



## Manager's Memos

By John Pruss

We were just starting out the month of July as everyone was putting together the information for this month's newsletter.

While there have been some areas affected by the frequent showers of June, I am sure most everyone would agree that overall our crops are looking very good at this time.

I've had some customers tell me they've received right at 20 inches of rain this past month, many others are just shy of that amount, and that's certainly a lot of moisture in a single month.

I also understand there are parts of north central Iowa that received between 16 and 20 inches of rain in just over a week during June, plus crop devastating hail that left large areas totally barren.

Mother Nature has provided many weather extremes these first 6 months of 2010, and I know we are all hoping that from here on out we'll have much more normal and stable weather so our crops can keep doing well.

As you can see in the photos on this page, work has been progressing at a very good pace on the new building at Villisca that will serve as an agronomy center and shop.

Most of earth work has also been done in preparation for the 500,000 temporary storage facility that is being built at Villisca, and here you can see workers in the process of constructing the tower that will be erected to convey corn from the pile to our storage facilities.

Both of these projects will be fine assets for the grain and agronomy customers who transact their business and who are served through the Villisca location.

I know all of our employees at Villisca and the customers we serve from there are following the progress closely and are looking forward to the enhanced services these assets will bring to the Villisca location and its patrons for many years to come.

Another recent development involving our Villisca location has been to



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July, 2010

### United Farmers Mercantile Cooperative Mission Statement

*To be a profitable, competitive, service-oriented grain and supply business for the economic benefit for the members. This will be done through conservative short-term guidance balanced with aggressive long-term goals and future planning.*

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*Workers are putting the finishing touches on the tower that will connect the new 500,000 bushel temporary storage facility at Villisca to the existing grain complex. When completed the steel tower will stand 65 feet into the air and stretch for 320 feet from the temporary to the permanent storage.*



*Work is progressing well on the new 60 x 100 combination chemical storage and shop building that's going up at the Villisca location. This building is being built with a fully self-contained design to protect the area from chemical leaks or spills, and it will be a fine new asset for UFMC and it's customers.*

bring the feed mill there back into service, utilizing it to manufacture cattle and horse feeds so we can concentrate the feed milling operations at our Red Oak mill on supplying the chicken and swine rations our customers need.

We have had a number of cattlemen and horse owners call to comment on the high quality and consistency of the rations they are receiving from the Villisca mill, and with the increase in swine numbers that has been recorded for Montgomery County recently, we have some very

promising and optimistic signs that the livestock sector of our customer's farming operations are once again growing.

Work is also progressing well at the Red Oak location, where construction crews continue to move steadily forward on the new 745,000 bushel grain bin that will be going up.

We are also making some improvements to speed the grain handling capabilities of grain receiving pit # 3 so that we can handle the flow of grain coming in more efficiently.



**Crop  
Production  
News**  
By  
**Kevin Rugaard**

Too much of a good thing is never a good thing, and there are areas where the amount of rain that's been falling the past 30 days or so proves that statement a fact.

But having said that, I am sure those of you who have traveled out of the area, and/or who have talked to people in other parts of the state, know there are many areas that are considerably worse off.

I've both seen and heard about those areas, as I know many of you have, and I therefore think we can feel good about how the vast majority of the UFMC trade area looks as we enter July.

Frequent showers have made this a very challenging and often frustrating spraying season for everyone, and I want to express our thanks and appreciation to our customers for their patience, understanding and cooperation as we have all struggled to get the crops sprayed.

The moisture has also made it a safe bet that our crops will be very susceptible to diseases this year, and I'm talking about corn and soybeans alike, which means it will definitely be well worth your time to consider the benefits of applying fungicides.

There are, in fact, already some fungal diseases showing up in a number of area corn fields, and I encourage you to scout your crops and to be alert to any of the signs or symptoms of diseases.

One bit of good news thus far is that soybean aphids are currently a non-issue, but we have to take that with a grain of salt, since experience has shown just how fast the populations of these bugs multiply when conditions are favorable for their reproduction.

Scout bean fields closely, and scout them regularly, since a relatively insignificant number of aphids you might find on one scouting trip can mushroom to numbers over the threshold in less than a week.

I also encourage you to pour some good management to your alfalfa acres, and with the big challenges so many of you had with the

first cut, you will want to do whatever it takes to assure solid production and quality from the second.

Leaf hoppers and armyworms have been seen as our agronomists and area farmers scout the stands, so be watching those situations closely.

Also, applying P & K after the first cut is off can go a long way in boosting your returns from the next cutting.

**LOOKING AHEAD:** With July here, your UFMC Agronomy Team is already looking ahead to the fall, and you need to be doing the same.

One thing all the challenges we've faced with all the rain this season has showed us is the exceptional value of fall-applied herbicides and the pre-emerge spring strategies to keep weed pressures in check when we're held out of the fields with the post applications.

We will be taking a closer look at these fall applied products and programs this year, and in situations where they're a good fit for you, I feel you need to give them solid consideration.

We'll also be coming out with our fall NH-3 pricing and programs in the very near future, since this has proven to be a very popular and widely used option for our customers to line up their needs.

**News  
From  
Villisca**

By  
**Dave Lindburg**



It's summer, and right now cow's milk production is dropping off by up to 50%, making it even more

challenging for these cows to support calves that have reached, or soon will reach, 60 days of age and are therefore demanding more of their moms every day.

Creep feeding the calves is one sure way to reduce the pressures they're putting on these cows, thus allowing the cow to maintain and even start rebuilding their condition.

UFMC has a proven creep feeding program and rations to meet your specific needs, and now is the best time to get these products in front of the calves.

A week or so ago I had a couple of customers tell me that they saw my comments about grain going bad in the bins this summer, but they just didn't think that it was a problem on their farms.

Unfortunately, they found out otherwise, and I believe a lot of you will soon be finding out that grain going out of condition could be a problem in your bins too.

Friends, I've said it before and I'll say it again, if you have a 30,000 bushel bin that's full of corn, the value of what's inside is right around \$90,000 today. But only if you take the proper steps to protect it.

Even a very modest 5% loss to damage and quality discounts costs you \$4,500, and if you have 10% damage, that's \$9,000.

I'll let you do the math on how many dollars are being lost as damage goes even higher, and since the 2009 corn crop is not keeping well in storage, you can be sure there will be damage that is 20%, 25% and even more.

The **Bottom Line** is we're talking **Big Bucks** here, and I hate seeing any of our customers losing that amount of money because they didn't take time to get out to check the bins, pull the cores, run the fans.



*We have some great looking corn and soybean plots in the UFMC Answer Plot that is located west of Red Oak on Hwy 34. Training Days are planned for the weeks ahead and we invite you to attend to learn more about today's crop management and seed technologies.*

**In  
The  
Country**  
By  
**Rick Behrens**



Summer is here, and looking around the state it appears we have some of the best looking crops in the making.

There are, naturally, a few areas of concern due to some very wet weather in places, but the corn and soybeans both really look good and it's time to start scouting to keep them that way.

First there are a few tassels already showing up in fields, and it's time to start thinking about a fungicide treatment, particularly in corn on corn acres, fields that have had a lot of stress on them, and those that have been hit by hail.

I found a couple of fields that got hit by a little hail at some point in June, and fields like that would really be a strong candidate for a fungicide application.

As we are scouting in the fields we are starting to see a little common rust showing up, along with several other leaf diseases.

At this point we're not at economic thresholds yet, but remember, with these diseases you stop the diseases, you don't cure them.

People talk about fungicides as curatives and preventatives, but remember, unlike an animal where they can re-grow tissues that are damaged, once corn leaves are damaged those areas are gone and will not regenerate new tissues.

Therefore when it comes to fungicide applications to stop these diseases in their tracks, it's definitely true: **An Ounce Of Prevention Is Worth A Pound Of Cure.**

Another thing to start looking for, particularly in those areas of fields that stayed wet for an extended period of time, would be crown rot.

I have already looked at a few areas in some fields that are showing the signs of crown rot, and these will need to receive more attention this fall as stalk quality becomes an extreme issue with these plants.

Don't neglect your soybeans either! It is time to start watching for aphids. As I have been looking at fields I've seen a lot of lady bugs and

other predators of aphids around, which is good, but those predators didn't get to be healthy adults by eating nothing, so we need to keep an eye out for the aphids.

This is not to say we need to start carpet bombing all of the soybean fields with insecticides. Remember, insecticides don't care if it's a good or bad insect, they just kill them, all.

We need to let the predators do their work, and when and/or if the aphids reach economic thresholds then we need to treat.

Another item to keep in mind is something that may have happened in June you didn't even know about.

That something would be **Sudden Death Syndrome** (SDS), since with all the wet weather we had in June this disease could have sneaked into you soybeans and you would not even know about it until late August, when SDS shows up as a dead spot in you field.

The wet conditions in June were good for SDS to get into your fields, so keep an eye open for those areas to turn up later on, since you will need to remember those areas for future seed purchases if SDS strikes in any fields.

Another item to look out for is **White Mold**. The damp mornings we are having are a good breeding ground for that disease.

As you are checking on your soybeans if you see what looks like a tan toad stool looking thing growing out of what looks like a rat turd, then you probably have white mold.

We saw quite a bit of this last year, and it really did a number on some soybean varieties.

Treatment options for this include spraying with Cobra, plus there are some that are on the more expensive end of the scale, however you need to catch it early.

If you haven't seen it yet, the **Answer Plot** is really taking shape and we invite you to stop by and look around. We can even give you a guided tour of what is going on.

The Answer Plot is located at the intersection of US Highway 34 and E Avenue about 2 1/2 miles west of the Highway 34 and Highway 48 intersection.

We have many of the signs up and there are a lot of things going on there. We have training dates on July 20th, August 18th and September 14th planned, and you're invited to stop in for those events.

This year producers that attend

will be entered into a drawing for a Cabela's gift card. If you say no one you know ever wins those things that you know, last year Danny Olson of Red Oak won \$2,000.00 worth of diesel fuel by coming, and this year you could be the winner.

**Country  
Store  
News**  
By  
**Hannah Thomas**



I know it is definitely **County Fair Time** as I watch the 4-Hers and the young men and women of F.F.A. coming in to buy feed and other supplies for their animals.

It's always special to listen as they tell stories and talk about how their animals are doing and how they are growing from the Purina Feed products we handle.

Now that the 4th of July is over we realize how fast the summer is flying by, and how in just a matter of weeks all these youngsters will be heading back to school, and like them I'll be heading back to my college studies too.

Working here at **The UFMC Country Store** this summer has given me a great opportunity to meet and work with so many of the young people and their families, and to see how excited they have all been to show and tell everyone about their animals.

It brings back many memories of when I was their age and involved in 4-H, active in horse, dog, goat and beef, as well as the static judging. I remember being just as excited and enthusiastic as all of them are.

Being a helper at the 4-H horse practice barn this summer has been a lot of fun. I get to interact with the young people and see how each rider improves each week.

The **Montgomery County Fair** will be here very soon and I will be looking forward to seeing you there. Be sure you stop by our booth to say hello and to register for our drawings, as we have some great prizes we'll be giving away.

We're also going to have a **Truck Load Sale** the week of **July 19th**, so be sure you take time to stop into **The Country Store** to check out the great sales prices we will be having on all kinds of merchandise.



**The  
Grain  
Report**  
By  
**Richard Moreland**



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June was a tough month for the Corn Belt, as most areas received close to record amounts of rain.

I believe around here we had the 4th highest monthly total for any June on record.

Looking at a precipitation map shows close to 30% of the Grain Belt received 150% to 250% of normal rainfall over the past 60 days.

A good 20% of the Corn Belt received 50% to 75% of normal rainfall over the same period, with the balance of the Grain Belt in the 75% to 150% range for normal rainfall.

So overall the crops are in pretty fair shape heading into July, and with so much rain the subsoil moisture is in good shape over at least 80% of the Grain Belt.

We have also been receiving the heat units needed to keep the crop progressing well.

During this past month at the Merc we loaded a couple of additional shuttles, and we continued to pick corn up off our temporary ground piles. The markets were also moving this past month, and here's a brief review.

**Corn:** During the month of June corn traded from a low of \$3.01 to a high of \$3.37, and we are currently trading at the top of the range.

We were in real danger of slipping below \$3.00 before the June 30th USDA report gave corn a reason to bounce back.

The over all corn rating was still running 73% good to excellent, compared to 72% last year, and most in the trade believed we had a strong 3% increase in planted acres over a year ago that put the pre-report trade estimates at 89.3 million acres.

USDA then came out at 87.9 million acres, which is over a million less acres than the trade had expected.

This number will be discussed at length and might not be believed by all traders, but it will still be the number we will be working with for the balance of the summer.

The June 1 **Stocks In All Positions Report** was also a surprise to the trade, coming out 300 million bushels less than what the average trade guess was.

This number will also be discussed a lot, and some are now questioning if the production numbers were correct for last year's crop, since most traders don't believe we will see the record feed usage claimed in the stocks report with livestock numbers down in just about all sectors.

The ethanol business is making a small profit, but thus far they still haven't received any good news from the government on the proposed increase in the blend to 12% or 15%. It sounds like it will be fall at best before we get an announcement.

We will definitely be trading a weather market for the balance of the growing season, since if there is less corn available this year and the acreage numbers are correct, then next year's corn supplies could get tight if the weather causes us to have anything less than trend line yields.

This year's old crop inventories are more than adequate to carry us into the new crop, plus with the early planting we should see a lot of September corn harvested.

**The Funds** reduced their position 45,000 contracts this month due to the poor performance all commodities were having in their respective markets, plus with the weaker stock market and good crop progress to date, there is less incentive for **The Funds** to own a large number of corn contracts at this time.

**Soybeans:** During June soybeans traded from a low of \$9.23 to a high of \$9.56, and we're currently trading at the bottom of the range.

The USDA also had some surprises for us in the soybean market. The June 1 **Stocks In All Positions Report** was 20 million bushels less than what the average trade guess

was, which will give us an even tighter carryout this year.

The acreage number also surprised most by projecting 78.9 million acres versus an average trade guess of 78.3 million, and last year's 77.5 million.

There was still 7% of this year's bean acres yet to get planted as of June 26th, which is about normal, so we'll see what the numbers look like next month.

We will still have South American soybeans competing in the world market come harvest time, and if we have normal production then bean prices could suffer during harvest.

Today wheat and corn are the best space earners, so soybeans will try to get pushed out the door this fall.

China will continue to have a huge appetite for soybeans, and hopefully they can help support soybean prices as we move forward into summer.

**The Funds** didn't have much activity in the soybean pits during June, with their position about unchanged at 27,000 contracts.

**GRAIN CONDITION:** We're seeing more damage problems coming off the farm as deliveries cross the scales.

As we've been cautioning our customers for some time now, the 2009 corn crop wouldn't keep well in storage, and it definitely is living up to those warnings.

The rail markets we ship to have a 5% damage maximum, and the ethanol plants don't like to receive damaged corn either.

We could soon get to the point that we won't be able to accept corn that has high levels of damage, and we wouldn't be able to take those damaged bushels until we get into the new crop that would give us a supply of lower damage bushels to work with.