



COMING IN MAY & JUNE

May 14	Mother's Day
May 29	Memorial Day
June 14	Flag Day
June 18	Father's Day

April, 2023

UNDERSTANDING CARRY MARKETS AND INVERSED MARKETS

Grain marketing opportunities come and go, but how quickly or gradual the markets move depends on the Trades perceived changes to Supply or Demand for bushels. Carry markets typically emerge when Supply exceeds Demand, and the market will reward farmers by holding a long cash position. You will also notice less price volatility in the carry market. Carry markets can be identified when the nearby trading month has a lower price, compared to the other trading months. But does the spread cover the Cost of Carry (Cost of Carry = storage + insurance + interest) if stored on the farm or in the elevator (Cost of Carry = (storage + interest). To illustrate: Cost of Carry/month (.0225+.005+.006) = \$.0335.

Jul23	\$8.06	Sept23	\$8.15
Dec23	\$8.30	Mar24	\$8.45
Futures Price Spread			
\$.09	\$.24	\$.39	
Spread/Month			
\$.03	\$.04	\$.043	

As illustrated above the futures spread a Dec or Mar covers the Cost of Carry. A general rule of thumb in carry markets is that the Basis tends to follow the spreads. Also, when end-users are not getting enough grain, they will raise basis to fill their needs, presenting sell opportunities.

Inverted markets emerge when Demand exceeds supply. You will also see an increase in market

volatility. Inverted markets are identified when the nearby month has a higher price to the deferred trading months. End users in inversed markets are sending a sell signal and a key opportunity to get bushels sold on the front end of sales. Also, you don't want to get caught on the back end, as the market will penalize for holding a long cash position or if you are thinking of rolling an HTA into the inverse.

'4' Grain Market Indicators to Watch

1. Opportunity Awareness:
Understanding if the grain market is in a carry or an inversed market.
 - a. Opportunities will come and go more gradually than you'll see with inverted markets, and does the carry spread support your cost of carry.
 - b. Inversed markets, want all the grain now. Sale opportunities tend to have volatile basis swings.
2. Logistical Awareness:
If you have bushels under contract go ahead fill the contracts, so you know what you have left open to market. Knowing how many unpriced bushels allows you to quickly adapt to changes in the market and manage position more effectively.

3. Position Awareness:
Whether the market is at a carry or

an inverse, understand what the market is signaling to you. It is important to be aware of your pre-harvest, or harvest, or post-harvest market plan and targets. Sometimes we get distracted and missed opportunities can be financially painful.

4. Spread and Basis Awareness:
It is important to follow the spreads and basis whether it be old or new crops. We're not saying to check spreads and basis everyday but check it out two or three times a week. This helps with awareness of where the markets may be headed.

If you have any questions, or if we can be of assistance, please don't hesitate to reach out to a Midland Grain Team Member.





Each year Midland Marketing's board of directors selects an "Employee of the Year". Sam Rork was awarded this honor during the annual employee party February 25, 2023. Originally from eastern Kansas, Sam grew up in Horton on a family farm that grows corn and soybeans. He received a degree in Agronomy from Fort Hays State University and shortly after started working at Midland Marketing as a Custom Applicator. He has excelled in this role for nine years. While in college, he met his wife, Rebekah, and they reside in Plainville with their two dogs and four cats. Rebekah is a 4th grade teacher at Lincoln Elementary in Hays and is an integral part of the Midland Marketing community partnership with her class. When Sam isn't working, he enjoys camping and a good steak and potatoes. He loves being outside and doing mechanic work as well. Midland Marketing is fortunate to have dedicated employees such as Sam on our team. Congratulations to a well deserving recipient!



SCHOLARSHIP OPPORTUNITY

Midland Marketing has a scholarship available for FHSU students. Applicants must be a full-time, on-campus student with at least 22 hours remaining and enrolled in agriculture courses, agriculture business courses, or a related field. They need to be a sophomore, junior, or senior, and be a Kansas resident. Parents or grandparents need to be a member of Midland Marketing in one of the following counties, Ellis, Graham, Rooks, Rush, Russell, Trego, Phillips, or Osborne County. Students can apply through FHSU's foundation.



5 years

Kelly Brady
Jonathan Westhusin
Curt Croisant

10 years

Mike Greenway

20 years

Dale Niblock

25 years

Larry Vohs
Dennis Kregar

40 years

Dale Beisner



SOY OIL DEMAND SOARS

As the demand for lower-carbon fuels continues to grow, the demand for soy oil is expected to skyrocket. To help feed this added demand, nearly a dozen new soybean processing plants and existing plant expansion projects are in progress in the Midwest. CHS has multiple soybean refineries and with the expansions, the annual refined soybean oil production at just one facility will increase by more than 35%. The current plant in Fairmont, Minn. was built in 2003 and operates 24/7 taking 350 truckloads a day. After the completed renovation, the annual crush capacity will expand 30%. Renewable diesel demand is being pushed by environmental, social and governance (ESG) initiatives. In 2022, the US renewable diesel market was 1.5-1.6 billion gallons. According to C Magazine, forecasts say that by 2026, there will be an additional 1.1 billion gallons of renewable diesel demand generated from legislation in California, Oregon, and Washington alone. It will be up to our farmers to keep up with this expected demand surge.

ELECTIONS

Three current board members ran for reelection on the Midland Marketing Board of Directors. John Irvin, Mike Stull, and Tom Benoit were elected to serve three-year terms. Thank you for your continued support and dedication to preserve the future of Midland Marketing Coop.

BOARD OF DIRECTORS



HOUSE OF CAPPER DONATION

House of Capper is one of the oldest existing buildings at the Kansas State Fairgrounds. The initial funding for the building came in 1913 from former United States Senator and Governor of Kansas, Arthur Capper. The open-air building has been a multi-use space including a professional arts building, bandstand and space used to launch multiple political candidates.

In 1916, the veranda was completed, and was a place for fairgoers to rest, enjoy a cool drink of water, a rocking chair, and restrooms. Capper always had free publications for the patrons to enjoy while taking in the Kansas State Fair. Over the years, the House of Capper has been a mainstay of the Kansas State Fairgrounds for folks to sit and catch up with old friends, or people watch as the many families take in the fair.

Arthur Capper was born in Garnett, Kansas on July 14, 1865. Capper began his newspaper career serving an apprenticeship and then went on to become a printer. In 1884, Capper moved to Topeka and was hired as a compositor on the Topeka Capital. He soon became a reporter and was sent to Washington D.C. as a correspondent. In 1893 he returned to Topeka and purchased the North Topeka Mail and then the Topeka Breeze. Shortly after this he added the Topeka Capital, Missouri Valley Farmer, Capper's Weekly, Nebraska Farm Journal, Missouri Ruralist, the Household, and the Oklahoma Farmer. By 1931 his publishing business was the third largest in the United States.

In 1912 Capper transitioned to a political career when he ran for Governor. He ran a tight race losing by 29 votes. Election reform ensued and when he ran again, he successfully won the Governor's

seat and was the first Kansas born governor to be elected. True to his Quaker roots, Capper stood up for what he believed whether it was prohibition, peace movements, or good roads for Kansans. He was elected for two terms as Governor and then went on to be a U.S. Senator spending time in D.C. but always coming home to Kansas. In 1922, Senator Capper along with Representative Andrew Volstead from Minnesota brought forth the Capper-Volstead Act. This law was passed in response to challenges against cooperatives during the depression. Farm organizations requested legislators to provide support and it was from this that the Capper-Volstead Act was born. This

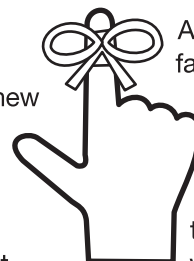
act authorized various kinds of ag producers to form voluntary cooperative associations for the purpose of producing, handling, and marketing farm products. Without Senator Capper's dedication to the people of Kansas and the United States the cooperative systems might look different from what we see today.

Midland Marketing Board Member Kelly Muir was on hand to present checks to James Fisher of the Capper Foundation at the Kansas State Fair. Midland Marketing along with the matching funds of CoBank are committed to continuing the work that Senator Capper started.



JUST A REMINDER...

It is that time of year when tenants may be changing the land they farm. If you have a new Landlord relationship and you are renting on a share basis, let us know so we can get accounts set up with the correct split set before harvest.



Another thought is if you no longer farm for someone let us know that information also so we can hide the accounts so they won't accidentally be used. We don't delete the old accounts just hide them, to save the history that goes with that account.

MIDLAND MARKETING

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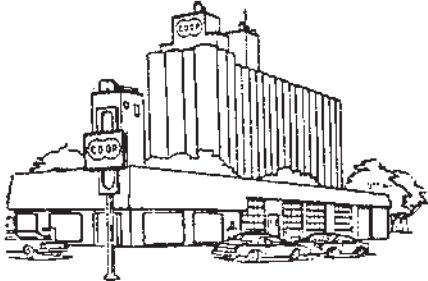
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2022 OVERVIEW

Chairperson Brian Staab presented a 2022 summary to the members and guests. Overall, it was a dry year with the highest input costs we've seen. Inventories remained tight in the post-covid times. Between fires and crops burning up from lack of moisture, we took in a fraction of the grain we typically see. Sales were up year over year to \$175 million however volume was down. The volatile grain and petroleum markets showed no profit and there was no patronage paid out for the 2022 year in those categories. \$1.357 million in patronage was allocated based on crop and livestock production from 2022; a return of 3.8% on purchases. 40% was paid in cash and 60% will go to the revolving fund. \$938,000 of the revolving fund was also paid out, leaving the oldest equity from 2012.

General Manager Kevin Royer thanked the members for attending the 108th Annual Meeting and those who helped make it a success. He mimicked Brian's sentiments of the 2022 year; international influences

added volatility in every aspect for our owners. Supply and demand issues contributed to the adversity seen throughout the year. Internally the cooperative invested \$2.5 million in equipment and facility upgrades in 2022. The employee group is committed to serving our customers and with that, continue to look for ways to create efficiencies and save money. Kevin thanked the staff for their dedication to serve our customers.

