

Sauk County Marketing Club
Tuesday, March 8, 2005

Meeting was called to order at 11:00.

Attendance: Ed Reimer, Steve Rynkowski, Phil Gruendemann, Randy Liegel, Bob Muchow, Mike Goetsch, Ric Accola, Galen Alwin, Ed Green, Ron Schultz, Dave Julius, Paul Dietmann, Kevin Knuth

Minutes of the February meeting were approved.

Went over our 2005 marketing plan. Using a "sell by" date of May 18 for soybeans as close as we can get to a \$6.40 strike price at a 30-cent premium.

Guest speaker was Kent Beadle, Market Analyst at Country Hedging. He stated that there is little room for optimism in the commodity markets.

Corn:

- Old crop/new crop – last year was the best year ever in terms of bushel average over trend line from 1980 to present (160.40/acre national average). Record high supply even with low carryout the previous year.
- Food/Seed/Industrial demand increasing exponentially due to ethanol.
- Exports are flat despite cheap dollar – countries needing grain are waiting on the sidelines looking for dollar to bottom out.
- Feed use is up with rising livestock prices.
- Chinese production was decent, but ending stocks have declined. They will end up importing corn sometime in the next few years.

World coarse grains stocks:

- Use ratio is very tight
- December 1st, cash bids start being based off of March futures.

"Redeem and Dream" – take L.D.P. and hope the market goes up.

Moving into a six-year period where we are due for two droughts according to Dr. Taylor from Iowa State.

Don't put offers in at numbers divisible by 5 (i.e. 2.45), drop it by a penny (i.e. 2.44)

Chinese defaults in 2004 have driven sellers to demand cash before the grain is shipped.

Beans:

- Old and new crop – new OTC contracts.
- Record high production in 2004 with essentially no carry in.
- Ending stock in 2004 – 112 million bushels. In 2005 projected to be 440, which is highest since mid-80's.
- Funds are now net long in the market after being short a few weeks ago.
- July beans pushed by fund buying rather than a change in fundamentals.
- Goldman roll (Goldman Sachs) – they keep rolling their long positions ahead as contracts expire.

Our Marketing Plan:

Corn: Motion by Ed Green, second by Kevin Knuth to lower each of our target prices by a penny.

Milk: March through June/ \$14.00 puts each month as of today's close at market premium.

Meeting was adjourned.

Respectfully submitted,

Paul Dietmann, Secretary