



January 27, 2012

VISION

From the General Manager

Ron Hunter



Ag Valley Coop is 11 months into it's fiscal year. It's safe to say that your local Coop will have another excellent year. Earnings will be good again reflecting good production in the trade territory.

We have broken several records this year as we have helped put the crops in. We have broken other records after the end of harvest as we have moved your production around the world. Demand for our production has been good through the end of the year helping keep grain piles off the ground. The market has told us that the world needs food for a hungry planet and everyone ramps up to meet the needs of hungry people.

Overnight someone else starts talking about an abundance of commodity stocks creating price issues that can only be sorted out through time. It's amazing how quickly the numbers can change from being short feed stocks one minute to fears of overproducing the next. What's interesting is that you can find a professional opinion for either side of the argument with documentation to back up the opinion.

January is all about preparations for the coming planting season. Ag Valley has been busy with informational meetings and helping producers finalize their needs for the spring rush. Ag Valley has always invested in equipment that will make the spring rush progress as quickly as possible. 2012 will be the same as other years. New equipment such as cone tanks and starter tanks are scheduled to be in place to ensure that your fertilizer products are available at your site when you need them. Other equipment additions will be added to the fleet also to aid Ag Valley's ability to be where you need us when you want us there.

Our Feed Team has expanded it's coverage with the addition of Jennifer Gigax to our sales team. Jennifer will be working in the Norton area in Kansas and also in southern Nebraska. Our feed business continues to grow and our goal is to be able to bring the latest technical information to our livestock producers. Eldon Hall and his team will be an asset in your feed program.

Weather is always a concern as we go through another dry period. Some of the drier areas in the south have received moisture during the winter months but it appears that the dry dome is still in place. The long range forecast indicates that we could see a wet weather trend move in that would put us in good shape for moisture for a time. I am not a weather man but I know the one that is in control. My prayer would be that our spring rains would be timely, our customers would be safe and their fields would produce a bountiful crop.



The new fuel pumps have been installed at the Cambridge Station. Updated pumps and "Card Readers" will eventually be installed at all Ag Valley facilities that will give our customers the capability of using both Ag Valley fuel cards and certain major "Credit Cards" 24 hours a day!!!



Our grain markets quickly shifted attention to South American weather a few weeks ago, after the January 12th USDA report provided across the board bearish surprises relative to market expectations.

Regarding the report, which is “old news” already, the ensuing reaction of corn closing the limit lower (down 40 cents) was not because of overly bearish data. But instead, extremely reliable similarities to past years and past revision patterns (trends) leading up to this January report all failed to play out as nearly every USDA number went opposite of what past history had seen. I’m not going to bore you with all the details, but I will say that the actual fundamental structure of the grain markets, as detailed in the USDA balance sheet estimates, does not appear to have changed much at all. Corn stocks to use ratios, remain relatively tight and soybean supplies appear more than adequate to cover demand projections



at this time. World supply and demand revisions came out pretty well as expected for both commodities. South American production was cut, with some of their demand shifted to other origins, and Chinese corn demand ticked upward again.

Moving on to South American weather, the damage is pretty well irreversible for both Argentine and Brazilian corn crops at this point. While sporadic rains have fallen over the past couple weeks, it’s come a little too late to help many areas....but it has stabilized some areas of production. On the other hand, rains over the next couple weeks can still have a sizable impact on many soybean producing areas. There are some areas that are starting to harvest too, so additional rains will be unwanted there. Total South American production estimates have noticeably fallen, and we could see additional cuts for that matter, but their overall situation appears to be far less dire than recent drought-stricken years.

Jumping ahead...with US corn acreage expected to jump considerably this coming year and even with soybeans losing a few, very early supply projections appear to be quite comfortable. Now I realize a lot can (and WILL) happen over the coming months, but my point is that longer-term, a lot of indicators point to the possibility of lower prices down the road. Don’t get too wrapped up in the day to day events that are driving *today’s* markets that you forget to protect profitable margins.

In bringing this month’s article to a close, I’d like to touch on a couple of subjects briefly. First, I’d like to bring to all of your attention the fact that we currently have an origination program that offers **FREE STORAGE through October 31st, 2012 for corn and milo** delivered to Ag Valley. This Price Later Program, as it’s called, applies to grain still stored on the farm, not existing bushels sitting in our elevators. Please check with us About: 1) space availability; 2) other details involved with the program; or 3) if you have any additional questions. We will need to know of your intentions to participate in this program so that the necessary paperwork can be drawn up. *Early delivery of grain and enrollment in this program will not be allowed to be applied to existing future delivery contracts.*

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Agronomy Report

Darrell Fellows



It's not often that we are welcomed into a new year with the nice open winter that we have experienced this year. We have been applying fertilizer on area fields throughout the winter months up to this point in time.

We all assume that at some point before planting, our weather will turn for the worst. Climatologists suggest that March and April could be wet across the Midwest due to the La Nina. So pardon the phrase, but we are trying to "make hay while the sun's a shining."

The fertilizer industry is expecting a busy year with the grain reports projecting 93 to 94 million acres of corn across the U.S. Ag Valley Coop is having a record year for prepaid fertilizer contracts, also. This is driving us to develop plans to insure that we can provide the service that you expect.

Along with spreading fertilizer and winter equipment maintenance, we spend these winter months educating and training our employees to better serve you. Agronomists are being updated with new pesticide chemistry. Custom applicators are heading to application schools and renewing their commercial applicator licenses. All employees are exposed to safety training to make a safe work environment.

In mid January, we sponsored Grower Educational Meetings in the form of a Crop Production Seminar. Four seminars were held. Seminars were held in North Platte, Cambridge, Loomis and Norton, KS. Our focus of these seminars was to provide crop production information for you, the producer, that will enhance 2012 yields. It was our goal to bring you only information that has a high probability of a return on your investment. We were very pleased with the turnout for these seminars. **The winner of the 2012 Crop Production Seminar grand prize drawing, a 42" Flat Screen TV, was Randy Clydesdale of Norton, Kansas. His salesman is James Puent. I want to thank all of you that attended.**

Grain Report(continued from page 2)

Scott Hillius



I'm still encouraging people to sign up for our free market informational emails and grain bids that can be sent by either email or text daily. Stay on top of what is happening in the marketplace every day. PLUS, by registering your mobile phone number, you will be added to our growing list of producers who receive time sensitive notifications from Ag Valley. For example....during harvest, we would be able to send region specific text messages to producers, making them aware of the things such as dumping limitations at one or more of our locations for one reason or another. The opportunities are endless....but we need your contact information for this tool to be successful. Your number is by no means being gathered to pester you with unwanted notifications and alerts. I am confident you will find it very helpful....just ask those already utilizing this service.

Finally, because I'm guessing every one of us, at one time or another, has experienced delays from our mail service, I encourage all of our patrons to sign up for the direct deposit of their grain checks. How many times have you waited three or four days....maybe up to a week for its arrival? If you had signed up for direct deposit, the proceeds of your grain sale could have been in your bank account the following day. I strongly urge all of you to give this serious consideration.

Thank you once again for all your business. We do appreciate the opportunity to earn it every day.

Water Resources Department

Don Masten



Greetings from Water Resources. Time seems to move faster each year. It's the end of January already and there are only 75 days till planting begins.

Ag Valley's Agronomy group have just completed grower meetings throughout the area and I continue to be amazed at the level of precision that is required to successfully produce crops. One of the advantages of Sub-Surface Drip Irrigation is the ability to deliver water to the root zone by the most efficient means available. This also allows the grower to fertilize multiple times during the growing season to maximize the effects on the crop. This results in a superior yield on less fertilizer thereby increasing margins and profits.

Our goal is to lower input costs while increasing production. The featured speaker at the meetings discussed the difficulties of getting nutrients to the plant when the need was greatest. SDI offers the ability to do just that.

Ag Valley continues to bring leading edge technologies and processes to our patrons as well as knowledgeable service people to allow them to prosper. We also offer *AquaSpy* moisture probes that provide real time soil conditions to the grower.

Let us show you how this technology can increase your production and lower irrigation costs.

Call Don or Dennis at 800-228-1352 for more information.



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