Since there is enough bad news to go around, let’s talk about the good things happening at FCS. First, there’s the part you play in keeping money moving through your local communities. When you do business with FCS, cash flows right here in your hometown!

Our balance sheet is the evidence. Your cooperative is again showing positive results for the first six months of the year. Grain volume and margins are excellent and our feed business remains strong. Lumber sales show a 47% increase and How-To Store sales are up 7%.

Not everything is rosy, of course. Livestock producers are bracing for a rough ride with milk prices less than half what dairies were collecting six months ago and hog profit margins in the negative range. We’re in the lower loop of the pig cycle right now, which will impact our feed mill, and currently have a few empty pens at the cattle confinement. Cattle close-out values are anything but pretty. Ethanol has not been immune to the economic downturn, either.

These are issues your board of directors discussed at our annual retreat as we strategized for the next several years. We listened as FCS department heads shared their best ideas and described the opportunities they see.

As a result, we’ve put some projects on the drawing board for this summer. We will install a new dust-control system in the Boyden feed mill and undertake an extensive mill upgrade in Ireton. (See Doug Schurr’s description of this project on page 2.) We’ve also invested in several new pieces of agronomy equipment to make certain we deliver effectively and on time this spring. Finally, due to the strong demand for pens at the cattle confinement, we’ve decided to complete the final phase of outside yard construction this summer.

While we admit this downturn is more serious than any since the Great Depression, I believe our great country is very resilient and we will once again experience prosperity. At your cooperative, everyone is doing all they can to help guide your farm operation through these times.
Reasons to Rely on Us Right Now

By Brad Knock, Melvin Location Manager

Last fall, when everyone was pressed to beat the weather and get essential tillage done, a lot of corn went into bins carrying excess moisture. I know many of you were aware of potential problems and so ran fans to cool that grain.

As we experience a spring warm-up don’t forget to return to those bins. Continue to check bins as outside temperatures rise, taking the centers out if you haven’t already. Or just stop worrying about grain quality and take advantage of our offer of Free Price Later for both corn and beans!

We’ve been busy here in Melvin this winter getting equipment ready for what will be a very hectic spring season. We added a Raven controller to our 48-foot tool bar so now two tool bars (this one and our 52-footer) will offer you the ability to follow a VRT map as you apply fertilizer. Then, we added a ground-drive pump to a 40-foot tool bar.

Stop in if you need more seed, fertilizer, or anything else to round out your spring supplies, we’d be glad to help any way we can.

Thanks for a Job Well Done

Best wishes to Ed Mayland as he begins his well-deserved retirement. As Ed and Carol follow their dreams, he’s leaving me big shoes to fill. I’ve come to know most of our Little Rock customers and look forward to working with you in my new role.

Our first job was picking up soybeans and emptying the corn bunker with an early March deadline. We do everything we can to control grain quality and we hope you’re thinking that way, too. Before you head to the tractor this planting season, spend a little time checking your bins and maybe pulling out cores.

We’re also busy developing maps for custom applications this spring. If you haven’t been in to talk with Bret Schortzman about your fertilizer, seed, and chemical plans, now is the time. Since none of us were able to finish fall fertilizer application, we’ll all need to be very organized when the rush begins.

Mill Upgrade Planned for Summer

As Ken Ehrp mentioned in his article on page 1, we’ll be making improvements to our Ireton mill this summer by changing out all the ingredient pipes associated with the mill. Those pipes have been in position since the mill was originally built and so are definitely due for replacement.

Over the years, these pipes that distribute product within the mill have been repeatedly repaired but eventually it gets difficult to keep dust from creeping back. New pipes will improve efficiency and the environment where our employees work.

The mill project will be accomplished by working around our production schedule, so we don’t expect any production slow down. Currently, the mill creates 400 tons of feed per day because the recent upgrade to our roller mills created a more efficient way to bring in corn.

We have a lot of corn on hand right now but we have plenty of room for soybeans. If you’re interested in emptying your farm bins, take advantage of our Free Price Later offer on beans.

Finally, as Safety Director for FCS, it’s my responsibility to remind employees to pay attention to others’ safety as well as their own. I’m emphasizing safety glasses in our mills and other places where eye protection is important. FCS has formed a new safety committee comprised of two-thirds operations people and one-third management to ensure our staff has all the information and tools needed to work safely.

This spring in particular, considering the amount of anhydrous likely going out of our locations in a hurry, we want to make sure you wear your personal protective equipment. When you choose not to wear gloves and goggles and when you don’t have your rinse water handy, that’s when accidents happen!
You remember 2008, don’t you? It was the year a bigger-than-expected crop and a worldwide financial crisis took us from euphoric highs to unbelievable lows. A year ago, ethanol’s appetite for corn was supposed to be increasing to the point we wouldn’t harvest enough to support demand. Then weather—cold and floods—took corn and beans rocketing to new highs in July 2008. We were golden, right? Then the crop turned out larger than predicted and the economy a lot worse than we’d ever dreamed. It would be nice if, after those surprises, 2009 would be a less radical year. Yet we’ve started out with more ups and downs. Sadly, there’s always something.

First, South American weather seemed to be telling us something, but two weeks of rain made it a non-issue. Meanwhile, an extremely strong-willed economic crisis lingers. In response, commodity markets go up and down with any new evidence of supply or demand. Anytime economies struggle, the resulting lack of demand affects commodity prices. The only way out of this treacherous downtrend is news of increased demand or inklings of reduced supply coming into the marketplace. It will need to be very positive news in order to crowd out the impact of other economic factors.

We all know soil types can predict yield. The question is, do we know enough about your soil type? Soil types we use to map fields were created in the 1950s for the Natural Resources and Conservation Services by men walking across fields probing the soil from time to time and drawing in the soil lines accordingly. Surprisingly, these maps are anywhere from 60%–90% accurate.

Today there’s a better way—a more accurate way—to make soil maps, which means a better way to manage your input investments and make better overall decisions. The technology is electrical conductivity (EC) mapping.

EC mapping requires dragging a sled across a field every 60–80 feet. The electrical signals that the sled sends through the soil refract off each soil type to a specific degree. Larger particles in sand and silt don’t refract the signal in the same way dense clay soils do. Recording those varied responses provide us with more accurate soil-type readings.

Are you wondering how accurate those readings are? The EC mapping process is 99% accurate at defining soil types! Best of all, once you complete EC mapping on a farm it never has to be done again; you have the information forever.

An EC map not only improves the fertilizer recommendation accuracy (for N, P, & K) but it also facilitates accurate variable rate seeding maps and provides information for more accurate drainage placement.

Since FCS relies heavily on soil type to create yield goals that determine our seeding and fertility recommendations, we believe EC mapping can be a strong element of our Site Specific Farming programs on your farm. We’re offering EC mapping during this year’s spring and early summer sampling windows. Talk to your local FCS agronomist about how EC mapping can improve accuracy in your soil test and recommendations.
The EPA recently finalized a rule exempting some farms from reporting air releases. That includes farms with fewer than 1,000 animal units. That is under 1,000 head of cattle, fewer than 714 dairy cows, and fewer than 2,500 finishing hogs.

Air release reporting requirements for large feeding operations remain the same and if your operation exceeds the EPA guidelines described above you should investigate the reporting process, if you haven’t already.

Obviously, I’d be ready to help you understand the process. For more information contact me or visit the IMMAG Web site (www.agronext.iastate.edu/immag/homepage.html).

Surface application of manure on frozen or snow-covered ground
The public comment period is nearly ended for a proposed rule about cold-weather manure applications. There’s no time left to mail your comments but you can still send the DNR your thoughts via fax or email before 5 p.m. March 27.

Fax your remarks to Claire Hruby at 515.281.8895 or email Claire.Hruby@dnr.iowa.gov.

These are the main points of the proposed rules for liquid manure:
• No application to snow-covered ground.
• No application to frozen ground if the slope is between 2% and 5% and the phosphorus-index is greater than 2.
• No application to frozen ground with a slope greater than 5%.
• No application from February 15 to April 15 if the ground is frozen or snow-covered. (Deep-bedded beef confinement buildings would be exempt until October 1, 2010.)

The above, proposed regulations would apply to all confinement operations operating with a manure management plan or a nutrient management plan.

There are also a number of proposed regulations aimed at all open feedlots operating under a nutrient management plan, including:
• No application to snow-covered ground with slopes of 5% or greater.
• No application of manure from February 15 to April 15 if the ground is frozen or snow-covered.

It’s also the intention of the proposed rules to ensure neither liquid nor solid manure will be applied when snow is actively melting or when there are one or more inches of snow on the ground but temperatures exceed 40º F or are predicted to exceed 40º within 48 hours.

Also, it would be against regulations to apply manure when there is over 50% probability of rainfall exceeding ¼-inch within 48 hours of the end of application.

The DNR composed these proposals at the request of the Environmental Protection Commission (EPC) which could put the regulations into effect as early as October 2009.
Purdue University conducted a study and concluded that the average corn producer is losing five to twenty-one bushels per acre, due to improper plant spacing. That’s something you can easily fix right now.

Accurate planting is essential if you want to reach your yield expectations, so you should go over your planter before the spring rush. Your planter must be able to plant an accurate population, provide uniform plant spacing, and give you consistent emergence. Proper plant spacing maximizes light penetration and reduces interplant competition.

Adjustments before planting season matter and so does constant watchfulness as you plant. After all, you delegate a lot of responsibility to your planter: When you’re planting a 30-inch row at 30,000 seeds per acre and traveling 5.5 mph, your planter drops 14 seeds per second!

Skips and doubles are one problem—most often caused by excessive speed, worn or damaged planter parts, improper adjustment, and built-up dirt or seed treatment products in seed meters. Spend time going through seed meters to ensure there are no worn or damaged parts. Make sure the gauge-wheel rocker arm moves smoothly and replace worn disc-openers.

Next adapt your planter to your planting environment. Planting corn in loose, mellow soil can create as many negative effects as planting in compacted soil. The most common result of planting in loose soils is shallow planting depth because loose soils can settle 1 to 2.25 inches after a rain.

Shallow planting also causes poor nodal root development, which affects water and nutrient uptake (especially potassium). These factors all contribute to uneven crop emergence and growth. You’ve seen fluffy soil syndrome in action when corn plants are taller and healthier in the tractor tracks of your tillage pass.

Let the field rest a day or two after tillage and before planting to allow soil to settle. Next, manage fluffy soil by making sure you’re planting deep enough. Too deep is better than too shallow. Get out of the tractor and walk on the seed bed and then check planting depth beneath your footprints.

FCS Customer Named 2008 Master Pork Producer

Marlyn Woelber, an FCS customer who has raised hogs for 18 years, has been named a Master Pork Producer for 2008 by the Iowa Pork Producers Association. The rural Boyden producer was among seven farmers and farm families honored with the coveted brass belt buckle, emblematic of the award, at the 37th annual Iowa Pork Congress Banquet in Des Moines January 28, 2009.

Nominated by their neighbors and peers, Master Pork Producers are recognized for their innovation, attention to quality, efficiency, and production records.

Marlyn started raising hogs in 1990 and has grown his multi-site enterprise farrow-to-finish business to 500 sows. He markets around 8,500 head of finishing hogs each year to Tyson. The South Dakota State University graduate has been certified at level three of the Pork Quality Assurance program and all of his premises are registered with the National Animal Identification System.

In addition to the swine operation, Marlyn also raises 400 acres of corn and 325 acres of soybeans each year. Energetic and enthusiastic, he has taken advantage of his opportunities to grow a crop and swine business into a successful full-time operation.

Master Pork Producers are considered industry leaders who are committed to producing the highest quality pork products. Their operations are environmentally sound, they care about the livestock, are good neighbors, and are active in their community.

FCS congratulates Master Pork producer Marlyn Woelber!
Land O’ Lakes® Purina® Feed, LLC

Land O’Lakes Purina Feed will soon launch a Propel® Energy Nugget. It’s a new, highly-palatable, high-energy fat product especially formulated to be used as a nutritional supplement in lactation and post-fresh dairy rations. To produce this product, Land O’Lakes Purina Feed developed a proprietary Macro-Encapsulation™ Technology. This is just one of the reasons Propel Energy Nugget is different from all other high energy supplements on the market today.

**Why should you feed Propel Energy Nugget to fresh cows?** Energy is critical during transition and almost immediately after calving, energy demands soar as abrupt lactation demands quickly drain a fresh cow’s energy reserves.

Other supplemental energy sources, often supplemental fats, can cause negative side-effects including: reduced dry matter intake, lower milk components, poor digestibility, and or diminished fiber digestion. Feeding Propel Energy Nugget can help you avoid these negative effects.

Also, keeping fresh cows on feed and consuming a high energy ration is not always easy. Low intake and reduced energy absorption often contribute to higher culling rates during the first 60 days. Even when you supply the best energy supplements, adding fat only helps if a cow agrees to eat it. Fresh cows are extremely susceptible to intake depression and if their feed doesn’t appeal to them, they will be less likely to consume pounds of dry matter needed to ramp up production and maintain their health. The Propel Energy Nugget is very palatable.

**Does palatability really make a difference?** In a study conducted at Longview Animal Nutrition Center in July 2008, Propel Energy Nugget was preferred by lactating cows over a leading calcium-salt fatty-acid product 17 to 1, and preferred over a leading prilled-fat product 10 to 1.

If the animals will eat, then it’s possible to achieve high energy and high intakes fresh cows need to perform. Andy Mueller, Land O’Lakes Purina Feed dairy consultant in Minnesota, has been observing a field demonstration herd and reports intakes and milk production have increased with Propel Energy Nugget.

Propel Energy Nugget is backed by Land O’Lakes Purina Feed’s decades of energy nugget experience, research and innovation. Propel Energy Nugget will soon be available through the FCS feed department. Talk with Dustin Purhmann or Jarred Terpstra for more details.

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**Sign Up for a Shopping Spree!**

By Rory Larsen, Building Center Manager

In conjunction with Do-It-Best® hardware, our store in Sioux Center will be offering one winner the opportunity to take a $1,000 shopping spree. All you have to do is sign up before May 31.

If you’re chosen for the shopping spree, you can spend your credit on items chosen from the Shopping Spree Catalog. Either way, it’s going to be an exciting reason to look forward to spring. Come in and sign up now.

While you’re here, you may want to gather up the supplies you need to get your lawn growing this spring. We’re offering special values on the complete Scotts® 4-Step program. You can choose from two price ranges: for $84.99 you can purchase all the products you’ll need to cover a 5,000-foot lawn and for $219.99 you’ll take home the 4-Step products you’ll need to treat 15,000 feet. The price improves when you take advantage of the $35 mail-in rebate from Scotts.

Once you’re in the store, you’ll notice our store remodeling program is making headway. Naturally, we’ve created some dust in order to make progress and we want to assure you you’re still welcome here even as we remodel.

After we clear the mess away, you’ll discover a store with a friendlier, more modern atmosphere. Until that process is complete just know we’re here and we’re ready to help you find the products you need.

Whether or not the check blank held by Bill Dreise is actually this large, the winner of our $1,000 shopping spree will be hugely pleased. Stop by the Do-It-Best Store to register.
Market Returns to Traditional Basis Levels

Last year basis didn’t much impact your grain marketing decisions, this year it might. Since the markets are getting back to more traditional basis, you may want to consider moving some of your crop at those levels.

Beyond that, realize volatility is still at work across the marketplace. Day to day you will likely see random action but overall the market is in a down-trend driven primarily by the economy.

However, I don’t hold out a lot of hope for grain prices until the economy improves. As the economy improves, I look for commodity prices to firm first.

First though, marketers wonder about acres which means you should expect the market to struggle under the expectation of more corn fields or more acres planted to beans. With that said, I look for beans to be more bearish than corn in the near term. The increased cost of crop inputs would indicate producers will hold the line on costs by planting more beans.

As you make your marketing decisions in the months ahead, think about those expensive inputs and your land payments and land rental costs. Don’t ignore what you’re paying for fertilizer and diesel. Any plans you make should factor in how you will pay for those things.

Since there is still time to make crop revenue insurance a factor in your 2009 crop, I’d also encourage you to work with your agent to create a safety net for your marketing plan. Talk to me or to one of our location grain people about marketing forward when it fits your objectives.

John Hansen
Grain Merchandiser
Long-Time Employees Are One Key to Excellence

These FCS staff members were photographed after our Annual Meeting.

Receiving their awards for five years service to FCS are (left to right) Al Buren and Andy Jahn.

Jerry Wiltgen, Alvin Stuit, and Ron Wych were recognized at our recent Annual Meeting for five years of service.

Congratulations to Brad DeVries for 25 years with FCS.