



Farmers Coop
ASSOCIATION

Forest City - Leland - Kiester - Buffalo Center - Winnebago

103 Years Saluting Agriculture Every Day!

▶ NOT A GOOD YEAR

There's a general feeling among those involved in agriculture they are ready to see 2018 go into the history books hopefully never to be repeated. Farmers found out they can have the best planter, planting the best seed, with the best fertilizer program, on the best ground at the right time, and yet just two factors can make them unprofitable for the year – weather and Washington. Here are a few reasons!



January 1	2018	2017
Rainfall Forest City	56.51 inches	31.99 inches
Cash Corn	\$3.30	\$3.12
Cash Soybeans	\$7.95	\$8.75
Hogs	\$43.67	\$56.23
Beef	\$119.00	\$121.00
Farm Diesel	\$2.12	\$1.99
Cardrol Ethanol	\$2.00	\$2.21
28% Nitrogen	\$290	\$210
MAP Fertilizer	\$505	\$470
LP	\$1.22	\$1.12
Winnebago County Land Values	\$7105	\$7194
Dow Jones	23,138	24,922
John Deere	\$146	\$149.17
Winnebago	\$24.21	\$55.60
Hormel	\$42.68	\$36.36

* At our Coop offices in 2011, we received 25.91 inches of yearly precipitation and only 21.3 in 2012 when corn went to over \$7.00 per bushel.

▶ EARLY DISCOUNT COUNTDOWN

We still are offering our crop input discounts for your savings up to **January 10**. Our sales reps are ready to work with you putting together a plan and a budget for the new season. We are proud to present a lineup of top flight genetics, fertilizer and herbicides designed to fit your farms. This is a great time to nail down your basic costs and then readjust as we get closer to spring planting. A lot can happen in the next three months.

▶ AVERAGES

Read any article on farm finances and the word average gets printed. A DTN farm research group for the past year literally took the averages of raising corn in the heartland and found out it took \$682 on average to produce an acre of corn for 200 bushels. This included national average cash rent. The national projected average yield was 178.9 bushels per acre and the average cash price offered to farmers the past year was \$3.28 per bushel. No government payments, depreciation, or taxes were figured as they are highly variable. The average acre of corn lost \$95.25.

At a cash rent meeting put on locally last fall, the speaker told the landowners group that unless the farm economy straightens out, possibly 20 percent of the rental land will change hands. They concluded if farm owners like the way their land is farmed, it's in their best interest to help their renter survive if at all possible.

▶ WEATHER AHEAD

Many years we take a look at the Farmers Almanac because of their historic accuracy in crystal ball forecasting. This month is predicted to average seven degrees above normal with normal precipitation.

For your planting season, May is projected to be one to two inches above normal rainfall. With many acres not tilled this fall because of freeze-up, a wet April-May could change cropping plans. Here we go again?



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▶ DOWN AT THE CARDTROLS



Ethanol has helped local corn prices since 2005 and is now having real difficulties. The all-time low in ethanol prices came in 2005 when it was just a dime away from where the price is today. At that time, corn price was a dollar lower from today's prices. Reasons given for losses are low oil prices, inventory 20 percent above the five year average, and the fiasco created by the Administration and EPA granting waivers allowing blenders to not use ethanol which reduced demand by over a billion gallons.

Winners of free fuel are [Craig Monson](#) and [Bruce Kluver](#) from Forest City and [Justin Kleinschmidt](#) from Kiester.

▶ WAITING?

Many farmers are waiting for the "big purchases of large quantities of grain for export" reported by Washington to drive the markets higher. Market watchers caution about getting those higher prices because if China makes a big purchase it only drives China's prices higher if they want to buy more.

With South American crops four weeks away and a trade war ongoing, will China wait for South America's new crop avoiding purchases here altogether? Have your price orders in for sales just in case "Something Huge" happens in sales.

▶ OLD CROP RETURNS

Never say never but production commercial hemp is included in the new Farm Bill that was recently signed. Hemp was grown on 30,000 acres in Iowa during WW II, mostly in north central Iowa, and was used for military roping. Kentucky Brand hemp was the only brand available then. It grows best on good corn ground. Hemp is drilled in the early spring at the rate of 55 pounds per acre. In August it ripens and is cut then lays for a period of 10 days to three weeks depending on weather. It takes specialized equipment to cut and harvest. The one downfall is hemp reseeds easily and efforts to control volunteer growth in crops following hemp was futile even with a cultivator in the 1940s. Now we have effective herbicides.

▶ DDG PRICING AND PERFORMANCE

BY MITCH THORSON



DDG prices have risen dramatically in the month of December as a result of trade tariffs and plentiful supplies of fossil fuels causing a reduction of ethanol production and DDG inventories. As of December 20, the price ratio for DDG to corn was 122 percent and DDG to SBM was 53 percent. The cost per unit of protein for DDGs was \$6.07 and for SBM was \$6.48. SBM basis has narrowed in December resulting in slightly higher net prices but not nearly the increase seen for DDGs. We rely on guidance from Hubbard Feeds for our standard diets. Since last spring, we have been at 10 to 15 percent inclusion rates for DDGs in hog diets which has positioned us in the middle of the range for return on feed. Now with these price increases, we are at the high side but still with the most optimum return. An unmeasurable benefit of DDGs is the fiber help with gut health. There are other factors to consider which we would be happy to discuss and we will continue to monitor ingredient price relationships.

We wish all our customers a safe and prosperous New Year with MORE stable weather patterns, LESS government shutdowns, trade barriers, and market volatility.

▶ A NEW YEAR AND NEW CHALLENGES

BY KINGSLEY JOHNSON



As we start the New Year, the government shut down has stopped the flow of information from the USDA we are used to. With no reporting system for export sales and no export sales reports, traders have to rely on foreign buyers to confirm purchases. If you were a buyer planning to make big purchases over several weeks, it would not be in your interest to report them. Work is not currently being done on the NASS reports scheduled for January 11 which include Crop Production, Grain Stocks, and Supply and Demand reports.

The US and China are working to resolve the months long trade dispute. Trade negotiators from both countries will meet in Beijing on January 7 to hold face to face talks. They have been consulting with each other over the phone since the two leaders' meeting on December 1 when they agreed to stop escalating tariffs. China has agreed to suspend additional tariffs for three months until March 1. Recently China purchased some soybeans and made the first ever purchase of rice from the United States. Another trade issue the congress needs to address is the U.S. Mexico Canada Agreement (USMCA). The president has considered pulling out of NAFTA to pressure Congress to approve USMCA. How the trade agreements are resolved could have long term effects for agriculture.

Our markets this year will be looking to our stocks and planting intentions for direction. If you take out the increase of world stocks by the USDA adjustment of China's stocks in November, the world corn stocks to usage is tight. The corn markets will likely hinge on the upcoming acreage battle. Soybeans are a question. What will tariffs and trade agreements do to exports?

▶ SOYBEAN NEW RULES

1. Because of the wet fall in 2018, soybean seeds might be coming with lower germination rates. Treating seeds will not help germination but will protect plants from soil borne diseases that can attack at emergence.

2. Plant beans early. The soybean plant is more resistant to cold weather than first realized. Emerged beans in tests withstood 28 degrees for four hours without damage.

3. Soybeans leave minimal nitrogen for next year's crops. Today's genetics with big yields will take 90 percent of nitrogen from soil putting it into the harvested crop.

4. Soybeans planted early will flower before the summer solstice. Pay attention to Dicamba if you are using that. Also, early beans are more susceptible to white mold and other diseases requiring field monitoring by producers.

