

# PROGRESSIVE PARTNERS

## Manager's Comments

Mark Finck, General Manger

Summer is here and we are fast approaching the end to another fiscal year. In this issue of Progressive Partners I would like to update the members on board decisions made at recent meetings in regards to the members equity.

First we need to address the **Farmland Industries Bankruptcy**. At the May meeting your Board of Directors voted to pass through the writedown of the Farmland equity to the members. You will be receiving a letter drafted by our auditor explaining the writedown and detailing your equity balances (previous to writedown, amount of writedown and balance after the writedown).

**Local / Regional Equity**. During the Board Retreat this March your directors and management spent considerable time looking at the equity break down in your company. At the end of the 2003 fiscal year we had a total of \$7,712,709 dollars in the Patrons permanent allocated reserve, this total includes a \$2,750,788 dollars of regional deferred equity (patronage allocated by the regional cooperatives but not paid) leaving us with a local allocated reserve value of \$4,961,921. After considerable discussion your Board of Directors made the decision that they needed to act to protect the local equity of the members Farmers Coop Elevator Company. The board of directors made the decision to split out the equity remaining in the company into local deferred equity and regional deferred equity. The necessity of this decision was brought to light as we looked at the Farmland Bankruptcy and the practice of revolving equity. As the company paid out equity to members born in the specified year they were being paid out both the local and regional equities in Farmers Coop Elevator Company, the company was funding the payout of the regional portion out of local

earnings. In the future your Board of Directors will address the payout of local portion of equities from local earnings and will revolve back the regional portion as we receive deferred equity payments from the regional cooperatives. If you have any questions as to how this will work please feel free to contact either myself or Brad McCoy.

**Equity Payments**. With the Farmland writedown being finalized your board of directors voted to pay all of the outstanding estates (both the local and regional portion), the patrons allocated reserve for those born in 1929 (both the local and regional portion) and the patrons allocated reserve for those born in 1930 (local portion). These checks will be done during the month of July after the Farmland equity writedown has been done.

## Website

Your cooperative now has a website located at [www.fceberesford.com](http://www.fceberesford.com). On the website you will find our grain bids, access to delayed quotes from the Chicago Board of Trade, Chicago Mercantile Exchange, Closing Grain Comments by Stuart Carlson, Our Company Newsletter, Weather and much more. We will be continuing to look at the addition of more information to our website in the future, please let us know what you would like to see.

## Fiscal Year End

July 31<sup>st</sup> marks the end of our current fiscal year and your cooperative is enjoying another successful year. We will be taking inventory on the 31<sup>st</sup> of July and the Auditor and grain measurement service will be in on August 2<sup>nd</sup> to verify inventories. Please make arrangements to have your accounts current before July 31<sup>st</sup>. In ending I would like to thank you for all the patronage you have given us this past year and look forward to serving in the coming year.

## COOLER TEMPERATURES NOT GOOD FOR SPRAYS.

Lowell Feucht, Chemical Manager

I have been wondering, “Will it ever warm up?” and with that question it is a big concern of herbicide performance with the below normal temperatures. Many customers have asked me “How well will our contact herbicides work this year?”. So far what we have seen, things are working ok. With the cooler night temps, plants will shut down (day or night) and will not take in the herbicides as well. Weeds need to be growing actively to take in the product we are spraying to get a good kill, especially on tall or hard to kill weeds. Ideal temps during the day help, but the evening temps are very crucial to herbicide performance. The longer that the plants are shut down, the better chances the plant will dissipate the chemical before absorbing it. Ideal evening temps are around 65 degrees and warmer, not 45! The best conditions for the best kill are when the plant is growing actively 24 hours a day. We will need to keep a good eye on the weeds to see if we are going to get that ‘perfect kill’ or not. In the case we do not we need to plan a rescue treatment. The herbicides that have residual will work better during the cooler temps because the product will lie on the plants until it starts to warm up and growing actively. If you need some scouting done to see how well things are going, just let us know and we will be glad to help out.

### Agronomic Challenges

Chad Nelson-Fertilizer and Seed Manager

The Spring and early Summer season have been challenging. We started out with close to perfect conditions and it gradually got worse. And the crops have been through a tremendous amount of stress; Cold, wet, frost, wind, and insects have put this year’s crop through the mill. Choosing the proper seed and managing your fertilizer programs for your operations have all already played a big role this growing season.

Things are starting to turn around as we get more consistent weather; heat is what the crop

needs. I have looked at a lot of uneven corn and discolored corn. The uneven corn has a lot to do with the frost early this season; the corn that was planted shallower got hurt by the frost more than the corn planted at the proper depth. Different soil types, residue in fields, and soil conditions all played a part in seeing the uneven corn planting depth. These three factors are constantly changing throughout the field and we deal with them every year. The important thing is to keep checking your equipment; conditions from field to field can vary a lot. And hopefully you will only get one chance to put the seed in the ground properly.

The discolored corn that I have seen this year is due too a lot of the same factors, has the uneven corn. I have seen some grub feeding on the roots and that makes the corn have symptoms of a fertilizer deficiency. Once the corn gets some heat and starts getting a better root system establish we should see those areas green up and improve. If they do not improve a tissue analysis and soil sample will need to be taken and figure out what the problem may be. Keep an eye on your fields throughout the season and keep notes of things that may appear, this will help in decision making easier for each farm in the future. If you have anything you want us to look at, please feel free to give myself or Lowell a call.

### Fertilizer Notes:

Fall fertilizer season is a ways out, but something to start thinking about. We will see higher phosphorus and potassium prices this fall, higher than we have seen in previous falls. No definite prices on P or K, but something to think about. Nitrogen prices are up and down right now, and will continue to do so for a while. Putting on your P and K in the fall will almost always be cheaper than in the Spring, and is more beneficial to your crops when done in the fall. Fall applying Nitrogen is not a common practice around

here, but the savings and if done properly in the fall can be economical.

**Seed Notes:**

If you have any seed corn or soybeans to return to the elevator please do that as quickly as possible, also if you have mini-bulk bags or pallets to return please do so.

If you have RR volunteer corn and have sprayed for the volunteer corn, make sure to turn that in to get your rebate. And any replant corn or soybeans that you have. Turn them in before the end of July to get your tech fees reimbursed.

**More Volatility Likely Ahead For Soybean Prices**

By Stuart Carlson Ag Risk Management Advisor  
Advance Trading, Inc.

Summary: The average price range in November soybean futures from June to August is more than a dollar per bushel since 1990. Strong demand, late planting and weather uncertainty should add up to increased volatility the next several weeks this year. Risk management strategies should be implemented to take advantage of pricing opportunities.

**Summer Typically Characterized By Wide Market Swings In Soybeans**

The summer is typically characterized by volatility in soybean prices. It's important to remember, however, that this type of trading also offers opportunities to implement risk management strategies. This year's soybean trade has seen strong demand from China, tight old-crop ending stocks and a slightly delayed planting pace. Toss in unpredictable weather patterns and the market has all the makings for increased swings in prices the next several weeks.

How much of a trading range might we expect to see? To provide some perspective on that question, we've developed a study that examines the volatility in new-crop November soybean futures during the summer. The table below summarizes: (1) is the high price recorded by the November soybean futures contract during June through August of that particular calendar year; e.g. The high price posted by the November 2003 contract was \$5.97; (2) is the date the high was made; (3) is the low price recorded by the November futures contract during June through August of that particular calendar year; (4) is the date the low was made; (5) is the range from the high to low.

Calendar Year	November Soybean Futures From June Through August				
	(1) SX High Price	(2) Date High Was Made	(3) SX Low Price	(4) Date Low Was Made	(5) Price Range High-Low
1990	\$6.8050	July 2	\$5.8850	August 3	\$0.9200
1991	\$6.5000	August 2	\$5.1700	July 10	\$1.3300
1992	\$6.5100	June 1	\$5.2750	August 10	\$1.2350
1993	\$7.5750	July 19	\$5.7600	June 16	\$1.8150
1994	\$6.9900	June 17	\$5.5100	August 3	\$1.4800
1995	\$6.6100	July 17	\$5.8500	August 11	\$0.7600
1996	\$8.2500	July 12	\$7.1825	August 5	\$1.0625
1997	\$6.9675	June 3	\$5.7700	July 7	\$1.1975
1998	\$6.5700	June 24	\$5.1050	August 31	\$1.4650
1999	\$5.0300	August 10	\$4.0525	July 9	\$0.9775
2000	\$5.4400	June 5	\$4.4500	July 17	\$0.9850
2001	\$5.3800	July 17	\$4.2900	June 25	\$1.0900
2002	\$5.7950	August 15	\$4.6700	June 21	\$1.1250
2003	\$5.9700	August 26	\$5.0750	July 25	\$0.8950
			<b>Average</b>	<b>Range</b>	\$1.1650

**Observations/Conclusions:** This study shows that no month stands out in terms of signaling the highs or lows. For example, over the 14 years examined, the high was made five times in June, five times in July and four times in August. The timing of the price lows shows a slightly greater tendency to occur later in the summer, although it occurred in June in 2001 and 2002. In summary, this review shows that although highs and lows tend to occur slightly more often in certain months, it also confirms they can be made at any time during the summer.

The factors highlighted above suggest this summer is likely to see increased price volatility. Given this backdrop, risk management strategies should be carefully planned and implemented to take advantage of pricing opportunities.

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### Bid Line

You may call in on one of the following numbers to get our updated daily bids.

**Local (605) 763-8043**

**Toll Free (888) 415-2580**

Bids are updated on a daily basis after the close of the market.

### Price Later Grain

Remember that you have until Thursday, July 29<sup>th</sup> to price your corn and soybeans on price later. If they are not priced by that day they will be priced at the market close.