



# Two Rivers

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## Cooperative

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### MISSION STATEMENT

**“Two Rivers Cooperative Is Committed To Building Profitable Business Relationships Based On Integrity And Quality”**

Two Rivers Cooperative

Pella, Iowa 50219

August, 2010



### Agronomy Update By Jay Van Woerkom

Starting out with **Good News** this month, we have not experienced any significant problems with any of the usual bug suspects that are normally cause for concern as August arrives, since populations have remained light.

Things can change quickly, however, especially with the soybean aphid picture, since those pests multiply in number very quickly with favorable conditions, thus we still need to be checking fields regularly to monitor their status.

Beyond that, however, the fungicide spraying is winding down, as are other spraying chores, so barring any sudden developments with insect threats the fate of this year's crop is, by and large, in the hands of Mother Nature as our ability to influence the outcome quickly fades.

But while our role with one crop becomes basically that of a spectator watching and waiting for the final chapter, the fall harvest, the time arrives for us to become increasingly active with the planning and decision making process for the next crop.

There is a strong possibility we could be in the fields harvesting this year's crop earlier this year, and that means the importance of planning the fall fertilizer for the next crop needs to be a top priority in the weeks ahead.

In fact, it seems a number of customers are already thinking about the upcoming fall fertilizer season, since

Advance Notice - Plan To Join Us For  
**CUSTOMER APPRECIATION DAY**  
**FAMILY BARBECUE & PICNIC**  
Wednesday, September 8th At The Pella Location  
*Serving From 4:00 To 7:00 p.m.*  
**Steak & Pork Loin Sandwiches**  
**Chips \* Snacks \* Ice Cream \* Refreshments**  
*Bring Your Family To Join In The Friendship-Fellowship-Fun*  
*With All Of The Members Of The Two Rivers Cooperative Family*  
*As We Say **THANK YOU** For Your Support & Business*

we've had a few calls to inquire about our pricing and programs.

At this time we're establishing the pricing, and fortunately the fertilizer marketplace has not been as volatile and wild as we've seen it in previous seasons, so I anticipate our prices and programs will be finalized and announced by the end of August.

With that in mind, be watching for someone to contact you to get started on the process of putting together plans and orders to cover your crop's nutrients needs this fall, and don't hesitate contacting your Two Rivers Agronomist when you're ready to start firming up your decisions.

Elsewhere in this month's newsletter Justin has noted that it appears a solid strategy for our area this fall will be to store as much of the crop as possible to await improvements in the grain markets and especially in the basis, both of which will possibly face significant harvest time pressures.

That means it will be exceedingly important for you to provide the best possible storage environment for the crop you put into your bins this fall, since the discounts and dockage for damaged, out of conditioned grain can take a substantial bite out of your settlement check when you pull grain out of the bins later.

By now I'm sure most of you have or soon will have your bins ready, so one of the first places to start getting everything ready for the new crop is outside the bin.

Mow the weeds and grass around the bin, clean up the clippings and any debris and then spray a herbicide like 2,4D, Roundup or Pramitol to get rid of the foliage.

You also need to sweep and clean up any old grain or debris inside and outside the bin, then treat the interior surface of the bin with an insecticide like Insecto or Tempo, as well as the area around the bin and at least half way up outside bin walls.

Spend some time sealing any holes or cracks that would allow insects or moisture to get into the bin, and be sure to clean up all the grain handling equipment, wagons and augers, trucks and the combine, plus the fans, exhaust systems, ductwork and anywhere else old grain and/or insects might be.

The best stored grain management starts before you harvest the first bushel, and the small amount of time and nominal expense invested to create a well prepared, clean and bug-free environment for grain will assure a higher quality crop in storage and the best return at selling time.

## Fuel Facts

By  
Scott  
Bensink



**LP CONTRACTING:** The month of August has arrived, and as in previous years this means that our LP customers will have **One More Month** in which to cover their fall and winter LP needs for the 2010/11 season by Contracting LP at Two Rivers Cooperative.

Letters were mailed to all existing LP customers in late May detailing this season's LP Contracting prices and program, and as in previous years, notifying customers that the **Deadline To Contract Is August 31, 2010.**

We also included these details in the June issue of the newsletter, which also reminded everyone that as in past years it takes only a **10 Cents Per Gallon (non-refundable) Down Payment** to lock in the price of the number of gallons contracted.

If you have not as yet covered all of your anticipated fall/winter season needs, I encourage you to do so before the end of August so you are not left at the mercy of the always volatile and unpredictable in-season market.

While there have been a few rare exceptions, in the vast majority of years over the past two decades, or more, the price of LP has increased significantly in-season, making the contracting price customers locked in a tremendous value year after year.

So once again, the **LP Contracting Deadline is August 31st**, and we encourage you to lock in your needs for the upcoming season before that date slips by to avoid the higher costs that we typically see hit the market in-season.

**SUMMER FILL:** During August we hope to complete this season's **LP Summer Fill** so that all customers have their home heating needs topped off before the peak use season arrives.

As always, we **Summer Fill** all customers who are on **Keep Full Routes** as the drivers are making their rounds in those areas.

However if you are a customer who calls in to place orders as needed, we do not Summer Fill unless you have called in to request it.

Therefore, if you are a **Call In**

**Customer** and you want to have your home heating tank topped off, you need to **Contact Us** to request that your driver stop.

**DRYER FUEL POLICY:** As in the past, **Customers Must Call Us** to request delivery of LP used to handle their grain drying needs if they want us to deliver LP to their grain drying tanks prior to the start of harvest.

**DIESEL CONTRACTING:** As I have noted in previous newsletter articles, we do have a **Fall Diesel Contracting Price** available for you to lock in gallons, and now that August has arrived we all know that the harvest season is bearing down on us in just a matter of weeks.

I hope you have been following the market and locking in at least a percentage of your fall gallons at contract prices already, since it's always a sound strategy to **"layer in"** your needs to nail down a solid overall average price per gallon on diesel, just as you market corn/soybeans over a period of time to get a sound selling average per bushel.

It's about as rare for a person to be able to sell their entire crop at the market's annual high as it is for a person to purchase all of their seasonal fuel needs at the market low, and just as risky to try either.

Obviously, I don't recommend you have every single gallon of fuel you'll need this fall locked in, just in case some unexpected situations arise that would cause prices to dip lower.

Having said that, however, I also believe it can be very expensive to risk not having at least a high percentage of your needs covered with contracts, since prices historically push higher as we move through fall.

**FILL STORAGE EARLY:** I would also encourage everyone to start taking delivery of their fall diesel supply as soon as possible, since it really helps

everyone to get as many gallons as possible into the country before the combines take to the fields.

This is solid insurance against the threat of pipeline or terminal delays and/or spot shortages in-season, since it allows us to lay in additional gallons at your cooperative's storage facilities so there's a bigger/better supply of fuel right here in Two Rivers Country to ride out those situations.

**REGULATOR UPGRADES/UPDATES:** In our continuing commitment to follow the LP industry's safety standards, and to protect the homes and families of all of our LP customers, your Two Rivers Cooperative will be observing a strict and vigorous compliance with the regulations requiring LP regulators 15 years of age (or older) to be replaced.

Regulators that have reached or exceeded 15 years of service on your LP system pose a serious threat to your safety and are subject to failure that could potentially result in tragic consequences.

It is all too common in our society today to not take issues like these as seriously as we all should, and it is both tragic and unfortunate that it so often takes some accident that causes extensive damage to a home, injury (or worse) to a family member, friend or neighbor to stimulate people into action.

With that in mind, the Two Rivers LP Team is taking a pro-active stance to inspect all of the LP regulators on the systems that we deliver products to, and notifying those customers whose regulators are in need of replacement.

We ask for and will be sincerely appreciative of your complete cooperation and assistance with us in doing all we can to keep everyone safe as we remove any and all questionable regulators and replace them with ones that assure your complete safety.

### Mark Your Calendar & Plan Accordingly TWO RIVERS COOPERATIVE FISCAL YEAR ENDS AUGUST 31, 2010

*The end of another fiscal year of operations is rapidly approaching and we take this opportunity to extend our thanks and appreciation to all of our members for their continued support and business over what has been a very eventful and exciting year of business for your cooperative.*

*As with all fiscal year ends, a complete inventory of all of the cooperative's grain, feed, agronomy, petroleum and other merchandise will need to be conducted by members of the Board, Staff and representatives from our auditors, and since this requires the full and undivided attention of all individuals who are taking the inventory, it will be necessary to close for the period of time during which inventory is being conducted at each location.*

*These times will be posted location-by-location as the time for inventory to be conducted is established.*



## Marketing Analysis By Justin Huebner

We had a very good turnout for the first in our **Marketing Information & Update Meetings**, with this one being held on Tuesday, July 27th at Pella

Not only were we extremely pleased with the number of interested producers who were in attendance, we were also very pleased with the comments and feedback that were received from those producers.

I feel everyone came out of this meeting feeling they had been given some valuable and useful insights and information about where the markets stand today and where they could be heading as we move forward.

There is, as I have said before, no good substitute for solid facts, information and insights regarding the market's status, influencing factors and trends to use in making critical marketing decisions for your own operation, and I feel this meeting certainly provided plenty of those.

We will have another meeting coming up in August, as noted elsewhere, and hopefully we will see another good turnout at this one.

For the benefit of those who weren't there this time, I would like to touch on a few of the highlights that were presented at this July 27th meeting, so you can see some of the key issues that were discussed. Hopefully, these will also stir your curiosity and interest to come next time.

Fundamentally speaking, the grain business we are doing with the Chinese has now become the equivalent of a **"New Market"** for corn and/or soybeans, one whose influence can be compared in many ways to that we experienced when ethanol production blossomed into a separate "demand" entity in calculating the supply and demand balance.

Recently China has been purchasing millions of bushels of corn from us, helping to chew through the excess corn supply that has been building with the successive years of record corn production we've experienced.

Currently, China is buying anywhere from 2 million bushels to as many as 5 million bushels of corn per week, so their value and importance as

a driving force in our corn market can not be taken lightly.

Another positive force has been the gradual recovery of the nation's economy as we've slowly edged out of what had been among the worst economic downturns since the days of **The Great Depression**.

The worldwide economic picture has also been improving, and this combination definitely helps the overall health of our commodity markets.

Weather is, as always, the most unpredictable force, one that also has a lot of emotions attached to it, since everyone has an opinion about what the weather will be and how it will help or hinder the crops.

This year's wild weather patterns have given us even greater swings of opinion as we try determining this year's national average yield potential, since most of the methods used to predict yields have been skewed by weather extremes.

For example, just recently the high pressure "dome" the weather people have been talking about has been virtually erased from the forecasts, and since most everyone has had plenty of moisture for this crop (in some cases too much), we're once again sitting at the high end of the yield projections.

Some estimates for corn are now 164.9 bushels per acre, slightly higher than the 164.7 bushels per acre average we had this time a year ago.

That raises a big question: Is it possible we could see another 4 bushels per acre increase in the corn yield this growing season, as we did last year? As good as this corn crop looks in so many areas, that is indeed a possibility.

It's even more believable given the early planting dates for so much of the 2010 corn crop, which lessens the risk of frost damage, something we've worried about several times in recent years, including last fall.

You need to remember this year's

corn crop (and soybean crop) enjoyed some of the highest percentages of good to excellent ratings ever since they started giving us those numbers in late May.

Since July 5th yield projections have been improving with each report, and those improvements are pushing higher at a fairly rapid rate.

As a result, there's a steadily increasing belief that our corn and soybean yields this year will be very good and, perhaps with favorable conditions holding on into harvest, the possibility of exceptional yields.

Naturally, Mother Nature could still throw us a curve, especially in terms of soybeans, since while the general feeling is that most of the corn has already pollinated and therefore yields wouldn't be overly affected by a hot spell in August, a lot of this year's beans are still blooming.

To touch briefly on the technical side of the market, we've had a \$3.00 to \$4.50 range on corn futures on the Chicago Board of Trade for the past 3 consecutive years, and most traders anticipate we'll continue to trade a sideways pattern.

With that in mind, any opportunities that occur in the upper portion of that range need to be viewed as sound opportunities, and targeted as such.

The wild card in this is **The Basis**. With large carryovers in corn we've experienced in recent years and big volumes trying to find a home late in the marketing year as we approach new crop, substantial widening of the basis becomes a key factor in deciding when to market.

From all we can see today, it would appear that for this year in particular and for our area specifically, it may pay you to store your corn to take advantage of the possibility of higher futures market values, and for the potential of basis levels to improve in the post-harvest period.

### We Look Forward To Seeing You At Our Next **SUMMER MARKETING MEETING**

**Tuesday, August 24th At Noon**  
**To Be Held In The Pella Office Meeting Room**  
**Join Us And Our Guest Speaker**

**Alan Brugler, Brugler Marketing & Management LLC**  
**For An Informative Discussion Of Markets & Marketing**

*Alan Brugler is a frequent guest on the Market To Market television show which airs weekly on Iowa Public television, and is highly respected throughout the grain industry for his expertise and insights. We are sure you will find his presentation lively, interesting and of value to you and your farming operation as we discuss the outlook for the 2010 crop and the markets that we will be operating in for the months to come.*



**Hybrid  
Vigor**  
By  
**Joe Toillion**  
Swine & Beef  
Specialist



This month I want to focus my attention on one particular subject, the use of DDGS in the grow/finish diets of swine, since it seems Nick and I have both been fielding a number of questions from our pork producers about this topic in recent weeks.

While the questions vary some, basically they can be boiled down to the following:

**How/Why do DDGS work?**

**Are DDGS cost-effective?**

**Can DDGS cause any problems?**

The reasons why DDGS work today are the same ones that have encouraged producers to feed them ever since they initially burst on the scene as a feed ingredient, namely to provide the hog with protein and energy.

Additionally, they will deliver a very valuable level of phosphorus, which as we all know becomes an even greater issue as other sources of that nutrient have become scarce and/or very expensive.

Feeding DDGS in the grow/finish diet also increases the fiber content of the ration, something many feel helps in the fight against hemorrhagic bowel and ileitis.

DDGS are also a cost-effective alternative, especially with the soaring costs of providing phosphorus in swine rations, as I noted above.

The added value currently translates into a savings of around \$10.00 per pig, and in these times of tighter margins, that alone makes them attractive.

As for problems, I am sure many of you have seen and/or heard about toxin issues surfacing.

Some of these occurred due to the overall lower quality of the 2009 corn crop, which in turn resulted in a lower than typical quality of the DDGS.

On a similar note, the 2009 corn crop had a much wider variability in the quality levels load to load, thus creating a significant problem with the DDGS consistency.

The good news is that as far as I am aware, our area of the state did not experience these problems with the DDGS we were obtaining because our 2009 corn crop did not suffer the same extremes in overall quality, or

have the high degree of quality variability that other areas experienced.

There are, however, certain precautions one needs to observe when feeding DDGS in their rations, just as there are with other feed ingredients.

When feeding DDGS it is important to keep the maximum inclusion rate in that 10% to 15% range, to use DDGS only in the growing and finishing diets of swine.

And of course as a necessary precautionary measure that you would follow with other ingredients, to always be alert and watching for any signs or symptoms that would hint at a potential for toxins to be present.



**Livestock  
Production**  
By  
**Nick  
Steinbach**

News on the national livestock scene is that, four trade groups have submitted a request to the Grain Inspection, Packers & Stockyards Administration (GIPSA), one of the many separate agencies that are an arm of the United States Department of Agriculture, that would extend the comment period from 60 to 100 days on the proposed rule regarding competition in the marketplace.

The rule was required by the 2008 Farm Bill in which Congress ordered the USDA to analyze competition and to propose solutions to problems with competition.

The National Cattlemen's Beef Association, the American Meat Institute, The National Meat Association and the Pork Producers Council all feel that GIPSA went well beyond the recommendations stated in the Farm Bill, and they fear how their proposed changes may affect producers like you.

As I have discussed in previous

articles in the past, individual producers need to step up to the plate to voice their opinions and position so they can have their voices heard regarding rules, regulations and so forth that can affect them and their livestock operation.

It is far too easy, and it has therefore become far too common, to do nothing or say nothing as these rules/regulations are being hammered out and/or under consideration, the time when it does the most good, but to wait until after the fact and complain, when it's too late to do anything but comply.

Try to stay abreast of developments like these, and speak out to your elected officials as well as to the various producer groups and associations that represent your industry.

**IN CLOSING:** At the bottom of this page we have included a congratulatory message to all of the young men and women who represented their 4-H and F.F.A. Chapters, their families, our communities and agriculture with distinction at this year's area county fairs.

That's a pretty big load of responsibility to put on the shoulders of these young men and women, especially when added to the hard work, dedication and commitment each of them put into their fair projects.

Perhaps that is why we need to pause and think about just what a tremendous job they did now that the fairs are over and we have a better perspective on what these youngsters have done, how well they performed, and how tremendously they have stepped forward to assume so many responsibilities at such a young age.

For Joe and I and all of us at Two Rivers who have had the pleasure and privilege to work with many of these youngsters on livestock projects, and to take in the craft and homemaking projects while we were there too, we want them to know we have great respect for the way they handled themselves and how they represented their generation.

*Please Join With All Of Us At Two Rivers  
In Recognizing The 4-H & F.F.A. Young Men & Women*

**CONGRATULATIONS**

**To All Of You On Your County Fair Achievements**

**THANK YOU**

*For Representing Your Chapters-Families-Communities*

*And For Being An Inspiration To Others*

*Through Your Performance-Class-Leadership-Maturity*



**As I See It**  
By Tracy Gathman  
General Manager

It's the first week in August as I write this, and as I am sure many of you are also wondering as you realize this, ***Where Has Summer Gone?***

The area County Fairs have come and gone, and once again it was a pleasure to see so many of you turning out to support the young men and women of our area who had craft, homemaking and of course numerous livestock projects at the fairs this summer.

These young people are a tremendous credit to their families and to our communities, and since they represent the future of agriculture and the way of living on the farm and in our rural communities that all of us treasure, we need to support and encourage them in every way possible.

As I glanced through the paper this morning there were all kinds of announcements about the upcoming Iowa State Fair, which amazingly will be here in less than 2 weeks as I write this article.

And after that, well, as impossible as it seems, the time will arrive for kids of all ages to be back in the classrooms, and footballs will be filling the air, and the airwaves as well.

Like many of you, I also would simply nod my head in agreement, perhaps chuckle under my breath and try to change the subject whenever one of the ***Old Timers*** would tell me how time goes by faster and faster as you get older.

That's silly, I'd think. A day is a day, a month is a month and a year is a year.

But as I slipped from my forties into the fifties a few years back, I started to notice summer came and went a lot quicker than I remembered when I was younger.

At this point, I now have to grudgingly admit that each year it seems like I am just getting comfortable with it being one year, and it's almost another one.

And while that admission is bad



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enough, what definitely bothers me is recalling the words of those same ***Old Timers*** who also keep telling me ***"Every Year It Just Gets Worse"***.

I suppose what all this is leading me up to is that we have to guard against letting too much time slip away from us in the mistaken belief we will have plenty of time to do all the things we want and need to get done, since time gets away from us fast enough already, and the older we get it just seems to get away even faster.

That's why at Two Rivers we're already turning up the dial on all the preparations that need to be done to get our facilities and equipment ready to handle the crops you'll be harvesting this fall, because before too long that time will be here.

Therefore over the next 30 to 45 days I am sure you will be seeing a lot of grain moving out and around the Two Rivers sites as we get the facilities that will handle the flow of new crop coming in emptied and cleaned up, inspected and serviced so all will be in the best possible shape to serve you.

There are a lot of unanswered questions as this work gets underway, the biggest of which is ***What Is Really Out There?***

And in a year of such huge extremes as this one has been, I don't believe we will have an answer until we're deep into harvest.

There have obviously been areas which have had significant yield losses due to the massive rains, frequent flooding and high winds, or some combination of all three, and what looks poor definitely will be a disappointment.

At the same time, as I am sure you'll agree, other areas look as though the yield potential could be very good, so as we take in the Big Picture and consider the overall area wide crop, we feel it should be a very respectable crop.

It appears a number of customers share these feelings as they are also making space available in their bins, and there have been times this summer when the flow of bushels crossing the scales was so steady it made one think harvest had started.

We certainly appreciate your business and your bushels, and we thank you for giving Two Rivers the opportunity to serve your grain needs as we approach another harvest, one that is bound to be very busy and which could in fact arrive early.

I know all of us at Two Rivers are looking forward to a good fall season, both in terms of serving your grain handling, storage and marketing needs for the 2010 crop you'll be harvesting, and to the work that will begin on supplying the 2011 crop's nutrient needs before winter arrives.

**Notice Of Holiday Closing**  
**MONDAY SEPTEMBER 6th**  
**LABOR DAY**  
*Please Plan All  
Supply-Service-Business  
To Accommodate The  
3-Day Holiday Weekend*

