

# From the Feed Mill

What an exciting year! With yields and prices setting new records and hopefully a corresponding increase in net income for 2007 the bar has been set high to challenge our ability to maintain our good fortune for 2008. At this writing it looks like that could be a serious challenge as we head into the new year.

Choosing which inputs to use and what rate to use them could well determine profitability for at least the next 12 months and possibly longer. The inputs that I deal with most are in the seed area. Using transgenic hybrids and varieties can often be challenging and expensive. Most seed prices have increase an average of 10 percent that means that you need a corresponding increase in yield. On 180 bushel corn that is 18 bushels per acre! I often wonder how to justify that cost, but the answer truly lies in the differences between transgenic seeds and their isolines. So the real question becomes will the investment in transgenic seed pay me with increased yields, better harvest ability, reduced input costs and a better product delivered to the elevator? Even though we have faced some challenges with some of the transgenic traits they still continue to provide value at harvest time.

Hay has been a hot commodity the last few months. I will be placing my field seed order in mid January so if you want something special I need to know about it so I can have it on hand for you. Like all seeds, the prices have increased significantly. I have certified oats booked already along with a couple of good alfalfa varieties.

In early March we will be establishing an alfalfa variety trial at the Paxton test plot. This will be something new to try so stop by and take a look. The plot will be behind the combine shed at the City of Paxton Maintenance Facility on Rte 45.

John Schweizer, Seed Sales & Feed Manager



## FRED GENT & DAVE HASTINGS, MIDWEST GRAIN MERCHANTISERS. WHAT ABOUT THESE MARKETS?

It's hard to say with any certainty what the markets will do in the near future, but so far they have mirrored last year's tendencies. Last year prices on the Board of Trade were strong into spring and we've enjoyed much that same type of increase in prices since this fall. Will strength on the CBOT be maintained? We continue to hear more and more about investor funds directing their money to the commodities markets.

Fundamentally, corn demand has been strong the first half of this marketing year. The last USDA supply and demand report indicated a further increase in exports and thus lowered year-end carry out to 1.8 billion bushels. However, waning ethanol demand is expected to fall 200-300 million bushels short of USDA projections which may boost carry outs closer to 2.0 billion bushels. While that seems like an ample carryover, the market still has a keen eye on projected corn plantings this spring and the potential impact that the new crop production and carry over stocks may have on the year coming requirements.

Soybean demand has been strong so far both in domestic and export channels, and last year's burdensome carryover stocks near 600 million bushels have lowered dramatically to estimates of 185 million bushels at year's end. Even though South American plantings increased, early weather concerns have many analysts projecting their new crop production to increase only modestly and have lead to the strong surge that we have seen in bean prices. Again, bean prices should be well supported as projected soybean plantings in the US this coming spring will be a key to meeting projected demand.

As well, commodity markets have attracted new investors as stock markets have lost investor appeal with uncertainties with the US economic picture. Investing in commodities is seen as a hedge against inflation, and many investors recognize the upcoming (ongoing???) battle between corn and soybeans for planted acres this coming spring. Commodity prices in general will remain strong, and particularly grain export demand will remain strong as long as world economies—especially in China and Mexico—remain sound. While I'm sure the markets will be extremely volatile in coming months, I feel prices in both corn and soybeans (notwithstanding wheat which has gone to record highs) will remain well supported until the supply/demand puzzles become much more focused.

BUT BEWARE!! These markets are not one way streets to higher prices. Higher commodity prices will beckon increased production around the world and the USDA continually analyzes the need to allow set-aside acres to be put back into crop production. And remember... high(er) prices have always been the best cure for high prices!!

## LUDLOW COOP ELEVATOR COMPANY

# JANUARY 2008



*Thank you for yet another  
great harvest season at  
Ludlow Coop*

*The Employees and Directors  
of Ludlow Coop  
wish you and your families a  
safe and prosperous NewYear*

# LUDLOW COOP ELEVATOR COMPANY

## LUDLOW FACILITY'S FALL PROTECTION SYSTEM HAS BEEN INSTALLED....

Ludlow Co-op has added a new fall protection system to our rail siding at the Ludlow facility. This system is made by Fall Protection Systems, the same manufacturer as our Paxton system. It runs the length of the Ludlow elevators. Employees wear a safety harness



connected to a retractable harness attached to a trolley running on a rail suspended over the center of the cars. If someone falls the retractable harness catches – like a shoulder harness on a seat belt.

## DAILY MARKET INFORMATION EMAILED TO YOU...

We email to our "Farmer Email Group" on a daily basis our bid sheet along with Jackson Market Comments and grain reports as they are available, ex. Monthly Supply & Demand, Exports, crop reports etc. We also email out information pertaining to free Delayed Pricing, new crop storage & drying rates, and anything else that would help keep our patrons informed of our services throughout the company. Email has proved to be a quick way to inform our patrons of company updates.



If you would like to be added to the group please email Twila Johnson at [tjohnson@ludlowcoop.com](mailto:tjohnson@ludlowcoop.com) or call the Ludlow Office at 1-800-500-2676.

## Farmer Marketing Meetings

Guest Speakers from FCStone, Decision Commodities and Dairyland Seed

**Tuesday,  
January 8th  
Ludlow Community  
Center  
8:30 am**

**Thursday,  
January 10th  
Buckley American  
Legion  
8:30 am**

**Friday,  
January 11th  
Onarga Community  
Center  
8:30 am**

## PATRON GRAIN STATEMENTS

Enclosed with this brochure is your patron grain statement. The information on this statement pertains to your grain account as of January 2, 2008. We are sending this information to you in order for you to double check your records to ours. The statement details your grain that is on open storage/delayed Pricing/hold etc. Also included on the statement are the open contracts of grain you have sold through Ludlow Coop for future deliveries or to be applied to your bushels that are in the elevator already. The dates are shown by month and year for the delivery period of the contract in which the grain was sold. For example, if you have sold grain for 2008 harvest delivery the dates are shown as 10/1/08-11/30/08.

**GRAIN IN THE ELEVATOR AND OPEN CONTRACTS.**  
**When you look at your grain statements the bushels in storage or on delayed pricing are NOT reduced by any existing contracts for future delivery periods. We cannot apply grain sold for a future delivery period until the 1st day of that delivery period. For example, if you put 10,000.00 bushels in storage at harvest and have 5,000.00 bu sold for January your statement as of today will show 10,000.00 bushels storage and an open 5,000.00 bushel January contract.**

We are asking that patrons please look over the statements and if you find any errors please contact our Buckley or Ludlow offices immediately! Please do not wait until a later date.

Thank you for your assistance,

Office Staff

### Ludlow Coop Facilities

**Ludlow(100) - Corporate office**  
**Paxton(900)**  
**Buckley(400)**  
**Perdue(300)**  
**Clarence(200)**  
**DelRey(600)**  
**Loda(500)**

**You can use the numbers by the facilities when looking at your grain statement**