



Ursa Farmers Cooperative

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May 2004

WHAT A DIFFERENCE A YEAR CAN MAKE

Last spring we struggled to get 50% of our corn crop planted in April. This year as I write this letter on April 30th, we believe there could be as much as 95% of our corn planted within our trade area. A quick planting pace generally leads to good yields, as the crop gets further into its growth cycle before adverse weather becomes a factor. Logically, that means an early-planted crop would get harvested early. Assuming the weather cooperates, the market will most likely have new crop corn available earlier this year than has been the case the past several years. We are a long way from making a crop, and summer weather will have the final say on crop development and size. Assuming a normal year, "whatever that is", harvest should be earlier this year. Keep this in mind regarding a late summer basis level. Prices have changed even more dramatically this year. April 28th, 2003 corn was \$2.31 and soybeans were \$6.01. April 30th, 2004 corn was \$3.11 and soybeans were \$10.30. Why? Simply "supply and demand." World stocks are down on both corn and beans while usage is up. China began the upturn last fall from an export side, and domestically livestock usage remains high, and with the addition of new ethanol plants these factors have greatly changed the U.S. corn and bean stocks on hand situation. Prices have been very volatile and most likely will remain that way until crop size is determined later this summer.

Things have been very busy around the elevators this spring. Seed conditioning and seed sales has been at a frantic pace due to mild weather conditions and early planting dates this spring. The feed department continues to manufacture feed at historically high levels. The trucking department customer list continues to grow as the demand for picking grain up from the farm and moving grain from our inland elevators grow. The crop insurance department saw increased interest and acres enrolled this year, mostly due to the support of agents Peggy Duesterhaus and Ray Tournear. With the addition of new marketing contracts like UFC E-Markets, the farmer marketing department has seen over 50 new producers enroll within our marketing programs. Identity Preserved grain markets continue to grow at UFC this year. Specialty crops will exceed 40% of our total grain purchases. Next year even looks brighter regarding IP grain, as we currently have our largest book of preseason contracting to date. The river facilities have loaded 70 barges, nearly 4 million bushels since the reopening of the river March 15th. Even at this pace, due to the lack of available space, we had to ask producers to wait on delivering some specialty grain programs. Hopefully by the time you are reading this newsletter, we will not have any restrictions on grain deliveries.

Because of the grain price volatility this year, risk management needs to be considered. I realize no one wants to sell cash grain or make a contract and see the market go higher. Although considering current October grain prices and using normal yields, most producers can currently lock in over \$100 to \$150 additional dollars per acre return versus the last several years. That does not mean to sell your entire crop, because production has not been determined unless you have crop insurance, which does help protect production. It just means participate in the markets as they continue higher, focus on return per acre not what the coffee shop talk is.

Because this probably will be the last newsletter you receive before our 84th annual meeting, I would like to remind everyone we have 2 directors that are serving their last term this year. They are Victor Kerr and Jon Myers, both are serving their 10th year as directors of this company. I personally would like to thank them for the outstanding work they have done and the support they have given me during their years as directors. I would also like to ask all of you to take the time and thank them for their efforts in helping structure this company the past 10 years. In closing, it is time for me to say thank you to our members for supporting us and to the outstanding group of employees we have in helping make this company recognized as the "21st Century Cooperative", Ursa Farmers Cooperative.

Gerald Jenkins

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JOHN DEERE TOUR

We will be touring the John Deere plant and pavilion, which includes the collector's center and John Deere retail store, in Moline, IL on Wednesday, June 16, 2004. In between the two tours we will go to the Machine Shed in Davenport, IA for lunch. It will be a family style lunch, so no one should come away hungry. The cost is \$20 per person, which includes the bus ride, tours and lunch. We will leave at 6:00 a.m. from the Unity High School parking lot in Mendon. We are hoping to be back around 7:00 p.m.

There are a few restrictions to make note of:

- Shoes must cover the whole foot (no sandals or clogs).
- Children must be 13 to take the plant tour.
- No video cameras allowed during plant tour.

We will provide donuts and juice for the ride up plus some soda, but feel free to bring snacks if you like.

If you are interested, please see any location with your reservation and we ask that you pay for the trip at that time to hold your spot. We have a block of 100 people held for the tours, so space is limited! Please contact us right away!

WE LOOK FORWARD TO SEEING YOU
AND HAVING A FUN DAY!



SUMMER ACTIVITIES

- June 16 – John Deere Tour – 6:00 a.m.
- June 27 – Family Night at Quincy Raceways – 5:00 p.m.
- July 23 – UFC Golf Outing at Nauvoo - 12:00 p.m.
- August 17 – UFC Annual Stockholder Meeting at Oakley Lindsay Center in Quincy - 5:00 p.m.

FERRY BOAT SUMMER HOURS

- Monday – Friday 7:00 a.m. to 7:00 p.m.
- Saturday and Sunday 7:00 a.m. to 6:00 p.m.

HOLIDAY CLOSINGS

We will be closed the following days this summer:

- Memorial Day
- July 4th (pending wheat harvest)
- Labor Day

SEED DEPARTMENT

Another planting season is well under way. As of May 1st, corn has been planted and has emerged. After some scouting, we have noticed some uneven stands. Where corn had plenty of moisture, the stand was perfect. Fields that were dry had the most uneven stand. Planting depth was very important this year.

A few soybeans have been planted. Only one field of beans scouted has emerged.

Although the 2004 planting is just underway, preparation for 2005 has already started. Several plots have been planted. Lewis plot day will be August 25th. The UFC Loraine plot is in, along with a Roundup ready plot just south of Bowen.

Pfister Hybrids Tour Plot will be scheduled for late summer. Dave Neill and I went on the 2003 Plot Tour. We saw 9 different plots in west central Illinois.

Pfister also has 2 experimental plots in our area. These plots contain new hybrids that are being looked at for the 2005 season. If you are interested in taking a look at any of these plots or one of several farm plots in your area, please contact your local UFC office.

I would like to take this opportunity to introduce you to Chris Buckert. Chris will be helping Jim Meyer work with UFC customers this year. He started with Lewis Hybrids last summer and spent a lot of time pulling a weigh wagon.

UFC would like to thank you for your loyal support of the Seed Department.

Mike Jansen,
UFC Seed Department

Marketing/IP Grain Update

At the time of this letter writing, things are going very well with Spring planting and crop progress. Let's hope this trend continues and we all experience another successful growing season.

With the tight world, grain stocks going into this crop year we all knew we would be in for a wild ride this marketing season. Already early in the planting season we have witnessed some very volatile trading days. Even more than usual, we at the elevator hear from producers "I should have sold yesterday" or "Why didn't you tell me the market was going up? I would have waited to sell my grain." If I only knew what these markets were going to do! Some days you just cannot win. In fact, if you continually come to the marketing plate hoping to hit the homerun, you probably seldom win.

In the end successful marketing is built around managing risks and spreading those risks around. In other words, not putting all our eggs in one basket. I remember gathering eggs as a kid growing up. Mom was not too happy if I put all the eggs in one basket and an old hen flew off the nest and knocked the basket over. It kind of put a dent in that days egg supply. Of course there were more eggs to gather the following day, and you

can bet I watched over that basket the next time around.

Similar lessons can be learned in marketing our crops. You never know what may jump out at you and send the market spinning. But by setting goals and having a plan in place, you can keep hitting those base hits that will keep you in the game. Know your cost of production and sell accordingly. As they say, you can't go wrong selling at a profit. Also, if the market is even close to your target price, put a price offer in for us to watch at the elevator. As volatile as these markets are, it could easily hit your offer price and then fall back by the end of the trading day, well below the start of the trade that day. One new tool we are using this year to spread out the marketing risk is the DRC pricing tool. It will allow you to sell a small portion of your crop each day. This method has proven to beat the marketing services best advice year in and year out. DRC contracts are simple, inexpensive and flexible, and best of all, they spread your marketing eggs out into several baskets. So even if that old hen takes a dive at your marketing basket, Mom won't get upset with you because all your eggs were not in one basket. There will be new sale opportunities in the days ahead and the DRC will keep selling a few bushels along

the way to level out those peaks and valleys. We also work with growers on commodity options and futures hedging opportunities with our brokerage service. Forward cash contracts, basis contracts, futures only contracts, futures, options and now DRC contracts are all tools we can help you use in your marketing toolbox.

By the time you get this newsletter I should have sent out the Value Added, IP Grain contracts to all those who filled out an intention form to raise premium grains at UFC this year. This contract will state the number of bushels of Non GMO corn or High Starch corn etc. that we have you down for this year. If you have not received a contract and plan on raising an IP grain for UFC this year, call me ASAP and we will see what we need to do to get you in a program. We are also going to pay out IP premiums for the 2004 crop separate from the grain check, so we can better track these programs.

As always, give me a call if you have any questions about the above-mentioned topics. Most days I can be reached at the Ursa number, which is 964-2111. Thanks to all of you who have pleasantly worked with us this season. Have a safe and prosperous growing season.

John Benz

FEED DEPARTMENT

Cattle

Mineral needs vary greatly with different feed stuffs. Be sure you are using what is needed. Breeding, feedlot, and backgrounding are all places with special requirements. If you have questions, be sure to ask.

Crop season is here. We have complete mixes or blends to add to your feed stuffs. We just need to do whatever is right.

Fly season is beginning. Get started now. Combinations of ways seem to give the best protection. If you don't have a plan, get help now before it is a full blown problem.

Swine

Feed costs are staying high. DDGS are good blended with soybean meal to lower protein costs. They add fat and performance as well.

Showpig Premix is now available. All you need is corn and soybean meal to do it yourself.

We have two pig arrangements with packer contracts tied in. If you have interests in pigs, it would be wise to look at these possibilities.

CAMP POINT REPORT

I don't know if I'm the only one to think this way or not, but doesn't it seem like the older you get the longer the winters are? The smell of dirt being tilled and newly mowed lawns gives us new hope for a great year.

In this area, corn went in the ground in great shape and was basically done by the end of April. Early planting and good pricing opportunities for new crop could make for a great year.

I'm writing this the first week of May and not many beans have been planted yet, but I'm sure that will change rapidly with Mother Nature's help. Don't forget we still have a good supply of Lewis Seed beans to help you finish up your planting. Also, remember us for your wheat bean needs.

Remember to check your grain bins regularly for grain quality. When you are ready to move that grain, give us a call. We can haul it and we can bring the grain vac along to make clean up simpler.

As always, we wish everyone a safe and happy summer.

Dave, Darrell and Sue

Crop Insurance Information

REPLANT

All replant must be reported to your crop insurance agents prior to replanting the crop. We still have self-certified replant options, but the crop insurance agent must be notified in a timely manner.

Replants must be lesser of 20 acres or 20% of the acres in that unit. Stand must be less than 90% of the guarantee. You will receive full coverage if planted the first time before June 5. If you switch to another crop, notify us for an appraisal so you may receive payment on the initial crop. The second crop will be insured if that crop was on the initial insurance application.

Compensation: Lesser of

Corn: 8 bu X price election X share

Soybeans: 3 bu X price election X share.

Or the actual cost (labor, seed, chemical)

Late Planted: Acres planted after the final plant date will be insured but the production guarantee for each acre planted past the final plant date will be reduced by 1% per day. The late planting period continues for 25 days after the final planting date. Final Plant for corn in Illinois and Missouri is June 5, and June 20 for soybeans.

PREVENTIVE PLANTING

For 2004 there have been quite a few changes in the way this is handled. Rather than try to explain it in this article, when we have been having great planting weather, I will just say that if you have a situation that you are looking at Preventive Planting, please call and let me help you go over

your options.

ACREAGE REPORTING

Once you have finished planting your crops and have reported the acres to the FSA, please remember that I need an acreage report also. It works better if you can bring a copy of the ASCS-578 for me to keep on file. This has been particularly helpful in the past if there is a claim. It will save the adjuster from having to get the same thing from the FSA office.

Claims can not be paid until an acreage report has been filed. Once we have an acreage report, we will send you a Finalized Schedule of Insurance. You will have 10 days to report any revisions. Liability cannot be increased after damage has occurred. Things to check:

- Acres (by practice, type, and plant date) including acres reported for Preventive Planting
- Percent of share
- The sharing entity's name
- Unit structure and legal descriptions
- New producer/added land/practice

HAIL INSURANCE

Hail insurance is available. Your current MPC/CRC will cover a loss due to hail, but you must have a 25% loss (if your insurance is 75%) before crop insurance will pay. If you purchase hail insurance you may be paid on your first \$ loss, if there is a greater than 35% loss, you will be paid on both claims. Please call Peggy at Ursa, or Ray at Bowen for more information.

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