

Late Planting, Low Prices Will Challenge Farmers

By Michael Stein

The winter of 2018-19 will long be remembered as harsh in terms of snowfall and bitter cold. For ag producers, the fact that February and March were two of the worst months means almost certain late planting. That's not so unusual for farmers in the Midwest.

"It's going to be compressed," said Dave Dufault, Valley Ag Partners elevator manager in Dilworth. "So we'll have to get a lot done in a short amount of time. There are pluses and minuses to that, but there will still be a lot of opportunity for business."

Tariffs have had a major effect on producers.

"The tariffs hurt, but we ended up finding more markets for our grain," Valley Ag's GM Paul Jorgenson said. "So in a way it was a blessing in disguise. We realized we don't have to rely on one country. There are other options besides China."

A late start in the field is just one issue out of many on the minds of ag producers. Prices remain low. Trade deals are still up in the air. Bushels from last year's crop are still in the bin as farmers wait for an uptick in prices.

The low prices, along with trade issues, hit farmers hard in last year's growing season. So belt-tightening will be part of the plan for many area farmers in 2019.

Last year was a particularly tough season for soybean producers. But innovations in soy-based products may open new markets and bring prices up. A new plant opening at Volga, SD, in 2019 will produce soy-based feed for aquaculture.

Although a possible trade deal with China missed one deadline, progress has been made with China's pledge to purchase 10 million metric tons of U.S. soybeans.

Over the winter there was talk of greater wheat acreage in 2019. Much of that discussion was spurred by Trump's trade war



Wet conditions last fall hampered the beet harvest. Here, beet farmers northwest of Barnesville got back into the fields and re-started their harvest last after more than a week of poor weather conditions.

and the harmful effect it had on soybean prices.

On March 8, the U.S. Department of Agriculture projected a slight increase in 2019 farm income, although it's small.

The USDA's chief economist Warren Preston said, "We look at the checkbook approach: money in versus money out. The net cash farm income is projected at \$95.7 billion, up 2.9 percent from last year. If you take into account the more comprehensive balance sheet approach, looking at depreciation, cost of capital and changes in inventories, net farm income is projected at \$69.4 billion."

In such a challenging farm economy, producers might look at ways to cut costs. But those steps include risks.

"One of the first things they look at is how they can cut back on their



When farmers have been able to go in the corn fields it has been hurry up and wait. When conditions are right, a lot of acres can and will be combined in a day. While the combines separate the kernels from the rest of the plant, the hopper is dumped into a tender cart in the field. The corn is then hauled to a semi parked on the road or on a dry spot in the field.

Valley Ag Partners Moves Ahead After First Full Year

By Michael Stein

It's not rare for a merged company to have a few bumps in the road while establishing new goals and changing personnel. That was the case with Valley Ag Partners in 2018.

Valley Ag Partners formally came into existence January 1, 2018, through the merger of the Rothsay

Farmers Coop and Kragnes Farmers Elevator. The new company, headquartered in Barnesville, was under the direction of general manager Dan Noreen. Agassiz Valley Grain remained part of the company.

Noreen was charged with getting the new Valley Ag Partners up and going while still managing Agassiz Valley Grain.

In early December 2018, Valley Ag's stockholders and patrons were notified that Paul Jorgenson, long-time manager of Rothsay Farmers Elevator, had been named new general manager in charge of all operations. Noreen would remain manager of Agassiz Valley Grain.

"We'll be doing a few things differently," Jorgenson said. "Basically we'll be operating again

as two separate grain entities. There will be Valley Ag Partners and there will be Agassiz Valley Grain. We will no longer have a presence at the Agassiz Valley elevator itself, except we are still 50 percent owner of the shuttle station. We will be dumping grain at the Agassiz Valley site if the farmer asks for direct delivery."

Another part of the streamlining effort was the possible closing of the

Sabin and Kragnes satellite elevator locations.

A new branch manager, Dave Dufault was hired at the Dilworth location effective January 2, 2019.

Dufault has been in the ag business his entire working life, most recently as manager of Farmers Elevator of Pelican Rapids.

"With Dave joining us, we decided not to pursue closing the Kragnes and Sabin locations," Jorgenson said. "He'll oversee those locations as well as Dilworth."

"I think the smaller elevators are still a viable part of the business," Dufault said. "We'll see how it turns out in a year, but for now I want to see what we can do to make them stronger and more viable."

A primary goal of Valley Ag Partners for 2019 is getting back patron loyalty.

Jorgenson said the merger was probably done too quickly with the hope it would work out well. He added that there was no single factor or individual to blame for the situation that is now undergoing a correction.

"I see things improving soon," Jorgenson said. "It won't be overnight, but it won't be long before we have things back on the ground

and running hard. As we all know, the ag economy is not ideal right now. With the size of the 2018 crop, and prices not quite as bad as people were expecting, I see some optimism going into the 2019 season."



Paul Jorgenson, long-time general manager of the Rothsay Farmers Coop was promoted to General Manager of Valley Ag Partners. This new coop was formed a year ago when Rothsay Farmers Coop merged with the Kragnes Farmers Elevator.



Valley Ag Board members and managers are, left to right, standing - Paul Jorgenson, Ross Johnson, Kevin Martin, Larry Altenbernd, Troy Larson, Chris Watterud, Dan Noreen; seated - Matt Krabbenhoft, Mike Nelson and Jason Wang.

