



PRIMELAND



Primeland Perspective



By Ken Blakeman
general manager, CHS Primeland

Three-quarters of the way through year, we're in a good spot

We're three-quarters of the way through the fiscal year, and we're in a good spot.

The fiscal year started far from promising. We were facing one of the most significant droughts in history, and CHS Primeland began preparing for a challenging year. That preparation helped us capture opportunities as they arose in the market. Our team executed really well, and year-to-date, we stand with \$6 million on our bottomline, significantly ahead of what we budgeted due to the drought.

CHS, Inc., just announced its third-quarter results, with earnings of \$576 million and net income of \$1.2 billion year-to-date. The company is on pace for an excellent year.

So what do these two reports mean for CHS Primeland producers? CHS' earnings, along with ours, generate the values used to calculate patronage issued each spring. If we continue at the current pace, patronage should reflect the strong performance of both organizations, particularly in our core businesses of grain, energy and agronomy.

We've still got one more quarter to go in this fiscal year. While the drought has a long tail, the weather pattern this growing season appears to be benefitting producers and the company. Record rain in April, May and June, coupled with very mild temperatures have led to crops planted in the fall looking very good. Harvest may be delayed, but the winter wheat crop is in good shape.

Commodity prices have stayed strong in cereal grains. Although they've fallen off from their highest levels, prices are still attractive. Some input prices have begun to soften, which is promising.

It's been a challenging year for many, and that's why it was so important to see the excellent

response to this year's Harvest for Hunger fundraising drive that benefits all our communities. With wheat donations, raffles and other fundraisers, along with matching dollars from CHS, we were able to donate \$30,072 to local food banks and food shelves. Thank you for your generosity.

Thank you, too, to all our customers for continuing to support your co-op as we've navigated through tough times, limited staffing and workforce changes. As we perform well financially, you'll see positive results from doing business with a co-op in the form of patronage.





*By Kevin Whittaker
seed department manager,
Seed Division*



*By Russ Braun
manager, Grain Division*

CoAXium soft white winter wheat now available from CHS Primeland

You've heard about CoAXium hard red winter wheat, but wondered when the soft winter wheat varieties would be available. The wait is over! Five co-ops are supplying CoAXium to the PNW, and CHS Primeland will begin selling two of the five new varieties once harvest is well underway.

So what's the big deal about CoAXium? It's bred to be resistant to Aggressor herbicide, which is particularly successful in controlling jointed goat grass, downy brome and annual rye — those grassy weeds that are the problem children for wheat growers in our region. There also are no plant-back restrictions after spraying.

The CoAXium/Aggressor system will add value for growers by giving them cleaner fields and cleaner product at harvest.

These varieties being offered has PNW germ plasm in their pedigree, making it highly adaptable for the region. They're very comparable to conventional wheats regarding yield and disease resistance. We'll be offering two of these varieties in a blend, as well as one other variety.

Supply of CoAXium is limited, and we'll serve our CHS Primeland customers first. So call us to talk about your needs and place your order. Supplies will go fast!

Review your harvest checklist

As we all gear up for harvest, take some time to review your to-do list to make sure the season goes as smoothly and safely as possible:

- Clean all your grain-harvesting equipment to avoid contamination by excrement, bugs and birds. This includes trucks, augers, bins, combines and grain conveying-equipment.
- Spray bins and grain-handling equipment with an approved insecticide, such as Tempo, to reduce infestations.
- Pull together your field identifications and landlord crop share information so it can be entered correctly the first time at the unloading elevator. Spare yourself and the elevator headaches later.
- Check all fire extinguishers and let everyone know where they're at.
- Review safety precautions for filling bins. Avoid entering bins and use fall protection. Consider having a "spotter" on hand who can call for help if there's an emergency.

At CHS Primeland, we're also getting ready by cleaning our facilities. We're doing regular maintenance, spraying storage areas with insecticide, making sure all scales are licensed and certified, and that all of our paperwork is up to date. We've also been training our harvest help so harvest goes smoothly.

After the smallest crop in 50 years, we're excited to help our customers as they bring in one that's above average in quantity and quality!



By Lee Holtom
manager, Energy Division

Volatile energy markets require every management tool

It's no news that we're experiencing one of the most volatile energy markets in recent years. So many wrenches have been thrown into the market from supply chain issues to increased demand as COVID-19 eases to the war in Ukraine to strained production capacity. It's requiring us to use every tool in our price-management toolbox to achieve a level of stability.

Except for the threat of a recession, we're not seeing many projections about oil prices coming down. While the U.S. was expected to begin producing more oil in July and August, refineries are already running at full capacity so any new oil coming online from the U.S. likely will get exported. While this seem may seem like it wouldn't make a difference right away, it could still ease supply shortages in the global market and affect our area in a roundabout way.

Overall, the general consensus is that fuel/energy prices will stay about the same or climb until other countries begin producing more oil or more refineries come online — unless we're about to go into a recession, which would throw another wrench into the market.

That's why, along with experience, we're focusing on contracting and hedging. We're contracting with our customers, then backing those contracts with various hedging tools.

Contracting looks at the big picture — months, not days. We don't offer contracts as purely a price-saving tool, but as a risk-management tool. With a contract, our growers and customers know what their input costs are going to be, even as the market fluctuates.

Some customers are considering contracting for their winter and even spring/summer fuel. Keep in mind that today, future date contracts are cheaper the further out you go because of the inverted market. With so many unknowns in the market, contracts can put you at ease.

One thing we know, you can't outguess the market. So reach out to your CHS Primeland energy specialist to learn how we can help you minimize your risks.



By Butch Schwindt
manager, Retail Division

Behind-the-scenes upgrades improve sales, inventory process

Point-of-sale system. It doesn't sound very exciting, but it can have a significant impact on our sales and inventory tracking, which ultimately ensures we have the products that our customers demand most.

Take fence pliers. It's a small item, but one of our top sellers. But if we don't have them in stock, customers can't buy them. The new point-of-sale (POS) system being installed at locations throughout CHS Primeland will provide detailed reporting of every aspect of our system — variety of products, inventory, margins, receiving and more. Ultimately, it will help us solve issues around out-of-stock items, eliminate those that are gathering dust on the shelves and let us better match products to what our customers want.

The same system is being installed at the Walla Walla location so that we'll be able to look at all our retail businesses in greater detail and help managers make decisions.

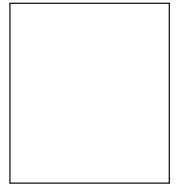
After a slow spring, business has really picked up at our retail locations. Thanks to all of you who continue to rely on CHS Primeland for your farm, ranch and home-and-garden needs.





PRIMELAND

PO Box 467-468
Lewiston, ID 83501-0467



Planning ahead provides leeway for logistics



*By Craig Stillwell
agronomy manager,
Agronomy Division*

CHS Primeland's Agronomy Division made it through the odd spring weather, which, as anticipated, was difficult at best. Logistics were — and continue to be — a nightmare, with specific herbicides the worst. We never knew when they'd be available. But we were able to secure products, maybe not always the exact product, but a substitute that did close to or the same job. Unfortunately, all indications are

that logistics will continue to be a major challenge through the fall and spring 2023.

While we're no longer faced with the highest fertilizer prices in recent years, we're still waiting for manufacturers to reveal their 2023 crop protection product (CPP) prices, possibly sometime in October. Now, most agronomy nutrition products are reduced in price 25-35% and availability is good overall. But active ingredients for CPP products, which primarily come from China, still aren't readily available.

We also have to take logistics into account. They're a big question mark. We may be able to get certain fertilizers, but when? Will it be better to take delivery by rail or truck? Logistics

costs will have an impact on the price growers will pay.

That's why we're stressing planning ahead with our customers so that we can create as much leeway to allow for an uncertain supply chain. We're already in touch with growers who are committing to what they plan to use in the fall. We urge you to contact your agronomy specialist to create your plan for fall and even pencil in one for spring needs.

Currently, we're filling our facilities for fall. We're being cautious about how much we buy, but will have enough to take care of our growers' fall needs.

Whether you're a grower or CHS Primeland, the sooner we can plan, the better we can manage the supply chain.

Repricing our custom-application services



*By Harold Loomis
operations director,
Agronomy/Grain*

CHS Primeland strives to meet our growers' needs, no matter their size or geographic location. One of the services we offer across all regions is custom application. But the environment for this service has

changed as larger growers buy their own custom equipment.

This makes it more difficult for CHS Primeland to maintain our fleet of sprayers, floaters, spreaders, tractors, chisels and no-till drills. For instance, we may only use our big trucks for four to six months, but they still need to be kept up and eventually replaced.

Because our goal is to have our custom equipment pay its own way and continue providing this service, we're raising our rates. This is the first increase in quite some time

and reflects the changes custom-application has undergone in the meantime. Our ASRs will be discussing rates with our customers.

Like all businesses, we're faced with the issue of hiring and retaining quality employees. We have a dynamite, highly qualified and skilled team now, but we know it will be difficult to replace them if anyone leaves. We've recognized this and are changing our approach to bolster retention.

Have a great harvest and stay safe!