

April 2016

Primeland Perspective

CUSTOMER NEWSLETTER



Building Essential Infrastructure to Supply Our Locations

When we buy in bigger quantities and at more affordable prices, we build a better supply for our customers. What could be a better reason for our building project at the Port of Wilma?

The new fertilizer plant going up near Clarkston, Washington, is approaching completion and it should be obvious



that we're excited. The 24,000-ton dry blending and storage setup, with barge access on the Snake River, will also include two million gallons of liquid storage. This major addition to our infrastructure will strengthen our ability to supply our other locations during peak fertilizer demand.

We'll be able to purchase in bigger quantities whenever and wherever supplies are available at the right price. The new plant can be filled by rail and truck shipments, as well as by barge.

The Port of Wilma plant will be equipped to blend nitrogen stabilization products and micronutrients onto dry fertilizer to streamline application. Additionally, we'll have a new 80 x 200-foot chemical warehouse there for bulk and packaged herbicides. We plan to serve



By Darrell Tyler, Port of Wilma Agronomy Hub Plant Manager

nearby growers at the Port of Wilma while also creating a supply hub for our other locations during the busy season.

We're projecting building completion in early May. It's our expectation that improved ability to handle liquid products will immediately benefit customers. And watch for more info on our grand opening celebration scheduled for June 23.

IN THIS ISSUE:

2 How do patronage refunds reduce your energy costs?

3 What can you learn at our Country Stores?

There's More Than One Way to Evaluate Price

By Jeff Hagemann, Energy Division Manager



We know we must be competitive day in and day out to earn your business. I hope our ability to return patronage on every gallon of diesel and every case of grease factors into earning your business.

CHS Inc. recently returned \$519 million to its owners, and energy patronage accounts for a substantial portion of that figure. CHS Primeland returns over six cents per gallon on your refined fuel purchases, 30 cents per gallon on lube-oil purchases and over \$1 per case of grease.

Here's a four-year summary of our CHS Primeland patronage refunds:

	2016	2015	2014	2013	Average
Refined fuels	5.75%	4.58%	5.49%	7.60%	5.86%
Lubricants	8.33%	4.50%	5.64%	5.90%	6.09%
Grease	10.48%	6.80%	9.36%	13.40%	10.01%

Looking down the road, most in the industry predict continued fuel volatility. As the OPEC nations bleed money while trying to maintain their share of the market, talk of production cuts heats up. Money managers and hedge funds are taking long positions on sweet, light crude oil that serves as a benchmark for oil prices worldwide.

As a result, we might see West Texas Intermediate crude at \$50 by June. It all points to topping off your on-farm storage now. Then, consider layering in your contracted needs for harvest and fall work. I'd recommend locking down only 25% of your needs at one time, buying on dips in the NYMEX diesel contract. We never suggest contracting more than 50% of what you'll need in any month.

On behalf of our energy staff, thank you for your business in 2015. We know you have choices.



All the Ways We Pay You Back

By Jim Miller, Director of Sales and Marketing



Value for your dollar always matters, of course, but when grain prices are low, value has to count for more. Every day our team wakes up focused on continuing to provide outstanding value to our owners. Our goals are competitive pricing, easily accessible services, a knowledgeable staff and patronage returns on your transactions.

You'll find a thorough breakdown of our 2016 patronage rates on page 4. It's important to realize those returns reduce the price you pay on purchases, as Jeff Hagemann points out in his article. In addition, our patronage rates are high

when compared with other local cooperatives. Patronage is an investment that gives you money you can use now and at retirement.

Your investment in CHS Primeland pays off daily. Our employee roster includes 20 Certified Crop Advisers. We put a lot of effort into training all our staff members and providing them top-of-the-line equipment. We update our facilities and build new ones (see page 1). In short, we're always reinvesting. How we build and manage our resources makes CHS Primeland the gold standard. And we do it all to provide value for you!

Helping You Navigate Challenging Times

By Dave Arthur, Regional Credit Manager



In an uncertain financial climate, access to capital shouldn't be another limiting factor.

On top of low grain prices, the Federal Reserve voted to raise interest rates in 2015 for the first time in a decade.

When you're confronting a stiff head wind, we can make sailing somewhat easier. CHS financial crop input loans are still available for all products and services we offer. Use a crop input loan to increase your purchasing power beyond your operating loans. These loans come

with very flexible terms. An 18-month payoff program fits your crop cycle well, giving you the ability to cash flow effectively throughout the year. We also offer full operating loans, which have been incredibly popular and useful to customers.

Real estate loans provide flexibility in challenging times. Use one to refinance or restructure your land holdings or to back cash-out refinancing. Some customers put our real estate loans to work to finance on-farm construction projects.

Talk to me about our ability to smooth the waters with CHS financing programs. Email david.arthur@chsinc.com or call 208-743-8551 ext. 121.



Think of Our Country Stores as Information Centers

By Guy Bernier, Retail Division Manager



Our retail stores serve our customers, thanks to employees who've been in those areas for a long time. We're proud of employing people who actively participate in the lives of those communities.

We recently hosted 70 4-H Club members at the Lewiston store. Involvement with 4-H and FFA means we go to meetings or they come to us for programs. In this case, a nutritionist from CHS talked with the kids about the best rations for their swine, steers and lambs.

I'm glad we had the opportunity to get them started on the right feed. It was also a good chance to explain the deferred payment plan that allows these future entrepreneurs to delay settling up until after they sell their production. CHS Primeland plays a role at that stage, too, spending over \$60,000 last year at local fairs buying back show animals. Catch our activity updates when you like CHS Primeland Country Stores on Facebook.

Our March 31 event in St. John keyed on nutrition information for ranchers. A CHS nutritionist provided information on SmartLic® Mineral Tubs.

On April 16, we're once again hosting our much-anticipated



spring event at the Lewiston store. Stop by to attend the annual poultry seminar. In recent years we've provided advice to match the upsurge of interest in backyard poultry. This year we're expanding our event to include a beginning beekeeper seminar. Stay to watch the always entertaining Dachshund Dog Races.

We're always looking for ways to help our customers learn and prosper when their focus is agriculture, whether on a large or small scale.



Like CHS Primeland Country Stores on Facebook and catch our updates on community outreach events.



PRIMELAND

PO Box 467-468
Lewiston, ID 83501-0467

PRSRT STD
U.S. POSTAGE
PAID
VISTACOMM

CHS PRIMELAND 2016 PATRONAGE RATES

Wheat	\$0.20 per bushel
Barley	\$17.03 per ton
Oats	\$27.85 per ton
Canola	\$0.81 per hundredweight
Triticale	\$0.68 per hundredweight
Feed	2.70% of dollars spent
Seed	5.87% of dollars spent
Fertilizer	1.68% of dollars spent
Crop Protection	1.54% of dollars spent
Retail Products	1.68% of dollars spent
Petroleum	5.75% of dollars spent
Grease	10.48% of dollars spent
Oil	8.33% of dollars spent
Services	3.46% of dollars spent

It's Time to Become an Opportunistic Seller

By Russ Braun, Grain Division Manager



Faced with five-to-seven-year lows, you'll probably want to rewrite your marketing strategy. Don't wait for big openings. Seek smaller opportunities. Overall, the next 12-18 months will be very challenging.

Even though we anticipated this happening, numbers in the marketplace are still sobering. With 900 million bushels of wheat still available, we can count almost half of the crop as carryout. It will require some catastrophic event to turn the market.

Be prepared to sell incrementally on small rallies; there's always the possibility of a weather rally. And work with our CHS Primeland agronomy team to manage your cost of production so these incremental sales will mean more. All growers need to make sales—otherwise we will keep building inventory, and that will ensure prices stay defensive. Right now we have potential for an average crop, or better, in our area.

One more thing: Alternative crops can get quickly overproduced. Evaluate your potential return before you make a switch.

