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SECOND QUARTER 2008

MANAGER'S DESK



Your cooperative just finished another solid performing year, resulting in a good return on your local assets. It is important that we maintain a strong balance sheet, because it allows us to operate more effectively in an environment that requires a lot of capital. The price of grain has retraced some which has lowered some of our financial requirements, but we also shipped out several bushels of grain, so we have received some money back on our grain inventory. The strong balance sheet has allowed us to position ourselves not only just in grain, but in seed, fertilizer, and feed that allows us to be more competitive.

This spring starts the beginning of a new fiscal year for your cooperative, even though we just closed out last year, we are hard at work to perform as efficiently as possible on this year. Our expenses are constantly being reviewed for opportunities that will help lower our operating expenses. We had a good run on fertilizer and seed,

while steadily shipping grain out of all locations. Moisture has been light in some of our trade territories while our north east trade area has received more than others. Corn planting progress is advancing rapidly and we are around 80% planted. Milo planting should start here in a couple of weeks.

Many factors are causing havoc in Agriculture at this time, such as the increased cost of inputs, especially the cost of diesel fuel influenced by the cost of a barrel of oil. We have a new Farm Bill passed, and yet talks of direct payment cuts are being discussed in the new program by Congress. All these challenges coincide with a decrease of grain prices as they retrace off the high side of the markets. The little shining light we have seen lately is the federal cuts in the interest rate.

2007 was the beginning of a new paradox change in this industry; we can no longer operate like we have in the past and still survive. In one

trading day we had to make a margin call valued of over 3 million dollars, and we have seen the market move a dollar and twenty cents in less then 30 minutes. In the pass several years, the markets did not move that much in a total crop year. The amount of money we have to borrow has doubled from a year ago, to operate your coop.

Now is a time to celebrate your cooperatives successful fiscal year and reap the rewards of being a member of a strong association. This year we will be paying back almost 3 million dollars of patronage, of which 45% in cash, plus paying out over additional 1.5 million dollars in deferred equities, for a total of almost 4.5 million dollars. These results are in line with cooperatives of our size, and we are taking care of business, which is giving you a return on your local assets. I am proud of what your coop was able to achieve and especially for the team of

Inside This Issue

2 Safety Division

3 Ace Hardware - Grain Division

4 Feed Division

5 Agronomy Division

6 AV Energy – Seed Division

7 Employee News – Online Account

employees that helped make that possible. Thanks again for your business, because it is always appreciated. The DC Coop employees hope that you have a safe and productive wheat harvest.

Jerald Kemmerer
CEO/GM

Safety Division



Along with spring, so comes the need for Spring Safety. With the recent moisture and wheat looking good, optimism is everywhere. We will be looking to additional fertilizer needs and perhaps chemical applications. So let's review a few safety concerns to keep our families and communities safe.

When applying chemicals: Follow the label for rates, wear the personal protective equipment recommended by the manufacturer and never leave chemicals where children can be exposed to them. Above all keep chemicals in their proper container with a label so they can be identified if an emergency would occur.

When applying anhydrous ammonia, Safety is very important. Take the time to **INSPECT** your hoses and equipment. Hoses have an expiration date that should be followed; your eyesight is at stake. Always wear approved non-vented or indirect vented goggles; **never wear contact lenses when using anhydrous ammonia.** Wear

approved gloves with the cuffs rolled up to prevent liquid from dripping on your arms; long sleeved shirts provide additional protection. Utilize both safety chains; obey the 25 MPH rating on the tires. Watch for thefts and report suspicious activity to local law enforcement.

Another issue which comes to mind in the spring is Severe Weather. We have such a variety of weather conditions in a very short time, so I wanted to focus on some issues that are associated with springtime in our area.

April, May, and June are typically thought of as our severe weather season, although severe weather can and does occur anytime of the year. Thunderstorms cause Tornadoes, Flash Floods, Lightning, and Hail, all of which lead to many injuries and deaths each year.

Do you and your family know how the warnings will be sent out for your community?

Have you cleaned up around your home? Flying debris is the number cause of injuries. In high wind they become missiles. Not only does spring-cleaning make your community look nicer, it makes it safer for everyone around you.

Do you have a safe place designated for your family at home, at work, at their school or day care? Don't take it for granted; just because they are in the care of others that they will be safe. Ask those who are in charge of your children if they have given any thought about severe weather safety.

Do you have an emergency kit with a few items located in your safe place, so if there is any damage, you will have the things you need? My suggestion is to keep the items simple, but necessary, you can add to it with anything specific for needs such as medicine, toys to keep children calm, etc. My list would include:

1. A flashlight and good batteries. When the power is off, you don't want to use candles or matches in the event of a gas leak. This is even without damage, often gas can accumulate in low-lying areas and you might expose your family and self to an explosion hazard. **USE BATTERY POWERED LIGHTING!**
2. A battery-powered radio will keep you aware of further warnings. If storm sirens are without power or are damaged, your additional warnings will need to come from radio stations that are part of the Emergency Broadcast System, (EBS).
3. Shoes; often when storms arrive, people are barefoot or in sandals, if there is damage, you will need good footwear for those in your shelter. The same goes for pants rather than shorts or pajamas, jackets etc.
4. A few first aid supplies.
5. Blankets.

A kit that is placed in a water proof container in the location you have decided is a safe place, is a good way to teach children where to go if you are not home when severe weather strikes. Have a tornado drill, once in the daytime, and one at night, practice saves lives. You can get severe weather supplies at many of our locations. Don't be caught without them. For more information about Severe Weather checkout redcross.org and weather.com.

Steve Sawyer
Safety Director

ACE HARDWARE



While a good fertilization plan can keep your yard looking green all year round, you need to supplement the feeding by attacking weeds and other unwanted foliage that has a negative effect on your lawn. Using a good weed and feed will pull double duty by adding nutrients to your lawn while keeping weed growth to a minimum.

Ace carries several brands and applications for lawn care. Brand names such as Ace, Scotts and Ultimate will help your lawn look good all season long.

If you have an area where you don't want anything to grow, such as seams on driveways or along fence lines, a total vegetation killer is available. Be careful along areas you don't want to kill such as root zones for trees.

Ace has many products available to keep your lawn and trees healthy and looking great.



I would also like to thank Joyce Ring for her 32 years

of service to the Dodge City Coop and Ace Hardware. I hope she enjoys her retirement. She earned it.

**Jack Lane,
Ace Manager**

GRAIN DIVISION



You can always tell spring time in Western Kansas. The wheat is starting to take off after some much needed moisture, and the planters are doing everything they can to get corn seed in the ground. At the beginning of the year we were talking about volatile prices. That hasn't changed; the prices are still volatile, except now it's more in the corn market than in the wheat markets.

There are still many concerns in the wheat fields, but producers are feeling more comfortable with the recent moisture. However with the low temperatures we have been seeing at night the thought of a late freeze still haunts many producers with the one advantage being a late developing crop. The outlook for HRW is still looking very promising. Across the US we have seen crop conditions improve slightly from 45% Good/Excellent (G/E) last week to 46% G/E this week. Here in Kansas our crop conditions improved a little more

from 42% G/E last week to 45% G/E this week. Driving around the state the past couple weeks, the wheat in our area is starting to catch up to the rest of the state. Some parts in SW Kansas, mostly north and east of Dodge City are seeing some of the best wheat they have seen in years.

The world wheat outlook is looking very promising as well. We have to acknowledge the fact that most areas of the world can grow wheat. Current prices have encouraged those areas to grow wheat, and unlike the past couple years; those areas are experiencing great conditions. Australia, the EU, Ukraine, Russia and the US all appear poised to produce above average crops. There is a stronger correlation to world stocks/use ratios and price than US stocks/use ratios. In other words, the US crop doesn't have as much impact on wheat prices as the world production. And this year we might very well exceed 645 mmt of world wheat production. That 40+ mmt more than this year or 1.5 bbu extra (a normal US HRW crop is ~ 1 Bbu). China is on their way to a great year for wheat production. Their two largest wheat producing areas are hopeful of achieving bumper wheat harvests again this year. So far the weather in the Northern Hemisphere has cooperated very well.

So what does this mean for us here in SW Kansas? Given there are no major hiccups during the wheat growing season or the harvest of our crop, it gives the Wheat cash prices a very Bearish outlook. The key point to remember there is that wheat prices will be supported at some level by rallies in corn since we might very well feed wheat if the spread narrows. We have seen the futures price drop from \$13/bu on the KCBOT in the middle of March to around \$8.50/bu as of writing this letter.

As I mentioned earlier if you have spent anytime on the road a common sight is field work and

guys planting corn. This might not be the case in the eastern Corn Belt. This is one reason we have seen the volatility in the corn prices. For this time of year we like to be around 35% planted in the corn fields. On Monday the crop planting report showed us to only be 10% planted the last time we were only 10% planted this time of year was back in 1995. If moisture continues to fall over east delaying planting even farther you could here some talk of us not reaching our full yield potential. At this time this is one major contributing factor in keeping the high corn prices. If the eastern Corn Belt was to see a period of time of dry weather, they can plant a lot of corn very quickly; perhaps as much as 35% of the crop in one week and this would be reflected in the corn futures taking a fall. There is already expectation that the strong correlation to late planting and reduced yields will lead to a downward adjustment from trendline yields by the government. A 5 bpa adjustment would be a 410 mbu loss in production. That would drop carryout to sub 1 bbu. The market will attempt to ration demand with price rallies if that was to happen. This is always a very exciting time when we trade "weather premiums" it give producers excellent marketing opportunities. Don't forget to consider options when marketing your corn as they can give you upside potential to bushels you have contracted with your local elevator. They can also give you a "floor" in the market with no delivery requirements.

Our Export business the past week has been relatively slow. We continue to watch outside market influences for direction in grain prices as well as export business. One of major influences is the strength in the US Dollar. We have seen a pretty "weak" dollar over the past few months however more recently it has strengthened some. The expectations of limited rate decreases by the Fed should continue to strengthen the dollar. This will potentially slow our

export business some, but we remain very competitive in the world markets.

Before we know it will be time to start planning for those wheat harvest needs. Don't forget about our trucking program when planning your needs. As we have seen diesel prices as well as gasoline prices have been on the rise. Unfortunately that will affect our rates for hauling grain as well as many other things. We plan on having our rates for you by the end of May. If you have any questions concerning the Trucking Program please feel free to call me.

Well the past year sure has given us some great marketing opportunities, as well as head-aches. The grain industry has had a lot to deal with, from \$13 wheat and +\$6 corn to high cost of transportation. There have been many obstacles to overcome. Many changes are taking place industry wide. The reason I'm telling you this, is many of you are aware of some of the changes we have had to make here locally. For example we are only buying grain during market hours. This is something many companies industry wide have gone too. Change is not always easy but sometimes mandatory, for the well being of the company. These volatile markets have made us all take step back and re-evaluate some of our ways of doing business and our risk in doing business in that manner. If you are not aware of any of the changes we have made please call us here at the main office or your local branch office.

**Troy Presley
Grain Originator
Risk Management Advisor**

*"Life's problems wouldn't be called 'hurdles' if there wasn't a way to get over them."
~Author Unknown*

FEED DIVISION

Cowherd Tips: To Do List for June

June is a month to let Mother Nature take her course. Native grasses are usually at peak production; therefore, little supplementation is needed, with the exception of some minerals.

Cow-herd nutrition

- Provide plenty of clean, fresh water
- Provide free-choice minerals to correct any mineral deficiencies or imbalances.
- Monitor grazing conditions and rotate pastures if possible and practical.
- Consider creep-feeding if it's cost-effective.

Herd health

- Monitor and treat pinkeye cases. ***Mineral containing Aureomycin has shown to assist in preventing and controlling this frequent summer problem. [Pro-Phos 12 AU 3500 Mineral](#) works very well in these conditions.***
- Provide fly control. Consider all options; price and efficiency will dictate the best options to use.
- Monitor and treat for foot rot. ***Mineral containing Aureomycin has shown to assist in preventing and controlling this frequent summer problem. [Pro-Phos 12 AU 3500 Mineral](#) works very well in these conditions.***
- To reduce heat stress, avoid handling and transporting cattle during the hottest times of the day.

Forage and pasture management

- Check and maintain summer water supplies.
- Place mineral feeders strategically to enhance grazing distribution.

- Check water gaps after possible washouts.
- Harvest hay in a timely manner; think quality and quantity.

Reproductive management

□ If using AI, do not expect all females to conceive. A common practice is to breed once or twice with AI, then turn out cleanup bulls for the balance of a 65-day breeding season. A 42-day AI season with estrus synchronization at the front end gives most females three chances to conceive by AI.

□ Watch bulls for libido, mounting and breeding function.

□ Record breeding dates to determine calving dates.

□ By imposing reproductive pressure (45-day breeding season) on yearling heifers, no late-calving 2-year-olds will result. This will increase lifetime productivity and profits.

Genetic management

□ Monitor herd performance. Then identify candidates to cull because of poor performance.

General management

□ Check equipment (sprayers, dust bags, oilers, haying equipment, etc.), and repair or replace as needed. Have spare parts on hand because downtime can make a big difference in hay quality.

**Galen Frick,
Livestock Advisor**

**AGRONOMY
DIVISION**

In the past couple of years, we have seen the importance of early scouting of fields. This process needs to be done in a timely

manner. Scouting needs to begin with the emergence of the crop. In past years, we have seen the benefit to having clean fields. Getting the crop off to a better start, without competition, has a better chance of producing higher yields. Scouting crop fields throughout the season is essential to maximize yield and profitability. Early season scouting (following emergence) should be a high priority as this is when we can still "fix" problems.

Here are some things you can look for while making the trip around the field in scouting early season.

1. **Scout your fields.** The front of the field may look great from the road but your perceptions can change as you enter the field and take a closer look. As you drive to the pivot or well or along the side look and see if there is something, which stands out. You do not have to check the entire field, but cover enough to see if there is a problem.
2. **Keep records for future reference, use the best sampling methods, and be aware that these methods are often insect/pathogen/weed/ho st specific.** As you go by the fields take note of the areas in questions and jot down something about them. This way you will be able to refer back to the area while the crop is developing.
3. **Know sources where you can find information for accurate diagnoses –** Seeing a problem is not all bad, in fact, it is good. Not everyone can catch everything all the time but call on us **(David, Bryan,**

and Tony) to work with you in looking over the situation.

4. **Count the plant stands.** Although you will have a tendency to look at weeds first, crops are more important. Stand counts determine population. It is highly recommended to count more than one row.
5. **Evaluate if replanting is necessary.** Frost, hailstorms, poor seed quality, soil crusting, depth of planting, and deer or bird "feeding" may all reduce the stand.
6. **Survey how individual plants look and determine their growth stage visually.** Early in the season, cold soil temperatures can cause plant yellowing and reduction in plant growth rate. This will probably change as plant growth quickens and soil temperatures increase. Crop growth stage is important for determining the appropriate herbicide program and for assessing the need to replant or apply insecticides. Nutrient deficiencies may also show up and be "fixed".
7. **Identify weed species if possible, but always see if both broadleaf and grass species are present.** Determine the range of plant height for weed species, which will influence the herbicide program

This is only a few things, which you can do in order to help us help you and find an answer to the problem. The most important thing is do things early. Checking for problems

early can lead to heading off a disaster later.

Give myself, Brian or Tony a call when a potential problem appears where we can help in working together to find a solution.

David Seymore CCA
Sales/Agronomist

AV Energy

With every passing day I am amazed at the fuel markets. How in the world can anyone justify Exxon/Mobil and Chevron profits of billions of dollars for just one quarter? How can our government set here and allow this kind of carnage to our economy? The only proposal I have heard is to discontinue the fuel excise tax. You have got to be kidding me. Our roads and bridges are already in trouble and all this will do is allow the big oil companies to take that money into their profits as well. That is not going to stop the prices from rising. The only solution to this is for enough public outcries to force the politicians to update the regulations that govern the markets so big money cannot manipulate them.

Now that I have said that, I would like to be able to advise you on what to expect in the future. So far the price has done nothing except continue up. At this time I see no reason to believe it will do otherwise. Until we have a change there is no reason for the greed to subside. The actual fundamentals of our fuel supply have no bearing upon the price, besides the oil refiners are only operating at 85% of capacity when they should be operating at 93% to 95%. Less than 2 years ago they wanted and received tax breaks to build new refineries but won't even run the ones they have.

AV Energy has a contract price everyday and we try to put forward the best deal we can. If you need to order fuel for delivery or want to discuss contracting for the summer or fall call us here at the office (225-4994) or talk to Cal (255-9250). We will be glad to help you out.

With the higher crude oil prices, the cost of lubricants is increasing as well. If you are still in need of lubricants including drip oil get in touch with Brad (682-2359) as soon as possible to avoid the next increase.

We appreciate your business and try to deliver the best possible service at the best price we can. With the daily price of fuels moving as much as 10 cents or more a day it is very difficult to maintain any resemblance of price stability. Give us a call if we can help you. With that, Good Day and Good Luck.

Terry Cramer
AV Energy

SEED DIVISION



What can I say about the continued changes we are seeing in production agriculture?? Maybe the best thing anyone can do is keep the pencil sharp and find the best opportunities.

There could be some very good double crop options this year. With grain sorghum, soybean and sunflower prices holding strong they should be worth doing. An agronomic advantage to putting grain sorghum or sunflowers on smaller wells that usually have wheat on them is to open up the third and fourth foot with a more aggressive root system than wheat. It can improve wheat production in subsequent years by giving the wheat a chance to root down a little deeper. Sunflowers can also be a good changeup where heavy grass pressure is expected because of herbicide choices. Soybeans could be a very good contender if the cost of nitrogen is prohibitive, but some of the money saved on nitrogen should be put into phosphorous, especially on the smallest wells. Phosphorous will promote better root development and plant health and where limited moisture is likely that can be a big factor.

As usual we have several plots out this year where we can compare hybrids. I will be watching plant development and response this summer. All of the plots have several triple and quad stacks so we can compare some of the new traits. As Garst dealers I am anxious to see what some of the new combinations coming out of Greenleaf Technologies will do. We also have a hybrid out on quite a few dry land and limited irrigation acres this year that has excellent ear flex and drought and heat tolerance, the 85R29GT/CB/LL and 8579GT have responded well in these situations. 82K79GT is a fuller season hybrid that has very good grain yield and also qualifies for dairy quality silage. The real story will be told at harvest time when the trucks hit the scales and as fast as this year seems to be going that will be just around the corner.

We will have several milo plots out again this year and we are looking at several newer hybrids from Garst and Sorghum Partners that show a

lot of promise for western Kansas. We also have the option to put out a few soybean plots. If anyone is interested let us know. We will be looking at some plot data on corn nematode seed treatments this year. Nematodes are not typically a problem in western Kansas but most of us have seen those rare fields and conditions that cause problems.

Our seed wheat production for this year is looking good today. We will have Endurance, Fuller, T-136, Jagalene, Dumas, Jagger and Tamcale 5019 triticale for sale this fall. The fields will be inspected by KCIA before harvest to make sure they meet certification standards and then samples of the cleaned seed are sent to KCIA in Manhattan, Kansas to meet another set of certification criteria. Once that process is complete the seed is assigned lot numbers and available for sale. If any of these varieties are what you are looking for you let us know and we will get them on the books in advance.

If there is anything we at DC Seed can do to help, from pulling soil samples to diagnosing a problem in the field, please let us know.

Tony Watts
Sales Agronomist/DC Seeds
Cell: 620-338-5506

Employee News



Ken Tompkins is now manager of the MR Tire/ Dodge City Car Care. Ken is going on his 28th year with the coop and has had several roles within the company. Most recently as Warehouse manager. Ken brings a lot of auto and tire experience. The employees at the DC Car Care Center have done a great job in sprucing up the facility and office. Stop and check out the quality service they provide and look for an open house to be scheduled soon.



Juanita Encinias was promoted as Warehouse Supervisor to fill the vacancy. Juanita is going on her 5th year with the coop. Juanita has been a bulk fuel driver and valuable employee at the warehouse. Juanita is a great asset to DC Coop, and can help you with your needs involving the warehouse.


Congratulations to both Ken and Juanita

Online Account Access Now Available

Dodge City Cooperative has added the capability to offer our patrons access to accounts receivable activity, grain balances and prepaid contract activity via the internet. A proof of yield can be generated and printed at your home office. Copies of invoices can be printed or an entire year's activity can be printed at once. We've gotten good reviews on the capabilities offered and we will share your input with

our developer for incorporation into future updates. Sign up can be completed by going to <http://patrona.dodgecitycoop.com> or clicking on 'Patron Access' in the left hand column from our homepage www.dodgecitycoop.com. After we receive your request, we will verify your information. You will be contacted by e-mail or phone when your account is ready for you to access. Tammy Rich, our Web Access Administrator or Monte Broeckelman, our Chief Financial Officer, can help answer any questions you have. You can still find 10 minute delay quotes, weather, and other Ag related news at our homepage.

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PATRONAGE ACCOUNTS

Wheat harvest is fast approaching and, as always, the Dodge City Cooperative looks forward to receiving your grain and helping however we are able to make your harvest as smooth and trouble-free as we can. To that end, we ask you to take a moment to look over the grain accounts that you will be using. If you have a new account as the result of a change in your operation, give us a call now so that the account can be properly set up ahead of harvest. It will allow us to

properly enter your harvest receipts (you know how computers hate surprises!) so that when your harvest is done, it's done. We will have all the information in the right place at the right time. If your new and existing accounts are to participate in the cooperative's savings through patronage allocations, a membership application needs to be filled out and two shares of stock purchased for each account. We're here to help you with your harvest so let's have a good one! If you have questions, please call Dodge City Cooperative main office at 620-225-4193 and visit with Tammy, Gaylene or Bill.

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Date	Wheat	Corn	Milo	Soybean
11/2/07	7.31	3.69	3.40	9.01
12/4/07	8.45	3.94	3.56	9.76
12/21/07	8.99	4.27	3.89	10.68
1/4/08	8.76	4.50	4.12	11.39
Last Year -Dec 2006				
AVG.	4.59	3.77	3.44	5.96

Dodge City Cooperative Exchange

Second Quarter 2008
 Published quarterly by the
 Dodge City Cooperative Exchange
 710 West Trail, Dodge City, KS 67801
 (620) 225-4193

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