



Gold-Eagle Communications

Gold-Eagle Cooperative Mission Statement

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March 2010

Just The Grain Facts

By
Duane Madoerin



Is there or isn't there a huge corn crop loss?

That's a question USDA will be trying to answer March 10th as they give us a revised 2009 production figure that includes acres farmers were unable to harvest this past fall.

Most traders feel there is 200 million bushels of corn that has not been harvested, and of that there could be 20 million bushels in losses.

However, it would appear the jury will stay out a bit longer before we get all the figures tallied, since the conditions are still so bad in the Dakotas they will have to re-survey them later on, and many feel those states have the potential for the largest losses.

As you may recall from my article a month ago, USDA thought there could be as much as 600 million bushels of corn still out there, with the Dakotas having around 185 million bushels of that.

The Bulls have been saying USDA overestimated corn production in the January 12th report, and apparently a lot of farmers have believed them.

There is a lot of corn waiting to be priced as **Mr. Farmer** holds on to corn in anticipation of higher prices due to a smaller crop and lower yields than those first stated by USDA.

There's also sentiment that lower test weights and poor quality will further shrink the 2009 corn crop and

Make Plans To Join Us For a Comprehensive GRAIN OUTLOOK MEETING

TUESDAY, APRIL 6TH

Morning Session

10:00 a.m. Wesley Community Center

Afternoon Session

1:30 p.m. Goldfield Location Board Room

FEATURED SPEAKER - JASON SAGEBIEL, FCSTONE MARKET ANALYST

This will be a very timely and informative opportunity for you to receive good information covering data from the March 31st USDA Planting Intentions & Stocks Reports that will give us our first good look at the projections for 2010 corn and soybean production, figures that historically have a significant impact on our grain markets as we move forward into spring. Each session will last approximately 1 to 1 1/2 hours.

that the total losses in the acres not harvested yet will be much higher than current estimates.

Unfortunately, the facts we have staring at us with the market's current fundamentals don't match the feelings.

The feed sector is awash in feed quality wheat at this time, providing even greater competition for corn, which more than offsets the slightly higher usage of corn by the feed sector due to this year's lower test weights.

World ending stocks appear to be taking us to the land of surplus markets as every farmer around the world is pressing to produce record crops.

The South American corn and soybean crops are both large, and with more acres being planted to both crops this past year, record production seems highly likely.

We're also seeing an increasing amount of capital investment pouring into South American production, as well as into many of the various nations that once comprised the Soviet Union, with the objective of increasing corn, soybean and wheat production.

Indeed, there's a huge amount of

money being spent around the globe on better genetics and technologies to grow more crops on fewer acres.

To illustrate this worldwide drive to boost production, just think back ten years. How many times were the economies of nations like Greece or Dubai ever a part of the conversation when discussing grain market activity?

Yet this is the kind of **"news"** market analysts and traders turn to with ever-increasing frequency today as factors to consider in grain price action, a fact illustrated by recent fears about risks to the economic health of many European Union members resulting from the financial woes in Greece.

The market isn't accustomed to dealing with things it can't quantify, like yields and rainfall, or the lack thereof, nor are most traders.

And yet as agriculture continues along the road of globalization, we've not only multiplied the potential number of influencing factors that affect prices many times over, we have also

GRAIN FACTS

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**Stu's
News**
By
Stu Pannkuk

I'm writing this month's article on Friday, February 26th the last weekday of this short month and like you, I'm looking forward to March.

What a difference a year can make!

Last year we started to spread dry fertilizer February 17. Just think what things were like this year on that date.

I know things can change in a hurry, but to think we could be applying NH-3 by April 8th, the date we started last year, seems to be a huge stretch of the imagination when I observe the field conditions as I'm driving to and from work.

It certainly does appear we could have a late spring, but I want our customers to know that when Mother Nature starts cooperating with you, we will be ready whenever you are.

The main focus of this month's article is to inform our growers that Gold-Eagle Cooperative is a member of the **ACWA**, which stands for the **Agriculture Clean Water Alliance**.

The mission of ACWA is to reduce nutrient losses, specifically nitrates, from farm fields to keep them from entering the Raccoon, Des Moines and Boone Rivers and their tributaries.

Actually, we have been a member of ACWA for about two years, and I apologize for not mentioning this in past newsletters because ACWA and its mission are very important to all of us in agriculture.

This organization is comprised of companies that sell/apply fertilizer products on lands that drain into the Raccoon, Des Moines, and Boone Rivers, and it was formed 10 years ago by fertilizer dealers in the Raccoon watershed area.

In 2008 the organization expanded to include dealers who sell/apply crop nutrients in the Des Moines and Boone River watersheds.

Here are some Key Facts which explain the importance of ACWA:

* **Every year** the Des Moines Water Works treats about 15 billion gallons water that comes from the Raccoon, Des Moines and Boone Rivers and the shallow groundwater wells heavily influenced by them.

* **Water coming** from these rivers

is consumed by nearly 500,000 people, 17% of Iowa's population.

* **In the Upper Midwest**, only Lake Michigan, the Mississippi and Missouri Rivers supply water to more people from a surface water resource.

Obviously, the Des Moines Water Works is able to get the attention of our government legislators, and they have the ability to influence them considerably. Therefore, ACWA has spent considerable time, money and energy on water quality issues, the majority of it on water sampling.

In 2009 alone, ACWA spent close to \$300,000 collecting over 1,400 samples from 130 sites along the three rivers. The cost of collecting this data shows our urban friends that the agricultural community is not ignoring their concerns, and our concerns, about water quality.

The data collected also proves valuable in determining priority water quality projects, as well as in giving scientific support when applying for grants and other funding related to water quality issues.

An example of what the ACWA members have done is to implement and enforce a **"Code of Practice"** for fall application of NH-3.

This Code of Practice states that the members/dealers of the ACWA will not distribute NH-3 for fall application until soil temperatures reach 50 degrees at a depth of four inches, with a forecast of cooling soil temperatures.

If a nitrification inhibitor is added, soil temperatures must drop to 60 degrees with a cooling forecast.

No distribution will take place before October 15th.

As an active member of ACWA, Gold-Eagle Cooperative is trying to do its part to maintain a good balance to help protect our natural resources, while at the same time striving to maintain a vibrant agricultural economy through sound and safe practices.

REMINDER: Many Gold-Eagle customers took advantage of the \$100.00 per gallon rebate to purchase of Headline before February 15.

However, if you didn't place your order by that date, don't feel that you have totally **"Missed The Boat"**.

You can still receive a \$75.00 rebate on Headline if purchased by May 15th, and there is a \$50.00 rebate if purchased by July 15th.

Talk to your Gold-Eagle Agronomist about why this year looks to be shaping up to make Headline a solid choice for crop health and performance.

GRAIN FACTS

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formed numerous new links between those different influencing factors.

Want an example? Recent trade disputes over manufactured items have turned into a ban on imports of U.S. chicken products.

GRAIN QUALITY ISSUES: As temperatures start moving into the 40s and 50s in March, grain above 15% moisture stored in farm bins is in danger of spoiling as temperatures inside the bin and that of the grain itself rise.

Molds begin to form at only 40 degrees in grain that is 16.5% moisture and above, and as these molds metabolize the starches in the grain generate heat.

That further accelerates grain temperature and you end up with a runaway situation that results in very rapid deterioration of corn in storage.

Now that March is here you need to be sure your grain is sufficiently dry. Aeration with natural air at a rate of 1.0 cfm per bushel is recommended, or more if possible.

Do not try to make up for inadequate air flow by increasing heat.

Instead, pull some corn out of the core and re-level the surface layer, since reducing depth by as little as a few feet can result in reaching recommended air flow rates.

We have additional tips and recommendations for aerating grain as well as other tips on managing stored grain to prevent damage, so please do not hesitate contacting us so we can help you avoid major losses in a crop that is not keeping well in storage.

Gold-Eagle Co-op Bulk Chemical Storage & Loading Sites

Corwith: Harness, Keystone LA, Roundup Weathermax

Goldfield: Durango, Harness, Roundup Weathermax,

Hardy: Durango, Ignite, Keystone LA

Livermore: Harness, Keystone LA, Lumax, Roundup Weathermax

Renwick: Buccaneer Plus, Harness, Roundup Weathermax,

Titonka: Harness Xtra, Roundup Weathermax, Touchdown Total

Wesley: Buccaneer Plus, Durango, G-Max Lite, Keystone LA, Prowl, Radius, Roundup Weathermax, Touchdown Total

Chris' Comments
By
Chris Petersen



The beginning of March has everyone feeling those winter blues, along with a touch of spring anticipation.

I feel for the most part everyone has made their final spring input buying decisions, and therefore we're all just waiting for spring to get underway.

Unfortunately, it appears spring could be a little later than normal, considering the snow pack we have left.

Of course things can change in a hurry, and a large volume of work can get done in a short period of time once we are able to get into the fields.

I have already had a few of the common questions, like switching from a full season corn hybrid to earlier hybrids, or even about changing to earlier soybean varieties, and I feel at this point these questions are just a little premature.

Looking at the availability of the outstanding earlier corn hybrids we carry, I can see there could be a little cause for concern if indeed we do get put into a situation where we need to switch things up.

But right now it's much too early to even be thinking about that, so I hope for now you'll be more of an optimist and we can worry about it if and when we make major changes like that when we get closer to spring.

The last few months I've talked about several **"Little Things"** I felt could help make a big difference with the performance and yield of corn hybrids and soybean varieties.

Whether you have looked into going with any of these **Little Things** or you were content to leave things alone and **Go With The Flow**, I want to take a minute to point out a couple more reasons, besides performance and yield, that explain why I choose these **Little Things**.

This is the first year for the launch of SmartStax hybrids, and Ag Professional magazine has recognized SmartStax as the recipient of the **Readers Choice 2009 New Product of the Year Award**.

SmartStax beat out nine other new products that were nominated by the publication's editors, which were then opened up to online reader voting.

The voting was based on the products' potential impact on the agricultural industry, and in receiving more than a third of the votes cast, SmartStax was the clear choice.

The audience of Ag Professional consists of crop consultants, ag retailers and farm managers, which shows that these key **"Influencers"** are aware of the tremendous impact SmartStax will have on grower's yields.

Believe it or not, in recent weeks a few seed companies have already started to give us a small picture of what they believe will be the new 2011 product launches for next spring.

During this same period, a lot of Territory Seed Managers put in their forecasts for what they believe they will be selling in their areas for next year so that seed acres can be allocated to the right amount of production.

This is the first year, by far, that I could say: **"I've never been more optimistic about the future of corn hybrids and soybean varieties for upcoming years than I am today."**

Products in the seed pipeline which I feel are going to be big players and which will change our overall yield expectations are all SmartStax Corn hybrids and Roundup Ready 2 Yield Soybean varieties.

Companies like Monsanto just a couple of years ago made commitments to us right here about doubling the national corn yield average by 2030, and I believe they are on the right path to make this happen with several new corn hybrid and soybean launches that include this year's SmartStax corn traits and Roundup Ready 2 Yield soybean traits.

With these promising expectations, I feel there never could be enough of these products available if they indeed performed the way they have been presented to us.

This brings me to my other main point for this month.

When seed company Territory

Managers see the pre-launch testing and yield information, they tend to get very optimistic, so when they do their forecasting they naturally might rank some of these new corn hybrids and soybean varieties among the highest percentage of their territory sales.

Unfortunately, a lot of the time there is only so much parent seed available, and then everyone gets a smaller percentage than they may have wanted.

This means if you haven't already purchased some Roundup Ready 2 Yield Soybeans or SmartStax Corn hybrids to try this year because you've been waiting to see how everybody else comes out, you will want to pay close attention this summer.

That's because those who have purchased these new hybrids and varieties that include these new traits will already have a leg up with the experience they will gain this year, and they will be more prompt ordering the newest hybrids and varieties with the new trait combinations that could be limited or allocated as far as availability for the coming year.

It's still not too late to purchase some Roundup Ready 2 Yield Soybeans or the new SmartStax Corn Hybrids for this spring, so contact your local Gold-Eagle Agronomist to check out what is still available so you can try out these new traits that will soon become the standards of the industry in the years to come.

Whenever experience and knowledge give you an advantage, you have to make the most of it.

Stu's Quote Of The Month
"The First Day Of Spring Is One Thing The First Spring Day Is Another The Difference Between Them Is Often A Month"
Henry Van Dyke

THANK YOU

I want to personally thank and recognize the Gold-Eagle employees in the Feed and the Transportation Departments for their dedication and the many extra hours they worked, often through the weekends, to make up for the numerous days and hours lost to snow storms, ice storms and other inclement winter conditions.

This winter we have lost more than an entire week's worth of full days, plus there were numerous days when it was necessary to start delivery late or to suspend delivery early due to weather.

The feed volumes must still get through, and to make sure they did these employees put in extra time, sacrificed weekends and did a tremendous job to make sure the needs of our feed customers were taken care of.

I appreciate their efforts and commitment to service, and I thank them for their continued dedication to provide the very best service to our customers.

Brad Davis

Brad's Views

By
Brad Davis
General Manager



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As some of you may recall from my Annual Meeting or December newsletter comments, I briefly mentioned this coming year there would be **2 Major Projects** at Gold-Eagle that would in essence turn into an **Out With The Old & In With The New** scenario at the Renwick and Thor locations.

Over the winter months as the cold temperatures, frequent snows and mountainous drifts have challenged us, we have made excellent progress on all of the essential preliminaries that needed to fall into place so the arrival of spring would find us **At The Ready** on both of these projects.

Now, as March arrives and there is at last **Light At The End** of this long winter tunnel, I am very pleased to report that all of the contracts have been signed, equipment and the various contractors have been lined up, and **All Systems Are Go** as we wait only on Mother Nature to open the doors so demolition can begin.

In fact, this past Sunday, February 28th, we had a **Roaring Start** on the initial stages of the project at Thor.

I use that term literally as well as to emphasize its speed, since a **Controlled Burn** on the Feed mill and fertilizer plant at the Thor location was conducted by local volunteer fire departments as a training exercise for their firefighters.

In less than two weeks another similar exercise will be undertaken at the Renwick facility during which local community volunteer firefighters will once again benefit from a training exercise in a **Controlled Burn** of the wood elevator and annex at Renwick.

Coming in next we will have a lot of specialized equipment to clear these two sites, tearing down and demolishing whatever remains of the structures that were once standing that could not or would not burn, pulverizing the concrete foundations where these structures once stood, hauling away all of the debris and then excavating the sites on which the new structures will be erected.

That brings me to providing the answer to questions asked many times and by many people since I first alluded to these **2 Major Projects**, an appearance by bulldozers and Gold-Eagle entering **Demolition Mode** in

the December newsletter: **What Are We Putting Back?**

First of all, at the Thor location, we will be putting up two new steel grain bins with a combined storage capacity of 1.5 million bushels.

Additionally, we will have a 6,000 bushel per hour grain drying system erected at this site, along with a 20,000 bushel per hour grain receiving system.

A new electrical service will connect these new facilities to a new Motor Control Center, thus taking full advantage of the very latest in technical advances that have been introduced to the grain receiving and handling industry in recent years so we will have the ability to monitor, manage and operate these grain facilities from anywhere on site, and even remotely.

Once completed, this new grain receiving, drying and storage facility at Thor will definitely be a **State-Of-The-Art** asset to provide the members and patrons delivering grain to that location with the ultimate in speed, efficiency and performance.

As for the project at Renwick, in the spirit of conservation to save you the time of reading and myself the time of writing, not to mention the ink and paper, I will simply say it is **DITTO** that which will be taking place at Thor, with one notable exception.

At this point in time we will put **"On Hold"** the portion of the project that involves the addition of a new grain drying system at Renwick, since today, and despite the evidence of the past two years to the contrary, I am still not absolutely and totally convinced we have unequivocally entered the era of wet crop harvests.

One year is **An Event**. Two years in a row **A Coincidence**. But it will take three consecutive years of high moisture crops to convince me this is indeed **A Trend**, and I therefore

require yet one more high moisture crop harvest in the fall of 2010 to be sufficiently convinced another such drying system is an immediate need.

We are, of course, very anxious for the weather to improve sufficiently so these **2 Major Projects** can move forward, since there is a lot of work that lies ahead and we all know how quickly the days disappear until all of a sudden another harvest season is looming before us.

It should be noted at this time that while the specifics of these projects have only just recently taken shape, their origins began as do most major endeavors undertaken by Gold-Eagle at the annual strategic planning sessions of your Board of Directors and the Management Team.

This is a comprehensive process in which we endeavor to **Look Down The Road** a few years into the future at the trends in agriculture, the needs of our customers, the challenges and changes you and we are facing in production, the latest advances in technologies, and so much more in an attempt to establish goals, objectives and priorities for our operations and the commitment of resources to best serve you.

Not that many years ago we were able to look ahead 5, 7 and perhaps even as far out as 10 years at times.

However with the speed at which so many things are changing these days, the size, scope and implications of those changes on your business and that of your cooperative, and the costs and consequences for falling behind, the focus has narrowed significantly.

Today we're mostly restricted to this forward look to a maximum of 3 years from now, 2 years away is extremely difficult at best, and thus the next 12 to 18 months has become the more feasible and logical distance to project forward.