



Gold-Eagle Communications

Gold-Eagle Cooperative Mission Statement

Providing Quality Services And Products Innovatively, Profitably And Professionally

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June 2010

Just The Grain Facts

By
Duane Madoerin



GOLD-EAGLE OFFERS WORK!

I make that statement without reservations, and I will now offer a number of reasons why numerous Gold-Eagle producers who are using offers are saying the very same thing.

As everyone who follows the markets is aware, the corn and soybean futures markets have been very volatile as they come face to face with the very unsettled conditions unfolding in many of the world's financial markets.

As of the end of May the U.S. Dollar had hit a 15 month high when matched against the Euro, driven there by, most recently, Spain's reduced credit ratings.

This upward dollar strength has been carried along as the economic disaster in Greece deteriorated into virtually epidemic proportions, accompanied by financial woes plaguing other European Union (EU) nations.

Together, the EU nations of Portugal, Ireland, Greece and Spain (or as some call this heavily burdened group P.I.G.S.) have played a big role in taking the value of the Euro from \$1.51 in November of '09 to its current value of \$1.22, a four year low point for the Euro's value.

Back on this side of the Atlantic, as our dollar's value has steadily been regaining some of its previous luster, that strength serves as a toxic poison to keep the notion of commodity



Throughout the past month several project milestones have been met. Within the last few days the Thor Project has progressed into the "bin-jacking phase". This photo shows one of two completed bin roofs along with the first two rings. Upon completion of the "bin-jacking phase" we will transition into the "millwright phase".

prices firmly in check.

During this past month we saw corn and soybean prices suffering their biggest monthly drop since 2008 as values dipped by 8.3%, and while the percentage of decline was larger than the dip the Dow Jones took in May, which was 7.9% (the biggest hit the Dow has ever suffered in the month of May since 1940).

Even less encouraging for **Wall Street Watchers** is that the Dow has had a "perfect record" for the month of June, declining every June for the past 12 years in a row.

Nor can we turn to the traditional source of change in commodity markets (and prices): Mother Nature.

Current corn crop conditions are, to start June at least, among the highest ever in the time they have been giving us these weekly Crop Condition Ratings. This is yet another source of pressure added to grain prices.

Basically the only counter balance to all of these factors, and a very large

one it is, comes in the form of what I call **The China Syndrome**.

China continues to buy corn and DDGS from the U.S., even though their Agricultural Minister keeps claiming the Chinese are now self-sufficient in feeding themselves.

As is so often the case with China, there are conflicting signs and signals that make it virtually impossible to sink our teeth into what is real and what is just being said.

Of course that's pretty much the norm for any closed society, and China is perhaps the most closed society of any in history, spawning the very telling cautionary advice that when it comes to China you can **"Believe nothing of what you hear, and only half of what you see."**

For example, their "official" supply and demand statistics and proclamations would give one the impression they have adequate supplies and their

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**Stu's
News
By
Stu Pannkuk**

I'm writing this month's newsletter article on May 28th, and except for a little side-dressing of NH-3 and liquid nitrogen that remains to be done, the 2010 spring fertilizer application season is complete.

There is no question that with the weather cooperating as it did this spring, this fertilizer season was fast and furious.

Fortunately, with Region 1 not getting some of the earlier rains that we got up north, we were able to complete spraying on the south side of the territory and then move some of that application equipment up to the north, which helped a great deal in our ongoing drive to maintain timely service for all our customers.

As I believe I mentioned last time, it would have been difficult to believe so much work could be done so quickly if we had not all witnessed it, and there is a lot to be thankful for and proud of as we survey how far along we are starting June.

I have two topics that I want discuss this time: **Spot and Fence Row Spraying**, since in the weeks ahead these are things that will be underway on all farms.

SPOT SPRAYING: Many customers ask our agronomy staff how much product to add when spot spraying.

It has been our experience over the years that most people typically don't add enough chemical to do the job properly because they think the solution can be weak when they "soak it down".

But keep in mind that it still takes "x" amount of herbicide to kill, especially since we are generally spot spraying when weeds are very large.

Some weed killing compounds have **"Label Directions"** for spot spraying, but they usually instruct you to add this many ounces per that many gallons of water, per measurement of so many 1000 square feet, and this much for weeds that are such and such size.

Then they will typically have an even longer list of "general" instructions that follows, few of which actually tell you much.

Let's face it: **Spot Spraying Is Not That Scientific.** And we really don't need an entire pamphlet or list to make it that way.

So to hopefully simplify things a bit, I use the following guidelines when mixing for spot spraying to avoid having to "soak it down".

If the recommended broadcast rate is one quart (32oz.) per acre, that equates to a 2% solution.

One pint (16 oz.) per acre equates to 1% solution. One cup (8 oz.) per acre equates to 1/2% solution.

Example: For spot spraying to kill weeds around buildings you would probably use Roundup, and the average broadcast rate for a generic Roundup (Buccaneer Plus, Credit Extra, Glystar Plus, etc.) is 1 quart per acre.

Therefore, for a 2% solution you would add 2 ounces of the chemical per 100 ounces of water when using a hand sprayer, or 2 gallons of the chemical per 100 gallons of water for general spraying.

Now, to keep things simple, we will usually advise our customers to add 8 ounces (1 cup) of the chemical for a 3 gallon sprayer, or 2.5 gallons (which is the "typical" container size) of the chemical per 100 to 125 gallons of water.

Another chemical you might use would be Milestone.

The general broadcast rate for this product is 5 to 6 ounces per acre, which equates to a 1/3% solution.

Therefore, you would add 1/3 ounce of chemical per 100 ounces of water, or 33 ounces of the chemical per 100 gallons of water, which practically speaking means 1 quart of chemical per 100 gallons of water.

FENCE ROW SPRAYING: After many years of spraying Roundup and having unavoidable drift into fence lines and thus yielding more broadleaves, I have developed some suggestions that I feel will help you when it's time to handle this task.

* **General Broadleaf Control:**

Add 2.5 gallons of 2,4-D Amine and 1.25 gallons of crop oil in 100 gallons of water.

* **To control Giant Ragweed** in fence lines and not hurt soybeans in the adjacent field, add 1.2 ounces of Firstrate and 1.25 gallons of crop oil in 100 gallons water.

* **To control a wide** range of broadleaves (especially thistles, giant ragweed, and the large seeded broadleaves) and not hurt soybeans or corn, add 2 gallons of Basagran and 1.25 gallons crop oil in 100 gallons of water.

* **For exceptional control** of all broadleaves, add 1 quart Milestone, 2 gallons of 2, 4-D 4 pound Amine, and 1.25 gallons of crop oil in 100 gallons of water. This is fairly safe for corn, but be sure there is no direct contact with soybeans.

Again, these are some **"general"** guidelines, and please feel free to contact any of our agronomy staff for further information concerning fence line spraying.

ONE LAST NOTE: Gold-Eagle had a record year in treating soybeans, handling well in excess of 25,000 units with our seed treating equipment.

It appears that with all of the early cool and wet soils we experienced this spring that treating your soybean seed will probably add to your bottom line.

A lot will be happening in the fields during June, so please feel free to contact your **Gold-Eagle Agronomist** if you need assistance with any of your crop programs, services and of course if there are treatments or controls you want us to help you evaluate and decide on.

Stu's Quote Of The Month

For Father's Day

*"By The Time A Man
Realizes That Maybe
His Father Was Right,
He Usually Has A Son
Who Thinks He Is Wrong"*

ROUNDUP (GLYPHOSATE) PRODUCTS AVAILABLE AT GOLD-EAGLE

Corwith: Roundup Weathermax

Goldfield: Durango, Roundup Weathermax

Hardy: Durango

Livermore: Roundup Weathermax

Renwick: Buccaneer Plus, Roundup Weathermax

Titonka: Roundup Weathermax, Touchdown Total

**Wesley: Buccaneer Plus, Durango, Roundup Weathermax,
Touchdown Total**

Chris' Comments
By
Chris Petersen



It's hard to imagine that with the way our corn crop looked the week-end of Mothers' Day due to the frost damage which bit a lot of fields, our fields could possibly look as good as they do today.

Throughout our territory only a very few acres were replanted, but at this time of year having to replant just one acre feels like it's one acre too much.

The fields that seemed affected the worst were fields with high residue cover, like in corn on corn fields, and the reason is that this residue cover prevented the soil from absorbing the heat generated by the sun.

This may not seem like it would make that big of a difference, but the fact is that it could have been as little as 1 degree of temperature that could have been the difference between negatively affecting a plant and a plant that showed little affect.

In some cases plants that were affected the most and/or which weren't able to make it were those that were shallow planted.

These plants were at a disadvantage right from the start.

As we all know, the growing point of corn is below the soil surface until about V6.

With a minimum of a 2 inch planting depth, the growing point during our frost was about an inch below the surface and therefore the plant wasn't nearly as vulnerable to frost we had, compared to a shallow planted seed where the growing point would have been a lot closer to the soil surface.

This is again another example of the importance of at least a minimum of a 2 inch planting depth.

At some of our locations they saw a trend on fields that were affected the most by the frost primarily due to planting date.

Fields planted before April 11th seemed to be impacted a little worse than fields planted a week or so later.

This would make sense because the fields planted early were further along in their stage of growth, thus their growing points would have been that much closer to the soil surface.

I don't blame a guy one bit if he

planted his corn before the 11th of April, especially if soil conditions were fit and the extended forecast was for favorable conditions, and that is how it was prior to April 11th.

As I mentioned last time, when all factors are taken into consideration, planting early is worth the risk when compared to planting too late.

Soybeans, for the most part, were just about to emerge when we had the frost, and with the cold weather we experienced after our frost date, it seemed like they stayed right where they were for at least another week to week and a half before they started doing anything.

This was a period of time that if you were going to get a fungal disease to infect your soybeans, this would have been te time.

This is among one of the reasons why we are seeing more seed companies getting closer to mandating a seed treatment on every unit of soybean seed sold.

Corn seed treatments have been a standard for many years, and this year is a prime example of how important they are.

When we assessed the frost damage this spring, one of the things we were looking for was to see that the mesocotyl was a bright white and didn't have a brown discoloration.

What we were looking for were signs that the plant had been infected by a fungal disease like Pythium, Fusarium and/or Rhizoctonia, the same fungal diseases that we see having an impact on our soybeans.

If we didn't see any signs of infection, typically that corn plant had a good chance of continuing to grow and being a contributing plant at fall harvest, no matter how bad the above ground vegetation might have been affected by the frost.

Seed treatments are one of those **Little Things** that I keep talking about which can indeed make a **Big Difference!**

On a more optimistic note, in the months to come I will be commenting on the huge lineup of new products we have in our 2010 corn and bean plots.

The seed industry is not going to disappoint us with all the new products they will be introducing, and I am looking forward to tracking these new products and commenting on them in the months to come.

It's always difficult to anticipate what challenges might affect our crops in the month ahead, since Mother Nature holds all the high cards, but regardless

of how the hand is dealt and played, we are always here to help, so do not hesitate calling on your **Gold-Eagle Agronomists** for your needs.

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new crop projections are promising.

If that is so, then why has the price of corn in China soared to over \$7.00 per bushel even though they are pulling significant supplies out of their reserves?

And why are they currently buying corn for fall arrival if their current supply is good and the new crop prospects are promising?

One possible explanation hinted at by their on-going corn and DDGS purchases is that their appetite for meat has continued to soar, and as it continues to do so they are making the transition from corn exporter to being a much larger importer of corn.

One thing we can be sure of: Nothing operates in a vacuum. The links between what happens in the EU, in China, around the globe and here in the U.S. are becoming increasingly more closely, tightly connected.

And with so many influencing factors happening with ever-increasing speed, the task of managing risks in this turbulent marketing environment becomes increasingly more challenging for you.

And that, friends, brings me back to the starting point: **Gold-Eagle Offers.**

Prices are currently at the lower end of a multi-year range, June is the month of weather nervousness for our markets, and this is therefore the time when we historically see fast appearing and even faster disappearing price spikes in both corn and soybeans.

Offers are a sound means of filling a pricing opportunity on an upward price spike, and this has been happening a lot lately, especially in the overnight markets, since the offer orders have already been placed in Chicago and are therefore just waiting for that upward bounce to happen.

And it did, with new crop corn sales made on offers at \$4.00, or cash sales made at \$3.55 just one week ago.

**Notice Of Holiday Closing
For The 4th Of July
Holiday Weekend
Saturday-Sunday-Monday
July 3-4-5
Please Plan Accordingly For
The Long Holiday Weekend**

Brad's Views

By
Brad Davis
General Manager



Gold Eagle
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Periodically I will have someone come up to me and say they feel that at times it appears to them I devote a disproportionate amount of time and space in my articles to discussing the ethanol industry in general, and perhaps **CORN, LP** in particular.

Upon reflection, I'm forced to agree there may be times when it could be, at the very least, the appearance of that being true, and if it strikes you I am doing that, I sincerely apologize.

Before pleading guilty, however, allow me to make a few comments in my defense, ones I hope will put this issue into sharper focus and perhaps provide a clearer perspective as to why the subject of ethanol is one frequently on my mind as I write my comments for the newsletter.

First of all, your **Gold-Eagle Cooperative** holds the single largest ownership stake in **CORN, LP** of any other ownership entity, therefore we have a substantial stake in the happenings in the ethanol industry and at **CORN, LP**.

Secondly, **CORN, LP** is the single largest market for the corn volumes that are produced by the members and patrons of **Gold-Eagle Co-op**, and therefore the ethanol that is produced at **CORN, LP** plays a substantial role in the price of corn that is purchased from the farming operations of **Gold-Eagle** members and patrons.

I am sure many of you still remember, as I do, the marketing environment that existed in years past when **Gold-Eagle** struggled with soaring rail freight, unpredictable transportation delays due to equipment shortages, and the challenges that late shipment would create.

The arrival of the bio-fuels industry into the mix of market destinations for your crops has certainly not been a cure-all for each and every challenge that we and you face in the grain industry, nor will it or any other market destination ever have that ability.

However, one would have had to be wearing blinders these past five years to argue that the role of bio-fuels in our commodity markets in general, its role in the performance and growth of **Gold-Eagle** in particular, and even more specifically its role in the price of

the corn and, to a lesser extent, the soybeans that each of you produces has not been markedly improved in that time.

We all have a stake in the bio-fuels industry, personally as well as in our businesses, and increasingly in the overall global marketplaces that affect all of us and our lives in so many ways more and more each day.

Every so often I recall the smoke signals sent out by the ethanol industry's opposition during the industry's formative years, particularly the ones that shrieked about how the production of ethanol would destroy the natural water resources of the country.

Calling them smoke signals turned out to be truly descriptive, since the actual facts proved them to be so much smoke and mirrors, citing half-truths at best, and with mostly outright total distortions at their core.

More recently the opposition has used the global food supply as the poster boy for why the bio-fuels industry needs to be abandoned, often citing a figure that shocks most people as they point out we've had a 93 million acre drop in the area devoted to

producing crops since 1982.

What is left unsaid is that 36 million of those acres are in paid set asides for CRP, and that another 40 million acres have been lost to housing, roads, commercial buildings and America's all time favorite, shopping malls.

Yet with 93 million acres out of the crop production business since 1982, production has continued to increase steadily, as demonstrated by the prospects of raising a 12 billion bushel corn crop in 2010.

And while there are still a few lingering stories from time to time about the oil spill in the Gulf, one wonders how much longer it will be until the next financial crisis, the next flare up in tensions, the World Cup or some celebrity misdeed doesn't wipe that issue from the pages and airwaves.

And yet that devastation continues to occur virtually unabated and unchecked, with no solution as yet being offered much less put into action after more than a month, as tens and perhaps hundreds of millions of gallons dumped into the Gulf, and all the while the crude oil cartel continues to attack bio-fuels at every turn.



The Renwick Project also continues to meet project milestones and is progressing according to timeline. Although the concrete for the bins is not yet complete, preparations are already in progress for the next phase of construction; bin-jacking. Once the bins begin to go up, the Renwick Project will be one step closer to the completion date and the last milestone.