

Benson Corn Pool



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LETTER FROM THE CHAIRMAN

Hello Corn Pool Members:

If you are going to have a drought, the winter months are the best time! Without the snow pack the temperatures have been anywhere from 10 to 15 degrees warmer as well. It sure saves a lot of money in our rural communities, makes the chores a lot easier and the cattle seem to be growing a lot faster. Saying all that, I sure hope we get some good spring rains. We all seem to have a lot of dirt lumps to work down before the planting can start. Last year's corn crop was fair in most of our country, considering all the problems we had getting the crops put in with the wet spring. Since the end of

July we have had very little moisture, which is looking for the spring to be interesting to say the least. With the feed requirements and the ethanol industry, then tack on some exports, we cannot afford to many corn crops that are fair. We need a carryout number of 1 billion bushel plus to maintain our basis levels that have a direct affect on the profits of our plants. Chad has had to work very hard to make sure he has the corn covered for our summer needs.

I would like to thank everyone for coming to our annual meeting. I know it was getting late in the evening but the meeting seemed to go very fast. Deb Mennis did a

great job in bringing us very good information on the financials, and how the pool has grown over the years. I hope that we had time to get all your questions covered. If not please contact anyone of the board members or Deb and Denise in the office.

I know this has been a winter that has had little to no snowmobiling and the ice has not been very safe for ice fishing, but I hope everyone has been able to enjoy this unusual winter we have been having!

Stay safe and pray for some good spring rain!

Your Corn Pool Chairman,
Roger Longhenry

Corn Market Commentary

By Chad Friese,
CVEC Commodities Manager

For many of these updates we have talked about volatility in the markets, especially corn. For roughly 6 weeks now the corn market has been pretty stable, but I think volatility is just on a quick vacation and will return. The reason for the stability has been an old crop price that is supported by potentially very tight carryout stocks and a new crop outlook that has big acreage potential and thus the ability to add a lot of bushels to supplies going forward. The market is stuck since neither of these bits of info can seem to get the upper hand in the market. An increased export against the old crop corn and the market goes up, increased usage above estimates and the market goes up. Hold everything constant, and the pressure exerted by 94 million acres and a trend line yield of 163.9 and the market goes down. Simple, except that this is a slow time in the market information window and we pause to wait for the March 30th USDA Grain Stocks and Prospective Planting reports.

That is not a misprint, 163.9 is the trend line yield, that's a big increase from where we have been the last couple years, but a

couple low and a couple high to get an average is how it works. There are discussions going on that with increased acres we put pressure on our ability to get to trend, and maybe we do, this just adds to the unknowns. Spring weather will play its part in this market going forward. Crop insurance is set and favors corn. What happens if bean prices are in a rally going into planting and corn values are declining? We saw how crazy markets could be last summer and we have all the makings of a similar situation moving forward. Possible record tight corn carryout transitioning into record production just a couple months later, volatility is just taking a much needed rest, it will return.

March 30th is the USDA report, and we have some of the info as it gets talked about from the Outlook Forum in February, that's where the 94 million corn acres is coming from. This market probably needs the acres, as they release the stocks report the same day. What happens if they come out on the 30th with even more acres, but trim the stocks and show a reduced carryout? What side of the market wins? Volatility. With the potential for reduced bean supplies coming from South America until next harvest and China a bean gobbling Juggernaut, what happens if corn acres come at the expense

of bean acres? Last I checked we didn't have huge carryout stocks of beans either. This market continues to move in any and all directions, so even if we start to think we've got it figured we're probably...

Devil's advocate; March 30th gives us big corn acres and solid corn stocks but reduces beans stocks and tightens bean carryout. Does a limit move down in corn coinciding with a limit move up in beans change thoughts on plantings? We haven't even begun to throw different scenarios at this thing, and spring and summer weather trumps it all anyway. My head is starting to hurt.

For market info, pricing and weather check out the CVEC website at cvec.com there's an action box to corn bids that gets you to CVEC's current and forward pricing, a market overview of many of the inputs that effect the farmer, market commentary by Bruglar and by Stewart-Peterson, a link to our Dynamic Price Platform (an electronic offer system at your finger tips) that ties itself to cash contracts at CVEC. Also Charts and market history are available, check it out. If you have questions or comments about navigating the website or the markets let me know. Please give me a call to discuss the market or share your thoughts 320-843-1248.



LETTER FROM THE GENERAL MANAGER

Thank you to all who attended the Benson Corn Pool Annual Meeting in January. At the meeting the BCP membership re-elected Roger Longhenry and Dale Tolifson to the board of directors.

The first trimester income results are included in this newsletter. As shown on the income statement, BCP has a \$0.08 loss for the first trimester. During the period BCP delivered 3,130,682 bushels at an average cost of \$6.02/bu., CVAC paid an average of \$5.93/bu for the same period. You will also see on the income statement that BCP has interest expense of \$14,388 which is for our line of credit. At the end of January we had accessed our line of credit to \$1.7 million, due to corn prices rising during trimester making CVAC's advance payment

\$0.85 under the average. BCP did receive the trimester adjustment the first week of February and at that time we paid off the line of credit. Another item to note is administrative expenses which are high due to the cost of the annual audit being booked during this period.

The \$0.08 loss for the first trimester is a few cents per bushels higher than last year's loss of \$0.05 for the same period. Although we are anticipating a volatile year in the corn market, we expect that we will end the year with a loss of \$0.06 - \$0.08 for the FY.

BCP has a \$2.5 million line of credit available, which renews each year in March. Due to expected volatility we will be renewing the line again at \$2.5 million. This will be in place by mid-March.

FY13 enrollment will be in July again this year. As we talked about at the annual meeting, there will be a change in the enrollment procedure. You will receive notice in July that it is enrollment time, but you will only need to respond if there is a change in your enrollment. In other words, if you are adding or removing bushels you will need to fill out and return the form to the office. If there is no change to your enrollment there will be no additional paper work. We are hoping that this will be an easier process for our members.

If you have any questions or concerns please feel free to contact your board member or the office. Hope you have a great spring.

*By Deb Mennis,
Benson Corn Pool
General Manager*

INCOME STATEMENT		FY12 Jan. 31, 2012	
Bushels		3,913,352.00	
Revenue			
	Sales of Corn	\$ 18,579,670.78	
	Misc. Income	\$ 295.91	
Total Income		\$ 18,579,966.69	
Cost of Goods Sold			
	Corn purchases	\$ 18,857,232.94	
	Hedge (gain) loss	\$ 0.00	
Total Cost of Goods Sold		\$ 18,857,232.94	
Expenses			
	Board Expenses	\$ 9,605.47	
	Interest Expense	\$ 14,388.17	
	Administrative Expenses	\$ 16,591.66	
TOTAL EXPENSES		\$ 40,585.30	
NET INCOME		\$ (317,851.55)	
YTD Bushel Gain(Loss)		\$ (0.0812)	

BALANCE SHEET		January 31, 2012	
ASSETS			
	Cash	\$ 68,875	
	Accounts Receivable	\$ 2,890,915	
	Prepaid Insurance	\$ 1,883	
	Hedge Margin	\$ 463	
	TOTAL ASSETS	\$ 2,962,136	
LIABILITIES & EQUITY			
	Accounts Payable	\$ 117,928	
	Note Payable	\$ 1,750,000	
	Marketing Fee Payable	\$ 1,565,039	
	Member Equity	\$ (152,979)	
	Current Year Income (Loss)	\$ (317,852)	
	TOTAL LIABILITIES & EQUITY	\$ 2,962,136	

