

WINTER 2017

Keeping You Posted on Our Progress

By **Tod Clark, General Manager**



As we take a breath after harvest and review the past 12 months, the word *integration* comes to mind. We've put many of the best practices identified prior to our unification and during our first year into action in 2017. As that took place, we began

to see a realization of our anticipated benefits as a consequence of the unification.

No doubt, there is more to be accomplished as we do business in a challenging economic environment. We will continue to seek out areas where we can increase efficiency and drive cost out of the business, while maintaining a high level of service to our patrons.

To keep you informed about our progress, we will be holding seven update meetings throughout our company. Your leadership and management team will provide detailed updates about your cooperative at these meetings, and a meal will be served. The meeting schedule is as follows:

- **Tuesday, Feb. 6** – Lexington, Nebraska, 8 a.m., at Kirk's Nebraskaland Restaurant, 3002 Plum Creek Parkway
- **Tuesday, Feb. 6** – Gothenburg, Nebraska, 12 p.m., at Monsanto, North Building, 76268 Hwy. #47
- **Wednesday, Feb. 7** – Greeley, Nebraska, 8 a.m., at Goodrich Building, 105 W. O'Connor
- **Wednesday, Feb. 7** – Spalding, Nebraska, 12 p.m., at Spalding Academy Parish Ed Center, 130 W. Marguerite Street

- **Monday, Feb. 12** – Arnold, Nebraska, 8 a.m., at Arnold Community Center, 205 S. Carroll Street
- **Monday, Feb. 12** – Merna, Nebraska, 12 p.m., at Merna Community Building, 428 E. Center Ave.
- **Thursday, Feb. 15** – Ord, Nebraska, 12 p.m., at Ord Fire Hall, 205 S. 17th Street

Our board and management will be holding a planning session in late January, where we will be setting the future course for Country Partners. We face the same market forces you deal with in your operation, so you know the decisions we need to make are not easy. Our goal remains the same—to maintain a solid financial base and protect your equity, while investing in the equipment and facilities necessary to serve you well.

Year-end assessment

The auditors will soon be reviewing our financial records as another fiscal year comes to a close. Our picture this year is similar to last—low commodity prices, producer profitability under pressure, and lower local earnings than we would like to see. Those lower returns can once again be attributed to low margins on grain and crop nutrients.

The good news is, as we anticipated, a larger company does have a greater ability to weather difficult times. We are also blessed with a talented, committed

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Operations Up to the Challenge

By Steve Geist, Chief Operations Officer



Each year brings with it a unique set of challenges and opportunities, and this year was no different. Harvest, with its weather delays, put our operations staff to the test. They

proved up to the task, and our position continues to improve as we load trains and manage our storage to best house your crops.

Though spring and fall are obviously peak seasons for operations, we really don't have an off-season. Every season of intense activity is preceded by planning and maintenance. We're in the process now of developing our maintenance plans for the next few months. From an equipment standpoint, we're trying to take a longer look, putting together an annual maintenance schedule that enables us to be even more proactive.

Now that the harvest is concluded, our sales force is meeting with Country Partners customers. As a trusted advisor, our goal is to determine how we can best serve you as we work together through these difficult times in agriculture.

Winter is a prime season for training and education, and our applicators will take advantage of that opportunity in the next few weeks. While we do place an increased emphasis on safety training in advance of our spring and fall seasons, safety is an everyday priority at Country Partners. Ensuring the safety of our customers and employees is a top priority, and we are constantly working to strengthen our safety culture.

Whether it's operations, safety or any other aspect of our cooperative, we start each day with the goal of delivering outstanding customer experiences. We cannot succeed unless you do, so we are always open to suggestions on ways to improve our customer service. Of course, we also like to hear when one of our employees provides service that exceeds your expectations.

We know you have choices, so thank you for choosing to do business with us. ■

Helping You Make the Most of Y

By Scott Hillius, Vice President of Grain

Despite the challenges of our harvest season, with wet weather pushing the start back two to three weeks, we had a big local bean harvest. Once the weather cleared, most of the soybeans were harvested in a 10-day window. Because of the speed with which the beans came in, the timing of our scheduled trains was thrown off a bit. As a result, soybeans cannibalized some of the space we were counting on for corn.

Early corn yields were very impressive, despite a highly variable growing season—a testament to the strength of the modern hybrids we're planting. Crop maturity was 7 to 10 days behind schedule coming into late summer, which was a concern, but good finishing weather dried the crop down quickly.

Farmers filled their on-farm storage first, and as we moved into the second half of harvest, the winds hit. Sustained winds of 50-70 mph took a toll, with yield losses of 30-50 bushels fairly common and losses ranging from 70-100 bushels not unheard of. The worst losses appear to be largely hybrid specific.

Damage from storms earlier in the growing season made stalks more susceptible to lodging when the winds came. At the time the winds came, an estimated 5 million acres remained to be harvested, and the market conservatively estimated a loss of 50 million bushels. Locally, it feels like more. Elevator takes in the area were down significantly, and we hear that across the region.

The fact that corn harvest was two to three weeks later this year meant normal ethanol and feed usage "chewed through" more old-crop corn. That, combined with storm damage, resulted in fewer "blue sky" emergency ground piles to pick up. All of those factors, combined with slow farmer selling, has resulted in some quick basis appreciation.

With the flat markets we've had, option prices are at multi-year lows. Minimum-price strategies, where you sell the grain and buy call options to protect your upside, are a good choice—particularly for elevator-stored bushels. You can stop your storage, eliminate your downside risk and leave yourself open to market gains.

Another option is an extended price contract, where you sell the grain in town and re-own it on the board. We charge a small fee for

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employee team that delivers great service while carefully managing expenses.

Together with you, we look forward to a turnaround in the ag economy. In the meantime, we will continue to work with our patrons to maximize your yields, while making the most cost-effective use of your input dollars. Thanks for your business, and I hope you and your family enjoy a wonderful holiday season. ■

Your Bushels

those contracts. Otherwise, there is still good carry in the market, and we're advising farmers to look for opportunities to lock in carry-on post-harvest rallies, particularly on your farm-stored bushels. Also, talk to our originators about our managed marketing programs for both old crop (2017 harvest) and 2018 new crop grain.

It's been tough enough to get the crop in the bin this fall, so don't let quality slip away in storage. Don't forget to core your bins in a few weeks.

We know marketing your grain is one of the biggest challenges in farming—particularly in these challenging markets. We're here to help, so keep us in mind when you're thinking through your marketing strategies. We look forward to earning your business and appreciate the opportunity to be your partner in agriculture. ■



Harvest Highlights the Importance of Seed Selection

By Mark Ballmer, Vice President of Agronomy

Our extended harvest took its toll on everyone in our area. The wind that took corn yields in many fields from exceptional to below average was discouraging, to be sure. If you look hard enough, however, the silver lining is the fact that the yield potential was there. We have hybrids that can perform very well in our area and deliver excellent yields.

As Scott Hillius mentions in his article, it appears many of the ear loss problems were associated with specific hybrids. If you're looking to diversify your hybrid selection to minimize potential problems in the future without sacrificing yield potential, talk to your Country Partners agronomist. We have an excellent selection of hybrid options, and can help you place the right number in the right field.

Whether you were able to get all your corn in the bin or not, the corn and soybean crops pulled plenty of nutrients from the soil. Now is the time to sample to determine just how much you need to put back for 2018. Fall is an excellent time to get dry fertilizer down and avoid the rush come spring. When you order and apply fertilizer, we can delay the billing until your February 2018 statement.



The fertilizer market has strengthened a bit this fall. We do compete in a global market, and the U.S. is not attracting as many tons. To the world market, we are a discount buyer. Our domestic production scheduled to come on line had startup problems, and is not yet producing as expected. That actually tightened supplies of some products, which pushed prices up.



Finance where you buy

Country Partners is offering a complete input financing program to our producers through the Cooperative Finance Association. It's a convenient option with attractive rates and flexible payment dates. You can apply online at countrypartnerscoop.com. Choose the Our Coop tab, then CFA Financing.

Finally, I want to make you aware of a special arrangement we have with TerrAvion. TerrAvion will make 12-15 flights over your field during the growing season, providing high-resolution aerial imagery of your fields. Their NDVI imagery can help you pinpoint a wide variety of issues, such as disease and insect pressure, weed infestation and low nitrogen levels. For 2018, with every bag of seed corn you buy, TerrAvion will cover 2.5 of your acres at a discounted per-acre rate of \$3.75.

It's time to put your production plan together for 2018. We're ready to help, so get in touch with your Country Partners agronomist today. ■

OUR THANKS TO YOU

Thank you to all candidates in the current election for the Board of Directors. Additionally, thank you to all the members who expressed interest in serving on the board. Several people inquired about the responsibilities of directors and the election process in general. Country Partners greatly appreciates the time and dedication of our board of directors and those willing to serve the members of this cooperative.

Monitor the Markets

By **Scott Haller, Vice President of Energy**

As we wrap up the harvest and slow down a bit, our thoughts turn to inputs for 2018—including our energy needs. As we consider the energy markets, I would encourage producers to look at their numbers from the previous year and determine if the markets are mirroring that pattern. If you see numbers that work for you, I would recommend locking those in with a forward contract.

Current OPEC and Saudi Arabian efforts to keep production in check could support the crude market, which will impact our end use on diesel and gas. With that said, the wild card is the fact that the U.S. has been doing a pretty good job of supplying our own crude. What OPEC cuts, we can often make up from the Bakken.

On the propane front, supply is not an issue at this time. While our terminals are currently well-supplied, it's always a good idea to stay on top of your needs

Bring in the drums

Many of you have been bulk lubricant customers for years, and that could mean you have one or more empty 30- or 55-gallon drums sitting around your shop. On Oct. 30, Cenex® went to a one-way drum, which means you pay for the drum when you buy the oil. **So, if you have old drums, you need to return those to us before April 1 in order to get your deposit back.**

While we're on the topic of lubricants, Cenex is running their Gift Cards for Gallons lubricant promotion again this year. For every 125 gallons of Cenex oil, hydraulic fluid, gear lube and grease you purchase, you'll receive a \$50 Visa® gift card. The offer runs through Feb. 28, 2018. You can find redemption forms at any Country Partners location.

Bulk DEF

We've added bulk DEF to our product lineup. We placed a 6,000-gallon bulk DEF tank in our Lexington warehouse and are now filling our own totes and 55s. We're also in the process of adding DEF at the pump for our retail locations in Lexington, Cedar Rapids and Gothenburg. We hope to have that in place by spring, weather permitting.

As you think about your needs for planting, irrigation and harvest in 2018, we're still offering fuel contracting for gas, diesel and propane.

Also, as winter takes hold, remember that proper winter tank maintenance will help prevent problems as the temperature drops. Take time now to drain accumulated moisture and change the filters.

Finally, our delivery drivers really appreciate a clear path to your tanks. Please help their day go a little better by removing trash, overhanging tree branches and snow. ■

