

# Benson Corn Pool



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## LETTER FROM THE CHAIRMAN

Hello Corn Pool Members:

Wow, as the old saying goes... if you don't like the weather in Minnesota, just wait a couple days and it will change! That sure was true this year as we went from cold and wet to hot and dry and then an early frost... Minnesota... the state with the "many" seasons!

All and all with the things that were against the farmers, most ended up with a reasonably fair crop. After the last two falls that were so wet it turned out to be a very easy harvest this year. The crops in our area dried so fast we had beans as low as 8% coming straight out of the field. Many fields had corn coming out as low as 10%... sure saved on the drying bills!

The corn pool had another very good year

with only a .05 loss this year. There are a lot of different things that affect the income statement that we see at each meeting. So as we look at all different avenues that affect us, it sometimes seems amazing that we can do so well! We owe a big thanks for the good job that Chad does in buying the corn using the many programs he has to collaborate with. Deb also does a very good job getting all the financials put together for the board to go over. The auditor has very few, if any, adjustments to make for the final audit report. The corn pool is a substantial business and it is a pleasure to be working with a good board and very professional management team.

We have adopted the same corn pool procurement agreement that we had last year

which includes a \$.075 procurement fee to CVEC. This agreement works well for the plant and the corn pool. Remember our annual meeting comes up again in January so if you have anyone in mind for the board please let Denise in the office know of the nominations.

Most of you will have received your dividend check in the mail already, unfortunately we will have to be asking for .05 cost for last year to operate the corn pool. This payment is due in the office by December 15.

Wishing everyone a amazing holiday season...

Your Corn Pool Chairman,  
Roger Longhenry

## Corn Market Commentary

By Chad Friese,

CVEC Commodities Manager

It's been a long time in a wild market since the corn pool letter in late June and while some things change others remain the same. So, what changed? Demand! Seven dollar plus corn was too much for the demand driven market to sustain, and once alternatives such as FSU wheat became available, corn prices have backed off. The same volatility that's been in the market remains, as do the potential for very tight corn supplies as we move ahead. The reduction in corn values have made domestic markets profitable and held demand on the strong side domestically.

In June we discussed the potential for corn markets to soften a bit going forward and they have only the timing was off, as we first had some market rallies due to questions about production to assure that we removed enough demand from the market with a shrinking crop yield looking ever more likely. The market did the job by posting new record high prices in early June and a near recovery to those levels in late August as the market feared running out of corn and looked at a shrinking new crop. There was enough corn, and although the corn crop was much smaller than the market expected

we have now trimmed demand enough to seemingly get the corn to last one more year. The market truly does believe that there is enough corn and that we will have plenty coming one year from now. This is a change from the feelings of five months ago but again as this has changed other issues remain the same.

The market still has plenty of demand for grains, the demand has simply shifted for the time being as some of the wheat production that was so dismal 2 years ago has returned to more normalized production worldwide. Weather issues anywhere that may affect crop production can create immediate supply tensions to this world market. The market analysts and USDA are already figuring US corn acres at or near record numbers, and with a return to trend line average yield this would produce a monster crop of corn. Again, the big problem is that the acres need to get planted, the weather needs to be supportive, or we quickly become very nervous about the supply of corn and prices may need to rally quickly to maintain supplies at acceptable levels. The current market seems to want to find values at which exports support the price of corn. What if we find values that create exports only to later find out we didn't need to because demand was already robust for the limited crop of 2011-2012 due to

reduced yields nationally. All this within the back drop of a questionable world economic view with discussions of foreign debt, monetary exchange rates, and expanding growth of Asian Markets not having any clear answers. It continues to that we seem to have more questions than answers and that doesn't help to create stable markets.

The BCP was able to do quite well for its members in 2010-2011 in a very volatile and sometimes confusing market atmosphere. For 2011-2012 the potential certainly exists for very similar volatility, and due to this we will be maintaining a similar management outlook going forward. As always we encourage all CVAC members and BCP members to promote and support CVEC corn procurements and would certainly appreciate opportunities to work with area farmers on their marketing needs as we move forward. Values for CVEC procured grain are posted on our web site [cvec.com](http://cvec.com) along with market commentary, links to other ag info and prices of other important ag commodities under the Corn Bids tab. Please give me a call as well at 843-1248 to discuss the corn market. The annual meeting is coming up as well, and the latest USDA crop numbers will be out by then so this market may have a lot better definition of forward out look at that time. Hope to see you there.



**LETTER FROM THE GENERAL MANAGER**

On September 30, BCP closed the books on Fiscal Year 2011. During the year BCP bought \$51.6MM worth of corn to deliver to CVAC, as compared to \$27.1MM in FY10. Corn was very volatile during this past year, with swings of \$0.30/bu in a day not that unusual. BCP began the year paying an average of \$4.59/bu for first trimester corn and ending the year at \$6.85/bu. Because of market volatility BCP used its line of credit more often and for longer periods than previous years resulting in an interest expense for the year of \$14,000.

BCP had a loss for the year of \$503,000 which is a per bushel loss of \$0.05. The financial statements are below for your review. The BCP board met on November 10 to review the audited financials and discuss the loss for the year. The board voted to request funding from the members of \$0.05/bu. There will be a letter mailed to all BCP members stating the amount that is owed to the pool. The funding will be due by December 16.

BCP's annual meeting will be held on Wednesday, January 25, 2012, at approximately

7:30 p.m. at McKinney's in Benson. The CVAC meeting will be held that same night starting at 6:30 p.m., so BCP will immediately follow. BCP has 2 board members up for election this year, Roger Longhenry and Dale Tolifson. If you are interested in being on the board please fill out the enclosed form and return it to the office.

We will be sending out the annual packet in January, and are looking forward to seeing you at the meeting. Hope you have a safe and joyous Holiday season.

*By Deb Mennis,  
Benson Corn Pool  
General Manager*

<b>BENSON CORN POOL</b>	
BOARD OF DIRECTORS CANDIDATE APPLICATION	
Date:	_____
Candidate's Name:	_____
Candidate's Address:	_____
	_____
Candidate's Phone:	_____

INCOME STATEMENT	FY11 YEAR END
Bushels - enrolled	10,398,149.00
Revenue	
Sales of Corn	\$ 51,160,846.68
Misc. Income	\$ 1,387.58
<b>Total Income</b>	<b>\$ 51,162,234.26</b>
Cost of Goods Sold	
Corn purchases	\$ 51,583,141.69
Hedge (gain) loss	\$ 0.00
<b>Total Cost of Goods Sold</b>	<b>\$ 51,583,141.69</b>
Expenses	
Board Expenses	\$ 27,112.90
Interest Expense	\$ 14,016.14
Administrative Expenses	\$ 41,891.50
<b>TOTAL EXPENSES</b>	<b>\$ 83,020.54</b>
<b>NET INCOME</b>	<b>\$ (503,927.97)</b>
YTD Bushel Gain(Loss)	\$ (0.0485)
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BALANCE SHEET	September 30, 2011
ASSETS	
Cash	\$ 60,034
Accounts Receivable	\$ 1,371,606
Prepaid Insurance	\$ 3,800
Hedge Margin	\$ 463
<b>TOTAL ASSETS</b>	<b>\$ 1,435,903</b>
LIABILITIES & EQUITY	
Accounts Payable	\$ 41,135
Note Payable	\$ 500,000
Marketing Fee Payable	\$ 1,567,654
Member Equity	\$ (168,958)
Current Year Income (Loss)	\$ (503,928)
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$ 1,435,903</b>