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## Grain Market Outlook

By Brad Foster, Grain Business Team Leader

### Rationing:

I have used the term “rationing” ad nauseam to describe commodity markets when tight supplies force end users to cut back on consumption. Often I referred to a price level that might ration demand. However, my reasoning is not totally correct since price does not necessarily ration demand – margins do! Take corn for example. End users such as livestock feeders or ethanol producers have tolerated \$6 and \$7 corn because their finished product is keeping pace with corn prices. Livestock prices are at record levels while ethanol prices (along with DDGs) are walking lockstep with the price of corn via crude oil prices. (See chart below – corn and ethanol prices have moved together, keeping margins positive.) These industries have no reason to stop using corn if prices continue going higher and their end products follow along. There is no rationing in this situation. Likewise in the fuel markets – as long as companies can pass higher gasoline or diesel prices (i.e. fuel surcharges) on to their customers, they will continue paying higher prices.

Rationing occurs when margins are squeezed and profits disappear. The last round of quarterly earnings suggests companies have been able to pass those costs to the customer. Therefore, we do not know how high commodity prices can go.

### Grains:

Judging by the markets, traders did not place much credibility in the USDA's report on April 15. Corn ending stocks were

left unchanged after they dropped the quarterly stocks number just one week prior. The market was braced for a 500 to 550 million bushel carryout, so the 675 million bushel carryout should have been bearish. The weaker opening was scooped up quickly, since traders expect carryout stocks are really much lower than the USDA report. For you conspiracy theorists, could the government just be ignoring seemingly obvious evidence that stocks will be much lower by the end of the marketing year? The market thinks so!

Dry weather continues in the Plains states but extended forecasts offer some hope of modest rains. On the opposite end of the grain belt, cold and wet weather continues in the Northern belt, raising delayed planting concerns for the row crops. Weather will dominate grain prices for months... The first planting progress report was released April 11. Traders are more interested in the wheat ratings, as planting progress is nearly meaningless at this time.



# UAN (Urea Ammonium Nitrate) Facility Update

By Mike Harden, Agronomy Business Team Leader

Spring is here and it's time for an update on the new UAN (Urea Ammonium Nitrate) facility. The first and second tanks are operational, and we're on target to have the final tank operational in May. As of the middle of March, two new 500,000 gallon tanks are in place with the first tank full of 32% solution and the second tank filled with Thio-Sul. On March 21st we started construction of the third and final tank, which is expected to be done in a few weeks. This two million gallon tank will have a rubber liner within the tank that will meet state and federal requirements without building a dike. The two million gallon tank is expected to be filled with 32% solution this summer.

The Senior Leadership Team is currently working on phase two of this project - a 24/7 load-out center to be completed by the fall of 2011.

## About the UAN Facility

UAN, also known as 32 percent, stands for Urea Ammonium Nitrate and is a fertilizer that can be used on almost any crop grown in the Midwest. It is widely used for side dressing corn and beans in this area. This state of the art liquid fertilizer facility will be completely computerized and run by the click of a mouse, requiring only one full-time and one part-time person to operate it. The completion of this project is set for the fall of 2011.



# Increase Swine Intake in Hot Weather

By Bill Hayes, Feed Business Team Leader

In past summers have you increased fat in your sow's diet to provide adequate energy? If you have, you might consider another option this summer. Adding True Appetizer™ feed to a complete diet can increase lactation feed intake up to 10%, particularly in hot weather.

Low sow feed intake has a negative influence on reproduction, which is particularly evident during hot weather. These intake dips are associated with longer weaning-to-estrus intervals, reduced farrowing

rates and smaller litter size. Research results from five Land O'Lakes Purina Feed controlled feed trials show that True Appetizer significantly increases feed intake at a room temperature of approximately 80 degrees Fahrenheit. Days to estrus and sow weight change were also improved.

With the current cost of fat, adding True Appetizer™ to your swine rations might be a good alternative for economically providing more calories (daily energy) during hot weather.

To find out if True Appetizer is right for your breeding herd, contact your Viafield swine nutritionist today:

**Jerry Cole** - 563-920-7481

**Steve Woods** - 563-380-4379



## Direct Deposit, Automatic Payment Plan now available

By the Accounting Team

### Automatic Payment Plan

Your cooperative now offers a convenient and hassle-free way to pay your monthly bill. If you enroll in the Automatic Payment Plan you will no longer have to mail checks or drive to our location to make your monthly payment. You can be worry free, knowing your bill has been automatically paid from your checking account.

### Direct Deposit

A direct deposit option is also another feature the accounting team at Viafield has recently

created for your convenience. This free option will ensure your check is deposited in your account safely and more quickly. You won't have to come in and pick up your check, and it won't get lost in the mail, or in your house.

**For more information on these options or anything related to your account, please contact accounting team at Marble Rock, 641-315-2515.**

### To Enroll

Go to [Viafield.com](http://Viafield.com) scroll down the page until you see the **CLICK HERE FOR DIRECT DEPOSIT** button on the left side of the screen. Print out, complete the form and mail the form and a voided check to:

The Accounting Team  
Viafield  
PO Box 38  
Marble Rock, Iowa

## Energy Market Outlook

By Mike Kuboushek, Energy Business Team Leader

April 18, 2011 - Energy futures are coming in moderately lower this morning ahead of the opening bell. The tug of war between demand destruction due to high fuel prices and geopolitical risk continues with headlines over the weekend being on the bearish side of the market. The election concluded in Nigeria this weekend without any supply disruptions which should take out some of the fear premium, especially coupled with no significant news out of the Middle East. There doesn't seem to be an end in near sight in Libya and while there continues to be unrest in Yemen and Syria, it appears some of the contagion premium will likely be taken out of energy prices. Adding to the selling pressure, the Saudi Oil Minister said they would be slashing output because the extra production was unnecessary due to soft demand. Look for prices to remain under some pressure, but without a sustained break lower, look for buyers to step in and use any significant dip as a buying opportunity.

### Market Comments

NYH ULSD cash markets were marginally stronger on Friday, for the third straight day, amid tightening supplies and position squaring. According to the EIA stock report, heating oil stocks for the week of April 8th have reached a 32-week low. This supply squeeze coupled with increasing distillate demand for on-road and off-road use will keep differentials strong heading into late spring.

Reports from Friday have stated that the Wolverine Pipeline Company shut down the Spartan Pipeline as a precautionary measure when a leak was detected at the Michigan terminal. Group III and Chicago cash markets were steady to slightly stronger on this news but, with a resolution expected soon, traders were not running in to bid up the market.

Regional ethanol prices were slightly weaker on Friday as corn prices were seen dipping 13 cents.



### Greetings from the Viafield Energy Team - Mike Kuboushek

Spring busy season started two weeks ago for the Viafield Energy team. The Refined Fuel Specialists have been extremely busy filling customers' diesel barrels and delivering many new tanks and pumps as we start on what looks to be another successful spring planting season.

As most of you have noticed, diesel prices have moved up a lot since last fall and, unfortunately, show no major indications of coming down anytime soon. Fortunately, many of you took advantage of our Spring Diesel Booking Program this winter and are getting your tanks filled now with diesel fuel at prices well below the current diesel price. For any of you that did not take advantage of our spring program, we already have our Fall Diesel Program up and running. Talk to your Refined Fuel Sales Specialist for price and details. **Reminder: all spring diesel fuel contact gallons must be delivered by June 30th.**

As always, I want to take this opportunity to say thank you for your Energy business and have a safe and successful planting season.



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## Spring Update Issue

Your Cooperative — Viafield

### In this Issue

- Grain Market Update - Grain Team
- Spring Greetings - Energy Team
- Increase Swine Intake in Hot Weather - Feed Team
- UAN Facility Update - Agronomy Team
- Direct Deposit Option Available - Accounting Team

***Look inside for more information!***

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