

Benson Corn Pool



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LETTER FROM THE CHAIRMAN

Hello Corn Pool Members:

FY 2016 has been a good year for BCP. A few changes in 2016 have been made that you need to be made aware of. BCP now allows BCP members to remove their bushels at the end of each trimester. Please keep in mind you can only enter new bushels into the pool during the annual renewal signup period. Also effective October 1, 2017 the administration fee between CVEC and BCP will move to \$.13/bushel from the current \$.1050/bushel.

The annual renewal letter has been sent out to members in June with a deadline date of August 1st. If you are making no changes for 2017 you do not need to take any action, however, if you are adding or removing bushels you will need to contact the office to have the forms sent to you.

The loss projected for FY 2016 will be approximately \$.0850/bushel and you will be notified sometime in November of this funding.

The crops vary greatly at this time. Some have received too much rain and are very wet, while some are needing moisture! Our thoughts and prayers go out to all who are in the storm damaged areas.

Have a safe and enjoyable rest of your summer!

Roger Longhenry
Chairman

Corn Market Commentary

By Brody Padgett,
CVEC Commodities Manager

At the halfway point the US corn crop is looking very good, with 76% of the crop rated good to excellent as I'm writing this. Locally we received some much needed rains during the past couple of weeks and our corn crop is in very good condition as well. The market is beginning to trade a very large area of hot and dry weather which is scheduled to move into the Corn Belt around July 17th and currently has corn 30 cents off of its recent lows. The strength and duration of this heat dome will ultimately decide price direction for the mid-term and should be watched carefully. Corn exports have been strong and the US is positioned as the world's lowest cost exporter at the moment, however supplies are still ample and even with a minor weather problem as we roll into August we will still have a comfortable corn reserve which will open further downside if the hot and dry weather doesn't begin to erode yield potential. Soybeans on the other hand do not have as comfortable of a supply situation. Large demand and less acreage switch has left the US soybean

crop with a carryout of 290 million bushels projected for the '16/17 crop which sounds like a lot, but is a little less comfortable when you consider the heat in the forecast and the fact that a 2 bushel per acre drop in the national yield will cut the current carryout estimate in half. We are in the normal summer weather markets so grains will be volatile in the short run. Take advantage of any short term weather rallies in corn.

A reminder that there have been a few changes in the past year to the way freight is paid on delivered shareholder bushels. The first change made was to remove freight from the final true-up to the Area Average +\$.04 final price, resulting in a larger true-up and now making any freight changes in the future a penny-for-penny impact to the delivering shareholder. The second change was to then increase the freight schedule by \$0.02 per bushel across the board. After these changes, the average producer will now receive the Area Average +\$.04 PLUS a freight premium of \$0.08 per bushel on their delivery commitment bushels. If that same producer were instead enrolled in the Benson Corn Pool, they would re-

ceive no freight and should expect to pay around a \$0.12 loss to the pool each year beginning with the new Fiscal Year 17. That means that the corn pool producer would need to out-market the Area Average +\$.04 by \$0.20 to simply breakeven versus the delivering shareholder. Of the 13.7 million bushels that I purchased for delivery last year, only 20% of the bushels were priced high enough for a corn pool producer to 'out-market' the delivering producer. If you are a producer that has bushels in the Benson Corn Pool, I would encourage you to consider delivery. With the recent changes to freight, I'd be glad to sit down with you and walk through your specific situation. Bushels are now eligible to exit the pool at the end of any trimester throughout the year.

As we begin to look ahead towards harvest and the end of the fiscal year, please plan on joining us at McKinney's in Benson on September 7th at 9am for our annual informational meeting. Among other things we will discuss harvest delivery options and facility receiving hours. Please call with any questions or visit the website at cvec.com for daily bids and facility announcements.



LETTER FROM THE GENERAL MANAGER

May marked the close of the 2nd trimester for FY16, at that time we recorded a \$0.09/bu loss. The May 2016 financial statements are included in this newsletter for your review. As noted on the balance sheet we had \$300,000 due on our loan at the end of the trimester, with \$1.2 million recorded in receivables. The receivable is the end of trimester adjustment which was paid to BCP the first of June. At that time we paid off our loan, which is currently at zero. On the income statement you will see we have recorded \$3,805 of interest expense to date. Projections are that we will end the year with a \$0.085/bu loss, and that we will not need to access the loan

during the 3rd trimester.

The notice for FY17 BCP enrollment was sent out the end of June. If you would like to make a change in the number of bushels you have enrolled you will need to contact the office for the paperwork. However, if you decide to keep your enrollment bushels the same there is no action required. The deadline for enrollment is August 1, feel free to contact the office if have questions or need forms.

FY17 will bring a fee change between CVEC and BCP. CVEC buys the corn for BCP and delivers it to the plant. CVEC charges a handle fee for that service, the

handle fee is going from \$0.105/bu to \$0.13/bu for FY17. Also, in FY17 you will have the option to remove bushels from BCP at the end of a trimester. Once bushels are removed you will need to wait until the next enrollment period to put those bushels back into the pool.

BCP will be sending out another newsletter mid-November. That newsletter will show the final results for FY16. In the meantime, feel free to call with any questions for concerns.

*By Deb Mennis,
Benson Corn Pool General Manager*

INCOME STATEMENT		FY 16
Bushels (enrolled)		8,147,565
Revenue	Sales of Corn	\$ 26,491,346.54
	Misc. Income	\$ <u>5,461.34</u>
Total Income		\$ 26,496,807.88
Cost of Goods Sold	Corn purchases	\$ 27,159,164.23
	Hedge (gain) loss	\$ <u>0.00</u>
Total Cost of Goods Sold		\$ 27,159,164.23
Expenses	Board Expenses	\$ 19,553.09
	Interest Expense	\$ 3,805.04
	Administrative Expenses	\$ <u>39,147.10</u>
TOTAL EXPENSES		\$ 62,505.23
NET INCOME		\$ <u>(724,861.58)</u>

BALANCE SHEET		5/31/2016
ASSETS		
	Cash	\$ 12,581
	Accounts Receivable	\$ 1,268,820
	Prepaid Insurance	\$ (596)
	Hedge Margin	\$ <u>0</u>
	TOTAL ASSETS	\$ 1,280,805
LIABILITIES & EQUITY		
	Accounts Payable	\$ 161,718
	Note Payable	\$ 300,000
	Marketing Fee Payable	\$ 1,623,873
	Member Equity	\$ (79,924)
	Current Year Income (Loss)	\$ <u>(724,862)</u>
	TOTAL LIABILITIES & EQUITY	\$ 1,280,805

