

# Country Connections

CUSTOMER NEWSLETTER



## Facing the Challenges Together

By Kent Mulder, General Manager



We've turned the page on a new year and are almost through the first quarter. Looking back at 2018, it was a year — like all those preceding — that presented its own unique challenges and opportunities. Our operation mirrors yours. When there are struggles or successes on the

farm, we sense them, and as a management team, we work to make the best decisions possible to adjust to an ever-changing marketplace.

In the midst of these challenges, there are many indicating your cooperative is beginning to hit its stride. I'm pleased to share that we had positive financial results for fiscal 2018, with a total income of \$10,806,900, which surpassed the prior year by nearly \$200,000. This reflects the efficiencies gained by unifying our two cooperatives and, most importantly, your loyal support.

At our annual meetings in March, I look forward to sharing the patronage rates we will return to you. Please see the attached Save-the-Date for annual meeting details. As a co-op, it's our priority to return as much patronage as possible to our shareholders. That return on your investment is a

significant benefit of doing business with us.

At that annual meeting, two members of your producer board will be retiring — Doug Brake, our board chair, and Steve Enger from region 4. We wish them both the best and greatly appreciate their commitment, dedication and contributions to the board and to the success of your cooperative.

After the March annual meeting, we will have completed the size reduction of our board planned for as part of the unification. Going forward, we will have 11 directors — two directors from each region and one at-large member.

### 2019 and beyond

Right now, our primary focus for the cooperative is thinking strategically for the future. Working with our producer board, we take all of our departments into account. We determine what equipment we need to add and replace, and look ahead to larger projects.

Finally, I want to note how extremely proud I am of the tremendous strides we've made in our safety program. We've shown dramatic improvement recently, but won't be satisfied until we attain a goal of zero incidences.

Thanks for your continued support, and I look forward to seeing all of you at our annual meetings.

# The Most Crucial Time of the Year

By Rod Benson, Feed Department Manager



One of the great advantages of doing business with your cooperative is the tremendous resources we have available through the CHS organization as a whole and CHS Nutrition in particular. As we enter the most crucial time of the year for cattle producers, I asked Lance

Kennington, PhD, and beef nutritionist for CHS, to explain why a good mineral program is so important right now. Here's what he had to say.

*We have now entered the very crucial time of the year when the mineral needs of the cowherd are of maximum importance. Most calving will begin in the next 30 to 60 days and the mineral requirements of the cows are at a heightened state. The fetus is growing at, or near, 1 pound per day and this is the last time to build proper trace mineral status in the calf until he is able to consume feedstuffs or free-choice mineral well after birth. The early diet of the calf is milk, and it is nearly devoid of trace minerals.*

*The second and perhaps most important function of proper mineral nutrition for the pre-calving cow is building high-quality colostrum. What happens in the first 24 hours impacts the rest of a calf's life. In order to have high quality colostrum and to subsequently maximize passive immunity, it is imperative that ranchers provide, and ensure intake of, a high-quality chelated mineral program.*

*Scientists with the USDA experiment station at Clay Center, Nebraska, monitored health events and growth performance in a population of range beef calves in order to identify associations of production factors with baby calf passive immune status.*

*Blood samples were collected 24 hours after calving from 263 crossbred calves to determine the amount of passive*

*maternal immunity obtained from colostrum. The baby calves were classified with "inadequate" or "adequate" passive immune status based on that blood sample at 24 hours of age. Growth performance and health events in the study population were monitored from birth to weaning, and after weaning throughout the feedlot phase.*

*The lowest levels of passive immunity were observed among calves that were sick or died prior to weaning. Calves with "inadequate" passive immunity had a 5.4 times greater risk of death prior to weaning, 6.4 times greater risk of being sick during the first 28 days of life, and 3.2 times greater risk of being sick any time prior to weaning when compared to calves with "adequate" passive transfer. Based on 24-hour proteins (most of which are antibodies or immunoglobulins) in the blood, the risk of being sick in the feedlot was also three times greater for "inadequate" compared to "adequate" calves. Passive immune status was also indirectly associated with growth rates through its effects on calf health. Sickness during the first 28 days of life was associated with a 35-pound lower expected weaning weight. Respiratory disease in the feedlot resulted in a .09-pound lower expected average daily gain.*

*Remember that most of the transfer of antibodies from colostrum to the calf happens in the first 6 hours. The first day sets the stage for the rest of the calf's life.*

*Finally, one must always remember that the mineral program during the period of calving through breeding is very important for maximizing first service and total conception rates. Each cycle a cow doesn't breed will decrease weaning weight by 50 pounds and each cow that ends up open would have bought a lot of high-quality mineral.*

*In many situations, mineral supplementation may be the most neglected program on the ranch. A proper mineral program, designed to balance the inadequacies of the forage, is the cheapest supplement a rancher will buy.*

## GENERAL PAYBACK MINERAL RECOMMENDATION GUIDELINES

<b>Cattle Class</b>	<b>Forage</b>	<b>Product Recommendation</b>
Stockers (Yearlings)	Summer Grass Winter Grass or Hay	Stocker Mineral 12-3+ Cattle Mineral 12-6+
1st & 2nd Trimester Cows	Summer Grass or Winter Hay Fall & Winter Grass	Ultramin® 12-6+ Cattle Min 12-6+ Ultramin® 12-12+ or Triple 12+
Last Trimester & Lactation Cows	High Quality Hay Low Quality Hay* or Winter Grass	Ultramin® 12-6+ Ultramin® 12-12+
Bull	Grass or Hay	Ultramin® 12-6+

\*If forage test shows phosphorus level is .22% or above, Ultramin® 12-6+ is recommended.

# Powering Kids to School with Propane

By Chuck Springman, Energy Department Manager



Road-use propane continues to gain popularity across the country as an alternative, clean-burning fuel, particularly for school bus fleets. In 2017, South Dakota was the only state in the U.S. without a propane-fueled school bus. That is no longer the case, thanks in part to the efforts of your cooperative.

In 2017, CHS Brandon hosted a meeting with personnel from the Blue Bird bus company and ROUSH CleanTech, the leading builder of propane-fueled engines. We invited representatives from six different area school systems. Everyone who attended was blown away by the improvement propane buses would make in fuel cost, operational efficiency, reduced maintenance and cleaner emissions when compared to the current diesel and gas buses. We had two districts order buses on the spot.

CHS is strongly supporting the movement toward propane as a road fuel at the corporate level. In the last few weeks, they've come out with rebate programs for those who want to switch to propane. Some states, like Minnesota, have funds available, and some of the settlement money from the Volkswagen emissions scandal has been allocated to the states to promote road-use propane. CHS has a representative who can help school administrators tap into some of these funds.

Consequently, we've been busy here at CHS Brandon. Obviously, we're not grant writers. We're interested in supplying the propane dispensers, and the propane to fill them, to school districts in our area. Currently, we have one bus in Lennox we're supplying through an existing dispenser at the ACE® Hardware store there. We also have dispensers at the ACE Hardware stores in Harrisburg, Brandon, Dell Rapids and Tea.

Brookings has one bus with two more coming and a goal of having nine buses fueled with road-use propane within the next five years. This is a good opportunity for us to increase our propane volume while helping school systems transition to a cleaner burning fuel that's easier on their equipment and the children they transport.

## Take those samples

Turning to lubricants for a moment, CHS has offered the Cenex® Total Protection Plan® (TPP) Warranty for over 50

years. It is recognized as one of the best extended warranties in the ag world, providing extremely affordable engine and transmission coverage for both new and used equipment.

To put it simply, when you use Cenex lubricants and Ruby Fieldmaster® premium diesel fuel exclusively, you'll get up to 10 years or 10,000 hours (8 years or 8,000 hours on used equipment) of coverage. You can find all the details online at [cenex.com](http://cenex.com) or talk to one of our Certified Energy Specialists (CES).



From the left, Chuck Quesnel, vice president for CHS Country Operations, Bill Heldt, transportation director for the Brookings School District, and Scott Beekman, CHS Brandon CES, at the Brookings propane dispenser.

Another nice feature of the TPP Warranty is there are relatively few rules to follow. But, as you can imagine, to have a warranty of this quality those rules are important. One rule is that an oil sample needs to be collected and submitted to CHS at least annually. Unfortunately, we just had an incident where a large claim was denied because the operator failed to submit such a sample.

We have a number of customers who have this warranty. These customers simply need to take and submit the sample annually. If needed, your local CES can assist in pulling your sample.

# Zero Incidents Our Daily Goal

By Brock Dexter, Safety Director

Everyone ending every day as healthy as they began it. That's the basic concept of the Zero Incident Goals safety program created by CHS. Spring planting is always an incredibly busy time and a season that requires a heightened awareness of safe-operating practices. That's why the Zero Incident Goals program is so important right now.

At CHS Brandon, we don't want to see any injuries on the job or on the farm. That's our zero-incident goal. Our working premise is, when you go on vacation, you don't expect injuries to occur. Why shouldn't you take that same mentality and apply it at the cooperative or on the farm?

There are two keys to making this happen — prior planning and good communication. The plan doesn't need to be complicated nor the meeting long. Whether you get together for five minutes at the start of the day or even handle it over the phone, the point is that everyone

involved in the day's work knows what the general plan is and where everyone should be. That way, when someone isn't where they should be, other people know where to look for them.

And while you may have a plan in the morning, as the day gets rolling and circumstances change, communicate these changes to co-workers on the farm and to your family.

The Zero Incident Goals program is all about creating a safer work environment for our employees and our customers. We're happy to help you transfer these concepts to your farming operation, too, because safety is one of our top priorities at CHS Brandon.



# Consider the Brand You Built

By Bob Goodroad, Seed Manager

As producers finalize their production plans for the 2019 season, many still have some seed decisions to make as they wait to see how trade disputes and world supplies will impact the market. In making those decisions, consider Allegiant® seed.

The Allegiant seed brand, our producers' own brand, continues to gain popularity. The 2018 yield results from trials and farmers' fields were very good, and the seed has proven to be a very stable product. Our sales staff also enjoys promoting our own CHS brand of seed.

Looking ahead to 2019, you'll see a change in our seed trial program. With more of our producers having Climate FieldView™ capability in their equipment, we now have the opportunity to conduct more full-field yield trials. We're able to capture yield data not only from 200-foot strip trials but from full field-length

samples. That kind of data will give us even more accurate results.

As you're locking in your final seed decisions with your CHS location or salesperson, don't forget we have our CHS Capital and CHS Autumn Rewards programs to provide financing for those purchases.



# A Black Cloud of Uncertainty

By Joel Wiering, Grain Procurement Manager

Maybe this title is a bit too intense, but uncertainty is definitely the right word to use when describing our current market outlook — more so with beans than corn.

Kicking off with corn, the USDA trimmed 2.5 bushels/acre off their yield estimate, which was an historically large shift from November to the January final. Unfortunately, the market did not care, continuing to focus on the large carryout. At the end of the day, however, this adds a level of support for corn. History tells us that the USDA feels comfortable if we have a 1.2- to 1.7-million-bushel carryout. At 1.2, you see \$4 cash while at 1.7, it's \$3.50 — a pretty tight trading range when we're in that carryout area.

We're at the top end of that range right now, so corn should be supported. December 19 corn continues to give us chances to sell at \$4 — a great place to start and I hope it will be the producer's worst sale. History tells us that over the last three years, \$4 futures is a good price, so start your marketing plan there.

What does make me nervous is the possibility of an acre shift. Looking out our window, seeing snow and considering the forecasts, we may assume a late spring with not many acres switching. However, if we see that pendulum swing back to 94 million corn acres with demand unchanged, we could see carryout reach 2 billion bushels next year, which the market doesn't like. That's why I think farmers should take a good hard look at selling both old and new crop at today's levels.

## As for soybeans...

I hate to say this, but I believe beans are \$1 overpriced with what we know today. Yes, the USDA did lower yields by

.5 bushels, but it still amounts to record production. At the same time, we've missed most of our China demand as the South American crop is now ready to take center stage. The stocks-to-use ratio of 22% is the highest we've seen in a decade. If you go back to a similar stocks-to-use ratio, beans were \$6.

Unfortunately, though prices don't look pretty at \$9 old crop and \$9.60 new crop, these may be the best prices we see. Which brings me to my black cloud of uncertainty—the trade war. Both parties continue to negotiate, but at this point in our marketing year, an agreement will not impact the old crop. We'll still carry 900 million to 1 billion beans into next year.

For the past couple years, I've been 4 and 10 — lock in \$4 corn and \$10 beans. I hate to say it, but I don't think we're going to see \$10 futures on beans, unless we get an agreement and prices flash higher. If they do, sell and sell hard. Beans will come back to trading true fundamentals, and we have a billion reasons why the price will stay low.

Worldwide, South America looks OK. Brazil is down, but Argentina will come close to offsetting that loss. Acres will be a big thing, as well, just as they are in corn. So, while we do have uncertainty, it is actually providing some support to the bean market, which remains tightly range-bound.

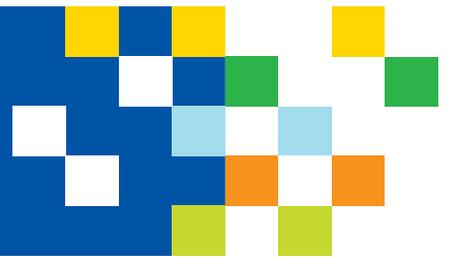
So, now that we finally have the market data, we have to become more proactive with our marketing in this sub-\$10 bean market. Will we see a significant acre switch to something — not necessarily corn, but perhaps wheat? Time will tell at what point this cloud of uncertainty will lift.



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# SAVE THE DATE

## 2019 Annual Meeting



*Please join us for our Annual Meeting to review the fiscal year ending August 31, 2018, and learn more about how when you're connected to a cooperative, you never farm alone.*

### Meeting Dates:

#### Tracy, Minnesota

Friday, March 22  
The Caboose  
1045 Craig Ave, Tracy, MN

#### Sioux Falls, South Dakota

Monday, March 25  
Best Western Ramkota  
3200 W Maple St, Sioux Falls, SD

Social starts at 5:30 pm,  
dinner at 6 pm with  
entertainment to follow.

#### Please RSVP

Marshall: 507-532-3246  
Brandon: 605-582-2415

### Nominations For Producer Board Election

**Jerry Ellefson Region 1**

**Merle Zeinstra Region 2**

**Jonathan Hagena Region 4**

**Mike Olson At Large**



Please mail or drop off additional nominations at the Brandon office no later than March 15.

## New Tools to Turn Data Into Results

*By Brian Meier, Agronomy Sales Manager*



Spring is fast approaching. For those of you taking advantage of our CHS YieldPoint® precision ag services, now is the time to get your variable-rate maps for fertilizer application and planting done this month before we're into planting season.

I also want to make you aware of our new Agellum™ software — an amazing tool. It can incorporate any of the farm planning you were doing, from seed selection to chemistry to fertility. Agellum serves as a storehouse for all your data from Climate, MyJohnDeere and other

precision software, as well as all your soil test data.

The Agellum tool is just one more way we're working to capture and utilize all your data to help you plan and gain an edge in these tight economic times. If you need some assistance importing your fields into Climate, Agellum or your planter, we have CHS YieldPoint staff at our locations who can help.

Here are our CHS YieldPoint and Agellum specialists: In Worthing, Blake Beard; Brandon, Jason Dorhout; Marshall, Anna Biastock; Magnolia and Garretson, Kendra Boecker and Colton, Aaron Kromann.

Be sure to talk with your field marketers about our trial program with Agellum and Allegiant™ seed.