

WINTER 2020

Achieving Success in a Difficult Year

By **Tod Clark, General Manager**



The audit is complete, the numbers finalized and the cooperative business model is alive and well at Country Partners Coop.

Our fiscal year ended Sept. 30, 2019, and I'm pleased to report another successful year. Local savings were a healthy \$2.6 million with net savings of \$6 million. The strength of our balance sheet allowed essentially a full allocation of those net savings as patronage in the amount of \$5.9 million. The ability to pass our profits on to our members is one great advantage of the cooperative system.

These results come on the heels of what was certainly a tough operating environment. I know it was a fight for you as it was for us. I was extremely proud of our employees, who stepped up in challenging conditions and worked through time constraints to get the job done and serve our patrons.

Thanks to all of you for your hard work. And thanks to our members for your business and your patience as we worked together through one of the most difficult production years in memory.

I hope the holidays provided plenty of opportunities to unwind and enjoy time with family and friends. We look forward to working beside you again in 2020. ■

TOTAL PATRONAGE ALLOCATION RATES



Grain 6.757¢



Petroleum 1.95%



Agronomy 3.89%



Merchandise 5.113%

More Energy Options in Lexington

By Scott Haller, Vice President of Energy



Winter is the time for planning here in the energy department, and we have some projects in the works for 2020. We've received a grant from the Nebraska Corn Board to help install blender pumps at our Lexington Ampride. Our target date for completion is late spring or early summer.

When the work is done, we'll be able to offer straight unleaded, E10, E15, E30 and E85. We'll be upgrading our diesel dispensers at the same time.

Bringing all of our locations into compliance with the new credit card chip technology is also on the agenda for 2020. The plan is to have everything up to date by year's end.

Winter is also the season for the annual Cenex® Gift Cards for Gallons promotion. From now until Feb. 28 you'll receive a \$50 VISA® gift card for every 125 gallons of qualifying Cenex lubricants or grease you buy (drip oil excepted). You can pick up a redemption form at any of our locations.

Think spring

The energy market has been pretty flat in recent weeks, which is good news for our customers. I've taken a look at the markets, and over the past five years, December and January have been the best months to contract your spring and summer energy needs. We offer both the fixed-forward and max-price contracts for propane, gas and diesel.

One thing that may impact diesel prices will hit the market on the first day of 2020. That's the deadline set by the International Maritime Organization for all oceangoing vessels to switch to ultra-low-sulfur diesel. We'll keep an eye on that, and so should you.

A couple of seasonal reminders: For our home heating customers, please do your best to clean a path to your tank for our drivers. Winter is tough on everybody, and having to dig through snow to get to your tank makes a cold day longer — and impacts our ability to make all the deliveries we have scheduled.

The second reminder is that it's not too late to perform your tank and filter maintenance. Winter is definitely here, and if you've escaped without trouble so far, don't take chances. Drain the water from your tank and check your filters. Better today than at 30 below. ■

Input Prices a Bright Spot

By Anthony Brass, Vice President of Agronomy



As we have a little time to evaluate the season, I have to say we enjoyed a more successful 2019 than we would have suspected this spring. With that said, I believe everyone shares the same sentiment — we'll be happy to wrap up this year and see what 2020 has in store.

Input prices, and fertilizer in particular, have been a bit of good news, remaining relatively flat. Dry phosphorus, in particular, is priced roughly \$100 per ton lower than last year at this time. If you've held back on this particular nutrient due to input and grain prices, you have an opportunity to build up your soils' phosphorus levels again.

We're not sensing much volatility in the fertilizer markets, which is a plus for you. Stable prices help with planning and cash flow.

Finally, keep our Country Partners financing program in mind when lining up your 2020 inputs. You can finance all your inputs, including energy, with our program, and we're offering a 0% rate on seed and crop protection products. This is a good opportunity to secure some attractive interest rates without impacting your operating loan with your traditional lender.

Now that the holidays have passed, let's get started on your plan for 2020. Stop in and visit with your location agronomist or me so we're ready to go come spring. ■



Grain Marketing Meetings

- Spalding Office – Monday, Jan. 27, Noon-2:30pm / Lunch served before speaker
- Ord – Jubilee (on the square downtown) – Monday, Jan. 27, 4-6:30pm / Speaker followed by dinner
- Gothenburg – Bayer Learning Center – Tuesday, Jan. 28, Noon-2:30pm / Lunch served before speaker

Nathan Mangold with Advance Trading will be our guest speaker at all meetings.

Call us for more details and to RSVP. ■

Not the Best, but Better than Many

By Scott Hillius, Vice President of Grain



Though this will never be considered a good year, compared to much of the Grain Belt, our area was somewhat of a garden spot. While irrigated yields were down, we experienced very good dryland crop.

Taking a quick look at harvest, our soybean handle was down 3-4%

company-wide due to fewer acres and lower yields. Considering those factors, we were pleased with our volume as I believe we added a fair amount of new business. As I said above, dryland yields were good due to our abundance of moisture.

Marketing soybeans continues to be a challenge, thanks in large measure to the ongoing tariff war with China. The markets remain mostly steady as we await more news. Domestic processors have had to compete a little harder for beans this year, which has kept values firm.

South American weather is being watched more closely as they will soon be the primary source of beans for China. The Dec. 10 USDA report was a non-event as they basically punted to January. Carryout for beans remain a very comfortable 475 million bushels.

Turning to corn

Our corn crop finished with far less wet immature corn than we initially feared. Dryland yields were tremendous while irrigated acres were off 5-10%. While our late October windstorm added insult to injury, our yields were still quite good compared to many areas of the country.

Company-wide, our corn volumes were up compared to last year, with an estimated half million bushels of new corn still expected to arrive by year end. A fair amount of that corn was still in the field at that time. We experienced volume growth at many of our locations, and as a result had approximately 1.3 million bushels of corn in “blue sky” piles in several communities. Our goal is to have all of this uncovered grain picked up by Jan. 1, weather permitting.

The corn market has been quiet, trading in tight ranges. Basis has been firm, but it feels like a very thin market. If we saw a 20-30 cent rally for some reason, I expect basis to react defensively. At present, both buyers and growers are disengaged.

Looking ahead, many areas in the Dakotas won't be harvested now until spring. Exports, while disappointing, have improved in recent weeks. Ethanol margins are on a downward trend and the forward curve is not promising at this time either, making it difficult to lock in profitable prices. Livestock margins are profitable and should encourage more feed consumption.

Typically, the USDA adjusts and finalizes their harvest numbers in the Jan. 10 report. I believe the market is expecting a 1-2.5 bu/A cut, which would reduce our crop size. Demand could unfortunately be cut an offsetting amount, still leaving a comfortable carryout just under 2 billion bushels. As is the case with soybeans, we're going to need a significant change in our supply and demand fundamentals to generate a sustained rally.

Marketing tools

Due to last year's growing conditions, we did see a lot more crop damage coming out of the field this fall. That leads to questions about the long-term storability of this corn. Be careful storing grain longer in hopes of prices improving this summer. Pull your cores, and don't let loss of quality steal the value of your hard-earned grain.

With that in mind, we have several programs to help you effectively market your grain. One popular marketing tool is our Seasonal Average program. Signup continues through early February with the start date to be announced. The Pro Advantage managed marketing service offered by the Russell Consulting Group has also performed well for us. Though signup for this year has ended, it's something to keep in mind for next year. See a member of our grain team for details on these and other great ways to diversify your marketing.

Grain marketing meetings are coming up later this month. You can find the details on page 2.

Finally, I'd like to officially welcome Gary Hartley, our new Grain Originator for Region 2. You can read more about Gary on page 4.

Country Partners appreciates your support. We'd like a shot at earning more of your business and the opportunity to help market your farm-stored bushels. ■





Welcome, Gary!

Gary Hartley joined Country Partners in mid-October as Grain Originator for Region 2. Though much of his time was initially spent becoming familiar with processes in the Gothenburg grain office and scale operations through harvest, he's now focusing on getting out and meeting more producers.

No stranger to the many challenges of the ag industry, Gary's firsthand experience comes from working in family cattle ranching in the Spalding and Ericson areas. He also operated a private fish hatchery for more than 10 years.

Working with people and building relationships has been a part of his entire professional life. He has teaching and coaching experience at the high school and collegiate levels. Having worked as an insurance agent and ag relationship manager at a local bank, Gary understands the impact of

partnering with customers to help them be as successful as possible.

Gary recently relocated to Farnam from Ravenna, where he'd been employed as an operator at KAAPA Ethanol. He has three adult children, two daughters and a son, and one grandson.

While he says he's enjoyed his experience at Country Partners thus far, Gary is looking forward to getting out and visiting with farmers — his "favorite work environment" — and the place where he is most comfortable. He is anxious to visit with producers about their operations and their vision for maintenance, success and future growth.

We welcome Gary to the Country Partners team. We invite you to stop by the Gothenburg grain office to meet him and watch for him out in the country! ■

Scholarships Available to Cooperative Members

The Nebraska Cooperative Council Education Foundation (NCCEF) will provide nine (9) scholarships for the 2020/21 academic year to students at the University of Nebraska-Lincoln (UNL) College of Agricultural Sciences and Natural Resources (CASNR), the Nebraska College of Technical Agriculture (NCTA) at Curtis, and the University of Nebraska-Kearney (UNK).

The NCCEF scholarship program includes:

- Seven \$3,000 scholarships in honor of Michael S. Turner; one to an incoming student and the balance to upperclassmen all majoring in Agribusiness or Agricultural Economics.
- One \$3,000 scholarship in honor of Robert C. Andersen to an upperclassman majoring in Agribusiness or Agricultural Economics.
- Two \$2,000 scholarships at NCTA in honor of Michael S. Turner to students majoring in Agribusiness or Ag Production Systems.
- One \$3,000 scholarship at UNK in honor of Michael S. Turner to an upperclass student majoring in Agribusiness.

Individuals will need to complete an online application form and submit it electronically to UNL, NCTA or UNK by April 15, 2020. The application forms are available on the Foundation/Scholarships page of the Council's website at: www.nebr.coop/foundation/scholarships. ■