

Benson Corn Pool



270 20th St. NW, Benson, MN 56215 • 320-843-4813
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LETTER FROM THE CHAIRMAN

Hello Corn Pool Members:

The 2011 spring sure was interesting! As we look at the corn carry out decreasing, it was a very poor time to have trouble getting the corn planted on time. Most of it was planted in fields that needed at least one more day to be fit to plant. This makes for some very uneven corn growth. Believe me we will need very good corn growing weather to get the corn carry out back up to the 1 billion bushel area. I have said before that the market is telling farmers to be sold out of corn by the end of July. One thing the plant has done to

help this problem is to have our shareholders deliver their bushels in August, which will help out a lot. This is another reason it is so important to have shareholders deliver their entire bushels to the plant, this helps the basis in the Benson area.

We have the sign up sheets sent out which are due back by July 29. If you raise corn and have the means, please consider delivering your corn right to the plant rather than going into the pool. We appreciate your consideration; this will help us maintain our coop status.

At this point the pool is doing well. We are on track to be in the .06 to .07 cost to be in the pool. Thanks to Chad or his efforts in buying corn and building a good relationship with the corn producers.

I would like to wish everyone a good and safe summer. Enjoy yourselves, life goes way too fast. Be proud of your plant and the contribution it has in the energy needs of America.

Roger Longhenry
Benson Corn Pool Chairman

Corn Market Commentary

By Chad Friese,
CVEC Commodities Manager

Volatility, volatility, volatility.... I'm not sure if there is a required amount of times you're supposed to use the word volatility in a discussion about corn and commodity markets, so we'll throw a couple in to start to make sure we meet requirements. In March we put in a futures high of \$7.35 and 12 days later put in a low of \$6.08 a range of \$1.27. From that \$6.08 futures low we move up to \$7.83 futures just 25 days later and then crash \$1.24 going into mid-May. We established the low futures price of 6.59 at that time and go back up to set new all time futures highs at \$7.9975, then come crashing down over a 13 day period to a futures price of \$ 6.39. This over \$1.60 drop, occurred in just the last couple weeks leading into the June 30th, USDA Grain Stocks and Planted Acreage Report, with a couple days bounce back towards the middle of the break the day before the report. Normally we would send out this newsletter with some idea of expectation for that report and forward outlook. A discussion of summer weathers potential effect on the yield outlook and other important bits of data would certainly be a part of that news letter as well. With all the stuff we could talk about, I dragged my feet, due to the crazy swings in this market

to see if the actual report would help in some way to enlighten us as to what expectations to have going forward. So without further adieu, here are the June Report numbers for corn and a high level view of what the market seems to make of them.

The June report comes out with acreage at 92.28 million acres nationally. The biggest contributors to this increase from the 90.7 of just 3 weeks ago- Nebraska 850,000, South Dakota 650,000, Minnesota 400,000 and Iowa was part of this as well. The Nebraska and Iowa numbers are believable, but I find the South Dakota and Minnesota numbers a bit suspect. These are the acreage numbers and this is what the market will trade. The corn stocks came in at 3.67 billion, this number being about 350 million bushels more than market expectations. This will in effect raise our 2010-2011 carry out and take some additional pressure off of 2011-2012 crops as that carry increase goes right to the bottom line for the 11-12 crops. Like it or not we will put significant pressure on the corn market until we see a new report or weather begins to severely restrict the potential yield of the 2011-2012 crop. Yield and weather still have big parts to play in this dramatic market thriller, and there seem to be a few discrepancies that will need to be looked at more closely. One of these is North Dakota, the June 30 report on its face only shows about a 1.5 million reduction to acreage in

North Dakota. State report out just yesterday indicate about 6 million acres lost in North Dakota. So as we get answers to some of the questions in the corn market we also get more questions and the volatility continues.

These new numbers should shift your focus, and get you protecting the down side. If the current numbers all are proven out as we go forward in time then the long standing bull market that we have been in is probably over. The problem is that with the types of record demand that this market is capable of we can turn this market around fairly quickly, and head in any direction on any news story. Watch for report corrections or additions, world economics, world weather, demand shift and many other possibilities. The volatility is not gone, it just lurks in the shadows waiting, waiting....

Please give me a call to discuss the markets, and the different contract and marketing possibilities available at CVEC. We have added an electronic platform to our website, so that growers can go in at any time and make offers, and check on working offers at www.cvec.com. Please also check there for our latest cash and forward cash corn prices, or give me a call at 320-843-1248. I can also email you the closing values each night if that is your preference. Let me know via email me at cfriese@cvec.com. We would enjoy working with you on corn marketing.



LETTER FROM THE GENERAL MANAGER

The financial results at the end of the second trimester are shown below. As you can see the Pool shows a loss of \$386,824 which is \$0.05/bu as of May 31, 2011. During this period BCP purchased \$34.5 million of corn which it delivered to CVAC. The cost of corn includes the \$0.075 procurement fee that is paid to CVEC per the Corn Procurement Agreement. Administrative expenses to date are \$36,000 which includes office supplies, accounting fees and insurance. Projections show that we will be ending the year with a loss of approximately \$0.05 per bushel. After the audit is complete, in mid-November, we

will be sending out a letter with the final loss amount.

Due to the high corn price and market volatility BCP made the decision to increase its line of credit from \$2 million to \$2.5 million. The line of credit renews annually in March. As of May 31 we had accessed \$1.5 million of the line. The cash was used to purchase corn for the last part of May. The first week in June BCP received the trimester adjustment from CVAC, and at that point paid off the line. Currently there is a nothing drawn on the line, although projections are that we will need to draw on the line by year end. Interest expense to

date is \$10,600.

BCP enrollment for FY12 will begin the end of June and run to July 29, 2011. The enrollment fee remains at \$0.14/bu, if you are adding bushels you will need to send in \$0.14 for each new bushel. There is a change starting with FY2012, in that your bushels will remain in BCP until the shareholder notifies us that the bushels are to be removed. Please read your enrollment letter carefully and if you have any questions feel free to call the office.

*By Deb Mennis,
Benson Corn Pool General Manager*

INCOME STATEMENT		FY11 YEAR TO DATE	BALANCE SHEET		May 31, 2011
Bushels - enrolled		7,278,704.00	ASSETS		
Revenue			Cash	\$	37,042
Sales of Corn	\$	34,164,701.99	Accounts Receivable	\$	2,520,452
Misc. Income	\$	1,067.81	Prepaid Insurance	\$	0
Total Income	\$	34,165,769.80	Hedge Margin	\$	463
Cost of Goods Sold			TOTAL ASSETS	\$	2,557,957
Corn purchases	\$	34,487,455.65	LIABILITIES & EQUITY		
Hedge (gain) loss	\$	0.00	Accounts Payable	\$	164,553
Total Cost of Goods Sold	\$	34,487,455.65	Note Payable	\$	1,500,000
Expenses			Marketing Fee Payable	\$	1,449,517
Board Expenses	\$	18,491.89	Member Equity	\$	(169,288)
Interest Expense	\$	10,610.14	Current Year Income (Loss)	\$	(386,825)
Administrative Expenses	\$	36,036.94	TOTAL LIABILITIES & EQUITY	\$	2,557,957
TOTAL EXPENSES	\$	65,138.97			
NET INCOME	\$	(386,824.82)			
YTD Bushel Gain(Loss)	\$	(0.0531)			

