



Ag Biz Briefs

Winter 2020

Growing Relationships to
Maximize Success!®



WHAT'S INSIDE:

- Annual Director Election Update
- What to Look Forward to in 2021
- Breaking Ground
- 2021 Scholarship Info



SEE OUR 2021 CALENDAR
CONTEST WINNERS



Winter Update

Rick Vaughan, CEO

Happy Holidays Everyone.

The annual director election process for 2020 is finalized. Randy Blake from the Andrew area, Paul Cook from the Hubbard area and Stan Norman from the Union area have all been re-elected to three-year terms. Election of officers was held on December 7, 2020. Randy Blake will remain as Chairman. Steve Perry is First Vice President, Adam Hill is Second Vice President and Loren Manternach is Secretary. Thank you to all board members, associate board members and board officers for your service to Innovative Ag Services. There are many board positions needed across the many organizations in our local, state and national agricultural areas and fewer people to fill them every year. Your individual commitments to all these boards are greatly appreciated.

Harvest in the overall IAS geography was extremely variable. Bean yields outperformed expectations in all areas that reported a good bean crop. Corn yields were excellent in some areas and disappointing in most. The areas impacted by derecho vary from zero yields to at best, two thirds of a crop. The corn crop was dry in all areas, which was quite the contrast to last year. The lost corn bushels will be felt all year long as we work our way through the 2020 crop. The 2020 harvest was early and fast which provided an excellent opportunity for fall agronomic work. We are experiencing an excellent agronomy season that will beat several records. An excellent fall like this is a very welcome improvement over last fall and a wonderful opportunity to get the jump on the spring 2021 workload.

These markets are a welcome surprise. There are excellent pricing opportunities for those who produced a good 2020 crop and for everyone planning to produce a 2021 crop. Fall of 2021 crop prices have broken pricing targets that we longed for throughout the last several years. We all know we

are dry and South America is dry, but I encourage you to take advantage of these prices for part of your expected production. It was a short six months ago that we assumed we would be a dollar lower right now on corn and burdened looking forward by very large carry outs. We also know that it is improbable that China will take all the bean exports they have booked. The use of offers is as important now as ever. The markets can be volatile when we reach these price areas and the offers reduce some of the emotion of selling.

Thank you to all customers for your flexibility and support as we have and will work through the challenges of the Covid-19 pandemic. We have had several positive cases and have been without full time people for certain periods of time. I would like to Thank our employees for their hard work and dedication to our customers and their co-workers through these challenging times. Most of our people have been able to work during their quarantine, but the disruptions do add stress and challenges for all involved. We are fortunate to have the people and systems to allow us to continue our mission with our customers.

Thank you for your business. We appreciate your business. We look forward to our partnership as we prepare for another growing season this winter, next spring and summer. Have a safe and happy holiday season!!



Winter Update

Tim Krausman, VP of Agronomy

I would like to start off with saying Thank You for your business this fall. I really appreciate the opportunity to work with you. As I write this article, we are finalizing fall fertilizer applications of dry and NH₃. We have been extremely fortunate to have had a long fall that has allowed us to get a good amount of fertilizer applied. This will likely alleviate some of spring workload which will allow us to concentrate on other applications. The long application window has been great; however, it has challenged the logistics. At this time, we are dealing with outages at most terminals for dry fertilizers. This is not just a local problem, as the entire Midwest has had an extremely good fall run. Along with the logistical outages having impacts on us, the short-term S & D has driven costs up. As it appears currently, fertilizer prices will be higher this spring than what they were this past fall to start the year. The demand for fertilizer this spring will be a major driver in what happens to fertilizer pricing moving forward in the upcoming seasons.

As we look at the chemical market, we are fortunate to get a new registration for Engenia, Xtendimax, and Tavium. These dicamba chemicals for soybean applications continue to help us to control tough to kill weeds such as waterhemp. We are also able to use the Enlist soybean system as another option to

control these challenging weeds. These options give us several modes of actions, different management options, a wide range of application window, and a wide range of genetics that are utilized in conjunction with a good pre-emergence product and can maximize soybean production and profit.

We continue to utilize Truterra Insights to enhance sustainability while maximizing profits. We are currently working with an end user, along with a couple of watersheds to find ways to improve water quality along with incentivizing growers to increase their Truterra scores.

Finally, I would like to take the opportunity to thank two individuals: Mike Anderson and Jeff McDowell. Mike retired from the Elkader location on December 1st after 12 years of service. His most recent position was Agronomy Sales Advisor. Jeff McDowell will be retiring on December 24th after 26 years of service. He is currently our Precision Ag Manager. We want to thank them both for their hard work and dedication to our company, IAS's employees, and IAS's customers. We wish them well in retirement!

Thanks again for your business and I wish everyone a very happy holidays!

Growing Relationships to Maximize Success!



Winter Update

Randy Swenson, VP of Energy

Hello from your man with gas!

On the last trading day of November, crude and petroleum product futures on the New York Mercantile Exchange and the Brent contract on the Intercontinental Exchange pulled back from multi-month highs. These highs were scaled on successful vaccine developments against the COVID-19 virus and optimism over continued output cuts from the OPEC+ alliance as producers seek to balance the market against tightening mobility restrictions in the United States and the European Union.

Monday's move lower comes as members from the Organization of the Petroleum Exporting Countries deterred decision on extending a 7.7 million bpd production agreement until they meet with Russia-led allies on December 1, with markets bracing for difficult and tense negotiations among the 23-nation producer group. Discussions were mixed on extending the current agreement for three additional months and seen as a challenge in convincing the non-OPEC producers in the alliance to agree on holding off hiking their production as countries like Libya, Iran and Iraq continue to ramp up output.

Domestically, new COVID-19 infections continued to surge higher this month with a majority of

forecasting models pointing to a caseload well above 200,000 a day by mid-December. This could mean local governments and states would be further tightening mobility restrictions to slow the spread of the disease, undermining already fragile recovery in fuel demand. Los Angeles became the first U.S. city to issue a "stay-at-home" order since the lifting of the nationwide lockdown six months ago.

With all this said, locally, we will continue to monitor nearby and future prices to provide our customers with the best opportunity to fill up and/or contract their fuel needs. While last year didn't follow many historical averages at all, we shouldn't ignore them and assume this year won't either. Typically, we see demand for gasoline and diesel fuel quite low this time of year which leads to very low basis levels. Gasoline prices are also lower as the summertime formulations are not required, which makes gasoline cheaper to produce and production yields more gallons. Diesel fuel could become a follower if gasoline prices start to decrease in December or as we get into the New Year. Historically, we see prices rally around the first of the year and throughout the spring months.

Thank you to all our customers for your business!
Happy Holidays!



Planning and Adjusting

Mike Duncomb, VP of Feed

We are getting close to putting 2020 behind us and I am thinking most of us are not going to look back. We certainly have dealt with a few unexpected events, but we have learned where there may be some stress points in our businesses that need to be shored up and how to adapt and adjust. Our 2020 plans were thought through and put in place as we began the year with decisions being based on markets and market trends, input costs, consumer demand, and exports along with the reviewing strengths and weaknesses of our businesses. As 2020 unfolded, Covid-19 changed the world in a few short months dramatically affecting demand, supply chains, and logistics, labor, and profitability of our business – a worldwide “black swan” event. The late summer Derecho became a major regional event affecting livestock and crop producers. Most recently we have experienced one of the most contentious elections in modern times. All these events have tested our resolve and our business’s ability to adapt and adjust

2021 is around the corner and we certainly want to learn from the challenges we faced this past year. Now is a good time to take a hard look at some of the decisions and adjustments we made in 2020 and make sure they are still valid moving forward. We are all working to set production and financial goals and want to make sure our business plan is nimble and flexible enough to manage those unseen events that may occur in 2021. Revisit your business strengths and weaknesses. Do your production goals fit your financial objectives? Have you shared your goals and plans with your internal and external resource teams? Have you written your plans down and have plans to review on a regular basis?

Your IAS feed team is focused on several areas as we work into 2021. Our sales team is focused on adding value to the products and services they bring to your farms along with growing our feed business.

We will continue to use available business tools to help you make informed business decisions (MetaFarms and FAS swine management systems, Vision and PLA beef recordkeeping and data management systems, PC Dart dairy tools and analysis). The IAS feed team is focused on utilizing and implementing available technologies on your farms and the interactions you have through IAS ordering and invoicing systems, interfacing software systems where feasible, and sharing information back and forth. Our manufacturing and delivery teams continue to focus on being an efficient and quality supplier of feed products to your farm gate. As always, we look forward to any suggestions you have that help IAS better serve and meet your business needs. Thank you for your business and we look forward to working with you in 2021.



Winter Update

Bill Vetter, Director of Safety & Compliance

With a very nice fall behind us, it is time to prepare and think about Mother Nature's plan for Old Man Winter's return. Winter brings cold and wet conditions that can often be unpredictable and extreme, causing unforeseen situations. Farmers must conduct outdoor tasks regardless of the weather condition. Being mindful of the challenges and preparing in advance will aid in a better outcome and not seem so overwhelming at times.

Ensure in advance of cold weather that you have available clothing and footwear to protect the extremities (head, hands, feet, neck) and our core temperature with layers of clothing. When in the cold weather environment for extended periods of time, watch for cold-related warning signs of hypothermia with uncontrollable shivering, memory loss, being disorientated, slurred speech, drowsiness, and exhaustion. Frostbite can happen quickly. If you experience a loss of feeling or white or pale skin appearance in extremities, it is time to leave the cold and move into a warm area.

In cold, wet conditions, the most common injuries include slips, trips, and falls. Slips can happen anywhere but occur more often in areas where metal or concrete and snow/ice meet in locations when entering and exiting a building, tractor, or your vehicle, so be cautious and don't get in a hurry. Walk slowly and carefully, wear appropriate footwear, and have available some sort of ice traction devices for your boots when it is particularly icy. Remember it is twice as slippery around 30 to 35 degrees as snow or ice begins to melt.

Snow removal is a must but has its own sets of risks: with muscle strains, frostbite, and heart attacks, don't overexert yourself and take breaks to lessen the risk of potential injuries. Caution must be taken when using a snowblower, either walk-behind or on a tractor. Every year there are reports of hand/fingers/body parts being caught or even amputation.

Never use your hands to unplug an auger or discharge spout. Ensure all energy sources are off and PTO brakes applied, and only use a wood or plastic pole to unplug equipment.

Of course, there are winter driving hazards. We must retrain our habits regarding speed and distance; slowing down earlier and allowing more distance between vehicles. Remember roads and sidewalks are more slippery between 30 and 34 degrees around the freezing temperature than at colder temperatures. Prepare your car for the weather, ensure you have a good ice scraper, check the tires for tread and proper air inflation, ensure the windshield washer is full and the wiper blades are in good shape. Have an extra coat or a blanket in the car for emergencies. Turn on your headlight if it is snowing-automatic lights will not always come on automatically. If you're in an accident stay in your vehicle until help can arrive.

Taking simple precautions and being prepared does prevent injuries and accidents. Have a safe, injury-free winter and propitious holidays.



Breaking Ground

Brian Kramer, VP of Operations

Innovative Ag Services Co. has recently broken ground on a new 20-acre greenfield site located in Buchanan County, Iowa. This site is located on State Highway 187 approximately 5 miles south of Lamont. It will be referred to as our Masonville location as the 911 address reflects the same.

This project was put into motion following a review of our facility assets at the Independence, Winthrop, and Manchester locations. The agronomy infrastructure at these sites needed to be updated in terms of storage and handling to meet the growing demands of our customer base. Segments of the grain facilities have aged to the point of needing capital upgrades for both speed and space. In looking at those locations, it was not hard to identify the fact that we were land-locked at the Independence and Manchester sites with no room to expand and the Winthrop location is located on less than desirable gravel road access.

We believe capital can be better utilized by consolidating assets at a single location versus spending it on multiple aging facilities. We plan to consolidate our agronomy assets at this location along with an initial phase of grain receiving, drying, and storage. This facility would be designed to provide increased handling capacities over our current facilities and provide room to expand. I will provide more specific details of what is being built in the next publication.

Our current estimate is for the Masonville facility to be available to operate during the fall 2021 season for both grain and agronomy. Our current grain facilities will be operational for the fall of 2021 and will be operated seasonally after. In living our purpose statement, we continue to review our operating efficiency to ensure the financial stability of our facilities for today and the future. Happy Holidays to all of you and thanks again for your patronage!



Winter Update

Robin Sampson, VP of Grain

If many of you are like me, 2020 will go down in the record books as one we will all remember. I sure don't want to reminisce on the effects of COVID, derecho, hail, drought, and CFP payments on all our lives. We are fortunate that as we start the holiday season, our customers are close to, if not complete with their harvest and fall field work. That is a blessing over the last couple of harvest seasons. Let's rather get laser focused on the future. What are the market inputs and how can we proactively plan our marketing strategy for the 2021 crop?

The latest crop report released November 10th took corn yield down 2.6 bushels/acre from the previous report to 175.8 bushels/acre. Feed projections were reduced, but export projections were raised, and the carryout was forecasted below the magic 2 billion bushels level to 1.702 billion bushels. With continued discussion of possible exports to China into the second quarter of 2021, the futures market feels very comfortable in the 4.20-4.30 range in the nearby month. Domestic demand has been strong as well, but we are monitoring gas usage and ethanol production across the U.S. as ethanol corn demand can have a dramatic effect on the corn basis. Next fall CBOT futures prices are currently over 4.00/bu as well. Historically, this is a popular price level that producers start to execute their marketing plan.

In soybeans, all eyes are focused on the weather in South America's weather pattern and world soybean supply. If South America continues to be dry and has lower soybean yields, China may continue to purchase soybeans from the U.S. The November 10th crop report cut yields to 50.7 bushels/per acre which resulted in forecast of a 190-million-bushel carryout. That type of carryout requires some price rationing, and we have seen soybean futures hit 12.00/bushel. The futures market seems to feel very comfortable today in the 11.50 -11.70 range in the nearby month. But this market has extreme volatility and can move 20-30 cents/bushel either direction

very quickly. With next fall's CBOT futures price in the 10.50 /bushel area, some producers are starting to execute their marketing plan on a portion of their fall soybean production.

A few things to think about when focusing on a market plan in currently market conditions:

- 1) Market volatility is extreme in both the corn and soybean markets. Utilize IAS futures offer contracts and cash offer contracts to have orders in the market to take advantage of extreme volatility.
- 2) Step into sales – waiting to try to pick the “top of the market” may result in not knowing it was the top until it's at the bottom. IAS locations and merchandisers can help execute sales and offers at your comfort level, along with monitoring and modifying with you as the markets change.
- 3) One of the first thing I learned about volatile grain prices being a runner at the CBOT was that “the cure for high prices is high prices”. That doesn't mean that markets will go straight up or straight down. But rather monitor markets closely and execute sales for profitability. IAS locations and merchandisers have up to date market information including market trends, exports, and weather in South America that they would love to share with you. to assist in the execution of your marketing plan.

From the entire grain team at IAS, we want to wish you HAPPY HOLIDAYS and THANK YOU for your business. We strive to continually improve our processes and efficiencies every day. We look forward to working closer with our customers in 2021 and beyond.

2021 Scholarship Program

Innovative Ag Services, Co. (IAS) is proud to announce we will be awarding six scholarships in 2021. Each scholarship is an award of \$1,000 to a student who wishes to pursue a degree in the agriculture industry. Please see the below detailed information and criteria of the program:

- Parent or guardian must be an active patron of IAS having purchased production supplies from the cooperative or sold grain to the cooperative within the past year
- Applicant must be a graduating high school senior who will be majoring in an agricultural related field of study
- Applicant must attend an accredited college or university
- Applicant must enroll as a full-time student
- Three of the scholarships will be issued to those attending a two-year college with an agricultural major. The remaining three scholarships will be awarded to those attending a four year college with an agricultural major.



All applications submitted will also be entered into the Friedman Scholarship pool. This \$1000 scholarship is sponsored by Innovative Ag Services' retired CEO, Jack Friedman, and will be awarded to an individual that shows exceptional leadership qualities as well as a desire to make a difference in his or her respective field.

IAS understands the increasing costs of post-secondary education and is happy to extend a helping hand to the future of the industry. For questions concerning the scholarship program, please call 319-465-2022 ext. 1063 or email hr.dept@ias.coop.

Deadline: March 1, 2021 – Application must be postmarked by this date.



[Download the application today!](https://www.innovativeag.com)

www.innovativeag.com

2021 Calendar Photo Contest

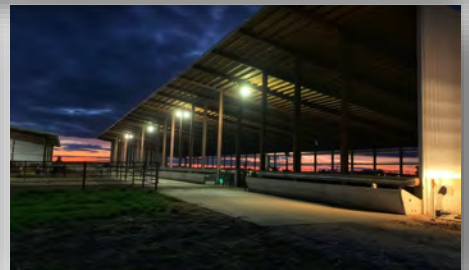
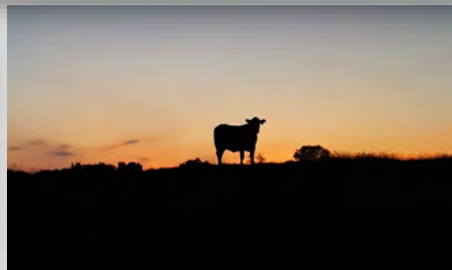
We are proud to announce Kevin Schuchmann from Dyersville, IA, as this year's Calendar Contest winner. Kevin submitted "Clayton County Sunrise" which will be Innovative Ag Services 2021 Calendar cover.

We would like to thank all contestants for submitting their entries. Many wonderful and unique photos were submitted this year, making the selection process very difficult for the committee. Numerous photographers are represented in this year's Innovative Ag Services Calendar.

Remember to keep taking pictures this year and have them ready to submit for the 2022 Calendar Photo Contest. It's never too early to start!

2021 Calendar Contest Winners

Page	Title	Photographer	Hometown
Cover	Clayton County Sunrise	Kevin Schuchmann	Dyersville, IA
January	Sunset on Tree	Penney Snobl	Central City, IA
February	Cow Silhouette	Eldon Kurt	Cascade, IA
March	Cattle Shed	Ben Manternach	Cascade, IA
April	Four Wheelers	Brenda Schmitt	Waukon, IA
May	Elon	Willa Troendle	Waterville, IA
June	Summer Cruise	Catlin Klotzbach	Independence, IA
July	Sunset Over Lake Galena	Danielle Capp	Hazel Green, WI
August	Summertime Fun	Tracy Reinert	Union, IA
September	The Great Pumpkin	Shelley Heinrich	Maquoketa, IA
October	Corn Harvest	Ben Manternach	Cascade, IA
November	Comet NEOWISE in Iowa Sky	Catlin Klotzbach	Independence, IA
December	Clayton County Winter	Kevin Schuchmann	Dyersville, IA





Chairman
Randy Blake
Bellevue



1st Vice-President
Steve Perry
New Providence



2nd Vice-President
Adam Hill
Ellsworth



Secretary
Loren Manternach
Cascade



Tim Burrack
Arlington



Ryan Collins
Harpers Ferry



Paul Cook
Hubbard



Stan Norman
New Providence



Joe Thraenert
Elma



Allen Jaspers
Steamboat Rock
Associate Director



Jeff Lindsay
Manchester
Associate Director