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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

March, 2010



Crop Talk

By
Robby
Wilson

The winter months are a time for the entire Agronomy Team to attend various seminars, meetings and continuing education sessions to learn about the status of the most pressing current issues and the latest developments taking place in the crop production industry and the latest technologies used in corn and soybean production.

In recent years, many of the discussions have focused on the increasing amount of data that continues to pour in from studies being conducted on Roundup Ready technology, along with the steadily increasing concerns throughout the industry on the potential consequences looming on the horizon due to over-uses and abuses.

It is perhaps ironic that the effectiveness, convenience, economics and reliability of Roundup Ready technology, first in soybeans and most recently in both corn and soybeans alike, may ultimately lead to the technology's ultimate downfall due to the virtually continuous and exclusive use of it by so many farmers.

Numerous weed species have endured for many thousands of years due to their remarkable ability to adapt rather quickly to changes in their environment, and that includes their ability to adapt to the use of different chemistries that have been developed over the years to control them.

Weeds are able to successfully do this by developing a steadily increasing level of resistance to those chemistries, and this resistance buildup is accelerated even more when any particular chemical

mode of action becomes the primary/sole control challenge the weeds must adapt to.

The situation with the over-use and, in many cases, the exclusive reliance on the chemical mode of action in Roundup Ready technology has become so serious that an ever-increasing number of crop scientists now believe that unless there is a concentrated shift in the attitude and approach of U.S. farmers to weed control throughout the industry, it is no longer a question of **“if”** we will be encountering weeds that are unaffected by Roundup, but **“when”** those experiences start occurring with ever-increasing and wide-spread regularity.

Industry spokesmen warn of far-

reaching consequences that will have a significant impact on farm income, land values, crop performance and yields as this issue of weed resistance intensifies.

For example, land values would certainly drop significantly for farms/fields where high levels of resistant weeds were identified, as crop performance and yields from those acres would not keep pace if the producer had to return to conventional seed and weed control products and programs that are a decade or more old.

Additionally, in a recent comprehensive survey of farmers throughout the Grain Belt, the results indicated that

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2009 Crop Grain Quality A Serious Concern

By Tracy Gathman

Everyone knows, or should know, the 2009 corn crop (as well as the soybean crop) was not as high in quality as that of previous crops, with the cooler, wetter growing conditions of the season causing a lot of corn to be lower in test weight and overall quality.

These problems were magnified by harvesting corn at higher moistures, increased drying time and the extra handling procedures in the drying process, and ever since last fall there has been one unified message sent by the grain trade and processors:

The 2009 Crop Will Not Keep Well In Storage

We have already seen a significant volume of high moisture corn crossing the Two Rivers scales, as have elevators across the Grain Belt, and problems, damage and losses are only going to get worse as we move forward into spring.

A 10,000 bushel bin of corn valued at \$3.25 represents a return of \$32,500 to you and your farming operation. If you had a stack of \$1.00 bills adding up to \$32,500 stacked inside that same grain bin right now, wouldn't you check on it at least once a week to make sure nothing had happened to it?

Would you take 10% of those dollar bills and set fire to them, or flush them down the stool, losing over three thousand bucks in the process?

Isn't a 10% loss to damage and quality discounts the equivalent of roasting or flushing those dollars? Is a 10% loss realistic considering the lower quality of this crop to the start? Should we be talking more in the terms of 15%, 20% or even as much as 25% damage and quality deterioration?

According to USDA there is a 13 billion bushel corn crop available to the marketplace this year, and with so much corn to choose from the processors buying it can and will be less forgiving and therefore more particular about the quality of the crop they buy, and more severe for penalizing low quality, damaged and out of condition grain.

It may sound like a lot of time and effort to check bins weekly to monitor grain quality and condition, especially in these winter conditions. However with the costs involved and the consequences of neglecting grain quality so severe, you will be very well paid for the time and effort you spend.

Fuel Facts

By
Scott
Bensink



AN EARLY START: There are just a few days remaining in February as I put this information together for the newsletter, and March will be here by the time you're reading these words.

I'm sure it's difficult for all of us to believe spring is going to be here soon as we look at the mountains of snow and drifts along our roads and around the farmsteads, but the calendar tells us the real story.

Everyone knows this is going to be a very hectic spring season, since we have a lot of catch up work carried over from fall to do along with the normally heavy workload spring always brings with it.

Making it potentially even more hectic will be the difficult challenges we'll be facing with all the mud, slop and soggy conditions that will come with the combination of the spring thaw as all these drifts melt and the usual muddy conditions created by spring rains.

I think most of you can envision the bottomless seas of mud that our country roads and the drives around your farming operations will turn into as these snow drifts melt, along with the ruts that will be created slogging through them.

Therefore I'm sure you can understand and appreciate why we're anxious to get an early start on delivering spring fuel supplies as soon as we possibly can to help us **Beat The Mud.**

We need to take advantage of opportunities to get fuel into the country while there is still some firmness to these roads and the drives/lanes, and we're going to be doing just that as we move deeper into March.

DIESEL CONTRACTS: We still have opportunities available for customers to lock in gallons and prices with contracting, and with prices starting to edge higher at this time, you may want to take a look at rounding out the remainder of your spring needs.

No one can predict where prices will go once the busy season shifts into the all out push to plant this year's crops, but historically the peak demand period of spring is also one of the times of the year when prices are at their highest point.

Having most if not all of your needs covered with a contract prior to that has saved Two Rivers customers a lot of fuel expense over the years, and in many

cases the savings have been substantial.

So be sure you're keeping a close watch on what's happening in the market and use our **Spring Diesel Contracting** to lock in your supply and price to avoid the potential of higher costs in our volatile and unpredictable market.

LP NOTES: The severity of this winter has made LP both costly and hard to get, and with so much of the country enduring below normal temperatures and above normal snowfall, the supply and price situation as far as LP is concerned isn't going to improve much anytime soon.

Our drivers continue to work long hours re-supplying the needs of customers as demand and usage continue to stay high, and I want to say a **Very Big Thank You** to all of the customers who have responded and worked hard to keep a clear, safe access open from the drive to the tank.

There has been a lot of snow pushed, shoveled and moved by customers this winter so the drivers could get through to provide products and services, and I want all of you who have worked hard to move that snow to know that I appreciate your consideration, thoughtfulness and hard work, and I can assure you so do the drivers.

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most farmers responding reported they either had some resistant weeds actually identified in one or more of their fields, or that they had experienced less than satisfactory performance from their post application to cause them to suspect weed resistance.

As you know, for a number of years your Two Rivers Agronomists have been urging our customers to be aware of and to address the issue of weed resistance so we can deal with it effectively and help postpone/delay its arrival in our fields through the use of alternative chemical modes of action.

This is where an application of one of the many effective and economical pre-plant and/or pre-emerge chemical products enters the picture, and why this year, perhaps more so than at any time since the arrival of Roundup Ready on the scene, we are urging you to visit with

us about both the short term and long term benefits, advantages and value of putting one of these "pre products" down in your fields.

We know, as you do, that weed competition in your fields will have a negative impact on crop performance and yields, since weeds take away vital moisture, nutrients and sunlight from your crop at the start of the season, when the crop needs and utilizes them the most.

There are always variables in crop production, so it's impossible to state precisely just how much yield is lost to early season weed competition.

Studies do show, however, that the performance and thus the yield potential of the crop can be negatively impacted by weed competition far earlier than we originally anticipated, with documented evidence of weeds impacting crops showing up as early as 1 to 2 weeks after the crop has emerged.

Additional studies have shown that weeds as small as 2 inches in height can reduce the corn crop's yield by as much as 7%, which is 10 bushels per acre in what is for these days a modest 150 bushel per acre crop.

The bigger weeds get before the planned post is applied, the greater the competition they offer and the more they cause performance and yield problems for your crop, plus if weather delays the planned post application, weeds just keep right on growing.

We've talked about all of these issues in the past, and as more and more data from studies continues to come in, we see more and more just how important it is to have a "pre" down early to eliminate early season weed competition, and to supply an alternative mode of chemical activity to hold weed resistance buildup in check.

In closing I'll leave you with a message that is coming directly from the seminars your Agronomy Team and so many others in this business have been attending this winter where we're being told something like this:

"If agronomists are not encouraging customers to apply one of the "pre" products ahead of the planned post, it's like taking money right out of your pocket due to the reductions in performance and yields which early weed competition creates for the crop."

Attention Commercial Vehicle Operators

To the best of our knowledge the Iowa Department of Transportation enacted a new requirement that took effect February 1, 2010 requiring all Iowa residents or businesses operating commercial vehicles as private carriers within the state of Iowa (intrastate) to obtain a U.S. Department of Transportation Registration Number and to display that number (and company name) on their vehicle(s).

Our sources also indicate the possibility of this requirement applying to farmers with any size vehicle transporting hazardous materials in a quantity requiring placards, including nurse tanks.

Seed & Stuff

By
Jay
Van Woerkom



SPRING PLANNING: I know I don't have to tell anyone that we're likely in for a very challenging spring season.

You know that just as well as I do, so rather than dwell on the subject, let's just cut through the talk, speculation and hand wringing about how busy and hectic things are going to be and get right down to **Doing Something About It Now.**

The ultimate objective is to **Do Whatever It Takes Now** so that when spring does get here we have done all we can to **Make Life Easier For Everyone.**

Most if not all of you already know what your spring nitrogen needs are going to be, the equipment you'll need to get all of the nitrogen applied that you want, and if you'll need to have any acres custom applied with NH-3 so you can concentrate on keeping pace with other spring work.

You also know the acres of P & K that need to be spread, and hopefully which fields might open early so we can possibly get a head start on those when they are open.

I'm sure everyone knows where they stand on seed orders for corn and soybean acres, as well as for any of the other seed supplies they need, and if they need to round out their seed needs by ordering additional supplies.

There's a good chance all of you also have a pretty good handle on what your spring chemical needs are going to be, and in many cases you have a good share of those products already pre-paid or booked with us.

With all of those basics likely already in your mind, you have pretty much all of the information you'll need to have to fill out and finalize field maps so our custom applicators have everything they'll need to take care of your services.

Plus, I'm pretty sure the Private Pesticide Applicator testing and continuing instruction sessions have already been held in our area, so everyone whose license expired at the end of 2009 has either received or soon will be receiving their updated 2010 certification to purchase/apply restricted use pesticides.

March will be the time when we need to be sure all of that information gets transferred from you to the Two Rivers

Agronomy Team so that by early April, and certainly before the wheels start to turn in the fields, **We're All On The Same Page.**

The bottom line is this: The snow gradually melt in the weeks ahead and have fields open early, plus we could get every break in the world with spring rains, temperatures and field conditions from Mother Nature, and this spring would still be extremely busy, hectic and challenging for everyone.

So I am sure you can imagine just how much more challenging, busy and hectic things are going to be if we don't get all those breaks, and more, or if just one of the cards in the deck doesn't fall in our favor.

That makes what we do together now, in the time before spring arrives, that much more important and crucial in the grand scheme of things, and we are counting on everyone to make the best use of the days we have in the weeks ahead to use this perfect opportunity to get things ready in advance.

FROST SEEDING PASTURES: If you're interested in adding to or improving existing pastures, you need to consider either frost seeding them in early March, or inter-seeding them a bit later while it's still early in the spring season.

Frost Seeding: This is the easiest method to add new forage legumes or grasses to pastures, and is likely the most economical as well.

You simply spread the seed over frozen ground and the normal freeze/thaw cycle provides a shallow coverage to shield the seed from early spring rains.

Red clover has been one of the more popular legume choices in Iowa, with white clover and birdsfoot trefoil other widely used alternatives. Frost seeding does not work as well with grasses.

It's a commonly held misconception that spreading seed on top of the snow works best.

However, the best results with frost seeding are achieved by getting seed directly on bare soils, so spread seed on thinner sod pasture areas first, and/or on bare soils that have been exposed

due to heavy grazing or disturbance.

Inter-Seeding: This requires using a no-till drill to open the grass sod so shallow placement and coverage can be completed, and is usually done between mid-March and early May when moisture and temperatures are more suitable for rapid seed and stand establishment.

Clover seed, alfalfa and birdsfoot trefoil are all legumes that can be inter-seeded, and these can improve pasture yield, forage quality and minimize or even eliminate the need for nitrogen fertilizer applications to pastures.

The more efficient placement of seed that is inter-seeded lets you choose from any of a number of productive perennial grass seeds, and these can be intermixed with your choice of legume seeds for the thin, low producing pastures.



Marketing Analysis

By
Justin Huebner

While the comment **"This has sure been a long winter"** or words to that effect, may have been the most frequently heard statement spoken around our area in recent weeks, not far behind it has been the statement **"I sure wish I would have sold more corn/soybeans earlier"**.

But even though we can't turn the clock or calendar back to take advantage of knowing what we now know, we can still benefit in many ways from taking a step back to re-evaluate not only the marketing decisions we've recently made, but also our overall marketing success, or lack thereof, for the entire year.

The evaluation begins with a simple question: **Am I satisfied with the prices I sold corn/soybeans for in 2009?**

MARKETING

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Line Up Seed Delivery Early

By Jay Van Woerkom

We are asking for the cooperation of our seed customers in helping us to get the earliest start possible on delivery of seed this spring.

Please set aside some time to clear a site for your seed order to be stacked and, as soon as that site is ready, contact us so that we can make arrangements for delivery as soon as your order can be separated and loaded.

This will enable us get a head start on delivery of these heavy loads before the spring thaw and spring rains combine to turn our roads and your lanes/drives to quagmires of mud.

That will also help us create pace in the warehouse for later arriving inventories of seed and other spring merchandise.

Your cooperation will be very helpful and sincerely appreciated.

Hybrid Vigor

By
Joe Toillion
Swine & Beef
Specialist



GRASS TETANY: It's not easy to think about the lush green pastures of spring with all this snow cover, but give it a little time and that's a sight we'll soon be seeing (**Thank Goodness**).

I mention this now not just for the comforting images green grass and warmer spring weather create, but also because now is the time to order your Hi Mag Minerals, since having those products available to cattle at the right time is the key to success.

If you've had issues with Grass Tetany in the past, Hi Mag Mineral needs to be in front of your cows around April 1st, since cows need to start getting additional magnesium for at least 2 weeks prior to being turned out into fast growing spring pastures, and through the rainy season until grass growth stabilizes.

CALVING TIME: The nutritional needs of cows change leading up to and after calving, and this is definitely a time when good management pays off.

For cow/calf pairs in the lot, feeding some CTC in a grain mix will be especially beneficial in helping to fight off infections in the reproductive tract of cows that have been caused by the trauma of calving.

CTC will also help cows ward off mastitis problems that will likely be more common in the sloppy, wet conditions you'll be experiencing in the lots this spring.

Once calves are on the ground, cows need to be receiving additional levels of protein and energy throughout the lactation period, however you also need to properly balance energy levels to avoid over-production of milk, creating a mineral imbalance for the cows.

That's why we encourage our producers to supply us with hay samples so we can balance a grain mix to feed with the hay to be sure the cows' nutritional needs are being met.

Of course as we move forward and you're turning the cow/calf pairs out into the pastures, feeding a mineral supplemented with CTC will continue to help fight infections. Feeding CTC Crumbs can achieve the same results.

Meeting the nutritional needs of cows with calves in the pasture depends on a number of variables, including the type and quality of the grass forage being consumed, cow body scores, and the

number of pairs per acre.

Supplying proper nutrition with grain mixes, lick tanks or tubs are all good choices alone or in combination.



Livestock Production

By
Nick Steinbach

As pork producers everywhere know, our pork industry has been getting a lot of negative media attention in recent years, and to be honest, I feel we are partially to blame because as producers we haven't done a very good job of promoting, discussing or explaining all the positive things about our industry, our products or our producers.

A perfect example of that would be the H1N1 virus, which the media elected to call Swine Flu despite the fact there is no correlation between that virus and pork.

Nevertheless, the consuming public, a vast majority of which has never even seen a hog anywhere but in pictures, associated H1N1 with pork and shied away in droves from buying or serving any pork products.

Lately, another issue has surfaced, or rather re-surfaced, since the issue of using antibiotics in pork production has been around for decades, and every so often it gets pushed back into the spotlight when one special interest group or another needs a cause to capture the attention of the media.

Once again, as producers we need to understand and appreciate that the overwhelming majority of the consuming public to which the pork products we raise are being sold to have absolutely no knowledge or understanding about the pork production industry we operate in today, and therefore they can be deceived, misled and misinformed by any group with an ax to grind or a select or special cause and agenda to promote.

As a result, our industry as a whole, and each and every pork producer as an individual businessman, must do all we can to educate and assure the consumer so they know the safety, health and quality of the pork we raise is the sole objective of every operation, and that abuses of antibiotics or anything else associated with pork production, including the treatment of animals, will not be tolerated.

Additionally, we must always keep in mind that in the final analysis we

are the ones who must meet the expectations of the consumer if we expect them to continue purchasing pork raised on our farms.

By violating their trust, ignoring their reasonable wishes, demands and expectations, we are sending the message we do not care and will not listen, and that is certainly the fastest way to ruin our industry.

MARKETING

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If the answer is **"NO"** then I would like to invite and encourage you to take a little time to visit with me about the Two Rivers Grain Marketing products, programs and services we offer.

On the other hand, if your answer was **"YES"** and you were satisfied with the prices you sold at, ask yourself one more question: **Can I do an even better job in 2010?**

Either way, Two Rivers has established a solid support system that enables you to do a more comprehensive and complete job of analyzing your overall marketing plan, the marketing tools and strategies you use and, most importantly of all, in helping you to define and identify your precise costs of production to establish firm break-evens so you know what you need from the market to assure the desired level of profitability for your operation.

Every marketing plan, regardless of its level of success, can always be enhanced and improved, whether it is through greater evaluation, more thorough testing of its procedures, consideration of additional alternatives not used or being under-used, or simply by having an unbiased source to bounce questions off.

Also, I can explain how our **Special Rebate Program** for grain customers of Two Rivers can make the fee-based services we offer even more economical and attractive.

Moving on to another issue, please be aware that **the deadline to establish your 2010 Crop Insurance products and protection is March 15th.**

I encourage you to visit with Two Rivers Crop Insurance Representative Eric Sorensen about your needs and how he and ABIS can assist you in protecting your crop from natural perils and your farming operation's revenues from market volatility.

Finally this month I am pleased to report we are preparing to conduct a series of meetings for grain customers to discuss the **199 Pass Through To Members**, a tax issue that was discussed at the Two Rivers Annual Meeting and also addressed in a letter that accompanied your 1099.

Please watch the mail for your invitation to one of these meetings.



As I See It

By Tracy Gathman
General Manager

As I'm sure everyone knows, I believe the newsletter is primarily a place for information about the products, services and people of your cooperative, as well as a place where we can inform our customers about specific local and/or ag-related issues and information important to them and their farming operations.

As such, I strive to minimize references to political issues, leaving those for the debates, discussions and speculation of other forms of communication where such issues are addressed by those whose business it is to do that.

Having said that, however, I also believe there are times and/or issues that arise which deserve to be addressed in these pages, especially when there are ties to agriculture, therefore I ask you to consider this one of those times and this one of those issues.

By now many of you have read or heard something about the American Clean Energy & Security Act, or as it's more commonly referred to "**CAP & Trade**", the legislation passed last year by the U.S. House of Representatives that could ultimately have an impact on crop and livestock production.

There are a lot of complex and far reaching issues involved, and as with most issues that deal with the environment, there are strong emotions on both sides of the debate.

At AGP's annual meeting in Omaha in January, there were a couple of very informative and interesting presentations discussing CAP & Trade offering what I felt were some valuable insights into how this act could reflect significantly on production agriculture in the next decade.

The presentations were made by Gary Olsen, Senior Vice-President of Grain at AGP, and by John Campbell, Senior Vice-President of Industrial Products & Government Relations for AGP, who has a distinguished background in agriculture and was one of the major contributors in writing national Farm Bills during the 80s and early 90s.

Here are some of the items they talked about which I feel illustrate the importance of being informed about CAP & Trade so we can offer informed views and input to our elected officials



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about our feelings on it.

At the heart of the issue is the concept of "sustainable agriculture", which most of us engaged in the agricultural have long accepted as sound stewardship of the land and other resources essential to crop and livestock production, but which in recent years has gained significantly greater attention from environmentalists as they have entwined those agricultural activities with climate changes, global warming, carbon footprints, etc.

The goals and the challenges of production agriculture have long been to feed the world's growing population using fewer inputs to produce more food on less land, using less energy and water.

Over the years, producers have been able to do that, especially here in the United States, and even today the trend of using less to produce more continues, despite having the world's population at nearly 7 billion and continuing to grow.

Spurred on by highly motivated environmental activists and the emotionally charged issue of global warming, Congress and the Environmental Protection Agency (EPA) responded with CAP & Trade, part of which imposes a fee to be paid for the greenhouse gas emissions (carbon footprint) ag businesses create through manufacturing.

While the price of carbon is an unknown factor, the EPA has estimated it would start at around \$15.00 per ton and increase to nearly \$70.00 per ton, which for AGP could increase production costs by nearly \$80 million annually over the life of the legislation.

The EPA's "theory" is that businesses like AGP will be able to find new technology to cut their emissions rather than pay these high fees, which ignores the fact they and most other industries have been cutting back for many years.

That's the CAP portion of the legislation. The "**Trade**" portion is where you, the American farmer, enter the picture.

If passed by the Senate and signed into law by the President, CAP & Trade would take nearly 60 million acres out of production in the United States over the next 40 years.

Those who favor this scenario of CAP & Trade say the fees paid by industry will be paid to farmers to plant trees, thus reducing soybean production by 30% and corn production by 20%.

They refer to this process as carbon sequestration, but taking land out of production is really nothing more than another form of grain supply control program, only by a different name.

Our past experiences with supply controls have been a disaster, ranging from the embargo of trade with the former Soviet Union in the 80s to the massive storage and acreage idling programs that followed, all of which enabled the rest of the world's producers to step in and seize an increasing portion of our share of the world market.

It should be obvious to proponents of CAP & Trade that our competitors around the world would certainly welcome another supply control program, since they have shown no inclination or intention of slowing their growth or ending their grain subsidy programs, and they will certainly enjoy not facing the same production costs or supply controls CAP & Trade will impose on us.

However it seems CAP & Trade's supporters are virtually oblivious to the response of our competitors, as if a unilateral action solely by this nation's farmers will serve as the cure all for what is clearly a globally impacted environment, one that requires all nations, not just ours, to work together and, if necessary, to make certain sacrifices to protect.

These are just a few of the items I thought would help illustrate the implications of CAP & Trade on agriculture, and hopefully you will follow the issues more closely now that you can see how it may apply to you.