



First Cooperative Association

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MANAGER'S CORNER

By Jim Carlson

General Manager

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On behalf of the FCA Board of Directors, Staff and Employees, I want to thank all of our customers for their support and business this past year and to specifically thank all of you who were able to join us for one of the two FCA Annual Meetings that were held in November.

It was indeed a pleasure so many of you could attend to see and hear the presentations that were given and the information that was contained in the financial statements we handed out which demonstrated that this past **Record Year of Growth & Success** for FCA was one all of us shared in.

I would like to briefly touch on some of the highlights of the past fiscal year that ended August 31, 2013, that I feel illustrate why all of you can feel justifiably pleased and proud of your role in making this past year one more in a series of consecutive years of positive performance at FCA.

Thanks to your continued support and the business which you provided to FCA this past year, we had a **New Record In Total Sales of \$501,611,996**, an increase of over 5 million from the previous year's sales total, and which put your cooperative in the Top 75 in dollar volumes for all cooperative business in the U.S.

This record sales figure was accompanied by a **New Record in Net Savings of nearly \$10,314,000**, a

We Extend Our Very Best Holiday Wishes
To All Of Our Customers And Their Families

MERRY CHRISTMAS

&

HAPPY NEW YEAR

From All Of Us

Board of Directors

Employees & Families

FIRST COOPERATIVE ASSOCIATION



nearly \$3 million increase compared to last year's net savings total.

Local Savings at FCA this past year amounted to **\$6,071,943**, an increase of over \$3.2 million from the previous year in this all-important category, since it is the one that is the direct reflection of the savings you have generated on the local level through your support and business.

This year FCA paid the **Largest Patronage Dividend** to you, the members, since FCA was established in 1997, and obviously that was also a **New Record for Patronage Dividends with a total of \$4,715,405**.

Of that total patronage, I am very pleased to say that **30% or \$1,414,622 was Paid In Cash** to the FCA membership for the business they conducted with their cooperative during the past fiscal year.

This past year's patronage rates were as follows:

Grain	5.50 Cents/Bu.
Agronomy	3.75%
Petroleum	2.00%
Feed	1.00%
Service Income	5.00%

In addition to the local patronage that was paid to FCA members, we also provided members with a **Section 199 Tax Credit of \$1 million**, or 3 cents for every bushel of grain that FCA members merchandised through their cooperative this past year.

As I noted at the beginning of this article, this past year was another year of positive growth for your cooperative

as we continue to undertake crucial upgrades and expansion projects to our facilities and equipment to help FCA maintain the highest level of service to you and your farming operation today, tomorrow and going forward into the future as your needs continue to change and increase with the advances of technology at all levels of crop and livestock production.

Projects such as the major grain expansion project completed at the FCA Cleghorn location this past year are part of the on-going commitment your Board of Directors and Management Team initiated several years ago which has enhanced our capacities and capabilities to keep pace with your farming operation's needs.

This past year's projects and those that will follow in the upcoming and subsequent years, some of which are larger, some of which are smaller, and all of which are crucial in their overall scope will enable us to continue improving and enhancing the **Number One Priority at FCA: Customer Service**.

In closing I naturally want to add to the thanks and appreciation I extend to all of you my thanks to the Board of Directors for their leadership and foresight, and my sincere thanks to all FCA Employees for their hard work, dedication and efforts to serve the membership, and **A Very Merry Christmas & Happy New Year To All Of You!**

AGRONOMY NEWS

By
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Mother Nature closed in on us to bring the fall NH-3 season to an end much faster than I am sure all of us would have liked, especially in a year that had harvest pushed back by several weeks due to later than normal planting.

We did get a lot of NH-3 applied in the rather narrow window of time we had and as deep into the fall as it got before NH-3 work began.

However, there's a considerable number of acres being carried forward to add to next spring's regular NH-3 volume, and it will be very important to work closely with your FCA Agronomist to discuss all your alternatives and options.

Our fall P & K season was going nicely until the snow arrived, and thanks to great cooperation and communications between our customers and the **FCA Agronomy Team** we were able to get a very good head start on spreading lime and P & K for you this fall.

If/When fields open up and our men and machines can get back in to spread, we hope to be able to continue with lime and P & K services through as much of the winter season as possible to free up valuable time, manpower and equipment for spring work.

Again, keep in close contact with your **FCA Agronomist** and work closely together on any winter spreading orders we can get out of the way for you.

Of course December arriving means the pre-pay season and planning for next year's crop is underway, and I anticipate we will have our pre-pay pricing for crop protection products and crop nutrients set

during that week of December 16th to 20th.

As you're evaluating your alternatives and making decisions on next year's farm and field plans, I urge you to put issues of weed resistance right at the top of the list as **The Number One Priority** to address.

It's become crystal clear from the evidence in the fields that weed resistance to certain herbicide products/programs has become a very serious matter, and this is particularly true for weeds in soybeans, since the use of post-emerge herbicides with the same mode of action against weeds started several years earlier in soybeans before being introduced in corn.

I think we may have reached the point where serious weed resistance issues have made it necessary for everyone to take a step back in time to the days when farmers and their agronomists would sit down and devote more time to discussing weed spectrums, management strategies and different pre-emerge, pre-plant and residual herbicide products than many have been spending in recent years with virtually all of the focus put on post products.

On a related issue, I'm sure many of you may recall from the September newsletter that I introduced a weed called **Palmer Amaranth**.

It now looks as though it is has quickly moved into more areas of Iowa and could therefore be an entirely new weed problem you'll want to be ready to deal with.

As I noted in September, agronomists in other areas say Palmer Amaranth is at least double and perhaps triple the degree of difficulty to deal with that waterhemp is, so that definitely makes it a force we want to address sooner rather than later.

Your **FCA Agronomist** is ready to work with you on all your 2014 crop needs, anxious to answer your questions, and eager to help you evaluate the different products and programs to determine the best fit for all of your acres.

THE PETROLEUM REPORT

By
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With Christmas now only a matter of weeks away and the New Year of 2014 arriving a week after that, FCA wants to make our fuel and energy customers aware that we will once again be offering the savings, convenience and flexibility of two special programs that have been very popular and widely used over the years.

The first is our **Spring Diesel Fuel Contracting Program**, which gives you a head start at layering in your spring needs early so you can lock in a lower cost for the gallons you will need to get your fields worked to plant the 2014 corn and soybean crops.

I anticipate we will have a contracting price established by mid-December to give those of you who might want to pre-pay some of your fuel needs for spring prior to the end of December to put the expense on the books for tax considerations the opportunity to pre-pay at the competitive contracting price.

The second program is the **Early Bird LP Contracting Program** which FCA customers have been using for a number of years to lock in both supply and savings on their LP needs for home heating, grain drying and for heating any livestock facilities, shops or other facilities on the farm.

While this **Early Bird LP Contracting Program** has always been a very good one for our customers, and has been widely used as well, I feel this year things are shaping up to make it even more important for you to take advantage of to get a price and supply of LP locked in early.

Here are some of the factors that I feel makes it clear why I make this statement.

First, as we all know, there was a much greater demand for LP to dry corn all across the Grain Belt this year, and the number of supply problems that were experienced by

PETROLEUM
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**Take A Minute To Check Your Pesticide Applicator License
To See If It Expires December 31, 2013**

IF YOU NEED TO RE-CERTIFY FOR 2014

Be Sure You Contact Your County Extension Office

For Dates-Times-Locations Of Re-Certification Sessions

**So You Can Complete This Requirement So You Can Purchase
EPA Restricted Use Pesticides In 2014**

**FEED
FOCUS**
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The end of the year is always a time of reflection, and as we look back on all that's happened over the past 12 months I am sure many of you are like I am in noticing just how much things can change in a year.

A year ago at this time our good livestock customers were struggling with high input costs and markets that were not in their favor.

This year with a large new crop we have a very different scenario for input costs that's creating many solid opportunities in the livestock sector.

As always, however, with new opportunities a number of changes and challenges occur, and this is as true for your livestock operations as it is for your cooperative's **Feed Department**.

Over this past year we have experienced a significant increase in our feed business, and the opportunities I mentioned above have enabled many producers to expand their operations, and others to get into or back into livestock production.

Being busy is a **"Good Problem"** for all of us at FCA, and we are certainly up for the added challenges that accompany increased volumes and serving more producers.

Time, however, is a constant, and to accommodate increased volumes with maximum efficiency in the most timely manner we need everyone to work together so the feed mills and the delivery personnel can best serve all of your needs.

Therefore, as you order your feed needs I ask that you please keep in mind that the earlier the order is received the easier it is for our crew to get you your products to you when you need them.

This is especially true during the winter months when cold weather makes everything move at a slower pace, and when often slick road conditions as well as working around snow, ice and so forth to get the feed to and into feeders simply requires the man delivering your feed to take a little more time so no one is injured in a fall or weather-related accident.

And as you will notice elsewhere, there is also the extra time and planning that is needed and appreciated around the holiday shortened work weeks that arrive toward the end of December when your early orders enable our people to serve all customer feed needs and have time to be with their families to enjoy the holiday activities taking place in our schools, communities and churches.

Your early orders make a tremendous difference to help us maximize efficiencies at all stages of the feed manufacturing and delivery process, and I assure you they are greatly appreciated by all of our employees.

CHANGE: As I have stated in the past, please work with our sales staff if we can be of any service or assistance to you with your livestock operation.

The norm in the feed industry seems to be change, and once again this year we will be adjusting rations for the feedlot and cow calf producers to keep pace with the changing input cost structure, while in our swine feed business we are looking at continuing our efforts to produce the most economical diets for you.

Over the next few months we will also be looking at our pet and hobby lines of feed, and we want to be your supplier of choice for those feeds.

The pet and hobby feed lines are a very important business sector to us here at FCA, and I feel we have the products, the staff and the customers that will enable us to really grow this sector together.

If you have any input on how we can aid you with your livestock operation please contact one of the sales people, your location people or myself at the corporate office.

Thanks and have a Merry Christmas and a Great New Year.

PETROLEUM

Continued From Page 2

the terminals and by many other retailers this past fall were clear indications of a much heavier than nor-

mal draw down of the nation's LP inventories.

Secondly, we've already had much colder temperatures all across the nation for this early in the winter heating season.

Naturally that means LP inventories not only have not had the time to be rebuilt from the heavy demand of fall grain drying, they are being depleted even more by the early arrival of much colder temperatures.

Third, even as our domestic inventories of LP have been shrinking, our exports of LP overseas have been increasing as demand from other countries has pushed prices for exported LP higher so more product is moving out of this country.

If the cold winter and increased export trends continue, I feel we could be facing some very low LP inventories by the time the 2014/15 heating and grain drying seasons arrive next fall.

Based on those thoughts, this year's **Early Bird LP Contracting Program** offers you a great opportunity to cover your LP needs for next season at the very competitive contracting price we are now offering for our **Early Bird LP Contracts**.

If you have any questions on either our **Spring Diesel Contracting Program** or on the **Early Bird LP Contracting Program**, please feel free to contact your local **FCA Location Manager**

Or feel free to pick up the phone and call to visit with our **Certified Energy Specialist Marty Lau**, who you can reach by calling him at **712-229-2880**.

In closing for this time, and for the year, I want to express my **Thanks & Appreciation** on behalf of all the men and women of your **FCA Fuel & Energy Team** to all of our customers for a **Great Fall Season**.

Your support and business were greatly appreciated, and speaking for our entire **Fuel & Energy Team** I extend our **Best Wishes To All for a Wonderful Holiday Season**.

HOLIDAY BUSINESS HOURS AT FCA

All Locations Closed The Following Dates

CHRISTMAS HOLIDAY

Closed At Noon Tuesday, December 24th
Closed All Day Wednesday December 25th

NEW YEAR'S HOLIDAY

Closed All Day Wednesday, January 1st

PLEASE HAVE A SAFE HOLIDAY SEASON





HEDGERS' HOTLINE

By
**Randy
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Oh what a difference a year makes in the grain marketing world.

I recently pulled up the March corn and January soybean charts to get some history from last year and I found that both grains made their highs during the first week of August, 2012, and both have stayed in a downtrend ever since.

It doesn't even seem possible, but March corn peaked on the CBOT that week at \$8.45 and it has lost about \$4.00 per bushel in the months since then.

March corn is currently trading in the \$4.40 area. I have been in the business a long time, and up until the last few years I had rarely even seen \$4.00 corn, let alone lived through a year-long price decline of this magnitude.

January soybeans have also experienced the same trend over this time span, going from an August, 2012 high of \$17.81 and steadily trending down to our current price of \$13.30.

Percentage wise, soybeans have held up a little better than corn, losing about 25% off of their high price, while corn is down 50% from its peak.

Most grain analysts feel that we have just exited from the perfect storm for grain prices, since at the same time we began experiencing the most dynamic increase in biofuel demand for grain we have ever seen, the world started on a long string of crop failures.

It all started with the Russian wheat crop failure in 2007, and since then it has gone on to include failed crops in Europe, Asia, Australia, South America and even here in the U.S over the last 5 years.

In the U.S. we have just finished harvesting the best corn and soybean crops we have had since 2009. In addition to better crops here, the rest of the world crop production seems to have also stabilized for the time being.

As a result, world grain supplies are at their highest levels in the last 5 years.

In addition to better grain supplies, the biofuel demand for grain appears to have reached its peak for now, thus we've started to see a long, slow slide in grain prices.

Unfortunately, we can't go back to 2012 for a second chance to sell those prices, so where do we go from here?

The USDA publishes price projections in their monthly crop reports, and I suppose their projections are as good as any.

According to their November report the USDA expects corn prices received by farmers to be in the range of \$4.10 to \$4.90 for this current crop year.

Many industry experts would say that this price range might be a little optimistic barring any summer weather problems.

However, if we get a good growing season, late summer and next fall's prices could actually be well below this range.

To put it all in perspective, the 2014 new crop corn bid is \$4.14 at this time.

The USDA's November price

range for soybeans is \$11.15 to \$13.15. With current cash soybean bids near \$13.00, you can see we are a lot closer to the top of this range than we are to the bottom.

As with corn, industry experts expect lower bean prices by late summer and into next fall, providing Mother Nature presents us with normal growing conditions for 2014.

Again, to bring the projection into focus, the 2014 new crop bean bid is in the \$11.00 range.

The big wild card for the soybean market is Brazil's soybean production, and at this time their crop is off to a good early start.

However, there is a long way to go and they won't reach their critical growing period until January or February.

Winter is an ideal time to sit down yo do some projections of your own to develop a sound marketing plan going forward, and with these projections in mind you may want to consider various "What If" scenarios to include different price contingencies and how your marketing plan can be shaped to deal with them.

FCA BOARD OF DIRECTOR ELECTION RESULTS

One of the important items of business transacted at the recent FCA Annual Meeting(s) was to announce the results of the Board of Director election that was conducted using mail-in ballots for Class A members to cast their vote for the candidates of their choice. This year the membership elected the following individuals to serve 3-year terms on the Board representing their respective Director Districts:

EAST DISTRICT: RANDY SENNERT

NORTH DISTRICT: DAVID DEAN

WEST DISTRICT: STEVE HUESER

SOUTH DISTRICT: JERRY RUSER

CENTRAL DISTRICT: MARK HINKELDEY

At their re-organizational meeting the Board elected the following officers to serve for the 2013-14 year of business:

PRESIDENT: CHARLES SPECKETER

VICE-PRESIDENT: DAVID DEAN

SECRETARY: RANDY SENNERT

TREASURER: MARK JOHNSON