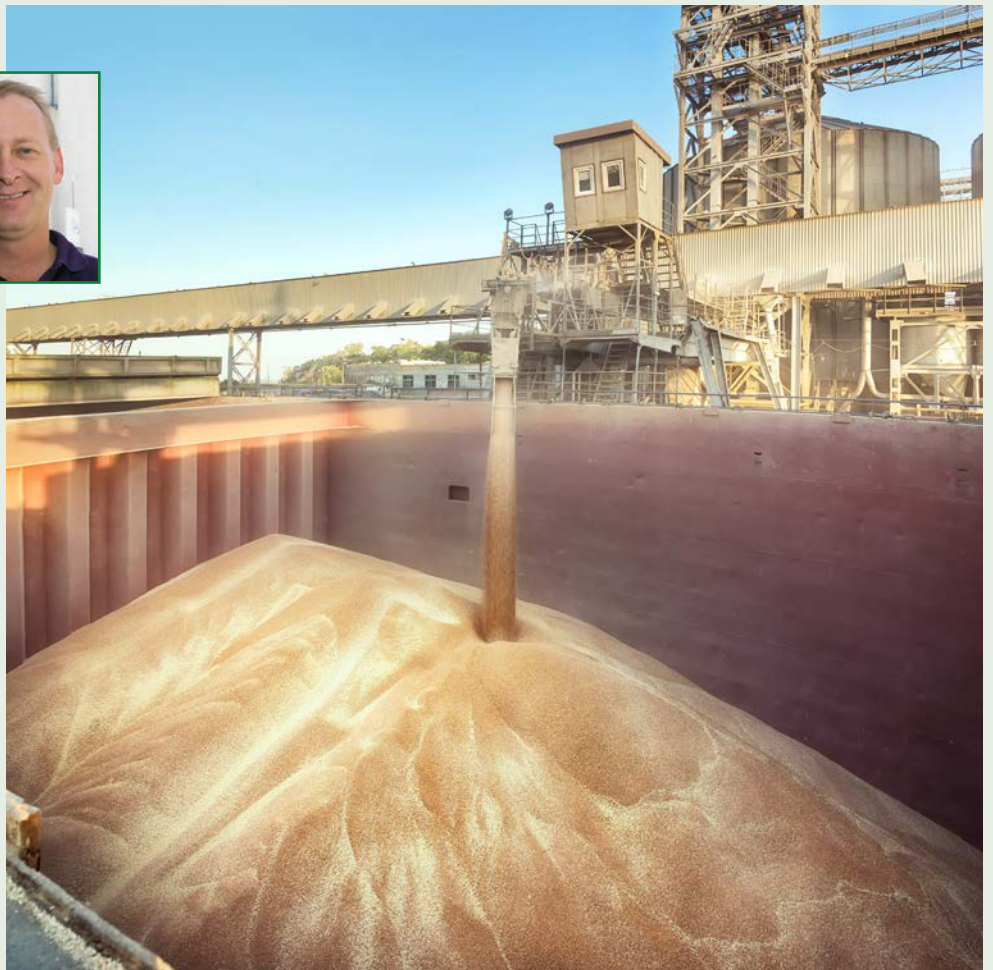
As February got underway, the markets were driven by South American weather. Less than ideal weather in Argentina had many moving soy yield estimates lower, including the USDA. At the same time, Informa Economics raised their U.S. soybean acreage estimates for 2018-19 to 91.197 million from 90.142 million, while dropping corn acreage from 90.167 million to 89.179.

On the demand side, we've had strong board crush margins on beans due to strong meal exports. Ethanol margins, on the other hand, are weak—but DDG values remain strong. Strong ethanol exports have helped, and that trend will need to continue with 700 million gallons of new U.S. ethanol production coming on line in 2018.

China's new policy mandating sharply increased E10 use within the next five years seems to bode well for our ethanol exports. While China's corn stocks-to-use ratio is nearly 100% now due to huge surplus, if E10 mandates are achieved, carryover will drop below 20% without significant production increases. This could be an opportunity for the U.S. as they build their ethanol infrastructure.

NOAA continues to show persistent drought across the southern U.S., consistent with the La Nina weather patterns. The fact remains, however, that we've seen yields consistently at or above trendline in La Nina years since the 1960s. With our stocks already being high, another trendline yield will make it hard to move the price needle.

Moving to wheat, exports are 40% below the 10-year average and the lowest we've seen since 1987. Planted acres are down and with the dry



conditions, people are already talking about the poor condition of the wheat crop. What matters is whether we get April or May rain once the crop comes out of dormancy.

Still on the trade front, the 11 Pacific Rim nations signed their own version of the Trans-Pacific Partnership (TPP) without the U.S. After pulling out of the TPP negotiations a year ago, President Trump says he still wants to negotiate mutually beneficial trade agreements with all the countries involved. And, though an additional two rounds of talks have been added, the NAFTA agreement is still in limbo.

Who's in?

Market speculators have been maintaining a near-record short position in grains. With a weaker dollar hitting three-year lows and crude oil prices soaring, will the investment brokers view commodities as undervalued and a good way to diversify their

portfolios? If so, this could add some fuel to potential run-ups.

The market upswing heading into February had basis levels on the defensive, with corn and beans weaker and wheat holding steady.

To sum things up, having risk management strategies in place to allow upside participation is still advisable. Selling the carry also remains prudent. With options at historically inexpensive levels, the use of minimum price strategies—selling the grain and reowned with call options—is a great way to eliminate your downside and still stay in the game.

No matter what your marketing environment or risk comfort level, we have tools tailored to fit your situation. Our grain originators are ready to help. Please call Jim Carlson (308-537-7141) or Jeff Craven (308-728-3254). They'll share current market news and marketing strategies that work. Don't forget that we offer direct-ship opportunities off your farm. ■



Jim Hedges To Speak

We're pleased to have Jim Hedges join us for four sessions focused on the practical application of precision ag to deliver a positive return on investment.

Jim is both a farmer and an accomplished veteran of the seed industry. He founded a seed company and served as Monsanto's vice president of row crops for the eastern and coastal regions of the U.S. before joining WinField United in May of 2017 as director of insights and partnerships for the newly formed ag technology group. [Jim's biography is posted on our website. Just select the Grower Meetings story on our home page.](#) ■



Jim's Schedule

Tuesday, March 6 at Noon
*Monsanto Research Center
Gothenburg, NE*

Tuesday, March 6 at 6:00 pm
*One Box Event Center
Broken Bow, NE*

Wednesday, March 7 at Noon
*Albion Country Club
Albion, NE*

Wednesday, March 7 at 6:00 pm
*Coop Shop
North Loup, NE*

Shrinking Reserves Fueling Crude Climb

By Scott Haller, Vice President of Energy



I'm sure all of us are aware of the slow but steady climb of the price at the pump. The large oil surpluses in place last year are being drawn down. OPEC production cuts are certainly impacting this situation, as is the fact that the U.S. has become a significant energy exporter. Recent projections are forecasting crude prices in the \$80 range in six months. So, what I see in my crystal ball is a bullish energy market.

With that in mind, people need to take advantage of the forward contract opportunities we offer every day as a way to control input prices and protect against future price increases. We have both max price and fixed forward contracts, and also offer prepaid storage options with those contracts—as long as storage space is available.

We'll be coming out of the heating season shortly, and that's the best time to plan for next fall and winter. Spring and early summer typically offer some of the lowest propane prices and are the best times to lock in supplies for the next heating season.

Cenex® has informed us that they will be increasing lubricant pricing within the next few weeks by \$.28-\$.29 per gallon. If you have not filled your bulk oil storage for spring, now would be the time. We do have some inventory on hand, but once that is depleted, the price will go up.

One more reminder about one-way 30- and 55-gallon oil drums from Cenex. If you have them lying around your shop or yard, bring them in before April 1 to collect your deposit. Once the deadline has passed, that deposit is gone. ■

