

# COOPERATIVE PRODUCERS [INSIGHTS]

GRAIN • AGRONOMY • ENERGY • FEED



FALL 2022

## Vision

*To be the best solutions provider growing partnerships to achieve employee and customer success.*

## Mission

*To serve our customers by providing products, solutions, and services that enhance mutual success.*

## Core Values

### Integrity

*We are accountable to the highest ethical standards in all our relationships, commitments, and actions. We build trust through honesty and consistency in all the work we do.*

### Employees

*We value our employees and are committed to their professional development, engagement, and success. We recruit and retain the best people to continually deliver value.*

### Safety

*We are committed to a proactive safety culture which provides a safe work environment to protect our employees and the well-being of their families. We will reinforce a safety-first mindset every day.*

### Partnerships

*We are dedicated to delivering value to our customers by growing partnerships through agriculture for mutual long-term success.*

### Innovation

*We deliver value by bringing cutting edge solutions to meet the future needs of our customers.*

### Success

*We are committed to achieving long-term financial success to meet the needs of our customers. We embrace a winning culture by living our core values every day.*

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#### SENIOR LEADERSHIP TEAM

Chief Executive Officer: Gary Brandt  
Chief Financial Officer: Rick Ackerman  
Vice President of Operations: Jerry Bahe  
Vice President of Grain: Justin Yoesel  
Vice President of Agronomy: Mike Battin  
Vice President of Energy: Larry Ehrman  
Vice President of Human Resources: Sarah Ayres  
Vice President of Health and Safety: Doran Burmood

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# A LETTER FROM THE CEO

*Gary Brandt, CEO*



The impact of weather is always a concern for America's farmers. This year the late frost caused bean replants, hail knocked plants back in growth or completely to the ground, and the August drought in some areas stole yield from dry land fields and pivot corners. These things cannot be controlled by the farmer, but they are things that with reaction and planning can sometimes be mitigated. I hope that CPI was able to support your farming operation as you adjusted to the conditions in your fields and decisions about irrigation and chemical application. The business you choose to do with CPI is the key to our success. Thank you for your sales of grain and your purchases of inputs. By working together, we can be the cooperative model that makes us both more successful.

June 30, 2022 marked the end of our last fiscal year. CPI was able to handle more bushels than the two record years before as well as increased chemical sales. Our fertilizer facilities performed well and proved that CPI has the capacity to handle more fertilizer sales, deliveries, and applications. CPI's anhydrous ammonia custom application was a success and we are looking to expand that service.

CPI's FY2022 finished with a local profit of \$10.3 million. CPI's cooperative partners were able to have strong years and the patronage they paid us led to a total profit of \$25.7 million. CPI uses its local profits to reinvest in the business and support your operations by building facilities and capacity to keep up with your farm. CPI also pays you for the business you do with CPI. This fiscal year your board of directors has authorized a patronage payout of \$5 million (50% cash/50% equity). That money will be returned as 3.38 cents/bushel and as a percentage of purchases of chemicals and seed (1%), fertilizer (1.1%), gas & diesel (.75%), and propane (1%). CPI also returned \$1.8 million in allocated equities to its members.

We are excited to see you during harvest. If you are at the Hastings location please stop in and say hello. Thank you for doing business with CPI.

**- MARK YOUR CALENDARS -**  
**2022 ANNUAL MEETING**  
**Tuesday, December 13, 2022**  
**@ 11:00 a.m.**  
**Lochland Country Club**  
**601 W Lochland Rd, Hastings, NE 68901**

A handwritten signature in blue ink that reads "Gary Brandt". The signature is written in a cursive, flowing style.

# WELCOME TO THE SAFETY TEAM

*Larry Dygert, Health & Safety Coordinator*

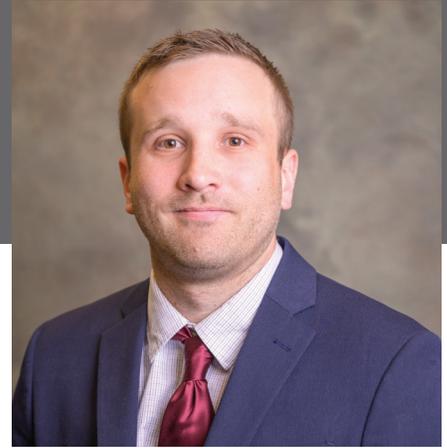


Hello, my name is Larry Dygert. I am the new Safety and Health Coordinator for CPI here in Hastings. Many of you may know me already. I was born and raised just south of Hastings and I have family that still farms in Webster County. I graduated from Adams Central High School and went on to earn a Bachelor's Degree in Criminal Justice from the University of Nebraska-Lincoln. I then proudly enlisted in the United States Air Force where I became a firefighter and served on active duty for four years in Wichita, Kansas at McConnell Air Force Base and a year tour at Soto Cano Air Base in Honduras, Central America. After completing my enlistment, I worked as a firefighter for Halliburton company contracting for the US Army in Kosovo and Macedonia, eventually working in Baghdad, Iraq. I contracted for almost four years before returning to the states and working as a civilian firefighter for the US Air Force in Cheyenne, Wyoming at F.E. Warren Air Force Base. I eventually made my way back to Nebraska after completing a nearly fifteen-year firefighting career. I have spent the last 6 years working for the State of Nebraska as a Safety Consultant/Industrial Hygienist for the On-site Safety and Health Consultation Program. Two months ago, I proudly joined the Safety Team here at CPI.

My entire life has been spent working in high hazard occupations, whether it be in firefighting, construction, or farming. Farming has always been extremely dangerous and has gotten better with technology and our change in safety culture. Long gone are the days where our grandparents farmed with open cabs and unguarded dangerous equipment, thank goodness. But technology brings new challenges as well. Equipment is bigger, better, and faster posing new safety concerns for producers and our neighbors as well. Transporting equipment on today's roads poses a challenge for all of us with the increase in speed and traffic as well as under sized bridges and aging infrastructure. Power lines installed years earlier can now be too low for today's sprayer applicators and large harvesting equipment. Producers need to remember to take good travel routes and be patient with drivers sharing the road, especially our inexperienced young school drivers and neighbors who may not have any farming background or experience. When purchasing any new or used equipment, conduct an inspection to ensure that all moving parts and augers etc. are properly guarded. Don't assume that because it is new, the manufacturer has properly guarded everything. While the manufacturer may have done their best, many times they are unaware of regulations and standards or how the product is actually being used by the producer in the field. Take the extra time to safe guard yourself for your friends and family sake. I am proud to be a part of the CPI team and I look forward to contributing in making CPI the leading employer and provider in my hometown and surrounding area.

# EXTREME VOLATILITY LIKELY TO STAY IN SHORT TERM

*Justin Yoesel, Vice President of Grain*



Harvest 2022 is underway and locally our crops have been through a lot with extremely dry and cool planting conditions, numerous hail storms, and the 2nd driest August on record. A vast majority of the US west of the Mississippi River have been in a drought for the last 12 plus months. The grain markets have had very tight carryouts the last two years and this year is projected to be much of the same. There are certainly really good looking crops in parts of Iowa, Illinois, and Minnesota, but will they be enough to offset the challenging areas?

We started the growing season with soaring fertilizer prices, Russia invading Ukraine, soaring inflation in the US not seen in 40+ years, the Federal Reserve raising interest rates, record energy prices in Europe, record diesel prices, and we currently have pending labor strikes at the railroads. It's been great to see \$7 and \$8 corn, but it has come at a cost. It's important to understand that the volatility we are experiencing in grain is a microcosm of everything else going on in the world. Its also been very obvious to see how interconnected the entire global markets are. It's very likely the volatility we are experiencing now will remain for some time. It's hard to predict when or if it will be over, but there are just far too many events unsettled in the world. It will remain extremely important to keep an eye on China and Russia. Obviously, those are two major countries we are always monitoring, but they are magnified more and more each year. China has remained relatively quiet as of late regarding grain imports, but the market fully expects China to be a massive importer of US grain again this year.

During these times it's important to not only understand the volatility, but to also keep to your business plan. Lock in your margins where you can. You will never know when the top of the market is in until you can look back. We always say the best trades are always made in hindsight. The markets are truly unpredictable. In these markets it's important to always monitor your costs. When buying fertilizer it's a great idea to be selling grain. We follow a corn margin index which highlights corn prices in relation to fertilizer. Even with these fertilizer prices, the corn margin index is telling us this is the best corn margin opportunity in many years. Having offers is also very important. If there are prices you know for a fact you can make money at then placing offers is a great start. It helps take the emotion out of the grain markets. We have seen drastic appreciation in grain prices the last several years after harvest and through the spring with a steady drop in prices after that. It's hard to say if this will happen again, but if there are prices you would love to sell at then get those offers in. It's also very important to spread out sales. My personal strategy is to never sell more than 20% of what I have to sell.

We are looking forward to another successful harvest of serving you. While this harvest is doubtful to have the records that came with last harvest, we are still confident we will do everything we can to get you through our elevators and back to the field as quickly as possible. We have a major project in Ragan we are finishing up, plus several more major projects that are in progress. Please reach out to our origination team or merchandising staff at anytime. We can place your grain offers and have many different grain markets available to you. Of course just as the grain futures prices are extremely volatile, so are our local markets. It's important to stay in touch as different marketing opportunities present themselves throughout the year.

Wishing you a safe, successful, and efficient harvest this fall season!

## WHERE TO DELIVER YOUR GRAIN?

*Todd DeVries, Grain Merchandiser*



One of the most talked about things in our office the last couple of years is truck freight and how it's affecting grain bids. On average it's costing 33% more to haul a bushel of grain by truck today than it did a year ago at this time. With diesel still near \$5.00/gallon and the increase in operating costs, we do not see this changing anytime soon. We realize that our customers are facing the same issues. I want to touch on how this affects your decision on where you deliver your grain. There's a map in our merchandising office that we reference daily showing CPI grain

locations and the destinations that we sell grain to via truck. The map is a great reminder to determine what it costs per bushel to move grain to a certain market. I believe it's a good exercise for our customers to go through as well. In some cases, the bids at the processor or feedlot are better than the local elevator, but what does it cost to get it there? With increases in fuel, labor, insurance, repairs, etc. it's vital to make sure the bid is greater than the cost. There are many other factors to consider that are more difficult to measure such as hours of operation, waiting time in line, speed of settlements, policies, and discount schedules. CPI is committed to becoming your grain destination of choice. We offer harvest hours seven days a week during peak season with competitive policies and discount schedules. We continue to invest in grain facilities and equipment to get you in and out of the elevator quick and back to the field. CPI offers checks available for pickup after 11:00 am on requests made the prior day before 3:00 pm.



# AGRONOMY UPDATE

*Mike Battin, Vice President of Agronomy*



As a kid growing up on the family farm, fall was one of my favorite times of the year. For some it meant summer was winding down, cooler temperatures were on the horizon, school would soon be in session and fall sports would be in full swing. For me, the fall was a special time. It brought corn, soybean and sorghum harvest, which was a reward and a reminder of all the hard work from that spring and summer. Fall was also a time for sowing wheat, which meant there would be plenty of work over the winter, cleaning and preparing combines for the summer harvest.

Like many young kids who are privileged enough to participate in their family operation, I didn't worry about or even understand the importance of inputs, managing cost, marketing grain and maximizing return on investment. I did understand that I was overhead, but I could drive straight even in the absence of GPS technologies which afforded me job security, especially during planting season. Since then, I've learned over time how important these decisions are and just how important a trusted partner can be. Our industry continues to evolve, and staying engaged with these changing trends will be one of the ways CPI continues to bring value to our customers.

What can you expect as we move into the 2023 cropping season? Like much of the industry, CPI agronomy will be evolving too. One of the most important input decisions a grower makes starts with their seed purchase. Having the right genetics and traits that align with your soil

types, tillage, irrigation and pest management practices

is key to your harvest success. We will be refocusing on our seed lines and expanding our trialing across our geographical footprint in 2023. We're committed to finding and focusing on the products that meet our customers needs and bring value to their operation. In addition, we have launched the 2023 CPI Seed Guide, which specifically focuses on what we see as some of the best seed options for our trade area today.

Will fertilizer and chemical prices ever stabilize? I've been asked this question a number of times since July and my answer is yes, but probably somewhere in time past 2023. There is a tremendous amount of volatility in the fertilizer market today. We have seen steady increases in fertilizer prices from July and challenges in the industry securing physical product. Record high natural gas prices and shortages in the EU has been a contributing factor and has led to a number of plants taking their fertilizer production facilities offline. Chemicals haven't fared much better to this point either. Supply chain is still recovering from labor shortages, the physical disruption from last winter's ice storm and inbound container ships still needing to unload. I do see improvement in the supply chain as we

move through 2023, but we will be faced with some of the challenges from 2022. Input cost for spring 2023 is still anyone's guess, but to this point, many products have continued their upward trend.

Even though 2023 is shaping up to look a lot like 2022, I'm confident we will rise to the challenges. From a supply chain perspective, as tough as 2022 was, it taught us a lot about agility, flexibility and relationships. Having a world class agronomy facility in Hastings has also been a key factor in our ability to overcome the supply chain hardships others have faced. We have the relationships and ability to source products from suppliers across the U.S. and the facilities capable of taking in those products once they are secured. In today's market, size and scope are important. Having a dedicated team of professionals like the ones we have at CPI, will be key to our success as well as yours in 2023.

With the potential for higher fertilizer and chemical cost in 2023, CPI agronomy is also putting more focus and emphasis on our Precision Ag offerings. We all know we have field variances; areas in our fields that are higher or lower producing than the field average. With our grid sampling and field data collection, let us help you identify these areas and put the fertility where it is needed and not over fertilize the areas that don't. We will also be expanding our tissue sampling efforts this spring as well. Environmental factors can have a heavy influence on your crop, and we want to equip our customers with the data necessary to make decisions that positively impact their return on investment.

The precision ag team will also be adding Truterra to its portfolio for the 2023 season. As many of you know, the words sustainability

and carbon continue to get a great deal of attention. This is an area of our industry that I see continuing to evolve over time and an area we can help our customers through the evolution. We have chosen to partner with Truterra and Winfield United to explore the value we can create for the grower through their sustainability and carbon initiatives. Essentially, Truterra provides the opportunity to take advantage of untapped revenue potential by building a pathway to improve your soil health and potentially become eligible for future carbon market opportunities through Truterra and Winfield United. The current enrollment period runs through November 2022 for anyone who would like to participate this season.

Without a doubt, 2023 will be another year full of exciting challenges and opportunities. CPI is well positioned to handle the challenges of 2023 and equipped to help our customers achieve success. We want to understand your challenges, provide solutions, and earn our position as your trusted advisor. If you haven't already, now is good time to meet with your CPI Sales Agronomist and make your plans for the 2023 season.



# FERTILIZER OUTLOOK

*Nick Autry, Director of Agronomy Sales & Marketing*



Since late 2020, we've been learning, much like our patrons, how to manage our fertilizer needs with historically high fertilizer prices. In the past, we sold a price based upon

the level of service required for the product, payment terms, and timing of the product needed. Prior to this period, pricing had been fairly flat with limited price volatility—that isn't to say that prices didn't move, but we didn't see the violent swings in crop input prices that have become the norm over the last 18-24 months. As an example, urea (46-0-0) saw \$400 worth of volatility during a time from April 22-May 4, 2022 where the price swung violently up and down over a 12-day span. It would have been very easy to get on the wrong side of a price increase. In these dynamic markets, we have had to learn how to relate the viability of an offer in a highly emotional time.

Recently, we started to analyze the relationship that the corn market has with fertilizer price. At the root of what we wanted to understand was if this was a good time to buy fertilizer or not; it's what our customers were asking us, and we needed to understand. We began to focus on the number of bushels that it takes to buy a ton of any particular fertilizer product. We got a sense of what fertilizer had cost our patrons to buy at different times over the last couple of years. We are always working to adapt, improve and learn. Much of what we have learned was that the markets have provided our patron's opportunities, but

we have to understand that we are handling more money, but the bushel investments have been consistent with historical values. The importance is to do both of these things together. If you make the decision to buy inputs, make sure to sell grain to offset the purchase of the input. As an example, if you bought anhydrous ammonia for \$900 and sold corn at \$5.50 it takes 163 bushels to purchase a single ton, but if you buy anhydrous ammonia for \$1250 and sold corn at \$8, it only takes 156 bushels to purchase the same ton. This type of logic allows us to better understand the opportunities that are in front of us.

Armed with this knowledge and beginning the selling cycle for the 2023 crop season, we saw some price softening off of the highs from the 2022 season. Urea was down 34%, DAP/MAP down 21%, UAN down 33%, and NH<sub>3</sub> down 33%. Offers for nitrogen products have been somewhat limited and tons haven't been easy to come by. CPI sellers have been calling on customers offering fertilizer for the 2023 season. Recently, though, nitrogen prices took a massive price increase on news that Russia had stopped the flow of natural gas through the Nordstream 2 pipeline which supplies Europe with natural gas to heat their homes and manufacture nitrogen products, amongst other things. These European gas prices increased to over \$100+/mmbtu. When this occurred, nitrogen manufacturers in Europe curtailed production and in some locations stopped production all together. Overnight, Europe had become a net importer of

fertilizer instead of an exporter—effectively, world supply and demand changed. This doesn't mean that we won't have enough fertilizer for American farmers, but it does mean that our input prices are going to continue to increase due to increased world demand.

In the near term, we are just waiting to see what “black swan” event is next for the ag industry to deal with. At this point, I don't think that anything would surprise us, but we've shown that we are ready to continue to change as the landscape around us changes. If I have one request through all of this, I would ask that we plan. Sit down with one of CPI's experienced and knowledgeable sales agronomists. We want to work with our patrons to develop farm-by-farm, field-by-field plans that works for their operation, with a heightened focus on putting fertilizer in its place. We want each of our patrons to understand their cost of production in order to better market their grain.

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## YOUR PRECISION AG PARTNER

*Katelyn Duffy, Precision Agronomy Manager*



Precision ag has an ever-involving definition, but at its base, it's gathering as much information as possible from fields to enable better decision making and be more precise about field applications. Precision ag doesn't have to be daunting, and we are equipped to help you manage your data.

**Precision agriculture:**  
*An approach to farm management that uses information technology to ensure that crops and soil receives exactly what it needs for optimum health and productivity.*

CPI has put a lot of focus on developing a full field history to help us better understand field performance, from the start of the year with soil sampling, to the end of the year with yield data and every field pass in-between.

We offer different soil sampling options to fit your needs from grid sampling to zone sampling. CPI utilizes two third-party soil samplers that operate Falcon soil sampling machines, which are an automated pull behind soil sampler designed for grid sampling. It's a quick, efficient way to pull identical soil samples every time. There aren't even a handful of these in Nebraska, and CPI has access to two of them!

We believe that your data is your data, and you should have access to it. We can create an account in our software where you can access all of your data, from us and you, in one spot. The more data gathered on a field, the more accurate we can be in creating fertilizer and planting prescriptions, as well as yearly farm plans to help project ROI.

We also believe in transparency. We have the ability to link your Climate FieldView and My JohnDeere accounts to bring in your planting, applications, and yield data to help make a complete year. Our machines are linked as well, so all CPI applied data is stored within your field information too.

At the end of the year we will be running different reports to analyze field performance such as yield by hybrid, yield by management zone, yield by irrigated vs dryland, and more. Our precision agronomy team is trained to handle all of our growers' data and to use it, in complete transparency, to increase your return on your acres through the services we offer - soil sampling, prescription writing, whole farm planning, ROI determination down to the acres, and increasing sustainability.

**Sustainable agriculture:**  
*Farming in sustainable ways, meeting society's present food and textile needs, without compromising the ability for current or future generations to meet their needs.*

Sustainability has been a hot topic the last few years. It's a developing market, and won't be going away any time soon. We want to assist you in understanding and maintaining data. CPI is partnering with Truterra, Land O'Lakes, Inc.'s sustainability business, to assist growers in capturing carbon credits and potentially bringing an additional farm income while also improving your soil. Contact me to learn more about Truterra and their carbon programs at 402-257-7318 or [kduffy@cpicoop.com](mailto:kduffy@cpicoop.com).

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## 2022 INTERN RECAP

CPI had a great summer with our interns. We enjoyed learning from them as well as them learning from us. Here are some of their key takeaways:

- I enjoyed seeing and learning about the different areas within a co-op.
- Everyone I interacted with was very helpful and knowledgeable.
- I really enjoyed the hands-on experience from my internship. It was great.
- I liked gaining the trust of others to work independently and having my own responsibilities.
- When given a task, I was given the time to figure it out by myself. If I had questions, I could call and get clear answers. I was able to improve my problem-solving abilities.

We continue to grow our internship program and have added another new opportunity for the summer 2023. We recently hired three former interns for full-time positions and have one that helps out part-time while finishing up his degree. If you know of someone interested in interning with CPI during the summer 2023, encourage them to visit [cpicoop.com/careers](https://cpicoop.com/careers) to view available positions and send their resume to Cyndi Vencill at [cvencill@cpicoop.com](mailto:cvencill@cpicoop.com).



**Caroline Anderson** - Accounting Intern from Omaha, NE, attending Hastings College

**Dallas Weed** - Agronomy Intern from Colwich, KS, attending Northwest Missouri State

**Colby Eck** - Agronomy Intern from Charter Oak, IA, attending the University of Nebraska - Lincoln

**Chris Carpenter** - Energy Accounting Intern from Hastings, NE, attending the University of Nebraska - Lincoln

# SEED & CHEMICAL IMPACTS

*Cole Opbroek, Director of Agronomy Merchandising*



Over the last couple of years we've all had to change the way we go about things, including planning a little better in our business and day-to-day life. Whether that's ordering a new piece of equipment for the farm or waiting for that last piece of material to finish a house project, the shortages and longer-than-usual wait times for shipping have forced us all to adapt.

I recently attended an ag retail update meeting where a gentleman presenting shared an analogy that depicts how I, along with many others here at CPI, have felt within the last two years. He stated, "Ag retail is a lot like a duck on a pond. Above water the duck is cool, calm, and floating while below the surface, there is a lot of splashing and chaos as it tries to move around." This really struck me as I look back and think about how our team at CPI has worked to make sure our customers are well taken care of. "Below the surface" or "out of sight" we have spent late nights and early mornings continuing to work around the "normal" challenges that seem to present us something new every day!

Last December, I started to look at these challenges in a new way and wondered what opportunities they could present. That new way of thinking led to some positive changes on how we manage product supply within our agronomy division amidst shortages and delays. We have become very agile and easily able to adapt to change, all while becoming more efficient. I believe this is already paying us dividends and will continue to for years to come on how we manage crop inputs for all our patrons.

One specific change for 2023 is the addition of our CPI Seed Guide. We worked closely with our seed partners to identify products that truly fit our patrons and what we believe will have the best fit on your farms. With this guide, we will now have more focused planning conversations based on history along with local knowledge on products that we believe will have a very high chance of success on your farm. Reach out to our CPI Sales Agronomist Team to have an in-depth conversation to determine the best seed product for your farm in 2023.



# 2023 FINANCING PROGRAMS

Cooperative Producers, Inc. and The Cooperative Finance Association are offering special financing programs, available to you, for the 2023 crop year on products and services provided by CPI.



## ALL CPI PURCHASES - **PURCHASED/BOOKED PRIOR TO 1/6/2023**

- 6.25% variable rate until 9/31/2023, then 9.25%\* variable rate until loan maturity on purchase from CPI.

## ALL CPI PURCHASES - **PURCHASED/BOOKED AFTER TO 1/6/2023**

- 7.75% variable rate until 10/31/2023, then 9.25%\* variable rate until loan maturity on purchase from CPI.

\* As of September 22, 2022, Variable Interest Rate based on CFA Advantage Rate. Rates are subject to change. For current interest rates, please refer to CFA Interest Rate Indices at [www.cfafs.com](http://www.cfafs.com).

\* Seed program participants will receive a reduced cash discount using CFA Financing.

**COMPLETE ELECTRONIC APPLICATION AVAILABLE AT [CFAFS.COM](http://CFAFS.COM)**

**QUESTIONS?** Credit Manager - Russ Kulwicki 402-463-5181 OR [rkulwicki@cpicoop.com](mailto:rkulwicki@cpicoop.com)

*Find full program details at [www.cpicoop.com/resources](http://www.cpicoop.com/resources)*

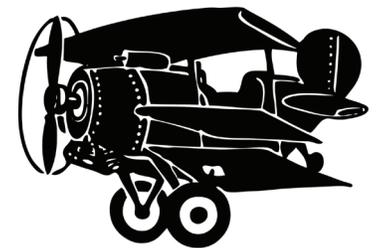
# LOCAL FFA CHAPTER GRANT RECIPIENTS

Cooperative Producers, Inc. (CPI) has donated \$10,000 to the Nebraska FFA Foundation to directly support local agriculture education classrooms and FFA needs. Franklin and McCool Junction were selected to receive grants.

Franklin received a grant for their agriculture classroom shop. The funding will provide sufficient power to safely operate the new ventilation system.

McCool Junction also received a grant for their agriculture classroom shop. The funding will purchase a Porta Fab 45 Ironworker for students to be able to utilize not only for class/laboratory activities but also if they would like to use the equipment to help them with an SAE or FFA project.

“FFA prepares the youth of Nebraska for future careers that will support agriculture. CPI knows that by investing in these programs, we are investing in the future of the ag industry,” said Gary Brandt, CPI CEO.



# ENERGY UPDATE

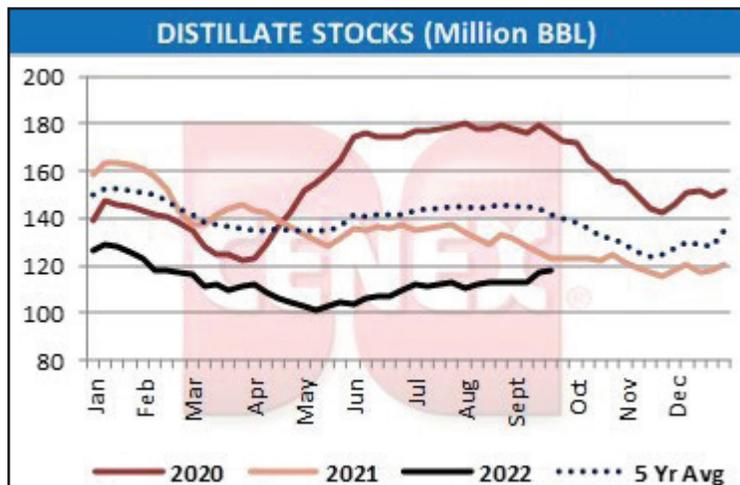
Larry Ehrman, Vice President of Energy



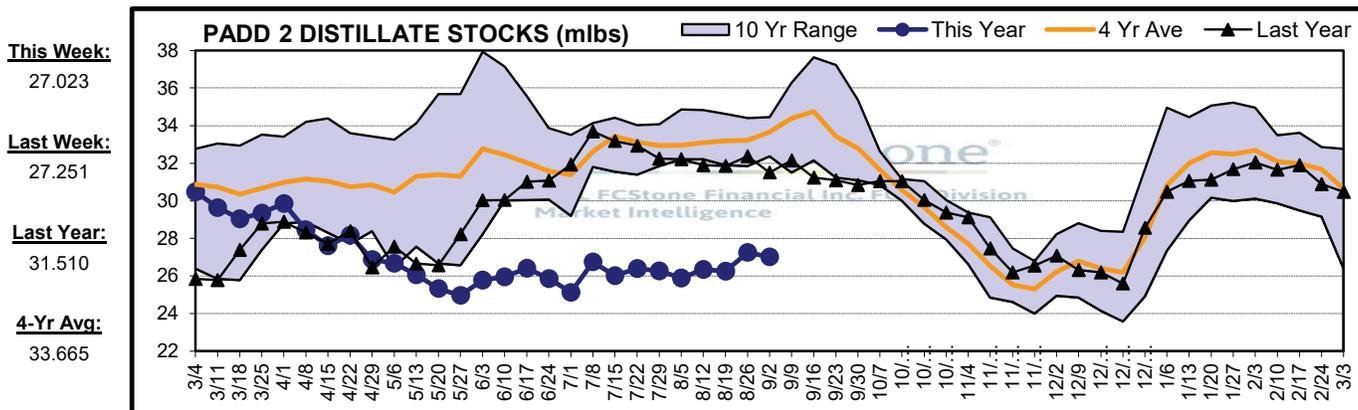
## Fuel Markets and Contracting

As we enter the busy harvest season I want to give an update on where the industry is on supply for harvest. We have been in a situation since last winter where diesel inventories in the country and especially the Midwest have been substantially below normal levels. This is primarily due to crude production being slow to recover from COVID cutbacks, increasing demand as the economy recovers, and a combination of increased exports and reduced imports. It all adds up to tight supplies causing extremely high prices and terminal outages. We are fortunate to be supplied by two dependable terminals in Doniphan and Geneva allowing us to weather the storm pretty well. There have been outages, but they have been short-lived and we have ample storage to last between supply. You may have noticed the long lines at the Doniphan terminal, often times 4 to 5 hours long.

9/21/2022



This is a graph of total diesel inventory in the US as of the end of August. As you can see, we are well below the dotted line which is the 5-year average and last year which is the orange line.

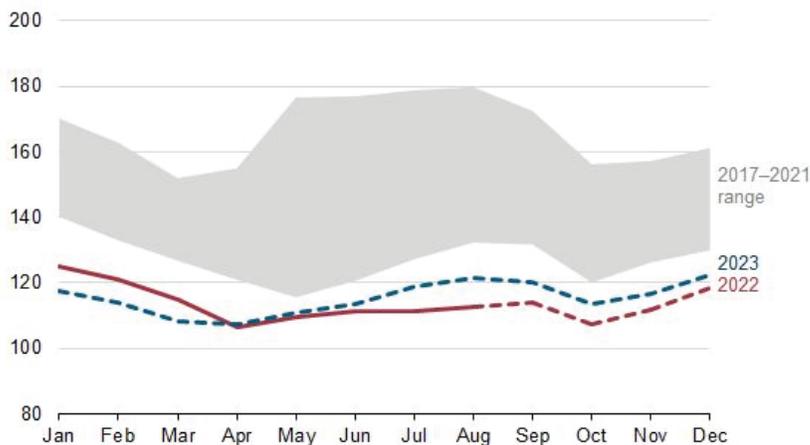


Above is the Midwest diesel inventory as of the end of August. As you can see, much below normal.

To the right is the EIA's prediction for US distillate inventory through December 2023. They feel we will remain well below average throughout 2023. Additional concerns adding volatility to the market are the Ukrainian conflict, Iran nuclear negotiations, low inventory in the strategic reserve caused by crude oil releases (lowest level since 1984), and the beginning of hurricane season. All of these factors are keeping the market nervous with a strong potential for a breakout on the upside.

**EIA Distillate Forecast**

**Figure 3. U.S. distillate inventory forecast**  
million barrels



Data source: U.S. Energy Information Administration, *Short-Term Energy Outlook*, September 2022

Because of all these factors, we recommend that our customers have at least part of their annual needs locked in at all times, especially during the busy planting, irrigation, and harvest seasons. We quote prices daily and have the flexibility to meet your needs. Give any of our energy sales staff or the Juniata Station office a call and we will be glad to lock in your needs. We offer 3-month, multi month, and fixed month contracts for all products and are able to lock in prices for over a year in the future.

**DEF**

There are many rumors circulating regarding the supposed shortage of DEF (Diesel Exhaust Fluid). While we have experienced a large increase in the demand for DEF as more and more producers purchase new equipment and trucks, all new diesel engines have to utilize DEF to meet current emission standards. We have not had any difficulty getting product and our suppliers indicate that they have plenty available. DEF is the combination of urea and deionized water, so its pricing is tied to the nitrogen market and we all know what has happened to the price of N. We have added storage in Juniata and Campbell as well as a bulk delivery truck so we feel we are well positioned to meet harvest demand. We have a supply of totes and pumps for farm storage and we will be happy to set up a system to meet your needs.

**Grease**

The grease shortage is real. There were only 4 or 5 major grease manufacturers in the country and one burned down last year removing 20% of the manufacturing capability from the market. It doesn't look like that factory will be replaced and the existing manufacturers are having difficulty filling the void. There also was/is a shortage of tubes to put grease into due to COVID supply chain issues and the combination has depleted the grease inventory in the country. Everyone is running on very low inventories and we have been rationing our sales since spring. The good news is that we are seeing some improvement and feel we will be able to meet our customer needs for harvest.

## Discontinued Products

With all the difficulty in getting oil products, we've evaluated the products we carry. We've decided to condense our offerings and we will be reducing our inventory. We will focus on the most popular, quality products that fit into our core business that we have a good supply of. In order to reduce our inventories, we have reduced the price on many of our major brand offerings and have some great deals available while supplies last. [Click here to view our discontinued items list.](#)

We are excited to take on a more focused approach in our oil warehouse and to be able to provide top-notch customer service.

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## 2022 SCHOLARSHIP RECIPIENTS

Earlier this year, CPI selected eight students to receive CPI scholarships to go towards their college educations. Scholarships were awarded to five dependents of CPI patrons and three dependents of CPI employees who showed community involvement and notable academic performance. Congratulations to the 2022 scholarship recipients!



**Wyatt Brockman**

Lawrence, NE  
SCC - Beatrice



**Mikayla Chaon**

Grand Island, NE  
CCC - Hastings



**Gage Fries**

Minden, NE  
Concordia University (NE)



**Tayler Holdsworth**

Hastings, NE  
Concordia University (NE)



**Nathaniel Jones**

Doniphan, NE  
Chadron State College



**Abigail Meyer**

Blue Hill, NE  
Northwestern Oklahoma  
State University



**Lacey Schmidt**

Deshler, NE  
Colby Community College



**Claire VanLaningham**

Hildreth, NE  
University of NE - Lincoln

**2023 scholarships applications will be available on our website in January.**

# CPI FUEL CARDS

*Hannah Swink, Energy Accounting Operations & Sales Manager*



CPI offers fuel cards as part of customer charge accounts. Customers can use CPI fuel cards for 24-hour fueling at all **CPI fuel locations**. One advantage of using a CPI fuel card is there is not a transaction limit. CPI fuel cards can be



made for charge accounts in good standing.

Once approved for cards, cards can validate based on an automatically generated pin number, by a vehicle number, or a driver number. If the option of vehicle and driver number are selected, those numbers are determined by the customer. Odometer can also be added as required information to be entered at the time of the purchase.

For more information please contact the Juniata Station at 402-751-2922.

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## HELP FUEL THE CURE DURING OCTOBER

During the month of October, when you fill up with higher blends of ethanol—from E15 to flex-fuel E85—at the following CPI locations, we will contribute 3¢ per gallon to breast cancer research.

**Axtell Station** - 508 Main St **(E15)**

**Clay Center Premier Stop** - 404 N Center St **(E15)**

**Funk Station** - 101 Main St **(E15)**

**Giltner** - 605 Giltner Spur **(E15, E40, E85)**

**Hildreth** - 201 Nelson St **(E15, E30, E85)**

**Juniata Station** - 208 E 14th St **(E15, E30, E40, E85)**

**Kearney Premier Stop** - 7810 2nd Ave **(E15, E30, E85)**

**Red Cloud Station** - 305 E 4th Ave **(E15)**

**Superior Premier Stop** - 548 N Bloom St **(E15, E30, E85)**

**Wilcox Station** - 104 E Sapp St **(E15)**

**Wood River** - 15123 W Wood River Rd **(E15, E85)**

[fueledbynebraska.com/pink](http://fueledbynebraska.com/pink)



 Fueled by  
**NEBRASKA**

# TIRE INDUSTRY UPDATE

*Richard Holdsworth, CPI Tire Operations Manager*



Hello! I am Richard Holdsworth Jr, the new tire operations manager. I've been with CPI for 11 ½ years and have been working in the tire division for a little over 9 years now. I am very excited about a lot of things going on in the tire division. To start, we have built a great team that is dependable and positive. We have a handful of new machines at our service locations that will help us better serve you when you need it. A new service truck is on the way and will be operational at the beginning of 2023. Inventory levels are sitting good and we're looking to end this calendar year on a very positive note.

My goals for the tire division are to continue to build our team and grow our business to new levels. I plan to do this by:

- Supporting our locations in a more open and positive manner.
- Getting out in front of customers to make sure that they're taken care of.
- Growing our footprint by growing our fleet of trucks to better serve our customers in the fields, feed lots, and on the job sites.
- Add a couple of positions that will go out to existing and new customers' farms, feed lots, and jobs sites to do inspections and get appointments and service calls set up. We want to try to fix issues at the farm before they become a problem in the field.

I am looking forward to harvest and working with our employees and customers to make it a mutually beneficial experience for everyone!

## **TIRE OUTLOOK:**

- Bias farm tires are very hard to get and basically unavailable
- Radial farm tires are available in common sizes but specialty sizes are limited
- Semi and pivot tires are in much better shape on inventory verse last year.

We have stocked up on Firestone and BKT farm tires and feel we are in good shape for harvest, with six centrally dispatched service trucks, and two trucks on-call 24/7, ready to serve you.



# FALL COW SUPPLEMENTATION

*Tim Uden, Director of Animal Nutrition*



Once fall harvest starts coming to a close, cows will be hitting corn stocks for winter grazing. When we think about grazing stocks though, there are a few things missing. The biggest pieces of the nutritional puzzle that are lacking are protein, vit/min, and TDN.

Most stocks carry a low amount of protein and a high amount of fiber. When looking at fiber digestion, it's important to support the rumen to the fullest to get the most digestion possible out of those forages. This digestion comes from the rumen microbial population being at its peak.

This starts with optimal nutrition for the rumen microbes. Providing a direct energy source to microbes allows them to be efficient in breaking down feedstuffs and increase microbial population. This can be achieved through several sources like crude protein and mineral.

The use of Rangeland 30-13 or 25 tub is one way to provide supplemental protein to your cattle while they are on stocks. When complemented with Wind & Rain or Vitaferm mineral, cattle can increase their microbial population which will directly impact the amount of digestion those cattle can achieve.

When changing rations in cattle, you need to remember the difference in microbial populations in the rumen. There are starch and fiber microbes. Rations higher in starch require a higher population of starch microbes to keep the environment at a stable rumen PH. The same is true when switching to high fiber rations.

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## 2022 HARVEST LUNCH SCHEDULE

Stop and grab a carry-out meal. Serving 11:00am to 1:00pm at the following locations:

**Friday, October 7th - Giltner**

**Tuesday, October 11th - Franklin/Republican City & Trumbull/Hansen**

**Wednesday, October 12th - Funk/Axtell & Ragan**

**Thursday, October 13th - Minden & Ruskin**

**Friday, October 14th - Hastings**

**Tuesday, October 18th - Hayland/Juniata**

**Wednesday, October 19th - Campbell & Holstein**

**Thursday, October 20th - Sutton & Wilcox/Hildreth**

**Friday, October 21st - Fairmont & Red Cloud**



# 2022 MATCHING FUNDS DONATIONS

CPI once again partnered with CoBank and the Land O'Lakes Foundation to provide a helping hand to the organizations who help keep our rural communities safe.

With the help of CoBank's Sharing Success program, CPI was able to donate a total of **\$16,500** to three communities within our trade area: Hastings, Guide Rock, and Sutton. Using the Land O'Lakes Member Co-op Match program, CPI was able to donate a total of **\$21,350** to six communities: Blue Hill, Campbell, Kenesaw, Republican City, Roseland, and Wilcox.



The Hastings Rural Fire Department will use the donation to purchase a battery operated vent fan.



The Guide Rock Rural Fire District will use the donation to purchase new composite air pack bottles.



The Sutton Volunteer Fire Department will use the donation to purchase a battery operated vent fan.



The Blue Hill Ambulance will use the donation to purchase a new heart monitor & blood pressure monitor.



The Campbell Rural Fire Protection District will use the donation to purchase new bunker gear.



The Kenesaw Volunteer Fire Department will use the donation to purchase stokes basket/stretcher.



The Republican City Volunteer Fire & Rescue will use the donation to upgrade emergency equipment.



The Roseland Volunteer Fire Department will use the donation to purchase air packs & pump for tanker.



The Wilcox Rural Fire Protection District will use the donation to purchase new PPE.

Thank you to all the first responders and communities who applied for matching funds this year! Our 2023 matching funds request form will be available on the CPI website in early 2023. Additional information about the matching funds requirements will be released that that time.





Cooperative Producers, Inc.  
265 N Showboat Blvd  
PO Box 1008  
Hastings, NE 68901

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