



Ag Biz Briefs

2016 Fall Edition

Grain Update

Ron Barkema, VP of Grain

The grain markets have been trading in a very narrow range the past several weeks. Mother Nature has supplied us with ample rainfall the past few weeks in what is typically our driest time of the growing season. The 2016 crop looks to be as good as last year with many of you thinking it may be a little better than last.

IAS has been very busy shipping out the balance of the 2015 crop and trying to make room for the 2016 crop. The warm weather we have received the past couple weeks has dried the crop down in a hurry and by the time this newsletter hits your mailbox we could very well be in the early stages of harvest. As things look today we should be in pretty good shape in terms of available storage space for fall. Our 2016 harvest policies have been posted.

You can pick up a copy up at any of our IAS locations or get on our website to review. Once again you will find a very competitive policy vs. others in our trade area.

The September USDA report was just out and they pegged corn production at 15.09 billion bushels with a 16/17 ending stocks number at 2.384 billion bushels. Soybean production was pegged at 4.201 billion bushels with the 16/17 ending stocks number coming in now at 365 million bushels. Nothing bullish in these corn numbers as they have carryout next year projected at a very comfortable level. The soybeans had more of a surprise in the numbers with old-crop exports up another 60 million bushels which lowered the 15/16 carryout to 195 million bushels. Offsetting that was a new crop production

number that was raised by 1.7 bpa or 141 million bushels. This was a surprisingly much larger production number from what the trade had expected. Carryout numbers are still potentially concerning in soybeans especially with the huge export pace that we have been on. Strong demand from China is expected to continue well into the new year. Soybean production in China has deteriorated due to the lack of rainfall in August.

Hopefully everyone has a fantastic harvest. We look forward to your business this fall. The merchandising staff at IAS will continue to work very hard in securing the very best values for your crop this season. Thank you for your continued business and have a safe harvest.



IAS Board of Directors

Randy Blake, President

Paul Cook, 1st Vice President

Steve Perry, 2nd Vice President

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LeAllan Buerger

Tim Burrack

Adam Hill

Stan Norman

Joe Thraenert

***Growing
Relationships
to Maximize
Success!***

Fall Update

Rick Vaughan, CEO

Fall is here and we are looking forward to the harvest season. We continue to hear guarded optimism with the upcoming crop yields. It will be rewarding to start harvest and determine what yields and crop size will actually be. We are busy shipping grain, preparing for the upcoming harvest, drying season and fertilization season. We anticipate the fall harvest fitting everywhere, but there will be some grain relocation activities that will need to happen. We anticipate a dry harvest and therefore harvest should progress smoothly and quickly. These large crop yields require a lot of nutrients. These nutrients will need replaced as we begin work on next year's yields. The IAS agronomy sales and service employees are busy preparing for the fall fertilization season and anxious to assist you with next year's very important large yields.

The harvest policies have been published. Your local location teams have the information. We decreased drying slightly, did not change shrink, did not change the open and warehouse storage programs and did raise price later charges some to position the price later programs more equitably with the warehouse programs. I know that you will find the IAS programs very competitive to your alternatives.

The board and management of IAS have elected to expand production of the Pine Lake ethanol plant located in northeastern Hardin County. Plans have been discussed and evaluated for the past few years. IAS currently owns 100% of the facility after purchasing the shares of the last remaining partner this past year. The facility currently produces 33 million gallons of ethanol annually by

consuming 11.5 million bushels of corn. The expansion plans will more than double the current capacity. Additionally we have added oil separation this past year to improve profitability of the plan. This expansion investment is consistent with our company goal of providing additional corn markets for our members. Improvements to and expansions in our feed mills over the last 3 years have driven efficiency for our feed customers and provided additional corn demand for our customers. We believe these investments will deliver value for our corn producing customers.

We have 3 board elections this fall and all incumbents have elected to run for re-election. The incumbents are Secretary Loren Manternach from Cascade, Executive Council Member Steve Perry from New Providence and Joe Thraenert from Elma. The nominating committee members this year are LeAllan Buerger from Monona, Tim Burrack from Arlington and Adam Hill from Ellsworth. IAS welcomes and encourages members to consider running for the board. We will need to complete the slate of candidates by late October. The nominating committee will consider members who live in the general geography of the incumbent board members running for re-election. If you have interest and/or have questions, you are welcome to call President Randy Blake, any of the IAS board members or myself. Your local IAS location managers can also assist you with the process. Thank you to those of you who have served in the past, those who are currently serving, those who have considered it, those who are contemplating it and those who have elected to run.

We have completed another IAS fiscal year as of August 31, 2016. The final audit results will not be available until late October. I can report to you that IAS will have a respectable year, but down from the last few years and lower than we expect. We have added a substantial amount of new capital assets again this past year to enhance service levels for our patrons and revolved a respective amount of deferred dividends to IAS members. The net result of this financial activity will return current year patronage to our members and strengthen our balance sheet while balancing the cash flow needs of the business and our members. Full details of fiscal 2016 financial results will be available in our 2016 annual report mailed to you later this fall.

We are currently forecasting improved financial results for the upcoming fiscal year 2017 versus fiscal 2016 just finished. The current tough economic environment of the crop production business and livestock production business for our customers translates directly to the retail sector. We will continue to tighten our belt where we can, continue to invest in our employees to personally grow with your farming operations, continue to invest in the long term assets that can provide long term returns for our members and balance all of those needs while maintaining a strong IAS balance sheet. We look forward to the long term opportunities agriculture will provide.

A special Thanks to all of the IAS employees for their hard work this year. A special Thanks to our customers for their business. Have a safe fall harvest season!

Agronomy

Tim Krausman, VP of Agronomy

I am very excited for this upcoming harvest! I think there are more unknowns in fields today than what there has been the last couple of years. It appears that we will have some amazing yields and some a little less than desirable. Moisture, disease, stands, pests, fertility, and weed pressure are some of the driving factors. Heat is another major factor with most notably the night temperatures during key windows of production. We will find out soon if some of the practices, procedures, hybrids, varieties, and products we have used were effective.

We will have many trials out capturing the difference in yields/value of products such as Toggle, Optify Stretch, Fungicides, Hybrids, Varieties, Seed Treatments, and management practices. We will have photos to showcase how the differences

have appeared throughout the growing season. If you yourself have one of these trials, please take the time to walk those fields with you IAS Agronomy Sales Advisor to maximize the benefit of the trial.

I am sure fertility programs are getting to the forefront of your minds for this fall and with that how the fertilizer markets have changed. It could be debatable if fertilizer has gone down to the magnitude it should with commodity markets as they are. With that said fertility is still an extremely important part of the upcoming crop, and bushels are still a major factor in a profit or loss as I believe will be demonstrated with 2016's extreme weather in places.

Many of the fertilizers are a major value in comparison to the previous few years. The supply of fertilizer in the US has been curtailed for many

reasons but it will put pressure on the price of fertilizer due to logistics if nothing else.

Please be safe as you go through harvest! I am hoping the rain that has hammered some areas decides to slow up to make harvest easier and more enjoyable. Thanks for your business and we hope to earn your business this fall!



Agronomy

Ross Enslin, Agronomy Sales Advisor

As I write this, most farmers are busy getting equipment ready and focused on starting harvest.

Harvest is always an exciting time as we anticipate what yields will be, and we get to evaluate the decisions we made through the growing season. As an agronomy salesman I would like to thank all the growers who did business with us this season, as our ultimate goal is making your operations successful.

Like most other growing seasons we faced some problems, some new and some old. As we harvest this year's crop we are already making plans for next year and here are some items that should be top of mind for 2017.

Sudden Death Syndrome (SDS)

***fusarium virguliforme*:** This disease showed-up strong this growing season in soybeans and once it is in the soil it can survive there for several years so it will continue to be a problem in the future. The weather also plays a role in whether plants are infected or not, but once the disease is there I would manage for it under the assumption that it will appear due to the heavy yield losses it can create. The best tool is to select soybeans that are better able handle the disease, they aren't completely resistant, but can fight it off with minimal yield loss. The other effective option is a seed treatment from

Bayer called Ileva. Ileva has shown the ability to greatly reduce the occurrence of SDS and therefore decrease yield loss.



SDS in Soybeans

Stalk Rots: As corn continues to mature and dry down it seems like the last few years we have seen a variety of stalk rot issues. There are a variety of stalk rots that can infect our corn fields. One that is fairly new to the scene is *Physoderma* Stalk Rot, which is identified by the black ring that forms around the lower nodes. The disease infects the node and causes the plant to snap-off. If you see this when harvesting make sure to note the field it is in and the hybrid, that way you can manage things accordingly when planning for next year.

Corn Rootworm: Although not as prevalent as they were a few years

ago, I felt like I saw more rootworm issues this year than I did in 2015, so as we move into 2017 this should be a major consideration. As we have moved to non-traited corn or a reduced trait package (VT2) we are allowing the rootworms a way back into our fields. I noticed several corn-soybean rotation fields that had higher than normal populations of northern corn rootworm beetles where as in the past they were non-existent there. As we have had ample rainfall this year the larval root feeding maybe masked, but it was there. I am not saying they are an issue everywhere, but should certainly be something to think about as we move into 2017.

These are just a few of many topics that should be considered when making plans for a successful 2017 crop. A lot of issues become apparent from the seat of the combine so when you are out there and notice a problem be sure to call your agronomist so we can help you identify what it was and how we can be more successful combatting these issues next season. Happy Harvest!

Precision Agriculture Update

Samantha Stegman, Precision Ag Specialist

As we are all well aware of, agriculture is an ever-evolving industry. Throw technology into the mix and the possibilities become endless.

There is an annual conference, InfoAg, held in St. Louis that has speakers from all over the world come to present ideas of practical application to precision agriculture, as well as a wealth of information about what the future holds for this industry. Not only are these speakers a priceless resource for those 1300 plus attending, but there are also hundreds of retail exhibits that make for top notch networking opportunity.

I attended InfoAg this past August and couldn't help but notice one exhibit that stood out substantially next to all the others. A company

based out of Ames, Iowa, AgSolver. This company provides a consultative business planning program that focuses on the grower ROI. Ideally, the process starts with 3-5 years of past yield data for an entire operation. An AgSolver representative is then provided to assist with this data transfer and processing. From there, expense budget is applied that will produce multiple sources of information. Field scale yield maps, profit maps, financial summaries, potential misallocated working capital are all formed following that budget input. This information, paired with the knowledge and guidance from your agronomist, is intended to help you make a decision on how to increase your return on investment.

The goal here is to manage fields like a business rather than focus on individual acre revenue. At first glance, suggesting that we step away from that mindset may seem like a foreign concept. However, I think we can all agree that not every acre has the potential to produce the same. So the question is; why do we keep largely investing in areas that may end up consistently losing money? In today's economy, that seems like a risky decision to continue making.

I think we can expect to hear much more about AgSolver in the very near future. I'm excited to see firsthand the positive impacts this program will have on some of our own grower's operations.



VFD Update

Mike Duncomb, VP of Feed

Many of you are already well informed regarding the upcoming changes surrounding the Veterinary Feed Directive but I wanted to touch on a few items as we near implementation. I have gotten some feedback by a few that are questioning the January 1 implementation date. I do not think there is any question that the VFD rules will be implemented January 1st as these rules have already been delayed longer than many would have liked. We need to look at these changes from a positive light as it continues to be important that we meet the demands of our consumer to keep our products moving through the market place.

The most important part of the upcoming changes are to make sure we are planning ahead and have a very open line of communication between producer, veterinarian, and feed supplier. We all need to understand the processes each of us will be using to insure proper im-

plementation and compliance of the new rules. Innovative Ag Services will have a process in place to handle both digital and paper copy of VFD's. There still is a little gray area to be worked through on digital storage, but we do plan to store all VFD's in our company information system and attach to a producers file. This will give all that need ready access to a producers VFD along with the appropriate drug information and label. This will also help us track product and usage levels for a respective VFD. All of our customer service people and sales people will have access to the information needed to sell VFD products.

It will be important that clear and concise directions for delivery of any VFD products be included with feed orders including group identification, consistent site names/911 addresses, and bin numbers (make sure all bins have easily readable bin numbers). I would

also request that there is a designated location on farm to leave the appropriate paper work. Our recommendation is to have a "mail box" for our delivery people to deposit delivery tickets and attachments. In addition it will be more important that quantities ordered fit in the designated location. Handling access product will be a challenge.

Your IAS Feed Team has been participating in a number of training sessions with our feed additive suppliers, distributors and regulatory compliance people. Please use them as a resource to continue getting your questions answered.

There still are a number of areas within the VFD rules that need to be clarified. As we receive clarification, we will get it to you in a timely manner. Most importantly, please plan ahead, make sure you are communicating with your veterinarian and feed supplier, and ask the IAS Team any questions.



Implants—The End Matters

Patrick Bries, Beef Production Specialist

Thinking about Implants can become as confusing as trying to pick which flavor of ice cream you want at the grocery store. There are multiple brands of implants along with many options from each brand. Implants are not created equal the dosage, duration, and combinations are all different. Even the active ingredients are very different they vary from Zeranol to Estrogen to Estradiol Benzoate to Progesterone to Testosterone Propionate to Trenbolone Acetate. Implants can be used in suckling calves as well as back grounding to feedlot cattle.

Does implanting pay in all stages of production? Simply, yes it does! The ROI is different depending on the weight, age, and sex of the calf but in all classes

there is a ROI. The last 90-150 days on feed, which would be those 900+ pound cattle, are those who have a significant ROI. These are the days where it is critical to have a working implant in that feedlot steers or heifers. When thinking of using implants start from harvest date backward to time your implants. Have unimplanted open days be at the beginning of the feeding period instead of the end, in the beginning the cattle are still being worked up on energy and protein to help utilize the implants fully. Implants in suckling calves and back grounded cattle still pay and have a good ROI but these cattle are naturally more efficient and are great candidates for a cheaper or less potent implant to match the higher forage rations. Whereas a finishing calf is

the prime candidate for a TBA combination implant that has more potency since we are feeding plenty of protein and energy to match the aggressive implant program.

Not all cattle can be implanted the same it varies from operation to operation and from colored steers to heifers, and greatly to Holsteins. Holsteins typically need to be implanted less aggressive than a colored yearling due to naturally less grading ability and the effects of riding. Implants are as clear as mud; please don't hesitate to call your local IAS beef consultant on any questions regarding implants and what they can do to your bottom line.



Energy Update

Randy Swenson, VP of Energy

Hello, from your man with gas!

I remember when I was younger, my grandfather told me to enjoy the moment, as when you get older, time flies faster. What a true statement that was! It seems just a short time ago that we were in the midst of summer and now the Iowa – ISU football game is even behind us. Summer seemed to fly by us like we were standing still!

Two and a half years ago was a period of high priced propane that most of us will not forget. Could this year be a repeat? As cooler weather pushes into the US in the near term, everyone is thinking about the possibility of colder weather in the long term. Several sources have recently released winter 2016-17 forecasts that are calling for below normal temps and above normal precipitation. This has kept a premium on the outer winter months, but nearby prices have been pretty steady. Propane inventories have been the biggest factor on keeping the price at a steady pace and as long as retailers can manage the logistics, I don't believe we will experience the

huge price spikes this year.

The propane industry has been working diligently to come up with solutions that will make life a lot easier during demand season. Many trained professionals have brainstormed ideas for a solution. Bottom line is, the pipeline owners still could give two shakes. Greed and profitability is the top slot in their list of priorities. I'm not sure I even see customer satisfaction on the first page. IAS WILL work hard for the customer and we will do everything possible to maintain a satisfied customer for all products we sell. Our Energy staff, drivers, service men and customer service representatives are second to none.

Recently, the International Energy Agency revised their estimates for the upcoming year for crude oil by revising and lowering their demand numbers. This does not bode well for higher prices in the face of high supplies. With their predictions of lower demand and rising supply, this means that the crude market could be oversupplied for at least through the first six months of

2017. With the price of oil at current levels, one would expect supply to contract and demand to grow strongly. However, the opposite now seems to be happening. Consequently, stocks of oil in OECD countries are swelling to levels never seen before. On a side note, the U.S. can no longer boast that they are the largest oil producers in the world, as Saudi Arabia has elevated their oil production and have taken over the #1 slot again.

With that said, diesel prices appear to have fallen in a range shy of \$2.00/gallon delivered to the farm. The only bullish potential I could see happening, is if we have tremendous weather to continue harvesting and tillage and that pushes the fuel terminals to short supply and long lines. This will equate to higher local basis numbers, so make sure your diesel tanks are filled early and often throughout the fall.

Our goal is to make this harvest seamless! Be safe this fall and thank you very much for your business!



IAS Welcomes...

Ben Low, Agronomy Sales Advisor

Dear patrons,

Thank you for your continued support. We exist to assist your operations in a way which brings value and longevity to our members. I look forward to continuing to improve your service.

I was added as an Agronomy Sales Advisor in Hubbard about a month ago. It's hard for me to believe, but 2017 will mark my 10th season in agronomy sales. I graduated from Simpson College with a degree in Environmental Science: Biology and am now working towards a Master's degree in agronomy from ISU. With an extensive background in genetics and chemistry, I've always held a special interest in the data and science behind the decisions we make. Perhaps this has led me to a different way of thinking.

We like to think of soybean yield as the bushels that make it to the bin, but there are many bushels that our plants create which never make

it to the bin and even more that are available but our plants are incapable of capturing. My mind goes to how we can capture this lost potential.

We've all heard soybean yield as number of plants in an acre x pods per plant x beans per pod x weight of beans. Potential yield is more of a measurement of radiation absorbed which can be translated into stored energy, a far more difficult thing to measure but I would suggest a better way to think about yield.

Basically, we want as much green matter out there for as long as possible sucking in solar radiation and converting it to energy. This leads to practices such as earlier planting (plant is intercepting more total hours of sunlight in a season), selecting for early season vigor (quicker to canopy/100% field area radiation interception), and fungicides (minimize loss of healthy intercepting tissue). Issues with

IDC, SDS, SCN, and other pressures have more time to affect plants to a greater extent, so iLevo and other seed treatments become much more important. If plants are out there significantly longer, you may need more residual control out of your herbicides or even an additional pass across the field.

This sort of a system does not fit all growers and making some of the changes without others could cause yield loss and/or unnecessary expense.

I suggest working closely with your IAS Agronomy Sales Advisor to determine your yield goals and put a plan together, custom fit to your operation and growing conditions, which should accomplish these goals in the most profitable and agronomically sound fashion.

Example of light interception
in corn via drone.



Dylan Humpal, Agronomy Sales Advisor

My name is Dylan Humpal and I am the new agronomist in Union. I am excited to join IAS and serve all of the great growers in the area. I am a recent graduate of Loras College in Dubuque, Iowa, with degrees in Business Management and Marketing. I grew up on a dairy farm by a small town called Spillville in Northeast Iowa, which is just about 10 miles southwest of Decorah. Like agriculture, I have a passion for sports as well, and used that passion to play basketball all 4 years during college. From that experience, I learned what it takes and the sacrifices that are needed in order to be successful, and I hope to

In the tough commodity prices we are faced with, it is now more important than ever to not cut costs and short our crops of what they need, but instead to maximize yield in the most efficient way possible. There are several new products that we are excited about that can offer that sort of value. *Toggle* is one of those products. *Toggle* is a bio stim-

Stop in and ask your local IAS agronomist today about the results of this bio stimulant and others in your area, and find what is right for you to help maximize your yield potential!

During the harvest season you will spend numerous hours in combines, tractors, and other equipment. With harvest upon us, I would like to remind you on how to keep safe when transporting farm equipment on our rural roadways. It's very important for drivers and farmers to remain alert at all times and be willing to share the roadways. You should check to make sure all your lighting and flashers are working and ensure usage when moving equipment. Utilizing your flashing amber lights is always helpful and avoiding traffic during the busy times of day. Any vehicle that is moving less than 25 miles per hour must have a SMV (slow-moving vehicle) sign mounted on it. Farmers should be aware of the signs of fatigue and take the necessary safety measures to combat it. Drivers can help during harvest by preparing to slow down for equipment and keeping a safe distance behind for increased visibility. They should also be aware of their surroundings when passing farm machinery. This time of year we all need to remain alert at all times and lookout for each other as we travel our rural roads.

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Our Purpose Statement

Carla Elliott, VP Human Resources

As we move into fall it reminds me that things are always changing. The world is changing, the way we do business changes and how we hire, educate and retain our employees is changing. All these things can create what some would call a challenge but I believe it's an opportunity. This opportunity allows us to review how we are doing as a company, how we are doing as leaders and if we are living by our purpose statement. Change allows us to improve.

Change is inevitable but how we respond to these changes determines whether we succeed or fail. It is during times of change it is important to have a constant and for IAS that is our purpose statement of Growing Relationships to Maximize Success! This is a guide for us to follow so that we stay true to our mission in spite of change. IAS has 5 core values that drive our business, those 5 core values are in the blue boxes below.



One would say these are just words but now watch what happens to these words when I start adding to them as I have in the following sentence. Deliver a “Exceptional Customer Experience, Promote “Employee Excellence”, Seek “Continuous Improvement”, Engage in “Stewardship” and Develop “Preferred Business Partners”

Deliver, Promote, Seek, Engage and Develop put our core values into action and that is IAS’s intent every day to put our core values into action to deliver on our purpose statement of Growing Relationships to Maximize Success! In spite of changes we hope that you will find that IAS is the constant you can count on through an every changing agricultural environment. To read more about our purpose statement, core values and strategies visit us online at http://www.innovativeag.com/about/our_purpose.cfm

We are happy to serve you and hope you have a safe and abundant harvest!

Market Insights

IAS	8/31/16	7/31/16	8/31/15	7/31/15
Corn Dec Futures	3.1550	3.4275	3.7525	3.8125
Soybeans Nov Futures	9.43	10.03	8.8750	9.4025
Soybean Meal	343	357	367	397



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Iowa Locations

Ackley	Hopkinton
Alden	Hubbard
Alta Vista	Independence
Andrew	Lawn Hill
Austinville	Manchester
Cascade	Monona
Center Junction	Monticello
Central City	Oran
Cleves	Owasa
Elkader	Packard
Ellsworth	Union
Elma	Waukon
Farley	Williams
Faulkner	Winthrop
Garden City	

Wisconsin Locations

Cuba City
Hazel Green
Platteville

Store Hours

Monday thru Friday
7:30am to 4:30 pm

Saturday

All locations hours are varied with the season check with your local IAS location to confirm

A large white semi-truck is parked in front of a large grain elevator. The scene is set against a dramatic sunset sky with orange and red hues. The text "NOW HIRING" is written in large, bold, white letters with a black outline, and "Fulltime & Seasonal Positions!" is written below it in a similar style.

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