

Grain Management Services

News You Can Use

Compliments of Prairie Creek, Grain Company, Inc.

HAPPY NEW YEAR!

2012

SPECIAL POINTS OF INTEREST:

- Managing Volatile Times
- Chart Analysis
- Storing Problem Corn
- No Entry
- A New Decade for Supply and Demand
- Winterize your home
- Myth Busters

45,000 more people a year would live if they took this daily.

ARE YOU ONE OF THEM?

It costs pennies a pill-but for heart disease and stroke, the number one and number three killers of Americans, aspirin can be just as powerful as more expensive medications. Two-thirds of people at high risk for heart attack and stroke don't take aspirin daily -leading to an estimated yearly death toll of people who might have lived if they had taken a low-dose aspirin every day. Recent evidence

shows that aspirin also plays a role in fighting colon cancer and possibly other diseases. If you have had a heart attack, taking aspirin daily reduces heart attack by 23%. If you have angina-chest pain that signals serious heart disease daily aspirin reduces heart attack by 51%. Type 2 diabetes - which damages arteries, increasing risk for heart attack and stroke - is another reason

for daily aspirin. Taking aspirin if you have any of these problems is a secondary prevention. It cannot prevent the problem but you can control it.



MANAGING VOLATILE TIMES

What is Volatility?

There are two types of volatility. Historical volatility is a measure of price fluctuation over time. Implied volatility is the volatility of an underlying, as by the prices of options. When you are told volatility is up that means the prices of all options are higher if the underlying contract is unchanged. The same could be said if volatility is down.

When volatility correlates with high prices, volatility is good. Futures exchanges point to the fact that active trading and volatile prices normally associate with higher prices of grain future contracts.

Marketing decisions tend to be based on emotions, not on sound strategy. Some farmers probably don't gain nearly as much from volatility as would seem logical from

the higher prices.

There are six principles that can help producers capture a bigger share of the higher prices induced by volatility.

1. Futures prices are lower at harvest and higher in spring and early summer. Concentrate pre- and post-harvest sales February through July for corn and until August for soybeans.
2. Basis improves when harvest is over. Avoid fall sales off the combine. If you're going to get windfall prices on cash grain, odds are it will happen in summer before the new crop size is known.
3. The best marketing strategies have a predictability of about 70%. Make sales and don't look back. You will not be right every time.

4. Divide the crop and sell in increments to reduce risk of hitting a low with a big part of your crop. Sell some before harvest and some after. This also improves your odds of hitting a high with a portion of your crop.
5. Base strategies on principles that have been proven effective over many years. Be consistent and disciplined. Don't second guess a decision.
6. Do not panic. Extreme price moves normally last more than one day. Allow time to learn the fundamental factors behind the volatility and to make sound marketing decisions.

Don't be afraid to ask for help!

CHART ANALYSIS

There are three basic analysis methods of charts.

Time Cycle Analysis:

This method studies time in long-term and short-term cycles. The long-term patterns have been very reliable, while some of the shorter term patterns have worked very well the last couple of years and are worth watching but are not as reliable. The long-term price cycle that works for all of the agricultural commodity markets averages 30 years low to low. Since the early 1900's we have seen three major lows in the commodity markets. In 1939 after the great depression, in 1969 a major low as improved technology created larger yields and huge surpluses. Then came the great Russian grain sales and OPEC oil embargo and in 1999 it hit a cyclical low.

Trend Analysis:

This method studies prices and charts when the price trends change. Many will follow monthly and weekly cycles all the way from 68 months low to

low to 10 trading days low to low. The shorter the cycle, the less reliable it is. The monthly CBOT continuation corn chart shows the 30-year and 68 month low that came into the corn market in August 2000 at \$1.74. Prices rallied for about 3 1/2 years before dropping down to the December 2005 low at \$1.86. From that important 68 month low, prices exploded higher. The long term projections now suggest the next major low for corn prices is due in the fall of 2011. The monthly CBOT continuation chart shows the major 30 year and 68 month low in July 1999 at \$4.01 per bushel and again in February 2005 at \$4.98 when the next 68 month low was put in. The next 68 month low is due in late summer or fall of 2011. Many chart watchers claim this is one of their best analytical methods. They don't work all the time, but they do provide you the ability to be bearish at predetermined times.

Motion Analysis:

This method studies seasonal odds, patterns and

uses the more complex tools like relative strength index and oscillators. This can now include a huge group of other computer driven programs. Basically, the chart analysis is understanding the price trend in the market. Prices can trend higher, lower or sideways. The key is to understand which trend the market is in and when the trend changes. Knowing when the trend has changed and when to wrap up your sales is often one of the toughest decisions that farmers face.

The normal seasonal price motion is for corn and soybean prices to move higher in the spring and into the summer. Soybeans tend to move into August and corn tends to drop lower after July. Harvest time with the motion analysis also tends to be the lowest prices of the year.



Glossary Term of the Month:

Hedge

A hedge involves taking a futures position opposite, but equal in size to, a cash position. The price movement of one position tends to offset the other because futures and cash prices tend to move in the same direction. This means that a loss in value of the cash position will be offset by a gain in the futures position. Hedging merely reduces the risk of price fluctuations that can affect the value of a commodity.

STORING PROBLEM CORN

Another large, wet crop across most of the Midwest with a very late harvest and an already abundance of poor-quality corn from last year will make it very difficult to deal with problem corn this year.

We have learned from last year that the extra cost and handling is likely to pay off in terms of avoiding damage losses later on. This is not a good year to take chances

that the wetter corn will keep. Grain has a shelf life just like any other food product and can be determined by the moisture content of the grain and the temperature.

There are a few things to remember when storing grain. One is that grain heats up when it begins to spoil and it gives off moisture. Unaerated grain will shorten its own life. Low test-weight

corn will spoil faster and if the corn is held at a higher moisture, then dried, the dry corn will still experience hot spots and other problems in the summer.

Every action taken after harvest affects the length of time grain can be stored and its quality. Fines and cracked kernels spoil much faster so it is recommended if possible to clean the grain as you are

filling your storage bins. If you can find a buyer, ship the fines out now!

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To Receive Daily Commentary by fax or e-mail contact:

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(See Last Page for info)



Poinsettia Pointers

With some patience and commitment, you can make your poinsettia bloom again next year.

Follow these tips and enjoy your poinsettia next holiday season.

After the holidays: Place the poinsettia in a very sunny location and keep the soil barely moist. Fertilize as the package recommends.

In March trim to 6 or 8 inches tall after the leaves fall. Continue to water and fertilize.

When the plant shows strong new growth repot and bring outdoors in May. Give the plant six to eight

hours of sunlight daily. Protect from the harsh afternoon sun.

In Mid-July trim one-fourth of growing tips to encourage branching. Leave at least two or three leaves on each branch. Continue to water and fertilize.

In early Autumn bring indoors when nights fall below 60 degrees. October 1st through December 15th place in complete darkness from 5pm to 8am in temperatures around 65 degrees. Any light—even for a moment—will ruin your efforts. Place in a sunny location during the day.

After it starts to color, a long night is not as necessary, but keep in the bright sunlight until completely colored and then place the plant in its holiday location.

STORING PROBLEM

CORN CONTINUED ...

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In the winter, maintain temperatures with intermittent aeration between 28 and 35 degrees. Once you have reached the ideal temperature, keep grain cold by sealing fans and ventilating the headspace intermittently as well. Check your grain weekly and monitor for temperature changes. I highly recommend using a chart to keep track of the moisture, test weight, tem-

perature, damage and foreign material. Pull samples from the top and the bottom of the bin.

Wet corn and low-test-weight corn should not be put in any temporary storage, outdoor piles, bunkers, flat storage, sheds or any other structure where air flow is not well distributed.

The less you dry, the more risk you are accepting. Be selective of what corn is placed in storage vs. moved at harvest. Deliber-

ately decide which corn and bins are going to be kept into summer. This should be your highest test weight corn below 18% moisture, with good aeration rates and airflow distribution. It is also not wise to mix corn of different crop years in the same storage bins; the mix is less stable than each year's crop stored separately.

Holding wetter corn should be done with a plan for drying or

other options to halt spoilage, if it starts. Remove the center core and again check the temperature of the grain weekly and if you note a rise, aerate. If a hot spot starts make that the next corn to be moved out; one storage problem always leads to another.



SAVE MONEY AND WINTERIZE YOUR HOME

Program Your Thermostat:

Get a programmable thermostat and save hundreds per year on your heating and air conditioning bill. They are simple to install, simple to program and can save you serious cash by making sure your heat adjusts to whether or not you are at home. You can program the thermostat when you leave the house and when you return, as well as when you go to sleep and wake.

Insulate Your Windows:

You can buy window insulation from any DIY or hardware store and it's very

inexpensive and easy to install. The insulation wrap keeps the cold out and your heating bill down. If you aren't crazy about the look of cling film on your windows, just seal the perimeters of your windows with chalk (you can use the removable kind that's easy to take off in the spring).

Blow Some Hot Air:

Ceiling fans are a great way to circulate your heat around the house, reducing the need for your heating system to pump out as much hot or cold air. If you've got one, turn it on! If you don't have a ceiling fan, stan-

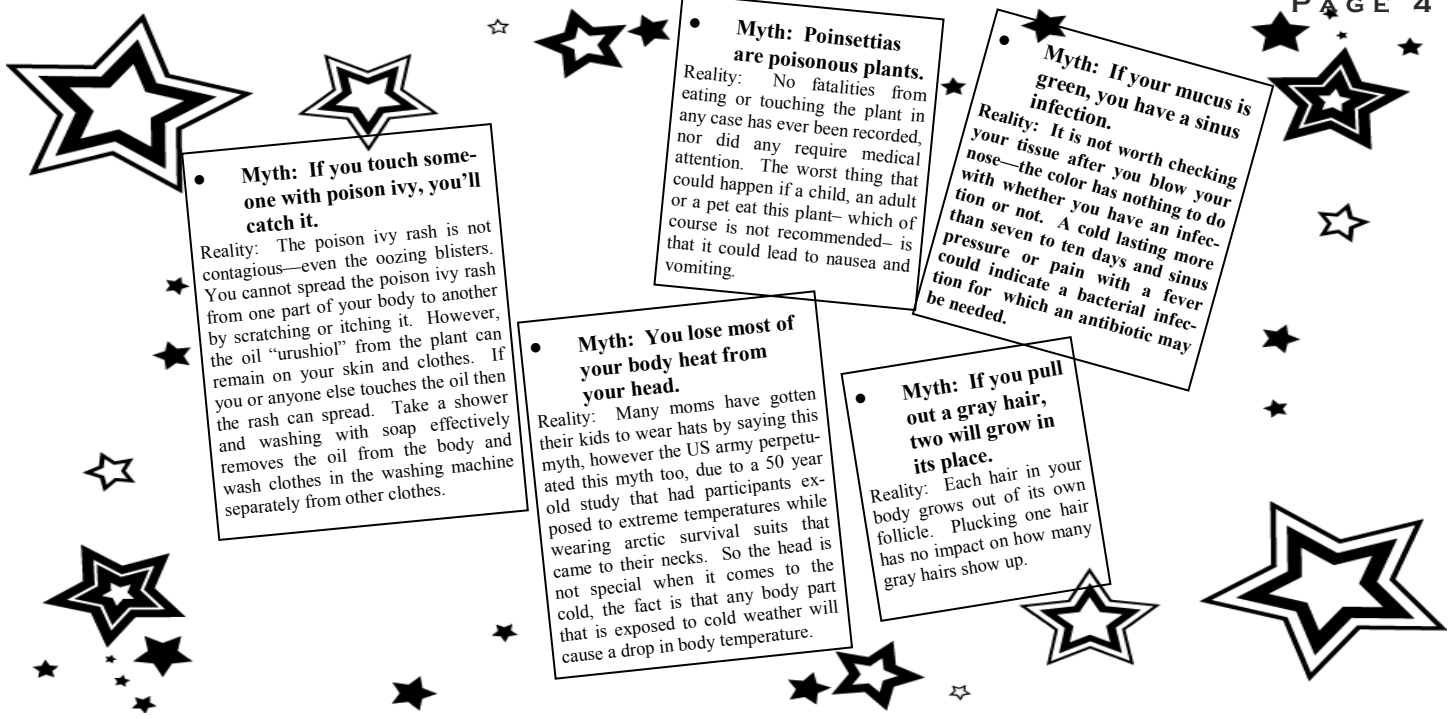
dard floor fans work pretty well at circulating heat as well.

Make a Change:

Replace your old incandescent bulbs with compact fluorescents. You can really do this at any time of the year, but while you're giving yourself a winter audit, this is a great time to address your light bulb situation. Replacing 25 percent of the lights in your high traffic areas can save you about 50 percent on your lighting expenses.

Become an Energy Cop:

Be vigilant about turning off lights and other electronics when you are not using them. If you're not in the room, kill the lights! Don't leave the DVD player on pause or the computer in sleep mode. They still use energy, even when you aren't using them. An easy way to turn off all those home electronics like TV's, DVD players, computers etc. is to plug them into power strips with surge protectors and then turn the entire power strip off when equipment is not in use.



• **Myth: If you touch someone with poison ivy, you'll catch it.**
 Reality: The poison ivy rash is not contagious—even the oozing blisters. You cannot spread the poison ivy rash from one part of your body to another by scratching or itching it. However, the oil "urushiol" from the plant can remain on your skin and clothes. If you or anyone else touches the oil then the rash can spread. Take a shower and washing with soap effectively removes the oil from the body and wash clothes in the washing machine separately from other clothes.

• **Myth: Poinsettias are poisonous plants.**
 Reality: No fatalities from eating or touching the plant in any case has ever been recorded, nor did any require medical attention. The worst thing that could happen if a child, an adult or a pet eat this plant— which of course is not recommended— is that it could lead to nausea and vomiting.

• **Myth: If your mucus is green, you have a sinus infection.**
 Reality: It is not worth checking your tissue after you blow your nose—the color has nothing to do with whether you have an infection or not. A cold lasting more than seven to ten days and sinus pressure or pain with a fever could indicate a bacterial infection for which an antibiotic may be needed.

• **Myth: You lose most of your body heat from your head.**
 Reality: Many moms have gotten their kids to wear hats by saying this myth, however the US army perpetuated this myth too, due to a 50 year old study that had participants exposed to extreme temperatures while wearing arctic survival suits that came to their necks. So the head is not special when it comes to the cold, the fact is that any body part that is exposed to cold weather will cause a drop in body temperature.

• **Myth: If you pull out a gray hair, two will grow in its place.**
 Reality: Each hair in your body grows out of its own follicle. Plucking one hair has no impact on how many gray hairs show up.

ZERO BIN ENTRY

Most grain entrapment incidents develop around some type of grain quality issue. The spoilage causes the grain to stop flowing freely out of the bin during unloading which provokes someone to enter the space hastily. However, what we all need to focus on are three areas to stop bin entry all together which will stop grain entrapments and fatalities.

- Make sure to understand how to keep stored grain in condition and monitor its quality effectively; utilizing aeration and temperature checks. If the operator is not monitoring the grain temperature, then they have no clue about what is going on inside the bin and is setting the facility or farm up for failure.
- Grain that contains excessive moisture, dust or other foreign material tends to clump and harden. In addition to increased temperature, such grain will no longer flow freely which typically causes problems such as inhibited gravity flow, cascading, and plugging of the discharge holes. It also creates a hazardous breathing environment which can cause illness.
- We should strive for a ruggedly-designed sweep auger as part of a reclaim system that does not require an operator entry and will completely empty the bin while keeping operators outside of the bin and thus out of harm's way. Simple 12 x 12-inch openings every 10 to 12 feet across the bin floor is not adequate. We must make a more serious investment in safety and handling efficiencies in the area of reclaim systems and sump holes. The holes need to be much larger and spaced closer together. We have ignored this way too long.

Last Issues Question: What's your most creative use for an Ice Cube Tray? Thanks for all that responded. The list below summarizes the ideas that were submitted in response to our question.

- One tray is designated for leftover ingredients, such as tomato paste and/or canned chipotle chile peppers. The small portions are perfect when you need to add just a tablespoon or two of flavor to a sauce. You save money and cut down on waste by not opening another can.
- Fill the sections with diced bell pepper, onion or garlic and add a few drops of water and freeze until needed to save on prep time at a later date.
- Make smoothies when fruit is on sale or overripe. The small frozen chunks are easy for the blender to puree, especially if you use a little juice or water. It's a healthy slushy treat that is ready in seconds.
- If you have extra lemons or limes we freeze their juice in the trays.
- Ice cube trays come in handy when "self-serve" foods are on your menu. Use trays to hold diced tomatoes, shredded cheese, and or other toppings for Chili or tacos.
- Fill the trays with chocolate chips, mini marshmallows, cherries and sprinkles for make-your-own sundaes.
- Fill the trays with different types of dip for veggies or chips.



The Recipe for Saving Dinner

"There's lots of people in this world who spend so much time watching their health they haven't the time to enjoy it."
-Josh Billings



New research points to enjoying a balanced diet instead of a strict diet of healthy foods while depriving yourself of foods you've always enjoyed. When you deprive yourself of tasty food you love, you may have strong cravings for those foods. So how to you enjoy a balanced diet, lose weight and replace the foods that just don't work to your advantage.

Follow the 80/20 rule. If 80% of the foods you eat are healthy, then it's okay if 20% of the foods you eat are less healthy. It means you don't have to strive to be a perfect eater all the time. It means the goal in healthy eating isn't to be a restrictive dieter. Instead, you can use the 80/20 rule to help you eat more healthfully and stay satisfied at the same time.

Since your goal is to lose or maintain your weight, you want to focus on enjoying only a moderate portion of a favorite, high calorie food. You can share a yummy dessert with others. It means taking a smaller plate instead of a larger one, especially for dessert type foods. Pay attention to the plate sizes you use at home too. Studies have shown that if you downsize your tableware you will downsize your portions and cut your calories without little effort and still enjoy your favorite foods. Large portions are a huge factor in causing weight gain and inhibiting weight loss.

Spend wisely. Become calorie conscious. Be aware of the calorie levels in your favorite foods as well as the low calorie levels in nutritious fruits and vegetables. Remember fresh or frozen fruits and vegetables, avoid any canned or processed fruits and vegetables, they have lost nutritional value and have ingredients such as high fructose corn syrup which actually helps you gain weight. Make healthy foods visible. It's important to have these foods easy to see and easy to grab. Plan ahead. Make apples, oranges or berries easily visible on an eye-level shelf in the refrigerator. Cherry tomatoes, baby carrots and cucumber slices can be washed and put into baggies, ready to grab. Remember if they are sitting next to a cheesecake, there will be less of a chance for you to stay on track.

Think long term. Your weight and overall health are a result of numerous eating and exercise decisions that you make over weeks and months. If you find that you've had a bad day of eating, a bad weekend or even a bad few weeks, don't throw in the towel and give up. Instead, remind yourself that you are in this for the long run and now's the time to re-focus. Being able to do this is what can separate a successful weight loser from someone who keeps abandoning the programs.

Travel smart. It's a good idea to keep some healthy snack foods or even meal replacement bars with you when traveling in airports or by car. A banana or bag of pretzels can fill in for a planned snack and a meal replacement bar can fill you up for a quick meal on the run. This will save you calories and money.

SUPPLY AND DEMAND

WHEAT

US Wheat ending stocks for 2009/10 are projected 15 million bushels higher due to lower expected food use. Higher flour extraction rates reduce the quantity needed for milling.

Global wheat supplies have increased 1.0 million tons due to increased production in Canada and EU-27 which more than offset the lower beginning stocks and production for Australia.

Global trade is projected lower, mostly reflecting lower imports by Iran and lower exports by Australia and China. Exports for China are lower based on the slow pace of shipments to date and relatively high internal wheat prices. With higher production and lower use, global ending stocks are raised 2.6 million tons.

Looking into the next decade, shares of the world wheat market will decline slightly for the US as Ukraine and Russia continue to be significant wheat exporters.

CORN

US corn ending stocks are projected higher with a reduction in expected corn exports. An increase in competition from larger supplies in the Ukraine and the slow pace of shipments to date, corn exports have been lowered by 50 million bushels. Ending stocks would nearly be unchanged from 2008/09.

World corn production is increased mostly reflecting the increase in the Ukraine. Global corn trade is nearly unchanged as higher Ukraine corn exports offset US corn exports.

Increasing domestic corn use for ethanol, large competing supplies of feed wheat and reduced world trade limit US corn exports at the beginning of the next decade. Although the higher prices are expected to continue stimulating grain production, neither stocks-to-use ratios nor prices return to levels prevailing the last three decades.

Russia is expected to produce more for domestic feed use, Mexico's imports are projected to rise and in Japan, South Korea and Taiwan, increasing imports of selected meat cuts constrain meat production which will result in no growth in corn imports.

SOYBEANS

Soybean exports are increasing reflecting the record export pace in recent weeks and higher projected soybean imports by China. US export commitments were at record highs through November, up almost 60 percent from a year ago. With projected crush unchanged, soybean ending stocks for 2009/10 are projected at 255 million bushels, down 15 million.

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Committed to the profitability of each customer, to provide service with the conviction that the greatest of my work is still to be done.

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Our greatest glory consists not
in never falling, but in rising
every time we fall.
-Oliver Goldsmith



S U P P L Y A N D D E M A N D

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Global production is projected down. Income and population growth in developing countries generate increasing demand for vegetable oil as feed stocks for biodiesel is also projected to increase into the next decade. A number of countries prefer to import oilseeds for crushing, rather than import soybean meal or oil, world trade in soybeans should expand more rapidly. However, watch for strong competition in protein meal markets. This is expected to shift some import demand from oilseeds to cheaper meals.

In Argentina, uncertainties about grain policies may cause farmers to shift some land to soybean production. Brazil's rapidly increasing soybean area enables it to gain a larger share of world soybean exports, despite increasing domestic food use. Finally China expansion of domestic crushing capacity significantly should influence world trade by raising global import demand for soybeans rather than oil seed products into the next decade.

In summary, the financial crisis and global economic slowdown will constrain US exports in the short to intermediate term. The return to steady global growth supports longer term gains in world food demand, global agricultural trade and US exports.

The US will remain competitive in the global grain markets, although trade competition will be strong. Even with the moderate strengthening of the US dollar, export gains will contribute to increases in cash receipts for US farmers over the next decade.

Although the pace has slowed from the rapid gains of the past several years for corn use to produce ethanol, projected gains are in line with moderate expected increases in overall gasoline usage in the United States.

