

March 2015

# Primeland Perspective

PATRON NEWSLETTER



## Building Today for Tomorrow



By Ken Blakeman  
General Manager, CHS Primeland

Every decision made at CHS Primeland is made with our patrons in mind—current and future.

As our growers expand their acres, technology and equipment size, CHS Primeland is focused on recapitalizing our assets. We have a long history in the communities we serve and some facilities show it. There are some worn-out assets throughout CHS Primeland.

In the last few years, our management team and Board of Directors have concentrated on investing in updates and new construction to bring those

facilities originally designed to serve growers of the 60s, 70s and 80s into the current era.

The investments we make in facilities today are made with the future in mind. These facilities need to meet today's growers' needs for speed and storage as well as the needs of growers we will be serving 20 years from today.

### Profitability is key

Financial success is critical to recapitalization. CHS Primeland is fiscally strong. In 2014, we had a net profit of more than \$6.46 million. As of this January, we are at \$6.41 million. With four months left to fiscal 2015 year-end in August, CHS Primeland is on target to surpass last year's record profits. (See Primeland 2015 Patronage Rates on this page.)

Expansion is important to profitability. In this newsletter you will read about three

expansion projects in Kendrick, Idaho; Clarkston, Wash.; and Nezperce, Idaho.

A company can't expand without talent. We are actively recruiting the future leaders of this organization. To help us find the best and brightest, we will again host four interns this growing season.

### PRIMELAND 2015 PATRONAGE RATES

	QUALIFIED	NON-QUALIFIED	TOTAL PATRONAGE	
WHEAT	0.106	0.023	0.129	\$/BU.
BARLEY	11.356	2.503	13.859	\$/TON
OATS	12.506	2.756	15.262	\$/TON
CANOLA	0.784	0.173	0.957	\$/CWT
TRITICALE	0.607	0.134	0.741	\$/CWT
FEED	1.40%	0.31%	1.70%	
SEED	5.49%	1.21%	6.70%	
FERTILIZER	2.12%	0.47%	2.59%	
CROP PROTECTION	2.48%	0.55%	3.03%	
RETAIL PRODUCTS	2.33%	0.51%	2.84%	
PETROLEUM	3.75%	0.83%	4.58%	
PREMIUM GAS	3.75%	0.83%	4.58%	
PREMIUM DIESEL	3.75%	0.83%	4.58%	
GREASE	5.57%	1.23%	6.80%	
OIL	3.69%	0.81%	4.50%	
SERVICES	1.98%	0.44%	2.41%	
PATRONAGE DOLLARS	\$4,541,498	\$1,000,685	\$5,542,183	

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# Energy Update

By Jeff Hagemann, Energy Division Manager



We are in the middle of a paradigm shift in crude oil prices, created by huge increases in U.S. crude oil production—especially on the Bakken. This has turned the crude oil market on its head.

Globally, the U.S. is the number one producer of crude oil, surpassing all Middle Eastern countries. In response, Middle East oil producers—Saudi Arabia being the largest—are taking the position to price their crude oil at whatever it takes not to lose market share.

This has not helped move U.S. crude oil stocks. In fact, industry experts predict that by the end of April 2015, the Cushing, Okla., storage facility will reach capacity. Cushing is the largest

crude oil facility in the nation.

What does this mean for you? The answer is not clear. In fact, I recently read a Bloomberg article featuring six crude oil economists saying six different things. One would think the current state of crude oil supplies should point to lower prices, but the news continues to drive the market.

**Market volatility continues to increase in the diesel market as well. In my opinion, 50% ownership of what you can store on farm makes sense.**

If you have questions, please feel free to contact me at [jeff.hagemann@chsinc.com](mailto:jeff.hagemann@chsinc.com) or 208-743-8551.

*Information contained in this article is current as of Feb. 18, 2015.*

# Plant Health Applications Provide Peace of Mind

By Matt Renfrow, BASF Innovation Specialist

Growing a high-yielding crop on the Palouse and Camas Prairie can be challenging. We are often times faced with harsh winters, cold, wet springs and hot, dry summers—subjecting our crops to stressful conditions and a high-disease-pressure environment. Most fungicides provide an excellent level of disease control, but applications of BASF's Advanced Plant Health products like Priaxor® and Twinline® are unique in that they generally provide yield enhancements—even in the absence of disease.

What we see from these applications is that the crop is better able to tolerate environmental stresses and is more efficient in growth. Plant health products give growers the peace of mind of being proactive in disease control while minimizing risk in their crop production and maximizing their yield potential.

To learn more, contact your local CHS Primeland agronomist.



*“Plant health products give growers the peace of mind of being proactive in disease control while minimizing risk in their crop production and maximizing their yield potential.”*

## Building for the Future

Several new construction projects are underway throughout CHS Primeland's geography. Let our management team share the details on three projects that have been in the works for a while now and will be under construction soon.

**A 20,000-ton fertilizer plant has been approved**, and construction is scheduled to begin soon in **Port of Wilma, Wash.** This \$18.4 million project is a game changer for CHS Primeland as it will dramatically increase capacity, improve logistics and allow us to better serve the fertility needs of patrons.—*Jim Miller, Director of Sales & Marketing.*

**Construction on a 400,000-bushel grain elevator** is scheduled for completion July 1, 2015, in **Nezperce, Idaho.** This 20,000-bushel-per-hour facility provides full-service access to growers in this region who have been interested in delivering grain to CHS Primeland for several years now.—*Mike Kennedy, Camas Prairie Operations Manager.*

**Additional 200,000-bushel grain storage** will be available by July 1 in **Kendrick, Idaho**, thanks to the installation of a 185-foot conveyer that will connect additional tanks to the current facility. This \$400,000 project will relieve the pressure of trucking grain during harvest. This location usually takes about 1.4 million bushels of grain each harvest. To speed up unloading times during 2015 harvest, CHS Primeland is also installing high-speed augers at several facilities.—*Guy Bernier, Palouse Operations Manager.*

## Grain Market Update



*By Russ Braun  
Grain Division  
Manager*

Due to the depressed commodity prices, growers need to understand their cost of production and be prepared to market grain when rallies present themselves.

Because of large corn and wheat inventories, both globally and nationally, the markets are currently bearish. And, unless we have some kind of production failure, the 2015 crop will continue to build those inventories. The markets are strongly focused on production in the Northern Hemisphere. All growers need to do what they can to market the grain produced because of the lack of any safeguards from USDA's RMA insurance.

Please contact your CHS Primeland merchandisers for help developing a marketing plan. Ask us about our pricing options and Compass Contracts.

## How to Make Lime Applications Yield

*By Ed Huber, CHS Primeland Certified Crop Advisor*

Every grower understands successful yields begin with healthy soil. When building up soil health, lime application is a go-to choice. However, if soil pH is the only indicator you read to determine your soil's health, you're missing some important details.

I compare it to going to a football game and only watching the scoreboard. There is a lot going on in the field before that score changes! If only soil pH is read, there are times when a grower won't see a dramatic change in their field's pH levels. However, some soil samples show dramatic improvements in needed nutrients as a result of the lime application.

Soil sampling is the best way to understand what is truly going on in your field's soil. I encourage every grower to, in addition to the 2-inch pH sample, dig a 1-foot sample and send it in for a complete analysis each fall. (You can do this anytime, but fall is

when we have the largest window of time to add soil amendments to fields.)

It's important to remember that the first lime application is just a starting point. This isn't a one-and-done practice. Building soil health is a process and it takes time. Here again, soil sampling is the only way to monitor soil health.

### Product recommendation

Based on field trials, the product I have had the best results with is SuperCal 98G. This granular lime can be applied to the soil's surface with dry fertility blends. A very concentrated product, SuperCal 98G does not need to be incorporated because it dissolves into the soil profile quickly.

To learn what the best product is for your fields and for assistance with soil testing or reading your soil test results, please contact a member of your local CHS Primeland agronomy team.





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## Shared Success, Future Growth

*By Dave Arthur, Regional Credit Manager for CHS Primeland*

CHS Primeland has developed a full suite of competitive financial programs to help our owners grow. Often times, your success and your ability to grow are determined by the financial resources you have available. We have designed five customer financing programs to help you be successful.

**Full Operating Loans:** Provides credit to growers to cover living expenses, land rents and equipment payments as well as normal operating expenses. In addition, this package also covers crop input financing.

**Crop Input Loans:** This provides credit for all crop inputs purchased through CHS Primeland.

**Feed Input Loans:** This provides credit

for all feed and livestock equipment needs as well as crop inputs purchased through CHS Primeland.

**Farm Real Estate Loans:** A real estate loan can be used to purchase land, refinance existing land and restructure existing debt as well as construction with permanent financing.

**Machinery and Equipment Financing:** Competitive rates and terms for financing the purchase or refinance of machinery and equipment.

To learn more, email Dave at [david.arthur@chsinc.com](mailto:david.arthur@chsinc.com) or call him at 208-743-8551 ext. 121.

